FIRST HALF-YEAR 2016 REPORT

exceet Group SE
115 avenue Gaston Diderich
L-1420 Luxembourg
Grand Duchy of Luxembourg

INTERIM MANAGEMENT REPORT

Stabilization of operations in Q2

- Q2 group sales well stabilizing at EUR 44.2 million (+3.9% y-o-y) achieving an improved but still too low EBITDA-level of EUR 2.0 million (+58.8% y-o-y)
- H1 group sales amounted to EUR 86.8 million (-2.0% y-o-y) while EBITDA reached EUR 3.7 million (-13.9% y-o-y) both attributable to a strong basis in Q1 2015
- H1 sales of continued operations (electronics & secure solutions) at EUR 65.4 million (-5.3% y-o-y), EBITDA under proportionally down to EUR 3.5 million (-2.3% y-o-y)
- IDMS (discontinued operations) related goodwill was impaired by EUR 8.5 million.
- As of 26 July 2016, expiration of outstanding warrants and rights to convert outstanding Class B and C shares in Class A shares – redemption at accounting par value of euro 0.0152 latest until 26 January 2017
- Twelve months rolling book-to-bill ratio of continued operations at 1.06 (H1 2015: 0.86), of discontinued operations at 1.05 (H1 2015: 0.95)

To focus the exceet Group on the electronic and secure solutions activities, the Board of exceet Group SE decided at the beginning of March 2016 to start a process to sell the business segment of ID Management & Systems (IDMS). As a consequence, the group's IFRS reporting is split in "Continued Operations" and "Discontinued Operations" as of Q1 2016. In order to allow transparent comparisons with prior reporting periods note 17 of the Interim Financial Statements shows the Interim Balance Sheet and the Interim Income Statement in the presentation format until 31 December 2015 (Total Group Basis including discontinued operations – IDMS). Any outlook given will be for the entire group in its current structure.

Revenue Development

Continued Operations

The revenue for the first six months 2016 reached EUR 65.4 million (H1 2015: EUR 69.1 million) representing a decline of 5.3% (on a like-for-like basis minus 4.1%). The top line weakness of ECMS at the beginning of the year, which had to be attributed to a number of projects being at the end of their life cycle, was followed by a general stabilisation, as increasing sales volumes of existing projects and new projects were able to provide compensation for missing sales with a time lag. As of 30 June 2016 the costs of current projects of exceet Secure Solutions (ESS) have been capitalized as work in progress with expected future revenue of up to EUR 1.3 million (31.6.2015: none).

Discontinued Operations (IDMS)

The IDMS segment was pushed by higher volume projects out of the loyalty and payment activities. It realized a revenue plus of 9.5% within the first six months of 2016 and achieved net sales of EUR 21.3 million (H1 2015: EUR 19.5 million) resulting in a sales smoothing effect within the group. The discontinued operations accounted for 24.6% (Total Group Basis).

EBITDA Margin Development

Continued Operations

In combination with the lower sales level, the project mix and the lower efficiency due to the efforts to restructure and refocus the operations the continued operations of exceet showed an unsatisfactory EBITDA of EUR 3.5 million (5.4% of net sales) compared to EUR 3.6 million (5.2% of net sales) in H1 2015.

Discontinued Operations (IDMS)

The product mix with lower margins on the high volume loyalty cards, higher personal cost related to the reorganization of the loyalty activities and some related adjustments of the inventory resulted in an EBITDA of EUR 0.2 million (H1 2015: EUR 0.7 million).

Net Income and Earnings per Share (Total Group Basis)

The group result year to date of EUR minus 10.5 million (H1 2015: EUR minus 5.3 million), reflected the low operational profit of H1 2016 and the value adjustment on the goodwill of IDMS (discontinued operations) by EUR 8.5 million due to actual value indications received from the capital market during the structured sales process (note 16 of the Interim Financial Statements "Discontinued Operations"). There were no substantial impacts out of non-cash foreign currency valuation adjustments on EUR intercompany loans given by the Swiss holding to finance other group companies (H1 2015: EUR minus 3.2 million). The warrants expired on 26 July 2016 (note 18 of the Interim Financial Statements "Events occurring after the reporting period"). However as of 30 June 2016 exceet had still to reflect a loss of EUR 0.3 million out of the warrant revaluation (H1 2015: profit of EUR 0.4 million) as the market price increased in June.

The earnings per share (EPS) were euro minus 0.31 (H1 2015: euro minus 0.16) per Class A share. On basis of the continued operations the earnings per share were euro minus 0.04 (H1 2015: euro minus 0.14).

Order Backlog

Continued Operations

On 30 June 2016 exceet's order backlog of continued operations amounted to EUR 82.2 million (30.6.2015: EUR 77.4 million) and underlining the revenue expectations for the second half year 2016. The twelve months rolling book-to-bill ratio of 1.06 (H1 2015: 0.86) reflects the increasing number of new projects as well.

Discontinued Operations (IDMS)

The backlog of IDMS amounted to EUR 9.7 million (30.6.2015: EUR 7.8 million) with a book-to-bill ratio on a rolling twelve month basis of 1.05 (H1 2015: 0.95).

Cash Development (Total Group Basis)

The net debt position of EUR 17.2 million (31.12.2015: EUR 8.1 million) increased due to the reduced level of cash at 30 June 2016. The lower cash position of EUR 25.1 million (31.12.2015: EUR 33.3 million) is driven by the seasonal swing of the working capital and the expected investments. It remains exceet's basis to finance the future business development. As of 30 June 2015 exceet showed a cash position of EUR 26.7 million.

EUR 23.9 million of the cash are allocated to the continued operations and EUR 1.2 million to the discontinued operations.

Segment Reporting

Electronic Components, Modules & Systems (ECMS)

Net Sales decreased to EUR 61.8 million during the first half-year of 2016, against EUR 64.5 million during the same period of 2015. Major reason for this expected decrease of 4.1% in H1 was the decline of sales out of projects being at the end of their life cycle. The segment contributed 71.3% of total group sales.

ECMS is a full-service developer and manufacturer of complex electronic components, modules and systems in the field of industrial and medical technology.

The segment is characterized by its comprehensive technical know-how, innovation strengths and production capacities for high quality products. To enlarge these market advantages, ECMS continuously invests in improvement and optimization of quality assurance- and production processes. In the course of this, in Q2 2016 the internationally recognized EN 9100 standard certification was successfully finalized and confirmed by an independent third party for the ECMS Berlin based location. It especially confirms the compliance with quality management standards for the aerospace and defense industries and is based on the general, well known standard EN ISO 9001. In gaining the EN 9100 certification, ECMS demonstrates its competence for aerospace and defense industry clients and is listed in the international OASIS database as an EN 9100-compliant supplier. Customers benefit from high quality, security and sustainability and allow the segment to position itself as a supplier for highly sophisticated products. In addition ECMS started pilot projects with customers using the expanded wafer finishing and microchip production facilities in Berlin. Further orders for this production technology are expected for the second half-year of 2016.

In Q2 ECMS continued the streamlining of its operations and shifts production capacities in co-operation with the customers from Rotkreuz (Switzerland) to Ebbs (Austria). This enables ECMS to focus in Rotkreuz on its high and longstanding engineering competence. In this context the customers in Rotkreuz and Ebbs also profit by the newest EN 9100 certification and can obtain industry specific services from the ECMS Berlin based location as well.

Furthermore the segment strengthened its sales activities in the field of vending machines and won additional customer projects in this market segment. For these projects ECMS bundled competences of Grossbettlingen (D) and Rotkreuz (CH) and designed, developed and produced customer specific touch displays. As specialist for input devices ECMS supports the customer along the whole value chain. ECMS worked out a comprehensive usability study for each customer and developed, based on this study, an individual user interface for an intuitive handling. Customers also benefit from the secure connection of all vending machines, ensuring that e.g. sales figures and inventory levels are transmitted tamper-proof and protected against access of third parties. In this project ECMS profited by the practical proven industrial IoT expertise of the ESS segment and could also take advantage of the ESS IT-Security competence.

In the first six month 2016, the ECMS segment achieved an EBITDA of EUR 7.0 million, accounting for an EBITDA margin of 11.3%, compared to EUR 7.2 million or a margin of 11.1% in the same period of the previous year.

exceet Secure Solutions (ESS)

During the reporting period, ESS generated revenues of EUR 3.6 million, accounting for 4.1% of total group sales. This reflects a decrease of 22.3% compared to H1 2015 of EUR 4.6 million. As of 30 June 2016 the cost of current projects have been capitalized as work in progress with expected future revenue of up to EUR 1.3 million (30.6.2015: none).

