frauenthal
GROUP

REPORT ON THE FIRST QUARTER OF 2011

Strength through diversity

Content

Summary

	1 – 3 / 2011	1 – 3 / 2010	Deviation in%	1 – 12 / 2010
Summary income statement (EUR m)				
Revenue	139.1	113.7	22.4%	539.4
EBITDA	8.6	4.5	93.8%	34.3
ROS (EBITDA / revenue)	**6.2%**	**3.9%**	**58.4%**	**6.4%**
Earnings before interest and tax (EBIT)	5.4	1.2	336.5%	21.7
Profit on ordinary activities (POA)	4.5	0.5	902.9%	18.1
Profit after tax	3.5	0.2	*	17.4
Operating profit before working capital changes	8.4	4.1	102.6%	29.2
Summary balance sheet (EUR m)				
Non-current assets	136.7	134.5	1.7%	136.1
Current assets	171.5	154.1	11.3%	154.8
Total assets	308.2	288.6	6.8%	290.9
Debt	214.4	215.7	-0.6%	201.4
Equity	93.9	72.9	28.8%	89.5
Equity ratio in %	**30.4%**	**25.3%**	**5.2%**	**30.8%**
Investment (additions to non-current assets)	4.5	1.0	362.2%	9.3
as % of revenue	3.2%	0.9%	2.4%	1.7%
Average head count	**2.697**	**2.294**	**17.6%**	**2.548**
Per employee ratios (in EUR ,000)				
Revenue	51.6	49.6	4.1%	211.7
EBIT	2.0	0.5	271.3%	8.5
Operating profit before working capital changes	3.1	1.8	72.3%	11.5
Shares in issue	9,434,990	9,434,990	-	9,434,990
Treasury shares	-282,456	-261,390	-8.1%	-282,456
Shares in circulation	9,152,534	9,173,600	-0.2%	9,152,534
Per share ratios (in EUR)				
EBITDA	0.9	0.5	94.3%	3.8
EBIT	0.6	0.1	337.5%	2.4
Profit after tax	0.4	0.0	*	1.9
Operating profit before working capital changes	0.9	0.4	103.1%	3.2
Equity	10.3	7.9	29.0%	9.8
Share price				
Ultimo	10.54	7.23	45.8%	10.90
High	11.30	7.25	55.9%	10.90
Low	9.49	6.93	36.9%	6.59
dividend and bonus [1]				0.3

1) Distribution proposed to the Annual General Meeting

Operating review for the first quarter of 2011

DEAR SHAREHOLDER,

The Frauenthal Group continued to make good headway across all divisions in the first quarter of 2011.

Thanks to increased market shares in all divisions and growing demand – especially for the products of the Automotive Components Division – there were significant year-on-year improvements in all the key financial performance indicators.

EUR m	Q1 2011	Q1 2010	Change
Revenue	139.1	113.7	+25.4
EBITDA	8.6	4.5	+4.1
EBIT	5.4	1.2	+4.2
POA	4.5	0.5	+4.0
Total assets	308.2	288.6	+19.6
Equity ratio	30.4%	25.3%	+5.1%
Investment	4.5	1.0	+3.5
Employees	2,697	2,294	+403

The recovery in the commercial vehicle market is now being reflected in registrations, though the figures show a wide North-South disparity. In the EU as a whole about 45,000 more commercial vehicles (+19%) were registered in January and February – the most recent months for which statistics are available – than in the like period in 2010.

The Industrial Honeycombs Division is recording robust growth in sales of diesel catalysts for heavy trucks, while its power station catalyst business is caught between escalating material prices and downward pressure on the prices of its finished products.

The Wholesale Plumbing Supplies Division is benefiting from its stronger presence in western Austria, and from the increasing popularity of renewable heating systems and modern bathroom fittings with owner-builders. The contract market remains depressed.

Due to the favourable conditions on the corporate bond market and widespread expectations of rising interest rates, we will be looking to float a new bond in May 2011. We are planning a EUR 75m issue with a greenshoe option for an additional EUR 25m. The co-lead managers will be Raiffeisen Bank International and Erste Group Bank.

We anticipate a positive overall trend in Frauenthal's business performance, but will be on the look-out for sudden setbacks in the commercial vehicle market. We would also welcome more political action to promote investment in low energy buildings.

The main highlights of the first quarter of 2011 were as follows:

- Expanding demand and unanimously optimistic market expectations on the part of customers brought the **Automotive Components Division** a revenue gain of EUR 21m or 53%. Among the factors driving revenue growth was additional market shares won by some products. During the first quarter we acquired a 24% interest held by a minority shareholder in our Romanian subsidiary, Styria Arcuri S.A., for EUR 1.1m.

- In the **Industrial Honeycombs Division** a 200% surge in diesel catalyst sales led to a revenue growth of 8%. Demand for power station catalysts in Europe and the USA is healthy, and order books are still at very high levels. Sharp rises in the prices of some important materials such as tungsten, and competitors' aggressive pricing policies are squeezing margins in the power station catalyst business. Chinese business slumped in the first quarter, as the market is still finding its bearings after the initial boom phase. New legislation in the pipeline in China looks highly promising.

- The **Wholesale Plumbing Supplies Division (SHT)** registered 4% growth in a stagnant overall market, on the back of continued strong private renovation demand. Commercial building starts remained weak, and there was no let-up in the fierce price wars in this segment.

