



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

January 1 - March 31, 2008

# Management preface

DEAR STOCKHOLDERS, BUSINESS PARTNERS,  
AND EMPLOYEES,

the scheduled and successful development of CFC Industriebeteiligungen GmbH & Co. KGaA has continued in the first quarter of the year 2008. On the one hand, we focused on restructuring the property companies and we are very satisfied with this development as reflected by the corresponding figures you may refer to. We generated a result of operations of EUR 2.4 million in the property companies. Not only have we thus achieved our targets; particularly the performances shown by Berndes, delmod, and the electronics segment have been significantly better than expected.

Furthermore, with respect to acquisitions, we were able to first obtain the license to the well-known ladies' wear trademark Hirsch as reported in early March and to acquire the trademark from the insolvency assets of Hirsch AG during the company's liquidation in early April. This is another example for the success of our investment strategy of targeted "complementary acquisitions" in one segment after having established a lead investment there - delmod, in the case of the fashion segment.

The brand Hirsch stands for high-value ladies' apparel and is highly regarded in the market segment ladies' skirts in particular. In the fiscal year 2006/07, the publicly traded company Hirsch AG generated sales of more than EUR 30 million. delmod is scheduled to safeguard the value-added processes with regard to procurement and supply chain for the upcoming Hirsch summer collection 2009. With respect to design and distribution, the brand will be operated independently of delmod in order to maintain the necessary autonomy.

## OUTLOOK

For the current second quarter of the year, we are expecting the scheduled progression of the operating results achieved in the first quarter. We are very comfortable with the forecast for this year.

At the same time, we want to support and expand the existing investment portfolio by new well-selected acquisitions; in this respect we are currently examining new opportunities 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.

Sincerely



Marcus Linnepe



## KEY FIGURES OVERVIEW

		1/1 - 3/31/2008	1/1 - 3/31/2007
Sales (entered)	'000	41,924	66,141
Sales annualized	'000		157,000
EBITDA	'000	2,370	15,491
EBIT	'000	982	13,064
Group net income for the period/year *	'000	304	14,003
Earnings per share		0.00	2.22
Total assets	'000	113,100	116,433
Equity*	'000	38,852	38,726
Borrowed capital	'000	74,248	77,707
Equity ratio*	%	34.4	33.3
Number of employees		741	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 audited.

## 2. BASIS OF CONSOLIDATION

As of March 31, 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 Letron Electronic 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

There were no changes in the basis of consolidation of the CFC Group in the first quarter 2008.

The Supervisory Board of CFC approved the interim report on May 26, 2008 and released 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. 191 employees at the end of the first quarter, the Berndes Group is also one of the largest German manufacturers of sealed pans.

Company development in the first quarter 2008:

Berndes has continued its successful development. Due to the settlement of a number of major orders, Berndes gained significantly on the previous year in this year's first quarter already (+ EUR 5.6 million over Q1 2007). At the industry fair Ambiente, Berndes convinced the market of the company's products once more, received numerous orders, and kicked off new projects. The new product line "Finest", featuring high-

grade pans and cookware, was particularly well-received. Currently Berndes is replacing one of its suppliers; in order to avoid bottlenecks in supply as had occurred in the year 2006, Berndes has stocked up on inventories on a large scale to maintain deliverability during the transition phase at any time.

Outlook:

After sales of roughly EUR 46 million in 2007, the management of Berndes anticipates an increase to about EUR 58 million for the current fiscal year. The repositioning of the products initiated in the previous year, the new product line Finest, and the establishment of new channels of distribution will make their contributions to the achievement of this target.

**- FORMAT Küchen GmbH & Co. KG**

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 first quarter 2008:

Effective March 1, 2008 the company joined a buying group of renowned furniture manufacturers by the acquisition of an interest in EICO

Möbelhersteller-Einkaufsgesellschaft mbH. For Format, about 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 transaction signifies a decisive step on the path of decreasing the cost structure. In addition, the company's showroom in Haiger was reopened on April 24 after undergoing a complete redesign. Concurrent with the reopening and a subsequent in-house exhibition, Format introduced a new premium kitchen line to be produced and delivered as of June. The new product design met with great approval at the in-house event, and a large number of orders were signed. The number of employees was 137 at the end of the first quarter.

