CROSS Industries AG

FINANCIAL REPORT

H1 2014

KTM Husqvarna pankl RACING SYSTEMS WP WETHJE Carbon Composites

AT A GLANCE

Earnings figures	H1 2014 in €m	H1 2013 in €m
Revenues	527.5	452.2
EBITDA	72.4	48.1
EBITDA margin	13.7%	10.6%
Result from operating activities	44.8	23.4
EBIT margin	8.5%	5.2%
Net profit from continuing operations	30.8	11.5

Key balance sheet figures	30 Jun 2014 in €m	31 Dec 2013 in €m
Balance sheet total	1,026.7	977.0
Equity	369.2	346.3
Employees	4,260	3,928

FINANCIAL REPORT H1 2014

INTERIM GROUP STATUS REPORT

for the First Half of 2014 der CROSS Industries AG, Wels (condensed)

CROSS Industries AG is an industrial group, strategically and operatively focusing on the automotive sector. The CROSS Industries Group comprises the following strategic core areas – "complete vehicle" with its shareholding in KTM AG (51.13%), "high performance" with its shareholdings in Pankl Racing Systems AG (51.13%) and WP Performance Group (100%) as well as "lightweight" with its shareholding in Wethje Group (94.79%). Furthermore, CROSS Industries AG holds 100% of Durmont Teppichbodenfabrik GmbH.

In June 2014 the remaining shareholding of 16.3% of SMP Automotive Technology Ibèrica S.L., Spain, and SMP Deutschland GmbH, Germany, were sold to the Indian Motherson Group.

In addition, in July 2014 CROSS Industries AG and Mitsubishi Rayon Co., Ltd, Japan, the third largest manufacturer of carbon fibers and composite materials, signed a purchase contract for the acquisition of a 51% stake of Wethje Group. The transaction is subject to the approval of the responsible antitrust authorities. The transaction shall be closed in the fourth quarter of 2014.

ECONOMIC ENVIRONMENT

In its economic outlook of April 2014 the International Monetary Fund (IMF) says that the global growth projection for 2014 has to be marked down compared to its January forecast. For 2014 the IMF expects a global growth rate of 3.6% (compared to 3.7% in January), for the industrialized countries the growth is expected to rise to 2.2% in 2014 and 2.3% in 2015. However, the growth in the euro area is expected to strengthen to 1.2% in 2014 (compared to 1.0% in January) and for 2015 the IMF forecasts a growth of 3.9% worldwide and 1.5% in the euro area. In emerging market and developing economies, growth is now projected to decrease to 4.9% in 2014 and then strengthen to 5.3% in 2015 whereby the growth in China – which is projected to be 7.5% in 2014 and 7.3% in 2015 – shows the biggest development.

BUSINESS DEVELOPMENT

In the first half 2014 CROSS Industries AG achieved revenues in the amount of € 527.5m (+16.7%) and an EBIT in the amount of € 44.8m (+90.2%).

KTM AG increased sales in the first half 2014 to 70,469 bikes (+27.8%), this includes the sales of the 200 Duke and 390 Duke by KTM's partner Bajaj in India. The revenues increased to € 410.3m (+17.6%), EBIT to € 33.6m (+82.6%)

KTM consistently pursued the implementation of its global product strategy and further expansion into Asian and South American markets in the first half of 2014. In March 2014 the Chinese importer CF-Moto started production. KTM provides part kits and engines for the 200 Duke and 390 Duke that CF-moto assembles at their production site in Hangzhou and distributes thereafter. Futhermore KTM signed cooperation agreements on the import and the production of CKD-based (Completely Knocked Down) KTM products with partners in Brazil and Argentina.

In June 2014 KTM introduced the new EXC models for 2015, thus setting a new Enduro standard through further development and significant improvements.

The brand "Husqvarna" was fully integrated and the first 6,046 Husqvarna models were distributed from the production site in Mattighofen in the first half of 2014.

The Pankl Group could improve all key earning figures in the first half of 2014 compared to the previous year. The revenues increased by 22.8% from € 70.9m to € 87.1m. In particular the segments racing and high performance and the strong growth in the engine and drivetrain business boosted the development in both the first and second quarter 2014. This growth can mainly be attributed to the changes of the new Formula 1 regulations.

