

Ad hoc announcement issued on June 9, 2009

Neschen AG reports an operating loss in 2008 and positive effects arising from a credit waiver

The Neschen Group achieved sales of Euro 119.5 million in the last financial year (previous year Euro 125.0 million). Net of exchange rate effects, the decline in sales was 3.1%. As a result of the crisis in the financial markets, considerable reductions in sales in excess of 10% were recorded in the final quarter of 2008.

This development in sales had a correspondingly negative effect on operating results. The preliminary EBIT is minus Euro 2.7 million (previous year Euro 3.2 million) and minus Euro 1.2 million before one-time effects. Neschen AG will report a (preliminary) pre-tax loss of Euro 6.8 million for the financial year 2008, following a profit of Euro 6.5 million in the previous year, which however includes an extraordinary effect in the form of a waiver of receivables to the value of Euro 9.6 million.

Neschen AG's results compared with the previous year are particularly affected by an increase in interest expenses to Euro 7.5 million (previous year Euro 6.4 million). The results of the group in 2008 include positive net one-time effects of Euro 1.5 million, due amongst other things to a revaluation of accruals and fixed assets.

Due to the random tests currently being carried out by the Financial Reporting Enforcement Panel (DPR) on certain selected audit areas of the group financial statements for the period ending on 31.12.2007, Neschen AG will not publish its business results for 2008 until this audit has been concluded. This ensures that the financial statements will not subsequently have to be corrected on account of adjustments of valuation and presentation matters that might have to be carried out.

The worldwide recession created a significant decline of demand in the graphical industry at the end of 2008. A revival of business is not anticipated before 2010. The company's focus was adjusted in accordance with the market and Neschen AG's activities in the USA were also restructured as part of this adjustment process. This will lead to cost savings of approximately Euro 6.0 million in the fields of personnel and other costs in the current financial year 2009. In its individual company financial statements Neschen AG also carried out unscheduled write-offs of financial investments and receivables due from its US subsidiary company.

The bank that finances the Neschen Group's activities remitted receivables from retained interest to the value of Euro 22.3 million in an agreement signed on June 08, 2009. New debtor warrants were agreed in return. The effect of the waiver and another new debtor warrant which has a strengthening effect on equity amounts to approximately Euro 16.6 million.

The share of this waiver due to Neschen AG was posted retroactively to the company's financial statements (according to German Accounting Rules (HGB)) for the period ending on 31.12.2008 but, in accordance with IFRS accounting rules, the waiver and the new debtor warrant cannot be included in the group financial statements until the month of June.

After carrying out the required write-offs of fixed assets and consideration of the credit waiver and the new debtor warrants, Neschen AG's shareholders' equity was Euro 12.6 million on 31.12.2008 (an equity ratio of approximately 28%). At the group level an equity ratio of almost 20% will be achieved. The credit waiver reduces annual interest payments by approximately Euro 3.2 million.

The board of management of Neschen AG anticipates that the Financial Reporting Enforcement Panel's investigations will be completed quickly, enabling the final figures and the complete 2008 financial statements to be published soon.

Contact for further information:

Neschen AG
Gerd Röhrig
Hans-Neschen-Straße 1
31675 Bückeburg
Telephone: +49-(0)5722-207 206