The segment is specialized in IT Security and industrial Internet of Things (IoT) projects and solutions. In Q2 ESS effectively continued its IoT projects with international customers and won some follow-up orders. Additionally the segment started further sales activities in the IT-Security market and positioned its competence especially in the GRC (Governance, Risk & Compliance) sector. Based on this ESS could register an increasing demand for risk management related services.

In Q2 the segment reached an important milestone in its product and services strategy as its trust center was certified according to the international eIDAS (Electronic Identification and Services) regulation. As one of the first German providers ESS can now offer qualified time stamps according to this European wide regulation. Customers of any kind of industry are able to generate legally binding electronic documents and data by use of time stamps out of the ESS trust center. Time stamped electronic documents and data can be used as evidence in court throughout the European Union. Cost intensive paper based processes are not required any more to prove legally accepted documents to a court. Therefore electronic business processes can be realized in a user-friendly manner across national borders. Based on the new eIDAS regulation and in combination with the certified trust center ESS is now able to enlarge the position as a comprehensive IT-Security specialist and will profit from this advantage by offering additional services to existing and potential customers.

To complete the portfolio ESS started to adapt its signature software according to the actual eIDAS regulation. The IT-Security specialist will offer this new software in combination with its long-term HSM (Hardware Security Module) expertise and lead the way for cost efficient, high volume signing of electronic documents and data – legally accepted all over Europe. In Q2 first customers already requested this innovative and cost efficient solution and ESS will further strengthen its sales activities in this area.

The EBITDA for this reporting period reached EUR minus 1.0 million (6M 2015: EUR minus 0.4 million) which is reflecting upfront costs to develop the described future growth markets and the lower level of invoiced sales.

ID Management & Systems (IDMS) – discontinued operations

The revenue within the first six month of 2016 amounted to EUR 21.3 million, which represents an increase of 9.5% compared to EUR 19.5 million in H1 2015.

IDMS provides cards, personalization and related services for loyalty, payment and urban mobility markets. The segment, which shows in general a higher seasonality than the other business segments, strengthened its sales, marketing and production activities and is well prepared for the challenges in these markets.

The IDMS divestment process is on the way and all involved parties work on the upcoming assignments. Regardless of these M&A activities customers benefited in the last quarter from the bundling of competences at the three production locations in Germany (Unterschleissheim and Paderborn) and Austria (Kematen). The segment completed its strategy to implement the centers of excellence structure and moved all loyalty card activities from Unterschleissheim to Kematen. Based on the comprehensive banking card competence IDMS launched in Q2 a new wristlet with secure contactless payment functionality onto the market. The solution was developed in collaboration with Oberthur Technologies.

The segment reports an EBITDA of EUR 0.2 million for the first six months 2016 which results in an EBITDA Margin of 0.7%. This includes severance payments of EUR 0.2 million and higher material cost out of the actual product mix. In the same period of the previous year the segment achieved an EBITDA of EUR 0.7 million (representing 3.4% EBITDA Margin).

Group Balance Sheet Positions (Total Group Basis)

As of 30 June 2016, the total assets of exceet Group amounted to EUR 178.7 million, compared to EUR 186.6 million as at 31 December 2015. With the separation of the IDMS segment as discontinued operations, the related assets are shown in one line as “assets classified as held for sale” and the related liabilities as well in one line as “liabilities directly associated with assets classified as held for sale”. The following comparison with the balance sheet as of 31 December 2015 is adjusted for the positions allocated to IDMS to allow a comparison on a continued basis:

The non-current assets of EUR 74.6 million, decreased compared to the year-end position by EUR 0.7 million and included tangible assets of EUR 28.9 million (31.12.2015 on a comparable basis: EUR 28.1 million) and intangible assets of EUR 43.5 million (31.12.2015 on a comparable basis: EUR 44.6 million).

Current assets amount to EUR 104.1 million, compared to EUR 89.6 million at year-end 2015. The increase of EUR 14.5 million is mainly driven by the reclassification of non-current assets of IDMS in the amount of EUR 15.0 million into the current asset position “assets classified as held for sale”. Inventories rose by EUR 3.9 million to EUR 29.7 million (31.12.2015 on a comparable basis: EUR 25.8 million). Receivables on a comparable basis increased from EUR 18.7 million to EUR 19.0 million. On a comparable basis current income tax receivables increased by EUR 0.7 million and other current asset positions by EUR 0.5 million. Cash and cash equivalents decreased from EUR 33.3 million to EUR 23.9 million. This decrease can be attributed to the reclassification of the IDMS related cash of EUR 1.2 million to the assets held for sale, the negative free cash flow of EUR 9.1 million (minus EUR 4.0 million from operating activities – mainly working capital –, minus EUR 3.8 million from investing activities and minus EUR 1.3 million of new financial leases), the cash out for financing activities of EUR 0.2 million and the negative currency impact on cash positions of EUR 0.1 million.

The outflow for investing activities of EUR 3.8 million (H1 2015: EUR 2.4 million) was mainly invested in replacements. The net debt position as of 30 June 2016 amounts to EUR 17.2 million (31.12.2015: EUR 8.1 million) and is reflecting the expected seasonal swing (30.6.2015: EUR 17.0 million).

At the end of the reporting period, exceet Group’s equity amounted to EUR 92.5 million, against EUR 105.5 million as of 31 December 2015. This result in a reasonable equity ratio of 51.7% (31.12.2015: 56.5%).

The increase of the current liabilities by EUR 7.4 million to EUR 33.2 million as of 31 March 2016 (31.12.2015: EUR 25.8 million) includes an increase out of the allocation of EUR 5.1 million as liabilities directly associated with assets classified as held for sale (IDMS), the decrease tax liabilities of EUR 0.1 million and other current liabilities of EUR 0.5 million as well the increase of trade payables of EUR 0.5 million, of accruals of EUR 1.4 million, borrowings of EUR 0.5 million and other smaller changes within the current liabilities of EUR 0.4 million.

Non-current liabilities decreased by EUR 2.2 million from EUR 55.2 million at year-end of 2015 to EUR 53.0 million. This change is based on the reclassification of IDMS related non-current liabilities of EUR 4.8 million into the current liabilities as well as the increased long-term borrowings by EUR 0.1 million, the increased retirement benefit obligations by EUR 2.9 million and the decreased tax liabilities by EUR 0.4 million.

Capital Market Environment and Share Price Performance

After a restrained economic outlook given by the IMF in spring, with downward revisions of growth estimates for 2016 by 0.2 percentage points each for world economic growth, Eurozone growth and German growth as well, the far-reaching major political and economic event within the second quarter – the British exit referendum out of the EU – has put additional pressure on the general economic climate which has already been burdened by global indebtedness, weak commodity and consumer prices, slow growth (especially in the BRIC states) and concerns about the stability of the banking sector and the longer-term rationality of central bank policies.

Initial shock waves about the unexpected Brexit vote sent European share prices down about 10%. However, prices gained ground back quickly as market participants took the view that short-term effects might be marginally as the execution of the Brexit will take two years according to EU procedures. Moreover, the British government and monetary authorities seem to be willing to cushion the effects of the Brexit by tax measures, respectively interest rate and liquidity measures. The foreseeable structural weakness of the Pound Sterling will help British exports, but will also hamper EU and German exports to the UK.

By mid of June, German 10 year government bonds, for the first time ever, yielded negatively drawing a parallel to the situation in Japan 20 years ago. The upcoming British referendum with the related run into safe havens and the outright monetary transactions carried out by the ECB (European Central Bank) were considered as major reasons for this trend. The ECB's QE-program has added a government bond volume of EUR 835 billion into their balance sheet since March 2015. With the additional implementation of a so-called CSPP (Corporate Sector Purchase Program) the ECB is prepared to buy corporate bonds with a minimum credit rating of BBB- in the open market.

exceet shares which outperformed the DAX slightly in the first quarter took another drop to an all-time low in the course of the second quarter without any negative news from the company. After touching the euro 2.00 level, the price recovered to euro 2.59 - still well below the book value per share - by the end of the second quarter finishing the extremely volatile H1 reporting period with a loss of 35%. The turnover volume roughly halved in the course of the second quarter. The number of shares traded on XETRA amounted to 302,192 in the first quarter and reached 143,068 in the second quarter. The DAX declined by 10% between January and June and managed to recover strongly late in Q2 after the preceding Brexit induced sell-out.

Employees

Continued Operations

As of 30 June 2016, the Group employed 713 employees (Headcount) (30.6.2015: 703) or 655 full-time equivalents (FTE) (30.6.2015: 642). 302 (30.6.2015: 292) were employed in Germany, 74 (30.6.2015: 64) in Austria, 263 (30.6.2015: 272) in Switzerland, 15 (30.6.2015: 14) in Romania and 1 (30.6.2015: 0) in the USA.