The EBIT amounted to € 8.6m and more than doubled compared to the previous year (€ 4.0m); a new record result in the first half for Pankl Group. The EBIT margin was 9.8% (previous year: 5.6%). This extraordinary positive earnings development was due to the positive development of the results in the F1 and the aerospace segment.

WP Performance Group increased revenues in the first half 2014 by 8.2% to € 60.5m in total. The growth resulted from the from the business with its core customer KTM, whereby WP Performance as Tier-1 benefited from the sales increase. The EBIT rose by € 2.0m to € 4.8m compared to previous year's which was burdened by one-time cost (move of frame production, reorganization of radiator production). The EBIT margin increased from 5.1% to 8.0%.

RISK REPORT

The annual report 2013 contained a detailed report on the business risks of the company. Since then there were no changes in the valuation of risks.

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

Please refer to the notes to this interim financial report.

OUTLOOK

In view of the current order situation the Management's assessment predicts a further positive business development for the second half of 2014. As in the previous years the markets on the different continents will develop differently in the future. Therefore, the continuous assessment and critical evaluation of the market-, production- and cost situation is emphasized in order to take immediate action for stabilizing the striven profit situation if necessary.

Wels, August 2014

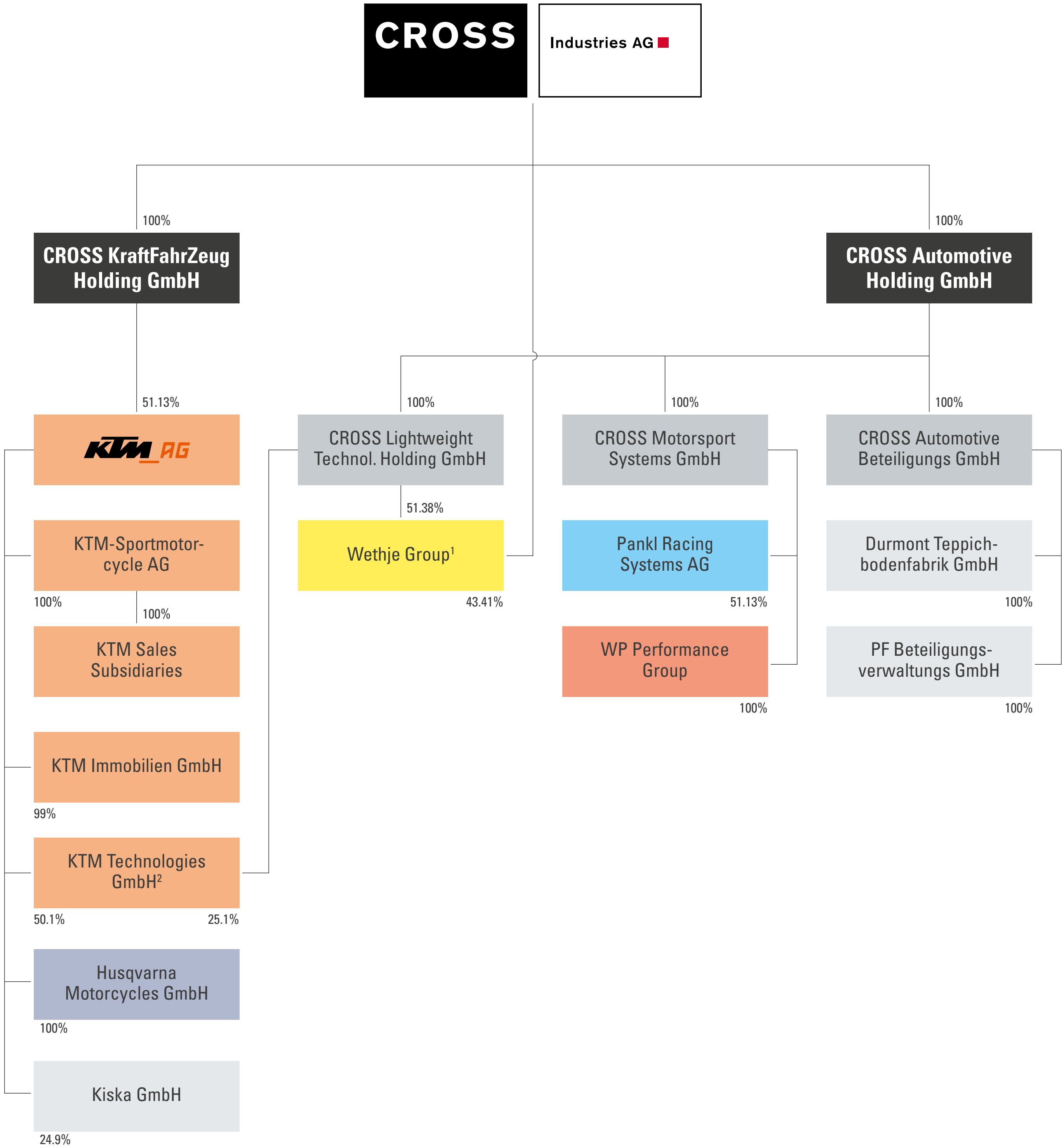
Management Board of CROSS Industries AG

Stefan Pierer | Friedrich Roithner

Alfred Hörtenhuber | Klaus Rinnerberger

06 | GROUP STRUCTURE

Simplified presentation as of 30 June 2014



[1] 5.21% are held by Pierer Invest Beteiligungs GmbH
[2] 24.8% are held by Kiska Holding GmbH

KTM AG (51.13%)

