

## HALF-YEAR REPORT as at 30 June 2005

- **CROSS Industries AG acquires a stake in UIAG**
- **Sale of shares in ET Multimedia AG**
- **Favourable performance of existing investments**
- **Expansion of investment portfolio planned for 2005**

Ladies and Gentlemen,  
Dear shareholders,

### **Business performance**

UIAG generated earnings of 1.08 m€ in the first half of 2005. These earnings are derived from the disposal of the investment in Wiener Börse AG, from dividends and distributions and interest and similar income. Total expenses amounted to 1.91 m€ and besides material and personnel expenses, these costs comprise as major item a write-down of the investment in ET Multimedia AG in order to reflect the expected proceeds of the disposal in August 2005.

The result on ordinary activities amounted to a loss of 825,000 € compared to earnings of 100,000 € in the comparable period of the previous year; without the above mentioned write-down this figure would however have been positive. After the distribution of 1.75 m€ (0.44 € per share) made for 2004, net earnings for the half-year came to 2.67 €m (first half of 2004: 5.27 m€). Fixed assets at mid-year amounted to 28.50 m€ and current assets to 11.57 m€, which resulted in total assets of 40.07 m€, which were around 7% lower compared to the reference period of the previous year (43.15 m€).

### **CROSS Industries AG acquires a stake in UIAG**

CROSS Industries AG (CROSS) is currently in negotiation with the major shareholders of UIAG to acquire up to 25% of UIAG shares. More than 10% were already purchased from the Gerling Group. Negotiations are currently held with Deutsche Beteiligungs AG (DBAG)-Group for the remaining shares. This strategic partnership with CROSS will further enhance UIAG's market reach, and also means a substantial strengthening of the financial capacity and industrial know-how with investment projects that are jointly implemented. Regardless of that, UIAG will maintain its close ties with DBAG.

### **Sale of investment in ET Multimedia**

Unternehmens Invest AG decided to sell its 22.7 percent stake in Austria's second-largest magazine publishing group, ET Multimedia AG (ETM), to Styria Medien AG (Styria). The final documents will be signed shortly. Besides UIAG, Imperial Finanzgruppe (16.6% stake), and Deutsche Beteiligungs AG together with its parallel fund (21.3% stake) will also sell their investments in ETM to Styria. Following the recent capital increase at ETM and with the above-mentioned disposals, Styria's stake in ETM will increase to over 80%.

In the current business year 2005 extensive financing measures are due at ETM. In view of the still unpredictable development on the Austrian media market and the high risks involved for a continuing growth and favourable performance of the investment, the three financial investors (UIAG, Imperial Finanzgruppe and DBAG) jointly decided to sell their shares in ETM.

Due to the difficult market environment and the current development of the company the price achieved for the shares is very satisfactory. The change in the shareholder structure ensures the future development of ETM and will allow the company to expand further. This will give ETM additional opportunities on the Austrian media market, which continues to be a tough one.

The sale of the ETM shares means a cash inflow for UIAG amounting to around 3.8 €m. Even after using up the risk provisions made, the sale will result in a book loss of around 0.8 €m. This transaction is also aimed at preventing any further book losses in the future.

### **UIAG share price movements**

On 30 June 2005 UIAG shares closed at € 10.05 and on 25 August 2005 the price for the UIAG shares was € 11.20.

### **Portfolio performance**

As at 30 June 2005 UIAG held investments in the following companies:

▪ Bene AG	26.9%
▪ ET Multimedia AG	22.7%
▪ JCK Holding GmbH Textil KG	2.0%
▪ Preh GmbH	3.6%
▪ CM Versicherungsmakler Ges.m.b.H.	49.0%
▪ IDENTEC SOLUTIONS AG	0.145%
▪ INFONIQ Informationstechnik GmbH	0.7%

**BENE GROUP**

The market for office furniture in Europe is still suffering from a highly competitive situation and consequently characterised by pressure on prices. A swift change of the market situation is very unlikely.

Bene AG succeeded in countering the market trend by continuing to perform well in the first two months of the second quarter. Accumulated new orders as at the end of June (five months) were 11.1 % higher compared to the reference period of the previous year. Due to project-related and seasonal fluctuations, accumulated invoiced group sales as at the end of June 2005 were slightly below expectations but were 9.7% up compared to the same period in the previous year.

