

FINANCIAL  
REPORT

for the

3

rd quarter of

2005

“Creating value  
through active  
involvement”



# Introduction

Dear shareholders and business partners,  
employees and friends of our company:

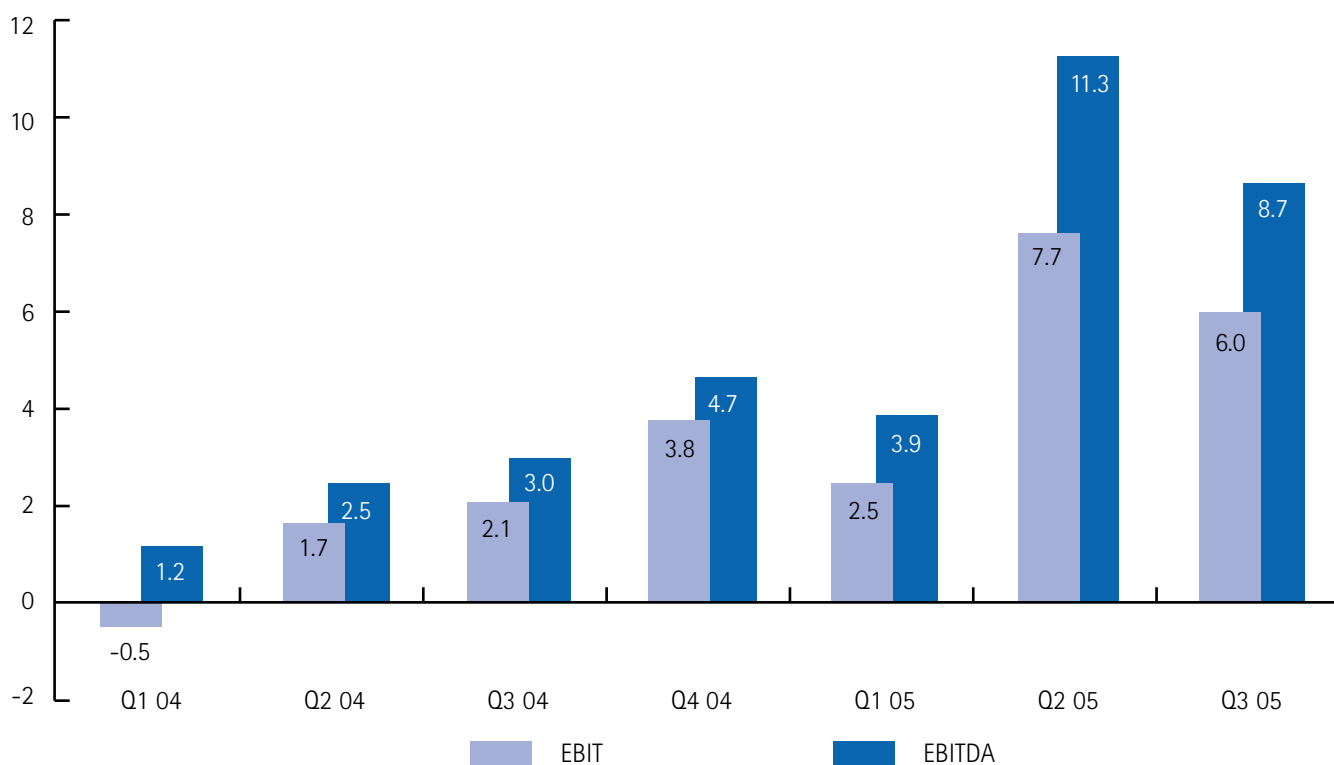
We are pleased to report on the satisfying revenues and profits of the ARQUES Group in the third quarter of 2005. The goals for 2005 which were set at the General Meeting held on July 14, 2005, have already been achieved to a large extent.

The following consolidated financial figures are comparable to those of the equivalent periods last year only to a certain extent in light of the strong growth and substantial changes within the consolidated group. On the other hand, due to the lack of substantial acquisitions in the third quarter and thus a lack of one-off effects such as bargain purchases, the figures offer a good reflection of the operational efficiency of the company.

