MBB Industries

Quarterly Financial Report
September 30, 2010

MBB Industries AG . Berlin

MBB Industries

Quarterly Financial Report

September 30, 2010

MBB Industries AG

MBB Industries in Numbers[1]

Nine Months (January 1-September 30) (unaudited)	2009 IFRS	2010 IFRS	Δ 2009 / 2010
Performance (figures)	**€k**	**€k**	**%**
Sales revenue	**60,153**	**86,638**	***44.0***
Total output	59,292	86,850	*46.5*
Operating output	63,713	88,849	*39.5*
Material expenses	-41,022	-63,128	*53.9*
Personnel expenses	-11,900	-15,567	*30.9*
EBITDA	6,207	-5,060	*-181.5*
EBITDA-Margin	*10.5 %*	*-5.8 %*	*-155.2*
EBIT	4,534	-7,590	*-267.4*
EBIT-Margin	*7.6 %*	*-8.7 %*	*-214.5*
EBT	3,862	-8,127	*-310.4*
EBT-Margin	*6.5 %*	*-9.4 %*	*-244.6*
Result from continued operations + Result from discontinued operations	**3,162** -154	**-7,893** -458	**-349.6** -197.4
Consolidated net profit after minorities	**3,008**	**-8,351**	**-377.6**
Numbers of shares	6,600,000	6,600,000	*0.0*
eps in €	0.46	-1.27	-377.6

Balance sheet figures	Dec. 31, 2009 €k	Sep. 30, 2010 €k	%
Non-current assets	41,647	34,739	*-16.6*
Current assets	60,292	59,284	*-1.7*
Thereof cash and cash equivalents [2]	35,314	30,743	*-12.9*
Subscribed capital	6,600	6,600	*0.0*
Other equity	48,986	38,705	*-21.0*
Total equity	55,586	45,305	*-18.5*
Capital ratio	*54.5 %*	*48.2 %*	*-11.6*
Non-current liabilities and provisions	21,899	23,751	*8.5*
Current liabilities and provisions	24,454	24,967	*2.1*
Balance sheet total	**101,939**	**94,023**	***-7.8***
Net cash (+) / net debt (-) [2]	10,725	10,290	*-4.1*

Employees (Key Date)	Dec. 31, 2009	Sep. 30, 2010	%
Technical Applications	751	183	*-75.6*
Industrial Production	270	367	*35.9*
Trading & Services	101	106	*5.0*
Total	**1,122**	**656**	***-41.5***

[1] Comparative figures of 2009 entail - same as those of 2010 - only the figures of the continued operations. The result from discontinued operations for 2009 is presented in detail in the explanatory notes.

[2] This figure includes the physical stocks of gold, which is presented in balance sheet under the position other assets.

Message from the Managing Board

Dear Shareholders,

with the onset of the financial crisis, Delignit AG experienced a considerable decline in its sales, generating a negative result over an extended period. We made reference to this situation and the attendant risk of a reduction in the company's portfolio value on several occasions in our reports and also announced the need to implement a sustained restructuring process. Delignit AG has meanwhile disposed of the majority of its Romanian holdings, thereby abandoning its high-competition and low-profit business areas. The immediate consequence of this is that the consolidated result of MBB Industries AG is now burdened by an (accounting) loss of €9.4m. This is due to the fact that by releasing the majority of the Romanian holdings to the local management, it was not possible to attain a sale price, and accordingly, we will only retain the minority stake remaining with Delignit with a notional value in our accounts.

To strengthen this forward-looking orientation, Delignit AG will implement an increase in capital, to which we will be contributing up to €1.5m. In addition to releasing debts, this will also create a renewed solid financial base on which Delignit can operate. The subscription period for the shares being issued with respect to this capital increase continues until November 26, 2010.

What are the benefits of this measure to you as a shareholder of MBB Industries AG?

Delignit will henceforth be a company that concentrates its activities on a single production site; it has adapted its production capacity to prevailing demand and will from now on be focusing on the profitable business areas of Automotive and Technological Applications. Once the sale is complete and the capital injection has been implemented, Delignit will have reduced its net financial liabilities from €12m to €5m, allowing it not only to reduce its depreciations and amortisations but also to significantly improve its financial result. Moreover, we are now able to discern a revival in Delignit's markets, with the result that for the first time in two years, we can expect a positive net quarterly result for the fourth quarter of this year. To this extent, we can already see an immediate effect – the price of which was, however, the heavy accounting loss – in the form of a considerable increase in our consolidated income level coupled with the likely future increase in value of our then more than six million Delignit shares. At the same time, we remain firmly convinced – as we have always emphasised – that the environmentally friendly materials developed and produced by Delignit have their best times ahead of them.

