

We sense the future

6-Month Financial Report 2016

First Sensor in figures

in € million, unless otherwise indicated	2011	2012	2013	2014	2015	H1 2016
Sales revenues	65.2	111.9	108.5	124.0	137.7	75.9
Industrial	-	-	-	68.4	74.1	35.2
Medical	-	-	-	20.4	23.8	16.3
Mobility	-	-	-	35.2	39.8	24.4
EBITDA	6.7	13.4	11.6	13.5	11.4	10.1
EBITDA margin (%) as compared to total output	9.7	11.6	10.6	10.8	8.3	13.2
EBIT	1.6	3.6	2.7	4.1	1.2	5.5
EBIT margin (%) as compared to total output	2.3	3.1	2.5	3.2	0.9	7.2
Net profit for the period	0.5	0.5	-0.5	0.4	-1.5	4.2
Earnings per share (€)	0,06	0,05	-0,05	0,02	-0,17	0,38
Cash flow from operating activities	-2.6	10.0	13.1	12.2	4.2	3.6
Free cash flow	-58.1	-2.9	5.9	7.5	-1.8	1.5
Balance sheet total	160.2	158.6	144.9	144.9	153.5	152.9
Shareholders' equity	69.1	69.9	70.0	72.0	71.3	75.2
Equity ratio (%)	43.1	44.1	48.3	49.7	46.4	49.2
Net debt	33.3	39.0	35.8	29.7	33.0	32.1
Working Capital	34.3	36.3	28.6	30.3	36.5	39.4
ROCE	1.2	2.6	2.3	3.4	1.0	4.5
Incoming orders	29.7	117.8	121.4	139.3	142.3	80.2
Orders on hand	63.6	73.4	73.7	86.4	90.7	101.2
Book-to-bill-ratio	0.46	1.05	1.11	1.12	1.03	1.06
Employees (average of the period)	-	691	686	719	770	785
Sales per employee in thousand €	-	161.9	158.2	172.5	178.8	96.7
Number of shares in thousand as at June 30, 2016	9.843	9.940	9.981	10.131	10.167	10.171

Contents

1 First Sensor in figures	2	5 Consolidated Interim Financial Report (IFRS)	20	7 Assurance of the legal representatives (responsibility statement)	29
2 Foreword by the Management Board	4	Assets (IFRS).....	20	8 Further information	30
3 First Sensor Share	6	Equity and liabilities (IFRS).....	21	Legal notice	30
4 Group Management Interim Report (IFRS)	8	Consolidated statement of comprehensive income (IFRS)	22	Financial calendar	30
Basic information on the First Sensor group.....	8	Consolidated statement of changes in equity (IFRS).....	24	Internet, information, contact.....	31
- Business model.....	8	Consolidated cash flow statement (IFRS) ...	25		
Economic report.....	12	6 Notes to the Consolidated Interim Financial Statements (IFRS)	26		
- Macroeconomic and sector-related conditions	11	Presentation of the situation at the group....	26		
- Results of operations	12	Basis of consolidation	27		
- Financial position and net assets	15	Segment reporting	27		
- Overall picture	18				
Supplementary report.....	19				

2 To our shareholders

Dear shareholders
and partners,

13.0

percent
in sales

7.2

percent
EBIT margin

In a half-year period in which the economy and stock markets were dominated by fiscal policy concerns about the Chinese economy and, last but not least, by the “Brexit”, Great Britain’s farewell to the EU, the business development of First Sensor AG turned out to be comparatively robust: Our sales rose by 13 percent to € 75.9 million (previous year: € 67.2 million) and the operating result (EBIT) reached € 5.5 million (previous year: € 2.9 million). This is an EBIT margin of 7.2 percent. The free cash flow amounted to € 1.8 million (previous year: € -9.8 million).

In the light of these good results for the first six months of 2016 we think that we are in

a position to reach our annual objective, i.e. sales between € 145 million and € 150 million and an EBIT margin between 5 and 6 percent. Considering ongoing economic uncertainties there is no reason to change our objectives for the year.

The Medical segment developed very positively. Compared to the previous year sales rose by nearly 50 percent to € 16.3 million (previous year: € 10.9 million). The over-proportional growth was mainly attributable to a great demand for optical sensors and radiation sensors. In the Mobility segment, too, sales rose from € 18.7 million to € 24.4 million compared



Dr. Mathias Gollwitzer,
Management Board

to the previous year. The Industrial segment saw a more moderate development which is attributable to a sluggish Asian market and the regular expiration of a customer order. Receiving orders amounting to € 80.2 million based on long-term framework contracts with old and new customers and a backlog of orders amounting to € 101.2 million at the end of the first six months we topped the € 100 million mark for the first time. We, therefore, think that we are in a good position to reach the annual sales targets.

We consider the first six months' results to be a milestone in our strategic focus of providing customized solutions in the sensor growth market for a growing number of applications in the target markets Industrial, Medical and Mobility. We think that trends such as Industry 4.0, autonomous driving or miniaturization in medical engineering will accelerate our growth in the future. This strategic focus isn't questioned by the change in the management board.

During the previous three years Dr. Martin U. Schefter was instrumental in focusing the company on future-oriented target markets and in supporting collaboration of the companies. We would like to thank him for that. Our company will continue to develop on

this basis. We will take every growth chance without losing sight of profitability. By improving numerous processes in development, distribution and production we see great potential to improve working capital compared to output with lasting effect.

As you can see from the figures of the first two quarters of fiscal year 2016 we are making good progress in this field. Business is improving as expected by you and by us.

All in all our activities aiming at positioning First Sensor as a brand and enhancing awareness of the company is bearing fruit. More and more we are seen as a "first mover" and our special expertise is sought: During the "Metropolitan Solutions" fair at the end of May municipal decision-makers and experts from all over the world asked First Sensor for information about smart city. In September, young talents of OptecBB Summer School will be our guests in order to learn something about intelligent sensor systems in autonomous driving. In October, we will visit "Industriegipfel 2016", giving a keynote speech on "Sensors as the driving force of Industry 4.0".

All this and the increase in sales and incoming orders in the first six months, clearly improved figures and, last but not least, the excellent

external quality audit results fill us with joy and encourage us to continue to follow this path. First Sensor is a dynamic company that strengthens its position in the growing sensor market thus laying the foundation for our future success. We will actively, courageously, skillfully and consistently pursue the path we have taken and would like to thank you for your confidence. We are looking forward to your constructive support for the company. We sense the future!

The Management Board



Dr. Mathias Gollwitzer

3 First Sensor Share

Mixed second quarter 2016

During the second quarter the market sentiment clearly improved and the leading indices realized significant profits. Based on better economic figures from China and a stabilized oil price Germany's key index DAX rose by 10 percent within the first few weeks of the period under review. The First Sensor AG share benefitted from this development only marginally but stabilized above the level of € 10.50. The positive business development was confirmed by the successful first quarter 2016.