Outlook:

Format focuses on marketing the new kitchen line in Germany and particularly abroad. This effort is intended to help achieve the target of a significant sales increase (+ 23 % to approx. EUR 21 million). In addition, production processes are optimized and structured efficiently to realize cost-cutting concurrent with the new kitchen line. The investment in a new painting plant is also almost finalized. Furthermore, new accounting software is being introduced as the previous one is no more up to date. We confirm our target of breaking even on operations by the end of the year 2008 at the latest.

#### - 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 first quarter 2008:

Despite a slight sales minus of 8 % off schedule, Elcon closed the traditionally weak first quarter for the telecommunication market better than expected. The operating restructuring measures at Elcon have been completed for the most part. In January the company took up contract manufacturing for the sister company Letron in order to utilize surplus production capacity at Elcon and to reduce manufacturing costs at Letron at the same time. Further synergy potential was realized with regard to procurement and administration for a continued improvement of the cost situation of Elcon. Elcon had 151 employees as of March 31, 2008.

Outlook:

The focus remains on the ongoing internationalization of distribution in order to keep the sales performance on schedule. The cooperation with Letron should be completely optimized and implemented by the second quarter in order to benefit from the synergy effect to the largest

possible extent. We confirm our optimistic assessment that Elcon will achieve its targets for this year.

#### - 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 first quarter 2008:

In the first quarter, the positioning of Letron outside the mass markets for the production of electronic planar components has been focused more narrowly on the segments 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). In support of this business strategy, investments were made in machinery and plants, among other measures. One sales manager was employed, and a cooperation of sales representatives was realized for Southern Germany. The focus was also put on the reduction of manufacturing cost by the collaboration with Elcon. In January, the factoring of trade receivables was introduced at Letron. As of the end of March, Letron had 74 employees. The performance of Letron subsequent to the takeover has been according to schedule.

Outlook:

In the first quarter the collaboration with Elcon in the fields of operations and administration will be optimized completely. We are confident that we have provided all the necessary conditions for safeguarding the scheduled development of Letron for this year.

#### - 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 first quarter 2008:

The reorientation of delmod was approached intensively in all areas in the first quarter. The management team was completed with a new head of marketing, and a new executive manager was appointed. Work on the design of the summer collection 2009 was supported by experts from the CFC network. A large number of operating projects could be finalized within the first 100 days after the takeover as scheduled, e.g. the introduction of factoring the trade receivables. The result of the first

quarter exceeds the planned target considerably. The number of employees was 188 as of March 31, 2008. The development of delmod has significantly exceeded the scheduled expectations.

CFC initially obtained a license for the ladies' wear trademark Hirsch for the winter collection 2008/09 through a sister company of delmod in early March. At the beginning of April the trademark was acquired from Hirsch AG which was being liquidated by then.

The brand Hirsch stands for high-value ladies' apparel and is highly regarded for ladies' skirts in particular. In the fiscal year 2006/07, the publicly traded company Hirsch AG generated sales of more than EUR 30 million. delmod is planned to safeguard the added value processes with regard to procurement and supply chain for the upcoming Hirsch summer collection 2009. With respect to design and distribution, the brand will be operated independently of delmod in order to maintain the necessary autonomy.

Since the beginning of April, Hirsch GmbH has been a subsidiary of delmod.

Outlook:

The focus for the second quarter is directed on the reorganization of the procurement and supply chain processes to further improve efficiency in these regards. We are confident that delmod will regain its old strength particularly with respect to the operating result. Furthermore, the business of the brand Hirsch is being redeveloped. However, due to the long forward-scheduling of collections customary in the textile market, no revenues generated by the brand Hirsch can be expected for this year.

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

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

The impact of the restructuring measures initiated at the acquired companies in the last year shows. The basis of consolidation remained unchanged from the fiscal year 2007. There was thus no income from the reversal of negative differences upon initial consolidation.

