

**CROSS**

Industries AG ■

REPORT H1 2015

**AUTOMOTIVE TECHNOLOGY.**



## AT A GLANCE

		H1 2014	H1 2015	Vdg. in %
<b>Earnings figures</b>				
Revenues	in m€	527.5	624.5	18
EBITDA	in m€	72.4	91.2	26
EBIT	in m€	44.8	61.6	38
Earnings after taxes	in m€	28.8	37.7	31
EBITDA margin	in %	13.7%	14.6%	-
EBIT margin	in %	8.5%	9.9%	-
		31.12.2014	30.6.2015	Vdg. in %
<b>Balance sheet figures</b>				
Balance sheet total	in m€	1,031.1	1,119.3	9
Equity	in m€	370.9	421.7	14
Equity ratio	in %	36%	38%	-
Net funds (+) / Net debt (-)	in m€	-315.1	-337.7	-7
Gearing	in %	85%	80%	-
<b>Employees</b>				
Number of employees as of reporting date (incl. contract workers and externals)		4,182	4,378	5

# INTERIM GROUP STATUS REPORT

for the First Half of 2015

The first half year of 2015 of CROSS Industries AG (formerly BF HOLDING AG) was characterized by significant changes. The merger of CROSS Industries AG into BF HOLDING AG, which was announced in autumn 2014, has been completed successfully.

**Merger of CROSS Industries AG into BF HOLDING AG was registered with the company register on June 2, 2015.**

The merger was registered with the company register on June 2, 2015 and since then the company operates as CROSS Industries AG. Due to the merger the company's business area also changed – the business purpose of the new CROSS Industries AG is the function of a holding company in the automotive sector. The CROSS Industries group is a global automotive niche player that include worldwide renowned brands (KTM, Husqvarna, Pankl, WP), which are partly technology and market leaders in each niche. The group's primary target is the strategic industrial leadership and the development of the majority interests. Within the divisions the focus is on the mutual utilization of potential synergies and on the further development of cooperative projects. By bundling the core capabilities a competitive advantage is achieved.

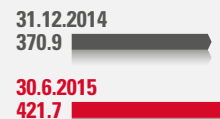
With effect from the registration of the merger with the commercial register Stefan Pierer, Friedrich Roithner, Alfred Hörtenhuber and Wolfgang Plasser have been appointed as new members of the Executive Board.

In June 2015 it was announced, that the Vienna Stock Exchange has admitted to trading on the Official Market the 210,000,000 new shares issued in the course of the merger. The new shares are tradeable as of June 8, 2015. Pierer Industrie AG, majority shareholder of CROSS Industries AG, has – in the course of a private placement which was not subject to the approval and publication of a prospectus – sold 52,828,074 shares of the company (approximately 23.44% of the share capital) and thus met the criteria for the inclusion in the prime market of the Vienna Stock Exchange. Since June 22, 2015 the shares of CROSS Industries AG are trading in the prime market segment of the Vienna Stock Exchange. Pierer Industrie AG currently holds 74.94% shares in CROSS Industries AG.

**Since June 22, 2015 the shares of CROSS Industries AG are trading in the prime market segment of the Vienna Stock Exchange.**

In April 2015 the successful corporate development of the WP-Group hit its peak with the stock exchange listing. The shares of WP AG are listed on the Regulated Market of the Vienna Stock Exchange, Mid-market segment, since April 10, 2015. The access to the capital market is a significant key element for future growth and supports the international orientation of the company.

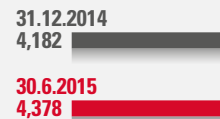
**Equity**  
in m€



Furthermore a partnership between CROSS Industries AG and AGM Automotive LLC, Troy Michigan, USA has been entered. CROSS Industries AG sold the majority shareholding in Durmont Teppichbodenfabrik GmbH to AGM Automotive LLC in April. CROSS Industries AG remains shareholder with 24% in Durmont Teppichbodenfabrik GmbH.

In the first half year 2015 preparations for an extensive refinancing program of CROSS Industries AG took place, which was finally completed in July 2015. CROSS Industries AG announced in June 2015 to restructure its financing and raise external capital in the a total of up to EUR 85 million. The raising of external capital serves, inter alia, to prematurely repurchase the EUR 60,000,000 subordinated 6.875% bond, which bear a fixed respectively variable interest rate and do not have a fixed term. The repurchase offers with a nominal value of approximately EUR 59 million, received from the bondholders, were accepted by the company.

**Employees**  
as of reporting date

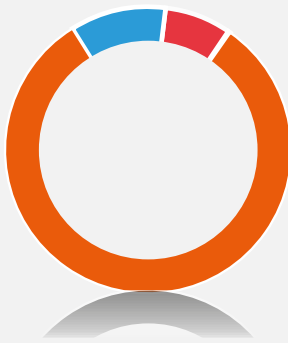


## Economic environment

According to the evaluations of the International Monetary Fund (IMF) of July 2015 the world economy will grow by 3.3%. In the prognosis of April 2015 3.5% was expected. For industrialized countries a growth rate of 2.1% is forecasted for this year, 2.4% for the next year. For the Euro-zone a development of 1.5% is expected for 2015. For the year 2016 the IMF prognosticates a worldwide growth by 3.8%, whereby for the Euro-zone growth by 1.7% is expected.

For emerging and developing countries growth in economic performance of 4.2% for 2015 and 4.7% for 2016 is expected. Unchanged to the prognosis of April, a growth of 6.8% for 2015 and 6.3% for 2016 is prognosticated for China. For India the greatest development with an increase in the economic performance by 7.5% for this and the coming year is expected.

**EBIT CROSS Industries Group**  
in m€



■ 50.3	.....	KTM Group
■ 6.7	.....	Pankl Group
■ 4.7	.....	WP Group
■ 0.0	.....	Others and consolidation

## Revenues and earnings

After the successful merger in June 2015 the comparability with the previous year's figures is possible because CROSS Industries AG's figures are pulled up as comparison figures.

In the first half year of 2015 the CROSS Industries-Group achieved revenues in the amount of 624.5 m€ (previous year: 527.5 m€) and an EBIT in the amount of 61.6 m€, which increased by approximately 38% compared to the previous-year period (previous year: 44.8 m€).

The **KTM AG** was able to increase sales in the first half 2015 to 88,531 vehicles (+25.6% to the previous year), including the sales of the 200 Duke and 390 Duke, RC 200 and RC 390 by KTM's partner Bajaj in India. The revenues increased to 515.1 m€ (+25.5% compared to previous year). Through this significant rise in sales and revenues KTM could increase its EBIT to 50.3 m€ compared to 33.6 m€ in the previous year (+49.7% to the previous year).

