



# Connecting Success. Q2 2011

Interim Report for the Period from 1 January to 30 June 2011



## Key financial figures at a glance **Q2 2011**

| <b>Income statement</b>           |             | <b>Q2 2011</b> | Q2 2010 | <b>H1 2011</b> | H1 2010 | Financial year<br>1 Jan –<br>31 Dec 2010 |
|-----------------------------------|-------------|----------------|---------|----------------|---------|--|
| Revenue                           | EUR million | 145.5          | 124.4   | 295.9          | 230.5   | 490.4                                    |
| Gross profit <sup>1)</sup>        | EUR million | 80.5           | 69.0    | 165.5          | 130.0   | 274.7                                    |
| Adjusted EBITA <sup>2)</sup>      | EUR million | 25.5           | 22.8    | 53.9           | 42.1    | 85.4                                     |
| Adjusted EBITA margin             | %           | 17.5           | 18.3    | 18.2           | 18.2    | 17.4                                     |
| EBITA                             | EUR million | 23.2           | 20.8    | 35.3           | 37.9    | 64.9                                     |
| Adjusted profit for the period    | EUR million | 12.1           | 12.9    | 30.2           | 28.9    | 48.2                                     |
| Adjusted EPS                      | EUR         | 0.34           | 0.51    | 1.07           | 1.15    | 1.93                                     |
| Profit for the period             | EUR million | 5.3            | 10.5    | 6.1            | 24.2    | 30.3                                     |
| EPS                               | EUR         | 0.19           | 0.43    | 0.22           | 0.97    | 1.21                                     |
| <b>Cash flow</b>                  |             |                |         |                |         |  |
| Operating cash flow <sup>3)</sup> | EUR million | -4.7           | 12.8    | -4.5           | 21.8    | 62.1                                     |
| Operating net cash flow           | EUR million | 3.7            | 0.1     | 10.2           | 4.3     | 51.7                                     |

| <b>Balance sheet</b> |             | <b>30 June 2011</b> | 31 Dec 2010 |
|----------------------|-------------|---------------------|-------------|
| Total assets         | EUR million | 615.2               | 578.8       |
| Total equity         | EUR million | 228.5               | 78.4        |
| Net debt             | EUR million | 223.9               | 344.1       |

| <b>Share data</b>              |                                   |
|--------------------------------|-----------------------------------|
| IPO                            | 8 April 2011                      |
| Stock exchange                 | Frankfurt Stock Exchange, XETRA   |
| Market segment                 | Regulated Market (Prime Standard) |
| ISIN                           | DE000A1H8BV3                      |
| Security identification number | A1H8BV                            |
| Ticker symbol                  | NOEJ                              |

<sup>1)</sup> Revenue including changes in inventories of finished goods and work in progress less raw materials and consumables used.

<sup>2)</sup> Adjusted by non-recurring/non-period related costs (mainly due to the IPO), restructuring costs as well as other group and normalised items as well as depreciation from PPA adjustments.

<sup>3)</sup> Net cash provided by operating activities.

# Company Profile

NORMA Group is a global market and technology leader in engineered joining technology. We are a strategic development partner for approximately 10,000 customers in more than 80 countries and operate an integrated service and distribution network for our product solutions. NORMA Group manufactures and markets over 35,000 high-quality joining solutions for a wide range of application areas in three product categories: clamp, connect and fluid. Our products can be found in engines, commercial vehicles, passenger vehicles, agricultural machines, aircraft, trains, construction machines, plumbing systems and a wide range of domestic appliances. In addition to its 17 manufacturing and distribution centres, NORMA Group operates numerous sales and distribution sites across Europe, the Americas and Asia-Pacific. NORMA Group has around 4,000 employees worldwide.

## Contents

|    |  |    |  |
|----|--|----|--|
| 2  | EXECUTIVE BOARD LETTER                   | 35 | CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS      |
| 4  | CONNECTING SUCCESS                       | 36 | Consolidated statement of financial position             |
| 12 | NORMA GROUP ON THE STOCK MARKET          | 38 | Consolidated statement of comprehensive income           |
| 15 | CONSOLIDATED INTERIM MANAGEMENT REPORT   | 39 | Consolidated statement of cash flows                     |
| 16 | Business and operating environment       | 40 | Consolidated statement of changes in equity              |
| 25 | Development of business                  | 41 | Condensed notes on the consolidated financial statements |
| 28 | Earnings, financials, net asset position | 49 | FURTHER INFORMATION                                      |
| 32 | Business segments                        | 49 | Responsibility Statement                                 |
| 33 | Employees                                | 50 | Review Report  |
| 33 | Management compensation                  | 51 | Financial calendar and imprint                           |
| 33 | Risk report                              |    |  |
| 34 | Forecast                                 |    |  |

# Executive Board Letter

## Dear shareholders,

With the successful IPO of NORMA Group in April 2011, we can look back on an eventful first half year. We were able to further strengthen NORMA Group's leading international market position as a specialist in engineered joining technology. In addition the access to the capital markets allowed us to create a new financial basis and thereby sets the long-term direction for our company through both organic growth and acquisitions. The company's significantly reduced debt will improve NORMA Group's financial and operational flexibility. The outstanding figures from the first half of the financial year demonstrate that we are still on course for success.

In the first six months of the year, NORMA Group increased sales to EUR 296 million compared with EUR 231 million in the same period last year, an increase of 28.3%. The adjusted operational result (adjusted EBITA) improved by 28.1% year-over-year from 42 to EUR 54 million. This represents an operating margin of 18.2%. Demand for our products and system solutions was high across all customers and regions. We increased NORMA Group's sales and earnings forecast for the current financial year due to the excellent development of our business at the end of July 2011. Thus, we are extremely confident about the 2011 financial year and expect organic growth between 10% and 12%, provided the global economy remains stable. In terms of operating earnings, we are aiming for an adjusted target EBITA margin near 18.0% due to the positive developments of important customer groups.

We are proud that NORMA Group's IPO was one of the biggest in Europe in recent years. Our company was included in the German stock index SDAX on 20 June 2011, just two months after we were listed. We are delighted to be included in the SDAX because it improves our visibility on the capital market. In the reporting period, the NORMA Group share price has been stable in a volatile capital market since it began trading.

The proceeds from the capital increase resulting from the IPO provided NORMA Group with EUR 147 million before deduction of transaction costs in the second quarter of this year. We then restructured our financing comprehensively with a credit facility totalling EUR 375 million maturing in five years. This allowed us to fully repay loans that existed since 2007. To do this we used EUR 250 million from the new credit facility and the net proceeds from the capital increase. Subsequently, the new credit facility was syndicated and the number of our financing banks increased to 15.



f.l.t.r. Dr. Othmar Belker, Werner Deggim, Bernd Kleinhens, John Stephenson

The new financing structure gives our company an extremely firm foundation. Our equity ratio improved from 13.5% to 37.1% after the IPO. Based on this, we plan to use the revolving credit facility granted in the refinancing for acquisitions and to finance operating activities.

Beside the IPO, another important step for NORMA Group in the first half of 2011 was the expansion of the company's global presence. With a new plant in Serbia and a manufacturing facility opening in Thailand, we have ramped up our activities in the emerging markets and accessed new future markets. Our global network and facilities in over 80 countries guarantee the global availability of our products and ensure the product quality and delivery reliability.

With an ongoing positive development in the first half of 2011 and demand remaining high in all segments, we are confident about NORMA Group's further course of the financial year. We wish to thank you, dear shareholders, as well as our employees and our customers for your trust and support.

Yours,

Werner Deggim  
CEO

Dr. Othmar Belker  
CFO

Bernd Kleinhens  
Sales & Business  
Development

John Stephenson  
COO

#### **Werner Deggim**

Chief Executive Officer (CEO)

Dipl. Engineer Mechanical Engineering

Various Executive Management positions:

- Vice President and General Manager, TRW Automotive (Automotive Supplier, USA)
- President, Kautex North America (Ontario, Canada)
- worked and lived in USA and Canada for seven years

#### **Dr. Othmar Belker**

Chief Financial Officer (CFO)

Dr. of Economics

- CFO of an international BU of a technology driven automotive supplier
- CEO of a do-it-yourself chain
- CFO of a German stock exchange listed company
- Director in an investment company
- Restructuring consultant at Roland Berger & Partner

#### **Bernd Kleinhens**

Managing Director Sales & Business Development

Dipl. Engineer Mechanical Engineering

Spent business career within NORMA Group:

- Development Engineer
- Automotive Marketing
- Business Area Sales Manager NORMACLAMP
- Sales Director C&PV and D&I

#### **John Stephenson**

Chief Operating Officer (COO)

BEng, MSC, MBA

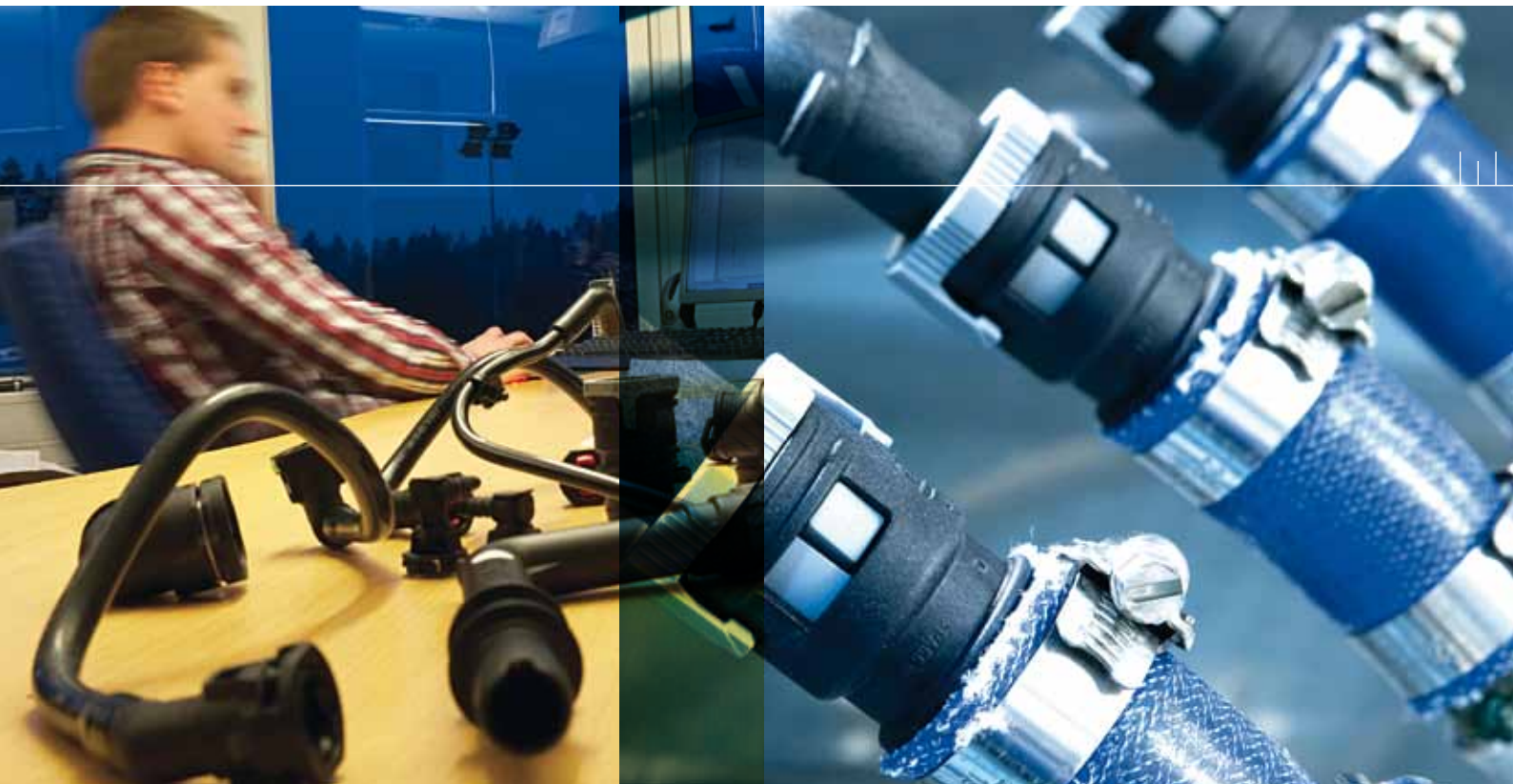
Various Executive positions:

- VP Operations – Europe, Asia and Africa, Hayes Lemmerz International
- Director Operations – North Europe, Textron Fastening Systems
- Plant Manager and Managing Director, APW Electronics
- Various Positions in Operations, Project Management and Sales, Valeo Security Systems



- A leading provider of high-quality joining technology
- More than 35,000 innovative products and solutions
- Around 10,000 customers worldwide in various industries
- Over 250 patented innovations, with another 100 patents pending

We **connect** customer focus and technology leadership with mission-critical products.



### **A history of strong performance**

NORMA Group is a classic example of a “hidden champion”. We are a global market and technology leader in attractive niche markets. Being and remaining number one in the field of high-quality joining technology for us means to provide each of our 10,000 customers across the globe with user-oriented product solutions, top-notch problem solving expertise, faultless quality, reliable service and a broad product portfolio.

### **Small components – big effect**

Even though our products make only a small portion of the total size and costs of the end products, they are enormously important. In many cases, our products are in fact a mission-critical factor for the performance, quality and reliability of the end product, providing significant added value for end users. This allows us to set appropriate prices for our products and solutions.

We provide more than 35,000 high-quality products and solutions to a wide range of industries: infrastructure, construction, water management, commercial vehicles, passenger vehicles, aviation, shipping, agriculture, mechanical engineering and wholesale, to name just a few.

The demand for product solutions combining easy usability with cost-efficient, guaranteed performance is constantly on the rise. NORMA Group is meeting this demand with its commitment for innovation, which is one of the key pillars of our corporate philosophy. NORMA Group’s numerous patents and patent applications are evidence for the company’s excellent technical expertise.





