CFC Industriebeteiligungen GmbH & Co. KGaA, Dortmund

Annual report 2007


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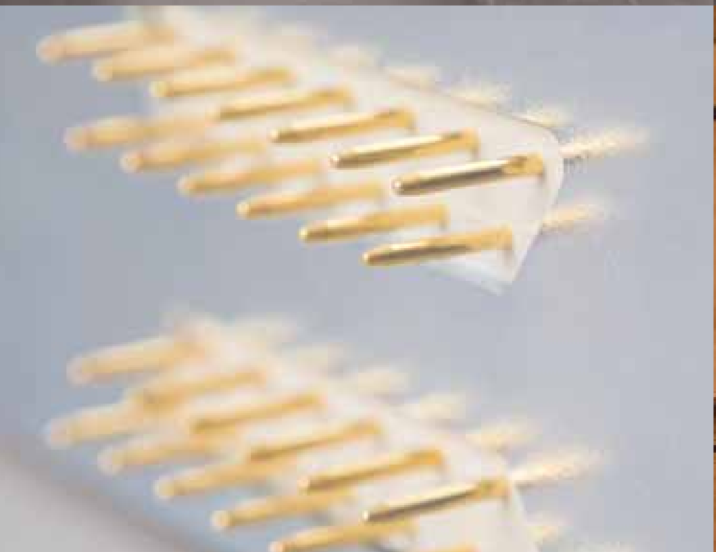
Qualitäts-Sicherung
Anprobe




Berndes
Made in Germany


CFC
Industriebeteiligungen

Contents

1. Management report

DEAR STOCKHOLDERS, BUSINESS PARTNERS, AND EMPLOYEES

In the past fiscal year 2007 CFC Industriebeteiligungen GmbH & Co. KGaA (CFC) maintained the course of the successful founding year 2006. We take a certain amount of pride in the fact that we managed to exceed our own ambitious targets as well as the analysts' estimates. This is even more remarkable if seen against the background of the crisis smoldering at the international financial markets since the middle of last year. Within this context, however, one essential advantage of the CFC business model becomes apparent: Because the takeovers are financed with own funds entirely as a general rule, we are able to invest even in times when it is more difficult to raise outside capital for financing transactions. For financing the growth of those of our holdings that have completed substantial restructuring steps already, we have realized outside financing in the past fiscal year; with respect to the conditions, though, we could not escape the general situation on the financial market.

ACQUISITIONS

In the past fiscal year 2007 CFC expanded its portfolio with four promising new in-vestments. In April the acquisition of supplier to the telecommunication industry, El-con Systemtechnik GmbH, Hartmannsdorf (Elcon), was successfully completed. Due to suspensive conditions contained in the purchase agreement, the closing and thus the first consolidation took place only as of July 11, 2007. In May 2007 90 % of the stock of Format-Küchen GmbH & Co. KG, Haiger, were purchased. As compelmen-tary acquisition to Elcon, CFC invested in a spin-off of the Vogt Group, which is a listed company as well, and acquired 100 percent of the stock of its subsidiary, Vogt Electronic Letron GmbH, Osterode (Letron). Together with Elcon, this company will represent the segment Electronic Manufacturing Services (EMS) in the future. As the year's final acquisition, right before Christmas we purchased roughly 85 % of the stock of delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleindung KG, Delmenhorst (delmod), specialized in ladies' apparel of high quality.

After a seasonal license for the ladies' apparel trademark "Hirsch" had been acquired in early March 2008, delmod took over this brand completely in April 2008 from the insolvency assets of Hirsch AG. Under this label, the manufacture of high-grade skirts and coordinates is scheduled to be resumed together with the most distin-guished Hirsch designers, using the existing delmod infrastructure. This product line is an excellent completion of the ladies' apparel products marketed under the trade-mark "delmod". Prior to insolvency, Hirsch AG generated sales of approximately EUR 30 million in this segment.

With its detailed portfolio strategy in addition to acquisitions in new industries, CFC focuses primarily on growth by "complementary acquisitions" in established seg-ments in order to achieve critical business sizes in the respective segments as fast as possible. Currently CFC covers four segments:

1. Cookware (Berndes)
2. Home & Living (Format)
3. EMS (Elcon, Letron)
4. Fashion (delmod, Hirsch).

Based on the current portfolio, the CFC Group realizes annualized sales of roughly EUR 156 million with about 747 employees.

RESTRUCTURING OF OPERATIONS - SUCCESSFUL TURNAROUND FOR BERNDES

CFC acquires companies exposed to special business situations, usually showing operating losses at the time of investment. In view of the young CFC portfolio, the majority of companies still underwent restructuring in the year 2007, while for the cur-rent year the turnaround is advised for all companies on the basis of current busi-ness planning. In 2007 CFC successfully completed the restructuring of the first hold-ing, the cookware manufacturer Berndes. Based on sales of roughly EUR 42 million, Berndes generated an EBITDA of EUR 0.2 million in the year 2006. In 2007 sales were increased to just over EUR 46 million and a clearly positive EBITDA of EUR 1.8 million was achieved. However, this success should not hide the fact that restructur-ing a company will take its time. The predecessor company of today's CFC pur-chased a 10 % interest in the company Berndes back in the year 2004. Coinciding with this transaction, its managing director at the time, Mr. Marcus Linnepe, was ap-pointed managing director of Berndes Beteiligungs GmbH. At the same time the re-structuring of the company Berndes was initiated, supported by considerable ser-vices and financial contributions of the majority stockholder. When today's CFC fi-nally took over the majority interest in Berndes in the year 2006, significant results of the restructuring efforts were already apparent. CFC continued the restructuring, supported by considerable waivers of claims issued by the previous majority stock-holder and the lending banks, and managed to complete the turnaround in the year 2007. Now the course is set for growth again!

As the restructuring of the company Berndes demonstrates, a sustained turnaround takes a strong vision, staying power to follow this vision, and the right "heads" for its realization. This is why qualified and motivated employees in our group companies are the center of success for CFC. We are convinced that only the right people can make a success of something! In order to provide each employee with the optimum challenge and support, we established our own campus in the year 2007 for lecturing the values and restructuring methods of CFC in the future. It is our goal to enable every single employee within the group to contribute his or her share to a successful restructuring and make this contribution transparent to others. Only this way we will be able to repeat the "Berndes story" again and again.

SUMMARY AND OUTLOOK

CFC completed the year 2007 with record earnings. At group sales of annualized EUR 156 million or EUR 66.1 million entered, a net income of EUR 13.7 million after taxes, third-party interest and minority interest was realized. As of closing date, De-cember 31, 2007, this amount corresponds with earnings of EUR 2.22 per share. This result is significantly above capital market expectations.

The result includes special items from the first-time consolidation of the four new holdings to the amount of EUR 18.5 million. As the purchase price for companies in crisis are usually rather "symbolic", CFC mostly pays purchase prices below the value of balance-sheet equity and possible hidden assets. Upon first-time consolida-tion, these differences are to be entered as immediate profit. Without these effects from the first-time consolidation of newly acquired companies, the group's operating result of the past fiscal year was negative, coming to EUR -5,7 million. As the portfo-lio's majority was acquired only in the course of last year and restructuring is still at its beginning stage, this is an absolutely typical development.

We will adhere to our successful strategy in the current fiscal year. Because this year's start of CFC showed a lot of promise, we are confident of achieving our ambi-tious goals. The basic prerequisite is the transaction of further acquisitions as well as the successful restructuring of our holdings together with the company management on location.

On behalf of CFC I express my 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

(Managing director of CFC Industrie Beteiligungen Verwaltungs GmbH)

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 German globally oriented 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 within 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 Be-teiligungen Verwaltungs GmbH, general partner of the listed company CFC Indus-triebeteiligungen GmbH & Co. KGaA since May 2006.

2. Supervisory Board report

The Supervisory Board of CFC Industriebeteiligungen GmbH & Co. KGaA carefully attended to its duties and responsibilities as established by law and the Articles of Incorporation in the fiscal year 2007.

Since the elections held at the Annual General Meeting of October 26, 2006, the Su-pervisory Board consists of Mr. Klaus von Hörde as chairman, Mr. Andreas Lange as deputy chairman, and Mr. Stefan Schütze. In the fiscal year 2007 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 cour-se of business, assets, the financial position and results from operations, the 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 regu-larly and within the framework of meetings held together with the management. Inso-far as matters are subject to Supervisory Board involvement according to law or Arti-cles of Incorporation, these matters have been covered by the Supervisory Board. The cooperation between the managing director of the company's general partner and the Supervisory Board always made open discussion possible while protecting confidentiality at the same time.

Six regular Supervisory Board meetings were held in the reporting period. There were additional meetings in the shape of phone conferences. The Supervisory Board members offered their advice to the management even outside these meetings, and during decision-making processes. The Supervisory Board informed itself constantly, particularly about the status of the restructuring of the holdings. The Supervisory Board was also informed comprehensively about potential and actual new invest-ments, and the Board members discussed the circumstances in detail. In the past fiscal year this especially concerns the acquisition of the subsidiaries Elcon System-technik, Format-Küchen, Vogt Letron, and delmod-international.

Another essential Supervisory Board decision was its consent to the use of the au-thorized capital to the extent of 585,000 new common bearer shares, at a propor-tional amount of the stock capital of 1.00 Euro per share against contribution in cash in June last year.

The Supervisory Board also concerned itself with the introduction of a performance-oriented remuneration system, proposed by the management, in the shape of a group-wide stock option plan.

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 recommendations and the composition of the updated declaration of compliance. The declaration of compliance according to Section 161 Aktiengesetz (AktG - Corporations Act) was released by the management and the Supervisory Board in February 2008 and made permanently accessible to the stockholders on the company's Internet site.

Following the Supervisory Board's proposal for the election of the auditor, the Annual General Meeting of June 18, 2007 appointed Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungs-gesellschaft, Westfalendamm 11, 44141 Dortmund, auditor for the fiscal year ended December 31, 2007. The auditor 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 contains no notations or references for possible inaccuracies of the group management report with regard to the information required by Sections 289 (4), 315 (4) Handelsgesetzbuch (HGB - Commercial Code).

All documents for the consolidated financial statements as of December 31, 2007 were made available to the Supervisory Board in due time and then examined by the Supervisory Board. Within the framework of the Supervisory Board meeting of April 28, 2008, the general partner's management orally presented the financial state-ments and consolidated financial statements, the management report, and the group management report. The financial auditors who have signed the audit reports gave account of the results of their audit in this meeting. The comments on the information required by Sections 289 (4), 315 (4) HGB contained in the group management re-port were discussed with the management within this context and examined by the Supervisory Board. The result of this examination gave no grounds for objections against the content of management report and group management report. Therefore on April 28, 2008 the Supervisory Board approved the consolidated financial state-ments for the fiscal year ended December 31, 2007 and the group management re-port and proposed to present consolidated financial statements and group manage-ment report to the company's Annual General Meeting on June 16, 2008 for approval in accordance with Section 286 (1) sentence 1 AktG.

The Supervisory Board expresses its thanks to the general partner's managing direc-tor and employees for their successful work and the good cooperation in the report-ing period.

Dortmund, April 2008

For the Supervisory Board

Klaus von Hörde
(Chairman of the Supervisory Board)

SUPERVISORY BOARD

Mr. Klaus von Hörde (chairman of the Supervisory Board) has gained his profes-sional experience of more than 30 years in numerous executive positions with re-nowned German and international industrial enterprises. After his occupation as au-thorized 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 restructured MEMC Electronic Materials Inc., St. Peter, Mis-souri (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.

Mr. 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 the focus on taxes, auditing, and marketing. Mr. Lange is a founding partner of Angermayer, Brumm und Lange-Unternehmensgruppe (ABL-Unternehmensgruppe) based in Frankfurt/Main. Prior to his involvement in ABL-Unternehmensgruppe, Andreas Lange worked for the investment bank Lazard Fréres as an M&A consultant.

Mr. Stefan Schütze studied law at Martin Luther University in Halle and is a certified attorney at law. 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-Unternehmensgruppe as legal officer.

Klaus von Hörde

Andreas Lange

Stefan Schütze

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 within the entire group. Management and Supervisory Board report together on corporate gov-ernance 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. 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, management and Supervisory Board contin-ued their close and trusting collaboration. Both bodies' rules of procedure 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 TOWARDS OUR STOCKHOLDERS

CFC constantly endeavors to provide the greatest possible transparency. Our stock-holders are informed regularly on the latest company developments with regard to financial situation and strategic orientation.

Dates of importance to the stockholders are made public annually in a financial cal-endar. 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 routine meetings with analysts and institu-tional investors. The amount of information offered on our website is permanently ex panded in order to inform our stockholders even more comprehensively Compliant with section 15a Wertpapierhandelsgesetz (WpHG - Securities Trading Act), members of the management and the Supervisory Board as well as closely re-lated persons shall disclose the purchase and sale of CFC stock. We publicize the so-called directors' dealings on our company website and in the corporate govern-ance report. These data are circularized Europe-wide and find inclusion in the busi-ness 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 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, current 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 com-pany. The next Annual General Meeting will be held on June 16, 2008 in Dortmund.

COMPLIANCE

The management of CFC has taken measures to make sure that within 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 re-sulting from breaches of these rules. The Supervisory Board receives the manage-ment's report on the progress of the compliance scheme once a year.

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 periodically provide assessments of identified risks with reference to their specific activities. The risks are assessed and countermeasures are taken. Parame-ters 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 neces-sary. We give account of the current corporate risks in the group management re-port. The management gives regular reports on the condition of the risk management system and its results within the context of the Supervisory Board meetings.

AUDIT CONDUCTED BY ERNST & YOUNG

Before submitting the proposal for the appointment of the auditor, the Supervisory Board obtained a declaration by the auditor on relationships between the auditor, its boards, and its audit manager with the company or its bodies' members. 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 Supervi-sory 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. Incorrectness of this kind has not been established.

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. Apart from the reimbursement of their expenses, the Supervisory Board members receive fixed payments.

The Supervisory Board members' remuneration is disclosed in summarized form, yet not individualized. This also applies to payments made to Supervisory Board mem-bers for individually performed services, particularly consultations and negotiations. The fixed remuneration of the members of the Supervisory Board amounted to alto-gether EUR 20k. This amount was determined as remuneration amount by the An-nual General Meeting 2007.

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 related persons are committed to disclose information of so-called directors' dealings in accordance with Section 15a WpHG. Since the change of stock market segments on October 30, 2007, CFC is subjected to the mandatory disclosure of directors' dealings, among other things. Since this point in time, no notifications have been made as no correspon-ding trans-actions have taken place. The sale activities that have occur-red prior to said point in time can be gathered from the CFC stock exchange prospectus of October 29, 2007 and the following table.

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 last fiscal year. Options or other financial instruments granting rights to company stock have not been issued, either.

Stockholders	Body	Stock As of 1/1/2007	Addition	Disposal	Stock As of 12/31/2007	Interest in %
Marcus Linnepe	Management	1.000.000		29.340	970.660	15,08%
Klaus von Hörde	Supervisory Board	250.000			250.000	3,89%

CORPORATE GOVERNANCE - DECLARATION OF COMPLIANCE

This is the joint report of Supervisory Board and management on 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 14, 2007).

The German Corporate Governance Code is directed at the conditions of the legal structure of the German stock corporation. 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.

In order to enable the stockholders to make the comparison with other German cor-porations, CFC decided not to prepare 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 of 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 ac-cordance 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 Commis-sion German Corporate Governance Code" (in the version of June 14, 2007) as re-leased by the Federal Ministry of Justice in the official section of the Electronic Fed-eral Gazette are complied with and explain in the following which recommendations have not been complied with.

- **Nos. 3.4, 4.2.3, 4.2.4, 4.2.5, 4.3.1, 4.3.5, 5.2, 6.1 (distinctions of KGaA legal structure)**

  Due to the company's legal structure as a partnership limited by shares whose man-agement is provided by a general partner, some recommendations cannot be com-plied with verbatim; however, the company applies these recommendations corre-spondingly to the general partner or its managing director. This concerns recom-mendations 3.4, 4.2.3., 4.2.4, 4.2.5., 4.3.1, 4.3.5, 5.2 und 6.1.

- **No. 4.2.1**

  Because of the short company history and the entrepreneurial commitment in its start-up phase, Mr. Marcus Linnepe is currently the sole managing director of the limited liability corporation (GmbH) as general partner. Following the formation of a management team in the year 2008, the company's management will be shared by several executives with separate responsibilities. Corresponding rules of manage-ment procedure will be defined, determining among other things regulations on re-quired majorities for board resolutions.

- **Nos. 4.2.4 and 4.2.5**

  Differing from No. 4.2.4, the remuneration of the general partner's members of man-agement 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 by 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. 5.4.7**
  Because of the long cycles in the investment restructuring business, performance-oriented remuneration of the Supervisory Board according to No. 5.4.7 is not imple-mented.-

- **No. 7.1**
  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 2007.

Dortmund, February 13, 2008

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 DEVELOPMENT

The general economic environment in the past fiscal year was without doubt very positive: According to estimates of the International Monetary Fund (IMF) released in its forecast of January 2008, the global economy grew by roughly 4.9 % in the year 2007. For the most part, the strong growth dynamics in the newly industrializing na-tions overcompensated for the negative effects of the capital market turbulences in the summer 2007 and significantly increasing prices for agricultural products and on the international energy and raw material markets.
As in the years before, the growth dynamics was fueled especially by the fast-growing economies in East and South-East Asia. In the front ranks of this develop-ment are China with a plus of 11.4 % and India with an increase in the national prod-uct of 8.9 %. The Eastern European countries recorded considerable growth rates as well, yet to a lesser degree than the Asian model nations for economic development. Russia made the biggest step with 7.0 %; the other Eastern European countries showed an average increase in the national product of 5.5 %. For the euro area, the Organisation for Economic Co-Operation and Development (OECD) determined a growth rate of 2.6 %. For Germany, the Federal Statistical Office calculated 2.5 % growth in the national product for the year 2007, supported primarily by the strong export figures. Even the escalating rise in prices in the second half-year - the infla-tion rate of 2.2 % on annual average represents a 13-year high - could not slow down the robust German economy.

In the United States, however, the economic development was tarnished significantly due to the mortgage crisis. The OECD considers only 2.2 % growth in the U.S. for the past year in its report, after 3.4 % in 2006. This development is all the more re-markable as the U.S. Federal Reserve tried to counteract the burdens brought on by the credit crisis with altogether five cuts in interest rates between August 2007 and January 2008. Over this period, the Federal Reserve reduced the funds rate, pre-eminent key rate for bank refinancing, from 5.25 % to 3.00 %. The rising inflation in the U.S. made for another negative effect in this difficult environment. For the Japa-nese economy, the OECD determined an increase in the national economic per-formance of 1.9 %.

4.1.2 PRIVATE EQUITY MARKET AND INDUSTRY ENVIRONMENT

2007 was a new record year for the business of company takeovers (mergers & acquisitions). The mergers and acquisitions completed worldwide in 2007 reached a total transaction volume of USD 3,784 billion. This equals an increase of 24 % over the previous year. The deciding factor for this significant growth was the number of transactions made through private equity firms. These companies stand for the majority of the 28,729 closings, a 5 % plus over the previous year. This illustrates the fact that the average volume of a single transaction has increased. What is striking about these record figures, however, is that a large portion of the transactions was made before mid-2007, thus prior to the impending financial crisis in the U.S. The second half-year 2007 was characterized by a dramatic drop in transactions.

With respect to regions, Europe superseded the U.S. in the past year as the leading M&A regional market again. The transaction volume gained 36 % to approx. USD 1,800 billion in Europe, while the U.S. reached a volume of approx. USD 1,600 billion, gaining 9 %.

According to the German Private Equity and Venture Capital Association (BVK), private equity companies invested EUR 4.1 billion in 1,078 companies in the year 2007. In 2006 EUR 3.6 billion were invested in 970 companies. The plus in investments is accounted for by an increase in buy-out investments. Venture capital investments, however, were on a decline: After EUR 1.0 billion in the year 2006, merely EUR 840 million were invested in 2007. Yet this decrease in volume is contrasted by the significantly increased number of companies funded with venture capital. This indicates an increasingly active investment scenario, with the venture capital companies investing less money in the individual companies. Considering the venture capital market as a whole, early stage investments recorded pleasant gains. Their respective volume climbed from EUR 264 million to EUR 349 million, their number from 337 to 467. Both start-up and seed investments increased considerably. With almost 80 %, the majority of investments was accounted for by the buyout segment as in the years before. Respective investments summed up to EUR 3.3 billion, exceeding the prior-year volume of EUR 2.6 billion by more than one fourth. In addition to several very large transactions, a great many buyouts concerned medium-sized companies. The number of 100 buyout transactions exceeded the very busy previous year (92 buyouts) once more, giving proof of the continued appeal of the German medium-sized businesses.

The German private equity companies' fundraising reached a volume of EUR 4.2 billion in 2007, gaining roughly one half of the prior-year amount (EUR 2.8 billion). Independent funds, raising their funds among institutional investors, contributed EUR 2.9 billion to the total fundraising. Thus the upward trend noticeable since 2004 has been continued, achieving the best fundraising result since 2000. However, this outcome is not due to a broad-scale improvement of fundraising but rather to a few large funds raised by established German corporations. With a volume of more than EUR 200 million each, the six largest funds made a joint contribution of almost EUR 2.2 billion to the total fundraising volume. New funds were raised primarily by buyout funds, accounting for EUR 2.3 billion. More than a third of the new funds are provided by international investors. Considering independent fundraising alone, its share rises to far beyond 50 %, highlighting the existential importance of foreign capital providers to German private equity companies. However, the positive market figures cannot cover up the lingering low mood the German private equity companies find themselves in, or the fact that the German market has a lot to catch up compared to the other national private equity markets in Europe. The fundraising result, as excellent as it appears, is actually attributable to some companies that have started launching their funds abroad in the meantime. These companies avoid the noncompetitive German regulatory framework other German companies are still exposed to. Currently more and more companies announce their plans of going abroad as well, which would bring irreparable damage to the business, technology and founding location Germany.

The outlook for 2008 is cautiously optimistic. Fundraising is not supposed to reach the level of the past year because many companies have closed new funds in the recent past; therefore scheduling rather gives rise to expectations for an increasing number of new funds in 2009. Legal imponderables remain an element of uncertainty. With respect to investing activities, the BVK anticipates different developments in the individual market segments. The venture capital segment is supposed to bring up hardly any changes in 2008 compared to the past year. As far as buyouts are concerned, a continuation of the active business of SME buyouts is expected as the range of appealing medium-sized companies is wide and a large number of newly closed funds can be expected to expand their investing activities. In the segment of large buyouts, however, in which almost exclusively foreign companies are engaged, the situation can be expected to relax only from the middle of the year 2008 after the credit crisis will have been overcome.

4.2 BUSINESS MODEL OF CFC INDUSTRIEBETEILIGUNGEN AND 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: During a transaction, the management is basically convinced of a long-term perspective for the holdings so that the sale of holdings in the short term 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 special business situations and

- are either in deficit or hardly profitable,
- have a basically sound core (e.g. sound sales figures / customer base),
- are busy in a manufacturing industry,
- can be lead back to profitability by use of foreseeable measures,
and
- typically generate sales between EUR 20 and 250 million.

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

Because of the deficits exposed during these transitional phases, CFC usually realizes the takeovers at prices below the company's book and time values. CFC finances the purchase prices and the following restructuring from own resources as the companies are mostly at the threshold to solvency due to the economic development. This is also the central distinguishing feature in contrast to the "classic" private equity business model, providing essentially for the use of outside capital which has to be paid back with high returns within a certain period of time (and always implying the exit pressure). Traditional private equity companies therefore have little interest in the restructuring targets of CFC and are no competition.

Restructuring companies in crisis requires CFC to have absolute control over the holdings' business policies. Only if this prerequisite is met, the necessary restructuring measures can be accomplished. For this reason, majority holdings are acquired exclusively. It is the opinion of CFC that such situations of crisis cannot be efficiently managed any other way.