The **Pankl Group** achieved revenues in the amount of 88.3 m€ in the first half of the business year 2015 (H1 2014: 87.1 m€). After the significant growth in the business year 2014 the revenues showed a slight increase again due to a positive development of the High Performance segment, despite of a decline in the Racing and Aerospace segment. The EBIT amounts to 6.7 m€ and decreased compared to the previous year (8.6 m€). The EBIT margin amounts to 7.5% (previous year: 9.8%).

The **WP Group** increased in the first half of 2015 its revenues by approximately 17% from 60.2 m€ in the previous year's period to a total of 70.4 m€. Startup and marketing costs for product launches and new technologies burden the margins in the first half year. The EBIT still amounted in the first half with 4.7 m€ higher than the previous year's level (4.6 m€). The EBIT margin slightly reduced from 8.0% to 7.6%.

**Balance sheet and financial position**

The balance sheet total of the CROSS Industries Group increased from 1,031.1 m€ to 1,119.3 m€ compared to the financial statements of December 31, 2014 which is mainly attributable to the revenue-related increase in inventories and trade receivables. As of balance sheet date June 30, 2015 equity increased to 421.7 m€ compared to 370.9 m€ as of December 31, 2014. The net financial debt amounted to 337.7 m€.

**Cash flow**

Cash flow from operating activities amounted to 19.7 m€ in the first half 2015 and was above the previous year's figure of 18.6 m€. The cash flow from investing activities amounted to -54.6 m€ in the first six months of the current business year. Taking into account the cash flow from financing activities in the amount of 36.7 m€, the liquid funds increased by 1.3 m€ to 90.7 m€ in the first half of 2015 compared to December 31, 2014.

**Development of the CROSS Industries-share**

The CROSS Industries share showed a very positive development in the first half 2015. The share price closed at € 1.80 on the first trading day of the business year 2015 (at that time BF HOLDING AG) and increased to € 1.89 until the merger on June 2, 2015. Since the merger, the CROSS Industries share price increased steadily and closed at € 2.40 on the record date June 30, 2015. In the first half 2015 the highest closing price was €2.69, the lowest €1.71. As of June 30, 2015 the market capitalization for 225,386,742 shares admitted for trading amounted to 540.93 m€.

**Shareholder structure**  
as of June 30, 2015



- 74.94% ..... Pierer Industrie AG
- 0.03% ..... Treasury shares
- 25.03% ..... Free Float



**Development of CROSS Industries-Share**  
01.01.2015 - 30.06.2015

## Risk report

In this context we refer to the information given in the consolidated financial statements of December 31, 2014. Since then there have been no changes in evaluating risks.

## Significant events after balance sheet date

In this context we refer to the Notes to the Accounts of the interim report.

## Outlook

The CROSS Industries Group continues to focus on organic growth in its core areas through further expansion of market share and global growth, whereby the focus will be on emerging markets (especially Asian markets). Within the corporate divisions the focus is on the mutual utilization of potential synergies and on the further development of cooperative projects.

In the view of the current order situation the Management's assessment predicts a further positive development for the second half of 2015. As in the previous years the markets on the different continents will develop differently in the future. Therefore, 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.

Overall a positive outlook can be given for all business segments of the CROSS Industries Group for the remaining business year 2015.

