REPORT FOR THE 3RD QUARTER AND FIRST NINE MONTHS OF 2009

ARQUES INDUSTRIES AG

KEY FIGURES

EUR MILLION	01/01/ – 09/30/2009	01/01/ – 09/30/2008
Consolidated revenues	3,190.6	3,925.8
Earnings before interest, taxes, depreciation and amortization (EBITDA)	-6.1	40.6
Earnings before interest and taxes (EBIT)	-124.6	-92.3
Consolidated net loss	-125.1	-114.7
Free cash flow	-76.9	97.9
Earnings per share (diluted) in EUR	-4.74	-4.34
	09/30/2009	12/31/2008
Balance sheet total	842.4	1,719.0
Shareholders' equity	146.6	266.0
Equity ratio in %	17.4	15.5

The business model of ARQUES Industries AG

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 the disinvestment lists of large corporations, which are often in need of measures to improve efficiency, and companies with unresolved succession issues. Generally, these companies have already been generating losses for some time when they are acquired by ARQUES. In many cases, unsuccessful attempts have been made to restructure the companies. In accordance with the ARQUES business model, such companies are generally purchased for less than their book value, in some cases even for symbolic or negative purchases prices. With regard to the acquisition of such companies, ARQUES is focusing increasingly on corporate spin-offs.

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 September 30, 2009	26,450,000
Capital stock as of September 30, 2009 in EUR	26,450,000
Share price as of September 30, 2009 in EUR	1.90
52-week high* in EUR	3.10
52-week low* in EUR	0.91
Earnings per share (diluted) (01/01/2009 – 09/30/2009) in EUR	-4.74

*at the time of the report

Highlights

- Positive EBITDA of EUR 9.9 million in Q3
- Financial liabilities reduced by EUR 55 million to EUR 94.5 million over the last quarter
- Further impairments upon portfolio streamlining depress results
- Optimism for the 4th quarter

Combined Group Interim Management Report of ARQUES Industries AG

General economic conditions and industry environment

Global economy slowly recovers

In the opinion of the experts at the International Monetary Fund (IMF), the global recession is nearing an end. There is little reason for euphoria, however, considering the still fragile situation of the financial industry and the uncertainties regarding the development of the economy after the extensive government stimulus programs run out. Instead, the experts anticipate a slow, moderate recovery of the global economy, starting in 2010. Although the economists have slightly raised their forecasts also for 2009, the IMF continues to expect a 1.1% decline in world economic output in 2009. The outlook is even more negative for the traditional industrialized countries. The U.S. economy is expected to contract by 2.7% this year. The forecasts are even worse for the euro zone (- 4.3%) and for Germany (-5.3%), which is disproportionately dependent on exports. In their joint Autumn Report, moreover, the leading German economic research institutions predict a 5.0% decrease in Germany's economic output. Consumer spending in particular will likely suffer increasingly from the worsening state of the jobs market.

A stabilizing factor for the world economy has been the continued, highly robust development of some emerging economies. Even in the midst of the worst global recession in more than 60 years, China's economy may well manage growth of 8.5%. The IMF sees positive developments also in India, where GDP is expected to reach 5.4%, and in Brazil, with a relatively moderate decline of only 0.7%. Russia's economy (-7.5%), on the other hand, will suffer especially from falling commodity prices in 2009.

Glimmers of hope for the equity investment sector

Following a massive drop in the business of equity investment companies and M&A transactions in the first nine months of 2009, which followed the general economic trend, there are growing signs of a trend reversal in this sector. Banks, in particular, are showing a greater willingness to extend financing to the private equity sector. However, the risk premiums for such financing are relatively high. This trend will likely not affect the volume of transactions until the final quarter of this year. According to the British industry service Preqin, private equity firms were only able to raise funds of EUR 38 billion in the third quarter, indicative of a two-thirds decrease from the third quarter of last year. Nonetheless, this can be seen as an early sign that the market is stabilizing, because the volume of transactions actually completed by private equity firms in the first three quarters of this year was only about EUR 20 billion, indicative of a 75% decrease from the corresponding period of 2008. In the opinion of industry experts, many equity investment firms are expected to fold as a result of the crisis, with 20% to 30% of existing firms disappearing from the market in the near future. In the future, private equity firms are likely to specialize in niche markets such as small to medium enterprises, which have massive capital needs due to the highly restrictive lending policies of banks.

Net assets, financial position and earnings

The first nine months of 2009 were dominated by the continued streamlining of the portfolio in persistently weak economic conditions.

ARQUES already divested eight subsidiaries in the first half of the year, with two more - Actebis and tiscon - added to the list of disposals in the third quarter, resulting additionally in the discontinuation of the IT segment. Thus, the ARQUES portfolio consisted of 12 operating units at September 30, 2009. The holdings in the ASM Group and the BSM Group were sold after the reporting date.

Assets

At September 30, 2009, the **total assets** of the ARQUES Group amounted to EUR 842.4 million. This amount is around half that of December 31, 2008, due primarily to the deconsolidation of the assets and liabilities of the Actebis Group.

Non-current assets declined by EUR 179.0 million to EUR 297.1 million. The non-current assets of the Actebis Group and the tiscon Group of EUR 55.9 million that had already been classified as held for sale at June 30, 2009 were deconsolidated in the third quarter. In addition, non-current assets of the ASM Group and the BSM Group amounting to EUR 8.6 million were classified as held for sale in the third quarter and are shown separately.

Current assets amounted to EUR 545.3 million, including EUR 59.9 million in assets held for sale. Current assets account for 65% of total assets.

Total liabilities amounted to EUR 695.8 million, of which 75% were current. Compared with December 31, 2008, consolidated total liabilities had declined by EUR 757.2 million.

Financial liabilities amounted to EUR 94.5 million, of which 54% were current. The total has been reduced by EUR 117.5 million since December 31, 2008, representing a decline of more than half.

The **equity** of the ARQUES Group amounted to EUR 146.6 million at September 30, 2009, which corresponds to an equity ratio of 17.4%.

Financial position

In the first nine months of 2009, ARQUES generated a **cash outflow from operating activities** of EUR 71.0 million (compared with a net cash inflow of EUR 116.0 million in the equivalent period last year). The restructuring activities at Gigaset above all else are having a negative impact in 2009. By contrast, a non-recurring positive effect (EUR 40.8 million) arising from the introduction of factoring at the Actebis Group was recorded in 2008.

The **cash outflow from investing activities** amounted to EUR 5.9 million. This amount was mainly influenced by non-recurring effects arising from changes in the portfolio as well as investments in non-current assets.

Thus the **free cash flow** came to EUR -76.9 million as compared to EUR 98.0 million in the equivalent period last year.