In the third quarter of 2005 the consolidated revenues amounted to € 104.5 million, an increase of 208.2% compared with the equivalent period last year (Q3 2004: € 33.9 million). The EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to € 8.7 million, an increase of 187.0% (Q3 2004: € 3.0 million), and the EBIT (earnings before interest and taxes) increased by 185.3% to € 6.0 million (Q3 2004: € 2.1 million). The consolidated quarterly surplus thus amounted to € 3.4 million (Q3 2004: € 20.4 million including bargain purchase).

In the first nine months revenues could be increased by 337.6% to € 283.9 million (first nine months of 2004: € 64.9 million). The EBITDA amounted to € 23.9 million compared with € 5.7 million in the equivalent period last

Development of the quarterly profits within the ARQUES Group (in € million)



year (+320.1%). The EBIT increased disproportionately by 389.5% to € 16.2 million (first nine months of 2004: € 3.3 million). Thereby a consolidated profit of € 25.5 million could be obtained in the nine month period (first nine months of 2004: € 21.5 million). This consolidated profit contains a profit contribution to the value of € 14.7 million from the bargain purchases from the initial consolidation of the subsidiaries acquired mainly in the second quarter of 2005. The result per share amounted to € 12.14 (first nine months of 2004: € 12.88).

On July 1, 2005, Dr. Stefan Gros was appointed Chief Financial Officer. He represented the financial department at the General Meeting on July 14, 2005 in Munich.

Based on successful investor road shows in London and Frankfurt, we also executed a capital increase for cash against the issuing of 200,000 new shares in July 2005.

On August 10, 2005, ARQUES Industries Aktiengesellschaft acquired 95% of the shares in Circel Grundstücks- und Vermögensverwaltung AG in Rohrdorf.

On August 23, 2005, the ddp Group was extended by the acquisition of 75.2% of the shares in Colourpress.com A/S in Haderslev (Denmark).

After the successful change over into the Prime Standard segment in the second quarter of 2005, ARQUES Industries Aktiengesellschaft was included in the SDAX effective September 19, 2005, based on the decision of the German Stock Exchange on September 5, 2005. Hereby the Executive Board expects a further rise in the trade volume as well as positive effects on the company value.

Shortly before the end of the third quarter of 2005, the Executive Board of ARQUES Industries Aktiengesellschaft decided to take over Sommer Fahrzeugbau based in Bielefeld. Since ARQUES only took over control in October 2005, the results of the Sommer Group are not yet allowed for in the current figures.

On September 29, 2005, ARQUES Industries Aktiengesellschaft took over 80% of the shares in Xerius BioScience AG. Since the business operations are currently dormant, the company was not yet consolidated in the third quarter.

Further significant progress could be made within the ARQUES portfolio of participating interests in the third quarter:

At teutonia Kinderwagenfabrik GmbH, a new co-managing director was appointed. The purchasing of preliminary products from China was expanded. We expect the complete implementation of the measures to optimise purchasing by the middle of 2006. The response at the important industry trade fair in September 2005 in Cologne was extremely positive, also due to the new model range.

The SKW Stahl-Metallurgie Group also profited in the third quarter of 2005 from the initiated cost reductions and the concentration on high margin products. SKW managed to free itself from the current stagnating tendency in the international steel markets. The measures for the relocation and expansion of production in Asia and Eastern Europe were continued successfully.

The sound insulation and sanitary specialist, E. Missel GmbH & Co. KG, continued its expansion strategy. A new sales manager was appointed to strengthen this important division. The expense situation showed significantly more favourable development than expected.

ddp Deutscher Depeschendienst GmbH succeeded in obtaining new customers from different media sectors by means of the product campaign initiated by the ARQUES management. The company restructuring continues as planned.

The second restructuring phase is being implemented at SKS Stakusit Bautechnik GmbH who specialises in roller shutters and insect protection screens. In this phase, the logistics and warehousing processes and inventories could be improved. The distribution activities in South-eastern Europe were strengthened and the Working Capital further optimised.

The printing segment continued to develop positively. In the context of our industry-bound concept, the synergy between the complementary companies has been raised.

A new business field, Services, was developed at the Bochum-based Jahnell-Kestermann Getriebewerke GmbH & Co. KG.

Increasing revenues are expected in the fourth quarter, primarily from the newly acquired subsidiaries. In this regard, we have confidence particularly in the printing segment. The existing portfolio of participating interests shows further positive operative development. Until the end of the financial year 2005, the annualised revenue should exceed the previously announced € 500 million mark.

