6-MONTH-REPORT **2012**

MIFA Mitteldeutsche Fahrradwerke AG

MITTELDEUTSCHE FAHRRADWERKE AG

Revenues up 3.7 % to **EUR 80.0 million**

Gross profit margin at **32.2 %** clearly ahead of previous year

37,000 e-bikes sold

EBITDA margin (adjusted) of **9.8 %** at previous year's level

Key figures

Key IFRS figures	Unit	30/06/2011	**30/06/2012**	Change
Bicycles produced	Units	480,000	**431,000**	-10.2 %
Bicycles sold	Units	485,000	**442,000**	-8.9 %
E-bikes sold	Units	22,000	**37,000**	+68.2 %
Revenue	EUR mn	77.1	**80.0**	+3.7 %
Gross profit	EUR mn	23.7	**25.8**	+8.7 %
Gross profit margin	%	30.7	**32.2**	+1.5 %-Punkte
EBITDA	EUR mn	7.5	**7.0**	-7.0 %
EBITDA margin	%	9.8	**8.7**	-1.1 %-Punkte
EBIT	EUR mn	6.2	**5.4**	-13.4 %
EBIT margin	%	8.1	**6.7**	-1.4 %-Punkte
Net profit	EUR mn	3.9	**2.9**	-23.6 %
EBITDA (adjusted)	EUR mn	7.5	**7.9**	+4.7 %
EBITDA margin (adjusted)	%	9.8	**9.8**	+/-0.0 %-Punkte
EBIT (adjusted)	EUR mn	6.2	**6.4**	+3.3 %
EBIT margin (adjusted)	%	8.1	**8.0**	-0.1 %-Punkte
Net profit (adjusted)	EUR mn	3.9	**4.0**	+5.4 %
Capital expenditure on intangible assets and property, plant, and equipment	EUR mn	0.4	**2.0**	+400.7 %
Employees (as of the reporting date)	Number	698	**725**	+3.9 %
Personnel expense ratio	%	8,8	**10.8**	+2.0 %-Punkte

	Unit	31/12/2011	**30/06/2012**	Change
Total assets	EUR mn	63.9	**89.5**	+40.1 %
Equity	EUR mn	28.0	**30.9**	+10.5 %
Equity ratio	%	43.8	**34.5**	-9.3 %-Punkte

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Dear shareholders, ladies and gentlemen,

For the first time in four years, I am addressing you directly in a MIFA financial report. This is for one reason: 2012 heralded the start of a new era for MIFA.

In recent years, price wars have cost the survival of many of our competitors; the German bicycle market now exhibits a clearer arrangement. MIFA is today the last large-scale bicycle manufacturer to supply to the discounters, and to produce exclusively in Germany. More than one in four bicycles manufactured in Germany derives from Sangerhausen, and our share in terms of units had risen to 29 % by 2011. We fought hard to acquire this status by gradually extending our key expertise – efficient production in large unit volumes. Our production has meanwhile attained a high degree of automation: after implementing a globally unique form of wheel lacing, and fully automated painting and packaging, we commissioned our fully automated small parts warehousing in February 2012; further investments are planned over the course of the year. These building blocks have transformed MIFA into Europe's perhaps most efficient bicycle factory.

MIFA benefits quite especially from the future topic of e-mobility. Statistics and forecasts provided by the German Two-Wheeler Industry Association (ZIV) paint an unambiguous picture: the number of e-bikes sold in Germany grew by 55 % between 2010 and 2011 alone; their market share meanwhile stands at 8 %, and is set to grow further in 2012. We identified this trend, and sold e-bikes to a notable extent for the first time in 2011. Straightaway, we sold 27,000 e-bikes; we will already boost this number significantly this year with 37,000 units sold during the first six months alone. Our revenue grows even faster as a consequence, since e-bikes command significantly higher sales prices than conventional bicycles. At EUR 80.0 million during the first six months of the current financial year, MIFA generated the by far highest level of half-yearly revenue since its IPO in 2004. The gross profit margin was 1.5 percentage points higher than in the prior-year period, at 32.2 %.

In addition, we acquired 51 % of Berlin-based e-bike manufacturer GRACE in March. Firstly, we are thereby advancing into the premium e-bikes segment: GRACE manufactures exclusively in the high-price segment. Secondly, with Michael Hecken (marketing and strategy) and Karlheinz Nicolai (development) we have gained valuable know-how in marketing, design and technology. GRACE's activities include producing the smart e-bike exclusively for automotive manufacturer Daimler. In order to retain our tried and tested one-location strategy, and to exploit synergy effects, the production of GRACE and of the smart e-bikes were transferred in their entirety to Sangerhausen in the first half of 2012.

As expected, extraordinary costs were incurred for this operational relocation in the first half of 2012. The counterpart to this will be positive revenue and earnings effects in the second half-year, and medium-term production synergy gains. EBITDA adjusted to reflect extraordinary items arising from GRACE – the earnings figure that we employ for internal management purposes – has already reported a good trend in the first half of the year, despite additional production start-up costs for the smart e-bikes: the margin stands at 9.8 %, as in the prior-year period.

With a look to the stock market, too, 2012 was an eventful year: in July 2012, we successfully concluded the capital increase with indirect subscription rights for shareholders. This increased MIFA's share capital by one fifth to EUR 9.6 million following the cut-off date. As important: since the MIFA share has been listed in the Prime Standard of the Frankfurt Stock Exchange since July 17, 2012, we have quite consciously set ourselves the highest transparency standards. Among other measures, this report is MIFA's first regular publication since 2008 prepared according to International Financial Reporting Standards (IFRS).

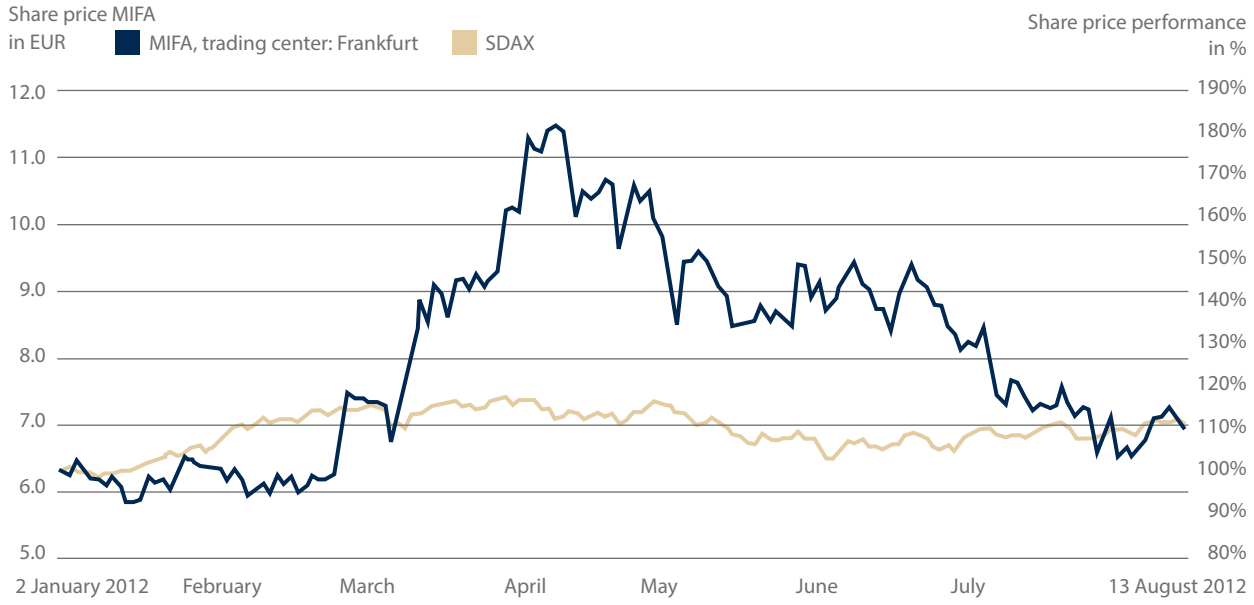
I would like to extend my warm thanks to our shareholders for the confidence that they have invested in us in the current financial year, especially in connection with the capital increase. I would also like to thank our employees for their indefatigable commitment in the service of the company. Thanks to you, MIFA will continue successfully on its growth path this year.

