Interim Condensed Consolidated Financial Statements for the Period Ended June 30, 2016

(prepared in accordance with IFRS)

Rocket Internet SE, Berlin

Translation from German

Interim Condensed Consolidated Financial Statements

Rocket Internet SE, Berlin

Interim Consolidated Statement of Comprehensive Income for the Period January 1 to June 30, 2016

Income Statement in EUR thousand	Jan 1 - Jun 30, 2016	Jan 1 - Jun 30, 2015*
Revenue	28,616	71,309
Changes in work in progress	0	513
Internally produced and capitalized assets	2,283	2,600
Other operating income	435	3,433
Result from deconsolidation of subsidiaries	30,378	15,742
Purchased merchandise and purchased services	-11,581	-35,476
Employee benefits expenses	-12,300	-92,587
Other operating expenses	-29,103	-42,428
Share of profit/loss of associates and joint ventures	-470,099	-8,089
EBITDA	**-461,371**	**-84,983**
Depreciation and amortization	-2,116	-3,056
EBIT	**-463,487**	**-88,039**
Financial result	**-157,051**	**44,792**
Finance costs	-196,079	-15,617
Finance income	39,028	60,409
Loss before tax	**-620,538**	**-43,247**
Income taxes	3,272	-691
Loss for the period	**-617,265**	**-43,938**
Loss attributable to non-controlling interests	34,679	10,441
Loss attributable to equity holders of the parent	**-582,586**	**-33,497**
Earnings per share (in EUR)	**-3.53**	**-0.21**

Statement of Comprehensive Income in EUR thousand	Jan 1 - Jun 30, 2016	Jan 1 - Jun 30, 2015*
Loss for the period	**-617,265**	**-43,938**
Exchange differences on translation of foreign operations	492	564
Net gain on available-for-sale (AFS) financial assets	424	146,347
Deferred taxes on net gain on available-for-sale (AFS) financial assets	1	0
Share of the changes in the net assets of associates / joint ventures that are recognized in OCI of the associates / joint ventures	17,772	11,181
Deferred taxes on share of the changes in the net assets of associates / joint ventures that are recognized in OCI of the associates / joint ventures	-269	-145
Net other comprehensive income to be reclassified to profit or loss in subsequent periods	**18,419**	**157,947**
Other comprehensive income for the period, net of tax	**18,419**	**157,947**
Total comprehensive loss / income for the period, net of tax	**-598,846**	**114,009**
Total comprehensive loss / income attributable to:		
Equity holders of the parent	-566,073	123,887
Non-controlling interests	-32,773	-9,878

* Some of the figures presented differ from the figures presented in the interim condensed consolidated financial statments for the first half of 2015 due to retrospective adjustment made for business combinations according to IFRS 3.45 (see Note 4).

Rocket Internet SE, Berlin

Interim Consolidated Balance Sheet as of June 30, 2016

Assets in EUR thousand	Jun 30, 2016	Dec 31, 2015
Non-current assets		
Property, plant and equipment	2,741	2,826
Intangible assets	11,876	129,127
Investments in associates and joint ventures	1,043,632	1,696,421
Non-current financial assets	1,218,194	1,333,184
Other non-current non-financial assets	620	523
Income tax assets	0	167
	2,277,063	3,162,248
Current assets		
Inventories	1,263	743
Trade receivables	7,648	10,085
Other current financial assets	172,554	41,260
Other current non-financial assets	3,963	5,246
Income tax asset	491	482
Cash and cash equivalents	1,682,546	1,758,889
	1,868,464	1,816,705
Assets classified as held for sale	161,811	17,090
Total assets	**4,307,339**	**4,996,044**

Equity and liabilities in EUR thousand	Jun 30, 2016	Dec 31, 2015
Equity		
Subscribed capital	165,141	165,141
Capital reserves	3,100,061	3,105,477
Retained earnings	309,896	883,912
Other components of equity	140,357	123,844
Equity attributable to equity holders of the parent	3,715,454	4,278,373
Non-controlling interests	40,702	73,735
Total equity	3,756,156	4,352,108
Non-current liabilities		
Non-current financial liabilities	436,213	526,898
Other non-current non-financial liabilities	1,064	398
Deferred tax liabilities	4,223	8,169
	441,500	535,465
Current liabilities		
Trade payables	11,921	11,398
Other current financial liabilities	51,982	11,754
Other current non-financial liabilities	44,263	77,258
Income tax liabilities	1,517	512
	109,683	100,922
Liabilities directly associated with assets classified as held for sale	0	7,549
Total liabilities	551,183	643,936
Total equity and liabilities	**4,307,339**	**4,996,044**

Rocket Internet SE, Berlin

Interim Consolidated Statement of Changes in Equity for the Period January 1 to June 30, 2016

	Equity attributable to equity holders of the parent					Non-controlling	Total equity
in EUR thousand	Subscribed capital	Capital reserves	Retained earnings	Other components of equity	Total	interests	
Jan 1, 2015	**153,131**	**2,482,643**	**1,014,782**	**87,116**	**3,737,672**	**34,184**	**3,771,857**
Loss for the period			-33,497		-33,497	-10,441	-43,938
Other comprehensive income for the period, net of tax				157,384	157,384	563	157,947
Total comprehensive income for the period, net of tax			-33,497	157,384	123,887	-9,878	114,009
Proceeds from the issuance of shares to the equity holders of the parent (cash contribution)	12,010	576,491			588,501		588,501
Transaction costs net of tax		-1,956			-1,956		-1,956
Proceeds from non-controlling interests		25,863			25,863	13,525	39,388
Dividends paid to non-controlling interests						-8,033	-8,033
Changes in scope of consolidation and other changes in non-controlling interests		-8	-1,054		-1,062	94,615	93,553
Purchase of non-controlling interest without change in control			-9,080		-9,080	-481	-9,560
Equity-settled share-based payments (IFRS 2)			32,442		32,442	2,164	34,606
	12,010	600,390	-11,189	157,384	758,595	91,911	850,507
Jun 30, 2015*	**165,141**	**3,083,034**	**1,003,593**	**244,500**	**4,496,268**	**126,096**	**4,622,363**
Jan 1, 2016	**165,141**	**3,105,477**	**883,912**	**123,844**	**4,278,373**	**73,735**	**4,352,108**
Loss for the period			-582,586		-582,586	-34,679	-617,265
Other comprehensive income for the period, net of tax				16,513	16,513	1,906	18,419
Total comprehensive loss for the period, net of tax			-582,586	16,513	-566,073	-32,773	-598,846
Release of income tax benefit associated with transaction costs		-1,955			-1,955		-1,955
Proceeds from non-controlling interests		800			800	332	1,132
Dividends paid to non-controlling interests						-2,140	-2,140
Changes in scope of consolidation and other changes in non-controlling interests		-4,261	5,022		761	2,070	2,831
Equity-settled share-based payments (IFRS 2)			3,549		3,549	-523	3,026
		-5,416	-574,016	16,513	-562,918	-33,033	-595,952
Jun 30, 2016	**165,141**	**3,100,061**	**309,896**	**140,357**	**3,715,454**	**40,702**	**3,756,156**

* Some of the figures presented differ from the figures presented in the interim condensed consolidated financial statments for the first half of 2015 due to retrospective adjustment made for business combinations according to IFRS 3.45 (see Note 4).

Rocket Internet SE, Berlin

Interim Consolidated Statement of Cash Flows for the Period from January 1 to June 30, 2016

	In EUR thousand	Jan 1 - Jun 30, 2016	Jan 1 - Jun 30, 2015*
1.	**Cash flow from operating activities**		
	Loss before tax	-620,538	-43,247
	Adjustments to reconcile loss before tax to net cash flow:		
+	Depreciation of property, plant and equipment	507	726
+	Amortization of intangible assets	1,609	2,331
+	Equity settled share-based payment expense	3,503	34,693
+/-	Net foreign exchange differences	35	709
-/+	Gain / loss on disposal of intangible assets, property, plant and equipment	60	665
-/+	Gain / loss on disposal of non-current financial assets	49	-145
-/+	Gain / loss from deconsolidations	-30,378	-15,742
+/-	Other non-cash expenses / income	3	-1
-/+	Fair value adjustments of equity instruments FVTPL	158,398	-40,980
-	Finance income	-12,334	-688
+	Finance costs	11,058	182
-/+	Share of profit or loss of associated companies and joint ventures (equity method)	470,099	8,089
	Working capital adjustments:		
-/+	Increase / decrease in trade and other receivables and prepayments	-1,350	-10,855
-/+	Increase / decrease in inventories	-519	-3,344
+/-	Increase / decrease in trade and other payables	-24,080	6,033
+	Dividends received	535	2,698
+	Interest received	892	405
-	Interest paid	-9,196	-369
-	Income tax paid	-198	-11,768
=	**Cash flow from operating activities**	**-51,845**	**-70,611**
2.	**Cash flows from investing activities**		
+	Proceeds from sale of property, plant and equipment	35	699
-	Purchase of property, plant and equipment	-1,140	-2,532
-	Cash paid for investments in intangible assets	-2,873	-3,429
+	Proceeds from disposal of non-consolidated equity investments	107,617	22,837
-	Cash outflows for acquisitions of non-consolidated equity investments	-14,206	-1,067,324
+	Proceeds from sale of subsidiaries[1]	102,900	65
-	Acquisition of subsidiaries, net of cash acquired	0	-119,731
+/-	Cash inflows / outflows from changes in scope of consolidation	-9,375	13,142
+	Cash received in connection with short-term financial management of cash investments	293	25,921
-	Cash paid in connection with short-term financial management of cash investments	-144,265	-60,242
-	Cash paid in connection with the acquisition of financial assets and granting of long-term financial assets	-3,124	0
=	**Cash flows from investing activities**	**35,862**	**-1,190,593**
3.	**Cash flows from financing activities**		
+	Proceeds from issuance of shares to the equity holders of the parent	0	588,501
-	Repurchase of convertible bonds	-69,367	0
+	Proceeds from non-controlling interests	1,132	39,388
-	Purchase of non-controlling interest without change in control	0	-9,560
-	Transaction costs on issue of shares	0	-12,143
+	Proceeds from borrowings	1,056	905
-	Repayment of borrowings	-137	-650
-	Dividends paid to non-controlling interests	-2,140	-8,033
=	**Cash flows from financing activities**	**-69,456**	**598,408**
4.	**Cash and cash equivalents at the end of the period**		
	Net change in cash and cash equivalents (subtotal of 1 to 3)	-85,439	-662,796
	Net foreign exchange difference	-614	45
	Cash and cash equivalents at the beginning of the period	1,768,599	2,053,448
	Cash and cash equivalents at the end of the period	**1,682,546**	**1,390,697**

* Some of the figures presented differ from the figures presented in the interim condensed consolidated financial statments for the first half of 2015 due to retrospective adjustment made for business combinations according to IFRS 3.45 (see Note 4).

[1] Cash disposed in conjunction with the sale of subsidiaries amounts to EUR 1,668 thousand (previous period EUR 769 thousand) and is presented in the line item Cash inflows/outflows from changes in scope of consolidation.

1 Corporate Information

Rocket Internet SE, hereinafter also referred to as “Rocket Internet“, the “Company“ or “parent company“, is registered in the commercial register Charlottenburg of the district court in Berlin (Registration No.: HRB 165662). Rocket Internet SE’s registered office is at Charlottenstraße 4, 10969 Berlin, Germany.

Rocket Internet SE is the parent company of directly and indirectly held subsidiaries and directly or indirectly holds interest in associated companies and joint ventures, hereinafter together also referred to as the “Rocket Internet Group“ or the “Group“.

Subsidiaries, associated companies, joint ventures as well as the other companies in which the Group holds equity interests herein are summarized as “network companies”.

The shares of Rocket Internet SE are included in the non-regulated Entry Standard of the Frankfurt Stock Exchange. The admission to the non-regulated Entry Standard does not represent a stock listing pursuant to Sec. 3 (2) AktG (German Stock Corporation Act).

The unaudited interim condensed consolidated financial statements are presented in Euro (EUR). Unless otherwise indicated, all values are rounded up or down to the nearest thousand in accordance with a commercial rounding approach, which may result in rounding differences, and percentage figures presented may not exactly reflect the absolute figures they relate to.

2 Basis of Preparation and Accounting Policies

Basis of preparation

The unaudited interim condensed consolidated financial statements for the period January 1, 2016 to June 30, 2016 comply with IAS 34 (Interim Financial Reporting) in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and effective at the end of the reporting period.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the consolidated financial statements, and should be read in conjunction with the Group’s consolidated financial statements as of December 31, 2015 (“Consolidated Financial Statements 2015”). These consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and the interpretations of the IFRS Interpretation Committee (IFRS IC) approved by the IASB and in effect and adopted by the EU.

The income tax expense for the interim periods was calculated using the estimated annual effective tax rate.

Basic earnings per share are identical to diluted earnings per share.

