REPORT FOR THE FIRST HALF-YEAR OF 13/14

bene

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MANAGEMENT REPORT FOR THE FIRST HALF OF 2013/14

KEY MESSAGES

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- **Sales decreased 18.3 % to EUR 82.3 million**
- **Reorientation in all sales regions**
- **Results burdened by restructuring measures**
- **Financial restructuring successfully completed**

KEY DATA FIRST HALF 2013/14

in TEUR and %	HY1 2013/14	HY1 2012/13	Changes in %	Changes absolute
Sales	82,281	100,769	-18.3 %	-18,488
EBITDA	-8,392	3,196	-362.6 %	-11,587
EBIT	-13,504	-1,105	-1,122.1 %	-12,399
Employees (as of the reporting date)	1,252	1,340	-6.6 %	-88
CAPEX*	-1,782	-5,334	66.6 %	3,552
Cash flow from operating activities	-7,168	-27,388	73.8 %	20,220

* Cash-out for tangible fixed and intangible assets

ECONOMIC ENVIRONMENT

After an expected decline in economic performance in the second quarter, the **eurozone** may resume its course of growth as early as the third quarter and it should continue forward into 2014. After a drop of 0.6 % in 2013, the eurozone should be able to grow by 1.0 % in 2014.

While the industry mood in the eurozone improved slightly in the first half of the year, the weak development of real income and the rise in the savings ratio suppressed private consumption in **Austria**. Nonetheless, the Austrian economy grew in the second quarter at its strongest rate in a year (gross domestic product growth of 0.2 %).

Despite a weak start at the beginning of the year, **Germany's** gross domestic product increased by 0.7 % over the previous quarter thanks to increased demand among private households and public budgets, increasing investment, and an appreciable rise in exports over imports.

In the **United Kingdom**, economic performance also improved notably. Gross domestic product grew at 0.6 % in the second quarter of this year, which is twice as fast as in the first quarter. This can be attributed to climbing production, both in the industrial and services sectors as well as the agricultural sector, and rising consumption and investments by consumers and businesses.

In contrast, economic growth in **Russia** dropped from 4.5 % in the first half of 2012 to 1.4 % this half-year, according to Russia's Federal State Statistics Service. However, the Ministry of Economic Development expects that the current risk of recession in the Russian economy will be balanced out by a reversal in the second half of the year, enabling the attainment of a GDP growth estimate of 2.4 % in 2013.

The economic situation did not change much for **Central and Eastern Europe** in the second quarter. There should be slight GDP growth in the second half-year, yet appreciable GDP growth cannot be expected until 2014.

According to the National Bureau of Statistics, **China's** gross domestic product grew by 7.5 % in the second quarter of 2013 vis-a-vis the same period in 2012, which corresponds to a decline of 0.2 % in comparison to the first quarter of 2013 (GDP increase of 7.7 % in the first quarter year-on-year). In the first six months of 2013, retail sales increased by 12.7 % and industrial production by 8.9 %. Sustained infrastructure investments during the first six months in annual comparison led to an increase of 20.1 %.

Sources: Eurostat, Austrian Institute of Economic Research, German Federal Statistical Office

BUSINESS PERFORMANCE IN THE FIRST HALF-YEAR OF 2013/14

In line with its restructuring concept, Bene has adjusted its focus to markets with high potential for growth and orders generating strong earnings. This was the context for Bene's reduction of sales in the first half-year of 2013/14 by making changes in the sales process. The Management Board is forecasting Group sales of about EUR 175 million for the current financial year 2013/14. This reduction in sales at the Group level is also reflected in the decline in sales and results for all segments in the first half-year of 2013/14 versus the first half of the previous year.

Overall, sales in the first six months of the reporting period were down 18.3% in comparison to the same period in the previous year, by EUR 18.5 million to EUR 82.3 million, which corresponds to the plans on which the negotiations with the banks were based.

SALES DEVELOPMENT

Sales decreased in all segments in the first half of the 2013/14 year. This was due on one hand to the targeted reorganisation in the Group's sales management, on the other hand to the palpable uncertainty among many customers caused by press reports on the restructuring of the Bene Group. Overall, sales in the first six months of the current financial year were EUR 82.3 million, which was 18.3% below the comparable value from the previous year.

Sales in the Austria segment decreased by 13.4% or EUR 3.3 million to EUR 20.9 million in the first six months of the financial year 2013/14 (HY1 2012/13: EUR 24.2 million). However, due to long-lasting well established customer relations Bene as market leader in Austria developed and realised innovative solutions for customers like Prangl, Essilor and Backaldrin in the first half of 2013/14.

Sales in the Germany segment were down by 17.2% to EUR 22.8 million in the first six months of the current reporting year (HY1 2012/13: EUR 27.6 million). The successful realisation of projects such as for Mittelbayerischer Verlag and Rödl & Partner shows that Bene is a competent partner for innovative office solutions.

Due to ongoing restructuring measures, the UK segment also experienced a 43.8% decline in sales during the first six months of the current financial year. Sales in the first six months of the current financial year were EUR 6.9 million, which was below the comparable value from the previous year (HY1 2012/13: EUR 12.3 million).