For CFC, the central criterion for or against an investment is the so-called "100 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 after an acquisition. Prior to the conclusion of the purchase agreement it always must be assured that these measures are definitely realizable. If the realization of certain measures is uncertain, corresponding suspensive conditions will be included in the purchase agreement with respect to these positions. After the realization of the 100 day 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 can begin.

The application of the 100 day plan and the subsequent 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 or replaced by managing directors with restructuring experience from the CFC network. In order to get the maximum commitment from the holding's management, it usually takes an interest of 10 to 20 % in the respective holding. This investment is usually made 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 weak as well as in a strong market environment. In a weak market environment there is a tendency towards more companies entering a situation of crisis and thus qualifying as takeover candidates. However, the holdings' restructuring then also must take place in a difficult economic environment. In a positive 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 the increased requirements for granting bank credit (catchword "Basel II"). The advantage of that phase is certainly that the holdings' restructuring can be realized more easily than during a phase of downturn. Market stimuli especially boost sales figures, making restructuring easier due to improved cash inflow.

4.3 THE STOCK

Key data: **:**

ISIN	DE000A0LBKW6
SIC	A0LBKW
Stock exchange symbol	CFC
Reuters	CFCG.DE
Bloombergkürzel	CFC:GR
Prime industry	Industrial goods
Industry group	Industrial, Diversified

Stock information:

Type of stocks:	Non-par value common bearer stocks
Transparency level:	General Standard
Market segment:	Regulated Market
IPO:	December 14, 2006
Designated sponsors:	Close Brothers Seydler, UniCredit

4.3.1 CAPITAL INCREASE AND SEGMENT CHANGE

Since its IPO on December 14, 2006 CFC Industriebeteiligungen GmbH & Co. KGaA has successfully been listed in the Open Market of the Frankfurt/Main Stock Exchange. The listing was started without a prospectus.

In addition to the stock exchange center Frankfurt and several regional marketplaces, the stock of CFC Industriebeteiligungen has been continuously traded on Xetra as well. "Designated sponsoring" was taken over by small cap specialists Close Brothers Seydler. With the commitment of UniCredit Markets & Investment Banking (Bayerische Hypo- und Vereinsbank AG) as additional designated sponsor as of July 5, 2007, CFC took another step in support of a strong capital market presence.

As of June 5, 2007 the company increased its capital stock from the "authorized capital 2006" by 10 %, from EUR 5,850,000 to EUR 6,435,000. The capital increase was placed entirely with a few selected institutional investors at a price of EUR 15.90. The price was 5 % below the average daily price of the days preceding the capital increase. Within the context of this capital increase, the company received liquid assets of EUR 9.3 million before placement costs.

On October 30, 2007 CFC changed segments at the Frankfurt Stock Exchange, having since been listed in the Regulated Market (General Standard). With the segment change, CFC pursues the goal to address a larger investor community by greater transparency and standardized reporting.

4.3.2 STOCK PERFORMANCE

High volatility of small cap stocks in 2007

The developments at the global stock markets in 2007 were characterized by uncertainty with regard to the further economic development. While the rather optimistic voices were dominating over the first half-year, preaching unchanged dynamic growth, from mid-July on the credit crisis demonstrated just how sensitively and susceptibly to disruptions the capital markets react and how drastically they can drive stock prices downward. The CFC stock could not avoid this general trend. It had closed the fiscal year 2006 at EUR 8.20. Based on a successful IPO on December 14, 2006, the transactions of the first half-year, and positive comments of financial analysts, the stock price rose until early April 2007 to reach its all-time high at EUR 19.05 (April 16, 2007). With the beginning of the financial crisis in the U.S., hitting Germany a little later - in the third quarter -, the stock price fell, too. Further transactions in the second half-year and the segment change did not change this development. At the end of the year 2007 the stock was quoted at EUR 12.50. Thus the stock recorded a price appreciation of 52.4 % in 2007.
At the beginning of the year 2008, the slump at the stock markets continued dramatically after the indications of a flagging economy in North America had accumulated. In January alone, the DAX gave by 15 %. Listed companies of the private equity industry were put under particularly high pressure as the weak stock market environment - according to the opinion held by some investors - was supposed to put severe restrictions on the opportunities for exits. Therefore the stock was quoted at approx. EUR 9.10 at the beginning of April 2008.

Average monthly stock prices and the stock's average daily trading volume at the Frankfurt Stock Exchange:

	Average price per stock in EUR	Average volume in stocks	Average trading volume in EUR
Jan 07	8,15	245.028	1.996.978,20 EUR
Feb 07	11,10	244.583	2.714.871,30 EUR
Mrz 07	9,85	260.323	2.564.181,55 EUR
Apr 07	14,55	148.440	2.159.802,00 EUR
Mai 07	17,25	161.150	2.779.837,50 EUR
Jun 07	16,50	142.084	2.344.386,00 EUR
Jul 07	16,09	107.311	1.726.633,99 EUR
Aug 07	14,95	166.118	2.483.464,10 EUR
Sep 07	14,90	52.348	779.985,20 EUR
Okt 07	15,30	68.699	1.051.094,70 EUR
Nov 07	14,20	80.794	1.147.274,80 EUR
Dez 07	13,02	83.616	1.088.680,32 EUR

Stock price performance and trading volume of the CFC stock at the Frankfurt Stock Exchange since IPO on December 14, 2006:

as of April 13, 2008

4.3.3 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, 2007 the company's stock capital is divided into 6,435,000 non-par value common bearer stocks each with a notional value of 1.00 Euro. According to the notifications of voting rights in compliance with Section 21 (1) WpHG, this stock capital was divided between the following stockholders as of the balance sheet date, December 31, 2007, compared to December 31, 2006:

Stockholders	Stock 12/31/2006		Stock 12/31/2007	
	Number	in %	Number	in %
Themis Equity Partners GmbH & Co. KGaA	1,500,000	25.64%	1,500,000	23.31%
Heliad Equity Partners GmbH & Co. KGaA	1,000,000	17.09%	1,000,000	15.54%
Marcus Linnepe	1,000,000	17.09%	970,660	15.08%
IFOS International Fonds Service AG			769,946	11.96%
Silvia Quandt & Cie. Capital Markets AG	400,000	6.84%	438,300	6.81%
Angermayer Brumm Lange Unternehmensgruppe GmbH / Altira AG	240,000	4.10%	295,000	4.58%
Klaus von Hörde	250,000	4.27%	250,000	3.89%
Free float	1,460,000	24.96%	1,211,094	18.82%
	5,850,000	100.00%	6,435,000	100.00%

4.3.4 INVESTOR RELATIONS

The CFC management and the Investor Relations team held one-on-one conversations with investors in the year 2007, taking place within the framework of road shows and company visits at the Dortmund location and on the occasion of conferences where CFC presented itself. We also informed analysts and investors, and upon request individual stockholders as well, by conducting phone conferences after the publication of results. Thus we enable our stockholders and other interested capital market participants to assess our business situation and, in particular, consider our prospects realistically. In doing this, it is our objective to inform comprehensively and quickly and to be accessible at any time - for private and institutional investors, analysts, and other interested parties alike.

Aiming for both comprehensive and timely information provided equally to all target groups, we have compiled a lot of corporate information on our website. Interested investors may inform themselves in detail about the company and its holdings at www.cfc.eu on the Internet. Apart from information about corporate governance, the section "investor relations" also offers financial reports (annual and quarterly 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. At the beginning of 2008 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.

Contact Investor Relations:

CFC Industriebeteiligungen GmbH & Co. KGaA
Dr. Frank J. Nellissen
Westfalendamm 9
44141 Dortmund, Germany
Phone: +49 (0)231-22240 500
Fax: +49 (0)231-22240 501

4.3.5 ANNUAL GENERAL MEETING

In the Annual General Meeting held on June 18, 2007 private investors participated for the first time alongside institutional investors. The event was held at the Mercure Grand Hotel in Dortmund. EUR 3,710,212 or 63.42 % of the stock capital were represented. The proposals to the separate items of the agenda were each approved by a significant majority. Apart from the usual agenda items with respect to the financial statements 2006, the main focus was on the provision of conditional capital to the amount of EUR 2.34 million for the issue of convertible bonds and option bonds, together with the corresponding amendment to the Articles of Incorporation. Adequate capital resources are essential to the development of CFC. Convertible bonds and option bonds are suitable financial instruments for providing the company with low-interest outside capital. As of the balance sheet date, CFC has made no use of this funding opportunity.

Much use was made at the Annual General Meeting 2007 of the possibility to entrust one's voting rights to the proxy nominated by the company. The next Annual General Meeting will be held on June 16, 2008 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.

4.4 CFC GROUP

4.4.1 GENERAL INFORMATION

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

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

In the fiscal year 2007 the following changes have occurred with respect to the basis of consolidation:

- Acquisition of 90 % of the stock of Format-Küchen GmbH & Co. KG,
- Acquisition of 100 % of the stock of Elcon Systemtechnik GmbH,
- Acquisition of 100 % of the stock of VOGT Electronic Letron GmbH,
- Acquisition of 84.8 % of the stock of delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG,
- Acquisition of 85 % of the stock of delmod-international Bekleidungsindustrie GmbH

4.4.2 HOLDING BERNDES

Company profile and course of business 2007

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 a pronounced readiness to invest, the company's products are positioned in the medium and upscale price segments. According to company information, the Berndes Group is market leader in Germany in the segment cast-aluminum cookware. With about 176 employees, the Berndes Group is also one of Germany's largest manufacturers of sealed pans.

The distribution of the 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.

The main focus of the efforts in the fiscal year 2007 was placed on the reorientation of the company and particularly the trademark. Due to the aftereffects of restructuring in the years 2005 and 2006 as well as a necessary change of suppliers for cast-aluminum raw materials, there were still delays in delivery in the first half-year 2007 as at the end of 2006. By the company's trade fair presence at the consumer goods fair Ambiente in February 2007 which presented the new orientation of the brand impressively, several orders could already be secured for the second half-year. Together with the fully restored supply availability from around May 2007, these orders made sure that the Berndes Group could close the fiscal year 2007 with operating success after all, with regard to both sales and earnings. The consolidated financial statements 2007 according to HGB therefore show an EBIT of EUR 1.3 million for the Berndes Group, after losses of EUR 0.3 million in the previous year.

Annual sales 2007 came to approx. EUR 46.1 million (2006: EUR 42.5 million), corresponding with a 10.1 % increase.

Outlook 2008

The market for cookware will continue to be exposed to considerable pricing pressure through 2008, 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. In addition to these measures with respect to purchasing, the businesss planning of Berndes is based on three pillars:

1) The introduction of Finest Cookware with the premium cookware series "Private Collection" as well as "b.zen" and "b.urban", the latter also available with magnesium finish, is intended to strengthen the brand and in turn lead to increased sales opportunities for the standard products,

2) continuation of the distribution of Berndes products in customer retention programs of the stationary trade and 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

3) further internationalization of distribution.

Based on all these measures, corporate planning for the fiscal year 2008 provides for a significant increase in both sales and earnings.

Website: www.berndes.com

4.4.3 HOLDING FORMAT-KÜCHEN

Business profile and course of business 2007

Format-Küchen GmbH & Co. KG (Format), located in Haiger, is a manufacturer of high-grade built-in kitchens in the medium price segment. The focus is on individually planned kitchens so that the terms kitchen manufactory or kitchen workshop seem even more adequate. A high level of flexibility with respect to manufacturing enables Format to meet almost any possible customer request.

CFC took over Format with an interest of 90 % of the stock on May 21, 2007. Since the acquisition, Format has undergone an intensive restructuring program including the following measures:

- The company's management was replaced. Industry experts in the fields of product marketing furniture, sales, and finances were employed.

- The employees agreed to an extension of weekly labor time from 37 to 40 hours (without wage compensation) and abandoned the right for compensation of up to 60 hours' overtime.

- Most suppliers have reestablished the old terms of payment.

- The financing banks have expanded their credit limits.

- The product portfolio was examined extensively with regard to the respective profit margins and sales potential, and a corresponding adjustment of the product portfolio has been carried out.

- New product developments and advancements have been initiated and will lead to a modernized appearance of the kitchens offered in 2008.

- With respect to sales, the existing dealer structure was analyzed and reassessed on the basis of creditworthiness and sales potential. Personnel resources in the sales department were reorganized and the sales activities have been focused.

- A professional debtor management system was implemented, both concerned with the reduction of old receivables and safeguarding recoverable sale transactions.

As early as September 2007 Format was able to present itself to the public again at the important Westphalian Furniture Ordering Show

(MOW) in Enger with its own, highly distinguished stand. On this occasion the newly formed Format team introduced itself, in addition to the company's products, informing all dealers about the concepts and changes at Format.

Effective March 1, 2008 the company joined the EICO Möbelhersteller-Einkaufsgesellschaft mbH, a buying group of renowned furniture manufacturers, by the acquisition of a holding. For Format, 70 % of whose suppliers have agreements with EICO, this means a substantial reduction of cost prices and an improvement of the terms of payment. This measure is a deciding step on the path of decreasing the cost structure.

In April 2008 Format will open the newly designed showroom on the company premises in Haiger to provide the dealers with an adequate presentation area for their products.

Because of the extensive restructuring measures, value adjustments on current assets, and a weaker sales performance due to the dealer structure reorganization, Format recorded losses of EUR 4.9 million in the financial statements according to HGB for the short fiscal year 2007 (April 1 to December 31).

The annual sales 2007 came to approx. EUR 16.8 million (annualized).

As of the balance sheet date, Format had 153 employees.

Outlook 2008

Following the financial stabilization and the initiation and partial completion of restructuring measures, Format pursues the goal in 2008 to generate a growth in sales above market average, a prospect supported by numerous insolvencies in this market segment. With regard to profit, Format aims at achieving a balanced operating result. This is intended to be accomplished primarily by the reorientation of the marketing strategy, the revision and modernization of the product portfolio, and the reestablishment of the sales department. Short-term investments concerning the remodeling of the showroom and the machinery as well as additional changes with regard to personnel by the new employment of qualified executives are initiated in support of the sustainability of the improvements.

Website: www.format-kuechen.de

4.4.4 HOLDING ELCON SYSTEMTECHNIK

Company profile and course of business 2007

Elcon Systemtechnik GmbH (Elcon), located in Hartmannsdorf, develops, manufactures and sells telecommunication systems for data transmission. CFC took over 100 % of the stock of Elcon under contract of April 10, 2007, subject to suspensive conditions. These could be fulfilled until July 11, 2007, so that the company's acquisition came into force as of that date.

Elcon is a communication system supplier and active in the following business segments:

- Network connection and transmission technology for telecommunication networks involving ISDN and broadband, for copper, glass fiber wires, and cable networks,

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

Concurring with the takeover, extensive restructuring measures were realized. Among the essential measures are:

- Recapitalization of the company according to HBG standard by the assumption of liabilities to silent partners, credit institutions, the previous stockholder, and other lenders by CFC to the amount of EUR 13.3 million, with subsequent conversion to profit-sharing rights for an improvement of the company's equity situation. The equity was increased in the year under report by EUR 17.2 million to EUR 1.1 million. As of the balance-sheet date, the company's equity ratio now

comes to 12.4 %. Because of the recapitalization measures taken, the company managed to eliminate the balance-sheet insolvency entirely.

- Waivers of claims for liabilities to the amount of EUR 2.8 million by suppliers, customers, and stockholders

- Inflow of new liquid assets in the shape of silent partnerships and equity to the amount of approx. EUR 2.0 million

- Merger of subsidiary Elcon Entwicklungszentrum GmbH (hereinafter "EEZ") with Elcon

- Discontinuation of the Eastern European distribution companies and focus on the location Hartmannsdorf

The course of business of Elcon in the year 2007 was characterized by the reserved buying policies of the telecommunication providers beginning in the third quarter. These were based in part on internal restructuring, in part on sales developments. By corresponding cost management and the recapitalization measures mentioned, however, earnings of EUR 1.6 million for the total year could be presented in the HBG financial statements.

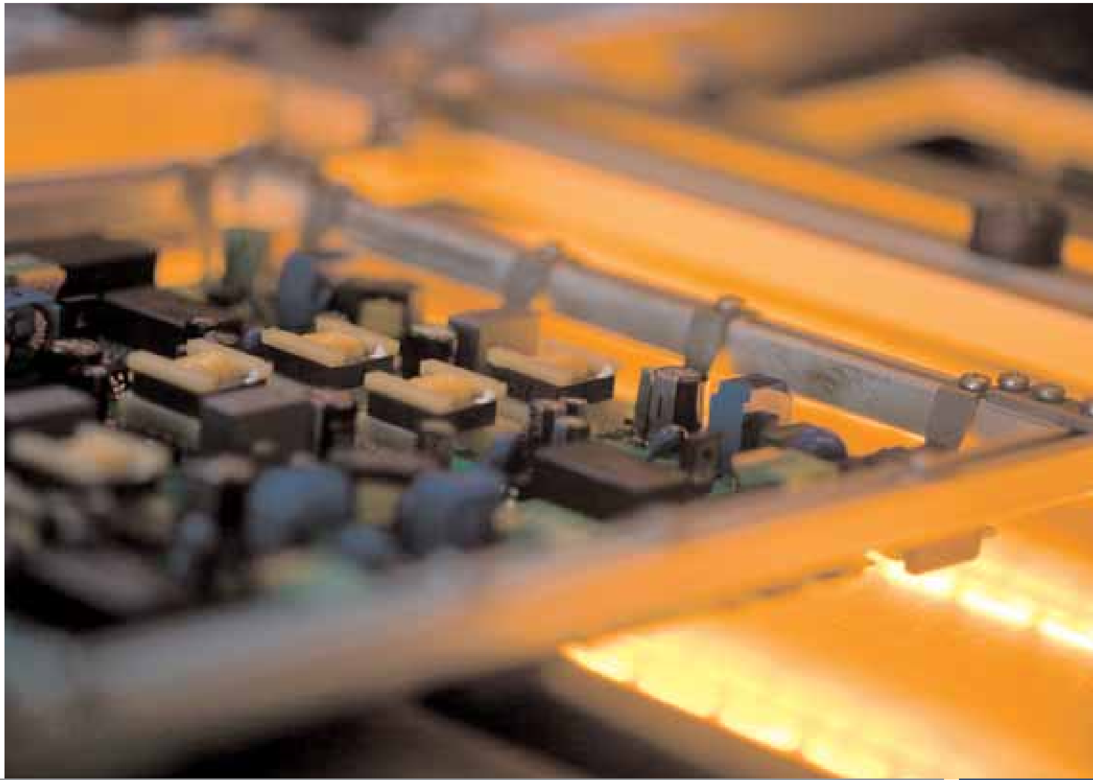
The annual sales 2007 amounted to approx. EUR 25.6 million.

Elcon had 154 employees as of the balance sheet date.

Outlook 2008

With respect to the customer side, for the fiscal year 2008 the restoration of "normality" is expected for purchasing and the cooperation with Elcon regarding its classic products. Measures addressing sales and products add to that, intended to make the achievement of the ambitious targets possible. With regard to costs, the company is positioned with high efficiency, requiring well-aimed reinforcements of a few key positions.

Website: www.elcon-system.de



4.4.5 HOLDING LETRON ELECTRONIC GMBH

Company profile and course of business 2007

Letron Electronic GmbH (formerly VOGT Electronic Letron GmbH), Osterode (Letron), is in the business of the development, materialization, and manufacture of electronic planar components and systems. Up to the acquisition by CFC on November 9, 2007, the company was part of the VOGT electronic Group, Obernzell.

Positioning Letron outside the mass markets for the production of electronic planar components has proven strategically right despite the negative performance over the last years. With its production location in the Harz, a low mountain range in central Germany, Letron would not be competitive on the mass markets dominated by Asian suppliers. Therefore Letron focuses on prototyping and small and medium-volume manufacturing for customer service sensitive products targeting different industries (industrial electronics, medical technology, safety engineering, data technology, and military technology). Because this positioning has been put under increasing international competitive pressure as well, VOGT did not want to continue this business unit any longer.

With the takeover CFC immediately implemented a corresponding restructuring scheme, essentially including the following measures:

- Use of the synergy effect 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 has been introduced, suited to the business model

- Relocation of highly manual low-tech products with an annual cost of sales volume of approx. EUR 5.0 million to the more cost-efficiently producing Elcon, thus increased focusing of Letron on high-end products and orders

- Continued staff reduction: After seven employees were let go in 2007, a social plan was passed after the takeover by CFC according to which all workers on temporary loan as well as seven more employees will be released in the year 2008

- Hiring of staff in the fields of core competence, prototyping and development

- New investments in the field of testing technology have already been carried out

- Increase of sales activities for the development of existing customer relationships and for winning new customers by hiring one new member of the sales team and the intensified cooperation with independent sales representatives

The course of business for Letron in the year 2007 was characterized by the increasing competitive pressure in the EMS market (Electronic Manufacturing Service). In addition, significantly lower sales were achieved than expected with two key customers, compensated for by transactions with new customers only to some extent. By corresponding cost management and the restructuring activities, the total year was completed with slight losses of EUR 53k according to the HGB financial statements.

Annual sales 2007 amounted to appox. EUR 11.2 million.

Letron had 79 employees as of the balance sheet date.

Outlook 2008

For the fiscal year 2008, a growth in sales is expected due to improved business with existing customers and winning new customers. The company will develop the fields of business prototyping and outsourcing services. Despite the improved general conditions by the change of ownership, the satisfying level of orders received, and the improvement in profitability due to the relocation of production to Elcon, an only slightly positive result is anticipated.

4.4.6 HOLDING DELMOD INTERNATIONAL

Company profile and course of business 2007

delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG, located in Delmenhorst (delmod), is a manufacturer of ladies' apparel. CFC took over delmod on December 18, 2007, effective December 31, 2007.

delmod is among the leading textile manufacturers in Germany and markets classic ladieswear in the medium and upscale price segments under the trademarks "delmod" and "KIM KARA". In addition to production, delmod provides the entire value added chain, from the design, quality management and logistics up to marketing/distribution and its own outlet stores. With this positioning, delmod has got under pressure increasingly in the last years as the segment "classic apparel" suffered particularly from the reserved consumer behavior. This segment is also under the attack of low-price suppliers. Yet the consumer in this target group increasingly demands more fashionable pieces. Thus the structural change and the process of consolidation continue in the industry. The major manufacturers shift production beyond the Eastern European countries. Weak manufacturers 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 gaining in importance. delmod is facing great challenges in all these areas, challenges the previous stockholders did not want to tackle anymore.

By the restructuring of Berndes, CFC has proven its experience with the restructuring of companies in the consumer goods environment, and it initiated extensive measures concurrent with the takeover that will give the development of delmod a positive direction in 2008.

The annual sales 2007 amounted to approx. EUR 56.7 million (annualized).

delmod had 201 employees as of the balance sheet date.

Outlook 2008

Directly after the takeover, CFC carried out a review of the planned fall/winter collection together with a number of industry experts. In the apparel industry, measures addressing products have an impact only after a time period of about one year due to the forward-scheduling of collections. Therefore the majority of sales to be generated is already foreseeable and sales volumes can only be changed by intensive distribution measures. This represents the challenge for the company to achieve a positive operating result.

Website: www.delmod.de

4.5 ASSETS, FINANCIAL POSITION AND RESULTS FROM OPERATIONS

4.5.1 CFC INDUSTRIEBETEILIGUNGEN - FINANCIAL STATEMENTS

The individual financial statements of CFC Industriebeteiligungen GmbH & Co. KGaA for the fiscal year 2007 have been prepared according to HGB (Commercial Code). The information contained in this paragraph therefore refers to HGB amounts.

