

THIRD QUARTER REPORT 2007/08.

bene

## HIGHLIGHTS.

- > Cumulative consolidated sales increased by 33.7% to EUR 184.3 million.
- > Significant jump in third quarter earnings.
- > Operating cash flow considerably improved.
- > Market outlook on fourth quarter remains positive.

## ECONOMIC ENVIRONMENT.

Against the background of the international commodity markets and the uncertainties related to the American sub-prime market, the upswing of the euro zone lost some of its dynamic. However, the economy is still supported by the brisk investment demand of the companies that benefit from the high capacity utilisation and the favourable earnings situation. For the year 2007, an economic growth of 2.6% is predicted for the euro zone. Hence, last year's expansion speed can almost be maintained.

A strong business sector, which can finance its investments to a large extent from the cash flows and a persistent high profit margin suggest the conclusion that a further improvement of the investment climate in Germany might be expected. With a growth of 2.7%, the German economy might grow slightly stronger than the EMU.

Likewise, in the first half-year of 2007, with an economic growth of 3.1%, the British economy again grew faster than the euro zone.

In the course of the year, the new EU countries reported a continuing high expansion speed and thus the growth rates with a plus of 6.2% almost reached the previous

year's average. The brisk investment activity is based on foreign direct investments but also on the positive earnings situation of domestic companies.

With an average annual growth of 6.5% over the last five years, the Russian economy developed dynamically and therewith has initiated a significant increase in consumer and investment spending. A real gross domestic product of 7.2% is predicted for 2007.

This year, the Austrian economy will presumably expand stronger than initially expected. The Austrian economic research institute (WIFO) has revised upwards to 3.4% its forecast for 2007. For 2008, an increase of 2.4% is expected for the overall economic demand.

In the coming year, the companies' readiness to invest will only marginally lose momentum so that the growth might level out a 4.5%. Building investments accelerated noticeably and with a plus of about 5.5% they will grow similarly fast as in the past year.

Sources: WIFO, Sal. Oppenheim, RZB, BAWAG

## BUSINESS PERFORMANCE IN THE FIRST THREE QUARTERS OF 2007/08.

### SALES DEVELOPMENT.

After a strong-selling first half-year, also in the third quarter, the Bene Group continued its organic growth policy and as a result, the Group could further improve its market shares in all of its relevant regions. Overall, in the first three quarters of the business year 2007/08, the Austrian office furniture manufacturer improved sales by 33.7% to EUR 184.3 million (prior year: EUR 137.9 million) and thus could achieve a growth clearly exceeding the general market development. This significant improvement mainly resulted from a sustainably strong organic growth, which is decisively attributed to Bene's strong distribution network.

Likewise, in the third quarter, the lasting positive condition of the Austrian economy was the basis for the constantly strong sales development in the home market Austria. Against this background, in the third quarter of 2007/08, the Bene Group could maintain the high sales level of the previous year's third quarter (EUR 18.8 million) and achieve sales in the amount of EUR 18.8 million. Altogether, in the first three quarters, Bene increased sales in Austria by 6.0% to EUR 54.9 million (prior year: EUR 51.8 million). Thus, Bene has again impressively confirmed its position as market leader in Austria.

With a sales increase of 46.6% to EUR 18.0 million (prior year: 12.3 million) the Bene Group likewise consequently continued heading for success in Germany during the third quarter. Having Germany's largest direct sales network at its disposal, in the first nine months, Bene realised cumulative sales of EUR 47.3 million (prior year: 33.5 million) in this important European market. This success is resulting from numerous large scale projects, which Bene realised and which constituted the basis for the Group's above average growth in Germany and therefore with its further expansion of the market position.

UK sales continued to develop positively. In the third quarter alone, Bene improved UK sales by 63.6% to EUR 10.2 million (prior year: EUR 6.2 million). Altogether, in the first nine months of the current business year, the UK segment generated sales of EUR 27.9 million, which

exceeds the previous year's value of EUR 19.3 million by 45.0%. The stable daily business as a result of a long-standing and successful market presence and the acquisition of several large scale projects such as Structurtone, Capital International and ING Real Estate account for this success.

As already in the first six months of the present business year, the Russia segment further increased sales during the third quarter. With EUR 6.9 million sales were by 68.1% higher than the previous year's reference value (prior year: EUR 4.1 million). With major projects, among others such as for Fortune East, IMPEX Bank, Captive Software and Polimerprom, in the first three quarters, the Bene Group's sales rose by 58.5% from EUR 12.9 million to EUR 20.4 million.

The segment "rest of the world" generated sales of EUR 15.2 million (prior year: EUR 8.3 million) in the third quarter. In the first nine months of the business year 2007/08 sales grew by 65.4% from EUR 20.4 million to EUR 33.8 million. Beside Poland, Switzerland, Slovenia, Spain and France, above all the two new points of sale – Ireland and Belgium – contributed to this significant increase.

