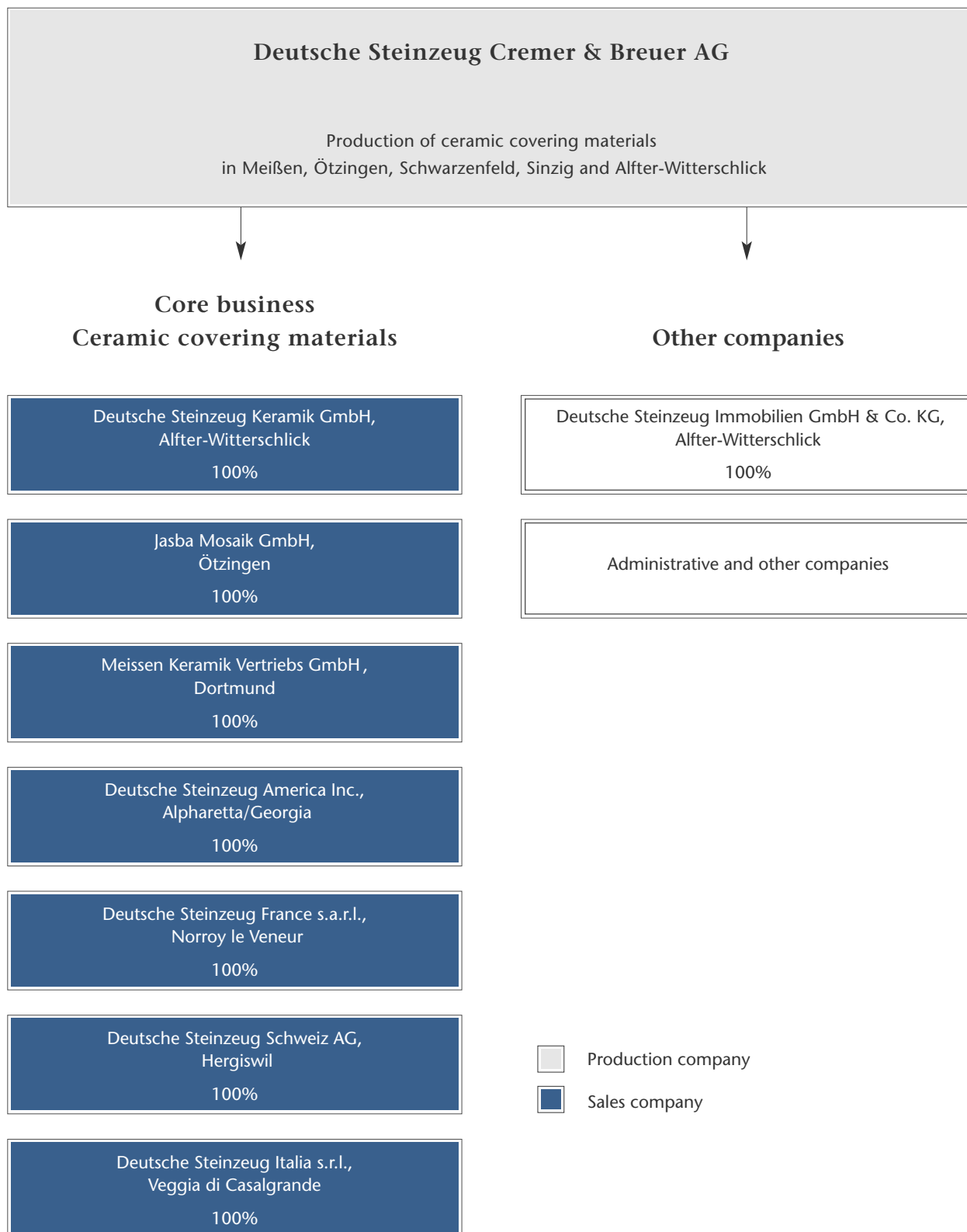




Annual Report 2008





## Key indicators for the Deutsche Steinzeug Group

Fiscal year to 31 December		2008	2007	Change	
		€	€	€	%
Group sales	(mill.)	231.9	243.2	- 11.3	- 4.6
EBITDA (result before taxes, interest and depreciations)	(mill.)	4.0	19.5	- 15.5	- 79.5
EBITDA before special effects	(mill.)	9.2	19.7	- 10.5	- 53.3
EBIT (result before taxes and interest)	(mill.)	-7.6	11.6	- 19.2	<-100.0
EBIT before special effects	(mill.)	1.3	11.8	- 10.5	- 89.0
EGT (result from ordinary operations)	(mill.)	-16.8	2.5	- 19.3	<-100.0
EGT before special effects	(mill.)	-7.9	3.3	- 11.2	<-100.0
Group net profit	(mill.)	-16.8	2.0	- 18.8	<-100.0
Group net profit before special effects	(mill.)	- 7.9	3.1	- 11.0	<-100.0
Investments in intangible assets and property, plant and equipment					
Investments in intangible assets	(mill.)	4.5	10.7	- 6.2	- 57.9
Investments in financial assets	(mill.)	2.6	2.1	+ 0.5	+ 23.8
Total depreciations	(mill.)	11.6	7.9	+ 3.7	+ 46.8
Balance sheet total					
Balance sheet total	(mill.)	180.2	197.8	- 17.6	- 8.9
of which long-term assets	(mill.)	98.3	105.4	- 7.1	- 6.7
of which short-term assets	(mill.)	81.9	92.4	- 10.5	- 11.4
of which shareholders' equity	(mill.)	44.1	60.7	- 16.6	- 27.3
of which long-term liabilities	(mill.)	98.3	91.7	+ 6.6	+ 7.2
of which short-term liabilities	(mill.)	37.8	45.4	- 7.6	- 16.7
Working capital	(mill.)	57.8	64.4	- 9.6	- 14.2
Net indebtedness to banks	(mill.)	68.2	64.1	+ 5.4	+ 8.6
Employees					
Employees	(number)	1,605	1,678	- 73	- 4.4
EBITDA profit-sales ratio					
EBITDA profit-sales ratio	(%)	1.72	8.03	- 6.31	- 78.6
EBITDA profit-sales ratio before special effects	(%)	3.97	8.08	- 4.11	- 50.9
EBIT profit-sales ratio	(%)	-3.28	4.79	- 8.07	<-100.0
EBIT profit-sales ratio before special effects	(%)	0.56	4.84	- 4.28	- 88.4
EGT profit-sales ratio	(%)	-7.24	1.04	- 8.28	<-100.0
EGT profit-sales ratio before special effects	(%)	-3.41	1.37	- 4.78	<-100.0
Number of shares giving entitlement to dividend					
Number of shares giving entitlement to dividend	(number)	27,615,618	27,615,618	+ 0	+ 0.0
Dividend per share without tax credit adj.		0.00	0.00	+ 0.00	+ 0.0
Dividend per share with tax credit adj.		0.00	0.00	+ 0.00	+ 0.0
Price on last day of trading adj.		0.53	1.49	- 0.96	- 64.4
Market capitalization on last day of trading	(mill.)	14.6	41.1	- 26.50	- 64.5



Thermal bath, Laško/Slovenia

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# Letter from the Chairman of the Board of Management

*Dear Shareholders, Business Partners  
and Employees,*



Dieter Schäfer,  
Chairman of the Board of Management

If you look back again on the statements of the Board of Management in the annual reports of our Company of the past years, you will see that we – despite all the difficulties with which the tile industry and especially our Company had to contend, last but not least due to the difficult financing structure – nevertheless have tackled the problems of the markets facing us and successfully implemented the changes for our Company related to them with plenty of optimism.

The present economic and above all the financial environment, however, reveal so little valid information that it is difficult with regard to all the necessary planning for the future to back up the coming quarters with reliable budget figures. The consequences of this world-wide crisis have considerably affected our balance sheet and our profit and loss statement of the fiscal year 2008.

Thus, our estimations with regard to distortions in the property market and the crisis at domestic and foreign investment companies and banks related to them, which we addressed already last year, have been confirmed in an unpredictable way and at unforeseeable speed.

Despite all the world-wide export success of our marketing subsidiaries during the last years, the major part of our sales / turnover is still realized on the European market. Thus, as a German producer, we are especially affected by the fact that in 2008 for the first time after 14 years of continuous growth a decline of approximately 2.5 % was to be noted within the European building industry. For the current year, we are expecting a further downturn of 4.5 %. Referred to the residential construction sector – which is the most important market indicator for our tile sales volume – even a decline by 7 % is expected Europe-wide. The renewed drop in demand volume in the total tile market of the Federal Republic of Germany in 2008 by 4 to 5 % again from approx. 120 million m<sup>2</sup> to less than 115 million m<sup>2</sup> is not encouraging, but in view of the development of the last years it just means a continuation of the domestic market trend we know and for which we had already prepared ourselves.

We have been especially hit by the downturn in our European export markets whose extent and speed was unpredictable by anybody. The massive decline in consumption already mentioned in the last annual report in the Spanish tile market, which had been booming for more than 10 years, the considerably declining consumption in the Italian



Series Dune, AGROB BUCHTAL



3rd Building, Sofia/Bulgaria

domestic market once again, but also the extreme export losses of the European producers on the primary export market of the USA have altogether led to sales volume / turnover losses to an extent unforeseeable by all market participants. The exchange rate collapse of some European currencies outside the EURO zone, for example the British Pound, the Russian Rouble, the Polish Złoty or the Turkish Lira, further aggravates the situation. On the one hand, this has resulted in a massive decline in consumption in the domestic markets, and on the other hand, it has raised the export prices of our high-quality products by up to 40 %, which has almost led to a stagnation of the turnover in these markets as of the fourth quarter of 2008.

#### **How has Deutsche Steinzeug reacted to the crisis?**

The market distortions described above have led to a considerable decline in turnover and a drastic fall in sales revenue, above all in the low-price product segment, which we could not completely evade especially in the sector of medium- and small-size wall tiles. After this development and the deterioration of our Company's earnings situation resulting from it had become recognizable early thanks to internal controlling instruments, we have reacted with a whole lot of countermeasures. As a result of the market development and the measures implemented, our operating result – which had been planned to be approximately at previous year's level – nevertheless massively declined in the second half-year of 2008.

Our system of figures not only represents our production, sales and turnover situation exact to the day; our budgeting and controlling instruments also provide us with a permanently rolling planning and liquidity alignment which adjusts the consequences always for the following months. Against this background that changes in the markets are immediately recognizable at any time, the Board of Management together with its staff realized the need for action very early and scrutinized both the production and the marketing strategy.

As regards the strategically extremely important marketing strategy, we ordered a brand study already in the first quarter of 2008 in order to review our brand positioning. That is why the repositioning of our brands explained in the following and the reduction of parts of our product ranges are only partly a reaction to the world-wide financial



Swimming pool, Rømø/Denmark

crisis, as at that time the consequences of the downturn were still unforeseeable. It is rather a conclusion drawn from the findings of the brand study, a result of the eroding price policy in the market as well as a reaction to the deterioration of the European tile market beginning at that time and to the massive cost increase in the sectors of energy and raw materials.

In the end, the concentration on our core competence and the high-quality positioning of the brands Agrob Buchtal and Jasba helps our Company to improve its positioning in a market which is considerably declining world-wide at the moment.

#### **Marketing strategically repositions the brands**

Because of the immense importance of the new marketing strategy for the strategic positioning of our Company, I would like to introduce to you its essential cornerstones in the following, together with the corresponding consequences concerning production.

Basically, it makes sense in a declining market to focus on the strengths of the product range as well as on the distributive channels in which one holds a market leadership or will be able to achieve it in the medium-term. For consistently realizing this – also against the background of our findings from the brand study – we have put the main focus of our marketing efforts on the strong market position of the brand Agrob Buchtal in the Architectural Ceramics sector. Accordingly, we have intentionally incorporated the Residential Ceramics sector under the same brand name. The result of this joining of the marketing organizations of Residential and Architectural Ceramics implemented as of 1 January 2009 is that we, on the one hand, take advantage of the brand Agrob Buchtal which is well-known at planners and architects. On the other hand, we want to achieve by this that the share of the profitable brand Agrob Buchtal in the Group turnover will rise to 70 to 75 % in the medium-term as a result of this concentration. In addition, the joining of Architectural Ceramics and high-quality Residential Ceramics under a common system of conditions with different rebates, depending on the importance regarding turnover, benefits from the pull effect of the exceptional position in the Architectural Ceramics business for high-quality Residential Ceramics. At the implementation of the new marketing strategy, it has also turned out that the separate responsibilities of Architectural and Residential Ceramics in the end could no longer be maintained also with regard to the product range. The transitions between the market developments are moving, as – depending on the value – high-quality living space design in the same way constitutes a demand for Architectural Ceramics as a sophisticated





Theatre Jean Bart, Tulcea/Romania

commercial project or swimming pool planning. This difficulty regarding the definition of “project” is also increasingly reflected in our product range. The look and the haptics of most of the modern porcelain stoneware surfaces permit neither a visual nor an emotional separation between the Architectural and the Residential sector.

The inevitable consequence of this concentration on higher-value products was that we gradually had to reduce our range in the lower price segment against the background of the rising energy and structure costs. Besides a considerable reintegration of our necessary business with additional purchased goods, we were faced with the task, despite this possibility of insourcing, to reduce our quantitative supply above all in the wall tile sector and to adjust the existing overcapacity in the production of wall tiles in this way. In the sector of earthenware tiles, the market distortions become particularly apparent, which affect especially the low-price product segments of the wall tiles.

In addition, the new structure means the spinning off of the mosaic brand Jasba into an own sales company. The emphasizing of the value of the brand positioning by the replacement of the management, together with the necessary independent marketing responsibility, are accompanied by imparting an emotional quality to the brand and underlining the premium characteristics of Jasba. The novelties presented at the BAU trade fair in Munich in January of this year support this new higher-priced brand positioning.

The rigorous discontinuation of the low-price segment in the wall tile sector also results in a reorientation of our DIY activities in so far as we will increasingly focus on those DIY suppliers which operate with interior design concepts and thus give priority to higher value.

In the scope of the new marketing strategy, we have also adjusted our system of conditions to this organizational change. The most important alteration is the changeover to “ex works pricing” and thus the separation of the product price from the service. With this measure, we followed the market trend, as the South European producers with a market share of more than 60 % in Germany had quoted their prices “ex works” already in the past. In the end, we are also strengthening our top performers among the marketing institutions with this regulation.

Series Jasba - NATURAL GLAMOUR





Calibration plant

The experience shows that any change of the performance parameters and any organizational change affecting the customer and supplier relations is not unproblematic, especially as we also had to carry out personnel consequences in the management of Jasba Mosaik GmbH, as considerably greater demands are made on the responsible management personnel with regard to market positioning, value of the products and up to the qualified dealing with the next vertical marketing level.

That is why the pricing and storage pressure as instruments of the management responsible for Jasba in the past were more counterproductive than efficient.

### **Anticyclical investment behaviour strengthens Architectural Ceramics supply**

The varied range of products of our modular system of sizes and colours in the Architectural Ceramics sector – together with a colour relaunch in the Architectural Ceramics series Chroma and Plural – make great demands on the production with regard to article variety and batch sizes. On the other hand, this is the only way of showing planners and architects one's competence in the Project sector.

We took this into account by further specific qualitative investment measures at the Schwarzenfeld and Sinzig production sites, which are most important for the Architectural Ceramics sector. Thus, despite the difficult economic overall conditions, well-directed investments were made in increasing the flexibility of the facade and large-size ceramics production at the Schwarzenfeld site and the improvement of the decoration and calibration possibilities for high-quality porcelain stoneware at the Sinzig site. In addition, we have prepared ourselves at the Witterschlick site for the growing market for cut formats by investing in cutting plants and driers for the subsequent processing of earthenware and porcelain stoneware products.

A total investment volume of almost 5 million €, despite the low turnover during the winter months, also reflects the firm conviction of our supervisory bodies and investors that we want and have to continue our strategy of market and brand leadership in the Architectural Ceramics business.

### **Hydrotect is gaining increasing importance**

In times of markets getting tighter and a general reluctance to invest related to that, positive distinctive features are becoming more and more important. Thus, the importance of the competitive advantage (USP) of the Hydrotect-coated tiles is increasingly becoming apparent. This USP not only confirms end consumers in their purchase decision in favour of high-quality mosaics and wall tiles, but also positively influences the selection of the planners and architects important to us in the sector of Ceramic Covering Materials. From the Europe-wide initiative expected as of the second quarter of this year of our licensor and long-standing cooperation partner Toto Ltd., Japan, we hope for a considerable strengthening of the joint marketing offensive for Hydrotect for the future in order to give the end user an even better understanding of this environment-friendly tile coating.

### **Strategic partnership still strived for**

Regarding the M & A process interrupted last year, the conditions in the market but also our own starting situation have not improved.

Nevertheless, it makes sense from our financial investors' point of view, but above all from the Company's viewpoint, to continue striving for a strategic partnership. Against the background of the massive reductions of production and the drastic declines in turnover and result at most of the European tile manufacturers, the successful search for a partner is very difficult at the moment, even though we are still having talks with international producers in the ceramics industry and the extended building industry. Besides the overall economic distortions already described, which at present have a negative effect on a strategic solution, the fact that in case of a change of control the entire loan portfolio has to be repaid and reorganized respectively within a few weeks certainly also must not be underestimated.

### Thanks to our employees

Besides the long-standing "Company Alliance for Jobs" by which the employees are doing weekly extra hours without salary / wage adjustment, along with the additional waiver of the annual special payment in the current year, the extreme flexibility with different shift schedules and time account models which we are demanding from our employees in the scope of the reduction of the current assets constitutes a burden going far beyond what is common. The fact that all employees nevertheless are working with such a great commitment for the overall success of the Company shows their high motivation and extraordinary loyalty to our Deutsche Steinzeug Group. I would like to thank them very much for this also on behalf of my colleague. My special thanks goes to the bodies provided by the Works Constitution Act which in awareness of the overall responsibility have always constructively supported us at decisions often difficult and burdening for the employees.

Frechen, 31 March 2009



Dieter Schäfer



Series Reflex, AGROB BUCHTAL



Series Jasba - LONG ISLAND

# Board of Management and Supervisory Board

## Members of the Board of Management and the Supervisory Board



Dieter Schäfer and Ekehard Forberich

### Board of Management

#### **Dieter Schäfer**

CEO

Swisttal-Miel

Businessman, 60 years old

Main fields of activity:

- Overall coordination of the development of Deutsche Steinzeug Group
- Marketing and distribution for the core business Ceramic Covering Materials
- Production, technology and environmental protection in the core business Ceramic Covering Materials
- Logistics
- Personnel
- Legal affairs
- Ceramic investments
- Appointed until 31.12.2012

#### **Ekehard Forberich**

Oberursel

Business school graduate,  
graduate physicist, 42 years old

Main fields of activity:

- Finance
- Controlling
- Informatics
- Strategic purchasing
- General administration
- Other investments
- Appointed until 31.12.2011

#### **Shares held by the organ members:**

Board of Management: 16.097 shares

Supervisory Board: 1.200 shares

## Supervisory Board

### **Wilfried Delker**

Chairman  
Königswinter  
Vice-President (rtd.) of American Standard  
Companies, Inc., Piscataway/USA

### **Gerd Schloßarek \***

Deputy Chairman  
Kamen  
Director of the Ceramics and Glass Industrial Section  
at the IG Bergbau, Chemie, Energie, Hanover

### **Rainer Kloft \***

Hahn  
Chairman of the Central Employees' Council of  
Deutsche Steinzeug Cremer & Breuer AG,  
Alfter-Witterschlick

### **Professor Dr. Eckart Kottkamp**

Großhandorf  
Chairman of Supervisory Board  
of Lloyd Fonds AG, Hamburg

### **Dr. Stephan Schelo**

Meerbusch  
Chief Executive of Marktkauf Holding GmbH,  
Bielefeld, and Chairman of Managing Board  
of SPAR Handels AG, Schenefeld and  
Chief Executive of Lunar GmbH, Bielefeld

### **Dr. Alexander Winkels**

Erkrath  
- until 11.06.2008 -  
Management consultant

### **Dr. Hans-Peter Kohlhammer**

Haag a. d. Amper  
- as of 12.06.2008 -  
Management consultant

\* Employees' representative



## Facades cleaning the air.

With a new colour range and a new fastening system, the ceramic facade systems of Agrob Buchtal prove to be up-to-date. Thanks to its self-cleaning facade with Hydrotect-coated KeraTwin panels, the Singapore top-class hotel St. Regis has now won the coveted ecology prize "Green Mark" in gold. For a good reason: a facade surface of 1,000 m<sup>2</sup> filters as many pollutants out of the air as 70 medium-sized deciduous trees.