Wels, in August 2015

The Management Board of CROSS Industries AG



Stefan Pierer



Friedrich Roithner



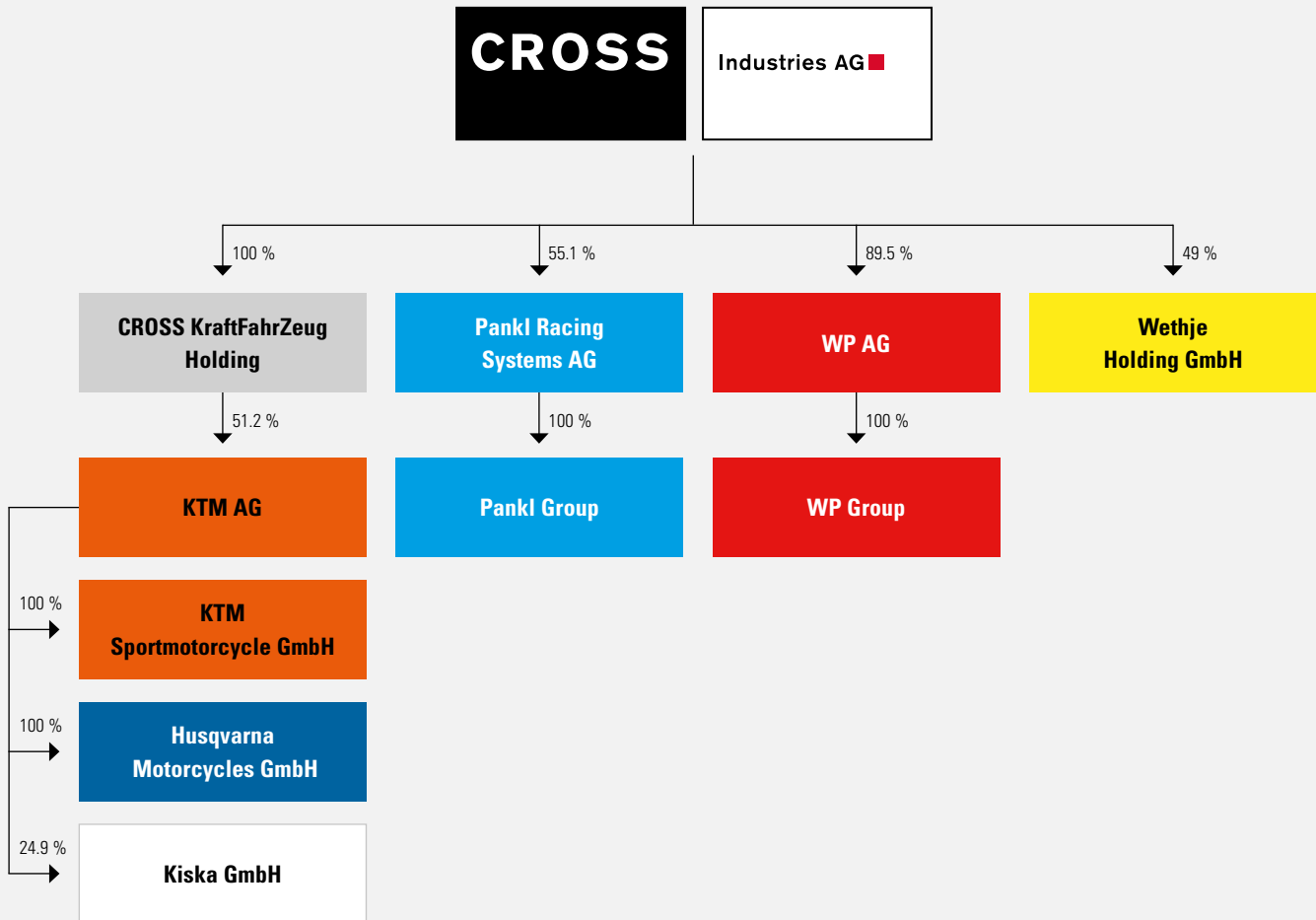
Alfred Hörtenhuber



Wolfgang Plasser

# GROUP STRUCTURE

Simplified presentation as of June 30, 2015



Other investments:  
 PF Beteiligungsverwaltungs GmbH 100%  
 Network Performance Channel GmbH 100%  
 Durmont Teppichbodenfabrik GmbH 24%



AUTOMOTIVE TECHNOLOGY.





## INVESTMENT COMPANIES

KTM AG (51.2%)

### Business performance

In the first half of 2015 KTM reported a gratifying business performance and reached group revenues in the amount of 515.1 m€. Therefore an increase by 25.5%, compared to the previous year's period, could be registered. The sales could be increased in the first half 2015 to 88,531 vehicles (+25.6% to the previous year) including the sales for the 200 Duke and 390 Duke, RC 200 and RC 390 by KTM's partner Bajaj in India. Therefore KTM reached an EBITDA in the amount of 70.2 m€ (+34% compared to the previous year) and an EBIT in the amount of 50.3 m€ (+49.7% to the previous year). The net income after tax increased from 26.2 m€ in the previous year to 33.3 m€ in the first half of 2015.

The implementation of the global product strategy as well as the expansion in further Asian and South American markets was consistently pursued in the first half of 2015. Since the integration of the brand Husqvarna into the KTM Group, KTM AG pursues a consequent two-brand strategy for "KTM" and "Husqvarna".

As of June 30, 2015 the number of employees amounted to 2,380 (including contract workers and externals).

### KTM Share

The development of the KTM share in the first half of 2015 was slightly negative and closed on the last trading day (June 30, 2015) at 107.95 EUR (29.12.2015: 135 EUR). Over the reporting period of six months the highest closing price was 138.4 EUR, the lowest 104.5 EUR. The market capitalization for 10,845,000 shares admitted for trading amounted to 1,170.7 m€ as of June 30, 2015.

### Outlook

The global product strategy will be continued consequently through the planned expansions and for the overall year an increase in revenues and sales is expected.

### KTM Key figures

<b>Earnings figures</b>		<b>H1 2014</b>	<b>H1 2015</b>	<b>Chg. in %</b>
Revenues	in m€	410.3	515.1	25%
EBITDA	in m€	52.4	70.2	34%
EBIT	in m€	33.6	50.3	50%
Earnings after taxes	in m€	26.2	33.3	27%

<b>Balance sheet figures</b>		<b>12/31/2014</b>	<b>6/30/2015</b>	<b>Chg. in %</b>
Balance sheet total	in m€	694.8	793.7	14%
Equity	in m€	327.6	346.3	6%
Equity ratio		47.1%	43.6%	-
Net debt	in m€	87.5	135.7	55%
Gearing		26.7%	39.2%	-

<b>Stock exchange figures</b>		<b>H1 2014</b>	<b>H1 2015</b>	<b>Chg. in %</b>
Number of shares	share	10,845,000	10,845,000	-
Market capitalization	in m€	1,030.3	1,170.7	14%
Closing price	in €	95.00	107.95	14%

### INVESTMENT

51.2%

### Shareholder structure KTM AG



51.2%	CROSS Industries AG
48.0%	Bajaj Auto International Holdings B.V.
0.8%	Free Float and others



**AUTOMOTIVE TECHNOLOGY.**

# INVESTMENT COMPANIES

Pankl Racing Systems AG (55.1%)

## Business performance

In the first half of 2015, Pankl Group achieved revenues in the amount of 88.3 m€ (H1 2014: 87.1 m€). Despite declines in motor racing and aerospace, the Pankl Group was able to increase revenues because of a positive development in the high performance business.

After the record earnings in 2014, EBIT decreased in the first half of 2015 from 8.6 m€ by 22.4% to 6.7 m€. The main reason for the decline was that the business year 2014 benefitted significantly from F1 rule changes, which accounted for about 10% of the H1 revenues. As expected these revenues fell away in the first half of 2015. The net earnings after tax amounted to 4.5 m€ (H1 2014: 5.4 m€).

As of June 30, 2015 the number of employees amounted to 1,294.

## Pankl Share

According to the period under review the highest closing price was EUR 30.2; the lowest EUR 26.0. As of June 30, 2015 the Pankl share closed at EUR 27.82. The market capitalization for 3,150,000 shares admitted for trading amounted to 87.6 m€.

## Outlook

Pankl's high performance lightweight products and the innovative turbo-supercharger systems show interest with all automotive suppliers due to stricter CO2 emission limits. The decline in the civil helicopter business is unpleasant, but does not change the positive long-term outlook of the aerospace business. Overall Pankl expects solid results for the business year 2015.

INVESTMENT  
**55.1** %

Shareholder structure Pankl



■ 55.1%	.....	CROSS Industries AG
■ 15.7%	.....	Qino Group
■ 15.0%	.....	Knünz Group
■ 14.2%	.....	Free float

## Pankl Key figures

<b>Earnings figures</b>		<b>H1 2014</b>	<b>H1 2015</b>	<b>Chg. in %</b>
Revenues	in m€	87.1	88.3	1%
EBITDA	in m€	14.6	13.3	-8%
EBIT	in m€	8.6	6.7	-22%
Earnings after taxes	in m€	5.4	4.5	-16%

<b>Balance sheet figures</b>		<b>12/31/2014</b>	<b>6/30/2015</b>	<b>Chg. in %</b>
Balance sheet total	in m€	182.7	187.9	3%
Equity	in m€	76.8	81.3	6%
Equity ratio		42%	43%	-
Net debt	in m€	70.9	72.0	2%
Gearing		92%	89%	-

<b>Stock exchange figures</b>		<b>H1 2014</b>	<b>H1 2015</b>	<b>Chg. in %</b>
Number of shares	share	3,150,000	3,150,000	-
Market capitalization	in m€	88.2	87.6	-1%
Closing price	in €	28.00	27.82	-1%



**AUTOMOTIVE TECHNOLOGY.**

## INVESTMENT COMPANIES

WP AG (89.5%)

### Business performance

The business operations of the WP Group have been newly targeted in 2014. The WP AG has been gradually reconstructed into the management holding of the WP Performance Systems Group.

