



Interim report of CFC Industrieteilungen GmbH & Co. KGaA  
on the second quarter 2008

April 1 - June 30, 2008

# Management preface

DEAR STOCKHOLDERS, BUSINESS PARTNERS,  
AND EMPLOYEES,

in the second quarter of the year 2008, CFC Industriebeteiligungen GmbH & Co. KGaA once again gave proof of the fact that our investment approach and our re-structuring work are considered extremely successful and promising by third parties as well. With the partial sale of our portfolio companies to funds of the English investor Greenpark Capital Ltd., concluded successfully at the end of July, we provided evidence in this quarter for the first time that our investment in companies in "special situations" and our "turnaround" efforts realize high returns even after a short period of time. We have thus topped off the added value chain of an industrial holding company as we have shown that we cannot only acquire and restructure companies but that our commitment leads to high returns through sale as well. We are happy about this result, and we are happy for you in particular.

With a total investment of approx. EUR 1.3 billion of capital, Greenpark Capital Ltd. ranks among the largest and most successful "secondary funds" in Europe. "Secondary funds" invest in existing portfolios of other investors and companies, leaving the successful management of the operating business to them. Greenpark was awarded the distinction "Secondary House of the Year" for its successful work at the beginning of this year. We are delighted to have won Greenpark as partner for our investments, too.

The conditions of the sale of a 49 % interest in our portfolio are very attractive for both parties concerned. As reported, the purchase price is EUR 22.54 million, of which an amount of close to EUR 13.5 million was paid at signing of the contract. The remaining amount is payable during 2009. In case of a future profitable exit of the segment "Fashion

Group", currently including the companies delmod international GmbH & Co. KG and Hirsch Vertriebs GmbH, the agreement provides for a disproportionately high share of the exit proceeds to be allocated to CFC Industriebeteiligungen due to this segment's particularly bright prospects. Furthermore, Greenpark provides the amount of EUR 2.5 million as additional financial contribution to the portfolio's growth and development.

With a 51 % interest CFC retains management control over the holding portfolio so that we are able to continue our work. Nothing changes in this respect by the introduction of the new "co-partner".

With this transaction we generate 120 % of the total capital invested so far and still keep 51 % of the future success. We can now invest these funds to acquire new companies and repeat our success story in a turning economy.

Apart from the Greenpark transaction, I would like to give you an account of the business operations of our companies as well. We have continued our restructuring effort of the first quarter intensively. The performance of the operating result was characterized by the typical seasonality, turning out according to schedule with an EBITDA of EUR -1.1 million. Some companies, delmod in particular, continue to show a highly successful development, and we are very satisfied with this quarter's course on the whole.

As far as acquisitions are concerned, our assessment of the general economic development was proven absolutely right this quarter once again. The number of offers is rising constantly, and we select potential acquisitions according to the same unchanged criteria that we applied last year. We only conclude a transaction if we are convinced of the conditions and the potential for development under our management

to 100 percent. This pattern is confirmed in the second quarter only by the takeover of MEF Möbel-Elemente Franz GmbH, Haiger. MEF is a key supplier to For-mat and is situated right in the Format production plant. By this takeover, the manu-facturing processes of Format can be further optimized, benefiting both companies. MEF generated sales of EUR 2.0 million with 20 employees in the previous year.

## OUTLOOK

In this year's current third quarter we will continue to intensify the operating busi-ness, focusing increasingly on profitable sales and reaching our targets for earnings. In this respect we continue to be comfortable with both forecast and market expec-tations.

At the same time we want to support and expand the existing invest-ment portfolio with new, well-selected acquisitions; we are therefore currently examining new op-portunities for investments intensively.

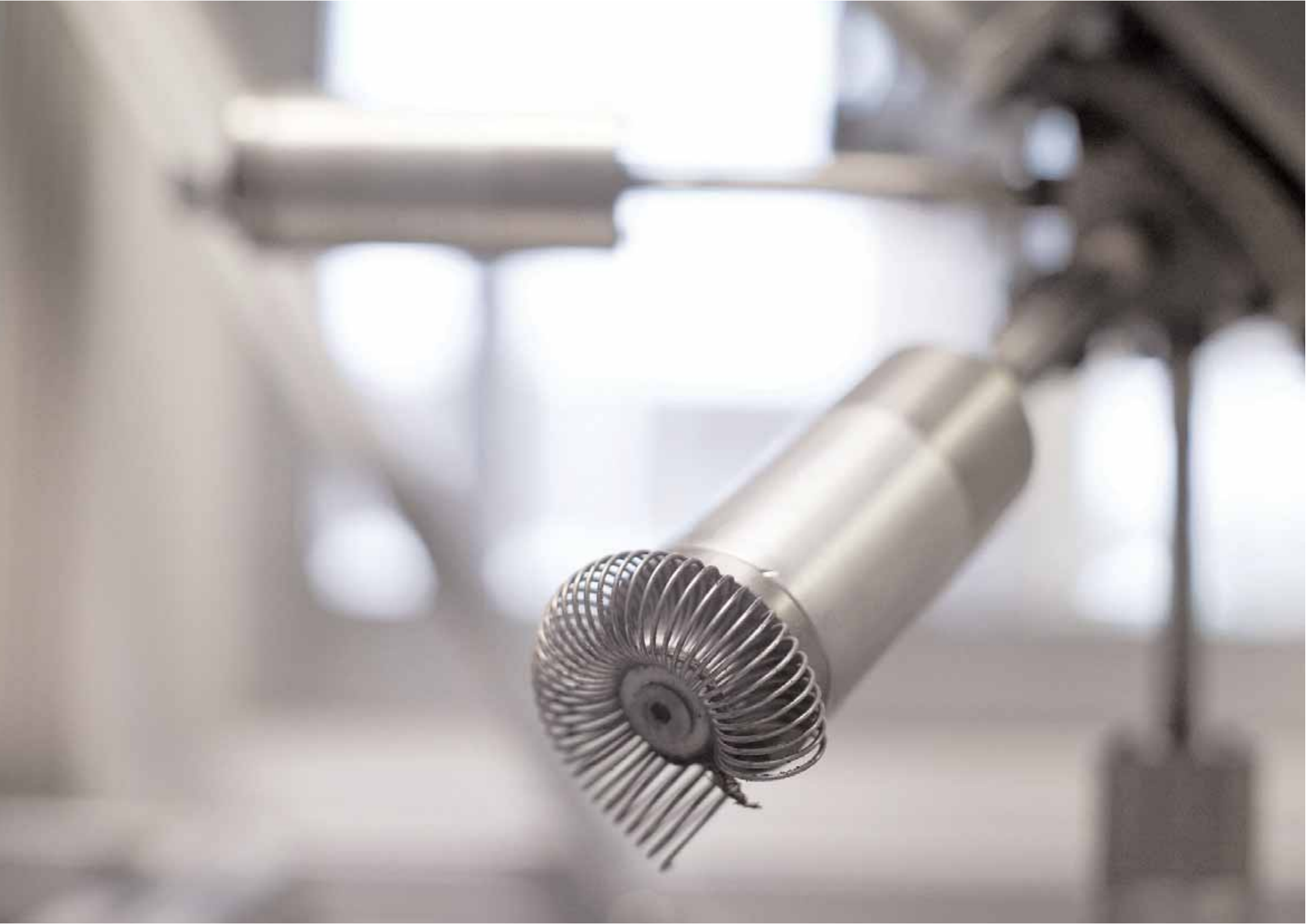
I thank you sincerely, dear stockholders, business partners, and employees, for your encouragement and the confidence you have in us. Let us all approach this year's next quarter with optimism.

