



**Quarterly Financial Report
March 31, 2011**

MBB Industries AG . Berlin

MBB Industries in figures

Three month (1 January - 31 March)	2010 IFRS Total	2010 IFRS continuing operations	2011 IFRS continuing operations	Change 2010 / 2011
Earnings figures	€ thou	€ thou	€ thou	%
Revenue	29,757	25,322	27,662	9.2
Total performance	29,823	25,239	27,746	9.9
Operating performance	31,118	26,353	28,709	8.9
Cost of materials	-20,851	-17,752	-18,363	3.4
Staff costs	-5,907	-5,099	-5,297	3.9
EBITDA	2,038	1,780	2,694	51.3
<i>EBITDA margin</i>	<i>6.8%</i>	<i>7.1%</i>	<i>9.7%</i>	<i>36.6</i>
EBIT	935	939	1,794	91.1
<i>EBIT margin</i>	<i>3.1%</i>	<i>3.7%</i>	<i>6.5%</i>	<i>75.7</i>
EBT	612	719	1,626	126.1
<i>EBT margin</i>	<i>2.1%</i>	<i>2.8%</i>	<i>5.9%</i>	<i>110.7</i>
Earnings from continuing operations	843	875	1,324	51.3
Earnings from discontinued operations	0	-32	36	-212.5
Consolidated net profit after non-controlling interests	843	843	1,360	61.3
Number of shares	6,600,000	6,600,000	6,600,000	0.0
EPS in €	0.13	0.13	0.21	61.3
Figures from the statement of financial position		31 Dec. 2010	31 Mar. 2011	
		€ thou	€ thou	%
Non-current assets		39,445	38,551	-2.3
Current assets		52,304	53,098	1.5
Of which cash and cash equivalents *		33,147	32,851	-0.9
Issued capital (share capital)		6,600	6,600	0.0
Other equity		40,833	40,664	-0.4
Total equity		47,433	47,264	-0.4
<i>Equity ratio</i>		<i>51.7%</i>	<i>51.6%</i>	<i>-0.2</i>
Non-current liabilities and provisions		22,483	22,728	1.1
Current liabilities and provisions		21,833	21,657	-0.8
Total assets		91,749	91,649	-0.1
Net financial debt (net debt (-) / net cash (+)) *		14,846	15,616	5.2
Employees		31 Dec. 2010	31 Mar. 2011	%
Technical Applications		178	177	-0.6
Industrial Production		383	391	2.1
Trade & Services		104	104	0.0
Total		665	672	1.1

* This figure includes securities and physical gold stocks.

Contents

MBB Industries in figures	1
Contents	2
Consolidated Interim Group Management Report	3
Business and economic conditions	3
Net assets, financial position and results of operations	3
Segment performance	4
Employees	4
Report on risks and opportunities	4
Supplementary report	4
Report on expected developments	4
IFRS interim consolidated financial statements	5
Notes to the interim consolidated financial statements	11
Accounting	11
Accounting policies	11
Result of discontinued operations	11
Segment reporting	12
Changes in contingent liabilities	12
Related party transactions	12
Changes in the scope of consolidation	12
Events after the end of the reporting period	13
Review	13
Responsibility statement	14
Financial Calendar	15
Contact	15
Imprint	15

Consolidated Interim Group Management Report

MBB Industries AG (hereinafter also "MBB-AG") is a medium-sized investment company that forms the MBB Industries Group (hereinafter also the "MBB Group") together with its portfolio companies.

Business and economic conditions

The business conditions at our portfolio companies improved significantly in the first quarter of the year. Our equity investments are enjoying high incoming orders and encouraging order backlogs. The upswing throughout the economy is also driving up commodities prices and reducing the margins on our products. We are therefore facing the challenge of implementing higher product prices on the market.

Net assets, financial position and results of operations

Starting from the basis of the past financial year of 2010, the net assets and financial position are developing positively. In accordance with IFRS 5, the income statement and the following information take into account the sale of Huchtemeier Papier GmbH in 2011, the increased shareholding in Hanke Tissue and the loss of the majority in the Romanian Delignit companies in 2010 such that the prior-year figures no longer include the "discontinued operations" (companies no longer in the Group as at 31 March 2011), thereby improving the comparability of the "continuing operations".