Sangerhausen, August 2012

Peter Wicht
Chief Executive Officer

SHARE

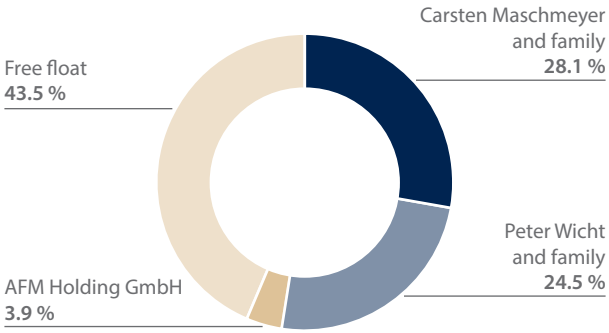
SHARE PRICE PERFORMANCE (STATUS AS OF: 13 AUGUST 2012), SOURCE: ARIVA.DE



SHARE PRICE PERFORMANCE

The MIFA share reported an overall positive trend in the first half of 2012. While the SDAX appreciated by 10.9 %, the MIFA share was up by 9.5 % as of August 13, 2012, closing at EUR 7.02 (Xetra).

Shareholder structure based on all voting rights notifications submitted to the company (status as of: 13 August 2012, following capital increase)



KEY SHARE DATA
(STATUS AS OF: 13 AUGUST 2012, FOLLOWING CAPITAL INCREASE)

ISIN	DE000A0B95Y8
German Securities Identification Number (WKN)	A0B95Y
Ticker symbol	FW1
Sector	Consumer goods
Segment	Bicycle manufacturer
Country	Germany
Company headquarters location	Sangerhausen
Market segment / stock exchange	Prime Standard of the Frankfurt Stock Exchange[1]
Designated Sponsor	equinet Bank AG
Share capital	EUR 9.6 million
Number of shares	9.6 million ordinary bearer shares
Market capitalisation	EUR 67.4 million
Free float	43.5 %
Initial listing	17 May 2004
Financial year-end	31 December

[1] Until 17 July 2012, Regulated Unofficial Market of the Munich Stock Exchange (m:access)

ANNUAL GENERAL MEETING

At the Ordinary Annual General Meeting on 11 May 2012, 69.49 % of the share capital was represented; all agenda items were accepted with approval rates of more than 99 %. Agenda items included new elections to the Supervisory Board. The AGM also authorised the Management Board, with Supervisory Board assent, to increase the share capital until 10 May 2017, once or on several occasions, by up to EUR 4.0 million through issuing up to 4.0 million new ordinary shares (approved capital).

CAPITAL INCREASE AND UPLISTING TO THE PRIME STANDARD

In July 2012, MIFA successfully perform the capital increase with indirect subscription rights for shareholders, which was entered in the commercial register on 13 July 2012. To this end, partial utilisation was made of the aforementioned authorisation of the Management Board by the AGM of 11 May 2012. The company's share capital was increased from EUR 8.0 million to EUR 9.6 million by issuing 1.6 million new ordinary bearer shares in a 5:1 subscription ratio. Subscription price stood at EUR 7.00, and the subscription ratio for the new shares exceeded 99 %.

The company's two main shareholders, Peter Wicht and Carsten Maschmeyer, waived the exercise of all their subscription rights. The corresponding new shares were placed among qualified investors in an accelerated bookbuilding process already before the subscription period started. This pre-placing allowed MIFA to more broadly diversify its shareholder structure, as planned, and to significantly increase its free float to 43.5 %. The free float had still amounted to 23.3 % as of 29 June. MIFA will utilise the EUR 11.2 million of gross issue proceeds primarily to finance its growth both in Germany and abroad, and to prominently position the GRACE premium brand. Joh. Berenberg, Gossler & Co. KG managed the transaction as Sole Global Coordinator and Sole Bookrunner, and equinet Bank AG and Süddeutsche Aktienbank AG acted as Selling Agents.

All MIFA shares have also been admitted to trading in the Prime Standard of the Frankfurt Stock Exchange since 17 July 2012. They are now subject to the highest transparency standards as a consequence. MIFA shares were previously traded on the Regulated Unofficial Market of the Munich Stock Exchange (m:access). The MIFA share has already been listed since 29 June 2012 in liquid XETRA trading, with equinet Bank AG functioning as Designated Sponsor.

INVESTOR RELATIONS

Especially following the capital increase and the uplisting to the Prime Standard, MIFA wishes to strengthen and continuously expand its relationships with it shareholders. As a consequence, MIFA's target is to communicate regularly and transparently with its target groups, informing them constantly about the company's development. This is to be ensured through the regular publication of announcements relevant to the company, detailed financial reporting, and continuous personal contact with investors, analysts, the media and the interested public. Three research houses, Joh. Berenberg, Gossler & Co. KG, equinet Bank AG and Montega Research AG, produce regular research on the MIFA share as of the 30 June 2012 reporting date.

OUR STRENGTHS …

Market leadership: MIFA is Germany's largest manufacturer bicycles when measured in terms of unit numbers produced – the corresponding market share in Germany stood at 29 % in 2011. Many major competitors have been forced out of the market in recent years, or now produce only abroad. Also on a European comparison, MIFA is one of the leading manufacturers, occupying a strong market position.

Process and cost efficiency: MIFA's plant in Sangerhausen is one of Europe's most efficient bicycle factories. MIFA has consistently extended the degree of its production automation in recent years, and boasts a globally unique and fully automated wheel lacing facility, for example. In addition, painting, small parts warehousing, high rack warehousing, and packaging lines have meanwhile been fully automated. Fixed costs are also kept low through concentrating on one production location, thereby allowing economies of scale to be realised.

Strong relationships with German wholesalers and retailers: High quality standards, adherence to delivery dates, and good value for money have enabled MIFA to become the leading German supplier of bicycles to German retailers. The fact that MIFA commands the largest service organisation among German bike manufacturers also plays a contribution in this context. MIFA enjoys considerable cross-selling potential since, in particular, major retail chains lack after-sales service capacities.

Dynamic growth: Health and fitness, e-bikes and growing climate awareness are boosting bicycle markets: bicycles comprise a trend, with the e-bike representing a megatrend. Whereas just 70,000 e-bikes were sold in Germany in 2007, according to statistics produced by the German Two-Wheeler Industry Association (ZIV), the association forecasts that up to 400,000 e-bikes will be sold already in 2012 – with a growing trend.

Premium e-bikes: With GRACE, MIFA has acquired a strong brand that is already an established name among specialist wholesalers and retailers. The GRACE brand stands exclusively for innovative and high quality e-bikes in the upper price segment. GRACE's activities include producing the smart e-bike, an electric two-wheeler, for the automotive manufacturer Daimler. The attractions of the premium segment are obvious as a consequence: new, and particularly young, target groups can be addressed, especially through design.