In the Russia segment, Bene was able to bring in sales of EUR 7.2 million in the first half-year. Sales in this region therefore fell by 40.3% or EUR 4.8 million in the first six months of the current financial year (HY1 2012/13: EUR 12.0 million).

The situation was similar in the segment 'Other Markets' in the second quarter of 2013/14. Sales in this segment fell slightly in the first half-year 2013/14 by EUR 0.3 million to EUR 24.4 million (HY1 2012/13: EUR 24.7 million). Bene also in this markets successfully realised projects for Adobe (Switzerland) and Allianz Suisse (Switzerland) with innovative concepts.

'Bene India', a company that was newly founded in the fourth quarter of the financial year 2012/13, began operations for the first time in the financial year 2013/14 and was able to post its first successful orders in its first months.

EARNINGS DEVELOPMENT

The reduction in sales in all segments was also reflected in the earnings development in the first half-year 2013/14. EBIT in the first six months of the current financial year was EUR -13.5 million, which was EUR 12.4 million below the comparable value from the previous year (HY1 2012/13: EUR -1.1 million).

Although the gross profit margin (= sales revenue +/- inventory changes - expenses for material and services rendered in relation to sales revenue) decreased for the entire six months of the current reporting period to 50.3 % (HY1 2012/13: 54.7 %), there was an improvement in this key figure in the course of the period.

Expenses for materials and services rendered fell due to the reduced sales during the first six months by EUR 9.2 million to EUR 38.2 million (HY1 2012/13: EUR 47.4 million). In relation to sales, however, expenses were reduced by 0.6 percentage points to 46.5 % (HY1 2012/13: 47.1 %).

Personnel expenses decreased in the first six months of the current 2013/14 reporting period by 5.9 % to EUR 34.4 million (HY1 2012/13: EUR 36.5 million). Along with the diminishing operating performance, one reason for the reduction was personnel adjustments made in the course of the restructuring process. The measures and additional provisions for structural changes in the second half-year also impacted the results. The number of employees fell in the first half-year to 1,252 employees as of 31 July 2013, which was a reduction of 135 employees since the last balance sheet date. Additional restructuring measures that have been agreed upon and are currently being implemented will include further cuts of about 150 employees in the second half-year.

Other expenses were reduced by 3.9 % to EUR 16.8 million in the first half-year 2013/14 (HY1 2012/13: EUR 17.5 million). This resulted on one hand from a reduction in expenses for outgoing freight, advertising and travel costs, a majority of which were compensated for by a sharp increase in consulting costs. The extraordinary consulting services are related in full to the restructuring of the Bene Group.

EBITDA in the first half-year 2013/14 was EUR -8.4 million, which was EUR 11.6 million below the comparable value from the previous year (HY1 2012/13: EUR 3.2 million).

Amortisation, depreciation and impairment of intangible assets and property, plant and equipment of EUR 5.1 million were EUR 0.8 million higher than the reference value of the past year (HY1 2012/13: EUR 4.3 million).

As a result, the described effects reduced EBIT in the first six months of the current financial year to EUR -13.5 million (HY1 2012/13: EUR -1.1 million).

Interest charges — primarily for the corporate bond issued in April 2009 — as well as short-term cash advances led to a negative financial result of EUR -2.4 million (HY1 2012/13: EUR -2.0 million) after the first six months of the financial year 2013/14.

In sum, EBT in the first six months of the current financial year was EUR -15.9 million, which was EUR 12.2 million below the comparable value from the previous year (HY1 2012/13: EUR -3.1 million).

ASSETS AND CAPITAL STRUCTURE

In comparison to the balance sheet date on 31 January 2013, total assets on 31 July 2013 were down by EUR 23.3 million to EUR 109.1 million (31 January 2013: EUR 132.4 million). The equity ratio was at -11.6 % as of the reporting date 31 July 2013 (31 January 2013: 2.4 %) and is therefore negative.

Long-term assets fell as of 31 July 2013 — due to a reduction in property, plant and equipment and intangible assets — by EUR 3.9 million to EUR 55.0 million in comparison to the balance sheet date (31 January 2013: EUR 58.9 million). Long-term financial liabilities fell as of 31 July 2013 compared to the balance sheet date 31 January 2013 — due primarily to the reclassification of the corporate bond issued in April 2009 into short-term financial liabilities — by EUR 38.2 million to EUR 4.4 million. We refer to the explanations in the Notes regarding the change in the maturities stemming from the financial restructuring completed after 31 July 2013.

As of 31 July 2013, net working capital (= inventories + trade receivables - trade liabilities - prepayments received) was lower by EUR 10.9 million to EUR 28.2 million in comparison to the balance sheet date 31 January 2013 (31 January 2013: EUR 39.1 million).

INVESTMENTS

Additions to tangible and intangible assets reached EUR 1.7 million (HY1 2012/13: EUR 5.0 million) in the first six months of the current financial year, which was below the level of the previous year. Replacement investments in the Waidhofen/Ybbs location, as well as the redesign/opening of showrooms in India, Cologne and Asia, made up the largest positions.