The **cash outflow from financing activities** amounted to EUR 5.9 million (prior year: EUR 81.4 million), reflecting the redemption of financial liabilities, after adjustment for deconsolidation effects.

The **cash and cash equivalents** fell by EUR 82.7 million during the reporting period to total EUR 76.5 million at September 30, 2009.

Earnings

The ARQUES Group generated **revenues** of EUR 3,190.6 million in the first nine months of 2009, which is 19% less than in the equivalent year-ago period. EUR 2,286.6 million of this total is attributable to the discontinued IT segment which encompasses the activities of the tiscon Group and the Actebis Group. The Communications segment provided the largest share, at 43%, of the revenues of the continuing operations. The decline in revenues results primarily from the persistently difficult conditions on the sales markets.

Other operating income amounted to EUR 76.1 million, remaining at roughly the same level as last year. This total includes income of EUR 9.6 million from the reversal of negative goodwill and gains of EUR 5.0 million on deconsolidation. This item also contains income from exchange rate changes, the reversal of provisions and cost allocations, and the waiver of receivables.

The **cost of raw materials**, merchandise, finished goods and purchased services amounted to EUR 2,652.4 million, which is 22% below the year-ago figure. The percentage of revenues represented by purchased goods and services declined from 86% to 83%.

The **personnel expenses** (wages, salaries, social security and pension benefits) amounted to EUR 333.5 million, which is slightly lower than the EUR 343.6 million recorded for the equivalent period last year.

Other operating expenses amounted to EUR 296.4 million in the reporting period. Alongside losses of EUR 11.8 million on deconsolidation, the total includes general administrative expenses, shipping costs, consulting and marketing expenses, rental expense and foreign exchange losses.

The **EBITDA** for the first nine months of 2009 was a negative EUR 6.1 million, compared with a positive EUR 40.6 million in the equivalent period of 2008. This deterioration was caused primarily by the restructuring expenses of EUR 23.5 million for the Gigaset Group that accrued at the start of the year. Furthermore, the losses on deconsolidation resulting from the ongoing streamlining of the portfolio were much higher, at EUR 11.8 million, than in the equivalent period of last year (EUR 5.4 million). The pressure on the portfolio companies eased somewhat during the third quarter of 2009, meaning that a positive

EBITDA of EUR 9.9 million could be generated during the period from July 1 to September 30. Continuing operations accounted for EUR 5.6 million of the total.

Depreciation and amortization amounted to EUR 64.0 million, around half of which is attributable to the Communications segment, while EUR 9.7 million relates to the discontinued IT segment. Impairments amounted to EUR 54.6 million, essentially relating to the discontinued IT segment (EUR 40.5 million) and the Communications segment (EUR 12.0 million). The impairments in the discontinued IT segment were taken on account of the proceeds that are likely to be generated upon disposal. The impairments in the Communications segment were associated with the sale of Gigaset's Broadband Division.

At EUR 20.1 million, the **net financial expenses** had improved by EUR 3.9 million over the equivalent period in 2008.

The **consolidated net loss** after minority interests amounted to EUR 125.1 million after EUR 114.7 million in the equivalent period last year.

This gives rise to earnings per share (basic/diluted) of EUR -4.74.

Significant events in the first nine months of 2009

Change in the Executive Board

At its meeting of February 2, 2009, the Supervisory Board of ARQUES Industries AG and Dr. Michael Schumann mutually agreed to cancel Dr. Michael 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 for the duration of three years , effective February 3, 2009. In the Supervisory Board meeting of August 4, 2009, Hans Gisbert Ulmke was appointed Chairman of the Executive Board.

In the Supervisory Board meeting of July 20, 2009, Michael Hütten was appointed to the Executive Board, effective July 21, 2009. In the Supervisory Board meeting of September 29, 2009, the appointment of Mr. Bernd Schell was terminated with immediate effect.

Accordingly, the Executive Board of ARQUES Industries AG is composed of

- **Hans Gisbert Ulmke** (Chairman)
- **Felix Frohn-Bernau**
  (Acquisitions and Company Sales)
- **Michael Hütten** (Operations / Investment Controlling).

Change in the Supervisory Board

The Munich Local Court appointed Mr. Bernhard Riedel, Dr. Georg Obermeier, Mr. David Hersh, Mr. Antoine Dréan and Mr. Jean-François Borde as new members to the Supervisory Board of ARQUES Industries AG. As a result, the non-co-determination portion of the company's Supervisory Board has been completely filled again. At the annual shareholders' meeting of August 5, 2009, only Dr. Rudolf Falter achieved the two-thirds majority required by the company's articles of incorporation and bylaws. In its constitutive meeting of September 16, 2009, the ARQUES Supervisory Board elected Dr. Georg Obermeier as the Chairman and Jean-François Borde as the Vice Chairman of the Supervisory Board.

Changes in the portfolio of investments

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. Consequently, 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 the gas station equipment supplier Rohé, Vienna, to the private equity firm ValueNet Capital Partners, Munich.

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

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

On July 20, ARQUES sold its shares in tiscon AG to the Russian KCK Association and other investors.

Having received the approval of the competent cartel authorities, ARQUES sold the Actebis Group effective September 15, 2009. The ITC distributor was bought by the Droege Group, Düsseldorf. ARQUES collected proceeds of EUR 38.9 million on the transaction.

Acquisitions

On February 11, 2009, ARQUES acquired the leading British driving school, the British School of Motoring (BSM), Bristol, for a symbolic purchase price. The seller was the British company RAC plc, a subsidiary of the insurance group AVIVA plc, the same company that sold Auto Windscreens 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-standing 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, which has since been sold, acquired Ingram Micro's broadline distribution business in Denmark under the terms of an asset deal. The distribution business of the Danish Ingram Micro subsidiary, including its employees and the entire customer base, were integrated into the Danish subsidiary of the Actebis Group.

Annual shareholders' meeting of ARQUES Industries AG

At the annual shareholders' meeting of ARQUES Industries AG, which was held in Starnberg on August 5, 2009, most of the management's agenda items were accepted by the shareholders represented at the meeting. Among other agenda items, the shareholders represented at the meeting adopted those agenda items that pertain to the ratification of the actions of the Executive Board and Supervisory Board, the utilization of the net profit, the election of the independent auditor and the creation of Authorized and Contingent Capital.

Additional information about the annual shareholders' meeting can be found on our website at www.arques.de.

Gigaset: Focus on the core business

In March, Gigaset Communications GmbH and Sagem Communications reached an agreement on the sale of Gigaset's broadband business under the terms 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 restructuring of the ARQUES subsidiary Gigaset Communications.

