

CREATING VALUE

REPORT FOR THE 1ST QUARTER OF 2008



 **ARQUES**
INDUSTRIES AG

KEY FIGURES

EUR'000	01/01/ – 03/31/2008	01/01/ – 03/31/2007*	%
Consolidated revenues	1,348.0	245.5	449
Earnings before interest, taxes, depreciation and amortization (EBITDA)	15.3	27.7	(45)
Earnings before interest and taxes (EBIT)	(3.8)	21.3	-
Consolidated net profit	(14.0)	20.6	-
Free Cash Flow	3.9	(18.7)	-
Earnings per share (diluted in EUR)	(0.53)	0.84	-
	03/31/2008	12/31/2007	%
Total assets	1,788.6	1,831.8	(2)
Shareholders' equity	391.2	398.8	(2)
Equity ratio in %	21.9	21.8	0

*Please refer to the explanatory note "Adjustment of comparison information from the consolidated financial statements for the first quarter of 2007" in the notes to the financial statements.



INFORMATION ON THE ARQUES SHARE

WKN	515600
ISIN	DE0005156004
Stock market code	AQU
Reuters Xetra code	AQUG.DE
Bloomberg Xetra code	AQU GY
Stock type	No-par bearer shares
Share indexes	MDAX, CDAX, Classic All Share, GEX, Prime All Share, BayX30
Shares in issue as of March 31, 2008	26,450,000
Capital stock as of March 31, 2008 (in EUR)	26,450,000.00
Share price as of March 31, 2008 (in EUR)	12.38
Market capitalization as of March 31, 2008 (in Mio. EUR)	327.5
52-week high* in EUR	41.80
52-week low* in EUR	7.76
Earnings per share (diluted) (01/01/2008 – 03/31/2008)	(0.53)

*at the time of the report

ARQUES INDUSTRIES AG

The ARQUES Group is focused on a specialized segment of the equity investment market, namely the acquisition of companies in crisis situations. Examples of such companies include traditional turnaround candidates, such as companies that have been slated for divestiture by large corporations, companies with unresolved succession questions and companies in need of rationalization investments. In most cases, these companies have been generating losses for a longer period of time before being acquired by ARQUES. Therefore, ARQUES is usually in a position to purchase these companies at prices below their book values and sometimes even at negative purchase prices. With regard to acquisition candidates, ARQUES is increasingly focusing on corporate spin-offs, which now account for about 80% of the companies acquired by ARQUES.

HIGHLIGHTS

- Consolidated revenues jump to more than EUR 1.3 billion, due to acquisitions; annualized revenues now more than EUR 5 billion
- EBITDA of EUR 15 million demonstrates earnings strength of the company's current investment portfolio
- Successful restructuring: positive operating cash flow of EUR 10.3 million (Q1 2007: EUR -12.4 million)
- Positive free cash flow, debt reduction initiated
- Outlook for 2008 reaffirmed: Revenues of more than EUR 6 billion, EBITDA of EUR 275 million
- To date, three of the five to seven announced exits have been realized, yielding proceeds of EUR 40 million

COMBINED INTERIM MANAGEMENT REPORT OF ARQUES INDUSTRIES AG AND THE GROUP

GENERAL ECONOMIC CONDITIONS AND INDUSTRY ENVIRONMENT

GLOBAL ECONOMY RECEIVES A BOOST FROM DYNAMIC GROWTH OF EMERGING ECONOMIES

Thanks to the continued dynamic growth of the emerging economies, it is believed that the global economy will expand at a rate of 3.7% in 2008, according to the International Monetary Fund (IMF). For the traditional industrialized nations, however, only moderate growth is predicted. The effects of the sub-prime crisis in the United States are increasingly being felt. In its previous forecast, the IMF had predicted global economic growth of 4.5%. In the opinion of many experts, the United States is in the midst of a recession, at least for the first half of the year. For the full year, it is estimated that the U.S. economy will expand by only 0.5%. The euro zone and Japan are also feeling the adverse effects of the financial markets crisis. The IMF anticipates economic growth of 1.4% for both of these regions. Within Europe, the economic growth forecasts are similar for Germany (1.4%), France (1.4%) and the United Kingdom (1.6%). While Spain can look forward to economic growth of 1.8% in 2008, the outlook for Italy is much more pessimistic, with full-year economic growth expected to reach only 0.3%. On the other hand, extremely dynamic growth is predicted for China (9.3%) and India (7.9%). Robust growth is likewise predicted for Russia (6.8%) and the expanding economies of South America.

Although the negative effects of the financial markets crisis are expected to gradually diminish, the biggest threats to economic growth in the further course of this year, according to experts, are inflation, which is being aggravated by high oil and commodity prices, as well as fast-rising food prices, and the weakness of the U.S. dollar.

EQUITY INVESTMENT MARKET AND INDUSTRY ENVIRONMENT

The market for M&A transactions, which experienced a record year in 2007, will be adversely impacted by the fall-out from the sub-prime crisis in 2008. In fact, industry experts are predicting a substantial slowdown in 2008. The main factor contributing to this development is the sharp cut-back in bank lending to financial investors, which will, in turn, limit the number of mergers and acquisitions and the average size of such transactions. Therefore, small to mid-sized projects are expected to predominate. The market is not expected to improve until the adverse effects of the sub-prime crisis begin to diminish, which in the opinion of experts will not happen before the second half of this year, at the earliest. On the other hand, the market for companies in crisis situations, that being the market served by ARQUES Industries AG, will not be affected by these developments because the purchase prices are usually only for token amounts. Due to the continued trend among large corporations of focusing on their core competencies, the potential for transactions in this particular market is expected to be very strong in the future as well.

ASSETS, FINANCIAL POSITION AND EARNINGS OF THE ARQUES GROUP IN THE FIRST QUARTER OF 2008

ARQUES BUSINESS MODEL SUCCESSFULLY APPLIED

For the ARQUES Group, the first quarter of 2008 was largely characterized by the integration of the companies Eurostyle, NT plus, Actebis Nordic und SM Electronic, which had been acquired at the end of the preceding fiscal year. In addition, ARQUES intensively pursued a number of company sale and acquisition projects. For example, ARQUES sold the building supplier Missel to a strategic investor in the first quarter of 2008. At the end of March, ARQUES announced the sale of the Spanish chemicals concern Oxiris Chemicals S.A. to a strategic investor. ARQUES had acquired Oxiris only in May 2007 from Degussa in connection with a corporate spin-off transaction. The sale process was completed in April. Also, ARQUES sold the gear manufacturer Jahnle-Kestermann in the second quarter of 2008. These three exits yielded sale proceeds of approximately EUR 40 million for ARQUES.

Moreover, the acquisition processes initiated in the first quarter of 2008 led to successful acquisitions in the second quarter of 2008. Through its subsidiary ARQUES European Asset Management GmbH, ARQUES Industries AG acquired the delivery services provider ASM (Agencia Servicios Mensajeria), based in Madrid. This company, with annual revenues of about EUR 45 million, was purchased from Grupo Agbar, one of the biggest Spanish industrial holding companies. This transaction proves that ARQUES has established itself also in Spain as a partner to large corporations seeking to spin off subsidiaries that no longer fit in with their core business, and attests to the success of the company's internationalization strategy. Only slightly thereafter, ARQUES signed an agreement with the large Finnish corporation Ruukki, Helsinki, on the acquisition of all the shares in Carl Froh GmbH, a manufacturer of precision steel tubes. This company, which is based in Sundern, generated revenues of approximately EUR 60 million last year. This acquisition is pending, subject to the approval of the German Federal Cartel Office. It is expected to be completed in the second quarter of 2008.