CASH FLOW & FINANCES

The operative cash flow of the Bene Group was EUR -7.2 million (HY1 2012/13: EUR -27.4 million) after the first six months of the current reporting period. The decline in trade receivables caused by the decrease in revenues had a positive effect on operative cash flow.

Cash flow from investing activities amounted to EUR -1.2 million (HY1 2012/13: EUR -5.0 million) in the first half of the current financial year. The exploitation of short-term cash advances, as well as the interest payment for the corporate bond, led to an overall positive cash flow from financing activities in the amount of EUR 6.2 million (HY1 2012/13: EUR 17.9 million) in the first half-year 2013/14.

In total, the changes in cash and cash equivalents in the first six months of the current financial year were EUR -2.1 million (HY1 2012/13: EUR -14.6 million). As of 31 July 2013, net debt of the Bene Group reached EUR 65.0 million (31 January 2013: EUR 55.1 million).

EMPLOYEES

On the balance sheet date 31 July 2013, the Bene Group employed 1,252 people, which was 88 people or 6.6 % less than on 31 July 2012. Staffing levels developed by region as follows:

	31.07.2013	31.01.2013	31.07.2012
Austria	842	925	890
Germany	152	200	195
UK	51	51	50
Russia	74	93	100
Other markets	133	118	105
Total group	**1,252**	**1,387**	**1,340**

REORGANISATION MEASURES

The Management Board that was newly appointed in December of 2012 has implemented countless measures in the past months in order to ensure not only the financial restructuring of the Bene Group but also a turn-around in operational business. In order to move forward with the Group's restructuring and place the company on solid footing the Management Board team is focussing on a clear restructuring plan. It is based on an adequate financial framework, regional cultivation of the market, and measures to reduce cost and increase profit.

Together with external consultants, the Management Board prepared a forecast for the company to continue operations as a going concern that also included long-term corporate planning. In line with this forecast, since the beginning of 2013 Bene has been focusing **operational restructuring** particularly on reducing material and personnel costs. In the first half of the current financial year many steps have already been taken to ensure the operative turn-around of the Group over the medium term. To this end, the Group's global headcount was noticeably reduced by 30 September 2013. By 31 December 2013 this figure will be about 250 people below the comparable number of the previous year. Reductions in warehouse capacity, office space and showrooms are already taking place as well as measures to improve internal processes and increase efficiency. In this context all locations around the world have been and are being submitted to an in-depth analysis and unprofitable, in particular international, sales locations are being reduced. The heart of this restructuring concept comprises measures that improve Bene's earnings power on a sustainable basis; it recognises that it was those major loss-generating projects in the past that were most responsible for the collapse in the Group's net income. With this in mind, the Bene Group is now reinforcing its activities in markets with high growth potential.

In the course of its **financial restructuring,** Bene signed a restructuring agreement with its financing banks on 29 August 2013 that includes a waiver on the part of the lending banks until 2016. The total package provides for a realignment of the existing credit lines with longer terms, the refinancing of the EUR 40 million bond 2014 (AT0000A0DF70), and fresh funds amounting to about EUR 14 million. We refer to the notes or the individual points of the agreement and its related risks.

The strategic orientation of the Bene Group is currently being evaluated, and the results will be processed by the end of 2013. In the course of this **strategic restructuring,** Bene's product portfolio will continue to undergo assessment and those products that have not attained their revenue targets will be eliminated. The Bene Group however will continue to be a comprehensive provider of office solutions with a product portfolio that completely meets the needs of its demanding international customers.

BUSINESS TRANSACTIONS WITH RELATED PARTIES

For more information on transactions with related parties in the first six months of the 2013/14 financial year, please refer to the Notes to the abridged consolidated interim financial statements of BENE AG, in accordance with IFRS.

KEY RISKS IN THE REMAINING MONTHS OF THE BUSINESS YEAR

As an internationally operating company, the Bene Group is exposed to a wide variety of risks in the course of its business activities. These risks include above all economic developments in the target markets. A weak economy in which the companies have little interest in making investments has a major influence on the sales situation of the Bene Group.

In the current financial year, Bene specifically sees risks in the second half due to the ongoing restructuring of the Bene Group. These risks could be, for example:

- A delay in the implementation of the financial restructuring.
- Identified capacities for cost reductions cannot be implemented to the degree planned.
- Planned earnings cannot be realised to the extent forecasted because the uncertainty among customers caused by the media coverage of Bene's restructuring cannot be countered as hoped.

All in all, however, the Management Board is of the opinion that it has portrayed these risks properly and taken them sufficiently into consideration in their plans.

OUTLOOK

In line with the reorganisation concept, Bene is focusing on markets with high potential for growth. Against this background, Bene will make controlled reductions to sales. The Management Board is forecasting Group revenues of about EUR 175 million for the current financial year 2013/14.

