frauenthal GROUP

REPORT ON THE FIRST QUARTER OF 2012

Summary

	1 – 3 / 2012	1 – 3 / 2011	Deviation in %	1 – 12 / 2011
Summary income statement (EUR m)				
Revenue	136.4	139.1	-2.0%	587.9
EBITDA	5.1	8.6	-40.8%	36.0
ROS (EBITDA / revenue)	**3.7%**	**6.2%**	**-39.6%**	**6.1%**
Earnings before interest und tax (EBIT)	1.8	5.4	-65.7%	22.5
Earnings before tax (EBT)	0.2	4.5	-95.7%	16.5
Profit/loss after tax	0.0	3.5	-101.3%	13.7
Operating profit before working capital changes	4.4	8.4	-46.9%	31.1
Summary statement of financial position (EUR m)				
Non-current assets (IFRS)	143.3	136.7	4.9%	142.8
Current assets (IFRS)	238.4	171.5	39.0%	221.8
Total assets	381.7	308.2	23.9%	364.6
Borrowings	282.5	214.4	31.8%	265.8
Equity	99.2	93.9	5.7%	98.9
Equity ratio (%)	**26.0%**	**30.4%**	**-4.5%**	**27.1%**
Investment (addition to non-current assets)	3.6	4.5	-21.1%	21.6
as % of revenue	2.6%	3.2%	-0.6%	3.7%
Average Head account	**2,653**	**2,697**	**-1.6%**	**2,689**
Per employee ratios (EUR '000)				
Revenue	51.4	51.6	-0.4%	218.6
Earnings before interest und tax (EBIT)	0.7	2.0	-65.1%	8.4
Operating profit before working capital changes	1.7	3.1	-46.0%	11.6
Shares issue	9,434,990	9,434,990	-	9,434,990
Own shares	-272,456	-282,456	3.5%	-272,456
Shares in circulation	9,162,534	9,152,534	0.1%	9,162,534
Per share ratios (EUR)				
EBITDA	0.6	0.9	-40.9%	3.9
EBIT	0.2	0.6	-65.7%	2.5
Profit/loss after tax	0.0	0.4	-101.3%	1.5
Operating profit before working capital changes	0.5	0.9	-46.9%	3.4
Equity	10.8	10.3	5.6%	10.8
Share price				
Year end	9.90	10.54	-6.1%	9.40
High	10.25	11.30	-9.3%	13.52
Low	9.05	9.49	-4.6%	8.10
Dividend and bonus [1]				0.3

1) Vorschlag für die Ergebnisverwendung an die Hauptversammlung

Content

Operating review for the first quarter of 2012

DEAR SHAREHOLDER,

The downturn in the commercial vehicle market had a major impact on the operating performance of the Frauenthal Group in the first quarter of 2012, while the ongoing divestment of the Industrial Honeycombs Division was the other key feature of the period:

- Revenue slightly lower at EUR 136.4m (down by EUR 2.7 million (m));
- Earnings before interest and tax (EBIT) down by EUR 3.6m to EUR 1.8m;
- Disposal of Industrial Honeycombs Division to Japanese technology group Ibiden in late April, with transaction scheduled for completion in second quarter;
- Focus on growth in Frauenthal Automotive and Wholesale Plumbing Supplies divisions;
- 7% decline in revenue in Frauenthal Automotive Division, in line with drop in sales in the commercial vehicle market; EBIT at EUR 0.6m – a fall of EUR 2.2m compared to outstanding performance in Q1 2011;
- Revenue in Wholesale Plumbing Supplies Division up by 5%, with EBIT stable at EUR 0.3m; acquisition of Slovak plumbing supplies wholesaler Technopoint completed in early April;
- 9% decrease in revenue in Industrial Honeycombs Division due to changed product mix, and earnings down by EUR 1.1m to EUR 1.5m, despite full capacity utilisation;
- Earnings hit by surging transport and energy costs across all three divisions;
- Break-even result for Group – a deterioration of EUR 3.5m – due to the lower operating profit and higher net finance costs (caused by bond issue in May 2011);
- Guidance on divisional business performance in 2012 cautiously optimistic.

Key Group developments and decisions:

- The evaluation of the divisional strategies has resulted in a sharper focus on those activities where the Group's financial and technological capabilities give it the best chance of long-term growth. The Frauenthal Automotive and Wholesale Plumbing Supplies divisions are well placed to extend their leadership of the European and Austrian markets, respectively, by progressively broadening their product portfolios and geographical reach.