Shopping centre, Varna/Bulgaria



Dongnam Arena Center/Korea



Centrin Data Centre, Beijing/China

# Report of the Supervisory Board



Wilfried Delker, Chairman of the Supervisory Board

**In the fiscal year 2008, the Supervisory Board regularly monitored the work of the Board of Management and supported it with advice. The basis for this were the detailed written and oral reports of the Board of Management. The Supervisory Board also provided the Board of Management with comprehensive advice on all matters important to the Company, outside of the regular meetings and continuously informed itself about the economic situation of Deutsche Steinzeug Cremer & Breuer AG as well as its future orientation.**

The Supervisory Board duly fulfilled its obligations pursuant to the law and the Articles of Incorporation in the fiscal year 2008. In five meetings, the Supervisory Board was informed comprehensively about the economic and financial situation of the Company. The market development, the planning and implementation of the restructuring measures as well as the talks with the lenders concerning the extension of the syndicated loan agreement were discussed in great detail.

Series Bosco, AGROB BUCHTAL







Rainbow Center, Sofia/Bulgaria

As well as in the regular meetings, the Supervisory Board also had the Board of Management continually inform it orally and in writing concerning the current situation of the Company. All business transactions subject to approval were dealt with by the Supervisory Board and discussed and decided jointly with the Board of Management. Against the background of the difficult general economic situation and the extensive restructuring measures in the scope of the intensified strategic orientation towards the higher-quality product segments, the members of the Supervisory Board and especially the Chairman of the Supervisory Board were in close contact with the Board of Management over the entire year 2008 in order to provide advice and support.

The Audit Committee, formed on the basis of the recommendations of the German Corporate Governance Code, met twice in the reporting year. The Committee focused on questions regarding accounting, including the reporting of the Group accounting in accordance with IFRS, and on risk management issues. Besides, it prepared the resolutions of the Supervisory Board on the annual financial statement, the consolidated annual financial statement, the Consolidated Management Report on the Company and for the Group. The Audit Committee also took suitable steps to ascertain and monitor the independence of the auditing company.

The HR Committee met three times in the reporting year. It dealt in particular with the structuring of the variable remuneration components of the Board of Management.

The Supervisory Board continually monitored the compliance with and further development of the standards of the German Corporate Governance Code by Deutsche Steinzeug Cremer & Breuer AG. Last in December 2008, the Board of Management and the Supervisory Board made a statement concerning the compliance with the Code according to § 161 of the Stock Corporation Law (AktG) and made it permanently accessible to the shareholders on the website of the Company. With only a few exceptions, Deutsche Steinzeug Cremer & Breuer AG complies with the recommendations of the German Corporate Governance Code.



Series Xenon, AGROB BUCHTAL

In May 2008, the Supervisory Board carried out an efficiency check according to the specifications of the German Corporate Governance Code. In this connection, further possibilities of making the work of the Supervisory Board even more efficient were intensively discussed.

The consolidated annual financial statement and the annual financial statement as of 31.12.2008, the Consolidated Management Report on Deutsche Steinzeug Cremer & Breuer AG and for the Group were audited by Dr. Glade, König und Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Neuss, appointed as auditors by the General Meeting; they have expressed their unqualified opinion. The annual financial statement, the consolidated annual financial statement, the Consolidated Management Report on the Company and for the Group as well as the auditors' reports were available to all members of the Supervisory Board. The relevant documents concerning the annual financial statements were discussed in detail in the Audit Committee and in the Annual Accounts Meeting of the Supervisory Board – in both

Series Jasba - LONG ISLAND





Seilerseebad, Iserlohn/Germany

Boards this being done in the presence of and following a report by the auditors. The Supervisory Board examined the annual financial statement, the Consolidated Management Report on the Company and for the Group as well as the consolidated annual financial statement. According to the final result of the examination by the Supervisory Board, there are no objections. Thus, the Supervisory Board approves the result of the audit. The Supervisory Board approved the annual financial statement and the consolidated annual financial statement prepared by the Board of Management. Thus, the annual financial statements are approved. The Supervisory Board is in agreement with the Consolidated Management Report on the Company and for the Group, and in particular with the assessment regarding the future development of the Company.

Finally, I would like to express my thanks on behalf of the entire Supervisory Board to the Board of Management, all employees and the members of the bodies provided by the Works Constitution Act for their performance in the interest of Deutsche Steinzeug. As it must be assumed that the general conditions in the construction industry will also remain challenging in the future, I would like to ask all of you to maintain your great commitment in order to succeed together in realizing our demanding goals for the current year.

Frechen, 29 April 2009

Wilfried Delker  
Chairman of the Supervisory Board



Series Vision, AGROB BUCHTAL

## Awards for products of Deutsche Steinzeug

**Brilliant success on international stage: with the coveted red dot design award 2009 for three new tile series, Deutsche Steinzeug could even top its strong debut in the previous year. Agrob Buchtal convinced the jury with "Reflex" and "Vision", two noble creations for representative areas. Jasba participated in competitions for the first time and was successful straight away even twice: for the novelty "Natural Glamour" extolled already in the run-up to trade fairs, the mosaic specialist received not only the red dot but also the iF product design award 2009.**

Renowned design competitions are an important benchmark: manufacturers and developers can directly compete against each other, potential buyers are given a valuable orientation aid. Besides formal criteria, other aspects such as degree of innovation, functionality, ecological compatibility, durability or the emotional content of a product are also assessed. One of the internationally most famous prizes is the red dot design award which was conferred in 1955 for the first time. This year, 3,231 products from 49 countries were submitted to the judgement of the top-class international jury in 17 categories. The front-runners will be presented as of 30 June 2009 at the red dot design museum in Essen.

Agrob Buchtal had participated in the competition for the red dot in 2008 for the first time. At that time, the series "Bosco" won the world-wide highly esteemed design prize. The series "Geo" with its photoluminescent glass indicators received an honourable mention. In addition, outstanding product developments of Agrob Buchtal were honoured for the first time by the inclusion in the renowned material library "Material ConneXion". These were again the photoluminescent indicators of "Geo", the ceramic orientation aid for the blind, parts of the series "Construct" as well as the Design Onda A and Onda B from the series "Cronos". In the leading German architecture journal AIT, products of Agrob Buchtal – the photoluminescent indicators of "Geo" and the surface "honeycomb structure" of the series Plural plus 2 – were also classified as excellent.





Series Reflex, AGROB BUCHTAL

Encouraged by the proof that design quality made in Germany is highly competitive, Agrob Buchtal participated in 2009 with two novelties and was successful twice: the award-winning series "Reflex" is characterized by structures resembling tissue and sophisticated matt-gloss effects which are based on a special finishing technique. "Vision", the other winning novelty, creates a sensuous flair thanks to its silky-matt surface with a filigree relief without cheap showmanship. The special design features of the series Reflex were also honoured by Material Vision by awarding it the label Design plus.

Jasba, which participated for the first time in this year, even won two of the internationally most coveted design prizes with the novelty "Natural Glamour" which uses prefabricated mosaic strips for sophisticated decoration: after the iF product design award 2009, the innovative and expressive series also succeeded in winning the red dot design award 2009. This confirmed the positive response which "Natural Glamour" had gotten at important fairs: both at the BAU (in January in Munich) and also at the ISH (in March in Frankfurt), the visitors were very attracted by the creative interplay of naturalness and glamour.



Series Jasba - NATURAL GLAMOUR



Series Jasba - LONG ISLAND



Series Jasba - NATURAL GLAMOUR



Series Jasba - LONG ISLAND



## Prize-winning design for feeling at home.

Comprehensive interior design concepts creating rooms for feeling happy are the strong point of Jasba. The enormous range of colours and a modular system of sizes, which extends from the filigree 1 x 1 cm mosaic up to the representative wall and floor tile of 60 x 60 cm, offer almost unlimited possibilities of designing a private ambience full of atmosphere. Two of the most coveted international prizes underline the leading design competence of the mosaic specialist.



# Combined Management Report on Deutsche Steinzeug Cremer & Breuer AG and for the Group

Business trend 2008,  
overall economic environment



Ruhrwelle, Kreuzau/Germany

**After the increases in turnover of the past years, the Group turnover cyclically decreased to 231.9 million € in 2008. As a result of the world-wide economic and financial crisis, the development of the European building industry was declining again last year for the first time after a long period of growth.**

This especially hit the South European tile industry by a massive drop in the respective domestic demand. The overcapacities increasingly resulting from that Europe-wide have led to an almost destructive price competition in particular in the lower price segments above all in Germany and Western Europe. That is why it had become necessary for Deutsche Steinzeug to drastically speed up the strategy pursued already in the past years of gradually abandoning low-price product segments and intensifying the development towards high-quality goods. Accordingly, a decline in turnover in favour of the higher-quality goods was intentionally accepted, but the profit margins rather cause a contrary effect due to the value of the products. At the same time, the production capacities have been reduced correspondingly – temporarily or partly permanently – in order to decrease the capital tie-up in the inventories and to adjust it to the lower turnover level. In addition, further measures for reducing the fixed cost in marketing



Gaversbad, Geraarsbergen/Belgium





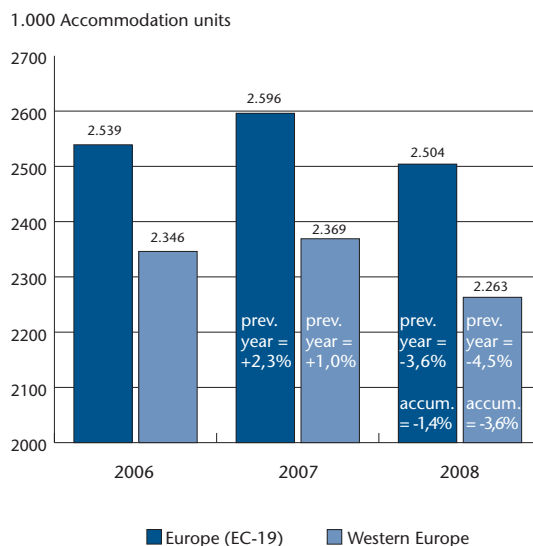
Retail Park, Roermond/Netherlands

and administration as well as in the field of the price/conditions system have been taken for 2009 to be prepared even for a further decline in turnover.

### Brand Agrob Buchtal

Last year, based on intensive market analyses and against the background of a deteriorating world economy, extensive preparations were made to be prepared for a difficult market environment until 2010. Besides specific adjustments of the production capacity, great importance is attached above all to two measures. At the beginning of 2009, we started to change over to the meanwhile internationally common "ex works" pricing in the countries in which we had still offered freight conditions "franco domicile". This mainly concerns our domestic market of the Federal Republic of Germany and the foreign countries in Western Europe. While we are reacting to the increased cost prices in the raw materials and energy sectors by a price increase in the rest of Europe and world-wide, the taking over of the freight charges by our customers replaces the necessary price adjustment in the regions described above.

Completed accommodation units in Europe from 2006 to 2008



Apart from that, we have joined the two sales organizations of Architectural Ceramics and Residential Ceramics operating separately until now under a joint management and the Architectural Ceramics brand Agrob Buchtal. Along with this, the entire product programme of the two previous sales organizations has been restructured, matched to each other and reduced by a whole lot of hardly cost-covering articles. In this way, we are operating with a comprehensible and above all unified brand positioning from the point of view of the wholesalers, the tile specialist shops and the tilers. Due to its long-standing presence in the respective markets, the brand Agrob Buchtal has an excellent reputation among architects, planners as well as in the wholesale trade, especially with regard to constancy, quality and professionalism for elevated demands.

While appropriate adjustments for reducing the fixed cost were made in the sectors of indoor service and administration due to the changes, we took care that the field service separately operating until now will carry on supporting the customers in our domestic market with the same intensity as in the past. This concept got a very positive response from the market without exception. With regard to the export markets, this new strategy means that the sales representatives and the field staff, which mainly distributed Architectural Ceramics in the past, are now having a wider product range at their disposal, especially as Residential Ceramics and Architectural Ceramics have already increasingly come closer to each other in the field of high-quality floor and wall design with regard to shaping and design.

#### **Brand Jasba**

As already announced in spring 2008, the capacity at the Ötzingen site was reduced by the shutdown of a kiln and the shortening of the operating times in the scope of the concentration on the high-quality mosaic business. Accordingly, we have extensively revised our brand presentation and attached greater importance to imparting an emotional quality to the brand Jasba. This becomes apparent both in our catalogues and at the presentation of the products and novelties at fairs and in the showrooms of the customers as well as in the end also by the spinning off of the Jasba Mosaik sales organization into an independent sales subsidiary under a new management. In this way, the brand Jasba can be marketed more consistently as premium niche product. In this context, we are also particularly pleased about winning the "red-dot" award for

Eichsfeldwerke, Heiligenstadt/Germany





Sales managers (from left to right): Georg Richerzhagen (Meissen Keramik Vertriebs GmbH), Alexandra Schmidt (Jasba Mosaik GmbH), Peter A. Wilson (Deutsche Steinzeug Keramik GmbH)

special design with our new series “Natural Glamour”. With the new product developments, we are focusing again – more intensively than in the past – on achieving that the mosaic with all of its design possibilities regarding colour variations and patterns will increasingly be used as wall design element also for larger surfaces in bathrooms, wellness areas, kitchens and representative rooms. From the effected replacement of the sales management by an experienced brand manager, we are expecting that, after a necessary consolidation of the turnover in 2008 and 2009, we will be far more successful again with regard to the turnover development as of 2010 at the latest.

#### **Do-it-yourself superstores**

As in the past, the serious price competition in the DIY superstore sector continues due to the still existing excess capacities in sales areas of the DIY chains. But it is becoming more and more apparent that our strategy of increasingly offering the DIY superstores – in addition to a limited quota of aggressive-price products – higher-value tiles in the scope of matched wall/floor combinations is well accepted by the customers. We will continue to pursue this strategy, and besides that, our services, in particular regarding logistics and electronic interfacing as well as product presentations at the Point of Sale, will also be further optimized. All in all, Deutsche Steinzeug is represented in a number of DIY superstore chains with various presentation concepts. As a result of this strong presence on the German market, however, it is to be assumed that the expected decline in sales in the DIY superstore sector will also affect the tile sales volume, but we expect that it will be possible to partly compensate this decline by a considerable increase of the value.



Siemens Casino, Erlangen/Germany



Nettebad, Osnabrück/Germany

### Segment reporting

#### *Germany*

Compared to the previous year, the tile consumption decreased – mainly due to the decline in the residential construction sector – by 4 to 5 % to less than 115 million m<sup>2</sup>. It turns out above all that building one's own home have become less attractive for many citizens in economically difficult times and without the cancelled government grant. Deutsche Steinzeug as market leader could not evade this development in Germany, so that the domestic turnover in 2008 declined by approx. 6 % to 138 million €, especially as the intensified abandoning of the lower price segments mainly affected the turnover development in the domestic market.

As a result of the deteriorating economic situation and the abandoning of the low-price segment to a large extent, we are expecting a further decline in turnover for 2009. Concerning the result, we are counteracting this development by the cost-cutting measures explained above. Generally, it is to be expected from today's point of view that the decline in the German market will be less significant than in some export markets, as for example Italy, Spain, Eastern Europe and Russia as well as the USA and Great Britain. In addition, it will be decisive whether the government schemes set up to stimulate economic activity will strengthen the consumer confidence in a lasting positive economic development in the course of the year 2009.

As meanwhile the tile consumption in the whole of Europe largely depends on the renovation sector and we know that almost 70 % of our high-quality products are used in the renovation sector, it is decisive above all from which time on the basic attitude of the consumers with regard to the future will turn into a positive one again: there is a considerable renovation backlog, and for the necessary renovation measures, sufficient sources of finance and liquidity respectively are available.



Sedia, Sofia/Bulgaria



Series Jasba - LONG ISLAND

#### *Other EMU*

In this segment with the important countries Austria, Italy, France and the Netherlands, a decline in turnover to 42 million € was to be noted in 2008 for the first time after a longer period. Deutsche Steinzeug still benefits from the many years of intensive market penetration, especially in the case of commercial applications together with the respective architects and project managers, even though the consequences of the economic and financial crisis in total were noticeable to a particularly great extent in this segment in the second half-year.

Thanks to our niche positioning in these markets, we are expecting only a slight decrease of turnover for the year 2009, and the Spanish market particularly declining due to the financial crisis hardly has any consequences for us. All in all, it will also be decisive with regard to the development in the "Other EMU" countries that the announced government schemes set up to stimulate the economy will result in boosting the building activity both in the project and in the residential construction sectors.

#### *Other world*

Fortunately, the turnovers in important growth markets like Russia, the Far East but also Switzerland could overcompensate the declines in turnover in individual countries and regions like, for example, Great Britain and the USA in 2008, so that the turnover in this segment could be increased to 52 million €. In the USA, we had to take declines in turnover due to the very severe economic crisis there and the weakness of the Dollar, but we managed to counteract this by appropriate cost-cutting measures at our marketing company.

For 2009, we expect in this segment – in particular as regards the regions of Asia, Eastern Europe and Russia – that we will not be able to evade a declining turnover development as a result of the economic crisis but also the devaluation of numerous domestic currencies compared to the Euro. Furthermore, it is to be feared that some projects will be considerably delayed due to the difficult economic development. Nevertheless, we are excellently positioned in these markets with our high-quality products for commercial and private applications in conjunction with "Hydrotec" and "Made in Germany" in the scope of our niche strategy.



Series Caudex, AGROB BUCHTAL



Series Focus, AGROB BUCHTAL



Series No Limits, AGROB BUCHTAL

Series Dune, AGROB BUCHTAL



## New ideas for a new living atmosphere.

Innovative design, award-winning and successful in the market: with trendy novelties, Agrob Buchtal maintains its leading position – both as internationally successful specialist in the Architectural Ceramics sector and also as trendsetter regarding the living atmosphere at home. The enormous range of different styles satisfies the wishes of a society considering its living ambience as an expression of the individual lifestyle.





