frauenthal
GROUP

Strength through diversity
REPORT ON THE FIRST QUARTER OF 2013

SUMMARY

	3M 2013	3M 2012	Change in %	2012
Summary income statement (EUR m)*				
Revenue	113.0	117.7	–4.1%	509.9
EBITDA	–0.3	2.5	–113.2%	18.3
ROS (EBITDA/revenue)	**–0.3%**	**2.1%**	**–113.8%**	**3.6%**
Profit from operations (EBIT)	–3.0	0.2	*	7.9
Profit before tax (EBT)	–4.0	–1.4	–179.4%	3.2
Profit for the period from continuing operations	–3.7	–1.7	–123.5%	1.3
Profit for the period from discontinued operations		1.6	–100.0%	37.7
Profit for the period	–3.7	0.0	*	39.0
Operating profit before working capital changes	–0.9	4.4	–120.8%	11.0
thereof discontinued operations		1.9	–100.0%	2.3
Summary statement of financial position (EUR m)				
Non-current assets	123.5	143.3	–13.8%	124.0
Current assets	218.6	238.4	–8.3%	216.5
Total assets	342.1	381.7	–10.4%	340.5
Borrowings	220.4	282.5	–22.0%	213.0
Equity	121.7	99.2	22.7%	127.5
Equity ratio (%)	**35.6%**	**26.0%**	**9.6%**	**37.4%**
Investment*	2.0	2.2	–7.6%	15.2
as % of revenue [2]	1.8%	0.7%	1.1%	3.0%
Average head count*	**2.570**	**2.301**	**11.7%**	**2.613**
Per share ratios (EUR '000)*				
Revenue [2]	44.0	51.2	–14.1%	195.1
Profit from operations (EBIT) [2]	–1.2	0.1	*	3.0
Operating profit before working capital changes	–0.4	1.9	–118.7%	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
Per share ratios (EUR)				
EBITDA	0.0	0.3	–114.2%	2.2
Profit from operations (EBIT)	–0.4	0.0	*	0.9
Profit for the period from continuing operations	–0.4	–0.2	–141.2%	0.2
Profit for the period from discontinued operations	0.0	0.2	–100.0%	4.4
Profit for the period	–0.4	0.0	*	4.6
Operating profit before working capital changes	–0.1	0.5	–122.5%	1.3
Equity	14.3	10.8	32.4%	15.0
Share price Year end	8.20	9.90	–17.2%	8.80
Share price High	9.45	10.25	–7.8%	11.00
Share price Low	8.19	9.05	–9.5%	8.11
Dividend [1]				0.2

1) Distribution proposed to Annual General Meeting.

2) Continuing operations

* 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.

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OPERATING REVIEW
FOR THE FIRST QUARTER OF 2013

DEAR SHAREHOLDER,

The results of the Frauenthal Group in the first quarter of 2013 were significantly influenced by the adverse economic climate and the resulting slump in the real economy.

These factors, compounded by delays in many projects, a weak construction sector in Austria and an exceptionally long winter, made their mark on the Plumbing Supplies Division. While the acquisitions made in Slovakia in the previous financial year have generated additional revenue since their consolidation, as expected they are still making a negative contribution to earnings. The continued poor market conditions facing the commercial vehicles segment (which saw double-digit declines for the second year in succession) led to a significant year-on-year drop in earnings in the Frauenthal Automotive Division.

In line with our diversified business model, we are continuing to focus our efforts on identifying a third division in a segment which is governed by different economic cycles to those affecting the construction and commercial vehicle industries. There are indications that both divisions can looked forward to an improved trading environment from the second quarter of 2013 onwards.

The key developments during the quarter were as follows:

- The EUR 3.2 million (m) year-on-year decline in earnings before interest and tax (EBIT) to EUR –3.0m was due to problems in the Frauenthal Automotive Division, where revenue fell by EUR 6.6m (11.7%), and EBIT slumped by EUR 2.2m to EUR –1.7m following a strong Q1 2012 result. Wholesale Plumbing Supplies delivered EUR 1.8m (3.0%) growth in revenue to EUR 63.0m, of which EUR 3.3m was attributable to the Slovak wholesaler acquired by the Group in 2012. The division was unable to match the previous year's earnings owing to postponed sales relating to public holidays and business developments in Slovakia. Divisional EBIT of EUR –0.7m was down by EUR 1.0m on the comparative period in 2012.

- Increased liquidity due to the divestment of the Industrial Honeycombs Division was reflected in a reduction in finance costs.

- The Group recorded a loss from continuing operations of EUR 3.7m in the first quarter of this year after EUR 0.0m in the like period in 2012.

- The acquisition of Czech air reservoir manufacturer Worthington Cylinders a.s. (Frauenthal Automotive Hustopeče s.r.o.) and SHT Slovakia s.r.o. drove the expansion of the Frauenthal Automotive and Wholesale Plumbing Supplies divisions, respectively.

