frauenthal
GROUP

Strength through diversity
INTERIM REPORT **2013**

SUMMARY

	6M 2013	6M 2012	Change in %	2012
Summary income statement (EUR m) *				
Revenue	262.3	248.6	5.5%	509.9
EBITDA	1.8	6.6	-72.6%	18.3
EBITDA adjusted [3]	3.8	6.6	-42.3%	18.3
ROS (EBITDA / revenue)	**0.7%**	**2.6%**	**-2.0%**	**3.6%**
ROS (EBITDA / revenue) adjusted [3]	***1.4%***	***2.6%***	***-1.2%***	***3.6%***
Profit from operations (EBIT)	-3.8	1.8	-313.4%	7.9
Profit from operations (EBIT) adjusted [3]	*-1.8*	*1.8*	*-201.7%*	*7.9*
Profit before tax (EBT)	-6.0	-1.0	-480.5%	3.2
Profit for the period from continuing operations	-5.4	-1.9	-191.1%	1.3
Profit for the period from discontinued operations		37.3	-100.0%	37.7
Profit for the period	-5.4	35.4	-115.4%	39.0
Operating profit before working capital changes	-2.2	3.8	-159.2%	11.0
thereof discontinued operations		2.3	-100.0%	2.3

	6M 2013	6M 2012	Change in %	2012
Summary statement of financial position (EUR m)				
Non-current assets	148.9	116.6	27.8%	124.0
Current assets	248.7	242.2	2.7%	216.5
Total assets	397.7	358.8	10.8%	340.5
Borrowings	280.1	227.1	23.4%	213.0
Equity	117.5	131.7	-10.8%	127.5
Equity ratio (%)	**29.6%**	**36.7%**	**-7.2%**	**37.4%**
Investment *	5.1	7.3	-29.2%	15.2
as % of revenue [2]	2.0%	1.3%	0.6%	3.0%
Average head count *	**2,952**	**2,399**	**23.1%**	**2,613**

	6M 2013	6M 2012	Change in %	2012
Per share ratios (EUR '000) *				
Revenue [2]	88.8	103.6	-14.3%	195.1
Profit from operations (EBIT) [2]	-1.3	0.7	-273.4%	3.0
Operating profit before working capital changes	-0.8	1.6	-148.1%	4.2
Share issue	9,434,990	9,434,990	-	9,434,990
Own shares	-943,499	-272,456	-246.3%	-943,499
Shares in circulation	8,491,491	9,162,534	-7.3%	8,491,491

	6M 2013	6M 2012	Change in %	2012
Per share ratios (EUR)				
EBITDA	0.2	0.7	-70.4%	2.2
Profit from operations (EBIT)	-0.4	0.2	-330.3%	0.9
Profit for the period from continuing operations	-0.6	-0.2	-214.2%	0.2
Profit for the period from discontinued operations	0.0	4.1	-100.0%	4.4
Profit for the period	-0.6	3.9	-116.6%	4.6
Operating profit before working capital changes	-0.3	0.4	-163.8%	1.3
Equity	13.8	14.4	-3.7%	15.0
Share price				
Year end	8.70	8.52	2.1%	8.80
High	9.45	11.00	-14.1%	11.00
Low	8.12	8.20	-1.0%	8.11
Dividend [1]				0.2

1) Distribution proposed to Annual General Meeting
2) Continuing operations
3) 2013: Adjusted for EUR 2m for deconsolidation of Frauenthal Automotive Ahlen GmbH.

* 2012: The disposal of the Industrial Honeycombs Division was completed on 1 June 2012. The gains on disposal and the profit up to the time of the disposal are included in the profit from discontinued operations in accordance with IFRS 5.
The 2012 figures have been adjusted accordingly.

CONTENT

OPERATING REVIEW FOR THE FIRST HALF OF 2013

DEAR SHAREHOLDER,

The results of both divisions of the Frauenthal Group in the first half of 2013 were significantly influenced by the unfavourable economic climate, although demand in the commercial vehicle market did improve in the second quarter. In the Plumbing Supplies Division, the exceptionally long winter, project delays and a general downturn in the construction industry in Austria took their toll. The bankruptcy of construction group Alpine was an additional blow to the market. There is progress with synergies in Slovakia: cost savings are helping to cushion the impact of the decline in earnings which is to be expected in an adverse trading environment. Despite the growth in demand in the second quarter, the Frauenthal Automotive Division was hit by a marked drop in earnings year on year, and in particular by a non-recurring, non-cash deconsolidation expense of EUR 2 million (m) in connection with the sale of the air reservoir business in Ahlen, Germany. Starting in May 2013, the purchase of Swedish automotive component supplier group Gnotec began to have a positive effect on earnings.

In pursuit of its strategy of a diversified business model, Frauenthal continues to focus its efforts on identifying a third division in a sector with different economic cycles to those affecting the construction and commercial vehicle industries.

The modest market recovery in the commercial vehicles business is set to continue in the third quarter of this year, but the plumbing supplies market is still constrained.

The key developments were as follows:

- The EUR 5.6m year-on-year decline in operating profits (EBIT) to EUR –3.8m was predominantly due to problems in the Frauenthal Automotive Division. The weakness of the commercial vehicles market meant a drop in sales of EUR 7.8m or 6.8% (not including Gnotec), and divisional EBIT fell by EUR 3.9m to EUR –3.0m, in contrast to the good results in the comparable period last year. The results included non-recurring expense (deconsonsolidation expense arising from the disposal of Druckluftbehälterwerk Frauenthal Automotive Ahlen GmbH) of EUR 2.0m. Gnotec contributed operating profit of EUR 1.1m to earnings for May and June 2013.

- Wholesale Plumbing Supplies achieved growth in revenue of EUR 5.8m (4.3%) to EUR 140.4m, of which EUR 9.1m was attributable to the Slovak wholesalers acquired by the Group in 2012. Because of the weakness of the market, and the loss-making performance in Slovakia (which had been foreseen), earnings fell short of the levels achieved in the same period last year. The Division's EBIT of EUR 0.6m was down by EUR 1.2m year on year.