Theater am Dannhalm, Jever/Germany

## Profit and assets situation



Series Jasba - LONG ISLAND

In the fiscal year 2008, Deutsche Steinzeug realized a consolidated turnover of 231.9 million € (AG: 180.0 million €) with 1,605 employees on average (AG: 1,357), which corresponds to a cyclical decline in Group turnover of approx. 5%. The major part of the decline in turnover is related to the domestic turnover, while the foreign share in the Group turnover remained almost constant with approx. 93.8 million € and thus, expressed as a percentage, even rose by approx. 1.2% to 40.4%. As a result of the price increases carried out already in spring in the case of Jasba Mosaik and in autumn for the other products as well as drastic adjustments in the product programme regarding articles not fully cost-covering, the average revenue per m<sup>2</sup> could be increased by approx. 3.5%. At the same time, however, the sales volume decreased by approx. 8% both due to the strategy and the economic conditions. As a result of the decline in turnover, the expected burdening of the result by the decrease of inventories in the scope of the reduction of the capital tie-up and by the significant rise in energy and raw materials costs, as in the previous year, could be compensated only partly by appropriate countermeasures, so that the operative result before taxes, interest, depreciation and amortization (EBITDA) in the year 2008 decreased to approx. 9.2 million € (AG: 8.0 million €) compared to 19.7 million € (AG: 17.2 million €) in the previous year. As a result of the interest expenses as well as significant special burdens in the scope of the restructuring measures taken, the loss for the year in 2008 amounted for the Group to 16.8 million € (AG: 18.9 million €).

While the economic situation became noticeable more clearly not before the fourth quarter in the export sector, it was recognizable in Germany already as of the second quarter that the demand will not stabilize against the background of a historically low number of building permits in the housing sector. Besides general cyclical influences, above all the cancellation of the government grant scheme for owner-occupied homes must be mentioned in this context. To evade the pricing pressure resulting from that at least partly, Deutsche Steinzeug increased the prices in some parts of the range at products which had not been cost-covering and thus intentionally also accepted a



decline in turnover in favour of higher contribution margins. In addition to the accepted drops in turnover above all in the low-price segment, however, unplanned cancellations or postponements of orders at home and abroad were also to be noted in the fourth quarter. Nevertheless, the decline in turnover by approx. 5 % to 231.9 million € was still rather moderate compared to many competitors above all in the South European countries.

In the scope of the restructuring concept and the endeavour to decrease the capital tie-up, a reduction of almost 6 million € was realized in the area of inventories, but the reduction of inventories (without special depreciations as a result of the range adjustment) of goods from own production in the amount of 4.6 million € in 2008 (AG: 4.6 million €) has a correspondingly negative effect on the result.

The costs for material usage and purchased services, above all due to the capacity adjustments and a reduced quantity of merchandise, decreased by approx. 10.4 million € (AG: 10.5 million €) compared to the previous year to 109.5 million € (AG: 107.8 million €) in the year 2008. It should be mentioned, however, that the decline in the cost of materials would have been even greater without the considerable rise in energy and raw material prices on average in 2008. In the course of the last year, the energy costs reached historical highs which were still valid time-delayed until into the first quarter of the current year due to supply contracts customary within our industry. The same applies to energy-intensive raw materials or procurement services such as e.g. freight.

By a number of measures such as the running down of vacation and time accounts, the reduction of limited employment contracts as well as cutbacks in staff and short-time working, the personnel expenses (before special effects) could be reduced by approx. 1.3 million € (AG: 2.0 million €) compared to the previous year to 69.5 million € (AG: 54.9 million €) despite a considerable increase of standard wage. Taking into account the special effects, the personnel expenses decreased by further 1.6 million € (AG: 1.4 million €) to 67.9 million € (AG: 53.5 million €).

Compared to the previous year, the total of the other operating income and expenses rose by approx. 3.0 million € (AG: 2.5 million €) to 44.5 million € (AG: 12.9 million €) mainly due to restructuring costs.

Eichsfeldwerke, Heiligenstadt/Germany



As the cost burdens from the restructuring measures have an essential influence on the assessment of the operative earning power, the special effects burdening the EBITDA and EBIT according to IFRS group accounting respectively are explained in the following:

Position	Comment	Group (IAS) million €	AG (HGB) million €
1. Inventory change	Impairment of value by products from own production in inventories due to range adjustment	2.0	2.0
2. Personnel expenses	Restructuring expenses, i.e. costs for severance payments, continued wage payments during the dismissal notice period etc.	1.6	1.4
3. Other operating expenses	Mainly restructuring costs for a transfer company and the strategic repositioning as well as consulting expenses for the new loan agreement	2.2	2,0
4. Other operating income	Sale of a non-operating real estate	-0.6	-0.6
Special effects burdening the EBITDA		5.2	4.8
5. Depreciations	Depreciation of real estate and plants no longer needed in the scope of the scope of the repositioning	3.7	3.6
Total	Special effects	8.9	8.4

As a result of the developments described above, the EBITDA in 2008 at Group level, adjusted by special effects on the same basis as in the last fiscal year 2007, amounts to 9.2 million € (AG: 8.0 million €).

Swimming pool, Rømø/Denmark





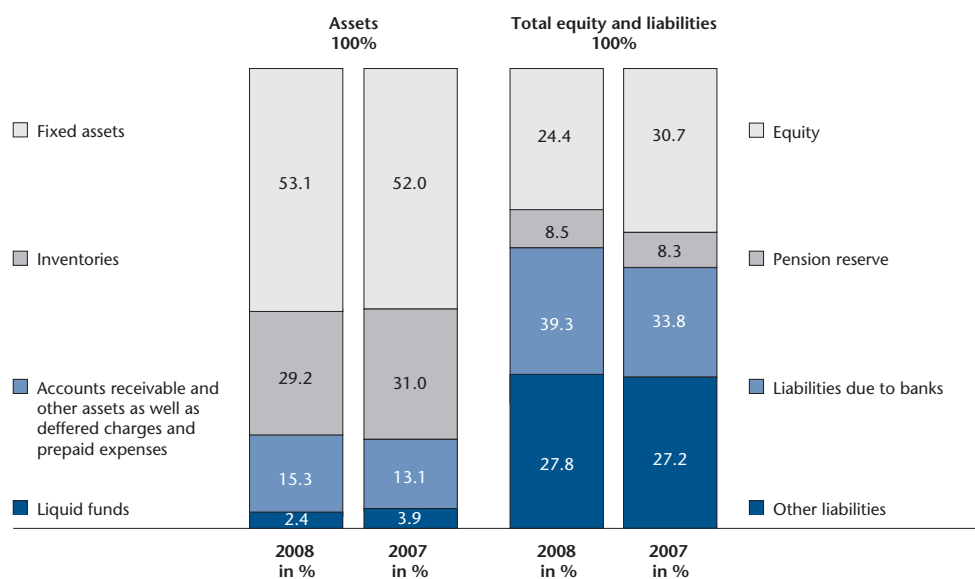
Audi Forum, Ingolstadt/Germany

Within the Group, the regular fixed-asset depreciations amount to approx. 8.0 million € (AG: 7.8 million €) and thus slightly rose by 0.1 million € (AG: 0.1 million €) due to the extensive modernization investments at the Sinzig site in the second half of the previous year, even though, as a result of the uncertain general economic situation, the amount of 4.5 million € (AG: 4.5 million €) invested in 2008 is considerably lower than the depreciation value.

With 9.2 million € (AG: 7.2 million €), the financial result is still approximately at previous year's level as the interest rates on borrowed capital valid in 2008 were the same as in the previous year. In this context, it should be mentioned that a new loan agreement with a term until the end of July 2010 and a total volume of 74.6 million € was concluded with the existing lenders, which replaces the loan agreement valid until now.

In 2008, the loss for the year within the Group amounts to approx. 16.8 million € (AG: 18.9 million €), which is mainly due to the financial result and the extraordinary burdens in the scope of the strategic repositioning described above.

### Balance sheet structure



# SpectraView

Fassaden  
Farbsystem  
Facades  
Colour system

System – Farbe – Harmonie.  
System – colour – h



## New colours for modern cities.

With nine colour families and five contrasting colours, our mono-glazed facade systems offer a modern range for demanding urban development. "Only if colour and form are matched to each other in a sensitive and sophisticated manner, people can live in harmony with architecture and space" - this is the credo of the colour designer Peter Zoernack, who developed the new "SpectraView" colour range for us.

armony.

# Kontrastfarben Contrasting Colour



## Corporate Governance



Municipal of Urban Planning, Beijing/China

**As in the past, the Company continues to strive to comply with the Corporate Governance Code as far as possible and to deviate from the recommendations only to the extent that the adaptation to the requirements of a medium-sized company of the order of magnitude such as ours appears justified under feasibility considerations. The compliance statement for 2008 is published under the address [www.deutsche-steinzeug.de](http://www.deutsche-steinzeug.de) (Investor Relations).**

*Co-operation of Board of Management and Supervisory Board:* As in the past, coordination talks were conducted on a regular basis between the Supervisory Board, especially its Chairman, and the Board of Management. The future strategic orientation of the Company, taking into account the difficult market environment as well as the operative and financial restructuring measures resulting from that, was discussed particularly intensively. In addition, essential items on the agenda of the subsequent Supervisory Board meetings were discussed together with the Board of Management in separate preliminary meetings of the representatives of employer and employees on the Supervisory Board.

*Conflicts of interest:* In the fiscal year 2008, no consulting or other service agreements were concluded with members of the Supervisory Board.

*Transparency and financial publicity:* Investors can obtain information about current Group developments via internet at any time. All investors are treated equally as regards disclosure of information. A compilation of the publications of Deutsche Steinzeug Cremer & Breuer AG is being made available for inspection on the internet at [www.deutsche-steinzeug.de](http://www.deutsche-steinzeug.de) (Investor Relations) at the same time as the publication of this Annual Report.

*Accounting and audit of the annual financial statements:* The consolidated annual financial statement and the quarterly reports are based on the IFRS accounting principles, the annual financial statement of the parent company Deutsche Steinzeug Cremer & Breuer AG on the provisions of the HGB (German Commercial Code). The audit committee and the Supervisory Board have satisfied themselves that the auditor has the required professional qualification and independence. The auditor has presented a statement of independence to the Supervisory Board. There were no clues giving rise to suspicion about the sufficient independence of the auditor.

*Appropriate remuneration of the Board of Management and the Supervisory Board:* The remuneration of the Board of Management consists of fixed and variable components which comprise Company-specific targets as well as targets for the individual members of the Board of Management. At the end of each fiscal year, the Chairman of the Supervisory Board redefines, in consultation with the HR Committee, the variable remuneration parameters for the subsequent year based on separate targets for the Board of Management. Beyond that, pension commitments secured by reinsurances and company cars aligned to the tasks and functions concerned are granted.

The members of the Supervisory Board receive a fixed remuneration of 25,000 € p.a. plus the turnover tax to be allotted to this amount. In addition to the fixed remuneration, the members of the Supervisory Board receive an annual variable remuneration in the amount of 10,000 € plus the statutory turnover tax to be allotted to this amount if the result planned for the respective year before interest and depreciations (EBITDA) is achieved. If the planned EBITDA is exceeded by more than 10 %, the variable remuneration increases by 5,000 € up to a maximum of 15,000 €. If the result falls below the planned EBITDA by more than 5 %, the variable remuneration decreases by 5,000 € to 5,000 €. If the result falls below the planned EBITDA by more than 10 %, no variable remuneration is paid. The Chairman of the Supervisory Board receives one and a half times, the Deputy Chairman one and a quarter times the amount of the total remuneration. In addition, the necessary expenses of the members of the Supervisory Board are refunded.

**Compliance statement pursuant to § 161 AktG (German Stock Corporation Law):**

In the cases listed in the following, the Company deviates from the recommendations of the German Corporate Governance Code for justified reasons:

- The Company has concluded a D&O insurance to the necessary extent. As the amount of the annual insurance premium is the same also if a retention is agreed, a formal retention of the Board of Management and the Supervisory Board was waived out of consideration for the employees' representatives on the Supervisory Board.

Adventure pool, Primosten/Croatia





Series Jasba - NATURAL GLAMOUR

- For reasons of practicability, the remuneration system for the Board of Management inclusive of the essential contractual elements are decided and regularly reviewed by the HR Committee of the Supervisory Board, and not by the Supervisory Board plenum.
- For members of the Board of Management, no capping of severance payments (caps) is provided in case of premature termination of the management activity without important reason and as a result of a change of control.
- For members of the Board of Management, no age limit is provided in order to have maximum freedom with regard to the appointment of members of the Board of Management and above all to give priority to the aptitude of a member of the Board of Management.
- Moreover, the Supervisory Board did not establish a nomination committee, and the proposed candidates for the chairmanship of the Supervisory Board are not announced to the shareholders.
- The application for the court appointment of the member of the Supervisory Board Dr. Hans-Peter Kohlhammer made in the year 2008 was not limited in time until the next General Meeting, as the court appointment took place immediately before the Annual General Meeting of the Company and a corresponding amendment to the agenda concerning the confirmation of Mr. Dr. Kohlhammer as member of the Supervisory Board would not have been possible any more.
- The remuneration of the members of the Supervisory Board comprises a fixed and a variable component, but does not take into account the membership in committees. Individual details about the remuneration of the members of the Supervisory Board are given in the AG-Notes.
- For reasons of practicability, semi-annual and quarterly reports of the Company are discussed by the Chairman of the Supervisory Board and the Board of Management prior to their publication, but not by the entire Supervisory Board or its Audit Committee.
- The consolidated financial statement is published by the Company approximately 30 days after the time limit specified in the Code. On principle, however, we strive for coming closer to the time limit provided by the Code.



*Director's dealings:* In the fiscal year 2008, the members of the Board of Management and the Supervisory Board did not buy or sell any shares of the Company.

*Compliance:* Deutsche Steinzeug runs its business responsibly and in compliance with the legal regulations and official provisions in the countries in which we are operating. Moreover, we have done justice to our pretension with regard to correct behaviour patterns for our employees by appointing a lawyer of confidence who is available to all employees, customers and suppliers as confidential person to contact in the case of suspicion of corruption.

**Information pursuant to §§ 289 sect. 4 HGB, 315 sect. 4 HGB and explanatory report:**

**1. §§ 289 sect. 4 no. 1 HGB, 315 sect. 4 no. 1 HGB**

The Company's subscribed capital (capital stock) amounting to 27,615,618 € consists of 27,615,618 bearer share certificates with a total calculated share in the capital stock of 1.00 € each. The shares have been fully paid in and issued in the form of bearer shares. Each share entitles to one vote.

**2. §§ 289 sect. 4 no. 2 HGB, 315 sect. 4 no. 2 HGB**

The Company and three of its essential shareholders, i.e. Deutsche Bank AG, ELQ Investors Ltd. and Lone Star International Finance Limited, concluded on 30 March 2006 a so-called Accession Agreement in which the shareholders ELQ Investors Ltd. and Lone Star International Finance Limited have acceded to an existing Investment Agreement between the Company and Deutsche Bank AG. In this Accession Agreement, these three of the Company's shareholders (investors) have agreed mutually on the following restrictions as regards the transferability of their shares in the Company.

- a) If an investor (**transferring investor**) sells the shares it holds in the Company to a third party who is not a party to the Accession Agreement (**purchaser**), the investors not transferring their shares (**remaining investors**) have a preemption right to the shares to be transferred on a pro rata basis to their participations in the Company. The preemption right may only be exercised subject to the conditions agreed between the transferring investor and the purchaser.



Hotel swimming pool Oswald, Kaikenried/Germany



Rozadol, Bratislava/Slovakia

- b) If the preemption right is not exercised, the remaining investors may demand of the transferring investor to ensure that the purchaser acquires also the shares held by them in the Company, acquired in the scope of the 2006 Company recapitalization, under the same conditions as have been agreed between the transferring investor and the purchaser (**tag-along right**).
- c) If the preemption right is not exercised and if the tag-along right is not exercised either, the transferring investor may require the remaining investors additionally to co-sell the above-mentioned shares in the Company to the purchaser (**drag-along right**). The purchase price to be paid in this context must correspond on principle to the market value of the shares being sold. The drag-along right is subject to various conditions. It depends, amongst other things, on the purchaser's acquiring at least 50.1 % of the Company's share capital from the investors.
- d) Neither the preemption right nor the tag-along right, nor the drag-along right takes effect if one of the investors only sells the first 10 % of the shares it holds, which it acquired in the scope of the 2006 Company recapitalization, to diverse shareholders via the Stock Exchange. This applies accordingly to the sale of other packages of 10 % of these shares, which can be effected at two-month intervals, however provided that the transferring investor must previously offer to the other investors the shares to be sold, and at market price.

There are no further restrictions by act of the parties known to the Company's Board of Management which concern the votes or the transferability of the shares. In the cases of the §§ 136, 142 sect. 1 clauses 2 and 3 AktG (German Stock Corporation Law), the voting right is excluded by law.

**3. §§ 289 sect. 4 no. 3 HGB, 315 sect. 4 no. 3 HGB**

According to the German Securities Trading Law, every investor which attains, exceeds or falls below certain shares of the Company's votes by acquisition, disposal or in any other way, must notify the Company and the German Federal Financial





MAN, Oldenburg/Germany



Grammar school, Vechta/Germany

Supervisory Authority of this. The lowest threshold value for this duty to notify is 3%. Direct or indirect participations in the capital of Deutsche Steinzeug Cremer & Breuer AG which attain or exceed 10% of the votes have been announced to us as follows:

Holder of the participation	Degree of participation	Type of participation
Goldman Sachs, Petersborough Court, 133 Fleet Street, London, EC4A 2BB, Great Britain	55.31%	22.51% direct participation and 32.8% attributable in acc. to § 22 sect. 2 WpHG [German Securities Trading Law]
Deutsche Bank AG London, Winchester House, 1 Great Winchester Street, London EC2N 2 DB, Great Britain	55.31%	17.25% direct participation and 38.06% attributable in acc. to § 22 sect. 2 WpHG [German Securities Trading Law]
Lone Star International Finance Limited, 1st Floor, 25-28 Adelain Road, Dublin 2, Republic of Ireland	55.31%	15.55% direct participation and 39.76% attributable in acc. to § 22 sect. 2 WpHG [German Securities Trading Law]

The information presented in the above table regarding the allocation of participations pursuant to § 22 sect. 2 WpHG is exclusively based on the appropriate publications of the owners of the participations in the year 2006. The Company is not aware of any coordination truly still to be effected by the holders of the participations.

**4. §§ 289 sect. 4 no. 4 HGB, 315 sect. 4 no. 4 HGB**

The Company has not issued shares carrying special rights.

**5. §§ 289 sect. 4 no. 5 HGB, 315 sect. 4 no. 5 HGB**

Employees participating in the Company's capital decide themselves on the exercising of their voting and control rights according to the legal regulations and the Articles of Incorporation.



Series Avorio, AGROB BUCHTAL

#### **6. §§ 289 sect. 4 no. 6 HGB, 315 sect. 4 no. 6 HGB**

According to the German Stock Corporation Law (§ 84 AktG) and the Articles of Incorporation of Deutsche Steinzeug Cremer & Breuer AG (§ 6 of the Articles of Incorporation), the members of the Board of Management are appointed by the Supervisory Board. The number of members of the Board of Management is determined by the Supervisory Board; according to the Articles of Incorporation, the Board of Management consists of at least one person. The Supervisory Board can appoint a member of the Board of Management as Chairman of the Board of Management. If a required member of the Board of Management is not available, the competent local court must appoint the member at the request of a person involved in urgent cases.

Each amendment of the Articles of Incorporation requires a resolution of the General Meeting (§ 179 AktG). The authority to make amendments to the Articles of Incorporation which only concern the wording, like, for example, changes in the share capital as a result of the utilization of approved capital, has been assigned to the Supervisory Board in the Articles of Incorporation of Deutsche Steinzeug Cremer & Breuer AG (§ 15 of the Articles of Incorporation).

According to the Articles of Incorporation, the resolutions of the General Meeting are adopted by simple majority of votes and, as far as an equity majority is required in addition, by the simple majority of the share capital represented at the adoption of such resolutions unless otherwise compellingly stipulated by law or the Articles of Incorporation. Amendments to the Articles of Incorporation come into effect by the entry in the Commercial Register (§ 181 sect. 3 AktG).

