centrotherm

Innovative Thermal Solutions.

INTERIM REPORT

AS OF JUNE 30, 2016

KEY FIGURES

in TEUR	**1/1/2016-6/30/2016**	1/1/2015-6/30/2015
Revenue	61,907	85,996
Total operating revenue	75,881	91,720
Earnings before interest, tax, depreciation and amortization (EBITDA)	64	12,311
Earnings before interest and tax (EBIT)	-1,670	10,572
Earnings after tax (EAT)	-2,081	6,739
Earnings per share in EUR	-0.10	0.32
Weighted average number of shares in thousand	21,162	21,162
Total R&D expenses	3,447	3,623
Order intake	89,462	46,571
	6/30/2016	12/31/2015
Total assets	178,026	215,799
Equity	48,098	50,297
Equity ratio in percent	27.0	23.3
Number of employees on reporting date	626	640
Order book	142,621	113,498

INTERIM MANAGEMENT REPORT

MANAGEMENT STRUCTURE

The following changes occur to the composition of the Management Board in the January 1 to June 30, 2016 reporting period, as already reported in the 2015 annual report in the report on events after the balance sheet date.

- Peter Augustin, Chief Operating Officer (since January 11, 2016)
- Florian von Gropper, Chief Financial Officer (until February 29, 2016 inclusive)
- Boris Klebensberger, Chief Operating Officer (until February 29, 2016 inclusive)
- Jan von Schuckmann, Chief Financial Officer (since May 1, 2016)

The Management Board of CT AG consisted of the members Peter Augustin and Jan von Schuckmann as of the June 30, 2016 reporting date.

COMPOSITION OF THE SUPERVISORY BOARD

After the December 31, 2015 reporting date, the following changes occurred to the composition of the Supervisory Board of CT AG. Previous Supervisory Board Chairman Tobias Wahl as well as Supervisory Board members Dr. Christoph Herbst and Wolfgang Schmid relinquished their Supervisory Board mandates on January 11, 2016. The Supervisory Board reorganized itself after these mandates were relinquished. Previous Deputy Supervisory Board Chairman Robert M. Hartung was appointed Chairman and Hans-Hasso Kersten was appointed Deputy Chairman.

At the proposal of a member of the company's Supervisory Board, the Ulm District Court on April 18, 2016 appointed Dr. Khalid Al Hajri, David Krajnyk and Boris Dürr as replacements pursuant to Section 104 of the German Stock Corporation Act (AktG).

Supervisory Board members Prof. Dr. Brigitte Zürn and Boris Dürr relinquished their mandates with effect as of the end of the 2016 Annual General Meeting (AGM).

The AGM on June 14, 2016 appointed Dr. Khalid Al Hajri and David Krajnyk to be Supervisory Board members. The AGM also passed a resolution to modify the number of Supervisory Board members to four, instead of six members previously.

Since the end of the AGM on June 14, 2016, the Supervisory Board consists of the following members:

- Robert M. Hartung (Chairman)
- Hans-Hasso Kersten (Deputy Chairman)
- Dr. Khalid Al Hajri
- David Krajnyk

MACROECONOMIC TRENDS

In its economic report published in June 2016, the Kiel Institute for the World Economy (IfW) estimates that the global economy will expand by 3.1 % in 2016 and by 3.5 % in 2017. This compares with 3.0 % growth in 2015. The world economy will thereby remain at its 2015 level for the time being, and will not recover momentum until 2017. Compared with their spring 2016 forecast, the economists have upgraded their expectations slightly from 2.9 % to 3.1 %, and left 2017 unchanged. The upturn in advanced economies (USA, Japan, the United Kingdom and the Eurozone) remains moderate, and the IfW identifies the obstacles to further expansion being of a structural nature, and not surmountable through further expansive monetary policy or fiscal stimuli. The effect of the oil price on the world economy is gradually waning. Prospects for many emerging economies have brightened somewhat again due to the uptick in raw materials prices.

The Eurozone's economic recovery continues at a moderate pace. Eurozone economic output will expand by 1.7 % in 2016, and by 1.9 % in 2017, according to the IfW forecast. Eurozone economic growth amounted to 1.6 % in 2015. The IfW's economists nevertheless anticipate that the United Kingdom's exit from the EU will significantly increase economic uncertainty in Europe and exert a tangibly dampening effect on the economy.

The IfW's economic experts expect the German economy to report growth rates of 1.9 % and 2.1 % in 2016 and 2017 respectively. Growth in Germany thereby remains stable compared with past years (2015: +1.8 %). Private consumption and momentum in economic activity remain the driving force behind Germany's economic upturn.

Further reductions in gross domestic product growth rates to 6.5 % and 6.2 % respectively for 2016 and 2017 are forecast for China by the IfW. The Chinese government has implemented numerous measures to support demand, including monetary policy stimuli. China continues to need a structural change towards an economy that is financially and ecologically more sustainable, as well as more oriented to private consumption.
India's economy performed more dynamically, by contrast. The IfW's economic researchers assume growth rates of 7.5 % and 7.2 % for India for 2016 and 2017 respectively (2015: 7.3 %). In East Asia, a growth rate of 4.7 % is anticipated for 2016, compared with 4.6 % in 2015, followed by 4.9 % in 2017.

China's falling economic growth over the past years has had no effects to date on Chinese customers' readiness to invest. Instead, growing competition from Chinese system builders is impacting on centrotherm's business in Asia. Such competitors are increasingly able to win orders with standard systems.

In connection with the United Kingdom's exit from the EU, centrotherm anticipates no direct effects on the company's business growth. Only a few customers from the semiconductor and microelectronics industries are based in the United Kingdom. In terms of purchasing, centrotherm maintains no direct relationships with suppliers from this economic region.

SILICON MARKET

The polysilicon market continued to grow in 2015 and during the first half of 2016 with constantly rising demand for photovoltaic modules and newly installed module capacity of around 59 GW worldwide as of the end of 2015. Polysilicon production advanced to around 330,000 metric tons in 2015 (previous year: approximately 260,000 metric tons). With regard to 2016, further polysilicon production growth to 350,000 metric tonnes is expected. With a look to the years 2015 to 2020, worldwide installed module capacity is forecast to grow by 19 %. The forecast growth rate for the polysilicon market in the same period is lower. It amounts to between 8 % and 9 %, and thereby corresponds to almost half of the expected growth for worldwide installed module capacity, which is attributable to the strong influence and great demand for polysilicon from the photovoltaic industry. Due to efficiency improvements, however, it is expected that demand for polysilicon for photovoltaics will fall further per watt up to 2020.