Discontinued Operations (IDMS)

IDMS as discontinued operations employed as of 30 June 2016 355 employees (Headcount) (30.6.2015: 344) or 355 full-time equivalents (FTE) (30.6.2015: 337). 103 (30.6.2015: 102) were employed in Germany, 98 (30.6.2015: 92) in Austria, 141 (30.6.2015: 130) in the Czech Republic, and 13 (30.6.2015: 13) in the Netherlands.

Opportunities and Risk Report

The statements provided in the Annual Report 2015 on the opportunities and risks of the business model remain unchanged.

Significant Events and Actions

The management has no significant events to report from this reporting period.

Outlook

After a successful stabilization of the business in Q2 with a sound pick-up versus a weak basis one year ago and a catch-up effect this year versus the subdued top line in Q1, the management of exceet is expecting further operational improvements in H2 – similar to the preceding fiscal year. Then, exceet achieved a solid recovery with H2 gaining higher cumulative sales than H1 and with H2 accounting for two thirds of the group's total EBITDA in 2015. This favorable development had been interrupted at the beginning of this year along with deteriorated expectations for the world economy, especially referring to the prospects for overall investment, which is crucial for the group. The current stabilization of the business is actually again followed by a fresh round of rising macroeconomic concerns. Therefore, the uncertainties about the possible size of further business improvements in H2 have risen substantially. However, the group is technologically well positioned in promising areas and has the standing as a long-term reliable partner for innovative customers. Along with the successful development of new applications in the field of intelligent secure electronics – these are sources of the management's confidence. But project cycles that are typical for exceet's business tend to move slower in a low growth environment with a lack of a broad propensity to invest. With a business situation that remains subdued, the management is strongly committed to improve further the entire structure of the group to lower costs and enhance efficiencies in sales processes and market penetration. This includes the concentration of activities at competence centers like the move of the loyalty card business from Unterschleissheim to Kematen and the embedding activities of the electronics business from Rotkreuz to Ebbs. After an initial phase of reduced cost effectiveness to realize the changes, the management is convinced to increase EBITDA-margins to a sufficient sustainable level - irrespective of further top-line growth.

The decision to sell the card activities and to focus on the highly synergetic ECMS and ESS business units has being put into an organized process. The aimed execution in the course of this year will result in a simplified and more cost-efficient structure while improving some of the financial parameters of the group. The guidance will be adapted to these changes dependent on the timing of the execution.

With the expiration of the warrants and the expiration of the right to convert the outstanding Class B- and Class C-Shares into Class A-Shares, the capital structure will become more transparent and more attractive for investors as the company has to redeem these shares at their accounting par value. As announced earlier, exceet will hold an extraordinary shareholder meeting within the upcoming months referring to the issue of the B- and C-Shares and their redemption.

Greenock S.à r.l. a major shareholder of exceet Group SE had informed the company in Q3 2014 that they are assessing their strategic options related to their shareholding in exceet Group SE, including a possible disposal of such shareholding to a third party. Pursuant to the updated information provided by Greenock S.à r.l., no final decision has still been taken regarding the form and timing of a potential transaction.

Luxembourg, 8 August 2016
exceet Group SE
The Board of Directors and the Management Board

INTERIM FINANCIAL STATEMENTS
(CONDENSED & CONSOLIDATED)

INTERIM BALANCE SHEET (CONSOLIDATED)

(in EUR 1,000)	unaudited 30 June 2016	audited 31 December 2015
ASSETS		
Non-current assets		
Tangible assets	28,930	34,425
Intangible assets [1]	43,503	60,944
Deferred tax assets	2,171	1,362
Other financial investments	30	30
Other non-current receivables	0	186
Total non-current assets	**74,634**	**96,947**
Current assets		
Inventories	29,730	30,440
Trade receivables, net	19,004	22,720
Other current receivables	1,113	1,462
Current income tax receivables	1,570	1,006
Accrued income and prepaid expenses	859	745
Cash and cash equivalents	23,871	33,256
	76,147	**89,629**
Assets classified as held for sale [2]	27,931	0
Total current assets	**104,078**	**89,629**
Total assets	**178,712**	**186,576**
EQUITY		
Share capital	528	528
Reserves	91,929	104,960
Equity attributable to Shareholders of the parent company	**92,457**	**105,488**
Total equity	**92,457**	**105,488**
LIABILITIES		
Non-current liabilities		
Borrowings [3]	35,948	37,045
Retirement benefit obligations	12,054	9,784
Deferred tax liabilities	3,381	5,486
Provisions for other liabilities and charges	573	1,301
Other non-current liabilities	1,091	1,633
Total non-current liabilities	**53,047**	**55,249**
Current liabilities		
Trade payables	7,119	9,191
Other current liabilities	2,614	4,258
Accrued expenses and deferred income	6,695	7,137
Current income tax liabilities	540	600
Borrowings [3]	2,873	4,273
Other financial liabilities	340	20
Provisions for other liabilities and charges	28	360
	20,209	**25,839**
Liabilities directly associated with assets classified as held for sale [2]	12,999	0
Total current liabilities	**33,208**	**25,839**
Total liabilities	**86,255**	**81,088**
Total equity and liabilities	**178,712**	**186,576**

1) Incl. Goodwill of EUR 25,458 (31.12.2015: EUR 25,513)
2) Please see note 16 "Discontinued operations"
3) Net debt for continued operations amount to EUR 14,950 (31.12.2015: EUR 9,114) based on third party borrowings EUR 38,821 (31.12.2015: EUR 38,200) less cash and cash equivalents of EUR 23,871 (31.12.2015: EUR 29,086)

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

INTERIM INCOME STATEMENT (CONSOLIDATED)

	3 months		6 months	
	unaudited	unaudited	unaudited	unaudited
(in EUR 1,000)	01.04. - 30.06.2016	01.04. - 30.06.2015	01.01. - 30.06.2016	01.01. - 30.06.2015
Revenue	33,924	33,491	65,424	69,083
Cost of sales	(29,658)	(29,710)	(56,381)	(59,135)
Gross profit	**4,266**	**3,781**	**9,043**	**9,948**
Gross profit margin	*12.6%*	*11.3%*	*13.8%*	*14.4%*
Distribution costs	(2,358)	(2,201)	(4,703)	(4,879)
Administrative expenses	(2,503)	(2,674)	(5,195)	(5,761)
Other operating income	322	75	393	143
Operating result (EBIT) [1]	**(273)**	**(1,019)**	**(462)**	**(549)**
EBIT margin	*(0.8%)*	*(3.0%)*	*(0.7%)*	*(0.8%)*
Financial income	378	586	1,123	3,194
Financial expenses	(637)	(942)	(1,504)	(7,676)
Changes in fair value in financial instruments	(320)	380	(320)	400
Financial result, net	**(579)**	**24**	**(701)**	**(4,082)**
Profit/(Loss) before income tax	**(852)**	**(995)**	**(1,163)**	**(4,631)**
Income tax expense	(56)	36	(206)	(266)
Profit/(Loss) from continuing operations	**(908)**	**(959)**	**(1,369)**	**(4,897)**
Profit/(Loss) margin	*(2.7%)*	*(2.9%)*	*(2.1%)*	*(7.1%)*
Profit/(Loss) from discontinued operations	**(8,657)**	**(324)**	**(9,126)**	**(428)**
Profit/(Loss) for the period	**(9,565)**	**(1,283)**	**(10,495)**	**(5,325)**
Profit/(Loss) margin	*(28.2%)*	*(3.8%)*	*(16.0%)*	*(7.7%)*
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	(9,565)	(1,283)	(10,495)	(5,325)
EARNINGS PER SHARE IN EURO FROM CONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	(0.03)	(0.03)	(0.04)	(0.14)
Class B/C shares	(0.03)	(0.03)	(0.04)	(0.14)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	(0.25)	(0.01)	(0.27)	(0.01)
Class B/C shares	(0.25)	(0.01)	(0.27)	(0.01)
EARNINGS PER SHARE IN EURO ON TOTAL GROUP BASIS (BASIC = DILUTIVE)				
Class A shares	(0.28)	(0.04)	(0.31)	(0.16)
Class B/C shares	(0.28)	(0.04)	(0.31)	(0.16)
Operating result (EBIT)	(273)	(1,019)	(462)	(549)
Depreciation, amortization and impairment charges	1,975	2,106	3,967	4,137
Operating result before depreciation, amortization and impairment charges (EBITDA) [2]	**1,702**	**1,087**	**3,505**	**3,588**
EBITDA margin	*5.0%*	*3.2%*	*5.4%*	*5.2%*