In the first three months of the financial year, the consolidated revenue of the MBB Group rose by 9.2% as against the same period of the previous year to €27.7 million (previous year: €25.3 million).

Other operating income was up year-on-year at €0.5 million (€0.3 million) and, in addition to exchange gains, offsetting income from benefits in kind and income from securities, also included income from the reversal of provisions. The income from the deconsolidation of Huchtemeier Papier is reported separately at €0.4 million.

The cost of materials ratio – compared to total operating revenue in the first three months of 2010 of €27.7 million (previous year: €25.2 million) as the total of revenue and changes in inventories – fell noticeably in the first three months as against the previous year, to 66.2% after 70.3% in the same period of the previous year.

EBITDA (earnings before interest, taxes, depreciation and amortisation) amounted to €2.7 million (previous year: €1.8 million). After depreciation and amortisation of €0.9 million, EBIT (earnings before interest and taxes) for the MBB Group in the first three months was €1.8 million (previous year: €0.9 million). Adjusted for the finance costs of €-0.2 million, EBT (earnings before taxes) amounted to €1.6 million (previous year: €0.7 million). Earnings from continuing operations totalled €1.3 million (previous year: €0.8 million). Including the earnings of discontinued operations, the consolidated net profit after non-controlling interests amounted to €1.4 million or €0.21 per share.

The consolidated statement of financial position as at 31 March 2011 reported equity of €47.3 million (31 December 2010: €47.4 million). Based on total consolidated assets of €91.6 million, the equity ratio was therefore 51.6%, virtually unchanged as against 31 December 2010 with 51.7%.

As at 31 March 2011, the MBB Group had liabilities to banks of €17.2 million (31 December 2010: €18.3 million) and cash and cash equivalents including securities and physical gold reserves of €32.9 million (31 December 2010: €33.1 million). The net figure for the above liabilities and cash positions (net debt / net cash) was therefore net cash of €15.6 million, a clear rise as against 31 December 2010 when net cash of €14.8 million was reported.

Segment performance

The following segments are reported:

- Technical Applications
- Industrial Production
- Trade & Services

The Technical Applications segment revenue in the first three months is nearly on previous year's level. In the first three months, the external revenue of the Technical Applications segment – namely the Delignit Group as the only equity interest in this segment – amounted to €6.8 million (previous year: €6.9 million); at €0.3 million, EBIT was up significantly on the previous year's figure of €-0.4 million. It should be noted that both the 2011 figures and the prior-year figures continuing operations only – they therefore do not include the discontinued Romanian companies.

The Industrial Production segment recorded growth in revenue. For the period from 1 January to 31 March, the external revenue for the segment amounted to €14.7 million after €13.1 million in the same period of 2010. EBIT was down year-on-year at €0.6 million (€1.4 million), which is due to the income of €0.8 million from the first-time consolidation of CT Formpolster in the first quarter of 2010.

In the Trade & Services segment, revenue rose by €5.9 million as against the previous year (€5.1 million). At €0.8 million, the segment's EBIT was up on the previous year's figure of €0.0 million, which included income from the deconsolidation of Huchtemeier of €0.4 million. Since the start of August 2010, the segment has also included ICSmedia GmbH, Münster.

Employees

At 672, the number of employees in the MBB Group rose only slightly as at 31 March 2011 after 665 as at 31 December 2010.

Report on risks and opportunities

The risks and opportunities of the business development of the MBB are described in the Group management report for the 2010 financial year, which is available on our Internet site.

There have been no significant changes in the risks and opportunities presented since 31 December 2010. The risk management system of MBB Industries AG is appropriate for detecting risks early on and taking direct measures.

Supplementary report

At the end of May 2011 Delignit AG acquired 0.6% of the shares of Blumberger Holzindustrie GmbH & Co. KG from the former non-controlling interests and now hold 100% of the shares of the company.

Other than this, there have been no significant events since the end of the reporting period.

Report on expected developments

For the 2011 and 2012 financial years, the Managing Board is still forecasting increases in revenue as against 2010 for its current portfolio and a positive overall earnings level.