In May there were less concerns about a weakening global economy, and prospects that interest rates wouldn't be increased once again by the Federal Reserve brought relief to investors. The withdrawal of the CEO of First Sensor AG, however, seemed to upset investors increasingly selling these shares. On

May 26, the share price traded at € 10.885 but by mid-June it dropped to € 9.50.

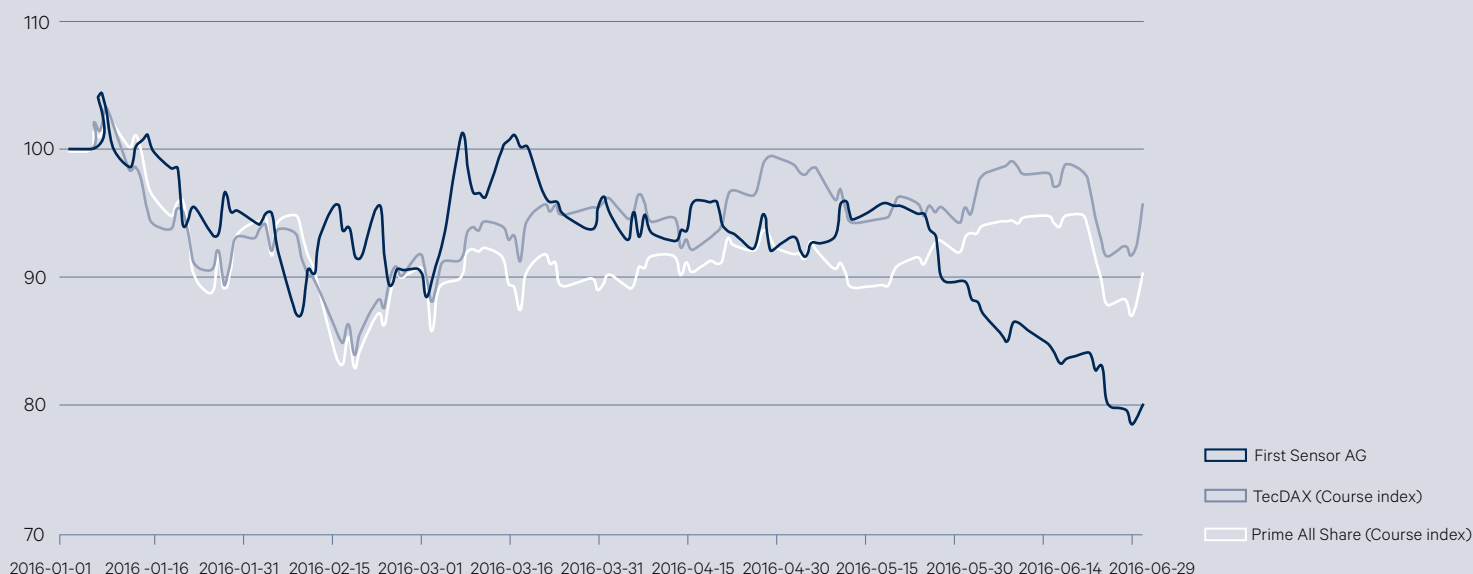
The Britons' surprising vote on leaving the EU ("Brexit") on June 23 rocked financial markets around the world reacting by massive price markdowns. The First Sensor share, too, was not spared from that, clearly losing in value. On June 28, the share price dropped to € 9.005 being an all time low for 15 months. During the last trading days of the period under review the share could not completely make up the profits lost in the wake of the "Brexit". The half year result of the First Sensor share losing 16.67 percent is disappointing but during the first six months the TecDAX lost 12.55 percent.

Rolly van Rappard, founder of CVC Capital Partners, used the favourable entry level to

increase his portion of First Sensor shares to 5.26 percent in the mid of June after he had exceeded the three percent level only in February.

The daily average of First Sensor shares traded on XETRA declined to 4.270 shares in the second quarter of 2016 compared to an average daily volume of 6.932 shares in the first quarter 2016. In the second quarter the TecDax recorded a loss of only 1.53 percent. During the second quarter the Prime All Share Index lost 2.72 percent which is clearly less compared to the first half year of 2016 in which it lost 8.95 percent.

Performance of the First Sensor share from January 1 to June 30 2016



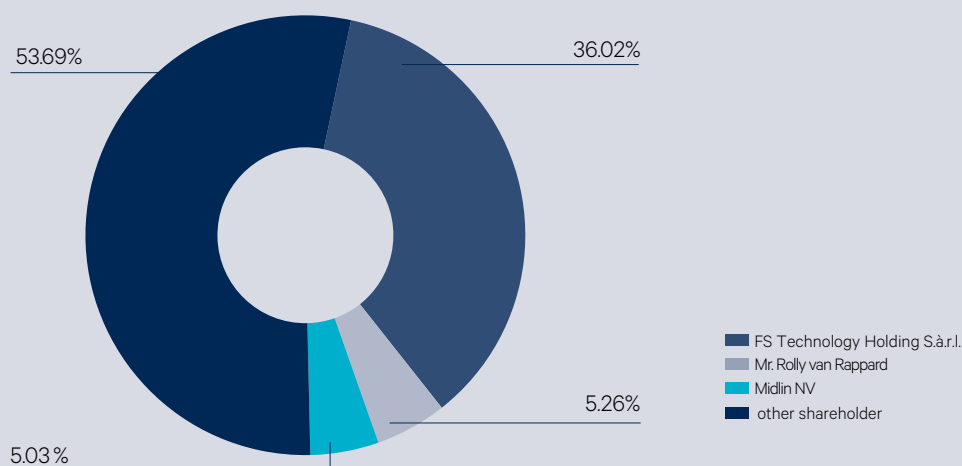
First Sensor share key figures

in € thousand, unless otherwise indicated	December 31, 2015	June 30, 2016	Δ absolute	in %
Share capital (€)	50,835,480	50,855,480	20,000	0.0
Market capitalization	126,479	93,574	-32,905	-26.0
Share price (€), XETRA closing price	12.44	9.20	-3.24	-26.0
Net profit attributable to shareholders	-1,717	4,152	5,869	341.8
Number of shares, weighted	10,154,654	10,167,578	12,924	0.1
Earnings per share (€)	-0.17	0.38	0.55	323.5

First Sensor share key data

ISIN	DE0007201907
Ticker Symbol	SIS
Class of security	No-par value ordinary bearer share
Market segment	Regulated market
Transparency level	Prime Standard
Trading centers	XETRA, all German stock exchanges
Industry	Technology
IPO	1999
Designated sponsor	equinet Bank AG
Analysts	Warburg Research, Hauck & Aufhäuser Institutional Research

Shareholder structure as at June 30, 2016 (according to available voting rights notifications)



4 Group Management Interim Report (IFRS) First Sensor AG

Basic information on the First Sensor group

Business model

Organizational structure of the Group

The First Sensor Group consists of First Sensor AG and 10 subsidiaries. The parent company First Sensor AG headquartered in Berlin holds the majority of shares in all subsidiaries. Details of the group's companies and their locations can be found in the Annex to 2015 Business Report (consolidated group). They did not change at the reporting date.