- To take full advantage of the significant growth opportunities presented by the steady tightening of environmental legislation around the world, the Industrial Honeycombs Division will have to invest in its production, service and sales structures outside Europe, as well as extending its technological expertise. Such investments require a partner or owner with financial resources, a global footprint and a technological base that far surpass those of the Frauenthal Group. For this reason Frauenthal conducted a systematic search for a new strategic partner or investor, and finally identified the Japanese Ibiden Group as the most suitable partner and new owner of the Industrial Honeycombs Division. An agreement transferring full control of the division to Ibiden for a price of around EUR 51m was signed on 26 April 2012. The acquirer will also assume all of the Division's financial liabilities. The transaction is scheduled for completion in the second quarter of 2012, subject to clearance from the competition authorities and fulfilment of standard industry conditions precedent. There is no reason to suppose that the competition authorities will object to the transaction.

- The introduction of standardised names for Frauenthal Automotive's subsidiaries and the redesign of the subgroup's logo are a clear indication of the integration of the nine locations and 16 companies, and the strengthening of the "one face to the customer" principle in the division. The Division has been renamed "Frauenthal Automotive" (previously "Automotive Components"). The titles of the various locations and subsidiaries now consist of the Group name followed by a geographical or functional description, such as "Frauenthal Automotive Judenburg GmbH", "Frauenthal Automotive Management GmbH", and so on. The changes will officially come into effect on 1 July 2012.

- The decision to close the Linnemann-Schnetzer Formparts GmbH plant in Ahlen, Germany was confirmed after the Group failed to find a buyer, despite an intense effort. The closure is due to be completed by the end of 2012. Talks have started with the works council and trade unions on a social plan. Some of the 70 affected employees will be transferred to the steel air reservoir production plant in Ahlen. A provision of EUR 1m for a substantial part of the cost of the closure was recognised in the 2011 financial statements.

- The special audit of related party transactions was concluded in February 2012. The audit was requested by a group of minor shareholders at the 2009 Annual General Meeting, and did not result in any negative audit findings. On the contrary, all of the payments for services and rentals were found to be at arm's length rates, and therefore reasonable both in purpose and amount. Consequently, none of the payments constituted the unlawful return of capital contributions.

- A tax inspection took place at our Linnemann-Schnetzer Deutschland GmbH subsidiary, located in Elterlein, Germany. This company is entitled to considerable tax loss carryforwards, which reduced its tax burden by about EUR 6m during the tax audit period. Deferred tax assets of EUR 8.5m arising from the capitalisation of these tax loss carryforwards are carried on the consolidated statement of financial position. The inspection led to the disallowance of the tax loss carryforwards, and the related assessment notices were issued in September 2011. The appeal against the decision is pending. The Executive Board and its expert advisers do not accept the tax authorities' arguments for disallowing the deductions. A number of thoroughly researched independent expert reports conclude that, in the 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. Because of this, no accounting provision has been made for the risk of a back tax payment. Neither is there a need to write down the deferred tax assets of EUR 8.5m. However, there is a danger of protracted court appeal proceedings, and associated litigation risk. This assessment will be reviewed on a quarterly basis in light of the legal proceedings and any new information received, and accounting action taken if necessary.

Recent divisional developments and interim results

- The **Frauenthal Automotive Division** reported a drop in revenue of EUR 4m or 7%, roughly in line with the overall demand trend in the light commercial vehicle segment (EU27 -9,6%). As experience shows that only very short-term forecasts are reliable, we are watching all the market indicators closely. At the time of writing there were no indications of a further contraction of the market. The decline in new registrations of heavy trucks in the EU was less pronounced, at 3%. Manufacturers' expectations for 2012 as a whole vary widely. The same applies to regional market developments, but at the end of the reporting period a moderate decline in sales of no more than 10% was anticipated.

- Revenue in the **Industrial Honeycombs Division** dipped by EUR 1.9m or 9% despite full capacity utilisation, owing to lower diesel catalyst prices compared to the first quarter of last year. A shift in the product mix towards diesel catalysts led to a loss of capacity, since plant had to be switched from power station to diesel catalyst production. Productivity was lower as the equipment concerned was not ideal for this purpose. Investments aimed at rectifying this situation are expected to start bearing fruit in the third quarter of this year. Demand for diesel catalysts jumped by 41% quarter on quarter in volume terms. Demand for power station catalysts in Europe and the USA improved, and a number of new

Thomas Vukmanic (33), production worker, Division Frauenthal Automotive

orders are also expected from China. However, there are still no signs of a boom in the latter market. The division made excellent progress in marketing the plate catalysts launched in the first quarter of 2011. Order backlog remains at a very high level. After rising sharply in recent months, the prices of materials such as tungsten have stabilised. Surging input prices have weighed heavily on margins in the power station business.