Despite the ongoing pressure on prices on the international markets, the company achieved a gross profit margin that was above expectations. The reasons for this were the stable or slightly falling prices for materials and the high percentage of products manufactured by Bene itself.

Earnings on ordinary activities after five months of business turned out to be very favourable and were significantly higher than in the previous year. This is above all due to the positive performance of the Objektform Group in Germany, which succeeded in making a strong improvement to the result.

**ET MULTIMEDIA AG**

The tense situation on the Austrian advertising market continued in the second quarter of 2005 and carries on to put a strain on the business development of the ETM Group. Sales achieved in the first half-year were below the previous year but the key earnings figures slightly improved.

Whilst the Wirtschaftsblatt Group increased its sales in the first six months against the previous year, the other magazines lagged behind the figures for the previous year.

As a result of this ongoing difficult development, the financial investors decided to sell their shareholdings in ET Multimedia.

**PREH GMBH**

The investment in Preh, acquired at the beginning of 2004, again performed satisfactorily in the first half of 2005 after a successful financial year in 2004. Sales rose by 1.1% compared to the same period of the previous year. New orders and the order book were both above the comparable figure for the previous year. Sales in automotive products, representing over 80% of group sales (driving control and sensor systems) were around 13% above the previous year. Although new customer business developed well, electronic products did not live up to expectations.

The Preh Group's management assumes that it will achieve its earnings targets and further reduce the company's net debts.

**JCK HOLDING GMBH TEXTIL KG**

The first half-year went well for JCK; sales, operating profit and revenues were all ahead of expectations as at the end of June.

Along with the private label business, the other group companies were also running to plan, so that management has not made any change to the budget in its forecast for the year as a whole.

**Outlook for the financial year 2005**

UIAG's Board of Management expects a revival in Europe's and Austria's investment market. As a result of this, chances of investing in larger companies or divisions of companies should increase.

In the light of this, the Board of Management welcomes the participation of CROSS Industries AG as it opens up new opportunities for both companies. Discussions on potential joint projects with CROSS have already started before they acquired shares in UIAG. The strategic partnership with CROSS also means a substantial strengthening of the financial capacity and industrial know-how with investment projects that are jointly implemented. UIAG will continue to cooperate with DBAG in order to have access to their financial power, know-how and international syndications. This offers good prospects for UIAG to transact major projects together with its partners.

UIAG is currently involved in intensive negotiations with several potential investment companies, so that an expansion of the investment portfolio may be expected in 2005.

UIAG is in the middle of a new investment cycle and in the process of building up and structuring a new investment portfolio. Therefore neither any regular income from dividends nor earnings from substantial divestments are planned in the near future.

With kind regards  
THE BOARD OF MANAGEMENT  
Vienna, August 2005

**ANNEX**

*Unternehmens Invest AG specialises in private equity investments and was the first company of its kind in Austria at the time of its foundation in 1990. It has been listed on the Vienna Stock Exchange since 1991, since the beginning of 2002 its shares have been quoted in the Prime Market segment.*

*UIAG's strategy is to provide equity capital to established - preferably Austrian - companies with good future prospects as well as good growth and earning potential in order to further develop their business and expand internationally. With the exception of real estate transactions UIAG is not subject to any kind of industry limitations. During the acquisition phase UIAG does not influence the operative business in any way, it is, however, represented on the supervisory boards. As a temporary partner, UIAG's goal is to sell its shares after the successful expansion to strategic investors, co-investors or on the stock exchange.*

*A convincing performance of private equity companies can only be shown over a longer period of time. Due to the nature of the business, results are often subject to fluctuations. In periods where large investments are sold, earnings are naturally very high whereas in years of minor or nonexistent disposals earnings are inevitably much lower. To minimise possible fluctuations, UIAG makes allocations to its reserves and carries profits forward in years of high earnings. UIAG has always endeavoured to maintain a stable and investor friendly dividend policy and to direct its business policies and strategy towards continuity and stability.*

*The companies on the Prime Market of the Vienna Stock Exchange have committed themselves to preparing their group financial statements in accordance with the IFRS. Since UIAG does not prepare a group financial statement, but only a separate financial statement, this commitment does not apply to UIAG. At present guidelines for a pan-European, standardised procedure of accounting for private equity companies and other investment companies are being developed on an international scale. As soon as standards exist, UIAG will adhere to international practice.*

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