2013

REPORT FOR THE 2ND QUARTER

Gigaset

THE WAY AHEAD

Key Figures

EUR million	01/01/-06/30/2013	01/01/-06/30/2012[1)]
Consolidated revenues	187.4	217.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	8.9	11.5
Earnings before interest and taxes (EBIT)	-3.1	-0.6
Consolidated net income / loss	-13.3	0.6
Free cash flow	-35.5	-28.9
Earnings per share (diluted) EUR	-0.26	0.00
EUR million	**06/30/2013**	**12/31/2012**
Total assets	254.3	302.4
Shareholders' equity	13.3	26.6
Equity ratio (%)	5.2	8.8

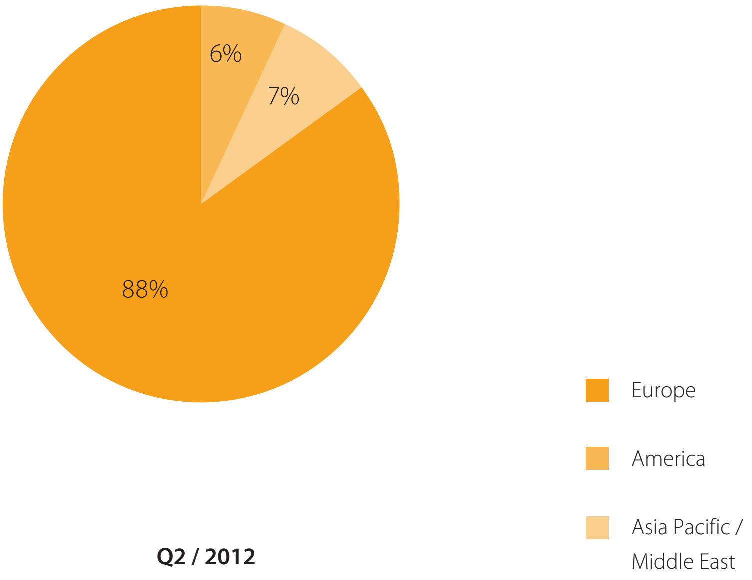
Information on the Gigaset share

The Gigaset Share	Q2 / 2013	Q2 / 2012
Closing rate in EUR (at the end of the period)	0.61	1.45
Maximum rate in EUR (in the period)	1.03	2.55
Minimum rate in EUR (in the period)	0.58	1.29
Number of shares in issue (at the end of the period)	50,014,911	50,014,911
Market capitalization in EUR Million (at the end of the period)	30,509	72,522

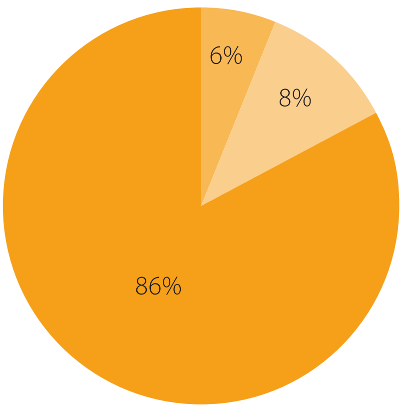
1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Sales by Region

Q2 / 2013



Q2 / 2012



Dear Shareholders,

The second quarter was very important for Gigaset. Thanks to the efficiency and cost-savings program set up in 2012, a successful sales push program and a bridge-over loan for our subsidiary, Gigaset Communications GmbH – just to name the most important measures – we managed to avoid the phase of tight liquidity normally associated with the summer months. Despite an overall dwindling market, we increased sales in continuing operations in the second quarter of 2013 year-on-year by EUR 3.4 million. We also considerably improved our EBITDA in the second quarter.

In order to concentrate on markets with higher profitability, we are continuing to review the profitability of operations outside of Europe. A first result is our exit from the unprofitable cordless business in Brazil. The subsidiary responsible for the Middle East and Africa region is to be sold to its management. In Turkey, the local team completed a successful turnaround by means of a strategic repositioning.

Further improving the Company's financial situation is one of the Executive Board's most urgent responsibilities. To this end we continue to focus on consistently implementing the efficiency and cost-savings program of around EUR 30 million announced in 2012. We also review the efficiency of various options available to us on an ongoing basis, including measures to raise equity or borrowed funds. Naturally, we will inform the capital markets of relevant news in due course.

We are also making progress with the implementation of our "Gigaset 2015" strategy and the introduction of new products.

Thanks to the platform strategy with its shorter product development and innovation cycles, we were able to begin the announced product offensive in the **Consumer Products** segment. We are planning to launch five new products on the market in the third quarter. Our previously introduced products once again received various awards. Our Touch & Type telephone S 820 alone received multiple prizes in Germany and abroad, including the award for Product of the Year by the readers of the magazine "connect" which Gigaset's SL 910 had won in the previous year.

The launch of the Android-based SL 930 is planned for September. The first devices will be delivered to a major European network operator in August. A baby phone series representing the first products of the expanding portfolio of telephone-related products was developed and presented in August.

As planned, the **Business Customers** segment is developing into an important second pillar for Gigaset. Thanks to the further expansion of the Business Products segment under the Gigaset pro brand and the regional expansion, we increased sales in the second quarter by 47 percent year-on-year. New strategic partnerships were established and maintained via the newly set-up partner program.

The area for so-called customer-specific products (OEM business) also developed positively thanks to the introduction of new products made to customer specifications in the quarter just ended.

We also intend to increase the Internet-capability of our Business Customers products, link them together, and create open interfaces to facilitate the integration of third-party products, the same as in the Consumer Products segment, in order to develop our own ecosystem. The introduction of the IP-based "Maxwell" presumably at the end of the year will be the first step in this direction. Maxwell offers the Company a cost-effective and unique opportunity to enter the field of video telephony without investing in a complex and cost-intensive solution.

We are proud that with "Gigaset elements" we have quickly succeeded in developing an innovative and groundbreaking product in the Home Networks segment and completing it in the second quarter. We began the strategic roll-out in July. This structured process helps to secure the start of the high-volume Christmas shopping season and the associated necessary deliveries to retailers, new distribution channels, and our own online shop in September. We are specifically taking advantage of the summer months to increase the demand for this new system in a controlled manner and live up to our quality standard of 'Made in Germany'. Starting in September 2013, Gigaset elements is expected to be available in retail stores and over our own online shop.

We visited our customers at home for the development of our solutions for intelligent living and talked to them about their everyday challenges as well as their needs and desires. The result is a product that links our customers everywhere and at all times with their home. The starter kit concentrates on the need for security. But we are already thinking ahead. The portfolio of hardware components and performance of the cloud platform are being continuously expanded. We are also working on strategic partnerships in order to increase our portfolio of additional services. Other areas of application regarding the subject of security are also to be addressed. In the next step, we are preparing our offer in the area of "care" with sensors that not only help in emergency situations, but also provide information when it is time once again to check whether everything is all right.

We are well-prepared for the two coming quarters and the important Christmas shopping season with the new product groups and can focus our attention fully on our operating business thanks to the success of the cost-savings and efficiency program and the bridge-over loan. We may continue to base our planning on the expectation of declining sales revenue in the core business and a negative free cash flow for the current year, but we already expect EBITDA to improve considerably and be positive again. We expect the first positive effects on sales revenue, earnings, and cash flow from the expansion of the new business areas in 2014.

Sincerely,

The Executive Board

Significant events in Q2 2013

Supervisory Board member of Gigaset AG steps down for personal reasons

On May 17, 2013, the Management Board of Gigaset AG received notice that Dr. Dr. Peter Löw stepped down from the Supervisory Board of Gigaset AG. Dr. Dr. Peter Löw had sat on the board since August 26, 2010. His departure was effective June 1, 2013, in accordance with the Company's Articles of Association. Dr. Dr. Peter Löw informed the Management Board that he will continue to maintain friendly relations with the Company as a shareholder.

Gigaset 2.0: Relaunch of the international website and eShop set-up in Germany and Austria

The Gigaset homepage presents itself to customers and visitors in a new and improved, modern design. The structure and design of the platform were fully revised, focusing even more on the customers and their needs. Gigaset's own eShop continued to be integrated into the new Internet presence, which will be available in the first phase in Germany and Austria.

Gigaset S820 receives awards in Germany and abroad

In Germany, the Gigaset S820A was chosen as Product of the Year in the "connect" readers' poll. The Touch & Type telephone won the prize for the best cordless telephone with an outstanding lead (the S820A received just under 60% of the votes). 61,778 readers participated in the poll this year, while it was just 24,000 in 2011.

The S820 Touch & Type telephone also received an important prize in Spain. The "100 Mejores Ideas" prize is awarded to particularly innovative ideas and/or products. Gigaset received this prize in Spain for the second year in a row. Last year, the SL910 (our full touch telephone) was awarded the "100 Mejores Ideas" prize. The prize is awarded by "Actualidad Económica", a weekly magazine with a circulation of just under 70,000 readers.

Gigaset pro starts a new partner program

With the new partner program, Gigaset supports systems vendors (value-added resellers) in the marketing of telephone systems and consumer devices for small and medium-sized enterprises. The program was tailored to the needs and requirements of value-added resellers and should facilitate additional synergy effects between the manufacturer and sales partners. In addition to targeted consumer marketing measures and concrete incentives based on the sales record, the program also features customized training via online seminars or classroom courses.

Gigaset Austria acquires ADN as a new sales partner

Die Gigaset Communications Austria GmbH is entering into a strategic partnership with ADN Advanced Digital Networks Distribution GmbH. The ADN – Group is one of the leading value-added distributors for innovative and energy-efficient IT infrastructure in the German-speaking area.

Combined Management Report as of June 30, 2013

1. Business model

Gigaset AG is a corporate group with telecommunications operations all around the world. The Company, with its headquarters in Munich, a production center in Düsseldorf, and its main production site in Bocholt, is the leading brand in Western Europe measured on total sales with the cordless telephones it develops and manufactures based on the "Digital Enhanced Cordless Telecommunications" (DECT) standard. Measured on the number of base stations sold, Gigaset is in second place worldwide. The premium vendor has a market presence in approximately 70 countries and has around 1,400 employees in 2013.

The Gigaset Group divides its global operations into regional segments. Most of its sales revenue is generated in Europe, in particular in Germany and France. The majority of total sales are made in the Consumer Products segment and thus from the Cordless Voice Telecommunications business.

The Company is represented in the Americas region by separate legal units in the United States, Brazil, and Argentina. In the Asia-Pacific / Middle East region, separate legal units have been set up in China and the United Arab Emirates. Gigaset markets its products through a direct and an indirect distribution structure.

The Group covers a broad market base with its Consumer Products, Business Customers, and Home Networks (Gigaset elements) segments. Gigaset is renowned for its high quality and forward looking products in the fixed-line telephony segment.

1.1 Consumer Products

Gigaset is the European market as well as technology and innovation leader in DECT telephony. DECT stands for Digital Enhanced Cordless Telecommunications and is the most successful telecommunications standard for cordless telephones in the world. Gigaset helped to shape the DECT standard in the 1990s. Since then, the Company has maintained its position as the European market and technology leader for DECT telephony. High market penetration is a key factor behind the Company's success. Gigaset enjoys a brand awareness level of over 80% in Germany. The Company's proprietary products are manufactured predominantly in the highly automated Bocholt plant, which has won several awards.

1.2 Business Customers

With the "Gigaset pro" product line (pro = professional), the Business Customers segment has created an attractive range of corded telephones, telephone systems (so called "Private Branch Exchanges" (PBX), professional DECT systems, and handsets for small and medium-sized enterprises. These telephone systems distributed by the Company are based on the "Session Initiation Protocol" (SIP), a network protocol for creating, managing, and terminating a communication session. The SIP is one of several possible Internet protocols for speech transmission. The constantly growing portfolio of Gigaset pro products is geared to the needs of the SME segment. The pro series provides the kind of versatility and reliability that commercial users need in their day-to-day operations. These devices are designed to be easy to install and manage. Due to the level of consultation required for commercial products, Gigaset only distributes the pro line through value-added resellers (VARs).

Gigaset has greatly expanded its product range with Gigaset pro, enabling it to tap new customer groups. The Company markets a product line which, in addition to the private customers that it has traditionally served with great success, now also includes small offices and home offices (known as the SOHO market) and the fast-growing, high-potential SME market (small and medium-sized enterprises) for professional IP telephone systems. The intention should turn Gigaset pro into a second pillar of the Company in this growing SME market over the coming years that should contribute a significant proportion of revenues in the future.

1.3 Home Networks

Gigaset completed a novel, modular, sensor-based "Connected Living" system for private households in Q2 2013. The commercial start is planned for Q3 2013. The Company is currently supplying the first starter kits for "Gigaset elements" to selected customers in order to increase demand for the new system in a controlled manner. This is the first step of a precisely orchestrated product launch. Gigaset elements enables the user to maintain a permanent connection to elements in their home via smartphone. With the help of the starter kit addressing the issue of security, the user can react immediately to unforeseen events (someone does not come home at a certain hour as usual, someone gains unauthorized entry). Additional applications on topics such as energy or help for the elderly should follow in the coming months.

2. Market and industry environment

2.1 General economic environment

In June, the most important economic indicator, the Ifo business climate index, furnished evidence of Germany's strong economic health, increasing for the second time in a row. According to GfK (Society for Consumer Research), the mood of consumers at the beginning of summer also remains optimistic. However, the austerity policies in many EU countries are having an increasingly negative impact on German economic growth. That is the message of the most recent economic forecast of the Institut für Makroökonomie und Konjunkturforschung (IMK). Surprisingly, German exports also fell sharply in May. The value of exports decreased by 2.4 percent compared to the previous month. Exports were down around 0.3 percent year-on-year in the first five months of this year.

Economic confidence in the eurozone was a positive surprise in June and the mood brightened considerably more than expected. The indicator for the mood in the European industry rose from minus 13 to minus 11.2 and consumer confidence also increased. Statements by the President of the European Central Bank, Mario Draghi, emphasizing that key interest rates in the currency area will remain at or below the current level over a longer period of time also proved helpful.

However, due to the persistently difficult situation on the labor market, the euro zone is expected to remain in recession until at least the fourth quarter of 2013. The unemployment rate in Spain and Greece is above 25 percent. In Italy, the recession will turn out to be significantly worse this year than previously expected and unemployment is already at 12.2 percent. The austerity measures implemented in France, Spain and Italy are not expected to have an effect until the end of 2013.

The US economy is developing better than expected. There are clear signs of recovery on both the labor as well as the real estate market. However, that increases the pressure on the US Federal Reserve to begin tightening its loose monetary policies. Market interest rates have already risen, because experts expect such a step. As a result of the rounds of cost-cutting in the EU and weaker growth in China, the USA is only expected to maintain its restrained growth course.