Polysilicon prices remain under pressure due to overcapacity. The spot price outside China has nevertheless risen sharply by 3.5 USD/kg since February 2016. Within China, it has even increased as much as 4.7 USD/kg, reaching its high of 18 USD/kg in May 2016. This steep price rise was interrupted by REC Silicon's announcement that it would recommission its FBR production site as of mid-2016. This production location had been shut down for a time to avoid over capacities in mid-2015.

Polysilicon supplies might prospectively exceed demand in 2017 and 2018. Between the end of 2018 and 2020, demand might again exceed supply, resulting in price increases.

Given a further rise in pricing pressure, industry is focusing on new technologies such as fluidized bed reactor (FBR) technology (including the joint venture between Shaanxi Tian Hong and REC Silicon in Yulin, China). FPR technology offers producers cost saving potentials in energy consumption in the production process, and consequently also for their capital employed. Polysilicon producers have almost exhausted their possibilities to further optimize the established TCS Siemens process. New technologies are required to leverage further cost saving potentials. This could enable the start of a new technology in 2019 and 2020, supported by higher demand for polysilicon. SiTec is prepared for this shift with its Genesis ™ FBR technology.

PHOTOVOLTAIC SECTOR

GTM Research analysts assume that newly installed module capacity of 67 GW worldwide will be reached by the end of 2016, before rising further to 78 GW by the end of 2017. Photovoltaic capacity totaling 59 GW was added worldwide in 2015, with worldwide cumulative output from all photovoltaic plants amounting to 321 GW as of the year-end. GTM Research forecasts almost 800 GW worldwide by the end of 2020. Double-digit global photovoltaic capacity expansion growth rates continue to be expected for the coming years. Analysts believe that the targets agreed at the Paris World Climate Summit in December 2015 will accelerate photovoltaic expansion.

The main drivers to expand photovoltaic as an energy source are of a government policy-driven nature. Many governments wish to boost photovoltaics for energy-policy or socioeconomic motives, and foster or further enhance photovoltaic shares in their energy mix. So-called "local content" acts can also promote the creation of new local production sites, as they require a fixed scope of value creation within the country.

China has defined the solar industry as one of its focus industries in its Five-Year Plan, and aims to have installed a total of 150 GW of photovoltaic output by 2020. A total of 20 GW needs to be added per year in order to reach this target. The USA might develop to become a further growth driver. With the extension of the US Investment Tax Credit (ITC) support system, the stage has been set for sustained growth in the US module and installation market. Having been limited to date until the end of 2016, the national support scheme for solar energy users based on 30 percent tax relief was extended for a further five years in December 2015. The US photovoltaic market might grow by 16 GW in 2016, according to GTM Research. The Indian government has set an ambitious target with 100 GW of installed module capacity by 2022. It supplemented this in early February 2016, stating that it regards 10 GW of local production capacity as possible within three to four years.

Besides national expansion targets, support schemes for feed-in compensation, and "local content" regulations, import and penalty tariffs nevertheless also exert a significant impact on the sector. The latter can negatively affect the investment activities of solar cell and module manufacturers at times. As in mid-2014, when the expansion and intensification of punitive US tariffs on solar products from China and Taiwan at times resulted in a collapse of investments in new systems. Manufacturers from these important markets postponed their expansion plans as a consequence, and examined potential scenarios to avoid punitive tariffs.

In addition to political growth drivers, lower photovoltaic costs are also driving further solar module demand growth. Experts anticipate that energy generation costs can be cut further, and will correspond to the costs of generating energy from fossil fuel sources by the 2020 to 2030 period. This is already possible today in some countries that enjoy particularly high solar radiation. Photovoltaics will indisputably make a significant contribution to covering future global energy demand growth. Significant benefits offered by photovoltaics include the fact that they can be deployed flexibly and on a decentralized basis, that they are silent, and produce no emissions.

Given the growing end-market and growth forecasts, especially Chinese and Taiwanese solar cell and module manufacturers are investing in expanding new production capacities and new cell concepts. To these are added impulses from the Indian market to extend its local production capacities. Indian solar cell and module producers are expected to deliver part of module demand for the national expansion program. Price trends for solar cells and modules are currently bearing down on some producers propensity to invest, and it is becoming evident that expansion plans are being postponed.

The sector remains characterized by very high pricing pressure, accompanied by continued market consolidation at all steps along value chain. Competition in the photovoltaic industry has intensified as it has developed into a growing mass market. The same also applies for machine engineering. Along with competition from Europe and the USA, local providers are advancing onto the market with production plants, especially in China. Pricing pressure also remains high on the side of the solar cell and module producers, however. They need to reduce their costs further, such as through optimizing production processes, or through higher system throughput, or through integrating into existing production new cell concepts such as p-type PERC and bifacial n-type cells. These cells offer significant potential to improve efficiency, and consequently energy yield, compared with widely utilized standard p-type solar cells.

Especially during the first half of 2016, centrotherm benefited from solar cell producers investing in new production capacities and new cell concepts. Firstly, centrotherm can also counter growing cost pressure through cost reduction measures that it has launched and already implemented. Secondly, centrotherm must maintain its advance position in relation to its competitors with new products and cost-reducing process solutions and systems to produce highly efficient solar cells. The further development of new cell concepts in cooperation with research institutions and through participating in supported and subsidized research projects plays an important role in this context. centrotherm can prove its innovative capabilities with new processes and products such as the c. REG regeneration furnace, low-pressure boron diffusion for bifacial n-type cells, and the PECVD AlOx process to produce PERC solar cells.

Along with China, Taiwan and India rank as one of our most important sales markets in Asia. Japan, Korea, Thailand and Vietnam are also gaining greater significance. Our main sales markets will continue to be situated in Asia. New markets in the MENA region (Middle East and

North Africa), and in Central and South America can arise as the result of political decisions or "local content" regulations.

SEMICONDUCTOR SECTOR

Along with production technology for the photovoltaic industry, the semiconductor sector also comprises a core business for the centrotherm Group, and is to be expanded further. The market for production technology for the semiconductor industry is divided essentially into the two segments of power and CMOS. The power segment comprises power semiconductors for the automotive industry and the engineering sector, and the CMOS segment covers semiconductors for the mass and end-customer markets. centrotherm operates and is well-positioned in the power segment based on silicon as a base material. This market is registering continuous growth as the result of renewable energies and emergent e-mobility. With regard to production solutions for power semiconductors based on silicon carbide and gallium nitride, which are seeing rising demand, centrotherm has an appropriate and effective product portfolio with its c.E series products, c.ACTIVATOR 150, c.OXIDATOR 150 and c.RAPID 200. We are addressing the CMOS logic and memory market with our new c.PLASMOX LT product for non-thermal oxidation, thereby planning access to 300 mm applications for renowned integrated device manufacturers (IDMs). We also serve the logic, discretes and mixed-signal market areas with our product portfolio.