Experienced management team: Peter Wicht, who has been a MIFA Management Board member since 2004, acquired MIFA Mitteldeutsche Fahrradwerke GmbH together with a business partner in 1996, and led it to success through his focus on constant process optimisation. Michael Hecken, founder of GRACE, and head of marketing and strategy, is now also contributing his experience to MIFA's strategic and operating business. In general, MIFA also benefits from an efficient organisation in terms of its senior management: each MIFA manager is also a project manager for new developments, with responsibility for its production and sales.

Long-standing relationships with customers and suppliers, and critical mass: MIFA cultivates relationships of many years' standing with its major customers and suppliers. It has established itself as a reliable partner for its customers and suppliers through several years of collaboration. As Germany's largest manufacturer bicycles in terms of sales, MIFA is an important business partner for both customers and suppliers, which proves advantageous for both purchasing and sales.

… AND HOW WE AIM TO EXPLOIT THEM.

Strong core business with conventional bicycles: We aim to continue to focus on our core business: producing bicycles to order. Margins in this business are to be expanded through integrating high-quality bicycle models into MIFA's product portfolio. In order to achieve this, we aim to further boost our productivity, and reduce our working capital – particularly on the earnings side, the interest burden is to be reduced. MIFA's competitive strength is also to be expanded through external growth, through various strategic acquisitions in the two-wheeler sector, both in Germany and abroad.

Expanding the business with e-bikes as a high-margin addition to our solid regular business: Our growth is also to be generated by our focus on high-margin e-bikes. We are assuming that the electric bike market will continue to report sustainable growth. Our takeover of the majority of GRACE in March 2012 allows us to offer very high-quality and exclusive e-bikes. Through integrating GRACE into MIFA, GRACE bikes can be produced more efficiently in the future – with the same product quality.

Expanding the project business and cooperation ventures with third parties, particularly through integrated bicycle production: We will further expand the development and production of complex high-margin complete vehicles. Along with Daimler AG, further automotive companies are to be acquired as customers. We plan to expand this approach to further sectors, such as utility vehicles for postal and packaging services, or multi-use vehicles for local community and municipal loan systems.

Expanding the business with services: We enjoy strong positioning in terms of after-sales services, and we will further expand and professionalise this area. Our aim is to establish the service area around the (electric) bicycle as an independent brand, and to also offer it to third-party companies as a service. This high-margin cross-divisional function forms an important foundation for further growth in our core segments.

Growth through brands: We aim to transfer our strong competitive business in the large-scale business to more expensive market segments. In particular, the GRACE brand is to be expanded and marketed with greater vigour in order to generate higher margins. GRACE is to be positioned in the middle to upper price segment in the future – including among both German and international wholesalers and retailers.

Greater emphasis on e-commerce sales: We plan to further expand the sale through the Internet of our products under our own brands. Our objective is to further increase MIFA's profitability through higher-margin online sales.

Interim Group management report

(unaudited)

MARKET ENVIRONMENT AND ECONOMIC CONDITIONS

MACROECONOMIC CONDITIONS

In the first half of 2012, Europe was impacted by the debt crisis affecting a number of European states. In particular, uncertainty concerning the continued existence of the currency union burdened growth. The Kiel Institute for the World Economy (IfW) forecasts that the 27 EU member states will together register a price-adjusted decline of 0.1 % in gross domestic product (GDP) this year. Global GDP is set to report 3.4 % growth, by contrast.[1]

Germany continues to be engine of the European economy, according to the IfW. In 2011, German GDP registered above-average growth of 3.0 % (price-adjusted).[2] In the first quarter of 2012, German economic output was up by 0.5 % year-on-year.[3] Going uncertainty about economic growth in Germany is nevertheless emerging: the ifo business climate index in June 2012 was at its lowest level since early 2010. The German economy fears growing negative impacts from the euro crisis this year, according to the ifo study.[4]

BICYCLE MARKETS

For the bicycle markets, by contrast, primarily consumption-relevant data such as the unemployment rate and the propensity to consume play a role. The unemployment rate in Germany fell further to 6.6 % by June 2012 (previous year: 6.9 %)[5], its lowest June value since reunification. Private consumer spending was up by 3.5 % in the first quarter of 2012, thereby continuing the previous year's trend.[6]

In addition, bicycle markets are being boosted by rising average bicycle sales prices. According to the German sector association, the ZIV (German Two-Wheeler Industry Association), the sales price of a bicycle stood at EUR 495 in 2011 (previous year: EUR 460), representing a 7.6 % year-on-year increase, and confirming the previous years' trend. The key driver of this growth is the fact that an electric bicycle costs on average four to five times the price of a conventional bicycle, according to ZIV studies. This trend is set to strengthen further over coming years, according to the ZIV. The association also quantifies 2011 European sales at around 900,000 units, with a rising trend: this figure should grow to 1.1 million units by as 2012.

Germany is the most important market for bicycles within Europe. A total of more than 4.05 million units were sold in Germany in 2011 – a slight year-on-year increase of 1 %. The number of electric bikes sold stood at 310,000 units, according to ZIV statistics, representing an approximately 8 % market share of total sales volumes in Germany. Only 70,000 units were sold in 2007. The ZIV forecasts that electric bikes will comprise a market share of between 10 % and 15 % in the medium term.[7] After Germany, the Netherlands, Italy and France were Europe's strongest bicycle markets in terms of sales, according to figures for Europe recently published by COLIBI (Comité de Liaison des Fabricants Européens de Bicyclettes). Important for MIFA in this context are primarily France and the Netherlands, where a large proportion of its foreign sales are realised.

The changeable weather in the first half of 2012 negatively impacted the sales situation on bicycle markets. MIFA was nevertheless less affected by this that many of its competitors: most deliveries to the major retail chains are already subject to fixed agreements ahead of the season.

[1] Kiel Institute for the World Economy, „Weltkonjunktur im Sommer 2012", 13 June 2012 | [2] German Federal Statistical Office, press release no. 010 of 11 January 2012 | [3] German Federal Statistical Office, press release no. 166 of 15 May 2012 | [4] Ifo Institute Munich, ifo business climate Germany: results of ifo economic test in June 2012 | [5] German Federal Employment Agency, unemployment over the course of time – monthly / yearly figures (from 1950), download: 26 July 2012 | [6] German Federal Statistical Office, macroeconomic accounts. Private consumer spending and disposable incomes, Q1 2012 | [7] German Two-Wheeler Industry Association (ZIV), members and key figures, 2011 annual report

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

MIFA continued on its success path in the first half of 2012. Revenue was up by 3.7% from EUR 77.1 million to EUR 80.0 million – the highest half-yearly figure since MIFA's IPO in 2004. This also confirms the trend towards rising sales prices for bicycles: in parallel with the revenue growth, the number of bicycles sold fell by 8.9% year-on-year to around 442,000 units (H1 2011: 485,000 units); the average sales price per bicycle rose by 13.9% to EUR 181 (H1 2011: EUR 159). A key factor in this context was that MIFA significantly grew its e-bike revenues during the first six months of 2012, as planned: their share of total revenue almost doubled to 26.5%, compared with 13.9% in the prior-year period, and amounted to EUR 21.2 million (H1 2011: EUR 10.7 million). The unit volume of electrically-driven bicycles increased by 68.2% to around 37,000 units (H1 2011: 22,000 units). In this context, the sales prices of e-bikes were approximately four times as high as those achieved with conventional bicycles. The gross profit margin improved by 1.5 percentage points to 32.2% (H1 2011: 30.7%).