- The acquisition of Swedish automotive supplier Gnotec was completed on 13 May 2013. Gnotec produces stamped, punched, welded and formed parts mainly for the European automobile industry (cars and commercial vehicles). It has five production facilities, four in Sweden and one in Slovakia.

In 2013 its 400 employees generated annual sales of some EUR 80m. The business is profitable, and will contribute substantially to improving the earnings of Frauenthal Automotive.

- On the basis of the first half of 2013, the Group is budgeting for a loss of EUR 5.4m for the full year, compared with a profit of EUR 1.9m in 2012.
- For the Wholesale Plumbing Supplies Division, the outlook for 2013 remains stable. For the Frauenthal Automotive Division there are indications that the present market recovery will continue in the third quarter.

FINANCIAL PERFORMANCE IN DETAIL

Group EBIT for the first half-year slid by EUR 5.6m, for a EUR 3.8m loss. Of this decline, EUR 2.0m was attributable to reduced revenue at Frauenthal Automotive. The deconsolidation expense for the air reservoir production facility in Ahlen (roughly EUR 2m), the lower contribution margin on the reduced sales, the costs of capacity underutilisation and to a lesser extent the costs of restructuring measures (reductions in the workforce) all had a negative impact on earnings. High energy and transport costs continue to be an additional burden. The cost-saving measures implemented in the second quarter of 2012 are starting to bear fruit, and the commissioning of several investments designed to increase productivity is also having a positive effect. The major contribution to earnings came from Gnotec: the group was consolidated with Frauenthal Automotive for the first time with effect from 1 May 2013, and its shares of consolidated revenue and EBIT for May and June were EUR 15.4m and EUR 1.1m respectively. The Wholesale Plumbing Supplies Division delivered EBIT of EUR 0.6m, a year-on-year decline of EUR 1.2m. The EUR 5.8m increase in sales largely related to the Slovak plumbing wholesalers acquired in 2012 (SHT Slovakia). In Austria sales grew by EUR 0.3m, or 0.2%; this disappointing performance was attributable to the unfavourable weather in the early part of the year, and the losses recorded by SHT Slovakia, which are largely in line with forecasts. The gross margin improved in Austria thanks to a favourable order mix, with a lower proportion of orders in the large contract business segment. More favourable procurement conditions also led to higher margins in Slovakia. The EUR 0.6m improvement in the Group's net finance costs is attributable to lower interest rates and the financial income from investments (cash inflows from the disposal of the Industrial Honeycombs Division). The income tax burden fell by EUR 1.4m as a result of the recognition of deferred tax assets.

The strong sales performance of Wholesale Plumbing Supplies and the acquisition of Gnotec pushed total revenues for the Frauenthal Group up by 5.5%. Liquidity requirements climbed by EUR 48.3m compared with the end of 2012, swelled by the seasonal pattern of SHT's business, the payment of the EUR 1.8m purchase price for the minority interest in Frauenthal Automotive Sales GmbH, and the acquisition of the Gnotec group for EUR 24.7m. The Group invested only EUR 4.7m during the first half of 2013.

The net Group loss amounted to EUR 5.4m – a deterioration of EUR 3.5m as compared with the same period a year earlier (continuing operations only).

In 2010 a **tax inspection** took place at Frauenthal Automotive Elterlein GmbH (formerly Linnemann-Schnetzer Deutschland GmbH), located in Elterlein, Germany. This company had accumulated substantial tax loss carryforwards, which reduced its tax burden by about EUR 7.6m (including interest, EUR 9m) during the 2006–2012 period. The unutilised deferred tax assets of EUR 7m, representing the tax loss carryforwards that had been recognised as assets, are also still carried in the consolidated statement of financial position. The inspection resulted in the disallowance of the tax loss carryforwards, and the related assessment notices were issued in September 2010. In the opinion of the Executive Board and its expert advisers the tax authorities' arguments for disallowing the deductions are untenable. A number of thoroughly researched independent expert reports conclude that, in light of the facts of the case, the legal position, the prevalent legal opinion and the relevant precedents, the tax loss carryforwards are very likely be reinstated on appeal in the financial courts. In consequence, no accounting provision has been made for the risk of a back tax payment. Neither is it necessary to write down the deferred tax assets of EUR 7m. However, there is a danger of court appeal proceedings lasting several years, which would give rise to general litigation risks. In the period under review the tax authority responded to the appeal by confirming that its standpoint was unchanged. The formal application for the hearing of the judicial appeal is expected shortly. This expected action by the tax authority makes no difference to the existing risk assessment. If the court of appeal in Germany finds in favour of the tax authority, there is a risk that the taxes saved thus far, which together with interest amount to EUR 9m as of August 2013, will become payable and the deferred tax assets will need to be derecognised. Our assessment of the risks posed by the case will be updated on a quarterly basis in light of legal developments and any new information received, and appropriate accounting action will be taken as necessary.

HIGHLIGHTS OF DIVISIONAL TRADING PERFORMANCE

FRAUENTHAL AUTOMOTIVE

The European commercial vehicles market recovered slightly in the first half of the year, albeit from a very low base. Total commercial vehicle registrations fell by 6.9% during the reporting period, impacted by grim economic developments in southern Europe, but the decline was only 2.9% in the second quarter. Registrations of heavy and medium-sized trucks slipped by 11.5%, but in the second quarter by only 6.6%. By region, the steepest declines are in southern Europe and Scandinavia, and the best market – relatively speaking – is Poland. Growth in exports to countries such as Brazil and Russia was not able to make up for the shortfall. The increase in production in the second quarter was driven by the impending change from Euro 5 to Euro 6 models. The commercial vehicle manufacturers are preparing themselves both for last-chance Euro 5 buying and for Euro 6 pre-ordering. The 6.8% fall in divisional revenue (excluding Gnotec) correlates with the 11.3% drop in heavy-truck registrations in the EU. Despite a possible short-term improvement in the market, there is no evidence to suggest a sustained rise in European commercial vehicle production in the medium term. As the division's capacity and structures are geared towards considerably higher volume than that projected for 2013 as a whole, measures need to be taken to reduce fixed costs and overheads. An important step towards achieving this was taken on 30 April 2013 with the disposal of the air reservoir production site in Ahlen (Frauenthal Automotive Ahlen GmbH), which had been consistently loss-making. Following the discontinuation of formed parts and welded assemblies production at the site at the end of 2012, the Frauenthal Group has now ceased all industrial activities at this particular plant. Although the Group had moved a number of orders to Ahlen from other plants, and had acquired several new customers from non-automotive sectors, there were no signs of a return to the required level of long-term capacity utilisation. The products concerned are also strategically insignificant for Frauenthal, since Frauenthal Automotive Ahlen GmbH accounted for only around 2% of Group revenue. Management will now intensify its efforts to expand the Group's two remaining reservoir plants in Elterlein, Germany, and Hustopeče, Czech Republic, with the aim of bolstering the profitability of its air reservoirs business. The first positive effects of this structural adjustment were already noticeable in the second quarter.

