

FINANCIAL REPORT FOR THE 3<sup>rd</sup> QUARTER OF 2007

Realising

Potential



# KEY FIGURES

In EUR million	01/01/2007 - 09/30/2007	01/01/2006 - 09/30/2006	Change
Consolidated revenues	930.6	500.8	86%
Earnings before interest, taxes, depreciation and amortization (EBITDA)	148.8	84.7	76%
Earnings before interest and taxes (EBIT)	121.3	68.4	77%
Consolidated net profit	100.8	63.8	58%
Earnings per share (diluted) in EUR	3.95	2.67	48%
Free cash flow	13.2	-6.0	
	30.09.2007	31.12.2006	Change
Shareholder's Equity	372.1	274.8	35%
Equity ratio in %	26.5%	41.3%	
Total assets	1,405.9	665.3	+111%

Information on the ARQUES share	
WKN	515600
ISIN	DE0005156004
Stock market code	AQU
Stock type	No-par bearer shares
Shares in issue at September 30, 2007	26,450,000
Capital stock at September 30, 2007	EUR 26,450,000
Closing price at September 30, 2007	EUR 32.50
Market capitalization at September 30, 2007	EUR 859,625,000.00
52-week high	EUR 41.80
52-week low	EUR 11.08
Earnings per share (diluted) (01/01/2007 – 09/30/2007)	EUR 3.95

Preface by the Executive Board	4
Consolidated Management Report	6
Consolidated Financial Statements	22
- Consolidated Income Statement	22
- Consolidated Balance Sheet	26
- Statement of Changes in Consolidated Equity	28
- Consolidated Cash Flow Statement	30
- Consolidated Segment Reporting	32
Notes to the Interim Report	34
Scheduled Dates	51
Publisher Information	51

Creating value  
through active  
involvement.

## Preface by the Executive Board

Dear shareholders, employees and friends of ARQUES:

At the close of the first nine months of the 2007 business year, ARQUES Industries AG can report that the profitable growth trend observed in the first half of 2007 was again accelerated in the third quarter. The revenues and earnings of the ARQUES Group reached new record levels, the Group scored impressive successes both with respect to the acquisition of new companies and the sale of existing companies, and made considerable progress in the restructuring of its subsidiaries.

The consolidated revenues of the ARQUES Group for the first nine months of 2007 amounted to EUR 931 million, considerably higher than the corresponding year-ago figure (Q1-Q3 2006: EUR 501 million). The relevant key figure for ARQUES, the consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to EUR 149 million, 75% higher than the corresponding year-ago figure of EUR 85 million.

### Accelerated pace of acquisitions

In the third quarter of 2007, newly acquired subsidiaries with annualized revenues of more than EUR 2.7 billion were consolidated for the first time within the ARQUES Group. These companies were BEA Electrics (formerly SAG Systemtechnik), the national subsidiaries of the IT distributor Actebis in Germany, France, Austria and the Netherlands (acquired from the Otto Group) and the automotive supplier Anvis (formerly Woco Michelin AVS). Because the acquisition of the Actebis Group and the Anvis Group were completed at the end of the third quarter, their revenues will be recognized in the financial statements as of the fourth quarter.

In all these acquisitions, ARQUES underscored its status as a preferred partner to large corporate groups looking to sell their subsidiaries. Considering the successful completion of large-scale projects and the fact that ARQUES has been added to the MDAX stock market index, the management anticipates that the pace of corporate acquisitions will accelerate even further.

In the fourth quarter, ARQUES has already completed four acquisitions, those being Rohé, NT plus, the operating subsidiaries of the MöllerGroup in the countries of France, Spain and Brazil, and Actebis nordic. As a result of these acquisitions, the Group's annualized revenues have risen to more than EUR 5 billion.

### Exit Division picks up steam

Also in the third quarter of 2007, ARQUES completed the deconsolidation of its subsidiary SKW Metallurgie, which had been taken public in December 2006, by selling the remaining shares it held in this company. ARQUES also sold its subsidiary SKS Stakusit, a manufacturer of window shutter and insect protection systems. These transactions are indicative of the fact that ARQUES is stepping up its activities in the area of company sales ("exits").

### Dynamic growth anticipated

In view of the positive performance in the first three quarters, ARQUES hereby reaffirms its forecasts for the full year 2007, those being to generate revenues of EUR 2 billion (formerly EUR 1.5 billion) and EBITDA of EUR 200 million (formerly EUR 180 million). The growing demand among large corporate groups for a partner that can help them spin off their problematic subsidiaries or peripheral activities ensures that ARQUES' business will expand substantially in the future. Accordingly, ARQUES is raising its revenue forecast for 2008 by EUR 1 billion. Thus, the company expects to generate revenues of EUR 6.1 billion and EBITDA of EUR 275 million in 2008. To accommodate the tremendous growth that has already been achieved and the anticipated growth in the future, ARQUES has taken steps to boost its workforce. It now has 20 employees in its Acquisitions Department and more than 80 employees in its restructuring department, known as the Task Force.

### Changes on the Executive Board

At its routine meeting held in late October, the Supervisory Board of ARQUES Industries AG appointed the longtime ARQUES executive Bernd Schell to the Executive Board as Senior Vice President Operations, effective January 1, 2008. He will be succeeding Markus Zöllner, who left the company under the friendliest of terms when his employment contract expired, in order to take a year off for private reasons. Bernd Schell is one of ARQUES' most experienced executives, who has successfully restructured two subsidiaries for ARQUES since the start of 2004.

We wish to thank you,  
our shareholders, for your  
confidence and support.

We will continue to  
work intensively towards  
the goal of permanently  
enhancing the value of  
ARQUES Industries AG.

Sincerely,

The Executive Board of ARQUES Industries AG

## CONSOLIDATED MANAGEMENT REPORT

The present consolidated management report is an update of the extensive information presented in the 2007 Semianual Report of ARQUES Industries AG.

### General economic conditions

#### Global economic growth dampened by turmoil in the financial markets

According to the most important economic research institutions, global economic growth is still considered to be solid. Nonetheless, the recent turmoil in the financial markets may well have a dampening effect on the rate of global economic growth. In its forecast of October 2007, the International Monetary Fund (IMF) affirmed its prediction of a 5.2% growth rate for 2007, but adjusted its forecast for 2008 significantly downward. For 2007, the positive economic growth is still being supported by the booming economies of the emerging markets. The guarantors of economic growth at this time are China, with a growth rate of 11.5%, and India, with a growth rate of 8.9%. The economists are also predicting above-average growth of 5.8% for the countries of Central and Eastern Europe, with Russia leading the way in the region at 7.0%. However, the expectations for the economic growth of the traditional industrialized nations in 2007 have been scaled back. For the euro zone, the Organization for Economic Cooperation and Development (OECD) is predicting economic growth of 2.6%. Germany is expected to post solid growth again in 2007. In their Autumn Report, the leading German economic research institutions predicted a 2.6% growth rate for the German economy in 2007. According to the IMF, Japan and the United States will be affected much more seriously by the recent turmoil in the capital markets. For the United States, the IMF economists predict that economic growth will slow to the rate of only 1.9%, due to the negative effects of the real estate crisis in that country. Japan's economic output is expected to expand at a rate of 2.0%.

### Changes in the structure of subsidiaries

ARQUES acquired the Austrian activities of the German SAG Group, Langen, at the start of July. These activities include the companies SAG Systemtechnik and SAG Energietechnik, both of which are suppliers of electronic plant engineering products and services and infrastructure services and are based in Vienna. These companies, which generated revenues of approximately EUR 35 million in 2006, were renamed after the acquisition and are now called BEA Electrics and BEA Electrics Energietechnik. The new names are meant to underscore the close cooperation of these companies with the ARQUES subsidiary BEA TDL, based in the region of Lusatia, which operates in the same sector.

### Biggest acquisition in the company's history

Also in July, ARQUES announced the biggest transaction in its history, the acquisition of the Actebis Group from the Otto Group. The Actebis national subsidiaries in Germany, France, Austria and the Netherlands generated combined revenues of EUR 2.5 billion in 2006. Based in Soest, the Actebis Group is the No. 3 IT wholesaler in Central Europe, distributing products in the segments of information technology, mobility and consumer electronics. Once the transaction was approved by the European antitrust authorities, the Actebis Group was added to the consolidation Group of ARQUES Industries AG at the end of the third quarter.

In September, ARQUES acquired the company Woco Michelin AVS, a joint venture of the Woco Group and Michelin. This manufacturer of anti-vibration systems based in Amsterdam generated revenues of approximately EUR 250 million and had about 2,400 employees last year. The company was renamed and is now called the Anvis Group.

### Exit Division picks up steam

ARQUES also sold various successfully restructured subsidiaries in the third quarter. Among other steps, ARQUES pressed forward with the deconsolidation of SKW Stahl Metallurgie AG and sold its remaining shares in the company in July. Following the previously announced acquisition of the ESM Group by SKW Metallurgie, institutional investors exhibited a very strong interest in the shares of this company, which ARQUES Industries AG accommodated by selling its remaining shares. In total, ARQUES realized proceeds of approximately EUR 120 million on the sale of SKW.

Also in the third quarter, ARQUES sold SKS Stakusit, the manufacturer of window shutters and insect protection systems, to a strategic investor from Austria. The total proceeds on the sale (100%) amounted to EUR 17 million. ARQUES had acquired SKS Stakusit in 2004 for approximately EUR 1 million and completely restructured it.

Also in the third quarter, ARQUES responded to the persistent problems plaguing the papermaking industry, caused in particular by the significant run-up in the prices of raw materials, by selling Salto Paper AG (formerly Papiermühle Wolfsheck) to a strategic investor. ARQUES realized proceeds of CHF 150,000 on the sale.

### Company values of ARQUES portfolio companies ("Net asset values")

Name of corporate group	November 22, 2007 Company value (in EUR millions)
Missel/Schwab	18.6
ddp	16.9
Jahnel-Kestermann	37.5
Golf House	11.8
Evotape	4.4
Sommer	22.8
tiscon	19.7
Xerius	3.3
ARQUANA	0.9
Hottinger	5.0
Fritz Berger	12.9
Rohner	20.5
Farbendruck Weber	8.5
Oxynova	111.6
BEA TDL	9.1
Wanfried-Druck Kalden	12.0
Van Netten	12.1
Capresa	4.1
Oxiris	10.4
Schöps	5.0
BEA Electrics (previously SAG Austria)	12.3
Actebis (incl. Actebis Nordic and NT plus)	297.0
Anvis (previously Woco Michelin)	43.0
Rohe	6.0
Eurostyle (previously Möller Group)	*
<b>TOTAL:</b>	<b>705.4</b>

\* Subsidiaries for which the budgets and medium-term financial plans have not yet been sufficiently concretized, as is often the case with newly acquired companies, have not been valued.

## Notes on the subsidiaries

### Missel & Schwab



Missel's positive development was slowed by the growing weakness of the construction industry\*. Nonetheless, the company made significant progress over the year-ago period. Although its revenues were only slightly higher than the corresponding year-ago figure, the company's earnings were 25% higher, thanks to the cost-reduction measures that have already been implemented and the synergy effects being realized between the Missel and Schwab brands. In the third quarter, this industrial supplier of sound, thermal and fire insulation systems for pipes and floors, and of sanitary wares, participated in numerous in-house exhibitions of its top customers and also stepped up its efforts in the area of international sales. Besides optimizing inventory levels and controlling its capacities by means of a newly installed ERP program, Missel also broadened its base of suppliers.