At present we expect that the total consolidated revenues will amount to € 415.0 million, with a prognosticated EBITDA of € 32.5 million and group earnings after taxes and bargain purchase of € 44.3 million.

Sincerely,

The Executive Board of ARQUES Industries Aktiengesellschaft



Dr. Dr. Peter Löw - Chairman



Dr. Stefan Gros



Dr. Martin Vorderwülbecke



Markus Zöllner

# Financial Statements

## Income Statement for the first nine months of 2005

EUR '000	Jan. 1, 2005– Sep. 30, 2005	Jan. 1, 2004– Sep. 30, 2004	Jul. 1, 2005– Sep. 30, 2005	Jul. 1, 2004– Sep. 30, 2004
1. Revenues	283,864	64,871	104,500	33,909
2. Increase (decrease) in inventories of finished goods and work in progress	3,106	1,016	(275)	1,072
3. Other operating income	18,956	8,381	4,895	3,342
4. Cost of materials	191,199	37,306	68,536	22,442
5. Personnel expense	52,571	21,826	18,058	7,577
6. Other operating expenses	38,250	9,446	13,834	5,275
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	23,906	5,690	8,692	3,029
7. Depreciation and amortisation of intangible assets, property, plant and equipment, goodwill	7,735	2,386	2,655	913
Earnings before interest and taxes (EBIT)	16,171	3,304	6,037	2,116
8. Income from other non-current marketable securities and long-term loans	504	0	160	0
9. Other interest and similar income	276	0	166	0
10. Interest and similar expenses	884	395	385	354
11. Profit from ordinary activities	16,067	2,909	5,977	1,763
12. Minority interest in consolidated profit (loss)	89	(59)	(235)	0
13. Profit before income taxes	16,156	2,850	5,743	1,763
14. Income taxes	5,316	245	2,600	130
15. Profit after income taxes	10,840	2,605	3,143	1,633
16. Income from the reversal of negative goodwill arising from capital consolidation (bargain purchase)	14,655	18,860	244	18,794
17. Consolidated profit	25,495	21,465	3,387	20,427
18. Profit (loss) carried forward	40,389	3,260		
19. Dividends	2,331	1,600		
<b>20. Consolidated net profit</b>	<b>63,553</b>	<b>23,125</b>		

# Consolidated Balance Sheet at September 30, 2005

## ASSETS

EUR '000	Sep. 30, 2005	Dec. 31, 2004
<b>A. Non-current assets</b>		
<b>I. Intangible assets</b>		
1. Franchises, operating licences, intellectual property and similar rights and assets, and licences under such rights and assets	1,978	2,406
2. Goodwill	7,862	(1,889)
3. Advances to suppliers	2	104
	<u>9,842</u>	<u>621</u>
<b>II. Property, plant and equipment</b>		
1. Land, equivalent rights to real property and buildings, including buildings on land not owned	32,198	28,766
2. Technical equipment and machinery	21,540	6,145
3. Other equipment, plant and office equipment	5,647	3,103
4. Advances to suppliers	1,218	637
	<u>60,603</u>	<u>38,651</u>
<b>III. Investments</b>		
1. Shares in affiliated companies	937	487
2. Shares in companies valued at equity	1,927	1,718
3. Long-term loans to affiliated companies	25	30
4. Other long-term loans	73	248
5. Non-current marketable securities	312	73
	<u>3,274</u>	<u>2,556</u>
	<b>73,719</b>	<b>41,828</b>
<b>B. Current assets</b>		
<b>I. Inventories</b>		
1. Raw materials and supplies	22,364	15,817
2. Work in progress	3,925	1,780
3. Finished goods and merchandise for resale	25,102	11,496
4. Advances to suppliers	121	3,231
	<u>51,511</u>	<u>32,324</u>
<b>II. Receivables and other assets</b>		
1. Trade accounts receivable	59,494	46,963
2. Other assets	9,370	5,551
	<u>68,864</u>	<u>52,514</u>
<b>III. Cash on hand, cash in banks, and cheques</b>	<u>27,966</u>	<u>12,860</u>
	<b>148,341</b>	<b>97,698</b>
<b>C. Deferred tax assets</b>	<b>3,472</b>	<b>1,640</b>
<b>D. Prepaid expenses</b>	<b>1,823</b>	<b>543</b>
<b>Total assets</b>	<b>227,355</b>	<b>141,709</b>