Efforts to raise Frauenthal's share of the market for components for the new Euro 6 truck models by developing improved products have begun to pay off. New business includes orders for technically advanced front axle springs. There is strong customer interest in lightweight leaf springs, stabilisers and air reservoirs, as is shown by numerous highly promising enquiries. This trend is being driven by the demands of the Euro 6 emission standard. Weight reductions are essential to achieve the lower fuel consumption that the standard requires, and will be crucial to the competitiveness of new model ranges. The modernised development centre for leaf springs in Châtenois, France, opened officially in June. The combination of expertise and testing facilities at the Group's largest production site for steel leaf springs is intended to encourage the better understanding and use of material properties. This is a key factor in the development of unique product qualities. A large part of Frauenthal Automotive's sales is locked in by new long-term supply contracts and extensions to existing ones.

The divisional head count has risen by 327 since the end of 2012, to an average of 2,063. This takes into account the 112 employees of the subsidiary sold, Frauenthal Automotive Ahlen GmbH, and the increase of 460 employees following the acquisition of the Gnotec group. During the first half of 2013 a total of EUR 2.1m was invested, chiefly on measures to improve productivity.

ACQUISITION OF GNOTEC GROUP

The acquisition of the Swedish automotive supplier group Gnotec in May 2013 was a key strategic development for Frauenthal Automotive Division. The product range includes stamped, punched, formed and welded components, mainly for customers in the car and commercial vehicles industry but also for customers in other sectors. The sites acquired in Sweden and Slovakia, the new products and the additional customers complement the existing portfolio perfectly. The Group's market position with joint customers – Scandinavian commercial vehicle manufacturers Volvo and Scania – will be strengthened. The potential for synergies will mainly be in facilitating access to the other European OEMs that are not yet Gnotec customers. With Gnotec, Frauenthal Automotive has also established a presence in China: starting in 2014, a small production site near Shanghai will begin supplying Chinese car manufacturers.

The fixed purchase price comes to some EUR 24.7m, in addition to which there is a further variable price component of up to EUR 7m dependent on the results for 2013 and 2014.

Gnotec makes a major contribution to the Division's financial performance. The effective date of initial consolidation was 1 May 2013. From that date, the acquisition contributed an increase in sales of EUR 15.4m and additional EBIT of EUR 1.1m to the Division's results for the first half-year. The additional sales for the whole year (May to December) are expected to be in the region of EUR 57m and the additional EBIT around EUR 4m. The total assets of the Frauenthal Group increased in the first half by EUR 56m, or 14%. This included goodwill of EUR 10m, taking into account the fixed purchase price of EUR 24.7m and an expected further variable price component of EUR 4.8m. Following the acquisition, the Frauenthal Group's net liquidity fell by EUR 21.1m (the purchase price of approximately EUR 24.7m less the liquid funds of EUR 3.6m acquired).

WHOLESALE PLUMBING SUPPLIES (SHT)

Sales at the **Wholesale Plumbing Supplies Division (SHT)** increased by EUR 5.8m, or 4.3%, in the 7.8m was attributable to the Slovak subsidiaries acquired in 2012. Sales in the Austrian market increased by EUR 0.3m, or 0.2%. The business lost through inclement weather at the beginning of the year could not quite be made good in the second quarter, although sales picked up. Savings in the public sector also contributed to a subdued trading environment, particularly in eastern Austria. The lower proportion of contract business is reflected in the improved gross margin. The limited growth of sales in Austria partly explains the decline in earnings compared with the same period last year, because costs have increased in line with the growth strategy and as a result of inflation. In Slovakia the gross margin was also higher, reflecting more favourable procurement conditions. However, the market is extremely weak as a result of the generally adverse economic climate in the country. Activity in the construction industry fell by 15% in the early months of the year. While largely in line with budget, SHT Slovakia's results were still negative, which is the main reason for the EUR 1.2m decline in SHT Group's EBIT to EUR 0.6m. Measures to reduce personnel and marketing costs should to a large extent make up for the effects of the disappointing market performance to date on the results for the year as a whole. The integration of the two Slovakian companies is being accelerated, with a major step being the merger of the two central warehouses into a optimal logistics site. Together with reductions in personnel, this will improve the earnings position.

The strategy of extending SHT Slovakia's leadership in service quality will be driven forward by the implementation of a state-of-the-art nationwide logistics system. End-to-end track and trace functionality, paper-free processing, and long-term monitoring of key indicators for reliability and error-free rates throughout the entire logistics chain will help SHT Group to differentiate itself from its competitors. Regular customer feedback confirms that the Group's efforts to extend its service and quality lead are being well received on the market.

BUSINESS DEVELOPMENT

Following the disposal of the Industrial Honeycombs Division in June 2012, the Group has already made four acquisitions: two Slovakian plumbing supplies wholesalers (April and October 2012), the Czech air reservoir maker Worthington Cylinders (October 2012) and the Swedish automotive supplier Gnotec (May 2013). The total cost of these acquisitions came to EUR 31.6m.

The most important goal of the Frauenthal Group's business development activities is to acquire a new line of business (third division), but the feasibility of such a step is far harder to predict than that of add-on acquisitions. Numerous companies are being investigated to see if they satisfy the Group's investment criteria. At the time of writing, a number of potential acquisition targets were being examined, but no binding agreements or definite decisions had yet been reached. The key criteria for a strategic fit with the Frauenthal Group are:

- sufficient revenue (suitability as a third line of business within the Group)
- strong positioning in a defensible market niche
- independence from the cycles affecting the automotive industry
- recognisable potential for expansion or optimisation using the expertise and resources available to the Frauenthal Group
- almost all trade and industry sectors are up for consideration

All available sources are being examined for potential targets: the focus is on Germany, Austria, Switzerland and northern Italy. All takeover targets are assessed very carefully and are subjected to the necessary due diligence reviews. As a result, it is impossible to forecast the timing of the next major acquisition.