KTM is a premium manufacturer of high-performance and ready-to-race vehicles for offroad and street use. KTM products are distributed via more than 21 sales companies and two joint ventures (Dubai and New Zealand), and to more than 1,700 dealers worldwide.

Milestones of the first half of 2014

- Increase of revenues in the first half of 2014 by 17.6% to € 410.3m; EBIT increase by 82.6% to € 33.6m
- Sales increase of 27.8%; 70.469 vehicles sold worldwide (including those sold in India by Bajaj)
- Chinese importer CF-Moto starts production in March 2014. KTM part kits and engines for the 200 Duke and 390 Duke are assembled by CF-Moto at the production site in Hangzhou and distributed
- Cooperation agreements on the import and the production of CKD-based (Completely Knocked Down) KTM products with partners in Brazil and Argentina signed
- Launch of improved new EXC models for 2015 in June 2014
- Complete integration of brand "Husqvarna"

PANKL RACING SYSTEMS AG (51.13%)

Pankl Racing Systems AG specialises in developing and manufacturing engine and drivetrain components for racing cars, high performance vehicles and the aerospace industry. Pankl scores in these niche markets with lightweight components made from high-grade innovative materials designed to withstand extreme mechanical stress.

Milestones of the first half of 2014

- Increase of revenues by 22.8% from € 70.9m to € 87.1m
- EBIT more than doubled to € 8.6m
- Strong growth in the engine and drivetrain business due to the changes of the new F1 regulations

WP PERFORMANCE GROUP (100%)

The WP Performance Group is one of the leading European companies working in the area of suspension components for motorcycles and power sport products and supplies high-quality suspension elements and damping systems to OEM motorcycle manufacturer such as KTM, Triumph and BMW.

Milestones of the first half of 2014

- Increase of revenues by 8.2% to € 60.5m
- EBIT improves to € 4.8m (previous year: € 2.9m), EBIT-margin of 8.0% (previous year: 5.1%)

for the First Half of 2014 der CROSS Industries AG, Wels (condensed) – according to IFRS

