



INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
30 JUNE 2008

Performance indicators

	1-6 2008	1-6 2007	Deviation in %	1-12 2007
Summary income statement (EUR m)				
Revenue	331.3	277.8	19.3 %	592.0
EBITDA	26.1	15.2	72.6 %	42.3
ROS (EBITDA / revenue)	7.9 %	5.5 %	44.7 %	7.2 %
Earnings before interest and tax (EBIT)	18.4	8.4	119.4 %	27.8
Profit on ordinary activities (POA)	15.8	6.6	138.5 %	23.2
Profit/loss after tax	12.1	3.9	209.0 %	18.6
Operating profit before working capital changes	19.6	12.6	55.1 %	31.9
Free Cash Flow	-18.4	-4.5	-310.3 %	-1.0
Summary balance sheet (EUR m)				
Non-current assets	149.7	127.9	17.1 %	144.8
Current assets	202.6	174.8	15.9 %	169.4
Debt	247.1	222.5	11.1 %	220.2
Equity	105.2	80.2	31.2 %	94.0
Equity ratio in %	29.9 %	26.5 %	12.7 %	29.9 %
Investment (additions to non-current assets)	10.5	6.2	70.7 %	18.8
as % of revenue	3.2 %	2.2 %	43.2 %	3.2 %
Average head count	3,441	2,775	24.0 %	3,032
Per employee ratios (EUR ,000)				
Revenue	96.3	100.1	-3.8 %	195.3
EBIT	5.4	3.0	77.0 %	9.2
Operating profit before working capital changes	2.4	4.6	-48.4 %	10.5
Shares in issue	9,434,990	9,434,990	0.0 %	9,434,990
Treasury shares	-261,390	-261,390	0.0 %	-261,390
Shares in circulation	9,173,600	9,173,600	0.0 %	9,173,600
Per share ratios (EUR)				
EBITDA	2.9	1.7	72.6 %	4.6
Earnings before interest and tax (EBIT)	2.0	0.9	119.4 %	3.0
Profit/loss after tax	1.3	0.4	209.0 %	2.0
Operating profit before working capital changes	2.1	1.4	55.1 %	3.5
Free Cash Flow	-2.0	-0.5	-310.3 %	-0.1
Equity	11.5	8.7	31.2 %	10.2
Share price				
Year end	16.55	23.00	-28.0 %	22.89
High	22.88	25.15	-9.0 %	25.60
Low	15.40	20.10	-23.4 %	20.25
Dividend and bonus ¹⁾				0.2

¹⁾ Distribution proposed to the Annual General Meeting

Operational review for the first half of 2008



Michael Ostermann
Chairman of the
Executive Board

Hans-Peter Moser
Chairman of the
Executive Board

Dear shareholders,

All three divisions in the Frauenthal Group posted very strong growth in the first half of 2008. Revenue was up by over 19%, while EBIT more than doubled to EUR 18.4m.

Total assets grew more slowly than revenue, rising by 12% as compared to the level at year end to stand at EUR 352.3m.

As in previous years, we should like to remind readers of this report that the trading performance of all the Group's operations varies in the course of the year, and that it would thus be misleading to extrapolate annual results for 2008 from the figures for the first half.

Economic climate

Demand has remained at extremely levels in the Automotive Components and Industrial Honeycomb Division. Contrary to the findings of market research studies, which predicted falling demand in 2008, we are currently seeing an increase in sales,

However several major truck component customers have already announced their intention to reduce orders by 10–15% in 2009, suggesting that the market for commercial vehicles has already passed its peak, in line with global economic trends.

Rising global energy demand will continue to have a positive impact on the power station catalyst and heat exchanger businesses. New coal and gas-fired power stations are planned around the world, and numerous existing plants will soon require revamping, but the low dollar exchange rate is making it hard for us to remain competitive, particularly in Asia and the USA.

Following strong activity in the first three months of this year, there was a noticeable slowdown in the Austrian construction sector in the second quarter of 2008. In addition, work on many building sites in major cities was suspended, and the commencement of works delayed in June 2008 on account of the European football championship.

