

REPORT FOR THE 2ND QUARTER
AND FIRST HALF YEAR OF 2009



KEY FIGURES

EUR MILLION	01/01/ – 06/30/2009	01/01/ – 06/30/2008
Consolidated revenues	2,361.2	2,627.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-16.0	45.2
Earnings before interest and taxes (EBIT)	-114.7	-19.3
Consolidated net loss (after minorities)	-115.4	-36.3
Free cash flow	-66.0	79.8
Earnings per share (diluted) in EUR	-4.37	-1.37
	06/30/2009	12/31/2008
Balance sheet total	1,397.6	1,719.0
Shareholders' equity	155.5	263.7
Equity ratio in %	11.1	15.3

INFORMATION ON THE ARQUES SHARE

WKN	515600
ISIN	DE0005156004
Stock market code	AQU
Reuters Xetra code	AQUG.DE
Bloomberg Xetra code	AQU GY
Stock type	No-par bearer shares
Share indexes	SDAX, CDAX, Classic All Share, Prime All Share
Shares in issue as of June 30, 2009	26,450,000
Capital stock as of June 30, 2009 in EUR	26,450,000
Share price as of June 30, 2009 in EUR	1.67
52-week high* in EUR	10.05
52-week low* in EUR	0.91
Earnings per share (diluted) (01/01/2009 – 06/30/2009) in EUR	-4.37

*at the time of the report

HIGHLIGHTS

- ARQUES has reduced its financial debt by around 30% since the end of 2008
- Second-quarter EBITDA of EUR -2.3 million represents a significant improvement over the first quarter
- Earnings were weighed down by impairments from portfolio streamlining measures
- The balance sheet structure was substantially improved in Q3 after the sales of Actebis and tiscon
- Uncertain outlook, early signs of economic recovery

CONSOLIDATED MANAGEMENT REPORT OF ARQUES INDUSTRIES AG

THE ARQUES INDUSTRIES AG BUSINESS MODEL

The ARQUES Group focuses on a specific segment of the equity investment market - namely, the acquisition of companies in situations of transition. Examples include classic turnaround candidates and subsidiaries on corporations' disinvestment lists, which are often in need of measures to improve efficiency. More than 80% of the acquired subsidiaries are corporate spin-offs. Generally, these companies have already been generating losses for some time when they are acquired by ARQUES. Unsuccessful attempts have been made in some cases to restructure the companies or restore them to economic health. In accordance with the ARQUES Model, such companies are generally purchased for less than their book value - in some cases even for symbolic or negative purchase prices - and sold again within three to five years after being restructured by ARQUES.

Over the past three years, the size of the acquired companies has grown significantly. In some cases, ARQUES purchased investments in companies with annual revenues considerably exceeding EUR 500 million. Contrary to the original business strategy, ARQUES also paid purchase prices that were higher - in some cases, much higher - than symbolic prices, in addition to assuming additional financial risks. In view of the currently difficult economic conditions, ARQUES is once again focusing exclusively on business acquisitions for which such financial risks can be largely excluded and for which the purchase prices are not as relevant.

THE ARQUES BUSINESS MODEL VERSUS PRIVATE EQUITY

One major distinction from the targets of private equity companies is that ARQUES primarily takes over companies in situations of transition which often have weak earnings and are in need of restructuring. ARQUES restructures these newly acquired subsidiaries with its own restructuring department, known as the Task Force, whereby the specialized experts of the ARQUES Task Force seek to solve the specific operating and/or structural problems of the respective subsidiaries in order to restore them to profitability and place them back on the market as operationally strengthened and competitive businesses.

In contrast, the private equity industry focuses less on reorganization or restructuring than on optimizing profits in the companies they take over by applying financial engineering and cost-cutting techniques before making a profitable short-term exit.

THE MARKET FOR CORPORATE ACQUISITIONS

The market for company acquisitions under the ARQUES model will remain relatively stable also in the future, because corporations will spin-off subgroups and families will sell their businesses - ARQUES' acquisition targets - regardless of the economic conditions prevailing at any given time.

The factors supporting these trends include:

- Corporations focusing on their core lines of business;
- The funding crisis faced by many small and mid-sized companies as a result of banks' unwillingness to extend credit (Basel II);
- The growing number of unresolved succession issues as a result of demographic trends in Germany;
- The currently difficult economic environment as a result of the financial crisis;
- Lack of access to the capital market

Nevertheless, competition in this market has intensified insofar as new competitors in Europe are interested in the types of companies which ARQUES also seeks to acquire.

THE MARKET FOR COMPANY SALES

The market for company sales, which is driven by the demand for successfully restructured companies with boosted earnings, fluctuates and generally depends on the economic environment and the prosperity of the industry in question. As a rule, ARQUES will always be able to find parties interested in restructured companies from the respective industry in the form of strategic investors. On the one hand, this is because ARQUES does not need to sell its subsidiaries at the theoretical highest price due to the fact that it will have paid a fairly low purchase price

for those companies in most cases. Consequently, ARQUES is in a position to sell its subsidiaries at prices that will enable the buyer to achieve further value enhancement potential. As a general rule, ARQUES begins the selling process as soon as the subsidiary enters into a profitable growth phase. Thus, the company in question is appealing to a wide range of buyers who can realize further earnings and growth potential building on the successes achieved by ARQUES through its restructuring activities. ARQUES also has recourse to the possibility of so-called secondary transactions. In such cases, it may be advisable to sell individual subsidiaries to another financial investor before restructuring is completed either for strategic reasons or for reasons having to do with the reallocation of assets.

THE ARQUES MODEL UNDER VARYING ECONOMIC CONDITIONS

In principle, the ARQUES business model works in both weak and strong market environments. In a weak market environment, more companies tend to get into serious difficulties and more large corporations seek to divest peripheral activities as they refocus on their core business. Consequently, there tend to be more companies in the market for turnaround candidates than in more prosperous times. In a weak market environment, however, the purchase process is fraught with particular dangers, because already during the sales process the acquisition candidates are generally exposed to greater operational risks that are not always predictable and are usually negative. Therefore, particular care needs to be taken in this regard. Furthermore, the restructuring process is generally much more difficult and time-consuming amid a poor economic environment. Also, it is more difficult to locate or maintain external financing sources. In a weak economic environment, the process of selling the successfully restructured subsidiaries is much more difficult. In such an economic environment, the valuation multiples of companies, on which the sales prices which ARQUES can demand are based, tend to be much lower across the board in every industry. Furthermore, the general economic environment or the company's specific situation could possibly make it necessary to resell the acquired companies at symbolic or even negative prices if ARQUES' risks would be reduced by such a sale.

In a healthy environment, on the other hand, fewer companies tend to become crisis-stricken and it is easier to paper over weaknesses. There are nevertheless enough companies in transitional situations on the market on account of major structural changes in the world economy, the tendency of large corporations to focus on their core businesses and the generally difficult financial situation of small to mid-sized enterprises. The restructuring process itself can be carried out more easily and quickly in a period of economic expansion, with external factors boosting the companies' revenues in particular. This makes it possible to complete a successful restructuring more quickly and boosts the demand for restructured companies that afford additional value enhancement potential to the buyers in accordance with the ARQUES business model. In good economic times, both strategic investors and financial investors can be considered as possible buyers. Moreover, depending on the size and industry of the company in question, even the capital market can be used as an exit channel.

The sale price depends on the current state of the economic environment, which directly influences the valuation multiples that can be achieved. Because the ARQUES business model is geared to the strategy of acquiring companies at favorable purchase prices, the company is not compelled to sell them at the highest possible price in order to realize a profitable exit even in times of lower valuations.

ACQUISITION PROCESS

In selecting its acquisition targets, ARQUES does not concentrate on specific industries, but rather on small to mid-sized companies with annual revenues of EUR 30 million to EUR 1 billion. ARQUES is actively approached by large corporations as a potential partner in spinning off subsidiaries which are no longer part of their core business. The average size of the acquired companies has increased significantly in the last few years. In the future, ARQUES will focus on acquisitions for which the financial and other risks are as low as possible.

RESTRUCTURING

After completing the acquisition, ARQUES generally installs managers with restructuring experience in the new subsidiary (ARQUES Subsidiary Manager) in order to carry out the reorganization together with the staff of the acquired company in the shortest possible time. In the first few months, our subsidiary managers are given intensive support from the ARQUES Task Force, a group of highly specialized restructuring experts from all important areas of business.

After a subsidiary has been successfully restructured, a new management team trained and deployed by the ARQUES subsidiary manager continues to further develop operations with the goal of achieving sustainable profitability. In the currently difficult economic situation, which has been particularly hard on the manufacturing industries, it will be necessary to conduct additional restructuring steps. Because the operating activities of the ARQUES subsidiaries are the responsibility of the management of the respective companies, the managing directors of those companies are responsible for initiating and implementing such measures. However, the ARQUES Executive Board is always informed of such decisions and conducts very close monitoring of the Group's subsidiaries.

The managing director appointed by ARQUES generally takes a 5% to 10% stake in the subsidiary, usually by assuming a corresponding portion of the actual purchase price. This arrangement causes the managing director to identify strongly with "his" company, which helps to secure a high level of motivation. It also ensures that the managing director will pursue the same interests as those of ARQUES, as the principal shareholder.

EXITS

The Acquisitions and Exits departments have merged to form the ARQUES M&A department. This ensures that the purchase decision reflects the experiences and requirements associated with a successful sale at the end of the holding period. Furthermore, the respective company-specific knowledge acquired during the acquisition phase can also be applied during the selling process. As soon as the basic reorganization steps have been completed and the subsidiary enters into a profitable growth phase, ARQUES' M&A department begins the process of selling the company in coordination with the subsidiary manager. The subsidiary manager increasingly withdraws from the operational business and transfers management to a successor, who is supposed to also remain in the business after the sale.

VALUE-BASED MANAGEMENT

The ARQUES Group is managed on the basis of a value-based, two-phase model. Phase one concentrates on stabilizing the liquidity situation of the new acquisitions in need of restructuring. The key performance indicator in this respect is the company's operational cash flow. Effects serving to boost liquidity are achieved in the first phase, which can last up to one year, by means of agreements with the creditors, employees, suppliers, and customers of the newly acquired companies. The profitability of the acquired companies is improved in phase two. Management uses EBIT (Earnings Before Interest and Taxes) to monitor the progress of the measures implemented to achieve this objective. The organization of the ARQUES Group, including the subsidiary managers, guarantees an uncomplicated, direct form of checks and balances in the companies. The subsidiary manager also holds a direct stake in the subsequent sales proceeds and will therefore be motivated to bring about such a sale.

GENERAL ECONOMIC CONDITIONS AND INDUSTRY ENVIRONMENT

GLIMMERS OF HOPE FOR THE WORLD ECONOMY

In their latest forecasts, the International Monetary Fund (IMF) and the Organization for Economic Cooperation and Development (OECD) agree that the global recession will approach bottom in the second half of this year. Nonetheless, the OECD anticipates that global gross domestic product will contract 4.1% for the full year 2009. The U.S. economy can be expected to shrink 2.8%. Nations like Japan (-6.8%) and Germany (-6.1%) that are especially dependent on exports will suffer the brunt of the downturn in world trade. According to the IMF, the overall euro zone will experience a 4.8% decline in its economic output in 2009. Glimmers of hope for the world economy can be found in the Chinese economy, which, although it has been impacted by the global economic downturn, can nonetheless be expected to experience dynamic growth of 7.5% in 2009 as a result of that country's extensive economic stimulus programs. India is likewise expected to see strong economic growth of 5.4% in 2009. In general, nearly all emerging economies are expected to witness very robust growth, with the exception of Eastern European countries.

However, all economic experts are warning that the developing stabilization of the world economy is still fragile. Although the financial sector is under control for now, the real economy is threatened by further, unquantifiable writedowns on loans. The volume of lending activity, which is vital for any global recovery, remains at a very low level. Of the loans that are being made to the real economy, many of them are being issued with very high risk premiums, although the central banks have reduced their key interest rates to all-time lows.

SHARP DECLINE IN EQUITY INVESTMENT BUSINESS

In view of the weak economic data and the very cautious lending policies of banks, equity investment firms are anticipating a sharp decline in their business for 2009. According to the German National Association of Equity Investment Firms (Bundesverband Deutscher Kapitalbeteiligungsgesellschaften e.V., BVK), private equity investments in Germany in the first quarter of 2009 plummeted 75% from the comparable year-ago period, falling to the level of about €300 million. The management buy-out sector has been especially affected by this trend. Although many equity investment firms still have sufficient equity capital, it has become practically impossible to raise the necessary debt to finance larger-scale transactions, due to the restrictive lending policies of banks. As for the remainder of the year, the BVK does not anticipate a comprehensive market recovery, although the willingness to make investments showed a gradual improvement in the second quarter. With regard to the near-term developments, this assessment is shared by the European Private Equity & Venture Capital Association (EVCA). According to a survey conducted in cooperation with Deloitte Touche Tohmatsu, about half of the 700 venture capital providers surveyed stated their intention to invest significantly less than planned in the near-term future. In view of the sharply lower prices for companies and the still pressing need of many companies to focus on their core activities, however, the long-term outlook for the industry is still very positive.

NET ASSETS, FINANCIAL POSITION AND EARNINGS

After a difficult fiscal year in 2008, the first half of 2009 was again dominated by continued portfolio streamlining and by the persistently poor economic conditions in the Group's continuing operations.

ARQUES divested eight subsidiaries in the first half of 2009. At June 30, 2009, the ARQUES **portfolio** comprised 13 subsidiaries, of which the Actebis Group and the tisccon Group are attributed to the discontinued IT Division and must therefore be presented separately. Among the group of continuing operations, the Gigaset Group in the Communications Division is by far the most important subsidiary.

At EUR 2,361.2 million, the **revenues** generated in the first half of 2009 were 10% less than the corresponding year-ago figure of EUR 2,627.8 million.

The **EBITDA** was negative, in the amount of EUR -16.0 million, as compared to EUR 45.2 million in the first half of 2008. This decline was mainly caused by the restructuring expenses for Gigaset in the amount of EUR -23.5 million.

The **depreciation and amortization** amounted to EUR 46.4 million, a large part of which attributable to the Actebis and Gigaset Groups. The **impairments** amounted to EUR 52.2 million, most of which for the Actebis Group (EUR 36.5 million), the tisccon Group (EUR 1.6 million) and the Gigaset Group (EUR 12.0 million). At Actebis and tisccon, the impairments of goodwill and of the revalued net assets were necessitated by knowledge of expected sale prices for those groups. The impairments at Gigaset were associated with the sale of the Broadband Division.

ASSETS

At June 30, 2009, the **total assets** of the ARQUES Group amounted to EUR 1,397.6 million, that being EUR 321.5 million less than the total assets at December 31, 2008.

The **non-current assets** declined by EUR 160.3 million to EUR 315.8 million. Non-current assets in the amount of EUR 42.4 million were classified as held-for-sale and therefore presented separately. These items mainly consist of the intangible assets, property, plant and equipment of the Actebis Group and the tisccon Group.

The **current assets** amounted to EUR 1,081.8 million, including EUR 504.1 million in assets held for sale.

At June 30, 2009, the **total liabilities** amounted to EUR 1,242.1 million, that being EUR 213.3 million less than the corresponding figure at December 31, 2008 (EUR 1,455.3 million).

Current liabilities accounted for 86% of total liabilities. The current **financial liabilities** were reduced by EUR 61.7 million in the first half of 2009. Of this amount, EUR 32.6 million related to the current financial liabilities of the Actebis Group and the tisccon Group, which were classified as held-for-sale and therefore presented separately.

At June 30, 2009, the **equity** of ARQUES amounted to EUR 155.5 million, as compared to EUR 263.7 million at December 31, 2008.

FINANCIAL POSITION

In the first half of 2009, ARQUES generated a negative **cash flow from operating activities** in the amount of EUR -42.5 million (H1 2008: positive cash flow of EUR 97.8 million). The operating cash flow for 2009 was weighed down mainly by the restructuring expenses for Gigaset. In 2008, there had been a positive non-recurring effect in the form of cash received from the introduction of factoring at Actebis (EUR 40.7 million).

The **cash flow from investing activities** amounted to EUR -23.5 million. This amount was mainly influenced by various non-recurring effects from portfolio changes, as well as the lower amount of investments in non-current assets.

Thus, the **free cash flow** came to EUR -66.0 million, as compared to EUR 79.8 million in the first half of last year.

The **cash flow from financing activities** amounted to EUR 19.0 million (H1 2008: EUR -10.3 million). This cash outflow reflected the redemption of financial liabilities, after adjustment for deconsolidation effects.