- With effect from 4 February 2013, Frauenthal Automotive Holding GmbH acquired the 14% interest in Frauenthal Automotive Sales GmbH held by Ascometal S.A.S.

- The agreement to acquire Gnotec AB was signed on 22 March 2013. The Swedish component manufacturing group employs around 400 people and specialises in stamped and formed parts, generating annual sales of around EUR 80m largely in the automotive sector.

- The outlook for the rest of 2013 remains stable for the Wholesale Plumbing Supplies Division. There are signs of a temporary upswing in the markets served by the Frauenthal Automotive Division following a very weak first quarter.

FINANCIAL PERFORMANCE IN DETAIL

Group EBIT slid by EUR 3.2m, turning negative by EUR –3.0m. Of the decline, EUR 2.2m was attributable to lower revenue in the Frauenthal Automotive Division. The lost contribution margin, the costs of underutilisation (average utilisation across all plants is about 75%) 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 also put pressure on results. 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 are also having a positive effect. In light of the long lead times in some areas, the full impact of the measures will only be felt from the fourth quarter onwards. The Wholesale Plumbing Supplies Division delivered negative EBIT of EUR 0.7m, a year-on-year decline of EUR 1.0m. The EUR 1.8m increase in revenue relates to the Slovak wholesalers acquired in the second and fourth quarters, which were merged into SHT Slovakia. In Austria revenue declined by EUR 1.6m, or 2.6%; this development was attributable to the lower number of working days in the first quarter due to Easter, 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 book, with a lower proportion of orders in the large-scale 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 for the first quarter lightened by EUR 0.5m following the recognition of deferred tax assets.

Strong revenue performance from Wholesale Plumbing Supplies kept the reduction in **Group revenue** down to 4.1%. Liquidity needs climbed by EUR 11.6m versus year-end 2012, swelled by the seasonal pattern in SHT's business and the payment of the purchase price for the minority interest in Frauenthal Automotive Sales GmbH. The Group invested EUR 1.5m during the first quarter.

The net Group loss amounted to EUR 3.7m – a deterioration of EUR 2.0m as compared to the year-earlier figure (continuing operations only).

In 2010 a **tax inspection** took place at our Frauenthal Automotive Elterlein GmbH subsidiary (formerly: Linnemann-Schnetzer Deutschland GmbH), located in Elterlein, Germany. This company is entitled to substantial tax loss carryforwards, which reduced its tax burden by about EUR 6m during the tax audit period. Deferred tax assets of EUR 7m, created by the capitalisation of these carryforwards, are stated 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 well researched independent expert reports conclude that the facts of the case, the legal position, the prevalent legal opinion and the relevant precedents point to a high probability that the tax loss carryforwards will 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. For several quarters we have been awaiting a final ruling from the tax authorities, without which it is impossible to initiate judicial appeal proceedings. There were no new developments, nor did any new information come to light during the reporting period. 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 accounting action taken if necessary.

HIGHLIGHTS OF DIVISIONAL TRADING PERFORMANCE

FRAUENTHAL AUTOMOTIVE

The unsatisfactory trend in the European commercial vehicle market extended into the first quarter of 2013. Total commercial vehicle registrations fell by 11% during the reporting period, impacted by grim economic developments in southern Europe, and those of heavy and medium-sized trucks slipped by 16.8%. The declines are most pronounced in Italy, the Netherlands and Spain, and developments in the German and United Kingdom markets are also sluggish. Growth in exports to countries such as Brazil and Russia was not able to make up for the shortfall. Commercial vehicle manufacturers have responded to the collapse with additional closure days. The 11.7% fall in divisional revenue correlates drop in registrations in the EU. Uncertainty in the transport sector is reflected in a widespread reluctance to invest. The impending changeover from Euro 5 to Euro 6 vehicles has prompted many hauliers to put off replacement investments. Towards the end of the first quarter, manufacturers began to upgrade their market expectations, increase production and revise their forecasts upwards for the coming quarters, in some cases significantly. The positive outlook was driven by a belief that last-chance buying would push up Euro 5 sales. From 1 January 2014 onwards it will no longer be possible to register new vehicles in the EU that do not conform to the stricter Euro 6 emission standards. As a result, manufacturers expect many customers to invest in cheaper Euro 5 vehicles before the cut-off date. At the same time, manufacturers are forecasting strong Euro 6 pre-orders as many hauliers will invest in the first wave of Euro 6 compliant vehicles as they come onto the market. Both scenarios will give the market a significant lift from the second quarter onwards. 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, fixed and indirect costs will have to be realigned to reflect the current situation. An important step towards achieving this was taken on 30 April 2013 with the disposal of two air reservoir production sites in Ahlen (Frauenthal Automotive Ahlen GmbH), both of which had been loss-making for some time. 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 desired level of long-term capacity utilisation. The products concerned are also strategically insignificant for Frauenthal, since Frauenthal Automotive Ahlen GmbH accounts 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.

