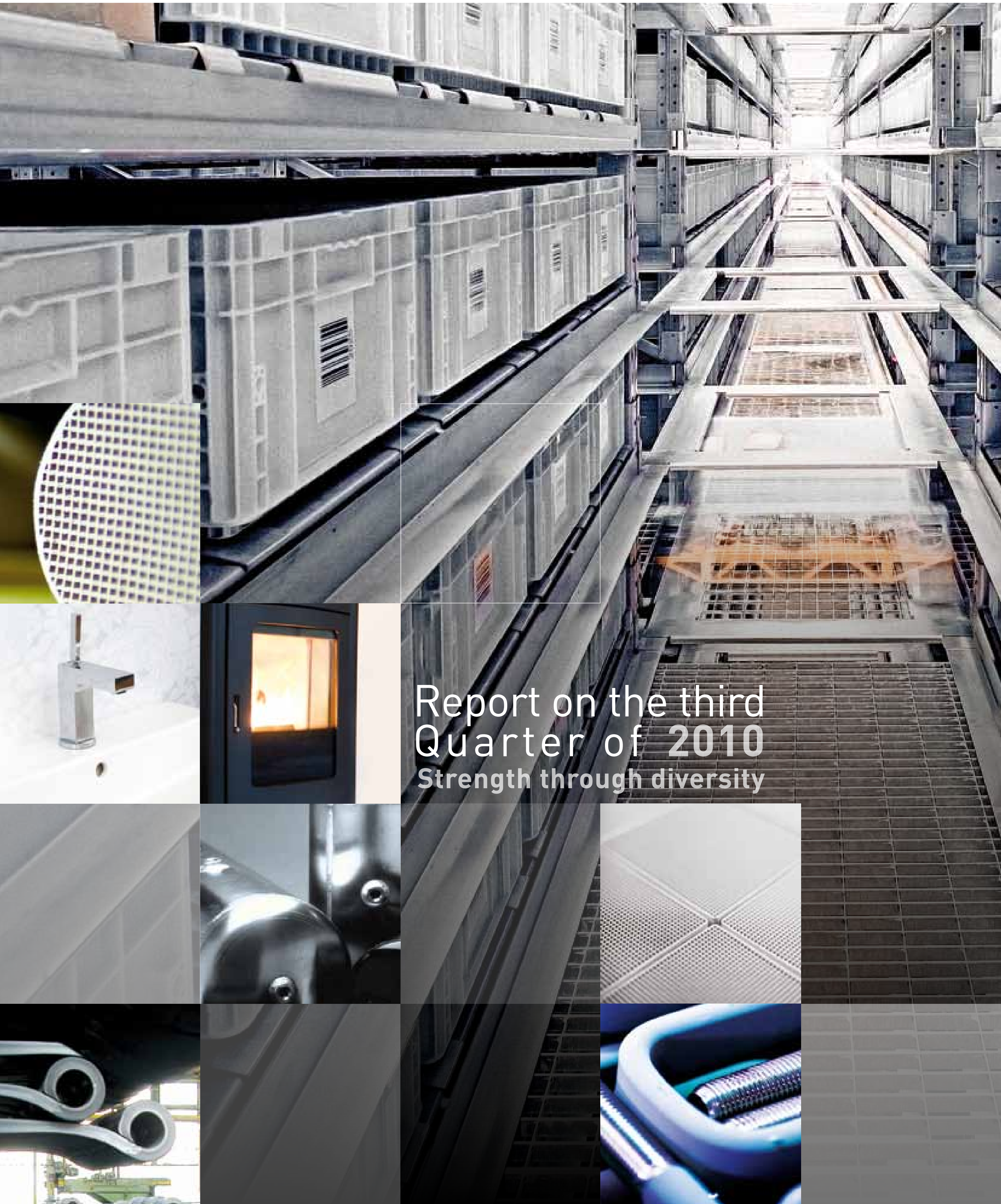
frauenthal
GROUP



Report on the third Quarter of 2010

Strength through diversity

Report on the third quarter of 2010

Summary

	1 - 9 / 2010	1 - 9 / 2009	Deviation %	1 – 12 / 2009
Summary income statement (EUR m)				
Revenue	395.9	336.0	17.8 %	454.5
EBITDA	24.1	-7.7	411.1 %	-6.0
EBITDA underlying [2]	24.1	-1.5		-0.1
ROS (EBITDA / revenue)	**6.1 %**	**-2.3 %**	**364.0 %**	**-1.3 %**
ROS (EBITDA / revenue) underlying [2]	**6.1 %**	**-0.4 %**		**0.0 %**
Earnings before interest and tax (EBIT)	14.7	-22.0	166.7 %	-25.2
Earnings before interest and tax (EBIT) underlying [2]	14.7	-15.8	193.2 %	-19.4
Profit on ordinary activities (POA)	11.9	-25.5	146.6 %	-29.6
Profit/loss after tax	9.3	-25.1	137.2 %	-29.4
Operating profit before working capital changes	20.5	-5.1	501.4 %	-7.3
Summary balance sheet (EUR m)				
Non-current assets	131.4	139.1	-5.5 %	136.3
Current assets	173.8	152.2	14.2 %	118.5
Total assets	305.2	291.3	4.8 %	254.7
Debt	223.8	214.8	4.2 %	182.7
Equity	81.4	76.5	6.5 %	72.1
Equity ratio in %	**26.7 %**	**26.3 %**	**0.4 %**	**28.3 %**
Investment (additions to non-current assets)	5.9	8.1	-27.3 %	12.1
as % of revenue	1.5 %	2.4 %	-0.9 %	2.7 %
Average head count	**2,513**	**2,472**	**1.7 %**	**2,442**
Per employee ratios (in EUR ´000)				
Revenue	157.5	135.9	15.9 %	186.1
EBIT	5.8	-8.9	165.6 %	-10.3
Operating profit before working capital changes	8.2	-2.1	494.9 %	-2.8
Shares in issue	9,434,990	9,434,990		9,434,990
Treasury shares [3]	-282,456	-261,390	-8.1 %	-261,390
Shares in circulation [3]	9,152,534	9,173,600	-0.2 %	9,173,600
Per share ratios (in EUR)				
EBITDA	2.6	-0.8	411.8 %	-0.7
EBIT	1.6	-2.4	166.8 %	-2.7
Profit/loss after tax	1.0	-2.7	137.2 %	-3.2
Operating profit before working capital changes	2.2	-0.6	502.4 %	-0.7
Equity	8.9	8.3	6.7 %	7.6
Share price				
Year end	9.65	6.24	54.6 %	7.49
High	9.89	7.00	41.3 %	8.50
Low	6.59	5.00	31.8 %	4.25
Dividend and bonus [1]				0.0

1) Distribution proposed to the Annual General Meeting
2) 2009: Adjusted by deconsildation expense Styria Federn GmbH, Düsseldorf and
A.S. Fabrika Opruga Styria Gibnjara Kraljevo, Serbien in the amount of EUR 6m
3) 2010: Purchase of own shares

Content

Operating review for the third quarter of 2010

DEAR SHAREHOLDER,

The consolidation of the Frauenthal Group continued as planned in the third quarter of 2010.

The key performance indicators as at 30 September 2010 were as follows (EUR million):

	Q1–Q3 2010	Q1–Q3 2009
Revenue	396	336
EBITDA	24	-8
EBIT	15	-22
POA	9	-25
Total assets	305	292
Investment	6	9

Despite the above figures our assessment of current business trends remains cautious.

The heavy goods vehicle industry's recovery remains sluggish, and demand for products from our Automotive Components Division is still down 50% in volume terms in comparison with 2008. The austerity package announced by the Austrian government means that no up-turn can be expected in construction activity in the sales territory of the Wholesale Plumbing Supplies Division (SHT). Furthermore, there is new environmental legislation in sight in China in the near future, and this market is vital to the Industrial Honeycombs Division (Pofa).