LIQUIDITY AND INVESTMENT

In the first half of the year the Group generated EUR 2.7m in cash flow from operations before working capital changes. EUR 4.7m was used in investment activities. Working capital rose by EUR 25.2m in line with normal seasonal patterns, particularly in the SHT Group. Cash of EUR 1.8m was used to purchase the 14% minority interest in Frauenthal Automotive Sales GmbH and EUR 24.7m was used in the acquisition of the Gnotec Group. Cash inflows of EUR 5.7m related to the dividend for 2012 and the receipt of a residual payment for the divested Industrial Honeycombs Division. The Gnotec Group acquisition brought in net liquidity of EUR 3.6m. Cash of EUR 1.7m was used to pay the dividend to Frauenthal Group shareholders, and EUR 2.2m was used to pay loan interest. Liquidity requirements rose during the period to EUR 48.3m. These were financed as follows: EUR 14m by long-term bank loans (financing for the acquisition of Gnotec), EUR 24.3m by using short-term credit lines and EUR 10m by using bank credit balances.

Total assets rose by EUR 57.2m, or 16.8%, from their level at year-end 2012. Of this amount EUR 56m (14%) was attributable to the inclusion in consolidation of the Gnotec Group. Total assets as compared with a year earlier grew by EUR 38.9m, or 10.8%. The Group has EUR 51m in unused credit lines. EUR 35m in liquid assets is earmarked for the redemption of the bond due in May 2016 unless more attractive investment opportunities present themselves. The money is invested in money market instruments issued by leading Austrian banks.

OUTLOOK

Although there are no signs of any marked long-term improvement in demand, on the basis of our customers' current production plans we expect third-quarter sales in the **Automotive Components Division** to increase slightly, which will mean modest growth for the year as a whole (not including Gnotec) as compared with last year. However forecasts for the fourth quarter are subject to major uncertainties. The acquisition of Gnotec can be expected to generate additional sales of some EUR 57m in the present year. The outlook for Gnotec sales is particularly encouraging in cars and in the non-automotive business. In view of the highly cyclical nature of the commercial vehicle industry and today's unstable economic environment, such forecasts are particularly uncertain. Additional uncertainty stems from the fact that it is not possible to accurately quantify the effect of the introduction of Euro 6 compliant vehicles. The main short and medium-term priorities for management are implementing cost reduction measures across the entire organisation, and integrating the Swedish Gnotec Group.

In the **Wholesale Plumbing Supplies Division (SHT)**, on the assumption of a slightly increasing market share and taking into account the unfavourable market climate, we are expecting the increase in sales this year to be slightly higher than the rate of inflation, and earnings to be slightly lower than in 2012. Most of the growth within the SHT Group will be contributed by the new SHT Slovakia operation: the improved gross margin there – as compared with last year – will mean greater profitability, in line with the budgetary assumptions. Activities will focus on the integration and optimisation the two Slovak wholesale plumbing suppliers in order to counteract unfavourable market developments in this country.

Due to seasonal variations in the Division's business it is not possible to extrapolate full-year performance from the results for the first half.

As discussed previously, we remain committed to our "strength in diversity" strategy, and are stepping up the search for suitable acquisition targets that have the potential to become the Frauenthal Group's third division. Free liquidity, an attractive deal flow and a highly motivated management team form the basis for the successful conclusion of a suitable transaction.

The continued stagnation of the European commercial vehicle market bears out the decision to realign existing structures in the Frauenthal Automotive Division. The Executive Board is confident that the progress made in product development will be translated into improved earnings with the full-scale introduction of Euro 6 compliant vehicles. Key priorities for the Executive Board will be to remedy the Frauenthal Automotive Division's unsatisfactory earnings

position and to pursue its growth strategy through additional acquisitions. The acquisition of the Gnotec Group and the restructuring of the air reservoir business completed in the first half will make a considerable contribution in 2013.

The Wholesale Plumbing Supplies Divisions will use best-in-class services to prevail even in an increasingly difficult environment.

On balance it currently seems that Frauenthal Group – principally thanks to the positive performance of Gnotec – may be able to improve on the results of 2012.

Vienna, August 2013

Frauenthal Holding AG

The Executive Board

Mag. Hans-Peter Moser Member of the Executive Board	Dr. Martin Sailer Member of the Executive Board

Wholesale Plumbing Supplies Division, Showroom „Bäderparadies"

NOTES TO THE HALF-YEARLY INTERIM REPORT

The interim report of Frauenthal Holding AG (Frauenthal Group) for the half year ended 30 June 2013 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 changed since 31 December 2012 as follows. Frauenthal Automotive Ahlen GmbH was sold on 30 April, reducing the number of companies in the consolidated Group by one; the Gnotec Group was acquired on 13 May, increasing the number of Group subsidiaries by seven. Gnotec's subsidiaries are the holding company Gnotec AB in Gnosjö, Sweden, the Gnotec Asia Holding Ltd. holding company in Hong Kong, as well as the recently founded manufacturing company Gnotec Automotive Parts (Kunshan) Co Ltd. in Kunshan, in China. The remaining locations are manufacturing facilities in Sweden and a production location in Slovakia. The consolidated statements thus comprise the results of the parent, Frauenthal Holding AG, and 33 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 policies used to prepare the financial statements for the year ended 31 December 2012 were applied without change to the interim report for the first half of 2013. 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. Due to the disposal of the Industrial Honeycombs Division on 1 June 2012, profit for the year is broken down into continuing operations (the Frauenthal Automotive and Wholesale Plumbing Supplies divisions) and discontinued operations (the Industrial Honeycombs Division). Management's analysis below relates to the continuing operations. The results for the comparative periods – H1 2012 and full year 2012 – are likewise analysed by continuing and discontinued operations.