CONSOLIDATED INCOME STATEMENT

in €k	H1 2014	H1 2013
Revenues	527,490	452,154
Cost of goods sold	(365,635)	(325,468)
Gross margin	**161,855**	**126,686**
Sales and racing expenditure	(62,178)	(54,497)
Research and develoment expenditure	(14,874)	(14,332)
Administation costs	(32,108)	(29,157)
Other operating income and expenses	(7,872)	(5,306)
Result from operating activities	**44,823**	**23,394**
Interest income	605	456
Interest expenses	(8,996)	(9,682)
Income from shareholdings valuated at equity	132	966
Other financial and participation result	263	(409)
Profit before tax	**36,827**	**14,725**
Tax on income and earnings	(6,036)	(3,273)
Profit for the reporting period from continuing operations	**30,791**	**11,452**
Loss for the reporting period from discontinued operations	(2,005)	(1,005)
Net profit for the reporting period	**28,786**	**10,447**
thereof shareholders of parent company	13,400	3,818
thereof minority interests	15,386	6,629

in €k	H1 2014			H1 2013		
	Shareholders of parent company	Minority interests	Total	Shareholders of parent company	Minority interests	Total
Net profit for the reporting period	13,400	15,386	28,786	3,818	6,629	10,447
Currency conversion	212	122	334	(103)	(102)	(205)
Investment valuation not affecting net income	130	276	406	847	686	1,533
Actuarial gains (losses)	1	(4)	(3)	(4)	(2)	(6)
Income directly recognized in equity	343	394	737	740	582	1,322
Total comprehensive income	13,743	15,780	29,523	4,558	7,211	11,769

CONSOLIDATED BALANCE SHEET

ASSETS in €k	**30 Jun 2014**	**31 Dec 2013**
Non-current assets	586,648	573,080
Property, plant and equipment	221,620	234,329
Goodwill	154,584	156,259
Intangible assets	168,698	165,322
Investments accounted for using the equity method	2,422	2,422
Deferred taxes	6,674	6,936
Other non-current assets	32,650	7,812
Current assets	440,006	403,924
Cash and cash equivalents	23,331	42,720
Trade receivables	115,707	82,768
Trade receivables from affiliated companies	790	6,456
Inventory	210,108	197,285
Payments on account	6,162	3,794
Other current assets	44,262	30,556
Discontinued operations and assets held for sale	39,646	40,345
Total assets	1,026,654	977,004

GROUP EQUITY AND LIABILITES in €k	**30 Jun 2014**	**31 Dec 2013**
Equity	369,228	346,326
Share capital	1,332	1,332
Capital reserves	143,710	141,220
Perpetual bond	58,987	58,987
Reserves including retained earnings	(15,269)	(25,742)
Equity of owners of parent company	188,760	175,797
Minority interests	180,468	170,529
Non-current liabilities	377,328	398,343
Financial liabilities	142,716	177,665
Bonds	169,121	168,996
Employee benefits	15,034	14,792
Deferred tax liabilities	23,749	22,109
Liabilities to affiliated companies	17,702	4,087
Other non-current liabilities	9,006	10,694
Current liabilities	280,098	232,335
Bank loans	58,583	34,768
Trade payables	97,630	104,219
Liabilities from affiliated companies	1,982	1,657
Provisions	7,975	6,686
Tax liabilities	2,373	1,052
Advance payments	2,335	2,653
Other current liabilities	76,067	63,593
Discontinued operations and liabilities from assets held for sale	33,153	17,707
Total group equity and liabilites	1,026,654	977,004

CONSOLIDATED CASH FLOW STATEMENT

in €k	H1 2014	H1 2013
Consolidated gross cash flow	56,962	34,794
Change of other assets and liabilities	(38,398)	(23,061)
Consolidated cash flow from operating activites	**18,564**	**11,733**
Consolidated cash flow from investment activities	(47,616)	(31,771)
Consolidated cash flow from financing activities	9,882	(2,670)
Change in the liquidity of the group	**(19,170)**	**(22,708)**
Cash and cash equivalents at the beginning of the reporting period	42,720	43,279
Cash and cash equivalents at the end of the reporting period	**23,550**	**20,571**
thereof cash and cash equivalents from continuing operations	23,331	20,423
thereof cash and cash equivalents from discontinuing operations	219	148