Revenue by divisions (EUR mn)	30/06/2011	**30/06/2012**	Change
E-bikes	10.7	21.2	+98.0%
Conventional bicycles	65.8	58.2	-11.6%
Services	0.6	0.6	+1.1%
	77.1	**80.0**	**+3.7%**

Unit sales by divisions	30/06/2011	**30/06/2012**	Change
E-bikes	22,000	37,000	+68.2%
Conventional bicycles	463,000	405,000	-12.5%
	485,000	**442,000**	**-8.9%**

E-bikes are gaining great significance for the bicycle sector and for MIFA due to their strong sales growth. For this reason, MIFA acquired a majority interest in GRACE with effect as of 27 March 2012. GRACE is a Berlin-based e-bike manufacturer which produces exclusively in the upper price segment. GRACE also produces the smart e-bike exclusively for automotive manufacturer Daimler, which will be delivered from this summer. In order to realise synergy effects, and to produce GRACE's e-bikes more efficiently, production was relocated in its entirety to Sangerhausen, thereby underpinning MIFA's tried and tested one-location strategy. Only GRACE's development and sales site remains in Berlin for strategic reasons.

The revenue which the Berlin-based e-bike manufacturer GRACE generated before MIFA's takeover on 27 March 2012 are not included in consolidated sales for accounting reasons. The GRACE acquisition exerted some one-off effects on MIFA's earnings, by contrast. Firstly, a EUR 0.9 million other operating expense was incurred for the relocation of operations to Sangerhausen, and for the integration of GRACE. The company also incurred one-off start-up costs for the production of the smart e-bike, which will be produced and delivered from this summer. GRACE's customer relationships with Daimler were capitalised among intangible assets as part of the acquisition, as a consequence of which EUR 0.2 million higher amortisation charges are incurred as a result of GRACE:

Earnings effects from GRACE acquisition (EUR mn)	**adjusted** (excluding extraordinary items)	**unadjusted** (including extraordinary items due to GRACE)
One-off effect due to relocation of GRACE operations	0	0.9
EBITDA	**7.9**	**7.0**
Depreciation and amortisation	-1.6	-1.6
Depreciation and amortisation effect from GRACE	0.2	0.0
EBIT	**6.4**	**5.4**
Consolidated net income	**4.0**	**2.9**

When taking into account these special factors, the Group generated EUR 7.9 million of adjusted EBITDA; the corresponding EBITDA margin of 9.8 % is at the previous year's level. This does not take into account one-off costs arising from the production of the smart e-bikes. The corresponding adjusted EBIT, at EUR 6.4 million, is also up 3.3 % year-on-year, representing an 8.0 % EBIT margin (H1 2011: 8.1 %).

The negative net financial result of EUR 1.3 million also proved burdensome in the period under review; it was EUR 0.4 million higher than in the first half of 2011. Losses on financial assets and liabilities measured at fair value through profit or loss also reported a sharp increase. Losses on these currency and interest-rate hedging transactions amounted to EUR 0.7 million (H1 2011: gains of EUR 0.2 million). Currency effects exerted a countereffect with gains of EUR 0.4 million being registered in the period under review, compared with losses of EUR 0.1 million in the previous year. At EUR 1.0 million, the balance of interest expenses and income was slightly ahead of the previous year's level (H1 2011: EUR 1.0 million).

Adjusted net income for the period stood at EUR 4.0 million, up 3.5 % year-on-year (H1 2011: EUR 3.9 million).

NET ASSETS

The bicycles sector is generally characterised by strong seasonality: most bicycles are sold in the spring and summer; somewhat weaker sales are registered in autumn and winter. Order-related production for the following bicycle season commences already at the end of the calendar year, precipitating a sharp increase in inventories. Inventories and receivables positions are also relatively high on the 31 March and 30 June reporting dates, although they fall to a low point as of 30 September.

MIFA's total assets stood at EUR 89.5 million as of 30 June 2012, significantly ahead of the level as of 31 December 2011 (EUR 63.9 million); the takeover of GRACE also plays a role in this context. The most important item on the asset side are inventories, at EUR 49.8 million, and a 55.6 % share of total assets. These primarily comprise bicycles that have already been produced, and raw materials and supplies. At EUR 14.2 million, trade receivables were significantly ahead of their level at the year-end (31 December 2011: EUR 5,0 million). This is due to the production of smart e-bikes, which has just started up, among other factors.

Non-current assets also underwent a sharp increase – from EUR 14.9 million as of 31 December 2011, to EUR 19.9 million as of 30 June 2012. This is due almost exclusively to the majority takeover of GRACE, as a result of which EUR 4.0 million of intangible assets were added, and property plant and equipment of EUR 0.4 million. In particular, customer relationships, and industrial copyrights and licenses, worth EUR 2.9 million and EUR 0.6 million respectively, were capitalised; goodwill on the GRACE acquisition amounted to EUR 0.5 million. MIFA's cash and cash equivalents amounted to EUR 4.6 million – almost twice as high as on 31 December 2011 (EUR 2.3 million). They stood at EUR 1.9 million as of 30 June 2011.

On the equity and liabilities side of the balance sheet, equity was higher than as of the 31 December 2011 balance sheet date due to the net income generated during the period; the equity ratio stood at 34.5 % due to the higher level of total assets (31 December 2011: 43.8 %).

FINANCIAL POSITION

As is typical of the bicycle sector, the company generated a negative cash flow from operating activities of EUR 8.7 million in the first six months of 2012 (H1 2011: EUR 8.8 million). This particularly reflects the EUR 15.2 million business-related increase in inventories and receivables.

Investments to further boost efficiency in production and logistics – at EUR 1.9 million, these were significantly ahead of the previous year's EUR 0.4 million – in particular, fed through to the EUR 2.0 million cash outflow from investing activities. Investments included optimising the fully automated wheel lacing facility.

At EUR 13.0 million, the cash inflow from financing activities was EUR 1.6 million above the previous period's figure. Inflows from the drawing down of loans to the tune of EUR 39.0 million were offset by loan repayments totalling EUR 26.1 million in this context.

Overall, cash and cash equivalents reported a EUR 2.3 million increase compared with the start of the period, to currently EUR 4.6 million.

REPORT ON RISKS AND OPPORTUNITIES

The opportunities and risks pertaining to MIFA Mitteldeutsche Fahrradwerke AG are presented in detail in the management report for the 2011 financial year as well as in the current securities prospectus. No noteworthy changes occurred to such opportunities and risks in the course of the first three six of the current 2012 financial year.

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

On 27 June 2012, MIFA's Management and Supervisory boards approved a capital increase with indirect subscription rights for shareholders, which was entered in the commercial register on 13 July 2012. As a consequence, the company's share capital increased by EUR 1.6 million, from previously EUR 8.0 million to EUR 9.6 million. For this purpose, EUR 1.6 million of new ordinary bearer shares were issued, which are dividend-entitled from 1 January 2012. MIFA generated EUR 11.2 million of gross issue proceeds from the capital increase (EUR 7 per share). At the same time, the company's entire share capital was admitted to the Regulated Market of the Frankfurt Stock Exchange (Prime Standard) following approval on 16 July 2012; 17 July 2012 was the first trading date.