EARNINGS

Revenues of EUR 2,361.2 million were generated in the ARQUES Group in the first half of 2009, that being EUR 266.6 million less than the corresponding figure for the first half of last year. Aside from the tough conditions in many sales markets and industries, the decline also resulted from the changes made to the group of consolidated companies. With revenues that were 7.5% lower than the year-ago figure, the discontinued IT Division was still the main revenue contributor in the first half, accounting for about 74% of the Group's total revenues. The second-biggest Communications Division accounted for about 11% of total revenues.

The **other operating income** amounted to EUR 61.5 million in the first half of 2009, that being on the same level as the corresponding year-ago figure. Besides income from deconsolidations in the amount of EUR 4.9 million and income from the reversal of negative goodwill (so-called bargain purchases) in the amount of EUR 9.7 million, the other operating income was mainly composed of income from the waiver of receivables, income from the sale of non-current assets, income from the reversal of provisions, rental income and income from exchange rate changes.

The **cost** of purchased raw materials, merchandise, finished goods and purchased services amounted to EUR 1,980.6 million in the first half of 2009, that being 12% less than the corresponding year-ago figure of EUR 2,251.5 million. Because revenues declined by a somewhat smaller margin, the percentage of revenues represented by purchased goods and services declined from 86% to 84%.

The **personnel expenses** (wages, salaries, social security and pension benefits) amounted to EUR 243.1 million in the first half of 2009, that being only slightly higher than the corresponding year-ago figure of EUR 229.7 million.

The **other operating expenses**, which comprise general administrative expenses, facility management expenses, shipping costs, consulting and marketing expenses, general operating expenses and value adjustments on receivables, amounted to EUR 220.4 million in the first half of 2009, that being significantly higher than the corresponding year-ago figure. This increase was mainly due to changes in the group of consolidated companies. The other operating expenses contain non-recurring effects of EUR -12.0 million related to the deconsolidation of companies in connection with the portfolio streamlining measures.

In the first half of 2009, the **net financial expenses** of EUR -17.2 million were EUR 2.5 million less than the corresponding figure for the first half of 2008.

The **consolidated net loss** after minority interests amounted to EUR -115.4 million, as compared to EUR -36.3 million in the prior-year period. The earnings per share (basic/ diluted) amounted to EUR -4.37.



SIGNIFICANT EVENTS IN THE FIRST HALF OF 2009

CHANGES IN THE EXECUTIVE BOARD

In a meeting held on February 2, 2009, the Supervisory Board of ARQUES Industries AG and Dr. Michael Schumann mutually agreed to cancel Dr. Schumann's appointment as Chairman of the Executive Board of ARQUES Industries AG effective February 28, 2009. In the same meeting, Hans Gisbert Ulmke was appointed Chief Financial Officer by the Supervisory Board effective February 3, 2009 for the duration of three years. In the Supervisory Board meeting held on July 20, 2009, Michael Hütten was appointed to the Executive Board, effective July 21, 2009. At the Supervisory Board meeting of August 4, 2009, Hans Gisbert Ulmke was appointed Chairman of the Executive Board and the Executive Board divisions were reorganized as follows:

Hans Gisbert Ulmke, Executive Board Chairman, Finance, Human Resources, Legal, Press, Investor Relations

Felix Frohn-Bernau, Acquisitions and Exits

Michael Hütten, Operations, Subsidiary Controlling

Bernd Schell, Gigaset Communications

CHANGES IN THE PORTFOLIO OF SUBSIDIARIES

As a result of the strained economic situation in Spain, the crisis in the automotive industry, and the restrictive lending of Spanish banks, ARQUES decided not to provide any further cash to its subsidiary Capresa. As a result of this decision, the Spanish automotive supplier was forced to file for bankruptcy on January 19, 2009. The unit sales of Capresa's principal customers had suffered a massive contraction in the last few months, leading to an extreme drop in Capresa's orders and revenues.

On January 22, 2009, ARQUES sold four subsidiaries - the BEA Group, the news agency ddp, the Italian adhesive tape manufacturer Evotape, and the Swiss chemicals company Rohner - to a private equity firm under the terms of a portfolio deal. ARQUES collected cash proceeds of EUR 20 million on the sale.

In early March 2009, ARQUES sold its investment in gas station equipment supplier Rohé, Vienna, to the private equity firm Value-Net Capital Partners, Munich.

On March 12, 2009, the Sommer Road Cargo Solutions Group was sold to a consortium composed of strategic partners in the form of medium-sized German automotive companies and a financial investor, BSF Consulting AG.

Effective March 19, 2009, the Swiss printing company weberbenteli was sold to the financial investor ValueNet Capital Partners, Munich.

ACQUISITIONS

On February 11, 2009, ARQUES acquired the leading British driving school, British School of Motoring (BSM), Bristol, for a symbolic purchase price. The seller was the British RAC plc, a subsidiary of the insurance group AVIVA plc, the same company that sold Auto Windscreens to ARQUES in November 2008. With about 2,700 driving instructors (franchisees) and around 100 service centers, BSM is the biggest driving school in the UK. Founded in 1910, this long-established firm is the market leader, with a share of about 10%. In 2008, BSM generated revenues of about GBP 34 million. In addition to the traditional business of providing driving instruction to private individuals, BSM also trains driving instructors and provides driver training services to corporations and public-sector institutions. BSM is one of the best-known brand names in Britain.

The Actebis Group, the largest generator of revenues in the ARQUES Group, acquired Ingram Micro's broadline distribution business in Denmark as part of an asset deal. The distribution business of Danish Ingram Micro, including its employees and the entire customer base, are being integrated in the Actebis Group's Danish subsidiary. The transaction was completed at the beginning of July 2009. With this acquisition, Actebis Denmark, with branches in Norway and Sweden, can consistently further expand its business. In early August, ARQUES sold its shares in the Actebis Group to Droege Capital GmbH, Düsseldorf. The transaction is pending, subject to the approval of the cartel authorities, among other authorities, which is expected by late September or early October 2009.

GIGASET: CONCENTRATION ON THE CORE BUSINESS

In March, Gigaset Communications GmbH and Sagem Communications agreed on the sale of Gigaset's broadband business as part of an asset deal. The transaction was completed and took effect economically on June 30, 2009. The broadband operations sold (including WiMAX), which were generating losses, accounted for around 15% of Gigaset Communications' revenues in the past fiscal year (2007/2008). The separation of units not belonging to the core business and the focus on the telephony segment is a significant step in the reorganization of the ARQUES subsidiary, Gigaset Communications.

ARQUES GROUP AND ITS SUBSIDIARIES

ARQUES Industries AG is the parent company of the ARQUES Group. It directly or indirectly holds all of the corporate group's subsidiaries. ARQUES Industries AG is financed through its own resources as well as borrowed capital.



THE SUBSIDIARIES OF ARQUES INDUSTRIES AG AS OF JUNE 30, 2009:

SUBSIDIARY	ACQUISITION (SIGNING)	DATE
GolfHouse	June 2005	Retail and mail-order business
tiscon AG* (among others, COS Distribution, Avitos, Topedo, Chikara)	October 2005 December 2006 February 2007	Equity investment firm focusing on IT distribution
Fritz Berger	May 2006	Retail and mail-order business
Oxxynova	September 2006	Specialty chemicals
Wanfried Druck Kalden	March 2007	Package and label printing
van Netten	April 2007	Confectionary manufacturer / industry
Actebis Group* (including NT plus and Actebis Nordics)	July 2007 October 2007 December 2007	IT and tele- communications distribution
Anvis	September 2007	Automotive supplier
SM Electronic	November 2007	Consumer electronics dealer
ASM (including Bpack)	April 2008 (October 2008)	Freight services provider
Carl Froh	April 2008	Steel processor/ automotive supplier
Gigaset Communications (formerly Siemens Home and Office Communication Devices)	August 2008	Manufacturer and dealer for wireless telephones and ITC technology
Auto Windscreens	November 2008	Automotive glass supplier
British School of Motoring	February 2009	Driving school

*Companies sold after the balance sheet date.

In the following, we provide a detailed description of the business situation of those subsidiaries considered to be material on the basis of their size. The materiality criterion applied for this purpose is annualized revenues higher than about EUR 50 million per subsidiary.

OXXYNOVA

Oxxynova produces liquid dimethyl terephthalate (DMT), an input material used in polyester production. DMT is used in the production of textile fibers, technical fibers, films, raw materials for paint and glue products and technical plastics. Oxxynova is the biggest European producer of DMT for the free market.

INDUSTRY ANALYSIS

The chemical industry in Germany has been hard hit by the worldwide economic crisis. According to the German association of chemical companies VCI, the total revenues of German chemical companies in the first half of 2009 were 16.5% lower, and chemicals production was 15.5% lower than the respective year-ago figures. Thus, chemicals production fell back to the level of 2003. For the full year, the association anticipates a revenue decrease of 12%. In the second quarter, the situation stabilized on a low level.

Due to the consolidation of production at the Steyerberg site and the closure of two competing plants in the Netherlands and Germany, the earlier surplus capacities in DMT production have been eliminated. Nonetheless, the European market is still under pressure, both from Asian suppliers of products for polyester production and from the ability of customers to substitute other products for DMT.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

The repercussions of the economic crisis on the automotive and chemical industries led to a substantial decrease in the demand for DMT in the first half of 2009. The customers of Oxxynova have scaled back their inventories and are running their production at very low levels. Oxxynova adjusted its production to the substantially lower demand and implemented measures to boost efficiency on this lower production level. As a result of the lowered capacity utilization, coupled with high energy costs, production costs have increased on the whole.

The company has responded to the reduced demand for DMT by practicing strict cost management. Among other things, the

company reached a works agreement with its employees, under which they will waive a portion of their compensation.

OUTLOOK

Based on the low level of capacity utilization in the first half, Oxxynova anticipates that full-year production quantities in the year 2009 will be substantially lower than the corresponding prior-year production quantities. Due to the rising production plans of its customers for the second half of 2009, Oxxynova anticipates a slight recovery of the DMT sales market in the remainder of the current fiscal year. Thanks to the installation of additional process engineering equipment in the production area, third-party distillation and shipping costs will no longer be incurred.

VAN NETTEN

van Netten is a manufacturer of innovative, high quality candies. Principal customers include various retail companies in Germany and abroad. All products are manufactured at the production site in Dortmund.

INDUSTRY ANALYSIS

Although the confectionery industry suffered from the negative trend of exports in the first half of 2009, domestic demand held up well. In Germany, confectionery revenues increased slightly, by 0.3%, although unit sales were down (~2%) in the first half of 2009. In the segments of bonbons and candies, however, both unit sales and revenues were down throughout the industry.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

In the first half of 2009, van Netten's business performance was in line with the industry trend. Revenue declines in the segments of bonbons, fruit gummi and licorice were offset by increases in the lozenges product group. Despite the decision to forego unprofitable sales promotions, revenues remained on the level of the previous year, while earnings were substantially higher, with a positive EBITDA.

At the International Confectionary Trade Fair (ISM) held in Cologne in February 2009, van Netten made contacts with new foreign customers. The company also presented new products at this industry gathering. In its production operations, the long-established Dortmund-based company implemented measures to increase capacity in the lozenges segment and invested in

new packaging equipment. The company is currently in the process of implementing cost-cutting investments in its mogul technology (fruit gummi production).

van Netten has lowered its costs by continuously optimizing its recipes and as a result of the overall decline in prices for raw materials. The company achieved further cost savings by renegotiating an IT services agreement.

OUTLOOK

As it continues to expand its export business, van Netten is planning to establish a subsidiary in Poland. A test listing was agreed with a discount customer for the innovative mousse bananas presented at the ISM.

Falling energy prices will continue to have a positive influence on van Netten's earnings. Accordingly, the confectionery manufacturer anticipates a positive business development and a significantly positive EBITDA.

ACTEBIS

As the third-largest ITC (Information Technology and Telecommunications) distributor in Europe, the Actebis Group distributes products in the areas of information technology and telecommunications, mobile communications and entertainment electronics. Founded in 1986, the company has about 1,900 employees serving more than 70,000 business customers throughout Europe. Actebis is represented through its own national subsidiaries in Germany, France, the Netherlands, Austria, Denmark, Norway and Sweden. The Actebis Group also includes the telecommunications distributor NT plus, which operates in the German market. In addition to its extensive product portfolio, sales and marketing services and e-services (including electronic connections), the Actebis Group also offers financial and logistical services to specialty retailers.

INDUSTRY ANALYSIS

According to forecasts of the European industry association EITO, the revenues generated from sales of ITC products and services in the European Union will decline 1.7% in 2009. Due to falling prices and postponed IT expenditures, the revenues generated from sales of IT hardware are expected to fall 6.6%, while those of software and IT services will decline at the much more moderate rate of 0.3% in 2009. Sales of entertainment electronics are expected to contract 8.2% in 2009, after years of strong growth. For 2010, EITO anticipates ITC growth of 0.3%.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

The Actebis Group turned in a successful performance in the first half of 2009. For the first six months, the Actebis Group posted earnings before interest, taxes, depreciation and amortization (EBITDA) of EUR 23.1 million (H1 2008: EUR 22.0 million), indicative of a 5% increase over the corresponding year-ago figure. Having increased in the first quarter, the profit after taxes showed another significant increase over the corresponding year-ago figure in the second quarter. On the other hand, consolidated revenues declined by around 5% to EUR 1.6 billion (H1 2008: 1.7 billion.). Actebis improved its operating profit margin (based on EBITDA) from 1.3% to 1.4%.

The Actebis Group asserted its position well in the ITC market in the first half. The positive earnings figure was mainly the result of growth in the Northern European Actebis companies in Denmark, Norway and Sweden. In Germany, ITC wholesale business has slowed down considerably since the beginning of the year. Nonetheless, Actebis Peacock again performed very well in this difficult market environment.

The Actebis Group is currently reaping considerable benefits from its lean corporate processes and structures, which are constantly being optimized. That is what makes Actebis a highly efficient cost leader. Combined with the Group's broad customer base and product portfolio, this advantage has proven to be successful in the crisis.

The two affiliates NT plus and Actebis Peacock started off the second quarter in Germany with a jointly organized, one-day ITC trade fair known as Channel Trends+Visions 2009, at the Jahrhunderthalle in Bochum. At this event, the two companies and 140 manufacturers presented a wide range of IT and telecommunications products and services, as well as product solutions that issue from the convergence of information technology and telecommunications. The event drew about 4,500 visitors and the response was positive all around. In the words of Actebis Peacock and NT plus customers, this event set a new benchmark for the industry.

The SAP Merchandise Management system, which was introduced at NT plus without problems at the beginning of the year, has proven successful after only a short time. In the first half of 2009, ITC specialty retailers reaped the benefits of faster and easier order processing, automated goods receiving processes and the ability to ship merchandise in the name of third parties. By this means, NT plus set the course for a larger and improved product offering and established the prerequisites for further growth. In July, the regulatory authorities in Denmark approved the acquisition of the broad-line distribution business of Ingram Micro. Thus, the employees and customer base of the Danish Ingram Micro subsidiary have officially belonged to Actebis Denmark since July 3.

OUTLOOK

ARQUES sold its shares in the Actebis Group to Droege Capital GmbH, Düsseldorf, in early August. The transaction is pending, subject to the approval of the cartel authorities, among other authorities, which is expected by late September or early October 2009.

ANVIS

The Anvis Group is a primary developer and manufacturer of innovative functional solutions for the motion stability, comfort and safety of motor vehicles. The Group's product line encompasses the complete process chain with respect to anti-vibration systems, from the initial idea to serial production. The Anvis Group serves the automotive industry from its own sites and branch offices all over the world.

INDUSTRY ANALYSIS

According to the industry association VDA, 10% fewer vehicles were sold in Western Europe in the first half of 2009 compared to the first half of 2008. Nearly 30% of new vehicle registrations occurred in the German market, as unit sales were 19% lower in the rest of Western Europe in the first half of 2009. In the Russian market, unit sales of passenger vehicles were down 49% in the Russian market, 35% in the United States and 21% in Japan. On the other hand, unit sales were up 4% in Brazil, 3% in India and even 19% in China, in the first half of 2009. According to VDA, worldwide new passenger vehicle registrations in June showed signs of growing stabilization. In Western Europe, for example, new passenger vehicle registrations in the first half of 2009 were almost 5% higher than the corresponding year-ago figure. Unit sales were higher in China, Brazil and India

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

The business performance of the Anvis Group in the first half of 2009 was impacted by the persistently weak state of the automotive industry. The year began with historically low call-off orders from brand-name manufacturers. Recently, call-off orders have been improving from month to month, but the demand is still below that of the year-ago period. The operating earnings of the Anvis Group were adversely impacted by the unsatisfactory call-off orders and the low rate of capacity utilization. Earnings were also adversely impacted by structural problems in the French plant in Décize, which have led to continual operating losses despite much higher revenues. The management continues to devote its undivided attention to solving these structural problems by means of workforce adjustments and closing parts of the plant.

