# TURBON

Annual Report **2009**

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# At a glance

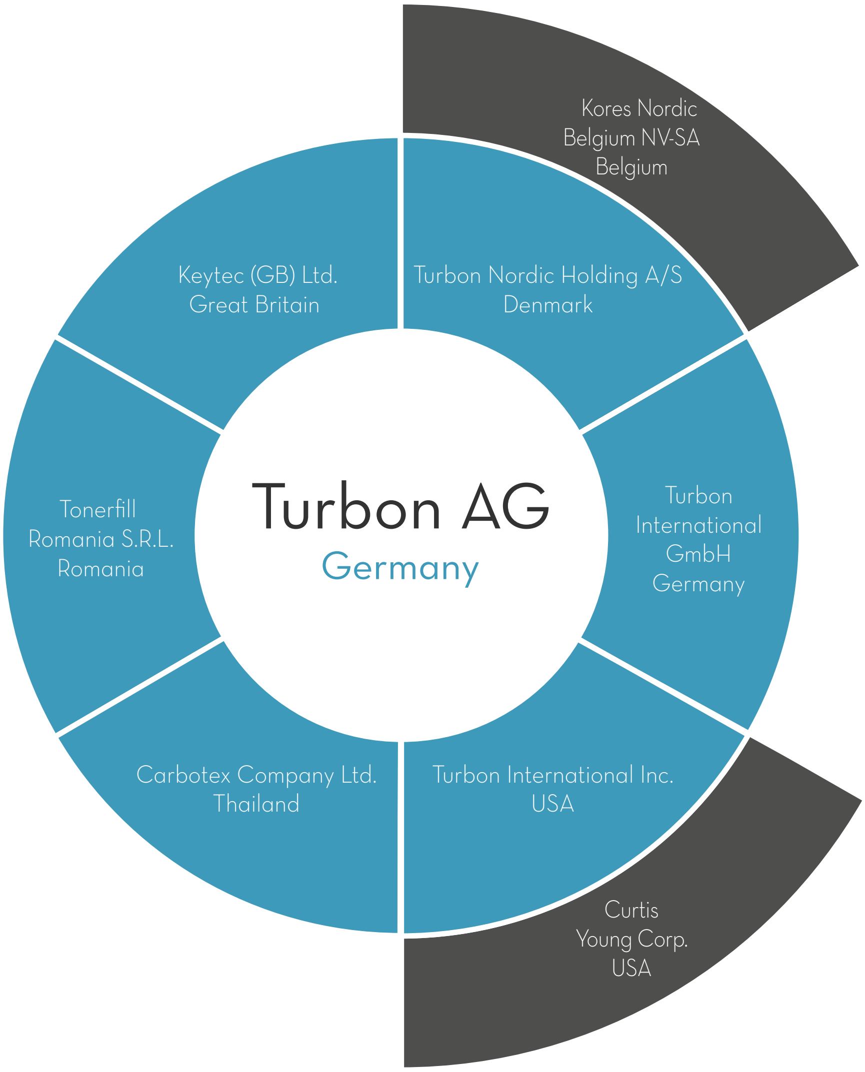
## Turbon Group

| | 2009<br>1,000 Euro | 2008<br>1,000 Euro | 2007<br>1,000 Euro |
|---|---|---|---|
| Consolidated sales | 85,882 | 98,324 | 122,516 |
| Depreciation | 1,715 | 1,395 | 2,945 |
| Earnings before interest and taxes | 6,754 | 4,273 | 1,255 |
| Result from ordinary operations | 5,836 | 2,899 | -998 |
| Group net earnings | 3,463 | 1,607 | 76 |
| Undiluted earnings per share | 0.96 | 0.44 | 0.02 |
| Cash Flow | 5,473 | 2,910 | 3,085 |
| Long-term assets | 19,315 | 18,056 | 23,366 |
| Short-term assets | 37,041 | 35,218 | 43,931 |
| Shareholders' equity | 23,290 | 22,060 | 25,648 |
| Net indebtedness* | 0 | 5,292 | 12,230 |
| Balance sheet total | 56,356 | 53,274 | 67,297 |
| Equity ratio | 41.3% | 41.4% | 38.1% |
| Employees on average | 953 | 1,151 | 1,329 |

* Financial liabilities less liquid funds

# Turbon Group

## Operative Structure



# Combined Management Report of the Group and Turbon AG for the 2009 Fiscal Year

Turbon AG acts as the holding company of the Turbon Group. Alongside strategic and planning activities, its main tasks are primarily the control and coordination of the Turbon Group companies operating in the market.

The company has taken advantage of the facility provided in 315 (3) Commercial Code (HGB) and issued a combined Management Report for the Turbon Group and Turbon AG. Since the course of business, the situation of the company and the future development risks of Turbon AG and the Turbon Group are largely the same, the following statements, unless otherwise indicated, apply to the Turbon Group.

## Business Environment in 2009

### GLOBAL ECONOMY

The stabilization in the financial and capital markets was evident by the end of 2009 slowing the recession which started during the third quarter of 2008. Extensive governmental economic stimulus programs in the most important industrial nations have contributed a great deal to this stabilization, however global economic output is still far from the level prior to the outbreak of the crisis.

### BRANCH SITUATION

The economic decline has had both a positive and a negative impact on the market served by us. On the one hand, total consumption of stationery and hence also Laser Cartridges has been declining, but on the other, the pressure on cost savings has led to an intensified trend away from more expensive cartridges offered by printer manufacturers towards more cost-effective compatible alternatives produced by Turbon.

Primarily due to the extensive changes in the structure of our group companies in the last three years and the resulting flexibility we achieved, the company was able to continue to work profitably, though with fluctuating sales, and to respond rapidly to changes such as those in the current economic crisis. This is reflected, last but not least, in the good results of the 2009 fiscal year. As we see it, competitors who did not make the necessary changes in due time are under pressure.

## Consolidated Financial Statements 2009

### EARNINGS POSITION

Consolidated sales in the 2009 fiscal year were Euro 85.9 million compared to Euro 98.3 million in the previous year. The distinct decrease is due to the terminated supply relationship with Staples/Corporate Express as reported.

Our core product, laser cartridges, accounted for Euro 75.4 million (87.8% of aggregate sales). In 2008, sales in this segment amounted to Euro 84.1 million (85.5%). All other sales (including impact products) amounted to Euro 10.5 million (12.2%) in 2009 as compared to Euro 14.2 million (14.5%) in the previous year.

Sales with colour cartridges saw a particularly encouraging development. In this segment, sales increased to Euro 13.7 million in 2009 as compared to Euro 9.5 million in 2008.

In spite of continuing price pressure, our gross margin improved by 1.8% to 20.4% on a year-on-year basis. Important contributors to this were increases in efficiency and cost savings at all locations.

The termination of the business relationship with Staples/Corporate Express has resulted in underutilization of the buildings at our locations in the USA since the third quarter of 2009. Our attempts to sublet the unused areas have been unsuccessful to date due to the generally difficult situation in the U.S. real estate market. For this reason, our U.S. subsidiary Curtis Young recorded a provision of Euro 1.1 million for future pro-rated costs from the contractual rental obligation. This provision will be used from fiscal 2010.

Selling expenses fell by Euro 1.9 million to Euro 5.4 million, which is mainly due to the closure of our Harlow location in the UK. Administrative expenses also reduced slightly from Euro 6.4 million in 2008 to Euro 6.1 million in 2009.

After netting other operating income and expenses, there is a positive balance of Euro 0.7 million in 2009 as compared to a negative balance of Euro -0.3 million in 2008. This improved result was supported by the sale of trademark rights (Euro 0.25 million), initial consolidation of BIL Meerbusch KG in December 2009 (Euro 0.2 million), currency gains (Euro 0.3 million) as well as other effects totalling Euro 0.25 million.

The financial result improved in 2009 by Euro 0.5 million to Euro -0.9 million. Interest income in 2009 amounted to Euro 0.2 million (previous year: Euro 0.1 million), and interest expense to Euro 1.1 million (previous year: Euro 1.5 million). Interest expense related primarily to the bearer bond (Euro 0.7 million), which is due for repayment in July 2013, interest to be calculated on the pension reserve for pension commitments in Germany and the UK (Euro 0.25 million) as well as to interest for factoring.

Earnings before interest and taxes (EBIT) amounted to Euro 6.8 million in 2009 compared to Euro 4.3 million in 2008. The result from ordinary operations was Euro 5.8 million (previous year: Euro 2.9 million), and the consolidated net profit increased from Euro 1.6 million in the previous year to Euro 3.5 million in 2009. The total income taxes accounted for in 2009 amounted to Euro 2.4 million (previous year: Euro 1.3 million) and are made up of Euro 1.0 million for current taxes and a change in deferred taxes of Euro 1.4 million.

Income from ordinary operations in the separate financial statements of Turbon AG was Euro 2.0 million versus Euro 2.7 million in the previous year. After taking account of taxes on income, the result after tax was Euro 1.7 million compared to Euro 2.6 million in the previous year.

Undiluted earnings per share of Euro 0.96 calculated based on the average share portfolio have increased versus a result per share of Euro 0.44 in the previous year.

## GROUP'S FINANCIAL POSITION AND NET WORTH

The structure of the consolidated balance sheet at December 31, 2009 improved again compared to the 2008 closing date. The balance sheet total as at December 31, 2009 amounted to Euro 56.4 million, which is Euro 3.1 million above the previous year's value of Euro 53.3 million. Important factors contributing to this result are the increase in liquid assets by Euro 5.3 million to Euro 9.9 million (previous year: Euro 4.6 million) and the reduction of inventories by Euro 3.8 million to Euro 14.6 million (previous year: Euro 18.4 million).

Consolidated long-term assets as of December 31, 2009 increased to Euro 16.5 million. The main reason is the initial consolidation of BIL Meerbusch KG in the preparation of the consolidated balance sheet. After the full repayment of the loan, the real property in Meerbusch, which was previously held as a sale and lease back object and not included in the balance sheet, was to be included in the assets of the Group. The right of acquisition regarding the real property, previously capitalized as an intangible asset at a value of Euro 1.8 million of Turbon AG, had to be eliminated in the context of consolidation of BIL Meerbusch KG at the group level.

A total amount of Euro 13.3 million of consolidated long-term assets is attributable to real estate. In addition to the real property in Meerbusch, the Turbon Group owns real properties at the production sites in Thailand and Romania. It should be noted in this connection that the real property at the Hattingen location (company headquarters of Turbon AG and Turbon International GmbH) is still held as a sale and lease back object via BIL Hattingen KG and that, accordingly, neither the real property nor the loan used for financing are recorded in the consolidated balance sheet. As of December 31, 2009, the loan amount is Euro 10.0 million and will be redeemed to Euro 4.2 million as agreed by the end of its term on June 2019. This residual amount is also the repurchase price at the end of the loan pursuant to Turbon AG's existing right of acquisition.

In fiscal 2009, inventories were reduced further, as scheduled, to Euro 14.6 million as of December 31, 2009 (previous year: Euro 18.4 million). Trade receivables increased slightly from Euro 7.6 million in 2008 to Euro 8.0 million in 2009. Turbon International GmbH, the German subsidiary, utilizes an accounts receivable factoring agreement, under which Euro 3.6 million in receivables were financed on December 31, 2009. On December 31, 2008, the financed receivables amounted to Euro 3.9 million.

Other assets increased by Euro 1.4 million to Euro 2.9 million (previous year: Euro 1.5 million). This increase consists primarily of deferrals (Euro 0.6 million) for the renovation of parts of the Meerbusch real property in connection with the long-term renewal of the tenancy (retransfer of the deferrals over the term of the new tenancy agreement) as well as for a special rental payment (Euro 0.8 million) for BIL Hattingen KG in the context of the prolonged financing for this object (which will be settled over the remaining term of the tenancy agreement to June 2019).

As of December 31, 2009, the consolidated balance sheet included Euro 1.0 million of "Assets held for sale" (previous year: Euro 2.5 million). This amount relates to a real property at the closed Harlow location in England. We are confident in being able to sell this real property during 2010.

Equity as of December 31, 2009 was Euro 23.3 million versus Euro 22.1 million in the previous year. The increase of Euro 1.2 million is made up of the 2009 result of Euro 3.4 million, less dividend payment for fiscal 2008 of Euro 0.9 million, and changes in other cumulative equity of Euro -1.3 million. These changes include actuarial losses[1] in connection with pension commitments in Germany and the UK (Euro 0.9 million), currency losses[2] not affecting income (Euro 0.7 million) as well as positive changes in the fair values of derivatives designated as cash flow hedges (Euro 0.4 million). Deferred taxes of Euro -0.1 million were attributable to these changes.

1: Actuarial gains and losses are caused by assumptions deviating from expectations, adjustments to these assumptions, or differences between actual and expected income from plan assets.

2: Currency gains and losses not affecting income are caused by the consolidation of assets held via foreign subsidiaries on the reporting date (here December 31, 2009) and the resulting translation of these values in the currency of the consolidated balance sheet, i.e. the Euro.

The initial consolidation of BIL Meerbusch KG resulted in capitalization of non-controlling interests in equity for the first time, since Turbon AG only holds 95% of the shares in this company.

Equity per share on December 31, 2009 was Euro 6.39 versus Euro 5.79 million in the previous year. The equity ratio was 41.3% on December 31, 2009 (previous year: 41.4%).

At the extraordinary general meeting of Turbon AG on February 5, 2009, the Executive Board, with the consent of the Supervisory Board, had been authorized to buy back shares of the company up to a share in capital stock of not more than 10 percent. The authorization can also be used for partial amounts and be exercised once or several times.

On the basis of this authorization, the Executive Board submitted a public share buyback offer to the company's shareholders on March 24, 2009 for up to 250,000 no par registered shares at a price of Euro 2.70 per share. By the end of the acceptance period on April 9, 2009, Turbon AG received bids for a total of 21,049 units. This means that Turbon AG, after the end of the buyback offer, held 21,049 of its own shares (which corresponds to a share of approx. 0.58% in capital stock).

On November 18, 2009, the Executive Board of Turbon AG, with the consent of the Supervisory Board, submitted a further public share buyback offer to the company's shareholders to acquire up to 150,000 units of Turbon AG shares at a bid price of Euro 5.05 per share. By the end of the acceptance period on December 15, 2009, Turbon AG received bids for a further total of 85,271 units. This means that Turbon AG, after the end of this buyback offer and at the end of the year, held 106,320 of its own shares (which corresponds to a share of approx. 2.92% in capital stock).

The company had no bank debt during fiscal 2009. The company succeeded in eliminating net financial debt of Euro 5.3 million existing on December 31, 2008 fully in the course of fiscal 2009. There was a long-term bearer bond of Euro 9.9 million and liquid assets in the same amount.

The pension reserve at December 31, 2009 amounted to Euro 2.9 million, which is Euro 0.5 million higher than in the previous year of Euro 2.4 million. The increase is due primarily to the valuation adjustments to the reserve at Turbon AG (Euro 0.2 million) and Keytec (GB) Ltd., previously Kores Nordic (GB) Ltd., (Euro 0.3 million).

The regular revaluation of the pension plan of Keytec (GB) Ltd., which is performed every 3 years, revealed a deficit of GBP 1.4 million. Turbon AG and Turbon Nordic Pensions Ltd. (previously Kores Nordic Pensions Ltd.), the pension fund's management company, concluded the following agreement to balance the deficit, with the approval of the pension authority: A one-off payment of GBP 0.5 million (November 2009) to the pension fund and an annual payment of GBP 69 thousand to the pension fund over a period of 15 years, secured by a guarantee granted by Turbon AG amounting to GBP 1.0 million.

The provisions for deferred taxes increased from Euro 1.8 million on December 31, 2008 to 2.1 million on December 31, 2009. This was due primarily to the changes in equity items not affecting income and other changes in valuation adjustments.

Other provisions increased to Euro 5.7 million on the 2009 reporting date as compared to Euro 4.5 million on at December 31, 2008. The majority of this item was attributable to the provision for unused real properties in the USA amounting to Euro 1.1 million. Other liabilities fell by Euro 0.8 million to Euro 0.9 million, which was mainly due to the withdrawal from accruals formed in 2008 in the context of the closure of our Harlow location in the UK.

## MARKET PERFORMANCE

The colour laser printer segment expanded its market share again in 2009, which also led to higher sales of colour cartridges. At the same time, sales of monochrome consumables declined. From the current perspective, the growth potential of colour cartridges exceeds the expected decline in the monochrome cartridges sector. On the one hand, this assumption is due to the current markedly lower market share of compatible products (as compared to OEM products) in the colour cartridges segment and, on the other, results from our knowledge that the unchanged high price level of consumables (here: cartridges) offered by printer manufacturers will be a reason for a distinct part of market participants to switch to more cost-effective alternatives.

