



Half-Year Report 2007
MBB Industries AG . Berlin

MBB Industries at a glance

in T€	30.06.2007	30.06.2006	Changes
Performance (figures)			
Sales revenue	41.651	23.001	81,1%
Operational performance	46.428	26.933	72,4%
Material expenses	20.299	9.568	112,2%
Personnel expenses	9.915	6.510	52,3%
Net income of the group	3.914	1.728	126,5%
EBITDA	7.117	3.654	94,8%
<i>EBITDA-Margin</i>	<i>17,1%</i>	<i>15,9%</i>	<i>7,6%</i>
EBIT	5.110	2.317	120,5%
<i>EBIT-Margin</i>	<i>12,3%</i>	<i>10,1%</i>	<i>21,8%</i>
EBT	4.438	1.872	137,1%
<i>EBT-Margin</i>	<i>10,7%</i>	<i>8,1%</i>	<i>30,9%</i>
Numbers of shares	6.600.000	6.600.000	0,0%
eps in €	0,59	0,26	126,5%
Balance sheet figures			
Fixed assets	38.570	38.763	-0,5%
Inventories	15.376	11.521	33,5%
Cash and cash equivalents	12.164	13.747	-11,5%
Other current assets / prepaid expenses / other assets	10.877	9.032	20,4%
Subscribed capital	6.600	6.600	0,0%
Other equity	32.263	25.765	25,2%
Equity total	38.863	32.365	20,1%
<i>Capital ratio</i>	<i>50,5%</i>	<i>44,3%</i>	<i>14,0%</i>
Provisions	5.008	6.210	-19,4%
Liabilities / Deferred income	33.118	34.488	-4,0%
Thereof liabilities to banks	19.826	22.372	-11,4%
Balance sheet total	76.988	73.063	5,4%
Net debt	7.662	8.625	-11,2%
Employees			
Germany	315	300	5,0%
Romania	753	802	-6,1%
Poland	205	221	-7,2%
Employees total	1.273	1.323	-3,8%



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In autumn 2005, an artistic photographic documentation concerning the affiliates of the MBB Industries AG was begun. The Berlin artist, Andreas Rose deals with the aesthetics of the banal, the everyday and objects or situations, which appear insignificant for the viewer. He portrays these in the form of individual photos or a context, which at first appears to be meaningless. Here you can see one of this pieces of photographic art as a triptych, which was made at Cildro in Romania.

Dear Shareholders,

once more MBB Industries AG showed an outstanding performance which is illustrated by the figures of first half of financial year 2007 (from 01 January to 30 June). Sales increased by 81.1 %, reaching 41.7 million €, and the group's net income surplus grew by 126.5 %, reaching 3.9 million €, in comparison to the same period of the previous year. Earnings per share in the first half of the year already reach 59 cents per share, as much as for the full financial year 2006. This excellent development is reflected in its entirety in our business model:

Our invariably profitable holdings, all of which are medium-sized businesses in traditional niche markets, grew considerably in terms of sales and earnings in the first half of the year. On one hand this was possible due to the positive economic trend and on the other by means of a steady increase in efficiency and the simultaneous buildup of capacity. The result of the first half of this year is even more pleasing, considering the standstill of the Romanian plywood plant as a result of the damage at the beginning of the year.

The organic growth is supplemented by the effects of the acquisition of the Huchtemeier Group in June 2006. In close co-operation with the company's management we sustainably optimized the enterprise after the takeover in such a way that Huchtemeier Papier and Hanke Tissue have been on a profitable course of growth since the beginning of the year.

Finally, the sale of Huchtemeier Recycling to Karl Tönsmeier Entsorgungswirtschaft contributed to the profit of the first half of the year. This enterprise was sold within the scope of a structured process in May, as we considered its potential for value increase lower if remaining within the MBB Group than if divested from it.

Sales and Earnings

During the first half of the year (from 01 January to 30 June) turnover increased by 81.1 %, reaching 41,651 thousand € (previous year 23,001 thousand €), and the operational performance expanded by 72.4 %, reaching 46,428 thousand €, in comparison to the same period of the previous year (26,933 thousand €). The basis of consolidation changed in comparison to the period of the previous year due to the sale of Huchtemeier Recycling in May 2007. The level of profit grew disproportionately: EBITDA

increased from 3,654 thousand € in the previous year by 94.8 %, reaching 7,117 thousand €. In comparison to the previous year, we achieved a slightly increased EBITDA margin of 17.1 % (previous year 15.9 %). Apart from the organic reasons, this was positively influenced by the yield from the sale of Huchtemeier Recycling and negatively affected by the currently lower margins of the new holdings. However, the achieved EBITDA level reflects the high operative earning capacity of our portfolio.

Both EBIT and net income more than doubled compared to the same period of the previous year. EBIT grew from 2,317 thousand € to 5,110 thousand € at a rate of 120.5 %. Semi-annual net income is up 126.5 % from 1,728 thousand € to 3,914 thousand €. In regard to the number of shares of 6,600,000 bearer shares and considering the profits attributed to minorities this leads to earnings per share (eps) of 0.59 €.