Fine imposed in cartel proceeding

In July 2009, the European Commission imposed total fines of EUR 61.12 million in connection with its anti-trust investigations of various European companies operating in the calcium carbide sector. In this connection, a total fine of EUR 13.3 million was levied against SKW Stahl-Metallurgie Holding AG, ARQUES Industries AG and SKW Stahl-Metallurgie GmbH, with each of them bearing joint and several liability. ARQUES has filed an appeal against the assessment of this fine. Subject to the outcome of this appeal, ARQUES reached an agreement with the European Commission in October 2009 on the payment terms for the EUR 6.65 million fine levied against ARQUES.

Relocation to Munich

The staff functions relocated from Starnberg to Munich in September of this year. High office vacancy rates enabled us to rent facilities in the Arnulfpark development at very competitive prices, and hence to save costs. At the same time, we are now also easier to reach for our business partners, visitors and employees, most of whom are based in Munich.

The subsidiaries of the ARQUES Group

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 of 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

Since the end of the second quarter, when the production of chemicals in Germany declined by more than 15% from the year-ago period, according to the industry association VCI, the demand for chemicals has increased slightly in the wake of the gradually recovering economy. The stabilization occurred on a low level. For the full year 2009, VCI anticipates that German chemicals production will be 10% below the year-ago figure.

For European market participants, the DMT market is still characterized by intense competition pressure, especially from Asian suppliers of polyester production inputs, and by the ability of customers to substitute other products for DMT.

Company situation, business developments, restructuring and development measures

In the third quarter of 2009, the sales market for DMT products experienced a significant recovery, which was clearly reflected in Oxxynova's business performance, both in the form of substantially higher new orders and the higher volume of call-off orders. During the third quarter, the production facility in Steyerberg operated at high capacity utilization levels in some cases.

Outlook

In the further course of the year, Oxxynova will focus on filling the orders received, some of which were placed on very short notice, and on further optimizing its production processes. Despite the substantially higher volume of new orders and growing call-off orders, DMT production in the full year 2009 will come out below the corresponding figure for 2008.

van Netten

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

Industry analysis

The German confectionery industry experienced a slight contraction during the period covered by this report. Whereas candy sales were down 2.7% in the first eight months of 2009, compared to the year-ago period (according to the industry association BDSI), revenues were little changed over that period, with a decline of only 0.3%. One reason for this development was the fact that a portion of the substantially higher prices of cocoa was passed on to consumers. In the first seven months of 2009, the revenues of the German food industry as a whole declined by 4%.

Company situation, business developments, restructuring and development measures

As a result of the deliberate decision not to engage in unprofitable sales promotions, van Netten's revenues were lower than the corresponding year-ago figure. On the other hand, the company's earnings were significantly higher, so that van Netten was able to report a positive EBITDA.

In the third quarter of 2009, van Netten implemented a cost-saving investment in the production of fruit gummi (mogul technology). The candy manufacturer also stepped up its sales activities with the aim of expanding its export business, with a particular emphasis on Poland, Russia and Taiwan, and added new sales staff. The company also signed up a new business administration manager.

Outlook

van Netten will benefit from the process optimization in mogul technology and other cost-saving investments are being planned. The company will also continue its efforts to boost its export business. On the cost side, the company will benefit from falling energy prices, but will also have to contend with rising cocoa prices.

ANVIS Group

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 throughout the world.

Industry analysis

According to the German automotive industry association VDA, the automobile industry in Western Europe followed a course of stabilization in the third quarter of 2009. The Western European passenger vehicle market posted an increase of about 8% in the third quarter, although that was not enough to make up for the weak first half. Since the beginning of 2009, production in German factories has contracted by 18%. According to VDA, however, the 31% increase in order backlogs compared to the third quarter of last year is a clear sign of the gradual recovery of the automotive industry.

The situation continued to be difficult in the Eastern European markets and in the Russian passenger vehicle business, which was 52% lower than the corresponding year-ago level. The big Asian automotive markets, on the other hand, were either stable or even very dynamic in some cases. Since the beginning of 2009, 9% more passenger vehicles were sold in the Indian market than in the corresponding year-ago period. In China, unit sales of passenger vehicles have increased by nearly 75% since the beginning of this year. No sustained recovery can be observed in the U.S. market.

Company situation, business developments, restructuring and development measures

The economic development of the ANVIS Group stabilized considerably in the third quarter of 2009 as the company benefited from the solid unit sales of its principal customer VW ("cash for clunkers"). Nonetheless, revenues are still lower than the year-ago figure by around 10%.

Thanks to the growing volume of new orders received and the rising call-off numbers, the ANVIS Group has been able to progressively make up the revenue gap compared to the 2009 budget and the year-ago figure. Despite the stable capacity utilization of the VW Group, however, demand in the third quarter was still below the year-ago level and slightly below the budget figure for 2009. The reasons for this development include the very weak utility vehicle business, the low call-off quantities for the Ford Transit and the low level of call-offs from premium-segment automotive manufacturers.

Operating earnings showed a positive development in the third quarter compared to the second quarter, but were still unsatisfactory, due to the problems encountered in the plants in France and Mexico. The ANVIS management continues to devote its undivided attention to solving these structural problems by reducing personnel, lowering costs and closing plant sections.

Outlook

The ANVIS Group will rigorously pursue the restructuring of the company, with a particular emphasis on the plants in France and Mexico. In addition, it is renegotiating purchasing terms with its suppliers. 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, among other applications.

Industry analysis

The consumer electronics industry continues to exhibit a largely stable development. According to the industry association BITKOM, the revenue decline from the previous year will be relatively moderate, at only 2.9%. The market for set-top boxes for digital TV reception, on the other hand, continues to experience strong growth, both in terms of unit sales and revenues. For 2009, the industry association anticipates 10% revenue growth. Set-top boxes represent one of the few segments of the consumer electronics market to escape the general trend of price erosion.

Company situation, business developments, restructuring and development measures

Thanks to the restructuring measures that have already been implemented, SM Electronic managed to reduce its losses compared to the year-ago period. As expected, revenues came out less than the year-ago figure due to the streamlining of the product portfolio and the termination of unprofitable customer contracts. The company is still undergoing the restructuring phase.

SM Electronic has intensively pursued sales of its newly developed receivers and added new sales staff in this area. The products have encountered a positive response from the trade press, as reflected in the positive test reports. Besides being rated as "good," the Skymaster receivers also emerged from these tests as the "Cost-Benefit Winners." The company also presented the first digital family receiver, the Skymaster DX 60, which is especially noteworthy for its intuitive operation.