The restructuring measures launched in the 2012/13 business year will be consistently implemented in the on-going financial year. Yet the current fiscal year will continue to be burdened by the cost of restructuring. This situation, along with the effects on business operations of the long, drawn-out restructuring negotiations that were accompanied by considerable uncertainty, will mean that Bene AG will not reach a break-even point in 2013/14 either, and will record a loss. This outlook is consistent with the company's plans, which were also the basis of the restructuring agreement signed with the financing banks.

Note
This report also contains statements about possible developments in the future that have been made based on the information that is currently available. These statements, which reflect the Management Board's current assessment of future events, cannot be considered guarantees of future performance and pertain to risks and uncertainties that are difficult to predict. There is a wide variety of reasons why actual results or circumstances could differ considerably from those assumptions on which the statements were based.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF BENE AG

CONSOLIDATED BALANCE SHEET

AS OF 31 JULY 2013 (UNAUDITED) AND 31 JANUARY 2013 (AUDITED)

BENE
HY 2013/14

in TEUR

Assets	31.07.2013	31.01.2013
Intangible assets	14,482	15,889
Property, plant and equipment	39,500	42,018
Non-current financial assets	286	275
Deferred tax assets	700	704
Non-current assets	**54,968**	**58,886**
Inventories	13,979	18,259
Trade receivables	25,363	37,894
Receivables and other assets	4,428	4,519
Cash and cash equivalents	10,398	12,845
Current assets	**54,168**	**73,517**
TOTAL ASSETS	**109,136**	**132,403**
Equity and liabilities		
Share capital	24,347	24,347
Accumulated profit/loss	-35,593	-20,704
Stockholders equity	**-11,246**	**3,643**
Non-controlling interest	-1,399	-445
Equity	**-12,645**	**3,198**
Liabilities to employees	15,266	15,809
Long-term financial liabilities	4,448	42,650
Long-term government grants and subsidies	934	1,016
Deferred tax liabilities	431	431
Non-current liabilities	**21,079**	**59,906**
Trade payables (incl. prepayments received)	11,178	17,036
Current financial liabilities	70,965	25,301
Current provisions	5,892	4,292
Current tax provisions	283	449
Other liabilities	12,179	21,976
Current government grants and subsidies	205	246
Current liabilities	**100,702**	**69,300**
TOTAL EQUITY AND LIABILITIES	**109,136**	**132,403**

CONSOLIDATED INCOME STATEMENT

FOR THE FIRST HALF-YEAR OF 2013/14 (UNAUDITED) AND FOR THE FIRST HALF-YEAR OF 2012/13 (UNAUDITED)

BENE
HY 2013/14

in TEUR	HY1 2013/14	HY1 2012/13
Sales	**82,281**	**100,769**
Inventory changes finished/semi-finished goods	-2,691	1,760
Own work capitalised	324	1,027
Other income	1,105	1,084
Materials and services rendered	-38,236	-47,443
Personnel expenses	-34,354	-36,496
Other expenses	-16,821	-17,506
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**-8,392**	**3,196**
Depreciation, amortisation and impairments	-5,112	-4,301
Earnings before interest and taxes (EBIT)	**-13,504**	**-1,105**
Interest expense	-2,559	-2,168
Interest income	13	9
Other financial income	129	187
Financial result	**-2,417**	**-1,972**
Earnings before taxes (EBT)	**-15,921**	**-3,077**
Taxes on income	-1	-633
Net income	**-15,922**	**-3,710**
Thereof attributable to:		
Shareholders of the parent company	-14,783	-3,230
Non-controlling interests	-1,139	-480
	-15,922	-3,710
Earnings per share (diluted = basic) in EUR:	-0.61	-0.13

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FIRST HALF-YEAR OF 2013/14 (UNAUDITED) AND FOR THE FIRST HALF-YEAR OF 2012/13 (UNAUDITED)

BENE
HY 2013/14

in TEUR	HY1 2013/14	HY1 2012/13
Net income	**-15,922**	**-3,710**
Other comprehensive income		
Valuation profit/-loss of available for sale financial instruments	0	130
Taxes on income	0	-33
	0	**98**
Adjustment from foreign currency translation	-104	335
Other comprehensive income after taxes	**-104**	**433**
Total comprehensive income for the period	**-16,026**	**-3,277**
thereof shareholders of parent company	**-14,874**	**-2,805**
thereof non-controlling interests	**-1,152**	**-473**
	-16,026	**-3,277**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FIRST HALF-YEAR OF 2013/14 (UNAUDITED) AND FOR THE FIRST HALF-YEAR OF 2012/13 (UNAUDITED)

in TEUR	Share capital	IAS 39 reserve	Accumulated profit/loss	Stockholders' equity	Non-controlling interests	Equity
as of Feb. 01, 2012	**24,347**	**-147**	**10,743**	**34,943**	**0**	**34,943**
Net income	0	0	-3,230	-3,230	-480	-3,710
Other comprehensive income	0	98	328	425	7	433
Total income for the period	0	98	-2,902	-2,805	-473	-3,277
Acquisition of non-controlling interests	0	0	0	0	301	301
as of July 31, 2012	**24,347**	**-50**	**7,842**	**32,139**	**-171**	**31,966**
as of Feb. 01, 2013	**24,347**	**0**	**-20,704**	**3,643**	**-445**	**3,198**
Net income	0	0	-14,783	-14,783	-1,139	-15,922
Other comprehensive income	0	0	-91	-91	-13	-104
Total income for the period	0	0	-14,874	-14,874	-1,152	-16,026
Reclassifications	0	0	-15	-15	15	0
Foundation of subsidiaries	0	0	0	0	183	183
as of July 31, 2013	**24,347**	**0**	**-35,593**	**-11,246**	**-1,399**	**-12,645**

