

FINANCIAL REPORT FOR THE 1. QUARTER OF 2007

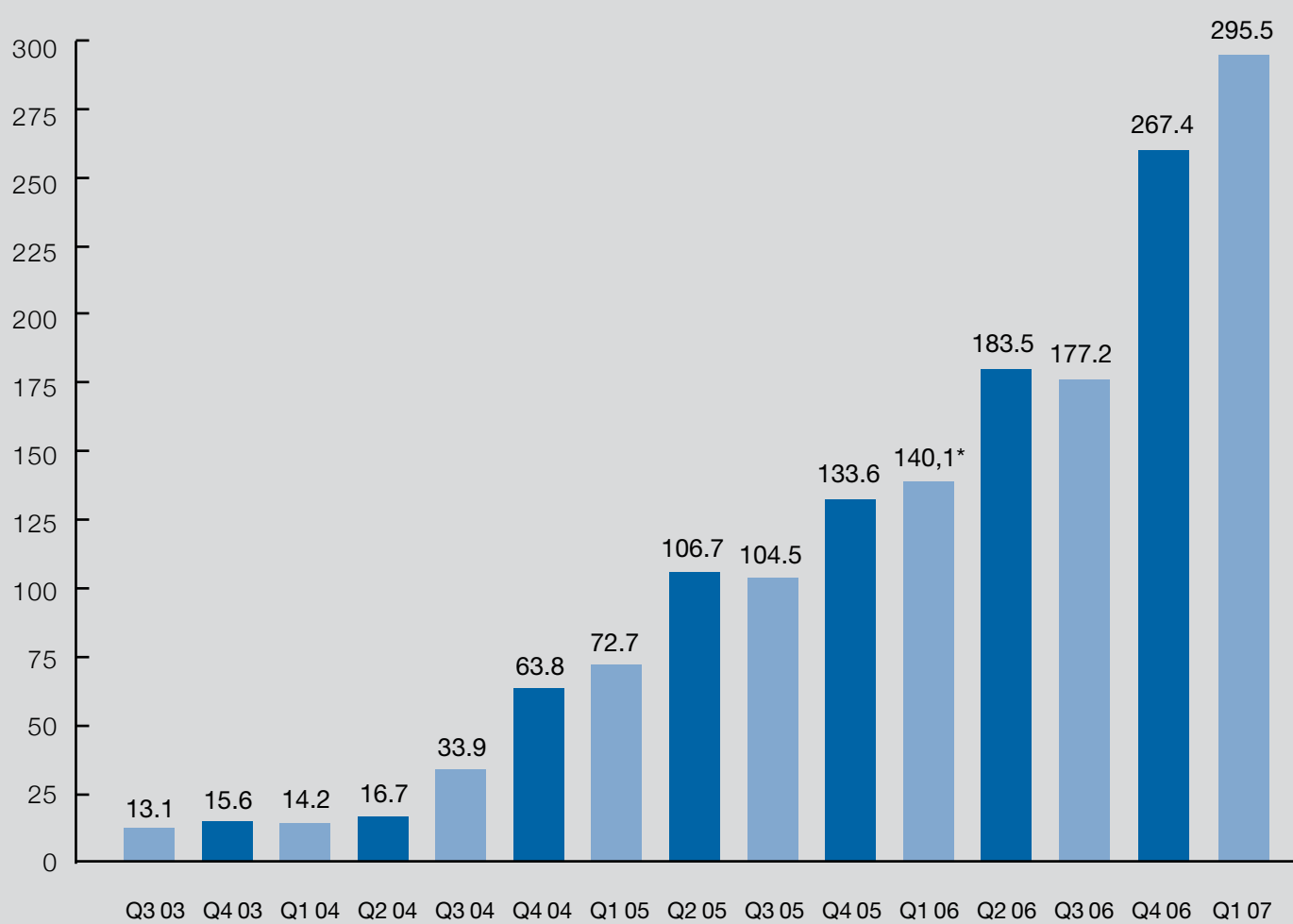
Realising Potential

KEY FIGURES

In EUR million	01/01/2007 – 03/31/2007	01/01/2006 – 03/31/2006	Change
Consolidated revenues	295.5	110.5	+ 167%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	32.9	23.2	+ 42%
Earnings before interest and taxes (EBIT)	25.9	20.7	+ 25%
Consolidated net profit	23.8	21.5	+ 11%
Earnings per share (diluted) in EUR	0.98	0.95	+ 3%
Free cash flow	-18.7	-7.7	
	03/31/2007	12/31/2006	Change
Shareholders` equity	300.5	274.8	+ 9%
Equity ratio	38.9%	41.3%	
Total shareholders` equity and liabilities	772.3	665.3	+ 16%

Information on the ARQUES share	
WKN	515600
ISIN	DE0005156004
Stock market code	AQU
Stock type	No-par bearer shares
Shares in issue at March 31, 2007	24,266,670
Capital stock at March 31, 2007	EUR 24,266,670
Closing price at March 30, 2007	EUR 18.16
Market capitalization at March 30, 2007	EUR 440,682,727.20
52-week high	EUR 25.17
52-week low	EUR 10.31
Earnings per share (01/01/2007 – 03/31/2007)	EUR 0.98

Development of the quarterly revenues (in EUR million)



* before deconsolidation of ARQUANA International Print & Media AG

PREFACE BY THE EXECUTIVE BOARD

Dear shareholders, employees, and friends of the company:

ARQUES Industries has continued to enjoy unbroken success through the first quarter of fiscal 2007. We have recorded considerable progress and achievement across all three key levels of our business model – the acquisition, restructuring, and disposal of subsidiaries – as evidenced by the present consolidated figures.

In the first quarter 2007, ARQUES increased its revenues by more than 167% to EUR 295.5 million compared with the equivalent quarter last year (prior year: EUR 110.5 million). EBITDA (earnings before interest, taxes, interest, depreciation and amortization) totaled EUR 32.9 million after EUR 23.2 million in the first quarter of 2006 (+42%). EBIT (earnings before interest and taxes) rose by 25% to EUR 25.9 million over the same period last year (prior year: EUR 20.7 million). Thus ARQUES generated earnings of EUR 0.98 per share in the first quarter 2007 (Q1 2006: EUR 0.95).

In what is traditionally a weak quarter for acquisitions, ARQUES acquired four companies. Furthermore, we had announced three further acquisitions by the reporting date in mid-May, which increased our annualized consolidated revenues by over EUR 300 million to a total of EUR 1.5 billion. This has included pressing ahead with boosting our international activities: three of the seven transactions conducted to date this year were carried out by our international subsidiaries (ARQUES Iberia and ARQUES Austria).

But we can also report successes in the restructuring of our subsidiaries. An excellent example of this is Jahnel-Kestermann Getriebewerke (JaKe). Acquired in April 2005, the company is fully booked for 2007 and is currently investing massively to expand its production capacity. Revenues have risen by in excess of 50% year-on-year on a profitable basis, while the manufacturer of high performance gears for wind power plants and other applications has beaten its budget for the first quarter by more than 25%. Similarly, SKS Stakusit, the manufacturer of roller-shutter and insect-protection systems for the building supply industry, was able to report a profit for the first time in a first quarter which is traditionally the weakest. (You will find more information on the individual subsidiaries starting on page 06.)