Efforts to raise Frauenthal's share of the market for components for the new Euro 6 compliant truck models by developing improved products have begun to pay dividends. New business includes orders for technically advanced front axle springs. There is strong customer interest in lightweight leaf springs, stabilisers and air reservoirs, as 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. A large part of Frauenthal Automotive's volume is now locked in by new long-term supply contracts and extensions to existing ones.

The divisional head count has risen by 56 since year-end 2012, to an average of 1,680, although the figures have not been adjusted to reflect the reduction in employees resulting from the disposal of Frauenthal Automotive Ahlen GmbH. During the first quarter of 2013 a total of EUR 0.9m was invested, chiefly on measures aimed at improving productivity. Ongoing product development, initiatives aimed at improving production process efficiency, and a concerted effort to force the pace of R&D activities in partnership with customers are the key drivers in the Division's long-term development. We will be adding to our human and financial resources in order to achieve these goals. Customer feedback on the results achieved so far has been highly encouraging.

WHOLESALE PLUMBING SUPPLIES (SHT)

Revenue in the **Wholesale Plumbing Supplies Division (SHT)** advanced by EUR 1.8m or 3.0% to EUR 63.0m over the first quarter. The Slovak subsidiaries acquired in 2012 (Technopoint Sanitrends spol.s.r.o., Bratislava and GAMA Myjava s.r.o., Myjava) accounted for EUR 3.3m of the increase. The revenue contribution from the Austrian operations was down by EUR 1.6m or 2.6%. In addition to the lower number of working days in the first quarter due to Easter, this decline was also attributable to the poor weather conditions that caused delays on many of the country's construction sites. Public sector savings further subdued the trading environment, particularly in eastern Austria. The lower proportion of contract business is reflected in the improved gross margin. Improved procurement conditions also led to a healthier gross margin in Slovakia, where the market is extremely weak as a result of the bleak economic climate in the country. While largely in line with budget, SHT Slovakia's results are still negative, which is a key factor behind the EUR 1.0m decline in the SHT Group's EBIT from EUR 0.3m a year ago to its current level of EUR –0.7m. The earnings situation at both Slovakian companies is set to improve as the Group steps up the pace of integration activities.

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 the 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

After the disposal of the Industrial Honeycombs Division in June 2012, the Group made four acquisitions at a total cost of EUR 31.6m. The acquisition of two plumbing supplies wholesalers in April and October 2012 and an air reservoir manufacturer in the Czech Republic in October 2012 was followed by the purchase of Swedish automotive component supplier group **Gnotec AB** in May 2013.

Gnotec has four production facilities in Sweden and manufacturers metal components (welded assemblies, stamped, punched and formed parts) at another plant in Slovakia. The group primarily serves automotive customers in the commercial and passenger vehicle segments. Gnotec also has a number of industrial customers in its portfolio. In 2012 the group generated revenue of around EUR 80m and employed about 400 people.

The acquisition of Gnotec significantly expands Frauenthal Automotive's product range, and leverages additional synergies by widening the Group's customer base. It also underpins the Division's standing as a leading supplier of chassis components. For the first time Frauenthal Automotive will be in a position to attract meaningful private vehicle orders.

The most important goal from a business development perspective is for the Group to buy into a new line of business (third division), but the viability of such a step is far harder to predict than that of add-on acquisitions. Numerous companies are being assessed on the basis of 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 determining 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 segment
- independence from the cycles affecting the automotive industry
- clear potential for expansion or optimisation through the expertise and resources available to the Frauenthal Group

Virtually all trade and industry sectors will be taken into consideration. All of our 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 quarter of the year, continuing operations utilised EUR 0.9m in cash flow before working capital changes, and a further EUR 1.5m was used in investment activities. Working capital rose by EUR 12.1m in line with normal seasonal patterns, particularly in the SHT Group, and an additional outflow was attributable to the purchase of the 14% minority interest in Frauenthal Automotive Sales GmbH. Cash inflows of EUR 7m relate to the final procedure of the disposal of the Industrial Honeycombs Division. Operational liquidity needs during the period totalled EUR 11.6m.

Total assets rose by EUR 1.6m or 0.5% from their level at year-end 2012 due to the increase in working capital. The Group has EUR 58m in unused credit lines. As at the end of the reporting period the Frauenthal Group held EUR 45m in cash and cash equivalents at leading Austrian banks. A significant proportion of this amount is earmarked for the redemption of the bond due in May 2016, unless more attractive investment opportunities present themselves. About EUR 6m of cash held by Frauenthal Holding AG was used for the acquisition of the Gnotec group. The remainder of the purchase price will be financed by the Frauenthal Automotive Division through external borrowing.