The Anvis management responded promptly to the poor state of the industry and initiated important counter measures to boost efficiency. In this connection, the workforce was reduced by not renewing temporary employment contracts and laying off temporary workers. The Anvis Group also renegotiated its contracts with customers so that they will contribute to capital expenditure costs at an earlier stage of the process and move up their payment terms. Furthermore, receivables management was intensified and the capital expenditures planned for 2009 were temporarily suspended.

OUTLOOK

The Anvis Group will rigorously implement the initiated restructuring measures and focus in particular on further reducing its fixed costs. Particular attention will be given still to the restructuring work at the French site in Décize, including measures to reorganize and considerably streamline the production processes and lower administrative costs, while boosting productivity. The earnings situation continues to be strained.

SM ELECTRONIC

Based in Stapelfeld (near Hamburg), SM Electronic distributes products under the brand name "Skymaster," including satellite and antenna receivers (digital TV) and electronic accessories for audio, video, home entertainment and multimedia.

INDUSTRY ANALYSIS

According to a forecast of the industry association EITO, the European market for entertainment electronics is expected to contract 8.2% in 2009, after several years of high growth rates. According to the industry association Bitkom, the German market is expected to contract by around 6.5%, mainly as a result of falling prices, especially for flat-screen TVs. On the other hand, the industry association is predicting higher revenues from sales of DVD players for Blue Ray discs, as well as digital set-top boxes for television reception and game consoles.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

Due to the weak economic conditions, SM Electronic's revenues in the first half of 2009 were below those of the year-ago period. As a result of the restructuring measures that have already been initiated, the operating losses were reduced in the first half of 2009, despite the licensing costs incurred. By in-sourcing the refurbishment business (meaning the quality-assured refurbishment and corrective maintenance of products), the company significantly reduced its charge-off rate. Furthermore, SM Electronic completely handled its own product returns again and was therefore able to shorten processing times considerably in the first half of 2009. Warehouse inventories have been tracked continually since the beginning of the year, allowing for precise, day-to-day analysis.

SM Electronic intensified its sales activities and began to introduce to market newly developed and visually appealing terminal devices for satellite reception. In this connection, the company participated in the trade fair ANGA Cable in Cologne in June and in the IFA preview events in Hamburg and Munich in July. At these events, the company presented the first Skymaster brand receiver with PVR (Personal Video Recorder). These receivers can store TV programs and movies on an internal or external hard drive. According to testing conducted by the trade press, Skymaster digital TV receivers are among the best in the market in terms of the price-benefit ratio. In Switzerland, SM Electronic entered into a strategic partnership with a major supplier of electronic products to home improvement and specialty stores.

OUTLOOK

SM Electronic will expand its sales force and intensify its selling activities in the further course of the year. To that end, it will provide training to upgrade the sales capabilities of its staff. SM Electronic is also exploring the possibility of growing its business with new brands in other markets. The company would like to offer procurement and merchandising services to partners in Germany through its subsidiary in Hong Kong and its own merchandising team.

AGENCIA SERVICIOS MENSAJERIA (ASM)

ASM is a Spanish delivery service that works primarily for large-scale customers in the sectors of telecommunications, banks and insurance, automotive, optics, dentistry and pharmaceuticals. Based in Madrid, ASM offers courier, delivery and special logistical services to its customers. More than 1,100 employees work for the ASM Red network, in more than 70 branch offices and field offices in Spain, Portugal and Andorra.

INDUSTRY ANALYSIS

The recession in Spain deepened in the first half of 2009. In the first quarter, the Spanish economy contracted 2.9% and the IMF predicts a 4% decline for the full year 2009. The shrinking GDP is mainly due to reduced domestic demand, which fell 5.4% in the first three months of 2009. In line with this trend, the volume of shipments in Spain continued to decrease considerably.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

The revenues that ASM generated with its regular customers followed the trend of the weak economy in Spain. By integrating the distribution network of competitor Bpack, which ASM had acquired in October 2008, the company was able to offset a portion of its revenue losses. The successfully implemented restructuring measures to boost efficiency and lower costs were not enough to offset the effect of lower orders on the company's revenues.

The Spanish delivery services provider acquired new customers and reinforced the loyalty of existing customers in the first half of 2009. Particular attention was devoted to cash management and to implementing further cost-saving measures. ASM adjusted its workforce to reflect the economic conditions.

OUTLOOK

ASM will continue its intensive efforts to acquire new customers in order to offset the revenue decline. The still very restrictive lending policies of banks represent a particular challenge for liquidity management.

CARL FROH

Based in Sundern (in the Sauerland region of Germany), Carl Froh is a leading manufacturer of precision tubes and components built to customers' specifications. The company produces low-tolerance welded precision steel tubes designed to meet special demands and develops comprehensive solutions for high-quality components and modules for a diverse range of applications.

INDUSTRY ANALYSIS

The steel tube industry has been significantly affected by the general state of industry, especially the automotive industry. In the first four months of 2009, the production output of German industry was 19.3% less than the corresponding year-ago figure. Based on the positive signals of business sentiment indexes, the National Association of German Industry spoke of a bottoming out of the recession around the end of the first half of 2009 in its economic report. In the automotive industry, 10% fewer vehicles were sold in Western Europe compared to the first half of 2008.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

Due to the negative economic trends and the substantial drop in prices for materials, Carl Froh's revenues were substantially lower in the first half of 2009. Accordingly, the company initiated counter measures, including shortened working hours for a large number of employees. The company anticipates that this measure will remain in effect until the end of the year.

As part of its program to optimize production processes, Carl Froh overhauled a tube welding machine and invested smaller sums in machining equipment. The company also provided continuing education courses for its employees.

Carl Froh acquired several new orders in the first half which had not been contained in the budget, including the biggest order in the company's history, for an amount of EUR 25 million and with a term until 2011.

The company reduced its inventories to improve liquidity. It also negotiated longer payment terms with suppliers.

OUTLOOK

Carl Froh expects that the component production market will revive in the second half of this year, which will lead to more stable prices for raw materials. In connection with its newly acquired orders, the company intends to make partial investments in its materials flow and optimize its logistics, which should lead to improved productivity. In addition, Carl Froh will install a new software program to optimally manage corporate resources in the second half of this year.

GIGASET COMMUNICATIONS GMBH

The business of Gigaset Communications is focused on the design, development, production and distribution of high-quality home communication products under the brand name Siemens Gigaset. The product portfolio includes fixed-line telephones, voice-over-IP models, software solutions and home media products. The main production facility is in Bocholt, Germany, where Gigaset's products are manufactured according to the highest quality and environmental standards.

INDUSTRY ANALYSIS

According to a study, the market for cordless telephones will stagnate in Western Europe and shrink in North America over the next five years. In Eastern Europe, the Near East and Latin America, the experts anticipate rising unit sales of cordless telephones, although that will not completely offset the overall negative trend. For set-top boxes, the industry association BITKOM anticipates rising revenues in Europe.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

In the first half of 2009, Gigaset Communications GmbH expanded its European market share (measured by revenues) by three percentage points to 33%. Gigaset also registered considerable growth in Germany, where Gigaset has a market share of well over 50%.

In the first half of 2009, the company successfully completed most of the steps required to separate itself from the complex corporate structure of the former owner. The company also intensified its efforts to establish a stand-alone corporate structure suited to a medium-sized enterprise like Gigaset.

Important aspects of that work include the practice of strict cost management and the creation of a management structure equipped with suitable controlling instances and its own IT infrastructure. The top management team was completely assembled in the first half.

In March 2009, Gigaset reached an agreement with Sagem Communications on the sale of Gigaset's broadband business by way of an asset deal. The transaction was completed with effect on July 1, 2009. The spin-off of the loss-making broadband division, which was no longer part of the company's core business, was a fundamental objective in restructuring the company.

Gigaset also added new, high-quality cordless telephones to its product portfolio, including the Gigaset E490/495, a very robust and functional telephone that can be used under tough conditions. It is aimed at demanding target groups such as craftsmen, for example. The new telephones Gigaset C590/595 and Gigaset S790/S795 feature outstanding sound, versatile applications and attractive designs. Readers of the trade magazine "connect" voted the Gigaset Model SL 785, the company's flagship product, as Product of the Year among cordless telephones. This award is indicative of Gigaset's leading market position in Germany. In designing its telephones, Gigaset places great emphasis on so-called eco-functions, such as electricity-saving network devices and variable functions to reduce transmission power. In the new generation of Gigaset models, the base unit automatically shuts down transmission when it goes on stand-by.

Aside from innovative new product developments, Gigaset also introduced a new software program for data synchronization between Gigaset telephones and computers. The software matches all the address data. Furthermore, pictures and ring tones of many common formats can be downloaded to the telephones.

OUTLOOK

Gigaset Communications will continue to focus on the profitable core business of voice products (cordless telephones, telephones for voice-over-IP and fixed-line telephones). In addition, ARQUES plans to optimize its internal processes with the wide-ranging assistance of the Task Force and implement cost-saving measures in all areas of the company. Targeted growth will be generated through product innovations and by expanding the

international business, especially in the United States and in regional growth markets in Asia. Furthermore, the company intends to complete the establishment of new internal processes and structures in the second half of the year.

AUTO WINDSCREENS

Auto Windscreens is the second-biggest automotive glass specialist in Great Britain. It repairs glass damage in about 90 service centers and in the field, using more than 700 mobile service units. The company replaces and repairs automotive glass for a wide range of customers, including insurance companies, leasing companies, car rental companies, other companies, government agencies and institutions. Auto Windscreens also operates its own production site in Chesterfield, where it produces about 250,000 windshields from blanks per year.

INDUSTRY ANALYSIS

Due to the poor state of the economy, traffic volumes in Great Britain continued to decline in the first half of 2009. Due to the economic conditions, people are less inclined to travel, which also has a negative impact on traffic volumes.

COMPANY SITUATION, BUSINESS DEVELOPMENTS, RESTRUCTURING AND DEVELOPMENT MEASURES

In line with the general state of the industry, the revenues of Auto Windscreens were well below the year-ago level. Thanks to the restructuring measures that have already been implemented and the strict cost management that has been practiced, as well as the renegotiation of contracts with suppliers, the operating profit on the EBITDA level was positive and significantly higher than the corresponding year-ago figure. The company intends to further improve earnings by means of intensive cash and receivables management.

In the first half of 2009, Auto Windscreens continued the process of separating itself from the corporate structure of its former owner. The carve-out process is supposed to be completed in September. In this connection, the company installed a new IT system, established new centralized processes and introduced a leaner organizational structure. In this regard, one management level was basically eliminated. Workforce adjustment measures were carried out in a socially compatible manner. Auto Windscreens also initiated steps to renew its motor vehicle fleet, with increased emphasis on fuel-saving vehicles. Also, the company equipped additional service vehicles with a new, inter-

nally developed mobile protective shelter, to make possible on-site repairs. New tools were introduced to speed up the repair or replacement of windshields. At the production facility in Chesterfield, new components were installed in the furnaces to boost efficiency and lower energy costs.

Auto Windscreens has begun the process of introducing a new corporate identity, so as to present itself to the market as a now independent company. A new sales director with many years of industry experience will assist the British company in this process. The company also implemented measures to bring about a more efficient organization of the sales department and call center.

OUTLOOK

Auto Windscreens will complete the process of separating itself from the former parent group in the third quarter of 2009 and continue its restructuring efforts without pause. The main priority is to maintain the focus on the core business and improve the manual work procedures. Concurrently with the introduction of its new corporate identity, Auto Windscreens will intensify its marketing activities.



REPORT ON OPPORTUNITIES AND RISKS

The future business development of the ARQUES Group entails opportunities and risks. The company's risk strategy involves taking full advantage of the opportunities and limiting the associated risks by employing appropriate instruments.

OPPORTUNITIES OF THE ARQUES BUSINESS MODEL

The business model of ARQUES Industries AG involves acquiring companies in difficult transitional situations and actively restructuring them. Once they have been successfully restructured, they are either sold (IPO, trade sale) or held over the long term. ARQUES strives for medium-term investment periods (three to five years). Short-term involvement is generally not in the interest of the company. In all three phases (acquisition, restructuring, exit), ARQUES is presented with tremendous business opportunities that manifest primarily in the form of capital appreciation from the purchase price to the sale price of the corresponding subsidiaries. Furthermore, the operating results of the restructured companies also contribute to the success of the ARQUES Group. The so-called bargain purchase revenues collected in connection with the acquisition of companies can also serve to boost the Group's profit.

ACQUISITIONS

ARQUES boasts a highly specialized acquisition team with vast experience in taking over companies in difficult transitional situations. Thanks to the solid network of contacts built up by the M&A team, ARQUES always has information on a large number of attractive acquisition candidates. ARQUES is actively sought out as a partner by large corporations looking to spin off subsidiaries that no longer fit in with their core business. Therefore, further transactions of this kind can be expected in the future. As mentioned above, ARQUES intends to focus on acquiring companies that have the lowest possible level of balance sheet risks and other risks.

RESTRUCTURING

In restructuring its subsidiaries, ARQUES employs its own team of reorganization experts with expertise in all key business areas. These highly specialized teams of the ARQUES Task Force are deployed under the direction of an ARQUES subsidiary manager. Broad-based restructuring success can be achieved within a short time, as multiple project-specific teams are usually involved with one company at a time.

The ARQUES subsidiary manager is the operational leader of the on-site restructuring process. The Subsidiary Manager holds an equity stake in the subsidiary of usually 5% to 10% and acts as an executive body, i.e. as a general manager or board of directors, in implementing measures under his own responsibility. The high degree of decentralized autonomy activates an additional dimension of personal potential and assures the alignment of interests between the Subsidiary Manager and ARQUES. This arrangement affords a great amount of leeway to the Subsidiary Manager and maximum flexibility to the subsidiary.

This restructuring model featuring a Subsidiary Manager and a Task Force makes it possible for ARQUES to restructure its subsidiaries efficiently and put them on a solid footing. ARQUES will continue to apply this concept in the future to successfully restructure its subsidiaries.

EXITS

In accordance with its business model, ARQUES seeks to sell the revitalized subsidiary ("exit") after completion of the fundamental restructuring steps.

Since January of 2009, the Acquisitions and Exits functions have been consolidated within the ARQUES M&A Department. This step will make it possible to realize cost savings because smaller teams are now available to work on acquisitions or sales, depending on the project needs, so that capacities can be allocated more efficiently. Above all, however, this move was meant to ensure that the experience and knowledge required to make a successful exit at the end of the holding period are taken into consideration already in making the purchase decision. Furthermore, the respective knowledge gathered on individual companies during the acquisition process can also be put to good use in the eventual sale process.

RISK MANAGEMENT

ARQUES disposes of a computerized, systematic risk management system known as Arq-Risk, which is used to implement, assure compliance with, and monitor the risk strategy adopted by the ARQUES Group. The Arq-Risk program covers all departments and subsidiaries of the Group and meets the Group's corporate governance criteria. In previous years, the system has proven to be an effective means of analyzing specific risks in a transparent manner and pointing to suitable control possibilities. In view of the current financial crisis, which is having a serious impact on the Group's earnings performance, these mechanisms have been concretized and adapted to the prevailing conditions. Given the company's expansion into other European countries, particular emphasis is being placed on ensuring compliance with the risk structures to be observed in those countries.

The ARQUES business model is geared to exploiting above-average business opportunities, which usually also entail particular risks. The purpose of the Arq-Risk system is to support the goals adopted as part of the business strategy by identifying existing risks in a timely and systematic manner so that they can be optimally managed. By this means, ARQUES seeks to make the best possible use of all business opportunities. As an integral component of the business strategy, the risk policy of ARQUES Industries AG is geared to increasing the company's value.

The business responsibility, however, lies with the operating units at the level of the portfolio companies. Therefore, the operational risk management system is based in these entities. Moreover, every employee is responsible for identifying and managing risks within his or her direct area of responsibility. The management of every subsidiary is responsible for coordinating and tracking risks. All risks and information deemed to be significant on the basis of risk management criteria must be reported immediately to the management, as well as to the Corporate Executive Board and Corporate Internal Audit, where applicable.

Opportunities and risks pertaining to individual subsidiaries of the ARQUES Group are discussed in the report on opportunities and risks of the subsidiaries starting on page 21.

CORPORATE RISKS

MANAGEMENT RISKS

The business purpose of ARQUES Industries AG is to hold direct and indirect equity investments in companies and groups of companies that form an economic unit (referred to as "subsidiaries" in the following).

In selecting its investment targets, ARQUES generally concentrates on companies that can be acquired at the lowest possible purchase price due to their poor operating performance and that exhibit significant potential for capital appreciation after being successfully restructured. As such, the companies in question are often in a state of acute distress at the time of acquisition and there is great need for restructuring. Furthermore, ARQUES is an established partner to large corporate groups that are looking to spin off the peripheral activities and subsidiaries that no longer fit in with their core business. In addition, when such companies are acquired by ARQUES, their operating performance is generally well below the industry average and harbors restructuring potential because they have not been optimally managed due to the fact that they did not belong to the core business. In selecting acquisitions, ARQUES does not focus on any specific industry, but searches out suitable acquisition candidates in nearly every industry.