Berlin, 31 May 2011

The Managing Board

IFRS interim consolidated financial statements

The comparative figures for 2010 – and the 2011 figures – include the information for continuing operations only. A breakdown of the results of the discontinued operations can be found in the notes to the interim consolidated financial statements.

IFRS consolidated income statement (unaudited)	1 Jan. - 31 Mar. 2011	1 Jan. - 31 Mar. 2010
	€ thou	€ thou
Revenue	27,662	25,322
Bargain purchase	0	828
Income from deconsolidation	449	0
Other operating income	514	286
Increase (+) / decrease (-) in inventories of finished goods and work in progress	84	-83
Operating performance	28,709	26,353
Cost of raw materials and supplies	-15,816	-14,156
Cost of purchased services	-2,547	-3,596
Cost of materials	-18,363	-17,752
Wages and salaries	-4,296	-4,044
Social security, pension and other benefits	-1,001	-1,055
Staff costs	-5,297	-5,099
Other operating expenses	-2,355	-1,722
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	2,694	1,780
Amortisation and depreciation expense	-900	-841
Earnings before interest and taxes (EBIT)	1,794	939
Other interest and similar income	85	56
Interest and similar expenses	-253	-276
Net finance costs	-168	-220
Earnings before taxes (EBT)	1,626	719
Income tax expense	-193	231
Other taxes	-23	-23
Profit or loss for the period	1,410	927
Non-controlling interests (continuing operations)	-86	-52
Profit or loss from continuing operations	1,324	875
Profit or loss from discontinued operations	36	-32
Consolidated net profit for the period	1,360	843
Earnings per share (in €)	0.21	0.13

IFRS consolidated statement of comprehensive income (unaudited)	1 Jan. - 31 Mar. 2011 € thou	1 Jan. - 31 Mar. 2010 € thou
Consolidated net profit	1,360	843
Non-controlling interests	86	52
Profit or loss for the period	1,446	895
Changes due to currency translation		
Changes recognised in equity	-192	852
Available-for-sale financial assets		
Net profit recognised in the reporting period from the revaluation of financial assets in the "available for sale" category	-5	325
Other comprehensive income after taxes (OCI)	-197	1,177
Comprehensive income for the reporting period	1,249	2,072
Of which attributable to:		
Shareholders of the parent company	1,161	2,099
Non-controlling interests	88	-27

Assets (IFRS)	31 Mar. 2011 unaudited € thou	31 Dec. 2010 audited € thou
Non-current assets		
- Concessions, industrial property rights and similar rights	1,770	1,792
- Goodwill	1,816	1,816
Intangible assets	3,586	3,608
- Land and buildings including buildings on third-party land	15,148	15,239
- Technical equipment and machinery	9,154	9,524
- Other equipment, operating and office equipment	2,284	2,323
- Advance payments and assets under development	850	935
Property, plant and equipment	27,436	28,021
- Investments in associates	0	45
- Investment securities	5,341	5,083
- Other loans	337	363
Financial assets	5,678	5,491
Deferred tax assets	1,851	2,325
	38,551	39,445
Current assets		
- Raw materials and supplies	4,293	3,741
- Work in progress	2,802	2,474
- Finished goods	6,079	6,581
Inventories	13,174	12,796
- Trade receivables	9,383	8,325
- Other current assets	3,031	3,119
Trade receivables and other current assets	12,414	11,444
- Gold and commodities	1,767	1,852
- Securities	11,010	8,568
Available-for-sale financial assets	12,777	10,420
- Cash in hand	7	6
- Bank balances	14,726	17,638
Cash in hand, bank balances	14,733	17,644
	53,098	52,304
Total assets	91,649	91,749