##### Sales and results from operations

The CFC Group generated sales of EUR 41.9 million in the first quarter. The segment reporting in the notes to the financial statements illustrates the breakdown of sales with respect to the separate business units (primary segments according to IFRS 8).

The other operating income amounts to EUR 1.1 million and includes no income from the reversal of negative differences upon capital consolidation (badwill) since no companies were newly acquired in the first quarter. The stated income results from the property companies' operations.

The material expense of the first three months comes to roughly EUR 21.5 million in the entire group, corresponding with a rate of about 51.3 % of sales. The personnel expense was EUR 6.5 million. The other operating expenses amounted to roughly EUR 10.8 million.

The CFC Group thus achieved an EBITDA of over EUR 2.4 million. After depreciation, the result from operations (EBIT) comes to EUR 0.98 million. As this result was generated particularly in those companies in which minorities are involved, a group net loss of EUR 5,038 was recorded. The corresponding earnings relating to the 6.435 million shares of the company are EUR 0.00 per share.

The quantity of reference for a company's operating success is generally the EBITDA. The CFC Group managed to generate an EBITDA margin of roughly 5.65 % of sales in the first quarter. Against the backdrop of the scenario that the majority of holdings have been acquired within the last twelve months as businesses in need of rescue, the success of the restructuring efforts is illustrated beautifully by this figure.

##### Assets and financial position

The total assets of the CFC Group amount to EUR 113.1 million as of March 31, 2008. EUR 60.7 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 to the amount of EUR 25.9 million.



Current assets include inventories to the amount of EUR 27.1 million, trade receivables to the amount of EUR 9.4 million, other assets of EUR 4.6 million, and cash and cash equivalents of EUR 11.2 million.

The assets are contrasted by equity of EUR 38.8 million and liabilities to the amount of EUR 74.2 million. Of the latter position, EUR 25.8 million are attributable to non-current, EUR 48.4 million to current liabilities. A material addition to the current liabilities on group level was a new loan of EUR 2.0 million. All these positions result in the CFC Group's sound equity ratio of over 34.4 %.

### Employees

The CFC Group had 113 employees by the end of 2006. At the end of the fiscal year 2007 there were 747 employees within the group. As of March 31, 2008 the group has 741 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 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 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 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 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 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.

## 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, 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 insu-

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

In the first 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	3/31/2008	12/31/2007
Non-current assets	61,553,166.23	61,567,699.71
Intangible assets	34,729,854.98	34,891,780.53
Property, plant and equipment	25,917,022.41	25,869,948.30
Financial assets	10,232.30	4,232.30
Real estate held as financial investments	0.00	0.00
Derivative financial instruments	0.00	0.00
Other non-current assets	896,056.54	801,738.58
Deferred tax assets	0.00	0.00
Current assets	51,546,365.33	54,865,460.08
Inventories	27,142,313.02	26,939,848.92
Trade receivables	9,444,136.41	13,715,687.84
Other assets	3,736,472.16	5,418,071.56
Marketable securities	0.00	0.00
Cash and cash equivalents	11,223,443.74	8,791,851.76
Non-current available-for-sale assets	0.00	0.00
Total assets	113,099,531.56	116,433,159.79



EQUITY AND LIABILITIES	3/31/2008	12/31/2007
Equity	38,851,717.12	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
Other reserves	0.00	0.00
Profit-sharing capital	0.00	0.00
Accumulated other comprehensive income	-511.505,35	-397.511,02
Retained earnings	16.534.389,59	16.539.427,63
Minority interest	4.118.408,30	3.873.938,35
Special item including reserve funds	0,00	0,00
<b>Non-current liabilities</b>	<b>25.799.892,21</b>	<b>23.097.005,88</b>
Pension commitments and similar obligations	3.075.587,56	3.047.485,56
Finance lease liabilities	1.043.669,57	1.303.556,96
Deferred tax liabilities	9.508.785,75	9.643.903,76
Other non-current liabilities	12.171.849,33	9.102.059,60
<b>Current liabilities</b>	<b>48.447.922,23</b>	<b>54.609.874,37</b>
Current loans	17.671.769,50	19.900.582,17
Current portions of non-current loans	0,00	0,00
Trade payables	10.651.129,35	15.087.792,06
Current provisions	13.177.558,12	11.848.124,49
Liabilities to partners	1.742,49	85.700,00
Other liabilities	6.945.722,77	7.687.675,65
Negative goodwill	0,00	0,00
<b>Total equity and liabilities</b>	<b>113.099.531,56</b>	<b>116.433.159,79</b>