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in €k	Share capital	Capital reserve	Perpetual bond	Reserves incl. retained earnings	IAS 39 reserve
H1 2014					
As at 1 January 2014	1,332	141,220	58,987	(20,750)	(1,784)
Total profit (loss) directly included in equity	0	0	0	13,400	130
Dividends to third parties	0	0	0	(3,094)	0
Purchase (sale) of shareholdings in subsidiaries	0	0	0	(233)	0
Shareholder contribution	0	2,490	0	0	0
Other entries not affecting net income	0	0	0	57	0
As at 30 June 2014	**1,332**	**143,710**	**58,987**	**(10,620)**	**(1,654)**
H1 2013					
As at 1 January 2013	1,332	141,220	58,987	(33,297)	(2,261)
Total profit (loss) directly included in equity	0	0	0	3,818	847
Dividends to third parties	0	0	0	(3,094)	0
Purchase (sale) of shareholdings in subsidiaries	0	0	0	1,512	0
Other entries not affecting net income	0	0	0	(107)	0
As at 30 June 2013	**1,332**	**141,220**	**58,987**	**(31,168)**	**(1,414)**

Adjustment according to IAS 19	Adjustments currency conversion	Total	Minority interests	Total group equity
(2,070)	(1,138)	175,797	170,529	346,326
1	212	13,743	15,780	29,523
0	0	(3,094)	(5,739)	(8,833)
0	0	(233)	(126)	(359)
0	0	2,490	0	2,490
0	0	57	24	81
(2,069)	**(926)**	**188,760**	**180,468**	**369,228**

(1,545)	(495)	163,942	152,118	316,060
(4)	(103)	4,558	7,211	11,769
0	0	(3,094)	(5,079)	(8,173)
0	0	1,512	1,813	3,325
0	0	(107)	0	(107)
(1,549)	**(598)**	**166,811**	**156,063**	**322,874**

SEGMENT REPORTING

in €k	KTM Group	Pankl Group	WP Performance Group	Others	Consoli-dation	Group – continuing operations	Dis-continued operations
H1 2014							
Revenue	410,323	87,089	60,508	24,105	(54,535)	527,490	15,091
thereof external	410,172	84,236	11,026	22,056	0	527,490	14,675
Result from operating activities	33,616	8,577	4,823	(2,115)	(78)	44,823	(1,742)
Assets	617,950	178,575	91,320	785,446	(686,283)	987,008	39,646
Liabilities	319,045	105,335	61,091	243,680	(102,322)	626,829	30,597
H1 2013							
Revenue	348,950	70,916	55,914	26,129	(49,755)	452,154	11,161
thereof external	348,934	68,018	13,671	21,531	0	452,154	11,161
Result from operating activities	18,381	3,950	2,873	(1,690)	(120)	23,394	(694)
Assets[1]	571,435	170,650	87,879	788,492	(681,797)	936,659	40,345
Liabilities[1]	288,591	102,312	64,307	258,727	(100,966)	612,971	17,707

[1] As at 31 December 2013

PRINCIPLES OF ACCOUNTING

The interim financial report for the first half of 2014 was prepared in accordance with the International Financial Reporting Standards (IFRS) applying IAS 34 to the extend used in the EU. The accounting and valuation methods of the consolidated financial statements per 31 December 2013 were applied without any changes. For further information on accounting and valuation methods, please refer to the notes to the consolidated financial statements for the business year 2013, which served as the basis for this interim financial report.

The interim financial statements for the first half 2014 were neither audited nor reviewed by an auditor.

BALANCING AND VALUATION METHODS, APPLICATION OF REPORTING RULES

The following reporting rules, adopted by the EU Commission, are mandatory applicable as of January 2014.

IFRS 10 builds on principles currently applied by identifying a comprehensive concept of control to regulate which entity should be included in the consolidated financial statements. According to the new concept, an entity has control if it has the power to decide on relevant processes, generates variable returns from its subsidiary and is able to impact these returns.

IFRS 11 regulates the accounting of joint operations and joint ventures and replaces IAS 31. Joint arrangements are to be included in the consolidated financial statements using the at equity method in accordance with IAS 28. The option of proportionate consolidation was eliminated.

IFRS 12 defines disclosure requirements regarding interests in any kind of entities, including joint arrangements, interests in associates and unconsolidated structured entities.

IAS 27 was renamed in "Separate Financial Statements" and applies to separate financial statements only.