The remaining MBB holdings are developing according to plan and are increasingly able to pass on the heavy increases in raw material prices – that continue to affect us in the third quarter – to their customers. From an operational perspective - disregarding the mentioned accounting loss - MBB generated a net profit of €1.6m in continued operations, or 24 cents per share, and a cash flow from operating activities of €3.9m for the first nine months of 2010. Since order volumes have developed extremely favourably after the summer period, we see an overall good fourth quarter ahead of us, and if the economy continues to develop as it is at present, a good start in 2011.

Our company continues to hold almost €30m in liquid funds to allow growth through acquisition and maintains virtually unchanged net financial assets of €10.3m in the group, despite a dividend payout of €3.3m.

Good substance, risk diversification within the portfolio, a consistently positive cash flow and not least our presence in the market for medium-sized businesses available for sale remain as ever the sturdy cornerstones of our company's solid growth course. With the onset of a more positive market dynamic, we see growth opportunities both in the portfolio and through acquisition. Despite the long period of economic weakness, our company has succeeded in strengthening both its substance and its future orientation – now is the time to attack.

Yours sincerely,

Dr. Christof Nesemeier
Chief Executive Officer

Gert-Maria Freimuth
Chief Investment Officer

Berlin, November 22, 2010

Interim Group Management Report

MBB Industries AG is a medium-sized investment company, which, together with the companies in its portfolio, forms the MBB Group.

General and Business Conditions

The worldwide financial crisis has made itself clearly felt among our holdings, albeit to varying degrees. Reports concerning the ongoing economic situation continue to be positive, however, and the improvements that have been discernable for quite a while now are also increasingly evident in our portfolio companies, although this varies according to the sector. Until now, the prevailing circumstances had led us to assume that the development of our current company portfolio would be slower than in previous years, but we now believe that what we are observing is a normalisation of the general situation. As has been the case for quite a while, the number of companies being offered to us is at a relatively high level, but it is also true that the number of those companies that have survived the crisis relatively unscathed and that are able to render positive forecasts for the future is comparatively low. Our strong equity capital resources and cash position plus our numerous successful references speak in favour of our strategy and we maintain our confidence that we will continue to grow through acquisition.

Earnings, Assets, and Financial Situation

The first nine months of the 2010 financial year were once again dissimilar, resulting from the gradual calming of the financial crisis.

A major factor affecting the earnings, assets and financial situation was the sale of the majority of the Delignit holdings in Romania. Because no sale price was attained for these stakes, this led to a total deconsolidation loss of €9.4m for the MBB Group; this could only be compensated to a limited extent by operating profits generated by our other holdings. As a consequence of this measure, Delignit promises to undergo sustained repositioning accompanied by a return to profitability, as will be demonstrated by future trends.

This said, the financial and asset situation is nevertheless positive, thanks to the solid base inherited from the previous financial year 2009. As required by IFRS 5, both the profit and loss account and the statements that follow it take into account the sale of Reimelt Henschel and the detachment of the Delignit companies in Romania, with the effect that the previous year's figures no longer contain the "discontinued operations", (companies that do no longer belong to the Group as of September 30, 2010) which allows better comparability with the "continued operations". It should, however, be pointed out in this context that CT Formpolster GmbH is included in the figures for 2010, although it has only been a member of the MBB Group since January 1, 2010; the same applies – albeit to a smaller extent due to the size of the company – to the figures for ICSmedia GmbH, which has belonged to the DTS Group since August.

The MBB Group's consolidated turnover for the first nine months of the year rose by 44.0% to €86.6m compared to the corresponding previous year's figure of €60.2m; similarly, the operating output rose to €88.8m in the reporting period, compared with an operating output figure of €63.7m for the same period of 2009.

Other Operating Earnings of €1.2m are lower than those for the previous year (€1.4m) and comprise not only exchange rate profits, offset revenues from non-monetary compensation and yields from securities, but also income stemming from the dissolution of provisions.

The material expenses ratio – with respect to the total operating output of 2010 of €86.9m (previous year: €59.3m) for the first nine months, this being the sum of sales revenues and changes in inventory – has increased slightly compared to the equivalent nine-month period of the previous year, amounting to 72.7% (following 69.2% in the previous year).

The loss accruing from the deconsolidation of the Romanian Delignit companies amounts to €9.4m, primarily attributable to the fact that no sale price could be attained for the sale of the majority of these companies, and the value of the remaining (minority) shares was written down to a notional value.