Series Avorio, AGROB BUCHTAL





Mercedes Benz Center, Stuttgart/Germany

**7. §§ 289 sect. 4 no. 7 HGB, 315 sect. 4 no. 7 HGB**

Authorities of the Board of Management with regard to the possibility of issuing or buying back shares besides the authorities stipulated by law do not exist.

**8. §§ 289 sect. 4 no. 8 HGB, 315 sect. 4 no. 8 HGB**

On 19 February 2009, the Company, together with Jasba Mosaik GmbH, Meissen Keramik Vertriebs GmbH, Deutsche Steinzeug Keramik GmbH (each of them as borrower and guarantor) and Deutsche Steinzeug Immobilien GmbH & Co. KG (as guarantor), concluded a loan agreement with Goldman Sachs International Bank, ECO Luxembourg S.à r.l., ECR Luxembourg S.à r.l. and BNP Paribas Luxembourg S.A. The loan agreement amounts to a total volume of 74,600,000.- € and has redeemed the loan agreement in the amount of 76,340,810.36 € concluded by the Company and various subsidiaries on 30 March 2007. It must be considered as an essential agreement of the Company.

The loan agreement requires that a change of control at the Company has the following legal consequences:

- a) A change of control according to the loan agreement is deemed to exist if a person who is not a party to the loan agreement, or a group of such persons, who act jointly or come to an agreement amongst themselves within the meaning of §§ 2 sect. 5, 30 sect. 2 AktG (German Stock Corporation Law), acquires over 50% of the Company's share capital.
- b) If there is a change of control within the meaning of the loan agreement, the loan agreement is considered as terminated, causing all outstanding credits, interest or other amounts under the loan agreement and related financing agreements – plus a prepayment fee of 5% – to become due and payable within four-and-a-half months.

**9. §§ 289 sect. 4 no. 9 HGB, 315 sect. 4 no. 9 HGB**

No indemnification agreements have been concluded by the Company to the benefit of members of the Board of Management or employees as regards the case of a takeover offer.

## Risk report



Series Jasba - NATURAL GLAMOUR



Series Jasba - LONG ISLAND

Like in the previous year, our risk policy is in line with our striving for a long-term increase in the corporate development. This means on the one hand that we attempt to avoid inappropriate risks as regards our mid- and long-term target range, but on the other hand, that we are all the more prepared to take risks which are reasonable and to a manageable extent controllable, if these can strengthen our core sector of Ceramic Covering Materials. Besides, the Company is exposed to external risks both on the sales and procurement side, as these are typical for a company in our industry and of our size. Further details regarding this are provided in the report on the development of business 2009 and the outlook.

Deutsche Steinzeug disposes of a functional risk management which is based essentially on our efficient and detailed reporting and the meetings with the risk officers at monthly or even shorter intervals. To that extent, we are provided with a sufficiently qualified tool which responds promptly, thus enabling us to detect and deal with all the essential risks which might threaten the Company.

*Liquidity risks:* The liquidity management constitutes an integral part of the internal control and monitoring system of Deutsche Steinzeug. The Company plans, prepares and monitors a liquidity forecast at weekly as well as monthly intervals for the respective periods of time. Moreover, a rolling twelve-month liquidity planning always taking into account the latest information available is prepared. A twenty-four month forecast is prepared always in the middle of the year.

*Interest risks:* Like in the previous year, the interest situation did not require any special precautions to be taken in 2008, as a fixed interest rate had been agreed with the banks, which was valid for the entire year. The new loan agreement until 31 July 2010 concluded with the existing lenders in February again stipulates fixed and no variable interest rates, so that there are no interest rate risks resulting from fluctuations in the market interest rate.

In the scope of the new syndicated loan agreement in accordance with the LMA (Loan Market Association) standard which was concluded on 19 February 2009, so-called Financial Covenants have to be complied with. These concern compliance with certain



Series Vision, AGROB BUCHTAL

financial ratios, reporting obligations and rules of conduct which are not uncommon in such type of loan agreements. Should this not be possible in the long run for no matter which reasons, e.g. in case of a deterioration of the order flow, the banks granting the loans can insist on principle on immediate repayment of the loans. As a matter of form, we would like to point out that in such cases it is good practice to come to an agreement on the continuation of the loans in the scope of a so-called waiver.

*Exchange rate risks:* The major part of the foreign currency transactions of Deutsche Steinzeug is performed in US \$. In 2008, the receipts in US \$ and the expenses in US \$ approximately balanced each other, so that the Company was only exposed to manageable currency risks which were not hedged separately to this extent.

*Operational risks:* The business environment of Deutsche Steinzeug is influenced by the domestic and world-wide macroeconomic boundary conditions which affect the construction industry especially. Due to the ongoing world-wide competitive pressure, unforeseeable risks for our Company's sales opportunities may arise from the economic boundary conditions and from the conduct of individual competitors on the markets in question. On the supplier side, risks may result in the subcontracting area and as regards energy and raw material costs. Should a subcontractor's supply capability cease at short notice, it may not be possible to find an equivalent replacement immediately. Thus, sales opportunities might be lost or penalties incurred, or Deutsche Steinzeug might be compelled to purchase overpriced products from third parties to ensure its supply capability. On principle, the Company strives to take possible risks in this context only where this is justified by actual business opportunities. As the energy sector constitutes a significant part of the purchasing volume, there are always operative risks due to the temporarily considerably fluctuating prices both in the electrical power and in the gas sector. By the purchase or the fixing of prices of partial quantities at different times for different periods of time in the future, a portfolio effect is achieved in order to enhance planning security. Despite temporarily considerably lower gas prices compared to the average figures of 2008, Deutsche Steinzeug expects rising cost prices for electrical power and gas long-term, which can not be prevented by the structured purchase of energy either. On principle, it is expected for such a scenario that all tile manufacturers will have to scale up their sales prices at least medium-term, as the increasing energy costs affect all providers world-wide. This also applies to the costs for procurement of raw materials, whose generation or extraction requires huge amounts of energy, and to services, e.g. in the transport sector.

As in the previous years, almost all claims against our customers are covered by a credit insurance with an appropriate retention. Where this is not possible, e.g. in the case of some Eastern European or Russian customers, we cooperate closely with the credit insurance providers and – if necessary and justified – take manageable risks with defined internal credit limits. By means of this approach, we have succeeded in limiting the default rate to a very low level also in 2008, as in the previous year.

Moreover, Deutsche Steinzeug has concluded insurance contracts to the extent usual in its industry to cover the risks of product liability resulting from production. These are reviewed once per year, including the assistance of external experts. This also applies to all the other essential insurance policies such as for fire damage and business interruption. As in previous years, the Company has taken out a D&O insurance for members of the Group's bodies.



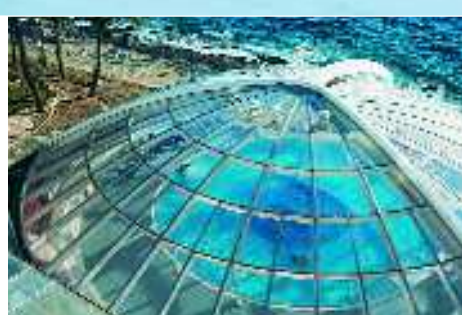
## Quality in an inspiring variety.

Aesthetically and functionally convincing examples all over the world show the extensive competence of Agrob Buchtal at the construction of modern sports and leisure pools. Prominent architects and planners get their inspiration from the immense variety of colours, formats and special pieces. At the same time, they appreciate the advantages of excellent quality made in Germany and the expert advice regarding application techniques.





Terraced thermal baths, Bad Colberg/Germany



Adventure pool, Primosten/Croatia



Otremare, Caprino/Italy



## Investments, environment, research and development

In 2008, the investment program of the last two years was consistently continued with a volume of approx. 4.5 million €. Also in this year, Deutsche Steinzeug again focused on increasing the flexibility, the efficiency-improving extension and the modernization of the production sites as well as on the manufacturing of new product designs and formats as well as upgrading facilities. With the new large-size tile (45 x 90 cm) produced at the Sinzig Architectural Ceramics site, Deutsche Steinzeug further strengthens its competence in the sector of porcelain stoneware production. At the Schwarzenfeld site, the investments again focused on the optimization in the sectors of high-quality facade ceramics and large-size tiles, but also on the reduction of production costs. In addition, by the implementation of the investment in a modern cutting plant for earthenware and stoneware at the Witterschlick site, Deutsche Steinzeug has prepared for the rising demand for cut formats (board formats) and thus increased the flexibility with regard to format variety.

Kajen 4, Esbjerg/Denmark





Series Construct, AGROB BUCHTAL

### Essential investment projects

As essential investment at the Schwarzenfeld site with a volume of approx. 1.0 million €, the feeding and discharge system of the cutting plant for the facade ceramics and large-size tile production was installed. Thanks to this measure, the manufacturing processes could be accelerated, and the production sequence as well as the cost of production could be considerably optimized. In addition, the kiln feeding system at the facade ceramics production was modified in such a way that the capacity utilization in this sector was significantly increased. By the extension of the adjoining glazing line, but also by investments in the sector of mass preparation as well as the production for special pieces, the quality could be considerably improved for the entire Schwarzenfeld site.

In the winter months, the extension of the large-size tile production was started with a total investment volume of approx. 3.3 million €. Until now, extruded tiles have been produced in two manufacturing units within the Schwarzenfeld production site, with the consequence that large formats with a side length of 120 cm or more have been manufactured in a separate operating unit. But as the demand in the Architectural Ceramics sector as regards specific formats varies considerably at different times, the utilization of the production capacity was extremely difficult at this site, especially as the small formats also could only be produced in one manufacturing unit. This comparatively inefficient production process could be concentrated in one manufacturing unit by the installation of new driers, storage facilities as well as feeding and discharge systems. In this way, the flexibility of production is considerably increased and the total production costs including the prorated personnel expenses are significantly reduced.

For the Sinzig Architectural Ceramics site, priority was given to increasing flexibility and the development of new products in the year 2008. With an investment volume of 0.9 million €, an additional press was installed at the Sinzig factory in order to considerably reduce the changeover times despite the continuously increasing variety of formats and surfaces. In addition, decoration and calibration plants to the value of



Series Geo, ceramic tiles with photoluminescent indicators, Agrob Buchtal

approx. 1.2 million € were installed during the Christmas holidays over the turn of the year to be well-prepared for satisfying the considerably rising demand for high-quality, integrally coloured and decorated porcelain stoneware, and the demand for calibrated, dimensionally accurate materials is also constantly growing due to the increasing share of large formats.

At the Ötzingen site, investments were made above all in the field of production efficiency as well as in environmental protection. By the installation of additional storage facilities, the flexibility could also be increased at this site, so that more frequent production changes can be carried out with shorter changeover times. This storage facility makes it possible – at still small production batches which to a large extent are due to the peculiarity of the Jasba Mosaik product range – that colour or format changes do not result in an interruption of the tile supply in the kiln.

Deutsche Steinzeug has also prepared for the growing market for cut formats at the Witterschlick site. By the reconception of existing cutting plants as well as the integration of a new cutting plant inclusive of drier, the capacities in this sector were increased, and the flexibility at the postprocessing of earthenware and porcelain stoneware products was considerably improved. Thus, the Witterschlick site is considered as Service Center for the other factories with regard to cutting and postprocessing.

### **Investments and environmental protection**

Deutsche Steinzeug continually endeavours to develop and implement new strategies for enduring environmental protection. For our production sites, this means a continuous monitoring and adjustment of the production processes to the requirements of an environment-friendly production. The efficient use of resources and the reduction of emissions have priority at our investment decisions. For this reason, we invested in flue gas purification plants at the Sinzig and Ötzingen sites last year. By the additional investment in a heat exchanger at the Sinzig factory, the utilization of waste heat of the

flue gas in other processes could be made possible. This will enable us to further reduce the specific energy consumption at this site.

### Research and development

In the field of research and development, the focus was on the development of new products. For these activities, Deutsche Steinzeug spent 5.9 million € in 2008.

This intensive development work was rewarded with several prizes in 2008. For the brand Agrob Buchtal Architectural Ceramics, the ceramic tile series Bosco with the unusual formats of 30 x 120 cm and 60 x 120 cm and the ceramic tile series Geo with photoluminescent glass indicators won the reddot design award.

For the brand Jasba, the series Natural Glamour, whose range of sizes extends from the filigree 1 x 1 cm mosaic up to the generous format of 30 x 60 cm, was successful even twice: it won the coveted iF Product Design Award, which stands for high-quality design, and the reddot design award.

The KeraTwin facade programme was also further developed in 2008. Thanks to the new substructure together with the corresponding facade panels, the facade elements can be installed easier and more rapidly. The necessary official approvals are expected by the end of 2009.

In addition, new developments were introduced in the swimming pool programme which take into account the trend towards large formats and the turning away from rectangular swimming pools.

Series Bosco, AGROB BUCHTAL



reddot design award  
winner 2008





## Employees

At the effective date of 31 December 2008, Deutsche Steinzeug Cremer & Breuer AG had a total headcount of 1,570 persons, whereas 1,676 persons had been working in the Company at the same time in the previous year. Due to the reduction in personnel by 106 employees in the scope of the strategic repositioning as well as the rationalization measures, the personnel expenses of 70.8 million € in the previous year (AG: 56.9 million €) could be reduced to 69.5 million € (AG: 54.9 million €) in the fiscal year 2008. In this context, it should be mentioned that the reduction in personnel was realized on principle by socially acceptable solutions, for example by early retirement schemes or the termination of temporary employment contracts.

### Repositioning of mosaic marketing

Due to the strategic repositioning especially in the mosaic sector, the mosaic marketing has become independent in the company Jasba Mosaik GmbH, and the production at Ötzingen was reduced. As a result of this measure, about 80 jobs in the fully continuous shift operation were made redundant. For ensuring a maximum of social acceptability, a transfer company was set up to advise and qualify the employees concerned and to support them at best at their search for jobs. The vast majority of the employees concerned made use of this offer. About 50 % of these employees found new jobs with the help of the transfer company.





### **Temporary short-time working for reducing inventories**

For getting through the slow-selling winter months and for reducing inventories, we reacted with temporary short-time working at all sites above all at the end of the year. The respective downtimes were efficiently used for maintenance measures in production.

### **Collective wage agreement West**

The parties to the collective agreement for the fine-ceramic industry West agreed that an increase in pay for wages, salaries and trainee compensations of 4 % is effected as of 01 October 2008. The increase in pay is effected first of all for a period of 15 months, and immediately following that period, as of 01 January 2010, a renewed increase in pay of 2.45 % was agreed for further 10 months, so that all in all a moderate pay agreement with a long term and high planning security could be realized.

### **Training and transfer of trainees into the Company's workforce**

Also in this reporting year, we could fulfil our social obligations with 23 approved and announced new recruitments in technical and commercial jobs requiring training and thus only slightly deviated from previous year's number (28) of employed trainees. Sometimes, Deutsche Steinzeug Group even employs a number of trainees exceeding own requirements and thus offers young people the possibility of getting a first basis for their further career.

### **Thanks to our staff**

Especially in the difficult present situation, our very special thanks go to our employees. With their above-average commitment and motivation, they decisively contribute to coping with the current difficulties together with us. Moreover, we would like to thank our members of the bodies provided by the Works Constitution Act for the constructive and trusting cooperation in the last year at which the safeguarding of the Group had absolute priority at any time.





Thermal bath, Laško/Slovenia

## Deutsche Steinzeug shares

The share of Deutsche Steinzeug Cremer & Breuer AG also could not evade the negative market development in the reporting period. Starting with a price of 1.48 € on the first trading day of 2008, the Deutsche Steinzeug share also had to take losses until on 21 February 2008 the Company announced in an ad hoc publication that the financial investors which hold 62.5 % of the shares in Deutsche Steinzeug have charged an investment bank with the organization of a selling process and the share price rose again up to 1.42 €.

### Macroeconomic boundary conditions

The entire year 2008 was under the influence of the mortgage crisis in the USA. In the course of the year, this crisis expanded into a world-wide financial crisis. In the first six months, fears of inflation were dominating due to the high energy and raw material prices and thus further increased the negative sentiment in the stock markets. In the last six months, the rapidly deteriorating economic outlook and the setback of the raw material prices resulted in increased fears of a deflation at the market participants. Although governments and central banks intervened world-wide, the financial markets could not regain the trust of the market operators.

This development was also reflected in the international stock indexes. The DAX started the year 2008 slightly above the level of 8,000 points, but it massively declined in the course of the year. At the end of the year, the DAX index was at 4,810 points and thus lost about 40 % compared to the previous year's figure (8,067 points). German second-line stocks were hit by the financial turbulences even more significantly and so, for example, the SDAX lost 46.1 % by the end of the year compared to the previous year.

On 14 August, the Company issued a profit warning in another ad hoc publication and explained that, due to the negative market environment in the main markets, the planned sales and turnover targets on the basis of the entire year were impossible to achieve. By 31 December 2008, the share of Deutsche Steinzeug Cremer & Breuer AG was quoted with a Xetra closing price of 0.50 € and thus lost about 68.1 % compared to the previous year's closing price in the course of the year.



## Designated Sponsoring

The share of Deutsche Steinzeug Cremer & Breuer AG is listed in the General Standard at the Deutsche Börse AG with general disclosure and transparency requirements. In the year 2008, too, the continuous quotation on Xetra was guaranteed by a Designated Sponsor, and the obligation of quotation considerably raises the probability that placed orders are carried out. By 31 December 2008, the market capitalization of Deutsche Steinzeug Cremer & Breuer AG amounted to 13.8 million €. In the reporting period, 4,736,415 shares changed the shareholder. Thereof, 2,049,034 shares were traded on Xetra in this period. This corresponds to a trading volume on Xetra of 7,946 shares per trading day (2007: 6,695 shares). Therefore, due to the relatively low quantity of shares traded daily and the small portfolio investment, transactions involving a comparatively low number of shares may result in changes of the price.

## Shareholder structure

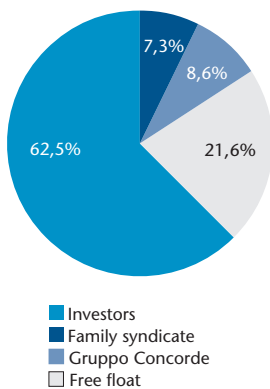
On 15 December 2008, the consortium V of the family shareholders notified the Company, among other things, that the shareholding of this consortium had decreased to 7.32% of the share capital. The Company published this notification on 18 December 2008 according to § 26 WpHG (German Securities Trading Law). Apart from that, Deutsche Steinzeug Cremer & Breuer AG is not aware of any information which indicates any other change in the Company's shareholder structure in the fiscal year gone by. 62.5 % of the shares are still held by the financial investors Deutsche Bank, Goldman Sachs, Lonestar and BNP. Gruppo Concorde continues to hold 8.6 %.

The Board of Management is not aware of circumstances requiring a report of dependency pursuant to § 311 et seq. AktG.

## Result per share (weighted mean)

The Group loss per share amounts in 2008 to -0.61 €.

Shareholders structure



Wilgenhof, Eindhoven/Netherlands



Series Jasba - LONG ISLAND



Robertson Quay Hotel/Singapore

## Business development 2009 and outlook

After there had still been hopes for an upturn in the tile industry in the second half-year at the beginning of the last fiscal year, it became apparent towards the end of the second quarter that a further decline in consumption, along with pricing pressure, was to be expected for the tile industry especially in Germany also in the entire year 2008. Due to the extremely negative economic news in the second half-year, the demand for tiles noticeably further decreased not only in Germany but also in the foreign countries. After a decline in the tile consumption in Germany of 4 to 5% to approx. 115 million m<sup>2</sup>, the Association of the Tiles Industry expects a further decline in Germany for 2009 at the level of the last 3 to 5 years of 4 to 5% to less than 110 million m<sup>2</sup>. In the European countries and other important export markets of Deutsche Steinzeug, partly two-digit declines in the tile sector are expected due to the partly more severe consequences of the international financial and economic crisis for the market situation in the building industry there.