The Frauenthal Group returned cumulative consolidated IFRS revenue including the Gnotec Group of EUR 262.3m for the first two quarters – up by EUR 13.7m or 5.5% year on year. Gnotec contributed EUR 15.4m to consolidated revenue for May and June (the company was consolidated for the first time with effect from 1 May 2013). While the Frauenthal Automotive Division without Gnotec was unable to repeat its performance of the same period last year, revenue in the Wholesale Plumbing Supplies Division advanced by 4.3%.

Commercial vehicle manufacturers began reining in planned production at the start of the year because of persistent economic uncertainties, and some factories were temporarily closed. This resulted in a EUR 7.8m or 6.8% year-on-year fall in revenue in the Frauenthal Automotive Division without Gnotec from EUR 114.1m to EUR 106.4m. Frauenthal Automotive including Gnotec delivered a EUR 7.6m increase in revenue (6.7%) to EUR 121.8m.

Despite a muted trading environment, the Wholesale Plumbing Supplies Division recorded an increase in revenue of EUR 5.8m or 4.3%. Growth was propelled by increased market shares owing to the division's stronger presence in western Austria, the acquisition in Slovakia, high logistics and service standards, and the introduction of innovative new products. The Slovakian sites contributed EUR 7.8m of the revenue gain. Divisional revenue for Wholesale Plumbing Supplies for the first two quarters advanced to EUR 140.4m (H1 2012: EUR 134.6m).

Earnings

Group EBITDA for the first half of 2013 was EUR 1.8m – down EUR 4.8m or 72.6% year on year. The results included non-recurring expense (deconsolidation expense arising from the disposal of Druckluftbehälterwerk Frauenthal Automotive Ahlen GmbH) of EUR 2.0m. After adjustment for deconsolidation expense, EBITDA amounted to EUR 3.8m (down 42.3%) at Group level. The decline was chiefly attributable to lower revenue in the Frauenthal Automotive Division, the costs of the acquisition of Gnotec as well as the costs associated with capacity underutilisation.

EBITDA for the Frauenthal Automotive Division amounted to EUR 0.8m, down EUR 3.2m on the same period a year earlier. After adjustment for deconsolidation expense, EBITDA was EUR 2.8m, a year-on-year decline of EUR 1.2m. Gnotec contributed EUR 1.4m to consolidated earnings for May and June.

Higher revenue in the Wholesale Plumbing Supplies Division was not translated into improved earnings. The drop in earnings is mainly due to planed start-up losses in Slovakia. Divisional EBITDA slipped by EUR 1.1m year on year to EUR 2.3m.

Compared with the strong performance of a year ago, when both divisions posted positive EBIT, Group EBIT fell from EUR 1.8m to EUR –3.8m, a decline of EUR –5.6m. EBIT amounted to EUR –1.8m after adjustment for deconsolidation expense. Frauenthal Automotive Division's EBIT was negative by EUR 3.0m (EUR 1.0m after adjustment). Divisional earnings in the Frauenthal Automotive excluding Gnotec were also depressed by the costs of personnel reduction programmes, sales price reductions and higher energy prices. The Wholesale Plumbing Supplies Division delivered EBIT of EUR 0.6m, a year-on-year decline of EUR 1.2m.

There was a post-tax loss for the period from continuing operations (the Frauenthal Automotive and Wholesale Plumbing Supplies divisions, and Frauenthal Holding AG) of EUR 5.4m, representing a deterioration of EUR 3.5m. Income tax expense was similar to that in the same period a year earlier, while deferred taxes increased by EUR 1.6m following the recognition of tax loss carryforwards.

The basic and diluted loss per share from continuing operations, on a diluted weighted average of 9,208,033 shares and an undiluted weighted average of 9,162,534 shares in circulation (H1 2012: 9,162,919 diluted and undiluted), was EUR 0.59 (H1 2012: earnings per share EUR 3.87).

As revenue and earnings in both divisions are subject to seasonal fluctuations, extrapolations from results for the first half are not a reliable guide to performance for the year as a whole.

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Frauenthal Group's total assets increased by EUR 57.2m or 16.8% from their level at year-end 2012, to stand at EUR 397.7m (31 December 2012: EUR 340.5m). Of this amount EUR 56.0m (14%) was the result of the inclusion in consolidation of the Gnotec Group. This total included goodwill of EUR 10.0m, in addition to the fixed purchase price of EUR 24.7m. A potential variable price component of an additional EUR 4.8m has already been taken into account for the determination of the goodwill. The goodwill recognised in the consolidated statement of financial position caused intangible assets to increase to EUR 48.0m. Property, plant and equipment at 30 June 2013 of EUR 84.8m reflected the addition of the non-current assets of EUR 15.6m brought in by the Gnotec Group. As depreciation and amortisation exceeded investment, net property, plant and equipment for the other companies was down by EUR 2.2m. The rise of EUR 1.6m in deferred tax assets largely stemmed from the recognition of tax loss carryforwards in the Austrian tax group.

As at 30 June 2013 current assets were EUR 248.7m, which was EUR 32.3m up on year-end 2012. The majority of the increase was attributable to the addition of the Gnotec Group, which contributed EUR 29.6m.

There was a EUR 12.2m increase in the inventories held by the two continuing operations, of which EUR 9.6m was accounted for by the Gnotec Group.

Trade receivables of the two continuing operations in the Frauenthal Group rose by EUR 29.0m, with EUR 11.6m contributed by the Gnotec Group. The Frauenthal Automotive Division (not including Gnotec) increased its trade receivables by EUR 7.1m. Trade receivables in the Wholesale Plumbing Supplies Division rose by EUR 10.0m, due to seasonal factors.

There was a EUR 1.3m reduction in other assets of continuing operations (increase of EUR 2.8m from the Gnotec Group). At the end of 2012 this item contained dividends of EUR 5.7m receivable from Porzellanfabrik Frauenthal and the remainder of the purchase price payable by IBIDEN.

Cash and cash equivalents were down by EUR 7.6m. Gnotec contributed cash and bank balances of EUR 5.3m and a short-term investment of EUR 10m, which matured on 21 June 2013.

