

FIRST HALF-YEAR REPORT 2008/09.

bene

## HIGHLIGHTS.

- Consolidated sales increased by about 10 % to EUR 126.2 million
- EBIT rose by more than 20 % to EUR 6.2 million
- Significantly improved operating cash flow
- Further expansion of strong market position through numerous major international projects

## ECONOMIC ENVIRONMENT.

Although clearly weaker, the **Austrian economy** continued to grow during the second quarter. The gross domestic product (GDP) increased by 0.4 percent after 0.6 percent in the first quarter and compared to the previous year's quarter the GDP-plus dropped from 2.7 to 2.0 %. The considerable growth slow-down compared to the previous quarters reflects the impacts of the international economic downturn on exports and industrial production.

On the other hand, the construction industry and the tourism stabilised the economy. Hence, the building activity in Austria is clearly stronger than the EU-average.

After a clear slow-down of the economy in **Germany** in the second quarter of 2008, economic experts expect a slight improvement of the economic development for the second half-year. For the overall year, the experts still predict a growth of 2.2 %. However, for the year 2009, the experts are definitely more pessimistic than still at the beginning of the year.

Whereas in January, the growth expectations for 2009 were at 1.9 %, these were lowered from 1.4 % at the end of the first quarter to only 1.2 % currently.

During the second quarter, in the **United Kingdom (UK)** more and more economic indicators show a minus. According to preliminary indications of the Office for National Statistics (ONS), in the second quarter of 2008, the economic growth of the United Kingdom decelerated to 0.2 %. The further prospects are bleak: The Bank of England expects a persistent economic stagnation for the first half-year of 2009; from a present-day perspective, an economic upturn seems to be possible at the earliest in the second half-year.

Despite the international financial crisis, in 2008 **Russia's economy** proved to be very robust again. Once more, the country benefits from the record prices for crude oil, which allows fresh capital for investments and private consumption to flow into the country.

The Russian economy turns out to be surprisingly resistant against the international financial crisis and the slow-down of the global economy, and again has grown in the first half-year of 2008 (GDP in the first half-year of 2008: + 8.0 %). For the overall year, the ministry of economics revised its forecast for the GDP increase upwards from 7.1 % to 7.6 %.

For the judgement, how the changes of the international environment affect **Western Europe**, presently extraordinarily great importance is attached to survey indicators.

After a high of the confidence indicators during last summer, these steadily dropped since then. However, the indicator for economic valuation determined by the Commission, in the EU as well as in the euro-zone still remains above its long-term average. The current forecasts for the seven largest EU-countries suggest that the slow-down possibly is only short-lived since the quarterly figures point to certain acceleration during the second half-year of 2008.

The direct impacts of the financial market turbulences on the national economies of Central and **Eastern Europe (CEE)** are still minor. Only the stock markets could not escape the global market trend.

The **United Arab Emirates (UAE)** and particularly the Emirate Dubai is initiator and centre of the sensational construction boom in the Arab world, which also already reached Abu Dhabi and other centres of the oil-rich Gulf States. In April 2008, the value of the active major building projects within the UAE was estimated to 850 bn. USD. Thereof, about two third might account for Dubai and one fourth for Abu Dhabi.

Sources: Statistisches Zentralamt Deutschland, WIFO, BFAI, RZB

## BUSINESS PERFORMANCE IN THE FIRST HALF-YEAR OF 2008/09.

Against the background of challenging macro-economic targets of the markets relevant to Bene, in the first half-year of 2008/09, the Group performed very well and improved total sales by 9.7 % and the EBIT increased even disproportionately high by 20.8 %. Thus, Bene once more strengthened its firm international market position and at the same time increased the profitability and is now well prepared for further growth.

### SALES DEVELOPMENT.

The consistent focus on steady organic growth, which is mainly supported by the strong direct sales structure in all served markets, in the first half-year of 2008/09, likewise reflects in a clear sales expansion in almost all segments. In the first six months Bene increased sales to a total of EUR 126.2 million, which corresponds to a rise of 9.7 % compared to the previous year's value (first half-year of 2007/08: EUR 115.1 million).

A detailed consideration per segment shows significant growth rates of all segments, with the exception of the UK. In the first six months of 2008/09, in its home market, Bene could even once again exceed the very high level of the prior year and with EUR 37.4 million improved the last year's reference value by 3.6 % (first half-year of 2007/08: EUR 36.1 million). With this development, which is the result of several large-scale projects among others for Voith Siemens Hydro, Infineon Technologies or the Generali Versicherung, Bene could further strengthen its unchallenged market leader position in Austria.

Likewise in Germany, the most important European office furniture market, in the first half-year of 2008/09, the Bene Group further consolidated its market position (top 9 in Germany) and improved sales by 13.9 % from EUR 29.4 million to EUR 33.4 million. The generally positive order situation and the realisation of several large-scale projects, such as for AOK Berlin, Thyssen Krupp in Essen, E.ON in Düsseldorf and MFI in Frankfurt essentially contributed to this positive performance.