### Outlook

Missel intends to expand its research and development capacities and reorganize its in-house sales force. The company also intends to market its own, innovative developments more aggressively. Supported by the excellent reputation of the Schwab brand outside Germany, Missel will continue to pursue its strategy of internationalization.

\* According to the German Federal Statistical Office, about 38% fewer construction permits were issued in the first half of 2007, compared with the corresponding year-ago period. [www.destatis.de](http://www.destatis.de)

### ddp Deutscher Depeschendienst



The news agency ddp Deutscher Depeschendienst continued on a course of sustained, positive growth, increasing its revenues and earnings in the third quarter over the corresponding year-ago figures. The news agency ddp systematically expanded its offering portfolio by launching a children's service for print and online media in the third quarter. In cooperation with Teleschau, ddp offers an entertainment ticker; and in cooperation with the German lawyers' hotline "Deutsche Anwaltshotline", it offers a legal advice column. In its images business, ddp has taken steps to reduce the cost of purchased goods and services. These measures will show their full effects in the coming months.

### Outlook

ddp Deutscher Depeschendienst intends to expand its text offering and the activities of its PR channel ddp-direkt as a platform for distributing company announcements and press reports. By this means, the news agency will further increase its revenues. The continuous growth will continue to have a positive impact on the company's earnings performance.



## Jahnel-Kestermann Getriebewerke



Continuing to benefit from the robust growth of the wind energy sector, Jahnel-Kestermann reported third-quarter results that were every bit as good as the company's performance in the first half of the year. The third-quarter revenues of this developer and manufacturer of high-performance gears were more than 50% higher and its earnings were substantially higher than the corresponding year-ago figures. Jahnel-Kestermann continued to pursue an expansive business strategy in the third quarter. The biggest capital expenditure program in the company's history, for an amount in excess of EUR 6 million, has largely been completed. The company's production capacity is almost fully booked for the next year and it has already accumulated substantial orders for 2009. Jahnel-Kestermann responded to the rising cost of raw materials by installing an ERP software program.

### Outlook

Now that the massive capital expenditures to expand production capacities are nearly completed, Jahnel-Kestermann intends to focus on the efficient execution of existing orders in the next few months. The company will intensify its sales activities in the wind energy sector and occupy a wider spectrum of the value chain through its newly founded service company.

## Golf House Direktversand



Having completed the restructuring phase, Golf House, as the leading specialty retailer of golf-related products and services in Germany, shifted its focus to growing its business in the third quarter of 2007. The company also focused on harmonizing its existing stores and opening new stores. In a continuation of the positive growth trend of the preceding months, Golf House increased its revenues and earnings substantially over the corresponding year-ago figures. Also in the third quarter, Golf House published its "Fall & Winter 2007" catalog, installed a new software program to track and analyze key performance indicators and implemented a technology for measuring customer frequency.

### Outlook

In the next few months, Golf House will be opening new stores, which will significantly expand its selling space. Also, the company intends to optimize the interface between the senior management and the individual branches by appointing a new Sales Director.

## Evotape



Amid an industry environment characterized by large production capacities and stubbornly high prices for raw materials (natural rubber and crude oil), Evotape, the Italian manufacturer of adhesive tape, managed to defend its strong market position and boost its revenues considerably over the corresponding year-ago period. Both Evotape plants continued to operate at full capacity, and the plant in Novara, where high-margin products are manufactured, permanently added an additional production day to accommodate the high volume of orders. Evotape's marketing of its own, internally developed specialty products was again successful in the third quarter. The measures implemented to optimize the purchasing function during the third quarter of 2007 will show their full effects in the following year.

### Outlook

In the remainder of the current business year, Evotape intends to increase the proportion of high-margin products sold by optimizing its customer base. The company also intends to adjust its manufacturing operations at the plant in Castelforte to accommodate current market needs. Also, the company will implement various cost reduction and productivity enhancement measures.

## Sommer Fahrzeugbau Group



The Sommer Fahrzeugbau Group as a whole continued on a positive course of growth in the third quarter, although the company's performance varied widely by region. On the one hand, the company will close its manufacturing plant in Bielefeld at the beginning of 2008 and shift production to its plant in the eastern German town in Laucha. On the other hand, the company's Eastern European sites were much more successful. For instance, the new orders received by the Sommer plants in Poland and Russia have already exceeded the figures budgeted for the full year. The company's plant in the Russian city of Novgorod took additional steps to expand its capacity, in order to keep up with the constant high level of demand.

### Outlook

In the remainder of the current business year, Sommer will implement additional measures to standardize and optimize its processes and procedures. The new products developed in the company's own R&D program are currently being tested with customers and refined in preparation for general market introduction. Sommer also intends to continually increase the production capacity of its plant in Novgorod, in order to benefit even more from the positive market trends.

tison AG



At present, the tison AG Group is composed of the following companies in the IT distribution sector: COS Distribution, Avitos, E-Logistics, Topedo and Chikara. The in-house exhibition held by COS Distribution in the third quarter was visited by nearly 2,000 industry participants and the response was very positive. In line with its role as a B2B supplier, COS Distribution held road shows to present the newly developed online marketing system "COSShop24" to its customers. This new e-shop will strengthen the positioning of COS Distribution as a leading service provider with a wide range of services. The tison subsidiaries expanded their product assortments by adding new, brand-name merchandise and by instituting new product groups (including security-related products, for example). Also, the company was able to negotiate better terms from its suppliers by stepping up its involvement with the existing purchasing cooperatives. The company also continued to improve the operational interaction of its various subsidiaries and exploited group-wide synergies.

### Outlook

In the fourth quarter, traditionally the time of year with the highest sales, the subsidiaries of tison AG will further extend their mutual cooperation and intensify their sales activities. By expanding their business activities to all of Europe, a process that has already been initiated, the subsidiaries of tison AG intend to accelerate their rate of business growth.

Rohner AG



In a continuation of its excellent performance in the first half of the year, Rohner increased its revenues and earnings beyond the budgeted target figures. The volume of new orders budgeted for the full year was achieved already after the first quarter of 2007. Additional new orders were received in the third quarter. To accommodate the strong growth trend, Rohner hired additional production personnel and provided them with the necessary instruction and training to fulfill the high quality standards of cGMP. Consequently, Rohner is now in a position to focus on filling the large order backlog and exceeding its financial performance targets.

### Outlook

Rohner is making preparations for the audit to be conducted by the U.S. Food and Drug Administration. By successfully passing the audit, Rohner will be able to establish a presence in the U.S. market, as the world's biggest and most important pharmaceuticals market. The evaluation process related to the company's strategy of focusing on the demanding growth markets of the pharmaceuticals industry and on so-called "performance chemicals" has nearly been completed. In the remainder of the year, the company will set about implementing the action plan developed in the evaluation phase, for which purpose the sales team will work with the identified target customers.

## Hottinger Maschinenbau



Due to the cancellation of a large planned order in the third quarter, Hottinger was not able to achieve its budgeted revenue targets. Also, the company's earnings were weighed down by the capital expenditures required to expand the international sales structure and by non-recurring expenditures, including for the company's participation in the GIFA 07 trade show. With regard to operational management, the Mannheim-based plant engineer, which is still in the restructuring phase, refined its recently introduced project management system in the third quarter. Hottinger is also beginning to insource selected process steps in the production of core casting equipment. This move will enable Hottinger to produce its equipment faster, at a lower cost and with greater flexibility, while also improving its market position. With regard to the company's purchasing activities, the optimization measures that have already been initiated will be intensively pursued by increasing the number of employees assigned to this area.

### Outlook

Hottinger will continue to insource additional process steps, investing in machinery and hiring additional personnel for this purpose. This step will enable the company to capture a wider share of the value chain involved in the production of core casting equipment, which will, in turn, have a positive impact on the company's earnings. In the medium term, the company's efforts to win a greater proportion of international sales will result in higher order volumes. Hottinger's order book is already well filled for 2008.

## Fritz Berger



The market situation of the RV industry is still characterized by weak sales of recreational vehicles and accessories. The situation began to improve after the lead trade show Caravan Salon, which was held in Düsseldorf at the end of August. Amid this industry environment, Fritz Berger succeeded in meeting its budgeted revenues and earnings. The fall catalog entitled "Der Kleine Berger", which was published in the third quarter along with the supplement entitled "Restposten & Schnäppchen", aimed directly at price-sensitive customers, was very well received. Thanks to the positive catalog response, the camping and outdoor specialist managed to further reduce its stock levels. Fritz Berger also continued to implement its new store concept.

### Outlook

In the remainder of the current business year, Fritz Berger intends to focus on the planning of new stores. At the same time, this company, which is based in the Upper Bavarian town of Neumarkt, will begin work on its main 2008 catalog. Fritz Berger intends to further optimize its merchandise assortment and close the stores that are found to be too small.

## Farbendruck Weber



Farbendruck Weber's third-quarter earnings and revenues were both higher than the corresponding year-ago figures. The implementation of the capital expenditure program is proceeding according to plan. In the third quarter, a new perfect binder was installed and a new workflow was introduced in the prepress area. In this connection, appropriate training was provided to the employees. Furthermore, the major Swiss printing company continued to reorganize its sales function and helped the newly appointed Sales Director make a successful transition to his new post. Some successes have already been achieved with regard to the acquisition of new customers. The company also conducted an analysis of its IT system and developed, on that basis, an action plan to improve its network, server structure and ERP system.

### Outlook

In the remainder of the current business year, Farbendruck Weber will continue in its efforts to reorganize the sales function. Also, the company intends to hire new administrative personnel and optimize the production planning and quality assurance functions. Farbendruck Weber expects that its earnings will continue to grow in 2008.

## Oxxynova



Oxxynova is a leading producer of liquid and solid dimethyl terephthalate (DMT), an ingredient used in the production of polyester. The industry is still plagued by surplus capacities and the resulting price wars. However, the closure of a competitor's plant in the Netherlands improved the situation somewhat. Still, the market environment is difficult due to the high energy costs and the fact that customers can substitute other products for DMT. Thanks to the lower cost structure and the early effects of the partially implemented efficiency enhancement measures, Oxxynova was able to assert its position as the leading DMT producer in Europe. Also in the third quarter, the company continued to implement the previously initiated program to lower its production costs.

### Outlook

In the remainder of the current business year, Oxxynova will continue implementing the capacity expansion and efficiency enhancement programs that have already been initiated and continue implementing the restructuring plan. Also, the company will conduct a strategic analysis to determine whether existing production capacities can be utilized by means of introducing new product developments, making process conversions or entering into a new market. In this connection, the company is working on concrete projects to develop new products for market.

## BEA TDL



The technical services provider BEA TDL continued to benefit from the high level of investment spending on the part of the European energy industry in the third quarter. The company's revenues and earnings were both higher than the corresponding year-ago figures. As a result of the completed restructuring measures in personnel and purchasing, which lowered the operating costs of this company based in the region of Lusatia, its results were well above the budgeted figures. Also in the third quarter, BEA TDL refined the newly installed ERP system and initiated the installation of an integrated resource planning forecast tool. Following the acquisition by ARQUES of the Austrian company BEA Electrics (formerly SAG Systemtechnik) in August, BEA TDL made preparations for possible cooperation opportunities between the two companies and initiated an operational integration process.

### Outlook

In the coming months, BEA TDL intends to hire new technical staff in order to achieve its growth targets. The company will also intensify its sales activities in the regional growth markets of Kazakhstan and southeastern Europe. BEA TDL believes that it will benefit from the capital investments in the reopened Reichwalde open-pit mine and from the growth trend in the business of power plant refurbishing. The company also intends to step up its cooperation with its affiliate BEA Electrics with the aim of realizing significant synergies. On the whole, ARQUES is very satisfied with the performance of both companies.