- The strong performances posted by all divisions fuelled a **revenue gain of 22%** for the **Frauenthal Group** as a whole. The growth in volume over the first quarter gave rise to liquidity needs of EUR 8.4m. The bank credit lines available to us are more than sufficient to fund these requirements. After more than two years of very low capital expenditure the Automotive Components Division is now investing more. The projects under way are mostly aimed at enhancing product quality, but capacity is also being expanded in line with the strategic development plan.

SUMMARY OF MARKET TRENDS AND PERFORMANCE

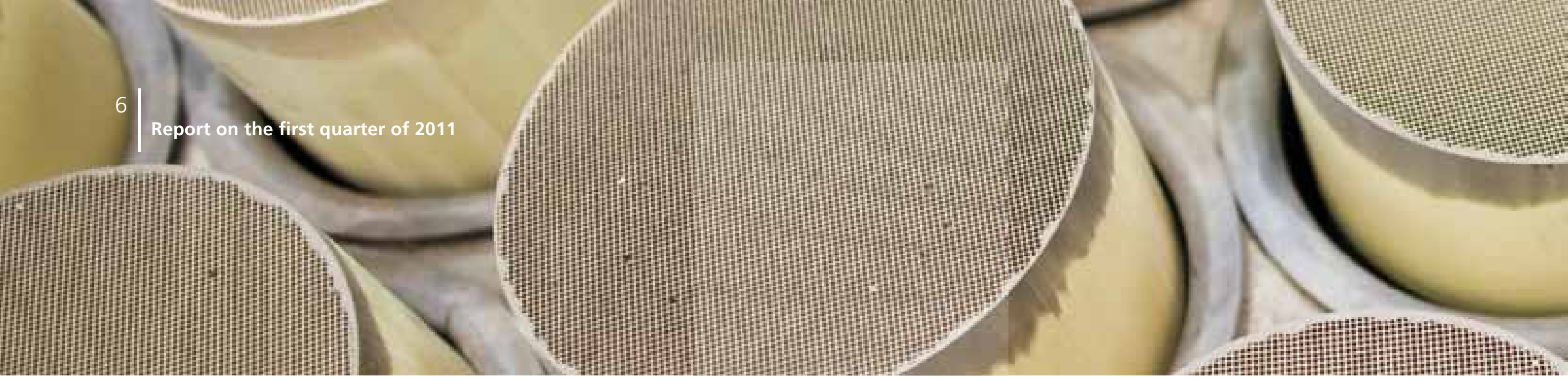
All the divisions contributed to the 22% upturn in Group revenue. Market conditions dictated that growth was mainly driven by Automotive Components, and the division's revenue leapt by EUR 21m (53%). However, Wholesale Plumbing Supplies and Industrial Honeycombs also had excellent quarters, posting revenue gains of 4% and 8%, respectively. EBIT was up by EUR 4.2m to EUR 5.4m, the Automotive Components Division contributing EUR 3.4m of the improvement. Revenue growth in the Wholesale Plumbing Supplies Division translated into a gain of EUR 0.7m in earnings thanks to stronger margins. With Industrial Honeycombs operating at the limits of its capacity, the division was only able to add a modest EUR 0.1m to its outstanding earnings in the comparative period. Net finance costs only rose marginally despite the higher volume and interest rates. The tax burden climbed by EUR 0.7m due to the positive earnings trend. Profit after tax for the first quarter was EUR 3.5m – up by EUR 3.3m.

The main factors behind output growth in the **Automotive Components Division** were the upturn in new commercial vehicle registrations in the EU, which has now been under way for three successive quarters, and reviving third country exports. The overall EU commercial vehicle market expanded by 15% in the first quarter, lifted by a 65% surge in heavy truck sales. The latter segment is by far the most important for Automotive Components, and this explains the year-on-year jump in revenue. Nevertheless, EU vehicle sales are still 32% below their level in the first quarter of 2008 – the year that was the high water mark for the industry. The **Industrial Honeycombs Division** is continuing to benefit from its wide product portfolio and the broad spectrum of applications for its products. While power station catalyst sales volume dropped due to the current steep decline in Chinese demand, diesel catalyst sales soared by over 200%. The Frauental site is working at full capacity. Growth in the **Wholesale Plumbing Supplies Division** was subject to regional variations. Favourable competitive conditions in some areas and rapid expansion in western Austria, where the new sales and service centre in Innsbruck has got off to a bright start, combined to produce a solid overall trading performance.

TRADING ENVIRONMENT

Automotive Components

Growth rates in the heavy commercial vehicle segment, which have been in the order of 70% over the past two quarters, mirror the pick-up in industrial production and catch-up investment by road haulage companies. While customers' market assessments vary according to the regional focus of their EU sales, most see demand expanding by 30% over the year as a whole. In comparison to 2008 – the last "pre-crisis" year – heavy truck registrations were still 32% down year on year in the first quarter. Japan's woes have not had any impact on customers' overall view of the market, but sensitivity to such developments cannot be excluded in the highly cyclical commercial vehicle business. Meanwhile, there is a widespread belief that the entry into force of the Euro 6 emission standard in 2013 will not be accompanied by any tax or other incentives, meaning that there is no reason to postpone replacement investments until Euro 6 compliant vehicles come on to the market. Regional trends vary in line with the differing economic situations. France, Germany and the UK are registering high growth rates in the heavy goods vehicle segment, while Italy and Spain are back markers. The 15% upswing in total commercial vehicle sales in the first quarter also reflects steady progress by the light vehicle segment, which recorded an increase of about 10%. Fears that pre-emptive buying due to scrappage schemes would be followed by a drop in demand have not been borne out. Growing exports to the CEE region



and Russia are also boosting EU output, as is the booming Brazilian market. Local production by West European OEMs (Volvo, Daimler, etc.) in Russia is rising sharply, but is still insignificant in absolute terms. All in all, the outlook appears to be one of further steady demand growth. However, given the sensitivity of investment in the transport sector to economic uncertainties, there is good reason for continued caution when attempting to gauge the big picture in the industry.