Changes in Management Board

Dr. Martin U. Scheffer, CEO of First Sensor AG, did not extend his contract of employment expiring on June 16, 2016 and left the company. CFO Dr. Mathias Gollwitzer temporarily assumed his responsibilities until the appointment of a successor.

Segments

In the field of sensors which is a growth market First Sensor develops and produces tailor-made solutions for a constantly growing number of applications in the target markets Industrial, Medical and Mobility. These target markets are addressed by business units bearing identical names and illustrating the segments in which the company reports.

Locations

The locations in Berlin, Dresden, Oberdischingen (near Ulm), Puchheim (near Munich) and the foreign locations in the Netherlands, Great Britain, Sweden, Canada and USA differ in their value chain position. The locations at Mansfield (USA) Rugby (Warwickshire, UK) and Kungens Kurva (Sweden) are selling companies. In several countries corporate sales cooperates with permanent partners.

Both wafers and components are designed and produced at the headquarters in Berlin-Oberschöneweide and at Puchheim. If a component is subsequently combined with additional electronic components to become circuits (mounting and connection technology, hybrid technology, microsystem technology) you will get a sensor module or a complete sensor.

These process steps are assigned to six locations within the First Sensor Group (Berlin-Weißensee, Puchheim, Dresden (two times), Oberdischingen and Westlake Village). If you add other value creation stages such as signal analysis, calibration and product design, you will get a sensor system. These value creation stage activities are assigned to five locations (Berlin-Weißensee, Dresden (two times), Dwingeloo (NL) and Puchheim.

Given that structure and the interaction of the individual sites First Sensor covers the entire value chain of special sensor solutions thus being able to offer its products "from one

source" and to cover individual value creation stages. Based on the customers' requirements it is determined at which value creation level services are performed. Depending on efficiency some components and services are provided by external partners.

Products and services

First Sensor is a developer and manufacturer of customer-specific high-end sensor solutions. These innovative specialized sensor solutions are used for the high-quality conversion of nonelectric variables (radiation, light, pressure, flow rate, position, speed, fill level, etc.) into electric variables that are then used in our customers' electronic systems. This means that our sensor solutions make an important contribution to the competitiveness of our customers' products. The broad mix of sectors means that the company is generally independent of cyclical developments in the individual sectors.

The business units are supported by the Competence Centers for Research & Development and Production as well as a global sales organization.

Customers include prominent industrial groups and start-ups relying on our many years of experience and our know-how when designing their innovative products. First Sensor's sensor solutions are basic components in broad number of applications in most different industries.

The business units are supported by the two Competence Centers for Production and Development as well as a world-wide operating sales department.

Among First Sensor's customers are international industrial groups and young technology companies that utilize our know-how and many years of expertise to develop their own innovative products. Most of First Sensor's sensor solutions are used as key components in a wide range of applications in many different industries.

The product portfolio of the Business Unit Industrial includes but is not limited to:

Optical and radiation sensors for

- Laser rangefinders
- Laser scanners/LiDAR
- Laser alignment systems
- Encoders
- Spectrometers
- Container and baggage scanners
- Passenger counting systems

Pressure, flow rate, and fill level sensors

- Volumetric flow controllers
- Filter monitoring
- Leak detection
- Fill level monitoring
- Industrial printers
- Cabin air pressure measurement

Inertial sensors for

- Status monitoring
- Control and navigation systems

The product portfolio of the Business Unit Medical includes but is not limited to:

Optical and radiation sensors for

- Computer tomography
- Video endoscopy
- Pulse oximeters
- Blood glucose monitors
- Gamma probes

Pressure, flow rate, and fill level sensors

- Ventilators
- Sleep diagnostic devices
- Sleep apnea therapy equipment (CPAP)

- Spirometers
- Anesthesia equipment
- Dialysis machines
- Infusion pumps
- Oxygen concentrators
- Insufflators

The product portfolio of the Business Unit Mobility includes but is not limited to:

Camera systems and optical sensors for

- Driver assistance systems
- LiDAR
- Adaptive cruise control (ACC)
- Distance detection
- Traffic sign recognition
- Blind spot assistance
- Lane departure warning systems
- Sun and rain sensors

OEM pressure sensors for

- Tank pressure measurement
- Fuel delivery systems
- Tank leakage diagnostics
- Tank air intake and extraction
- Brake booster systems
- Power steering
- Engine suspension
- Air conditioning systems
- Exhaust gas recirculation systems
- Filter monitoring

Business processes

The individual companies of First Sensor are active in all parts of the value chain. Besides wafers First Sensor develops and produces highly reliable customized hybrid circuits and microsystem technology products as well as advanced packaging products (sensor modules) up to complete sensor systems. Due to the high real net output ratio First Sensor can make individual adjustments at each stage thus providing customized solutions.

Sales markets

A large part of First Sensor's sales is still generated in Germany. The company will increase its activities in the development of additional markets in North America, China and Europe

thus laying the foundations for improving customer proximity in attractive markets.

External factors affecting the business

Sensor systems meeting complex requirements are the driving force in the sensor business. Broadly speaking, they unite the recording of figures, processing and corresponding reactions in one intelligent system.

In particular, this is reflected by the development in the health care, mobility, smart building, industrial automation and smart home sectors. These core markets have many things in common. They combine above-average growth dynamics, high profitability and technological attractiveness in a niche that is successfully filled by innovative and highly specialized companies like First Sensor.

As First Sensor generally concludes long-term supply contracts with customers following joint development projects customer loyalty is comparatively greater. Economic fluctuations target customer markets are exposed to could have a positive or negative effect on the course of business. This is countered by target industry diversification.

Targets and strategies

In the field of sensors being a growth market First Sensor develops and produces customized solution for a constantly growing number of application in the target markets Industrial, Medical and Mobility. Based on proven technology platforms products ranging from chips, components and sensors to complex sensor systems making our customers more competitive.

Based on our precise understanding of the respective customer applications we provide solutions going far beyond standard components already available on the market. Focusing on technology-oriented target markets we today participate in their over-proportional growth. We will benefit from the mega trends driving these markets. Based on our innovative sensor technology we want to identify future needs and provide solutions. This is one of the cornerstones our business policy.

Industry 4.0, i.e. the intelligent networking of products and processes is one of the driving forces in the Industrial sector. In Germany experts expect an additional value added potential of € 78 billion by 2025. Intelligent sensor systems play a key role in networks (example:

industrial process control). Dynamics in this market segment of First Sensor is above average across all sectors. Due to broad technology platforms we can provide special solutions supporting our customers in their constantly growing need for process automation.

Sensors used in the automotive industry are another growth driver. Many comfort and security applications need intelligent sensor systems. Sensor-based driver assistance systems are the prerequisite for partly or fully autonomous driving. Today self-driving cars are pilot projects but forecasts say that by 2025 54 million of these cars will be on the road. The Mobility sector does not only benefit from that trend in terms of passenger cars. This also applies to trucks, commercial vehicles and special vehicles. Based on millions of units already supplied and our reputation as a reliable and innovative partner to leading suppliers and automotive groups we will play an even more important role in this market.