ARQUES generally deploys its own people to acquire, restructure, and manage its subsidiaries, meaning either permanent employees of the ARQUES Group or non-employees who work with ARQUES on a permanent basis. In this regard, the ARQUES Group is fundamentally exposed to the risk that the management will make poor decisions and, for instance, acquire a company that either can't be restructured or whose restructuring involves unreasonable effort (see the section entitled "Acquisition risks"), or whose restructuring fails when the wrong measures are implemented (see the section entitled "Failure of restructuring"). Under either scenario, it may not be possible to sell the subsidiary or only at terms that are not favorable for ARQUES.

INFORMATION SYSTEMS AND REPORTING STRUCTURE

The risk management system of the ARQUES Group complements the company-wide controlling and reporting system. It utilizes the results of those systems as a basis of financial information and supports the quality of the controlling results.

In this regard, it should be remembered that at the time of acquisition many of the companies purchased by ARQUES are in situations of acute distress that need to be mastered quickly and effectively. This depends very much on the skill of the ARQUES employees assigned to the task and on the oversight of the Executive Board. Only the use of a comprehensive and reliable information system makes it possible to inform the Executive Board promptly about unfavorable developments in the subsidiaries. The ARQUES Group has such an information system in place and refines it continually. Nevertheless, there is always the possibility of the information system failing in individual cases or being misapplied by the employees involved, resulting in a failure to promptly identify negative economic developments within a subsidiary.

RISKS OF THE INDIVIDUAL PHASES OF THE ARQUES BUSINESS MODEL

ACQUISITION RISKS

The ARQUES Group specializes in the acquisition of companies in difficult transitional situations (e.g. classic turnaround candidates, corporate spin-offs, unresolved succession issues). Generally, these companies have already been generating losses for some time when they are acquired by ARQUES. The ensuing due diligence process is typically carried out with the company's own employees from the Analysis, Legal, and Finance departments. External consultants are hired to assist in certain specific disciplines such as taxation, or when necessary to make up for any lack of capacity on the part of ARQUES' own staff.

Despite careful analysis, there is the risk of ARQUES purchasing a company that can't be restructured or can only be restructured with an unreasonable amount of effort and financial resources (risk of unsuccessful acquisition). In such a case, ARQUES would seek to sell the company ahead of plan and write off all of the financial resources used to acquire and finance the subsidiary which are not recovered by the sale. Because ARQUES usually only pays a symbolic purchase price for a financially stressed company, or at least a purchase price that is less than the book value of the company's net assets, the economic loss would be manageable in such cases. In the case of acquisitions involving larger purchase prices, ARQUES is exposed to the risk of losing the entire amount of the purchase price, plus any further obligations that ARQUES may have assumed in connection with the acquisition.

In the worst case, the subsidiary could become insolvent if ARQUES does not succeed in selling it quickly enough (see "Failure of restructuring" below).

FAILURE OF THE RESTRUCTURING

The company's goal is always to restructure a subsidiary as quickly as possible in order to keep its liquidity needs and operating losses as low as possible after the acquisition. This can fail if, for example, it becomes evident that the cost of restructuring would be too high, the market situation of the industry has deteriorated, or management makes mistakes in the restructuring process. In the worst case, the subsidiary could become insolvent and ARQUES could, under certain circumstances, lose all the financial resources it had used to acquire and finance the subsidiary. If ARQUES financed or secured the acquisition of the subsidiary with bank loans and guaranteed them, it is obligated to continue repaying them even after the subsidiary becomes insolvent. The costs accruing to ARQUES in connection with a subsidiary are generally allocated to that subsidiary. They include the company's costs for the Subsidiary Manager and other members of the Task Force provided by ARQUES. In the worst case if the restructuring were to fail, ARQUES could lose all the financial resources as well as the time invested by its personnel and would not receive any reimbursement of these costs from the subsidiary. In addition, ARQUES may not even be able to sell the subsidiary successfully or not for a substantive purchase price.

RISKS OF COMPANY SALES

The risk with respect to the sale of restructured companies is that no buyer can be found. In particular, the number of business transactions has significantly decreased as a result of the current economic situation and financial crisis; thus, ARQUES' exit opportunities have also worsened considerably. If ARQUES were not able to sell a restructured subsidiary, it would have to continue operating and developing that company, which would tie up management capacities. If the economy were to worsen further, some of a subsidiary's previously achieved restructuring successes might be negated, or it might generate less operating income and could – in the worst case – require additional financial resources from ARQUES as the parent company. At the same time, it could be necessary to invest funds in the subsidiary within the scope of strategic decisions, e.g. the development of new markets, expansion of the product and service portfolio, or investment in new production units.

Another risk of company sales is the possibility of the buyer seeking to invoke any warranties issued by ARQUES as part of the purchase agreement in order to lower the agreed purchase price.

ECONOMIC AND MARKET-RELATED RISKS

ECONOMIC RISKS

General economic development in Germany, the European Union, and the world has a varied impact on the company's business development. In contrast to what applies to most other companies, the following can be said of ARQUES: a weak economic climate means an improved acquisitions market for ARQUES Industries AG. More companies become distressed and are put up for sale in their entirety, or large corporations seek to sell "underperforming assets" in order to boost the overall performance of the remaining company. However, the sales market is more difficult, as potentially fewer companies are interested in acquisitions, the restructuring of subsidiaries is more difficult, and valuations are lower. A weak economic situation can also impact the reorganization as well as the subsidiary's further economic development. By contrast, a stronger economy normally improves the disposal market and general economic situation of the subsidiaries while making acquisitions more expensive. Success therefore depends in part on the ability of ARQUES' employees to take advantage of the current economic situation and future trend.

CURRENT DEVELOPMENTS IN LIGHT OF THE FINANCIAL CRISIS

In their latest forecasts, the International Monetary Fund (IMF) and the Organization for Economic Development and Cooperation (OECD) agree that the global recession will approach a bottom in the second half of the year. Still, the OECD anticipates that global gross domestic product will contract 4.1% for the full year 2009. Export-dependent nations like Japan (-6.8%) and Germany (-6.1%) will suffer the brunt of the downturn in world trade. According to the IMF, the euro zone in total will see its economic output shrink 4.8% in 2009. The recent, partially dramatic economic downturn already began to affect the business activity and earnings performance of the ARQUES Group in 2008 and will continue to have a substantial impact in 2009. However, as a result of the uncertainties described above, the risks cannot be fully assessed at this point in time. If the economic stimulus and financial rescue measures that have already been adopted or announced do not yield the desired effect of reviving the global

economy, the risk of a deeper and longer-lasting recession will grow. As a result of banks' reluctance to extend credit, many investment projects are being postponed all over the world. Other risks could arise from the increasing unemployment as well as the ensuing costs that can be expected as a result of the global economic slowdown.

Since business responsibility lies with the operating units at the subsidiary level, the company and industry-specific risks are managed there on a local basis. As a result of the broad range of industries represented within the ARQUES investment portfolio, the degree to which the various subsidiaries are affected by the recession varies. While companies that depend on the automobile industry have experienced a relatively sharp drop in demand, companies operating in the consumer goods or wholesale sectors are performing comparatively well. ARQUES began taking steps to optimize its investment portfolio back in mid-2008 and identified particularly risk-intensive subsidiaries, some of which have been sold in the meantime. Additional steps in this regard had already been implemented by the reporting date. These steps have significantly improved the Group's risk profile, even though numerous companies are still reporting difficult business development in 2009, which could lead to significant operating losses. If the economic climate were to worsen further as a result of the financial crisis, the ARQUES Group's subsidiaries might suffer further order losses and declining revenues, along with the possible loss of important customers, which would have a correspondingly negative impact on the earnings performance of the respective subsidiary. ARQUES will counter any further pressure on profit margins by implementing additional cost-saving measures and capacity adjustments, including shortened working hours for employees and the elimination of jobs. In addition, the capital expenditure programs announced by the subsidiaries will be scaled back or postponed in order to conserve liquidity.

In response to the economic crisis, ARQUES Industries AG has initiated important cost-saving steps, some of which have already been completely implemented. For example, the costs of the holding company will be reduced by more than 50% by 2010. Furthermore, we also adjusted the work processes structurally to the new general conditions and, for instance, combined the Acquisition and Exit departments.

On a positive note, energy and commodity prices have fallen as a result of the global recession and that development is

having a positive effect on the companies' production costs. In this respect, ARQUES is working to achieve an optimal position by implementing structured procurement strategies and entering into medium and long-term master agreements. It is not possible at this time to foresee what risks might develop in the foreign exchange markets, as the world's leading currencies are currently subject to considerable volatility. In the euro area, this assessment applies in particular to the exchange rate of the euro to the U.S. dollar and to the British pound.

OTHER COMPANY-RELATED RISKS OF ARQUES INDUSTRIES AG

As a holding company engaged in the restructuring of companies, ARQUES Industries AG is exposed to certain industry-specific risks, which are described below.

It is fundamentally conceivable for new competitors to enter the market, increasing the demand for and therefore also the prices of the companies sold in this market. It should be noted, however, that the current structural crisis affecting so many industries actually tends to broaden the purchase market for ARQUES.

There is a risk of default associated with existing letters of subordination and debt waivers on the part of some ARQUES companies vis-à-vis other Group companies if the respective debtor is unable to repay its obligations. Insofar as guarantees such as purchase price guarantees were issued in connection with the acquisition of individual companies and the underlying obligations cannot be serviced from the cash flow of the given subsidiary, ARQUES Industries AG would have to make good on those obligations by putting up its own liquidity.

In order to reduce the risk of wrong decisions as well as liability risks, various measures have been taken to decentralize the personnel structures within the Group by ensuring that persons holding senior managerial positions in the lead companies of the Group do not also hold such position in the fully consolidated subsidiaries.

INDUSTRY AND MARKET RISKS

INDUSTRY RISKS

Industry risks are risks that affect a particular market, such as reduced demand for a certain chemical product that can be substituted with a cheaper product, or the entry of new and aggressive competitors. Such risks generally affect the ARQUES subsidiaries in a given market segment.

In general, it can be noted that planning security has diminished in all the subsidiaries, in that customers are providing less concrete information on future unit sales quantities, placing their orders more on a short-term basis, delaying purchase decisions and fundamentally re-examining their projects.

REPORT ON THE OPPORTUNITIES AND RISKS OF THE SUBSIDIARIES

The subsidiaries of the ARQUES Group operate in various markets with different products. Industry-specific risks are diversified within the ARQUES Group, whereby the current portfolio exhibits a concentration in the two sectors of Consumer Electronics (Actebis and Gigaset) and Automotive (Anvis, Auto Windscreens and BSM). In addition to general economic fluctuations, the economic development of each individual subsidiary can be negatively impacted by a potentially fast deteriorating market situation in the respective industry – in extreme cases even resulting in insolvency for the subsidiary that cannot be prevented by the subsidiary's management. As a general rule, the specific risks applicable to each subsidiary are managed on a local basis by the companies themselves.

The following section presents the industry-specific opportunities and risks facing the subsidiaries currently being held by ARQUES Industries AG.

As a retail sales company, **Golf House Direktversand GmbH** is generally exposed to the fluctuations in consumer purchasing behavior. Because the products sold in this market are highly comparable and ample information can be obtained about them from the media, consumers tend to be very price-sensitive. The supply pool is focused on a few suppliers, who as a result are very powerful. This is the reason for the further development of house brands. As is typical for this industry, the company's success is highly dependent on the quality of its employees. Periods of extreme weather, such as a very hot summer or an

early, snowy winter can have a negative impact on consumers' purchasing behavior.

Having successfully completed the restructuring phase, the company closed the old Golf House stores in Berlin and Hamburg and the last remaining Golf Discount store in Berlin in 2008. In line with the company's expansion plan, large, modern stores were opened at the same locations. The company also opened a new store in Bremen.

The installation of a new customer database has made it possible to conduct direct marketing activities in a more efficient and targeted manner. In the autumn of 2008, the company entered into a business relationship with a new, highly professional logistical services provider that is capable of meeting the demands of multi-channel retailers (mail-order and in-store sales). Having boosted its revenues 10%, Golf House extended its market leadership position significantly in 2008. Despite the difficult market environment that can be expected in 2009, characterized by shrinking profit margins on durable goods and problems in foreign sales markets, Golf House will continue to pursue its strategy. The insolvency of a key competitor offers Golf House the chance to win additional market shares.

As a retail sales company, the **Fritz Berger Group** is subject primarily to the risks associated with the general fluctuations in consumer purchasing behavior. The camping and outdoor industry is also heavily dependent on weather conditions. The position of Fritz Berger as a leading specialty mail-order business in this segment can be limited by the market penetration of new competitors such as the manufacturers of camping trailers. Furthermore, the expansion of activity on the part of other distribution channels, such as discount retailers and price-aggressive online dealers, for example could also lead to sales reductions. A variety of circumstances, including tax increases for camping trailers and recreational vehicles, the uncertain outlook for fuel prices, specifically diesel fuel, an unfavorable pollution rating, the uncertainty regarding the future additional costs to result from CO₂ policies or the general reluctance of consumers to spend money amid the current economic crisis could lead to a further drop in the sales of these vehicles and thus also have an indirect negative effect on sales of accessories. Typical for the industry in the area of human resources, business success is particularly dependent on the quality of the purchasing staff and the store managers.

The Fritz Berger Group was able to attract new customers through its new main catalog layout and redesigned website. The newly introduced Fritz Berger customer card helped achieve greater brand loyalty. The "return to the brand" campaign yielded positive results in the textile business, which has been continually further expanded. With regard to sales, Fritz Berger also intends to boost its POA by opening new stores, while optimizing its earnings mix by closing outlets that are too small or unprofitable.

Oxxynova GmbH produces dimethyl terephthalate (DMT), a raw material used in the production of polyester. Polyesters are used primarily for the production of textile fibers and technical fibers, foils, and films, and as a specialized plastic for the electronics and automotive industries.

The industry-specific risks consist primarily in the possibility that customers could substitute an innovative, more modern product for DMT. Another significant risk of Oxxynova's business emanates from the fact that it generates a large proportion of its unit sales with only a few large-scale customers and with customers in the automotive industry. As a result of the crisis affecting the automotive industry, which has manifested in the form of declining orders and sales, Oxxynova is currently not generating enough revenue to cover its costs. Due to low unit sales quantities, the company's liquidity was strained through the early part of the current year. Based on the company's financial planning and its ability to procure financing resources from within the ARQUES Group, it is believed that Oxxynova will be able to meet all its payment obligations in the future. There are no risks that would endanger the company's continued existence.

The production of DMT at LÜlsdorf has been discontinued since February 2008. This restructuring measure lowered the risk of excess capacities in the area of DMT production and secured the long-term profitability of the remaining site. Moreover, Oxxynova is conducting a strategic analysis to determine the extent to which existing production capacities can be utilized for the purpose of new product developments, process conversions or the entry into a new market. By entering into a new market with a new product, Oxxynova would be able to permanently increase its revenues and earnings and render itself less dependent on DMT production as a result of having opened up a new business segment. This analysis involves a planning risk regarding the technical feasibility, legality, financing, and acceptance

of these new developments. If the introduction of new products would not be possible, additional costs would be incurred for the Lülisdorf location.

Another fundamental risk of Oxxynova's business lies in the possibility that the revenues of customers that run into economic difficulties may not be fully eligible for trade credit insurance. As is customary in the chemicals industry, the company's chemical plants are subject to periodic inspections by the German Engineering Control Association (TÜV), which necessitate temporary production shutdowns. The process of restarting these plants is fraught with particular risks that would in the worst case entail substantial financial losses for the company, although the probability that such risks would materialize is deemed to be low. Furthermore, a failure of the company's IT systems would have far-reaching consequences for production schedules and customer deliveries. Numerous measures have been taken to secure the company's IT infrastructure, so that the probability of occurrence of such risks is considered to be low. Yet another industry-specific risk is represented by the possibility of rising energy costs.

No particular environmental risks are known to exist at the production facilities. There is a dependency on the senior executives in charge of marketing and production due to their specific expertise in these areas. Furthermore, Oxxynova is bound until 2011 by a contractual obligation associated with a sale-and-leaseback agreement for the Steyerberg site. A residual financial risk would come into effect if the plant would be disposed of prior to the expiration of the three-year term.

Finally, the new EU legislation relating to the Registration, Evaluation and Authorization of Chemicals (REACH) could result in a cost disadvantage compared to non-European markets.