In selling the baby carriage manufacturer teutonia to U.S.-based Newell Rubbermaid, the global market leader in the child care segment, ARQUES was able to record a further successful exit. ARQUES acquired teutonia in April 2004 for EUR 0.1 million and disposed of the company in the middle of February for around EUR 10 million. This transaction provides yet more evidence of the relevance of the ARQUES business model, which typically calls for the subsidiaries to be sold three to five years after their acquisition. Given the dynamic development in terms of company acquisitions, our exit activities are set to increase rapidly in the future. In order to create the necessary structures for this in staffing terms as well, ARQUES has set up a corresponding department at Board level. On March 29, 2007,

the Supervisory Board of ARQUES Industries AG appointed Felix Frohn-Bernau to the Executive Board. Mr. Frohn-Bernau has been with ARQUES since 2003, overseeing the sale of teutonia among other things.

There was a change at the helm of ARQUES Industries AG on May 1, 2007, after ARQUES founder Dr. Peter Löw announced at the end of February that he no longer wished to extend his CEO contract, which was due to expire at the end of April, for personal reasons. The Supervisory Board appointed Dr. Martin Vorderwülbecke, who until then had acted as CFO and Deputy Chairman of the ARQUES Executive Board, to succeed Dr. Löw. Since Dr. Löw has also disposed of a large proportion of his shares in this context, the shareholder structure of the company has changed considerably as well. With a free float of now 100%, the targeted inclusion in the MDAX is drawing ever closer. According to the relevant statistics provided by Deutsche Börse AG, ARQUES had jumped in the MDAX ranking to position 63 in terms of market capitalization by the end of April and to position 59 in terms of trading volume. Inclusion in the MDAX is open to companies that satisfy what is known as the "60/60" rule, meaning they occupy at least 60th place in both criteria.

At the end of the first quarter of 2007, the ARQUES share was trading at EUR 18.16, up 52% on the equivalent figure one year previously (March 31, 2006: EUR 118.89 / before stock split) and 13% above the level of December 31, 2006 (December 31, 2006: EUR 16.06). By the end of April, the share price had even broken through the EUR 24 threshold, with our market capitalization rising to almost EUR 600 million accordingly. Numerous roadshows and investor events have been held in response to the growing interest of institutional investors in ARQUES.

We are looking to continue with the success story that is ARQUES. The good performance recorded in the year to date serves to underscore our forecasts for 2007. We expect consolidated annual revenues in the current fiscal year to total EUR 1.5 billion (around EUR 2 billion in annualized terms) and EBITDA EUR 180 million.

At this point, we would like to express our thanks to our shareholders for their trust and their encouragement. This will be an incentive for us to pleasantly surprise you yet again in the present fiscal year.

Sincerely,

The Executive Board of ARQUES Industries AG

GROUP MANAGEMENT REPORT

Global economic growth continues in 2007

In its latest World Economic Outlook dated April 2007, the International Monetary Fund (IMF) predicts that global economic output will rise by 4.9% in the current fiscal year. The fastest growth, of 8.8%, is again expected to come in the emerging markets of South and Southeastern Asia. Once more China is the star performer, with growth of 10.0%, although first cautionary voices are starting to warn about the dangers of an overheating economy. India will similarly be able to maintain its economic boom, expanding at 8.4%. In the United States, on the other hand, economic expansion is expected to cool tangibly to a rate of 2.2%. The Organization for Economic Cooperation and Development (OECD) similarly expects growth to total 2.2% in the euro area. As was already the case last year, the trend in Germany continues to look good. Thus in their spring assessment the leading German economic institutions were forecasting growth of 2.4% for 2007. According to the IMF, the Japanese economy is likely to expand at a similar pace. The former CIS states can look forward to growth of 7.0% in their economic output this year, with Russia's social product expected to continue the positive trend of the last few years by expanding 6.5%.

Changes in the structure of the subsidiaries

ARQUES closed the contract for acquiring Degussa's Quab business activities in the first quarter. SKW Stahl-Metallurgie AG now continues to run the Quab activities as a new line of business. SKW QUAB Inc., which was set up specifically for this purpose, produces the special chemical reagents known as "cationizing" in a state-of-the-art plant in Mobile, USA, and distributes these in more than 40 countries.

In February 2007, the ARQUES subsidiary tiskon AG Info-systems acquired Chikara Handels GmbH, an IT distributor based in Tiefenbach near Passau. Chikara, which special-

izes in serving non-food retail chains, generated a slight profit in 2006 on the back of revenues of more than EUR 30 million. The transaction represents another step in the buy & build strategy that tiskon has adopted in the distribution market for IT products, which is especially highly fragmented in the segment covering small and medium-sized enterprises.

ARQUES announced the sale of baby carriage manufacturer teutonia on February 16, 2007. The U.S.-based Newell Rubbermaid corporation bought teutonia for around EUR 10 million. ARQUES had acquired the loss-making manufacturer of baby carriages at that time for around EUR 0.1 million in April 2004. Over the last almost three years, ARQUES has totally restructured teutonia, such that it generated annual revenues of more than EUR 18 million in 2006 and posted a clear profit (2004 revenues: EUR 15 million).

With effect from March 30, 2007, ARQUES acquired Wanfried Druck Kalden, a label and packaging print shop based in Wanfried near Eschwege, federal state of Hesse, Germany, from ARQUANA International Print & Media AG. The company operates state-of-the-art equipment and generated a profit in 2006 on the back of revenues of around EUR 24 million.

Similarly with effect from March 30, 2007, ARQUES acquired the Dortmund-based confectioner van Netten. Formed in 1918, the company generated revenues of around EUR 70 million in 2006. Van Netten supplies large retail chains and discounters with merchandise for resale and own-label goods. The target markets for the producer of confectionery are Germany, the rest of the EU, and eastern Europe. Among other things, ARQUES acquired a site of almost 100,000 sq.m. housing storage and production buildings as part of the transaction.

Net asset value of the investment portfolio

The following table shows the value of ARQUES' portfolio of investments at March 31, 2007:

	Company name	share of company value (EURm)
1.	SKW	88.9
2.	Missel (incl. Schwab with effect from June 30, 2006)	24.0
3.	ddp	16.9
4.	SKS Stakusit	16.0
5.	Jahnel-Kestermann	35.0
6.	Golf-House	10.9
7.	Evotape	4.4
8.	Sommer	23.4
9.	tiscon	26.3
10.	Xerius	3.2
11.	ARQUANA	25.3
12.	Rohner	10.5
13.	Hottinger	6.5
14.	Fritz Berger	12.3
15.	Weber	8.5
16.	Salto Paper	0
17.	Oxxynova	11.5
18.	BEA TDL	8.0
19.	Wanfried Druck Kalden	9.0
20.	Oxiris (project name Iridium, control assumed in May 2007)	*
21.	Schöps	*
22.	van Netten	*
23.	Capresa (assumption of control outstanding)	*
	Total	340.6

The value of the investment portfolio of ARQUES Industries AG was determined and reviewed on the basis of the free cash flow to equity compliant with the IDW S standard 1 "Principles for Conducting Company Valuations" promulgated by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW).

The calculation was based on the operating budgets of the subsidiaries and the medium-term financial plans derived from these budgets. The free cash flows are discounted to present value using the interest rate relevant for the company, which is determined by applying the capital asset pricing model (CAPM) to current capital market data.

The listed subsidiaries – SKW Stahl-Metallurgie Holding AG, ARQUANA International Print & Media AG, tiscon AG Infosystems, and Xerius – were included in the calculations based on ARQUES' share of their market capitalization at March 31, 2007.

The net asset value of the investment portfolio is not the same as the figures stated in the consolidated financial statements; it may be greater or less than the totals calculated in that instance. Companies whose budgets and medium-term financial plans are not yet adequately reliable are not valued. This may especially be the case for newly acquired companies.

* In order to ensure an objective valuation basis, the new subsidiaries are not included in the calculation of the net asset value of the investment portfolio until they have achieved a reliable planning basis.