Operating review

Industrial Honeycombs

The strong momentum in the opening three months of 2008 carried on into the second quarter. All of our markets are experiencing rising demand, driven by new environmental regulations in China and the USA, and the impending replacement of SCR catalysts at many power stations in Europe and the USA.

Hedging transactions have been concluded to counter the effect of the weak dollar on key balance sheet items. Although this has limited exchange risks it is also squeezing our margins.

Order books for ceramic catalysts and heat exchangers were at all-time highs as of 30 June 2008.

Following the opening of a sales office in South Korea we are now examining the possibility of opening a new Asian production facility. Thanks to new environmental regulations we see China as the market with the greatest potential.

Automotive Components

Demand in the commercial vehicle sector exceeded expectations in the first half of 2008, and the Automotive Components Division recorded a marked increase in revenue year on year. Capacity utilisation was high at all plants, including the spring factory in Serbia acquired in 2007, and production was relocated.

A new production facility (see covering letter) has been opened at the Elterlein air reservoir factory in Saxony at a cost of EUR 2,1m. No capacity bottlenecks are being experienced in the division at present.

After almost a year of preparation and planning a new SAP enterprise resource planning (ERP) system was introduced at the Düsseldorf spring factory. In the interests of process harmonisation other plants will follow suit.

Thanks to price escalation clauses it has been possible to pass on the massive increases in steel prices to customers, but working capital needs have also risen.

Diesel catalyst sales recorded sharp year-on-year increases, though most trucks currently being produced and sold are still not fitted with catalysts.

Wholesale Plumbing Supplies

The gains in market shares and acquisitions made in 2007 significantly strengthened SHT's position in its core heating business.

The Wholesale Plumbing Supplies Division is currently facing a severe weakening in consumer confidence, mainly due to negative press coverage, rapid inflation, slowing market growth and sharp increases in finance costs. As a result spending on sanitary renovation has remained below expectations.

Galloping oil and gas price rises are pushing up demand for alternative energy sources — particularly thermal solar and photovoltaic, and heat pumps.

Restructuring costs arising from the Röhrich and Hofmann acquisitions impacted first half earnings. However, both revenue and earnings were ahead of forecast.

We nevertheless expect full-year Group revenue and earnings to be well up on 2007. Increased efficiency will mean that earnings growth outpaces revenue.

Financial review

Revenue

All of the Frauenthal Group's three business divisions posted substantial increases in revenue in the first half of the current financial year. IFRS consolidated revenue for the period was EUR 331.3 million (m) — EUR 53.5m (19.3%) up on the comparative figure. Thanks to continued favourable market conditions the Automotive Components Division — which now includes SCR diesel catalysts — put in an outstanding sales performance, for cumulative revenue growth of EUR 36.2m or 23.1%. In contrast to the comparative period, the results of the Automotive Components Group include for the first half of 2008 include those of the recently acquired Serbian company A.D. Fabrika opruga Styria Gibnjara Kraljevo and of Pol-Necks Sp.z.o.o. of Poland. These companies contributed a total of EUR 7m to revenue in the period under review.

Revenue in the Industrial Honeycombs Division advanced by EUR 6.1m or 35.1% due to the upturn in demand for power station catalysts.

Brisk construction activity and a mild winter helped the SHT Group to a year-on-year revenue gain of EUR 11.2m or 10.8%. Comparability with the first half of 2007 is affected by the first-time inclusion of Röhrich Heizung und Industriebedarf Gesellschaft m.b.H. in consolidation

Sales to the EU area accounted for 93.8% of total revenue, the USA for 3.0% and the rest of the world for 3.2%.

Earnings

Group EBITDA for the first half of 2008 was EUR 26.1m, representing a year-on-year gain of EUR 11m or 72%. The largest earnings contribution — twice as much as in the first half of 2007 — came from the Automotive Components Group, at EUR 22m. Porzellanfabrik Frauenthal also returned an increase in EBITDA, by EUR 0.7m or 34%. For the SHT Group, higher revenue was not reflected in improved earnings due to continued narrow margins.