However, a prerequisite is that the expectations regarding the ever-increasing efficiency of cartridges, caused by increasing complexity and efficiency of new printer technologies are achieved by aftermarket products. Turbon has taken into account these requirements for many years with targeted investments, in particular in the field of colour product research and development. Aftermarket manufacturers without comprehensive development know how are already reaching their limits.

## MARKET POSITION

Our company is among the top global providers of compatible laser cartridges. We have achieved our goal of producing colour cartridges with a performance comparable to that of OEM products. Acceptance and sales of our cartridges have developed as expected, and we are continuously expanding our product range of colour cartridges. While in 2008 only about 11.4% of our total laser cartridge sales were attributable to colour cartridges, this figure amounted to 18.2% in 2009. Turbon's permanent pursuit of high-quality and reliable colour products has secured our overall leadership in this market segment. Therefore, we expect that this trend will continue in 2010, both in Europe and in the USA.

We have supplemented our range of products by a multitude of extensive services that enable us to market our products globally with success. Our global reverse logistics network ensures the collection and subsequent utilization of used cartridges so that we are largely independent of empties dealers.

Comprehensive product and sales training measures provide our customers a knowledge advantage at all times. Additional support in marketing our laser cartridges is provided by the product development teams of the Turbon Group.

Due to our measures over recent years, our company is well positioned for the economic climate, which deteriorated distinctly in 2009. Our customers appreciate our ability to support them reliably, even in an economically difficult environment.

The necessity to realize cost savings, which was intensified by the negative developments in global economy, helped us to expand our business relationships with existing customers and to convince new customers of our range of services.

However, the current economic climate bears both opportunities and risks for Turbon. These are described in detail below.

The demand for colour cartridges continues to grow, both for original and for aftermarket products. The prices for colour laser printers are declining and contribute to accelerating this effect. Although the original colour consumables are still at a high price level, the number of sold units is increasing. We are prepared to utilize the demand for colour products, which will continue to rise in the forthcoming years, for the further positive development of our company.

This growth will be accompanied by a corresponding decline in the monochrome cartridges segment. Although the loss of monochrome sales presents a risk on principle, we think that we are able to balance it by higher sales in the colour segment. Our experience has shown that, in the end, the prices for colour cartridges will fall as well. Therefore, securing our margins by the reduction of material and overhead costs and increasing our production efficiency are still of great importance to us.

## ENVIRONMENT

Reconditioned laser cartridges present considerable advantages for our environment. The protection of natural resources has gained increasing importance and, in the meantime, is often the final factor for a purchasing decision in favour of a product. Our sales teams are constantly meeting environmentally sensitive customers who are paying great attention to this aspect. The companies of the Turbon Group collect used laser toner cartridges worldwide and send them to our production sites in Thailand and Romania for reconditioning. In addition, our manufacturing plants operate on a Zero Waste Concept basis, which ensures both a maximum level of component reuse and recycling of the material that is no longer usable.

Turbon supplies its customers with environmentally friendly products. Our business model is based on the sustainable preservation of the environment and its resources as well as on additional cost advantages offered by our products. Our reconditioning processes protect used laser cartridges from being disposed of finally as waste. Experts estimate that the share of laser cartridges that are disposed of irretrievably is approx. 70%. This fact allows us to reemphasize the environmental friendliness of our products.

## PERSONNEL

The Turbon Group had an average of 953 employees in 2009 (1,151 in 2008). The number of employees on December 31, 2009 was 983 (2008: 987). Added to these are temporary staff employed indirectly through a temporary employment agency in Thailand. These temporary staff numbered 633 as of December 31, 2009 (2008: 616). The reduction in the average number of employees was caused mainly by the closing of the location in Harlow, England, and, to a lesser extent, by adjustments at the site in the USA in connection with the loss of the business with Staples/Corporate Express.

Turbon AG employed 5 members of staff on average during the year and at the end of the year.

No subscription rights from the Turbon Stock Option Plan 2003 were issued in 2009. Moreover, no subscription rights were exercised in 2009.

We would like to thank all Turbon Group employees for their good work in the fiscal year ended. Our thanks are also due to the employee representatives for their cooperation at all times.

### RESEARCH AND DEVELOPMENT

The Turbon Group strongly promotes research and development projects. This is, of course, also based on the fact that we do not manufacture a new product, but recondition a used product. The primary goals are the fast market launch of new, high-quality products and the increase in efficiency within production processes. These activities are carried out mainly at the sites in Thailand and Romania. Relevant expenses amounted to about Euro 1.2 million in 2009 and Euro 1.0 million in 2008. They relate mainly to test printer and test materials as well as personnel expenses in the development field. The colour cartridge segment represented the majority of these expenses.

### CAPITAL EXPENDITURE

Capital expenditure on property, plant and equipment totalled Euro 0.4 million in 2009 (previous year: Euro 0.8 million). These primarily involved expansion investments in the production company in Romania (Euro 0.2 million) and the replacement of production equipment in other Turbon locations.

The other changes in long-term assets result from the initial consolidation of BIL Meerbusch KG and the related inclusion of the real property in Meerbusch in the consolidated balance sheet as of December 31, 2009.

## Risk Report

The risk management system of the Turbon Group enables company management to detect developments that could endanger the survival of the group companies at an early stage. The risk management system, which is regarded as a group-wide task, detects and evaluates the existing and potential risks that threaten the group's existence. In addition, risk management is an important part of the overall management information system and is seen not only as a tool to avoid risks but also as a tool to identify opportunities for the group.

The group controlling system of the holding company (Turbon AG) represents the starting point and pivotal point of the operational risk monitoring system. At the heart of the system are the monthly reports by the group companies for the balance sheet and statement of income as well as the profit centre reporting, which allows detailed insight into the business processes of the companies. These reports are available on an up to date basis so that risks can be identified quickly, thereby allowing a fast response to potentially unfavourable developments. The central evaluation of information is supported by direct access to specific employees in the group companies, who are actively involved in the detection and evaluation of risks.

Other components of internal risk management are cash management, receivables management, inventory management and worldwide production and capacity planning.

The group-wide planning, controlling and reporting processes are reviewed on a regular basis for their effectiveness and efficiency. In 2009, an additional body was established in the context of risk management, which further improved, in particular, the reporting processes to the Executive Board and the Supervisory Board.

Due to the international nature of its business, the Turbon Group is exposed to a significant amount of varying risks. In order to minimize the financial consequences of potential damage, insurance is taken out where available and commercially sensible. The scope and amounts of these insurance contracts are continually reviewed and revised as necessary.

Major risks for the Turbon Group are described in the following sections, whereby the order in which they appear does not indicate the importance, probability or potential extent of damage.

### PROCUREMENT MARKET RISKS

Our production locations require an adequate supply of previously used laser cartridges (empties) for our remanufacturing process to begin. Accordingly, the collection of empties is an important task for all locations of the group. The Turbon Group has built a very efficient worldwide collection system, which provides over 90% of the empties required by our manufacturing plants. The rest of the empties are purchased from outside our company and usually carry a slightly higher purchase cost. The risk of insufficient empties availability is low and is not a threat to the Turbon Group.

Our production output may be impaired by delivery interruptions in raw materials. If we fail to use production facilities of another location in these cases or to serve demands from our inventories, there might be a decline in sales. We secure our supply with critical raw materials (in particular toner powder and chips) by close cooperation with suppliers to the maximum extent and, alternatively, by parallel procurement from various suppliers.

### SALES RISKS

Due to the continuing strong competition and the technological progress, the price level, in particular regarding monochrome products, declined further in 2009. In general, there is the risk that price reductions cannot be compensated for by corresponding growth of volumes. For 2010 as well, we do expect further market price reductions. We will respond to this situation by strict cost management programs at all locations.

A sales-related risk is our concentration on a relatively small number of key accounts. In 2009, the top five major customers accounted for a share of 52% in total sales (previous year 55%). In 2010, the top five major customers will account for almost 40% of total sales according to our estimates. It is one of our goals to gain a growing number of medium-sized customers in order to reduce this risk further.

In addition, the Turbon Group has a flexible structure, which allows rapid adaptation to fluctuations in sales levels.

### DEFAULT RISKS

We limit default risks by regularly analyzing the creditworthiness of our customer portfolio on the basis of a receivables management policy. Most customer receivables are insured by third-party credit insurance, corporate guarantees or strict payment in advance terms. With respect to all receivables sold in the context of a factoring agreement, the factor bears 100% of the default risk. We have suffered only small losses in this area over the last few years, mainly as a consequence of our strict receivables policies. However, we have also observed that the insurance limits of credit insurers are now much more restrictive than in the past. In these cases, we cooperate with the customers to find solutions that are acceptable to both sides.

### LIQUIDITY RISKS

Sufficient availability of liquidity is of utmost importance for the Turbon Group. Our cash management system provides up-to-date information about the actual financial status and expected cash flows from the individual group companies on a central basis. Over the last few years, the Turbon Group has worked towards achieving sustainable financial strength. Our credit facilities are covered through long-term contracts and compliance with the underlying covenants is strictly monitored. As of December 31, 2009, all agreed credit facilities were firmly in place, but were not drawn upon. Additional liquidity is available through the existing factoring agreement.

### CURRENCY RISKS

As the Turbon Group transacts a portion of its business, on both the procurement and the sales side, in currencies other than the Euro, currency fluctuations can affect earnings. The group companies report their currency surpluses and deficits to the group. At group level, an aggregate net position per currency is formed and the possibility of "natural hedging" is used. The most important currencies are the US Dollar and the British Pound. In the past, the Turbon Group recorded net surpluses for both currencies. As a result of the loss of the customer Staples/Corporate Express in the USA and the simultaneous global procurement of raw materials in US Dollars, the Turbon Group is currently in a net payer position in terms of US Dollars.

The US Dollar and the British Pound are controlled actively through foreign exchange forwards. For detailed explanations, see Reporting of financial instruments in the Notes to the Consolidated Financial Statements 2009.

### LEGAL RISKS

Legal risks may arise for the Turbon Group from possible changes in statutes or case law, most notably relating to environmental laws.

The unimpaired transportation of empties to our manufacturing locations is critical for our success. Therefore, we use great diligence in ensuring that we comply with all statutory requirements (mostly exceeding the required standards) and in cooperating very closely with the responsible authorities. This cooperation enables us to stay very up to date with any possible changes in legal provisions. In addition, our two production locations are certified in accordance with ISO 14001:2004. This standard governs the environmental management system of duly certified companies.

### BALANCE SHEET VALUATION RISKS

The Turbon Group may be subject to balance sheet valuation risks if certain assumptions for the current valuation of balance sheet items are not met due to events in the future.

The company formed deferred taxes for tax loss carryforwards accrued in the past in the U.S. subsidiary, by taking account of impairments. On the basis of our plans for the next few years, we expect that this item will be liquidated within the five-year planning period. Should the budgeted figures not be realized, there might be a correction of the valuation of this balance sheet item in the context of impairment tests, with a corresponding tax burden on the results in one or more periods affected. On December 31, 2009, the deferred tax assets attributable to our U.S. subsidiaries amounted to Euro 1.7 million.

OVERALL RISK

In summary, the requirements of the German Law on Control and Transparency in Enterprises (KonTraG) have been met fully. The instruments of risk management deployed are sufficient to detect risks threatening survival in sufficient time. No risks endangering the future of the company are discernible at the present time.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE (GROUP) ACCOUNTING PROCESS (REPORT IN ACCORDANCE WITH SECTIONS 289 (5), 315 (2) NO. 5 HGB)

To supplement the above statements on Turbon AG's management of risk, the material features of the internal control and risk management system regarding the (group) accounting process can be described as follows:

The accounting-related internal control system covers the Accounting and Controlling departments, whose areas of responsibility are assigned clearly within the control system.

The control system comprises all the principles, processes and measures that are necessary to secure effective, economical and proper accounting and compliance with the pertinent legal provisions. In addition to manual process controls by way of the "four-eyes-principle" (i.e. dual control), automated IT process controls are an essential part of integrated control measures.

The Executive Board is responsible for implementing and complying with the legal regulations. It reports regularly to the Supervisory Board on the overall financial position of Turbon AG. The Supervisory Board supervises the effectiveness of the internal control system. As agreed, the auditor reports to the Chairman of the Supervisory Board promptly on all significant findings and events, relevant to the tasks of the Supervisory Board, which have been identified during the audit of financial statements.

Turbon AG defines the accounting policies in order to regulate consistent accounting principles. In addition, group policies contain detailed instructions on how intra-group clearing transactions are to be recorded and settled and how relevant balances are to be reconciled.

The financial statements of consolidated companies are prepared using IT-aided workflows. These include, among other things, an authorization concept and testing routines.

Database-supported management information software is used for reporting to the group head office. Then, the separate financial statements are fed into a central consolidation system. At the group level, the Finance and Controlling department is responsible for reviewing the correctness and reliability of the separate financial statements presented.

The auditors are involved indirectly in the Turbon Group's control environment through their non-process-related audit activities. In this respect, the audits of separate and consolidated financial statements in particular constitute essential monitoring measures as regards the accounting process.

## Report on Relations with Affiliated Companies

The Executive Board of Turbon AG assumes that since June 4, 2009, the company is dependent on the shareholder group HBT Holdings GmbH / Holger Brückmann-Turbon within the meaning of Section 312 of the German Stock Corporation Act (AktG). A combined voting rights share of 38.81% was notified most recently for this shareholder group.

Accordingly, the Executive Board prepared a report on relations with affiliated companies for fiscal 2009 regarding all relations of the company with this shareholder group, which was granted an unqualified audit opinion of BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf.

At the end of the report, the Executive Board declares that the company received appropriate compensation for all legal transactions with the group of shareholders, in accordance with the facts known to the Executive Board at the date of these transactions, and that the company was not disadvantaged in this respect. No measures subject to reporting requirements were undertaken in the year under review.

# Information required by Section 315 (2) and (4) German Commercial Code (HGB)

On December 31, 2009, Turbon AG's subscribed capital of Euro 10,333 thousand was divided into 3,642,000 no par registered shares with voting rights. There were no differing classes of stocks. 106,320 shares were in the possession of Turbon AG.

On February 4, 2010, Turbon AG concluded US Dollar forward sales at a total volume of USD 16.1 million. These forward transactions are adapted in nominal and temporal terms to US Dollar forward sales concluded in 2009. As a result, the IAS/IFRS Equity items designated as hedge accounting were closed completely. As per March 31, 2010, this item amounts to Euro 836,141, before taxes, in equity. The item will be realized with an effect on income at the planned dates from August 2010 to August 2013.

The shareholders have no special rights conferring any particular powers of control. Employees, after exercising their options under the existing stock option plans, hold shares in the capital of the company. They exercise their rights of control accruing to them from the same directly.

The rules on the appointment and removal of Executive Board members of Turbon AG are taken from Sections 84 et seq. of the German Stock Corporation Act (AktG). The Articles of Association contain no further rules in this respect. The number of Executive Board members is determined by the Supervisory Board in accordance with Article 7 of the Articles of Association. The Supervisory Board may appoint an Executive Board member as chairperson or spokesperson for the Executive Board.

Alterations of the Articles are governed by Sections 133 and 179 AktG. The authority to change the wording of the Articles has been delegated to the Supervisory Board in accordance with Section 179 (1) sentence 2 AktG.

With the exception of contingent capital to grant subscription rights to members of the Turbon AG Executive Board and to management executives of Turbon AG and its domestic and foreign subsidiaries, the Executive Board has no further powers to issue shares.

There are no agreements with Turbon AG that are conditional on a change of control as a consequence of a takeover bid.

No indemnity agreements or similar have been made with employees or members of the Executive Board in the event of a takeover bid.

# Corporate Governance Report

The Executive Board and Supervisory Board of Turbon AG comply with the principles of good and trusting corporate governance. In the following sections, the Executive Board - also acting on behalf of the Supervisory Board - provides its report on corporate governance pursuant to Section 289a Commercial Code (HGB) and pursuant to sub-section 3.10 of the German Corporate Governance Code.

## DECLARATION ON THE CORPORATE GOVERNANCE CODE AS PER SECTION 161 GERMAN STOCK CORPORATION ACT (AKTG)

On February 28, 2002, the Federal Government Commission on the Corporate Governance Code introduced a code of conduct for the Management and Supervisory Boards of companies listed on the stock exchange. Under a declaration of compliance, the Management and Supervisory Boards of listed companies are obliged to make an annual declaration as to whether they have complied and are continuing to comply with the code, or which of the recommendations contained in the code have not been or will not be applied and the relevant reasons.

On June 18, 2009, the Corporate Governance Code was updated and the latest version published in the electronic Federal Gazette on August 5, 2009. This Declaration of Conformity is based on the amended version.