- Dual marketing strategy for NORMA Group business areas
- Close customer relationships and extensive awareness of the challenges specific to their industries
- Proximity to customers thanks to our global network in over 80 countries

We **join** tailored solutions and standardised products via one unique marketing strategy.

**Marketing strategy as competitive advantage**

NORMA Group distributes its engineered joining technology solutions through two distinct ways-to-market, addressing different requirements of its customers. These are represented by our two divisions, Engineered Joining Technology (EJT) and Distribution Services (DS). Our dual strategy is a unique selling point which gives us considerable advantage over our competitors.





### Engineered Joining Technology (EJT)

In the EJT way, NORMA Group delivers customised, engineered solutions which meet the specific application requirements of original equipment manufacturers (OEM). Our EJT products are built on NORMA Group's extensive engineering expertise and proven leadership in the field. We develop innovative, value-adding solutions for a wide range of application areas and markets. No matter if it is a single component, a multi-component unit or a complex system – all of our products are tailored to the exact requirements of our industrial customers. Once our customers include one of our engineered joining solutions in their end products, it becomes an integral component of the system.

### Distribution Services (DS)

In the DS way, NORMA Group sells a wide range of high-quality, standardized engineered joining technology products for a broad range of applications through various distribution channels to customers such as distributors, OEM after-market customers, technical wholesalers and hardware stores. The DS way-to-market benefits not only from NORMA Group's extensive geographic presence and global manufacturing, distribution and sales capabilities, but also from its renowned brands, its customized packaging as well as NORMA's marketing expertise and availability at the point of sale. NORMA Group distributes DS products through its own global distribution network and representatives in more than 80 countries. We market our joining products under the following well-known brands: ABA®, BREEZE®, GEMI®, NORMA®, R.G.RAY®, Serflex®, Serratub®, TERRY® and Torca®.

### Technical expertise and a global presence

Close long-term customer relationships and an in-depth understanding of our customers' requirements are the keys to NORMA Group's success. In addition to our technical expertise, it is our geographical reach which customers across the globe find most attractive. With manufacturing and distribution centres all over the world, NORMA Group is represented in Western and Eastern Europe, the Americas and Asia-Pacific.



- Competitive advantages through international focus and diversification
- Continuous growth in key and emerging markets
- Group-wide cost reduction programme to further increase profitability

We **combine** a global presence with regional markets to form a robust business model.



### Reinforcing and expanding our market position

NORMA Group has continued to grow organically ever since it was established through the merger of German Rasmussen Group and Swedish company ABA in 2006. Expanding in our key markets is one of the central strategic tenets of our business model. We do this primarily by selectively acquiring companies which are ideal complements and by expanding new production and distribution centres in key regions such as China, India, Mexico, Japan, South Korea, Thailand, Turkey and Russia. Our international approach is one of the ways how we secure and expand our excellent market position. As a leading manufacturer of engineered joining technology products, we have our own highly capable global distribution network with emerging markets playing an increasingly important role.

### A broad basis for success

In our core segment, Engineered Joining Technology, we are a global market leader. In our Distribution Services segment, we have the broadest base – both in terms of regional presence as well as the variety of our product portfolio, application areas and end markets. This gives us decisive advantages over our competition when it comes to size and reach. Our great diversity allows us to benefit from global growth trends in different fields and limit the impact of cyclical fluctuations in specific industries and regions. We also implement internal measures, such as process optimisations, in all of our functional areas in order to constantly improve the profitability of NORMA Group.

For this purpose, we have launched the “Global Excellence” cost reduction programme in 2010, by which we coordinate and manage all activities of NORMA Group’s plants and centres. Over 800 cost reduction programmes were run in the first year, allowing us to greatly exceed our total savings target of EUR 4.5 million.





- Sustainable growth strategy allowing us to profit from market trends
- Targeted expansion of activities in our two ways-to-market: Engineered Joining Technology and Distribution Services
- Expansion of our presence in many promising markets
- Close monitoring of the market in order to identify suitable acquisitions

We **link** global megatrends and specific customer requirements with high margin growth in the area of engineered joining technologies.





### Changing customer requirements, increasing demand

The markets where we operate are changing. Global megatrends such as growing environmental awareness, tighter emissions regulations, rising fuel costs and intensifying cost pressure on producers provide us with a range of growth opportunities. This is particularly right because global megatrends also lead to technical megatrends such as weight reduction, increased engine efficiency and the modularisation of production processes. The changes in customer requirements will lead to an increasing demand for engineered joining technology and more components per content being used in our customers' end products. Our attractive consumer end markets are growing well, and these changes provide us with an opportunity to even grow faster.

### Revenue growth: Many paths leading to the same goal

Our growth strategy means that we are optimally positioned to exploit these opportunities. Our goal is to expand our activities sustainably achieving revenue growth that is better than market average. That is why we have intensified our focus on innovative, value-adding joining solutions which help to reduce emissions, leakages, weight, space and assembly time in both traditional and new markets. In addition to expanding volumes and the range of products, we also want to benefit from the opportunity to improve the amount of revenue we receive from each end product.

We intend to expand our presence in existing markets and open up new ones in order to benefit from regional growth opportunities. Increasing levels of industrial production and a rising demand for sophisticated joining technology in emerging markets provide particularly attractive growth opportunities for our Engineered Joining Technology division. In the Distribution Services division, we are systematically expanding our distribution network, which brings us in an ideal position to improve revenues from our existing customers and to acquire new customers.

Acquisitions have always been part of our corporate strategy and will remain so in the future. We are constantly monitoring the global engineered joining technology market in order to identify suitable M&A opportunities to continue NORMA Group's success story.



# NORMA Group on the Stock Market

## Initial public offering of NORMA Group AG

NORMA Group was listed in the Prime Standard of Frankfurt Stock Exchange's regulated market on 8 April 2011. The company's shares were publicly issued in Germany and Luxembourg and placed privately with institutional investors outside Germany and Luxembourg between 28 March and 7 April 2011. A consortium of five banks coordinated the company's IPO. The price range was set between EUR 19.00 and EUR 24.00 per share. Shares were allocated at EUR 21.00 and NORMA Group's IPO was oversubscribed multiple times at the offer price.

In total, 16.0 million shares were placed. Of these shares, 7.0 million came from a capital increase, which proceeds directly went to the company. A further 9.0 million shares were placed by the selling shareholders. The total issue volume amounted to EUR 336 million.

This volume makes NORMA Group's IPO one of the biggest in Europe in recent years. The company's proceeds came to EUR 147.0 million before deduction of transaction costs. NORMA Group used the net proceeds from the capital increase to repay part of its financial liabilities and increase its financial flexibility focussing on further growth, both organic and by acquisitions. Following its successful IPO, NORMA Group was able to put a comprehensive new financing structure in place. Following the successful refinancing, the banking consortium was extended to a syndicate of 15 financial institutions.

“Visibility of NORMA Group on capital market increased.”

## SDAX Listing

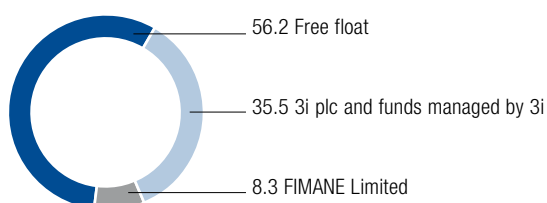
On 6 June 2010, the Working Committee for Equity Indices of the German Stock Exchange (Deutsche Börse) decided to include NORMA Group in the leading share index SDAX as part of a regular index review. The company's market capitalization reached a total of EUR 645 million by the end of the second quarter 2011. Without consideration of the first 10 trading days, the average XETRA trading volume of NORMA Group's shares was around 40,500 per day in the period under review. With this result, NORMA Group was ranked twelfth out of 50 companies that compose the SDAX in the category “Free Float Market Capitalization” and sixteenth in “Turn-over” (projected over 12 months). The listing in the leading index is an important step in increasing NORMA Group's visibility on the capital market.

## Shareholder Structure

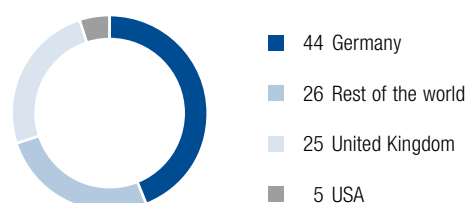
Following the company's IPO, NORMA Group's total free float was 56.2%, representing 17.90 million shares out of a total capital stock of 31.86 million shares.

Around 35.5%, or 11.31 million shares, are held by NORMA Group's main shareholder 3i Group plc and funds managed by 3i. FIMANE Limited holds a further 8.3% stake, or 2.65 million shares, in NORMA Group.

Shareholder structure in %



Freefloat split by region in %

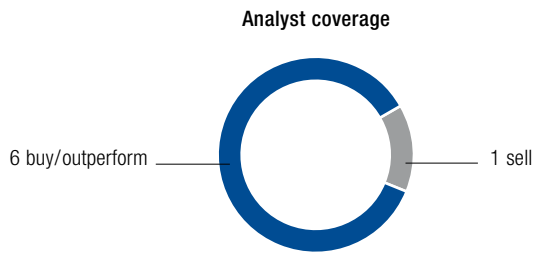
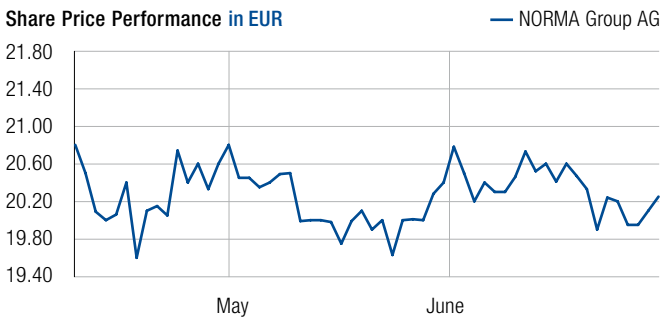


Both shareholders have committed themselves, together with the company and Dr. Christoph Schug, Member of the Supervisory Board, to comply with market protection agreements and limitations on disposal (lock-up) for a period of 180 days following the IPO. The members of the Management Board agreed to a lock up period of 360 days.

Germany and the United Kingdom are the regions which hold the majority of NORMA Group's shares out of the free float. Germany is the leading region with a share of 44%. Shareholders in the United Kingdom held a 26% stake in the company as at 30 June 2011. Around 5% of NORMA Group shares are held by shareholders in the USA. Since its IPO, NORMA Group has increased its communication with shareholders and potential investors and intensified its road show activities (see the "Investor Relations" section for more information).

## General data to the IPO

|  |  |
|--|--|
| First trading day                                      | 8 April 2011   |
| Subscription period                                    | 28 March to 7 April 2011   |
| Price  | EUR 21 per share   |
| Issue volume   | EUR 336 million  |
| thereof capital increase                               | EUR 147 million  |
| thereof secondary placement including greenshoe option | EUR 189 million  |
| Type of issue  | Public offering of shares in Germany and Luxembourg as well as private placements outside Germany and Luxembourg   |
| Stock exchange   | Frankfurt Stock Exchange   |
| Market segment   | Regulated market (Prime Standard)  |
| ISIN   | DE000A1H8BV3   |
| Security identification number                         | A1H8BV   |
| Ticker symbol  | NOEJ   |
| Free float after IPO                                   | 56.2%  |
| Syndicate banks  | Commerzbank, Deutsche Bank and Goldman Sachs International (Joint Global Coordinators and Joint Bookrunners)<br>Berenberg and Macquarie (Co-Lead Managers) |
| Lock-up  | Present members of the Management Board: 360 days<br>Company, 3i, FIMANE and Dr. Christoph Schug (present member of the supervisory board): 180 days       |



## Share Price Performance

Shares of NORMA Group have been stable since they began trading on Frankfurt Stock Exchange on 8 April 2011. The company's shares fell slightly from its issue price of EUR 21.00 to EUR 20.25 (closing price on 30 June 2011). Its highest price in the second quarter of 2011 reached EUR 21.58 (8 April 2011) while its lowest price was EUR 19.49 (12 April 2011). The overall capital market development across Europe was very volatile in the second quarter of 2011. Positive economic indicators were countered by news of financial problems in Euro countries such as Greece and Portugal and the negative impact of the earthquake disaster in Japan. The SDAX, which NORMA Group joined on 20 June 2011, grew by 3.5% in the same period and finished June at 5,416 points (the SDAX closed at 5,230 points on 8 April 2011).

## Investor Relations

NORMA Group AG is committed to open and transparent communication with its shareholders and the financial community. The company believes in treating all of its shareholders equally, providing up-to-date information and ensuring continuity in reporting.

NORMA Group has implemented comprehensive investor relations measures since its successful IPO in April 2011. Road shows and conferences remained the key instruments for personal interaction with institutional investors in the second quarter of 2011. NORMA Group conducted one-on-one meetings with over 200 investors and analysts during the reporting period. Aside from well-known international financial market centres such as Frankfurt, London and

New York, NORMA Group's management also travelled to Brussels, Geneva, Zurich and Boston. We stepped up our communications with both private shareholders and institutional investors.

The main source for information about NORMA Group and the company share is the company's website [www.normagroup.com](http://www.normagroup.com). The section "Investor Relations" contains a wide range of relevant information for shareholders about the company, the company share, the financial calendar and NORMA Group's corporate governance, which we value highly. Should you have more questions, please contact NORMA Group's Vice President of Investor Relations by telephone or email:

**Andreas Trösch**  
 Vice President of Investor Relations  
 Phone: +49 6181 403 554  
 Fax: +49 6181 403 1554  
 Email: [andreas.troesch@normagroup.com](mailto:andreas.troesch@normagroup.com)

## Analyst coverage

NORMA Group shares were covered by the following analyst teams in the second quarter of 2011: Berenberg Bank, Commerzbank, Deutsche Bank, Goldman Sachs, Macquarie Capital, Bankhaus Metzler and Silvia Quandt Research. Six of the seven analysts rated NORMA Group shares with a "buy" or "outperform" recommendation. The banks issued share price targets between EUR 17 und EUR 30. The average share price target of all analysts reached EUR 25.30, which equals an upside of around 25% compared to the closing price of EUR 20.25 on 30 June 2011.