News on the subsidiaries

SKW Stahl-Metallurgie



Holding period: 31 months

Focus: Revenue growth / expansion

The steel markets and metallurgy industry have benefited from the positive economic climate in 2007 just as much as the environment for Quab products, which revolves primarily around the industrial starch and paper industries. Against this backdrop, SKW Metallurgie increased its revenues in the first quarter of 2007 to EUR 50 million (prior year: EUR 49 million) and reported earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 6.7 million, well ahead of the prior year figure of EUR 2.6 million. These higher profits were generated in both the existing operating segments – Cored Wires, and Powders and Granulates – and the new Quab operating segment; the results for Quab include a bargain purchase of EUR 2.4 million.

The main focus during the first quarter was on integrating the acquired Quab activities into the SKW Metallurgie Group. This purchase within the Specialty Chemistry core competence has enabled SKW Metallurgie to further diversify its activities to reduce its exposure to industry risk. There are also synergy effects with the Cored Wires segment in the United States, thanks primarily to joint use of support functions.

In the Cored Wires segment, SKW Metallurgie shifted production to a new, state-of-the-art facility in Dangjin, South Korea. The move helped to boost efficiency and simultaneously lay the foundation on the production side for further corporate expansion in East Asia.

SKW Metallurgie started to expand its risk management program in the quarter under review. Under the risk inventory carried out in the first quarter of 2007, the focus was on the newly acquired Quab business.

The SKW Metallurgie Group will continue to pursue its growth strategy during the course of the year by opening new production facilities and completing further acquisitions. The main target markets are still eastern Europe, Asia, Latin America, and the NAFTA zone.

Missel & Schwab



Holding period: 29 months

Focus: Revenue growth

Missel benefited from the mild winter in central Europe together with the discernible economic upswing in the construction industry. In addition, positive effects from the prior year (construction work brought forward to beat the rise in German VAT and the withdrawal of residential construction subsidies) helped to boost business operations in January and February.

In this positive environment, Missel succeeded in rapidly increasing both revenues and earnings. Higher revenues in all product areas were recorded for products from both Missel and Schwab. New orders climbed by around 25% over the same period last year, while profit proved even more dynamic, climbing by more than 60%. The good order situation at Missel resulted in delivery bottlenecks that are to be wound down during the course of the year. In this context, the company also benefited from the good reputation enjoyed by the Schwab brand in international markets, which has transferred to the Missel brand as well.

The very strong order books led to a delivery bottleneck, which is currently being cleared.

The announced integration of Schwab into Missel was completed on schedule on December 31, 2006. Activities on the operational side focused on expanding capacity and optimizing collaboration with the cooperation partners. At the same time, Missel pressed ahead with its international expansion in eastern and southern Europe, the Middle East, and Russia. Missel spotlighted new product innovations at ISH, the world's leading trade fair for the bathroom and heating industry, in March and at numerous regional exhibitions for major German companies.

Further new products developed as part of the R&D program are scheduled for introduction later this year.

ddp Deutscher Depeschendienst



Holding period: 27 months

Focus: Revenue growth

The ddp news agency continued to perform strongly in the first quarter of 2007, again increasing its revenues on a profitable basis. Both the text services of ddp and the press distribution services on the ddp.direkt platform (www.ddp-direkt.de), which generated 45% more sales than in the previous quarter, developed better than planned.

The main focus in the first quarter was on expanding enterprise media operations. This involved not only optimizing the www.ddp-direkt.de internet platform but also concluding a strategic cooperation agreement with presstext, an Austrian PR agency. Since March 1, all reports by customers of presstext have been marketed in Germany via PR channel ddp.direkt. The aim is to expand this service further during the course of the year.

ddp is offering its customers an innovative online module known as "All Sports live" covering the field of sports. "All Sports live" can be integrated into customer homepages to provide full coverage of major sporting events, from results lists and tables to schedules and reports. Use of the online module, which ddp is offering in conjunction with the sportal internet platform, is free. In return, ddp is responsible for marketing the advertising space.

SKS Stakusit



Holding period: 24 months

Focus: Revenue growth

SKS Stakusit also benefited from the mild winter and the generally healthy state of the construction industry. Building on these underlying factors, SKS boosted its revenues by 15% compared with the same quarter last year, thus beating its budget by more than 20%. In doing so, the manufacturer of roller-shutter and insect-protection systems for the first time posted a profit in terms of EBITDA in the first quarter of year.

SKS Stakusit continued to expand its international operations and stepped up its activities in selected countries and product groups. At the same time, the production facilities for finished components were further optimized to make it easier to respond flexibly to customer wishes. The measures that have been initiated will yield their full effect as the year wears on. The new product innovations from the research and development program are earmarked for launch in 2008.

SKS Stakusit persisted with its continuing professional development program for its staff in order to maintain and expand its position as technical innovation leader.

Jahnel-Kestermann Getriebewerke



Holding period: 24 months

Focus: Capacity expansion

Jahnel-Kestermann benefited disproportionately from the sustained boom in the wind energy segment, increasing its revenues by 50% compared with the first quarter of 2006. This put the manufacturer of high-grade gears more than 25% ahead of budget, enabling it for the first time to report a profit in EBITDA terms in the first quarter of a year.

Jahnel-Kestermann pressed ahead with expanding its capacity in the quarter under review with a view to reducing the massive backlog of orders. Among other things, this included installing a new grinding machine and a new 3D measuring machine. In all, the company has initiated capital spending with a total volume of around EUR 7 million. Jahnel-Kestermann's capacity is fully booked out in 2007 and the order books for 2008 are already looking pretty healthy as well. This is the highest level of orders in the history of Jahnel-Kestermann.

Since Jahnel-Kestermann is already running at full capacity, the company will expand the shifts it operates during the course of the year, which will involve hiring and training new staff. There have been sporadic delivery bottlenecks in the raw materials and supplies required for production. Jahnel-Kestermann is looking to implement an intelligent growth management to secure the sustainable development of the company.

Golf House Direktversand



Holding period: 22 months

Focus: Revenue growth

Golf House succeeded in increasing its revenues by 15% over the equivalent period last year, which put it ahead of the planned growth rate for this period.

Golf House continued to implement the branch concept drawn up in fiscal 2006 in the first quarter. This included completing the conversion and expansion work on a warehouse outlet in Hamburg to form a specialist golf market. Rental contracts for three new outlets to be fitted out in accordance with this concept are currently under negotiation.

The company also maintained the continuing professional development program for its branch managers that it had introduced in 2006. These courses focus on the issues of operating organization, motivation, selling techniques, leadership, and time management. In February, Golf House took part in the Rheingold trade fair in Cologne, one of the biggest consumer exhibitions in Europe.

During the course of the year, Golf House intends to expand its mail-order activities to cover Austria, implement the new branch concept in more outlets, and continue to run courses for its staff.

evotape



Holding period: 22 months

Focus: Profit margin improvement

The market for the products of the Italian adhesive tape manufacturer Evotape was again dominated in the first quarter of 2007 by high production capacity worldwide. European market players are increasingly struggling under the unfavorable rise of the euro against the dollar. Moreover, the constantly strong demand for natural rubber is keeping production costs at a high level for manufacturers of adhesive tape. Despite the difficult environment, Evotape succeeded during the period under review in increasing its revenues by more than 10% year-on-year, putting it right on target to meet its budget.

In response to the constantly high levels of capacity utilization at the Novara plant near to Milan, where the more lucrative crepe paper masking type is produced, the first steps were taken at the end of the first quarter to ramp up production from five to six days with three shifts each day, which will help to reinforce the earnings trend. Shifting various ongoing maintenance work to the weekend yielded further capacity improvements and productivity gains. At the same time, Evotape achieved savings with measures aimed at optimizing shipping costs, including a shift from road transportation to waterways.