ARQUES also scored some important successes in its restructuring efforts. For example, ARQUES instituted self-standing corporate structures and actively promoted the strategic development of the automotive companies Anvis and Eurostyle, which had been acquired in connection with corporate spin-off transactions. ARQUES' other subsidiaries also performed well, as evidenced by the positive operating cash flow for the first quarter, among other indicators.

EARNINGS

REVENUES

ARQUES generated revenues of EUR 1,348.0 million in the first quarter of 2008, indicative of a EUR 1,102.5 million increase over the comparison figure (adjusted for discontinuing operations) for the first quarter of 2007. Most of this increase can be attributed to the consolidation of companies that had been acquired in fiscal year 2007.

KEY ITEMS OF THE INCOME STATEMENT

The other operating income for the first quarter of 2008 amounted to EUR 20.1 million, indicative of a EUR 13.6 million decrease compared to the year-ago figure (continuing operations only) of EUR 33.7 million. Among other things, this item contains income from exchange rate changes, income from the disposal of non-current assets and income from the reversal of provisions and valuation allowances. The other operating income for the first quarter of the current year does not contain income from the reversal of negative goodwill (so-called bargain purchases) because no acquisitions were effected in the first quarter of 2008. The year-ago figure contained a bargain purchase in the amount of EUR 30.5 million. Income from the reversal of negative goodwill must be recognized in the period in which the corresponding company was acquired. Such income is recognized when the cost of a company acquisition is less than the sum of the fair values of the assets, less the liabilities and contingent liabilities, of the acquired company.

The cost of purchased raw materials, merchandise, finished goods and services amounted to EUR 1,157.9 million in the first quarter of 2008, representing an increase of EUR 970.1

million over the corresponding figure for the first quarter of 2007. The groupwide ratio of purchased goods and services to revenues increased from 76% to 86%, mainly as a result of the IT distribution companies.

The personnel expenses (wages, salaries, social security and pensions) amounted to EUR 113.7 million in the first quarter of 2008. This figure was EUR 73.6 million or 183% higher than the corresponding year-ago figure, due to the acquisitions effected in the meantime.

The other operating expenses are composed of general administrative expenses, expenses for facility management, transport costs, consulting and marketing expenses, general operating expenses and valuation allowances for doubtful receivables. The other operating expenses for the first quarter of 2008 amounted to EUR 87.2 million, which was EUR 56.5 million or 184% higher than the year-ago figure of EUR 30.7 million.

The net financial expenses of EUR -7.6 million resulted mainly from the newly acquired companies.

EARNINGS

The EBITDA (earnings before interest, taxes, depreciation and amortization) for the first quarter of 2008 amounted to EUR 15.3 million, which was EUR 12.4 million lower than the year-ago figure of EUR 27.7 million (adjusted for discontinued operations). The EBITDA for the first quarter of last year contained income from the reversal of negative goodwill in the amount of EUR 30.5 million.

Due to the high level of scheduled depreciation of non-current assets, the EBIT for the first quarter of 2007 amounted to EUR -3.8 million, as compared with the corresponding year-ago figure of EUR 21.3 million, adjusted for discontinued operations.

The consolidated net profit for the first quarter of 2008 amounted to EUR -14.8 million, of which EUR -14.0 million

is attributable to the shareholders of ARQUES Industries AG. The earnings per share (diluted) came to EUR -0.53.

ASSETS

At March 31, 2008, the total assets of the ARQUES Group amounted to EUR 1,788.6 million, as compared with EUR 1,831.8 million at December 31, 2007. In the first quarter, the non-current assets declined by EUR 17.6 million to EUR 542.9 million. This change reflected the disposal related to the asset deal in connection with the sale of the building supplier Missel and the scheduled depreciation of non-current assets.

The EUR 25.7 million decrease in the current assets, bringing that figure to EUR 1,245.7 million, reflected the significant decrease in trade receivables and other assets. This decrease was offset by the increase in inventories and in the assets held for sale. The increase in the assets held for sale resulted from the reclassification of the assets of the Jahnel-Kestermann Group.

The non-current liabilities declined by EUR 8.8 million to EUR 290.8 million, due in part to the reclassification of the pension obligations of the Jahnel-Kestermann Group to the item of "liabilities related to assets held for sale." The current liabilities declined by EUR 26.8 million to EUR 1,106.5 million. The decrease in the trade payables and other liabilities was offset by the reclassification of the liabilities of the Jahnel-Kestermann Group to the item of "liabilities related to assets held for sale."

FINANCIAL POSITION

In the first quarter of 2008, ARQUES generated a significant positive cash flow from operating activities in the amount of EUR 10.3 million (Q1 2007: EUR -12.4 million). In particular, the sharp decrease in trade receivables and other receivables at the beginning of the year was accompanied by a corresponding jump in payments received. The excellent operating cash flow figure for the first quarter of 2008 reflects the progress that has been made in the restructuring of the subsidiaries and the ability of those companies to generate positive cash flows despite the restructuring expenses incurred.

The cash flow from investing activities in the amount of EUR -6.5 million reflected the capital expenditures of the IT distribution companies and automotive suppliers, in particular.

The free cash flow for the first quarter of 2008 amounted to EUR 3.9 million, as compared with EUR -18.7 million in the corresponding year-ago quarter.

Due to the redemption and repayment of current and non-current financial liabilities and liabilities under finance leases, the cash flow from financing activities amounted to EUR -10.3 million in the first quarter of 2008, as compared with EUR -1.8 million in the first quarter of 2007.

The positive operating cash flow generated in the first quarter of 2008 was applied to pay down liabilities and to make investments in non-current assets. The net funds at March 31, 2008 amounted to EUR 57.0 million.

The cash and cash equivalents at March 31, 2008 amounted to EUR 78.1 million.

OVERVIEW OF BUSINESS DEVELOPMENTS

A staff change occurred on the Executive Board of ARQUES Industries AG at the beginning of fiscal year 2008, when the Supervisory Board appointed Dr. Michael Schumann as the Executive Board Chairman of ARQUES Industries AG, effective February 1, 2008. In this position, he succeeded Dr. Martin Vorderwülbecke, who had asked the Supervisory Board to terminate his Executive Board employment contract by mutual agreement with effect from January 31, 2008.

As of February 1, 2008, therefore, the Executive Board of ARQUES Industries was composed of Dr. Michael Schumann (Chairman and Executive Board member in charge of Acquisitions), Bernd Schell (Executive Board member in charge of Operations) and Felix Frohn-Bernau (Executive Board member in charge of Exits).

On February 22, 2008, ARQUES sold the operating business of the building supplier Missel at a profit to the globally active KOLEKTOR Group from Slovenia under the terms of an asset deal.

With effect from March 14, 2008, ARQUES acquired the remaining 49% of the equity of Richard Schöps & Co. AG. As part of this transaction, the seller Fashion Holding GmbH, Vienna, was released from its obligations towards Schöps. Moreover, shareholder loans were converted into additional paid-in capital and the equity basis was strengthened by means of a contribution to the company's additional paid-in capital reserve.

On March 23, 2008, ARQUES reached an agreement with the Raschig Group of Ludwigshafen regarding the sale of the Spanish chemicals company Oxiris Chemicals S.A. This transaction was successfully completed in the second quarter of 2008. The closure of the English site in Knottingley was a prerequisite for the sale of the Spanish company Oxiris Chemicals S.A.