OUTLOOK

Although there are no signs of any significant improvement in demand in the long term, we still expect the **Automotive Components Division** to record a 3-5% increase in demand over the second and third quarters of this year based on our customers' current production forecasts. As things currently stand, we expect revenue for the year to be slightly above the level of the previous financial year. In view of the high cyclicity 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 programmes across the entire organisation, integrating the Swedish Gnotec group (the transaction will be closed on 13 May 2013), while also bringing capacity into line with the long-term demand outlook. The air reservoir factory in Ahlen (Frauenthal Automotive Ahlen GmbH) will sold to a local investor with effect from 1 May 2013 subject to its completion of key customer orders. The disposal concludes this loss-making activity for the Group.

We expect revenue in Austria to remain stable for the **Wholesale Plumbing Supplies Division (SHT Group)** this year despite its increased market share, as a result of the challenging trading environment; the lion's share of growth within the SHT Group will be contributed by the newly formed operation, SHT Slovakia. Profitability is expected to remain stable thanks to improved margins. Integrating and optimising the two newly acquired Slovak wholesale plumbing suppliers will be a major priority for the division.

Due to seasonal variations in the division's business it is not possible to extrapolate full-year performance from the results for the latest quarter.

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 bear out the decision to realign existing structures at the Frauenthal Automotive Division. The Executive Board is confident that the strides made in product development will be translated into improved earnings given the upcoming launch 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.

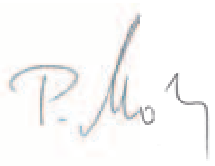
The Wholesale Plumbing Supplies Divisions will use best-in-class services to prevail in an increasingly difficult environment and claim additional market share.

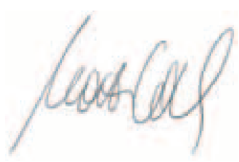
On balance it appears that the Frauenthal Group is in a position to match the results of the previous year.

Vienna, May 2013

Frauenthal Holding AG

The Executive Board





Hans-Peter Moser
Vorstand

Martin Sailer
Vorstand

Gerald Friedman (49), SHT Logistik Perchtoldsdorf

NOTES TO THE INTERIM REPORT ON THE FIRST QUARTER OF 2013

The first quarter report of Frauenthal Holding AG (the "Frauenthal Group") for the three months ended 31 March 2013 was drawn up in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. This report for the first quarter of 2013 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 not changed since 31 December 2012. The consolidated statements thus comprise the results of the parent, Frauenthal Holding AG, and 28 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 quarter ended 31 December 2012 were applied without change to the first quarter of 2013. The main differences between these policies and the provisions of the UGB (Austrian Business Code) lie 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 – Q1 2012 and full year 2012 – are likewise analysed by continuing and discontinued operations.

The Frauenthal Group returned cumulative consolidated IFRS revenue of EUR 113.0m for the first quarter – down by EUR 4.8m or 4.1 % year on year. While the Frauenthal Automotive Division was unable to replicate its strong performance in the comparative period, revenue in the Wholesale Plumbing Supplies Division advanced by 3.0 %.

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 6.6m or 11.7 % year-on-year decline in revenue in the Automotive Components Division to EUR 50.0m (Q1 2012: EUR 56.6m).

Despite a muted trading environment, the Wholesale Plumbing Supplies Division recorded an upturn in revenue of EUR 1.8m or 3.0 %. 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 3.3m of the revenue gain. Divisional revenue for the first quarter advanced to EUR 63.0m (Q1 2012: EUR 61.2m).

Earnings

Group EBITDA for the first quarter of 2013 was EUR –0.3m – down EUR 2.8m or 113.2 % year on year. The decline was chiefly attributable to lower revenue in the Frauenthal Automotive Division.

The division's EBITDA performance was only just in the black, coming in EUR 1.9m (or 98.1 %) lower year on year, mainly due to costs associated with capacity underutilisation during the first quarter of 2013. Higher revenue in the Wholesale Plumbing Supplies Division was not translated into improved earnings. Divisional EBITDA edged down by EUR 0.9m year on year to EUR 0.1m.

Following on from the strong performance a year earlier, when both divisions posted positive EBIT, Group EBIT decreased by EUR 3.2m to EUR –3.0m (Q1 2012: 0.2m). The Frauenthal Automotive Division recorded a negative EBIT result of EUR 1.7m. Divisional earnings were squeezed by falling revenue, personnel adjustments, sales price reductions and higher energy prices. The Wholesale Plumbing Supplies Division delivered a negative earnings contribution of EUR 0.7m.