1) Earnings Before Interest and Taxes
2) Earnings Before Interest, Taxes, Depreciation and Amortization

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

INTERIM STATEMENT OF COMPREHENSIVE INCOME (CONSOLIDATED)

	3 months		6 months	
	unaudited	unaudited	unaudited	unaudited
(in EUR 1'000)	01.04. - 30.06.2016	01.04. - 30.06.2015	01.01. - 30.06.2016	01.01. - 30.06.2015
Profit/(Loss) for the period	(9,565)	(1,283)	(10,495)	(5,325)
Items not to be reclassified to profit and loss:				
Remeasurements of defined benefit obligation	(1,428)	(1,265)	(2,742)	(1,604)
Deferred tax effect on remeasurements of defined benefit obligation	177	187	340	238
Items not to be reclassified to profit and loss	(1,251)	(1,078)	(2,402)	(1,366)
Items to be reclassified to profit and loss:				
Currency translation differences	227	290	(134)	8,256
Items to be reclassified to profit and loss	227	290	(134)	8,256
Total comprehensive income for the period	(10,589)	(2,071)	(13,031)	1,565
Attributable to:				
Shareholders of the parent company	(10,589)	(2,071)	(13,031)	1,565
Total comprehensive income for the period attributable to the Shareholders of the company				
Continued operations	(1,932)	(1,747)	(3,905)	1,993
Discontinued operations	(8,657)	(324)	(9,126)	(428)
Total comprehensive income for the period	(10,589)	(2,071)	(13,031)	1,565

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

INTERIM STATEMENT OF CASH FLOWS (CONSOLIDATED) [1)]

(in EUR 1,000)	unaudited 01.01. - 30.06.2016	unaudited 01.01. - 30.06.2015
Profit/(Loss) before income tax	**(10,775)**	**(5,431)**
Adjustment for non-cash transactions		
Amortization on intangible assets	1,848	1,884
Impairment on intangible assets	8,500	0
Depreciation on tangible assets	3,212	3,376
(Gains)/Losses on disposal of assets	(32)	6
Change of provisions	78	54
Adjustments to retirement benefit obligations/prepaid costs	84	357
Financial (income)/expenses	514	525
Change in fair value in financial instruments	320	(405)
Other non-cash (income)/expenses	51	3,613
Operating net cash before changes in net working capital	**3,800**	**3,979**
Changes to net working capital		
- inventories	(5,940)	(1,051)
- receivables	(565)	(1,329)
- accrued income and prepaid expenses	(416)	(427)
- liabilities	406	(757)
- provisions for other liabilities and charges	(257)	0
- accrued expenses and deferred income	1,407	1,448
Tax received (prior periods)	253	142
Tax paid	(2,313)	(3,581)
Interest received	3	5
Interest paid	(447)	(474)
Cashflows from operating activities [2)]	**(4,069)**	**(2,045)**
Purchase of tangible assets	(3,436)	(2,690)
Sale of tangible assets	271	446
Purchase of intangible assets	(647)	(137)
Cashflows from investing activities	**(3,812)**	**(2,381)**
Increase of borrowings	1,441	93
Repayments of borrowings	(155)	(892)
Proceeds/(Repayments) of other non-current liabilities	(38)	58
Proceeds from finance lease prepayments	0	314
Payments of finance lease liabilities	(1,400)	(1,645)
Cashflows from financing activities	**(152)**	**(2,072)**
Net changes in cash and cash equivalents	**(8,033)**	**(6,498)**
Cash and cash equivalents at the beginning of the period	**33,256**	**30,954**
Net changes in cash and cash equivalents	(8,033)	(6,498)
Effect of exchange rate gains/(losses)	(98)	2,250
Cash and cash equivalents at the end of the period [3)]	**25,125**	**26,706**

1) The cash flow statement is presented without any effects from discontinued operations as well as assets and liabilities held for sale. Please refer to note 16 "Discontinued Operations" for cash flow from discontinued operations.
2) Free cash flow amounts to EUR -9,134 based on cash flow from operations of EUR -4,069 minus net capital expenditure (adjusted for finance lease) of EUR -5,065
3) Includes EUR 1,254 which is included in "Assets classified as held for sale" in the balance sheet as of 30 June 2016.

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

INTERIM STATEMENT OF CHANGES IN EQUITY (CONSOLIDATED)

(in EUR 1,000)	Issued and paid-in share capital	Capital reserves	Treasury shares	Share-based payments IFRS 2	Retained earnings	Foreign currency transl. diff.	Total shareholders of the parent company
BALANCES AT 1 JANUARY 2016	528	65,485	(4,525)	202	28,762	15,036	105,488
Profit/(Loss) for the period					(10,495)		(10,495)
Other comprehensive income:							
Remeasurements of defined benefit obligations					(2,742)		(2,742)
Deferred tax effect on remeasurements					340		340
Currency translation differences						(134)	(134)
Total other comprehensive income for the period	0	0	0	0	(2,402)	(134)	(2,536)
Total comprehensive income for the period	0	0	0	0	(12,897)	(134)	(13,031)
Share-based payments							0
Total other equity effects	0	0	0	0	0	0	0
BALANCES AT 30 JUNE 2016	528	65,485	(4,525)	202	15,865	14,902	92,457
BALANCES AT 1 JANUARY 2015	528	65,485	(4,525)	199	29,815	9,514	101,016
Profit/(Loss) for the period					(5,325)		(5,325)
Other comprehensive income:							
Remeasurements of defined benefit obligations					(1,604)		(1,604)
Deferred tax effect on remeasurements					238		238
Currency translation differences						8,256	8,256
Total other comprehensive income for the period	0	0	0	0	(1,366)	8,256	6,890
Total comprehensive income for the period	0	0	0	0	(6,691)	8,256	1,565
Share-based payments				3			3
Total other equity effects	0	0	0	3	0	0	3
BALANCES AT 30 JUNE 2015	528	65,485	(4,525)	202	23,124	17,770	102,584

The accompanying notes are an integral part of the Interim Financial Statements (condensed & consolidated).

NOTES TO THE INTERIM FINANCIAL STATEMENTS (CONDENSED & CONSOLIDATED)

1 General information

exceet Group SE ("Company") - collectively with its subsidiaries - is the successor company of a reversed asset acquisition of exceet Group SE (formerly named Helikos SE) and exceet Group AG with effect from 26 July 2011. The reversed asset acquisition was the result of a planned arrangement whereby exceet Group AG was acquired by exceet Group SE with former exceet Group AG shareholders receiving de facto control of exceet Group SE and with the Management and Board of Directors of exceet Group AG becoming the Management and Board of Directors of exceet Group SE.

exceet Group SE is incorporated as a Société Européenne under the law of Luxembourg. The Company was incorporated on 9 October 2009 as Helikos SE and renamed to exceet Group SE on 27 July 2011. The registered office is located at 115 avenue Gaston Diderich, L-1420 Luxembourg. exceet Group SE carried out its initial public offering on the regulated market (Regulierter Markt) of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) under the symbol "EXC" on 4 February 2010.

The consolidated exceet Group SE ("Group" or "exceet") includes all relevant companies in which exceet Group SE, directly or indirectly, has a majority of the voting rights and is able to determine the financial and business policies based on the so-called control concept. All companies consolidated into the Group are disclosed in note 19 "List of consolidated subsidiaries of exceet Group SE".

exceet is an international technology group specialized in the development and manufacturing of intelligent, mission critical and secure electronics of small and mid-size volumes. The Group provides worldwide added value solutions and distinguishes itself through its technical skill set in embedded intelligent electronics with a leading position in the health, industry & security markets.

The Group is structured in three business segments: Electronic Components Modules & Systems (ECMS), ID Management & Systems (IDMS) and exceet Secure Solutions (ESS).

To focus the exceet Group on the electronic and secure solutions activities, the Board of exceet Group SE decided at the beginning of March 2016 to start a process to sell the business segment of ID Management & Systems (IDMS). As a consequence, the group's IFRS reporting will be split in "Continued Operations" and "Discontinued Operations".

The ECMS segment (continued operations) develops and produces innovative, complex and integrated electronic products, with a focus on miniaturization, cost optimization and a high degree of customization to suit the needs of the customers. The products and services of the ECMS segment are aimed primarily at customers in the sectors of medical and healthcare, industrial automation, security and avionics.

The ESS segment (continued operations) combines the experience gathered in the ECMS and IDMS segments relative to the development of innovative solutions for embedded security systems in selected markets. The segment is specialized in IT Security and industrial Internet of Things (IoT) projects and solutions in the mechanical- and medical engineering industries.