## Wanfried-Druck Kalden



In the third quarter, Wanfried-Druck Kalden continued to benefit from the positive development of the packaging and label printing industry, operating at full capacity and generating revenues in excess of the budgeted figures. A new printing press was installed and commissioned in a newly built production hall in the third quarter. The printing company also invested in a new window patching machine and a stamping press, which will be delivered in the coming months. With the completion of the extensive building work, the greater part of Wanfried-Druck's capital expenditure program worth more than EUR 6 million has been successfully completed. The packaging and label printer now disposes of ultra-modern production equipment and a new production hall, in which the entire production and logistical processes have been optimally organized. Thus, this company has expanded its production capacity by approximately 30% and has now entered into a sustained growth phase. To ensure full utilization of the newly installed, fourth printing press, the company hired additional personnel for its sales force and made preparations to implement a new shift. Wanfried-Druck also made investments in the prepress area.

### Outlook

Upon completion of the extensive capital expenditures, which will have boosted the company's production capacity and efficiency, Wanfried-Druck intends to address new customer groups and continually increase both its revenues and earnings. Through the company's cooperation with the international alliance of label printers (JSO), which will be intensified in the coming months, Wanfried-Druck will gain access to new markets.

## Van Netten



The Dortmund-based candy manufacturer Van Netten acquired in April 2007 continued to pursue the previously initiated restructuring program in the third quarter. In cooperation with the ARQUES Task Force, the company conducted negotiations with its suppliers, continued to implement the restructuring wage agreement entered into with the employee representatives, took measures to assure the company's liquidity and reduced its stock levels. Another area of emphasis involved the optimization of production processes and the development of new products and product variants. Van Netten also introduced a rigorous cost controlling program and a management and planning instrument to improve its internal structures.

### Outlook

Van Netten intends to achieve additional savings by means of strict cost management and by increasing its involvement with purchasing cooperatives. By developing new products, which are currently in the test phase, the company intends to boost its revenues significantly in the coming business year. Van Netten also intends to further intensify its sales activities in the international markets.

## Schöps

### SCHÖPS

The Austrian clothing chain Schöps, which was also acquired in April 2007, is still in the first restructuring phase. In the third quarter, this longstanding company continued to streamline its merchandise assortments, intensified its efforts to sell off old merchandise and closed unprofitable stores. These steps entailed a reduction of the workforce, which was carried out in a socially acceptable manner. Also in the third quarter, the company entered into contractual arrangements to outsource its IT operations and spin off its logistical operations. The company is on the verge of rolling out a new cash register system. The ARQUES Task Force initiated various measures to optimize purchasing, administration and sales and lower costs. The planned replacement and rotation of store managers has been initiated and sales personnel have been trained. The company also intensified its PR and marketing activities in a bid to reposition the Schöps-brand.

### Outlook

In the coming months, Schöps will continue to implement the previously initiated restructuring measures and refine the overall restructuring plan. A new store concept, including furnishings and accessories, is currently being developed, so as to create the necessary modern framework for the intended repositioning of the Schöps brand. The collections are being refined and the product lines are being adapted to suit the needs of the targeted market segment. To this end, the company will be taking steps to introduce greater flexibility in the purchasing process and reduce the delivery lead times. The company also intends to extend the scope of its PR and marketing activities.

## Oxiris



Oxiris is a chemicals company that specializes in the production of antioxidants. Oxiris has its own production facilities in Spain and England and a sales office with laboratory in Germany. The restructuring program proceeded according to plan in the third quarter. At the Spanish plant in Sant Celoni, close to Barcelona, the focus of operational activities was on the continued implementation of the previously initiated cost reduction measures. Also, the company is planning to step up its sales activities. At the English plant in Knottingley, the ARQUES Task Force has begun to reorganize the purchasing and administration functions. By this means, the business processes will be optimized and cost savings generated at both sites.

## Outlook

The restructuring plan developed for Oxiris will be refined and rigorously implemented. Besides renegotiating contracts with suppliers and service providers, it is intended to optimize the company's warehouse and merchandise management processes. By intensifying its efforts in sales and pursuing the implementation of the previously initiated cost reduction measures, Oxiris will be able to improve its revenues and earnings.

## Capresa



The Spanish company Capresa, acquired in June 2007, is a primary steel processor whose products are used mainly in the automobile industry. In the third quarter, the ARQUES Task Force aggressively implemented the restructuring plan, renegotiated contracts with suppliers and service providers, installed an order costing system, initiated measures to enhance productivity and optimize the purchasing of raw materials and began to refine the ERP system. In addition, the company's product line was streamlined by eliminating low-margin and unprofitable product groups. In order to implement the adopted strategy, the company initiated a rigorous downsizing program, entailing the dismissal of about 50% of the company's employees, under socially acceptable conditions, so as to establish a healthy structure from which to grow the company's business in the future. Capresa intends to target international customers to a greater degree and establish a foothold in new market niches, while continuing to focus on its core business segments.

## Outlook

Capresa will be adapting its corporate structure to accommodate the new strategic orientation of the product portfolio. Also, the company will intensify the marketing of profitable products and seek to capture business in foreign markets, especially through its Mexican subsidiary Capre-Mex. Furthermore, a research and development program will be instituted, in cooperation with selected customers.



## BEA Electrics



BEA Electrics (formerly: SAG Systemtechnik), a company based in Vienna that was acquired by ARQUES in the course of the third quarter, is a leading supplier of goods and services for electrical plant engineering and infrastructure services. The company maintains longstanding contacts, cultivated over many years, with customers in the energy and industrial sectors. In the first phase, the restructuring program was focused on optimizing the purchasing function and the company's internal processes. BEA Electrics also intensified its sales activities in the markets of Germany and southeastern Europe. Also, the company studied various options for cooperating with its German subsidiary BEA TDL and initiated a process of operational integration.

### Outlook

In the coming months, BEA Electrics intends to hire new, skilled personnel in order to reach its growth goals. Furthermore, the company will be intensifying its sales activities in the regional growth markets of Kazakhstan and southeastern Europe. BEA Electrics believes that the company will benefit from the growth in the business of refurbishing power plants and from the capital expenditures to modernize Vienna's subway system. By this means, the company will defend its strong market position in Austria and establish a presence in foreign growth markets. Furthermore, the company intends to intensify its cooperation with its affiliate BEA TDL and realize significant synergies in this area.

## Anvis Group (formerly: Woco Michelin AVS)



ARQUES acquired the automotive supplier Woco Michelin AVS, which has since been renamed the Anvis Group, at the end of the third quarter. This former joint venture of Michelin and Woco specializes in the development and production of innovative functional solutions for driving dynamics, comfort and safety. The company offers solutions for the entire process chain of anti-vibration systems, from the initial idea to the point of being ready for serial production. Following the acquisition of the Anvis Group, ARQUES will focus initially on adapting the company's administrative structures to those of the ARQUES Group and developing a restructuring plan. As one of the priorities of this plan, the company intends to optimize the cooperation between its international sites.

### Outlook

During the course of the fourth quarter, the ARQUES Task Force will refine and rigorously apply the restructuring plan. The international positioning of the Anvis Group is a source of great potential, as it allows for low-cost production and facilitates international sales.

## Actebis



The IT wholesaler Actebis, including its national subsidiaries in Germany, Austria, France and the Netherlands, was acquired by the ARQUES Group at the end of the third quarter. Actebis is one of the top 3 IT distributors in Central Europe, generating revenues of EUR 2.5 billion and solid profits, with approximately 1,300 employees, in 2006. The company's partners stand to benefit from the wide-ranging capabilities of the Actebis Group, including its extensive merchandise portfolio, sales and marketing activities, e-services and electronic connections, financial services and logistical services. After acquiring the Actebis Group, ARQUES immediately began to institute structures that are compatible with the capital markets. Also, a forward-looking strategy, calling for both internal and external growth, was developed. The business performance of the Actebis Group has been quite satisfactory and its results have exceeded the budgeted figures.

### Outlook

In preparation of the initial public stock offering planned for next year, the company intends to make strategic acquisitions in Europe, in order to further strengthen the already strong market position of the Actebis Group. Appropriate acquisition candidates have been identified and preliminary talks with possible sellers have already been held. ARQUES is confident of being able to report successful transactions in the near future.

In early November, ARQUES acquired the company NT plus AG, Germany's biggest distributor of telecommunications products to specialized retailers. For ARQUES Industries AG, this acquisition represents an excellent opportunity to extend the scope of its IT Distribution segment to include telecommunications as well. Experts anticipate that the markets for information technology and telecommunications will eventually converge. In preparation for this development, the management teams of NT plus and Actebis are currently working to develop joint growth strategies.

## Companies consolidated at equity

### ARQUANA International Print & Media AG



The ARQUANA Group is composed of different web offset printing companies, which were combined with the objective of consolidating the highly fragmented European web offset print market, which is dominated by small and medium-sized printers, and becoming the European market leader in this sector over the medium term.

In the third quarter of 2007, ARQUES Industries AG reduced its equity holding in the print holding company ARQUANA to less than 20%. ARQUANA is presented in the financial statements of the ARQUES Group purely as a financial investment. Thus, the operating results of ARQUANA will not have any significant effects on the ARQUES Group.

For more information on this subject, please refer to the third-quarter interim report of ARQUANA International Print & Media AG, to be published on November 30.

## Net assets, financial position and earnings

ARQUES Industries AG increased its revenues in the first nine months of the financial year 2007 compared to the same period last year by 86% to EUR 931 million and the earnings (EBITDA) by 76% to EUR 149 million. The earnings per share increased by 48% to EUR 3.95. The strong growth of the ARQUES group has continued to accelerate in the third quarter.

### Results up by 188% in third quarter

ARQUES was able to significantly improve its earnings in 2007. In the first nine months the sales of the shareholdings in SKW Stahl-Metallurgie, SKS Stakusit and teuto-nia contributed approximately EUR 60 million to the operational profit. Approximately EUR 136 million originated from bargain purchase proceeds typical of ARQUES. In the third quarter group revenues increased by more than 70% to EUR 302 million. The EBITDA increased by 188% to more than EUR 98 million among other things owing to the sales of the remaining shareholdings in SKW and SKS. The EBIT improved from EUR 68 million to EUR 121 million. After taxes and third party shares, earnings increased by approximately two thirds to EUR 106 million.

### Cash flow and balance sheet structure show strong growth and exit successes

The balance sheet structure as well as the cash flow development are affected by the increased number of subsidiaries, the dividend payment, the capital increase executed in June, as well as the exit activities during the year. Due to the numerous new acquisitions the balance sheet total thus rose by 111% to EUR 1,406 million after nine months compared to EUR 665 million at the end of 2006. The equity ratio dropped to 26.5% particularly due to the large acquisition, Actebis, however remains at a solid level (year end 2006: 41.3%). The total of the company values of all subsidiaries („Net Asset Values“) rose from EUR 310.5 million at the end of 2006 to EUR 705.4 million. The net cash flow of EUR -62.3 million is significantly affected by investments in the working capital of the subsidiaries (especially inven-

tory and financing receivables). The free cash flow at EUR 13.2 million is clearly above that of the previous year (EUR -6.0 million). Regarding earnings, the cash and cash equivalents in the group increased by EUR 100 million to EUR 192 million compared to the year end 2006.