Other operative income does contain non-recurring effects: 1,281 thousand € result from the sale of Huchtemeier Recycling, 550 thousand € result from received insurance compensation covering the damage of the Romanian plywood plant, and 501 thousand € result from the obligatory dissolution of a special reserve item with an equity portion formed in the previous year.

In the first half of the year 2007 the group achieved a capital ratio according to HGB (German Commercial Code) of more than 50 % for the first time. In spite of the considerable growth within the group and a 33.5 % increase in inventory value, the liabilities to banks were significantly reduced. The overall net financial liabilities (net debt) dropped by 11.2 % to 7.7 million €. The liquid assets amounted to 12.2 million € on the key date.

Development of the holdings

Delignit Aktiengesellschaft with its essential affiliates Blomberger Holzindustrie, Delignit Romania and Cildro looks back on an excellent first half of 2007. The operating performance of this subgroup increased by 27.4 % since last year, reaching 23.4 million €. EBITDA increased by 60.3 %, reaching 3.6 million €. The development of the business activity was so dynamic that we decided to prepare an initial public offer of our wood activities combined under the roof of Delignit Aktiengesellschaft. The total revenue from an increase in capital within the initial public offer will allow Delignit, which is producing at the limit of its capacity, to again increase its growth, independent of MBB. Nevertheless, the

majority of Delignit's shares will remain with MBB, so that we still expect extensive accretion from this entity.

After achieving an over 40 % growth in turnover last year, OBO accomplished to maintain the previous years level of 4.1 million €. The first half year was characterized by the first start-up of supplementary and modernizing investments. These will empower OBO to carry on growing in regards to profit and turnover.

Huchtemeier Papier achieved a turnover of 5.6 million € in the first half year, thus slightly exceeding the expected level. Decisions taken after the takeover last year are showing positive effects on the development of the company and its profit situation.

At Hanke Tissue essential optimization measures were implemented faster than expected which enabled the company to surpass our expectations in its first year both in turnover (9.8 million €) and results. This performance improvement was achieved despite considerable increases in raw material prices which demonstrates the effectiveness of our optimization measures. We thus continue to expect a positive development and now see a strategic focus on strengthening Hanke Tissue through acquisitions, too.

Employees

The workforce of the MBB Industries Group was reduced from 1,323 to 1,273 compared to the previous year key date. Of the current staff, 315 are employed in Germany, 753 in Romania and 205 in Poland.

The changes mainly resulted from planned staff reduction in the Romanian companies as a result of continuing productivity progress. Furthermore, the number of Hanke Tissue employees in Poland was reduced by 7.2 % in the course of the optimization measures. In contrast, the number of employees in Germany was increased by 5.0 %, reaching 315 as a result of high capacity utilization.

We believe that the development and challenging of our employees essentially adds to the success of MBB. Attractive and secure work places are required to win qualified and motivated new employees in an increasingly tighter labour market. We very much regret that employees were affected by the damage at Delignit Romania. Even if this is not the result of failures by companies or

employees of the MBB Group, we have intensified our efforts for attractive and secure work places.

Outlook

MBB will also continue its extraordinary course of growth in the second half of 2007 and in the financial year 2008. Essential foundations for this have already been created today.

For the operative business of the MBB Industries Group, a continuation of the positive development in the second half of 2007 is beginning to show. With an already high backlog, the level of incoming orders remains slightly above the turnover level. As we continually invest in expansion and optimization measures and currently have not identified any crucial bottlenecks from suppliers, we envisage growing turnover despite production approaching full capacity. The utilization level and the price development for our products also add to increasing margins.

In August, we reached another milestone in the development of MBB with the acquisition of the Reimelt-Henschel Group. The 13 individual companies produce and install components and systems for bulk and liquid raw material handling in the food and chemical industry. The profitable group achieves a consolidated turnover of more than 80 million € with 569 employees. In the U.S.A., Brazil, Canada, England, and France as well as in Korea, Hong Kong and China, Reimelt-Henschel runs its own sales and service operations. Reimelt is a market leader in the food industry with some of its process technologies. The international setup and the increasing demand for plant construction are excellent foundations for a sustainable increase in value, whose base we create in the next few months through optimization measures.

Furthermore, we are planning the initial public offer of Delignit. If the initial public offer takes place according to our plan, it will have various positive effects for MBB. First of all, the value of our careful selection and consequent development of small-scale niche players will become visible. It is clear why we do not see our success in “as many as possible” but rather in “a few excellent” investments. The increase in capital will further promote the brilliant development of Delignit and allow MBB to profit as the majority shareholder. Furthermore, the planned reallocation of our stock of shares may already lead to very positive effects in cash flow and results for MBB today.

As announced, we have also contracted a credit line of 10 million € for future acquisition financing at the beginning of the second half of the year. Even after the takeover of the Reimelt-Henschel Group, current liquidity, cash flow and credit lines offer us acquisition funds of more than 10 million €, which may even increase via Delignit's initial public offer.