### EARNINGS DEVELOPMENT.

After two quarters of an average earnings performance, the third quarter was marked by an exceptional earnings strength. Characterised by a high share of in-house production and by projects from profitable regions, with an EBIT-margin of 8.2% (prior year: 5.9%) this quarter ranks among the best of the Company's history. Overall, in the course of the business year, the Bene Group steadily improved its profitability and in the first three quarters achieved cumulative earnings before interest and tax (EBIT) in the amount of EUR 10.8 million (prior year: EUR 10.0 million). In the same period, the fixed cost structure of both personnel costs and of other operating expenditure remained relatively constant despite the adjustments to the capacity requirements. The Bene Group has already reacted on the significant sales increase and among others has successfully implemented investments

for the site's capacity expansion. Against this background, in the first three quarters of the current business year, the Bene Group generated an EBIT-margin of 5.9% after 7.3% in the previous year's reference period.

In the third quarter, Bene could considerably increase the profitability of the Austria segment and despite the substantial sales growth could achieve an EBIT of EUR 1.1 million (prior year: EUR -0.1 million). Based on nine months, the absolute EBIT rose to EUR 2.2 million (prior year: EUR 2.0 million). Again in this year, the well-developed distribution structure and the market share of about 27% constitute the basis for a constant development in the important home market.

In Germany, Bene realised an EBIT of EUR 0.8 million (prior year: 0.7 million) in the third quarter. In the course of the first three quarters of the present business year, the year to date EBIT turned to EUR 0.5 million. Higher personnel and material expenses in connection with the acquisitions and the focused expansion of the existing distribution structures led to an EBIT, which remained slightly below the previous year's reference value (prior year: EUR 0.7 million).

Once again, the Bene Group improved its EBIT of the already previously very profitable UK segment. Positive overall economic conditions, but above all a good product mix with regard to size and profitability accounted for one of the segment's best quarters. With EUR 3.0 million, the UK segment's cumulative EBIT exceeded the previous year's reference value of EUR 1.7 million by 77.4%.

A good and particularly a sustainably established direct distribution structure, which ensures that the customer requirements are immediately recognised and that projects are quickly and efficiently processed by the global organisation was essentially responsible for the significant improvement of the Russia segment's EBIT. With EUR 3.0 million in the first nine months of the current year, the EBIT was 21.9% higher than the last year's reference value (EUR 2.4 million).

After the first three quarters, the segment „Other markets“ reported an EBIT of EUR 2.1 million (prior year: EUR 3.2 million). The decrease is resulting from weak earnings of large scale projects in small growing markets and a postponement of profitable projects to the fourth quarter such as in the United Arab Emirates. Considering this, the Bene Group looks quite optimistic towards the fourth quarter.

As a result of the optimised debt positions and the income from securities, the financial result of the Bene Group improved by EUR 0.7 million to EUR 0.1 million (prior year: EUR -0.6 million). Thus, the Bene Group's earnings before tax (EBT) amounted to EUR 10.9 million (prior year: EUR 9.4 million).

## ASSETS AND CAPITAL STRUCTURE.

As of October 31, 2007 the equity ratio was 42.7% (January 31, 2007: 45.6%). Despite the expansive business development in the first nine months, the working capital in relation to sales was reduced and as of the reference date amounted to EUR 36.0 million (October 31, 2006: EUR 31.0 million).

## INVESTMENTS.

In the first three quarters of 2007/08 the investment volume of the Bene Group amounted to a total of EUR 14.3 million (prior year: EUR 3.7 million). The positive business performance in the past months underlined the necessity to rapidly expand the capacities of the Austrian site in Waidhofen/Ybbs. With the acquisition of land directly at the site in the amount of about EUR 5.0 million, Bene now has provided the basis for the necessary capacity increase. At the beginning of December 2007 the construction of an additional show room, training facility and office centre has started. The groundbreaking for the construction of another factory building is planned for spring next year. The majority of the Bene Group's remaining investments arises from the expansion and the modernisation of the production site as well as from the adaptation and the modernisation of the distribution sites.

## CASH FLOW & FINANCES.

In the first nine months of the current business year, the Bene Group significantly improved the operating cash flow. In total, Bene generated an operating cash flow of EUR 5.4 million (prior year: EUR –0.9 million) in the first three quarters. Expenditures in fixed assets (CAPEX) amounting to EUR –12.9 million (prior year: EUR –3.8 million) were financed by sales of securities (EUR 11.5 million). The cash flow from investing activity totalled EUR –1.7 million (prior year: EUR –2.7 million) in the first three quarters of 2007/08.

The cash flow from financing activities reported a payout of EUR –8.3 million (prior year: EUR –2.6 million), which in the first instance is resulting from the payment of dividends (EUR –4.9 million) and bank repayments (EUR –2.2 million).

Total changes in cash (including cash flow from investing and financing activities) amounted to EUR –4.6 million (prior year: EUR –6.2 million).

Despite the already made extensive investments (particularly for land and machinery), the Company's financing potentials are still very positive. As of October 31, 2007, net debt amounts to EUR –4.9 million (October 31, 2006: EUR 11.3 million) At the same time, net gearing (net debt / equity) a figure, which illustrates the Company's leverage potential significantly improved to –7.5% (October 31, 2006: 33.0%).