Outlook

SM Electronic will continue to optimize its internal processes and intensify its sales activities even further in time for the upcoming Christmas season. In that connection, the company will unveil additional product innovations.

Carl Froh

Based in Sundern (in the Sauerland region of Germany), Carl Froh is a manufacturer of precision steel tubes and components built to customers' specifications. The company produces low-tolerance precision welded 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 industry is dependent on the general economic development of manufacturing industries, including the automotive industry in particular. At the end of August 2009, the production output of German industry was about one fifth below the year-ago level. As the German Federal Economics Ministry has announced, however, the substantial increase in industrial production that was registered in August means that industrial production can be expected to rise appreciably in the third quarter as a whole. Moreover, the automotive industry, a critically important customer group stabilized in the third quarter of 2009, albeit on a low level.

Company situation, business developments, restructuring and development measures

Due to the continued difficult economic environment and the much lower prices for materials, Carl Froh's revenues were significantly less than the corresponding year-ago figure. Accordingly, the company adjusted its workforce and extended the shortened work schedules of most of its employees until the end of the year. Furthermore, the company reduced its inventories in order to improve liquidity and reached agreements with suppliers to extend their payment terms. As a result of industry-wide delivery delays for wide hoop iron, some customer orders could not be filled on time.

In the third quarter, Carl Froh made preparations for the installation of a new software program for enterprise resource planning (ERP). Employees are being trained to use the new system. The new ERP system will be introduced on a step-by-step basis, starting in early 2010.

Outlook

Carl Froh will further optimize its material flows and logistics in order to fill newly acquired customer orders that were not reflected in the budget. The corresponding measures are supposed to be implemented already this year. The company anticipates that the component manufacturing market will rebound, accompanied by rising material prices.

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 in 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 generally 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 third quarter, Gigaset Communications GmbH successfully defended the market shares it had won in the first half of 2009. The trend of orders for the Christmas season is exceedingly positive and the plant in Bocholt is now operating at full capacity, after lower capacity utilization in the summer due to seasonal effects.

During the third quarter, the company nearly completed the process of extricating itself from the complex web of corporate relationships with the former owner. Gigaset also continued to take the necessary steps to institute a lean corporate structure commensurate with a mid-sized company, with a particular emphasis on strict cost management.

Gigaset was able to extend the licensing rights to the well-known Siemens name by one more year, to October 2011. The company also developed a plan to change over to the brand name Gigaset, which will now be implemented on a step-by-step basis. Also in the third quarter, the company added an additional, high-quality cordless telephone model, the new Siemens Gigaset S790/S795, to its product portfolio. In the United States, Gigaset introduced the product "Gigaset One," a home device that automatically forwards cell phone calls to a cordless fixed-line telephone.

Outlook

In the fourth quarter, Gigaset will focus on the Christmas business and on effectively filling the many orders it has received. The company's separation from the corporate structures of its former owner should be completed, and lean structures appropriate for a mid-sized company instituted by year's end. With the broad-based support of the ARQUES Task Force, internal structures will be further optimized and cost-saving measures implemented. The restructuring of Gigaset should be completed within 12 months. The conversion to the brand name Gigaset will be continued on a step-by-step basis. The company will continually add new, high-quality products to its product line and step up its selling activities in the United States and in regional growth markets of Asia.

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 repairs and replaces 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 facility in Chesterfield, where it produces about 250,000 windshields from blanks every year.

Industry analysis

Due to the poor state of the economy, the total traffic volume in Great Britain was lower on the whole in the first nine months of 2009. That trend was also reflected in the general reluctance to travel, which also exerted a negative impact on traffic volumes.

Company situation, business developments, restructuring and development measures

The revenues of the automotive glass specialist Auto Windscreens developed in line with the lower traffic volumes in Great Britain and were lower than the corresponding year-ago figure. Thanks to the restructuring and savings measures that have been implemented already, the earnings situation was better than in the year-ago period.

In the third quarter, Auto Windscreens successfully completed the process of separation from the corporate structure of the former owner. Key internal work processes were reorganized with the aid of a newly installed IT system. Auto Windscreens initiated steps to renew its motor vehicle fleet and reshape its corporate identity. The automotive glass specialist also intensified its sales activities. In that regard, new staff were added to the regional sales teams in particular.

Outlook

Auto Windscreens is making preparations to install a software program that will allow for the complete reorganization of repair and replacement services. The software program is being intensively tested and preparations are being made for the company-wide introduction. This software program is expected to bring about significant improvements in the work processes of Auto Windscreens.

Report on risks and opportunities

Certain opportunities and risks are associated with the future business development of the ARQUES Group. In accordance with its risk strategy, the company seeks to take full advantage of opportunities and limiting the associated risks by employing appropriate instruments.

Detailed information on the opportunities and risks of the ARQUES business model, of ARQUES Industries AG and the subsidiaries that belong to the ARQUES Group, as well as the opportunities and risks associated with general economic conditions and market developments, is provided in the Semiannual Report 2009 and in the Annual Report 2008 of ARQUES Industries AG.

Events after the balance sheet date

In connection with its anti-trust investigations of various European companies operating in the calcium carbide sector, the European Commission levied a total fine of EUR 13.3 million against SKW Stahl-Metallurgie Holding AG, ARQUES Industries AG and SKW Stahl-Metallurgie GmbH, with each of them bearing joint and several liability, in July 2009. ARQUES has filed an appeal against the assessment of this fine. Subject to the outcome of this appeal, ARQUES reached an agreement with the European Commission in October 2009 on the payment terms for the EUR 6.65 million fine levied against ARQUES.

Spanish delivery service ASM sold

At the beginning of November, ARQUES sold logistics service provider Agencia Servicios Mensajeria (ASM), Madrid, to a group of Spanish investors from the industry for a symbolic price. The buyers will continue to restructure and expand ASM's commercial operations. The logistics industry in Spain is undergoing a period of consolidation, shaped by the sharp economic downturn together with a correspondingly large fall in the volume of consignments being shipped. In addition, it proved difficult to continue financing the company on account of the very restrictive lending policies of banks and creditors.

British driving school BSM sold to management

Similarly in November 2009, ARQUES Industries AG sold the UK-based driving school The British School of Motoring (BSM) as part of a management buyout. ARQUES had acquired BSM in February 2009. The buyer is a consortium led by the existing management of the driving school chain. Under the leadership of ARQUES, BSM's structural costs and overheads were reduced by more than 15%, size-appropriate structures established, the branding completely updated, and a long-term cooperation agreement concluded with Fiat. The efficient, focused implementation of these measures is what facilitated a profitable, early exit.