The EBITDA (earnings before interest, tax, depreciation and amortisation) attained a level of minus €5.1m (plus €6.2m in the previous year). After depreciations and amortisations of €2.5m, the resulting EBIT (earnings before interest and tax) for the MBB Group in the nine month period was minus €7.6m (plus €4.5m in the previous year). Taking into account a financial result of minus €0.5m, the EBT (earnings before tax) was minus €8.1m (plus €3.9m in the previous year). Taking into account a tax income of €0.5m, caused essentially by the recognition of tax loss carryforwards, the result for the period is minus €7.6m. Taking into account the earnings share from minority interests, the result for continued operations is minus €7.9m; in contrast, the equivalent previous year's figure represented a profit of €3.2m. Taking into account the result of discontinued operations, the reported group net loss amounts to minus €8.4m, or minus €1.27 per share. From an operational perspective - disregarding the mentioned accounting loss - the MBB generated a net profit for the continued operations of €1.6m, or 24 cents per share, and a cash flow from operating activities of €3.9m for the first nine months of 2010.

The consolidated interim financial statements of September 30, 2010 show an equity capital of €45.3m (€55.6m on December 31, 2009). Oriented to the consolidated balance sheet total of €94.0m, the MBB Group has a capital ratio of 48.2%, which, despite of the lower balance sheet total, is well below the ratio of 54.5% on December 1, 2009. The decrease in the balance sheet total is largely due to the sale of the majority of the Romanian Delignit companies.

On September 30, 2010, the MBB Group shows liabilities to banks of €20.5m (€24.6m on December 31, 2009) and cash and cash equivalents, short-term securities and physical stocks of gold of €30.7m (€35.3m on December 31, 2009). This puts the MBB Group's balance from the above liabilities and cash positions (net debt / net cash) at €10.3m net cash, which represents a slight decrease against December 31, 2009 when a net cash level of €10.7m respectively €10.4m was reported (June 30, 2010: €10.4m). Compared to the reporting date for the first half-year, the development of this item was largely due both to the payment of a dividend of 50 cents per share or €3.3m and to the disposal of the financial liabilities from the disposed Romanian companies belonging to the Delignit AG.

Development of the Segment

The following business segments will be considered:

- Technical Applications
- Industrial Production
- Trading & Services

In comparison with the previous year, the Technical Applications segment saw an increase in revenues for the first nine months. Turnover for the Technical Applications segment – essentially the Delignit group, this being the sole holding in this segment – was €19.7m for the first nine months (€17.2m in the previous year), the EBIT of minus €10.5m includes largely the loss incurred from the sale of the Romanian companies.

The Industrial Production segment shows a marked increase in revenues. Turnover for the Industrial Production segment for the period January 1 to September 30, 2010 was €39.5m, compared with €19.3m in the equivalent period of 2009. As stated in the previous quarterly reports, this increase is largely due to the acquisition of CT Formpolster GmbH on January 1, 2010, which has then been added to the Industrial Production segment. The EBIT of €2.4m also represents a marked increase compared to the equivalent period of the previous year (€1.9m), although it should be noted that CT Formpolster GmbH did not make a contribution to that.

In the Trading & Services segment, revenues increased to €28.9m (compared with €25.6m in the equivalent period of the previous year). The EBIT of this segment is €0.2m, which undercuts the previous year's level of €0.9m. Since the beginning of August, this segment also incorporates ICSmedia GmbH, Münster, a wholly owned subsidiary of DTS Beteiligungen GmbH & Co. KG.

Employees

The number of employees in the MBB Group has declined considerably to 656 compared with the figure of 1,129 as of September 30, 2009. Once again, this is primarily due to the sale of the majority of the Delignit holdings in Romania. This was countered to some extent by the acquisition of CT Formpolster GmbH on January 1, 2010, and ICSmedia GmbH in August 2010.

Chances and Risks Report

The chances and risks involved in the business development of the MBB Group are described in the Combined Management Report for 2009. This and the interim reports of March 31 and June 30, 2010 has already been mentioned of the special risk constituted by Delignit AG's negative performance. The risk described therein indeed manifested itself, as can be seen from the heavy burden on the consolidated result in the reporting period.

Over and above this, no essential changes have occurred with respect to the described chances and risks since December 31, 2009. The risk management system of MBB Industries AG allows the early recognition of these risks and the immediate adoption of measures.

Supplementary Report

Delignit AG will undertake a capital increase amounting to 1,986,400 shares, representing approximately €2.2m at the set subscription price of €1.10. The subscription period is November 12 to 26, 2010. There will be no trading of subscription rights. Any shares not taken up after the subscription deadline will be offered to institutional investors by way of private placement. MBB Industries AG will contribute up to €1.5m to the capital increase.

Over and above this, no events of significance have taken place since the end of the reporting period.

Forecast Report

The MBB Industries management continues to forecast annual sales of €120m for 2010, whereby it is not of the opinion that the accounting loss incurred in the third quarter will be balanced by the operating profits from the year as a whole; as a result, the overall result for the year 2010 will be markedly negative.