## EMPLOYEES.

On the reporting date October 31, 2007, the Bene Group employed 1.546 persons, which is an increase of 279 employees or 22.0% compared to October 31, 2006. The increase in personnel takes account of the Group's growth and all segments have seen a rise in personnel. The strong growth of 37.6% in Germany was resulting from the acquisition of the TILL Group in the last year; the increase of 48.5% in other markets was arising from the well-directed market expansion. In Austria, the headcount grew by 15.5% or 136 persons in order to account for the increased capacity requirements. In Waidhofen/Ybbs, production personnel rose by 6.6% or 29 people.

## BUSINESS TRANSACTIONS WITH RELATED PARTIES.

With regard to transactions with related parties during the first three quarters of 2007/08 we refer to the notes to the condensed interim financial statements according to IFRS.

## RISKS IN THE REMAINING MONTHS OF THE BUSINESS YEAR AND RISK MANAGEMENT.

In the context of its business activities as internationally operating company, the Bene Group is exposed to a variety of risks. These risks basically relate to the economic development of the target markets, since a weak economy with a low investment activity of the companies has a major influence on the Group's sales situation.

As a result of the longstanding international experience in the core business as well as the Company's significant market position, risks can be detected at an early stage and can be evaluated appropriately. Due to the geographic diversification, specific market or product risks never threaten the entire Group, but only local partial organisations. Thus, the Bene business model contributes to a natural balancing of risks.

The control and the management of finance risks constitute an important element of Bene's group-wide controlling, accounting and treasury systems. Permanent controlling and regular reporting shall ensure the identification of major risks at a very early stage and – if necessary – initiate counter measures.

For a major part of business transactions, the payment risk is minimised by an active and permanent credit monitoring of the customers.

A group-wide financial and liquidity planning ensures that sufficient liquidity is available or that a necessary financing is guaranteed by an adequate credit line to fulfil the Group's financial obligations.

## OUTLOOK.

After the first three quarters of 2007/08, the Management Board likewise positively appraises the business performance for the last quarter. All segments show a satisfying demand development. Apart from seasonal fluctuations, in the near future there are no signs of a slow down. Based on its strategy of controlled expansion, the Bene Group will continue to take opportunities to widen its distribution strength through building up staff in the existing units but also through short-term acquisition possibilities of dealers.

## DECLARATION OF THE MANAGEMENT BOARD ACCORDING TO § 87 STOCK EXCHANGE ACT (BÖRSEGESETZ).

The Management Board of the Bene AG declares that a) the condensed consolidated interim financial statements compiled according to the International Financial Reporting Standards (IFRS) applicable in the EU, to the best knowledge, are a fair representation of the financial and

earnings situation of the Bene Group and b) the third quarter status report gives a fair picture of the financial and earnings situation in accordance with § 87 Abs. 1 Z. 3 b) of the Austrian stock exchange act.

Waidhofen, December 14, 2007

The Management Board of the Bene AG

### Note

*Among others, this report contains statements on potential future developments, which were made on the basis of currently available information. Such statements, which reflect the current assessment of future developments by our Management, cannot be construed as guarantees for future performance and bear unforeseeable risk and uncertainty. There may be a variety of reasons for actual results and conditions to diverge from the assumptions, on which the statements were based.*

### Key figures Q1–Q3 2007/08

in €'000 and %	Q1–Q3 2007/08	Q1–Q3 2006/07	Changes in %	Q3 2007/08	Q3 2006/07	Changes in %
Revenue	184,256	137,850	33.7%	69,132	49,692	39.1%
EBITDA	15,458	14,254	8.4%	7,277	4,289	69.7%
EBITDA margin	8.4%	10.3%	-	10.5%	8.6%	-
EBIT	10,800	10,032	7.7%	5,691	2,907	95.8%
EBIT margin	5.9%	7.3%	-	8.2%	5.9%	-
Employees (as of the reporting date)	1,546	1,267	22.0%	1,546	1,267	22.0%
CAPEX	12,941	3,785	241.9%	3,819	1,432	168.4%
Cash Flow from operating activities	5,381	-860	-	2,548	-8,165	-