Mandatory adoption of new accounting standards

The accounting policies applied for the consolidated financial statements as of December 31, 2015 are in general unchanged. The first-time adoption of new or amended standards and interpretations in the financial year 2016 did not have a material impact on the interim condensed consolidated financial statements.

Critical judgments, estimates and assumptions in applying accounting policies

The preparation of the interim condensed consolidated financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the reporting period. However, the uncertainty associated with these assumptions and estimates could lead to results which require material adjustments to the carrying amount of the asset or liability affected in future periods. The use of estimates and assumptions is explained in the Consolidated Financial Statements 2015. Below is a description of the new judgments, estimates and assumptions made by the Group during the first half of 2016.

Classification of remaining shares in Lazada

Accounting policy

Rocket Internet classifies a non-current asset as held for sale (AHFS) if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

Accounting judgment

On April 12, 2016, Rocket Internet concluded a partial disposal of Lazada. Rocket Internet's remaining stake, after the partial sale of Lazada shares and taking into account Alibaba's investment of new funds, is 9.3% (fully diluted 8.8%). Shareholders, including Rocket Internet, have also entered into a put-call arrangement with Alibaba, giving the buyer the right to purchase, and the shareholders the right to sell collectively, the remaining stakes at fair market value within a 12 to 18 month period post-closing after the first sale of shares to Alibaba. The remaining shareholdings in Lazada are classified as assets held for sale. For more information reference is made to Note 10.

Impairment of shares in Global Fashion Group

In April 2016, the Management Board of Global Fashion Group approved a financing round for Global Fashion Group of up to EUR 330 million, of which up to EUR 300 million was underwritten by Kinnevik Online AB and Rocket Internet SE with up to EUR 200 million from Kinnevik Online AB and up to EUR 100 million from Rocket Internet in form of a rights-issue. The rights-issue was agreed at a pre-money valuation of EUR 700 million, calculated on a fully diluted basis. This financing round resulted in significant impairments recognized during the first half of 2016. For more information reference is made to Note 8.

Impairment of non-current assets

The Group considers the relationship between its market capitalization and its book value, among other factors, when reviewing for indicators of impairment. During the first half of 2016, the market capitalization of the Group developed as follows:

Trading Date	Closing Price[1)] EUR per share	Market Capitalization[2)] in EUR thousand
Dec 30, 2015	28.29	4,671,833
Jan 29, 2016	20.00	3,302,816
Feb 29, 2016	20.90	3,451,443
Mar 31, 2016	24.61	4,064,115
Apr 29, 2016	21.00	3,467,957
May 31, 2016	20.20	3,335,844
Jun 30, 2016	17.47	2,885,010

1) as per electronic computer trading system XETRA
2) based on 165,140,790 ordinary shares

As of June 30, 2016, the market capitalization of the Group was below the book value of its equity. The Group tested its non-current assets for impairment. As of June 30, 2016 the Group does not have any material goodwill or other intangible assets.

Unconsolidated structured entities

Structured entities are entities where voting or similar rights are not the dominant factor in determining control, such as when the voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. As with subsidiaries, a structured entity must be consolidated if Rocket Internet exerts control over it.

Accounting policy

Structured entities are consolidated when the substance of the relationship between the Group and the structured entities indicates that these are controlled by the Group. When assessing whether to consolidate or not consolidate a structured entity, the Group evaluates a range of control factors, namely:

– the purpose and design of the entity,

– the relevant activities and how these are managed,

– whether the Group's rights result in the ability to direct the relevant activities,

– whether the Group has exposure or rights to variable returns,

– whether the Group has the ability to use its power to affect the amount of its returns, as well as

– whether an investor that has power over an investee, the decision-maker, is acting as a principal or an agent, including (i) scope of decision-making authority, (ii) rights held by other parties, (iii) remuneration to which the decision-maker is entitled and (iv) exposure to variability of returns.

Unconsolidated structured entities are entities, which are not consolidated because the Group does not control them through voting rights, contracts, funding agreements, or other means.

Description of the Group's involvements in Rocket Internet Capital Partners Fund

In the first half of 2016 a Fund named Rocket Internet Capital Partners ("RICP" or "Fund") was established and marketed. As of June 30, 2016, the following companies of the Group were involved in the Fund:

Name	Company name	Registered office	Ownership of the Group	Status
RICP or Fund	Rocket Internet Capital Partners SCS and Rocket Internet Capital Partners (Euro) SCS [1)]	Luxemburg	10% [2)]	Structured entities
Founder SCS	Rocket Internet Capital Partners Founder SCS	Luxemburg	75%	Fully consolidated subsidiary
General partner	Rocket Internet Capital Partners Lux S.à r.l.	Luxemburg	100%	Fully consolidated subsidiary
RI Capital or advisor	RI Capital Advisors Limited	London	100%	Fully consolidated subsidiary

[1)] USD-Fund and EUR-parallel Fund (investors have the option to invest in USD and/or in EUR)

[2)] Quota relates to the total Fund (USD-Fund and EUR-parallel Fund)

Both structured entities are sponsored by the Group. The general partner of the Fund acts as a fund manager. RI Capital acts as an advisor of the general partner. The general partner and the advisor are subsidiaries of Rocket Internet SE. Rocket Internet SE has underwritten an amount equal to 10% of the subscribed capital of the Fund via its participation in the Founder SCS. The remaining 90% of the equity funding are provided by third parties (institutional investors as well as high net worth individuals).

The Fund invests jointly with Rocket Internet (co-investment ratio: 80% RICP; 20% Rocket Internet), giving third parties access to investment opportunities in high-growth, internet-based business models, as well as to Rocket Internet's investment expertise and operational platform. Under a contractual agreement with RICP, certain directors and employees of the Group participating in RICP's operations are obligated to offer to RICP any new investment opportunities received by them via the advisor, with the exception of strategic investments and seed rounds of companies incubated by Rocket Internet. Rocket Internet has the exclusive right to designate an investment as a strategic investment, thus precluding co-investments from RICP. The Fund will contribute to optimizing the capital procurement process of the portfolio companies of the Group for duration of at least nine years.

The total commitment of the Founder SCS amounts to USD 74,182 thousand (approx. EUR 66,819 thousand) of which a total amount of EUR 2,229 thousand was invested during the first half of 2016.

Accounting judgment

When deciding whether or not to consolidate a company, Rocket Internet reviews a range of factors such as voting rights, the object and structure of the entity and the ability to exert influence. The Group does not consolidate the Fund, because the general partner is deemed an agent. The Group does not control it through voting rights, contracts, funding agreements, or other means. The general partner acts as an agent and only exercises decision-making powers, which have been delegated by the passive investors (limited partners of the Fund).

Interests in unconsolidated structured entities

The Group's interests in RICP refer to contractual and non-contractual involvement that exposes the Group to variable returns from the performance of the structured entities. The Group's interest in unconsolidated structured entities solely includes equity investments.

Maximum credit risk of unconsolidated structured entities

The maximum exposure to loss is determined by considering the nature of the interest in the unconsolidated structured entity. The maximum exposure for equity investments is reflected by their carrying amounts in the consolidated balance sheet. The Group is not absorbing any risk arising from the variability of returns from the structured entities via other interests such as debt investments, liquidity facilities, guarantees, derivatives, etc. As an administrator of the Fund, the general partner will bear various administrative expenses. Rocket Internet SE has pledged short-term financial assets amounting to EUR 59,719 thousand as collateral for RICP's short-term credit facility. As of June 30, 2016, RICP has drawn down EUR 29,500 thousand of that credit facility. Rocket Internet did not provide further non-contractual support during the first half of 2016 to unconsolidated structured entities. The Group is not contractually obliged to provide financial support to these entities in any form.

Profit entitlements derived from involvement with structured entities

The Founder SCS is entitled to an increased share in profits (carry) for its services in relation to the Fund. No fees were earned so far.

Size of the structured entity

The size of the Fund is determined by its net assets, which were equal to EUR 30,245 thousand as of June 30, 2016.

Scope of consolidation

As a result of Rocket Internet being an operational Internet platform, the basis of consolidation is subject to changes in each reporting period. During the reporting period, the consolidated Group has developed as follows:

	Germany	Other countries	Total
As of Dec 31, 2015	63	119	182
Foundings	2	11	13
First-time consolidation	2	3	5
Transition to associated company/ joint venture	0	-3	-3
Transition to subsidiaries of associated companies/ joint ventures	-1	-8	-9
Disposals	-1	-3	-4
Deconsolidation of inactive subsidiaries and liquidations	-16	-31	-47
Transition to unconsolidated structured entities	0	-1	-1
As of Jun 30, 2016	49	87	136

During the first half of 2016 there were no acquisitions of subsidiaries that meet the definition of a business combination. The retrospective adjustment of the provisional amounts in the first half of 2015 to the final amounts of the entities acquired in the first half of 2015 are disclosed in Note "4. Business Combinations and Measurement Period Adjustments".

First-time consolidation relates to formerly dormant subsidiaries that were founded in previous years and which started operations during the reporting period.

Transition of subsidiaries to an associated company or joint venture occurs when a subsidiary issues shares to third parties and following this, Rocket Internet's interest is diluted, such that the Group no longer controls the subsidiary/group of subsidiaries.

Disposals relate to regular sales of interest in a consolidated subsidiary that give rise to the loss of control of a subsidiary.

Disposals of subsidiaries

During the first half of 2016 there were the following disposals of subsidiaries.

The sale of 77.1%[1] of the shares in Bonnyprints GmbH to Planet Cards SAS was closed on January 19, 2016.

On February 5, 2016, Rocket Internet SE announced the divestiture of the two non-core takeaway food operations La Nevera Roja in Spain and Pizzabo.it in Italy to JustEat plc. The transaction in Italy was completed on the day of announcement (closing). The transaction in Spain was completed after the regulatory approval from the Spanish competition authority, the Comisión Nacional de los Mercados y la Competencia on April 1, 2016.

The deconsolidation of those three companies contributed EUR 183 thousand to the result from deconsolidation. In the first half of 2016, Rocket Internet received proceeds, net of cash disposed, of EUR 101,232 thousand from the sale of the above-mentioned subsidiaries.

All further divestments that occurred during the first half of 2016 had no material effect on the interim financial statements.

Associates and joint ventures

Rocket Internet typically owns directly or indirectly 80% to 90% of its founded companies at the time of launch, with the remainder set aside for management equity participations. In subsequent financing rounds, the companies attract the equity financing necessary to expand their business from Rocket Internet and other external investors. The external equity financing is provided by our local strategic partners and other strategic and financial investors, including existing Rocket Internet shareholders. These investments are made either directly into the company or indirectly into an intermediate holding company or a Regional Internet Group. Historically, this has meant that the direct and indirect stakes of Rocket Internet in a company have decreased over time to less than 50%. Furthermore, for several companies in which Rocket Internet holds a participation of more than 50%, shareholder agreements exist that lead to ongoing restrictions of Rocket Internet's control over those network companies. Therefore, as of June 30, 2016, Rocket Internet does not consolidate most of its significant companies but accounts for them using the equity method.

As of June 30, 2016, the Group has 50 associated companies/joint ventures. Their number has developed as follows:

	Germany	Other countries	Total
As of Dec 31, 2015	29	22	51
Transition of formerly consolidated subsidiaries	0	3	3
Acquisitions	0	1	1
Disposals and other changes	-3	-2	-5
As of Jun 30, 2016	26	24	50
thereof at equity	*20*	*13*	*33*
thereof at FVTPL	*6*	*11*	*17*

For more information reference is made to Note 8.

[1] All participation quotas for the network companies shown in the financial statements are based on the Group's ownership calculated pursuant to the respective accounting rules (e.g. reflecting the transaction closing dates, dates of change in control, considering trust shares allocated to the Group etc.) and may therefore differ from the respective information published on the Company's website which is based on the signing dates.

3 Segment Information

The following five reportable segments[2] exist: Home & Living, Fashion, General Merchandise, Food 1 and Food 2. The reportable segments reflect the most mature business activities of Rocket Internet. Other network companies do not meet the thresholds for reportable segments. Other investments where Rocket Internet cannot exercise significant influence neither qualify as reportable nor as operating segments.

During the six-month period ended June 30, 2016, the segment General Merchandise included Linio, Jumia and Lazada. In April 2016, Lazada was partially sold to Alibaba and ceased to represent an operating segment due to the loss of significant influence from thereon (see Note 10). Accordingly, Lazada is only presented as part of the reportable segment General Merchandise until its partial disposal in April 2016. During the six-month period ended June 30, 2016, the segment Fashion does not longer include the operations in India (Jabong brand).