Evotape did not renew its rights to the Manuli brand, which meant it avoided paying high royalties. The decision it has taken to pursue a clear, single-brand strategy has been warmly received by the market.

Sommer Fahrzeugbau-Gruppe

SOMMER®

Holding period: 19 months

Focus: Restructuring and revenue growth

The Sommer Fahrzeugbau Group increased both its revenues and its earnings sharply compared with the same quarter last year. Sommer failed to meet its budget due to the prevailing raw material bottlenecks and the later than expected signing of a major order for the plant in Laucha, federal state of Saxony, Germany. The ever higher costs for raw materials and supplies could only be passed on to customers in part and late, which hit the earnings position.

On the operational side, the Sommer Fahrzeugbau Group concentrated on pursuing the international focus of its business activities. For example, Sommer now also distributes its vehicles in the Netherlands by means of a strategic partnership. In Poland, the insourcing of small parts manufacturing was carried out, which ensures more flexible and higher quality production of these parts. In addition, the warehouse in Laucha was completely reorganized, which helped to further optimize the production process.

Thanks to the very full order books at the Sommer Fahrzeugbau Group, all of the production facilities are working at full capacity. In Novgorod, Russia, Sommer has taken steps and invested to expand its capacity and introduced an additional shift.

During the course of 2007, Sommer will expand production capacity in order to deal with the high level of orders. At the same time, more new developments will be rolled out, which is expected to result in higher revenues and earnings.

tiskon AG Infosystems

tiscøn

Holding period: 17 months

Focus: Restructuring and revenue growth

tiskon AG Infosystems – with its COS Distribution, Avitos, and TOPEDO subsidiaries – has been active in IT distribution since December 2006. In February 2007, tiskon acquired Chikara Handels GmbH based in Tiefenbach near Passau. Chikara is an IT distributor specializing in the supply of non-food items to retail chains. The acquisition by tiskon represents a further step in the company's Europe-wide buy & build strategy, simultaneously increasing tiskon's annual revenues to more than EUR 300 million.

The IT distribution segment was dominated by the restrained spending by consumers in the first quarter. In this difficult environment, tiskon just succeeded in hitting its budget in terms of revenues and earnings. A comparison with the prior year is not possible as tiskon did not commence commercial activities in the IT distribution line of business until the end of last year.

Uniform administrative structures have been set up and adapted by the subsidiaries of the tiskon Group. Central functions such as purchasing at the subsidiaries were also closely intermeshed, which gave rise to synergies that will yield their full effect during the course of the year.

Attending the CeBit trade fair enabled COS Distribution, which acts as an IT distributor to small and medium-sized companies, to both acquire new customers and expand its business with existing customers. COS Distribution optimized its logistics structures and processes in the first

quarter of the year, implemented cost-cutting measures in the field of shipping and packaging, and geared its online distribution tool more readily to customer needs. In addition, the purchasing and product marketing functions have been consolidated and big-name manufacturers added to the product portfolio.

Avitos, a subsidiary that specializes in the end user sector, benefited from the strong customer demand for software in particular at the start of the year. Furthermore, the expansion of the product portfolio was well received by the market. Measures that have already been implemented to optimize the staffing structures led to further cost reductions. Avitos intensified its marketing activities and partner programs with a view to realizing its growth concept.

PC assembler TOPEDO carried out a strategic realignment in the first quarter of 2007. Besides the desktop market that has been TOPEDO's focus segment until now, the company is increasingly also manufacturing notebooks and high-end servers to individual customer orders.

Following the company's acquisition by tiscon at the end of February, the first activities at Chikara involved aligning its administrative structures to match those of the corporate group and defining a growth strategy as part of the overall concept. In line with these moves, Chikara restructured its business activities, hired additional staff in the purchasing function, and expanded its product range. The first improvements arising from these measures are already expected in this fiscal year.

Rohner AG



Holding period: 13 months

Focus: Revenue growth

Rohner AG (RohnerChem) successfully concluded wide-ranging restructuring measures at the end of 2006. Even though it took longer to set up a sales team than expected, it proved possible to enhance the order situation by canvassing the market more actively in the specialty chemicals segment. The new orders budgeted for the whole of 2007 had already been achieved by mid-March. In a positive economic climate, the operating result was slightly ahead of budget in the first quarter, although no change has been made to the plans for the year as a whole at this stage. Following the early repayment of all loans granted by the former owner, Rohner AG is now completely free of debt.

The main challenge for the current year is to pursue a newly devised growth strategy following the restructuring and simultaneously to execute all orders on time to the quality required. To adjust the scarce human resources to the improved order situation and the available facility capacity, a decision was reached together with the Administrative Board to add 20 people to the shift staff. This move will further enhance the competitiveness of RohnerChem.

As the year continues, RohnerChem will use its core technologies to position itself in selected areas of performance chemicals and in the pharmaceutical market. A corresponding marketing and sales program is currently being implemented.

Hottinger Maschinenbau



Holding period: 13 months

Focus: Consolidation

In the first quarter of 2007, the plant engineering firm Hottinger succeeded in increasing its revenues by 50% year-on-year, although it failed to meet its ambitious budget due to a delivery that was delayed to the second quarter. Nevertheless, the order books at Hottinger were so full that additional shifts had to be put on to ensure the punctual delivery of the plant and equipment.

The economic upturn has created greater demand for raw materials and supplies required in production, which led to delivery bottlenecks at times. Hottinger has responded to this by adjusting the number of suppliers with a view to reducing dependence on the procurement market and improving the availability of raw materials and supplies.

Hottinger rapidly expanded the international side of its operations in the first quarter. Industry experts were hired for the Russian and the Indian growth market to distribute Hottinger's core machines locally. Hottinger also hired additional staff for the design, manufacturing, and accounting functions. The newly introduced project management system helped to vastly optimize all planning and work processes and boost customer satisfaction.

Fritz Berger



Holding period: 11 months

Focus: Consolidation

Revenues at the camping and outdoor equipment Fritz Berger in the first quarter, which is the weakest quarter of the year due to the weather, declined slightly year-on-year as budgeted.

Fritz Berger launched a customer card in the period under review with a view to boosting customer loyalty. It will also make it possible to gear direct marketing campaigns to the personal interests of individual customers in the future. The revamped catalog concept was well received by customers and the industry alike, leading to a much higher response rate.

Fritz Berger ran special promotions at the start of the year to optimize its stocks, while prices were stabilized in the catalogs and shops. Furthermore, it started to implement a new shop concept featuring a completely revised look. Fritz Berger opened a new store in Winsen an der Luhe, federal state of Lower Saxony.

Fritz Berger will continue to remodel its outlets during the current year and look into opening new shops. The product range has been expanded with quality goods and outdoor articles. Moreover, Fritz Berger will put more emphasis on its own brand.

Farbendruck Weber AG



Holding period: 7 months

Focus: Consolidation / revenue growth

The print concern Farbendruck Weber based in Biel/Bienne, Switzerland, was able in the first quarter to seamlessly carry on from the good performance from the prior quarter, increasing both its revenues and earnings ahead of budget. Between January and March, Farbendruck Weber operated at a profit in EBIT terms with good capacity utilization levels.

Farbendruck Weber optimized its administrative structures during the first three months of the year and streamlined its hierarchies. This made it possible to realize tangible synergies in the sales and purchasing functions. Consistent use of the new computer system for order processing yielded much shorter cycle times. In addition, Weber invested in the prepress in a new workflow system, which is currently being installed. Further capital spending worth the equivalent of almost EUR 2.5 million will be carried out in the second quarter.