**INTERIM FINANCIAL REPORT OF THE BENE GROUP AS OF  
OCTOBER 31, 2007 (COMPARISON PERIOD AS OF OCTOBER 31, 2006).**

**CONSOLIDATED BALANCE SHEET.**

**AS OF OCTOBER 31, 2007 (UNAUDITED) AND JANUARY 31, 2007 (AUDITED).**

in €'000	2007/08 as of Oct. 31, 2007	2006/07 as of Jan. 31, 2007
<b>Assets</b>		
Intangible assets	8,205	5,730
Property, plant and equipment	34,265	27,230
Investments in affiliated companies	315	210
Non-current financial assets	414	1,850
Deferred tax assets	6,710	7,720
<b>Non-current assets</b>	<b>49,910</b>	<b>42,740</b>
Inventories	21,093	14,688
Receivables and other assets	57,196	41,532
Current financial assets	8,137	18,385
Cash and cash equivalents	18,012	22,807
<b>Current assets</b>	<b>104,439</b>	<b>97,412</b>
<b>Total assets</b>	<b>154,348</b>	<b>140,152</b>
<b>Equity and liabilities</b>		
Capital stock	24,347	24,347
Capital reserves	26,871	26,822
IAS 39 reserve	-1	112
Currency translation reserves	-778	-635
Accumulated profit / loss	15,023	12,356
<b>Stockholders equity</b>	<b>65,464</b>	<b>63,003</b>
Minority interests	470	896
<b>Equity</b>	<b>65,934</b>	<b>63,900</b>
Liabilities to employees	13,260	12,168
Long-term financial liabilities	9,482	12,687
Long-term provisions	47	50
Long-term government grants and subsidies	715	821
Deferred tax liabilities	35	47
<b>Non-current liabilities</b>	<b>23,539</b>	<b>25,772</b>
Trade payables	29,049	23,055
Current financial liabilities	11,735	10,627
Current provisions	256	214
Current tax provisions	416	873
Other liabilities	23,279	15,569
Current government grants and subsidies	141	141
<b>Current liabilities</b>	<b>64,875</b>	<b>50,479</b>
<b>Total equity and liabilities</b>	<b>154,348</b>	<b>140,152</b>

## CONSOLIDATED INCOME STATEMENT.

FOR THE FIRST TO THE THIRD QUARTER OF 2007/08 (UNAUDITED) AND  
THE FIRST TO THE THIRD QUARTER OF 2006/07 (UNAUDITED).

in €'000	Q1-Q3 2007/08	Q1-Q3 2006/07	Changes in %	Q3 2007/08	Q3 2006/07	Changes in %
<b>Continuing operations</b>						
Revenue	184,256	137,850	33.7%	69,132	49,692	39.1%
Inventory changes finished / semi-finished goods	941	983	-4.3%	-172	341	-150.4%
Other capitalised services	1,521	584	160.6%	619	280	120.6%
Other income	2,564	1,944	31.9%	1,107	416	166.2%
Materials and supplies	-91,468	-62,888	45.4%	-33,517	-23,794	40.9%
Personnel expenses	-52,130	-42,480	22.7%	-17,793	-14,446	23.2%
Other operating expenses	-30,226	-21,739	39.0%	-12,100	-8,200	47.6%
<b>Earnings before interest and taxes, depreciation and amortisation (EBITDA)</b>	<b>15,458</b>	<b>14,254</b>	<b>8.4%</b>	<b>7,277</b>	<b>4,289</b>	<b>69.7%</b>
Depreciation and amortisation	-4,658	-4,222	10.3%	-1,586	-1,382	14.7%
<b>Earnings before interest and taxes (EBIT)</b>	<b>10,800</b>	<b>10,032</b>	<b>7.7%</b>	<b>5,691</b>	<b>2,907</b>	<b>-95.8%</b>
Interest expense	-756	-838	-9.7%	-252	-262	-3.9%
Income from interest	222	128	73.4%	76	36	111.6%
Other financial result	502	25	1900.6%	73	104	-29.8%
Result from affiliated companies	105	46	129.5%	34	-51	-167.6%
<b>Financial result</b>	<b>73</b>	<b>-638</b>	<b>-111.5%</b>	<b>-68</b>	<b>-173</b>	<b>-60.6%</b>
<b>Earnings before taxes (EBT)</b>	<b>10,873</b>	<b>9,393</b>	<b>15.8%</b>	<b>5,623</b>	<b>2,734</b>	<b>105.7%</b>
Taxes on income	-2,917	-2,191	33.1%	-1,172	-521	125.1%
<b>Result from continuing operations</b>	<b>7,956</b>	<b>7,202</b>	<b>10.5%</b>	<b>4,451</b>	<b>2,213</b>	<b>101.1%</b>
<b>Thereof:</b>						
Shareholders of parent company	7,537	6,722	12.1%	4,358	2,009	117.0%
Minority interests	419	480	-12.8%	92	205	-54.8%
	7,956	7,202	10.5%	4,451	2,213	101.1%
<b>Earnings per share ( diluted = basic ) in €'000:</b>						
from continuing operations	0.31	0.36	-13.6%	0.18	0.11	67.1%

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

FOR THE FIRST TO THE THIRD QUARTER OF 2007/08 (UNAUDITED) AND THE  
FIRST TO THE THIRD QUARTER OF 2006/07 (UNAUDITED).

in €'000	Oct. 31, 2007	Oct. 31, 2006
Result included in equity	-256	81
Consolidated net income/loss	7,956	7,202
<b>Total of included revenues and expenditures</b>	<b>7,700</b>	<b>7,283</b>
<b>thereof shareholders of parent company</b>	<b>7,281</b>	<b>6,803</b>
<b>thereof minority interests</b>	<b>419</b>	<b>480</b>
	<b>7,700</b>	<b>7,283</b>