The Managing Director of the International Monetary Fund, Christine Lagarde, is warning of new dangers for the global economy, including in particular the tepid growth in emerging economies. The most important emerging economy is China, where the government is attempting to reorganize the economy. Expectations in the world's second largest economy fell in the second quarter to their lowest level since 2006. Many experts assume that the country will fall short of its official growth target of 7.5 percent this year.

The International Monetary Fund (IMF) expects global economic growth of 3.1 percent for 2013; in April the figure was 0.2 points higher. In the euro area, the recession will be nearly twice as severe as previously expected at 0.6 points. Germany will only grow by 0.3 percent in 2013 – half as much as previously predicted.

2.2 Telecommunications market

2.2.1. Consumer Products market

The market for cordless telephones has shown a continuous decline since the beginning of 2012 both with respect to units sold as well as sales revenue. This applies for all markets observed by Gigaset. The market as a whole for cordless telephones in Europe declined by just under 15% measured on sales and by 14% measured in units sold in the months April to June 2013 in the markets observed by Gigaset.

At the same time, Gigaset increased its market share in Europe overall by 1 percentage point year-on-year – both with respect to units sold as well as sales revenue.[1]

2.2.2 Business Customers market

According to market studies, development in the European telecommunications market is leaning heavily in the direction of IP telephony. While the total number of connections has declined by 3 percent, the number of Internet protocol (IP) connections has risen worldwide by 7 percent year-on-year. This growth was driven by the North American market, which grew by 15 percent. In Western Europe, the IP penetration of 49 percent increased to 55 percent.[2]

Online telephone systems – so-called "hosted PBX" – are also increasing in importance. This offers customers the advantage of not purchasing or leasing a telephone system, but rather procuring the entire telephony from one supplier. Gigaset is active in both industries and serves the growing demand for Internet-based communications solutions.

2.2.3 Home Networks market

The market for Smart Home Systems & Services (SHSS) in Western Europe is considered to be extremely promising. The number of Smart Home households is expected to increase from 8 million at the beginning of 2013 to 40 million

1) Source: The data was taken from surveys by the Retail Panel for cordless telephones of GfK Retail and Technology GmbH in the countries of Belgium, Germany, France, the United Kingdom, Italy, the Netherlands, Austria, Poland, Switzerland,Spain, Russia, and Turkey. Collection period: Apr-Jun 2013; Basis GfK Panel Market
2) Source: MZA Market Commentary PBX-IP PBX Performance Q1 2013- June 2013

by the end of 2018. In 2012, it was still only 5.8 million households. This corresponds to sales revenue of USD 6.6 billion in 2013 and an expected sales revenue of USD 14.2 billion in 2018. The market research institute Strategy Analytics expects the potential for hardware sales to triple in the coming years, which represents the largest component at 60 percent.[1]

3. Business Development

3.1 Consumer Products

Gigaset expanded its market share in a weak market both with respect to units sold as well as with sales year-on-year by 1 percentage point respectively and therefore continues to dominate the market consolidation. Gigaset's market share in Europe was 35% in the second quarter of the year. Thus, Gigaset further expanded its market position in Europe. Moreover, as a premium brand, the Company continued to realize considerably higher average sales prices than the competition.[2]

The individual regions developed differently. In France, Gigaset further expanded its market position and increased its market share in unit volume by 1 percentage point year-on-year in the second quarter.. In the United Kingdom, Gigaset's market presence was significantly increased as a result of the listing of the A125 in Sainsbury retail stores. In Turkey, the Company completed a successful turnaround by means of a strategic repositioning. In addition, the Company secured a listing of the Gigaset SL930 Android DECT telephone with Türk Telecom, which is scheduled to appear in the third quarter.

Gigaset is continuing to review activities outside of Europe in order to concentrate on markets with higher profitability. A first result is our exit from the unprofitable cordless business in Brazil. The subsidiary responsible for the Middle East and Africa region is currently being sold to its local management. In Mexico the business model was successfully reoriented and the strategic partnerships with two high volume distributors, Brightstar de Mexico and Tecnologia Especializada Asociada de Mexico, were consummated.

The popularity of Gigaset products can also be seen in the various awards for the S820A, introduced in August 2012.

In Germany, the Touch & Type telephone was chosen as Product of the Year in the "connect" readers' poll. It received the prize for the best cordless telephone by a wide margin and thus joins a long list of winners from Gigaset. Last time, the SL910A took first place in the "connect" readers' poll.

In Spain, the S820 received the "100 Mejores Ideas" prize awarded to particularly innovative ideas and/or products. Gigaset received this prize in Spain for the second year in a row. Last year, the SL910 won the prize, which is awarded by "Actualidad Económica", a weekly magazine with a circulation of just under 70,000 readers. In England, the consumer organization "Which?" rated the product a "best buy".

1) Source: Strategy Analytics 2013
2) Source: The data was taken from surveys by the Retail Panel for cordless telephones of GfK Retail and Technology GmbH in the countries of Belgium, Germany, France, the United Kingdom, Italy, the Netherlands, Austria, Poland, Switzerland,Spain, Russia, and Turkey. Collection period: Apr-Jun 2013; Basis GfK Panel Market

3.2 Business Customers

The Business Customers segment was further expanded in the second quarter and sales revenues in the Business Product Segment under the Gigaset pro brand were increased year-on-year by 47 percent.

Regional expansion was accelerated in the Business Products area under the Gigaset pro brand and the business with existing countries was further expanded. The largest share of sales went to France, Germany and Benelux.

A great deal of importance is placed on the collaboration with our sales partners in the expansion of the business. Therefore, Gigaset launched a partner program in the second quarter for sales partners in the Netherlands, Germany, and France – our so-called value added resellers. The program supports these partners in the marketing of telephone systems and consumer devices for small and medium-sized enterprises. The program was tailored to their needs and requirements and should facilitate additional synergy effects between the manufacturer and sales partners. In addition to targeted consumer marketing measures and concrete incentives based on the sales record, the program also features customized training via online seminars or classroom courses.

Gigaset also intends to support its business partners in optimally implementing the potential of the pro products with the Europe-wide roadshow “Takeoff with Gigaset”. The event was a complete success in the second quarter with 595 participants in 5 countries.

The Company acquired two of the largest distributors in the United Kingdom, “Nimans” and “Corporate Telecom”, as strategic partners. In Austria, ADN Advanced Digital Networks – one of the leading value-added distributors for innovative and energy-efficient IT infrastructures – was acquired as a strategic partner. The conclusion of interoperability testing with TELES offers additional growth potential. Gigaset IP DECT devices support all functions of TELES’ virtual telephone system and meet all standards for utilizing the system’s comfort functions. Thanks to the interoperability with the system, Gigaset can offer its customers cloud-based telephony solutions.

The area for so-called customer-specific products (OEM business) also performed well in the quarter just ended due to the introduction of new products.

3.3 Home Networks

Gigaset completed the starter kits from “Gigaset elements” in the second quarter, so that delivery to selected customers could begin in July in order to increase demand for the new system in a controlled manner. This was the first step of a precisely orchestrated product launch. Sales over the widespread network of specialty stores begin in September 2013.

4. The Gigaset share

International capital markets were confronted with increased volatility in the second quarter. In addition to the still smoldering European sovereign debt crisis, more and more political attention was focused on the economic problems of a number of euro zone countries. Nevertheless, stock prices reached historical peak levels, propelled by central banks' sustained easy money policies. The European Central Bank reacted to the slowdown of economic prospects in May by lowering the key interest rate to 0.5 percent. As a result, the common currency was quoted at its lowest level since its introduction in 2002. In light of this, the euro continued to increase against the U.S. dollar and other global currencies in the second quarter. The fundamental economic situation in the USA also hardly improved in the period of observation. However, due to the positive development on the labor market, the Chairman of the US Federal Reserve, Ben Bernanke, signaled a potential end of the bond buying program and zero-interest policy. Although the requirements for a quick end of the quantitative easing program were not expected, capital markets reacted nervously and sent share prices spiraling downward. The restrictive monetary policy of the Chinese central bank also created uncertainty in market participants and gave rise to fears of a financial crisis in the second largest economy in the world. However, the most important international stock exchange barometers can look back on an overall positive balance in the quarter just ended, whereby the key Japanese index Nikkei 225 recorded the greatest increase with a plus of 10.32 percent, followed by the S&P 500 with 2.36 percent growth and the Dow Jones with 2.27 percent growth. The key German index DAX increased by 2.10 percent and the Tecdax by 1.54 percent.

The price of the Gigaset share fell at the beginning of the quarter after the publication of results for the 2012 fiscal year at the end of March 2013 and thus continued the weak trend of the end of March. Starting on April 10, increasing buying interest caused prices to rise and the share price reached EUR1.03, the highest level in the reporting period. However, the share ricocheted against the resistance of the 38-day line at EUR1.035 and trended once again slightly lower, whereby the EUR0.90 level proved itself to be valid support. In the first half of the month of May, the share price fluctuated sideways with a slightly upward trend and attempted once again in the middle of the month to break through the 38-day line. Following the publication of the figures for the first quarter of 2013, the share price fell once again and closed at a price of EUR 0.79 on May 31. In June, trading volume decreased and the share price fluctuated sideways initially. At the end of the month, trading continued to thin in a nervous market environment and a new intraday low of EUR 0.58 for the year was reached on June 28.

5 Financial performance, cash flows and financial position

5.1 Financial performance

The Gigaset Group generated revenues in the amount of EUR 187.4 million (prior year: EUR 217.2 million) in the first six months of fiscal year 2013. EUR 3.8 million of which can be attributed to discontinued business segments (prior year: EUR 11.6 million). Revenues from continuing operations result from the core Gigaset segment and are subject to the seasonal fluctuations typical in the consumer business. The results as of June 30, 2012, could not be repeated in the first half of 2013. In Europe, the decline in sales due to the decreasing market as a whole for cordless telephones was only partially compensated by the increase in market share. Overall, revenues in Europe fell by 8.4% to EUR 160.9 million compared to the first half of 2012. The decrease in revenues in the Americas can be attributed in particular to the change in import regulations in Argentina, the change in distribution models in the USA and Brazil, and an increase in competition in the shrinking telecommunications market in South America. Revenues in the Asia-Pacific / Middle East region also declined. On the one hand, sales in the prior year included a one-time sales promotion in China, while on the other hand, the weak economy and political disturbances in the Middle East are also responsible.

The results can be broken down as follows:

Revenues in € millions	Q2 2013	Q2 2012	Change
Europe	160.9	175.7	-8.4%
America	12.5	12.9	-3.1%
Asia-Pacific / Middle East	10.2	17.0	-40.0%
Gigaset Total	183.6	205.6	-10.7%
Holding	0.0	0.0	0.0%
Other	3.8	11.6	-67.2%
Continuing operations	183.6	205.6	-10.7%
Discontinued operations	3.8	11.6	-67.2%
Total	**187.4**	**217.2**	**-13.7%**

Other internal production capitalized in the amount of EUR 10.9 million (prior year: EUR 8.7 million) mainly includes costs related to the development of innovative products. Investments in the future are at a high level and were increased even further compared to the previous year.

Other operating income amounts to EUR 14.1 million and is thus EUR 0.2 million higher than in the first quarter of 2012. The main items include EUR 4.1 million in exchange rate gains (prior year: EUR 4.3 million), EUR 3.4 million in income from the release of provisions (prior year: EUR 1.8 million), and EUR 4.1 million in income from the reversal of other impairment losses and the derecognition of liabilities (prior year: EUR 1.4 million) as well as EUR 0.7 million in income from derivative financial instruments (prior year: EUR 3.6 million).

Purchased goods and services for raw materials, merchandise, finished goods and purchased services was EUR 86.7 million – a decrease of EUR 22.4 million from EUR 109.1 million in the previous year. The purchased goods and services rate fell from 52.5% to 50.8% including changes in inventories.

Personnel expenses for wages, salaries, social security contributions and old age pensions were EUR 53.3 million and were thus down 2.6% from the previous year's amount of EUR 54.7 million for the first six months. The decline reflects the beginning of the implementation of the restructuring program. At the start of 2012, 135 employees left the Company. The further reduction in personnel will be phased over the fiscal year until December 31, 2013. Nevertheless, expenses for partial retirement increased. As a result of changes in IAS 19, EUR 3.4 million was transferred from provisions for partial retirement arrangements in other comprehensive income with no impact on profit or loss, while EUR 2.0 million was added back to provisions for partial retirement and reclassified to profit or loss before June 30, 2013.

Other operating expenses in the amount of EUR 55.0 million were incurred in the reporting period (prior year: EUR 59.6 million). This includes marketing costs, general administrative expenses, exchange rate losses (EUR 5.4 million; previous year: EUR 5.7 million) as well as transport costs and advisory fees. The cost-saving measures begun in the previous year are being consistently implemented.

EBITDA as of June 30, 2013, amounted to EUR 8.9 million (prior year: EUR 11.5 million).

The results can be broken down as follows:

EBITDA in € millions	Q2 2013	Q2 2012	Change
Europe	12.6	12.2	3.3%
America	0.9	-1.5	160.0%
Asia-Pacific / Middle East	-1.7	1.7	-200.0%
Gigaset Total	**11.8**	**12.4**	**-4.8%**
Holding	-0.8	-1.1	27.3%
Other	-2.1	0.2	-1,150.0%
Continuing operations	**11.0**	**11.3**	**-2.7%**
Discontinued operations	**-2.1**	**0.2**	**-1,150.0%**
Total	**8.9**	**11.5**	**-22.6%**

Depreciation and amortization in the current reporting period amounted to EUR 13.5 million (prior year: EUR 12.1 million) and result entirely from continuing operations. Impairment losses in the amount of EUR 1.5 million (prior year: EUR -0.1 million) represent impairment reversals (prior year: impairment write-downs) on assets held for sale at SM Electronic GmbH resulting from the measurement at net realizable value less costs to sell the disposal group as well as the disposal group's associated liabilities.

EBIT can be broken down as follows:

EBIT in € millions	Q2 2013	Q2 2012	Change
Europe	-0.9	0.3	-400.0%
America	0.9	-1.5	160.0%
Asia-Pacific / Middle East	-1.7	1.6	-206.3%
Gigaset Total	-1.7	0.4	-525.0%
Holding	-0.8	-1.1	27.3%
Other	-0.6	0.1	-700.0%
Continuing operations	**-2.5**	**-0.7**	**-257.1%**
Discontinued operations	-0.6	0.1	-700.0%
Total	-3.1	-0.6	-416.7%

Compared to the first half of 2012, **net financial income** decreased from EUR -0.8 million to EUR -1.3 million, driven primarily by the utilization of the syndicated loan.

The **consolidated net loss for the fiscal year** after non-controlling interests amounts to EUR 13.3 million as of June 30, 2013, and can be explained mainly by the write-off of deferred taxes due to the postponement of the profit-and-loss transfer agreement to 2014. In the previous year, a consolidated net profit for the fiscal year after non-controlling interests was realized in the amount of EUR 0.6 million.

This results in **earnings per share** of EUR -0.26 (prior year: EUR 0.01).