THIN FILM & CUSTOMIZED EQUIPMENT

The core business of FHR Anlagenbau GmbH focuses on building systems for thin film applications, especially for the photovoltaic, optical and electronic segments.

Demand for renewable energies is growing worldwide. With a focus on CIGS/CIS, TCO, as well as promising organic technologies that can be combined with flexible substrates, photovoltaics forms a stable market segment for FHR that is exhibiting growth trend signs. For the thin film solar application area, FHR offers vacuum coating solutions with sputtering and evaporation technology.

Customized equipment construction for the optical and electronics industries as a further core competency offers the opportunity of stable revenues. We anticipate moderate growth here. The further advance of miniaturization, productivity, and growing integration of electro-optical applications among end-users comprise significant market drivers. FHR is seeing growing demand in the insulation and sensor technology areas.

PRELIMINARY REMARK ABOUT REPORTING

The half-year financial report has been prepared in accordance with International Financial Reporting Standards (IFRS as published by the International Accounting Standards Board (IASB) and approved by the European Union. The scope and content of the half-year financial report reflects not only IAS 34 regulations, but also German Accounting Standard (DRS) 16 relating to group interim financial reporting. This half-year financial report was not reviewed by an auditor.

NEW ORDER INTAKE TRENDS

During the January 1 to June 30, 2016 reporting period, the centrotherm Group generated orders worth a total of TEUR 89,462 (prior-year comparable period: TEUR 46,571). Of this amount, TEUR 85,386, or more than 95 %, was attributable to orders in the Photovoltaics & Semiconductor segment. In the main, a high level of investment activity by solar cell manufacturers exerted a positive effect on new order intake during the first six months of the 2016 financial year. New order intake from India of TEUR 31,133 was particularly pleasing.

In the Silicon segment, no new orders were received during the first half of 2016.

New order intake in the Thin Film & Customized Equipment segment amounted to TEUR 4,076 (prior-year comparable period: TEUR 16,958).

The order book position amounted to TEUR 142,621 as of June 30, 2016, compared with TEUR 113,498 as of December 31, 2015.

REVENUE AND TOTAL OPERATING REVENUE

The consolidated revenue of the centrotherm Group grew to TEUR 61,907 during the January 1 to June 30, 2016 reporting period, compared with TEUR 85,996 in the first half of 2015. In the Photovoltaics & Semiconductor segment, revenue grew from TEUR 38,373 in the first half of 2015 to TEUR 42,003 in the reporting period. Revenue in the Silicon segment was down from TEUR 40,093 in the prior-year equivalent period to TEUR 12,267 in the first half of 2016, by contrast. This marked revenue reduction arises, firstly, from the Silicon segment's strategic focus exclusively on one large-scale project. Secondly, the business volume from this project has reduced considerably compared with the previous-year period due to construction progress achieved. In the first half of 2016, revenue in the Thin Film & Customized Equipment segment reported a slight increase to TEUR 7,637 (prior-year comparable period: TEUR 7,530).

Total operating revenue amounted to TEUR 75,881, compared with TEUR 91,720 during the previous-year equivalent period. In this context, total operating revenue in the Photovoltaics & Semiconductor segment registered a considerable increase of TEUR 12,025 from TEUR 43,873 in the first half of 2015 to TEUR 55,898 in the reporting period. The high level of new order intake in this segment exerted a positive impact on total operating revenue growth. In the Silicon segment, total operating revenue in the first half of 2016 stood at TEUR 12,290, compared with TEUR 40,158 in the previous year's equivalent period. Total operating revenue in the Thin Film & Customized Equipment segment remained largely unchanged year-on-year at TEUR 7,693 (January 1 to June 30, 2015: TEUR 7,689).

Other operating income stood at TEUR 2,571, compared with TEUR 5,338 in the January 1 to June 30, 2015 equivalent period. The previous year's comparable period included one-off effects from the release of provisions and valuation allowances for receivables.

EXPENSE AND EARNINGS TRENDS

The cost of materials amounted to TEUR 44,494 in the period under review, compared with TEUR 47,547 during the first half of 2015.

Personnel expenses reduced to TEUR 20,614, compared with TEUR 21,050 during the previous-year equivalent period. Due to natural staff turnover, the number of Group employees fell slightly, by 14, to 626 as of the June 30, 2016 reporting date, compared with 640 as of December 31, 2015. The number of employees is stated by heads.

Other operating expenses were reduced from TEUR 16,150 to TEUR 13,280 in the January 1 to June 30, 2016 reporting period. The previous year's comparable period included expenses from the formation of provisions for litigation risks and follow-on costs connected with the insolvency, as well as a disposal loss on the sale of an operating and administrative building.

Earnings before interest, tax, depreciation and amortization (EBITDA) amounted to TEUR 64 (January 1 to June 30, 2015: TEUR 12,311). This change in EBITDA is mainly due to recognizing revenue from the large-scale silicon project in Qatar applying the zero profit method (previous-year equivalent period: percentage of completion method). A positive results effect of TEUR 8,164 from the final invoicing of a legacy silicon project also affected the previous year's equivalent period. The operating results from the Photovoltaics & Semiconductor and Thin Film & Customized Equipment segments were not negatively affected by special effects in the first half of 2016. EBITDA was positive to the tune of TEUR 2,448 and TEUR 423 respectively. The half-year results in both of segments show that the aforementioned market recovery and restructuring measures that have been implemented are leading to positive operating results. The segment reporting section of the notes to the consolidated financial statements presents more information about the operating segments.

Depreciation and amortization amounted to TEUR 1,734 in the reporting period (January 1 to June 30, 2015: TEUR 1,739).

The EBIT result amounted to TEUR -1,670 in the January 1 to June 30, 2016 reporting period (previous-year equivalent period: TEUR 10,572).

The net financial result stood at TEUR -285 in the January 1 to June 30, 2016 reporting period, compared with TEUR -1,635 in the previous-year equivalent period. Financial income of TEUR 10 (prior-year comparable period: TEUR 1,223) was offset by TEUR 295 of financial expenses (prior-year comparable period: TEUR 2,858).

