CFC Industriebeteiligungen GmbH & Co. KGaA
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Companion for companies

Annual report 2008

CFC
COMPANION FOR COMPANIES

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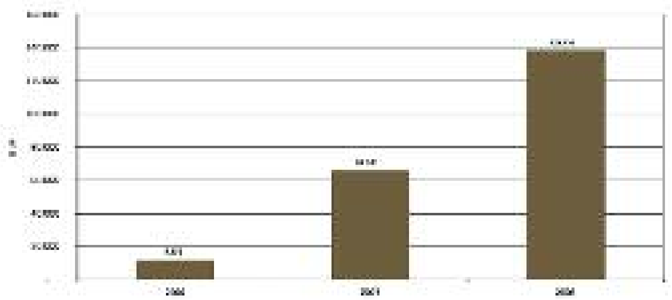
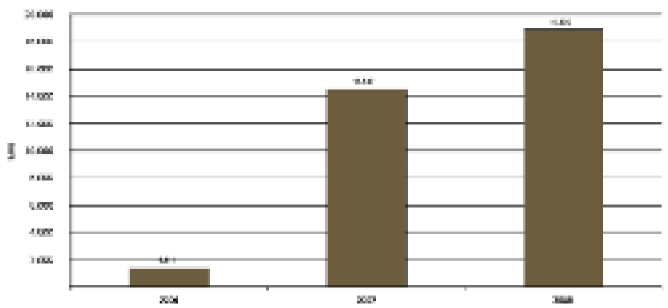
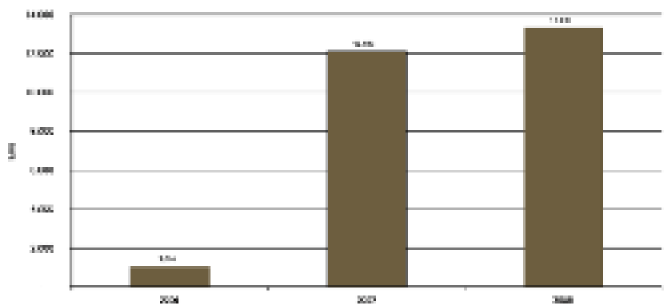


Group EBITDA



Group EBIT



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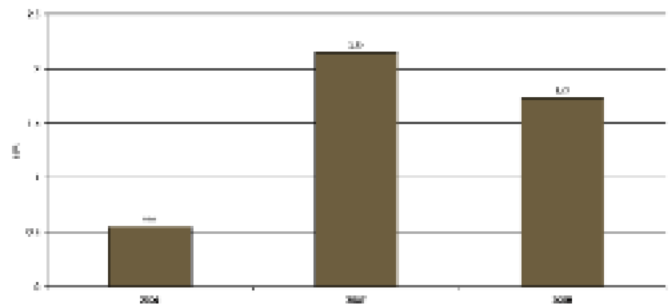

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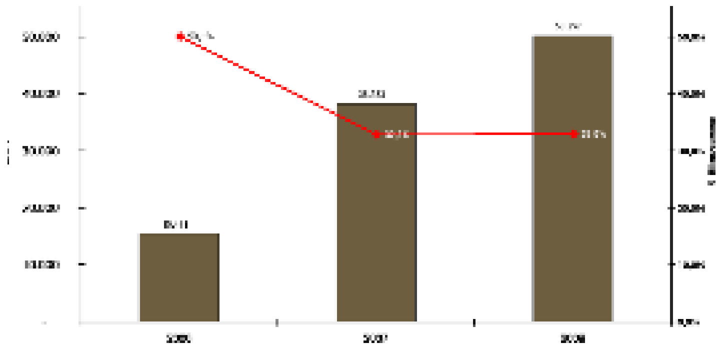

Equity
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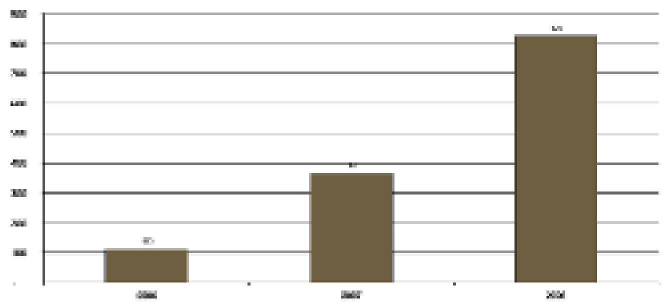


1. Management report

Dear stockholders, business partners, and employees

Fiscal year 2008 was a successful year for CFC Industriebeteiligungen GmbH & Co. KGaA (CFC) despite the turbulences at the international capital markets. In achieving an annualized sales volume of EUR 174 million and entered sales of EUR 138 million, we generated a consolidated net income of EUR 11.1 million for our stockholders. Earnings per share attributable to our stockholders amount to EUR 1.73. As of December 31, 2008, the group recorded a head count of 1,032 employees, 38 % more than in the past year on average. This increase is due to the acquisition of our new holding, Rosner GmbH & Co. KG ("Rosner"), which made us further expand our efforts in the segment Fashion.

Apart from the acquisition of Rosner, the past fiscal year was shaped essentially by the sale of 49 % of our entire investment portfolio to funds of renowned investor Greenpark. On the strength of this transaction we achieved a return for our stockholders of 102 % for the average holding period. We still hold the majority interest in the portfolio and enable Greenpark to participate in our continued successful restructuring work. Therefore we especially look forward to the continuing pleasant cooperation with Greenpark.

With this transaction and our careful investment approach, liquidity was created at exactly the right time. On the one hand we are thus in a position to continue the restructuring work begun in the portfolio companies, on the other hand we can enhance the portfolio by additional acquisitions and benefit from the current situation of low market assessments and the banks' restrictive lending policies. In the last annual report we expressed our expectation of a recessive development starting in the second halfyear 2008, and we oriented the company's course consistently towards this situation; however, we were still surprised by the intensity of the financial crisis.

Acquisitions

In the past fiscal year 2008, a considerably larger number of companies was offered us for acquisition than in the previous years, owing to the aggravating economic situation. We adjusted our organization and processes to the changed market conditions very early on. More than 40 due diligence assessments were carried out last year in a cost-efficient manner. Eventually we decided only twice to include a company in our portfolio:

- In May 2008 we acquired MEF-Möbel-Elemente Franz GmbH (MEF) in Haiger. MEF has outstanding expertise in the surface treatment of kitchens and was at that time the principal supplier of our holding Format-Küchen. In the months following the acquisition, MEF was integrated deeply into the production processes of Format-Küchen with regard to organization and technology. Today MEF represents one division in the technical production process of kitchen manufacturing and thus secures important competencies for Format-Küchen in the treatment of surfaces, providing independence of suppliers in this respect.

- Near the end of the year 2008, we acquired the well-established ladies' apparel company Rosner GmbH & Co. KG, Ingolstadt, from Japanese fashion group Link Theory Holdings Co. Ltd., Tokyo. Rosner ranks among Germany's leading textile enterprises and sells ladies' apparel (trousers, skirts, blazers, coats, suits, knit garments, and sportswear) in the medium and upper price segments under the trade name "rosner". We purchased the stock for a token price of EUR 1.00. The previous stockholder supported this transaction with a loan of EUR 5.0 million extended to Rosner.

With this takeover we raised our competence in the segment "Fashion" even further. We have thus become one of the major suppliers of ladies' apparel in Germany. In April 2008 we already purchased the trademark rights to the ladies' wear label "Hirsch" at most favorable conditions. In addition, delmod obtained the longterm license for fashion label "Dinomoda", well known for ladies' dresses, in mid-2008. All these labels cater to the same target customer. Thus we scale distribution, marketing and procurement costs by the creation and utilization of one common platform.

The "Fashion" example serves to illustrate that CFC continues to observe its buy-and-build strategy with its acquisitions. New acquisitions are made as "complimentary" additions to existing segments in order to reach critical company sizes and profitability as soon as possible. Our segment "Home & Living" currently consists of cookware manufacturer Berndes and kitchen manufacturer Format-Küchen. The segment "Electronics" includes telecommunication supplier Elcon Systemtechnik and specialist for electronic components Letron electronic. With this combination in segments and the corresponding synergy and scaling effects, we reach the critical mass necessary for the turnaround sooner and provide an excellent starting position for future exits of thus created company groups. This will reflect positively in future selling prices, therefore providing added value for our stockholders.

Management report

Progress in the operational changes of the portfolio companies

Berndes had completed the stage of operational restructuring already in the year 2007. Sales were increased by 5 % in the year 2008 and a positive contribution to results from operations was generated. The new premium product line “Berndes Finest” was successfully introduced to the market. This product line does not only address customers in the luxury segment, by e.g. applying Swarovski crystals to panhandles, but rather raises the level of brand awareness for all products sold under the trade name Berndes. This measure contributed to pushing ahead with the new positioning of the brand in the year 2008 successfully.

Format-Küchen was also subjected to an intensive change regarding its market position in the past year. This effort served to harmonize the segment “Home & Living”. By the initiated process of product recreations, turning an exchangeable, nondescript local kitchen manufacturer into an autonomous kitchen designer, shaping the trends of the industry, Format-Küchen is oriented towards the future. An essential step along this way is the cooperation with the design studio of star architect Sir Norman Foster in the development of a “top line” kitchen. However, the premium segment also opens up the distribution channel to international project customers in the real estate property business for Format-Küchen. In the past fiscal year an order of 250 kitchens for luxury condominiums in real estate property in Dubai was concluded successfully. Such contracts lead to higher profit margins, expand the previous business by heightened brand awareness, and tap existing production capacity to a higher degree. This leads in turn to better profitability in the future. Yet this specific market environment will remain difficult in the short term due to the current economic situation, as private investments in kitchens are rather deferred presently and major projects in the real estate business may be delayed. In the extreme case this trend could jeopardize the company’s continued existence.

In the segment “Electronics”, Elcon laid the new groundwork for the future in the past year, too. A large number of new products for the networks of telecommunication providers were developed and certified successfully by the customers within their networks. Distribution was reorganized as well. A new sales office was opened in the Frankfurt area in direct proximity to numerous customers. The economic programs drafted by the political parties attach a lot of importance to the expansion of broadband Internet infrastructure. This is one of the reasons why we anticipate further growth in the future. The company achieved the turnaround and is now being oriented towards sustainable growth. Letron has been integrated successfully into the cooperation with Elcon and services highly specialized customer requirements for electronic components.

Outlook 2009

The described changes the companies underwent in the year 2008, i.e. the first year after the takeover, are the prerequisite for the successful turnaround, yet they resulted in further losses – except for Berndes and delmod. However, this is perfectly normal in the first year of restructuring and right on schedule. Against the backdrop of the current recession, we will continue our focus on the operational work and accompany the portfolio companies through these challenging market conditions. Acquisitions will be assessed conservatively and financed without exhausting our liquidity. Due to the very high deal flow owing to the crisis, there are plenty of options, justifying this strategy. This year we will direct all our efforts at leading CFC through the crisis to emerge even stronger at the other side.

On behalf of CFC we express our thanks to all employees for their great commitment and to our stockholders and business partners for the confidence they have in us.

Sincerely

Marcus Linnepe Dr. Frank J. Nellißen

(Managing directors of CFC Industrie Beteiligungen Verwaltungs GmbH)

The management

The management

Marcus Linnepe completed technical and commercial training and gained first work experience advising U.S. companies on finances, controlling, and sales. From the early to mid-nineties, Mr. Linnepe restructured a globally oriented German company in the metal working industry. Mr. Linnepe went on to work for a well-known German consulting firm for medium-sized companies, focusing on business analysis, business appraisal, and M&A transactions. In 1997 he founded M. Linnepe & Co. GmbH and assumed various management board, senior management, advisory board and supervisory board mandates in this context until the year 2003. Since 2003 Mr. Linnepe has been managing director and partner of CFC GmbH & Co. KG. Since August 22, 2005 Mr. Linnepe has been managing director of CFC Industrie Beteiligungen Verwaltungs GmbH, general partner of the listed company CFC Industriebeteiligungen GmbH & Co. KGaA since May 2006.

Dr. Frank J. Nellißen studied business management and economics in Düsseldorf and Hagen and earned his doctorate at the University of Cologne. He started his professional career as management consultant with the Mitchell Madison Group in Munich. Soon he moved on to Munich-based Theron Business Consulting. His consulting services focused on the TIME sector. In the year 2000 he was hired by the Arcor Group, Eschborn, where he assumed various executive positions until 2004, particularly relating to the integration of subsidiaries and winding-up transactions. In mid-2004 Dr. Nellißen was involved in the acquisition of the business operation "Consumer Imaging" of the Agfa-Gevaert Group, Mortsel/Belgium, as a partner. In the spin-off AgfaPhoto GmbH, he took over the management of global corporate controlling. In August 2005 Dr. Nellißen became managing director of AgfaPhoto Holding GmbH and management board member of the global Leasing Group. Since June 2007, Dr. Nellißen has been the CFO of CFC Industriebeteiligungen GmbH & Co. KGaA, since November 6, 2008 he has been managing director of CFC Industrie Beteiligungen Verwaltungs GmbH.

2. Supervisory Board report

The Supervisory Board of CFC Industriebeteiligungen GmbH & Co. KGaA (CFC) carefully attended to its duties and responsibilities as established by law and the articles of incorporation in fiscal year 2008.

Since October 2006 the Supervisory Board has consisted of Mr. Klaus von Hörde as chairman, Mr. Andreas Lange as deputy chairman, and Mr. Stefan Schütze. In fiscal year 2008 the Supervisory Board gave supporting advice to the managing director of the company's general partner and supervised his activity based on his oral and written reports on the course of business, assets, the financial position and results from operations, risk situation and risk management, and compliance. All material transactions with respect to business policy, business strategy and its realization, and all fundamental issues and significant events were monitored regularly and within the framework of meetings held together with the management. Insofar as matters are subject to Supervisory Board involvement according to law or the articles of incorporation, these matters have been covered by the Supervisory Board. The cooperation between the management of the company's general partner and the Supervisory Board always made open discussion possible while protecting confidentiality at the same time.

Nine regular Supervisory Board meetings were held in the reporting period. Four of these took place as actual sessions while the other five meetings were organized in the shape of conference calls. The Supervisory Board members offered their advice to the management outside these meetings and during decision-making processes as well. The Supervisory Board informed itself constantly, particularly about the status of the restructuring of the holdings. For this purpose, monthly management reports to the Supervisory Board were introduced in the reporting period. The Supervisory Board was also informed comprehensively about potential and actual new investments, and the Board members discussed the circumstances in detail. In the past fiscal year this especially concerns the acquisition of the subsidiaries MEF-Möbel-Elemente Franz GmbH and Rosner GmbH & Co. KG.

Another essential Supervisory Board decision was its consent to the sale of 49 % of the investment portfolio to Palace Park Investments Ltd, Jersey, at the end of July 2008. With this partial sale involving the entire company portfolio to the Greenpark funds, CFC managed just in time to refinance its business and to prepare for the crisis that started to affect the banking sector and the real economy in September 2008. The current developments in corporate governance were constantly followed by the Supervisory Board and coordinated with the management. The Supervisory Board was involved in the implementation of the German Corporate Governance Code recommendations and the composition of the updated declaration of compliance. The declaration according to Section 161 AktG (German Stock Corporation Act) was released by the management and the Supervisory Board in February 2009 and made permanently accessible to the stockholders on the company's Internet site. The preceding declarations of compliance remain accessible at the company's website, too.

Following the Supervisory Board's proposal for the election of the auditor, the Annual General Meeting of June 16, 2008 appointed Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Westfalendamm 11, 44141 Dortmund, auditor for the fiscal year ended December 31, 2008. Ernst & Young has examined the consolidated financial statements of CFC Industriebeteiligungen GmbH & Co. KGaA and the group management report and issued an unqualified auditor's certificate. The audit report does not contain any notations or references for possible inaccuracies of the group management report with regard to the information required by Sections 289 (4), 315 (4) HGB (German Commercial Code).

All documents for the consolidated financial statements for the fiscal year ended December 31, 2008 were made available to the Supervisory Board in due time and were then examined by the Supervisory Board for compliance and truth and fairness of accounting and management, as well as for economic expediency.

Within the framework of the Supervisory Board meeting of April 30, 2009, the general partner's management presented the financial statements, the consolidated financial statements, the management report, and the group management report. The financial auditors who signed the audit reports gave account of the results of their audit in this session. The comments on the disclosures required by Sections 289 (4), 315 (4) HGB contained in the group management report were discussed with the management in this context and examined by the Supervisory Board.

The result of the audit met with our approval, and the result of our own examination of financial statements, management report, consolidated financial statements, and group management report of CFC KGaA gave us no grounds for objections. Therefore on April 30, 2009 the Supervisory Board approved the financial statements and consolidated financial statements for the fiscal year ended December 31, 2008 and the management report and group management report and proposed the presentation to the company's Annual General Meeting on June 16, 2009 for approval in accordance with Section 286 (1) sentence 1 AktG.

Supervisory Board report

The Supervisory Board expresses its thanks to the general partner's managing directors and employees for their successful work and the good cooperation in the reporting period.

Dortmund, April 2009

For the Supervisory Board

Klaus von Hörde

Chairman of the Supervisory Board

The Supervisory Board

Klaus von Hörde (chairman of the Supervisory Board) has gained his professional experience of more than 30 years in numerous executive positions with renowned German and international industrial enterprises. After his occupation as authorized officer for Mannesmann Demag Kunststofftechnik, Nuremberg, Mr. von Hörde went to General Electric in 1976 to assume various executive functions. Among other positions, he was managing director at GE Plastics, Rüsselsheim, president of GE Germany, managing co-director of GE Plastics Europe, Bergen op Zoom (NL), and general manager of the business unit "Structured Products" at GE in Pittsfield, Massachusetts (U.S.A.). In the years 1990 to 1992, Mr. von Hörde was member of the management board of ABB Holding Germany and CEO of ABB Industrie AG, Mannheim. He then assumed the position of CEO for Carl Schenk AG, Darmstadt, before he went on to restructure MEMC Electronic Materials Inc., St. Peter, Missouri (U.S.A.), as the company's president and CEO. Since 2003, Mr. von Hörde has been managing director of Companion for Companies GmbH & Co. KG (not the company's legal predecessor), and he was appointed chairman of the Supervisory Board of CFC Industriebeteiligungen GmbH & Co. KGaA on October 26, 2006.

Andreas Lange studied business management at the universities of Mannheim and Bayreuth (graduation with distinction in the year 1999) and the London School of Economics with a focus on taxes, auditing, and marketing. Mr. Lange is a founding partner of Angermayer, Brumm und Lange-Unternehmensgruppe (ABL-group) based in Frankfurt/Main. Prior to his involvement with ABL-group, Andreas Lange worked for the investment bank Lazard Fréres in M&A consulting.

Stefan Schütze studied law at Martin Luther University in Halle and is a certified attorney at law in Germany. In 2004 he was awarded his master's degree (LL.M) in Mergers & Acquisitions at the University of Münster. During his legal clerkship he worked in the legal department of Dresdner Bank AG and for a law firm in Innsbruck. He spent the first four and a half years of his professional career as company lawyer for the listed venture capital firm bmp AG before he went to ABL-group as legal officer.

3. Corporate governance report

We consider a responsible and transparent company management one of the most important aspects of our corporate culture. This holds true for all areas throughout the entire group. Management and Supervisory Board report together on the implementation of and compliance with the rules of corporate governance at CFC.

Close collaboration of management and Supervisory Board

The management is the executive body of CFC Industriebeteiligungen GmbH & Co. KGaA. The Supervisory Board advises and supervises the management with respect to the company's management according to its rights and obligations framed by the articles of incorporation. The Supervisory Board is involved in all decisions of fundamental importance to the group. The management informs the Supervisory Board regularly, comprehensively and in good time about all developments and events of relevance to the business development and the corporate situation of the CFC Group. Over the past fiscal year 2008, management and Supervisory Board continued their close and trusting collaboration. The rules of procedure of both bodies are concerned, among other issues, with defining this collaboration.

The Supervisory Board consists of three members: Mr. Klaus von Hörde as its chairman, Mr. Andreas Lange as deputy chairman, and Mr. Stefan Schütze.

Transparency for our stockholders

With its capital market communication, CFC aims at providing the greatest possible transparency about the company and its performance. Our stockholders are informed regularly on the latest company developments with regard to financial situation and strategic orientation.

Dates of importance to the stockholders are listed annually and announced in the shape of a financial calendar. All quarterly and annual reports as well as information on the Annual General Meeting are published on the company's Internet site and communicated through other channels of distribution. We conduct meetings with analysts and institutional investors on a regular basis. Reporting on the participation in capital market conferences can be found on our website. Such events are announced well ahead and respective conference documents are provided for download afterwards. The amount of information offered on our website is permanently expanded in order to inform our stockholders even more comprehensively.

Compliant with Section 15a WpHG (German Securities Trading Act), members of the management and the Supervisory Board as well as closely related persons are obliged to disclose the purchase and sale of CFC stock. We announce the so-called directors' dealings on our website and in the corporate governance report. These data are circularized Europe-wide and find inclusion in the business register.

The Annual General Meeting (AGM) is the most important platform for the exercise of our stockholders' formal rights. The stockholders receive our annual report and the AGM agenda ahead of the event. Stockholders who cannot attend the AGM in person have the opportunity to entrust their voting rights to proxies nominated by CFC. All documents relating to the Annual General Meeting, upcoming and past, as well as other information on the participation in the AGM and the exercise of voting rights are available on our Internet site and can also be requested in hardcopy from the company. The next Annual General Meeting will be held on June 16, 2009 in Dortmund.

Compliance

The management of CFC has taken measures to make sure that throughout the group all laws and regulations are complied with. The employees know that they must observe the rules imposed on and by the group and they are aware of the consequences resulting from breaches of these rules. The Supervisory Board receives the management's report on the progress of the compliance scheme once a year. In this context, an ethics committee was established at CFC in the reporting period to supervise the compliance with the basics of ethical conduct in the group. This committee consists of Dr. Gisbert Grasses, the Chief Strategy Officer of CFC, Mr. Klaus von Hörde as chairman of the Supervisory Board, and Mrs. Christina Tümmler, CFC's company lawyer.

Anticipatory risk management

Purposeful corporate risk management is another component of sound corporate governance. Risk management of this grade does its part in detecting risks at an early stage, assessing them, and initiating adequate countermeasures. All company divisions provide assessments of identified risks with reference to their specific activities, periodically and ad hoc if necessary. The risks are assessed and countermeasures are taken. Parameters for risk assessment are the probability of occurrence and the possible amount of loss. This risk assessment is updated quarterly or at even shorter intervals if necessary. Current corporate risks are given account of in the management report. The management provides regular reports on the condition of the risk management system and its results in the context of the Supervisory Board meetings.

Audit by Ernst & Young

Before submitting the proposal for the appointment of the auditor, the Supervisory Board obtained a declaration from the auditor on relationships between the auditor, its boards, and its audit manager with the company or the members of its bodies. There were no doubts about auditor independence. Compliant with No. 7.2.3 of the German Corporate Governance Code, the Supervisory Board arranged for the auditor to give account without delay of any findings and incidents of importance to the auditor's duties and responsibilities to occur during the performance of the audit. The Supervisory Board also determined that the auditor inform the Supervisory Board or make note in the audit report if the auditor establishes differences from the declaration of compliance as issued by the management and the Supervisory Board.

Supervisory Board remuneration report

In the declaration of compliance with the Code, CFC has announced that no report on the management's remuneration will be given (No. 4.2.4). CFC refers to Section 8 of the articles of incorporation, governing the management's rights and duties and its remuneration as being paid by the general partner. The Supervisory Board's remuneration is determined by Section 20 of the articles of incorporation. This section was amended at the last Annual General Meeting held on June 16, 2008. Apart from the reimbursement of their expenses, the Supervisory Board members receive fixed payments and variable dividend-linked compensation.

The Supervisory Board members' remuneration is disclosed in summarized form, yet not individualized. This also applies for payments made to Supervisory Board members for individually performed services, particularly consultations and mediation services. The Annual General Meeting of June 16, 2008 resolved that the chairman of the Supervisory Board be paid the amount of EUR 20k for his additional services rendered in the year 2007. This special payment was made by the company. The past year's Annual General Meeting also decided a raise of the fixed Supervisory Board compensation from EUR 5k to EUR 10k per member; the chairman receives the threefold amount and the deputy chairman is granted one and a half times the base amount, resulting in the Supervisory Board's total fixed remuneration of EUR 55k for fiscal year 2008.

Directors' dealings and stockholdings of Management and Supervisory Board

In the context of the listing in the regulated capital market of Deutsche Börse AG (General Standard), the company's bodies as well as closely related persons are committed to report information of so-called directors' dealings in accordance with Section 15a WpHG.

Stockholdings and changes relating to members of CFC company boards:

Stockholders	Body	Stock Holdings 01.01.2008	Additions	Disposal	Stock Holdings 31.12.2008	Interest in %
Marcus Linnepe	Management	970,660			970,660	15.08 %
Klaus von Hörde	Supervisory Board	250,000			250,000	3.89 %

As of March 10, 2009, subsequent to the reporting period, Mr. Linnepe acquired another 40,000 shares off-market at a price of EUR 3.00/share. Since then he has held 1,010,660 shares or 15.71 % of the CFC stock. This securities transaction was reported in the shape of a directors' dealings announcement.

Other members of the general partner's management, the Supervisory Board, the senior management, or related persons have not made any transactions involving the company's stock over the past fiscal year. Options or other financial instruments granting rights to company stock have not been issued, either.

Corporate governance report of CFC Industriebeteiligungen GmbH & Co. KGaA

This is the joint report of Supervisory Board and management on the compliance with the recommendations for corporate governance in accordance with Article 3.10 of the current German Corporate Governance Code (in the version of June 6, 2008).

The German Corporate Governance Code is directed at the conditions of the German stock corporation's legal structure. CFC has therefore examined the Code autonomously and decided to apply its ethical principles to the legal structure of the KGaA (partnership limited by shares) for the stockholders' benefit.

Corporate governance report

In order to enable the stockholders to make the comparison with other German corporations, CFC decided not to draft its own code but rather to apply the German Corporate Governance Code and to give reports according to the regulations on compliance with the recommendations and the realization of the suggestions. Apart from a few exceptions, some of which are based on distinctions presented by the legal structure of the KGaA, the recommendations of the Code have been complied with by CFC.

Declaration of compliance with the German Corporate Governance Code

This declaration of compliance with the German Corporate Governance Code in accordance with Section 161 AktG has been made permanently accessible to the stockholders: Management and Supervisory Board of CFC Industriebeteiligungen GmbH & Co. KGaA declare that the recommendations of the "Government Commission German Corporate Governance Code" (in the version of June 6, 2008) as released by the Federal Ministry of Justice in the official section of the electronic Federal Gazette are complied with and explain in the following which recommendations have not been observed.

- Nos. 3.4, 4.2.3, 4.2.4, 4.2.5, 4.3.1, 4.3.5, 5.1.2, 5.2 (distinctions due to KGaA legal form)
  Due to the company's legal form as a partnership limited by shares whose management is provided by a general partner, some recommendations cannot be complied with verbatim by CFC. However, the company applies these recommendations correspondingly to the general partner or its managing director. This concerns recommendations 3.4, 4.2.3, 4.2.4, 4.2.5, 4.3.1, 4.3.5, 5.1.2 and 5.2.

- No. 3.8
  The company procured a D&O insurance policy in the year 2008 for the group's company board members. This policy does not provide for a deductible for the board members, except for claims filed in the U.S. or according to U.S. law. For such claims there is a deductible of EUR 50,000. In addition, the company procured E&O cover for its group companies, providing for a company deductible of EUR 150,000.

- Nos. 4.2.4 and 4.2.5
  Differing from No. 4.2.4, the remuneration of the general partner's members of management is not disclosed individually. Therefore there is no corresponding disclosure in a remuneration report as part of the annual corporate governance reports.

- No. 5.1.2
  Within the legal structure of the KGaA, the Supervisory Board has no authority to recall or appoint the general partner. This authority belongs to the Annual General Meeting. Insofar No. 5.1.2 cannot be applied to the KGaA for systematic reasons. The issue of succession planning rather concerns the general partner's stockholders. They safeguard continuity in the general partner's management.

- No. 5.3
  As the Supervisory Board currently consists of only three members, it is too small in number for the establishment of committees according to No. 5.3, and no increase in efficiency is to be expected from such a measure.

- No. 5.4.1
  Differing from No. 5.4.1, no age limit has been determined for the members of the Supervisory Board yet.

- No. 5.4.6
  Because of the long cycles in the investment recapitalizing business, performance-oriented remuneration of the Supervisory Board according to No. 5.4.6 is not implemented.

- No. 7.1.2
  The recommendations of Section 7 are complied with except for No. 7.1.2. Because of the reporting systems of the medium-sized holdings CFC Industriebeteiligungen GmbH & Co. KGaA has interests in, it cannot be guaranteed that the time periods stipulated under No. 7.1.2 can always be observed.

This declaration is made available to the stockholders by its inclusion in the annual report 2008.

Dortmund, February 17, 2009

The Supervisory Board of CFC Industriebeteiligungen GmbH & Co. KGaA
The management of CFC Industrie Beteiligungen Verwaltungs GmbH

4. Group management report

4.1 General economic environment and industry development

4.1.1 General economic environment

The economic environment of the past fiscal year was certainly one of the most challenging settings in a long time, even though the global economy grew in the year 2008 with roughly 3.4 % (2007: 5.2 %) of the global purchasing power parity, according to estimates of the International Montary Fund (IMF) published in its January 2009 forecast. This result is carried essentially by the growth of the so-called emerging countries with a 6.3 % increase (2007: 8.3 %); the so-called industrialized or advanced countries showed a growth of only 1.0 % in the past year (2007: 2.7 %). However, comparing the fourth quarter 2008 with the prior-year quarter is much more telling in the presentation of a trend, as the still positive economic climate of the first half-year 2008 is not taken into consideration here. By this Q4-to-Q4 comparison, the worldwide economy grew merely by 1.1 %. The emerging countries contributed positively to this result, with 4.5 %, while the advanced countries realized a significantly negative growth of minus 1.1 %. The advanced countries' combined gross national product was therefore on the decline for the very first time since the postwar period some 60 years ago.

In the recessive development of 2008 as in previous years, global growth dynamics were driven particularly by the fast-growing economies in East and Southeast Asia. China achieved a 9.0 % growth of the gross national product in 2008 (2007: 13.0 %), India increased its gross national product by 7.3 % (2007: 9.3 %), forerunners both of this trend. The Eastern European countries recorded a growth of 3.2 % (2007: 5.4 %). In this region, Russia showed the most signifanct gain at 6.2 % (2007: 8.1 %), the other Eastern European countries showed an average growth of 5.4 % (2007: 9.7 %). For the euro aera, the average growth rate of the gross national product was 1.0 % (2007: 2.6 %). By Q4-to-Q4 comparison, a negative growth of minus 0.7 % was recorded here already. For Germany, the Federal Statistical Office determined a 1.3 % growth of the gross national product in the year 2008 (2007: 2.5 %), carried primarily by the growth in exports during the first half of the year. At minus 1.2 %, the growth rate was already negative in Germany by Q4-to-Q4 comparison.

4.1.2 Private equity market and industry environment

Cuts brought about by the financial and economic crisis reach the German private equity and investment market

According to statistics provided by the German Private Equity and Venture Capital Association (BVK), 1,140 German companies – from start-up to big enterprise – were funded with equity capital in the last year. This means an increase of 5 % over the previous year. However, at EUR 8.4 billion investment companies invested 21 % less than in the previous year on the whole (2007: EUR 10.6 billion). This decline is accounted for primarily by the fact that foreign investment companies invested only EUR 2.5 billion over the past year while their investments still amounted to EUR 5.1 billion in 2007. Germany-based investment companies, however, showed a slight increase in the investment total, from EUR 5.6 billion in 2007 to EUR 5.9 billion in 2008. Thus the German investment industry gives a robust impression in view of the worldwide financial and economic crisis and affirms the continuing demand for equity capital by the companies and the demand for alternative financing solutions besides classical financing through bank loans.

With three fourths of all investments, the majority was accounted for by buy-outs in the year 2008 once more. Yet the respective volume shrank from EUR 8.9 billion in 2007 to EUR 6.4 billion in 2008. Seed/start-up investments proved relatively unaffected by the confusion brought about by the financial and economic crisis. With EUR 390 million the level of the year 2007 was exactly maintained. An increase in investments can be reported for expansion financing. The prior-year volume of EUR 0.7 billion was doubled to EUR 1.4 billion. This growth is due essentially to the increase in the expansion financing of buy-out companies within the framework of their commitments. Because many of them invested new equity in their portfolio companies in 2008 in order to protect them against the effects of the financial and economic crisis or to compensate for external financing that became less readily available, or at more difficult conditions.

The German investment companies experienced drastic cuts in fundraising. The volume of newly raised funds over the year 2008 reached EUR 1.9 billion, thus marking a massive deterioration by two thirds from the prior-year amount of EUR 5.7 billion. Independent fundraising suffered in particular from the effects of the fiancial and economic crisis. Merely EUR 1.3 billion were raised by independent funds; in the previous year that amount was still up at EUR 4.2 billion. On the one hand this result is of course accounted for by the cautious behavior of institutional investors; on the other hand a large number of companies were able to close new funds in the previous years, so that only a few companies were still engaged in fundraising in 2008.

4.2 Business model of CFC Industriebeteiligungen and positioning

Positioning

The business model of CFC Industriebeteiligungen GmbH & Co. KGaA includes the acquisition, restructuring, and sale, if applicable, of medium-sized companies or spin-offs. The CFC business model has an opportunistic take with respect to exits: The realization of sustainable restructuring usually takes a period of between three and five years so that the sale of holdings significantly before the completion of this period is not necessarily planned. However, the management of CFC will not ignore lucrative purchase bids.

As a basic rule, CFC invests in companies that are exposed to transitional changes and

- are either in deficit or barely profitable,
- have a basically sound core (e.g. sound sales figures/customer base),
- are busy in a manufacturing industry,
- can be led back to profitability by use of foreseeable measures, and
- typically generate sales between EUR 30 and 250 million.

Usually the reasons for transitional phases can be found in poor management, accounting insolvency, the issue of unsolved succession, wrecked relationships with banking institutes, and controlling deficits.

The CFC business model rests upon the following pillars:

- No high, loan-financed purchase prices
  Due to the deficits that go along in situations of change, CFC usually realizes its acquisitions at prices significantly below the company's assets' book and time values; mostly the prices are merely token purchase prices.

- Financing of companies from own resources rather than temporary outside resources
  CFC finances the subsequent restructuring phase from own resources, as the companies are mostly at the brink of insolvency because of the economic development. This is also the central difference from the classical private equity business model as perceived by the public, the leveraged buyout (LBO), that essentially uses outside capital which must be paid back after a certain period of time including high returns (therefore increasing the exit pressure)

- Financing of companies through strengthening the equity base rather than through expensive partners' loans
  Furthermore, CFC does not supply the funds required for financing the companies in the shape of expensive loans but contributes them to the capital reserve. Thus no additional interest burden is created in the company to be recapitalized, and the equity base is supported, crucial for the company's rating.

- Acquisition of majority interests for efficient restructuring
  Restructuring companies implies that CFC has the unrestricted control over the holdings' business policies. This is the only way the required restructuring measures can be accomplished. For this reason CFC exclusively acquires majority interests.

For CFC, the central criterion for or against an investment is the so-called "90 day plan": Following an extensive analysis of the specific reasons for the crisis the acquisition target is in within the framework of due diligence, CFC prepares a catalog of measures that must be realized within the first three months that follow an acquisition. Prior to the conclusion of the purchase agreement it always must be assured that these measures are definitely realizable. With the transaction CFC implements its own project management at the newly acquired company in order to make sure that all measures that are part of the 90 day plan are applied. After the realization of the plan, a company is usually secured with regard to liquidity and shows sound operating results – provided the sales basis remains solid and there are no extraordinary items –, so that the actual restructuring effort aiming at sutainable growth can begin.

The application of the 90 day plan and the subsequent further restructuring of the holdings require a considerable amount of restructuring know-how. Therefore experienced CFC employees support the holdings in the realization of measures or join the company managements directly. In addition, the company management is mostly completed with managing directors with restructuring experience from the CFC network.

In order to get the maximum commitment from the holding's management, its members usually take an interest of 10 to 20 % in the respective holding. This investment is made in most cases from own resources at conditions identical to CFC conditions. Thus the principal-agent issue between CFC and the holding's management is solved in a simple and efficient manner. The CFC business model works in a prospering as well as in a recessive market environment. In the currently recessive market environment there are significantly more companies that are either in a situation of crisis or just entering a situation that requires change, thus qualifying as acquisition targets. Recently CFC has been receiving one or two takeover requests every day. However, the downside of an acquisition in a recessive market environment is that the holdings' restructuring will also take place in a difficult economic environment. In a thriving business environment, fewer companies will be exposed to crisis as their respective weaknesses are likely to be papered over. Yet even during such an economic phase there will be a sufficient number of takeover candidates due to the structural changes in the global economy and Basel II and similar guidelines that summarize the increased requirements for granting bank credit. The advantage of a thriving market invironment is certainly that the holdings' restructuring is realizable much more easily. Market stimuli especially boost sales figures, making recapitalizing easier due to improved cash inflow.

Decisive is therefore the entrepreneurial anticipation of the basic economic cycles so that CFC orients its resources towards the respective challenges at the right time. The partial sale of CFC portfolio companies to funds of investor Greenpark has illustrated that the management of CFC is indeed capable of realizing this kind of strategic orientation and acting with entrepreneurial vision.

4.3 The stock

Key data:

ISIN	DE000A0LBKW6
German WKN	A0LBKW
Ticker symbol	CFC
Reuters	CFCG.DE
Bloomberg index	CFC:GR
Prime industry	Industrial good
Industry Group	Industrial Diversified

Stock information:

Type of stock:	No-par value common bearer shares
Number of shares	6,435,000
Transparency level:	General Standard
Stock exchange/market segment::	Frankfurt stock exchange, Regulated Market
IPO:	December 14, 2006
Designated Sponsors:	Close Brothers Seydler, UniCredit
Price per Jan 1/Dec 31, 2008: :	12.50 EUR/3.50 EUR

4.3.1 Stock performance

High volatility in the stock markets in the year of crisis 2008
At the beginning of the year 2008, the first signs of a considerable deterioration of the economy started to affect the stock market. It became obvious that the real estate financing crisis set off in the U.S.A. in the year 2007 (subprime crisis) was not an event that was by any means contained by industry sector or region and that it could have an impact on other parts of finance and the real economy soon. Thereupon the Dax dropped by 15 % and the SDAX by 13 % in January 2008. In spring already further U.S. banks (Bear Stearns, Fannie Mae, Freddie Mac) had to be backed by the U.S. federal government, as was the largest insurance company of the world, AIG. However, the bottom of this negative development was not yet reached. After the backing of additional banks in the U.S.A. could not be realized anymore, U.S. investment bank Lehman Brothers had to file for bankruptcy on September 15, 2008. This signal was the main trigger behind a worldwide collapse of stock prices. In the four weeks to follow, the DAX lost 30 %, the SDAX even 35 %. Stock prices then stabilized at this low level. In total DAX and SDAX lost 40 % and 46 % of their value, respectively, over the whole year 2008 from the year's beginning.