The cornerstones of the improvement in our performance are extremely careful use of cash, a total focus on quality in product development and internal processes, as well as ongoing close liaison with major customers in all three divisions.

The main highlights of the third quarter of 2010 were as follows:

- Thanks to customers' unanimously optimistic demand forecasts, the **Automotive Components Division** posted a year-on-year increase in revenue of 44% or EUR 42 million (m). This was due to growing demand in Europe, with a rise in new vehicle commercial vehicle registrations of 6%. Work is still underway on resizing the air reservoir plant in Ahlen. We are in negotiations with the works council on the measures to be taken.

- The **Wholesale Plumbing Supplies Division** registered 3% growth in a stagnant overall market, on the back of robust private renovation activity. The new, integrated logistics, service and sales centre in Innsbruck has been fully operational since July, and will enable SHT to grow significantly in western Austria, where the company was previously underrepresented.

- The **Industrial Honeycombs Division** delivered another strong performance. In addition to continuing strong demand for power station catalysts in all markets, growing demand for diesel catalysts contributed to an increase in revenue of EUR 8m or 15%. It is still early days for our new product – plate catalysts.

Positive trends across all divisions have brought a revenue gain of 18% for the Frauenthal Group as a whole. Cumulative EBIT for the year was EUR 14.7m – up by EUR 36.7m in comparison with the same period last year. Growth has added EUR 19 million to liquidity needs since the beginning of the year, but there are more than sufficient credit lines in place to meet these.

ECONOMIC CLIMATE

Automotive Components

The economic recovery has led to an increase in industrial production and thus in turn to significant increases in transport volumes in some areas. Many haulage businesses postponed investments in 2009 and are now making up for lost time. Manufacturers are responding by mounting aggressive sales drives. Meanwhile, there is a widespread view that there will be no tax or other incentives when the Euro 6 standards come into force in 2013, meaning that there is no point in postponing replacement investments until Euro 6 compliant vehicles become available.

That said, we remain cautious about market trends, as the commercial vehicle market is very sensitive to fluctuations in economic activity, and we believe that the volatility of this market has distinctly increased. This means that if the economy suffers a double dip, a build-up in vehicle inventories could quickly follow, resulting in a collapse in output similar to that experienced in 2009.