5.2 Cash flow

Cash flow in € millions	Q2 2013	Q2 2012
Cash flow from operating activities	-31.4	-24.5
Cash flow from investing activities	-4.1	-4.4
Free cash flow	-35.5	-28.9
Cash flow from financing activities	0.1	3.0

In the first half of 2013, the Gigaset Group recorded a **cash outflow from continuing operations** of EUR 31.4 million (period of previous year: EUR -24.5 million). The cash outflow typical for the first half of the year is characterized by the seasonal business. Whereas the decrease in cash resources is greatest in the first quarter due to the repayment of liabilities to suppliers resulting from the Christmas shopping season, cash requirements are considerably lower in the second quarter. Net cash inflows are traditionally generated in the second half of the year during the Christmas shopping season. The year-on-year significantly higher cash outflow from continuing operations can be explained in particular by EUR 7.4 million in severance payments related to the restructuring program.

The **cash outflow from investing activities** amounts to EUR 4.1 million and is thus around the same level as the previous year's amount of EUR 4.4 million. As in the previous year, the cash outflows relate solely to investments in intangible assets and property, plant and equipment.

Thus, **free cash flow** amounted to EUR -35.5 million compared to EUR -28.9 million in the previous fiscal year.

An increase of EUR 0.1 million in **cash resources from financing activities** was recorded as of June 30, 2013 (prior year: increase in cash resources of EUR 3.0 million).

Please refer to the cash flow statement presented in the notes for a detailed presentation of changes in **cash and cash equivalents**.

Cash and cash equivalents attributable to discontinued operations amounts to EUR 0.9 million (prior year amount as of June 30, 2012: EUR 0.3 million) and is presented in detail in the notes. Furthermore, cash flow includes EUR -0.4 million in exchange rate losses (prior year: gain of EUR 0.1 million).

Cash and cash equivalents as of June 30, 2013, amounts to EUR 18.9 million (prior year amount as of June 30, 2012: EUR 37.0 million).

5.3 Financial position

Net assets were influenced mainly by the retrospective adjustment of amendments to the accounting standard IAS 19 “Employee Benefits”. For a detailed breakdown of the individual effects, please refer to our disclosures under Note 3 “Adjustment of comparative information in the consolidated financial statements as of June 30, 2012”.

The Gigaset Group’s **total assets** as of June 30, 2013, amounted to around EUR 254.3 million and thus decreased by approximately 15.9% compared to December 31, 2012.

Non-current assets decreased slightly by EUR 6.7 million from EUR 109.4 million as of December 31, 2012. The decrease resulted mainly from the write-down of deferred taxes as a result of the postponement of the planned profit-and-loss transfer agreement to 2014. The decrease was partially offset by investments in intangible assets.

Current assets account for 57.0% of total assets. Compared to the 2012 annual financial statements, they fell by EUR 41.5 million and now amount to EUR 144.8 million. Inventories decreased by EUR 6.6 million to EUR 26.8 million as a result of the sales promotion program that began in May 2013 and was implemented in June 2013. Trade receivables increased from EUR 51.0 million at the beginning of the year to EUR 59.4 million as a result. The decrease in other assets from EUR 26.4 million to EUR 19.8 million resulted primarily from fewer factoring receivables. Cash and cash equivalents decreased year-on-year by EUR 35.7 million to EUR 18.9 million, in particular due to non-recurring effects from the disbursements paid out in connection with the 2012 restructuring program. A detailed development of cash and cash equivalents is presented in the statement of cash flows in the notes.

The SM Electronic Group’s assets are presented under the item “Assets held for sale”. Please refer to the disclosures in the notes for the breakdown of this balance sheet item.

Total liabilities amount to EUR 241.0 million, 58.3% of which are current. The Group’s total debt was decreased by an additional EUR 34.8 million in the current fiscal year following the significant reduction of debt in the preceding fiscal years.

The Gigaset Group’s **equity** amounted to around EUR 13.3 million as of June 30, 2013, and is EUR 13.3 million lower than at the beginning of the year. Correspondingly, equity as a percentage of assets amounts to 5.2% compared to 8.8% as of December 31, 2012.

Non-current liabilities mainly include pension obligations, liabilities from the utilization of the syndicated loan, and deferred tax liabilities as well as non-current provisions for personnel expenses and provisions for guarantees. The EUR 2.6 million increase in non-current liabilities resulted mainly from the continuing development of pension provisions and the continuation of partial retirement arrangements.

At EUR 140.6 million, **current liabilities** are around 21.0% lower than reported in the annual financial statements as of December 31, 2012. Current provisions decreased mainly due to the utilization of the restructuring provisions in the amount of EUR 7.4 million. Trade payables decreased seasonally from EUR 86.6 million to EUR 64.0 million. The decrease in other liabilities of EUR 0.8 million to EUR 23.8 million can be mainly attributed to lower personnel-related liabilities.

The item “Liabilities related to assets held for sale” includes the SM Electronic Group’s liabilities. Please refer to the disclosures in the notes for the breakdown of this balance sheet item.

6. Report on opportunities and risks at June 30, 2013

As a general rule, all entrepreneurial activities involve risks. These include the risk that corporate goals will not be achieved due to external or internal events as well as a result of actions and decisions; in extreme cases, a company's ability to continue as a going concern can be jeopardized.

6.1 Market-related risks

The general economic development in Germany, the EU, and around the world has many and varied influences on the Company's business development. For instance, demand for Gigaset's products depends heavily on the general economic situation.

Industry risks are risks that affect a certain market or a certain manufacturing sector. Due to the concentration on the area of telecommunications and accessories, there is a special dependency on the development in this industry, whereby Gigaset is exposed to intense competition. Generally, there are also dependencies here on the development of commodities prices and the risk of the entry of new, aggressive competitors. In addition, Gigaset is exposed to the influence of changing consumer behavior in the area of telecommunications and information. Depending on the rate plans offered by network operators, mobile phone subscriptions are increasingly being substituted for fixed-line subscriptions. Consumer behavior is also changing as a result of the increased use of multi-functional smartphones.

The products of the Gigaset Group are widely distributed and are valued by their retailer and distributor customers due to the strong brand name and the innovative product portfolio. The excellent market position reflects not lastly this high degree of product acceptance. Since, as a rule, these are continuous, long-term partnerships, the dependency on individual retailers and distributors is generally low. However, there can be a greater dependency on individual customers when entering into new markets, in particular in the beginning.

The successful transition from the use of the “Siemens Gigaset” brand to the use of the “Gigaset” brand can lead to lower sales or the necessity of increased marketing expenses.

Due to the falling market trend in some target markets, there is a basic risk of general price decline for the product range as well as decreasing market volume in the medium term. This is being countered with consistent cost management and an innovative product portfolio in a strong, distinguished product design.

Waning consumer trust in the technical quality and security (safety from wiretapping, radiation) of Gigaset's products could have a negative impact on the development of the business. The DECT standard used by Gigaset in its products could be superseded by other technologies for speech or data transmission. As a result of the integration of functions from DECT telephones in other devices, demand for DECT telephones could fall.

Due to possible import restrictions, as well as inflation and exchange rate risks, Gigaset is reviewing its market cultivation strategies in overseas markets and is making appropriate preparations.

6.2 Entrepreneurial opportunities

The Company sees entrepreneurial opportunities with the "Business Customers" business unit and the Gigaset pro product portfolio. In addition to the traditional consumer segment, the Company is addressing a new customer segment, "Small Offices and Home Offices" (in short: SOHO), with Gigaset pro and is developing the corresponding potential for sales growth. Organizational changes have already been implemented. Gigaset pro is developing into another pillar of the Gigaset Group.

Gigaset plans to offer a modular smart home system with its new "Home Networks" segment called "Gigaset elements", which initially includes products and services in the areas of security solutions in condominiums, help for the elderly or people in need of care, and energy management..

Strengthening the regional market positions is a key requirement for participating in future growth opportunities. At the same time, the forecast growth is also based on the development of more price-sensitive segments. The Group conducted a comprehensive analysis of the market determinants in the fiscal year and has already implemented corresponding measures targeted to reinforce and expand its market position. If the consolidation of the market presence and acceptance cannot be realized to the desired degree, there will be an earnings risk of weaker sales figures.

Gigaset AG sees its opportunities in particular in the development of its most important subsidiary, Gigaset Communications GmbH. Furthermore, operating activities can also be expanded through the purchase of companies with the right "strategic fit", whereby a particularly responsible approach to acquisitions has top priority, in particular when it comes to the use of authorized capital and thus the potential dilution of shares.

6.3 Company-specific risks

6.3.1 Information systems and reporting structure

Reliable and consistent information systems and reporting structures capable of providing useful information are necessary in order to monitor and manage the Group as well as the development of subsidiaries. Gigaset has a professional bookkeeping, controlling, information, and risk management system at its disposal and has established a company-wide, regular subsidiary controlling and risk management system. Technical functionality is ensured through corresponding IT support. The Executive Board is periodically and promptly informed of long-term developments in the countries and regions.

Nevertheless, the failure of the information system in a specific situation cannot be ruled out, nor can its improper use by the relevant employees such that negative economic developments in a specific region are not promptly reported.

Gigaset's compliance and risk management systems could fail to prevent or uncover violations of legal provisions, identify all relevant risks for Gigaset, or measure and implement suitable countermeasures.

6.3.2 Other company-specific risks

The economic, legal, and political operating environment in Germany and the markets served by Gigaset have direct effects on Gigaset's business. The planned entry of Gigaset in new markets is fraught with special risks. Gigaset could be exposed to additional risks in its new Home Networks segment, in particular liability risks.

Gigaset could be unable to continue to develop innovative products or to react in a timely manner to technical advances and the resulting changing requirements.

Gigaset could be unable to sufficiently protect its own intellectual property and know-how. The fact that Gigaset could violate the intellectual property of third parties or be obligated to pay for the use of third-party intellectual property can also not be ruled out.

Defects in Gigaset's products can lead to warranty and product liability claims as well as the loss of sales revenue, which could impact Gigaset's results.

There is a latent risk through the concentration of production in a single production site in Bocholt. A loss of production at that site could have a significant negative impact on the Company's operations. The normally very small order backlog of just a few weeks makes it more difficult to plan sales and can result in Gigaset not being able to meet an increased demand for specific products on short notice and, vice-versa, manufacturing too many of certain products. Gigaset could be forced to recognize write-downs of inventories. Obligations as a result of environmental regulations or the causation or discovery of any soil or land contamination could lead to significant costs.

The Company counters the risk of default on receivables by purchasing trade credit insurance policies, strict management of receivables, and consistent dunning. The risk of default on receivables can be regarded as low on the basis of historical data.

There is a risk of default for existing receivables of individual Gigaset companies from Group companies if the respective debtor company cannot repay the debt. With the exception of important facts and circumstances listed under "Risks from contingent liabilities and legal disputes" in the Section 6.6, there are no identifiable facts or circumstances that could lead to Gigaset AG having to pay for liabilities on the part of subsidiaries.

The future success of Gigaset depends on qualified managers and technical employees. The development of the Gigaset Group could be negatively impacted if it cannot attract or hold on to sufficiently qualified managers and technical employees.

The Gigaset Group's existing insurance policies could prove insufficient for various risks associated with the Company's activities. Gigaset may also not be able to purchase sufficient insurance coverage at reasonable prices in the future.

6.4 Financial risks

The management of liquidity risks and the review of liquidity planning and the financing structure is carried out locally in coordination with the subsidiaries by the central Finance and Controlling department.

6.4.1 Liquidity of the Gigaset Group

Operations are financed both through own funds as well as through working capital lines of credit under a syndicated loan agreement. On July 1, moreover, Gigaset reached an agreement with its lending banks on a bridge financing package in the total amount of a total of EUR 10.4 million, consisting of a revolving credit facility of EUR 2.1 million, which was already agreed as part of the syndicated loan agreement of January 2012, but has not been utilized to date, and a new tranche in the amount of EUR 8.3 million. Together with the efficiency and savings program announced already last year, this loan is expected to help the Company overcome the mainly seasonal phase of tight liquidity in the summer months. Gigaset is still engaged in constructive negotiations with potential capital providers to finance the investments in expanding the “Business Customers” segment and building up the “Home Networks” segment. The factoring of trade receivables that began on October 1, 2008, continued to serve as a short-term financing instrument and has been expanded to other countries.

6.4.2 Debt and liquidity of Gigaset AG

The syndicated loan raised in January 2012 was to a large extend used to finance the Gigaset Group’s working capital needs. To bridge the phase of tight liquidity in the summer months, Gigaset entered into an additional bridge financing agreement with its lending banks, which will remain in effect until October 31, 2013. In addition, the Executive Board of Gigaset AG continues to work on other options to permanently further strengthen the Company’s capital base and liquidity.

6.4.3 Interest rate, currency, and liquidity risks

The Group constantly optimizes its group financing and limits its financial risks with the goal of ensuring the security of its financial independence. The financial risks are a part of the risk management system and are also monitored as part of liquidity management.

Income is earned and expenses are incurred in foreign currencies in the Gigaset Group, for instance for the procurement of numerous components for production in the dollar zone. As a rule, the associated currency risk is hedged by financing international activities in matching currencies or by using derivative financial instruments to hedge foreign currency exposures.

A change in capital market interest rates can result in changes in the fair value of fixed-income securities and non-securitized receivables as well as plan assets to cover pension obligations. In individual cases, Gigaset enters into typical banking transactions to hedge interest rate risk.

The Group uses various instruments to refinance and hedge its receivables portfolio, such as factoring or loan default insurance, in order to hedge cash flow risks and to ensure the liquidity of the Group. If it should be necessary to refinance existing liabilities or renegotiate the terms of factoring agreed to by Gigaset Group companies as a result of the expiration or termination of corresponding agreements, Gigaset will be financially dependent on the then available terms and conditions. Covenants of currently existing loans significantly limit Gigaset’s financial and operational flexibility.

The components relevant for the measurement of the financial covenants according to the syndicated loan agreement are not clearly defined under IFRS or HGB; as a result, the contractual parties disagree on the appropriate definition with respect to the extraordinary expenses recognized in the consolidated interim financial statements as of September 30, 2012 (expenses for the development of new product generations, tooling costs for new products, expenses for the switch from the “Siemens” brand to the “Gigaset” brand, and investments in projects to secure the Company’s future position). The duty to comply with the financial covenants for the period up to and including October 31, 2013, may have been suspended with the second addendum to the syndicated loan agreement dated June 28/July 1, 2013; however, the duty to comply with the financial covenants will be reinstated with the repayment of the credit line for the bridge-over loan. A breach of the financial covenants in the fourth quarter of 2013 cannot be ruled out at this time. If the financial covenants are breached, the creditor may require immediate repayment of the relevant loan.

Interest rate, currency, and liquidity risks are managed in coordination with the corporate Finance and Controlling department.