Market turbulences burden the stock of CFC
Against the backdrop of the stock market environment as described, the CFC stock could not dissociate itself from this general trend despite the large number of good corporate news and the positive basic data. The CFC stock started the year under review on Jaunary 1, 2008 at a price of EUR 12.50. In the course of the year the CFC stock price fell, reaching the closing price of EUR 3.50 as of December 31, 2008.

Since the end of the year 2008 the CFC stock price has been ranging close to the level of EUR 3.00, at which it was quoted on April 9, 2009.

Comparison CFC vs. SDAX Index, ENTRY STD.

Chart A1: CFC stock price performance since IPO on 12/16/2006 in comparison with SDAX Index and Entry Standard Index

Source: Silvia Quandt & Cie. AG

Average monthly prices of the CFC stock and its average daily trading volume at the Frankfurt Stock Exchange over the reporting period:

	Average price per share in EUR	Average volume in number of shares	Average trading volume in EUR
Jan 08	9.80	89,409	876,208.20 EUR
Feb 08	9.20	70,974	652,960.80 EUR
Mar 08	9.19	46,193	424,513.67 EUR
Apr 08	8.99	41,484	372,941.16 EUR
May 08	8.50	70,231	596,963.50 EUR
Jun 08	8.10	82,518	668,395.80 EUR
Jul 08	8.20	93,351	765,478.20 EUR
Aug 08	7.45	70,572	525,761.40 EUR
Sep 08	7.28	48,240	351,187.20 EUR
Oct 08	4.60	81,627	375,484.20 EUR
Nov 08	4.73	18,948	89,624.04 EUR
Dec 08	3.40	41,385	140,709.00 EUR

Source: Deutsche Börse AG

Analysts' appraisal of CFC stock price valuation

In the past year the research team of Silvia Quandt & Cie. AG (SQC) carried out an evaluation of the company, in addition to First Berlin. The SQC research report, released in June 2008, closed with a buy recommendation with the price target of EUR 19.00. At the end of 2008 First Berlin presented an update which also articulated a buy recommendation, seeing the medium-term stock price target at EUR 14.00. In early 2009 another CFC research will be conducted by SRC, providing the stockholders with further analyst opinions. The company announces short-term buy recommendations of renowned analysts and press media on its website as they are released.

Stock price valuation according to the net asset value (NAV) approach

CFC is not a fund and does therefore not conduct a valuation of its assets and liabilities according to the NAV approach. Yet CFC's group equity can be taken into consideration as an indicator for determining a "basic NAV". In the context of the acquisition of the subsidiaries, assets are determined at current time values, so-called fair values, subject to scheduled depreciation and amortization. Thus CFC's assets and liabilities as entered in the consolidated balance sheet represent current fair values. As of the balance sheet date December 31, 2008, CFC's group equity came to EUR 50.3 million. After deduction of EUR 4.5 million attributable to minority interest, the "adjusted group equity" amounts to EUR 45.8 million. Dividing this number by the number of shares, the resulting "basic NAV" amount is EUR 7.12 per share.

However, this value would only reflect the CFC Group's assets as of the balance sheet date, not its ability to increase the group's shareholder value by the purchase and sale of holdings. Analogous to the valuation within the framework of the Greenpark transaction, an additional EUR 2 per share would appear appropriate.

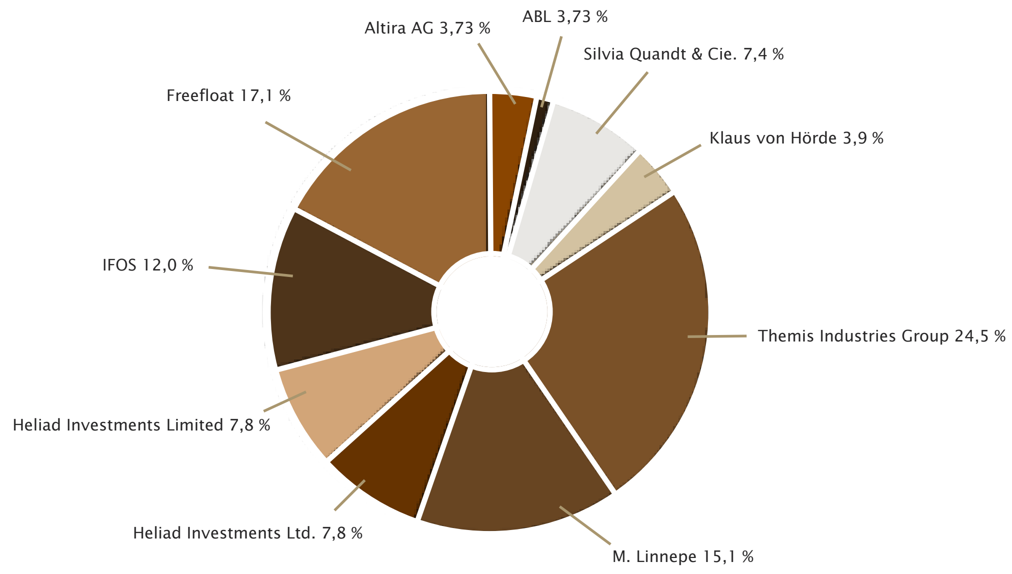
4.3.2 Stockholder structure

The stockholder structure of CFC is characterized by the long-term investment strategy pursued by the principal stockholders and the management.

As of December 31, 2008 the company's stock capital is divided into 6,435,000 non-par value common bearer shares, each with a proportional value of 1.00 Euro. According to the notifications of voting rights in compliance with Section 21 (1) WpHG and other releases, this stock capital was divided between the following stockholders as of the balance sheet date, December 31, 2008, and compared to December 31, 2007:

Stockholders	Stock 31.12.2007		Stock 31.12.2008	
	Number	in %	Number	in %
Themis Industries Group GmbH & Co. KGaA	1,500,000	23.31%	1,576,575	24.50%
Marcus Linnepe	970,660	15.08%	970,660	15.08%
IFOS International Fonds Service AG	769,946	11.96%	769,946	11.96%
Heliad Equity Partners GmbH & Co. KGaA	1,000,000	15.54%	500,000	7.77%
Heliad Investments Ltd.			500,000	7.77%
Silvia Quandt & Cie. AG	438,300	6.81%	473,357	7.36%
Klaus von Hörde	250,000	3.89%	250,000	3.89%
Altira AG	240,000	3.73%	240.000	3.73%
Angermayer Brumm Lange Unternehmensgruppe GmbH	55,000	0.85%	55,000	0.85%
Freefloat	1,211,094	18.83%	1,099,462	17.09%
	6,435,000	100.00%	6,435,000	100.00%

Overview of CFC stockholder structure as of December 31, 2008



4.3.3 Investor relations

The CFC management held a large number of one-on-one conversations with stockholders and investors in the year 2008 and presented the company at eight capital market conferences. The CFC management also informed investors, analysts, and representatives of the media in the shape of conference calls and one-on-ones after the publication of interim results or announcements. Thus CFC enables its stockholders and other interested capital market participants to assess the company's business situation and, in particular, consider its prospects. Because it is CFC's objective to have its stock price become a realistic parameter for evaluation.

Aiming for both comprehensive and timely information provided equally to all target groups, the CFC website makes a lot of corporate information available. Interested investors may inform themselves in detail about the company and its holdings at www.cfc.eu.com on the Internet. Apart from information about corporate governance, the section "Investor Relations" also supplies financial reports (annual reports and interim reports), a financial calendar listing all important events and publication dates, the company's articles of incorporation, information on the Annual General Meeting, press releases, and directors' dealings. In April 2009 the entire Internet site was redesigned, making it even more user-friendly. The Investor Relations team also welcomes you to ask for information sent to you by mail, such as annual or quarterly reports.

Investor Relations contact:

CFC Industriebeteiligungen GmbH & Co. KGaA
Dr. Frank J. Nellißen
Westfalendamm 9
44141 Dortmund
Tel.: 0231-22240 500
Fax: 0231-22240 501
fn@cfc.eu.com

4.3.4 General Meeting

A large number of institutional and private investors alike attended the Annual General Meeting held on June 16, 2008, representing EUR 4,526,306 or 70.34 % of the stock capital. The proposals to the separate items of the agenda were each approved by a significant majority. In addition to the usual agenda items relating to the financial statements 2007, the remuneration of the Supervisory Board was resolved by an amendment to the articles of incorporation. The decisions made at the Annual General Meeting 2008 can be found at the company website on the Internet.

The next Annual General Meeting will be held on June 16, 2009 in Dortmund. Stockholders can exercise their voting rights either directly if present, by use of a proxy of their choice, or by use of the company-nominated proxy according to their instructions. Much use has been made of that third option at the Annual General Meeting 2008.

4.4 CFC Group

4.4.1 General Information

CFC Industriebeteiligungen GmbH & Co. KGaA (CFC) is the CFC Group's parent company. It holds direct or indirect interests in all CFC group companies. The company's activities are principally funded from own resources.

The consolidated financial statements of CFC are prepared in accordance with the principles of the International Financial Reporting Standards (IFRS), the German Stock Corporation Act, and the recognized principles of accounting.

In fiscal year 2008 the following changes have occurred with respect to the basis of consolidation:

- Acquisition of a 100 % interest in MEF-Möbel-Elemente Franz GmbH. Haiger,
- Merger of MEF-Möbel-Elemente Franz GmbH into Format-Küchen GmbH & Co. KG, Haiger,
- Formation and consolidation of Berndes Supplies GmbH & Co. KG, Arnsberg,
- Acquisition of a 100 % interest in Rosner GmbH & Co. KG, Ingolstadt and its subsidiary Link Rosner GmbH, Parndorf/Austria
- Closure of inactive company Berndes China Kitchenware Shenzen Co. Ltd., He Yuan City/China
- Closure of inactive company Elcon Systemtechnik Sp. Zoo, Warsaw
- Disposal of at-equity valuated investment Look Alcast SRL, Romania

4.4.2 Holdings: Berndes

CFC interest: 70 %
Investment since: August 2006

Company profile and course of business 2008
As a non-operating holding company, Berndes Beteiligungs GmbH administers the investments in the internationally active operating subsidiaries (collective term: "Berndes Group"). The group is divided into two main operating companies, Heinrich Berndes Haushaltstechnik GmbH & Co. KG, Arnsberg, and Olimex Ltd., Hong Kong, as well as the various regional sales companies, Berndes Italia S.a.r.l., Milan, Berndes Cookware Inc., Charlotte/U.S.A., Berndes Far East Ltd., Hong Kong, and Berndes Best Buy GmbH, Arnsberg. Heinrich Berndes Haushaltstechnik GmbH & Co. KG represents the core manufacturing company, headquartered in Arnsberg, Germany.

The Berndes Group is one of the leading manufacturers of cookware, such as pans and pots. Based on a strong trade name, high quality, and pronounced innovativeness, the company's products are positioned in the medium and upscale price segments. According to company information, the Berndes Group is Germany's market leader in the segment of cast-aluminum cookware. The Berndes Group is also one of Germany's largest manufacturers of sealed pans.

The distribution of cookware is usually carried out indirectly through sales partners. The industry differentiates between the traditional sales channels, including retailers, department store chains, and furniture dealers, and the contemporary channels of distribution, including mail-order companies, Internet dealers, and award suppliers, among others. Owing to the market shifts that have taken place over the last years especially in Germany and Europe, but also in the U.S. and Asia, so-called large-scale retail, i.e. self-service stores, electronics and hardware stores, food retailers and discounters, has been established as a quite interesting sales channel for the distribution of the Berndes Group's products. The strategic focus of the Berndes Group's efforts in fiscal year 2008 was placed on the further market penetration, the new sales channels, the continuation of the expansion of the project business (especially bonus point projects in large-scale retail), and the development of the brand. The company has completely eliminated all shortcomings relating to the supply of goods, apparent in the years 2005 through 2007. Structures linking the company to new suppliers of cast-aluminum raw materials were successfully etsablished and transferred to an orderly delivery process. Technolocical developments in the field of induction "made in Germany" were completed successfully, making a future contribution to securing the production location in Arnsberg and stimulating the cast-aluminum business in Germany from 2009 on. The stability achieved altogether in the company with regard to production and personel supplied the basis of the continued sales growth in 2008. Two bonus point projects combining a total sales volume of EUR 8.8 million were concluded successfully. With respect to large-scale food retail and electronics retail, the company was given the rollout of its food retail range (Berndes Basic). In 2008 approx. 50 new selling points were opened within this framework and additional selling points are intended to be set up in 2009. In the upscale product segment, Berndes raised the level of the brand as such with a new product range (Finest Cookware) and also won new customers, predominantly for export. Thus the brand "Berndes" has established an orientation towards three segments since 2008 (introductory price/medium level, private label segment, and premium), meeting market acceptance, and created the foundation for broad market growth. The German sales division managed to increase sales by 22 % compared to 2007, reaching the best sales result since the year 2002. This success was achieved even though the company actively abandoned the discount business as the Berndes Group's introduced brand orientation was no longer compatible with the continuation of the discount business of the past. A substantial portion of the direct business concluded in 2008 shifts to 2009, as does one fifth of the scheduled project business involving bonus points, so that otherwise 2008 would have been closed with an even more positive outcome. In contrast to the successful development of activities in Germany, the American and Asian sales companies were affected by the respec-

tive regional economic situations and could not achieve comparable results. However, total sales of the Berndes Group increased considerably, from EUR 42.5 million in 2006 to EUR 46.1 million in 2007 and EUR 48.6 million in 2008. This corresponds with a growth rate of roughly 5 % from 2007 to 2008.

The Berndes Group's consolidated financial statements according to HGB thus present an EBIT of EUR 0.6 million for fiscal year 2008 (2007: EUR 1.3 million).

The Berndes Group had 177 employees as of the balance-sheet date.

Outlook 2009

The market for cookware will continue to be exposed to considerable pricing and competitive pressure through 2009, expected rather to increase than decrease the necessity for cost reductions and imports from low-wage countries in the U.S. dollar dominated economic area for the Berndes Group. And the effects of the financial market crisis are currently not conceivable. In addition to aforementioned measures with respect to purchasing, the businesss planning of the Berndes Group for the next year is based on three pillars:

- ongoing enhancement of the premium segment „Finest Cookware" especially for export markets. As a side effect, the trade name is intended to be strengthened, thus boosting the sale of products in the medium price segment,
- continuation of the distribution of Berndes products in customer retention programs of the stationary trade and at the same time steady expansion of all other distribution channels – beginning at the specialist retailers to furniture dealers and department stores, food retailers, and the more recent sales channels, and
- further internationalization of distribution.

However, corporate planning for fiscal year 2009 is oriented towards the prior-year level – in view of the risks of the financial market crisis – and therefore anticipates the perpetuation of the status quo pertaining to sales and earnings. With regard to the project business, only the sales volumes considered guaranteed at the time of planning were included in the plan, a result of the experience made in 2008, in order to arrive at the best possible planning accuracy. In 2009 the structures of distribution, production and administration are scheduled for optimization, providing for a much faster increase in sales and profits in an improved economic climate in 2010.

Website: www.berndes.com

4.4.3 Holding Format-Küchen

CFC interest: 45.9 %
Investment since: May 2007

Company profile and course of business 2008
Haiger-based Format-Küchen GmbH & Co. KG (Format) is a manufacturer of high-grade built-in kitchens in the medium price segment. Format focuses on individually planned kitchens so that the term kitchen manufactory appears quite adequate. A high level of flexibility with respect to manufacturing enables Format to meet almost any possible customer request.

In the reporting period the catalog of restructuring and growth-promoting measures was pressed ahead intensively at Format, pertaining to all functions and divisions. Since June 2008 the new product ranges have been delivered to the dealers in the shape of model kitchens. The model range reorganization meets with a lot of approval, and in the period from April 2008 to February 2009 altogether 331 model kitchens were delivered. 108 of these were placed with new additions to our dealer network; further 120 model kitchens are scheduled to follow in 2009. At the industry's ordering show MOW in Enger held in September 2008, a large number of new dealers were convinced to carry Format. Altogether 109 dealers were newly won or won back in the reporting period. The design cooperation with England's star architect Sir Norman Foster, announced shortly prior to the show, played an important part in this development. In Germany, Lord Foster has created the Reichstag in Berlin, the Commerzbank Tower in Frankfurt/Main, and the Gerling Ring-Carree in Cologne, among other buildings. Until the end of 2009, Format will develop a kitchen line in collaboration with the design studio Foster + Partners, to be introduced at the exclusive Milan Furniture Fair in April 2010. For this project, Format also forged a partnership with Miele for the electrical appliances, as an addition to Foster + Partners on the development team. Apart from the trading business, Format laid the organizational foundations in 2008 for the real estate property business in the reporting period, marketing kitchens for domestic and particularly for major international real estate projects. Two internationally experienced sales managers were hired for this business; in the past year one major order for a major real estate project in Dubai was concluded successfully already.

At the end of May 2008, CFC Zweite Zwischenholding GmbH took over 100 % of the interest in MEF-Möbel-Elemente Franz GmbH (MEF) from the stockholders, the Franz family. MEF has outstanding expertise in the surface treatment of wood materials. Following the acquisition of MEF, the cooperation was completely focused on Format pertaining to technology and organization. Effective December 31, 2008 MEF was then merged into Format and today represents a division in the technical production of the company Format. Format also purchased a new painting plant in the middle of the year, intended to reduce production costs and make a contribution to environmentally sounder manufacturing processes. With respect to administrative structures, numerous processes at Format were modified and systems were adjusted. At annual sales of EUR 15.1 million in 2008, these elaborate restructuring measures led to a combined net loss of EUR 5.8 million according to HGB at Format and MEF.

Format had 154 employees as of the balance-sheet date.

Outlook 2009
It is to be expected that Format Küchen will be seriously affected by the recessive development in Europe, as kitchens as consumer goods are rather capital intensive and suffer from a significant decrease in demand in recessive economic cycles. Therefore sales are anticipated to amount only to approx. EUR 17.0 million at Format in the year 2009 despite the improved product and distribution background. Restructuring has been intensified in response to the expected development. In early 2009 short-time work was initially introduced in view of the market situation; then a severance scheme was resolved for another 35 employees. Furthermore, all of the company's financial partners approved a support plan in the shape of deferments of repayment, so that the company is able to act on the basis of a significantly better cost and liquidity level than in 2008. However, loss is to be reckoned with in 2009 as well, yet at a considerably lower level.

Website: www.format-kuechen.de

4.4.4 Holding Elcon Systemtechnik

CFC interest: 51 %
Investment since: July 2007

Company profile and course of business 2008
Elcon Systemtechnik GmbH (Elcon), based in Hartmannsdorf, develops, manufactures and sells telecommunication systems for telecommunication and cable networks. In the second quarter of 2007 CFC took over a 100 % interest in Elcon

Elcon is a supplier of communication systems. The company's engineers develop network access systems and system components to be used in addition to the systems of major network suppliers.

The company focuses on the following business segments:

- terminals for the production of broadband business customer connections for glass fiber wires, copper networks, and cable TV networks

- special systems for the development of telecommunication networks for undersupplied regions and remote locations

- systems for range extension, power distribution and migration up to up-to-date data connections and general network optimization

- network connection and transmission technology for telecommunication networks, including ISDN and conventional voice transmission

Elcon's economic development was determined by two essential factors in the reporting period: On the one hand the purchasing volume of the domestic and international telecommunication companies fell significantly short of the prior-year volumes for different yet accumulating reasons. A crucial aspect with respect to Germany was the restructuring of Deutsche Telekom pertaining to service and supply chain, reducing the previously announced volume of purchased Elcon products considerably. With respect ot international customers, Elcon still had to struggle with the aftereffects of the delivery problems of the year 2006 and lost contracts to the competition. In the context of strategic orientation the focus was directed at profitable segments, and activities involving unprofitable markets and products were discontinued. This policy also contributed to the sales decline on a superficial level of examination.

However, released capacity and resources were utilized with a strategic focus for new product developments and the development of markets. This strategic reorientation made sense and had its share in preparing Elcon for the technological future in the telecommunication market. New customers were won already at the end of the year 2008 and new products were certified with existing customers. Furthermore, the distribution was reorganized. A new sales and service location was opened in Eschborn. The sales team at the office in France was replaced. The collaboration with affiliated company Letron was further harmonized and extended to include additional services. This development altogether resulted in a downturn of sales to EUR 19.2 million in the year 2008 (2007: EUR 25.6 million). Despite this 25 % sales decline, the company's net result according to HGB fell only to EUR -0.5 million (2007: EUR 1.6 million).

Elcon had 172 employees as of the balance-sheet date.

Outlook 2009
For fiscal year 2009 we anticipate a sales growth back to the level of the year 2007 – regardless of the financial crisis. Despite the cautious lending policies of the banking istitutions, which will certainly have an effect on the investment behavior of the smaller and medium-sized network providers, the economic support program for the expansion of IT and telecommunication infrastructure in rural regions should provide a strong positive stimulus. Elcon's products, improving economic efficiency (e.g. by reduced operation costs), are on the customers' shopping lists as are products for increased transmission rates. The newly developed Elcon products are also expected to make significant sales contributions in 2009 already.

Website: www.elcon-system.com

Holdings: Letron

4.4.5 Holding Letron Electronics

CFC interest: 51 %
Investment since: November 2007

Company profile and course of business 2008
Letron Electronic GmbH is a service provider in the business of the development, materialization, manufacture, and logistics pertaining to electronic planar components and systems.

Letron specializes in customers in the German-speaking countries requesting small and medium-sized volumes and provides services in this segment that cover the entire value added chain. Through the customer and project management team based in Osterode near the Harz mountain range, the company controls the manufacture of electronic planar components and systems, taking place at this location as well as at the second location Hartmannsdorf in Saxony due to increased customer requirements. Depending on volumes and the amount of craftwork required, the segments industrial electronics, medical technology, safety engineering, data technology, measurement technology, and military technology are supplied, cost-optimized and "made in Germany". Thus Letron has a unique position in this field.

Directly upon the acquisition by CFC, a restructuring scheme was implemented at Letron, essentially comprising the following measures:

- Use of the synergy effects of Letron and Elcon primarily in the field of operations. Principal issues are focusing the purchase volume and a strategic supplier management. Furthermore, a uniform ERP system was introduced, suited to the business model.

- Relocation of highly manual products with an annual cost of sales volume of approx. EUR 5.0 million to the location Hartmannsdorf in Saxony while keeping the customer and project management at the location Osterode.

- Implementation of the severance scheme resolved back in 2007, providing for the layoff of all temporary staff and seven employees.

- Realization of new investments in the field of test engineering for the cost-efficient testing of small and medium-sized volumes.

- Support and reorientation of the organization of distribution towards developing existing customer relationships.

- Expansion of the sale force organization towards winning new customers.

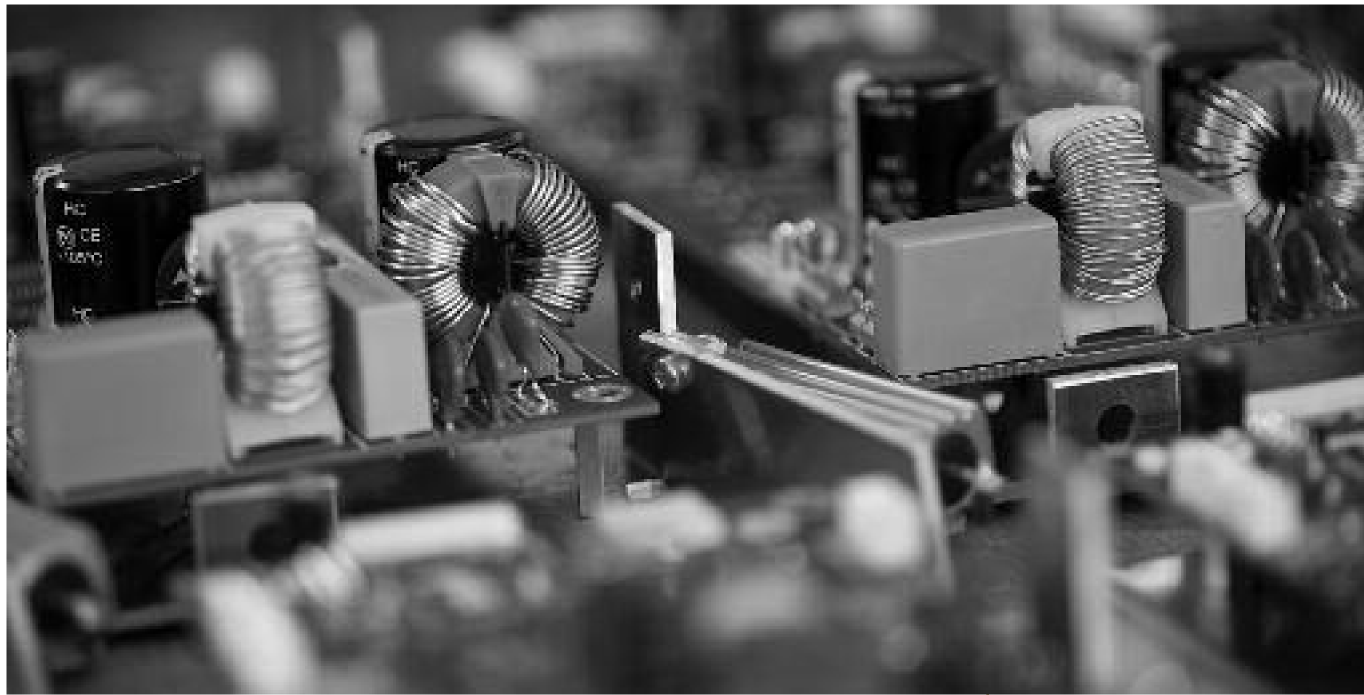
- Restructuring of operations including process adjustments and process innovations towards the improvement of delivery reliability and inventory management.

The course of business presented by Letron in 2008 was satisfactory while considerable customer restraint was noticeable at the beginning of the year with respect to the awarding of new projects and contracts. Sales were increased by 8 %, amounting to approx. EUR 12.2 million (2007: EUR 11.3 million), with new customer acquisition falling short of the expectations, though. According to HGB, the company produced a net loss of EUR -0.7 million (2007: EUR -0.1 million).

Letron had 72 employees as of the balance-sheet date.

Outlook 2009
An increase in sales is anticipated from the company in fiscal year 2009 due to improved existing business and new customer acquisition. However, the recessive consumer climate particularly dampens the company's opportunities to win orders from new customers so that only a slightly improved result can be expected.

Website: www.letron-electronic.com



4.4.6 Holding delmod international

CFC interest: 43.3 %
Investment since: December 2007

Company profile and course of business 2008
Delmenhorst-based delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG (delmod) is a manufacturer of ladies' apparel. CFC took over delmod in December 2007.

delmod ranks among Germany's leading textile manufacturers and sells classic ladies' wear in the medium and upscale price segments under the trade name "delmod". In addition to actual production, delmod covers a textile company's entire value added chain, from design, quality management and logistics up to marketing/distribution and its own outlet stores. With this positioning, delmod got under pressure prior to the takeover by CFC as both design and sales activities suffered considerably from the previous owner's lack of entrepreneurial commitment. In addition to this, the target group for classic fashion has changed, meanwhile favoring a younger and fresher trend in clothes, resulting in structural change and a consolidation process in the industry. The big brands relocate production to Asia or the Eastern European countries in subcontracting. Weaker brands are taken over or vanish from the market. On the end consumer side, the relevance of the classic specialist shops in city locations is decreasing. The sales channels shift towards large shopping centers with label shops and sales areas in big department stores operated by the manufacturers themselves. The so-called factory outlet centers are increasingly gaining in importance. delmod is facing great challenges in all these areas and is willing to meet them together with CFC.

The reorientation of the brand delmod works much faster and better than planned. The company realized a large number of measures within the shortest period of time, among others streamlining the product range (e.g. discontinuation of the label KIM KARA), the development of new designs without radical changes to the fit, and the opening of factory outlet centers (Delmenhorst, Magdeburg, Wolfsburg, Roermond, Metzingen, and Hermsdorf). With respect to operations, processes were defined and implemented that have since provided for flatter structures. Furthermore, new contracts were concluded with the retailers, the creative team was expanded, and communication with and professional training of the employees were further improved. With regard to finances, controlling was enhanced and a contemporary key performance indicator (KPI) system was implemented.

Hirsch Vertriebs GmbH has been a subsidiary of delmod KG since the beginning of April, purchasing the brand "Hirsch" from the insolvent listed company Hirsch AG. The brand represents a sales potential of approx. EUR 25 million. A design team was hired in Düsseldorf which is responsible for this brand's collection on the basis of the well-known and characteristic fit appreciated by many customers. The sales team is also based in Düsseldorf. The complete transaction of model tailoring, purchasing of goods, and supply chain administration is provided for by the delmod platform. The first Hirsch collection to come out of this corporate framework was presented at the end of July 2008 to great approval. The brand Marke Hirsch is close to its relaunch and faces a promising future under the entrepreneurial guidance of delmod.

In the reporting period delmod also managed to obtain a long-term license for the use of the trade name "dinomoda". This brand also provides high sales potential. Its focus is on dresses, while delmod places its brand emphasis on the manufacture of blouses, and Hirsch focuses on suits.

delmod closed the year 2008 successfully with sales of EUR 47.0 million. For the net result according to HGB, an income of EUR 1.4 million was achieved, considering positive restructuring effects from the utilization of rejects.

delmod had 227 employees as of the balance-sheet date.

Outlook 2009
Even in a potentially weak consumer climate, delmod is well-positoned for the next calendar year by the additional sales potential of the brands Hirsch and dinomoda. Because of the existing transaction platform, delmod is prepared to assume further tasks within the group structure and offers potential for the addition of further complementary brands in the segment of ladies' wear. With respect to distribution, delmod will add retail space without entering into lease obligations. Thus the sale can be controlled much better and will be ultimately increased.

Website: www.delmod.de

Holdings: Rosner

4.4.7 Holding Rosner

CFC interest: 100 %
Investment since: December 2008

Company profile 2008
CFC acquired 100 % of the shares of Rosner GmbH & Co. KG, based in Ingolstadt, by notarized purchase agreement as of December 30, 2008. The company's seller was a group company of Japanese fashion group Link Theory Holdings Co. Ltd., Tokyo. CFC acquired the interest for a token purchase price of EUR 1.00. The previous owner supported this transaction with a loan of EUR 5.0 million, granted to the amount of EUR 4.3 million at the beginning of 2009.

Rosner is one of Germany's leading textile companies and sells ladies' apparel under the trade name "rosner" (trousers, skirts, blazers, coats, suits, knitwear, and sportswear) in the medium and upscale price segments. A smaller collection of menswear (trousers, shirts, suits, sweaters, and jackets) is marketed as well under this brand. Except for production, the company covers all essential links of the value added chain, from design and purchasing, quality management and logistics up to marketing and distribution. As of December 31, 2008 Rosner has 228 employees, based in Ingolstadt and in three outlet shops located in Ingolstadt, Zweibrücken, and Parndorf near Vienna.

By an optimization of the purchasing, manufacturing and delivery processes and a continuation of the focus on product and sales strategy, CFC intends to lead Rosner back on a profitable course for growth in the short term. The synergy effects throughout the CFC portfolio in the segment "Fashion" with brands delmod, Hirsch, and dinomoda will make a substantial contribution to this. Upon the day of the acquisition, the implementation of the 90 day plan was begun with at Rosner, accompanied by a CFC project manager on location.

Pro forma sales of the calendar year 2008 amounted to EUR 35.5 million, the pro forma HGB result, including the previous owner's waiver of a claim worth EUR 17.4 million, came to EUR 5.8 million. Rosner's fiscal year runs from July 1 to June 30 and has not been changed within the acquisition framework. This is supposed to happen in the year 2009.

Outlook 2009
Rosner will carry out the restructuring measures according to the 90 day plan. Essential positions concern winning back previous sales partners, focusing the collection on the segment ladies' apparel and particularly trousers as the core product, optimizing operations by the collaboration with delmod – e.g. in the fields of purchasing, supply chain, and IT systems –, and increasing efficiency in administration – especially by subletting the company's property in Ingolstadt. Rosner will probably generate sales of EUR 34 million in 2009 and a net loss due to restructuring.

Website: www.rosner.de

4.5 Assets, financial position and results from operations

4.5.1 CFC Industriebeteiligungen – separate financial statements

The separate financial statements of CFC Industriebeteiligungen GmbH & Co. KGaA for fiscal year 2008 have been prepared according to HGB (German Commercial Code). The information contained in this paragraph therefore refers to HGB positionns.

As of December 31, 2008, total assets amounted to EUR 27.1 million on the level of CFC Industriebeteiligungen GmbH & Co. KGaA (CFC) (2007: EUR 18.6 million). With balance-sheet equity of EUR 26.0 million (EUR 17.6 million), the equity ratio came to roughly 95.9 % at the end of the fiscal year (2007: 94.6 %). The most important non-current assets, at EUR 5.6 million (2007: EUR 5.7 million) are interests in affiliated companies. With respect to current assets, the key positions are receivables of EUR 13.6 million from loans extended to affiliated companies (2007: EUR 12.3 million) and other assets of EUR 4.1 million (2007: EUR 0.4 million), including a claim against Palace Park Investments worth EUR 3.7 million pertaining to a remaining purchase price payment from the transaction of July 2008. This payment will be made in mid-2009 according to the purchase agreement. At the end of the year, CFC had cash and cash equivalents to the amount of EUR 3.4 million at its disposal (2007: EUR 0.2 million).

CFC closed the past fiscal year with a net income of EUR 8.4 million (2007: EUR -1.3 million). This positive result is essentially a consequence of the proceeds from the partial sale of investments to Palace Park Investments to the amount of EUR 10.9 million. Key cost positions of CFC were the management fee in favor of CFC Industrie Beteiligungen Verwaltungs GmbH to the amount of EUR 0.6 million, as provided for by the articles of incorporation (2007: EUR 0.5 million), and the company's legal and consultancy fees to the amount of EUR 2.2 million (2007: EUR 0.6 million).

4.5.2 CFC Industriebeteiligungen – consolidated financial statements

The consolidated financial statements of CFC Industriebeteiligungen GmbH & Co. KGaA for fiscal year 2008 have been prepared according to the International Financial Reporting Standards (IFRS).

Synopsis
On group level, CFC has equity of EUR 50.3 million at its disposal as of December 31, 2008 (2007: EUR 38.3 million). Considering total assets of altogether EUR 152.5 million (2007: EUR 116.4 million), the corresponding equity ratio is roughly 33.0 % (2007: 32.9 %). Non-current assets amounted to EUR 81.8 million as of the balance-sheet date (2007: EUR 61.5 million). Current assets rose from EUR 54.9 million in the previous year to EUR 70.7 million in 2008. Current liabilities were reduced by roughly 5 % to EUR 51.6 million (2007: EUR 54.6 million). Non-current liabilities increased to EUR 50.6 million (2007: EUR 23.5 million).

Sales rose 109 % to reach EUR 138.3 million (2007: EUR 66.1 million). Earnings before interest, taxes, depreciation and amortization (EBITDA) came to EUR 18.9 million (2007: EUR 14.5 million). The operating result – earnings before interest and taxes (EBIT) – amounted to EUR 13.3 million after EUR 12.1 million in the previous year. The group net income dropped from EUR 13.6 million in 2007 to EUR 7.9 million in 2008 due to an increase in finance expense and taxes. In consideration of the minority interest in this group result, the group net income attributable to equity holders of CFC comes to EUR 11.1 million in 2008 after EUR 13.3 million in the year 2007. This corresponds with earnings per share of EUR 1.73 (2007: EUR 2.15).

The consolidated financial statements 2007 were adjusted this year with respect to the preliminary positions of last year's statements (valuation of deferred taxes of delmod and Format-Küchen as well as measurement of non-current assets of delmod). Furthermore, a mistake pertaining to the allocation of tax losses of a minority partner was corrected. In addition, in accordance with Section 27 (1) of the articles of incorporation of CFC KGaA, a liability to the general part-ner was newly recognized in compliance with IAS 32.25. For the purpose of giving a better overview, the presentations in the tables show the figures included in last year's annual report next to those of the adjusted consolidated financial statements 2007. The respective explanations relate to the adjusted figures of the consolidated financial statements 2007.

Assets, financial position and results from operations

Sales development

Total group sales of EUR 138.3 million were generated in fiscal year 2008 (2007: EUR 66.1 million), a 109 % gain on the previous year. All companies acquired in the year 2007 were included completely in the determination of sales. In addition, MEF-Möbel-Elemente Franz GmbH, acquired in May 2008, was considered with respect to sales from the date of acquisition. However, the sales effect through consolidation in the CFC Group was insignificant as MEF was predominantly active as supplier to Format-Küchen.

CFC acquires companies that operate in different industries. One leading company is purchased and subsequently ex-panded by “complementary” investments in the shape of subsidiaries or affiliates. These industry segments provide the basis for primary segment reporting. For fiscal year 2008, the segments of the year 2007 have been modified due to changes in the management structure. The segments “Cookware“ (Berndes Group) and “Home & Living” (Format, MEF) have been merged into “Home & Living”. The segment EMS (Elcon, Letron) has been renamed “Electronics”. Finally, the segment “Fashion” (delmod) was enhanced by the new acquisition Hirsch and Rosner. For a detailed presentation of segment results, please refer to note 5, notes to consolidated financial statements.

The allocation of sales to the segments in fiscal year 2008 and the period of comparison 2007 is as follows:

Group sales by segment

EURk	Home & Living	Electronics	Fashion	Total
Sales 2008	63,666	27,047	47,516	138,229
Sales 2007	55,704	10,349	0	66,053

The allocation of sales to regions illustrates that the focus on Germany as selling market continued to gain in importance throughout the CFC Group. This pronounced emphasis on domestic sales is due to the typical business orientation of medium-sized companies, shared by the companies acquired by CFC. This fact provides for considerable sales potential to be tapped through the companies’ restructuring and support.

Group sales by region (acc. to IFRS 8.33)

EURk	Germany	Other EU countries	Asia	ROW	Total
Sales 2008	92,188	29,132	3,793	13,142	138,255
	67 %	21 %	3 %	9 %	100 %
Sales 2007	40,980	15,625	7,132	2,403	66,140
	62 %	23 %	11 %	4 %	100 %

Results from operations

The CFC Group’s profitability was carried primarily by effects on earnings from the acquisition (MEF, Rosner) and sale (Greenpark transaction) of holdings in the past fiscal year.