SUBSIDIARIES OF THE ARQUES GROUP

There follows a detailed description of the business situation of those subsidiaries that are considered material by virtue of their size. The materiality criterion applied for this purpose was that each such subsidiary must have annualized revenues of more than EUR 50 million.



EVOTAPE

Evotape is one of the biggest industrial manufacturers of packaging and adhesive tapes in Europe. It has two plants, one in San Pietro Mosezzo (NO) and the other in SS. Cosma e Damiano (LT). The Italian company has belonged to the ARQUES Group since June 2005.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

Effective January 1, 2008, the two production sites were reorganized in the form of two independent companies, connected only by way of an umbrella company. This strategic move made it possible to optimize customer relationship management and sales at both sites, leading to new orders and improved profitability in the meantime. Evotape also succeeded in further improving its productivity at both sites.

OUTLOOK

Evotape intends to further improve the strategic position of the two sites, now that they have been organizationally separated, with a particular emphasis on communicating the respective core competencies of each plant to customers. By this means, the company intends to establish closer relationships with its customers and generate new orders. Furthermore, additional productivity and quality enhancement measures will be implemented, including (for example) the installation of a new cutting machine at the San Pietro Mosezzo plant in northern Italy, which is planned for the second quarter.



SOMMER ROAD CARGO SOLUTIONS

The Sommer Road Cargo Solutions Group manufactures utility vehicle superstructures, trailers and semi-trailers for the German and European market, at its production facilities in Germany, France, Poland and Russia. This group of companies has belonged to the ARQUES Group since September 2005.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

In the first quarter, Sommer Road Cargo Solutions began to implement the announced relocation of production operations, including the relocation of reloader machines from Bielefeld to various other plants. Sommer also expanded its facility in Laucha by purchasing an adjacent parcel of land, with the aim of expanding its production capacity accordingly. For its service and repairs division, the vehicle manufacturer leased a new parcel of land in Bielefeld, which is much more accessible to major long-distance freight routes.

In Germany, moreover, the company hired a new Sales Director and additional field sales agents. The company also hired new employees for its quality assurance department and new employees to accommodate the business growth at the eastern operating sites, in particular.

OUTLOOK

Through the implementation of the site strategy, which will be completed in the second quarter, and through the continued standardization of production, Sommer Road Cargo Solutions will further enhance its productivity. At the Bielefeld site, where the company's administration, service and repairs are located, the administrative functions have been consolidated within a single building, in order to optimize internal processes. Sommer intends to pursue further growth in the Eastern European sites, in particular, and take appropriate measures to expand its capacities. At the IAA Utility Vehicle Exhibition in

September, the vehicle manufacturer intends to present the new developments of its R&D program, which have already been tested with customers.



tiscon

TISCON AG

tiscon AG is a holding company that currently holds investments in the sector of IT distribution. These investments include the following significant companies: COS Distribution, Avitos, TOPEDO, E-Logistics and Chikara.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

After largely completing the restructuring of COS Distribution in 2007, the company's operating focus shifted to the integration and further development of other companies in the first quarter of 2008. Besides enhancing the efficiency of operating processes and structures, new product lines were added to the merchandise assortment of COS Distribution. Also, new functions were added to the shop system, in order to expedite product searches.

The tiscon subsidiary COS Distribution met with a very enthusiastic response at the world's biggest computer trade fair, CeBIT, where the company was represented for the sixth time in a row. By conducting a joint presentation with its partners, COS Distribution was able to position itself as a full-service distributor.

OUTLOOK

tiscon AG will seek to win additional market shares in the European IT distribution market. To this end, new sales channels will be tapped within existing business segments, additional manufacturers and products added to the portfolio, new target groups acquired and the sales activities internationalized. This strategy will be supported by the acquisition and integration of new companies that complement existing subsidiaries and by the targeted exploitation of potential synergies. The company is also working on acquisitions of promising companies engaged in activities besides the IT-industrie, especially companies in crisis situations.

ROHNER

ROHNER AG

Based in Pratteln, close to Basel, Rohner is a chemicals company that specializes in the production of intermediate products for the pharmaceuticals industry. Furthermore, the company has increasingly established a foothold in the market for specialty chemicals. Rohner AG has belonged to the ARQUES Group since March 2006.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

Rohner exceeded its budgeted revenue figure in the first quarter and generated a positive profit. The company benefited in particular from the capacity bottlenecks affecting its customers, which prompted them to award outsourcing contracts to Rohner.

After successfully passing the audit of the U.S. Food & Drug Administration (FDA) at the end of 2007, Rohner signed a multi-year contract with a pharmaceuticals customer in the United States in the first quarter of 2008. The attendant validation campaign to be carried out in the further course of this year will open the door to tremendous business opportunities in the U.S. pharmaceuticals market, which is the world's biggest. In addition, a multi-year cooperation agreement with a European customer in the pharmaceuticals industry is about to be signed in the near future.

Internally, Rohner conducted additional optimization measures and improved its quality by that means. Furthermore, the company has instituted leaner and more efficient production processes, which were positively received by the market. Implementation of the plan to concentrate production at only two facilities will begin in May 2008.

OUTLOOK

In the further course of this year, Rohner intends to extend its presence in the U.S. pharmaceuticals market, which may

take longer than originally expected as a result of the negative impact of the sub-prime crisis on the general economic climate in that country. The company also intends to intensify its activities in the sectors of specialty chemicals and life sciences. Rohner believes that it can win additional orders in these sectors. Finally, the company intends to accelerate its entry into high-margin niche markets and preparations are already being made to this end.





FARBENDRUCK WEBER

Farbendruck Weber is a large-scale, high-quality printer based in Biel, Switzerland. Acquired in August 2006, the company disposes of ultra-modern machinery. It specializes in the production of premium advertising print products such as high-quality catalogs.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

Following last year's extensive capital expenditures in the company's prepress, post-processing and IT capabilities, Farbendruck Weber focused on optimizing its internal processes in the first quarter of 2008. The steps taken to this end included the installation of an ERP software program, in order to better manage the company's resources, and the related employee training activities. Furthermore, the Finance Department was strengthened considerably by the recruitment of a new CFO, among other measures.

In March of this year, Farbendruck Weber announced the acquisition of the printing business of the Swiss company Benteli Hallwag, which was positively received by the company's customers. As part of the merger, Farbendruck Weber will acquire Benteli Hallwag's cross-media activities and further modernize that company's sheet-fed offset equipment. Benteli Hallwag will also contribute longstanding customer relationships, as well as numerous magazines and periodicals to the cooperation. The transaction is expected to be completed in the summer of 2008.

OUTLOOK

The business combination with Benteli Hallwag will considerably improve Farbendruck Weber's market position. The new sheet offset machines and the cross-media activities will enable the premium printer, which will go by the name of Weber Benteli in the future, to broaden its offering in both quantitative and qualitative terms, which will have the effect of boosting the company's revenues and profits in the medium-term future.



OXXYNOVA

Oxxynova is Europe's leading producer of liquid dimethyl terephthalate (DMT), an input for polyester production. It was acquired by ARQUES in September 2006. DMT is used in the production of textile fibers and technical fibers, films, raw materials for paints and glues and industrial plastics.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

At the beginning of 2008, Oxxynova discontinued DMT production at its Lülisdorf site and conducted the necessary removal and cleaning work at that site. A reconciliation of interests and a lay-off mitigation plan for the site were negotiated with the Works Council. Oxxynova is currently in the process of preparing a detailed business plan for an alternative use of the Lülisdorf site, involving the entry into a new market.