PROSPECTS FOR THE CURRENT FINANCIAL YEAR

Following the good first six months of the year, the Management Board is of the view that the outlook for the 2012 financial year should be appraised positively. In particular, the production of e-bikes for smart has meanwhile started up, with deliveries commencing in the third quarter, which should deliver notable impulses for further revenue and earnings growth. In all likelihood, this will feed through to an overall stronger second half of the year, compared with previous years.

Sangerhausen, August 2012

Peter Wicht
Chief Executive Officer

Interim consolidated financial statements

Consolidated balance sheet as of 30 June 2012

Assets

EUR thousand	Note	31/12/2011	**30/06/2012**
Non-current assets			
Property, plant and equipment	(23)	12,425	13,695
Intangible assets	(24)	2,011	5,489
Deferred tax assets		482	710
		14,918	**19,894**
Current assets			
Inventories	(21)	40,579	49,746
Trade receivables	(20)	4,968	14,185
Other assets		67	1,052
Tax receivables		356	0
Other financial assets	(22)	630	0
Cash and cash equivalents	(19)	2,349	4,597
		48,949	**69,580**
Total assets		**63,867**	**89,474**

Equity and liabilities

EUR thousand	Note	31/12/2011	**30/06/2012**
Equity	(32)		
Subscribed capital		8,000	8,000
Capital reserves		13,564	13,564
Revenue reserves		3	3
Net retained profits		6,399	9,339
		27,966	**30,906**
Non-current liabilities			
Interest-bearing borrowings (non-current)	(30)	2,775	2,275
Provisions for pensions and similar obligations	(31)	75	92
Deferred tax liabilities		0	798
		2,850	**3,165**
Current liabilities			
Trade payables	(26)	1,374	6,588
Interest-bearing loans (current)	(25)	29,727	43,167
Other financial liabilities	(28)	520	2,232
Other liabilities		882	1,527
Income tax liabilities	(29)	347	1,688
Provisions	(27)	201	201
		33,051	**55,403**
		35,901	**58,568**
Total equity and liabilities		**63,867**	**89,474**

Consolidated statement of comprehensive income for the period from 1 April to 30 June 2012

EUR thousand	Note	01/04-30/06/2011	**01/04-30/06/2012**
Revenue	(8)	40,096	41,668
Change in inventory	(9)	-2,556	-10
Total operating revenue		**37,540**	**41,658**
Other operating income	(10)	61	158
Cost of materials	(11)	23,965	27,676
Personnel expenses	(12)	3,560	4,530
Depreciation, amortisation and impairment losses	(13)	639	926
Other operating expenses	(14)	6,110	6,246
Operating profit (EBIT)		**3,327**	**2,439**
Net interest result	(16)	**-528**	**-704**
Currency gains / (losses)	(15)	152	27
Losses on financial assets and financial liabilities measured at fair value through profit or loss	(17)	4	-196
Gains on financial assets and financial liabilities measured at fair value through profit or loss	(17)	-522	-431
Earnings before tax (EBT)		**2,433**	**1,135**
Taxes on income		692	319
Net profit		**1,741**	**816**
Weighted average number of shares		8,000,000	8,000,000
Earnings per share (basic) in EUR	(18)	0.22	0.10
Earnings per share (diluted) in EUR	(18)	0.22	0.10

Consolidated statement of comprehensive income for the period from 1 January to 30 June 2012

EUR thousand	Note	01/01-30/06/2011	**01/01-30/06/2012**
Revenue	(8)	77,117	79,965
Change in inventory	(9)	-219	2,524
Total operating revenue		**76,898**	**82,489**
Other operating income	(10)	170	286
Cost of materials	(11)	53,189	56,720
Personnel expenses	(12)	6,795	8,654
Depreciation, amortisation and impairment losses	(13)	1,297	1,609
Other operating expenses	(14)	9,563	10,405
Operating profit (EBIT)		**6,224**	**5,387**
Net interest result	(16)	**-954**	**-1,013**
Currency gains / (losses)	(15)	-91	376
Losses on financial assets and financial liabilities measured at fair value through profit or loss	(17)	-29	-699
Gains on financial assets and financial liabilities measured at fair value through profit or loss	(17)	204	37
Earnings before tax (EBT)		**5,354**	**4,088**
Taxes on income		1,504	1,148
Net profit		**3,850**	**2,940**
Weighted average number of shares		8,000,000	8,000,000
Earnings per share (basic) in EUR	(18)	0.48	0.37
Earnings per share (diluted) in EUR	(18)	0.48	0.37

Consolidated cash flow statement for the period from 1 January to 30 June 2012

EUR thousand	Note	01/01-30 06/2011	**01/01-30/06/2012**
Net profit		3,850	2,940
Net interest result	(16)	954	1,013
Taxes on income		1,504	1,148
Earnings before interest and tax (EBIT)		**6,308**	**5,101**
Non-cash-effective adjustment to reconcile earnings before interest and tax to net cash flows			
Depreciation, amortisation and impairment losses	(13)	1,297	1,609
Change in the fair value of financial instruments	(22)	-175	662
Loss on the disposal of property, plant and equipment		9	-35
Changes to provisions and pension provisions	(27), (31)	1	-10
Changes to net current assets			
Increase in trade receivables, other receivables and miscellaneous assets	(20)	-15,772	-6,076
Increase in inventories	(21)	-4,555	-9,084
Increase in trade payables and miscellaneous liabilities	(26), (30)	5,148	114
Interest paid		-680	-871
Income taxes paid		-337	-68
Cash flow from operating activities		**-8,756**	**-8,658**
Purchase of intangible assets		-8	-57
Outgoing payments for the acquisition of subsidiaries (less cash acquired)		0	-42
Purchase of property, plant and equipment		-396	-1,924
Cash flow from investing activities		**-404**	**-2,023**
Cash inflows from the drawing down of borrowings		48,930	39,000
Repayment of borrowings		-38,549	-26,071
Cash flow from financing activities		**10,381**	**12,929**
Net increase in cash and cash equivalents		**1,221**	**2,248**
Cash and cash equivalents as of 1 January 2012 / 2011	(19)	665	2,349
Cash and cash equivalents as of 30 June 2012 / 2011	(19)	**1,886**	**4,597**

Consolidated statement of changes in equity

	Note	Number of shares	Subscribed capital EUR thousand	Capital reserves EUR thousand	Revenue reserve EUR thousand	Net retained profits EUR thousand	Total equity EUR thousand
Balance on 1 January 2011	(32)	**8,000,000**	**8,000**	**13,564**	**3**	**4,371**	**25,938**
Net profit						3,850	3,850
Balance on 30 June 2011	(32)	**8,000,000**	**8,000**	**13,564**	**3**	**8,221**	**29,788**
Balance on 1 January 2012	(32)	**8,000,000**	**8,000**	**13,564**	**3**	**6,399**	**27,966**
Net profit						2,940	2,940
Balance on 30 June 2012	(32)	**8,000,000**	**8,000**	**13,564**	**3**	**9,339**	**30,906**

Notes to the interim consolidated financial statements for the period from 1 January to 30 June 2012

I. GENERAL NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.1 INFORMATION ABOUT THE COMPANY

MIFA Mitteldeutsche Fahrradwerke AG (referred to in brief below as: MIFA AG) is a company whose corporate headquarters are based in Germany (06526 Sangerhausen, Kyselhäuser Strasse 23). The company's purpose is to manufacture and sell bicycles. MIFA AG is registered with the District Court of Stendal under commercial register sheet number 214837.