# Consolidated Interim Management Report

## Contents

- 16 Business and operating environment
- 25 Development of business
- 28 Earnings, financials, net asset position
- 32 Business segments
- 33 Employees
- 33 Management compensation
- 33 Risk report
- 34 Forecast

“Around the globe, we are a reliable partner to our customers.”

## Business and operating environment

### Operations and Group structure

#### **NORMA GROUP is a leading global full-service provider in growing high-tech niche markets**

NORMA Group, headquartered in Maintal, Germany, is an international market and technology leader in the attractive niche markets for engineered joining technologies. NORMA Group develops, manufactures and distributes more than 35,000 high-quality, frequently mission-critical, joining products and solutions for some 10,000 customers worldwide in three product categories: clamps (**CLAMP**), joining elements (**CONNECT**) and fluid systems/connectors (**FLUID**).

The company holds over 250 patents and more than 100 further patents pending, underlining its commitment to a high level of innovation and securing its position as a technology leader in the global market.

NORMA Group is a strategic development partner for industrial customers. The Group also provides an integrated service and distribution network for joining products and solutions serving a broad range of applications. These include equipment for the agricultural industry, engines, commercial and passenger vehicles, the aviation industry, construction machines and domestic appliances. NORMA Group has a global presence, with 17 manufacturing facilities and sales and distribution centres across Europe, the Americas and Asia-Pacific. NORMA Group is represented in over 80 countries.

#### **NORMA Group facilities worldwide**

##### Europe

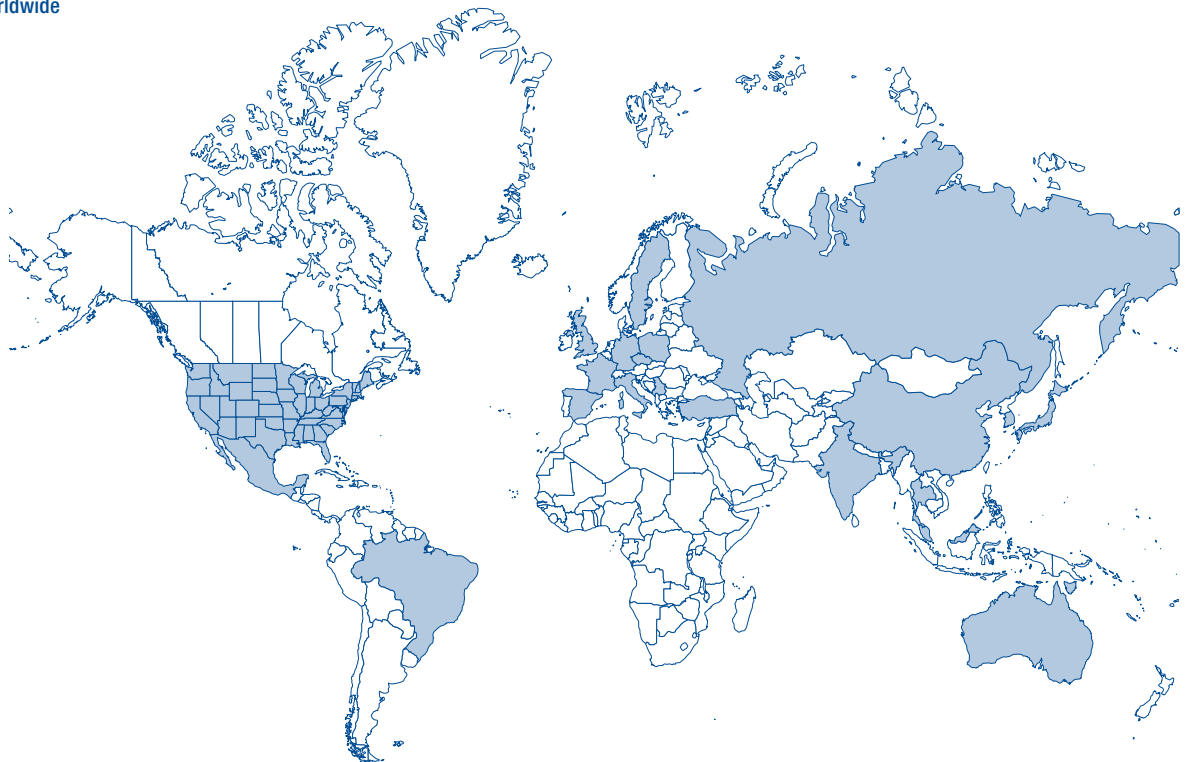
Czech Republic  
France  
Germany  
Italy  
Poland  
Russia  
Schweden  
Serbia  
Spain  
Turkey  
United Kingdom

##### Americas

Brazil  
Mexico  
USA

##### Asia & Pacific

Australia  
China  
India  
Japan  
Korea  
Malaysia  
Singapore  
Thailand



## NORMA Group products

NORMACLAMP®



NORMACONNECT®



NORMAFLUID®



### Creating added value through our commitment to innovation

NORMA Group's long-term success is founded on a high level of customer satisfaction that is based on decades of technical expertise. NORMA Group provides one-stop customer-specific system solutions and global availability combined with reliable quality and on-time delivery. Even though NORMA Group's products only account for a small portion of the manufacturing costs or sales price of its customers' end products, joining solutions are a mission-critical part for the quality, performance and reliability of the product, and therefore provide considerable added value. Global megatrends such as the move towards reduced emissions, leakage, weight, size and the increased modularisation of production processes represent a challenge for OEMs (original equipment manufacturers) when developing new products. NORMA Group's wide range of established brands and innovative, tailored joining products and solutions allows the company to be proactive in meeting these challenges. Innovative products enable NORMA Group and its customers to thus make a joint contribution to using natural resources in an environmentally friendly, sustainable and efficient way.

### Differentiated distribution structure to meet our customers' varied needs

NORMA Group's successful strategy for supplying its customers uses two distinct ways-to-market: **Engineered Joining Technology (EJT)** and **Distribution Services (DS)**. NORMA Group's EJT unit provides tailor-made products and solutions developed to meet the specific requirements of industrial OEM customers. It generates approximately two thirds of the Group's total sales.

In its DS unit, NORMA Group provides a varied portfolio of high-quality, standardised brand products for different applications through its own distribution network and through its sales representatives. Its customers include distributors, technical wholesalers, OEM after-market customers and hardware stores. The DS business accounts for approximately one third of NORMA Group's total sales.

“NORMA Group is constantly working on high-quality, safe and light joining elements which are easy to fit. This helps our customers developing innovative end products.”

### Active strategic management, a decentralised structure plus a local presence

The parent company of NORMA Group, NORMA Group AG, acts as the Group's holding company. The Management Board is comprised of four members. Each operating company is managed by a local team that belongs to the Group's broader management team. Operating local companies are managed by a balanced set of targets, and local management teams are evaluated based on these target achievement. Specific targets are defined at Group, regional and operational level, and they are being monitored continuously.

## NORMA Group brands



### Regional business segments

Group business is segmented into three regions: EMEA (Europe, Middle East, Africa), the Americas and Asia-Pacific. With investments in recent years in sites in India, Japan, Malaysia and China, with its most recent acquisitions of R.G. Ray (May 2010) and Craig Assembly (December 2010) in the USA and with the opening of a new production facility in Russia (May 2010), NORMA Group's importance of being represented and active in foreign markets is steadily increasing. Moreover, the company has also begun production at a site in Thailand in order to increase its capacities in Asia. Its engineered product solutions are shipped from Thailand to NORMA Group's customers throughout all of Asia including Australia. In the first half of 2011, NORMA Group also opened a new facility in Serbia to expand its global network and strengthen its presence in emerging markets.

### Corporate strategy

The strategic goal of NORMA Group's management is to expand its domestic and overseas activities sustainably and achieve revenue growth which is better than the market average, with a focus on high profitability and stable cash flows.

#### **Our parameters of success: global footprint, size, strong brands and commitment to innovation**

NORMA Group is involved in attractive, challenging, fast-growing and fragmented niche markets. The company's global market share in the EJT business is considerably higher than any other market competitor, with size being a key success factor.

In the DS channel, NORMA Group can rely on a broad range of strong, well-known brands. The company's management is committed to strengthening and expanding these success factors. A further main objective of the Group is extending its global footprint, with a particular focus on emerging markets, including Brazil, Russia, China and India. The Group also continues to strengthen its commitment to innovation, particularly in the area of research and development (R&D). The Group invests approximately 4% of its sales in R&D every year.

#### **Strong mid-term growth potential based on a broad product portfolio**

NORMA Group's strategy is based on broad diversification in terms of products, regions and end markets. This reinforces the stability of the Group's business and puts the company into a position to exploit attractive opportunities for growth based on various technology trends influencing our customers and their end products. Application areas for EJT joining products include emission control, cooling systems, air intake and induction, ancillary systems and infrastructure. EJT's end markets range from agricultural machines, the aviation industry, commercial vehicles, construction machines and engines to water management, passenger cars and trains. NORMA Group's DS customers include industrial companies (OEM and aftermarket), maintenance and repair companies, as well as distributors, technical wholesalers and hardware stores.



“Our unique distribution concept is ideally tailored to individual customer needs.”

#### **Unique, customer-oriented distribution concept**

As a central part of its sales strategy, NORMA Group is successfully focusing on two distinct ways-to-market: Engineered Joining Technology (EJT) and Distribution Services (DS), enabling the Group to address different customer requirements. This approach allows the company to differentiate itself clearly from its competitors. Combining technical expertise and competence in the development of tailor-made solutions for industrial customers (EJT) with high-quality standard branded products distributed through a global network (DS) provides a range of synergies to NORMA Group. These include significant economies of scale in production, close contact to international EJT customers, and ongoing knowledge transfer from the EJT to the DS business, thus making NORMA Group's business highly diversified and more robust.

#### **Joining technology driven by megatrends over the long term**

NORMA Group's growth is based on long-term technological trends – such as weight reduction, increased engine efficiency and the modularisation of production processes – as well as global megatrends (particularly growing environmental awareness, tighter emissions regulations, rising fuel costs and increasing cost pressure on major industries). These trends intensify the continuous change in customer demand, which in turn should drive the demand for engineered joining technology in our customers' end products at a faster

pace than our customers' end markets. As a consequence both the amount and value of high-quality engineered joining solutions being used in end products will increase. On the basis of external market studies, NORMA Group's management expects the use of engineered joining technology components to grow annually by 3 to 15% between 2010 and 2015, depending on the industry and technical application. Vehicles, construction machines and engines are a few examples of areas where we expect to see sustainable growth. With its strong market position, global presence and high commitment to innovation, service quality and delivery reliability, NORMA Group is very well positioned to benefit from these trends.

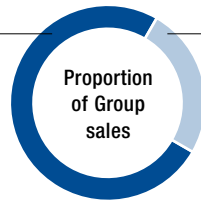
#### **Successful organic growth and targeted, value-adding acquisitions**

NORMA Group's management follows a strategy of organic and acquisitive growth. In order to strengthen its organic growth, NORMA Group is committed to continuously expanding its range of solutions for existing EJT customers, identifying and acquiring new EJT customers, expanding and diversifying the DS customer base and entering new value-adding end markets for engineered joining technology, such as the drainage market.

**Dual distribution structure as unique selling point****Engineered Joining Technology**

Tailored, high-tech products developed to meet the specific requirements of individual OEM customers

2/3



1/3

**Distribution Services**

High-quality standardised brand-name products for a variety of applications

“Our strong market position, local presence for customers and high commitment to innovation allows us to benefit from global megatrends.”

Targeted acquisitions which complement our organic growth are also an integral component of NORMA Group's long-term growth strategy. The company identifies and evaluates potential acquisitions according to strict criteria. Future acquisitions will strengthen the Group's regional presence, complement its product portfolio, improve access to customers and generate synergies.

**Continuous optimisation of production processes and cost structures**

In order to sustain a level of high profitability and to strengthen the Group's cash flow, management has implemented optimisation measures. These include cost discipline, continuously improving processes in all functions and regions, successful supply chain management and the comprehensive optimisation of the Group's production structure, which was completed for Europe in 2010. As part of this optimisation process, NORMA Group concentrated large-volume, automated production processes, which were mainly standardised,

around select high-tech production facilities. This allowed the Group to benefit from significant economies of scale. Moreover, NORMA Group relocated a large portion of its production processes with higher manual assembly to countries with lower labour costs. The management also initiated the “Global Excellence Programme” in 2009, which has already reduced costs significantly. Based on more than 400 cost improvement measures identified and implemented, Global Excellence will enable NORMA Group to generate cost advantages by improving the Group's flexibility in future.

**Continuous monitoring of select financial and non-financial performance indicators**

Management's leadership of NORMA Group mainly relies on financial performance indicators. The main indicators used are sales, adjusted EBITDA and EBITA ratios, capital employed in new investments and working capital, equity ratios, the risk profile of currency exposures and interest rates as well as the risk of changing material prices. Non-financial performance indicators include market penetration, the ability to solve problems, level of innovation, improvements in productivity and a sustainable company development.

“The global economy is still on a growth course. However, the environment is becoming more fragile due to increasing risks.”

### General business conditions

#### Global economy stays on growth path despite increased risks

The global economy continued the dynamic recovery of the previous year in 2011, albeit slightly weaker. The International Monetary Fund (IMF) puts the annualised increase in real GDP in the first quarter of 2011 at +4.3%. The growth rate for 2010 was revised to +5.1% (originally +4.8%). However, the world's main economies are currently growing at considerably different rates. The performance of the US economy was surprisingly weak in the first half of 2011. According to the US Department of Commerce, real and annualised GDP growth in the second quarter was just +1.3%. The figures for the first quarter were revised from +1.9% down to +0.4%. China, now the world's second largest economy, continued to expand with real GDP growth rates of almost 10%. The first official estimates published by the National Bureau of Statistics of China in July forecast real GDP growth of 9.5% in the second quarter of 2011 compared with the same quarter last year, after +9.7% in the first quarter of the year. The tsunami and nuclear catastrophe had a noticeable impact on the Japanese economy. Japan's GDP shrank by an annualised rate of 3.5% in the first quarter of 2011. However, Japan's economy is generally expected to rebound and overcome the recession in the second half of 2011.