in €'000	Capital stock	Capital reserves	IAS 39 reserves	Currency translation reserves	Consolidated net income/loss	Shareholders' equity	Minority interests	Equity
<b>as of Feb. 01, 2006</b>	<b>18,750</b>	<b>3,913</b>	<b>82</b>	<b>-125</b>	<b>6,039</b>	<b>28,658</b>	<b>690</b>	<b>29,348</b>
Payment of dividends					-1,894	-1,894	-345	-2,239
Revenues and expenditures*			28	-2	6,777	6,803	480	7,283
<b>as of Oct. 31, 2006</b>	<b>18,750</b>	<b>3,913</b>	<b>110</b>	<b>-127</b>	<b>10,922</b>	<b>33,567</b>	<b>825</b>	<b>34,392</b>
<b>as of Feb. 01, 2007</b>	<b>24,347</b>	<b>26,822</b>	<b>112</b>	<b>-635</b>	<b>12,356</b>	<b>63,003</b>	<b>896</b>	<b>63,900</b>
Payment of dividends					-4,869	-4,869	-514	-5,383
Share based payments		49				49	0	49
Revenues and expenditures*			-113	-143	7,537	7,281	419	7,700
Change of minority interests						0	-331	-331
<b>as of Oct. 31, 2007</b>	<b>24,347</b>	<b>26,871</b>	<b>-1</b>	<b>-778</b>	<b>15,023</b>	<b>65,464</b>	<b>470</b>	<b>65,934</b>

\*Total of revenues and expenditures accounted for

## CONSOLIDATED CASH FLOW STATEMENT.

FOR THE FIRST TO THE THIRD QUARTER OF 2007/08 (UNAUDITED) AND THE FIRST TO THE THIRD QUARTER OF 2006/07 (UNAUDITED).

in €'000	Q1-Q3 2007/08	Q1-Q3 2006/07
<b>Earnings before tax from continuing and discontinued operations (EBT)</b>	<b>10,873</b>	<b>9,393</b>
Depreciation and amortisation	4,658	4,222
Net interest income and income from securities	78	679
Profit/loss from disposal of property, plant & equipment and intangible assets	-69	-69
Profit/loss from disposal of financial assets	-205	-428
Result from affiliated companies	-105	-111
Other non-cash expenses/income	-82	-185
Changes in inventory	-6,289	-5,318
Changes in receivables and other assets	-14,053	-7,631
Changes in trade payables	4,537	2,174
Changes in other liabilities	6,626	-2,733
Changes in long-term provisions (incl. employees)	1,063	1,081
Changes in short-term provisions	18	-202
<b>Cash Flow from continuing operations</b>	<b>7,048</b>	<b>871</b>
Taxes paid on income	-1,667	-1,732
Withholding taxes paid	0	0
<b>Cash Flow from operating activities</b>	<b>5,381</b>	<b>-860</b>
Proceeds from assets disposals	478	317
Expenditures for property, plant & equipment and intangible assets	-12,941	-3,785
Proceeds from financial assets	19,868	1,179
Expenditures for financial assets	-8,350	-583
Proceeds from the acquisition of subsidiaries	207	0
Expenditures for the acquisition of minority interests	-1,656	0
Interests received	222	144
Income from securities	456	15
<b>Cash Flow from investing activities</b>	<b>-1,716</b>	<b>-2,714</b>
Share based payments	49	0
Raising of interest-bearing financial liabilities	0	5,631
Repayments of interest-bearing financial liabilities	-2,198	-5,344
Interests paid	-756	-838
Payment of dividends	-4,869	-1,894
Payment of minority shareholders	-514	-195
<b>Cash Flow from financing activities</b>	<b>-8,288</b>	<b>-2,640</b>
Changes in cash and cash equivalents	-4,622	-6,213
Cash and cash equivalents of beginning of period	22,807	17,927
Adjustment from foreign currency translation	-173	26
<b>Cash and cash equivalents at end of period</b>	<b>18,012</b>	<b>11,741</b>

## SEGMENT REPORTING.

FOR THE FIRST TO THE THIRD QUARTER OF 2007/08 (UNAUDITED)  
AND THE FIRST TO THE THIRD QUARTER OF 2006/07 (UNAUDITED).

### REVENUE.

in €'000 and %	Q1-Q3 2007/08	Q1-Q3 2006/07	Changes in %	Q3 2007/08	Q3 2006/07	Changes in %
Austria	54,884	51,789	6.0%	18,801	18,774	0.1%
Germany	47,321	33,536	41.1%	17,959	12,253	46.6%
UK	27,924	19,264	45.0%	10,215	6,244	63.6%
Russia	20,371	12,853	58.5%	6,939	4,128	68.1%
Other markets	33,756	20,408	65.4%	15,218	8,293	83.5%
<b>Total Group</b>	<b>184,256</b>	<b>137,850</b>	<b>33.7%</b>	<b>69,132</b>	<b>49,692</b>	<b>39.1%</b>

### EBIT.

in €'000 and %	Q1-Q3 2007/08	Q1-Q3 2006/07	Changes in %	Q3 2007/08	Q3 2006/07	Changes in %
Austria	2,220	2,039	8.9%	1,138	-137	-930.9%
Germany	503	677	-25.7%	797	691	15.3%
UK	2,989	1,685	77.4%	1,395	568	145.6%
Russia	2,957	2,425	21.9%	879	683	28.7%
Other markets	2,130	3,206	-33.5%	1,481	1,102	34.4%
<b>Total Group</b>	<b>10,800</b>	<b>10,032</b>	<b>7.7%</b>	<b>5,691</b>	<b>2,907</b>	<b>95.8%</b>

# NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS ACCORDING TO IFRS.

## 1.1 COMPANY INFORMATION.

The Bene AG is a company according to Austrian law, with its headquarters in Schwarzwiesenstraße 3 in 3340 Waidhofen/Ybbs. The Company is registered in the commercial register of St. Pölten under FN 89102h.