- The **Wholesale Plumbing Supplies Division (SHT)** registered 5% growth in a subdued overall market. Activity in the construction sector is continuing to lag overall economic growth, although commercial building starts continued their recovery following several years of decline. This led to an increase in the proportion of revenue accounted for by the fiercely competitive contract business, squeezing margins as a result. Gross margins in the division rose modestly quarter on quarter thanks to its focus on the private renovation market, its increased presence in western Austria, and its decision to push innovative products such as heating and photovoltaic systems. SHT completed its first-ever foreign acquisition with the purchase of Slovak plumbing supplies wholesaler Technopoint at the beginning of April. Technopoint has revenue of around EUR 9.5m and 70 employees, and is one of the top five companies in its market. The company will be consolidated with effect from the second quarter of this year.

- SHT's strong performance helped the **Frauenthal Group** to limit the drop in its revenue to 2%. The increase in demand at SHT and changes in the Industrial Honeycombs Division's product mix resulted in increased working capital requirements of EUR 12.8m. Investments totalling about EUR 4m were made in the Frauenthal Automotive and Industrial Honeycombs divisions. Liquidity needs were up by some EUR 14.6m on year-end 2011, but available credit lines were more than sufficient. Following the EUR 100m bond issue, the Frauenthal Group will have excess liquidity until full redemption of the old bond in June 2012. This surplus has been invested with major Austrian banks.

FINANCIAL PERFORMANCE IN DETAIL

Group EBIT was down by EUR 3.6m or 66% at EUR 1.8m, hit by a EUR 2.2m reduction in revenue in the Frauenthal Automotive Division. The EBIT contribution of the Wholesale Plumbing Supplies Division was unchanged at EUR 0.3m despite revenue growth. This was because there was only a slight improvement in the profit margin, and operating costs rose along with volume. The Industrial Honeycombs Division suffered a EUR 1.1m or 42% drop in EBIT as compared to the excellent result for the comparative period, despite working at the limits of its capacity. The negative factors that impacted the division's performance in 2011 – input price rises, the unfavourable dollar exchange rate and downward pressure on diesel catalyst prices – were not felt until the second quarter of that year. Energy and transport price increases can only partly be passed on to customers, and have weighed on the earnings of all three divisions. Group net finance costs rose by EUR 0.8m, owing to the costs associated with the EUR 100m bond issue (settlement date: 20 May 2011). The issuing expenses comprise the transaction costs and negative interest arbitrage. The latter stems from the fact that the returns on investing the surplus liquidity up to the maturity of the bond due in June 2012 are lower than the interest on the bond issued in May 2011. The income tax burden decreased by EUR 0.7m due to the lower profit posted by the Industrial Honeycombs Division. The Group broke even for the period. This represented a deterioration of EUR 3.5m compared to the outstanding profit posted in the like quarter of 2011.

LIQUIDITY AND INVESTMENT

First-quarter consolidated cash flow before working capital changes was EUR 4.4m. Liquidity needs during the quarter were EUR 14.6m. Working capital rose by EUR 12.8m and investment by EUR 3.6m. Total assets expanded by 4.7% from their level at year-end 2011, swelled by the usual seasonal increase in working capital in the Wholesale Plumbing Supplies Division. Working capital also grew in the Industrial Honeycombs Division, due to shifts in the product mix. In the Frauenthal Automotive Division, reduced recourse to ABS finance lifted trade receivables. Total assets jumped by EUR 73.5m or 23.9%, mainly reflecting the influx of liquidity from the EUR 100m bond

issue in May 2011. The repayment on 28 June 2012 of the outstanding EUR 27m due on the 2005 bond will soak up the surplus liquidity, reducing total assets accordingly. It is likely but not certain that the disposal of the Industrial Honeycombs Division will be completed by then, bringing an inflow of funds from the proceeds. At EUR 121m, the Group's unused credit lines are more than sufficient to cope with any shortages of finance due to unexpectedly rapid growth.

OUTLOOK

In light of the latest production forecasts from customers, the **Frauenthal Automotive Division** expects demand to remain at current levels, subject to the usual seasonal fluctuations. Although a number of new orders have been secured, revenue in 2012 is not expected to surpass last year's levels. As the commercial vehicle market is highly sensitive to changes in the economic situation, these forecasts are highly uncertain.

The **Industrial Honeycombs Division** is expecting full honeycomb capacity utilisation throughout 2012. Plate catalyst sales are set to rise strongly due to the fact that the division has won a number of new orders. The outlook for the diesel catalysts business is also bright. We do not foresee any further material price rises, and in combination with a modest rebound in the USD exchange rate this should somewhat relax the squeeze on margins. Comprehensive income in the division is expected to rise year on year.

