FINANCIAL REPORT for the 3rd quarter of 2006

"Creating value through active involvement"

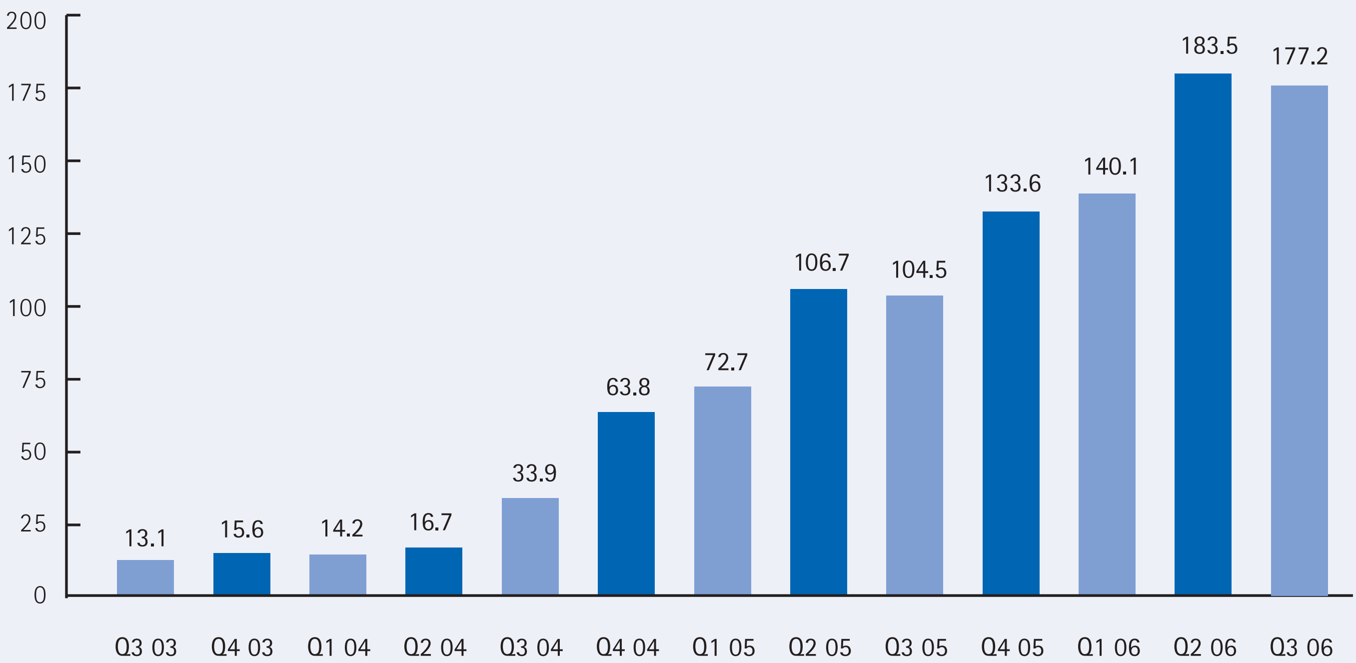
ARQUES INDUSTRIES AG

Key figures

EURm	Jan. 1 – Sep. 30, 2006	Jan. 1 – Sep. 30, 2005	Change (%)
Consolidated revenues	500.8	283.9	76.4
Earnings before interest, taxes, depreciation and amortization (EBITDA)	84.7	39.7	113.4
Earnings before interest and taxes (EBIT)	68.3	30.8	121.8
Consolidated net profit	64.9	25.3	156.5
Earnings per share (diluted) in EUR	2.67	1.14	134.2
Earnings per share (undiluted) in EUR	2.67	1.14	134.2
Net cash flow	0.023	1.7	

EURm	Sep. 30, 2006	Dec. 31, 2005	Change (%)
Shareholders' equity	198.5	142.2	39.6
Equity ratio in %	35.7	38.7	
Total assets	556.2	367.9	51.2
Workforce	2,906	2,568	13.2

Development of the quarterly revenues (in EURm)



Preface by the Executive Board

Dear shareholders, employees and friends of the company:

In the present report on the third quarter, we have the pleasure of reviewing yet another successful quarter in the history of our still young company, which continues to perform every bit as well as it did in the preceding fiscal year. Considering the strong growth of our business and the numerous additions to the consolidation group, the consolidated figures presented herein are not wholly comparable with those of the prior-year period. Nonetheless, they are clearly indicative of the company's strong performance - both in terms of acquisitions and operating results.

In the third quarter of 2006, ARQUES Industries AG generated consolidated revenues of EUR 177.2 million, representing a 69.6% increase over the prior-year figure (EUR 104.5 million). The EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to EUR 34.4 million, as compared with EUR 9.3 in the prior-year quarter (+269.9%), and the EBIT (earnings before interest and taxes) amounted to EUR 28.8 million, 357.1% higher than the prior-year figure of EUR 6.3 million. The consolidated net profit came to EUR 26.7 million (prior-year period: EUR 3.4 million).

The consolidated revenues for the first nine months of fiscal year 2006 amounted to EUR 500.8 million, up 76.4% from the prior-year figure of EUR 283.9 million. The EBITDA reached EUR 84.7 million, as compared with EUR 39.7 million in the prior-year period, representing a gain of 113.4%. At EUR 68.3 million, the EBIT was 121.8% higher than the year-ago figure (EUR 30.8 million). The consolidated net profit for the first nine months of the year was EUR 64.9 million and the earnings per share came to EUR 2.67 (previous year: EUR 1.14). The ARQUES group hereby has already exceeded its published guidance for fiscal year 2006 after three quarters.

The revenues and earnings of the recently acquired Swiss rotary offset printer Farbendruck Weber AG, the papermaking company Papiermühle Wolfsheck (Salto Paper) and pwe Verlag GmbH were included in the consolidated figures of the ARQUES Group for the first time in the third quarter of 2006.

Largest acquisition in the company's history

On September 11, 2006, when it signed an agreement to acquire the chemicals concern Oxxynova GmbH & Co. KG from Düsseldorf-based Degussa AG, ARQUES again proved itself to be a competent partner for corporate spin-offs. This was the company's second deal with Degussa AG, after the acquisition of SKW in August 2004. Oxxynova reported positive earnings and annual revenues of EUR 182 million in fiscal year 2005. In revenue terms, it is the biggest acquisition in ARQUES' history. Oxxynova produces DMT, a necessary ingredient for polyester production, in liquid and solid form. It is the European market leader in this segment. The German Federal Cartel Office approved the transaction on October 4. Oxxynova will be included in ARQUES' consolidated financial statements in the fourth quarter.

With effect on November 11, 2006, ARQUES acquired the technical services provider BEA Elektrotechnik und Automation Technische Dienste Lausitz GmbH (BEA TDL) from the Röchling Group. This company develops and builds electro-technical equipment and automation solutions for conveyor systems and energy applications. In its most recent fiscal year, BEA TDL generated annual revenues of approximately EUR 50 million. The company will be included in the consolidated financial statements of the ARQUES Group in the fourth quarter.

