Half-year Financial Report as of June 30, 2015

RENK Aktiengesellschaft

Contents

At a glance	3
Group interim management report as of June 30, 2015	4
Condensed interim consolidated financial statements as of June 30, 2015	12
Responsibility statement	27
Financial diary of RENK Aktiengesellschaft	27

Introduction

The Group interim financial report of RENK Aktiengesellschaft (RENK AG) satisfies the requirements of a half-yearly report in accordance with the applicable provisions of the *Wertpapierhandelsgesetz* (WpHG – German Securities Trading Act) and, in accordance with section 37w(2) WpHG, comprises condensed interim consolidated financial statements, a Group interim management report and a responsibility statement. The condensed interim consolidated financial statements were prepared in accordance with IAS 34 in line with the provisions of the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board valid at the end of the reporting period and endorsed by the European Union (EU) and their interpretations. The Group interim financial report should be read in conjunction with the annual report as of December 31, 2014 and the additional information on the company found there.

Minor differences in totals or percentages in the statements and tables below may occur as a result of the commercial rounding of amounts.

At a glance

RENK Group
EUR million (unless stated otherwise)

	2015 H1	2014 H1	Change in %
Order intake	293	226	+30
Sales revenue	240	216	+11
Order backlog [1)]	870	827	+5
Employees (number) [1)]	2,186	2,196	-
			Change
			in EUR million
Operating profit	43	26	+17
Profit before tax	41	27	+14
Profit after tax	29	18	+11
Earnings per share in EUR	4.20	2.65	–
Operating return on sales	17.8	11.9	–
Capital expenditures	12	7	+5
Depreciation and amortization on non-current assets	11	8	+3
Internally financed R&D expenditures	4	4	–
Gross cash flow	45	21	+24
Cash flows from operating activities	36	6	+30
Cash flows from investing activities	-12	-87	+75
Net cash flow	24	-1	+25
Net liquidity [1)]	161	150	+11
Total equity [1)]	343	327	+16

[1)] As of June 30, 2015, as against December 31, 2014.

Group interim management report as of June 30, 2015

Economic environment

The robust growth of the global economy lost some steam in the first half of 2015. While the economic recovery continued in many industrial nations, the performance of some emerging economies was still only below average. Western Europe displayed a further economic recovery in the reporting period, and growth on the German economy was also stable thanks to the positive consumer sentiment and the good labor market situation. The US economy experienced averagely solid growth from January to June 2015, while China's strong economic expansion slowed slightly over the first six months of 2015.

This global trend was only partially reflected in order intake figures for German mechanical and plant engineering in the first months of 2015. While new orders from the euro area were up significantly year-on-year, with orders from the rest of the world rising only slightly, orders from within Germany were 3% below the same period of 2014. Overall, May ended 2.5% down on the previous year. At the start of July this prompted the German Engineering Association (VDMA) to adjust its forecast for 2015. Instead of the previously anticipated growth of 2%, the industry is now expected to only remain on par with 2014.

Positive performance in individual RENK business units

RENK generated an order intake of EUR 293 million in the first half of 2015 – an increase of EUR 67 million compared to the same period of the previous year. Vehicle Transmissions business contributed significantly to this increase with growth of EUR 49 million thanks to improvements in both the business unit in Augsburg and in test systems. Order intake in Standard Gear Units rose substantially on the previous year, mainly as a result of an order for offshore wind turbine gear units in the first quarter of 2015. The two other segments, Slide Bearings and Standard Gear Units, easily maintained the previous year's level for order intake.

Sales revenue at RENK also outperformed the prior-year figure for 2014 in the first six months of 2015. Deliveries of EUR 240 million marked an increase of 11% as against the previous year's figure of EUR 216 million. Vehicle Transmissions posted a strong increase thanks mainly to greater deliveries of new transmissions. Special Gear Units was also up on the previous year, while Standard Gear Units and Slide Bearings were unable to match the previous year's level.

