MIFA
MITTELDEUTSCHE FAHRRADWERKE AG

2013
6-MONTH REPORT

MIFA Mitteldeutsche Fahrradwerke AG

KEY FIGURES

Key IFRS figures	Unit	30/06/2012	**30/06/2013**	Change (in %/%-points)
Bicycles produced	Units	431,000	370,000	-14.1
Bicycles sold	Units	442,000	395,000	-10.6
E-bikes sold	Units	37,000	35,000	-5.4
Revenues	EUR million	80.0	82.6	+3.3
Total operating revenue	EUR million	82.5	87.6	+6.2
Gross profit	EUR million	25.8	27.3	+5.8
Gross profit margin (in relation to total operating revenue)	%	31.2	31.2	+/-0
EBITDA	EUR million	7.0	7.3	+4.3
EBITDA margin (in relation to revenues)	%	8.7	8.8	+0.1
EBIT	EUR million	5.4	5.5	+1.9
EBIT margin (in relation to revenues)	%	6.7	6.7	+/-0.0
Consolidated net profit	EUR million	2.9	3.5	+20.7
Capital expenditure on intangible assets and property, plant and equipment	EUR million	2.0	0.7	-65.0
Employees (as of the reporting date)	Number	725	693	-4.4
Personnel expense ratio (in relation to total operating revenue)	%	10.8	11.2	+0.4

	Unit	31/12/2012	**30/06/2013**	Change (in %/%-points)
Total assets	EUR million	101.9	99.3	-2.6
Equity	EUR million	38.9	42.4	+9.0
Equity ratio	%	38.1	42.7	+12.1

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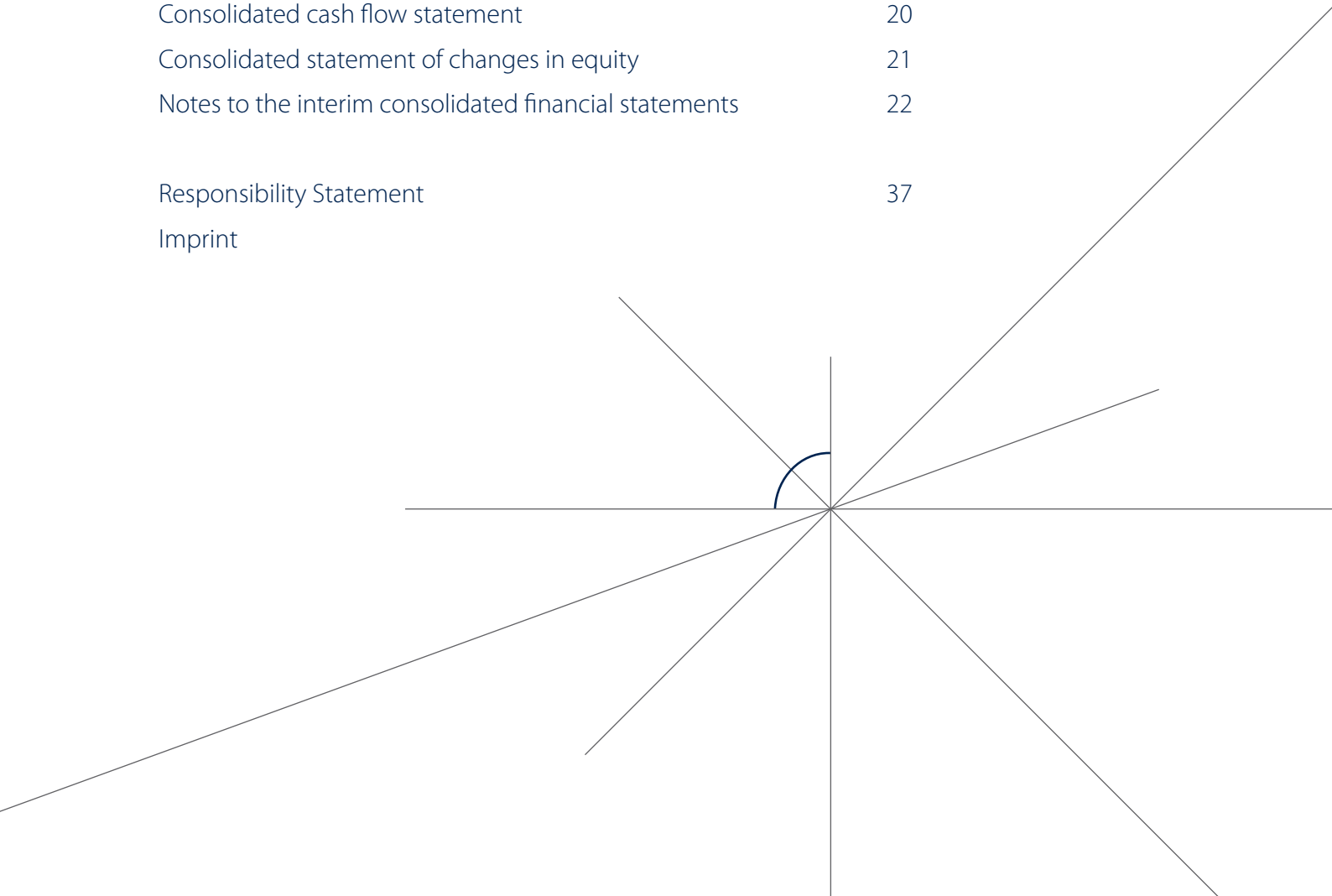