Industrial Honeycombs

Demand for power station catalysts is still growing in Europe and the USA. The situation in China is more complicated. The new five-year plan is encouraging, as it sets NOx limits for power stations in heavily populated areas that cannot be met without using SCR catalysts. However, the details of implementation and the timeframes are still unclear. Another pivotal issue that remains unresolved is the question as to whether power station operators will be able to put up their electricity prices if they install SCR catalysts. Since most of the contracts were for demonstration projects during the initial phase of market development, the cards were stacked in favour of quality imported products. Price is likely to play a crucial role during the next stage, due to the rapidly rising scale of the investments. Chinese order intake fell heavily in the first quarter, but overall power station catalyst order backlog remained at a very high level. The revenue contribution of the European market exceeded 50% in the first quarter, while the USA accounted for just under one-third and Asia almost one-fifth of all power station catalyst sales revenue. On a positive note, replacements for spent catalysts generated nearly a third of revenue during the period. Also encouraging was the rise in direct sales to power station operators, which made up over 50% of the total. Despite the large amount of business won, competitive pressures are worsening due to poor capacity utilisation at rival companies. This is making it harder to pass on increases in procurement prices to customers; tungsten prices are a particular problem. Revenue growth and full capacity working in the division are mainly attributable to the doubling in diesel catalyst sales revenue. The quarter saw the first significant sales of large diesel catalysts for construction plant. Due to the different composition of the customer portfolio, diesel catalyst sales grew much faster than those of the Automotive Components Division's products. A considerable proportion of the main input, tungsten-titanium powder, is imported from Japan. No delivery problems have emerged so far, but we are building our inventories as a precautionary measure. The situation in Japan increases the risk of shortages and of a price run-up, and we are therefore watching it closely.

Wholesale Plumbing Supplies (SHT)

After two years of shrinking demand, the market research firms now expect real growth in Austrian construction output in 2011, though the sector still lags well behind the economy as a whole. Building construction is responsible for such growth as there is. With home building forecast to remain flat, commercial building should take up the running after three years of plunging output. However, the main growth driver remains renovation. The commercial renovation segment is also predicted to register real growth after an extended period of weakness. Public sector contracts are unlikely to lend a stimulus due to government spending cuts. The Wholesale Plumbing Supplies Division focuses on the private renovation segment, which is growing faster than the rest of the market. Heating supplies are performing particularly well. The policy of pushing environmentally friendly products such as energy-efficient HVAC systems and photovoltaic panels is showing considerable promise due to surging energy prices and growing eco-awareness among consumers. Competent customer advice is particularly important for these products, and the division is well placed to meet this need throughout Austria, thanks to the expansion of its service network and an extensive staff training programme. The fact that the division has won further market shares shows that this approach is paying dividends. Its exclusive own brands have also been well received, and play a key role as differentiators.

BUSINESS PERFORMANCE: DIVISIONAL REVIEW

Automotive Components

The Automotive Components Division recorded growth of 53% in the first quarter of 2011, mainly as a result of rising demand for heavy commercial vehicles, which surged by 65%. The division secured a number of new orders. Demand for U-bolts was particularly strong, and production at the Pol-Necks plant in Poland reached record highs. Revenue also soared at the Styria Federn site in Judenburg, Austria, which is operating at close to full capacity. The factory mainly produces links for air-suspended trailer axles. Revenue in this segment slumped by 90% at times in 2009, but demand has now rebounded especially strongly. Employment at this plant has now almost returned to pre-crisis levels. However, performance in the formed parts business (at Linnemann-Schnetzer Formparts, based in Ahlen, Germany) has failed to live up to expectations. This segment is not a major priority for automotive clients, and a repositioning of this operation is currently under consideration. The Linnemann-Schnetzer Group air reservoir factory in Ahlen has been affected by the loss of part of a key contract. Capacity adjustments in line with the fall in demand have been agreed with the works council, and the head count has been trimmed by 35. However, overall capacity utilisation remains satisfactory, and reserve capacity is available to meet further demand growth. Some of this capacity has already been reactivated, with the resumption of trapezoidal spring production at the Styria Vzmeti location in Ravne, Slovenia. The plant had been mothballed in 2009. During the quarter head count in the division increased by 115 compared with year-end 2010, and by 366 year on year, to reach 1,678. Most of the additional labour needs are being met by hiring agency staff. The Automotive Components Division continued to implement the growth strategy drawn up last year, and invested at a number of locations. The main focus of this spending was on making further improvements to product quality, which will give us a competitive edge, and on boosting productivity. Capacity is being expanded at the three spring factories (Châtenois, France; Judenburg, Austria; and Sibiu, Romania). Capital expenditure totalled EUR 2m in the first three months of 2011. The increases in raw material prices – which were particularly sharp in the case of alloying metals – are largely being passed on under the terms of long-term customer agreements. Efforts to develop higher-performance products have been rewarded by the start of volume production of a lightweight front axle spring. Invitations from several clients to collaborate on joint research projects are testimony to the division's development expertise. Participation in customer projects aimed at weight reductions is extremely important in light of the stricter Euro 6 emission standard, due to come into force in 2013. Euro 6 compliant vehicles must be lighter in order to achieve the necessary reductions in fuel consumption and CO_2 emissions. This is the prime objective of all of the division's product development initiatives. The ongoing optimisation of production processes and improvements in materials are designed to support the manufacture of more highly tensioned – and consequently lighter – steel springs. The division's product range already contains a unique weight-optimized component – a lightweight tubular stabiliser bar. Progress has also been made on streamlining production processes. Lean manufacturing and continuous improvement initiatives have been rolled out at all sites, and are already beginning to bear fruit. These projects are also intended to keep up the momentum of the shift in our corporate culture towards becoming a learning organisation. The drive to create a stronger group identity, and present one face to the customer continued, was carried forward by a raft of measures, including "town hall meetings" at all the division's plants, reinforcement of corporate functions, job rotation between sites, and increased internal communication. One of the division's goals is development of the Russian market. Several West European OEMs already have a presence in Russia, in the form of production subsidiaries or partnerships with Russian commercial vehicle manufacturers. The Russian market is expected to experience particularly rapid growth in the new few years. Vehicle exports from Western Europe could be largely replaced by local production in future. The Automotive Components Division is currently examining a range of options for partnerships with West European OEMs in this market. Earnings performance in the first quarter reflected the effectiveness of restructuring across the division. EBITDA rose to EUR 4.4m and EBIT to EUR 2.8m – increases of EUR 3.4m in both cases. However, compared to the first quarter of 2008 – the record year for the division – revenue was still EUR 38.9m, and EBIT some EUR 5.4m lower, so any talk of an end to the crisis in the commercial vehicle market would still be premature. On the other hand, it should be noted that in 2008 diesel catalysts accounted for EUR 2.8m of divisional revenue. Since 2010 these sales have been reported as part of the Industrial Honeycombs Division's revenue.