In sum, earnings before tax (EBT) amounted to TEUR -1,955 in the period under review, following on from TEUR 8,937 in the comparable January 1 to June 30, 2015 period. Taking TEUR 126 of taxes on income into account (prior-year comparable period: TEUR 2,198), the result after tax stood at TEUR -2,081 (previous-year equivalent period: TEUR 6,739). Given an average number of 21,162,380 shares in issue, earnings per share amounted to EUR -0.10 in the period under review, compared with EUR 0.32 in the previous-year equivalent period.

NET ASSETS

Total assets stood at TEUR 178,026 as of the June 30, 2016 reporting date, compared with TEUR 215,799 as of December 31, 2015.

Non-current assets amounted to TEUR 62,685 as of June 30, 2016, following on from TEUR 63,829 as of December 31, 2015.

Current assets totaled TEUR 115,341 as of the June 30, 2016 balance sheet date (December 31, 2015: TEUR

151,970). Of this total, TEUR 64,615 was attributable to inventories as of the June 30, 2016 reporting date (December 31, 2015: TEUR 48,330).

Along with inventories, cash and cash equivalents comprised the largest item on the assets side of the balance sheet in terms of value, amounting to TEUR 36,152 as of June 30, 2016, compared with TEUR 92,792 on December 31, 2015. The change in this balance sheet item is mainly due to the fact that in early February 2016 centrotherm serviced collateralized insolvency liabilities and financial liabilities totaling TEUR 47,499 arising from the insolvency proceedings of CT AG and of its former subsidiary centrotherm thermal solutions GmbH & Co. KG, pursuant to the insolvency plan regulations. On January 8, 2016, the insolvency liabilities became due for repayment in early February 2016 (with a one-month notice period) as a result of executing the purchase agreement between Sol Futura and Solarpark Blautal, which was concluded in December 2015.

On the equity and liabilities side of the balance sheet, equity amounted to a total of TEUR 48,098 on the June 30, 2016 reporting date (December 31, 2015: TEUR 50,297). The equity ratio improved to 27.0 % as of the balance sheet date due to the reduction of the balance sheet, compared with 23.3 % as of December 31, 2015.

Non-current liabilities totaled TEUR 8,974 as of the June 30, 2016 reporting date (December 31, 2015: TEUR 9,008).

Current liabilities amounted to TEUR 120,954 as of the June 30, 2016 balance sheet date (December 31, 2015: TEUR 156,494). The reduction in this balance sheet item is especially attributable to the aforementioned repayment of insolvency liabilities at the start of February 2016.

LIQUIDITY AND FINANCING

The Group had access to bill guarantee lines of TEUR 22,300 as of the June 30, 2016 balance sheet date, which continue to exist until today. Of this amount, TEUR 11,300 is attributable to FHR Anlagenbau GmbH, and a further TEUR 11,000 to CT AG with its other subsidiaries. The latter can be utilized only against cash deposit.

As part of the sale of its interest by former majority shareholder Sol Futura, the Management Board of CT AG concluded a TEUR 25,000 financing arrangement with a term until December 31, 2018, which secures the company's funding.

Cash flow from operating activities amounted to TEUR -15,586 (previous-year: period: TEUR -10,511). This change is mainly due to inventory build-up.

Cash flow from investing activities stood at TEUR -624, compared with TEUR 1,911 in the January 1 to June 30, 2015 period. In the previous year's comparable period, the disposal of an operating and administrative building along with equipment contributed to positive cash flow from investing activities.

During the period under review, the Group reported negative cash flow from financing activities of TEUR 40,499 (January 1 to June 30, 2015: TEUR 0). The repayment of TEUR 47,499 of insolvency liabilities in early February 2016 contributed in this context. This was offset by drawing down TEUR 7,000 of a loan from a financing agreement.

Financial resources as of June 30, 2016 exclusively comprised the cash and cash equivalents of TEUR 36,152 reported in the consolidated balance sheet (December 31, 2015: TEUR 92,792). Due to the continued need for cash deposits for guarantees at individual centrotherm Group companies, freely available liquidity amounted to TEUR 25,545 as of the reporting date (December 31, 2015: TEUR 84,925).

RESEARCH AND DEVELOPMENT

Research and development (R&D) work remains one of the most important pillars within the Group to maintain and expand our market position, and thereby secure our corporate success and profitability. In this context, our teams both in Germany and abroad focus especially on optimizing our production systems and processes to manufacture solar cells, semiconductors and microelectronic components. Our Photovoltaic segment concentrates on the consistent efficiency enhancement of solar cells and continuous production cost reduction in order to generate solar electricity ever more competitively compared with conventional electricity sources. As a pioneer and leading technology company, this has been, and remains, our objective.

During the period under review, centrotherm continued to consistently pursue its development objectives with its technology specialists, process engineers and integration experts. Here the focus in the Photovoltaics & Semiconductor segment lay on processes to manufacture highly efficient solar cells and semiconductors. The Group invested a total of TEUR 3,447 in research & development (prior-year period: TEUR 3,623). The Group employed a total of 156 technology and research staff as of the June 30, 2016 balance sheet date.

OPPORTUNITIES AND RISKS

The statements made in the report on opportunities and risks as well as in the forecast report of the Group management report for the January 1 to December 31, 2015 period continue to apply to current developments, in principle. For risk changes in the large-scale project for CEEG Algeria refer to report after the reporting date. Otherwise, no significant changes have occurred to the opportunities and risks.

The annual report as of December 31, 2015 along with the Group management report is published on the company's website at www.centrotherm.de within the Investor Relations area.

EVENTS AFTER THE REPORTING DATE

After the reporting date, a potential risk has arisen in the large-scale project for CEEG Algeria following a possible utilization of the guarantees before the end of the arbitration procedure. Since the company is convinced that the basis for pre-maturely pulling these guarantees is not given, legal actions have been initiated to counter the risk. Besides this, no significant events occurred after the balance sheet date that are of key importance for the centrotherm Group, and which could lead to a different assessment of business progress.

OUTLOOK FOR THE CURRENT 2016 FINANCIAL YEAR

Especially solar cell manufacturers' investment activities resulted in a good order book position at centrotherm in the first half of 2016. This is evident in a high level of production capacity utilization, with a range until the end of 2016. For the fourth quarter of 2016 it is becoming evident that some solar cell producers are postponing their expansion plans due to the fall in cell and module prices. For this reason, the Management Board anticipates a lower level of demand for new systems in the photovoltaic area in the second half of 2016. This should not have a negative effect on the after-sales business with system upgrades and replacement parts, however. The Management Board expects that the investment climate for new systems, especially for the production of PERC solar cells, will brighten again at the end of 2016, and that solar cell manufacturers will implement their expansion plans.