In medical technology, too, there is a growing trend towards more and more intelligent solutions, with instruments measuring, analyzing results and communicating with corresponding control systems. Due to the ongoing miniaturization in medical engineering nanometre

instruments and dialysis machines at home are no longer dreams of the future. Self-tracking is becoming more and more important in the everyday life of billions of people. Many of these decentralized applications monitor the health status of patients and check if a treatment was successful. Hence e-health applications will play a key role in health being a growth market.

Producing sensors and sensor systems "Made in Germany" First Sensor has been present on many markets worldwide. The targeted expansion of our international presence will improve our customer proximity in North American and in China even more thus generating additional sales potential. Therefore, internationalization is a cornerstone in order to achieve our medium-term growth objectives.

Being a bigger player in the highly fragmented sensor market First Sensor will play an active role in the ongoing consolidation. Companies extending our value chain by complementary technology are "perfect fits". In order to broaden our basis as a supplier and integrator of smart sensor systems corresponding options are checked on a regular basis as part of our Buy&Build Strategy. We aim at a continuous and sustainable increase in value.

Macroeconomic and sector-related conditions

Developments in the economy as a whole

At the beginning of 2016 the strong German economy benefited from a strong domestic economy. The decline in exports stabilized. This development was driven by positive employment figures, increased public spending and a great construction demand. The economic climate in the Euro area was not as positive. Both a less favourable situation and scepticism about the prospects contributed to a deterioration of the economic climate. The surprising Brexit decision entailed gloomy economic prospects once again, with economic implications being less concrete. Therefore, experts reduced economic growth figures in Europe and consequently in Germany, too.

In spring, the global economy recovered but the underlying momentum was slow, and a clear economic upswing is not yet in sight. According to the experts of IfW (Kiel Institute for the World Economy) growth (3.1 percent) will be as low as in 2015. More and more it becomes apparent that structural problems prevent a strong expansion and that this can-

not be solved by an expansive monetary policy or fiscal impulses. The oil price is less stimulating. Due to slightly rising raw materials prices following the lowest level at the beginning of the year prospects for threshold countries have become a little bit brighter. Recently, financial markets were more volatile which is due to uncertainties and the consequences of the British referendum on leaving the EU.

Developments on the sensor market

Sensors are one of the key technologies of technical progress. According to a report by INTECHNO CONSULTING the global sensor market increases to € 184 billion which is an average growth rate of 9 percent.

First Sensor has seized these market opportunities, focusing on the key sectors Industrial, Medical and Mobility on the basis of the respective business units.

Industrial

Yole Development estimates the Industrial sector's annual growth rate at 6 percent on average which means good chances for sensor solutions by First Sensor.

Medical

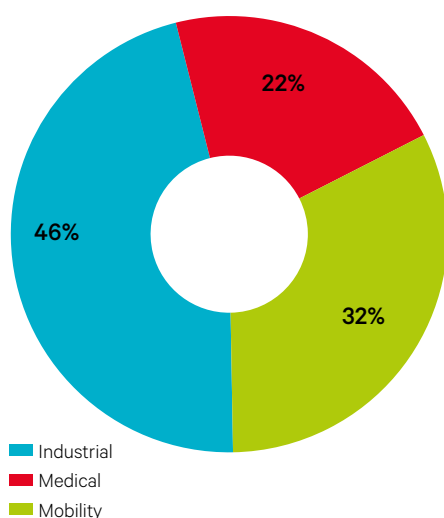
Medical technology is a growth sector with annual growth rates of 5 percent. This is according to the study "Innovation Impulses in Health Economy" by the German Federal Ministry of Economy. First Sensor benefits from that over-proportionally by focusing on the development and production of need-based medical sensor solutions involving a sturdy growth in the above applications.

Mobility

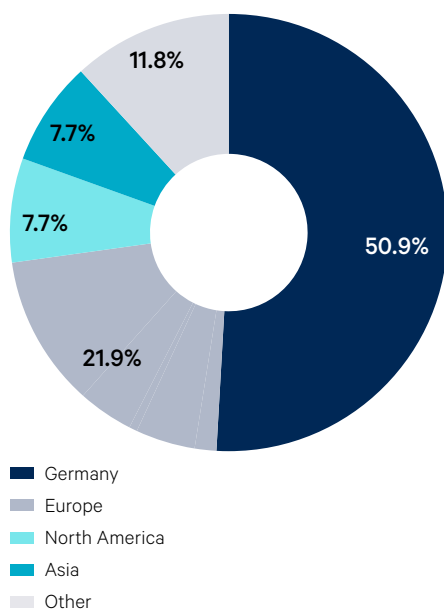
According to Yole Development an average annual growth rate of 13 percent can be expected in the Mobility sector. We will benefit from that growth by expanding our activities and additional innovations.

Results of operations

SALES SPLIT BY SEGMENT



SALES SPLIT BY REGIONS



Development of sales

First Sensor focuses on the Industrial, Mobility and Medical sector. The following table shows the sales distribution and the changes:

in € thousand	6M 2015	6M 2016	Δ absolute	in %
Industrial	37,669	35,170	-2,499	-6.6
Medical	10,896	16,314	5,418	49.7
Mobility	18,650	24,449	5,799	31.1
Total	67,215	75,933	8,718	13.0

The Medical sector recorded the best growth rates (nearly 50 percent). In absolute figures, sales could be increased by € 5.4 million. This was mainly attributable to a strong demand in the field of optical sensors and radiation sensors. With a growth of € 5.8 million or 31.1 percent the Mobility sector clearly improved compared to the previous year. Here sales of pressure sensors for OEM customers were positive. In the Industrial sector sales dropped by € 2.5 million which is mainly due to a weak

Asia business and the regular expiration of a customer order. Compared to the previous year group sales rose by 13.0 percent to € 75.9 million. The sales trend is slightly better than expected. The forecast for fiscal year 2016 (sales between € 145 million and € 150 million) remains unchanged.

The following graphic shows the percentile regional sales distribution in the first half year of 2016 (figures in inner circle: previous year)

Sales in € thousand	6M 2015	6M 2016	Δ absolute	in %
Germany	34,772	38,666	3,894	11.2
France	1,524	1,182	-342	-22.4
Italy	3,265	3,337	72	2.2
Benelux	502	468	-34	-6.8
Great Britain	3,209	3,116	-93	-2.9
Scandinavia	6,831	8,496	1,665	24.4
North America	3,332	5,816	2,484	74.5
Asia	7,041	5,877	-1,164	-16.5
Other	6,739	8,975	2,236	33.2
Total	67,215	75,933	8,718	13.0

Compared to the previous year the regional sales distribution shows a clear increase in the German domestic market. Both Scandinavia and North America continue to be growth engines. In Scandinavia, there is a big customer in the Mobility sector whose orders contributed to this positive development. In North America, we can reap the fruit of our intensified sales activities during the last two years. Compared

to the previous year, sales figures in France are still lagging behind. By setting up a separate selling company last year the French market will be tapped in a much better way. Sales in Benelux, Italy and Great Britain were nearly constant. Sales in Asia are unsatisfactory. The termination of a customer relation and less orders could not be compensated.

