



Ad hoc announcement from 14.03.2007

Neschen AG – annual result 2006

The Neschen Group will return a net loss after tax (per IFRS) of -3.3 €Mio. (2005 -9.4 €Mio.). This includes extraordinary expenses of approx. 3.4 €Mio., these being essentially restructuring costs for the US-business and extraordinary write-offs.

Deferred taxes, which have to be booked according to IFRS, improved the result of Neschen AG by 1.4 €Mio.

The EBITDA is 7.5 €Mio. (2005: 2.4 €Mio.); the EBIT is 1.9 €Mio. (2005: -4.0 €Mio.) Excluding the restructuring costs, the EBIT is 5.3 €Mio., 0.3 €Mio. more than the amount announced in the previous ad-hoc-statement.

The turnover is 129.5 €Mio. (2005: 136.2 €Mio.), a decrease of 4.9% compared to the previous year. However, after adjusting for discontinued sales because of the restructuring programme, the decrease is 2.0%.

Shareholders' equity of the Neschen Group (accord. to IFRS) is -4.5% (2005: 1.3%). The change in equity reflects the effects of the restructuring programme incl. the extraordinary write-offs, which cost a total of 19.2 €Mio. over the past three years. Shareholders' equity of Neschen AG (according to the German commercial code, without taking into consideration the deferred taxes) is 11.0 €Mio. (2005: 10.2 €Mio.).

In December 2006 a recapitalisation agreement with Bear Stearns was agreed which will significantly improve the equity ratio. The agreement includes a bank debt expense as well as an increase in capital of 4.375 million shares. After finalisation of these measures the equity ratio of the Neschen Group will be approx. 10%.

As of 15.03.07 the members of the Supervisory Board will change. The chairman Dr. Hans-Günter Scholz and Matthias Werth have resigned and will be replaced by Heinzwerner Feusser and Dr. Norbert Dieterich.

The reported sales figures and estimated results for February 2007 are slightly over budget, confirming the measures implemented in the past years.

Further details will be announced at the general meeting on 21.06.2007 in Bückeberg.

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