



AUTOMOTIVE TECHNOLOGY.

AT A GLANCE

Earnings Figures

		Q1 2015	Q1 2016	Chg. in %
Revenues	in m€	312.4	333.4	7
EBITDA	in m€	42.7	51.4	20
EBIT	in m€	28.1	34.3	22
Result of the period	in m€	16.5	22.9	39
EBITDA margin	in %	13.7%	15.4%	-
EBIT margin	in %	9.0%	10.3%	-

Balance Sheet Figures

		Dec. 31, 2015	Mar. 31, 2016	Chg. in %
Balance sheet total	in m€	1,177.6	1,201.3	2
Equity	in m€	386.6	380.3	-2
Equity ratio	in %	32.8%	31.7%	-
Net debt	in m€	387.4	428.5	11
Gearing	in %	100.2%	112.7%	-

Employees

		Dec. 31, 2015	Mar. 31, 2016	Chg. in %
Number of employees as of reporting date incl. contract workers and externals		4,553	4,658	2

REVENUES

+7%
+1%

EBITDA

+20%
+50%

EBIT

+22%
+55%

EMPLOYEES

+2%
+2%

INTERIM GROUP MANAGEMENT REPORT

for the first quarter 2016

Company

The CROSS Industries group is a global automotive niche player that includes worldwide renowned brands (KTM, Husqvarna Motorcycles, Pankl, WP), which are technology and market leaders in each niche. The group's primary target is the strategic industrial leadership and the development of the majority interests. Within the divisions the focus is on the mutual utilization of potential synergies and on the further development of cooperative projects. By bundling the core capabilities a competitive advantage is achieved.

In March 2016 it was announced that, in the future, the CROSS Industries group will intensify its focus on the listing of CROSS Industries AG in the Prime Market. A delisting of its two subsidiaries KTM AG and WP AG was initiated in order to establish a leaner capital market structure. The current free-float in both entities is considerably below the threshold of one per cent. As accompanying measures, tender offers will be submitted to the free-float shareholders of KTM AG and WP AG who in the course of a delisting wish to exit the companies in order to facilitate an exit from the companies. Shareholders, who do not consider to accept the tender offers, continue to be shareholders of KTM AG and WP AG.

**Concentration on listing
in Prime Market**

The subsidiaries KTM AG, Pankl Racing Systems AG and WP AG made a very promising start to the first quarter of 2016. Each of them is above the previous year's level concerning revenues and EBIT.

Employees

The employee development within the group is very positive. In the first quarter of 2016 additional 105 employees could be hired, thereof 89 in Austria. As of March 31, 2016 the number of employees amounted to 4,658.

Employees
as of reporting date

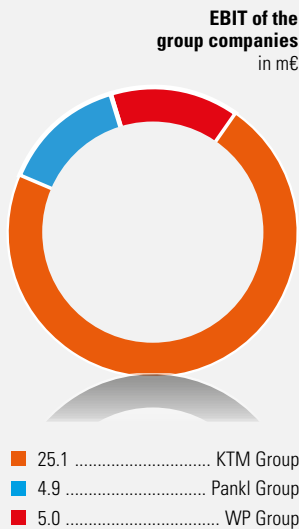


Economic environment

According to the International Monetary Fund (IMF) as of April 2016 the global economic growth will grow further in 2016 by 3.2 %, whereas the prognosis of January 2016 showed a growth of 3.4% and the prognosis of October 2015 showed 3.6%. For advanced economies, a growth of 1.9 % is projected for the current year and 2.0% for the next year. For the Euro area, a development of 1.5 % is projected for 2016. For the year 2017, the IMF anticipates a global economic growth of 3.5 % and for the Euro area a growth of 1.6 %.

**IMF lowered prognosis for
global economic growth**

For emerging markets and developing economies, a growth in economic output of 4.1 % is projected for the year 2016 and a growth of 4.6 % for the year 2017. For China, a growth rate of 6.5 % for the year 2016 and 6.2 % for the year 2017 is projected. The highest growth rate is expected for India, with 7.5 % for the current and the next year.



Revenues and earnings

After the successful merger in June 2015 the comparability with the previous year's figures is possible because the consolidated financial statements of CROSS Industries AG are used.

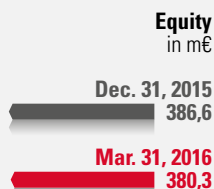
In the first quarter of 2016 the CROSS Industries Group achieved revenues in the amount of 333.4 m€ (previous year: 312.4 m€) and an EBIT in the amount of 34.3 m€, which increased by approximately 22% (previous year: 28.1 m€).

The **KTM Group** was able to increase sales in the first quarter 2016 to 48,455 vehicles (+15.8% to the previous year), including the sales of the DUKE 200 and DUKE 390, RC 200 and RC 390 by KTM's partner Bajaj in India. The revenues increased to 278.8 m€ (+11.7% compared to previous year). Through this rise in sales and revenues KTM could increase its EBIT to 25.1 m€ compared to 21.7 m€ in the previous year (+15.7% to the previous year) and thus achieved an EBIT margin of 9.0% in the first quarter 2016.

The **Pankl Group** achieved revenues in the amount of 48.8 m€ in the first quarter of the business year 2016 and could therefore increase its revenues by 4.5% compared to the previous year's period (previous year: 46.7 m€). While the segment Racing/High Performance grew, the segment Aerospace was still affected by the difficult overall economic market environment. Compared to the previous year, the EBIT increased by 2% from 4.8 m€ in the first quarter 2015 to 4.9 m€ in the first three months of the business year 2016. The EBIT margin amounted to 10.1% (previous year: 10.4%).

The **WP Group** increased revenues in the first quarter 2016 by about 18% from 33.8 m€ in the comparison period of the previous year to a total of 40.0 m€. The increase in revenues was noted in almost all business segments and product groups. As a consequence of the higher revenues, the operating EBIT before extraordinary income increased by approximately 10% compared to the previous year and amounted to 2.2 m€ in the first quarter (previous year: 2.0 m€). Due to the disposal of a non-operating property and various other fixed assets, an extraordinary income in the amount of 2.8 m€ was achieved, which led, in total, to an EBIT of 5.0 €. Therefore the EBIT margin increased significantly from 5.8% to 12.4%. Adjusted for the sale of property an operating EBIT margin of 5.5% could be achieved. Purchase prices, especially within Asia, are still under pressure and lead to a burden of the operating margin.