Liabilities and equity (IFRS)	31 Mar. 2011	31 Dec. 2010
	unaudited	audited
	€ thou	€ thou
Equity		
Issued capital	6,600	6,600
Capital reserves	15,251	15,251
Legal reserves	61	61
Retained earnings	23,339	23,153
Non-controlling interests	2,013	2,368
	47,264	47,433
Non-current liabilities and provisions		
- Liabilities to banks	14,529	13,430
- Other liabilities	431	965
Liabilities	14,960	14,395
Pension provisions	4,886	5,164
Deferred taxes	2,882	2,924
	22,728	22,483
Current liabilities and provisions		
- Liabilities to banks	2,706	4,871
- Advance payments received	24	24
- Trade payables	9,468	9,777
- Other liabilities	4,607	3,043
- Liabilities to associated companies	91	0
- Provisions with the nature of a liability	1,646	1,954
Liabilities	18,542	19,669
- Tax provisions	396	257
- Other provisions	2,719	1,907
Provisions	3,115	2,164
	21,657	21,833
Total liabilities and equity	91,649	91,749

Consolidated statement of cash flows (1 January - 31 March) (unaudited)	2011 € thou	2010 € thou
1. Cash flow from operating activities		
Earnings before interest and taxes (EBIT)	1,794	939
Adjustments for non-cash transactions		
- Write-downs on non-current assets	900	841
- Increase (+) / decrease (-) in provisions	477	308
- Income from deconsolidation	-449	0
- Other non-cash expenses/income	-227	-22
	701	1,127
Change in working capital:		
- Increase (-) / decrease (+) in inventories, trade receivables and other assets	-3,359	-2,682
- Decrease (-) / increase (+) in trade payables and other liabilities	1,570	1,593
	-1,789	-1,089
- Income taxes paid	-77	-13
- Interest received	85	56
	8	43
Cash flow from operating activities	714	1,020
2. Cash flow from investing activities		
- Investments (-) / divestments (+) of intangible asset	-35	0
- Inflows (+) / outflows (-) for divestments/investments in property, plant and equipment	-274	-562
- Investments (-) / divestments (+) of financial assets	26	-16
- Investments (-) / divestments (+) of available-for-sale financial assets and securities	-2,620	-4,188
- Disposal (+) / Acquisition (-) of consolidated companies (less cash and cash equivalents sold / received)	513	-353
Cash flow from investing activities	-2,390	-5,119
3. Cash flow from financing activities		
- Cash receipts from borrowing financial loans	0	349
- Payments for settling financial loans	-977	-511
- Interest payments	-253	-276
Cash flow from financing activities	-1,230	-438
Cash and cash equivalents at end of period		
Change in cash and cash equivalents (Subtotal 1-3)	-2,906	-4,537
Effects of changes in foreign exchange rates (non-cash)	-5	0
Cash and cash equivalents at start of reporting period	17,644	27,462
Cash and cash equivalents at end of period	14,733	22,925
Composition of cash and cash equivalents		
- Cash in hand	7	18
- Bank balances	14,726	22,907
Reconciliation to liquidity reserve on 31 March		
Cash and cash equivalents at end of period	14,733	22,925
- Gold	1,767	1,050
- Securities	16,351	11,065
Liquidity reserve on 31 March	32,851	35,040

Statement of changes in consolidated equity (unaudited)

	Issued capital	Capital reserves	Legal reserve	Currency translation difference	Retained earnings Available for sale financial assets	Generated consolidated equity	Share of shareholders of MBB AG	Non-controlling interests	Consolidated equity
	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou	€ thou
1 January 2010	6.600	15.251	61	-2.400	-56	32.474	51.930	3.656	55.586
Dividends paid	0	0	0	0	0	-3.300	-3.300	0	-3.300
Subtotal	6.600	15.251	61	-2.400	-56	29.174	48.630	3.656	52.286
Amounts recognised in other comprehensive income	0	0	0	0	661	0	661	0	661
Currency translation difference	0	0	0	301	0	0	301	190	491
Consolidated net profit	0	0	0	0	0	-6.844	-6.844	89	-6.755
Total comprehensive income	0	0	0	301	661	-6.844	-5.882	279	-5.603
Change from capital increase of Delignit AG	0	0	0	0	0	0	0	1.220	1.220
Change from deconsolidation	0	0	0	2.317	0	0	2.317	-2.787	-470
31 December 2010	6.600	15.251	61	218	605	22.330	45.065	2.368	47.433
Dividends paid	0	0	0	0	0	0	0	0	0
Subtotal	6.600	15.251	61	218	605	22.330	45.065	2.368	47.433
Amounts recognised in other comprehensive income	0	0	0	0	-5	0	-5	0	-5
Currency translation difference	0	0	0	-194	0	0	-194	2	-192
Consolidated net profit	0	0	0	0	0	1.360	1.360	86	1.446
Total comprehensive income	0	0	0	-194	-5	1.360	1.161	88	1.249
Non-controlling interests DTS IT AG	0	0	0	0	0	0	0	440	440
Change from acquisition of sub-holding	0	0	0	0	0	-975	-975	-1.025	-2.000
Change from deconsolidation	0	0	0	0	0	0	0	142	142
31 March 2010	6.600	15.251	61	24	600	22.715	45.251	2.013	47.264

