

H1 (May – October 2015)

Report on the First Half-Year 2015/16 of Zumtobel Group AG



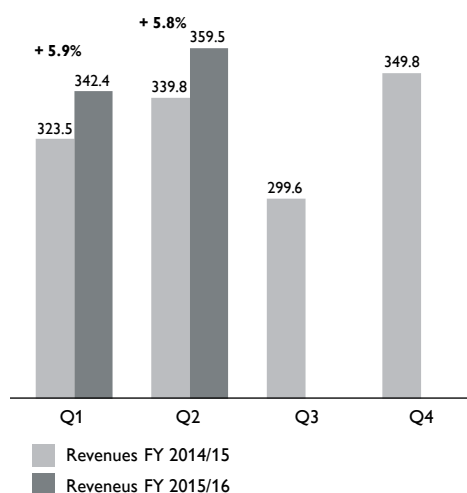
Overview of the Second Quarter 2015/16

- >> Group revenues increase 5.8% over the second quarter of the previous year
- >> Continued strong growth momentum with LED products (plus 42.6%)
- >> Adjusted Group EBIT slightly over previous year
- >> Significant improvement in supply capability and productivity at Spennymoor lighting plant
- >> Additional opportunities to optimise structural costs under evaluation
- >> Outlook for the 2015/16 financial year adjusted

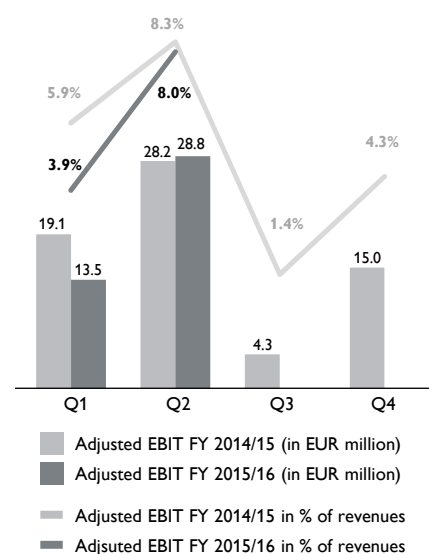
Key Data in EUR million	Q2 2015/16	Q2 2014/15	Change in %	1 HY 2015/16	1 HY 2014/15	Change in %
Revenues	359.5	339.8	5.8	702.0	663.2	5.8
Adjusted EBIT	28.8	28.2	2.2	42.3	47.2	(10.5)
<i>as a % of revenues</i>	8.0	8.3		6.0	7.1	
EBIT	24.5	26.6	(7.7)	36.9	35.7	3.6
<i>as a % of revenues</i>	6.8	7.8		5.3	5.4	
Net profit/loss for the period	18.3	23.1	(20.9)	27.5	28.9	(4.7)
<i>as a % of revenues</i>	5.1	6.8		3.9	4.4	
Cash flow from operating results	37.6	40.5	(7.1)	64.9	63.0	2.9
Investments	17.0	14.8	15.4	29.8	28.9	3.0
				31 October 2015	30 April 2015	Change in %
Total assets				1,137.2	1,086.3	4.7
Equity				335.7	322.6	4.1
<i>Equity ratio in %</i>				29.5	29.7	
Net debt				190.5	148.2	28.5
Headcount incl. contract worker (full-time equivalent)				7,200	7,234	(0.5)

Development of Business by Quarter

Revenues (in EUR million)



Adjusted EBIT



Letter to Shareholders

Dear Shareholders,

After a weak start into the new financial year, we recorded sound operating improvement during the second quarter. Group revenues for the first six months rose by 5.8% to EUR 702.0 million (previous year: EUR 663.2 million), although this development was supported by substantial positive currency translation effects of EUR 28.1 million. After an adjustment for these effects, revenues rose by 1.6% for the reporting period (second quarter: plus 2.7%). The technology shift to LED remains unchanged: with a plus of 45.1%, the LED share of Group revenues increased significantly to 61.8% year-on-year.

The Components Segments continued its sound development during the reporting period and made further substantial progress in strengthening its focus on LED technology. Segment revenues rose by 9.7% (FX-adjusted: 6.2%) to EUR 215.5 million (previous year: EUR 196.4 million). Business in the Lighting Segment was less robust, but also with a slight improvement in the second quarter, and an increase of 6.0% in revenues (FX-adjusted: plus 1.8%) to EUR 531.1 million for the reporting period (previous year: EUR 500.9 million). This development resulted, above all, from a market-related sharp drop in demand in France and the continuing weakness in Asia.

Adjusted operating EBIT for the Group improved slightly year-on-year in the second quarter, but declined by EUR 47.2 million to EUR 42.3 million for the reporting period due to the weak first three months. Results for the first half-year show that the projected cost savings and growth impulses from the restructuring measures implemented in sales and production have not yet reached the expected level, above all in the Lighting Segment. Operating EBIT for the reporting period was also influenced by substantially higher research & development costs to strengthen the Group's technology position (plus EUR 7.9 million) and by continuing price pressure and temporary negative currency transaction effects (USD/CHF). In contrast, the second quarter brought a further substantial improvement in supply capability and productivity in our Spennymoor lighting plant. Net profit for the first half-year amounted to EUR 27.5 million and reflected the previous year (EUR 28.9 million).

Outlook for 2015/16: adjustment of earnings guidance for current financial year

These temporary negative effects have been anticipated by management for some time and are therefore already included in the outlook for the 2015/16 financial year. However, the development of business has been below the Management Board's expectations due to the weaker FX-adjusted revenue growth and delays in the realisation of projected cost savings during the first six months. The Management Board has therefore reduced its earnings guidance (adjusted EBIT) for the full year from the previously announced EUR 90 to 100 million to EUR 70 to 80 million (previous year adj. EBIT: EUR 66.5 million). The revenue target remains intact with an increase of approx. 5%, which will be supported primarily by positive currency effects.

Our focus for the strategic development of the Zumtobel Group remains on the adjustment of production capacity, a multi-brand sales structure in the lighting business and the Group-wide bundling of procurement activities. These key factors will support a sustainable increase in revenues and strengthen profitability. As previously announced, we are also evaluating further opportunities to optimise structural costs.

Ulrich Schumacher
Chief Executive Officer (CEO)



Ulrich Schumacher

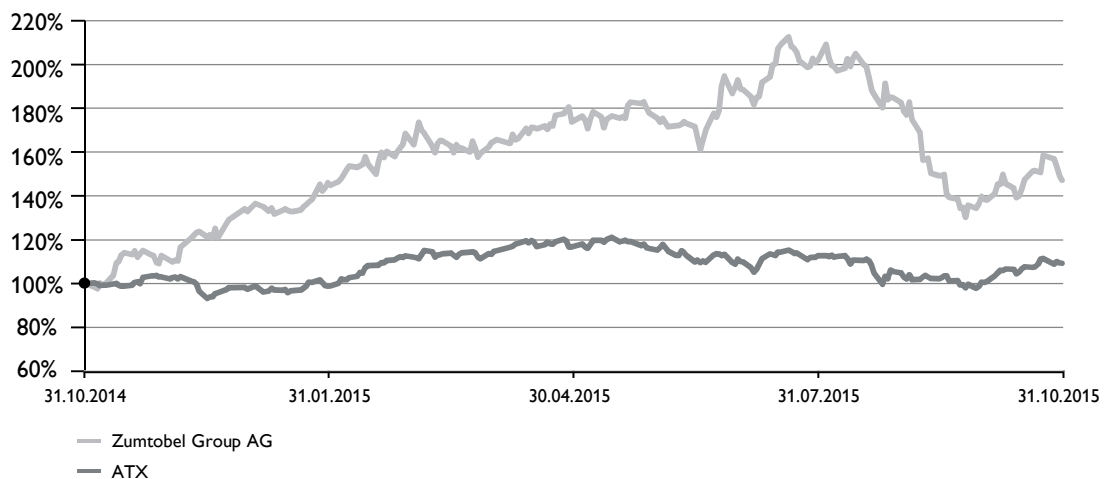
The Zumtobel Group Share

Negative share development in first half-year

The ongoing uncertainty and high volatility on the international financial markets continued during the second quarter of the 2015/16 financial year. The approval of the EU's third assistance programme for Greece and robust economic indicators for the euro zone and the USA initially led to a modest market recovery. However, this optimistic development was followed by a substantial drop in share prices that was caused by weak economic reports from China and the growing recession in Brazil. The Zumtobel Group share was also negatively influenced by results for the first quarter, which were lower than expected by the capital markets. In this market environment, the price of the Zumtobel Group share fell by 15.3% in the first half of 2015/16. The leading Austrian Traded Index also closed the reporting period in the loss zone with a minus of 6.4%.

Based on an unchanged number of 43.5 million common shares outstanding, the market capitalisation of Zumtobel Group AG totalled EUR 900 million at the end of October 2015 (previous year: EUR 612 million). There have been no major changes in the shareholder structure of Zumtobel Group AG since the end of the 2014/15 financial year. The Zumtobel family has remained the stable core shareholder of Zumtobel Group AG since the initial public offering with a stake of 35.4%. Blackrock Inc. holds over 5% of the issued shares. The remainder of the shares is held predominately by other institutional investors. In the ATX, the leading index of the largest listed companies in Austria, the Zumtobel share ranked 17th based on market capitalisation and 18th based on trading volume as of 31 October 2015. The average daily turnover on the Vienna Stock Exchange totalled 143,975 in the reporting period compared with 84,975 in the previous year (double-count, as published by the Vienna Stock Exchange). The company held 353,343 treasury shares as of 31 October 2015.

Development of the Zumtobel Group Share



Key Data on the Zumtobel Group Share for the 1st half-year 2015/16

Closing price at 30.04.15	EUR 24.445	Currency	EUR
Closing price at 31.10.15	EUR 20.700	ISIN	AT0000837307
Performance 1st half-year 2015/16	(15.3)%	Ticker symbol Vienna Stock Exchange (XETRA)	ZAG
Market capitalisation at 31.10.15	EUR 900 Mio	Market segment	Prime Market
Share price - high at 20.07.15	EUR 29.890	Reuters symbol	ZUMV.VI
Share price - low at 24.09.15	EUR 18.330	Bloomberg symbol	ZAG AV
Ø Turnover per day (shares)	143,975	Number of issued shares	43,500,000

Group Management Report

The Economic Environment

The International Monetary Fund (IMF) issued a further reduction to its outlook for global growth in 2015 with its October report. This latest forecast reflects the weaker growth in China and the negative effects of lower raw material prices for the emerging countries. In contrast, the recovery in the industrial nations remains on course. The IMF is projecting an increase of 3.1% for the global economy in 2015, which represents a decline of 0.2 percentage points compared with the July 2015 forecast, as well as an increase of 3.6% in 2016. The development of the global economy will be influenced, above all, by the trends in oil and raw material prices, the expected normalisation of US monetary policies and the new Chinese growth model. The projections for the euro zone reflect the July report, with an increase of 1.5% in the current calendar year and 1.6% in 2016. The growth rates for Germany and France remain nearly unchanged at 1.5% and 1.2%, respectively, in 2015 and 1.6% and 1.5%, respectively, in 2016. The emerging and developing countries are expected to weaken further for the fifth year in succession. Continued recovery is only forecasted for the USA, with estimates of a 2.6% increase in 2015 and 2.8% in 2016.