After extraordinary successful first six months of the prior year 2007/08, the Bene Group could not entirely escape the clearly subdued investment climate in the UK and thus, in the first six months of the current business year, had to report a decline in sales of 30.8 % to EUR 12.3 million (first half-year of 2007/08: EUR 17.7 million). The Management of the Bene Group expects a continuation of the challenging environment and consequently, for this segment foresees total sales in 2008/09, which might be below the reference value of the financial year 2007/08.

After an initially cautious start, in the second quarter of 2008/09, Bene achieved an overall positive sales development of the Russia segment and improved sales by 8.4 % to EUR 14.6 million (first half-year of 2007/08: EUR 13.4 million). Numerous major projects, which Bene successfully realised for KPMG, HFL Finance, TMK and Medcore 2000, essentially contributed to this success. Against this background, the Management confirms its expectations for a positive performance of the Russia segment.

Just as already in the first quarter, the „other markets“ segment realised an above average sales growth in the second quarter of 2008/09. In total, sales of the first half-year of 2008/09 increased by 54.2 % to EUR 28.6 million (first half-year of 2007/08: EUR 18.5 million). Beside the Ukraine, Poland and Czechia, particularly France, the Netherlands and Switzerland contributed to this significant rise. The largest projects were realised in France (PMDE Herbert Smith LLP, Murex S.A.S.), Poland (Generali), Switzerland (Credit Suisse) and in the Middle East (EITC).

## EARNINGS DEVELOPMENT.

The earnings key figures and thus the profitability of the Bene Group improved even better than sales. In comparison with the reference period of the previous year, material costs increased only by 4.4 % from EUR 58.0 to EUR 60.5 million. With the achieved sales increase of 9.7 %, this resulted in an improvement of gross profit. At the same time, as a result of the necessary capacity adjustments of the Company, personnel expenditure grew by 11.9 % from EUR 34.3 million in the first half-year of the prior year to EUR 38.4 million. Other expenses reported a rise of 20.1 %, which among others was resulting from an increase in the transport and from logistic costs. Overall, the first six months of the business year 2008/09 were characterised by high revenues with improved material costs and a relatively stable cost structure. Thus, in the first half-year of 2008/09, earnings before interest and tax (EBIT) improved by 20.8 % to EUR 6.2 million (first half-year of 2007/08: EUR 5.1 million), the EBIT-margin increased from 4.4 % to 4.9 %.

A detailed consideration of earnings shows, that - in line with the sales development - the Germany and the other markets segments were the dominating growth drivers.

Major and cost-intensive projects with the public administration in the Austria segment had a negative impact on the EBIT-margin, which with 2.7 % could not reach the high level of the previous year's reference period (first half-year of 2007/08: 3.0 %).

In the Germany segment, Bene improved the EBIT from EUR -0.3 million to EUR 0.8 million due to a strong operating business, a good price situation in combination with a higher share in in-house production as well as a disciplined expenditure policy.

In the UK segment, the tense macro-economic situation reflects in a by 35.1 % to EUR 1 million decreased EBIT. However, with 8.4 % the EBIT-margin clearly exceeded the group margin of 4.9 %.

In Russia, the EBIT dropped by EUR 0.7 million to EUR 1.4 million. The EBIT-margin reached 9.3 % and thus significantly exceeded the Group's average margin. On the basis of the realised projects and the current project pipeline, the Management expects a satisfying business performance for the financial year 2008/09.

In the other markets segment, the Bene Group increased the EBIT almost threefold from EUR 0.7 million to EUR 2.0 million, which was mainly resulting from considerably increased sales but also from a good product mix and a relatively constant structure of personal and other expenses.

Compared to the last year's first half-year, the Bene Group's financial result decreased by EUR 0.5 million to EUR -0.3 million due to the lower income from securities. In total, the EBT of EUR 5.3 million rose by 11.5 % to EUR 5.9 million. Like in the previous year, the EBT-margin was 4.6 %.

## ASSETS AND CAPITAL STRUCTURE.

The positive business performance in the first half-year lead to a minor expansion of the working capital to EUR 35.2 million on the reporting date July 31, 2008 (January 31, 2008: EUR 34.2 million). As of the same date, the equity ratio was 46.3 % (January 31, 2008: 48.7 %).

## INVESTMENTS.

The persistent strong demand for solution performed by Bene confirms the forward-looking decision taken in the second half-year of the past year, to invest in the capacity expansion of the site in Waidhofen/Ybbs. In a first step, in the last year, Bene has started the construction of a training and development centre at the site. A large part of the investments in the total amount of EUR 9.5 million (first half-year of 2007/08: EUR 9.2 million) in the first half-year of 2008/09 was arising 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.