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FIRST HALF-YEAR OF 2013/14 (UNAUDITED) AND FOR THE FIRST HALF-YEAR OF 2012/13 (UNAUDITED)

BENE
HY 2013/14

in TEUR	HY1 2013/14	HY1 2012/13
Earnings before taxes (EBT)	**-15,921**	**-3,077**
Taxes paid on income	-163	-777
Depreciation, amortisation and impairments	5,112	4,301
Net interest income and income from securities	2,417	1,972
Profit/loss from disposal of property, plant & equipment and intangible assets	-18	-36
Other non-cash expenses/income	262	-59
Changes in long-term liabilities to employees	-543	272
Consolidated financial Cash flow	**-8,854**	**2,597**
Changes in inventory	4,280	-2,872
Changes in receiveables and other assets	12,622	-18,486
Changes in trade payables	-5,857	-5,421
Changes in other liabilities	-10,959	-3,223
Changes in current provisions	1,600	17
Cash flow from operating activities	**-7,168**	**-27,388**
Proceeds from disposal of property, plant & equipment and intangible assets	483	199
Expenditures for property, plant & equipment and intangible assets	-1,782	-5,334
Expenditures for financial assets	0	-100
Expenditures for acquisition of subsidiaries	-11	0
Interest received	13	9
Income from securities	129	187
Cash flow from investing activities	**-1,168**	**-5,039**
Raising of interest-bearing financial liabilities	7,462	21,944
Repayments of interest-bearing financial liabilities	0	-888
Proceeds from the foundation of a subsidiary	183	301
Interest paid	-1,398	-3,495
Cash flow from financing activities	**6,247**	**17,862**
Changes in cash and cash equivalents	**-2,089**	**-14,565**
Cash and cash equivalents at beginning of period	**12,845**	**24,525**
Adjustment from foreign currency translation	-358	116
Cash and cash equivalents at end of period	**10,398**	**10,076**

SEGMENT REPORTING

FOR THE FIRST HALF-YEAR OF 2013/14 (UNAUDITED) AND FOR THE FIRST HALF-YEAR OF 2012/13 (UNAUDITED)

BENE
HY 2013/14

1. HALF-YEAR OF 2013/14

in TEUR	Austria	Germany	UK	Russia	Other markets	Adjustment for inter-group transactions	Total group
Sales	**45,271**	**22,827**	**6,920**	**7,154**	**24,456**	**-24,347**	**82,281**
from third parties	20,924	22,827	6,920	7,154	24,456	0	82,281
from other segments	24,347	0	0	0	0	-24,347	0
EBIT per segment	**-3,159**	**-3,012**	**374**	**-580**	**-7,126**	**0**	**-13,504**

1. HALF-YEAR OF 2012/13

in TEUR	Austria	Germany	UK	Russia	Other markets	Adjustment for inter-group transactions	Total group
Sales	**52,745**	**27,563**	**12,322**	**11,987**	**24,724**	**-28,572**	**100,769**
from third parties	24,173	27,563	12,322	11,987	24,724	0	100,769
from other segments	28,572	0	0	0	0	-28,572	0
EBIT per segment	**-978**	**-1,542**	**1,846**	**1,298**	**-1,728**	**0**	**-1,105**

SELECTED DATA FROM THE NOTES

INFORMATION ABOUT THE COMPANY

BENE AG is a company according to Austrian law, with its headquarters at Schwarzwiesenstraße 3 in 3340 Waidhofen/Ybbs. The company is registered in the commercial register of St. Pölten under the number FN 89102h.

The Bene Group develops, produces and sells office furniture and integrated office concepts, primarily for the European market. In its Austrian home market, Bene is market leader and on the European market it is one of the leading suppliers.

This interim report of BENE AG and its subsidiaries for the first half-year 2013/14 (reporting date 31 July 2013) was prepared as of the date of its signing under the responsibility of the Management Board.

PRINCIPLES OF ACCOUNTING, FINANCIAL REPORTING AND VALUATION METHODS

Principles of accounting
The interim report as of 31 July 2013 was prepared in compliance with the principles of the International Financial Reporting Standards (IFRS), regulations for interim financial reports (IAS 34), as applicable in the European Union. It has not been subjected to a full audit or an audit review.

The interim report does not contain all the information and notes that are included at the balance sheet date and should therefore be read in combination with the consolidated financial statements of BENE AG as of 31 January 2013.

Principles of consolidation
The number of companies included in BENE AG's consolidated interim financial statements did not change in the first half-year of the 2013/14 financial year compared to the reporting date 31 January 2013. As of 31 July 2013, just as on 31 January 2013, the number of fully consolidated companies was 25.