Wanfried-Druck Kalden produces folding boxes and labels. Its customers include large corporate groups in the food, consumer goods and beverage industries. To this extent, the company is subject to the general fluctuations in consumer purchasing behavior. The market segments of labels and folding boxes are dominated by medium-sized enterprises. There is strong competition among market participants, with the attendant risk of declining market prices. There is also strong pressure to invest in new, more efficient machines. Wanfried-Druck Kalden has a relatively small customer base of about 200 customers, so that

the loss of one major customer would immediately have a lasting impact on its revenues and earnings. The continuing concentration process among its customers increases the pressure on its profit margins. Owing to the limited number of paper and box suppliers, there is a certain dependency in the procurement market. Price increases in this area can generally be passed on to customers only after a certain delay.

As a result of its capital expenditures on infrastructure, machines, and computers, Wanfried-Druck Kalden was able to optimize all its principal production processes and significantly increase its production capacity, thereby laying the foundation for increasing revenues and profit margins. As another advantage, economies of scale can be exploited in the future. The installed and certified management system (ISO9001/2000 Quality Management/ISO 14000 Environmental Management) was expanded in 2008 by the addition of a certified hygiene management system, by means of which the risk of packaging contamination can be reduced and new customer potential can be developed in the food industry. Another unique selling proposition of Wanfried-Druck Kalden is the international alliance (Joint Specialists in Offset Labels, JSO) in the label printing segment. This cooperation was met with enthusiasm from numerous customers and has increased the company's revenues since 2007. In 2009, the company's new orders and order backlog have both been substantially higher than in the corresponding period of 2008 and revenues are up by double digits.

The risks of the company's future development are situated mainly in the market and the competition. In 2008, Wanfried-Druck Kalden countered these risks by reorganizing its sales force and by expanding its existing business relationships by taking on new projects and further developing innovative products. It cannot be ruled out that the packaging industry will be adversely affected by the recessionary market environment. It should be noted, however, that the latest ifo survey results are indicative of a surprisingly steady trend. Therefore, Wanfried-Druck Kalden believes that it will not be as heavily affected by the economic situation as other companies, due to the fact that it primarily supplies the consumer goods industry. Based on the sales measures that have been planned and initiated to date, the company believes that it can increase its revenues over the previous year, after all.

van Netten is a confectionery manufacturer based in Dortmund that supplies large business chains and discounters mainly with trade brand products. The company has a few major customers, giving rise to the associated dependencies. The loss of a major customer would have a sustained negative impact on van Netten's business development. The downward pressure on prices is high owing to strong competition. Other factors such as the rising costs of energy, logistics and raw materials continue to put pressure on the company's cost structure. As a result of the economic and financial crisis, van Netten is finding that suppliers and customers are increasingly restrictive with regard to their respective receivables. If the trade credit insurers were to substantially curtail the limits allotted to van Netten, the subsidiary would be in need of additional liquidity assistance. There is a certain dependency on employees with specialized expertise in product development and sales. van Netten has a broad supplier base at its disposal, so there is hardly any dependency on individual suppliers.

The company is in possession of modern production and development equipment and is therefore capable of completely satisfying individual customer requests. Accordingly, van Netten seeks to expand its existing customer relationships with newly developed confectionery, among other things, and to advance the internationalization of its operations. van Netten sees considerable opportunities for expansion, above all in the export markets.

The **Anvis Group** (formerly Woco-Michelin-AVS), acquired in September 2007, is a primary developer and manufacturer of innovative functional solutions for motion stability, comfort, and safety, and primarily supplies the automotive industry. The company has its own locations and branches close to the automobile industry in Europe, the United States, Asia, and South Africa (joint venture). Accordingly, the company is subject to the general economic risks of the automotive industry.

Anvis has a relatively high dependency on the Volkswagen Group (VW, Audi, Seat and Skoda together represent approximately 40% of revenues, including revenues with secondary suppliers), as well as on the French automobile manufacturers Renault/Nissan and PSA (15% each), so that the loss of a major customer would have an extremely negative impact on the development of revenues and earnings. In general, Anvis is

responding to the sales drop occasioned by the current crisis in the automotive industry by implementing rigorous cost reductions and practicing strict working capital management in all areas of the company.

The supplier structure is mainly stable, although some isolated failures can be expected due to the current recession. Anvis is addressing this source of insecurity by identifying alternative suppliers and integrating them into its purchasing processes. Because the company had formerly participated in the bundled purchasing volumes of its former parent company Michelin, it was able to exploit synergies, especially with regard to the procurement of natural rubber. In the meantime, the company has had to establish these purchasing capabilities itself. The costs of raw materials and supplies used in the production of anti-vibration systems are fluctuating, depending on demand. At the moment, the prices of certain input materials are declining, but this advantage can be exploited only after the existing contracts have expired. Unfortunately, Anvis' customers are demanding that the price declines observed in the spot markets be passed on to them, even though Anvis is not able to achieve these cost reductions because the old supply agreements are still in effect. This pressure being exerted by customers will have a negative impact on the earnings of the Anvis Group. Another problem emanates from the weak financial condition of some original equipment manufacturers (OEMs). For example, the product prices had frequently been agreed on the basis of certain delivery quantities. Due to the weak state of the automobile industry, however, these call-off quantities cannot be achieved in many cases. In view of the strained financial condition of some OEMs, however, it is questionable whether Anvis would be able to raise prices due to decreased volumes.

To counter the price reductions and the pressure on earnings resulting from inadequate capacity utilization, the Anvis Group is continually pursuing measures to boost productivity, optimize processes and lower work costs on a permanent basis. The measures being taken in the French plant in Décize are especially intensive and comprehensive because the strain on earnings caused by the above-mentioned factors is especially severe in this case. In addition to the above-mentioned risks (inadequate capacity utilization, economic crisis), the plant in Mexico is additionally subject to the risk of fluctuations in the exchange rate of the euro to the U.S. dollar.

Since the beginning of the crisis impacting the automobile industry, banks have adopted a much more restrictive stance with regard to extending new loans or renewing existing credit facilities. In general, this trend has made borrowing very difficult on the whole and also more expensive. The Anvis Group is exposed to the risk that its credit facilities, which are currently available in sufficient amounts, may not be renewed, which could lead to liquidity problems. Furthermore, a risk-adjusted increase in interest rates would raise the company's funding costs.

Anvis sees business opportunities in the international scope of its activities and its participation in generally faster-growing markets like China, India and Russia. In addition, Anvis intends to step up its sales efforts in the U.S. market, which is in a state of transition due to the collapse of GM and Chrysler. By virtue of its international position, finally, the automotive supplier stands to benefit from the prevailing trend towards a "world car" that would be produced at different locations around the world. However, this trend could also pose a risk to Anvis if the automobile manufacturers would decide against using Anvis as a supplier for their "world cars," so that Anvis would lose important global customers. Because automobile manufacturers select new suppliers only when redesigning a model or introducing a new model and then remain with them for the duration of the product cycle, considerable increases in sales revenues can usually be achieved not in the short term, but only in the medium term, by way of acquiring new contracts. Additionally, there is a dependency on the sales performance of the specific models for which components are supplied.

SM Electronic offers, under the "Skymaster" brand, satellite and antenna receivers (digital TV) and electronic accessories for applications including audio, video, home cinema, car hi-fi, navigation and multimedia, among others. Based in Stapelfeld, near Hamburg, the company has a relatively broad customer base, supplying large specialty stores, department stores and retail chains in Germany and in other countries of Europe. Thus, the company is exposed to the general fluctuations of the consumer climate. The company maintains long-term contracts with major customers. SM Electronic is continually adding new areas and segments to its business activities in order to further develop its product portfolio and customer base. The German consumer electronics market is characterized by a large number of participants and strong price pres-

sure. On the product side, the return rate is relatively high. In its purchasing activities, the company is exposed to fluctuations in the exchange rate of the U.S. dollar.

With respect to personnel, the company is subject to dependencies on managerial staff in the areas of purchasing and sales, which are typical for the industry. The order flow varies widely depending on the season. SM Electronic believes that it can take advantage of great business opportunities by optimizing its product portfolio and re-orienting its international business. By optimizing its internal processes, modernizing its IT systems and centralizing its service activities, SM Electronic can improve its cost structure considerably and permanently.

Agencia Servicios Mensajería (ASM) is a Spanish delivery services provider that primarily serves large-scale customers in the sectors of telecommunications, banks and insurance, automobiles, optics, dentistry and pharmaceuticals. Based in Madrid, ASM provides courier service, freight forwarding and specialized logistical services. ASM has positioned itself successfully in the fragmented Spanish market as a niche supplier of delivery services for large-scale customers. ASM has a comparatively broad customer base. The company boasts an extensive network of more than 70 branch offices and field offices in Spain, Portugal and Andorra. As a medium-sized enterprise, ASM is looking to capitalize on the emerging consolidation of that market to win market shares.

As a delivery services provider, ASM is exposed to the general fluctuations of the business cycle. As a result of the weak economic conditions in the Iberian peninsula, shipping volumes have already declined by more than 10%. Within its branch network, ASM works with strategic partners, the loss of which would compromise the geographical scope of its delivery operations. The trend of fuel prices has a direct impact on the earnings performance of the entire industry. As a result of the financial crisis, which is increasingly having an effect in Spain as well, ASM could lose the credit facilities that are currently available in sufficient amounts, which would lead to liquidity problems.

Based in Sundern, in the Sauerland region of Germany, **Carl Froh** is a manufacturer of precision tubes and components built to the customers' specifications. The company manufactures low-tolerance welded precision steel tubes designed to meet

special demands. It also develops comprehensive solutions for premium-quality components and modules for a wide range of applications. By virtue of its locally rooted expertise, Carl Froh is capable of manufacturing welded and custom-rolled tubes that meet the highest quality demands. It generates almost half its revenue with customers in the automotive industry and almost one third with industrial customers. As a result of phased-out product series and the significant production cuts in the automotive industry, Carl Froh is subject to the risk of orders being cancelled or reduced on short notice. Carl Froh intends to counter these developments by pursuing an expanded product strategy and by acquiring new orders in the industrial sector, especially for high-quality specialized components.

On the purchasing side, Carl Froh exhibits the typical dependency on strip steel. In general, the cost of raw materials and supplies has increased, due in particular to the trend of steel prices, which rose further in 2008. Steel prices have fallen considerably since the end of 2008, but stabilized in the second quarter of 2009. Since the beginning of the third quarter, prices of raw materials have begun to rise again. Carl Froh is frequently not able to pass on higher steel prices to customers until after a certain delay.

Carl Froh disposes of production equipment that substantially meets the state of the art. The company plans to continually renew its production periphery to ensure that pre-production and post-production areas are also state-of-the-art. In addition, Carl Froh has planned innovation investments in connection with new orders. These measures are meant to further improve product quality and tap new areas of production, so as to capture a larger share of the value chain, in the short-term and medium-term future. The planned introduction of a new ERP system will lead to more effective production planning and therefore also to further reductions in the inventories of semi-finished and finished goods.

Specific investments are needed to further reduce the risk of production down times. In support of these goals, the company provides regular training and continuing education activities for new and existing employees. Employee turnover has been very low at Carl Froh for years and the company can rely completely on its top performers in key positions. Finally, the company

plans to improve the age structure of its employees by sponsoring more vocational training programs for younger employees.

Due to the tough state of the economy and the restrictive lending policies of banks, it is currently very difficult to raise financing for necessary capital expenditures tied to specific orders. The company has initiated counter measures in the form of utilizing additional supplier credits and imposing shortened working hours for its employees.

Gigaset Communications operates in the market for consumer terminal devices (telecommunications terminal devices), and specifically in the markets for cordless telephones, set-top boxes and analog telephones. Gigaset Communications holds a very strong position in the retail segment by virtue of its strong brand name and its well-balanced product assortment. The company ranks fifth in the world in the market for DECT (Digital Enhanced Cordless Telecommunications, a cordless telephone standard) and is the clear market leader in Western Europe.

The products of Gigaset Communications are widely used and appreciated by customers in the retail distribution sector by virtue of the company's strong brand name and innovative product portfolio. Because the company normally cooperates with such customers on the basis of steady, long-term relationships, the dependency on individual retailers and distributors is usually minor. When venturing into new markets, however, the company may be subject to greater dependencies on individual buyers, especially at first. For its purchasing of raw materials and supplies, the company generally works with at least two suppliers. Gigaset Communications has established a Supplier Management Center in Shanghai to manage and control its cooperation with suppliers in Asia. Gigaset seeks to avoid becoming dependent on individual suppliers with respect to prices, unit quantities and innovations by cultivating a broad supplier base. Nonetheless, the company is partially dependent on individual suppliers. Furthermore, a large number of components required for the company's production operations are purchased in the U.S. dollar zone, giving rise to currency risks. Such risks are hedged primarily by means of forward exchange deals. Finally, there is a risk associated with the fact that Gigaset's production activities are concentrated at a single manufacturing site in Bocholt.

Gigaset Communications will be allowed to use the renowned Siemens brand name for its products until 2010. Thereafter, there is a risk that the loss of licensing rights to the Siemens brand name could have a negative impact on the company's brand familiarity and market position, especially in regions outside of Europe, due to the strong international competition that prevails in those regions. The company intends to engage in targeted PR and marketing activities to familiarize a broad swath of the public with the Gigaset brand name and thereby protect its market position.

The company counters the risk of receivables losses by carrying trade credit insurance. Based on historical experience data, the risk of receivables losses is considered to be low. Gigaset Communications is subject to relatively strong seasonal liquidity fluctuations. The company has adequate cash, current receivables and assets to meet its current payment obligations. As a general rule, the company is subject to the risk of general price erosion for its product assortment and the risk that its market will shrink in the medium-term future.

If the budgeted cost savings and restructuring measures cannot be achieved to the planned extent within the planned period of time, Gigaset will be subject to the risk of uncovered overhead costs, which have a negative impact on its earnings as well. If the company's production capacity is not fully utilized due to weaker sales amid the current economic situation, additional earnings risks could arise, especially in the highly automated plant in Bocholt.

Technological progress, especially in the area of Voice over IP telephony, could necessitate substantial investments in Research & Development (R&D). Gigaset Communications is countering such risks in a proactive manner by setting suitable priorities for its R&D program.

Gigaset Communications sees business opportunities in the tapping of regional growth markets (North America and Asia), using the established Gigaset brand and the existing worldwide distribution network for this purpose. The company possesses ample specialized expertise in Research & Development to meet the rising technological demands of the market and even to come out with innovative new products itself. Nonetheless, the company is generally subject to risks associated with project delays in Research & Development, which are to be considered

low in Gigaset's case, however. Moreover, Gigaset Communications sees great potential in the growing market for set-top boxes. In its production operations, the company benefits from its well-established value chain and logistical operations, which are understood, especially in Europe, to be something that differentiates the company from its competitors that produce their products outside of Europe, due to delivery time and flexibility considerations.

Gigaset Communications sees additional business opportunities in pursuing partnerships with contract manufacturers. Under such partnerships, the products of other manufacturers would be sold under the Siemens label or different products would be combined under the Gigaset brand name over the next two years.

Finally, the Bocholt production facility has been honored on numerous occasions for its highly efficient production processes.

Auto Windscreens is engaged in the business of repairing and replacing automotive glass. This sector is influenced by a number of different factors, including weather conditions, changes in automobile fleets and speed limits. Extreme weather conditions such as a bitterly cold winter can provoke tremendous demand for windshield repairs and replacements. The frequency of damage is linked to the number of kilometers driven, which is influenced, in turn, by fuel prices.

The customers of Auto Windscreens are primarily composed of insurance companies, corporate fleet operators and leasing companies. Changes in automotive insurance glass policies could induce the insured parties to exercise restraint in purchasing needed windshield repairs. Now that it can operate as an independent company, Auto Windscreens is in a position to acquire additional insurance companies as customers and thereby grow its business substantially. The company was not able to pursue this strategy before the acquisition by ARQUES because it belonged to an insurance group.

On the purchasing side, Auto Windscreens works with a broad base of suppliers. Furthermore, the company itself produces about a third of the automotive glass it uses in its own production facility in Chesterfield, UK. The automotive glass specialist regularly provides training courses to its employees to ensure that they are always able to provide professional-quality windshield repair services.

As a consequence of the spin-off from the corporate structures of its former owner, the company is subject to the typical carve-out risks related to the installation and configuration of new IT systems, new management functions like controlling departments and administrative structures.

Auto Windscreens finds itself still in a loss-making situation. The principal risk is that the restructuring measures taken with the goal of making the company profitable will not yield the desired results in time.