The operational business of the WP Group was highly positive in the first half of 2015. Revenues increased in all segments and product areas compared to the same period in the previous year. Revenues in the amount of 70.4 m€ were achieved which corresponds to an increase by 16.9% compared to the first half year of 2014. Over the period from January to June the operational business of the WP Group was characterized by the series production of the product groups semi-active suspension and air suspension forks. These new technologies could be introduced into the market after a development of several years. Start-up and marketing costs for the product launch burdened the margins of the division suspension elements in the first half, whereby the profitability in this division is lower than in the previous year. However, the operating result (EBIT) amounted to 4.7 m€ in the first half year which is still above the previous year's level.

The business in the racing and high-end chassis after market was performing well in the first half year of 2015. The 2014 launched new products and the optimization of the WP distribution network led to a significant increase in revenues.

As of June 30, 2015 the number of employees amounted to 535.

### WP Share

The initial listing of the WP share on the Vienna Stock Exchange took place on April 10, 2015. The share is listed in the regulated market in the segment mid-market. As of June 30, 2015 the price of the share was 16 EUR.

### Outlook

For the business year 2015 a significant increase in revenues compared to the previous year is expected for all segments of the Group.

### WP Key figures

<b>Earnings figures</b>		<b>H1 2014</b>	<b>H1 2015</b>	<b>Chg. in %</b>
Revenues	in m€	60.2	70.4	17%
EBITDA	in m€	6.3	6.6	5%
EBIT	in m€	4.6	4.7	3%
Earnings after taxes	in m€	8.9	3.7	-58%
<b>Balance sheet figures</b>		<b>12/31/2014</b>	<b>6/30/2015</b>	<b>Chg. in %</b>
Balance sheet total	in m€	103.7	108.1	4%
Equity	in m€	37.9	38.7	2%
Equity ratio		36.5%	35.8%	-
Net debt	in m€	22.4	38.1	-70%
Gearing		59%	99%	-
<b>Stock exchange figures</b>		<b>H1 2014</b>	<b>H1 2015</b>	<b>Chg. in %</b>
Number of shares	share	-	5,000,000	-
Market capitalization	in m€	-	80.0	-
Closing price	in €	-	16.00	-

**INVESTMENT**  
**89.5%**

Shareholder structure WP AG



■ 89.5% ..... CROSS Industries AG  
■ 10.0% ..... QINO Flagship AG  
■ 0.5% ..... Free float

## CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH IFRS

for the first half year of 2015 of CROSS Industries AG (condensed)

Consolidated income statement for the first half of 2015	Q2 2015	Q2 2014	H1 2015	H1 2014
in TEUR				
Revenues	312,084	261,681	624,509	527,490
Cost of goods sold	-214,048	-182,544	-435,837	-375,984
<b>Gross margin</b>	<b>98,036</b>	<b>79,137</b>	<b>188,672</b>	<b>151,506</b>
Sales and racing expenses	-39,069	-31,949	-75,760	-62,178
Research and development expenses	-4,469	-2,327	-7,873	-4,525
Administrative expenses	-17,223	-15,666	-35,479	-32,108
Other operating expenses	-5,510	-4,771	-9,855	-8,468
Other operating income	1,717	169	1,922	596
<b>Result from operating activities</b>	<b>33,482</b>	<b>24,593</b>	<b>61,627</b>	<b>44,823</b>
Interest income	232	324	577	605
Interest expenses	-4,214	-4,488	-8,409	-8,996
Income from shareholdings valuated at equity	-247	132	-595	132
Other financial and participation result	-862	654	-1,909	263
<b>Earnings before tax</b>	<b>28,391</b>	<b>21,215</b>	<b>51,291</b>	<b>36,827</b>
Tax on income and earnings	-7,222	-2,213	-13,636	-6,036
<b>Earnings after tax from continuing operations</b>	<b>21,169</b>	<b>19,002</b>	<b>37,655</b>	<b>30,791</b>
Result from discontinued operations	0	-2,005	0	-2,005
<b>Profit for the reporting period</b>	<b>21,169</b>	<b>16,997</b>	<b>37,655</b>	<b>28,786</b>
thereof shareholders of parent company	11,368	8,869	19,117	13,400
thereof non-controlling shareholders	9,801	8,128	18,538	15,386
<b>undiluted (=diluted ) earnings per share (EUR)</b>	<b>0.05</b>	<b>0.04</b>	<b>0.08</b>	<b>0.06</b>

<b>Statement of comprehensive income for the first half of 2015</b>	<b>H1 2015</b>	<b>H1 2015</b>	<b>H1 2015</b>
in TEUR	Shareholders of parent company	Non-controlling shareholders	Total
<b>Profit for the reporting period</b>	<b>19,117</b>	<b>18,538</b>	<b>37,655</b>
Currency conversion	1,410	1,701	3,111
Valuation of cash flow hedges	429	329	759
Deferred tax from valuation of cash flow hedges	-107	-82	-190
Expenses and income that are transferred to the income statement	1,732	1,948	3,680
Actuarial losses	-9	-7	-16
Deferred taxes on actuarial losses	2	2	4
Expenses and income that are not transferred to the income statement	-7	-5	-12
<b>Other result</b>	<b>1,725</b>	<b>1,943</b>	<b>3,668</b>
<b>Total comprehensive income</b>	<b>20,842</b>	<b>20,481</b>	<b>41,323</b>

<b>Statement of comprehensive income for the first half of 2014</b>	<b>H1 2014</b>	<b>H1 2014</b>	<b>H1 2014</b>
in TEUR	Shareholders of parent company	Non-controlling shareholders	Total
<b>Profit for the reporting period</b>	<b>13,400</b>	<b>15,386</b>	<b>28,786</b>
Currency conversion	212	122	334
Valuation of cash flow hedges	173	368	541
Deferred tax from valuation of cash flow hedges	-43	-92	-135
Expenses and income that are transferred to the income statement	342	398	740
Actuarial losses	1	-5	-4
Deferred taxes on actuarial losses	0	1	1
Expenses and income that are not transferred to the income statement	1	-4	-3
<b>Other results</b>	<b>343</b>	<b>394</b>	<b>737</b>
<b>Total comprehensive income</b>	<b>13,743</b>	<b>15,780</b>	<b>29,523</b>