### Increase in guidance for 2008

Due to the positive development after three quarters, ARQUES Industries AG affirms its prognosis for the current financial year as increased in August (revenues: EUR 2 billion, EBITDA: EUR 200 million) and raises the expected revenues for 2008 by EUR 1 billion. ARQUES is expecting group revenues of EUR 6.1 billion for 2008 and earnings before interest, taxes, depreciation and amortisation (EBITDA) of EUR 275 million.

## Risks and opportunities of the company's development

For a detailed description of the risks and opportunities of the ARQUES Group and its individual subsidiaries, please refer to the 2007 Semiannual Report of ARQUES Industries AG.

## Events after the balance sheet date

### Rohé

ARQUES completed the acquisition of the Austrian Rohé Group on October 3. This company, based in Vienna, is the biggest independent, internationally active service provider for gas stations in Europe. Rohé specializes in the construction, installation and maintenance of hydraulic, electrical and electronic systems for gas stations and car wash facilities. The corporate group generated revenues of more than EUR 100 million in 2006, with more than 1,000 employees.

## Eurostyle (operating subsidiaries of MöllerTech International)

At the end of October, ARQUES reached an agreement with MöllerGroup GmbH & Co. KG, Bielefeld, concerning the acquisition of certain operating subsidiaries. ARQUES will acquire individual subsidiaries of MöllerTech International GmbH in France, Spain and Brazil. MöllerTech International is a subsidiary of MöllerGroup. The business units to be acquired specialize in the development of systems, modules and individual components made of plastic, for use in automobile interiors. The parties plan to sign the agreement in the near future. The transaction is still pending, subject to the customary conditions, including the necessary approval by the antitrust authorities. These companies generated revenues of approximately EUR 230 million in 2006, with about 1,700 employees. ARQUES will continue the operating activities of these subsidiaries under the name Eurostyle.

## NT plus AG

At the beginning of November, ARQUES acquired the company NT plus AG, Germany's biggest distributor of telecommunications products to specialized retailers. Based in Osnabrück, NT plus is a consistently profitable wholesaler of telecommunications products. In 2006, the company generated revenues of EUR 450 million. NT plus AG is the market leader among distributors to German specialty retailers of telecommunications products. Founded in 1990, the company has more than 12,000 active retail partners and a wide product range comprising more than 10,000 products in the areas of mobile communication, network marketing, navigation, fixed-line terminal equipment, office equipment, telecommunications equipment and systems, offered by 120 manufacturers and network operators. Thus, the company has a broad customer base and a broad supplier base.

For ARQUES Industries AG, this acquisition represents an excellent opportunity to extend the scope of its IT Distribution segment to include telecommunications as well. Experts anticipate that the markets for information technology and telecommunications will eventually converge. In preparation for this development, the management teams of NT plus and Actebis will be developing joint growth strategies.

## Bernd Schell appointed to the Management Board as COO

At its regular meeting of October 22, 2007, the Supervisory Board of ARQUES Industries AG appointed the longtime ARQUES executive Bernd Schell (40) to the Management Board, as COO, effective January 1, 2008. He will be succeeding Markus Zöllner, who left the company at the expiration of his contract, under the best of terms, to take a one-year sabbatical for personal reasons. Bernd Schell is one of the most experienced ARQUES executives, who successfully restructured two companies for ARQUES (teutonia Kinderwagen und Fritz Berger) in the time since the beginning of 2004.

## Outlook

On the occasion of the publication of its 2007 Semiannual Report, ARQUES Industries AG raised its forecast for the current year and issued its first forecast for the year 2008. For the full year 2007, ARQUES now expects to generate revenues of EUR 2 billion (old forecast EUR 1.5 billion) and EBITDA of EUR 200 million (old forecast EUR 180 million). For 2008, ARQUES has raised its revenue forecast by an additional billion, to EUR 6.1 billion. The forecast EBITDA for 2008 is EUR 275 million. This forecast is supported by the business developments to date.

# CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Income Statement

EUR'000	Continuing operations
1. Revenues	806,638
2. Change in finished goods and work in progress	2,644
3. Other own work capitalized	1,976
4. Other operating income	209,975
5. Cost of materials	-592,215
6. Personnel expenses	-149,386
7. Other operating expenses	-144,184
Earnings before interest, taxes, depreciation and amortization (EBITDA)	135,448
8. Depreciation and amortization	-26,082
Earnings before interest and taxes (EBIT)	109,366
9. Income from associated companies	-11,027
10. Other interest and similar income	2,325
11. Interest and similar expenses	-7,033
Income from ordinary activities	93,631
12. Income taxes	-5,649
Consolidated profit for the year	87,982
Minority interests	-7,446
Shareholders of ARQUES Industries AG	95,428
Earnings per share	
- Basic earnings per share in EUR	3.60
- Diluted earnings per share in EUR	3.57

01/01 – 09/30/2007		01/01 – 09/30/2006		
Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
123,958	930,596	244,551	256,217	500,768
3,604	6,248	3,608	877	4,485
0	1,976	1,530	451	1,981
5,610	215,585	78,828	18,867	97,695
-97,836	-690,051	-150,089	-185,087	-335,176
-8,717	-158,103	-67,897	-42,293	-110,190
-13,218	-157,402	-43,309	-31,550	-74,859
13,401	148,849	67,222	17,482	84,704
-1,516	-27,598	-8,028	-8,368	-16,396
11,885	121,251	59,194	9,114	68,318
233	-10,794	-17	451	434
549	2,874	381	168	549
-667	-7,700	-364	-2,332	-2,696
12,000	105,631	59,194	7,401	66,595
855	-4,794	498	-3,309	-2,811
12,855	100,837	59,692	4,092	63,784
2,455	-4,991	-412	-715	-1,127
10,400	105,828	60,104	4,807	64,911
0.39	4.00	2.48	0.20	2.67
0.39	3.95	2.48	0.20	2.67

## Consolidated Income Statement

EUR'000	Continuing operations
1. Revenues	283,723
2. Change in finished goods and work in progress	-308
3. Other own work capitalized	577
4. Other operating income	149,161
5. Cost of materials	-205,235
6. Personnel expenses	-54,990
7. Other operating expenses	-77,757
Earnings before interest, taxes, depreciation and amortization (EBITDA)	95,171
8. Depreciation and amortization	-11,667
Earnings before interest and taxes (EBIT)	83,604
9. Income from associated companies	-11,328
10. Other interest and similar income	1,250
11. Interest and similar expense	-3,239
Income from ordinary activities	70,187
12. Income taxes	-4,711
Consolidated profit for the year	65,476
Minority interests	-4,300
Shareholders of ARQUES Industries AG	69,776
Earnings per share	
- Basic earnings per share in EUR	2.63
- Diluted earnings per share in EUR	2.61



Q3 2007		Q3 2006		
Discontinuing operations	Total	Continuing operations	Discontinuing operations	Total
17,925	301,648	90,291	86,916	177,207
1,689	1,381	3,765	1,257	5,022
0	577	510	438	948
2,310	151,471	26,616	12,618	39,234
-15,950	-221,185	-57,767	-62,273	-120,040
-1,337	-56,327	-24,390	-15,232	-39,622
-1,757	-79,514	-15,218	-13,084	-28,302
2,880	98,051	23,807	10,640	34,447
-215	-11,882	-2,645	-3,031	-5,676
2,665	86,169	21,162	7,609	28,771
0	-11,328	9	110	119
-5	1,245	107	42	149
-20	-3,259	-210	-752	-962
2,640	72,827	21,068	7,009	28,077
2,677	-2,034	166	-2,055	-1,889
5,317	70,793	21,234	4,954	26,188
171	-4,129	-143	-351	-494
5,146	74,922	21,377	5,305	26,682
0.19	2.83	0.88	0.22	1.10
0.19	2.80	0.88	0.22	1.10

## Consolidated balance sheet at September 30, 2007

<b>ASSETS</b>		
<b>EUR'000</b>	<b>09/30/2007</b>	<b>12/31/2006</b>
<b>Non-current assets</b>		
Intangible assets	84,568	18,171
Property, plant and equipment	308,585	152,541
Investment property	1,060	2,119
Shares in associated companies	61	17,762
Financial assets	3,469	9,751
Other non-current assets	1,912	88
Deferred tax assets	17,787	26,718
<b>Total non-current assets</b>	<b>417,442</b>	<b>227,150</b>
<b>Current assets</b>		
Inventories	326,115	114,095
Receivables from percentage of completion	20,891	16,641
Trade receivables	277,776	138,783
Available-for-sale financial assets	0	65
Other assets	125,319	55,190
Tax refund claims	9,001	5,839
Cash and cash equivalents	191,620	92,006
	950,722	422,619
Non-current assets held for sale	37,725	15,514
<b>Total current assets</b>	<b>988,447</b>	<b>438,133</b>
<b>Total assets</b>	<b>1,405,889</b>	<b>665,283</b>

## Consolidated balance sheet at September 30, 2007

<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>EUR'000</b>	<b>09/30/2007</b>	<b>12/31/2006</b>
<b>Shareholders' equity</b>		
Subscribed capital	26,342	24,267
Additional paid-in capital	73,003	31,444
Profit reserves	5,302	5,302
Other cumulative shareholders' equity	266,487	186,413
	371,134	247,426
Minority interests	934	27,378
<b>Total shareholders' equity</b>	<b>372,068</b>	<b>274,804</b>
<b>Non-current liabilities</b>		
Provisions for pensions	26,804	23,962
Provisions	12,858	17,991
Financial liabilities	45,192	11,661
Liabilities from finance lease	23,203	35,237
Other liabilities	18,499	500
Deferred tax liabilities	46,474	29,049
<b>Total non-current liabilities</b>	<b>173,030</b>	<b>118,400</b>
<b>Current liabilities</b>		
Provisions	28,895	20,813
Financial liabilities	154,691	38,051
Trade payables	388,042	144,517
Tax liabilities	16,052	12,142
Other liabilities	273,111	56,556
<b>Total current liabilities</b>	<b>860,791</b>	<b>272,079</b>
<b>Total shareholders' equity and liabilities</b>	<b>1,405,889</b>	<b>665,283</b>

## Statement of changes in consolidated equity

	EUR'000	Subscribed capital	Additional paid-in capital
	<b>December 31, 2005</b>	<b>2,427</b>	<b>53,284</b>
	Adjustment compliant with IFRS 3.61ff	0	0
	<b>December 31, 2005</b>	<b>2,427</b>	<b>53,284</b>
1	Appropriation to profit reserves	0	0
2	Dividend payment 2005	0	0
3	Capital increase	21,840	-21,840
4	Change in minority interests	0	0
5	Other changes	0	0
<b>6</b>	<b>Total transactions with shareholders</b>	<b>21,840</b>	<b>-21,840</b>
7	Consolidated net profit	0	0
8	Minority interests	0	0
9	Consolidated profit after minority interests	0	0
10	Stock option program	0	0
11	Currency translation differences	0	0
12	Total changes not recognized in profit of loss	0	0
<b>13</b>	<b>Total net income (9+12)</b>	<b>0</b>	<b>0</b>
	<b>September 30, 2006</b>	<b>24,267</b>	<b>31,444</b>
	<b>December 31, 2006</b>	<b>24,267</b>	<b>31,444</b>
	Adjustment compliant with IFRS 3.61ff	0	0
	<b>December 31, 2006</b>	<b>24,267</b>	<b>31,444</b>
1	Appropriation to profit reserves	0	0
2	Dividend payment 2006	0	0
3	Capital increase	2,183	44,976
4	Change in minority interests	0	0
5	Other changes	0	0
<b>6</b>	<b>Total transactions with shareholders</b>	<b>2,183</b>	<b>44,976</b>
7	Consolidated net profit	0	0
8	Minority interests	0	0
9	Consolidated profit after minority interests	0	0
10	Stock option program	0	0
11	Currency translation differences	0	0
12	Available-for-sale securities	0	0
13	Other changes	0	0
14	Total changes not recognized in profit or loss	0	0
<b>15</b>	<b>Total net income (9+14)</b>	<b>0</b>	<b>0</b>
<b>16</b>	<b>Treasury stock</b>	<b>-108</b>	<b>-3,417</b>
	<b>September 30, 2007</b>	<b>26,342</b>	<b>73,003</b>