There are strong regional variations in economic growth. While Germany, the most important single market, is developing very dynamicly, all other large single markets are rather volatile. The overall expansion of commercial vehicle demand is mainly being driven by the light goods vehicle segment, which has recorded cumulative growth of 9% this year. This segment's customers are generally small and medium enterprises, which have been far less seriously affected by the crisis that the large haulage businesses. Following the crisis, many of the latter are under severe financial strain, meaning that despite rapidly rising freight volumes they are finding it difficult to finance investment in new vehicles. Instead, these companies are bringing mothballed vehicles back on the road and putting up with capacity bottlenecks. This explains why the medium and heavy goods vehicles segment is deteriorating and is still declined by 5% compared to 2009. However, in this segment a very dynamic development has been determined since the third quarter.

Exports to Central and Eastern Europe, and Russia almost completely dried up at the start of the crisis, but are now gradually recovering. Local production in Russia by West European OEMs (including Volvo) has increased markedly but remains insignificant in absolute terms. These risks, combined with economic uncertainties, mean that the transport industry is still taking a cautious view of the overall situation.

Wholesale Plumbing Supplies

In the first three quarters of this year, there was a slight decline in the overall plumbing and heating supplies market. The main reason for this was to the weakness of the contract business. This is now the third year in succession of decline in new commercial building construction. In addition to low volume the price war is also contributing to the difficult situation at present. Once again, demand was propped up by private renovation work, which is continuing to grow fast. Sales of heating supplies also picked up in the third quarter. The trend towards green products and concerns that energy prices will rise further are long-term growth drivers in this market segment.

During the period under review, SHT focused its attention on the growth segments of the plumbing and heating supplies market such as photovoltaic products, and on premium own brands. Expansion of the service network also continued with the official opening of the integrated sales and service centre in Innsbruck in September. This will make a key contribution to increasing market share in western Austria, as well as consolidating the Wholesale Plumbing Supplies Division's market lead in Austria.

Industrial Honeycombs

Demand for power station catalysts has been strong in Europe and the USA. Industrial Honeycombs won large contracts for new and replacement power station catalysts. China remains the market with the greatest growth potential, and it accounted for more than 30% of divisional revenue in the first three quarters of this year. How this market develops will depend on the next five year plan. Now that our most important customer in China, Huaneng Power International has made an initial contribution towards fulfilling the government's policy objectives by equipping some power stations with catalysts, power generators are anticipating an increase in electricity prices, but no specific commitments have been made as yet. Even if after an initial boom in demand, this market weakens temporarily due to hesitancy in tightening the NOx emission limits in China, we remain convinced that there are big long-term opportunities for environmental technology products in the country.

Orders for stationary plant (mainly power stations) remain at last year's high levels. Demand for heat exchangers and foundry filters, which were particularly badly affected by the crises in the automotive and construction industries in the USA; is picking up markedly, though it is still well below pre-crisis levels.

So far, orders for the new product line, plate catalysts, have been disappointing. We have successfully started up production and installed test prototypes on-site at one of our customers. However, it has become clear that due to the long lead times, it will take longer than originally anticipated to win contracts for new installations of these products. Contracts for replacing catalysts in existing plant will also depend on successful completion of the test phase. Despite these delays, we are confident that we will be able to profit from our position as the third supplier of these products globally, due to our technological know-how and the competitive situation.

Increased truck production led to a 250% jump in sales of diesel catalysts in the period under review. Several customers are currently testing high-volume prototypes for the Euro 6 emission standards which will be coming into force in 2013. The construction machinery sector has begun to generate revenue for these newly developed high-volume catalysts.

BUSINESS PERFORMANCE: IN-DEPTH DIVISIONAL REVIEW

Automotive Components

After three quarters the full impact of the root-and-branch restructuring and cost-reduction measures implemented by the Automotive Components Division is now being felt. As a result no significant restructuring charges were incurred in the third quarter. The combination of a growing market and an effective production network resulted in major improvements in capacity utilisation, with some locations working at full capacity. This resulted in EBIT for the first nine months of EUR 1.8m, up by EUR 32.4m on the same period a year earlier. Restructuring charges of EUR 11m impacted earnings in 2009, but cost reductions and a EUR 41.7m increase in revenue combined to push up earnings by EUR 21m. EBITDA stood at EUR 6.2m, a rise of EUR 28.0m. However, revenue for the first three quarters was still around 50% down on the record 2008 levels, so any talk of an end to the crisis in the commercial vehicle market is still premature.

Capacity was run down by around 25-30%. However, in an attempt to ensure that the Division has sufficient capacity to capitalise on the ongoing pick-up in demand, a number of investment projects were introduced with the aim of raising capacity at sites facing critical production bottlenecks and achieving the required productivity gains. All locations are benefiting from the recovery, with the respective customer structure determining the extent of the rebound. This enabled the plant in Judenburg, Austria – a specialist supplier of links for trailer axles which was severely hit by the crisis – to once again generate positive EBIT, reflecting the strong growth in its particular market segment. Polish U-bolt manufacturer Pol-Necks posted record revenue after securing a number of major follow-up orders. Short-term working arrangements have now ended and agency staff are mainly being taken on cover personnel shortfalls.

Work is continuing on the partial closure of the under-threat Linnemann-Schnetzer Group plant in Ahlen. Although some orders have been secured, resizing and other cost-cutting measures designed to adapt air reservoir production levels will be necessary to ensure the facility's long-term profitability. Negotiations with the works council regarding these measures are in progress.