As of December 31, 2007 the total assets of CFC Industriebeteiligungen GmbH & Co. KGaA (CFC) amounted to EUR 18.6 million. With a balance-sheet equity to the amount of EUR 17.6 million, the equity ratio came to roughly 94.5 % at the end of the fiscal year. The most important assets are interests in affiliated companies, at EUR 5.8 million, and receivables of EUR 12.3 million from loans extended to affiliated companies. At the end of the year, CFC had cash and cash equivalents to the amount of EUR 0.2 million at its disposal.

CFC closed the past fiscal year with annual losses of EUR 1.3 million. This result is a consequence essentially of the management fee in favor of CFC Industrie Beteiligungen Verwaltungs GmbH to the amount of EUR 0.5 million, as provided for by the Articles of Incorporation, and of costs incurred in the context of takeovers, the capital increase, and the stock market segment change.

4.5.2 CFC INDUSTRIEBETEILIGUNGEN - CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of CFC Industriebeteiligungen GmbH & Co. KGaA for the fiscal year 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Synopsis

On group level, CFC has equity of EUR 38.7 million at its disposal as of December 31, 2007. Considering total assets of altogether EUR 116.4 million, the corresponding equity ratio is roughly 33.3 %. In addition to property, plant and equipment amounting to EUR 25.9 million, the intangible assets add up to EUR 34.9 million. This position is essentially accounted for by the valuation of the trade names "Berndes" and "delmod" as well as the capitalization of the customer relationships of the acquired companies. According to IFRS 3, these are to be recognized as goodwill of separately valuated assets. At the end of the year the CFC Group had cash and cash equivalents of EUR 8.8 million at its disposal.

Sales development

Within the group sales of EUR 66.1 million were generated in the fiscal year 2007. This amount is 443 % higher than the prior-year position of EUR 12.2 million. The Berndes Group was considered over the total year, the other companies were included as of the respective date of acquisition.

As a "turnaround manufacture", CFC acquires companies of different industrial segments. These segments represent the basis of primary segment reporting. For the fiscal year 2007, segments were defined according to the requirements of IFRS 8 on the basis of the holdings' main business activity and industry affiliation, and segment classifications were substantiated. Compared to the previous year (Berndes representing the segment "Cookware"), the four takeovers resulted in three new segments: "Home & Living" (Format), "EMS" (Elcon,

** No sales with the trade names delmod (takeover as of December 31, 2007) and Hirsch (acquisition on April 3, 2008) were generated in the reporting period.*

Letron), and "Fashion" (delmod Hirsch) , For a detailed presentation of segment figures please refer to note 5.
The allocation of sales to the segments in the fiscal year 2007 and the period of comparison 2006 is as follows:

GROUP SALES BY SEGMENT

EUR'000	Cookware	Home & Living	EMS	Fashion	Total
Sales 2007	46.283	9.421	10.349	0	66.053
Sales 2006	12.173	0	0	0	12.173

The allocation of sales to regions illustrates that the focus on Germany as selling market has rather increased in comparison to the short fiscal year 2006. This is part of the structural problem and the future restructuring challenges for the companies taken over in the year 2007 whose sales are too little internationalized.

GROUP SALES BY REGION (COMPLIANT WITH IFRS 8.34)

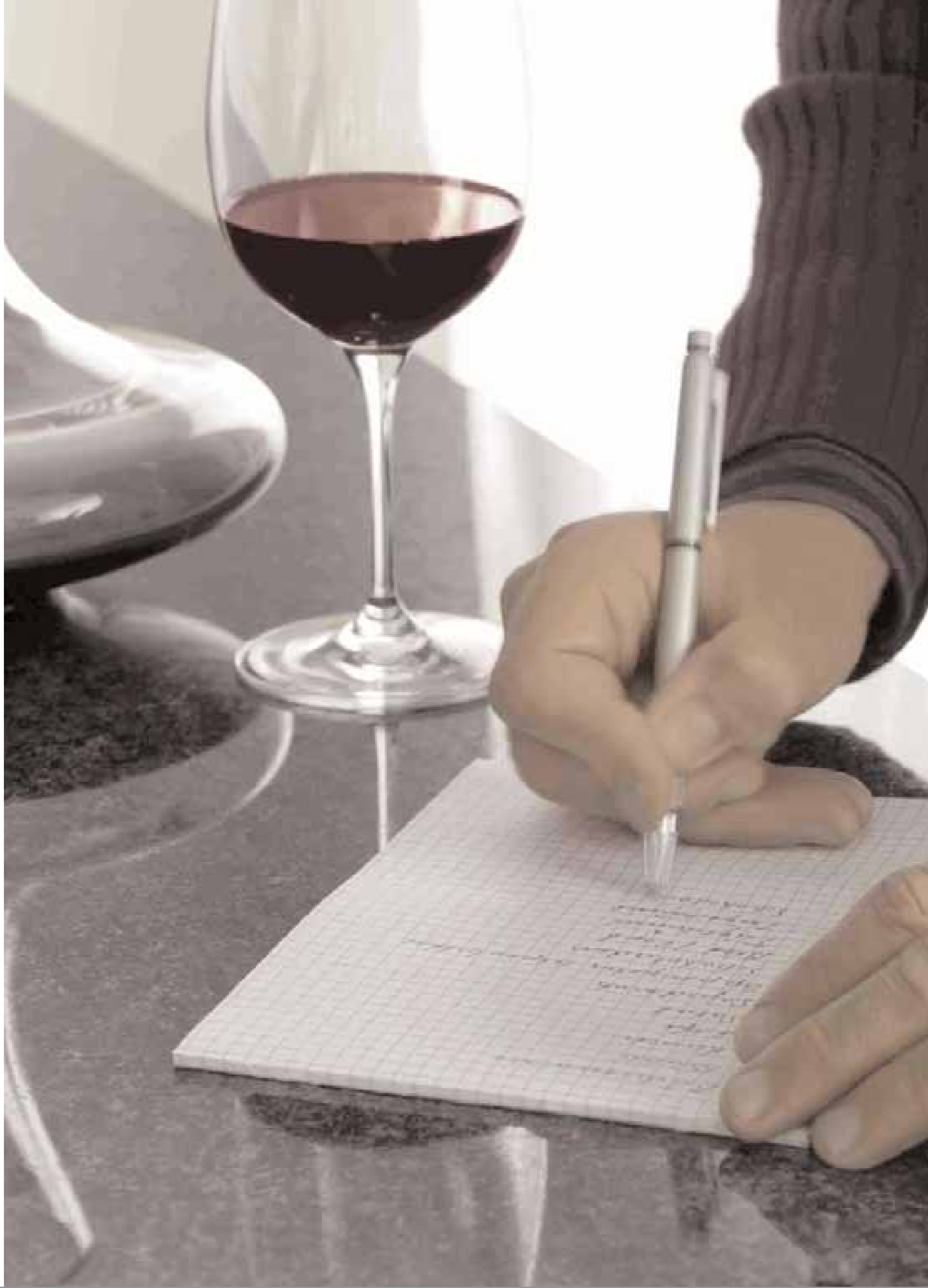
	Germany	Other EU countries	Asia	Other countries	Total
Sales 2007	40,892 62 %	15,625 23 %	7,132 11 %	2,403 4 %	66,053 100 %
Sales 2006	6,944 58 %	2,369 19 %	1,763 14 %	1,097 9 %	12,173 100 %

Results from operations

In the past fiscal year, the profit situation of CFC was influenced primarily by result effects from the addition of holdings and the profit structure of the new acquisitions.

The earnings before interest and taxes (EBIT) amounted to EUR 13.1 million. The essential driving force behind this result was the reversal of revaluations of assets and liabilities (net assets) of the four acquired companies. They made a contribution to earnings of EUR 18.5 million; however, they were written off in 2007 again at EUR 1.0 million, leading to deferred tax expenses of EUR 0.6 million, so that the net contribution to the EBIT amounted to EUR 16.9 million.

The resulting annual group net income amounts to EUR 14.0 million. This result also includes one-time income from the reversal of deferred taxes due to the corporate tax reform in Germany coming into effect in mid-2007, to the amount of EUR 0.8 million. Without this amount, concerning only the deferred taxes in connection with the takeover of Berndes in 2006, the net income would have been EUR 13.2 million.



in EUR'000	Notes	1/1 - 12/31/2007	5/22 - 12/31/2006 adjusted	5/22 - 12/31/2006
Sales		66.141	12.173	12.173
Changes in work in process and finished goods inventories		1.720	-324	-324
Other operating income		22.810	1.641	821
Material expense		-41.786	-5.929	-5.929
Personnel expense		-12.406	-2.013	-2.013
Depreciation of property, plant and equipment and intangible assets		-2.427	-350	-233
Other operating expenses		-20.989	-4.134	-4.134
Earnings before interest and taxes		13.064	1.064	361
Finance income		252	272	272
Finance expense		-1.157	-63	-63
Financial result		-905	209	209
Earnings before taxes		12.159	1.273	569
Income tax		1.363	2.397	2.350
Third-party share in borrowed capital		482	0	0
Group net income		14.003	3.669	2.919
Minority interest		-270	-863	-884
Attributable to equity holders of the parent		13.733	2.806	2.036
Basic earnings per share (in EUR)		2,22	0,55	0,40
Fully diluted earnings per share (in EUR)		2,22	0,55	0,40

Based on the average number of shares outstanding in the year 2007, the resulting earnings per share are EUR 2.22.

The group's profit situation can also be presented according to its operating segments. For this purpose, income and expenses from the acquisitions were attributed to the holding company. Details on the segment results are presented under note 5.

GROUP SEGMENT INCOME STATEMENT 2007

in EUR'000	Cookware	Home & Living	EMS	Fashion	Total segments	CFC KGaA financial statements	Group consoli-dation	CFC Group
Sales	46.283	9.421	10.349	0	66.053	89	0	66.141
Earnings before interest and taxes	893	-4.330	-942	0	-4.380	-1.078	18.522	13.064
Earnings before taxes	302	-4.868	-1.094	0	-5.660	-1.085	18.904	12.159

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 characterized by the highly heterogeneous balance-sheet layouts of the companies of the current portfolio. The significant changes of the asset situation from the previous year are essentially accounted for by the changes of the basis of consolidation in the course of the year. The asset effects from the company acquisitions are explained in detail under note 3.

Following the time value concept of IFRS, assets and liabilities of the acquired companies are reassessed at the time of acquisition within the framework of purchase price allocation. Differences between the fair value and the book values are considered according to the accounting regulations in the group's balance sheet and income statement items. As of December 31, 2007, the total assets of the CFC Group come to EUR 116.4 million, four times the prior-year amount of EUR 29.0 million. The non-current assets have increased considerably, from EUR 13.9 million to EUR 61.6 million as of the balance sheet date 2007. The most substantial changes concern property, plant and equipment, with a EUR 2.1 million raise to EUR 25.9 million, and the intangible assets, with a EUR 11.8 million increase (or adjusted EUR 13.6 million) to EUR 34.9 million. Property, plant and equipment concern buildings as well as technical equipment and machinery, the intangible assets are trademark rights, customer relationships, and software.

Current assets increased from EUR 15.1 million to EUR 54.9 million in the fiscal year 2007. The main pillars of this increase were inventories (EUR 5.1 million in 2006 to EUR 26.9 million in 2007) and trade receivables (EUR 3.9 million in 2006 to EUR 13.7 million in 2007). "Other assets" turned out ten times higher compared to the previous year, jumping from EUR 0.5 million to EUR 5.4 million. These are, among other items, various tax assets, loans extended to customers, acquired service claims, and claims against previous stockholders. As of the balance sheet date, the group has cash and cash equivalents to the amount of EUR 8.8 million (previous year: EUR 5.6 million) at its disposal.

Of the group's assets, 53 % (previous year: 48 %) are non-current and 47 % (previous year 52 %) current.

The assets are divided among the segments as follows (details can be gathered from note 5):

ASSETS

GROUP SEGMENT BALANCE SHEET AS OF DECEMBER 31, 2007

IN EUR'000	Cookware	Home & Living	EMS	Fashion	Total segments
ASSETS					
Non-current assets	15.207	9.479	10.373	26.191	61.250
Intangible assets	13.311	11	3.402	17.850	34.574
Property, plant and equipment	1.892	9.421	6.931	7.626	25.870
Financial assets	4	0	0	0	4
Real estate held as financial investments	0	0	0	0	0
Derivative financial instruments	0	0	0	0	0
Other non-current assets	0	47	40	715	802
Deferred tax assets	0	0	0	0	0
Current assets	20.878	6.049	10.311	17.196	54.434
Inventories	9.461	1.969	5.578	9.932	26.940
Trade receivables	5.824	1.332	2.407	4.325	13.887
Receivables IC	0	0	0	0	0
Other assets	969	338	1.281	2.462	5.051
Cash and cash equivalents	4.624	2.411	1.044	477	8.556
Non-current available-for-sale assets	0	0	0	0	0
Total assets	36.086	15.528	20.684	43.387	115.684

LIABILITIES

IN EUR'000	Cookware	Home & Living	EMS	Fashion	Total segments
EQUITY AND LIABILITIES					
Equity	7.981	-1.919	4.606	10.295	20.963
Non-current liabilities	9.271	4.083	2.433	12.668	28.455
Pension commitments and similar liabilities	76	0	421	2.550	3.047
Finance lease liabilities	618	0	0	685	1.304
Deferred tax liabilities	4.292	2.098	243	4.025	10.658
Other non-current liabilities	4.285	1.985	1.769	1.961	10.000
Current liabilities	18.833	13.364	13.645	20.423	66.265
Current loans	76	0	421	2.550	3.047
Current portion of non-current loans	618	0	0	685	1.304
Trade payables	4.292	2.098	243	4.025	10.658
Payables IC	4.285	1.985	1.769	1.961	10.000
Current provisions	0	0	0	0	0
Liabilities to stockholders	18.833	13.364	13.645	20.423	66.265
Other liabilities	0	0	0	0	0
Negative goodwill	9.771	3.264	831	6.411	20.276
Total equity and liabilities	36.086	15.528	20.684	43.387	115.684

The CFC Group's assets are accounted for by regions 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

The equity comes to EUR 38.7 million as of December 31, 2007 (previous year: EUR 14.3 million or adjusted EUR 15.4 million). This amount corresponds with an equity ratio of 33.3 % (previous year: 49 %). This relative decrease is accounted for primarily by the higher financial requirements of the newly acquired companies. The non-current liabilities rose from EUR 5.5 million in the year 2006 to EUR 23.1 million at the end of the reporting period. Current liabilities increased from EUR 9.1 million in 2006 to EUR 54.6 million as of December 31, 2007. Correspondingly, the current liability portion of the total liabilities rose from 62 % to 70 %.

CFC runs an active capital and asset management with the purpose of safeguarding the continued entrepreneurial existence of all group companies while optimizing the capital tied to these companies at the same time. These activities are controlled at CFC within a decentralized structure in the operating units.

Personnel

The management philosophy of CFC 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 company management on location, supported by the right experts from within the group. By the acquisition of minority interest at the same conditions applicable to the acquisition by CFC, the local management assumes part of the responsibility by its own financial commitment, and it is assured that there is a shared interest in the successful restructuring.

At the end of 2006 the CFC Group had 113 employees. Subsequent to the acquisitions in the year under report, the companies included in the basis of consolidation as of December 31, 2007 had an average number of 367 employees. As of the balance sheet date the group had 747 employees.

Financial position

Liquidity

For those group companies by whose acquisition in the year 2007 income was generated from the reversal of negative differences from capital consolidation, a cumulative net result of EUR -5.7 million is recorded - without consideration of the income from the reversal of negative differences from first-time consolidation. Already included are material initial and restructuring losses that usually incur after the takeover due to the CFC business model. The progress of restructuring is shown not least in the ability of the company under restructuring not to come up with further financial resource requirements and to generate positive cash flows again. If free cash flows are generated or if there are other free resources or non-operating assets, the opportunity arises to repay stockholder loans. This may happen to a significant extent before the time dividends can be paid. Because of the short investment period, so far CFC could not return resources invested in the companies this way.

Cash flow

The cash flow from operating activities of EUR -9.9 million is essentially characterized by the segment result explained above plus the individual result of the KGaA.

From the earnings before interest and taxes of EUR 13.1 million plus depreciation of EUR 2.4 million, EUR 18.7 million of non-cash income is deducted, essentially resulting from the above-mentioned EUR 18.5 million income from the initial consolidation of the newly acquired companies. In addition to that, the changes in provisions come to EUR -6.0 million, the losses from the disposal of working capital (inventories, receivables, trade payables) come to EUR -5.4 million, and the changes in other non-current and current assets and liabilities come to EUR +5.3 million. The resulting cash flow from operating activities is EUR -9.9 million.

The cash flow from investing activities is at EUR -0.9 million slightly negative and essentially includes the disposal of resources for new investments in property, plant and equipment. The cash flow from financing activities is characterized by the result of the capital increase of June 5, 2007, the funding of the Berndes Group, and the interest expenses within the holdings. Therefore the cash flow from financing activities is at EUR 14.0 million clearly positive.

The total change of cash and cash equivalents came to EUR +3.2 million in the past fiscal year.

4.6 INFORMATION ACCORDING TO SECTIONS 289 (4), 315 (4) HGB

Composition of the stock capital

The capital stock of EUR 6,435,000.00, consisting of 6,435,000 non-par value common bearer shares as entered in the balance sheet as of December 31, 2007, 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, 2007 the distribution of ownership is as follows:

Stockholders	Shares	in %
Themis Equity Partners GmbH & Co. KGaA	1.500.000,00	23,31%
Heliad Equity Partners GmbH & Co. KGaA	1.000.000,00	15,54%
Marcus Linnepe *thereof 86,310 voting rights (1.34 %) through Gesellschaft für Wirtschaftsberatung M. Linnepe & Co. GmbH*	970.660,00	15,08%
IFOS International Fonds Service AG	769.946,00	11,96%
Sylvia Quandt & Cie. Capital Markets AG *thereof 38,300 voting rights (0.59 %) through an affiliated company*	438.300,00	6,81%
Angermeyer Brumm Lange Unternehmensgruppe GmbH *thereof 240,000 voting rights (3.73 %) through Altira AG*	295.000,00	4,58%
Klaus von Hörde	250.000,00	3,89%
Freefloat	1.211.094,00	18,82%
	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 read in conjunction with Section 164 HGB. Accordingly, the Supervisory Board is not authorized to either appoint or dismiss the management. The same regulation is provided by Section 12 in the Articles of Incorporation of the general partner, CFC Industrie Beteiligungen Verwaltungs GmbH, Dortmund. An amendment to the Articles would have to occur in compliance 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 right of consent.

Management authorization to issue and repurchase own stock

1) The stock capital is conditionally increased by a maximum amount of EUR 2,340,000, divided into a maximum 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. The shares are - insofar as they come into being by exercise up to the beginning of the company's Annual General Meeting - entitled to dividend from the beginning of the previous fiscal year, or else 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.

2) 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" had been used for the capital increase II (December 6, 2006) and EUR 585,000 had 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 particularly a) to prevent 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 occa-

sion 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 Articles of Incorporation according to the scope of capital increases from the authorized capital.

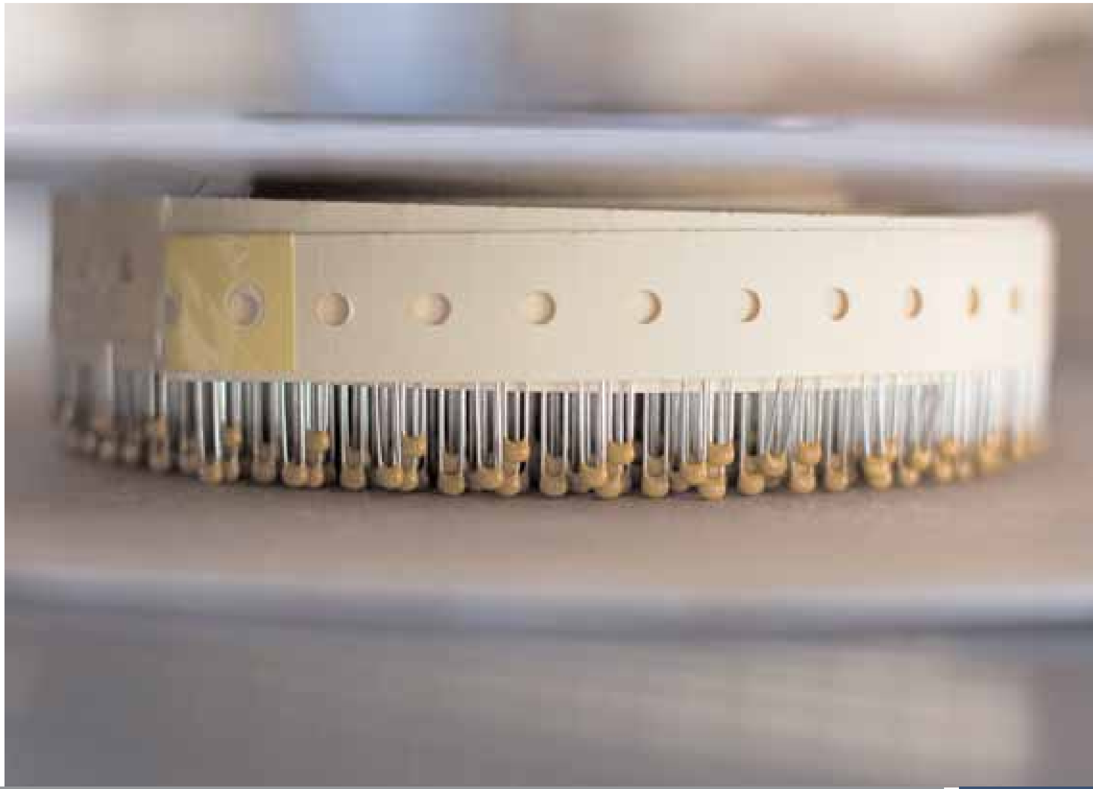
The management has no authorization for the repurchase of the company's own stock.

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 RISKS AND OPPORTUNITIES

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 to 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 as well as 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

Marginal dependence on 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 the 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. having sufficient liquidity at its disposal if there are increasing opportunities for investment in phases of an economic slump.

Deal flow and purchase prices

With regard to deal flow, CFC benefits from the management's network created over many years, including banking institutes' recapitalization departments, M&A consultants, auditing firms, etc., sometimes offering 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.

CFC also benefits from its focus on companies in need of rescue as the purchase prices in this segment are often very low because of the pronounced risks 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, a potential CFC will later be able to mobilize and dynamize.

Restructuring

The restructuring effort starts for CFC even at the beginning of the 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 selected from the extensive network of the CFC management, 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 an investment.

Furthermore, CFC has its own team of experts experienced in restructuring, giving support to the holdings during the restructuring of operations. During the so-called "movement phase", it is the experts' goal to mobilize the potential identified in the deal phase.

The CFC-typical organization of restructuring with a locally responsible, experienced holding manager and the 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 resources 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.

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 competition for objects of acquisition. The result would be rising purchase prices as well as a decrease 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 critical business situations. Usually these companies have been generating losses for a certain amount of time prior to the takeover.

There is the risk that despite diligent assessment and selection steps companies that eventually fall through as candidates for acquisition are being examined under a rising input of resources. 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 operative 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 the reporting might fail in the individual case because the responsible employees make mistakes or alarm signals are misinterpreted and misjudged in the analysis. This might result under the circumstances 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 extended by CFC. One of the first restructuring measures of CFC is therefore the optimization of the 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 a 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 a) 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 "100 day plan") and b) applying persistent and standardized liquidity reporting.

Risk management

The risk management of the CFC Group is operated within the framework of group-wide controlling. Weekly reports on the liquidity status are submitted to the finances department. Within the context of the preparation of the 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 on short notice and then realized.

Other components of the risk management are regular meetings of the group management and the holding managers on location to share information about the holdings' recent developments. Furthermore, CEO and CFO review meetings are conducted according to an annual calendar.