Profit reserves	Other cumulative shareholders' equity	Minority interests	Consolidated equity
<b>4,866</b>	<b>81,005</b>	<b>1,120</b>	<b>142,702</b>
0	-419	-106	-525
<b>4,866</b>	<b>80,586</b>	<b>1,014</b>	<b>142,177</b>
436	-436	0	0
0	-4,975	0	-4,975
0	0	0	0
0	0	-2,290	-2,290
0	29	0	29
<b>0</b>	<b>-4,946</b>	<b>-2,290</b>	<b>-7,236</b>
0	64,915	0	64,915
0	0	-1,127	-1,127
0	64,915	-1,127	63,788
0	272	0	272
0	-493	0	-493
0	-221	0	-221
<b>0</b>	<b>64,694</b>	<b>-1,127</b>	<b>63,567</b>
<b>5,302</b>	<b>139,898</b>	<b>-2,403</b>	<b>198,508</b>
<b>5,302</b>	<b>186,413</b>	<b>27,378</b>	<b>274,804</b>
0	-7,931	-881	-8,812
<b>5,302</b>	<b>178,482</b>	<b>26,497</b>	<b>265,992</b>
0	0	0	0
0	-12,376	0	-12,376
0	0	0	47,159
0	0	-20,574	-20,574
0	0	0	0
<b>0</b>	<b>-12,376</b>	<b>-20,573</b>	<b>14,210</b>
0	105,828	0	105,828
0	0	-4,991	-4,991
0	105,828	-4,991	100,837
0	218	0	218
0	-5,461	0	-5,461
0	-204	0	-204
0	0	0	1
0	-5,446	0	-5,446
<b>0</b>	<b>100,382</b>	<b>-4,991</b>	<b>95,391</b>
<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,525</b>
<b>5,302</b>	<b>266,487</b>	<b>934</b>	<b>372,068</b>

## Consolidated cash flow statement

EUR`000	Continuing operations 01/01 - 09/30/2007
<b>Earnings before taxes (EBT)</b>	<b>93,631</b>
Reversal of negative consolidation differences	-132,831
Depreciation and amortization of PP&E and intangible assets	26,082
Increase (+)/decrease (-) in pension provisions	-39
Profit (-)/loss (+) on the sale of property, plant and equipment	-2,858
Profit (-)/loss (+) on the sale of non-current financial assets	-49,214
Profit (-)/loss (+) on currency translation	533
Issuance of stock options	218
At-equity valuation result	11,027
Other non-cash income and expenses	11,907
Net interest income/ expenses	4,708
Dividends received	1,891
Interest paid	-4,119
Income taxes paid	557
Increase (-)/decrease (+) in inventories	-18,071
Increase (-)/decrease (+) in trade receivables and other receivables	-26,727
Increase (+)/decrease (-) in trade payables, other liabilities and other provisions	25,013
Increase (+)/decrease (-) in other balance sheet items	-2,875
<b>Cash inflow (+)/outflow (-) from/for operating activities (net cash flow)</b>	<b>-61,167</b>
Purchase price paid for shares in companies	-9,959
Cash acquired with the acquisition of shares	26,703
Cash transferred on the sale of shares	-35,978
Proceeds from the sale of shares in companies	111,030
Cash inflows from the sale of non-current assets	11,648
Cash outflows for investments in non-current assets	-22,719
<b>Cash inflow (+)/outflow (-) from/for investing activities</b>	<b>80,725</b>
<b>Free cash flow</b>	<b>19,558</b>
Cash flows from borrowing (+)/ repayment (-) of current financial liabilities	60,103
Cash flows from borrowing (+)/ repayment (-) of non-current financial liabilities	3,474
Cash outflows for liabilities under finance lease	-8,669
Capital increase of ARQUES Industries AG	47,160
Purchase of own shares	-3,525
Dividend payment	-12,376
<b>Cash inflow (+)/outflow (-) from/for financing activities</b>	<b>85,337</b>
Net funds at beginning of period	53,248
Increase (+)/decrease (-) in restricted cash	-1,715
IAS 3.61ff adjustment	0
Change in net funds	104,895
<b>Net funds at end of period</b>	<b>156,428</b>

Discontinuing operations 01/01 - 09/30/2007	Total 01/01 - 09/30/2007	Continuing operations 01/01 - 09/30/2006	Discontinuing operations 01/01 - 09/30/2006	Total 01/01 - 09/30/2006
<b>12,000</b>	<b>105,631</b>	<b>59,194</b>	<b>7,401</b>	<b>66,595</b>
-2,780	-135,611	-57,738	-5,749	-63,487
1,516	27,598	8,028	8,368	16,396
145	106	-45	156	111
23	-2,835	318	-1,052	-734
0	-49,214	-12,768	0	-12,768
0	533	-1,066	468	-598
0	218	273	0	273
-233	10,794	17	-451	-434
0	11,907	3,029	-2,939	90
118	4,826	-17	2,164	2,147
19	1,910	826	173	999
-117	-4,236	-736	-985	-1,7210
-2,102	-1,545	1,864	-2,771	-907
-3,388	-21,459	3,335	1,582	4,917
-4,094	-30,821	-8,371	-4,112	-12,483
-1,397	23,616	-1,669	1,115	-554
-834	-3,709	2,809	-928	2,181
<b>-1,124</b>	<b>-62,291</b>	<b>-2,717</b>	<b>2,740</b>	<b>23</b>
-3,951	-13,910	-3,282	-4,434	-7,716
0	26,703	7,909	1,087	8,996
0	-35,978	0	0	0
0	111,030	5,228	0	5,228
0	11,648	296	2,779	3,075
-1,286	-24,005	-14,067	-1,519	-15,586
<b>-5,237</b>	<b>75,488</b>	<b>-3,916</b>	<b>-2,087</b>	<b>-6,003</b>
<b>-6,361</b>	<b>-13,197</b>	<b>-6,633</b>	<b>653</b>	<b>-5,980</b>
2,089	62,192	11,413	908	12,321
-1,137	2,337	93	-633	-540
-122	-8,791	180	-2,760	-2,580
0	47,160	0	0	0
0	-3,525	0	0	0
0	-12,376	-4,975	0	-4,975
<b>830</b>	<b>86,167</b>	<b>6,711</b>	<b>-2,485</b>	<b>4,226</b>
34,906	88,154	35,105	8,416	43,521
0	-1,715	151	0	151
0	0	2,087	0	2,087
-5,531	99,364	78	-1,832	-1,754
<b>29,375</b>	<b>185,803</b>	<b>33,247</b>	<b>6,584</b>	<b>39,831</b>

## Consolidated segment reporting

01/01 - 09/30/2007 EUR'000	Steel	Print	Industrial Production	Specialty Chemistry	Holding	Other	Elimi- nations	Consoli- dation
<b>Revenues</b>								
External revenues (continuing operations)	86,772	49,058	131,559	157,471	12	381,765	0	806,637
<i>discontinued operations</i>	0	0	0	123,958	0	0	0	123,958
Internal revenues (continuing operations)	0	40	2	0	2,157	336	-2,535	0
<i>discontinued operations</i>	0	0	0	0	0	0	0	0
Total revenues (continuing operations)	86,772	49,098	131,561	157,471	2,169	382,101	-2,535	806,637
<i>discontinued operations</i>	0	0	0	123,958	0	0	0	123,958
Depreciation, amortization and impairments (continuing operations)	-2,565	-4,541	-4,319	-6,406	-1,184	-7,066	0	-26,081
<i>discontinued operations</i>	0	0	0	-1,516	0	0	0	-1,516
<b>Segment profit or loss/ EBIT</b>								
(continuing operations)	-1,073	-2,673	58,131	-34,763*	77,907	11,835	0	109,364
<i>discontinued operations</i>	0	0	0	11,885	0	0	0	11,885

\* The disposal of the net assets of SKW is included here in the amount of EUR 50.0 million.

The associated proceeds have been assigned to the Holding segment, as the payment recipient was ARQUES Industries AG.



## Consolidated segment reporting

01/01 - 09/30/2006 EUR'000	Steel	Print	Industrial Production	Specialty Chemistry	Holding	Other	Elimi- nations	Consoli- dation
<b>Revenues</b>								
External revenues (continuing operations)	63,133	6,360	93,690	0	3	81,366	0	244,552
<i>discontinued operations</i>	0	111,976	0	144,241	0	0	0	256,217
Internal revenues (continuing operations)	0	0	2	0	1,159	0	-1,161	0
<i>discontinued operations</i>	0	181	0	0	0	0	-181	0
Total revenues (continuing operations)	63,133	6,360	93,692	0	1,162	81,366	-1,161	244,552
<i>discontinued operations</i>	0	112,157	0	144,241	0	0	-181	256,217
Depreciation, amortization and impairments (continuing operations)	-3,581	-303	-1,535	0	-149	-2,459	0	-8,027
<i>discontinued operations</i>	0	-6,976	0	-1,392	0	0	0	-8,368
<b>Segment profit or loss/ EBIT</b>								
(continuing operations)	-3,123	17,657	6,865	0	2,178	36,213	-593	59,197
<i>discontinued operations</i>	0	-207	0	9,321	0	0	0	9,114

## Notes to the interim report at September 30, 2007

The interim report of the ARQUES Group has been prepared in accordance with the provisions and regulations of the International Financial Reporting Standards (IFRS), as applicable in the European Union, and the interpretations of the International Financial Reporting Committee (IFRIC). The present, unaudited interim report at September 30, 2007 has been prepared in compliance with IAS 34 accordingly. The key accounting policies applied when preparing the interim report and determining the comparison figures for the prior year are the same as those used in the consolidated financial statements at December 31, 2006. These principles are described in detail in the notes to the consolidated financial statements in the ARQUES Annual Report for 2006.

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

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

### A. Discontinued operations / adjustments to the comparison information in the interim report for the third quarter of 2006

On July 20, 2007, ARQUES Industries AG sold all of its remaining holding of 50.3% in its SKW Stahl-Metallurgie AG subsidiary. Since the SKW Group contributed a large proportion of the results of the Specialty Chemistry segment, the SKW sub-group is presented as a discontinued operation at September 30, 2007.

Compliant with IFRS 5.32, the other disposals in the current fiscal year are not presented as discontinued operations, as they do not represent significant components of an entity.

On December 29 of last year, the ARQUANA sub-group was already presented as a discontinued operation in the consolidated financial statements at December 31, 2006.

Consequently, the comparative prior-year figures for the discontinued operation in the consolidated financial statements of ARQUES Industries AG encompass all assets, liabilities, income, and expenses assigned to the SKW and ARQUANA activities that have been disposed of.