With effect as of 27 March 2012, MIFA AG acquired majority interests in Grace GmbH & Co. KG, Grace Verwaltungs GmbH, and e-fab mobility GmbH. As a consequence, MIFA AG has prepared interim consolidated financial statements as of 30 June 2012 including the acquired companies from the acquisition date. The comparable prior-year figures in this set of interim financial statements relate to the corresponding annual financial statements of MIFA AG.

On 8 August 2012, the Management Board approved the publication of the interim consolidated financial statements as of 30 June 2012.

1.2. PRINCIPLES OF PREPARATION

These interim consolidated financial statements of MIFA AG as of 30 June 2012 (referred to below as the „interim financial statements") were prepared in accordance with IAS 34 Interim Financial Reporting.

These interim financial statements do not include the full information and disclosures contained in annual consolidated financial statements, and should consequently be read only in combination with the annual IFRS financial statements of MIFA AG as of 31 December 2011.

1.3 PRINCIPLES AND METHODS

This set of interim financial statements have been prepared on the historical cost accounting basis.

The interim financial statements as of 30 June 2012 were prepared in euros. Unless otherwise stated, all amounts are presented in thousands of euros (EUR,000).

The statement of comprehensive income has been prepared according to the nature of expense method.

In the statement of comprehensive income, and in the balance sheet, individual items are aggregated in order to improve clarity. They are explained in the notes to the financial statements. The balance sheet is presented according to the term structure of the assets and liabilities. Assets and liabilities are regarded as current if they are due, or are to be sold, within one year. Assets and liabilities are correspondingly classified as non-current if they remain within the company for more than one year.

Trade receivables and trade payables, income tax liabilities, and inventories are generally reported as current items. Deferred tax assets are generally presented as non-current.

2. EFFECTS OF NEW ACCOUNTING STANDARDS

In the interim financial statements as of 30 June 2012, the same accounting methods and measurement methods were applied as in the annual financial statements of MIFA AG as of 31 December 2011.

3. SEASONALLY-AFFECTED BUSINESS ACTIVITIES

The sale of bicycles in Germany is subject to strong seasonality. This seasonality is characterised by strong sales in spring and summer, and summer weaker sales in autumn and winter.

In order to cover the high sales in the spring, bicycles are already produced in the autumn and winter of the previous year. This results in an increase in inventories of finished goods at the year-end. The further increase as of 30 June 2012 is based on the electric bikes area, and is directly connected with the acquisition of the GRACE Group.

4. CORPORATE MERGERS

With effect as of 27 March 2012, MIFA AG acquired majority interests in the following companies:

GRACE Verwaltungs GmbH	51 %
GRACE GmbH & Co. KG	51 %
e-fab mobility GmbH	51 %
(together referred to as the „GRACE Group")	

The acquisition of the GRACE Group serves to expand the e-bike segment. The purchase price amounted to EUR 2,114 thousand. In addition, EUR 2,300 thousand was paid to take over a shareholder loan. On 20 March 2012, MIFA AG also signed an option agreement to acquire the outstanding non-controlling interests of 49 % in the GRACE Group as part of a capital increase against non-cash capital contributions. When the option is exercised, the sellers will receive 210,000 shares at an issue amount totalling EUR 1,680 thousand. The option is valid until 31 October 2012. Due to the option agreement to acquire the outstanding shares in the GRACE Group, MIFA AG already became the economic owner of the GRACE Group as of 27 March 2012, and no non-controlling interests were reported in the consolidated financial statements. Instead, the GRACE Group was fully consolidated as of 27 March 2012, and a financial liability due to the former shareholders was reported in an amount of EUR 1,680 thousand. Transaction costs of EUR 9 thousand were incurred, which were reported among other operating expenses.

On the basis of the provisional updated purchase price allocation (PPA), the acquired assets and liabilities are as follows:

EUR thousand	Carrying amounts before acquisition	Provisional PPA	Carrying amounts after acquisition
Intangible assets	636	2,948	3,584
Property, plant and equipment	362		362
Inventories	83		83
Trade receivables	2,248		2,248
Other assets	300		300
Cash and cash equivalents	392		392
Trade payables	-653		-653
Other liabilities	-3,800		-3,800
Provisions	-27		-27
Interest-bearing loans	-11		-11
Deferred taxes	0	-828	-828
Equity	**-469**	**2,120**	**1,651**
Purchase price			2,114
Goodwill			**463**

The purchase price allocation, which had not yet been concluded on the date when the interim financial statements were prepared, is performed on the basis of all information available on the acquisition date. Since this corporate merger did not occur until 27 March 2012, the consolidation of the new subsidiaries has no significant effects on consolidated revenue (EUR 200 thousand) and consolidated earnings (EUR -283 thousand). If initial consolidation had occurred as of 1 January 2012, consolidated revenue would have been EUR 1,457 thousand higher, and consolidated earnings EUR 550 lower.

5. SEGMENT REPORTING

MIFA AG produces and sells e-bikes, mountain bikes and other bicycles, and is divided into three reporting segments organised according to geographic areas as follows:

- **Germany** produces e-bikes, mountain bikes and other bicycles mainly for retailers.
- The sale of bicycles to Decathlon is mainly attributable to the **France** segment.
- Austria, Switzerland, the Netherlands and Denmark are the main contributors to the **Other international** segment.
- The financing function is generally allocated to the **Holding / reconciliation** area; this area also includes legal and consulting expenses.

The Management Board monitors the operating reporting segments' results separately for the purposes of allocating resources and measuring performance on the basis of operating results. No business transactions occurred between the operating segments.

30/06/2011 EUR thousand	Germany	France	Other international	Holding / reconciliation	**MIFA total**
Revenue	61,718	7,367	8,032	0	77,117
Segment operating profit (EBIT)	5,814	591	640	-821	6,224
Segment assets	65,337	6,363	6,263	2,777	80,740
Segment liabilities	7,168	911	896	41,977	50,952

30/06/2012 EUR thousand	Germany	France	Other international	Holding / reconciliation	**MIFA total**
Revenue	62,486	8,213	9,266	0	79,965
Segment operating profit (EBIT)	4,973	539	606	-731	5,387
Segment assets	71,312	5,705	6,687	5,770	89,474
Segment liabilities	7,528	730	856	49,454	58,568

EUR thousand	Germany	France	Other international	Holding / reconciliation	**MIFA total**
Segment assets					
30 June 2012	71,312	5,705	6,687	5,770	89,474
31 December 2011	57,725	1,767	558	3,817	63,867

6. IMPAIRMENT LOSSES

Goodwill is tested annually for impairment (on 31 December). During the year, goodwill and intangible assets of indefinite useful life are reviewed in the instance of events that indicate impairment. No such events occurred in the first half of 2012.

7. TAXES ON INCOME

MIFA AG calculates its intra-year tax expense using the tax rate for the expected earnings for the full financial year. The estimated average income tax rate for the full financial year is consequently applied for the interim financial statements.

The following table presents the individual components of the income taxes for the interim financial statements:

	for the first six months until 30 June	
EUR thousand	2011	**2012**
Taxes on income		
Current tax expense	1,521	1,405
Deferred tax expense (income)	-17	-257
Income tax expense	**1,504**	**1,148**

II. NOTES TO THE ITEMS OF THE BALANCE SHEET AND STATEMENT OF COMPREHENSIVE INCOME

Notes to the statement of comprehensive income

8. REVENUE

Revenue arises from the sale of goods, in particular, and is generated on the following markets:

	for the first six months until 30 June	
EUR thousand	2011	**2012**
Germany	61,718	62,486
France	7,367	8,213
Other international	8,032	9,266
	77,117	**79,965**

Revenue from services of EUR 628 thousand included in revenue (H1 2011: EUR 621 thousand) relates to minor repairs performed to the company's own and third-party products and replacement parts deliveries.