IAS 28 was renamed in "Investments in Associates and Joint Ventures" and outlines the equity method to be used for the accounting of both forms of entities in future and defines the requirements for application.

No other major effects on the interim financial statements of CROSS Industries AG are expected from the new or amended standards.

In the first half 2014 the item „Advance Payments Made for Inventory" was changed. The item is now reported as other non-current assets, in lieu of inventory. The change of reporting does not result in a change of valuation. Previous years' amounts were not adjusted due to immateriality.

Apart from the above no other changes of the accounting and valuation methods were made. For further information on the accounting and valuation methods refer to the consolidated financial statements for 2013.

The accounting of the companies included in the group financial statements is based on the standardized accounting principles. These principles were applied by all of the companies included. The companies included in the group financial statements set up their financial statements at the group's interim balance sheet date (30 June 2014).

SCOPE OF CONSOLIDATION

All principal subsidiaries are included in the interim consolidated financial statements as per 30 June 2014 for the time during which the parent company exercises legal and effective control of them.

Operations and assets of Pankl Aerospace Innovations, LLC, Cerritos, USA, a 100% subsidiary of Pankl Aerospace Systems Inc., Cerritos, USA – were taken over by Pankl Aerospace Systems, Inc. Consequently Pankl Aerospace Systems, Inc. was liquidated. Apart from that the consolidation scope remained unchanged.

WITHDRAWAL OF THE CLASSIFICATION “DISCONTINUED OPERATION”

Durmont Teppichbodenfabrik GmbH, Hartberg, Austria
Since June 2013 CROSS Industries AG was in search of a strategic partner for Durmont Teppichbodenfabrik GmbH, Hartberg. Since then the company was reported as “discontinued operation” in the group financial statements of CROSS Industries AG.

After an intensive restructuring process the company now develops towards a sustainably positive earning position. In June 2014 the owners decided that Durmont Teppichbodenfabrik GmbH will remain part of the CROSS Industries Group. Thus assets and liabilities of the operation are regrouped again in the balance sheet and income statement.

DISCONTINUED OPERATION

Wethje Group, Hengersberg, Germany
CROSS Industries AG and Mitsubishi Rayon Co., Ltd, Japan, the third largest manufacturer of carbon fibers and composite materials, signed a purchase contract for the acquisition of a 51% stake of Wethje Group on 29 July 2014. The transaction is subject to the approval of the responsible antitrust authorities. The new partnership with of one of the largest manufacturers of composite materials world-wide will further strengthen Wethje’s growth strategy in Europe. The transaction shall be closed in the fourth quarter of 2014.

As of 30 June 2014 Wethje group is reported as discontinued operation according to IFRS 5.

Expenses and income from discontinued operations are as follows:

in €m	H1 2014	H1 2013
Revenues	15.1	11.2
Expenses	(16.8)	(11.9)
Result from operating activities	(1.7)	(0.7)
Financing expenses	(0.3)	(0.2)
Result before tax	(2.0)	(0.9)
Tax on income and earnings	0.0	0.1
Result for operations held for sale	(2.0)	(0.9)

Cash flow from discontinued operations is as follows:

in €m	H1 2014	H1 2013
Cash flow from operating activites	(4.3)	(2.9)
Cash flow from investment activities	(0.2)	(4.8)
Cash flow from financing activities	4.0	6.1
Change in the liquidity	**(0.6)**	**(1.6)**

Assets and liabilities held for sale are as follows:

in €m	30 Jun 2014	31 Dec 2013
Current assets	26.4	27.1
Non-current assets	13.2	10.8
Total assets	**39.6**	**38.0**
Current liabilities	18.8	16.2
Non-current liabilities	11.8	10.7
Total liabilities	**30.6**	**26.9**
Equity	**9.0**	**11.1**

The income statement for 2013 was adjusted to recognize the discontinued operations and the continuing operations separately.

ESTIMATES

To a certain extent, estimates and assumptions have to be made in the consolidated financial statements. These estimates have an impact on the balance sheet assets and liabilities, the disclosure of contingent liabilities at the balance sheet date, and the reporting of expenses and income in the business year. Actual amounts may differ from the estimates.