IMF with further reduction in outlook for global growth

The commercial construction industry in Europe reported a first slight increase of 0.4% in 2014 after seven years of crisis and stagnation. In its June 2015 report, Euroconstruct is predicting growth of 1.9% for the 2015 calendar year and 2.5% for the 2016 calendar year in the seven most important European markets for the Zumtobel Group (Austria, Germany, Switzerland, France, Great Britain, Italy and Scandinavia).

Continued moderate growth expected for the euro zone

Significant Events since 30 April 2015

The 39th annual general meeting on 24 July 2015 authorised the payment of a EUR 0.22 dividend per share for the 2014/15 financial year. This dividend was distributed to shareholders on 31 July 2015.

AGM approves dividend for FY 2014/15

On 7 September 2015 the Zumtobel Group acquired a majority interest (60%) in the British LED producer AC/DC LED Holdings Ltd (acdc). The sale agreement also includes a call/ put option for the purchase of the remaining non-controlling interest (40%) in acdc during 2020. acdc is a niche supplier of high-quality architectonic LED facade lighting and lighting solutions for hotels and design-oriented restaurants and bars. In 2014 the company generated annual revenues of approx. EUR 17 million with 120 employees. The parties have agreed not to disclose any information on the price for this transaction.

Acquisition in new application areas

Tridonic GmbH & Co KG sold its advertising lighting business (signage) to the US AgiLight Inc., a company with headquarters in San Antonio, Texas, as of 30 November 2015. The sale of the signage business, which generated revenues of approx. EUR 20 million in 2014/15, will take the form of an asset deal. The parties have agreed not to disclose any information on the price for this transaction.

Sale of signage business

In order to secure long-term liquidity at favourable conditions, the Zumtobel Group refinanced the existing consortium credit agreement, which would have ended in October 2016, prematurely during December 2015. The new consortium credit agreement has a base term of five years with two one-year extensions, a maximum volume of EUR 300 million and a clause for an increase of up to EUR 200 million. This agreement was arranged with a syndicate of seven banks.

New consortium credit agreement concluded up to 30 November 2020

No other significant events occurred after the balance sheet date on 30 April 2015.

Related Party Transactions

Closely related persons include the Management Board and Supervisory Board of Zumtobel Group AG. As of 31 October 2015 there were no business transactions with closely related persons.

The Group has concluded supply and delivery agreements with associated companies, which reflect third party conditions.

Development of revenues in the first half-year 2015/16

- >> Group revenues rise by 5.8%
- >> Solid growth in European core markets with the exception of France
- >> Continued high growth momentum with LED products (plus 45.1%)
- >> Revenue growth in Lighting Segment improves to plus 6.0%
- >> Sound revenue development in Components Segment (plus 9.7%)

Group revenues rise by 5.8%

Group revenues rose by 5.8% to EUR 702.0 million during the first half of the 2015/16 financial year (1 May to 31 October 2015) in a generally stable economic environment in Europe (previous year: EUR 663.2 million). This development was supported by EUR 28.1 million of positive foreign exchange effects, above all from the increase in the Swiss franc (CHF), British pound (GBP) and US dollar (USD). After an adjustment for these effects, revenues were 1.6% higher than the previous year.

Important growth impulses have been created, in particular, by LED technology as well as the trend to intelligently managed, energy-efficient lighting. This was reflected in continued dynamic growth with LED products during the reporting period. Revenues from the sale of LED products rose by 45.1% year-on-year to EUR 433.7 million in the first half of 2015/16 (previous year: EUR 298.9 million). The LED share of Group revenues increased significantly from 45.1% in the first half of the previous financial year to 61.8% within 12 months. Both the Lighting Segment (plus 47.1%) and the Components Segment (plus 50.2%) benefited from the sharp rise in the demand for LED lighting with their extensive portfolio of innovative LED products.

Segment development in EUR million	Q2	Q2	Change in %	1 HY	1 HY	Change in %
	2015/16	2014/15		2015/16	2014/15	
Lighting Segment	276.3	257.6	7.3	531.1	500.9	6.0
Components Segment	106.2	99.8	6.4	215.5	196.4	9.7
Reconciliation	(22.9)	(17.6)	29.9	(44.6)	(34.1)	30.9
Zumtobel Group	359.5	339.8	5.8	702.0	663.2	5.8

FX-supported growth in Lighting Segment

In the European commercial construction industry, the initial signs of a trend reversal from years of declines to slight growth have strengthened. These signs were also confirmed in a June 2015 report by Euroconstruct, which forecasts growth of 1.9% for the 2015 calendar year and 2.5% for the 2016 calendar year after a series of annual declines in the seven most important European markets for the Zumtobel Group. Revenues in the Lighting Segment rose by 6.0% to EUR 531.1 million in the reporting period (previous year: EUR 500.9 million), whereby growth was slightly stronger in the second quarter with a plus of 7.3%. After an adjustment for positive foreign exchange effects, revenues in the Lighting Segment increased by 1.8%. The ongoing subdued development resulted, above all, from a market-related sharp drop in demand in France and Australia and the continuing weakness in Asia. The second quarter of 2015/16 also brought a further substantial improvement in supply capability for our lighting plant in Spennymoor. Additional positive impulses were provided by the multi-brand sales structure implemented in the previous financial year, which now markets the entire Zumtobel and Thorn product portfolio in all regions from a single hand, and by strong growth in the key account business.

Sound development in Components Segment

The Components Segment continues to make good progress in strengthening its business focus on LED technology. Revenues from the sale of LED components rose by 50.2% to EUR 146.9 million (previous year: EUR 97.8 million) and more than offset the sharp drop in the demand for electronic ballasts. Segment revenues increased by 9.7% to EUR 215.5 million in the reporting period (previous year: EUR 196.4 million),

or by 6.2% after an adjustment for positive foreign exchange effects. Necessary price adjustments to offset the increase in material prices resulting from the stronger US dollar led to weaker sales growth during the second quarter (plus 6.4%).

Distribution of regional revenues

	Q2 2015/16		1 HY 2015/16		in % of Group
	Revenues in EUR million	Change in %	Revenues in EUR million	Change in %	
D/A/CH	108.9	10.1	210.8	10.2	30.0
Northern Europe	99.7	8.5	187.3	7.3	26.7
Benelux & Eastern Europe	41.3	5.3	79.2	10.2	11.3
Southern Europe	46.4	0.3	96.3	(2.6)	13.7
Asia & Pacific	35.1	(12.3)	73.8	(4.3)	10.5
Middle East & Africa	18.4	31.5	36.3	19.0	5.2
Americas	9.7	2.3	18.2	(4.8)	2.6
Total	359.5	5.8	702.0	5.8	100.0

The sales regions were adjusted slightly to reflect the new organisational structure in this area of the Zumtobel Group. The most important changes included the reclassification of the Latin American countries to the America region and the Central Asian countries and Turkey to the Benelux & Eastern Europe region. The distribution of the countries to the individual regions is as follows:

D/A/CH:	Germany, Austria, Switzerland
Northern Europe:	Great Britain, Ireland, Sweden, Norway, Iceland, Finland, Denmark, Baltic States
Benelux & Eastern Europe:	Belgium, Netherlands, Luxembourg and all countries in Eastern Europe, including Russia, Greece, Malta, Cyprus, Turkey, Central Asia
America:	USA, Canada and all Latin American countries
Southern Europe:	France, Italy, Spain, Portugal
Asia & Pacific:	All countries in the Far East, including China as well as Japan, Australia and New Zealand
Middle East & Africa:	All countries in Middle East, India, Africa

These changes were also made retroactively and led to the adjustment of the regional distribution in the first half of 2014/15.

There are major regional differences in the economic environment and the speed of implementation for the restructuring measures and the strategic reorientation of sales. Therefore, the development of revenues in the individual regions differed significantly during the reporting period. The D/A/CH region, the strongest market in the Zumtobel Group, recorded a 10.2% increase in revenues to EUR 210.8 million (FX-adjusted: 5.8%). This region benefited from the rising demand by individual retail chains (key account business) which are looking to convert their shop lighting to LED because of the attractive amortisation periods. Revenues in Northern Europe rose by 7.3% (FX-adjusted: 0.6%) to EUR 187.3 million, whereby Great Britain again served as the growth driver for this region. The solid revenue growth in the second quarter resulted, in particular, from the improved supply capability at the Spennymoor lighting plant. The Benelux & Eastern Europe region, which now also includes Turkey and the countries in Central Asia, increased revenues by 10.2% in the first half of 2015/16. Solid development was recorded, above all, in Eastern Europe (Czech Republic, Poland, Hungary). In Southern Europe, the development of business in France remained clearly

New organisation of sales regions

Solid growth in European core markets with the exception of France

below expectations during the reporting period, while Italy recorded slight growth in the second quarter. Revenues in this region fell by 2.6% to EUR 96.3 million. The Asia & Pacific region is undergoing extensive restructuring. The Components Segment generated sound growth, but the lighting business was disappointing in Asia and the second quarter also brought increasing market-related weakness in Australia. Revenues in the Asia & Pacific region fell by 4.3% (FX-adjusted: minus 8.7%) to EUR 73.8 million. In the Middle East & Africa region, the sound development from previous quarters continued during the reporting period with a 19.0% increase in revenues (FX-adjusted: 11.6%) to EUR 36.3 million. Business development in the America region, which now also includes the Latin American countries, was generally disappointing during the first half-year, but the current project activity and order levels lead to optimism concerning the remainder of the year. Revenues in this region fell by 4.8% (FX-adjusted: minus 18.7%) to EUR 18.2 million in the first half-year, but increased by 2.3% in the second quarter.

Development of earnings in the first half-year 2015/16

- >> Adjusted Group EBIT falls by 10.5% to EUR 42.3 million
- >> Substantial increase in expenditures for research and development (plus 7.9 million)
- >> Temporary negative foreign exchange effects and efficiency problems in connection with the relocation of production
- >> Net profit declines 4.7% to EUR 27.5 million

Income statement in EUR million	Q2 2015/16	Q2 2014/15	Change in %	1 HY 2015/16	1 HY 2014/15	Change in %
Revenues	359.5	339.8	5.8	702.0	663.2	5.8
Cost of goods sold	(239.7)	(223.9)	7.1	(474.6)	(440.0)	7.9
Gross profit	119.8	115.9	3.4	227.4	223.2	1.9
<i>as a % of revenues</i>	33.3	34.1		32.4	33.7	
SG&A expenses adjusted for special effects	(91.0)	(87.7)	3.8	(185.1)	(175.9)	5.2
Adjusted EBIT	28.8	28.2	2.2	42.3	47.2	(10.5)
<i>as a % of revenues</i>	8.0	8.3		6.0	7.1	
Special effects	(4.3)	(1.6)	<(100)	(5.4)	(11.6)	(53.7)
EBIT	24.5	26.6	(7.7)	36.9	35.7	3.6
<i>as a % of revenues</i>	6.8	7.8		5.3	5.4	
Financial results	(0.9)	(2.0)	54.8	(1.2)	(3.7)	68.5
Profit/loss before tax	23.6	24.6	(4.0)	35.8	31.9	12.1
Income taxes	(5.3)	(1.5)	<(100)	(8.3)	(3.0)	>100
Net profit/loss for the period	18.3	23.1	(20.9)	27.5	28.9	(4.7)
Earnings per share (in EUR)	0.42	0.54	(21.6)	0.64	0.67	(4.4)

Note: EBITDA (EBIT plus depreciation and amortisation) amounted to EUR 67.6 million in the first half of 2015/16.