9. CHANGE IN INVENTORY

Changes to inventory relate exclusively to finished goods, and amounted to EUR 2,524 thousand as of 30 June 2012 (H1 2011: EUR -219 thousand).

10. OTHER OPERATING INCOME

Other operating income includes employment grants, payments from the use of cars, and insurance compensation payments.

11. COST OF MATERIALS

The cost of materials primarily comprises expenses for raw materials and supplies in an amount of EUR 55,488 thousand (H1 2011: EUR 52,090 thousand).

12. PERSONNEL EXPENSES

The personnel expenses are composed as follows:

	for the first six months until 30 June	
EUR thousand	2011	**2012**
Wages and salaries	5,647	7,158
Social expenses	1,148	1,496
	6,795	**8,654**

13. DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Please refer to the consolidated statement of changes in non-current assets (page 30) for information about depreciation, amortisation and impairment charges incurred in the year under review (until 30 June).

14. OTHER OPERATING EXPENSES

Other operating expenses mainly comprise expenses for freight and handling, services, rents and lease payments, as well as insurance expenses, legal and consultancy costs, and telecommunications and repair costs.

15. CURRENCY EXCHANGE-RATE GAINS / LOSSES

The currency exchange-rate gains and losses are particularly attributable to the change in the US dollar to euro exchange rate.

16. NET INTEREST RESULT

The net interest result primarily comprises interest payments on variable-rate financial liabilities. MIFA AG has entered into interest-rate swaps, caps and a floor in order to limit the negative effect of future increases in market interest-rate levels.

17. DERIVATIVE FINANCIAL INSTRUMENTS

MIFA AG entered into no further interest-rate or currency derivatives during the six months until 30 June 2012. All six forward currency transactions existing as of 31 December 2011 expired during the six months until 30 June 2012.

MIFA performs the following hierarchical categorisation of financial instruments which takes into account the importance of the factors included in the valuations. These comprise three levels:

Level 1: Prices listed on active markets for identical assets or liabilities,

Level 2: Input factors which are not listed prices included at Level 1, but which are observable for the asset or liability either directly (in other words, as a price) or indirectly (in other words, derived from prices), and

Level 3: Factors for measuring an asset or liability not based on observable market data (non-observable input factors).

Compared with 31 December 2011, there were no changes to the hierarchical classification of financial assets and financial liabilities.

18. EARNINGS PER SHARE

Pursuant to IAS 33 Earnings per Share, basic earnings per share are calculated by dividing the consolidated net profit attributable to shareholders by the weighted average number of shares in issue.

The 8,000,000 shares in circulation correspond to the issued shares. No dilution effects occurred.

In this connection, please refer to the remarks concerning equity, and to the events following the balance sheet date.

Notes to the balance sheet

Current assets

19. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash holdings, and current account credit positions at banks. Such credits carried interest on normal banking terms.

20. TRADE RECEIVABLES

Trade receivables primarily exist mainly with major customers of many years' standing, which are reviewed regularly with respect to their creditworthiness. No default risks were identified.

21. INVENTORIES

Inventories mainly comprise raw materials and supplies, and finished products. No write-downs to net realisable value were applied in the period under review.

22. OTHER FINANCIAL ASSETS

As of 31 December 2011, the other financial assets relate primarily to the market values of interest-rate and currency hedging transactions.

Non-current assets

23. PROPERTY, PLANT AND EQUIPMENT

MIFA AG acquired property, plant and equipment in an amount of EUR 1,924 thousand during the first six months of the 2012 financial year. As a result of the corporate acquisition realised with effect as of 27 March 2012, an addition to property, plant and equipment of EUR 362 thousand arose on the basis of the preliminary updated PPA. Changes to the individual items of non-current assets, including depreciation, amortisation and impairment losses for the financial year, are presented in the consolidated statement of changes in non-current assets (page 30).

No revaluations were applied to property, plant and equipment.

There are no finance leases relating to property, plant and equipment.

24. INTANGIBLE ASSETS

Intangible assets predominantly comprise purchase software, industrial property rights and licenses, as well as purchased customer relationships. As a result of the corporate acquisition realised with effect as of 27 March 2012, purchased intangible assets of EUR 4,047 thousand (including EUR 463 thousand of goodwill) arose on the basis of the preliminary updated PPA.

Current liabilities

25. INTEREST-BEARING BORROWINGS (CURRENT)

The interest-bearing borrowings item exclusively contains bank borrowings. In particular, they serve to finance inventories, and carry a term of less than one year. Collateralisation occurs according to a collateral pool agreement with the banks through the assignment of receivables and stocks.

26. TRADE PAYABLES

The trade payables arise from goods deliveries for production, in particular.

27. PROVISIONS

The provisions are formed for warranty claims, and changed as follows:

EUR thousand	2011	**2012**
Balance on 1 January	153	201
Utilised (net)	1	0
Balance on 30 June	**154**	**201**

The provision for warranties was formed for expected follow-up improvement work and credits, and was valued on the basis of empirical utilisation values. It is anticipated that most of these costs will be incurred within one financial year.

28. OTHER FINANCIAL LIABILITIES

The other financial liabilities of EUR 2,232 thousand include EUR 1,680 thousand of liabilities due to the option to acquire the outstanding 49% of shares in the GRACE Group arising from the option agreement which MIFA AG signed in March 2012 in connection with the acquisition of the GRACE Group. This item also includes the market value of interest-rate hedging transactions at EUR 552 thousand.

29. INCOME TAX LIABILITIES

The income tax liabilities primarily relate to provisions for trade tax and corporation tax.

Non-current liabilities

30. INTEREST-BEARING BORROWINGS (NON-CURRENT)

The non-current interest-bank borrowings relate to bank borrowings connected with the financing of property, plant and equipment (nominal amount: EUR 5,000 thousand). The loan carries a term until 29 May 2015. The annual repayment instalment amounts to EUR 1,000 thousand, plus 2.02% interest on the respective outstanding liability. A scheduled repayment of EUR 500 thousand was performed in the first half of 2012.

31. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The provisions for pensions and similar obligations exist for a defined benefit pension commitments to the Management Board.

32. EQUITY

The subscribed capital amounted to an unchanged amount of EUR 8,000,000 as of the 30 June 2012 interim balance sheet date, and is split into 8,000,000 ordinary bearer shares (no par value shares) each with a notional amount of EUR 1.00. As of the balance sheet date, no significant changes occurred relating to the distribution shareholdings compared with 31 December 2011.

The approved annual financial statements of MIFA AG prepared according to German Commercial Code (HGB) accounting standards were presented to the AGM on 11 May 2012. The AGM approved carrying forward the net retained profits of EUR 5,982,167.47 as reported in the 2011 financial statements forward to a new account. The Management and Supervisory boards were discharged. The AGM also approved the creation of new approved capital of EUR 4,000,000; to this end, Section 5 Figure 4 of the articles of incorporation was reformulated as follows: (Extracts)

„The Management Board shall be authorised, with Supervisory Board assent, to increase the share capital in the period until 10 May 2017, once or in partial amounts, by total of up to EUR 4,000,000 through issuing up to 4,000,000 new ordinary bearer shares against non-cash capital contribution and/or cash capital contributions (approved capital). Shareholders shall be granted subscription rights in this context. Shareholders' subscription rights can be excluded.„

Please refer to the consolidated statement of changes in equity concerning changes to equity.