01
TO OUR SHAREHOLDERS

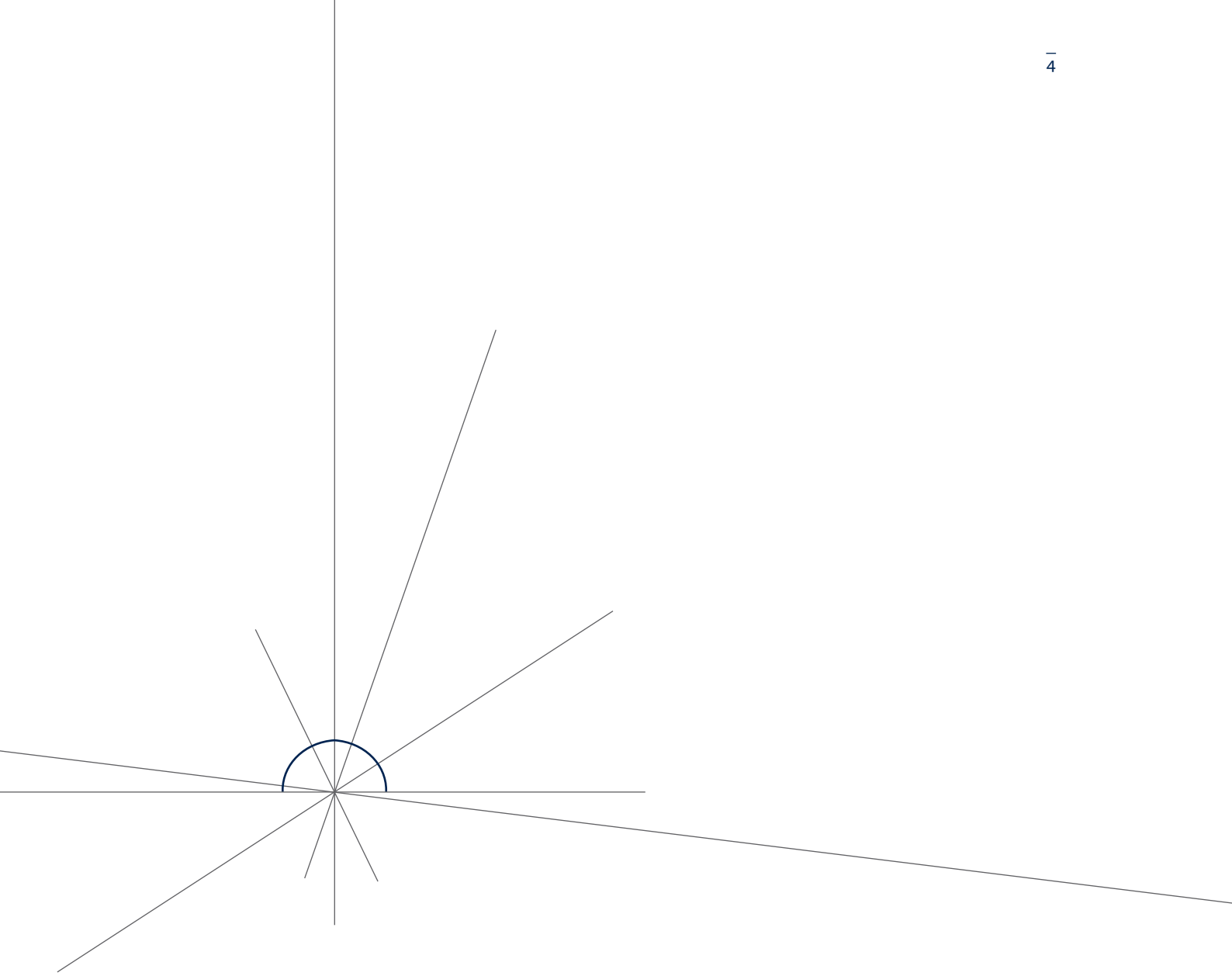
PETER WICHT | CEO SINCE 2004 |
MANAGING DIRECTOR 1996-2004

Dear shareholders,
Dear Ladies and gentlemen,

When I addressed you at this section of our 2012 annual report, I referred to 2012 as a year of new beginnings for MIFA. With the takeovers of Grace and Steppenwolf we have entered the high-margin business with branded bicycles in the mid- to high price segment, and have started a new chapter in our company's history. It gives me pleasure to tell you today that the course we have charted is proving to be the right one.

Although the cool weather in spring and early summer was not the bicycle industry's best friend, in the first six months of 2013 we have surpassed the previous year's half-yearly revenue record, generating a total of EUR 82.6 million of revenues. Between April and June, our revenues were up 12 percent year-on-year. As you will recall, we were still reporting a decline in revenue in the first quarter due to the long winter. We were able to make up for this shortfall in the second quarter. Our EBIT margin – EBIT in relation to revenues – amounted to 6.7 percent in the first half year, thereby remaining on a constant level.

Following numerous events in the 2012 financial year, you are now almost accustomed to my reporting to you at this juncture on more than simply an explanation of business trends during the period under review. Most decidedly, MIFA is a company on the move. This includes our business with proprietary brands, which we have successfully expanded with GRACE and Steppenwolf. Both brands serve the mid- to high price segment for specialist dealers, and hold strong margin potential. However, we do not aim to limit our offering of proprietary brands only to specialist dealers. Our vision is to offer the entire population, nation-wide, bicycles that meet their requirements. For this reason, wholesalers and retailers with which we have cultivated relationships over many years will remain an important sales channel. With the JUNG retail brand, we are ensured high awareness at the POS in the future, because we are pursuing new approaches with our new „Shop-in-Shop" system. The bicycles are to be presented in a way that is higher-quality, more informative and richer in terms of experience than it has been to date – thereby tapping groups of buyers who are prepared to spend a few more euros, despite all their price-consciousness.



I regard the successful issuing of a corporate bond, which we placed among institutional investors in early August, as a further success during this financial year. The books were significantly oversubscribed. We received very positive feedback on our business model at investor meetings. The bond had a volume of EUR 25 million, and serves to optimise the financing structure and expand working capital, as well as to fund further investments – because it is clear that the new start that we have made must enjoy long-term support. To stand still at this juncture would mean to take a step back.

Additionally, we have set up a strategic partnership with India's largest bicycle producer Hero Cycles Ltd. at the end of July, in order to benefit from synergy effects between our business models. I will be very happy to give you more detailed information on our partnership agreement when negotiations have proceeded, which is presumably in a few weeks.

Ladies and gentlemen, MIFA continues to look ahead to an interesting course accompanied by social megatrends that are increasingly focusing on the bicycle, and making it the transportation means of the future. I would like to thank you, our shareholders, for your trust and confidence in accompanying us on this path. I would like to extend my very warm thanks to you, our employees, for your daily commitment. And what is more, I am already looking forward to reporting you on the next stages of our journey.

Yours,
Peter Wicht

SHARE

SHARE PRICE PERFORMANCE (AS OF 31 JULY 2013)

KEY SHARE DATA (AS OF 31 JULY 2013)

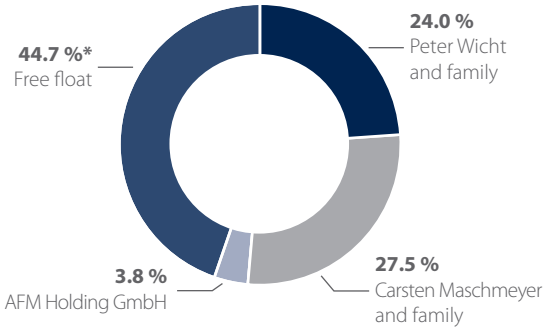
ISIN	DE000A0B95Y8
German Securities Identification Number (WKN)	A0B95Y
Ticker symbol	FW1
Sector	Consumer goods
Segment	Bicycle manufacturer
Company headquarters location	Sangerhausen (Saxony-Anhalt)
Market segment / stock exchange	Prime Standard of the Frankfurt Stock Exchange
Designated Sponsors	equinet Bank AG, Süddeutsche Aktienbank AG
Share capital	EUR 9,798,926
Number of shares	9,798,926 ordinary bearer shares
Market capitalisation	EUR 72.4 million
Free float (as defined by Deutsche Börse AG)	48.5 %
Initial listing	17 May 2004
Financial year-end	31 December

ANNUAL GENERAL MEETING

The presence of share capital at MIFA's Annual General Meeting on 28 May 2013 amounted to 62.15 %. All agenda items were approved with large majorities. CEO Peter Wicht and all Supervisory Board members who held office during the 2012 financial year were discharged. The unappropriated retained earnings for the 2012 financial year were carried forward to a new account in order to continue to invest in MIFA's growth. The AGM also authorised MIFA to repurchase its own shares up to 10 percent of its current share capital over the next five years. As part of an advance resolution, the approved capital was increased from previously EUR 2,201,074 to EUR 4,899,463 and consequently to 50 percent of the current share capital, in order to create the scope for MIFA to realise strategic acquisitions.