Adjusted Group EBIT falls by 10.5%

Group EBIT adjusted for special effects improved slightly year-on-year in the second quarter, but declined from EUR 47.2 million to EUR 42.3 million for the reporting period due to the weak first three months. Consequently, the return on sales fell from 7.1% to 6.0%. Adjusted earnings were higher than the previous year in the Components Segment, but lower in the Lighting Segment. The gross profit margin for the Zumtobel Group fell to 32.4% in the first half of 2015/16 (previous year: 33.7%). Results for the first six months show that the projected cost savings and growth impulses from the restructuring measures implemented in sales and production have not yet reached the expected level, above all in the Lighting Segment. Gross profit for the reporting period was also influenced by substantially higher development costs to strengthen the Zumtobel Group's technology position (plus EUR 7.3 million) as well as continuing

pressure on prices and temporary negative currency transaction effects (USD/CHF). In contrast, a substantial improvement in the supply capability and productivity in our Spennymoor lighting plant was achieved during the second quarter.

Selling expenses as a per cent of revenues fell from 23.5% to 23.3% in spite of wage and salary increases mandated by collective negotiations. The number of employees in the sales area rose by roughly 30 from the end of the previous quarter to 31 October 2015 due to the initial consolidation of the recently acquired AC/DC LED Holdings Ltd. Administrative expenses were slightly higher than the previous year at EUR 24.9 million (previous year: EUR 22.3 million). Other operating results, excluding special effects, amounted to EUR 3.6 million (previous year: EUR 2.1 million) and included, among others, license income from the LED business.

Negative special effects totalling EUR 5.4 million were recorded during the first half of 2015/16 (previous year: 11.6 million). These effects are related, above all, to the restructuring of the sales organisation and adjustments to the global plant network. Additional information is provided in the notes to the consolidated interim financial statements.

Selling expenses in % of revenues slightly below previous year

Negative special effects from transformation process

Adjusted EBIT in EUR million	Q2	Q2	Change in %	1 HY	1 HY	Change in %
	2015/16	2014/15		2015/16	2014/15	
Reported EBIT	24.5	26.6	(7.7)	36.9	35.7	3.6
thereof special effects	(4.3)	(1.6)	<(100)	(5.4)	(11.6)	(53.7)
Adjusted EBIT	28.8	28.2	2.2	42.3	47.2	(10.5)
<i>as a % of revenues</i>	8.0	8.3		6.0	7.1	

Financial results improved EUR 2.6 million over the previous year to minus EUR 1.2 million (previous year: minus EUR 3.7 million). Interest expense consists mainly of interest on the current credit agreement. Other financial income and expenses totalled plus EUR 3.2 million (previous year: plus EUR 0.6 million). The Zumtobel Group hedges foreign exchange transaction risk primarily with forward exchange contracts that have a maximum term of one year and also uses options in individual cases. The Group's key currencies are the EUR, GBP, USD, AUD and CHF. The positive change since 30 April 2015 resulted mainly from the fair value measurement of financial instruments, respectively from the realisation of foreign currency transactions with a negative market value, in particular forward exchange contracts in Swiss francs. Additional information is provided in the notes to the consolidated interim financial statements.

Improvement in financial results

Financial result in EUR million	Q2	Q2	Change in %	1 HY	1 HY	Change in %
	2015/16	2014/15		2015/16	2014/15	
Interest expense	(2.4)	(2.1)	13.0	(4.7)	(4.5)	3.2
Interest income	0.1	0.1	52.4	0.2	0.2	16.9
Net financing costs	(2.3)	(2.0)	(11.4)	(4.5)	(4.4)	(2.6)
Other financial income and expenses	1.4	0.1	>100	3.2	0.6	>100
Result from companies accounted for at-equity	0.0	0.0	<(100)	0.1	0.1	>100
Financial results	(0.9)	(2.0)	54.8	(1.2)	(3.7)	68.5

Profit before tax rose to EUR 35.8 million in the first half of the reporting year (previous year: EUR 31.9 million). Negative special effects were clearly below the previous year at EUR 5.4 million (previous year: EUR 11.6 million). Net profit for the period declined 4.7% to EUR 27.5 million due to higher income tax expense (previous year: EUR 28.9 million). Earnings per share for the shareholders of Zumtobel Group AG (basic EPS based on 43.1 million shares) equalled EUR 0.64 (previous year: EUR 0.67).

Net profit totals EUR 27.5 million

Cash flow and asset position

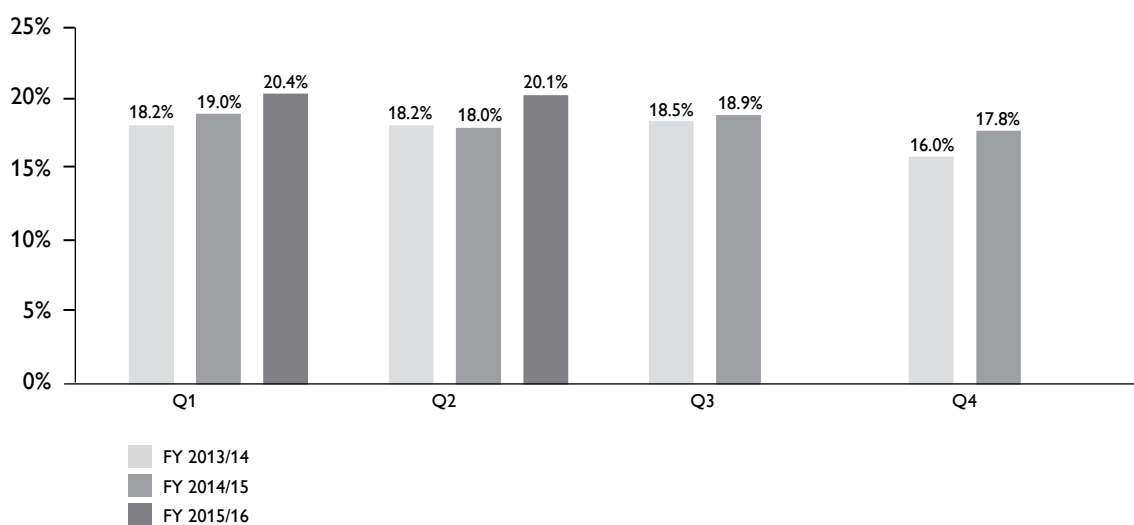
- >> Seasonal cash outflows for expansion of working capital increased by higher inventories
- >> Capital expenditure slightly higher than previous year at EUR 29.8 million (EUR 28.9 million)
- >> Free cash flow at minus EUR 24.9 million
- >> Continued solid balance sheet structure

Cash flow was determined on a monthly basis in accordance with the indirect method. The resulting monthly cash flows were translated at the applicable average monthly exchange rate and then aggregated, while the balance sheet positions were translated at the exchange rate in effect on the respective closing date. Individual positions on the cash flow statement therefore differ significantly from the respective balance sheet positions, above all under cash flow from operating activities.

Seasonal cash outflows for increase in working capital

Cash flow from operating results rose from EUR 63.0 million in the first half of the previous year to EUR 64.9 million for the reporting period, above all due to an improvement in profit before tax from EUR 31.9 million to EUR 35.8 million. This development was contrasted by cash outflows for the increase in working capital. Working capital totalled EUR 271.3 million as of 31 October 2015 and was EUR 37.5 million higher than on 30 April 2015. The seasonal rise in working capital was increased by higher inventories, a reduction in trade payables and the initial consolidation of the recently acquired British LED lighting producer AC/DC LED Holdings Ltd. Stocks of raw materials and finished goods were increased above the growth in revenues to ensure sufficient supplies for production and customer orders based on the expected stronger growth in revenues during the course of this year. The transformation process to LED also led to an increase in the carrying amount of inventories because the LED raw materials and LED finished products have a higher value than comparable conventional products. In comparison with the first half of the previous year, working capital rose from 18.0% to 20.1% of rolling 12-month revenues. Cash flow from operating activities declined by EUR 17.1 million to plus EUR 3.3 million in the first half-year (previous year: plus EUR 20.4 million).

Working Capital in % of rolling 12-month revenues



Free cash flow at minus EUR 24.9 million

Investments in property, plant and equipment for various production facilities totalled EUR 29.8 million in the first half of 2015/16 (previous year: EUR 28.9 million). These expenditures covered tools for new products as well as expansion, maintenance and capitalised R&D costs (EUR 8.4 million). The sale of the property in Landskrona, Sweden, led to cash inflow of EUR 2.7 million, which is reported under "proceeds

from the sale of non-current assets". The position "change in liquid funds from changes in the scope of consolidation" represents the positive cash effect from the sale of Tridonic NZ Limited in Auckland, New Zealand, as well as the cash outflow for the acquisition of the British LED lighting producer AC/DC LED Holdings Ltd. The position "Assets held for Sale" represents the sale of the signage business. Free cash flow declined to minus EUR 24.9 million (previous year: plus EUR 3.2 million).

Cash flow from financing activities consists primarily of the increased use of the facilities provided by the consortium credit agreement and interest paid during the first half of the reporting year. The EUR 0.22 dividend per share for the 2014/15 financial year (EUR 9.5 million), which was approved by the annual general meeting on 24 July 2015, was distributed to the shareholders on 31 July 2015 and is included in cash outflows for the reporting period.

Balance sheet data in EUR million	31 October 2015	30 April 2015
Total assets	1,137.2	1,086.3
Net debt	190.5	148.2
<i>Debt coverage ratio</i>	1.81	1.48
Equity	335.7	322.6
<i>Equity ratio in %</i>	29.5	29.7
<i>Gearing in %</i>	56.7	46.0
Investments	29.8	76.6
Working capital	271.3	233.8
<i>As a % of rolling 12 month revenues</i>	20.1	17.8

The quality of the balance sheet structure remains nearly unchanged. The equity ratio declined slightly from 29.7% on 30 April 2015 to 29.5% on 31 October 2015. Net debt followed the normal seasonal pattern with an increase of EUR 42.2 million to EUR 190.5 million (previous year: EUR 148.2 million), and gearing – the ratio of net debt to equity – therefore deteriorated from 46.0% to 56.7%.