III. NOTES TO THE CASH FLOW STATEMENT

Pursuant to IAS 7, the cash flow statement shows how the consolidated cash of MIFA AG changed over the course of the year under review as a result of inflows and outflows. The cash flow statement differentiates between cash changes arising from operating activities, investing activities, and financing activities. Cash and cash equivalents comprise cheques and cash positions, as well as bank accounts in credit less any overdraft positions.

The negative cash flow from operating activities reduced by EUR 98 thousand compared with the prior-year period to a cash outflow of EUR 8,658 thousand.

The cash flow from financing activities totalling EUR 12,929 thousand (H1 2011: EUR 10,381 thousand) is composed of the drawing down of new loans in an amount of EUR 39,000 thousand, and the repayment of loans in an amount of 26,071 thousand.

After deducting cash flows from investing activities (EUR 2,023 thousand – the corporate acquisition in March 2012 is also reflected here) from the cash flow from financing activities (EUR 12,929 thousand) and cash flow from operating activities (EUR -8,658 thousand), an increase in cash and cash equivalents of EUR 2,248 thousand to EUR 4,597 thousand arises.

Cash and cash equivalents are composed as follows:

EUR thousand	30/06/2011	**30/06/2012**
Cash	28	13
Current accounts in credit	1,858	4,584
	1,886	**4,597**

No significant non-cash-effective investing or financing transactions occurred with the exception of the 51 % corporate acquisition, and the liability resulting from the option agreement with the existing shareholders of the GRACE Group.

IV. OTHER DISCLOSURES

33. CONTINGENCIES AND OTHER FINANCIAL OBLIGATIONS

No contingencies exist. Other financial obligations exist relating to an order commitment in an amount of approximately EUR 5,000 thousand. There are otherwise no further significant other financial obligations.

34. EVENTS AFTER THE BALANCE SHEET DATE

With the entry in the commercial register on 13 July 2012 of the capital increase that was approved on 27 June 2012, the company's share capital was increased by EUR 1,600,000 from previously EUR 8,000,000 to EUR 9,600,000 through issuing 1,600,000 new ordinary bearer shares. The new shares are dividend-entitled from 1 January 2012.

The company generated EUR 11,200,000.00 of gross issue proceeds from the capital increase (EUR 7 per share).

All 9,600,000 shares of MIFA Mitteldeutsche Fahrradwerke AG were admitted on 16 July 2012 to trading on the Regulated Market (Prime Standard) – on the Frankfurt Stock Exchange. Initial listing in the Prime Standard occurred on 17 July 2012.

35. BUSINESS TRANSACTIONS WITH RELATED PARTIES

Apart from the Management Board activities of Mr. Peter Wicht, no business transactions were conducted with related parties in the first half of 2012.

As of 30 June 2012, no receivables and payables were connected with related parties.

36. MANAGEMENT AND SUPERVISORY BOARDS

During the period under review, Mr. Peter Wicht, Wohlmirstedt, was the sole management board member (and CEO) of MIFA AG.

The following gentlemen were members of the company's Supervisory Board in the period under review:

- Uwe Lichtenhahn, Mannheim, retired savings bank director, (Chairman)
- Hans Joachim Rust, Gau-Algesheim, head of risk management MCE-Bank GmbH, (Deputy Chairman until 11 May 2012)
- Professor Dr.-Ing. Klaus-Dietrich Kramer, Berga (from 28 February 2012), Head of the Institute at the Institut für Automatisierung und Informatik GmbH Zentrum für industrielle Forschung und Entwicklung, Wernigerode
- Ralf Poschmann, Sangerhausen (Deputy Chairman from 11 May 2012). Mayor of the City of Sangerhausen

Mr. Lichtenhahn and Mr. Rust are also members of the supervisory board of Hyrican Informationssysteme AG, Kindelbrück. Mr. Poschmann is also supervisory board chairman at Kommunale Bädergesellschaft mbH, Stadtwerke Sangerhausen GmbH, Sangerhäuser Erneuerbare Energien und Service Gesellschaft mbH, and Städtische Wohnungsbaugesellschaft mbH Sangerhausen. He is also member of various other German company boards.

Sangerhausen, 8 August 2012

MIFA Mitteldeutsche Fahrradwerke AG

Peter Wicht
Chief Executive Officer

Consolidated statement of changes in non-current assets as of 30 June 2012

	Cost				
EUR thousand	As of 01/01/2012	Addition through corporate mergers	Other additions	Disposal	As of 30/06/2012
Intangible assets					
IT software	594	6	49	0	649
Industrial property rights and licenses	1,073	630	8	0	1,711
Customer relationships	5,390	2,948	0	0	8,338
Goodwill	0	463	0	0	463
	7,057	**4,047**	**57**	**0**	**11,161**
Property, plant and equipment					
Land and buildings	8,789	0	0	0	8,789
Technical equipment and machinery	11,237	0	198	0	11,435
Operating and office equipment	2,449	355	891	95	3,600
Plant under construction	166	7	835	0	1,008
	22,641	**362**	**1,924**	**95**	**24,832**
Non-current assets	**29,698**	**4,409**	**1,981**	**95**	**35,993**

Consolidated statement of changes in non-current assets as of 30 June 2011

	Cost			
TEUR	As of 01/01/2011	Additions	Disposal / Transfer	As of 30/06/2011
Intangible assets				
IT software	561	8	0	569
Industrial property rights and licenses	1,073	0	0	1,073
Customer relationships	5,390	0	0	5,390
	7,024	**8**	**0**	**7,032**
Property, plant and equipment				
Land and buildings	8,789	0	0	8,789
Technical equipment and machinery	10,046	25	(U) 995	11,066
Operating and office equipment	2,218	162	41	2,339
Plant under construction	808	209	(U) -995	22
	21,861	**396**	**41**	**22,216**
Non-current assets	**28,885**	**404**	**41**	**29,248**

Accumulated depreciation, amortisation and impairment				Carrying amounts	
As of 01/01/2012	Depreciation, amortisation and impairment losses for the financial year	Disposal	As of 30/06/2012	As of 31/12/2011	**As of 30/06/2012**
456	32	0	488	138	161
739	104	0	843	334	868
3,851	490	0	4,341	1,539	3,997
0	0	0	0	0	463
5,046	**626**	**0**	**5,672**	**2,011**	**5,489**
2,674	264	0	2,938	6,115	5,851
5,864	450	0	6,314	5,373	5,121
1,678	269	62	1,885	771	1,715
0	0	0	0	166	1,008
10,216	**983**	**62**	**11,137**	**12,425**	**13,695**
15,262	**1,609**	**62**	**16,809**	**14,436**	**19,184**

Accumulated depreciation, amortisation and impairment				Carrying amounts	
As of 01/01/2011	Depreciation, amortisation and impairment losses for the financial year	Disposal	As of 30/06/2011	As of 31/12/2010	**As of 30/06/2011**
406	25	0	431	155	138
592	74	0	666	481	407
3,081	385	0	3,466	2,309	1,924
4,079	**484**	**0**	**4,563**	**2,945**	**2,469**
2,148	362	0	2,411	6,641	6,378
4,991	421	0	5,412	5,055	5,654
1,490	129	32	1,587	728	752
0	0	0	0	808	22
8,629	**813**	**32**	**9,410**	**13,232**	**12,806**
12,708	**1,297**	**32**	**13,973**	**16,177**	**15,275**

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Sangerhausen, 15 August 2012

Peter Wicht

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Editor´s note: Rounding differences may occur in the tables.

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