Order situation

The group's **orders on hand** rose by € 10.5 million to € 101.2 million (first three-digit figure) as at June 30, 2016 compared to a year end value of € 90.7 million. Increasing by € 2.0 million (2.5 percent) **incoming orders** rose to € 80.2 million (previous year € 78.2 million). A strong rise in incoming orders was recorded in the field of optical sensors and radiation sensors

in the Medical sector and in pressure sensors in OEM in the Mobility sector. The book-to-bill ratio being an early indicator declined to 1.06 (previous year: 1.16) which is due to a large blanket order in the second quarter of the last fiscal year. The absolute figure of 1.06 clearly indicates that the sales objective for 2016 will be reached.

in € thousand	6M 2015	6M 2016	Δ absolute	in %
Sales revenues	67,215	75,933	8,718	13.0
Incoming orders	78,220	80,200	1,980	2.5
Ordes on hand (previous year as at Dec. 31)	90,724	101,226	10,502	11.6
Book-to-bill-ratio	1.16	1.06	-0.10	-8.6

In the first six months **total sales** of First Sensor amounted to € 75.9 million thus being 13.0 percent above the previous year. This growth is primarily attributable to the Medical and Mobility sectors and indicates a strong expansion on the domestic market (Germany). Both Scandinavia and North America are growth markets.

Capitalized own work amounting to € 0.6 million (previous year: € 0.4 million) primarily refer to developments in the extension of product platforms, self-made improvements of production facilities and future sensor products in connection with concrete customer projects.

Total operating performance amounting to € 76.0 million (previous year: € 68.6 million) includes sales revenues, capitalized own work and inventory changes in unfinished and finished products.

The decline in **other operating revenues** by € 0.2 million to € 1.2 million (previous year: € 1.4 million) mainly results from paid insurance recoveries in the previous year and reduced subsidies in the current year. The dissolution of reserves for warranties amounting to € 0.2 million no longer needed in isolated cases had a contrary effect.

The **cost of materials** amounts to 48.9 percent thus improving by one percent. This is primarily

due to the sales growth of products the materials ratio of which tends to be lower although more contract workers were used.

Personnel expenses amounting to € 21.8 million rose slightly to 6.7 percent (previous year: € 20.4 million). The personnel expenses ratio referring to the total operating performance fell by 1.1 percent to 28.7 percent (previous year: 29.8 percent) due to the better total operating performance. More people were employed in the sales and production department.

Other operating expenses declined by 0.6 percent in proportion to the total operating performance. This is mainly attributable to reduced counselling mandates amounting to € 0.7 million compared to the previous year. On the other hand, there were increased warranty expenses and increased IT expenses. Other operating expenses amounted to € 8.1 million (previous year: € 7.7 million) in absolute figures.

Compared to the previous period this means a better operating result (EBITDA) amounting to € 10.1 million (previous year: € 7.6 million). This means an EBITDA margin of 13.2 percent (previous year: 11.0 percent) increasing by 2.2 percent.

Depreciation of **property, plant and equipment and amortization of intangible assets** remained unchanged at € 4.6 million (previous

year: € 4.6 million). There were no special effects.

EBIT improved clearly (€ 5.5 million after € 2.9 million for the first six months of the previous year). This means an increase by 88 percent.

In the year under review **financial results** remained unchanged at € -0.8 million (previous year: € -0.8 million). The Dollar price could nearly be compensated by way of currency hedging.

Consolidated group **profits before taxes** amounting to € 4.7 million (previous year: € 2.1 million) mainly resulted from strong rising sales and an improved material ratio. The profit share of shareholders without a controlling influence increased to € thousand 264 (previous year: € thousand 115).

Financial position and net assets

Financial position

The aim of First Sensor's financial management is to ensure adequate liquidity at all times for the production processes, growth and investments. The company counters the rising of rising interest rates by using interest swaps on floating rate notes. In finance management,

First Sensor counters foreign currency risks by material purchases and external services in USD (Asia, in particular) by optimizing customer payments in USD (natural hedge) and by concluding foreign exchange contracts.

On December 15, 2015 First Sensor placed three **note loans** totalling € 28.0 million, using

low interest rates, and the floating rate note amounting to € 19.0 million was redeemed prematurely. This means a reduced interest rate on borrowing of 3.5 percent (previous year: 4.5 percent). Compliance with covenants at the end of a year were contractually agreed upon. As of June 30, 2016 all financial key figures required developed satisfactorily.

in € thousand	Dec. 31, 2015	June 30, 2016	Δ absolute	in %
Leverage, net debt to EBITDA	2.90	2.32	-0.58	-20.0
Interest cover ratio, EBITDA to interest expenses	6.5	6.7	0.2	3.1
Equity ratio	37 %	n/a	n/a	n/a

Net debts are shown in the following table.

in € thousand	Dec. 31, 2015	June 30, 2016	Δ absolute	in %
Non-current financial liabilities	46,543	45,152	-1,391	-2.99
Current financial liabilities	7,987	5,000	-2,987	-37.4
Cash and cash equivalents	-21,523	-18,012	3,511	16.3
Net debt	33,007	32,140	-867	-2.6

The change in **long-term financial liabilities** compared to the year end is attributable to regular redemptions regarding the financing of fixed assets. The loan notes taken are included in this item. The maturity period exceeds one year.

In **short-term financial liabilities loans payable** within one year are reported. The reduction is primarily attributable to the redemption of money market loans. As of June 30, 2016 cash and cash equivalents amount to € 18.0 million. The financing structure of First Sensor is solid. Given a debt ratio of 2.3 it is within the investment grade.

There is reason to believe that First Sensor will be able to finance its planned growth by using the available funds. Currently, we are not planning to use capital market funds.

Off-balance sheet financing instruments are not used by First Sensor.

Investments and depreciation/amortization

in € thousand	6M 2015	6M 2016	Δ absolute	in %
Investments intangible assets	-622	-1,057	-435	-69.9
Investments in property, plant and equipment	-2,349	-1,089	1,260	53.6
Investments	-2,971	-2,146	825	27.8
Disposal of non-current assets and investments	0	11	11	-
Investment grants	300	0	-300	-
Other effects	-28	22	50	178.6
Cash flow from investment activities	-2,696	-2,113	583	21.6
Amortization of intangible assets	-1,923	-1,828	95	4.9
Depreciation of property, plant and equipment	-2,727	-2,751	-24	-0.9
Depreciation and amortization	-4,650	-4,579	71	1.5

The **cash flow from investment activities** amounting to € -2.1 million is divided nearly equally into investments in machinery and equipment aiming at improving efficiency of production processes and an expansion of capacities at the Dresden site and the introduction of SAP. This year the company expects investments above depreciations.