No major change in the balance sheet structure

Major risks and uncertainties during the second half of 2015/16

The Zumtobel Group is well aware that an effective risk management system plays an important role in protecting and expanding its competitive position. The goal of risk management is to identify risks and opportunities at an early point in time through a systematic approach, and thereby permit the prompt implementation of suitable measures to deal with changes in the operating environment.

Risk management for early identification of opportunities and risks

One of the major risks for business development in the Zumtobel Group is the uncertain development of its key markets, above all in Europe. Renewed economic weakness could lead to a significant decline in incoming orders and the postponement or cancellation of projects in progress. Revenues could also be negatively affected by further cost-cutting measures in the public sector and increased de-stocking by wholesalers. These factors, in turn, would create a risk for the general development of earnings due to lower capacity utilisation, rising pressure on prices and negative shifts in the product mix.

Risks arising from economic developments

Earnings could also be negatively affected by additional restructuring costs resulting from measures required to bring structural costs and/or capacity in line with the difficult market environment as well as measures related to the organisational and structural reorientation of the Zumtobel Group. The adjustment of plant capacity and the relocation of products could also lead to temporary production inefficiencies and, as a result, to supply shortages and a stronger increase in inventories.

Risks arising from restructuring

Technological change to LED	The speed of the technological transformation from conventional lighting to LED represents a major challenge for the entire lighting industry. In particular, the larger range of products, shorter innovation cycles and rising complexity of digital lighting systems lead to substantially higher R&D expenditures.
Market acceptance of new products	Differentiation from the competition can strengthen a company's market position and protect appropriate margins. In both the lighting and components business, the Zumtobel Group is regularly challenged to prove its strong technology position in the industry and adjust its new developments to reflect the changing requirements in different areas of application. This challenge is addressed through a steady focus on innovation as well as close cooperation between development and sales.
Competition from Asia	Aggressive and established competitors, above all the Asian LED chip producers, are entering the professional lighting market in order to extend their forward integration. However, most of these companies lack specific application know-how in all relevant areas of indoor and outdoor lighting as well as the expertise in complex light management systems and an extensive direct sales network.
Low liquidity risk	In order to ensure the ability to meet its payment obligations at any time, the Zumtobel Group maintains liquidity reserves that generally take the form of demand deposits with banks and can be used to service expected operating expenses and financial liabilities. The Group can also access extensive working capital credits to offset liquidity fluctuations arising from its business activities. As of 31 October 2015, the Group had short-term, unsecured lines of credit totalling EUR 93.0 million (previous year: EUR 90.3 million). The consortium credit agreement concluded on 8 November 2011 with seven banks also represents a major financing agreement for the Zumtobel Group. The agreement has a term extending to October 2016 and a maximum line that currently equals EUR 350 million. The amount drawn under this credit line totalled EUR 145 million as of 31 October 2015 (as per 30 April 2015 EUR 80 million). A new consortium credit agreement was concluded on 1 December 2015 to reschedule the related liabilities and replace the previous agreement. The new agreement has a volume of EUR 300 million and a term ending on 30 November 2020. It includes a clause for an increase of up to EUR 200 million and a clause allowing for two extensions of one year each. In addition to the consortium credit agreement, the Zumtobel Group concluded two long-term bank credit agreements of EUR 40 million each on a bilateral basis, which call for bullet repayment and have terms ending in September 2018, respectively in January 2020. These credits were fully drawn as of 31 October 2015 and were used for the partial repayment of the consortium credit which, in turn, clearly extended the average maturity structure of the Group's financing. This financing requires compliance with specific financial covenants (a debt coverage ratio of less than 3.5 and an equity ratio of more than 25%). The financial covenants were met in full as of 31 October 2015 with a debt coverage ratio of 1.81 and an equity ratio of 29.5%. A deterioration in these financial indicators could lead to a gradual increase in the credit margin. Failure to comply with the covenants could cause the lending banks to call existing loans
Interest rate risk	The balance of EUR 145.0 million currently outstanding under the consortium credit agreement has a long-term character because the term of the loan ends in November 2020. However, the interest on this loan is variable (EURIBOR money market interest rates). The long-term loans concluded on a bilateral basis in 2014/15, each with a volume of EUR 40 million, have fixed interest rates and are therefore not exposed to interest rate risk. In order to reduce the interest rate risk on the consortium credit agreement, the Zumtobel Group has concluded interest rate swaps with various banks for a total nominal volume of approx. EUR 80 million. These instruments are structured over various terms (up to June 2019 at the latest) and convert the variable interest payments on the financing into fixed interest payments at a maximum rate of 2.694%. The interest rates on the existing bank liabilities are variable.

The foreign exchange markets are still characterised by high uncertainty and volatility. The earnings recorded by the Zumtobel Group are exposed to foreign exchange risk, in particular from transaction effects – i.e. when local companies buy and/or sell their products in a currency other than their local currency. Intragroup dividends or loans can also be paid and received in a currency other than the local currency. Translation risk – i.e. when foreign company financial statements are converted into the Group currency (euro) for consolidation – is of lesser importance for the Zumtobel Group and is not hedged. Transaction risk is generally hedged with forward exchange contracts that have a term of up to one year and, in selected cases, by options. The Group's main currencies are the EUR, GBP, USD (as well as Asian currencies that are linked to the USD), AUD and CHF. Foreign exchange exposure is determined on the basis of general forecast assumptions and not on the basis of specific contracts and, for this reason, the requirements for hedge accounting are usually not met. Current information indicates that the second half of 2015/16 can be expected to bring slight positive translation effects, in particular from the British pound, as well as slight negative transaction effects.

Foreign exchange risk

Balance sheet risks arise, above all, from the valuation of individual assets. The Group's asset and earnings positions are directly influenced by foreign exchange effects as well as the necessary use of estimates and judgment in valuing non-financial assets, deferred tax assets, inventories, receivables, the provisions for pensions, severance payments and service anniversary bonuses, and the provisions for guarantees and warranties. The major balance sheet risks for the Zumtobel Group are related to the valuation of capitalised development costs and inventories as well as the valuation of the pension fund in Great Britain.

Balance sheet risks

Additional information on the potential risks and opportunities facing the Zumtobel Group is provided in the 2014/15 annual financial report. Based on the information available at the present time, there are no major individual risks that could endanger the continued existence of the Zumtobel Group.

Outlook for 2015/16: adjustment of earnings guidance for the current financial year

These temporary negative effects have been anticipated by management for some time and are therefore already included in the outlook for the 2015/16 financial year. However, the development of business has been below the Management Board's expectations due to the weaker FX-adjusted revenue growth and delays in the realisation of projected cost savings during the first six months. The Management Board has therefore reduced its earnings guidance (adjusted EBIT) for the full year from the previously announced EUR 90 to 100 million to EUR 70 to 80 million (previous year adj. EBIT: EUR 66.5 million). The revenue target remains intact with an increase of approx. 5%, which will be supported primarily by positive currency effects.

Our focus for the strategic development of the Zumtobel Group remains on the adjustment of production capacity, a multi-brand sales structure in the lighting business and the Group-wide bundling of procurement activities. These key factors will support a sustainable increase in revenues and strengthen profitability. As previously announced, we are also evaluating further opportunities to optimise structural costs.

Dornbirn, 9 December 2015

Ulrich Schumacher
Chief Executive Officer (CEO)

Karin Sonnenmoser
Chief Financial Officer (CFO)

Income Statement

in TEUR	Q2 2015/16	Q2 2014/15	Change in %	1 HY 2015/16	1 HY 2014/15	Change in %
Revenues	359,548	339,766	5.8	701,990	663,221	5.8
Cost of goods sold	(239,716)	(223,866)	7.1	(474,613)	(440,042)	7.9
Gross profit	119,832	115,900	3.4	227,377	223,179	1.9
<i>as a % of revenues</i>	33.3	34.1		32.4	33.7	
Selling expenses	(80,653)	(78,552)	2.7	(163,739)	(155,781)	5.1
Administrative expenses	(12,584)	(10,660)	18.1	(24,942)	(22,299)	11.9
Other operating results	(2,075)	(124)	<(100)	(1,757)	(9,442)	(81.4)
<i>thereof special effects</i>	(4,272)	(1,606)	<(100)	(5,353)	(11,572)	(53.7)
Operating profit/loss	24,520	26,564	(7.7)	36,939	35,657	3.6
<i>as a % of revenues</i>	6.8	7.8		5.3	5.4	
Interest expense	(2,393)	(2,118)	13.0	(4,689)	(4,545)	3.2
Interest income	128	84	52.4	209	179	16.9
Other financial income and expenses	1,396	84	>100	3,168	568	>100
Result from companies accounted for at-equity	(14)	(2)	<(100)	131	53	>100
Financial results	(883)	(1,952)	54.8	(1,181)	(3,745)	68.5
<i>as a % of revenues</i>	(0.2)	(0.6)		(0.2)	(0.6)	
Profit/loss before tax	23,637	24,612	(4.0)	35,758	31,912	12.1
Income taxes	(5,332)	(1,457)	<(100)	(8,251)	(3,035)	<(100)
Net profit/loss from continuing operations	18,305	23,155	(20.9)	27,507	28,877	(4.7)
Net loss from discontinued operations	0	(14)	100.0	0	(14)	100.0
Net profit/loss for the period	18,305	23,141	(20.9)	27,507	28,863	(4.7)
<i>as a % of revenues</i>	5.1	6.8		3.9	4.4	
<i>thereof due to non-controlling interests</i>	91	(100)	>100	164	(176)	>100
<i>thereof due to shareholders of the parent company</i>	18,214	23,241	(21.6)	27,343	29,039	(5.8)
Average number of shares outstanding – basic (in 1,000 pcs.)	43,146	43,141		43,146	43,140	
Average diluting effect (stock options) (in 1,000 pcs.)	0	3		0	3	
Average number of shares outstanding – diluted (in 1,000 pcs.)	43,146	43,144		43,146	43,143	
Earnings per share (in EUR)						
Basic earnings per share	0.42	0.54		0.64	0.67	
Diluted earnings per share	0.42	0.54		0.64	0.67	
Earnings per share from continuing operations (in EUR)						
Basic earnings per share	0.42	0.54		0.64	0.67	
Diluted earnings per share	0.42	0.54		0.64	0.67	
Earnings per share from discontinued operations (in EUR)						
Basic earnings per share	0.00	0.00		0.00	0.00	
Diluted earnings per share	0.00	0.00		0.00	0.00	