Berlin, November 22, 2010

The Managing Board

IFRS Consolidated Interim Financial Report

Comparative figures from 2009 comprise - same as those of 2010 - only the figures for continued operations. The result from discontinued operations for 2009 is presented in detail in the explanatory notes.

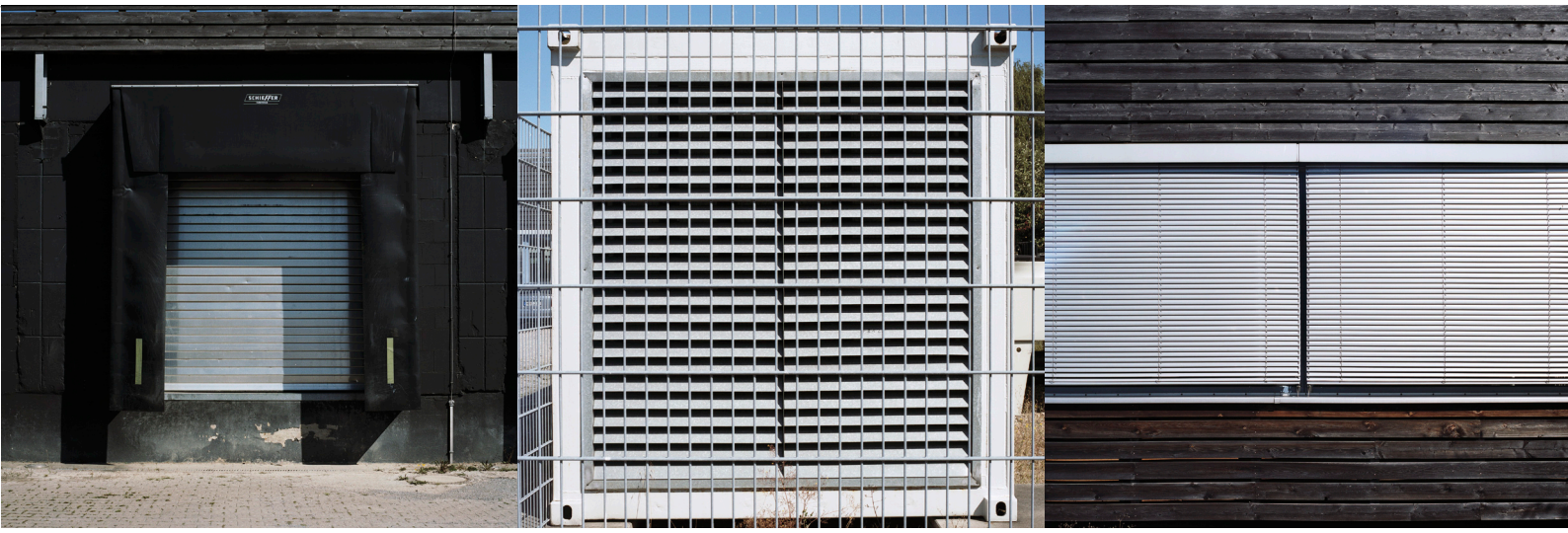
Nine Months

Consolidated Income Statement (IFRS) (unaudited)	Jan.1-Sep.30, 2010 €k	Jan.1-Sep.30, 2009 €k
Revenue	**86,638**	**60,153**
Reversal of credit difference from acquisition accounting	828	0
Income from removal from consolidated group	0	2,986
Other operating income	1,171	1,435
Increase (+) / Decrease (-) in work in process and finished goods	212	-861
Operating output	**88,849**	**63,713**
Cost of raw materials, consumables and supplies	-52,588	-33,141
Cost of purchased services	-10,540	-7,881
Cost of materials	**-63,128**	**-41,022**
Wages and salaries	-12,586	-9,569
Social security, pensions and other benefit costs	-2,990	-2,331
Personnel expenses	**-15,576**	**-11,900**
Other operating expenses	-5,757	-4,584
Deconsolidation loss	-9,448	0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**-5,060**	**6,207**
Amortisation, depreciation and write-downs	-2,530	-1,673
Share of profit or loss of associates	0	0
Earnings before interest and taxes (EBIT)	**-7,590**	**4,534**
Other interest and similar income	381	213
Interest and similar expenses	-918	-885
Financial result	**-537**	**-672**
Earnings before taxes (EBT)	**-8,127**	**3,862**
Income taxes	557	-451
Other taxes	-72	-67
Earnings for the period	**-7,642**	**3,344**
Minority interests	-251	-182
Result from continued operations	**-7,893**	**3,162**
Earnings per share from continued operations (€)	-1.20	0.48
Result from discontinued operations	-458	-154
Consolidated profit (after minority shares)	**-8,351**	**3,008**
Earnings per share (€)	-1.27	0.46