Industrial Honeycombs

A much increased revenue contribution from the diesel catalyst business compensated for lower volume, higher material prices and heavier downward price pressures in the power station catalyst segment. EBIT was EUR 2.6m – an improvement of EUR 0.1m on the outstanding comparative result. Due to escalating costs and downward pressure on prices in the power station catalyst business, the 8% increase in revenue to EUR 1.4m was not reflected in earnings performance. Further action is being taken to implement the expansion strategy, with an increase in capacity at the Frauental site. Some EUR 1.6m in investment in additional plant and equipment is due to start in the second quarter. The extra capacity is required to satisfy rising demand for diesel catalysts. The acquisition of new contracts for the plate catalyst product line is proceeding well. Given the hurdles faced by a new entrant to this market segment, order completed and winnable tenders in the pipeline in 2011 are satisfactory. Non-catalytic honeycomb business is picking up well, and growth in sales to the US market has been particularly strong. The outlook for the Euro 6 market is less encouraging. The procurement decisions of some large OEMs have shown that in the initial phase of market development, major players with the capability to deliver entire exhaust emission control systems are being given preference. The Industrial Honeycombs Division is primarily positioned as a component manufacturer. We anticipate that the technologies used in complex Euro 6 systems will become increasingly sophisticated, and as products become ever more specialised, the division will have realistic chances of making inroads in this market.

Wholesale Plumbing Supplies (SHT)

The Wholesale Plumbing Supplies Division posted a 4% increase in revenue in the first quarter by claiming additional shares of a flat overall market. The division recorded growth in each of its three product categories (plumbing, heating and sanitary supplies). The improvement in the plumbing supplies segment reflected the gradual pick-up in building starts. SHT's positioning, with its focus on private renovation, and small and medium-sized plumbing firms, is helping to reduce its dependence on large-scale contract business, where price competition is particularly fierce. The division hit its target of improving gross margins in the first quarter of 2011. The expansion of the telephone information service to meet customer requirements still more precisely will be one of the main priorities this year. State-of-the-art IT solutions are being deployed to enhance the division's logistics capabilities. It is working to achieve watertight recording of all goods movements and optimise warehouse management. In the first quarter bad debts and customer creditworthiness were virtually unchanged year on year. A EUR 2.1m jump in revenue and improved gross margins brought a EUR 0.7m improvement in EBIT to a positive figure of EUR 0.3m. Indicators such as market forecasts, visitor traffic in the showrooms and on the mySHT online platform, and stronger demand in western Austria point to a continuation of recent moderate growth.

LIQUIDITY AND INVESTMENT

The increase in working capital due to higher output was reflected in a 6% rise in total assets to EUR 308.2m. First-quarter Group operating profit before working capital changes was EUR 8.4m. Growth across all divisions, coupled with the normal seasonal pattern in SHT's business and heavier investment spending, lifted liquidity needs by EUR 8.4m as compared to year-end 2010. The main factor responsible for this was a EUR 12.3m increase in working capital, but investments totalling EUR 4.4m (including EUR 1.1m for the acquisition of the holding of the former minority shareholder in Styria Arcuri S.A., Romania) also played a part. At EUR 86m the Group's unused credit lines are more than sufficient to prevent any shortages of finance in the event that growth is faster than expected.