Compared to the first half-year of 2007/08, the strong earnings situation and a good working capital management lead to a significantly improved operating cash flow in the amount of EUR 7.6 million (first half-year of 2007/08: EUR 2.9 million).

Expenditures in fixed assets (CAPEX) of EUR -8.7 million (first half-year of 2007/08: EUR -9.1 million) were financed by additional bank loans. In the first half-year of 2008/09, the cash flow from the overall investment activity amounted to EUR -9.1 million (first half-year of 2007/08: EUR 3.5 million).

The cash flow from financing activities reported a payout of EUR -1.6 million (first half-year of 2007/08: EUR -7.9 million), whereas additional bank liabilities (EUR 5.0 million) and the dividend distribution (EUR -5.4 million) basically balanced each other.

Total changes in cash (including cash flow from investing and financing activities) amounted to EUR -3.2 million (first half-year of 2007/08: EUR -1.6 million).

The Company's financing potentials are still very comfortable. Despite the extensive investments, as of July 31, 2008, net debt amounted to EUR 1.2 million (July 31, 2007: EUR -8.9 million). At the same time, net gearing (net debt / equity), a figure, which illustrates the Company's leverage potential, changed to 1.8 % (July 31, 2007: -14.3 %).

## EMPLOYEES.

On the reporting date July 31, 2008, the Bene Group employed 1.479 persons and thus 33 people or 2.3 % more than on July 31, 2007. This change is mainly resulting from the expansion and the strengthening of the sales activities in Germany (+20.0 %) and Russia (+21.1 %). As to account for the considerable sales growth and the increased capacity requirements, the headcount in Austria grew by 11.1 % or 106 persons.

## BUSINESS TRANSACTIONS WITH RELATED PARTIES.

With regard to the transactions with related parties during the first half-year of 2008/09, 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 good first half-year, the Management Board likewise satisfyingly appraises the business performance for the second half-year of 2008/09. The broad geographic approach, the strategically right positioning in the growth markets and the strong direct sales net with its market proximity constitute the basis for a further positive development.

With the only exception of the UK, all other segments report a satisfying performance, which for the time being show no significant decrease beyond the usual fluctuations of the project business.

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.

With the focused expansion of the distribution structure of the "other markets", beside the established markets, the new sales structures in Belgium, on the Iberian Peninsula, in Asia and in Turkey shall develop positively.

With two upcoming satisfying quarters, the Management of the Bene Group is optimistic to increase total sales in the overall business year 2008/09.

The generally hesitant atmosphere on the finance markets initiated by the sub-prime and bank crisis must still be considered as instability factors. Except for the UK, at the moment there are no perceptible effects on the business performance, however they may not be ruled out.

### 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-Q2 2008/09

| in €'000 and %                       | Q1-Q2<br>2008/09 | Q1-Q2<br>2007/08 | Changes<br>in % | Q2<br>2008/09 | Q2<br>2007/08 | Changes<br>in % |
|--------------------------------------|------------------|------------------|-----------------|---------------|---------------|-----------------|
| Revenue                              | 126,242          | 115,124          | 9.7%            | 66,521        | 60,627        | 9.7%            |
| EBITDA                               | 9,652            | 8,181            | 18.0%           | 4,669         | 4,266         | 9.5%            |
| EBITDA margin                        | 7.6%             | 7.1%             | -               | 7.0%          | 7.0%          | -               |
| EBIT                                 | 6,172            | 5,109            | 20.8%           | 2,854         | 2,654         | 7.5%            |
| EBIT margin                          | 4.9%             | 4.4%             | -               | 4.3%          | 4.4%          | -               |
| Employees (as of the reporting date) | 1,479            | 1,446            | 2.3%            | 1,479         | 1,446         | 2.3%            |
| CAPEX                                | 9,691            | 9,232            | 5.0%            | 5,538         | 6,996         | -20.8%          |
| Cash Flow from operating activities  | 7,593            | 2,865            | 165.0%          | 10,103        | 3,665         | 175.7%          |

Interim financial report of the Bene Group as of July 31, 2008  
(comparison period as of July 31, 2007).