The IDMS segment (discontinued operations) is engaged in design, development and production of contact and contactless smart cards, multifunction cards, card reading devices and related services. Offering tailored, innovative solutions while meeting the highest quality and security standards, the Company considers itself as one of the leading providers of comprehensive solutions for high-tech smart cards and the corresponding card reading devices in Europe. IDMS security solutions are used primarily in the sectors of financial services, security, public sector, transportation, healthcare, as well as retail.

exceet is mainly focusing on the markets in Europe, but is also active in the markets of USA and Asia-Pacific. The Group (continued and discontinued operations) consists of 20 legal entities with 15 locations in Austria, the Czech Republic, Germany, Luxembourg, the Netherlands, Romania, Switzerland and the USA. For details on the legal entities please refer to Note 19 "List of consolidated subsidiaries of exceet Group SE". This setup allows the Group to benefit from specific local advantages (e.g. customer proximity) and to apply a flexible production process necessary to fulfill the specific requirements of customers.

This condensed consolidated interim financial information is unaudited and was approved for issue by the Board of Directors on 8 August 2016.

2 Adoption of new and revised accounting standards

New and amended standards adopted by the Group

The following standards and amendments, issued by the International Accounting Standards Board ('IASB') and the IFRS Interpretations Committee and as adopted by the European Union (EU), are effective for the first time in the current financial year and have been adopted by the Group:

· IFRS 11	(Amendment)	"Accounting for Acquisitions of Interest in Joint Operations" – IASB and EU effective date 1 January 2016
· IAS 1	(Amendment)	"Disclosure Initiative – IASB and EU effective date 1 January 2016
· IAS 16 /41	(Amendment)	"Bearer Plants" – IASB and EU effective date 1 January 2016
· IAS 16/38	(Amendment)	"Clarification of Acceptable Methods of Depreciation and Amortization – IASB and EU effective date 1 January 2016
· IAS 27	(Amendment)	"Equity Method in separate Financial Statements " – IASB and EU effective date 1 January 2016
· Annual improvement cycle (2012 – 2014)		Various improvements to IFRS 5, IFRS 7, IAS 19 and IAS 34 – IASB and EU effective date 1 January 2016

The above standards and amendments adopted by the Group have no impact on its consolidated results of financial positions.

Apart from these amendments, the interim condensed consolidated financial statements have been prepared on the basis of the accounting policies, significant judgments, key assumptions and estimates as described on pages 33 to 49 of the consolidated financial statements of exceet Group SE 2015.

New standards, amendments and interpretations not yet adopted by the Group

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016 and have not been applied in preparing these interim condensed consolidated financial statements.

- IFRS 14 (New) "Regulatory Deferral Accounts" – IASB effective date 1 January 2016 – EU endorsement outstanding
- IFRS 10/12 IAS 28 (Amendment) "Investment entities: Applying Consolidation Exception" – IASB effective date 1 January 2016 - EU endorsement outstanding
- IFRS 9 (New) "Financial instruments" – IASB effective date 1 January 2018 – EU endorsement outstanding
- IFRS 15 (New) "Contracts with Customers" – IASB effective date 1 January 2018 – EU endorsement outstanding
- IFRS 16 (New) "Leases" – IASB effective date 1 January 2019 – EU endorsement outstanding
- IFRS 2 (Amendment) "Share based payments" – IASB effective date 1 January 2018 – EU endorsement outstanding
- IAS 7 (Amendment) "Disclosure Initiative" – IASB effective date 1 January 2017 – EU endorsement outstanding
- IAS 12 (Amendment) "Recognition of Deferred Tax Assets for Unrealized Losses – IASB effective date 1 January 2017 - EU endorsement outstanding

The Group is yet to assess the potential impacts of the new standards and amendments to the existing standards and intends to adopt them no later than the effective endorsement date by the EU.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Group.

3 Basis of preparation

The interim condensed consolidated financial statements for the six months ended 30 June 2016, have been prepared in accordance with IAS 34, 'Interim financial reporting'.

Following the announcement of the start of the process to sell the business segment of IDMS, the respective figures are shown as discontinued operations and certain 2015 figures have been restated in accordance with IFRS 5. The balance sheet and income statement without taking into account the split for discontinued operations can be seen in Note 17.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the annual financial statements for the year ended 31 December 2015, which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

All figures presented should be read as in EUR 1,000.

Use of estimates and judgments

The preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2015.

The following exchange rates were relevant to the interim financial report as per 30 June 2016:

	30 June 2016	Average 01.01. - 30.06.2016	31 December 2015	30 June 2015	Average 01.01. - 30.06.2015
CHF 1	0.92	0.91	0.92	0.96	0.95
USD 1	0.90	0.90	0.92	0.90	0.90

Taxes on income in the interim periods are accrued using the local tax rate that would be applicable to expected total annual profit or loss.

Consolidated statement of comprehensive income

The interim consolidated statement of comprehensive income was prepared based on an accruals basis. The consolidated statement of comprehensive income has been presented by using "cost of sales" method.

Seasonality

Revenues and costs are not influenced by seasonal effects, but are mainly impacted by the economic environment in the markets the Group is operating in.

4 Financial risk management and financial instruments

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk, price risk and public warrant fair value risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's consolidated financial statements for 2015. There have been no changes in any risk management policies since the year end.

Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, prices) or indirectly (that is, derived from prices)
Level 3: Inputs for the asset or liability that are not valued on observable market data (that are, unobservable inputs, for instance estimation and assumptions)

The following table presents the Group's assets and liabilities that are measured at fair value.

(in EUR 1,000)	Level 1	Level 2	Level 3	Total
30 JUNE 2016				
Assets as per balance sheet				
Financial assets at fair value through profit or loss				0
Interest cap				0
Total	0	0	0	0
Liabilities as per balance sheet				
Financial liabilities at fair value through profit or loss				0
Interest cap				0
Public warrants	340			340
Earn-out liability			500	500
Total	340	0	500	840
31 DECEMBER 2015				
Assets as per balance sheet				
Financial assets at fair value through profit or loss				0
Interest cap				0
Total	0	0	0	0
Liabilities as per balance sheet				
Financial liabilities at fair value through profit or loss				0
Interest cap				0
Public warrants	20			20
Earn-out liability			998	998
Total	20	0	998	1,018

The group's accounting rules demands the recognition of transfers into or out of fair value hierarchy levels as of the date of the event or at the change in circumstances that caused the transfer. There were no transfers between the levels during the reporting period.

Level 1 public warrants are valued on the quoted market price at the balance sheet date. The public warrants are listed on the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).

Level 2 interest caps were valued at fair value by using mark-to-market calculations of observable inputs of interest yield curves.

Management is assisted for the valuation of financial assets required for financial reporting purposes, including level 3 fair values, by the Group's finance department. Discussions of valuation processes and results are held regularly between the CFO and the finance department.

The following tables are presenting the changes in level 3 instruments:

(in EUR 1,000)	Level 3
BALANCE AT 1 JANUARY 2016	998
Payment of earn-out of acquisition	(500)
Interest on earn-out of acquisition	2
Currency translation differences	0
BALANCE AT 30 JUNE 2016	500
Total (gains)/losses for the period included in profit or loss	2
BALANCE AT 1 JANUARY 2015	993
Interest on earn-out of aquisition	5
Currency translation differences	0
BALANCE AT 30 JUNE 2015	998
Total (gains)/losses for the period included in profit or loss	5

Fair value of financial assets and liabilities measured at amortized costs

The fair values of borrowings for continued business are as follows:

(in EUR 1,000)	unaudited 30 June 2016	audited 31 December 2015
CARRYING AMOUNT		
Bank borrowings	36,688	35,013
Finance lease liabilities	2,133	859
Total	**38,821**	**35,872**
FAIR VALUE		
Bank borrowings	37,909	36,234
Finance lease liabilities	2,133	859
Total	**40,042**	**37,093**

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

5 Additional information to the cash flow statement

The acquisition of tangible assets is mainly related to the purchase of production facilities and machinery. The Group purchased fixed assets through finance lease arrangements of EUR 1,253 (H1 2015: EUR 1,138).

Payments of finance lease liabilities represent payments of amortizations of current lease liabilities and prepayments for new lease liabilities in the current period.

6 Segment information

The Group has two main business segments, Electronic Components Modules & Systems (ECMS) and exceet Secure Solutions (ESS), representing different subsidiaries. The segment information is presented on the same basis as for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the Group's Chief Operating Decision Maker – Management Board. In addition, the Group has a third segment 'Corporate and others' for reporting purposes, which only includes the investment companies.

The Segment ID Management & System (IDMS) formerly reported within the segment reporting has been classified as held for sale.