The Management Board is confident that the 2016 forecast that it issued in the 2015 annual report can be achieved. The revenue target for the centrotherm Group lies between EUR 120 million and EUR 150 million. New order intake during the first six months of 2016 in the Photovoltaics & Semiconductor segment will make a significant contribution to attaining this goal. In the Silicon segment, the revenue expected for 2016 lies significantly below that of 2015. This is due to the exclusive strategic focus on the large-scale project in Qatar and its related revenue reduction, in turn reflecting the progress we have achieved with its construction. Overall, the Management Board anticipates at least breakeven at the consolidated net result level. The company continues to aim to achieve the latter through consistent efficiency enhancement and cost structure optimization.

As with all forward-looking statements, forecasts are connected with known and unknown uncertainties, which may mean that actual results differ significantly from forecasts.

Blaubeuren, August 4, 2016

The Management Board

Peter Augustin Jan von Schuckmann

CONSOLIDATED INCOME STATEMENT FOR THE JANUARY 1 TO JUNE 30, 2016 PERIOD

TEUR	**1/1/2016 - 6/30/2016**	1/1/2015 - 6/30/2015
Revenue	**61,907**	**85,996**
Change in inventory of finished goods and work-in-progress	13,914	5,615
Capitalized services rendered to own account	60	109
Total operating revenue	**75,881**	**91,720**
Other operating income	2,571	5,338
Cost of materials	-44,494	-47,547
Personnel expenses	-20,614	-21,050
Other operating expenses	-13,280	-16,150
Earnings before interest, tax, depreciation and amortization (EBITDA)	**64**	**12,311**
Depreciation, amortization and impairment losses	-1,734	-1,739
Earnings before interest and tax (EBIT)	**-1,670**	**10,572**
Financial income	10	1,223
Financial expenses	-295	-2,858
Net financial result	-285	-1,635
Earnings before tax (EBT)	**-1,955**	**8,937**
Income tax	-126	-2,198
Earnings after tax (EAT)	**-2,081**	**6,739**
Of which attributable to:		
Non-controlling interests	1	0
Shareholders of CT AG	-2,082	6,739
Average number of shares in '000	21,162	21,162
Earnings per share in EUR	**-0.10**	**0.32**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE JANUARY 1 TO JUNE 30, 2016 PERIOD

TEUR	**1/1/2016 - 6/30/2016**	1/1/2015 - 6/30/2015
Earnings after tax (EAT)	**-2,081**	**6,739**
Items that can be recycled to profit or loss in future periods		
Currency translation difference	-123	359
Other comprehensive income after tax	**-123**	**359**
Total comprehensive income after tax	**-2,204**	**7,098**
of which: Non-controlling interests	1	0
of which: Attributable to CT AG shareholders	-2,205	7,098

CONSOLIDATED BALANCE SHEET AS OF JUNE 30, 2016

Assets

TEUR	**6/30/2016**	12/31/2015
Non-current assets		
Intangible assets		
Goodwill	637	637
Internally generated intangible assets	49	55
Other intangible assets	1,744	1,902
Property, plant and equipment	45,585	46,681
Financial assets	149	45
Non-current income tax receivables	16	16
Deferred tax assets	14,505	14,493
Total	**62,685**	**63,829**
Current assets		
Inventories	64,615	48,330
Receivables relating to construction contracts	1,819	1,172
Trade receivables	6,883	4,179
Other receivables		
Receivables due from associates	100	456
Receivables due from related parties	129	0
Prepayments rendered	2,010	1,567
Non-current income tax receivables	527	48
Other current financial assets	447	631
Other current non-financial assets	2,659	2,795
Cash and cash equivalents	36,152	92,792
Total	**115,341**	**151,970**
Total assets	**178,026**	**215,799**

Equity and liabilities

TEUR	6/30/2016	12/31/2015
Equity		
Equity attributable to parent company shareholders		
Subscribed capital	21,162	21,162
Capital reserves	77,804	77,799
Group reserves	-49,331	-56,294
Other reserves	544	667
Consolidated net loss/profit	-2,082	6,963
Non-controlling interests	1	0
Total	**48,098**	**50,297**
Non-current liabilities		
Other non-current non-financial liabilities	560	588
Deferred tax liabilities	8,414	8,420
Total	**8,974**	**9,008**
Current liabilities		
Tax provisions	3,193	3,135
Other current provisions	5,970	5,598
Provisions for contingent liabilities arising from insolvency	3,389	3,465
Liabilities from construction contracts	28,442	38,142
Trade payables	11,759	9,262
Prepayments received	43,373	36,179
Liabilities to associates	1,646	283
Liabilities to related parties	11,844	45
Financial liabilities arising from insolvency proceedings	4,134	53,155
Other current financial liabilities	5,346	5,288
Other current non-financial liabilities	1,858	1,942
Total	**120,954**	**156,494**
Total equity and liabilities	**178,026**	**215,799**

CONSOLIDATED CASH FLOW STATEMENT FROM JANUARY 1 TO JUNE 30, 2016 (CONDENSED)

	TEUR	**1/1/2016 - 6/30/2016**	1/1/2015 - 6/30/2015
=	**Cash flow from operating activities**	**-15,586**	**-10,511**
=	**Cash flow from investing activities**	**-624**	**1,911**
=	**Cash flow from financing activities**	**-40,499**	**0**
=	**Net change in cash and cash equivalents**	**-56,709**	**-8,600**
	Change in cash and cash equivalents due to scope of consolidation	**69**	**0**
+	Cash and cash equivalents at start of period	**92,792**	**114,067**
=	**Cash and cash equivalents[1] at end of period**	**36,152**	**105,467**

[1] Cash and cash equivalents are subject to availability restrictions as of the balance sheet date due to cash-advanced guarantees of bills in an amount of TEUR 4,227 (December 31, 2015: TEUR 2,867), and in an amount of TEUR 6,380 (December 31, 2015: TEUR 5,000) arising from pledged deposits for the insolvency estate lending agreement for a subsidiary.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