Failure of restructuring

CFC strives for the best possible precision with respect to an assessment of the economic development of a holding and, most of all, the liquidity requirements prior to a transaction by the 100 day plan as well as by corresponding multi-annual corporate planning on a monthly basis. However, the restructuring effort might still fail because after the entry of CFC it turns out 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 loans or other outside capital (which has not been the case so far), 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. Even though CFC only invests in companies with their head offices in Germany, these companies might 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 appear 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 results from operations in a negative way.

Exits

CFC only acquires companies of whose long-term prospects the management has convinced itself. It is therefore the goal for the medium term to establish a portfolio of profitable medium-sized companies and to keep them as holdings. 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 be not possible, or not at the desired selling price, because of the general economic situation or because of the situation at the capital markets.

CFC-spezific 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. This risk is intended to be countered by the extremely thorough selection of holdings carried out by CFC. It is the objective to evaluate the risks brought about 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.

Personnel risks

The dependence of the CFC business model on the personal network of the management and, above all, the general partner's managing director, Mr. Marcus Linnepe, is still relatively strong. A possible unforeseen resignation of Mr. Linnepe would have considerable negative consequences for the company.

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 economic 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 failure of the restructuring mission. CFC tries to reduce these risks by intensive communication prior to and during the employment of key personnel.

Risks of corporate finance

Because of the young history of CFC, the portfolio companies are still in their very early phases of restructuring. There have therefore been no returns in the shape of recapitalization or exits.

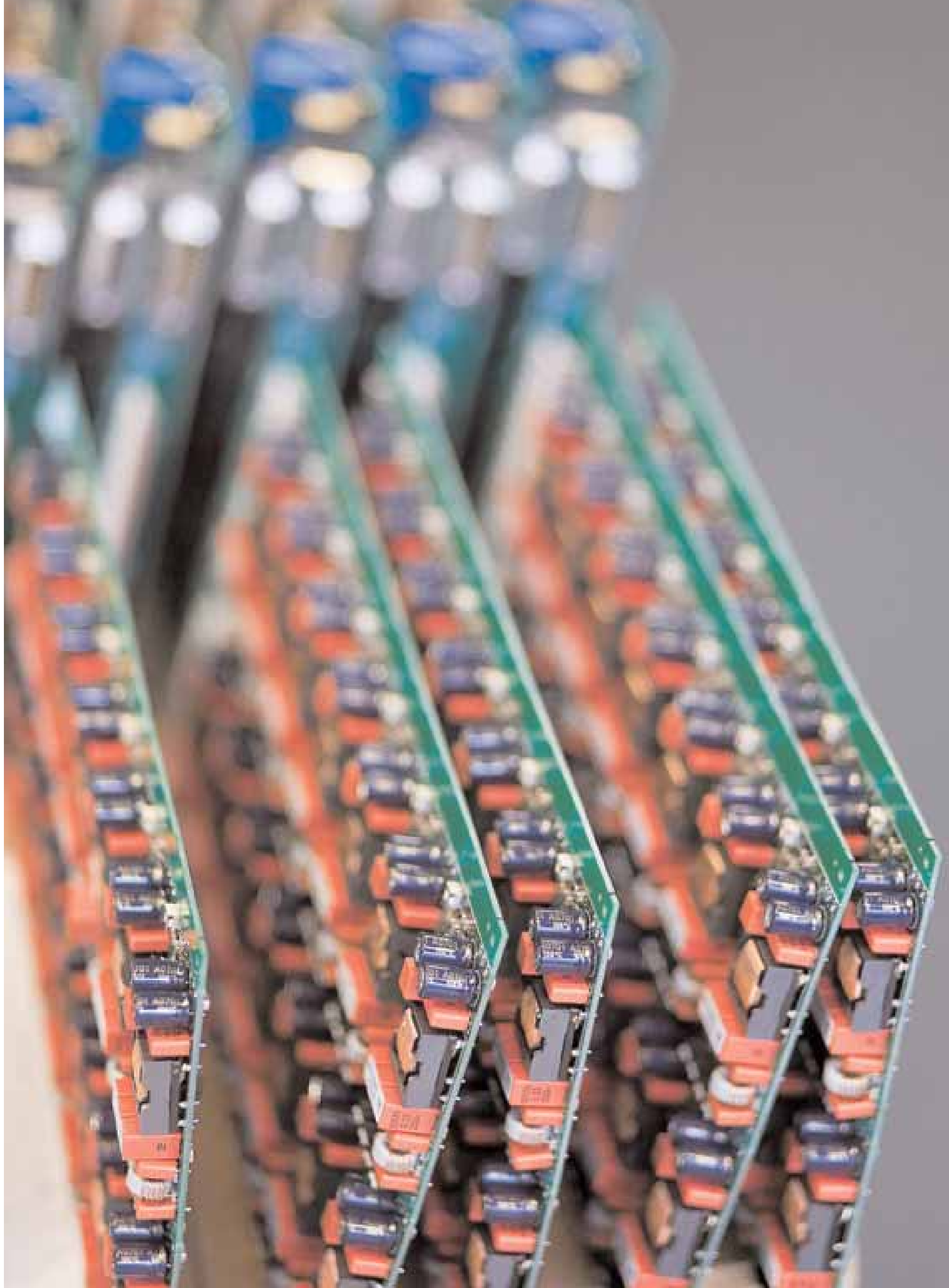
For this reason CFC is currently still principally dependent for its funding on own resources to be raised within the framework of capital increases or as borrowed money through financing. In this context there is a very strong dependence on the development at the capital and credit markets.

An unfavorable stock market environment could under the circumstances make the placing of a capital increase difficult. If at that 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. 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. The objective of CFC is to reach the holdings' recapitalization capability as fast as possible. On the other hand, various instruments for refinancing and hedging the receivables and inventories such as factoring or credit loss insurance are applied to hedge against cash flow risks and to safeguard group liquidity.

Operating risks of the holdings

The operating business units within the CFC Group are exposed with their operations to the risks typical of the respective markets. Apart from the ones listed explicitly, there are among others fluctuations in quantities and prices on the buying and selling markets. 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. The enterprise, as a medium-sized company, is confronted with an oligopoly of business groups whose concentration is increasing in our opinion. Price increases, caused by raw materials, energy, currencies, labor agreements, etc. cannot always be passed over in good enough time which could lead to a burden on the margin. The company tries to prevent these risks from materializing by a flexible procurement management.

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 by the group securing 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.

The provision of sources of funding is essential to the continued growth development of the Berndes Goup. In 2007 a significant granting of a loan by a third party to the group could be realized already with the help of CFC. This credit limit was used to increase the working capital - in particular the inventories - to the required amount. For a full utilization of the potential, further liquidity requirements are indispensable, though. In addition, the credit limit of 2007 must be refinanced in 2008. Therefore a continued financing of the company must ensue in 2008 as well, and corresponding steps must be taken. After the restructuring of the Berndes Group has been completed, the funding is intended to be provided by third parties on the capital market. Berndes is supported in these activities by CFC.

After the prices for raw materials had increased considerably in the last year, the group's business success may to no small extent be burdened or favored by the volatile situation on the metal and currency markets. 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 its part. To some extent the delivery periods for stainles steel have been extended, resulting in the necessity for early material planning. Material planning in good time with the suppliers usually coincides with the material planning of so-called metal contingents in that the supplier secures certain volumes of metal with regard to price and quantity on the basis of the company's forecast.

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 2007 has reduced the imports in price for the group, yet made exports to non-euro economic areas more difficult. In the fiscal year 2007 the respective individual companies have hedged a small number of projects by forward exchange transactions or foreign currency options.

Risk situation Format

The risks of the business segment in which Format is active are manifold. With regard to procurement, the company has recorded a significant increase in material costs over the last several years (e.g. 15 % for chipboards according to official statistics), together with a continued cutthroat competition due to the buyer power of the trade associations. 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. In the cooperation with key suppliers, there is a dependence on one supplier of surfaces of many years which is to be optimized economically and with regard to processes by the targeted application of established sourcing technologies. Because of the relatively remote location in Haiger, the selection and qualification of alternative suppliers could take longer than scheduled.

The fiscal year 2008 will be all about utilizing the existing profit potential of Format to capacity by a targeted improvement of the profitability through profit-oriented distribution control on the one hand and on the other hand by an increase in efficiency within the framework of process optimizations, starting with projects for the administrative and manufacturing area. The risks of profit-oriented distribution control are inherent in the process of reaching an optimized price-quantity relation, resulting in an optimum of profits.

In the foreign trade this buyer power due to the association structures is less an issue, but Format has worked the foreign markets so far only insufficiently and very cautiously. An active development of international sales requires investments, in turn requiring corresponding internal or external financing to be provided.

The difficult fiscal year 2007 is reflected in the development of available liquidity. Liquidity remains the focus of activity with regard to finances. For coverage of the current liquidity requirements, CFC provided additional funds in 2007 already. The committed banking institutes extended their limits in 2007, as negotiated within the framework of the takeover, and rolled them over into the year 2008. In addition, a bundle of measures was developed in order to prevent the seasonal fluctuations and the resulting bottlenecks in advance. Among the measures taken are a comprehensive cash and working capital management with respective predefined optimization potential. We assume that we will realize this defined optimization potential and will therefore be able to cover the short and medium-term operating financial requirements.

Risk situation Elcon

The risk profile of Elcon also has a wide range. Decisive for the company's development are the development of the order situation and the delivery schedules of the key customers. The surprising change in delivery scheduling beginning in the third quarter 2007 has indicated that it might very well come to massive order breaks due to changes in key customers' patterns of business conduct for organizational or market-determined reasons. New orders and customer projects were delayed by the end of 2007 as well so that this development may have an effect into 2008. Elcon tries to face this risk by an expansion of the customer base in order to balance the effects of a volatile procurement scheduling on the company. If this strategy does not work, additional funding is necessary to fulfill the liquidity requirements.

Within the framework of the acqusition, payment agreements were concluded with a large number of suppliers about old outstanding accounts. The adherence to these agreements will place a burden on the liquidity situation in 2008. If the agreements are not adhered to, there is the risk that the payment targets granted by the suppliers will be brought forward. This would further increase the charge on liquidity. Elcon observes the adherence to these agreements very closely and includes them in its respective cash planning.

Risk situation Letron

Letron operates in the same market environment as Elcon does. Here the continued positive course of restructuring depends on the sales performance as well. This is true all the more as Letron was forced to set up its own distribution after being detached from the structures of the Vogt Group. The challenge faced by distribution is further increased by the fact that previous customers must be recovered and new customers must be won in order to reach a sales level that allows Letron to operate at balanced liquidity and results.

It is absolutely mandatory to fully realize the planned structuring measures to reduce the cost of sales considerably and to thus lead the company back to the profit zone. This aim makes it also necessary to cut down on the previously high administrative expenses to an adequate level. This is agreed on with CFC as partner. If the scheduled measures are not realized to the full extent, the aim of restructuring cannot be achieved in the medium term.

Letron is dependent on the general partner's support with respect to 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 making their decision for 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 exists in the fashion industry anyway, i.e. sales revenues are very highly dependent on how well a certain collection is accepted by the market. delmod has tried so far to reduce this risk by a very classic way of design, which led to fading customer acceptance, however, as the target group has 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 it and to operate it without conflict is the challenge to this effort.

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

In the context of the takeover the financing banking institutes agreed to keep up their season-dependent limits. This is also a part of the CFC Group's financial planning.

4.8 OUTLOOK REPORT

Following a successful start in the year 2006, CFC Industriebeteiligungen GmbH & Co. KGaA stayed on the road to success with four takeovers in the year under report. Shortly after the acquisition of delmod at the end of last year, this field of business could be completed at the beginning of March 2008, first by obtaining a license, then by the acquisition of the trademark Hirsch in early April.

Global economy 2008 and 2009

The forecasts for the development of the global economy in the years 2008 and 2009 keep predicting robust growth despite the curbing effects of the U.S. real estate and credit crisis. The International Monetary Fund (IMF) still anticipates 4.1 % growth worldwide for 2008 in its most recent "world economic update" of the end of January 2008. The euro area is supposed to generate a growth of 1.6 %. Frontrunners of the global economy will continue to be the national economies of South-East Asia ahead of Eastern Europe, particularly Russia with its abundance of natural resources. The experts are still rather guarded with their forecasts for 2009. The OECD for instance predicts a continued economic growth of 2.2 %, with its regional distribution reflecting the year 2008.

CFC considers the significant curbing effects of the financial crisis a risk not to be underestimated, i.e. the risk that the weak economic development - especially in the euro area - keeps losing momentum and risks of a recession become noticeable. By the end of 2008 / the beginning of 2009 at the latest, CFC therefore expects a recessive development of the economy and it directs its corporate development accordingly.

Industry outlook 2008 and 2009

The market for holdings remains affected more severely by the financial crisis of the international bank markets than many other industries. This is accounted for by the uncertainties that exist with regard to the effects and the dimensions of the crisis. For this reason the granting of credit by banking institutes to financial investors will probably be limited. The number of transactions and their volumes will therefore fall behind the previous years' level considerably. This trend will probably affect especially the segment of private equity investors. Therefore strategic investors will keep the upper hand in the transactions of the year 2008. Due to the U.S. dollar exchange rate, U.S. companies are likely to become target objects for European investors as well.

CFC does not find major changes from the year 2007 in the market segment of "takeovers in critical business situations". In this market segment no new competitors have surfaced for a long time, so that the outlook remains unchanged from the situation in 2007, yet under changing economic conditions. CFC considers it possible that the economy of the industry will turn abruptly from a "restructuring-friendly phase" into an "acquisition-friendly phase" at the end of 2008. With respect to 2009, the experts are still inconsistent in their predictions.

Outlook for CFC Industriebeteiligungen GmbH & Co. KGaA (CFC Group) for 2008 and 2009

The continued positive development of the CFC Group essentially depends on three factors:

1. Profit contributions made by successfully restructured holdings,
2. Profit contributions from the sale of successfully restructured holdings,
3. Profit contributions from the acquisition of new companies

As is typical for the business model of CFC, the newly acquired companies mostly show clearly negative results in the first year of consolidation. Due to corporate history, the CFC portfolio is still rather young and for the most part in the phase of restructuring. Therefore significant losses were incurred in 2007. It is the goal for 2008 - with respect to the property companies of the year under report - a) to raise the annualized sales from EUR 156 million by roughly 10 % to about EUR 170 million and b) to achieve a clearly positive EBITDA in total for these companies. This accomplishment would also substantiate the restructuring know-how of CFC. All of the property companies included in the portfolio are expected to reach their operating break-even in the year 2008. In 2009 the property portfolio of 2007 is expected to reach the EUR 200 million sales limit, and all companies are scheduled to achieve positive results after taxes.

With respect to the portfolio, it can be stated that Berndes has successfully completed restructuring and now goes through the "dynamization phase". Elcon and Letron have been merged under the roof of CFC Electronic Holding GmbH and focus on the expansion of distribution. Format and delmod are still being restructured. However, the CFC take on the market situation for exits is always opportunistic, particularly so against the backdrop of the expected economic changes.

Reflecting the forecast for 2007, CFC expects for 2008 as well that a considerable profit contribution will be achieved from the acquisitions and the partially connected gains from the reversal of negative differences due to capital consolidation. As the CFC business model is directed at acquiring companies in transitional phases, these acquisition gains are an inherent part of the business model. CFC reports these gains as "other operating income" in the holding, thus including them in the EBITDA. The amount of the respective gain usually substantiates only within the framework of the purchase price allocation and is therefore hard to schedule. Only by the time the actual objects of acquisition are apparent and detailed data are available, an estimate is made possible. We will concentrate on acquisitions of companies with sales volumes of EUR 20 to 250 million in the future. CFC is considering a consistently high number of prospective investment objects under detailed scrutiny of the transaction management team as part of the investment department. For both divisions we have recruited additional staff and will continue to do so beyond the year 2008.

For all these reasons CFC is comfortable with the analysts' expectations for annualized sales of EUR 276 million at a net income of EUR 17.8 million in the year 2008.

Focus on cash flow

It is generally the goal of CFC to generate a considerable cash flow to be able to push ahead with the continued expansion of the company. The prerequisite is the completion of the first two phases of restructuring in the holdings in order to provide funds for new acquisitions through recapitalization. This cash flow would also benefit a further support of the solid balance sheet structure.

The future dividend policy is highly dependent on the future acquisition and exit success, apart from the required expenditure for restructuring. The management basically wants to offer an attractive return to the stockholders in the shape of dividends. Whether this will be possible for 2008 depends on the actual investments in the portfolio we will be able to make.

The management

5. Consolidated financial statements for the fiscal year ended December 31, 2007

ASSETS

in EUR	Notes	12/31/2007 EUR	12/31/2006 (adjusted) EUR	12/31/2006 EUR
Non-current assets				
Property, plant and equipment	6,7	25.869.948,30	2.069.336,65	2.069.336,65
Intangible assets	8	34.891.780,53	13.643.831,67	11.808.040,00
Financial assets	4	4.232,30	0,00	0,00
Other non-current assets	10	801.738,58	0,00	0,00
		61.567.699,71	15.713.168,32	13.877.376,65
Current assets				
Inventories	11	26.939.848,92	5.135.914,09	5.135.914,09
Trade receivables	12	13.715.687,84	3.867.172,65	3.867.172,65
Other financial assets and other assets	13	5.418.071,56	522.099,75	522.099,75
Cash and cash equivalents	14	8.791.851,76	5.584.358,10	5.584.358,10
		54.865.460,08	15.109.544,59	15.109.544,59
Total assets		116.433.159,79	30.822.712,91	28.986.921,24

LIABILITIES

in EUR	Notes	12/31/2007 EUR	12/31/2006 (adjusted) EUR	12/31/2006 EUR
Equity				
Capital stock	15	6.435.000,00	5.212.500,00	5.212.500,00
Additional paid-in capital	15	12.275.424,58	4.150.039,41	4.150.039,41
Accumulated other comprehensive income	15	-397.511,02	-215.779,38	-215.779,38
Retained earnings	15	16.539.427,63	2.806.553,80	2.035.521,30
Minority interest	36	3.873.938,35	3.487.453,59	3.157.011,09
		38.726.279,54	15.440.767,42	14.339.292,42
Non-current liabilities				
Pension commitments and similar obiligations	18	3.047.485,56	59.813,00	59.813,00
Finance lease liabilities	7	1.303.556,96	818.103,33	818.103,33
Deferred tax liabilities	9	9.643.903,76	5.096.431,47	4.362.114,80
Other non-current liabilities	19	9.102.059,60	269.735,44	269.735,44
		23.097.005,88	6.244.083,24	5.509.766,57
Current liabilities				
Liabilities to banks	19	13.325.579,87	0,00	0,00
Current loans	19	6.575.002,30	1.849.888,27	1.849.888,27
Trade payables	20	13.897.587,20	3.417.709,46	3.417.709,46
Advance payments	21	1.190.204,86	0,00	0,00
Current provisions	22	11.848.124,49	2.979.221,04	2.979.221,04
Current tax liabilities	23	1.771.656,66	334.390,26	323.390,26
Liabilities to partners	24	85.700,00	178.778,23	178.778,23
Other financial liabilities	24	2.149.125,91	178.830,82	189.830,82
Other liabilities	24	2.800.749,92	0,00	0,00
Finance lease	7	966.143,16	199.044,17	199.044,17
		54.609.874,37	9.137.862,25	9.137.862,25
Total equity and liabilities		116.433.159,79	30.822.712,91	28.986.921,24

6.2 CONSOLIDATED INCOME STATEMENT OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA, DORTMUND, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

	Notes	1/1-12/31/2007 EUR	5/22-12/31/2006 (adjusted) EUR	5/22-12/31/2006 EUR
Sales	26	66.141.411,86	12.172.815,59	12.172.815,59
Changes in finished goods and work in process inventories		1.720.162,59	-323.765,83	-323.765,83
Other operating income	27	22.809.695,26	1.641.307,75	821.047,75
Material expense	28	-41.785.724,07	-5.929.347,40	-5.929.347,40
Personnel expense	29	-12.406.393,83	-2.013.404,77	-2.013.404,77
Depreciation of property, plant and equipment and intangible assets	*	-2.426.808,16	-349.910,66	-232.702,33
Other operating expenses	27	-20.988.503,15	-4.134.072,08	-4.134.072,08
Earnings before interest and taxes		13.063.840,50	1.063.622,60	360.570,93
Finance income	30	251.930,09	271.821,79	271.821,79
Finance expense	30	-1.156.847,43	-62.936,09	-62.936,09
Financial result	30	-904.917,34	208.885,70	208.885,70
Earnings before taxes		12.158.923,16	1.272.508,30	569.456,63
Income taxes	9	1.362.541,73	2.396.635,61	2.349.752,28
Third-party share in borrowed capital	36	481.765,94	0,00	0,00
Group net income		14.003.230,83	3.669.143,91	2.919.208,91
Minority interest	36	-270.357,00	--862.590,11	-883.687,61
Attributable to equity holders of the parent		13.732.873,83	2.806.553,80	2.035.521,30
Basic earnings per share		2,22	0,55	0,40
Fully diluted earnings per share		2,22	0,55	0,40

* Konzernanlagespiegel

6.3 CONSOLIDATED CASH FLOW STATEMENT OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA, DORTMUND, FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

in EUR	Notes	1/1-12/31/2007 EUR	5/22-12/31/2006 (adjusted) EUR	5/22-12/31/2006 EUR
Earnings before interest and taxes		13.063.840,50	1.063.622,60	360.570,93
Depreciation		2.426.808,16	349.910,66	232.702,33
Other non-cash income		-18.702.860,41	-820.260,00	0,00
Income taxes paid		-414.768,09	-101.267,69	-101.267,69
Changes in non-current and current provisions		-6.035.607,36	-411.848,99	-411.848,99
Losses from the disposal of fixed assets		0,00	161.724,97	161.724,97
Changes in working capital		-5.350.807,02	489.073,31	489.073,31
Changes in other non-current and current assets and liabilities		5.339.254,36	-357.885,03	-357.885,03
Changes in other assets and liabilities due to exchange rate differences		-207.000,00	-327.203,76	-327.203,76
Cash flow from operating activities		-9.881.139,86	45.866,07	45.866,07
Payments-out for capital expenditures for property, plant and equipment		-1.213.659,61	-312.354,80	-312.354,80
Purchase price for acquisitions less received cash and cash equivalents		354.000,00	-3.467.704,00	-3.467.704,00
Changes in fixed assets due to exchange rate differences		-27.426,75	18.947,51	18.947,51
Cash flow from investing activities		-887.086,36	-3.761.111,29	-3.761.111,29
Payments-in from capital increase		9.347.885,17	9.362.539,41	9.362.539,41
Changes in liabilities / loans for financing		5.532.752,05	0	0
Interest income		251.930,09	0	0
Interest expense		-1.156.847,43	-62.936,09	-62.936,09
Cash flow from financing activities		13.975.719,88	9.299.603,32	9.299.603,32
Changes in cash and cash equivalents		3.207.493,66	5.584.358,10	5.584.358,10
Cash and cash equivalents at beginning of period		5.584.358,10	0,00	0,00
Cash and cash equivalents at end of period	4	8.791.851,76	5.584.358,10	5.584.358,10
Composition of cash and cash equivalents				
Cash and cash equivalents		8.791.851,76	5.584.358,10	5.584.358,10
	14	8.791.851,76	5.584.358,10	5.584.358,10

6.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA, DORTMUND, FOR THE FISCAL YEARS 2006 AND 2007 (PART 1, EQUITY HOLDERS OF THE PARENT)

	Equity holders of the parent				
in EUR	Stock capital	Additional paid-in capital	Accumulated other comp. income	Retained earnings	Equity
May 22, 2006	0,00	7.425.000,00	0,00	0,00	7.425.000,00
Capital increase by contribution in kind	25.000,00	2.455,98	0,00	0,00	27.455,98
Capital increase from company resources	4.900.000,00	-4.900.000,00	0,00	0,00	0,00
Capital increase in cash	287.500,00	1.710.000,00	0,00	0,00	1.997.500,00
Fundraising expense	0,00	-87.416,57	0,00	0,00	-87.416,57
Group net income	0,00	0,00	0,00	2.035.521,30	2.035.521,30
Foreign currency translation	0,00	0,00	-215.779,38	0,00	-215.779,38
Changes in basis of consolidation	0,00	0,00	0,00	0,00	0,00
December 31, 2006	5.212.500,00	4.150.039,41	-215.779,38	2.035.521,30	11.182.281,33
+/- changes in accounting policies and valuation methods and corrections of material mistakes	0,00	0,00	0,00	771.032,50	771.032,50
December 31, 2006 (adjusted)	5.212.500,00	4.150.039,41	-215.779,38	2.806.553,80	11.953.313,83
Capital increase by contribution in kind	0,00	0,00	0,00	0,00	0,00
Capital increase from company resources	0,00	0,00	0,00	0,00	0,00
Capital increase in cash	1.222.500,00	8.716.500,00	0,00	0,00	9.939.000,00
Fundraising expense	0,00	-591.114,83	0,00	0,00	-591.114,83
Group net income	0,00	0,00	0,00	13.732.873,83	13.732.873,83
Foreign currency translation	0,00	0,00	-181.731,64	0,00	-181.731,64
	0,00	0,00	0,00	0,00	0,00
Changes in basis of consolidation	0,00	0,00	0,00	0,00	0,00
December 31, 2007	6.435.000,00	12.275.424,58	-397.511,02	16.539.427,63	34.852.341,19

6.4 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA, DORTMUND, FOR THE FISCAL YEARS 2006 AND 2007 (PART 2, MINORITY PARTNERS AND GROUP)

	Minority partners				
in EUR	Minority stake	Accumulated other comp. income	Minority interest	Equity	Group equity
May 22, 2006	0,00	0,00	0,00	0,00	7.425.000,00
Capital increase by contribution in kind	0,00	0,00	0,00	0,00	27.455,98
Capital increase from company resources	0,00	0,00	0,00	0,00	0,00
Capital increase in cash	0,00	0,00	0,00	0,00	1.997.500,00
Fundraising expense	0,00	0,00	0,00	0,00	-87.416,57
Group net income	0,00	0,00	883.687,61	883.687,61	2.919.208,91
Foreign currency translation	0,00	-92.476,87	0,00	-92.476,87	-308.256,25
Changes in basis of consolidation	2.365.800,35	0,00	0,00	2.365.800,35	2.365.800,35
December 31, 2006	2.365.800,35	-92.476,87	883.687,61	3.157.011,09	14.339.292,42
+/- changes in accounting policies and valuation methods and corrections of material mistakes	351.540,00	0,00	-21.097,50	330.442,50	1.101.475,00
December 31, 2006 (adjusted)	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	0,00	0,00
Capital increase from company resources	0,00	0,00	0,00	0,00	0,00
Capital increase in cash	0,00	0,00	0,00	0,00	9.939.000,00
Fundraising expense	0,00	0,00	0,00	0,00	-591.114,83
Group net income	0,00	0,00	270.357,00	270.357,00	14.003.230,83
Foreign currency translation	0,00	-78.243,28	0,00	-78.243,28	-259.974,92
Changes in basis of consolidation	194.371,04	0,00	0,00	194.371,04	194.371,04
December 31, 2007	2.911.711,39	-170.720,15	1.132.947,11	3.873.938,35	38.726.279,54

The foreign currency translation of EUR 182k not affecting the net income (previous year EUR 216k) and the fundraising expenses of EUR 591k (previous year EUR 87k) were entered directly in equity.