Forecast report

ARQUES is continuing to pursue its announced consolidation policy unchanged. The risks inherent in the portfolio have largely been mitigated, enabling us to return our focus to acquisitions. Whereas some company disposals could only be achieved at symbolic prices, we have been able to record considerable gains in this quarter on the disposal of Actebis and BSM. The latter company, which we acquired for a symbolic price and on which generated a gain of around EUR 11 million, demonstrates how it is possible to achieve rapid resales with very positive results on the back of cautious purchases coupled with intensive due diligence and fast, focused restructuring. Further disposals are slated for completion by the end of the year with a view to further reinforcing our liquidity position.

On the downside, we consider the antitrust ruling handed down by the EU Commission to be unjustified. A penalty of EUR 6.65 million has been imposed. We have lodged an appeal against the decision. That being said, experience of such proceedings indicates that it takes a fair amount of time for a hearing to be called.

Even if the majority of our subsidiaries have performed well in the third quarter, the weak economic situation has left its mark in their results, meaning that a large loss will be recorded for 2009 as a whole.

Nevertheless, we have noted a significant increase in new orders at some subsidiaries, but these will not really bear fruit until later in 2010. The restructuring measures are running to plan. We are also seeing visible progress in terms of cost management, and this is set to be intensified further. The fixed costs in the holding company have been reduced by more than 50% compared with last year, driven by the major cutback in the headcount at the holding company where around 30 people are still employed.

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 expected 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, the corresponding increases in revenue will only be realized in 2010. Therefore, we believe that our company will achieve the previously targeted break-even point in 2010 at the earliest.

CONSOLIDATED FINANCIAL STATEMENTS OF ARQUES

Consolidated Income Statement for the Period from January 1 - September 30, 2009

EUR'000	01/01 – 09/30/2009 CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
Revenues	904,065	2,286,581
Change in inventories of finished and unfinished goods	-6,125	161
Other internal production capitalized	14,660	712
Other operating income	60,608	15,520
Purchased goods and services	-518,411	-2,134,011
Personnel expenses	-267,446	-66,004
Other operating expenses	-224,722	-71,644
EBITDA	**-37,371**	**31,315**
Depreciation and amortization	-54,224	-9,727
Impairment losses	-14,084	-40,535
EBIT	**-105,679**	**-18,947**
Income/expenses from non-current financial assets accounted for by the equity method	589	23
Other interest and similar income	1,896	240
Interest and similar expenses	-14,142	-8,722
Net financial expenses	**-11,657**	**-8,459**
Income/expenses from ordinary activities	**-117,336**	**-27,406**
Income taxes	18,007	-139
Consolidated net loss	**-99,329**	**-27,545**
thereof attributable to minority interests	-621	-1,152
thereof attributable to shareholders of ARQUES Industries AG	**-98,708**	**-26,393**
Earnings per share		
- Basic earnings per share, in EUR	-3.74	-1.00
- Diluted earnings per share, in EUR	-3.74	-1.00

Consolidated Statement of Comprehensive Income for the Period from January 1 - September 30, 2009

EUR'000	01/01 – 09/30/2009 CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
Consolidated net loss	**-99,329**	**-27,545**
Currency translation differences	1,067	392
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	**1,067**	**392**
Total recognized income and expenses	**-98,262**	**-27,153**
thereof attributable to minority interests	-621	-1,152
thereof attributable to shareholders of ARQUES Industries AG	**-97,641**	**-26,001**

S INDUSTRIES AG

		01/01 – 09/30/2008	
TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
3,190,646	1,072,349	2,853,488	3,925,837
-5,964	9,199	2,083	11,282
15,372	8,988	576	9,564
76,128	65,978	19,826	85,804
-2,652,422	-685,536	-2,696,437	-3,381,973
-333,450	-269,202	-74,441	-343,643
-296,366	-188,418	-77,809	-266,227
-6,056	**13,358**	**27,286**	**40,644**
-63,951	-46,381	-14,262	-60,643
-54,619	-72,295	0	-72,295
-124,626	**-105,318**	**13,024**	**-92,294**
612	744	294	1,038
2,136	3,734	1,070	4,804
-22,864	-15,663	-14,176	-29,839
-20,116	**-11,185**	**-12,812**	**-23,997**
-144,742	**-116,503**	**212**	**-116,291**
17,868	-2,192	-3,872	-6,064
-126,874	**-118,695**	**-3,660**	**-122,355**
-1,773	-6,751	-911	-7,662
-125,101	**-111,944**	**-2,749**	**-114,693**
-4.74	-4.20	-0.14	-4.34
-4.74	-4.20	-0.14	-4.34

		01/01 – 09/30/2008	
TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
-126,874	**-118,695**	**-3,660**	**-122,355**
1,459	1,798	-137	1,661
0	0	0	0
0	0	0	0
1,459	**1,798**	**-137**	**1,661**
-125,415	**-116,897**	**-3,797**	**-120,694**
-1,773	-6,751	-911	-7,662
-123,642	**-110,146**	**-2,886**	**-113,032**

Consolidated Income Statement for the Period from July 1 - September 30, 2009

EUR'000	07/01 - 09/30/2009 CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
Revenues	291,608	537,851
Change in inventories of finished and unfinished goods	-1,437	0
Other internal production capitalized	5,258	101
Other operating income	11,504	3,135
Purchased goods and services	-164,505	-507,268
Personnel expenses	-75,443	-14,910
Other operating expenses	-61,399	-14,546
EBITDA	**5,586**	**4,363**
Depreciation and amortization	-17,526	0
Impairment losses	0	-2,398
EBIT	**-11,940**	**1,965**
Income/expenses from non-current financial assets accounted for by the equity method	614	8
Other interest and similar income	250	-94
Interest and similar expenses	-1,99	-1,482
Net financial expenses	**-1,126**	**-1,568**
Income/expenses from ordinary activities	**-13,066**	**397**
Income taxes	380	2,631
Consolidated net loss	**-12,686**	**3,028**
thereof attributable to minority interests	-200	-5
thereof attributable to shareholders of ARQUES Industries AG	**-12,486**	**3,033**
Earnings per share		
- Basic earnings per share, in EUR	-0.48	0.11
- Diluted earnings per share, in EUR	-0.48	0.11

Consolidated Statement of Comprehensive Income for the Period from July 1 - September 30, 2009

EUR'000	07/01 - 09/30/2009 CONTINUING OPERATIONS	DISCONTINUED OPERATIONS
Consolidated net loss	**-12,686**	**3,028**
Currency translation differences	-1,903	255
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	**-1,903**	**255**
Total recognized income and expenses	**-14,589**	**3,283**
thereof attributable to minority interests	-200	-5
thereof attributable to shareholders of ARQUES Industries AG	**-14,389**	**3,288**