Nor were there any changes in the method of consolidating individual companies.

Judgemental decisions and uncertainties from estimates
With regard to judgemental decisions and uncertainties from estimates we refer to the consolidated financial statements of BENE AG as of 31 January 2013.

Accounting and valuation principles
With the exception of the newly applicable standards in the 2013/14 financial year, the financial reporting and valuation principles valid on the balance sheet date 31 January 2013 were applied for the compilation of the interim financial statements.

The first-time application of these standards (above all IFRS 1, IFRS 7, IAS 1 and IAS 19) had no noteworthy effects on the presentation of the financial and earnings situation of the Group.

Aside from this, there were no further changes in the accounting and valuation principles.

SEASONALITY

Seasonal fluctuations in sales and EBIT may arise due to the varying progress made in large-scale projects. In comparison with the first half-year of 2012/13, sales in the first half-year of 2013/14 decreased in all segments, above all in the markets Russia and the UK. On a group level, after the first six months of the 2013/14 business year an 18.3 % decrease in sales can be observed. For more detail, please see the explanations concerning sales development in the individual segments.

This trend is also reflected in the EBIT of the first half-year of 2013/14, which was down in all segments compared to the previous year.

SCOPE OF CONSOLIDATION

A decision was taken on 18 March 2013 to close the Laibach location. An external partner will service this market in future. It was also decided in the second half of the 2013/14 year that the Prague and Bratislava branches shall be closed. As per 31 July 2013 all assets and all liabilities of these companies are still included in the financial statements.

With merger agreements dated 22 July 2013, Bene GmbH, Essen, Bene GmbH, Frankfurt, Bene GmbH, Munich and Bene GmbH, Hamburg were merged as transferred companies into Bene Deutschland GmbH, Frankfurt, as receiving company. This step did not result in any loss of assets or liabilities for the Bene Group. Nor did this step change the number of fully consolidated companies in the first half of the 2013/14 year; all companies were still fully consolidated as per 31 July 2013.

In the second quarter of 2013, BG Global Sourcing Company Limited with headquarters in Hong Kong was founded as a 100 % subsidiary of BENE AG. It will coordinate and intensify the Group's purchasing activities in China. Because the company did not begin operative business activities during the first six months of the financial year, it was not yet entered into the scope of consolidation and was recognised at the cost of acquisition.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

In the first six months of 2013/14, the Bene Group acquired property, plant and equipment and intangible assets in the amount of EUR 1,749 thousand (HY1 2012/13: EUR 5,036 thousand). The most important additions to property, plant and equipment aside from replacements (such as office furniture and equipment amounting to EUR 79.8 thousand) were tooling work in progress (EUR 386.9 thousand) and the redesign/ reopening of the showrooms in India, Cologne and Asia (EUR 529.0 thousand).

Additions to intangible assets (capitalisation of development services, modernisation of the IT environment etc.) amounted to EUR 483 thousand (31 July 2012: EUR 1,646 thousand).

The recognised goodwill amounting to EUR 4,369 thousand was lower by EUR 28 thousand compared to the previous reporting date because of fluctuations in foreign currency.

Up until 31 July 2013, the Bene Group had sold property, plant and equipment and intangible assets with a net book value of EUR 465 thousand (31 July 2012: EUR 164 thousand). The realised net profit from the sale amounted to EUR 18 thousand (31 July 2012: EUR 36 thousand).

LONG-TERM AND CURRENT FINANCIAL LIABILITIES

The Group's long-term and current financial liabilities are presented as of 31 July 2013 in accordance with the agreements valid on that day. We specifically call attention to the effects the restructuring agreement signed on 29 August 2013 has on the residual maturities of the financial liabilities.

BUSINESS TRANSACTIONS WITH RELATED PARTIES

Sales to and purchases from related parties were executed at the usual market conditions.

As in the previous year, sales to related parties totalled in the first half of the 2013/14 year less than EUR 50 thousand, and no single transaction amounted to more than EUR 5 thousand. Outstanding items as of 31 July 2013, as in the comparable period in the previous year (31 July 2012), came to under EUR 50 thousand; they were not collateralised and interest-free. They were paid in cash.

Of the services rendered by related parties in the first half of 2013/14, EUR 177 thousand were for consulting services for a member of the Supervisory Board (HY1 2012/13: EUR 172 thousand) and EUR 109 thousand for a former member of the Management Board (HY1 2012/13: EUR 120 thousand). No transactions took place with any other related parties as of 31 July 2013.

CONTINGENCIES AND OTHER OBLIGATIONS

At the end of the first half of 2013/14, there were no major pending legal proceedings (i.e. lawsuits resulting from ordinary business activity, legal disputes concerning product liability, legal actions due to delivery contracts or other contracts, or patent issues).