Revenue and earnings in all divisions are subject to seasonal fluctuations, meaning that extrapolations from half-yearly results do not yield reliable forecasts for the year as a whole.

Assets and finances

The Frauenthal Group's total assets grew by 12% as compared to year end 2007, to stand at EUR 353m. The rise was chiefly due to rises of EUR 25m and EUR 10.9m, respectively, in trade receivables and inventories — to be expected in view of the marked rise in revenue. The introduction of the ABS system in the Automotive Components Division in 2007 boosted receivables by EUR 12.7m as at 30 June 2008. Frauenthal is responding to strong demand by expanding capacity, and higher capital expenditure is reflected in the rise in assets. Long-term bank borrowings climbed by EUR 4.4m due to the need to finance the Gibnjara Kraljevo acquisition and subsequent restructuring at the plant.

Despite the sharp increase in total assets, the equity ratio remained unchanged at the year end 2007 level of 29.9%.

Cash flow

Operating profit before working capital changes progressed by EUR 7m or 55.1% year on year to EUR 19.6m. Higher revenue swelled working capital, leading to a negative cash flow from operating activities of EUR 7.9m compared to a positive cash flow of EUR 1.7m in the first half of 2007.

Investment was EUR 10.5m (H1 2007: EUR 6.4m). Spending by the Automotive Components Division of EUR 6.8m was largely accounted for by action to expand production capacity. Most of the EUR 2.5m of investment spending by the SHT Group went to building extensions and additions to the vehicle fleet. New blast furnaces accounted for much of Porzellanfabrik Frauenthal's investment spending of EUR 1.2m.

Employees

In the first half of 2008 the Frauenthal Group employed an average of 3,441 people (H1 2007: 2,775). This jump is largely explained by the acquisitions of the Serbian company (227 employees), the Polish company (168 employees), and Röhrich Heizung und Industriebedarf Gesellschaft (62 employees), none of which are included in the head count for the first half of 2007. Staff were also recruited in all three divisions in response to increased demand.

Outlook

Despite the deteriorating trading environment faced by all three divisions we remain confident we remain confident of robust revenue growth in 2008, coupled with disproportionately rapid earnings growth.

We are currently reaping the benefits of earlier restructuring actions. At the same time we are stepping up efforts in all divisions to open up new markets and win new customers.

In line with our long-term strategy, we are also looking to expand our existing businesses by making acquisitions, and are also examining opportunities for selective greenfield investments.

Vienna, August 2008

Frauenthal Holding AG

The Executive Board

Balance sheet



ASSETS	30.06.2008	31.12.2007
	EUR '000	EUR '000
Non-current assets		
Intangible assets	45,086	44,706
Property, plant and equipment	81,500	75,442
Investments in associates	697	697
Other financial assets	848	2,062
Deferred tax assets	21,594	21,921
	149,725	144,828
Current assets		
Inventories	85,549	74,678
Trade receivables	98,226	73,200
Other assets	14,369	11,255
Cash and cash equivalents	4,441	10,218
	202,585	169,351
TOTAL ASSETS	352,310	314,179

EQUITY AND LIABILITIES	30.06.2008	31.12.2007
Equity		
Share capital	9,435	9,435
Capital reserves	21,093	21,093
Retained earnings	55,560	39,890
Translation reserve	575	-132
Own shares	-396	-396
Minority interests	7,775	6,604
Profit for the year	11,197	17,505
	105,239	93,999
Non-current liabilities		
Liabilities		
Bond	70,000	70,000
Bank borrowings	7,154	2,766
	77,154	72,766
Provisions		
Provisions for termination benefits	9,732	9,627
Provisions for pensions	10,576	10,524
Provisions for deferred tax	2,153	2,126
Other long-term provisions	8,194	8,134
	30,655	30,411
	107,809	103,177
Current liabilities		
Liabilities		
Bond	0	1,375
Bank borrowings	28,473	15,187
Trade payables	64,986	59,487
Other liabilities	41,969	36,356
	135,428	112,405
Provisions		
Tax provisions	1,301	2,007
Other short-term provisions	2,533	2,591
	3,834	4,598
	139,262	117,003
TOTAL EQUITY AND LIABILITIES	352,310	314,179