**Consolidated balance sheet as of June 30, 2015****30.06.15****31.12.14****Assets**

in TEUR

**Non-current assets**

Property, plant and equipment	258,492	241,008
Goodwill	117,767	117,261
Intangible assets	196,940	182,673
Financial assets accounted for using the equity method	6,187	6,868
Deferred taxes	5,510	6,125
Receivables from affiliated companies	605	0
Other non current assets	28,849	25,775
	<b>614,350</b>	<b>579,710</b>

**Current assets**

Cash and cash equivalents	90,659	89,404
Trade receivables	129,390	97,139
Receivables from affiliated companies	1,372	1,642
Inventory	236,305	220,064
Advance payments	5,434	3,831
Receivables and other assets	41,753	39,286
	<b>504,913</b>	<b>451,366</b>
	<b>1,119,263</b>	<b>1,031,076</b>



**Consolidated balance sheet as of June 30, 2015****Group equity and liabilities**

in TEUR

**Equity**

	<b>30.06.15</b>	<b>31.12.14</b>
Share capital	225,387	1,332
Capital reserves	9,798	137,825
Perpetual bond	58,987	58,987
Reserves including retained earnings	-41,581	11,591
<b>Equity of owners of parent company</b>	<b>252,591</b>	<b>209,735</b>
Non-controlling interests	169,119	161,193
	<b>421,710</b>	<b>370,928</b>

**Non-current liabilities**

Financial liabilities	208,186	150,877
Bonds	169,371	169,246
Employee benefits	19,991	19,379
Deferred tax liabilities	29,982	21,795
Liabilities to affiliated companies	8,258	40,313
Other non-current liabilities	10,321	10,098
	<b>446,109</b>	<b>411,708</b>

**Current liabilities**

Financial liabilities	37,148	42,396
Trade payables	115,281	111,879
Liabilities from affiliated companies	2,537	4,534
Provisions	9,149	8,837
Tax liabilities	6,179	5,904
Advance payments	1,875	1,997
Other current liabilities	79,275	72,893
	<b>251,444</b>	<b>248,440</b>
	<b>1,119,263</b>	<b>1,031,076</b>

**Condensed consolidated cash flow statement as of June 30, 2015****H1 2015****H1 2014**

in TEUR

Earnings after tax	37,655	28,786
+(-) Depreciations/Appreciations non-current assets	29,614	28,494
+(-) Other non-cash income and expenses	610	-318
<b>= Cash flow from earnings</b>	<b>67,879</b>	<b>56,962</b>
+(-) Change in net current assets	-48,145	-38,398
<b>= Consolidated cash flow from operating activities</b>	<b>19,734</b>	<b>18,564</b>
+(-) Consolidated cash flow from investing activities	-54,602	-47,616
+(-) Consolidated cash flow from financing activities	36,659	9,882
<b>= Change in the liquidity of the Group</b>	<b>1,791</b>	<b>-19,170</b>
+(-) Impact of exchange rate changes	-536	0
+ Cash and cash equivalents at the beginning of the reporting period	89,404	42,720
<b>= Cash and cash equivalents at the end of the reporting period</b>	<b>90,659</b>	<b>23,550</b>
thereof continuing operations	90,659	23,331
thereof discontinued operations	0	219

**Consolidated statement of changes in equity**

in TEUR

	Share capital	Capital reserves	Perpetual Bond
<b>As at January 1, 2015</b>	<b>1,332</b>	<b>137,825</b>	<b>58,987</b>
<b>Total profit (loss) directly included in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividends to third parties	0	0	0
Merger into BF HOLDING AG (see Group notes page 21)	224,055	-128,027	0
Purchase/sale of shareholdings in subsidiaries	0	0	0
Treasury shares	0	0	0
<b>As at June 30, 2015</b>	<b>225,387</b>	<b>9,798</b>	<b>58,987</b>
<b>As at January 1, 2014</b>	<b>1,332</b>	<b>141,220</b>	<b>58,987</b>
<b>Total profit (loss) directly included in equity</b>	<b>0</b>	<b>0</b>	<b>0</b>
Dividends to third parties	0	0	0
Shareholder contribution	0	2,490	0
Purchase/sale of shareholdings in subsidiaries	0	0	0
Other entries not affecting income	0	0	0
<b>As at June 30, 2014</b>	<b>1,332</b>	<b>143,710</b>	<b>58,987</b>

Reserves including retained earnings	IAS 39 Reserve	IAS 19 Reserve for actuarial losses	Adjustements currency conversion	Total	Non-controlling interests	Total Group equity
<b>16,833</b>	<b>-2,303</b>	<b>-3,544</b>	<b>604</b>	<b>209,735</b>	<b>161,193</b>	<b>370,928</b>
<b>19,117</b>	<b>322</b>	<b>-7</b>	<b>1,410</b>	<b>20,842</b>	<b>20,481</b>	<b>41,323</b>
-3,094	0	0	0	-3,094	-9,257	-12,351
-70,805	0	0	0	25,223	-1,514	23,709
5	0	0	0	5	-1,784	-1,779
-118	0	0	0	-118	0	-118
<b>-38,062</b>	<b>-1,981</b>	<b>-3,551</b>	<b>2,014</b>	<b>252,592</b>	<b>169,119</b>	<b>421,710</b>
<b>-20,751</b>	<b>-1,784</b>	<b>-2,070</b>	<b>-1,138</b>	<b>175,797</b>	<b>132,727</b>	<b>308,524</b>
<b>13,400</b>	<b>130</b>	<b>1</b>	<b>212</b>	<b>13,743</b>	<b>15,780</b>	<b>29,523</b>
-3,094	0	0	0	-3,094	-5,739	-8,833
0	0	0	0	2,490	0	2,490
-233	0	0	0	-233	-126	-359
57	0	0	0	57	24	81
<b>-10,621</b>	<b>-1,654</b>	<b>-2,069</b>	<b>-926</b>	<b>188,760</b>	<b>142,666</b>	<b>331,426</b>

# CONDENSED GROUP NOTES

## for the First Half Year 2015

### The company

CROSS Industries AG has its headquarter in 4600 Wels, Edisonstraße 1, and is registered under FN 78112 x at the regional court Wels as commercial court.