Farbendruck Weber will initiate new projects aimed at enhancing efficiency in its rotary printing operations during the course of the year. At the same time, the reorganization of the management structure is scheduled for completion. The capital spending made in its bookbinding activities will make it possible for the company to manufacture PUR-glued print products, thus adding high-end bindings to the product range. Farbendruck Weber expects to enjoy a further increase in revenues and profitability in 2007.

Salto Paper / Papiermühle Wolfsheck



Holding period: 7 months

Focus: Restructuring

ARQUES is considering its options, including disposal, with regard to the operations of Papiermühle Wolfsheck. The reason for this is the constant rise in the cost of raw materials, only some of which can be passed on to customers.

Nevertheless, Papiermühle Wolfsheck, which was generating losses when taken over by ARQUES, achieved the budgeted figures for both revenues and profits in the first quarter. The losses have been reduced by the restructuring measures that have been implemented to date. A slight decline in magazine paper was recorded due to seasonal factors. The roll-out of new products took place as scheduled. Salto Paper continued to change over its IT system and carried out further tests on release papers and specialty paper for the woodworking industry.

Oxxynova



Holding period: 6 months

Focus: Restructuring

Oxxynova succeeded in holding its ground in a difficult environment dominated by overcapacity and declining prices. The European market leader in the manufacture of DMT, an input for polyester production, is carrying out further measures aimed at increasing its production capacity and enhancing its cost structure.

Oxxynova is currently performing a strategic review to ascertain the extent to which additional production capacity already in place can be exploited by developing new products, converting processes, or entering new markets. At the same time, the company aims to gain further shares of the market in its core business

The restructuring measures that have been initiated will both boost productivity and reduce production costs during the course of the year.

BEA TDL



Holding period: 5 months

Focus: Restructuring

The technical service provider BEA TDL booked a 120% increase in revenues year-on-year in the first quarter thanks in part to a major project that was invoiced in February. As budgeted, earnings also proved much better than in the equivalent quarter last year.

During the period under review, BEA TDL optimized numerous internal processes with assistance from the ARQUES task force. In addition, the installation of a modern ERP system to make more efficient use of company resources was initiated. Personnel costs were also reduced by concluding a redundancy plan and a supplementary pay agreement.

Technical service provider BEA TDL will continue to concentrate on its core competencies and intensify its sales activities in the regional growth markets of Kazakhstan and southeastern Europe. Furthermore, the company is looking to be involved in the renovation of power plants and the planned reopening of the open-cast mine in Reichwald.

Wanfried Druck Kalden



With effect from March 30, 2007, ARQUES acquired Wanfried Druck Kalden, a packaging and label print shop based in the federal state of Hesse, Germany. The company has a state-of-the-art installed equipment base and recently invested more than EUR 6 million to expand its production capacity. Wanfried Druck generated revenues of EUR 24 million in 2006 on a profitable basis. A cooperation deal with several European print shops in the field of label printing (JSO - Joint Specialists in Offset Labels) also gives Wanfried Druck a strong international position.

Wanfried Druck has a broad international customer base and holds numerous patents relating to packaging techniques. As a result of the capital expenditure program including the construction of a new production hall and purchase of a new package printing machine, which is scheduled for installation during the course of the year, Wanfried Druck expects to record higher revenues and boost its profitability in 2007.

Van Netten



Van Netten, a Dortmund-based confectioner, has been a member of the consolidated group of ARQUES Industries AG with effect from March 30, 2007. The company generated revenues of around EUR 70 million in fiscal 2006. Van Netten supplies large retail chains and discounters with merchandise for resale and own-label goods. The target markets for the producer of confectionery are Germany, the rest of the EU, and eastern Europe.

The company specializes in the production of jellied fruits, jellies, chocolates, candies, and dragees. Among other things, ARQUES acquired a site of almost 100,000 sq.m. housing storage and production buildings as part of the transaction.

At-equity consolidated companies

ARQUANA International Print & Media AG



The ARQUANA International Print & Media AG print holding pressed ahead strongly with its strategic and operational structuring and expansion in the first quarter. This included setting up a cross-subsidiary unit at holding level known as ARQUANA Media to house the complete prepress and IT functions of the corporate group. The purchase of a new 64-page printing press from KBA (König & Bauer AG), which is to be installed by one of the print subsidiaries in the fall, represents a first important step in the modernization of the installed equipment base. In addition, as part of its sale & rent back strategy ARQUANA sold property owned by its Bachem and Johler Druck subsidiaries for more than EUR 13 million in the first quarter of 2007. Moreover, ARQUANA sold packaging and label printer Wanfried Druck Kalden to ARQUES with effect from March 30.

ARQUANA will press ahead with the consolidation in the web offset segment during the course of the year. Besides making further acquisitions, the print holding will concentrate on the sustainable restructuring of its investments, focusing especially on the two print subsidiaries, Evry Rotatives in France and Sochor in Austria. The May acquisition of Wagner'sche Universitätsdruckerei (WUB) has turned ARQUANA into one of the leading web offset printers in western Austria. Integrating WUB into ARQUANA will make it possible to realize synergies on both the market and the cost side.

ARQUANA left the consolidated group of ARQUES Industries AG at the end of 2006. After two capital increases and disposals of shareholdings, ARQUES' interest in ARQUANA had fallen below the 50% threshold. Since this time, ARQUANA has been included in the consolidated financial statements of ARQUES at equity.

Events after the balance sheet date

Richard Schöps & Co AG



ARQUES Austria acquired the Austrian fashion store chain Schöps in April 2007. Schöps has a presence throughout Austria with a total of around 120 outlets. With its workforce of around 800, Schöps generated revenues of around EUR 70 million in 2006.

Schöps primarily sells lifestyle fashion for women, while larger outlets also stock fashion clothing for children aged from 6 to 14. Schöps' new Italian fashion coordinator Stefano Valori, who until recently acted as product designer for Versace and Alessandro dell'Acqua among others, has been hired to create current international fashion trends. The product range is rounded out by a large selection of Italian design for larger sizes.

Oxiris



In February 2007, ARQUES Iberia acquired Degussa's business activities in the field of antioxidants. This includes state-of-the-art production facilities in Spain (near to Barcelona) and England (Knottingley). The closing of the contract took place on May 3, 2007. Consequently, Oxiris will not be included in ARQUES' financial statements until the interim report on the second quarter. The acquired production facilities produce antioxidants for plastics, lubricants, foodstuffs, beauty care & wellness, and paints, and enjoy a leading position in the global market in these segments. The companies generated revenues of around EUR 60 million in 2006.

Antioxidants are used to protect the products against negative influences such as oxidation, agglutination, changes in color, or changes in odor.