Kind regards,



Marcus Linnepe





## KEY FIGURES OVERVIEW

		1/1 - 6/30/2008	1/1 - 6/30/2007	1/1 - 12/31/2007
Sales (entered)	EUR'000	64.851	20.831	66.141
EBITDA	EUR'000	1.269	2.143	15.491
EBIT	EUR'000	-1.506	1.822	13.064
Group net income for the period/year*	EUR'000	-2.851	1.659	14.003
Earnings per share	EUR'000		0,26	2,22
Total assets	EUR'000	115.366	66.148	116.433
Equity*	EUR'000	35.817	26.382	38.726
Borrowed capital	EUR'000	79.549	39.766	77.707
Equity ratio*	%	31,0	39,88	33,3
Number of employees		760	412	747

\*minorities included

# I. Interim group management report

## 1. CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA

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

The interim consolidated financial statements of CFC are prepared according to the principles of the International Financial Reporting Standards (IFRS), corporation law, and the recognized principles of accounting. The group's interim report has not been subjected to an audit review.

## 2. BASIS OF CONSOLIDATION

As of June 30, 2008, CFC Industriebeteiligungen has direct or indirect interests in the following companies:

- 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 GmbHs

In the second quarter 2008 the following change of the CFC Group's basis of consolidation has occurred:

- 100% of the stock of MEF Möbel-Elemente Franz GmbH

The partial sale of the business interests to Greenpark Funds became effective July 31, 2007 and therefore has no effect on the basis of consolidation as of the second quarter's closing date.

The Supervisory Board of CFC approved the interim report on July 31, 2008 and re-leased it for publication.

## 3. REPORTS FROM THE HOLDINGS

### - BERNDES Beteiligungs GmbH



Time of acquisition: August 2006

Interest CFC: 70 %

Company profile:

The Berndes Group, headquartered in Arnsberg, 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 Germany's market leader in the segment cast-aluminum cookware. With its approx. 171 employees at the end of the second quarter, the Berndes Group is also one of the largest German manufacturers of sealed pans.

Company development in the second quarter 2008:

Berndes has maintained its course for growth in the second quarter. Berndes records a sales plus of 25 % (EUR 5.1 million) and even a 67 % increase in the operating result (EBITDA) over the prior-year results. This is even more remarkable in view of the fact that the settlement of a major project was delayed. Orders received are also considerably up from the previous year, justifying expectations for a similar performance in the next quarter.

Outlook:

Berndes will increasingly focus on profitable sales in the next quarter, contributing to another improvement of the result from operations. Contribution margin targets and risk profiles are defined in the project business to safeguard this development. Management has affirmed for the whole fiscal year that Berndes will show considerable growth in sales and even more so in earnings compared to the previous year, contrary to the market trend.

#### - FORMAT Küchen GmbH & Co. KG

The logo for Format Küchen GmbH & Co. KG, featuring the word "format" in a lowercase, sans-serif font.

Time of acquisition: May 2007

Interest CFC: 90 %

Company profile:

Format Küchen, headquartered in Haiger, is a manufacturer of high-grade kitchens in the medium price segment. The focus is on individually designed kitchens, making the terms kitchen manufactory or kitchen workshop seem quite adequate. A high level of flexibility with regard to manufacturing enables Format to fulfill virtually every conceivable customer request.

Company development in the second quarter 2008:

At the beginning of the quarter Format launched an elaborate marketing scheme. Within just a few days, a newly designed website and a new product catalog, the completely redesigned showroom at the factory in Haiger, and the new product line were presented. Since then more than 50 new dealers have been won and 150 show kitchens have been delivered. But the new export sales management took some big steps forward as well. Format acquired a major order for a real estate project in Du-bai, delivering 250 kitchens. Format was also present at the International Furniture Exhibition in Shanghai with its own stand for the first time. The development Format has shown met with great approval in numerous special interest media. The changes are reflected in figures as well. The ambitious sales targets for the quarter were achieved. The earnings, however, are still burdened by the expense for the marketing scheme. The number of employees was 149 at the end of the second quarter.