TEUR	Subscribed capital	Capital reserves	Group reserves	Other reserves[1]	Consoli-dated net profit/loss	Total	Non-con-trolling interests	**Consoli-dated equity**
from 1/1/2015 – 6/30/2015								
As of 1/1/2015	**21,162**	**77,777**	**-57,482**	**468**	**1,188**	**43,113**	**0**	**43,113**
Earnings after tax (EAT)	0	0	0	0	6,739	6,739	0	6,739
Other comprehensive income after tax	0	0	0	359	0	359	0	359
Total comprehensive income after tax	**0**	**0**	**0**	**359**	**6,739**	**7,098**	**0**	**7,098**
Reclassification to Group reserves	0	0	1,188	0	-1,188	0	0	0
As of 6/30/2015	**21,162**	**77,777**	**-56,294**	**827**	**6,739**	**50,211**	**0**	**50,211**
from 1/1/2016 – 6/30/2016								
As of 1/1/2016	**21,162**	**77,799**	**-56,294**	**667**	**6,963**	**50,297**	**0**	**50,297**
Earnings after tax (EAT)	0	0	0	0	-2,082	-2,082	1	-2,081
Other comprehensive income after tax	0	0	0	-123	0	-123	0	-123
Total comprehensive income after tax	**0**	**0**	**0**	**-123**	**-2,082**	**-2,205**	**1**	**-2,204**
Reclassification to Group reserves	0	0	6,963	0	-6,963	0	0	0
Transfer to capital reserves	0	5	0	0	0	5	0	5
As of 6/30/2016	**21,162**	**77,804**	**-49,331**	**544**	**-2,082**	**48,097**	**1**	**48,098**

[1] Items that can be subsequently recycled to profit or loss

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(selected explanatory notes)

GENERAL INFORMATION

centrotherm photovoltaics AG (hereinafter referred to in brief as "CT AG") is a public stock corporation under German law, and was formed on December 28, 2005. The founding of this company was entered in the commercial register on March 30, 2006.

CT AG has its headquarters in Blaubeuren, Germany, and is entered in the commercial register of Ulm/Danube under commercial register sheet number 720013. The company's shares are included in the Open Market, Entry Standard, of the Frankfurt Stock Exchange. The bearer shares are listed under securities code ISIN DE000A1TNMM9, and the unlisted shares arising from the non-cash capital increase that are held by Solarpark Blautal GmbH carry securities code ISIN DE000A1TNMN7.

The centrotherm Group is a globally leading provider of technology and equipment to the photovoltaic industry. The Group has a broad and well founded technology base, key equipment for the silicon and solar cell value creation steps, and integration know-how for module production. In its Silicon segment, the Group offers engineering, technology and services for integrated process and system packages for polysilicon manufacturing. The Photovoltaics & Semiconductor segment particularly comprises the development, construction, production and sale of individual systems to produce monocrystalline and multi-crystalline solar cells. The Photovoltaics & Semiconductors segment additionally comprises a range of services relating to the semiconductors and microelectronics area. The Thin-Film & Customized Equipment segment focuses on the development, construction, production and sale of customized system concepts and special systems for modern coating technologies.

Solarpark Blautal GmbH, with headquarters in Blaubeuren, Germany, acquired an 80% interest in centrotherm photovoltaics AG from Sol Futura Verwaltungsgesellschaft mbH in January 2016, and a further 10% interest from TCH GmbH in April 2016. This company is thereby the majority shareholder and parent entity in the meaning of IAS 27.

BASIS OF THE HALF-YEAR FINANCIAL STATEMENTS

These consolidated financial statements have been prepared according to the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB), taking into account the interpretations of the International Interpretations Committee (IFRS Interpretations Committee), and as applicable in the European Union. In this context, the condensed consolidated half-year financial statements as of June 30, 2016 have been prepared in accordance with IAS 34 (Interim Financial Reporting). The half-year financial statements do not include all of the information that IFRS requires for a set of consolidated financial statements at the financial year-end. For this reason, the half-year financial statements are to be read in conjunction with the consolidated financial statements as of December 31, 2015.

The half-year financial report for the January 1 to June 30, 2016 interim period is compared with the period of the published half-year financial report for January 1 to June 30, 2015. The key consolidated figures as of the June 30, 2016 balance sheet date are compared with the figures for the balance sheet date as of December 31, 2015.

The accounting policies applied when preparing the Group half-year financial statements correspond in principle to those applied as of December 31, 2015.

The new standards and interpretations, as well as amendments to existing standards, which the IASB has approved, and which must be applied for financial years commencing before January 1, 2016, were applied when preparing the interim financial statements. The standards and amendments to standards which are to be applied for the first time in these financial statements have no significant effect on the centrotherm Group, however:

The preparation of IFRS consolidated financial statements requires the application of estimates and assumptions relating to the future. This also relates to the going concern forecast. In addition, the application of standard accounting policies across the company requires management assessments.

These consolidated half-year financial statements have been prepared in euros. All amounts are presented in thousands of euros (TEUR) unless otherwise stated.

The following continue to comprise the important exchange rates for the centrotherm Group:

Exchange rate to the euro

	Reporting date rate		Average rate	
1 EUR =	**6/30/2016**	12/31/2015	**1/1/2016-6/30/2016**	1/1/2015-6/30/2015
Chinese renminbi (CNY)	7.38	7.09	7.30	6.94
Qatar riyal (QAR)	4.06	3.98	4.06	4.06
Singapore dollar (SGD)	1.50	1.54	1.54	1.51
Taiwan dollar (TWD)	35.85	35.97	36.55	34.79
US dollar (USD)	1.11	1.09	1.12	1.12

SCOPE OF CONSOLIDATION

Changes have occurred compared with December 31, 2015 insofar as a unit that has not been consolidated to date was consolidated for the first time, and one company is no longer consolidated.

Photovoltaics Asia Invest Pte. Ltd., Singapore, was deconsolidated as of January 1, 2016, as the company now exercises only insignificant influence over the Group's financial position and performance due to the discontinuation of its operating activities. The deconsolidation generated TEUR 24 of income that is reported under other operating income.

As of April 1, 2016, centrotherm photovoltaics India Pte. Ltd., Bangalore, India, was consolidated for the first time, as its operating activities will grow due to sales that have already been concluded and others that are planned, as well as service contracts. The company was already founded in 2010 by CT AG as a sales and service company for the Indian market. As of April 1, a 99% interest in the company is held by centrotherm photovoltaics Asia Pte. Ltd., Singapore. The remaining 1% interest is held by third party. The initial consolidation generated TEUR 101 of income that is reported under other operating income. Above and beyond this, no significant effects arose for the Group's financial position and performance.