6.5 DEVELOPMENT OF THE NON-CURRENT ASSETS OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA, DORTMUND AS OF DECEMBER 31, 2007

	Acquisition and production costs					
Group	Adjusted 1/1/2007 EUR	Addition from first-time consolidation EUR	Foreign currency-translation EUR	Additions EUR	Transfers EUR	Disposals EUR
Intangible assets						
Industrial property rights and similar rights	70.866,70	2.069.074,29	-305,16	73.008,13		237.250,73
Industrial property rights and similar rights	8.081.000,00	15.500.000,51				
Trademark rights	5.626.000,00	4.157.000,00				1.800,00
Advance payments				12.000,00		
	13.777.866,70	21.726.074,80	-305,16	85.008,13	0,00	239.050,73
Property, plant and equipment						
Undeveloped real estate		819.720,00		5.913,00		
Land and buildings	6.051,16	14.026.987,65				57.015,96
Technical equipment and machinery	1.108.892,82	6.375.114,07		48.323,39	7.180,00	99.473,72
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
Advance payments and construction in process	30.826,66	439.349,00		118.618,61	-52.164,66	
	2.254.331,64	24.952.131,14	-86.280,17	1.124.674,83	0,00	1.532.371,26
Financial assets						
Interest in joint ventures	0,00			3.976,65		
Investments	0,00	255,65				
	0,00	255,65	0,00	3.976,65	0,00	0,00
	16.032.198,34	46.678.461,59	-86.585,33	1.213.659,61	0,00	1.771.421,99

	Accumulated depreciation					Book values	
12/31/2007	Adjusted 1/1/2007	Foreign currency-translation	Additions	Disposals	12/31/2007	12/31/2007	12/31/2006
EUR	EUR	EUR	EUR	EUR	EUR	EUR	TEUR
1.975.393,23	16.826,70	-305,16	77.100,85	233.177,94	-139.555,55	2.114.948,78	54
23.581.000,51	0,00				0,00	23.581.000,51	8.081
9.781.200,00	117.208,33		480.160,43		597.368,76	9.183.831,24	5.509
12.000,00					0,00	12.000,00	
35.349.593,74	134.035,03	-305,16	557.261,28	233.177,94	457.813,21	34.891.780,53	13.644
825.633,00					0,00	825.633,00	
13.976.022,85	1.593,05		149.276,65		150.869,70	13.825.153,15	4
7.440.036,56	59.839,36		688.011,30	99.473,72	648.376,94	6.791.659,62	1.049
0,00					0,00	0,00	
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	985
536.629,61	0,00				0,00	536.629,61	31
26.712.486,18	184.994,99	-57.016,35	1.869.546,88	1.154.987,64	842.537,88	25.869.948,30	2.069
3.976,65	0,00				0,00	3.976,65	0
255,65	0,00				0,00	255,65	0
4.232,30	0,00	0,00	0,00	0,00	0,00	4.232,30	0
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

6.5 DEVELOPMENT OF THE NON-CURRENT ASSETS OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA, DORTMUND AS OF DECEMBER 31, 2006 (ADJUSTED)

In Euro	Acquisition and production costs						
	5/22/2006	Changes basis of consolidation (adjusted)	Foreign - currency translation	Additions	Transfers-	Disposals	12/31/2006
Intangible assets							
1. Industrial property rights and similar rights	0,00	275.716,76	0,00	297,00	0,00	205.147,06	70.866,70
2. Trademark rights	0,00	8.081.000,00*	0,00	0,00	0,00	0,00	8.081.000,00
3. Customer relationships	0,00	5.626.000,00*	0,00	0,00	0,00	0,00	5.626.000,00
	0,00	13.982.716,76	0,00	297,00	0,00	205.147,06	13.777.866,70
Property, plant and equipment							
1. Buildings on third-party property	0,00	6.051,16	0,00	0,00	0,00	0,00	6.051,16
2. Technical equipment and machinery	0,00	947.389,82	0,00	161.503,00	0,00	0,00	1.108.892,82
3. . Other facilities, furniture and office equipment	0,00	995.238,91	-6.406,05	119.728,14	0,00	0,00	1.108.561,00
4. Advance payments and construction in process	0,00	0,00	0,00	30.826,66	0,00	0,00	30.826,66
	0,00	1.948.679,89	-6.406,05	312.057,80	0,00	0,00	2.254.331,64
Financial assets							
1. Interest in affiliated companies	0,00	0,00	0,00	0,00	0,00	0,00	0,00
2. Investments	0,00	0,00	0,00	0,00	0,00	0,00	0,00
3. Loans to related parties	0,00	0,00	0,00	0,00	0,00	0,00	0,00
4. Other loans	0,00	0,00	0,00	0,00	0,00	0,00	0,00
	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Total	0,00	15.931.396,65	-6.406,05	312.354,80	0,00	205.147,06	16.032.198,34

Accumulated depreciation					Book values	
5/22/2006	Foreign - currency translation	Additions	Disposals	12/31/2006	12/31/2006	5/22/2006
0,00	0,00	60.248,80	43.422,10	16.826,70	54.040,00	0,00
0,00	0,00	0,00	0,00	0,00	8.081.000,00	0,00
0,00	0,00	117.208,33	0,00	117.208,33	5.508.791,67	
0,00	0,00	177.457,13	43.422,10	134.035,03	13.643.831,67	0,00
0,00	0,00	1.593,05	0,00	1.593,05	4.458,11	0,00
0,00	0,00	59.839,36	0,00	59.839,36	1.049.053,46	0,00
0,00	12.541,46	111.021,12	0,00	123.562,58	984.998,42	0,00
0,00	0,00	0,00	0,00	0,00	30.826,66	0,00
0,00	12.541,46	172.453,53	0,00	184.994,99	2.069.336,65	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	12.541,46	349.910,66	43.422,10	319.030,02	15.713.168,32	0,00

** Retroactive adjustment of the valuation of the intangible assets of the Berndes Group for the fiscal year 2006; please refer to note 3.*

6. Notes to consolidated financial statements

Notes to consolidated financial statements
for the fiscal year ended December 31, 2007

1. CORPORATE INFORMATION AND EXPLANATION OF BUSINESS OPERATIONS

CFC Industriebeteiligungen GmbH & Co. KGaA with head offices at Westfalendamm 9, 44141 Dortmund, Germany 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 second consolidated financial statements begins on January 1, 2007 and ends on December 31, 2007. The comparison with the previous year is possible only to a limited degree as the previous year consisted of two combined short fiscal years over the period from May 22, 2006 to December 31, 2006. In the reporting period the company carried out a capital increase from the "authorized capital 2006" to the amount of 585,000 shares of EUR 1.00 each. By this capital increase effective June 5, 2007, the company's stock capital was raised to EUR 6,435,000.

The company has been listed at 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 markets, the stock of CFC Industriebeteiligungen is also traded continuously on Xetra.

In the past fiscal year, the company held directly or indirectly

- 70 % of the stock of Berndes Beteiligungs GmbH, Arnsberg
- 90 % of the stock of Format-Küchen GmbH & Co. KG, Haiger
- 100 % of the stock of Elcon Systemtechnik GmbH, Hartmannsdorf
- 100 % of the stock of VOGT Electronic Letron GmbH,
- 84.8 % of the stock of delmod-international Bekleidungsindustrie GmbH & Hanse-Kleidung KG
- 85 % of the stock of delmod-international Bekleidungsindustrie GmbH
- 100% of the stock of various subholding GmbH´s.

The Supervisory Board of CFC will approve the consolidated financial statements 2007 probably on April 28, 2008 and propose their presentation to the Annual General Meeting, 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) have been rounded up or down to thousand euros according to financial 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

Besides CFC Industriebeteiligungen GmbH & Co. KGaA, the consolidated financial statements prepared for the fiscal year 2007 include all companies whose voting rights CFC has the direct or indirect majority of, 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, recognizable assets and liabilities are set completely at their respective time values. The balance of a remaining asset difference is stated as goodwill.

The financial statements of the companies included in the consolidated financial statements of CFC are stated in correspondence with the balance sheet date of the consolidated financial statements.

All material receivables and payables as well as transactions between the 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 taken over 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 37.

Foreign currency translation

Functional currency and reporting currency

The positions included in each group company's financial statements are valuated 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 the changes of whose fair values 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 the changes of whose fair values are considered 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; the equity is translated at historic exchange rates, though;
- income and expenses are translated for every income statement at average exchange rates;
- 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 the currency provisions are entered as affecting the net income in the income statement as part of capital gains or losses.

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	
		12/31/2007	12/31/2006	2007	2006
USA	USD	1,47167	1,3182	1,3599	1,2557
Hongkong	HKD	11,4810	10,2564	10,7643	9,8135
UK	GBP	0,7346	0,6714	0,6843	0,8721
China	CNY	10,7759	10,1317	10,3306	9,8912

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 from operations. The company does not engage in speculation. The forward exchange contracts do not pose a risk to the company's results from operations 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, 2007, there were forward exchange contracts concerning a German subsidiary of the Berndes Group to hedge a purchase transaction in Asia billed in U.S. dollar. At the same time there was a currency option transaction concerning that company for the same business interests.

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 in this fiscal year. 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.

- IFRS 7	Financial Instruments : Disclosures
- Amendment to IAS 1	Presentation of Financial Statements
- IFRIC 8	Scope of IFRS 2
- IFRIC 9	Reassessment of Embedded Derivatives
- IFRIC 10	Interim Financial Reporting and Impairment
- IFRIC 11	Group and Treasury Share Transactions (IFRS 2)
- IFRS 8	Operating segments

IFRS 7: Financial Instruments : Disclosures

This Standard requires disclosures that enable the user to evaluate the significance of financial instruments for the group's financial position and performance and the nature and extent of risks arising from the financial instruments used. The resulting new disclosures (including corresponding comparative information for the previous year) are included in the consolidated financial statements presented. The application had no effect on the group's assets, financial position and results from operations.

IAS 1: Presentation of Financial Statements

This amendment requires new disclosures that enable the user to evaluate the group's objectives, methods, and processes with regard to its capital management. The new disclosures are presented under note 35.

IFRIC 8: Scope of IFRS 2

This Interpretation requires the application of IFRS 2 to all those transactions where the company is not able to specifically identify some or all of the goods or services received in return. This particularly applies if the consideration received by the company for the issue of equity instruments appears to be less than the fair value of the equity instruments granted. As within the group equity instruments are granted only to employees within the framework of the employee stock option plan, the application of this Interpretation had no effect on the group's assets, financial position and results from operations.

IFRIC 9: Reassessment of Embedded Derivatives

According to IFRIC 9 the company is required to always assess at the time it enters into an agreement on a hybrid instrument whether an embedded derivative is involved. Subsequent reassessment is admissible only if there is a change in the terms of contract which significantly modifies the cash flows. As the group does not have embedded derivatives to be separated from the host contract, this Interpretation had no effect on the group's assets, financial position and results from operations.

IFRIC 10: Interim Financial Reporting and Impairment

The group has applied IFRIC Interpretation 10 as of January 1, 2007 for the first time. The Interpretation governs that impairment loss recognized in a previous interim period in respect of goodwill or an investment in either an equity instrument or a financial asset carried at acquisition costs shall not be reversed in the following financial statement. As the group has not carried out such adjustments of impairment loss recognized in the past, this Interpretation had no effect on the group's assets, financial position and results from operations.

IFRIC 11: IFRS 2 : Group and Treasury Share Transactions

IFRIC Interpretation 11 was released in November 2006 and is applicable for the fiscal years beginning on or after March 1, 2007. According to this Interpretation, agreements granting employees rights to a company's equity instruments shall be accounted for as equity-settled share-based payment transactions even if the company receives the instruments from a third party or if the stockholders supply the required equity instruments. Because of the insignificant volume of share-based payments within the group, no material consequences on the company's assets, financial position and results from operations are anticipated for the first-time application of this new regulation.

IFRS 8: Operating Segments

IFRS 8 was released in November 2006 and is applicable for the fiscal years beginning on or after January 1, 2009 for the first time. IFRS 8 requires 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 expectations 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 stated for all unused tax loss carry-forward 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 terminiation of employment

The expenditure for performance-oriented plans and other medical benefits after the termination of employment is determined according to actuarial calculations. The actuarial valuation is made on the basis of assumptions with regard to discount rates, expected return 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 3,047,485.86 as of December 31, 2007 (2006: EUR 59,813.00). More details can be found under note 18.

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 495,000; they will lead to future cash flows through the sale of products and provision of services.

2.4 Basic valuation methods

Sales

The company generates sales 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.

Business combinations and goodwill

Business combinations are stated according to the acquisition method. 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, upon first-time inclusion in the balance sheet. After the initial inclusion, the goodwill is assessed at acquisition costs less cumulative impairment expenses. As of acquisition date, the goodwill acquired witin 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 is valid independent of other assets or liabilities of the acquired company being allocated to these cash-generating units or not.

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 according to IFRS 3.56 with regard to proper identification and assessment of the acquired assets and 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 entered in the income statement as other operating income.

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 valuated at their respective acquisition or production costs less cumulative depreciation 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 depreciated 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 depreciation 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. Depreciation 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.

Intagible assets with indefinite useful lives are reviewed for impairment either with regard to the individual asset or the cash-generating unit at least once very year. These intangible assets are not depreciated 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
Depreciation method applied	No depreciation	Straight-line depreciation over the term of license or the useful life
Selfcreated or acquired	Acquired	Acquired

Impairment of intangible assets with indefinite useful lives

Trademark rights with indefinite useful lives capitalized to the amount of EUR 23,581,000.51 as of December 31, 2007 have been subjected to an impairment review with regard to the trademark Berndes, capitalized in the year 2006. The other trademark rights - this only concerned the trademark delmod - 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, the impairment review is performed as follows:
For each CGU corresponding with the respective holdings, future cash flows are determined on the basis of multi-annual planning, involving a period of five years. Based on a 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 Capital Asset Pricing Model (CAPM) and comes to 12.4 % for Berndes. This rate, the so-called WACC (weighted average cost of capital), is based on a nationally specific risk-free interest rate (Berndes: 5.10 %) plus the average market risk premium (Berndes: 4.5 %), multiplied by a company-specific equity beta (raw ?) of 1.62 for Berndes. All stated amounts are derived from market data.

The review for impairment of the amount capitalized for the trademark Berndes has not resulted in the need for an adjustment.

Customer relationships

The customer relationships capitalized to the amount of EUR 9,183,831.24 in the balance sheet as of December 31, 2007 are depreciated over their respective useful lives of 10 and 16 years using the straight-line method. The respective useful life has been determined in the context of purchase price allocation on the basis of estimated periods of future customer retention.

Software and licenses

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

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 valuated reliably. Depreciation 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 depreciated from production start on a straight-line basis over the estimated useful life of seven years.

Acquired intangible assets are assessed at acquisition costs and depreciated under the straight-line method over their estimated useful lives of three to eight years.

The depreciation 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 subsequent to the acquisition. The goodwill associated with the company is included in the share's book value and is not depreciated 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 financial statements of the joint venture are prepared as of the same balance sheet date as the parent's financial statements are. 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) using 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.

The unrealized gains on technical equipment and machinery acquired in the context of the acquisition of a business combination have a remaining useful life of two to six years.

Financing costs are not capitalized.

Low-value assets with acquisition costs of below EUR 410 are fully depreciated in the year of acquisition.

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 same time 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 book 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

The financial instruments assessed 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, the 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 considered current assets if they are meant to be realized within twelve months from the balance sheet date.

Upon its first-time recognition, a financial asset is set at the fair value corresponding with the time value attributable to 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 valuation 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 contingencies 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.

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 basically 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 trasferred 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.

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 18.

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, for individual cases appropriate provisions are made 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 accounted as borrowed capital

Interest of third parties (minorities) in business partnerships is considered borrowed capital in accordance with IAS 32 and accounted under non-current liabilities.

Obligations from finance lease agreements are recognized in other liabilities to the amount of the future lease payments' cash value.

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 valuation 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 accountable 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 depreciation 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 IASB and the IFRIC have released the following Standards and Interpretations which are not subject to mandatory application in the fiscal year 2007. These Standards and Interpretations have not yet been adopted by the EU yet and have not been applied by CFC.

IFRS 2 Amendment: Share-based Payment

The amendment to IFRS 2 was released in January 2008 and is applicable for the fiscal years beginning on or after January 1, 2009. The revision carries the clarification that the term "vesting conditions" exclusively refers to the conditions of services and performances. Furthermore, the regulations for the financial reporting of an early exercise of share-based payment plans are extended to include early exercise by employees. The transitional provisions allow for a retrospective application of the revision. The only share-based payment plans run by the group that include vesting conditions according to above-mentioned definition are stock option plans; accordingly, no effects on the financial reporting of share-based payment are expected.

IFRS 3: Business Combinations

The amended Standard IFRS 3 was released in January 2008 and is applicable for the fiscal years beginning on or after July 1, 2009. Within the context of a convergence project of IASB and FASB, this Standard was subjected to an elaborate revision. The essential changes particularly concern the introduction of a right to choose with respect to the valuation of minority interest between accounting of the proportionate identifiable net asset (so-called purchased goodwill method) and the so-called full goodwill method, according to which the full goodwill is recognized, including the portion attributable to minority equity holders. Furthermore, the revaluation of existing investments upon first-time obtainment of control in the income statement (successive business acquisition), the mandatory accounting of a consideration tied to the occurrence of future events at the time of acquisition, and the treatment of transaction costs as income-effective are particularly worth mentioning. The transitional provisions allow for the revision's prospective application. As the group will probably continue to apply the purchased goodwill method with regard to future business combinations, the revision will have no effect. The revalutaion within the framework of successive business acquisitions and the mandatory accounting of consideration tied to conditions as of the time of acquisition will probably lead to higher goodwill.

IAS 1: Presentation of Financial Statements

The revised Standard IAS 1 was released in September 2007 and is applicable for the fiscal years 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. Among the revisions is in particular the introduction of an overall account that includes the income realized within a financial period as well as not yet realized gains and losses previously disclosed within the equity statement, replacing the income statement in its previous shape. Furthermore, the Standard requires that in addition to the balance sheet as of balance sheet date and the balance sheet as of the preceding balance sheet date, a balance sheet shall be presented as of the beginning of the period of comparison if the company retroactively applies accounting policies and valuation methods, corrects a mistake, or reclassifies an item. 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 valuation of assets and liabilities in the consolidated financial statements.

IAS 23: Borrowing Costs

The revised Standard IAS 23 was released in March 2007 and is applicable for the fiscal years beginning on or after January 1, 2009. The Standard requires borrowing costs that can be attributed to a qualified asset to 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 assets, financial position and results from operations are to be expected for the fiscal year of first-time application.

IAS 27: Consolidated Financial Statements and Accounting for Investments in Subsidiaries

The revised Standard IAS 27 was released in January 2008. The changes are applicable for the fiscal years beginning on or after July 1, 2009. The changes result from a joint project of IASB and FASB for the revision of accounting regulations for business combinations. The changes primarily concern the accounting of investments with no control over the entity (minority interest), participating in the group's losses to the full amount in the future, and of transactions that lead to a loss of control over a subsidiary and whose consequences shall be recognized in the income statement. The consequences of the sale of investments not resulting in a loss of control shall be recognized in equity, not affecting net income. The transitional provisions, generally requiring a retrospective application of realized changes, allow for a prospective application with respect to the above-mentioned cases. Therefore no changes arise for assets and liabilities resulting from such transactions prior to the first-time application of the new Standard. The revised Standard will have an effect on future transactions with minorities.

Amendment to IAS 32: Financial Instruments: Presentation and IAS 1: Presentation of Financial Statements

The amendment to IAS 32 and IAS 1 was released in February 2008 and is applicable for the fiscal years beginning on or after January 1, 2009. The amendment addresses the classification of redeemable financial instruments as equity or financial liability. According to previous regulation, companies were forced in part to disclose capital as financial liability due to the stockholders' lawful rights of cancelation. In the future these financial instruments shall be generally classified as equity if compensation at the respective market value is agreed on and the instruments belong in the most subordinate class of instruments. Because of the legal structure of the parent company and the pertinent statutory and corporate law provisions, the revision will not affect the classification, valuation, and disclosure of partners' shares in the consolidated financial statements.