BOND ISSUE

Due to the favourable climate on the capital market and the upward trend in interest rates we have been making preparations for a bond issue. The planned size of the transaction is EUR 75m, with a greenshoe option for another EUR 25m. The proceeds will go to early repayment of the EUR 70m bond due in June 2012 and expansion projects. This will maintain the long-term stability of our capital structure (equity ratio over 30% mark and most borrowing by means of a bond). The issue will be aimed at retail investors, stressing the following arguments:

- Stability due to a diversified business model with a strong track record;
- A successful management that has stood the test of a crisis;
- A majority shareholder with a long-term commitment to the business;
- A sound balance sheet;
- Divisional business models that are in tune with major long-term trends.

*This information does not constitute an offer to sell or a solicitation to buy securities issued by the Frauenthal Group. Frauenthal Group securities may only be offered in Austria by means of and on the basis of a prospectus approved and published by the Commission de Surveillance du Secteur Financier (CSSF), and notified to the Austrian Financial Market Authority. Any orders for securities placed before the public offering will be rejected. If a public offering is made in Austria the prospectus is expected to be available from Frauenthal Holding AG, Rooseveltplatz 10, 1090 Vienna, free of charge, from 3 May 2011 onwards, and it will also be possible to inspect it in electronic form on the issuer's website (www.frauenthal.at) and that of the Luxembourg Stock Exchange (www.burse.lu).

The issue is scheduled for May 2011, under the joint lead management of Raiffeisen Bank International and Erste Group Bank, and it is hoped that it will attract a broad spread of investors.

OUTLOOK

In light of the latest production forecasts from our customers, we expect demand for the products of the **Automotive Components Division** to remain at current levels at least through the second quarter, if not beyond. The instability of macroeconomic conditions could hit demand at any time, and this would have particularly severe implications for component suppliers like Frauenthal, as customers would again be faced with inventory overhangs. At present there are no signs of such developments, and a continuation of the current favourable trading environment throughout the year appears to be the more likely scenario. Investment in enhancing our technological capabilities and expanding output capacity will be our main priorities in the near term.

The **Industrial Honeycombs Division** is set to enjoy full honeycomb capacity utilisation for the rest of the year. The fact that demand is project dependent means that plate catalysts are not expected to start generating revenue until the second quarter. We see demand for diesel catalysts remaining robust or growing further, but reliable forecasts are not possible due to the extremely short order lead times that are customary in this segment. We do not foresee any more large orders from China in the near future, but good order intake from other regional markets means that the divisional earnings performance should not suffer.

We predict the **Wholesale Plumbing Supplies Division** to record moderate full-year revenue growth and further gains in market shares. In spite of the anticipated pick-up in contract business we expect that the price war in this segment will persist. We are working to consolidate our lead in terms of the quality of our services.

All three of the Group's divisions are performing well and posted excellent first-quarter results.

Due to the seasonal fluctuations in the Group's businesses, it is not possible to extrapolate full-year performance from the results for the most recent quarter.

All three divisions have opportunities to grow organically, by gaining market shares, and entering new product and geographical markets, as well as by acquisition. Each of the divisions developed growth strategies last year and implementation of these policies is already under way. Our staff and management development programme is playing a significant part in the Group's expansion and its continued success.

Our diversification strategy, which proved its worth in the 2009 crisis and the consolidation stage in 2010, is also integral to the current growth phase. On the assumption that the bond issue will be a success, we believe that the Frauenthal Group will be ideally placed to capitalise on the market opportunities open to it.

Vienna, May 2011

Frauenthal Holding AG

The Executive Board

Mag. Hans-Peter Moser
Member of the Executive Board

Dr. Martin Sailer
Member of the Executive Board

Notes to the interim report on the first quarter of 2011

The interim report of Frauenthal Holding AG (Frauenthal Group) for the quarter ended 31 March 2011 has been drawn up in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting. This report has neither been audited nor has it been reviewed by an independent auditor.

CONSOLIDATION AND ACCOUNTING POLICIES

The scope of consolidation was determined in accordance with paragraph 12 IAS 27. The number of companies included in consolidation has not changed since 31 December 2010. The consolidated statements thus comprise the results of the parent, Frauenthal Holding AG, and 26 subsidiaries which are under the common control of Frauenthal Holding AG, and in which the latter or one of its subsidiaries holds a majority of the voting rights.

The accounting and measurement policies used to prepare the financial statements for the year ended 31 December 2010 were applied without change to the first quarter of 2011. The main differences between these policies and the provisions of the UGB (Austrian Business Code) lie in the use of the percentage of completion (PoC) method to value long-term construction contracts, in the treatment of deferred tax and goodwill amortisation, and in the calculation of employee benefit obligations.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Revenue

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

The Frauenthal Group returned consolidated IFRS revenue of EUR 139.1m in the first quarter of 2011 – up by 22.4% or EUR 25.4m year on year. All three businesses – led by a recovering Automotive Components Division – contributed to this improvement, each reporting growth.

The recovery of the European truck market was reflected in the EUR 21.1m year-on-year rise in total revenue reported by Automotive Components. Quarterly divisional revenue was up by 53.0%, from EUR 39.9m to EUR 61.0m.

Continued strong demand for power station catalysts and growth in sales of diesel catalysts for heavy trucks boosted revenue in the Industrial Honeycombs Division by EUR 1.4m to EUR 20.5m (up 7.5%). Replacement part sales accounted for about half of all power station catalyst business, reducing the Division's dependence on new project business, which is prone to volatility.