SHAREHOLDER STRUCTURE (AS OF 31 JULY 2013)

based on all voting rights notifications submitted to the company



* according to the definition of Deutsche Börse AG: 48.5 %

FINANCIAL CALENDAR

11 November 2013	German Equity Capital Forum, Frankfurt
15 November 2013	9-month report 2013

02
INTERIM GROUP MANAGEMENT REPORT

INTERIM GROUP MANAGEMENT REPORT (UNAUDITED)

ECONOMIC CIRCUMSTANCES

Macroeconomic conditions

In 2013, the European economy remains under the negative impact of the unsolved debt crisis in Europe, which is still putting the brakes on further economic recovery. As a consequence, the Kiel Institute for the World Economy (IfW) expects European economic output (EU 27) to report a further decline in real terms of 0.2 %, while global economic output is set to grow by 3.2 %. Forecasts for Europe do not show any significant recovering until next year.[1]

As in previous years, the German economy proved crisis-resilient in the first half of 2013. After price-adjusted GDP growth of 0.5 % in 2012, Germany's economic output was up by a further 0.3 % in the first quarter of 2013 compared with the previous quarter, and is set to grow by 0.5 % over the full course of 2013, according to the IfW. The IfW anticipates that economic output will grow from the second half of 2013, which is to then strengthen further in 2014.[2]

Bicycle markets

Consumer-relevant data such as unemployment and the consumer climate are of great importance for bicycle markets. In particular, the consumer climate and spending propensity increased by 0.8 and 3.8 percentage points in June 2013 compared with the previous month.[3] Unemployment in July 2013 remained constant at a low level of 6.6 %.[4]

The sales growth of e-bikes in Germany continued in 2012 with an increase of 15 %. This should be seen very positively for the bicycle sector since far higher sales can be achieved with e-bikes than with conventional bicycles. For this reason, the average bicycle price in 2012 was also up by 3.4 % year-on-year to EUR 513. Overall, German bicycle producers generated sales revenue of around EUR 4 billion, as in the previous year.[5] The German Two-Wheeler Industry Association (ZIV) is also optimistic for the coming years, referring to a study produced by the "German Mobility Panel", which set out evidence of a 50 % greater utilisation of bicycles among the German population since 2002.[6]

The long winter and the unusually rainy and cold spring with its lack of sunny days have presented challenges over the course of 2013 to date.[7] This might be the main reason why bicycle retailers' sales revenues in March 2013 were down by 20.8 % compared with the same month of the previous year.[8]

RESULTS OF OPERATIONS, NET ASSETS AND FINANCIAL POSITION

Results of operations

We report a tangible increase in our sales revenue of 3.3 % to EUR 82.6 million in the first half of 2013 (H1 previous year: EUR 80.0 million) – despite the weather-related revenue decline in the first quarter. We thereby achieved the highest semi-annual sales revenue figure since our IPO in 2004. When looking at the months April to June in isolation, revenue of EUR 46.7 million was 12.0 % higher than in the previous year's quarter (Q2 previous year: EUR 41.7 million). Due to the long winter, deliveries to some of our major customers were postponed beyond the 31 March balance sheet date. We have now offset these effects with the second-quarter revenue growth.

The number of bicycles produced fell by 14.1 % to 370,000 units (H1 previous year: 431,000), while the number of bicycles sold was down by 10.6 % to 395,000 units (H1 previous year: 442,000). E-bikes' revenue share rose to 30.6 % in the first half of 2013 (H1 previous year: 26.5 %). In absolute terms, revenue generated with e-bikes was up by 19.3 % to EUR 25.3 million (H1 previous year: EUR 21.2 million). In this context, we sold 35,000 e-bikes, 5.4 % fewer than in the previous year's period (H1 previous year: 37,000), while the average price per e-bike rose by 26.2 % to EUR 723 (H1 previous year: EUR 573). The average price of conventional bicycles of EUR 158 was 9.7 % ahead of the previous year's level (H1 previous year: EUR 144). For this reason, revenue with

[1] Kiel Institute for the World Economy, „Weltkonjunktur im Sommer 2013, 19 June 2013
[2] Kiel Institute for the World Economy, „Deutsche Konjunktur im Sommer 2013", 19 June 2013
[3] GfK press release published 26 June 2013
[4] German Federal Employment Agency, „Arbeitslosigkeit im Zeitverlauf", download 6 August 2013
[5] German Two-Wheeler Industry Association (ZIV), „Mitglieder und Kennzahlen", 2013 annual report
[6] German Two-Wheeler Industry Association (ZIV), press release dated 20 March 2013
[7] German National Meteorological Service (Deutscher Wetterdienst), press release dated 19 May 2013
[8] German Federal Statistical Office, press release no. 182, 29 May 2013

conventional bicycles registered only a slight decline to EUR 57.0 million (H1 previous year: EUR 58.2 million), although unit numbers reduced by 11.1 % to 360,000 (H1 previous year: 405,000). The regional distribution of revenue hardly changed: while we achieved 78.1 % of our revenue in Germany in the prior-year period, the figure this year amounted to 76.9 %.

EUR million	30/06/2012	30/06/2013	Change (%)
Revenue by products			
E-bikes	21.2	25.3	+19.3
Conventional bicycles	58.2	57.0	-2.1
Services	0.6	0.3	-50.0
	80.0	**82.6**	**+3.3**

EUR million	30/06/2012	30/06/2013	Change (%)
Revenue by regions			
Germany	62.5	63.5	+1.6
France	8.2	6.3	-23.2
Miscellaneous foreign (Europe)	9.3	12.8	+37.6
	80.0	**82.6**	**+3.3**

Units	30/06/2012	30/06/2013	Change (%)
Shipments by products			
E-bikes	37,000	35,000	-5.4
Conventional bicycles	405,000	360,000	-11.1
	442,000	**395,000**	**-10.6**

in EUR	30/06/2012	30/06/2013	Change (%)
Average price by products			
E-bikes	573	723	+26.2
Conventional bicycles	144	158	+9.7
	181	**209**	**+15.5**

At the same time, our total operating revenue (revenue plus changes in inventory and other own work capitalised) grew by 6.2 % to EUR 87.6 million (H1 previous year: EUR 82.5 million). This reflected a year-on-year increase in changes in inventory to EUR 5.0 million (H1 previous year: EUR 2.5 million).