ARQUES had already announced the acquisition of the Swiss printing company Farbendruck Weber AG and Papiermühle Wolfsheck (Salto Paper) at the end of August. As a highly modern rotary offset printing company and model operation for MAN printing equipment, Farbendruck Weber makes an ideal complement to ARQUES' printing activities, both in terms of technology and geography. In its most recent fiscal year, Farbendruck Weber generated annual revenues of more than EUR 50 million. Papiermühle Wolfsheck is a printing plant in the northern part of Germany's Black Forest, which produces both catalog paper and specialty papers for construction industry applications. In its most recent fiscal year, the company generated annual revenues of EUR 65 million.

As part of its "buy & build" strategy, ddp Deutscher Depeschendienst GmbH acquired the picture and content agency pwe Verlag GmbH, which owns Deutscher Fernsehdienst (defd), among other companies, from Hubert Burda Media at the end of July 2006. This acquisition substantially expanded the celebrity and lifestyle photo business of the news agency ddp.
Thus, ARQUES has completed a total of 11 acquisitions in the current year, thereby exceeding its stated goal of generating annualized revenues of EUR 1 billion already before the end of the third quarter.

Among the company's existing subsidiaries, the holding company ARQUANA International Print & Media AG showed an especially successful development in the third quarter. This holding company, in which ARQUES' printing activities are consolidated, was admitted for trading on the Prime Standard segment of the German stock exchange on September 20. This listing will raise ARQUANA's profile as an independent player in the capital markets. Before this move, the company's stock had been traded only in the OTC market, which attracts little attention and is relatively untransparent. In connection with the recent issue of new stock, the proceeds of which will be used to finance the continued growth of the holding company's printing activities, ARQUANA secured the trust and confidence of prestigious institutional investors.

A detailed description of the development of each ARQUES subsidiary begins on page 8 of this report.

Full-year revenue target already surpassed

The 1:10 stock split authorized by the shareholders at the annual meeting held in Munich on May 30 of this year was executed in the third quarter. The company now has 24,266,670 shares in issue and its capital stock amounts to EUR 24,266,670.00. The revenue target announced at the annual shareholders meeting, to achieve annualized revenues of more than EUR 1 billion, was achieved already with the acquisition of Oxxynova. The announced sales of the real estate holdings of the ARQUES Group are proceeding according to plan. Some properties with a net value of EUR 14 million have already been sold. Detailed negotiations are currently being conducted with possible buyers of other property packages.

The roll-out of the ARQUES business model to the rest of Europe is proceeding according to plan. ARQUES subsidiaries have been established and have already begun to operate in Austria (ARQUES Austria), Spain (ARQUES Iberia) and Switzerland (ARQUES Swiss). The acquisition of the Swiss company Farbendruck Weber AG was lead-managed by the new subsidiary ARQUES Swiss, the first time a non-German ARQUES subsidiary has handled such an acquisition.

Outlook

Following the reorganization of the Executive Board (with Dr. Martin Vorderwülbecke assuming the title of Chief Financial Officer, a function he had formerly exercised in a temporary capacity, and Dr. Michael Schumann, formerly in charge of the Acquisitions Department, assuming the title of Chief Acquisitions Officer), ARQUES is well prepared for the future. The Executive Board believes that it will be able to report additional acquisitions in the fourth quarter of 2006, after the closing of the Oxxynova acquisition and the acquisition of BEA TDL. At the same time, ARQUES will continue to actively promote the operational success of its older subsidiaries and the turnaround of its newer subsidiaries.

We look forward to bringing the current fiscal year to a successful close, in cooperation with you.

Sincerely,

The Executive Board of ARQUES Industries AG

Dr. Dr. Peter Löw (Chairman) | Dr. Martin Vorderwülbecke | Markus Zöllner | Dr. Michael Schumann

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, 2006	24,266,670
Capital stock at September 30, 2006	EUR 24,266,670.00
Closing price at September 30, 2006	EUR 12.60
Market capitalization at September 30, 2006	EUR 305,760,042.00
52-week high	EUR 15.90
52-week low	EUR 9.55
Earnings per share (Jan. 1 - Sept. 30, 2006)	EUR 2.67

Consolidated management report (update)

Global economy continues on a course of dynamic growth

The International Monetary Fund (IMF) has forecasted a 5.1% increase in global economic output for 2006. Despite a noticeable weakening of the U.S. economy in the second quarter, due to a slowing real estate market, the IMF is sticking with its forecast of 3.4% GDP growth for the United States in 2006. The Organization for Economic Cooperation and Development (OECD) is similarly optimistic, having raised its growth forecast for the euro zone in September from 2.2% to 2.7%. The positive trend in Europe is being fueled in particular by the improving economy of Germany. The OECD predicts that Germany's gross domestic product will expand at a rate of 2.2% in 2006. According to the IMF, the Japanese economy continues to expand, with full-year GDP growth expected to reach about 2.7%. And the emerging markets continue to experience very dynamic growth, with experts predicting GDP growth rates of 10.0% and 8.3% for China and India, respectively. The economies of Eastern Europe, buoyed by the dynamic growth of the Russian economy (+6.5%), are expected to register GDP growth of 5.3%.

The experts of the International Monetary Fund are also optimistic about the economic growth prospects for 2007. They are predicting global GDP growth of 4.9%, not much lower than the growth rate for 2006. The growth rates for the United States and Europe are expected to slow down somewhat, to 2.9% and 2.0%, respectively, while Japan is expected to see economic growth of 2.7% and the emerging markets 7.2%, close to the prior-year levels. The leading German economic research institutions are just as optimistic. In their Autumn Assessment published in October 2006, they predict that global economic expansion will slow somewhat from the preceding year, but will nonetheless reach a rate of 3.1%. World trade is expected to increase again by about 7% in 2007.

Changes in the structure of subsidiaries

ARQUES acquired Papiermühle Wolfsheck from the StoraEnso Group on August 25. It will continue to market that company's product range, which consists of wallpaper substrates, specialty papers for construction industry applications and catalog paper, under the name Salto Paper.

Only days later, on August 29, ARQUES announced the acquisition of Farbendruck Weber AG, based in Biel, Switzerland. As one of the leading rotary offset printing companies in Switzerland, Farbendruck Weber AG makes an ideal complement to the printing activities of the ARQUES Group.

ARQUES had acquired the chemicals concern Oxxynova from Degussa on September 11. The German Federal Cartel Office approved the acquisition on October 5. Oxxynova will be included in the consolidated financial statements of the ARQUES Group in the fourth quarter.

Effective November 11, ARQUES acquired the company BEA TDL from Röchling. This technical services provider develops and builds electro-technical equipment and automation solutions for customers in the conveyor systems and energy industries.

Net asset value of the investment portfolio

The value of the ARQUES investment portfolio at the reporting date of September 30, 2006 is as follows:

Company name	Net Asset Value (in EUR millions)
1. teutonia	8.2
2. SKW	110.7 *
3. Missel (since June 30, 2006 incl. Schwab)	22.7
4. ddp	16.8
5. SKS Stakusit	14.6
6. Jahnel-Kestermann	17.2
7. Golf House	10.3
8. Evotape	4.3
9. Sommer	23.2
10. tiscon	6.0
11. Xerius	2.5
12. ARQUANA	42.0 **
13. Rohner	7.1
14. Hottinger	6.0
15. Fritz Berger	11.3
16. Weber	7.2
17. Salto Paper	***
18. Oxxynova	***
19. BEA TDL	***
Total	**310.1**

The value of the portfolio of subsidiaries of ARQUES Industries AG was determined on the basis of a "free cash flow to equity approach" compliant with the IDW S 1 standard "Grundsätze zur Durchführung von Unternehmensbewertungen" (principles for the execution of company valuations) published by the Institut der Wirtschaftsprüfer in Deutschland e.V. (IDW).