Product development has been a leading priority for the past year. Initial successes include the development of more highly tensioned springs for front axles, ongoing development of the tubular stabiliser bar, and cold-formed U-bolts. Product development is critical to the division's long-term growth prospects, with new vehicle ranges, due to start coming on to the market in 2011, needing to comply with the stricter Euro 6 emission standard in force from 2013 on. As a consequence, reduced component weights are becoming an increasingly important selling point. Besides healthy gains in market share, the conclusion of new long-term supply contracts and the renewal of existing agreements, several customers have made enquiries about other products in our portfolio. This reaffirms our strategy of widening the product range and generating new opportunities for cross selling. At the same time, globalisation is also opening up new perspectives for the industry. European vehicle component makers now face the challenge of supplying commercial vehicle manufacturers' overseas operations from local plants. With this in mind, we are currently holding talks with several customers and analysing the alternatives for regional expansion.

Wholesale Plumbing Supplies

SHT succeeded in growing its share of an otherwise shrinking market and posted a 4.4% jump in revenue in the first three quarters of 2010. The price war in the declining contract business means that the growth in gross margins, which are still close to last year's levels, is below budget. Nevertheless earnings rose significantly due to SHT's strong position in the rapidly expanding private renovation segment, and the heating sector, where demand is also rising sharply. EBIT stood at EUR 5.5m thanks to increased volumes, a rise of EUR 2.0m on the like period of 2009. There were no significant changes in the cost structure, and bad debts and customer creditworthiness remained virtually unchanged from last year.

There are no signs of a recovery in the construction sector in 2011 and the number of building permits issued is still in decline, resulting in a subdued mood on the market. The impact of government stimulus packages announced at the start of the crisis has not yet filtered through, and given the current state of government finances, we do not expect any major improvements in the building sector in the foreseeable future. Gaining market shares by expanding logistics infrastructure, retail space and the service portfolio are the keys to SHT's continued growth. In the short term, the large numbers of visitors to the showrooms and the mySHT web platform, and strong performance in western Austria following the opening of the new Innsbruck facility all point to modest growth continuing.

Industrial Honeycombs

The catalyst business continued its recent successful development, with growth of 14.5% in the first three quarters, and highly satisfactory order intake and order backlog. Diesel catalyst revenue surged by 250% as the recovery in the commercial vehicle market picked up speed. Orders bookings were received from all regional markets, including Asia, where the rapid growth in business from China has dropped off dramatically. Since around one-third of orders are invoiced in USD, the strength of the dollar had a positive impact on revenue and earnings, although we have not yet seen any negative effects from the declining exchange rate in the third quarter. EBIT rose by EUR 2.8m year on year to reach EUR 8.2m. Earnings increased sharply by 50.8% as a result of revenue growth and the strong product mix, with diesel catalysts accounting for an increasingly large proportion. Savings leveraged by investments in vertical integration also helped to boost earnings. Owing to the number of stationary applications projects in the pipeline and the ongoing recovery expected in the commercial vehicles market, capacity bottlenecks remain a possibility, and a series of capacity expansion investments have been implemented at Frauental.

LIQUIDITY AND INVESTMENT

The required increase in working capital was reflected in a 5% rise in total assets to EUR 305.2m. Third-quarter Group cash flow before working capital changes amounted to EUR 20.5m. Growth across all divisions led to an increase in liquidity requirements of EUR 19m compared with year-end 2009, mainly as a result of the surge in working capital (EUR 33.8m) and to a lesser extent the rise in investments (EUR 5.7m). With uncertainty surrounding the medium-term prospects for the market, and a number of projects in the works which either have attractive payback periods or are essential for quality improvements, the Automotive Components Division has implemented a cautious investment policy. However, only a small portion of the costs of these projects will be cash expenses in 2010. The same applies to the planned capacity expansion in the Industrial Honeycombs Division. At EUR 72m the Group's unused credit lines are more than sufficient to cope with any shortages of finance due to unexpectedly rapid revenue growth.

OUTLOOK

Based on our customers' most recent production forecasts, we expect the **Automotive Components Division** to continue its strong performance in the fourth quarter, although a rise in demand is not anticipated. The transport sector is sensitive to changes in economic conditions, so the current volatility could easily result in another collapse in demand which would have severe implications for suppliers such as Frauenthal, as customers would again be faced with inventory overhangs. In the near term our priority will be investments and other measures aimed at ensuring sufficient levels of production capacity and achieving the quality and productivity improvements required at key locations such as Styria Arcuri in Romania.

We see the **Wholesale Plumbing Supplies Division** recording moderate full-year revenue growth and further gains in market shares. The integrated sales and service centre in Innsbruck should deliver additional revenue growth in a region where SHT is still heavily underrepresented. With no signs of an upturn in the contract business on the horizon, price competition will continue to squeeze margins.

In the Industrial Honeycombs Division, full honeycomb capacity utilisation throughout the year looks realistic. However, the potential for plate catalysts to generate significant revenues this year remains questionable. We assume that the robust demand for diesel catalysts will persist, but reliable forecasts are not possible due to the extremely short order lead times that are common in this segment. Commercial vehicle demand will play a significant part in determining the extent of full-year earnings growth. We also do not foresee any more major orders from China in the near future, although this should not have an adverse effect on the Division's earnings performance, since order bookings from other regional markets are expected to result in full capacity utilisation until well into 2011. Key procurement decisions by customers on high-volume catalysts for Euro 6-compliant diesel engines are expected in the next few quarters. The Industrial Honeycombs Division is well placed to supply those clients with technically outstanding products for a range of Euro 6-compliant applications.