SEGMENT REPORTING

The Group's activities are concentrated on the following operating segments: Segment delineation by product area is applied largely in accordance with the internal reporting and management system, as well as internal organizational structure.

The Silicon segment comprises the planning, design, sale and creation of plants to manufacture silicon, and its related process steps.

The Photovoltaics & Semiconductor segment mainly comprises the development, construction, production and sale of individual systems to produce monocrystalline and multi-crystalline solar cells. As in previous years, this segment also includes the range of services relating to the semiconductor area, which is to be expanded further. In the semiconductor area, we develop and produce high-tech production systems to manufacture a broad range of semiconductor components.

The Thin Film & Customized Equipment segment focuses on the development, construction, production and sale of customized system concepts and special systems for modern coating technologies.

According to the requirements of IFRS 8, individual financial statement data must be presented by operating segment. Business divisions where separate financial information is available for internal management, and which in turn is reported regularly to the highest management level for resource allocation and evaluation of profitability, are regarded as operating segments. The operating segments of Silicon, Photovoltaics & Semiconductor, and Thin Film & Customized Equipment are presented under segmental reporting in line with this definition.

IFRS 8.23 requires the disclosure of assets and liabilities for each reporting segment, if such items are reported regularly to the uppermost management level. Segment information about assets, liabilities and investments are not reported, as management in these areas occurs only at overall corporate level.

	1/1/2016 - 6/30/2016			
TEUR	Silicon	Photovoltaics & Semiconductor	Thin-Film & Customized Equipment	**centrotherm Group**
Revenue with third parties	12,267	42,003	7,637	61,907
Segment revenue	**12,267**	**42,003**	**7,637**	**61,907**
EBITDA	**-2,807**	**2,448**	**423**	**64**
EBITDA as % of revenue	**-22.9**	**5.8**	**5.5**	**0.1**
Depreciation, amortization and impairment losses	-46	-1,349	-339	-1,734
EBIT	**-2,853**	**1,099**	**84**	**-1,670**
EBIT as % of revenue	**-23.3**	**2.6**	**1.1**	**-2.7**

In its **Silicon** segment, the Group generated TEUR 12,267 of revenue (prior-year comparable period: TEUR 40,093), which is primarily attributable to the Qatar project in an amount of TEUR 12,221 (prior-year comparable period: TEUR 31,834). In the previous year's comparable period, further revenue of TEUR 8,164 includes the final invoicing of an old project, the entirety of which is recognized through profit or loss.

Other operating income includes income of TEUR 498 from the release of provisions for variable compensation as well as contingent trade payables. The release of a provision for foreign tax generated TEUR 500 of income during the first half of the previous financial year.

Personnel expenses include TEUR 423 of one-off severance costs.

EBIT generated by the Silicon segment amounted to TEUR -2,853 (prior-year comparable period: TEUR 8,702).

In the **Photovoltaics & Semiconductor** segment, revenue of TEUR 42,003 reflected almost 10% growth compared with the equivalent-period level of TEUR 38,373. Revenue of TEUR 6,344 was generated with one customer in this segment (prior-year comparable period: TEUR 0).

Changes in the inventory of finished goods and work-in-progress include TEUR 485 (previous-year comparable period: TEUR 1,094) of write-downs of work-in-progress to lower net realizable value.

Other operating income consists mainly of TEUR 276 of income from reversal of value allowances applied to receivables (previous-year comparable period: TEUR 1,927), and TEUR 154 of income from the release of provisions (previous-year comparable period: TEUR 994).

Other operating expenses include TEUR 510 of expenses from the formation of provisions for litigation risks (previous-year comparable period: TEUR 1,121), and TEUR 393 of specific valuation allowances for trade receivables (prior-year comparable period: TEUR 284). The previous year's comparable period also included TEUR 985 of follow-on costs connected with the insolvency.

EBIT in the Photovoltaics & Semiconductor segment fell from TEUR 2,371 in the prior-year comparable period to TEUR 1,099 during the first six months of the financial year under review, mainly due to one-off effects.

The **Thin-Film & Customized Equipment** segment generated an EBIT profit of TEUR 84 (previous-year comparable period: TEUR -501).

Other operating income includes income from the utilization of valuation allowances arising from construction contracts in an amount of TEUR 135 (previous-year comparable period: TEUR 453). A customer also reimbursed TEUR 352 of costs in the period under review (previous-year comparable period: TEUR 0).

The figures for the corresponding previous-year period are shown in the following table:

	1/1/2015 - 6/30/2015			
TEUR	Silicon	Photovoltaics & Semiconductor	Thin-Film & Customized Equipment	**centrotherm Group**
Revenue with third parties	40,093	38,373	7,530	85,996
Segment revenue	**40,093**	**38,373**	**7,530**	**85,996**
EBITDA	**8,731**	**3,704**	**-124**	**12,311**
EBITDA as % of revenue	**21.8**	**9.7**	**-1.6**	**14.3**
Depreciation, amortization and impairment losses	-29	-1,333	-377	-1,739
EBIT	**8,702**	**2,371**	**-501**	**10,572**
EBIT as % of revenue	**21.7**	**6.2**	**-6.6**	**12.3**

IMPAIRMENT LOSSES

GOODWILL AND OTHER INTANGIBLE ASSETS

During the period under review, no impairment losses were applied to either goodwill or other intangible assets.

PROPERTY, PLANT AND EQUIPMENT

Equally, no impairment losses were applied to property, plant and equipment.

FINANCIAL ASSETS

No impairment losses were applied to financial assets during the period under review.

INVENTORIES

Write-downs of TEUR 485 to lower net realizable value were applied to inventories during the first half of 2016 (previous-year comparable period: TEUR 1,094).

TRADE RECEIVABLES

Specific valuation allowances of TEUR 402 were required for trade receivables during the reporting period (previous-year comparable period: TEUR 284).

INCOME TAX

The main components of the result from income taxes are as follows:

Income tax

TEUR	**1/1/2016-6/30/2016**	1/1/2015-6/30/2015
Deferred tax	6	2,079
Current income tax	120	119
Total	**126**	**2,198**

The deferred tax assets are based mainly on extraordinary write-downs that were not applied in the tax accounts corresponding to the exercising of the tax option, and on valuation differences in the area of provisions and liabilities, and tax loss carryforwards of a subsidiary, which can be utilized in the future on the basis of existing hidden reserves pursuant to Section 8c of the German Corporation Tax Act (KStG).