Statement of changes in equity

	EUR '000									
	Share capital	Capital reserve	Retained earnings	Translation reserve	Treasury shares	Net profit/loss	Equity attributable to equity holders of the parent	Minority interests	Total equity	
At 31 Dec. 2006 = 1 Jan. 2007	9,435	21,093	28,765	-78	-396	12,960	71,779	6,881	78,660	
Consolidated net profit for 2006			12,960			-12,960	0		0	
Consolidated net profit for 2007			17,505			17,505	17,505	1,118	18,623	
Dividends			-1,835				-1,835	-1,153	-2,988	
Exchange differences on translating foreign operations and change in minority interests				-54			-54	-242	-296	
At 31 Dec. 2007 = 1 Jan. 2008	9,435	21,093	39,890	-132	-396	17,505	87,395	6,604	93,999	
Consolidated net profit for 2007			17,505			-17,505	0		0	
Consolidated net profit for 1-6/2008						11,197	11,197	857	12,054	
Dividends			-1,835				-1,835	-280	-2,115	
Exchange differences on translating foreign operations and change in minority interests				707			707	594	1,301	
At 30 Jun. 2008	9,435	21,093	55,560	575	-396	11,197	97,464	7,775	105,239	

Segmental analysis

	Industrial honeycombs		Automotive components		Plumbing supplies wholesaling		Holding companies and others		Intragroup eliminations		Frauenthal Group	
	1-6/2008	1-6/2007	1-6/2008	1-6/2007	1-6/2008	1-6/2007	1-6/2008	1-6/2007	1-6/2008	1-6/2007	1-6/2008	1-6/2007
Strategic business segments	EUR '000											
External sales	23,473	17,369	192,929	156,715	114,869	103,669	11	15	0	13	331,281	277,781
Intersegment revenue	0	0	0	13	0	0	1,596	1,506	-1,596	-1,519	0	0
Total revenue	23,473	17,369	192,929	156,728	114,869	103,669	1,607	1,520	-1,596	-1,506	331,281	277,781
EBIT	2,528	1,893	16,808	6,038	322	889	-1,215	-416	0	1	18,444	8,405
Employees	185	163	2,550	1,985	696	618	10	9	0	0	3,441	2,775

Income statement

	1-6/2008	1-6/2007
	EUR '000	EUR '000
Revenue	331,281	277,781
Changes in inventories of finished goods and work in progress	4,451	-2,236
Work performed by the entity and capitalised	346	183
Other operating income	4,586	2,651
Raw material and consumables used	-213,988	-178,745
Staff costs	-68,101	-57,009
Depreciation and amortisation	-7,703	-6,746
Other operating expenses	-32,428	-27,474
Profit from operations	18,444	8,405
Interest income	129	323
Interest expense	-2,834	-2,137
Other finance income	15	15
Net finance costs	-2,690	-1,799
Profit before tax	15,754	6,606
Income tax expense	-3,368	-1,848
Change in deferred tax	-332	-857
Profit before minority interests	12,054	3,901
Minority interests	-857	-469
Net profit for the period	11,197	3,432

Cash Flow Statement

	1-6/2008	1-6/2007
	EUR '000	EUR '000
Net profit before minority interests	12,054	3,901
Depreciation and amortisation of non-current assets	7,703	6,746
Gains on disposal of non-current assets	-8	-108
Losses on disposal of non-current assets	0	40
Change in deferred tax	336	808
Change in long-term provisions	-407	1,260
Reversal of negative goodwill on consolidation	-60	0
Operating profit before working capital changes	19,618	12,647
Change in inventories	-10,056	-1,938
Change in trade receivables	-23,649	-19,003
Change in other receivables	-3,103	-850
Change in short-term provisions	-763	1,670
Change in trade payables	3,992	8,718
Change in liabilities to Group companies	-216	-253
Change in other liabilities	5,812	573
Translation related changes	440	185
Net cash from operating activities	-7,925	1,749
Investments in non-current assets	-10,508	-6,382
Proceeds from sale of non-current assets	21	159
Proceeds from repayment of loans	47	0
Changes arising on consolidation	-28	0
Net cash used in investing activities	-10,468	-6,223
Dividends paid	-2,115	-2,987
Change in fixed-interest securities	0	-24
Change in financial liabilities	14,731	7,190
Net cash used in/from financing activities	12,616	4,179
Change in cash and cash equivalents	-5,777	-295
Cash and cash equivalents at beginning of period	10,218	10,615
Cash and cash equivalents at end of period	4,441	10,320