The Bene Group develops, produces and sells office furniture and integrated office concepts, primarily for the European market. In its Austrian home market, the Company is market leader and on the European market it is one of the leading suppliers.

The present interim report of the Bene AG and its subsidiaries for the first to the third quarter of 2007/08 (as of October 31, 2007) has been compiled under the responsibility of the Management Board with the date of signing and was released for publication on December 14, 2007.

## 1.2 PRINCIPLES OF ACCOUNTING, FINANCIAL REPORTING AND VALUATION METHODS.

### 1.2.1 Principles of accounting

The interim report as of October 31, 2007 was compiled in compliance with the principles of the International Financial Reporting Standards (IFRS), regulations for interim reports (IAS 34) applicable in the European Union. It was neither subject to a full audit nor to an auditor's review.

The interim report does not contain all information and notes of the balance sheet date and thus should be read in combination with the consolidated financial statements of the Bene Group as of January 31, 2007.

### 1.2.2 Principles of consolidation

Compared to the balance sheet date January 31, 2007, in the first three quarters of the financial year 2007/08, the number of fully consolidated companies of the Bene Group changed from 23 to 22.

Initially, the acquisition of the Office Technology BVBA, Zaventem as of April 1, 2007 resulted in an increase in the scope of consolidation. However, during the third quarter of 2007/08, the Till Consult GmbH was merged with the Till GmbH (both in Villingen-Schwenningen) and the Planquadrat Planung und Bürodesign GmbH with the Objektform Planen und Einrichten GmbH (both in Hamburg), which, compared to the reference period January 31, 2007, lead to a reduction in the number of fully consolidated companies to 22.

Furthermore, due to the acquisition of additional shares from other shareholders, in the third quarter of 2007/08, the participating interest in the Bene London plc increased from 66.67% (January 31, 2007) to 80.00% (October 31, 2007) (see 1.4 Acquisitions and change of minority interests).

There were no other changes (such as changes of the principles of consolidation of individual companies).

### 1.2.3 Judgemental decisions and uncertainties from estimates

With regard to judgemental decisions and uncertainties from estimates we refer to the consolidated financial statements of the Bene Group as of January 31, 2007.

### 1.2.4 Accounting and valuation principles

The valid accounting and valuation principles of January 31, 2007 were applied unchanged. For further information with regard to the accounting and valuation principles we refer to the consolidated financial statements as of January 31, 2007, which constitute the basis for the present interim report.

## 1.3 SEASONALITY.

Seasonal variations of sales and EBIT may arise from the different progress of large-scale projects. Due to the generally positive demand situation sales of all segments increased compared to the previous year's period.

## 1.4 ACQUISITIONS AND CHANGE OF MINORITY INTERESTS.

With the contract dated April 5, 2007, retroactively as of April 1, 2007, 100% of the shares of the former specialist dealer Office Technology BVBA with its headquarters in Zaventem (Belgium) were acquired. The company is engaged in the sales and planning of office furnishings.

The fair value of the identifiable assets and liabilities of the Office Technology BVBA at the time of acquisition and the corresponding book values shortly before the time of acquisition are as follows:

in €'000	Fair market value at time of acquisition	Book value
Intangible assets	120	0
Property, plant and equipment	131	131
Inventories	115	115
Trade receivables	1,349	1,349
Receivables and other assets	42	42
Cash and cash equivalents	299	299
	<b>2,057</b>	<b>1,937</b>
Liabilities to employees	24	24
Long-term financial liabilities	82	82
Deferred tax liabilities	40	0
Trade payables	1,465	1,465
Current provisions	21	21
Current financial liabilities	18	18
Other liabilities	279	279
	1,929	1,889
Acquired net assets	128	48
	<b>2,057</b>	<b>1,937</b>

TEUR 120 for acquired customer relations were capitalised in the context of initial recognition of Office Technology BVBA. After consideration of deferred taxes, goodwill came to TEUR 49 for existing contacts and the market presence.

The acquisitions costs of the Office Technology BVBA amounted to a total of TEUR 177 (including the fixed and variable price components and directly attributable acquisition costs).

There was an outflow of funds in the amount of TEUR 92 for the fixed purchase price component and the directly attributable acquisition costs. The variable purchase price components (TEUR 85) were stated as liabilities ("other liabilities").

The comparison of the liquid funds acquired with the subsidiary with the paid purchase price is as follows:

in €'000	
Funds acquired together with subsidiary	299
Outflow of funds	-92
<b>Actual inflow of funds</b>	<b>207</b>

The reported consolidated result increased by the profit of the Office Technology BVBA totalling TEUR 26. If the acquisition had been realised already on February 1, 2007, sales would have been higher by TEUR 641 and the consolidated result would have been higher by TEUR 12.