Series Jasba - NATURAL GLAMOUR





Swimming pool, Olsberg/Germany

Independent of the forecasts for the developments in the individual markets and industries, one of the essential factors for an upturn in the sales volume of Deutsche Steinzeug is the return of the general trust in an at least medium-term positive development of the markets. This concerns both the private end consumers, which increasingly invest in renovation again, and also a great number of business enterprises, which also increasingly invest in maintenance or expansion again. In this respect, the effectiveness of the measures for a pickup in economic activity taken world-wide as well as the coping with the global financial crisis and the lending processes play a decisive part for the general development of the demand also for tiles and facade ceramics. Fortunately, famous experts from various countries have expressed the opinion in the recent past that the coping with the most severe consequences of the current crisis can be expected already in the course of the year 2010. The ZEW economic indicator, which had gone up again by the end of March 2009, also backs up this assumption, and the drastic decline in the prices for heating oil and petrol compared to the summer of 2008 also contributed to that.

The first signs for an end of the crisis, however, must not hide the fact that we will have to cope with an extremely difficult market situation at home and abroad in the coming months, especially as the world-wide excess capacities above all in the low-price segment will lead to a more intensive price competition. By the orientation of Deutsche Steinzeug towards higher-value product segments consistently accelerated in 2008 in all sales units, we laid the foundations for evading the destructive price war in the low-price segment at least partly.

Independent of the overall economic data, we are getting a very positive response from the customers as regards our product novelties, which is not least also underlined by the winning of two design prizes for the floor tile "Bosco" of the brand Agrob Buchtal and the Jasba Mosaik series "Natural Glamour". The colour systems for architects in the facade sector and at the modular system "Plural", which were presented at the BAU, the leading European fair of the building industry, in Munich in January, also got a very positive feedback from the architects and planners. Furthermore, as a result of the replacement of the sales management, greater importance than in the past will be



The design process at Jasba: the new prototype is created by hand exclusively. Only if all elements perfectly harmonize, the series production starts.

attached to sales arguments and support with regard to Jasba, which will force up the sale of the goods at our dealers. This also includes the addressing of new multipliers and opinion leaders in the market. In addition, fundamental innovations such as, for example, new facade systems and mosaic patterns will also be introduced in the market medium-term. Apart from that, it becomes apparent that our innovative Hydrotect surface coating absolutely meets the trend of the growing environmental awareness and therefore is increasingly accepted by architects and planners as well as end consumers.

Thus, Deutsche Steinzeug is rightly positioned with regard to the strategic orientation and highly recognized in the market, so that, after a stabilization or upturn in the international overall building activity, considerable improvements of the result should be possible again as a result of the rationalization measures taken concerning the production and sales fixed costs, also especially as no special effects burdening the result will have to be expected any longer then.

#### **Development at the beginning of 2009 burdened by economic and weather conditions**

As expected, the turnover is considerably lower than in the previous year mainly due to the adjustment of the product range carried out in the first months. As a result of the capacity adjustments realized in all factories, this also involves a decline in the total operating performance approximately to the same extent. In addition, it also must be taken into account that the winter months in 2009 were particularly harsh, which regularly results in a considerably reduced building activity and a drop in the demand for tiles related to it and thus burdens our turnover development accordingly. It is encouraging, however, that the volume of orders in the first months shows a positive trend again, which indicates that many orders were postponed to the following months only because of the weather conditions.

But at the same time, it also becomes apparent that the implicit price increase by the consistent passing on of the freight charges to the customers takes effect and the average revenue rises considerably due to the product mix by the reduction of the low-price ranges. Thus, it can be noted that the intensified strategic positioning in the high-quality product sector is generally accepted by the market, even though the current turnover situation is still unsatisfactory.

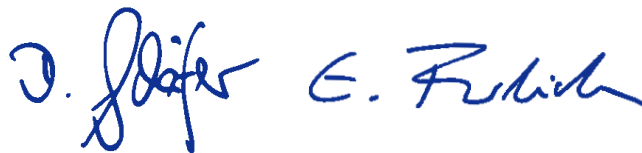
#### Outlook to the result of 2009

Deutsche Steinzeug has prepared itself for the negative market development and disposes of adequate controlling instruments as well as – due to the excellent market positioning – of world-wide contacts to customers and other market participants which permit to early realize noticeable chances and risks and to react accordingly.

Apart from that, we have continued to considerably invest in our factories also in the last months despite or especially because of the difficult market situation in line with the high-quality market positioning in order to be able to meet the greater demands with regard to design and quality. At the same time, we have paid attention to further increasing the flexibility of our production to be able to react to fluctuations in demand even better. This also includes the temporary or final shutdown of partial sectors, provided that the demand or the price level seem to be insufficient.

Against the background of the developments of the economic and sales situation in the domestic market as well as the most important export markets, which are not seriously foreseeable, and of the coping with the financial and economic crisis, we refrain from a forecast of the development of the result for 2009.

Frechen, 31 March 2009



Dieter Schäfer

Ekehard Forberich



#### Our USP:

##### Hydrotect – tiles with integrated cleanliness

The unique Hydrotect coating relaxes water to thin, uniform film and activates the oxygen in the air. That is the basis of its three key advantages: **it has an anti-bacterial effect · it is extremely easy to clean · it destroys unpleasant odours**

As a result, Hydrotect proves its worth wherever perfect hygiene without unnecessary hard work is required. In the exterior area the coating ensures brilliantly clean facades and destroys airborne pollution. Thus, a coated facade surface of 1000 m<sup>2</sup> has the same filtering effect as 70 deciduous trees. Hydrotect is ceramically fired in at high temperatures, is practically indestructible and has a permanent effect.

# Details of financial analysis

In order to inform our shareholders even more comprehensively and provide them with further insights into our commercial evaluations, we have compiled the following details of financial analysis.

## Deutsche Steinzeug Group income statement without special effects

	2008 € '000	2007 € '000	Change € '000
Sales	231,947	243,246	- 11,299
Changes in finished goods and work-in-progress	-2,623	8,065	- 10,688
Own production capitalized	160	344	- 184
<b>Total turnover and operating result</b>	<b>229,484</b>	<b>251,655</b>	<b>- 22,171</b>
Cost of materials	109,491	119,881	- 10,390
<b>Gross trading profit</b>	<b>119,993</b>	<b>131,774</b>	<b>- 11,781</b>
Personnel expenses	67,844	70,576	- 2,732
Other operating expenses	52,122	53,293	- 1,171
Other operating income	9,177	11,758	- 2,581
Other operating expenses / income	42,945	41,535	+ 1,410
<b>EBITDA before special effects</b>	<b>9,204</b>	<b>19,663</b>	<b>- 10,459</b>
Depreciation	7,951	7,887	+ 64
<b>EBIT before special effects</b>	<b>1,253</b>	<b>11,776</b>	<b>- 10,523</b>
Net interest income	-9,175	-8,552	- 623
<b>EBT (net operating income/loss) before special effects *</b>	<b>-7,922</b>	<b>3,337</b>	<b>- 11,259</b>
Special effects (on EBITDA/EBIT level)	-8,838	-128	- 8,710
Special effects (depreciations of financial assets)	0	688	- 688
Income taxes	27	-197	+ 224
Deferred taxes	-70	-315	+ 245
<b>Annual net profit/loss</b>	<b>-16,803</b>	<b>2,009</b>	<b>- 18,812</b>

\* In 2007 adjusted by special depreciations



Central station, Cologne/Germany



Oskar-Frech-Seebad, Schorndorf/Germany



VW-Service-Academy, Wolfsburg/Germany

## Deutsche Steinzeug Group Cash Flow Statement

	2008 € '000	2007 € '000
Group net profit/loss	-16,803	2,009
Depreciations/write-ups on fixed assets	11,618	7,974
Change in the reserves for pensions	-1,177	-3,229
Other expenditure and revenues without effect on payment and earnings of essential importance	46	971
Profits/losses arising from the disposal of fixed assets	-959	-224
Change in the inventories	8,550	-9,053
Change in the other reserves	-1,828	-3,166
Change in the accounts receivable and other assets	-1,675	3,585
Change in other liabilities	-846	-1,288
<b>Cash flow arising from current business operations (1)</b>	<b>-2,074</b>	<b>-2,421</b>
Investments in intangible assets	0	-5
Investments in property, plant and equipment	-4,483	-10,731
Investments in financial assets	-2,554	-2,083
Inpayments from disinvestments	1,393	4,571
<b>Cash flow arising from investment activity (2)</b>	<b>-5,644</b>	<b>-8,248</b>
Change in the share capital	0	0
Payment to AGROB AG for the assumption of pension obligations	0	0
Change in liabilities due to banks	3,998	11,483
<b>Cash flow arising from financing activity (3)</b>	<b>3,998</b>	<b>11,483</b>
<b>Changes in the companies consolidated and currency-related changes (4)</b>	<b>192</b>	<b>-390</b>
<b>Changes in liquid funds/securities (1-4)</b>	<b>-3,528</b>	<b>424</b>
Liquid funds/securities by 1 January	7,788	7,364
Liquid funds/securities by 31 December	4,260	7,788



## Double premiere at the BAU 2009.

Self-confidence in difficult times was signalled by the fair presentation of Deutsche Steinzeug at the BAU 2009 in Munich. The completely redesigned stand was the stage for the premiere of the new joint brand Agrob Buchtal with the segments Wall Design/Private Life for semi-domestic and Public Life for public areas of application. The new facade colour system SpectraView was also presented there for the first time and got an excellent response.





## Consolidated Balance Sheet as of 31.12.2008 Deutsche Steinzeug Cremer & Breuer AG

Assets	Note number	31.12.2008 €'000	31.12.2007 €'000
<b>Long-term fixed assets</b>			
Intangible assets	1	14,952	15,034
Property, plant and equipment	2	69,509	78,769
Real estate held as financial investment	3	10,253	6,466
Other financial assets	4	1,051	2,544
		<b>95,765</b>	<b>102,813</b>
Other long-term assets	5	1,981	1,862
Deferred taxes	6	596	757
<b>Total long-term fixed assets</b>		<b>98,342</b>	<b>105,432</b>
<b>Short-term assets</b>			
Inventories	7	52,699	61,248
Accounts receivable, trade	8	19,792	20,593
Accounts due from affiliated companies	9	1,647	0
Other accounts receivable and assets	10	3,458	2,737
Liquid funds	11	4,259	7,788
<b>Total short-term assets</b>		<b>81,855</b>	<b>92,366</b>
<b>Total assets</b>		<b>180,197</b>	<b>197,798</b>

Liabilities and shareholders' equity	Note number	31.12.2008 €'000	31.12.2007 €'000
<b>Shareholders' equity</b>			
Subscribed capital	12	27,616	27,616
Earnings reserves	13	33,238	31,079
Group result	14	-16,803	2,009
<b>Total equity capital</b>		<b>44,051</b>	<b>60,704</b>
<b>Long-term liabilities</b>			
Accruals for pensions and similar obligations	15	15,260	16,437
Other long-term accruals	16	1,331	1,311
Banks loans and overdrafts	17	70,341	60,341
Accounts payable, trade	18	1,732	1,792
Other long-term liabilities	19	4,517	5,650
Deferred taxes	6	6,030	6,145
		<b>99,211</b>	<b>91,676</b>
<b>Short-term liabilities</b>			
Other short-term accruals	16	10,000	11,853
Banks loans and overdrafts	17	432	6,434
Accounts payable, trade	18	17,783	17,394
Other short-term liabilities	19	8,720	9,737
		<b>36,935</b>	<b>45,418</b>
<b>Total liabilities</b>		<b>136,146</b>	<b>137,094</b>
<b>Total shareholders' equity and liabilities</b>		<b>180,197</b>	<b>197,798</b>

## Consolidated Profit and Loss Statement as of 31.12.2008 Deutsche Steinzeug Cremer & Breuer AG

	Note number	2008 €'000	2007 €'000
Sales	20	231,947	243,246
Change in finished goods and work-in-progress		-4,616	8,065
Other own work capitalized		160	344
<b>Total operating performance</b>		<b>227,491</b>	<b>251,655</b>
Other operating income	21	9,803	11,832
Cost of materials	22	109,491	119,881
Personnel expenses	23	69,458	70,778
Depreciations	24	11,619	7,887
Other operating expenses	25	54,311	53,293
		<b>235,076</b>	<b>240,007</b>
<b>Earnings before interest and taxes (EBIT)</b>		<b>-7,585</b>	<b>11,648</b>
Financial results	26	-9,175	-9,127
<b>Net operating income</b>		<b>-16,760</b>	<b>2,521</b>
Taxes	27	43	512
<b>Net profit/loss</b>		<b>-16,803</b>	<b>2,009</b>

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## Group Notes 2008

### Deutsche Steinzeug Cremer & Breuer AG

#### General

Deutsche Steinzeug Cremer & Breuer AG is a stock corporation registered in the Commercial Register of the Cologne Local Court (Germany) with headquarters in Frechen near Cologne. As top parent company in the Group, Deutsche Steinzeug Cremer & Breuer AG is responsible for the management of the Group, whose core business is the production of ceramic covering materials.

The consolidated financial statement of Deutsche Steinzeug Cremer & Breuer AG as of 31.12.2008 has been prepared according to the International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) in consideration of all interpretations of the International Financial Reporting Interpretations Committee (SIC or IFRIC). The accounting principles have been taken into account which are binding in the European Union for the

fiscal year beginning on 1 January 2008. The previous year's figures have been determined according to the same principles. The supplementary provisions stipulated under Commercial Law are applied; thus, the consolidated financial statement has a discharging effect according to international accounting standards.

In addition to the balance sheet, the profit and loss statement and the development of the equity capital according to IAS 1, the financial statements include a capital flow statement according to IAS 7 as well as the segment reporting according to IAS 14. Individual items of the balance sheet as well as of the profit and loss statement are summarized for a clearer representation and are explained in the notes. The profit and loss statement is subdivided according to the total cost method.

#### New or changed standards

In the current fiscal year, the compliance with the following standards and interpretations passed by the IASB was obligatory for the first time:

- IAS 39 – Reclassification of Financial Instruments

- IFRS 7 – Reclassification of Financial Instruments  
The first-time adoption of the standards had no consequences for the representation in the consolidated financial statement.

#### New or changed standards not adopted

The following standards and interpretations were already published by 31.12.2008, but their adoption was not yet obligatory on this effective date, not yet

included in European law or are not relevant for the consolidated financial statement of Deutsche Steinzeug Cremer & Breuer AG:

#### Standards

- IFRS 1 – First-time Adoption of the IFRS, as of 01.01.2009
- IFRS 2 – Share-based Payments, as of 01.01.2009
- IFRS 3 – Business Combinations, as of 01.07.2009
- IFRS 8 – Operating Segments, as of 01.01.2009

#### Standards

- IAS 1 – Representation of the Financial Statement, as of 01.01.2009
- IAS 23 – Borrowing Costs, as of 01.01.2009
- IAS 27 – Consolidated and separate Financial Statements according to IFRS, as of 01.01.2009
- IAS 32 – Financial Instruments: Disclosure, as of 01.01.2009
- IAS 39 – Financial Instruments: Recognition and measurement, as of 01.07.2008
- Collective standard – Improvements to IFRSs, as of 01.01.2009

### Interpretationen

- IFRIC 12 – Service Franchise Agreements, as of 01.01.2008
- IFRIC 13 – Customer Loyalty Programmes, as of 01.07.2008
- IFRIC 14 – IAS 19, The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, as of 01.01.2009
- IFRIC 15 – Agreements for the Construction of Real Estate, as of 01.01.2009
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation, as of 01.10.2008
- IFRIC 17 – Distributions of Non-cash Assets to Owners, as of 01.07.2009
- IFRIC 18 – Transfers of Assets from Customers, as of 01.07.2009

The possibility of an early adoption was not made use of. No essential consequences for the consolidated

financial statement are expected from the application of the above standards and interpretations.

### Accounting and valuation methods

#### Intangible assets

According to the regulations of the IAS 38, an intangible asset is an identifiable, non-monetary asset without physical substance. The definition criteria with regard to the possibility of identification are only met if the asset is separable or arises from contractual or legal rights. The possibility of identification is the distinguishing feature between an identifiable asset and a goodwill. A goodwill results from the excess of the cost of acquisition over the attributable current values of the identifiable assets, debts and contingent liabilities in the case of a group of companies.

Intangible assets acquired for a consideration are valued at cost of acquisition. At the follow-up valuation, a distinction is made between intangible assets with limited and unlimited period of usefulness. The assets with limited period of usefulness are depreciated on schedule according to the straight-line method and in addition, if required, on the basis of an impairment test. In most cases, the period of usefulness is between three and five years.

Assets with unlimited period of usefulness such as e.g. goodwill are depreciated on the basis of an impairment test only when required.

Since 01.01.2005, a goodwill acquired for a consideration is no longer depreciated on schedule due to the application of the IFRS 3. The value of this asset has to be checked by an impairment test to be carried out once per year according to IAS 36. For this, the book value of the goodwill is compared with the amount that can be realized. The amount that can be realized is the higher one of the two amounts of net value on realization and utility value. The net value on realization corresponds to the amount that can be realized from the sale of an asset at fair market conditions, minus the costs on sale.

The utility value was determined by discounting future cash flows before taxes on income with a risk-adapted discount interest rate (WACC). The basis for this is the corporate planning of the management; for the following years, a perpetuity adapted to the market situation was assumed.

If the book value is higher than the amount that can be realized, the book value of the asset must be reduced to its amount that can be realized. This reduction constitutes an expense due to impairment of value and is recorded as item affecting the current-period result.

## Property, plant and equipment

Tangible fixed assets are capitalized at cost of acquisition or of production and regularly depreciated by the straight-line method in the following periods according to the expected economic period of usefulness.

The costs of acquisition are defined by the amount of the purchase price minus purchase price reductions and the incidental expenses required to put the asset in an operational state. The costs of production consist of the directly allocable direct cost as well as prorated indirect material and manufacturing overhead inclusive of depreciations. Maintenance and financial expenses are always recorded as items affecting the current-period result. Subsequent costs of acquisition or of production are capitalized if the valuation criteria are met.

The applied economic periods of usefulness are checked every year, and the future rates of depreciation are adapted if changes occur. In the Deutsche Steinzeug Cremer & Breuer AG Group, the following periods of usefulness form the basis:

<u>Asset class</u>	<u>Period of usefulness in years</u>
Premises	15 – 50
Kilns	15 – 20
Technical equipment and machines	3 – 15
Other fixtures and fittings	3 – 15
Vehicles	2 – 6

Should there be any grounds for an impairment of value of an asset, an impairment test according to IAS 36 is carried out. The asset is depreciated affecting current-period result if the utility value or net

value on realization of the asset concerned has fallen below the depreciated cost of acquisition or of production. Should the grounds for an impairment of value no longer exist at a later time, a reinstatement of original values affecting current-period result is made, which must not exceed the depreciated cost of acquisition or of production which would have been determined at this time without the previous impairment of value.

As of 2008, the additions of low-value items up to 150 € are fully depreciated. Low-value items of the fixed assets over 150 € and up to 1,000 € are allocated to a collective item and depreciated by the straight-line method over the period of usefulness of 5 years.