Notes to the interim financial report for the half year ended 30 June 2008

The interim report of Frauenthal Holding AG (Frauenthal Group) for the six months ended 30 June 2008 was prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting.

The report for the first six months of 2008 is unaudited and has not been subject of a review by an independent auditor.

Consolidation and accounting policies

As compared with the position as at 31 December 2007, the number of companies included in consolidation has increased by one. A.D. Fabrika opruga Styria Gibnjara Kraljevo, a Serbian company, was consolidated on 1 January 2008. The liquidation of the Styria Jouse Oy spring factory in Billnäs, Finland, closed in 2006, was completed in June 2008. A former SHT Group company, Schild B.V., Zeist, the Netherlands, was also liquidated.

Linnemann-Schnitzer Deutschland GmbH was renamed as Linnemann-Schnitzer Verwaltung GmbH; the registered office remains in Ahlen, Germany. Linnemann-Schnitzer GmbH&Co, Germany was subsequently merged with Linnemann-Schnitzer Sachsen GmbH, Germany. The new entity is registered under the name of Linnemann-Schnitzer Deutschland GmbH, and is based in Elterlein, Germany.

The interim report for the first half of 2008 thus comprises the financial statements of the parent entity Frauenthal Holding AG and of 28 subsidiaries in which that company or one of its subsidiaries holds a majority of the voting rights and the controlling interest.

The new Group structure as of 30 June 2008 is set out in the attached organisation chart.

The accounting and measurement policies used to prepare the financial statements for the year ended 31 De-

cember 2007 have been applied without change to the first half of 2008.

The main differences between the policies applied and the provisions of the UGB (Austrian Business Code) lie in the use of the percentage of completion (PoC) method to value long-term construction contracts, in the treatment of deferred tax and goodwill amortisation, and in the calculation of employee benefit obligations.

Notes to the consolidated balance sheet

Total assets rose from EUR 314m at 31 December 2007 to EUR 352m, mainly driven by higher inventories and trade receivables. The introduction of an ABS system for a major truck manufacturer in the first half of 2007 led to a EUR 12.7m increase in receivables as at 30 June 2008.

The profit for the first half of 2008 raised consolidated equity including minorities by EUR 12.1m. Dividends payments of EUR 2.1m were made to shareholders and minority interests. Despite the aforementioned growth in total assets the equity ratio remained unchanged from its level at 31 December 2007, at 29.9%.

Notes to the consolidated income statement

The consolidated income statement is presented using the nature of expense method.

Consolidated revenue for the first half was up by 19.3% to EUR 331.3m (H1 2007: EUR 277.8m). This increase was due in large part to favourable market conditions in all three Frauenthal divisions. The Automotive Components Division posted a year-on-year revenue gain of EUR 36.2m. The comparatives for

2007 do not include Pol-Necks, a manufacturer of U-bolts for trucks acquired last year, or the recently acquired Serbian spring producer A.D. Fabrika opruga Styria Gibnjara Kraljevo. The continuing high level of activity in the construction sector resulted in a EUR 11.2m improvement in the SHT Group's revenue contribution. Porzellanfabrik Frauenthal's revenue grew by almost a third.