IFRIC 12: Service Concession Arrangements

IFRIC Interpretation 12 was released in November 2006 and is applicable for the fiscal years beginning on or after January 1, 2008. The Interpretation governs the accounting of obligations assumed and rights granted within the context of service concession arrangements in the lessee's financial statements.

The companies included in the consolidated financial statements are not lessees of concessions in accordance with IFRIC 12. This Interpretation will therefore have no effect on the group.

IFRIC 13: Customer Loyalty Programmes

IFRIC Interpretation 13 was released in June 2007 and is applicable for fiscal years 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 expired. As the group currently has 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 is applicable for the fiscal years beginning on or after January 1, 2008. 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. Because of the immaterial extent of the surplus of the accumulated plan assets above the value of the performance-oriented commitment in the group with regard to one of the four pension benefit plans, no effects from this Interpretation on the group's assets, financial position and results from operations are expected.

2.6 Adjustment of prior-year amounts

The company has retroactively adjusted fair values within the framework of the purchase price allocation "Berndes", performed in 2006. In accordance with IAS 8, the adjustment of the prior-year amounts was carried out retroactively. For the effects on the assets, financial position and results from operations 2006 we refer to the information under note 3 and the adjusted columns in the financial statements, presented in tables 6.1 through 6.4.

3 BUSINESS COMBINATIONS

Acquisition of Format-Küchen GmbH & Co. KG, Haiger (in short: Format)

On May 21, 2007 the group acquired 90 % of the stock of the private company Format-Küchen GmbH & Co. KG ("Format") with head offices in Haiger through a subholding, CFC Zweite Zwischenholding GmbH. Format is a manufacturer of high-grade built-in kitchens in Germany, distinguished by a broad portfolio and a great variability of shapes and designs in addition to its high quality standard.

The acquisítion includes the company premises covering roughly 52,000 sqm and a building, for the most part used by the company, of roughly 22,000 sqm floor space.

The fair values of the identifiable assets and liabilities of Format at the time of acquisition and the corresponding book values immediately prior to the time of acquisition are as follows:

Category	Fair value EUR'000	Book value EUR'000
Trademark rights	0	0
Customer relationships	6	0
Other intangible assets	67	67
Property, plant and equipment	10.001	2.960
Inventories	3.466	3.466
Trade receivables	718	718
Other receivables	844	844
Deferred tax assets	0	0
Cash and cash equivalents	194	194
Total acquired assets	15.296	8.249
Non-current provisions	0	0
Deferred tax liabilities	2.223	0
Trade payables	2.389	2.389
Current provisions	638	638
Finance lease liabilities	0	0
Liabilities to banks	2.290	2.290
Liabilities to partners	797	1.159
Other liabilities	2.612	2.612
Total acquired liabilities	10.949	9.088
Net assets	4.347	-839
Thereof 90 %	3.912	
Total acquisition costs	1.575	
Negative difference from business acquisition	2.337	

The time value of real estate has been assessed on the basis of an expertise on the market value in consideration of current purchase bids. In addition, the time value of technical equipment and machinery has been determined based on an expert opinion. The exposures with regard to property, plant and equipment amount to EUR 7,041k.

Within the framework of the business acquisition, liabilities to banks were acquired with a deduction off the nominal values. The resulting hidden reserves in liabilities were exposed in the purchase price allocation.

The acquisition costs of the business combination amounted to altogether EUR 1,575k, including a purchase price reduction due to the previous stockholders' accounts warranty in addition to cash payments and directly attributable incidental acquisition costs.

Acquisition costs are divided as follows:

Category	EUR'000
Acquisition of company stock	130
Cash payment in the joint provision (bound by joint ownership)	1.500
Purchase price reduction due to accounts warranty	-100
Expenses directly attributable to the business acquisition	45
Total	1.575

The negative difference resulting in the context of the acquisition of EUR 2,337k has been examined in accordance with IFRS 3.56 with regard to correct identification and valuation of the acquired assets and liabilities and the correct deduction of the acquisition costs.

Based on this examination, the difference was immediately entered in the income statement.

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

Category	EUR'000
Cash acquired with the subsidiary	194
Cash outflow	-1.575
Actual cash outflow	-1.381

The purchase price allocation is preliminary with regard to the determination of tax statement values.

Acquisition of Elcon Systemtechnik GmbH, Hartmannsdorf (in short: Elcon)

On July 11, 2007 the group acquired 100 % of the stock of the private company Elcon Systemtechnik GmbH ("Elcon") with head offices in Hartmannsdorf through a subholding, CFC Zwischenholding GmbH. Elcon is one of the leading communication providers and offers, among other things, hardware and software for broadband telecommunication networks.

The fair values of the identifiable assets and liabilities of Elcon at the time of acquisition and the corresponding book values immediately prior to the time of acquisition are as follows:

Category	Fair value EUR'000	Book value EUR'000
Trademark rights	0	0
Customer relationships	2.247	0
Other intangible assets	60	60
Property, plant and equipment	6.594	5.760
Inventories	1.760	1.760
Trade receivables	2.481	2.481
Other receivables	110	110
Deferred tax assets	4.879	0
Cash and cash equivalents	472	472
Total acquired assets	18.603	10.643
Non-current provisions	0	0
Deferred tax liabilities	4.244	0
Trade payables	6.168	6.168
Current provisions	2.546	2.546
Finance lease liabilities	0	0
Liabilities to banks	1.110	1.110
Liabilities to partners	2.282	13.350
Other liabilities	1.614	1.614
Total acquired liabilities	17.964	24.788
Net assets	639	-14.145
Thereof 100 %	639	
Total acquisition costs	140	
Negative difference from business acquisition	499	

The negative difference from the business acquisition includes the fair values of customer relationships, assessed separately.

In addition, in the context of the business acquisition deferred taxes on loss carry-forward were capitalized and hidden reserves concerning technical equipment and machinery were exposed based on replacement costs, determined by a market value appraisal.

Furthermore, the purchase of claims against Elcon was included in the purchase pice allocation against a nominal value discount.

The acquisition costs of the business combination amounted to altogether EUR 140k, including directly attributable incidental acquisition costs.

Acquisition costs are divided as follows:

Category	EUR'000
Directly attributable acquisition costs	140
Total	140

The negative difference resulting in the context of the acquisition of EUR 499k has been examined in accordance with IFRS 3.56 with regard to correct identification and valuation of the acquired assets and liabilities and the correct deduction of the acquisition costs.

Based on this examination, the difference was immediately entered in the income statement.

The cash inflowdue to the business acquisition is as follows:

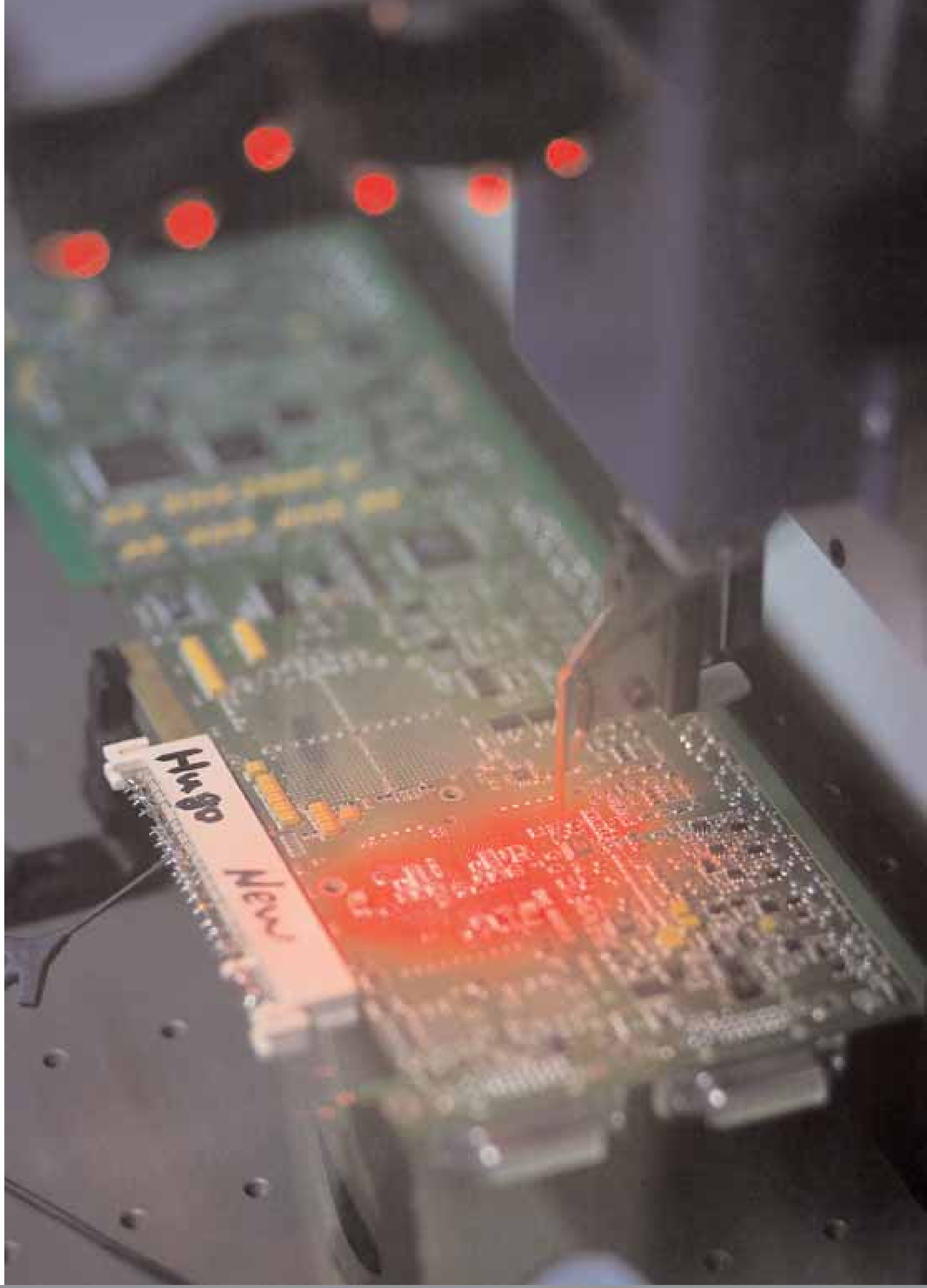
Category	EUR'000
Cash acquired with the subsidiary	472
Cash outflow	-140
Actual cash inflow	332

Acquisition of Letron Electronic GmbH, Osterode (formerly VOGT Electronic Letron GmbH)

On November 13, 2007 the group acquired 100 % of the stock of VOGT Electronic Letron GmbH (as of 2/28/2008: Letron electronic GmbH) ("Letron") with head offices in Osterode through a subholding, CFC Zwischenholding GmbH. Letron develops, manufactures and sells electronic components and systems for application in security, communication and medical technology.

The fair values of the identifiable assets and liabilities of Letron at the time of acquisition and the corresponding book values immediately prior to the time of acquisition are as follows:

Category	Fair value EUR'000	Book value EUR'000
Trademark rights	0	0
Customer relationships	958	0
Other intangible assets	3	1
Property, plant and equipment	772	460
Inventories	3.900	3.900
Trade receivables	1.654	1.654
Other receivables	15	31
Deferred tax assets	1.585	0
Cash and cash equivalents	1.066	1.066
Total acquired assets	9.953	7.112
Non-current provisions	530	333
Deferred tax liabilities	1.886	0
Trade payables	1.065	1.065
Current provisions	866	725
Finance lease liabilities	0	0
Liabilities to banks	0	0
Liabilities to partners	0	4.674
Other liabilities	195	195
Total acquired liabilities	4.542	6.992
Net assets	5.411	120
Thereof 100 %	5.411	
Total acquisition costs	75	
Negative difference from business acquisition	5.336	



The negative difference from the business acquisition includes the fair value of customer relationships, assessed separately.

In the context of the purchase price allocation, hidden reserves concerning technical equipment and machinery were exposed and deferred taxes on loss carry-forward were capitalized.

Furthermore, claims held by the previous stockholder were acquired with a nominal value discount and also exposed in the purchase price allocation as hidden reserves.

The total acquisition costs of the business combination amounted to EUR 75k and comprised directly attributable incidental acquisition costs.

Acquisition costs are divided as follows:

Category	EUR'000
Directly attributable acquisition costs	75
Total	75

The negative difference resulting in the context of the acquisition of EUR 5,336k has been examined in accordance with IFRS 3.56 with regard to correct identification and valuation of the acquired assets and liabilities and the correct deduction of the acquisition costs.

Based on this examination, the difference was immediately entered in the income statement.

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

Category	EUR'000
Cash acquired with the subsidiary	1,066
Cash outflow	-75
Actual cash inflow	991

Acquisition of the delmod Group, Delmenhorst

On December 31, 2007 the group acquired 84.84 % of the stock of the private company delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG (delmod KG) as well as 85 % of the stock of the private company delmod-international Bekleidungsindustrie GmbH (delmod GmbH), both with head offices in in Delmenhorst, through a subholding. delmod is one of the leading textile companies in Germany and sells classic ladies' apparel in the upscale price segment under the trademarks "delmod" and "KIM KARA".

The fair values of the identifiable assets and liabilities of the delmod Group at the time of acquisition and the corresponding book values immediately prior to the time of acquisition are as follows:

delmod KG

Category	Fair value EUR'000	Book value EUR'000
Trademark rights	15.500	0
Customer relationships	946	0
Other intangible assets	1.443	46
Property, plant and equipment	7.554	4.057
Inventories	9.884	9.884
Trade receivables	4.225	4.225
Other receivables	4.450	4.450
Deferred tax assets	0	0
Cash and cash equivalents	392	392
Total acquired assets	44.394	23.054
Non-current provisions	2.559	15
Deferred tax liabilities	4.154	0
Trade payables	4.232	4.232
Current provisions	7.317	7.267
Finance lease liabilities	0	0
Liabilities to banks	6.411	6.411
Liabilities to partners	2.213	2.213
Other liabilities	6.532	1.634
Total acquired liabilities	33.418	21.772
Net assets	10.976	1.282
Thereof attributable to interest	9.312	
Total acquisition costs	39	
Negative difference from business acquisition	9.273	

delmod GmbH Category	Fair value EUR'000	Book value EUR'000
Trademark rights	0	0
Customer relationships	0	0
Other intangible assets	0	431
Property, plant and equipment	72	72
Inventories	48	48
Trade receivables	100	100
Other receivables	2.230	2.230
Deferred tax assets	0	0
Cash and cash equivalents	60	60
Total acquired assets	2.510	2.941
Non-current provisions	17	17
Deferred tax liabilities	-129	0
Trade payables	0	0
Current provisions	29	29
Finance lease liabilities	0	0
Liabilities to banks	0	0
Liabilities to partners	1.284	1.284
Other liabilities	13	13
Total acquired liabilities	1.214	1.343
Net assets	1.296	1.598
Thereof attributable to interest	1.102	
Total acquisition costs	0	
Negative difference from business acquisition	1.102	

The total negative difference from the business acquisitions of delmod KG and delmod GmbH amounts to EUR 10,375k.

The negative difference from the business acquisition includes the fair values of trademark rights and customer relationships, recognized separately.

The time value of real estate has been assessed on the basis of an expertise obtained. The adjustment of time values of property, plant and equipment was only temporary. The group has asked for an independent expertise on property, plant and equipment; however, the results of this expertise had not been supplied by the time the consolidated financial statements were released.

The total acquisition costs of the business combination amounted to EUR 39k, including directly attributable incidental acquisition costs. Acquisition costs are divided as follows:

Category	EUR'000
Directly attributable acquisition costs	39
Total	39

The negative difference resulting in the context of the acquisition of EUR 10,375k has been examined in accordance with IFRS 3.56 with regard to correct identification and valuation of the acquired assets and liabilities and the correct deduction of the acquisition costs.

Based on this examination, the difference was immediately entered in the financial result as affecting the net income.

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

Category	EUR'000
Cash acquired with the subsidiary	452
Cash outflow	-39
Actual cash inflow	413

The four acquired companies have made a total contribution to the group's result of EUR -5,449k since their respective time of acquisition. The allocation to the individual companies can be gathered from segment reporting. If the business combinations had occurred as of the beginning of the year, the group result would have amounted, on pro forma basis, to EUR 22,245k and group sales would have come to EUR 156,674k. This pro forma result is accounted for by the high profits of delmod in the first quarter 2007, as traditionally the company's winter collection is booked at high yields; in addition, the previous stockholder had waived claims over a high amount in the context of the preparation of the financial statements 2006/2007.

Retroactive adjustment of recognized fair values of the Berndes Group
The time values of assets of the Berndes Group as included in the consolidated financial statements for the fiscal year ended December 31, 2006 and identified as of the time of acquisition have been adjusted retroactively.

The discount interest rate applied for the assessment of the trademark rights owned by the Berndes Group was based on peer group analysis. As the peer group did not reflect the speficic trademark-related risk of the trademark "Berndes", the identified time value of this asset has been adjusted.

The value of the trademark rights was reduced from EUR 11,754k to EUR 8,081k.

Furthermore, the fair value of customer relationships was assessed separately to the amount of EUR 5,626k.

In consideration of the adjustment of deferred tax liabilities, the resulting increase in the negative difference from the business acquisition of the Berndes Group of EUR 820k is represented as follows:

Joint financial statements 2006

Category	Fair value EUR'000	Book value EUR'000
Trademark rights	11.754	0
Customer relationships	0	0
Other intangible assets	275	275
Property, plant and equipment	1.949	1.078
Inventories	5.297	5.297
Trade receivables	5.850	5.850
Other receivables	857	857
Deferred tax assets	1.875	1.875
Total acquired assets	27.857	15.232
Non-current provisions	120	105
Deferred tax liabilities	6.929	-56
Trade payables	5.206	5.206
Current provisions	3.331	3.156
Finance lease liabilities	1.081	0
Liabilities to banks	1.910	1.910
Liabilities to partners	0	5.884
Other liabilities	1.394	1.384
Total acquired liabilities	19.971	17.589
Net assets	7.886	-2.357
Thereof 70 %	5.520	
Total acquisition costs	5.343	
Negative difference from business acquisition	177	

Adjustment

Category	Fair value EUR'000	Book value EUR'000
Trademark rights	8.081	0
Customer relationships	5.626	0
Other intangible assets	275	275
Property, plant and equipment	1.949	1.078
Inventories	5.297	5.297
Trade receivables	5.850	5.850
Other receivables	857	857
Deferred tax assets	1.875	1.875
Total acquired assets	29.810	15.232
Non-current provisions	120	105
Deferred tax liabilities	7.711	-56
Trade payables	5.206	5.206
Current provisions	3.331	3.156
Finance lease liabilities	1.081	0
Liabilities to banks	1.910	1.910
Liabilities to partners	0	5.884
Other liabilities	1.394	1.384
Total acquired liabilities	20.753	17.589
Net assets	9.057	-2.357
Thereof 70 %	6.340	
Total acquisition costs	5.343	
Negative difference from business acquisition	997	

The increase in the group result 2006 by EUR 820k (disclosed under other operating income) is contrasted by the depreciation of capitalized customer relationships to the amount of EUR 117k. The adjusted group earnings before taxes 2006 thus amount to EUR 1,272k. In consideration of the effect of deferred taxes on the additional depreciation of EUR 117k (EUR 47k), the adjusted group net income comes to EUR 2,807k.

4 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) at 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.

This interest was valuated at equity in compliance with IAS 31, sections 38 et seq.

The seller has the right to sell the remaining stock of 49 % of Look in his holding to BBG. This transfer will be made gradually over the years 2010 through 2012, at annually 16.33 %. The basis of valuation for the company Look as a whole is the sixfold of the EBITDA of the fiscal year preceding the respective year of the transfer. The thus determined company value is to be reduced by the current inventory of interest-bearing liabilities. This so-called put option must be recognized as financial liability. It has an amount of zero as the price to be paid is intended by mutual agreement to correspond with the market value of the shares and as the seller has the right, upon non-acceptance of the volume of goods provided by contract, to repurchase 51 % of the stock at the price of EUR 1.00. According to the business plan of BBG, the scheduled volumes will not be reached.

Look is recognized in the balance sheet as a financial asset with a value of EUR 3,976.65.

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

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

In addition to this segmentation with respect to operations, determined according to the respective main business activity, a secondary segmentation follows geographic features.

CFC has defined the following operating segments:

1)Cookware: 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.

2)Home & Living: 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. In accordance with IFRS 8, the completely different products, manufacturing processes, and distribution channels of kitchen manufacturer Format and cookware manufacturer Berndes do not allow for a combination of both companies in one segment.

3)Electronic Manufacturing Services (EMS): The business segment "EMS" manufactures electronic products and components for industrial end products. The key 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.

4)Fashion: The business segment "Fashion" includes companies operating in the apparel industry or connected marketing. 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 a subholding, CFC Fünfte Zwischenholding GmbH. The business activity of this company is also included in this segment.

For the definition of above-mentioned reportable operating segments, no operating segments have been combined.