Statement of Comprehensive Income

in TEUR	Q2 2015/16	Q2 2014/15	Change in %	1 HY 2015/16	1 HY 2014/15	Change in %
Net profit/loss for the period	18,305	23,141	(20.9)	27,507	28,863	(4.7)
Actuarial loss	0	(14,936)	100.0	0	(14,936)	(100.0)
Deferred taxes due to actuarial loss	0	2,600	(100.0)	0	2,600	(100.0)
Total of items that will not be reclassified ("recycled") subsequently to the income statement	0	(12,336)	100.0	0	(12,336)	(100.0)
Currency differences	(1,664)	3,888	<(100)	(6,398)	5,872	<(100)
Currency differences arising from loans	(739)	493	<(100)	825	2,111	(60.9)
Hedge accounting	169	(132)	>100	461	(375)	>100
Deferred taxes due to hedge accounting	(42)	33	<(100)	(111)	94	<(100)
Total of items that will be reclassified ("recycled") subsequently to the income statement	(2,276)	4,282	<(100)	(5,223)	7,702	<(100)
Subtotal other comprehensive income	(2,276)	(8,054)	(71.7)	(5,223)	(4,634)	(12.7)
<i>thereof due to non-controlling interests</i>	2	98	(97.5)	43	155	(72.2)
<i>thereof due to shareholders of the parent company</i>	(2,278)	(8,152)	(72.1)	(5,266)	(4,789)	(10.0)
Total comprehensive income	16,029	15,088	6.2	22,284	24,229	(8.0)
<i>thereof due to non-controlling interests</i>	96	(1)	>100	209	(21)	>100
<i>thereof due to shareholders of the parent company</i>	15,933	15,089	5.6	22,075	24,250	(9.0)

Balance Sheet

in TEUR	31 October 2015	in %	30 April 2015	in %
Goodwill	211,893	18.6	198,891	18.3
Other intangible assets	62,048	5.5	60,540	5.6
Property, plant and equipment	235,786	20.8	236,671	21.7
Financial assets accounted for at-equity	2,426	0.2	2,295	0.2
Financial assets	1,214	0.1	1,811	0.2
Other assets	4,340	0.4	4,289	0.4
Deferred taxes	41,954	3.7	48,075	4.4
Non-current assets	559,661	49.3	552,572	50.8
Inventories	212,648	18.8	201,785	18.6
Trade receivables	249,891	22.0	234,587	21.6
Financial assets	3,223	0.3	4,034	0.4
Other assets	34,246	3.0	29,133	2.7
Liquid funds	73,363	6.6	59,345	5.5
Available for sale assets	4,150	0.4	4,819	0.4
Current assets	577,521	50.7	533,703	49.2
ASSETS	1,137,182	100.0	1,086,275	100.0
Share capital	108,750	9.6	108,750	10.0
Additional paid-in capital	335,316	29.5	335,316	30.9
Reserves	(140,375)	(12.4)	(137,848)	(12.7)
Net profit/loss for the period	27,343	2.4	12,231	1.1
Capital attributed to shareholders of the parent company	331,034	29.1	318,449	29.3
Capital attributed to non-controlling interests	4,698	0.4	4,152	0.4
Equity	335,732	29.5	322,601	29.7
Provisions for pensions	95,912	8.4	99,994	9.2
Provisions for severance compensation	49,939	4.4	49,348	4.5
Provisions for other employee benefits	12,500	1.1	13,433	1.2
Other provisions	832	0.1	1,238	0.1
Borrowings	255,941	22.5	190,904	17.7
Other liabilities	12,679	1.1	4,174	0.4
Deferred taxes	5,707	0.5	5,556	0.5
Non-current liabilities	433,510	38.1	364,647	33.6
Provisions for taxes	22,501	2.0	21,521	2.0
Other provisions	37,870	3.3	31,927	2.9
Borrowings	7,561	0.7	17,301	1.6
Trade payables	158,977	14.0	174,040	16.0
Other liabilities	141,031	12.4	153,989	14.2
Liabilities held for Sale	0	0.0	249	0.0
Current liabilities	367,940	32.4	399,027	36.7
EQUITY AND LIABILITIES	1,137,182	100.0	1,086,275	100.0

Cash Flow Statement

in TEUR	1 HY 2015/16	1 HY 2014/15
Profit/loss before tax	35,758	31,912
Depreciation and amortisation	30,612	27,075
Gain/loss from disposal of fixed assets	(2,689)	208
Other financial income and expenses	4,471	(623)
Interest income/ Interest expense	(3,291)	4,367
Changes in the consolidation range	0	120
Results from discontinued operations	0	(14)
Cash flow from operating results	64,861	63,045
Inventories	(13,072)	(7,943)
Trade receivables	(12,681)	(4,581)
Trade payables	(20,727)	(14,566)
Prepayments received	4,712	(1,537)
Change in working capital	(41,768)	(28,627)
Non-current provisions	(6,200)	(6,896)
Current provisions	6,388	3,845
Other current and non-current assets and liabilities	(18,964)	(7,154)
Change in other operating items	(18,776)	(10,205)
Taxes paid	(1,007)	(3,834)
Cash flow from operating activities	3,310	20,379
Proceeds from the sale of non-current assets	5,323	636
Capital expenditures on non-current assets	(29,807)	(28,929)
Change in non-current and current financial assets	1,845	1,599
Change in liquid funds from changes in the consolidation range	(1,380)	9,522
Assets/Liabilities held for Sale/Liabilities	(4,150)	0
Cash flow from investing activities	(28,169)	(17,172)
FREE CASH FLOW	(24,859)	3,207
Change in net borrowings	63,524	18,060
<i>thereof restricted cash</i>	(2)	(359)
Capital increases	733	0
Dividends	(9,888)	(7,765)
Exercise of options	0	11
Interest paid	(4,595)	(3,505)
Interest received	209	173
Cash flow from financing activities	49,983	6,974
Effects of exchange rate changes on cash and cash equivalents	(2,157)	2,776
CHANGE IN CASH AND CASH EQUIVALENTS	22,967	12,957
Cash and cash equivalents at the beginning of the period	43,151	70,583
Cash and cash equivalents at the end of the period	66,118	83,540
Change absolute	22,967	12,957

Statement of Changes in Equity

1st Half-Year 2015/16

	Attributed to shareholders of the parent company								Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve for stock options	Reserve IAS 19	Net profit/loss for the period			
in TEUR											
30 April 2015	108,750	335,316	(2,013)	(9,782)	(2,814)	19,479	(142,718)	12,231	318,449	4,152	322,601
+/- Additions to reserves	0	0	12,231	0	0	0	0	(12,231)	0	0	0
+/- Total comprehensive income	0	0	0	(5,614)	348	0	0	27,343	22,077	209	22,286
+/- Capital increases	0	0	0	0	0	0	0	0	0	733	733
+/- Dividends	0	0	(9,492)	0	0	0	0	0	(9,492)	(396)	(9,888)
31 October 2015	108,750	335,316	726	(15,396)	(2,466)	19,479	(142,718)	27,343	331,034	4,698	335,732

1st Half-Year 2014/15

	Attributed to shareholders of the parent company								Total	Non-controlling interests	Total equity
	Share capital	Additional paid-in capital	Other Reserves	Currency reserve	Hedge accounting	Reserve for stock options	Reserve IAS 19	Net profit/loss for the period			
in TEUR											
30 April 2014	108,750	335,249	11,083	(42,259)	(2,960)	19,479	(100,558)	(4,995)	323,789	3,765	327,554
+/- Additions to reserves	0	0	(4,995)	0	0	0	0	4,995	0	0	0
+/- Total comprehensive income	0	0	0	7,828	(281)	0	(12,336)	29,039	24,250	(21)	24,229
+/- Stock options – exercises	0	11	0	0	0	0	0	0	11	0	11
+/- Dividends	0	0	(7,765)	0	0	0	0	0	(7,765)	0	(7,765)
+/- Changes in the consolidation range	0	0	(336)	0	0	0	369	0	33	252	285
31 October 2014	108,750	335,260	(2,013)	(34,431)	(3,241)	19,479	(112,525)	29,039	340,318	3,996	344,314

The balance sheet position “reserves” comprises other reserves as well as the currency reserve, the reserve for hedge accounting, the reserve for stock options and the IAS 19 reserve for “employee benefits”.

Notes

Accounting and Valuation Methods

The condensed consolidated interim financial statements as of 31 October 2015 were prepared in accordance with the principles set forth in International Financial Reporting Standards (IAS 34, Interim Financial Reporting). The company has elected to make use of the option set forth in IAS 34 and provide selected explanatory notes.

These condensed consolidated interim financial statements were prepared in accordance with all IFRS/IAS issued by the International Accounting Standards Board (IASB) as well as all interpretations (IFRIC/SIC) of the International Financial Reporting Interpretations Committee and Standing Interpretations Committee that were adopted by the European Union through its endorsement procedure and were applicable as of the balance sheet date.

The accounting and valuation methods applied as of 31 October 2015 reflect the methods applied in preparing the consolidated financial statements as of 30 April 2015, with the exception of the IFRS that require mandatory application as of 1 January 2015.

The following standards and interpretations were adopted by the European Union. Their application has been mandatory since the last balance sheet date:

Revised standards and interpretations		Mandatory application in financial years beginning on or after
Changes to IAS 19	Defined benefit plant: employee contributions	1 February 2015
IFRIC 21	Levies	1 February 2015
Miscellaneous	Improvements to IFRS 2011 - 2013	1 January 2015
Miscellaneous	Improvements to IFRS 2010 - 2012	1 February 2015
Miscellaneous	Improvements to IFRS 2012 - 2014	1 January 2015

An analysis of the changes resulting from the application of the new standards and interpretations did not show any significant effects on the consolidated interim financial statements.

In order to improve the clarity and informative value of these financial statements, individual positions on the income statement and balance sheet were combined and are reported separately in the notes. The amounts in the tables are presented in thousand euros (TEUR), unless indicated otherwise. The use of automatic data processing equipment can lead to rounding differences.

The quarterly financial statements of the companies included in the consolidated interim financial statements were prepared on the basis of uniform accounting and valuation principles.

Foreign Currency Translation

The major currencies used to translate the financial statements of subsidiaries into the euro are as follows:

1 EUR equals	Average exchange rate	Income Statement	Closing rate	Balance sheet
	31 October 2015	31 October 2014	31 October 2015	30 April 2015
AUD	1.5067	1.4444	1.5544	1.4161
CHF	1.0657	1.2133	1.0900	1.0486
USD	1.1156	1.3281	1.1017	1.1215
SEK	9.3705	9.1549	9.3866	9.3261
NOK	8.9955	8.2520	9.3930	8.3845
GBP	0.7212	0.7980	0.7182	0.7267

Scope of Consolidation

The condensed consolidated interim financial statements include all major Austrian and foreign companies that are controlled by Zumtobel Group AG. The changes in the scope of consolidation during the interim financial period are shown below:

	Consolidation Method		
	full	at equity	Total
30 April 2015	94	2	96
Included during reporting period for first time	5		5
<i>thereof newly founded</i>	1		1
<i>thereof acquisition</i>	4		4
Deconsolidated during reporting period	(1)		(1)
31 October 2015	98	2	100

- >> The shares in Tridonic NZ Limited, New Zealand, were sold during June 2015. The company was therefore deconsolidated in the first quarter of 2015/16.
- >> The newly founded ZG Innovation France Sarl was initially consolidated as of October 2015.

The changes in the consolidation range did not have a material effect on the interim consolidated financial statements.