Our gross profit margin (gross profit relative to total operating revenue) was unchanged at 31.2 % in the first half of 2013 (H1 previous year: 31.2 %), and our cost of materials was up in line with total operating revenue, growing by 6.2 % to EUR 60.2 million (H1 previous year: EUR 56.7 million).

Earnings before interest, tax, depreciation and amortisation (EBITDA) of EUR 7.3 million in the first half of 2013 were slightly higher than in the prior-year period (H1 previous year: EUR 7.0 million). If adjusted for one-off effects arising from the migration of the Grace operations, EBITDA for the first half of 2012 stood at EUR 7.9 million. The EBITDA margin amounted to around 8.8 % in the first half of 2013 (H1 previous year: 8.7 %; adjusted EBITDA margin of 9.8 %). The increase in personnel expenses of 13.7 % to EUR 9.8 million (H1 previous year: EUR 8.7 million) arises primarily from the fact that the personnel expenses for the Grace and Steppenwolf companies that we integrated in March and August 2012 respectively were either not yet included in this item, or included only pro rata temporis. In structural terms, too, personnel costs rose because the Group has acquired additional know-how with both companies. This is reflected in a personnel expense ratio of currently 11.2 % (H1 previous year: 10.8 %). Other operating expenses primarily relate to freight and handling costs, service expenditure, as well as rental and lease expenses. These rose only slightly by 1.6 %, from EUR 10.4 million to EUR 10.6 million.

Operating earnings (EBIT) stood at EUR 5.5 million, slightly higher than the adjusted prior-year figure (H1 previous year: EUR 5.4 million; adjusted figure: EUR 6.4 million). Depreciation and amortisation rose by 12.9 % to EUR 1.8 million (H1 previous year: EUR 1.6 million), with the increase being attributable to the previous year's high level of investments in production systems, customer relationships and industrial property rights of Grace and Steppenwolf, which were depreciated / amortised for the first time for the complete half-year in the first months of 2013. The EBIT margin (EBIT in relation to revenue) amounted to 6.7 % as in the previous year and 1.3 percentage points below the adjusted prior-year figure of 8.0 %.

The result from financing activities was significantly better than in the previous year, rising from EUR -1.3 million to EUR -0.6 million – especially as a consequence of positive effects arising from the fair value measurement of financial assets and liabilities. In combination with an increase in corporation taxes on income to EUR 1.4 million (H1 previous year: EUR 1.1 million), the Group generated first-half net profit of EUR 3.5 million. As a consequence, the first-half net profit is below the adjusted prior-year figure of EUR 4.0 million, although ahead of the unadjusted result of EUR 2.9 million. Earnings per share amounted to EUR 0.36, compared with EUR 0.37 in the first half of 2012; it should be noted in this context that the weighted average number of shares as of 30 June 2013 was almost 1.8 million higher than a year previously due to the capital measures realised in the second half of 2012.

Financial position

EUR million	H1 2012	H1 2013	Change in EUR million
Cash flow statement			
Net profit	2.9	3.5	+0.6
Changes to net current assets	-15.0	-6.0	+9.0
Cash flow from operating activities	**-8.7**	**0.2**	**+8.9**
Cash flow from investing activities	**-2.0**	**-0.7**	**+1.3**
Cash flow from financing activities	**12.9**	**0.5**	**-12.4**
Change in cash and cash equivalents	**+2.2**	**+0.0**	
Cash and cash equivalents at the start of the year	2.3	2.3	
Cash and cash equivalents at the end of the half-year	**4.6**	**2.3**	**-2.3**

Operating cash flow improved from EUR -8.7 million to EUR 0.2 million in the period under review, primarily reflecting a change in net working capital. Net working capital was up by EUR 6.0 million in the first half of 2013, having grown by EUR 15 million in the previous-year period. The main reason for the weak expansion of working capital, despite the fall in trade payables and miscellaneous liabilities of EUR 7.5 million, is that asset-backed commercial paper structures for short-term financing were deployed for the first time in the first half of 2013. These amounted to EUR 10.5 million as of 30 June 2013. No increase in trade receivables was reported this year as a consequence. The trade receivables and inventories balance sheet items had already stood at record levels as of the 31 December 2012 and 31 March 2013 balance sheet dates.

The cash outflow from investing activities amounted to just EUR 0.7 million in the first half of 2013. During the first half of 2012, MIFA had invested a total of EUR 2.0 million – including in the Grace subsidiary that was taken over in March 2012.

In the first half of 2013, the cash inflow from financing activities declined from EUR 12.9 million to EUR 0.5 million. In this context, cash inflows from the drawing down of loans fell to EUR 4.5 million (H1 previous year: EUR 39.0 million), and the outflows to repay loans reduced to EUR 4.0 million (H1 previous year: EUR 26.1 million).

The total liquid assets item was slightly ahead of the figure as of 31 December 2012, and amounted to EUR 2.3 million (31 December 2012: EUR 2.2 million).

Net assets

Non-current and current assets as of 30 June 2013

Assets	31/12/2012 EUR million	% of total assets	30/06/2013 EUR million	% of total assets
Non-current assets	**21.2**	**20.8**	**19.9**	**20.0**
Property, plant and equipment	14.1	13.9	13.8	13.9
Intangible assets	5.4	5.3	4.6	4.6
Other non-current assets	1.7	1.6	1.5	1.5
Current assets	**80.7**	**79.2**	**79.4**	**80.0**
Inventories	67.8	66.6	67.2	67.7
Trade receivables	8.4	8.2	8.6	8.7
Cash and cash equivalents	2.2	2.2	2.3	2.3
Other current assets	2.3	2.2	1.3	1.3
Total Assets	**101.9**		**99.3**	

Equity and current and non-current liabilities as of 30 June 2013

Equity and liabilities	31/12/2012 EUR million	% of total assets	30/06/2013 EUR million	% of total assets
Equity	**38.9**	**38.1**	**42.4**	**42.7**
Non-current liabilities	**2.7**	**2.6**	**2.2**	**2.2**
Current liabilities	**60.3**	**59.3**	**54.7**	**55.1**
Trade payables	18.2	17.9	11.3	11.4
Interest-bearing borrowings (current)	40.0	39.3	41.0	41.3
Other current liabilities	2.1	2.1	2.4	2.4
Total equity and liabilities	**101.9**		**99.3**	

The bicycle sector is generally characterised by strong seasonality: most bicycles are sold in the spring and summer; significantly weaker sales figures are registered in autumn and winter. Order-related production for the following bicycle season commences already during the autumn, precipitating a sharp increase in inventories as of 31 December. Inventories and receivables positions are also significantly higher on the 31 March and 30 June reporting dates, before generally falling to their low point as of 30 September.