Despite having to operate in a flat overall market, the Wholesale Plumbing Supplies Division recorded revenue growth of EUR 2.1m or 3.7%. Cumulative divisional revenue advanced from EUR 56.0m to EUR 58.1m. The extended service and sales network, broad product range, high-quality logistics services and innovative mySHT online portal continued to give Wholesale Plumbing Supplies a competitive edge.

The EU area accounted for 89% of total revenue, the USA for 5% and the rest of the world for 6%.

Earnings

At EUR 8.6m, Group EBITDA for the first quarter of 2011 represented an improvement of EUR 4.1m on the comparative figure for 2010, with around half of the gain contributed by the Automotive Components Division.

In the Automotive Components Division EBITDA advanced to EUR 4.4m from EUR 0.9m a year earlier as cost reduction measures and revenue gains took effect. Industrial Honeycombs made by far the greatest contribution to earnings, though it accounted for the smallest share of revenue. EBITDA climbed from EUR 3.2m in the first quarter of 2010 to EUR 3.3m. In spite of fierce competition, the Wholesale Plumbing Division delivered revenue of EUR 1.1m – a jump of EUR 0.6m or 124.4% year on year.

Group EBIT improved by EUR 1.2m to EUR 5.4m. Automotive Components accounted for EUR 2.8m of the total, Wholesale Plumbing Supplies EUR 2.6m and Industrial Honeycombs EUR 0.3m.

The profit before non-controlling interests (profit after tax) for the first quarter of the year was EUR 3,523,000. On the basis of the interim profit after non-controlling interests of EUR 3,336,000 (Q1 2010: EUR 327,000) and an average of 9,152,534 shares in issue (Q1 2010: 9,173,600 shares), basic and diluted earnings per share were EUR 0.36 (Q1 2010: EUR 0.04).

Gains and losses on currency translation and changes in non-controlling interests reported in the consolidated statement of comprehensive income include an amount of EUR 0.8m relating to the acquisition of an interest of approximately 24% in Styria Arcuri S.A. in Sibiu, Romania from a non-controlling shareholder in that company. The minority interest was acquired by Frauenthal Automotive Components GmbH on 25 February 2011 for about EUR 1.1m. As a result of this transaction Styria Arcuri S.A. is now wholly owned by Frauenthal Automotive Components GmbH.

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

NOTES TO THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The Frauenthal Group's total assets grew by EUR 6% from year end, to stand at EUR 308.2m (31 December 2010: EUR 290.9m).

This gain largely reflects an increase in current assets. Inventories were up by EUR 6.9m, with the Industrial Honeycombs Division accounting for half of the total. Inventories in Automotive Components rose by EUR 1.4m as revenue lifted, and the Wholesale Plumbing Supplies Division reported an increase of EUR 1.2m.

As a result of revenue growth, receivables were up by EUR 8.1m. The Automotive Components Division reported the sharpest growth in receivables. The introduction of an asset backed securities (ABS) facility for a major truck manufacturer added EUR 10.9m to divisional receivables – up from EUR 9.7m in the comparative period.

Cash and cash equivalents were up from EUR 3.4m to EUR 5.7m.

Intangible assets include goodwill of EUR 1.8m, arising on the acquisition of an interest in Styria Arcuri S.A. from a non-controlling shareholder.

The EUR 12.3m increase in working capital was financed by a EUR 2.3m rise in trade payables which took the total to EUR 52.2m, and in bank borrowings amounting to EUR 10.0m. Equity was up by EUR 4.4m to EUR 93.9m. The increase in total assets led to a drop in the equity ratio from 30.8 % at year-end 2010 to 30.4% as at 31 March 2011.

NOTES TO THE STATEMENT OF CASH FLOWS

Due to the profit for the period of EUR 3.5m (Q1 2010: EUR 0.2m), operating profit before working capital changes improved by EUR 4.2m year on year to EUR 8.4m.

Changes in trade receivables and trade payables resulted in net cash used in operating activities of EUR 4.0m (Q1 2010: EUR 19.9m).

Net cash used in investing activities was EUR 4.4m (Q1 2010: EUR 1m). Recurring investment activity by the Automotive Components Division accounted for EUR 3.7m of the total. For more information on the Company's investment strategy see the Liquidity and Investment section of the operating review.

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

EMPLOYEES

In the first quarter of 2011 the Frauenthal Group employed an average of 2,697 people (Q1 2010: 2,294). The Automotive Components Division accounted for the majority of the employees, with a head count of 1,678 (2010: 1,312). The workforce grew by 366 because of the upturn in the commercial vehicle market. The headcount in the Industrial Honeycombs Division increased by 32, taking the average to 313, up from 281 a year earlier. The Wholesale Plumbing Supplies Division employed 692 people (2010: 691).

SHARE PRICE PERFORMANCE

Frauenthal has been listed on the Vienna Stock Exchange prime market since 23 July 2007. The share price ended 2010 on EUR 10.90, up almost 46% on the year. In the first three months of 2011 the share price mirrored the positive developments on the exchange, reaching a high of EUR 11.30 on 2 March 2011. The share then briefly slumped to EUR 9.49 on 15 March, before appreciating steadily until 31 March 2011, when it reached EUR 10.54.

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

COMPOSITION OF THE EXECUTIVE BOARD

As at 31 March 2011 the Executive Board consisted of Hans-Peter Moser, who is in overall charge of the Automotive Components and Wholesale Plumbing Supplies divisions, and Martin Sailer who heads the corporate finance function and the Industrial Honeycombs Division.