British School of Motoring (BSM) is the biggest driving school in Great Britain. Its 2,000 driving instructors and 700 assistant instructors (trainees) provide instruction to about 130,000 people every year. In addition to the traditional customer base of private individuals, BSM also trains driving instructors and provides driving instruction to companies and government agencies. As a result of the tough economic situation, the number of driver's license examinations has recently dipped somewhat. Due to the population growth in Great Britain, however, it can basically be expected that the proportion of 17-year-olds who wish to obtain driver's licenses will hold steady or increase slightly. Because it is not obligatory to attend a driving school in Great Britain, however, there is a certain risk that more and more young people would rely on their parents to teach them how to drive, so that the proportion of driving instruction obtained from driving schools would decrease accordingly. British lawmakers are planning to introduce certain legal requirements for obtaining a driver's license, including night driving for example, which can only be done with trained driving instructors. This would lead to an increase in the number of driving instruction hours taken. Another point of debate involves raising the minimum age for obtaining a driver's license from 17 to 18 years old. If the minimum age were to be raised, BSM would experience a substantial drop in revenues in the year in which such a law took effect. Furthermore, there is a low-probability risk that only fully trained driving instructors would be allowed to give instruction, meaning that trainees would not be able to do so. Such a change would immediately cause the demand for driving instructors to rise throughout the industry and have a disadvantageous effect on BSM's cost structure.

In the past summer, BSM converted its fleet of driving school cars to Fiat models. For the most part, the company will train its students in the Fiat 500 (2008 Car of the Year), which is especially well-liked by young drivers. Thanks to the new partnership and the availability of a modern auto, BSM will be able to win

additional market shares. Furthermore, Fiat plans to launch a major marketing campaign in connection with the model change, which will likely benefit BSM as well. As the only driving school in Britain with a nationwide network of branches, BSM is in a position to quickly serve new regions by opening new branches. Such a strategy is additionally favored by the currently low level of property rents.

FINANCIAL RISKS

INTEREST RATE, CURRENCY AND LIQUIDITY RISKS

ARQUES Industries AG continually optimizes its corporate financing system and limits its financing risks in order to preserve the Group's financial independence. The need for financing fundamentally exposes the Group to the risk that the agreed terms of financing would be changed by the financing partner to the detriment of ARQUES Industries AG and these changes would have to be accepted as a result of liquidity constraints or would themselves give rise to such constraints. This risk has been heightened considerably by the financial crisis that has been in effect since mid-2008. The financing risks are monitored by the risk management system.

The companies of the ARQUES Group generate income in foreign currencies. The associated foreign currency risks are generally hedged by means of currency-matched financing of the international activities in question. Changes in capital market interest rates could lead to changes in the market value of fixed-income securities and unsecured receivables and in the plan assets used to fund pension obligations. ARQUES enters into customary banking transactions to hedge its interest rate risks on a case-by-case basis.

To hedge its cash flow risks and protect the Group's liquidity, ARQUES employs various instruments for refinancing and to hedge its receivables, including e.g. factoring and credit default insurance.

Interest rate, currency and liquidity risks are generally managed by the individual subsidiaries locally in consultation with the Corporate Finance Department.

Strong exchange rate fluctuations, above all the U.S. dollar vis-à-vis the euro, which could not be fully hedged in time by means of forward exchange deals led to losses on currency translation

and merchandise sales for some subsidiaries, thereby adversely impacting the earnings of those subsidiaries.

ARQUES IN THE GLOBAL ECONOMIC CRISIS

In these times of global economic crisis, the ARQUES Group is exposed to considerable burdens which were not foreseeable only a few months ago.

OPERATIONAL DEVELOPMENT OF THE GROUP COMPANIES

Due to the operating activities of its subsidiaries, ARQUES is directly impacted by the economic downturn, the financial crisis, and the associated credit crunch. Therefore, restructuring and reorganization is considerably more difficult than in the past. Unforeseeable events could have an extremely negative impact on the performance of even those companies that have already made good progress in their restructuring efforts. This pertains both to the operating performance of companies as well as financing via bank lines of credit, factoring, or credit insurance. Those companies that have already optimized their costs will have less room to make further cost cuts in the face of suddenly decreasing demand for their products and services.

Banks and trade credit insurers have been considerably more restrictive since the beginning of the financial crisis. This has made debt financing much more difficult. In addition, borrowing costs have risen. ARQUES is countering the considerably more difficult financing situation through the intensive efforts of the specialists of the ARQUES Task Force to implement individual measures for each subsidiary, such as further improvements in working capital management, the restructuring of financing providers, renegotiations with banks, customers, and suppliers and the introduction of alternative financing vehicles such as sale-and-lease-back transactions.

In addition, the financial crisis and the resulting deterioration in general economic conditions led to unforeseeable order decreases and cancellations at some subsidiaries, as their customers in turn are unable to run their production facilities at full capacity and are postponing new capital expenditures. The unit sales volumes of the automotive industry in particular suffered a massive collapse in the second half of 2008. The affected ARQUES subsidiaries responded to these developments by adjusting capacity, introducing cost reduction pro-

grams such as workforce measures, and intensifying efforts on the part of the ARQUES task force. Some subsidiaries have introduced short-time working schemes or are considering short-term implementation.

The financial crisis has made it more difficult to sell companies, and the sales prices that could be realized in the recent past have also fallen considerably.

ARQUES has responded to the difficult economic conditions triggered by the financial crisis and the tremendous uncertainty in the market for corporate transactions also by selling off individual portfolio companies at unfavorable terms, if the ability to restructure those companies successfully has been rendered considerably more difficult or more expensive and if ARQUES was able to reduce the level of risk in its portfolio by this means.

As a result of the imponderability of the future economic outlook and the continued volatility of business valuations in the capital markets, ARQUES has opted not to publish the Net Asset Value (NAV) of its investment portfolio, because in the current, exceptional situation, it would not provide a reliable indication of the portfolio's value.

LIQUIDITY OF THE GROUP COMPANIES

Most of the subsidiaries of the ARQUES Group are often suffering from strained liquidity, above all at the time of the acquisition and in the initial restructuring phase, resulting in additional liquidity needs which are first satisfied by any restructuring contribution on the part of the seller, by selling any assets that are not required for the subsidiary's operations, by the subsidiary's own operating cash flow, by borrowing, or directly by ARQUES. Thus, one of the first restructuring tasks of the ARQUES Task Force is to free up cash for use by the subsidiary.

ARQUES manages the liquidity requirements of the subsidiaries by means of careful liquidity controlling. Like any other company, however, ARQUES is subject to the risk of unforeseen financing requirements during the course of the subsidiary's affiliation with the Group, whether because the general economic environment or industry situation deteriorates significantly or because the subsidiary loses important customers, its suppliers run into critical bottlenecks, negotiations with trade unions and works councils are not successful and therefore earnings do not improve as

expected, or for other reasons. Furthermore, former financing partners of the subsidiary could use the acquisition by ARQUES as an excuse to discontinue the business relationship or impose unreasonable terms and conditions on further cooperation. As a result, ARQUES may have to use its own resources to cover any liquidity shortfalls due to the lack of other financing sources.

Considerably more restrictive policies on the part of trade credit insurers would pose a liquidity risk for most of ARQUES' subsidiaries, because the reduction or cancellation of trade credit insurance usually prompts suppliers to shorten their payment terms considerably. This would in turn increase the liquidity needs of the affected subsidiaries. If the cumulative amount of liquidity needs were to increase, the holding company may find it necessary to quickly sell some Group companies in order to concentrate available liquidity on the company's core portfolio.

The subsidiaries generally manage these liquidity risks and review liquidity planning and the financing structure locally in consultation with the Corporate Finance Department.

RISK MANAGEMENT AT ARQUES INDUSTRIES AG

The debts of the holding company or the guarantees or assurances it has issued, either in connection with corporate acquisitions or at a later time, could have a direct negative impact on the business performance or even the continued existence of the holding company as a going concern.

DEBTS OF THE PARENT COMPANY

At the balance sheet date, ARQUES Industries AG had access to three credit facilities, two of which have already been extended until March 31 and April 30, 2010, respectively. The third loan for EUR 10 million has been extended until November 15, 2009, at which point it will be repaid.

GUARANTEES OF THE PARENT COMPANY

ARQUES Industries AG has issued guarantees for purchase price payments in the past. In addition, the Group parent has issued guarantees or payment assurances on behalf of its subsidiaries. Claims asserted in close succession and in larger amounts based on these guarantees and payment assurances, which are currently regarded as contingent liabilities, could pose a threat to the continued existence of the parent company and ultimately threaten the entire Group.

LITIGATION

In July 2009, the European Commission levied an overall fine of EUR 61.12 million on various European companies operating in the calcium carbide segment, as a result of its anti-trust investigations. A total fine of EUR 13.3 million was levied on the companies SKW Stahl-Metallurgie Holding AG, ARQUES Industries AG and SKW Stahl-Metallurgie GmbH, each bearing joint and several liability for the overall fine. Upon completing its review, ARQUES will decide whether and how it will appeal the fine and/or the joint and several liability clauses.

RISK MANAGEMENT MEASURES

In addition to implementing a large number of concrete cost reduction measures in the portfolio companies, including introducing short-time working schemes and even layoffs, ARQUES has reviewed its entire portfolio with the aim of identifying those subsidiaries whose reorganization would be too cost-intensive in times of a global economic crisis. In the meantime, ARQUES has divested itself of these subsidiaries and accepted the resulting large book losses; however, we continue to monitor the respective opportunities and risks in the remaining portfolio. As a result of these sales, ARQUES was able to avoid having to provide additional financial assistance to these subsidiaries, which would have been otherwise unavoidable from an economic perspective.

In response to the general economic conditions, ARQUES has initiated and largely implemented various steps to reduce costs in the holding company as well. The plan is to reduce the holding company's costs by more than 50% compared to 2008. ARQUES will achieve this reduction by eliminating an appreciable number of jobs and by opting not to purchase services.

In addition, ARQUES has already successfully renegotiated outstanding purchase price installments or payment terms and will continue to do so, if and to the extent that justified warranty claims can be asserted or if such negotiations would be necessary in light of the business performance of the portfolio companies.

Even in these economically difficult times, some parties have a concrete interest in purchasing individual portfolio companies from ARQUES and intensive negotiations regarding their sale are currently underway.

ARQUES is currently conducting intensive talks with potential investors and lenders on the subject of increasing the Group's existing equity and debt in order to bring about the long-term stabilization of the Group.

TAX RISKS

Like all other operating risks, tax risks are isolated at the level of the individual subsidiaries and are not aggregated at the holding company level, e.g. by means of a fiscal unit for corporate taxation purposes or Group-level taxation. By exploiting the frequently available tax loss carryforwards, ARQUES succeeds in obtaining below-average rates of taxation. Income from the sale subsidiaries is still largely tax-exempt. ARQUES minimizes any legal risks by obtaining expert tax opinions from recognized law firms, auditing firms and other external experts on a regular basis.

EVENTS AFTER THE BALANCE SHEET DATE

On July 20, 2009, ARQUES Industries AG sold its shares in tison AG. Until then, ARQUES had held about 60% of the equity in tison AG. The buyers are the KCK Association from Russia and other investors. KCK Association is represented in Germany by GreenGold AG and KCK Ökologie GmbH, Berlin.

At the Supervisory Board meeting of July 20, 2009, Michael Hütten was appointed to the Executive Board, effective July 21, 2009. At the Supervisory Board meeting of August 4, 2009, Hans Gisbert Ulmke was appointed Chairman of the Executive Board and the Executive Board divisions were reorganized as follows:

Hans Gisbert Ulmke, Executive Board Chairman, Finance, Human Resources, Legal, Press, Investor Relations

Felix Frohn-Bernau, Acquisitions and Exits

Michael Hütten, Operations, Subsidiary Controlling

Bernd Schell, Gigaset Communications

In July 2009, the European Commission levied an overall fine of EUR 61.12 million on various European companies operating in the calcium carbide sector, in the wake of its anti-trust investigations. In this regard, a fine totaling EUR 13.3 million was imposed on SKW Stahl-Metallurgie Holding AG, ARQUES Industries AG and SKW Stahl-Metallurgie GmbH, each company bearing joint and several liability for the fine. After completing its review of the matter, ARQUES will decide whether and how it will appeal the fine and/or the joint and several liability clauses.

In early August, ARQUES sold its shares in the Actebis Group to Droege Capital GmbH, Düsseldorf. The transaction is pending, subject to the approval of the cartel authorities, among other authorities, which is expected by late September or early October 2009.

At the annual shareholders' meeting of ARQUES Industries AG held in Starnberg on August 5, 2009, the shareholders represented at the meeting accepted most of the management's proposals. The shareholders represented at the meeting approved those agenda items that pertained to the ratification of the actions of the Executive Board and Supervisory Board, the resolution on the utilization of profits, the election of the independent auditor and the creation of Authorized Capital and Contingent Capital.

As for the agenda item "New Election of the Supervisory Board," only Dr. Rudolf Falter received the two-thirds majority required by the articles of incorporation and bylaws. The annual shareholders' meeting ended without having elected a new Supervisory Board with enough members to constitute a quorum. The operating business and the continuity of the strategic further development of ARQUES Industries AG will be assured by the Executive Board. In accordance with the German Stock Corporations Act, a new Supervisory Board with enough members to constitute a quorum will be determined by the competent court or by a further shareholders' meeting.

FORECAST REPORT

The year 2009 is a year of consolidation for ARQUES Industries AG. In the first half of the year, we focused our activities on stabilizing cash flows and reducing risks in our portfolio of subsidiaries. Despite great restructuring progress in the individual companies, we could not achieve our earnings targets due to the sharp fall-off in demand for the respective products, which was caused by the general state of the economy. Because banks, credit insurance companies and factoring companies continued to adopt a restrictive stance, ARQUES was compelled to dispose of certain subsidiaries for less than their book values. These disposals were all the more regrettable if one considers the fact that we could not capitalize on the restructuring successes that are typical of our business model. The general attention to risk exposure is a matter of importance not only for ARQUES, but also to potential buyers of companies, which are becoming increasingly risk-averse. This development leads to lower sale prices. Although the number of projects under way in the Acquisitions Department is growing, we have become significantly more risk-conscious than before and are therefore intensifying the reviews conducted in connection with potential acquisition targets. This circumstance raises the cost of an acquisition significantly. In view of the experiences made in the last few years, however, we consider such intensive reviews to be absolutely necessary.

Economic experts are currently seeing a growing number of positive signs regarding the future development of the economy. Nonetheless, we assume that our subsidiaries will not feel the positive effects of an anticipated economic recovery until the middle of 2010. That being said, we have observed a significant increase in new orders. Due to the long-term horizon of these orders, however, especially in the automobile industry, the corresponding revenue increases will be realized only in 2010. Therefore, we believe that our companies will be able to at least reach the already announced break-even point in 2010 at the earliest.

While the risk profile of ARQUES Industries has improved appreciably, a reliable forecast of developments in the second half of 2009 is not possible under the circumstances. The managing directors of the holding company and of the subsidiaries are as determined as ever to further stabilize the Group's economic situation and generate positive earnings. We are planning further acquisitions and sales that will have a positive impact on our earnings performance. In view of the current status of the corresponding negotiations, we are not yet able at this time to comment on the specific effects.