There was a loss for the period from continuing operations (the Frauenthal Automotive and Wholesale Plumbing Supplies divisions, and Frauenthal Holding AG) of EUR 3.7m, representing a deterioration of EUR 2.1m. Income tax expense was unchanged on the same period a year earlier, while deferred taxes increased by EUR 0.5m following the recognition of tax loss carryforwards.

The total comprehensive income after tax for the period declined by EUR 3.7m. Total comprehensive income for 2012 was EUR 0.0, with EUR –1.6m accounted for by continuing operations and EUR 1.6m by discontinued operations). Following the acquisition of the 14 % interest previously held by Ascometal S.A.S. there is no profit attributable to non-controlling interests.

The basic and diluted loss per share from continuing operations, on a diluted weighted average of 9,208,140 shares and an undiluted weighted average of 9,162,534 shares in circulation (Q1 2012: 9,152,534 diluted and undiluted), was EUR 0.41 (Q1 2012: loss per share of EUR 0.18).

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

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Frauenthal Group's total assets increased by EUR 1.6m or 0.5 % from their level at year-end 2012, to stand at EUR 342.1m (31 December 2012: EUR 340.5m).

As at 31 March 2013 non-current assets were EUR 123.5m – a decrease of EUR 0.5m in comparison with year-end 2012. Property, plant and equipment declined by EUR 1.0m as depreciation and amortisation exceeded investment. The rise of EUR 0.5m in deferred tax assets largely stemmed from the utilisation of the tax loss carryforwards in the Austrian tax group.

As at 31 March 2013 current assets stood at EUR 218.6m – up by EUR 2.1m as compared to the position at year-end 2012.

This reflects the following factors:

- A EUR 2.2m increase in the inventories held by the two continuing operations, comprising a drop of EUR 1.0m in the Frauenthal Automotive Division, and a rise of EUR 3.2m in Wholesale Plumbing Supplies Division (due to seasonal factors).
- A rise of EUR 6.8m in the trade receivables of the continuing operations, of which EUR 2.2m was attributable to the Frauenthal Automotive Division.
- Trade receivables in the Wholesale Plumbing Supplies Division rose by EUR 4.6m due to seasonal factors.
- A EUR 4.2m fall in “Other assets” in the continuing operations, EUR 5.7m of which represents receipt of the dividend due in relation to Porzellanfabrik Frauenthal and the payment of the remainder of the purchase price by IBIDEN.

Equity declined by EUR 5.8m to EUR 121.7m (31 December 2012: EUR 127.5m) as a result of the loss for the period of EUR 3.7m and the acquisition of the minority interest previously held by Ascometal S.A.S. The equity ratio slid from 37.4 % as at year-end 2012 to 35.6 % as at 31 March 2013.

Non-current liabilities were up by EUR 0.7m on year-end 2012, at EUR 129.3m. Current liabilities rose by EUR 6.7m as compared to 31 December 2012. This was largely a reflection of increased short-term bank borrowings in the Wholesale Plumbing Supplies Division, which rose by EUR 7.0m due to seasonal factors.

Piotr Olszewski (40), Frauenthal Automotive Toruń

NOTES TO THE STATEMENT OF CASH FLOWS

Operating profit before working capital changes turned negative by EUR 0.9m – a drop of EUR 5.4m caused by the lower profit made by the Frauenthal Automotive Division in the first quarter of 2013. Owing to the changes in working capital, cash flows from operating activities were negative by EUR 8.0m, compared to a cash outflow of EUR 9.3m in the first quarter of 2012. The operations discontinued in 2012 were responsible for negative cash flows from operating activities of EUR 2.5m.

Net cash used in investing activities was EUR 1.5m (Q1 2012: EUR 3.7m). Of this amount EUR 1.4m was attributable to discontinued operations. The Frauenthal Automotive Division invested EUR 0.7m in improving quality and productivity, and the Wholesale Plumbing Supplies Division EUR 0.8m in enhancing its logistics capabilities and end-user services.

EMPLOYEES

In the first quarter of 2013 the Frauenthal Group employed an average of 2,570 people excluding the workforce of the Industrial Honeycombs Division (Q1 2012: 2,301 excluding Industrial Honeycombs Division). The three acquisitions built up the head count by an average of 343 people. The largest employer in the Group was the Frauenthal Automotive Division, at 1,680 (Q1 2012: 1,578). The division's head count grew up by about 200 people through the acquisition of Frauenthal Automotive Hustopeče. During the first three months of the year, the Wholesale Plumbing Supplies Division employed an average of 875 people (Q1 2012: 710), an increase of 165, of which 144 are from the acquisitions.