Operating profit of EUR 43 million thanks to non-recurring factor

At EUR 43 million, the operating profit in the first half of 2015 was considerably higher than the figure for the same period of the previous year of EUR 26 million. In addition to the invoicing of high-earning orders, the non-recurring factor of the reorganization of the supplier relationship with a key customer in the offshore wind power sector also contributed to this result. Firstly, the payment of originally agreed purchase commitments led to income of EUR 9 million; this was assigned to the two business units involved, Special Gear Units and Standard Gear Units. Secondly, this gave rise to an expense from impairment on a test rig specifically built for this order in the amount of EUR 3 million. Based on its sales revenue, RENK is therefore reporting an operating return on sales for the first half of 2015 of 17.8% (previous year: 11.9%). All business units made a positive contribution to this result.

Liquidity still at high level
In the first six months of 2015 RENK generated a gross cash flow of EUR 45 million as against EUR 21 million in the same period of the previous year. With the cost of additional working capital employed significantly lower than in the previous year at EUR -9 million (previous year: EUR -15 million), there were cash flows from operating activities of EUR 36 million in the current year (previous year: EUR 6 million). Taking into account the cash used in investing activities (EUR -12 million; previous year: EUR -7 million) and financing activities (EUR -15 million, primarily the dividend payment) plus the exchange rate effects, cash and cash equivalents increased by EUR 11 million to EUR 81 million.

Together with deposits of EUR 80 million and less current financial liabilities, net liquidity as of June 30, 2015 amounted to EUR 161 million after EUR 150 million as of the start of the year.

Asset and capital structure
Since the start of 2015 the total assets of the RENK Group have increased from EUR 589 million to EUR 626 million. Under assets, non-current assets climbed by EUR 3 million, in particular as a result of investing activities. The rise in current assets was much sharper. This increase of EUR 34 million included growth of EUR 5 million in inventories and of EUR 19 million in receivables, both as a result of ongoing project work. EUR 11 million resulted from the rise in cash and cash equivalents.

Under equity and liabilities, non-current liabilities were up by EUR 5 million, in particular as a result of the rise in deferred tax liabilities (EUR 4 million) and increased net pension obligations (EUR 1 million). Current liabilities rose considerably faster; the highest growth was in prepayments received at EUR 19 million and other liabilities at EUR 5 million, while trade payables were down by EUR 8 million.

Capital expenditures and R&D
RENK invested a total of EUR 12 million in property, plant and equipment in the first half of 2015 (previous year: EUR 7 million). The main area for this was again the Augsburg site with continuing work on the new multipurpose hall for Special Gear Units and the renovation of production and testing facilities for Vehicle Transmissions.

As in the previous year, EUR 4 million was channeled into RENK's internally financed R&D projects in the first six months of the current year. In line with RENK's long-term strategy, work in the reporting period mainly comprised the continuing projects initiated in previous years, including the development of new transmission electronics in Vehicle Transmissions, the low-noise electric drive module AED® in Special Gear Units and the optimization of series for marine and stationary gear units and couplings in Standard Gear Units.

Employees virtually constant
The number of employees in the RENK Group declined slightly in the first six months of 2015 from 2,196 at the start of the year to 2,186 as of the end of June. There were also 40 subcontracted employees (end of 2014: 48).

Risk report
The risk report should be read in conjunction with the comments on the 2014 annual financial statements. The risk position is largely consistent with that presented in the 2014 annual report.

For information on the effects of the current developments in the economic situation on the order situation, sales revenue and earnings situation, please see the sections “Economic environment”, “Forecast for fiscal 2015” and our comments on the individual segments under “Segment performance”.

Forecast for fiscal 2015

The development in the first six months of 2015 confirms the expectations of RENK’s management to date, hence the original forecasts from the 2014 annual report are essentially unchanged. Assuming that major projects go ahead as anticipated, order intake will amount to EUR 500 million in 2015. Sales revenue is expected to rise slightly in 2015 compared to 2014. The operating profit is forecast at in excess of EUR 60 million. The operating return on sales will again be in the double digits, but will not quite match the figure for 2014.

Segment performance

<u>Special Gear Units</u>

EUR million Jan. - June	2015	2014	Change*
			in %
Order intake	90	90	+1
Sales revenue	75	70	+7
			in EUR million
Operating profit	11	7	4
Operating return on sales in %	14.9	10.5	–

* Calculated in EUR thousand.

General economic conditions
As in previous years, the Special Gear Units business has again faced very different general conditions in its respective target markets over the course of 2015 to date.