6.5 Tax risks

Gigaset receives tax advice on an ongoing basis in order to identify any risks in advance.

Like all other operating risks at the level of the individual companies, tax risks are isolated and are not, for example, accumulated at the level of the Company by means of a consolidated tax group or group taxation scheme.

Transfer pricing documentation is prepared annually together with a tax consulting firm in order to limit any potential tax risks arising from intragroup clearing transactions with foreign companies.

The following topics in particular pertaining to Gigaset AG are currently being discussed with the tax authorities in the ongoing tax audit of the years 2006 to 2008:

- Income from the disposal of long-term equity investments from past years was collected by the Company exempt from tax following an intensive review of the corporate income tax provisions; the majority of losses incurred in relation to (forced) sales were neutralized for tax purposes; the relevant years are subject to further review.

- Starting with tax assessment period 2008, the Company began deducting input tax credits strictly proportionately as determined based on a comprehensible business formula, whereas input tax amounts were deducted in full in previous years.

Other potential tax risks on the level of the individual Group companies result from the business acquisition of Gigaset Communications Group in 2008.

6.6 Risks from contingent liabilities and legal disputes

6.6.1 Guarantees on the part of the parent company

In the past, Gigaset AG issued various guarantees and warranties in connection with business purchases and disposals. The group parent also assumed financial guarantees for subsidiaries in the past. The latent risks from these warranties and guarantees were further reduced in the past fiscal year, not lastly due to their expiration. The Executive Board estimates that the likelihood of Gigaset AG being required to make payments based on any guarantees or warranties is getting smaller and smaller.

6.6.2 Legal disputes involving Gigaset AG

Gigaset AG is involved in various legal disputes in connection with its general operations, in particular processes and arbitration proceedings, as well as official administrative proceedings, or such proceedings could be initiated or claims asserted against the Company in the future. Even if the outcome of individual proceedings cannot be predicted with certainty due to the imponderabilities with which legal disputes are always fraught, there will not be any significant negative impacts on the Group's financial performance in excess of the risks reflected in the financial statements as liabilities or provisions according to current assessments.

The following major legal disputes involving Gigaset AG are currently pending:

Cartel cases involving SKW.

In July 2009, the European Commission imposed a total administrative fine of EUR 61.1 million on various European companies in the calcium carbide sector in connection with an investigation under anti-trust laws. SKW Stahl-Metallurgie Holding AG and its subsidiary SKW Stahl-Metallurgie GmbH were made joint and severally liable for an administrative fine levied in the total amount of EUR 13.3 million in this matter. As the group parent company at the time, Gigaset AG is also joint and severally liable for this administrative fine by order of the European Commission based on the assumption that Gigaset AG as the group parent formed an "entrepreneurial unit" with the entities directly involved in the cartel. The administrative fine of EUR 6.65 million including interest attributable to the Company has been fully paid subject to claims for reimbursement (EUR 1 million in 2009, remainder including interest in 2010); however, the Company has filed suit both against the Commission's notice of the order as well as against its former subsidiary for the possible reimbursement of the administrative fine paid by Gigaset. In the action to have the Commission's notice declared void, the hearing before the European court of first instance (European General Court) was held on May 28, 2013; Gigaset expects a decision in late autumn 2013. The legal dispute between the Company and SKW Stahl-Metallurgie Holding AG as well as SKW Stahl-Metallurgie GmbH has so far not brought any clarity with respect to the legally appropriate allocation of the total administrative fine between SKW Stahl-Metallurgie Holding AG and SKW Stahl-Metallurgie GmbH as the entities directly involved in the cartel on the one hand and the Company as merely the jointly liable former group parent on the other. The point of law is currently on appeal before the Federal Supreme Court for clarification. The Federal Court of Justice submitted the question of interpretation to the European Court of Justice for a preliminary decision with a resolution dated July 9, 2013. Until this final appeal on a point of law is decided by the Federal Court of Justice (which may take a few years), there is at least an abstract risk of a court of instance shifting the internal allocation of liability to the detriment of the Company. This could result in the Company being obligated to reimburse administrative fines originally levied on SKW Stahl-Metallurgie Holding AG and SKW Stahl-Metallurgie GmbH.

Evonik in the matter of Oxxynova.

Evonik Degussa GmbH demands that the Company pay a contractual penalty of EUR 12 million based on a share purchase agreement dated September 8, 2006. It submitted a corresponding request for arbitration against the Company dated April 30, 2012, at Deutsche Institution für Schiedsgerichtsbarkeit e.V. Under this share purchase agreement, Oxy Holding GmbH had acquired all shares in Oxxynova GmbH (formerly Oxxynova Holding GmbH) from Evonik Degussa GmbH (formerly Degussa AG) and issued various buyer warranties and guarantees. These also included the guarantee to operate the production sites of Oxxynova GmbH in Lülsdorf and Steyerberg for at least five additional years following the completion of the share transfer (October 12, 2006). In addition to Oxy Holding GmbH, Gigaset AG undertook as the guarantor to guarantee certain obligations on the part of Oxy Holding GmbH, also including the production site guarantee. In its request for arbitration, Evonik Degussa GmbH is taking the view that Oxy Holding GmbH violated its obligations arising from the production site guarantee, because its subsidiary Oxxynova GmbH discontinued DMT production at the Lülsdorf site in 2007. Hence, a contractual penalty of EUR 12 million is incurred, for which the Company is jointly and severally liable as the guarantor. The Company filed a motion for dismissal in a written legal brief dated September 28, 2012. It considers the suit to be insufficient in point of law because some of the basic information for the claims asserted has not been presented; it also considers the suit to be unjustified because the contractual requirements for the incurrence of the contractual penalty have not been met. In its answer to the complaint, the Company explains that Oxxynova GmbH lost key customers and the global market trend for Oxxynova's product was extraordinarily negative; as a result, Oxxynova was justified in closing the production site based on the wording of the contract. The shut-down of the DMT production facility was technically unavoidable; moreover, it does not affect any interests of Evonik that were supposed to be protected by the contractual penalty. In addition, from the Company's point of view, Evonik Degussa GmbH would have been obligated to agree to the closing of the Lülsdorf site. However, it refused in violation of the contract to negotiate with the Company over the remission of the contractual penalty. In addition, the final decommissioning of the Lülsdorf site was only resolved on March 23, 2010 (and implemented as of June 30, 2010), which is why the contractual penalty should amount to a maximum of EUR 7 million, even if one were inclined to agree with the arguments presented by Evonik Degussa GmbH. As a result of the existing uncertainties and the impending legal dispute, Gigaset AG recognized provisions in the amount of EUR 3.6 million as of December 31, 2011. The first hearing in court took place at the end of June 2013. Based on the outcome of the oral proceeding, Gigaset AG believes that the prospects for winning this case are good. An arbitration ruling is expected in the fourth quarter of 2013, at the earliest.

Sommer Road Cargo Solutions GmbH & Co. KG.

The insolvency administrator of Sommer Road Cargo Solutions GmbH & Co. KG. ("Sommer") brought charges against Gigaset AG and its former Executive Board member Dr. Martin Vorderwülbecke. Sommer was an investee of ARQUES Industries AG from October 2005 until March 2009. The plaintiff demands that the defendant pay EUR 3 million on a joint and severally liable basis. The plaintiff alleges that, as the group parent company of the Sommer Group at the time in 2007, ARQUES Industries AG unlawfully demanded that Sommer repay a loan and/or carried out a constructive distribution of dividends from Sommer Group's assets in the form of contractual terms inconsistent with arm's length standards and thus, among other things, violated the applicable capital maintenance rules. Sommer thereby incurred a loss equal at least to the amount in dispute, for which Gigaset should be jointly and severally liable together with the managing director at the time and Executive Board member Dr. Vorderwülbecke. Insolvency proceedings were initiated against Sommer on December 31, 2009. Gigaset AG considers the facts and circumstances in this matter to be incomplete and inaccurately presented and considers the complaint to be groundless. In addition, the receivables in question fall under the statute of limitations and any deadline for appeal against the insolvency has expired, since the essence of the claims dates back to 2007. Therefore, Gigaset AG is defending itself against the complaint. After evaluating the briefs of the parties and a detailed indicative court order of April 26, 2013, the Executive Board believes that there is a very high probability of winning the case.

SME vs. Thomson for compensation of losses.

In its complaint pending before the regional court of Lübeck since November 2009, SME Holding GmbH demands that Thomson Sales Europe S. A. ("Thomson"), based in France, pay compensation for losses in the amount of USD 10.1 million, among other things. In the opinion of SME Holding GmbH, Thomson violated guarantees from a purchase and assignment agreement dated November 28, 2007. With that contract, SME Holding GmbH (trading at the time as "ARQUES Equity Management GmbH" and already a wholly owned subsidiary of the Company) acquired all shares in SM Electronic GmbH from Thomson. The background of the claim for compensation for losses is that SM Electronic GmbH was exposed to claims on the part of the US-based patent exploitation company MPEG LA, LLC ("MPEG LA") after the transaction negotiated in the purchase and assignment agreement was executed. MPEG LA issues sub-licenses for numerous patents of various companies relating to all aspects of MPEG-2 Video decoding and encoding. It alleges a past and ongoing violation on the part of SM Electronic GmbH of one of the patents it utilizes. SM Electronic GmbH saw and sees the asserted claims as justified on the merits of the case. In order to protect itself, it made a commitment to MPEG LA in a settlement agreed in May 2009 and a patent license agreement formed in October 2009 and effective retroactively as of June 1, 1994, among other things, to pay license fees of approximately USD 10.1 million in arrears for the past use of patented inventions until December 31, 2007. SME Holding GmbH supports its claims for compensation of losses asserted before the regional court of Lübeck in the approximate amount of USD 10.1 million against Thomson, in particular on a guarantee in the purchase and assignment agreement dated November 28, 2007, over the propriety of SM Electronic GmbH's financial statements, on the alleged lack of provisions for license claims, including those of MPEG LA, as well as the allegation that another company of the Thomson Group was aware or had to be aware of the threat of such claims before the purchase and assignment agreement was formed. Thomson filed a motion to dismiss the complaint, supported among other things by the view that asserted claims have no contractual or legal basis; in particular, the purchase and assignment agreement dated November 28, 2007, contains practically no guarantees with respect to rights protecting intellectual property. In addition, SME Holding GmbH did not incur any recoverable losses. In the years from 2010 to 2013, the progress of this proceeding was very slow, due among other reasons to the necessary translations, numerous third-party notices and supporting interventions on the part of third-parties as well as the associated servicing of documents abroad. By resolution of April 22, 2013, the Lübeck Regional Court referred the dispute to the Patent Litigation Chamber of the Hamburg Regional Court. The Hamburg Regional Court has not yet set a date. MPEG LA initially deferred its license claims against SM Electronic GmbH in multiple letters because it was aware of the dispute before the regional court and also because of the claim asserted on more than one occasion by SM Electronic GmbH that it was unable to pay the entire outstanding license fees in arrears. Most recently, both parties and SME Holding GmbH agreed on August 8, 2012, that SM Electronic GmbH will satisfy its obligation to pay the license fees in arrears, which at the time amounted to approximately USD 9.8 million, by paying a slightly elevated license fee on every product licensed under the patent licensing agreement formed in October 2009 and sold after August 8, 2012, in addition to the license fees originally agreed for this purpose until the outstanding license fees are paid in full. However, the deferred claim would be payable immediately in full under certain circumstances; for instance, if SM Electronic GmbH were to shut down its operations or no longer sell any MPEG-2 products. If Thomson is ordered to pay compensation to SME Holding GmbH in the complaint before the regional court, the awarded amount is to be paid to MPEG LA to reduce any outstanding license fees.

6.7 Opportunities and risk report with respect to discontinued operations

6.7.1 Opportunities and risk report with respect to the equity investment in SM Electronic Group classified as held for sale

The SM Electronic corporate group has a relatively broad customer base at its disposal and supplies major specialty stores, warehouses, and retail chains in Germany and other European countries. These activities expose the Company to the general fluctuations of the consumer climate. The Company has long-term customer relationships with key customers. SM Electronic Group continually expands its operating activities to include new areas and segments with the goal of further developing the existing product and customer portfolio. The German consumer electronics market is characterized by a large number of participants and strong price pressure. The procurement business is subject to the fluctuation of the US dollar. The Company finances itself mainly through intragroup loans. A factoring agreement was entered into with Coface as an external source of financing. There are other risks related to the elimination of the balance sheet deficit. Individual companies of the SM Electronic Group are exposed to substantial third-party claims due to the violation of industrial rights prior to the takeover by Gigaset and which are the subject of a legal dispute with the seller of these companies. The contingent liabilities and process risks resulting from these facts and circumstances are monitored on an ongoing basis in Gigaset AG's internal risk management system. The backlog of incoming orders is subject to a high degree of fluctuation. The Company is exposed to a default risk on receivables due from a major customer, due to the lack of credit insurance. This risk was capped at a maximum of EUR 0.3 million in negotiations with the customer. SM Electronic sees excellent entrepreneurial opportunities in the optimization of its product portfolio, the focus on profitable customers and the reorientation of its international business. SM Electronic could significantly and permanently improve its cost structure by optimizing internal processes, modernizing its IT, and outsourcing logistics and services.

6.7.2 Opportunities and risks from equity investments that have already been sold

Opportunities and risks from equity investments that have already been sold were reflected in the consolidated financial statements until they were deconsolidated. As a rule, the opportunities and risks related to the operating activities of equity investments that have been sold were entirely eliminated by the respective sale. With the exception of the facts and circumstances listed under "Risks from contingent liabilities and legal disputes" in the notes, the Company is not aware of any legal bases or risks arising from the sale of the equity investments that could justify claims against Gigaset for liabilities on the part of the disposed equity investments.

7. Events after the reporting date

7.1 Gigaset received financing commitments in the amount of EUR 10.4 million.

The consolidated group entity Gigaset Communications GmbH entered into an agreement on July 1, 2013, with a consortium led by Deutsche Bank AG regarding a bridge-over loan in the amount of EUR 10.4 million. The financing comprises additional cash funds granted in the amount of EUR 8.3 million and the approval of a cash credit line in the amount of EUR 2.1 million. The bridge-over loan matures at the end of October 2013 and serves to cover the Company's seasonally higher liquidity needs in the summer months. The Executive Board expects the liquidity situation to ease in the second half of the year as a result of the seasonal nature of the business.

7.2 Deliveries of Gigaset elements' begin

On July 4, 2013, Gigaset delivered the first starter kits for 'Gigaset elements', its new solution for networked home living. The kits will be delivered first to selected customers in order to increase demand for the new system in a controlled manner. This is the first step of a precisely orchestrated product launch. As previously announced, sales over the widespread network of specialty stores with more than 14,000 potential retail outlets begins in September 2013. Thus, 'Gigaset elements', the sensor and cloud-based solution for networked home living, will be introduced right before the high-volume Christmas shopping season begins.