Notes to the interim consolidated financial statements

Accounting

The quarterly financial report of the MBB Group for the period 1 January 2011 to 31 March 2011 was prepared on the basis of the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) as adopted in the EU. It was prepared in accordance with IAS 34.

Accounting policies

The accounting policies adopted are the same as those of the consolidated financial statements as at 31 December 2010. The preparation of the financial statements was influenced by recognition and measurement policies in addition to assumptions and estimates affecting the amount and reporting of recognised assets, liabilities, contingent liabilities and income and expense items. Matters relating to sales are deferred intra-year.

Result of discontinued operations

Effective 1 January 2011, MBB Industries AG sold its interest in Huchtemeier Verwaltung GmbH and thereby its 80% share in Huchtemeier Papier GmbH. This sale is shown as a discontinued operation in line with IFRS 5. The comparative figures for 2010 include the results of the Romanian companies S.C. Cildro S.A., S.C. Cildro Service Srl. and S.C. Delignit Romania Srl., which were majority sold in 2010, in the results of discontinued operations.

	1 Jan. - 31 Mar. 2011	1 Jan. - 31 Mar. 2010
	€ thou	€ thou
Revenue	4,047	7,248
Other operating income	7	213
Increase (+) / reduction (-) in inventories of finished goods and work in progress	0	150
Operating performance	4,054	7,611
Cost of raw materials and supplies	-3,675	-5,726
Cost of purchased services	-25	-186
Cost of materials	-3,700	-5,912
Wages and salaries	-167	-588
Social security and pension costs	-29	-219
Staff costs	-196	-807
Other operating expenses	-93	-634
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	65	258
Amortisation and depreciation expense	-5	-262
Earnings before interest and taxes (EBIT)	60	-4
Other interest and similar income	0	0
Interest and similar expenses	-22	-104
Net finance costs	-22	-104
Earnings before taxes (EBT)	38	-108
Income tax expense	0	-36
Other taxes	0	0
Profit or loss for the period	38	-144
Non-controlling interests (continuing operations)	-2	112
Profit or loss from discontinued operations	36	-32
Earnings per share (in €)	0.01	-0.005

Segment reporting

MBB's management divides the segments as reported in the interim Group management report.

1 January - 31 March 2011 (unaudited)	Technical Applications € thou	Industrial Production € thou	Trade & Services € thou	Reconciliation € thou	Group € thou
Revenue from third parties	6,798	14,657	5,907	300	27,662
Other segments	187	42	8	-237	0
Total revenue	6,985	14,699	5,915	63	27,662
Earnings (EBIT)	323	621	754	97	1,795
Amortisation and depreciation expense	189	538	167	6	900
Share in the profit of the associated company	0	0	0	0	0
Investments	0	220	121		
Investments in associates	0*	0	0		
Segment assets	16,129	33,715	5,918		
Segment liabilities	5,246	11,038	2,800		

* The shares in the Romanian companies with value of €1 are reported in the Technical Applications segment.

1 January - 31 March 2010 (unaudited)	Technical Applications € thou	Industrial Production € thou	Trade & Services € thou	Reconciliation € thou	Group € thou
Revenue from third parties	6,930	13,088	5,099	465	25,582
Other segments	165	0	0	-165	0
Total revenue	7,095	13,088	5,099	300	25,582
Earnings (EBIT)	-402	1,360	10	65	1,033
Amortisation and depreciation expense	160	513	155	13	841
Share in the profit of the associated company	0	0	0	0	0
Investments	349	540	117		
Investments in associates	0	0	0		
Segment assets	17,743	32,869	5,459		
Segment liabilities	5,665	10,499	2,651		

Segment liabilities do not include any obligations arising from taxes, finance leases or liabilities to banks.