Liquidity analysis

In order to be able to assess First Sensor's solvency, the following table shows the company's liquidity in the form of liquidity ratios. In order to calculate first-degree liquidity, the

ratio of liquid funds and short-term liabilities is determined. In the second degree short-term liabilities are added, and in the third degree inventories are included. The changes compa-

red to the previous year indicate an improving first-degree and second-degree liquidity.

in %	Dec. 31, 2015	June 30, 2016	Δ absolute
Cash ratio	90.7	83.1	-7.6
Quick ratio	173.9	195.3	21.4
Current ratio	288.3	323.9	35.6

The following table shows the shortened group cash flow statement.

in € thousand	6M 2015	6M 2016	Δ absolute	in %
Cash flow from operating activities	-7,145	3,626	10,771	150.7
Cash flow from investment activities	-2,696	-2,113	583	21.6
Cash flow from financing activities	4,751	-5,018	-9,769	-205.6
Change in cash and cash equivalents	-5,090	-3,505	1,585	31.1
Exchange differences	-16	-6	10	62.5
Cash and cash equivalents at the beginning of the financial year	14,525	21,523	6,998	48.2
Cash and cash equivalents at the end of the financial year	9,419	18,012	8,593	91.2
Free cash flow	-9,841	1,513	11,354	115.4

The **operative cash flow** (€ 3.6 million) exceeded the previous year by € 10.8 million (previous year: € -7.1 million). Previous year's figure is attributable to factoring that was discontinued. During the first six months taxes amounting to € 1.5 million and an increase in working capital due to improved sales revenues from supplies and services (€ 2.8 million) were influencing factors.

The **cash flow from investment activities** is characterized by the redemption of money market loans resulting from the discontinuation of factoring. There were only minor capital contributions by way of share options exercised.

Free cash flow consisting of the operative cash flow total and the **cash flow from investment activities** amounted to € 1.5 million during the period under review (previous year: € -9.8 million).

Analysis of asset structure

The **balance sheet** sum amounts to € 152.9 million (previous year: € 153.5 million). The equity ratio rose from 46.4 percent to 49.2 percent. This is mainly attributable to the positive profit development in the net profit for the year.

The ratio of **equity capital** and outside capital is nearly equal. Equity capital and long-term financial liabilities exceed fixed assets by 1.6. The company's balance sheet structure is balanced.

Further changes are based on the following facts:

Due to regular depreciations the value of **intangible assets** fell from € 16.2 million to € 15.1 million compared to the year end. There were investments in software projects at the Oberschöneweide site amounting to € 0.5 million.

During the first six months self-generated **intangible assets** rose to € 4.3 million (previous year: € 4.0 million) due to increased project activities.

Compared to the previous year **goodwill** remained unchanged. Based on an impairment test conducted valuation was checked for impairment. There were no reasons for a valuation adjustment.

Compared to the previous year the fixed **assets** value decreased by € 1.4 million to

€ 33.6 million. This was attributable to a reluctant investment behaviour causing currently reduced book values due to regular depreciations. Investments were primarily made in order to expand capacities in the Mobility sector, increase the efficiency of production facilities and renew production lines.

Inventory slightly rose by € 0.7 million to € 27.8 million (previous year: € 27.1 million). This is mainly due to the purchase of materials and services for the production process resulting from a greater demand.

The increase in trade debtors by € 3.5 million to € 20.5 million as compared to the previous year results from the increased **sales revenues** in the second quarter of the fiscal year. Our customers' payment performance has not changed.

The increase in other **short-term assets** by € 1.5 million to € 3.4 million mainly results from increased turnover tax payments.

At the reporting date **liquid funds** amounted to € 18.0 million (previous year: € 21.5 million). They consist of bank deposits and liquid funds. No amounts are restricted or used for hedging purposes.

Compared to the previous year **trade receivables** rose by €1.4 million to € 9.0 million. This is mainly attributable to the increased procurement of production materials. The implementa-

tion of the strategic target of improved terms of payment seems to be successful.

Other **short-term liabilities** slightly increased by € 0.1 million to € 7.1 million (previous year: € 7.0 million) as of June 30, 2016. This item mainly includes turnover tax liabilities and deferred payment liabilities.

Working capital is calculated on the basis of inventory level, trade receivables less trade creditors. Compared to the previous year it rose by € 2.8 million to € 39.4 million (previous year: € 36.6 million). The effects on inventory and increased trade receivables are main factors.

Compared to the year end the **consolidated equity** rose by € 4.0 million to € 75.2 million. For details see statement of changes in equity.

During the first six months of the year under review the company issued 4,000 new shares from the authorized but unissued capital (2009/II) at a subscription price of € 7.20. This issue of shares is part of the share option programme.

Overall picture

Despite a volatile environment in the first half year 2016 the business development of First Sensor AG was very robust. Given a sales growth by 13.0 percent to € 75.9 million and an operating result rising to € 5.5 million (EBIT margin of 7.2 percent) the first half year ended at the upper end of its plans and/or with figures that were slightly better than expected. This positive development is also reflected by the working capital: Compared to receivables inventories increased only slightly. More supplier credits could be used. In the field of net indeb-

tedness, the systematic reduction of indebtedness made good progress. Both this fact and the order situation normalizing during the last few months are good prerequisites for reaching the objectives as a whole. Accordingly, turnover is estimated at € 145 million - € 150 million meaning a growth rate of 10 percent, and the EBIT margin should improve to 5 - 6 percent. Considering remaining economic uncertainties, the management sees no need for an upward change in the fiscal year planning.

Supplementary Report

There were no material events after the reporting date having an effect the assets, financial situation and profitability.

Outlook, opportunity and risk report

For reporting on the outlook, opportunity and risk report, please refer to the information contained in the Annual Report 2015, which was published in March 2016.

No material changes to the situations described therein have occurred during the first six months of fiscal year 2016.

The management, therefore, expects sales to range between € 145 million and € 150 million. There should be a growth rate of 10 percent in the years to come. An EBIT margin between 5 and 6 percent is planned for fiscal year 2016 which is intended to gradually rise to 10 percent in the years ahead.

5 Consolidated Interim Financial Report (IFRS)

Consolidated balance sheet ASSETS (IFRS)

ASSETS in € thousand	Dec. 31, 2015	June 30, 2016	Δ absolute	in %
Intangible assets	16,246	15,103	-1,143	-7.0
Internally-generated intangible assets	3,978	4,258	280	7.0
Goodwill	29,816	29,816	0	0.0
Property, plant and equipment	35,036	33,589	-1,447	-4.1
Total non-current assets	85,076	82,766	-2,310	-2.7
Inventories	27,135	27,860	725	2.7
Trade accounts receivables	17,004	20,538	3,534	20.8
Tax refund claims	908	433	-475	-52.3
Other current assets	1,850	3,338	1,488	80.4
Cash and cash equivalents	21,523	18,012	-3,511	-16.3
Total current assets	68,420	70,181	1,761	2.6
TOTAL ASSETS	153,496	152,947	-549	-0.4

Consolidated balance sheet EQUITY AND LIABILITIES (IFRS)