Balance sheet and financial position



The balance sheet total of the CROSS Industries Group increased from 1,177.6 m€ to 1,201.3 m€ compared to the financial statements of December 31, 2015 which is mainly attributable to the growth-related increase in trade receivables. As of balance sheet date March 31, 2016 equity decreased to 380.3 m€ compared to 386.6 m€ as of December 31, 2015. The decrease in equity is negatively influenced by acquisitions of shares in companies in the first quarter 2016. The net financial debt amounted to 428.5 m€.

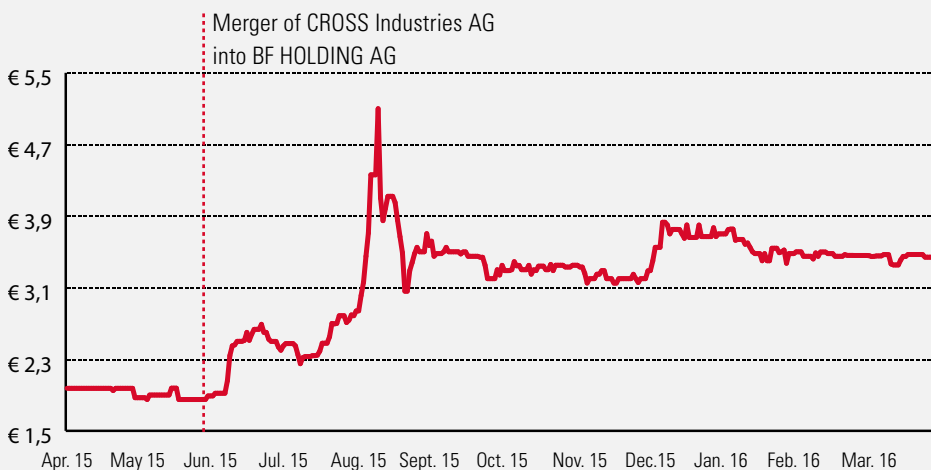
Cash flow

Cash flow from operating activities amounted to -4.6 m€ in the first quarter 2016 and was below the previous year's figure of -75.1 m€. The improvement of the cash flow from operating activities is attributable to the positive group results as well as to the various measures of improving the working capital. The cash flow from investing activities amounted to -29.0 m€ in the first three months of the current business year. Taking into account the cash flow from financing activities in the amount of 7.9 m€, the liquid funds decreased by -26.3 m€ (including foreign currency effects in the amount of -0.5 m€) to 108.8 m€ in the first quarter 2016 compared to December 31, 2015.

Development of the CROSS Industries share

The CROSS Industries share showed a very positive development during the last twelve months. As of March 31, 2016 the market capitalization for 225,386,742 shares admitted for trading amounted to 786.6 m€, even though the share declined slightly during the first quarter 2016. The share price closed at € 3.49 on the last trading day (March 31, 2016). The highest closing price in the first quarter 2016 was € 3.75; the lowest was € 3.35.

Development of the CROSS Industries share April 1, 2015 - March 31, 2016



Shareholder structure
as of Mar. 31, 2016



74.89%	Pierer Industrie AG
0.03%	Treasury shares
25.08%	Freefloat

Risk report

In this context we refer to the information given in the consolidated financial statements of December 31, 2015. Since then there have been no changes in evaluation risks.

Significant events after the balance sheet date

In this context we refer to the notes of the interim financial statements.

Outlook

In the business year 2016 the CROSS Industries Group still continues to focus on organic growth in its core areas through further expansion of market share and global growth, whereby the focus is on emerging markets. Within the corporate divisions the focus is on the mutual utilization of synergy potentials and on the further development of cooperative projects.

In the view of the current order situation the Management's assessment predicts a further positive development for the remaining business year 2016. As in the previous years the markets on the different continents will develop differently in the future. Therefore, continuous assessment and critical evaluation of the market-, production- and cost situation is emphasized in order to take immediate action for stabilizing the striven profit situation if necessary.

Within the **KTM Group** extensive investments will again be made in the business year 2016. Furthermore, work will begin on the construction of the KTM Experience World in Mattighofen, which will include a museum and demonstration workshop. KTM will make its debut in the MotoGP racing series in 2017. The team will be unveiled in August 2016 at the Austrian Grand Prix, which will be held at the Red Bull Ring in Spielberg.

For the subsequent quarters 2016 the **Pankl Group** expects a better racing business, a still difficult market environment for the helicopter business and in the high performance business an increase in the volatility, but still increase in efficiency and productivity.

For the business year 2016 the **WP Group** expects a significant increase in revenues compared to the previous year. This increase is expected across almost all segments of the group. Due to the extraordinary effect on earnings resulting from the property sale in the first quarter, a better result than in the previous year is expected for 2016.