Project activity with near-term implementation prospects in the marine gear units division was down in the first half of 2015; the project pipeline predominantly contains projects set for completion in 2016 or later. There is still high demand in the fleets of individual countries, both for the replacement of existing units and to add new units.

By contrast, the market environment for stationary industrial gear units division products is still defined in part by ruinous price wars for the few projects that the market has to offer. The low price of oil paralyzed projects for alternative methods of oil extraction and demand from the cement industry was far removed from the level of earlier years.

On top of the problems on the market for industrial gear units described above, the Swiss subsidiary RENK-MAAG also suffered the effects of the appreciation of the Swiss franc against its key export currencies.

Business development
Different processing times and the effects of major projects again led to a varied business performance in the individual divisions over the first half of 2015. For example, the ship gear units division was unable to quite hold the high order intake level of the previous year in the first six months. Orders included further gear unit ship sets for a project for the Turkish Navy that has been going on for some time. Furthermore, the last options (for now) for the US Navy’s LCS programs were also converted into orders. The first order was taken for the new RENK AED® drive module for use in a mega yacht.

Order intake in the industrial gear units division was slightly higher than the somewhat weak figure for the previous year. Declines in turbo gear units were more than offset by growth in gear units for the plastics industry and for test rig applications. RENK-MAAG in Winterthur tells a similar story.

At more than EUR 90 million in the first half of 2015, orders in Special Gear Units business were at virtually the same level as in the previous year.

The higher level of invoicing for orders for maritime gear units drove up sales revenue for Special Gear Units to EUR 75 million in the reporting period, compared to EUR 70 million in the same period of 2014. In turn, the largest contribution to sales revenue was made by the marine gear units division – with deliveries on projects in the US, Germany, South Korea, Italy and India.

The Special Gear Units business generated an operating profit of EUR 11 million in the first half of 2015 (previous year: EUR 7 million). This includes this segment's share of the payment received for the purchase commitment. The operating return on sales for the first six months of 2015 was therefore 14.9% (previous year: 10.5%).

Outlook
We are still forecasting a moderate increase in order intake in Special Gear Units business in fiscal 2015. Sales revenue will be down slightly on the previous year. However, the operating profit and the operating return on sales will fall significantly short of the high level of the previous year.

Vehicle Transmissions

EUR million Jan. - June	2015	2014	Change*
			in %
Order intake	86	37	+132
Sales revenue	75	47	+58
			in EUR million
Operating profit	15	6	9
Operating return on sales in %	19.9	12.8	–

* Calculated in EUR thousand.

General economic conditions
The market situation for transmissions for medium-weight and heavy tracked vehicles was also essentially unchanged in the first half of the year. The volume accessible to RENK remains characterized by a manageable number of procurement projects that are processed over several years with smaller unit numbers delivered each year. We still have good prospects for receiving new series orders, though it is difficult to estimate when they will go ahead. In addition to a variety of political and fiscal reasons that can affect decisions in possible customer countries, a restrictively handled export approval policy can also negatively influence RENK's business prospects in the medium term.

The recovery on the test rig market, which became highly tangible in 2014, continued in the segment relevant to RTS. In particular, there are prospects for orders in the fields of aviation, railway and special vehicles.

Business development
In the first six months of 2015 Vehicle Transmissions reported an order intake totaling EUR 86 million, EUR 49 million more than in the same period of the previous year. Both the Vehicle Transmissions business area at RENK AG and RTS posted strong growth. At RENK AG this was dominated by a major order in service and retrofitting, while RTS will deliver two systems for the planned world's most efficient testing center for large bearings.

Sales revenue in Vehicle Transmissions was also significantly higher than in the previous year in the reporting period. EUR 75 million marks an increase of 58% over the EUR 47 million in the first six months of 2014. Key individual projects included the delivery of transmissions for the South Korean K2 program and the German PUMA program. In addition, deliveries of spare parts and maintenance services made a significant contribution to capacity utilization – especially at RENK France as well.

Sales revenue for test systems was mainly defined by services for power train and brake system test rigs in the first half of 2015, primarily for aviation and railway industry applications.