## 2. CONDENSED CONSOLIDATED INCOME STATEMENT

OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA FOR THE PERIOD JANUARY 1 TO MARCH 31, 2008

in EUR	1/1 - 3/31/2008	1/1 - 3/31/2007
Sales	41.924.268,61	66.141.411,86
Changes in finished goods and work in process inventories	-1.722.470,21	1.720.162,59
Other operating income	1.072.818,31	22.809.695,26
Material expense	-21.519.035,24	-41.785.724,07
Personnel expense	-6.543.236,40	-12.406.393,83
Depreciation of property, plant and equipment and intangible assets	-1.387.477,05	-2.426.808,16
Other operating expenses	-10.842.680,42	-20.988.503,15
<b>Earnings before interest and taxes</b>	<b>982.187,60</b>	<b>13.063.840,50</b>
Finance income	32.728,34	251.930,09
Finance expense	-694.911,84	-1.156.847,43
<b>Financial result</b>	<b>-662.183,50</b>	<b>-904.917,34</b>
<b>Earnings before taxes</b>	<b>320.004,10</b>	<b>12.158.923,16</b>
Income tax	129.782,89	1.362.541,73
Third-party share in borrowed capital	-145.925,58	481.765,94
<b>Group net income</b>	<b>303.861,41</b>	<b>14.003.230,83</b>
Minority interest	-308.899,45	-270.357,00
<b>Attributable to equity holders of the parent</b>	<b>-5.038,04</b>	<b>13.732.873,83</b>
Basic earnings per share	0,00	2,22
Fully diluted earnings per share	0,00	2,22



3. CONDENSED CONSOLIDATED CASH FLOW STATEMENT  
OF CFC INDUSTRIEBETEILIGUNGEN GMBH & CO. KGAA FOR THE PERIOD JANUARY 1 TO MARCH 31, 2008

	EUR
Cash flow from operating activities	
Earnings before interest and taxes	982.837,60
Adjustments:	
Depreciation	1.387.477,05
Foreign currency loss	-
Losses/income from the disposal of fixed assets	-5.919,36
Other non-cash income/loss	-34.160,17
Return on capital	-
Subtotal	2.330.235,13
Changes in non-current and current provisions	4.305.622,68
Changes in working capital	-646.635,73
Changes in other non-current and current assets and liabilities	-3.703.313,28
Income taxes paid	0,00
Net cash flow from operating activities	2.285.908,80
Cash flow from investing activities	
Payments-in from asset disposals	-10.628,64
Payments-out for acquisition of intangible assets and property, plant and equipment	-1.278.625,84
Purchase price of acquisitions (less acquired cash and cash equivalents)	0,00
Net cash flow used in investing activities	-1.289.254,48
Cash flow from financing activities	
Payments-in from capital increase	0,00
Changes in liabilities and loans used for financing purposes	2.006.327,67
Interest income	32.078,33
Interest expense	-556.213,22
Foreign currency effects and other non-cash changes	0,05
Other adjustments	-0,09
Net cash flow used in financing activities	1.482.192,73
Net increase in cash and cash equivalents	2.478.847,06
Cash and cash equivalents at beginning of period	8.791.851,76
Exchange rate differences	-47.255,08
Cash and cash equivalents as of March 31, 2008	11.223.443,74

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, 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	-5.038,04	-5.038,04
Foreign currency translation	0,00	0,00	-113.994,33	0,00	-113.994,33
Changes in basis of consolidation	0,00	0,00	0,00	0,00	0,00
March 31, 2008	6.435.000,00	12.275.424,58	-511.505,35	16.534.389,59	34.733.308,82