Business combination

As of 7 September 2015 the Zumtobel Group acquired a controlling interest (60%) in the British LED lighting producer AC/DC LED Holdings Ltd (acdc) and therefore also a controlling interest in the acdc Group, which comprises four companies. The sale agreement also includes a call/put option to purchase the remaining interest (40%) in acdc in 2020.

acdc is a niche supplier of high-quality architectonic LED facade lighting and lighting solutions for hotels and design-oriented restaurants and bars. The company's products will complement the Zumtobel Group's existing portfolio. The Zumtobel Group expects this acquisition will lead to a stronger market presence in the above-mentioned areas and to the realisation of synergy effects across the entire value chain.

acdc generated revenues of approx. EUR 17 million in 2014 and has 120 employees.

The following overview summarises the acquired assets and assumed liabilities resulting from this transaction as well as the agreed purchase price.

in TEUR	acdc
Other intangible assets	3,048
Property, plant and equipment	1,279
Financial assets	13
Inventories	2,034
Trade receivables & Other assets	2,227
Cash and cash equivalents	44
Borrowings	(4,572)
Other provisions	(2,969)
Trade payables & Other liabilities	(2,179)
Purchase price	13,388
Equity	(1,075)
Goodwill	14,463

The purchase price for the controlling interest (60%) is based on acdc's balance sheet structure on the acquisition date. In addition, the sale agreement includes a call/put option for the purchase of the remaining interest (40%) in acdc in 2020. The purchase price for this 40% interest is linked to the future development of acdc's revenues. The holder of the non-controlling interest no longer has access to the company's returns, and the valuation of the remaining 40% was therefore based on the anticipated acquisition method. Under this method, 100% of the shares were recognised as of the acquisition date and no non-controlling interest is reported. The amount included in the purchase price for the obligation resulting from the call/put option was recognised as a non-current liability.

The fair value of trade receivables equals TEUR 1,705, whereby none are classified as uncollectable.

The costs of TEUR 288 connected with this business combination (for legal advising and due diligence) are reported on the income statement for the first half of 2015/16 under administrative expenses.

acdc contributed TEUR 1,680 to Group revenues and TEUR -519 to net profit for the first half of 2015/16.

The accounting treatment of this business combination will be adjusted if new information becomes known within one year of the acquisition date concerning facts and circumstances that existed as of that date and would have led to the adjustment of the recognised amounts or to the recognition of additional provisions.

Notes to the Income Statement

The following comments explain the major changes to individual items in relation to the comparable prior year period.

Seasonality

Sales volumes are generally higher during the first two quarters than in the second half-year for seasonal reasons; in particular, the third quarter falls significantly below the average. This distribution reflects the Group's dependency on developments in the construction industry as well as the seasonal distribution of business in this sector.

Revenues

Revenues include an adjustment of TEUR 29,009 (prior year: TEUR 26,464) for sales deductions (primarily customer discounts). Gross revenues total TEUR 730,999 (prior year: TEUR 689,685).

Expenses

The income statement was prepared in accordance with the cost of sales method. The following categories of income and expenses are included in the cost of goods sold (incl. development costs), selling expenses (incl. research costs), administrative expenses and other operating results:

1st Half-Year 2015/16

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(296,814)	(3,055)	(22)	(29)	(299,920)
Personnel expenses	(115,841)	(95,834)	(17,265)	(6,901)	(235,841)
Depreciation	(26,151)	(3,752)	(512)	(197)	(30,612)
Other expenses	(47,501)	(61,236)	(8,991)	1,154	(116,574)
Own work capitalised	8,628	0	0	0	8,628
Internal charges	1,825	(3,514)	1,689	0	0
Total expenses	(475,854)	(167,391)	(25,101)	(5,973)	(674,319)
Other income	1,241	3,652	159	4,216	9,268
Total	(474,613)	(163,739)	(24,942)	(1,757)	(665,051)

1st Half-Year 2014/15

in TEUR	Cost of goods sold	Selling expenses	Administrative expenses	Other operating results	Total
Cost of materials	(279,196)	(2,546)	(21)	0	(281,763)
Personnel expenses	(108,320)	(87,586)	(15,359)	(10,553)	(221,818)
Depreciation	(23,638)	(2,882)	(486)	(69)	(27,075)
Other expenses	(40,887)	(62,241)	(8,828)	(1,349)	(113,305)
Own work capitalised	8,901	7	0	0	8,908
Internal charges	2,521	(4,497)	1,976	0	0
Total expenses	(440,619)	(159,745)	(22,718)	(11,971)	(635,053)
Other income	577	3,964	419	2,529	7,489
Total	(440,042)	(155,781)	(22,299)	(9,442)	(627,564)

The cost of goods sold includes development costs of TEUR 41,471 (prior year: TEUR 34,158).

Development costs of TEUR 8,417 were capitalised during the reporting period (prior year: TEUR 8,646). The amortisation of capitalised development costs amounted to TEUR 9,023 (prior year: TEUR 7,102).

Other Operating Results

in TEUR	Q2 2015/16	Q2 2014/15	1 HY 2015/16	1 HY 2014/15
Government grants	1,262	578	1,703	712
License revenues	1,046	792	1,854	1,298
Special effects	(4,272)	(1,606)	(5,353)	(11,572)
<i>Restructuring</i>	(3,060)	(1,606)	(5,233)	(11,140)
<i>Impairment charges to current assets</i>	(1,212)	0	(1,349)	(312)
<i>Changes in the consolidation range</i>	0	0	1,229	(120)
Miscellaneous	(111)	112	39	120
Total	(2,075)	(124)	(1,757)	(9,442)

As in the previous year, government grants for the first half of 2015/16 represent subsidies recognised directly to income.

License income for the reporting period comprises income from the LED business, similar to the first half of the previous year.

The special effects reported under restructuring in the first half of 2015/16 are related almost entirely to the Lighting Segment with TEUR 5,001 and also include TEUR 232 for Zumtobel Group AG. These expenses represent TEUR 5,387 for the restructuring of the global sales organisations (among others in the DACH region, Australia, Asia, Northern and Southern Europe) and TEUR 2,913 for the restructuring of global operations. A substantial positive effect of TEUR 2,676 resulted from the sale of property in Landskrona, Sweden, and the related release of a maintenance provision with a positive effect of TEUR 623.

In 2014/15 the comparable restructuring expenses include TEUR 3,849 for the Components Segment, TEUR 7,148 for the Lighting Segment and TEUR 143 for Zumtobel Group AG. The expenses attributable to the Components Segment are related primarily to the termination of production in Ennenda, Switzerland. The restructuring expenses in the Lighting Segment resulted chiefly from the closing of the lighting production plant in Landskrona, Sweden, and the restructuring of the sales organisation in Germany.

The impairment charges recognised to current assets in 2015/16 include TEUR 747 for the relocation of production from Landskrona, Sweden, to Spennymoor, Great Britain, and TEUR 466 for the closing of the plant in Tianjin, China. The impairment charges recognised to current assets in the first half of the previous year were related to the closing of plants in the Components Segment.

The deconsolidation of Tridonic NZ Limited, New Zealand, which was sold during the first quarter of 2015/16, resulted in a gain of TEUR 1,229. This transaction involved the sale of net assets with a total value of TEUR 1,539. Impairment charges to current assets also include TEUR 135 related to this sale.

In 2014/15 this position included the deconsolidation results from the sale of Tridonic connection technology GmbH & Co KG, Austria, and Tridonic connection technology GmbH, Austria.

Miscellaneous items represent the net total of income and expenses arising from ordinary business operations, which cannot be clearly allocated to other functional areas.

Interest Expense

Interest expense consists primarily of interest on the current credit agreement and interest expense from a finance lease.

Other Financial Income and Expenses

in TEUR	Q2 2015/16	Q2 2014/15	1 HY 2015/16	1 HY 2014/15
Interest component as per IAS 19 less income on plan assets	(819)	(1,026)	(1,641)	(2,053)
Foreign exchange gains and losses	(845)	215	(1,451)	1,251
Market valuation of financial instruments	3,060	895	6,260	1,370
Total	1,396	84	3,168	568

Foreign exchange gains and losses consist mainly of effects from the revaluation of receivables and liabilities that are denominated in a foreign currency.

The market valuation of financial instruments shows the results from the valuation of forward exchange contracts at fair value as of the balance sheet date for these consolidated interim financial statements. The positive effect compared with the previous year resulted primarily from the realisation of foreign exchange transactions with a negative market valuation, in particular forward exchange contracts in Swiss francs.

Income Taxes

The classification of income taxes into current and deferred taxes is shown in the following table:

in TEUR	Q2 2015/16	Q2 2014/15	1 HY 2015/16	1 HY 2014/15
Current taxes	(269)	(2,410)	(2,107)	(4,015)
<i>thereof current year</i>	(118)	(2,391)	(1,959)	(3,991)
<i>thereof prior years</i>	(151)	(19)	(148)	(24)
Deferred taxes	(5,063)	953	(6,144)	980
Income taxes	(5,332)	(1,457)	(8,251)	(3,035)

The deferred tax expense recognised in the first half of 2015/16 were based chiefly on the positive results recorded for the reporting period and the subsequent use of deferred tax assets.

Earnings per Share

Basic earnings per share were calculated by dividing net profit for the period by the average number of shares outstanding as of the balance sheet date for these interim financial statements.

Diluted earnings per share reflect the assumption that the options granted under the stock option programme (SOP/MSP) will be exercised. These shares are included in the calculation of the average number of shares outstanding. No options were exercised in 2015/16 because the stock option programme was terminated as of 30 April 2015.

1st Half-Year 2015/16

in 1,000 pcs.	Balance Sheet Date	Average
1 May 2015	43,146	43,146
Stock options – exercises	0	0
31 October 2015	43,146	43,146

2014/15 Financial Year

in 1,000 pcs.	Balance Sheet Date	Average
1 May 2014	43,139	43,139
Stock options – exercises	1	1
31 October 2014	43,140	43,140
Stock options – exercises	6	0
30 April 2015	43,146	43,140

Notes to the Statement of Comprehensive Income

Currency Differences

This position comprises translation effects resulting from the conversion of the financial statements of subsidiaries as well as the effects of foreign currency-related adjustments to goodwill following the application of IAS 21 ("The Effects of Changes in Foreign Exchange Rates").

Currency Differences arising from Loans

These currency differences result from long-term SEK, GBP and USD loans that qualify for classification as a net investment in a foreign operation and must therefore be reported under comprehensive income. This position also includes currency differences resulting from an interest rate hedge.

Actuarial Losses

The actuarial losses reported in the previous year resulted from the revaluation of the Group's pension and severance obligations and were caused by the substantial decline in interest rates during the first half of 2014/15. The revaluation of the Group's pension and severance obligations in the first half of 2015/16 was not necessary because interest rates remained generally stable.

Notes to the Balance Sheet

The following comments refer to major changes in individual items compared to the balance sheet date on 30 April 2015.

Goodwill

In accordance with the reporting structure, the goodwill resulting from the acquisition of the Thorn Lighting Group has been allocated to the "CGU Lighting" since 2014/15 and is tested annually for indications of impairment. The "CGU Lighting" represents the operating Lighting Segment in the sense of IFRS 8.5.