If the sale of **Industrial Honeycombs** to Ibiden Co., Ltd goes ahead, the division will be deconsolidated with effect from the end of the reporting period in question. The Frauenthal Group will provide further information on the impact of the transaction on earnings, equity and liquidity once the deal has been closed.

We expect the **Wholesale Plumbing Supplies Division (SHT)** to record moderate full-year revenue growth whilst slightly raising its market shares and improving earnings year on year. We see the price wars in the industry persisting due to weaker growth in both the new build and renovation segments. We are working to extend our lead in terms of service quality.

The Frauenthal Group aims to achieve a leading position in all of the markets in which operates, and obtain a competitive advantage that can be defended by using resources efficiently. We do this by constantly creating additional customer benefits that differentiate us from our competitors. Given the financial situation and the competitive factors affecting the Industrial Honeycombs Division, as well as the outcome of our search for a buyer, we are convinced that our decision to sell the Division is in the interests of maximising shareholder value, opening up attractive new prospects for the division and its employees, and generating growth opportunities for the Group's remaining operations.

Due to the seasonal variations in the Group's businesses, it is not possible to extrapolate full-year performance from the results for the latest 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. We will now drive forward the growth strategies of the remaining divisions still more aggressively, as the transaction – if it is concluded as planned – will significantly enhance the Group's liquidity and earnings performance in 2012. Our staff and management development programmes play a pivotal role in the Group's business development policies, and are making a major contribution to its success. Therefore, we will be stepping up our activities in this regard.

After a turbulent start to 2012, the Frauenthal Group is now well placed to seize the opportunities open to it.

Vienna, May 2012
Frauenthal Holding AG
The Executive Board

Hans-Peter Moser
Member of the Executive Board

Martin Sailer
Member of the Executive Board

Philipp Beyer (25), production worker, Division Frauenthal Automotive

Notes to the interim report on the first quarter of 2012

The interim report of Frauenthal Holding AG (Frauenthal Group) for the quarter ended 31 March 2012 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 2011. 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 policies used to prepare the financial statements for the year ended 31 December 2011 were applied without change to the first quarter of 2012. 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 cumulative consolidated IFRS revenue of EUR 136.4m for the first quarter – down by EUR 2.7m or 2.0% year on year. The Frauenthal Automotive and Industrial Honeycombs divisions fell short of the excellent performance in the comparative period, but revenue in the Wholesale Plumbing Supplies Division was up by 5.1%.

Due to the uncertain economic environment in the fourth quarter of 2011 and the first quarter of 2012, the commercial vehicle manufacturers throttled back production, and some temporarily closed factories. This led to a EUR 4m (6.6%) year-on-year drop in revenue in the Frauenthal Automotive Division to EUR 56.6m (Q1 2011: EUR 60.6m).

Despite muted overall demand, the Wholesale Plumbing Supplies Division recorded revenue growth of EUR 3.1m or 5.4%, driven by increased market shares owing to its stronger presence in western Austria (SHT Tyrol's Innsbruck outlet), efficient logistics, good service and the introduction of innovative new products. Divisional revenue advanced to EUR 61.2m (Q1 2011: EUR 58.1m) in the first quarter. The expanded service and sales network, broad product range, high logistics standards and pioneering mySHT online portal continued to yield competitive advantages for Wholesale Plumbing Supplies.

The revenue contribution from the Industrial Honeycombs Division slid by EUR 1.9m or 9.1% to EUR 18.6m (Q1 2011: EUR 20.5m), despite full capacity working, owing to downward pressure on prices in the diesel catalyst segment. Demand for power station catalysts is increasing in Europe and the USA, and orders are gradually picking up in Asia. Chinese order intake, which had almost completely dried up, now appears to be improving. However, the chances of winning current tenders remain shrouded in uncertainty. Compliance with the targets of the new five-year plan, which sets NOx limits for power stations in densely populated areas that would make SCR catalysts a must, is not yet mandatory. There is no way of knowing how long this unclear legal position – which is typical for China – will persist.

The Frauenthal Group generated 94% of its revenue in the EU, 4% in the USA and 2% in the rest of the world.

Earnings

At EUR 5.1m, first-quarter Group EBITDA was EUR 3.5m or 40.8% down year on year. This decline was largely caused by lower revenue from the Frauenthal Automotive Division.

Due to the fall-off in sales, the division's earnings (EBITDA) contribution sagged by EUR 2.3m or 53.0% to EUR 2.1m. Higher revenue in the Wholesale Plumbing Supplies Division failed to translate into improved earnings, since changes in the market dynamics (increasing contract business) squeeze margins. The divisional EBITDA dipped by 3.5% to EUR 1.1m. The EBITDA contribution from the Industrial Honeycombs Division shrank by 28.4% to EUR 2.4m. The main reason for reduced earnings was mounting material prices in the power station catalyst business and the price pressure in the diesel catalysts branch.