# Consolidated Balance Sheet at September 30, 2005

## SHAREHOLDERS' EQUITY AND LIABILITIES

EUR '000	Sep. 30, 2005	Dec. 31, 2004
<b>A. Shareholders' equity</b>		
I. Subscribed capital	2,227	2,027
II. Additional paid-in capital	26,935	9,905
III. Retained earnings	95	95
IV. Consolidated net profit (loss)	63,553	40,389
V. Minority interest	2,239	828
VI. Translation adjustment	458	(94)
	<u>95,507</u>	<u>53,150</u>
<b>B. Provisions</b>		
1. Provisions for pensions and similar obligations	12,207	4,598
2. Provisions for taxes	3,710	637
3. Provisions for deferred taxes	1,882	2,464
4. Other provisions	29,199	15,928
	<u>46,999</u>	<u>23,627</u>
<b>C. Liabilities</b>		
1. Short-term financial liabilities	15,903	12,093
2. Long-term financial liabilities	5,315	9,095
3. Advances received on orders	0	1,171
4. Trade accounts payable	47,424	36,665
5. Other liabilities	15,551	5,890
	<u>84,193</u>	<u>64,914</u>
<b>D. Deferred income</b>	<b>656</b>	<b>18</b>
<b>Total shareholders' equity and liabilities</b>	<b>227,355</b>	<b>141,709</b>

## Statement of Changes in Shareholders' Equity

EUR '000	Subscribed capital	Additional paid-in capital	Retained earnings	Consolidated net profit	Difference resulting from capital consolidation	Translation adjustment	Minority interest	Consolidated shareholders' equity
January 1, 2004	1,600	92	95	3,260	2,156	0	394	7,597
Profit Jan. 1 - Sep. 30				21,465				21,465
Capital increase	427	9,813						10,240
Dividends				(1,600)				(1,600)
Other changes				(1,406)	(2,156)	0	78	(3,484)
September 30, 2004	2,027	9,905	95	21,719	0	0	472	34,218
January 1, 2005	2,027	9,905	95	40,389	0	(94)	828	53,150
Profit Jan. 1 - Sep. 30				25,495				25,495
Capital increase	200	17,952						18,152
Cost of capital increase		(923)						(923)
Dividends				(2,331)				(2,331)
Other changes						552	1,411	1,963
September 30, 2005	2,227	26,935	95	63,553	0	458	2,239	95,507



# Cash Flow Statement for the first nine months of 2005

EUR '000	Jan. 1 – Sep. 30, 2005*
<b>1. Earnings before taxes and bargain purchase</b>	<b>16,155</b>
2. Depreciation/amortisation of property, plant and equipment and intangible assets	7,735
3. Change in provisions	(7,711)
4. Change in inventories	(6,403)
5. Change in receivables and other assets	(8,384)
6. Increase (decrease) in debt	10,095
7. Actual and latent income tax payments as well as changes to tax provisions	(3,336)
8. Other non-cash income and expenses	2,545
<b>9. Net cash provided by operating activities</b>	<b>10,696</b>
10. Proceeds from acquisitions: purchase price paid less cash and cash equivalents	1,586
11. Payments for acquisitions: purchase price received less cash and cash equivalents	(2,354)
12. Payments for capital spending on non-current assets	(4,833)
13. Other non-cash effects of initial consolidation and changes in shareholdings	(5,019)
<b>14. Net cash used in investing activities</b>	<b>(10,620)</b>
15. Decrease in short-term liabilities	(341)
16. Increase in long-term liabilities	1,025
17. Capital increase of ARQUES Industries Aktiengesellschaft less costs thereof	17,229
18. Dividends paid out by ARQUES Industries Aktiengesellschaft	(2,331)
<b>19. Net cash provided by financing activities</b>	<b>15,582</b>
20. Effect of exchange rates on cash and cash equivalents	(552)
21. Cash and cash equivalents at start of period	12,860
22. Change in cash and cash equivalents	15,106
<b>23. Cash and cash equivalents at end of period</b>	<b>27,966</b>

\* The figures for the corresponding period last year are not shown due to the significant changes in the consolidated group and the ensuing lack of comparability.