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 18.9 million in the reporting period (2007: EUR 14.5 million). One of the drivers of this result was amortization due to subsequent measurement of assets and liabilities at fair values of the two acquired companies MEF and Rosner. EUR 15.2 million were thus added to the EBITDA (2007: EUR 19.4 million). The EBITDA also includes the income of EUR 7.2 million from the partial sale of the investment portfolio to the Greenpark Funds. Earnings from the portfolio companies’ business operations come to EUR -3.5 million.

Earnings before interest and taxes (EBIT) amounted to EUR 13.3 million (2007: EUR 12.1 million). In addition to operating amortization according to HGB, this result also includes amortization of write-up in fair value of previous years as well as fair value amortization of newly acquired companies over the last fiscal year to the amount of EUR 2.7 million. Amorti-zation and depreciation in the group were increased altogether from EUR 2.4 million in 2007 to EUR 5.6 million in the year under report.

As the acquired companies were consolidated over a full reporting period for the first time, the financial result was raised from EUR -0.9 million to EUR -3.5 million. A tax expense of EUR 1.9 million in the past fiscal year followed a tax income of EUR 1.9 million in 2007. The reasons for this difference can be found on the one hand in the extraordinarily positive special item represented by the business tax reform of the year 2007 (tax income of EUR 0.7 million), on the other hand in the amortization of capitalized deferred taxes by the sale of

Assets, financial position and results from operations

investments to the Greenpark Funds. After taxes, a significant difference becomes apparent between the group net income of the year 2007 of EUR 13.6 million and the group net income in 2008 of EUR 7.9 million. The group net income after minority interest, the basis of the calculation of the result attributable to the stockholders, amounts to EUR 11.1 million (2007: EUR 13.3 million). The resulting earnings per share are EUR 1.73 (2007: EUR 2.15).

Consolidated income statement

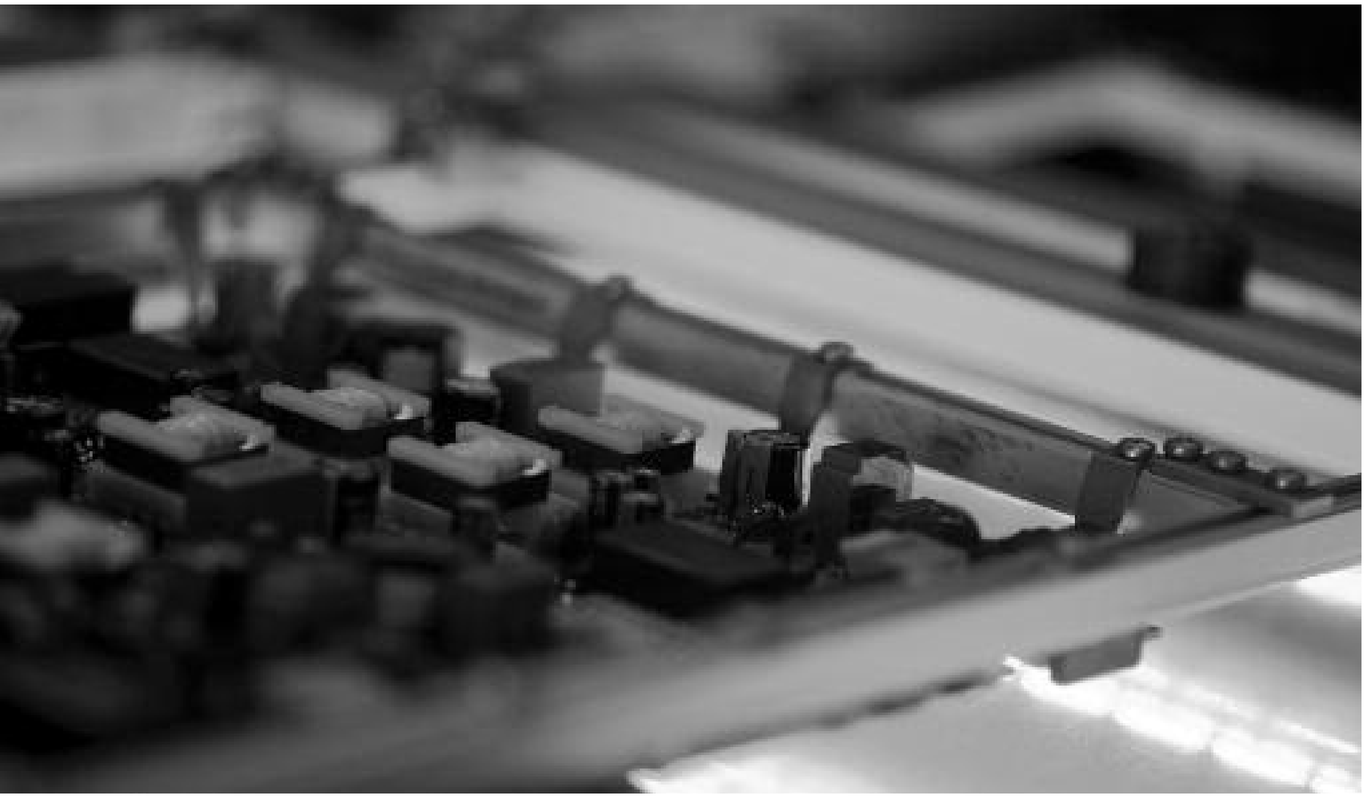
in EUR	Notes	01/01-31/12/2008	01/01-31/12/2007 adjusted	01/01-31/12/2007
Sales	28	138,254,530.59	66,141,411.86	66,141,411.86
Changes in work in process and finished goods inventories		4,706,993.44	1,720,162.59	1,720,162.59
Other operating income	29	28,213,620.22	23,634,771.42	22,809,695.26
Material expense	30	-83,592,504.46	-41,785,724.07	-41,785,724.07
Personnel expense	31	-28,621,642.57	-12,406,393.83	-12,406,393.83
Amortization and depreciation of property, plant and equipment and intangible assets	assets analysis	-5,557,911.93	-2,426,808.16	-2,426,808.16
Other operating expenses	29	-40,072,851.34	-22,772,590.89	-20,988,503.15
Earnings before interest and taxes		13,330,233.95	12,104,828.92	13,063,840.50
Finance income	32	446,502.73	251,930.09	251,930.09
Finance expense	32	-3,920,572.97	-1,156,847.43	-1,156,847.43
Financial result	32	-3,474,070.24	-904,917.34	-904,917.34
Earnings before taxes		9,856,163.71	11,199,911.58	12,158,923.16
Income taxes	9	-1,864,465.61	1,875,977.72	1,362,541.73
Third-party share in borrowed capital	38	-94,559.78	483,944.97	481,765.94
Group net income		7,897,138.32	13,559,834.27	14,003,230.83
Thereof minority interest	38	3,243,929.68	-270,357.00	-270,357.00
Thereof attributable to equity holders of the parent-		11,141,068.00	13,289,477.27	13,732,873.83
Basic earnings per share	17	1.73	2.15	2.22
Fully diluted earnings per share	17	1.73	2.15	2.22

Assets, financial position and results from operations

The group's profit situation can also be presented as broken down to its operating segments.

Concolidated segment income statement
for the fiscal year ended December 31, 2008

EUR	Home & Living	Electronics	Fashion	Total segments	CFC KGaA	Consolidation	CFC
Sales	63,665,896.35	27,046,722.40	47,515,839.03	138,228,457.78	168,373.87	-142,301.06	138,254,530.59
Earnings before interest and taxes	-5,344,211.31	-2,311,163.19	1,833,675.70	-5,821,698.80	3,986,673.81	15,165,258.94	13,330,233.95
Financial result	-2,253,719.46	-618,509.92	-1,264,814.98	-4,137,044.36	662,974.12	0.00	-3,474,070.24
Earnings before taxes	-7,597,930.77	-2,929,673.11	568,860.72	-9,958,743.16	4,649,647.93	15,165,258.94	9,856,163.71



Assets
In line with its business model, CFC acquires and sells companies active in different industries and industry segments. As a consequence, the group's asset structure is highly volatile and determined by the highly heterogeneous balance-sheet layouts of the companies included in the current portfolio. The changes in assets and liabilities from the previous year are essentially accounted for by the changes of the basis of consolidation in the course of the year (MEF, Rosner). The sale of part of the portfolio did not result in the portfolio companies' deconsolidation as CFC continues to hold the majority of and/or have control over the companies. The effects on assets from the company acquisitions are explained in detail under note 3, notes to consolidated financial statements.

Property, plant and equipment amount to EUR 29.8 million (2007: EUR 25.8 million), intangible assets come to EUR 51.2 million (2007: EUR 35.0 million). In this position, tha capitalization of the trademark "Rosner" and the company's customer relationships have been newly included. The valuation of the trademarks "Berndes" and "delmod" as well as the capitalization of these companies' customer relationships were already included in the consolidated financial statements 2007. These intangible assets must be recognized in the context of the acquisition as assets separate from goodwill in accordance with IFRS 3. The group's current assets include inventories of EUR 44.0 million (2007: EUR 26.9 million), trade receivables of EUR 12.3 million (2007: EUR 13.7 million), and other assets to the amount of EUR 8.1 million (2007: EUR 5.4 million). As of the end of the year 2008 the CFC Group had cash and cash equivalents of EUR 6.1 million at its disposal (2007: EUR 8.8 million).

Assets, financial position and results from operations

Of the CFC Group's assets, 54 % (2007: 53 %) are considered non-current and 46 % (2007: 47 %) current assets, signifying a virtually unchanged asset structure by annual comparison. As of December 31, 2008 the assets can be broken down by segment as follows (for details pelase refer to note 5 in the notes to consolidated financial statements):

EUR	Home & Living	Electronics	Fashion	Total segments	CFC KGaA	Consolidation	CFC
ASSETS							
Non-current assets	27,041,927.83	9,767,105.09	44,454,357.66	81,263,390.58	6,302,125.25	-5,790,392.86	81,775,122.97
Current assets	21,091,760.42	6,773,211.88	35,251,544.69	63,116,516.99	21,376,420.76	-13,810,842.19	70,682,095.56
Total assets	48,133,688.25	16,540,316.97	79,705,902.35	144,379,907.57	27,678,546.01	-19,601,235.05	152,457,218.53

EUR	Home & Living	Electronics	Fashion	Total segments	CFC KGaA	Consolidation	CFC
EQUITY AND LIABILITIES							
Equity	39,875.69	469,047.53	25,662,878.30	26,171,801.52	24,559,659.27	-474,038.48	50,257,422.31
Non-current liabilities	22,526,744.48	5,445,801.90	25,415,211.08	53,387,757.46	1,941,426.06	-4,723,921.82	50,605,361.70
Current liabilities	25,567,068.08	10,625,467.54	28,627,812.97	64,820,348.59	1,177,460.68	-14,403,374.75	51,594,434.52
Total equity and liabilities	48,133,688.25	16,540,316.97	79,705,902.35	144,379,907.57	27,678,546.01	-19,601,235.05	152,457,218.53

Assets, financial position and results from operations

The CFC Group's assets can be broken down by region as follows:

CFC Group assets by region as of 12/31/2008 (in EUR)

	Germany	Other EU countries	Asia	ROW	Total
Non-current assets (property. plant and equipment and intangible assets)	80,848,544.40	206,461.22	651,569.90	28,547.45	81,775,122.97
Current assets	61,679,485.36	2,973,116.17	5,335,929.21	693,564.82	70,682,095.56

The equity comes to EUR 50.3 million as of December 31, 2008 (2007: EUR 38.3 million). This amount corresponds with an equity ratio of 33.0 % (2007: 32.9 %). Non-current liabilities increased from EUR 23.5 million in the year 2007 to EUR 50.6 million as of the balance-sheet date. This increase is due to an increase in deferred tax liabilities by EUR 8.2 million (as a result of the Rosner acquisition, among other factors) and an increase in non-current liabilities to banks and third parties by EUR 14.6 million. This latter increase resulted from the sale offormerly group-internal (and therefore consolidated) loans to Palace Park Investments (purchasing company of the Greenpark Funds) due to the partial portfolio sale in July 2008. These realized loans are worth EUR 7.8 million and are now recognized as such. This position also carries a loan of the Berndes Group refinanced over a long term (EUR 5.6 million). Therefore current liabilities fell accordingly by EUR 3.0 million to EUR 51.6 million as of December 31, 2008. The share of current liabilities in total liabilities dropped from previous year's 70.0 % to 50.0 % in the reporting period.

Personnel

CFC's management philosophy is based on the simple conclusion that only motivated and well-trained people are able to drive essential changes forward in the companies concerned. Therefore the restructuring responsibility is always with the management on location, supported by the best-suited experts provided by the group. By the acquisition of minority interest at the same conditions applicable to the acquisition by CFC, the local management assumes responsibility through its own financial commitment, and it is assured that there is a shared interest in the successful restructuring.

At the end of 2007 the CFC Group had 747 employees. Subsequent to the acquisitions in the year under report, the companies included in the basis of consolidation as of December 31, 2008 had an average number of 827 employees altogether. As of the balance sheet date the group had 1,032 employees.

The total number of employees in the group as of December 31, 2008 can be broken down by group company and function as follows:

	Elcon	Letron	Format	Berndes	Delmod	Rosner	CFC KGaA	Total
Production	79	43	113	48	0	43	0	326
Distribution	25	13	9	68	134	77	0	326
Administration	42	12	31	46	34	45	2	212
Quality control	4	2	0	14	10	53	0	83
R&D	22	2	1	1	49	10	0	85
Total	172	72	154	177	227	228	2	1.032

Assets, financial position and results from operations

Financial position

Liquidity

According to the respective restructuring progress, the individual group companies grow less dependent on the parent's liquidity and become more independent financially. In this regard the Berndes Group is the most advanced holding. Berndes is completely accepted by banking institutions and receives long-term growth financing. delmod and Elcon are advanced as well, yet they still require the group's liquidity or guarantee support. Letron is controlled by its affiliate Elcon with respect to liquidity. The restructuring effort at Format-Küchen was financed by the owner in the reporting period. Rosner is financed well into 2009 by the loan granted by the previous owner. CFC was refinanced by the sale of part of the portfolio. As of July 2008 EUR 13.5 million were earned this way. CFC used the inflow of assets by Greenpark to repay almost all current loans. Another EUR 9.0 million will be earned from the Greenpark transaction in 2009.

Cash flow

The cash flow from operating activities comes to EUR -4.6 Mio. EUR and thus only about half of the previous year (2007: EUR -9.8 million).

From the earnings before interest and taxes of EUR 13.3 million (2007: EUR 12.1 million) plus amortization and depreciation of EUR 5.6 million (2007: EUR 2.4 million), non-cash income of EUR 15.9 million (2007: EUR 17.7 million) is deducted, essentially resulting from the above-mentioned EUR 15.2 million income (2007: EUR 19.4 million) from the first-time consolidation of the newly acquired companies (Ros-ner, MEF). In addition to that, the changes in provisions come to EUR -4.1 million (2007: EUR -6.0 million), losses from the disposal of working capital (inventories, receivables, trade payables) come to EUR -3.6 million (2007: EUR -5.3 million), and the changes in other non-current/current assets and liabilities come to EUR 0.4 million (2007: EUR +5.7 million). The resulting cash flow from operating activities is EUR -4.6 million (2007: EUR -9.8 million).

The cash flow from investing activities is at EUR -7.2 million (2007: EUR -0.9 million) clearly negative and essentially includes the disposal of resources for new investments in property, plant and equipment (EUR 7.0 million). The cash flow from financing activities is determined by the result of the partial sale of the portfolio to Green-park as of July 31, 2008 and a significant increase in taxes paid in the group due to the completeon of the first full fiscal years of the holdings acquired in the year 2007 (EUR -3.4 million; 2007: EUR -1.2 million). Therefore the cash flow from financing activities is at EUR 9.0 million clearly positive (2007: EUR 14.0 million).

However, the total change in cash and cash equivalents was negative at EUR -2.7 million in the reporting period after a positive change of EUR 3.3 million in fiscal year 2007.

Overall statement on the economic situation

Against the backdrop of the efforts and successes with respect to restructuring our holdings and the Greenpark transaction, we look ahead with confidence. We consider the group's economic situation in the reporting period a good starting position for heading out of the economic crisis.

4.6 Information according to Sections 289, 315 HGB

Composition of the stock capital

The capital stock of EUR 6,435,000.00, consisting of 6,435,000 non-par value com-mon bearer shares entered in the balance sheet as of December 31, 2008, is fully paid in. Each share grants one voting right in the General Meeting.

Limitations with respect to voting rights or the transfer of shares

There are no limitations on voting rights or the transfer of shares.

Direct or indirect stock ownership

As of December 31, 2008 the distribution of ownership is as follows:

Stockholders	Shares	in %
Themis Industries Group GmbH & Co. KGaA	1,576,575.00	24.50 %
Marcus Linnepe thereof 86,310 voting rights (1.34 %) held through Gesellschaft für Wirtschaftsberatung M. Linnepe & Co. GmbH	970,660.00	15.08 %
IFOS International Fonds Service AG	769,946.00	11.96 %
Heliad Equity Partners GmbH & Co. KGaA	500,000.00	7.77 %
Heliad Investments Limited	500,000.00	7.77 %
Silvia Quandt & Cie AG thereof 54.837 voting rights (0.59 %) held through an affiliated company	473,357.00	7.36 %
Klaus von Hörde	250,000.00	3.89 %
Altira AG	240,000.00	3.73 %
Angermeyer Brumm Lange Unternehmensgruppe GmbH	55,000.00	0.85 %
Freefloat	1,099,462.00	17.09 %
	6,435,000.00	100.00 %

Owners of privileged shares

No privileged shares have been issued.

Form of voting right control in case of employee stockholding

This item does not apply for the company.

Legal stipulations and provisions of the articles for the appointment and dismissal of management board members and amendments to the articles

We refer to the respective legal stipulations for the management assumed by the general partner according to Section 278 AktG (German Stock Corporation Act) read in conjunction with Section 164 HGB (German Commercial Code). Accordingly, the Supervisory Board is not authorized to either appoint or dismiss the management. Section 12 of the articles of incorporation provides for management responsibility of the general partner, CFC Industrie Beteiligungen Verwaltungs GmbH, Dortmund. Amendments to the articles must comply with Sections 133, 179 AktG read in conjunction with Section 25 of the articles. According to this legal framework, the managing general partner has a reservation of assent.

Management authorization to issue and repurchase own stock

- The stock capital is conditionally increased by a maximum amount of EUR 2,340,000, divided into a maximum number of 2,340,000 common bearer shares, until May 31, 2012. The conditional capital increase serves the granting of subscription warrants or conversion privileges to the owners of option bonds or convertible bonds, issued in accordance with the authorization of the Annual General Meeting of June 18, 2007. The issue of new shares is realized at the option or conversion price to be determined in accordance with the resolution of the company's Annual General Meeting of June 18, 2007 under agenda item 6. The conditional capital increase is realized only insofar as the owners or creditors of subscription warrants or conversion privileges make use of their respective rights, or as the owners of convertible bonds who are committed to conversion realize this commitment, unless compensation in cash is given or own shares or shares originating from authorized capital are used for servicing. The general partner is authorized to determine the further details of the realization of a conditional capital increase. Insofar as they come into being by exercise up to the beginning of the company's

Annual General Meeting, the shares are entitled to dividend from the beginning of the previous fiscal year; in other cases they are entitled to dividend from the beginning of the fiscal year in which they come into being by the exercise of options. The general partner is authorized, with the Supervisory Board's consent, to determine the further details of the realization of the conditional capital increase.

- By resolution of the Annual General Meeting of October 26, 2006, the general partner is authorized, with the Supervisory Board's consent, to increase the company's stock capital until October 31, 2011 by up to EUR 2,500,000 through the singular or repeated issuance of new non-par value common shares against contribution in cash or contribution in kind ("authorized capital 2006"). After EUR 200,000 from the "authorized capital 2006" have been used for the capital increase II (December 6, 2006) and EUR 585,000 have been used for the capital increase III (June 4, 2007), the portion of the "authorized capital 2006" currently at the company's disposal according to Section 6 of the articles of incorporation comes to EUR 1,715,000. The general partner is authorized, with the Supervisory Board's consent, to decide on the preclusion of the limited partners' subscription rights. The subscripton rights may be precluded in particular a) to exclude fractional amounts from the limited partners' subscription rights, b) on the occasion of capital increases against contributions in kind, especially in the shape of companies and business divisions or other assets, c) on the occasion of capital increases against contributions in cash if the issue amount of the shares does not materially undercut the stock price and the shares issued under preclusion of subscription rights do not exceed 10 % of the stock capital in total, d) to give employee stock to employees of the company and affiliated companies, and e) to grant subscription rights to new shares to the owners of option bonds or convertible bonds issued by the company to the extent they would be entitled to after exercise of their options or conversion privileges, yet only insofar as the shares cannot be granted already on the basis of conditional capital. The general partner is furthermore authorized, with the Supervisory Board's consent, to determine the further details of the capital increase and the further conditions of the issuance of stock. The Supervisory Board is authorized to amend the wording of the articles of incorporation according to the scope of capital increases from the authorized capital.

The management has no authorization for the repurchase of the company's own stock.

Material agreements on the condition of a change of control as a result of a takeover bid

There are no material agreements on the condition of a change of control as a result of a takeover bid.

Compensation agreements

There are no compensation agreements, either.

4.7 Opportunities and risks

The business model of CFC Industriebeteiligungen involves opportunities and risks, as does basically any entrepreneurial commitment. It is the goal of the CFC risk management to seize arising opportunities and to identify the material risks and react to them in the best possible way.

As part of the corporate strategy, the risk policy of CFC is directed at increasing the group value. The applied respective risk strategy implies a continuous and systematic assessment of the risks and the opportunities. CFC deliberately takes reasonable, containable, and manageable risks if they raise expectations for an adequate increase in value.

The order of the risks presented in the following carries no statement about their evaluation and does make no claim to be complete. Uncertainties and risks not listed in the following could also have an effect on the company's assets, financial position, and result from operations.

4.7.1 Opportunities of the CFC business model

Independence of economic cycle
The CFC business model is distinguished to a certain degree by an independence of the economic cycle. In phases of recession, the buying market of CFC improves as more companies are exposed to crisis or cannot attend to their interest payments anymore. In phases of economic upswing, however, the operating business of the holdings usually improves and their restructuring is thus made easier. In addition, during these phases opportunistic exits often open up. It is therefore essential that CFC adapts to the respective economic situation at the right time, e.g. by having sufficient liquidity at its disposal if there are increasing opportunities for investment in phases of an economic slump. Unfortunately CFC was proven right with respect to its anticipation of a beginning recessive phase announced already in the annual report 2007, but prepared for this phase purposefully and sufficiently with the partial exit realized with Greenpark.

Deal flow and purchase prices
With regard to deal flow, CFC benefits from the situation that the management's network, established over many years, including banking institutions' recapitalization departments, M&A consultants, auditing firms, etc., sometimes offers objects of acquisition to the company that are not yet available as part of a public selling process. This exclusiveness usually has a positive effect on the purchase price to be paid. Furthermore, contact to other deal sources has been sought and developed instensively in the reporting period and added to the existing data base administered with a CRM tool.

CFC also benefits from its focus on companies in need of rescue as the purchase prices in this segment are often very low, mostly representing token prices, because of the significantly higher risks involved and the weak profitability of the objects of acquisition at the time of purchase. If CFC is successful in rescuing the acquired companies, very high returns on the invested capital can be realized.

The key objective during this phase is to identify the potential of the offered candidates CFC will later be able to mobilize and dynamize.

Restructuring
The restructuring effort starts for CFC even at the beginning of due diligence, i.e. the examination for an acceptance of the takeover. By the application of "human due diligence", the actual demands and the requirement profile for restructuring the company are defined. Then a suitable "holding manager" is chosen from the CFC management's extensive network, someone who is exactly the right person for the target object based on his or her experience in the industry and/or the specific restructuring task, to subsequently take over the management or join the management board. Only if this holding manager who provides CFC with the assurance that the restructuring will be successfully pressed ahead with is found, CFC will make the investment.

Furthermore, CFC has its own team of experts experienced in restructuring, giving support to the holdings during the restructuring of operations. The holding manager is e.g. joined by a CFC project manager to coordinate the large number of tasks and complete them as fast as possible. During the so-called "movement phase", it is the experts' goal to mobilize the potential identified in the deal phase.

The typical CFC organization of restructuring with a locally responsible, experienced holding manager and restructuring experts facilitates a very fast and standardized proceeding in this delicate process of transformation.

Exit
Subsequent to successful restructuring, the holdings are either sold (e.g. by trade sale or going public) or held for a longer term. CFC generally strives for medium-term investment periods of three to five years; shorter periods of commitment will rather be an exception as a sustainable turnaround usually takes 18 to 24 months. Only after this phase, the surplus values of the transformation strategy can be completely mobilized. Because CFC is no private equity fund that needs to disinvest the re-sources invested after a certain amount of time, CFC is able to pursue an investment strategy of optimized returns and to raise the intrinsic group value which in turn will manifest in the stock price. Therefore no pressure to sell is on CFC, especially not in cases when a complete recapitalization has been carried out.

The sale to the Greenpark funds certainly represents an exception from this view-point as this sale transaction is not an exit of an individual company or subgroup but rather the partial sale throughout the group's entire portfolio as of July 2008. In addition, the sale to the Greenpark funds did not result in changes to the management structure heading the restructuring effort because the funds totally rely on the CFC management as old and new majority partner. The transaction served the company's refinancing ahead of the expected recessive phase and therefore it supported the company's right choice of economic orientation.

4.7.2 Risks of the CFC business model

Industry inherent risks of the CFC business model

Competition
The increasing pressure on investments in the private equity market in connection with the great appeal of the market segment of CFC might lead to an increase in the competition for objects of acquisition. The result would be rising purchase prices as well as a decreasing number of in investment opportunities for CFC. As many objects of acquisition are offered to the CFC management from its personal network, this risk for CFC appears to be limited even with an increase in competition.

Acquisition risk
CFC focuses on the acquisition of companies exposed to transitional business situations. Usually these companies have been generating losses for a certain amount of time prior to the takeover.

Opportunities and risks

There is the risk that despite diligent assessment and selection steps companies are examined under a rising input of resources that eventually fall through as candidates for acquisition. CFC tries to keep the corresponding “sunken cost” of business development low by principally using in-house staff during the first phases of assessment. Despite the numerous selection mechanisms, it might even happen that a company is acquired that, as it turns out in the aftermath, can only be restructured with disproportional effort and by missing the predefined return targets (“risk of a bad bargain”). CFC tries to minimize this risk in many ways: 1) The purchase prices paid are mostly rather symbolic, making an economic loss containable; 2) integration of investments, recapitalization and disinvestment under one roof; 3) acquisition of holdings only through subholdings, providing corresponding liability protection for the group.

Reporting

The holdings of CFC are in situations of crisis at the time of acquisition. The paramount goal is therefore the stabilization of liquidity in a first step and the preferably expedious restoration of operating profitability. In order to supervise and support the management of the holdings in tackling this task, the holdings are requested to submit a monthly reporting package. In these forms CFC inquires about selected key figures of assets, liquidity and earnings and intervenes if divergences from the prepared planning arise.

At this point, however, it cannot be ruled out that reporting might fail in the individual case because the responsible employees make mistakes or alarm signals are misinterpreted and misjudged in the analysis. Under the circumstances this might result in negative economic developments in the holdings. In order to reduce this risk, the CFC finance department makes sure by adapted and standardized reports that such mistakes will not occur.

Liquidity risks

A majority of the holdings acquired by CFC is often in a strained liquidity situation, most notably at the time of acquisition and during the initial phase of restructuring, resulting in additional requirements for liquid funds. Oftentimes this demand continues to rise due to the urgently necessary restructuring measures taken. These financial requirements are covered by the selling party’s restructuring contribution (e.g. waivers of claims within the takeover framework), the sale of non-operating assets, the respective holding’s own operating cash flow, credit limits of committed lenders of outside capital, or by additional loans granted by CFC. One of the first restructuring measures of CFC is therefore the optimization of liquidity management (e.g. improvement of debtor management, use of factoring, sale of non-operating assets, negotiating payment plans with the creditors).

CFC controls the holdings’ liquidity requirements by thorough weekly liquidity controlling. As with any other company, there is the risk that unforeseen financial requirements will arise in the course of group affiliation because the respective company loses customers, there are bottlenecks in supply, negotiations with labor unions and workers’ councils come to a halt, etc., and therefore coinciding profit and liquidity advancing measures do not materialize to the extent expected. It also happens that previous financial partners of the respective holdings use the entry of CFC as major stockholder for negotiating more favorable terms or to withdraw their commitment. This might have the result that CFC must cover for arising liquidity shortfall with own resources for lack of other sources of funding.

CFC tries to reduce these liquidity risks by

- evaluating and negotiating them as reliably as possible through very thorough planning prior to the takeover (measures are negotiated prior to the acquisition and implemented in the “90 day plan”),
- applying persistent and standardized liquidity reporting, and
- participating in and shaping negotiations with the holdings’ operating financing partners, providing for the highest possible level of assurance that existing financing schemes are continued as required.

Risk management

The CFC Group’s risk management is operated within the framework of group-wide controlling. Weekly reports on the liquidity status are submitted to the finance department. In the context of the preparation of monthly accounts, a target/actual comparison is made and, if necessary, budget and current forecasts are adapted for the strategic financial calendar. By the timely information of the group management and the holding’s controlling, necessary bundles of measures can be arranged and implemented on short notice.

Other components of risk management are regular meetings of the group management and the holding managers on location to share information about the holdings’ recent developments. In addition, CEO and CFO review meetings are conducted according to an annual calendar. Furthermore, the risk management system implemented throughout the group is updated each quarter or more often if necessary, graded according to risks. There are no risks that jeopardize the company’s continued existence. Until the preparation of the consolidated financial statements, no further risks have occurred or have been identified by us.

Opportunities and risks

Failure of restructuring

CFC strives for the highest possible precision in assessing the economic development of a holding and, most of all, the liquidity requirements prior to a transaction by applying the 90 day plan as well as by corresponding multi-annual corporate planning on a monthly basis. However, the restructuring effort might still fail if it turns out after the entry of CFC that the cost of restructuring will be significantly higher than scheduled, e.g. due to a deterioration of the market situation.

In this case CFC could lose all financial resources invested in the holding's acquisition and funding. If CFC had refinanced the investment with bank credit or other outside capital or assumed liability for the holding through guarantees, the resulting repayment obligations of CFC would remain unaffected. Comprehensive reporting and the direct involvement of CFC staff in the holdings are intended to keep the risk of failure as low as possible.

Interest and currency risks

Because CFC is active in Germany exclusively, there are currently no interest and currency risks on the level of CFC. The situation is different with regard to the group companies. Even though CFC only invests in companies with registered offices in Germany, these companies can be internationally active in manifold ways (purchasing, distribution, and production locations), so that specific currency risks apply for these companies. Up to now financing in the group has been carried out principally at fixed interest rates so that the risks resulting from interest rate changes are containable. Generally speaking, though, interest and currency risks do result from the holdings' international business and the borrowing of outside capital, risks that could affect the CFC Group's assets, financial position and result from operations in a negative way.

Exits

CFC only acquires companies of whose long-term prospects the management is convinced. It is therefore the goal for the medium term to establish a portfolio of profitable medium-sized companies and to keep them as portfolio companies. However, CFC might become impelled to sell holdings for the most different reasons (e.g. for raising liquid funds on short notice). There is the risk in this context that an exit will not be possible, or not at the desired selling price, because of the general economic situation or because of the situation at the capital markets.

CFC-specific risks

Portfolio size

As CFC is still a rather young company whose holding portfolio is still at the beginning stage, losing holdings e.g. due to insolvencies could have grave consequences for the company. This risk is decreasing with an increasing portfolio size and the time period of the holdings' affiliation. It is intended to be countered by the extremely thorough selection of holdings carried out by CFC. It is the objective to evaluate the risks carried by the companies to be acquired early on and as precisely as possible and to take them into consideration in purchase price negotiations already. The business development department therefore follows strict target definitions for objects to be looked for. CFC does not regard a fast growth process as the adequate way of facing this risk because the other risks would be amplified considerably.

Personnel risks

The dependence of the CFC business model on the personal network of the management is still relatively strong. Mr. Linnepe as founder and important stockholder assumes a position of central importance. A possible unforeseen resignation of Mr. Linnepe would have considerable negative consequences for the company. CFC tries to minimize the personnel-related risk by systematically documenting and archiving know-how and contac data. Apart from Mr. Linnepe, functional management responsibilities for M&A/strategy, integration/operations, and finances have been assigned to other executives.

CFC acquires companies in situations of crisis to be subsequently restructured either by CFC staff or managers recruited from the network. The success of the rescue operations is highly dependent on the abilities of the respective individuals. Due to the intended expansion of the portfolio, CFC is therefore reliant on finding suitable employees (e.g. as holding managers) or being able to deploy a sufficient number of individuals recruited from the network. Especially because of last year's good eco-nomic development, it has become more difficult to find suited staff. If they cannot be found, promising investments might not be made in the end. If CFC picks the wrong person for the job, it might come to delays or complications, or even the downright failure of the restructuring mission. CFC tries to reduce these risks by intensive communication prior to and during the employment of key personnel. For this purpose a human resources manager has been hired, responsible for filing these positions as well as all key positions in the holdings.

Opportunities and risks

Risks of corporate finance

Because of the young history of CFC, the portfolio companies are still in or near the end of their restructuring phases. There have been no returns in the shape of recapitalization or exits yet. For the purpose of the financing partners' rating procedure, CFC as a group is regarded as a collection of companies in need of recapitalizing and is therefore given access to external funding sources only to a very limited extent.

Some of the holdings can provide for their own financing due to their advanced level of the restructuring process, partly with the help of and secured by CFC if necessary. Other group companies are totally dependent on CFC with respect to financing.

In funding its activities and the holding companies' financial requirements, CFC is therefore principally dependent on resources to be raised on group level e.g. within the framework of capital increases or sale proceeds. In this context there is a very strong dependence on the development at the capital and credit markets.

An unfavorable stock market environment could under the circumstances make fundraising by placing a capital increase difficult, as is the case in the current situation. If at that point in time liquid assets would be urgently needed by CFC, this could have a negative effect on the company's liquidity situation. According to the circumstances, holdings would have to be sold considerably below purchase price (so-called fire sale). If a sale could not be realized, the company might even be facing insolvency.

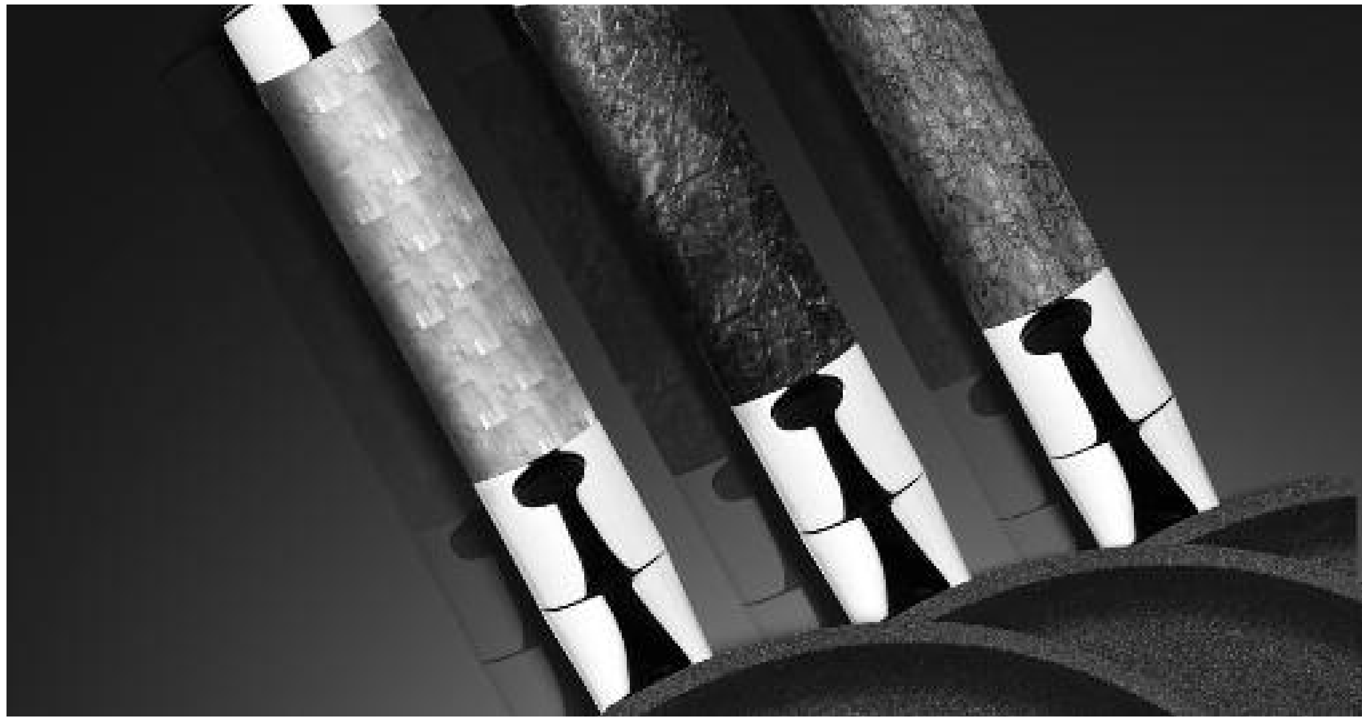
The management tries to prevent this risk from happening by exclusively acquiring companies whose liquidity requirements up to operating profitability can be reliably assessed and funded from the company's resources (e.g. by the implementation of factoring, refinancing the goods in stock, sale and leaseback of assets, sale of non-operating assets). The objective of CFC is to reach the holdings' recapitalization capability as fast as possible. The management also looks out for timely sale opportunities for holdings as a refinancing source.

Operating risks of the holdings

The operating business units within the CFC Group are exposed to the risks typical of the respective markets with regard to their operations. Apart from the risks listed explicitly, there are the fluctuations in quantities and prices on the buying and selling markets, among others. Which risks are the ones resulting from the respective operating business is explained in the following. As a basic rule, CFC faces these risks as an active holding company on the basis of the individual company by continuous, stringent reporting and the active cooperation in the operating units.

Risk situation Berndes Group

The risks of the business segment in which the Berndes Group operates are manifold. As a medium-sized company, the enterprise is confronted with an oligopoly of business groups whose concentration is even increasing in our opinion. The trade tries to pass on an ever increasing number of risks to the suppliers without willingness to reward them with adequate



prices. The volatile markets for raw materials, energy, and currencies make pricing more difficult which can lead to burdens on the margin. The company tries to prevent these risks from materializing by a flexible purchasing management and the use of hedging instruments.