In its June update to the World Economic Outlook published two months previously, the IMF again reported that there are currently more risks to growth than opportunities for positive surprises. Economists at a variety of institutions count the debt crises in Europe, the US, and possibly China as the most significant challenges facing the global economy. There are also signs of overheating in some emerging markets, and the political turmoil in the Arab world continues to contribute to the uncertainty. The price of crude oil has gone up noticeably since the start of the year. However, the tapping of strategic oil reserves and increase in value of the US dollar since April have prevented oil prices from going up further, at least for the time being.

Even though it now faces more risks than before, the outlook for the global economy remains positive for both the current and following year. The IMF estimates that global GDP will grow by 4.3% in 2011. Their forecast for 2012 is +4.5%. The IMF expects established economies to grow by 2.2% in the current year and 2.6% next year. The IMF's growth estimates for the world's emerging and developing markets (including BRIC countries) are +6.6% for 2011 and +6.4% for 2012.

**GDP growth rates**

| in %     | Q1 2011 | Q2 2011 | FY 2011e |
|----------|---------|---------|----------|
| USA      | +0.4    | +1.3    | +2.6     |
| China    | +9.7    | +9.5    | +9.6     |
| Eurozone | +2.5    | –       | +1.6     |
| Germany  | +5.2    | –       | +3.4     |

Source: Eurostat, IMF, OECD, US/Chinese Department of Commerce

**Europe caught between growth spurt and debt crisis**

The European economy performed well in the beginning of 2011. GDP in the eurozone grew by 2.5% in the first quarter of 2011 compared with the first quarter of last year. This is also an improvement on the fourth quarter of 2010 (+2.0%). Growth rates are tailing off month by month as expected, but industrial production is still performing well overall. Compared with the same periods last year, industrial production in the eurozone grew by 5.9% in March, 5.3% in April and 4.0% in May. This growth was largely driven by the production of capital and intermediate goods. In contrast, production in the energy sector is falling. Germany is still the main pillar of the economy and the catalyst for economic development in the eurozone. In May, industrial production picked up by +4.0% in France, while industrial production rates are on the decline in Portugal, Spain and Greece. The real GDP of the United Kingdom grew by 1.6% in the first quarter of 2011 compared with the same time last year, but this was slower than in the neighbouring eurozone. The United Kingdom has also seen a slight decline in industrial production since March. This adds the United Kingdom to the list of major European economies to fall behind the general trend. Economic conditions vary significantly between the various nations in Europe and the eurozone in particular.

As anticipated, the European Central Bank (ECB) increased the base rate by 0.25% to 1.50% in July 2011, the second hike of the year. This reflects the ECB's commitment to stabilising prices in the eurozone. Inflation reached 2.7% in June and 2.5% in July, once again higher than the ECB target of 2%. The debt problems in the eurozone had reached new heights in the weeks leading up to that point, exacerbating the euro crisis. The intense debate about a solution for Greece leading up to the second bailout package saw Ireland in the spotlight once again as well as Italy. These factors have led to increased insecurity and economic risks in Europe. The capital markets reflect these substantial risk factors.

Despite these conditions, further growth is still forecasted for Europe in the current and coming year. Eurostat expects real GDP in the EU-27 economic region to grow by 1.8% (2011) and 1.9% (2012). The corresponding forecasts for the eurozone (EU-17) are +1.6% for 2011 and +1.8% for 2012. However, economic growth rates may have already peaked due to the strong start in the current year.



## “The USA and Europe are looking for ways out of the state debt crisis.”

### Germany growing rapidly and able to weather the turmoil

Germany's economy is growing at the highest rate since reunification. Europe's top economy is reaping the benefits of a leading international competitive position, strong exports and a broad domestic economy supported by investment, the positive trend on the employment market and the resulting robust consumer demand. Germany's real GDP was up 5.2% in the first quarter of 2011 compared with the previous year. Even though growth rates tailed off as expected, the positive development continued for the rest of the half-year. According to Eurostat, industrial production grew by 9.6% in April and 7.5% in May compared with last year. The first four months of the year saw growth rates between +11.4% and +13.8%. In its July barometer, the ifo Institute stated that the boom was over and the German economy was beginning to stabilise. Experts began to revise their estimates downwards in July following the all-time high in June. Export companies in particular are preparing for growth to slow down in the second half of the year. However, the ifo Institute believes the economic situation is still very good due to Germany's strong domestic economy.

In their joint spring report released in April, the eight leading German economic research institutions still expected the German economy to grow by 2.8% in 2011 and 2.0% in 2012 (real GDP). Their most recent estimates for Germany are even more optimistic. Between May and July the individual institutions revised their growth estimates for 2011 upwards to between +3.2% and +3.7%. The new forecasts for 2012 range between +1.6% and +2.3%. The OECD improved its 2011 GDP forecast from +2.4% to +3.4% in May. The OECD expects Germany's economy to expand by 2.5% in 2012. Despite the increasing number of risks now facing the European and global economy, there is broad consensus that Germany has a solid and robust foundation in place for future growth.

### Rapid growth in engineering sector tails off

The German engineering sector made a strong start in 2011. According to the industry association VDMA, production was up 18% in the first five months of the year. Production grew by +25.4% in May alone. Utilisation of production capacities is high and the order situation remains pleasing. The German engineering sector recorded a 21% increase in orders in May. Downturns in exports to Greece, Spain and Portugal are being compensated by growth in other regions. However, the figures for June have shown this boom is over. Order entry increased by only 1% (domestic: -14%, overseas: +10%). Nevertheless, the VDMA still expects production to improve by 14% over the year, bringing it to near pre-crisis levels. Several of NORMA Group's major customers are engineering companies, which frequently require fluid and engine joining solutions for various applications.

“Economists have raised their growth forecasts for Germany for 2011 to significantly above 3%.”

“The boom in important key industries is behind us. The second half of the year will progress at a less dynamic pace.”

#### **German automotive industry sets its sights on a new production record**

The German automotive industry had an impressive first half in 2011. According to the industry association VDA, production climbed by 5% in the first six months of the year to 3 million passenger vehicles. The number of new registrations in Germany went up by 10% year-on-year, while exports improved by 6%. German manufacturers are contributing noticeably to the growth in major volume markets such as the US, China, India and Brazil and are increasing their market share. The Western European automobile market is stagnating, but the global market is growing. The estimates of the VDA (+7% to 66 million units) and Prof. Dudenhöfer, University of Duisburg-Essen (+6.3% to 62.3 million units) both forecast a significant increase in global production in 2011. The VDA's half-yearly report put the capacity utilisation of German manufacturers at 89% – for passenger vehicles even 92% – and forecasts the production of 5.9 million passenger vehicles in the current year. This would be a new record high. The commercial vehicle market is also recovering extremely well. The VDA expects sales to increase by 11% for commercial vehicles up to 6 tons and 24% for commercial vehicles over 6 tons in Germany in 2011.

#### **German construction industry sees moderate increase in sales**

According to Eurostat, the statistical office of the European Union, production in the construction sector fell 2.0% in the eurozone (EU-17) and 1.2% in the EU (EU-27) in April year-on-year. The downturn tailed off in comparison to March. Construction in Germany on the other hand continued to grow, recording a 4.5% year-on-year increase in April. Growth was well into double digits in the first quarter of the year due to the weather. While the German residential and commercial construction industry is benefiting from the positive overall developments in the economy and low interest rates, public construction is still suffering due to government budget issues. The construction sector continues to lag behind the rest of the economy, but is gradually beginning to catch up. The Central Association of the German Construction Industry (ZDB) revised its forecast for 2011 at the end of May. It now expects sales in the construction industry to grow by 1.9% (previously: 1.1%). Sales decreased by 2.2% in the previous year. Growth is being driven by private residential construction, which the ZDB expects to grow by 4.4% in 2011, and commercial construction, where sales are forecast to go up by 4%. Public construction is, however, expected to shrink by around 3%. The ifo business climate index for construction improved in July.

“As expected, our stock market listing and the seamless integration of the purchases in the USA had a positive effect.”

## Business development

### Major events

#### Successful IPO in April 2011

NORMA Group AG successfully started trading in the Prime Standard of Frankfurt Stock Exchange on 8 April 2011. The issue price for NORMA Group's shares was set at EUR 21.00. The proceeds from the capital increase reached EUR 147 million gross, which was used to repay part of the company's financial liabilities as part of a comprehensive optimisation of NORMA Group's financing structure. This will improve the company's flexibility when it comes to financing future growth.

Part of the expenses associated with the IPO was due in 2010 while a further part was due in the first half of 2011. Both expenses were reported as adjusted costs. The balance sheet effects of the IPO were recognised in the second quarter of 2011. The previous shareholders implemented a phantom share programme ahead of the IPO in order to award managers not sitting on NORMA Group AG's Management Board for their outstanding performance. The cost of the programme was adjusted and deferred proportionately in the 2010 annual financial statements and then deferred in full in the first quarter of 2011.

The capital increase, the refinancing resulting in lower syndicated liabilities to banks and the significantly improved interest structure have led to non-recurring expenses initially, but will influence the financial result in a positive way from the third quarter on. Following the successful restructuring of NORMA Group's financing, a new syndicated credit facility of EUR 250 million was added to the company's financing, which also included the addition of a EUR 125 million revolving credit facility for acquisitions and current assets. The international bank syndicate comprises 15 financial institutions and was coordinated by Commerzbank AG, SEB AG and UniCredit AG as mandated lead arrangers and bookbuilders, with the support of Westdeutsche Landesbank as a lead arranger.

#### US acquisitions quickly and successfully integrated

The integration of NORMA Group's two US acquisitions last year, R.G. Ray (May) and Craig Assembly (December 2010), was completed according to plan at the end of the first quarter of 2011. R.G. Ray relocated the production of heavy duty clamps to the production facilities in Mexico and Michigan, USA. The sales organisations were successfully integrated with each other. The insourcing of injection moulded plastic parts for all US facilities will be concentrated at Craig Assembly's production facility. Corresponding measures have been implemented and should be completed over the course of 2011.

## “Our successful production launch in Serbia strengthens our presence in emerging countries.”

The improved operating performance in the Americas segment is based on the increase in volumes as well as the successful integration of the acquired companies into NORMA Group. This success underlines our strategic objective of guiding every acquired company to the Group-wide profit margin as quickly as possible and reflects our ability to implement integration measures. Redundancy payments caused by the integration resulted in one-off expenses which had an effect on the result posted by our Americas segment in the first quarter of 2011. NORMA Group's management is pleased with the development of the acquisitions and speed at which they were integrated into the Group. The integration of NORMA Group's new acquisitions is not expected to result in any further significant expenses.

### **New production facility in Serbia opens on schedule**

In the first half of 2011, NORMA Group opened a new facility in Serbia to expand its global network and strengthen its presence in emerging markets. The company's new production facility is located in Subotica in the North of Serbia, around 10 kilometers from the Hungarian border. The site covers around 12,500 m<sup>2</sup> and focuses on the manufacturing of NORMA Group's "NormaFLEX" joining elements in its highest quality. The local team already contributed to the Group's sales growth in Western Europe by acquiring first renowned customers. NORMA Group has currently around 40 employees in Subotica.

### **Activities strengthened sustainably in the Asia-Pacific growth region**

NORMA Group has significantly reinforced its competitive position in Asia-Pacific over recent years by opening new facilities in India, Japan and Malaysia. In addition to expanding its production plants in China and India, NORMA Group also expanded its presence in the fast-growing economy Thailand with the opening of a new production facility at the end of 2010. Thus, NORMA Group is continuing to consistently improve its market position in the region.

The company started producing fluid systems for emission control in Thailand in January 2011. NORMA Group intends to expand its capacities to reach up to two million units annually within three years. The primary purpose of the site in Thailand is to supply the domestic demand of domestic industrial suppliers. The engineered products produced in Thailand will also be exported to Malaysia and Australia. NORMA Group intends to further expand its presence in the Asia-Pacific region and increase its market share with international customers as well as local producers and distributors.

“We were extremely pleased at our performance in the first half of the year; we were able to continue on our growth path.”

John Stephenson, COO of NORMA Group, took over the role of President Asia Pacific (APAC) in 2011 and will head the APAC headquarters in Singapore, developing the necessary growth structure in Asia. Mr. Stephenson will focus in particular on setting up a strong operations and supply chain strategy, which we will use to guarantee sustainable sales growth and operating cost efficiency in the region.

#### **Management Board on the business development**

The general business environment remained almost entirely positive in the second quarter of 2011, and NORMA Group was able to continue its extremely successful growth track. Demand for NORMA Group's engineered joining technology and system solutions was high across all of our customer segments and regions, leading to considerable growth in NORMA Group's sales in the period under review. The company acquired new customers in both of its distribution channels, EJT and DS.

Total sales were the main driver of the Group's organic growth of 19.9% in the first half of 2011. The company was also able to implement price increases. The acquired companies from the previous year also made a positive contribution to our increased sales figures.

The Management Board is very pleased with the overall growth achieved by the company with the consequence to revise the guidance for 2011. However, we still expect growth to be more moderate in the second half of 2011 than the first half, because activity was significantly higher in the second half of the previous year.

We were able to compensate the majority of the increase in the cost of materials, largely due to cost reduction effects of the “Global Excellence Programme” and selective price increases. The increase in employee benefit expenses was disproportionately low compared with the growth in sales. The improvement in NORMA Group's result is distorted by expenses related to our IPO. Our adjusted operating EBITA margin once again reached the high level of the previous year (definition of adjustments see page 30).

NORMA Group's (trade) working capital reflects the company's strong organic growth in the period under review, but is still characterised by a low level of capital commitment.