Consolidated EBITDA was up by 72.3% year on year at EUR 26.1m. Higher revenues in the Industrial Honeycombs and Automotive Components divisions had a highly positive impact on earnings. The largest contribution to earnings came from the Automotive Components Division, which posted a 107% year-on-year increase to EUR 22m. The cost of closing the Hungarian production facility reduced EBITDA by EUR 2.4m in the first half of last year. The overall cost of the closure was EUR 3.3m. Results also reflect start-up losses at the Serbian subsidiary, acquired with effect from 1 January 2008, which were about vEUR 950,000 in the first half. We expect these losses to decrease by the end of the year. In the SHT Group, revenue growth did not lead to an equivalent rise in earnings.

The profit for the period after minorities of EUR 11,197,000 (H1 2007: EUR 3,432,000) and average of 9,173,600 shares in issue (H1 2007: 9,173,600) results in both basic and diluted earnings per share of EUR 1.22 (H1 2007: EUR 0.37).

Notes to the consolidated cash flow statement

First half operating profit before working capital changes advanced by 55% year on year to EUR 19.6m. Higher revenue pushed up working capital, turning cash flow from operating activities negative by EUR 7.9m (H1 2007: positive by EUR 1.7m). Investment was EUR 10.5m in the first half of 2008 (H1 2007: EUR 6.4m). Additions to non-

current assets relate to replacement investments and investments in expanding capacity.

Post balance sheet events

The spring manufacturer Gibnjara Kraljevo, acquired at the end of 2007, was floated on the Belgrade Stock Exchange on 1 July 2008; the issue price was RSD 500 per share.

Share price performance

Frauenthal has been listed on the Vienna Stock Exchange prime market since 23 July 2007. Our first half share price performance followed the overall market trend, with economic gloom weighing on sentiment. Our price fell steadily from EUR 22.89 at the close on the last day's trading in 2007 to EUR 16.55 on 30 June 2008.

For more information on our share price performance visit our website at www.frauenthal.at.

Changes to the Executive Board

Changes have occurred in the composition of the Executive Board since the comparative period in 2007. Claudia Beermann left the Company with effect from the end of October 2007. Winfried Braumann, Chairman of the Executive Board, resigned on 15 March 2008. The Executive Board now consists of Hans-Peter Moser and Michael Ostermann, who now have duties in the holding company in addition to their divisional responsibilities.

Declaration of the Executive Board under Section 87(1) Austrian Stock Exchange Act

The Executive Board hereby declares that to the best of its knowledge the interim financial report of the Frauenthal Group, prepared in accordance with International Financial Reporting Standards (IFRS), to the maximum extent possible gives a true and fair view of the assets, finances and earnings of the companies included in consolidation. The operating review likewise as far as possible gives a true and fair view of the assets, finances and earnings of the Frauenthal Group, and provides information on the course of business, and the potential impact of existing and future risks on the Group's business activities.