Other risks address the ability to deliver and the quality of the products. Insofar as company-produced products are concerned, these risks are prevented by exact production planning and intensive quality testing in the company's own plant. In addition, the supply availability of the components at any time must be monitored and negotiated with the suppliers. Berndes achieves this objective in that the group secures manufacturing capacity with third parties early on. With regard to the import of trade goods, quality control prior to shipment is carried out as well in order to exclude the risk of bad shipments.

Opportunities and risks

The provision of sources of funding is essential to the continued growth development of the Berndes Goup. The loan granted in 2007 by a third party with the aid of CFC was prolonged for another five years by the end of the repoting period. This loan is used for financing the working capital, inventories in particular. Although in 2008 a current account limit has been made available by banking institutions for the first time in years, for a full utilization of the sales potential, especially for prefinancing major projects, it will still be necessary in the future to create additional flexibility with respect to liquidity requirements. Therefore in 2009 the efforts for providing the company with liquidity must continue. After the restructuring of the Berndes Group is completed, liquidity is scheduled to be provided by third parties on the capital market. Berndes is supported in these activities by CFC. If the growth financing cannot be realized, it is possible that the company might not tap all of its established distribution potential or even lose key customers.

After the prices for raw materials had increased initially in the reporting period, they went down again in the course of the financial market crisis. The group's business success is dependent on the volatile metal and currency markets to a considerable extent and can in effect be burdened or favored – as is currently the case. The main focus concerning the markets for raw materials is on aluminum, but also on stainless steel. Apart from the prices for metals and stainless steel, the time component of availability also plays an important part. The partly drastic price drops pertaining to metals may result in global production cuts by the suppliers as the present price level is no longer sufficient. Deliberate shortage and a new price increase may be the consequence.

The same or at least similar statements hold true for currency risks. Metal is generally valuated in U.S. dollar; even the Far Eastern imports are calculated in U.S. dollar. The rapid and significant devaluation of the U.S. dollar in 2008 reduced import prices for the group and partially compensated for the increased purchasing prices of raw materials and energy in the first half-year. However, exports to non-euro economic areas were made more difficult over the same period. In fiscal year 2008 the affected group companies did not conclude forward exchange transactions or foreign currency options with an effect on business and projects in 2008. At the end of 2008 a favorable situation in the currency market was seized to hedge a part of the USD amount required in the first half-year 2009 by way of forward exchange transactions.

Apart from the specific risks pertaining to raw materials, currencies and liquidity the Berndes Group is exposed to, the general economic risk especially in the consumer goods industry can hardly be predicted at the time this report is prepared. The group tries to establish stability in the business model by an expansion of its business activities without enhancing its organizational and human resources. This occurs with respect to technology, organization, and distribution.

Risk situation Format

The risks of the business segment in which Format is active continue to be manifold. With regard to purchasing Format was able to improve the conditions of the procurement of goods considerably by joining the purchasing association EICO in mid-2008. The effects of general trend of increasing material costs over the last several years, however, can only be countered temporarily and adjusted to the level of the competition. This trend is problematic insofar as the cutthroat competition due to the buyer power of the trade associations makes passing on the price increases of goods purchasing impossible except maybe in disproportionately low quantities. This concerns not only the largest players in the industry but particularly the great

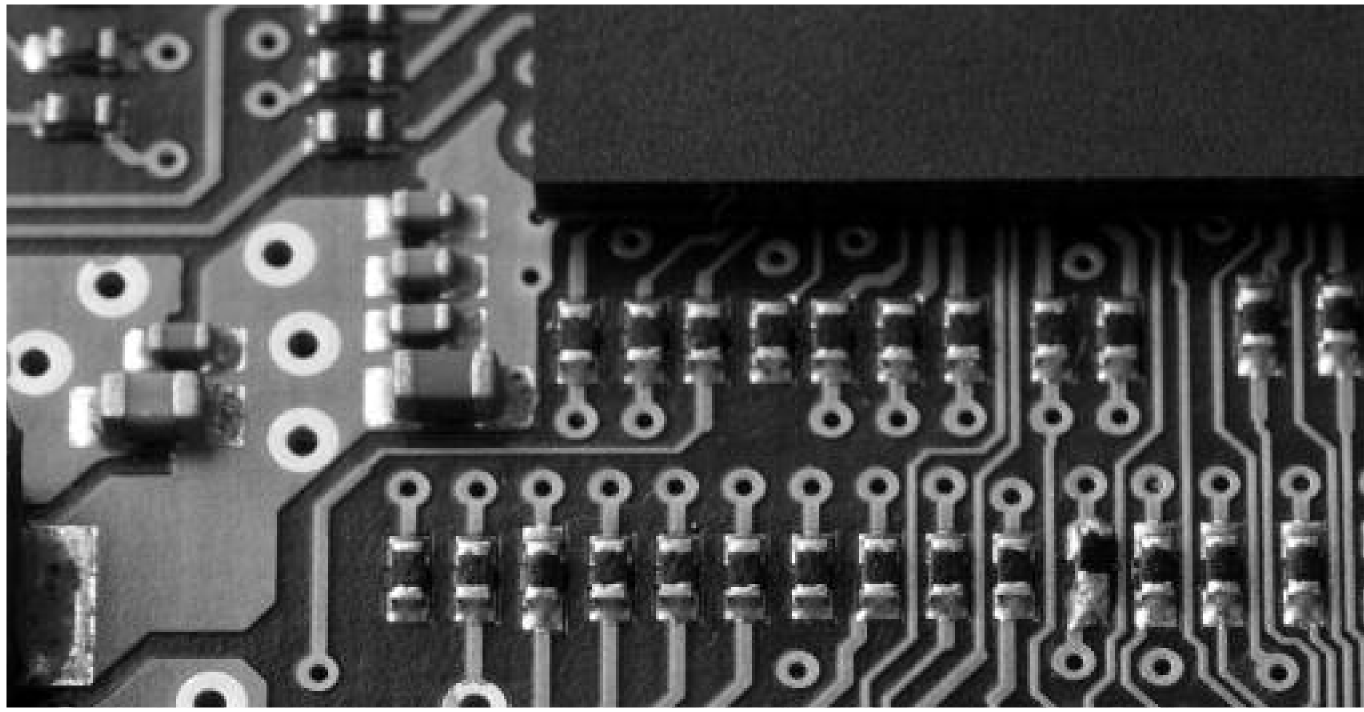
many medium-sized companies such as Format, so that an adequate compensation through price adjustments is prevented. The dependence on a key supplier of surfaces of many years was overcome by the acquiring the company and merging it into Format in the reporting period.

Opportunities and risks

After significant sales revenues have been realized from the international business of Format in the reporting period, there is the risk involved that these markets will show weaker demand due to the economic cycles so that continued growth for Format in this export business will not be possible, or possible to a smaller degree. In addition, this business is much more dependent on the worldwide "real estate economy" as oftentimes project contracts are concluded in the export business that are prone to postponements. In the year 2009 such risk factors are noticeable even in the previously booming real estate markets in the Middle and Far East as well as in Eastern Europe.

The difficult fiscal year 2008 is reflected in the development of available liquidity as well. Providing liquidity remains the focus of activity with regard to finances. For coverage of the current liquidity requirements, CFC provided funds in 2009 according to budget and restructuring planning. We assume that we will realize this defined optimization potential to cover the short and medium-term operating financial requirements. To assure this, further and more profound restructuring measures were decided for fiscal year 2009. The realization of this bundle of measures was resolved in February already, and a large number of separate contributions have already been completed. 35 more employees were layed off in the first quarter. At the same time, short-time work was abandoned. Furthermore, the company took to negotiations with its financial partners on extending terms of payment and tried to realize additional financing with the aid of CFC. It is of crucial importance for the company's continued existence that this bundle of measures is implemented completely and as soon as possible. With its successful realization we consider Format well-prepared for the challenges to arise. However, the implementation of these measures cannot eliminate the threat to the company's continued existence if the cosumer reluctance persists to the current unforeseeable extent. Until the preparation of the group management report, the company develops in accordance with the present restrucutuing schedule.

Risk situation Elcon
Elcon has a completely new developed product portfolio. Market penetration is scheduled for 2009. Even though network certifications have taken place and first outline agreements have been concluded, there is the risk that projects lead times will take longer than planned and the subsequent rollout will be realized at a slower pace, due to the current recessive situation, among other factors.



A substantial portion of current sales is generated with products that have been on the market longer than 24 months, to complete their respective lifecycles in the next years. If the lifecycle gets shorter, the pressure on new products will rise.

The consistent expansion in new markets and to new customers is an active countermeasure. The company will in effect be positioned on a broader and more balanced scale. If this does not work, additional financing for the compensation of liquidity requirements will be necessary.

Opportunities and risks

Risk situation Letron

The market environment of Letron is currently determined by cautious restraint of the entire investment goods industry in the context of the general economic development. As fluctuations in customer demand have an immediate impact on Letron and order cutbacks cannot be

compensated on short notice through other sales channels or with other products, there is a direct correlation that cannot be corrected in the short term. Within the framework of strategic development, a focus has been placed already on a balanced structure of customer and market segments so that one-sided fluctuations can be eliminated. Letron is not busy in the business segment Automotive, a fact that proves advantageous in the present economic situation. In the year 2009 roughly 15 % of sales must be covered by new customers or new products. This involves the risk that this number of new customers cannot be reached in the currently recessive market environment.

The restructuring measures carried out in 2008 with the corresponding strengthening of the competitive position will make a deciding contribution to the realization of a positive business development even in times of economic crisis. It is absolutely mandatory to stringently continue the structural measures initiated in order to further improve the total cost structure and to lead the company back into the profit zone. If the launched measures are not implemented in their entirety, the restructuring target will not be reached in the medium term.

Letron is dependent on the support of the general partner and the affiliate Elcon Systemtechnik for the financing of liquidity gaps.

Risk situation delmod

The risk profile of the still recent acquisition delmod is characterized primarily by the scheduled change in product design. It will be important to carry out this change in such a way that the previously loyal customer base will keep choosing the brand products of delmod. delmod will try to minimize the risk involved by the establishment of “design product lines”. This

change in design increases a risk that prevails in the fashion industry anyway, i.e. sales revenues are very highly dependent on how well a certain collection is accepted by the market. So far delmod has tried to reduce this risk by a very classical way of design, which led to fading customer acceptance, however, as the target group changed. In the future delmod will try to reduce this “fashion risk” by increased trend scouting.

Different lines of design require a different distribution structure. To establish and operate distribution without conflict is the challenge to this effort.

delmod relies on two main pillars in purchasing: full purchase (import of finished parts from Turkey or Asia) and finishing on commission in Eastern Europe. In the context of the takeover, efficiency potential was identified in the procurement of goods that needs to be realized particularly with regard to full purchase. Within the framework of consolidating synergy within the group, the focus is especially directed at potential in logistics. Coinciding with this step, services such as quality control are intended to be relocated directly to the manufacturing countries. These changes will have an effect on the complex supply chain and must not lead to interruptions of delivery.

Opportunities and risks

On the customer side, tough negotiations lead to new agreements on returns. These new guidelines must be realized and maintained consistently in order to avoid new risk potential. On the other hand goods on consignment must be placed well-targeted with qualified customers so as not to enter sale problems again. delmod makes its decisions with this respect on the basis of a clearly defined customer pattern.

Within the framework of the takeover, the financing banking institutions agreed to keep up their season-dependent limits. This is also a part of the CFC Group's financial planning.

Risk situation Rosner

The rescue of Rosner particularly depends on the sales development. Rosner lost more than 50 % of its sales volume over the last three years and was not able to adjust its cost base as quickly as would have been necessary. Corresponding losses were the result. Upon its acquisition, CFC assumed worst-case sales of EUR 34 million in 2009 and came to the result that the cost base can be adjusted to this level. All measures pertaining to sales and costs are appraised and implemented if economically advisable to reach at least this target. Key aspects of this cost-related improvement concern the cutting of logistics expenses and the reduction of the lease at the location Ingolstadt by two thirds. The latter measure has already been agreed on with the previous owner within the framework of the purchase agreement. The efficiency increase of the IT system realized in cooperation of the special department of delmod is intended to raise the level of flexibility considerably. If CFC does not issue a possibly necessary financing commitment to the company in fall 2009, the previous owner Link Theory has the option to buy back Rosner for a token purchase price. In this case CFC would have to deconsolidate the holding which would lead to corresponding deconsolidation loss.

4.8 Outlook report

Global economy 2009 and 2010
Preparing the outlook 2009/2010 turns out to be even harder than the analysis of reasons and effects pertaining to the past period. News of adjusted corporate planning and expectations follow in quick succession and all renowned institutions release new findings almost on a daily basis. Most recently the IMF revised its outlook from this year's January in mid-March and trimmed its forecast for global economic growth back considerably. For the first time a shrinking global economy is anticipated for the current year (by approx. 0.5 – 1.0 %). Other economic research institutes have similar or even worse expectations. For the euro area a shrinking of the economy by approx. 3.2 % is anticipated, the U.S.A. are supposed to realized a loss of 2.6 %. For Japan and Germany, this year's forecasts provide for much worse figures. Both countries are predicted to have shrinking economies by 5.0 – 6.0 %. Beginning in the year 2010, a moderate growth in the scale of 1.5 – 2.5 % is supposed to set in once again. Key reason for these drastic corrections and the negative development is the unexpectedly massive collapse of exports.

CFC expects the challenging economic environment to persist until mid-2010. Even then the stimulation of business will be very slow in coming. CFC directs its corporate development towards this scenario.

Industry outlook 2009 and 2010
The 2009 outlook offered by the German Private Equity and Venture Capital Association (BVK) is characterized by pronounced uncertainty in the economic environment. Due to the worldwide economic downswing it must be assumed that the German private equity and investment market will face further cuts and that the prior-year results will not be reached in 2009 and 2010.

The BVK predicts a slight or considerable downturn with regard to the development of investments. However, the expectations for the valuation of target companies are unambigious: The level will be significantly below the level of 2008. For the years 2009/10 buy-outs with higher shares of equity and lower valuation and external financing multiples on EBITDA basis are expected.

No improved fundraising result can be expected for 2009. Only few companies are currently engaged in fundraising or plan to start in 2009. The majority will not take up active fundraising before 2010. Special burdens on opportunities to close new funds must be expected by the companies particularly coming from a further deterioration of investor disposition.

With regard to forecasts for portfolio companies, the BVK summarizes that investment companies and their holdings are affected by the present economic conditions and consider 2009 the year of challenges. Especially the revision of financing concepts and problems caused by limited credit financing or worse financing conditions, securing equity financing, and the ability to repay borrowed capital are regarded as the biggest challenges to be met by the companies financed by investment companies in view of the economic prospects 2009. In 2010 this scenario will change only slowly towards a "normalized", less equity-based financing activity.

CFC has noticed a considerably increased deal flow in the market segment of "takeovers in transitional situations" since mid-2008. This increase will even gain in momentum against the backdrop of market conditions in 2009 and drive further companies previously considered profitable into crisis. Due to the limited external sources of funding and the bottleneck in suitable management staff weathered in times of crisis, the entry of new competitors in this market segment is not to be expected.

CFC's additional cash inflow of slightly more than EUR 9 million in 2009 from the Greenpark transaction will secure the company's development in the probably challenging environment so that equity financing through fundraising will probably not be necessary under difficult circumstances as described.

Outlook 2009 and 2010 for CFC Industriebeteiligungen GmbH & Co. KGaA (group)
The CFC Group's economic development is based on three factors:

- 1. Profit contributions from the acquisition of new companies (non-cash profits),
- 2. Profit contributions generated by successfully recapitalized holdings (cash-effective generation of profits),
- 3. Profit contributions by the sale of successfully recapitalized holdings (cash-effective sale proceeds).

On 1.) CFC intends to acquire further investments in fiscal year 2009/2010. CFC has prepared its organization for the assessment and analysis of a significantly increased deal flow. Yet only such transactions will be realized that tie up no or little of the company's cash. Suitable candidates are particularly those companies that operate in the segments already covered by CFC group companies, or in neighboring segments, in order to benefit from synergy effects within the group. If CFC does not identify adequate transactions in the year 2009/2010, no income from acquisitions ("Badwill") will be achievable.

On 2.) Owing to the recessive environment the restructuring work is made much harder than in a positive economic climate. Increases in the annualized sales level from the year 2008 cannot be anticipated. It is much rather advisable to prevent sales from collapsing in stride with the economy in order to gain on the competition. Insofar the portfolio companies' group sales can be expected to amount to EUR 175 – 180 million in the year 2009. For 2010 a further recovery is expected to begin in the middle of the year so that sales should increase to EUR 190 – 200 million. Apart from the distribution, CFC will place its emphasis on another lowering of the break-even cost threshold at the companies and appraise all considerable measures in this context. Furthermore, liquidity and financial management will be focused on even more. It is the aim to lead the CFC Group through this difficult economic period and prepare it in such a way that positive results can be realized at the holdings once the economy recovers in the year 2010.

On 3.) In 2009 a profit contribution will be realized from the transaction of the call option on the Berndes acquisition by the Greenpark Funds. Apart from that, no further income from the sale of holdings can be expected if the current market environment remains unchanged. The CFC management is convinced that the company will emerge stronger than before from the economic crisis.

4.9 Subsequent events

As of March 27, 2009 CFC Industriebeteiligungen GmbH & Co. KGaA, Dortmund, realized the sale of 49 % of its 70 % interest (= 34.3 % of the stake) in Berndes Beteiligungs GmbH (Berndes). Purchaser is Palace Park International Ltd., Jersey, which at the end of July 2008 had already acquired minority interests of 49 % each in the three CFC group companies CFC Electronic Holding GmbH, CFC Zweite Zwischenholding GmbH, and CFC Vierte Zwischenholding GmbH. Palace Park Investments Ltd. is an indirect holding of the Greenpark Funds, Guernsey, specialized in so-called portfolio investments – i.e. investments in existing portfolios.

Within the framework of the transaction of July 2008, Palace Park was granted a call option on 49 % of the interest in Berndes held by CFC Industriebeteiligungen GmbH & Co. KGaA (please refer to the information under note 3b, notes to consolidated financial statements). This call option was exercised by Palace Park Investments Ltd. as of March 9, 2009. For the realization of the transaction, CFC contributed the 70 % interest in Berndes as contribution in kind to 100 % subsidiary CFC Achte Zwischenholding GmbH. Then a 49 % interest in this subholding was sold to Palace Park Investments Ltd by notarized purchase agreement of March 24, 2009. The purchase price for the minority interest came to EUR 5.51 million, paid to CFC upon closing the transaction on March 27, 2009. The actual result effects will be reported in the context of the interim report on Q1/2009.

CFC Industriebeteiligungen retains management control over the Berndes holding, assuring the company's consistent further development. The Berndes Group will be included in the CFC Group's basis of consolidation in fiscal year 2009.

Dortmund, April 28, 2009
CFC Industriebeteiligungen GmbH & Co. KGaA
for the general partner

CFC Industrie Beteiligungen Verwaltungs GmbH
represented by the management

Marcus Linnepe　　　Dr. Frank J. Nellißen

5. Consolidated financial statements for the fiscal year ended December 31, 2008

Consolidated financial statements 2008

5,1 Consolidated balance sheet CFC Industriebeteiligungen GmbH & Co, KGaA. Dortmund. as of December 31. 2008

in EUR	Notes	31/12/2008	31/12/2007 adjusted	31/12/2007
Assets				
Non-current assets				
Property, plant and equipment	6.7	29,813,762.14	25,796,480.14	25,869,948.30
Intangible assets	8	51,249,370.50	34,965,248.69	34,891,780.53
Financial assets	4	469,220.97	4,232.30	4,232.30
Other non-current assets	10	242,769.36	754,690.31	801,738.58
		81,775,122.97	61,520,651.44	61,567,699.71
Current assets				
Inventories	11	43,999,385.79	26,939,848.92	26,939,848.92
Trade receivables	12	12,349,086.52	13,715,687.84	13,715,687.84
Receivables from affiliated companies	13	137,101.65	0.00	0.00
Other financial assets and other assets	14	8,100,970.97	5,418,071.56	5,418,071.56
Cash and cash equivalents	15	6,095,550.63	8,791,851.76	8,791,851.76
		70,682,095.56	54,865,460.08	54,865,460.08
Total assets		**152,457,218.53**	**116,386,111.52**	**116,433,159.79**

in EUR	Notes	31/12/2008	31/12/2007 adjusted	31/12/2007
Equity and liabilities				
Equity				
Capital stock	16	6,435,000.00	6,435,000.00	6,435,000.00
Additional paid-in capital	16	12,275,424.58	12,275,424.58	12,275,424.58
Accumulated other comprehensive income	16	-157,311.70	-397,511.02	-397,511.02
Retained earnings	16	27,237,099.07	16,096,031.07	16,539,427.63
Minority interest	38	4,467,210.36	3,873,938.35	3,873,938.35
		50,257,422.31	38,282,882.98	38,726,279.54
Non-current liabilities				
Pension commitments and similar obligations	19	7,766,254.90	3,047,485.56	3,047,485.56
Finance lease liabilities	7	904,265.65	1,303,556.96	1,303,556.96
Deferred tax liabilities	9	16,886,770.22	8,681,052.33	9,643,903.76
Non-current liabilities to banks and third parties	20	23,263,983.19	8,677,171.58	9,102,059.60
Liabilities to partners	26	1,784,087.74	1,784,087.74	0.00
		50,605,361.70	23,493,354.17	23,097,005.88
Current liabilities				
Current liabilities to banks and third parties	20	14,143,975.28	19,900,582.17	19,900,582.17
Trade payables	21	17,138,258.90	13,897,587.20	13,897,587.20
Advance payments	22	618,203.76	1,190,204.86	1,190,204.86
Liabilities to affiliated companies	23	264,964.96	0.00	0.00
Current provisions	24	7,604,983.12	11,037,672.87	11,848,124.49
Current income tax liabilities	25	891,653.08	810,451.62	0.00
Other current tax liabilities	25	2,682,404.53	1,771,656.66	1,771,656.66
Liabilities to partners	26	539,444.47	85,700.00	85,700.00
Other financial liabilities	26	3,406,253.67	2,149,125.91	2,149,125.91
Other liabilities	26	3,291,819.09	2,800,749.92	2,800,749.92
Finance lease liabilities	7	1,012,473.66	966,143.16	966,143.16
		51,594,434.52	54,609,874.37	54,609,874.37
Total equity and liabilities		**152,457,218.53**	**116,386,111.52**	**116,433,159.79**

Consolidated financial statements 2008

5,2 Consolidated income statement CFC Industriebeteiligungen GmbH & Co, KGaA. Dortmund. for the fiscal year ended December 31. 2008

in EUR	Notes	01/01-31/12/2008	01/01-31/12/2007 adjusted	01/01-31/12/2007
Sales	28	138,254,530.59	66,141,411.86	66,141,411.86
Changes in finished goods and work in process inventories		4,706,993.44	1,720,162.59	1,720,162.59
Other operating income	29	28,213,620.22	23,634,771.42	22,809,695.26
Material expense	30	-83,592,504.46	-41,785,724.07	-41,785,724.07
Personnel expense	31	-28,621,642.57	-12,406,393.83	-12,406,393.83
Depreciation and amortization of property, plant and equipment and intangible assets	assets analysis	-5,557,911.93	-2,426,808.16	-2,426,808.16
Other operating expenses	29	-40,072,851.34	-22,772,590.89	-20,988,503.15
Earnings before interest and taxes		13,330,233.95	12,104,828.92	13,063,840.50
Finance income	32	446,502.73	251,930.09	251,930.09
Finance expense	32	-3,920,572.97	-1,156,847.43	-1,156,847.43
Financial result	32	-3,474,070.24	-904,917.34	-904,917.34
Earnings before taxes		9,856,163.71	11,199,911.58	12,158,923.16
Income taxes	9	-1,864,465.61	1,875,977.72	1,362,541.73
Third-party share in borrowed capital	38	-94,559.78	483,944.97	481,765.94
Group net income		7,897,138.32	13,559,834.27	14,003,230.83
Thereof minority interest	38	3,243,929.68	-270,357.00	-270,357.00
Thereof attributable to equity holders of the parent		11,141,068.00	13,289,477.27	13,732,873.83
Basic earnings per share	17	1.73	2.15	2.22
Fully diluted earnings per share	17	1.73	2.15	2.22

5,3 Consolidated cash flow statement CFC Industriebeteiligungen GmbH & Co, KGaA. Dortmund. for the fiscal year ended December 31. 2008

in EUR	Notes	31/12/2008	31/12/2007 adjusted	31/12/2007
Earnings before interest and taxes		13,330,233.95	12,104,828.92	13,063,840.50
Depreciation and amortization		5,557,911.93	2,426,808.16	2,426,808.16
Other non-cash income/expenses		-15,937,227.78	-17,724,237.53	-18,702,860.41
Income taxes paid		-448,744.95	-414,768.09	-414,768.09
Changes in non-current and current provisions		-4,079,025.96	-6,035,607.36	-6,035,607.36
Loss from the disposal of assets		45,618.73	0.00	0.00
Changes in working capital		-3,563,299.53	-5,350,807.02	-5,350,807.02
Changes in other non-current and current assets and liabilities		376,023.76	5,319,643.06	5,339,254.36
Changes in other assets and liabilities due to exchange rate differences		136,609.90	-124,069.92	-207,000.00
Cash flow from operating activities		-4,581,899.95	-9,798,209.78	-9,881,139.86
Payments-out for capital expenditures for property, plant and equipment/ intangible assets		-6,982,087.02	-1,213,659.61	-1,213,659.61
Payments-in from the disposal of property, plant and equipment and intangible assets		195,381.61	0.00	0.00
Purchase price for acquisitions less received cash and cash equivalents		-345,069.00	354,000.00	354,000.00
Changes in fixed assets due to exchange rate differences		-21,499.84	-27,426.75	-27,426.75
Cash flow from investing activities		-7,153,274.25	-887,086.36	-887,086.36
Payments-in from capital increases		0.00	9,347,885.17	9,347,885.17
Payments-in by minority partners		3,627,569.42	0.00	0.00
Changes in liabilities/loans for financing		8,330,907.78	5,532,752.05	5,532,752.05
Interest income		446,502.73	251,930.09	251,930.09
Interest expense		-3,394,133.04	-1,156,847.43	-1,156,847.43
Cash flow from financing activities		9,010,846.89	13,975,719.88	13,975,719.88
Changes in cash and cash equivalents		-2,724,327.31	3,290,423.74	3,207,493.66
Currency-related changes in cash and cash equivalents		28,026.18	-82,930.08	0.00
Cash and cash equivalents at beginning of period		8,791,851.76	5,584,358.10	5,584,358.10
Cash and cash equivalents at end of period	15	6,095,550.63	8,791,851.76	8,791,851.76
Composition of cash and cash equivalents				
Cash and cash equivalents	15	6,095,550.63	8,791,851.76	8,791,851.76

Consolidated financial statements 2008

5,4 Consolidated statement of changes in equity

	Equity holders of the parent					Minority partners				
in Euro	Stock capital	Additional paid-in capital	Accum, other com-prehensive income	Retained earnings	Equity	Minority stake	Accum, other com-prehensive income	Minority interest	Equity	Group equity
January 1, 2007	5,212,500.00	4,150,039.41	-215,779.38	2,806,553.80	11,953,313.83	2,717,340.35	-92,476.87	862,590.11	3,487,453.59	15,440,767.42
Capital increase by contribution in kind					0.00				0.00	0.00
Capital increase from company resources					0.00				0.00	0.00
Capital increase in cash	1,222,500.00	8,716,500.00			9,939,000.00				0.00	9,939,000.00
Fundraising expense		-591,114.83			-591,114.83				0.00	-591,114.83
Group net income				13,732,873.83	13,732,873.83			270,357.00	270,357.00	14,003,230.83
Currency translation			-181,731.64		-181,731.64		-78,243.28		-78,243.28	-259,974.92
Changes in basis of consolidation					0.00	194,371.04			194,371.04	194,371.04
December 31, 2007	6,435,000.00	12,275,424.58	-397,511.02	16,539,427.63	34,852,341.19	2,911,711.39	-170,720.15	1,132,947.11	3,873,938.35	38,726,279.54
+/- changes from adjustments to separate purchase price allocations from previous year				396,389.67	396,389.67					396,389.67
+/- changes of accounting policies and valuation methods and corrections of material mistakes				-839,786.23	-839,786.23					-839,786.23
As of December 31, 2007 (adjusted)	**6,435,000.00**	**12,275,424.58**	**-397,511.02**	**16,096,031.07**	**34,408,944.63**	**2,911,711.39**	**-170,720.15**	**1,132,947.11**	**3,873,938.35**	**38,282,882.98**

5,4 Consolidated statement of changes in equity

	Equity holders of the parent					Minority partners				
in Euro	Stock capital	Additional paid-in capital	Accum. other comprehensive income	Retained earnings	Equity	Minority stake	Accum. other comprehensive income	Minority interest	Equity	Group equity
January 1, 2008	6,435,000.00	12,275,424.58	-397,511.02	16,096,031.07	34,408,944.63	2,911,711.39	-170,720.15	1,132,947.11	3,873,938.35	38,282,882.98
Capital increase by contribution in kind					0.00				0.00	0.00
Reclassification in equity					0.00				0.00	0.00
Capital increase in cash					0.00				0.00	0.00
Fundraising expense					0.00				0.00	0.00
Group net income				11,141,068.00	11,141,068.00			-3,243,929.68	-3,243,929.68	7,897,138.32
Currency translation			240,199.32		240,199.32		209,632.27		209,632.27	449,831.59
Changes in basis of consolidation					0.00	3,627,569.42			3,627,569.42	3,627,569.42
December 31, 2008	**6,435,000.00**	**12,275,424.58**	**-157,311.70**	**27,237,099.07**	**45,790,211.95**	**6,539,280.81**	**38,912.12**	**-2,110,982.57**	**4,467,210.36**	**50,257,422.31**

5,5 Development of non-current assets of CFC Industriebeteiligungen GmbH & Co, KGaA as of December 31, 2008

	Acquisition and production costs								Accumulated depreciation and amortization					Book values	
in EUR	01/01/2008	adjusted 01/01/2008	Addition from first-time cons,	Foreign curr, translation	Additions	Transfers	Disposals	31/12/2008	adjusted 01/01/2008	Foreign curr, translation	Additions	Disposals	31/12/2008	31/12/2008	adjusted 31/12/2007
I, Intangible assets															
1, Industrial property rights and similar rights	1,975,393.23	2,048,861.39	386,384.77		1,412,758.83	25,016.80	-50,110.75	3,822,911.04	-139,555.55		959,158.69	-50,110.75	769,492.39	3,053,418.65	2,188,416.94
2, Trademark rights	23,581,000.51	23,581,000.51	14,919,000.10		981,180.00			39,481,180.61	0.00				0.00	39,481,180.61	23,581,000.51
3, Customer relationships	9,781,200.00	9,781,200.00	267,000.00					10,048,200.00	597,368.76		767,100.00		1,364,468.76	8,683,731.24	9,183,831.24
4, Advance payments	12,000.00	12,000.00			19,040.00			31,040.00	0.00				0.00	31,040.00	12,000.00
	35,349,593.74	35,423,061.90	15,572,384.87	0.00	2,412,978.83	25,016.80	-50,110.75	53,383,331.65	457,813.21	0.00	1,726,258.69	-50,110.75	2,133,961.15	51,249,370.50	34,965,248.69
II, Property, plant and equipment															
1, Undeveloped real estate	825,633.00	825,633.00						825,633.00	0.00				0.00	825,633.00	825,633.00
2, Land and buildings	13,976,022.85	14,388,189.01	16,744.00		771,160.90	201,597.50	-152,227.15	15,225,464.26	150,869.70		543,283.82	-140,048.15	554,105.37	14,671,358.89	14,237,319.31
3, Technical equipment and machinery	7,440,036.56	6,954,402.24	1,942,338.13	19,388.97	144,970.54	-159,941.89	-1,248,793.81	7,652,364.18	648,376.94		1,167,876.31	-1,181,040.31	635,212.94	7,017,151.24	6,306,025.30
4, Other facilities, furniture and office equipment	3,934,164.16	3,934,164.16	1,228,557.34		3,099,854.29	506,718.55	-873,689.84	7,895,604.50	43,291.24	-2,110.87	2,119,385.91	-789,298.65	1,371,267.63	6,524,336.87	3,890,872.92
5, Tenant improvements			338,908.80		16,598.20			355,507.00	0.00		1,107.20		1,107.20	354,399.80	0.00
6, Advance payments and construction in process	536,629.61	536,629.61			530,343.69	-573,390.96	-72,700.00	420,882.34	0.00				0.00	420,882.34	536,629.61
	26,712,486.18	26,639,018.02	3,526,548.27	19,388.97	4,562,927.62	-25,016.80	-2,347,410.80	32,375,455.28	842,537.88	-2,110.87	3,831,653.24	-2,110,387.11	2,561,693.14	29,813,762.14	25,796,480.14
III, Financial assets															
1, Interest in joint ventures	3,976.65	3,976.65					-3,976.65	0.00	0.00				0.00	0.00	3,976.65
2, Investments	255.65	255.65	1,601.02		6,180.57			8,037.24	0.00				0.00	8,037.24	255.65
3, Loans 3-5 years			461,183.73					461,183.73	0.00				0.00	461,183.73	0.00
	4,232.30	4,232.30	462,784.75	0.00	6,180.57	0.00	-3,976.65	469,220.97	0.00	0.00	0.00	0.00	0.00	469,220.97	4,232.30
	62,066,312.22	62,066,312.22	19,561,717.89	19,388.97	6,982,087.02	0.00	-2,401,498.20	86,228,007.90	1,300,351.09	-2,110.87	5,557,911.93	-2,160,497.86	4,695,654.29	81,532,353.61	60,765,961.13

5,5 Development of non-current assets of CFC Industriebeteiligungen GmbH & Co, KGaA as of December 31, 2007 (adjusted)

	Acquisition and production costs							Accumulated depreciation and amortization					Book values	
in EUR	adjusted 01/01/2007	Addition from first-time cons,	Foreign curr, translation	Additions	Transfers	Disposals	31/12/2008	adjusted 01/01/2008	Foreign curr, translation	Additions	Disposals	31/12/2007	31/12/2007	adjusted 31/12/2006
I, Intangible assets														
1, Industrial property rights and similar rights	70,866.70	2,142,542.45	-305.16	73,008.13		237,250.73	2,048,861.39	16,826.70	-305.16	77,100.85	-233,177.94	-139,555.55	2,188,416.94	54,040.00
2, Trademark rights	8,081,000.00	15,500,000.51					23,581,000.51	0.00				0.00	23,581,000.51	8,081,000.00
3, Customer relationships	5,626,000.00	4,157,000.00				1,800.00	9,781,200.00	117,208.33		480,160.43		597,368.76	9,183,831.24	5,508,791.67
4, Advance payments				12,000.00			12,000.00					0.00	12,000.00	
	13,777,866.70	21,799,542.96	-305.16	85,008.13	0.00	239,050.73	35,423,061.90	134,035.03	-305.16	557,261.28	-233,177.94	457,813.21	34,965,248.69	13,643,831.67
II, Property, plant and equipment														
1, Undeveloped real estate		819,720.00		5,913.00			825,633.00					0.00	825,633.00	
2, Land and buildings	6,051.16	14,439,153.81				57,015.96	14,388,189.01	1,593.05		149,276.65		150,869.70	14,237,319.31	4,458.11
3, Technical equipment and machinery	1,108,892.82	5,889,479.75		48,323.39	7,180.00	99,473.72	6,954,402.24	59,839.36		688,011.30	-99,473.72	648,376.94	6,306,025.30	1,049,053.46
4, Other facilities, furniture and office equipment	1,108,561.00	3,290,960.42	-86,280.17	951,819.83	44,984.66	1,375,881.58	3,934,164.16	123,562.58	-57,016.35	1,032,258.93	-1,055,513.92	43,291.24	3,890,872.92	984,998.42
5, Advance payments and construction in process	30,826.66	439,349.00		118,618.61	-52,164.66		536,629.61	0.00				0.00	536,629.61	30,826.66
	2,254,331.64	24,878,662.98	-86,280.17	1,124,674.83	0.00	1,532,371.26	26,639,018.02	184,994.99	-57,016.35	1,869,546.88	-1,154,987.64	842,537.88	25,796,480.14	2,069,336.65
III, Financial assets														
1, Interest in joint ventures	0.00			3,976.65			3,976.65	0.00				0.00	3,976.65	0.00
2, Investments	0.00	255.65					255.65	0.00				0.00	255.65	0.00
	0.00	255.65	0.00	3,976.65	0.00	0.00	4,232.30	0.00	0.00	0.00	0.00	0.00	4,232.30	0.00
	16,032,198.34	46,678,461.59	-86,585.33	1,213,659.61	0.00	1,771,421.99	62,066,312.22	319,030.02	-57,321.51	2,426,808.16	-1,388,165.58	1,300,351.09	60,765,961.13	15,713,168.32

6. Notes to consolidated financial statements for the fiscal year ended December 31, 2008

1. Corporate information and explanation of business operations

CFC Industriebeteiligungen GmbH & Co. KGaA maintains its registered office at Westfalendamm 9, 44141 Dortmund, Germany, and is entered in the register of companies kept at the District Court Dortmund under section B, no. 19866. The company has no branch offices.
The company's business is the provision of consultancy services to companies, entrepreneurs, and corporate executives on matters of restructuring and the raising of equity in any form, be it in the shape of direct stockholding, silent partnerships, profit participation rights, or other resources similar to equity, the restructuring of companies, and investments in private businesses or listed corporations (investments).
The company was founded on May 22, 2006. It was entered in the register of companies on August 24, 2006.
The fiscal year is the calendar year. The reporting period for the third consolidated financial statements begins on January 1, 2008 and ends on December 31, 2008.
The company has been listed on the Frankfurt Stock Exchange since December 14, 2006, initially in the Open Market. On October 29, 2007 the stock exchange prospectus was published, and CFC Industriebeteiligungen GmbH & Co. KGaA changed to the segment General Standard as of October 30, 2007. In addition to the Frankfurt Stock Exchange and some regional stock exchanges, the stock of CFC Industriebeteiligungen is also traded continuously on Xetra.
In the past fiscal year, the company held interests in various companies, presented with the disclosure of respective direct and indirect shareholdings under note 39.
The Supervisory Board of CFC will probably approve the consolidated financial statements 2008 on April 30, 2009 and propose their presentation to the Annual General Meeting in accordance with Section 286 AktG (Stock Corporation Act), thereby releasing them for publication.