The capital increase resulting from the IPO and the significant improvement of the equity ratio to around 37.1% was for the first time included in the balance sheet figures as at 30 June 2011.

The Management Board is highly pleased with the course of business in the first half of 2011 and its impact on the company's earnings, financial and net asset position. The rapid integration of our US acquisitions, our successful IPO and the subsequent refinancing will continue to have a positive impact over the rest of the year.



## Group sales in EUR million



## Effects on Group sales

| in kEUR                |                |
|------------------------|----------------|
| Revenue H1 2010        | 230,530        |
| Organic growth         | 45,806         |
| Acquisitions           | 22,454         |
| Currency effects       | -2,924         |
| <b>Revenue H1 2011</b> | <b>295,866</b> |

## Earnings, financial and net asset position

### Sales and earnings performance

#### Strong growth in the first half of 2011

Group sales grew from EUR 124.4 million to EUR 145.5 million in the second quarter of 2011, an increase of EUR 21 million or 17.0%, providing the Group with EUR 296 million in the first half of 2011 compared with EUR 231 million in the first half of the previous year (+28.3%).

However, this strong growth is partially exaggerated due to the comparison with the weak months of January and February 2010. Sales figures for the first half of 2011 also include five months from acquired sales by the US company R.G.Ray and six months from Craig Assembly (acquisition May 2010) or December 2010 respectively) for the first time, totalling EUR 22 million. The Group's organic growth of EUR 45.8 million or 19.9% is largely due to a marked increase in volumes resulting from healthy demand. Price effects had a small positive impact on sales.

Both of the company's distribution channels, EJT and DS, reported considerably improved sales in the first half of 2011.

EJT's sales reached EUR 103 million in the second quarter of 2011, an increase of EUR 21.8 million or 27.1% compared with the same quarter last year which lead to total EJT sales of EUR 207 million in the first half of 2011 after EUR 149 million in the previous year (+39.4%).

DS recorded sales of EUR 43.5 million in the second quarter of 2011, largely in line with the second quarter of 2010 despite fewer working days in the second quarter of 2011, which did not contribute sales to the DS business. In the first half of 2011, DS posted sales of EUR 90 million compared with EUR 83 million in the previous year (+7.8%), a growth rate that outstrips global GDP.

Thus, both ways-to-market made a significant contribution to the Group's growth. Bearing in mind the difficulty of making an accurate objective assessment when approximately 10,000 customers and 80 export markets are involved, volumes tend to be higher in the EJT unit than in DS, partially due to the company's acquisitions. Both units attracted new customers.

“Both distribution channels are obtaining customers and carrying dynamic growth.”

**Performance of the distribution channels**

| in EUR million      | EJT     |         | DS      |         |
|---------------------|---------|---------|---------|---------|
|                     | H1 2011 | H1 2010 | H1 2011 | H1 2010 |
| Revenue             | 207     | 149     | 90      | 83      |
| Growth              | 39%     |         | 8%      |         |
| Proportion of sales | 70%     | 64%     | 30%     | 36%     |

**Materials usage ratio stable despite increased cost of materials**

The main raw materials used by the Group are austenitic steels, ferritic steels and plastic granules. Despite the increased cost of materials, NORMA Group's materials consumption, as a ratio of material costs to sales, largely remained stable at 44.5% in the first half of 2011, compared with 44.7% in the first half of 2010. The company was able to compensate for the majority of price increase of materials by using systematic cost reduction measures from the "Global Excellence Programme" or by passing the increased cost on to customers with increased alloy surcharges in the EJT unit and higher prices in the DS unit.

However, the price of materials remains on an upwards trend on procurement markets.

Gross profit reached EUR 166 million in the first half of 2011 in comparison with the previous year's figure of EUR 130 million. After deduction of material costs and fluctuations in inventory, the gross margin was 55.9% compared with 56.4% in the same period last year.

**Increase in personnel expenses disproportionately low compared with growth in sales**

The 23.7% increase in employee benefit expenses to EUR 73 million was disproportionately low compared with the growth in sales in the first half of 2011. Employee benefit expenses represented 24.8% of sales in comparison to 25.7% in the first half of 2010. Our excellent productivity is not just due to the Global Excellence programme but also driven by significant increase in volumes.

Employee benefit expenses include one-off expenses totalling EUR 3.2 million in the first half of 2011 (previous year EUR: 1.4 million). These one-off expenses, which were not included in operating earnings (adjusted EBITA), resulted mainly from severance payments in the first quarter related to the integration of the US companies acquired in 2010 and provisions for a phantom share programme run by the company's previous shareholders. This programme compensated managers not sitting on NORMA Group AG's Management Board for their outstanding performance in connection with the company's IPO. Adjusted for these one-off items, employee benefit expenses totalled approximately EUR 70 million in the first half of 2011, representing 23.7% of sales.

**Other operating expenses also include costs from the IPO**

Adjusted for one-off expenses, other operating expenses and income for production and administration reached EUR 35 million or 11.8% of sales in the first half of 2011 (first half of 2010: EUR 24 million/10.3%). The cost of meeting capital market requirements, the initial setting up stock market-oriented structures and various Group-wide IT projects increased the proportion of other operating expenses to sales.

Other operating expenses in the first half of 2011 also included approximately EUR 14 million for one-off expenses. These adjusted expenses largely relate to expenses or provisions for expenses incurred during the company's IPO. Other operating income and expenses were burdened by one-off effects totalling EUR 1.2 million in the first half of 2010.

**Adjusted EBITA in EUR million**

“Adjusted EBITDA increased by one quarter in the first six months.”

**Significant improvement in operating result**

Earnings before interest, taxes, depreciation and amortisation (EBITDA) came to EUR 43 million (unadjusted) in the first six months of 2011 due to these one-off effects. However, adjusted EBITA is a more meaningful indicator of NORMA Group's profit performance. Adjusted EBITA excludes depreciation of intangible assets resulting from purchase price allocations performed for historical acquisitions. This item also excludes one-off effects (mainly expenses associated with the IPO). Adjusted EBITA increased by 28.1% to EUR 54 million in the first half of 2011. Both distribution channels and all three regions contributed to this improvement. The operating margin based on adjusted EBITA reached 18.2% in the first half of 2011 and is comparable to the first half of 2010.

The second half of the year is historically weaker for seasonal reasons. Because of this, the profit margin cannot be annualised for the entirety of the 2011 financial year.

**Net financial result shaped by preparations for IPO and refinancing**

The net financial result for the period under review was dominated by preparations for NORMA Group's IPO. The liquidation of interest hedges with a negative market value of EUR 5.5 million in the first quarter resulted in a loss, as interest rate hedging and conversion effects and other expenses related to the refinancing did. This led to an unadjusted net financial result of EUR -23 million in the first half of 2011 (first half of 2010: EUR -7 million).

Net proceeds of the IPO in April 2011 were used for refinancing. Syndicated liabilities to banks were reduced to EUR 250 million. This will significantly decrease the impact of expenses on the net financial result.

**Financial and net assets position****Total assets reflect the Group's strong growth**

As at 30 June 2011, total assets climbed 6.3% on year-end 2010 at EUR 615 million, largely due to the significant rise in current assets resulting from the strong increase in sales. Non-current assets contribute 63.9% of the total assets.

As at 30 June 2011, non-current assets consisted primarily of goodwill totalling EUR 216 million (31 December 2010: EUR 222 million), other intangible assets such as patents and trademarks worth EUR 71 million (31 December 2010: EUR 79 million) and property, plant and equipment, which achieved EUR 97 million (31 December 2010: EUR 89 million).

“Capital increase creates solid Group equity base of 37%.”

#### Adjusted operating net cash flow

| in kEUR                                 | H1 2011       | H1 2010      | GJ 2010       |
|---|---------------|--------------|---------------|
| Adjusted EBITDA                         | 60,582        | 48,493       | 99,248        |
| Change in working capital               | -32,439       | -37,728      | -26,432       |
| Investments from operating activities   | -17,959       | -6,450       | -21,112       |
| <b>Adjusted operating net cash flow</b> | <b>10,184</b> | <b>4,315</b> | <b>51,704</b> |

#### Capital increase creates solid Group equity base of 37%

As at 30 June 2011, the consolidated financial statement includes equity totalling EUR 228 million (31 December 2010: EUR 78 million). This rise was due to the capital increase resulting from the company's IPO. This increased the equity ratio significantly to 37.1% in the period under review (31 December 2010: 13.5%). The capital increase related to the IPO put equity equal to net debt, making the company's equity situation solid (EUR 224 million as at 30 June 2011). Gearing (ratio of net debt to equity) improved from around 4.4 at the end of 2010 to its current level of 1.0.

Provisions were up EUR 5 million to EUR 13 million as at 30 June 2011. This increase is largely due to deferred costs related to the IPO.

#### IPO allows net financial debt to be reduced on schedule

Financial liabilities came to EUR 260 million at the half-year reporting date. The Group also had EUR 36 million in liquid assets available as at 30 June 2011. Net financial debt thus reached EUR 224 million as at 30 June 2011, down from EUR 344 million at the end of the previous year.

The capital increase resulting from the IPO in April 2011 was used to pay off the mezzanine capital and reduced NORMA Group's syndicated liabilities to banks to approximately EUR 250 million. Following the successful restructuring of NORMA Group's financing, a syndication of the total credit facility of EUR 375 million was established (including the revolving credit facility of EUR 125 million). The international bank syndicate comprises 15 financial institutions and was coordinated by Commerzbank AG, SEB AG and UniCredit AG as

mandated lead arrangers and bookbuilders, with the support of Westdeutsche Landesbank as a lead arranger. This optimisation of NORMA Group's financing structure will position the Group well to take full advantage of future growth opportunities.

#### Capital commitment in (trade) working capital remains low

Trade payables totalled EUR 49 million at the end of the first half of the year (31 December 2010: EUR 48 million), while trade and other receivables came to EUR 100 million (31 December 2010: EUR 70 million). These changes are due to the considerable growth in the Group's operating business. This item also includes receivables for the reimbursement of some of the costs of the IPO (EUR 9 million).

As at the reporting date of 30 June 2011, inventories had changed only slightly in comparison with the end of 2010 to EUR 68 million (31 December 2010: EUR 65 million) despite significantly improved sales figures.

NORMA Group's (trade) working capital (inventories plus receivables minus liabilities, both primarily from accounts receivables and accounts payables) was EUR 119 million at the end of the first half of the year (31 December 2010: EUR 87 million). The (trade) working capital is in line with the Group's dynamic course of business but was kept low in comparison to sales due to our consistent working capital management.

## Business segments in quarterly comparison

| in kEUR                                  | EMEA    |         | Americas |         | Asia-Pacific |         | Total segments |         |
|--|---------|---------|----------|---------|--------------|---------|----------------|---------|
|  | H1 2011 | H1 2010 | H1 2011  | H1 2010 | H1 2011      | H1 2010 | H1 2011        | H1 2010 |
| Revenue from external customers          | 194,201 | 165,078 | 85,571   | 51,483  | 16,094       | 13,969  | 295,866        | 230,530 |
| Contribution to consolidated group sales | 66 %    | 72 %    | 29 %     | 22 %    | 5 %          | 6 %     | 100 %          | 100 %   |
| Adjusted EBITDA                          | 47,605  | 39,416  | 16,042   | 9,894   | 1,573        | 2,261   | 65,220*        | 51,571* |

\* before reconciliation to consolidated Group results (see pages 40/41).

### Adjusted net cash flow from operating activities significantly positive

Group management tracks adjusted net cash flow from operating activities (normalised EBITDA plus/minus changes in trade working capital less investments in operating activities) throughout the year and in the course of business as an internal performance indicator. This cash flow continued to be in-line with our expectations. The net cash flow from operating activities in the first half of 2011 was distinctly positive despite significant growth (EUR 10.2 million).

Cash flow from investing activities in operations came to EUR -22 million in the half under review (first half of 2010: EUR -35 million). The majority of NORMA Group's capital expenditure was dedicated to projects with the specific objective of expanding our production capacities. These investments will ensure that NORMA Group has enough production capacity to achieve sales growth. Investment focused on expansions in Germany and the USA, as well as on the new facility in Serbia.

On the basis of the long-term growth trend, NORMA Group in the medium term intends to invest between 4.0% and 4.5% of its annual sales in expansion and maintenance.

Cash flow from financing activities reached EUR 32 million in the first half of 2011 (first half of 2010: EUR 9.5 million) and was dominated by the Group's successful IPO and the related refinancing.

## Business segments

### Successful in all three business regions

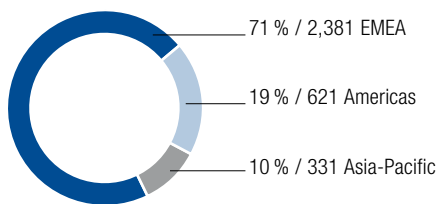
The key economic data for NORMA Group's three regional segments in the first half of 2011 and a comparison with the previous year is shown in the table.

All three regional segments achieved improvements in both sales and earnings. Only the Asia-Pacific region recorded a slightly lower adjusted EBITDA which is attributable to the expansion activities in that region. The Group was also able to acquire new customers and orders for newly developed products in all segments in the first half of 2011.

In the **EMEA** region, both the eurozone and the high-growth markets of Eastern Europe delivered a positive performance. Our decision to expand our activities in these dynamic regional markets is paying off. As planned, NORMA Group opened a new production facility in Serbia this year following the production start in Russia.

The positive performance of the **Americas** region reflects not only the Group's extremely robust organic growth, but also consolidation effects from the acquisition of the US companies R.G.Ray (May 2010) and Craig Assembly (December 2010).

Growth in the **Asia-Pacific** region continues to be satisfactory. We are consistently expanding our activities in these attractive markets and are determined to exploit the considerable potential for growth. Expanding our centres in the Asia-Pacific region – particularly the new plant in Thailand – will contribute significantly to these efforts. The management team for the Asia-Pacific region based in Singapore will develop and implement necessary growth structures for the region.