All three of the Group's divisions are performing well and posted excellent third-quarter results. We have taken a major step towards achieving our objective of recording a profit for the year, unless economic conditions deteriorate markedly in the fourth quarter. Due to the seasonal variations in the Group's businesses, it is not possible to extrapolate full-year performance from the results for the most recent quarter. All

Division Industrial Honeycombs

three divisions have opportunities to grow organically, by gaining market shares, and entering new product and geographical markets, as well as by acquisition. All options for further growth are analysed thoroughly on the basis of the strategic plans which have been drawn up for each division. We will continue to pursue an extremely cautious investment policy which leaves no room for experiments. We will also be extending our staff and management development programme, which has a significant part to play in the Group's expansion. The programme is also an important tool for leveraging growth opportunities. However, consolidating the Group's strong foundations remains our overriding priority.

Vienna, November 2010

Frauenthal Holding AG

The Executive Board

Notes to the interim report on the third quarter of 2010

The quarterly report of Frauenthal Holding AG (Frauenthal Group) for the third quarter ended 30 September 2010 was drawn up in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. This report has neither been audited nor has it been reviewed by an independent auditor.

CONSOLIDATION AND ACCOUNTING POLICIES

The scope of consolidation was determined in accordance with paragraph 12 IAS 27. The number of companies included in consolidation has changed by two since 31 December 2009. Linnemann-Schnetzer Formparts GmbH was formed in Ahlen, Germany in January 2010. Sales company Ceram Catalysts GmbH was merged with Porzellanfabrik Frauenthal GmbH with retroactive effect from 1 January 2010. The consolidated statements thus comprise the results of the parent, Frauenthal Holding AG, and 26 subsidiaries which are under the common control of Frauenthal Holding AG, and in which the latter or one of its subsidiaries holds a majority of the voting rights.

The accounting and measurement policies used to prepare the financial statements for the year ended 31 December 2009 were applied without change to the third quarter of 2010. The main differences between these policies 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 INCOME STATEMENT

Revenue

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

The Frauenthal Group posted consolidated IFRS revenue of EUR 395.9 million (m) in the first three quarters of 2010, up 17.8% or EUR 59.9m year on year. All three businesses – led by a recovering Automotive Components Division – contributed to this improvement. Rising production of new vehicles is reflected in the EUR 41.7m year-on-year rise in cumulative revenue reported by Automotive Components. Divisional revenue for the first nine months was up by 43.7 % from EUR 95.5m to EUR 137.2m.

Despite having to contend with a flat overall market, the Wholesale Plumbing Supplies Division recorded year-on-year revenue growth of EUR 8.4m (up 4.4%). Cumulative revenue for the Division advanced from EUR 192.2m to EUR 200.6m.

Continued high demand for power station catalysts, driven by expanding sales of diesel catalysts, boosted revenue in the Industrial Honeycombs Division by EUR 7.6m to EUR 59.9m (up 14.5).

Sales within the EU accounted for 88% of total revenue, those to the USA for 5% and those to the rest of the world for 7%.

Earnings

At EUR 24.1m, Group EBITDA for the third quarter of 2010 represented an improvement of EUR 31.8m on the comparative figure for 2009, with the largest contribution coming from the Industrial Honeycombs Division.

In the Automotive Components Division the EUR 21.8m EBITDA loss in the comparative period of 2009 turned positive by EUR 6.2m as cost reduction measures worth EUR 16.2m and revenue gains took effect. Earnings for the third quarter of 2009 were depressed by significant restructuring costs and one-time deconsolidation expense arising from the disposal of Styria Federn GmbH, Düsseldorf, and its subsidiary A.D. Fabrika Opruga Styria Gibnjara Kraljevo, Serbia. The Wholesale Plumbing Supplies Division benefited from its expanded service and sales network to deliver revenue growth of 20.6% in the face of cut-throat competition. This EUR 1.4m year-on-year increase took revenue to EUR 8.2m. Industrial Honeycombs made the greatest contribution to earnings with the smallest share of revenue. Continued revenue growth was reflected in a 41.0% year-on-year increase in the Division's EBITDA to EUR 10.3m.

Group EBIT was positive by EUR 14.7m, an improvement of EUR 36.7m on the loss of EUR 22.0m recorded in the like period of 2009. Automotive Components accounted for EUR 1.8m of the total, Wholesale Plumbing Supplies EUR 5.4m and Industrial Honeycombs EUR 8.2m. Decreased net finance costs, cost reduction measures and increased revenue in the Automotive Components Division all had a significant impact on earnings. The results for the comparative period of 2009 were held back by one-time expenses for impairment of non-current assets.

The profit before non-controlling interests (profit after tax) for the third quarter of the year was EUR 9,459,000. On the basis of the interim profit after non-controlling interests of EUR 9,459,000 (Q1-Q3 2009: EUR -21,876,000) and an average of 9,152,534 shares in issue (Q1-Q3 2009: 9,173,600 shares), basic and diluted earnings per share were EUR 1.03 (Q1-Q3 2009: EUR -2.38).