In the geographic reporting format, the geographic segments are Germany, Europe (EU) excluding Deutschland ("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 one 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 table:

GROUP SEGMENT INCOME STATEMENT

in EUR	Cookware	Home & Living	EMS	Fashion
Sales	46.282.737,18	9.421.383,00	10.348.671,43	0,00
Changes in finished goods and work in process inventories	1.479.703,91	61.440,06	179.018,62	0,00
Other operating income	1.841.187,76	1.832.184,34	2.882.828,29	0,00
Material expense	-28.683.890,29	-6.471.406,15	-6.630.427,63	0,00
Personnel expense	-5.455.775,19	-4.013.454,82	-2.937.163,82	0,00
Depreciation of property, plant and equip. and intangible assets	-989.773,05	-754.773,44	-770.101,99	0,00
Other operating expenses	-13.581.560,35	-4.405.572,17	-4.014.756,33	0,00
Earnings before interest and taxes	892.629,97	-4.330.199,18	-941.931,43	0,00
Finance income	87.241,55	47.416,06	55.896,59	0,00
Finance expense	-678.028,37	-585.140,76	-207.959,79	0,00
Financial result	-590.786,82	-537.724,70	-152.063,20	0,00
Earnings before taxes	301.843,15	-4.867.923,88	-1.093.994,63	0,00

Total segments	CFC KGaA financial statements	Group consolidation
66.052.791,61	88.620,25	0,00
1.720.162,59	0,00	0,00
6.556.200,39	46.983,50	16.206.511,37
-41.785.724,07	0,00	0,00
-12.406.393,83	0,00	0,00
-2.514.648,48	-2.293,00	90.133,32
-22.001.888,85	-1.211.638,60	2.225.024,30
-4.379.500,64	-1.078.327,85	18.521.668,99
190.554,20	61.327,41	48,48
-1.471.128,92	-68.296,20	382.577,69
-1.280.574,72	-6.968,79	382.626,17
-5.660.075,36	-1.085.296,64	18.904.295,16

GROUP SEGMENT BALANCE SHEET AS OF DECEMBER 31, 2007

ASSETS	Cookware	Home & Living	EMS	Fashion
Non-current assets	**15.207.414,33**	**9.478.708,33**	**10.372.915,14**	**26.190.968,42**
Intangible assets	13.311.427,98	10.779,49	3.402.080,22	17.849.799,34
Property, plant and equipment	1.892.009,70	9.420.880,56	6.930.899,36	7.626.158,69
Financial assets	3.976,65	0,00	0,00	255,65
Real estate held as financial investments	0,00	0,00	0,00	0,00
Derivative financial instruments	0,00	0,00	0,00	0,00
Other non-current assets	0,00	47.048,28	39.935,56	714.754,74
Deferred tax assets	0,00	0,00	0,00	0,00
Current assets	**20.878.144,01**	**6.048.899,52**	**10.310.851,78**	**17.195.814,57**
Inventories	9.460.991,82	1.968.631,11	5.578.395,67	9.931.830,32
Trade receivables	5.823.597,35	1.331.758,72	2.407.135,47	4.324.614,33
Receivables IC	0,00	0,00	0,00	0,00
Other assets	969.440,96	337.889,13	1.281.309,47	2.462.258,45
Cash and cash equivalents	4.624.113,88	2.410.620,56	1.044.011,17	477.111,47
Non-current available-for-sale assets	0,00	0,00	0,00	0,00
Total assets	**36.085.558,34**	**15.527.607,85**	**20.683.766,92**	**43.386.782,99**

Total segments	CFC KGaA financial statements	Consolidation
61.250.006,22	8.067.401,25	-7.749.707,76
34.574.087,03	20.974,00	296.719,50
25.869.948,31	0,00	0,00
4.232,30	8.046.427,25	-8.046.427,25
0,00	0,00	0,00
0,00	0,00	0,00
801.738,58	0,00	0,00
0,00	0,00	0,00
54.433.709,88	10.543.863,47	-10.112.113,27
26.939.848,92	0,00	0,00
13.887.105,87	6.903,49	-178.321,51
0,00	9.958.800,75	-9.958.800,75
5.050.898,01	367.173,55	0,00
8.555.857,08	210.985,68	25.009,00
0,00	0,00	0,00
115.683.716,10	18.611.264,72	-17.861.821,03

GROUP SEGMENT BALANCE SHEET AS OF DECEMBER 31, 2007

EQUITY AND LIABILITIES	Cookware	Home & Living	EMS	Fashion
Equity	7.981.335,73	-1.919.419,91	4.606.088,08	10.295.189,16
Non-current assets	9.270.905,14	4.083.144,31	2.433.073,75	12.668.371,28
Pension commitments and similar liabilities	76.071,89	0,00	421.051,67	2.550.362,00
Non-current provisions	0,00	0,00	0,00	3.446.348,80
Finance lease liabilities	618.317,62	0,00	0,00	685.239,34
Deferred tax liabilities	4.291.790,62	2.097.851,13	243.052,85	4.024.983,44
Other non-current liabilities	4.284.725,01	1.985.293,18	1.768.969,23	1.961.437,70
Current liabilities	18.833.317,47	13.363.883,45	13.644.605,09	20.423.222,55
Current loans	9.770.836,11	3.263.822,78	830.703,86	6.410.691,03
Current portions of non-current loans	0,00	2.307.000,00	0,00	0,00
Trade payables	4.923.800,71	6.507.347,67	8.696.229,47	4.232.254,46
Liabilities IC	0,00	0,00	0,00	0,00
Current provisions	3.473.941,03	324.388,00	1.795.007,49	5.956.350,42
Liabilities to stockholders	35.700,00	0,00	0,00	50.000,00
Other liabilities	629.039,62	961.325,00	2.322.664,27	3.773.926,64
Total equity and liabilities	36.085.558,34	15.527.607,85	20.683.766,92	43.386.782,99

Total segments	CFC KGaA financial statements	Consolidation
20.963.193,06	17.608.599,03	154.487,45
28.455.494,48	223.772,61	-5.582.261,21
3.047.485,56	0,00	0,00
3.446.348,80	0,00	0,00
1.303.556,96	0,00	0,00
10.657.678,04	0,00	-1.013.774,28
10.000.425,12	223.772,61	-4.568.486,93
66.265.028,56	778.893,08	-12.434.047,27
20.276.053,78	114.528,39	-490.000,00
2.307.000,00	0,00	-2.307.000,00
24.359.632,31	366.707,02	-9.602.847,27
0,00	0,00	0,00
11.549.686,94	296.937,55	51.500,00
85.700,00	0,00	-85.700,00
7.686.955,53	720,12	0,00
115.683.716,10	18.611.264,72	-17.861.821,03

Geographic segment reporting format:

The following table contains infomation about non-current and current assets by region:

CFC GROUP ASSETS BY REGION (IN EUR)

	Germany	Other EU countries	Asien	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

The statement of sales by region can be found under note 26.

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.

	12/31/2007 EUR'000	12/31/2006 EUR'000
Undeveloped real estate	826	0
Buildings on own and third-party property	13.825	4
Technical equipment and machinery	6.792	1.049
Other facilities, furniture and office equipment	3.890	985
Advance payments and construction in process	537	31
	25.870	2.069

The development of the positions of non-current assets in the fiscal year 2007 is presented under the item accumulated depreciation in the statement of changes in the group's non-current assets. Technical equipment and machinery essentially include assets leased under finance lease agreement.

Additions to property, plant and equipment in the fiscal year 2007 essentially resulted from the purchase of furniture and office equipment as well as tools.

There are property liens to the total amount of EUR 2,641k on the real estate of Format. Furthermore, the technical non-current assets of Format are assigned to Heller Bank as collateral for a loan. At Elcon, selected machinery and technical equipment at a book value of EUR 676k are assigned as collateral for a loan.

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 for production by the company as listed in the attachment to the contract. The basic lease term is eight years, expiring 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.

The transactions were recognized as financing transactions so that equipment and machinery were still assessed for the past fiscal year's 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 is composed as follows:

	12/31/2007 EUR'000	12/31/2006 EUR'000
Leased assets	2,326	930
Accumulated depreciation	-204	-60
	2,122	870

Depreciation is applied over the contract terms or the longer useful lives in compliance with IAS 17.28, is included in the deprecation expense and amounts to EUR 59,661.63 for the year 2006 and EUR 145,089.44 for the year 2007. Unscheduled depreciation has not been carried out.

Obligations from finance lease agreements are stated as non-current and current liabilities by the company. The development is as follows:

	12/31/2007 EUR'000	12/31/2006 EUR'000
Current portion (maturity within 12 months)	966	199
Non-current portion (maturity > 1 year)	1.304	818
	2.270	1.017

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

	12/31/2007 EUR'000	12/31/2006 EUR'000
Within twelve months	1.060	244
Between one year and five years	1.378	907
	2.438	1.151
Future interest share of finance lease agreements	-168	-134
Cash value of finance lease liabilities	2.270	1.017

8. INTANGIBLE ASSETS

Intangible assets are composed as follows:

	12/31/2007 EUR'000	12/31/2006 EUR'000 adjusted
Trademark rights	23.581	8.081
Customer relationships	9.184	5.509
Software and licenses	2.115	54
Advance payments	12	0
	34.892	13.644

The trademark rights to the brands "Berndes" and "delmod" are intangible assets with indefinite useful lives. Insofar they are not subjected to scheduled depreciation in accordance with IAS 38. The impairment review conducted by the company for 2007 did not result in the requirement for unscheduled depreciation. With this regard, we refer to note 2. Customer relationships are depreciated according to schedule over ten to sixteen years.

The item software and licenses includes capitalized development projects to the amount of EUR 495k.

9. DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax obligations

	12/31/2007 EUR'000	12/31/2006 EUR'000 adjusted
Deferred tax assets:		
Loss carry-forward	5.857	195
Pension provisions	828	88
Other provisions	992	0
Finance lease	47	59
Others	35	0
	7.759	342
Deferred tax liabilities:		
Property, plant and equipment	3.118	0
Intangible assets	9.976	5.436
Waiver of claims (loans)	4.180	0
Finance lease	0	0
Others / Exchange rate differences	129	2
	17.403	5.438
Net deferred tax liabilities	9.644	5.096

As of balance sheet date, there were valuation differences essentially because of intangible assets and property, plant and equipment exposed in the context of the acquisitions in 2007 and the temporary differences between the tax valuation and the IFRS valuation for 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 of ordinary operations are disclosed as income taxes.

	2007 EUR'000	2006 EUR'000
Current income tax expense	-537	-101
Deferred tax yield	1.900	2.498
	1.363	2.397

Deferred taxes have been calculated according to the so-called liability method in compliance with IAS 12. For Germany, the combined income tax rate of 30 % (previous year: 40 %) has been applied. The company's combined income tax rate includes the trade tax collection rate of 450 %, the corporate tax rate of 15.0 %, and the solidarity tax contribution of 5.5 %. The effect of the changes in tax rates due to the German corporate tax reform amounts to EUR 831k.

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

	2007 EUR'000	2006 EUR'000
Group earnings before taxes	12.159	1.389
Expected tax expense at 40 %	4.864	556
Loss carry-forward not made (at 40 % tax rate)	2.375	0
Foreign tax rate effect	-429	-101
Badwill - tax-ineffective	-7.418	-399
Decrease in tax rates	-831	0
Fundraising - tax-ineffective	-236	0
Intercompany waivers of claims	358	-2.354
Others	-46	-99
Tax expense according to income statement	-1.363	-2.397

Domestic loss carry-forward to the amount of EUR 6,723k (corporate tax) and EUR 5,325k (trade tax) have not been capitalized.

In the previous year, loss carry-forward to the amount of EUR 1,800k has not been capitalized. Capitalization has not been 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 have been created amounts to EUR 278k (previous year: EUR 160k).

Deferred tax yields and tax expense are accounted for as follows:

	2007 EUR
Loss carry-forward	-260.625,34
Pension provisions	-42.394,50
Other provisions	-1.500,00
Finance lease	-84.242,28
Property, plant and equipment	216.109,51
Intangible assets	1.357.867,11
Liabilities	651.601,88
Others	63.183,62
	1.900.000,00

10. OTHER FINANCIAL ASSETS (NON-CURRENT)

	12/31/2007 EUR'000	12/31/2006 EUR'000
Other non-current assets	802	0
	802	0

Other non-current assets essentially include securities and shares in funds (EUR 754k), classified as available for sale, and additional EUR 47k of non-current receivables. Because of the first-time posting as of December 31, 2007, no changes in group equity result for these consolidated financial statements.

11. INVENTORIES

Inventories are composed as follows:

	12/31/2007 EUR'000	12/31/2006 EUR'000
Raw materials	7.532	685
Work in process	5.149	727
Finished goods	13.983	3.722
Advance payments	275	2
	26.940	5.136

The impairment of inventories, recognized as material expense, comes to EUR 1,348k (previous year: EUR 380k).

Inventories valuated at market value amount to EUR 6,461k (previous year: EUR 0k).

The inventories of Elcon are assigned as collateral for a loan to the amount of EUR 1,296k as of balance sheet date, in consideration of suppliers' retention of ownership and extended retention of ownership.

12. TRADE RECEIVABLES

Trade receivables are composed as follows:

	12/31/2007 EUR'000	12/31/2006 EUR'000
Trade receivables	15.810	3.987
Allowances	(2.094)	(120)
	13.716	3.867

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

The following table presents the changes in adjustments made on current and non-current receivables.

	2007 EUR'000	2006 EUR'000
Allowances as of January 1	120	
Additions from first-time consolidation	2.130	120
Appropriation in reporting period (allowance expense)	37	
Consumption		
Reversals (write-up of initially written off receivables)	(193)	
Currency translation effects		
Allowances as of December 31	2.094	120

The impairment of trade receivables is 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 on the credit risk carried by the financial assets and performances.

EUR'000	Book value	Thereof: neither depreciated nor overdue as of balance sheet date	Thereof: not depreciated and overdue in the following time bands					
			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 12/31/2007	15.810	9.151	3.421	595		178	314	57
Other financial assets 12/31/2007	2.921	2.921						
Trade receivables 12/31/2006	3.987	1.706	1.247	263		240	169	169
Other financial assets 12/31/2006	522	522						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13. OTHER FINANCIAL ASSETS AND OTHER ASSETS

Financial assets

	2007 EUR'000	2006 EUR'000
Current claims against staff	60	0
Other financial assets	2.861	0
	2.921	0

In addition to receivables from sales promotion measures (EUR 456k), the other financial assets essentially include 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 claims against previous stockholders (EUR 229k), derivatives (EUR 15k), and insurances (EUR 14k).

Other assets

	2007 EUR'000	**2006 EUR'000**
Income tax assets	88	0
Sales tax assets	759	0
Other tax assets	968	0
Deferred expenses	420	0
Other assets	262	522
	2.497	522

14. 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 cash in banks with terms of three months or less to the amount of EUR 8,792k. Due to the shortness of terms of these investments, the book values of cash and cash equivalents roughly correspond with the fair values of these assets.

In the year under report, CFC deposited a cash amount of EUR 2,350k as collateral for a current account limit of the holding Format.

15. EQUITY

The stock capital of EUR 6,435,000.00 recognized in the balance sheet as of December 31, 2007 and consisting of 6,435,000 common bearer shares with a notional value of EUR 1.00 each is paid in entirely.

In the fiscal year 2007, the company received incoming payments of EUR 637k from the capital increase of December 2006. Furthermore, the stockholders' equity was raised correspondingly by the issue of 585,000 new shares at the notional value of EUR 1.00 per share.

Partners are:

	EUR'000	%
General partner		
CFC Industrie Beteiligungen Verwaltungs GmbH	0	0,0
Limited partners		
Heliad Equity Partners GmbH & Co. KGaA	1.000	15,54
Themis Equity Partners GmbH & Co. KGaA	1.500	23,31
Altira AG	240	3,73
Silvia Quandt & Cie. Capital Markets AG	438	6,81
Marcus Linnepe	971	15,09
Klaus von Hörde	250	3,89
Free Float	2.036	31,64
	6.435	100,00

Additional paid-in capital

Additional paid-in capital includes stock premiums from capital increases and the issuance of shares of CFC. After deduction of the corresponding tax effect of EUR 0k, the fundraising expense of EUR 591k was offset directly against the additional paid-in capital in 2007.

Accumulated other comprehensive income

This position includes capital increase effects and exchange rate translation effects relating to international subsidiaries. The accumulated changes in equity with no effect on the net income are as follows:

	12/31/2007 EUR'000	12/31/2006 EUR'000
Foreign currency adjustments	-398	-216
Changes in equity not affecting the net income	-398	-216

Retained earnings

Stated under retained earnings is the annual 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.

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). Subsequent to the capital increase of June 5, 2007 (EUR 585k), the authorized capital amounts to EUR 1,715k as of December 31, 2007.

Conditional capital

The company's stock capital is conditionally increased by a maximum amount of EUR 2,340,000, divided into a maximum 2,340,000 common 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 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 2,340,000 according to the conditions of the option bond or convertible.

16. EARNINGS PER SHARE

The basic earnings per common share are calculated on the basis of the average number of common shares outstanding in the respective fiscal year. The 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.

Basic earnings per common share and diluted earnings per common share have been determined as follows:

	2007	2006 adjusted
Net income (in EUR'000)		
Net income attributable to equity holders of the parent	13,733	2,806
Effect of stock options with dilutive potential	0	0
Net income attributable to equity holders of the parent adjusted by dilution	13.733	2.806
Number of shares		
Weighted average number of common shares for the calculation of basic earnings per share	6.186.575	5.096.652
Effect of dilution (stock options, convertible preferred stock)	0	0
Weighted average number of shares adjusted by dilution	6.186.575	5.096.652
Basic earnings per share (in EUR)	2,22	0,55
Fully diluted earnings per share (in EUR)	2,22	0,55

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

17. 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 cumulative EBITDA would exceed the targets for the years 2007 and 2008 as follows (so-called "performance option").

EUR 11,884k < EBITDA 2007-2008< EUR 12,450k / option on 1.25 %
EUR 11,450k < EBITDA 2007-2008< EUR 13,016k / option on 2.5 %
EUR 13,016k < EBITDA 2007-2008< EUR 13,582k / option on 3.75 %
EBITDA 2007-2008> EUR 13,582k / option on 5.0 %

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.

With regard to the budget, the agreed target for the EBITDA in the year 2007 was undercut considerably. With respect to the fiscal year 2008, the budget agreed on with the management is clearly below the target as predefined in the purchase agreement so that the probability of the option being exercised equals zero.

The intrinsic value of the option as of the time of granting it comes to zero. According to the assessment of the management, the fair value of the interest has not changed materially as of December 31, 2007. Due to this fact, the intrinsic value of the option as of December 31, 2007 also comes to zero.

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.

Apart from the presented equity-based payment plan concerning Elcon, there are no further stock-based or equity-based payment schemes.

No.	Year of resolution	Year of issue	Target company of the option	Exercise price per share * (EUR)	Number of option components *	Blocking period ex issue (years)	Exercise period ex blocking period (years)	Exercised 2007 (number)	Expired 2007 (number)	Options outstanding as of 12/31/2007 (number)
1	2007	2009	Elcon	1.43	150,000	none	immediately	none	none	150,000

** Number is based on a pro-rata share of the notional value of 1.00 Euro of the target company's stock capital*

18. PENSION COMMITMENTS

At altogether four group companies, provisions are made for pensions and similar obligations. The total amount of these provisions comes to EUR 3,047k in the year 2007 (previous year: EUR 60k) and is accounted for by the following companies:

- Berndes Beteiligungs GmbH: EUR 0k
- Letron Electronic GmbH: EUR 421k
- delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleiung KG: EUR 2,550k
- Berndes Italia S.r.l.: EUR 76k

The company recognizes actuarial losses and gains in the first year of consolidation with impact on the income:

	2007 EUR	2006 EUR
Current service costs	10.686	2.560
Interest expense	39.498	11.261
Expected income from pension plan assets	-24.115	-10.056
Recognized actuarial gains / losses (-)	-71.116	-20.663
Past service costs	-665	
Expense of pension commitments	-45.712	-16.898

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

The assets / (liabilities) from performance-oriented obligations 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 EUR	2007 EUR	2007 EUR	2007 EUR	2007 EUR
Performance-oriented obligation	-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
					0
Performance-oriented obligation	70.712	-76.087	-2.550.362	-421.036	-2.976.773
					0
Asset ceiling	-70.712	0	0	0	-70.712
					0
Liabilities recognized in the balance sheet	0	-76.087	-2.550.362	-421.036	-3.047.485

	Subgroup Berndes 2006 EUR
Performance-oriented commitment	-801.820
Fair value of plan assets	742.007
	-59.813
Unrecognized actuarial (gains) / losses	0
Unrecognized past service costs	0
Performance-oriented obligation	-59.813

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

The changes in the cash value of the performance-oriented obligation are as follows:

	2007 EUR	2006 EUR
Pension obligation as of opening balance sheet (1/1)	801.820	0
Addition in the context of business acquisitions	2.966.948	817.747
Current service costs	10.686	2.560
Interest expense	39.498	11.261
Benefit payments	-4.276	-3.592
Actuarial gains (-) / losses	-70.887	-26.156
Recognition of past service costs	-665	0
	0	
Pension obligation as of 12/31	3.743.124	801.820

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

	2007 EUR	2006 EUR
Plan assets as of opening balance sheet (1/1)	742.007	0
Addition in the context of business acquisitions	0	734.944
Expected return	24.115	10.056
Premiums paid	0	2.500
Actuarial losses	229	-5.493
Plan assets as of 12/31	766.351	742.007

Additional information as of December 31, 2007:

	2007 EUR	2006 EUR
Performance-oriented obligation	-3.743.124	-801.820
Plan assets	766.351	742.007
Underfunding (-) / Overfunding	-2.976.773	-59.813
Adjustments of plan liabilities based on experience	-70.887	-20.663
Adjustments of plan assets based on experience	229	-5.493

The social security contributions made for employees in 2007 came to EUR 803k (previous year: EUR 109k), recognized as expense in the operating result for the respective year.

The calculation is based on the following actuarial assumptions (values in percent):

	2007	2006
Discount interest rate	5,3	4,1 - 4,25
Rate of compensation increase	2,5 - 2,6	0 - 2,5
Rate of pension progression	1,25 - 2,6	1,5 - 1,9
Expected income from plan assets	3,25	4,25
Actual income from plan assets	3,28	3,48
Fluctuation	*	*

** age-dependent*

19. LIABILITIES TO BANKS AND THIRD PARTIES

Non-current

	12/31/2007 EUR'000	12/31/2006 EUR'000
Bank loans 1-5 years	2.343	
Bank loans > 5 years	443	
Loans 1-5 years - third parties -	127	
Other non-current liabilities 1-5 years	339	270
Other non-current liabilities > 5 years	5.850	
	9.102	270

The other non-current liabilities > 5 years include the minority interest of other partners at EUR 1,664k, a silent partnership to the amount of EUR 740k, and a debtor warrant for the benefit of previous stockholders to the amount of EUR 3,446k.

The minority interest represents shares of third parties in Format and delmod (please refer to note 36), to be recognized as borrowed capital according to 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 stokkholders extended a waiver of a claim. Two debtor warrants, each 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 the 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 a liability at the obligation's cash value, based on the corporate planning of delmod.

A credit limit of EUR 3,775k is collaterized by land charge, another one (EUR 11,016k) by claims.

Current

	12/31/2007 EUR'000	12/31/2006 EUR'000
Liabilities to banks	13.326	0
Current loans	6.575	1.850
	19.901	1.850

The current liabilities to banks include credit limits and current account advances for the financing of the companies' operating business.

The current loans have been extended by third parties.

20. TRADE PAYABLES

The trade payables (EUR 13,898k) are on a normal level in the fiscal year 2007 and do not include special items.

21. ADVANCE PAYMENTS

The advance payments received to the amount of EUR 1,190k refer to customers' payments to Elcon (EUR 945k) and an international Berndes subsidiary (EUR 245k).

22. CURRENT PROVISIONS

	12/31/2007 EUR'000	12/31/2006 EUR'000
Production-related provisions including warranty	991	462
Sales-related provisions	6.599	73
Accounts and audit	263	30
Legal and consultancy fees	288	357
Contributions and outstanding balances	208	0
Others	2.688	1.803
Current tax provisions	811	254
	11.848	2.979

The item "sales-related provisions" includes outstanding commissions, other provisions for advertising efforts, and provisions for insurance and freight.

Consumption, reversals und appropriation to reserves can be gathered from the following schedule of changes in provisions.

CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA, DORTMUND
CHANGES IN PROVISIONS

	Carry-forward 1/1/2007 EUR	Exchange rate differences EUR	Addition from first-time consolidation EUR	Consumption EUR
Production-related provisions including warranty	462.300,00	0,00	432.000,00	-120.847,70
Sales-related provisions	72.861,40	0,00	6.103.447,29	-71.757,64
Accounts and audit	30.000,00	0,00	176.500,00	-26.500,00
Legal and consultancy fees	356.576,53	4.244,39	85.750,40	-275.664,02
Contributions and outstanding balances	0,00	0,00	208.107,15	0,00
Current portion of non-current provisions	0,00	0,00	0,00	0,00
Other current provisions	1.803.413,28	-66.584,00	871.243,07	-723.327,54
Current tax provisions	254.069,83	27.174,97	26.000,00	-426.035,33
Total provisions	2.979.221,04	-35.164,64	7.903.047,91	-1.644.132,23

Reversal EUR	Appropriation EUR	Exchange rate differences EUR	As of 12/31/2007 EUR
0,00	218.062,94	561,07	990.954,17
-1.103,76	495.934,48	0,00	6.599.381,77
0,00	83.089,46	8,75	263.080,71
-67.682,90	193.654,09	321,16	288.068,55
0,00	0,00	0,00	208.107,15
0,00	0,00	0,00	0,00
-295.526,75	965.762,94	68,48	2.688.080,52
-3.037,14	1.000.205,00	13.575,77	810.451,62
-367.350,55	2.956.708,91	14.535,23	11.848.124,49

Production-related provisions include warranty obligations. The item "sales-related provisions" includes outstanding commissions, other provisions for advertising efforts, and provisions for insurance and freight.

After the acquisition of the Berndes Group, in the short fiscal year 2006 appropriations to reserves of altogether EUR 305k and reversals of other provisions of altogether EUR 197k were made. Provisions were consumed to the amount of altogether EUR 542k.

23. CURRENT TAX LIABILITIES

Current tax liabilities essentially concern current obligations from sales tax (EUR 695k), wage income tax (EUR 602k), social security insurance (EUR 228k), and obligations from customs duties/import sales tax (EUR 210k).

24. OTHER CURRENT LIABILITIES

Other current liabilities

	12/31/2007 EUR'000	12/31/2006 EUR'000
Salaries and wages	736	71
Other liabilities to suppliers	0	65
Others	1.413	54
	2.149	190

Other financial liabilities (EUR 1,413k) essentially include customers with balances (EUR 1,264k).