If it is anticipated that an existing deferred tax item cannot be utilized, the deferred tax assets that have been calculated are reduced due to a prospective lack of offsetting possibilities over the subsequent five years.

Corporation tax plus the Solidarity Surcharge amounts to 15.83 %. Trade tax amounts to approximately 14.0 %, which results in a total tax rate in Germany of approximately 30.0 %. The latter was used for the accrual and deferral of tax in the consolidated financial statements.

With a corporation tax assessment dated May 19, 2015, the tax office has assessed the tax for centrotherm photovoltaics AG at a total of TEUR 13,842 for the 2013 assessment period. On the same date, the trade tax measurement assessment in an amount of TEUR 3,046 was received for the 2013 assessment period. The level of the assessed taxes reflects the reorganization gain that was achieved in the 2013 assessment year. Binding information is available from the tax office and the respective local authorities that the preconditions for an exemption of the taxes applying to the reorganization gain have been met. An application has been made, and approved, for suspension of enforcement and interest-free deferral until the final decision concerning the exemption of the assessed taxes. As part of the discontinuation of insolvency proceedings in 2013, the tax authorities approved a waiver of tax receivables due to the reorganization gains that were realized. The corresponding tax receivables were fixed in advance, and were issued in finalized form for the 2014 and 2015 calendar years after the conclusion of the taxation process. Given this, no related liabilities were recognized.

FINANCIAL LIABILITIES ARISING FROM INSOLVENCY PROCEEDINGS

After the creditors and shareholders accepted the insolvency plans, the Ulm District Court confirmed the plans with legal efficacy of the court ruling on May 14, 2013. The regulations contained in the insolvency plans, separate agreements with individual creditors, as well as other contractual arrangements and restructuring measures are decisive in determining the recognition and measurement of the insolvency liabilities. The insolvency liabilities are composed as follows:

Financial liabilities arising from insolvency proceedings

TEUR	**6/30/2016**	12/31/2015
Determined insolvency liabilities	4,134	48,184
Liabilities determined for default	0	4,971
Total	**4,134**	**53,155**

The financial liabilities from the insolvency proceedings of CT AG and its former subsidiary centrotherm thermal solutions GmbH & Co. KG were serviced from the liquidity of CT AG in early February 2016. The insolvency liabilities determined for the subsidiary centrotherm SiTec GmbH i.L. continue to be reported as of June 30, 2016.

FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and liabilities that are measured at amortized cost and reported in the consolidated balance sheet as of June 30, 2016 are equivalent to their fair values.

No financial instruments that are measured at fair value existed as of the balance sheet date.

During the period under review, no reclassifications occurred between levels 1 and 2, and no reclassifications occurred either to or from level 3 of the measurement hierarchy.

CONTINGENT LIABILITIES

LITIGATION

In this connection, please refer to our remarks contained in the annual report as of December 31, 2015. No significant information is available that would necessitate a reassessment of the potential risks. Refer to report after the reporting date for future risks resulting from litigation and proceedings.

RELATED PARTY DISCLOSURES

Materials, inventories, and services are procured from numerous business partners as part of the operating business. These include companies in which CT AG holds shares, as well as companies connected with members of the supervisory board of CT AG. The following significant transactions occurred between the centrotherm Group and related parties during the reporting period:

Rental agreements with indefinite durations exist between CT AG and centrotherm clean solutions GmbH, Blaubeuren. CT AG charged for rents of TEUR 49 during the first six months of the 2016 financial year (prior-year comparable period: TEUR 49).

The Group generated TEUR 4 of revenue from the rendering of services and the delivery of replacement parts in the first half of the 2016 financial year (previous-year comparable period: TEUR 15) with centrotherm clean solutions GmbH & Co. KG, Blaubeuren.

The Group procured TEUR 7 (previous-year comparable period: TEUR 6) of intercompany services and materials from centrotherm clean solutions GmbH & Co. KG, Blaubeuren, and laflow Reinraumtechnik GmbH + Co. KG, Blaubeuren.

Revo Besitz GmbH & Co. KG, Blaubeuren, was charged for proportionate electricity costs of TEUR 10 during the period under review (prior-year comparable period: TEUR 8).

Rental agreements with indefinite durations exist between centrotherm clean solutions GmbH, Blaubeuren, and CT AG. CT AG was charged for rents of TEUR 5 during the first half of the 2016 financial year (previous-year comparable period: TEUR 13).

Dr. Horn Unternehmensberatung GmbH, in which one former Supervisory Board member is holding an interest, rendered consulting and tax declaration services in an amount of TEUR 16 (prior-year comparable period: TEUR 43).

Sol Futura Verwaltungsgesellschaft mbH, Ulm, charged TEUR 0 to cover its operating activities (previous-year comparable period: TEUR 400).

CT AG concluded an agreement with PMDL GmbH on September 16, 2013 on standard market terms that comprises consultancy services within the MENA region. Robert M. Hartung is Managing Director of PMDL. Consulting fees of TEUR 26 were incurred in the period under review (prior-year equivalent period: TEUR 0).

Qatar Solar Technologies, Doha/Qatar, (referred to in brief as "QSTec") Is a customer of the subsidiary SiTec GmbH that has ordered the construction of a polysilicon production plant in Qatar with a contract volume of EUR 271 million. Further work was conducted on the project in the reporting period, with revenues of TEUR 12,221, equivalent to the contract costs incurred, being recognized for the first six months of 2016. In March 2016, QSTec issued a letter of comfort assuring that it will provide SiTec GmbH with the financial resources it requires to complete the contract, while not declaring an increase in the total purchase price as a consequence, however. During the period under review, QSTec provided an amount of TEUR 4,781 on the basis of the letter of comfort. In January 2016, a EUR 25 million financing agreement was concluded with QSTec, which is to secure the financing of the operating business of CT AG. Funds of EUR 7 million were drawn from this facility as of the June 30, 2016 reporting date. The borrowing costs amounted to TEUR 49 in the reporting period.

The centrotherm Group participated in no significant transactions for these related parties that were unusual in terms of type or nature, and it will continue to pursue this policy in the future.

EVENTS AFTER THE REPORTING DATE

After the reporting date, a potential risk has arisen in the large-scale project for CEEG Algeria following a possible utilization of the guarantees before the end of the arbitration procedure. Since the company is convinced that the basis for pre-maturely pulling these guarantees is not given, legal actions have been initiated to counter the risk. Besides this, no further events occurred after the balance sheet date that are of key significance for the centrotherm Group, and which could lead to a different assessment of business progress.

Blaubeuren, August 4, 2016

The Management Board

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