Group EBIT for the first quarter slumped by EUR 3.6m or 65.7% year on year, to EUR 1.8m (Q1 2011: 5.4m). Frauenthal Automotive contributed EUR 0.6m of the total (down by EUR 2.2m), Industrial Honeycombs EUR 1.5m (down by EUR 1.1m), and Wholesale Plumbing Supplies EUR 0.3m (unchanged).

There was a loss attributable to owners of the parent of EUR 46,000 (Q1 2011: profit of EUR 3,523,000). The interim profit attributable to owners of the parent of EUR 25,000 (Q1 2011: EUR 3,336,000) and average of 9,152,808 shares in issue (Q1 2011: 9,152,534 shares) yields break-even basic and diluted earnings per share (Q1 2011: EUR 0.36).

As revenue and earnings in all divisions are subject to seasonal fluctuations, 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 expanded by EUR 4.7% as compared to the position at year-end 2011, to stand at EUR 364.6m (31 December 2011: EUR 381.7m). The increase chiefly reflected higher trade receivables and inventories.

In May 2011 the Group completed a EUR 100m bond issue. The proceeds were used to redeem EUR 43m of the 2005 bond (maturing in June 2012); the remaining EUR 27m is due this year. After the issue EUR 37m of the proceeds were invested with a number of banks. The rest were devoted to reducing overdrafts, so as to use the surplus liquidity generated by the new bond efficiently. The cash investments are reflected in the cash and cash equivalents item. Non-current assets were EUR 143.3m as at 31 March 2012 – a slight increase compared to year-end 2011 – while current assets grew by EUR 16.6m to EUR 238.4m.

Inventories rose by a total of EUR 4.3m; EUR 3.3m of the change related to the Wholesale Plumbing Supplies Division, and was due to seasonal factors. Inventories fell by EUR 1.4m in the Frauenthal Automotive Division, and climbed by EUR 2.4m in the Industrial Honeycombs Division.

Group receivables were up by EUR 11.6m on their level at year-end 2011. The upturn in receivables in year-on-year terms was mainly driven by the Frauenthal Automotive Division (EUR + 3.3m) and the Wholesale Plumbing Supplies Division (EUR + 2.4m). The EUR 1.4m registered a decrease in receivables in the Frauenthal Automotive Division. ABS finance was down from EUR 15.5m at year-end 2011 to EUR 13.4m as at 31 March 2012.

Equity edged up by EUR 0.3m to EUR 99.2m (31 December 2011: EUR 98.9m). The growth in total assets led to a drop in the equity ratio from 30.4% at the end of 2011 to 26.0% as at 31 March 2012.

The increases of EUR 12.8m in working capital and of EUR 3.6m in investment were financed by the operating profit before working capital changes and higher short-term bank borrowings. The latter rose by EUR 12.2m as compared to year-end 2011. Other current liabilities climbed by EUR 5.0m from their level at year-end 2011. Trade payables were down by EUR 1.6m.

Non-current liabilities were unchanged in comparison to year-end 2011, at EUR 137.5m.

NOTES TO THE CASH FLOW STATEMENT

Operating profit before working capital changes slipped to EUR 4.4m in comparison to the Q1 2011 EUR 8.4m – a deterioration of EUR 4.0m year on year – due to lower earnings in the first quarter.

Changes in working capital resulted in net cash used in operating activities of EUR 9.3m (Q1 2011: EUR 4.0m).

Net cash used in investing activities was EUR 3.6m (Q1 2011: EUR 4.5m), reflecting capital expenditure in the Frauenthal Automotive Division (EUR 1.7m) aimed at improving product quality and raising capacity, and high investment spending by the Industrial Honeycombs Division EUR 1.4m (offset by cash inflows of EUR 0.2m from investment grants). The Wholesale Plumbing Supplies Division invested EUR 0.5m in enhancing its logistics capabilities and end-user services.

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 2012 the Frauenthal Group employed an average of 2,653 people (Q1 2011: 2,697). The largest employer in the Group was the Frauenthal Automotive Division, at 1,578 (Q1 2011: 1,678). The head count fell by 100 during the reporting period. During the first three months of the year, the Wholesale Plumbing Supplies Division employed an average of 710 people (Q1 2011: 692). The head count in the Industrial Honeycombs Division also increased, and employment averaged 352 (Q1 2011: 313).