## Consolidated Segment Report

	Industry	Services	Consolidation	Group
	Jan. 1 - Sep. 30, 2005 EUR '000	Jan. 1 - Sep. 30, 2005 EUR '000	Jan. 1 - Sep. 30, 2005 EUR '000	Jan. 1 - Sep. 30, 2005 EUR '000
Revenues per segment	283,079	1,771	(986)	283,864
of which: with other segments	0	985	(985)	0
EBIT	19,381	(3,210)	0	16,171
EBITDA	25,765	(1,857)	(2)	23,906
Financial profit (loss)	(1,015)	683	228	(104)
Depreciation and amortisation	(6,381)	(1,354)	0	(7,735)
Segment assets	217,758	34,035	(24,438)	227,355
Segment liabilities	115,084	7,430	(38,321)	84,193
Investments	4,712	121		4.833
Employees (nine monthly average)	1,513	8		1,525

# Notes to the financial statements at September 30, 2005

## General information

ARQUES Industries Aktiengesellschaft has its registered office and principal place of business in Münchner Str. 15a, Starnberg, Germany and is registered with the Munich District Court under entry number HRB 146.911. It is the parent company of the ARQUES Group. In particular, the object of the parent company's business operations is to acquire and restructure companies in transitional situations, meaning unresolved succession issues, modernisation, corporate spin-offs or economic difficulties. The acquired companies are generally sold on after around three to eight years.

## Main accounting policies

The financial statements at September 30, 2005 have been prepared in accordance with the International Financial Reporting Standards (IFRS) compliant with the pronouncements of the International Accounting Standards Board (IASB). All the relevant

standards have been observed, including the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

Information on the acquisition and disposal of participating interests together with the related financial data compliant with IFRS 3.66, 3.67, 3.70 and 3.74 has not been disclosed in order to comply with protection-of-confidence clauses and existing contractual secrecy provisions with buyers and sellers.

The main accounting policies have been retained unchanged compared with the consolidated financial statements at December 31, 2004. Please refer to the 2004 Annual Report for more information.

The information for the nine month time period to September 30, 2004 and September 30, 2005, as well as information for the third quarter of 2005 and 2004 is only of limited use for comparison purposes due to the significant changes in the consolidated group.

## Key figures of the ARQUES Industries Group:

		Jan.1 - Sep. 30, 2005	3rd quarter 2005	2nd quarter 2005	1st quarter 2005	Jan.1 - Sep. 30, 2004
Revenues	€ '000	283,684	104,500	106,708	72,656	64,871
EBITDA*	€ '000	23,906	8,692	11,278	3,937	5,690
EBIT*	€ '000	16,171	6,037	7,678	2,457	3,304
Consolidated profit	€ '000	25,495	3,387	19,683	2,425	21,465
Earnings per share**	€	12,14	1,39	9,78	1,13	12,88
Shareholders' equity	€ '000	95,507				34,218
Equity capital ratio	%	42,0				33,8
Operating cash flow	€ '000	10,696				
Average no. of employees	Total	1,525				493

\* without bargain purchase

\*\* diluted and undiluted before minority interest

## Changes to the consolidated group

The following changes have been made to the consolidated group in the time period to September 30, 2005 compared with year-end 2004 as a result of initial consolidations:

	Direct amount of holding
WS 3022 Vermögensverwaltung AG, Starnberg	99.01%
ddp Deutscher Depeschendienst GmbH, Berlin	100.00%
getaklik medien GmbH, Starnberg	100.00%
ddp ttx production GmbH, Berlin	100.00%
ddp Journalisten GmbH, Berlin	100.00%
sportart GmbH, Teltow	100.00%
ddp/vwd Wirtschaftsnachrichten GmbH, Berlin	50.10%
Arques Industrie Finanz GmbH, Starnberg	100.00%
SKS Stakusit Bautechnik GmbH, Duisburg	85.00%
SKS Stakusit Polska Sp.z.o.o., Wroclaw (PL)	100.00%
SKS Stakusit GUS GmbH, Moscow (GUS)	100.00%
SKS Stakusit RO SRL, Brasov (RO)	100.00%
SKS Stakusit Hellas-Rolladen und Balkonanlagen Einmangengesellschaft mbH, Neamagnissja (G)	100.00%
Arques Wert Finanz GmbH, Starnberg	99.20%
Arques Industrie Invest GmbH, Starnberg	100.00%
Johler Druck GmbH, Neumünster	100.00%
WS 2018 Vermögensverwaltungs GmbH, Starnberg	100.00%
Jahnel-Holding GmbH, Bochum	90.00%
Jahnel-Kestermann Verwaltungsgesellschaft mbH, Bochum	90.00%
Jahnel-Kestermann Getriebewerke GmbH & Co. KG, Bochum	100.00%
Arques Finanz GmbH, Starnberg	100.00%
Arques Sport Handelsgesellschaft mbH, Essen	100.00%
GOLF HOUSE Direktversand GmbH, Hamburg	74.90%
Evotepe S.p.A., San Pietro Mosezzo (I)	89.90%
Arques Value Invest Ltd., La Valetta (Malta)	99.98%
Arques Mediterranean Investments Ltd., La Valetta (Malta)	99.98%
Arques Task Force GmbH, Starnberg	100.00%
Nord Druck Mitarbeiter GmbH, Gütersloh	100.00%
Colourpress.com A/S, Haderslev (DK)	75.20%
Circel Grundstücks- und Vermögensverwaltung AG, Rohrdorf	95.00%