8. Outlook for the Gigaset Group

8.1 Development of the industry

According to experts, the persistently weak economic environment and increasing competition from smartphones and other portable communications devices are contributing to a further mid-single digit percentage rate decline in the market for landline telephony in 2013 and 2014. However, this decline will let up slightly in subsequent years according to the current forecast. The analog standard and other digital standards will decline globally and continue to lose significance, but the market for DECT standards will also contract slightly with respect to units sold.

Moreover, there are signs of lower price levels in the years to come in all regions, whereby the DECT market will record the smallest decline in the lower single-digit range.

Demand for hybrid IP systems already constitutes 90% of total demand in the market for corporate customers and will further increase in the next four years. Similar trends are expected in the market for IP terminals.

The market for Smart Home Systems & Services (SHSS) in Western Europe is considered to be extremely promising. The number of Smart Home households will increase from 8 million at the beginning of 2013 to 40 million by the end of 2018. In 2012, it was still only 5.8 million households. This corresponds to sales revenue of USD 6.6 billion in 2013 and an expected sales revenue of USD 14.2 billion in 2018. The market research institute Strategy Analytics expects the potential for hardware sales to triple in the coming years, which represents the largest component at 60%.

8.2 Expected development of revenues and earnings

In light of the continuing consolidation of its core market, Gigaset reoriented itself over the cost-savings and efficiency program implemented in 2012. In the “Gigaset 2015” strategy, the business model was expanded to include the growth segments “Business Customers” and “Home Networks”. The core business was bundled and expanded in the “Consumer Products” unit. All business units will act essentially independently in the future and thereby be granted the necessary leeway to operate in their respective markets. This should increase the Company’s competitiveness and facilitate future growth. A new product center in Düsseldorf has underscored Gigaset’s new direction since January 2013. This should result in a significant increase in efficiency due to the optimized geographical position of the three business segments.

As a result of the persistently challenging development in the core markets as well as the necessary investments in the new business segments, Gigaset expects the following for continuing operations in the current fiscal year:

- a further decrease in revenue in the core business in the high single digit to lower double digit percentage range
- operating EBITDA will be significantly higher and presumably once again positive due to the expected positive impact of the efficiency program
- a negative free cash flow in about the mid-double digit million range due to the necessary investments

The reasons for this development include:

- retreat from unprofitable regions outside of Europe
- in particular Southern European countries (and thus target regions that are important to Gigaset AG such as Italy and Spain) are deeply impacted by the euro debt crisis and the resulting consumer restraint
- the cordless telephone market will continue to decline
- investments in new business areas, innovative products, and the further expansion of market shares

Gigaset AG expects the creation of the new divisions to have a significant impact on sales revenues, operating performance and cash flow for the first time in 2014. Consequently, the Company anticipates recording expanded revenues and further improved EBITDA in its continuing operations during the course of 2014.

8.3 Expected changes in financial position, capital expenditures and liquidity

The Company finances itself in particular through the syndicated credit line secured at the beginning of 2012 in the amount of up to EUR 35.0 million as well as through factoring. On July 1, Gigaset Communications GmbH entered into an agreement with a consortium led by Deutsche Bank AG over a bridge-over loan in the amount of EUR 10.4 million, EUR 8.3 million of which as part of a seasonal credit line and EUR 2.1 of which in free cash funds under the previous financing commitment. The bridge-over loan matures at the end of October 2013 and serves to cover the Company’s seasonally higher liquidity needs in the summer months. It must be repaid upon maturity; at the same time, the syndicated credit line of EUR 35.0 million is reduced to EUR 32.9 million. The Executive Board expects the liquidity situation to ease in the second half of the year as a result of the seasonal nature of the business.

Various measures, some of which were already initiated in the past year, will also have a positive impact on liquidity.

In the meantime, Gigaset expected to realize savings amounting to approximatly EUR 24 million in fiscal year 2013 over the cost-savings and efficiency program announced in 2012. In total, the measures have a volume of EUR 30 million and should take full effect in 2014. Distribution channels were filled early and an optimized cash inflow was realized as a result of the sales push program initiated in the second quarter. The review of the profitability of operations outside of Europe continues to be implemented. The first consequence of this analysis was the closing of the unprofitable cordless telephone business in Brazil. The engagement in the United Arab Emirates is to be sold to the management. In Turkey, the Company completed a successful turnaround by means of a strategic repositioning.

In addition, Gigaset has entered into discussions with potential creditors in particular to finance the capital expenditures to expand the Business Customers segment and Home Networks segment. Negotiations over the commitment of additional financing are being conducted.

On the whole, the continuance of the Company as a going concern depends on the maintenance – and possibly the expansion – of the credit lines currently in place. The liquidity requirements will vary over the course of 2014 and may, under certain circumstances, need to be covered by utilizing loans. If the measures resolved by the Company cannot be fully implemented, existing sources of financing dry up, the operating business not perform as well as assumed in the planning, or additional financing requirements arise, the Company could be jeopardized as a going concern.

We will continue to focus on managing liquidity in the coming two fiscal years. The Company's strategy with respect to securing financial stability remains conservative in order to preserve the Group's operational and strategic flexibility.

Gigaset will continue to invest in established markets as part of its investment planning in order to secure market shares as well as to secure and expand competitive advantages. Additional investments should also be made in new product categories and growth segments in order to permanently secure the Company's existence and competitiveness.

8.4 Overall view of the Executive Board regarding the likely development of the Group

Continuing to improve Gigaset's financial situation and thereby securing its position for the future is among the Executive Board's most urgent responsibilities. To this end, we continue to focus on cost discipline with an unchanged high level of investment in the product portfolio as well as the strategic orientation on promising markets.

The management continues to consistently implement the cost-savings and efficiency program announced in 2012 in the amount of approximately EUR 30 million as well as the reorientation of the Company announced in the new "Gigaset 2015" strategy. This includes the goal of expanding the portfolio to include products developed by Gigaset as well as its partners in order to develop new sources of revenue. In addition, the Executive Board of Gigaset AG continues to work on options to permanently consolidate the Company's capital base and further increase its liquidity.

Munich, August 2, 2013

The Executive Board of Gigaset AG

Charles Fränkl | Dr. Alexander Blum | Maik Brockmann

Consolidated Income Statement for the Period from January 1 - June 30, 2013

€ (000)	Jan. 1 - Jun. 30, 2013 Continuing operations	Discontinued operations	Total
Revenues	183,536	3,848	187,384
Change in inventories of finished and unfinished goods	-8,512	0	-8,512
Other internal production capitalized	10,872	0	10,872
Other operating income	13,010	1,133	14,143
Purchased goods and services	-84,535	-2,178	-86,713
Personnel expenses	-52,277	-1,068	-53,345
Other operating expenses	-51,121	-3,856	-54,977
EBITDA	**10,973**	**-2,121**	**8,852**
Depreciation and amortization	-13,508	0	-13,508
Impairment losses	0	1,523	1,523
EBIT	**-2,535**	**-598**	**-3,133**
Impairment on financial assets	-56	0	-56
Other interest and similar income	118	0	118
Interest and similar expenses	-1,360	-24	-1,384
Net financial expenses	**-1,298**	**-24**	**-1,322**
Result from ordinary activities	**-3,833**	**-622**	**-4,455**
Income taxes	-8,848	43	-8,805
Consolidated net income/loss for the fiscal year	**-12,681**	**-579**	**-13,260**
Share of consolidated net income/loss attributable to non-controlling interests	0	0	0
Share of consolidated net income/loss attributable to shareholders of Gigaset AG	-12,681	-579	-13,260
Earnings per share			
- Basic ernings per share in EUR	-0.25	-0.01	-0.26
- Diluted earnings per share in EUR	-0.25	-0.01	-0.26

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Income Statement for the Period from January 1 - June 30, 2013

Jan. 1 - Jun. 30, 2012[1]			
Continuing operations	Discontinued operations	Total	€ (000)
205,661	11,587	217,248	Revenues
-4,819	-223	-5,042	Change in inventories of finished and unfinished goods
8,669	0	8,669	Other internal production capitalized
9,366	4,541	13,907	Other operating income
-102,880	-6,182	-109,062	Purchased goods and services
-53,336	-1,329	-54,665	Personnel expenses
-51,357	-8,239	-59,596	Other operating expenses
11,304	**155**	**11,459**	EBITDA
-12,052	0	-12,052	Depreciation and amortization
0	-50	-50	Impairment losses
-748	**105**	**-643**	EBIT
0	0	0	Impairment on financial assets
360	0	360	Other interest and similar income
-1,045	-130	-1,175	Interest and similar expenses
-685	**-130**	**-815**	**Net financial expenses**
-1,433	**-25**	**-1,458**	**Result from ordinary activities**
1,995	82	2,077	Income taxes
562	**57**	**619**	**Consolidated net income/loss for the fiscal year**
0	0	0	Share of consolidated net income/loss attributable to non-controlling interests
562	57	619	Share of consolidated net income/loss attributable to shareholders of Gigaset AG
			Earnings per share
0.01	0.00	0.01	- Basic ernings per share in EUR
0.01	0.00	0.01	- Diluted earnings per share in EUR

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Income Statement for the Period from April 1 - June 30, 2013

€ (000)	Apr. 1 - Jun. 30, 2013 Continuing operations	 Discontinued operations	 Total
Revenues	96,792	1,499	98,291
Change in inventories of finished and unfinished goods	-6,385	0	-6,385
Other internal production capitalized	5,558	0	5,558
Other operating income	5,829	39	5,868
Purchased goods and services	-42,551	-1,071	-43,622
Personnel expenses	-26,962	-482	-27,444
Other operating expenses	-25,924	-1,352	-27,276
EBITDA	**6,357**	**-1,367**	**4,990**
Depreciation and amortization	-6,861	0	-6,861
Impairment losses	0	798	798
EBIT	**-504**	**-569**	**-1,073**
Impairment on financial assets	-28	0	-28
Other interest and similar income	-12	0	-12
Interest and similar expenses	-817	-9	-826
Net financial expense	**-857**	**-9**	**-866**
Result from ordinary activities	**-1,361**	**-578**	**-1,939**
Income taxes	-8,069	1	-8,068
Consolidated net income/loss for the fiscal year	**-9,430**	**-577**	**-10,007**
Share of consolidated net income/loss attributable to non-controlling interests	0	0	0
Share of consolidated net income/loss attributable to shareholders of Gigaset AG	-9,430	-577	-10,007
Earnings per share			
- Basic ernings per share in EUR	-0.18	-0.01	-0.19
- Diluted earnings per share in EUR	-0.18	-0.01	-0.19

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Income Statement for the Period from April 1 - June 30, 2013

Apr. 1 - Jun. 30, 2012[1]			
Continuing operations	Discontinued operations	Total	€ (000)
93,441	3,776	97,217	Revenues
-1,299	-223	-1,522	Change in inventories of finished and unfinished goods
4,118	0	4,118	Other internal production capitalized
5,206	3,812	9,018	Other operating income
-47,532	-2,291	-49,823	Purchased goods and services
-27,497	-709	-28,206	Personnel expenses
-26,181	-3,930	-30,111	Other operating expenses
256	**435**	**691**	**EBITDA**
-6,270	0	-6,270	Depreciation and amortization
0	-50	-50	Impairment losses
-6,014	**385**	**-5,629**	**EBIT**
0	0	0	Impairment on financial assets
116	0	116	Other interest and similar income
-642	-97	-739	Interest and similar expenses
-526	**-97**	**-623**	**Net financial expense**
-6,540	**288**	**-6,252**	**Result from ordinary activities**
2,936	82	3,018	Income taxes
-3,604	**370**	**-3,234**	**Consolidated net income/loss for the fiscal year**
0	0	0	Share of consolidated net income/loss attributable to non-controlling interests
-3,604	370	-3,234	Share of consolidated net income/loss attributable to shareholders of Gigaset AG
			Earnings per share
-0.07	0.01	-0.06	- Basic ernings per share in EUR
-0.07	0.01	-0.06	- Diluted earnings per share in EUR

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Statement of Comprehensive Income for the Period from January 1 - June 30, 2013

€ (000)	Jan. 1 - Jun. 30, 2013 Continuing operations	Discontinued operations	Total
Consolidated net income/loss	-12,681	-579	-13,260
Items that may be reclassified subsequently to net income/loss			
Currency translation differences	-78	2	-76
Items that will not be reclassified to net income/loss	0	0	0
Total changes recognized in other comprehensive income	-78	2	-76
Total recognized income and expense	-12,759	-577	-13,336
thereof attributable to non-controlling interests	0	0	0
thereof attributable to shareholders of Gigaset AG	-12,759	-577	-13,336

Consolidated Statement of Comprehensive Income for the Period from April 1 - June 30, 2013

€ (000)	Apr. 1 - Jun. 30, 2013 Continuing operations	Discontinued operations	Total
Consolidated net income/loss	-9,430	-577	-10,007
Items that may be reclassified subsequently to net income/loss			
Currency translation differences	18	-5	13
Items that will not be reclassified to net income/loss	0	0	0
Total changes recognized in other comprehensive income	18	-5	13
Total recognized income and expense	-9,412	-582	-9,994
thereof attributable to non-controlling interests	0	0	0
thereof attributable to shareholders of Gigaset AG	-9,412	-582	-9,994

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Statement of Comprehensive Income for the Period from January 1 - June 30, 2013

Jan. 1 - Jun. 30, 2012[1]			
Continuing operations	Discontinued operations	Total	€ (000)
562	57	619	Consolidated net income/loss
			Items that may be reclassified subsequently to net income/loss
-79	5	-74	Currency translation differences
0	0	0	Items that will not be reclassified to net income/loss
-79	5	-74	Total changes recognized in other comprehensive income
483	62	545	Total recognized income and expense
0	0	0	thereof attributable to non-controlling interests
483	62	545	thereof attributable to shareholders of Gigaset AG

Consolidated Statement of Comprehensive Income for the Period from April 1 - June 30, 2013

Apr. 1 - Jun. 30, 2012[1]			
Continuing operations	Discontinued operations	Total	€ (000)
-3,604	370	-3,234	Consolidated net income/loss
			Items that may be reclassified subsequently to net income/loss
31	10	41	Currency translation differences
0	0	0	Items that will not be reclassified to net income/loss
31	10	41	Total changes recognized in other comprehensive income
-3,573	380	-3,193	Total recognized income and expense
0	0	0	thereof attributable to non-controlling interests
-3,573	380	-3,193	thereof attributable to shareholders of Gigaset AG

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Statement of Financial Position as of June 30, 2013