The segment information for the first half-year 2016 and a reconciliation of EBIT to profit/ (loss) for the period is provided as follows:

Income statement and capital expenditure by segment

01.01. - 30.06.2016 (in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Continued Operations
External revenue	61,829	3,595	0		65,424
Inter-segment revenue	9	0	135	(144)	0
Total revenue	**61,838**	**3,595**	**135**	**(144)**	**65,424**
EBITDA	**7,010**	**(1,031)**	**(2,474)**		**3,505**
EBITDA Margin	*11.3%*	*(28.7%)*			*5.4%*
Depreciation, amortization and impairment	(3,582)	(276)	(109)		(3,967)
EBIT	**3,428**	**(1,307)**	**(2,583)**	**0**	**(462)**
EBIT Margin	*5.5%*	*(36.4%)*			*(0.7%)*
Financial income	488	0	750	(115)	1,123
Financial expense	(782)	(40)	(797)	115	(1,504)
Changes in fair value in financial instruments	0	0	(320)		(320)
Financial result – net	**(294)**	**(40)**	**(367)**	**0**	**(701)**
Profit/(Loss) before income tax	**3,134**	**(1,347)**	**(2,950)**	**0**	**(1,163)**
Income tax	(691)	438	47		(206)
Profit/(Loss) for the period	**2,443**	**(909)**	**(2,903)**	**0**	**(1,369)**
Capital expenditure tangible assets	3,120	62	2		3,184
Capital expenditure intangible assets	170	454	1		625
Depreciation tangible assets	(2,246)	(43)	(23)		(2,312)
Amortization intangible assets	(1,336)	(233)	(86)		(1,655)

01.01. - 30.06.2015 (in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Continued Operations
External revenue	64,457	4,626	0		69,083
Inter-segment revenue	50	0	150	(200)	0
Total revenue	**64,507**	**4,626**	**150**	**(200)**	**69,083**
EBITDA	**7,155**	**(374)**	**(3,193)**		**3,588**
EBITDA Margin	*11.1%*	*(8.1%)*			*5.2%*
Depreciation, amortization and impairment	(3,784)	(258)	(95)		(4,137)
EBIT	**3,371**	**(632)**	**(3,288)**	**0**	**(549)**
EBIT Margin	*5.2%*	*(13.7%)*			*(0.8%)*
Financial income	894	0	2,628	(328)	3,194
Financial expense	(1,605)	(36)	(6,363)	328	(7,676)
Changes in fair value in financial instruments	0	0	400		400
Financial result – net	**(711)**	**(36)**	**(3,335)**	**0**	**(4,082)**
Profit/(Loss) before income tax	**2,660**	**(668)**	**(6,623)**	**0**	**(4,631)**
Income tax	(545)	252	27		(266)
Profit/(Loss) for the period	**2,115**	**(416)**	**(6,596)**	**0**	**(4,897)**
Capital expenditure tangible assets	2,272	113	32		2,417
Capital expenditure intangible assets	115	7	5		127
Depreciation tangible assets	(2,388)	(38)	(23)		(2,449)
Amortization intangible assets	(1,396)	(220)	(72)		(1,688)

Assets and liabilities by segment

(in EUR 1,000)	ECMS	ESS	Corporate and others	Eliminations	Continued Operations
BALANCES AT 30 JUNE 2016 (UNAUDITED)					
Non-current assets	66,337	8,091	206		74,634
Current assets	68,149	2,976	5,022		76,147
Liabilities	43,877	3,539	25,840		73,256
BALANCES AT 31 DECEMBER 2015 (AUDITED)					
Non-current assets	66,195	7,450	312		73,957
Current assets	62,769	2,666	10,447		75,882
Liabilities	39,156	4,097	25,709		68,962
BALANCES AT 30 JUNE 2015 (UNAUDITED)					
Non-current assets	70,249	7,713	331		78,293
Current assets	62,536	2,605	9,352		74,493
Liabilities	42,449	3,968	28,594		75,011

7 Financial result

Financial income for the six months ended 30 June 2016, includes a loss of EUR 320 (H1 2015: Profit of EUR 400) realized on the fair value adjustment of the Public Warrants (note 14 "Other financial liability").

The financial result includes a non-cash loss of EUR 71 (H1 2015: Loss of EUR 3,186) related to the revaluation of euro-loans given by the Swiss holding to finance the other group companies.

8 Development costs

The position "cost of sales" in the consolidated income statement for continued operations includes development costs in the amount of EUR 3,940 (H1 2015: EUR 3,757; full year 2015: EUR 8,000). Development costs are mainly related to development projects for customers as well to products, process development and optimizations for the production.

9 Equity

The authorized share capital as per 30 June 2016 amounts to 45,675,397 shares, thereof 34,734,221 shares are issued and can be divided into 20,523,695 Class A Shares ("Public Shares"), with 20,073,695 Class A Shares listed on the stock exchange and 450,000 own Class A Shares held by the Company (Treasury Shares), 5,210,526 Class B Shares (Founding Shares) and 9,000,000 Class C Shares (Earn-out Shares) with a par value of euro 0.0152 each. The not issued shares of 10,941,176 are Class A Shares. The Treasury Shares are designated to be used for the Management Stock Option Program.

There were no changes to the share capital of exceet Group SE since the last reporting date of 31 December 2015.

For further information regarding exceet's equity structure, please refer to the consolidated financial statements of exceet Group Consolidated Financial Statements note 13 "Equity" on pages 70 to 72.

10 Earnings per share

Earnings per share (EPS) is calculated by dividing the profit attributable to the ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period excluding ordinary shares purchased by the Company and held as Treasury Shares.

Due to different rights to receive dividends exceet Group SE has two classes of ordinary shares. Disclosure of EPS amounts is required for both classes of ordinary shares.

Basic earnings per share continued operations

The calculation of basic EPS at 30 June 2016 is based on the loss from continued operations attributable to the owners of the parent of EUR 1,369 for six months 2016 (H1 2015: Loss of EUR 4,897) and the weighted average number of ordinary shares outstanding of 20,073,695 Class A Shares and 14,210,526 Class B/C Shares respectively. For the same period in the previous year the notional weighted average numbers of ordinary shares outstanding were 20,073,695 Class A Shares and 14,210,526 Class B/C Shares respectively.

		unaudited 01.01. - 30.06.2016	unaudited 01.01. - 30.06.2015
Profit/(Loss) for continued operations for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(802)	(2,867)
	Class B/C Shares	(567)	(2,030)
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	14,210,526	14,210,526
Basic earnings/(loss) per share (euro/share)	Class A Shares	(0.04)	(0.14)
	Class B/C Shares	(0.04)	(0.14)

Basic earnings per share discontinued operations

The calculation of basic EPS at 30 June 2016 is based on the loss from discontinued operations attributable to the owners of the parent of EUR 9,126 for six months 2016 (H1 2015: Loss of EUR 428) and the weighted average number of ordinary shares outstanding of 20,073,695 Class A Shares and 14,210,526 Class B/C Shares respectively. For the same period in the previous year the notional weighted average numbers of ordinary shares outstanding were 20,073,695 Class A Shares and 14,210,526 Class B/C Shares respectively.

		unaudited 01.01. - 30.06.2016	unaudited 01.01. - 30.06.2015
Profit/(Loss) for discontinued operations for the year (EUR 1,000) attributable to equity holders of the Company	Class A Shares	(5,343)	(251)
	Class B/C Shares	(3,783)	(177)
Weighted average number of ordinary shares outstanding	Class A Shares	20,073,695	20,073,695
	Class B/C Shares	14,210,526	14,210,526
Basic earnings/(loss) per share (euro/share)	Class A Shares	(0.27)	(0.01)
	Class B/C Shares	(0.27)	(0.01)

Dilutive earnings per share

Diluted EPS are calculated by increasing the average number of shares outstanding by the total number of potential shares arising from option rights. The Group has 20,000,000 outstanding Public Warrants and 66,667 share options from the Management Stock Option Program (MSOP). The warrants and share options are not dilutive as the average market price of the ordinary shares is below the exercise price of the warrants or the share options.

As described in the annual report of exceet Consolidated Financial Statements note 13 "Equity" on pages 70 to 72, Class B and C Shares that are not converted to Public Shares on or prior to the fifth anniversary of the consummation of the reversed asset acquisition will no longer be convertible into Public Shares and will be redeemed. The redemption would reduce the numbers of ordinary shares outstanding, which would then impact the EPS. In the period presented it would lead to higher earnings per share for the other class of shares and consequently has not been considered as dilutive.