As a result of the initial consolidation of the abovementioned companies, non-current assets increased by about € 32 million, current assets by about € 50 million. Liabilities increased by about € 20 million.

Subsidiaries with insignificant or inactive business operations which are insignificant when preparing a fair presentation of the financial position and financial performance of ARQUES Industries Aktiengesellschaft have again not been consolidated. They are carried at their respective cost or fair value in the consolidated financial statements.

For more information, please refer to the list of participating interests included with the consolidated financial statements at December 31, 2004.

## Income from the reversal of negative goodwill arising from capital consolidation

Only the negative goodwill (bargain purchase) compliant with IFRS 3.56 (b) is disclosed in this item. This arises as part of initial consolidation when a reassessment of the identification and measurement of identifiable assets, liabilities and contingent liabilities of the company acquired and the measurement of the cost do not take up the entire negative goodwill arising upon capital consolidation.

This item includes an adjustment to the bargain purchase of the previous year of Colordruck Group as well as the bargain purchase arising from the acquisition of Johler Druck GmbH, the Golf House Group, the Stakusit Group and sportart GmbH. Further information on the acquisition and sale of participating interests is not disclosed in order to comply with protection-of-confidence clauses and existing contractual secrecy provisions with buyers and sellers.

## Segment report

As in the Annual Report 2004, the segment report of the interim report at September 30, 2005, is structured in accordance with the structures of the companies. ARQUES Industries Aktiengesellschaft essentially holds participating interests in production companies with worldwide activities. The production companies are assigned to the Industry segment. Other lines of business are assigned to the Services segment. In the fourth quarter of 2005, we intend dividing the industrial portfolio into several segments.

## Financial position and financial performance

### Notes to the income statement

A comparison with the figures for the previous year is only of limited use due to the strong growth and the substantial changes in the consolidated group.

### Third quarter of 2005 (July 1, 2005 to September 30, 2005)

In the third quarter of 2005, the total consolidated revenues could be increased by 208.2% to € 104.5 million (Q3 2004: € 33.9 million).

The EBITDA (earnings before interest, taxes, depreciation and amortisation) increased by 187.0% to € 8.7 million (Q3 2004: € 3.0 million) and the EBIT (earnings before interest and taxes) increased by 185.3% to € 6.0 million (Q3 2004: € 2.1 million). The consolidated quarterly profits thereby amounted to € 3.4 million (Q3 2004: € 20.4 million). A Bargain Purchase of € 18.8 million was included in the earnings for the third quarter of 2004.

### January 1, 2005 to September 30, 2005

Compared with the equivalent period last year the consolidated revenues could be increased in the period January 1, 2005, to

September 30, 2005, by 337.6% to € 283.9 million (first nine months of 2004: € 64.9 million). The EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to € 23.9 million compared with € 5.7 million in the equivalent period 2004 (+ 320.1%). The EBIT (earnings before interest and taxes) increased by 389.5% to € 16.2 million (first nine months of 2004: € 3.3 million).

The item "Income from the reversal of negative goodwill arising from capital consolidation" in the financial statements at September 30, 2005, to the value of € 14.7 million includes an adjustment to the Bargain Purchase of the Colordruck Group in the previous year as well as the Bargain Purchase arising from the acquisition of Jöhler Druck GmbH, the Golf House Group, the Stakusit Group and sportart GmbH.