CONSOLIDATED FINANCIAL STATEMENTS OF ARQUES INDUSTRIES AG

Consolidated income statement for the first quarter of 2007

EUR'000	1/1 - 3/31/2007	1/1 - 3/31/2006
Revenues	295,483	110,454
Change in finished goods and work in progress	7,466	2,335
Other own work capitalized	668	360
Other operating income	36,354	26,284
Cost of materials	-226,954	-77,507
Personnel expenses	-43,860	-22,645
Other operating expenses	-36,281	-16,104
Earnings before interest, taxes, depreciation and amortization (EBITDA)	32,876	23,177
Depreciation and amortization on intangible assets, property, plant and equipment	-6,944	-2,442
Earnings before interest and taxes (EBIT)	25,932	20,735
Income from associated companies	724	192
Other interest and similar income	859	97
Interest and similar expenses	-1,575	-468
Income from ordinary activities	25,940	20,556
Income taxes	-2,118	915
Consolidated profit	23,822	21,471
Minority interests	123	1,686
Shareholders of ARQUES Industries AG	23,945	23,157
Earnings per share		
- Basic earnings per share in EUR	0.99	0.95
- Diluted earnings per share in EUR	0.98	0.95

Consolidated balance sheet at March 31, 2007

ASSETS		
EUR'000	3/31/2007	12/31/2006
Non-current assets		
Intangible assets	34,214	18,171
Property, plant and equipment	195,530	152,541
Investment property	2,099	2,119
Shares in associated companies	18,375	17,762
Financial assets	8,848	9,751
Other non-current assets	100	88
Deferred tax assets	30,887	26,718
Total non-current assets	290,053	227,150
Current assets		
Inventories	135,079	114,095
Receivables from percentage of completion	22,168	16,641
Trade receivables	166,431	138,783
Available-for-sale financial assets	160	65
Other assets	65,617	55,190
Tax refund claims	5,829	5,839
Cash and cash equivalents	71,538	92,006
	466,822	422,619
Non-current assets held for sale	15,440	15,514
Total current assets	482,262	438,133
Total assets	772,315	665,283

Consolidated balance sheet at March 31, 2007

SHAREHOLDERS' EQUITY AND LIABILITIES		
EUR'000	03/31/2007	12/31/2006
Shareholders' equity		
Subscribed capital	24,267	24,267
Additional paid-in capital	31,444	31,444
Profit reserves	5,302	5,302
Other cumulative shareholders' equity	209,085	186,413
	270,098	247,426
Minority interests	30,376	27,378
Total shareholders' equity	300,474	274,804
Non-current liabilities		
Provisions for pensions	25,908	23,962
Provisions	12,438	17,991
Financial liabilities	35,666	11,661
Liabilities from finance lease	41,457	35,237
Other liabilities	1,343	500
Deferred tax liabilities	38,311	29,049
Total non-current liabilities	155,123	118,400
Current liabilities		
Provisions	27,338	20,813
Financial liabilities	34,413	38,051
Trade payables	171,513	144,517
Tax liabilities	12,708	12,142
Other liabilities	70,746	56,556
Total current liabilities	316,718	272,079
Total shareholders' equity and liabilities	772,315	665,283

Statement of changes in consolidated equity

	EUR'000	Subscribed capital	Additional paid-in capital
	December 31, 2005	2,427	53,284
	Adjustment compliant with IFRS 3.61ff		
	December 31, 2005	2,427	53,284
1	Change in minority interests		
2	Other changes		
3	Total transactions with shareholders	0	0
4	Consolidated net profit		
5	Minority interests		
6	Consolidated profit after minority interests	0	0
7	Stock option program		
8	Currency translation differences		
9	Total changes not recognized in profit or loss	0	0
10	Total net income (6+9)	0	0
	March 31, 2006	2,427	53,284
	December 31, 2006	24,267	31,444
1	Change in minority interests		
2	Other changes		
3	Total transactions with shareholders	0	0
4	Consolidated net profit 2007		
5	Minority interests		
6	Consolidated profit after minority interests	0	0
7	Stock option program		
8	Currency translation differences		
9	Total changes not recognized in profit or loss	0	0
10	Total net income (6+9)	0	0
	March 31, 2007	24,267	31,444

Profit reserves	Other cumulative shareholders' equity	Minority interests	Consolidated equity
4,866	81,005	1,120	142,702
	-419	-106	-525
4,866	80,586	1,014	142,177
	1,125	-6,909	-5,784
	14		14
0	1,139	-6,909	-5,770
	18,968		18,968
		1,125	1,125
0	18,968	1,125	20,093
	90		90
	-319		-319
0	-229	0	-229
0	18,739	1,125	19,864
4,866	100,464	-4,770	156,271
5,302	186,413	27,378	274,804
		3,533	3,533
	-871	-658	-1,529
0	-871	2,875	2,004
	23,822		23,822
		123	123
0	23,822	123	23,945
	311		311
	-590		-590
0	-279	0	-279
0	23,543	123	23,666
5,302	209,085	30,376	300,474

Consolidated cash flow statement

EUR'000	1/1/2007 - 3/31/2007 *	1/1/2006 - 3/31/2006*
Earnings before taxes (EBT)	25,940	20,556
Reversal of negative consolidation differences	-30,529	-22,540
Depreciation and amortization of property, plant and equipment, and intangible assets	6,944	2,442
Increase (+)/decrease (-) in pension provisions	238	194
Profit (+)/loss (-) on the sale of property, plant and equipment	-1,824	-26
Profit (+)/loss (-) on the sale of non-current financial assets	0	-2,489
Profit (+)/loss (-) on currency translation	-174	0
Issuance of stock options	311	90
At-equity valuation result	-724	-192
Net interest income/expenses	716	371
Other non-cash income and expenses	-273	938
Interest received	-1,033	53
Interest paid	404	-63
Income taxes paid	-36	-22
Increase (+)/decrease (-) in inventories	-11,860	-296
Increase (+)/decrease (-) in trade receivables and other receivables	-17,790	-3,583
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	17,061	-8,683
Increase (+)/decrease (-) in other balance sheet items	231	1,507
Cash inflow (+)/outflow (-) from/for operating activities (net cash flow)	-12,398	-11,743
Purchase price paid for shares in companies	-9,795	-815
Cash acquired with the acquisition of shares	341	4,812
Cash transferred on the sale of shares	-925	0
Proceeds from the sale of shares in companies	7,959	1,725
Cash inflows from the sale of non-current assets	1,119	394
Cash outflows for investments in non-current assets	4,965	-2,105
Cash inflow (+)/outflow (-) from/for investing activities	-6,266	4,011
Free cash flow	-18,664	-7,732
Cash outflows from repayment of current financial liabilities	-5,599	-4,066
Cash inflows from borrowing of non-current financial liabilities	5,419	2,826
Cash outflows for liabilities under finance leases	-1,624	-58
Cash inflow (+)/outflow (-) from/for financing activities	-1,804	-1,298
Net funds at beginning of period	88,154	36,467
Increase (+)/decrease (-) in restricted cash	-4,901	1,411
Change in net funds	-20,468	-9,030
Net funds at end of period	62,785	28,848

* Prior-year figures have been adjusted

Consolidated segment reporting

Q1 2007 EUR'000	Steel	Print	Industrial Production	Specialty Chemistry	Holding	Other	Elimi- nations	Consoli- dation
Revenues								
External revenues	23,157	12,953	33,819	101,948	0	123,606		295,483
Internal revenues	0	0	0	0	494	0	-494	0
Total revenues	23,157	12,953	33,819	101,948	494	123,606	-494	295,483
Depreciation, amortization and impairments	734	1,288	537	2,596	55	1,734	0	6,944
Segment profit or loss/ EBIT	-480	-572	27,846	2,981	5,370	-9,212		25,932

Q1 2007 EUR'000	Steel	Print	Industrial Production	Specialty Chemistry	Holding	Other	Elimi- nations	Consoli- dation
Revenues								
External revenues (continuing operations)	20,247	0	25,657	48,958	62	15,530	0	110,454
<i>discontinued operations</i>	<i>0</i>	<i>29,641</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>29,641</i>
Internal revenues (continuing operations)	0	0	0	0	354	0	-354	0
<i>discontinued operations</i>	<i>0</i>	<i>2</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-2</i>	<i>0</i>
Total revenues (continuing operations)	20,247	0	25,657	48,958	416	15,530	-354	110,454
<i>discontinued operations</i>	<i>0</i>	<i>29,643</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-2</i>	<i>29,641</i>
Depreciation, amortization and impairments (continuing operations)	966	0	466	474	1	535	0	2,442
<i>discontinued operations</i>	<i>0</i>	<i>1,879</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,879</i>
Segment profit or loss/ EBIT								
(continuing operations)	-1,406	0	2,149	1,883	980	17,136	-7	20,735
<i>discontinued operations</i>	<i>0</i>	<i>-2,218</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-2,218</i>

The following table shows the aggregate quarterly performance of the subsidiaries that have been part of the ARQUES Group since before December 31, 2005. The companies concerned are: SKW, Missel & Schwab, ddp, SKS, Jahnke-Kestermann, Golf House, Evotape and Sommer. The quarterly results shown do not include any other operating income from the reversal of negative consolidation differences (bargain purchase).