Equity declined by EUR 10.0m from EUR 127.5m at 31 December 2012 to EUR 117.5m as a result of the loss of EUR 5.4m for the period and the acquisition of the minority interest previously held by Ascometal S.A.S. The equity ratio fell from 37.4% at year-end 2012 to 29.6% at 30 June 2013 as a result of the increase in total liabilities.

Non-current and current liabilities of EUR 158.0m were up by EUR 40.7m on year-end 2012. This was largely a reflection of increased short-term bank borrowings in the Wholesale Plumbing Supplies Division, which increased by EUR 22.6m due to seasonal factors, together with financing costs related to the acquisition of the Gnotec Group amounting to EUR 24.7m: the acquisition was financed by a long-term loan of EUR 14.0m with the balance made up by short-term funds. Cash inflows of EUR 5.7m comprised the dividend for 2012 and the receipt of the balance of the purchase price for the divested Industrial Honeycombs Division.

SWEDEN

Frauenthal Automotive Division, Gnotec Kinnared plant

NOTES TO THE STATEMENT OF CASH FLOWS

There was an operating loss before working capital changes of EUR 2.2m, a decline of EUR 6.0m essentially caused by the lower profit made by the Frauenthal Automotive Division in the first half of 2013. Changes in working capital meant that cash flows from operating activities were negative by EUR 21.8m, compared with cash outflows of EUR 18.8m in the first half of 2012. The operations discontinued in 2012 were responsible for negative cash flows from operating activities of EUR 2.8m.

Net cash used in investing activities was EUR 29.4m (H1 2012: EUR 62.6m; of this amount, EUR 70.5m was attributable to discontinued operations). This included – in changes in funds resulting from changes in the scope of consolidation – financing costs of EUR 24.7m for the acquisition of the Gnotec Group. The Frauenthal Automotive Division invested EUR 3.4m in improving product quality in the first half of the year, and the Wholesale Plumbing Supplies Division spent EU 1.8m on enhancing its logistics capabilities and end-user services.

EMPLOYEES

In the first half of 2013 the Frauenthal Group employed an average of 2,952 people (not including Industrial Honeycombs Division employees) (H1 2012: 2,399 also excluding Industrial Honeycombs Division staff). The four acquisitions of the two divisions added 811 people to the total headcount at 30 June 2013.

The largest employer in the Group was the Frauenthal Automotive Division, with an average of 2,063 people (H1 2012: 1,607). The workforce grew by around 200 as a result of the acquisition of Frauenthal Automotive Hustopeče, with the addition of the Gnotec Group contributing a further 460 people. Conversely, the disposal of Frauenthal Automotive Ahlen GmbH reduced the total number of employees by around 110. During the first six months of the year the Wholesale Plumbing Supplies Division had an average of 875 people on the payroll (H1 2012: 778), an increase of 97. Of these, 145 were accounted for by acquisitions.

SHARE PRICE PERFORMANCE

Frauenthal has been listed on the Vienna Stock Exchange prime market since 23 July 2007. The share price at the end of 2012 was EUR 9.80. The Frauenthal share reached a high of EUR 9.45 for the first half of 2013 on the third trading day of the year. From this point onwards the price steadily declined, reaching a low of EUR 8.12 on 22 April. Frauenthal stock then began to rally, and continued to rise until the end of the second quarter. It stood at EUR 8.70 at the close of trading on 28 June. Market capitalisation as at 28 June 2013 was EUR 82.1m (30 December 2012: EUR 83.0m); this included 1,900,000 unlisted registered shares.
For more information on our share price performance and ownership structure visit our website at www.frauenthal.at.

COMPOSITION OF THE EXECUTIVE BOARD

Hans-Peter Moser has taken charge of the expanded Business Development Department and continues to head up the Wholesale Plumbing Supplies Department. In addition to his duties as Group CFO, Martin Sailer oversees the Frauenthal Automotive 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 2013 half-yearly 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, August 2013

Frauenthal Holding AG

The Executive Board

Hans-Peter Moser
Member of the Executive Board

Martin Sailer
Member of the Executive Board

In addition to comprehensive 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.


AUSTRI

Wholesale Plumbing Supplies Division, Showroom „Bäderparadies"

ABRIDGED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR '000	6M/2013	6M/2012 *
Revenue	**262,278**	**248,648**
Changes in inventories of finished goods and work in progress	170	1,350
Work performed by the entity and capitalised	33	0
Other operating income	3,814	3,916
Raw material and consumables used	-181,393	-171,751
Staff costs	-55,920	-51,509
Depreciation, amortisation and impairment	-5,609	-4,803
Other operating expenses	-27,175	-24,070
Profit from operations	**-3,802**	**1,781**
Interest income	844	568
Interest expense	-3,047	-3,384
Net finance costs	**-2,203**	**-2,816**
Profit before tax from continuing operations	**-6,005**	**-1,035**
Income tax expense	-658	-466
Change in deferred tax	1,217	-370
Profit for the period from continuing operations	**-5,446**	**-1,871**
Profit before tax from discontinued operations	0	47,970
Income tax expense	0	-3,240
Change in deferred tax	0	-7,441
Profit for the period from discontinued operations	**0**	**37,289**
Profit for the period	**-5,446**	**35,418**
Loss attributable to non-controlling interests	0	–131
Loss/profit attributable to owners of the parent (consolidated profit for the period)	**-5,446**	**35,549**
Earnings per share from continuing operations		
basic	-0.59	-0.20
diluted	-0.59	-0.20
Earnings per share from continuing and discontinued operations		
basic	-0.59	3.87
diluted	-0.59	3.87

* The disposal of the Industrial Honeycombs division was completed on 1 June 2012. The gains on disposal and the profit up to the time of the disposal are included in the profit from discontinued operations in accordance with IFRS 5.
The year 2012 figures have been adjusted accordingly.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	6M/2013	6M/2012 *
Profit for the period from continuing operations	**-5,446**	**-1,871**
Losses/gains on currency translation	-1,134	189
Other comprehensive loss/income from continuing operations	**-1,134**	**189**
Total comprehensive income from continuing operations	**-6,580**	**-1,682**
Profit for the period from discontinued operations	**0**	**37,289**
Losses on currency translation	0	0
Other comprehensive loss from discontinued operations	**0**	**0**
Total comprehensive income from discontinued operations	**0**	**37,289**
Total comprehensive income	**-6,580**	**35,607**
Attributable to non-controlling interests	0	-151
Attributable to owners of the parent	-6,580	35,758