The rise in sales revenue and the order mix invoiced in the first six months of 2015 sparked a significant rise in the operating profit for Vehicle Transmissions to EUR 15 million, compared to EUR 6 million in the first half of 2014. For the operating return on sales this meant an increase from 12.8% in the previous year to 19.9% in the current year.

Outlook
Given the record order at the end of 2014 that cannot be repeated in this way, order intake in Vehicle Transmissions will fall well short of the previous year's figure in fiscal 2015. However, sales revenue and operating profit are expected to be up considerably year-on-year, with a slight improvement in operating return on sales also seeming possible.

Standard Gear Units

EUR million Jan. - June	2015	2014	Change*
			in %
Order intake	72	50	+43
Sales revenue	44	50	-12
			in EUR million
Operating profit	6	7	-1
Operating return on sales in %	12.5	14.3	–

* Calculated in EUR thousand.

General economic conditions
The need for natural gas in the energy mix will continue to play an important role in the future, hence a large number of projects on the specific market for LNG tankers is also still expected. However, demand is currently headed more in the direction of two-stroke dual fuel solutions that, unlike the drive concepts prevalent to date, do not require gear units. The project implementation rate on the market for turbo gear units remained low in the first few months of 2015. In addition, the main target market for couplings, plant engineering, also suffered from considerable underutilization, in turn leading to rising price pressure and the search for cheaper alternative providers, e.g. in the Asian region.

There are again minor positive prospects for the offshore wind power sector in Europe and Germany. In Asia, Japan is still currently RENK's driving force in development and planning for the application of these technologies.

Business development
Standard Gear Units generated an order intake of EUR 72 million in the first half of 2015, EUR 22 million more than in the same period of 2014. The main factor in this was the order received in March for offshore wind turbine gear units. With the exception of maritime gear units, order intake in other areas was lower than in the previous year.

As anticipated, sales revenue in Standard Gear Units did not reach the previous year's level in the reporting period. EUR 44 million marks a drop of EUR 6 million as against 2014, more than two thirds of which resulting from the absence of sales revenue from wind turbine gear units. The other product areas – not including maritime gear units – were unable to match the previous year's level for sales revenue.

In the first six months of 2015 Standard Gear Units generated an operating profit of EUR 6 million after EUR 7 million in the same period of the previous year. This includes the proportionate share of the payment received for the purchase commitment and the impairment loss on the test rig. In total, the operating return on sales for the first half of 2015 was therefore 12.5%, compared to 14.3% in the same period of 2014.

Outlook
Standard Gear Units is forecasting order intake significantly higher than the 2014 figure for 2015 as a whole. However, sales revenue will match the previous year's level. The operating profit and the operating return on sales will be significantly lower than the comparative figures for 2014.

Slide Bearings

EUR million Jan. - June	2015	2014	Change*
			in %
Order intake	55	52	+5
Sales revenue	51	52	-3
			in EUR million
Operating profit	10	5	5
Operating return on sales in %	19.9	10.0	–

* Calculated in EUR thousand.

General economic conditions
The economic environment in mechanical and plant engineering, a major business area for the supplier industry in Germany, has remained difficult over 2015 to date as well. However, regional differences in development suggest slight growth in mechanical and plant engineering at a global level.

The shift in demand within the product portfolio for standard bearings that has already been observed for several years was ongoing. The trend among major providers, particularly in electrical engineering, of establishing a foothold on the growth markets such as China and India with investments in new production facilities for the anticipated local growth and a global market position, continued undiminished. This is leading to a growing relocation of RENK's sales potential to these new production sites. For RENK this means the challenge of holding fast against low-cost local providers and expansive, international competitors.

Following past delays in project realization in special bearings for shipbuilding, there are now signs of a more positive development, e.g. in thrust bearings or bearings for pod-drives. By contrast, investing activities in oil and gas have taken a severe downward turn; the drop in the price of oil caused a slump in all projects relating to shale gas extraction.

Business development
In the first half of 2015 order intake in Slide Bearings climbed from EUR 52 million in the previous year to EUR 55 million. The growth primarily stemmed from project business. Standard bearing applications still accounted for more than half of the order volume.

At EUR 51 million, sales revenue in Slide Bearings in the first half of 2015 almost matched the level of the same period of 2014 of EUR 52 million.