EQUITY AND LIABILITIES in € thousand	Dec. 31, 2015	June 30, 2016	Δ absolute	in %
Share capital	50,835	50,855	20	0.0
Capital reserves	16,527	16,582	55	0.3
Earning reserves	1,004	1,004	0	0.0
Currency translation	62	44	-18	-29.0
Revaluation reserves	-227	-473	-246	-108.4
Retained earnings	2,476	6,365	3,889	157.1
Minority interest	594	858	264	44.4
Total equity	71,271	75,235	3,964	5.6
Non-current post-employment benefit obligation	312	307	-5	-1.6
Other non-current provisions	430	0	-430	-100.0
Long-term loans, excluding current portion	46,543	45,152	-1,391	-3.0
Other non-current liabilities	4,487	4,670	183	4.1
Deferred tax liabilities	3,524	3,218	-306	-8.7
Total non-current liabilities	55,296	53,347	-1,949	-3.5
Income tax provisions and liabilities	1,456	543	-913	-62.7
Other current provisions	1,739	2,155	416	23.9
Short-term loans and current portion of long-term loans	7,987	5,000	-2,987	-37.4
Payments received on account of orders	1,171	540	-631	-53.9
Trade accounts payables	7,612	9,025	1,413	18.6
Other current liabilities	6,964	7,102	138	2.0
Total current liabilities	26,929	24,365	-2,564	-9.5
TOTAL EQUITY AND LIABILITIES	153,496	152,947	-549	-0.4

Consolidated statement of comprehensive income (IFRS)
Consolidated income statement

in € thousand	6M 2015	6M 2016	Δ absolute	in %
Sales revenues	67,215	75,933	8,718	13.0
Other operating income	1,380	1,152	-228	-16.5
Change in inventories of finished goods and work in progress	1,014	-469	-1,483	-146.3
Other own work capitalized	358	585	227	63.4
Costs of materials and purchased services	-34,234	-37,189	-2,955	-8.6
Personnel expenses	-20,439	-21,801	-1,362	-6.7
Other operating expenses	-7,730	-8,147	-417	-5.4
Profit from operations (EBITDA)	7,564	10,064	2,500	33.1
Depreciation of property, plant and equipment and amortization of intangible assets	-4,650	-4,579	71	1.5
Earnings before interest and tax (EBIT)	2,914	5,485	2,571	88.2
Interest income	4	22	18	450.0
Interest expenses	-1,099	-963	136	12.4
Currency gains	1,368	340	-1,028	-75.1
Currency losses	-1,098	-154	944	86.0
Income before tax and minority interest	2,089	4,730	2,641	126.4
Income tax expenses	-341	-578	-237	-69.5
Net profit for the period	1,748	4,152	2,404	137.5
Net profit for the period attributable to First Sensor AG shareholders	1,633	3,888	2,255	138.1
Net profit for the period attributable to minority interest	115	264	149	129.6
Earnings per share in € (basic=diluted)	0.16	0.38	0.22	137.5

Other comprehensive income

in € thousand	6M 2015	6M 2016	Δ absolute	in %
Net profit for the period	1,748	4,152	2,404	137.5
Actuarial gains and losses on defined benefit plans	0	0	0	0.0
Taxes on other comprehensive income	0	0	0	0.0
Items not subsequently reclassified to the income statement	0	0	0	0.0
Changes from currency translations	393	-18	-411	-104.6
Revaluation of derivative financial instruments	-106	-291	-185	-174.5
Revaluation of derivative financial instruments taxes on other comprehensive income	32	45	13	40.6
Items that can be subsequently reclassified to the income statement	319	-264	-583	-182.8
Total comprehensive income	2,067	3,888	1,821	88.1
Thereof attributable to shareholders of First Sensor AG	1,952	3,624	1,672	85.7
Thereof attributable to minority interest	115	264	149	129.6

Consolidated statement of changes in equity (IFRS)
June 30, 2015

in € thousand	Number of shares in thou.	Capital stock	Capital reserves	Earning reserves	Currency translation	Revaluation reserves	Retained earnings	Minority interest	Total shareholders' equity
As at January 1, 2015	10,131	50,655	16,363	1,004	-213	-425	4,193	405	71,982
Net profit for the period							1,633	115	1,748
Other comprehensive income					393	-74			319
Total comprehensive income					393	-74	1,633	115	2,067
Share-based remuneration			67						67
Capital increase	22	108	41						149
Appropriation of earnings									0
As at June 30, 2015	10,153	50,763	16,471	1,004	180	-499	5,826	520	74,265

June 30, 2016

in € thousand	Number of shares in thou.	Capital stock	Capital reserves	Earning reserves	Currency translation	Revaluation reserves	Retained earnings	Minority interest	Total shareholders' equity
As at January 1, 2016	10,167	50,835	16,527	1,004	62	-227	2,476	594	71,271
Net profit for the period							3,889	264	4,153
Other comprehensive income					-18	-246			-264
Total comprehensive income					-18	-246	3,889	264	3,889
Share-based remuneration			46						46
Capital increase	4	20	9						29
Appropriation of earnings									0
As at June 30, 2016	10,171	50,855	16,582	1,004	44	-473	6,365	858	75,235

Consolidated cash flow statement (IFRS)

in € thousand	6M 2015	6M 2016	Δ absolute	in %
Income before tax and minority interest	2,089	4,730	2,641	126.4
Interest paid	1,097	941	-156	-14.2
Depreciation of property, plant and equipment and amortization of intangible assets	4,650	4,579	-71	-1.5
Income from investment grants	-303	0	303	100.0
Gains and losses on disposal of fixed assets	-11	-134	-123	-1118.2
Other non-cash expenses and income	40	0	-40	-100.0
Changes in provisions	-767	-19	748	97.5
Changes in working capital	-11,805	-2,846	8,959	75.0
Changes in other assets and liabilities	-1,092	-2,135	-1,043	-95.5
Income tax paid	-1,034	-1,490	-447	-42.9
Cash flow from operating activities	-7,145	3,626	10,771	150.7
Payments for investments in property, plant and equipment and intangible assets	-3,001	-2,146	855	28.5
Proceeds from disposal of property, plant and equipment, intangible assets and investments	0	11	11	-
Proceeds from investment grants	303	0	-303	-100.0
Interest received	2	22	20	1000.0
Cash flow from investment activities	-2,696	-2,113	583	21.6
Proceeds from shareholders	175	29	-146	-83.4
Repayments from financial liabilities	-1,815	-4,489	-2,674	-147.3
Proceeds from loans	7,236	405	-6,831	-94.4
Interest paid	-845	-963	-118	-14.0
Cash flow from financing activities	4,751	-5,018	-9,769	-205.6
Net change in cash and cash equivalents	-5,090	-3,505	1,585	31.1
Currency differences from converting funds	-16	-6	10	62.5
Cash and cash equivalents at the beginning of the financial period	14.525	21.523	6,998	48.2
Cash and cash equivalents at the end of the financial period	9.419	18.012	8,593	91.2

6 Notes to the consolidated interim financial statements (IFRS)

Presentation of the situation at the group

Parent company

The parent company is First Sensor AG, domiciled in Berlin, Peter-Behrens-Str. 15, 12459 Berlin, and entered in the commercial register of Berlin in Department B under HRB 69326. First Sensor AG is listed in the regulated market on the Frankfurt Stock Exchange in the Prime Standard segment under ISIN DE0007201907.