Should the share options of the Management Stock Option Program (MSOP) be exercised, the total number of Class A Shares would increase by 66,667 to 20,140,362 Class A Shares, having minor impact on the EPS. Share options from the MSOP not exercised within the contractual time frame expire without any redemption and have no dilutive impact on the EPS.

As a result the basic earnings per share equal the dilutive EPS.

11 Dividends

No dividends were paid during the first half-year of 2016.

12 Borrowings

Borrowings for continued operations are as follows:

(in EUR 1,000)	unaudited 30 June 2016	audited 31 December 2015
NON-CURRENT		
Bank borrowings	34,896	35,013
Finance lease liabilities	1,052	859
Total non-current borrowings	**35,948**	**35,872**
CURRENT		
Bank borrowings	1,792	1,239
Finance lease liabilities	1,081	1,089
Total current borrowings	**2,873**	**2,328**
Total borrowings	**38,821**	**38,200**

13 Retirement Benefit Obligation

The impact of measurements of the defined benefit obligation arises from changes in economic assumptions (discount rates) EUR 2,980 (H1 2015: EUR 2,037) and from return on plan assets of EUR 262 (H1 2015: EUR 433).

14 Other financial liability

The current financial liability contains a financial liability resulting from fair value measurement of the Public Warrants of EUR 340 (31.12.2015: EUR 20).

Public Warrants

exceet Group SE completed its initial public offering of 20,000,000 units consisting each of one share and one warrant, both traded on the Frankfurt Stock Exchange, at an initial price of euro 10.00 raising hence a total of EUR 200,000.

Public Warrants are treated as derivatives under IAS 32 as they will be settled net in shares (not in cash). Therefore, they are classified as financial liabilities at fair value through profit or loss.

As at 30 June 2016 the rating of one Public Warrant on the Frankfurt Stock Exchange was at eurocent 1.7 (31.12.2015: eurocent 0.1), hence a fair value of EUR 340 was recorded at 30 June 2016 (31.12.2015: EUR 20).

15 Ultimate controlling parties and related-party transactions

The Company has no ultimate controlling party.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

The Group had legal charges from related parties in the first half-year of 2016 of EUR 61 (H1 2015: EUR 33).

16 Discontinued Operations

The assets and liabilities of the discontinued operations classified as held for sale are measured at the lower of their carrying value and fair value less cost to sell and are presented separately in the balance sheet. Fair value less cost to sell has been determined based on the valuation of the expected business performance and the expected sales proceed from a third party buyer. This is a level 3 fair value measurement.

Based on actual value indications from the capital market, the carrying value of IDMS (discontinued operations) was impaired by EUR 8,500 within Goodwill.

At 30 June 2016 and 31 December 2015, the following assets and liabilities have been classified as held for sale:

(in EUR 1,000)	30 June 2016	31 December 2015
Assets classified as held for sale		
Tangible assets	6,704	6,336
Intangible assets [1]	7,647	16,318
Deferred tax assets	452	150
Other non-current receivables	186	186
Inventories	6,586	4,647
Trade receivables, net	4,219	4,021
Other current receivables	382	501
Current income tax receivables	198	168
Accrued income and prepaid expenses	303	240
Cash and cash equivalents	1,254	4,170
Total assets classified as held for sale	**27,931**	**36,737**
Liabilities direclty associated with assets classified as held for sale		
Borrowings [2]	3,552	3,118
Retirement benefit obligations	624	624
Deferred tax liabilities	1,465	1,681
Provisions for other liabilities and charges	881	1,086
Other non-current liabilities	6	7
Trade payables	3,796	2,601
Other current liabilities	813	1,191
Accrued expenses and deferred income	1,824	1,812
Current income tax liabilities	38	6
Total liabilities directly associated with assets classified as held for sale	**12,999**	**12,126**

1) Incl. Goodwill of EUR 5,952 (31.12.2015: EUR 14,452)
2) Net debt for continued operations amount to EUR 2,298 (31.12.2015: EUR -1,052) based on third party borrowings EUR 3,552 (31.12.2015: EUR 3,118) less cash and cash equivalents of EUR 1,254 (31.12.2015: EUR 4,170)

The financial performance of the discontinued operations for the first half-year 2016 and 2015 is as follows:

	3 months		6 months	
(in EUR 1,000)	01.04. - 30.06.2016	01.04. - 30.06.2015	01.01. - 30.06.2016	01.01. - 30.06.2015
FINANCIAL PERFORMANCE				
External revenue	10,307	9,062	21,330	19,471
Expenses	(10,660)	(9,613)	(22,442)	(20,271)
Profit before fair value adjustment and income tax	(353)	(551)	(1,112)	(800)
Fair value adjustment - Impairment of Goodwill	(8,500)		(8,500)	
Profit before income tax	(8,853)	(551)	(9,612)	(800)
Income tax	196	227	486	372
Profit / (Loss) from discontinued operations	**(8,657)**	**(324)**	**(9,126)**	**(428)**
Comprehensive income from discontinued operations	**(8,657)**	**(324)**	**(9,126)**	**(428)**
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	(8,657)	(324)	(9,126)	(428)
EARNINGS PER SHARE IN EURO FROM DISCONTINUED OPERATIONS (BASIC = DILUTIVE)				
Class A shares	(0.25)	(0.01)	(0.27)	(0.01)
Class B/C shares	(0.25)	(0.01)	(0.27)	(0.01)
CASH FLOW INFORMATION				
Net Cash inflow / (outflow) from operating activities			(1,959)	1,416
Net Cash inflow / (outflow) from investing activities			(905)	(162)
Net Cash inflow / (outflow) from financing activities			(52)	(966)
Net increase / (decrease) in cash generated by discontinued operations			**(2,916)**	**288**

17 Additional information

Group Financials (incl. discontinued operations)

The following numbers have been prepared under the assumption that IDMS will be continued operations. These statements have been disclosed to provide additional information to the reader of the interim financial statements to compare the current numbers with prior years reported numbers and is not a requirement from IFRS endorsed by EU.

Interim balance sheet (consolidated) on Total Group Basis

(in EUR 1,000)	unaudited 30 June 2016	audited 31 December 2015
ASSETS		
Non-current assets		
Tangible assets	35,634	34,425
Intangible assets [1)]	51,150	60,944
Deferred tax assets	2,623	1,362
Other financial investments	30	30
Other non-current receivables	186	186
Total non-current assets	**89,623**	**96,947**
Current assets		
Inventories	36,316	30,440
Trade receivables, net	23,223	22,720
Other current receivables	1,495	1,462
Current income tax receivables	1,768	1,006
Accrued income and prepaid expenses	1,162	745
Cash and cash equivalents	25,125	33,256
Total current assets	**89,089**	**89,629**
Total assets	**178,712**	**186,576**
EQUITY		
Share capital	528	528
Reserves	91,929	104,960
Equity attributable to Shareholders of the parent company	**92,457**	**105,488**
Total equity	**92,457**	**105,488**
LIABILITIES		
Non-current liabilities		
Borrowings [2)]	37,023	37,045
Retirement benefit obligations	12,678	9,784
Deferred tax liabilities	4,846	5,486
Provisions for other liabilities and charges	1,154	1,301
Other non-current liabilities	1,097	1,633
Total non-current liabilities	**56,798**	**55,249**
Current liabilities		
Trade payables	10,915	9,191
Other current liabilities	3,427	4,258
Accrued expenses and deferred income	8,519	7,137
Current income tax liabilities	578	600
Borrowings [2)]	5,350	4,273
Other financial liabilities	340	20
Provisions for other liabilities and charges	328	360
Total current liabilities	**29,457**	**25,839**
Total liabilities	**86,255**	**81,088**
Total equity and liabilities	**178,712**	**186,576**

1) Incl. Goodwill of EUR 31,410 (31.12.2015: EUR 39,965)
2) Net debt amount to EUR 17,248 (31.12.2015: EUR 8,062) based on third party borrowings EUR 42,373 (31.12.2015: EUR 41,318) less cash and cash equivalents of EUR 25,125 (31.12.2015: EUR 33,256)