Segment information for the reportable segments for the six-month period ended June 30, 2016 is set out below (in EUR thousand):

	Home & Living	Fashion	General Merchandise	Food 1	Food 2	Other	Re-conciliation[3]	Total
2016								
Revenue	241,369	455,799	122,666	291,500	21,678	87,783	-1,192,178	28,616
EBITDA[4]	-37,569	-82,324	-132,039	-49,153	-34,598	30,632	-156,320	-461,371
Cash and cash equivalents [5]	48,281	120,210	111,893	132,605	72,133	1,033,489	163,936	1,682,546

Segment information for the reportable segments for the six-month period ended June 30, 2015 is restated due to changes in the segment reporting structure in 2015 as set out below (in EUR thousand):

	Home & Living[6]	Fashion	General Merchandise[6]	Food 1[6]	Food 2[6]	Other[6]	Re-conciliation[6, 7]	Total
2015								
Revenue	226,357	418,252	221,426	112,515	13,378	89,031	-1,009,650	71,309
EBITDA[4]	-74,984	-160,874	-213,313	-22,328	-49,564	-75,415	511,495	-84,983
Cash and cash equivalents[8]	136,578	75,724	240,699	118,077	153,306	1,473,953	-808,138	1,390,199

[2] Effective with the segment presentation as of December 31, 2015 the reference to eCommerce or marketplace has been omitted from the description of the five reportable segments. This is due to the fact that eCommerce business models increasingly engage in marketplace business models and vice versa. The reportable segments of the comparative segment information are accordingly adjusted.

[3] The reconciliation column includes the elimination of EUR 1,202,342 thousand of revenues and adjustments of EBITDA of EUR 409,662 thousand from non-consolidated network companies. Moreover, the effects from consolidation are included in the reconciliation column.

[4] Earnings before interest, taxes, impairment, depreciation and amortization.

[5] Except for cash and cash equivalents included in the assets classified as held for sale amounting to EUR 4,599 thousand in the Fashion segment.

[6] Restated.

[7] The reconciliation column includes the elimination of EUR 1,022,677 thousand of revenues and adjustments of EBITDA of EUR 583,111 thousand from non-consolidated network companies. Moreover, the effects from consolidation are included in the reconciliation column.

[8] Except for cash and cash equivalents included in the assets classified as held for sale amounting to EUR 498 thousand in Rocket Internet Group.

4 Business Combinations and Measurement Period Adjustments

During the first half of 2016 there were no transactions or other events that meet the definition of a business combination.

Information on prior year acquisitions

On January 30, 2015, the Group acquired 100% of the voting shares of Webs S.r.l. (Pizzabo.it), an unlisted company based in Bologna and a developer and operator of an online delivery platform for takeaway pizzas and other food. The consideration paid included an element of contingent consideration.

On January 26, 2015, the Group further acquired 100% of the voting shares of Grupo Yamm Comida a Domicilio S.L. (La Nevera Roja), an unlisted company based in Madrid and a developer of an online delivery platform for takeaway food as well as a delivery service provider to restaurants that do not own their own delivery service.

Measurement period adjustments to business combinations during the first half of 2015

During the first half of 2015, Rocket Internet accounted for business combinations by using provisional amounts pursuant to IFRS 3.45. The provisionally determined fair values of the identifiable assets and liabilities of Pizzabo.it and La Nevera Roja are disclosed in the Notes to the interim condensed consolidated financial statements for the first half of 2015. In completing the acquisition accounting in the second half of 2015, the Company recognized the final fair values of Pizzabo.it and La Nevera Roja. The respective disclosures are made in the Consolidated Financial Statements 2015. The adjustment from the provisional amounts to the final amounts was done retrospectively for the first half of 2015. The measurement period adjustments reflect refinements of the initial fair value of certain assets acquired and liabilities assumed. They are based on facts and circumstances existing as of the acquisition date and did not result from intervening events subsequent to the acquisition date. The adjustments were mainly the result of updated information concerning expected cash flows as well as refined parameters applied in the intangible asset valuation.

The following tables summarize the impacts on the comparative information on the Group's balance sheet and statement of comprehensive income resulting from the measurement period adjustments:

Balance sheet as of June 30, 2015

In EUR thousand	Provisional (as previously reported)	Measurement period adjustments for Pizzabo.it	Measurement period adjustments for La Nevera Roja	Final (as adjusted)
Goodwill	81,496	14,461	21,830	117,787
Other intangible assets	80,247	-18,891	-30,619	30,737
Total intangible assets	161,743	-4,430	-8,789	148,524
Deferred tax liability	23,651	-5,299	-9,845	8,507
Equity	4,620,439	868	1,057	4,622,363

Statement of comprehensive income for the first half of 2015

In EUR thousand	Provisional (as previously reported)	Measurement period adjustments for Pizzabo.it	Measurement period adjustments for La Nevera Roja	Final (as adjusted)
Depreciation and amortization	-4,731	613	1,062	-3,056
Income tax expenses	-941	255	-5	-691
Loss for the period	-45,862	868	1,057	-43,938
Total comprehensive income for the period, net of tax	112,084	868	1,057	114,009
Earnings per share (in EUR)	*-0.22*	*0.00*	*0.01*	*-0.21*

5 Revenue

Revenue for the period comprises the following:

In EUR thousand	**Jan 1 - Jun 30, 2016**	**%**	**Jan 1 - Jun 30, 2015**	**%**
Rendering of services	22,274	78%	26,904	38%
Sale of goods	5,674	20%	44,405	62%
Interest	668	2%	0	0%
Total	**28,616**	**100%**	**71,309**	**100%**

Revenue generated from rendering of services primarily results from consulting services provided to network companies. Furthermore, revenues from rendering of intermediation services (specialized online and mobile transaction platforms for goods and services / marketplaces) as well as from re-selling of services purchased from third parties (e.g. Somuchmore, Zipjet) are also included therein.

The decrease of revenues from sale of goods mainly results from the disposal of the subsidiaries Tricae Comercio Varejista Ltda. und Kanui Comercio Varejista Ltda. during the second half of 2015, which were fully consolidated in the first half of 2015 and contributed EUR 39,421 thousand to total revenues.

6 Employee Benefits Expenses

Employee benefits expenses, which amounted to EUR 12,300 thousand (previous year period EUR 92,587 thousand), included the current remuneration as well as expenses arising from equity-settled and cash-settled share-based payments and other incentives. The significant decrease by EUR 80,287 thousand results from the following:

Employee benefits expense reconciliation	Impact on expense in EUR thousand
Reduced expenses for salaries, bonuses and social security due to decreased average number of own staff employed by consolidated companies mainly driven by the deconsolidation of subsidiaries as well as the reduction of expenses for freelancers and temporary agency workers	-20,658
Revaluation of liabilities for cash-settled share-based payments and other incentives (EUR 23,596 thousand; previous period: EUR -4,844 thousand) mainly driven by the decrease in fair value of the underlying equity instruments (e.g. Zalando, Global Fashion Group)	-28,440
Decrease of expenses for equity-settled share-based payments mainly driven by deconsolidation of subsidiaries and front-loading recognition of expenses (graded vesting)	-31,190
Total	**-80,287**

7 Intangible Assets

Intangible assets are comprised of the following:

In EUR thousand	Jun 30, 2016	Dec 31, 2015
Internally generated intangible assets	7,974	6,990
Purchased trademarks/customer base	1,799	20,754
Purchased software and other intangible assets	1,360	2,022
Goodwill	743	99,361
Total intangible assets	**11,876**	**129,127**

The decrease of intangible assets mainly results from the sale of La Nevera Roja and Pizzabo.it in the first half of 2016.

8 Investments in Associates and Joint Ventures

Investments accounted for using the equity method:

In EUR thousand	Jun 30, 2016	Dec 31, 2015
Investments in associates	667,516	1,385,961
Investments in joint ventures	376,116	310,460
Total investments in associates and joint ventures	**1,043,632**	**1,696,421**

The decrease of investments in associates by EUR 718,445 thousand primarily originates from negative results of Global Fashion Group. During the first half of 2016, Rocket Internet recognized a proportionate share of loss from Global Fashion Group of EUR 357,317 thousand of which EUR 334,245 thousand relate to impairment charges recognized by Global Fashion Group. Additionally, Rocket Internet recognized on the Group level further impairment losses related to Global Fashion Group of EUR 25,655 thousand based on the pre-money valuation of the latest financing round.

Furthermore, during the first half of 2016, Rocket Internet recognized on the Group level losses from impairment of other associates amounting to EUR 111,394 thousand primarily attributable to Linio (EUR 58,742 thousand) and Lendico (EUR 19,482 thousand).

The increase of interest in joint ventures by EUR 65,656 thousand mainly results from the Group's investment in Africa Internet Holding GmbH (AIH) during the first half of 2016, as well as from the deconsolidation and transition to joint venture of Bus Serviços de Agendamento Ltda. (Clickbus Brazil).

In the first half of 2016, the Group has invested EUR 32,004 thousand in joint ventures (thereof paid in cash EUR 2,803 thousand). The cash investment made in associates accounted for using the equity method during the first half of 2016 amounted to EUR 1,198 thousand.

Investments in associates

Details of the Group's material associates at the end of the reporting period are as follows:

				Ownership		
Trade name	Name of associate	Registered office	Principal activity	Jun 30, 2016	Dec 31, 2015	Jun 30, 2015
AEH New Africa II (Holding for parts of Jumia)[1)]	AEH New Africa eCommerce II GmbH	Berlin	eCommerce/ marketplace	71.2%	34.6%	34.6%
foodpanda	Emerging Markets Online Food Delivery Holding S.à r.l.	Luxemburg	marketplace	49.1%	49.1%	50.0%
Global Fashion	Global Fashion Group S.A.	Luxemburg	eCommerce	27.0%	26.9%	24.9%
HelloFresh[1)]	HelloFresh AG	Berlin	eCommerce	55.8%	56.7%	51.7%
Home24	Home24 AG	Berlin	eCommerce	44.6%	45.5%	46.3%
Lazada[2)]	Lazada Group S.A.	Luxemburg	marketplace/ eCommerce	n/a	22.8%	34.5%
Linio[3) 4)]	New Tin Linio II GmbH / TIN Jade GmbH	Berlin	marketplace/ eCommerce	20.4%	31.0%	67.8%
Westwing	Westwing Group GmbH	Berlin	eCommerce	32.2%	32.2%	32.2%

[1)] No control due to specific regulations in the shareholders' agreement.
[2)] As of June 30, 2016, remaining stake of Lazada (equity interest of 9.3%) is included in assets classified as held for sale following the partial disposal in April 2016.
[3)] As of June 30, 2016 and December 31, 2015, "Linio" refers to New Tin Linio II GmbH, as of June 30, 2015 "Linio" refers to TIN Jade GmbH.
[4)] As of June 30, 2016 and December 31, 2015, the economic ownership used for the purposes of the equity method differs from the legal equity interest (June 30, 2016: 30.1%, December 31, 2015: 46.0%).

Selected key financial indicators of the associates

The selected key financial indicators in respect of the Group's material associates are set out below. The selected key financial indicators below represent amounts shown in the associate's financial statements and adjusted by the Group for equity accounting purposes. All the material associated companies prepare consolidated financial information in accordance with IFRS. Key financial indicators are presented for both the Group's direct investments in associates being operating network companies as well as for associates being an intermediate holding company (e.g. AEH New Africa II). During the first half of 2016 and 2015, AEH New Africa II did not fully consolidate their operating network companies.

	Jan 1 - Jun 30, 2016		**Jan 1 - Jun 30, 2015**	
In EUR thousand	Revenue	Loss	Revenue	Loss
AEH New Africa II (a holding for parts of Jumia)	0	-8,377	0	-8,400
foodpanda	21,678	-42,354	13,378	-53,363
Global Fashion[1)]	455,799	-1,388,124	418,252	-194,673
HelloFresh	291,500	-57,168	112,515	-23,307
Home24	123,477	-33,890	117,584	-46,881
Linio	20,222	-24,481	37,083	-38,033
Westwing	117,892	-11,987	108,773	-38,877

[1)] Loss for the first half of 2016 includes impairment losses of EUR 1,241,138 thousand.

Investments in joint ventures

Details of the Group's material joint ventures at the end of the reporting period are as follows:

				Ownership		
Trade name	Name of joint venture	Registered office	Principal activity	Jun 30, 2016	Dec 31, 2015	Jun 30, 2015
Africa Internet Group[1)]	Africa Internet Holding GmbH	Berlin	eCommerce/ marketplace	25.4%	33.3%	33.3%
Asia Pacific Internet Group[1)]	Asia Internet Holding S.à r.l.	Luxemburg	eCommerce/ marketplace	50.0%	50.0%	50.0%
Middle East Internet Group[1)]	Middle East Internet Holding S.à r.l.	Luxemburg	eCommerce/ marketplace	50.0%	50.0%	50.0%

[1)] Strategic partnership for the Group, providing access to new customers and markets in the respective regions Africa, Asia-Pacific and Middle East.

Selected key financial indicators of the joint ventures

The selected key financial indicators in respect of the Group's material joint ventures are set out below and represent amounts shown in the joint ventures' financial statements and adjusted by the Group for equity accounting purposes. All the material joint ventures prepare consolidated financial information in accordance with IFRS.