**Employees by region as of 30 June 2011**

## Employees

The total number of employees increased due to the dynamic growth of NORMA Group. As at the end of the first half of 2011, the Group had 3,333 employees (excluding temporary workers). At the end of 2010, the Group had 3,028 employees. The increase in the number of employees reflects our robust organic growth, investment in new facilities, the expansion of our distribution network and the effects of the acquisitions in the last year.

## Management compensation

After the IPO the compensation for the members of the Management Board (Vorstand NORMA Group AG) under the new service agreement consists in accordance with Section 87 AktG of fixed and variable, success-orientated components. The variable compensation consists of an annual cash bonus, a cash based long term incentive program with a three year assessment base and a matching stock program for the period from 2011 until 2015. The variable compensation is based on financial figures of NORMA Group and the stock price of the Company.

As a one time payment for the additional tasks and duties during the process of preparing and closing the offering, the Management Board members receive a one time IPO-bonus that is paid in two installments in 2011 and 2012 respectively. An personnel investment has to be held by the members of the Management Board for the entire term of the matching stock program. The maximum gross amount resulting from the exercise of the fictitious options of one tranche in general is limited in amount.

The members of the Management Board are covered under a directors' and officers' insurance policy, the cost of which are borne by the Company. According to the new service agreement this insurance provides for a deductible in the amount of 10% of each insured event, however limited to 1,5 times the annual base salaries for the insured bodies.

## Risk report

NORMA Group's business activities are exposed to various risks. These risks can have a negative impact on the Group's earnings, financial and net asset position in both the short and long term. However, the Group also has numerous opportunities for value creation in the short and long term.

The Group's overall risk structure consists of individual risks, which can also occur concurrently. Management is of the opinion that the Group's strategically reinforced broad diversification in terms of its products, customers, application areas and regions is a significant component of its internal risk spreading and reduction strategy.

Risks are monitored and managed on an ongoing basis within NORMA Group's risk management strategy at every organisational level and in all functions. Risks which have, or show the potential to have a material impact on the Group's earnings, financial and net asset position are monitored and actively managed on a Group level.



“Supported by our strong performance in the first half of 2011, we are confidently looking forward and increasing the forecast for the year as a whole.”

There was no significant change in the NORMA Group's opportunities and risks in the first half of 2011 in comparison to those described in the 2010 financial report. The Group is currently unaware of any risks that might endanger the ongoing course of business which have a high probability of occurring.

The Group is well positioned to continue to expanding its market position and growing internationally in the medium and long term.

## Forecast

### Increased guidance for 2011

The first half of 2011 brought a distinct improvement in the company's sales and earnings. However, the effect of the company's organic growth is exaggerated by the slow global economic recovery from the beginning of the previous year and can therefore not be projected over the entire year. For seasonal reasons, the final quarter of the year is normally weaker than the previous quarters.

The nuclear crisis in Japan had only a small impact on the Group's business in the first half of 2011. Neither sales nor procurement showed any significant negative impacts on the Group's activities in the quarter under review, as less than 3% of NORMA Group's global sales come from customers in Japan. The future consequences of this crisis for the Group's business cannot currently be assessed, but none are anticipated.

Provided the global economy continues unchanged and the euro does not get any stronger against NORMA Group's trading currencies – particularly the US dollar – we expect a growth above the 10%

organic long term growth trend of the Group for the financial year 2011. We now intend to achieve organic growth of between 10% and 12% in the 2011 financial year (previously: near +10%). The consolidation of the Group's two US acquisitions, R.G. Ray and Craig Assembly, will also result in additional sales of EUR 20 million as compared with the previous year, depending on the future development of the euro versus the US dollar. This results in expectations of annual sales of between EUR 560 million and EUR 570 million.

Despite price increases of materials on global procurement markets and the continuing strength of the euro, the Group's operating target for the 2011 is to outperform the adjusted EBITA margin of the previous year (adjusted for one-off expenses in the first quarter of 2011 resulting from the integration of our US acquisitions and one-off expenses related to the IPO in the first half of the year as well as full-year adjustments resulting from purchase price allocations for intangible assets). The Group intends to reach this target on the basis of the considerable increase in sales, which outstripped the long-term Group trend and with the support of the Group-wide "Global Excellence" cost reduction programme, and other measures for increasing productivity. We previously expected our adjusted EBITA margin for 2011 to be on the level of the previous year. Due to the latest positive developments of important customer groups, the operating target EBITA margin for the current year is expected to be near 18%.

This forecast assumes that the price of materials will develop in line with the trend established in the first half of the year.

Potential acquisitions cannot be predicted and are therefore not incorporated in either our financial year planning or this forecast.

# Condensed Consolidated Interim Financial Statements

## Contents

- 36 Consolidated statement of financial position
- 38 Consolidated statement of comprehensive income
- 39 Consolidated statement of cash flows
- 40 Consolidated statement of changes in equity
- 41 Condensed notes on the consolidated financial statements

## Consolidated statement of financial position

as of 30 June 2011

### Assets

| in kEUR                       | Note | 30 June 2011   | 31 Dec 2010    |
|-------------------------------|------|----------------|----------------|
| <b>Non-current assets</b>     |      |                |                |
| Goodwill                      | (11) | 216,346        | 221,704        |
| Other intangible assets       | (11) | 71,086         | 79,315         |
| Property, plant and equipment | (11) | 96,819         | 89,387         |
| Other financial assets        |      | 397            | 397            |
| Derivative financial assets   | (16) | 239            | 0              |
| Income tax assets             |      | 2,406          | 2,406          |
| Deferred income tax assets    |      | 6,025          | 6,025          |
|                               |      | <b>393,318</b> | <b>399,234</b> |
| <b>Current assets</b>         |      |                |                |
| Inventories                   |      | 68,032         | 64,709         |
| Other non-financial assets    |      | 9,522          | 9,218          |
| Income tax assets             | (12) | 7,806          | 4,914          |
| Trade and other receivables   | (12) | 100,323        | 70,282         |
| Cash and cash equivalents     |      | 36,219         | 30,426         |
|                               |      | <b>221,902</b> | <b>179,549</b> |
| <b>Total assets</b>           |      | <b>615,220</b> | <b>578,783</b> |

## Equity and liabilities

| in kEUR  | Note | 30 June 2011   | 31 Dec 2010    |
|--|------|----------------|----------------|
| <b>Equity attributable to equity holders of the parent</b> |      |                |                |
| Subscribed capital   | (13) | 31,863         | 76             |
| Capital reserves   | (13) | 212,251        | 96,650         |
| Other reserves   |      | -1,276         | -1,364         |
| Retained earnings  | (13) | -14,795        | -20,116        |
| <b>Equity attributable to shareholders</b>                 |      | <b>228,043</b> | <b>75,246</b>  |
| Non-controlling interests                                  | (13) | 409            | 3,156          |
| <b>Total equity</b>  |      | <b>228,452</b> | <b>78,402</b>  |
| <b>Liabilities</b>   |      |                |                |
| <b>Non-current liabilities</b>                             |      |                |                |
| Retirement benefit obligations                             |      | 8,929          | 9,063          |
| Provisions   | (14) | 4,902          | 4,584          |
| Borrowings   | (15) | 221,925        | 315,935        |
| Other non-financial liabilities                            |      | 1,457          | 0              |
| Other financial liabilities                                |      | 586            | 577            |
| Derivative financial liabilities                           | (16) | 4,785          | 0              |
| Deferred income tax liabilities                            |      | 32,619         | 34,450         |
|  |      | <b>275,203</b> | <b>364,609</b> |
| <b>Current liabilities</b>                                 |      |                |                |
| Provisions   | (14) | 7,807          | 3,255          |
| Borrowings   | (15) | 30,891         | 44,162         |
| Other non-financial liabilities                            |      | 20,465         | 21,773         |
| Other financial liabilities                                |      | 1,925          | 8,319          |
| Derivative financial liabilities                           | (16) | 0              | 5,550          |
| Income tax liabilities                                     |      | 1,241          | 4,402          |
| Trade payables   |      | 49,236         | 48,311         |
|  |      | <b>111,565</b> | <b>135,772</b> |
| <b>Total liabilities</b>                                   |      | <b>386,768</b> | <b>500,381</b> |
| <b>Total equity and liabilities</b>                        |      | <b>615,220</b> | <b>578,783</b> |

## Consolidated statement of comprehensive income

for the period from 1 January to 30 June 2011

| in kEUR  | Note   | Q2 2011        | Q2 2010       | H1 2011        | H1 2010        |
|--|--------|----------------|---------------|----------------|----------------|
| Revenue  | (5)    | 145,522        | 124,402       | 295,866        | 230,530        |
| Changes in inventories of finished goods and work in progress    |        | -1,629         | 558           | 1,210          | 2,642          |
| Raw materials and consumables used                               | (5)    | -63,433        | -55,987       | -131,573       | -103,129       |
| <b>Gross profit</b>  |        | <b>80,460</b>  | <b>68,973</b> | <b>165,503</b> | <b>130,043</b> |
| Other operating income   |        | 1,378          | 5,488         | 5,172          | 7,834          |
| Other operating expenses   | (4, 6) | -20,169        | -18,658       | -54,246        | -32,714        |
| Employee benefit expenses  | (4, 7) | -35,117        | -30,951       | -73,377        | -59,310        |
| Depreciation and amortisation                                    |        | -5,398         | -5,861        | -11,573        | -11,219        |
| <b>Operating profit</b>  |        | <b>21,154</b>  | <b>18,991</b> | <b>31,479</b>  | <b>34,634</b>  |
| Financial income   | (4, 8) | 478            | 1,084         | 2,832          | 2,756          |
| Financial costs  | (4, 8) | -14,527        | -5,808        | -25,872        | -9,439         |
| <b>Financial costs – net</b>                                     |        | <b>-14,049</b> | <b>-4,724</b> | <b>-23,040</b> | <b>-6,683</b>  |
| <b>Profit before income tax</b>                                  |        | <b>7,105</b>   | <b>14,267</b> | <b>8,439</b>   | <b>27,951</b>  |
| Income taxes   | (9)    | -1,812         | -3,721        | -2,359         | -3,745         |
| <b>Profit for the period</b>                                     |        | <b>5,293</b>   | <b>10,546</b> | <b>6,080</b>   | <b>24,206</b>  |
| <b>Other comprehensive income for the period, net of tax</b>     |        |                |               |                |                |
| Exchange differences on translating foreign operations           |        | 1,047          | -44           | -755           | -2,356         |
| Cash flow hedges, net of tax                                     | (16)   | -1,615         | -213          | 843            | -1,485         |
| Actuarial gains/losses on defined benefit plans, net of tax      |        | 0              | -275          | 0              | -548           |
| <b>Other comprehensive income for the period, net of tax</b>     |        | <b>-568</b>    | <b>-532</b>   | <b>88</b>      | <b>-4,389</b>  |
| <b>Total comprehensive income for the period</b>                 |        | <b>4,725</b>   | <b>10,014</b> | <b>6,168</b>   | <b>19,817</b>  |
| <b>Profit for the period attributable to</b>                     |        |                |               |                |                |
| Shareholders' of the parent                                      |        | 5,291          | 10,474        | 6,090          | 24,018         |
| Non-controlling interests  | (13)   | 2              | 72            | -10            | 188            |
|  |        | <b>5,293</b>   | <b>10,546</b> | <b>6,080</b>   | <b>24,206</b>  |
| <b>Total comprehensive income for the period attributable to</b> |        |                |               |                |                |
| Shareholders' of the parent                                      |        | 4,723          | 9,942         | 6,178          | 19,629         |
| Non-controlling interests  | (13)   | 2              | 72            | -10            | 188            |
|  |        | <b>4,725</b>   | <b>10,014</b> | <b>6,168</b>   | <b>19,817</b>  |
| <b>Earnings per share (in EUR)</b>                               |        | <b>0.19</b>    | <b>0.43</b>   | <b>0.22</b>    | <b>0.97</b>    |

## Consolidated statement of cash flows

for the period from 1 January to 30 June 2011

| in kEUR   | Note | Q2 2011       | Q2 2010        | H1 2011        | H1 2010        |
|---|------|---------------|----------------|----------------|----------------|
| <b>Operating activities</b>   |      |               |                |                |                |
| <b>Profit for the period</b>  |      | <b>5,293</b>  | <b>10,546</b>  | <b>6,080</b>   | <b>24,206</b>  |
| Depreciation and amortization   |      | 5,398         | 5,861          | 11,573         | 11,219         |
| Gain (-)/loss (+) on disposal of property, plant and equipment  |      | -105          | -4             | -141           | -132           |
| Change in provisions  | (14) | 1,597         | -1,109         | 4,886          | 273            |
| Change in deferred taxes  | (9)  | -642          | -613           | 529            | -5,188         |
| Change in inventories, trade account receivables and other receivables (without receivable for reimbursement IPO-costs) |      | -4,500        | -14,314        | -33,313        | -34,574        |
| Change in trade and other payables (without outstanding invoices for IPO-costs netted with equity)                      |      | -16,283       | 6,233          | -10,950        | 16,726         |
| Interest paid   |      | 4,407         | 6,443          | 14,328         | 10,757         |
| Other non-cash expenses/income  |      | 109           | -226           | 2,464          | -1,476         |
| <b>Net cash provided by operating activities</b>  |      | <b>-4,726</b> | <b>12,817</b>  | <b>-4,544</b>  | <b>21,811</b>  |
| thereof interest received   |      | 546           | 139            | 774            | 194            |
| thereof income taxes  |      | -2,176        | -1,796         | -5,777         | -3,766         |
| <b>Investing activities</b>   |      |               |                |                |                |
| Purchase of former non-controlling interests  | (13) | -225          | 0              | -4,677         | 0              |
| Acquisition of subsidiaries   |      | 0             | -28,332        | 0              | -28,332        |
| Investments in property, plant and equipment  |      | -8,830        | -1,977         | -17,290        | -5,448         |
| Proceeds from sale of property, plant and equipment   |      | 311           | 4              | 954            | 132            |
| Investments in intangible assets  |      | -367          | -1,002         | -669           | -1,002         |
| <b>Net cash used in investing activities</b>  |      | <b>-9,111</b> | <b>-31,307</b> | <b>-21,682</b> | <b>-34,650</b> |
| <b>Financing activities</b>   |      |               |                |                |                |
| Proceeds from capital increase  |      | 147,000       | 15,000         | 147,000        | 15,000         |
| IPO costs netted with equity  |      | -3,810        | 0              | -3,810         | 0              |
| Reimbursement IPO costs from shareholder  |      | 388           | 0              | 388            | 0              |
| Interest paid   |      | -4,407        | -6,443         | -14,328        | -10,757        |
| Dividends paid to non-controlling interests   |      | 0             | -84            | 0              | -84            |
| Refinancing costs   |      | -8,356        | 0              | -8,356         | 0              |
| Proceeds from borrowings  | (15) | 264,163       | 989            | 290,493        | 12,306         |
| Repayment of borrowings   |      | -379,036      | -6,967         | -379,036       | -6,967         |
| <b>Net cash provided by financing activities</b>  |      | <b>15,942</b> | <b>2,495</b>   | <b>32,351</b>  | <b>9,498</b>   |
| <b>Net decrease (-)/ increase (+) in cash and cash equivalents</b>  |      | <b>2,105</b>  | <b>-15,995</b> | <b>6,125</b>   | <b>-3,341</b>  |
| Cash and cash equivalents at beginning of year  |      | 34,262        | 40,305         | 30,426         | 27,185         |
| Exchange gains/losses on cash   |      | -148          | 425            | -332           | 891            |
| <b>Cash and cash equivalents at end of the period</b>   |      | <b>36,219</b> | <b>24,735</b>  | <b>36,219</b>  | <b>24,735</b>  |