CYCLICAL RISK

KTM AG underlies seasonal effects due to fluctuations regarding the demand for offroad and street motorcycles. Whereas street motorcycles achieved higher revenues in the first half, the demand for offroad motorcycles reaches its peak in the second half of the calendar year. However, due to the increasing importance of the street motorcycles for the overall revenues the seasonal effects are balanced throughout the year.

Pankl Racing Systems AG underlies seasonal effects as the racing season for the most important race categories starts in spring and end in fall. Consequently the first quarter is the strongest.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

In the first half of 2014 group revenues amounted to € 527.5m, which is an increase of € 75.3m or 16% compared to the previous year. Both, KTM Group (+18%) and Pankl Group (+23%) as well as WP Performace Group (+8%) achieved an increase in revenues. The EBIT of CROSS Insustries Group increased by 91% to € 44.8m in the first half 2014.

The result after tax from continuing operations amounted to € 30.8m. Thereof KTM Group achieved € 26.2m, Pankl Group € 5.4m and WP Performance Group € 4.6m. The other companies recorded a result in the amount of € –5.4m.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

In the first half of 2014 group revenues increased by 5% from € 977.0m to € 1,026.7m compared to the previous year. This can primarily affiliated to the increase in inventory and trade receivables from the revenue increase. In accordance to the revenue increase the working capital rose to € 230.9m in the first half 2014.

Equity at balance sheet date amounted to € 369.2m and increased by € 22.9m compared to 31 December 2013. The increase can basically be attributed to the results for the first half 2014.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

In the first half of 2014 the group's cash and cash equivalents decreased by € 19.2m to € 23.5m. The change can be affiliated to the cash flow from operating activities in the amount € 18.5m, the cash flow from investment activities in the amount of € –47.6m and the cash flow from financing activities in the amount of € 9.9m.

CLASSIFICATION AND FAIR VALUE

The fair value of financial instruments is determined by listed market prices for the identical instrument in active markets (level 1). In case no listed market price on active markets is available, the fair value is determined by valuation methods, whose parameters are based on monitorable market data (level 2). Otherwise the determination of the fair value is based on valuation methods whose parameters are not based on monitorable market data (level 3).

The following table shows carrying amounts and fair values of the financial assets (financial instruments on the assets side), broken down by class and measurement category in accordance with IAS 39. It does not provide information for financial assets not measured at the fair value, if the carrying amount constitutes a reasonable approximate value of fair value.

in €m	Carrying amount	Fair value	Fair value Level 1	Level 2	Level 3	Total
30 June 2014						
Loans and receiveables						
Cash and cash equivalents	23.3	–	–	–	–	–
Trade receivables	115.7	–	–	–	–	–
Receivables from affiliated companies	0.8	–	–	–	–	–
Other financial assets	50.1	–	–	–	–	–
	189.9	–				
Available for sale						
Other non-current financial assets	10.5	–	–	–	–	–
	10.5	–				
Fair value – hedging instruments						
Other current assets – derivatives with positve market value	1.4	1.4	–	1.4	–	1.4
	1.4	1.4				
	201.8	1.4				
31 December 2013						
Loans and receiveables						
Cash and cash equivalents	42.7	–	–	–	–	–
Trade receivables	82.8	–	–	–	–	–
Receivables from affiliated companies	6.5	–	–	–	–	–
Other financial assets	21.3	–	–	–	–	–
	153.2	–				
Available for sale						
Other non-current financial assets	5.9	–	–	–	–	–
	5.9	–				
Fair value – hedging instruments						
Other current assets – derivatives with positve market value	2.3	2.3	–	2.3	–	2.3
	2.3	2.3				
	161.4	2.3				

The following table shows the carrying amounts and fair values of the financial liabilities (financial instruments shown on the liabilities side) broken down by class or measurement category according to IAS 39. It does not provide information for financial assets not measured at the fair value, if the carrying amount constitutes a reasonable approximate value of fair value.