The application of IAS 21 ("The Effects of Changes in Foreign Exchange Rates") led to foreign currency-based adjustments of TEUR -1,478 in the first half of 2015/16 (prior year: TEUR 3,124) which were not recognised through profit or loss. These foreign exchange effects are allocated to assets in the Lighting Segment for segment reporting.

Goodwill of TEUR 14,463 was capitalised in connection with the acquisition of acdc and is allocated to the Lighting Segment for segment reporting.

Other Non-Current Assets

This position consists primarily of capitalised reinsurance for the fulfilment of pension commitments.

Inventories

Inventories were increased during the first half of 2015/16 to ensure sufficient supplies for production and customer orders based on the expected stronger growth in revenues during the course of this year.

Trade Receivables

The increase in trade receivables over the level at 30 April 2015 resulted, above all, from the year-on-year increase in the volume of business.

Non-current Financial Liabilities

The higher balance of non-current financial liabilities resulted chiefly from an increase in the use of the consortium credit agreement from TEUR 80,000 as of 30 April 2015 to TEUR 145,000 as of 31 October 2015.

Other Current Liabilities

The decline in other current liabilities is attributable primarily to a decrease in amounts due to employees.

Assets held for Sale

Tridonic GmbH & Co KG sold its advertising lighting business ("signage") to the US AgiLight Inc., which is headquartered in San Antonio, Texas, as of 30 November 2015. The sale of the signage activities will take the form of an asset deal.

The signage business offers its customers, above all, LED components and systems for advertising lighting. In accordance with IFRS 5, the components of production equipment and inventories attributable to the signage product line is presented as a disposal group available for sale. This disposal group is allocated to the Components Segment for segment reporting.

Other comprehensive income does not include any accumulated income or expenses related to this disposal group.

Determination of Fair Value

The determination of fair value is based on a three-level hierarchy that reflects the valuation certainty.

- Level 1: Listed prices on active markets for identical instruments
- Level 2: Valuation based on input factors that can be monitored on the market
- Level 3: Valuation based on input factors that cannot be monitored on the market

As of 31 October 2015, the balance sheet of the Zumtobel Group shows non-current financial assets of TEUR 1,214 (30 April 2015: TEUR 1,811), current financial assets of TEUR 3,223 (30 April 2015: TEUR 4,034) and miscellaneous current liabilities of TEUR 141,031 (30 April 2015: TEUR 153,989). The financial instruments measured at fair value through profit or loss are classified in the valuation hierarchy as follows:

31 October 2015

in TEUR	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Non-current financial assets					
Securities and similar rights	601	601	-	-	601
Loans originated and other receivables	-	-	-	-	-
Current financial assets					
Loans originated and other receivables	-	-	-	-	-
Positive market values of derivatives held for trading	3,204	3,204	-	3,204	-
Other	-	-	-	-	-
Total	3,805	3,805	-	3,204	601

in TEUR	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Other current liabilities					
Derivatives held for trading	4,522	4,522	-	4,522	-
Derivatives (hedge accounting)	9,661	9,661	-	9,661	-
Total	14,183	14,183	-	14,183	-

30 April 2015

in TEUR	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Non-current financial assets					
Securities and similar rights	587	587	-	-	587
Loans originated and other receivables	-	-	-	-	-
Current financial assets					
Loans originated and other receivables	-	-	-	-	-
Positive market values of derivatives held for trading	3,398	3,398	-	3,398	-
Other	-	-	-	-	-
Total	3,985	3,985	-	3,398	587

in TEUR	Carrying amount	Fair Value	Level 1	Level 2	Level 3
Other current liabilities					
Derivatives held for trading	10,516	10,516	-	10,516	-
Derivatives (hedge accounting)	11,077	11,077	-	11,077	-
Total	21,593	21,593	-	21,593	-

In Zumtobel Group, the calculation of fair value is based primarily on input factors that can be monitored on the market (Level 2). The fair value of forward exchange contracts is determined by calculating the present value of the related cash flows based on the observable market interest rate curves for the respective currency and the exchange rates in effect on the valuation date. The fair value of the remaining derivative financial instruments can be reliably determined as of each balance sheet date because these measurements are based on input factors that can be monitored on the market. These valuations reflect the Level 2 criteria. The financial instruments classified under Level 2 represent the derivatives included under financial assets and financial liabilities. The risks arising from the non-fulfilment of financial assets and liabilities are reflected in discounts, in cases where these risks are material.

These consolidated interim financial statements of Zumtobel Group do not include any financial instruments whose valuation is based on listed prices on active markets (Level 1).

The consolidated interim financial statements of Zumtobel Group as of 31 October 2015 also include an insignificant amount of financial instruments whose valuation is not based on listed prices or input factors that can be monitored on the market (Level 3). These items consist primarily of minor shareholdings in various companies. There were no significant changes in these shareholdings since 30 April 2015, and no profit distributions were received on these investments during the reporting period.

Notes to the Cash Flow Statement

Cash flow was determined on a monthly basis in accordance with the indirect method. The resulting monthly cash flows were translated at the applicable average monthly exchange rate and then aggregated, while the balance sheet positions were translated at the exchange rate in effect on the respective closing date. This procedure leads to currency translation differences, above all in individual positions under cash flow from operating activities, and therefore to material differences compared with the respective balance sheet positions.

In agreement with the indirect method, profit before tax is adjusted for the effects of non-cash transactions (e.g. depreciation and amortisation) as well as income and expenses that relate to investing or financing activities.

Cash flow from operating results rose from TEUR 63,045 in the first half of the previous year to TEUR 64,861 for the reporting period, above all due to an improvement in profit before tax from TEUR 31,912 to TEUR 35,758. This development was contrasted by cash outflows for the increase in working capital. The increase in working capital from 30 April 2015 to 31 October 2015 resulted primarily from higher inventories, a reduction in trade payables and amounts due to employees as well as the initial consolidation of the recently acquired British LED lighting producer AC/DC LED Holdings Ltd. Stocks of raw materials and finished goods were increased above the growth in revenues to ensure sufficient supplies for production and customer orders based on the expected stronger growth in revenues during the course of this year. The higher inventory levels also reflect the more cost-intensive and higher value LED raw materials and LED finished products, which are a result of the continuing transformation process to LED. These factors led to a year-on-year decline in cash flow from operating activities from TEUR 20,379 to TEUR 3,310.

Cash flow from investing activities consists mainly of investments related to development projects and investments in property, plant and equipment for various production facilities. The sale of property in Landskrona, Sweden, led to a cash inflow of TEUR 2,676, which is reported under proceeds from the sale of non-current assets. The change in liquid funds from changes in the consolidation range includes the positive cash effect from the sale of Tridonic NZ Limited as well as the cash outflow for the acquisition of the British LED lighting producer AC/DC LED Holdings Ltd. (acdc). The positive cash effect in the previous year resulted from the sale of Tridonic connection technology and the initial consolidation of Thorn Lighting Limited Liability Company, Qatar. The cash outflow from assets held for sale represents the reclassification of inventories and production equipment related to the sale of the signage business.

Cash flow from financing activities consists mainly of the increased use of the credit lines provided by the consortium credit agreement and interest paid during the first half of the reporting year. The dividend for the 2014/15 financial year, which was approved by the annual general meeting on 24 July 2015 (TEUR 9,492) was paid on 31 July 2015.

Transition to Cash and Cash Equivalents

in TEUR	31 October 2015	30 April 2015	30 April 2014
Liquid funds	73,363	59,345	74,191
Not available for disposal	(200)	(204)	(169)
Overdrafts	(7,045)	(15,990)	(3,439)
Cash and cash equivalents	66,118	43,151	70,583

Notes to the Statement of Changes in Equity

Dividend

The annual general meeting on 24 July 2015 approved the payment of a EUR 0.22 dividend per share for the 2014/15 financial year. Based on this resolution, TEUR 9,492 was paid to the holders of the 43,146,657 shares outstanding (43,500,000 shares issued less 353,343 treasury shares) on 31 July 2015.

Other Reserves

This position includes profit carried forward.

Currency Translation Reserve

This reserve includes the currency differences resulting from the application of the historical exchange rate on the initial consolidation date and the exchange rate in effect on the balance sheet date for companies that do not report in the euro as well as differences resulting from the translation of the income statement at the monthly average exchange rate and the exchange rate in effect on the balance sheet date. Also included here are the currency differences arising from long-term Group loans granted in SEK, GBP and USD, which are classified as net investments in foreign operations in accordance with IAS 21. This reserve also contains the foreign currency effects of an interest rate hedge and foreign currency-related adjustments to goodwill.

Hedge Accounting

The changes in equity from the application of hedge accounting reflect the changes in the fair value of derivative contracts that are recorded directly in equity as well as amounts transferred from equity to profit or loss following the exercise or realisation of contracts and the related deferred taxes.

Share Programme and Development of Treasury Shares

in pcs.	Total
Share buyback (to 30 April 2015)	1,539,211
Exercised (to 30 April 2015)	(1,185,868)
31 October 2015	353,343

The Stock Option Programme (SOP) was terminated as of 30 April 2015, and there will be no further exercise of options in this connection.

Reserve for Stock Options

The reserve for stock options resulted from the accounting treatment of two share-based remuneration programmes in previous years. The Stock Option Programme (SOP) and the Matching Stock Programme (MSP) were settled and are no longer active, and there were no allocations from either programme during the reporting year or the previous year.

Non-Controlling Interests

The change in the previous year resulted from the initial consolidation of Thorn Lighting Limited Liability Company, Qatar.

Segment Reporting

The Zumtobel Group comprises two operating segments: the Lighting Segment and the Components Segment. The Lighting Segment covers Thorn, Zumtobel, OEM & TPP and acdc and markets lighting solutions, interior and exterior lighting, electronic-digital lighting and room management systems. The Components Segment includes the Tridonic business, which develops, produces and markets electronic lighting components, LED lighting components and, up to the end of the 2013/14 financial year, also magnetic ballasts. The transfer of goods and services between the two divisions is based on ordinary market conditions.

Segment reporting is principally based on the same presentation, accounting and valuation methods used to prepare the consolidated financial statements. In accordance with the management approach prescribed by IFRS 8, operating profit (EBIT) – a key indicator used for internal reporting – is included as part of the segment data.

The assets allocated to the two segments include property, plant and equipment that can be directly assigned as well as intangible assets and working capital (excluding accrued interest, tax receivables and tax liabilities).

The column "Reconciliation" comprises assets and the related income statement items that could not be allocated to either segment as well as property, plant and equipment, financial liabilities and taxes that involve both segments.