* The disposal of the Industrial Honeycombs division was completed on 1 June 2012. The gains on disposal and the profit up to the time of the disposal are included in the profit from discontinued operations in accordance with IFRS 5.
The year 2012 figures have been adjusted accordingly.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	30 Jun 2013	31 Dec 2012
ASSETS		
Non-current assets		
Intangible assets	47,986	38,064
Tangible assets	84,837	71,462
Other financial assets	1,116	1,042
Deferred tax assets	15,001	13,442
	148,940	**124,010**
Current assets		
Inventories	93,243	81,038
Trade receivables	96,405	67,398
Other assets	17,358	18,682
Cash and cash equivalents	41,713	49,348
	248,719	**216,466**
Total ASSETS	**397,659**	**340,476**

EUR '000	30 Jun 2013	31 Dec 2012
EQUITY AND LIABILITIES		
Equity		
Share capital	9,435	9,435
Capital reserves	21,093	21,093
Retained earnings	103,245	63,670
Translation reserves	-3,353	-2,219
Other reserves	94	94
Own shares	-7,553	-7,553
Profit for the year	-5,446	39,466
Equity attributable to owners of the parent	**117,515**	**123,986**
Non-controlling interests	**0**	**3,507**
	117,515	**127,493**
Non-current liabilities		
Bond	99,481	99,395
Bank borrowings	15,068	5,585
Other liabilities	270	270
Provisions for termination benefits	9,292	9,185
Provisions for pensions	7,437	7,442
Deferred tax	4,449	3,226
Other long-term provisions	3,380	3,562
	139,377	**128,665**
Current liabilities		
Bond	561	3,019
Bank borrowings	42,857	9,254
Trade payables	58,105	45,932
Other liabilities	32,823	22,026
Tax provisions	2,454	2,702
Other short-term provisions	3,967	1,385
	140,767	**84,318**
Total EQUITY AND LIABILITIES	**397,659**	**340,476**

STATEMENT OF CASHFLOWS

EUR '000	1–6/2013	1–6/2012
Profit for the period before non-controlling interests	-5,446	35,418
Gains on deconsolidation of subsidiaries	1,991	-36,029
Interest income and expense	2,203	3,231
Depreciation and amortisation of non-current assets	5,609	6,317
Gains on disposal of non-current assets	-476	-149
Losses on disposal of non-current assets	16	0
Change in deferred tax assets	-1,559	-505
Change in long-term provisions	-28	707
Interest paid	-5,295	-6,396
Interest received	662	1,068
Other non-cash expenses	100	96
Operating profit before working capital changes	**-2,223**	**3,758**
thereof discontinued operations		2,311
Change in inventories	-5,056	-10,594
Change in trade receivables	-19,401	-17,329
Change in other receivables	3,697	-2,612
Change in short-term provision	-229	4,017
Change in trade payables	-339	112
Change in liabilities to Group companies	0	-418
Change in other liabilities	1,973	4,192
Translation related changes	-211	82
Net cash used in operating activities	**-21,789**	**-18,792**
thereof discontinued operations		-2,829
Investments in non-current assets	-5,151	-11,223
Proceeds from sale of non-current assets	766	587
Proceeds from investment grants	-298	-434
Net cash inflow due to changes in the scope of consolidation	-24,713	73,678
Net cash used in investing activities	**-29,396**	**62,608**
thereof discontinued operations		70,470
Dividends paid	-1,698	-2,749
Redemption of the 2005 bond	0	-27,295
Change in non-controlling interests	-1,800	0
Change in borrowings	43,687	7,975
Net cash used from financing activities	**40,189**	**-22,069**
thereof discontinued operations		6,885
Change in cash and cash equivalents	**-10,996**	**21,747**
Cash and cash equivalents at beginning of period	49,348	39,950
Change in cash and cash equivalents due to changes in the scope of consolidation	3,361	
Cash and cash equivalents at end of period	41,713	61,697

STATEMENT OF CHANGES IN EQUITY

EUR '000	Share capital	Capital reserve	Retained earnings	Translation reserve	Fair value reserve	Own shares	Equity attributable to owners of the parent	Non-controlling interests	Total equity
At 1 Jan. 2012	**9,435**	**21,093**	**67,421**	**–2,601**	**29**	**–532**	**94,845**	**4,023**	**98,868**
Dividends			–2,749				–2,749		–2,749
Repurchase of own shares						–7,021	–7,021		–7,021
Share options			198				198		198
Total comprehensive income for 2012			38,266	382	65		38,713	–516	38,197
At 31 Dec. 2012/1 Jan. 2013	**9,435**	**21,093**	**103,136**	**–2,219**	**94**	**–7,553**	**123,986**	**3,507**	**127,493**
Dividends			-1,698				-1,698		-1,698
Acquisition of non-controlling interests			1,707				1,707	–3,507	–1,800
Share options			100				100		100
Total comprehensive income for the period			-5,446	-1,134	0	0	-6,580	0	-6,580
Balance at 30 June 2013	**9,435**	**21,093**	**97,799**	**-3,353**	**94**	**–7,553**	**117,515**	**0**	**117,515**