The Management Board and Supervisory Board of Turbon AG hereby declare that the recommendations of the "Federal Government Commission on the German Corporate Governance Code" have been complied with. Only the following recommendations will either not be applied or applied only in a modified form:

### 1. ARTICLE 3.8 PARA. 2:

"If the Company takes out a D&O (directors and officers liability insurance) policy for the Management Board, a deductible of at least 10% of the loss up to no less than the amount of one and a half times the annual fixed compensation of the Management Board member shall be agreed. A relevant deductible shall be agreed upon in a D&O insurance policy for the Supervisory Board."

The existing D&O insurance of Turbon AG provides no insurance cover for intentional breaches of duty. Where insurance cover exists, no deductible is applied to members of the Management Board or Supervisory Board.

In line with the statutory amendment, the deductible will be introduced for Management Board members as of July 1, 2010. No adjustment to the insurance contract regarding a respective deductible is planned for the Supervisory Board.

Reasons: The existing sense of responsibility of the Management Board and the Supervisory Board will not be improved through the introduction of a deductible. The deductible for the Management Board will be introduced as of July 1, 2010, since the statutory obligation relating to the ongoing D&O insurance contracts becomes effective on this date.

2. ARTICLE 5.4.6 PARA. 1 AND PARA. 2:

"Compensation of the members of the Supervisory Board is specified by resolution of the General Meeting or in the Articles of Association. It takes into account the responsibilities and scope of tasks of the members of the Supervisory Board as well as the economic situation and performance of the enterprise. Also to be considered here shall be the exercising of the Chair and Deputy Chair positions in the Supervisory Board as well as the chair and membership of committees.

Members of the Supervisory Board shall receive fixed as well as performance-related compensation. Performance-related compensation should also contain components based on the long-term performance of the enterprise."

Compensation of the Supervisory Board members was specified by the resolution of the General Meeting of July 5, 2001 and is stipulated by fixed amounts in § 18 of the Articles of Association. The Chair and the Deputy Chair have also been considered here. The Chair and membership of committees as well as performance-related compensation are not contained in the Articles of Association. No change in compensation of the Supervisory Board members is planned.

Reasons: An appropriate fixed compensation for the activity as a Supervisory Board member and for the membership of committees makes sufficient allowance for the control function of the Supervisory Board. There is no need for additional performance-related compensation.

3. ARTICLE 7.1.2:

"The Consolidated Financial Statements must be prepared by the Management Board and examined by the auditor and Supervisory Board. Half-year and any quarterly financial reports shall be discussed with the Management Board by the Supervisory Board or its Audit Committee prior to publication. In addition, the Financial Reporting Enforcement Panel and the Federal Financial Supervisory Authority are authorized to check that the Consolidated Financial Statements comply with the applicable accounting regulations (enforcement). The Consolidated Financial Statements shall be publicly accessible within 90 days of the end of the financial year, interim reports shall be publicly accessible within 45 days of the end of the reporting period."

On principle, we adhere to the recommendation. However, the consolidated financial statements and the interim reports are made publicly accessible within the legally defined periods of four months and two months, respectively, from the reporting date.

Reasons: The recommendation is difficult to follow in organizational terms so that only the legally defined periods are adhered to.

Hattingen, in November 2009
For the Executive Board:
Signed Aldo C. DeLuca (Spokesman of the Executive Board)
Signed Michael H. Pages
For the Supervisory Board:
Signed Hans-Joachim Scholten
(Chairman of the Supervisory Board)

## FUNCTIONS AND COMPOSITION OF EXECUTIVE BOARD, SUPERVISORY BOARD AND THE COMMITTEES

The company has a dual-board management and monitoring structure with its Executive Board and Supervisory Board bodies.

The Executive and Supervisory Boards cooperate closely and trustfully in governing and monitoring the company.

As defined in the Articles of Association, Turbon AG's Executive Board consists of one or several members. The number of Executive Board members is specified by the Supervisory Board pursuant to the Articles, and the latter may appoint an Executive Board member as chairperson or spokesperson for the Executive Board..

At present, the Executive Board has two members;
Mr. DeLuca was appointed spokesman of the Executive Board.

It is the management body responsible for managing the business of the company on its own responsibility and in the sole interest of the company with the objective of sustainable added value. .

The tasks of the Executive Board members are distributed in the context of a matrix organization, based partially on functional and partially on regional aspects.

The Executive Board defines the company's strategic direction, coordinates it with the Supervisory Board and ensures its implementation in the course of ordinary business.

In addition, the Executive Board is responsible for ensuring appropriate risk management and risk controlling within the enterprise as well for regular, up-to-date and comprehensive reporting to the Supervisory Board.

Certain transactions are subject to a reservation of consent on the part of the Supervisory Board. In addition, the Executive Board is obliged to notify the Supervisory Board promptly in specific cases.

In accordance with Section 96 (1) and Section 101 (1) of the German Stock Corporation Act (AktG) and with Section 1 (1), Section 4 (1) of the Act on One-Third Participation of Employees in the Supervisory Board (DrittelbG) in conjunction with Article 10 of Turbon AG's Articles of Association, the Supervisory Board consists of four members elected by the General Meeting and two members as employee representatives.

The Supervisory Board advises and supervises the Executive Board in issues concerning the management of the company.

The term of office for Supervisory Board members is five years. The ongoing term of office ends with the ordinary General Meeting 2011.

The Supervisory Board performs its tasks at regular meetings.

In addition, it has formed five committees for the effective and efficient fulfilment of its tasks. These are in detail:

- an Audit Committee
- a Personnel Committee
- a Finance and Investment Committee
- a Strategy Committee
- a Legal and Tax Committee.

A Nomination Committee will be established in 2010, in due time for the re-election of the Supervisory Board in 2011.

The number of committees in addition to the Audit Committee and the Personnel Committee is derived from the Executive Board's catalogue of consent and information in relation to the Supervisory Board. In the interest of efficient cooperation between the Executive Board and Supervisory Board, the Executive Board thus has the opportunity of making direct contact with responsible persons and decision makers on the Supervisory Board between the meetings of the full Supervisory Board.

Each committee consists of two members. At the meetings of the full Supervisory Board, the chairpersons of the committees report on the committee's activities.

This structure ensures the ongoing and intensive dialogue between Executive Board and Supervisory Board as well as within the Supervisory Board.

The shareholders can safeguard their rights and exercise their voting rights at the General Meeting. Each share has a right to one vote.

Each shareholder who registers in time is entitled to take part in the General Meeting.

Shareholders who are not able to attend personally may have their voting right exercised by a credit institution, a shareholder association or the proxies who are deployed by Turbon AG and bound by the shareholder's instructions or by another authorized representative designated by them.

The invitation to the General Meeting and all reports and information necessary for adopting resolutions are published in accordance with the provisions of the stock corporation law, as these are modified by the Act Implementing the Shareholders' Rights Directive (ARUG), and made available on Turbon AG's website.

## COMPENSATION REPORT

Compensation paid to the Executive Board members includes fixed and variable elements.

Executive Board members receive an annual fixed basic salary as fixed compensation. In addition, they receive contributions towards social insurance, a car allowance or a company car with a right of private use as well as contributions to accident insurance to the customary extent.

Executive Board members have a chance to earn an annual bonus on group earnings and cash flow as variable compensation. Payment of an annual bonus requires that a defined earnings amount has been exceeded in the fiscal year. Net income exceeding the defined amount of earnings is then updated by the change in inventories and change in trade receivables in order to determine the second criterion, the cash flow. The annual bonus is calculated by multiplying the generated net income by a specific percentage for each Executive Board member. The two specific percentages are reduced step by step if the cash flow is lower than earned net income. No annual bonus is paid if no minimum earnings amount or no positive cash flow is achieved.

Total compensation of the two Executive Board members of Euro 548 thousand (previous year: Euro 624 thousand for three Executive Board members) is divided as follows in the year under review:

| | Basic Salary 1,000 Euro | | Benefits in kind 1,000 Euro | | Bonus 1,000 Euro | | Total 1,000 Euro | |
|---|---|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Aldo C. DeLuca | 215 | 135 | 9 | 9 | 93 | 50 | 317 | 194 |
| Michael Pages | 150 | 150 | 34 | 27 | 47 | 25 | 231 | 202 |

Should the activity as an Executive Board member end early without an important cause, severance payments, if any, will not exceed the value of two years' compensation and compensate no more than the remaining term of the employment contract.

No indemnity agreements have been made with members of the Executive Board in the event of a takeover bid.

Under the stock option plan 2003, the two members of the Executive Board are each entitled, if a defined exercising threshold is reached, to acquire 1,500 shares of Turbon AG at a purchase price of Euro 8.92 by July 19, 2010.

Compensation of the Supervisory Board is governed by Article 18 of the Articles of Association. The members of the Supervisory Board receive annual compensation of Euro 6,136 in addition to reimbursement of expenses, including value added tax. The chairperson receives twice, and the deputy chairperson one and a half times this amount. The company takes out adequate business liability insurance (directors and officers insurance) for the members of the Supervisory board. Relevant insurance premiums are paid by the company.

Total compensation of the Supervisory Board of Euro 136 thousand (previous year: Euro 138 thousand) is divided as follows in the year under review:

| | Fixed compensation 1,000 Euro | | Consulting services 1,000 Euro | | Total 1,000 Euro | |
|---|---|---|---|---|---|---|
| | 2009 | 2008 | 2009 | 2008 | 2009 | 2008 |
| Hans-Joachim Scholten | 12 | 4 | 32 | 13 | 44 | 17 |
| Dr. Paul-Michael Günther | 9 | 9 | 58 | 79 | 67 | 88 |
| Thomas Hertrich | 6 | 0 | 0 | 0 | 6 | 0 |
| Dr. Juno A. Nuber | 1 | 12 | 0 | 0 | 1 | 12 |
| Simon McCouaig | 6 | 6 | 0 | 0 | 6 | 6 |
| Holger Brückmann-Turbon | 0 | 3 | 0 | 0 | 0 | 3 |
| Girolamo Cacciatore | 6 | 6 | 0 | 0 | 6 | 6 |
| Dietmar Kirsch | 6 | 6 | 0 | 0 | 6 | 6 |

Turbon AG paid a pro-rated amount of Euro 7 thousand (previous year: Euro 7 thousand) in the context of a group liability insurance contract.

Turbon AG has not become aware of any reportable acquisition and sale transactions regarding Turbon AG's shares or any related financing instruments by members of corporate bodies (directors' dealings) in fiscal 2009.

# Outlook

The positive figures of the year 2009 are the result of our restructuring measures over the last three years and the related focus on our core customers and products which allowed us to work in a controlled cost environment, with an appropriate margin, (i.e. profitably) and with minimized capital commitment. As a result, we generated, including non-recurring effects, profits above our plan in 2009, with less working capital, zero bank debt and increased liquid assets.

We are satisfied with this interim outcome and in the next step we will concentrate on sales growth while maintaining our previous recipe for success.

Laser cartridges and, with a particularly high growth potential, colour laser cartridges will be at the centre of our work. As reported, we are in a highly competitive position in this field with regard to quality and value which enables us to participate in the growth of the overall market. In addition, we will benefit from the overall growth in the field of compatible products. We are convinced that the colour cartridges field will finally experience a similar market distribution (between OEMs and alternative manufacturers) to that of the monochrome cartridges sector, because of the continuing trend away from the more expensive cartridges offered by printer manufacturers towards alternative products.

Our regional focus will certainly still be on Europe, but also on the USA, where, admittedly, we suffered a distinct setback due to the loss of the business with Corporate Express/ Staples. However, we have been working - with visible success - on regaining our market position in the USA and are therefore expecting to be able to increase our sales figures in the USA in 2010 and 2011 markedly. An additional effect will come from a reduced sales concentration on individual strategic customers.

Against this backdrop and based on our existing customer relationships, we are now expecting group sales of Euro 75.0 million and earnings before taxes of Euro 3.0 million for the 2010 financial year. We expect to return to the 2009 sales figures in 2011. The extent to which such a sales increase will also be reflected in correspondingly higher earnings figures will also depend, especially, on future price developments. However, as a whole, we are confident that we will achieve higher earnings via higher sales using the remedies devised by us over the last three years.

### PROVIDENT INFORMATION

This report contains certain statements oriented to the future which are based on the current assumptions and projections of the management. Various risks, uncertainties and other factors, both known and unknown, can cause the actual results, financial position, development or performance of the company to deviate substantially from the assessment shown here.

Hattingen, March 2010
The Executive Board

# Supervisory Board Report for the 2009 Fiscal Year

The Supervisory Board advised the Executive Board with respect to fundamental issues of business policy and monitored continuously the management of business in accordance with the tasks assigned pursuant to the legal provisions, articles of association and rules of procedure and in compliance with the recommendations of the German Corporate Governance Code. The Executive Board informed the Supervisory Board at regular intervals of the business and financial position of the company and coordinated all important decisions and measures with the latter.

The extraordinary general meeting on February 5, 2009, elected Mr. Thomas Hertrich as a member of the Supervisory Board for the residual period of his predecessor Dr. Juno A. Nuber, which expires at the end of the ordinary general meeting 2011. At the subsequent Supervisory Board meeting, Mr. Hertrich was elected chairman of the audit committee.

## SUPERVISORY BOARD MEETINGS AND ACTIVITIES OF COMMITTEES

In fiscal 2009, the Supervisory Board held a total of five meetings. At these meetings, we discussed in detail the reports of the Executive Board and examined, jointly with the Executive Board, the development of the company and strategic issues. The semi-annual report and the two interim reports for the first and the third quarter were explained and discussed at the relevant Supervisory Board meetings prior to their publication by the Executive Board.

Individual topics at the Supervisory Board meetings were the approval and supervision of the Wind Down Agreement with Staples/Corporate Express, the joint opinion of Executive Board and Supervisory Board regarding the mandatory offer of HBT Holdings GmbH, the procedure for the sale of the real property in Harlow and a guarantee in favour of the pension fund existing with Keytec (GB) Ltd. in connection with the closure of the Harlow location. Further individual topics were the sale of Kores trademark rights and the conclusion of currency hedging transactions.

Detailed consultations took place regarding the use of the liquid assets available in the Turbon Group. The Supervisory Board consented to exercising the right to buy back its own shares in the context of a public share buyback offer by the Executive Board in March and November 2009. In addition, the Supervisory Board consented to repayment of the loan with BIL Leasing Verwaltungs-GmbH & Co. Objekt Meerbusch KG and partial repayment of the loan with BIL Leasing Verwaltungs-GmbH Objekt Hattingen KG with simultaneous prolongation of the loan in the amount of Euro 10.0 million.

The audit committee and the personnel committee each convened one meeting in the period under review.

Not only the audit committee but the full Supervisory Board dealt with issues of risk management. Risks threatening the company's survival are not discernable. The risk management system of the Turbon Group meets the legal requirements.

## CORPORATE GOVERNANCE

In 2009, the Supervisory Board dealt with the new version of the German Corporate Governance Code. The declaration of conformity in accordance with Section 161 AktG by the Executive Board and the Supervisory Board was issued in November 2009. The company prepared a complete Corporate Governance Report in connection with the corporate governance statement to be issued by the company pursuant to Section 289a HGB for the first time.

The wording of the most recent declaration of conformity in accordance with Section 161 AktG is shown on page 13 of the annual report. It was also published on the company's web site.

## ANNUAL FINANCIAL STATEMENTS OF THE AG AND THE GROUP, AUDIT OF FINANCIAL STATEMENTS

The annual financial statements of Turbon AG and the combined management report and group management report were prepared in accordance with the provisions of the German Commercial Code (HGB), and the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).

The auditors of the financial statements, BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, appointed by the general meeting, audited the annual financial statements of Turbon AG, the combined management report and group management report and the consolidated financial statements in compliance with the generally accepted German standards for the audit of financial statements as adopted by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer, IDW) and granted an unqualified audit opinion.

The annual financial statements, the combined management report and group management report, the auditor's reports and the proposal for the appropriation of retained earnings of Turbon AG were made available to all Supervisory Board members in due time. These documents were examined by the Supervisory Board. Our examination also covered the completeness and content of the disclosures prescribed by Section 315 (4) Commercial Code (HGB). At the Supervisory Board's meeting, convened to adopt the accounts, on April 21, 2010, we discussed in detail the financial statement documents in the presence of the auditor, who reported on the significant findings of his audit. After the final outcome of the examination made by the audit committee and the audit by the Supervisory Board, the latter agreed to the results obtained by the auditor and raised no objections. The Supervisory Board approved the annual financial statements and the consolidated financial statements. The financial statements are thereby adopted. We discussed and consented to the proposal of the Executive Board for the appropriation of profits.

At this meeting, the Supervisory Board accepted the recommendation of the audit committee for the election of the auditor for fiscal 2010, who had issued a declaration regarding his independence in accordance with the Corporate Governance Code, and the costs of the audit of financial statements were addressed.