		07/01 - 09/30/2008	
TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
829,459	335,728	962,322	1,298,050
-1,437	3,220	-1,436	1,784
5,359	3,092	307	3,399
14,639	19,229	6,645	25,874
-671,773	-220,366	-910,072	-1,130,438
-90,353	-89,852	-24,128	-113,980
-75,945	-64,921	-24,290	-89,211
9,949	**-13,870**	**9,348**	**-4,522**
-17,526	-15,804	-4,941	-20,745
-2,398	-47,686	0	-47,686
-9,975	**-77,36**	**4,407**	**-72,953**
622	198	243	441
156	1,409	346	1,755
-3,472	-7,070	-4,447	-11,517
-2,694	**-5,463**	**-3,858**	**-9,321**
-12,669	**-82,823**	**549**	**-82,274**
3,011	-150	-1,801	-1,951
-9,658	**-82,973**	**-1,252**	**-84,225**
-205	-5,813	30	-5,783
-9,453	**-77,160**	**-1,282**	**-78,442**
-0.37	-2.92	-0.05	-2.97
-0.37	-2.92	-0.05	-2.97

		07/01 - 09/30/2008	
TOTAL	CONTINUING OPERATIONS	DISCONTINUED OPERATIONS	TOTAL
-9,658	**-82,973**	**-1,252**	**-84,225**
-1,648	700	46	746
0	0	0	0
0	0	0	0
-1,648	**700**	**46**	**746**
-11,306	**-82,273**	**-1,206**	**-83,479**
-205	-5,813	30	-5,783
-11,101	**-76,460**	**-1,236**	**-77,696**

Consolidated Balance Sheet at September 30, 2009

ASSETS

EUR'000	09/30/2009	12/31/2008
Non-current assets		
Intangible assets	67,852	133,629
Property, plant and equipment	211,670	317,028
Investment property	229	238
Non-current financial assets accounted for by the equity method	5,222	5,000
Financial assets	2,576	3,190
Other non-current assets	17	85
Deferred tax assets	9,507	16,864
Total non-current assets	**297,073**	**476,034**
Current assets		
Inventories	97,628	378,862
Receivables from percentage of completion	0	3,030
Trade receivables	162,569	407,632
Available-for-sale financial assets	624	821
Other assets	147,671	192,109
Tax refund claims	3,661	10,507
Cash and cash equivalents	73,242	142,409
	485,395	**1,135,370**
Assets held for sale	59,930	107,636
Total current assets	**545,325**	**1,243,006**
Total assets	**842,398**	**1,719,040**

EQUITY AND LIABILITIES

EUR'000	09/30/2009	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	20,869	144,636
	141,141	264,908
Minority interests	5,441	1,138
Total equity	**146,582**	**266,046**
Non-current liabilities		
Pension obligations	34,814	66,000
Provisions	36,027	31,317
Financial liabilities	43,639	75,217
Obligations under finance leases	3,776	24,246
Other liabilities	34,713	65,269
Deferred tax liabilities	20,753	54,940
Total non-current liabilities	**173,722**	**316,989**
Current liabilities		
Provisions	43,252	67,849
Financial liabilities	50,815	136,754
Obligations under finance leases	775	7,137
Trade payables	193,176	601,356
Tax liabilities	5,342	15,047
Other liabilities	176,812	217,717
	470,172	**1,045,860**
Liabilities related to assets held for sale	51,922	90,145
Total current liabilities	**522,094**	**1,136,005**
Total equity and liabilities	**842,398**	**1,719,040**

Statement of Changes in Consolidated Equity at September 30, 2009

	EUR`000	SUBSCRIBED CAPITAL	ADDITIONAL PAID-IN CAPITAL
	December 31, 2007	**26,357**	**72,473**
1	**Appropriation to retained earnings**	**0**	**0**
4	Changes in minority interests	0	0
5	Other changes	0	0
6	**Total transactions with shareholders**	**0**	**0**
7	Consolidated net loss 2008	0	0
8	Minority interests	0	0
9	Consolidated net loss after minority interests	0	0
10	Stock option program	0	0
11	Currency translation differences	0	0
12	Available-for-sale securities	0	0
13	Other changes	0	0
14	Total changes not recognized in the income statement	0	0
15	**Total net income (9+14)**	**0**	**0**
16	**Treasury shares**	**45**	**1,107**
	December 31, 2008	**26,402**	**73,580**
	IFRS 3.61		
	December 31, 2008	**26,402**	**73,580**
1	**Appropriation to retained earnings**	**0**	**0**
2	Dividend payment 2008	0	0
3	Capital increase	0	0
4	Changes in minority interests	0	0
5	Other changes	0	0
6	**Total transactions with shareholders**	**0**	**0**
7	Consolidated net loss 2009	0	0
8	Minority interests	0	0
9	Consolidated net loss after minority interests	0	0
10	Stock option program	0	0
11	Currency translation differences	0	0
12	Available-for-sale securities	0	0
13	Other changes	0	0
14	Total changes not recognized in the income statement	0	0
15	**Total net income (9+14)**	**0**	**0**
16	**Treasury shares**	**0**	**0**
	September 30, 2009	**26,402**	**73,580**

RETAINED EARNINGS	ACCUMULATED OTHER COMPREHENSIVE INCOME	ADJUSTMENT ITEM FOR MINORITY INTERESTS	CONSOLIDATED EQUITY
20,290	**275,169**	**6,712**	**401,001**
0	**0**	**0**	**0**
0	-2,968	6,285	3,317
0	-412	-317	-729
0	**-3,380**	**5,968**	**2,588**
0	-130,080	0	-130,080
0	0	-11,542	-11,542
0	-130,080	-11,542	-141,622
0	1,366	0	1,366
0	-2,183	0	-2,183
0	0	0	0
0	690	0	690
0	-128	0	-128
0	**-130,207**	**-11,542**	**-141,749**
0	**0**	**0**	**1,152**
20,290	**141,582**	**1,138**	**262,992**
	3,054		3,054
20,290	**144,636**	**1,138**	**266,046**
0	**0**	**0**	**0**
0	0	0	0
0	0	0	0
0	0	6,076	6,076
0	0	0	0
0	**0**	**6,076**	**6,076**
0	-125,101	0	-125,101
0	0	-1,773	-1,773
0	-125,101	-1,773	-126,874
0	565	0	565
0	1,459	0	1,459
0	0	0	0
0	-690	0	-690
0	1,336	0	1,336
0	**-123,767**	**-1,773**	**-125,540**
0	**0**	**0**	**0**
20,290	**20,869**	**5,441**	**146,582**