## B. Income taxes

IAS 12.47 requires deferred tax assets and deferred tax assets to be measured at the tax rates that are expected to apply to the period during which the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

In Germany, enactment in the sense of IAS 12.48 is deemed to exist when the Bundestag and Bundesrat have approved the tax law in question. The Bundestag approved the German Corporate Tax Reform Act 2008 on May 25, 2007, followed by the Bundesrat on July 6, 2007. Consequently, the effects of the law are to be taken into account for the first time in the third quarter of 2007 when measuring the deferred tax assets and liabilities. Among other things, the law calls for the rate of corporate income tax to be reduced to 15% and the deductibility of trade tax from the taxable base for corporate income tax to be abolished. The corporate tax rate falls from 37% to 27% as a result.

On account of the changes to the tax rules contained in the German Corporate Tax Reform Act 2008, tax loss carryforwards in the event of a change of shareholder of more than 50% are eliminated. Consequently, starting from fiscal 2008, tax loss carryforwards of German consolidated companies can only be used up to the date of change of shareholder. The write-down of deferred tax assets on tax loss carryforwards gives rise to a non-recurring expense of EUR 3.3 million that is deductible but does not affect cash items.

## C. Changes in the consolidated group

### Company acquisitions

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

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

At the end of March 2007, ARQUES acquired 85% of the shares in the Wanfried Group, comprising Wanfried Druck Kalden GmbH and its wholly owned Wanfried SARL subsidiary, from ARQUANA International Print & Media AG. In July 2007, ARQUES acquired the outstanding shares from ARQUANA International Print & Media AG, meaning that its holding is now 100%. The acquisition of the 85% holding is presented in the other company acquisitions. The acquisition of the remaining 15% leads only to a change in minority interests and additional goodwill.

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

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

In February 2007, ARQUES acquired the antioxidants business of Degussa by way of a mixed share and asset deal via its Spanish subsidiary, ARQUES Iberia S.A., Madrid. In accordance with the “subsidiary manager” model practiced at ARQUES, the acquisition involved a 90% stake. Degussa Sant Celoni S.A. (Spain) was acquired by way of the share deal and the material assets and liabilities of Degussa Knottingley Ltd. (UK) by way of the asset deal. The acquired activities now operate under the Oxiris brand, comprising essentially Oxiris Chemicals S.A. (Spain) and Oxiris Operational Ltd. (UK). The closing for this acquisition was completed at the beginning of May, meaning that the companies have been included in the consolidated financial statements of ARQUES with effect from May 1, 2007.

At the end of March 2007, ARQUES acquired 51% of the shares in the Austrian fashion store chain Richard Schöps & Co AG via its ARQUES Austria Invest AG, Vienna, subsidiary. All of the conditions arising from the purchase agreement had been satisfied by the end of April 2007, meaning that the company has been included in the consolidated financial statements of ARQUES with effect from May 1, 2007.

In April 2007, 100% of the shares in Calibrados de Precisión, S.A. (Capresa), a Spanish specialist in the first transformation of steel, were acquired via Arques Iberia S.A. Capresa’s wholly owned Mexican subsidiary, Capremex, S.A. de C.V., was acquired at the same time. ARQUES was able to assume control of the company at the beginning of June, so it has been included in the consolidated financial statements of ARQUES with effect from June 1, 2007.

In August 2007, ARQUES acquired the Austrian SAG Group (90% of SAG Systemtechnik Austria and its wholly-owned SAG Energietechnik GmbH subsidiary) via ARQUES Industries AG, Vienna. In accordance with the “subsidiary manager” model practiced at ARQUES, the acquisition involved a 90% stake. The companies have been included in the consolidated financial statements of ARQUES with effect from August 1, 2007.

In September, ARQUES acquired the shares in the local companies of Actebis, an IT distributor, in Germany, France, Austria, and the Netherlands from the Otto Group (Actebis Peacock GmbH & Co.KG and its wholly-owned subsidiaries Lange Wende Grundstücksverwaltungs GmbH, Grundstücksverwaltungsgesellschaft Soest GmbH, Soest Grundstücksverwaltung GmbH & Co. KG, Peacock Grundstücks Holding GmbH, Peacock Grundstücks Service GmbH, Beteiligungsgesellschaft Graf Zeppelin Str. Grundstücksverwaltungs GmbH, Graf Zeppelin Str. Grundstücksverwaltung GmbH & Co. KG. Peacock GmbH, Actebis Österreich Ges. m.b.H., Actebis France S.A.S., LAFI S.A.S., Actebis NL B.V. and assets of Actebis Holding GmbH were also acquired as part of an asset deal). In accordance with the “subsidiary manager” model practiced at ARQUES, the acquisition involved a 96.8% stake. The companies have been included in the consolidated financial statements of ARQUES with effect from September 28.

In September, ARQUES acquired the shares in Woco Michelin AVS, an internationally active automotive supplier based in Amsterdam, the Netherlands (WOCO Michelin AVS B.V. and its wholly-owned subsidiaries WOCO AVS GmbH, WOCO Iberica S.A., WOCO Automotive Inc. (including the subsidiaries WOCO de Mexico S.A. de C.V. (99.99%), WOCO Maxtech S.A. de C.V. (0.02%)), WOCO S.A.S., Woco Decize S.A.S. (including the subsidiaries Societe Immobiliere Decize S.N.C. (99.99%), WOCO AVS S.A.S. (100%)), WOCO AVS Rom S.R.L., Antivibrations-technik s.r.o., Wuxi WOCO Tongyong Rubber Engineering Co. Ltd., WOCO and 47% of the shares in Maxtech Inc. (whereby this company in turn holds 99.98% of the shares in WOCO Maxtech S.A. de C.V.), 50% of the shares in Vibracoustic do Brasil Industria e Comercio de Artefatos de Borracha Ltda., and 50% of the shares in BEL-WOCO Anti Vibration Systems (Pty.) Ltd.). In accordance with the “subsidiary manager” model practiced at ARQUES, the acquisition involved a 90% stake. The companies have been included in the consolidated financial statements of ARQUES with effect from September 28.

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

Of the business acquisitions carried out in the first nine months of 2007, the following acquisitions satisfy the material criteria of IFRS 3.68 and are shown separately here. The individual criteria applied by the ARQUES Group to determine the materiality of business combinations are listed in the notes to the consolidated financial statements of ARQUES Industries AG at December 31, 2006 (Note 36 in the notes to the income statement and balance sheet). These criteria have not changed during 2007.

### Van Netten GmbH

The purchase price for the shares in Van Netten GmbH acquired amounted to EUR 3. In addition, loans with a nominal amount of EUR 35,994 thousand were acquired for a purchase price of EUR 4 together with a trade payable of EUR 1,805 thousand for a purchase price of EUR 1. Incidental costs totaling an aggregate of EUR 179 thousand accrued. These cash flows, together with the assets and liabilities acquired, gave rise to a negative consolidation difference of EUR 30,443 thousand, which has been recognized as income in the income statement under other operating income.

The loss generated by the acquired companies from the acquisition date to September 30, 2007 amounted to EUR 9,149 thousand. This figure already includes significant start-up and acquisition losses, as well as restructuring losses. It does not contain the other operating income from the reversal of negative consolidation differences. The revenues generated from January 1, 2007 to the acquisition date amounted to EUR 13,670 thousand and aggregate

revenues amounted to EUR 37,664 thousand. The profit or loss generated from January 1, 2007 to the respective acquisition date was not determined because it was not relevant to the consolidation process. A retroactive restatement of the values at January 1, 2007 was not effected, as the values for the months prior to the acquisition would not be comparable with those after the acquisition, due to the restructuring measures that have been initiated and would therefore be misleading.

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

EUR'000	Carrying amount	Fair value
<b>Non-current assets</b>		
Intangible assets	1,264	1,246
Land	2,882	6,574
Buildings	6,713	7,426
Technical equipment, plant and machinery	14,231	23,623
Other assets	3,616	2,790
Financial assets	19	19
Deferred tax assets	0	2,123
<b>Current assets</b>		
Inventories	7,120	6,926
Trade receivables	1,225	1,225
Other assets	10,539	10,539
Cash and cash equivalents	15	15
<b>Liabilities</b>		
Provisions	-2,022	-2,022
Trade payables	-17,794	-17,794
Other liabilities	-39,537	-46,790
Deferred tax liabilities	0	-3,699
<b>Net asset values</b>		<b>-7,799</b>
Minority interests		622
<b>Net asset values acquired</b>		<b>-7,177</b>

The cash acquired amounted to EUR 15 thousand, giving rise to an overall cash outflow of EUR 164 thousand.

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

### Richard Schöps & Co AG

The purchase price for the shares in Schöps acquired amounted to EUR 1 plus incidental costs of EUR 50 thousand. The cash flows together with the assets and liabilities acquired gave rise to goodwill of EUR 6,112 thousand.

The loss generated by the acquired companies from the acquisition date to September 30, 2007 amounted to EUR 5,580 thousand. This figure already includes significant start-up and acquisition losses, as well as restructuring losses. The revenues generated from January 1, 2007 to the acquisition date amounted to EUR 15,842 thousand and aggregate revenues amounted to EUR 36,770 thousand. The profit or loss generated from January 1, 2007 to the acquisition date was not determined because it was not relevant to the consolidation process. A retroactive restatement of the values at January 1, 2007 was not effected, as the values for the months prior to the acquisition would not be comparable with those after the acquisition, due to the restructuring measures that have been initiated and would therefore be misleading.

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

EUR'000	Carrying amount	Fair value
<b>Non-current assets</b>		
Intangible assets	30	6,932
Land	0	0
Buildings	464	2,000
Technical equipment, plant and machinery	16	16
Other assets	6,179	6,179
Financial assets	345	345
Deferred tax assets	0	938
<b>Current assets</b>		
Inventories	11,663	11,663
Trade receivables	26	26
Other assets	998	998
Cash and cash equivalents	419	419
<b>Liabilities</b>		
Provisions	-5,767	-5,829
Trade payables	-10,329	-10,329
Other liabilities	-24,306	-24,306
Deferred tax liabilities	0	-938
<b>Net asset values</b>	<b>30</b>	<b>-11,886</b>
Minority interests	0	5,824
<b>Net asset values acquired</b>		<b>-6,062</b>

The cash acquired amounted to EUR 419 thousand, giving rise to an overall cash inflow of EUR 369 thousand.

No business divisions were discontinued or sold in connection with this acquisition.

## Actebis Group

The purchase price for the shares in Actebis Peacock GmbH & Co. KG acquired amounted to EUR 110,680 thousand. Of this amount, EUR 85,535 thousand was paid in cash and EUR 25,145 thousand in the form of a vendor loan. The purchase price included land and buildings totaling EUR 37 million, which are currently in the process of disposal. At the balance sheet date, the cash required for the cash component was still recorded in the accounts of ARQUES. These cash flows, together with the assets and liabilities acquired, gave rise to a negative consolidation difference of EUR 27,122 thousand, which has been recognized as income in the income statement under other operating income.

Since the company was acquired at the end of the quarter, there was no profit or loss generated in the third quarter. The revenues generated from January 1, 2007 to the acquisition date amounted to EUR 1,779 million. The profit or loss generated from January 1, 2007 to the acquisition date was not determined because it was not relevant to the consolidation process. A retroactive restatement of the values at January 1, 2007 was not effected, as the values for the months prior to the acquisition would not be comparable with those after the acquisition, due to the restructuring measures that have been initiated and would therefore be misleading.