Oxxynova continues to produce DMT at its Steyerberg site. The discontinuation of production at the Lülisdorf site and the closure of the production facility of a Dutch competitor have largely eliminated the surplus capacities in the European DMT market, which has improved the market position and earnings of the Steyerberg facility.

OUTLOOK

The company intends to further improve the profitability of its DMT production activities in Steyerberg by means of additional optimization measures.





BEA TDL AND BEA ELECTRICS

The technical service provider BEA TDL builds electrical engineering and automation systems for its customers in the areas of conveyor systems, hydro-engineering and energy and environmental technology. The company, which was acquired by the ARQUES Group in November 2006, offers a full range of services, including planning engineering, installation, commissioning and maintenance. Vienna-based BEA Electrics, which was acquired in the third quarter of 2007, is a technical service provider that specializes in electrical plant engineering and infrastructure.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

In the first quarter of 2008, BEA TDL benefited from the growing volume of capital expenditures on the part of European energy companies. The new orders received in the first quarter were well ahead of budget and higher than the corresponding year-ago figure. BEA Electrics continues to pursue the restructuring of its internal processes, focusing in particular on measures to optimize purchasing and project management.

By means of close cooperation among the BEA companies comprised within the ARQUES Group, synergies were realized, especially in sales. By bundling their capacities and core competencies, BEA was able to successfully complete larger international projects. For example, the BEA Group was awarded a large-scale contract in the field of utility networks and another large-scale contract in the field of oil and gas exploration from a European customer.

OUTLOOK

The intensified cooperation among the BEA companies comprised within the ARQUES Group will be expanded in the current fiscal year in order to realize additional synergies both in purchasing and in sales. The BEA companies will intensify their activities especially in the growth markets of southeastern Europe, Russia and Kazakhstan.



VAN NETTEN

Based in Dortmund, Van Netten is a universal supplier of innovative, high-quality candy products. As a partner and service provider to commercial and industrial customers, the company both acts as a private-label manufacturer and maintains its own, diverse portfolio of brands. Van Netten has belonged to the ARQUES Group since the end of March 2007.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

Van Netten continued to implement its restructuring plan in the first quarter of 2008. Among other measures, the Task Force achieved significant savings by renegotiating energy-related contracts.

At the same time, the Dortmund-based candy maker stepped up its sales activities and its international diversification. For example, Van Netten participated in the most important international trade show for candy manufacturers, the ISM in Cologne, where it implemented a completely new sales strategy, and made promising contacts with international customers, which led to the receipt of a new contract already in the second quarter of this year. In addition, Van Netten began to supply a mixed selection of lozenges to a large-scale customer. The sales of this new product have considerably exceeded the expectations.

OUTLOOK

In the further course of this year, Van Netten will continue to implement its restructuring plan. At the same time, this long-established company will pursue the internationalization of its sales activities, while also solidifying and expanding its customer contacts. Finally, Van Netten will seek to win new market shares by means of newly developed products.

SCHÖPS

SCHÖPS

Schöps is one of the biggest and best-known clothing store chains in Austria, with a wide-ranging network of stores. Schöps has belonged to the consolidation group of ARQUES Industries AG since May 2007 and ARQUES has been the sole owner of Schöps since March 2008. The clothing store chain is still in the first restructuring phase.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

Schöps is in the midst of a transformation process that entails a focus on modern, affordable product lines for fashion-conscious women between the ages of 25 and 55, coupled with product lines aimed at attractive market niches. This process usually takes two years, or four fashion seasons. Partially as a result of the repositioning, but also due to the fact that initial sales of the spring and summer collection were weaker than expected because of weather effects, Schöps was not able to achieve its budgeted revenue figures in the first quarter of 2008. On a positive note, the operating expenses were substantially lower than the corresponding year-ago figure, despite the heightened advertising expenses, due to the cost-reduction measures that have already been initiated and implemented in the meantime. In the first quarter of 2008, Schöps invested considerable resources to modernize its shops, in order to offer its high-quality collections to a new group of customers in a modern, emotionally appealing shopping environment.

OUTLOOK

In the further course of this year, Schöps plans to install a new merchandise management system and spin off its central warehouse functions, as a means of improving the company's merchandise flow. The continued implementation of the restructuring plan will have the effect of further improving the company's cost position and the extensive marketing and PR measures should serve to boost the company's revenues.



ANVIS

The Anvis Group is a primary developer and manufacturer of innovative functional solutions for motion stability, driving comfort and safety. The Group's product line covers the entire process chain for anti-vibration systems, from the initial idea to the detailed concept for serial production. This company, which was formerly a joint venture of the Woco Group and Michelin, has belonged to the ARQUES Group since the end of September 2007.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

The Anvis Group, which was acquired as part of a corporate spin-off, continued its efforts to create self-standing corporate structures in the first quarter of 2008. To this end, two departments were created on the holding company level for administration, finance and legal, along with the corresponding IT architectures. Furthermore, preparations were made for the relocation to a new building, which will take place in the second quarter. The payroll accounting function was successfully outsourced to a service provider. In addition, a new CFO was recruited, who will begin work in the second quarter.

The purchasing and sales functions were partially centralized, which will enable the company to realize synergy effects. Starting in the second half of the year, a newly hired COO will coordinate the cooperation between the individual plants of the Anvis Group to a greater degree and speed up the optimization of internal processes.

With the help of the ARQUES Task Force, a restructuring plan was developed, which is being implemented and continually refined.

OUTLOOK

In the second quarter, Anvis expects to complete the most important steps involved in creating self-standing corporate structures. The optimization of internal processes and the improvement of cooperation between the different sites of the company are expected to boost productivity.

ACTEBIS®

ACTEBIS

Acquired in the summer of 2007, the Actebis Group is the third-biggest ITC distributor in Europe, selling information and telecommunications technology products, mobile communications and entertainment electronics. Actebis is represented with its own national subsidiaries in Germany, France, the Netherlands, Austria, Denmark, Norway and Sweden. In addition, the telecommunications distributor NT plus, which operates in the German market, was acquired by the Actebis Group towards the end of 2007.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

In the first quarter, Actebis successfully completed the integration of the national subsidiaries in Denmark, Norway and Sweden, which had been acquired at the end of December 2007. The company also developed a detailed plan to integrate the telecommunication distributor NT plus into the Actebis Group and commenced implementation. The plan entails a two-brand strategy (NT plus and Actebis Peacock) under the umbrella of a single holding company. As part of the integration process, there were changes in the senior management team of NT plus.

In March, Actebis participated in the world's biggest computer trade fair, the CeBIT in Hanover, for the first time in five years and met with a very positive reception among customers and manufacturers. Actebis also organized a large trade fair in Bochum, under the name Channel Trends 2008, which was attended by approximately 2,500 visitors. At this event, Actebis appeared jointly with NT plus for the first time. The Channel Trends trade fair garnered praise from both participants and the trade press, which characterized it as an important IT industry event.

The companies of the Actebis Group continued to be successful in their operating activities. Besides adding new high-quality

products to the merchandise assortment, these companies also expanded their customer bases. The credit management department of Actebis Peacock received a certification from the engineering inspection association TÜV-Rhineland, making Actebis the first ITC distributor to be certified in this way. According to a recent study conducted by the market research firm GfK, Actebis has advanced to second place with respect to market coverage, relegating the former, longtime No. 2 in Germany, Tech Data, to third place. The market coverage indicator reflects the purchasing behavior in the indirect sales market. It is determined by aggregating the answers to the survey question as to the IT distributors from which the companies regularly purchase goods.