CROSS Industries AG operates as a holding company, with a particular focus on the acquisition and administration of industrial companies as well as companies and investments in industrial companies, the management of companies and investments being part of the CROSS Industries Group, the performance of services for these companies (group services) as well as, in general, services in the field of management consultancy.

The major shareholdings are:

- KTM AG, Mattighofen, with 51.2%
- Pankl Racing Systems AG, Bruck an der Mur, with 55.1% as well as
- WP AG, Munderfing, with 89.5%

### Principles of Accounting

The report of the first half year 2015 of CROSS Industries AG was prepared in accordance with the International Financial Reporting Standards (IFRS), to the extent used in the EU, applying IAS 34 (interim reporting). The interim financial statements for the first six months of 2015 were neither audited nor reviewed by an auditor.

The condensed interim consolidated financial statements do not include all of the notes and disclosures required for year-end consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as of December 31, 2014.

The interim consolidated financial statements are prepared in euros, which is the functional currency of the parent company. Unless otherwise indicated, all amounts are given in 1,000,000 euros (MEUR) rounded to one decimal place, whereby rounding differences can occur.

Through the application of automated calculating tools rounding differences can occur with accumulation of rounded figures and with percentages.

The accounting and valuation methods of the consolidated financial statements of December 31, 2014 remain fundamentally unchanged, with the exception of the change in the presentation. For further information on accounting and valuation methods, please refer to the consolidated financial statements of the business year 2014, which form the basis for this interim consolidated financial report of the first half year 2015.

In the income statement depreciation of activated development costs since the business year 2015 is shown under the "cost of sales of the services performed to generate sales" instead of as before under "research and development expenses". The previous year's figures have been adjusted accordingly and led to an increase in production costs respectively to a decrease in research and development expenses in the amount of 10.3 m€ in the first half year respectively in the amount of 5.0 m€ in the second quarter of the previous-year period.

No further changes were made in the accounting and valuation principles.

The accounts of the companies included in the condensed interim consolidated financial statements, are subject to uniform accounting principles. These principles were applied by all companies included in the consolidated financial statements.

All new or revised standards and interpretations, which have to be applied in the EU since January 1, 2015, do not have a significant impact on the interim consolidated financial statements of CROSS Industries AG.

- IAS 19 Employee Contributions: Clarification of the requirements that relate to how contributions from employees or third parties, that are linked to service, should be attributed to periods of service as well as it permits a practical expedient if the amount of the contributions is independent of the number of years of service.
- Annual Improvements 2010-2012: Changes and clarifications regarding various IFRS.
- Annual Improvements 2011-2013: Changes and clarifications regarding various IFRS.

### Merger with BF HOLDING AG (Merger of companies under common control)

As of the effective date of the merger, January 1, 2015, CROSS Industries AG as transferring company was merged into BF HOLDING AG as receiving company. The merger took place on June 2, 2015. As the control of the merged companies is exercised by the same party, the Pie-rer Konzerngesellschaft mbH, both before and after the merger, it is considered as a merger of companies under common control pursuant to IFRS 3.2(c). Thus, the provisions of IFRS 3 are not applicable. According to IAS 8.10 an accounting method has to be developed, which leads to an authentic, economically adequate and decision relevant presentation.

As a result a disclosure of hidden reserves in connection with the allocation of the purchase price has not been made, but all assets and liabilities as of June 2, 2015 (no retroactivity of the transaction) had been taken over, each with the carrying amount. The previous accounting and measurement methods will be continued.

From an economic point of view and analogous to the provisions for reverse acquisitions a take over through the merger process by the receiving company BF HOLDING AG through the transferring company CROSS Industries AG takes place. Therefore, the figures of the previous year's consolidated financial statements of CROSS Industries AG are presented as comparative values. The share capital of CROSS Industries AG, which disappears due to the merger, is replaced by the share capital of BF HOLDING AG (after the successful merger through a non-cash contribution) (see the statement of changes in consolidated equity).

Presentation of the effects on the equity due to the merger:

in TEUR	Share capital	Capital-reserves	Reserves including retained earnings	Total	Shares of other shareholders	Consolidated shareholders equity
Addition Equity BF HOLDING AG (prior to capital increase)	15,387	9,798	238	25,423	0	25,423
Reclassification of Equity CROSS Industries AG	-1,332	-137,825	-70,843	-210,000	0	-210,000
Capital increase due to merger	210,000	0	0	210,000	0	210,000
Additions from shares in affiliated companies	0	0	-140	-140	-1,514	-1,654
Costs in connection with the capital increase	0	0	-60	-60	0	-60
<b>Effects on the equity due to the merger</b>	<b>224,055</b>	<b>-128,027</b>	<b>-70,805</b>	<b>25,223</b>	<b>-1,514</b>	<b>23,709</b>

Presentation of the balance sheet of BF HOLDING AG at the merger date June 2, 2015:

in TEUR	
Receivables from affiliated companies	24,780
Shares in affiliated companies	406
Securities	1,654
Other assets	305
	<b>27,145</b>
Liabilities to financial institutions	1,597
Other liabilities	125
	<b>1,722</b>
<b>Equity</b>	<b>25,423</b>

The effects of the income statement of BF HOLDING AG since the merger date, are of subordinate significance in the interim consolidated financial statements.

### Scope of consolidation

All major subsidiaries that are either legally or factually under the control of CROSS Industries are included in the interim consolidated financial statements as of June 30, 2015.

The scope of consolidation changed as follows in the first half year 2015:

	Fully consolidated companies	At Equity companies
As at January 1, 2015	63	6
Additions to consolidation	2	0
Eliminations from consolidation	-2	0
Disposals through mergers	-1	0
<b>As at June 30, 2015</b>	<b>62</b>	<b>6</b>
therof foreign companies	42	5

CROSS Industries AG, as parent company of the CROSS Industries Group, has not been included in this table.

Husqvarna Motorsports, Inc., Murrieta, USA, and Husqvarna Motorcycles SA Pty Ltd, Northriding, South Africa, were newly founded in the first half year of 2015 and are thereof consolidated for the first time.

CROSS Industries AG and AGM Automotive LLC, Troy Michigan, USA, a global player in the supply of interior trim, lightning and electronic components for the automotive industry, have signed a purchase contract and AGM has completed the acquisition of 76% in Durmont Teppichbodenfabrik GmbH on April 10th, 2015. A Put/Call option was concluded on the remaining 24% held by CROSS Industries AG and is recognized in the consolidated financial statements as non-current receivables. In the first half of 2015 Durmont Teppichbodenfabrik GmbH was deconsolidated and the deconsolidation gain is recognized in other operating income.