SHARE PRICE PERFORMANCE

Frauenthal has been listed on the Vienna Stock Exchange prime market since 23 July 2007. The share price ended 2011 on EUR 9.40, and drifted down to reach the low for the first quarter on 17 January. A rapid run-up took the price to EUR 10.25 on 8 March, which turned out to be the high for the period. The price then fell back slightly to end the quarter on EUR 9.90. Market capitalisation as at 31 March 2012 was EUR 93.4m (30 December 2011: EUR 88.7m); 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.

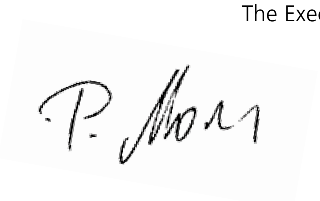
COMPOSITION OF THE EXECUTIVE BOARD

As at 31 March 2012 the Executive Board consisted of Hans-Peter Moser, who is in overall charge of the Frauenthal Automotive and Wholesale Plumbing Supplies divisions, and Martin Sailer who heads up the corporate finance function and the Industrial Honeycombs Division.

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

The Executive Board hereby declares that to the best of its knowledge the interim report of the Frauenthal Group for the first quarter of 2012, prepared in accordance with International Financial Reporting Standards (IFRS), as far as 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 2012
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.

Abridged financial statements

CONSOLIDATED INCOME STATEMENT

EUR '000	1-3 / 2012	1-3 / 2011
Revenue	**136,386**	**139,145**
Changes in inventories of finished goods and work in progress	1,850	1,893
Work performed by the entity and capitalised	74	42
Other operating income	2,391	2,196
Raw material and consumables used	-91,453	-93,108
Staff costs	-29,746	-28,531
Depreciation and amortisation expense, and impairment	-3,276	-3,282
Other operating expenses	-14,391	-13,004
Profit from operations	**1,835**	**5,351**
Interest income	288	139
Interest expense	-1,927	-977
Net finance costs	**-1,639**	**-838**
Profit before tax	**196**	**4,513**
Income tax expense	-282	-288
Change in deferred tax	40	-702
Profit after tax	**-46**	**3,523**
Attributable to non-controlling interests	-71	187
Attributable to owners of the parent (consolidated profit/loss for the year)	**25**	**3,336**
Earnings per share (basic/diluted)	**0.00**	**0.36**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	1-3 / 2012	1-3 / 2011
Profit after tax	**-46**	**3,523**
Losses/gains on currency translation	337	58
Gains and losses on changes in non-controlling interests	0	770
Other comprehensive income	**337**	**828**
Total comprehensive income	**291**	**4,351**
Attributable to non-controlling interests	-82	982
Attributable to owners of the parent	**373**	**3,369**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR '000	31 Mar 2012	31 Dec 2011
Assets		
Non-current assets		
Intangible assets	38,329	38,501
Property, plant and equipment	82,946	82,301
Investments in associates	739	739
Other financial assets	977	977
Deferred tax assets	20,348	20,319
	143,339	**142,837**
Current assets		
Inventories	98,466	94,154
Trade receivables	84,776	73,210
Other assets	15,377	14,118
Cash and cash equivalents	39,791	40,329
	238,410	**221,811**
Total Assets	**381,749**	**364,648**

EUR '000	31 Mar 2012	31 Dec 2011
Equity and liabilities		
Equity		
Share capital	9,435	9,435
Capital reserves	21,093	21,093
Retained earnings	67,469	53,935
Translation reserves	-2,253	-2,601
Other reserves	29	29
Own shares	-532	-532
Non-controlling interests	3,941	4,023
Profit/loss for the year	25	13,486
	99,207	**98,868**
Non-current liabilities		
Bonds	99,269	99,229
Bank borrowings	12,119	11,989
Other liabilities	1,253	1,253
Provisions for termination benefits	10,310	10,175
Provisions for pensions	6,687	6,654
Deferred tax	3,114	3,098
Other long-term provisions	4.771	5,148
	137,523	**137,546**
Current liabilities		
Bonds	32,314	30,839
Bank borrowings	22,922	10,684
Trade payables	58,552	60,170
Liabilities to Group companies	176	418
Other liabilities	28,695	23,712
Tax provisions	753	665
Other short-term provisions	1,607	1,746
	145,019	**128,234**
Total equity and liabilities	**381,749**	**364,648**