## CONSOLIDATED BALANCE SHEET.

As of July 31, 2008 (unaudited) and January 31, 2008 (audited).

| in €'000                                  | 2008/09<br>as of July 31, 2008 | 2007/08<br>as of Jan. 31, 2008 |
|---|--------------------------------|--------------------------------|
| <b>Assets</b>                             |                                |                                |
| Intangible assets                         | 11,820                         | 9,330                          |
| Property, plant and equipment             | 38,173                         | 34,751                         |
| Investments in affiliated companies       | 390                            | 374                            |
| Non-current financial assets              | 414                            | 189                            |
| Deferred tax assets                       | 6,582                          | 6,945                          |
| <b>Non-current assets</b>                 | <b>57,380</b>                  | <b>51,590</b>                  |
| Inventories                               | 21,781                         | 19,385                         |
| Receivables and other assets              | 48,823                         | 48,532                         |
| Current financial assets                  | 6,268                          | 6,312                          |
| Cash and cash equivalents                 | 12,884                         | 16,139                         |
| <b>Current assets</b>                     | <b>89,757</b>                  | <b>90,368</b>                  |
| <b>TOTAL ASSETS</b>                       | <b>147,137</b>                 | <b>141,958</b>                 |
| <b>Equity and liabilities</b>             |                                |                                |
| Capital stock                             | 24,347                         | 24,347                         |
| Capital reserves                          | 26,919                         | 26,886                         |
| IAS 39 reserve                            | -308                           | -275                           |
| Currency translation reserves             | -1,104                         | -1,031                         |
| Accumulated profit/loss                   | 18,059                         | 19,048                         |
| <b>Stockholders equity</b>                | <b>67,913</b>                  | <b>68,976</b>                  |
| Minority interests                        | 172                            | 213                            |
| <b>Equity</b>                             | <b>68,084</b>                  | <b>69,188</b>                  |
| Liabilities to employees                  | 12,648                         | 11,796                         |
| Long-term financial liabilities           | 5,786                          | 6,640                          |
| Long-term government grants and subsidies | 610                            | 680                            |
| Deferred tax liabilities                  | 46                             | 66                             |
| <b>Non-current liabilities</b>            | <b>19,090</b>                  | <b>19,182</b>                  |
| Trade payables                            | 27,214                         | 24,657                         |
| Current financial liabilities             | 14,575                         | 9,569                          |
| Current provisions                        | 284                            | 217                            |
| Current tax provisions                    | 446                            | 379                            |
| Other liabilities                         | 17,303                         | 18,625                         |
| Current government grants and subsidies   | 141                            | 141                            |
| <b>Current liabilities</b>                | <b>59,963</b>                  | <b>53,587</b>                  |
| <b>TOTAL EQUITY AND LIABILITIES</b>       | <b>147,137</b>                 | <b>141,958</b>                 |

## CONSOLIDATED INCOME STATEMENT.

For the first half-year 2008/09 (unaudited) and the first half-year 2007/08 (unaudited).

| in €'000  | Q1-Q2<br>2008/09 | Q1-Q2<br>2007/08 | Changes<br>in % | Q2<br>2008/09 | Q2<br>2007/08 | Changes<br>in % |
|---|------------------|------------------|-----------------|---------------|---------------|-----------------|
| Revenue   | 126,242          | 115,124          | 9.7%            | 66,521        | 60,627        | 9.7%            |
| Inventory changes finished / semi-finished goods                                  | 583              | 1,113            | -47.6%          | -209          | 400           | -152.3%         |
| Other capitalised services  | 1,725            | 902              | 91.2%           | 932           | 451           | 106.7%          |
| Other income  | 1,786            | 1,457            | 22.6%           | 851           | 565           | 50.6%           |
| Materials and supplies  | -60,499          | -57,952          | 4.4%            | -32,891       | -31,411       | 4.7%            |
| Personnel expenses  | -38,408          | -34,337          | 11.9%           | -19,074       | -17,952       | 6.3%            |
| Other expenses  | -21,778          | -18,126          | 20.1%           | -11,459       | -8,414        | 36.2%           |
| <b>Earnings before interest and taxes, depreciation and amortisation (EBITDA)</b> | <b>9,652</b>     | <b>8,181</b>     | <b>18.0%</b>    | <b>4,669</b>  | <b>4,266</b>  | <b>9.4%</b>     |
| Depreciation and amortisation   | -3,479           | -3,072           | 13.2%           | -1,816        | -1,612        | 12.7%           |
| <b>Earnings before interest and taxes (EBIT)</b>                                  | <b>6,172</b>     | <b>5,109</b>     | <b>20.8%</b>    | <b>2,854</b>  | <b>2,654</b>  | <b>7.5%</b>     |
| Interest expense  | -476             | -505             | -5.7%           | -261          | -253          | 3.2%            |
| Income from interest  | 143              | 146              | -2.1%           | 79            | 57            | 38.6%           |
| Other financial expenses  | 0                | -52              | -100.0%         | 0             | -52           | -100.0%         |
| Other financial income  | 0                | 480              | -100.0%         | 0             | 310           | -100.0%         |
| Result from affiliated companies  | 16               | 71               | -77.5%          | 10            | -21           | -147.6%         |
| <b>Financial result</b>   | <b>-318</b>      | <b>141</b>       | <b>-325.5%</b>  | <b>-172</b>   | <b>42</b>     | <b>-509.5%</b>  |
| <b>Earnings before taxes (EBT)</b>  | <b>5,855</b>     | <b>5,250</b>     | <b>11.5%</b>    | <b>2,682</b>  | <b>2,695</b>  | <b>-0.5%</b>    |
| Taxes on income   | -1,456           | -1,745           | -16.6%          | -680          | -1,024        | -33.6%          |
| <b>Net income</b>   | <b>4,399</b>     | <b>3,505</b>     | <b>25.5%</b>    | <b>2,001</b>  | <b>1,671</b>  | <b>19.7%</b>    |
| <b>Thereof:</b>   |                  |                  |                 |               |               |                 |
| Shareholders of parent company  | 4,375            | 3,224            | 35.7%           | 2,003         | 1,596         | 25.5%           |
| Minority interests  | 24               | 281              | -91.5%          | -2            | 76            | -102.6%         |
|   | 4,399            | 3,505            | 25.5%           | 2,001         | 1,671         | 19.7%           |
| <b>Earnings per share (diluted = basic) in € 000:</b>                             | <b>0.18</b>      | <b>0.13</b>      | <b>38.5%</b>    | <b>0.08</b>   | <b>0.07</b>   | <b>14.3%</b>    |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY.