Furthermore the KTM Motorrad AG was merged into KTM AG in the first half 2015.

In 2014 CROSS Industries AG sold 51% of Wethje Group to Mitsubishi Rayon Co. LTD, Japan. In the previous-year's period Wethje Group was classified as discontinued operation according to IFRS 5.

The expenses and income as well as the cash flow statement of the discontinued operation in the first half of 2014 are as follows:

	<b>H1 2014</b>
<b>in MEUR</b>	
Revenues	15.1
Expenses	-16.8
<b>Result from operating activities (EBIT)</b>	<b>-1.7</b>
Financial expenses	-0.3
<b>Earnings before taxes</b>	<b>-2.0</b>
Income tax	0.0
<b>Earnings after taxes from discontinued operations</b>	<b>-2.0</b>
Cash flow from operating activities	-4.3
Cash flow from investment activities	-0.2
Cash flow from financing activities	4.0
<b>Change in the liquidity</b>	<b>-0.6</b>

### 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. The management refers to empirical data that is considered adequate. The subsequent actual amounts may then differ from such estimates, if parameters do not develop according to expectations. New conditions will be considered when arising and assumptions will be adjusted.

Estimates and uncertainties with regard to discretionary decisions are explained in the consolidated financial statements of CROSS Industries AG as of December 31, 2014 under item (4) accounting and valuation methods.

## Seasonality

At KTM AG seasonality effects occur due to a different seasonality of offroad- and street motorcycles. In the street segment, there are higher sales in the first half of the year, whereas in the offroad division, the main focus is on the second half of the year. Due to the increasing importance of the street segment in total revenue, seasonal effects are straightened over the year to a great extent. At Pankl Racing Systems AG seasonal fluctuations exist in the segments racing/high performance because the racing season for the essential racing categories starts in spring and is due in autumn. Consequently the first quarter tends to be the strongest one.

## Notes to the consolidated income statement

In the first half year of 2015 the group sales reached 624.5 m€. This corresponds to an increase of € 97.0 m€ respectively 18.4% compared to the same period of the previous year. KTM Group (+25.5%), Pankl Group (+1.4%) as well as WP Group (+16.9%) achieved growth in revenues. In the CROSS Group the EBIT for the first half 2015 increased by 37.5% to 61.6 m€ compared to the previous year. This corresponds to an EBIT margin of 9.9% (previous year: 8.5%).

The earnings after tax from continuing operations amounted to 37.7 m€. Thereof the KTM Group achieved a result in the amount of 33.3 m€, the Pankl Group 4.5 m€ and the WP Group 3.7 m€. The other companies achieved a result in the amount of -3.8 m€.

## Notes to the consolidated statement of comprehensive income

The currency-translation differences that have no effect on income, in the amount of 3.1 m€ in the reporting period (including non-controlling interests) result mainly from the US Dollar as well as the British Pound. In the reporting period the cash flow hedge reserve increased the equity by 0.6 m€.

## Earnings per share

After the successful merger of BF HOLDING AG into CROSS Industries AG the number of shares amounts to 225,386,742. As of June 30, 2015 the company held 71,038 treasury shares. For a greater comparability the number of shares in the amount of 225,386,742 had been taken as a basis for the previous-year's period in order to calculate the earnings per share.

## Notes to the consolidated balance sheet

The balance sheet total increased by 8.6% compared to December 31, 2014 from 1,031.1 m€ to 1,119.3 m€ and is mainly attributable to the increase in inventories and trade receivables because of revenue growth. Corresponding to the growth in revenues the working capital increased in the first half by 22.2% to 252.7 m€.

As of the reporting date the equity capital amounts to 421.7 m€ and has risen by 50.8 € compared to December 31, 2014. As at balance sheet date the equity ratio amounts to 37.7% (December 31, 2014: 36.0%).



### Notes to the consolidated cash flow statement

In the first half of 2015 the Group liquid funds increased by 1.3 m€ to 90.7 m€. The change is comprised of the operating cash flow in the amount of +19.7 m€, the cash flow from investing activities in the amount of -54.6 m€ as well as the cash flow from financing activities in the amount of +36.7 m€. The impact of exchange rate changes amounted to -0.5 m€.

### Disclosures on financial instruments

The time value (fair value) of a financial instrument is based on quoted market prices for an identical financial instrument in an active market (step 1). If there are no quoted market prices available on active markets for the financial instrument, then the time value shall be based on valuation methods with the major parameters being derived from observed market data only (step 2). In any other event, the time value shall be derived from valuation methods with at least one parameter not being based on observed market data (step 3).

The following table shows the carrying amounts and fair values of the financial assets (financial instruments shown on the assets side), broken down by class or measurement category according to IAS 39. But it does not provide information on financial instruments not measured at fair value where the carrying amount is a reasonable approximation of fair value.

in MEUR	Carrying amount	Fair Value	Fair value			Total
	30.06.2015	30.06.2015	Level 1	Level 2	Level 3	
<b>Loans and receivables</b>						
Cash and cash equivalents	90.7					
Trade receivables	129.4					
Receivables from affiliated companies	2.0					
Other financial asstes (current and non-current)	35.6					
Financial asstes - loans	2.1					
<b>Total</b>	<b>259.8</b>					
<b>Available for sale</b>						
Other non-current financial asstes	20.3					
<b>Total</b>	<b>20.3</b>					
<b>Held for trading</b>						
Other non-current assets - securities	1.5	1.5	1.5	0.0	0.0	1.5
<b>Total</b>	<b>1.5</b>	<b>1.5</b>				
<b>Fair value - hedging instruments</b>						
Other current asstes - derivatives with positive market value	0.8	0.8	0.0	0.8	0.0	0.8
<b>Total</b>	<b>0.8</b>	<b>0.8</b>				
<b>Total</b>	<b>282.4</b>					

in MEUR	Carrying	Fair Value	Fair value			Total
	amount 31.12.2014	31.12.2014	Level 1	Level 2	Level 3	
<b>Loans and receivables</b>						
Cash and cash equivalents	89.4					
Trade receivables	97.1					
Receivables from affiliated companies	1.6					
Other financial asstes (current and non-current)	34.8					
Financial asstes - loans	2.0					
<b>Total</b>	<b>225.0</b>					
<b>Available for sale</b>						
Other non-current financial asstes	19.9					
<b>Total</b>	<b>19.9</b>					
<b>Held for trading</b>						
Other non-current assets - securities	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>				
<b>Fair value - hedging instruments</b>						
Other current asstes - derivatives with positive market value	0.5	0.5	0.0	0.5	0.0	0.5
<b>Total</b>	<b>0.5</b>	<b>0.5</b>				
<b>Total</b>	<b>245.4</b>					