In total, the consolidated net profit for the period amounted to € 25.5 million (first nine months of 2004: € 21.5 million) and hence earnings per share before minority interest amounted to € 12.14 (first nine months of 2004: € 12.88).

### Notes to the consolidated balance sheet

Compared with the year-end 2004, the total consolidated assets rose by € 85.6 million to € 227.4 million (December 31, 2004: € 141.7 million). A comparison with the consolidated balance sheet at December 31, 2004 is, however, only of limited use due to the changes within the consolidated group.

### Notes to the assets side of the balance sheet

At the reporting date of September 30, 2005, property, plant and equipment amounted to € 60.6 million (December 31, 2004: € 38.7 million) and contains mainly company premises and buildings of € 32.2 million (December 31, 2004: € 28.8 million) as well as technical equipment and machinery of € 21.5 million (December 31, 2004: € 6.1 million).

Inventories totalling € 51.5 million (December 31, 2004: € 32.3 million) contain raw materials and supplies of € 22.4 million (December 31, 2004: € 15.8 million), finished goods and merchandise of € 25.1 million (December 31, 2004: € 11.5 million), unfinished goods and work in progress of € 3.9 million (December 31, 2004: € 1.8 million), as well as advances to supply of € 0.1 million (December 31, 2004: EUR 3,2 Mio.).

Trade accounts receivable as well as other assets amount to € 68.9 million (December 31, 2004: € 52.5 million). € 59.5 million is allotted to trade accounts receivable (December 31, 2004: € 47.0 million) and € 9.4 million to other assets (December 31, 2004: € 5.6 million).

Cash and cash equivalents increased to € 28.0 million (December 31, 2004: € 12.9 million) especially due to the capital increase executed on July 11, 2005.

#### Notes to the liabilities side of the consolidated balance sheet

Shareholders' equity improved due to the executed capital increase and the net profit for the nine month time period to € 95.5 million (December 31, 2004: € 53.2 million). At the reporting date the equity capital ratio rose to 42.0% compared with 37.5% at the end of the financial year 2004

Provisions increased to € 47 million (December 31, 2004: € 23.6 million). Liabilities amounted to € 84.2 million (December 31, 2004: € 64.9 million.) and include short-term financial liabilities of € 15.9 million (December 31, 2004: € 12.1 million) and long-term financial liabilities of € 5.3 million (December 31, 2004: € 9.1 million). In addition, the liabilities include trade accounts payable of € 47.4 million (December 31, 2004: € 36.7 million) and other liabilities of € 15.6 million (December 31, 2004: € 5.9 million). In 2004 advances received on orders to the value of € 1.2 million were included.

#### Explanation concerning the cash flow statement

The cash flow statement of the ARQUES Group for the period January 1, 2005 to September 30, 2005, shows an inflow of funds from current business activity of € 10.7 million. In the third quarter we changed the allocation of the inflow of funds from current business activity in terms of IAS 7.17c and redirected the short term financial liabilities to the resources from financing activity. This has an effect to the value of € 5.2 million compared with the previous quarter. Thus the influx of funds from current business activity only changed insignificantly compared with the second quarter.

The inventory increase to the value of € 6.4 million is essentially based on the rise in raw material procurement prices within the SKW Group due to price increases on the procurement markets as was the case in the second quarter of 2005.

The increase in accounts receivable and other assets to the value of € 8.4 million is influenced by the excellent growth of the SKW Group. The item changes to liabilities from trade accounts payable, deposits received on orders and other liabilities decreased by € 5.5 million compared with the previous quarter. This is essentially due to the initiated reduction of liabilities from trade accounts payable by individual subsidiaries during restructuring progress.

The outflow of funds from investment activities amounts to € -10.6 million at September 30, 2005 and thereby increased by € 4.3 million compared with the half-year 2005. The increase is essentially due to payments in the context of investments into the fixed assets to the value of € 2.0 million, as well as to the acquisition of Circel Grundstücks- und Vermögensverwaltung AG and Colourpress.com A/S.

The cash inflow from financing activity consists of the capital increase to the value of € 17.2 million (less corresponding costs) executed in July 2005, the dividend payment to the value of € 2.3 million, as well as short-term financial commitments to the value of € 0.3 million and an increase in the long-term financial

commitments to the value of € 1.0 million.

During the nine month period the financial resources of the ARQUES Group increased by € 15.1 million from € 12.9 million at the end of the financial year 2004 to € 28.0 million in total.