For the first half-year 2008/09 (unaudited) and the first half-year 2007/08 (unaudited).

| in €'000   | July 31, 2008 | July 31, 2007 |
|--|---------------|---------------|
| Result included in equity                          | -121          | 127           |
| Consolidated net income/loss                       | 4,399         | 3,505         |
| <b>Total of included revenues and expenditures</b> | <b>4,277</b>  | <b>3,632</b>  |
| <b>thereof shareholders of parent company</b>      | <b>4,262</b>  | <b>3,362</b>  |
| <b>thereof minority interests</b>                  | <b>15</b>     | <b>270</b>    |
|  | <b>4,277</b>  | <b>3,632</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. 1, 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                             |               | 32               |                 |                               |                              | 32                   | 0                  | 32            |
| Total of revenues and expenditures accounted for |               |                  | 117             | 10                            | 3,235                        | 3,362                | 270                | 3,632         |
| <b>as of July 31, 2007</b>                       | <b>24,347</b> | <b>26,854</b>    | <b>229</b>      | <b>-625</b>                   | <b>10,722</b>                | <b>61,528</b>        | <b>652</b>         | <b>62,181</b> |
| <b>as of Feb. 1, 2008</b>                        | <b>24,347</b> | <b>26,886</b>    | <b>-275</b>     | <b>-1,031</b>                 | <b>19,048</b>                | <b>68,976</b>        | <b>213</b>         | <b>69,188</b> |
| Payment of dividends                             |               |                  |                 |                               | -5,356                       | -5,356               | 0                  | -5,356        |
| Share based payments                             |               | 32               |                 |                               |                              | 32                   | 0                  | 32            |
| Total of revenues and expenditures accounted for |               |                  | -33             | -73                           | 4,368                        | 4,262                | 15                 | 4,277         |
| Acquisition of minority interests                |               |                  |                 |                               |                              | 0                    | -56                | -56           |
| <b>as of July 31, 2008</b>                       | <b>24,347</b> | <b>26,919</b>    | <b>-308</b>     | <b>-1,104</b>                 | <b>18,059</b>                | <b>67,913</b>        | <b>172</b>         | <b>68,084</b> |

## CONSOLIDATED CASH FLOW STATEMENT.

For the first half-year 2008/09 (unaudited) and the first half-year 2007/08 (unaudited).