The listed subsidiaries ARQUANA International Print & Media AG, tiscon AG Infosystems, and Xerius AG were included in the calculations with a proportionate market capitalization at September 30, 2006.

* The net asset value was left unchanged due to the current IPO.

** ARQUES' share in ARQUANA decreased to 68.2%.

*** In order to ensure an objective valuation basis, the new subsidiary is only included in the net asset value calculation after a holding perdiod of 3 months.

News from the subsidiaries

teutonia Kinderwagenfabrik GmbH

Holding period: 30 months

Focus: Revenue growth

Continuing its strong performance from the first half of the year, when revenues were up 30% over the prior-year period, teutonia reported a further 26% revenue gain in the third quarter, well above the business plan target. In view of the fact that the company's markets were stagnant, it is clear the baby carriage manufacturer managed to pick up additional market shares. Demand for premium-quality baby carriages increased substantially, especially in Scandinavia. And in Austria and Switzerland, the company doubled its sales over the respective prior-year figures. Despite the costs for the new 2007 collection, including the related trade show costs, and the production of a new sales catalogue, the company's earnings showed a very positive development.

In the third quarter of 2006, the company was very much focused on the presentation of its new collection at the most important trade show for teutonia, "Kind + Jugend" in Cologne. The company received positive feedback on its new models, carry-cots and designs, and the newly developed baby carriage with swiveling front wheels was very well received by the trade community. The orders received at the trade show were more than one third higher than the year-ago level.

To accommodate the growing demand for premium baby carriages, teutonia intends to increase its production capacities in the coming months. The company will also expand its sales force and intensify its activities in the markets of Britain and the United States.

SKW Stahl-Metallurgie Gruppe

Holding period: 25 months

Focus: Revenue growth/business expansion

SKW Stahl-Metallurgie Holding AG continued to benefit from the robust growth of the steel market in the third quarter of 2006. At nearly EUR 45 million, the company's revenues were 3.3% higher than the year-ago figure, while the company's earnings, at EUR 3.8 million, were up an impressive 50% over the year-ago figure. In the third quarter, the SKW Group began to implement its regional expansion plan by intensifying its sales activities and training sales employees in selected growth markets. The corresponding reorganization and realignment of the national subsidiaries were also successfully completed. In the United States, for example, the subsidiary Affival Inc. reorganized its customer service, purchasing and accounting functions. Customers have applauded these changes.

The research and development program of the SKW Group, which was revamped at the beginning of 2006, developed new applications for its innovative new products "PapCal" and "No-Splash Tip." As a result, SKW acquired new customers in the growth markets of Asia; these customers were clearly impressed by the characteristics of these new products developed by the company.

SKW Stahl-Metallurgie Holding AG anticipates further gains in its revenues and earnings in the fourth quarter of 2006. The company also expects that its listing on Germany's Prime Standard stock exchange segment will be completed by the end of November or beginning of December. The listing prospectus has been posted on the company's website at www.skw-steel.com since November 20.

E. Missel GmbH & Co. KG and GF Schwab GmbH & Co. KG

Holding period: 23 months/6 months

Focus: Revenue growth/integration of GF Schwab into Missel

The now almost completed restructuring program at Missel, the leading supplier of sound and thermal protection systems for tubing and floor insulation, has begun to show positive results, as the company's EBITDA and EBIT are both significantly higher than the corresponding year-ago levels. The company doubled its sales of the newly developed fire-protection systems, although they were slightly below the business plan target. The sanitary wares specialist GF Schwab increased its exports in the third quarter, despite the traditionally slower summer vacation season. The measures initiated after the acquisition of this company in late March of this year have not yet taken their full effect; and consequently Schwab again reported a negative earnings figure.

The company continues to pursue intensively the operational and organizational integration of Schwab into Missel. For instance, the consolidation of the administration and sales departments of the two companies has been successfully completed. At Schwab, the relocation of production activities to Missel in Fellbach and the cooperation with a German injection-molding company will produce positive results in 2007.

The merger of the two companies should be completed before the end of this year. After the merger, the companies will continue to market their products under the old brand names. Missel plans to intensify its product development activities in the attractive market segment of solar insulation. Furthermore, it is considering plans to add new insulation materials to its product line-up. Schwab has initiated the development of new products, which it plans to introduce to the market in early 2007.

ddp Deutscher Depeschendienst GmbH

Holding period: 21 months

Focus: Revenue growth

Continuing the positive trend of the preceding quarter, the news agency ddp reported revenue and earnings increases for the third quarter. Despite the traditionally weaker summer season, ddp reported balanced earnings for the third quarter, thanks in particular to steadily increasing single-photo sales. The news agency has performed well above its business plan targets. At the end of July 2006, ddp acquired pwe Verlag GmbH, which owns Deutsche Fernsehdienst (defd), from the Burda Group.

The news agency ddp reported higher revenues in the third quarter, especially in the area of photo sales. Following the acquisition of pwe, a news content and photo agency, ddp now has more than 1.5 million photos in its portfolio. The integration of this subsidiary into ddp has been nearly completed. The acquisition broadens the company's range of activities to include the marketing of film and television images. In addition, ddp Deutscher Depeschendienst has added new services such as television programme information and weather to its sales activities.

In the remaining months of this year, the company intends to complete the integration of pwe into its photo service and intensify its sales activities in this area. The company will continue to identify and open up new sales markets.

SKS Stakusit Bautechnik GmbH

Holding period: 18 months

Focus: Revenue growth

Thanks to the moderate recovery of the construction industry, the SKS Group performed better than expected in the traditionally strong third quarter of the year, increasing both its revenues (by approx. 10%) and its earnings (EBITDA by more than 40%). The company's international activities made a vital contribution to the overall positive development.

SKS continued to benefit from the in-sourcing of extrusion work, which has carried over from the beginning of the year. With the order books well filled, production has been running at full capacity. In terms of its operating activities, the company is focused on increasing its revenues, particularly in the export markets. The establishment of an SKS subsidiary in Serbia is an important first step in this plan, which is intended to restore the revenues of this manufacturer of roller shutters and insect protection systems to a profitable level. At the same time, the company is intensifying its sales activities. It is currently in the process of producing new product catalogs and price lists.

In the remaining months of this year, SKS will seek to identify and open up new export markets. It also plans to develop a completely new roller shutter casing, which will enter into production next year.

Jahnel-Kestermann Getriebewerke GmbH & Co. KG

Holding period: 18 months

Focus: Capacity expansion

Continuing the positive trend of the preceding quarter, Jahnel-Kestermann increased both its revenues and its earnings by substantial margins. The revenues generated in the first nine months of 2006 were more than one third higher than the corresponding year-ago figure and the volume of new orders received was twice as high as the year-ago figure. Both the EBITDA and the EBIT for the first nine months were positive. Jahnel-Kestermann succeeded in growing its business at a faster rate than the industry average.