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

NOTES TO THE CONSOLIDATED BALANCE SHEET

The Frauenthal Group's total assets grow by EUR 50.5m from year-end, to stand at EUR 305.2m (31 December 2009: EUR 254.7m).

This increase is chiefly attributable to inventories amounting to EUR 18.5m and higher trade receivables of EUR 36.2m. Inventories grew by EUR 3.8m in Automotive Components, driven by the rise in revenue. The seasonal nature of the Wholesale Plumbing Supplies Division is reflected in an increase in inventories of EUR 12.0, while EUR 2.7m was attributable to the Industrial Honeycombs Division. Trade receivables rose sharply – the lion's share was accounted for by Automotive Components (EUR 15.5m), followed by the Wholesale Plumbing Supplies Division (EUR 15.9m). Industrial Honeycombs report an increase of EUR 4.9m. The introduction of an ABS system for a major truck manufacturer brought an EUR 8.4m increase in receivables for Automotive Components, up from EUR 2.4m in the comparative period.

Cash and cash equivalents rise from EUR 2.3m to EUR 4.2m.

The jump in working capital requirements is financed through an increase in trade payables of EUR 14.7m to EUR 51.8m, and in bank borrowings of EUR 21.2m. Equity is up by EUR 9.4m to EUR 81.4m. The increase in total assets led to a drop in the equity ratio from 28.3% at year-end to 26.7% as at 30 September 2010.

NOTES TO THE CASH FLOW STATEMENT

Due to the profit for the period of EUR 9.3m, operating profit before working capital changes improved by EUR 20.5m year on year, to EUR 25.6m.

Higher trade receivables result in negative cash flows from operating activities of EUR 13.3m (Q1-Q3 2009: EUR -11.9m).

Net cash used in investing activities declines by EUR 3.7m to EUR 5.7m, reflecting lower investment during the period under review in order to conserve liquidity. For more information on the Company's investment strategy see the Liquidity and Investment section of the operating review.

As the cash flow statement shows, cash and cash equivalents as at the end of the third quarter included a pledged bank deposit amounting to EUR 0.4m.

EMPLOYEES

In the first nine months of 2010 the Frauenthal Group employed an average of 2,513 people (Q1-Q3 2009: 2,472). Automotive Components accounted for the majority, with a headcount of 1,536 (2009: 1,426). The workforce slightly increased in 2010 owing to the upswing on automotive markets.

The number of employees in the Wholesale Plumbing Supplies and Industrial Honeycombs divisions remained virtually unchanged at 681 (2009: 696) and 288 (2009: 263), respectively.

SHARE PRICE PERFORMANCE

Frauenthal has been listed on the Vienna Stock Exchange prime market since 23 July 2007. The share price ended 2009 at EUR 7.49, almost 14% up on the year. The share price remained largely stable until early April of this year, before trending upward in the middle of that month. Growth then plateaued, eventually reaching a low of EUR 6.59 on 15 June 2010. The share price subsequently appreciated steadily until 24 September when it reached a high of EUR 9.89 (30 September 2010: EUR 9.65).

On 16 June 2010 the Executive Board resolved to make use of the authorisation given by the Company's 21st annual general meeting to repurchase shares. The purchase corresponds to 10% of the Company's share capital. The repurchase scheme was launched on 22 June 2010 and suspended on 3 September. Any resumption of the share repurchase scheme before 31 December 2010 will be announced in accordance with section 6 Veröffentlichungsverordnung (Publication Order).

A total of 21,066 shares had been repurchased by 30 September. The number of treasury shares rose from 261,390 to 282,456, equal to 2.99% of the Company's capital. The free float amounts to 2,274,484 shares or 24.11% of the capital.

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

Andrea Winter, department consignment sale Y-LOG, wholesale plumbing supplies, 48

COMPOSITION OF THE EXECUTIVE BOARD

As at 30 September 2010 the Executive Board consisted of Hans-Peter Moser, who is in overall charge of the Automotive Components and Wholesale Plumbing Supplies divisions, and Martin Sailer, who heads up the corporate finance function and the Industrial Honeycombs Division.

DECLARATION BY THE EXECUTIVE BOARD PURSUANT TO SECTION 87(1) AUSTRIAN STOCK EXCHANGE ACT

The Executive Board hereby declares that to the best of its knowledge, the interim report of the Frauenthal Group for the third quarter of 2010, 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, 11 November 2010