| in €'000   | Q1-Q2<br>2008/09 | Q1-Q2<br>2007/08 |
|--|------------------|------------------|
| <b>Earnings before taxes (EBT)</b>   | <b>5,855</b>     | <b>5,250</b>     |
| Depreciation and amortisation  | 3,479            | 3,072            |
| Net interest income and income from securities                                 | 333              | -21              |
| Profit/loss from disposal of property, plant & equipment and intangible assets | -36              | -45              |
| Profit/loss from disposal of financial assets                                  | 0                | -203             |
| Result from affiliated companies   | -16              | -71              |
| Share based payments   | 32               | 32               |
| Other non-cash expenses/income   | -94              | -60              |
| Changes in inventory   | -2,396           | -6,947           |
| Changes in receivables and other assets  | -333             | -10,634          |
| Changes in trade payables  | 2,549            | 6,083            |
| Changes in other liabilities   | -1,462           | 7,239            |
| Changes in long-term provisions (incl. employees)                              | 852              | 680              |
| Changes in current provisions  | 67               | -3               |
| <b>Cash flow from continuing operations</b>                                    | <b>8,830</b>     | <b>4,372</b>     |
| Taxes paid on income   | -1,237           | -1,507           |
| <b>Cash flow from operating activities</b>                                     | <b>7,593</b>     | <b>2,865</b>     |
| Proceeds from disposal of property, plant & equipment and intangible assets    | 200              | 473              |
| Expenditures for property, plant & equipment and intangible assets             | -8,724           | -9,122           |
| Proceeds from disposal of financial assets                                     | 0                | 19,738           |
| Expenditures for financial assets  | -226             | -8,350           |
| Expenditures for the acquisition of subsidiaries                               | 0                | 207              |
| Expenditure for the acquisition of minority interests                          | -540             | 0                |
| Interests received   | 143              | 146              |
| Income from securities   | 0                | 379              |
| <b>Cash flow from investing activities</b>                                     | <b>-9,147</b>    | <b>3,472</b>     |
| Raising of interest-bearing financial liabilities                              | 4,999            | 0                |
| Repayments of interest-bearing financial liabilities                           | -848             | -2,026           |
| Interests paid   | -435             | -505             |
| Payment of dividends   | -5,356           | -4,869           |
| Payments to minority shareholders  | 0                | -514             |
| <b>Cash flow from financing activities</b>                                     | <b>-1,640</b>    | <b>-7,914</b>    |
| <b>Changes in cash and cash equivalents</b>                                    | <b>-3,193</b>    | <b>-1,577</b>    |
| <b>Cash and cash equivalents at beginning of period</b>                        | <b>16,139</b>    | <b>22,807</b>    |
| Adjustment from foreign currency translation                                   | -63              | -16              |
| <b>Cash and cash equivalents at end of period</b>                              | <b>12,884</b>    | <b>21,214</b>    |
| Cash and cash equivalents according to balance sheet                           | 12,884           | 21,214           |

## SEGMENT REPORTING.

For the first half-year 2008/09 (unaudited) and the first half-year 2007/08 (unaudited).

### REVENUE.

| in €'000 and % | Q1-Q2<br>2008/09 | Q1-Q2<br>2007/08 | Changes<br>in % | Q2<br>2008/09 | Q2<br>2007/08 | Changes<br>in % |
|----------------|------------------|------------------|-----------------|---------------|---------------|-----------------|
| Austria        | 37,396           | 36,083           | 3.6%            | 17,745        | 19,548        | -9.2%           |
| Germany        | 33,441           | 29,362           | 13.9%           | 17,501        | 15,619        | 12.0%           |
| UK             | 12,263           | 17,709           | -30.8%          | 5,464         | 8,934         | -38.8%          |
| Russia         | 14,561           | 13,432           | 8.4%            | 11,190        | 6,671         | 67.8%           |
| Other markets  | 28,581           | 18,538           | 54.2%           | 14,621        | 9,856         | 48.4%           |
| <b>Total</b>   | <b>126,242</b>   | <b>115,124</b>   | <b>9.7%</b>     | <b>66,521</b> | <b>60,627</b> | <b>9.7%</b>     |

### EBIT.

| in €'000 and % | Q1-Q2<br>2008/09 | Q1-Q2<br>2007/08 | Changes<br>in % | Q2<br>2008/09 | Q2<br>2007/08 | Changes<br>in % |
|----------------|------------------|------------------|-----------------|---------------|---------------|-----------------|
| Austria        | 1,002            | 1,082            | -7.4%           | 218           | 367           | -40.6%          |
| Germany        | 816              | -294             | -377.6%         | 440           | -57           | -871.9%         |
| UK             | 1,035            | 1,594            | -35.1%          | 448           | 968           | -53.7%          |
| Russia         | 1,358            | 2,078            | -34.6%          | 1,202         | 1,415         | -15.1%          |
| Other markets  | 1,961            | 649              | 202.2%          | 546           | -39           | -1500%          |
| <b>Total</b>   | <b>6,172</b>     | <b>5,109</b>     | <b>20.8%</b>    | <b>2,854</b>  | <b>2,654</b>  | <b>7.5%</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, 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 half-year 2008/09 (as of July 31, 2008) has been compiled under the responsibility of the Management Board with the date of signing and was released for publication on September 19, 2008.

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

### 1.2.1 Principles of accounting

The interim report as of July 31, 2008 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, 2008.

### 1.2.2 Principles of consolidation

With the foundation of an additional sales subsidiary in Russia (Bene RUS LLC, Moscow), in the reference period from January 31, 2008 until July 31, 2008, the number of fully consolidated companies changed from 22 (January 31, 2008) to 23 (July 31, 2008).

Furthermore, due to the acquisition of additional shares from other shareholders, in the second quarter of 2008/09, the participating interest in the Bene London plc increased from 80.00% (January 31, 2008) to 84.74% (July 31, 2008) (see 1.4 Acquisitions and change of minority interests).

There were no further changes (e. g. changes in the method 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, 2008.