Consolidated Cash Flow Statement for the Period from January 1 - September 30, 2009

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 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”
Cash and cash equivalents - Balance sheet

	01/01 - 09/30/2009	01/01 - 09/30/2008
	-144,742	**-116,291**
	-9,731	-13,129
	63,951	60,643
	54,619	72,295
	3,534	914
	-500	-5,263
	6,769	696
	-5,024	223
	565	649
	-612	-1,038
	-16,581	-25,443
	20,728	25,035
	555	2,066
	-11,524	-18,541
	-8,383	-15,271
	0	40,776
	4,686	-44,950
	-43,603	35,770
	-7,280	61,441
	21,591	55,450
	-70,982	**116,031**
	-563	-11,992
	1,512	5,743
	51,627	22,423
	-39,091	-4,088
	1,784	11,527
	-21,159	-41,648
	-5,890	**-18,035**
	-76,872	**97,996**
	-14,512	-72,338
	11,735	2,112
	-3,088	-10,520
	0	0
	0	0
	-5,865	**-81,432**
	125,741	69,865
	18,312	-15,937
	-82,738	16,564
	61,315	**70,492**
	15,199	30,640
	76,514	**101,132**
	3,272	0
	73,242	**101,132**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT SEPTEMBER 30, 2009

General information on accounting and valuation methods

The consolidated financial statements of ARQUES Industries AG at September 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 September 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 September 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 remove 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 "The subsidiaries of the ARQUES Group."

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. In the balance sheet at June 30, 2009, the assets and liabilities of the former IT operating segment were presented as "held for sale" and measured at the lower of their carrying amount or their fair value less costs to sell. These assets and liabilities are no longer included in the balance sheet at September 30, 2009 on account of the deconsolidation that has taken place in the meantime.

In the income statement, the results of the former IT operating segment are 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 - 09/30/2009	01/01 - 09/30/2008
Cash inflow (+)/ outflow (-) from operating activities	-24,749	91,226
Cash inflow (+)/ outflow (-) from investing activities	-1,974	-5,195
Cash inflow (+)/ outflow (-) from financing activities	19,393	-91,141
Change in cash and cash equivalents	-7,330	-5,110

The assets and liabilities shown as "held for sale" at September 30, 2009 relate to the British School of Motoring (BSM), Bristol, driving school (Service segment) and the Agencia Servicios Mensajeria (ASM), Madrid, delivery service (Service segment).

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 allocations conducted for the subsidiary Auto Windscreens Ltd. and the Gigaset Group at December 31, 2008 were 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 adjustments made in the case of the Gigaset Group pertain to a change in the purchase price, which needed to be made and agreed with the seller on account of the arrangements regarding the valuation and composition of the working capital transferred specified in the contract. The final specification of this purchase price component led to a reduction in the purchase price of EUR 2,337 thousand, which would have resulted in a corresponding increase in negative goodwill in the financial statements at December 31, 2008. 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 table below:

ASSETS EUR'000	12/31/2008	ADJUSTMENT PER IFRS 3.61	12/31/20088 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	0	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	0	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 EUR'000	12/31/2008	ADJUSTMENT PER IFRS 3.61	12/31/20088 ADJUSTED
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	3,054	144,636
	261,854	3,054	264,908
Minority interests	1,138		1,138
Total equity	**262,992**	**3,054**	**266,046**
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	-3,085	217,717
	1,048,945	**-3,085**	**1,045,860**
Liabilities related to assets held for sale	90,145		90,145
Total current liabilities	**1,139,090**	**-3,085**	**1,136,005**
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 September 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 September 30, 2009, the BSM Group incurred a net loss of EUR 457 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 none months of 2009 amounted to EUR 26,657 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 AMOUNT	FAIR VALUE
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 as part of an asset deal and classified as held for sale at the time of acquisition on account of the ongoing negotiations regarding the disposal of the Actebis Group. The assets and liabilities arising from this transaction were deconsolidated as part of the disposal of the Actebis Group.

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 12.0 million, including cash and cash equivalents of EUR 0.3 million, and the corresponding liabilities amounted to EUR 17.5 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 Evotape (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 **Evotape** 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 4.9 million, including cash and cash equivalents of EUR 0.4 million, and the liabilities amounted to EUR 2.5 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 20.8 million, including cash and cash equivalents of EUR 4.5 million, and the liabilities amounted to EUR 11.4 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation loss amounted to EUR 3.56 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 49.9 million, including cash and cash equivalents of EUR 4.7 million, and the liabilities amounted to EUR 57.2 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.

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 22.3 million, including cash and cash equivalents of EUR 0.9 million, and the liabilities amounted to EUR 17.9 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 2.7 million, and the liabilities amounted to EUR 59.4 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., Desarollos 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 0.4 million, and the liabilities amounted to EUR 1.3 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 0.5 million. This amount was presented as other operating expenses.

Effective **July 1, 2009**, the **tiscon Group** operating in IT distribution (part of the IT segment) was sold for a symbolic price was sold to KCK Association, Russia, and other investors. The sold assets amounted to EUR 34.5 million, including cash and cash equivalents of EUR 7.1 million, and the liabilities amounted to EUR 37.2 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation profit amounted to EUR 0.0 million.

Effective **September 15, 2009**, the **Actebis Group** operating in ICT distribution (part of the IT segment) was sold to Droege Capital GmbH, Düsseldorf, for EUR 38.9 million. The sold assets amounted to EUR 475.1 million, including cash and cash equivalents of EUR 4.8 million, and the liabilities amounted to EUR 441.7 million. Including consolidation effects and other expenses associated with the transaction, the deconsolidation profit amounted to EUR 0.0 million.