Outlook:

In an extremely difficult market environment, Format focuses on marketing the new kitchen line and expanding the sales effort both domestic and abroad. Management continues to be convinced of a significant sales increase over the previous year and of breaking even on operations in this year's fourth quarter.

#### - MEF Möbel-Elemente Franz GmbH

Time of acquisition: May 2008

CFC interest: 100 %



Company profile:

MEF, headquartered in Haiger, is a manufacturer of veneered and plastic-coated pieces of furniture and furniture elements, and a key supplier to Format Küchen.

Company development in the second quarter 2008:

Only the month of June was included in the consolidation period. The result was negative because of adjustments of accounting within the context of the takeover. The number of employees was 22 at the end of the second quarter.

Outlook:

MEF will be further integrated into the manufacturing processes of Format in the third quarter. The acquisition of third-party business for MEF products will be implemented in the Format business strategy in order to guarantee timely supply at a high quality level.

#### - ELCON Sytemtechnik GmbH

Time of acquisition: July 2007

Interest CFC: 100 %



Company profile:

Elcon Systemtechnik, headquartered in Hartmannsdorf, is the leading supplier of optimized network access systems for telecommunication

and cable network providers. Elcon engineers develop network access systems and other electronic components to be produced in Hartmannsdorf - made in Germany - and shipped to 35 markets worldwide.

Company development in the second quarter 2008:

Elcon continued its prior-quarter performance in the second quarter. Sales fell short of the ambitious targets by 11 %, yet Elcon showed much improved earnings once again (+ EUR 463k). With regard to the sales effort, further investments are made in new employees and their training to safeguard Elcon's future development. Four new employees joined the Elcon marketing staff this quarter. In May Elcon participated in the ANGA Cable Show in Cologne, which is of the utmost importance to the Coax product range. The collaboration with Letron was further optimized and tightened, developing as scheduled. Elcon had 154 employees as of June 30, 2008.

Outlook:

The further course of business of Elcon and the achievement of the ambitious goals are influenced particularly by the development of the telecommunication market and the order behavior of the domestic and international network operators. At present Elcon is involved in important tendering procedures, essential to the performance of sales and earnings. Due to active cost management, Elcon will close this fiscal year with a positive result.

#### - Letron Electronic GmbH

Time of acquisition: November 2007

Interest CFC: 100 %





#### Company profile:

Letron Electronic GmbH (formerly: VOGT Electronic Letron GmbH), headquartered in Osterode, is in the business of the development, materialization, and production of electronic planar components and systems.

#### Company development in the second quarter 2008:

Positioning Letron outside the mass markets for the production of electronic planar components was continued in the second quarter. The organization was consequently tightened even more and employees were trained intensively. Temporary workers were laid off according to the severance scheme, and a second staff measure will be carried out as of the end of July as scheduled. The working capital was reduced further by the cutback of inventories. The cooperation of Elcon and Letron was intensified by the relocation of additional manufacturing steps. The services rendered in administration by the Vogt Group were discontinued for the most part. Elcon now performs accounting and IT services for Letron. As of June 30, 2008 Letron had 70 employees.

#### Outlook:

Letron will push forward the operating business by the cost-optimized cooperation with Elcon in the third quarter. We are confident that we have thus laid the foundations for Letron to realize the sustained turnaround in the fourth quarter and to achieve a positive result from operations.

#### - delmod international KG

Time of acquisition: December 2007

Interest CFC: 84.8 %



#### Company profile:

delmod international Bekleidungsindustrie GmbH & Co. Hanse-Kleidung KG (delmod), headquartered in Delmenhorst, is a manufacturer of high-grade ladies' apparel. CFC acquired delmod on December 18, 2007, effective December 31, 2007. delmod is one of Germany's leading textile companies and distributes classic ladies' wear in the medium and upscale price segments with the brands "delmod" and "KIM KARA". In addition to production, delmod provides the entire added value chain from design, quality management, and logistics up to marketing/distribution as well as the company's own outlet stores.

#### Company development in the second quarter 2008:

The reorientation of delmod initiated in the first quarter is making good progress. The various measures took effect in the second quarter already. Adjustments to marketing procedures, intensified support on the sales floor, and special point-of-sale offers had their share in delmod exceeding its sales target for the second quarter by almost 24 %. The result from operations was significantly ahead of schedule, and positive. The working capital was further reduced in the second quarter, especially by the successful marketing of remnants. The number of employees was 188 as of June 30, 2008. The development of delmod was altogether above expectations and targets significantly. This year delmod will already make a substantial contribution to CFC's result from operations. Since the beginning of April, Hirsch Vertriebs GmbH has been a subsidiary of delmod, developing the new design for the Hirsch Spring/Fall 2009 Collection. As of June 30, 2008 the company had 5 employees.

#### Outlook:

In the third quarter the delmod and Hirsch collections for spring/summer 2009 will be presented, and first pre-orders will be placed. We are confident that the designs of both brands will find positive market acceptance and that these labels will regain their old strength.

#### 4. ASSETS, FINANCIAL POSITION AND RESULTS FROM OPERATIONS

##### General course of business in the second quarter

The restructuring measures initiated at the acquired companies in the last fiscal year take effect, to be continued intensively on the basis of our sustained restructuring approach. By the takeover of MEF Möbel-Elemente Franz GmbH as of May 31, 2008, the basis of consolidation was expanded from its definition in the Annual Report 2007. Consequently, there was income from the reversal of negative differences upon the initial consolidation of MEF in the amount of EUR 347,690.40. The first consolidation of MEF is considered preliminary until the final presentation of an evaluation of the company's fixed assets.