The Actebis Group completed on schedule all the necessary steps related to the preparations for the announced IPO.

OUTLOOK

Operating as it does in a market that is progressively consolidating, Actebis is in a position to win market shares by crowding out competitors and tapping new business segments, such as in fulfillment, for example, by virtue of being the cost leader in nearly all core processes of distribution. The strategic expansion of the manufacturers' portfolio and the resulting growth of the customer base will generate additional growth potential for the Group. The planned IPO of the Actebis Group should enable the company to continue on a course of consolidation in the European distribution market. In the future as well, the Actebis Group intends to advance the consolidation process in the European ITC distribution market by means of targeted acquisitions. As a result of acquiring the telecommunications wholesaler NT plus, the Actebis Group is one of the first distributors in Germany to unite telecommunications and information technology under one roof. This combination opens up the opportunity for Actebis to exert a significant influence on the European market for convergence solutions involving the combination of IT and TC technologies.



ROHÉ

Based in Vienna, the Rohé Group specializes in the construction, installation and maintenance of hydraulic, electrical and electronic systems for gas stations and car wash facilities. Rohé is an independent service provider with branch offices in 18 countries of the world. It has belonged to the ARQUES Group since October 2007.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

In the first quarter of 2008, the Rohé Group continued the restructuring of its national subsidiaries in Germany and Austria and initiated a reorganization of the holding company, including steps to bolster the corporate departments of Human Resources, Sales and Administration. By intensifying its sales efforts, the Group acquired new plant engineering projects outside the country, thereby offsetting the loss of a contract in Germany. Rohé also made several highly promising contacts, especially with petroleum companies in Eastern Europe. The Austrian company also stepped up its internationalization efforts in the first quarter by making preparations to enter the Turkish and Ukrainian markets.

OUTLOOK

In the further course of this year, Rohé intends to follow through with its internationalization strategy. The company plans to install a supply chain management system to optimize its operational processes. To this end, a new IT system was designed in the first quarter and will now be introduced throughout the group. With the help of the ARQUES Task Force, moreover, the company will proceed with the restructuring of other national subsidiaries, starting with Poland and the Czech Republic.



EUROSTYLE

Eurostyle is an automotive supplier that specializes in the development and production of systems, modules and individual components made of plastic for use in automobile interiors. The Eurostyle Group, which formerly consisted of the operating units of the Möller Group, has belonged to the ARQUES Group since the end of 2007. The Group has production sites in France, Spain and Brazil. In France and Spain, moreover, the company operates its own technology centers, with extensive research and development programs.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

As a first step, Eurostyle conducted a comprehensive analysis of the company and its competitive position on the basis of a reliable data basis. The company then developed an action plan that calls for strict management of the company's expenditures, in order to lower its fixed costs to a more competitive level. The company is also conducting a so-called "make or buy" analysis to determine whether specific components should be produced in-house, as before, or purchased from an outside partner. Eurostyle is also making preparations related to the insourcing of its logistics.

The ARQUES Task Force was able to negotiate new, improved terms with energy suppliers and insurance companies. Eurostyle also intends to bundle its groupwide purchasing activities, making it possible to realize additional synergies. Furthermore, the automotive supplier is stepping up its development activities and making preparations to open new engineering offices.

OUTLOOK

By strengthening its own development expertise and by making investments in innovative technologies, Eurostyle will seek to improve its positioning, especially with respect to special models, and generate additional orders. The company also intends to bolster its international position by entering into new cooperation arrangements. In the further course of this year, Eurostyle will refine and implement its restructuring plan.



SM ELECTRONIC

SM Electronic markets satellite and antenna receivers (digital TV) and electronic accessories for audio, video, home entertainment and multimedia applications under the brand name "Skymaster." SM Electronic is still in the first restructuring phase. It has belonged to the ARQUES Group since the end of 2007.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

In January 2008, SM Electronic implemented the restructuring plan that had been developed immediately after the acquisition. In this regard, workforce reduction measures were implemented in a socially responsible manner, in close consultation with the Works Council. A restructuring agreement involving the waiver of salary components and increased working hours was adopted in mid-February.

SM Electronic has initiated a strategy of focusing on its core business. To this end, the company first conducted an analysis of its product assortment to identify the unprofitable product groups that should be discontinued. In the sphere of international activities, unprofitable business relationships were terminated or renegotiated. SM Electronic also signed up Hyundai as a new brand of high-end receiver equipment.

OUTLOOK

In the second half of the year, the optimization of the product assortment will produce appreciable results for the company's bottom line. Furthermore, the insourcing of returns processing, a move that is currently being prepared, will lead to a substantial reduction in the cost of processing returns. The continued refinement and rigorous implementation of the restructuring plan, as well as the further optimization of internal processes in connection with the introduction of a new ERP system and the centralization of service functions, will lead to permanent improvements in the cost structure of SM Electronic.



REPORT ON OPPORTUNITIES AND RISKS

Certain opportunities and risks are associated with the future business development of the ARQUES Group. The company's risk policy is designed to take advantage of existing opportunities while limiting the associated risks by means of suitable instruments.

As part of the overriding business strategy, the risk policy of ARQUES Industries AG is designed to increase the value of the company. The risk strategy to be employed for this purpose can be determined only on the basis of an ongoing, systematic evaluation of the related risks and opportunities. ARQUES is prepared to accept appropriate, clearly identifiable and manageable risks if they give rise to the prospect of an appropriate increase in the company's value.

Detailed information on the opportunities and risks of the ARQUES business model, the subsidiaries of the ARQUES Group and the general economic and market-driven risks can be found in the 2007 Annual Report of ARQUES Industries AG.

FORECAST REPORT (OUTLOOK)

The continued positive business development of the ARQUES Group will depend primarily on the following profit contributions:

- Profits generated by the subsidiaries in their operating activities;
- Profits on the sale of successfully restructured subsidiaries;
- Profits on the acquisition of companies at bargain prices.

In view of the fact that the companies acquired before 2007 are already generating a positive profit on aggregate, ARQUES anticipates further improvements in its EBIT and EBITDA performance in 2008. The profits contributed by successful company sales will play an increasingly important role in the profit performance of ARQUES Industries AG. ARQUES also believes that a significant profit can be generated from its acquisitions in the form of income from the reversal of negative goodwill. Because ARQUES' business model is geared to the acquisition of companies in crisis situations, at prices that are lower than the target companies' net asset value, such acquisition gains are an integral part of the business model. The amount of income generated in every case usually can not be determined with any precision until the purchase price allocation is performed and is therefore very hard to predict prior to the acquisition.

Based on the foregoing, ARQUES anticipates that it will effect a total of 10 to 15 acquisitions and a total of 5 to 7 exits in the current year. The full-year revenue forecast is above EUR 6 billion and the full-year earnings target (EBITDA) is around EUR 275 million.

NET ASSET VALUE OF THE INVESTMENT PORTFOLIO

The total value of the ARQUES investment portfolio at May 16, 2008 is presented in the table below:

NAME OF GROUP	MAY 16, 2008 COMPANY VALUE (IN EUR MILLIONS)
ddp	10.1
Golf House	11.8
Evotape	4.4
Sommer Road Cargo Solutions	21.4
tiscon AG	17.3
Xerius AG	2.3
Hottinger	2.5
Fritz Berger	9.5
Rohner	21.0
Farbendruck Weber	6.1
Oxxynova	36.7
BEA TDL	13.0
BEA Electrics	14.0
Wanfried Druck Kalden	5.8
Van Netten	12.5
Capresa	5.6
Schöps	5.0
Rohé	9.1
Eurostyle	28.0
SM Electronic	2.9
Actebis	253.0
Anvis	49.0
ASM	*
Carl Froh	*
Total:	541.0

The value of the investment portfolio of ARQUES Industries AG was determined and subjected to a review on the basis of a free-cash flow-to-equity method according to Standard IDW S 1: "Principles for Conducting Company valuations" of the German accounting association Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW).