Frauenthal Holding AG

The Executive Board

Hans-Peter Moser
Member of the Executive Board

Martin Sailer
Member of the Executive Board

Abridged financial statements

CONSOLIDATED INCOME STATEMENT

EUR ´000	1-9 / 2010	1-9 / 2009
Revenue	395,913	335,970
Changes in inventories of finished goods and work in progress	2,490	-3.,764
Other operating income	5,404	6,057
Raw material and consumables used	-259,599	-224,006
Staff costs	-79,337	-77,682
Depreciation and amortisation expense and impairment	-9,412	-14,281
Other operating costs	-40,776	-44,320
Profit from operations	**14,683**	**-22,026**
Interest income	133	204
Interest expense	-2,942	-3,652
Net finance costs	**-2,809**	**-3,448**
Profit before tax	11,874	-25,474
Income tax expense	-611	-264
Change in deferred tax	-1,941	654
Profit after tax	**9,322**	**-25,084**
attributable to non-controlling interests,	-137	-3,208
attributable to owners of the parent (consolidated profit/loss for the year)	9,459	-21,876
Earnings per share (basic/diluted)	**1.03**	**-2.38**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR ´000	1-9 / 2010	1-9 / 2009
Profit after tax	9,322	-25,084
Gains and losses on currency translation and on changes in non-controlling interests	206	-545
Purchase of own shares	-157	0
Other comprehensive income	**49**	**-545**
Total comprehensive income	9,371	-25,629
Attributable to non-controlling interests,	-148	-3,325
Attributable to owners of the parent	9,519	-22,304

CONSOLIDATED BALANCE SHEET

EUR '000	30.09.2010	31.12.2009
Assets		
Non-current assets		
Intangible assets	39,268	40,608
Property, plant and equipment	72,542	74,637
Investments in associates	698	698
Other financial assets	1,435	1,435
Deferred tax assets	17,448	18,891
	131,391	**136,269**
Current assets		
Inventories	80,335	61,863
Trade receivables	81,564	45,364
Other assets	7,707	8,986
Cash and cash equivalents	4,219	2,267
	173,825	**118,480**
Total assets	**305,216**	**254,749**

EUR '000	30.09.2010	31.12.2009
Equity and Liabilities		
Equity		
Share capital	9,435	9,435
Capital reserves	21,093	21,093
Retained earnings	40,924	67,408
Translation reserves	-1,944	-2,161
Other reserves	65	65
Own shares	-553	-396
Minority interests	2,955	3,103
Profit/loss for the year	9,459	-26,484
	81,434	**72,063**
Non-current liabilities		
Bond	70,000	70,000
Bank borrowings	14,186	11,069
Other liabilities	4,126	2,858
Provisions for termination benefits	8,405	8,500
Provisions for pensions	6,435	6,379
Provisions for deferred tax	1,331	816
Other long-term provisions	5,397	4,983
	109,880	**104,605**
Current liabilities		
Bond	678	1,375
Bank borrowings	34,518	16,386
Trade payables	51,799	37,053
Liabilities to Group companies	63	10
Other liabilities	25,775	22,170
Tax provisions	356	171
Other short-term provisions	713	916
	113,902	**78,081**
Total Equity and Liabilities	**305,216**	**254,749**