## Employees

The ARQUES Group employed an average of 1,525 people in the nine month time period 2005 (financial year 2004: 997). At the reporting date, the number of employees amounted to 1,644.

### Employee shareholding programme

Regarding the employee shareholding programme introduced in the second quarter of 2005, we refer to the explanations at June 30, 2005. At the reporting date, four employees at management level were included in the programme.

### Changes to the company's board

Dr. Stefan Gros was appointed Chief Financial Officer of ARQUES Industries Aktiengesellschaft on July 1, 2005. Oliver Gorny left the Supervisory Board of ARQUES Industries Aktiengesellschaft on July 14, 2005 and Bernhard Riedel was appointed to the Supervisory Board.

## Other substantial changes

The shares of ARQUES Industries Aktiengesellschaft are being traded in the regulated market (Prime Standard) of the Frankfurt Stock Exchange since June 28, 2005.

In a bookbuilding procedure a total of 200,000 new shares from the approved capital of ARQUES Industries Aktiengesellschaft were issued on July 11, 2005. Thereby the company received liquid funds to the value of € 17.2 million.

At the Annual General Meeting of ARQUES Industries Aktiengesellschaft, the existing approved capital of the company (2004/I) was annulled and replaced by a new approved capital (2005/I). Thereby the Executive Board is authorised, with the approval of the Supervisory Board, to increase the capital stocks in the period up to June 30, 2010 from currently € 2,226,667.00 at once or in partial amounts to a total not exceeding € 1,000,000.00 by issuing new no-par bearer shares against contributions in cash and in kind (approved capital 2005/I).

In addition, the company was authorised to buy back its own shares, particularly up to January 13, 2007, up to a volume of 4% of the current capital stock for purposes other than securities trading. The acquisition is carried out via the stock exchange. The purchase price may neither exceed nor fall below the average standard share price by more than 10% in XETRA closing auction on the Frankfurt Stock Exchange on the three preceding trading days.

On August 10, 2005, Circel Grundstücks- und Vermögensverwaltung AG (Circel) was taken over to 95% by ARQUES Industries Aktiengesellschaft. It was announced on October 20, 2005, that the printing activities of the ARQUES Group are to be bundled into Circel. At the general meeting scheduled for December 2, 2005, the company will be renamed ARQUANA International Print & Media AG.

The ARQUANA portfolio would then include Colordruck Pforzheim GmbH & Co. KG, Jöhler Druck GmbH, Evry Rotatives S.A.S. acquired on October 18, 2005, and Nord Offset Druck GmbH acquired on October 19, 2005.

The ddp Group acquired 75.2% of the shares in Colourpress.com A/S on August 23, 2005.

On September 16, 2005, it was announced that the ARQUES Group was planning the takeover of the Sommer Fahrzeugbau Group within the scope of a capital increase at ARQUES Industries Aktiengesellschaft. The increase in the share capital of ARQUES

Industries Aktiengesellschaft by 200,000 shares from 2,226,667 to 2,426,667 shares was executed on October 24, 2005. The premium on capital stock amounted to more than € 26 million.

As announced on October 26, 2005, ARQUES Industries Aktiengesellschaft acquired 77.98% of the shares in tiskon AG Infosystems, Neu-Ulm, listed in the regulated market. ARQUES will make the remaining shareholders an obligatory public offer for the acquisition of all tiskon AG shares according to the regulations of the German security acquisition and takeover law ("WpÜG").

## Outlook

In the fourth quarter of 2005, we expect a positive profit development of the currently consolidated companies. The annualised revenue should exceed the previously announced € 500 million mark.

At present we expect that the total consolidated revenues will amount to € 415.0 million, with a prognosticated EBITDA of € 32.5 million and group earnings after taxes and bargain purchase of € 44.3 million.

Starnberg, November 2005

ARQUES Industries Aktiengesellschaft

Dr. Dr. Peter Löw - Chairman

Dr. Stefan Gros

Dr. Martin Vorderwülbecke

Markus Zöllner



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### **Disclaimer**

This version of the interim report is an English translation of the German original, which takes precedence in all legal respects.

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“ARQUES will  
continue to grow,  
rapidly but sensibly,  
with deliberation.

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Without  
pressure or haste  
ARQUES will take  
advantage of the  
opportunities it is  
presented with.”

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Dr. Dr. Peter Löw  
Executive Board Chairman