SHARE PRICE PERFORMANCE

Frauenthal has been listed on the Vienna Stock Exchange prime market since 23 July 2007. Our share price ended 2012 on EUR 9.80. The Frauenthal share reached a high of EUR 9.45 for the first quarter of 2013 on the third day of trading of the year. From this point onwards the price steadily declined, reaching a low of EUR 8.19 on 27 March, just a few days before the end of the reporting period. It then recovered slightly to stand at EUR 8.20 at the close of trading on 28 March. Market capitalisation as at 28 March 2013 was EUR 77.4m (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 interim report of the Frauenthal Group for the first quarter of 2013, 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, May 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.

RUMANI

Costică Giza (51), Frauenthal Automotive Sibiu

ABRIDGED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

EUR '000	3M 2013	3M 2012*
Revenue	**112,960**	**117,745**
Changes in inventories of finished goods and work in progress	–640	–368
Work performed by the entity and capitalised	18	0
Other operating income	2,142	1,789
Raw material and consumables used	–77,962	–80,298
Staff costs	–25,387	–24,526
Depreciation, amortisation and impairment	–2,671	–2,351
Other operating expenses	–11,465	–11,817
Profit from operations	**–3,005**	**174**
Interest income	386	288
Interest expense	–1,395	–1,898
Net finance costs	**–1,009**	**–1,610**
Profit before tax from continuing operations	**–4,014**	**–1,436**
Income tax expense	–253	–220
Change in deferred tax	520	–20
Profit for the period from continuing operations	**–3,747**	**–1,676**
Profit before tax from discontinued operations	0	1,632
Income tax expense	0	–61
Change in deferred tax	0	59
Profit for the period from discontinued operations	**0**	**1,630**
Profit for the period	**–3,747**	**–46**
Loss attributable to non-controlling interests	0	–71
Loss/profit attributable to owners of the parent (consolidated profit for the period)	**–3,747**	**25**
Earnings per share from continuing operations		
basic	–0.41	–0.18
diluted	–0.41	–0.18
Earnings per share from continuing and discontinued operations		
basic	–0.41	0.00
diluted	–0.41	0.00

* 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	3M 2013	3M 2012*
Profit for the period from continuing operations	**–3,747**	**–1,676**
Losses/gains on currency translation	–296	367
Other comprehensive loss/income from continuing operations	**–296**	**367**
Total comprehensive income from continuing operations	**–4,043**	**–1,309**
Profit for the period from discontinued operations	**0**	**1,630**
Losses on currency translation	0	–30
Other comprehensive loss from discontinued operations	**0**	**–30**
Total comprehensive income from discontinued operations	**0**	**1,600**
Total comprehensive income	**–4,043**	**291**
Attributable to non-controlling interests	0	–82
Attributable to owners of the parent	–4,043	373

* 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	31 Mar. 2013	31 Dec. 2012
ASSETS		
Non-current assets		
Intangible assets	37,975	38,064
Tangible assets	70,496	71,462
Other financial assets	1,047	1,042
Deferred tax assets	13,977	13,442
	123,495	**124,010**
Current assets		
Inventories	83,285	81,038
Trade receivables	74,170	67,398
Other assets	14,488	18,682
Cash and cash equivalents	46,647	49,348
	218,590	**216,466**
Total ASSETS	**342,085**	**340,476**

EUR '000	31 Mar. 2013	31 Dec. 2012
EQUITY AND LIABILITIES		
Equity		
Share capital	9,435	9,435
Capital reserves	21,093	21,093
Retained earnings	104,893	63,670
Translation reserves	–2,515	–2,219
Other reserves	94	94
Own shares	–7,553	–7,553
Profit for the year	–3,747	39,466
Equity attributable to owners of the parent	**121,700**	**123,986**
Non-controlling interests	**0**	**3,507**
	121,700	**127,493**
Non-current liabilities		
Bond	99,437	99,395
Bank borrowings	6,224	5,585
Other liabilities	270	270
Provisions for termination benefits	9,244	9,185
Provisions for pensions	7,470	7,442
Deferred tax	3,232	3,226
Other long-term provisions	3,469	3,562
	129,346	**128,665**
Current liabilities		
Bond	4,221	3,019
Bank borrowings	16,908	9,254
Trade payables	41,668	45,932
Liabilities to Group companies	0	0
Other liabilities	24,293	22,026
Tax provisions	2,651	2,702
Other short-term provisions	1,298	1,385
	91,039	**84,318**
Total EQUITY AND LIABILITIES	**342,085**	**340,476**