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. But it does not provide information on financial liabilities not measured at fair value where the carrying amount is a reasonable approximation of fair value.

in MEUR	Carrying	Fair Value	Fair value			Total
	amount 30.06.2015	30.06.2015	Level 1	Level 2	Level 3	
<b>At amortized cost</b>						
Liabilities to financial institutions	229.3	234.0	0.0	0.0	234.0	234.0
Bonds	169.4	179.2	168.3	0.0	10.9	179.2
Trade payables	115.3					
Liabilities towards affiliated companies	10.8					
Liabilities financial lease	16.1					
Other financial liabilities (current and non-current)	41.8					
<b>Total</b>	<b>582.7</b>	<b>413.1</b>				
<b>Held for trading</b>						
Other financial liabilities - derivatives with negative market value	0.8	0.8	0.0	0.8	0.0	0.8
<b>Total</b>	<b>0.8</b>	<b>0.8</b>				
<b>Fair value - hedging instruments</b>						
Other financial liabilities - derivatives with negative market value (Cash Flow Hedge)	8.1	8.1	0.0	8.1	0.0	8.1
<b>Total</b>	<b>8.1</b>	<b>8.1</b>				
<b>Total</b>	<b>591.6</b>					

in MEUR	Carrying	Fair Value	Fair value			Total
	amount 31.12.2014	31.12.2014	Level 1	Level 2	Level 3	
<b>At amortized cost</b>						
Liabilities to financial institutions	184.5	188.7	0.0	0.0	188.7	188.7
Bonds	169.2	179.2	168.4	0.0	10.8	179.2
Trade payables	111.9					
Liabilities towards affiliated companies	44.8					
Liabilities financial lease	8.8					
Other financial liabilities (current and non-current)	43.1					
<b>Total</b>	<b>562.4</b>	<b>367.9</b>				
<b>Held for trading</b>						
Other financial liabilities - derivatives with negative market value	1.1	1.1	0.0	1.1	0.0	1.1
<b>Total</b>	<b>1.1</b>	<b>1.1</b>				
<b>Fair value - hedging instruments</b>						
Other financial liabilities - derivatives with negative market value (Cash Flow Hedge)	8.2	8.2	0.0	8.2	0.0	8.2
<b>Total</b>	<b>8.2</b>	<b>8.2</b>				
<b>Total</b>	<b>571.7</b>					

### Fair value determination

Concerning the valuation technique reference is made to the consolidated financial statements of CROSS Industries AG as of December 31, 2014, pointed out in point 28.2 (Classification and fair value).

## Segment reporting

### Segment reporting H1 2015

in MEUR	KTM	PANKL	WP	Other	Consolidation	Group continuing operations	Discontinued operations
Revenues (including revenues within the segments)	515.1	88.3	70,4	13,8	-63,1	624,5	0,0
Revenues external	514.8	84.8	13.4	11.5	0.0	624.5	0.0
Earnings before interest and taxes	50.3	6.7	4.7	0.0	0.0	61.6	0.0
Investments	53.5	7.0	3.7	0.4	0.0	64.6	0.0
Depreciation	20.0	6.7	1.9	1.1	0.0	29.6	0.0

### Segment reporting H1 2014

in MEUR	KTM	PANKL	WP	Other	Consolidation	Group continuing operations	Discontinued operations
Revenues (including revenues within the segments)	410.3	87.1	60.2	24.0	-54.1	527.5	15.1
Revenues external	410.2	84.2	11.3	21.8	0.0	527.5	15.1
Earnings before interest and taxes	33.6	8.6	4.6	-1.9	0.0	44.8	-1.7
Investments	29.2	11.1	2.2	1.2	0.0	43.7	0.9
Depreciation	18.5	6.0	1.7	1.3	0.0	27.5	1.0

## Related party transactions

On May 13, 2015 CROSS Industries AG (formerly: BF HOLDING AG) has made use of its put option regarding the sale of all bonds held by the company (as of May 13, 2015: 2,400 shares) and sold them in the amount of the nominal value (24.0 m€) including accrued interests until May 13, 2015 to Pierer Industrie AG. As of June 30, 2015 Pierer Industrie AG held bonds of CROSS Industries AG with a nominal value of 57.0 m€ which were sold to CROSS Industries AG in connection with a repurchase offer of CROSS Industries AG (see significant events after the balance sheet date).

All products and services rendered and received from related companies and individuals as stated in the consolidated financial statements as of December 31, 2014 are carried out at arm's lengths. In the first half year of 2015 there have been no material changes.

### Significant events after the balance sheet date

CROSS Industries AG has restructured its financing and raised debt capital in the amount of 86.5 m€. The raise of debt capital serves, among other, to repurchase the EUR 60,000,000 subordinated fix to floating rate 6.875% bonds (ISIN AT0000500913) prematurely.

In accordance with a tender offer memorandum CROSS Industries AG invited holders of bonds to submit offers for the repurchase of bonds at the purchase price. Offers could be submitted during the tender period from 3 July 2015 to 13 July 2015. The repurchase price amounted to 102% of the nominal value of the bonds plus interest. CROSS Industries AG had been offered to repurchase bonds in the nominal amount of EUR 58,990,000 and accepted all offers and repurchased them on the settlement day (July 17, 2015).

Bond creditors, which have not submitted an offer for the repurchase of bonds will continue to remain creditors of CROSS Industries AG.

In the course of the merger of CROSS Industries AG into BF HOLDING AG the share capital of the company has been increased by EUR 210,000,000 to EUR 225,386,742 through issuance of 210,000,000 new shares. These new shares were allocated to Pierer Industrie AG as sole shareholder of the transferring company. In July 2015 according to § 225c AktG applications have been filed by shareholders for judicial review of the conversion ratio established in the course of the merger.

### Statement of all legal representatives

The management board of CROSS Industries AG hereby certifies that to the best of their knowledge the abbreviated interim financial statements for the first half year of 2015 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, in August 2015

Management Board of CROSS Industries AG



Stefan Pierer



Friedrich Roithner



Alfred Hörtenhuber



Wolfgang Plasser

## Financial Calendar

November 27, 2015	Report on the 1st, 2nd and 3rd quarter 2015
April 2016	Result Business Year 2015

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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 to deviate from forward-looking statements given in the report.

**CROSS**

Industries AG ■



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