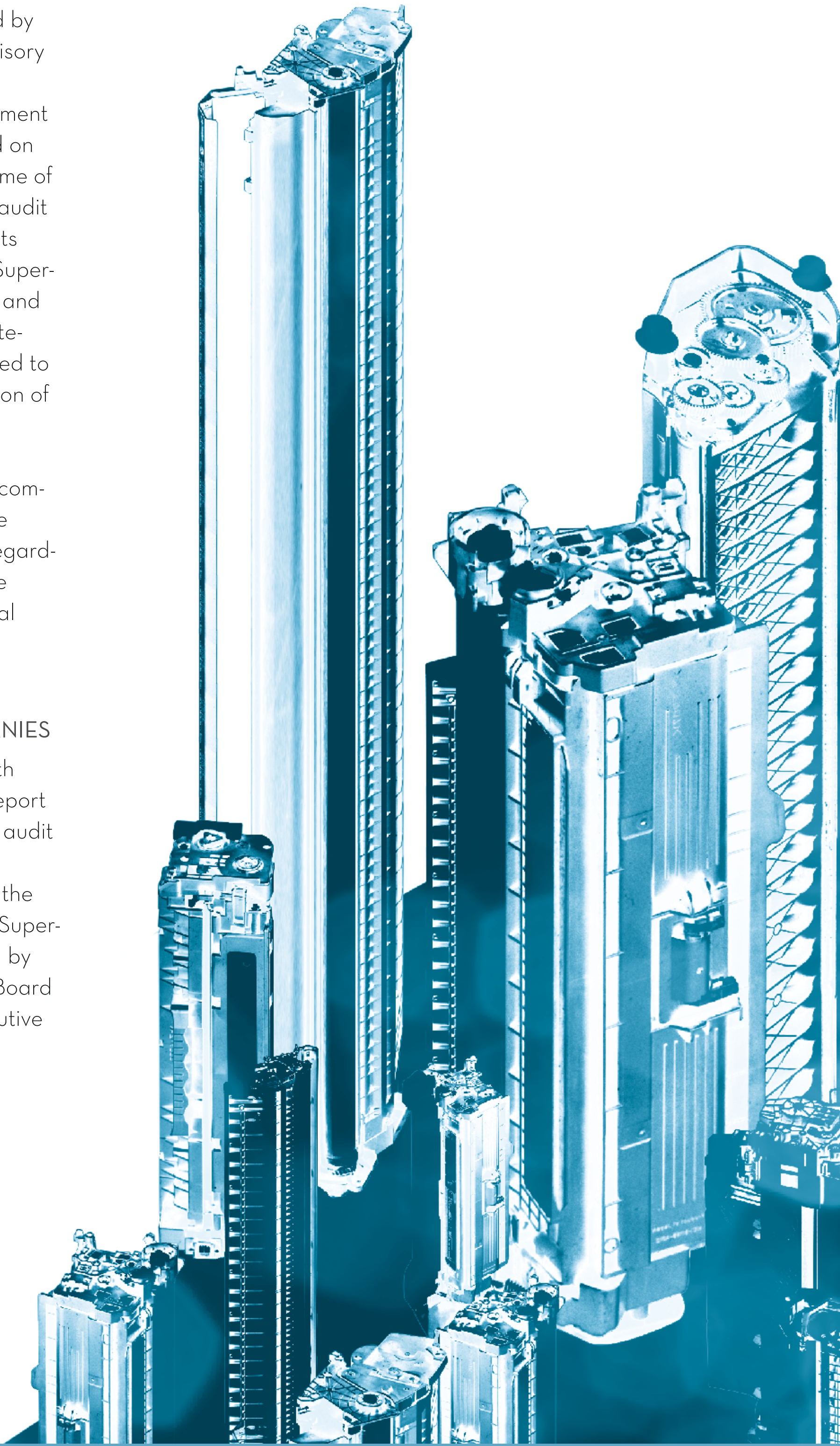
## REPORT ON RELATIONS WITH AFFILIATED COMPANIES

The Executive Board prepared a report on relations with affiliated companies for the 2009 financial year. This report was audited by the auditor and granted an unqualified audit opinion. The Supervisory Board examined the report on relations with affiliated companies. In addition, it heard the report of the auditor about his results of the audit. The Supervisory Board agrees to the results of the audit obtained by the auditor. Following its examination, the Supervisory Board also raises no objections to the declaration of the Executive Board.

Hattingen, April 2010

For the Supervisory Board

Hans-Joachim Scholten
Chairman



# Consolidated Balance Sheet - Turbon Group

## as of December 31, 2009

ASSETS

| | Notes | Dec. 31, 2009 1,000 Euro | Dec. 31, 2008 1,000 Euro |
|---|---|---|---|
| **Long-term assets** | | | |
| Intangible assets | (1) | 1,014 | 3,134 |
| Tangible assets | (1) | 15,493 | 10,596 |
| Financial assets | (1) | 24 | 243 |
| | | 16,531 | 13,973 |
| Deferred tax assets | | 2,784 | 4,083 |
| | | **19,315** | **18,056** |
| **Short-term assets** | | | |
| Inventories | (2) | | |
| Raw materials and supplies | | 6,221 | 7,781 |
| Work in progress | | 14 | 73 |
| Finished goods and trading stocks | | 8,318 | 10,462 |
| Advance payments | | 61 | 46 |
| | | 14,614 | 18,362 |
| Trade receivables | (3) | 8,017 | 7,625 |
| Other assets | (4) | 2,886 | 1,474 |
| Income tax assets | (5) | 567 | 706 |
| Cash and cash equivalents | (6) | 9,947 | 4,579 |
| | | **36,031** | **32,746** |
| Assets held for sale | (7) | 1,010 | 2,472 |
| | | **56,356** | **53,274** |

SHAREHOLDERS' EQUITY AND LIABILITIES

| | Notes | Dec. 31, 2009 1,000 Euro | Dec. 31, 2008 1,000 Euro |
|---|---|---|---|
| **Shareholders' Equity** | **(8)** | | |
| Subscribed capital | | 10,333 | 10,333 |
| Capital reserves | | 14,956 | 14,956 |
| Revenue reserves | | 1,877 | 2,470 |
| Retained earnings | | 3,300 | 742 |
| Accumulated other comprehensive income | | -6,684 | -5,412 |
| Treasury stock | | -487 | -1,029 |
| Minority interests | | -5 | 0 |
| | | **23,290** | **22,060** |
| **Long-term liabilities** | | | |
| Pension reserves | (9) | 2,910 | 2,433 |
| Deferred tax liabilities | (10) | 2,090 | 1,788 |
| Fixed interest bond | | 9,897 | 9,871 |
| | | **14,897** | **14,092** |
| **Short-term liabilities** | | | |
| Accrued taxes | (10) | 781 | 819 |
| Other reserves and accrued liabilities | (10) | 5,695 | 4,522 |
| Liabilities due to banks | | 0 | 0 |
| Trade payables | | 10,759 | 10,014 |
| Liabilities due to other group companies | | 12 | 24 |
| Other liabilities | (11) | 922 | 1,743 |
| | | **18,169** | **17,122** |
| | | **56,356** | **53,274** |

# Consolidated Statement of Income - Turbon Group

## for the period from January 01 until December 31, 2009

| | Notes | 2009<br>1,000 Euro | Previous Year<br>1,000 Euro |
|---|---|---|---|
| Sales | (12) | 85,882 | 98,324 |
| Cost of sales | (19) | -68,330 | -80,037 |
| **Gross profit** | | **17,552** | **18,287** |
| Selling expenses | (13) | -5,389 | -7,260 |
| Administrative expenses | (14) | -6,087 | -6,415 |
| Other operating income | (15) | 1,760 | 1,082 |
| Other operating expenses | (16) | -1,082 | -1,421 |
| **Earnings before interest and tax** | | **6,754** | **4,273** |
| Financial income | | 188 | 94 |
| Financial expense | | -1,106 | -1,468 |
| Financial result | | -918 | -1,374 |
| **Result from ordinary operations** | | **5,836** | **2,899** |
| Taxes on income | (17) | -2,373 | -1,292 |
| **Group net income for the year** | | **3,463** | **1,607** |
| Profit brought forward from previous year | | 742 | 956 |
| Profit distribution | | -905 | -1,821 |
| **Retained earnings** | | **3,300** | **742** |
| **Undiluted earnings per share (in Euro)** | (18) | **0.96** | **0.44** |
| **Diluted earnings per share (in Euro)** | (18) | **0.95** | **0.43** |

# Group Consolidated Statement of Comprehensive Income - Turbon Group

## as of December 31, 2009

| | Notes | 2009<br>1,000 Euro | Previous Year<br>1,000 Euro |
|---|---|---|---|
| **Group net income for the year** | | **3,463** | **1,607** |
| Change in pension reserves | (9) | -890 | 28 |
| Result from currency hedges | | 441 | 0 |
| Exchange rate differences | | -730 | -3,152 |
| Change in deferred taxes | | -93 | -262 |
| Other changes | | -51 | 12 |
| **Income and expenses directly offset against shareholders' equity** | | **-1,323** | **-3,374** |
| **Comprehensive income** | | **2,140** | **-1,767** |

# Consolidated Statement of Changes in Shareholders' Equity - Turbon Group

## as of December 31, 2009

| | Subscribed capital<br>1,000 Euro | Capital reserves<br>1,000 Euro | Revenue reserves<br>1,000 Euro |
|---|---|---|---|
| **At January 1, 2008** | **10,333** | **14,956** | **3,849** |
| 2007 dividends (0.50 € per share) | | | |
| Comprehensive income | | | 12 |
| Redemption of own shares | | | -1,391 |
| **At December 31, 2008** | **10,333** | **14,956** | **2,470** |
| 2008 dividends (0.25 € per share) | | | |
| Comprehensive income | | | -51 |
| Redemption of own shares | | | -1,029 |
| Purchase of own shares | | | 487 |
| Other changes | | | |
| **At December 31, 2009** | **10,333** | **14,956** | **1,877** |

| Retained earnings<br>1,000 Euro | Accumulated other comprehensive income<br>1,000 Euro | Treasury stock<br>1,000 Euro | Turbon shareholders<br>1,000 Euro | Minority interests<br>1,000 Euro | Equity<br>1,000 Euro |
|---|---|---|---|---|---|
| **956** | **-2,026** | **-2,420** | **25,648** | **0** | **25,648** |
| -1,821 | | | -1,821 | | -1,821 |
| 1,607 | -3,386 | | -1,767 | | -1,767 |
| | | 1,391 | | | |
| **742** | **-5,412** | **-1,029** | **22,060** | **0** | **22,060** |
| -905 | | | -905 | | -905 |
| 3,463 | -1,272 | | 2,140 | | 2,140 |
| | | 1,029 | | | |
| | | -487 | | | |
| | | | | -5 | -5 |
| **3,300** | **-6,684** | **-487** | **23,295** | **-5** | **23,290** |

# Consolidated Cash Flow Statement - Turbon Group

## for the period from January 01 until December 31, 2009

| | 2009<br>1,000 Euro | Previous Year<br>1,000 Euro |
|---|---|---|
| Group net income for the year | 3,463 | 1,607 |
| Depreciation of fixed assets | 1,715 | 1,395 |
| Write-up of fixed assets | -42 | -10 |
| Change in pension reserves | 477 | -86 |
| Other non-cash expenses and income | -140 | 4 |
| **Cash Flow** | **5,473** | **2,910** |
| Result on disposals of fixed assets | -16 | -119 |
| Change in inventories | 3,748 | 8,119 |
| Change in trade receivables | -422 | 5,405 |
| Change in other assets | 1,488 | 962 |
| Change in short-term provisions | 1,135 | 597 |
| Change in trade payables | 745 | -5,723 |
| Change in other liabilities | -505 | -1,365 |
| Non cash-effects | -575 | -1,451 |
| **Cash flow from operating activities** | **11,071** | **9,335** |
| Purchase of intangible assets | -45 | -52 |
| Purchase of tangible assets | -490 | -765 |
| Changes in scope of consolidation | -3,959 | 0 |
| Proceeds from disposals of fixed assets | 430 | 447 |
| **Cash flow from investing activities** | **-4,064** | **-370** |
| Dividend payment | -905 | -1,821 |
| Changes in scope of consolidation | 0 | -176 |
| Redemption of own shares | -487 | 0 |
| Change in bank loans | 0 | -3,858 |
| **Cash flow from financing activities** | **-1,392** | **-5,855** |
| Change in cash funds from cash relevant transactions | 5,615 | 3,110 |
| Exchange rate related change in cash funds | -247 | -2 |
| Cash funds at the beginning of the period | 4,579 | 1,471 |
| **Cash funds at the end of the period** | **9,947** | **4,579** |
| Cash flow from operating activities includes: | | |
| Interest receipt | 236 | 51 |
| Interest payment | -754 | -1,240 |
| Income tax payment | -607 | -861 |

# Notes to the Consolidated Financial Statements of the Turbon Group

## General information

The companies of the Turbon Group develop, produce and distribute compatible printing accessories. Turbon operates production plants in Asia and Europe.

Turbon AG, as the group holding company, is registered with the commercial register of the Essen Local Court (Amtsgericht) under HRB 15780. The seat of the company is in Hattingen. The address is Turbon AG, Ruhrdeich 10, 45525 Hattingen, Germany.

The Executive Board prepared the consolidated financial statements and group management reports as of December 31, 2009 on March 31, 2010 and approved their submission to the Supervisory Board. The consolidated financial statements will be submitted to the Supervisory Board for approval at its meeting on April 21, 2010.

## Principles of Accounting

The consolidated financial statements of Turbon AG and its subsidiaries have been prepared in accordance with the International Financial Reporting Standards (IFRS) as recognized by the European Union, the application of which standards on the balance sheet date is mandatory, and additionally in accordance with the provisions to be observed of § 315a (1) German Commercial Code (HGB).

The IFRS include those issued by the International Accounting Standards Board (IASB), the International Accounting Standards (IAS), and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC). All standards and interpretations that were mandatorily applicable on the balance sheet date were applied. As a result, the consolidated financial statements of Turbon AG conform to IFRS. We have waived the use of standards whose application is not yet mandatory.

The consolidated financial statements comprise the balance sheet, statement of income, statement of comprehensive income, statement of changes in Shareholders' Equity, the cash flow statement and the Notes.

The consolidated financial statements are prepared in Euros. Unless otherwise indicated, all amounts are stated in thousand Euros. Assets and liabilities are divided into current and non current assets and liabilities according to their maturities. The consolidated statement of income is prepared in accordance with the cost of sales accounting format.

The fiscal year of Turbon AG and its consolidated subsidiaries corresponds always to the calendar year.

The accounting and valuation principles applied in Turbon AG's consolidated financial statements as of December 31, 2008 have been retained, except for any adjustments necessary due to new or revised standards.

## Changes in accounting and valuation methods

The following overview presents new or changed standards and interpretations whose application in the current fiscal year is mandatory:

| Standard/Interpretation | | Impact |
|---|---|---|
| Diverse | Improvement project | none |
| IAS 1 | Presentation of Financial Statements | New order of statements |
| IAS 23 | Borrowing Costs | none |
| IAS 32 | Distinction between equity and debt in accounting | none |
| IFRS 2 | Share-based payments: Vesting conditions and cancellations | none |
| IFRS 7 | Improving disclosures about Financial Instruments | Extended Reporting |
| IFRS 8 | Operating segments | Segment Reporting |
| IFRIC 13 | Customer Loyalty Programmes | none |
| IFRIC 14 | IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | none |
| IFRIC 18 | Transfers of assets from customers | none |

## New Accounting standards

The following overview presents the standards and interpretations issued in the current fiscal year, but whose application is not yet mandatory, since they have not yet been adopted by the EU or are not yet to be applied.

| Standard/Interpretation | |
|---|---|
| Diverse | Improvement project |
| IAS 27 | Consolidated and separate financial statements: divers changes |
| IAS 39 | One-sided risk hedging using options |
| IFRS 1 | First time adoption of IFRS |
| IFRS 2 | Group cash-settled Share-based payment transactions |
| IFRS 3 | Business combinations |
| IFRIC 12 | Service concession arrangements |
| IFRIC 15 | Agreements for the construction of real estate |
| IFRIC 16 | Hedges of a net investment in a foreign operation |
| IFRIC 17 | Obligation to distribute a non-cash dividend |

From today's perspective, application of these standards in the future will not result in material changes for the Turbon Group.

## Consolidated companies

In addition to Turbon AG, the consolidated financial statements include two domestic and eight foreign companies, in which Turbon AG directly or indirectly holds the majority of voting rights or exercises unified management. The number of companies included has reduced compared to that of the previous year by three companies. The changes in the names of Turbon Nordic Holding A/S (previously Kores Nordic A/S), Keytec (GB) Ltd. (previously Kores Nordic (GB) Ltd.) and Turbon (Pensions) Ltd. (previously Kores Nordic (Pensions) Ltd.) were performed in the context of the sale of the brand name "Kores".