in €m	Carrying amount	Fair value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
30 June 2014						
At amortized cost						
Bank loans	199.7	202.2	–	–	202.2	202.2
Bonds	169.1	179.0	168.1	–	10.9	179.0
Trade payables	97.6	–	–	–	–	–
Finacial liabilities to affiliated companies	19.7	–	–	–	–	–
Liabilities for finance leasing	1.6	–	–	–	–	–
Other financial liabilities	47.6	–	–	–	–	–
	535.3	**381.2**				
Held for trading						
Other financial liabilities – derivatives with negative market value	0.4	0.4	–	0.4	–	0.4
	0.4	**0.4**				
Fair value – hedging instruments						
Other financial liabilities – derivatives with negative market value (cash flow hedge)	5.2	5.2	–	5.2	–	5.2
	5.2	**5.2**				
	540.9	**386.8**				
31 December 2013						
At amortized cost						
Bank loans	210.6	212.5	–	–	212.5	212.5
Bonds	169.0	174.0	163.3	–	10.6	174.0
Trade payables	104.9	–	–	–	–	–
Finacial liabilities to affiliated companies	5.7	–	–	–	–	–
Liabilities for finance leasing	1.9	–	–	–	–	–
Other financial liabilities	47.3	–	–	–	–	–
	539.4	**386.4**				
Held for trading						
Other financial liabilities – derivatives with negative market value	0.6	0.6	–	0.6	–	0.6
	0.6	**0.6**				
Fair value – hedging instruments						
Other financial liabilities – derivatives with negative market value (cash flow hedge)	5.6	5.6	–	5.6	–	5.6
	5.6	**5.6**				
	545.6	**392.6**				

Fair value determination

The following table shows the valuation technique used to determine the fair value in level 2 and level 3 as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Connection between significant unobservable inputs and fair value measurement
Financial instruments measured at fair value			
Foreign currency forwards and interest rate swaps	Market comparison method: The fair values are based on the market values determined using accepted methods of financial mathematics; they are regulary checked for plausibility	Not applicable	Not applicable
Financial instruments not measured at fair value			
Bonds	Listed bonds: price quoted on balance sheet date; Non-listed bonds: discounted cash flows	Not applicable	Not applicable
Loans	Discounted cash flows	Risk premium for own credit risk	Not applicable

BUSINESS RELATIONS TO AFFILIATED COMPANIES AND PERSONS

Business relations to affiliated companies and persons exist at standard market conditions as explained in the annual financial statements as of 31 December 2013. There were no major changes as of 30 June 2014.

EVENTS AFTER THE BALANCE SHEET DATE

CROSS Industries AG and Mitsubishi Rayon Co., Ltd, Japan, the third largest manufacturer of carbon fibers and composite materials, signed a purchase contract for the acquisition of a 51% stake of Wethje Group on 29 July 2014. The transaction is subject to the approval of the responsible antitrust authorities. The new partnership with of one of the largest manufacturers of composite materials world-wide will further strengthen Wethje's growth strategy in Europe. The transaction shall be closed in the fourth quarter of 2014.

The authorized representatives of CROSS Industries AG hereby certify that to the best of their knowledge the abbreviated interim financial statements per 30 June 2014 – which were neither audited nor reviewed by an auditor – provide a true and fair view of the group's financial situation and profitability and were set up in accordance with the appropriate financial reporting standards. The interim consolidated status report provides a true and fair view of the group's financial situation and profitability taking into account the major events of the first six months of the business year as well as the major risks and uncertainties, the company is subject to, in the remaining six months.

Wels, August 2014

Management Board of CROSS Industries AG

Stefan Pierer, CEO
Strategy, Operative Management

Friedrich Roithner, CFO
Finance, Group Accounting,
Tax and Law Matters

Alfred Hörtenhuber, CEO
CROSS Motorsport Systems Group

Klaus Rinnerberger

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While every care was taken in compiling this financial report and checking that the data it contains is correct, slight differences in totals from adding up rounded amounts and percentages, typographical errors and misprints cannot be excluded.

This report and the forward-looking statements it contains were prepared on the basis of all the data and information available at the time of going to press. We wish to point out, however, that various factors may cause the actual results deviate from the forward-looking statements given in the report.

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