Statement of cash flows

EUR '000	1-3 / 2012	1-3 / 2011
Profit for the year before non-controlling interests	-46	3,523
Interest income and expense	1,640	839
Depreciation and amortisation of non-current assets	3,276	3,282
Losses on disposal of non-current assets	0	-2
Income from write-offs	0	-33
Change in deferred tax assets	-30	681
Change in long-term provisions	-192	60
Interest paid	-268	-284
Interest received	58	289
Operating profit before working capital changes	**4,438**	**8,355**
Change in inventories	-4,312	-6,934
Change in trade receivables	-11,566	-8,075
Change in other receivables	-1,259	633
Change in short-term provisions	-51	-226
Change in trade payables	-1,587	1,227
Change in liabilities to Group companies	-242	-45
Change in other liabilities	5,102	1,128
Translation-related changes	138	-34
Net cash from operating activities	**-9,339**	**-3,971**
Investments in non-current assets	-3,550	-4,500
Proceeds from sale of non-current assets	0	22
Proceeds from investment grants	-150	112
Net cash used in investing activities	**-3,700**	**-4,366**
Change in non-controlling interests	0	770
Change in borrowings	12,501	9,894
Net cash from/used in financing activities	**12,501**	**10,664**
Change in cash and cash equivalents	**-538**	**2,327**
Cash and cash equivalents at beginning of period	39,950	3,037
Cash and cash equivalents at end of period	39,412	5,364

Statement of changes in equity

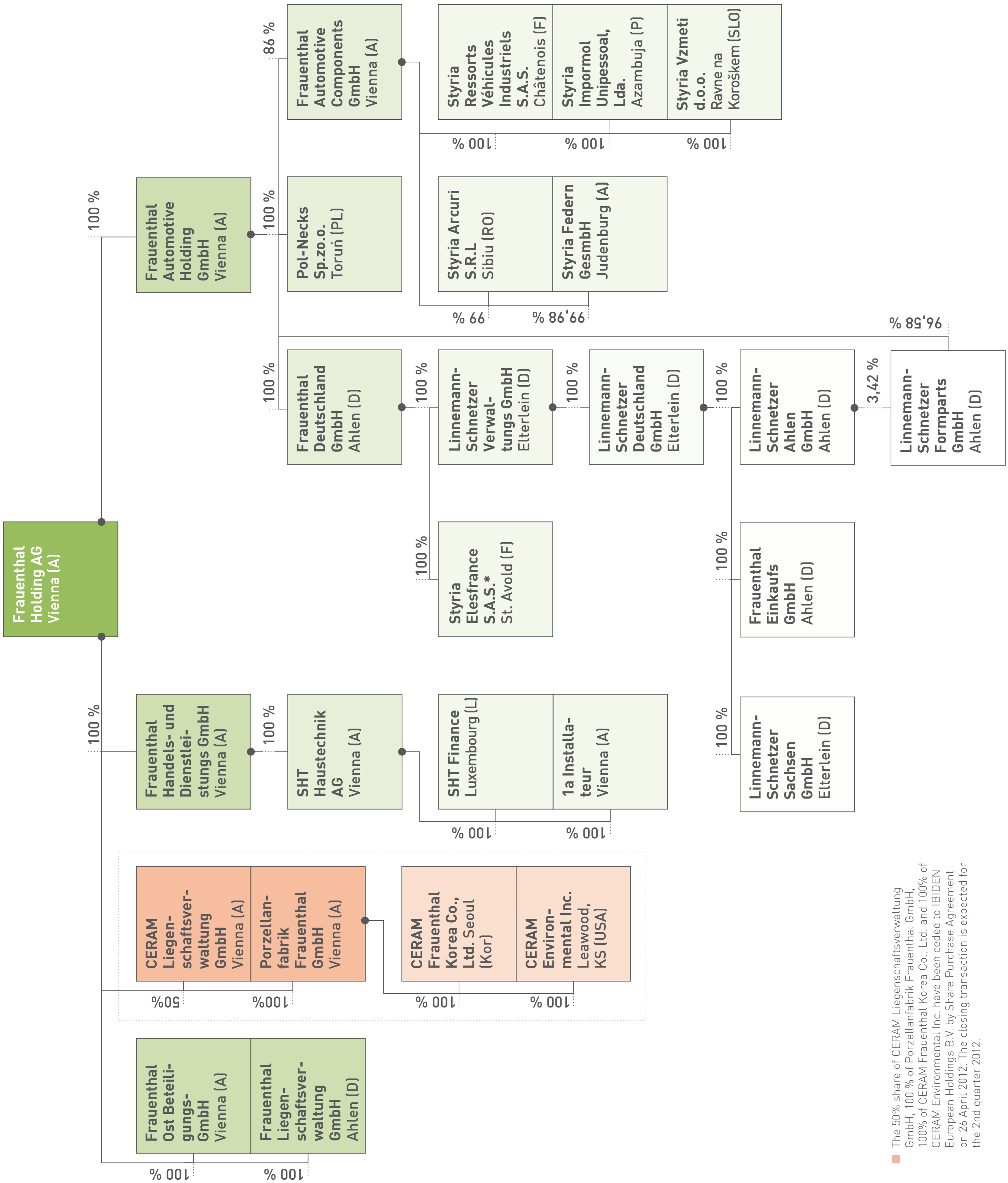
EUR ´000	Share capital	Capital reserve	Retained earnings	Translation reserve	Fair value reserve	Treasury share	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at 1 Jan. 2011	**9,435**	**21,093**	**58,115**	**-1,901**	**37**	**-552**	**86,227**	**3,275**	**89,502**
Dividends			-2,746				-2,746		-2,746
Acquisition of non-controlling interests			-1,845				-1,845	770	-1,075
Disposal of own shares						20	20		20
Share options			152				152		152
Total comprehensive income for 1-3/2011			13,745	-700	-8		13,037	-22	13,015
Balance at 31 Dec. 2011 / 1 Jan. 2012	**9,435**	**21,093**	**67,421**	**-2,601**	**29**	**-532**	**94,845**	**4,023**	**98,868**
Share options			48				48		48
Total comprehensive income for 1-3/2012			25	348	0	0	373	-82	291
Balance at 31 March 2012	**9,435**	**21,093**	**67,494**	**-2,253**	**29**	**-532**	**95,266**	**3,941**	**99,207**