Wels, in May 2016

The Management Board of CROSS Industries AG



Stefan Pierer, CEO



Friedrich Roithner, CFO



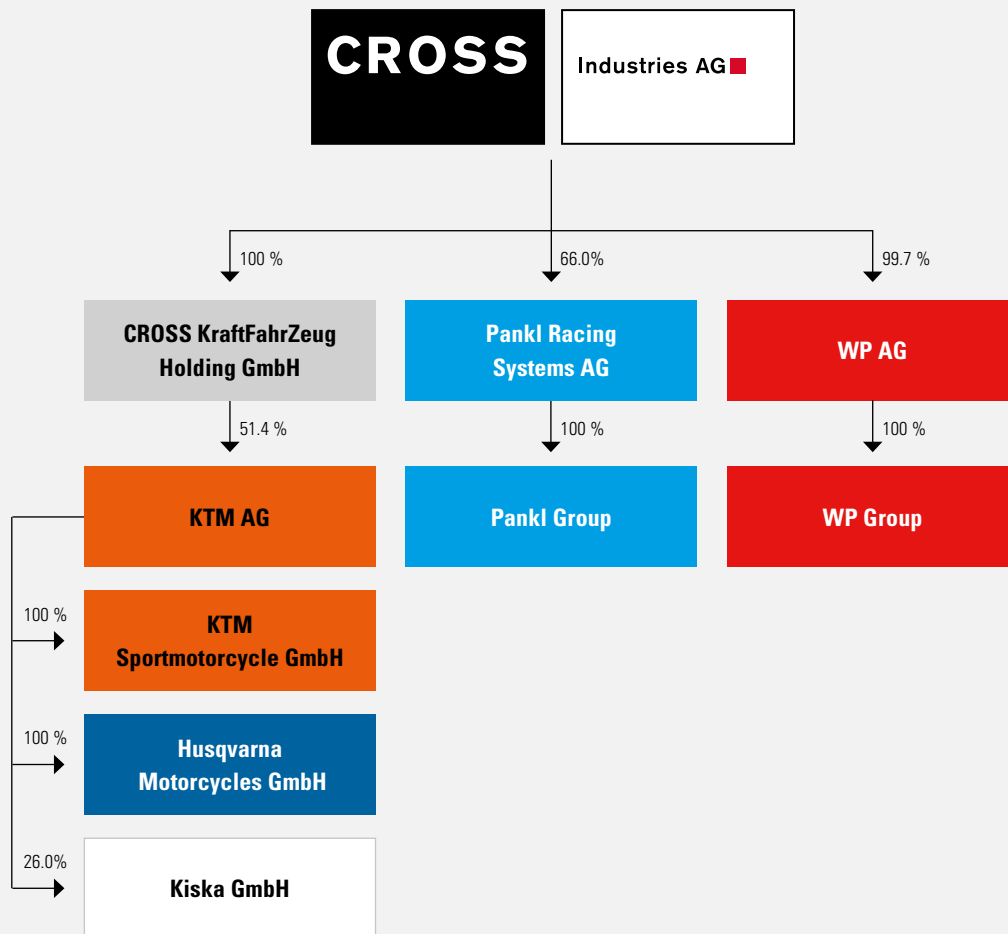
Alfred Hertenhuber



Wolfgang Plasser

GROUP STRUCTURE

Simplified presentation as of March 31, 2016



Other shareholdings:

- PF Beteiligungsverwaltungs GmbH 100%
- Network Performance Channel GmbH 100%
- Durmont Teppichbodenfabrik GmbH 24%
- Wethje Carbon Composites GmbH 18%
- ACstyria Autocluster GmbH 12.3%



GROUP COMPANIES

Business performance

The implementation of the global product strategy as well as the expansion into further Asian and South American markets has been consistently pursued in the first quarter of 2016. In the first quarter of 2016 KTM reported consolidated revenues amounting to 278.8 m€. Therefore, an increase of 11.7 % compared to the same period in previous year could be achieved. Taking into account the DUKE 200, DUKE 390, RC 200 and RC 390 sold by the partner Bajaj in India 48,455 vehicles were sold worldwide in the first quarter of 2016 (+15.8% compared to previous year). In the first three months of 2016 KTM showed an EBITDA of 37.6 m€ (+20.1% compared to previous year) and an EBIT of 25.1 m€ (+15.7% compared to previous year). Net result could be increased from 13.7 m€ in previous year to 17.0 m€ in the first quarter of 2016.

Already in 2015, KTM started the construction of a new motorsports building in Munderfing with planned investments of 13.2 m€. In the second quarter of 2016, the new building will be completed.

As of March 31, 2016 the number of employees amounted to 2,577.

KTM share

In the first quarter of the business year 2016 the KTM share developed on a stable level and closed on the last trading day (March 31, 2016) at € 122.5 (December 31, 2015: € 122.0). Over the reporting period of three months the highest closing price was € 130.0; the lowest was € 122.5. The market capitalization for 10,845,000 shares admitted for trading amounted to 1,328.5 m€ as of March 31, 2016.

Outlook

Although KTM expects the North American motorcycle market to enjoy significant growth in the current year and is also relatively bullish with regard to Europe, the emerging markets in South America and Asia are marked by numerous uncertainties. Asian markets are regarded to represent the biggest growth opportunities over the medium-term.

KTM Key figures

Earnings figures		Q1 2015	Q1 2016	Chg. in %
Revenues	in m€	249.5	278.8	12%
EBITDA	in m€	31.3	37.6	20%
EBIT	in m€	21.7	25.1	16%
Earnings after taxes	in m€	13.7	17.0	24%

Balance sheet figures		31.12.2015	31.03.2016	Chg. in %
Balance sheet total	in m€	848.9	866.9	2%
Equity	in m€	379.8	397.3	5%
Equity ratio		44.7%	45.8%	-
Net debt	in m€	97.2	135.7	40%
Gearing		25.6%	34.2%	-

Stock exchange figures		31.12.2015	31.03.2016	Chg. in %
Number of shares	share	10,845,000	10,845,000	-
Market capitalization	in m€	1,323.1	1,328.5	0%
Closing price	in €	122.0	122.5	0%

INVESTMENT

51.4%

Shareholder structure KTM AG (March 31, 2016)



51.4%	CROSS Industries AG
48.0%	Bajaj Auto International Holdings B.V.
0.6%	Freefloat

A close-up photograph of a metallic engine piston, showing its rings and crown. The image is framed by a large, light blue, semi-transparent hexagonal shape. A solid blue horizontal banner is positioned across the middle of the piston, containing the text "AUTOMOTIVE TECHNOLOGY." in white, uppercase letters.

AUTOMOTIVE TECHNOLOGY.

GROUP COMPANIES

Business performance

In the first quarter 2016, Pankl Group achieved revenues in the amount of 48.8 m€, which was an increase of 4.5% versus the same period of the last year (Q1 2015: 46.7 m€). Operating earnings (EBIT) increased by 2% from 4.8 m€ to 4.9 m€, which corresponds to an EBIT margin of about 10%. In the first quarter of the business year 2016, earnings after taxes amounted to 3.6 m€ versus 4.0 m€ in the same period of the previous year.