CASH FLOW STATEMENT

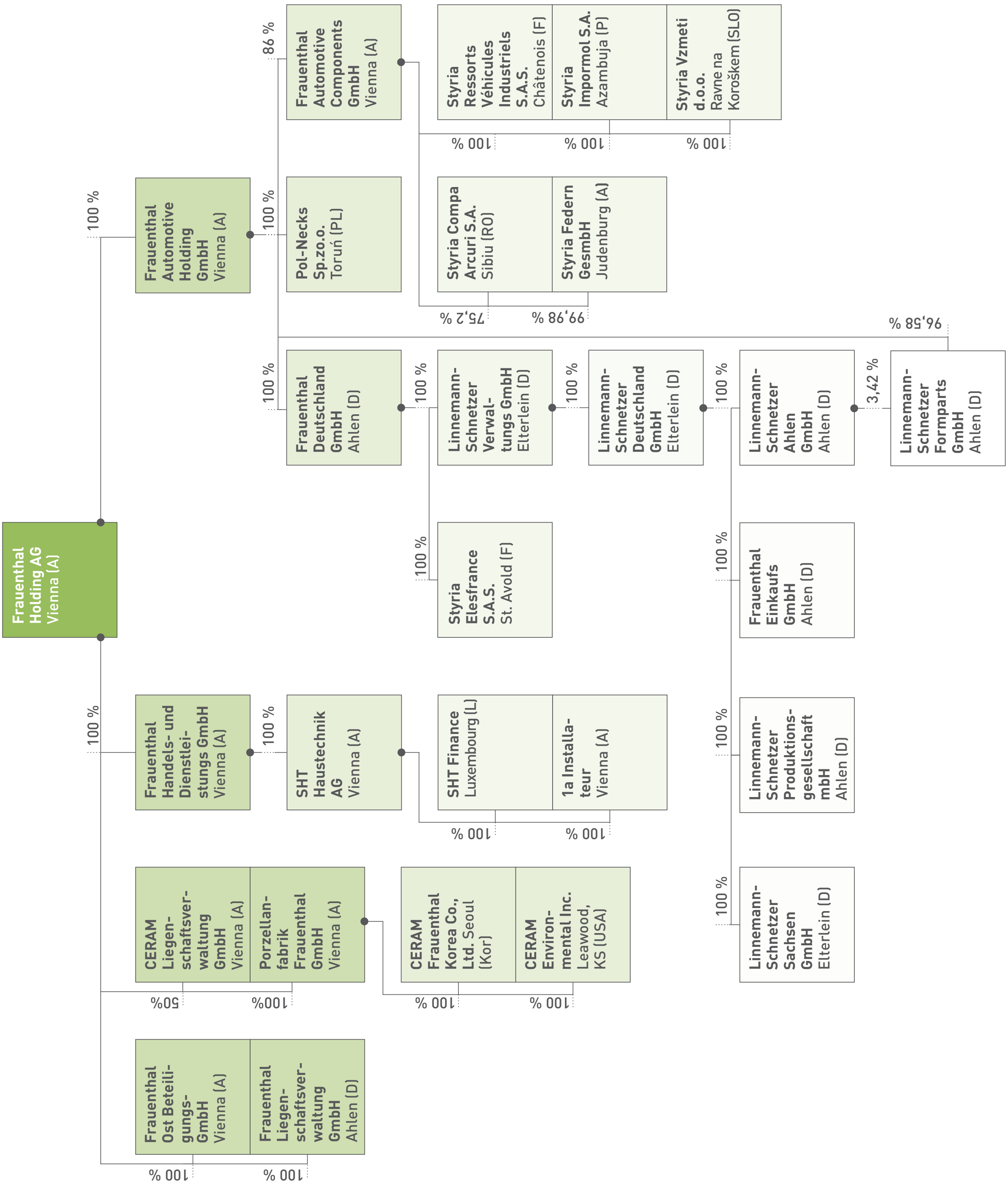
EUR ´000	1-9 / 2010	1-9 / 2009
Profit for the year before minority interests	9,322	-25,084
Deconsolidation expense	0	6,248
Interest income and expense	2,809	3,448
Depreciation and amortisation of non-current assets	9,413	14,281
Gains on disposal of non-current assets	-13	0
Losses on disposal of non-current assets	4	124
Change in deferred tax assets	1,443	-530
Change in long-term provisions	890	-137
Interest paid	-3,463	-3,629
Interest received	133	205
Operating profit before working capital changes	**20,538**	**-5,116**
Change in inventories	-18,473	4,783
Change in trade receivables	-36,201	-9,863
Change in other receivables	1,279	4,962
Change in short-term provisions	-19	-840
Change in trade payables	15,864	-5,237
Change in liabilities to Group companies	53	-118
Change in other liabilities	3,622	-529
Translation related changes	75	80
Net cash from operating activities	**-13,262**	**-11,878**
Investments in non-current assets	-5,873	-8,073
Proceeds from sale of non-current assets	34	54
Proceeds from investment grants	135	-581
Proceeds from repayment of loans	0	31
Changes arising on changes in the scope of consolidation	0	-803
Net cash used in investing activities	**-5,704**	**-9,372**
Change in borrowings	20,918	9,229
Cash flow from financing acitivities	**20,918**	**9,229**
Change in cash and cash equivalents	**1,952**	**-12,021**
Cash and cash equivalents at beginning of period	1,888	16,302
Cash and cash equivalents at end of period	3,840	4,281

STATEMENT OF CHANGES IN EQUITY

EUR ´000	Share capital	Capital reserve	Retained earnings	Translation reserve	Cash flow hedge reserve	Revaluation reserve	Treasury shares	Profit / loss for the year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 Jan. 2009	**9,435**	**21,093**	**55,560**	**-1,937**	**359**	**0**	**-396**	**11,848**	**95,962**	**6,159**	**102,121**
Consolidated profit for 2008			11,848					-11,848	0		0
Consolidated profit for 2009								-26,484	-26,484	-2,925	-29,409
Other comprehensive income				-224	-359	65			-518	-131	-649
Balance at 31 Dec. 2009 / 1 Jan. 2010	**9,435**	**21,093**	**67,408**	**-2,161**	**0**	**65**	**-396**	**-26,484**	**68,960**	**3,103**	**72,063**
Consolidated profit for 2009			-26,484					26,484	0		
Consolidated profit for 1-9/2010								9,459	9,459	-137	9,322
Other comprehensive income				217			-157		60	-11	49
Balance at 30 Sep. 2010	**9,435**	**21,093**	**40,924**	**-1,944**	**0**	**65**	**-553**	**9,459**	**78,479**	**2,955**	**81,434**

OUR STRUCTURE

Status as of 30 Septmber 2010



Imprint

2011 FINANCIAL CALENDAR

31 March 2011	Annual report 2010
22 May 2011	Record day
24 May 2011	First-quarter interim report 2011
01 June 2011	**Annual General Meeting**
06 June 2011	Result of the vote of the Annual General Meeting
07 June 2011	Ex-Day
08 June 2011	Dividend-Payment
24 August 2011	Second-quarter interim report
24 November 2011	Third-quarter interim report

SHAREHOLDER INFORMATION

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Website www.frauenthal.at

Vienna Stock Exchange: Prime Market

Symbol: FKA

ISIN: AT 0000762406 (shares)

Bloomberg-code: FKA AV

Reuters-code: FKAV.V1

Market capitalisation: EUR 72,7m (30 September 2010)

Vienna Stock Exchange Listing on the Vienna Stock Exchange official market

Symbol FKA

ISIN: AT 0000492749 (bonds)

In addition to detailed information on Group companies, our website offers downloads of quarterly reports, AGM documents, press releases, stock exchange announcements, product photographs, and the latest annual report in German and English.

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Note:
Editorial changes have been made to this report in the interests of readability (including the colour scheme and layout).
The original can be inspected at the Company's headquarters.