	Jan 1 - Jun 30, 2016		**Jan 1 - Jun 30, 2015**	
In EUR thousand	Revenue	Loss	Revenue	Loss
Africa Internet Group	37,749	-63,428	80,485	-75,622
Asia Pacific Internet Group	5,314	-21,293	6,273	-19,670
Middle East Internet Group	10,079	-12,322	2,579	-7,709

9 Notes to the Statement of Cash Flows

For the purposes of the consolidated statement of cash flows the item cash and cash equivalents includes cash on hand and cash in banks. These items are shown in the consolidated balance sheet as such or are included in assets classified as held for sale. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:

In EUR thousand	**Jun 30, 2016**	**Dec 31, 2015**	**Jun 30, 2015**
Balance sheet line item Cash and cash equivalents	1,682,546	1,758,889	1,390,199
Cash and bank balances included in the assets classified as held for sale	0	9,710	498
Cash and cash equivalents	**1,682,546**	**1,768,599**	**1,390,697**

10 Assets Classified as Held for Sale and Liabilities Associated with Assets Classified as Held for Sale

The Group’s basis of consolidation, as well as the shares held in subsidiaries, associated companies, joint ventures or other investments, change in each financial period. Sometimes an agreement with new investors is signed before the balance sheet date, but executed after the balance sheet date. In those cases all related assets and liabilities are classified as assets held for sale.

As of June 30, 2016, assets classified as held for sale and liabilities associated with assets classified as held for sale comprise the following:

In EUR thousand **Jun 30, 2016**	**Lazada**	**getAbstract**	**Total**
Equity instruments at FVTPL – not listed	157,907	0	157,907
Associated companies at FVTPL – not listed	0	3,904	3,904
Non-current assets	**157,907**	**3,904**	**161,811**
Assets classified as held for sale	**157,907**	**3,904**	**161,811**

As of June 30, 2016, assets classified as held for sale mainly include Lazada shares. Rocket Internet’s remaining stake after the partial sale of Lazada shares in April 2016 and taking into account Alibaba’s investment of new funds is 9.3% (fully diluted 8.8%). Shareholders, including Rocket Internet, have also entered into a put-call arrangement with Alibaba, giving the buyer the right to purchase and the shareholders the right to sell collectively their remaining stakes at fair market value within a 12 to 18 month period post-closing of the transaction.

As of December 31, 2015 assets classified as held for sale and liabilities associated with assets classified as held for sale comprise the following:

In EUR thousand

Dec 31, 2015	Spotcap	Other	Total
Intangible assets	395	9	404
Property, plant and equipment	54	86	140
Financial assets	13	13	26
Other non-current assets	130	0	130
Non-current assets	**593**	**107**	**700**
Inventories	0	23	23
Trade receivables	1	853	854
Other current financial assets	4,619	1,076	5,695
Other current non-financial assets	68	40	108
Cash and cash equivalents	5,898	3,812	9,710
Current assets	**10,586**	**5,804**	**16,390**
Assets classified as held for sale	**11,179**	**5,911**	**17,090**
Other non-current financial liabilities	50	0	50
Other non-current non-financial liabilities	53	0	53
Non-current liabilities	**103**	**0**	**103**
Current loans	3,989	0	3,989
Current bank liabilities	0	144	144
Trade payables	390	1,930	2,320
Other current financial liabilities	25	0	25
Other current non-financial liabilities	90	879	970
Current liabilities	**4,493**	**2,953**	**7,446**
Liabilities directly associated with assets classified as held for sale	**4,596**	**2,953**	**7,549**

An increase of capital of the online loan platform Spotcap Global S.à r.l. was conducted with external investors in December 2015, which resulted in a dilution of Rocket Internet's interest to less than 50%. The transaction was completed on May 30, 2016 (closing) and as a result Rocket Internet lost control over Spotcap Global S.à r.l. A capital increase of Bus Serviços de Agendamento Ltda. (Clickbus Brazil) was decided upon in October 2015, as a result of which the Group will hold a share of 50%. The relevant articles of association were signed in November 2015. The transaction was completed (closing) on March 30, 2016 and as a result Rocket Internet lost control over Clickbus. In accordance with the contract dated December 16, 2015 the sale of Bonnyprints GmbH to Planet Cards SAS was agreed. The transaction was completed on January 19, 2016 (closing) resulting in loss of control over Bonnyprints GmbH.

The gain from deconsolidation of these entities amounted to EUR 26,170 thousand.

11 Share Capital and Reserves

As of June 30, 2016 and December 31, 2015, subscribed capital (share capital) amounted to EUR 165,141 thousand and was fully paid-in. The registered share capital was divided into 165,140,790 no-par value bearer shares. As of June 30, 2016, no treasury shares were held.

During the first half of 2016 and 2015, no dividends were declared or paid to the shareholders of the parent company.

During the first half of 2016, a fully consolidated subsidiary paid a cash dividend to a non-controlling shareholder of EUR 2,140 thousand (previous year period: EUR 8,033 thousand).

12 Share-Based Compensation – Equity-Settled Arrangements

The Group maintains a number of equity-settled share-based compensation arrangements, under which the Company and its subsidiaries receive services from eligible and selected directors or employees and others providing similar services in exchange for the following equity instruments:

- Share options in the Company,
- Ordinary shares in subsidiaries (“share awards”),
- Share options in subsidiaries.

Compared to December 31, 2015, there were no major changes with regard to these plans.

13 Financial Instruments

The following table shows the carrying amounts and fair values of all financial instruments recognized in the consolidated financial statements as well as their measurement category of IAS 39 and the hierarchy for the determination of fair value according to IFRS 13:

In EUR thousand	IAS 39 Measurement category	Measured at	Level	Carrying amount Jun 30, 2016	Carrying amount Dec 31, 2015	Fair Value Jun 30, 2016	Fair Value Dec 31, 2015
Non-current financial assets							
Equity instruments - listed companies	fafvo	FVTPL	1	26,450	40,923	26,450	40,923
Equity instruments - not listed companies	fafvo	FVTPL	3	168,023	281,425	168,023	281,425
AFS equity investments [1)]	afs	FVTOCI	3	999,540	999,116	999,540	999,116
Subsidiaries outside consolidation	afs	C	n/a	1,865	1,975	n/a	n/a
Derivative financial instruments	fvtpl	FVTPL	3	2,405	0	2,405	0
Receivables from the sale of investments	lar	AC	3	9,449	1,032	9,449	1,032
Convertible loans managed as investments	lar	AC	3	1,725	0	1,725	0
Other non-current financial assets measured at fair value	fafvo	FVTPL	3	8,692	8,692	8,692	8,692
Other non-current financial assets	lar	AC	3	47	21	47	21
Current financial assets							
Loan receivables from associated companies and joint ventures	lar	AC	n/a	91,828	33,307	91,828	33,307
Asset backed securities issued by associated companies	lar	AC	n/a	2,015	0	2,015	0
Loan receivables from subsidiaries (outside consolidation)	lar	AC	n/a	1,114	1,328	1,114	1,328
Receivables from the sale of investments	lar	AC	n/a	12,623	2,543	12,623	2,543
Bank deposits	lar	AC	n/a	59,719	0	59,719	0
Security deposits	lar	AC	n/a	2,318	625	2,318	625
Other current financial assets	lar	AC	n/a	2,937	3,457	2,937	3,457
Cash and cash equivalents	lar	AC	n/a	1,682,546	1,758,889	1,682,546	1,758,889
Trade receivables	lar	AC	n/a	7,648	10,085	7,648	10,085
Financial assets classified as held for sale							
Equity instruments - not listed companies	fafvo	FVTPL	3	161,811	0	161,811	0
Loan receivables	lar	AC	n/a	0	5,663	0	5,663
Other financial assets	lar	AC	n/a	0	32	0	32
Trade receivables	lar	AC	n/a	0	854	0	854
Cash and cash equivalents	lar	AC	n/a	0	9,710	0	9,710

[1)] As of June 30, 2016 mainly non-consolidated shares in Delivery Hero of EUR 979,409 thousand (December 31, 2015: EUR 978,944 thousand).

In EUR thousand	IAS 39 Measurement category	Measured at	Level	Carrying amount Jun 30, 2016	Carrying amount Dec 31, 2015	Fair Value Jun 30, 2016	Fair Value Dec 31, 2015
Non-current financial liabilities							
Liabilities from convertible bonds [1)]	ofl	AC	3	436,213	511,968	378,636	505,725
Contingent consideration	flfv	FVTPL	3	0	7,622	0	7,622
Mandatorily redeemable preference shares and other derivatives (warrant) issued by a consolidated subsidiary	ofl	AC	3	0	5,950	0	5,950
Loan liabilities	ofl	AC	3	0	1,211	0	1,211
Other non-current financial liabilities	ofl	AC	3	0	147	0	147
Interest-bearing loans and borrowings (current)							
Liabilities from convertible bonds	ofl	AC	n/a	6,140	7,242	6,140	7,242
Loan liabilities	ofl	AC	n/a	4,085	3,523	4,085	3,523
Bank liabilities	ofl	AC	n/a	1	12	1	12
Other current financial liabilities							
Contingent consideration	flfv	FVTPL	3	11,523	0	11,523	0
Liabilities from capital calls	ofl	AC	n/a	29,201	0	29,201	0
Other current financial liabilities	ofl	AC	n/a	1,031	978	1,031	978
Trade payables	ofl	AC	n/a	11,921	11,398	11,921	11,398
Financial liabilities directly associated with assets classified as held for sale							
Loan liabilities	ofl	AC	n/a	0	3,989	0	3,989
Bank liabilities	ofl	AC	n/a	0	144	0	144
Other current financial liabilities	ofl	AC	n/a	0	75	0	75
Trade payables	ofl	AC	n/a	0	2,320	0	2,320
Thereof aggregated according to the measurement categories of IAS 39							
Available-for-sale (afs)				1,001,404	1,001,091	999,540	999,116
Financial assets measured at fair value through profit or loss mandatorily (fvtpl)				2,405	0	2,405	0
Financial assets under fair value option (fafvo)				364,976	331,041	364,976	331,041
Loans and receivables (lar)				1,873,968	1,827,546	1,873,968	1,827,546
Financial liabilities at fair value (flfv)				11,523	7,622	11,523	7,622
Other financial liabilities (ofl)				488,592	548,955	431,015	542,712

[1)] Fair value measurement based on the price of the convertible bond as of June 30, 2016 of 81.20% (December 31, 2015: 91.95%) (Level 3).

The following **measurement methods** were used:

AC - Amortized cost,
C – Cost,
FVTOCI - Fair value through other comprehensive income,
FVTPL - Fair value through profit or loss.

When an information is stated n/a (not applicable), this means that the information is not provided because the relevant disclosure requirements do not apply.

In accordance with IFRS 13, the following hierarchy is used to determine and disclose the fair value of financial instruments:

Level 1: Fair values based on quoted prices in active markets.

Level 2: Fair values that are determined on the basis of valuation techniques which use inputs that are based on observable market data.

Level 3: Fair values that are determined on the basis of valuation techniques which use inputs that are not based on observable market data.

There were no reclassifications between fair value measurement at Level 1, Level 2 and Level 3 in the first half of 2016.

Change in financial assets accounted for at fair value through profit and loss

In EUR thousand	**Jan 1 - Jun 30, 2016**		**Jan 1 - Jun 30, 2015**	
	all	**Level 3 only**	**all**	**Level 3 only**
Opening balance as of Jan 1	**331,041**	**290,117**	**336,547**	**280,962**
Additions (including contributions in kind)	12,174	12,174	36,837	36,837
Reclassifications[1)]	185,893	185,893	-15,557	-15,557
Changes in fair value recognized in profit or loss	-158,398	-144,889	40,980	35,213
Disposals	-3,330	-2,365	-83,132	-67,297
Closing balance as of Jun 30	**367,381**	**340,931**	**315,675**	**270,158**

[1)] Reclassifications during the first half of 2016 mainly relate with EUR 153,663 thousand to Lazada and with EUR 26,816 thousand to TravelBird which were accounted for as associated companies measured at equity in the past. Reclassifications during the first half of 2015 mainly relate to TravelBird which is accounted for as an associated company measured at equity as of June 30, 2015.

In the first half of 2016, the changes in fair value of unlisted equity instruments of EUR -158,398 thousand predominantly relate to valuation losses due to changes in growth, profitability and risk expectations. New expectations have been considered with reduced margins, lower long-term growth rates and increased discount rate because of higher risk premiums. The parameters have been assessed individually for the investments. The major fair value losses of unlisted equity instruments result from Goodgame Studios of EUR 71,188 thousand, TravelBird of EUR 22,623 thousand, Craftsvilla of EUR 8,253 thousand and Movinga of EUR 7,022 thousand. The changes in fair value of listed shares mainly result from disposals and market share price changes of Zalando of EUR -13,588 thousand.

In the first half of 2015, the changes in fair value of unlisted equity instruments of EUR 35,213 thousand primarily relate to gain from disposal of shares in Yemek Sepeti (in exchange for shares in DHH) and gains from valuation of MarleySpoon and Bondora. The changes in fair value of listed shares of EUR 5,767 thousand result from disposals and market share price changes of Zalando and care.com.