STATEMENT OF CASH FLOWS

EUR '000	3M 2013	3M 2012
Profit for the period before non-controlling interests	–3,747	–46
Interest income and expense	1,009	1,640
Depreciation and amortisation of non-current assets	2,671	3,276
Gains on disposal of non-current assets	–361	0
Losses on disposal of non-current assets	13	0
Change in deferred tax assets	–535	–30
Change in long-term provisions	–1	–192
Interest paid	–134	–268
Interest received	110	58
Other non-cash expenses	50	0
Operating profit before working capital changes	**–925**	**4,438**
thereof discontinued operations		1,855
Change in inventories	–2,246	–4,312
Change in trade receivables	–6,772	–11,566
Change in other receivables	4,194	–1,259
Change in short-term provision	–138	–51
Change in trade payables	–4,265	–1,587
Change in liabilities to Group companies	0	–242
Change in other liabilities	2,282	5,102
Translation related changes	–131	138
Net cash used in operating activities	**–8,001**	**–9,339**
thereof discontinued operations		–2,470
Investments in non-current assets	–2,013	–3,550
Proceeds from sale of non-current assets	574	0
Proceeds from investment grants	–14	–150
Net cash used in investing activities	**–1,453**	**–3,700**
thereof discontinued operations		–1,384
Change in non-controlling interests	–1,800	0
Change in borrowings	8,553	12,501
Net cash used from financing activities	**6,753**	**12,501**
thereof discontinued operations		4,009
Change in cash and cash equivalents	**–2,701**	**–538**
Cash and cash equivalents at beginning of period	49,348	39,950
Cash and cash equivalents at end of period	46,647	39,412

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**
Acquisition of non-controlling interests			1,707				1,707	−3,507	−1,800
Share options			50				50		50
Total comprehensive income for the period			−3,747	−296			−4,043		−4,043
Balance at 31 March 2013	**9,435**	**21,093**	**101,146**	**−2,515**	**94**	**−7,553**	**121,700**	**0**	**121,700**