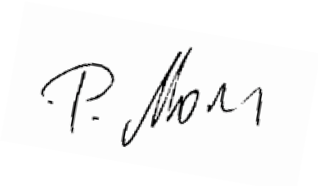
DECLARATION BY THE EXECUTIVE BOARD PURSUANT TO SECTION 87(1) AUSTRIAN STOCK EXCHANGE ACT

The Executive Board hereby declares that to the best of its knowledge the interim report of the Frauenthal Group for the first quarter of 2011, 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, 2 May 2011

Frauenthal Holding AG

The Executive Board



Mag. Hans-Peter Moser
Member of the Executive Board

Dr. Martin Sailer
Member of the Executive Board

Consolidated balance sheet

EUR '000	31.03.2011	31.12.2010
Assets		
Non-current assets		
Intangible assets	40,716	39,149
Property, plant and equipment	74,015	74,291
Investments in associates	726	726
Other financial assets	1,158	1,158
Deferred tax assets	20,090	20,771
	136,705	**136,095**
Current assets		
Inventories	78,986	72,052
Trade receivables	75,586	67,511
Other assets	11,200	11,834
Cash and cash equivalents	5,743	3,416
	171,515	**154,813**
Total assets	**308,220**	**290,908**

EUR '000	31.03.2011	31.12.2010
Equity and liabilities		
Equity		
Share capital	9,435	9,435
Capital reserves	21,093	21,093
Retained earnings	58,115	40,924
Translation reserves	-1,868	-1,901
Other reserves	37	37
Own shares	-552	-552
Non-controlling interests	4,257	3,275
Profit/Loss for the year	3,336	17,191
	93,853	**89,502**
Non-current liabilities		
Bond	70,000	70,000
Bank borrowings	12,369	12,369
Other liabilities	2,532	3,709
Provisions for termination benefits	9,900	9,826
Provisions for pensions	6,960	6,930
Provisions for deferred tax	2,456	2,463
Other long-term provisions	4,042	4,078
	108,259	**109,375**
Current liabilities		
Bond	2,053	1,375
Bank borrowings	24,070	14,043
Trade payables	52,179	49,775
Liabilities to Group companies	22	68
Other liabilities	25,567	24,327
Tax provisions	125	528
Other short-term provisions	2,092	1,915
	106,108	**92,031**
Total Equity and Liabilities	**308,220**	**290,908**

Statement of changes in equity

EUR '000	Share capital	Capital reserve	Retained earnings	Translation reserve	Fair value reserve	Treasury shares	Equity attribut-able to owners of the parent	Non-control-ling interests	Total equity
Balance at 1 Jan. 2010	**9,435**	**21,093**	**40,924**	**-2,161**	**65**	**-396**	**68,960**	**3,103**	**72,063**
Total comprehensive income for 2010			17,191	260	-28	-156	17,267	172	17,439
Balance at 31 Dec. 2010 / 1 Jan. 2011	**9,435**	**21,093**	**58,115**	**-1,901**	**37**	**-552**	**86,227**	**3,275**	**89,502**
Total comprehensive income for 1-3/2011			3,336	33	0	0	3,369	982	4.351
Balance at 31 March 2011	**9,435**	**21,093**	**61,451**	**-1,868**	**37**	**-552**	**89,596**	**4,257**	**93,853**

Consolidated income statement

EUR '000	1-3 / 2011	1-3 / 2010
Revenue	**139,145**	**113,708**
Changes in inventories of finished goods and work in progress	1,893	-806
Work performed by the entity and capitalised	42	0
Other operating income	2,196	1,760
Raw material and consumables used	-93,108	-72,907
Staff costs	-28,531	-25,259
Depreciation and amortisation expense, and impairment	-3,282	-3,228
Other operating expenses	-13,004	-12,042
Profit from operations	**5,351**	**1,226**
Interest income	139	63
Interest expense	-977	-839
Net finance costs	**-838**	**-776**
Profit before costs	**4,513**	**450**
Income tax expense	-288	-227
Change in deferred tax	-702	-32
Profit after tax	**3,523**	**191**
Attributable to non-controlling interests	187	-136
Attributable to owners of the parent (consolidated profit/loss for the year)	**3,336**	**327**
Earnings per share (basic/diluted)	0,36	0,04