## Consolidated statement of changes in equity

for the period from 1 January to 30 June 2011

| in kEUR   | Note | Attributable to equity holders of the parent |                  |                |                   | Total          | Non-controlling interests | Total equity   |
|---|------|--|------------------|----------------|-------------------|----------------|---------------------------|----------------|
|   |      | Subscribed Capital                           | Capital reserves | Other reserves | Retained earnings |                |                           |                |
| <b>Balance at 31 December 2009</b>                          |      | <b>76</b>                                    | <b>81,650</b>    | <b>3,779</b>   | <b>-49,461</b>    | <b>36,044</b>  | <b>3,084</b>              | <b>39,128</b>  |
| <b>Changes in equity for H1 2010</b>                        |      |  |                  |                |                   |                |                           |                |
| Profit for the period                                       |      |  |                  |                | 24,018            | 24,018         | 188                       | 24,206         |
| Exchange differences on translating foreign operations      |      |  |                  | -2,356         |                   | -2,356         | 0                         | -2,356         |
| Cash flow hedges, net of tax                                |      |  |                  | -1,485         |                   | -1,485         | 0                         | -1,485         |
| Actuarial gains/losses on defined benefit plans, net of tax |      |  |                  | -548           |                   | -548           | 0                         | -548           |
| <b>Total comprehensive income H1 2010</b>                   |      | <b>0</b>                                     | <b>0</b>         | <b>-3,841</b>  | <b>23,470</b>     | <b>19,629</b>  | <b>188</b>                | <b>19,817</b>  |
| Proceeds from capital increase                              |      |  | 15,000           |                |                   | 15,000         | 367                       | 15,367         |
| <b>Total transactions with owners for the period</b>        |      | <b>0</b>                                     | <b>15,000</b>    | <b>0</b>       | <b>0</b>          | <b>15,000</b>  | <b>367</b>                | <b>15,367</b>  |
| <b>Balance at 30 June 2010</b>                              |      | <b>76</b>                                    | <b>96,650</b>    | <b>-62</b>     | <b>-25,991</b>    | <b>70,673</b>  | <b>3,639</b>              | <b>74,312</b>  |
| <b>Balance at 31 December 2010</b>                          |      | <b>76</b>                                    | <b>96,650</b>    | <b>-1,364</b>  | <b>-20,116</b>    | <b>75,246</b>  | <b>3,156</b>              | <b>78,402</b>  |
| <b>Changes in equity for H1 2011</b>                        |      |  |                  |                |                   |                |                           |                |
| Profit for the period                                       |      |  |                  |                | 6,090             | 6,090          | -10                       | 6,080          |
| Exchange differences on translating foreign operations      |      |  |                  | -755           |                   | -755           | 0                         | -755           |
| Cash flow hedges, net of tax                                | (16) |  |                  | 843            |                   | 843            | 0                         | 843            |
| Actuarial gains/losses on defined benefit plans, net of tax |      |  |                  | 0              |                   | 0              | 0                         | 0              |
| <b>Total comprehensive income H1 2011</b>                   |      | <b>0</b>                                     | <b>0</b>         | <b>88</b>      | <b>6,090</b>      | <b>6,178</b>   | <b>-10</b>                | <b>6,168</b>   |
| Change in capital   |      | 24,787                                       | -24,787          |                |                   | 0              | 0                         | 0              |
| Proceeds from capital increase                              |      | 7,000  | 140,000          |                |                   | 147,000        |                           | 147,000        |
| Reimbursement OPICP by shareholder                          |      |  | 388              |                |                   | 388            |                           | 388            |
| IPO costs directly netted with equity, net of tax           |      |  |                  |                | -5,454            | -5,454         |                           | -5,454         |
| Reimbursement IPO costs by shareholder, net of tax          |      |  |                  |                | 6,625             | 6,625          |                           | 6,625          |
| Acquisition of non-controlling interest                     |      |  |                  |                | -1,940            | -1,940         | -2,737                    | -4,677         |
| <b>Total transactions with owners for the year</b>          | (13) | <b>31,787</b>                                | <b>115,601</b>   | <b>0</b>       | <b>-769</b>       | <b>146,619</b> | <b>-2,737</b>             | <b>143,882</b> |
| <b>Balance at 30 June 2011</b>                              |      | <b>31,863</b>                                | <b>212,251</b>   | <b>-1,276</b>  | <b>-14,795</b>    | <b>228,043</b> | <b>409</b>                | <b>228,452</b> |

## Notes on the consolidated financial statements (condensed)

### 1. General information

These condensed consolidated financial statements of NORMA Group as of 30 June 2011 have been prepared in accordance with IAS 34 "Interim financial reporting", as adopted by the EU.

The condensed consolidated financial statements are to be read in connection with the consolidated financial statements for 2010. They can be read on the Internet at [www.normagroup.com](http://www.normagroup.com). All IFRS to be applied for financial years beginning 1 January 2011, as adopted by the EU, have been taken into account.

The condensed financial statements were approved by the management on 10 August 2011.

### 2. Basis of preparation

The condensed financial statements are prepared using the same methods of accounting and consolidation principles as in the consolidated financial statements as at 31 December 2010. A detailed description of these methods is published in the notes to the annual consolidated statements for 2010.

IFRS to be applied for the first time in financial years beginning 1 January 2011 have no significant influence on the condensed financial statements of NORMA Group as of 30 June 2011.

The consolidated statement of comprehensive income has been prepared according to total cost method.

The condensed financial statements are presented in euro (EUR).

In each interim reporting period, income tax expenses are calculated based on the best estimate of the weighted average tax rate for the full financial year.

### 3. Basis of consolidation

The basis of consolidation for the consolidated financial statements on the first half of 2011 includes six German and 33 foreign companies as well as one associated company accounted for in accordance with IAS 39.

In the first half year of 2011, the NORMA Group founded the company NORMA do Brasil Sistemas de Conexão Ltda.

In the first quarter of 2011, the Group acquired the non-controlling interests in Fijaciones NORMA S.A. (Spain). In the second quarter of 2011, the NORMA Group acquired a non-controlling interests in NORMA Group Products India Pvt. Ltd.

## Notes on the consolidated statement of comprehensive income, consolidated statement of financial position and other notes

### 4. Adjustments

The NORMA Group's results are influenced by non-recurring and restructuring costs, especially due to the initial public offering (IPO).

The following table shows the profit and loss net of these expenses:

| in kEUR   | Note | H1 2011        | H1 2010        |
|---|------|----------------|----------------|
| Revenue   | (5)  | 295,866        | 230,530        |
| Changes in inventories of finished goods and work in progress     |      | 1,210          | 2,642          |
| Raw materials and consumables used                                | (5)  | -131,573       | -103,129       |
| <b>Gross profit</b>   |      | <b>165,503</b> | <b>130,043</b> |
| Adjusted other operating income and expenses                      | (6)  | -34,766        | -23,649        |
| Adjusted employee benefit expenses                                | (7)  | -70,155        | -57,901        |
| <b>Adjusted EBITDA</b>  |      | <b>60,582</b>  | <b>48,493</b>  |
| Depreciation without PPA depreciation                             |      | -6,681         | -6,431         |
| <b>Adjusted EBITA</b>   |      | <b>53,901</b>  | <b>42,062</b>  |
| Amortisation without PPA depreciation                             |      | -1,391         | -981           |
| <b>Adjusted operating profit (EBIT)</b>                           |      | <b>52,510</b>  | <b>41,081</b>  |
| Adjusted financial costs – net                                    | (8)  | -10,817        | -6,683         |
| <b>Adjusted profit before income tax</b>                          |      | <b>41,693</b>  | <b>34,398</b>  |
| Adjusted income taxes   | (9)  | -11,537        | -5,524         |
| <b>Adjusted profit for the quarter</b>                            |      | <b>30,156</b>  | <b>28,874</b>  |
| Non-controlling interests   |      | 2              | 188            |
| <b>Adjusted profit attributable to shareholders of the parent</b> |      | <b>30,154</b>  | <b>28,686</b>  |
| Adjusted earnings per share (in EUR)                              |      | 1.07           | 1.15           |

Due to the acquisition of R.G. Ray and Craig Assembly in May 2010 or December 2010 respectively, a comparison between the periods is limited. The contribution of the two companies to revenue of the half year of 2011 was kEUR 22,454.

## 5. Revenue and raw materials and consumables used

| in kEUR                         | H1 2011        | H1 2010        |
|---------------------------------|----------------|----------------|
| Engineered Joining Technologies | 207,325        | 148,740        |
| Distribution Services           | 89,633         | 83,152         |
| Other revenue                   | 1,514          | 1,120          |
| Deductions                      | -2,606         | -2,482         |
|                                 | <b>295,866</b> | <b>230,530</b> |

Revenue for the first half of 2011 (kEUR 295,866) was 28.3% above revenue for the first half of 2010 (kEUR 230,530). However, this strong nominal growth is exaggerated due to the weak January and February of 2010. The sales figures for the first half of 2011 also include the sales (totalling EUR 22 million) of the US companies R.G. Ray and Craig Assembly which were acquired in May of 2010 and December of 2010 respectively.

The raw materials and consumables used changed accordingly.

## 6. Other operating expenses

Other operating expenses include non-recurring costs mainly due to the IPO of the NORMA Group amounting to kEUR 14,308, of which kEUR 12,949 were recognised in the first quarter of 2011. In the first half of 2010, non-recurring or non-period related items of kEUR 1,231 were recognised.

## 7. Employee benefit expenses

With the IPO of NORMA Group, the amount to be paid due to the Operational Performance Incentive Cash Programme (OPICP) was finalized; an additional liability of kEUR 1,821 was recognized in the first quarter of 2011 (see note 18). The payment to the eligible executive managers was made in the second quarter of 2011. A part of the expenses was already reimbursed by the previous shareholder in the first half of 2011 (see note 13).

The employee benefit expenses are further impacted by restructuring costs resulting from the acquisitions in North America, leading to adjustments of kEUR 3,222 (H1 2010: kEUR 1,409).

## 8. Financial income and costs

With the IPO of NORMA Group in April 2011, liabilities to banks were repaid and refinanced. In the first quarter of 2011 the interest swap on these old loans was liquidated, leading to an expense of kEUR 5,550. In addition, expenses of about kEUR 1,000 occurred in preparing the refinancing in the first quarter of 2011 as well as kEUR 5,673 in the second quarter of 2011. Further changes to the first quarter of 2010 result from exchange rate and interest rate effects due to financing activities.

Costs amounting to kEUR 8,796 that are directly attributable to the refinancing were netted with the bank borrowings according to IAS 39.43. They are amortised over the financing period of five years using the effective interest method.

## 9. Income taxes

The income taxes for the first half of 2010 are influenced by deferred tax assets resulting from the utilisation of tax losses which had not yet been recognized (kEUR 1,952) and deferred tax assets from tax loss carryforwards of the previous year which are assessed in the current year (kEUR 1,772). There were no one-time effects in the first half of 2011 which would have an impact on current income taxes.

## 10. Earnings per share

On 14 March 2011, the NORMA Group changed its legal form to a public company. The resulting 24,862,400 shares (excluding shares held by the company that had been repurchased in April 2011) from the conversion have already been included in the calculation for earnings per share from 1 January 2010 onwards. There had been no additional issuance of shares in this period since the subscribed capital has been increased by company capital.

With the IPO on 8 April 2011, an additional 7 million shares were issued.

|   | Date                    | No. of shares<br>(unweighted) | Weighting<br>in days | No. of shares<br>(weighted) |
|---|-------------------------|-------------------------------|----------------------|-----------------------------|
|   | 1 January<br>2010       | 24,862,400                    | 181                  | 24,862,400                  |
|   | 1 January<br>2011       | 24,862,400                    | 181                  | 24,862,400                  |
| Capital<br>increase<br>through the<br>issuance of<br>new shares | 8 April<br>2011         | 7,000,000                     | 84                   | 3,248,619                   |
|   | <b>30 June<br/>2011</b> | <b>31,862,400</b>             | <b>181</b>           | <b>28,111,019</b>           |

The earnings per share were as follows:

|  | H1 2011    | H1 2010    |
|--|------------|------------|
| Profit attributable to shareholders' of the parent (in kEUR) | 6,090      | 24,018     |
| Number of weighted shares                                    | 28,111,019 | 24,862,400 |
| Earnings per share (in EUR)                                  | 0.22       | 0.97       |

## 11. Fixed and intangibles assets

In the first half of 2011, kEUR 17,959 were invested in fixed and intangible assets. The main focus of the investments was expansions in Germany and USA as well as the new production site in Serbia. There were no material deductions. The change in goodwill from kEUR 221,704 to kEUR 216,346 resulted from exchange differences.

