



May 14, 2007 - Press Release: Interim Announcement – First half of the financial year

SIMONA Group maintains forward momentum

Achieving revenue growth of 26.2 per cent and a double-digit gain in sales volumes over the course of the first three months of 2007, the SIMONA Group has succeeded in maintaining its forward momentum. On the basis of the first quarter, the Group is currently operating beyond the growth target of 6 per cent for the annual period. Against the backdrop of extremely favourable economic conditions, Group revenue rose by €15.2 million year on year to €73.1 million. Growth was again driven by exports, giving a noticeable boost almost in Germany to chemical equipment engineering and tank/vessel construction as well mechanical engineering, which announced record figures for the spring of 2007. Piping systems, an area that had been adversely affected by the severe winter weather experienced in the first quarter of 2006, reaped the rewards of milder weather conditions in the first quarter of 2007.

Business with pressed sheets and finished parts, a category within the plastics division acquired from Deutsche Holzveredelung that had not been included in the prior-year quarterly figures, also contributed to sales volumes and revenues. The Group's financial position and cash flows showed no material changes in the first three months of 2007; liquidity remained solid and was safeguarded at all times. The risks of future development have not changed significantly compared with the assessment presented in the 2006 annual report. The gross profit margin remained under pressure from high or rising prices associated with the majority of raw materials. Despite this situation, the Group achieved its earnings target set for the first quarter, supported by a high level of capacity utilisation.

Based on current performance figures, the target of €15 million in operating profit for the financial year as a whole would also appear to be attainable. This will depend on the successful execution of measures aimed at optimising earnings performance, together with a sustained period of economic stability and less erratic price movements within the raw material markets.

The number of staff employed within the Group rose from 1,038 at the end of the first quarter of 2006 to 1,227 at the end of the first quarter of 2007. The increase in staffing levels was attributable to the takeover of the plastics division formerly owned by Deutsche Holzveredelung as well as the recruitment of production staff at the new plant operated by the Group's US subsidiary.

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