MIFA's total assets amounted to EUR 99.3 million on 30 June 2013, slightly below the level on 31 December 2012 (EUR 101.9 million). On the assets side, inventories remain the most important item, which, at EUR 67.2 million, comprise 67.7% of total assets. This item relates, firstly, to completed bicycles, which MIFA warehouses for a short period. Secondly, the increase in inventories reflects higher Group materials requirements resulting from the takeover of the companies Grace and Steppenwolf. Financing for the first time using asset-backed commercial paper

nevertheless meant that the trade receivables position rose only slighty to EUR 8.6 million (31 December 2012: EUR 8.4 million).

Non-current assets fell to EUR 19.9 million due to depreciation and amortisation (31 December 2012: EUR 21.2 million). Cash and cash equivalents of EUR 2.3 million were almost unchanged (31 December 2012: EUR 2.2 million).

MIFA's equity increased from EUR 38.9 million as of 31 December 2012 to EUR 42.4 million due to the profit that was generated during the first half the year, thereby also boosting the equity ratio to 42.7 % (31 December 2012: 38.1 %). The reduction in total equity and liabilities is primarily attributable to the fall in current liabilities. These amounted to EUR 54.7 million, or 55.1 % of total equity and liabilities, having comprised EUR 60.3 million at the end of the previous year, equivalent to 59.3 % of total equity and liabilities. This reflects the drop in trade payables to EUR 11.3 million (31 December 2012: EUR 18.2 million). Not least, it should be noted that non-current liabilities reduced from EUR 2.7 million to EUR 2.2 million, which is due to the scheduled redemption of non-current interest-bearing loans to EUR 1.3 million (31 December 2012: EUR 1.8 million).

REPORT ON EVENTS AFTER THE BALANCE SHEET DATE

As of 2 August 2013, the Management Board of MIFA resolved, with the approval of the Supervisory Board, the issue of a EUR 25 million corporate bond with a five-year maturity and a 7.50 % coupon. The bond was placed exclusively among institutional investors as a private placement, with demand significantly exceeding the offer volume. The bond has been included in the Frankfurt Stock Exchange's Quotation Board from August 5 (dealings on a well-issued basis), and the issue's value date was August 12. MIFA plans to include the bonds in the Frankfurt Stock Exchange's Entry Standard by circa October 2013 on the basis of a security prospectus that has yet to be approved. Feri EuroRating Services AG awarded the bond a BBB-rating (investment grade).

According to an ad hoc announcement issued on 23 July 2013, MIFA also intends to enter into a strategic partnership with India's largest bicycle manufacturer Hero Cycles Ltd., Ludhiana (Punjab), India. The purpose of the strategic partnership is to exploit synergies that are extensively available between the companies. It is also planned that Hero Cycles Ltd. will acquire a minority interest in MIFA.

REPORT ON RISKS AND OPPORTUNITIES

The opportunities and risks pertaining to MIFA are presented in detail in the management report for the 2012 financial year. No noteworthy changes occurred to such opportunities and risks in the course of the first six months of the current financial year. The Group's risks are limited and calculable overall. On the basis of all available information, and in the Management Board's estimation, no significant individual risks exist either presently or in the foreseeable future that could be gauged as going-concern risks.

FORECAST

In its current summer forecast, Kiel Institute for the World Economy (IfW) is assuming that EU economic output will recover slightly in 2013. The strongest growth impulses are again ascribed to external trade, although private consumption should also continue to contribute to economic growth. These developments should positively affect bicycle sales. We have presented European bicycle market trends over recent years in detail in the section entitled „General conditions on the bicycle market" in our 2012 annual report (page 37). Based on this, we are assuming that bicycle sales will stay at a constantly high level over the coming years, and that the market share of e-bikes will continue to rise. We regard the forecasts published by the German Two-Wheeler Industry Association (ZIV) as realistic.

In our report on the first nine months of 2012 financial year, and given our corporate planning, we published – for the first time in MIFA's recent history – a specific medium-term forecast that corresponds to our planning

horizon. In this context, and based on the trend in overall and sector-specific circumstances as described above, we expect that the e-bike market, in particular, will continue to grow. As things stand, we can confirm this medium-term forecast: it is our aim to increase our annual revenue to EUR 200 million in the next four to six years, and to boost our EBIT margin to 7 to 9 %.

Issuing a specific forecast for the progress of business is difficult, not least due to the uncertainty factor surrounding the weather. Given the significant improvement in our results compared with the first quarter, we are nevertheless retaining our goal of boosting our revenues to EUR 120 million to EUR 130 million in the current 2013 financial year, and of achieving an EBIT margin between 4 and 5 %.

Sangerhausen, August 2013

Peter Wicht
CEO

03
INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 April to 30 June 2013

EUR thousand	Notes	01/04/-30/06/2012	**01/04/-30/06/2013**
Revenues	**1)**	**41,668**	**46,653**
Change in inventory	2)	-10	-2,090
Own work capitalised		0	1
Total operating revenue		**41,658**	**44,564**
Other operating income	3)	158	206
Cost of materials	4)	27,676	30,543
Personnel expenses	5)	4,530	4,680
Depreciation, amortisation and impairment losses	6)	925	913
Other operating expenses	7)	6,246	5,737
Operating profit		**2,439**	**2,897**
Net interest result	**9)**	**-704**	**-591**
Currency gains / (losses)	8)	27	362
Losses on financial assets and financial liabilities measured at fair value through profit or loss	10)	-196	-16
Gains on financial assets and financial liabilities measured at fair value through profit or loss	10)	-431	97
Earnings before tax (EBT)		**1,135**	**2,749**
Taxes on income		319	772
Net profit		**816**	**1,977**
Weighted average number of shares		8,000,000	9,798,926
Earnings per share (basic) in EUR		0.10	0.20
Earnings per share (diluted) in EUR		0.10	0.20

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from 1 January to 30 June 2013

EUR thousand	Notes	01/01/-30/06/2012	**01/01/-30/06/2013**
Revenues	**1)**	**79,965**	**82,607**
Change in inventory	2)	2,524	4,953
Own work capitalised		0	29
Total operating revenue		**82,489**	**87,589**
Other operating income	3)	286	328
Cost of materials	4)	56,720	60,241
Personnel expenses	5)	8,654	9,837
Depreciation, amortisation and impairment losses	6)	1,609	1,817
Other operating expenses	7)	10,405	10,569
Operating profit		**5,387**	**5,453**
Net interest result	**9)**	**-1,013**	**-947**
Currency gains / (losses)	8)	376	143
Losses on financial assets and financial liabilities measured at fair value through profit or loss	10)	-699	-16
Gains on financial assets and financial liabilities measured at fair value through profit or loss	10)	37	245
Earnings before tax (EBT)		**4,088**	**4,878**
Taxes on income		1,148	1,370
Net profit		**2,940**	**3,508**
Weighted average number of shares		8,000,000	9,798,926
Earnings per share (basic) in EUR		0.37	0.36
Earnings per share (diluted) in EUR		0.37	0.36