While the Racing/High Performance segment experienced growth, the Aerospace segment continued to suffer from a difficult market environment. In the first quarter of 2016, the Racing/High Performance segment revenues increased by 7% and amounted to 43.2 m€ (Q1 2015: 40.4 m€); the operating earnings (EBIT) improved by 0.6 m€ to 4.5 m€. In the first quarter of 2016, the Aerospace segment revenues amounted to 5.7 m€ after 6.3 m€ in the same period of the previous year. This decline in revenues of 9% was due to the ongoing difficult market environment. Operating earnings (EBIT) amounted to 0.2 m€ after 0.4 m€ in the same period of the previous year.

As of March 31, 2016 the number of employees amounted to 1,419.

Pankl share

During the three-month period under review the highest closing price was € 30.0; the lowest was € 27.4. As of March 31, 2016 the Pankl share closed at € 28.0. The market capitalization for 3,150,000 shares admitted for trading amounted to 88.2 m€.

Outlook

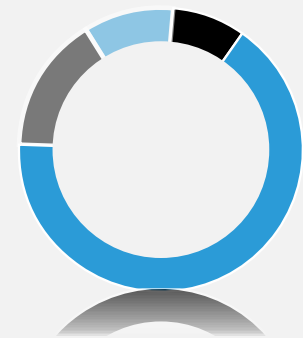
In the coming quarters Pankl expects a slightly improving motor racing business compared to last year, but a still challenging helicopter business. In the high performance division Pankl expects increasing volatility but also improving efficiency and productivity. In total, Pankl anticipates satisfactory results for the business year 2016. Preparations to build the new Kapfenberg high performance drivetrain facility are running on full speed.

Pankl Key figures

Earnings figures		Q1 2015	Q1 2016	Chg. in %
Revenues	in m€	46.7	48.8	5%
EBITDA	in m€	8.2	8.2	0%
EBIT	in m€	4.8	4.9	2%
Earnings after taxes	in m€	4.0	3.6	-9%
Balance sheet figures		31.12.2015	31.03.2016	Chg. in %
Balance sheet total	in m€	182.3	188.0	3%
Equity	in m€	82.9	75.3	-9%
Equity ratio		45.4%	40.1%	-
Net debt	in m€	69.1	63.9	-8%
Gearing		83.4%	84.8%	-
Stock exchange figures		31.12.2015	31.03.2016	Chg. in %
Number of shares	share	3,150,000	3,150,000	-
Market capitalization	in m€	86.6	88.2	2%
Closing price	in €	27.5	28.0	2%

INVESTMENT
66.0%

Shareholder structure
Pankl Racing Systems AG
(March 31, 2016)



■ 66.0% CROSS Industries AG
■ 15.6% Qino Capital Partners AG
■ 10.1% Unternehmens Invest AG
■ 8.3% Freefloat



AUTOMOTIVE TECHNOLOGY.



GROUP COMPANIES

Business performance

The WP Group's operating business developed successfully in the first quarter of 2016. Compared to the record year 2015, revenues increased again by 18.4% to a new Q1 peak value in the amount of 40.0 m€. This increase in revenues could be realized in almost all business segments and product groups.

Prior consideration of extraordinary business transactions, an EBIT of 2.2 m€ was achieved. Due to the disposal of a non-operating property in Mattighofen and various other fixed assets, an extraordinary income in the amount of 2.8 m€ was achieved, which led, in total, to an EBIT of 5.0 € in the first quarter 2016. This is the best quarterly result in the history of the WP Group. The earnings before taxes amounted to 4.6 m€ and thus, were also above the previous year's level of 1.7 m€.

The further expansion of manufacturing capacities is of central significance for the development of the WP Group. In 2015, the construction of a new exhaust manufacturing, a development center for exhaust and framework systems and the WP motorsports center started.

As of March 31, 2016 the number of employees amounted to 651.

WP share

During the three-month period under review the highest closing price was € 19.75; the lowest € 13.65. As of March 31, 2016 the WP share closed at € 17.88. The market capitalization for 5,000,000 shares admitted for trading amounted to 89.4 m€ as of March 31, 2016.

Outlook

For the business year 2016 a significant increase in revenues compared to the previous year is anticipated. This increase is expected across almost all segments of the group. Due to the extraordinary effect on earnings resulting from the property sale and various other fixed assets in the first quarter, a better result than in the previous year is expected for 2016.

WP Key figures

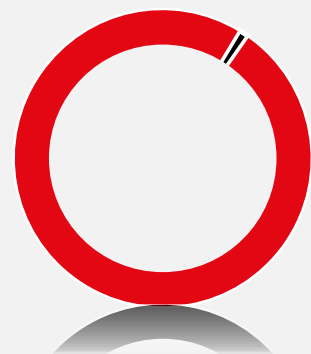
Earnings figures		Q1 2015	Q1 2016	Chg. in %
Revenues	in m€	33.8	40.0	18%
EBITDA	in m€	2.9	6.0	>100%
EBIT	in m€	2.0	5.0	>100%
Earnings after taxes	in m€	1.7	4.4	>100%

Balance sheet figures		31.12.2015	31.03.2016	Chg. in %
Balance sheet total	in m€	99.6	103.8	4%
Equity	in m€	42.3	46.6	10%
Equity ratio		42.4%	44.9%	-
Net debt	in m€	20.0	22.3	12%
Gearing		47.3%	47.9%	-

Stock exchange figures		31.12.2015	31.03.2016	Chg. in %
Number of shares	share	5,000,000	5,000,000	-
Market capitalization	in m€	70.5	89.4	27%
Closing price	in €	14.1	17.9	27%

INVESTMENT
99.7%

Shareholder structure WP AG
(March 31, 2016)



■ 99.7% CROSS Industries AG
■ 0.3% Freefloat

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

for the first quarter of 2016 of CROSS Industries AG, Wels (condensed)