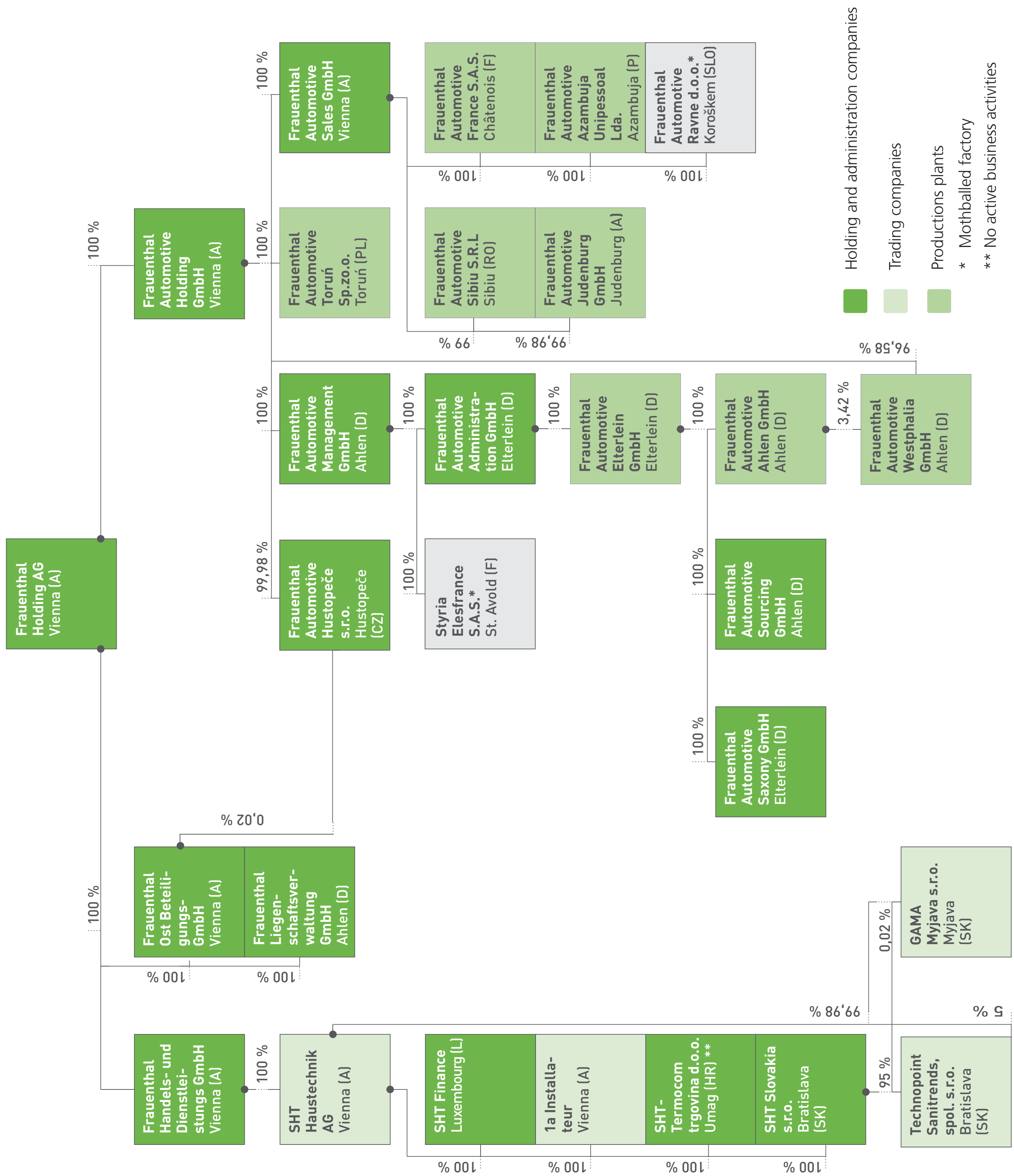
SEGMENT ANALYSIS

EUR '000	Frauenthal Automotive 3M 2013	Frauenthal Automotive 3M 2012	Wholesale Plumbing Supplies 3M 2013	Wholesale Plumbing Supplies 3M 2012	Holding companies and others 3M 2013	Holding companies and others 3M 2012	Intragroup eliminations 3M 2013	Intragroup eliminations 3M 2012	Frauenthal Group 3M 2013	Frauenthal Group 3M 2012
Strategic business segments*										
Revenues from external customers	49,960	56,577	62,997	61,162	3	6	0	0	112,960	117,745
Intersegment revenues	4	4	0	0	660	565	–664	–569	0	0
Total revenues	49,964	56,581	62,997	61,162	663	571	–664	–569	112,960	117,745
EBITDA	37	1,980	146	1,056	–516	–511	0	0	–333	2,525
EBIT	–1,716	479	–703	263	–586	–568	0	0	–3,005	174
Employees	1,680	1,578	875	710	15	13	0	0	2,570	2,301

* 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 31.03.2013



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FINANCIAL CALENDER 2013

26.02.2013	Preliminary annual results 2012
11.03.2013	Annual results 2012
12.05.2013	Record day
21.05.2013	First-quarter interim report 2013
22.05.2013	Annual General Meeting
23.05.2013	Result of the vote of the Annual General Meeting
27.05.2013	Ex-day
29.05.2013	Dividend-Payment
21.08.2013	Interim financial report for the half year ended 30 June 2013
21.11.2013	Third-quarter interim report 2013

SHAREHOLDER INFORMATION

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Vienna Stock Exchange: Prime Market
Symbol: FKA
ISIN: AT 0000762406 (shares)
Bloomberg-code: FKA AV
Reuters-code: FKAV.V1
Market capitalisation: MEUR 77.4 incl. 1,900,000 pieces unlisted registered shares (29.03.2013)
Vienna Stock Exchange: Listing on Vienna Stock Exchange official market
Symbol: FKA
ISIN: AT000A0PG75 (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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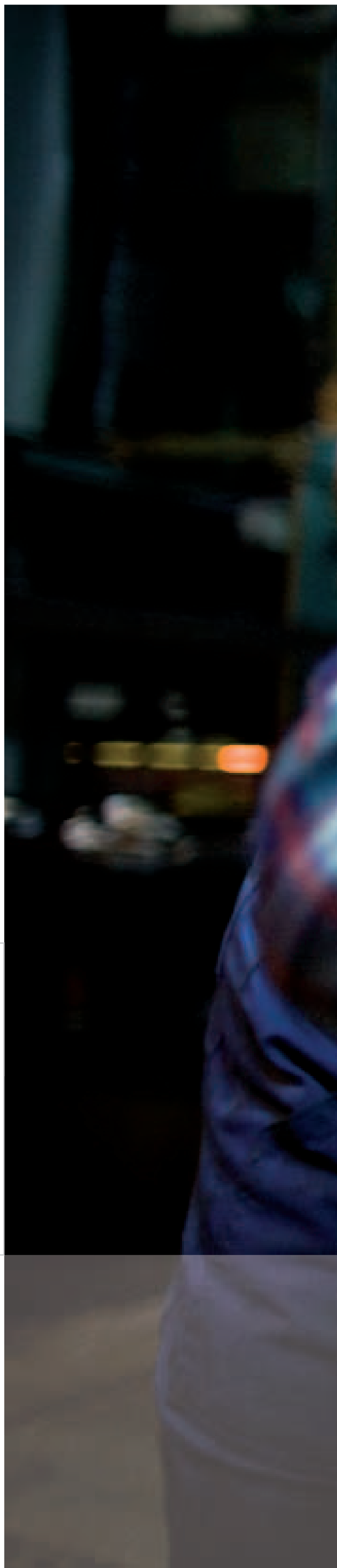
Note: Editorial changes (including the colour scheme and layout) have been made to this report in the interests of readability. The original can be viewed at the Company's headquarters. The editorial deadline for the Report on the first quarter of 2013 was 14 May 2013.



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