€ (000)	Jun. 30, 2013	Dec. 31, 2012[1]	Jan. 1, 2012[1]
ASSETS			
Non-current assets			
Intangible assets	46,938	44,226	42,431
Property, plant and equipment	42,870	44,148	45,911
Financial assets	0	0	2,334
Deferred tax assets	19,626	27,754	14,799
Total non-current assets	109,434	116,128	105,475
Current assets			
Inventories	26,801	33,418	35,804
Trade receivables	59,433	50,998	59,723
Other assets	19,796	26,424	27,163
Current tax assets	2,986	2,017	3,076
Cash and cash equivalents	18,905	54,651	62,262
	127,921	167,508	188,028
Assets held for sale	16,912	18,788	20,416
Total current assets	144,833	186,296	208,444
Total assets	**254,267**	**302,424**	**313,919**

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Statement of Financial Position as of June 30, 2013

€ (000)	Jun. 30, 2013	Dec. 31, 2012[1]	Jan. 1, 2012[1]
EQUITY & LIABILITIES			
Equity			
Subscribed capital	50,015	50,015	50,015
Additional paid-in capital	87,981	87,981	87,981
Revenue reserves	68,979	68,979	22,858
Actuary effects IAS 19	-30,463	-30,463	-8,552
Accumulated other comprehensive income	-163,232	-149,896	-81,707
	13,280	**26,616**	**70,595**
Non-controlling interests	0	0	0
Total equity	**13,280**	**26,616**	**70,595**
Non-current liabilities			
Pension obligations	43,302	42,532	18,810
Provisions	11,108	9,318	7,037
Financial liabilities	32,000	32,000	0
Other liabilities	15	27	35
Deferred tax liabilities	13,955	13,967	15,958
Total non-current liabilities	**100,380**	**97,844**	**41,840**
Current liabilities			
Provisions	30,511	41,284	27,222
Financial liabilities	389	306	6,083
Trade payables	64,039	86,644	96,239
Tax liabilities	4,996	6,384	7,790
Other liabilities	23,760	24,558	41,568
	123,695	**159,176**	**178,902**
Liabilities related to assets held for sale	16,912	18,788	22,582
Total current liabilities	**140,607**	**177,964**	**201,484**
Total equity & liabilities	**254,267**	**302,424**	**313,919**

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Statement of Changes in Equity as of June 30, 2013

	€ (000)	Subscribed capital	Additional paid-in capital	Revenue reserves
1	**January 1, 2012[1]**	**50,015**	**87,981**	**22,858**
2	Allocation to revenue reserves	0	0	46,121
3	Transactions with owners	0	0	0
4	Total transactions with owners	0	0	0
5	**Consolidated net income 2012**	**0**	**0**	**0**
6	Non-controlling interests	0	0	0
7	Consolidated net income for the fiscal year after non-controlling interests	0	0	0
8	Currency translation differences	0	0	0
9	Actuarial effects IAS 19	0	0	0
10	Total changes recognized in other comprehensive income	0	0	0
11	Total net income (7+10)	0	0	0
12	June 30, 2012	50,015	87,981	68,979
1	January 1, 2013[1)]	50,015	87,981	68,979
2	Allocation to revenue reserves	0	0	0
3	Transactions with owners	0	0	0
4	Total transactions with owners	0	0	0
5	Consolidated net loss 2013	0	0	0
6	Non-controlling interests	0	0	0
7	Consolidated net loss for the fiscal year after non-controlling interests	0	0	0
8	Currency translation differences	0	0	0
9	Actuarial effects IAS 19	0	0	0
10	Total changes recognized in other comprehensive income	0	0	0
11	Total net income (7+10)	0	0	0
12	**June 30, 2013**	**50,015**	**87,981**	**68,979**

1) Adjusted as a result of changes to IAS 19. For details please refer to comments in the notes under section "Adjustment of comparative information in the consolidated interim financial statements as of June 30, 2012"
2) This item will not be recycled to profit or loss in subsequent periods.

Consolidated Statement of Changes in Equity as of June 30, 2013

Actuary gains / losses IAS 19[2]	Accumulated other comprehensive income[3]	Adjusting items for non-controlling interests	Consolidated equity	€ (000)	
-8,552	**-81,707**	**0**	**70,595**	**January 1, 2012[1]**	**1**
0	-46,121	0	0	Allocation to revenue reserves	2
0	0	0	0	Transactions with owners	3
0	0	0	0	Total transactions with owners	4
0	619	0	619	Consolidated net income 2012	5
0	0	0	0	Non-controlling interests	6
0	619	0	619	Consolidated net income for the fiscal year after non-controlling interests	7
0	-74	0	-74	Currency translation differences	8
0	0	0	0	Actuarial effects IAS 19	9
0	-74	0	-74	Total changes recognized in other comprehensive income	10
0	545	0	545	Total net income (7+10)	11
-8,552	-127,283	0	71,140	June 30, 2012	12
-30,463	-149,896	0	26,616	January 1, 2013[1)]	1
0	0	0	0	Allocation to revenue reserves	2
0	0	0	0	Transactions with owners	3
0	0	0	0	Total transactions with owners	4
0	-13,260	0	-13,260	Consolidated net loss 2013	5
0	0	0	0	Non-controlling interests	6
0	-13,260	0	-13,260	Consolidated net loss for the fiscal year after non-controlling interests	7
0	-76	0	-76	Currency translation differences	8
0	0	0	0	Actuarial effects IAS 19	9
0	-76	0	-76	Total changes recognized in other comprehensive income	10
0	-13,336	0	-13,336	Total net income (7+10)	11
-30,463	**-163,232**	**0**	**13,280**	**June 30, 2013**	**12**

3) This item includes both items that will not be subsequently recycled to profit or loss as well as items that might be recycled to profit or loss in subsequent periods. The items that might be recycled to profit or loss in subsequent periods relate to differences from currency translation in the amount of EUR 937 thousand (as of 6/30/2012: EUR 1,276 thousand). EUR 4,070 thousand (as of 6/30/2012: EUR 4,070 thousand) of items that will not be recycled to profit or loss in subsequent periods relates to share-based payments and EUR -168,239 thousand (as of 6/30/2012: EUR -132,629 thousand) relates to accumulated consolidated net losses or profits in prior periods which also include the deferred taxes of the item "Actuarial effects IAS 19" in the amount of EUR 9,511 thousand (6/30/2012: EUR 2,670 thousand).

Consolidated Cash Flow Statement for the Period from January 1 - June 30, 2013

€ (000)	Jan. 1 - Jun. 30, 2013	Jan. 1 - Jun. 30, 2012[1]
Result from ordinary activities before taxes on income (EBT)	-4,455	-1,458
Depreciation of property, plant and equipment and amortization of intangible assets	13,508	12,052
Impairment losses	-1,523	50
Addition (+)/decrease (-) in pension provisions	770	-278
Gain (-)/loss (+) from the sale of non-current assets	-2	26
Gain (-)/loss (+) from deconsolidations	0	-593
Gain (-)/loss (+) from currency translation	1,366	1,693
Other non-cash items	-10,872	-8,669
Net interest income	1,266	815
Interest received	30	78
Interest paid	-776	-633
Income taxes paid	-3,083	-2,269
Impairment on financial assets	56	0
Increase (-)/decrease (+) in inventories	6,617	-517
Increase (-)/decrease (+) in trade receivables and other receivables	-1,807	12,808
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	-32,975	-33,162
Increase (+)/decrease (-) in other balance sheet items	459	-4,410
Cash inflow (+)/outflow (-) from continuing operations (net cash flow)	-31,421	-24,467
Proceeds from the disposal of non-current assets	2	8
Payments for investments in non-current assets	-4,074	-4,464
Cash inflow (+)/outflow (-) from investing activities	-4,072	-4,456
Free cash flow	**-35,493**	**-28,923**

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Consolidated Cash Flow Statement for the Period from January 1 - June 30, 2013

€ (000)	Jan. 1 - Jun. 30, 2013	Jan. 1 - Jun. 30, 2012[1]
Cash flows from the borrowing (+)/ repayment (-) of current financial liabilities	83	-5,047
Cash inflow from the borrowing of non-current financial liabilities	0	8,000
Cash inflow (+)/outflow (-) from financing activities	**83**	**2,953**
Cash and cash equivalents at the beginning of the period	53,460	59,996
Changes due to exchange rate differences	-425	120
Cash and cash equivalents at the beginning of the period measured at the rate of exchange prevailing at the balance sheet date of the prior year	53,885	59,876
Increase (-)/decrease (+) in restricted cash	-939	641
Change in cash and cash equivalents	-35,410	-25,970
Cash and cash equivalents at the end of the period	**17,111**	**34,667**
Restricted cash	2,736	2,639
Cash and cash equivalents	**19,847**	**37,306**
Cash and cash equivalents presented under "Assets held for sale"	942	296
Cash and cash equivalents reported on the statement of financial position	**18,905**	**37,010**

1) Prior year figures are adjusted due to changes in IAS 19. For detailed Information we refer to section "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012"

Notes to the interim financial statements as of June 30, 2013

1. General information regarding accounting policies

The preparation of Gigaset AG's consolidated financial statements as of June 30, 2013, and the presentation of comparative figures from the prior year was carried out in compliance with the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and their interpretation by the Standard Interpretations Committee (SIC) and International Financial Reporting Standards Interpretations Committee (IFRS IC) as they apply in the EU. Accordingly, this unaudited and unreviewed Interim Financial Report as of June 30, 2013, was prepared in accordance with IAS 34. All Standards applicable as of June 30, 2013, whose application is mandatory were taken into account and provide a true and fair view of the Gigaset Group's financial position, financial performance and cash flows.

The notes to the 2012 Consolidated financial statements apply accordingly in particular with respect to the significant accounting policies adopted. The consolidated financial statements are prepared under the premise that the Company will continue as a going concern.

In addition, the following standards and interpretations, which were amended or newly issued by the IASB, had to be applied beginning with the 2013 fiscal year:

› Amendments to IAS 19, Employee Benefits

  The primary change in IAS 19 is that future unexpected fluctuations in pension commitments as well as any plan assets – so-called actuarial gains and losses – will have to be recognized directly in equity under other comprehensive income (OCI). The option previously applied by Gigaset – recognition under the corridor method – is being abolished. This is expected to lead to increasing volatility of equity. Another change in accounting treatment is that interest expense will be derived in the future based on the so-called net defined benefit liability. More comprehensive disclosures will have to be made in the notes under the amended standard than previously required.

  Another significant change in IAS 19 relates to the accounting treatment of partial retirement agreements. With respect to the obligation to pay top-up amounts from partial retirement agreements, as a result of this amendment these payments can no longer be treated as termination benefits in the future. Moreover, the benefits based on the dependency of service rendered in the future and their long-term vesting period are to be recognized as other non-current employee benefits. Due to this change in classification, the expenses are no longer to be recognized in full when the company is irrevocably obligated, but instead based on their vesting period. This change had significant effects as a result of the restructuring measures in the fourth quarter of 2012.

The amendments to IAS 19 have significant effects on Gigaset's consolidated financial statements. The amendments apply for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The effects of the amendments are presented in detail in the notes under the point on the "Adjustment of comparative information in the consolidated financial statements as of June 30, 2012".

- Amendments to IAS 1, Presentation of Financial Statements

According to the amendments to IAS 1, the items presented under other comprehensive income are to be divided into two categories: a) Items that might be reclassified to the income statement in subsequent periods (so-called "recycling") and b) items that will not be reclassified to the income statement in subsequent periods. If these items are presented before taxes, the associated tax amounts of the two categories are to be stated (to the extent that taxes apply). The amendments apply for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The required additional disclosures were taken into account in the Company's financial statements.

- IFRS 13, Fair Value Measurement

IFRS 13 describes how fair value is to be determined and expands the existing disclosures regarding fair value. The standard does not specify the cases in which fair value is to be determined – this is based on the requirements of other IFRSs/IASs. The application of IFRS 13 for the determination of fair value is prohibited for individual standards. The new standard requires additional disclosures when fair value is determined. The new standard applies for reporting periods beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

- Amendments to IFRS 7, Financial Instruments: Presentation

The revision of the application guidance for IFRS 7 clarifies some provisions regarding the offsetting of financial assets and financial liabilities in the statement of financial position. More extensive disclosures must also be made in the notes than previously required for offset amounts. The amendments apply for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

- Amendments to IFRS 1, First-time Adoption of International Financial Reporting Standards

A new exemption rule after severe hyperinflation was introduced, a few fixed dates for first-time adopters were removed, and simplifications with respect to the accounting treatment of government loans were added under the amendments to IFRS 1. The amendments apply for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

› Amendments to IAS 12, Income Taxes

The amendment to IAS 12 includes a partial clarification regarding the treatment of temporary tax differences related to the application of the fair value model in IAS 40. With respect to investment property, it is often difficult to assess whether existing differences reverse over a period of continued use or as a result of a sale. Therefore, the amendment specifies that the general assumption is reversal through sale. The amended standard applies for reporting periods beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

› Annual improvements to IFRSs (2009 – 2011 cycle)

The annual improvements (2009 – 2011) were adopted by the European Commission on March 28, 2013, and relate to clarifications within the following standards:

- IAS 1 Presentation of Financial Statements (clarification of disclosure requirements for comparative information if a third statement of financial position is required or prepared voluntarily).
- IAS 16 Property, Plant and Equipment (clarification regarding replacement parts and servicing equipment and their recognition as property, plant and equipment or inventories)
- IAS 32 Financial Instruments (clarification regarding the recognition of the tax effects of dividends and transaction costs from the issue or repurchase of equity instruments)
- IAS 34 Interim Financial Reporting (clarification regarding the disclosure of segment assets and liabilities in interim financial reports)
- IFRS 1 First-time Adoption of International Financial Reporting Standards (various clarifications)

The amended standards apply for reporting periods beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

› IFRIC 20, Recognition of Stripping Costs in the Production Phase of a Surface Mine

The interpretation specifies rules for the recognition of stripping costs in the production phase of a surface mine and applies for fiscal years beginning on or after January 1, 2013. Earlier adoption is permitted. The amendments had no effect on the consolidated financial statements.

The following standards and interpretations already adopted, revised, or newly issued by the IASB were not yet required to be applied in fiscal year 2013:

Standards		Application requirement for Gigaset starting	Adopted by EU Commission
IFRS 10	Consolidated Financial Statements	1/1/2014[1]	Yes[1]
IFRS 11	Joint Arrangements	1/1/2014[1]	Yes[1]
IFRS 12	Disclosure of Interests in Other Entities	1/1/2014[1]	Yes[1]
IAS 27	Separate Financial Statements	1/1/2014[1]	Yes[1]
IAS 28	Investments in Associates and Joint Ventures	1/1/2014[1]	Yes[1]
IAS 32	Amendments to Offsetting Financial Assets and Financial Liabilities	1/1/2014	Yes
IAS 36	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets	1/1/2014	No
IAS 39	Amendments to Novation of Derivatives and Continuation of Hedge Accounting	1/1/2014	No
IFRS 9	Financial Instruments	1/1/2015	No
IFRS 9 / IFRS 7	Amendments to Mandatory Effective Date and Transition Disclosures	1/1/2015	No
Interpretations			
IFRIC 21	Levies	1/1/2014	No

1) The original rules in the IASB's provisions specified mandatory application already starting in fiscal year 2013. However, the European Commission normalized a first-time application date for the changes for fiscal years beginning on or after January 1, 2014, in the Official Journal of the European Union L360 dated December 29, 2012.