EUR'000	Q1 2007	Q1 2006
EBITDA	3,814	1,464
EBIT	1,464	-652
EBT	1,484	-743
Profit	848	-1,301

Notes to the interim report at March 31, 2007

The interim report of the ARQUES Group has been prepared in accordance with the provisions and regulations of the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the interpretations of the International Financial Reporting Committee (IFRIC). The present, unaudited interim report at March 31, 2007 has been prepared in compliance with IAS 34 accordingly. The key accounting policies applied when preparing the interim report and determining the comparison figures for the prior year are the same as those used in the consolidated financial statements at December 31, 2006. These principles are described in detail in the notes to the consolidated financial statements in the ARQUES Annual Report for 2006.

Expenses occurring at irregular intervals during the fiscal year are included in the interim report only insofar as it would be appropriate to include such expenses in the annual report also at the end of the fiscal year.

For detailed information on the business cycle and/or seasonal factors affecting the subsidiaries, please refer to the comments in the section entitled "News from the subsidiaries."

A. Adjustments to the comparison information in the interim report for the first quarter of 2006

On December 29, 2006, as a result of disposals as shareholdings in the ARQUANA sub-group, a provisional consolidation was performed at ARQUES for the transition to equity consolidation. Consequently, the ARQUANA sub-group was shown as a discontinued operation in the consolidated financial statements at December 31, 2006.

IFRS 5 contains special disclosure rules with regard to discontinued operations. The amounts allocable to the discontinued operation in the consolidated financial statements of ARQUES Industries AG encompass both the Print segment and all the assets, liabilities, income, and expenses that are allocable to the ARQUANA activities to be discontinued.

In order to increase the transparency and comparability of our interim report, primary emphasis has been placed on showing the continuing operations for the prior-year period (first quarter of 2006).

The following reconciliation shows the effects of these adjustments on the consolidated income statement for the period from January 1 to March 31, 2006:

	Q1 2006 Total EUR'000	Q1 2006 Discontinued operations EUR'000	Q1 2006 Continuing operations EUR'000
Revenues	140,095	29,641	110,454
Change in finished goods and work in progress	2,871	536	2,335
Other own work capitalized	360	0	360
Other operating income	28,389	2,105	26,284
Cost of materials	-96,677	-19,170	-77,507
Personnel expenses	-31,006	-8,361	-22,645
Other operating expenses	-21,194	-5,090	-16,104
Earnings before interest, taxes, depreciation and amortization (EBITDA)	22,838	-339	23,177
Depreciation and amortization of intangible assets, property, plant and equipment	-4,321	-1,879	-2,442
Earnings before interest and taxes (EBIT)	18,517	-2,218	20,735
Income from associated companies	192	0	192
Other interest and similar income	151	54	97
Interest and similar expenses	-845	-377	-468
Income from ordinary activities (EBT)	18,015	-2,541	20,556
Income taxes	953	38	915
Consolidated profit from the year	18,968	-2,503	21,471
Minority interests	1,125	-561	1,686
Shareholders of ARQUES Industries AG	20,093	-3,064	23,157
Earnings per share			
- Basic earnings per share	0.83	-0.12	0.95
- Undiluted earnings per share	0.83	-0.12	0.95

B. Changes in the consolidated group

Company acquisitions

In January 2007, ARQUES acquired the Quab activities of Degussa Corporation, which belongs to the RAG Group, via the listed SKW Group by way of an asset deal. The absorbing company is SKW QUAB Chemicals Inc., USA. The Quab business was included in the consolidated financial statements of ARQUES with effect from January 16, 2007.

At the end of February 2007, ARQUES acquired 90% of the shares in Chikara Handels GmbH, Tiefenbach near Passau, via its listed tiskon AG subsidiary. The company was included in the consolidated financial statements of ARQUES with effect from March 1, 2007.

At the end of March 2007, ARQUES acquired 85% of the shares in the Wanfried Group, comprising Wanfried Druck Kalden GmbH and its wholly owned Wanfried SARL subsidiary, from ARQUANA International Print & Media AG.

Similarly at the end of March 2007, ARQUES acquired 90% of the shares in confectioner van Netten, comprising Van Netten GmbH and its wholly owned Sonnina Süßwaren GmbH and Sweets Project Verkaufsgesellschaft mbH subsidiaries, by way of a share deal.

These companies were included in the consolidated financial statements of ARQUES with effect from March 31, 2007.

The purchase price for the acquired companies amounted to EUR 19,496 thousand. Of this amount, EUR 9,795 thousand was paid in cash. There are still liabilities of EUR 7,010 thousand arising from purchase price payments, which are to be settled in cash. The acquisition of Chikara Handels GmbH involved the issuance of 40,000 shares of tiskon AG, which were trading at a price of EUR 5.47 at the time of transfer. Moreover, the acquisition of the shares in Chikara Handels GmbH is subject to earn-out clauses which may lead to the transfer of a further 200,000 shares

of tiskon AG by December 31, 2009 if revenue and profit targets are achieved. At the time of purchase, the probability of use was estimated at a mere 92,500 shares of tiskon AG, which was taken into account in the purchase price. The acquisition of the companies gave rise to negative consolidation differences in the amount of EUR 30,529 thousand and goodwill of EUR 5,476 thousand.

All the companies acquired have been included in the consolidated financial statements on the basis of preliminary figures. Because the processes of converting the financial statements to IFRS and conducting the purchase price allocation are time-intensive, the best available information at the time of preparing the financial statements was used.

The profit generated by the acquired companies from the acquisition date to March 31, 2007 amounted to EUR 221 thousand. This figure already includes significant start-up and acquisition losses, as well as restructuring losses. It does not contain the other operating income from the reversal of negative consolidation differences. The revenues generated from January 1, 2007 to the respective acquisition date amounted to EUR 23,427 thousand and the annualized revenues amounted to EUR 31,276 thousand. The profit or loss generated from January 1, 2007 to the respective acquisition date was not determined because it was not relevant to the consolidation process. A retroactive restatement of the values at January 1, 2007 was not effected, as the values for the months prior to the acquisition would not be comparable with those after the acquisition, due to the restructuring measures that have been initiated and would therefore be misleading.

The following table shows the assets and liabilities acquired in connection with the transactions:

EUR'000	Carrying amount	Fair value
Non-current assets		
Intangible assets	3,975	12,106
Land	6,845	6,811
Buildings	5,516	9,963
Technical equipment, plant and machinery	19,475	26,741
Other assets	5,744	5,779
Financial assets	515	515
Deferred tax assets	1,175	4,627
Current assets		
Inventories	11,477	11,651
Trade receivables	12,139	12,139
Other assets	15,924	15,924
Cash and cash equivalents	341	341
Liabilities		
Provisions	-6,119	-6,187
Trade payables	-20,584	-20,584
Other liabilities	-55,047	-54,987
Deferred tax liabilities	-5,591	-9,792
Net asset values		15,047
Minority interests		-3,533
Net asset values acquired		11,514

The cash acquired amounted to EUR 341 thousand, giving rise to an overall cash outflow of EUR 9,454 thousand.