As of the reference date August 9, 2007, the company has acquired 13.33% of shares held by other shareholders of the Bene London plc. Thus, the Bene AG's shareholding increased from 66.67% (January 31, 2007) to 80.00% (October 31, 2007). Comparing the purchase price (TEUR

1,657) with the book value of the additionally acquired shares (TEUR 313), good will amounts to TEUR 1,344.

## 1.5 GOODWILL.

As a result of the acquisition/purchase of shares from other shareholders as of October 31, 2007, the Bene Group's goodwill (TEUR 3,961) is as follows (January 31, 2007: TEUR 2,568):

in €'000	Bene London		Bene Deutschland		OF Hamburg		Office Technology	
	31.10.07	31.01.07	31.10.07	31.01.07	31.10.07	31.01.07	31.10.07	31.01.07
<b>Book value of goodwill</b>	2,875	1,531	629	629	408	408	49	0

Goodwill resulting from the purchase of the Office Technology BVBA also includes variable purchase price components, which were considered on the basis of planning. In subsequent years this may result in a change of goodwill.

With regard to the applied accounting and valuation principles, we refer to the consolidated financial statements of the Bene Group as of January 31, 2007.

## 1.6 PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS.

### *Additions to and disposals of assets*

Until October 31, 2007, the Bene Group's capital expenditure for fixed and intangible assets amounted to TEUR 14,284 (October 31, 2006: TEUR 3,682).

The purchase of land in Waidhofen/Ybbs (TEUR 5,000) and the expansion of the blank cutting line in Waidhofen/Ybbs (TEUR 725) represented the largest investments in the first three quarters of 2007/08.

The major part of the remaining investments was likewise used for the expansion and the modernisation of the production site in Waidhofen/Ybbs.

During the first to the third quarter of 2007/08, the Bene Group disposed of property, plant and equipment and

intangible assets with a net book value of TEUR 409 (October 31, 2006: TEUR 324). The realised net profit from sale amounts to TEUR 69 (October 31, 2006: 69).

## 1.7 LONG-TERM AND CURRENT FINANCIAL ASSETS.

During the first to the third quarter of 2007/08, long-term and current financial instruments available for sale with a net book value of TEUR 19,648 were sold. The realised profit from disposal amounts to TEUR 205.

In the reporting period, previously in the IAS 39 reserve recognised accumulated losses amounting to TEUR 85 were stated with effect on net income in the income statement.

Until October 31, 2007, short-term financial instruments available for sale with a book value of TEUR 8,350 were bought.

## 1.8 LONG-TERM AND CURRENT FINANCIAL LIABILITIES.

### *Long-term financial liabilities*

In addition to regular repayments of long-term financial liabilities, until October 31, 2007, there were early liquidations of existing loans in the amount of TEUR 1,323 (October 31, 2006: TEUR 2,329).

### *Current financial liabilities*

On the other hand, in the first nine months of the business year 2007/08 there were no changes in committed credit lines, conditions or other terms.

## 1.9 OTHER LIABILITIES.

The increase in other liabilities compared to the balance sheet date January 31, 2007 is primarily resulting from periodic accruals of employee related provisions as well as from VAT liabilities not netted against receivables.

## 1.10 DIVIDEND PROPOSED AND DISTRIBUTED.

in €'000	as of Oct. 31, 2007	as of Oct. 31, 2006
<i>Proposed and paid dividend during the first to the third quarter</i>		
Dividend per ordinary share:		
Dividend for 2006/07: 0.20 EUR (2005/06: 0.10 EUR)	4,869	1,894

The proposed dividend for the financial year 2006/07 was authorised for distribution by the shareholders' meeting on June 6, 2007 and paid out on June 14, 2007 (financial year 2005/06: May 30, 2006).

The calculation of earnings per share is based on the following earnings attributable to the bearer of ordinary shares of the parent company:

in thousands	2007/08	2006/07
<b>Weighted average number of common shares</b>	24,347	18,750

## 1.11 BUSINESS TRANSACTIONS WITH RELATED PARTIES.

in €'000	Sales proceeds from associated companies and persons	Acquisitions from associated companies and persons	Amounts due from associated companies and persons	Amounts due to associated companies and persons
Companies with significant influence within the Group	46,947	0	23,007	32
Joint ventures	191	0	6	124
Associated persons	67	463	15	0
Persons in key functions	0	0	0	0
<b>as of October 31, 2007</b>	<b>47,205</b>	<b>463</b>	<b>23,027</b>	<b>156</b>

in €'000	Sales proceeds from associated companies and persons	Acquisitions from associated companies and persons	Amounts due from associated companies and persons	Amounts due to associated companies and persons
Companies with significant influence within the Group	31,554	67	10,495	162
Joint ventures	69	0	1	220
Associated persons	33	230	27	29
Persons in key functions	0	0	0	0
<b>as of October 31, 2006</b>	<b>31,656</b>	<b>297</b>	<b>10,524</b>	<b>410</b>

Sales to and purchases from related parties were realised at current market conditions.

Purchases from related parties as of October 31, 2007 are mainly resulting from consultancy services of Mr. Manfred Bene.