### 1.2.4 Accounting and valuation principles

The valid accounting and valuation principles of January 31, 2008 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, 2008, 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. As a result of the generally good demand, the segment Germany and especially the other markets reported partly significant improvements in sales and EBIT. In the UK segment, the decline in sales due to the hesitant investment climate lead to a comparatively minor decrease in EBIT. In the first half-year of 2008/09, the Russia segment shows an increase in sales and a decrease in EBIT, whereas the outlook for the entire year in Russia remains positive. Overall, based on the good market and project situation, the Management's estimates and expectations for the full business year remain unchanged positive.

### 1.5 GOODWILL.

As a result of the purchase of shares from other shareholders as of July 31, 2008, the Bene Group's goodwill (TEUR 4,610) is as follows (January 31, 2008: TEUR 4,125):

| in €'000               | Bene London plc |               | Bene GmbH, Villingen-Schwenningen |               | Bene GmbH, Hamburg |               | Office Technology BVBA |               |
|------------------------|-----------------|---------------|-----------------------------------|---------------|--------------------|---------------|------------------------|---------------|
|                        | July 31, 2008   | Jan. 31, 2008 | July 31, 2008                     | Jan. 31, 2008 | July 31, 2008      | Jan. 31, 2008 | July 31, 2008          | Jan. 31, 2008 |
| Book value of goodwill | 3,359           | 2,875         | 729                               | 729           | 466                | 466           | 55                     | 55            |

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

#### *Additions to and disposals of assets*

Until July 31, 2008, the Bene Group acquired property, plant and equipment and intangible assets in the amount of TEUR 9,465 (July 31, 2007: TEUR 9,184). The construction of the training and development centre amounting to TEUR 1,163, the expansion of the exhaust system (TEUR 1,035) (both in Waidhofen/Ybbs) as well as first investments in the construction of the plant II in Waidhofen/Ybbs (TEUR 432) represented the largest individual investments in property, plant and equipment in the past half-year.

### 1.4 ACQUISITIONS AND CHANGE OF MINORITY INTERESTS.

As of the reference date June 30, 2008, the company has acquired 4.74% of shares held by other shareholders of the Bene London plc (exercise of the first call option). Thus, the Bene AG's shareholding increased from 80.00% (January 31, 2008) to 84.74% (July 31, 2008). Comparing the cash paid purchase price (TEUR 541) with the book value of the additional acquired shares (TEUR 56), good will amounts to TEUR 485.

With regard to the applied accounting and valuation principles, we refer to the consolidated financial statements of the Bene Group as of January 31, 2008.

Additions to intangible assets (capitalisation of development services, modernisation of the IT-environment etc.) amounted to TEUR 3,418 (July 31, 2007: TEUR 1,456).

During the first half-year 2008/09, the Bene Group disposed of property, plant and equipment and intangible assets with a net book value of TEUR 163 (July 31, 2007: TEUR 428). The realised net profit from sale amounts to TEUR 37 (July 31, 2007: TEUR 45).

## 1.7 LONG-TERM AND CURRENT FINANCIAL ASSETS.

In the first half-year 2008/09, no long-term and current financial instruments available for sale were bought or sold. Thus, there was no reporting affecting net income (first half-year 2007/08: sale of long-term and current financial instruments available for sale with a net book value of TEUR 19,058 and realisation of previously in the IAS 39 reserve recognised accumulated losses of TEUR 85 with effect on net income).

The change in the balance sheet item as of July 31, 2008 is resulting from the change in the reinsurance values for semi-retirement.

## 1.8 LONG-TERM AND CURRENT FINANCIAL LIABILITIES.

### *Long-term financial liabilities*

Until July 31, 2008, there were besides regular repayments no anticipated repayments or changes in terms and other conditions.

### *Current financial liabilities*

However, during the first six months of the business year 2008/09 current financial liabilities were arising from the usage of agreed credit lines in the amount of TEUR 5,006. The existing terms and other conditions remained unchanged.

## 1.9 DIVIDEND PROPOSED AND DISTRIBUTED.

in €'000

*Proposed and paid dividend during the first half-year*

Dividend per ordinary share:

Dividend for 2007/08: 0.22 EUR (2006/07: 0.20 EUR)

as of July 31, 2008

as of July 31, 2007

5,356

4,869

The proposed dividend for the financial year 2007/08 was authorised for distribution by the shareholders' meeting on June 04, 2008 (financial year 2006/07: June 06, 2007) and paid out on June 12, 2008 (financial year 2006/07: June 14, 2007).

The calculation of earnings per share is based on the following, weighted average number of common shares:

In thousands

**Weighted average number of common shares**

2008/09

2007/08

24,347

24,347

## 1.10 DERIVATIVE FINANCIAL INSTRUMENTS.

As of July 31, 2008, the Bene Group uses three forward exchange dealings to hedge future currency risks arising from existing projects, which will be invoiced in AED (United Arab Emirates Dirham) and USD (January 31, 2008: two).