Minority partners

Minority stake	Acc. other com. income	Minority interest	Equity	Group equity
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	308.899,45	308.899,45	303.861,41
0,00	-64.429,50	0,00	-64.429,50	-178.423,83
0,00	0,00	0,00	0,00	0,00
2.911.711,39	-235.149,65	1.441.846,56	4.118.408,30	38.851.717,12

### III. Selected notes to consolidated financial statements

#### 1. GENERAL INFORMATION

##### Basis for preparation of financial statements

The condensed consolidated financial statements for the period from January 1 to March 31, 2008 have been prepared in accordance with IAS 34: Interim Financial Reporting with the exceptions described in the following paragraph. The interim financial statements do therefore not include all the information and statements prescribed for consolidated financial statements and should thus be consulted in context with the consolidated financial statements for the fiscal year ended December 31, 2007.

Differing from IAS 34.20 (a), (b), (c), and (d), a comparable presentation of consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, and consolidated cash flow statement of the previous year and the prior-year quarter has not been provided as the prior-year quarter was not reported as such. Because the operating result of the first quarter 2007 consisted effectively of the business of the Berndes Group alone, a comparison with the prior-year quarter would be meaningful only to a limited extent and has therefore been left out of this interim report.

For the preparation of the interim consolidated financial statements, the same accounting policies and valuation methods have been adopted as were applied to the preparation of the consolidated financial statements for the fiscal year ended December 31, 2007.

The purchase price allocation for delmod as of December 31, 2007 is preliminary due to outstanding valuation reports on the technical installations and machinery. The purchase price allocation for Format-

Küchen as of the same date is preliminary as well with regard to the determination of tax statement values.

##### Seasonal impact

Possible seasonal impact primarily concerns the business development of the individual holdings. Insofar as there are resulting effects, please refer to the respective reports from the holdings.

##### Unusual business events

In the reporting period there were no events that affected assets, liabilities, equity, the result for the period, or cash flows and that were unusual with respect to their nature, extent, or frequency.

##### Estimates and assumptions

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

##### Changes in basis of consolidation

There were no changes in the basis of consolidation in the first quarter 2008.

##### Subsequent events

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



BERNST & YOUNG

Wirtschaftslehre  
Prüfung, 19

WZL

April 2014

DFC

Prüfungsausschuss

## 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 March 31, 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	15.636.305,55	3.335.886,68	6.118.211,30
Changes in finished goods and work in process inventories	-331.885,96	-27.883,67	-478.325,89
Other operating income	297.141,62	123.570,26	131.452,14
Material expense	-7.634.587,38	-1.966.313,59	-3.257.408,43
Personnel expense	-1.432.247,93	-1.345.281,79	-1.577.351,45
Depreciation of property, plant and equipment and intangible assets	-251.698,04	-244.570,84	-409.047,69
Other operating expenses	-5.013.292,16	-1.119.793,06	-1.114.486,96
Earnings before interest and taxes	1.269.735,70	-1.244.386,01	-586.956,98
Finance income	20.559,81	1.929,37	968,84
Finance expense	-233.164,62	-251.322,31	-162.808,23
Financial result	-212.604,81	-249.392,94	-161.839,39
Earnings before taxes	1.057.130,89	-1.493.778,95	-748.796,37

Fashion	Total Segments	CFC KGaA financial statements	Consolidation	CFC
16.772.515,71	41.862.919,24	61.349,37	0,00	41.924.268,61
-884.374,69	-1.722.470,21	0,00	0,00	-1.722.470,21
403.566,43	955.730,45	0,00	117.087,86	1.072.818,31
-8.660.725,84	-21.519.035,24	0,00	0,00	-21.519.035,24
-2.140.500,88	-6.495.382,05	-47.854,35	0,00	-6.543.236,40
-479.569,72	-1.384.886,29	-2.590,76	0,00	-1.387.477,05
-3.169.553,44	-10.417.125,62	-310.654,04	-114.900,76	-10.842.680,42
1.841.357,57	1.279.750,28	-299.749,78	2.187,10	982.187,60
8.857,78	32.315,80	385,82	26,72	32.728,34
-201.666,72	-848.961,88	-52.630,74	206.680,78	-694.911,84
-192.808,94	-816.646,08	-52.244,92	206.707,50	-662.183,50
1.648.548,63	463.104,20	-351.994,70	208.894,60	320.004,10