CONSOLIDATED FINANCIAL STATEMENTS OF ARQUES

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO

	01/01 – 06/30/2009	
EUR'000	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
Revenues	612,457	1,748,730
Change in inventories of finished and unfinished goods	-4,688	161
Other internal production capitalized	9,402	611
Other operating income	49,104	12,385
Purchased goods and services	-353,906	-1,626,743
Personnel expenses	-192,003	-51,094
Other operating expenses	-163,323	-57,098
EBITDA	-42,957	26,952
Depreciation and amortization	-36,698	-9,727
Impairment losses	-14,084	-38,137
EBIT	-93,739	-20,912
Income/expenses from non-current assets accounted for by the equity method	180	15
Other interest and similar income	1,646	334
Interest and similar expenses	-12,152	-7,240
Net financial expenses	-10,326	-6,891
Income/expenses from ordinary activities	-104,065	-27,803
Income taxes	17,627	-2,770
Consolidated net loss	-86,438	-30,573
thereof attributable to minority interests	-421	-1,147
thereof attributable to shareholders of ARQUES Industries AG	-86,017	-29,426
Earnings per share		
- Basic earnings per share, in EUR	-3.26	-1.11
- Diluted earnings per share, in EUR	-3.26	-1.11

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

	01/01 – 06/30/2009	
EUR'000	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
Consolidated net loss	-86,438	-30,573
Currency translation differences	2,970	137
Change in market value of available-for-sale securities	0	0
Other income and expenses recognized directly in equity	0	0
Income and expenses recognized directly in equity	2,970	137
Total recognized income and expenses	-83,468	-30,436
thereof attributable to minority interests	-421	-1,147
thereof attributable to shareholders of ARQUES Industries AG	-83,047	-29,289

INDUSTRIES AG

JUNE 30, 2009

		01/01 – 06/30/2008		
	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
	2,361,187	736,621	1,891,166	2,627,787
	-4,527	5,979	3,519	9,498
	10,013	5,896	269	6,165
	61,489	46,749	13,181	59,930
	-1,980,649	-465,170	-1,786,365	-2,251,535
	-243,097	-179,350	-50,313	-229,663
	-220,421	-123,497	-53,519	-177,016
	-16,005	27,228	17,938	45,166
	-46,425	-30,577	-9,321	-39,898
	-52,221	-24,609	0	-24,609
	-114,651	-27,958	8,617	-19,341
	195	546	51	597
	1,980	2,325	724	3,049
	-19,392	-8,593	-9,729	-18,322
	-17,217	-5,722	-8,954	-14,676
	-131,868	-33,680	-337	-34,017
	14,857	-2,042	-2,071	-4,113
	-117,011	-35,722	-2,408	-38,130
	-1,568	-938	-941	-1,879
	-115,443	-34,784	-1,467	-36,251
	-4.37	-1.28	-0.09	-1.37
	-4.37	-1.28	-0.09	-1.37

FROM JANUARY 1 TO JUNE 30, 2009

		01/01 – 06/30/2008		
	TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
	-117,011	-35,722	-2,408	-38,130
	3,107	918	150	1,068
	0	0	0	0
	0	0	0	0
	3,107	918	150	1,068
	-113,904	-34,804	-2,258	-37,062
	-1,568	-938	-941	-1,879
	-112,336	-33,866	-1,317	-35,183

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM APRIL 1 TO JUNE

EUR'000	04/01 – 06/30/2009	
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
Revenues	311,501	816,977
Change in inventories of finished and unfinished goods	-1,699	520
Other internal production capitalized	5,029	298
Other operating income	21,925	4,717
Purchased goods and services	-179,368	-759,998
Personnel expenses	-82,359	-25,839
Other operating expenses	-85,514	-28,469
EBITDA	-10,485	8,206
Depreciation and amortization	-19,061	-4,909
Impairment losses	-12,773	-38,137
EBIT	-42,319	-34,840
Income/expenses from non-current assets accounted for by the equity method	-64	3
Other interest and similar income	502	151
Interest and similar expenses	-7,042	-3,097
Net financial expenses	-6,604	-2,943
Income/expenses from ordinary activities	-48,923	-37,783
Income taxes	9,406	-1,189
Consolidated net loss	-39,517	-38,972
thereof attributable to minority interests	-168	-1,291
thereof attributable to shareholders of ARQUES Industries AG	-39,349	-37,681
Earnings per share		
- Basic earnings, in EUR	-1.49	-1.43
- Diluted earnings, in EUR	-1.49	-1.43

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD

EUR'000	04/01 – 06/30/2009	
	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
Consolidated net loss	-39,517	-38,972
Currency translation differences	1,622	148
Change in market value of available-for-sale securities	0	0
Other income and expenses recognized directly in equity	0	0
Income and expenses recognized directly in equity	1,622	148
Total recognized income and expenses	-37,895	-38,824
thereof attributable to minority interests	-168	-1,291
thereof attributable to shareholders of ARQUES Industries AG	-37,727	-37,533

30, 2009

	04/01 – 06/30/2008		
TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
1,128,478	372,718	907,100	1,279,818
-1,179	3,009	3,519	6,528
5,327	2,870	150	3,020
26,642	33,380	6,474	39,854
-939,366	-235,021	-858,613	-1,093,634
-108,198	-90,485	-25,431	-115,916
-113,983	-64,697	-25,122	-89,819
-2,279	21,774	8,077	29,851
-23,970	-16,100	-4,698	-20,798
-50,910	-24,609	0	-24,609
-77,159	-18,935	3,379	-15,556
-61	175	39	214
653	1,494	342	1,836
-10,139	-4,326	-4,804	-9,130
-9,547	-2,657	-4,423	-7,080
-86,706	-27,722	-10,106	-22,636
8,217	-498	-170	-668
-78,489	-28,220	-10,276	-23,304
-1,459	-411	-616	-1,027
-77,030	-27,809	-9,660	-22,277
-2.92	-0.45	-0.39	-0.84
-2.92	-0.45	-0.39	-0.84

FROM APRIL 1 TO JUNE 30, 2009

	04/01 – 06/30/2009		
TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
-78,489	-28,220	-10,276	-23,304
1,770	-9	162	153
0	0	0	0
0	0	0	0
1,770	-9	162	153
-76,719	-28,229	-10,114	-23,151
-1,459	-411	-616	-1,027
-75,260	-27,818	-9,498	-22,124

CONSOLIDATED BALANCE SHEET AT JUNE 30, 2009

ASSETS

EUR'000	06/30/2009	12/31/2008
Non-current assets		
Intangible assets	68,788	133,629
Property, plant and equipment	227,667	317,028
Investment property	232	238
Non-current financial assets accounted for by the equity method	4,999	5,000
Financial assets	3,156	3,190
Other non-current assets	16	85
Deferred tax assets	10,914	16,864
Total non-current assets	315,772	476,034
Current assets		
Inventories	104,553	378,862
Receivables from percentage of completion	2,184	3,030
Trade receivables	168,935	407,632
Available-for-sale financial assets	49	821
Other assets	164,466	192,109
Tax refund claims	3,951	10,507
Cash and cash equivalents	91,113	142,409
	535,251	1,135,370
Assets held for sale	546,546	107,636
Total current assets	1,081,797	1,243,006
Total assets	1,397,569	1,719,040

EQUITY AND LIABILITIES

EUR'000	06/30/2009	12/31/2008
Equity		
Subscribed capital	26,402	26,402
Additional paid-in capital	73,580	73,580
Retained earnings	20,290	20,290
Accumulated other comprehensive income	30,444	142,299
	150,716	262,571
Minority interests	4,773	1,138
Total equity	155,489	263,709
Non-current liabilities		
Pension obligations	33,539	66,000
Provisions	27,086	31,317
Financial liabilities	43,627	75,217
Obligations under finance leases	4,463	24,246
Other liabilities	38,169	65,269
Deferred tax liabilities	31,187	54,940
Total non-current liabilities	178,071	316,989
Current liabilities		
Provisions	71,027	67,849
Financial liabilities	106,636	136,754
Obligations under finance leases	1,175	7,137
Trade payables	208,734	601,356
Tax liabilities	5,816	15,047
Other liabilities	161,990	220,054
	555,378	1,048,197
Liabilities related to assets held for sale	508,631	90,145
Total non-current liabilities	1,064,009	1,138,342
Total equity and liabilities	1,397,569	1,719,040

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY AT JUNE 30, 2009

EUR '000	SUBSCRIBED CAPITAL
December 31, 2007	26,357
1 Appropriation to retained earnings	0
2 Changes in minority interests	0
3 Other changes	0
4 Total transactions with shareholders	0
5 Consolidated net loss 2008	0
6 Minority interests	0
7 Consolidated net loss after minority interests	0
8 Stock option program	0
9 Currency translation differences	0
10 Available-for-sale securities	0
11 Other changes	0
12 Total changes not recognized in the income statement	0
13 Total net income (7+12)	0
14 Treasury shares	45
December 31, 2008	26,402
IFRS 3.61	
December 31, 2008	26,402
1 Appropriation to retained earnings	0
2 Dividend payment 2008	0
3 Capital increase	0
4 Changes in minority interests	0
5 Other changes	0
6 Total transactions with shareholders	0
7 Consolidated net loss 2009	0
8 Minority interests	0
9 Consolidated net loss after minority interests	0
10 Stock option program	0
11 Currency translation differences	0
12 Available-for-sale securities	0
13 Other changes	0
14 Total changes not recognized in the income statement	0
15 Total net income (9+14)	0
16 Treasury shares	0
June 30, 2009	26,402

ADDITIONAL PAID-IN CAPITAL	PROFIT RESERVES	OTHER CUMULATIVE SHAREHOLDERS' EQUITY	MINORITY INTERESTS	CONSOLIDATED EQUITY
72,473	20,290	275,169	6,712	401,001
0	0	0	0	0
0	0	-2,968	6,285	3,317
0	0	-412	-317	-729
0	0	-3,380	5,968	2,588
0	0	-130,080	0	-130,080
0	0	0	-11,542	-11,542
0	0	-130,080	-11,542	-141,622
0	0	1,366	0	1,366
0	0	-2,183	0	-2,183
0	0	0	0	0
0	0	690	0	690
0	0	-128	0	-128
0	0	-130,207	-11,542	-141,749
1,107	0	0	0	1,152
73,580	20,290	141,582	1,138	262,992
		717		717
73,580	20,290	142,299	1,138	263,709
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
0	0	0	5,203	5,203
0	0	0	0	0
0	0	0	5,203	5,203
0	0	-115,443	0	-115,443
0	0	0	-1,568	-1,568
0	0	-115,443	-1,568	-117,011
0	0	481	0	481
0	0	3,107	0	3,107
0	0	0	0	0
0	0	0	0	0
0	0	3,588	0	3,588
0	0	-111,855	-1,568	-113,423
0	0	0	0	0
73,580	20,290	30,444	4,773	155,489

CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM JANUARY 1

EUR'000

Earnings before taxes (EBT)

Reversal of negative goodwill

Depreciation and amortization of PP&E and intangible assets

Impairments

Increase (+)/ decrease (-) in pension provisions

Profit (-)/ loss (+) on the sale of non-current assets

Profit (-)/ loss (+) from deconsolidations

Profit (-)/ loss (+) from currency translation

Issuance of stock options

Change from measurement at equity

Other non-cash income and expenses

Net interest expenses

Interest collected

Interest paid

Income taxes paid

Non-recurring cash inflow from commencement of factoring in connection with the financing of acquisitions

Increase (-)/ decrease (+) in inventories

Increase (-)/ decrease (+) in trade receivables and other receivables

Increase (+)/ decrease (-) in trade payables, other liabilities and other provisions

Increase (+)/ decrease (-) in other balance sheet items

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

Cash outflows for the purchase of shares in companies

Cash acquired in connection with purchased shares in companies

Cash inflows from the sale of shares in companies

Cash transferred in connection with the sale of shares in companies

Cash inflows from the sale of non-current assets

Cash outflows for investments in non-current assets

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

Free cash flow

Cash flows from the borrowing (+)/ repayment (-) of non-current financial liabilities

Cash flows from the borrowing (+)/ repayment (-) of non-current financial liabilities

Cash outflows in connection with liabilities under finance leases

Purchases of treasury shares

Dividend payment

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

Net funds at beginning of period

Increase (-)/ decrease (+) in restricted cash

Change in net funds

Net funds at end of period

Restricted cash

Cash and cash equivalents

Cash presented within the balance sheet item "Assets held for sale"

Balance sheet

TO JUNE 30, 2009

	01/01/2009 - 06/30/2009	01/01/2008 - 06/30/2008
	-131,868	-34,017
	-9,731	-10,099
	46,425	39,898
	52,221	24,609
	2,219	-268
	-528	-3,219
	7,074	-7,359
	-5,524	1,076
	481	503
	-195	-597
	-13,961	-15,792
	17,412	15,273
	618	961
	-10,315	-10,695
	-8,016	-10,509
	0	40,776
	-10,162	-18,786
	-25,328	83,257
	23,539	-17,094
	23,132	19,917
	-42,509	97,834
	-563	-10,670
	1,512	949
	15,157	22,423
	-27,104	-849
	1,987	580
	-14,527	-30,441
	-23,538	-18,008
	-66,047	79,826
	-27	-75,357
	13,023	-4,038
	-2,611	-2,005
	0	-506
	0	-515
	10,385	-82,421
	125,741	69,865
	16,734	-15,839
	-55,662	-2,595
	86,813	51,431
	16,777	30,514
	103,590	81,945
	12,477	0
	91,113	81,945

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT JUNE 30, 2009

GENERAL INFORMATION ON ACCOUNTING AND VALUATION METHODS

The consolidated financial statements of ARQUES Industries AG at June 30, 2009 and the prior-year comparison figures were prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) adopted and published by the International Accounting Standards Board (IASB) and in accordance with the interpretations of those standards by the Standard Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC), as they are to be applied in the European Union, and in accordance with the IFRS in their entirety. Accordingly, the present unaudited interim report at June 30, 2009, which was not subjected to an auditor's review, was drawn up in accordance with IAS 34. All standards that were in effect and obligatory as of June 30, 2009 were observed, leading to the presentation of a true and fair view of the assets, financial position and earnings of the ARQUES Group.

The notes to the consolidated financial statements for 2008 apply accordingly to the present interim report, especially with regard to the significant accounting and valuation methods employed.

In addition, the following revised or newly issued Standards and Interpretations of the IASB were to be applied as of fiscal year 2009:

- IFRS 8 (Operating Segments)
- Changes to IAS 1 (Presentation of Financial Statements)
- Changes to IFRS 2 (Share-based Payment)
- Changes to IAS 32 (Financial Instruments: Presentation) and subsequent change to IAS 1 (Presentation of Financial Statements)
- Changes to IFRS 1 (First-time Application of IFRS) and IAS 27 (Consolidated and Separate Financial Statements)
- Changes to IAS 23 (Borrowing Costs)
- IFRIC 13 (Customer Loyalty Programs)
- Other changes in connection with the Annual Improvement Project

IFRS 8 supersedes the former segment reporting rules of IAS 14. The main change relates to the structure of the segment report, which must now follow the reporting structure used internally by the enterprise. Additional information on geographical regions and key customers is required only in the annual report at the close of a fiscal year.

The changes to IAS 1 pertain to the presentation of the assets, financial position and operating results in IFRS financial statements. According to the new version of this standard, the financial statements must also include a consolidated statement of comprehensive income, which shows both the consolidated profit or loss and the other income or expenses recognized directly in equity.

The changes to IFRS 2 pertain to the definition of exercise conditions and the treatment of cancellations.

The changes to IAS 32 and IAS 1 pertain to callable financial instruments and the obligations arising on liquidation.

The changes to IFRS 1 and IAS 27 pertain to the determination of the acquisition cost of equity investments, joint ventures and association companies.

The changes to IAS 23 removed the option of not capitalizing borrowing costs.

The obligatory application of the foregoing Standards and Interpretations has not given rise to any material effects on the assets, financial position and earnings of the ARQUES Group.

For details on the economic or seasonal factors affecting the portfolio companies, please refer to the comments in the section "Notes on the subsidiaries."

NON-CURRENT DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS

In accordance with IFRS 5, non-current assets and liabilities are presented separately as “held for sale” in the balance sheet if they can be sold in their current condition and if the sale is highly probable. Assets classified as “held for sale” are measured at fair value less the costs to sell, if that is lower than the carrying amounts of the assets. In accordance with this classification, liabilities that are directly linked to held-for-sale assets are presented separately as liabilities “held for sale” in the balance sheet. Additional disclosures are provided for discontinued operations.

ARQUES divested its entire IT Segment in the period from July to September 2009. The IT activities comprised the business of the Actebis Group, which was sold on August 5, and that of the ticon Group, which was sold on July 20, 2009. The Actebis transaction is pending, subject to the approval of the cartel authorities. The closing is expected to occur in September.

In the balance sheet at June 30, 2009, the assets and liabilities of the formerly operational IT Segment were presented as “held for sale” and measured at the lower of their carrying amount or their fair value less costs to sell.

In the income statement, the results of the formerly operational IT Segment were presented as discontinued operations in all periods presented.

The cash flows attributable to the discontinued operations are presented in the table below:

EUR'000	01/01 – 06/30/2009	01/01 – 06/30/2008
Cash inflow (+)/ outflow (-) from operating activities	5,645	76,401
Cash inflow (+)/ outflow (-) from investing activities	-1,504	-1,657
Cash inflow (+)/ outflow (-) from financing activities	-4,337	-80,128
Change in cash and cash equivalents	-196	-5,384

ADJUSTMENT OF THE COMPARISON INFORMATION PRESENTED IN THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2008

Effective January 1, 2009, certain balance sheet items were adjusted in accordance with IFRS 3.61 ff because the purchase price allocation conducted for the subsidiary Auto Windscreens Ltd. at December 31, 2008 was only preliminary in the sense of IFRS 3.61 ff.

Due to the time-intensive and complex requirements to be met by a purchase price allocation and the required review by the auditor of the financial statements, preliminary purchase price allocations of the kind prescribed in IFRS 3.61 ff. are inherent in the nature of the ARQUES business model. Depending on the complexity of the acquisition, this process can take several months. However, IFRS 3.61 ff. prescribes that the corresponding information be presented as soon as reliable preliminary figures are available, as opposed to when the purchase price allocation is finally completed. With reference to the qualitative requirements for the information to be presented in financial statements according to the IFRS Framework, it is preferable to provide prompt information to the users of financial statements, as opposed to exact, but delayed information.

The adjustments made in the case of Auto Windscreens Ltd. pertain to the measured value of the shareholder loans purchased from the former owner. The assumptions applied with respect to the acquisition at December 31, 2008 were too negative. If the valuation at December 31, 2008 had been conducted on the basis of the information available at the present time, the negative goodwill would have been EUR 717 thousand higher. In accordance with IFRS 3.61 ff., such adjustments were recognized not in profit or loss, but in equity, leading to an increase in the Group's equity as of January 1, 2009.