2. Accounting policies and valuation methods

2.1 Accounting standards

General notes

The consolidated financial statements have been prepared in euro. The values stated in thousand euros (kEUR – EUR'000) have been rounded up or down to thousand euros according to standard rounding.
The consolidated financial statements of CFC have been prepared in accordance with the International Financial Reporting Standards (IFRS) as applicable in the European Union (EU) and completed with the statements required by German commercial law in Section 315 a (1) HGB (Commercial Code). All of the IFRS released by the International Accounting Standards Board (IASB) in effect at the time of the preparation of the consolidated financial statements and applied by CFC have been adopted by the European Commission for application in the EU. The consolidated financial statements of CFC therefore also comply with the IFRS released by the IASB. In the following, the uniform term IFRS is therefore used.
The consolidated balance sheet and the consolidated income statement have been prepared according to IAS 1: Presentation of Financial Statements. Individual items have been summarized for the sake of clarity; these items are explained in the notes.

Principles of consolidation

Basis of consolidation and consolidation methods
In addition to CFC Industriebeteiligungen GmbH & Co. KGaA, the consolidated financial statements prepared for the fiscal year 2008 include all companies controlled by CFC, either because CFC has the direct or indirect majority of voting rights or, in cases of control over the company as defined by IAS 27: Consolidated Financial Statements and Accounting for Investments in Subsidiaries, based on other rights. The capital consolidation is based on the purchase method: The investments' acquisition values are set off against the proportionate balance of assets and liabilities acquired at their respective time values. As of the acquisition date, identifiable assets and liabilities are recognized completely at their respective time values. The balance of a remaining asset difference is stated as goodwill. The balance of a remaining liability difference is examined in accordance with IFRS 3.56 with regard to the proper identification and measurement of acquired assets and assumed liabilities and the correct deduction of acquisition costs. According to the result of this examination, the differences are adjusted and a possible remaining difference is recognized immediately in the income statement under other operating income/(expenses).
The financial statements of the companies included in the consolidated financial statements of CFC have been prepared, with the exception of Rosner GmbH & Co. KG, as of the balance sheet date of the consolidated financial statements. Rosner GmbH & Co. KG has been included on the basis of interim financial statements prepared as of December 31, 2008.
All material receivables and payables as well as transactions between consolidated companies have been eliminated in the consolidated financial statements.
Investments of more than 20 % but not in excess of 50 % were recognized, if material, in application of the equity method.
SIC 12: Consolidation – Special Purpose Entities clarifies the application of IAS 27 with regard to those companies to be consolidated whose equity provider does not exercise control according to the control concept. It requires the consolidation of companies whose expected losses and

gains are assumed for the most part by the reporting group based on the terms of partnership or other contractual terms, or based on financial interests.
A list of the subsidiaries included in the consolidated financial statements can be found under note 39.

Foreign currencies

Functional currency and reporting currency
The positions included in each group company's financial statements are measured on the basis of the currency that corresponds with the currency of the primary economic environment (functional currency) in which the respective group company operates. Basically this is the national currency. The financial statements of the subsidiaries are translated into euro, corresponding with the functional currency and reporting currency of the parent and thus the consolidated financial statements.

Transactions and balances
Foreign currency transactions are translated into the functional currency at the exchange rates as of the time of transaction. Gains and losses resulting from the realization of such transactions as well as the translation of monetary assets and liabilities carried in foreign currency as of the balance-sheet date are entered in the income statement. Exchange rate differences with respect to non-monetary items whose fair value changes are offset affecting the net income are disclosed as part of the gains and losses resulting from fair value assessment. In contrast to that, exchange rate differences with respect to non-monetary items whose fair value changes are recognized in equity, such as available-for-sale investments, are entered in the provisions for market appraisal in equity.

Group companies
The results and balance sheet items of all group companies that have a functional currency different from the (group) reporting currency (none of the applicable currencies belongs to a hyperinflationary national economy) are translated into the (group) reporting currency as follows:

- Assets and liabilities are translated for every balance-sheet date at the respective period-end exchange rate; in contrast, equity is translated at historic exchange rates;
- income and expenses are translated at average exchange rates for every income statement;
- all resulting exchange rate differences are entered as a separate item in equity.

In the case of the sale of an international business establishment, resulting exchange rate differences and equity differences up to then recorded in currency provisions are recognized in the income statement as part of capital gains or losses.
Exchange rate differences occurring in the framework of the elimination of intra-group receivable and payables are generally entered as affecting the net income.
The exchange rates on which the currency translation was based are presented in the following table (exchange value of 1 euro):

1 Euro	Currency	Period-end exchange rate		Average exchange rate	
		31/12/2008	31/12/2007	2008	2007
USA	USD	1.40974	1.47167	1.46871	1.3599
Hongkong	HKD	10.9457	11.4810	11.44034	10.7643
UK	GBP	0.97402	0.7346	0.80032	0.6843
China	CNY	9.66277	10.7759	10.17194	10.3306

The company enters from time to time into forward exchange contracts to hedge foreign currency transactions on a continuing basis for periods consistent with committed exposures. These hedging activities minimize the impact of foreign exchange rate movements on the company's results. The company does not engage in speculative transactions. The forward exchange contracts do not pose a risk to the company's results as the profits and losses gained from these transactions are usually offset by the profits and losses from the hedged assets and liabilities. As of December 31, 2008 there were six forward exchange contracts in effect, concerning a German subsidiary of the Berndes Group to hedge purchase transactions in Asia billed in U.S. dollar. As of December 31, 2007 there was a currency hedge transaction in effect, concerning a German subsidiary of the Berndes Group. On December 12, 2007 Heinrich Berndes Haushaltstechnik GmbH & Co. KG entered into a foreign exchange contract and a currency option transaction to hedge purchase transactions in Asia billed in U.S. dollar.

Cash flow statement

The cash flow statement shows how cash and cash equivalents have changed in the course of the fiscal year owing to additions and disposals. The effects of acquisitions and disinvestments as well as other changes of the basis of consolidation are eliminated in this statement. In accordance with IAS 7, the statement distinguishes between cash flows from operating activities, investing activities and financing activities. The finance expenses and the finance income recognized in the consolidated income statement essentially correspond with the amounts paid.

2.2 Changes of accounting policies and valuation methods

The accounting policies and valuation methods applied generally correspond to the policies and methods applied in the previous year, with the following exceptions:
The group has applied the following new or revised IFRS Standards and Interpretations this fiscal year (ahead of time). The application of these new and revised IFRS Standards and Interpretations had no effect on the group's assets, financial position and results from operations. However, they have led to additional statements in part.

- Improvements to IFRS 2008: Various editorial and material clarifications
- Amendments to IAS 39/IFRS 7: Reclassification of Financial Assets

Improvements to IFRS 2008

The amendments from improvement project 2008 were released in May 2008 and are subject to mandatory application – with the exception of IFRS 5 (July 1, 2009) – for fiscal years beginning on or after January 1, 2009. In the context of improvement project 2008, a large number of material changes affecting accounting and measurement as well as merely editorial changes were issued. Latter changes concern for example the revision of individual definitions and phrasings in order to safeguard consistency with other IFRS. The group applies the amendments carried by improvement project 2008 ahead of time. They had no material effect on the group's financial position and results from operations.

IFRS 5: Non-current Assets Held for Sale and Discontinued Operations – It was clarified that all assets and liabilities of a subsidiary whose planned sale will result in a company's loss of control over the subsidiary must be classified as "available for sale" even if the company will keep a non-controlling interest in the former subsidiary after the sale.

IAS 1: Presentation of Financial Statements – It was clarified that financial instruments classified as "held for trading" not necessarily have to be recognized in the balance sheet as current assets or current liabilities. The classification as "current" only has to comply with the criteria as defined in IAS 1.

IAS 10: Events After the Reporting Period – It was clarified that dividends decided after the balance sheet date yet prior to the approval of the publication of the financial statements do not represent obligations as of balance sheet date and are therefore not recognized as liabilities in the financial statements.

IAS 16: Property, Plant and Equipment – Revenue from property, plant and equipment held for leasing purposes and usually sold after the lease term in the context of ordinary operations are to be disclosed under sales.

IAS 19: Employee Benefits – Apart from the revision of several definitions it is clarified that changes of benefit plans resulting in a reduction of benefits for job services to be rendered in future periods must be accounted as plan curtailments. Changes to plans resulting in a reduction of benefits for job services already rendered must be accounted as past service cost.

IAS 20: Accounting for Government Grants and Disclosure of Government Assistance – Loans at nil or low interest rates commit to the calculation of the interest benefit. The difference between received amount and discounted amount must be recognized as government grant or subsidy.

IAS 23: Borrowing costs – The definition of borrowing costs was revised insofar as the guidelines in IAS 39 referring to the effective interest rate have been adopted.

IAS 27: Consolidated and Separate Financial Statements – It was clarified that the accounting treatment of a subsidiary in accordance with IAS 39 at fair value in the parent's separate financial statements must be adhered to even if the subsidiary is classified as "held for sale".

IAS 28: Investments in Associates – As the goodwill contained in the carrying value of an investment in an associated company is not stated separately, it is not reviewed separately for impairment. Instead the whole carrying value of the investment as one asset is subjected to the impairment test and impaired if necessary. It is now clarified that even a write-up of an investment in an associate that had been impaired in previous reporting periods must be recognized as an increase of this investment altogether and not be allocated to the goodwill therein contained. Another amendment concerns mandatory reporting about such investments in associates balanced at fair values in accordance with IAS 39. In the future only the requirements of IAS 28 are applied for these investments, according to which the nature and extent of any significant restrictions on the associate's ability to transfer funds to the company in the shape of cash or repayments must be disclosed.

IAS 29: Financial Reporting in Hyperinflationary Economies – It is clarified that in financial statements prepared on the basis of historic acquisition and production costs, assets and liabilities that are to be measured or can be measured at fair values do not have to belong to property, plant and equipment and financial investments.

IAS 31: Interests in Joint Ventures: The amendment concerns mandatory reporting of such interests in joint ventures that are accounted at fair values in accordance with IAS 39. In the future only the requirements of IAS 31 are applied for these interests, according to which the obligations of the partner company and the joint venture as well as a summary of the financial information about assets, liabilities, income and expenses must be disclosed.

IAS 34: Interim Financial Reporting – It is clarified that the basic and fully diluted earnings per share must be stated in the interim report only if the company is subject to the regulations of IAS 33: Earnings Per Share.

IAS 36: Impairment of Assets – Mandatory reporting has been harmonized with regard to the determination of value in use and the determination of fair value less costs to sell, calculated on the basis of the discounted cash flow model.

IAS 38: Intangible Assets – Expense for goods and services used for advertising and promotional activities (including mail order catalogs) are to be recognized as expenses if the company has been given the right of access to these goods or services. Furthermore, the application of the "units of production" depreciation method is admitted with no restrictions for intangible assets. Due to this new regulation, expenses for promotional activities are generally recognized at an earlier time.

IAS 39: Financial Instruments : Recognition and Measurement – After their first-time recognition, derivatives can be designated in the future as valuated at fair values affecting net income due to changed circumstances or removed from that category because this does not signify a reallocation for the purpose of IAS 39. Furthermore, the reference to a "segment" in connection with the statement if an instrument fulfills the criteria of a hedging instrument was deleted. It is clarified in addition that the newly calculated effective interest rate is to be applied to the valuation of a debt instrument after the termination of accounting as fair value hedge.

IAS 40: Investment Property – Property under construction built or developed for use as financial investment are to be allocated in the future not to property, plant and equipment but rather to property held as investments and to be valuated at acquisition or production costs or fair value. If the company applies the fair value model and the fair value cannot be determined reliably, the property under construction is valuated at acquisition and production costs until the fair value can be determined or the construction is completed.

IAS 41: Agriculture – The restriction for the application of a pre-tax rate in the determination of fair value was eliminated. Furthermore, the inadmissibility of the consideration of cash flows resulting from additional biological transformations and other future activities of the company for the estimation of fair value was abandoned.

Amendments to IAS 39/IFRS 7: Reclassification of Financial Assets

Amendments to IAS 39: Financial Instruments : Recognition and Measurement and IFRS 7: Financial Instruments : Disclosures – The amendments to IAS 39 and IFRS 7 were released in October 2008 and came into effect retroactively as of July 1, 2008. The amendments came in response to the financial market crisis and make it possible for the companies in certain cases to reclassify non-derivative financial assets from the valuation category "held for trading" and the valuation category "available for sale" in favor of other valuation categories. The amendments to IFRS 7 provide for additional notes to consolidated financial statements in case of reclassifications between valuation categories. These amendments have no effect on CFC's consolidated financial statements as no use has been made of the option for reclassification.
The group applied the following new and revised Standard ahead of time in fiscal year 2007 already.

IFRS 8: Operating Segments

IFRS 8 was released in November 2006 and requires first-time application for the fiscal years beginning on or after January 1, 2009. IFRS 8 stipulates the disclosure of information about a company's operating segments in replacing the obligation to determine primary (business segments) and secondary (geographical segments) segment reporting formats for a company. IFRS 8 follows the so-called management approach according to which segment reporting only conforms to the financial information the company's executives use for the internal management of the company. Decisive are the internal reporting and organizational structure as well as those financial values considered for the decision making on the allocation of resources and the evaluation of the performance. The group applies IFRS 8 ahead of time. The new Standard has an effect on the mode of the presentation of financial information on the group's business segments yet it does not affect the inclusion and valuation of assets and liabilities in the consolidated financial statements. The definition of the segments in accordance with IFRS 8 corresponds to the definition in accordance with IAS 14.

2.3 Essential discretionary decisions, estimates and assumptions

The most important future-related assumptions as well as other material sources of estimate uncertainty identified as of the balance sheet date which result in a considerable risk that a material adjustment of the book values of assets and liabilities will become necessary within the next fiscal year are explained in the following.

Impairment of goodwill

The group reviews the goodwill for impairment at least once a year. This requires an estimate of the use values of the cash-generating units the goodwill is allocated to. For an appreciation of the use value, the company management needs to estimate the cash-generating unit's anticipated future cash flows and also choose an adequate discount rate in order to determine the cash value of these cash flows. As CFC has not capitalized goodwill from the previous acquisitions of holdings but has so far reversed negative differences from net assets as income upon first-time consolidation, this proceeding has been made no use of.

Impairment of assets

The group reviews assets for impairment as soon as indicators show that the book value of an asset exceeds its recoverable amount. The recoverability of assets held for use is assessed in comparing the book value of an asset with the future cash flows expected to be generated from this asset. If such an asset is considered impaired, the recognized impairment is assessed at the amount by which the book value of the asset exceeds its fair value. Assets held for sale are entered at the book value or the lower fair value less sales costs.

Deferred tax assets

Deferred tax assets are recognized for all unused tax loss carry-forwards to the extent it appears probable that taxable income will be available so that the carry-forward can in fact be used. For the determination of the amount of deferred tax assets, a material discretionary decision made by the company management on the basis of the expected time of occurrence and the amount of the taxable future income as well as future tax planning strategies is necessary. More details can be found under note 9.

Pensions and other benefits after the termination of employment

The expense for performance-oriented plans and other medical benefits after the termination of employment is determined according to actuarial calculations. The actuarial measurement is made on the basis of assumptions with regard to discount rates, expected returns on the pension plans' assets, future raises of wages and salaries, mortality, and future retirement pension raises. Due to the long-term orientation of these plans, those estimates are subject to material uncertainty. Provisions for pensions and other benefits amounted to EUR 7,766k as of December 31, 2008 (2007: EUR 3,047k). More details can be found under note 19.

Development expenses

Development expenses are capitalized in accordance with the accounting policies and valuation methods as described under note 2.4. For the purpose of determining the values to be capitalized, the company management must make assumptions about the amount of the expected future cash flows from assets, the applicable discount rates, and the inflow period of expected future cash flows generated by the assets. CFC has capitalized development expenses incurred to the amount of EUR 910k that will lead to future cash flows through the sale of products and the provision of services.

2.4 Basic valuation methods

Sales

The company generates revenues by selling the holdings' products (cookware, kitchen furniture, telecommunication equipment, electronic components, and ladies' apparel). Sales are stated less income taxes and after the deduction of discounts given.
Sales are realized either at the time products are shipped to the customer or at the time the risk of loss is transferred to the customer. Within the framework of consignment warehousing agreements, sales are realized either at the time of acceptance by the customer or at the time the consignment warehouse is stocked up, depending on the time of risk of loss transfer.
In case of product repurchase obligations in the ordinary course of business, sales are realized for the full amount and provisions are made to the amount of the probable repurchase obligation.

Business combinations and goodwill

Business combinations are recognized according to the acquisition method. Upon first-time inclusion in the balance sheet, goodwill is assessed at acquisition costs, identified as surplus of the costs of the business combination's acquisition over the group's share in the fair values of the identifiable assets, liabilities and contingencies of the acquired holding.
After the initial inclusion, the goodwill is assessed at acquisition costs less cumulative impairment expenses. As of acquisition date, the goodwill acquired within the framework of a business combination is allocated to the group's cash-generating unit (CGU) expected to benefit from the business combination's synergy effects. This applies independent of the fact whether or nor other assets or liabilities of the acquired company are allocated to these cash-generating units.
In those cases that the goodwill represents a part of the cash-generating unit and a part of this CGU's business operations is sold, the goodwill allocated to the sold business operation is considered as part of the business operation's book value in the determination of the result from the business operation's sale. The value of the sold portion of goodwill is determined on the basis of the relative values of the sold business operation and the remaining part of the cash-generating unit.
Negative differences occurring in the context of an acquisition are examined in accordance with IFRS 3.56 with regard to proper identification and measurement of the acquired assets and assumed liabilities and the correct deduction of acquisition costs. According to the result of this examination, differences are adjusted and a possible remaining difference is immediately recognized in the income statement as other operating income/(expenses).

Intangible assets

Separately acquired intangible assets are recognized upon first-time valuation at acquisition or production costs. The acquisition costs of intangible assets acquired in the context of a business combination correspond with these assets' fair values as of the acquisition. In the following periods, intangible assets are measured at their respective acquisition or production costs less cumulative amortization and all accumulated impairment expenses. Self-created intangible assets are not capitalized with the exception of development expenses; related costs are recorded in the income statement for the period in which they incur.
Intangible assets with limited useful lives are differentiated from those with indefinite useful lives.
Intangible assets with limited useful lives are amortized over their economic useful lives and examined for possible impairment as soon as indicators suggest that the intangible asset might be impaired. The useful life and the amortization method for an intangible asset with a limited useful life are reviewed at the end of each fiscal year, if not more often. Required changes of depreciation method or useful life are regarded as changes of an estimate. Amortization of intangible assets with limited useful lives is entered in the income statement under the category of expenses corresponding with the function of the intangible asset within the group.
Intangible assets with indefinite useful lives are reviewed for impairment either with regard to the individual asset or the cash-generating unit at least once every year. These intangible assets are not amortized according to schedule. The useful life of an intangible asset with an indefinite useful life is examined once a year for the continued justification of the assessment of an indefinite useful life. If this is not the case, the change of the assessment from indefinite to limited useful life is carried out on a prospective basis.
Balancing policies applied for the group's intangible assets can be summarized as follows:

	Trademark rights	Licenses, patents, software, customer relationships
Useful lives	Indefinite	Limited
Amortization method applied	No amortization	Straight-line amortization over the term of license or the use ful life
Self-created or acquired	Acquired	Acquired

Impairment of intangible assets with indefinite useful lives

Trademark rights with indefinite useful lives capitalized to the amount of EUR 39,481k as of December 31, 2008 have been subjected to an impairment review with regard to the trademark Berndes, capitalized in the year 2006, the trademark delmod, capitalized in the year 2007, and the trademark Hirsch, acquired in fiscal year 2008. The other trademark rights – this only concerned the trademark Rosner – have not been subjected to an impairment test as these trademark assets were assessed only as of the acquisition key date by the end of December.
Generally speaking, an impairment test is carried out as follows:
For each cash-generating unit, corresponding with the respective holdings, future cash flows are determined on the basis of multi-annual planning. Based on an assumed growth rate of 1.0 %, the future cash flows' cash value or value in use is then calculated. The applied pre-tax interest rate for borrowed capital is determined on the basis of current market data. The average cost of equity has been established with the aid of the CAPM, the Capital Asset Pricing Model (Berndes: 8.77 %, delmod/ Hirsch: 8.4 %). This rate, the so-called WACC (Weighted Average Cost of Capital), is based on a nationally specific risk-free interest rate (Berndes: 4.25 %, delmod/ Hirsch: 4.25 %) plus the average market risk premium (Berndes: 5.0 %, delmod/ Hirsch: 5.0 %), multiplied by a company-specific equity beta (raw) (Berndes: 0.90, delmod/ Hirsch: 0.83). All stated amounts are derived from market data.

Customer relationships

The customer relationships capitalized to the amount of EUR 8,684k in the balance sheet for the fiscal year ended December 31, 2008 are amortized over their respective useful lives of 10 to 16 years under the straight-line method. The respective useful life has been determined in the context of the purchase price allocation based on estimated periods of future customer retention.

Software and licenses

Acquired software and licenses are recognized in the balance sheet at acquisition or production costs less accumulated amortization. Intangible assets purchased from third parties have been capitalized; capitalization of self-created intangible assets has not been carried out due to nonfulfillment of capitalization criteria. Intangible assets are amortized under the straight-line method over the assets' estimated useful lives. While acquired software is amortized over a period of three years, the amortization periods for licenses and other rights come to between four and ten years.

Development expenses

According to IAS 38, intangible assets originating from development are capitalized only, among other criteria, if it is a) sufficiently probable that the company is going to derive the asset's future economic benefit, and b) the asset's costs can be measured reliably. Amortization is begun with after the development stage is completed, or at the start of pilot series production.
The capitalization of development expenses occurs after technological feasibility or realizability is provided for.
Only projects in connection with determinable future cash flows from the distribution of products and services are capitalized.
Expenses are amortized from the start of production on a straight-line basis over the estimated useful life of seven years.
Acquired intangible assets are recognized at acquisition costs and amortized under the straight-line method over their estimated useful lives of three to eight years.
Amortization of development expenses is recognized in the consolidated income statement.

Shares in joint ventures

Shares in joint ventures are entered in the balance sheet according to the equity method in compliance with IAS 31, sections 38 et seq.
According to the equity method, the shares in the joint venture are recognized in the balance sheet at acquisition costs plus changes of the portion of the company's net assets attributable to the group occurring after the acquisition. The goodwill associated with the company is included in the share's book value and is not amortized according to schedule. The income statement includes the group's stake in the company's profit. Changes disclosed immediately in the company's equity are recognized by the group to the amount of its stake and stated in the consolidated statement of changes in equity if applicable. Gains and losses from transactions between the group and the company are eliminated corresponding with the stake in the associated company.
The joint venture's financial statements are prepared as of the same balance sheet date of the parent's financial statements. Insofar as necessary, adjustments to the group-wide applicable accounting policies and valuation methods are made.

Property, plant and equipment

Technical equipment and machinery, furniture and office equipment
Technical equipment and machinery, furniture and office equipment are entered in the balance sheet at acquisition or production costs less accumulated depreciation in accordance with IAS 16.
Property, plant and equipment are generally depreciated over the assets' estimated useful lives (usually between three and twelve years) under the straight-line method. The essential useful lives are unchanged as follows:

■ Real estate	17 to 50 years, straight-line,
■ Building improvements	7 to 10 years, straight-line,
■ EDP hardware	3 years, straight-line,
■ Furniture and office equipment	3 to 8 years, straight-line,
■ Technical equipment and machinery	3 to 12 years, straight-line.

Unrealized gains on intangible assets, technical equipment and machinery acquired in the context of the acquisition of a business combination are depreciated over remaining useful lives determined by an expert's report.
Financing costs are not capitalized.
In accordance with recent statutory regulations, low-value assets with net acquisition costs of between EUR 150 and EUR 1,000 are pooled in a low-value asset pool and depreciated over five years.
Leased equipment and facilities fulfilling certain criteria of IAS 17 are capitalized, and the cash value of the respective lease payments is recognized under liabilities. Leased assets that have been capitalized are depreciated under the straight-line method over the term of the lease agreement.
A tangible asset is derecognized either upon disposal or at the point in time where no economic benefit is expected from the asset's continued use or sale. The gains or losses resulting from the asset's derecognition are determined as the difference between the net sales proceeds and the asset's carrying value and recognized in the income statement for the period in which the asset is derecognized. The residual values, useful lives and deprecation methods are reviewed at the end of each fiscal year and adjusted if necessary.

Borrowing costs

Borrowing costs are recognized as expense for the period in which they have incurred.

Financial instruments

Recognized financial instruments include cash and cash equivalents, trade receivables, trade payables, other outside financing, and finance lease.
Financial instruments are recognized according to IAS 39.14 as of the time the company becomes the financial instrument's contracting party. With respect to regular purchase and sales transactions, recognition occurs as of settlement date.
Financial assets are classified as follows: financial assets held to final maturity, financial assets held for trading, and financial assets held as available-for-sale. Financial assets with determined or determinable payments and fixed terms which the company is willing and able to hold until final maturity are classified as held-to-maturity financial assets, with the exception of loans and receivables extended by the company. Financial assets acquired primarily to gain profits from short-term price fluctuations are classified as financial assets held for trading. All other financial assets except for loans and receivables extended by the company are classified as available-for-sale financial assets.
Held-to-maturity financial assets are recognized under non-current assets unless they mature within twelve months of the balance sheet date. Financial assets held for trading are recognized under current assets. Available-for-sale financial assets are regarded as current assets if they are meant to be realized within twelve months of the balance sheet date.
Upon its first-time recognition, a financial asset is recognized at the fair value corresponding with the fair value of the consideration received; transaction costs are included. Available-for-sale financial assets and financial assets held for trading are subsequently stated at their fair values without deduction of any transaction expense incurred and under disclosure of their listed market prices as of balance sheet date.
Gains and losses from the measurement of available-for-sale financial assets at fair values are recognized directly in other comprehensive income until the financial asset is sold, collected, or otherwise disposed of, or until the financial asset's impairment is determined, so that the cumulative gains and losses previously recognized in equity are included in the period net income at that point in time.
Changes of the fair values of financial assets held for trading are recognized in the financial result. Held-to-maturity financial assets are assessed at their unchanged acquisition costs in application of the effective interest method.
Upon their first-time recognition, financial instruments are either classified as assets, liabilities, or equity according to the contractual agreement's economic matter.
Interest, dividends, and gains and losses in connection with financial instruments classified as financial liabilities are recognized as income or expenses in the income statement for the period in which they have incurred. Dividend payments to holders of financial instruments classified as equity are deducted directly from equity. If rights and obligations relating to the kind of the financial instrument's realization depend on the occurrence or non-occurrence of future contin-

gencies or the outcome of uncertain circumstances beyond the issuer's as well as the holder's control, the financial instrument is classified as a liability unless it is highly improbable at the time of the issuance that the issuer is obligated to fulfill cash and cash equivalents or other financial assets. If the latter applies, the instrument is classified as equity.
The company has so far made no use of the option to designate financial assets as financial assets at fair value through profit or loss upon their first-time recognition.
With respect to financial liabilities, the company has so far made no use of the option to designate them upon their first-time balance recognition as financial liabilities at fair value through profit or loss.
Derivative financial instruments designated as hedging instruments and effective as such are not utilized within the group. Therefore hedge accounting in accordance with IAS 39 is not applied within the group.

Inventories

Inventories are assessed at acquisition or production costs or the lower recoverable net amount as of balance sheet date. In addition to directly attributable costs, production costs also include manufacturing costs and overhead costs as well as depreciation. Overhead costs are recognized as fixed amounts on the basis of the production facilities' usual utilization. Costs of unused production capacity (waste costs) are disclosed in the income statement under cost of sales. Inventory allowances are made insofar as acquisition or production costs exceed the expected recoverable net amounts.

Trade receivables

Trade receivables as well as other receivables are generally assessed at their nominal values in consideration of appropriate allowances.
According to IFRS 7.21/IAS 1.108, the allowance for bad debt includes estimates and assessments of individual receivables to a considerable degree, based on the respective customer's creditworthiness, current economic developments, and the analysis of historic bad debt loss on portfolio basis. Insofar as the allowance is deduced from historic loss rates on portfolio basis, a decline of the order backlog leads to a corresponding reduction of such allowances and vice versa.

Factoring

For the purpose of financing the working capital of the group companies, CFC in most cases applies factoring – if not implemented already. According to IAS 39, sold receivables are derecognized only if a material portion of the risks implied in the inventory of receivables has been transferred to the seller of the receivables. In all cases of factoring within the CFC Group, the risk of the customer's inability to pay (del credere) has been transferred essentially to the buyer of the receivables. The purchase price holdback from the factoring transaction initially retained by the factor as collateral (e.g. for potential profit impairment or the viability risk) is entered separately under other assets. These amounts – also called blocking holdbacks – mature as soon as the customer's payment has been received. Partially these purchase price holdbacks have been adjusted on the basis of historic awareness of purchase price concessions. Interest expenses resulting from the sale of receivables are recognized in the financial result. Administration fees are disclosed under other operating expenses.

Cash and cash equivalents (liquid assets)

For the purpose of preparing the financial accounts, cash and cash equivalents include cash on hand, checks, cash in banks, other current, highly liquid financial assets with original terms up to three months and not exposed to the risk of change in value, and current account advances. Current account advances accepted are disclosed as liabilities to banks under current financial liabilities.

Options in equity

Within the framework of the purchase of interests in portfolio companies, Palace Park Investments Ltd. acquired a cash or call option to 49 percent of the interest of and loans to Berndes Beteiligungs GmbH held by CFC. The exercise period of the cash option extends from the purchase agreement's signing to December 31, 2009, the exercise period of the call option extends from January 1, 2009 to December 31, 2009.
The latter option is a written call option with gross settlement. In this case the consideration received for granting the call option must be recognized directly in equity. A forward projection of the equity instrument's changes in fair value is not made.

Provisions

Provisions are made for legal or factual obligations with historic origins if it is probable that the fulfillment of the obligation will lead to a disposal of group resources and if a reliable estimate of the amount of the obligation can be made.
Recurring net pension benefits in accordance with IAS 19 are made up of different components, reflecting different aspects of the company's financial agreements as well as the expenses for the benefits received by the employees. These components are determined by applying the actuarial cost method on the basis of actuarial assumptions as stated under note 19.

The company's accounting policies provide for:

- the reflection of all benefit improvements the company is committed to in the planned benefit obligation from the current valuation date,
- the immediate recognition of the cumulative actuarial gains and losses in the income statement.

Provisions for warranty are set up from the time of sale, based on the ratio of warranty costs to historic sales revenues. In addition, appropriate provisions are made in individual cases after risk assessment with respect to sales-oriented as well as legal consequences.

Trade payables, current account advances

Trade payables, obligations from current account advances, and other obligations are recognized at their repayment amount in application of the effective interest method. Foreign currency obligations are translated at period-end exchange rates. Foreign exchange loss and income are presented in the income statement.

Third-party interest recognized as borrowed capital

Interest of third parties (minorities) in business partnerships is regarded as borrowed capital in accordance with IAS 32 and recognized under non-current liabilities.
The first-time recognition in the context of purchase price allocation occurs at market value (fair value). Subsequent measurement is made on the basis of amortized fair values. No revaluation of liabilities is made as the general release clause included in the respective partnership agreements relates to book values.
Liabilities from finance lease agreements are recognized in other liabilities to the amounts of the cash value of future lease payments.

Income taxes

The tax load of the income taxes is based on the amount of the annual income and considers deferred taxes. Deferred taxes are determined in applying the liability method. Deferred income taxes reflect the net tax expense/income of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes in the balance sheet and their tax values. The calculation of deferred tax assets and liabilities is carried out on the basis of the tax rates expected as applicable for the period in which an asset is realized or a debt is repaid. The measurement of deferred tax liabilities and assets considers the tax effects resulting from the way the company expects to realize its assets' carrying values or repay its debts as of balance sheet date.
Deferred tax assets and liabilities are recognized regardless of the point in time at which the temporary accounting differences are expected to reverse. Deferred tax assets and liabilities are not discounted, and they are included in the balance sheet as non-current assets or liabilities.
A deferred tax asset is recognized for all deductible temporary differences to the extent it is probable that taxable income will be available against which the temporary difference can be offset. As of each balance sheet date the company reassesses unbalanced deferred tax assets. The company recognizes a previously unbalanced deferred tax asset to the extent it has become probable that future taxable income will allow the deferred tax asset's realization.
In the opposite case, the deferred tax asset's recognizable amount is reduced to the extent it appears no longer probable that there will be sufficient taxable income to make use of the deferred tax asset either in its entirety or in part.
Current taxes and deferred taxes are charged or credited directly to equity if the tax relates to items credited or charged directly to equity in the same or another period.
No deferred tax liabilities incur to the extent that non-distributed profits of foreign investments are to remain invested in that company. Deferred tax liabilities are recognized for all taxable temporary differences insofar as the deferred tax liability does not result from goodwill which does not allow for amortization for tax purposes.
Deferred tax assets also include tax relief claims resulting from the expected use of loss carried forward in the following years and whose realization appears assured with sufficient reliability. The deferred taxes are determined on the basis of the tax rates in effect at or expected for the time of realization according to the respective countries' current legal situation.
In compliance with IAS 1.70, deferred taxes are disclosed as non-current.

2.5 Future changes of accounting policies and valuation methods

The following table offers an overview of all new Standards and Interpretations already adopted by the EU and therefore eligible for voluntary application ahead of time for financial statements according to IFRS as of December 31, 2008. Revised IFRS 8 and the improvements to IFRS 2008 are applied by the company ahead of time. For the Standards applied ahead of time, please refer to note 2.2. The other accounting regulations will be applied by CFC in the future.

Title	Release by IASB/IFRIC	Time frame of application 1)	Degree of commitment for financial statements as of 12/31/2008 2)
EU endorsement effected:			
IFRS 8: Operating Segments	November 2006	1. January 2009	voluntary application ahead of time
IAS 23: Borrowing Costs	March 2007	1. January 2009	voluntary application ahead of time
IAS 1: Presentation of Financial Statements (revised 2007)	September 2007	1. January 2009	voluntary application ahead of time
Amendments to IFRS 1 and IAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	May 2008	1. January 2009	voluntary application ahead of time
Amendments to IFRS 2: Vesting Conditions and Cancelations	January 2008	1. January 2009	voluntary application ahead of time
Amendments to IAS 32 and IAS 1: Puttable Instruments and Obligations Arising on Liquidation	February 2008	1. January 2009	voluntary application ahead of time
Improvements to IFRS 2008	May 2008	1. January 2009/ 1. July 2009	voluntary application ahead of time
IFRIC 13: Customer Loyalty Programs	June 2007	1. July 2008	voluntary application ahead of time
IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	July 2007	1. January 2009	voluntary application ahead of time in accordance with EU Regulation (EC)

1) Time of coming into effect according to the particulars of the respective announcement made by IASB/ IFRIC
2) Depending on the time of the EU endorsement.

IAS 1: Presentation of Financial Statements

Revised Standard IAS 1 was released in September 2007 and requires first-time application for reporting periods beginning on or after January 1, 2009. The Standard revision includes material changes to the presentation and disclosure of financial information in the financial statements. In the consolidated statement of changes in equity, only such business events involving stockholders may be recorded that concern them in their capacity as stockholders. Other changes in equity must be stated in the presentation of results, either in the shape of one overall account or in the shape of two accounts, income statement and presentation of results for the period. Furthermore, the Standard provides for companies to include the balance sheet of the earliest period of comparison in its financial statements if the company applies an accounting method retrospectively or if it adjusts or reclassifies items in its financial statements retrospectively. The new Standard will have an effect on the mode of the publication of the group's financial information, yet it will not affect the inclusion and measurement of assets and liabilities in the consolidated financial statements.

IAS 23: Borrowing costs

Revised Standard IAS 23 was released in March 2007 and requires application for reporting periods beginning on or after January 1, 2009. In abolishing the previous optional model, the Standard stipulates that borrowing costs attributable to a qualified asset be capitalized. An asset is defined as a qualified asset if a considerable period of time is necessary to put the asset in its intended condition for use or sale. The Standard provides for the revision's prospective application. No changes arise for borrowing costs previously incurred that have immediately been charged to expense. Due to the insignificant borrowing of outside capital that is attributable to a qualified asset, no material effects from the first-time application on the financial position and results from operations are to be expected for the first fiscal year of application.

Amendments to IFRS 1 and IAS 27: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

The amendments to IFRS 1 and IAS 27 were released in May 2008 and require application for reporting periods beginning on or after January 1, 2009. The amendments to IFRS 1 enable a company to determine the acquisition costs of investments in subsidiaries, jointly controlled entities or associated companies in its IFRS balance sheet of first-time adoption in application of amounts determined according to previously applied accounting regulations or in application of fair values as surrogate for acquisition costs (deemed cost). The amendments to IAS 27 solely concern the separate financial statements of a parent company and stipulate in particular that all dividends of subsidiaries, jointly controlled entities and associates be recognized in the separate financial statements as affecting the net income. The transitional regulations generally provide for a prospective application. As the regulations for the first-time adoption of IFRS and the requirements for separate financial statements do not apply for the group, the amendments will have no effect on the consolidated financial statements.

Amendments to IFRS 2: Vesting Conditions and Cancelations

The amendment to IFRS 2 was released in January 2008 and requires application for reporting periods beginning on or after January 1, 2009. On the one hand the revision clarifies the term vesting conditions, and on the other hand it regulates accounting treatment of a cancelation of share-based payment plans by the employees. Transitional regulations provide for retrospective application of this new regulation. As the companies included in the consolidated financial statements do not grant any share-based payments for the purpose of IFRS 2, this amendment does not affect the consolidated financial statements.

Amendments to IAS 32 and IAS 1: Puttable Instruments and Obligations Arising on Liquidation

The amendments to IAS 32 and IAS 1 were released in February 2008 and require application for reporting periods beginning on or after January 1, 2009. They introduce an exempting provision according to which puttable financial instruments are to be classified as equity if certain criteria are fulfilled. According to previous regulation, companies were committed in part to recognize the capital under company law as financial liabilities due to the partners' rights of cancelation established by law. In the future these partners' interests are generally to be classified as equity if compensation at fair value is agreed on and the contributed capital represents the most subordinate claim to the company's net assets. Disclosures regarding these financial instruments are called for as well. Due to the parent's legal form and the applicable statutory regulations and provisions under company law, these amendments will not affect the classification, measurement, and disclosure of partners' interests in the consolidated financial statements in the future.

IFRIC 13: Customer Loyalty Programs

IFRIC Interpretation 13 was released in June 2007 and requires application for reporting periods beginning on or after July 1, 2008. According to this Interpretation, loyalty award credits granted to customers shall be accounted for as sales separate from the transaction within whose framework they have been granted. Therefore a part of the fair value of the consideration received is attributed to the loyalty award credits and deferred as a liability. The realization of sales occurs in the period in which the customer loyalty award credits are executed or expire. As the group currently keeps no customer loyalty programs, no effects on the consolidated financial statements are expected to arise from this Interpretation.