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

EUR'000	Carrying amount	Fair value
<b>Non-current assets</b>		
Intangible assets	14,565	28,883
Land	860	1,834
Buildings	4,054	1,870
Technical equipment, plant and machinery	2,072	2,405
Other assets	13,403	13,036
Financial assets	59	59
Deferred tax assets	7,515	1,094
<b>Current assets</b>		
Inventories	171,552	177,274
Trade receivables	76,044	76,044
Other assets	102,961	111,183
Cash and cash equivalents	17,526	17,526
<b>Liabilities</b>		
Provisions	-10,543	-11,186
Trade payables	-207,524	-207,524
Other liabilities	-54,852	-54,852
Deferred tax liabilities	-1,253	-15,289
<b>Net asset values</b>		<b>142,357</b>
Minority interests		-4,555
<b>Net asset values acquired</b>		<b>137,802</b>

The cash acquired amounted to EUR 17,526 thousand, giving rise to an overall cash outflow of EUR 68,009 thousand.

No business divisions were discontinued or sold in connection with this acquisition.

## Woco Michelin AVS Group (now known as the Anvis Group)

On account of the size and complexity of the Woco Michelin AVS Group, there was not enough time to make any Group-wide IFRS adjustments in the very short period available. Since it was not possible to perform a uniform evaluation in accordance with IFRS at the balance sheet date, ARQUES decided to include the consolidated figures prepared in accordance with local law in the interim financial statements. This means that no undisclosed reserves have yet been disclosed in the assets or inventories as part of initial consolidation and no additional intangible assets have been included in the financial statements. Similarly, no additional identifiable undisclosed liabilities have been included either.

The purchase price for the shares in AVS acquired amounted to EUR 1,200 thousand. As part of the transaction, loans with a nominal amount of EUR 30,000 thousand were also acquired for a purchase price equivalent to the nominal amount. Of the total purchase price, EUR 15,000 thousand was paid in cash and the rest in the form of a vendor loan. The cash flows, together with the assets and liabilities acquired, gave rise to a negative consolidation difference of EUR 46,927 thousand, which has been recognized as income in the income statement under other operating income.

Since the company was acquired at the end of the quarter, there was no profit or loss generated in the third quarter. The revenues generated from January 1, 2007 to the acquisition date amounted to EUR 209,200 thousand. The profit or loss generated from January 1, 2007 to the acquisition date was not determined because it was not relevant to the consolidation process. A retroactive restatement of the values at January 1, 2007 was not effected, as the values for the months prior to the acquisition would not be comparable with those after the acquisition, due to the restructuring measures that have been initiated and would therefore be misleading.

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

EUR'000	Carrying amount	Fair value
<b>Non-current assets</b>		
Intangible assets	11,039	11,039
Land	2,690	2,690
Buildings	8,362	8,362
Technical equipment, plant and machinery	41,331	41,331
Other assets	8,787	8,787
Financial assets	2,865	2,865
Deferred tax assets	144	144
<b>Current assets</b>		
Inventories	25,670	25,670
Trade receivables	56,417	56,417
Other assets	12,228	12,228
Cash and cash equivalents	5,655	5,655
<b>Liabilities</b>		
Provisions	-17,180	-17,180
Trade payables	-39,840	-39,840
Other liabilities	-64,694	-64,694
Deferred tax liabilities	0	0
<b>Net asset values</b>		<b>53,474</b>
Minority interests		-5,347
<b>Net asset values acquired</b>		<b>48,127</b>

The cash acquired amounted to EUR 5,655 thousand, giving rise to an overall cash outflow of EUR 9,345 thousand.

No business divisions were discontinued or sold in connection with this acquisition.



## Other acquisitions

The aggregate purchase price for the other companies acquired amounted to EUR 22,983 thousand. Of this amount, EUR 13,134 thousand was paid in cash. Incidental costs of EUR 85 thousand also accrued, which were paid in cash. Owner loans in the total amount of EUR 8,942 thousand were acquired as part of the acquisitions. There are still outstanding liabilities of EUR 7,210 thousand arising from purchase price payments, which are to be settled in cash. The acquisition of Chikara Handels GmbH involved the issuance of 40,000 shares of tiskon AG, which were trading at a price of EUR 5.47 at the time of transfer. Moreover, the acquisition of the shares in Chikara Handels GmbH is subject to earn-out clauses which may lead to the transfer of a further 200,000 shares of tiskon AG by December 31, 2009 if revenue and profit targets are achieved. At the time of purchase, the probability of use was estimated at a mere 92,500 shares of tiskon AG, which was taken into account in the purchase price. The acquisition of the companies gave rise to negative consolidation differences in the amount of EUR 30,536 thousand and goodwill of EUR 7,596 thousand.

The losses generated by the acquired companies from the acquisition date to September 30, 2007 amounted to EUR 6,992 thousand. This figure already includes significant start-up and acquisition losses, as well as restructuring losses. It does not contain the other operating income from the reversal of negative consolidation differences. The revenues generated from January 1, 2007 to the respective acquisition date amounted to EUR 94,565 thousand and the aggregate revenues of the other acquisitions amounted to EUR 207,853 thousand. The profit or loss generated from January 1, 2007 to the respective acquisition date was not determined because it was not relevant to the consolidation process. A retroactive restatement of the values at January 1, 2007 was not effected, as the values for the months prior to the acquisition would not be comparable with those after the acquisition, due to the restructuring measures that have been initiated and would therefore be misleading.

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

EUR'000	Carrying amount	Fair value
<b>Non-current assets</b>		
Intangible assets	6,473	16,887
Land	1,556	14,556
Buildings	6,664	6,226
Technical equipment, plant and machinery	24,215	26,858
Other assets	3,340	3,372
Financial assets	1,156	1,155
Deferred tax assets	1,554	5,268
<b>Current assets</b>		
Inventories	17,858	18,329
Trade receivables	43,230	46,118
Other assets	5,494	5,470
Cash and cash equivalents	3,315	3,315
<b>Liabilities</b>		
Provisions	-14,069	-15,074
Trade payables	-26,054	-25,756
Other liabilities	-40,364	-43,181
Deferred tax liabilities	-1,751	-14,674
<b>Net asset values</b>		<b>48,869</b>
Minority interests		-11,925
<b>Net asset values acquired</b>		<b>36,944</b>

The cash acquired amounted to EUR 3,315 thousand, giving rise to an overall cash outflow of EUR 9,903 thousand. The cash acquired included restricted cash totaling EUR 250 thousand.

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

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

The acquisition of new immaterial shelf companies is not shown separately, as these are of minor significance.

### Company acquisitions after September 30, 2007

Already in June 2007, ARQUES Austria acquired the Rohé Group with more than 1,000 employees in 19 local companies around the world and revenues of more than EUR 100 million. Vienna-based A. Rohé Holding GmbH was acquired. Since the control criterion had not been fulfilled by September 30, 2007 due to the economic and legal situation, the company has not yet been included in the consolidated financial statements of ARQUES. The closing for this transaction was concluded at the start of October 2007, as a consequence of which the acquired Rohé Group will be initially consolidated in the fourth quarter.

At the end of October 2007, ARQUES Industries AG and MöllerGroup GmbH & Co. KG, Bielefeld, agreed on the purchase of operating companies. The legally binding signign of the agreement is scheduled for the end of November due to a number of special features of French law. The agreement calls for ARQUES to acquire individual subsidiaries of MöllerTech International GmbH in France, Spain, and Brazil. MöllerTech International is a subsidiary of the Möller Group. The units acquired specialize in the development and production of plastic systems, modules, and individual components for automobile interiors. The contract is expected to be signed in the near future. The transaction is subject to the normally conditions, such as the approval of the anti-trust authorities. In 2006, these companies generated revenues of around EUR 230 million with around 1,700 employees.

ARQUES Industries AG acquired Germany's largest telecommunications trade distributor, NT plus AG, in November. The sellers are United Internet AG and Neue Medien Ulm Holding GmbH, who intend to concentrate on their core business in the future, together with three smaller shareholders. Osnabrück-based NT plus is a sustainably profitable distributor in the telecommunications sector, generating revenues of EUR 450 million in 2006. The transaction is subject to the normal condition of the approval of the German Anti-Trust Office.

### Company disposals

The following companies had been disposed of by September 30, 2007:

- teutonia Kinderwagenfabrik GmbH
- SKW Stahl Metallurgie Holding AG
- Salto Paper AG
- SKS Stakusit Group

The following companies have been deconsolidated in connection with the sale of shares in teutonia Kinderwagenfabrik GmbH:

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

The disposal of teutonia resulted in a cash inflow of EUR 7,959 thousand and a gain of EUR 1,682 thousand, which is carried under other operating income. The difference between the cash inflow and the other operating income disclosed results from the charging off of an owner loan not recognized in income as part of consolidation in fiscal 2004 compliant with IAS 22 – the predecessor to IFRS 3 – and the other net assets of the subsidiary transferred in connection with the disposal. Consequently, the majority of the proceeds from the disposal of teutonia have an impact on cash positions but not net income, due to the changes in accounting under IFRS outlined above.

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

	EUR'000
<b>Assets transferred</b>	
Intangible assets	159
Property, plant and equipment	3,239
Inventories	2,534
Trade receivables	2,007
Other assets	1,716
<b>Total assets</b>	<b>9,655</b>
<b>Liabilities transferred</b>	
Pension provisions	451
Provisions	635
Current financial liabilities	8
Non-current financial liabilities	0
Trade payables	835
Other liabilities	622
<b>Total liabilities</b>	<b>2,551</b>

The following companies have been deconsolidated as a result of the sale of shares in the listed SKW Stahl Metallurgie Holding AG:

- SKW Stahl Metallurgie Holding AG
- SKW Stahl Metallurgie GmbH
- SKW France S.A.S.
- AFFIVAL S.A.S.
- AFFIVAL Inc.
- AFFIVAL KK
- AFFIVAL Korea Co. Ltd.
- SKW QUAB Chemicals Inc.

In June 2007, ARQUES sold a tranche of 300,000 shares in its listed SKW Stahl Metallurgie Holding AG subsidiary. The placement yielded proceeds of EUR 10 million and a

gain of EUR 5.5 million, which is carried under other operating income. Following this sale, ARQUES continued to hold more than 50% of the shares in SKW Stahl Metallurgie Holding AG, meaning that the company was not deconsolidated at June 30, 2007.

In July 2007, ARQUES sold all the remaining shares in its listed SKW Stahl Metallurgie Holding AG subsidiary. The placement was completed at a price of EUR 37 per share and yielded proceeds of EUR 82 million. Taking into account the deconsolidation effects arising from the disposal of the net asset values, a gain of EUR 48.9 million remains in the ARQUES Group from all the disposal transactions in 2007 regarding SKW shares.

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

	EUR'000
<b>Assets transferred</b>	
Intangible assets	5,807
Property, plant and equipment	15,306
Investments	4,142
Inventories	32,684
Trade receivables	34,709
Other assets	36,851
<b>Total assets</b>	<b>129,499</b>
<b>Liabilities transferred</b>	
Pension provisions	1,496
Provisions	1,190
Current financial liabilities	8,295
Non-current financial liabilities	4,832
Trade payables	24,813
Other liabilities	9,795
<b>Total liabilities</b>	<b>50,421</b>

The following companies have been deconsolidated in connection with the sale of shares in Salto Paper AG (formerly Papiermühle Wolfsheck):

- Salto Paper AG
- Forest Asset Verwaltungs AG
- Wolfsheck Betriebs GmbH

ARQUES sold Salto Paper AG to a strategic investor for EUR 91 thousand in July 2007. The disposal gave rise to a loss of EUR 3,924 thousand. In response to new information coming to light within the 12-month period permitted by IFRS 3.61ff, the value of a receivable arising from the acquisition has been modified retrospectively to the acquisition date on account of the legal situation emerging from court proceedings and written down by EUR 8,812 thousand. This change is shown separately in the statement of changes in shareholders' equity.