Condensed Statement of Comprehensive Income (unaudited)	Jan.1-Sep.30, 2010 €k	Jan.1-Sep.30, 2009 €k
Consolidated profit (+) / loss (-)	**-8,351**	**3,008**
Differences from currency translation	2,523	334
Changes in consolidated companies	-1,348	0
Net value gain (+) / loss (-) on available for sale financial assets	195	0
Total comprehensive income	**-6,981**	**3,342**
Thereof attributable to the shareholders of MBB	-5,598	2,878
Thereof attributable to minority interests	-1,383	464

Quarter

Consolidated Income Statement (IFRS) (unaudited)	Jul.1-Sep.30,2010 €k	Jul.1-Sep.30, 2009 €k
Revenue	**29,327**	**20,589**
Other operating income	500	2,254
Increase (+) / Decrease (-) in work in process and finished goods	-23	10
Operating output	**29,804**	**22,853**
Cost of raw materials, consumables and supplies	-21,416	-11,150
Cost of purchased services	-203	-2,814
Cost of materials	**-21,619**	**-13,964**
Wages and salaries	-4,205	-3,236
Social security, pensions and other benefit costs	-883	-767
Personnel expenses	**-5,088**	**-4,003**
Other operating expenses	-1,930	-2,601
Deconsolidation loss	-9,448	0
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**-8,281**	**2,285**
Amortisation, depreciation and write-downs	-831	-536
Share of profit or loss of associates	0	0
Earnings before interest and taxes (EBIT)	**-9,112**	**1,749**
Other interest and similar income	87	58
Interest and similar expenses	-324	-253
Financial result	**-237**	**-195**
Earnings before taxes (EBT)	**-9,349**	**1,554**
Income taxes	86	-433
Other taxes	-26	-20
Earnings for the period	**-9,289**	**1,101**
Minority interests	-83	-87
Result from continued operations	**-9,372**	**1,014**
Earnings per share from continued operations (€)	-1.42	0.15
Result from discontinued operations	-128	-323
Consolidated profit (after minority shares)	**-9,500**	**691**
Earnings per share (€)	-1.44	0.10



In the summer of 2005, a photographic project was initiated, entitled ‘An artistic documentation and interpretation of the work done by MBB’. The project is expanded as new holdings are added to the portfolio. All images shown originate from this project.

Balance Sheet Assets (IFRS)	Sep. 30, 2010 (unaudited) €k	Dec. 31, 2009 (audited) €k
Non-current assets		
Franchises, industrial rights and similar rights and assets	1,431	1,616
Goodwill	1,816	1,960
Intangible assets	**3,247**	**3,576**
Land and buildings including buildings on third-party land	15,099	19,513
Technical equipment and machines	10,792	12,631
Other equipment, furniture and fixtures	2,412	2,292
Payments on account and assets under construction	988	1,846
Property, plant and equipment	**29,291**	**36,282**
Investments in associates	45	45
Other loans	385	390
Financial assets	**430**	**435**
Deferred taxes	**1,771**	**1,354**
	34,739	**41,647**
Current assets		
Raw materials, consumables and supplies	4,065	4,076
Work in progress	3,033	3,170
Finished goods	5,870	6,348
Payments on account	106	13
Inventories	**13,074**	**13,607**
Trade receivables	9,996	6,466
Other assets	7,158	5,880
Trade receivables and other assets	**17,154**	**12,346**
Securities	**12,262**	**6,877**
Cash	16	9
Bank balances	16,778	27,453
Cash on hand, bank balances	**16,794**	**27,462**
	59,284	**60,292**
Total assets	**94,023**	**101,939**

Balance Sheet Equity and liabilities (IFRS)	Sep. 30, 2010 (unaudited) €k	Dec. 31, 2009 (audited) €k
Equity		
Subscribed capital	6,600	6,600
Capital reserve	15,251	15,251
Legal reserve	61	61
Retained Earnings	21,120	30,018
Minority interests	2,273	3,656
	45,305	**55,586**
Non-current liabilities and provisions		
Liabilities to banks	14,679	16,137
Other liabilities	685	715
Liabilities	**15,364**	**16,852**
Pension provisions	**5,213**	**2,017**
Deferred tax liabilities	**3,174**	**3,030**
	23,751	**21,899**
Current liabilities and provisions		
Liabilities to banks	5,774	8,452
Payments on account received	25	105
Trade payables	10,027	8,889
Other liabilities	4,694	3,500
Accruals	1,762	1,326
Liabilities	**22,282**	**22,272**
Tax provisions	48	242
Other provision	2,637	1,940
Provisions	**2,685**	**2,182**
	24,967	**24,454**
Total equity and liabilities	**94,023**	**101,939**