Change in AFS financial assets measured at fair value

In EUR thousand	Jan 1 - Jun 30, 2016		Jan 1 - Jun 30, 2015*	
	all	Level 3 only	all	Level 3 only
Opening balance as of Jan 1	**999,116**	**999,116**	**0**	**0**
Additions	0	0	863,804	863,804
Changes in fair value recognized in OCI	424	424	147,676	147,676
Reclassification to profit or loss	0	0	-1,329	-1,329
Disposals	0	0	-15	-15
Closing balance as of Jun 30	**999,540**	**999,540**	**1,010,135**	**1,010,135**

* Restated.

Change in financial liabilities accounted at fair value through profit and loss

In EUR thousand	Jan 1 - Jun 30, 2016		Jan 1 - Jun 30, 2015	
	all	Level 3 only	all	Level 3 only
Opening balance as of Jan 1	**7,622**	**7,622**	**0**	**0**
Additions	3,491	3,491	7,272	7,272
Changes in fair value recognized in profit or loss	410	410	160	160
Closing balance as of Jun 30	**11,523**	**11,523**	**7,432**	**7,432**

Repurchase of convertible bonds

During the first half of 2016, the Group repurchased convertible bonds with an aggregate principal amount of EUR 83,700 thousand for an amount of EUR 69,367 thousand. As of June 30, 2016, the aggregate outstanding principal amount of the convertible bonds amounted to EUR 466,300 thousand.

Fair value measurement

IFRS 13.9 defines the fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The majority of trade receivables, other financial assets, cash and cash equivalents, trade payables and other financial liabilities have short maturities. Thus, the carrying amounts of these instruments approximated their fair values as of the balance sheet date.

The book values of other non-current financial assets and liabilities measured at amortized cost approximate their fair values, as there have been no significant changes in the applicable valuation parameters since these instruments were initially recognized.

The fair value of equity instruments traded on an active market is based on the market price listed on the closing date. The listed market price used for the Group's financial assets is the current bid price.

When determining the fair value of other financial instruments, the method which allows the best estimation of the fair value is selected for each individual case. For assets and liabilities maturing within one year, the nominal value adjusted for interest payments and premiums is assumed to provide a good approximation to fair value.

Fair value measurement of non-listed equity instruments

Rocket Internet's unlisted equity instruments are valued in accordance with IFRS 13 by using the valuation method that is deemed to be most suitable for each individual company.

Firstly, it is considered whether any significant, recent transactions were made at arm's length in the companies (e.g. transaction where shares were issued to a new investor). For new share issues, it is taken into account whether the newly issued shares have better preference to the company's assets than earlier issued shares in the event of sale or liquidation of the company. If preferential rights have a significant impact on the assessment of the respective equity classes, the fair value is determined by using an option pricing model based on the last financing rounds and under consideration of liquidation preferences attached to the respective equity classes as stipulated in the entities' shareholder agreements. The value of such liquidation preferences is dependent on the probability of future exit scenarios. Given that there are multiple classes of equity at the network company level, we employ the hybrid method in order to allocate values to the various equity classes. The hybrid method is a hybrid between the probability-weighted expected return method and the option pricing method, which estimates the probability-weighted value across future exit scenarios, but uses the option-pricing-model to estimate the remaining unknown potential exit scenarios. Relevant valuation inputs include assumptions on the allocation of exit proceeds to share classes in future exit scenarios (liquidation preferences), but also consist of peer group assumptions (stock price volatility), dividend yield (estimated at zero) and the risk-free interest rate at the end of the reporting period. Furthermore, exit scenarios in which liquidation preferences were considered relevant to the fair value were estimated with probability percentages that lie between 0% and 70%.

For companies where no or few recent arm's length transactions have been carried out, a valuation is conducted based on future cash flows which are discounted to receive their present value. Inputs used for discounted cash flow (DCF) valuations are business plans, cost of capital plus a risk premium and assumptions used to determine the sales proceeds at the end of the detailed planning phase. Costs of capital are derived based on the capital asset pricing model, where capital market data for peer groups, risk-free interest rates and risk premiums are used. In addition, a risk premium is added to the cost of capital. The risk premium reflects the uncertainty that results from the fact that the companies are still in the start-up or early development phase. The risk-free rate is calculated using the Svensson's method and amounts to 1.0%. Country risk premiums between 0% and 14.9% and a small cap premium of 3.6% are also applied. Long-term inflation rates between 0% and 10.0% (with the exception of Venezuela at 4,600.01% and Central African Republic at - 1.66%) are also used in the calculation, as forecast by the International Monetary Fund. For additional risk premiums, surcharges of between 7% and 47% are applied, depending on the age and development phase of each company. To determine the sales revenues at the end of the detailed planning phase, sales multiples in the range of 0.9x to 12.6x and/or EBITDA multiples in the range of 5.7x to 29.9x are applied. The multiples are derived from comparable transactions or comparable listed companies in the capital market. Other parameters include an estimate of working capital assumptions, tax rates and assumptions for investment activity and depreciation.

Share price risk

The Group is exposed to financial risks in respect to share prices, meaning the risk of changes in the value of the shareholdings. Rocket Internet's operations include management of shareholdings (equity instruments) measured at fair value comprising considerable investments in a small number of unlisted companies. Accordingly, Rocket Internet's asset, financial and earnings position is dependent on how well these companies develop. The concentration of the shareholdings leads to a risk that renders it more difficult for Rocket Internet to make major changes in the composition of the shareholdings in a limited time. Rocket Internet's strategy is also to be a long-term shareholder. Therefore, there is no strategy for managing short-term fluctuations in share prices.

Equity instruments measured at fair value through profit or loss – Impact of valuation parameters

On June 30, 2016, 1% (previous year: 1%) of Rocket Internet's total assets were listed equity instruments and 8% (previous year: 6%) were unlisted equity instruments measured at fair value.

On June 30, 2016, 6% (previous year: 3%) of the total assets were unlisted equity instruments measured based on transaction prices, as well as 2% (previous year: 3%) of the total assets were unlisted equity instruments measured using the DCF method.

The effect of changing critical input factors of the valuation technique on the fair value of Goodgame Studios, Rocket Internet's most significant unlisted investment measured at fair value through profit or loss in the first half of 2016, is shown below.

Simulation of the fair value as of June 30, 2016, in EUR thousand:

Goodgame Studios		Exit multiple		
		-20%	0%	+20%
Cost of Capital	-20%	15,434	16,107	16,780
	0%	13,527	14,088	14,649
	+20%	11,955	12,426	12,897

Equity instruments measured at fair value through other comprehensive income (OCI) – Impact of valuation parameters

As of June 30, 2016, 23% (previous year: 20%) of the total assets of Rocket Internet's balance sheet comprise unlisted equity instruments that are measured at fair value through OCI.

As of June 30, 2016, 23% (previous year: 20%) of the total assets were unlisted equity instruments measured using the DCF method, as well as 0% (previous year: 0%) of the total assets were unlisted equity instruments measured based on transaction prices.

The effect of changing critical input factors in the valuation technique on the fair value of Delivery Hero, which was the most significant unlisted investment that was measured at fair value through OCI, is shown in the table below.

Simulation of the fair value as of June 30, 2016, in EUR thousand:

Delivery Hero		Exit multiple		
		-20%	0%	+20%
Cost of Capital	-20%	1,088,854	1,170,425	1,251,995
	0%	913,030	979,409	1,045,789
	+20%	770,117	824,339	878,562

Associated companies measured at FVTPL

The investment made in the first half of 2016 in associated companies accounted for at FVTPL (IAS 28.18) amounted to EUR 500 thousand.

14 Contingencies and other Contractual Obligations

As of the reporting date, there are no contingencies.

The Group reports other contractual obligations for the following items:

In EUR thousand	Jun 30, 2016	Dec 31, 2015
Capital contribution and investment obligations to associated companies	100,066	999
Capital contribution and investment obligations to joint ventures	0	60,001
Investment obligations to unconsolidated structured entities	64,582	0
Capital contribution and investment obligations to third parties	485	0
Rental and lease agreements	86,765	89,457
Loans granted	60,000	0
Loans granted to associated companies	25,000	4,000
Asset backed securities issued by associated companies	8,000	0
Total contractual obligations	**344,898**	**154,457**

The future minimum lease payments under non-cancellable operating lease agreements are as follows:

In EUR thousand	Jun 30, 2016	Dec 31, 2015
Not later than 1 year	2,242	3,112
Later than 1 year and not later than 5 years	30,110	27,408
Later than 5 years	54,412	58,937
Total operating lease commitments	**86,765**	**89,457**

In EUR thousand	Jan 1 - Jun 30, 2016	Jan 1 - Jun 30, 2015
Lease payments during the period	1,868	2,677

The leasing arrangements mainly include office and warehouse rent as well as rental of IT equipment.

Contractual obligations (except for leasing) were all payable within one year.

15 Significant Balances and Transactions with Related Parties

Related parties are shareholders with significant influence on the Rocket Internet Group, associated companies, joint ventures, unconsolidated structured entities under significant influence of the Group, non-consolidated subsidiaries and individuals that exercise significant influence on the Group’s financial and business policy. Individuals who exercise significant influence on the Group’s financial and business policy comprise all individuals in key positions and their close family members. Within Rocket Internet Group this relates to the parent company’s members of the Management Board and the Supervisory Board.

Shareholder with significant influence

Trade name	**Company name**	**Significant influence period**
Global Founders	Global Founders GmbH, Grünwald (Germany)	Jan 1, 2015 - Jun 30, 2016

Transactions with the shareholder with significant influence

No transactions were conducted with Global Founders GmbH in the first half of 2016 and 2015.

Transactions with associated companies, joint ventures and unconsolidated structured entities

The transactions in the period January 1 to June 30, 2016 and January 1 to June 30, 2015 and outstanding balances with associates under significant influence of the Group are as follows:

In EUR thousand	**Jan 1 - Jun 30, 2016**	**Jan 1 - Jun 30, 2015**
Sales to associates	5,932	9,699
Purchases from associates	-236	-21
Interest income from associates	2,555	299
Interest payments to associates	0	-1

In EUR thousand	**Jun 30, 2016**	**Dec 31, 2015**
Amounts owed by associates:		
Trade receivables	1,502	3,771
Other financial receivables (current)	85,963	29,164
Derivative financial instruments (warrant)	2,405	0
Asset backed securities issued by associated companies	2,015	0
Amounts owed to associates:		
Trade payables	275	958
Other financial liabilities (current)	220	328

The transactions in the period January 1 to June 30, 2016 and January 1 to June 30, 2015 and outstanding balances with joint ventures of the Group are as follows:

In EUR thousand	Jan 1 - Jun 30, 2016	Jan 1 - Jun 30, 2015
Sales to joint ventures	2,096	3,905
Purchases from joint ventures	-32	-500
Interest income from joint ventures	7	5
Interest payments to joint ventures	-2	-8

In EUR thousand	Jun 30, 2016	Dec 31, 2015
Amounts owed by joint ventures:		
Trade receivables	1,600	2,203
Other financial receivables (current)	5,865	4,143
Amounts owed to joint ventures:		
Trade payables	83	256
Liabilities from capital calls	29,201	0
Other financial liabilities (current)	2,509	2,573

The transactions in the period January 19, 2016 (establishment of the RICP) to June 30, 2016 and outstanding balances with unconsolidated structured entities of the Group are as follows:

In EUR thousand	Jan 19 - Jun 30, 2016
Interest payments to structured entities	-1

In EUR thousand	Jun 30, 2016
Amounts owed by structured entities:	
Trade receivables	334
Amounts owed to structured entities	
Other financial liabilities (current)	179

In the tables above the other financial receivables and liabilities relate to short-term loans.

Transactions with members of the key management personnel

In January 2016, Norbert Lang (vice-chairmen of the Supervisory Board), through an entity owned by him and his wife, purchased convertible bonds of Rocket Internet SE with a principal amount of EUR 2,000 thousand. The convertible bonds mature in July 2022 and have an interest rate of 3% per annum payable semi-annually on January 22 and July 22. As of June 30, 2016, the carrying amount of the liabilities from convertible bonds held by Norbert Lang totals EUR 1,871 thousand.

Other related party transactions in the first half of 2016 are of the same character as the transactions described in the Consolidated Financial Statements 2015.

Transactions with close family members of the Management Board

In the first half of 2016, the Group incurred cost of EUR 18 thousand for reimbursement of travel costs charged by Marc Samwer based on a consulting agreement. As of June 30, 2016, the liability against Marc Samwer amounted to EUR 18 thousand.

16 Events after the Reporting Period

The Global Fashion Group announced a funding round of EUR 330.0 million, which has been subscribed by existing investors including Rocket Internet and RICP on July 22, 2016. Due to high demand, the initial underwritten minimum capital raising of EUR 300.0 million was increased to EUR 330.0 million. Rocket Internet has invested EUR 18.9 million in cash in July 2016 and received shares from conversion of existing convertible preference shares. The transaction values Global Fashion Group at EUR 1.0 billion post the investment. Rocket Internet's direct and indirect stake after the transaction is 20.4% (beneficial interests including RICP).