The operating profit for Slide Bearings in the first six months of 2015 amounted to EUR 10 million after EUR 5 million in the previous year. It should be noted that the previous year included the effect of the deconsolidation of ADMOS of EUR -4 million. Thus, Slide Bearings reported an operating return on sales of 19.9% (10.0%) for the first half of 2015.

Outlook
For fiscal 2015 RENK is still forecasting that order intake and sales revenue in Slide Bearings will be at the level of the previous year. Given the absence of the extraordinary expenses from the previous year, a slight improvement in operating profit and operating return on sales appears possible.

Condensed interim consolidated financial statements as of June 30, 2015

RENK consolidated income statement

EUR thousand

Reporting period January 1 to June 30	**2015**	**2014**
Sales revenue	**239,679**	**216,288**
Cost of sales	-181,184	-163,899
Gross profit	**58,495**	**52,389**
Other operating income	13,132	3,800
Distribution expenses	-17,082	-15,980
Administrative expenses	-8,935	-8,694
Other operating expenses	-2,884	-5,781
Operating profit	**42,726**	**25,734**
Finance costs	-290	-176
Other financial result	-1,053	1,264
Financial result	**-1,343**	**1,088**
Profit before tax	**41,383**	**26,822**
Income tax expense	-12,829	-8,779
Profit after tax	**28,554**	**18,043**
Earnings per share in EUR	**4.20**	**2.65**

RENK consolidated statement of reconciliation to total comprehensive income for the period

EUR thousand

Reporting period January 1 to June 30	**2015**	**2014**
Profit after tax	**28,554**	**18,043**
Items not reclassified to profit or loss		
Remeasurement of pension plans	-362	-6,543
Deferred taxes	-274	1,895
Items reclassified to profit or loss in the future		
Currency translation differences	3,092	224
Change in fair values of derivatives	-896	-661
Deferred taxes	279	210
Other comprehensive income for the period	**1,839**	**-4,875**
Total comprehensive income	**30,393**	**13,168**

RENK consolidated balance sheet as of June 30, 2015

Assets
EUR thousand

	Jun. 30, 2015	**Dec. 31, 2014**
Intangible assets	3,316	3,429
Property, plant and equipment	173,621	171,358
Financial investments	4,534	4,534
Deferred tax assets	6,218	5,683
Other non-current assets and receivables	251	12
Non-current assets	**187,940**	**185,016**
Inventories	183,660	178,727
Trade receivables	85,851	67,041
Current income tax receivables	1,112	1,747
Other current assets and receivables	86,547	86,337
Cash and cash equivalents	81,376	70,396
Current assets	**438,546**	**404,247**
	626,486	**589,263**

RENK consolidated balance sheet as of June 30, 2015

Equity and liabilities
EUR thousand

	Jun. 30, 2015	Dec. 31, 2014
Subscribed capital	17,920	17,920
Capital reserves	10,669	10,669
Retained earnings	334,294	320,700
Accumulated other comprehensive income	-20,069	-21,908
Equity	**342,814**	**327,381**
Pensions and similar obligations	26,038	24,831
Deferred tax liabilities	5,410	1,469
Other non-current provisions	6,635	6,050
Other non-current liabilities	1,011	1,394
Non-current liabilities and provisions	**39,094**	**33,743**
Current financial liabilities	283	-
Trade payables	29,932	38,177
Prepayments received	129,810	110,483
Current income tax payables	1,247	874
Current income tax provisions	4,790	4,790
Other current provisions	43,995	44,398
Other current liabilities	34,521	29,416
Current liabilities and provisions	**244,578**	**228,139**
	626,486	**589,263**

RENK consolidated statement of changes in equity

	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income	Total
As of December 31, 2013	**17,920**	**10,669**	**285,492**	**-11,590**	**302,491**
Profit after tax	-	-	18,043	-	18,043
Other comprehensive income for the period	-	-	-	-4,875	-4,875
Total comprehensive income	**-**	**-**	**18,043**	**-4,875**	**13,168**
Dividends paid	-	-	-13,600	-	-13,600
Other changes	-	-	29	60	89
As of June 30, 2014	**17,920**	**10,669**	**289,964**	**-16,405**	**302,148**