CONSOLIDATED BALANCE SHEET

as of 30 June 2013

EUR thousand	Notes	31/12/2012	**30/06/2013**
ASSETS			
Non-current assets			
Property, plant and equipment	15)	14,120	13,766
Intangible assets	16)	5,389	4,614
Other assets	17)	513	392
Deferred tax assets		1,145	1,098
		21,167	**19,870**
Current assets			
Inventories	13)	67,835	67,254
Trade receivables	12)	8,362	8,559
Other assets	14)	434	391
Tax receivables		1,860	925
Cash and cash equivalents	11)	2,251	2,280
		80,742	**79,409**
Total assets		**101,909**	**99,279**

EUR thousand	Notes	31/12/2012	**30/06/2013**
EQUITY AND LIABILITIES			
Equity	**25)**		
Subscribed capital		9,799	9,799
Capital reserves		23,735	23,735
Revenue reserves		3	3
Net retained profits		5,319	8,827
		38,856	**42,364**
Non-current liabilities			
Interest-bearing borrowings (non-current)	23)	1,750	1,250
Provisions for pensions and similar obligations	24)	179	199
Deferred tax liabilities		739	710
		2,668	**2,159**
Current liabilities			
Trade payables	19)	18,228	11,344
Interest-bearing borrowings (current)	18)	39,995	41,034
Other financial liabilities	21)	532	303
Other liabilities		1,340	799
Income tax liabilities	22)	72	1,112
Provisions	20)	218	164
		60,385	**54,756**
		63,053	**56,915**
Total equity and liabilities		**101,909**	**99,279**

CONSOLIDATED CASH FLOW STATEMENT

for the period from 1 January to 30 June 2013

EUR thousand	Notes	01/01/-30/06/2012	**01/01/ - 30/06/ 2013**
Net profit		2,940	3,508
Net interest result	9)	1,013	947
Taxes on income		1,148	1,370
Earnings before interest and tax (EBIT)		**5,101**	**5,825**
Non-cash-effective adjustment to reconcile earnings before interest and tax to net cash flows			
Depreciation, amortisation and impairment losses	6)	1,609	1,817
Change in the fair value through profit or loss of financial instruments	21)	662	-229
Loss on the disposal of property, plant and equipment		-35	0
Changes to provisions and pension provisions	20), 24)	-10	-34
Changes to net current assets			
Decrease / increase in trade receivables, other receivables and miscellaneous assets	12)	-6,076	949
Decrease / increase in inventories	13)	-9,084	581
Decrease / increase in trade payables and miscellaneous liabilities	19), 22)	114	-7,473
		-7,719	**1,436**
Interest paid		-871	-925
Income taxes paid		-68	-311
Cash flow from operating activities		**-8,658**	**200**
Purchase of intangible assets		-57	-51
Outgoing payments for the acquisition of subsidiaries (less cash acquired)		-42	0
Proceeds from disposal of property, plant and equipment		0	3
Purchase of property, plant and equipment		-1,924	-640
Cash flow from investing activities		**-2,023**	**-688**
Cash inflows from the drawing down of borrowings		39,000	4,500
Repayment of borrowings		-26,071	-3,983
Cash flow from financing activities		**12,929**	**517**
Net increase in cash and cash equivalents		**2,248**	**29**
Cash and cash equivalents as of 1 January		2,349	2,251
Cash and cash equivalents as of 30 June		**4,597**	**2,280**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand	Notes	Number of shares	Subscribed capital	Capital reserves	Revenue reserves	Net retained profits	Total equity
Balance on 1 January 2012	**25)**	**8,000,000**	**8,000**	**13,564**	**3**	**6,399**	**27,966**
Net profit						2,940	2,940
Balance on 30 June 2012	**25)**	**8,000,000**	**8,000**	**13,564**	**3**	**9,339**	**30,906**
Balance on 1 January 2013	**25)**	**9,798,926**	**9,799**	**23,735**	**3**	**5,319**	**38,856**
Net profit						3,508	3,508
Balance on 30 June 2013	**25)**	**9,798,926**	**9,799**	**23,735**	**3**	**8,827**	**42,364**

NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

from 1 January to 30 June 2013

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. All 9,798,926 shares of MIFA Mitteldeutsche Fahrradwerke AG are admitted to trading on the Regulated Market (Prime Standard) on the Frankfurt Stock Exchange (WKN / German Securities Number: A0B95Y).

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. The complete takeover of the GRACE Group was completed when the cash capital increase against non-cash capital contributions was entered in the commercial register on 18 December 2012. The subsidiary Steppenwolf Bavaria GmbH, Oberhaching, was also founded in the third quarter of 2012. Through this company, the significant assets of Steppenwolf GmbH and Steppenwolf Bikes GmbH were acquired on 21 August 2012.

For this reason, MIFA AG prepares a set of interim consolidated financial statements as of 30 June 2013 in which the acquired and founded companies are included from the acquisition or foundation date. The comparable prior-year figures included in these interim financial statements are comparable to only a limited extent due to the purchase of the GRACE Group during the course of 2012. If initial consolidation had occurred as of 1 January 2012, 2012 consolidated revenue would have been EUR 1,457 thousand higher, and consolidated earnings EUR 550 thousand lower.

On 5 August 2013, the Management Board approved the publication of the interim consolidated financial statements as of 30 June 2013.

1.2 Principles of preparation

These interim consolidated financial statements of MIFA AG as of 30 June 2013 (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 IFRS consolidated financial statements of MIFA AG as of 31 December 2012.

1.3 Principles and methods

These interim financial statements are based on the historic cost principle.

The interim financial statements as of 30 June 2013 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 2013, the same accounting methods and measurement methods were applied as in the annual financial statements of MIFA AG as of 31 December 2012, with the exception of the following items.

In June 2011, the IASB published IAS 19 Employee Benefits, which the EU adopted in June 2012. These amendments to IAS 19 are to be generally applied with retrospective and mandatory effect to financial statements for financial years commencing on or after 1 January 2013. The first-time application of these amended regulations has no effects on the interim consolidated financial statements of MIFA AG.

In May 2011, the IASB published IFRS 13 Fair Value Measurement, which brings together within a single standard regulations concerning fair value measurement that were previously included within individual IFRSs, and replaces them with a uniform regulation. IFRS 13 is to be applied prospectively for financial years commencing on or after 1 January 2013. First-time application creates no significant effects for the measurement of assets and liabilities. Changes occur within the notes to the consolidated financial statements, in particular. Accordingly, the information on the market values of financial instruments and the categorisation of financial instruments that previously required reporting only at the time of the annual financial statements now need to be reported also during the course of the year. Note II.10 about the statement of comprehensive income includes further information.

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 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 2013 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 assume 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 was 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.