##### Sales and results from operations

The CFC Group generated sales of EUR 64.9 million in the first half-year 2008, EUR 22.9 million thereof in the second quarter. The segment reporting in the notes to the consolidated financial statements illustrates the breakdown of sales with respect to the separate business units (primary segments according to IFRS 8).

Other operating income amounts to EUR 4.6 million, including income of EUR 0.3 million from the reversal of negative differences upon capital consolidation (badwill) of MEF. The amount of EUR 4.3 million is attributable to the property companies' operations. EUR 3.2 million thereof were generated in the second quarter.

The entire group's material expense comes to roughly EUR 38.7 million in the first half-year (EUR 17.2 million in the second quarter), corresponding with a rate of about 59.6 % of sales. Personnel expense was EUR 13.2 million (EUR 6.7 million in the second quarter). Other operating expenses amounted to roughly EUR 18.6 million (EUR 7.7 million in the second quarter).

Consequently, the CFC Group achieved an EBITDA of EUR 1.3 million in the first half-year 2008 (EUR -1.1 million in the second quarter). After depreciation and amortization, earnings before interest and taxes (EBIT) come to EUR -1.5 million (EUR -2.5 million in the second quarter). As results from operations were generated particularly in those companies in which minorities are involved, a group net loss of EUR 2.8 million was recorded for the first half-year (EUR -3.2 million in the second quarter). Relating to the company's 6.435 million shares, the corresponding earnings are EUR 0.00 per share. In view of seasonal factors, the development of earnings is due to the high percentage of consumer goods offered by the portfolio companies.

##### Assets and financial position

The CFC Group's total assets amount to EUR 115.4 million as of June 30, 2008. EUR 62.8 million thereof are attributable to non-current fixed assets (not including other non-current assets) and EUR 51.5 million to current assets. EUR 34.9 million of the fixed assets are represented by intangible assets. This amount is composed of the capitalized trademarks "BERNDES" and "delmod" as well as customer relationships of the acquired companies. The brands are not depreciated on schedule and are subject to an annual impairment review in compliance with IFRS, while the customer relationships are depreciated over their

respective lives (approx. 10 - 16 years) in application of the straight-line method. The remaining fixed assets are essentially composed of business property as well as technical equipment and machinery in the total amount of EUR 28.0 million.

Current assets include inventories in the amount of EUR 34.4 million, trade receivables in the amount of EUR 8.0 million, other assets of EUR 4.7 million, and cash and cash equivalents of EUR 4.5 million.

The assets are contrasted by equity of EUR 35.8 million and liabilities in the amount of EUR 79.6 million. Of the latter position, EUR 28.2 million are attributable to non-current liabilities, EUR 51.4 million to current liabilities. A material addition to the current liabilities on group level was a loan over EUR 3.0 million. All these positions result in the CFC Group's sound equity ratio of over 31 %.

### **Employees**

The CFC Group had 113 employees by the end of 2006. 747 people were in the Group's employ by the end of the fiscal year 2007. As of June 30, 2008 the Group has 760 employees.

## **5. 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 respective risk strategy applied 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 not make any 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 results from operations.

### **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 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 the company's 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 re-structuring 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 in restructuring their business 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 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.

## Risks of the CFC business model

### 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. The 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, 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 insu-

rance are applied to hedge against cash flow risks and to safeguard group liquidity.

In the second quarter 2008, meetings were held with the responsible management teams and analyses were conducted as determined by the risk management process, resulting in no noteworthy findings with respect to general risks or risks specific to CFC.



## II. Interim consolidated financial statements

### 1. CONDENSED CONSOLIDATED BALANCE SHEET AS OF MARCH 31, 2008 (IN EUR)

ASSETS	6/30/2008	12/31/2007
Non-current assets	63.828.617,70	61.567.699,71
Property, plant and equipment	27.973.470,93	25.869.948,30
Intangible assets	34.854.134,23	34.891.780,53
Financial assets	7.855,67	4.232,30
Real estate held as financial investments	0,00	0,00
Derivative financial instruments	0,00	0,00
Other non-current assets	993.156,87	801.738,58
Current assets	51.537.125,74	54.865.460,08
Inventories	34.383.442,14	26.939.848,92
Trade receivables	7.985.082,17	13.715.687,84
Receivables from related parties	0,00	0,00
Other financial assets and other assets	4.655.022,65	5.418.071,56
Cash and cash equivalents	4.513.578,78	8.791.851,76
Non-current available-for-sale assets	0,00	0,00
<b>Total assets</b>	<b>115.365.743,44</b>	<b>116.433.159,79</b>