Construction in progress and advance payments are balanced at cost of acquisition. Only after the asset concerned has been completed and is in an operational state, it is depreciated.

If assets are rented or leased and the lessor takes all essential risks and chances related to the property, the rental expenses or leasing installments are directly recorded as expense in the profit and loss statement. For cases in which the essential risks and chances are borne by one of the Group companies, the asset is allocated to the lessee according to IAS 17. The consequence of this is that the asset must be capitalized at the company with its attributable current value or the lower cash value of the leasing installments. The depreciation is divided up over the corresponding economic period of usefulness or, if shorter, over the term of the leasing contract. The corresponding payment obligations from the future leasing installments must be carried as liability.

## Other financial assets

### Financial assets

According to IAS 39, investments are classified as “assets to be held up to the final maturity”. These financial assets are regularly checked for their value. They are balanced at depreciated cost of acquisition if no quoted market price is available. If a market price can be determined and this one is permanently lower than the book value of the asset, there is an expense due to impairment of value. A determined expense due to impairment of value is recorded as

item affecting the current-period result. Should it turn out in the following periods that the reason for the impairment of value recorded in the previous years does no longer exist, a write-up affecting current-period result is made. The write-up must not exceed the amount of the impairment of value recorded in the previous years. Loans are balanced at depreciated cost of acquisition.

### Real estate held as financial investment

Land and buildings held for realizing rentals and/or for the purpose of increase in value have to be reported as real estate held as financial investment according to IAS 40. This real estate is not used within the scope of ordinary operations. The real estate held as financial investment is reported in the balance sheet separately from the assets used within the scope of ordinary operations. The assets are balanced according to the historical cost concept at

depreciated cost of acquisition, and the buildings are regularly depreciated over the same period of time as the buildings in the fixed assets. The current market values are determined on the basis of official plans of benchmark land prices (Bodenrichtwertkarten), own calculations and existing offers. More detailed information about this is given in the explanation of the item under number 3.

### Deferred taxes

Deferred taxes are formed for temporary differences between the valuations in the consolidated balance sheet and the tax balance sheet. These can be taxable temporary differences (deferred tax liabilities) and deductible temporary differences (deferred tax assets). As regards temporary differences, a distinction must be made between unlimited and limited differences; tax deferrals can be formed only for the limited differences. In the Deutsche Steinzeug Cremer & Breuer AG Group, the deferred taxes are calculated

with a consolidated earnings-tax rate of 30%. Changes of the deferred taxes are always recorded as item affecting the current-period result.

According to IAS 12, deferred taxes must not be reported as short-term items and can not be discounted. Provided that the requirements of the IAS 12 are met, an offset of the deferred tax receivables and liabilities has been made.



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## **Inventories**

Inventories are assets held for sale, in the production for sale or as raw materials and supplies for consumption at the production. According to IAS 2, they have to be valued at their cost of acquisition or of production if their net selling value is not lower. The costs of acquisition include the purchase price minus reductions in price and the incidental expenses. The directly allocable direct cost and the overhead to be allocated to the production process are included in the costs of production. Finance charges are not

taken into account. The net selling value is defined as sales revenue expected to be realized, minus the costs having accumulated up to the time of sale. Independent of this, value adjustments are made for inventory risks resulting from the period of storage and/or reduced utility value. Subsequent reinstatements of original values are recorded as reduction of the materials usage or of the acquisition cost of the sold goods.

## **Accounts receivable and other assets**

Accounts receivable and other assets are balanced at depreciated cost of acquisition. Recognizable risks of nonpayment are taken into account by adequate value adjustments, i.e. by individual value adjustment or lump-sum valuation adjustment. If the

reasons for the valuation adjustment cease to apply, a write-up is made. Accounts receivable and other assets are separately reported according to their remaining term.

## **Liquid funds**

The liquid funds include cash in bank and cash in hand.

### **Accruals and accrued liabilities**

#### **Accruals for pensions**

According to IAS 19, accruals for pensions have to be formed for obligations arising from current pensions, expectancies and obligations similar to pensions as well as their safeguarding. The accruals are reported according to the present value of an expectancy (Projected-Unit-Credit-Method) on the basis of actuarial expert opinions of HEUBECK AG. In the case of this method, future increases of salaries and pensions to be expected are also taken into account in addition to the pensions and acquired expectancies known on the balance sheet date. Actuarial profits and losses and the expense for hours of service are

allocated to the personnel expenditure, thus affecting current-period result. An excess actuarial profit is recorded in the other operating income. The actuarial profits and losses at the time of the changeover to IFRS have been fully taken into consideration at the valuation of the pension obligation. The corridor method has not been applied. The interest expense related to the pension obligations is included in the financial result. Existing reinsurances, which meet the conditions for scheduled assets, are balanced out with the corresponding pension obligation.

#### **Other accruals and accrued liabilities**

According to IAS 37, other accruals and accrued liabilities have to be formed for legal and de facto obligations to third parties arising from past events. The performance of the obligations must be probable and their amount must be reliably assessable.

The accruals are assessed at the expected amount of performance. In the case of long-term accrued liabilities, a discounting is made if this is not of secondary importance.

#### **Liabilities**

Liabilities are assessed at the amount repayable including discounts.

#### **Contingent liabilities**

A contingent liability is a possible or already existing obligation whose implementation is unlikely. Contingent liabilities are regulated under IAS 37. Contingent liabilities are not reported in the balance sheet, but are explained under number 31.

#### **Income and expense realization**

Sales as well as other operating income are recorded at the time of the provision of supplies and services and if the inflow of the economic benefit is probable. The sales are reduced by sales deductions. Operating expenses are affecting net income at the time of the

utilization of services rendered or at the time of their causing. The other interest is recorded as current-period expense or income. Interest expenses arising in connection with the acquisition or production of assets are not capitalized.

### Net earnings per share

According to IAS 33, the statement of the net earnings per share is also part of an annual financial statement. The net earnings per share correspond

to the Group result after taxes on income divided by the weighted, average number of shares issued during the fiscal year.

### Distinction between short-term and long-term items

According to IAS 1, the balance sheet must be subdivided into short- and long-term assets as well as short- and long-term liabilities. An asset or a liability is reported as short-term item if it meets at least one of the following criteria:

a. its realization/amortization is expected within the normal course of business,

b. it is primarily held for trading purposes,  
c. its realization/repayment is expected within twelve months after the balance sheet date, or  
d. it is a means of payment or equivalent to it, unless the exchange or the use of the asset for the fulfillment of an obligation are not restricted for a period of at least 12 months after the balance sheet date.

### Use of estimates and assumptions

The preparation of the IFRS consolidated financial statement requires estimates and assumptions which have an influence on the valuation of assets and liabilities, the statement of contingent liabilities as of the balance sheet date as well as the reporting of income and expense. The actual amounts determined may differ from the amounts resulting from estimates and assumptions. The estimates and assumptions

were made according to the information currently available at the time of preparing the financial statement. Essential estimates and assumptions were made especially at the determination of the Group's uniform periods of depreciation, the value adjustments on inventories and accounts receivable, the parameters for the valuation of the pension accrual and the other accruals.

### Consolidated companies

Apart from Deutsche Steinzeug Cremer & Breuer AG, 9 domestic and 4 foreign subsidiary companies are included in the consolidated financial statement of Deutsche Steinzeug. In the fiscal year, Meissen Keramik GmbH changed the corporate name into Jasba Mosaik GmbH and has taken over the marketing of the brand Jasba as of 01.01.2009. For this reason, the company was included in the group of companies to be consolidated by 31.12.2008. A further 4 companies which belong to the consolidated companies, each in itself and jointly, are of subordinate significance for the obligation of presenting an image of the asset, financial and earnings position of the Group in correspondence with the actual situation. A subsidiary company has stakes or voting rights of at least 20 % but less than 50 % in one other domestic company. About this, a survey of the companies

belonging to the Group is attached as appendix to these notes.

Deutsche Steinzeug Cremer & Breuer AG, as the controlling company, has concluded controlling and profit-transfer agreements with Deutsche Steinzeug Keramik GmbH, Meissen Keramik Vertriebs GmbH as well as Jasba Mosaik GmbH.

The following fully consolidated affiliated German companies in the legal form of a corporation have met the conditions of § 264 (3) and make use of the exemption regulation:

- Deutsche Steinzeug Keramik GmbH, Alfter-Witterschlick
- Meissen Keramik Vertriebs GmbH, Dortmund
- Jasba Mosaik GmbH, Ötzingen

### Consolidation principles

Audited and inspected by auditing companies, the individual annual financial statements of all domestic companies as well as the individual annual financial statements, inspected by the Group auditors, of the foreign companies included in the consolidated financial statement form the basis for the consolidated

financial statement. Loans, accounts receivable and liabilities as well as expenditures and revenues between the included companies are eliminated as well as intra-group profits arising from intra-group trade. The eliminations are based on statements of balance between the companies.

### Currency conversion

In the individual financial statements with the Euro as national currency, all business transactions in foreign currency are assessed at the rate at the time of the first entry. Accounts receivable and liabilities in foreign currency outstanding on the balance sheet date are valued at the rate on the balance sheet date.

According to IAS 21, the individual balance sheets of the Group companies whose national currency is not the Euro are converted into Euro according to the concept of the functional currency. At all

companies, the functional currency is the respective national currency, because all companies operate their business independently in financial, economic and organizational respect.

The items of the fixed assets are converted at the rates on the balance sheet date, as are the other balance sheet items. Depreciations, increases and decreases in inventories and annual results are converted at the rate on the balance sheet date. Currency differences resulting from this are reported in a separate item in the equity capital.

Currency (1 Euro =)		Rate on bal. sheet date		Average rate	
		2008	2007	2008	2007
US-Dollar	USD	1.3917	1.4721	1.4708	1.3705
Swiss Franc	SFR	1.4850	1.6547	1.5874	1.6427

The consolidated financial statement of Deutsche Steinzeug Cremer & Breuer AG was prepared in

Euro; all amounts are stated in thousands € (€'000) if not separately specified.

## Explanations of the consolidated balance sheet

### Long-term assets

The long-term assets consist of the fixed assets, long-term accounts receivable and the deferred taxes receivable. In the long-term assets, no assets governed by the regulations of the IFRS 5 are included.

### Fixed assets

The itemization of the asset positions and their development in 2008 are presented as an appendix to these notes (Analysis of fixed assets). From all capitalized assets, a future economic benefit is expected.

## 1 Intangible assets

The development of the intangible assets presents itself as follows:

	Trademarks and licenses €'000	Goodwill €'000	Total €'000
<b>Accumulated historical costs</b>			
<b>Status as of 01.01.2007</b>	<b>2,814</b>	<b>19,041</b>	<b>21,855</b>
Currency changes	0	0	0
Additions 2007	5	0	5
Disposals 2007	0	0	0
Transfers	0	0	0
<b>Status as of 31.12.2007</b>	<b>2,819</b>	<b>19,041</b>	<b>21,860</b>
<b>Status as of 01.01.2008</b>	<b>2,819</b>	<b>19,041</b>	<b>21,860</b>
Currency changes	0	0	0
Additions 2008	0	0	0
Disposals 2008	0	0	0
Transfers	0	0	0
<b>Status as of 31.12.2008</b>	<b>2,819</b>	<b>19,041</b>	<b>21,860</b>
<b>Accumulated depreciations</b>			
<b>Status as of 01.01.2007</b>	<b>2,439</b>	<b>4,174</b>	<b>6,613</b>
Currency changes	0	0	0
Additions 2007	213	0	213
Disposals 2007	0	0	0
Transfers	0	0	0
<b>Status as of 31.12.2007</b>	<b>2,652</b>	<b>4,174</b>	<b>6,826</b>
<b>Status as of 01.01.2008</b>	<b>2,652</b>	<b>4,174</b>	<b>6,826</b>
Currency changes	0	0	0
Additions 2008	82	0	82
Disposals 2008	0	0	0
Transfers	0	0	0
<b>Status as of 31.12.2008</b>	<b>2,734</b>	<b>4,174</b>	<b>6,908</b>
<b>Remaining book values</b>			
<b>Status as of 31.12.2008</b>	<b>85</b>	<b>14,867</b>	<b>14,952</b>
<b>Status as of 31.12.2007</b>	<b>167</b>	<b>14,867</b>	<b>15,034</b>

According to IFRS 3.55, the regular depreciation of the capitalized goodwill is no longer permitted since 01.01.2005; it now has to be checked for a possible impairment of value every year according to the regulations of the IAS 36. At the check of the value

(Impairment-Test) of the capitalized goodwill, no depreciation requirements have resulted in 2008.

Like in the previous year, no assets are included in the intangible assets which are subject to a limited property right.

## 2 Property, plant and equipment

In the item "Land, leasehold, rights and buildings", only the assets used for operating purposes are included. Land and buildings which do not belong to this category are recorded in the item "Real estate held as financial investment" according to IAS 40. More detailed information about these assets is provided in number 3.

The liabilities due to banks in the amount of 28,364,000 € are secured by mortgages on land and buildings. In addition, there is a first land charge in favour of Pensionsversicherungsverein, Cologne, in the amount of 6,000,000 € (prev. year: 6,000,000 €) – on the balance sheet date, the liability to be secured amounts to 4,946,000 €.

### Leasing

Since the fiscal year 2008, there are also three Finance-Lease contracts in the Group in addition to the predominant Operating-Lease contracts. None of the Operating-Lease contracts provides for a favourable purchase option or a transfer of ownership after its termination. The Group rents office rooms for the marketing companies and leases movable assets. These are mainly vehicles, IT and office equipment

as well as technical equipment. The contracts provide for a basic rental period between 15 and 96 months.

In the fiscal year 2008, the rental and leasing expenses amounted to 4,186,000 € (prev. year: 3,523,000 €).

The obligations from Operating-Lease relationships are subdivided as follows:

	up to 1 year €'000	1 to 5 years €'000	over 5 years €'000
Operating Leasing			
<b>Payment obligations</b>	<b>2,745</b>	<b>5,550</b>	<b>343</b>

The fixed assets used for operating purposes developed as follows:

	Land and buildings	Technical equip., plant and machinery	Other equipment, operational and office equipment	Advance payments and construction in progress	Total
	€'000	€'000	€'000	€'000	€'000
<b>Accumulated historical costs</b>					
<b>Status as of 01.01.2007</b>	<b>97,674</b>	<b>209,555</b>	<b>23,070</b>	<b>5,097</b>	<b>335,396</b>
Currency changes	-6	0	-64	0	-70
Change in consolidated companies	0	0	0	0	0
Additions 2007	519	9,318	706	188	10,731
Disposals 2007	72	144	419	0	635
Transfers	46	4,892	59	-4,997	0
<b>Status as of 31.12.2007</b>	<b>98,161</b>	<b>223,621</b>	<b>23,352</b>	<b>288</b>	<b>345,422</b>
<b>Status as of 01.01.2008</b>	<b>98,161</b>	<b>223,621</b>	<b>23,352</b>	<b>288</b>	<b>345,422</b>
Currency changes	3	0	85	0	88
Change in consolidated companies	0	0	0	0	0
Additions 2008	316	3,067	380	720	4,483
Disposals 2008	187	2,293	181	50	2,711
Transfers	-5,391	31	14	-99	-5,445
<b>Status as of 31.12.2008</b>	<b>92,902</b>	<b>224,426</b>	<b>23,650</b>	<b>859</b>	<b>341,837</b>
<b>Accumulated depreciations</b>					
<b>Status as of 01.01.2007</b>	<b>64,603</b>	<b>174,438</b>	<b>20,618</b>	<b>0</b>	<b>259,659</b>
Currency changes	-2	0	-49	0	-51
Change in consolidated companies	0	0	0	0	0
Additions 2007	1,824	4,897	886	0	7,607
Disposals 2007	72	132	358	0	562
Transfers	0	0	0	0	0
<b>Status as of 31.12.2007</b>	<b>66,353</b>	<b>179,203</b>	<b>21,097</b>	<b>0</b>	<b>266,653</b>
<b>Status as of 01.01.2008</b>	<b>66,353</b>	<b>179,203</b>	<b>21,097</b>	<b>0</b>	<b>266,653</b>
Currency changes	2	0	76	0	78
Change in consolidated companies	0	0	0	0	0
Additions 2008	5,333	5,595	609	0	11,537
Disposals 2008	31	2,283	132	0	2,446
Transfers	-3,494	0	0	0	-3,494
<b>Status as of 31.12.2008</b>	<b>68,163</b>	<b>182,515</b>	<b>21,650</b>	<b>0</b>	<b>272,328</b>
<b>Remaining book values</b>					
<b>Status as of 31.12.2008</b>	<b>24,739</b>	<b>41,911</b>	<b>2,000</b>	<b>859</b>	<b>69,509</b>
<b>Status as of 31.12.2007</b>	<b>31,808</b>	<b>44,418</b>	<b>2,255</b>	<b>288</b>	<b>78,769</b>

The land includes clay pits with a book value in the amount of 543,000 € which are exclusively used for own operational purposes. They are valued at cost of acquisition minus the impairments of value resulting from the extraction.

At the transfers in the item Land and buildings, mainly the reclassification of a plot of land in the Investment Properties is recorded.

### 3 Real estate held as financial investment

The real estate held as financial investment can be subdivided into three groups:

1. Real estate suitable for commercial use
2. Residential land with buildings
3. Agricultural and forestry areas

The real estate suitable for commercial use is subject to a development programme with the intention of selling this real estate. The book value of this group in the consolidated financial statement amounts to 8.6 million € (prev. year: 4.7 million €). The current market value, however, is 11.3 million €. Due to the further development in the current fiscal year, a value of 2.5 million € was capitalized in addition for a plot of land; the sale of a plot of land has the contrary effect with 0.6 million €. The plot of land was sold at book value. Another plot of land with a book value in the amount of 2.0 million € was transferred from the item Land and buildings into the Investment Properties. The book values correspond to the depreciated cost of acquisition. The difference compared to the book values in the individual financial statements of the Group companies results from eliminations of intra-group profits, because individual plots of land were sold within the Group in the past.

The group of residential land with buildings and the group of agricultural and forestry areas include the historically grown property of land and buildings in the Group.

### 4 Other financial assets

The disposal in the shares in affiliated companies results from the liquidation of two companies.

The book value of the residential land amounts to approx. 0.1 million €; the current market values, however, amount to about 0.2 million €. In the fiscal year gone by, a property could be sold; by this, a gain on sale, at a book value of 0.1 million €, in the amount of 0.4 million € was realized. The book values correspond to the depreciated cost of acquisition. The reported current market values are based on a determination of the earning power. In the fiscal year, a rental income of 5,000 € (prev. year: 5,000 €) was realized.

The book value of the agricultural and forestry areas is 1.6 million €, whereas the current market values amount to 2.7 million €. In the year 2008, plots of land of the agricultural and forestry areas with a book value of 0.02 million € could be sold; by this sale, a book profit of 0.2 million € was realized. The book values correspond to the historical cost of acquisition. The stated current market values have been determined by using official plans of benchmark land prices (Bodenrichtwertkarten) of the local authorities. In the fiscal year, a rental income of 17,000 € (prev. year: 19,000 €) was realized.

A valuation by an external expert as recommended by IAS 40 was abstained from for cost reasons.

The additional revenues in the total amount of 626,000 € realized in the fiscal year 2008 due to all the sales are entered in the profit and loss statement with effect on the result in the item "Other operating income".