The effects of the first-time application of the other revised or newly issued standards and interpretations cannot be reliably estimated at this time. However, the Company assumes in particular that the new standards IFRS 10, IFRS 11, and IFRS 12 will not have a significant impact.

2. Basis of consolidation

In addition to the parent company, 45 group companies were included in Gigaset's consolidated financial statements as of June 30, 2013; 18 of which domestic and 27 of which foreign companies.

There were no changes in the consolidated group compared to December 31, 2012.

As of June 30, 2013, no companies were included in the consolidated financial statements using equity method accounting.

One company with an insignificant influence on the financial position, financial performance and cash flows separately and as a whole was not consolidated. This subsidiary is recognized at amortized cost.

3. Adjustment of comparative information in the consolidated financial statements as of June 30, 2012

The amendments to IAS 19, Employee Benefits, which are applicable starting January 1, 2013, have a significant impact on the Gigaset Group's financial position, financial performance and cash flows. The new provisions of IAS 19 are to be applied retrospectively and therefore also have an impact on the amounts and disclosures of fiscal year 2012.

The primary change in IAS 19 is that future unexpected fluctuations in pension commitments as well as any plan assets – so-called actuarial gains and losses – will have to be recognized directly in equity under other comprehensive income (OCI). The option previously applied by Gigaset – recognition under the corridor method – is being abolished. This is expected to lead to increasing volatility of equity. Another change in accounting treatment is that interest expense will be derived in the future based on the so-called net defined benefit liability. More comprehensive disclosures will have to be made in the notes under the amended standard than previously required.

Actuarial gains or losses are recognized based on their amount in a separate item under equity. The item is designated as "Actuarial effects IAS 19".

Another significant change in IAS 19 relates to the accounting treatment of partial retirement agreements. With respect to the obligation to pay top-up amounts from partial retirement agreements, as a result of this amendment these payments can no longer be treated as termination benefits in the future. Moreover, the benefits based on the dependency of service rendered in the future and their long-term vesting period are to be recognized as other non-current employee benefits. Due to this change in classification, the expenses are no longer to be recognized in full when the company is irrevocably obligated, but instead based on their vesting period. This change had significant effects as a result of the restructuring measures in the fourth quarter of 2012.

The amendments to IAS 19 are to be applied retrospectively and therefore the disclosures of the prior period were to be adjusted. The adjustments related to the following components:

- Income statement for the period from January 1 - June 30, 2012
- Income statement for the period from April 1 - June 30, 2012
- Consolidated statement of financial position as of January 1, 2012
- Consolidated statement of financial position as of December 31, 2012
- Consolidated equity as of January 1, 2012
- Consolidated equity as of December 31, 2012
- Consolidated statement of cash flows for the period from January 1 to June 30, 2012

The adjusted calculation of consolidated earnings for the interim financial statements as of June 30, 2012, based on the new provisions under IAS 19 are presented below:

				Adjustment IAS 19 Change in methods
Jan. 1 – Jun. 30, 2012 in € (000)	**Continuing operations**	**Discontinued operations**	**Total**	**Continuing operations**
Revenues	205,661	11,587	217,248	
Change in inventories of finished and unfinished goods	-4,819	-223	-5,042	
Other internal production capitalized	8,669	0	8,669	
Other operating income	9,366	4,541	13,907	
Purchased goods and services	-102,880	-6,182	-109,062	
Personnel expenses	-53,965	-1,329	-55,294	629
Other operating expenses	-51,357	-8,239	-59,596	
EBITDA	10,675	155	10,830	629
Depreciation and amortization	-12,052	0	-12,052	
Impairment losses	0	-50	-50	
EBIT	-1,377	105	-1,272	629
Impairment on financial assets	0	0	0	
Other interest and similar income	360	0	360	
Interest and similar expenses	-1,045	-130	-1,175	
Net financial expenses	-685	-130	-815	0
Result from ordinary activities	-2,062	-25	-2,087	629
Income taxes	2,191	82	2,273	-196
Consolidated net income for the fiscal year	**129**	**57**	**186**	**433**
Share of consolidated net income attributable to non-controlling interests	0	0	0	
Share of consolidated net income attributable to shareholders of Gigaset AG	129	57	186	433
Earnings per share				
- Basic earnings per share in EUR	0.00	0.00	0.00	0.01
- Diluted earnings per share in EUR	0.00	0.00	0.00	0.01

Adjustment IAS 19 Change in methods					
Discontinued operations	**Total**	**Continuing operations**	**Discontinued operations**	**Total**	**Jan. 1 – Jun. 30, 2012 in € (000)**
	0	205,661	11,587	217,248	Revenues
	0	-4,819	-223	-5,042	Change in inventories of finished and unfinished goods
	0	8,669	0	8,669	Other internal production capitalized
	0	9,366	4,541	13,907	Other operating income
	0	-102,880	-6,182	-109,062	Purchased goods and services
	629	-53,336	-1,329	-54,665	Personnel expenses
	0	-51,357	-8,239	-59,596	Other operating expenses
0	**629**	**11,304**	**155**	**11,459**	**EBITDA**
	0	-12,052	0	-12,052	Depreciation and amortization
	0	0	-50	-50	Impairment losses
0	**629**	**-748**	**105**	**-643**	**EBIT**
	0	0	0	0	Impairment on financial assets
	0	360	0	360	Other interest and similar income
	0	-1,045	-130	-1,175	Interest and similar expenses
0	**0**	**-685**	**-130**	**-815**	**Net financial expenses**
0	**629**	**-1,433**	**-25**	**-1,458**	**Result from ordinary activities**
	-196	1,995	82	2,077	Income taxes
0	**433**	**562**	**57**	**619**	**Consolidated net income for the fiscal year**
	0	0	0	0	Share of consolidated net income attributable to non-controlling interests
0	433	562	57	619	Share of consolidated net income attributable to shareholders of Gigaset AG
					Earnings per share
0.00	0.01	0.01	0.00	0.01	- Basic earnings per share in EUR
0.00	0.01	0.01	0.00	0.01	- Diluted earnings per share in EUR

Apr. 1 – Jun. 30, 2012 in € (000)	Continuing operations	Discontinued operations	Total	Adjustment IAS 19 Change in methods Continuing operations
Revenues	93,441	3,776	97,217	0
Change in inventories of finished and unfinished goods	-1,299	-223	-1,522	0
Other internal production capitalized	4,118	0	4,118	0
Other operating income	5,206	3,812	9,018	0
Purchased goods and services	-47,532	-2,291	-49,823	0
Personnel expenses	-27,743	-709	-28,452	246
Other operating expenses	-26,181	-3,930	-30,111	0
EBITDA	**10**	**435**	**445**	**246**
Depreciation and amortization	-6,270	0	-6,270	0
Impairment losses	0	-50	-50	0
EBIT	**-6,260**	**385**	**-5,875**	**246**
Impairment on financial assets	0	0	0	0
Other interest and similar income	116	0	116	0
Interest and similar expenses	-642	-97	-739	0
Net financial expense	**-526**	**-97**	**-623**	**0**
Result from ordinary activities	**-6,786**	**288**	**-6,498**	**246**
Income taxes	3,012	82	3,094	-76
Consolidated net income/ loss for the fiscal year	**-3,774**	**370**	**-3,404**	**170**
Share of consolidated net income/loss attributable to non-controlling interests	0	0	0	0
Share of consolidated net income/loss attributable to shareholders of Gigaset AG	-3,774	370	-3,404	170
Earnings per share				
- Basic earnings per share in EUR	-0.08	0.01	-0.07	0.01
- Diluted earnings per share in EUR	-0.08	0.01	-0.07	0.01

Adjustment IAS 19 Change in methods					
Discontinued operations	Total	Continuing operations	Discontinued operations	Total	Apr. 1 – Jun. 30, 2012 in € (000)
0	0	93,441	3,776	97,217	Revenues
0	0	-1,299	-223	-1,522	Change in inventories of finished and unfinished goods
0	0	4,118	0	4,118	Other internal production capitalized
0	0	5,206	3,812	9,018	Other operating income
0	0	-47,532	-2,291	-49,823	Purchased goods and services
0	246	-27,497	-709	-28,206	Personnel expenses
0	0	-26,181	-3,930	-30,111	Other operating expenses
0	**246**	**256**	**435**	**691**	**EBITDA**
0	0	-6,270	0	-6,270	Depreciation and amortization
0	0	0	-50	-50	Impairment losses
0	**246**	**-6,014**	**385**	**-5,629**	**EBIT**
0	0	0	0	0	Impairment on financial assets
0	0	116	0	116	Other interest and similar income
0	0	-642	-97	-739	Interest and similar expenses
0	**0**	**-526**	**-97**	**-623**	**Net financial expense**
0	**246**	**-6,540**	**288**	**-6,252**	**Result from ordinary activities**
0	-76	2,936	82	3,018	Income taxes
0	**170**	**-3,604**	**370**	**-3,234**	**Consolidated net income/ loss for the fiscal year**
0	0	0	0	0	Share of consolidated net income/loss attributable to non-controlling interests
0	170	-3,604	370	-3,234	Share of consolidated net income/loss attributable to shareholders of Gigaset AG
					Earnings per share
0.00	0.01	-0.07	0.01	-0.06	- Basic earnings per share in EUR
0.00	0.01	-0.07	0.01	-0.06	- Diluted earnings per share in EUR

The effects on the statement of financial position as of January 1, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Jan. 1, 2012	Adjustment IAS 19 Change in methods	Jan. 1, 2012
ASSETS			
Non-current assets			
Intangible assets	42,431		42,431
Property, plant and equipment	45,911		45,911
Financial assets	2,334		2,334
Deferred tax assets	12,240	2,559	14,799
Total non-current assets	102,916	2,559	105,475
Current assets			
Inventories	35,804		35,804
Trade receivables	59,723		59,723
Other assets	27,163		27,163
Current tax assets	3,076		3,076
Cash and cash equivalents	62,262		62,262
	188,028	0	188,028
Assets held for sale	20,416		20,416
Total current assets	208,444	0	208,444
Total assets	**311,360**	**2,559**	**313,919**

€ (000)	Jan. 1, 2012	Adjustment IAS 19 Change in methods	Jan. 1, 2012
EQUITY & LIABILITIES			
Equity			
Subscribed capital	50,015		50,015
Additional paid-in capital	87,981		87,981
Revenue reserves	22,858		22,858
Actuarial effects IAS 19	0	-8,552	-8,552
Accumulated other comprehensive income	-84,621	2,914	-81,707
	76,233	-5,638	70,595
Non-controlling interests	0		0
Total equity	76,233	-5,638	70,595
Non-current liabilities			
Pension obligations	10,258	8,552	18,810
Provisions	7,392	-355	7,037
Financial liabilities	0		0
Other liabilities	35		35
Deferred tax liabilities	15,958		15,958
Total non-current liabilities	33,643	8,197	41,840
Current liabilities			
Provisions	27,222		27,222
Financial liabilities	6,083		6,083
Trade payables	96,239		96,239
Tax liabilities	7,790		7,790
Other liabilities	41,568		41,568
	178,902	0	178,902
Liabilities related to assets held for sale	22,582		22,582
Total current liabilities	201,484	0	201,484
Total equity & liabilities	**311,360**	**2,559**	**313,919**

The effects on the statement of financial position as of December 31, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Dec. 31, 2012	Adjustment IAS 19 Change in methods	Dec. 31, 2012
ASSETS			
Non-current assets			
Intangible assets	44,226		44,226
Property, plant and equipment	44,148		44,148
Financial assets	0		0
Deferred tax assets	19,316	8,438	27,754
Total non-current assets	107,690	8,438	116,128
Current assets			
Inventories	33,418		33,418
Trade receivables	50,998		50,998
Other assets	26,424		26,424
Current tax assets	2,017		2,017
Cash and cash equivalents	54,651		54,651
	167,508	0	167,508
Assets held for sale	18,788		18,788
Total current assets	186,296	0	186,296
Total assets	**293,986**	**8,438**	**302,424**

€ (000)	Dec. 31, 2012	Adjustment IAS 19 Change in methods	Dec. 31, 2012
EQUITY & LIABILITIES			
Equity			
Subscribed capital	50,015		50,015
Additional paid-in capital	87,981		87,981
Revenue reserves	68,979		68,979
Actuarial effects IAS 19	0	-30,463	-30,463
Accumulated other comprehensive income	-161,771	11,875	-149,896
	45,204	-18,588	26,616
Non-controlling interests	0		0
Total equity	45,204	-18,588	26,616
Non-current liabilities			
Pension obligations	12,069	30,463	42,532
Provisions	12,755	-3,437	9,318
Financial liabilities	32,000		32,000
Other liabilities	27		27
Deferred tax liabilities	13,967		13,967
Total non-current liabilities	70,818	27,026	97,844
Current liabilities			
Provisions	41,284		41,284
Financial liabilities	306		306
Trade payables	86,644		86,644
Tax liabilities	6,384		6,384
Other liabilities	24,558		24,558
	159,176	0	159,176
Liabilities related to assets held for sale	18,788		18,788
Total current liabilities	177,964	0	177,964
Total equity & liabilities	**293,986**	**8,438**	**302,424**

The effects on consolidated equity as of January 1, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Jan. 1, 2012	Adjustment IAS 19 Change in methods	Jan. 1, 2012
Subscribed capital	50,015		50,015
Additional paid-in capital	87,981		87,981
Revenue reserves	22,858		22,858
Actuarial effects IAS 19	0	-8,552	-8,552
Accumulated other comprehensive income	-84,621	2,914	-81,707
Non-controlling interests	0		0
Consolidated equity	**76,233**	**-5,638**	**70,595**

The effects on consolidated equity as of December 31, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Dec. 31, 2012	Adjustment IAS 19 Change in methods	Dec. 31, 2012
Subscribed capital	50,015		50,015
Additional paid-in capital	87,981		87,981
Revenue reserves	68,979		68,979
Actuarial effects IAS 19	0	-30,463	-30,463
Accumulated other comprehensive income	-161,771	11,875	-149,896
Non-controlling interests	0		0
Consolidated equity	**45,204**	**-18,588**	**26,616**

The effects on the consolidated statement of cash flows for the period from January 1, 2012, to June 30, 2012, based on the amendment of IAS 19 are presented below:

€ (000)	Jan. 1 - Jun. 30, 2012	Adjustment IAS 19 Change in methods	Jan. 1 - Jun. 30, 2012
Result from ordinary activities before taxes on income (EBT)	-2,087	629	-1,458
Depreciation of property, plant and equipment and amortization of intangible assets	12,052		12,052
Impairment losses	50		50
Addition (+)/decrease (-) in pension provisions	-278		-278
Gain (-)/loss (+) from the sale of non-current assets	26		26
Gain (-)/loss (+) from deconsolidations	-593		-593
Gain (-)/loss (+) from currency translation	1,693		1,693
Other non-cash items	-8,669		-8,669