Kores Nordic AB, Norrköping, Sweden, which was included in the consolidated financial statements up to the previous year, was liquidated. BIL Leasing Verwaltungs-GmbH & Co. Objekt Meerbusch KG, Pöcking (hereafter in the notes referred to as "BIL Meerbusch KG") will be included in the scope of consolidation as of December 31, 2009, since the majority of opportunities and risks are now attributable to the Turbon Group.

As compared to the previous year, four other subsidiaries, namely Turbon Nordic (Pensions) Ltd. (previously Kores Nordic (Pensions) Ltd.), Accutecc (UK) Ltd., Keymax International Ltd., all United Kingdom, and Kores Nordic Danmark A/S, Denmark, which are of minor importance for the conveyance of a true and fair view of the net worth, financial position and results of operations of the group, are no longer included in the consolidated financial statements. All the companies are in the process of liquidation at present. TLC Tonerfill Logistic Centre B.V., Netherlands, was liquidated in the fiscal year. The list of shareholdings shows the subsidiaries included and not included in the consolidated financial statements. The annual results shown there were already recognized in the 2008 consolidated financial statements.

Interests in the limited partnership BIL Leasing Verwaltungs-GmbH & Co. Objekt Hattingen KG (sale and lease back property) are not included in the consolidated financial statements of Turbon AG, because, under IAS 27 in conjunction with SIC (Standing Interpretations Committee) 12, there is no parent-subsidiary relationship between Turbon AG and this limited partnership nor are the majority of opportunities and risks associated with the leasing agreement with this partnership attributable to Turbon AG. Since this leasing agreement is to be classified as an operating lease according to IAS 17, the leased property is not included in the consolidated balance sheet under this accounting standard either.

The consolidated domestic subsidiary Turbon International GmbH satisfies the requirements of § 264 (3) Commercial Code (HGB) and is, therefore, exempted from the duty to publish its own annual financial statements.

## Methods of consolidation

The consolidated financial statements are based on the annual financial statements of Turbon AG and the consolidated subsidiaries prepared according to accounting and valuation principles applied uniformly throughout the group. Carrying values based on tax regulations are not included in the consolidated financial statements. The annual financial statements of the affiliated companies are prepared on the closing date of the consolidated financial statements.

Capital consolidation is based on the acquisition method by setting off the costs of acquisition against the pro rata share of revaluated equity at the time of acquiring the individual companies. Positive balancing items which cannot be assigned to undisclosed reserves or undisclosed expenses are shown as goodwill. Negative goodwill arising on consolidation is recognized directly as affecting income.

Accounts receivable and accounts payable between the consolidated companies are eliminated.

Intercompany expenses and incomes are eliminated.

Intermediate results in inventories arising from intercompany supplies and services and in fixed assets are eliminated.

Accruals for deferred taxes were made on consolidation processes affecting net income.

## Currency translation

Non-monetary items in foreign currency are valued on the balance sheet date at the rate in application on the date of the first entry in the annual financial statements of the companies. Monetary items are translated at the rate on the balance sheet date. Currency gains and losses resulting from the valuation of monetary balance sheet items in foreign currency are recognized as income or expenses in other operating income or expenses.

The assets and liabilities of all financial statements of subsidiaries prepared in foreign currencies are translated into Euros in the consolidated financial statements at the average daily rate on the balance sheet date. The consolidated statement of income uses average rates. Differences resulting from the currency translation are netted against retained earnings or allocated to the same without affecting income.

The exchange rates of the currencies have changed as follows:

| | Rate on effective date | | Average rate | |
|---|---|---|---|---|
| 1 EUR= | Dec. 31, 2009 | Dec. 31, 2008 | 2009 | 2008 |
| USD | 1.4400 | 1.3977 | 1.3934 | 1.4709 |
| GBP | 0.8890 | 0.9600 | 0.8912 | 0.7967 |
| THB | 47.9750 | 48.8550 | 48.0771 | 48.7724 |
| DKK | 7.4418 | 7.4518 | 7.4461 | 7.4574 |
| RON | 4.2515 | 4.0413 | 4.2494 | 3.6982 |

## Accounting and valuation methods

Intangible assets are capitalized at cost and, if subject to wear and tear, written off on a straight line basis over their useful lives of primarily 3 to 5 years. Intangible assets with indefinite useful life are subjected to an annual impairment test in accordance with IAS 38.109.

Movable items of property, plant and equipment are valued at amortized cost. Maintenance and repair expenses and interest on borrowed capital are recognized as current expenses.

Property, plant and equipment are depreciated on a straight line basis over the forecast useful life.

Scheduled depreciation is based on useful lives defined uniformly throughout the group:

| | |
|---|---|
| Buildings | 20 to 50 years |
| Land improvements | 3 to 10 years |
| Technical plant and machinery | 3 to 10 years |
| Other equipment, fixtures, fittings and equipment | 3 to 20 years |

The shares in non-consolidated subsidiaries shown in the financial assets are assigned to the category "Available for sale".

Financial instruments are based on contracts which give rise to a financial asset of one enterprise and a financial liability or equity instrument of the other enterprise. They are accounted for at the time of the usual purchase or sale on the date of performance, i.e. the date on which the asset is delivered. IAS 39 subdivides financial assets into the following categories:

- Financial instruments held at fair value through profit and loss,
- Held to maturity financial investments,
- Loans and receivables,
- Available for sale financial assets.

Financial instruments are carried at amortized cost or fair value. Financial instruments are always disposed of by payment or – in the event of customer receivables – by sale.

Inventories are assets intended for sale: finished goods and goods for resale, semi finished goods still in the process of manufacturing or raw materials and consumables used to manufacture the products.

Inventories are valued at the lower of cost or net realizable value. Manufacturing costs correspond to the production related full costs and are determined on the basis of normal capacity. As well as directly assignable costs, they include reasonable portions of necessary material and manufacturing overheads including manufacturing related write offs. Borrowing costs are not capitalized as part of manufacturing costs.

If there are lower net realizable values on the balance sheet closing date, these are used. If the net realizable value of formerly devalued inventories has risen, the resulting write up is shown as a reduction in material expenses and therefore as cost of sales.

Trade receivables and other assets except for derivative financial instruments are carried at amortized cost. Necessary valuation allowances are guided by the actual credit risk. The carrying amounts for receivables are always adjusted using a valuation account.

Cash and cash equivalents include cash in hand and cash in banks payable.

Deferred tax assets on deductible temporary differences and tax benefits on loss carry forwards are capitalized if it is likely that a tax benefit be available for the same in the future and it is sufficiently certain that the loss carry forward can actually be used. Deferred tax liabilities are allocated for temporary differences still to be taxed in the future. The calculation is subject to the tax rates expected to apply in the individual countries at the time of realization. These are always based on the statutory rules in force or enacted on the balance sheet date. Deferred tax assets and liabilities are netted if these exist against the same tax authority. Changes in deferred tax assets and liabilities resulting from changes in tax rates are recognized in income. If profit and loss are recognized directly in equity, this also applies to the deferred tax assets and liabilities. The assessment of whether deferred tax assets resulting from temporary differences or loss carry forwards can be utilized in the future is the subject of forecasts by the individual consolidated companies, utilizing their future earnings forecast. The period utilized for this forecast is 5 years following the current fiscal year.

Pension obligations are based on pension commitments to benefits for old age, invalidity and surviving dependants. When determining the amount of provisions, not only the pensions and expectancy rights acquired on the effective date are recognized, but also anticipated future increases in wages and salaries and pensions. Expenses associated with length of service are a component of personnel expenses, interest portions of allocations are recognized in the net interest result.

Actuarial gains and losses are allocated to earnings reserves outside the statement of income. Provisions for pensions in the balance sheet correspond to the defined benefit obligation on the balance sheet date.

In accordance with IAS 37 “Provisions, contingent liabilities and contingent assets”, other provisions are allocated if a current (legal or de facto) obligation towards a third party arises from a past event, this obligation is likely to lead to an outflow of resources in future and it can be reliably estimated.

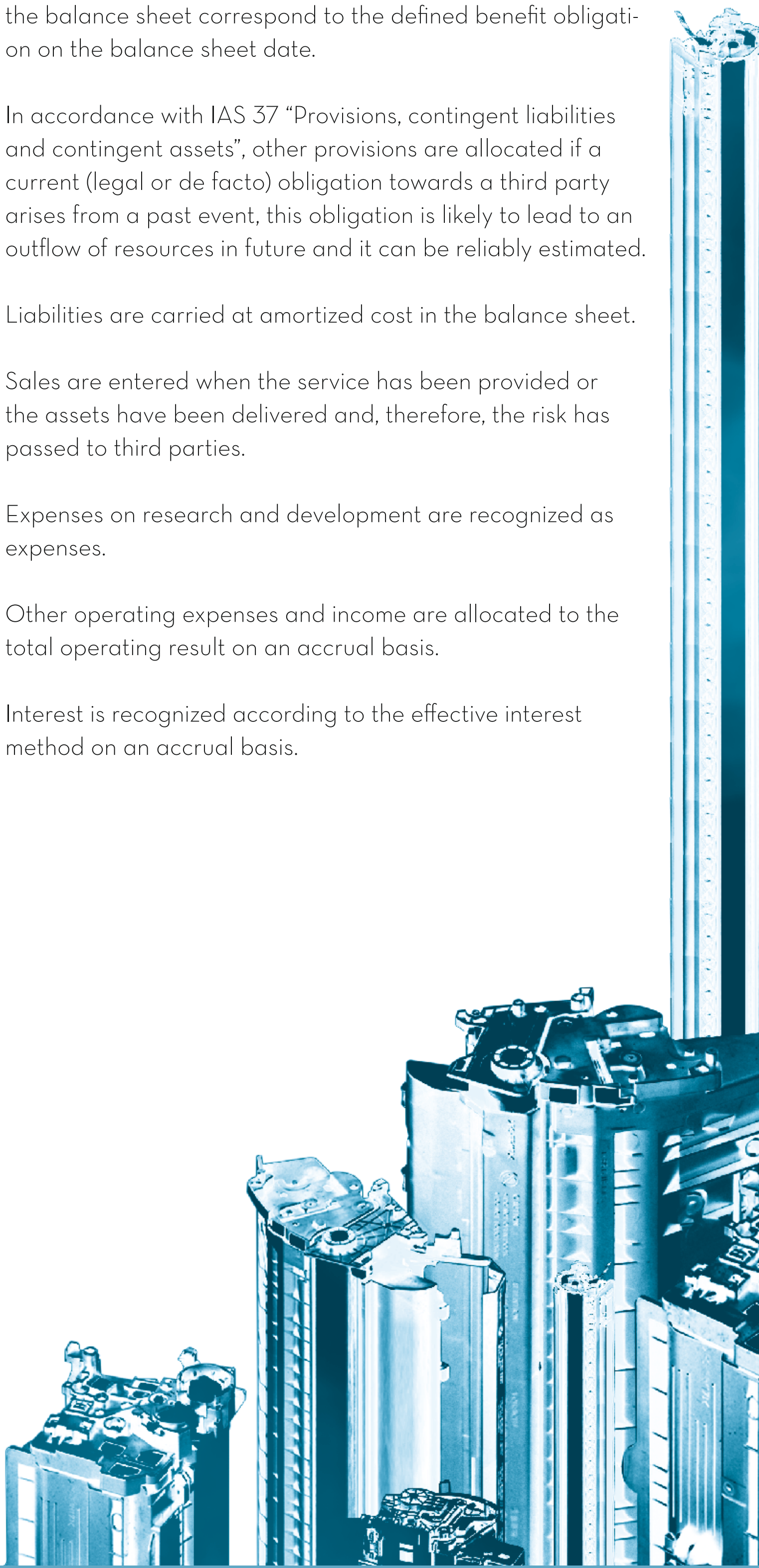
Liabilities are carried at amortized cost in the balance sheet.

Sales are entered when the service has been provided or the assets have been delivered and, therefore, the risk has passed to third parties.

Expenses on research and development are recognized as expenses.

Other operating expenses and income are allocated to the total operating result on an accrual basis.

Interest is recognized according to the effective interest method on an accrual basis.



## Use of estimates

The preparation of the consolidated financial statements according to IFRS requires estimates and assumptions that affect the disclosure of assets and liabilities, the indication of contingent liabilities on the balance sheet date and the disclosure of income and expenses. The actual values may differ in individual cases from the assumptions and estimates made.

The assumptions and estimates refer primarily to the definition of useful lives uniformly for the whole group, the saleability of our products, the accounting and valuation of pension provisions and the possibility of realizing future tax benefits.

The risks inherent in our assets are limited to their carrying amounts.

## Capital risk management

The Turbon Group controls its financial capital with the goal of maximizing the income of each company member by optimizing the debt-equity ratio. This also serves in reducing the costs of capital procurement. This ensures that all consolidated companies can operate under the principle of a going concern.

In order to preserve or optimize the capital structure, it is incumbent upon the Group to initiate the amount of dividend payments, make repayments of capital to shareholders, issue new shares or sell assets for the purpose of reducing debt.

# Explanations to the Consolidated Balance Sheet

## (1) Non-current assets

DEVELOPMENT IN THE PERIOD FROM JANUARY 01 UNTIL DECEMBER 31, 2008

| | At cost | | | |
|---|---|---|---|---|
| | Balance Jan. 01, 2008 1,000 Euro | Additions 1,000 Euro | Transfers 1,000 Euro | Disposals 1,000 Euro |
| **Intangible assets** | | | | |
| Concessions, industrial-property and similar rights and assets as well as licenses thereto | 4,566 | 512 | 0 | -146 |
| | **4,566** | **512** | **0** | **-146** |
| **Tangible assets** | | | | |
| Land, equivalents titles and buildings (including on leased land) | 13,681 | 51 | 21 | -3,589 |
| Production, plant and machinery | 26,854 | 220 | 67 | -8,669 |
| Other plant, factory and office equipment | 32,313 | 397 | 8 | -3,388 |
| Advance payments and construction in progress | 34 | 97 | -96 | 0 |
| | **72,882** | **765** | **0** | **-15,646** |
| **Financial assets** | | | | |
| Participations | 1,432 | 0 | 0 | -1,383 |
| Loans due from other group companies | 236 | 0 | 0 | 0 |
| Other loans | 229 | 0 | 0 | 0 |
| | **1,897** | **0** | **0** | **-1,383** |
| | **79,345** | **1,277** | **0** | **-17,175** |

| | | Accumulated depreciation | | | | | | Book values | |
|---|---|---|---|---|---|---|---|---|---|
| Differences from currency conversion<br>1,000 Euro | Balance Dec. 31, 2008<br>1,000 Euro | Balance Jan. 01, 2008<br>1,000 Euro | Depreciation during financial year<br>1,000 Euro | Write-ups during financial year<br>1,000 Euro | Disposals<br>1,000 Euro | Differences from currency conversion<br>1,000 Euro | Balance Dec. 31, 2008<br>1,000 Euro | Balance Dec. 31, 2008<br>1,000 Euro | Balance Previous year<br>1,000 Euro |
| 45 | 4,977 | 1,830 | 108 | 0 | 0 | -95 | 1,843 | 3,134 | 2,736 |
| **45** | **4,977** | **1,830** | **108** | **0** | **0** | **-95** | **1,843** | **3,134** | **2,736** |
| -343 | 9,821 | 1,873 | 215 | 0 | -9 | -40 | 2,039 | 7,782 | 11,808 |
| -1,461 | 17,011 | 24,733 | 549 | 0 | -8,379 | -1,229 | 15,674 | 1,337 | 2,121 |
| -682 | 28,648 | 30,630 | 523 | 0 | -3,347 | -603 | 27,203 | 1,445 | 1,683 |
| -3 | 32 | 0 | 0 | 0 | 0 | 0 | 0 | 32 | 34 |
| **-2,489** | **55,512** | **57,236** | **1,287** | **0** | **-11,735** | **-1,872** | **44,916** | **10,596** | **15,646** |
| 0 | 49 | 908 | 0 | 0 | -908 | 0 | 0 | 49 | 524 |
| 0 | 236 | 52 | 0 | -10 | 0 | 0 | 42 | 194 | 184 |
| 0 | 229 | 229 | 0 | 0 | 0 | 0 | 229 | 0 | 0 |
| **0** | **514** | **1,189** | **0** | **-10** | **-908** | **0** | **271** | **243** | **708** |
| **-2,444** | **61,003** | **60,255** | **1,395** | **-10** | **-12,643** | **-1,967** | **47,030** | **13,973** | **19,090** |