Consolidated Cash Flow Statement (Jan. 1 - Sep. 30) (unaudited)	2010 €k	2009 €k
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	**-7,590**	**4,921**
Adjustments for non-cash transactions:		
Depreciation and amortisation of non-current assets	2,530	3,430
Income from removal from consolidated group	9,448	-2,986
Increase (+) / Decrease (-) of provisions	-249	1,299
Other non-cash expenses and income	-612	97
Subtotal	**11,117**	**1,840**
Changes in working capital:		
Increase (-) / decrease (+) in inventories, trade receivables and other assets	-2,554	-5,721
Increase (+) / decrease (-) in trade payables and other liabilities	2,706	515
Subtotal	**152**	**-5,206**
Income tax paid	-195	-1,427
Interest received	381	369
Cash flow from operating activities	**3,865**	**497**
2. Cash flow from investing activities		
Cash received from disposals of property, plant and equipment	0	201
Cash inflow (+) / Cash outflow (-) from investments in intangible assets	-3	253
Cash inflow (+) / Cash outflow (-) from investments in tangible assets	-2,532	-2,824
Cash inflow (+) / Cash outflow (-) from investments in financial assets	5	-1,913
Cash inflow (+) / Cash outflow (-) from available-for-sale investments	-5,902	0
Acquisition (-) / Sale (+) of consolidated entities	-885	16,375
Cash flow from investing activities	**-9,317**	**12,092**

Consolidated Cash Flow Statement (Jan. 1 - Sep. 30) (unaudited)	2010 €k	2009 €k
3. Cash flow from financing activities		
Cash received from borrowings	814	4,630
Repayment of borrowings	-1,458	-5,444
Profit distributions to shareholders	-3,300	-1,650
Interest paid	-1,154	-1,526
Cash flow from financing activities	**-5,098**	**-3,990**
Cash and cash equivalents at the end of the period		
Change in cash and cash equivalents (subtotal of 1 to 3)	-10,550	8,599
Effects of exchange rate changes	11	334
Changes in consolidated companies	-129	0
Cash and cash equivalents at the beginning of the period	27,462	22,518
Cash and cash equivalents at the end of the period	**16,794**	**31,451**

Reconciliation to liquid funds as of Sep. 30 (unaudited)	2010 €k	2009 €k
Cash and cash equivalents at the end of the period	**16,794**	**31,451**
Gold	1,687	0
Securities	12,262	4,647
Liquid funds as of Sep. 30	**30,743**	**36,098**

Consolidated Statement of Changes in Equity (unaudited)

	Subscribed capital €k	Legal reserve €k	Capital reserve €k
January 1, 2009	**6,600**	**61**	**15,251**
Dividend paid	0	0	0
Subtotal	**6,600**	**61**	**15,251**
Amounts directly recognised in equity	0	0	0
Currency translation differences	0	0	0
Consolidated profit for the year	0	0	0
Total comprehensive income	**0**	**0**	**0**
December 31, 2009	**6,600**	**61**	**15,251**
Dividends paid	0	0	0
Subtotal	**6,600**	**61**	**15,251**
Amounts directly recognised in equity	0	0	0
Changes in consolidated companies	0	0	0
Currency translation differences	0	0	0
Consolidated profit	0	0	0
Total comprehensive income	**0**	**0**	**0**
September 30, 2010	**6,600**	**61**	**15,251**

	Retained earnings					
	Currency translation differences €k	Available-for-sale financial assets €k	Earned consolidated equity €k	Attributable to shareholders of MBB AG €k	Minority interests €k	Consolidated equity €k
	-1,602	**0**	**30,578**	**50,888**	**3,377**	**54,265**
	0	0	-1,650	-1,650	0	-1,650
	-1,602	**0**	**28,928**	**49,238**	**3,377**	**52,615**
	0	-56	0	-56	0	-56
	-798	0	0	-798	173	-625
	0	0	3,546	3,546	106	3,652
	-798	**-56**	**3,546**	**2,692**	**279**	**2,971**
	-2,400	**-56**	**32,474**	**51,930**	**3,656**	**55,586**
	0	0	-3,300	-3,300	0	-3,300
	-2,400	**-56**	**29,174**	**48,630**	**3,656**	**52,286**
	0	195	0	195	0	195
	2,217	0	0	2,217	-1,348	869
	306	0	0	306	0	306
	0	0	-8,316	-8,316	-35	-8,351
	2,523	**195**	**-8,316**	**-5,598**	**-1,383**	**-6,981**
	123	**139**	**20,858**	**43,032**	**2,273**	**45,305**

Consolidated Interim Financial Report
Explanatory Notes

Financial Statement

The interim financial report of the MBB Group for the period January 1, 2010 to September 30, 2010 was prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU, published by the International Accounting Standards Board (IASB), and conforms to IAS 34.