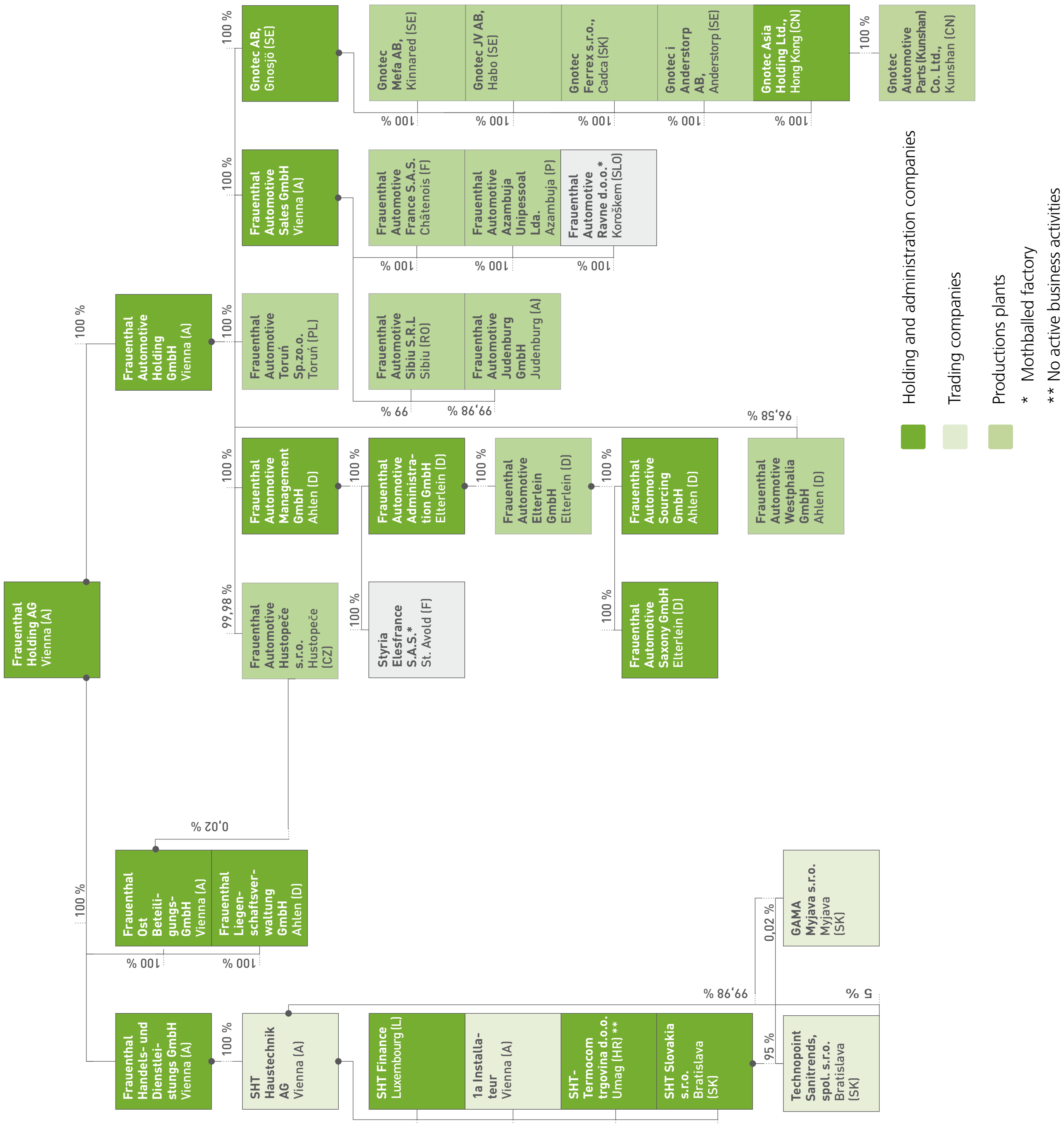
SEGMENT ANALYSIS

EUR '000	Frauenthal Automotive		Wholesale Plumbing Supplies		Holding companies and others		Intragroup eliminations		Frauenthal Group	
	1–6/2013	1–6/2012	1–6/2013	1–6/2012	1–6/2013	1–6/2012	1–6/2013	1–6/2012	1–6/2013	1–6/2012
Strategic business segments *										
Revenues from external customers	121,806	114,058	140,422	134,580	49	10	0	0	262,277	248,648
Intersegment revenues	4	8	0	0	1,257	1,130	-1,261	-1,138	0	0
Total revenues	121,810	114,066	140,422	134,580	1,306	1,140	-1,261	-1,138	262,277	248,648
EBITDA	776	3,962	2,299	3,429	-1,268	-890	0	83	1,807	6,584
EBITDA adjusted	*2,767*	*3,962*	*2,299*	*3,429*	*-1,268*	*-890*	*0*	*83*	*3,798*	*6,584*
EBIT	-2,984	945	584	1,780	-1,402	-1,027	0	83	-3,802	1,781
EBIT adjusted	*-993*	*945*	*584*	*1,780*	*-1,402*	*-1,027*	*0*	*83*	*-1,811*	*1,781*
Employees	2,063	1,607	875	778	14	14	0	0	2,952	2,399

* The disposal of the Industrial Honeycombs Division was completed on 1 June 2012. The gains on disposal and the profit up to the time of the disposal are included in the profit from discontinued operations in accordance with IFRS 5. The year 2012 figures have been adjusted accordingly.

OUR STRUCTURE

Status as of 30.06.2013



IMPRESSUM

FINANZKALENDER 2013

26.02.2013	Veröffentlichung vorläufiges Jahresergebnis 2012
11.03.2013	Veröffentlichung des Jahresergebnisses 2012
12.05.2013	Record day
21.05.2013	1. Quartalsbericht 2013
22.05.2013	24. ordentliche Hauptversammlung der Frauenthal Holding AG
23.05.2013	Veröffentlichung der Abstimmungsergebnisse
27.05.2013	Ex-Tag
29.05.2013	Dividenden-Zahltag
21.08.2013	Halbjahresfinanzbericht 2013
21.11.2013	3. Quartalsbericht 2013

INFORMATIONEN ZUM UNTERNEHMEN UND ZUR FRAUENTHAL AKTIE

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Wiener Börse: prime market

Wertpapier-Kürzel: FKA

ISIN: AT 0000762406 (Aktien)

Bloomberg-Code: FKA AV

Reuters-Code: FKAV.V1

Marktkapitalisierung: MEUR 82,1 inklusive 1.900.000 Stück nicht notierte Namensaktien (28.06.2013)

Wiener Börse: Notierung im Amtlichen Handel an der Wiener Börse

Wertpapier-Kürzel: FKA

ISIN: AT000A0PG75 (Anleihe 2011)

Auf unserer Website erhalten Sie neben umfangreichen Informationen über unser Unternehmen Quartalsberichte, Unterlagen zu Hauptversammlungen, Presseaussendungen, Ad-hoc-Meldungen, Produktfotos sowie den aktuellen Geschäftsbericht in deutscher und englischer Sprache.

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