DEVELOPMENT IN THE PERIOD FROM JANUARY 01 UNTIL DECEMBER 31, 2009

| | At cost | | | | | | |
|---|---|---|---|---|---|---|---|
| | Balance Jan. 01, 2009 1,000 Euro | Changes in scope of consolidation 1,000 Euro | Additions 1,000 Euro | Transfers 1,000 Euro | Disposals 1,000 Euro | Differences from currency conversion 1,000 Euro | Balance Dec. 31, 2009 1,000 Euro |
| **Intangible assets** | | | | | | | |
| Concessions, industrial-property and similar rights and assets as well as licenses thereto | 4,977 | -1,800 | 45 | 8 | -75 | 1 | 3,156 |
| | **4,977** | **-1,800** | **45** | **8** | **-75** | **1** | **3,156** |
| **Tangible assets** | | | | | | | |
| Land, equivalents titles and buildings (including on leased land) | 9,821 | 0 | 23 | -3,515 | -47 | 400 | 6,682 |
| Investment Property | 0 | 8,157 | 0 | 3,505 | 0 | 0 | 11,662 |
| Production, plant and machinery | 17,011 | 0 | 69 | 66 | -3,266 | 127 | 14,007 |
| Other plant, factory and office equipment | 28,648 | 0 | 171 | -52 | -16,876 | 35 | 11,926 |
| Advance payments and construction in progress | 32 | 0 | 227 | -12 | -32 | -1 | 214 |
| | **55,512** | **8,157** | **490** | **-8** | **-20,221** | **561** | **44,491** |
| **Financial assets** | | | | | | | |
| Participations | 49 | 0 | 0 | 0 | -25 | 0 | 24 |
| Loans due from other group companies | 236 | 0 | 0 | 0 | -236 | 0 | 0 |
| Other loans | 229 | 0 | 0 | 0 | 0 | 0 | 229 |
| | **514** | **0** | **0** | **0** | **-261** | **0** | **253** |
| | **61,003** | **6,357** | **535** | **0** | **-20,557** | **562** | **47,900** |

The book value of the real property in Meerbusch held as a financial investment, which was added in the context of the initial consolidation of BIL Meerbusch KG, is contained in the consolidated balance sheet at an amount of Euro 8.7 million on the reporting date. Another Euro 0.6 million is attributable to a deferral item in connection with comprehensive maintenance work performed in connection with the prolongation of several tenancy agreements and simultaneous increases of rent. Accordingly, the total book value of this real property is Euro 9.3 million.

| | Accumulated depreciation | | | | | | | Book values | |
|---|---|---|---|---|---|---|---|---|---|
| Balance Jan. 01, 2009 1,000 Euro | Changes in scope of consolidation 1,000 Euro | Depreciation during financial year 1,000 Euro | Write-ups during financial year 1,000 Euro | Transfers 1,000 Euro | Disposals 1,000 Euro | Differences from currency conversion 1,000 Euro | Balance Dec. 31, 2009 1,000 Euro | Balance Dec. 31, 2009 1,000 Euro | Balance Previous year 1,000 Euro |
| 1,843 | 0 | 281 | 0 | 0 | 0 | 18 | 2,142 | 1,014 | 3,134 |
| **1,843** | **0** | **281** | **0** | **0** | **0** | **18** | **2,142** | **1,014** | **3,134** |
| 2,039 | 0 | 428 | 0 | -741 | -19 | 411 | 2,118 | 4,564 | 7,782 |
| 0 | 2,227 | 0 | 0 | 730 | 0 | 0 | 2,957 | 8,705 | 0 |
| 15,674 | 0 | 366 | 0 | 80 | -3,247 | 127 | 13,000 | 1,007 | 1,337 |
| 27,203 | 0 | 640 | 0 | -69 | -16,877 | 26 | 10,923 | 1,003 | 1,445 |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 214 | 32 |
| **44,916** | **2,227** | **1,434** | **0** | **0** | **-20,143** | **564** | **28,998** | **15,493** | **10,596** |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 24 | 49 |
| 42 | 0 | 0 | -42 | 0 | 0 | 0 | 0 | 0 | 194 |
| 229 | 0 | 0 | 0 | 0 | 0 | 0 | 229 | 0 | 0 |
| **271** | **0** | **0** | **-42** | **0** | **0** | **0** | **229** | **24** | **243** |
| **47,030** | **2,227** | **1,715** | **-42** | **0** | **-20,143** | **582** | **31,369** | **16,531** | **13,973** |

If BIL Meerbusch KG had been included in the consolidated financial statements of Turbon AG as at January 1, 2009, it would have had no impact on the consolidated sales and earnings.

Intangible assets include a trademark right with indefinite useful life at a carrying value of Euro 460 thousand. No impairment losses were to be recorded based on an impairment test at a discount rate of 9%.

(2) INVENTORIES

| | Dec. 31, 2009<br>1,000 Euro | Dec. 31, 2008<br>1,000 Euro |
|---|---|---|
| Raw materials and supplies | 6,221 | 7,781 |
| Work in progress | 14 | 73 |
| Finished goods and trading stocks | 8,318 | 10,462 |
| Advance payments | 61 | 46 |
| | **14,614** | **18,362** |

Write-Downs on inventories in the amount of Euro 997 thousand (previous year: Euro 862 thousand) were made in the fiscal year ended.

(3) TRADE RECEIVABLES

Trade receivables shown for Turbon International GmbH, the German subsidiary, in the amount of Euro 3,626 thousand (previous year: Euro 3,915 thousand) have been financed under a factoring agreement.

(4) OTHER ASSETS

Composition of other assets

| | Dec. 31, 2009<br>1,000 Euro | Dec. 31, 2008<br>1,000 Euro |
|---|---|---|
| Claims arising from other taxes | 457 | 488 |
| Deferred charges and prepaid expenses | 1,800 | 585 |
| Derivative hedge | 441 | 0 |
| Other assets | 188 | 401 |
| | **2,886** | **1,474** |

Deferred charges and prepaid expenses include the cost for the renovation of parts of the Meerbusch real property in connection with the long-term renewal of the tenancy (Euro 0.6 million, retransfer over the term of the new tenancy agreement) as well as for a special rental payment (Euro 0.8 million) for BIL Hattingen KG in the context of the prolonged financing for this object (which will be settled over the remaining term of the tenancy agreement to June 2019). Of the other assets, an amount of Euro 1,368 thousand (previous year: Euro 120 thousand) has a term to maturity of more than 12 months.

(5) INCOME TAX CLAIMS

Income tax claims result mainly from over-payments to the calculated expenses as well as deducted capital return taxes and corporation tax credits, which will be reimbursed over a period of several years. Of the income tax claims, an amount of Euro 245 thousand (previous year: Euro 275 thousand) has a term to maturity of more than 12 months.

(6) LIQUID ASSETS

Liquid assets are short-term, freely disposable cash in banks and cash in hand.

(7) ASSETS HELD FOR SALE

A part of the real property at the former Harlow site in England, which was shown in the previous year, was sold in January 2009. The planned disposal of the rest of the real property had to be postponed due to the ongoing economic crisis and the limited financing options granted by the banks involved on the buyer side. The sale is now scheduled for 2010.

(8) SHAREHOLDERS' EQUITY

The share capital of the Turbon AG is Euro 10,333 thousand (previous year: Euro 10,333 thousand) and is divided up into 3,642,000 (2007: 3,812,000) no par registered shares.
On February 5, 2009, the extraordinary general meeting of Turbon AG resolved to redeem the 170,000 treasury shares.
On April 9, 2009, Turbon AG was offered 21,049 shares in the context of share buyback scheme submitted by the Executive Board to the shareholders of Turbon AG.
On December 15, 2009, Turbon AG was offered a further 85,271 shares following another share buyback offer.
Now, 106,320 treasury shares held by Turbon AG have been distinguished from equity (previous year: 170,000).

Contingent capital as of December 31, 2009 in aggregate is Euro 38 thousand (previous year: Euro 127 thousand).

The annual meeting of shareholders on June 12, 2003 contingently raised the share capital of Turbon AG by a nominal sum up to Euro 511 thousand by issuing up to 200,000 no par value registered shares (contingent capital II). The contingent capital increase is executed only to the extent to which holders of subscription rights exercise these subscription rights under the Turbon stock option plan 2003, subject to the conditions specified therein, and it is necessary to raise capital to serve these subscription rights. Subscription rights are always issued within the first 15 working days of December. Subscription rights may not be exercised until after expiry of a two year holding period, which begins on the first day of the year that follows the issue of the subscription rights. Subscription rights, which give the right to buy a no par share in Turbon AG, can be exercised within three years of expiry of the holding period for a period of 21 calendar days counted from the third stock exchange trading day since the annual shareholders' meeting. The shares are issued at the relevant base price when a specific requirement for exercise is met. The base price is the average price of the Turbon stock over a certain measured period.

The basic data of the options issued since the Turbon stock option plan 2003 was passed are as follows:

| Subscription rights issued in | Base price in Euro | Subscription rights issued | Subscription rights exercised | Subscription rights outstanding Dec.31, 2009 |
|---|---|---|---|---|
| 2003 | 6.08 | 19,000 | - | - |
| 2004 | 10.14 | 38,500 | - | - |
| 2005 | 8.92 | 21,500 | - | 15,000 |
| 2006 | 8.24 | - | - | - |
| 2007 | 5.49 | - | - | - |

The exercising thresholds decisive for the exercisable options are recalculated after the end of the 2009 measuring period.

No subscription rights were exercised in the year under review. As in the previous year, no expenses arose from the option program.

The share-premium account in the amount of Euro 14,827 thousand contains the share premium of the 1991 capital increase and the amount of Euro 129 thousand from the exercise of subscription rights under the Turbon stock option plan 1999.

Individual elements in group equity and their development during the years of 2008 and 2009 arise from the Consolidated Statement of Changes in Shareholders' Equity on pages 24 and 25.

## (9) PROVISIONS FOR PENSIONS

The direct and indirect obligations include those arising from current pensions and expectancy rights for pensions and retirement benefits payable in the future.

The company pension scheme for the group is based partly on contributions and partly on performance. The relevant expenses are – unless directly netted with equity – included in the costs of the functional areas. The compound interest on pension rights acquired in previous years and income from investments are shown in net interest income. Unrealized actuarial results are netted against equity in the year under review.

The pension obligations for performance related old age pension schemes are charged according to the project unit credit method as per IAS 19 (Employee benefits). In Germany, the calculation is based on the 2005 G. Heubeck tables. The pension benefits to be expected are spread over the entire length of service of employees.

The valuation is based on the following assumptions.

| | Dec. 31, 2009 | Dec. 31, 2008 |
|---|---|---|
| Discount rate | 5.30% | 5.85% |
| Projected wage / salary growth | 0.00% | 0.00% |
| Projected pension growth | 1.00 - 3.00% | 1.00 - 3.00% |
| Fluctuation | 0.00% | 0.00% |
| Projected return on plan assets | 5.00% | 5.00% |
| Pension age | 60-65 | 60-65 |

These parameters apply also in the following year for the calculation of costs of the pension rights acquired in the year under review, the compound interest on the pension rights acquired in previous years and the anticipated income from investments.

The pension values from the projected unit credit method and the market values of fund investments have changed as follows in the fiscal years 2009 and 2008:

| | 2009 1,000 Euro | Previous Year 1,000 Euro |
|---|---|---|
| **Defined benefit obligation end of prior year** | **9,360** | **11,521** |
| Changes in scope of consolidation | 0 | -3 |
| Current service cost | 15 | 12 |
| Interest cost | 630 | 635 |
| Actuarial gains (+) / losses (-) | 890 | 28 |
| Benefits paid | -793 | -520 |
| Changes in currency | 589 | -2,313 |
| **Defined benefit obligation end of current year** | **10,691** | **9,360** |

Total expenses on pension commitments are comprised as follows:

| | 2009 1,000 Euro | Previous Year 1,000 Euro |
|---|---|---|
| Cost of obligations acquired during the year | 15 | 12 |
| Interest expenses on present value of pension obligations | 624 | 635 |
| Expected return on plan assets | -375 | -429 |
| **Expense for commitments** | **264** | **218** |
| Actuarial results offset against shareholders' equity | -890 | 28 |
| **Total expense for commitments** | **-626** | **246** |

Plan assets changed as follows in the fiscal years 2009 and 2008:

| | 2009 1,000 Euro | Previous Year 1,000 Euro |
|---|---|---|
| **Plan assets end of prior year** | **6,927** | **9,002** |
| Return on plan assets | 384 | 398 |
| Employer contribution on plan assets | 601 | 52 |
| Benefits paid by plan assets | -684 | -410 |
| Changes in currency | 553 | -2,115 |
| **Plan assets end of current year** | **7,781** | **6,927** |

To cover pension obligations due to employees of the British subsidiary, plan assets mainly comprise fixed interest bearing securities.

The pension provision is calculated as follows:

| | Dec. 31, 2009<br>1,000 Euro | Dec. 31, 2008<br>1,000 Euro | Dec. 31, 2007<br>1,000 Euro | Dec. 31, 2006<br>1,000 Euro | Dec. 31, 2005<br>1,000 Euro |
|---|---|---|---|---|---|
| Present value of unfunded obligations | 2,208 | 1,995 | 2,062 | 2,061 | 1,532 |
| Present value of funded obligations | 8,483 | 7,366 | 9,460 | 11,369 | 12,003 |
| Present value of pension obligations | 10,691 | 9,360 | 11,521 | 13,430 | 13,535 |
| Fair value of plan assets | -7,781 | -6,927 | -9,002 | -10,220 | -10,431 |
| Present value of pension obligations less plan assets | 2,910 | 2,433 | 2,519 | 3,210 | 3,104 |
| Unrecognised actuarial results | 0 | 0 | 0 | 0 | -185 |
| **Provision in accordance with IAS 19** | **2,910** | **2,433** | **2,519** | **3,210** | **2,919** |

Pension plans and obligations are valued at regular intervals. Actuarial investigations are performed each year for all significant entities.

## (10) PROVISIONS

Changes in provisions were as follows:

| | Balance<br>Jan. 01, 2009<br>1,000 Euro | Currency conversion<br>1,000 Euro | With-drawal<br>1,000 Euro | Release<br>1,000 Euro | Allocation<br>1,000 Euro | Balance<br>Dec. 31, 2009<br>1,000 Euro |
|---|---|---|---|---|---|---|
| Pension reserves | 2,433 | 37 | -93 | 0 | 533 | 2,910 |
| Accrued taxes | 2,607 | 6 | -854 | 0 | 1,112 | 2,871 |
| Other reserves and accrued liabilities | 4,522 | -44 | -3,469 | -340 | 5,026 | 5,695 |
| Thereof obligations to employees | 1,295 | -16 | -964 | -133 | 1,024 | 1,206 |
| Thereof business-related commitments | 3,227 | -28 | -2,505 | -207 | 4,002 | 4,489 |

Provisions for taxes include Euro 2,090 thousand for longterm deferred tax assets (previous year: Euro 1,788 thousand). Other provisions include provisions for obligations from the sector of personnel, for advertising costs, for bonuses and provisions for various individual risks.

## (11) OTHER LIABILITIES

Other liabilities include liabilities for other taxes of Euro 97 thousand (previous year: Euro 200 thousand) and liabilities for social security of Euro 118 thousand (previous year: Euro 140 thousand). Other liabilities have a term to maturity of less than 12 months.

## REPORTING OF FINANCIAL INSTRUMENTS

A distinction is made between ordinary and derivative financial instruments.

## ORDINARY FINANCIAL INSTRUMENTS

The estimated market values of ordinary financial instruments are not necessarily the values the company would gain in the event of a real transaction at current market rates.

In the assets column, the financial assets, receivables, other assets (excluding deferred charges) and liquid assets are classified as ordinary financial instruments. Available for sale financial assets are carried at their fair value, all other financial assets are carried at amortized cost.

Ordinary financial instruments in the liabilities column mainly include liabilities valued at amortized cost.

The fixed interest-bearing financial liabilities are carried at their repayment rates. The carrying values of liabilities with variable interest rates correspond approximately to their market values, because these interest rates are based on variable interest rates that are based on market interest rates.

The stock of ordinary financial instruments is shown in the balance sheet, the amount of the financial assets corresponds to the maximum credit risk. Risks of financial assets are covered by valuation allowances where such risks are discernible.

The fair value is taken from stock exchange prices or is determined using recognized valuation methods.

## DERIVATIVE FINANCIAL INSTRUMENTS

Derivate financial instruments include forward exchange transactions used to hedge against specific business transactions. The market values result from the relevant quotes of financial institutions at the reporting date. The nominal volume corresponds to the total of all purchase and sale sums underlying the transactions. The forward exchange transactions concluded by Turbon AG have a term to maturity of up to 48 months.

Hedge Accounting in line with IAS 39 is used for currency derivatives to secure future receivables and liabilities denominated in foreign currencies with the objective of minimizing volatilities in the statement of income.