The calculations were performed on the basis of the operating budgets of the subsidiaries and the medium-term financing plans developed on that basis. The free cash flows were discounted to present value by application of a discount rate that is relevant to the company, which was determined, in turn, by application of a CAPM (Capital Asset Pricing Model) on the basis of up-to-date capital markets data.

The exchange-listed subsidiaries tiscon AG and Xerius AG were included in the calculations at their proportional market capitalization at May 16, 2008.

The net asset value of the investment portfolio differs from the figures presented in the consolidated financial statements (carrying amount of investments); in particular, the net asset value can be higher or lower than the figures presented in the consolidated financial statements.

*Those companies whose budgets and medium-term financing plans were not yet sufficiently reliable were not included in the determination of the net asset value. This can be the case with newly acquired companies, in particular.



CONSOLIDATED FINANCIAL STATEMENTS OF ARQUES INDUSTRIES AG

CONSOLIDATED INCOME STATEMENT FOR THE FIRST QUARTER OF 2008

EUR'000	01/01 – 03/31/2008	01/01 – 03/31/2007 ³
Revenues	1,347,969	245,500
Change in inventories of finished and semi-finished goods	2,970	6,402
Other internal production capitalized	3,145	668
Other operating income	20,076	33,749
Purchased goods and services	-1,157,901	-187,755
Personnel expenses	-113,747	-40,143
Other operating expenses	-87,197	-30,746
EBITDA¹	15,315	27,675
Depreciation, amortization and impairments	-19,100	-6,350
EBIT²	-3,785	21,325
Income/expenses of non-current financial assets accounted for by the equity method	383	491
Other interest and similar income	1,213	573
Interest and similar expenses	-9,192	-1,334
Net financial income/expenses	-7,596	-270
Income from ordinary activities	-11,381	21,055
Income taxes	-3,445	-1,327
Consolidated net profit for the year	-14,826	19,728
Share of consolidated net profit attributable to minority interests	-852	-883
Share of consolidated net profit attributable to shareholders of ARQUES Industries AG	-13,974	20,611
Earnings per common share		
- Basic in EUR	-0.53	0.84
- Diluted in EUR	-0.53	0.84

1 EBITDA: Earnings from ordinary activities before interest, taxes, depreciation, amortization and impairments.

EBITDA is an earnings indicator that has not been definitively defined according to International Accounting Standards.

2 EBIT: Earnings from ordinary activities before interest and taxes. EBIT is an earnings indicator that has not been definitively defined according to International Accounting Standards.

3 In this regard, please refer to the explanatory note "Adjustment of comparison information from the consolidated financial statements for the first quarter of 2007" in the notes to the financial statements.

CONSOLIDATED BALANCE SHEET AT MARCH 31, 2008

ASSETS

EUR'000	03/31/2008	12/31/2007 ¹
Non-current assets		
Intangible assets	154,925	154,764
Property, plant and equipment	344,632	362,379
Investment property	247	250
Non-current assets accounted for by the equity method	4,731	4,564
Financial assets	4,460	3,784
Other non-current assets	208	219
Deferred tax assets	33,676	34,496
Total non-current assets	542,879	560,456
Current assets		
Inventories	458,535	439,029
Receivables from percentage of completion	15,311	15,040
Trade receivables	375,071	428,104
Available-for-sale financial assets	1,375	1,418
Other assets	186,376	228,923
Tax refund claims	13,974	13,932
Cash and cash equivalents	78,136	84,540
	1,128,778	1,210,986
Assets held for sale	116,913	60,359
Total current assets	1,245,691	1,271,345
Total assets	1,788,570	1,831,801

¹ In this regard, please refer to the explanatory note "Adjustment of comparison information from the consolidated financial statements for the first quarter of 2007" in the notes to the financial statements.

EQUITY AND LIABILITIES

EUR'000	03/31/2008	12/31/2007 ¹
Equity		
Subscribed capital	26,402	26,357
Additional paid-in capital	72,918	72,473
Retained earnings	20,290	20,290
Accumulated other comprehensive income	260,918	272,973
	<u>380,528</u>	<u>392,093</u>
Minority interests	10,708	6,712
Total equity	391,236	398,805
Non-current liabilities		
Pension obligations	25,446	32,201
Provisions	33,138	31,466
Financial liabilities	84,374	81,906
Liabilities under finance leases	41,073	41,426
Other liabilities	49,699	53,192
Deferred tax liabilities	57,112	59,486
Total non-current liabilities	290,842	299,677
Current liabilities		
Provisions	31,413	36,046
Financial liabilities	249,315	257,597
Trade payables	542,399	581,472
Tax liabilities	30,208	28,564
Other liabilities	184,678	221,097
	<u>1,038,013</u>	<u>1,124,776</u>
Liabilities related to assets held for sale	68,479	8,543
Total current liabilities	1,106,492	1,133,319
Total equity and liabilities	1,788,570	1,831,801

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT MARCH 31, 2008

EUR '000	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL
December 31, 2006	24,267	31,444
Appropriation to retained earnings	0	0
Dividend payment 2007	0	0
Capital increase	2,183	44,091
Changes in minority interests	0	0
Other changes	0	0
Total transactions with shareholders	2,183	44,091
Consolidated net profit	0	0
Minority interests	0	0
Consolidated net profit after minority interests	0	0
Stock option program	0	0
Currency changes	0	0
Available-for-sale securities	0	0
Other changes	0	0
Total changes not recognized in the income statement	0	0
Total net income	0	0
Treasury shares	-93	-3,062
December 31, 2007	26,357	72,473
IFRS 3.61 ff.		
December 31, 2007	26,357	72,473
Appropriation to retained earnings	0	0
Dividend payment 2007	0	0
Capital increase	0	0
Changes in minority interests	0	0
Other changes	0	0
Total transactions with shareholders	0	0
Consolidated net profit after minority interests 2007	0	0
Minority interests	0	0
Consolidated net profit after minority interests	0	0
Stock option program	0	0
Currency changes	0	0
Available-for-sale securities	0	0
Other changes	0	0
Total changes not recognized in the income statement	0	0
Total net income	0	0
Treasury shares	45	445
March 31, 2008	26,402	72,918

RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	ADJUSTMENTS FOR MINORITY INTERESTS	CONSOLIDATED EQUITY
5,302	186,413	27,378	274,804
14,988	-14,988	0	0
0	-12,376	0	-12,376
0	0	0	46,274
0	0	-20,912	-20,912
0	0	0	0
0	-12,376	-20,912	12,986
0	114,551	0	114,551
0	0	175	175
0	114,551	175	114,726
0	353	0	353
0	-1,373	0	-1,373
0	2	0	2
0	-249	0	-249
0	-1,267	0	-1,267
0	113,284	175	113,459
0	0	0	-3,155
20,290	272,333	6,641	398,094
	640	71	711
20,290	272,973	6,712	398,805
0	0	0	0
0	0	0	0
0	0	0	0
0	0	4,848	4,848
0	0	0	0
0	0	4,848	4,848
0	-13,974	0	-13,974
0	0	-852	-852
0	-13,974	-852	-14,826
0	314	0	314
0	915	0	915
0	0	0	0
0	690	0	690
0	1,919	0	1,919
0	-12,055	-852	-12,907
0	0	0	490
20,290	260,918	10,708	391,236