## 12. Current assets

The NORMA Group will receive a reimbursement by the previous shareholders for a part of the costs incurred by preparations for the IPO. A receivable of kEUR 9,150 was recognised for the contracted part of the incurred and accrued costs; it increased the equity (see also note 13). The additional increase of receivables resulted from trade accounts receivables.

Prepayments of income taxes increased the income tax assets.

## 13. Equity

### Purchase of a non-controlling interest in Fijaciones NORMA S.A.

On 5 January 2011, the Group acquired 45.16% of the share capital of Fijaciones NORMA S.A. (Spain) for a cash consideration of EUR 4.45 million, which was previously held by non-controlling interests. After this transaction, the Group now owns 100% of the shares.

This acquisition was accounted for as an equity transaction. The difference between the cash consideration and the acquired non-controlling interests (kEUR 2,889) was recognised directly in equity and attributed to the Group.

### Purchase of a non-controlling interest in NORMA Group Products India Pvt. Ltd.

On 15 June 2011, the Group acquired 20% of the share capital of NORMA Group Products India Pvt. Ltd. for a cash consideration of kEUR 235, which was previously held by non-controlling interests. After this transaction, the Group now owns 100% of the shares.

This acquisition was accounted for as an equity transaction. The difference between the cash consideration and the acquired non-controlling interests (kEUR -152) was recognised directly in equity and attributed to the Group.

### Change of legal form to a public company – capital increase from corporate funds

With the change of the legal form of NORMA Group to a public company on 14 March 2011, kEUR 24,787 were reclassified from capital reserves to subscribed capital.

### Effects in equity resulting from the IPO

NORMA Group AG successfully began trading on the Prime Standard of the Frankfurt Stock Exchange on 8 April 2011. The issue price for NORMA Group's shares was EUR 21.00.



In the course of the IPO, a capital increase of 7 million shares was placed leading to an increase of the subscribed capital of kEUR 7,000 and an increase of the capital reserve of kEUR 140,000.

Transaction costs directly associated with the IPO of kEUR 7,532 were recognised net of tax in the retained earnings.

A part of the expenses for the IPO will be reimbursed by the previous shareholders and recognised net of tax in the retained earnings. The receivable of kEUR 9,150 was recognised in the first half of 2011; it includes estimations due to outstanding invoices or provisions.

The costs for the Operational Performance Incentive Cash Programme (OPICP) of kEUR 2,808 will be reimbursed by the previous shareholders. kEUR 388 has been paid so far and recognised in the capital reserve according to contract.

#### Authorized and conditional capital

The management board is authorized by the extraordinary shareholder's meeting on 6 April 2011 in the period ending on 5 April 2016, to increase the company's registered share capital in one or more transactions by up to EUR 15,931,200 in aggregate by issuing up to 15,931,200 new no par value registered shares against cash contributions or contributions in kind (authorised capital)

With the resolution on the extraordinary shareholder's meeting on 6 April 2011 the company's share capital has been conditionally increased by up to EUR 12,505,000 through the issuance of up to 12,505,000 new no par value registered shares (conditional capital). The conditional capital increase serves to issue shares to the holders or creditors of convertible or warrant-linked bonds as well as profit participation rights based on the authorisation approved by the extraordinary shareholders' meeting of 6 April 2011.

## 14. Provisions

Provisions increased from kEUR 7,839 to kEUR 12,709 resulting mainly from costs due to the preparations in connection with the IPO.

## 15. Borrowings

With the IPO, all existing bank borrowings were repaid in the second quarter of 2011 due to the inclusion of the capital increase and a newer loan.

The new financing of EUR 250 million is entirely in euro and matures in 2016. Additionally a revolving credit facility of EUR 125 million is available for financing the operative business or future acquisitions.

| in kEUR          | No later than 1 year | Later than 1 year and no later than 2 years | Later than 2 year and no later than 5 years | Later than 5 years |
|------------------|----------------------|---|---|--------------------|
| Gross borrowings | 20,000               | 22,500                                      | 82,500                                      | 125,000            |

Costs amounting to kEUR 8,796 that are directly attributable to the refinancing were netted with the bank borrowings according to IAS 39.43. They are amortised over the financing period of five years using the effective interest method.

The coupon for the syndicated bank facilities is 2.25%. The variable interest rates are hedged.

## 16. Derivative financial liabilities

With the IPO of NORMA Group in April 2011 the syndicated bank borrowings were repaid and refinanced.

The variable interest rates of the new borrowing were hedged with derivatives. To reflect the financial performance of NORMA Group, parts of the borrowing were translated into foreign currencies for which interest and currency risks were hedged.

As a result of liquidating the old hedges from the old borrowing in the first half of 2011 and the interest rate and currency hedges of the new borrowing, a positive amount in other comprehensive income of kEUR 843 was recognised.

## 17. Segment reporting

The NORMA Group segments the company at a regional level. The reportable segments of NORMA Group are EMEA, Americas, and Asia Pacific. The NORMA Group's vision includes regional growth targets. Distribution services are focused regionally and locally. EMEA and Americas have linked regional and intercompany organisations with different functions. Therefore the Group's internal management reporting and controlling system has a strong regional focus. The product portfolio does not vary between these segments.

NORMA Group measures the performance of its segments through a measure of profit or loss which is referred to as "Adjusted EBITDA".

EBITDA comprises revenue, changes in inventories of finished goods and work in progress, raw materials and consumables used, other operating income and expenses and employee benefit expenses. EBITDA is measured in a manner consistent with that in the statement of comprehensive income.

| in kEUR                                  | EMEA           |                | Americas      |               | Asia-Pacific  |               | Total segments |                |
|--|----------------|----------------|---------------|---------------|---------------|---------------|----------------|----------------|
|  | H1 2011        | H1 2010        | H1 2011       | H1 2010       | H1 2011       | H1 2010       | H1 2011        | H1 2010        |
| Total segment revenue                    | 205,262        | 178,204        | 89,468        | 55,049        | 16,560        | 14,468        | 311,290        | 247,721        |
| thereof inter-segment revenue            | 11,061         | 13,126         | 3,897         | 3,566         | 466           | 499           | 15,424         | 17,191         |
| <b>Revenue from external customers</b>   | <b>194,201</b> | <b>165,078</b> | <b>85,571</b> | <b>51,483</b> | <b>16,094</b> | <b>13,969</b> | <b>295,866</b> | <b>230,530</b> |
| Contribution to consolidated group sales | 66%            | 72%            | 29%           | 22%           | 5%            | 6%            | 100%           | 100%           |
| Adjusted EBITDA                          | 47,605         | 39,416         | 16,042        | 9,894         | 1,573         | 2,261         | 65,220         | 51,571         |
| Assets (prior year as of 31 Dec 2010)*   | 399,946        | 399,539        | 197,672       | 205,302       | 31,468        | 30,179        | 629,086        | 635,020        |

\* included allocated goodwills, taxes are shown in reconciliation.

The adjustments of EBITDA in 2011 relate mostly to costs resulting from preparations for the IPO of NORMA Group AG or other non-recurring or non-period related items, restructuring costs from the first quarter of 2011 (closure of facilities, transfer of products, severances in respect to the integration of the US companies acquired in 2010), and other group items from the first quarter of 2011 (mainly group stewardship/sponsor-orientated costs).

Inter-segment revenue is generally recorded at values that approximate third-party selling prices.

Segment assets comprise all assets less (current and deferred) income tax assets. Taxes are shown in the reconciliation. Segment assets and liabilities are measured in a manner consistent with that in the statement of financial position.

The reconciliation of the segments' adjusted EBITDA is as follows:

| in kEUR                                   | H1 2011       | H1 2010       |
|---|---------------|---------------|
| Total segments' adjusted EBITDA           | 65,220        | 51,571        |
| Holdings                                  | -4,025        | -2,619        |
| Eliminations                              | -613          | -459          |
| <b>Total adjusted EBITDA of the group</b> | <b>60,582</b> | <b>48,493</b> |
| Restructuring costs                       | -725          | 0             |
| Non-recurring or non-period related costs | -16,622       | -2,370        |
| Other group and normalised items          | -183          | -270          |
| <b>EBITDA of the group</b>                | <b>43,052</b> | <b>45,853</b> |
| Depreciation and Amortization             | -11,573       | -11,219       |
| Financial costs                           | -23,040       | -6,683        |
| <b>Profit before tax</b>                  | <b>8,439</b>  | <b>27,951</b> |

Non-recurring or non-period related costs in the first quarter of 2011 consist mainly of costs due to the IPO.

| Reconciliation |          | Consolidated group |                |
|----------------|----------|--------------------|----------------|
| H1 2011        | H1 2010  | H1 2011            | H1 2010        |
| -15,424        | -17,191  | 295,866            | 230,530        |
| -15,424        | -17,191  | 0                  | 0              |
| <b>0</b>       | <b>0</b> | <b>295,866</b>     | <b>230,530</b> |
| -4,638         | -3,078   | 60,582             | 48,493         |
| -13,866        | -56,237  | 615,220            | 578,783        |

## 18. Operational Performance Incentive Cash Programme

In financial year 2008, NORMA Group implemented an incentive plan for managers in the form of the Operational Performance Incentive Cash Programme (OPICP) under which eligible executive managers of the second management level are granted phantom shares of NORMA Group AG entitling the participants to receive cash payments in case of an exit event (IPO/sale).

With the IPO of the NORMA Group AG, the programme's amount was finalised to kEUR 2,808 (thereof in 2011: kEUR 1,821).

The costs for the Operational Performance Incentive Cash Programme of kEUR 2,808. As of yet, the previous shareholder has already reimbursed kEUR 388 which were recognised in capital reserves according to contract.

## 19. Contingencies and commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

| in kEUR                       | 30 June 2011 | 31 Dec 2010 |
|-------------------------------|--------------|-------------|
| Property, plant and equipment | 2,894        | 999         |
|                               | <b>2,894</b> | <b>999</b>  |

The Group has contingent liabilities in respect to legal claims arising as part of the ordinary course of business.

NORMA Sweden is still subject of an environmental examination by Uppsala municipality's environmental department which began last year. NORMA Sweden had to examine a sold premise. Under Swedish law the person who carried on an activity that caused pollution is deemed to be primarily responsible for remedial actions, i.e. investigations and remediation. After the examination in November 2009 the environmental department reviewed the report and ordered that further tests should be made. NORMA Sweden has opposed this and so far the environmental department has not replied to their response.

NORMA Group does not believe that any of these contingent liabilities will have a material adverse effect on its business or any material liabilities will arise from contingent liabilities.

## 20. Related party transactions

The shareholder structure of NORMA Group changed due to the IPO on 8 April 2011.

In the first half of 2011, management services of kEUR 845 were received by related parties (H1 2010: kEUR 153). In 2011, these consisted mainly of consulting services as part of the preparation for the IPO.

The loan from 3i Fonds including accrued interest of kEUR 11,900 outstanding as of 31 December was repaid during the IPO and the subsequent refinancing in the second quarter of 2011.

The costs for the Operational Performance Incentive Cash Programme (OPICP) of kEUR 2,808 will be reimbursed by the previous shareholders. In the first half of 2011 kEUR 388 were paid and recognised in the capital reserve according to contract.

Information regarding the changed management compensation can be found in the management report.

## 21. Changes in Executive Bodies

On 14 March 2011, the NORMA Group formed a new supervisory board. It consists of the following persons:

Dr. Stefan Wolf, Chairman  
 Dr. Ulf von Haacke, Deputy Chairman  
 Dr. Christoph Schug  
 Günter Hauptmann (as of 6 April 2011)  
 Knut J. Michelberger (as of 6 April 2011)  
 Lars M. Berg (as of 6 April 2011)

With the transformation of NORMA Group into a public company the advisory board was terminated.

Maintal, 10 August 2011

NORMA Group AG  
 Management Board

Werner Deggim

Dr. Othmar Belker

Bernd Kleinhens

John Stephenson

# Further Informations

## 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.

Maintal, 10 August 2011

NORMA Group AG  
Management Board

Werner Deggim

Dr. Othmar Belker

Bernd Kleinhens

John Stephenson



## Review Report

To NORMA Group AG, Maintal

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity and the condensed notes – and the interim group management report of NORMA Group AG for the period from January 1, 2011 to June 30, 2011 which are part of the half-year financial report pursuant to § (Article) 37w WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company’s Board of Managing Directors. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Frankfurt am Main, August 10, 2011

PricewaterhouseCoopers  
Aktiengesellschaft  
Wirtschaftsprüfungsgesellschaft

|                         |                         |
|-------------------------|-------------------------|
| Dr. Ulrich Störk        | ppa. Stefan Hartwig     |
| Wirtschaftsprüfer       | Wirtschaftsprüfer       |
| (German Public Auditor) | (German Public Auditor) |

# Financial Calendar 2011

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### Concept and Layout

HGB Hamburger Geschäftsberichte GmbH & Co. KG, Hamburg

### Note to the Interim Report

This Interim Report is the English translation of the original German version; in case of deviations between these two the German version prevails.

### Note regarding the rounding of figures

Due to the commercial rounding of figures and percentages small deviations may occur.

### Disclaimer

This Interim Report contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as "believe", "estimate", "assume", "expect", "forecast", "intend", "could" or "should" or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the Company's current assumptions, which may not in the future take place or be fulfilled as expected. The Company points out that such future-oriented statements provide no guarantee for the future and that actual events including the financial position and profitability of the NORMA Group AG and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed or described in these statements. Even if the actual results for the NORMA Group AG, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Interim Report, no guarantee can be given that this will continue to be the case in the future.

**NORMA Group AG**

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