The other financial assets developed as follows:

	Shares in affiliated companies	Other investments	Real estate held as financial investment	Other loans	Total
	€'000	€'000	€'000	€'000	€'000
<b>Accumulated historical costs</b>					
<b>Status as of 01.01.2007</b>	<b>8,405</b>	<b>34</b>	<b>10,962</b>	<b>0</b>	<b>19,401</b>
Currency changes	0	0	0		0
Change in consolidated companies	0	0	0		0
Additions 2007	0	0	2,083	0	2,083
Disposals 2007	5,844	34	5,529	0	11,407
Transfers	0	0	0		0
<b>Status as of 31.12.2007</b>	<b>2,561</b>	<b>0</b>	<b>7,516</b>	<b>0</b>	<b>10,077</b>
<b>Status as of 01.01.2008</b>	<b>2,561</b>	<b>0</b>	<b>7,516</b>	<b>0</b>	<b>10,077</b>
Currency changes	0	0	0		0
Change in consolidated companies	-1,038	0	0	0	-1,038
Additions 2008	0	0	2,554	0	2,554
Disposals 2008	472	0	718	0	1,190
Transfers	0	0	5,445	0	5,445
<b>Status as of 31.12.2008</b>	<b>1,051</b>	<b>0</b>	<b>14,797</b>	<b>0</b>	<b>15,848</b>
<b>Accumulated depreciations</b>					
<b>Status as of 01.01.2007</b>	<b>60</b>	<b>34</b>	<b>2,217</b>	<b>0</b>	<b>2,311</b>
Currency changes	0	0	0		0
Change in consolidated companies	0	0	0		0
Additions 2007	0	0	88	0	88
Disposals 2007	43	34	1,255	0	1,332
Transfers	0	0	0		0
<b>Status as of 31.12.2007</b>	<b>17</b>	<b>0</b>	<b>1,050</b>	<b>0</b>	<b>1,067</b>
<b>Status as of 01.01.2008</b>	<b>17</b>	<b>0</b>	<b>1,050</b>	<b>0</b>	<b>1,067</b>
Currency changes	0	0	0		0
Change in consolidated companies	0	0	0		0
Additions 2008	0	0	0		0
Disposals 2008	17	0	0	0	17
Transfers	0	0	3,494	0	3,494
<b>Status as of 31.12.2008</b>	<b>0</b>	<b>0</b>	<b>4,544</b>	<b>0</b>	<b>4,544</b>
<b>Remaining book values</b>					
<b>Status as of 31.12.2008</b>	<b>1,051</b>	<b>0</b>	<b>10,253</b>	<b>0</b>	<b>11,304</b>
<b>Status as of 31.12.2007</b>	<b>2,544</b>	<b>0</b>	<b>6,466</b>	<b>0</b>	<b>9,010</b>

## 5 Other long-term assets

The other long-term assets and accounts due from affiliated companies in the total amount of

1,981,000 € (prev. year: 1,862,000 €) are explained in numbers 9 and 10.

## 6 Deferred taxes

The deferred tax assets in the amount of 596,000 € (prev. year: 757,000 €) and the deferred tax liabilities in the amount of 6,030,000 € (prev. year: 6,145,000 €) result from temporary differences in the valuations between the consolidated balance sheet and the tax balance sheet. The deferred taxes were formed on the level of the individual companies;

thus, satisfying the requirement of IAS 12.71 and IAS 12.74, the deferred tax assets and liabilities have been balanced out.

The deferred taxes concern the following balance sheet positions:

	number	Deferred tax assets		Deferred tax liabilities	
		31.12.2008 €'000	31.12.2007 €'000	31.12.2008 €'000	31.12.2007 €'000
Intangible assets	1	0	0	1,666	1,107
Fixed assets	2	0	0	6,620	7,061
Financial assets	3 / 4	0	0	0	0
Inventories	7	139	120	31	45
Other assets	5 / 8 / 9 / 10	1,595	1,786	25	2
Pension accruals	15	97	281	426	1
Other accruals	16	280	51	51	44
Liabilities	18 / 19	57	73	33	1,865
Losses carried forward		1,250	2,426	0	0
<b>Balancing</b>		<b>-2,822</b>	<b>-3,980</b>	<b>-2,822</b>	<b>-3,980</b>
<b>Balance sheet item</b>		<b>596</b>	<b>757</b>	<b>6,030</b>	<b>6,145</b>

Taking into account the minimum taxation, the domestic losses carried forward can be carried forward without limitation in time; the losses carried forward of the subsidiary Deutsche Steinzeug America will expire in the years 2015 to 2027, the losses carried forward of the subsidiary Deutsche Steinzeug Italia are limited to 5 years. The specific regulations of the individual countries were taken into consideration at the valuation accordingly. Due to the current economic situation, a forecast

concerning the result for a time horizon of three years can not be reliably planned. In this context, the advantage resulting from the continued use of the tax loss carryforwards was reduced to the reported amount by 31.12.2008.

The individual balance sheet positions are explained under the stated number; for further details on the deferred taxes, see number 27 "Taxes on income".

## Short-term assets

The short-term assets include the inventories, short-term accounts receivable as well as securities and liquid assets.

### 7 Inventories

	31.12.2008	31.12.2007
	€'000	€'000
Raw materials and supplies	6,703	7,240
Work in process	3,735	5,350
Finished goods and merchandise	42,261	48,658
	52,699	61,248

The inventories are pledged in the amount of 52,690,000 € (previous year: 61,241,000 €) as security for liabilities due to banks.

### 8 Accounts receivable, trade

The accounts receivable, trade are all due within one year and developed as follows in the fiscal year 2008:

	31.12.2008	31.12.2007
	€'000	€'000
Accounts receivable, trade	19,792	20,593

The accounts receivable, trade are balanced at their nominal value. For recognizable non-payment risks, value adjustments in the amount of 1,387,000 € (previous year: 1,117,000 €) have been assessed as of 31.12.2008.

The accounts receivable, trade are pledged by blanket assignment as security for the liabilities due to banks.

### 9 Accounts due from affiliated companies

The accounts due from affiliated companies have developed in the fiscal year as follows:

	Accounts due from affiliated companies as of 31.12.2008	Accounts due from affiliated companies as of 31.12.2007
	€'000	€'000
<b>with a remaining term of</b>		
up to 1 year	1,647	0
more than 1 year	0	1,569
<b>Total</b>	<b>1,647</b>	<b>1,569</b>

The accounts due from affiliated companies are balanced at nominal value. Accounts in foreign currency open on the balance sheet date were valued at the rate on the balance sheet date.

### 10 Other accounts receivable and assets

The other accounts receivable and assets include other accounts receivable and assets, securities and accruals. In contrast to the Commercial Code (HGB), IAS 1 does not provide for a separate position for the

deferred charges. That is why they are allocated to the other assets.

The values developed as follows:

	Value on 31.12.2008	with a remaining term of		Value on 31.12.2007	with a remaining term of	
	€'000	up to 1 year €'000	over 1 year €'000	€'000	up to 1 year €'000	over 1 year €'000
Other accounts receivable and assets	4,560	2,579	1,981	2,394	2,101	293
Deferred charges	879	879	0	636	636	0
	<b>5,439</b>	<b>3,458</b>	<b>1,981</b>	<b>3,030</b>	<b>2,737</b>	<b>293</b>

The position "Other accounts receivable and assets" includes in particular rent deposits and other security

deposits, tax receivables, accounts due from employees and outstanding accounts payable.

## 11 Liquid funds

	31.12.2008	31.12.2007
	€'000	€'000
Checks and cash on hand	45	220
Cash in bank	4,214	7,568
	4,259	7,788

The cash on hand and the cash in bank are balanced at nominal amount; cash equivalents are not held. The day-to-day cash in bank is pledged as security

for guarantees received and import documentary letters of credit in the amount of 1,690,000 €.

## Shareholders' equity

The equity capital of Deutsche Steinzeug Group includes:

- the share capital and the statutory reserves of Deutsche Steinzeug Cremer & Breuer AG
- the reserve provided for by the Articles of Incorporation of Deutsche Steinzeug Italia s.r.l.,

- the reserves for own shares of the consolidated companies since belonging to the Group and
- the effects of the consolidation measures.

The development of the equity capital is shown in a transitional statement of equity capital.

## 12 Subscribed capital

The subscribed capital of Deutsche Steinzeug Cremer & Breuer AG is 27,615,618.-- € (previous year: 27,615,618.-- €) and is divided up into

27,615,618 (previous year: 27,615,618) individual share certificates with an accounting par value of 1.-- €. The shares are in the name of the owners.

## 13 Earnings reserves

The reserves for own shares of the Group in the amount of 33,238,000 € (previous year: 31,079,000 €) include the prorated losses made by the consolidated companies since belonging to the Group as of 31.12.2003. The Group net losses having

accumulated since 01.01.2004 (IFRS opening balance sheet) have been carried forward to this position. In addition, foreign currency influences and the statutory reserve of Deutsche Steinzeug Cremer & Breuer AG are included in this item.

## 14 Group result

This position includes the Group net loss for the fiscal year 2008 in the amount of 16,803,000 €.

### Transitional statement of equity capital

	Subscribed capital	Capital reserves	Earnings reserves shares	Group result	Total shareholders' equity
	€'000	€'000	€'000	€'000	€'000
<b>Status as of 01.01.2007</b>	<b>27,616</b>	<b>0</b>	<b>-4,330</b>	<b>35,752</b>	<b>59,038</b>
Reclassification of Group result of previous year	0	0	35,752	-35,752	0
Group result	0	0	0	2,009	2,009
Currency change	0	0	-343	0	-343
<b>Status as of 31.12.2007</b>	<b>27,616</b>	<b>0</b>	<b>31,079</b>	<b>2,009</b>	<b>60,704</b>
<b>Status as of 01.01.2008</b>	<b>27,616</b>	<b>0</b>	<b>31,079</b>	<b>2,009</b>	<b>60,704</b>
Reclassification of Group result of previous year	0	0	2,009	-2,009	0
Group result	0	0	0	-16,803	-16,803
Change in consolidated companies	0	0	-2	0	-2
Currency change	0	0	152	0	152
<b>Status as of 31.12.2008</b>	<b>227,616</b>	<b>0</b>	<b>33,238</b>	<b>-16,803</b>	<b>44,051</b>

## Long-term liabilities

### 15 Accruals for pensions and similar obligations

The accruals for pensions are formed for obligations arising from expectancies and current pensions in respect of former and active employees of the Group as well as their surviving dependants.

The accruals for pensions are calculated according to IAS 19 on the basis of actuarial assumptions. With regard to the life expectancy, Klaus Heubeck's

2005G Actuarial Tables were used. A fluctuation was not taken into account, as the company pension systems had been closed in 1984/1996. The actuarial profits/losses are recorded with effect on the result in the profit and loss statement. The Defined Benefit Obligation (DBO) is carried as liability, taking into account scheduled assets. Reinsurances serve as scheduled assets.

For the calculations, the following parameters were used:

	31.12.2008	31.12.2007
	%	%
Assumed rate of interest	6.00	5.60
Expected yield on scheduled assets	4.50	4.50
Salary trend	up to 1.75	up to 1.75
Pension trend	1.50	1.75

The accrual for pensions and the pension expenses developed as follows:

	Status 01.01.2008	Change 2008	Status 31.12.2008	Status 01.01.2007	Change 2007	Status 31.12.2007
	€'000	€'000	€'000	€'000	€'000	€'000
Accrual for pensions	16,437	-1,177	15,260	19,666	-3,229	16,437
Current service cost			163			201
Interest expense			1,121			1,017

The pension expenses are included in the personnel expenditure – the interest expense is reported pro ratio in the financial result. The excess actuarial

profit after setting off against the pension expenses was recorded under the "Other operating income".

The change of the Defined Benefit Obligation (DBO) as well as the scheduled assets results as follows:

	31.12.2008	31.12.2007
	€'000	€'000
Pension obligation (DBO) by 01.01.	20,267	22,826
Current service cost	163	201
Interest expense	1,121	1,017
Pension payments	-942	- 756
Actuarial profits (-)/losses	-1,133	- 3,416
Transfer of pension obligations	27	395
<b>Pension obligation (DBO) by 31.12.</b>	<b>19,503</b>	<b>20,267</b>
Scheduled assets by 01.01.	3,830	3,160
Revenue from scheduled assets	-116	95
Employers' contributions	529	575
<b>Scheduled assets by 31.12.</b>	<b>4,243</b>	<b>3,830</b>
Pension obligation (DBO) by 31.12.	19,503	20,267
minus scheduled assets by 31.12.	4,243	3,830
<b>Pension reserve acc. to balance sheet as of 31.12.</b>	<b>15,260</b>	<b>16,437</b>

## 16 Long- and short-term other accruals

The long- and short-term other accruals developed as follows in the fiscal year:

	Status 01.01.2007	Currency changes	Transfer 2007	Addition to conso- lidated companies	Utilization 2007	Retransfer 2007	Status 31.12.2007
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Long-term accruals	1,379	0	96	0	64	100	1,311
Taxes	1,384	8	175	0	438	131	998
Personnel	3,041	-2	2,321	0	2,729	194	2,437
Guarantees and other remunerations	5,010	-2	4,032	0	3,038	618	5,384
Others	5,517	-21	2,574	0	4,750	286	3,034
	<b>16,331</b>	<b>-17</b>	<b>9,198</b>	<b>0</b>	<b>11,019</b>	<b>1,329</b>	<b>13,164</b>
	Status 01.01.2008	Currency changes	Transfer 2008	Addition to conso- lidated companies	Utilization 2008	Retransfer 2008	Status 31.12.2008
	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Long-term accruals	1,311	0	20	0	0	0	1,331
Taxes	998	2	8	0	836	72	100
Personnel	2,437	2	2,964	0	2,211	101	3,091
Guarantees and other remunerations	5,384	1	3,377	0	4,495	328	3,939
Others	3,034	3	2,574	6	2,401	346	2,870
	<b>13,164</b>	<b>8</b>	<b>8,943</b>	<b>6</b>	<b>9,943</b>	<b>847</b>	<b>11,331</b>



The long-term accruals include obligations concerning the recultivation of areas as well as the reserve for the preservation of business records.

The tax accruals include a reserve for trade tax for the fiscal year 2007 which could be retransferred after completion of the tax return by 67,000 €. Due to the tax assessment effected in the year under review, the tax accrual decreased by 836,000 €. In addition, smaller individual risks are carried as liability in this position.

The accruals for personnel include outstanding profit-sharing bonus and redundancy payments, contribu-

tions to trade associations as well as obligations arising from vacation and leisure time entitlements of employees. In addition, a reserve for negotiated special payments is included herein, which concerns the fiscal year 2008.

In the accruals for guarantees and other remunerations, the obligations arising from the usual product guarantees are included as well as outstanding bonus payments.

In the other accruals, the accruals for restructuring costs, audit fees, invoices not yet received, litigation risks as well as further individual items are recorded.

## 17 Long- and short-term liabilities due to banks

The liabilities due to banks are subdivided into long- and short-term liabilities as follows:

	Value by 31.12.2008	Value by 31.12.2007
	€'000	€'000
Long-term liabilities due to banks	70,341	60,341
Short-term liabilities due to banks	432	6,434
	<b>70,773</b>	<b>66,775</b>

Of the liabilities due to banks, 70,627,000 € are secured by mortgages in the amount of 28,364,000 € (previous year: 18,364,000 €) and the rest by blanket assignment of trade receivables. Concerning the parent company, the liabilities due to banks are secured in addition by pledging of the inventories and the non-real-estate fixed assets as well as the shares in four subsidiary companies. In addition, all present and future brands, patents, rights of use,

copyrights and all present and future cash in bank are pledged. These securities are provided by the companies Deutsche Steinzeug Cremer & Breuer AG, Deutsche Steinzeug Keramik GmbH, Meissen Keramik Vertriebs GmbH as well as Deutsche Steinzeug Immobilien GmbH & Co. KG.

Liabilities due to banks with a remaining term of more than 5 years do not exist.

## 18 Accounts payable, trade

In the accounts payable, trade, the obligations from supplies and services received as well as the bills of exchange payable related to them are shown.

	Value by	with a remain. term of		Value by	with a remain. term of	
	31.12.2008	up to 1 year	over 1 year	31.12.2007	up to 1 year	over 1 year
	€'000	€'000	€'000	€'000	€'000	€'000
Accounts payable, trade	19,515	17,783	1,732	19,186	17,394	1,792
- of which bills of exchange payable	32	32	0	89	58	31

Trade accounts payable in foreign currency open on the balance sheet date were valued at the rate on the balance sheet date. The reported amounts

correspond to the attributable current values. Accounts payable, trade with a remaining term of more than 5 years exist in the amount of 74,000 €.

## 19 Long- and short-term other liabilities

The long- and short-term other liabilities include the accounts due to affiliated companies, the other liabilities and the accruals and deferrals. As already

mentioned under number 10, IAS 1 does not provide for a separate position for the deferred income in the balance sheet.

	Value by	with a remain. term of		Value by	with a remain. term of	
	31.12.2008	up to 1 year	over 1 year	31.12.2007	up to 1 year	over 1 year
	€'000	€'000	€'000	€'000	€'000	€'000
Accounts due to affiliated companies	1,791	1,791	0	3,373	3,373	0
	1,791	1,791	0	3,373	3,373	0
Liabilities from taxes	401	401	0	489	489	0
Liabilities in the scope of social security	765	547	218	788	558	230
Other liabilities	10,225	5,926	4,299	10,699	5,279	5,420
Deferred income	55	55	0	38	38	0
	11,446	6,929	4,517	12,014	6,364	5,650
	13,237	8,720	4,517	15,387	9,737	5,650

The liabilities from taxes essentially include the liabilities resulting from wage and church tax as well as solidarity surcharge on income tax. Liabilities from taxes with a remaining term of more than 5 years do not exist.

The liabilities in the scope of social security essentially include the liability from the change of the financing method due to Pensionssicherungsverein. Of the liabilities in the scope of social security, an amount

of 129,000 € has a remaining term of more than 5 years.

The other liabilities include the compensating payment to Pensionssicherungsverein. Furthermore, liabilities due to employees in the amount of 901,000 € (previous year: 363,000 €) are included in this position. Of the other liabilities, an amount of 415,000 € has a remaining term of more than 5 years.

## Explanations of the consolidated profit and loss statement

### 20 Sales

The sales are divided up as follows:

	2008	2007
	€'000	€'000
Germany	142,099	152,323
Other countries	89,848	90,923
	231,947	243,246

Referred to the external sales, domestic sales in the amount of 138,172,000 € (prev. year: 148,012,000 €)

and international sales in the amount of 93,774,000 € (prev. year: 95,234,000 €) result.

### 21 Other operating income

The other operating income includes the following:

	2008	2007
	€'000	€'000
Income from the refund of mineral oil and electricity tax	2,940	4,028
Income from the disposal of fixed assets	1,191	237
Income from the retransfer of reserves	776	1,197
Income from payments of damages	99	179
Actuarial profit from the pension reserves	1,121	2,922
Other operating income	3,676	3,269
	9,803	11,832

The other operating income includes out-of-period income in the amount of 2,782,000 € (previous year: 2,950,000 €).

### 22 Cost of materials

Cost of materials is subdivided as follows:

	2008	2007
	€'000	€'000
Cost of raw materials and supplies	43,966	47,499
Cost of merchandise	33,415	38,465
Cost of purchased services	32,110	33,917
	109,491	119,881

## 23 Personnel expenses

The personnel expenses includes the following:

	2008	2007
	€'000	€'000
Wages and salaries	56,717	58,296
Social security	11,813	12,167
Cost of pensions	928	315
	<b>69,458</b>	<b>70,778</b>

The cost of pensions include the benefits of Deutsche Steinzeug Group arising from contribution- and performance-oriented employer's pension commitments. The change in the pension reserve is set off against the current pension expenses.