The shift of focus to series gear boxes in the growth markets of wind power and ship drives has paid off handsomely for Jahnel-Kestermann. The product innovations for ship drive gears and wind power gears that were developed in the company's own research and development program were very well received in the market. At the same time, the gear manufacturer established a presence and acquired new customers in the fast-growing markets of the United States and China. Thus, exports are becoming an increasingly important part of Jahnel-Kestermann's business. To accommodate the growing demand for precision gears, the company has initiated a capital spending plan worth more than EUR 5 million and increased its workforce by around 15%.

Jahnel-Kestermann intends to continue expanding its capacities to accommodate the strong demand for gear products. To free up resources to finance its business growth and capital expenditures, and to offset rising steel prices in production, the Bochum-based company will initiate optimization measures, especially in its purchasing activities. These measures will be supported by the introduction of a new ERP system to ensure the optimal use of company resources.

Golf House Direktversand GmbH

Holding period: 16 months

Focus: Revenue growth

Despite adverse conditions in its market, Golf House managed to generate positive earnings in the third quarter of 2006. Because of the difficult market environment, the company's performance continues to fall slightly short of expectations.

In the third quarter, Golf House implemented its newly designed web shop and installed a new CRM (Customer Relationship Management) module to improve service quality for customers. Golf House anticipates that its new online shop will help boost the company's online sales considerably.

In the remaining months of this year, Golf House intends to renovate its Cologne store and its fabric sales outlet along the lines of its newly developed store concept and launch a sales campaign in time for the Christmas shopping season.

As a means of bolstering its brand image, Golf House has been working hard to recruit cooperation partners. Furthermore, Golf House was the co-sponsor of Europe's biggest women's golf tournament series. Furthermore, Golf House's proprietary clothing brands will be distributed through two new cooperation partners.

The qualifications-building program for the company's employees met with a positive response. It will be continued in the future, so that employees can provide even better advice to Golf House customers.

Following the successful completion of the first restructuring phase, Managing Director Ulli Seibel resigned from his operational duties in the third quarter in order to devote his full attention to the newly acquired subsidiary Farbendruck Weber AG. Frank Ewers, who shared the management duties with Mr. Seibel in the past, now bears full responsibility for the company's operating activities.

Evotape S.p.A.

Holding period: 16 months

Focus: Profit margin improvement

Continuing the positive trend of the first six months of 2006, the Italian adhesive tape manufacturer generated revenues and earnings that were both higher than the respective year-ago figures. Even as some competitors were forced to cut their working hours, Evotape continued to operate a full capacity and even had to add extra work shifts to fill the high volume of orders. Due to the continued run-up in prices for raw materials and supplies, the company's profit margin narrowed somewhat from the preceding quarter, but was still considerably higher than the profit margin achieved in the year-ago period.

By means of several capital expenditures aimed at replacing or modernizing older equipment, Evotape managed not only to increase its production capacity, but also lower its operating costs, such as energy costs, for example. On the sales side, Evotape acquired new customers worldwide for a high-margin intermediate product used in the production of adhesive tapes; in the process, Evotape also picked up valuable market shares in the Chinese market. Moreover, Evotape benefited from a bottleneck situation affecting its competitor, which had the effect of stimulating demand. Evotape expects that raw material costs will decline again only in the first quarter of 2007.

Evotape continues to invest in its plant and machinery to boost its production capacities still further, so as to accommodate the growing volume of orders. Among other measures, the company will install a new cutting machine in February 2007.

Sommer Fahrzeugbau GmbH & Co. KG

Holding period: 13 months

Focus: Restructuring

The IAA International Motor Show for Commercial Vehicles, which is held every two years in Hanover, was the focus of attention for Sommer Fahrzeugbau in the third quarter. As a result of the general reluctance to make purchases prior to the trade show, as well as delivery bottlenecks affecting the company's chassis suppliers, which made it impossible for the company to complete certain orders according to schedule, revenues fell short of expectations in some areas. Nonetheless, Sommer was very satisfied with the developments at the IAA International Motor Show and the resulting order flow of more than EUR 2 million. Some companies of the Sommer Group, especially in Russia, benefited from the rising demand for commercial vehicles and generated sales well ahead of plan. The company's earnings, adjusted for non-recurring effects (severance awards to departing employees), were about one third higher than the corresponding year-ago figure, indicating that the turnaround measures initiated by ARQUES since the acquisition have begun to bear fruit.

The Sommer Group made further progress towards the goal of harmonizing its product range in the third quarter. Also, the reorganization of the manufacturing areas at the main plant in Bielefeld brought about an efficiency gain of about 25%. Sommer also beefed up its sales structures, focusing in particular on the goal of opening up new markets in Spain, Benelux, Romania and Ukraine.

In the remaining months of this year, the Sommer Group intends to extend its product range to include semi-trailers and step up its OEM business with commercial vehicle manufacturers. The newly created sales structures in Eastern Europe will enable Sommer to participate in the strong growth in those markets.

tiscon AG Infosystems

Holding period: 11 months

Focus: Business reorientation

At the annual shareholders meeting of July 25, 2006, the company resolved to discontinue its operational IT business. Accordingly, the main focus at tiscon AG was on further cost reductions. The company has cancelled or renegotiated contracts with service providers. Also, it continues to seek out sub-letters for its vacant office space, to further reduce its rental expenses.

Considering the fact that tiscon AG is listed on the Prime Standard segment of the German stock exchange and possesses ample liquidity, ARQUES is in the process of developing new, successful business models for the company.

ARQUANA International Print & Media AG

Holding period: 15 months

Focus: Market consolidation

The German printing industry finds itself in the midst of a moderate recovery. While revenues, production and capacity utilization rates have risen, the industry is still confronted with excess capacities and falling prices, although this latter trend has weakened somewhat. In this environment, ARQUANA AG managed to extend its position as a force for market consolidation. Thanks to the growing synergy effects resulting from the centralized management of sales and purchasing activities, as well as the shared use of installed plant and machinery and the general trend of rising revenues, the company's business performed very well.

In the third quarter, ARQUANA continued to pursue its efforts to establish and extend the role of its holding company. In the web offset area, for instance, the integration of Kölner Druckerei Bachem was nearly completed. The measures that have been initiated will take effect next year, leading to a significant earnings improvement. While the earnings of the Johler Druck and Nord Offset subsidiaries were much better than planned, the Austrian Sochor Group and the French company Evry Rotatives are still in the first phase of the restructuring process. The restructuring of Colordruck Pforzheim is proceeding according to plan. A strategic partnership has been established with the Swiss company Farbendruck Weber AG (see page 17). Nonetheless, the plan is to integrate Weber into the ARQUANA Group in the near future.

The business performance of the package printing division has been quite satisfactory. Again in the third quarter, Wanfried Druck Kalden performed well ahead of its plan targets. This company has initiated one of the biggest capital spending programs in its history, for an amount in excess of EUR 6 million. This program will significantly boost its production capacities and efficiency. To serve the labels market more effectively, a pan-European alliance was formed between Wanfried-Druck and four other companies, which will operate under the brand name ARQUANA Joint Specialists.

On the capital markets side, the company achieved the transition from OTC trading to the Prime Standard segment of the German stock exchange much more quickly than expected. (The first trading date was September 20.) This is an important step towards the goal of a highly liquid, publicly traded stock. The listing in the Prime Standard segment increases the visibility of ARQUANA AG's stock, making it accessible to many larger institutional investors which had formerly not been able to buy the stock because their management regulations do not allow investments in smaller OTC stocks. In early November, ARQUANA successfully placed a new stock issue, raising fresh funds to finance its continued growth.