Segment analysis

	Industrial Honeycombs		Frauenthal Automotive		Wholesale Plumbing Supplies		Holding companies and others		Intragroup eliminations		Frauenthal Group	
EUR ´000	1 - 3 / 2012	1 - 3 / 2011	1 - 3 / 2012	1 - 3 / 2011	1 - 3 / 2012	1 - 3 / 2011	1 - 3 / 2012	1 - 3 / 2011	1 - 3 / 2012	1 - 3 / 2011	1 - 3 / 2012	1 - 3 / 2011
Strategic business units												
Revenues from external customers	18,641	20,517	56,577	60,568	61,162	58,053	6	6	0	0	136,386	139,144
Intersegment revenues	0	0	83	437	0	0	675	675	-758	-1,112	0	0
Total revenues	18,641	20,517	56,660	61,005	61,162	58,053	681	682	-758	-1,112	136,386	139,145
EBITDA	2,397	3,348	2,060	4,388	1,056	1,094	-401	-196	0	0	5,112	8,634
EBIT	1,472	2,554	558	2,783	263	265	-458	-251	0	0	1,835	5,351
Employees	352	313	1,578	1,678	710	692	13	14	0	0	2,653	2,697

Our structure

Status as of 31.03.2012



■ The 50% share of CERAM Liegenschaftsverwaltung GmbH, 100 % of Porzellanfabrik Frauenthal GmbH, 100% of CERAM Frauenthal Korea Co., Ltd. and 100% of CERAM Environmental Inc. have been ceded to IBIDEN European Holdings B.V. by Share Purchase Agreement on 26 April 2012. The closing transaction is expected for the 2nd quarter 2012.

* Mothballed Factory

Imprint

FINANCIAL CALENDAR 2012

29.03.2012	Annual report 2011
21.05.2012	First-quarter interim report 2012
27.05.2012	Record day
06.06.2012	Annual General Meeting
11.06.2012	Result of the vote of the Annual General Meeting
12.06.2012	Ex-Day
15.06.2012	Dividend-Payment
21.08.2012	Interim financial report for the half year ended 30 June 2012
21.11.2012	Third-quarter interim report 2012

SHAREHOLDER INFORMATION

Investor Relations Officer: Mag. Erika Hochrieser

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

E-Mail: e.hochrieser@frauenthal.at

Internet: 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 93.4 incl. 1,900,000 pieces unlisted registered shares (30 March 2012)

Vienna Stock Exchange: Listing on Vienna Stock Exchange official market

Symbol: FKA

ISIN: AT 0000492749 (bonds 2005)

Symbol: FKA

ISIN: AT000A0PG75 (bonds 2011)

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.

Cover Image: Mustafa Saat (56), production worker, Division Frauenthal Automotive

Published by: **Frauenthal Holding AG,** Rooseveltplatz 10, A-1090 Vienna,
Tel.: +43 (1) 505 42 06, Fax: +43 (1) 505 42 06-33, e-mail: holding@frauenthal.at, www.frauenthal.at

Coordination, layout, graphic design and pictures: jumptomorrow design gmbh, Schottenfeldgasse 60/33L, A-1070 Vienna
Tel.: +43 (1) 524 84 24, Fax: +43 (1) 524 84 24-25, e-mail: office@jumptomorrow.com, www.jumptomorrow.com

Printed by: Grasl Druck & Neue Medien GmbH

Please note: Editorial changes (including modifications to 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. Editorial deadline for the interim report on the first quarter of 2012: 15 May 2012

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