Consolidated income statement for the first quarter 2016

from January 1, 2016 until March 31, 2016 in k€

	Q1 2016	Q1 2015
Revenues	333,442	312,425
Cost of goods sold	-232,820	-221,789
Gross profit	100,622	90,636
Sales and racing expenses	-39,877	-36,691
Research and development expenses	-5,970	-3,404
Administration expenses	-18,202	-18,256
Other operating expenses	-6,295	-4,345
Other operating income	4,018	205
Earnings from operating activities	34,296	28,145
Interest income	463	345
Interest expenses	-4,582	-4,195
Earnings from at-equity holdings	0	-348
Other financial and investment income	-1,017	-1,047
Earnings before taxes	29,160	22,900
Income taxes	-6,241	-6,414
Result of the business year	22,919	16,486
thereof owners of the parent company	13,596	7,749
thereof non-controlling interests	9,323	8,737
Undiluted (=diluted) earnings per share (EUR)	0.06	0.03

Consolidated statement of comprehensive income for the first quarter 2016

from January 1, 2016 until March 31, 2016 in k€

	Q1 2016	Q1 2015
Other income		
Items that were reclassified into the income statement or that can be reclassified afterwards		
Currency translation of foreign subsidiaries	-2,018	3,399
Valuation of cash flow hedges	1,775	-1,168
Deferred tax on the valuation of cash flow hedges	-444	292
	-687	2,523
Items that were not reclassified into the income statement		
Revaluation of the net debt from defined benefit plans	-7	-5
Tax effect	2	1
	-5	-4
Other income after taxes	-692	2,519
Comprehensive income	22,227	19,005
thereof owners of the parent company	13,047	8,920
thereof non-controlling interests	9,180	10,085

Consolidated balance sheet as at March 31, 2016

Assets in k€

	Mar. 31, 2016	Dec. 31, 2015
Non-current assets		
Property, plant and equipment	275,576	276,093
Goodwill	117,333	117,724
Intangible assets	215,444	207,805
Financial assets accounted for using the equity method	3,064	3,968
Deffered tax assets	7,883	7,160
Receivables from affiliated companies	245	105
Other non-current assets	27,063	26,360
	646,608	639,215
Current assets		
Inventories	247,248	242,678
Trade receivables	137,936	110,831
Receivables from affiliated companies	8,017	6,084
Receivables and other assets	52,656	42,797
Cash and cash equivalents	108,808	135,124
Assets held for sale	0	855
	554,665	538,369
	1,201,273	1,177,584

Consolidated balance sheet as at March 31, 2016**Consolidated equity and liabilities** in k€

	Mar. 31, 2016	Dec. 31, 2015
Consolidated equity		
Share capital	225,387	225,387
Capital reserves	9,798	9,798
Other reserves including retained earnings	-36,233	-38,516
Equity of the owner of the parent company	198,952	196,669
Non-controlling interests	181,356	189,947
	380,308	386,616
Non-current liabilities		
Financial liabilities	471,932	465,224
Employee benefits	21,461	20,905
Deferred tax liabilities	39,677	38,313
Other non-current liabilities	15,995	8,471
	549,065	532,913
Current liabilities		
Financial liabilities	65,333	57,343
Trade liabilities	104,696	111,399
Liabilities to affiliated companies	6,371	2,158
Provisions	10,773	10,226
Tax liabilities	7,938	1,643
Other current liabilities	76,789	75,286
	271,900	258,055
	1,201,273	1,177,584

Condensed consolidated cash flow statement as at March 31, 2016

in k€

	Q1 2016	Q1 2015
Consolidated cash flow from operating activities		
Result of the business year	22,919	16,486
+ (-) Interest expenses / Interest income	4,119	3,850
+ Tax expenses	6,241	6,414
+ (-) Depreciation / amortization of property, plant and equipment and intangible assets	17,135	14,549
+ (-) Other non-cash expenses (income)	-412	3,896
	50,002	45,195
- (+) Increase (decrease) of the net current assets	-52,111	-116,539
+ Interest received	451	331
- Interest paid	-2,241	-2,342
- Tax payments	-730	-2,269
	-4,629	-75,624
Consolidated cash flow from investing activities		
- Payments made for the acquisition of intangible assets and property, plant and equipment	-30,112	-24,696
+ Payments received from the disposal of intangible assets and property, plant and equipment	1,086	226
+ (-) Payments received/made from other assets	-15	-1,191
	-29,041	-25,661
Consolidated cash flow from financing activities		
- Dividend payments to third parties	0	-3,394
+ (-) Disposal / Acquisition of non-controlling interests	-4,520	-704
+ (-) Increase (decrease) in financial liabilities	12,378	50,518
	7,858	46,420
Change in liquid funds within the Group	-25,812	-54,865
+ Effect of foreign currency fluctuations	-504	-913
+ Opening balance of liquid funds within the Group	135,124	89,404
Closing balance of liquid funds within the Group	108,808	33,626

Consolidated statement of changes in equity

in k€

	Share capital	Capital reserves	Perpetual bond	Reserves including retained earnings
As at January 1, 2016				
Comprehensive income	225,387	9,798	0	-36,789
Profit for the business year	0	0	0	13,596
Other income	0	0	0	0
Comprehensive income	0	0	0	13,596
Transactions with shareholders				
Acquisition/disposal of shares in subsidiaries	0	0	0	-10,764
As at March 31, 2016	225,387	9,798	0	-33,957
As at January 1, 2015				
Comprehensive income	1,332	137,825	58,987	11,425
Profit for the business year	0	0	0	7,749
Other income	0	0	0	0
Comprehensive income	0	0	0	7,749
Transactions with shareholders				
Dividends to third parties	0	0	0	-3,094
Acquisition/disposal of shares in subsidiaries	0	0	0	270
As at March 31, 2015	1,332	137,825	58,987	16,350

IAS 39 reserve	IAS 19 reserve for actuarial losses	Currency translation adjustments	Reserve for treasury shares	Total	Non-controlling interests	Total consolidated equity
14	-3,401	1,761	-101	196,669	189,947	386,616
0	0	0	0	13,596	9,323	22,919
662	-7	-1,204	0	-549	-143	-692
662	-7	-1,204	0	13,047	9,180	22,227
0	0	0	0	-10,764	-17,771	-28,535
676	-3,408	557	-101	198,952	181,356	380,308
-2,303	-3,544	605	0	204,327	166,601	370,928
0	0	0	0	7,749	8,737	16,486
-448	-2	1,621	0	1,171	1,348	2,519
-448	-2	1,621	0	8,920	10,085	19,005
0	0	0	0	-3,094	-300	-3,394
0	0	0	0	270	-974	-704
-2,751	-3,546	2,226	0	210,422	175,412	385,834

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the first quarter 2016

Company

CROSS Industries AG has its headquarter in 4600 Wels, Edisonstraße 1, and is registered with the commercial register at the regional court Wels as commercial court, under the registration number FN 78112 x.