As of December 31, 2014	**17,920**	**10,669**	**320,700**	**-21,908**	**327,381**
Profit after tax	-	-	28,554	-	28,554
Other comprehensive income for the period	-	-	-	1,839	1,839
Total comprehensive income	**-**	**-**	**28,554**	**1,839**	**30,393**
Dividends paid	-	-	-14,960	-	-14,960
As of June 30, 2015	**17,920**	**10,669**	**334,294**	**-20,069**	**342,814**

RENK consolidated statement of cash flows

EUR thousand

Reporting period January 1 to June 30	**2015**	**2014**
Cash and cash equivalents at beginning of period	**70,396**	**166,573**
Profit before tax	41,383	26,822
Income taxes paid	-8,516	-20,058
Depreciation, amortization and impairment losses on intangible assets and property, plant and equipment	11,211	7,786
Change in pension obligations	686	1,192
Gains/Losses from asset disposals	-12	-1
Other non-cash expenses and income [1)]	237	4,985
Change in inventories	-2,831	-27,301
Change in receivables	-18,545	13,393
Change in liabilities and prepayments received	13,320	-1,637
Change in other provisions	-584	566
Cash flows from operating activities	**36,349**	**5,747**
Payments to acquire property, plant and equipment and intangible assets	-12,408	-6,856
Disposal of subsidiaries less cash and cash equivalents	-	-8
Proceeds from asset disposals	115	35
Change in deposits	-	-80,000
Cash flows from investing activities	**-12,293**	**-86,829**
Dividends paid	-14,960	-13,600
Change in miscellaneous financial liabilities	283	94
Cash flows from financing activities	**-14,677**	**-13,506**
Effect of exchange rate changes on cash and cash equivalents	1,601	61
Change in cash and cash equivalents	**10,980**	**-94,527**
Cash and cash equivalents on June 30	**81,376**	**72,046**

[1)] The previous period contains the expense on deconsolidation of EUR 4,242 thousand from the sale of shares in ADMOS (cf. “Prior-year information on divestments”).

RENK notes to the consolidated financial statements

Basis of presentation
In accordance with Regulation 1606/2002 of the European Parliament and of the Council, RENK AG, Augsburg, has prepared its consolidated financial statements for 2014 in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union. These condensed interim consolidated financial statements of RENK AG as of June 30, 2015 were prepared in accordance with IAS 34 and do not contain all the information and disclosures required of consolidated financial statements as of the end of a fiscal year in accordance with IFRS. Rather they should be read in the context of the IFRS consolidated financial statements published by the company for fiscal 2014. Unless explicitly stated otherwise, the accounting policies applied for interim financial reporting in the condensed interim consolidated financial statements are the same as those in the last consolidated financial statements as of the end of the fiscal year. A detailed description of these methods can be found in the notes to the consolidated financial statements as of December 31, 2014. The income tax expense in the interim financial statements is calculated on the basis of the income tax rate anticipated for the year as a whole.

In the opinion of the Executive Board, this unaudited interim report contains all the normal ongoing adjustments required for an appropriate presentation of the net assets, financial position and results of operations of the Group. The results for the six months of fiscal 2015 do not necessarily serve as a basis for forecasts of future business performance.

The Executive Board must make assumptions and estimates in the preparation of the condensed interim consolidated financial statements. These affect the amounts and reporting of the figures stated for assets, liabilities, income and expenses for the reporting period. The actual amounts incurred may differ from these estimates. In addition to the figures, the condensed interim consolidated financial statements also include notes on selected items.

Information on the segments can be found under the note “Segment reporting” in this interim report.

Basis of consolidation
In addition to RENK AG, the condensed interim consolidated financial statements as of June 30, 2015 include the wholly owned subsidiaries RENK France S.A.S., Saint-Ouen-l'Aumône, France, RENK Corporation, Duncan (SC), USA, RENK Test System GmbH, Augsburg, RENK-MAAG GmbH, Winterthur, Switzerland, and RENK Systems Corporation, Camby (IN), USA. There have been no changes in the basis of consolidation since the end of fiscal 2014.

New and revised accounting pronouncements

RENK has implemented all accounting standards endorsed by the EU and effective for financial periods from January 1, 2015.