We have recently checked our business activity critically on the consequences of the development on the international capital markets. We cannot identify any possibly negative economic influences on our operational business activities so far. However, we cannot entirely rule them out. Our reporting and risk system is able to give very early hints of possible influence; our management is prepared to react very quickly. The current development offers advantages for MBB regarding the acquisition of new holding companies, as we expect a significant drop in purchase prices and along decreasing competition. These developments could thus promote our growth by acquisitions.

MBB will achieve a total turnover of more than 100 million € in 2007 and display earnings per share with a significant increase in comparison to the previous year. The annualized MBB turnover of over 160 million €, Reimelt-Henschel's potential for value increase and the potential for further acquisitions will allow MBB to continue to grow profitably and substantially not only this but also the following financial year. As managers and shareholders, we look forward to this development and believe that the stock performance of MBB shares will follow the company's development.

Yours sincerely,

Dr. Christof Nesemeier

Gert-Maria Freimuth

Group income statement

First half of 2007 (1 January 2007 to 30 June 2007)

in T€	01.01.2007 - 30.06.2007	01.01.2006 - 30.06.2006
Sales revenues	41.651	23.001
Increase in work in process and finished goods	520	1.190
Other capitalized internal activity	15	17
Other operating income	4.243	2.725
Operational performance	46.428	26.933
Material expenses	20.299	9.568
Expenses for raw materials, supplies and purchased goods	19.176	9.094
Expenses for services received	1.123	474
Personnel expenses	9.915	6.510
Salaries and wages	7.965	5.053
Social security and expenses for post retirement and other benefits	1.950	1.457
Depreciation and Amortization	2.007	1.337
Other operating expenses	9.097	7.101
Income from investments	24	117
Other interests and similar income	158	93
Interest and similar expenses	854	755
Net income of ordinary activities	4.438	1.872
Income taxes	-184	80
Other taxes	141	100
Net income	4.481	1.692
Net income brought forward	5.552	1.749
Dividend payments	660	0
Minority interests	567	-36
Accumulated profits of the group	8.806	3.477

Group balance sheet at 30 June 2007

Assets

in T€	30.06.2007	30.06.2006
A. Costs for start-up and business expansion	41	124
B. Fixed assets		
I. Intangible assets		
1. Patents, licences, trademarks and similar rights	10	146
2. Goodwill	6.788	5.025
	6.798	5.171
II. Tangible assets		
1. Land and buildings	16.734	17.692
2. Machinery and technical equipment	13.090	11.401
3. Operating and office equipment	1.061	1.362
4. Advance payments and construction in progress	492	2.357
	31.378	32.812
III. Financial assets		
1. Equity investments	65	770
2. Securities	329	10
	394	780
C. Current assets		
I. Inventories		
1. Raw materials and supplies	4.473	4.149
2. Work in process	3.865	2.992
3. Finished goods	6.774	4.186
4. Advance payments	264	194
	15.376	11.521
II. Receivables and other assets		
1. Trade receivables	6.456	6.848
2. Other assets	3.492	2.060
	9.948	8.908
III. Other securities	6.114	7.023
IV. Cash and cash equivalents	6.050	6.724
D. Prepaid expenses	888	0
Total	76.988	73.063

Group balance sheet at 30 June 2007

Liabilities

in T€	30.06.2007	30.06.2006
A. Equity		
I. Subscribed capital	6.600	6.600
II. Additional paid-in capital	15.992	15.992
III. Profit reserve	61	0
IV. Currency translation adjustment	1.261	85
V. Negative Goodwill	3.736	5.010
VI. Accumulated profits	8.806	3.477
VII. Minority interests	1.805	1.201
	38.261	32.365
B. Special reserve item *	1.003	0
C. Provisions		
1. Provisions for pensions	2.051	1.961
2. Tax provisions (thereof: Deferred taxes: 1.286)	1.436	2.332
3. Other provisions	1.521	1.917
	5.008	6.210
C. Liabilities		
1. Liabilities to banks	19.826	22.372
2. Customer deposits	183	210
3. Trade payables	9.899	9.125
4. Other liabilities	2.809	2.752
	32.716	34.459
D. Deferred Income	0	29
Total	76.988	73.063

* The special reserve item is seen in 60 % equity and 40 % liabilities.



Financial Calendar

April 30, 2008	Annual Report 2007
June 2008	Annual Meeting
September 1, 2008	Half-Year Report 2008

Contact

MBB Industries AG
Janine Reich
Joachimstaler Straße 34
10719 Berlin
Germany
Tel: +49-30-84415-330
Fax: +49-30-84415-333
Mail: request@mbbindustries.com
Web: www.mbbindustries.com

Imprint

© MBB Industries AG 2007
Editor: MBB Industries AG
Joachimstaler Straße 34
10719 Berlin
Germany
Design: Silke Rieks / MBB Industries AG
Pictures: Andreas Rose