Consolidated statement of comprehensive income

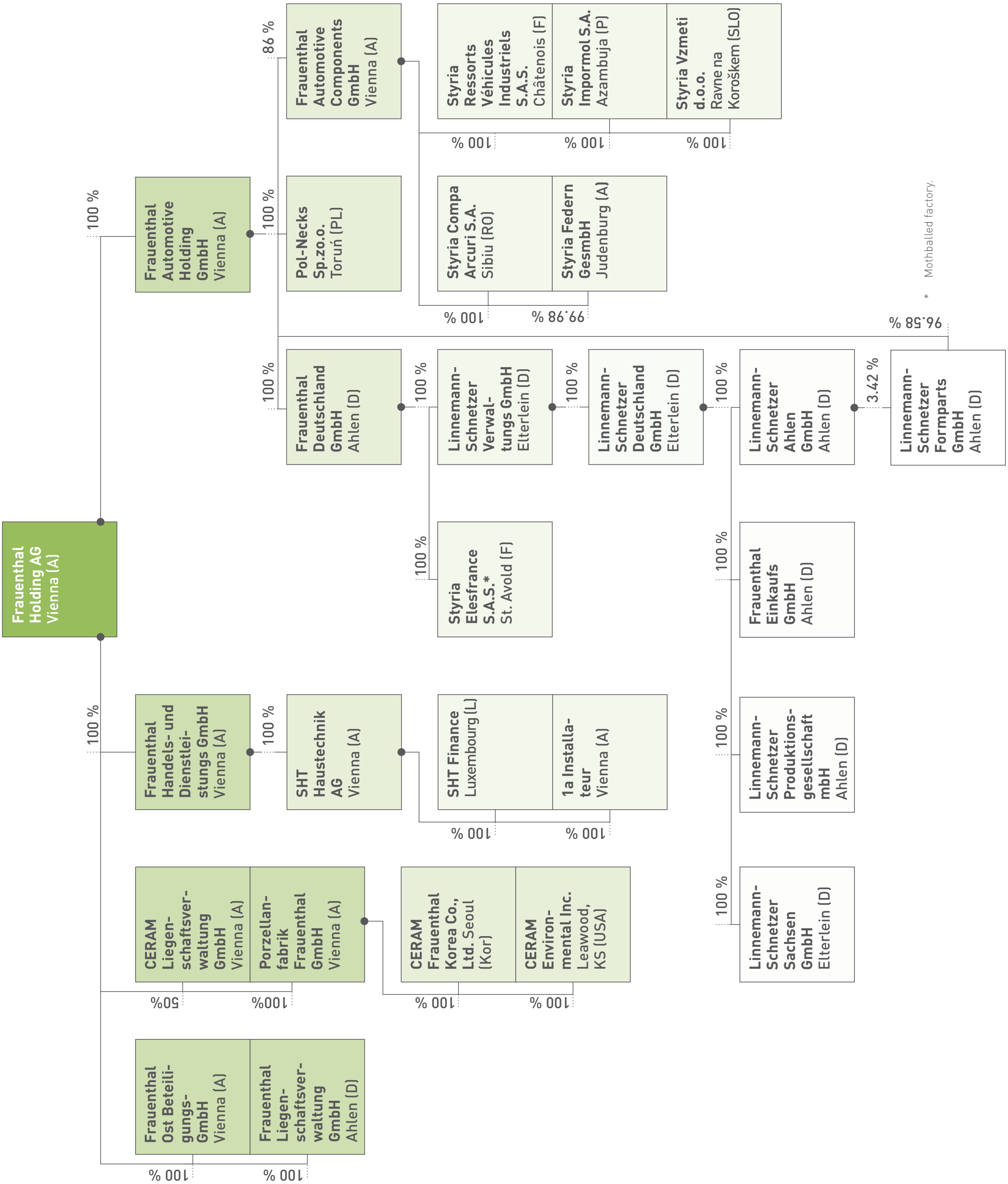
EUR '000	1-3 / 2011	1-3 / 2010
Profit after tax	**3,523**	**191**
Gains and losses on currency translation	58	640
Gains and losses on changes in non-controlling interests	770	0
Total other comprehensive income	828	640
Total comprehensive income	**4,351**	**831**
Attributable to non-controlling interests	982	-73
Attributable to owners of the parent	**3,369**	**904**

Cash flow statement

EUR ´000	1-3 / 2011	1-3 / 2010
Profit for the year before non-controlling interests	3,523	191
Interest income and expense	839	776
Depreciation and amortisation of non-current assets	3,282	3,228
Gains on disposal of non-current assets	-2	0
Income from waiver of receivables	-33	0
Change in deferred tax assets	681	7
Change in long-term provisions	60	26
Interest paid	-284	-167
Interest received	289	63
Operating profit before working capital changes	**8,355**	**4,124**
Change in inventories	-6,934	-6,174
Change in trade receivables	-8,075	-29,277
Change in other receivables	633	2,014
Change in short-term provisions	-226	408
Change in trade payables	1,227	9,510
Change in liabilities to Group companies	-45	56
Change in other liabilities	1,128	-746
Translation related changes	-34	190
Net cash from operating activities	**-3,971**	**-19,895**
Investments in non-current assets	-4,500	-974
Proceeds from sale of non-current assets	22	0
Proceeds from investment subsidies	112	-5
Net cash used in investing activities	**-4,366**	**-979**
Change in non-controlling interests	770	0
Change in borrowings	9,894	23,095
Net cash used in financing activities	**10,664**	**23,095**
Change in cash and cash equivalents	**2,327**	**2,221**
Cash and cash equivalents at beginning of period	3,037	1,888
Cash and cash equivalents at end of period	5,364	4,109

Our structure

Status as of 31.03.2011



Imprint

FINANCIAL CALENDER 2010

31.03.2011	Annual report 2010
02.05.2011	First-quarter interim report 2011
22.05.2011	Record day
01.06.2011	Annual General Meeting
06.06.2011	Result of the vote of the Annual General Meeting
07.06.2011	Ex-Day
08.06.2011	Dividend-Payment
24.08.2011	Second-quarter interim report
24.11.2011	Third-quarter interim report

SHAREHOLDER INFORMATION

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Investors' hotline: +43 (0)1 505 42 06

E-Mail: e.hochrieser@frauenthal.at

Website: www.frauenthal.at

Vienna Stock Exchange: Prime Market

Symbol: FKA

ISIN: AT 0000762406 (shares)

Bloomberg-code: FKA AV

Reuters-code: FKAV.V1

Market capitalisation: MEUR 79,4 (31.03.2011)

Vienna Stock Exchange: Listing on the Vienna Stock Exchange official market

Symbol: FKA

ISIN: AT 0000492749 (bonds)

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

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

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