ARQUANA also expanded its Management Board, adding Markus Sommer as its new Chief Financial Officer. The former CFO, Matthias Uebel, has taken over the Management Board divisions of Strategy and Restructuring.

In the fourth quarter of 2006, ARQUANA intends to continue pursuing its "buy & build" strategy. Besides integrating processes on the level of the operating units, this strategy also entails the plan, adopted at the end of the third quarter for implementation in the fourth quarter, to relocate the ARQUANA holding company from Starnberg to Neumünster and hire new employees, especially in the finance area.

Rohner AG

Holding period: 7 months

Focus: Restructuring

The Swiss specialty chemicals concern Rohner AG exceeded its revenue and earnings targets by a slight margin in the third quarter. When it was acquired by ARQUES in March 2006, the company was operating at a loss. Still in the restructuring phase, Rohner continues to operate at a loss, as expected.

The adopted turnaround measures have been implemented on schedule and will be nearly complete by the end of 2006. In a departure from the original plan, two of the four factory halls will continue to operate in partial form for the first three months of next year, so as to accommodate the wishes of customers to help them avoid temporary supply bottlenecks. The original plan had been to concentrate production in two of the four factory halls with immediate effect. On the sales side, Rohner succeeded in regaining the trust and confidence of its customers. This conclusion is supported by the company's successful performance in customer audits, as well as the rising number of business inquiries and the positive feedback received at trade shows. Rohner's solid expertise and modern production equipment represent ideal conditions that should enable the company to establish itself successfully in innovative new segments of the specialty chemicals business (e.g., LCD technology, color filters).

In the remaining months of this year, Rohner intends to establish a foothold in the pharmaceuticals market as well, by producing sophisticated ingredients for pharmaceutical companies.

Hottinger Maschinenbau GmbH

Holding period: 7 months

Focus: Consolidation

Thanks to the quick initiation of cost reduction measures after the acquisition of this company in March of this year, Hottinger Maschinenbau GmbH reached the break-even point, on an EBIT basis, already in the third quarter of 2006. The plant engineer's revenues were higher than the industry average, in a market characterized by contracting or stagnating sales.

The first phase of the restructuring program adopted for Hottinger has proceeded very well. Within a short time, it was possible to institute a project-driven organizational structure and appoint new personnel to key management positions. Having intensified its sales activities, Hottinger is now operationally present in all the key markets (North and South America, China, France, Germany and Eastern Europe), which has led to a 29% increase in the volume of foreign orders received, compared with the prior-year period. As a result of this broad-based sales initiative, the company is confident of picking up additional orders in 2007, especially in China. In the area of research and development, Hottinger reinforced its cooperation with regional universities and established a Reengineering Work Group. To reduce its costs further, the company expanded its supplier base to include new companies within Germany and throughout the European Union. Furthermore, the Mannheim-based company has decided to establish its own core manufacturing center for contract production and to expand its after-sales business.

In the remaining months of this year, Hottinger intends to institute a sales process management program to further optimize its sales activities. With regard to information technology, the company is currently in the process of planning the installation of a project-driven merchandise management solution. Also, it plans to attend the world's biggest casting technology trade show (GIFA) in June 2007. In view of the positive economic outlook, Hottinger anticipates that its business performance will improve starting in the second quarter of 2007.

Fritz Berger GmbH

Holding period: 5 months

Focus: Restructuring

In terms of both revenues and earnings, the camping and outdoor specialist Fritz Berger continued to exceed expectations in the third quarter. Since being acquired by way of an asset deal in May of this year, the company has generated strong sales both in its own stores and through consignment partners.

By means of renegotiating agreements with suppliers and service providers, Fritz Berger managed to improve its cost structure further and successfully lower its inventory levels in the third quarter. Also, the company discontinued a considerable number of unprofitable advertising activities, but managed to reach new customer groups through its redesigned fall catalog. The sales per page increased 44% over the prior-year period. The new advertising concept was also applied with great success at the Caravon Salon trade show, where Fritz Berger generated nearly one third more sales per square meter than in 2005. The process of streamlining the product assortment for next year, which entails dropping slow-selling and low-margin items, is largely complete.

In the future, Fritz Berger plans to analyze and optimize all its stores. Greater emphasis will be placed on clothing products, for example. It intends to enhance the quality of its stores by upgrading the product assortments. Furthermore, the company plans to improve inventory management by making adjustments to its merchandise management software.

Papiermühle Wolfsheck / Salto Paper

Holding period: 1 month

Focus: Restructuring

ARQUES acquired Papiermühle Wolfsheck at the end of August by way of an asset deal. This company, whose products ARQUES will continue to market under the name Salto Paper, is currently in the first phase of the restructuring program. The paper mill produces wallpaper substrates, specialty papers for construction industry suppliers and catalog paper for customers all over the world.

Farbendruck Weber AG

Holding period: 1 month

Focus: Restructuring

ARQUES acquired the Swiss printing concern Farbendruck Weber at the end of August. This company is the leading supplier of rotary offset printing products in Switzerland. Weber, which uses ultra-modern plant and equipment from MAN, complements ARQUES' printing activities ideally, both in terms of technology and geography.

The Swiss printing company is still in the first phase of its restructuring program, which has proceeded according to plan. Among other measures, agreements with suppliers have been renegotiated and this is already beginning to have an effect on the company's earnings. Furthermore, the synergies achieved on the sales side through the cooperation with the ARQUANA holding company are beginning to yield positive benefits as well. In September, Weber achieved the highest capacity utilization of its printing equipment this year because it was filling orders acquired by ARQUANA. In addition, a capital spending plan has been adopted for the book-binding division. The management is being reorganized around the person of ARQUES Manager Ulli Seibel, who had formerly led the successful turnaround of the ARQUES subsidiary Golf House.

Before the end of this year, Farbendruck Weber AG plans to install a modern data processing system and optimize its processes in the areas of Prepress and Internal Services.

Oxxynova GmbH & Co. KG

ARQUES acquired the chemicals concern Oxxynova from the Degussa Group on September 11. The German Federal Cartel Office approved the acquisition in early October. The company will be included in the consolidated financial statements of the ARQUES Group in the fourth quarter.

Oxxynova is the market leader in the production and marketing of dimethyl terephthalate (DMT) in liquid and solid form. In 2005, it generated revenues of EUR 182 million with about 200 employees. As a necessary ingredient for polyester production, DMT is used in the manufacturing of textile and technical fibers, films, paint and adhesive materials and foil products. ARQUES will take measures to boost production efficiency.

BEA Elektrotechnik und Automation Technische Dienste Lausitz GmbH

ARQUES acquired the technical services provider BEA TDL GmbH from the Röchling Group with effect on November 11, 2006. This company, which has operated profitably for many years, generated annual revenues of about EUR 50 million with more than 350 employees in its most recent fiscal year. BEA TDL will be included in the consolidated financial statements of the ARQUES Group in the fourth quarter.

BEA TDL has established itself in the core business of energy infrastructure services. Its long-term customers include mining companies, energy utilities and mechanical engineering firms like Vattenfall, RWE, MIBRAG, Takraf and FAM. Besides expanding its business with existing customers in Germany, BEA TDL also intends to internationalize its sales force in order to participate in the booming commodities and energy markets.