Various regulations have become effective since January 1, 2015 as part of the 2013 improvement of International Reporting Standards (Annual Improvement Project 2013). These include amendments to IFRS 1, IFRS 3, IFRS 13 and IAS 40 and have no material impact on the net assets, financial position and results of operations of the RENK Group. Furthermore, IFRIC 21 has been effective since January 1, 2015. IFRIC 21 regulates accounting for public levies not covered by IAS 12 “Income Taxes”. In particular, it clarifies the circumstances for the recognition of a duty to pay a levy in the financial statements. This interpretation also has no material effect on the net assets, financial position and results of operations of the RENK Group.

The other accounting standards effective for the first time in fiscal 2015 have no material effect on the presentation of the net assets, financial position and results of operations in the condensed RENK interim consolidated financial statements. A detailed list of these accounting standards can be found in the notes to the consolidated financial statements in the 2014 annual report.

Prior-year information on divestments

On May 21, 2014 RENK AG sold its entire equity investment in ADMOS-Gleitlager Produktions- und Vertriebsgesellschaft mbH, Berlin, from the Slide Bearings segment. The ensuing expense of deconsolidation of EUR 4,242 thousand led to other operating expenses in the previous year. As a result of the transaction there were significant reductions in intangible assets and property, plant and equipment (EUR 2,398 thousand), inventories (EUR 1,818 thousand) and financial liabilities (EUR 2,183 thousand) in the same period of the previous year. The cash and cash equivalents lost of EUR 8 thousand are included in the cash flows from investing activities in the previous year’s statement of cash flows.

Income statement disclosures

Other operating income
EUR thousand

Reporting period January 1 to June 30	**2015**	**2014**
Income from damages	9,138	-
Income from currency translation differences and currency forwards	2,034	702
Income from the derecognition of liabilities	992	567
Income from reversal of provisions	657	1,758
Income from the reversal of bad debt allowances on receivables and receivables written off	68	301
Miscellaneous other income	243	472
	13,132	**3,800**

The income from damages includes EUR 8,900 thousand from the payment of agreed purchase commitments for wind turbine gear units from the reorganization of the supplier relationship with a key customer in the offshore wind power sector.

Other operating expenses
EUR thousand

Reporting period January 1 to June 30	**2015**	**2014**
Expenses from currency translation differences and currency forwards	1,474	525
Bond and bank fees	344	472
Bad debt allowances on receivables and other assets/write-off of bad debts	113	149
Other expenses from deconsolidation [1)]	-	4,242
Miscellaneous other expenses	953	393
	2,884	**5,781**

[1)] Cf. “Prior-year information on divestments”.

Earnings per share

Reporting period January 1 to June 30	2015	2014
Profit after tax (EUR thousand)	28,554	18,043
Weighted average shares outstanding (in thousands)	6,800	6,800
Earnings per share (in EUR)	**4.20**	**2.65**

In accordance with IAS 33, earnings per share are calculated from the consolidated earnings after taxes and the average number of shares outstanding in the period. There were no financial instruments as of either June 30, 2015 or June 30, 2014 that would dilute earnings per share.

Dividend for fiscal 2014
In accordance with the resolution of the Annual General Meeting on June 18, 2015, RENK AG distributed an ordinary dividend with a total value of EUR 14,960,213.40 (EUR 2.20 per share) to the shareholders for fiscal 2014. The dividend was paid on June 19, 2015.

Balance sheet disclosures

Property, plant and equipment
EUR thousand

	Jun. 30, 2015	Dec. 31, 2014
Land and buildings	46,958	44,985
Technical equipment and machinery	76,371	78,784
Other equipment, operating and office equipment	11,337	10,907
Prepayments and assets under construction	38,955	36,682
	173,621	**171,358**

There were impairment losses of EUR 3,317 thousand in technical equipment and machinery on a wind power test rig (cf. “Other operating income”).