EQUITY AND LIABILITIES	6/30/2008	12/31/2007
Equity	35.817.132,66	38.726.279,54
Capital stock	6.435.000,00	6.435.000,00
Additional paid-in capital	12.275.424,58	12.275.424,58
Profit-sharing rights	0,00	0,00
Accumulated other comprehensive income	-522.743,47	-397.511,02
Profit carry-forward	16.539.427,63	2.806.553,80
Retained earnings	-2.639.244,84	13.732.873,83
Minority interest	3.729.268,76	3.873.938,35
<b>Non-current liabilities</b>	<b>28.190.820,18</b>	<b>23.097.005,88</b>
Special reserve	0,00	0,00
Pension commitments and similar obligations	3.063.890,27	3.047.485,56
Non-current provisions	3.446.348,80	3.446.348,80
Finance lease liabilities	754.009,10	1.303.556,96
Deferred tax liabilities	9.834.816,95	9.643.903,76
Other non-current liabilities	11.091.755,06	5.655.710,80
<b>Current liabilities</b>	<b>51.357.790,60</b>	<b>54.609.874,37</b>
Liabilities to banks	12.120.079,05	13.325.579,87
Current loans	5.921.986,30	6.575.002,30
Current portion of non-current loans	0,00	0,00
Trade payables	12.538.130,55	13.897.587,20
Advance payments	1.209.384,48	1.190.204,86
Liabilities to related parties	154.700,00	0,00
Current provisions	10.876.405,27	11.848.124,49
Current tax liabilities	1.011.413,20	1.333.957,71
Liabilities to partners	-1.570,49	85.700,00
Other financial liabilities	6.527.754,88	5.387.574,78
Other liabilities	0,00	0,00
Finance lease liabilities	999.507,36	966.143,16
<b>Total equity and liabilities</b>	<b>115.365.743,44</b>	<b>116.433.159,79</b>

## 2. CONDENSED CONSOLIDATED INCOME STATEMENT

OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008

in EUR	HY 1 2008 1/1-6/30/2008	HY 1 2007 1/1-6/30/2007	Q 2 2008 4/1-6/30/2008	2007 1/1-12/31/2007
Sales	64.851.538	20.830.952	22.927.269	66.141.412
Changes in finished goods and work in process inventories	2.291.084	215.639	4.013.554	1.720.163
Other operating income	4.621.264	2.771.339	3.548.446	22.809.695
Material expense	-38.687.043	-12.003.808	-17.168.008	-41.785.724
Personnel expense	-13.228.267	-2.981.042	-6.685.031	-12.406.394
Depreciation of property, plant and equipment and intangible assets	-2.775.586	-320.433	-1.388.109	-2.426.808
Other operating expenses	-18.579.305	-6.690.210	-7.736.625	-20.988.503
<b>Earnings before interest and taxes</b>	<b>-1.506.315</b>	<b>1.822.438</b>	<b>-2.488.503</b>	<b>13.063.841</b>
Finance income	75.670	69.622	42.942	251.930
Finance expense	-1.420.516	-254.376	-725.604	-1.156.847
<b>Financial result</b>	<b>-1.344.846</b>	<b>-184.754</b>	<b>-682.663</b>	<b>-904.917</b>
<b>Earnings before taxes</b>	<b>-2.851.161</b>	<b>1.637.684</b>	<b>-3.171.165</b>	<b>12.158.923</b>
Income tax	145.032	32.472	15.249	1.362.542
Third-party share in borrowed capital	-13.622	0	132.304	481.766
<b>Group net income</b>	<b>-2.719.751</b>	<b>1.670.156</b>	<b>-3.023.613</b>	<b>14.003.231</b>
Minority interest	80.506	-11.128	389.406	-270.357
<b>Attributable to equity holders of the parent</b>	<b>-2.639.245</b>	<b>1.659.027</b>	<b>-2.634.207</b>	<b>13.732.874</b>
Basic earnings per share	0	0,26	0	2,22
Fully diluted earnings per share	0	0,26	0	2,22

### 3. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA FOR THE PERIOD FROM JANUARY 1 TO JUNE 30, 2008

	HY 1 2008 EUR	HY 1 2007 EUR
Cash flow from operating activities		
Earnings before interest and taxes	-1.505.015,21	1.822.437,83
Adjustments:		
Depreciation and amortization	2.775.585,61	320.433,07
Foreign currency loss	-	
Loss/income from disposal of fixed assets	-8.789,76	
Other non-cash income/loss	-844.983,27	-2.331.000,00
Return on capital	-	-
Subtotal	416.797,37	-188.129,10
Changes in non-current and current provisions	-885.794,54	-43.000,00
Changes in working capital	-2.528.318,01	-3.287.000,00
Changes in other non-current and current assets and liabilities	-257.113,07	-1.900.000,00
Income taxes paid	-67.668,60	-3.000,00
Net cash flow from operating activities	-3.322.096,84	-5.421.129,10
Cash flow from investing activities		
Payments-in from asset disposals	8.789,76	
Payments-out for acquisition of intangible assets and property, plant and equipment	-3.501.506,51	-372.000,00
Purchase price of acquisitions (less acquired cash and cash equivalents)	-450.000,00	-1.336.000,00
Net cash flow used in investing activities	-3.942.716,75	-1.708.000,00
Cash flow from financing activities		
Payments-in from capital increase	0,00	9.940.000,00
Changes in liabilities and loans used for financing purposes	4.101.009,40	10.377.000,00
Interest income	74.369,61	
Interest expense	-1.141.577,89	-254.000,00
Foreign currency effects and other non-cash changes	0,36	
Other adjustments	0,06	
Net cash flow used in financing activities	3.033.801,53	20.063.000,00
Net increase in cash and cash equivalents	-4.231.012,06	13.003.000,00
Cash and cash equivalents at beginning of period	8.791.851,76	5.584.000,00
Exchange rate differences	-47.260,92	3.000,00
Cash and cash equivalents	4.513.578,78	18.590.000,00

4. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA FOR THE PERIOD JANUARY 1 TO MARCH 31, 2008