The corporate purpose of CROSS Industries AG is to act as a holding company, with a particular focus on the acquisition and administration of industrial companies as well as companies and shareholdings in industrial companies, the management of companies and shareholdings being part of the CROSS Industries Group, the performance of services for these companies (group services) as well as, in general, services in the field of management consultancy.

In the first quarter of 2016 CROSS Industries AG increased its shares in Pankl Racing Systems AG by 10.1%, in WP AG by 10.2% and in KTM AG by 0.1%.

As of March 31, 2016 the major shareholdings are:

- KTM AG, Mattighofen, with 51.4%
- Pankl Racing Systems AG, Kapfenberg, with 66.0% as well as
- WP AG, Munderfing, with 99.7%

As of the effective date of the merger, January 1, 2015, CROSS Industries AG as transferring company was merged into BF HOLDING AG as receiving company. The merger took place on June 2, 2015. From an economic point of view and analogous to the regulations for reverse acquisitions a takeover by the receiving company BF HOLDING AG through the transferring company CROSS Industries AG takes place in the course of the merger process. Therefore, the figures of the previous year's consolidated financial statements of CROSS Industries AG are presented as comparative values.

Accounting principles

The condensed interim consolidated financial statement for the reporting period from January 1 until March 31, 2016 of CROSS Industries AG were prepared in accordance with the International Financial Reporting Standards (IFRS), to the extent used in the EU, applying IAS 34 (interim reporting).

The condensed interim consolidated financial statements for the first three months 2016 were neither audited nor reviewed by an auditor.

The condensed interim consolidated financial statements do not include all of the notes and disclosures required for year-end consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2015.

The interim consolidated financial statements are prepared in Euros, which is the functional currency of the parent company. Unless otherwise indicated, all amounts are given in 1,000,000 Euros (m€) rounded to one decimal place, whereby rounding differences can occur.

Through the application of automated calculating tools rounding differences can occur with accumulation of rounded figures and with percentages.

The balancing and valuation methods of the consolidated financial statements of December 31, 2015 remain fundamentally unchanged. For further information on balancing and valuation methods, please refer to the consolidated financial statements of the business year 2015, which form the basis for this interim consolidated financial report of the first quarter 2016.

The accounts of the companies included in the condensed interim consolidated financial statements, are subject to uniform accounting principles. These principles were applied by all companies included in the consolidated financial statements.

Pursuant to IAS 34, income tax expenses for the interim consolidated financial statements have been calculated using the average annual tax rate expected for the business year as a whole.

Accounting rules

The following revised IFRS standards were to be applied in the reporting period for the first time:

- Amendments to IFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1: Disclosure Initiative
- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 16 and IAS 41: Bearer Plants
- Amendments to IAS 27: Equity Method in Separate Financial Statements
- Annual improvements in IFRS 2012-2014: Amendments and clarifications regarding various IFRS

The new, revised or adjusted standards and interpretations that will be effective for the first time in the business year 2016 have no or no significant impact on the presentation of the assets, financial and earnings position of these interim consolidated financial statements.

Scope of consolidation

All major subsidiaries that are either legally or factually under the control of CROSS Industries AG are included in the interim consolidated financial statements as of March 31, 2016.

The scope of consolidation has not changed in the first quarter 2016 compared to December 31, 2015.

Estimates

To a certain extent, estimates and assumptions have to be made in the consolidated financial statements. These estimates have an impact on the balance sheet assets and liabilities, the disclosure of contingent liabilities at the balance sheet date, and the reporting of expenses and income in the business year. The management refers to empirical data that is considered adequate. The subsequent actual amounts may then differ from such estimates, if parameters do not develop according to expectations. New conditions will be considered when arising and assumptions will be adjusted.

Estimates and uncertainties with regard to discretionary decisions are explained in the consolidated financial statements of CROSS Industries AG as of December 31, 2015 under item (6) accounting policies.

Seasonality

At KTM AG seasonality effects occur due to a different seasonality of offroad- and street motorcycles. In the street segment, there are higher sales in the first half of the year, whereas in the offroad division, the main focus is on the second half of the year. Due to the increasing importance of the street segment in total revenues, seasonal effects are straightened over the year to a great extent. At Pankl Racing Systems AG seasonal fluctuations exist in the segments Racing/High Performance because the racing season for the essential racing categories starts in spring and is due in autumn. Consequently the first quarter tends to be the strongest one.

Notes to the consolidated income statement

In the first quarter 2016 the group revenues amounted to 333.4 m€. This corresponds to an increase of 21.0 m€ respectively 6.7% compared to the same period of the previous year. KTM Group (+11.7%), Pankl Group (+4.5%) as well as WP Group (+18.4%) achieved growth in revenues. In the CROSS Industries Group the EBIT for the first quarter 2016 increased by 21.9% to 34.3 m€ compared to the previous year. This corresponds to an EBIT margin of 10.3% (previous year: 9.0%). The EBIT includes an income deriving from the sale of a non-operating property and various other fixed assets in the amount of 2.8 m€.

The earnings after taxes amounted to 22.9 m€ (+39.0% to the previous year). Thereof KTM Group achieved a result in the amount of 17.0 m€, Pankl Group 3.6 m€ and WP Group 4.4 m€. The other companies (incl. consolidation effects) achieved a result in the amount of -2.1 m€.