GROUP SEGMENT BALANCE SHEET AS OF MARCH 31, 2008	Cookware	Home & Living	EMS
In Euro			
ASSETS			
Non-current assets	15.491.374,53	9.580.745,06	10.218.724,46
Property, plant and equipment	2.267.784,68	9.189.767,79	6.678.875,49
Intangible assets	13.219.613,20	203.675,47	3.539.848,97
Financial assets	3.976,65	6.000,00	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	181.301,80	0,00
Deferred tax assets	0,00	0,00	0,00
Current assets	17.469.091,94	5.873.449,33	8.630.593,58
Inventories	10.399.804,69	1.708.648,86	5.912.330,53
Trade receivables	3.803.750,51	1.455.455,63	1.165.172,94
Receivables IC	0,00	0,00	0,00
Other financial assets and other assets	1.723.076,20	327.316,16	655.354,74
Cash and cash equivalents	1.542.460,54	2.382.028,68	897.735,37
Non-current available-for-sale assets	0,00	0,00	0,00
Total assets	32.960.466,47	15.454.194,39	18.849.318,04



Fashion	Total Segments	CFC KGaA financial statements	Consolidation	CFC
25.935.484,15	61.226.328,20	8.351.545,79	-8.024.707,76	61.553.166,23
7.580.861,30	25.717.289,26	389,90	-0,01	25.717.679,15
17.639.612,46	34.602.750,10	29.728,64	296.719,50	34.929.198,24
255,65	10.232,30	8.321.427,25	-8.321.427,25	10.232,30
0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00
714.754,74	896.056,54	0,00	0,00	896.056,54
0,00	0,00	0,00	0,00	0,00
20.422.692,46	52.395.827,31	12.457.303,42	-13.306.765,40	51.546.365,33
9.121.528,94	27.142.313,02	0,00	0,00	27.142.313,02
3.190.259,64	9.614.638,72	8.160,80	-178.663,11	9.444.136,41
1.328.034,60	1.328.034,60	11.861.326,51	-13.177.318,16	12.042,95
637.772,25	3.343.519,35	380.909,87	-0,01	3.724.429,21
6.145.097,03	10.967.321,62	206.906,24	49.215,88	11.223.443,74
0,00	0,00	0,00	0,00	0,00
46.358.176,61	113.622.155,51	20.808.849,21	-21.331.473,16	113.099.531,56

GROUP SEGMENT BALANCE SHEET AS OF MARCH 31, 2008	Cookware	Home & Living	EMS
In EUR			
EQUITY AND LIABILITIES			
Equity	13.092.238,99	-3.234.693,89	3.888.902,40
Non-current liabilities	4.918.008,47	6.929.537,95	2.333.040,85
Pension commitments and similar obligations	81.588,04	0,00	426.483,17
Non-current provisions	0,00	0,00	-2.277,50
Finance lease liabilities	564.848,56	0,00	0,00
Deferred tax liabilities	4.271.571,87	2.045.569,68	210.847,27
Other non-current liabilities	0,00	4.883.968,27	1.697.987,91
Current liabilities	14.950.219,01	11.759.350,33	12.627.374,79
Liabilities to banks	710.188,59	3.206.571,44	142.290,30
Current loans	6.411.986,30	0,00	0,00
Current portion of non-current loans	0,00	0,00	0,00
Trade payables	2.846.618,06	7.440.395,37	6.974.874,66
Advance payments	48.503,26	0,00	813.004,10
Payables IC	0,00	0,00	0,00
Current provisions	4.344.130,20	181.554,59	1.751.519,39
Current tax liabilities	371.422,87	193.364,44	142.857,12
Liabilities to partners	0,00	1.742,49	0,00
Other financial liabilities	-165.627,58	735.722,00	1.509.433,03
Other liabilities	181.728,37	0,00	1.293.396,19
Finance lease liabilities	201.268,94	0,00	0,00
Total equity and liabilities	32.960.466,47	15.454.194,39	18.849.318,04