	Equity holders of the parent				Equity
	Stock capital	Additional paid-in capital	Acc. other comp. income	Retained earnings	
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 cost	0,00	0,00	0,00	0,00	0,00
Group net income	0,00	0,00	0,00	1.659.027,12	1.659.027,12
Foreign currency translation	0,00	0,00	2.575,96	0,00	2.575,96
Changes in basis of consolidation	0,00	0,00	0,00	0,00	0,00
June 30, 2007	6.435.000,00	12.866.539,41	(213.203,42)	4.465.580,92	23.553.916,91
December 31, 2007	6.435.000,00	12.275.424,58	(397.511,02)	16.539.427,63	34.852.341,19
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	0,00
Fundraising cost	0,00	0,00	0,00	0,00	0,00
Group net income	0,00	0,00	0,00	-2.639.244,84	-2.639.244,84
Foreign currency translation	0,00	0,00	-125.232,45	0,00	-125.232,45
Changes in basis of consolidation	0,00	0,00	0,00	0,00	0,00
June 30, 2008	6.435.000,00	12.275.424,58	-522.743,47	13.900.182,79	32.087.863,90

Minority partners				
Minority stake	Acc. other com. income	Minority interest	Equity	Group equity
2.365.800,35	(92.476,87)	883.687,61	3.157.011,09	14.339.292,42
351.540,00	0,00	-21.097,50	330.442,50	1.101.475,00
2.717.340,35	(92.476,87)	862.590,11	3.487.453,59	15.440.767,42
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	9.939.000,00
0,00	0,00	0,00	0,00	0,00
0,00	0,00	11.128,48	11.128,48	1.670.155,60
0,00	1.067,39	0,00	1.067,39	3.643,35
429.358,43	0,00	0,00	429.358,43	429.358,43
3.146.698,78	(91.409,48)	873.718,59	3.929.007,89	27.482.924,80
2.911.711,39	(170.720,15)	1.132.947,11	3.873.938,35	38.726.279,54
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	-80.506,17	-80.506,17	-2.719.751,01
0,00	-67.953,42	0,00	-67.953,42	-193.185,87
3.790,00	0,00	0,00	3.790,00	3.790,00
2.915.501,39	-238.673,57	1.052.440,94	3.729.268,76	35.817.132,66

### III. Selected notes to consolidated financial statements

#### 1. GENERAL INFORMATION

##### Basis for preparation of financial statements

The condensed interim consolidated financial statements for the period from January 1 to June 30, 2008 have been prepared in accordance with IAS 34: Interim Financial Reporting with the exceptions described in the following paragraph. The interim con-solidated financial statements do therefore not include all the information and state-ments prescribed for consolidated financial statements and should thus be read in conjunction with the consolidated financial statements for the fiscal year ended De-cember 31, 2007.

Differing from IAS 34.20 (b), a comparable presentation of the con-solidated income statement of the prior-year quarter has not been pro-vided as the prior-year quarter was not reported as such. However, a cor-responding half-year comparison 2007/2008 has been prepared and provided here.

For the preparation of these interim consolidated financial statements, the same ac-counting policies and valuation methods have been adop-ted as were applied to the preparation of the consolidated financial sta-tements for the fiscal year ended De-cember 31, 2007.

##### Seasonal impact

Possible seasonal impact primarily concerns the business performan-ce of the individ-ual holdings. So far as resulting effects are concerned, please refer to the respective reports from the holdings.

##### Unusual business events

In the reporting period there were no events that affected assets, liabi-lities, equity, result for the period, or cash flows and that were unusual with respect to their na-ture, extent, or frequency.

##### Estimates and assumptions

There were no changes in either nature or extent of estimates compa-red to previous financial statements.

##### Changes in basis of consolidation

In the second quarter 2008 the company MEF Möbel-Elemente Franz GmbH was in-cluded in the basis of consolidation.

##### Subsequent events

No exceptional or unusual events have occurred subsequent to the balance sheet date of the interim consolidated financial statements.



EY ESST & YOUNG

Kommunikation Team  
Projekt 2011

MMP

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Kommunikation  
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## 2. SEGMENT REPORTING

The following tables contain information about income and results, assets and liabilities, as well as selected segment information of the CFC Group's business segments for the period January 1 to June 30, 2008.

Please refer to the annual report on the fiscal year 2007 for the determination of business segments.

GROUP SEGMENT INCOME STATEMENT	Cookware	Home & Living	EMS
In EUR			
Sales	21.084.709,20	7.987.378,43	12.802.897,27
Changes in finished goods and work in process inventories	-367.301,84	-27.883,67	-378.683,22
Other operating income	732.973,09	742.311,30	214.314,88
Material expense	-11.028.039,01	-4.539.993,69	-7.522.782,58
Personnel expense	-2.762.521,94	-2.913.527,22	-3.107.389,94
Depreciation of property, plant and equipment and intangible assets	-518.300,81	-536.042,52	-763.100,85
Other operating expenses	-7.001.795,12	-2.352.847,83	-2.123.298,88
<b>Earnings before interest and taxes</b>	<b>139.723,57</b>	<b>-1.640.605,20</b>	<b>-878.043,32</b>
Finance income	29.380,51	26.036,74	3.203,70
Finance expense	-440.858,83	-545.098,25	-360.769,94
<b>Financial result</b>	<b>-411.478,32</b>	<b>-519.061,51</b>	<b>-357.566,24</b>
<b>Earnings before taxes</b>	<b>-271.754,75</b>	<b>-2.159.666,71</b>	<b>-1.235.609,56</b>



Fashion	Total Segments	CFC KGaA financial statements	Consolidation	CFC
22.911.711,47	64.786.696,37	64.841,37	0,00	64.851.537,74
3.064.953,12	2.291.084,39	0,00	0,00	2.291.084,39
2.202.419,44	3.892.018,71	1.937,53	727.307,80	4.621.264,04
-15.596.228,19	-38.687.043,47	0,00	0,00	-38.687.043,47
-4.349.118,69	-13.132.557,79	-95.708,70	0,00	-13.228.266,49
-952.646,28	-2.770.090,46	-5.495,15	0,00	-2.775.585,61
-5.673.569,83	-17.151.511,66	-694.409,29	-733.384,88	-18.579.305,83
1.607.521,04	-771.403,91	-728.834,24	-6.077,08	-1.506.315,23
14.749,50	73.370,45	2.246,17	53,01	75.669,63
-364.100,71	-1.710.827,73	-149.540,16	439.851,65	-1.420.516,24
-349.351,21	-1.637.457,28	-147.293,99	439.904,66	-1.344.846,61
1.258.169,83	-2.408.861,19	-876.128,23	433.827,58	-2.851.161,84