Notes to the consolidated statement of comprehensive income

The currency-translation differences that have no effect on income, in the amount of -2.0 m€ in the reporting period (including non-controlling interests) result mainly from the US Dollar as well as the British Pound. In the reporting period the cash flow hedge reserve increased the equity by 1.3 m€.

Earnings per share

The number of shares of CROSS Industries AG amounts to 225,386,742. As of March 31, 2016 the company held 61,030 treasury shares. For a greater comparability the number of shares in the amount of 225,386,742 had been taken as a basis for the previous-year's period in order to calculate the earnings per share.

Notes to the consolidated balance sheet

The balance sheet total increased by 2.0% compared to December 31, 2015 from 1,177.6 m€ to 1,201.3 m€ and is mainly attributable to the increase in trade receivables because of revenue growth. Corresponding to the growth in revenues the working capital increased in the first quarter 2016 by 19.4% to 290.3 m€.

As of the reporting date the equity amounts to 380.3 m€ and declined by 6.3 m€ compared to December 31, 2015. On the one hand, due to the result for the period in the amount of 22.9 m€, the equity increased; on the other hand, acquisitions of non-controlling interests in subsidiaries in the amount of 28.5 m€ led to a decrease in equity. As of the reporting date the equity ratio amounts 31.7% (Dec. 31, 2015: 32.8%).

Notes to the consolidated cash flow statement

In the first quarter the group liquid funds decreased by 26.3 m€ to 108.8 m€. The change is comprised of the cash flow from operating activities in the amount of -4.6 m€, the cash flow from investing activities in the amount of -29.0 m€ as well as the cash flow from financing activities in the amount of +7.9 m€. The impact of exchange rate changes amounted to -0.5 m€.

The improvement of the cash flow from operating activities is caused by the positive consolidated results as well as by various measures in order to improve the working capital.

Disclosures on financial instruments

The time value (fair value) of a financial instrument is based on quoted market prices for an identical financial instrument in an active market (step 1). If there are no quoted market prices available on active markets for the financial instrument, then the time value shall be based on valuation methods with the major parameters being derived from observed market data only (step 2). In any other event, the time value shall be derived from valuation methods with at least one parameter not being based on observed market data (step 3).

The following table shows the carrying amounts and fair values of the financial assets (financial instruments shown on the assets side), broken down by class or measurement category according to IAS 39. But it does not provide information on financial instruments not measured at fair value where the carrying amount is a reasonable approximation of fair value.

in m€	Book value	Fair value	Fair value			Total
	Mar. 31, 2016	Mar. 31, 2016	Level 1	Level 2	Level 3	
Loans and receivables						
Cash and cash equivalents	108.8					
Trade receivables	137.9					
Receivables from affiliated companies	8.3					
Other financial assets (current and non-current)	28.2					
Financial assets - loans	1.9					
Total	285.1					
Available for sale						
Other non-current financial assets	18.8					
Total	18.8					
Held for trading						
Other current assets - securities	1.7	1.7	1.7	0.0	0.0	1.7
Total	1.7					
Fair value - hedging instruments						
Other current assets - derivatives with positive market value	7.0	7.0	0.0	7.0	0.0	7.0
Total	7.0					
Total	312.6					

in m€	Book value	Fair Value	Fair value			Total
	Dec. 31, 2015	Dec. 31, 2015	Level 1	Level 2	Level 3	
Loans and receivables						
Cash and cash equivalents	135.1					
Trade receivables	110.8					
Receivables from affiliated companies	6.2					
Other financial assets (current and non-current)	26.2					
Financial assets - loans	2.0					
Total	280.4					
Available for sale						
Other non-current financial assets	17.9					
Total	17.9					
Held for trading						
Other current assets - securities	1.6	1.6	1.6	0.0	0.0	1.6
Total	1.6					
Fair value - hedging instruments						
Other current assets - derivatives with positive market value	3.6	3.6	0.0	3.6	0.0	3.6
Total	3.6					
Total	303.5					

The following table shows the carrying amounts and fair values of the financial liabilities (financial instruments shown on the liabilities side), broken down by class or measurement category according to IAS 39. But it does not provide information on financial liabilities not measured at fair value where the carrying amount is a reasonable approximation of fair value.

in m€	Book value	Fair Value	Fair value			Total
	Mar. 31, 2016	Mar. 31, 2016	Level 1	Level 2	Level 3	
At amortized cost						
Interest bearing liabilities	346.9	361.0	0.0	0.0	361.0	361.0
Bonds	168.2	167.0	156.4	0.0	10.6	167.0
Liabilities finance lease	22.2					
Trade liabilities	104.7					
Liabilities towards affiliated companies	6.4					
Other financial liabilities (current and non-current)	42.2					
Total	690.5					

in m€	Book value	Fair Value	Fair value			Total
	Mar. 31, 2016	Mar. 31, 2016	Level 1	Level 2	Level 3	
Held for trading						
Other financial liabilities - derivatives with negative market value	0.5	0.5	0.0	0.5	0.0	0.5
Total	0.5					
Fair value - hedging instruments						
Other financial liabilities - derivatives with negative market value (cash flow hedge)	2.0	2.0	0.0	2.0	0.0	2.0
Total	2.0					
Total	693.0					

in m€	Book value	Fair Value	Fair value			Total
	Dec. 31, 2015	Dec. 31, 2015	Level 1	Level 2	Level 3	
At amortized cost						
Interest bearing liabilities	329.6	342.2	0.0	0.0	342.2	342.2
Bonds	170.5	178.5	167.9	0.0	10.6	178.5
Liabilities finance lease	22.5					
Trade liabilities	111.4					
Liabilities towards affiliated companies	2.2					
Other financial liabilities (current and non-current)	41.3					
Total	677.5					
Held for trading						
Other financial liabilities - derivatives with negative market value	0.6	0.6	0.0	0.6	0.0	0.6
Total	0.6					
Fair value - hedging instruments						
Other financial liabilities - derivatives with negative market value (cash flow hedge)	2.9	2.9	0.0	2.9	0.0	2.9
Total	2.9					
Total	681.0					

Fair value determination

Concerning the valuation technique reference is made to the consolidated financial statements of CROSS Industries AG as of December 31, 2015, pointed out in 34.2 (Classification and fair value).