Fashion	Total Segments	CFC KGaA financial statements	Consolidation	CFC
12.070.266,87	25.816.714,37	17.454.710,13	-4.419.707,38	38.851.717,12
12.429.403,90	26.609.991,17	2.744.178,65	-3.554.277,61	25.799.892,21
2.567.516,35	3.075.587,56	0,00	0,00	3.075.587,56
3.446.348,80	3.444.071,30	0,00	0,00	3.444.071,30
478.821,01	1.043.669,57	0,00	0,00	1.043.669,57
3.991.958,24	10.519.947,06	0,00	-1.011.161,31	9.508.785,75
1.944.759,50	8.526.715,68	2.744.178,65	-2.543.116,30	8.727.778,03
21.858.505,84	61.195.449,97	609.960,43	-13.357.488,17	48.447.922,23
7.690.643,64	11.749.693,97	89,23	0,00	11.749.783,20
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
5.020.174,93	22.282.063,02	376.547,14	-12.868.988,17	9.789.621,99
0,00	861.507,36	0,00	0,00	861.507,36
0,00	0,00	0,00	0,00	0,00
6.739.783,69	13.016.987,87	159.070,25	1.500,00	13.177.558,12
123.120,91	830.765,34	59.189,28	0,00	889.954,62
0,00	1.742,49	0,00	0,00	1.742,49
117.142,92	2.196.670,37	15.064,53	0,00	2.211.734,90
1.386.454,20	2.861.578,76	0,00	0,00	2.861.578,76
781.185,55	982.454,49	0,00	0,00	982.454,49
46.358.176,61	113.622.155,51	20.808.849,21	-21.331.473,16	113.099.531,56

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

#### 3.1 Intangible assets

Intangible assets	(EUR'000) 3/31/2008	(EUR'000) 12/31/2007
Trademark rights	23,581	23,581
Customer relationships	8,992	9,184
Software and licenses	1,994	2,115
Advance payments	163	12
	34,730	34,892

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 capitalized customer relationships were depreciated according to schedule over approx. ten to sixteen years in application of the straight-line method. In the first quarter 2008, this depreciation came to EUR 0.19 million.

#### 3.2 Property, plant and equipment

Property, plant and equipment	(EUR'000) 3/31/2008	(EUR'000) 12/31/2007
Undeveloped real estate	917	826
Buildings on own and third-party property	13,790	13,825
Technical equipment and machinery	6,291	6,792
Other facilities, office equipment and furniture	4,193	3,890
Advance payments and construction in process	726	537
	25,917	25,870

### 3.3 Inventories

The inventories as of March 31, 2008 are composed as follows:

Vorratsvermögen	(EUR'000) 3/31/2008	( EUR'000) 12/31/2007
Roh-, Hilfs- und Betriebsstoffe	8.629	7.532
Unfertige Erzeugnisse und Leistungen	4.004	5.149
Fertige Erzeugnisse und Waren	14.237	13.983
Geleistete Anzahlungen auf Vorräte	272	275
	27.142	26.940

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

### 3.4 Trade receivables

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

### 3.6 Other non-current liabilities

The other non-current liabilities have increased to EUR 12.17 million as of March 31, 2008 (EUR 9.1 million as of December 31, 2007). The driving force behind this increase is a loan of EUR 2.0 million, taken out in January 2008.

### 4. EMPLOYEES

As of March 31, 2008 there were 741 employees within the group.

Information according to Section 160 AktG

In the reporting period January 1 to March 31, 2008 no reportable transactions involving the company's stock (directors' dealings) were made.

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, May 2008

Marcus Linnepe

## FINANCIAL CALENDAR 2008

Annual General Meeting (Dortmund) June 16, 2008

Report on the second quarter/first half-year 2008 August 20, 2008

Report on the third quarter 2008 November 7, 2008

## CONTACT

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