GROUP SEGMENT BALANCE SHEET AS OF JUNE 30, 2008	Cookware	Home & Living	EMS
In Euro			
<b>ASSETS</b>			
Non-current assets	15.566.394,34	11.596.717,22	10.416.615,26
Property, plant and equipment	2.434.316,89	11.291.371,94	6.668.411,45
Intangible assets	13.132.077,45	19.343,13	3.748.203,81
Financial assets	0,00	7.600,02	0,00
Real estate held as financial investments	0,00	0,00	0,00
Derivative financial instruments	0,00	0,00	0,00
Other non-current assets	0,00	278.402,13	0,00
Deferred tax assets	0,00	0,00	0,00
Current assets	20.509.954,21	6.310.484,02	7.660.200,30
Inventories	12.894.449,84	2.011.427,76	5.935.319,23
Trade receivables	4.623.551,30	1.420.491,41	1.221.315,24
Receivables IC	0,00	0,00	0,00
Other financial assets and other assets	1.919.891,30	492.529,65	486.551,17
Cash and cash equivalents	1.072.061,77	2.386.035,20	17.014,66
Non-current available-for-sale assets	0,00	0,00	0,00
<b>Total assets</b>	<b>36.076.348,55</b>	<b>17.907.201,24</b>	<b>18.076.815,56</b>

Fashion	Total Segments	CFC KGaA financial statements	Consolidation	CFC
25.924.597,24	63.504.324,06	21.050.001,39	-20.725.707,75	63.828.617,70
7.578.980,77	27.973.081,05	389,88		27.973.470,93
17.630.606,08	34.530.230,47	27.184,26	296.719,50	34.854.134,23
255,65	7.855,67	21.022.427,25	-21.022.427,25	7.855,67
0,00	0,00	0,00		0,00
0,00	0,00	0,00		0,00
714.754,74	993.156,87	0,00		993.156,87
0,00	0,00	0,00		0,00
16.690.550,82	51.171.189,35	1.868.426,36	-1.502.489,97	51.537.125,74
13.542.245,31	34.383.442,14	0,00		34.383.442,14
889.884,94	8.155.242,89	8.160,80	-178.321,52	7.985.082,17
0,00	0,00	949.077,86	-949.077,86	0,00
1.882.665,73	4.781.637,85	273.384,80	-400.000,00	4.655.022,65
375.754,84	3.850.866,47	637.802,90	24.909,41	4.513.578,78
0,00	0,00	0,00		0,00
42.615.148,06	114.675.513,41	22.918.427,75	-22.228.197,72	115.365.743,44

GROUP SEGMENT BALANCE SHEET AS OF MARCH 31, 2008	Cookware	Home & Living	EMS
In EUR			
<b>EQUITY AND LIABILITIES</b>			
Equity	11.796.889,95	-3.760.137,95	3.338.199,90
Non-current liabilities	4.805.676,99	14.200.881,94	6.056.399,79
Pension commitments and similar obligations	68.459,25	0,00	427.914,67
Non-current provisions	0,00	0,00	0,00
Finance lease liabilities	510.637,96	0,00	0,00
Deferred tax liabilities	4.226.579,78	2.382.209,40	256.854,54
Other non-current liabilities	0,00	11.818.672,54	5.371.630,58
Current liabilities	19.473.781,61	7.466.457,25	8.682.215,87
Liabilities to banks	1.784.697,19	2.692.429,59	160.573,56
Current loans	6.411.986,30	0,00	0,00
Current portion of non-current loans	0,00	0,00	0,00
Trade payables	3.469.789,23	3.161.695,75	3.464.544,98
Advance payments	396.380,38	0,00	813.004,10
Payables IC	0,00	0,00	0,00
Current provisions	3.317.980,38	111.398,45	2.668.956,78
Current tax liabilities	321.482,97	250.591,29	161.980,66
Liabilities to partners	23.800,00	71.400,00	47.600,00
Other financial liabilities	3.544.171,45	1.178.942,17	1.365.555,79
Other liabilities	0,00	0,00	0,00
Finance lease liabilities	203.493,71	0,00	0,00
<b>Total equity and liabilities</b>	<b>36.076.348,55</b>	<b>17.907.201,24</b>	<b>18.076.815,56</b>

Fashion	Total Segments	CFC KGaA financial statements	Consolidation	CFC
11.689.978,62	23.064.930,52	17.171.855,78	-4.419.653,64	35.817.132,66
14.141.591,75	39.204.550,47	5.175.590,29	-16.189.320,58	28.190.820,18
2.567.516,35	3.063.890,27	0,00	0,00	3.063.890,27
3.446.348,80	3.446.348,80	0,00	0,00	3.446.348,80
243.371,14	754.009,10	0,00	0,00	754.009,10
3.979.377,51	10.845.021,23	0,00	-1.010.204,28	9.834.816,95
3.904.977,95	21.095.281,07	5.175.590,29	-15.179.116,30	11.091.755,06
16.783.577,69	52.406.032,42	570.981,68	-1.619.223,50	51.357.790,60
7.482.289,48	12.119.989,82	89,23	0,00	12.120.079,05
0,00	6.411.986,30	0,00	-490.000,00	5.921.986,30
0,00	0,00	0,00	0,00	0,00
3.352.397,50	13.448.427,46	42.105,08	-952.401,99	12.538.130,55
0,00	1.209.384,48	0,00	0,00	1.209.384,48
0,00	0,00	178.321,51	-178.321,51	0,00
4.722.133,56	10.820.469,17	54.436,10	1.500,00	10.876.405,27
135.318,47	869.373,39	142.039,81	0,00	1.011.413,20
11.900,00	154.700,00	0,00	0,00	154.700,00
285.095,52	6.373.764,93	153.989,95	0,00	6.527.754,88
-1.570,49	-1.570,49	0,00	0,00	-1.570,49
796.013,65	999.507,36	0,00	0,00	999.507,36
42.615.148,06	114.675.513,41	22.918.427,75	-22.228.197,72	115.365.743,44