2nd Quarter 2015/16

in TEUR	Lighting Segment			Components Segment			Reconciliation			Group		
	Q2 2015/16	Q2 2014/15	Q2 2013/14	Q2 2015/16	Q2 2014/15	Q2 2013/14	Q2 2015/16	Q2 2014/15	Q2 2013/14	Q2 2015/16	Q2 2014/15	Q2 2013/14
Net revenues	276,283	257,569	246,753	106,176	99,832	98,283	(22,911)	(17,635)	(20,888)	359,548	339,766	324,148
<i>External revenues</i>	276,077	257,180	246,540	83,465	82,515	77,603	6	71	5	359,548	339,766	324,148
<i>Inter-company revenues</i>	206	389	213	22,711	17,317	20,680	(22,917)	(17,706)	(20,893)	0	0	0
Operating profit/loss	19,291	23,213	18,780	12,887	8,652	6,392	(7,658)	(5,301)	(6,813)	24,520	26,564	18,359
Investments	9,236	9,441	10,338	6,021	4,688	3,065	1,790	643	1,091	17,047	14,772	14,494
Depreciation	(9,018)	(8,273)	(8,415)	(5,699)	(4,816)	(5,221)	(1,009)	(630)	(528)	(15,726)	(13,719)	(14,164)

1st Half-Year 2015/16

in TEUR	Lighting Segment			Components Segment			Reconciliation			Group		
	1 HY 2015/16	1 HY 2014/15	1 HY 2013/14	1 HY 2015/16	1 HY 2014/15	1 HY 2013/14	1 HY 2015/16	1 HY 2014/15	1 HY 2013/14	1 HY 2015/16	1 HY 2014/15	1 HY 2013/14
Net revenues	531,079	500,927	476,658	215,525	196,385	197,935	(44,614)	(34,091)	(41,166)	701,990	663,221	633,427
<i>External revenues</i>	530,654	500,048	476,314	171,271	163,030	157,091	65	143	22	701,990	663,221	633,427
<i>Inter-company revenues</i>	425	879	344	44,254	33,355	40,844	(44,679)	(34,234)	(41,188)	0	0	0
Operating profit/loss	27,742	35,154	33,680	23,778	11,437	6,168	(14,581)	(10,934)	(10,631)	36,939	35,657	29,217
Investments	17,585	19,060	19,188	9,653	8,918	6,003	2,569	951	1,168	29,807	28,929	26,359
Depreciation	(18,029)	(16,275)	(16,284)	(10,628)	(9,588)	(13,303)	(1,955)	(1,212)	(1,020)	(30,612)	(27,075)	(30,607)

in TEUR	31 October 2015	30 April 2015	30 April 2014	31 October 2015	30 April 2015	30 April 2014	31 October 2015	30 April 2015	30 April 2014	31 October 2015	30 April 2015	30 April 2014
Assets	782,269	743,925	668,998	216,976	207,140	209,046	137,937	135,210	128,557	1,137,182	1,086,275	1,006,601

in TEUR	31 October 2015	30 April 2015	30 April 2014	31 October 2015	30 April 2015	30 April 2014	31 October 2015	30 April 2015	30 April 2014	31 October 2015	30 April 2015	30 April 2014
Headcount (full-time equivalent)	5,311	5,302	5,186	1,683	1,752	1,971	206	180	134	7,200	7,234	7,291

The number of employees reported in the above table includes temporary employees working in the Zumtobel Group.

The elimination of inter-segment revenues is shown in the reconciliation column.

The reconciliation column comprises the following:

in TEUR	Q2 2015/16	Q2 2014/15	1 HY 2015/16	1 HY 2014/15
Group parent companies	(7,745)	(4,998)	(14,548)	(10,631)
Group entries	87	(303)	(33)	(303)
Operating profit/loss	(7,658)	(5,301)	(14,581)	(10,934)

The Group parent companies represent companies that provide administrative or financing services for the entire Group and cannot be allocated to a specific segment. The reconciliation to operating profit includes Group entries for the elimination of interim profits in current and non-current assets.

in TEUR	31 October 2015	30 April 2015
Assets used by more than one segment	132,948	130,995
Group parent companies	60,054	58,155
Group entries	(55,065)	(53,940)
Assets	137,937	135,210

No individual external customer is responsible for more than 10% of total revenues.

Related Party Transactions

Closely related persons include the Management Board and Supervisory Board of Zumtobel Group AG. As of 31 October 2015 there were no business transactions with closely related persons.

The Group has concluded supply and delivery agreements with associated companies, which reflect third party conditions. Trade receivables due from associated companies totalled TEUR 1,618 as of 31 October 2015 (30 April 2015: TEUR 932) and trade payables equalled TEUR 2,561 (30 April 2015: TEUR 2,560). No receivables due from associated companies were derecognised due to failed collection in the first half of 2015/16, and no receivables due from associated companies were classified as uncollectible as of 31 October 2015.

As of 30 April 2015, a financial liability of TEUR -339 was due to an associated company (30 April 2015: financial receivable of TEUR 616).

Contingent Liabilities and Guarantees

The Zumtobel Group has issued bank guarantees totalling TEUR 8,170 (30 April 2015 TEUR 8,898) for various purposes.

Subsequent Events

Tridonic GmbH & Co KG sold its advertising lighting business (signage) to the US AgiLight Inc., a company with headquarters in San Antonio, Texas, as of 30 November 2015. The sale of the signage business, which generated revenues of approx. EUR 20 million in 2014/15, will take the form of an asset deal.

In order to secure long-term liquidity at favourable conditions, the Zumtobel Group refinanced the existing consortium credit agreement, which would have ended in October 2016, prematurely during December 2015. The new consortium credit agreement has a base term of five years with two one-year extensions, a maximum volume of EUR 300 million and a clause for an increase of up to EUR 200 million. This agreement was arranged with a syndicate of seven banks.

Statement by the Management Board in accordance with § 87 (1 Z 3) of the Austrian Stock Corporation Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group as required by the applicable accounting standards and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

Dornbirn, 9 December 2015

The Management Board

Ulrich Schumacher
Chief Executive Officer (CEO)

Karin Sonnenmoser
Chief Financial Officer (CFO)

Report on the Review of the condensed Interim Consolidated Financial Statements

Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of

**Zumtobel Group AG,
Dornbirn**

for the period from 1 May 2015 to 31 October 2015. These condensed interim consolidated financial statements comprise the consolidated statement of financial position as of 31 October 2015 and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statements of cash flows and the consolidated statement of changes in equity for the period from 1 May 2015 to 31 October 2015 and the condensed notes, summarizing the significant accounting policies and other explanatory notes.

Management is responsible for the preparation of the condensed interim consolidated financial statements in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Our responsibility is to express a conclusion on these condensed consolidated interim financial statements. Our liability towards the Company and towards third parties is limited in accordance with § 275 par. 2 of the Austrian Commercial Code (UGB).

Scope of review

We conducted our review in accordance with Austrian Standards for Chartered Accountants, in particular in compliance with KFS/PG 11 "Principles of Engagements to Review Financial Statements" and with the International Standard on Review Engagements (ISRE 2410) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements is limited primarily to making inquiries, primarily of Company personnel, responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Austrian Standards on Auditing and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing came to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with International Financial Reporting Standards (IFRS's) for Interim Reporting as adopted by the EU.

Statement on the consolidated interim management report for the 6 month period ended 31 October 2015 and on management's statement in accordance with § 87 Austrian Stock Exchange Act (BörseG)

We have read the consolidated interim management report and evaluated whether it does not contain any apparent inconsistencies with the condensed interim consolidated financial statements. Based on our evaluation, the consolidated interim management report does not contain any apparent inconsistencies with the condensed interim consolidated financial statements.

The interim financial information contains the statement by management in accordance with § 87 par. 1 subpar. 3 Austrian Stock Exchange Act.

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Vienna, 9 December 2015

KPMG Austria GmbH

Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

signed by:

Mag. Thomas Smrekar

pp Mag. Kerstin Weißhaupt

Wirtschaftsprüfer

Wirtschaftsprüferin

(Austrian Chartered Accountants)

Note: The condensed interim consolidated financial statements together with our review report may be published or transmitted only as agreed by us.

Service

Financial Terms

Adjusted EBIT	EBIT adjusted for special effects
Adjusted EBIT margin	= Adjusted EBIT as a percentage of revenues
Adjusted EBITDA	EBITDA adjusted for special effects
Average capital employed	= Goodwill + intangible assets + property, plant and equipment + inventories + trade receivables - trade payables - provisions for income taxes - other provisions - other liabilities, as an average over four quarters
CAPEX	Capital expenditure
Debt coverage ratio	Net debt divided by EBITDA
EBIT	Earnings before interest and taxes
EBITDA	Earnings before interest, taxes, depreciation and amortisation
Equity ratio	= Equity as a percentage of assets
Gearing	= Net debt as a percentage of equity
Net debt	= Non-current borrowings + current borrowings - liquid funds - current financial receivables from associated companies
WACC	Weighted average cost of capital (debt and equity)
Working capital	= Inventories + trade receivables - trade payables - prepayments received

Financial Calendar

Report on the First Three Quarters 2015/16 (1 May 2015 – 31 January 2016)	02 March 2016
Capital Markets Day in Frankfurt am Main	15 March 2016
Annual Result 2015/16 (1 May 2015 - 30 April 2016)	22 June 2016
Record Date Annual General Meeting	12 July 2016
40 th Annual General Meeting of Zumtobel Group AG	22 July 2016
Ex-Dividend Day	29 July 2016
Record Date Dividend	01 August 2016
Dividend Payout Day	02 August 2016
Report on the First Quarter 2016/17 (1 May 2016 - 31 July 2016)	06 September 2016
Report on the First Half-Year 2016/17 (1 May 2016 - 31 October 2016)	06 December 2016
Report on the First Three Quarters 2016/17 (1 May 2016 - 31 January 2017)	07 March 2017

Contact Information

Investor Relations

Harald Albrecht
Head of Investor Relations
Telephone +43 (0)5572 509-1125
E-Mail harald.albrecht@zumtobelgroup.com

Press / Corporate Communications

Astrid Kühn-Ulrich
Head of Corporate Communications
Telephone +43 (0)5572 509-1570
E-Mail astrid.kuehn@zumtobelgroup.com

Financial Reports

Our financial reports are available in English and German for download under: <http://www.zumtobelgroup.com>. You can also order a copy by calling +43 (0)5572 509-1510.

More Information

on Zumtobel Group AG and our brands can be found in the Internet under:

www.zumtobelgroup.com
www.zumtobel.com
www.thornlighting.com
www.tridonic.com

Imprint

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Disclaimer

This quarterly financial report includes statements on future developments, which are based on information available at the present time and involve risks and uncertainties that could cause the results realised at a later date to vary from these forward-looking statements. These statements on future developments are not to be understood as guarantees. On the contrary, future developments and results are dependent on a wide range of factors and connected with various risks and incalculable events. Moreover, they are based on assumptions that may prove to be incorrect. Included here, for example, are unforeseeable changes in the political, economic and business environment, especially in the regions where the Zumtobel Group operates, as well as the competitive situation, interest rates and foreign exchange rates, technological developments and other risks and incalculable events. Other risks may arise as a result of price developments, unforeseeable events in the operating environments of acquired companies or Group companies as well as ongoing cost optimisation programmes. The Zumtobel Group does not plan to update these forward-looking statements. This interim financial report is also presented in English, but only the German text is binding.