Fair value hedges serve to hedge against the risk of variations in market value. There was no fair value hedge accounting in the Turbon Group as at December 31, 2009. The same applies to net investment hedge accounting to secure the net assets of foreign investments.

Cash flow hedges serve to hedge against the risk of variable cash flows. The company concludes foreign exchange transactions to limit the currency risk. Since the hedging relationships are classified as highly effective, cash flow hedge accounting is applied to these transactions.

The financial assets and liabilities can be subdivided into valuation categories with the following carrying values:

| **Book values in valuation categories 2009** | Valuation categories according IAS 39 | Book value as of Dec. 31, 2009 | Balance sheet valuation according to IAS 39 | | | Fair value as of Dec. 31, 2009 |
|---|---|---|---|---|---|---|
| | | | Amortized costs | Fair value recognized in Equity | Fair value recognized in income | |
| | | 1,000 Euro | 1,000 Euro | 1,000 Euro | 1,000 Euro | 1,000 Euro |
| **Assets** | | | | | | |
| Financial assets | AFS | 24 | 0 | 0 | 24 | 24 |
| Cash and cash equivalents | LAR | 9,947 | 9,947 | 0 | 0 | 9,947 |
| Trade receivables | LAR | 8,017 | 8,017 | 0 | 0 | 8,017 |
| Other receivables | LAR | 188 | 188 | 0 | 0 | 188 |
| Derivative financial receivables | n/a | 441 | 0 | 441 | 0 | 441 |
| Assets held for sale | AFS | 1,010 | 1,010 | 0 | 0 | 1,010 |
| **Liabilities** | | | | | | |
| Fixed interest bond | HTM | 9,897 | 9,897 | 0 | 0 | 9,897 |
| Trade payables | FLAC | 10,771 | 10,771 | 0 | 0 | 10,771 |
| Other liabilities | FLAC | 922 | 922 | 0 | 0 | 922 |
| **Thereof accumulated according to valuation categories IAS 39** | | | | | | |
| Available for Sale (AFS) | | 1,034 | 1,010 | 0 | 24 | 1,034 |
| Loans and Receivables (LAR) | | 18,152 | 18,152 | 0 | 0 | 18,152 |
| Held to Maturity Investments (HTM) | | 9,897 | 9,897 | 0 | 0 | 9,897 |
| Financial Liabilities Measured at Amortised Cost (FLAC) | | 11,693 | 11,693 | 0 | 0 | 11,693 |
| Not allocated | | 441 | 0 | 441 | 0 | 441 |

| Book values in valuation categories 2008 | Valuation categories according IAS 39 | Book value as of Dec. 31, 2008 | Balance sheet valuation according to IAS 39 | | | Fair value as of Dec. 31, 2008 |
|---|---|---|---|---|---|---|
| | | | Amortized costs | Fair value recognized in Equity | Fair value recognized in income | |
| | | 1,000 Euro | 1,000 Euro | 1,000 Euro | 1,000 Euro | 1,000 Euro |
| **Assets** | | | | | | |
| Financial assets | AFS | 243 | 0 | 0 | 243 | 243 |
| Cash and cash equivalents | LAR | 4,579 | 4,579 | 0 | 0 | 4,579 |
| Trade receivables | LAR | 7,625 | 7,625 | 0 | 0 | 7,625 |
| Other receivables | LAR | 401 | 401 | 0 | 0 | 401 |
| Assets held for sale | AFS | 2,472 | 2,472 | 0 | 0 | 2,472 |
| **Liabilities** | | | | | | |
| Fixed interest bond | HTM | 9,871 | 9,871 | 0 | 0 | 9,871 |
| Trade payables | FLAC | 10,038 | 10,038 | 0 | 0 | 10,038 |
| Other liabilities | FLAC | 1,743 | 1,743 | 0 | 0 | 1,743 |
| **Thereof accumulated according to valuation categories IAS 39** | | | | | | |
| Available for Sale (AFS) | | 2,715 | 2,472 | 0 | 243 | 2,715 |
| Loans and Receivables (LAR) | | 12,605 | 12,605 | 0 | 0 | 12,605 |
| Held to Maturity Investments (HTM) | | 9,871 | 9,871 | 0 | 0 | 9,871 |
| Financial Liabilities Measured at Amortised Cost (FLAC) | | 11,781 | 11,781 | 0 | 0 | 11,781 |

Financial instruments are recognized in the statement of income with the following net amounts (IFRS 7):

| | 2009<br>1,000 Euro | Previous year<br>1,000 Euro |
|---|---|---|
| **Net gain/loss on financial instruments** | **-872** | **-1,511** |
| Receivables and other assets | -913 | -1,483 |
| Held to maturity | -26 | -28 |
| Available for sale | 67 | 0 |

The net loss on receivables and other assets include the interest result and write-downs on trade receivables. The net losses of financial investments held to maturity take account of the change from the interest cost of the fixed-interest bearer bond. The net gain on financial instruments available for sale includes an option premium in connection with the real property in Harlow, England.

RISKS FROM FINANCIAL INSTRUMENTS

Because it operates internationally, the Turbon Group is exposed to credit risks, liquidity risks and market risks in the course of its normal business operations. Market risks result in particular from market prices and currency rates. These risks are limited by systematic risk management. The group companies are also subject to strict risk management. Internal directives prescribe areas of action, responsibilities and controls with binding effect in close consultation with the Executive Board.

In some cases, derivative financial instruments are used to hedge currency risks from operations and risks from financing operations.

Detailed outlines of risks to which the group is exposed and the aims and processes of risk management are contained in the section “Risk Report” in the Management Report.

CREDIT RISKS

We are exposed to credit risks in our sales business, because customers may not meet their payment obligations. We limit this risk by undertaking regular credit rating analyses of our customer portfolio on the basis of a receivables management directive. This means that all customer receivables over Euro 20 thousand must be secured as far as possible by credit insurance or that other securities must be available. A greater part of the receivables are secured by credit insurance. Due to the current economic situation, the requirements for limit approval on the part of credit insurers have become much more stringent. It may be that limits are no longer sufficient for the full hedging of a customer relationship. In this case, strict historical empirical values with respect to the relevant customers are used to minimize the default risk.

Impairment provisions are formed for overdue receivables by way of a specific valuation allowance. The maximum non-payment risk is limited to the carrying amount.

Valuation allowances for the receivables disclosed in the following balance sheet items changed as follows:

| **Write-downs on Trade receivables 2009** | Beginning balance Jan 01, 2009 1,000 Euro | Currency differences 1,000 Euro | Write-downs fiscal year 1,000 Euro | Write-ups fiscal year 1,000 Euro | Transfers 1,000 Euro | Disposals 1,000 Euro | Balance end of year Dec. 31, 2009 1,000 Euro | Book value of impaired receivables Dec. 31, 2009 1,000 Euro |
|---|---|---|---|---|---|---|---|---|
| Trade receivables | 224 | 0 | 50 | -55 | 0 | -134 | 85 | 3 |

| **Write-downs on Trade receivables 2008** | Beginning balance Jan 01, 2008 1,000 Euro | Currency differences 1,000 Euro | Write-downs fiscal year 1,000 Euro | Write-ups fiscal year 1,000 Euro | Transfers 1,000 Euro | Disposals 1,000 Euro | Balance end of year Dec. 31, 2008 1,000 Euro | Book value of impaired receivables Dec. 31, 2008 1,000 Euro |
|---|---|---|---|---|---|---|---|---|
| Trade receivables | 454 | 8 | 109 | 0 | 0 | -347 | 224 | 125 |

Overdue, non adjusted receivables in the following amount existed on the balance sheet date:

| **Receivables, past due and not impaired** | Book value Dec. 31, 2009 | thereof neither impaired nor past due as of Balance sheet date | thereof not impaired and past due in the following timeframes | | |
|---|---|---|---|---|---|
| | | | < 30 DAYS | BETWEEN 30 AND 60 DAYS | > 60 DAYS |
| | 1,000 EURO | 1,000 EURO | 1,000 EURO | 1,000 EURO | 1,000 EURO |
| Trade receivables | 8,017 | 7,216 | 583 | 95 | 120 |
| Other assets | 1,652 | 1,514 | 1 | 0 | 137 |

| **Receivables, past due and not impaired** | Book value Dec. 31, 2008 | thereof neither impaired nor past due as of Balance sheet date | thereof not impaired and past due in the following timeframes | | |
|---|---|---|---|---|---|
| | | | < 30 DAYS | BETWEEN 30 AND 60 DAYS | > 60 DAYS |
| | 1,000 EURO | 1,000 EURO | 1,000 EURO | 1,000 EURO | 1,000 EURO |
| Trade receivables | 7,625 | 6,409 | 909 | 103 | 79 |
| Other assets | 1,595 | 1,442 | 14 | 0 | 139 |

Of the aforementioned, non-adjusted receivables, the greater part has been settled at the time of preparation of these financial statements.

The Turbon Group is exposed to a credit risk on derivative financial instruments, which is caused by non-performance of contractual agreements by the contracting partners. The company limits this risk by concluding transactions only with credit institutions with a first-class credit rating.

## LIQUIDITY RISKS

There is a liquidity risk if the liquidity reserves are not sufficient to meet our financial obligations on time. However, daily cash reporting or an 8 week cash plan updated on a weekly basis ensures that such a risk is minimized. Sufficient credit lines are available with commercial banks, but unutilized at the present time due to sufficient liquidity. Additional liquidity is available through an existing factoring agreement.

Financial liabilities in the next few months and years will probably result in the following non discounted payments:

| Redemption and interest payments on financial liabilities | Book value | Redemption payments | | | Interest payments | | |
|---|---|---|---|---|---|---|---|
| | Dec. 31, 2009 1,000 Euro | 2010 1,000 Euro | 2011-2014 1,000 Euro | from 2015 1,000 Euro | 2010 1,000 Euro | 2011-2014 1,000 Euro | from 2015 1,000 Euro |
| Fixed interest bond | 9,897 | 0 | 10,000 | 0 | 720 | 1,830 | 0 |
| Other liabilities | 11,693 | 11,693 | 0 | 0 | 0 | 0 | 0 |

| Redemption and interest payments on financial liabilities | Book value | Redemption payments | | | Interest payments | | |
|---|---|---|---|---|---|---|---|
| | Dec. 31, 2008 1,000 Euro | 2009 1,000 Euro | 2010-2013 1,000 Euro | from 2014 1,000 Euro | 2009 1,000 Euro | 2010-2013 1,000 Euro | from 2014 1,000 Euro |
| Fixed interest bond | 9,871 | 0 | 10.000 | 0 | 720 | 2,550 | 0 |
| Other liabilities | 11,781 | 11,781 | 0 | 0 | 0 | 0 | 0 |

The issue of the fixed- interest bearer bond, which is due for repayment in July 2013 (original term seven years), is linked to various conditions. In addition to the general conditions, there are financial requirements that certain relations as regards the interest and debt ratio must be maintained. These relations were complied within the fiscal year.

MARKET RISKS

The Turbon Group is exposed to market risks primarily because of changes in exchange rates. Currency risks arise mainly with payments and trade receivables and payables.

The Turbon Group also has income and expenses in foreign currencies. At the group level, net items are formed for the most important currencies (US Dollars and British Pounds) in the context of centralized currency management and, if necessary, hedged via forward exchange transactions with external contracting counterparties (credit institutions). Since the relevant hedging relationship is classified as highly effective, cash flow hedge accounting is applied in accordance with the requirements of IAS 39 "Financial Instruments: Recognition and Measurement". The relevant fair values resulting from valuation at market prices are shown in the following table and recognized directly in other comprehensive income, taking account of deferred taxes.

| Dec 31, 2009 | Nominal value | Positive Fair value | Negative Fair value |
|---|---|---|---|
| Foreign exchange contracts | 17,724 | 451 | -10 |
| thereoff Cashflow-Hedges | 17,724 | 451 | -10 |

| Dec 31, 2008 | Nominal value | Positive Fair value | Negative Fair value |
|---|---|---|---|
| Foreign exchange contracts | 0 | 0 | 0 |
| thereoff Cashflow-Hedges | 0 | 0 | 0 |

Fair values are stated in the balance sheet in other assets or other liabilities. The market price results from relevant quotes of credit institutions. Other comprehensive income after tax increased in 2009 by Euro 441 thousand (previous year: Euro 0) due to positive changes in fair values of derivatives designated as cash flow hedges. In the year under review, no amounts initially recognized in other comprehensive income as part of equity without affecting the income, resulting from settlement of the hedged transaction, were recognized in income.

IFRS 7 requires sensitivity analyses for the presentation of market risks, which show the effects of hypothetical changes of relevant risk variables on net income. Currency risks as defined by IFRS 7 do not arise on assets and liabilities in Euros. The following table shows the effect on the equity of the Turbon Group in each case of a 10% change in the currency risk position:

| 2009 | USD | GBP | Total |
|---|---|---|---|
| **Scenario 1** | | | |
| Revaluation to € by 10% | 384 | 456 | 840 |
| **Scenario 2** | | | |
| Devaluation to € by 10% | -314 | -374 | -688 |

| 2008 | USD | GBP | Total |
|---|---|---|---|
| **Scenario 1** | | | |
| Revaluation to € by 10% | 338 | 54 | 392 |
| **Scenario 2** | | | |
| Devaluation to € by 10% | -277 | -43 | -320 |

# Explanations to the Consolidated Statement of Income

Segment reporting is based on the internal organizational and reporting structure, which is distinguished by regional markets in which the Turbon Group operates.

## Segment Report by Regions

| for the period from January 01 until December 31, 2009 | Europe 1,000 Euro | USA 1,000 Euro | Asia 1,000 Euro | Consolidation 1,000 Euro | Group 1,000 Euro |
|---|---|---|---|---|---|
| Sales with third parties | 54,455 | 30,421 | 1,006 | 0 | 85,882 |
| Sales with group companies | 31,296 | 3,089 | 27,615 | -62,000 | 0 |
| EBIT | 3,367 | 443 | 2,767 | 177 | 6,754 |
| Assets | 139,005 | 37,166 | 29,373 | -149,188 | 56,356 |
| Liabilities | 80,025 | 19,915 | 4,818 | -71,692 | 33,066 |
| Financial income | 348 | 100 | 0 | -260 | 188 |
| Financial expense | 1,366 | 0 | 0 | -260 | 1,106 |
| Capital expenditure* | 1,091 | 45 | 44 | 0 | 1,180 |
| Depreciation | 1,175 | 142 | 398 | 0 | 1,715 |
| Average workforce during the period** | 687 | 85 | 181 | 0 | 953 |

* Refurbishment measures at the long-term let property Meerbusch, which is reported as deferred item, have close-investment nature
** Additionally 524 temporary staff in Thailand

| for the period from January 01 until December 31, 2008 | Europe 1,000 Euro | USA 1,000 Euro | Asia 1,000 Euro | Consolidation 1,000 Euro | Group 1,000 Euro |
|---|---|---|---|---|---|
| Sales with third parties | 57,734 | 39,341 | 1,249 | 0 | 98,324 |
| Sales with group companies | 38,742 | 4,816 | 32,353 | -75,911 | 0 |
| EBIT | 1,781 | -25 | 2,353 | 164 | 4,273 |
| Assets | 121,688 | 41,310 | 28,149 | -137,873 | 53,274 |
| Liabilities | 55,406 | 22,048 | 5,383 | -51,623 | 31,214 |
| Financial income | 274 | 8 | 2 | -190 | 94 |
| Financial expense | 1,605 | 53 | 0 | -190 | 1,468 |
| Capital expenditure | 713 | 136 | 428 | 0 | 1,277 |
| Depreciation | 644 | 242 | 509 | 0 | 1,395 |
| Average workforce during the period* | 865 | 109 | 177 | 0 | 1,151 |

* Additionally 670 temporary staff in Thailand

Intercompany sales took place unchanged at the usual arms-length rates. The presentation shows balances for the region which have been added together and were not consolidated.

## (12) SALES

Sales of Euro 75.4 million (previous year: Euro 84.1 million) were made with laser cartridges. Sales of other products (mainly ink jet, TTR and impact products) totalled Euro 10.5 million (Euro 14.2 million in the previous year).

## (13) SELLING EXPENSES

Selling expenses fell by Euro 1.9 million to Euro 5.4 million, which is mainly due to the closure of our Harlow location in the UK.

## (14) ADMINISTRATIVE EXPENSES

Administrative expenses reduced slightly year-on-year from Euro 6.4 million to Euro 6.1 million, which is due primarily to lower personnel expenses in connection with the closure of the Harlow location in the UK.