On 19 September 2012, a further 2 % of the shares in the GRACE Group companies were acquired, and, with an agreement dated 2 October 2012, the aforementioned option for the 47 % interest in the GRACE Group companies that were still outstanding was exercised. The capital increase against non-cash capital contributions was entered in the commercial register on 18 December 2012.

Based on the purchase price allocation (PPA), intangible assets of EUR 2,948 thousand and deferred tax liabilities of EUR 828 thousand were reported in the consolidated financial statements, as well as EUR 463 thousand of residual goodwill.

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 mainly e-bikes, mountain bikes and other bicycles for wholesalers, retailers and specialist dealers. The production location is allocated to this region.

» 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.

The non-tax-deductible goodwill is primarily attributable to synergy effects expected from cost-reduction potentials, and is allocated to the Germany segment.

30/06/2012 EUR thousand	Germany	France	Other international	Holding / reconciliation	MIFA total
Revenues	**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**

30/06/2013 EUR thousand	Germany	France	Other international	Holding / reconciliation	MIFA total
Revenues	**63,505**	**6,310**	**12,792**	**0**	**82,607**
Segment operating profit (EBIT)	**4,321**	**429**	**867**	**-164**	**5,453**
Segment assets	**77,623**	**5,884**	**11,931**	**3,841**	**99,279**
Segment liabilities	**10,173**	**940**	**1,904**	**43,898**	**56,915**

EUR thousand	Germany	France	Other international	Holding / reconciliation	MIFA total
Segment assets					
30 June 2013	**77,623**	**5,884**	**11,931**	**3,841**	**99,279**
31 December 2012	**79,508**	**8,368**	**8,314**	**5,719**	**101,909**

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 2013.

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	2012	**2013**
Taxes on income		
Current tax expense	1,405	1,428
Deferred tax expense (income)	-257	-58
Income tax expense	**1,148**	**1,370**

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

Notes to the statement of comprehensive income

1) Revenues

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	2012	**2013**
Germany	62,486	63,505
France	8,213	6,310
Other international	9,266	12,792
	79,965	**82,607**

Revenue from services of EUR 357 thousand included in revenue (H1 2012: EUR 628 thousand) relates to minor repairs performed to the company's own and third-party products and replacement parts deliveries.

2) Change in inventory

Changes to inventory relate exclusively to finished goods, and amounted to EUR 4,953 thousand as of 30 June 2013 (H1 2012: EUR 2,524 thousand).

3) Other operating income

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

4) Cost of materials

The cost of materials primarily comprises expenses for raw materials and supplies in an amount of EUR 59,058 thousand (H1 2012: EUR 55,488 thousand).

5) Personnel expenses

The personnel expenses are composed as follows:

	for the first six months until 30 June	
EUR thousand	2012	**2013**
Wages and salaries	7,158	8,177
Social expenses	1,496	1,660
	8,654	**9,837**

6) Depreciation, amortisation and impairment losses

Please refer to the consolidated statement of changes in non-current assets (pages 34f) for information about depreciation, amortisation and impairment charges incurred in the year under review (until 30 June).

7) 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.

8) Currency gains / losses

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

9) 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.

10) Derivative financial instruments

In order to hedge long-term interest-rate risks, MIFA AG entered into a total of two interest-rate swaps for capital-repayment-free volumes of EUR 5,000 thousand and EUR 6,000 thousand as of 30 June 2013 where MIFA AG is the fixed pay and receives 3-month Euribor. One swap started on 31 May 2010 and carries a term until 31 March 2015 (fixed interest rate 2.28 %, fair value EUR -196 thousand; 31 December 2012: EUR -275 thousand). The other interest-rate swap was entered into on 31 August 2010. It carries a term of five years. The key data are as follows: fixed interest rate 2.02 %, fair value: EUR -46 thousand; 31 December 2012 EUR -74 thousand.

MIFA AG also entered into a floor for EUR 5,000 thousand. It carries a term from 2 December 2008 until 2 September 2013 (strike rate 3.79 %, fair value: EUR -45 thousand; 31 December 2012: EUR -137 thousand).

In the 2013 financial year, one CAP(S) (2012: two) exist(s) with a total volume of EUR 5,000 thousand (31 December 2012: EUR 5,000 thousand and EUR 4,000 thousand). It carries a term from 2 December 2008 until 2 September 2013. The second CAP expired on 28 June 2013. The key data are as follows: fixed interest rate 5.5 % and 5.45 %, fair values EUR 0 thousand (31 December 2012: EUR 0 thousand and EUR 0 thousand).

During the first six months until 30 June 2013, the company also entered into one (2012: four) forward currency transactions for a purchase with a nominal value of USD 4,000 thousand (2012: USD 9,000 thousand) at a hedging rate of 1.2860 (2012: rates of 1.3020 and 1.3090). The 2012 forward currency transactions expired between 31 January and 28 March 2013. The current forward currency transaction expires on 31 March 2014. The fair value amounts to EUR -16 thousand (31 December 2012: EUR -46 thousand).

The fair values are calculated as the present values of the cash flows taking into account the contractually agreed forward rates and the forward rate on the balance sheet date.

The net gain / loss from the measurement of derivative financial instruments at fair value as of 30 June 2013 amounted to EUR 229 thousand (gains); (31 December 2012: EUR 642 thousand (losses)). The fair value changes are attributable to changes in market conditions. No significant fair value changes arose as a result of counterparty default risk.

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 2012, no changes occurred to the hierarchical classification of financial assets and financial liabilities.

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 9,798,926 shares in circulation correspond to the issued shares (30 June 2012: 8,000,000). No dilution effects occurred.

In this connection, please refer to the remarks concerning equity.

Notes to the balance sheet
Current assets

11) 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.

12) Trade receivables

Trade receivables primarily exist mainly with major customers of many years' standing, which are reviewed regularly with respect to their creditworthiness. Default risks were identified in the case of only one subsidiary included in the consolidated financial statements. The value adjustments of EUR 492 thousand formed as of 31 December 2012 have been retained unchanged.

13) 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.

14) Other assets

The other assets relate to prepayments, accrued income and miscellaneous current assets. An amount of EUR 241 thousand relates to the amount due within one year arising from the Nextbike Polska project, which is connected with the provision of bicycles for the City of Warsaw. The amounts from this project due after one year are reported among other non-current assets.

Non-current assets

15) Property, plant and equipment

MIFA AG acquired property, plant and equipment in an amount of EUR 640 thousand during the first six months of the 2013 financial year. 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 (pages 34f).

No revaluations were applied to property, plant and equipment. There are no finance leases relating to property, plant and equipment.

16) Intangible assets

Intangible assets predominantly comprise purchase software (addition due to purchase in the first half of 2013: EUR 51 thousand), industrial property rights and licenses, as well as purchased customer relationships. Goodwill of EUR 463 thousand was generated from the corporate acquisition that was realised with effect as of 27 March 2012.

17) Other assets

The non-current other assets relate to the amount which is due after one year and within five years from the Nextbike Polska project, which provides bicycles for the City of Warsaw. Interest discounts of EUR 49 thousand have been taken into account in connection with the discounting of these non-current assets (interest rate: 5.5 %).