First Sensor AG and its subsidiaries, referred to hereinafter as "First Sensor", operate in the sensor production and microsystems technology industries. The company's business focuses mainly on the development, manufacture and distribution of customer-specific semiconductor sensors and sensor systems.

First Sensor also develops and manufactures highly reliable customized hybrid circuits and products for microsystem engineering and advanced packaging.

The consolidated financial statements were released for publication by the Supervisory Board on March 21, 2016.

Reporting principles

First Sensor's consolidated financial statements for 2015 have been prepared in accordance with the applicable International Financial Reporting Standards (IFRS) as at the balance

sheet date and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) that must be applied in the European Union. In addition, the provisions of the Implementation Act of Directive 2013/34/EU were applied. This resulted in reclassifications of other operating revenues to the extent of less than € thousand 30 for the first six months of the respective fiscal year.

The consolidated financial statements were prepared in euro (€). Unless otherwise indicated, all amounts have been stated in thousands of euros (€ thousand). The fiscal year of First Sensor AG and its consolidated subsidiaries corresponds to the calendar year.

The statement of comprehensive income has been prepared using the nature of expense method.

To improve clarity, individual items have been summarized in the balance sheet and the statement of comprehensive income. There may be rounding differences in the presentation.

The balancing methods and the methods of valuation correspond to the methods employed in the previous year. As in the previous year the balance-sheet structure was grouped by descending maturities.

At the time of the mandatory application of new standards and interpretations within the EU

this will be taken into account by the company.

There will be no significant effects on the balance sheet and the profit and loss account.

Important discretionary decisions and uncertainty of estimates

In preparing the interim financial statements, some assumptions and estimates have been made which affected the amount and the disclosure of reported assets and liabilities, earnings and expenses. In individual cases, the actual values may deviate from these assumptions or estimates at a later stage. Relevant changes will be made once more accurate information is available. All assumptions and estimates are made to the best of our knowledge and belief in order to provide a true and fair view of the Group's net assets, financial position and results of operations.

Basis of consolidation

There were no changes in the basis of consolidation in the first half of the year.

Management Board

Dr. Martin U. Schefter, CEO of First Sensor AG, did not extend his contract of employment expiring on June 16, 2016 and left the company. CFO Dr. Mathias Gollwitzer temporarily assumed his responsibilities until the appointment of a successor.

Discontinued operations

No operations were discontinued in the first six months of 2016.

Corporate Governance

The company has issued a declaration of compliance pursuant to Article 161 AktG (German Stock Corporation Act) and the declaration of business management pursuant to Article 289a German Commercial Code HGB. These declarations are permanently available on the company's website www.first-sensor.com.

Segment Reporting

Being an integrated industrial group First Sensor offers sensor solutions for a wide range of branches. The individual subsidiaries' position in the value chain is different (wafer, component, module, system) in the production of sensor solutions.

Specific customer requirements define at which point of the value chain services are provided.

In order to ensure a consistent market and customer orientation First Sensor is divided

into three business units, i.e. Industrial, Medical and Mobility. They are the basis of internal control and reporting. Sales are distributed as follows:

in € thousand	6M 2015	6M 2016	Δ absolute	in %
Industrial	37,669	35,170	-2,499	-6.6
Medical	10,896	16,314	5,418	49.7
Mobility	18,650	24,449	5,799	31.1
Total	67,215	75,933	8,718	13.0

As additional business unit related figures are not yet as valid as needed the following key figures are shown corresponding to their individual legal entities. Data of the parent company and their subsidiaries are prepared on a monthly basis, edited and analyzed by the

management board. The business units, however, are no segments in terms of IFRS 8.

Both long-term assets and long-term assets investments are nearly exclusively allotted to Germany (only a small portion is allotted to

North America). The production facility in Singapore closed in 2015 did no longer hold any long-term fixed assets on December 31, 2015.

Non-current assets in € thousand	December 31, 2015	June 30, 2016	Δ absolute	in %
Germany	84,466	82,017	-2,449	-2.9
Europe	133	119	-14	-10.5
North America	477	630	153	32.1
Others	0	0	0	-
Total	85,076	82,766	-2,310	-2.7

Investments in € thousand	6M 2015	6M 2016	Δ absolute	in %
Germany	2,933	1,988	-945	-32.2
Europe	7	15	8	114.3
North America	37	143	106	286.5
Others	24	0	-24	-100.0
Total	3,001	2,146	-855	-28.5

Number of employees (FTE)	December 31, 2015	June 30, 2016	Δ absolute	in %
Germany	718	737	19	2.6
Europe	30	32	2	6.7
North America	24	23	-1	-4.2
Others	1	0	-1	-100.0
Total	773	792	19	2.5

7 Assurance of the legal representatives (responsibility statement)

according to Articles 264 (2) sentence 3, 289 (1) sentence 5 HGB

To the best of my knowledge, and in accordance with the applicable reporting principles, the financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the consolidated management report includes a fair review of the development and performance of the business and the position of the Group for the first six months of the financial year, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Berlin, August 11, 2016

First Sensor AG



Dr. Mathias Gollwitzer
Management Board

8 Further information

Legal disclaimer and financial calendar 2016

Legal disclaimer

This report contains statements of a predictive nature and does not represent any incitement to purchase shares of First Sensor AG, but rather is intended exclusively for information purposes with regard to possible future developments at the company.

All future-oriented specifications in this consolidated interim financial report were produced on the basis of a probability-based plan and represent statements regarding the future which cannot be guaranteed.

Financial calendar 2016

Date	Topic	Details
May 2, 2016	Q1, Interim Report	www.first-sensor.com
May 2, 2016 5 p.m.	Conference Call Quarterly Results	T +4969222229043, PIN: 35473320#
May 4, 2016	Annual General Meeting 2016	Penta Hotel, Grünauer Str. 1, 12557 Berlin
August 11, 2016	6-Month Financial Report	www.first-sensor.com / Conference Call
November 10, 2016	Q3, Interim Report	www.first-sensor.com / Conference Call
November 21-23, 2016	German Equity Forum	Sheraton Frankfurt Airport Hotel

As we cannot rule out the possibility of delays, we recommend that you consult the latest set of dates at www.first-sensor.com.

Internet, information, contact

This consolidated interim financial report is available in German and English. Both versions are also available for download on the Internet at www.first-sensor.com/en.

Investor Relations

T +49 30 639923-760

F +49 30 639923-719

ir@first-sensor.com

www.first-sensor.com

Today, 25 years after its foundation in Berlin, First Sensor AG is one of the world's leading providers of sensor technology. This success is the result of our innovative strength, our commitment to excellence and our proximity to our customers, employees, and partners.

By focusing on the industrial, medical, and mobility growth markets, not only do we ensure the continuous growth of our company, we also, against the backdrop of trends such as Industry 4.0, the miniaturization of medical devices, or autonomous driving, help to shape the future of the economy and of society.