The effects of these adjustments on the individual balance sheet items are presented in the following table:

ASSETS EUR'000	12/31/2008	ADJUSTMENT PER IFRS 3.61	12/31/2008 ADJUSTED
Non-current assets			
Intangible assets	133,629		133,629
Property, plant and equipment	317,028		317,028
Investment property	238		238
Non-current financial assets accounted for by the equity method	5,000		5,000
Financial assets	3,190		3,190
Other non-current assets	85		85
Deferred tax assets	16,864		16,864
Total non-current assets	476,034	0	476,034
Current assets			
Inventories	378,862		378,862
Receivables from percentage of completion	3,030		3,030
Trade receivables	407,632		407,632
Financial assets held for sale	821		821
Other assets	192,109		192,109
Tax refund claims	10,507		10,507
Cash and cash equivalents	142,409		142,409
	1,135,370	0	1,135,370
Assets held for sale	107,636		107,636
Total current assets	1,243,006	0	1,243,006
Total assets	1,719,040	0	1,719,040
EQUITY AND LIABILITIES			
Equity			
Subscribed capital	26,402		26,402
Additional paid-in capital	73,580		73,580
Retained earnings	20,290		20,290
Accumulated other comprehensive income	141,582	717	142,299
	261,854	717	262,571
Minority interests	1,138		1,138
Total equity	262,992	717	263,709
Non-current liabilities			
Pension obligations	66,000		66,000
Provisions	31,317		31,317
Financial liabilities	75,217		75,217
Obligations under finance leases	24,246		24,246
Other liabilities	65,269		65,269
Deferred tax liabilities	54,909	31	54,940
Total non-current liabilities	316,958	31	316,989
Current liabilities			
Provisions	67,849		67,849
Financial liabilities	136,754		136,754
Obligations under finance leases	7,137		7,137
Trade payables	601,356		601,356
Tax liabilities	15,047		15,047
Other liabilities	220,802	-748	220,054
	1,048,945	-748	1,048,197
Liabilities related to assets held for sale	90,145		90,145
Total current liabilities	1,139,090	-748	1,138,342
Total equity and liabilities	1,719,040	0	1,719,040

CHANGES IN THE CONSOLIDATION GROUP

NOTES ON COMPANY ACQUISITIONS

COMPANY ACQUISITIONS FROM JANUARY 1 TO JUNE 30, 2009

ARQUES acquired the leading British driving school, The British School of Motoring Ltd. (BSM), Bristol, and its wholly-owned subsidiaries BSM Ltd. and Scorpio Property Investments Ltd. (BSM Group) for a symbolic purchase price in February 2009. The seller was the British company RAC plc, a subsidiary of the insurance group AVIVA plc. The closing date, when control over the company passed to ARQUES, was February 10, 2009. Therefore, the BSM Group has been included in the consolidated financial statements of ARQUES Industries AG as of February 10, 2009.

The BSM Group was included in the consolidated financial statements on a preliminary basis. Because converting the company's accounting system to IFRS and the conduct of the purchase price allocation process are time-consuming, the best available information was used at the time of preparing the present financial statements.

The purchase price for the BSM Group was EUR 2. In addition, ARQUES incurred incidental expenses of EUR 264 thousand, which had been completely paid in cash at the balance sheet date. A shareholder loan in the amount of EUR 4,820 thousand was acquired in connection with this acquisition. The acquisition of BSM gave rise to negative goodwill in the amount of EUR 9,731 thousand, after deduction of minority interests.

In the time from the acquisition date to June 30, 2009, the BSM Group incurred a net loss of EUR 235 thousand. This figure already includes start-up and acquisition losses, as well as restructuring losses. It does not include the other operating income from the reversal of negative goodwill. In the time from January 1, 2009 to the acquisition date, the BSM Group generated revenues of EUR 4,543 thousand. The total revenues for the first half of 2009 amounted to EUR 18,627 thousand. The earnings contribution for the period from January 1, 2009 to the acquisition date was not determined because the corresponding earnings were not relevant for consolidation purposes. A retroactive conversion to January 1, 2009 was not effected because the figures calculated for the months prior to the restructuring would not be comparable with those for the months following the restructuring, due to the restructuring measures initiated in the meantime, and so would have produced distorted results.

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

EUR'000	CARRYING AMOUNTS	FAIR VALUES
Non-current assets		
Buildings	1,756	1,756
Other assets	2,081	2,081
Deferred tax assets	1,502	1,502
Current assets		
Inventories	148	148
Trade receivables	377	377
Other assets	30,390	30,390
Cash and cash equivalents	1,512	1,512
Liabilities		
Provisions	-4,379	-4,379
Trade payables	-5,673	-5,673
Other liabilities	-13,218	-13,218
Deferred tax liabilities	-8,848	-9,049
Net assets		5,447

The cash acquired amounted to EUR 1,512 thousand, which resulted in a total cash outflow of EUR 1,248 thousand.

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

The disclosures prescribed by IFRS 3.70 are impracticable in this case. As a result of the initiated restructuring measures, the company believes that the calculated values would lead to distorted results.

In March 2009, moreover, the Actebis Group signed an agreement to purchase the broadline distribution business of Ingram Micro in Denmark. The closing for this transaction took place on July 3, 2009, after the Danish regulatory authorities approved the acquisition. The employees and the entire customer base of the Danish Ingram Micro branch were taken over.

The acquisition of new shelf companies is not disclosed separately because they are of subordinate importance.

NOTES ON COMPANY SALES

Due to the difficult state of the economy in Spain, as well as the crisis affecting the automobile industry and the restrictive lending policies of Spanish banks, ARQUES decided not to provide any further liquidity assistance to the **Capresa Group** (part of the Steel segment). Therefore, the automotive supplier was compelled to file for bankruptcy on **January 19, 2009**. The assets required in connection with the necessary deconsolidation of the Capresa Group amounted to EUR 12.5 million, including cash and cash equivalents of EUR 0.3 million, and the corresponding liabilities amounted to EUR 18.1 million. Including consolidation effects, the deconsolidation loss amounted to EUR 0.1 million. This amount was presented as other operating expenses.

On **January 22, 2009**, ARQUES sold four subsidiaries – the BEA Group (part of the Service segment), the news agency ddp (part of the Service segment), the Italian adhesive tape manufacturer Evtape (part of the Service segment) and the Swiss chemicals company Rohner (part of the Specialty Chemistry segment) – for EUR 20.0 million to the private equity firm BluO as part of a portfolio transaction.

- The sold assets of the **BEA Group** amounted to EUR 30.6 million, including cash and cash equivalents of EUR 9.9 million, and the liabilities amounted to EUR 28.4 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation profit amounted to EUR 2.4 million. This amount was presented as other operating income.
- The sold assets of the **Austrian BEA companies** amounted to EUR 18.1 million, including cash and cash equivalents of EUR 2.0 million, and the liabilities amounted to EUR 17.2 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation profit amounted to EUR 0.2 million. This amount was presented as other operating income.
- The sold assets of **Evtape** amounted to EUR 35.4 million, including cash and cash equivalents of EUR 0.3 million, and the liabilities amounted to EUR 35.1 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation loss amounted to EUR 0.6 million. This amount was presented as other operating expenses.
- The sold assets of the **ddp Group** amounted to EUR 17.6 million, including cash and cash equivalents of EUR 0.4 million, and the liabilities amounted to EUR 15.2 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation loss amounted to EUR 0.2 million. This amount was presented as other operating expenses.
- The sold assets of **Rohner AG** amounted to EUR 20.7 million, including cash and cash equivalents of EUR 4.5 million, and the liabilities amounted to EUR 11.6 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation loss amounted to EUR 3.6 million. This amount was presented as other operating expenses.

Effective **March 2, 2009**, ARQUES sold the **Rohé Group**, Vienna (part of the Service segment), to the private equity firm ValueNet Capital Partners, Munich, for a symbolic price. The sold assets amounted to EUR 49.5 million, including cash and cash equivalents of EUR 4.7 million, and the liabilities amounted to EUR 57.0 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation profit amounted to EUR 0.2 million. This amount was presented as other operating income.

Effective **March 12, 2009**, the **Sommer Group** (part of the Automotive segment) was sold to a consortium of strategic partners composed of medium-sized German automotive companies and a financial investor, BSF Consulting AG. The sold assets amounted to EUR 19.0 million, including cash and cash equivalents of EUR 0.9 million, and the liabilities amounted to EUR 14.6 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation loss amounted to EUR 4.9 million. This amount was presented as other operating expenses.

Effective **March 19, 2009**, the Swiss printing company **weberbenteli** (part of the Print segment) was sold to the financial investor ValueNet Capital Partners, Munich, for a symbolic price. The sold assets amounted to EUR 47.3 million, including cash and cash equivalents of EUR 2.6 million, and the liabilities amounted to EUR 59.3 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation profit amounted to EUR 1.3 million. This amount was presented as other operating income.

In July 2009, ARQUES Iberia and the companies **Arques Iberia S.A.**, Iversia Invest S.L., Vastec Corporate S.L., Sodelica Markets S.L., Desarrollos Enterprise Line S.L., Oxiris Intellectual Property LTD, Oxiris LTD and Oxiris Property LTD were sold for symbolic price to TALIA S.L., Madrid. The sold assets amounted to EUR 2.0 million, including cash and cash equivalents of EUR 1.3 million, and the liabilities amounted to EUR 3.0 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation loss amounted to EUR 2.0 million. This amount was presented as other operating expenses.

Also in July 2009, the non-operating Swiss companies **Yenen AG** and **ARQUES Corporate Revitalization AG** were sold for symbolic purchase prices. Including consolidation effects and other expenses associated with the transaction, the deconsolidation loss amounted to EUR 0.4 million. This amount was presented as other operating expenses.

The sold assets and transferred liabilities are presented on an aggregate basis in the table below:

	EUR'000
Assets	
Intangible assets	9,645
Property, plant and equipment	57,953
Other assets	185,276
Total	252,874
Liabilities	
Provisions	22,225
Liabilities	238,198
Total	260,423

SEGMENT REPORT

The first-time application of IFRS 8 Segment Reporting, application of which is obligatory as of 2009, did not lead to a change in segmentation compared to the annual financial statements for 2008. The information presented herein was adjusted to meet the requirements of IFRS 8:

EUR'000 FIRST HALF 2009	STEEL	PRINT	INDUSTRIAL PRODUCTION	IT
Revenues				
External revenues	17,390	29,302	29,189	1,748,730
Continuing operations	17,390	29,302	29,189	0
<i>Discontinued operations</i>	0	0	0	1,748,730
Internal revenues	0	0	0	17
Continuing operations	0	0	0	0
<i>Discontinued operations</i>	0	0	0	17
Total revenues	17,390	29,302	29,189	1,748,747
Continuing operations	17,390	29,302	29,189	0
<i>Discontinued operations</i>	0	0	0	1,748,747
Segment earnings/EBITDA	-1,243	2,108	880	26,952
Continuing operations	-1,243	2,108	880	0
<i>Discontinued operations</i>	0	0	0	26,952
Depreciation and amortization	-1,565	-2,648	-1,940	-9,727
Continuing operations	-1,565	-2,648	-1,940	0
<i>Discontinued operations</i>	0	0	0	-9,727
Impairments	0	0	0	-38,137
Continuing operations	0	0	0	0
<i>Discontinued operations</i>	0	0	0	-38,137
Segment earnings/EBIT	-2,809	-540	-1,059	-20,912
Continuing operations	-2,809	-540	-1,059	0
<i>Discontinued operations</i>	0	0	0	-20,912
Income from non-current financial assets accounted for by the equity method				
Net interest income/ expenses				
Earnings before taxes				
Income tax expenses				
Net loss				

AUTOMOTIVE	RETAIL	SPECIALTY CHEMISTRY	COMMUNI- CATIONS	HOLDING	SERVICE	ELIMI- NATIONS	CONSOLI- DATED
101,311	49,523	25,725	262,988	4	97,025	0	2,361,187
101,311	49,523	25,725	262,988	4	97,025		612,457
0	0	0	0	0	0		1,748,730
0	0	0	8,110	3,989	0	-12,116	0
0	0	0	8,110	3,989	0	-12,099	0
0	0	0	0	0	0	-17	0
101,311	49,523	25,725	271,098	3,993	97,025	-12,116	2,361,187
101,311	49,523	25,725	271,098	3,993	97,025	-12,099	612,457
0	0	0	0	0	0	-17	1,748,730
-2,839	-2,292	-7,388	-29,185	-11,520	8,522	0	-16,005
-2,839	-2,292	-7,388	-29,185	-11,520	8,522	0	-42,957
0	0	0	0	0	0	0	26,952
-5,139	-771	-855	-21,968	-90	-1,722	0	-46,425
-5,139	-771	-855	-21,968	-90	-1,722	0	-36,698
0	0	0	0	0	0	0	-9,727
-782	0	0	-11,991	-1,311	0	0	-52,221
-782	0	0	-11,991	-1,311	0	0	-14,084
0	0	0	0	0	0	0	-38,137
-8,761	-3,063	-8,243	-63,143	-12,921	6,800	0	-114,651
-8,761	-3,063	-8,243	-63,143	-12,921	6,800	0	-93,739
0	0	0	0	0	0	0	-20,912
							195
							-17,412
							-131,868
							14,857
							-117,011

EUR'000
FIRST HALF 2008

	STEEL	PRINT	INDUSTRIAL PRODUCTION	IT
Revenues				
External revenues	47,311	34,903	70,291	1,891,166
Continuing operations	47,311	34,903	70,291	0
<i>Discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,891,166</i>
Internal revenues	0	0	0	14
Continuing operations	0	0	0	0
<i>Discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>14</i>
Total revenues	47,311	34,903	70,291	1,891,180
Continuing operations	47,311	34,903	70,291	0
<i>Discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,891,180</i>
Segment earnings/EBITDA	3,288	-335	343	17,939
Continuing operations	3,288	-335	343	0
<i>Discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>17,939</i>
Depreciation and amortization	-1,614	-3,962	-2,989	-9,321
Continuing operations	-1,614	-3,962	-2,989	0
<i>Discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-9,321</i>
Impairments	0	0	0	0
Continuing operations	0	0	0	0
<i>Discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
Segment earnings/EBIT	1,674	-4,297	-2,646	8,618
Continuing operations	1,674	-4,297	-2,646	0
<i>Discontinued operations</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>8,618</i>
Income from non-current financial assets accounted for by the equity method				
Net interest income/ expenses				
Earnings before taxes				
Income tax expenses				
Net loss				

AUTOMOTIVE	RETAIL	SPECIALTY CHEMISTRY	COMMUNI- CATIONS	HOLDING	SERVICE	ELIMI- NATIONS	CONSOLI- DATED
307,537	69,247	105,217	0	22	102,093	0	2,627,787
307,537	69,247	105,217	0	22	102,093	0	736,621
0	0	0	0	0	0	0	1,891,166
0	0	0	0	607	26	-647	0
0	0	0	0	607	26	-633	0
0	0	0	0	0	0	-14	0
307,537	69,247	105,217	0	629	102,119	-647	2,627,787
307,537	69,247	105,217	0	629	102,119	-633	736,621
0	0	0	0	0	0	-14	1,891,166
11,619	-84	-866	0	10,431	2,831	0	45,166
11,619	-84	-866	0	10,431	2,831	0	27,227
0	0	0	0	0	0	0	17,939
-15,462	-1,568	-1,908	0	-73	-3,001	0	-39,898
-15,462	-1,568	-1,908	0	-73	-3,001	0	-30,577
0	0	0	0	0	0	0	-9,321
-125	-24,479	-5	0	0	0	0	-24,609
-125	-24,479	-5	0	0	0	0	-24,609
0	0	0	0	0	0	0	0
-3,969	-26,131	-2,779	0	10,358	-170	0	-19,341
-3,969	-26,131	-2,779	0	10,358	-170	0	-27,959
0	0	0	0	0	0	0	8,618
							597
							-15,273
							-34,017
							-4,113
							-38,130

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Events after the balance sheet that could have a significant influence on the company's development are described in the Management Report in the section entitled "Events after the balance sheet date" and in the notes to the financial statements in the section entitled "Changes to the consolidation group." Beyond the events described therein, no further significant events after the balance sheet date are known.

RESPONSIBILITY STATEMENT

"To the best of our knowledge, and in accordance with the required accounting principles, the consolidated financial statements provide a true and fair view of the assets, financial position and earnings of the Group, and the consolidated management report provides a true and fair view of the Group's performance and situation, along with a fair description of the principal opportunities and risks of the Group's future development."

Starnberg, August 2009

ARQUES Industries AG
The Executive Board



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