IFRIC 14 / IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

IFRIC Interpretation 14 was released in July 2007 and requires application for reporting periods beginning on or after January 1, 2009. This Interpretation provides guidelines for the determination of the limit on the amount of the surplus from a defined benefit plan that can be capitalized as an asset according to IAS 19: Employee Benefits. Due to the insignificant scope of benefit plan assets, no material effects from the first-time application of this Interpretation on the group's consolidated financial statements are expected for the future.
IASB and IFRIC have released the following Standards and Interpretations which are not subject to mandatory application in the fiscal year 2008. These Standards and Interpretations have not yet been adopted by the EU and have not been applied by CFC.

Title	Release by IASB/IFRIC	Time frame of application 3)	Degree of commitment for financial statements as of 12/31/2008 4)
EU endorsement not yet effected:			
IFRS 1: First-time Adoption of International Financial Reporting Standards (revised 2008)	November 2008	January 1, 2009	open
IFRS 3: Business Combinations (revised 2008)	January 2008	July 1, 2009	open
IAS 27: Consolidated and Separate Financial Statements (revised 2008)	January 2008	July 1, 2009	open
Amendments to IAS 39: Financial Instruments: Eligible Hedged Items	July 2008	July 1, 2009	open
IFRIC 12: Service Concession Arrangements	November 2006	January 1, 2008	open
IFRIC 15: Agreements for the Construction of Real Estate	July 2008	January 1, 2009	open
IFRIC 16: Hedges of a Net Investment in a Foreign Operation	July 2008	October 1, 2008	open
IFRIC 17: Distributions of Non-cash Assets to Owners	November 2008	July 1, 2009	open
IFRIC 18: Transfers of Assets from Customers	January 2009	July 1, 2009	open

3) Time of coming into effect according to the particulars of the respective announcement made by IASB/ IFRIC

4) Depending on the time of the EU endorsement.

IFRS 1: First-time Adoption of International Financial Reporting Standards

Amended Standard IFRS 1 was released in November 2008 and requires application for reporting periods beginning on or after January 1, 2009. The revision of the Standard consisted solely of editorial changes and a new structure for the Standard. No changes of the accounting and valuation regulations result from this revision for the first-time adoption of IFRS. The regulations of IFRS 1 are directed at first-time users of IFRS and therefore have no effect on the group.

IFRS 3: Business Combinations

Amended Standard IFRS 3 was released in January 2008 and requires application for reporting periods beginning on or after July 1, 2009. The Standard was extensively revised in the context of a convergence project of IASB and FASB. The essential changes concern especially the introduction of an optional model for the valuation of minority interest, offering the choice between recognition with the proportionate identifiable net asset (so-called purchased goodwill method) and the so-called full goodwill method, according to which the entire portion of goodwill of the acquired company including the portion allotted to minority interest is to be recognized. Also noteworthy is the revaluation of existing investments as affecting net income upon first-time attainment of control (successive business acquisition), the mandatory recognition of a consideration linked to the occurrence of future events as of the date of acquisition, and the treatment of transaction costs as affecting net income. Transitional regulations provide for the prospective application of this new regulation. There are no changes relating to assets and liabilities resulting from business combinations prior to first-time adoption of the new Standard. The changes will, however, affect the measurement of goodwill, the results of the reporting period in which a business combination occurred, and future results. In particular, the application of the full goodwill method may result in higher goodwill.

IAS 27: Consolidated and Separate Financial Statements

Amended Standard IAS 27 was released in January 2008 and requires application for reporting periods beginning on or after July 1, 2009. Changes primarily address the accounting treatment of interest without controlling influence (minority interest), sharing the group’s losses to the full amount in the future, and of transactions that lead to a loss of control at a subsidiary and whose effects must be treated as affecting net income, whereas effects of disposals of interests that do not lead to a loss of control must be recognized in equity, not affecting net income. Transitional regulations provide for prospective application. This revision carries no changes for assets and liabilities resulting from such transactions prior to the first-time application of the new Standard. The new regulations will affect future results and the amount of equity in the context of future acquisitions as well as disposals and transactions involving minority interest that lead to loss of control. In the future losses attributable to minority interest will be allocated to minority partners to the full amount even if the amounts recognized for the minority interest are used up completely by an unchanged loss situation. The resulting negative amount will be stated separately within equity. Recognition within assets does not come into consideration due to the lack of an enforceable legal claim for compensation. Thus the revised Standard will have an effect on future transactions with minorities, subject to accounting treatment as mere equity transactions, i.e. not affecting net income, in the future.

Amendments to IAS 39: Financial Instruments : Eligible Hedged Items

The amendments to IAS 39 were released in July 2008 and require retrospective application for reporting periods beginning on or after July 1, 2009. The revision substantiates how the principles contained in IAS 39 for the description of hedges are applicable for the designation of a unilateral risk in an underlying transaction as well as for the designation of an inflation risk in an underlying transaction. It is clarified that it is admissible to only designate a part of the changes of the fair value or the cash flow fluctuations of a financial instrument as underlying transaction. As no hedging instruments have been applied within the group, this regulation will not affect the consolidated financial statements.

IFRIC 12: Service Concession Arrangements

IFRIC Interpretation 12 was released in November 2006 and generally requires application for reporting periods beginning on or after January 1, 2008. This Interpretation has not been adopted by EU law yet. The Interpretation governs the accounting treatment of obligations assumed and rights acquired in the context of service concession arrangements in the financial statements of the concession operator. The companies included in the consolidated financial statements are no concession operators for the purpose of IFRIC 12. Therefore this Interpretation will have no effect on the group.

IFRIC 15: Agreements for the Construction of Real Estate

IFRIC Interpretation 15 was released in July 2008 and requires application for reporting periods beginning on or after January 1, 2009. This Interpretation provides guidelines with regard to the time and scope of the realization of revenue from projects for the construction of property. IFRIC 15 will have no effect on the consolidated financial statements as IFRIC 15 does not apply for the group.

IFRIC 16: Hedges of a Net Investment in a Foreign Operation

IFRIC Interpretation 16 was released in July 2008 and requires application for reporting periods beginning on or after October 1, 2008. IFRIC 16 communicates guidelines for the identification of foreign currency risks that can be hedged in the context of hedging a net investment, for the determination which group companies can hold the hedging instruments for hedging the net investment, and for the determination of foreign currency gains or losses to be reclassified upon the sale of the net investment of the hedged foreign operation from equity to the income statement. This Interpretation provides for prospective application. IFRIC 16 will have no effect on the consolidated financial statements as the group does not engage in such hedging transactions.

IFRIC 17 Distributions of Non-cash Assets to Owners

IFRIC Interpretation 17 was released in November 2008 and requires application for reporting periods beginning on or after July 1, 2009. This Interpretation defines guidelines for the accounting treatment and measurement of obligations providing for a payment of dividends in kind to stockholders. The Interpretation gives an opinion especially with regard to the time, measurement, and disclosure of these obligations. Accordingly, such an obligation is to be recognized and measured at fair value at the time the company can no more abdicate from this obligation. The recognition of the obligation and possible changes of the fair value of the asset involved are to be stated in equity. An effect on the net income to the amount of the difference between fair value and the asset's carrying value does only occur at the time of transfer of this asset to the stockholders. This Interpretation provides for prospective application. IFRIC 17 will have no effect on the consolidated financial statements as no payment of a dividend in kind is to be expected within the group.

IFRIC 18: Transfers of Assets from Customers

IFRIC Interpretation 18 was released in January 2009 and requires application for reporting periods beginning on or after July 1, 2009. This Interpretation provides guidelines for the accounting treatment of agreements based on which a company receives property, plant and equipment or cash from a customer for the company to use for e.g. connecting the customer with a distribution network or/and to provide the customer with permanent access to the supply with goods or services. The Interpretation particularly gives an opinion on the recognition criteria of customer contributions and the time and scope of realization of revenue from such business transactions. This Interpretation provides for prospective application. IFRIC 18 will have no effect on the consolidated financial statements as the group does not conduct such business transactions.

2.6 Adjustment of prior-year amounts

The company has retrospectively adjusted the deferred taxes provided in the context of the purchase price allocations “Format” and “delmod KG” carried out in fiscal year 2007. These purchase price allocations had only been provisionally determined for the consolidated financial statements 2007 as not all supplementary tax balance sheets were available at the time the consolidated financial statements were released.

In addition, hidden reserves of non-current assets identified in the consolidated financial statements 2007 in the context of the purchase price allocation “delmod KG” were allocated to the separate items of non-current assets in fiscal year 2008. In fiscal year 2008 the effected allocation was only provisional as the results of an expert’s report on the measurement of property, plant and equipment were not available at the time of the consolidated financial statements’ release.

Finally, the company has adjusted the shares held by minority partners in the group’s net assets as recognized in borrowed capital. This correction was made necessary as the distribution of profits under commercial law of an operating subsidiary for fiscal year 2007 was adjusted in fiscal year 2008.

For the share in profits due to the general partner according to the articles of incorporation, an amount of EUR 1,784k was recognized as adjustment in non-current liabilities affecting profit or loss in 2007 (in accordance with IAS 32.25). In consideration of a deferred tax effect of EUR 535k, the result effect amounts to EUR 1,250k. The adjustment was made necessary due to the fact that Section 27 of the articles of incorporation provides for appropriation requirements for the general partner’s share in profits.

The adjustment of prior-year amounts was carried out retrospectively in accordance with IAS 8. With regard to the effects on the financial position and results from operations 2007, we would like to refer to the information contained in note 3a and the adjusted columns in the financial statements to be found in the tables under note 5.

3a Business combinations

Acquisition of Rosner GmbH & Co. KG, Ingolstadt (in short: Rosner)
On December 30, 2008 the group acquired 100 % of the limited partner’s shares of unlisted Rosner GmbH & Co. KG (“Rosner”) with its registered office in Ingolstadt through CFC Sechste Zwischenholding GmbH. Rosner is one of Germany’s leading textile companies in the field of ladies’ apparel.

Fair values of identifiable assets and liabilities of Rosner at the time of acquisition and corresponding carrying values immediately prior to the acquisition are as follows:

Category	Fair value EURk	Book value EURk
Trademark rights	14,919	0
Customer relationships	267	0
Other intangible assets	386	69
Property, plant and equipment	2,168	1,364
Financial assets	461	461
Inventories	9,694	9,694
Trade receivables	1,994	1,994
Other receivables	574	574
Deferred tax assets	233	233
Cash and cash equivalents	810	810
Total acquired assets	31,506	15,199
Non-current provisions	5,047	5,047
Deferred tax liabilities	6,678	2
Trade payables	1,422	1,422
Current provisions	2,141	2,141
Other liabilities	1,401	1,401
Total assumed liabilities	16,689	10,013
Net assets	14,817	5,186
Thereof 100 %	14,817	
Total acquisition costs	0	
Negative difference from business acquisition	14,817	

The negative difference from the business acquisition includes the fair value of trademark rights and customer base, recognized separately.
The adjustment of fair values of property, plant and equipment and other intangible assets has been made provisionally as the results of an independent expert's report on the non-current assets were not available as of the time of the consolidated financial statements' release.
The acquisition costs of this business combination came altogether to EUR 0k.
The negative difference of EUR 14,817k resulting from the acquisition was examined in accordance with IFRS 3.56 with regard to correct identification and measurement of acquired assets and assumed liabilities and the correct deduction of acquisition costs.
On the basis of this examination, the difference was immediately recognized as other operating income in the income statement.
The cash inflow due to the business acquisition is as follows:

Category	EURk
Cash acquired with the subsidiary	106
Cash outflow	0
Actual cash inflow	106

The purchase price allocation is provisional with respect to the determination of supplementary tax balance sheet amounts.

Acquisition of MEF-Möbel-Elemente Franz GmbH, Haiger (in short: MEF)
On May 31, 2008 the group acquired 100 % of the shares of unlisted MEF-Möbel-Elemente Franz GmbH ("MEF") with its registered office in Haiger through CFC Zweite Zwischenholding GmbH. MEF is a manufacturer of veneered and plastic-coated pieces of furniture and furniture elements and an essential supplier to Format-Küchen.
Fair values of identifiable assets and liabilities of MEF at the time of acquisition and corresponding carrying values immediately prior to the acquisition are as follows:

Bezeichnung	Beizulegender Zeitwert TEUR	Buchwert TEUR
Other intangible assets	1	1
Property, plant and equipment	1,358	44
Financial assets	2	2
Inventories	188	188
Trade receivables	230	230
Other receivables	46	46
Cash and cash equivalents	0	0
Accruals	4	4
Total acquired assets	1,829	515
Non-current provisions	0	0
Deferred tax liabilities	394	0
Trade payables	63	63
Current provisions	32	32
Liabilities to banks	264	264
Liabilities to partners	162	162
Other liabilities	116	116
Total assumed liabilities	1,031	637
Net assets	798	-122
Thereof 100 %	798	0
Total acquisition costs	450	0
Negative difference from business acquisition	348	

The fair value of technical equipment and machinery was determined on the basis of an expert's report. Disclosures with respect to property, plant and equipment amount to EUR 1,314k.
The acquisition costs of this business combination come to altogether EUR 450k and exclusively relate to the acquisition of shares.

Acquisition costs can be broken down as follows:

Category	EURk
Acquisition of shares	450
Total	450

The negative difference of EUR 348k resulting from the acquisition was examined in accordance with IFRS 3.56 with regard to the correct identification and measurement of acquired assets and assumed liabilities and the correct deduction of acquisition costs.
On the basis of this examination, the difference was immediately recognized as other operating income in the income statement.

The cash inflow due to the business acquisition is as follows:

Category	EURk
Cash acquired with the subsidiary	0
Cash outflow	-450
Actual cash inflow	-450

MEF was merged into Format as of December 31, 2008.
Both acquired companies have generated a contribution of EUR -237k to the group's net result since their respective acquisition time. The distribution between companies can be gathered from segment reporting. Had the business combinations occurred as of the beginning of the year, the group's net result on pro forma basis would have been reduced by EUR -12,391k to EUR -1,024k and group sales would have been increased by EUR 36,174k to EUR 174,429k.

Retrospective adjustment of the deferred taxes of Format

The deferred taxes determined for Format as of acquisition date and disclosed in the consolidated financial statements 2007 have been adjusted retrospectively.

This adjustment is due to the fact that the supplementary tax balance sheets were not available at the time the consolidated financial statements were released; therefore the determination of deferred taxes to be set up in the context of the business combination was only provisional as of December 31, 2007.

In consideration of this adjustment, the resulting increase of the negative difference due to the business acquisition of Format is as follows:

	According to annual report 2007		Adjustment	
Category	Fair value	Book value	Fair value	Book value
	EURk	EURk	EURk	EURk
Trademark rights	0	0	0	0
Customer relationships	6	0	6	0
Other intangible assets	67	67	67	67
Property, plant and equipment	10,001	2,960	10,001	2,960
Inventories	3,466	3,466	3,466	3,466
Trade receivables	718	718	718	718
Other receivables	844	844	844	844
Deferred tax assets	0	0	0	0
Cash and cash equivalents	194	194	194	194
Total acquired assets	15,296	8,249	15,296	8,249

	According to annual report 2007		Adjustment	
Category	Fair value	Book value	Fair value	Book value
	EURk	EURk	EURk	EURk
Non-current provisions	0	0	0	0
Deferred tax liabilities	2,223	0	1,551	0
Trade payables	2,389	2,389	2,389	2,389
Current provisions	638	638	638	638
Liabilities to banks	2,290	2,290	2,290	2,290
Liabilities to partners	797	1,159	797	1,159
Other liabilities	2,612	2,612	2,612	2,612
Total assumed liabilities	10,949	9,088	10,277	9,088
Net assets	4,347	-839	5,019	-839
Thereof 90 %	3,912		4,517	
Total acquisition costs	1,575		1,575	
Negative difference from business acquisition	2,337		2,942	

Retrospective adjustment of the deferred taxes of delmod KG

The deferred taxes determined for delmod KG as of acquisition date and disclosed in the consolidated financial statements 2007 have been adjusted retrospectively.

This adjustment is due to the fact that the supplementary tax balance sheets were not available at the time the consolidated financial statements were released; therefore the determination of deferred taxes to be set up in the context of the business combination was only provisional as of December 31, 2007.

In addition, the company has adjusted the shares held by minority partners in the group's net assets as recognized in borrowed capital. This correction was made necessary as the distribution of profits under commercial law of Delmod KG for fiscal year 2007 was adjusted in fiscal year 2008. In the course of the adjustment, additional losses of EUR 409k were allocated to the minority partner whose shares are recognized in borrowed capital. The adjustment of the loss allocation resulted in an increase of the negative difference to the same amount.

The adjustment of the loss allocation is accounted for by the fact that the minority partner whose shares are recognized in borrowed capital did not participate in the proceeds of the waiver of a claim according to the agreement of December 18, 2007 covering the waiver of a claim and the purchase of shares. Furthermore, the share in profits attributable to the minority partner was attributable only pro rata temporis according to the agreement on the purchase of shares.

The fair values of non-current assets adjusted only provisionally in the previous year have been confirmed by an independent expert's report on the non-current assets. Based on this report, the provisionally adjusted fair values were merely allocated to the respective assets. One result of this allocation was a reclassification from the item "technical equipment and machinery" to the items "industrial property rights and similar rights" and "land and buildings".

In consideration of this adjustment, the resulting increase of the negative difference from the business acquisition of Delmod KG is as follows:

	According to annual report 2007		Adjustment	
Category	Fair value	Book value	Fair value	Book value
	EURk	EURk	EURk	EURk
Trademark rights	15,500	0	15,500	0
Customer relationships	946	0	946	0
Other intangible assets	1,443	46	1,516	46
Property, plant and equipment	7,554	4,057	7,481	4,057
Inventories	9,884	9,884	9,884	9,884
Trade receivables	4,225	4,225	4,225	4,225
Other receivables	4,450	4,450	4,450	4,450
Deferred tax assets	0	0	0	0
Cash and cash equivalents	392	392	392	392
Total acquired assets	44,394	23,054	44,394	23,054
Non-current provisions	2,559	15	2,559	15
Deferred tax liabilities	4,154	0	4,378	0
Trade payables	4,232	4,232	4,232	4,232
Current provisions	7,317	7,267	7,317	7,267
Finance lease liabilities	1,452	0	1,452	0
Liabilities to banks	6,411	6,411	6,411	6,411
Liabilities to partners	2,213	2,213	2,213	2,213
Other liabilities	5,080	1,634	5,080	1,634
Total assumed liabilities	33,418	21,772	33,642	21,772
Net assets	10,976	1,282	10,752	1,282
Thereof pro rata	9,312		9,531	
Total acquisition costs	39		39	
Negative difference from business acquisition	9,273		9,492	

3b Sale of company shares and loans to Palace Park Investments Ltd.

Palace Park Investments Ltd., Jersey (in the following: Palace Park), acquired 49 percent interests in the respective shares and loans of CFC Electronic Holding GmbH, CFC Zweite Zwischenholding GmbH, and CFC Vierte Zwischenholding GmbH from CFC Industriebeteiligungen GmbH & Co. KGaA by notarial deed of July 31, 2008. Furthermore, Palace Park Investments acquired a cash or call option to 49 percent of the shares and loans of Berndes Beteiligungs GmbH held by CFC. The exercise period of the cash option extends from the purchase agreement's signing to December 31, 2009, the exercise period of the call option extends from January 1, 2009 to December 31, 2009.
Palace Park Investments Ltd., Jersey, is a company specially established for this transaction. The company is held indirectly by Greenpark Funds, Guernsey, specialized in so-called portfolio investments, i.e. investments in existing holding portfolios. Greenpark Funds rank among Europe's largest and most successful portfolio funds. At present assets of EUR 1,300 million are under management of Greenpark Funds.
The purchase price for the sold shares, the loans, and the Berndes options was measured at EUR 22.6 million as of closing date May 31, 2008. This purchase price was allotted to effectively or optionally acquired shares to the amount of EUR 16.44 million and to loans to the amount of EUR 6.16 million. At signing of the contract, a proportionate amount of the purchase price of EUR 13.52 million was immediately paid by Palace Park as agreed. The remaining amount is payable until the end of 2009 (please refer to the information on subsequent events under note 48).
Due to the particularly positive prospects for value enhancement of the companies delmod-international GmbH & Co. KG and Hirsch Vertriebs GmbH (holdings of CFC Vierte Zwischenholding GmbH), the agreement provides for a disproportionately high portion of possible future exit proceeds of these companies to be allotted to CFC Industriebeteiligungen beyond a certain threshold amount.
In addition to the purchase price, Palace Park made the commitment with this transaction to support the development and growth of the companies with an amount of up to EUR 2.4 million. As of the end of the reporting period, Palace Park has invested the amount of EUR 1.88 million in portfolio companies of the CFC Group due to this commitment.
CFC retains management control over the holdings, thus providing for the companies' consistent development according to the successful restructuring scheme. CFC will therefore continue to include these companies in the basis of consolidation.
As of closing date of this transaction, the book profit of CFC Industriebeteiligungen GmbH & Co. KG according to HGB (separate financial statements) came to EUR 10.9 million. With regard to group level, the company decided to treat the sale transaction according to the accounting method of so-called parent entity extension as the sale does not represent a transaction between partners, so that the full amount of profit realization is recognized in the group's net income. The CFC Group generated a profit of EUR 7.2 million from this transaction. The remaining difference to the purchase price has been recognized under additions to minority interest in equity.
For the measurement of the Berndes call option, an independent expert carried out a business appraisal as of the sale's closing date. This appraisal confirmed the option value; thus no bonus was paid by Palace Park for the granting of the call option.
Based on the capital market consultancy agreement with Silvia Quandt & Cie. AG, performance-related expenses for the initiation of this transaction and corresponding consultancy services of EUR 1,250k were incurred, recognized this fiscal year in profit or loss.

4. Financial assets

a) Investment in a joint venture: LOOK Alcast SRL, Romania

On November 7, 2006 BBG entered into a general agreement on the establishment of a production joint venture in Romania. Against a minimum utilization warranty, BBG earned the right to acquire 51 % of the producing company Look Alcast SRL, Romania (Look) for the price of EUR 1.00. This option was exercised by the end of December 2007. Control over Look was not obtained as the minority stockholder has substantial voting rights and veto rights regarding, among other things, the operating activities. Therefore the investment was valuated "at equity" in accordance with IAS 31, sections 38 et seq. and recognized as financial asset.
By agreement of December 21, 2008 this general agreement was reversed. As a consequence of the reversal of the general agreement, the at-equity investment was eliminated from the CFC Group's assets as disposal on December 21, 2008.
The effect on the group's financial position and results from operations amounted to expenses of EUR 4k due to the disposal of the at-equity investment.

b) Loans to sales representatives

Within the framework of the acquisition of Rosner, loans of EUR 461k to sales representatives were acquired.

5. Segment reporting

The CFC Group applies IFRS 8 ahead of time.
For the purpose of company management, the group is organized according to products and services in business units or segments. An operating segment is defined as a "business component"

- that generates income and makes expenses in the context of business operations (including income and expenses due to transactions with other group operations),
- whose profitability is regularly examined by the management executives responsible for the allocation of resources to the segments and the appraisal of performances, and
- for which separate financial information is available.

In addition to a thus determined segmentation with respect to operations according to the respective main business activity, a so-called secondary segmentation follows geographic features.
In the context of the consolidated financial statements for the fiscal year ended December 31, 2008, the segments "Cookware" and "Home & Living" were combined in the segment "Home & Living". This combination is accounted for by a modification of internal management and reporting. Compliant with the "management approach" of IFRS 8, the combination of the segments was necessary.
In addition, the segment "EMS" was renamed "Electronics".
Prior-year amounts were adjusted to the new definition of segments in accordance with IFRS 8.29. Accordingly, CFC has defined the following operating segments as of December 31, 2008:

- Home & Living: This business segment manufactures cookware and accessories for the private end consumer. The distribution is operated primarily through specialist stores, food retailers, large-scale supermarkets, and modern sales channels for customer retention. The Berndes Group belongs in this segment.
  Furthermore, the business segment "Home & Living" manufactures home furniture and fixtures for private households and distributes these products through specialist dealers to private end customers or business clients. Format-Küchen belongs in this segment.

- Electronics: The business segment "Electronics" manufactures electronic products and components for industrial end products. The basic production process is the construction of electronic planar components for application in finished products. In part the companies included in this segment manufacture finished products themselves, essentially consisting of these electronic components (e.g. telecommunication devices). The companies Elcon and Letron belong in this segment.

- Fashion: The business segment "Fashion" includes companies operating in the apparel industry or providing connected marketing services. The apparel is distributed to the end customer through various sales partners. The company delmod belongs in this segment. In early April CFC bought the rights to the trademark Hirsch through CFC Fünfte Zwischenholding GmbH and then renamed the company Hirsch Vertriebs GmbH. The business activities of this company are also recognized in this segment. In addition to the above-mentioned companies, as of December 31, 2008 the company Rosner belongs in this segment as well.

For the definition of above-mentioned reportable operating segments, no operating segments have been combined.
For the purpose of the geographic reporting format, the geographic segments are defined as Germany, Europe (EU) excluding Germany ("other EU countries"), Asia, and "rest of the world" (ROW).
The respective operating income of the business units is monitored separately by the group management for decision making on the allocation of resources and the determination of the units' profitability. The performances of the segments are evaluated on the basis of the operating income. The determination of the operating income may diverge from the values included in the consolidated financial statements in certain respects. Group financing (including finance expense and income) as well as income taxes are managed according to group standards rather than attributed to the individual operating segments.

The intercompany settlement prices between the operating segments are determined on the basis of usual market prices for transactions with outside parties. Because of the different business activities, there are no intersegment sales.
Segment information about the operating segments can be gathered from the following tables:

Consolidated income statement by segment
for the fiscal year ended December 31, 2008

in EUR	Home & Living	Electronics	Fashion	Total Segments	CFC KGaA	Consolidation	CFC
Sales	63,665,896.35	27,046,722.40	47,515,839.03	138,228,457.78	168,373.87	-142,301.06	138,254,530.59
Changes in finished goods and work in process inventories	-401,396.35	-254,144.25	5,362,534.04	4,706,993.44	0.00	0.00	4,706,993.44
Other operating income	1,798,167.24	861,211.53	3,214,527.62	5,873,906.39	7,192,574.65	15,147,139.18	28,213,620.22
Material expense	-36,077,231.48	-16,257,600.28	-31,257,672.70	-83,592,504.46	0.00	0.00	-83,592,504,46
Personnel expense	-12,636,259.16	-7,251,592.42	-8,577,304.29	-28,465,155.87	-156,486.70	0.00	-28,621,642.57
Depreciation and amortization of property, plant and equipment and intangible assets	-2,435,148.19	-1,575,721.60	-1,530,954.40	-5,541,824.19	-16,087.74	0.00	-5,557,911.93
Other operating expenses	-19,258,239.72	-4,880,038.57	-12,893,293.60	-37,031,571.89	-3,201,700.27	160,420.82	-40,072,851.34
Earnings before interest and taxes	-5,344,211.31	-2,311,163.19	1,833,675.70	-5,821,698.80	3,986,673.81	15,165,258.94	13,330,233.95
Finance income	87,272.60	217,696.05	28,005.24	332,973.89	926,856.76	-813,327.92	446,502.73
Finance expense	-2,340,992.06	-836,205.97	-1,292,820.22	-4,470,018.25	-263,882.64	813,327.92	-3,920,572.97
Financial result	-2,253,719.46	-618,509.92	-1,264,814,98	-4,137,044.36	662,974.12	0.00	-3,474,070.24
Earnings before taxes	**-7,597,930.77**	**-2,929,673.11**	**568,860.72**	**-9,958,743.16**	**4,649,647.93**	**15,165,258.94**	**9,856,163.71**

Consolidated income statement by segment

for the fiscal year ended December 31, 2007 (adjusted)

in EUR	Home & Living	Electronics	Fashion	Total Segments	CFC KGaA	Consolidation	CFC
Sales	55,704,120.18	10,348,671.43	0.00	66,052,791.61	88,620.25	0.00	66,141,411.86
Changes in finished goods and work in process inventories	1,541,143.97	179,018.62	0.00	1,720,162.59	0.00	0.00	1,720,162.59
Other operating income	3,673,372.10	2,882,828.29	0.00	6,556,200.39	46,983.50	17,031,587.53	23,634,771.42
Material expense	-35,155,296.44	-6,630,427.63	0.00	-41,785,724.07	0.00	0.00	-41,785.724.07
Personnel expense	-9,469,230.01	-2,937,163.82	0.00	-12,406,393.83	0.00	0.00	-12,406,393.83
Depreciation and amortization of property, plant and equipment and intangible assets	-1,744,546.49	-770,101.99	0.00	-2,514,648.48	-2,293.00	90,133.32	-2,426,808.16
Other operating expenses	-17,987,132.52	-4,014,756.33	0.00	-22,001,888.85	-2,995,726.34	2,225,024.30	-22,772,590.89
Earnings before interest and taxes	-3,437,569.21	-941,931.43	0.00	-4,379,500.64	-2,862,415.59	19,346,745.15	12,104,828.92
Finance income	134,657.61	55,896.59	0.00	190,554.20	61,327.41	48.48	251,930.09
Finance expense	-1,263,169.13	-207,959.79	0.00	-1,471,128.92	-68,296.20	382,577.69	-1,156,847.43
Financial result	-1,128,511.52	-152,063.20	0.00	-1,280,574.72	-6,968.79	382,626.17	-904,917.34
Earnings before taxes	**-4,566,080.73**	**-1,093,994.63**	**0.00**	**-5,660,075.36**	**-2,869,384.38**	**19,729,371.32**	**11,199,911.58**

Consolidated balance sheet by segment

for the fiscal year ended December 31, 2008

EUR	Home & Living	Electronics	Fashion	Total Segments	CFC KGaA	Consolidation	CFC
ASSETS							
Non-current assets	27,041,927.83	9,767,105.09	44,454,357.66	81,263,390.58	6,302,125.25	-5,790,392.86	81,775,122.97
Intangible assets	13,149,927.00	3,562,806.06	34,043,218.59	50,755,951.65	196,699.34	296,719.51	51,249,370.50
Property, plant and equipment	13,884,220.24	6,158,687.87	9,752,540.49	29,795,448.60	18,313.54	0.00	29,813,762.14
Financial assets	7,780.59	0.00	461,440.38	469,220.97	5,632,284.69	-5,632,284.69	469,220.97
Real estate held as financial investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Derivative financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other non-current assets	0.00	45,611.16	197,158.20	242,769.36	0.00	0.00	242,769.36
Deferred tax assets	0.00	0.00	0.00	0.00	454,827.68	-454,827.68	0.00
Current assets	21,091,760.42	6,773,211.88	35,251,544.69	63,116,516.99	21,376,420.76	-13,810,842.19	70,682,095.56
Inventories	11,660,990.22	5,169,659.42	27,168,736.15	43,999,385.79	0.00	0.00	43,999,385.79
Trade receivables	6,062,229.91	1,018,754.47	5,407,125.74	12,488,110.12	39,300.00	-178,323.60	12,349,086.52
Receivables IC	0.00	0.00	21,561.51	21,561.51	13,610,957.08	-13,632,518.59	0.00
Receivables from related parties	0.00	0.00	0.00	0.00	137,101.65	0.00	137,101.65
Other financial assets and other assets	2,136,771.95	261,982.81	1,558,665.83	3,957,420.59	4,143,550.38	0.00	8,100,970.97
Cash and cash equivalents	1,231,768.34	322,815.18	1,095,455.46	2,650,038.98	3,445,511.65	0.00	6,095,550.63
Non-current available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	**48,133,688.25**	**16,540,316.97**	**79,705,902.35**	**144,379,907.57**	**27,678,546.01**	**-19,601,235.05**	**152,457,218.53**

Consolidated balance sheet by segment

for the fiscal year ended December 31, 2008

in EUR	Home & Living	Electronics	Fashion	Total Segments	CFC KGaA	Consolidation	CFC
EQUITY AND LIABILITIES							
Equity	39,875.69	469,047.53	25,662,878.30	26,171,801.52	24,559,659.27	-474,038.48	50,257,422.31
Non-current liabilities	22,526,744.48	5,445,801.90	25,415,211.08	53,387,757.46	1,941,426.06	4,723,821.82	50,605,361.70
Pension commitments and similar obligations	61,866.23	460,154.67	7,244,234.00	7,766,254.90	0.00	0.00	7,766,254.90
Non-current provisions	0.00	0.00	3,687,593.21	3,687,593.21	0.00	0.00	3,687,593.21
Finance lease liabilities	801,865.69	0.00	102,399.96	904,265.65	0.00	0.00	904,265.65
Deferred tax liabilities	5,090,879.17	1,582,439.72	10,666,431.85	17,339,750.74	0.00	-452,980.52	16,886,770.22
Non-current liabilities to banks and third parties	16,572,133.39	3,403,207.51	3,714,552.06	23,689,892.96	157,338.32	-4,270,841.30	19,576,389.98
Liabilities to partners	0.00	0.00	0.00	0.00	1,784,087.74	0.00	1,784,087.74
Current liabilities	25,567,068.08	10,625,467.54	28,627,812.97	64,820,348.59	1,177,460.68	-14,403,374.75	51,594,434.52
Current liabilities to banks and third parties	5,087,781.31	2,640,480.02	6,904,707.43	14,632,968.76	1,006.52	-490,000.00	14,143,975.28
Trade payables	5,139,975.44	2,406,944.44	9,984,775.97	17,531,695.85	224,766.81	0.00	17,756,462.66
Liabilities IC and liabilities to related parties	7,411,814.41	2,486,556.09	3,981,707.76	13,880,078.26	25,981.28	-13,641,094.58	264,964.96
Current provisions	3,710,091.90	1,583,397.25	2,203,936.97	7,497,426.12	107,557.00	0.00	7,604,983.12
Liabilities to partners	0.00	0.00	0.00	0.00	539,444.47	0.00	539,444.47
Other liabilities	4,217,405.02	1,508,089.74	5,552,684.84	11,278,179.60	278,704.60	-272,280.17	11,284,604.03
Total equity and liabilities	**48,133,688.25**	**16,540,316.97**	**79,705,902.35**	**144,379,907.57**	**27,678,546.01**	**19,601,235.05**	**152,457,218.53**

Consolidated balance sheet by segment

for the fiscal year ended December 31, 2007 (adjusted)

EUR	Home & Living	Electronics	Fashion	Total Segments	CFC KGaA	Consolidation	CFC
ASSETS							
Non-current assets	24,639,074.38	10,372,915.14	26,190,968.43	61,202,957.95	8,602,627.57	-8,284,934.07	61,520,651.44
Intangible assets	13,322,207.47	3,402,080.22	17,923,267.50	34,647,555.19	20,974.00	296,719.50	34,965,248.69
Property, plant and equipment	11,312,890.26	6,930,899.36	7,552,690.53	25,796,480.15	0.00	0.00	25,796,480.14
Financial assets	3,976.65	0.00	255.65	4,232.30	8,046,427.25	-8,046,427.25	4,232.30
Real estate held as financial investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Derivative financial instruments	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other non-current assets	0.00	39,935.56	714,754.75	754,690.31	0.00	0.00	754,690.31
Deferred tax assets	0.00	0.00	0.00	0.00	535,226.32	-535,226.32	0.00
Current assets	26,927,043.53	10,310,851.78	17,195,814.57	54,433,709.88	10,543,863.47	-10,112,113.27	54,865,460.08
Inventories	11,429,622.93	5,578,395.67	9,931,830.32	26,939,848.92	0.00	0.00	26,939,848.92
Trade receivables	7,155,356.07	2,407,135.47	4,324,614.33	13,887,105.87	6,903.49	-178,321.52	13,715,687.84
Receivables IC	0.00	0.00	0.00	0.00	9,958,800.75	-9,958,800.75	0.00
Other financial assets and other assets	1,307,330.09	1,281,309.47	2,462,258.45	5,050,898.01	367,173.55	0.00	5,418,071.56
Cash and cash equivalents	7,034,734.44	1,044,011.17	477,111.47	8,555,857.08	210,985.68	25,009.00	8,791,851.76
Non-current available-for-sale assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	**51,566,117.91**	**20,683,766.92**	**43,386,783.00**	**115,636,667.83**	**19,146,491.04**	**-18,397,047.34**	**116,386,111.52**

Consolidated balance sheet by segment

for the fiscal year ended December 31, 2007 (adjusted)

EUR	Home & Living	Electronics	Fashion	Total Segments	CFC KGaA	Consolidation	CFC
EQUITY AND LIABILITIES							
Equity	6,647,831.74	4,606,088.08	10,514,738.10	21,768,657.92	16,359,737.61	154,487.45	38,282,882.98
Non-current liabilities	12,721,085.25	2,433,073.75	12,448,822.35	27,602,981.35	2,007,860.35	-6,117,487.53	23,493,354.17
Pension commitments and similar obligations	76,071.89	421,051.67	2,550,362.00	3,047,485.56	0.00	0.00	3,047,485.56
Non-current provisions	0.00	0.00	3,446,348.80	3,446,348.80	0.00	0.00	3,446,348.80
Finance lease liabilities	618,317.62	0.00	685,239.34	1,303,556.96	0.00	0.00	1,303,556.96
Deferred tax liabilities	5,738,624.06	243,052.85	4,248,376.02	10,230,052.93	0.00	-1,549,000.60	8,681,052.33
Non-current liabilities to banks and third parties	6,288,071.68	1,768,969.23	1,518,496.19	9,575,537.10	223,772.61	-4,568,486.93	5,230,822.78
Liabilities to partners	0.00	0.00	0.00	0.00	1,784,087.74	0.00	1,784,087.74
Current liabilities	32,197,200.92	13,644,605.09	20,423,222.55	66,265,028.56	778,893.08	-12,434,047.27	54,609,874.37
Current liabilities to banks and third parties	15,341,658.89	830,703.86	6,410,691.03	22,583,053.78	114,528.39	-2,797,000.00	19,900,582.17
Trade payables	11,431,148.38	8,696,229.47	4,232,254.46	24,359,632.31	366,707.02	-9,638,547.27	15,087,792.06
Liabilities IC	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current provisions	3,190,126.41	1,618,758.49	5,930,350.42	10,739,235.32	296,937.55	1,500.00	11,037,672.87
Liabilities to partners	35,700.00	0.00	50,000.00	85,700.00	0.00	0.00	85,700.00
Other liabilities	2,198,567.24	2,498,913.27	3,799,926.64	8,497,407.15	720.12	0.00	8,498,127.27
Total equity and liabilities	**51,566,117.91**	**20,683,766.92**	**43,386,783.00**	**115,636,667.83**	**19,146,491.04**	**-18,397,047.34**	**116,386,111.52**

Capital expenditures made in fiscal year 2008 can be broken down by segment as follows:

Capital expenditures by segment (in EURk) in 2008

	Home & Living	Electronics	Fashion*)	KGaA	Total
Intangible assets	241	522	1,459	191	2,413
Property, plant and equipment	3,258	588	698	19	4,563
Financial assets	6	0	0	0	6
Total	3,505	1,110	2,157	210	6,982

*) not including Rosner

The corresponding prior-year amounts are as follows:

Capital expenditures by segment (in EURk) in 2007

	Home & Living	Electronics	Fashion	KGaA	Total
Intangible assets	46	16	0	23	85
Property, plant and equipment	992	133	0	0	1,125
Financial assets	4	0	0	0	4
Total	1,042	149	0	23	1,214

Geographic segment reporting format:

The following table contains information on non-current and current assets broken down by region:

CFC Group assets by region (in EUR)

	Germany	Other EU countries	Asia	ROW	Total
Non-current assets (property, plant and equipment and intangible assets)	80,848,544.40	206,461.22	691,569.90	28,547.45	81,775,122.97
Current assets	61,679,485.36	2,973,116.17	5,335,929.21	693,564.82	70,682,095.56

The corresponding prior-year amounts are as follows:

CFC Group assets by region (in EUR)

	Germany	Other EU countries	Asia	ROW	Total
Non-current assets (property, plant and equipment and intangible assets)	60,550,241.33	36,861.45	133,974.80	40,651.25	60,761,728.83
Current assets	45,257,523.75	2,330,393.59	5,613,471.87	1,232,320.67	54,433,709,88

Please refer to note 28 for a breakdown of sales by region.