OUTLOOK

The Executive Board believes that it will be able to report additional acquisitions in the fourth quarter of 2006, after the closing of the Oxxynova acquisition and the acquisition of BEA TDL. At the same time, ARQUES will continue to actively promote the operational success of its older subsidiaries and the turnaround of its newer subsidiaries.

Consolidated financial statements of ARQUES Industries AG

Consolidated Income Statements

		Jan. 1 – Sep. 30, 2006	Jan. 1– Sep. 30, 2005	Jul. 1 – Sep. 30, 2006	Jul 1 – Sep. 30, 2005
		EUR'000	EUR'000	EUR'000	EUR'000
1.	Revenues	500,768	283,864	177,207	104,500
2.	Change in finished goods and work in process	4,485	3,106	5,022	-275
3.	Other own work capitalized	1,981	0	948	0
4.	Other operating income	97,695	33,611	39,234	5,138
5.	Cost of materials	-335,176	-191,199	-120,040	-68,535
6.	Personnel expenses	-110,190	-52,571	-39,622	-18,059
7.	Other operating expenses	-74,859	-37,121	-28,302	-13,457
8.	Earnings before interest, taxes, depreciation and amortization (EBITDA)	**84,704**	**39,690**	**34,447**	**9,312**
9.	Depreciation and amortization of intangible assets, property, plant and equipment	-16,396	-8,882	-5,676	-3,037
	Earnings before interest and taxes (EBIT)	**68,308**	**30,808**	**28,771**	**6,275**
10.	Income from associated companies	434	0	119	0
11.	Income from loans outstanding	0	504	0	160
12.	Other interest and similar income	549	276	149	166
13.	Interest and similar expenses	-2,696	-1,167	-962	-474
	Income from ordinary activities	**66,595**	**30,421**	**28,077**	**6,127**
14.	Income taxes	-2,811	-5,205	-1,889	-2,490
15.	Income before minority interests	63,784	25,216	26,188	3,637
16.	Minority interest	1,127	89	494	-234
17.	Net income	64,911	25,305	26,682	3,403
18.	Retained earnings carried forward	75,174	33,699		
19.	Retained earnings	**140,085**	**59,004**		
	Earnings per share*				
	- Basic earnings per share (EUR)	2.67	1.14	1.10	0.15
	- Diluted earnings per share (EUR)	**2.67**	**1.14**	**1.10**	**0.15**

* EPS data adjusted to account for stock split.

Consolidated Balance Sheet at September 30, 2006

ASSETS

	Sept. 30, 2006	Dec. 31, 2005
	EUR '000	EUR '000
Non-current assets		
Intangible assets	16,607	8,216
Property, plant and equipment	153,831	130,823
Investment property	2,229	2,288
Shares in associated companies	3,818	3,603
Financial assets	1,326	1,013
Other non-current assets	54	0
Deferred tax assets	12,666	13,451
Total non-current assets	190,531	159,394
Current assets		
Inventories	97,665	58,239
Receivables from percentage of completion contracts	5,276	2,876
Trade accounts receivable	113,600	77,679
Financial assets available for sale	144	73
Other assets	47,727	17,078
Tax refund claims	73	73
Cash and cash equivalents	39,680	41,434
	304,165	197,452
Non-current assets held for sale	61,502	11,018
Total current assets	365,667	208,470
Total assets	556,198	367,864

Consolidated Balance Sheet at September 30, 2006

SHAREHOLDERS' EQUITY AND LIABILITIES

	Sept. 30, 2006	Dec. 31, 2005
	EUR '000	EUR '000
Shareholders' equity		
Capital subscribed	24,267	2,427
Additional paid-in capital	31,444	53,284
Retained earnings	5,302	4,866
Other comprehensive equity	139,898	80,603
	200,911	141,180
Minority interests	-2,403	997
Total shareholders' equity	198,508	142,177
Non-current liabilities		
Pension obligations	24,457	15,707
Provisions	7,654	3,858
Financial liabilities	29,666	17,730
Liabilities under finance leases	35,660	19,760
Other liabilities	1,526	1,998
Deferred tax liabilities	32,976	23,686
Total non-current liabilities	131,939	82,739
Current liabilities		
Provisions	35,072	13,630
Financial liabilities	35,375	20,200
Trade accounts payable	97,806	73,907
Tax liabilities	8,163	6,236
Other liabilities	49,335	28,975
Total current liabilities	225,751	142,948
Total shareholders' equity and liabilities	556,198	367,864

Statement of Changes in Shareholders' Equity

in EUR '000	Subscribed capital	Additional paid-in capital	Retainedearnings	Other comprehensive equity	Adjustment for minority interests	Totalshareholders' equity
December 31, 2004	2,027	9,905	3,230	35,265	1,474	51,901
Dividend payment 2004				-2,331		-2,331
Appropriation to retained earnings			1,636	-1,636		0
Capital increase	200	17,030				17,230
Consolidated net profit at September 30, 2005				25,216	89	25,305
Stock option plan				118		118
Currency translation differences				552		552
Change in minority interests				89	1,322	1,411
Other changes				7		7
September 30, 2005	2,227	26,935	4,866	57,280	2,885	94,193
December 31, 2005	2,427	53,284	4,866	81,005	1,120	142,702
Adjustment per IFRS 3.61ff.				-402	-123	-525
December 31, 2005	2,427	53,284	4,866	80,603	997	142,177
Dividend payment 2005				-4,975		-4,975
Appropriation to retained earnings			436	-436		0
Capital increase	21,840	-21,840				0
Consolidated net profit at September 30, 2006				63,784	1,127	64,911
Stock option plan				272		272
Currency translation differences				-493		-493
Change in minority interests				1,127	-4,527	-3,400
Other changes				16		16
September 30, 2006	24,267	31,444	5,302	139,898	-2,403	198,508

Consolidated Cash Flow Statement January 1 - September 30, 2006

EUR '000	Jan. 1 - Sept. 30, 2006	Jan. 1 - Sept. 30, 2005 *
Earnings before taxes (EBT)	66,595	30,421
Reversal of negative goodwill	-63,487	-14,655
Depreciation/amortization of property, plant and equipment and intangible assets	16,396	8,882
Increase (+)/ decrease (-) in pension provisions	111	-463
Profit (-)/loss (+) on the sale of property, plant and equipment	-734	-1,463
Profit (-)/loss (+) on the sale of financial assets	-12,768	-5,469
Issuance of stock options	273	118
Result from valuation at equity	-434	504
Net interest income	2,147	891
Interest received	999	321
Interest paid	-1,721	-986
Income taxes paid	-907	-1,406
Gross cash flow	**6,470**	**16,695**
Change in working capital		
Increase (-)/ decrease (+) in inventories	4,917	-2,403
Increase (-)/ decrease (+) in trade accounts receivable and other receivables	-12,483	-8,384
Increase (+)/ decrease (-) in trade accounts payable, other liabilities and other provisions	-554	-2,654
Increase (+)/ decrease (-) in other balance sheet items	1,673	-1,565
Cash inflow (+)/outflow (-) from operating activities (net cash flow)	**23**	**1,689**
Purchase price paid for business combinations	-7,716	-11,190
Cash acquired from business combinations	8,996	13,570
Cash paid for business combinations	0	-4,454
Proceeds from the sale of shares in companies	5,228	2,100
Cash inflows from the sale of non-current assets	3,075	2,642
Cash outflows for investments in non-current assets	-15,586	-4,833
Cash inflow (+)/outflow (-) from investing activities	**-6,003**	**-2,165**
Cash inflows from the borrowing of short-term financial liabilities	12,321	-341
Cash inflows from the borrowing (+)/repayment (-) of long-term financial liabilities	-540	1,025
Cash outflows for the repayment of liabilities under finance leases	-2,580	0
Capital increase of ARQUES Industries AG	0	17,229
Dividend payment	-4,975	-2,331
Cash inflow (+)/outflow (-) from financing activities	**4,226**	**15,582**
Cash and cash equivalents at beginning of period	43,521	12,860
IAS 3.61ff adjustment	-2,087	
Change in cash and cash equivalents	-1,758	15,106
Cash and cash equivalents at end of period	**39,680**	**27,966**

* Prior-year figures were adjusted.