No business divisions were discontinued or sold in connection with these acquisitions.

The disclosures required by IFRS 3.70 are not practicable. In the opinion of the management, the disclosures would be misleading in view of the restructuring measures that have been initiated.

The acquisition of new shelf companies is not shown separately as they are immaterial.

Moreover, further companies were acquired in the first quarter that have not yet been included in the consolidated financial statements of ARQUES due to the economic and legal situation prevailing at March 31, 2007. The closing for these companies is still outstanding, and the control criteria are not yet fulfilled by ARQUES. This relates to the following acquisitions:

In February 2007, ARQUES acquired the antioxidants business of Degussa by way of a mixed share and asset deal via ARQUES Iberia S.A. The shares in Degussa Sant Celoni S.A. were acquired by way of a share deal and the assets and liabilities of Degussa Knottingley Ltd. by way of an asset deal.

At the end of March 2007, ARQUES acquired a majority stake in the Austrian fashion store chain Schöps via its Austrian subsidiary ARQUES Austria Invest AG, Vienna. A majority holding in Richard Schöps & Co AG was acquired.

The purchase price for these companies totaled EUR 0 thousand.

Company acquisitions after March 31, 2007

After the end of the quarter, the shares in Calibrados de Precisión, S.A. (Capresa), a Spanish specialist in the first transformation of steel, were acquired via ARQUES Iberia S.A. in April 2007. The purchase price is still subject to further negotiation and cannot be definitively stated at this stage. The closing for this acquisition is still outstanding.

Company disposals

The following companies were deconsolidated in the first quarter of 2007 in connection with the sale of shares in teutonia Kinderwagenfabrik GmbH:

- teutonia Kinderwagenfabrik GmbH
- teutonia Polska Sp.z.o.o.

The following table provides a summary of the significant asset and liability items transferred in connection with the company disposals:

	3/15/2007 EUR'000
Assets transferred	
Intangible assets	159
Property, plant and equipment	3,235
Inventories	2,527
Trade receivables	2,006
Other assets	1,710
Total assets	9,637
Liabilities transferred	
Pension provisions	451
Provisions	635
Current financial liabilities	8
Non-current financial liabilities	0
Trade payables	828
Other liabilities	613
Total liabilities	2,535

The disposal of teutonia resulted in a cash inflow of EUR 7,959 thousand in the consolidated financial statements of ARQUES and a gain on deconsolidation of EUR 1,682 thousand carried under other operating income. The difference between the cash inflow and the other operating income disclosed results from the charging off of an owner loan not recognized in income as part of consolidation in fiscal 2004 compliant with IAS 22 – the predecessor to IFRS 3 – and the other net assets of the subsidiary transferred in connection with the disposal. Accordingly, the majority of the gain on the acquisition and disposal of teutonia has been recognized in cash but not income.

Net assets, financial position and earnings

The Group's total assets at March 31, 2007 amounted to EUR 772,315 thousand (prior year: EUR 665,283 thousand). The increase can be attributed primarily to the considerable investment activities in the first quarter of the period under review.

As last year, the most important category of non-current assets is property, plant and equipment, accounting for EUR 195,530 thousand or 25.3% of total assets (prior year: 22.9%).

Inventories increased from EUR 114,095 thousand to EUR 135,079 thousand as a result of acquisitions.

Trade receivables amount to EUR 166,431 thousand (prior year: EUR 138,783 thousand).

At the end of the first quarter of 2007, the Group held cash and cash equivalents in the total amount of EUR 71,538 thousand (prior year: EUR 92,006 thousand).

The Group's equity ratio (including minority interests) declined to 38.9% from 41.3% at December 31, 2006.

The following table shows the development of the maturity structure of the Group's assets and liabilities:

	March 31, 2007		December 31, 2006	
	EUR million	%	EUR million	%
Non-current assets	290.1	37.6	227.2	34.2
Current assets (excluding cash and cash equivalents)	410.7	53.2	346.1	52.0
Cash and cash equivalents	71.5	9.2	92.0	13.8
Total assets	772.3	100.0	665.3	100.0
Shareholders' equity	300.5	38.9	274.8	41.3
Non-current liabilities	155.1	20.1	118.4	17.8
Current liabilities	316.7	41.0	272.1	40.9
Total shareholders' equity and liabilities	772.3	100.0	665.3	100.0

The revenues of the ARQUES Group increased by EUR 185.0 million compared with the same quarter last year, to EUR 295.5 million.

REVENUES	Q1 2007 EUR million	Q1 2006 EUR million	Change %
Specialty Chemistry	101.9	49.0	108.2
Print	13.0	0.0	-
Industrial Production	33.8	25.7	31.8
Holding	0.0	0.1	-
Steel	23.2	20.2	14.4
Other	123.6	15.5	695.9
Continuing operations	295.5	110.5	167.5
Discontinued operations	-	29.6	-
Total	295.5	140.1	110.9

EBIT	Q1 2007 EUR million	Q1 2006 EUR million	Change %
Specialty Chemistry	3.0	1.9	58.4
Print	-0.6	0.0	-
Industrial Production	27.8	2.1	1,196.0
Holding	5.4	1.0	447.7
Steel	-0.5	-1.4	-65.8
Other	-9.2	17.1	-153.8
Continuing operations	25.9	20.7	25.0
Discontinued operations	-	-2.2	-
Total	25.9	18.5	40.0

Cash flow

The net funds of EUR 62.8 million comprise checks, cash on hand, and cash in banks, less the cash amounting to EUR 8.7 million at the balance sheet date that ARQUES is not able to use for operational purposes because it has pledged as security for liabilities. Since the net funds for the equivalent period last year included cash and cash equivalents over which there were restraints on disposal, the comparison figures have been adjusted to reflect the new definition of net funds.

The Group recorded a cash outflow from operating activities of EUR 12.4 thousand in the first quarter of 2007, due almost exclusively to a rise in working capital in inventories, trade receivables, and trade payables. Inventories and trade receivables increased by an aggregate of EUR 64.6 million. Of this total, EUR 34.6 million relates to changes in the scope of consolidation of the ARQUES Group. At the

same time, the ARQUES Group invested a total of EUR 30.0 million in inventories and trade payables. Liabilities (including other liabilities and other provisions) grew by EUR 43.1 million, of which EUR 29.1 million relates to the changes in the consolidated group.

The cash outflow from investing activities amounted to EUR 6.3 million in the first quarter. This total is essentially the balance of purchase prices of EUR 9.8 million paid, investments of EUR 5.0 million in non-current assets, and proceeds of EUR 8.0 million from the sale of shares in companies.

ARQUES recorded a cash outflow of EUR 1.8 million from financing activities, resulting principally from lease payments.

Balance sheet and financial indicators

Indicator	Definition	March 2007 %	2006 %
Gross profit margin	$\frac{\text{EBIT}}{\text{Revenues}}$	8.8	18.8
Asset intensity	$\frac{\text{Property, plant and equipment, and intangible assets}}{\text{Total assets}}$	29.7	25.7
Current liabilities to total liabilities	$\frac{\text{Current liabilities}}{\text{Total liabilities}}$	67.3	69.7
Financing ratio	$\frac{\text{Scheduled depreciation/amortization}}{\text{Capital investments}}$	186.1	76.1
Equity ratio	$\frac{\text{Equity}}{\text{Total assets}}$	38.9	41.3

Scheduled Dates

Information regarding dates and events of ARQUES Industries AG.

June 21, 2007 Annual General Meeting, Munich

August 23, 2007 2nd quarterly report for the 2007 fiscal year

November 22, 2007 3rd quarterly report for the 2007 fiscal year

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