Accounting and Valuation Methods

The accounting and valuation principles correspond in general with those applied in the Group financial statements as of December 31, 2009. The financial statements are affected by accounting and valuation methods as well as assumptions and estimates which affect the level and recognition of assets, liabilities and contingent liabilities on the balance sheet and of the income and expenses items. Sales-related figures are accrued throughout the year.

IFRS 3 (revised 2008) was adopted in the current period for the first time. The standard is applicable to business combinations for which the acquisition date is on or after the beginning of the first annual period beginning on or after July 1, 2009.

Results from discontinuing operations

Following the sale of the Romanian subsidiaries of the Delignit AG, these companies are regarded as discontinued operations. The development of the discontinued operation in the third quarter as well as the half year and the previous year shows the following table. The equivalent figures from 2009 also incorporate the result from the Reimelt Henschel group, which was sold in May 2009.

Income Statement (IFRS) Discontinued operations (unaudited)	Jan.1 - June 30, 2010 €k	Jul.1 - Sep.30 2010 €k	Jan.1-Sep.30 2010 €k	Jan.1-Sep.30 2009 €k
Revenue	**1,534**	**545**	**2,079**	**36,287**
Revenue with continued operations	4,372	1,896	6,268	5,378
Other operating income	215	132	347	2,647
Income from debt consolidation	0	14	14	-31
Increase (+) / Decrease (-) in work in process and finished goods	154	13	167	2,824
Operating output	**6,275**	**2,600**	**8,875**	**47,105**
Cost of materials	**-3,867**	**-992**	**-4,859**	**-24,411**
Personnel expenses	**-1,220**	**-810**	**-2,030**	**-15,270**
Other operating expenses	-1,110	-492	-1,602	-5,280
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**78**	**306**	**384**	**2,144**
Amortization, depreciation and write-downs	-302	-435	-737	-1,757
Earnings before interest and taxes (EBIT)	**-224**	**-129**	**-353**	**387**
Other interest and similar income	0	0	0	156
Interest and similar expenses	-159	-77	-236	-641
Financial Results	-159	-77	-236	-485
Profit before tax (EBT)	**-383**	**-206**	**-589**	**-98**
Income Taxes	-85	0	-85	-374
Other taxes	0	0	0	-12
Income for the period	**-468**	**-206**	**-674**	**-484**
Minority interest	138	78	216	330
Profit from discontinued operations	**-330**	**-128**	**-458**	**-154**
Earnings per share (€)	-0.05	-0.02	-0.07	-0.02

Segment Reporting

The following business segments will be considered:

- Technical Applications

This segment comprises those holdings whose business model is based to a large extent on customer specifications, and for which company expertise and consultancy services form a considerable proportion of the service performed. The companies of the Delignit group belong to this segment. The loss occurring through deconsolidation of the Romanian companies is also assigned to this segment.

- Industrial Production

This segment includes those holdings whose primary strengths lie in the production of products which are relatively standardised. Accordingly, the Hanke and OBO holdings belong to this segment, as well CT Formpolster GmbH, which was acquired on January 1, 2010.

- Trading & Services

This segment contains those holdings in the MBB portfolio that perform specialised services for their customers without conducting any production of their own, or who conduct trading activities. The holdings in this segment are DTS and Huchtemeier; ICSmedia, which was acquired in August 2010 has also been assigned to this segment.

Jan. 1 - Sep.30 2010 (unaudited)	Technical Applications €k	Industrial Production €k	Trading & Services €k	Reconciliation €k	Group €k
Third parties	18,147	38,699	28,888	904	86,638
Other segments	1,583	824	0	-2,407	0
Total revenue	**19,730**	**39,523**	**28,888**	**-1,503**	**86,638**
Earnings (EBIT)	**-10,462**	**2,384**	**181**	**307**	**-7,590**
Amortisation and depreciation	525	1,454	511	40	2,530
Share of profit of associates	0	0	0		
Capital expenditure	253	2,059	220		
Investments in associates	0	0	45		
Segment assets	**17,139**	**33,233**	**9,475**		
Segment liabilities	**5,390**	**9,511**	**6,302**		

Jan. 1 - Sep.30 2009 (unaudited)	Technical Applications €k	Industrial Production €k	Trading & Services €k	Reconciliation €k	Group €k
Third parties	16,629	18,289	25,570	-335	60,153
Other segments	524	1,023	0	-1,547	0
Total revenue	**17,153**	**19,312**	**25,570**	**-1,882**	**60,153**
Earnings (EBIT)	**2,459**	**1,875**	**914**	**-714**	**4,534**
Amortisation and depreciation	2,200	779	418	33	3,430
Share of profit of associates	0	0	0		
Capital expenditure	111	2,890	347		
Investments in associates	0	0	36		
Segment assets	**18,569**	**20,374**	**8,829**		
Segment liabilities	**6,288**	**2,815**	**5,555**		