EVENTS AFTER THE BALANCE SHEET DATE

While the annual accounts of BENE AG were being prepared, due to the shortfall for the year 2012/13 the level of share capital in accordance with Section 83 of the Austrian Stock Corporation Act (AktG) fell below the halfway mark on 13 March 2013. As a listed company, the obligation to provide this information to the public was immediately complied with and on 2 May 2013 an extraordinary general meeting was held at which shareholders were officially notified of the loss. The net loss was caused by the operative result for 2012/13, as well as the one-time expenses for the planned restructuring.

In the first quarter of the current financial year the group's equity was used up due to the on-going loss situation and is still negative at the time of the preparation of the consolidated interim financial statements.

The basis for the operational restructuring is the forecast made by the Management Board and prepared in consultation with external experts, that the Bene Group will continue as a going concern. This forecast was prepared in the first half-year of 2013 and finalised on 15 August 2013.

The restructuring of the Bene Group includes measures to reduce expenses (e.g. lowering other expenses, decreasing the number of employees and closing loss-making locations), measures to improve income (e.g. investing in high-income markets, managing discounts and optimising the product and project mix) and refinancing measures.

Based on the measures defined in the forecast of the company's continuation as a going concern, a multi-year corporate plan was set up in which the necessary financial framework and the resulting liquidity requirements were laid out. This plan was the foundation of the negotiations conducted in parallel by the Management Board with the financing banks. The goal of the negotiations was to defer the liabilities outstanding as of the reporting date and to obtain the banks' consent to cover the necessary liquidity requirements during the restructuring period. These negotiations were successfully completed on 29 August 2013. This meant that the prerequisites for the company to continue operating were fulfilled and thus the consolidated financial statements of the Bene Group and the annual financial statements of BENE AG could be compiled.

The core elements of the restructuring agreement signed with the banks on 29 August 2013 (including an addendum of the same date) are essentially:

- Deferral of all redemption payments on existing financing until 31 March 2016 (assuming there are no changes to the statutory regulation concerning liquidity enhancement of companies ("Unternehmensliquiditätsstärkungsgesetz" ULSG) after 2015, whereby all of the contracting parties are assuming that the statutory federal guarantees will be extended beyond March 2015.)
- Refinancing of the EUR 40,000 thousand bond issued, now with a redemption-free period until 31 March 2016.
- Granting of a new credit facility of EUR 5,000 thousand and a guaranteed credit line of EUR 9,700 thousand by the financing banks with a term until 31 March 2016 to cover the liquidity requirements of the Bene Group.
- Unscheduled repayments from the free cash flow are also possible before 31 March 2016.
- Granting of substantial, customary banking guarantees.
- Pledging of the shares that the Bene private trust holds in BENE AG, as an owner contribution.
- Stipulation of the restructuring interest rate and a restructuring fee.
- Stipulation of financial covenants based on the corporate plans of the Bene Group; should these be undercut, the banks have an extraordinary right to cancellation.

According to the plans of the Bene Group, the additional funds that were granted guarantee the financing of the company for the coming years. Of course the plans contain assumptions and estimates concerning future income and expenses and the development of assets and liabilities of the Group that could turn out to be incorrect and could possibly lead to additional liquidity requirements. At the time these consolidated interim financial statements were being prepared no material deviations from the plans were known that could give rise to liquidity gaps. However, the innate risk of all financial planning exists here as well: that the sales and results in the course of future business could develop differently from the way the management of the Bene Group expected at the time this interim financial report was prepared. In case of deviations from the financial plans a violation of the agreed covence can be ruled out. The current plans however forsee a fulfillment of said performance figures.

There were no essential subsequent events between the balance sheet date of BENE AG's abridged consolidated interim financial statements (31 July 2013) and their publication which would have led to a different presentation of the financial and earnings situation of the Bene Group.

DECLARATION OF THE MANAGEMENT BOARD IN ACCORDANCE WITH SECTION 87 (1) OF THE AUSTRIAN STOCK EXCHANGE ACT

The signing members of the Management Board confirm in accordance with Section 87 (1) of the Austrian Stock Exchange Act, as the legal representatives of BENE AG, to the best of their knowledge

a) that the abridged consolidated interim financial statements prepared at the end of the first half-year of the 2013/14 financial year in accordance with the International Financial Reporting Standards (IFRS) as they are applied in the European Union, present a true and fair view of the assets, financial position and earnings of the company;

b) that the Group status report of the first six months of the 2013/14 financial year gives a true and fair view of the development and performance of the business and the position of the group, together with a description of the principal risks and uncertainties the group faces in the remaining six months of the financial year as well describing the important transactions with related parties that are to be disclosed.