Notes on the interim report at September 30, 2006

This interim report of the ARQUES Group was 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 statements made in Section B "Summary of Key Accounting Policies" of the notes to the consolidated financial statements at December 31, 2005, are also applicable to the present, unaudited interim report at September 30, 2006. IAS 34 "Interim Reporting" was also applied.

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 seasonal factors affecting the subsidiaries, please refer to the comments in the section entitled "News from the subsidiaries."

A. Adjustments to the comparison information from the 2004 consolidated financial statements, pursuant to IAS 8

In response to an administrative decision of the German Federal Financial Supervisory Authority (BaFin), Frankfurt, of January 27, 2006, and an audit report contained in the 2005 consolidated financial statements, which ARQUES adopted by mutual consent with the German Audit Office (DPR), the Group made certain adjustments, pursuant to IAS 8, to the balance sheet and income statement items of its 2004 consolidated financial statements. These adjustments were described in detail in the notes to the consolidated financial statements for 2005.

Three of the adjustments described in the notes to the consolidated financial statements for 2005 have an impact on the consolidated income statement for the period from January 1 to September 30, 2005:

- The recognition of higher fair values for the non-current assets of Affival S.A.S. (France) resulted in additional depreciation charges of EUR 348,000.
- The recognition of finance leases in connection with the initial consolidation of the Colordruck Group pursuant to IAS 17 gave rise to higher depreciation charges of EUR 799,000, higher interest expenses of EUR 283,000 and lower other operating expenses of EUR 1,129,000.
- In addition, income from the reversal of negative goodwill from capital consolidation was reclassified as other operating income in the amount of EUR 14,655,000.
- These effects also gave rise to deferred tax income of EUR 111,000.

The reconciliation statement presented below shows the effects of the above-mentioned adjustments on the consolidated income statement for the period from January 1 to September 30, 2005:

	EUR´000	Consolidated financial statements 01/01-06/30/2005	Adjustment per IAS 8	Consolidated financial statements 01/01-06/30/2005 adjusted
1.	Revenues	283,864		283,864
2.	Change in finished goods and work in progress	3,106		3,106
3.	Other operating income	18,956	14,655	33,611
4.	Cost of materials	-191,199		-191,199
5.	Personnel expenses	-52,571		-52,571
6.	Other operating expenses	-38,250	1,129	-37,121
7.	Earnings before interest, taxes, depreciation and amortization (EBITDA)	23,906	15,784	39,690
8.	Amortization/depreciation of intangible assets and property, plant and equipment	-7,735	-1,147	-8,882
	Earnings before interest and taxes (EBIT)	16,171	14,637	30,808
9.	Income from loans outstanding and from associated companies	504		504
10.	Other interest and similar income	276		276
11.	Interest and similar expenses	-884	-283	-1,167
	Income from ordinary activities	16,067	14,354	30,421
12.	Income taxes	-5,316	111	-5,205
13.	Consolidated income before minority interests	10,751	14,465	25,216
14.	Minority interest in consolidated income	89		89
	Income from the reversal of negative goodwill from capital consolidation (2004 classification)	14,655	-14,655	0
15.	Consolidated net income	25,495	-190	25,305
16.	Retained earnings carried forward	38,058	-4,359	33,699
17.	**Retained earnings**	**63,553**	**-4,549**	**59,004**
	Basic and diluted earnings per share (EUR)	12.58	-0.09	12.49

Adjustments to the comparison information from the 2005 consolidated financial statements

The values at January 1, 2006 were adjusted in accordance with IFRS 3.61 ff. The purchase price allocation for the subsidiary Evry Rotatives S.A.S., which was acquired in the fourth quarter of 2005, was performed on a provisional basis, in accordance with IFRS 3.61 ff., in the consolidated financial statements at December 31, 2005. The adjustments that have since been made represent the final, definitive purchase price allocation.

By reason of the ARQUES business model, provisional purchase price allocations according to IFRS 3.61 ff. are bound to occur in the future as well. That is because the purchase price allocation process is time-intensive and complex and additional time is needed to have the purchase price allocation reviewed by the independent auditor. Depending on the complexity of a given acquisition, this process can take several months. However, IFRS 3.61 ff. provides that such acquisitions be recognized in the financial statements as soon as valid preliminary data is available, and thus before the final, definitive purchase price allocation has been performed. With reference to the qualitative requirements of the IFRS framework policy for financial statements, the prompt disclosure of relevant information to the users of financial statements is preferable to the delayed disclosure of exact information.

The most important adjustment made with regard to Evry Rotatives S.A.S. involved a lease concerning which it was not sufficiently certain at the balance sheet date, in the opinion of the company, whether the real property in question would pass to the ownership of Evry Rotatives S.A.S., for which reason the lease was not included in the provisional financial statements. The adjustments made to the completed purchase price allocation entailed the following effects at January 1, 2006: non-current assets were affected in the amount of EUR 7,382,000, current assets in the amount of EUR 559,000 non-current liabilities in the amount of EUR 7,692,000 and current liabilities in the amount of EUR 774,000. These adjustments had the effect of reducing the net income at January 1, 2006 by EUR 402,000 and reducing the minority interest in net income by EUR 123,000.

B. Net assets, financial position and earnings

The total assets stated on the consolidated balance sheet at September 30, 2006 amounted to EUR 556,198,000 (prior year EUR 367,864,000). The increase can be attributed primarily to the extensive capital expenditures effected in the first quarter of 2006. As in the previous year, the most important asset groups were property, plant and equipment, which accounted for EUR 153,831,000 or 27.7% of total assets. As a result of acquisitions, inventories rose to EUR 97,665,000, after EUR 58,239,000 in the previous year, trade accounts receivable rose to EUR 113,600,000, after EUR 77,679,000 in the previous year. At the end of the third quarter of 2006, the Group held cash and cash equivalents in the amount of EUR 39,680,000, after EUR 41,434,000 in the previous year.

The Group's equity ratio narrowed to 35.7%, after 38.7% at December 31, 2005 (including the minority interest), due among other things to the distribution of a dividend totaling EUR 4,975,000.