## (15) OTHER OPERATING INCOME

Other operating income includes in particular the balance after netting currency gains and losses (Euro 262 thousand, previous year Euro 91 thousand loss). It also includes income from the initial valuation of the real property in Meerbusch (Euro 170 thousand), proceeds from the sale of a brand name (Euro 250 thousand), income from an option premium (Euro 67 thousand) as well as miscellaneous income from the release of provisions (Euro 340 thousand), the sale of items of property, plant and equipment (Euro 44 thousand) and income received on previously written-off receivables (Euro 82 thousand).

## (16) OTHER OPERATING EXPENSES

In addition to expenses not allocated to other functional areas, other operating expenses include additions to miscellaneous provisions as well as value adjustments on receivables and, as a result of the regular impairment test, non-scheduled depreciation of Euro 396 thousand on items of business and office equipment of the Belgian subsidiary, since this company is not expected to generate sustainable surpluses in the near future.

The capitalization of development costs has been waived as there is no specific evidence of a future economic benefit.

## (17) INCOME TAX

Recognized as income tax are the income taxes in the individual countries and the deferred tax balances. Expenses on income tax including deferred taxes are comprised as follows:

| | 2009<br>1,000 Euro | Previous Year<br>1,000 Euro |
|---|---|---|
| Current taxes | -978 | -1,071 |
| Deferred taxes | -1,395 | -221 |
| | **-2,373** | **-1,292** |

Allocation of deferred tax balances:

| | Deferred tax assets | | Deferred tax liabilties | |
|---|---|---|---|---|
| | Dec. 31, 2009<br>1,000 Euro | Dec. 31, 2008<br>1,000 Euro | Dec. 31, 2009<br>1,000 Euro | Dec. 31, 2008<br>1,000 Euro |
| Long-term assets | 221 | 213 | 1,536 | 1,617 |
| Inventories | 341 | 496 | 421 | 0 |
| Other short-term assets | 99 | 0 | 133 | 171 |
| Pension reserves | 127 | 75 | 0 | 0 |
| Tax losses carried forward | 1,996 | 3,299 | 0 | 0 |
| **Balance pursuant to consolidated balance sheet** | **2,784** | **4,083** | **2,090** | **1,788** |

Deferred taxes result from temporary differences in values between the tax base of assets and liabilities and their carrying amounts under IFRS. Deferred tax receivables and deferred tax liabilities are netted if these exist against the same tax authority. Potential dividend payments by our subsidiary in Thailand would lead to a liability for capital gains tax. Since we have no intention of making any, in the medium term at least, we have decided against the accrual of a deferred tax liability.

Loss carry forwards able to be utilized for tax purposes were available as of December 31, 2009 and of December 31, 2008 primarily to the US and German group companies. Deferred tax assets were recognized for loss carry forwards where it was sufficiently probable that these loss carry forwards could be used and as long as it can occur before expiration of tax losses carried forward. The increase in deferred tax sums is due to higher loss carry forwards and, therefore, to the improvements in results to be expected as a consequence of the restructuring measures performed. Normally used as the period for this forecast are the 5 years following the fiscal year.

The following losses carried forward are related to German corporate and trade taxes as well as federal and state taxes in the USA:

| | 2009<br>1,000 Euro | Previous year<br>1,000 Euro |
|---|---|---|
| **Tax assets from losses carried forward in the group as of Jan, 01** | **24,969** | **28,299** |
| Additions / Disposals | -5,534 | -3,927 |
| Currency related changes | -584 | 597 |
| **Tax assets from losses carried forward in the group as of Dec, 31** | **18,851** | **24,969** |
| **Losses carried forward not recognized as of Jan, 01** | **-9,780** | **-9,463** |
| Losses of current year not useable | 0 | 0 |
| Currency related changes | 349 | -317 |
| **Losses carried forward not recognized as of Dec, 31** | **-9,431** | **-9,780** |
| **Taxable losses carried forward as of Dec, 31** | **9,420** | **15,189** |

The reconciliation of computed with actual tax expenses is shown in the following table:

| | 2009<br>1,000 Euro | Previous year<br>1,000 Euro |
|---|---|---|
| Expected tax income | -1,885 | -921 |
| Decrease of impairment on taxable losses carried forward | -250 | 0 |
| Deviations from taxable base | -178 | -317 |
| Other deviations | -60 | -54 |
| | **-2,373** | **-1,292** |

The computed tax result rate is calculated on the basis of the weighted average of the domestic tax rate of 32.3% (previous year 31.7%). The average foreign tax rate is 34.0% (previous year: 30.1%).

As well as tax expenses and tax income recognized in the statement of income, an amount of Euro -93 thousand (previous year: Euro -262 thousand) was recognized in equity.

## (18) EARNINGS PER SHARE

Undiluted earnings per share were calculated by dividing consolidated net income (Euro 3,463 thousand; previous year Euro 1,607 thousand) by the average number of shares issued (3,619,107; previous year 3,642,000). To determine diluted earnings per share, the average number of shares issued was increased by the number of subscription rights still existing under the 2003 stock-option plan (3,634,107; previous year 3,706,500).

(19) OTHER DETAILS OF THE CONSOLIDATED STATEMENT OF INCOME

The costs of sales include the following material expenses:

| | 2009 1,000 EURO | Previous Year 1,000 EURO |
|---|---|---|
| Cost of raw materials, supplies and trading stock | 40,736 | 51,261 |
| Cost of purchased services | 15 | 103 |
| | **40,751** | **51,364** |

Personnel expenses are divided up as follows:

| | 2009 1,000 EURO | Previous Year 1,000 EURO |
|---|---|---|
| Wages and salaries | 12,797 | 16,741 |
| Social security, pension and other benefit costs | 2,733 | 3,133 |
| thereof for pensions | 199 | 315 |
| | **15,530** | **19,874** |

Employed by the group on average for the year:

| | 2009 | Previous Year |
|---|---|---|
| Industrial employees | 657 | 839 |
| Clerical employees | 284 | 302 |
| Trainees | 12 | 10 |
| | **953** | **1,151** |

# Other Information

CONTINGENT LIABILITIES AND OTHER FINANCIAL OBLIGATIONS

There were no contingent liabilities on either of the balance sheet dates.

Other financial obligations:

The financial obligations towards third parties from initiated investment undertakings were within normal business limits.

Future rent and lease payments have the following maturities until expiry of the minimum term of the contracts:

| | Dec. 31, 2009 1,000 EURO | Dec. 31, 2008 1,000 EURO |
|---|---|---|
| Due within one year | 2,110 | 2,217 |
| Due after more than one year and up to five years | 7,710 | 8,205 |
| Due after more than five years | 5,930 | 7,774 |
| | **15,750** | **18,196** |

This includes the current lease contract for the property in Hattingen (company headquarters of Turbon AG and Turbon International GmbH).

Future lease income until the earliest possible date of termination of the sublease in Meerbusch is:

| | Dec. 31, 2009 1,000 EURO | Dec. 31, 2008 1,000 EURO |
|---|---|---|
| Due within one year | 788 | 796 |
| Due after more than one year and up to five years | 3,152 | 3,152 |
| Due after more than five years | 1,051 | 1,839 |
| | **4,991** | **5,787** |

## CASH FLOW STATEMENT

The cash flow statement is presented on page 26.

Cash funds comprise cash in banks and cash on hand.

## RELATED PARTY DISCLOSURES

On December 31, 2009, Mr. Brückmann-Turbon had a shareholding of 38.81% (previous year: 27.78%), of which 38.01% (previous year: 27.02%) were held indirectly by HBT Holdings GmbH, Schwelm, and NCR GmbH, Augsburg (subsidiary of NCR Corporation, Dayton, OH, USA), had a shareholding of 28.83% (previous year: 27.54%) in Turbon AG. Gothaer Lebensversicherung AG (previous year: 10.49%) no longer has a share in Turbon AG.

A consultancy agreement exists between Turbon AG and HBT Holdings GmbH. Services provided under this contract are compensated based on expenditure of time. Consultancy services for the amount of EUR 171 thousand were billed in 2009 (previous year: Euro 149 thousand). The liabilities to this company amounted to Euro 34 thousand (previous year: Euro 0 thousand) on the reporting date.

Contractual relations with the major shareholder NCR Corporation exist exclusively within the usual scope of supply and service relations. Sales to NCR in 2009 were Euro 1,272 thousand (previous year: Euro 1,342 thousand). The receivables from the companies of this major shareholder amounted to Euro 35 thousand (previous year: Euro 101 thousand) on the reporting date.

There are the usual contractual relations with other persons of executive bodies.

## MEMBERS OF THE SUPERVISORY BOARD AND EXECUTIVE BOARD

### SUPERVISORY BOARD

Members of the Supervisory Board hold, in addition to their control functions at Turbon AG, the following mandates in supervisory boards required by statute and comparable control instances of commercial enterprises (effective date: December 31, 2009):

**Hans Joachim Scholten**

Dipl.-Kaufmann, Alzenau
– Chairman –

**Dr. Paul-Michael Günther**

Lawyer, Public Accountant and Tax Consultant, Wuppertal
- Vice Chairman -

Fruchtimport P. van Wylick GmbH, Düsseldorf
- Advisory Board member -
DRICON Managing Consultants AG, Frankfurt am Main
- Supervisory Board Chairman -
DRICON CAPITAL AG, Frankfurt am Main
- Supervisory Board Chairman -

**Thomas Hertrich**

Head of Reporting, NCR GmbH, Aystetten
(Supervisory Board member since February 5, 2009)

**Dr. Juno A. Nuber**

Vice President NCR, Glattzentrum, Switzerland
(until February 02, 2009)

NCR Italy S.p.A., Milan, Italy
- Supervisory Board member -
NCR Finnland Oy, Helsinki, Finland
- Supervisory Board member -
NCR Belgien & Co. SNC, Brussels, Belgium
- Supervisory Board member -
NCR International Inc., Dayton (OH), USA
- Supervisory Board member -

**Simon J. McCouaig**

General Manager Europe NCR Corp., Wantage, Oxford, UK

**Girolamo Cacciatore**

Works Council Chairman, Remscheid,
- Employee Representative -

**Dietmar Kirsch**

Technical Employee, Langenfeld
- Employee Representative -

### EXECUTIVE BOARD

**Aldo C. DeLuca**
Ivyland (PA), USA
- Executive-Board Spokesman -

**Michael Pages**

Moers

# Total Compensation of the Supervisory Board and Executive Board

The total compensation paid to the Supervisory Board in the 2009 fiscal year was Euro 46 thousand (previous year: Euro 46 thousand). Turbon AG also paid a pro-rata share of EUR 7 thousand (previous year: Euro 7 thousand) under a collective liability insurance agreement in the fiscal year ended.

The total compensation paid to the Executive Board of Euro 548 thousand in the year under review (previous year: Euro 624 thousand) was split between the individual Executive Board members as follows:

| | Aldo C. De Luca 1,000 Euro | Michael Pages 1,000 Euro |
|---|---|---|
| Compensation | | |
| Fixed | 224 | 184 |
| Variable | 93 | 47 |
| | **317** | **231** |

The retirement of Alan Howard on December 31, 2008, led to a reduction in the Executive Board by one member.

We refer to our detailed explanations in the compensation report as part of the management report (Corporate Governance Report).

The expenditure on pension commitments for former Executive Board members in the 2009 fiscal year was Euro 104 thousand (previous year: Euro 102 thousand). The pension reserve for this group amounted to Euro 1,995 thousand (previous year 1,793 thousand).

Current payments for a former Executive Board member in the 2009 fiscal year were Euro 85 thousand (previous year: Euro 83 thousand).

### DECLARATION ON THE CORPORATE GOVERNANCE CODE

The declaration regarding the German Corporate Governance Code required according to Section 161 AktG was issued and made available to the shareholders.

### AUDITORS' FEES

The following fees were recorded as an expense for the services provided by the auditor of the annual and consolidated financial statements, BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft:

| | Dec. 31, 2009 1,000 Euro | Dec. 31, 2008 1,000 Euro |
|---|---|---|
| Audits | 123 | 123 |
| Other services for certification or estimation | 0 | 8 |
| | **123** | **131** |

Hattingen, March 31, 2010
The Executive Board
Aldo C. DeLuca
Michael Pages

# Responsibility statement

To the best of our knowledge, we declare that the consolidated financial statements prepared in accordance with enacted accounting principles give a true and fair view of the net worth, financial position and results of operations of the group, and the combined management and group management report includes a fair review of the group's development and performance and of its position, together with a description of
the principal opportunities and risks associated with the expected development of the group in the remaining months of the financial year.

Hattingen, March 31, 2010
The Executive Board
Aldo C. DeLuca
Michael Pages

# Turbon AG, Hattingen

## Auditor's Report

We have audited the consolidated financial statements prepared by the Turbon AG, Hattingen, comprising the balance sheet, the income statement and statement of comprehensive income, statement of changes in equity, cash flow statement, and the notes to the consolidated financial statements, together with the management report of the group and Turbon AG for the business year from January 1, 2009 to December 31, 2009. The preparation of the consolidated financial statements and management report of the group and Turbon AG in accordance with IFRS, as they are to be applied within the EU, and supplementary provisions of § 315a (1) HGB [„Handelsgesetzbuch": „German Commercial Code"] are the responsibility of the Parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the management report of the group and Turbon AG based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [„Handelsgesetzbuch": „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with principles of proper accounting and in the management report of the group and Turbon AG are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the group and Turbon AG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the management report of the group and Turbon AG. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRS, as they are to be applied within the EU, and supplementary provisions of § 315a (1) HGB [„Handelsgesetzbuch": „German Commercial Code"] and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with German principles of proper accounting. The management report of the group and Turbon AG is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Düsseldorf, April 9, 2010
BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Horn
Wirtschaftsprüfer
(German Public Auditor)

Massing
Wirtschaftsprüfer
(German Public Auditor)

# Shareholdings of Turbon AG

## as of December 31, 2009

| | Share of capital (%) | held thru no. | Currency | Equity | Annual result |
|---|---|---|---|---|---|
| | | | | in 1,000 currency units | |
| **Affiliated companies included in the Consolidated Financial Statements** | | | | | |
| 1 Turbon AG, Hattingen | | | EUR | 31,055 | 1,662 |
| 2 Turbon International GmbH, Hattingen* | 100.00 | 1 | EUR | 4,301 | 0 |
| 3 Turbon International, Inc., York(PA)/USA | 100.00 | 1 | USD | 33,667 | 0 |
| 4 Curtis Young Corporation, Cinnaminson (NJ)/USA | 100.00 | 3 | USD | -9,305 | 820 |
| 5 Carbotex Company Limited, Samutprakarn/Thailand | 100,00 | 10 | THB | 1,1157,812 | 63,668 |
| 6 Turbon Nordic Holding A/S, Tästrup/Denmark | 100.00 | 1 | DKK | 4,110 | -164 |
| 7 Keytec (GB) Ltd. Axminster (Devon), Great Britain | 100.00 | 1 | GBP | 658 | -576 |
| 8 Kores Nordic Belgium NV-SA, Grimbergen/Belgium | 100.00 | 6 | EUR | 701 | -179 |
| 9 Tonerfill Romania S.R.L., Oltenita/Romania | 100.00 | 1 | RON | -5,040 | 894 |
| 10 Carbotex Beteiligungs GmbH, Hattingen | 100.00 | 1 | EUR | 23,023 | -1 |
| 11 BIL Leasing Verwaltungs-GmbH & Co. Objekt Meerbusch KG, Pöcking | 95.00 | 1 | EUR | -112 | 49 |

* after transfer of result to Turbon AG

| | Share of capital (%) | held thru no. | Currency | Equity | Annual result |
|---|---|---|---|---|---|
| | | | | in 1,000 currency units | |
| **Affiliated companies not included in the Consolidated Financial Statements** | | | | | |
| 12 Tonerfill B.V., Leeuwarden/Netherlands** | 100.00 | 1 | EUR | -396 | -192 |
| 13 Turbon Nordic (Pensions) Ltd., Harlow (Essex)/Great Britain | 100,00 | 7 | GBP | 2 | 0 |
| 14 Keytec Industries (GB) Ltd. Axminster (Devon), Great Britain | 100,00 | 7 | GBP | 432 | 0 |
| 15 Kores Nordic Danmark A/S, Tästrup/Denmark (in liquidation)** | 100,00 | 6 | DKK | -1,044 | -1,485 |
| 16 Keymax International Ltd., Harlow (Essex)/ Great Britain (in liquidation)** | 100,00 | 7 | GBP | 236 | 0 |
| 17 Accutecc (UK) Ltd., Harlow (Essex)/ Great Britain (in liquidation)** | 100,00 | 7 | GBP | 1,026 | 0 |
| **Other participations** | | | | | |
| 18 BIL Leasing Verwaltungs-GmbH & Co. Objekt Hattingen KG, Pöcking | 95.00 | 1 | EUR | -1,437 | 2 |

** Last available Financial statements: Dec 31., 2008; The losses of both companies are respectively considered in the Financial statements of 2008.

# TURBON AG

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