## 1.12 CONTINGENCIES AND OTHER OBLIGATIONS.

### 1.12.1 Litigation

The provision in the amount of TEUR 100 for the title of contract termination of a former distribution partner for the region Serbia and Montenegro built already on January 31, 2007 still was in place in the unchanged amount on October 31, 2007, since there were no new findings during the first to the third quarter of 2007/08.

The provision from the title of contract termination of an external assembly and logistics partner (Jan. 31, 2007: TEUR 63) was no longer in place on October 31, 2007 since the court hearing on June 6, 2007 brought a mutual consent between the two parties. The amount excee-

ding the settlement amount was recognised with effect on net income under the item „other income“.

As of October 31, 2007, there are no further major pending legal proceedings (i. e. lawsuits resulting from ordinary business activities, legal disputes concerning product liability, legal actions due to delivery contracts or other contracts as well as patent issues).

## 1.13 SUBSEQUENT EVENTS.

In accordance with the contract dated November 30, 2007, the 50% share of the Bene AG in the existing joint venture (the BN Factory in Krosno, Poland) was sold to the joint owner Nowy Styl. The company will be deconsolidated in the fourth quarter of 2007/08 and will be included for the last time in the consolidated financial statements as of January 31, 2008.

There were no further major events between the reporting date of the interim consolidated financial statements (October 31, 2007) and their publication.

## BENE SHARE.

The Bene share is listed at the Vienna stock exchange since November 3, 2006 and it is part of the ATX Prime Market and of the Vienna stock index since November 20, 2006. Thus, the Bene AG is the only office furniture

manufacturer quoted at the Vienna stock exchange and in Europe it belongs to a handpicked choice of listed office furniture suppliers.



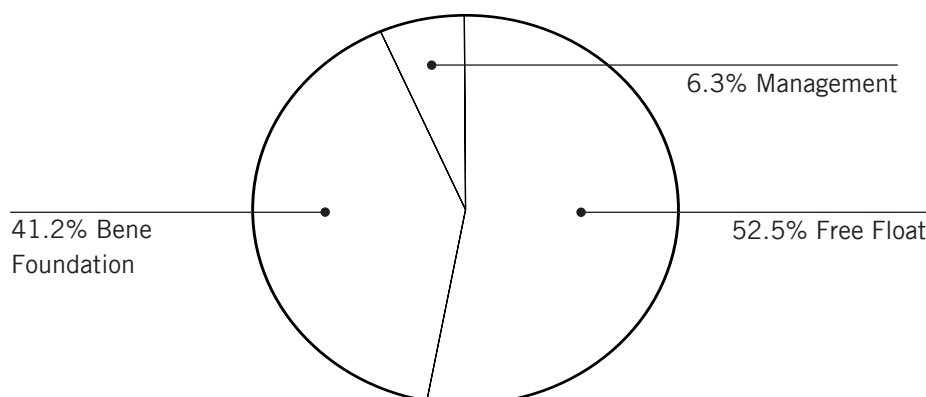
### SHARE PERFORMANCE.

On July 5, 2007, the Bene share reached its high of EUR 7.10 during the reporting period; the lowest closing price of EUR 4.97 was reported on October 24, 2007. Against the background of very volatile financial markets, in the first three quarters the share price dropped by 18.9%.

### TRADING VOLUME.

In the first three quarters of 2007/08, the average trading volume amounted to 42.803 shares. The highest daily trading volume of 284.403 shares was noted on October 29, 2007; the lowest daily traded volume was 2.440 shares (May 15, 2007).

## INVESTOR RELATIONS.



**ISIN code:** AT00000BENE6  
**Market issued:** Vienna Stock Exchange, Prime Market  
**Type of shares:** Ordinary no-par value voting bearer shares  
**Total number of shares:** 24,347,352

**Authorised capital:** none  
**International dual listings:** No other listings  
**Indices:** ATX Prime, WBI  
**Ticker-symbols:** Bene  
**Free float:** 52.5%

## INVESTOR RELATIONS.

Active and transparent communication with the financial community is of central importance to the Management of the Bene AG. The Bene Group will continue to build up an intense exchange of thoughts and information between the Company and interested shareholders by involving relevant finance market participants. Moreover, such communication is regarded to be an essential part of the communication policy. The Management Board and the Investor Relations department will be readily available for road-shows, investor conferences and individual meetings.

## FINANCIAL CALENDAR.

Third quarter results 2007/08	December 17, 2007
Annual results 2007/08	May 15, 2008
General Meeting	June 4, 2008
Ex-dividend	June 12, 2008
Dividend payment	June 12, 2008
First quarter results 2008/09	June 24, 2008
Second quarter results 2008/09	September 23, 2008
Third quarter results 2008/09	December 16, 2008

## CONTACT.

BENE AG Investor Relations  
 Gerald Strohmaier  
 Head of Finance & Investor Relations  
 A-3340 Waidhofen/Ybbs Schwarzwiesenstraße 3  
 Phone +43-7442-500-3372 Fax +43-7442-500-993372  
 E-Mail: ir@bene.com www.bene.com