CONSOLIDATED CASH FLOW STATEMENT FOR THE FIRST QUARTER OF

EUR'000

Earnings before taxes (EBT)

Reversal of negative goodwill
Depreciation and amortization of PP&E and intangible assets
Increase (+)/ decrease (-) in pension provisions
Gain (-)/loss (+) on the sale of property, plant and equipment
Gain (-)/loss (+) on the sale of non-current financial assets
Gain (-)/loss (+) on currency translation
Issuance of stock options
At-equity valuation result
Other non-cash income and expenses
Dividends received
Net interest income/expenses
Interest received
Interest paid
Income taxes paid
Increase(-)/ decrease (+) in inventories
Increase(-)/ decrease (+) in trade receivables and other receivables
Increase (+)/ decrease (-) in trade payables, other liabilities and other provisions
Increase (+)/ decrease (-) in assets held for sale and liabilities related to assets held for sale
Increase (+)/ decrease (-) in other balance sheet items

Cash inflow (+)/outflow (-) from/for operating activities (net cash flow)

Payments for shares in companies
Cash acquired in connection with the purchase of shares
Receipts from the sale of shares in companies
Cash given up in connection with the sale of shares
Receipts from sale of non-current assets
Payments for investments in non-current assets

Cash inflow (+)/outflow (-) from/for investing activities

Free cash flow

Payments for the borrowing (+)/repayment (-) of current financial liabilities
Payments for the borrowing (+)/repayment (-) of non-current financial liabilities
Payments in connection with liabilities under finance leases
Other changes in equity
Capital increase of ARQUES Industries AG
Purchase of treasury shares
Dividend payment

Cash inflow (+)/outflow (-) from/for financing activities

Net funds at beginning of period
Increase (-)/ decrease (+) in restricted cash
Change in net funds

Net funds at end of period

Restricted cash

Cash and cash equivalents



2008

	01/01/2008 - 03/31/2008	01/01/2007 - 03/31/2007
	-11,381	25,940
	0	-30,529
	19,100	6,944
	-12	238
	-8,027	-1,824
	788	0
	768	-174
	314	311
	-383	-724
	-4,744	-273
	0	0
	7,979	716
	890	404
	-2,041	-1,033
	-1,029	-36
	-42,879	-11,860
	72,332	-17,790
	-37,870	17,061
	18,415	-74
	-1,910	305
	10,310	-12,398
	0	-9,795
	0	341
	8,500	7,959
	-215	-925
	439	1,119
	-15,179	-4,965
	-6,455	-6,266
	3,855	-18,664
	-3,380	-5,599
	-2,278	5,419
	-4,095	-1,624
	-	-
	-	-
	-506	0
	-	-
	-10,259	-1,804
	69,865	88,154
	-6,437	-4,901
	-6,404	-20,468
	57,024	62,785
	21,112	8,753
	78,136	71,538

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2008

1. GENERAL INFORMATION ON ACCOUNTING AND VALUATION METHODS

The consolidated financial statements of ARQUES Industries AG for the first quarter of 2008 and the prior-year comparison figures were prepared in accordance with the International Accounting Standards (IAS) or International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and in accordance with the interpretations of those standards by the Standard Interpretations Committee (SIC) or the International Financial Reporting Interpretations Committee (IFRIC), as they are to be applied in the European Union, and in accordance with IFRS in their entirety. All Standards that were in effect and obligatory as of March 31, 2008 were observed, leading to the presentation of a true and fair view of the assets, financial position and earnings of the ARQUES Group.

2. ADJUSTMENT OF THE COMPARISON INFORMATION FROM THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER OF 2007

The figures at January 1, 2008 were adjusted in accordance with IFRS 3.61 ff. The purchase price allocation at December 31, 2007 for the subsidiary SM Electronics GmbH, which was acquired in the fourth quarter of 2007, was preliminary according to the definition of IFRS 3.61 ff.

Preliminary purchase price allocations according to IFRS 3.61 ff. are typical of the ARQUES business model. They are unavoidable due to the time-intensive and complex demands to be met in the process of a purchase price allocation and the time required to arrange an audit by the independent auditor. Depending on the complexity of a given acquisition, this process can take several months. According to IFRS 3.61 ff., however, such acquisitions should be presented in the financial statements as soon as valid preliminary figures are available and the presentation should not be delayed until the purchase price allocation is finally completed. In accordance with the qualitative demands placed on financial statements in the IFRS framework, the prompt provision of information to the users of the financial statements is more important than providing more exact information at a later date.

The adjustments to the figures for SM Electronics GmbH were mainly related to the measurement of inventories and receivables and the adjustment of warranty provisions. Due to the fact that this company was acquired at December 31, 2007, certain assumptions had to be applied, which in retrospect have been found to be too negative. In other words, if the calculations had been performed in this manner already at December 31, 2007, the negative goodwill would have been higher by EUR 711 thousand. In connection with the adjustments prescribed by IFRS 3.61 ff., this adjustment was recognized directly in equity as an increase in equity at January 1, 2008.

The effects of the adjustments on the various balance sheet items are presented in the following tables:

EUR'000	12/31/2007	ADJUSTMENT AS PER IFRS 3.61	12/31/2007 ADJUSTED
ASSETS			
Non-current assets			
Intangible assets	154,764		154,764
Property, plant and equipment	362,379		362,379
Investment property	250		250
Non-current financial assets accounted for by the equity method	4,564		4,564
Financial assets	3,784		3,784
Other non-current assets	219		219
Deferred tax assets	34,496		34,496
Total non-current assets	560,456	0	560,456
Current assets			
Inventories	437,780	1,249	439,029
Receivables under percentage of completion	15,040		15,040
Trade receivables	428,390	-286	428,104
Available-for-sale financial assets	1,418		1,418
Other assets	228,923		228,923
Tax refund claims	13,932		13,932
Cash and cash equivalents	84,540		84,540
	1,210,023	963	1,210,986
Assets held for sale	60,359		60,359
Total current assets	1,270,382	963	1,271,345
Total assets	1,830,838	963	1,831,801

EUR'000	12/31/2007	ADJUSTMENT AS PER IFRS 3.61	12/31/2007 ADJUSTED
EQUITY AND LIABILITIES			
Subscribed capital	26,357		26,357
Additional paid-in capital	72,473		72,473
Retained earnings	20,290		20,290
Accumulated other comprehensive income	272,333	640	272,973
	391,453	640	392,093
Minority interests	6,641	71	6,712
Total equity	398,094	711	398,805
Non-current liabilities			
Pension obligations	32,201		32,201
Provisions	31,214	252	31,466
Financial liabilities	81,906		81,906
Liabilities under finance leases	41,426		41,426
Other liabilities	53,192		53,192
Deferred tax liabilities	59,486		59,486
Total non-current liabilities	299,425	252	299,677
Current liabilities			
Provisions	36,046		36,046
Financial liabilities	257,597		257,597
Trade payables	581,472		581,472
Tax liabilities	28,564		28,564
Other liabilities	221,097		221,097
	1,124,776	0	1,124,776
Liabilities related to assets held for sale	8,543		8,543
Total current liabilities	1,133,319	0	1,133,319
Total equity and liabilities	1,830,838	963	1,831,801

As a result of the sale of shares in the SKW Group in fiscal year 2007, the comparison values from the first quarter of 2007 are presented separately in the income statement, either as “continuing operations” or “discontinued operations,” in accordance with IFRS 5, as follows:

01/01 - 03/31/2007 in EUR'000	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
Revenues	245,500	49,983	295,483
Change in inventories of finished and semi-finished goods	6,402	1,064	7,466
Other internal production capitalized	668	0	668
Other operating income	33,749	2,605	36,354
Purchased goods and services	-187,755	-39,199	-226,954
Personnel expenses	-40,143	-3,717	-43,860
Other operating expenses	-30,746	-5,535	-36,281
EBITDA	27,675	5,201	32,876
Depreciation, amortization and impairments	-6,350	-594	-6,944
EBIT	21,325	4,607	25,932
Income/expenses from non-current financial assets accounted for by the equity method	491	233	724
Other interest and similar income	573	286	859
Interest and similar expenses	-1,334	-241	-1,575
Net financial income/expenses	-270	278	8
Income from ordinary activities	21,055	4,885	25,940
Income taxes	-1,327	-791	-2,118
Consolidated net profit for the year	19,728	4,094	23,822
Share of consolidated net profit attributable to minority interests	-883	760	-123
Share of consolidated net profit attributable to shareholders of ARQUES Industries AG	20,611	3,334	23,945
Earnings per common share			
- Basic in EUR	0.84	0.15	0.99
- Diluted in EUR	0.84	0.14	0.98

3. CHANGES IN THE CONSOLIDATION GROUP

3.1. NOTES ON COMPANY ACQUISITIONS

COMPANY ACQUISITIONS AFTER MARCH 31, 2008

At the end of April 2008, ARQUES Industries AG acquired, via ARQUES European Asset Management GmbH, all the equity of the package delivery service Agencia Servicios Mensajería (ASM), Madrid, for a purchase price of EUR 1. The company operates in Spain, Portugal and Andorra. The sellers were Grupo Agbar, one of the biggest Spanish industrial holding companies, and the company JPL Noray SL.

ASM performs courier, transport and special logistical services for large-scale customers in the sectors of telecommunications, banking and insurance, as well as the pharmaceuticals industry. ASM has about 350 employees and maintains 50 branch offices and field offices in Spain, Portugal and Andorra. The company generated revenues of more than EUR 45 million in 2007.

At the end of April 2008, ARQUES Industries AG signed an agreement to purchase all the equity of Carl Froh GmbH, Sundern, a manufacturer of precision steel tubes. The closing is expected to occur at the end of May 2008 at the latest. The seller was the exchange-listed Finnish Rautaruukki Corporation (Ruukki), based in Helsinki, which intends to focus more strongly on its core business. Carl Froh is a leading manufacturer of precision steel tubes that generated revenues of about EUR 60 million in 2007.

With about 200 employees, Carl Froh produces high-quality, welded precision steel tubes mainly for use in household appliances and automobiles. It generated revenues of about EUR 60 million on a profitable basis in 2007. The company supports its customers throughout the development process, from the initial idea to serial production. By virtue of its site-based expertise, Carl Froh is capable of producing welded and custom-rolled tubes that meet the highest quality standards and help to lower the production costs of the company's customers. The company has a broad base of customers and suppliers. In accordance with its business model, ARQUES will not assume any bank debts in connection with the acquisition of Carl Froh. ARQUES also acquired three real properties as part of the transaction.

3.2. NOTES ON COMPANY SALES

COMPANY SALES IN THE FIRST QUARTER OF 2008

On February 22, 2008, ARQUES sold the operating business of the building supplier **Missel GmbH & Co. KG** (part of the Industrial Production segment) to the globally active KOLEKTOR Group from Slovenia for a sale price of EUR 8.5 million, under the terms of an asset deal. The other assets, including the land and buildings, in particular, as well as other debts, will remain with the company.

At February 22, 2008, the transferred assets and liabilities of Missel GmbH & Co. KG broke down as follows:

EUR'000	2008
Assets	
Non-current assets	2,936
Inventories	2,492
Current receivables	2,515
Bank accounts and collateral	215
	8,158
Liabilities	
Current liabilities	2,728

In the quarterly financial statements of ARQUES at March 31, 2008, a preliminary profit of EUR 3.1 million was recognized on the sale of Missel and presented within the other operating income.

COMPANY SALES AFTER MARCH 31, 2008

In April 2008, ARQUES sold **Oxiris Chemicals S.A.**, Spain (part of the Specialty Chemistry segment), to a strategic investor under the terms of a share purchase agreement. The transaction volume was EUR 10.5 million.

At March 31, 2008, the held-for-sale assets and liabilities of Oxiris Chemicals S.A. broke down as follows:

EUR'000	2008
Assets	
Non-current assets	8,870
Inventories	521
Current receivables	8,464
Bank accounts and collateral	1,339
	19,194
Liabilities	
Current liabilities	8,909

In April 2008, ARQUES sold the **Jahnel-Kestermann Group** (part of the Steel segment), which had been acquired in 2005, to a South Korean investor for EUR 18.5 million. If certain defined targets for 2008 are met, additional purchase price payments of up to EUR 1.5 million may be received.

At March 31, 2008, the held-for-sale assets and liabilities of the Jahnel-Kestermann Group broke down as follows:

EUR'000	2008
Assets	
Non-current assets	19,560
Inventories	44,374
Current receivables	1,664
Bank accounts and collateral	229
	65,827
Liabilities	
Current liabilities	56,842

4. DISCLOSURES REGARDING DEALINGS WITH RELATED PARTIES

According to IAS 24, related parties are defined as persons or companies that can be influenced by or can influence the reporting enterprise.

From ARQUES' perspective, only the company EMG Holding GmbH was a related party in the first quarter of 2008 according to the definition of IAS 24 because it could have been influenced by an active member of the Executive Board of the ARQUES Group during this time.

The following transactions were effected between the ARQUES Group and EMG Holding GmbH:

EUR'000	01/01 – 03/01/2008	01/01 – 03/01/2007
Cost of consulting services and lease payments	21	62

The above-mentioned consulting services and lease payments of EMG Holding GmbH were related to the services of Dr. Martin Vorderwülbecke, the Executive Board Chairman who resigned with effect on January 31, 2008.

5. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

With the exception of the transactions indicated in the sections on company acquisitions and company sales, there were no further significant events after the balance sheet date.

Starnberg, May 2008

ARQUES Industries AG

The Executive Board



Dr. Michael Schumann



Felix Frohn-Bernau



Bernd Schell



FINANCIAL CALENDER

- May 21, 2008** 1st quarterly report for the 2008 fiscal year
- July 3, 2008** Annual General Meeting in Munich
- August 21, 2008** 2nd quarterly report for the 2008 fiscal year
- November 20, 2008** 3rd quarterly report for the 2008 fiscal year

PUBLISHER INFORMATION

PUBLISHER

ARQUES Industries AG
Münchner Strasse 15a,
82319 Starnberg, Germany

Phone: +49 (0) 8151 651 - 0, Fax: +49 (0) 8151 651 - 500
info@arques.de, www.arques.de

EDITORIAL TEAM

ARQUES Industries AG
Investor Relations & Corporate Communication
Anke Lüdemann, CEFA/CIIA
Christian Schneider

CONCEPT, DESIGN, PRODUCTION

ARQUES Industries AG
Task Force Marketing
Helmut Kremers, kremers@arques.de

CREATING
VALUE THROUGH
ACTIVE INVOLVEMENT



Münchner Str. 15a, 82319 Starnberg, Germany, info@arques.de, www.arques.de
Phone: +49 (0) 8151 651-0, Fax: +49 (0) 8151 651-500