The Group's balance sheet structure underwent the following changes:

	Sept. '06 EUR mn	Change %	Dec. '05 EUR mn	Change in %
Non-current assets	190.5	34.3	159.4	43.3
Current assets, excluding cash and cash equivalents	326.0	58.6	167.1	45.4
Cash and cash equivalents	39.7	7.1	41.4	11.3
Total assets	556.2	100.0	367.9	100.0
Shareholders' equity	198.5	35.7	142.2	38.7
Non-current liabilities	131.9	23.7	82.8	22.5
Current liabilities	225.8	40.6	142.9	38.8
Total shareholders' equity and liabilities	556.2	100.0	367.9	100.0

At EUR 500.8 million, the revenues of the ARQUES Group were EUR 216.9 million or 76.4% higher than the corresponding prior-year figure.

REVENUES	Sept. '06 EUR mn	Sept. '05 EUR mn	Change in %
Steel	207.4	158.8	30.5
Print	118.3	33.3	355.2
Industrial Production	93.7	67.1	39.5
Holding	0.0	0.2	50.0
Other	81.4	24.5	331.8
Gesamt	**500.8**	**283.9**	**76.4**

Cash-Flow

In the first nine months of 2006, the ARQUES Group generated a net cash inflow from operating activities in the amount of EUR 23,000. This net figure contains cash outflows of EUR 17.2 million in the first quarter and cash inflows of EUR 17.2 million in the second and third quarters together. The cash flow is influenced primarily by the development of inventories, trade receivables and trade payables. The inventories and accounts receivable increased by a total of EUR 108.5 million. Of this amount, EUR 87.4 million resulted from changes in the consolidation group. Another EUR 13.0 million resulted from non-cash changes in accounts receivable. However, the ARQUES Group also invested a total of EUR 8.0 million in current assets. Accounts payable (including other liabilities and other provisions) increased by EUR 69.0 million, nearly all of which resulted from additions to the consolidation group.

Despite the cash outflows for investments in non-current assets in the amount of EUR 15.6 million, the net cash outflow from investing activities amounted to only EUR 6.0 million. That is because ARQUES acquired cash and cash equivalents of EUR 9.0 million in connection with company acquisitions. After deducting from this latter amount the purchase prices paid in the total amount of EUR 7.7 million, as well as the above-mentioned investments in non-current assets in the amount of EUR 15.6 million and proceeds the sale of assets in the amount of EUR 8.3 million, the above-mentioned net cash outflow remained. The cash inflows from company acquisitions were applied primarily to the cost of restructuring the purchased companies. The corresponding cash outflows for restructuring costs are contained within the cash flow items of gross cash flow and changes in working capital.

The foregoing makes it clear that the cash flow of the ARQUES Group should be regarded from a comprehensive perspective.

Under the ARQUES business model, the operating start-up losses and restructuring costs, as well as the necessary working capital financing, are offset by the restructuring contributions of the sellers and the favorable purchase prices.

ARQUES generated a net cash inflow from financing activities of EUR 4.2 million. The inflows resulted from borrowings in the amount of EUR 12.3 million, minus cash outflows for the repayment of liabilities in the amount of EUR 3.1 million and cash outflows for dividend payments in the amount of EUR 5.0 million.

Balance sheet and financial indicators

		Sept. '06 %	2005 %
Return on revenues	EBIT / Revenues	13.6	11.1
Fixed assets intensity	PP&E and intangible assets / Total assets	30.6	37.8
Debt capital structure	Short-term liabilities / Total liabilities	63.1	63.3
Financing ratio	Scheduled depreciation/amortization / Capital expenditures	105.2	106.9
Equity ratio	Shareholders' equity / Total assets	35.7	38.7
Return on equity	Consolidated net income / Ø Equity	50.8	49.7

C. Changes in the consolidation group

The changes in the consolidated group in the first half of fiscal year 2006 were shown in detail in the report on the second quarter 2006.

In August, ARQUES acquired a 100% interest in pwe-Verlag Gesellschaft für Medienpublikationen mbH. This acquisition was reflected in the consolidated financial statements with effect from August 1, 2006.

In September, ARQUES acquired the Weber Group (Ariolan Consulting AG (100%), Partenaires Edelweiss SA (99%), Farbendruck Weber AG (100%), Gravor S.A (100%) and Actual Sàrl (100%)). It also acquired the business operations of the Wolfsheck Group by way of an asset deal. These companies were included in the consolidated financial statements of the ARQUES Group with effect from September 1, 2006.

The sum total of purchase prices for the companies acquired in the third quarter amounted to EUR 4,439,000. Of this amount, EUR 2,685,000 was paid in cash and EUR 493,000 was paid in the form of 20,105 shares of stock in ARQUANA International Print & Media AG at current stock exchange price. The acquisitions gave rise to negative goodwill on capital consolidation in the amount of EUR 22,060,000.

Rohner AG, the Hottinger Group, pwe-Verlag Gesellschaft für Medienpublikationen mbH, the Weber Group and the Wolfsheck Group were included in the consolidated financial statements on the basis of provisional accounting data. Because the conversion of accounting data to IFRS and the purchase price allocation process are very time-intensive, the best available information at the time of preparing the interim financial statements was applied.

In total the net income of companies acquired in the current fiscal year, from the respective acquisition dates until September 30, 2006, amounted to an aggregate loss of EUR 3,162,000. This figure includes all start-up and acquisition losses, as well as restructuring losses. It does not include the other operating income from the reversal of negative goodwill from capital consolidation. The revenues from January 1, 2006 to the respective acquisition dates amounted to EUR 106,658,000. The total earnings contribution from January 1, 2006 to the respective acquisition dates were not determined because such earnings were irrelevant to the consolidation process. A retroactive conversion to January 1, 2006 was not performed because, as a result of the initiated restructuring measures, the calculated values for the prior months would not be comparable with the values after the restructuring measures and would therefore lead to distorted results.

The acquired cash and cash equivalents amounted to EUR 8,946,000. Thus, the total cash inflow amounted to EUR 3,671,000.

The acquired assets and liabilities are presented in the table below:

	Book values in EUR '000	Fair values in EUR '000
Non-current assets		
Intangible assets	867	3,041
Land	3,937	4,719
Buildings	15,475	19,544
Plant and equipment	32,556	39,582
Other assets	5,534	5,534
Financial assets	493	535
Deferred tax assets	852	4,183
Current assets		
Inventories	42,932	44,343
Trade accounts receivable	23,957	23,957
Other assets	30,382	41,301
Cash and cash equivalents	8,946	8,946
Liabilities		
Provisions	-31,216	-39,231
Trade accounts payable	-20,730	-20,730
Other liabilities	-142,350	-144,020
Deferred tax liabilities	-3,546	-15,932
Net assets		**-24,228**
Minderheitenanteile		4,780
Net assets acquired		**-19,448**

No operations were discontinued or sold in connection with the company acquisitions.

The disclosures pursuant to IFRS 3.70 are not practicable. In the opinion of the company, the values calculated in the manner prescribed would lead to distorted results, due to the initiated restructuring measures.

The acquisition of new immaterial shelf companies in the first quarter has not been separately presented.

Financial calendar

March 30, 2007

Annual Report for the 2006 fiscal year

May 24, 2007

1st quarterly report for the 2007 fiscal year

June 21, 2007

Annual General Meeting, Munich

August 23, 2007

2nd quarterly report for the 2007 fiscal year

November 22, 2007

3rd quarterly report for the 2007 fiscal year

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