Just as of January 31, 2008, no derivative financial instruments are used for speculative purposes. As of July 31, 2008, the fair value of the forward exchange dealings amounts to TEUR 55 (January 31, 2008: TEUR 0).

in €

USD 500,000 foreign exchange sales

AED 5,800,000 foreign exchange sales

AED 360,000 foreign exchange sales

Market value at closure

Term until

341,297

29/08/2008

1,037.938

28/08/2008

63,683

28/08/2008

## 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 | 36,359   | 0  | 20,885  | 6   |
| Associated persons                                    | 6  | 261  | 5   | 2   |
| <b>as of July 31, 2008</b>                            | <b>36,365</b>  | <b>261</b>   | <b>20,889</b>                                     | <b>7</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 | 29,969   | 0  | 20,827  | 34  |
| Joint ventures  | 215  | 0  | 208   | 98  |
| Associated persons                                    | 42   | 172  | 28  | 5   |
| Persons in key functions                              | 1  | 0  | 1   | 0   |
| <b>as of July 31, 2007</b>                            | <b>30,226</b>  | <b>172</b>   | <b>21,063</b>                                     | <b>137</b>                                      |

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

parties as of July 31, 2008, 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 as of January 31, 2008, is still in place in the unchanged amount, since there were no new findings during the first half-year.

As of July 31, 2008, 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.

There were no major events between the reporting date of the interim consolidated financial statements (July 31, 2008) and their publication.

## BENE SHARE.

The Bene share is listed at the Vienna stock exchange since November 3, 2006 and 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.



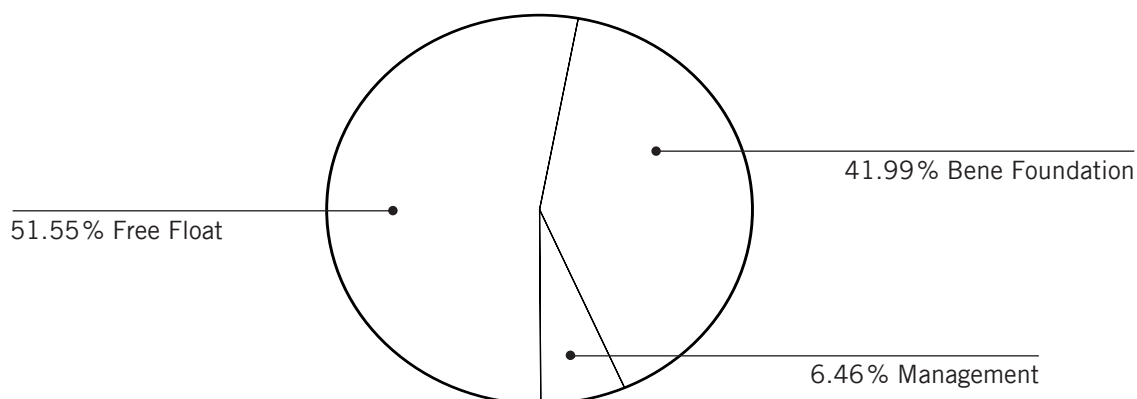
### SHARE PERFORMANCE.

In the first half-year of 2008/09, the price of the Bene share positively detached from the development of the ATX Prime and reported an increase of 5.0 % (ATX Prime: -6.0 %). In the reporting period the highest closing price amounted to EUR 4.83 (June 9, 2008), the lowest closing price was EUR 3.51 (March 19, 2008).

### TRADING VOLUME.

In the course of the first six months of the business year 2008/09, the average trading volume amounted to 29,215 shares. The highest daily trading volume of 139,981 shares was realised on March 27, 2008, the lowest number of shares traded was 0 shares on February 13, 2008.

## SHAREHOLDER STRUCTURE.



**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

**Other dual listings:** none

**Indices:** ATX Prime, WBI

**Ticker symbols:** Bene

**Free float:** 51.55 %

## 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 its interested shareholders and new interested investors. 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 2008/09      December 16, 2008

## CONTACT.

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## DECLARATION OF THE MANAGEMENT BOARD ACCORDING TO § 87 ABS. 1 BÖRSEG (AUSTRIAN STOCK EXCHANGE ACT).

We hereby confirm that the condensed consolidated interim financial statements compiled according to the applicable financial reporting standards, to the best of our knowledge, are a fair representation of the financial and earnings situation of the Group and that the Group's half-year status report gives a fair picture of the financial and earnings situation with regard to the most important events during the first six months of the financial year

and their impact on the condensed consolidated interim financial statements, and with respect to the major risks and uncertainties in the remaining six months of the current business year and concerning disclosable essential business transactions with related parties.

Waidhofen, September 19, 2008



Frank Wiegmann  
Chairman of the Management Board  
Finance and Technology



Thomas Bene  
Member of the Management Board  
Marketing and portfolio



Roland Marouschek  
Member of the Management Board  
Sales and Personnel