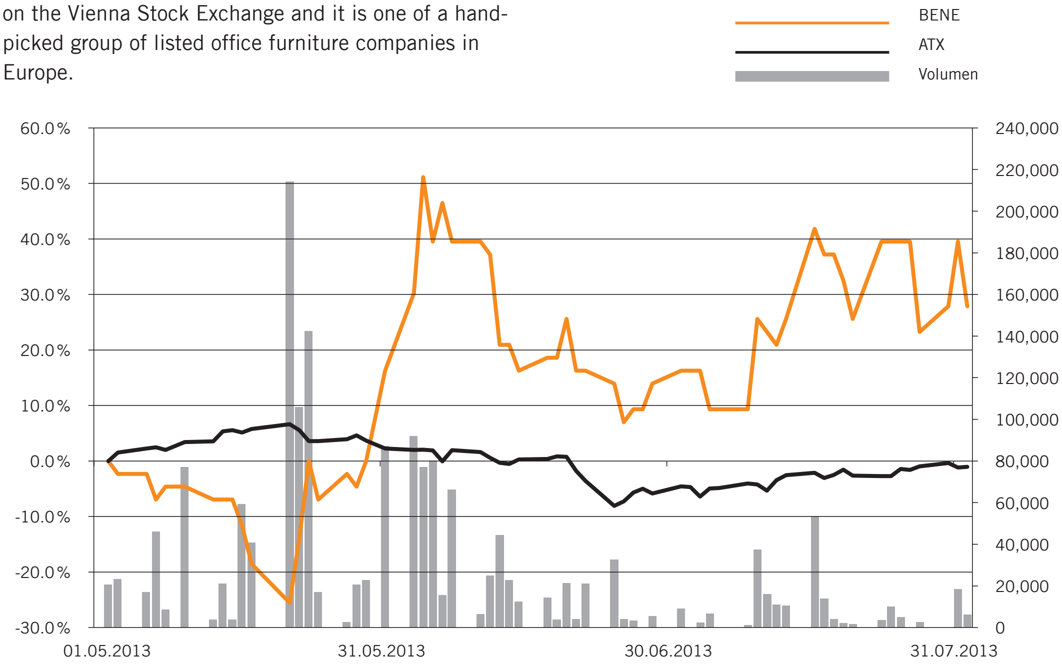
Michael Feldt, COO   Rudolf Payer, CFO

Waidhofen/Ybbs, Austria, 30 September 2013

BENE SHARES

BENE
HY 2013/14

Bene has been listed on the Vienna Stock Exchange since 3 November 2006 and from 20 November 2006 was included in the ATX Prime Market and Vienna Stock Exchange Index; on 24 September 2012 it switched to the Mid Market Continuous segment. This makes BENE AG the only office furniture company on the Vienna Stock Exchange and it is one of a hand-picked group of listed office furniture companies in Europe.



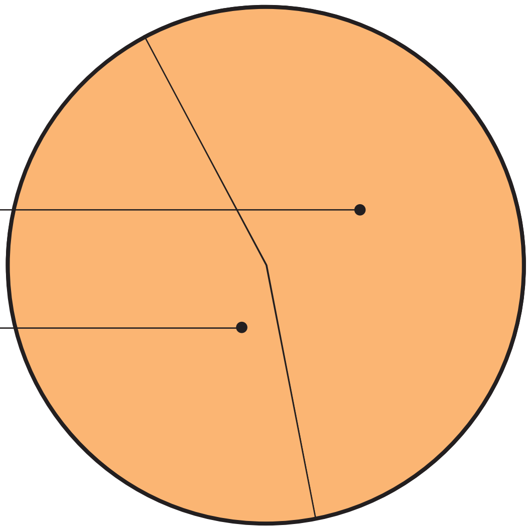
SHARE PERFORMANCE

BENE AG's shares rose overall by 27.96 % in the second quarter of 2013/14 (ATX: -1.06 %). The highest closing price in the reporting period was EUR 0.65 (4 June 2013) and the lowest was EUR 0.32 (21 May 2013).

TRADING VOLUME

Over the course of the second quarter of financial year 2013/14 average trading volume stood at 25,780 shares. The highest daily turnover was 214,000 shares on 21 May 2013 and the lowest was 300 shares on 29 July 2013.

SHAREHOLDER STRUCTURE



ISIN code:	AT00000BENE6
Stock Exchange:	Vienna Stock Exchange, Mid Market Continuous
Type of shares:	Ordinary no-par bearer shares
Total number of shares:	24,347,352
Authorised capital:	EUR 9.0 million
Other stock exchanges:	None
Indices:	Mid Market Continuous, WBI, VÖNIX
Ticker symbol:	BENE
Research coverage:	Hauck & Aufhäuser
Free float:	57.5 %

INVESTOR RELATIONS

Bene is committed to an open and active communication policy with investors; the goal is to provide a true and fair view of the company and to meet the capital market's expectations concerning transparency. As a central communication medium, the website offers comprehensive information about the company as well as all the relevant key data about the shares, current analyses, key figures and dates as well as download versions of the annual reports and interim reports.

BENE AG undertakes to comply with the Austrian Corporate Governance Code in the current version of July 2012. The Corporate Governance Code is intended primarily for Austrian listed public companies and lays down a set of rules for good company management and supervision. The goal of the Code is to establish responsible management and control of companies and groups, aimed at sustainable and long-term value enhancement. The Code is intended to provide higher transparency for the shareholders of the company and becomes effective by voluntary self-commitment of companies.

FINANCIAL CALENDAR 2013/14

3rd Quarter 2013/14	11 Dezember 2013
Annual General Meeting	24 October 2013

CONTACT

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