On July 25, 2016, Rocket Internet SE announced that the member of the Management Board Alexander Kudlich accepted the granting of 292,680 share options in line with the stock option program 2014/II of Rocket Internet SE. The exercise of the share options depends in particular on the achievement of performance targets, the expiration of the four year waiting period as well as the occurrence of vesting. The exercise price per share option corresponds to the volume-weighted average closing price of the shares during the twenty consecutive trading days before the granting of share options.

Following a strategic review of its Indian operation, the board of Global Fashion Group concluded that Jabong's position would be best served through a business combination with a local player. In July 2016, Global Fashion Group entered into an agreement to sell Jabong to FK Myntra Holdings Private Limited, a member of the Flipkart Group, for USD 70 million in cash. The transaction is subject to customary closing conditions.

In July 2016, Linio initiated a new financing round in which Rocket Internet did not participate. The financing round was notarized on August 31, 2016 (signing). As a result, Rocket Internet SE's fully-diluted stake in Linio will decrease significantly below 20%. Anticipating the outcome of this financing round, the Group has recognized impairment losses of EUR 58.7 million in the first half of 2016.

No other events of special significance occurred after the end of the reporting period.

17 Authorization of the Financial Statements for Issue

The Management Board authorized the issue of the interim condensed consolidated financial statements on September 2, 2016.

Berlin, September 2, 2016

The Management Board

Oliver Samwer Peter Kimpel Alexander Kudlich

Interim Group Management Report
for the Period Ended June 30, 2016

Rocket Internet SE, Berlin

Translation from German

Table of Content

1. Fundamentals of the Group

Rocket Internet SE, hereinafter also referred to as “Rocket Internet“, the “Company“ or “parent Company“, is registered in the commercial register Charlottenburg of the district court in Berlin (Registration No.: HRB 165662). The registered office of Rocket Internet SE is at Charlottenstraße 4, 10969 Berlin, Germany.

Rocket Internet SE is the parent company of directly and indirectly held subsidiaries and directly or indirectly holds interest in associated companies and joint ventures (hereinafter together also referred to as the “Rocket Internet Group“ or the “Group“).

Subsidiaries, associated companies, joint ventures as well as the other companies in which the Group holds equity interests herein are summarized as “network companies”.

The shares of Rocket Internet SE are included in the non-regulated Entry Standard of the Frankfurt Stock Exchange. The admission to the non-regulated Entry Standard does not represent a stock listing pursuant to Sec. 3 (2) AktG (German Stock Corporation Act).

This Interim Group Management Report should be read in conjunction with the Interim Condensed Consolidated Financial Statements, including the Notes to the Interim Condensed Consolidated Financial Statements. The Interim Condensed Consolidated Financial Statements have been prepared on the basis of a number of assumptions and accounting policies explained in greater detail in the respective Notes of the Consolidated Financial Statements as of December 31, 2015. The Interim Group Management Report contains forward-looking statements about the business, financial condition and earnings performance. These statements are based on assumptions and projections based on currently available information and present estimates. They are subject to a multitude of uncertainties and risks. Actual business development may therefore differ materially from what has been expected. Beyond disclosure requirements stipulated by law, Rocket Internet SE does not assume any obligation to update forward-looking statements.

The Interim Group Management Report for the half year 2016 is presented in million euros (EUR million) except where otherwise indicated. Unless otherwise indicated, all values are rounded up or down in accordance with a commercial rounding approach, which may result in rounding differences, and percentage figures presented may not exactly reflect the absolute figures they relate to.

The reporting period is January 1 to June 30, 2016. If not otherwise stated comparative figures for the balance sheet are as of December 31, 2015 and comparative figures for the Statement of Comprehensive Income and the Statement of Cash Flows are for the interim period January 1 to June 30, 2015.

The general statements made in the Combined Management Report 2015 on the business activities, legal structure of the Group, major brands of the company network, the strategy of the Group as well as on research and development essentially still apply at the time this interim report was issued for publication.

Detailed, up-to-date information on the strategy and the major network companies of Rocket Internet and the shareholder structure can be found on the website of the parent company: www.rocket-internet.com.

2. Economic Report

2.1 General Economic Conditions

According to the International Monetary Fund's (IMF) "World Economic Outlook Update" published in July 2016, economic activity in the first quarter of 2016 was better than expected in emerging markets, developing economies as well as in the euro area counterbalancing weaker U.S. growth, although the productivity growth in advanced economies remained subdued and inflation was low owing to past declines of commodity prices. Due to the outcome of the referendum in the United Kingdom in favor of leaving the European Union in June 2016, the global economic outlook deteriorated. The global financial markets were surprised by the outcome of the vote and equity prices declined worldwide in the immediate aftermath. Owing to the preparedness of the central banks responding quickly and providing liquidity, the financial markets gained confidence and recovered. The Brexit vote implies a substantial increase in economic, political, and institutional uncertainty, which is projected to have negative macroeconomic consequences, especially in advanced European economies. Declines in excess oil supply supported the recovery of the financial and oil markets. Bond yields in the main advanced economies declined further, reflecting compressed term premia as well as expectations of a more gradual pace of monetary policy normalization.

2.2 Sector-Specific Conditions

Venture Capital Market in Germany

The statements made in the Combined Management Report 2015 still apply at the time this interim report was issued for publication.

General Sector Trends

The statements made in the Combined Management Report 2015 still apply at the time this interim report was issued for publication.

E-commerce is accounting for an ever greater share of retail sales and the use of daily deals vouchers and discount coupons has increased rapidly as buyers constantly seek ways to make savings, and sellers see them as an important tool for attracting or retaining customers.

On the one hand, internet retailing is undergoing a change from a highly price sensitive market focused on a few product types to a broad selection of goods and services at varying prices, as well as omni-channel retailing, making execution and personalization the two priorities for retailers looking to stand out. On the other hand, niche brands are expected to emerge as personalization and targeting diversity becomes increasingly important.

As technology plays an increasing role in purchase decisions due to the use of computers and smartphones by users to compare prices, read reviews and receive digital coupons, personalization will help purchasers to get what they need and prevent information overload given the growing expansion of the internet and the growing sophistication concerning product offerings, features and experience of the customers.

Smartphones provide their users with market transparency and the possibility of anywhere, anytime interaction which brings new challenges and opportunities for businesses and advertisers. Smartphones and tablets play a crucial role in both mobile commerce and in the e-commerce purchase decision-making process. The rise of the smartphone is changing everything by allowing more and more people to live and organize their lives on and through the smartphone which will make branding, social media, online ordering/ payment and delivery the key factors of success for e-commerce companies.

Order fulfilment will be a big focus for e-commerce businesses in 2016, with many businesses offering delivery options to match Amazon's Prime Now service. Faster delivery at lower charges will also drive growth of cross-border shopping as consumers won't mind buying from other countries to save money. Businesses offering same-day delivery - or even faster - will enjoy a significant competitive edge in 2016. This trend will also drive a lot of advertisers to adopt Micro-Moments Marketing (marketing that reacts to real-time, intent-driven actions by consumers) and driving conversions.

Augmented reality can help connect the physical and digital worlds of the customers. Augmented reality leverages the benefits of both traditional and digital marketing in a whole new way, making offline marketing interactive, engaging, and measurable. The augmented reality apps create opportunities for target marketing and sponsoring of locations. A prominent example is presently Pokémon Go that may grant retailers and companies the paid opportunity to be featured prominently on the game's virtual map, in the hope to drive customers to their facilities.

Situation in the Specific Regions

For the consolidated subsidiaries of Rocket Internet Group as well as for several important associated companies and joint ventures, the region Europe (excluding Russia and CIS) is of particular importance in the first half of 2016 (in the first half of 2015 the regions Latin America as well as Europe (excluding Russia and CIS)). In other regions, the Rocket Internet Group is mainly represented through its associated companies and joint ventures.

The IMF revised its growth forecasts for the following regions and economies in its "World Economic Outlook Update" dated July 2016.

Among advanced economies, the United Kingdom experienced the largest downward revision in forecasted growth. While growth in the first part of 2016 appears to have been slightly stronger than expected in April, the increase in uncertainty following the referendum is projected to significantly weaken domestic demand relative to previous forecasts, with growth revised down by about 0.2 percentage points for 2016 and by close to 1 percentage point in 2017 to 1.7% and 1.3%, respectively.

In the euro area, growth was higher than expected at 2.2% in the first quarter, reflecting strong domestic demand and some rebound in investment. While high-frequency indicators point to some moderation ahead, the growth outlook would have been revised up slightly relative to April for both 2016 and 2017 were it not for the fallout from the U.K. referendum. In light of the potential impact of increased uncertainty on consumer and business confidence 2017 growth was revised down by 0.2 percentage points relative to April to 1.4%, while 2016 growth is still projected to be slightly higher at 1.6% (1.5% expected in April), given development in the first half of the year. Delays in tackling legacy issues in the banking sector, however, continue to pose downside risks to the forecast.

The outlook in large emerging markets has changed slightly. Consumer and business confidence appears to have bottomed out in Brazil, and the GDP contraction in the first quarter was milder than anticipated. Consequently, the 2016 recession is now projected to be slightly less severe, with a return to positive growth in 2017. Political and policy uncertainties remain, however, and cloud the outlook.

Higher oil prices are providing some relief to the Russian economy, where the decline in GDP this year is now projected to be milder, but prospects of a strong recovery are subdued given long-standing structural bottlenecks and the impact of sanctions on productivity and investment.

In India, economic activity remains buoyant, but the growth forecast for 2016 and 2017 was trimmed slightly, reflecting a more sluggish investment recovery.

The outlook for other emerging market and developing economies remains diverse. Growth projections were revised down substantially in sub-Saharan Africa, reflecting challenging macroeconomic conditions in its largest economies, which are adjusting to lower commodity revenues. In Nigeria, economic activity is now projected to contract in 2016, as the economy adjusts to foreign currency shortages as a result of lower oil receipts, low power generation and weak investor confidence. These revisions for the largest low-income country are the main reason for the downgrade in growth prospects for the entire low-income developing countries group. In South Africa, GDP is projected to remain flat in 2016, with only a modest recovery next year.

In the Middle East, oil exporters are benefiting from the recent modest recovery in oil prices while continuing fiscal consolidation in response to structurally lower oil revenues. But many countries in the region are still plagued by strife and conflict.

The e-commerce market and internet penetration in Europe has enjoyed exceptional growth since the beginning of 2000 with the number of internet users up by 275% and now making up a quarter of all internet users, globally. In the U.K., online sales now account for 20% of all sales and France and Germany are not far behind. Speaking of European powerhouses, the British and French list their number one requirement for making an online purchase as product comparison. The Spanish and Germans on the other hand value fast checkout more than anything else. Overall Europeans would like the option to buy online and then return to a physical store, or see a product in an actual store and then buy online which helps explain why some companies are going brick-and-mortar especially in the apparel industry.

2.3 Course of Business

The first half year of 2016 was extraordinarily characterized by significant impairment losses of stakes in associated companies, especially in Global Fashion Group and Linio.

The execution of Rocket Internet's strategy to expand existing Selected Portfolio Companies such as HelloFresh, Home24, Global Fashion Group, Jumia and foodpanda, to build new business models (e.g. Bandist, Campsy, Everdine) and to invest in existing and new businesses such as Thermondo, Pets Deli and GoWorkaBit was continued in the first half year of 2016.

Most of Rocket Internet SE's network companies in our five key focus sectors showed continued revenue growth and improvement of profitability in the first half year 2016 in comparison to the first half year 2015. Revenue of the sector General Merchandise primarily decreased due to the partial divestment of Lazada in April 2016, which is no longer part of this sector, and the continuing shift from ecommerce towards marketplace business model in Jumia. Profitability of the General Merchandise sector is also affected by this shift to the marketplace business model.

In April 2016 Rocket Internet divested half of its stake in Lazada to Alibaba, marking its largest divestment since the IPO and thereby confirming that Rocket Internet, in addition to building companies, is in the position to turn value into cash at the right time and at the right price. Rocket Internet made a 15-fold return on this partial sale for an agreed USD 137 million cash consideration, representing a strong endorsement of Rocket Internet's ability to build and scale ecommerce companies in emerging markets. Lazada's shareholders, including Rocket Internet, have also entered into a put-call agreement with Alibaba, giving the buyer the right to purchase, and the shareholders the right to sell collectively, their remaining stakes at fair market value within the 12 to 18 month period following the closing of the transaction.

In April 2016, Rocket Internet committed to invest up to EUR 100.0 million in an internal capital increase of the Global Fashion Group of a minimum of EUR 300.0 million. The final amount that was invested was determined by the degree of participation by other existing shareholders. The financing round was executed on July 22, 2016. Further information can be found in the section "5. Events after the Reporting Date".