Inventories
EUR thousand

	Jun. 30, 2015	Dec. 31, 2014
Raw materials and supplies	28,638	28,113
Finished goods and work in progress	152,684	148,723
Prepayments	2,338	1,891
	183,660	**178,727**

Trade receivables
EUR thousand

	Jun. 30, 2015	Dec. 31, 2014
Customer receivables	73,415	56,628
Receivables from affiliated companies	7,457	8,617
PoC receivables	4,979	1,796
	85,851	**67,041**

Other provisions
EUR thousand

	Jun. 30, 2015	Dec. 31, 2014
Warranties	34,231	34,634
Outstanding costs	5,242	5,127
Obligations to employees	4,927	4,938
Miscellaneous other provisions	6,230	5,749
	50,630	**50,448**

Other provisions break down as follows according to maturity:

EUR thousand

	Jun. 30, 2015	Dec. 31, 2014
Other non-current provisions	6,635	6,050
Other current provisions	43,995	44,398

Contingent liabilities

EUR thousand

	Jun. 30, 2015	Dec. 31, 2014
Obligations from guarantees	0	274
	0	**274**

Segment reporting

The activities of the RENK Group are divided among the reportable segments Vehicle Transmissions, Slide Bearings, Special Gear Units and Standard Gear Units. The management of each of these segments reports directly to the Executive Board of RENK AG.

The earnings indicator for assessing the result of operations of a segment is operating profit. The operating profit is calculated as the profit before tax and before financial result. Earnings effects in connection with property, plant and equipment and intangible assets from the acquisition of an individual segment are eliminated in the segment's operating profit.

Segment information is determined applying the same accounting policies as those used in the preparation of the consolidated financial statements.

Transactions between segments are performed on an arm's length basis.

The following table shows the key segment information.

Segment information by segment

H1	Special Gear Units		Vehicle Transmissions		Standard Gear Units		Slide Bearings		Consolidation/change		Group	
EUR thousand	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**	**2015**	**2014**
Order intake from third parties	83,671	89,092	86,003	37,044	70,256	48,620	53,328	51,628	-	-	293,257	226,384
Order intake from other segments	6,665	723	107	7	1,421	1,362	1,529	796	-9,722	-2,888	-	-
Total order intake	**90,336**	**89,815**	**86,110**	**37,051**	**71,677**	**49,982**	**54,857**	**52,424**	**-9,722**	**-2,888**	**293,257**	**226,384**
Sales revenue with third parties	72,646	69,464	74,585	47,271	42,252	48,827	50,196	50,726	-	-	239,679	216,288
Sales revenue with other segments	2,025	626	107	2	1,254	821	374	1,357	-3,760	-2,806	-	-
Total sales revenue	**74,671**	**70,090**	**74,692**	**47,273**	**43,506**	**49,648**	**50,570**	**52,083**	**-3,760**	**-2,806**	**239,679**	**216,288**
Order backlog[1)]	**194,347**	**180,139**	**532,240**	**531,389**	**117,411**	**90,628**	**34,078**	**29,455**	**-8,003**	**-4,404**	**870,073**	**827,207**
Segment result (operating profit)	**11,131**	**7,330**	**14,862**	**6,040**	**5,457**	**7,123**	**10,076**	**5,217**	**1,200**	**24**	**42,726**	**25,734**
Capital expenditures	8,095	3,507	2,828	1,897	353	200	1,132	1,252	-	-	12,408	6,856
Operating return on sales	**14.9%**	**10.5%**	**19.9%**	**12.8%**	**12.5%**	**14.3%**	**19.9%**	**10.0%**	**-**	**-**	**17.8%**	**11.9%**

1) As of June 30, 2015/December 31, 2014.

Related party disclosures
There have been no material changes in terms of related party disclosures since the consolidated financial statements as of December 31, 2014.

Review by the Group auditors
The interim consolidated financial statements as of June 30, 2015 and 2014 were not reviewed by an auditor.

Changes in the Supervisory Board
Prof. Gerd Finkbeiner resigned from the Supervisory Board of the company effective August 13, 2014. Mr. Michael Behrendt was dispatched to the Supervisory Board from September 29, 2014 to replace Prof. Finkbeiner. The Annual General Meeting on June 18, 2015 elected Mr. Behrendt to the Supervisory Board for the remainder of the current term of office.

Events after the end of the reporting period
There were no reportable events.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting and the principles of proper accounting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Augsburg, July 24, 2015

RENK AG
The Executive Board

Financial diary of RENK Aktiengesellschaft

Interim notification on Q3 2015	October 26, 2015