Current liabilities

18) 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.

19) Trade payables

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

20) Provisions

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

EUR thousand	2012	**2013**
Balance on 1 January	201	218
Utilised (net)	0	-54
Balance on 30 June	**201**	**164**

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.

21) Other financial liabilities

The other financial liabilities of its EUR 303 thousand include the market values of interest-rate hedging transactions (31 December 2012: EUR 532 thousand).

22) Income tax liabilities

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

Non-current liabilities

23) 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 loans carry a term until 29 May 2015. The annual repayment instalment amounts to EUR 1,000 thousand, plus 1.7 % interest on the respective outstanding liability. A scheduled repayment of EUR 500 thousand was performed in the first half of 2013. Collateralisation occurs to land charges and a collateral pool agreement of financed technical equipment and machines.

24) Provisions for pensions and similar obligations

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

25) Equity

The subscribed capital amounted to an unchanged amount of EUR 9,798,926 and as of the 30 June 2013 interim balance sheet date, and is split into 9,798,926 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 2012.

The approved annual financial statements of MIFA AG prepared according to German Commercial Code (HGB) accounting standards were presented to the AGM on 28 May 2013. The AGM approved carrying forward the net retained profits of EUR 4,945,420.76 as reported in the 2012 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 4,899,463; 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 27 May 2018, once or in partial amounts, by total of up to EUR 4,899,463 through issuing up to 4,899,463 new ordinary bearer shares against cash or non-cash capital contribution (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 for information about 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.

The negative cash flow from operating activities reduced by EUR 8,858 thousand compared with the prior-year period to a cash inflow of EUR 200 thousand.

The cash flow from financing activities totalling EUR 517 thousand (H1 2012: EUR 12,929 thousand) is composed of the drawing down of new loans of EUR 4,500 thousand and the repayment of loans of EUR 3,983 thousand.

After deducting the cash flow from investing activities (EUR -688 thousand) from the cash flow from financing activities (EUR 517 thousand) and the cash flow from operating activities (EUR 200 thousand), cash and cash equivalents increased by EUR 29 thousand EUR 2,280 thousand.

Cash and cash equivalents are composed as follows

EUR thousand	30/06/2012	**30/06/2013**
Cash	13	24
Current accounts in credit	4,584	2,256
	4,597	**2,280**

No significant cash-effective investment or financing transactions occurred. As of 30 June 2013, restrictions to the availability of liquid assets exist in an amount of EUR 1,422 thousand (31 December 2012: EUR 0 thousand). These exist in connection with payments collected from customers for receivables sold as part of an asset backed commercial paper programme, which must be rapidly forwarded to the contractual partners.

IV. OTHER DISCLOSURES

1. 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 (31 December 2012: EUR 29,000 thousand). Otherwise, no further significant other financial obligations exist.

2. Events after the balance sheet date

MIFA has considered issuing a corporate bond with a volume between EUR 20 million and EUR 25 million to support its future growth. In an ad hoc announcement issued on 22 July 2013, MIFA's management announced that it was conducting discussions with potential investors. During the course of these discussions, the decision is to be made as to whether, and if yes, in what form a corporate bond represents an attractive instrument to finance medium-term corporate objectives for MIFA.

According to the ad hoc announcement issued on 2 August 2013, the corporate bond was issued with a volume of EUR 25 million, a five-year term and a 7.50 % coupon as part of an (oversubscribed) private placing exclusively among institutional investors. The bond is to be included in the Frankfurt Stock Exchange's Quotation Board from August 5. Feri EuroRating Services AG awarded the bond a BBB-rating (investment grade).

According to an ad hoc announcement issued on 23 July 2013, MIFA also intends to enter into a strategic partnership with India's largest bicycle manufacturer Hero Cycles Ltd., Ludhiana (Punjab), India. The object of the strategic partnership is to exploit extensive synergies between the two companies, whereby it is also planned that Hero Cycles Ltd. will acquire a minority interest in MIFA.

3. 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 2013.

As of 30 June 2013, no receivables and payables were connected with related parties.

4. 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 (Chairman), retired savings bank director,

» Ralf Poschmann, Sangerhausen (Deputy Chairman), Mayor of the City of Sangerhausen

» Professor Dr.-Ing. Klaus-Dietrich Kramer, Berga
Head of the Institute at the Institut für Automatisierung und Informatik GmbH Zentrum für industrielle Forschung und Entwicklung, Wernigerode

Mr. Lichtenhahn is also a member 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 a member of various other German company boards.

Sangerhausen, 5 August 2013

MIFA Mitteldeutsche Fahrradwerke AG

Peter Wicht
CEO

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS

as of 30 June 2012

	Acquisition and production costs				
EUR thousand	As of 1.1.2012	Addition through corporate mergers	Other Additions	Disposals	**As of 30.6.2012**
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**

Accumulated depreciation, amortisation and impairment losses				Carrying amounts	
As of 1.1.2012	Depreciation, amortisation and impairment losses for the financial year	Disposals	**As of 30.6.2012**	As of 31.12.2011	**As of 30.6.2012**
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**

CONSOLIDATED STATEMENT OF CHANGES IN NON-CURRENT ASSETS

as of 30 June 2013

		Acquisition and production costs		
EUR thousand	As of 1.1.2013	Additions	Disposals Transfer	**As of 30.6.2013**
Intangible assets				
IT software	664	51	0	715
Industrial property rights and licenses	1,644	0	0	1,644
Customer relationships	9,115	0	0	9,115
Goodwill	463	0	0	463
	11,886	**51**	**0**	**11,937**
Property, plant and equipment				
Land and buildings	8,789	0	0	8,789
Technical equipment and machinery	13,002	35	(U) 183	13,220
Operating and office equipment	3,445	252	52	3,645
Plant under construction	1,015	353	(U) -183	1,185
	26,251	**640**	**52**	**26,839**
Non-current assets	**38,137**	**691**	**52**	**38,776**

Accumulated depreciation, amortisation and impairment losses				Carrying amounts	
As of 1.1.2013	Depreciation, amortisation and impairment losses for the financial year	Disposals	**As of 30.6.2013**	As of 31.12.2012	**As of 30.6.2013**
531	37	0	568	133	147
984	138	0	1,122	660	522
4,982	651	0	5,633	4,133	3,482
0	0	0	0	463	463
6,497	**826**	**0**	**7,323**	**5,389**	**4,614**
3,201	264	0	3,465	5,588	5,324
6,832	505	0	7,337	6,170	5,883
2,098	222	49	2,271	1,347	1,374
0	0	0	0	1,015	1,185
12,131	**991**	**49**	**13,073**	**14,120**	**13,766**
18,628	**1,817**	**49**	**20,396**	**19,509**	**18,380**

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, August 2013

Peter Wicht

IMPRINT

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