6. Property, plant and equipment

The development of property, plant and equipment is presented in the statement of changes in the group's non-current assets.

	31/12/2008	31/12/2007 adjusted
	EURk	EURk
Undeveloped real estate	826	826
Buildings on own and third-party property	14,671	14,237
Technical equipment and machinery	7,017	6,306
Other facilities, furniture and office equipment	6,524	3,890
Tenant improvements	355	0
Advance payments and construction in process	421	537
	29,814	25,796

The development of the items of non-current assets in fiscal year 2008 is presented under specification of accumulated depreciation in the statement of changes in the group's non-current assets. Capital expenditures made for other facilities, furniture and office equipment primarily related to tools and other production equipment, technical equipment and machinery essentially include assets leased under finance lease agreement, and additions to property, plant and equipment in fiscal year 2008 essentially resulted from the purchase of furniture and office equipment once again.

There are property liens to the total amount of EUR 2,642k on the real estate of Format and to the total amount EUR 1,585k on the real estate of Elcon. Furthermore, machinery and office equipment of Format as well as selected machines and equipment of Elcon are assigned as respective collateral for loans extended.

7. Lease agreements

Effective April 14, 2004, Heinrich Berndes Haushaltstechnik GmbH & Co. KG entered into a sale and leaseback agreement with Heinrich Berndes Gmbh & Co. KG, Arnsberg. Subject matter of the contract are the machines and plants used by the company for production as listed in the attachment to the contract. The basic lease term is eight years, expiring accordingly in April 2012. The monthly lease comes to EUR 20,295.00 for the first 86 months, cut down to monthly EUR 7,500.00 for the last ten months of the basic lease term.

At delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG, two lease agreements were concluded effective March 1, 2006 and March 1, 2007, respectively. Leased objects are EDP hardware and software investments as well as implementation cost for an ERP system. The terms of both contracts are 42 months. Respective monthly lease payments come to EUR 55,610.00 and EUR 13,092.00.

At MEF, merged into Format as of December 31, 2008, a lease agreement was concluded effective September 1, 2008. Leased objects are various machines for production. The term of the contract is 36 months. Monthly lease payments amount to EUR 18,540.00.

At Berndes Beteiligungs GmbH a lease agreement was concluded in fiscal year 2008 covering software licenses. The term of the contract is 36 months. Monthly lease payments amount to EUR 3,995.10.

The transactions were recognized as financing transactions so that the objects of the above-mentioned lease agreements, intangible assets as well as equipment and machinery, are still recognized in these consolidated financial statements. The amount of financing is included in non-current and current liabilities under the item finance lease.

The carrying value of the leased assets can be broken down as follows:

	31/12/2008	31/12/2007
	EURk	EURk
Leased assets	3,784	2,326
Cumulative depreciation and amortization	-1,231	-204
	2,553	2,122

Depreciation and amortization are applied over the contract terms or the longer useful lives in compliance with IAS 17.28, included in the deprecation and amortization expense and amount to EUR 1,027k for the year 2008 (previous year EUR 145k). Unscheduled depreciation

and amortization have not been carried out.
Liabilities from finance lease agreements are recognized as non-current or current liabilities by the company. The development is as follows:

	31/12/2008	31/12/2007
	EURk	EURk
Current portion (maturity within 12 months)	1,012	966
Non-current portion (maturity > 1 year)	904	1,304
	1,916	2,270

The following table provides a reconciliation statement for the total amount of the future minimum lease payments at cash values as of balance-sheet date:

	31/12/2008	31/12/2007
	EURk	EURk
Within twelve months	1,116	1,060
Between one year and five years	973	1,378
	2,089	2,438
Future interest share of finance lease agreements	-173	-168
Cash value of finance lease liabilities	1,916	2,270

8. Intangible assets

Intangible assets can be broken down as follows:

	31/12/2008	31/12/2007
	EURk	EURk adjusted
Trademark rights	39,481	23,581
Customer relationships	8,684	9,184
Software and licenses	3,053	2,188
Advance payments	31	12
	51,249	34,965

The trademark rights to the brands “Berndes”, “delmod”, “Hirsch”, and “rosner” are intangible assets with indefinite useful lives. Insofar they are not subject to scheduled amortization in accordance with IAS 38. The impairment test carried out by the company in 2008 did not result in the requirement for unscheduled amortization. For further information we refer to note 2.4.Customer relationships are amortized on schedule over the period of 10 to 16 years.
The item software and licenses includes development projects capitalized to the amount of EUR 910k.

9. Deferred tax assets and liabilities

Deferred tax obligations

	31/12/2008	31/12/2007
	EURk	EURk adjusted
Deferred tax assets:		
Loss carry-forward	3,455	5,857
Pension provisions	925	828
Other provisions	1,385	1,741
Finance Lease	163	42
Others	9	35
	5,937	8,503
Deferred tax liabilities:		
Property, plant and equipment	4,936	2,899
Intangible assets	14,277	9,976
Waiver of claims (loans)	3,606	4,180
Others/Exchange rate differences	5	129
	22,824	17,184
Netting deferred tax assets/deferred tax liabilities	-5,937	-8,503
Net deferred tax liabilities	16,887	8,681

As of balance sheet date there were valuation differences essentially because of intangible assets and property, plant and equipment identified in the context of the acquisitions since 2006 and the temporary differences between the tax valuation and the IFRS measurement relating to non-current assets.
The capitalized loss carry-forward concerns losses carried forward by the parent, Elcon Systemtechnik GmbH, and Letron electronic GmbH. The amounts capitalized are balanced by a sufficient amount of taxable temporary differences.
Taxes on the income paid or owed as well as tax deferrals within ordinary operations are disclosed as income taxes.

	2008	2007 adjusted
	EURk	EURk
Current income tax expense	-537	-537
Taxes of prior years	37	0
Deferred tax expense (2007: deferred tax yield)	-1,364	2,413
	-1,864	1,876

Deferred taxes have been calculated according to the so-called liability method in compliance with IAS 12. For Germany, respective combined income tax rates have been applied for the individual companies (26.33 % to 30.63%; previous year: 30 % throughout). The company's combined income tax rate includes the trade tax collection rate between 300 % and 450 %, the corporate tax rate of 15.0 %, and the solidarity surcharge of 5.5 %. The effect of the changes in tax rates due to the German corporate tax reform amounted to EUR 653k in 2007.

The differences between the statutory tax rate and the company's effective income taxes are as follows:

	2008	2007 adjusted
	EURk	EURk
Consolidated earnings before taxes	9,856	11,200
Expected tax expense at 30 % (PY 40 %)	2,957	4,480
Loss carry-forward not capitalized (at tax rate of 30 %, PY 40%)	2,206	2,375
Discontinuation of capitalized loss carry-forward in accordance with Section 8c KStG (German Corporate Tax Act)	2,838	0
Utilization of adjusted loss carry-forward	-425	0
Tax-exempt income	-1,549	0
Foreign tax rate effect	62	-429
Badwill – tax-ineffective	-4,445	-7,748
Non-deductible operating expenses	57	0
Trade tax adjustments	-48	0
Decrease in tax rates	0	-653
Fundraising – tax-ineffective	0	-236
Intercompany waivers of claims	0	358
Current taxes of prior years	37	0
Others	174	-23
Tax expense recognized in income statement	1,864	-1,876

Loss carry-forward to the amounts of EUR 5,972k (corporate tax and corresponding foreign taxes) and EUR 14,247k (trade tax) have not been capitalized
In the previous year, loss carry-forward to the amounts of EUR 6,723k (corporate tax) and EUR 5,325k (trade tax) were not capitalized. Capitalization was not carried out despite partial availability of sufficient deferred tax liabilities.
Reasons for this are for one the exit strategy planned by the parent and also the lack of congruity between deferred assets and deferred liabilities with respect to the time component.
The total of temporary differences in the context of stakes in subsidiaries for which no deferred tax liabilities are recognized amounts to EUR 308k (previous year: EUR 278k).
Resulting deferred tax yields and tax expenses are as follows:

	2008	2007 adjusted
	EURk	EURk
Loss carry-forward	-2,402	-261
Pension provisions	-136	-42
Other provisions / other liabilities	-349	533
Finance Lease	121	-84
Property, plant and equipment	373	194
Intangible assets	350	1,358
Liabilities	574	652
Others	105	63
	-1,364	2,413

Changes in deferred tax obligations can be gathered from the following table:

	2008	2007 adjusted
	EURk	EURk
Deferred tax liabilities as of January 1	8,681	5,096
Deferred tax yields / tax expenses	1,364	-2,413
Change of deferred taxes due to purchase price allocation	6,842	5,998
Deferred tax liabilities as of December 31	16,887	8,681

10. Other non-current assets

	31/12/2008	31/12/2007 adjusted	31/12/2007
	EURk	EURk	EURk
Other non-current assets	243	755	802
	243	755	802

Other non-current assets include securities and shares in funds (EUR 243k), classified as available for sale (AfS).
Fair values of available-for-sale financial assets are determined, if possible, on the basis of stock market prices in active markets. Due to the effects of the financial market crisis setting in at the end of fiscal year 2008, the difference between acquisition costs and current fair value as of December 31, 2008 was recognized in profit or loss (EUR 232k). There were no potential valuation allowances not previously recognized in profit or loss as of December 31, 2008 that would have to be derecognized from equity.

11. Inventories

Inventories can be broken down as follows:

	31/12/2008	31/12/2007
	EURk	EURk
Raw materials	9,547	7,532
Work in process	5,629	5,149
Finished goods	28,695	13,984
Advance payments	128	275
	43,999	26,940

The impairment of inventories, recognized as material expense, comes to EUR 2,700k (previous year: EUR 1,348k).
Inventories measured at market value amount to EUR 13,271k (previous year: EUR 6,461k).
Inventories are assigned as collateral for a various loans to the amount of EUR 4,282k (previous year: EUR 1,296k) as of balance sheet date, in consideration of the suppliers' retention of ownership and extended retention of ownership.

12. Trade receivables

Trade receivables can be broken down as follows:

	31/12/2008	31/12/2007
	EURk	EURk
Trade receivables	16,872	15,810
Valuation allowances	(4,523)	(2,094)
	12,349	13.716

The company conducts ongoing credit evaluations of its customers and usually requires no collateral. The company has carried out valuation allowances for potential credit loss. Incurred credit loss corresponded with the management's estimates and assumptions and remained within customary limits.

The following table presents the changes in valuation allowances made on current and non-current receivables:

	2008	2007
	EURk	EURk
Valuation allowances as of January 1	2,094	120
Additions from first-time consolidation	1,614	2,130
Allocations during reporting period (impairment expense)	1,683	37
Consumption	(524)	0
Reversals (write-ups of initially written off receivables)	(344)	(193)
Valuation allowances as of December 31	4,523	2.094

Valuation allowances of trade receivables are included for the most part in allowance accounts. The decision whether to recognize a contingency risk through an allowance account or a direct write-down of the receivable depends on the assessment of the probability of debt loss. If receivables are considered unrecoverable, the corresponding impaired asset is derecognized.

The following table provides information about the credit risk carried by financial assets and services.

				Thereof: not impaired as of balance sheet date and overdue in the following time bands					
EURk		Carrying value	Thereof: neither impaired nor overdue as of balance sheet date	Less than 30 days	Between 30 and 60 days	Between 61 and 90 days	Between 91 and 180 days	Between 181 and 360 days	More than 360 days
Trade receivables	31.12.2008	16,872	5,840	2,686	1,018	1,100	978	586	141
Other financial assets	31.12.2008	5,607	5,557	16					34
Trade receivables	31.12.2007	15,810	9,151	3,421	595	178	314	57	0
Other financial assets	31.12.2007	2,921	2,921						

13. Receivables from related parties

	2008	2007
	EURk	EURk
Receivables from the general partner	137	0
	137	0

Receivables from the general partner result from receivables of CFC KGaA from service and delivery transactions.

14. Other financial assets and other assets

Financial assets

	2008	2007
	EURk	EURk
Current receivables from personnel	45	60
Other financial assets	5,562	2,861
	5,607	2,921

Apart from a claim for a purchase price balance against Greenpark (EUR 3,547k), other financial assets include receivables linked to factoring (EUR 739k), loans extended to customers (EUR 386k), receivables from previous stockholders (EUR 183k), claims from a reinsurance policy (EUR 84k), claims from deposits (EUR 81k), insurance policies (EUR 62k), claims from sales promotion measures (EUR 45k), and other receivables (EUR 435k).
In addition to receivables from sales promotion measures (EUR 456k), the other financial assets of the previous year essentially included suppliers with debit balances to the amount of EUR 768k, loans extended to customers (EUR 469k), claims from the factor's purchase price holdback (EUR 80k), an allowance for construction costs (EUR 50k), deposits under lease agreements (EUR 150k), acquired rights to service performances (EUR 541k), as well as receivables from previous stockholders (EUR 229k), derivatives (EUR 15k), and insurance policies (EUR 14k).

Other assets

	2008	2007
	EURk	EURk
Income tax claims	118	88
Sales tax claims	1,058	759
Other tax claims	181	968
Deferred expenses	626	420
Other assets	511	262
	2,494	2,497

15. Cash and cash equivalents

The company recognizes all highly liquid investments purchased with a maturity of three months or less upon acquisition as cash equivalents.
Cash and cash equivalents include cash on hand and bank balances with terms of three months or less to the amount of EUR 6,096k. Due to the shortness of terms of these investments, the carrying values of cash and cash equivalents roughly correspond with these assets' fair values.
In the year under report as in the previous year, CFC deposited a cash amount of EUR 2,350k as collateral for a current account limit of the holding Format.
Furthermore, CFC deposited another EUR 500k in cash as collateral for a current account limit of the holding Elcon.

16. Equity

The stock capital of EUR 6,435,000.00 recognized in the balance sheet as of December 31, 2008 and consisting of 6,435,000 common no-par bearer shares with a face value of EUR 1.00 each is paid in entirely.
No capital measures were taken in fiscal year 2008.

Partners are as of balance sheet:

	EURk	%
General partner		
CFC Industrie Beteiligungen Verwaltungs GmbH	0	0,0
Limited partners		
Themis Industries Group GmbH & Co. KGaA	1,577	24.50
Marcus Linnepe	971	15.08
IFOS Internationale Fonds Service AG	770	11.96
Heliad Equity Partners GmbH & Co. KGaA	500	7.77
Heliad Investments Ltd.	500	7.77
Silvia Quandt & Cie. AG	473	7.36
Altira AG	240	3.73
Klaus von Hörde	250	3.89
Angermayer Brumm und Lange Unternehmensgruppe GmbH	55	0.85
Free Float	1,099	17.09
	6,435	100.00

Additional paid-in capital

Additional paid-in capital includes stock premiums from capital increases and the issue of shares less fundraising expenses of CFC.

Accumulated other comprehensive income

This item includes capital increase effects and exchange rate translation effects relating to foreign subsidiaries. Accumulated changes in equity with no effect on the net income are as follows:

	31/12/2008	31/12/2007
	EURk	EURk
Foreign currency adjustments	-157	-398
Changes in equity not affecting net income	-157	-398

Retained earnings

Stated under retained earnings is the annual net result attributable to the stockholders of the parent including the profit brought forward from the previous year. We refer to the statement of changes in equity for additional information.

Authorized capital

By stockholders' resolution passed at the Annual General Meeting of October 26, 2006, the general partner was authorized to raise the parent's stock capital by up to EUR 2,500k through the issue of new shares with the Supervisory Board's consent (authorized capital). Following the capital increase carried out on June 5, 2007 (EUR 585k), the authorized capital amounts to EUR 1,715k as of December 31, 2008.

Conditional capital

The company's stock capital is conditionally increased by a maximum amount of EUR 2,340,000, divided into the maximum number of 2,340,000 no-par value bearer shares. The conditional capital increase serves the granting of subscription warrants and/or conversion privileges to the owners of option bonds and/or convertible bonds, issued in accordance with the authorization of the company's Annual General Meeting of June 18, 2007. The issue of new shares is realized at the option or conversion price to be determined in accordance with the resolution of the company's Annual General Meeting of June 18, 2007 under agenda item 6. The conditional capital increase is realized only insofar as the owners or creditors of subscription warrants or conversion privileges make use of their respective rights, or as the owners of convertible bonds who are committed to conversion realize this commitment, unless compensation in cash is given or own shares or shares originating from authorized capital are used for servicing. The general partner is authorized to determine the further details of the realization of a conditional capital increase.
The general partner was also authorized with the Supervisory Board's consent, to issue option bonds and/or convertible bonds made out to owner and/or bearer to the total face value of up to EUR 60 million with limited or unlimited terms in one or several issuances until May 31, 2012 and to grant the owners or creditors of bonds option rights or conversion rights to new common bearer shares of the company with a proportionate amount of the stock capital of up to EUR 2,340,000 according to the respective option bond or convertible conditions.

17. Earnings per share

For the determination of undiluted earnings per share, the net result attributable to the holders of common shares of the parent, CFC Industriebeteiligungen, is divided by the weighted average number of common shares outstanding in the reporting period.
In the reporting period, 6,435,000 common bearer shares at Euro 1.00 per share were outstanding.
Diluted earnings per common share are calculated on the basis of the average number of common shares outstanding plus all stock options with dilutive potential according to the so-called treasury stock method.
In the reporting period there were no stock options with dilutive potential outstanding, so that diluted and undiluted earnings per share are identical.
Diluted and undiluted earnings per common share have been determined as follows:

	2008	2007 adjusted	2007
Net income (in EURk)			
Net income attributable to equity holders of the parent	11,141	13,289	13,733
Effect of stock options with dilutive potential	0	0	0
Net income attributable to equity holders of the parent, adjusted by dilution	11,141	13,289	13,733
Number of shares			
Weighted average number of common shares for the calculation of basic earnings per share	6,435,000	6,186,575	6,186,575
Effect of dilution (stock options, convertible preferred stock)	0	0	0
Weighted average number of shares, adjusted by dilution	6,435,000	6,186,575	6,186,575
Basic earnings per share (in EUR)	1.73	2.15	2.22
Fully diluted earnings per share (in EUR)	1.73	2.15	2.22

In the period between balance sheet date and the preparation of consolidated financial statements, no further transactions involving common stocks or potential common stocks have taken place.

18. Equity-based payments

Within the framework of the takeover of Elcon Systemtechnik, the buyer, CFC Electronic Holding GmbH (formerly CFC Zwischenholding GmbH) granted the silent partner FAM the right to raise its interest in Elcon by a pro-rata share to the nominal value of up to 5 % against payment of a purchase price for the executives' continued management of the company. This right was bound by the condition that the company's accumulated EBITDA would exceed the targets for the years 2007 and 2008 as follows (so-called "performance option").

11,884 EURk	<	EBITDA 2007-2008	<	12,450 EURk	/	option on 1.25 %
12,450 EURk	<	EBITDA 2007-2008	<	13,016 EURk	/	option on 2.50 %
13,016 EURk	<	EBITDA 2007-2008	<	13,582 EURk	/	option on 3.75 %
		EBITDA 2007-2008	>	13,582 EURk	/	option on 5.00 %

The basis for the determination of the purchase price of the pro-rata share, and therefore the exercise price of the options, is the volume of the joint investment of CFC and FAM in taking over Elcon.
The agreed target for the EBITDA of fiscal years 2007 and 2008 was undercut significantly. The EBITDA came to EUR 1,185k (2007: EUR 1,184k; 2008: EUR 1k).
The intrinsic value of the option as of the time of granting it is "nil". According to the performance over the term of the option, the intrinsic value of the option as of December 31, 2008 is also "nil".
CFC has not applied any option pricing models for the determination of the performance option's fair value due to a lack of historic and future volatility provided by the Elcon business model. Subsequent to restructuring, the business model of Elcon has changed considerably so that historic values regarding business activity have no validity for the future assessment. Because of the very short time period of the investment and the new business model, no valid and reliable volatility can be derived from the corporate planning, either, a fact further illustrated by the striking divergences of the planning as stated in the purchase agreement from the current results and planning.
FAM waived the performance option within the framework of the Greenpark transaction in July 2008.
Apart from the presented equity-based payment plan concerning Elcon, there are no further stock-based or equity-based payment schemes within the CFC Group.

19. Pension commitments

At altogether five group companies, provisions are made for pensions and similar obligations. The total amount of these provisions comes to EUR 7,766k in the year 2008 (previous year: EUR 3,047k) and is accounted for by the following companies:

- Berndes Beteiligungs GmbH: 0 EURk
- Letron electronic GmbH: 460 EURk
- delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG: 2.193 EURk
- Rosner GmbH & Co. KG: 5.051 EURk
- Berndes Italia S.r.l.: 62 EURk

The company recognizes actuarial losses and gains with immediate impact on the income:

	2008	2007
	EUR	EUR
Current service costs	18,146	10,686
Interest expense	191,438	39,498
Expected income from pension plan assets	-26,056	-24,115
Recognized actuarial gains / losses (-)	-262,034	-71,116
Past service costs	0	-665
Pension commitment expense	-78,506	-45,712

Current service costs are included in personnel expense; the interest expense is included in finance expense.

Assets / (liabilities) from performance based commitments as of December, 31:

	Subgroup Berndes					
	Berndes Beteiligungs GmbH	Berndes Italia S.r.l.	delmod international GmbH & Co. KG	Letron Electronic GmbH	Rosner GmbH & Co. KG	CFC Group total
	2008	2008	2008	2008	2008	2008
	EUR	EUR	EUR	EUR	EUR	EUR
Performance-based commitment	-708,100	-61,867	-2,192,923	-460,154	-5,051,311	-8,474,355
Fair value of plan assets	792,167	0	0	0	0	792,167
	84,067	-61,867	-2,192,923	-460,154	-5,051,311	-7,682,188
Unrecognized actuarial (gains) / losses	0	0	0	0	0	0
Unrecognized past service costs	0	0	0	0	0	0
Performance-based commitment	84,067	-61,867	-2,192,923	-460,154	-5,051,311	-7,682,188
Asset ceiling	-84,067	0	0	0	0	-84,067
Liabilities recognized in the balance sheet	0	-61,867	-2,192,923	-460,154	-5,051,311	-7,766,255

The corresponding prior-year amounts are as follows:

	Subgroup Berndes				
	Berndes Beteiligungs GmbH	Berndes Italia S.r.l.	delmod international GmbH & Co. KG	Letron Electronic GmbH	CFC Group total
	2007	2007	2007	2007	2007
	EUR	EUR	EUR	EUR	EUR
Performance-based commitment	-695,639	-76,087	-2,550,362	-421,036	-3,743,124
Fair value of plan assets	766,351	0	0	0	766,351
	70,712	-76,087	-2,550,362	-421,036	-2,976,773
Unrecognized actuarial (gains) / losses	0	0	0	0	0
Unrecognized past service costs	0	0	0	0	0
Performance-based commitment	70,712	-76,087	-2,550,362	-421,036	-2,976,773
Asset ceiling	-70,712	0	0	0	-70,712
Liabilities recognized in the balance sheet	0	-76,087	-2,550,362	-421,036	-3,047,485

The group company Berndes Beteiligungs GmbH has taken out pension plan reinsurance for a domestic pension commitment. The claims from this reinsurance policy have been assigned to the beneficiary.

The change in cash value of the performance-based commitment is determined as follows:

	2008	2007
	EUR	EUR
Pension commitment as of opening balance sheet (Jan. 1)	3,743,124	801,820
Additions in the context of business acquisitions	5,051,311	2,966,948
Current service costs	18,146	10,686
Interest expense	191,438	39,498
Benefit payments	-267,630	-4,276
Actuarial gains (-) / losses	-262,034	-70,887
Recognition of past service costs	0	-665
Pension commitment as of Dec. 31	8,474,355	3,743,124

The changes in fair value of the plan assets are as follows:

	2008	2007
	EUR	EUR
Plan assets as of opening balance sheet (Jan. 1)	766,351	742,007
Additions in the context of business acquisitions	0	0
Expected return	26,056	24,115
Premiums paid	0	0
Actuarial gains / losses	-240	229
Plan assets as of Dec. 31	792,167	766,351

Additional information as of December 31, 2008:

	2008	2007	2006
	EUR	EUR	EUR
Performance-based commitment	-8,474,355	-3,743,124	-801,820
Plan assets	792,167	766,351	742,007
Underfunding (-) / overfunding	-7,682,188	-2,976,773	-59,813
Adjustments of plan liabilities based on experience	-262,034	-70,887	-20,663
Adjustments of plan assets based on experience	-240	229	-5,493

The social security contributions paid for employees by the employer in 2008 came to EUR 2,099k (previous year: EUR 803k), recognized as expense in the operating result for the respective year.
The calculation is based on the following actuarial assumptions (values in percent):

	2008	2007
Discount interest rate	5.6	5.3
Rate of compensation increase	2.6	2.5 - 2.6
Rate of pension progression	0.0 - 1.7	1.25 - 2.6
Expected income from plan assets	3.6	3.25
Actual income from plan assets	3.37	3.28
Fluctuation	*	*

*age-dependent

20. Liabilities to banks and third parties

Non-current

	31/12/2008	31/12/2007	31/12/2007
	EURk	EURk adjusted	EURk
Bank credit 1-5 years	2,345	2,343	2,343
Bank credit > 5 years	302	443	443
Third-party loans 1-5 years	8,675	127	127
Other non-current liabilities 1-5 years	9,620	339	339
Other non-current liabilities > 5 years	2,322	5,425	5,850
	23,264	8,677	9,102

Third-party loans 1-5 years include liabilities of EUR 7,805k of the CFC subholdings to the investor in the CFC Group's holding portfolio and liabilities of EUR 705k to the previous stockholder of Rosner.
Other non-current liabilities 1-5 years essentially include liabilities of EUR 5,640k to a stockholder of a company belonging to the Berndes Group, a debtor warrant for the benefit of previous stockholders to the amount of EUR 3,687k, and other loans to the amount of EUR 293k.
Other non-current liabilities > 5 years include the minority interest of other partners at EUR 1,711k and a silent partnership to the amount of EUR 611k.
The minority interest represents shares of third parties in delmod (please refer to note 38) recognized as borrowed capital in accordance with IAS 32. The silent partnership concerns a claim of the Elcon management in respect of a loan.
Within the framework of the acquisition of delmod, the previous stockholders extended a waiver of a claim. Two debtor warrants, with a ceiling of EUR 5,000k, were tied to that waiver. The debt repayment amount according to "debtor warrant I" is determined on the basis of the accumulated annual earnings before taxes of delmod according to HGB for the years 2008 through 2012. "Debtor warrant II", however, is intended to take effect if the majority of delmod stock is assigned to a third party by either CFC or a minority stockholder in the fiscal years 2008 through 2012. In the context of the purchase price allocation, the amount of EUR 3,446k has been recognized as liability, corresponding with the obligation's cash value based on the corporate planning of delmod; in 2008 accrued interest was added to the amount of EUR 241k.
Bank credit is collateralized by land charge to the amount of EUR 1,040k and the collateral assignment of machinery and office equipment (EUR 1,951k).

Current

	31/12/2008	31/12/2007
	EURk	EURk
Liabilities to banks	12,312	13,326
Current portion of third-party loans	109	0
Current portion of non-current liabilities to banks	1,723	6,575
	14,144	19,901

The current liabilities to banks include credit limits and current account advances for the financing of the companies' operating business.
Liabilities to banks are collateralized by land charge to the amount of EUR 2,350k and the collateral assignment of stocks, property, plant and equipment, and receivables to the amount of EUR 4,259k.

21. Trade payables

Trade payables of EUR 17,138k in fiscal year 2008 (previous year EUR 13,898k) are on a normal level and do not include special items.

22. Advance payments

The advance payments received to the amount of EUR 618k (previous year EUR 1,190k) refer to Elcon (EUR 21k) and to customers' payments to a foreign Berndes subsidiary (EUR 597k).

23. Liabilities to related parties

	2008	2007
	EURk	EURk
Liabilities to the general partner	219	0
Liabilities to other related parties	46	0
	265	0

Liabilities to the general partner relate to liabilities of the operating companies from normal service and delivery transactions.

24. Current provisions

	31/12/2008	31/12/2007
	EURk	EURk
Production-related provisions including warranty	673	991
Sales-related provisions	1,555	6,599
Accounts and audit	313	263
Legal and consultancy fees	372	288
Contributions and outstanding balances	756	208
Others	3,936	2,688
	7,605	11,037

The item "sales-related provisions" includes outstanding commissions, other provisions for advertising efforts, and provisions for insurance and freight.
Other provisions essentially relate to outstanding invoices (EUR 770k), sales agents' claims to compensation (EUR 390k), obligations under public law (EUR 479k), personnel expenses (EUR 259k), bonuses / commission (EUR 344k), risks of litigation (EUR 201k), and other expenses (EUR 1,434k).
Consumption, reversals und appropriation to reserves can be gathered from the following schedule of changes in provisions.

Changes in provisions

	Carry-forward 01,01,2008	Exchange rate differences	Change in basis of consolidation	Transfers*)	Additions	Appropriation	Reversal (-)	Exchange rate differences	As of 31/12/2008
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
Production-related provisions including warranty	990,954.17	151.22	0.00	0.00	152,313.46	-305,796.15	-165,280.41	757.73	673,100.02
Sales-related provisions	6,599,381.77		22,500.00	-180,226.66	2,352,009.80	-6,544,290.52	-694,791.22	0.00	1,554,583.17
Accounts and audit	263,080.71		67,990.20	-36,130.71	236,809.00	-203,976.40	-14,672.60	0.00	313,100.20
Legal and consultancy fees	288,068.55	-211.46	0.00	-10,444.64	416,522.35	-282,171.65	-41,192.40	1,337.21	371,907.96
Contributions and outstanding balances	208,107.15		0.00	467,001.64	479,647.37	-282,991.68	-115,184.64	0.00	756,579.84
Other current provisions	2,688,080.52	-4,252.54	719,236.23	-22,810.01	3,921,154.61	-3,272,478.14	-125,576.41	32,357.67	3,935,711.93
Total current provisions	11,037,672.87	-4,312.78	809,726.43	217,389.62*	7,558,456.59	-10,891,704.54	-1,156,697.68	34,452.61	7,604,983.12

*) Considering transfers relating to current tax provisions recognized under income tax liabilities, the total amount of transfers comes to EUR 0.00.

25. Current income tax liabilities and other current tax liabilities

This item includes current income tax liabilities to the amount of EUR 892k (PY EUR 810k) and other current tax liabilities to the amount of EUR 2,682k (PY EUR 1,772k).
Other current tax liabilities essentially relate to current obligations from sales tax (EUR 1,141k), wage income tax (EUR 895k), social security insurance (EUR 380k), and obligations from customs duties/ EU import sales tax (EUR 227k).

26. Other current liabilities

Other financial liabilities

	31/12/2008	31/12/2007
	EURk	EURk
Wages and salaries	715	736
Others	2,691	1,413
	3,406	2,149

Other financial liabilities (EUR 2,691k) essentially include customers with credit balances (EUR 1,767k) and liabilities from interest (EUR 285k) and returned goods (EUR 248k).

Other liabilities

	31/12/2008	31/12/2007
	EURk	EURk
Liabilities to staff	3,292	2,801
	3,292	2,801

Liabilities to staff relate to working-time accounts, contributions to the staff association, and vacation obligations.

Liabilities to partners

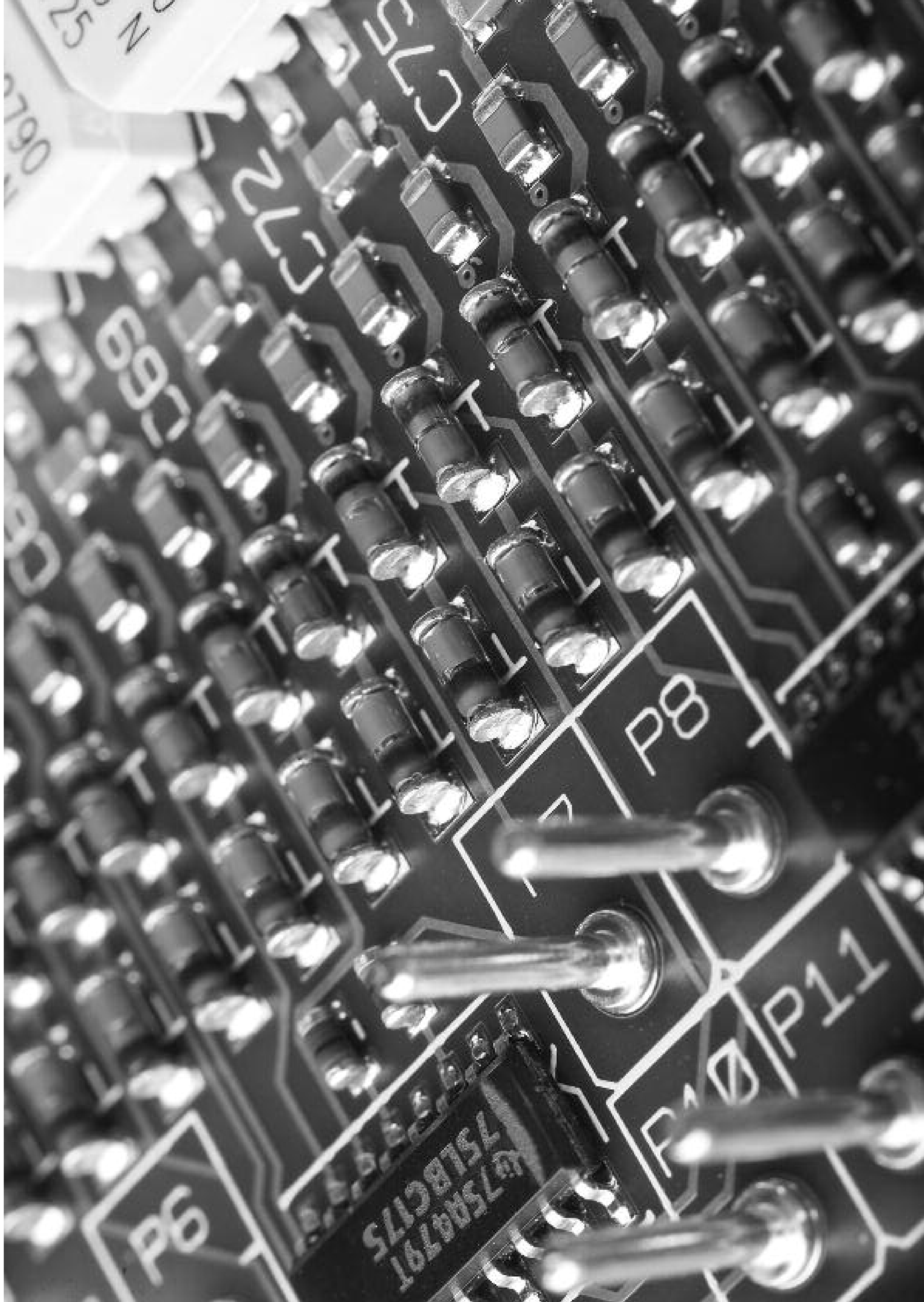
	31/12/2008	31/12/2007
	EURk	EURk
Liabilities to the general partner	1,784	1,870
- thereof current	0	86
Liabilities to limited partners	539	0
	2,323	1,870

27. Market value of financial instruments

The book value of financial instruments such as receivables and payables essentially corresponds with the market value because of the short-term maturities of these financial instruments.
The book value of liabilities to banks essentially corresponds with the market value, based on the market prices assessed to the same or comparable negotiable instruments and the interest rates currently made available to the company.
The company observes the performances of liabilities at fixed and variable interest rates and of current and non-current liabilities. In this context, business and other finance risks are reviewed.
The group pursues the strategy of hedging currency risks by suitable instruments such as corresponding derivative products. CFC or its subsidiaries occasionally enter into forward exchange contracts to hedge foreign currency transactions on a continuing basis for periods consistent with committed exposures. These hedging activities minimize the impact of foreign exchange rate movements on the company's results from operations. The use of derivates is subject to release by the CFC finance department.
As the derivative financial instruments do not fulfill the criteria for the accounting treatment of hedging activities, gains or losses from changes in fair value are recognized immediately in the income statement. The fair value of forward exchange contracts is determined in reference to the current forward exchange rates for contracts of comparable maturity structures.

Derivative financial instruments

As of December 31, 2008 a German subsidiary of the Berndes Group showed various foreign currency hedging transactions in U.S. dollar. Heinrich Berndes Haushaltstechnik GmbH & Co. KG concluded six forward exchange contracts on December 30, 2008. These transactions are made for the partial hedge of currency risks as a result of importing goods from Asia. These imports are usually cleared in USD or in currencies more or less firmly linked to the USD.
Under the terms of these transactions, the company is committed to acquire USD worth EUR 200,000.00 from the bank on each of the following days: January 29, 2009, February 26, 2009, March 30, 2009, April 30, 2009, June 2, 2009, and June 29, 2009. As hedging rate, € 1 = USD 1.39 is agreed for the January and February maturities and € 1 = USD 1.385 for the remaining maturities.
Each individual transaction also provides for a so-called trigger; this is a lower rate than the hedging rate. If the exchange rate is quoted between hedging and trigger rate at the date of maturity, the account is settled at the hedging rate plus the difference between hedging and trigger rate.
If the exchange rate turns out either below the trigger rate or above the hedging rate at the date of maturity, the account is settled at the hedging rate.
The maturity as of January 29, 2009 was balanced at € 1 = USD 1.462, the maturity as of February 26, 2009 was settled at € 1 = USD 1.39.
The fair value of forward exchange contracts as of the balance sheet date was EUR 6k.