3. NOTES TO SELECTED POSITIONS OF THE INTERIM  
CONSOLIDATED BALANCE SHEET

**3.1 Intangible assets**

Intangible assets	(EUR'000) 6/30/2008	(EUR'000) 12/31/2007
Trademark rights	23.781	23.581
Customer relationships	8.800	9.184
Software and licenses	2.260	2.115
Advance payments	13	12
	<b>34.854</b>	<b>34.892</b>

The trademark rights relating 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. There has been no indication for the requirement of possible unscheduled depreciation. The acquisition costs relating to the brand "Hirsch" amounted to EUR 200k in the reporting period. This purchase price will be increased by a variable price component over the next quarters. As of this financial report's closing date, the variable portion could not be estimated reliably.

The capitalized customer relationships are depreciated according to schedule over approx. 10 - 16 years in application of the straight-line method. In the first half-year 2008 this kind of depreciation came to EUR 0.32 million.

**3.2 Property, plant and equipment**

Property, plant and equipment	(EUR'000) 6/30/2008	(EUR'000) 12/31/2007
Undeveloped real estate	917	826
Buildings on own and third-party property	14.326	13.825
Technical equipment and machinery	7.430	6.792
Other facilities, office equipment and furniture	4.530	3.890
Advance payments and construction in process	770	537
	<b>27.973</b>	<b>25.870</b>

### 3.3 Inventories

Inventories as of June 30, 2008 are composed as follows:

Vorratsvermögen	(EUR'000) 6/30/2008	( EUR'000) 12/31/2007
Raw materials	8.528	7.532
Work in process	8.097	5.149
Finished goods	17.491	13.983
Advance payments for inventories	267	275
	<b>34.383</b>	<b>26.940</b>

The allocation of inventories to the separate segments can be gathered from segment reporting.

### 3.4 Trade receivables

The allocation of trade receivables to the separate segments can be gathered from segment reporting.

### 3.5 Stock capital

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 entirety.

Partners are:

	EUR'000	%
<b>General partner</b>		
CFC Industrie Beteiligungen Verwaltungs GmbH	0	0,0
<b>Limited partners</b>		
Heliad Equity Partners GmbH & Co. KGaA	500	7,77
Heliad Investments Ltd	500	7,77
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
	<b>6.435</b>	<b>100,00</b>

### 3.6 Other non-current liabilities

Other non-current liabilities have increased to EUR 11.1 million as of June 30, 2008 (EUR 9.1 million as of December 31, 2007). The driving force behind this increase is a loan of EUR 3.0 million, taken out in January 2008.

### 4. EMPLOYEES

As of June 30, 2008 there were 760 employees within the group.

Disclosures according to Section 160 AktG

In the reporting period from January 1 to June 30, 2008 no reportable transactions involving the company's stock (directors' dealings) were made.

Subsequent events: sale of portfolio stake and loan to Palace Park Investments Ltd.

Palace Park Investments Ltd., Jersey, acquired a 49 % interest in the holding portfolio of CFC Industriebeteiligungen GmbH & Co. KGaA by notarial deed signed on July 31, 2008. The purchase price is EUR 22.54 million, of which an amount of close to EUR 13.5 million was paid at signing of the contract. The remaining amount is payable during 2009. In case of a future profitable exit of the segment "Fashion Group", currently including the companies delmod international GmbH & Co. KG and Hirsch Vertriebs GmbH, the agreement provides for a disproportionately high share of the exit proceeds to be allocated to CFC Industriebeteiligungen due to this segment's particularly bright prospects. Palace Park Investments Ltd. is an acquisition vehicle specially established for this transaction. The company is funded by Greenpark Funds, Guernsey, specializing in secondary investments, i.e. investments in existing portfolios, advised in this transaction by London based Greenpark Capital Ltd. CFC retains management control over the holdings, thus providing for the companies' consistent development. Consequently, the sold companies remain in the basis of consolidation of CFC. In concluding this transaction, Greenpark has made the commitment to support the continued development and growth of the portfolio companies with an amount of up to EUR 2.5 million in addition to the purchase price. The profit contribution before transaction-specific expenses from this partial sale for the fiscal year 2008 comes to approx. EUR 11 million with regard to the holding company and EUR



8 million in the group, due to an elimination of capitalized loss carry-forward for tax reasons.

#### Responsibility statement by the management

We assure to the best of our knowledge that the consolidated financial statements provide a presentation of the group's assets, financial position and results from operations that corresponds to 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 situation of the group in a way that corresponds to the actual conditions and describes the material risks and opportunities of the group's expected future development.

Dortmund, July 2008

Marcus Linnepe

#### FINANCIAL CALENDAR 2008

Participation in investors' meetings DVFA Conference, Frankfurt/Main	August 25-27, 2008
Report on the third quarter 2008	November 7, 2008

#### CONTACT

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