Vienna, 5 August 2008

Frauenthal Holding AG

The Executive Board



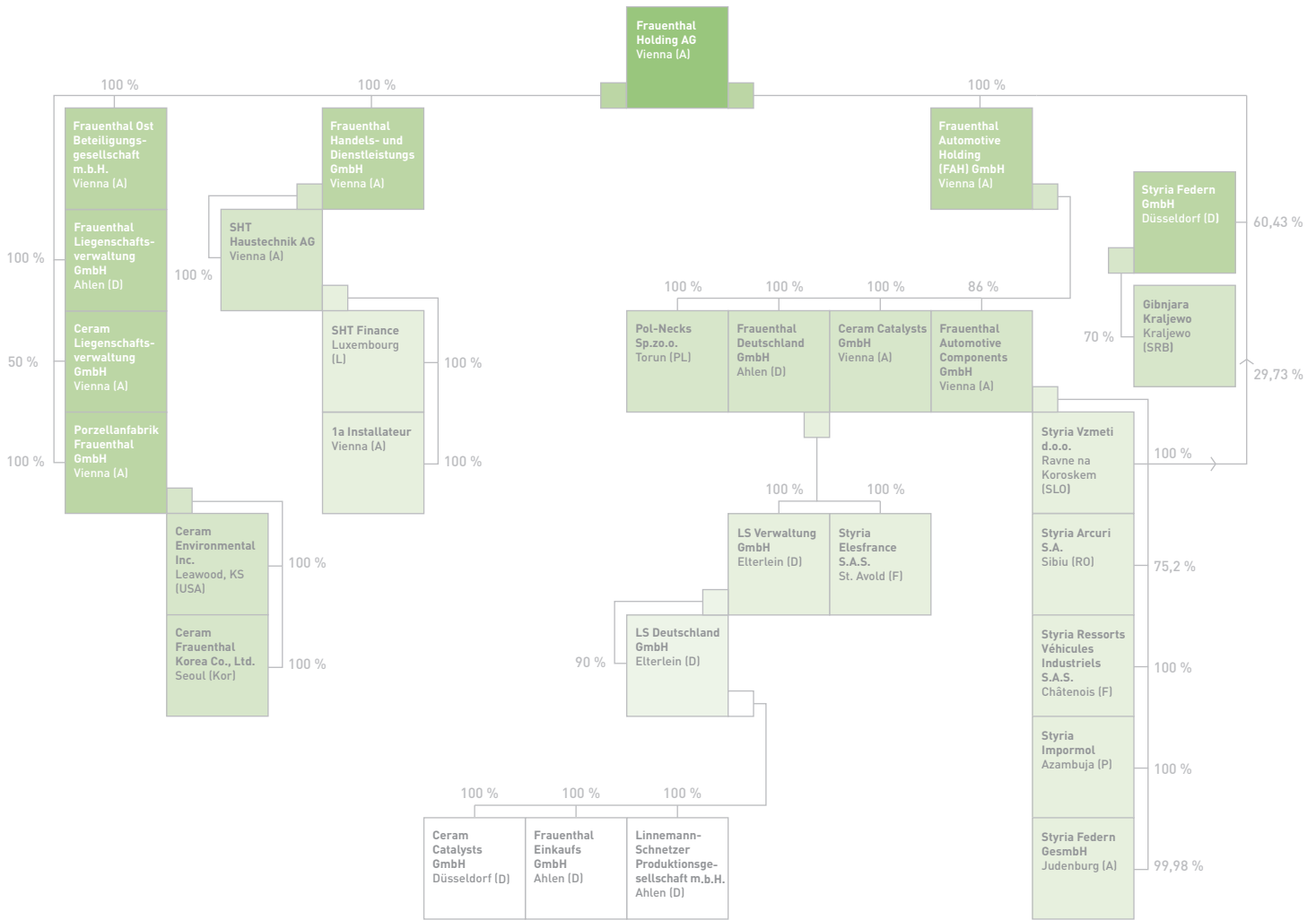
Hans-Peter Moser
Member of the Executive Board



Michael Ostermann
Member of the Executive Board

Structure

status as of 30 June 2008



Imprint

2008 financial calendar

09 April 2008	Publication of annual results/Annual results press conference and investors' lunch in Vienna
24 April 2008	19th Annual General Meeting
24 April 2008	Publication of the interim report on the first quarter of 2008
02 May 2008	Ex-Tag
05 May 2008	Dividenden-Zahltag
17 June 2008	Roadshow Zürich
05 Aug. 2008	Publication of interim report on the first half of 2008/Investors' lunch in Vienna
04 Nov. 2008	Publication of the interim report on the third quarter of 2008

Shareholder information

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Vienna Stock Exchange:	Prime Market
Symbol :	FKA
ISIN:	AT 0000762406 (shares)
Bloomberg code	FKA AV
Reuters code	FKAV.VI
Market capitalisation	EUR 124.7m (as at 30 June 2008)
Vienna Stock Exchange:	Unlisted
ISIN:	AT 0000A05JA5 (registered shares)
Vienna Stock Exchange:	Listing on the Vienna Stock Exchange official market
Symbol:	FKA
ISIN:	AT 0000492749 (bonds)

Apart from extensive information on the Group, our website offers downloads of quarterly reports, AGM documents, press releases, stock exchange announcements, product photographs, and the current annual report in German and English.

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note:

In the interests of readability editorial changes have been made of this annual report (including the color scheme and layout).

The original can be viewed at the Company's headquarters