28. Sales

The breakdown of sales by domestic and international revenue can be drawn both in absolute figures and percent from the following table:

Group sales by region (acc. to IFRS 8.33)

EURk	Germany	Other EU countries	Asia	ROW	Total
Sales 2008	92,188	29,132	3,793	13,142	138,255
	67%	21%	3%	9%	100 %
Sales 2007	40,980	15,625	7,132	2,403	66,140
	62%	23%	11%	4%	100 %

The breakdown of sales according to the operating segments for fiscal year 2008 and the period of comparison 2007 is as follows:

Group sales by segment

EURk	Home & Living	Electronics	Fashion	Total
Sales 2008	63,666	27,047	47,516	138,229
Sales 2007	55,704	10,349	0	66,053

The reconciliation of sales to group sales can be gathered from segment reporting, to be found under note 5.

29. Sundry operating income and expenses

Sundry operating income can be broken down as follows:

	2008	2007	2007
	EURk	EURk adjusted	EURk
Rental income from third parties	71	142	142
Reversal of provisions	1,933	765	765
Exchange rate income	647	38	38
Capitalized services	180	355	355
Advertising cost allowance and charges by/on suppliers	587	327	327
Derecognition of liabilities	0	49	49
Reversal of specific allowance on claims	344	193	193
Other operating income	24,452	21,766	20,941
	28,214	23,635	22,810

Other operating income includes the reversal of negative differences from business acquisitions, affecting the net income, to the amount of EUR 15,165k (previous year 18,546k; adjusted EUR 19,371k). In addition, other operating income includes proceeds of EUR 7,175k from the transaction with Greenpark (cp. Note 3b).

Sundry operating expenses can be broken down as follows:

	2008	2007 adjusted
	EURk	EURk
Rent, lease (minimum lease payments)	3,044	1,151
Management allocation	1,216	786
Legal and consultancy fees	5,218	2,474
Freight charges	3,043	1,937
Commissions including sales promotion	4,614	3,180
Advertising cost allowances	1,573	815
Third-party services	1,303	1,393
Travel expense	1,151	377
Other advertising costs	5,881	2,077
Insurance	478	302
Maintenance and energy cost	1,766	862
Administrative expenses	2,104	776
Other operating expenses	8,682	6,643
	40,073	22,773

Other operating expenses can be broken down as follows:

	2008	2007
	EURk	EURk
Cleaning and waste disposal	263	117
EDP equipment and consultation	703	263
Workwear	18	11
Employee training	205	28
Automobile expense	629	155
Transport, packing	435	113
Representation, business entertainment	330	163
Expense from prior years	34	99
Finished goods warehousing/consignment	490	421
Exchange rate losses (unrealized)	284	74
Intercompany exchange rate losses (realized)	375	0
Other taxes	125	179
Appropriation to specific allowance on claims	1,622	37
Derecognition of claims	61	160
Others	3,108	4,822
	8,682	6,643

30. Material expense

Material expense can be broken down as follows:

	2008	2007
	EURk	EURk
Use of trade goods and raw materials	75,382	41,712
Services received	8,528	371
Less supplier discount	-317	-297
	83,593	41,786

31. Personnel expense

Personnel expense can be broken down as follows:

	2008	2007
	EURk	EURk
Wages and salaries	23,648	10,486
Social security contributions	4,974	1,920
	28,622	12,406

32. Financial result

The finance expense came to EUR 3,921k in 2008, compared to EUR 1,157k in 2007. It essentially includes interest expense for liabilities to banks and (other) non-current liabilities.
The item finance income essentially stated interest income in the fiscal year. The total finance income amounted to EUR 447k (previous year: EUR 252k).
Finance expense and finance income entered in the consolidated income statement essentially correspond with the amounts paid.
The total amounts of interest income and interest expense with respect to financial assets and financial liabilities not assessed at fair value as affecting the net income are as follows:

	2008	2007
	EURk	EURk
Interest income	447	252
Interest expense	-3,921	-1,157
Interest result	-3,474	-905

Finance income

	2008	2007
	EURk	EURk
Interest income – banks	214	203
Interest income – third parties	27	49
Interest income (from business operations)	206	0
	447	252

Finance expense

	2008	2007
	EURk	EURk
Interest expense – banks	2,307	797
Interest expense – third parties	965	155
Interest expense (from business operations)	197	133
Interest expense – partners	452	72
	3,921	1,157

33. Contingencies and other financial obligations

Operating lease agreements – group as lessee

The company leases office and production space as well as office equipment within the framework of operating lease agreements. The future minimum payment obligations from lease agreements are as follows:

	2008
	EURk
2009	4,105
2010 to 2014	10,239
2015 and later	745
	15,089

The substantial share of operating lease agreements is made up by the rental agreements entered into by Rosner GmbH & Co. KG covering administration and production buildings as well as warehouses. Total monthly rental payments for the three rental agreements altogether come to EUR 102k (net).

The rental agreements have terms until September 30, 2014. Unless canceled 12 months prior to expiry, the rental period is prolonged for one year each time.
One other essential part of operating lease agreements is made up by rental agreements for showrooms and outlet stores.

Litigation

Neither CFC nor one of its group companies is involved in pending or foreseeable future court or arbitration proceedings of significant impact on the economic situation either potentially or within the past two years. Adequate provisions have been made for contingencies from other court or arbitration proceedings at the respective group companies.

34. Related party disclosures

According to IAS 24: Related Party Disclosures, individuals or companies in control of or controlled by the CFC Group must be disclosed if they have not been included in the consolidated financial statements of the CFC Group as a consolidated company. Control is assumed if a shareholder holds more than half of the voting rights of CFC Industriebeteiligungen GmbH & Co. KGaA or if he is in a position, provided by the articles of incorporation or by contractual agreement, to control the financial and operating policies of the CFC Group's management.
Mandatory disclosure according to IAS 24 also includes transactions with associated companies and individuals who have significant influence on the CFC Group's financial and operating policies, including close relatives or interconnected companies.
Significant influence on the CFC Group's financial and operating policies may be based on an interest in CFC Industrie Beteiligungen Verwaltungs GmbH of 20% or more or a key function in management.
In fiscal year 2008 the CFC Group is concerned by the mandatory disclosures of IAS 24 with regard to business connections to partners and stockholders, the managing company CFC Industrie Beteiligungen Verwaltungs GmbH, and members of the Supervisory Board.
With respect to transactions involving partners, particularly in the context of capital increases, we refer to our explanations under note 16, "Equity".
In the reporting period, in March 2008, CFC enhanced the capital market consultancy agreement forged with Silvia Quandt & Cie. AG (formerly Silvia Quandt & Cie. Capital Markets AG) in December 2006 to the effect that Silvia Quandt & Cie. AG now receives a performance-based remuneration to the amount of 5.0 % of the transaction volume for mediation services in fundraising in addition to the fixed annual remuneration for capital market consultancy services.

The Greenpark transaction in July 2008 had been initiated and followed by Silvia Quandt & Cie. AG so that an amount of EUR 1,250k plus sales tax was charged to and paid by CFC after the successful conclusion of the deal. This amount was recognized in profit or loss under other operating expenses. Silvia Quandt & Cie. AG is a shareholder of CFC with an interest of 473,300 shares (7.36 %).
Furthermore, CFC was granted loans by Heliad Equity Partners GmbH & Co. KGaA in the reporting period to the amount of altogether EUR 5,000k at an interest of 10 % p.a. This matter was covered by the past year's interim reports already. The loans were repaid entirely including interest at the beginning of September 2008. Heliad Equity Partners GmbH & Co. KGaA is a shareholder of CFC with an interest of 500,000 shares (7.77 %).
As of December 31, 2008 a repayment obligation from a loan granted by Altira AG existed to the amount of EUR 500k plus accrued interest of EUR 39k. The loan bears an interest of customary 10.0 % p.a.
With respect to the management's remuneration, we refer to our explanations under note 41, “Management”.
With respect to the remuneration of the Supervisory Board, we refer to our explanations under note 42, “Members of the Supervisory Board”.
The CFC Group has connections to closely related companies and people within the context of usual business activity. These supply and performance relationships are transacted at market prices.
According to the articles of CFC KGaA the general partner is entitled to recive a dividend.
For this claim CFC has shown a liability of EUR 1,384k as adjustment for 2007 (in accordance with IAS 37.25).

35. Purposes and methods of financial risk management

Non-current financial liabilities

Non-current financial liabilities as of December 31, 2008 can be broken down as follows:

	31/12/2008	31/12/2007 adjusted
	EURk	EURk
Non-current liabilities to banks and third parties	23,264	8,677
Liabilities to partners	1,784	1,784
Finance lease	904	1,304
Total	25,952	11,765

Current financial liabilities

As of December 31, 2008 the companies of the CFC Group had various current credit limits of altogether EUR 16,060k at their disposal. As of December 31, 2008 the companies had taken advantage of these credit facilities to the amount of EUR 15,070k at an average interest rate of 6.9 %. Current liabilities to banks and loans essentially also include current loans extended by banks and third parties to the amount of EUR 14,144k.
Under current financial liabilities, the portion of non-current financial liabilities with remaining terms of up to twelve months is recognized as well.

	31/12/2008	31/12/2007
	EURk	EURk
Current liabilities to banks and third parties	14,144	19,901
Trade payables	17,138	13,897
Liabilities to related parties	265	0
Liabilities to partners	539	86
Current portion of lease liabilities	1,012	966
Others	3,406	2,149
	36,504	36,999

The following table shows all contractually framed payments for redemption, reimbursements, and interest relating to financial liabilities recognized in the balance sheet as of December 31, 2008 and 2007, respectively. They are stated with the undiscounted cash flows including interest payment for the next fiscal years. Also included are all cash flows from derivative financial instruments with positive and negative fair values.

December 31, 2008	2009	2010	2011 to 2013	from 2014
	EURk	EURk	EURk	EURk
Liabilities to banks	13,394	687	1,927	332
Finance lease liabilities	1,116	619	354	0
Other non-current liabilities	1,907	2,017	22,332	2,322
Trade payables	17,138	0	0	0
Liabilities to related parties	265	0	0	0
Liabilities to partners	1,887	0	0	1,091
Other financial liabilities (current)	3,406	0	0	0

December 31, 2007	2008	2009	2010 to 2012	from 2013
	EURk	EURk	EURk	EURk
Liabilities to banks	13,882	515	3,091	0
Finance lease liabilities	1,097	961	525	0
Other non-current liabilities	0	0	0	5,425
Trade payables	13,898	0	0	0
Liabilities to partners	86	0	0	4,223
Other financial liabilities (current)	2,149	0	0	0

The presentation of liquidity analysis is based on the following assumptions: With respect to financial instruments at variable interest rates, the presentation of future interest payments is carried out on the basis of the current fixing. Foreign currency amounts have been translated at the current period-end exchange rate; the resulting amount has been used for the determination of future payments.

36. Additional information on financial instruments

Carrying values, valuation, and fair values by valuation category

With respect to the classification of financial instruments, the company follows IAS 39 as the spreading of risks within these valuation categories is similar.
The following table discloses the carrying values of each category of financial assets and financial liabilities.
The fair values of liabilities to banks, other financial liabilities, and finance lease liabilities are estimated by discounting future cash flows in application of the interest rates currently available for borrowed capital with comparable remaining terms.

in EURk			Valuation according to IAS 39							Valuation according to IAS 39			
	Cat,	Book value 31,12,2008	Continued acquisition costs	Acquisition-costs	Not affecting/ -Affecting net income	Valuation according to IAS 17	Fair Value 12/31/2008	Book value 12/31/2007 adjusted	Continued acquisition costs	Acquisition costs	Not affecting/ Affecting net income	Valuation according to IAS 17	Fair Value 12/31/2007 adjusted
Financial assets													
- Trade receivables	LaR	12,349	12,349				12,349	13,716	13,716				13,716
- Cash and cash equivalents	LaR	6,096	6,096				6,096	8,792	8,792				8,792
Other financial assets													
- Other receivables and assets													
- non-current	LaR	0	0				0	0	0				0
- current	LaR	5,744	5,744				5,744	2,921	2,921				2,921
- Available-for-sale financial assets	AfS	243			243		243	754			754		754
Financial liabilities													
Trade payables	OL	17,138	17,138				17,138	13,898	13,898				13,898
Liabilities to banks	OL	14,959	14,959				15,088	16,238	16,238				16,244
Other financial debt	OL	28,436	28,436				28,436	16,358	16,358				16,358
Finance lease liabilities	N/A	1,917				1,917	1,963	2,270				2,270	2,322
Other financial liabilities													
Derivates without hedging transactions	HfT	6											
Other remaining financial liabilities	OL												
Aggregated by valuation category:													
Finance lease (N/A)		1,917				1,917	1,963	2,270				2,270	2,322
Loans and receivables (LaR)		24,189	24,189				24,189	25,429	25,429				25,429
Available for Sale (AfS)		243			243		243	754			754		754
Held for Trading (HfT)		6					6						
Held to Maturity (HtM)													
Other Liabilities (OL)		60,533	60,533				60,533	46,494	46,494				46,494

Notes to the income statement

The following table presents the net income and net losses from financial instruments recognized in the income statement:

	2008	2007
	EUR	EUR
Loans and Receivables	-1,320,021.39	-233,218.38
Held for Trading	0,00	0,00
Other Liabilities	0,00	0,00
Available for Sale	-231,867.25	0,00

CFC recognizes valuation adjustments of trade receivables classifiable as “loans and receivables” under other operating expenses. Losses from foreign currency translations of financial assets classifiable as loans and receivables result from trade receivables for the most part. Net gains and losses contain value adjustments and debt loss. With respect to securities held for trading, net income and losses also include capital gains and losses.
In the result of the subsequent measurement of financial instruments classifiable as held for trading, interest and currency effects are included.
Expenses classifiable as other liabilities result from exchange rate differences of trade payables.
Expenses classifiable as available for sale result from extraordinary depreciation (impairment); the differences between acquisition costs and the current fair value are thus recognized in the income statement.
The interest on and dividends from financial instruments are disclosed under financial result (please refer to note 32).

37. Financial risk management and financial derivatives

Basic principles of risk management

CFC Industriebeteiligungen GmbH & Co. KGaA combines the various measures for risk management within the company in an integrated and consistent risk management system. This system provides for the regular identification and assessment of new and known risks by the respective employees in charge and establishes a closed loop reporting system. In addition, the business units of the CFC Group deliver reports on the development of finances and operations on a monthly basis. By these measures, the management and the Supervisory Board are informed about the risk situation regularly and in good time and are thus enabled to decide on appropriate measures for risk minimization and risk prevention.
The risk management system fulfills the requirements of Section 91 (2) AktG and has been audited by the auditing firm for its compliance with the provisions of German commercial law and corporate law and found capable of recognizing developments that could jeopardize the company’s continued existence at an early stage.
In the year under report the system was advanced, sharpening the focus on risks of the highest priority rating. The risk management system will be expanded continuously and advanced in response to a changing legal and economic framework in the future.
With respect to its assets, liabilities, planned transactions, and firm commitments, CFC is particularly exposed to credit risks, liquidity risks, and risks from changes in exchange rates and interest rates. The financial risk management aims at limiting these market risks due to operating and finance-oriented activities. It is the strategy of CFC to hedge interest and exchange rate risks by applying suitable instruments such as corresponding derivative products. CFC enters from time to time into forward exchange contracts to hedge foreign currency transactions on a continuing basis for periods consistent with committed exposures. These hedging activities minimize the impact of foreign exchange rate movements on the company’s results from operations. CFC does not use these hedging instruments for speculative transactions. The conclusion of derivative products requires the CFC management’s approval.
The basics of the corporate finance policy are determined annually by the management and monitored by the Supervisory Board. The implementation of the finance policy and the operation of the risk management are the management’s responsibility.

Credit risk

The liquid assets essentially include cash and cash equivalents. With respect to the investment of liquid assets, the group is exposed to losses due to credit risk if banks do not fulfill their obligations. CFC manages the resulting risk position by a diversification of contracting parties. Liquid assets are invested only with reputable parties of high credit ratings.
Trade receivables originate from sales activities in the respective business segments of the holdings. The customers are diversified because of the group companies' numerous areas of activity. The accounts receivable are monitored continuously, for the most part decentralized, on the basis of a uniform debtor management provided by CFC. Contingency risks are met with specific allowances and blanket allowances. The arrangements of the specific terms of payment also reflect the historic development of the respective customer-supplier relationship. With respect to new customers, creditworthiness information is gathered as well. The business transactions with key customers are subject to special contingency risk supervision. The maximum contingency risk is reflected adequately by the carrying amounts of the financial assets recognized in the balance sheet.

Liquidity risk

The liquidity risk of CFC addresses the contingency that the company might not be able to fulfill its financial obligations anymore, e.g. the payment of finance debt, the payment of trade payables, and the payment obligations from lease agreements. A liquidity reserve of cash and credit limits is provided so that this risk will not materialize and that CFC's liquidity and financial flexibility are assured at any time. In addition, the group's liquidity is constantly monitored. Further information about available credit limits can be found under note 35.

Financial market risks

Because of its international business activities, CFC is exposed to market price risks due to changes of exchange rates and interest rates. These market price risks may have a negative effect on the group's assets, financial position and results from operations.

a) Exchange rate risk

Because of the international orientation, the operating business as well as the reported financial results and the cash flows are exposed to risks due to exchange rate fluctuations. These occur principally between U.S. dollar and the euro.
The exchange rate risks CFC is exposed to result from operating activities, particularly the procurement and sale of products, and corresponding financing measures. The individual group companies conduct business for the most part in their respective functional currencies. Therefore the exchange rate risk of CFC from operating activities is regarded as low. Insofar as operating activities are conducted in foreign currencies by the separate group companies, the effect is usually balanced within the group. Furthermore, performances are paid in U.S. dollar, such as the purchase of cookware or the manufacturing of garments in Asia.
The holding Olimex shows a U.S. dollar / HKD exposure of USD 942k as of the balance sheet date.
Apart from the so-called natural hedging, i.e. when specific incoming U.S. dollar payments face corresponding outgoing payments within a short period of time, actual hedging activities take place in certain cases. Foreign currency risks that do not affect the group's cash flows (i.e. risks resulting from the translation of foreign subsidiaries' assets and liabilities into the currency of the group's financial reporting) are generally not hedged. Due to insignificant scale, CFC was not exposed to material foreign currency risks as of the balance sheet date.
Had the euro been revalued (devalued) against the U.S. dollar by 10% as of December 31, 2008, the result from operations would have been EUR 90k lower (EUR 90k higher) (December 31, 2007: EUR 360k higher / EUR 132k lower). The group's equity effect would have shown the same movement as the effect on the result, yet reduced by 16.5 % due to the tax effect in Hong Kong.
Had the HKD been revalued (devalued) against the U.S. dollar by 10% as of December 31, 2008, the result from operations would have been EUR 121k lower (EUR 121k higher) (December 31, 2007: EUR 84k higher (lower)). The group's equity effect would have shown the same movement as the effect on the result, yet reduced by 16.5 % due to the tax effect in Hong Kong.

b) Interest change risk

The risk of changes in interest rates CFC is exposed to primarily results from finance debt such as variable-interest loans. CFC is exposed to interest risks primarily in the euro area. The management determines the target mix between fixed and variable-interest liabilities in regular intervals. The financing structure is realized on that basis. Interest derivatives are additionally put to use if necessary.

Had the market interest level been higher (lower) by 10 basis points as of December 31, 2008, the result would have been EUR 13k lower (higher) (December 31, 2007: EUR 8k lower (higher)). The hypothetical result effect results from the potential effects from original variable-interest liabilities. The group's equity effect would have been the same amount via the result effect.

c) Other price risks

In the company's opinion there is no other material price risk as of December 31, 2008 (2007).

Capital management

It is the primary objective of the group's capital management to assure that a high credit rating and a sound equity ratio are maintained in support of the company's business operations and for maximizing the shareholder value.
The group controls its capital structure and makes adjustments in consideration of the economic framework. For the maintenance or adjustment of the capital structure, the group may e.g. pay dividends to the stockholders or issue new shares. As of December 31, 2008 and as of December 31, 2007, no adjustments of the objectives, guidelines, or procedures had been made.
The group monitors its capital based on the debt ratio, which corresponds to the net debt to equity ratio (gearing), the absolute amount of net debt, and the equity ratio. The net debt includes current and non-current financial liabilities less cash and cash equivalents as well as securities, without consideration of discontinued operations. The equity includes the equity attributable to stockholders of the parent less unrealized gains. The equity ratio presents the equity in proportion to total assets.

In EURk	2008	2007 adjusted
Net debt	35,388	24,276
Debt ratio	0.70	0.63
Equity ratio	32.96 %	32.89 %

38. Minority interest

The income and losses attributable to minority stockholders are distributed among the group companies' minority stockholders as follows:

CFC Electronic Holding Minderheitsgesellschafter:	-702,151.90 EUR
CFC Zweite Zwischenholding Minderheitsgesellschafter:	-2,196,887.09 EUR
CFC Vierte Zwischenholding Minderheitsgesellschafter:	-186,640.26 EUR
Berndes Minderheitsgesellschafter:	-153,940.74 EUR (VJ: +270,357.00)
Delmod GmbH:	-4,309.69 EUR
Format-Küchen KG Minderheitsgesellschafter:	-18,053.49 EUR (Vj: -481,795,94; adjusted -483,944.97)
Delmod KG Minderheitsgesellschafter:	+184,616.06 EUR
Berndes Supplies GmbH & Co, KG:	-72.002.79 EUR

The losses allocated to the minority stockholders of Format KG, delmod KG, and Berndes Supplies GmbH & Co. KG have been recognized in the income statement as the minority interest is considered borrowed capital in compliance with IAS 32.
The share in the group's net assets held by minority stockholders recognized in equity amounts to EUR 4,467k. Without consideration of the currency translation effect of altogether EUR 209k, this amount can be assigned to the separate groups of minority stockholders as follows:

CFC Electronic Holding Minderheitsgesellschafter:	-311 TEUR
CFC Zweite Zwischenholding Minderheitsgesellschafter:	-4,113 TEUR
CFC Vierte Zwischenholding Minderheitsgesellschafter:	+4,964 TEUR
Berndes Minderheitsgesellschafter:	+3,528 TEUR
Delmod GmbH/ Delmod Ltd.:	+190 TEUR

The share in the group's net assets held by minority stockholders recognized in borrowed capital amounts to EUR 7,351k and concerns delmod KG to the amount of EUR 1,711k and Berndes Supplies GmbH & Co. KG to the amount of EUR 5,640k.
For the purpose of IFRS 7, the determination of the market values of the minority interests in delmod KG und Berndes Supplies GmbH & Co. KG, stated under other non-current liabilities, was made on the basis of the assumption of a current liquidation of the assets for the settlement of the minority stockholders' claims for payment. Due to the fact that usually book value compensation clauses are agreed on, liabilities to minority partners were continued on the basis of fair values identified in the previous year. Berndes Supplies GmbH & Co. KG was founded only at the end of 2008. Insofar the company's book values as of December 31, 2008 correspond with the market value of liabilities as stated.

39. Group companies

According to IAS 27, the consolidated financial statements include the parent company and the subsidiaries that are under the parent's legal and actual control.
The following companies have thus been included in the consolidated financial statements:

Companies	Interest recognized in consolidated financial statements (in %)	Held through which direct holding	National currency
Direct holdings:			
1) Berndes Beteiligungs GmbH, Arnsberg	70 %		EUR
2) CFC Electronic Holding GmbH, Dortmund	51 %		EUR
3) CFC Zweite Zwischenholding GmbH, Dortmund	51 %		EUR
4) CFC Dritte Zwischenholding GmbH, Dortmund	100 %		EUR
5) CFC Vierte Zwischenholding GmbH, Dortmund	51 %		EUR
6) CFC Sechste Zwischenholding GmbH, Dortmund	100 %		EUR
7) CFC Achte Zwischenholding GmbH, Dortmund	100 %		EUR
8) CFC Neunte Zwischenholding GmbH, Dortmund	100 %		EUR

Indirect holdings:

9) Heinrich Berndes Haushaltstechnik GmbH & Co. KG, Arnsberg	70 %	1)	EUR
10) Heinrich Berndes Haushaltstechnik Verwaltungs GmbH, Arnsberg	70 %	1)	EUR
11) Berndes Best Buy GmbH, Arnsberg	70 %	1)	EUR
12) BTV-Gesellschaft für Beratung, Technologie und Vorrichtungsbau mbH, Arnsberg	70 %	1)	EUR
13) Berndes Cookware Inc., Charlotte/USA	70 %	1)	US-$
14) Berndes UK Ltd. Partnership, London/Großbritannien	70 %	1)	GBP
15) Berndes UK Ltd., London/Großbritannien	70 %	1)	GBP
16) Berndes Italia s.r.l., Mailand/Italien	70 %	1)	EUR
17) Olimex Ltd., Hongkong/Volksrepublik China	70 %	1)	HK-$
18) Berndes Far East Company Ltd., Hongkong/Volksrepublik China	70 %	1)	HK-$
19)Berndes Supplies GmbH & Co. KG, Arnsberg	0 %	1)	EUR
20) Elcon Systemtechnik GmbH, Hartmannsdorf	51 %	2)	EUR
21) OOO ELCON Systemtechnik, Moskau/Russland*	51 %	2)	RUB
22) ELCON Systemtechnik Kft., Budapest/Ungarn*	28,1 %	2)	HUF
23) ELCON Kaluga ZAO Telecom Trading, Kaluga/Russland*	38,3 %	2)	RUB
24) Letron electronic GmbH, Osterode/Harz	51 %	2)	EUR
25) Format-Küchen GmbH & Co. KG, Haiger	45,9 %	3)	EUR
26) Format-Küchen Verwaltungs GmbH, Haiger	45,9 %	3)	EUR
27) delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG, Delmenhorst	43,3 %	5)	EUR
28) delmod-international Bekleidungsindustrie GmbH	43,3 %	5)	EUR
29) delmod-international Ltd., London/ Großbritannien	43,3 %	5)	GBP
30) Hirsch Vertriebs GmbH, Delmenhorst	43,3 %	5)	EUR
31) Rosner GmbH & Co. KG, Ingolstadt	100 %	6)	EUR
32) Link Rosner GmbH, Parndorf/Österreich	100 %	6)	EUR
33) CFC Siebte Zwischenholding GmbH, Dortmund	100 %	6)	EUR

* inactive

No companies have been included in the consolidated financial statements according to the equity method. The investment in the company LOOK Alcast SRL, Romania (51 percent interest as of December 31, 2007), was subjected to a reversed transaction in the reporting period and therefore does not exist anymore as of December 31, 2008.
Berndes Supplies GmbH & Co. KG was included by way of full consolidation despite an interest of 0 % as the CFC Group exerts “control” over Berndes Supplies GmbH & Co. KG based on the framework of the articles of association.
Apart from that, Berndes Supplies GmbH & Co. KG would have been subject to inclusion in the consolidated financial statements on the basis of SIC 12 as well. SIC 12 requires the consolidation of companies whose expected losses and gains are predominantly assumed by the CFC Group due to agreements under company law or other agreements, or financial interests.

40. Employees

The company had an average staff of 827 employees in fiscal year 2008. the average number of the group’s employees in the previous year was 367.
The average head count of fiscal year 2008 can be broken down to the divisions production, sales, administration, quality control, and research and development as follows:

	Elcon	Letron	Format	Delmod	Berndes	Rosner	CFC KGaA
Production	73	43	115	0	48	10	0
Sales	23	13	9	120	68	19	0
Administration	39	12	32	30	46	11	1
Quality control	4	2	0	9	14	14	0
Research and development	21	2	1	44	1	3	0
Total	160	72	157	203	177	57	1

In the context of determining the average head count, a fourth of the staff employed at Rosner GmbH & Co. KG as of December 31, 2008 has been taken into account.
As of December 31, 2008 the head count came to 1,032 employees, assigned to the divisions production, sales, administration, quality control, and research and development as follows:

	Elcon	Letron	Format	Delmod	Berndes	Rosner	CFC KGaA
Production	79	43	113	0	48	43	0
Sales	25	13	9	134	68	77	0
Administration	42	12	31	34	46	44	2
Quality control	4	2	0	10	14	54	0
Research and development	22	2	1	49	1	10	0
Total	172	72	154	227	177	228	2

41. Management

Management is provided by CFC Industrie Beteiligungen Verwaltungs GmbH, Dortmund. Managing directors of CFC Industrie Beteiligungen Verwaltungs GmbH are Marcus Linnepe, Herdecke, and, since November 6, 2008, Dr. Frank Nellißen, Cologne.
In addition to the management, CFC Industrie Beteiligungen Verwaltungs GmbH had eight employees as of December 31, 2008.
CFC Industrie Beteiligungen Verwaltungs GmbH received an allocation for administrative expenses to the amount of EUR 616k in the period from January 1, 2008 to December 31, 2008.
In addition, CFC Industrie Beteiligungen Verwaltungs GmbH received service fees by the CFC group companies to the amount of EUR 600k for services in the areas accounting, taxes, controlling, legal counsel, and financing.
As of December 31, 2008 there are current liabilities to CFC Industrie Beteiligungen Verwaltungs GmbH of EUR 137k. CFC Industrie Beteiligungen Verwaltungs GmbH in turn has claims against CFC group companies to the amount of EUR 219k.

42. Members of the Supervisory Board

The Supervisory Board of CFC consists of the following members:

Dipl.-Ing. Klaus von Hörde, manager and entrepreneur,
chairman

Dipl.-Kfm. Andreas Lange, entrepreneur
deputy chairman

Apart from his position on the Supervisory Board of CFC, Mr. Lange is a member of the following companies’ supervisory boards:

- 7 Principles AG, Cologne, chairman
- ADC African Development Corporation GmbH & Co. KGaA, Frankfurt/Main
- Apeiron Entertainment AG, Frankfurt/Main
- ecolutions GmbH & Co. KGaA, Frankfurt/Main, chairman
- Metalife AG, Winden

Furthermore, Mr. Lange is a member of a comparable domestic or foreign supervisory body of the following company

- Clearsight Investment AG, Zürich, Switzerland, supervisory board (Verwaltungsrat)

Stefan Schütze, LLM, attorney at law

Apart from his position on the Supervisory Board of CFC, Mr. Schütze is a member of the following companies' supervisory boards:

- artec technologies AG, Diepholz, chairman
- Aragon AG, Wiesbaden
- Apeiron Entertainment AG, Frankfurt/Main
- VCH Investment Group AG, Frankfurt/Main, chairman

43. Remuneration of the Supervisory Board

Remuneration of the Supervisory Board for 2008

	Fixed compensation	Variable compensation	Gratisaktien (Stock Awards)
	EURk	EURk	EURk
Supervisory Board	68	0	0

Fixed compensation refers to the previous year to the amount of EUR 13k. Compensation approved in accordance with the articles of incorporation is determined at EUR 10k per board member; the chairman receives the threefold amount, the deputy chairman receives one and a half times the amount.

44. Auditor's fees

The companies of the CFC Group received the following services rendered by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, appointed group auditor, in fiscal year 2008:

	2008 EURk
Audit	356
Other certification and assessment services	0
Tax counseling	0
Other services	0
	356

Of the total amount of EUR 356k for the audit, EUR 33k are allotted to subsequent debit in 2008 for services rendered in the previous year.
In addition to audit services to the amount of EUR 133k, other certification services were rendered to the amount of EUR 137k, relating to the transition to IFRS and the segment change (pro forma financial information and stock exchange prospectus).

45. Information according to Section 315a HGB

According to Section 315a HGB (German Commercial Code), the consolidated financial statements of CFC have been prepared in compliance with the regulations of the IASB in effect as of the balance sheet date, with discharging effect for the preparation of consolidated financial statements according to HGB. Consolidated financial statements and group management report are also in compliance with the European Union's Council Directive on consolidated accounts (83/349/EEC).

46. Mandatory publication of group companies' separate financial statements in accordance with Section 264b no. 3 b) HGB

The following CFC group companies are included in the consolidated financial statements of CFC Industriebeteiligungen GmbH & Co. KGaA, published in the electronic Federal Gazette (elektronischer Bundesanzeiger). These companies make use of the exemption from mandatory publication according to Section 264 b Nr. 3 b) HGB in conjunction with Section 325 HGB for fiscal year 2008 Gebrauch and have announced this in the reporting period.

- Format-Küchen GmbH & Co. KG, Haiger
- delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG, Delmenhorst

47. Information according to Section 160 AktG

Listed in the table below are all directors' dealings of the year 2008 with respect to stock of CFC Industriebeteiligungen AG (ISIN DE000A0LBKW6). The issuer is CFC Industriebeteiligungen GmbH & Co. KGaA.
In the context of the listing in the regulated capital market of Deutsche Börse AG (General Standard), the company's bodies as well as closely related persons are committed to report so-called directors' dealings in accordance with Section 15a WpHG (German Securities Trading Act). No directors' dealings were announced in the reporting period as no corresponding trading activities occurred.

Stockholders	Body	Stock Holdings 01/01/2008	Additions	Disposal	Stock Holdings 31/12/2008	Interest in %
Marcus Linnepe	Management	970,660			970,660	15,08%
Klaus von Hörde	Supervisory Board	250,000			250,000	3,89%

Other members of the general partner's management, the Supervisory Board, the senior management, or related persons have not made any transactions involving the company's stock over the past fiscal year. Options or other financial instruments granting rights to company stock have not been issued, either.

Supplementary report:
As of March 10, 2009 Marcus Linnepe acquired 40,000 shares off-market at a price of EUR 3.00/share. Thus Mr. Linnepe holds 1,010,660 shares (15.71 %) of CFC Industriebeteiligungen GmbH & Co. KGaA as of March 10, 2009.

48. Subsequent events

As of March 27, 2009 CFC Industriebeteiligungen GmbH & Co. KGaA, Dortmund, sold 34.3 % of its interest in Berndes Beteiligungs GmbH (Berndes). Purchaser is Palace Park International Ltd., Jersey, which had already acquired a minority interest of 49 % in the three CFC group companies CFC Electronic Holding GmbH, CFC Zweite Zwischenholding GmbH, and CFC Vierte Zwischenholding GmbH at the end of July 2008. Palace Park Investments Ltd. Is an indirect holding of Greenpark Funds, Guernsey, specialized in so-called portfolio investments – i.e. investments in existing portfolios. Greenpark Capital Ltd., London, acted as adviser to Greenpark Funds in this transaction as well.
Within the framework of the transaction of July 2008, Palace Park was granted a call option on 49 % of the interest in Berndes held by CFC Industriebeteiligungen GmbH & Co. KGaA (please refer to the explanations in note 3b). The call option was exercised by Palace Park Investments Ltd. as of March 9, 2009. For the realization of the transaction, CFC contributed the 70 % interest in Berndes as contribution in kind to the 100 % subsidiary CFC Achte Zwischenholding GmbH. By notarial purchase agreement as of March 24, 2009, 49 % of the interest in this subholding was sold to Palace Park Investments Ltd. The purchase price of the minority interest came to EUR 5.51 million, transferred to CFC on closing the transaction on March 27, 2009. The actual result effects will be reported in the context of the interim report for Q1/2009.
CFC Industriebeteiligungen retains management control over the Berndes investment, safeguarding the company's consistent future development. The Berndes Group will continue to be included in the basis of consolidation of the CFC Group in fiscal year 2009.

49. Declaration of compliance according to Section 161 AktG

In December 2008 CFC Industriebeteiligungen GmbH & Co. KGaA released the declaration of compliance required by Section 161 AktG (German Stock Corporation Act) and made it accessible to the stockholders on its Internet site (www.cfc.eu.com). The current declaration can also be requested from the company as a print publication – the same applies for the company's previous declarations – and it is quoted in the annual report at hand in the section "corporate governance".

Dortmund, April 2009

Auditor's certificate

We have audited the consolidated financial statements prepared by CFC Industriebeteiligungen GmbH & Co. KGaA, Dortmund, consisting of balance sheet, income statement, statement of changes in equity, cash flow statement, and notes to the consolidated financial statements, as well as the group management report for the fiscal year ended December 31, 2008. The preparation of consolidated financial statements and group management report according to IFRS as applicable in the European Union and in compliance with the additional provisions of commercial law as applicable according to Section 315a (1) HGB are the responsibility of the company's legal representatives. It is our responsibility to issue an assessment of the consolidated financial statements and the group management report on the basis of our audit.
In compliance with Section 317 HGB, we have conducted our audit in accordance with the German accounting principles established by the Institut der Wirtschaftsprüfer (IDW). These principles require the audit to be planned and performed in such a way that inaccuracies and violations which materially effect the presentation of assets, financial position and results from operations as presented by the group management report and the consolidated financial statements with regard to applicable accounting provisions are identified with sufficient reliability. In establishing the audit procedures, knowledge of the business activity, the group's economic and legal framework, and an anticipation of possible mistakes are taken into consideration. Within the context of the audit, the effectiveness of the internal accounting control systems as well as proof for the disclosures made in the consolidated financial statements and the group management report are examined, predominantly on the basis of random sampling. The audit contains assessments of the financial statements of the companies included in the consolidated financial statements, the definition of the basis of consolidation, the accounting and consolidation principles applied, and the legal representatives' material estimates as well as an evaluation of the overall presentation of the consolidated financial statements and the group management report. It is our opinion that our audit provides a sufficiently reliable basis for our assessment.
Our audit has not resulted in any objections.

According to our assessment based on the conclusions from our audit, the consolidated financial statements are compliant with the IFRS as applicable in the European Union and the additional provisions of commercial law as applicable according to Section 315 a (1) HGB, and they communicate – with regard to these provisions – a presentation of the group's assets, financial position and results from operations that corresponds with the actual conditions. The group management report is consistent with the consolidated financial statements, communicates an overall correct impression of the situation of the group, and describes the opportunities and risks of the future development coherently.

Dortmund, April 30, 2008
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Muzzu	Sieger
Wirtschaftsprüfer	Wirtschaftsprüferin

Responsibility statement

We assure to the best of our knowledge that the consolidated financial statements provide, in accordance with applicable accounting standards, a presentation of the CFC Group's financial position and results from operations that corresponds with the actual conditions and that the group management report presents the course of business including the business result and the situation of the group in a way that corresponds with the actual conditions and describes the essential opportunities and risks of the probable future development.

CFC Industriebeteiligungen GmbH & Co. KGaA
for the general partner
CFC Industrie Beteiligungen Verwaltungs GmbH
represented by the management

Marcus Linnepe　　　　Dr. Frank J. Nellißen