The first half of 2016 was also characterized by selective sales of subsidiaries. During the first half year of 2016, Rocket Internet divested La Nevera Roja and Pizzabo.it in line with its strategy of divesting non-core operations that are not market leading, and further reducing the complexity of Rocket Internet. In addition, some of the non-core (e.g. Bonnyprints, FabFurnish) or no longer viable business models (Vendomo, Tripda, Shopkin, EatFirst Germany, Sparklist) were discontinued, sold or limited to operate regionally.

On February 15, 2016, the Management Board of Rocket Internet SE concluded a partial repurchase of the convertible bonds. In line with this program, up to EUR 150.0 million shall be used in order to repurchase not subordinated, unsecured convertible bonds due in 2022 and issued by the Company in the year 2015. Repurchases amounting to EUR 69.4 million (convertible bonds with a principal value of EUR 83.7 million were bought back) were made in the first half of 2016.

Consolidated revenues decreased by 60% from EUR 71.3 million in the previous year period to EUR 28.6 million in the reporting period. The number of fully consolidated companies decreased from 182 as of December 31, 2015 to 136 companies as of June 30, 2016.

Overall, the loss for the period amounted to EUR 617.3 million (previous year period loss of EUR 43.9 million). The total comprehensive income net of tax for the first half of 2016 amounted to EUR -598.8 million (previous year period EUR 114.0 million).

2.4 Financial and Non-Financial Performance Indicators

Rocket Internet has defined a series of financial performance indicators aimed at the control of the consolidated Group companies and the non-consolidated companies. These are, or can be, so-called non-GAAP financial measures. Other companies, which use financial measures with a similar designation, may define them differently. Profitable growth of gross revenues (e.g. GMV Gross Merchandise Value) and revenues is an important factor for the long-term increase in corporate value. Rocket Internet measures the profitability of its businesses primarily on the basis of EBITDA and EBIT.

In addition to the above-stated financial performance indicators, the Group uses various other key figures in order to measure the economic success of business activities. For an assessment of the revenue potential of the companies, performance indicators such as the number of orders, number of transactions, number of customers, number of active customers or the number of homepage visitors are used. In the area of ecommerce for instance, Rocket Internet analyzes the turnover ratios of the operative net current assets, return rates in ecommerce and the quality of operative procedures in order to ensure the timely and correct shipping and invoicing of the ordered merchandise as part of the monitoring of operations.

The Group presents the key performance indicators for the major network companies (selected portfolio companies) on a quarterly basis and some of the information available is on the website of the parent company.

3. Position of the Group

3.1 Earnings Position

General remark on earnings position of the Group

Driven by the business model of Rocket Internet, the earnings position can vary substantially from year to year, which can be demonstrated by the actual performance of the Group in the financial years 2013 – 2015:

in EUR million	Jan 1-Dec 31, 2015	Jan 1-Dec 31, 2014	Jan 1-Dec 31, 2013
Revenue	128.3	128.2	99.8
Result from deconsolidation of subsidiaries	167.0	452.6	0.0
Share of profit / loss of associates and joint ventures	-188.6	75.1	1,449.0
EBITDA	-200.8	424.4	1,317.8
EBIT	-226.1	421.8	1,315.7
Financial result	29.7	12.0	91.8
Loss / profit for the period	-197.8	428.8	1,395.6
Other comprehensive income for the period, net of tax	36.4	78.2	9.2
Total comprehensive income for the period, net of tax	-161.4	507.0	1,404.8
Earnings per share (in EUR) – basic = diluted	*-1.24*	*3.24*	*11.93*

Earnings position of the Group during the reporting period

in EUR million	Jan 1-Jun 30, 2016	Jan 1-Jun 30, 2015*)
Revenue	28.6	71.3
Changes in work in progress/internally produced and capitalized assets	2.3	3.1
Other operating income	0.4	3.4
Result from deconsolidation of subsidiaries	30.4	15.7
Purchased merchandise and purchased services	-11.6	-35.5
Employee benefits expenses	-12.3	-92.6
Other operating expenses	-29.1	-42.4
Share of profit / loss of associates and joint ventures	-470.1	-8.1
Depreciation and amortization	-2,1	-3.1
EBIT	**-463.5**	**-88.0**
Financial result	-157.1	44.8
Income taxes	3.3	-0.7
Loss for the period	**-617.3**	**-43.9**
Other comprehensive income for the period, net of tax	18.4	157.9
Total comprehensive loss / income for the period, net of tax	**-598.8**	**114.0**
Earnings per share (in EUR) – basic = diluted	*-3.53*	*0.21*

*) Some of the figures presented differ from the figures presented in the Interim Group Management Report for the first half of 2015 due to retrospective adjustments made for business combinations according to IFRS 3.45 (see Note 4 of the Interim Condensed Consolidated Financial Statements).

Revenue was structured as follows:

in EUR million	Jan 1 - Jun 30, 2016		Jan 1 - Jun 30, 2015	
New Businesses & Investments	11.9	42%	49.8	70%
Other services	16.7	58%	21.5	30%
Total	**28.6**	**100%**	**71.3**	**100%**

The sharp decline in revenues of the Businesses & Investments in the first half of 2016 is due to deconsolidations (second half 2015: Kanui, Tricae, Zencap, Nestpick, Zocprint; first half 2016: Spotcap, Clickbus Brazil), the sale of Bonnyprints (January 2016), La Nevera Roja (April 2016) and Pizzabo.it (February 2016) as well as closings (Airu, Tripda, Kaymu, Vendomo, Spaceways, Shopkin, EatFirst Germany) and the decrease of revenues of Printvenue India.

The revenues from other services are comprised mainly of income from consulting services performed for network companies. The decrease primarily results from transfer of functions and employees from Rocket Internet to non-consolidated network companies as well as from disposals, discontinuance and reduced operations of non-consolidated network companies.

Of the total consolidated revenues, 43% were generated in Germany (previous year period 35%), 22% in United Kingdom (previous year period 0%), 8% in Luxembourg (previous year period 1%), 5% in Latin America (previous year period 62%) and 22% in the rest of the world (previous year period 2%).

The result from deconsolidation of subsidiaries in the amount of EUR 30.4 million (previous year period EUR 15.7 million) mainly originated with EUR 13.4 million from the deconsolidation of Spotcap Global S.à r.l., with EUR 12.7 million from the deconsolidation of Bus Servicos de Agendamento Ltda. (Clickbus Brazil), with EUR 3.8 million from the transition of Ecommerce Pay Holding S.à r.l. to joint ventures (deemed disposal) and with EUR 2.3 million from the disposal of Bonnyprints GmbH.

The cost of purchased merchandise and purchased services decreased by 67%. The decrease is mainly due to the decline of cost of purchased merchandise (EUR 5.3 million; previous year period EUR 26.4 million) which in turn is mostly caused by the deconsolidation of Tricae Comercio Varejista Ltda. (previous year period expense of EUR 11.3 million) and Kanui Comercio Varejista Ltda. (previous year period expense of EUR 11.3 million) in September 2015.

Employee benefits expenses, which amounted to EUR 12.3 million (previous year period EUR 92.6 million), included the current remuneration as well as expenses arising from equity-settled and cash-settled share-based payments. The significant decrease by EUR 80.3 million results from the following:

Employee benefits expense reconciliation	Impact on expense in EUR million
Reduced expenses for salaries, bonuses and social security due to decreased average number of own staff employed by consolidated companies mainly driven by the deconsolidation of subsidiaries as well as the reduction of expenses for freelancers and temporary agency workers	-20.7
Revaluation of liabilities for cash-settled share-based payments and other incentives (EUR 23.6 million; previous year period: EUR -4.8 million) mainly driven by the decrease in fair value of the underlying equity instruments (e.g. Zalando, Global Fashion Group)	-28.4
Decrease of expenses for equity-settled share-based payments mainly driven by deconsolidation of subsidiaries and front-loading recognition of expenses (graded vesting)	-31.2
Total	**-80.3**

Other operating expenses included mainly legal and consultancy cost (EUR 12.4 million; previous year period EUR 6.3 million), marketing expenses (EUR 4.7 million; previous year period EUR 15.6 million), rental, office and IT costs (EUR 4.0 million; previous year period EUR 8.0 million) and external services (EUR 1.1 million; previous year period EUR 4.1 million).

The share of profit/loss from associates and joint ventures is overall negative with EUR -470.1 million (previous year period EUR -8.1 million). The loss in the first half of 2016 is primarily attributable to the proportionate share of loss from Global Fashion Group (EUR 357.3 million) of which EUR 334.2 million relate to impairment charges recognized by Global Fashion Group. Additionally, Rocket Internet recognized on the Group level further impairment losses related to shares of Global Fashion Group of EUR 25.7 million. Other impairment losses recognized on Group level include Linio (EUR 58.7 million), Lendico (EUR 19.5 million), Helpling (EUR 12.4 million), Nestpick (EUR 8.5 million) and Zanui (EUR 7.0 million). Lazada contributed a total gain of EUR 75.1 million in the first half of 2016. This amount includes regular equity method proportionate losses amounting to EUR 18.1 million and a disposal gain of EUR 93.2 million, which includes both, a gain relating to the shares sold as well as a fair value gain due to the revaluation of the interest retained. Furthermore, the share of profit/loss from associates and joint ventures includes losses attributable to HelloFresh of EUR 21.0 million and to foodpanda of EUR 16.3 million.

In the first half of 2015, the share of profit/loss from associates and joint ventures included losses attributable to Global Fashion Group of EUR 40.6 million, to Africa Internet Holding of EUR 12.9 million, to HelloFresh of EUR 7.4 million, to Linio of EUR 9.9 million as well as share of profit attributable to Lazada of EUR 34.0 million, to TIN Brillant GmbH of EUR 29.5 million and to Home24 of EUR 15.9 million.

EBIT are comprised of revenues, changes in work in progress and internally produced and capitalized assets, the result from deconsolidation of subsidiaries, cost of purchased merchandise and purchased services, employee benefits expenses, depreciation and amortization and other operating expenses, plus other operating income and the share of profit/loss from associates and joint ventures.

Financial result of EUR -157.1 million (previous year period EUR 44.8 million) primarily includes net changes (gains and losses) in fair value of equity instruments accounted for at fair value through profit or loss of EUR -158.4 million (previous year period EUR 41.0 million), the gain from the buyback of the convertible bond of EUR 8.9 million (previous year period EUR 0.0 million) and interest expense from convertible bonds of EUR -10.5 million (previous year period EUR 0.0 million). The net changes in fair value of equity instruments accounted for at fair value through profit or loss of EUR -158.4 million include predominantly Goodgame Studios amounting to EUR -71.2 million, TravelBird amounting to EUR -22.6 million, Zalando amounting to EUR -13.6 million, Craftsvilla amounting to EUR -8.3 million and Movinga amounting to EUR -7.0 million.

Other comprehensive income for the period, net of tax to be reclassified to profit or loss in subsequent periods in the amounts of EUR 18.4 million (previous year period EUR 157.9 million) mainly includes the share of the changes in the net assets of associates/joint ventures amounting to EUR 17.8 million (previous year period EUR 11.2 million). Furthermore, this line item mainly includes the net gain on available-for-sale financial assets of EUR 0.4 million (previous year period EUR 146.3 million).

3.2 Financial Position

in EUR million	**Jan 1-Jun 30, 2016**	**Jan 1-Jun 30, 2015**
Cash flow from operating activities	-51.8	-70.6
Cash flows from investing activities	35.9	-1,190.6
Cash flows from financing activities	-69.5	598.4
Net change in cash and cash equivalents	-85.4	-662.8
Net foreign exchange difference	-0.6	0.0
Cash and cash equivalents at the beginning of the period	1,768.6	2,053.4
Cash and cash equivalents at the end of the period	1,682.5	1,390.7

The negative cash flow from operating activities is typical for the industry and is mainly attributable to the start-up losses incurred by consolidated subsidiaries.

The cash flows from investing activities consist on the one hand of the cash-outflows for the Group’s acquisitions of non-consolidated equity investments and the participation in financing rounds of network companies. In total, payments in the amount of EUR 14.2 million (previous year period EUR 1,067.3 million) were made for acquisitions of non-consolidated companies and of EUR 0.0 million, net of cash acquired (previous year period EUR 119.7 million), for acquisitions of consolidated companies. On the other hand, investing activities contain the cash-inflows from the sale of subsidiaries as well as from the sale of non-consolidated equity investments. In total, the Group received EUR 210.5 million in cash for the sale of subsidiaries and non-consolidated equity investments, which mainly relates to the sale of La Nevera Roja, Pizzabo.it and Lazada. Cash paid in connection with short-term financial management of cash investments in the amount of EUR 144.3 million (previous year period EUR 60.2 million) mainly relates to short-term loans granted to associated companies and joint ventures as well as to short-term bank deposits. The cash flows from investing activities also include cash received in connection with short-term financial management of cash investments in the amount of EUR 0.3 million (previous year period EUR 25.9 million) that relates to the repayments of short-term loans to associates, joint ventures and to non-consolidated subsidiaries. Furthermore, an amount of EUR 4.0 million (previous year period EUR 6.0 million) was invested in property, plant and equipment and intangible assets in the reporting period relating, in particular, to the business equipment and internally generated software. In the course of changes in scope of consolidation, the Group’s cash position decreased by EUR 9.4 million (previous year period increased by EUR 13.1 million).