Other liabilities

	12/31/2007 EUR'000	12/31/2006 EUR'000
Liabilities to staff	2.801	0
	2.801	0

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

Liabilities to partners

	12/31/2007 EUR'000	12/31/2006 EUR'000
Liabilities to the general partner	86	179
	86	179

25. 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 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 covering 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 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.

As of December 31, 2007 a German subsidiary of the Berndes Group recorded a foreign currency hedging transaction in U.S. dollar. Heinrich Berndes Haushaltstechnik GmbH & Co. KG concluded a forward exchange contract and a currency option contract on December 12, 2007.

1.) Forward exchange contract: Under the terms of this contract, the company is committed to purchase USD 3,200,000 at a total price of EUR 2,187,286.40 (exchange rate EUR 1.00 = USD 1.463) from the contracting bank in the period from December 14, 2007 to March 17, 2008. The acceptance is divided into partial amounts, and the final partial amount was received on January 10, 2008. The forward exchange contract is thus fulfilled as of January 10, 2008. As of the balance sheet date, the time value of the forward exchange contract amounted to EUR -13k.

2.) Currency option contract: The company acquired the right to purchase an amount of USD 3,150,000 at the total price of EUR 2,157,534.25. In consideration of this right, an option premium of EUR 29,400.00 was paid, recognized under other assets as of December 31, 2007. The impairment review of the claim from this currency option contract resulted in the claim's adjustment to the amount of EUR 13,842.00 as of December 31, 2007. The option contract's fair value as determined in application of the cash value method amounts to EUR 15,558.48 as of the balance sheet date. The calculation was made on the basis of the ECB reference exchange rate as of December 31, 2007. The option was exercised within the exercise period expiring January 31, 2008 except for an amount of USD 422k. This partial amount was purchased over the counter as the cash price was lower than the optioned price.

Apart from these contracts there were only USD foreign exchange contracts to an immaterial extent as of the balance sheet date.

Notes to the income statement

26. SALES

The breakdown of sales by domestic and international revenue can be gathered from the following table both in absolute figures and in per-cent:

GROUP SALES BY REGION (ACC. TO IFRS 8.33)

EUR'000	Gerrmany	Other EU countries	Asia	ROW	Total
Sales 2007	40.892	15.625	7.132	2.403	66.053
	62%	23%	11%	4%	100%
Sales 2006	6.944	2.369	1.763	1.097	12.173
	58%	19%	14%	9%	100%

The distribution of sales among the operating segments for the fiscal year 2007 and the period of comparison 2006 is as follows:

GROUP SALES BY SEGMENT

EUR'000	Cookware	Home & Living	EMS	Fashion	Total
Sales 2007	46.283	9.421	10.349	0	66.053
Sales 2006	12.173	0	0	0	12.173

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

27.OTHER OPERATING INCOME AND EXPENSES

The other operating income is composed as follows:

	2007 EUR'000	2006 EUR'000 adjusted
Rental income from third parties	142	0
Reversal of provisions	765	197
Exchange rate income	38	67
Capitalized services	355	0
Advertising cost allowance and charges by/on suppliers	327	334
Derecognition of liabilities	49	32
Reversal of specific allowance on claims	193	0
Other operating income	20.941	1.011
	22.810	1.641

Other operating income includes the reversal of negative differences from the business acquisitions, affecting the net income, to the amount of EUR 18,546k. In the previous year this item contained bad-will income of EUR 177k (adjusted EUR 997k) from the takeover of the Berndes Group.

The operating expenses are composed as follows:

	2007 EUR'000	2006 EUR'000
Rent, lease (minimum lease payments)	1.151	335
Management allocation	786	382
Legal and consultancy fees	2.474	456
Freight charges	1.937	317
Commissions including sales promotion	3.180	1.216
Advertising cost allowances	815	304
Third-party services	1.393	226
Travel expense	377	111
Other advertising costs	2.077	356
Insurance	302	85
Maintenance and energy cost	862	160
Administrative expenses	776	0
Other operating expenses	4.859	186
	20.989	4.134

The other operating expenses are composed as follows:

	2007 EUR'000	2006 EUR'000
Cleaning and waste disposal	117	
EDP equipment and consultation	263	
Workwear	11	
Employee training	28	
Automobile expense	155	
Transport, packing	113	
Representation, business entertainment	163	
Expense from prior years	99	
Finished goods warehousing/consignment	421	
Exchange rate losses (unrealized)	74	23
Other taxes	179	20
Appropriation to specific allowance on claims	37	
Derecognition of claims	160	
Others	3.038	143
	4.859	186

28. MATERIAL EXPENSE

The material expense includes the following positions:

	2007 EUR'000	2006 EUR'000
Use of trade goods and raw materials	41.712	5.927
Services received	371	27
Less supplier discount	-297	-25
	41.786	5.929

29. PERSONNEL EXPENSE

The personnel expense includes the following positions:

	2007 EUR'000	2006 EUR'000
Salaries and wages	10.486	1.681
Social security contributions	1.920	332
	12.406	2.013

30. FINANCIAL RESULT

The finance expense came to EUR 1,157k in 2007, compared to EUR 63k in 2006. It essentially includes interest expense for liabilities to banks and (other) non-current liabilities.

The position finance income essentially stated interest income in the fiscal year. The total finance income amounted to EUR 252k (previous year: EUR 272k).

The 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:

	2007 EUR'000	2006 EUR'000
Interest income	252	272
Interest expense	-1.157	-63
Interest result	-905	209

Finance income

	2007 EUR'000	2006 EUR'000
Interest income banks	203	94
Interest income - third parties -	49	178
	252	272

Finance expense

	2007 EUR'000	2006 EUR'000
Interest expense banks	797	63
Interest expense - third parties -	155	
Interest expense (from operating activities)	133	
Interest expense - partners	72	
	1.157	63

31. CONTINGENCIES AND OTHER 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:

	2007 EUR'000
2008	1,235
2009	1,032
2010	701
2011 and later	218
	3,186

Litigation

Neither CFC nor one of its group companies is involved in pending or foreseeable future court or arbitration proceedings of material 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.

32. RELATED PARTY DISCLOSURES

With respect to transactions with partners, particularly in the context of capital increases, we refer to our explanations under note 15, "equity". With respect to management remuneration, we refer to our explanations under note 39, "management".

With respect to the remuneration of the Supervisory Board, we refer to our explanations under note 40, "members of the Supervisory Board".

33. PURPOSE AND METHODS OF FINANCIAL RISK MANAGEMENT

Non-current financial liabilities

As of December 31, 2007 the non-current financial liabilities are composed as follows:

	12/31/2007 EUR	12/31/2006 EUR
Others	9.102.059,60	269.735,44
Finance lease	1.303.556,96	818.103,33
Total	10.405.616,56	1.087.838,77

Current financial liabilities

As of December 31, 2007 the company had various current credit limits of altogether EUR 26,112,685.10 at its disposal. As of December 31, 2007 the company had taken advantage of these credit facilities to the amount of EUR 21,420,490.39 at an average interest rate of 7.8 %. The current liabilities to banks and loans essentially also include current loans extended by banks and third parties to the amount of EUR 19,900,582.17.

Under current financial liabilities, the portion of non-current financial liabilities with remaining terms of up to twelve months is recognized as well.

	12/31/2007 EUR	12/31/2006 EUR
Current bank liabilities	13.325.579,87	0,00
Current loans	6.575.002,30	1.849.888,27
Trade payables	13.897.587,20	3.417.709,46
Liabilities to partners	85.700,00	178.778,23
Current portion of lease liabilities	966.143,16	199.044,17
Others	2.149.125,91	178.830,82
	36.999.138,44	5.824.250,95

The following table shows all contractually framed payments for redemption, reimbursements, and interest from financial liabilities recognized in the balance sheet as of December 31, 2007 and 2006, respectively. They are stated with the undiscounted payment flows including interest payment for the next fiscal years. Also included are all payment flows from derivative financial instruments with positive and negative fair value.

December 31, 2007	2008 EUR	2009 EUR	2010 through 2012 EUR	2013 and later EUR
Liabilities to banks	13.882.471,96	514.566,73	3.091.382,87	0,00
Finance lease liabilities	1.096.644,00	960.999,03	524.751,00	0,00
Other non-current liabilities	0,00	0,00	0,00	5.850.105.02
Trade payables	13.897.587,20	0,00	0,00	0,00
Liabilities to partners	85.700,00	0,00	0,00	0,00
Other financial liabilities (current)	2.149.125,91	0,00	0,00	0,00

December 31, 2006	2007 EUR	2008 EUR	2009 through 2011 EUR	2012 and later EUR
Liabilities to banks	1.849.888,27	0,00	0,00	0,00
Finance lease liabilities	243.540,00	243.540,00	641.055,00	22.500,00
Other non-current liabilities	68.914,15	78.855,45	158.614,64	0,00
Trade payables	3.417.709,46	0,00	0,00	0,00
Liabilities to partners	178.778,23	0,00	0,00	0,00
Other financial liabilities (current)	178.830,82	0,00	0,00	0,00

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.

34. 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.

EUR'000		Valuation according to IAS 39			
	Cat.	Book value 12/31/2007	Continued acquisition-costs	Acquisition costs	Not affecting / Affect. the net inc. at market value
Financial assets					
- Trade receivables	LaR	13.716	13.716		
- Cash and cash equivalents	LaR	8.792	8.792		
Other financial assets					
- Other receivables and assets					
- non-current	LaR	48	48		
- current	LaR	2.921	2.921		
- Available-for-sale financial assets	AfS	754			754
Total financial assets					
Financial liabilities					
Trade payables	OL	13.898	13.898		
Liabilities to banks	OL	16.238	16.238		
Other finance debt	OL	14.999	14.999		
Finance lease liabilities	N/A	2.270			
Other financial liabilities					
Derivatives without hedging transactions	HfT				
Other remaining financial liabilities	OL				
Total financial liabilities					
Aggregated by valuation category:					
Finance lease (N/A)		2.270			
Loans and receivables (LaR)		25.477	25.477		
Available for Sale (AfS)		754			754
Held for Trading (HfT)					
Held to Maturity (HtM)					
Other Liabilities (OL)		45.135	45.135		

Valuation according to IAS 17	Fair Value 12/31/2007	Book value 12/31/2006	Valuation according to IAS 39			Valuation according to IAS 17	Fair Value 12/31/2006
			Continued acquisition costs	Acquisition costs	Not affecting / Affect. the net inc. at market value		
	13.716	3.867	3.867				3.867
	8.792	5.584	5.584				5.584
	48						
	2.921	278	278				278
	754						
	13.898	3.418	3.418				3.418
	16.244	1.850	1.850				1.850
	14.999	270	270				270
2.270	2.322	1.017				1.017	1.017
2.270	2.322	1.017				1.017	1.017
	25.477	9.729	9.729				9.729
	754						
	45.135	5.538	5.538				5.538

Notes to the income statement

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

	2007 EUR	2006 EUR
Loans and receivables	233.218,38	0,00
Held for trading	0,00	0,00
Other liabilities	0,00	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 assessment 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.

The interest on and dividends from financial instruments are disclosed under financial result (please refer to note 30).

35. 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. The 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 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 speculation.
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 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 the liquidity and financial flexibility of CFC 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 33.

Financial market risks

Because of its international business activity, 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, investments, and 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 South-East Asia.

The holding Olimex shows a U.S. dollar / HKD exposure of USD 1,237k 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 not affecting 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, 2007, the result from operations would have been EUR 132k lower (EUR 360k higher) (December 31, 2006: EUR 0k higher (lower)). The group's equity effect would be the same amount via the result effect.

Had the HKD been revalued (devalued) against the U.S. dollar by 10% as of December 31, 2007, the result from operations would have been EUR 84k lower (EUR 84k higher) (December 31, 2006: EUR 0k higher (lower)). The group's equity effect would be the same amount via the result effect.

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 funding 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, 2007, the result would have been EUR 8k lower (higher) (December 31, 2006: EUR 0k). The hypothetical result effect results from the potential effects from original variable-interest liabilities. The group's equity effect would be 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, 2007 (2006).

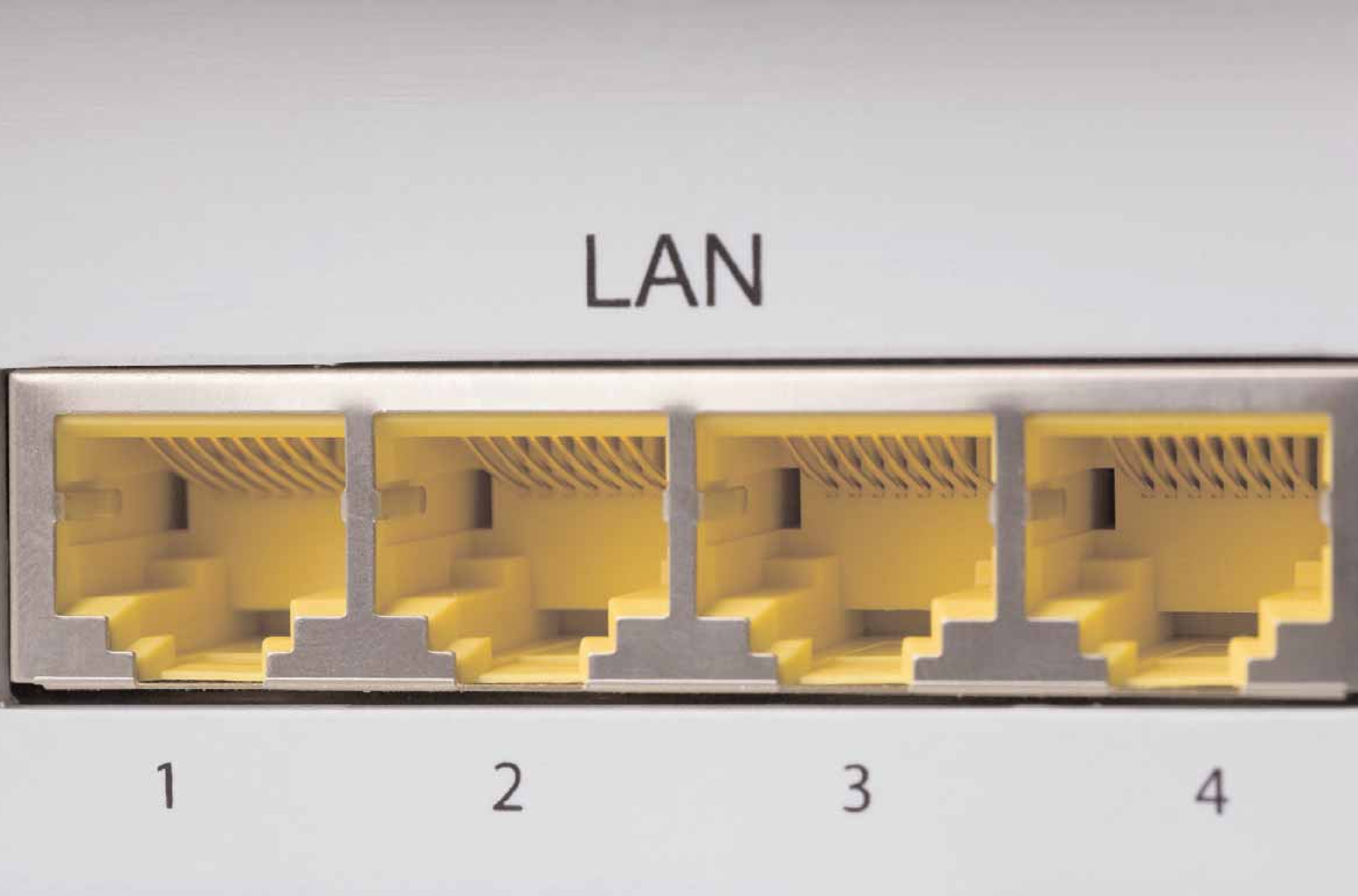
Capital management

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, 2007 and as of December 31, 2006, no amendments to 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 EUR	2007	2006
Net debt	35,554,253.40	9,063,270.72
Debt ratio	0.918 %	0.632 %
Equity ratio	33.26 %	49.47 %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Other information

36. MINORITY INTEREST

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

Berndes minority stockholders: EUR + 270,357.00 (PY: +862,530.11)
Format-Küchen minority stockholders: EUR - 481,765.94

The losses allocated to the minority stockholders of Format have been recognized in the income statement as the minority interest is considered borrowed capital in compliance with IAS 32.

The share of minority stockholders recognized in equity in the group's net assets amounts to EUR 3,974k and concerns "Berndes" and delmod GmbH.

The share of minority stockholders recognized in borrowed capital in the group's net assets amounts to EUR 1,664k and concerns "Berndes" and delmod KG.

For the purpose of IFRS 7, the determination of the market values of the minority interest in Format and delmod 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' claim for payment. Due to the fact that in the year 2007 purchase price allocations were carried out for both subsidiaries and market values were assessed, the book values as of December 31, 2007 correspond with the market values of the stated liabilities.

37. GROUP COMPANIES

According to IAS 27, the consolidated financial statements include the parent company and the subsidiaries under the parent's legal and effective control.

Accordingly, the following companies have been included in the consolidated financial statements:

Companies	Investment in % (direct and indirect)	Held through which direct holding	National currency
Direct holdings:			
1) Berndes Beteiligungs GmbH, Arnsberg	70 %		EUR
2) CFC Electronic Holding GmbH, Dortmund (vormals: CFC Zwischenholding GmbH)	100 %		EUR
3) CFC Zweite Zwischenholding GmbH, Dortmund	100 %		EUR
4) CFC Dritte Zwischenholding GmbH, Dortmund	100 %		EUR
5) CFC Vierte Zwischenholding GmbH, Dortmund	100 %		EUR
Indirect holdings:			
Heinrich Berndes Haushaltstechnik GmbH & Co. KG, Arnsberg	70 %	1)	EUR
Heinrich Berndes Haushaltstechnik Verwaltungs GmbH, Arnsberg	70 %	1)	EUR
Berndes Best Buy GmbH, Arnsberg	70 %	1)	EUR
BTV-Gesellschaft für Beratung, Technologieund Vorrichtungsbau mbH, Arnsberg	70 %	1)	EUR
Berndes Cookware Inc., Charlotte/USA	70 %	1)	US-$
Berndes UK Ltd. Partnership, London/Großbritannien	70 %	1)	GBP
Berndes UK Ltd., London/Großbritannien	70 %	1)	GBP
Berndes Italia s.r.l., Mailand/Italien	70 %	1)	EUR
Olimex Ltd., Hong Kong/Volksrepublik China	70 %	1)	HK-$
Berndes Far East Company Ltd., Hong Kong/Volksrepublik China	70 %	1)	HK-$
Berndes (China) Kitchenware Shenzen Co.Ltd., He Yuan City/Volksrepublik China**	70 %	1)	RMB
Elcon Systemtechnik GmbH, Hartmannsdorf	100%	2)	EUR
Elcon Systemtechnik Sp. Zoo, Warschau*	100 %	2)	PLN
OOO ELCON Systemtechnik, Moskau*	100 %	2)	RUB
ELCON Systemtechnik Kft., Budapest*	55 %	2)	HUF

ELCON Kaluga ZAO Telecom Trading*	75 %	2)	RUB
Letron Electronic GmbH, Osterode/Harz	100%	2)	EUR
Format-Küchen GmbH & Co. KG, Haiger	90%	3)	EUR
Format-Küchen Verwaltungs GmbH, Haiger	90%	3)	EUR
delmod-international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG, Delmenhorst	84,8 %	5)	EUR
delmod-international Bekleidungsindustrie GmbH	85 %	5)	EUR
delmod-international Ltd., London	85%	5)	GBP

* inactive
** in Liquidation

Companies included in the consolidated financial statements according to the equity method:
LOOK Alcast SRL, Romania, (51 % investment as of December 31, 2007) is accounted according to the equity method, as no control is exercised over the company. The investment's valuation corresponds with the purchase price of EUR 3,976.65. For further information, we refer to note 4.

38. EMPLOYEES

The company had an average of 367 employees in the fiscal year 2007. The group had an average of 113 employees in the previous year.

39. MANAGEMENT

The management is provided by CFC Industrie Beteiligungen Verwaltungs GmbH, Dortmund. Sole managing director of CFC Industrie Beteiligungen Verwaltungs GmbH is Mr. Marcus Linnepe, Herdecke.

CFC Industrie Beteiligungen Verwaltungs GmbH received an allocation for administrative expenses to the amount of EUR 506k in the period from January 1, 2007 to December 31, 2007.

In addition, CFC Industrie Beteiligungen Verwaltungs GmbH received so-called arrangement fees of EUR 300k for the arrangement of the business acquisitions.

As of December 31, 2007 there are current liabilities to CFC Industrie Beteiligungen Verwaltungs GmbH of EUR 86k.

40. MEMBERS OF THE SUPERVISORY BOARD

The Supervisory Board of CFC has the following members:
- Dipl.-Ing. Klaus von Hörde, manager and entrepreneur, chairman
- Dipl.-Kfm. Andreas Lange, entrepreneur deputy chairman (since September 14, 2006)
- Stefan Schütze, LLM, attorney at law

41. REMUNERATION OF THE SUPERVISORY BOARD

Remuneration of the Supervisory Board for 2007

	Fixed compensation EUR'000	Variable compensation EUR'000	Stock awards EUR'000
Supervisory Board	20	0	0

Of the approved fixed compensation of EUR 20k, the company paid only EUR 10k to the members of the Supervisory Board.

42. AUDITOR'S FEES

The companies of the CFC Group received the following services rendered by Ernst & Young AG Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, appointed group auditor, in the fiscal year 2007:

	2007 EUR'000
Audit	133
Other certification and assessment services	137
Tax counseling	0
Other services	0
	270

Other certification services include, among others, services in the context of the transition to IFRS and the segment change (pro forma financial information, stock exchange prospectus).

43. INFORMATION ACCORDING TO SECTION 315A HGB

According to Section 315a HGB, 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).

44. INFORMATION ACCORDING TO SECTION 160 AKTG

Listed in the table below are all directors' dealings of the year 2007 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 related persons are committed to report so-called directors' dealings in accordance with Section 15a WpHG. Since the change of stock exchange segments on October 30, 2007, CFC is also subject to the mandatory disclosure of directors' dealings, among other things. Since that day no notifications have been made because there were no reportable transactions. The sales transactions made before said point in time can be derived from the stock exchange prospectus of CFC of October 29, 2007 as well as from the following table.

Stockholders	Body	Stock Holdings 1/1/2007	Addition	Disposal	Stock Holdings 12/31/2007	Interest in %
Marcus Linnepe	management	1.000.000		29.340	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 last fiscal year. Options or other financial instruments granting rights to company stock have not been issued, either.

45. DECLARATION OF COMPLIANCE ACCORDING TO SECTION 161 AKTG

In December 2007 CFC Industriebeteiligungen AG has issued the declaration of compliance required by Section 161 AktG and made it accessible to the stockholders on its Internet site. The declaration can also be requested from the company as a print publication and is quoted in the annual report at hand in the section "corporate governance".

Dortmund, April 2008

AUDITOR'S CERTIFICATE

"We have audited the consolidated financial statements prepared by CFC Industriebeteiligungen GmbH & Co. KGaA, Dortmund, consisting of consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated cash flow statement, and notes to the consolidated financial statements, as well as the group management report for the fiscal year ended December 31, 2007. 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 25, 2007
Ernst & Young AG
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Muzzu	Sieger
Wirtschaftsprüfer	Wirtschaftsprüferin

RESPONSIBILITY STATEMENT BY THE MANAGEMENT BOARD

We assure to the best of our knowledge that the consolidated financial statements provide a presentation of the group's financial position and results from operations which corresponds with the actual conditions, in accordance with applicable accounting standards, 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 to the actual conditions and describes the essential opportunities and risks of the probable future development.

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