Changes in contingent liabilities

There were no changes in contingent liabilities as against 31 December 2010.

Related party transactions

Business transactions between Group companies that are fully consolidated and Group companies that are not fully consolidated are conducted as at arm's length.

Changes in the scope of consolidation

DTS IT AG was founded by way of notarised contract on 1 March 2011 with its headquarters in Herford. It was entered in the commercial register on 4 March 2011. The object of the company is the management of its own assets, including in particular forming and acquiring, investing in, managing and selling companies in Germany and abroad, particularly in the field of information technology. The initial capital of the company was €2,200 thousand, divided into 2,200,000 no-par value shares. MBB Industries AG holds 80% in the company. On 5 April 2011, DTS Systeme GmbH and ICSmedia GmbH were reclassified under DTS IT AG. The three companies form the DTS Group.

Effective 1 January 2011, the shares in Huchtemeier Verwaltungs GmbH, Dortmund, and thereby the 80% stake in Huchtemeier Papier GmbH, Dortmund, were sold to Mr. Alfred Voßschulte. The following table shows the calculation of the gain on disposal generated.

	31 Mar. 2011 € thou
Consideration received in the form of cash	515
Assets and liabilities disposed of due to loss of control	
Current assets	
Cash and cash equivalents	2
Trade receivables	1.278
Inventories	204
Other current assets	577
Non-current assets	
Deferred taxes	390
Financial assets	45
Property, plant and equipment	11
Intangible assets	5
Non-controlling interests	-141
Current liabilities	
Loans payable	89
Liabilities	3.299
Non-current liabilities	
Provisions for pensions	225
Deferred taxes	6
Net assets sold	-966
Loss/Gain on disposal from the disposal of subsidiaries	
Consideration received	515
Net assets sold	-966
Gain on disposal	449
Net inflow of cash from the sale of subsidiaries	
Cash and cash equivalents received	515
Less cash and cash equivalents disposed of with the sale	2
Net inflow	513
Cash flow from discontinued operations	1 Jan. - 31 Mar. 2011
Cash flow from operating activities	126
Cash flow from investing activities	-3
Cash flow from financing activities	-125
Net cash flow from discontinued operations	-2

Events after the end of the reporting period

For information on events after the end of the reporting period, please see the supplementary report on page 4 of the interim Group management report.

Review

The condensed interim financial statements as at 31 March 2011 and the interim Group management report were neither audited in accordance with section 317 HGB nor were they reviewed by an auditor.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group 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 for the remaining months of the financial year.

Berlin, 31 May 2011

The Managing Board

Financial Calendar

Annual Meeting 2011

7 July 2011, 10:00 am
at the Ludwig-Erhard-Haus,
Fasanenstraße 85, 10623 Berlin

Half-year Financial Report 2011

31 August 2011

Analysts' Conference German Equity Forum Frankfurt/Main

22 November 2011, 12:45 am, Room "London"

Quarterly Financial Report Q3/2011

30 November 2011

End of the financial year

31 December 2011

We would like to take this opportunity to mention our **RSS feed**, with which you can subscribe to and read the latest news from the company on your computer screen free of charge. This is a quick and convenient way to stay up-to-date: www.mbbindustries.com/RSS

We would also like to draw your attention to our **MBB newsletter**, which you can subscribe to at www.mbbindustries.com/newsletter. You will then always receive the latest news from MBB Industries AG by e-mail.

Contact

MBB Industries AG
Joachimstaler Straße 34
10719 Berlin
Tel.: +49 (0) 30 844 15 330
Fax.: +49 (0) 30 844 15 333
www.mbbindustries.com
anfrage@mbbindustries.com

Imprint

© MBB Industries AG
Joachimstaler Straße 34
10719 Berlin

Cover photo: Andreas Rose



MBB Industries AG . Joachimstaler Straße 34 . 10719 Berlin, Germany . www.mbbindustries.com