€ (000)	Jan. 1 - Jun. 30, 2012	Adjustment IAS 19 Change in methods	Jan. 1 - Jun. 30, 2012
Net interest income	815		815
Interest received	78		78
Interest paid	-633		-633
Income taxes paid	-2,269		-2,269
Impairment of financial assets	0		0
Increase (-)/decrease (+) in inventories	-517		-517
Increase (-)/decrease (+) in trade receivables and other receivables	12,808		12,808
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	-32,533	-629	-33,162
Increase (+)/decrease (-) in other balance sheet items	-4,410		-4,410
Cash inflow (+)/outflow (-) from continuing operations (net cash flow)	**-24,467**	**0**	**-24,467**
Proceeds from the disposal of non-current assets	8		8
Payments for investments in non-current assets	-4,464		-4,464
Cash inflow (+)/outflow (-) from investing activities	**-4,456**	**0**	**-4,456**
Free cash flow	**-28,923**	**0**	**-28,923**
Cash flows from the borrowing (+)/repayment (-) of current financial liabilities	-5,047		-5,047
Cash inflow from the borrowing of non-current financial liabilities	8,000		8,000
Cash inflow (+)/outflow (-) from financing activities	**2,953**	**0**	**2,953**
Cash and cash equivalents at the beginning of the period	59,996		59,996
Changes due to exchange rate differences	120		120
Cash and cash equivalents at the beginning of the period measured at the rate of exchange prevailing at the balance sheet date of the prior year	59,876		59,876
Increase (-)/decrease (+) in restricted cash	641		641
Change in cash and cash equivalents	-25,970		-25,970
Cash and cash equivalents at the end of the period	**34,667**	**0**	**34,667**
Restricted cash	2,639		2,639
Cash and cash equivalents	37,306	0	37,306
Cash and cash equivalents presented under "Assets held for sale"	296		296
Cash and cash equivalents reported on the statement of financial position	**37,010**	**0**	**37,010**

4. Seasonal effects

The core business of Gigaset Communications GmbH is subject to distinct seasonal fluctuations due to regularly varying consumer behavior over the course of a calendar year. The highest sales are realized during the Christmas shopping season, which is why the fourth quarter is traditionally very strong. In contrast, the first quarter serves the restocking of warehouses following the Christmas business and in our experience fluctuates around the same level as the third quarter. Sales for the Christmas season are already affecting inventory levels in the warehouses of distributors and retailers beginning in the third quarter; however, July and August count among the weak summer months with a typically low propensity to spend on the part of consumers. In light of this, the third quarter is normally weaker than the fourth. The second quarter is already characterized by seasonal consumer restraint in the early summer months of May and June; at the same time, distributors and retailers are adjusting their inventory levels to the weak summer months. Therefore, the second quarter is traditionally the weakest sales quarter of the entire fiscal year.

In addition to the traditional general seasonal fluctuations, there are country and region-specific seasonalities, such as sales promotions related to specific trade fairs (e.g. CEBIT, IFA), back-to-school activities, or the Chinese New Year.

5. Restructuring

The restructuring begun in the fourth quarter of 2012 was continued as planned. In the first half of 2013, there was a cash outflow of EUR 7.368 thousand as a result of these restructuring measures.

6. Financial assets and liabitilies

The fair values of financial assets and liabilities as of June 30 essentially correspond to the carrying amounts. There were no changes in non-current financial assets and liabilities compared to December 31 of the prior year; as a result, the fair values of these items was essentially the same as their carrying amounts, as was the case at the end of the year. The carrying amounts of the current financial assets and liabilities also correspond essentially to their fair values. There were also no changes with respect to the measurement and fair value hierarchy of the financial assets and liabilities compared to the end of the year.

7. Non-current disposal groups held for sale and discontinued operations

In accordance with IFRS 5, non-current assets and disposal groups are presented separately in the statement of financial position if they can be sold in their current condition and the sale is highly probable. For classification as "held for sale", the corresponding assets are recognized at fair value less costs to sell if this is lower than their carrying amount. Directly related liabilities are presented separately under liabilities as "held for sale" according to their classification.

The Supervisory Board approved the sale of the SM Electronic Group in December 2011 and sales efforts began immediately. Since the SM Electronic Group fulfills the criteria of immediate marketability specified under IFRS 5 and its sale can be regarded as highly probable, the SM Electronic Group was classified as a disposal group as defined under IFRS 5.

The SM Electronic Group's objectives include the trading and distribution of receiver technology and accessories.

The assets and liabilities of the disposal group SM Electronic ("Other" segment) can be broken down as follows as of June 30, 2013:

€ (000)	Amount prior to impairment 06/30/2013	Impairment under IFRS 5 2013	Amount after impairment 12/31/2013	Amount as of 12/31/2012
Assets				
Deferred tax assets	3,247	-412	2,835	1,312
Inventories	2,669	0	2,669	3,853
Current receivables and other assets	10,466	0	10,466	12,592
Cash and cash equivalents	942	0	942	1,031
Total	**17,324**	**-412**	**16,912**	**18,788**
Liabilities				
Provisions	240		240	400
Other liabilities	13,241		13,241	14,883
Deferred tax liabilities	3,431		3,431	3,505
Total	**16,912**	**0**	**16,912**	**18,788**

The impairment recognized as of December 31, 2012, amounted to EUR 1,935 thousand and was reduced in the first half of 2013 by EUR 1,523 thousand to a total of EUR 412 thousand. The reduction of the recognized impairment is reported as a positive amount in the income statement item "Impairment losses" under discontinued operations.

The SM Electronic Group is presented under discontinued operations both in fiscal year 2013 as well as fiscal year 2012, because it represents a major business line based on total assets and/or sales revenues.

Cash flows attributable to discontinued operations can be broken down as follows:

€ (000)	01/01 - 06/.30/2013	01/01 - 06/.30/2012
Cash inflow (+)/outflow (-) from operating activities	-635	-598
Cash inflow (+)/outflow (-) from investing activities	-4	0
Cash inflow (+)/outflow (-) from financing activities	550	0
Change in cash and cash equivalents	**-89**	**-598**

8. Changes in the consolidated group

There were no changes in the consolidated group in the first half of 2013.

9. Segment reporting

Due to the reorientation of the Gigaset Group's business model in 2010, the segment reporting was adjusted accordingly. The activities of Gigaset and the holding company are presented separately from one another. The Gigaset Group is also presented based on geographic regions as a result of the information applied in Gigaset's internal management.

Gigaset's geographic regions whose main activities lie in the area of communications technology include the following:

- "Europe"

  The geographic region "Europe" includes all operating activities of the Gigaset Group in European countries as well as its operating activities in Russia, since they are jointly managed by the European companies. Thus, this area includes the operating activities in Germany, France, the United Kingdom, Italy, the Netherlands, Austria, Poland, Russia, Sweden, Switzerland, Spain, and Turkey.

- "America"

  The geographic region "America" includes the Gigaset Group's operating activities in Canada, the USA, Brazil, and Argentina.

- "Asia-Pacific / Middle East"

  The geographic region "Asia-Pacific / Middle East" includes the operating activities in China and the United Arab Emirates.

Since all of the businesses not belonging to the core activities were or are to be discontinued or sold, the affected groups are presented in the "Other" segment.

Transfer pricing between the segments corresponds to the prices realized with third parties. The cost of administrative services is passed on via cost allocation.

As of June 30, 2013, the Other segment includes the SM Electronic Group held for sale as in the previous year.

The allocation to the individual geographic regions is made based on the country of residence of the respective legal unit. Therefore, sales revenues and earnings are allocated in the segment reporting based on the legal units according to the internal segment reporting.

January 1 to June 30, 2013	Europe	Americas	Asia-Pacific/ Middle East	Gigaset Total
Revenues				
External revenues	160,853	12,470	10,213	183,536
Continuing operations	160,853	12,470	10,213	183,536
Discontinued operations	0	0	0	0
Internal revenues	0	0	0	0
Continuing operations	0	0	0	0
Discontinued operations	0	0	0	0
Total revenues	160,853	12,470	10,213	183,536
Continuing operations	160,853	12,470	10,213	183,536
Discontinued operations	0	0	0	0
Segment EBITDA	12,623	897	-1,705	11,815
Continuing operations	12,623	897	-1,705	11,815
Discontinued operations	0	0	0	0
Depreciation and amortization	-13,491	-7	-9	-13,507
Continuing operations	-13,491	-7	-9	-13,507
Discontinued operations	0	0	0	0
Impairment losses	0	0	0	0
Continuing operations	0	0	0	0
Discontinued operations	0	0	0	0
Segment EBIT	-868	890	-1,714	-1,692
Continuing operations	-868	890	-1,714	-1,692
Discontinued operations	0	0	0	0
Impairment on financial assets				
Net interest income/expenses				
Income/expenses from ordinary activities				
Income taxes				
Consolidated net loss				
Non-controlling interests				
Consolidated net loss attributable to shareholders of Gigaset AG				

Holding	Other	Eliminations	Consolidated	January 1 to June 30, 2013
				Revenues
0	3,848	0	187,384	External revenues
0	0	0	183,536	Continuing operations
0	3,848	0	3,848	*Discontinued operations*
0	48	-48	0	Internal revenues
0	0	0	0	Continuing operations
0	48	-48	0	*Discontinued operations*
0	3,896	-48	187,384	Total revenues
0	0	0	183,536	Continuing operations
0	3,896	-48	3,848	*Discontinued operations*
-842	-2,121	0	8,852	Segment EBITDA
-842	0	0	10,973	Continuing operations
0	-2,121	0	-2,121	*Discontinued operations*
-1	0	0	-13,508	Depreciation and amortization
-1	0	0	-13,508	Continuing operations
0	0	0	0	*Discontinued operations*
0	1,523	0	1,523	Impairment losses
0	0	0	0	Continuing operations
0	1,523	0	1,523	*Discontinued operations*
-843	-598	0	-3,133	Segment EBIT
-843	0	0	-2,535	Continuing operations
0	-598	0	-598	*Discontinued operations*
			-56	Impairment on financial assets
			-1,266	Net interest income/expenses
			-4,455	Income/expenses from ordinary activities
			-8,805	Income taxes
			-13,260	**Consolidated net loss**
			0	Non-controlling interests
			-13,260	Consolidated net loss attributable to shareholders of Gigaset AG

January 1 to June 30, 2012[1)]	Europe	Americas	Asia-Pacific/ Middle East	Gigaset Total
Revenues				
External revenues	175,659	12,934	17,023	205,616
Continuing operations	175,659	12,934	17,023	205,616
Discontinued operations	0	0	0	0
Internal revenues	4,708	0	0	4,708
Continuing operations	4,708	0	0	4,708
Discontinued operations	0	0	0	0
Total revenues	180,367	12,934	17,023	210,324
Continuing operations	180,367	12,934	17,023	210,324
Discontinued operations	0	0	0	0
Segment EBITDA	12,220	-1,496	1,719	12,443
Continuing operations	12,220	-1,496	1,719	12,443
Discontinued operations	0	0	0	0
Depreciation and amortization	-11,969	-11	-71	-12,051
Continuing operations	-11,969	-11	-71	-12,051
Discontinued operations	0	0	0	0
Impairment losses	0	0	0	0
Continuing operations	0	0	0	0
Discontinued operations	0	0	0	0
Segment EBIT	251	-1,507	1,648	392
Continuing operations	251	-1,507	1,648	392
Discontinued operations	0	0	0	0
Impairment on financial assets				
Net interest income/expenses				
Income/expenses from ordinary activities				
Income taxes				
Consolidated net income for the fiscal year				
Non-controlling interests				
Consolidated net income for the fiscal year attributable to shareholders of Gigaset AG				

1) Adjusted as a result of changes to IAS 19. For details please refer to comments in the notes under "Adjustment of comparative information in the consolidated interim financial statements as of June 30, 2012"

January 1 to June 30, 2012[1]	Holding	Other	Eliminations	Consolidated
Revenues				
External revenues	45	11,587	0	217,248
Continuing operations	45	0	0	205,661
Discontinued operations	0	11,587	0	11,587
Internal revenues	300	0	-5,008	0
Continuing operations	300	0	-5,008	0
Discontinued operations	0	0	0	0
Total revenues	345	11,587	-5,008	217,248
Continuing operations	345	0	-5,008	205,661
Discontinued operations	0	11,587	0	11,587
Segment EBITDA	-1,139	155	0	11,459
Continuing operations	-1,139	0	0	11,304
Discontinued operations	0	155	0	155
Depreciation and amortization	-1	0	0	-12,052
Continuing operations	-1	0	0	-12,052
Discontinued operations	0	0	0	0
Impairment losses	0	-50	0	-50
Continuing operations	0	0	0	0
Discontinued operations	0	-50	0	-50
Segment EBIT	-1,140	105	0	-643
Continuing operations	-1,140	0	0	-748
Discontinued operations	0	105	0	105
Impairment on financial assets				0
Net interest income/expenses				-815
Income/expenses from ordinary activities				-1,458
Income taxes				2,077
Consolidated net income for the fiscal year				619
Non-controlling interests				0
Consolidated net income for the fiscal year attributable to shareholders of Gigaset AG				619

1) Adjusted as a result of changes to IAS 19. For details please refer to comments in the notes under "Adjustment of comparative information in the consolidated interim financial statements as of June 30, 2012"

10. Related party disclosures

There were no significant transactions between the Group and its related parties.

11. Significant events after the reporting period

The consolidated subsidiary Gigaset Communications GmbH entered into an agreement on July 1, 2013, with a consortium led by Deutsche Bank AG regarding a bridge-over loan in the amount of EUR 10.4 million. The bridge-over loan matures at the end of October 2013 and serves to cover the Company's seasonally higher liquidity needs in the summer months. The Executive Board expects the liquidity situation to ease in the second half of the year as a result of the seasonal nature of the business.

On July 4, 2013, Gigaset delivered the first starter kits for 'Gigaset elements', its new solution for networked home living. The kits will be delivered first to selected customers in order to increase demand for the new system in a controlled manner. This is the first step of a precisely orchestrated product launch. As previously announced, sales over the widespread network of specialty stores with more than 14,000 potential retail outlets begins in September 2013. Thus, 'Gigaset elements', the sensor and cloud-based solution for networked home living, will be introduced right before the high-volume Christmas shopping season begins.

12. Responsibility statement

"To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group interim management report 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."

Munich, August 2, 2013

The Executive Board of Gigaset AG

Charles Fränkl Dr. Alexander Blum Maik Brockmann

Financial Calendar (remaining)

August 14, 2013

› Annual General Meeting in Munich, Germany

November 11, 2013

› 3rd quarterly report for the fiscal year 2013

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