Segment reporting

CROSS Industries AG comprises the segments KTM, PANKL, WP as well as Other and are explained below:

KTM:

KTM Group handles the development, production and the distribution of motorized leisure devices (power sports), especially under the brands "KTM" and "Husqvarna" and holds shares in enterprises in development, production and distribution of such devices.

PANKL:

Pankl Group is specialized in the production of high-strength lightweight components for special niche markets such as the international racing industry, the international luxury and high performance street vehicle industry. Pankl mainly concentrates on developing, improving and testing of products.

WP:

WP Group operates in the motorcycle supplier sector. The WP Group develops, produces and distributes suspension elements, frames, radiators as well as exhaust systems at its headquarter in Munderfing, Austria.

Other:

In the segment „Other“ both holding companies CROSS Industries AG and CROSS KraftFahrZeug Holding GmbH are presented. In the previous year's period Durmont Teppichbodenfabrik GmbH was included, which was deconsolidated in April 2015.

Revenues, operating earnings, investments and depreciations can be divided into the described segments as follows:

Segment reporting Q1 2016

in m€	KTM	PANKL	WP	Other	Consolidation	GROUP
Revenues (including revenues within the segments)	278.8	48.8	40.0	1.4	-35.7	333.4
Revenues external	278.7	47.2	7.4	0.1	0.0	333.4
Earnings from operating activities	25.1	4.9	5.0	-0.7	0.0	34.3
Investments	24.1	2.0	1.1	0.0	0.0	27.2
Depreciation	12.5	3.2	1.0	0.3	0.0	17.1

Segment reporting Q1 2015

in m€	KTM	PANKL	WP	Other	Consolidation	GROUP
Revenues (including revenues within the segments)	249.5	46.7	33.8	12.8	-30.4	312.4
Revenues external	249.3	45.7	6.5	11.0	0.0	312.4
Earnings from operating activities	21.7	4.8	2.0	-0.4	0.0	28.1
Investments	21.7	3.4	1.9	0.2	0.0	27.2
Depreciation	9.6	3.3	0.9	0.7	0.0	14.5

Related party transactions

In the first quarter of 2016 CROSS Industries AG purchased 318,150 shares in Pankl Racing Systems AG in the amount of 8.9 m€ of Pierer Industrie AG. As of March 31, 2016 liabilities in the amount of 6.0 m€ exist towards Pierer Industrie AG.

In the first three months of the business year 2016 a non-operating property was sold to PIERER IMMOREAL GmbH in the amount of 4.7 m€. The purchase price was paid in April 2016.

All products and services rendered and received from related companies and individuals as stated in the consolidated financial statements as of December 31, 2015 are carried out at arm's lengths. As of March 31, 2016 there have been no material changes.

Significant events after the balance sheet date

On April 21, 2016 the annual general meetings of KTM AG and WP AG took place. Both, the Management Board of KTM AG and the Management Board of WP AG have been authorized to withdraw the shares of KTM AG from the Third Market (MTF) of the Vienna Stock Exchange, respectively the shares of WP AG from the Regulated Market of the Vienna Stock Exchange (Delisting).

The shares of KTM AG will be withdrawn from the Third Market (MTF) of the Vienna Stock Exchange with effect as of the end of June 24, 2016. CROSS KraftFahrZeug Holding GmbH is the majority shareholder of KTM AG. On March 29, 2016 CROSS KraftFahrZeug Holding GmbH announced a public purchase offer to all free-float shareholders of KTM AG as an accompanying measure to the delisting of the shares of KTM AG from the Third Market of the Vienna Stock Exchange. Free-float shareholder of KTM AG can accept the offer in the period from April 29, 2016 to June 10, 2016. The offer price amounts to EUR 122.50 per share of KTM AG.

The shares of WP AG will be withdrawn from the Regulated Market with effect as of the end of June 10, 2016. CROSS Industries AG is the majority shareholder of WP AG. On March 29, 2016 CROSS Industries AG announced a voluntary public takeover offer to all shareholders of WP AG as an accompanying measure to the delisting of the shares of WP AG from the Regulated Market of the Vienna Stock Exchange. Shareholders of WP AG can accept the offer in the period from April 21, 2016 to May 25, 2016. The offer price amounts to EUR 18 per share of WP AG.

STATEMENT OF ALL LEGAL REPRESENTATIVES

The management board of CROSS Industries AG hereby certifies that to the best of their knowledge the abbreviated interim financial statements for the first quarter of 2016 provide a true and fair view of the group's financial situation and profitability and were set up in accordance with the appropriate financial reporting standards. The interim consolidated management report provides a true and fair view of the group's financial situation and profitability taking into account the major events of the first three months of the business year as well as the major risks and uncertainties, the company is subject to, in the remaining nine months.

Wels, in May 2016

The Management Board of CROSS Industries AG



Stefan Pierer, CEO



Friedrich Roithner, CFO



Alfred Hörenhuber



Wolfgang Plasser

SERVICE

Financial calendar

May 13, 2016	Report on the 1 st quarter 2016
August 26, 2016	Report on the 1 st half-year 2016
November 11, 2016	Report on the 3 rd quarter 2016

Investor Relations

Michaela Friepeß
CROSS Industries AG
4600 Wels, Edisonstraße 1
Phone: +43 7242 69402
e-mail: info@crossindustries.at
Internet: www.crossindustries.at

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While every care was taken in compiling this financial report and checking that the date it contains is correct, slight differences in totals from adding up rounded amounts and percentages, typographical errors and misprints cannot be excluded.

This report and the forward-looking statements it contains were prepared on the basis of all the data and information available at the time of going to press. We wish to point out, however, that various factors may cause the actual results to deviate from forward-looking statements given in the report.

CROSS

Industries AG ■



CROSS Industries AG

Edisonstraße 1, 4600 Wels
Telefon: +43 (0)7242 / 69402
Fax: +43 (0)7242 / 69402 / 109
info@crossindustries.at
www.crossindustries.at