Cash flows from financing activities include the cash-outflows for the repurchase of convertible bonds at the level of the parent company in the amount of EUR 69.4 million (previous year period EUR 0.0 million). Moreover, during the first half of 2016, the Group received payments from non-controlling shareholders in the course of the equity capital increases at the level of consolidated subsidiaries totaling EUR 1.1 million (previous year period EUR 39.4 million). During the reporting period, a non-controlling shareholder of a consolidated subsidiary received a cash dividend of EUR 2.1 million (previous year: EUR 8.0 million). In the first half of 2016, the

Group did not purchase any shares from non-controlling shareholders in a Group subsidiary (previous year: EUR 9.6 million) and did not pay transaction cost on issue of shares (previous year: EUR 12.1 million).

The capital structure as of the balance sheet date is characterized by a high equity ratio of 87% (previous year: 87%). Historically, the Group obtained its financing primarily through equity capital financing both at the level of the parent company and through the attraction of investors at the level of subsidiaries (non-controlling interests).

The Group has fulfilled its payment obligations at all times.

3.3 Asset Position

Assets in EUR million	**Jun 30, 2016**		**Dec 31, 2015**	
Non-current assets	2,277.1	53%	3,162.2	63%
Current assets	1,868.5	43%	1,816.7	37%
Assets classified as held for sale	161.8	4%	17.1	0%
Total assets	**4,307.3**	**100%**	**4,996.0**	**100%**

Equity and Liabilities in EUR million	**Jun 30, 2016**		**Dec 31, 2015**	
Equity	3,756.2	87%	4,352.1	87%
Non current liabilities	441.5	10%	535.5	11%
Current liabilities	109.7	3%	100.9	2%
Liabilities directly associated with assets classified as held for sale	0.0	0%	7.5	0%
Total equity and liabilities	**4,307.3**	**100%**	**4,996.0**	**100%**

The Group's largest asset items are shares in associates and joint ventures accounted for pursuant to the equity method (24% of the balance sheet total; previous year: 34% of the balance sheet total), other non-current financial assets (28% of the balance sheet total; previous year: 27% of the balance sheet total) and cash and cash equivalents (39% of the balance sheet total; previous year: 35% of the balance sheet total).

During the first half of 2015 Rocket Internet invested in Delivery Hero. As of June 30, 2016, the Group owned approximately 39.5% (prior to dilutive effects of convertible instruments issued by Delivery Hero) of the total outstanding share capital of Delivery Hero. As of June 30, 2016 the carrying amount of the shares in Delivery Hero amounted to EUR 979.4 million (previous year: EUR 978.9 million).

Non-current assets went down from EUR 3,162.2 million by EUR 885.1 million to EUR 2,277.1 million. The decline of investments in associates from EUR 1,386.0 million by EUR 718.5 million to EUR 667.5 million mainly results from negative results of Global Fashion Group attributable to operating and impairment losses, impairment and operating loss of Linio as well as the sale and reclassification into assets classified as held for sale of shares in Lazada amounting to EUR 191.4 million. The increase of the interests in joint ventures from EUR 310.5 million by EUR 65.6 million to EUR 376.1 million mainly results from the Group's investment in Africa Internet Holding GmbH (AIH) in the first half of 2016 as well as the deconsolidation and transition to joint ventures of Bus Servicos de Agendamento Ltda. (Clickbus Brazil). Another substantial effect is the decline of intangible assets from EUR 129.1 million by EUR 117.2 million to EUR 11.9 million, mainly due to the sale of Pizzabo.it and La Nevera Roja and the corresponding decrease in goodwill, trademarks and customer base.

Current assets increased from EUR 1,816.7 million by EUR 51.8 million to EUR 1,868.5 million. The change is mainly due to the increase of loan receivables from associated companies, the increase of short-term bank deposits and the higher receivables from the sale of investments, partly compensated by the decrease of cash and cash equivalents in the first half of 2016 (EUR 1,682.5 million; previous year: EUR 1,758.9 million). For details concerning the development of liquidity, refer to section 3.2 Financial Position.

As of June 30, 2016, assets classified as held for sale consist of shares in Lazada Group S.A. and getAbstract AG.

Consolidated total equity decreased from EUR 4,352.1 million by EUR 595.9 million to EUR 3,756.2 million. The decrease results from the negative total comprehensive income for the first half of 2016 of EUR 598.8 million comprising both the loss for the period (EUR 617.3 million) and the other comprehensive income (EUR 18.4 million). Other changes in equity result from the increase of the reserves for equity-settled share-based payments, proceeds from non-controlling interests, dividends paid to non-controlling interests and changes in scope of consolidation.

Non-current liabilities decreased from EUR 535.5 million by EUR 94.0 million to EUR 441.5 million. The decrease is mainly due to the decreased liabilities from convertible bonds from EUR 512.0 million by EUR 75.8 million to EUR 436.2 million, arising from the partial buyback of the convertible bonds. Another effect is the decrease of non-current financial liabilities, mainly due to the reclassification to current liabilities of the contingent consideration liability incurred in conjunction with the acquisition of Pizzabo.it.

Current liabilities increased from EUR 100.9 million by EUR 8.8 million to EUR 109.7 million. The increase mainly results from the incurred liability for capital calls in connection with the purchase of interest in Africa Internet Holding as well as the reclassification of the above mentioned contingent consideration liability from non-current liabilities to current liabilities. An offsetting effect is the decrease of liabilities from cash-settled share-based payments.

The reporting period is characterized by impairment losses of several associated companies, valuation losses of equity instruments accounted for at fair value through profit or loss, divestments of stakes in various companies (Pizzabo.it, La Nevera Roja, Bonnyprints and Lazada), by the expansion of existing companies such as Caterwings and the development of new business models (Bandist, Campsy and Everdine) as well as investments in existing and new businesses (Thermondo, Pets Deli and GoWorkaBit). No longer viable business models (Vendomo, Tripda, Shopkin, EatFirst Germany, Sparklist) were discontinued, sold or limited to operate regionally. In addition, the process of raising of capital has been optimized by the Rocket Internet Capital Partners Fund which was founded in January 2016 and for which 90% of the equity funding is provided by third parties (institutional investors and high net worth individuals) which is crucial for the support of existing and the implementation of new business models.

4. Changes in the Supervisory Board

In the annual general meeting held on June 9, 2016 Rocket Internet's shareholders elected Stefan Krause and Pierre Louette as new members of the Supervisory Board. The members of the Supervisory Board Lorenzo Grabau and Erik Mitteregger have resigned from their position with effect on June 9, 2016.

5. Events after the Reporting Date

Global Fashion Group announced a funding round of EUR 330.0 million, which has been subscribed by existing investors including Rocket Internet and the Rocket Internet Capital Partners Fund (RICP) on July 22, 2016. Due to high demand, the initial underwritten minimum capital increase of EUR 300.0 million was adjusted upwards to EUR 330.0 million. Rocket Internet has invested EUR 18.9 million in cash in July 2016 and received shares from conversion of existing convertible preference shares. The transaction values Global Fashion Group at EUR 1.0 billion post the investment. Rocket Internet's direct and indirect stake after the transaction is 20.4% (beneficial interests including RICP).

On July 25, 2016, Rocket Internet SE announced that the member of the Management Board Alexander Kudlich accepted the granting of 292,680 share options in line with the stock option program 2014/II of Rocket Internet SE. The exercise of the share options depends in particular on the achievement of performance targets, the expiration of the four year waiting period as well as the occurrence of vesting. The exercise price per share option corresponds to the volume-weighted average closing price of the shares during the twenty consecutive trading days before the granting of share options.

Following a strategic review of its Indian operation, the board of Global Fashion Group concluded that Jabong's position would be best served through a business combination with a local player. In July 2016, Global Fashion Group entered into an agreement to sell Jabong to FK Myntra Holdings Private Limited, a member of the Flipkart Group, for USD 70 million in cash. The transaction is subject to customary closing conditions.

In July 2016, Linio initiated a new financing round in which Rocket Internet did not participate. The financing round was notarized on August 31, 2016 (signing). As a result, Rocket Internet SE's fully-diluted stake in Linio will decrease significantly below 20%. Anticipating the outcome of this financing round, the Group has recognized impairment losses of EUR 58.7 million in the first half of 2016.

No other events of special significance occurred after the end of the reporting period.

6. Forecast Report and Report of Opportunities and Risks

6.1 Forecast Report

The International Monetary Fund (IMF) published its "World Economic Outlook" (update July 2016), in which it downgraded the global growth projection for 2016 and 2017 by 0.1 percentage points to 3.1% and 3.4%, respectively, taking into account the better-than-expected economic activity in the first half of 2016 and the most likely impact of Brexit. The outlook worsened for advanced economies (down by 0.1 percentage points in 2016 and 0.2 percentage points in 2017 to 1.8% for both years) while it remained broadly unchanged for emerging market and developing economies at 4.1% in 2016 and 4.6% in 2017.

According to eMarketer worldwide retail sales – including in-store and internet purchases – surpass USD 22 trillion in 2015, up 5.6% from 2014. Retail e-commerce sales, those purchased over the internet, make up 7.4% of the total retail market worldwide, or USD 1.671 trillion. By 2019, that share will jump to USD 3.578 trillion, yet retail e-commerce will account for just 12.8% total retail spending. eMarketer expects online sales will grow at double-digit rates throughout the forecast period through 2019, this includes products or services ordered using the internet via any device, regardless of the method of payment or fulfillment and excludes travel and event tickets. The number of digital buyers worldwide increases 11.0% year on year in 2015 and will continue to climb steadily throughout the forecast period through 2019, fueled by new internet users in Asia-Pacific, Latin America, the Middle East and Africa making digital purchases for the first time.

With regard to the worldwide internet sector a continuation of the shift from traditional sales channels to online and mobile business and an acceleration of the growth in mobile internet usage are expected. Accordingly, the entire industry experiences a significant transition from classic desktop-internet companies to mobile-first and even mobile-only. The emergence of new competitor companies in the incubation business as well as the operative online business and the development of new online business models are very likely. We expect the further expansion of our companies to continue accompanied by the development and investments in various new business models.

Regarding New Businesses & Investments, the management expects for the second half of 2016 a decrease in revenues compared to first half of 2016 and also compared to second half of 2015, due to the share contribution and subsequent deconsolidation of Kanui and Tricae (in September 2015), the sale of Bonnyprints (in January 2016), La Nevera Roja (in April 2016) and Pizzabo.it (in February 2016) and deconsolidation of some other former subsidiaries (Zencap, Nestpick, Spotcap, Clickbus Brazil, Zocprint), discontinued country activities of subsidiaries (Airu, Tripda, Kaymu, Vendomo, Spaceways, Shopkin, EatFirst Germany), and potentially also by disposal of further subsidiaries. Correspondingly, a sharp decrease in the Group’s revenue is anticipated for the entire financial year 2016 compared to previous financial year. Due to the early stage of our fully consolidated subsidiaries, we cannot exclude further losses in the area New Businesses & Investments.

Rocket Internet does not intend to execute further dilutive capital increases at the Group level in the near to medium term. Moreover, no significant M&A transactions are planned for the second half of 2016.

The earnings position of the Group can vary substantially from year to year, due to the dilution of its shareholdings or in some cases from the sale of participations. The earnings position of the Group can also be subject to high volatility due to the result from deconsolidation (change in status of previously consolidated entities to associated companies or joint ventures). As a result of the strategic shift after the IPO, whereby Rocket Internet SE aims to keep a larger share of the economic ownership in most of the new companies, a reduced level of income from deconsolidation is expected.

Results from associated companies and joint ventures are determined by their operating results on the one hand, and by the conditions agreed with investors in future financing rounds on the other. For the majority of associated companies and joint ventures, we cannot exclude further negative contributions to our Group results.

6.2 Report on Opportunities and Risks

Rocket Internet has implemented a management system to handle opportunities and risks arising out of its economic activities. Its main objective is to ensure and enhance the Groups growth by utilizing opportunities and at the same time detecting and managing risks at an early stage in their development.

There are no significant changes compared to the risk and opportunity report contained in the 2015 Combined Management Report, neither from individual risks positions nor from the overall risk situation. There are still no discernible risks that could jeopardize the Groups ability to continue as a going concern.

7. Employees

As of June 30, 2016, the fully consolidated companies employed a total of 937 employees thereof 241 outside of Germany. On December 31, 2015, the Group employed a total of 1,496 people, thereof 639 abroad.

Berlin, September 2, 2016

Oliver Samwer Peter Kimpel Alexander Kudlich

Imprint

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