Interim income statement (consolidated) on Total Group Basis

(in EUR 1,000)	3 months unaudited 01.04. - 30.06.2016	unaudited 01.04. - 30.06.2015	6 months unaudited 01.01. - 30.06.2016	unaudited 01.01. - 30.06.2015
Revenue	44,231	42,553	86,754	88,554
Cost of sales	(38,679)	(37,715)	(75,005)	(76,081)
Gross profit	**5,552**	**4,838**	**11,749**	**12,473**
Gross profit margin	*12.6%*	*11.4%*	*13.5%*	*14.1%*
Distribution costs	(3,355)	(3,177)	(7,227)	(6,961)
Administrative expenses	(3,203)	(3,337)	(6,633)	(7,025)
Other operating expenses 3)	(8,500)	0	(8,500)	0
Other operating income	466	261	710	502
Operating result (EBIT) 1)	**(9,040)**	**(1,415)**	**(9,901)**	**(1,011)**
EBIT margin	*(20.4%)*	*(3.3%)*	*(11.4%)*	*(1.1%)*
Financial income	398	627	1,123	3,291
Financial expenses	(743)	(1,138)	(1,677)	(8,116)
Changes in fair value in financial instruments	(320)	380	(320)	405
Financial result, net	**(665)**	**(131)**	**(874)**	**(4,420)**
Profit/(Loss) before income tax	**(9,705)**	**(1,546)**	**(10,775)**	**(5,431)**
Income tax expense	140	263	280	106
Profit/(Loss) for the period	**(9,565)**	**(1,283)**	**(10,495)**	**(5,325)**
Profit/(Loss) margin	*(21.6%)*	*(3.0%)*	*(12.1%)*	*(6.0%)*
PROFIT/(LOSS) ATTRIBUTABLE TO:				
Shareholders of the parent company	(9,565)	(1,283)	(10,495)	(5,325)
EARNINGS PER SHARE IN EURO (BASIC = DILUTIVE)				
Class A shares	(0.28)	(0.04)	(0.31)	(0.16)
Class B/C shares	(0.28)	(0.04)	(0.31)	(0.16)
Operating result (EBIT)	(9,040)	(1,415)	(9,901)	(1,011)
Depreciation, amortization and impairment charges	11,022	2,663	13,560	5,260
Operating result before depreciation, amortization and impairment charges (EBITDA) 2)	**1,982**	**1,248**	**3,659**	**4,249**
EBITDA margin	*4.5%*	*2.9%*	*4.2%*	*4.8%*

1) Earnings Before Interest and Taxes
2) Earnings Before Interest, Taxes, Depreciation and Amortization
3) Impairment of Goodwill IDMS (discontinued operations)

18 Events occurring after the reporting period

The exceet Public Warrants (ISIN LU0472839819) expired on 26 July 2016 in accordance with clause 9.2 of their terms and conditions and have been automatically and immediately cancelled on 27 July 2016.

Furthermore on 26 July 2016 the conversion right for holders of Class B and Class C shares contained in the articles of association of the Company expired. In due time the Company intends to call an extraordinary general meeting (the "EGM") to be held later this year to resolve on the decrease of the Company's share capital by an amount of euro 216,000.00 from euro 527,960.16 to euro 311,960.16 through the cancellation of all (i) 5,210,526 redeemable Class B shares and (ii) 9,000,000 redeemable Class C shares from their holders at their accounting par value.

There were no other events since the balance sheet date on 30 June 2016 that would require adjustment of assets or liabilities or a disclosure.

19 List of consolidated subsidiaries of exceet Group SE

In the effort of Group branding strategy, as electronics GmbH has been renamed to exceet electronics GmbH as of 5 January 2015 and Contec Steuerungstechnik & Automation Gesellschaft mbH has been renamed to exceet electronics GesmbH as of 28 January 2015. Furthermore exceet USA, Inc. was incorporated at 15 September 2015, and is a 100% subsidiary of exceet Group AG.

Company	Country	Year of acquisition [1]	Segment	Activity	Share Capital	Share in the capital	Share of the votes
CONTINUED OPERATIONS							
exceet Group S.E.	LUX	2011	C&O	Holding	EUR 527,960	100%	100%
exceet Holding AG [2]	SUI	2011	C&O	Holding	CHF 100,000	100%	100%
exceet Group AG	SUI	2006	C&O	Holding & Services	CHF 25,528,040	100%	100%
exceet Austria GmbH [3]	AUT	2011	C&O	Holding	EUR 35,000	100%	100%
GS Swiss PCB AG	SUI	2006	ECMS	Manufacturing & Sales	CHF 1,350,000	100%	100%
ECR AG	SUI	2006	ECMS	Manufacturing & Sales	CHF 500,000	100%	100%
AEMtec GmbH	GER	2008	ECMS	Manufacturing & Sales	EUR 2,250,000	100%	100%
exceet electronics AG [4]	SUI	2008	ECMS	Manufacturing & Sales	CHF 1,000,000	100%	100%
exceet electronics GesmbH [5][6]	AUT	2011	ECMS	Manufacturing & Sales	EUR 54,000	100%	100%
exceet electronics GmbH [7]	GER	2012	ECMS	Development & Sales	EUR 102,150	100%	100%
exceet Medtec Romania S.R.L. [8]	ROU	2014	ECMS	Development	RON 1,000	100%	100%
exceet USA, Inc.	USA	2015	ECMS	Sales	USD 10	100%	100%
exceet Secure Solutions AG [9]	GER	2011	ESS	Sales	EUR 1,000,000	100%	100%
exceet Secure Solutions Deutschland GmbH [10][11]	GER	2011	ESS	Development & Services	EUR 25,000	100%	100%
Lucom GmbH Elektrokomponenten und Systeme [12]	GER	2014	ESS	Development & Services	EUR 26,000	100%	100%
DISCONTINUED OPERATIONS							
exceet Card Group AG	GER	2009	IDMS	Holding & Services	EUR 7,595,389	100%	100%
exceet Card Austria GmbH [13]	AUT	2009	IDMS	Manufacturing & Sales	EUR 35,000	100%	100%
idVation GmbH [14]	GER	2009	IDMS	Development & Services	EUR 25,000	100%	100%
exceet Card Nederland B.V. [15]	NED	2009	IDMS	Manufacturing & Sales	EUR 226,900	100%	100%
exceet Card AG [16][17]	GER	2010	IDMS	Manufacturing & Sales	EUR 6,315,584	100%	100%
exceet CZ s.r.o. [18]	CZE	2010	IDMS	Manufacturing	CZK 1,500,000	100%	100%

1) Year of acquisition refers to exceet Group AG point of view
2) exceet Holding AG (former: Helikos AG) was renamed by 9.5.2014
3) exceet Austria GmbH holds 99.34% of the share capital of exceet electronics GesmbH and exceet Group AG 0.66% of the share capital of exceet electronics GesmbH
4) exceet electronics AG (former: Mikrap AG) was renamed by 30.12.2014
5) exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) was renamed by 28.1.2015
6) exceet electronics GesmbH (former: Contec Steuerungstechnik & Automation Gesellschaft m.b.H.) and Inplastor GmbH have been merged in December 2014 retroactively as per 28.3.2014
7) exceet electronics GmbH (former: as electronics GmbH) was renamed by 5.1.2015
8) exceet Medtec Romania S.R.L. (former: Valtronic Technologies Romania S.P.L) was renamed by 20.6.2014
9) exceet Secure Solutions AG (former: AuthentiDate International AG) has been renamed by 13.8.2014
10) exceet Secure Solutions AG (former: AuthentiDate International AG) holds 100% of the share capital of exceet Secure Solutions Deutschland GmbH
11) exceet Secure Solutions Deutschland GmbH (former: AuthentiDate Deutschland GmbH) was renamed by 20.9.2015
12) exceet Secure Solutions AG holds 100% of the share capital of Lucom GmbH Elektrokomponenten und Systeme
13) exceet Card Group AG holds 100% of the share capital of the subsidiary
14) exceet Card Austria GmbH holds 100% of the share capital of idVation GmbH
15) exceet Card AG holds 100% of the share capital of exceet Card Nederland B.V.
16) NovaCard Informationssysteme GmbH and exceet Card AG have been merged in February 2013 retroactively as per 1.1.2013
17) PPC Card Systems GmbH and exceet Card AG have been merged in August 2012 retroactively as per 1.1.2012
18) exceet Card Austria GmbH holds 100% of the share capital of exceet CZ s.r.o.

For more detailed information please visit www.exceet.lu/divisions/.

20 Responsibility statement

In accordance with article 4(2) of the Luxembourg law of 11 January 2008 *relative aux obligations de transparence concernant l'information sur les émetteurs dont les valeurs mobilières sont admises à la négociation sur un marché réglementé* (the "Transparency Law") the undersigned confirm that to the best of their knowledge, the condensed set of financial statements covering the period ended 30 June 2016, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit and loss of the Company and the undertakings included in the consolidation taken as a whole as required under article 4(3) of the Transparency Law.

Furthermore, the undersigned confirm that to the best of their knowledge, the interim management report covering the period ended 30 June 2016 includes a fair review of important events that have occurred during the first six month of the current financial year, and their impact on the condensed set of financial statements, together with a description of the principal risks and uncertainties that it faces.

Luxembourg, 8 August 2016

Board of Directors
exceet Group SE