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

	EUR'000
Assets	
Intangible assets	25,825
Property, plant and equipment	74,414
Other assets	651,132
Total	**751,371**
Liabilities	
Provisions	42,100
Liabilities	685,777
Total	**727,877**

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 9 MONTHS OF 2009	STEEL	PRINT	INDUSTRIAL PRODUCTION	IT
Revenues				
External revenues	**25,897**	**38,206**	**43,363**	**2,286,581**
Continuing operations	25,897	38,206	43,363	0
Discontinued operations	*0*	*0*	*0*	*2,286,581*
Internal revenues	**0**	**0**	**0**	**17**
Continuing operations	0	0	0	0
Discontinued operations	*0*	*0*	*0*	*17*
Total revenues	**25,897**	**38,206**	**43,363**	**2,286,598**
Continuing operations	25,897	38,206	43,363	0
Discontinued operations	*0*	*0*	*0*	*2,286,598*
Segment earnings/EBITDA	**-1,307**	**3,115**	**1,574**	**31,315**
Continuing operations	-1,307	3,115	1,574	0
Discontinued operations	*0*	*0*	*0*	*31,315*
Depreciation and amortization	**-2,343**	**-3,180**	**-2,735**	**-9,727**
Continuing operations	-2,343	-3,180	-2,735	0
Discontinued operations	*0*	*0*	*0*	*-9,727*
Impairments	**0**	**0**	**0**	**-40,535**
Continuing operations	0	0	0	0
Discontinued operations	*0*	*0*	*0*	*-40,535*
Segment earnings/EBIT	**-3,650**	**-65**	**-1,161**	**-18,947**
Continuing operations	-3,650	-65	-1,161	0
Discontinued operations	*0*	*0*	*0*	*-18,947*
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	SPECIAL CHEMISTRY	COMMUNI-CATIONS	HOLDING	SERVICE	ELIMI-NATIONS	CONSOLI-DATED
155,829	**79,261**	**39,819**	**386,288**	**4**	**135,398**	**0**	**3,190,646**
155,829	79,261	39,819	386,288	4	135,398		904,065
0	*0*	*0*	*0*	*0*	*0*		*2,286,581*
0	**0**	**0**	**8,518**	**5,602**	**0**	**-14,137**	**0**
0	0	0	8,518	5,602	0	-14,120	0
0	*0*	*0*	*0*	*0*	*0*	*-17*	*0*
155,829	**79,261**	**39,819**	**394,806**	**5,606**	**135,398**	**-14,137**	**3,190,646**
155,829	79,261	39,819	394,806	5,606	135,398	-14,120	904,065
0	*0*	*0*	*0*	*0*	*0*	*-17*	*2,286,581*
-1,722	**-2,201**	**-6,446**	**-19,768**	**-15,838**	**5,222**	**0**	**-6,056**
-1,722	-2,201	-6,446	-19,768	-15,838	5,222	0	-37,371
0	*0*	*0*	*0*	*0*	*0*	*0*	*31,315*
-9,858	**-1,188**	**-1,285**	**-32,112**	**-136**	**-1,387**	**0**	**-63,951**
-9,858	-1,188	-1,285	-32,112	-136	-1,387	0	-54,224
0	*0*	*0*	*0*	*0*	*0*	*0*	*-9,727*
-782	**0**	**0**	**-11,991**	**-1,311**	**0**	**0**	**-54,619**
-782	0	0	-11,991	-1,311	0	0	-14,084
0	*0*	*0*	*0*	*0*	*0*	*0*	*-40,535*
-12,362	**-3,389**	**-7,731**	**-63,871**	**-17,285**	**3,835**	**0**	**-124,626**
-12,362	-3,389	-7,731	-63,871	-17,285	3,835	0	-105,679
0	*0*	*0*	*0*	*0*	*0*	*0*	*-18,947*
							612
							-20,728
							-144,742
							17,868
							-126,874

EUR'000 9 MONTHS OF 2008	STEEL	PRINT	INDUSTRIAL PRODUCTION	IT
Revenues				
External revenues	**68,824**	**57,128**	**102,579**	**2,853,488**
Continuing operations	68,824	57,128	102,579	0
Discontinued operations	*0*	*0*	*0*	*2,853,488*
Internal revenues	**0**	**0**	**0**	**15**
Continuing operations	0	0	0	0
Discontinued operations	*0*	*0*	*0*	*15*
Total revenues	**68,824**	**57,128**	**102,579**	**2,853,503**
Continuing operations	68,824	57,128	102,579	0
Discontinued operations	*0*	*0*	*0*	*2,853,503*
Segment earnings/EBITDA	**15,791**	**1,397**	**-804**	**27,286**
Continuing operations	15,791	1,397	-804	0
Discontinued operations	*0*	*0*	*0*	*27,286*
Depreciation and amortization	**-2,988**	**-5,432**	**-6,070**	**-14,262**
Continuing operations	-2,988	-5,432	-6,070	0
Discontinued operations	*0*	*0*	*0*	*-14,262*
Impairments	**0**	**0**	**0**	**0**
Continuing operations	0	0	0	0
Discontinued operations	*0*	*0*	*0*	*0*
Segment earnings/EBIT	**12,803**	**-4,035**	**-6,874**	**13,024**
Continuing operations	12,803	-4,035	-6,874	0
Discontinued operations	*0*	*0*	*0*	*13,024*
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	SPECIAL CHEMISTRY	COMMUNI-CATIONS	HOLDING	SERVICE	ELIMI-NATIONS	CONSOLI-DATED
430,434	**102,026**	**147,274**	**0**	**32**	**164,052**	**0**	**3,925,837**
430,434	102,026	147,274	0	32	164,052	0	1,072,349
0	*0*	*0*	*0*	*0*	*0*	*0*	*2,853,488*
0	**0**	**0**	**0**	**1,045**	**26**	**-1,086**	**0**
0	0	0	0	1,045	26	-1,071	0
0	*0*	*0*	*0*	*0*	*0*	*-15*	*0*
430,434	**102,026**	**147,274**	**0**	**1,077**	**164,078**	**-1,086**	**3,925,837**
430,434	102,026	147,274	0	1,077	164,078	-1,071	1,072,349
0	*0*	*0*	*0*	*0*	*0*	*-15*	*2,853,488*
11,270	**-6,716**	**-2,793**	**0**	**-8,905**	**4,118**	**0**	**40,644**
11,270	-6,716	-2,793	0	-8,905	4,118	0	13,358
0	*0*	*0*	*0*	*0*	*0*	*0*	*27,286*
-23,180	**-2,184**	**-1,350**	**0**	**-160**	**-5,017**	**0**	**-60,643**
-23,180	-2,184	-1,350	0	-160	-5,017	0	-46,381
0	*0*	*0*	*0*	*0*	*0*	*0*	*-14,262*
-51,000	**-21,295**	**0**	**0**	**0**	**0**	**0**	**-72,295**
-51,000	-21,295	0	0	0	0	0	-72,295
0	*0*	*0*	*0*	*0*	*0*	*0*	*0*
-62,910	**-30,195**	**-4,143**	**0**	**-9,065**	**-899**	**0**	**-92,294**
-62,910	-30,195	-4,143	0	-9,065	-899	0	-105,318
0	*0*	*0*	*0*	*0*	*0*	*0*	*13,024*
							1,038
							25,035
							-116,291
							-6,064
							-122,355

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." Beyond the events described therein, no further significant events after the balance sheet date are known.

Starnberg, November 2009

ARQUES Industries AG
The Executive Board

ARQUES
INDUSTRIES AG

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