Changes to Contingent Liabilities

With effect from January 1, 2010 a subinvestment (in the form of so called “phantom shares”) in Hanke Tissue Sp. z o.o., Kostrzyn, Poland, has been established with respect to the general manager of the company. The subinvestor is entitled to both 3% of the profit and any proceeds from sale or liquidation. The shares were transferred from MBB (2.4%) and existing subinvestors (0.6%). This means that after a prepaid dividend of €336k, which is claimed solely by MBB, subinvestors are collectively entitled to 22.4% of the profit distribution.

Similarly, in the case of a liquidation or company sale, subinvestors collectively hold 22.4% of potential liquidation proceeds or sale earnings, whereby in the event of the company being sold, €2,650k of the proceeds from the sale accrue solely to MBB (after settlement of the aforementioned 3% share).

Business Transactions with Affiliated Companies and Persons

Business transactions between fully consolidated subsidiaries and non-fully consolidated subsidiaries are conducted in arm’s length terms.

Changes in Consolidated Subsidiaries

At the beginning of August 2010 MBB Industries AG acquired 100% of the shares in ICSmedia GmbH, Münster through its 80% subsidiary DTS Beteiligungen GmbH &Co. KG, and now incorporates the company in its consolidated financial statements. ICSmedia is a regional provider of IT system solutions and operates its own data centre. In addition to its housing, hosting and Internet providing activities, ICSmedia also offers high quality consultancy services as well as modern application outsourcing.

ICSmedia will complement the business of DTS Systeme, which is itself a supplier of IT infrastructures, and enjoys a strong regional presence in the area of Eastern Westphalia-Lippe. ICSmedia has therefore been assigned to the Trading & Services segment.

The acquisition cost of ICSmedia GmbH was €540k and was paid in cash. On the acquisition date the following assets and liabilities were acquired.

Assets and Liabilities ICSmedia GmbH	€k
Current Assets	
Cash and cash equivalents	8
Trade and other receivables	35
Non-current assets	
Intangible assets	3
Plant and equipment	700
Current liabilities	
Trade payables	111
Other payables and provisions	28
Non-current liabilities	
Deferred tax liabilities	67
Net assets	**540**

The fair values of the receivables acquired correspond to their carrying amounts. The purchase price allocation leads to the realisation of hidden reserves in plant and equipment amounting to €225k and the recognition of deferred tax liabilities amounting to €67k. Since the acquisition date, ICSmedia has contributed revenues of €612k and a profit of €58k to the consolidated profit. If the acquisition date had been at the beginning of the reporting period, ICSmedia would have contributed revenues in the amount of €1.375k and a profit of €131k to the consolidated profit.

Events Following the End of the Reporting Period

For information regarding events following the end of the reporting period we refer to the Supplementary Report section on page 9.

Audit Inspection

The condensed interim financial report as of September 30, 2010 and the interim group management report have neither been subjected to an audit in accordance with § 317 HGB nor reviewed by an auditor.

Affirmation of Legal Representatives

To the best of our knowledge, and in accordance with the applicable reporting principles for interim reporting, the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Berlin, November 22, 2010

Dr. Christof Nesemeier
Chief Executive Officer

Gert-Maria Freimuth
Chief Investment Officer

Financial Calendar

End of Fiscal Year:
December 31, 2010

Annual Report 2010:
April 15, 2011

Quarterly Financial Report Q1/2011:
May 31, 2011

General Meeting 2011:
July 7, 2011

Half-Year Financial Report 2011:
August 31, 2011

Quarterly Financial Report Q3/2011:
November 30, 2011

We would at this point like to draw your attention to our **RSS feed**. Subscribers to this feed receive company news free of charge whenever it is published, and can read it on screen. It is a quick and convenient way of keeping your information up to date. Please visit: www.mbbindustries.com/RSS.

Furthermore we would like to advise you of our **MBB Newsletter**. It contains all the latest news and information.
To subscribe please visit: www.mbbindustries.com/english_newsletter

Contact

Investor Relations

MBB Industries AG
Anne-Katrin Altmann
Joachimstaler Straße 34
D-10719 Berlin
Tel.: +49-30-844 153 30
Fax.: +49-30-844 153 33
www.mbbindustries.com
request@mbbindustries.com

Editor: MBB Industries AG
Joachimstaler Straße 34
D-10719 Berlin

Design: Anne-Katrin Altmann (Layout)
Silke Rieks, rieksdesign (Cover)

Photography: Andreas Rose