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

	EUR'000
<b>Assets transferred</b>	
Intangible assets	0
Property, plant and equipment	4,625
Inventories	7,252
Trade receivables	11,824
Other assets	9,963
<b>Total assets</b>	<b>33,664</b>
<b>Liabilities transferred</b>	
Pension provisions	88
Provisions	10,209
Current financial liabilities	5,629
Non-current financial liabilities	133
Trade payables	11,987
Other liabilities	1,060
<b>Total liabilities</b>	<b>29,106</b>

The following companies have been deconsolidated in connection with the sale of shares in the SKS Stakusit Group:

- SKS Stakusit Bautechnik GmbH
- SKS Stakusit Polska Sp. Z.o.o.
- SKS Stakusit GUS GmbH
- SKS Stakusit RO SRL
- SKS Stakusit Hellas Rolladen & Balkonanlagen Einmann
- SKS Stakusit d.o.o. Belgrade
- SKS Stakusit Ukraine GmbH

ARQUES sold all of the shares in the SKS Stakusit Group, Duisburg, to a strategic investor at the end of July 2007. The transaction yielded proceeds of EUR 11.3 million and a gain on disposal of EUR 4.0 million. Furthermore, SKS Stakusit Bautechnik GmbH paid a closing fee of EUR 5.0 million to ARQUES Industire Finanz GmbH at the time of disposal.

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

	EUR'000
<b>Assets transferred</b>	
Intangible assets	21
Property, plant and equipment	5,644
Investments	41
Inventories	6,860
Trade receivables	4,426
Other assets	6,789
<b>Total assets</b>	<b>23,781</b>
<b>Liabilities transferred</b>	
Pension provisions	71
Provisions	2,010
Current financial liabilities	4,921
Non-current financial liabilities	536
Trade payables	2,851
Other liabilities	6,399
<b>Total liabilities</b>	<b>16,788</b>

ARQUES' shareholding in ARQUANA International Print & Media AG has been further reduced to 19.9%. The remaining shares were valued using the market price at September

28, 2007, giving rise to a loss from associated companies of EUR 11.0 million and an impairment loss on available-for-sale securities of EUR 5.4 million. Furthermore, all loans receivable from ARQUANA International Print & Media AG were written down, giving rise to a write-down of EUR 14.9 million on loan receivables. In total, all the measures listed impacted EBITDA by EUR 20.3 million, the financial result by EUR 11.0 million, and pre-tax and post-tax profit by EUR 31.3 million.

#### D. Net assets, financial position and earnings

The Group's total assets at September 30, 2007 totaled EUR 1,405,889 thousand (prior year: EUR 665,283 thousand). This corresponds to an increase of 113.2%, which can be attributed primarily to the considerable acquisition activities in the period under review.

The most important category of non-current assets continues to be property, plant and equipment, accounting for EUR 308,585 thousand, or 73.9% of non-current assets (prior year: 67.2%) and 21.9% of total assets (prior year: 22.9%).

Inventories increased by EUR 212,020 thousand to EUR 326,115 thousand, of which EUR 169,354 thousand relates to the third quarter of 2007.

Trade receivables amount to EUR 277,776 thousand (prior year: EUR 138,783 thousand).

At the end of the third quarter of 2007, the Group held cash and cash equivalents in the total amount of EUR 191,620 thousand (prior year: EUR 92,006 thousand).

The Group's equity ratio (including minority interests) declined to 26.5% from 41.3% at December 31, 2006. The fall in the equity ratio can be attributed to the enormous rise in total assets associated with major acquisitions.

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

	September 30, 2007		December 31, 2006	
	Mio. EUR	%	Mio. EUR	%
Non-current assets	417.4	29.7	227.2	34.2
Current assets without cash and cash equivalents	796.9	56.7	346.1	52.0
Cash and cash equivalents	191.6	13.6	92.0	13.8
<b>Total assets</b>	<b>1,405.9</b>	<b>100.0</b>	<b>665.3</b>	<b>100.0</b>
Shareholders' equity	372.1	26.5	274.8	41.3
Non-current liabilities	173.0	12.3	118.4	17.8
Current liabilities	860.8	61.2	272.1	40.9
<b>Total liabilities</b>	<b>1,405.9</b>	<b>100.0</b>	<b>665.3</b>	<b>100.0</b>

The revenues of the ARQUES Group increased by EUR 429.8 million compared with the same period last year, to EUR 930.6 million. The following table shows the main changes in detail:

REVENUES	01/01 - 09/30/2007 EURm	01/01 - 09/30/2006 EURm	Change %
Specialty Chemistry	157.4	0.0	-
Print	49.1	6.4	667.2
Industrial Production	131.6	93.7	40.4
Holding	0.0	0.0	-
Steel	86.8	63.1	37.6
Other	381.7	81.4	368.9
Continuing operations	806.6	244.6	229.8
Discontinued operations	124.0	256.2	-51.6
<b>Total</b>	<b>930.6</b>	<b>500.8</b>	<b>85.8</b>

EBIT	01/01 - 09/30/2007 EURm	01/01 - 09/30/2006 EURm	Change %
Specialty Chemistry	-34.8*	0.0	-
Print	-2.7	17.7	-115.3
Industrial Production	58.1	6.9	742.0
Holding	77.9	2.1	3,609.5
Steel	-1.1	-3.1	-64.5
Other	11.9	36.2	-67.1
Eliminations	0.0	-0.6	0.0
Continuing operations	109.3	59.2	84.6
Discontinued operations	11.9	9.1	-
<b>Total</b>	<b>121.2</b>	<b>68.3</b>	<b>77.5</b>
* The disposal of the net assets of SKW is included here in the amount of EUR 50.0 million. The associated proceeds have been assigned to the Holding segment, as the payment recipient was ARQUES Industries AG.			

## Cash flow

The cash and cash equivalents totaling EUR 156.4 million consist of checks, cash on hand, and cash in banks less the cash that ARQUES is not able to use for operational purposes because it has been pledged as security for liabilities, which amounted to EUR 5.8 million at the balance sheet date. Since the cash and equivalents recorded for the equivalent quarter last year still included the restricted cash, the comparative figures have been adjusted to reflect the new definition of cash and cash equivalents.

The Group recorded a cash outflow of EUR 61.2 million for operating activities in the first nine months of 2007, most of which relates to the rise in working capital recorded under inventories and trade receivables. These two items increased by an aggregate of EUR 425.3 million, of which EUR 390.5 million relates to changes in the scope of consolidation of the ARQUES Group. Trade payables (including other liabilities and other provisions) increased by EUR 481.0 million, of which EUR 457.1 million relates to changes in the consolidated group.

The cash inflow for investing activities totaled EUR 80.7 million in the first nine months of the fiscal year. This inflow is essentially the balance of purchase prices of EUR 10.0 million paid for shares in companies, investments of EUR 22.7 million in non-current assets, and proceeds of EUR 111.0 million from the sale of shares in companies.

ARQUES recorded a cash inflow of EUR 85.3 million from financing activities. This inflow results primarily from the capital increase of ARQUES Industries AG carried out in June 2007, which yielded EUR 47.2 million and the borrowing of EUR 60.1 million in current financial liabilities.

## Balance sheet and financial indicators

Indicator	Definition	09/30/2007 %	12/31/2006 %
Gross profit margin	$\frac{\text{EBIT}}{\text{Revenues}}$	13.6	18.8
Asset intensity	$\frac{\text{Property, plant and equipment, and intangible assets}}{\text{Total assets}}$	28.0	25.7
Current liabilities to total liabilities	$\frac{\text{Current liabilities}}{\text{Total liabilities}}$	83.3	69.7
Financing ratio	$\frac{\text{Scheduled depreciation/amortization}}{\text{Capital investments}}$	114.8	76.1
Equity ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	26.5	41.3
Return on equity	$\frac{\text{Profit on continuing operations}}{\text{Equity}}$	25.7	21.9

## E. Related party disclosures

Related parties include the members of the Executive Board of ARQUES Industries AG, EMG Holding GmbH, and The Growth Group AG, as they can be, or have been, influenced by active members of ARQUES Group Executive Board.



The following material transactions involving the ARQUES Group and related parties had been conducted up to September 30, 2007:

EUR'000	01/01 - 09/30/2007
<b>Expenses for purchased services and cost allocation charges</b>	
- EMG Holding GmbH (consulting services and lease payments)	876
- The Growth Group AG (consulting services)	88
<b>TOTAL</b>	<b>964</b>

The payments made to EMG Holding GmbH for consulting services and lease payments consisted entirely of Executive Board compensation for Dr. Martin Vorderwülbecke, the Chairman of the Executive Board. The consulting services charged by The Growth Group AG result from marketing services.


Dr. Michael Schumann held participating interests in a number of companies in which the ARQUES Group holds a majority interest. ARQUES held these interests in trust. Since the disposal of the shares in these subsidiaries is planned, the trust relationship was terminated in order to provide for the full power of control internally and sold to ARQUES Industries AG. ARQUES Industries AG acquired the following individual participating interests from Dr. Schumann for an aggregate purchase price of EUR 1,732 thousand:


Subsidiary (name)	Participating interest in %
Arques Finanz GmbH - Golf House	0.891
Arques Industrie Finanz GmbH - SKS	0.891
Arques Wert Consult GmbH / Arques Wert Invest GmbH - Missel	0.891
WS 2018 Vermögensverwaltung GmbH - Jähnel-Kestermann	0.891
Fritz Berger GmbH - Fritz Berger	0.990
WS 3022 Vermögensverwaltungs AG - DDP	0.990
IVMP AG - Rohner AG	0.969
Zugspitze 66. Vermögensverwaltungs AG - Evotape	0.890


Members of the Executive Board – Dr. Martin Vorderwülbecke, Markus Zöllner, and Felix Frohn-Bernau – have each acquired minority interests in ARQUES Iberia S.A., a foreign company in which ARQUES indirectly holds a majority interest, amounting to 2% of the capital stock at par value for a purchase price of EUR 1 thousand.

Members of the Executive Board – Dr. Dr. Peter Löw (member/Chairman of the Executive Board until April 30, 2007), Dr. Martin Vorderwülbecke, Markus Zöllner, and Felix Frohn-Bernau – have each acquired minority interests in ARQUES AUSTRIA Invest AG, a foreign company in which ARQUES indirectly holds a majority interest, amounting to 2% of the capital stock at par value for a purchase price of EUR 2 thousand.

Members of the Executive Board – Dr. Dr. Peter Löw (member/Chairman of the Executive Board until April 30, 2007), Dr. Martin Vorderwülbecke, Markus Zöllner, and Felix Frohn-Bernau – have each acquired minority interests in ARQUES Objekt1 AG, a domestic company in which ARQUES indirectly holds a majority interest, amounting to 2% of the capital stock at par value for a purchase price of EUR 2 thousand.

Starnberg, November 22, 2007 

The Executive Board 

Dr. Martin Vorderwülbecke (Chairman of the Executive Board) 

Markus Zöllner (Chief Officer Operations) 

Dr. Michael Schumann (Head of Acquisitions)

Felix Frohn-Bernau (Head of Exits)

## Scheduled Dates

Information regarding dates and events of ARQUES Industries AG.

March 31, 2008 Annual Report for the 2007 fiscal year

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

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