The interest quota arising from pension obligations is reported in the financial result. The personnel expenses include 1,614,000 € of special effects in the scope of the restructuring.

In the fiscal year 2008 and 2007 respectively, the average number of employees in the Group was:

	2008	2007
Wage earners	1,105	1,176
Salaried employees	500	502
	<b>1,605</b>	<b>1,678</b>

## 24 Depreciations

The depreciations are divided up as follows:

	2008	2007
	€'000	€'000
Depreciations of intangible assets	82	213
Depreciations of property, plant and equipment	11,537	7,607
Depreciations of current assets	0	67
	<b>11,619</b>	<b>7,887</b>

In the year under review, non-scheduled depreciations of land and technical equipment in the

amount of 3,668,000 € were carried out.

## 25 Other operating expenses

The other operating expenses mainly include freight charges, commissions, maintenance expenses, advertising expenses as well as rentals paid. The other operating expenses also include restructuring costs in the amount of 2,189,000 € as well as the

other taxes in the amount of 540,000 € (previous year: 382,000 €). Furthermore, out-of-period expenditures in the amount of 319,000 € (previous year: 50,000 €) are included in this item.

## 26 Financial results

The financial results include the following:

	2008	2007
	€'000	€'000
Income from investments	0	113
Depreciation of an investment recorded under the other assets	0	- 600
Depreciation of a real estate held as financial investment	0	-88
Other interest and similar income	165	247
Interest and similar expenses	-9,340	- 8,799
<b>Net interest income</b>	<b>-9,175</b>	<b>- 8,552</b>
<b>Financial results</b>	<b>-9,175</b>	<b>- 9,127</b>

In the net interest income, an interest expense on pension reserves in the amount of 1,121,000 € (previous year: 1,017,000 €) is included. In the fiscal year 2008, out-of-period interest expenses in the amount of

2,000 € (previous year: 57,000 €) and out-of-period interest income in the amount of 0,000 € (previous year: 16,000 €) accumulated.

## 27 Income taxes

The income taxes include the income taxes paid or unpaid in the individual countries as well as the deferred taxes. The taxes comprise trade tax on earnings, corporate income tax, solidarity surcharge on income tax and the corresponding foreign income taxes.

The expenditure for income taxes is divided up according to origin as follows:

	2008	2007
	€'000	€'000
Current taxes in Germany	-33	130
Current taxes abroad	6	67
<b>Current taxes</b>	<b>-27</b>	<b>197</b>
Deferred taxes in Germany	62	284
Deferred taxes abroad	8	31
<b>Deferred taxes</b>	<b>70</b>	<b>315</b>
<b>Income taxes</b>	<b>43</b>	<b>512</b>

The income taxes can be transferred to the fictitious expenditure for income taxes which would have resulted if the Group tax rate of Deutsche Steinzeug

Cremer & Breuer AG of 30% had been applied to the IFRS Group result before taxes as follows:

	2008	2007
	€'000	€'000
Result before taxes	-16,760	2,521
Tax rate of Deutsche Steinzeug Group	30%	30%
<b>Fictitious expenditure for income taxes</b>	<b>0</b>	<b>756</b>
Setting off of the current profit against the tax loss carryforward	0	-483
Tax refunds from previous years	-68	-39
Tax expenditures of current year	41	0
Deviating tax rates	0	-2
Capitalization of tax loss carryforward	0	573
Valuation corrections of deferred taxes	70	-293
<b>Total amount transferred</b>	<b>43</b>	<b>-244</b>
<b>Income tax expenditure</b>	<b>43</b>	<b>512</b>

## 28 Net earnings per share

The key indicator for the net earnings per share results from the division of the Group result by the

average weighted number of common shares issued during the period.

The net earnings per share developed as follows:

	2008	2007
Number of individual share certificates (weighted)	27,615,618	27,615,618
Group result in €	-16,803,282	2,009,283
Net earnings per share (in €)	-0,61	0,07

## Cash flow statement

### 29 Explanations of the cash flow statement

Following IAS 7, the cash flow statement shows the change of the liquid funds/marketable securities in the course of the period under review. For this purpose, a distinction is made between three categories: the cash flow arising from current business operations, the cash flow arising from investment activity and the cash flow arising from financing activity. The liquid funds/marketable securities comprise the liquid assets of the Group.

In the fiscal year 2008, the cash flow arising from current business operations decreased by 0.3 million € to -2.1 million €. The worse result compared to the previous year, adjusted by depreciations in the amount of -15.2 million €, is relativized by the effected decrease of inventories compared to the previous year in the amount of 17.6 million € and a lower reduction of liabilities and accruals. This effect is reduced again by an increase of the accounts receivable in the amount of 4.3 million € compared to the previous year.

The outflow of funds for investments amounts to 5.6 million € (previous year: 8.2 million €) in the fiscal year. The reason for the change compared to the previous year is an investment activity by 5.8 million € lower. The payment received by 3.2 million € lower compared to the previous year as a result of the sale of real estate has a contrary effect.

The cash flow arising from financing activity shows a flow of funds of 4.0 million € (previous year: 11.5 million €) for the year 2008.

## Segment reporting

### 30 Explanations of the segment reporting

According to the regulations of IAS 14 (Segment Reporting), individual data of annual financial statements have to be separately reported. The division is oriented to the internal reporting, which permits a reliable assessment of the risks and income of the Group. By the division into segments, the profitability and the prospects of success of the Group's individual activities are to be made clearer.

As Deutsche Steinzeug Group is actually operating only in one business division, the one of Ceramic Covering Materials, various details of the consolidated financial statement are divided up only for the geographical regions.

The division of the primary segment reporting is made according to the geographical regions in which Deutsche Steinzeug Group is operating. These regions can be subdivided into Germany, remaining EMU countries and the rest of the world.

The German market still is the main market for Deutsche Steinzeug. There, by far more than half of all sales are realized. As there is no exchange rate risk and a regional nearness to the production plants is given in the case of the remaining EMU countries, this was the criterion to decide on the EMU countries as further regional segment.

The third geographical segment includes all other regions to which goods are supplied, inclusive of overseas markets and Asia. Due to the fact that the export activities of the company are being considerably forced up against the background of the better price quality and the higher growth in demand abroad, the weighting of the segment reporting will alter to the disadvantage of the domestic market in the next years.

The segment data are determined on the basis of the accounting and valuation methods applied in the consolidated financial statement. The stated amounts for the asset and liability items or expenditures and income represent the value of the individual segments. If a clear allocation is not possible, allocation formulas are applied.

In this connection, the EBITDA corresponds to the result before taking into account the financial result, before income taxes as well as before the scheduled and non-scheduled depreciations of intangible assets and property, plant and equipment. Including the depreciations having accumulated in the individual segments, the EBIT results as result before the financial result and the income taxes.

The segment assets and the segment liabilities represent the values of the Group companies established in the respective regions. They are mainly marketing companies, one of them operating as dealer and the others on the basis of commissions. For this reason, the segment assets and the segment liabilities in the EMU countries and in the rest of the world are of rather secondary importance.

The stated investments concern the intangible assets and property, plant and equipment. The depreciations refer to the assets existing in the segments.

The segment reporting is attached as appendix to these notes.

## Other explanations

### 31 Contingent liabilities and commitments

	31.12.2008	31.12.2007
	€'000	€'000
Rental and leasing obligations	12,533	7,503
Guarantees	0	723
Warranties	358	389
Notes discounted	585	453
Order commitment for greater investments	9	1,759
	<b>13,485</b>	<b>10,827</b>

The parent company has issued a letter of responsibility concerning a non-operating property-management company, as this company, according to the

preliminary annual financial statement as of 31.12.2008, shows a negative equity capital in the amount of 170,000 €.

### 32 Remuneration of the Supervisory Board and the Board of Management

The remuneration of the Supervisory Board of Deutsche Steinzeug Cremer & Breuer AG is laid down in the company's Articles of Incorporation. The total remuneration of the members of the Supervisory Board amounted to 176,000 € (previous year: 217,000 €) in 2008.

The total remuneration of the Board of Management amounted to 727,599 € (previous year: 1,233,000 €) in the year under review. The total remuneration for Mr. Dieter Schäfer amounted to 464,487 € (previous year: 802,000 €) and is divided up as follows: fixed component of 450,000 €, variable component of 0 € and benefits in money's worth of 14,487 €. The total remuneration for Eckehard Forberich amounted to 263,112 € (previous year:

431,000 €) and is divided up as follows: fixed component of 252,000 €, variable component of 0 € and benefits in money's worth of 11,112 €. The pension reserve according to IFRS increased by 44,267 € (previous year: decrease by 526,000 €). Of this, a transfer in the amount of 1,599 € is allocated to the reserve for Mr. Dieter Schäfer and a transfer to the reserve for Mr. Eckehard Forberich in the amount of 42,668 €.

For pension obligations in respect of former members of the Board of Management and their surviving dependants, a total of 3,257,000 € (previous year: 3,211,000 €) has been allocated to pension reserves; the current remuneration for these persons was 251,000 € (previous year: 218,000 €).

### 33 Relations to affiliated companies and persons

Business transactions with affiliated companies or persons that must be reported do not exist. Transactions between the companies of the Group were eliminated

according to the consolidation principles. A survey of the companies belonging to Deutsche Steinzeug Group is attached as appendix to these notes.



### 34 Events after the balance sheet date

On 19.02.2009, the controlling parent company together with its subsidiaries Deutsche Steinzeug Keramik GmbH, Jasba Mosaik GmbH, Meissen Keramik Vertriebs GmbH and Deutsche Steinzeug Immobilien GmbH & Co.KG concluded a new loan agreement with a total volume of 74.6 million €.

As of 01.01.2009, the sales organizations of Residential and Architectural Ceramics have been joined under the brand AGROB Buchtal. Since 01.01.2009, the marketing of the brand Jasba is no longer performed via Deutsche Steinzeug Keramik GmbH but by an independent sales organization via Jasba Mosaik GmbH.

### 35 Proposed appropriation of the retained earnings of Deutsche Steinzeug Cremer & Breuer AG

The Board of Management and the Supervisory Board suggest to carry forward the net profit for the year in the amount of 18,947,990.43 € as well as

the profit carried forward from the previous year in the amount of 21,915,434.66 €, thus 2,967,444.23 € in total.

### 36 Corporate Governance Code

For the first time in December 2002 and last in December 2008, the Board of Management, at the same time acting on behalf of the Supervisory Board, made a statement concerning the compliance with the German Corporate Governance Code.

According to this statement, the requirements of the Code are met in principle. In ten cases, however, there are well-founded deviations from the recommendations. For this, refer to the publications in the internet at our homepage [www.deutsche-steinzeug.de](http://www.deutsche-steinzeug.de).

### 37 Auditor's fees

In the expense of the fiscal year, auditor's fees in the amount of 379,000 € are included, which are divided up into 183,000 € for the audit and

Group audit of the company, 135,000 € for the audit of the consolidated companies and 61,000 € for tax consultation and other services.

### 38 Assurance of the legal representatives

We assure to the best of our knowledge that, in accordance with the accounting principles to be applied, the consolidated financial statement conveys an accurate picture of the asset, financial and earnings situation of Deutsche Steinzeug Cremer & Breuer AG and that the Combined Management

Report presents the business trend inclusive of the operating result and the situation of the company in such a way that an accurate picture is conveyed and the essential chances and risks of the company's expected development are described.

Frechen, 31 March 2009

Deutsche Steinzeug Cremer & Breuer AG  
The Board of Management



Dieter Schäfer

Ekehard Forberich

## Consolidated companies and balance sheet date

Name	Headquarters	Currency	Subscribed capital 31.12.2008	Share in the capital %
<b>Parent company:</b>				
Deutsche Steinzeug Cremer & Breuer AG	Frechen	€	27,615,618.00	
<b>Included Group companies:</b>				
<b>Germany</b>				
Deutsche Steinzeug Keramik GmbH	Alfter-Witterschlick	€	12,326,000.00	100.0
Meissen Keramik Vertriebs GmbH	Dortmund	€	500,000.00	100.0
Jasba Mosaik GmbH	Ötzingen	€	1,023,000.00	100.0
Meissen Keramik Verwaltungs GmbH	Alfter-Witterschlick	€	26,000.00	100.0
Staloton Klinker Vertriebs GmbH	Schwarzenfeld	€	25,000.00	100.0
Deutsche Steinzeug Immobilien Verwaltungs-GmbH	Alfter-Witterschlick	DM	50,000.00	100.0
Deutsche Steinzeug Immobilien GmbH & Co. KG	Alfter-Witterschlick	DM	1,000,000.00	100.0
Geluna Vermögensverwaltung GmbH	Alfter-Witterschlick	€	520,000.00	100.0
BAK-Sondervermögen	Frechen	€	0.00	69.0
<b>Other countries</b>				
Deutsche Steinzeug America, Inc.	Alpharetta/USA	\$	300,000.00	100.0
Deutsche Steinzeug Italia s.r.l.	Veggia di Casalgrande/Italy	€	20,000.00	100.0
Deutsche Steinzeug Schweiz AG	Hergiswil/Switzerland	CHF	100,000.00	100.0
Deutsche Steinzeug France s.a.r.l.	Norroy le Veneur/France	€	50,000.00	100.0

Name	Headquarters	Currency	Subscribed capital 31.12.2008	Share in the capital %
<b>Affiliated companies not included</b>				
Jasba Ofenkachel Vermögensverwaltung GmbH	Ransbach-Baumbach	€	300,000.00	100.0
Unterstützungskasse der Firmen AGROB AG und AGROB Fliesen GmbH	Munich	DM	50,000.00	100.0
Deutsche Steinzeug AG	Alfter-Witterschlick	€	50,000.00	100.0
Buchtal-Baukeramik Vertriebsgesellschaft mbH	Guntramsdorf/Austria	ATS	14,000,000.00	100.0

The affiliated companies not included, each in itself and jointly, are of subordinate significance for presenting an image of the asset, financial and earnings position in correspondence with the actual situation.

**Other investments not belonging to the consolidated companies:**

Cerit Grundstücksverwaltungsgesellschaft mbH & Co. Verwaltungs KG	Mainz	DM	1,900,000.00	100.0
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These companies are not subject to direct or indirect controlling by the parent company and thus are not to be included in the consolidated financial statement according to IAS 27.

A statement of the results of the last fiscal year for which an annual financial statement was drawn up is not made, as it is of subordinate significance for presenting an image of the Group's asset, financial and earnings position in correspondence with the actual situation.

## Development of fixed assets

	Total procurement and manufacturing costs						Status 31.12.2008 €'000
	Status 01.01.2008 €'000	Currency changes €'000	Changes in consolidated companies €'000	Additions 2008 €'000	Disposals 2008 €'000	Transfers 2008 €'000	
<b>I. Intangible assets</b>							
1. Trademarks and similar rights as well as licenses to such rights	2,819	0	0	0	0	0	2,819
2. Goodwill	19,041	0	0	0	0	0	19,041
	21,860	0	0	0	0	0	21,860
<b>II. Fixed assets</b>							
1. Land, leasehold, rights and buildings	98,161	3	0	316	187	-5,391	92,902
2. Technical equipment, plant and machinery	223,621	0	0	3,067	2,293	31	224,426
3. Other equipment, operational and office equipment	23,352	85	0	380	181	14	23,650
4. Advance payments and construction in progress	288	0	0	720	50	-99	859
	345,422	88	0	4,483	2,711	-5,445	341,837
<b>III. Other financial assets</b>							
1. Shares in affiliated companies	2,561	0	-1,038	0	472	0	1,051
2. Real estate held as financial investment	7,516	0	0	2,554	718	5,445	14,797
	10,077	0	-1,038	2,554	1,190	5,445	15,848
	377,359	88	-1,038	7,037	3,901	0	379,545

	Total procurement and manufacturing costs						Status 31.12.2007 €'000
	Status 01.01.2007 €'000	Currency changes €'000	Changes in consolidated companies €'000	Additions 2007 €'000	Disposals 2007 €'000	Transfers 2007 €'000	
<b>I. Intangible assets</b>							
1. Trademarks and similar rights as well as licenses to such rights	2,814	0	0	5	0	0	2,819
2. Goodwill	19,041	0	0	0	0	0	19,041
	21,855	0	0	5	0	0	21,860
<b>II. Fixed assets</b>							
1. Land, leasehold, rights and buildings	97,674	-6	0	519	72	46	98,161
2. Technical equipment, plant and machinery	209,555	0	0	9,318	144	4,892	223,621
3. Other equipment, operational and office equipment	23,070	-64	0	706	419	59	23,352
4. Advance payments and construction in progress	5,097	0	0	188	0	-4,997	288
	335,396	-70	0	10,731	635	0	345,422
<b>III. Other financial assets</b>							
1. Shares in affiliated companies	8,405	0	0	0	5,844	0	2,561
2. Other investments	34	0	0	0	34	0	0
3. Real estate held as financial investment	10,962	0	0	2,083	5,529	0	7,516
	19,401	0	0	2,083	11,407	0	10,077
	376,652	-70	0	12,819	12,042	0	377,359

Accumulated depreciations							Book values		
Status 01.01.2008	Currency changes	Changes in consolidated companies	Additions 2008	Disposals 2008	Transfers 2008	Status 31.12.2008	Status 31.12.2008	Status 31.12.2007	
€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
2,652	0	0	82	0	0	2,734	85	167	
4,174	0	0	0	0	0	4,174	14,867	14,867	
6,826	0	0	82	0	0	6,908	14,952	15,034	
66,353	2	0	5,333	31	-3,494	68,163	24,739	31,808	
179,203	0	0	5,595	2,283	0	182,515	41,911	44,418	
21,097	76	0	609	132	0	21,650	2,000	2,255	
0	0	0	0	0	0	0	859	288	
266,653	78	0	11,537	2,446	-3,494	272,328	69,509	78,769	
17	0	0	0	17	0	0	1,051	2,544	
1,050	0	0	0	0	3,494	4,544	10,253	6,466	
1,067	0	0	0	17	3,494	4,544	11,304	9,010	
274,546	78	0	11,619	2,463	0	283,780	95,765	102,813	

Accumulated depreciations							Book values		
Status 01.01.2007	Currency changes	Changes in consolidated companies	Additions 2007	Disposals 2007	Transfers 2007	Status 31.12.2007	Status 31.12.2007	Status 31.12.2006	
€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000	
2,439	0	0	213	0	0	2,652	167	375	
4,174	0	0	0	0	0	4,174	14,867	14,867	
6,613	0	0	213	0	0	6,826	15,034	15,242	
64,603	-2	0	1,824	72	0	66,353	31,808	33,071	
174,438	0	0	4,897	132	0	179,203	44,418	35,117	
20,618	-49	0	886	358	0	21,097	2,255	2,452	
0	0	0	0	0	0	0	288	5,097	
259,659	-51	0	7,607	562	0	266,653	78,769	75,737	
60	0	0	0	43	0	17	2,544	8,345	
34	0	0	0	34	0	0	0	0	
2,217	0	0	88	1,255	0	1,050	6,466	8,745	
2,311	0	0	88	1,332	0	1,067	9,010	17,090	
268,583	-51	0	7,908	1,894	0	274,546	102,813	108,069	

## Deutsche Steinzeug Group Cash Flow Statement to number 29 in the Group notes

	2008	2007
	€'000	€'000
Group net profit/loss	-16,803	2,009
Depreciations/write-ups on fixed assets	11,618	7,974
Change in the accruals for pensions	-1,177	-3,229
Change in the other accruals	-1,828	-3,166
Other expenditure/revenues without effect on payments and earnings	46	971
Profits/losses from the disposal of fixed assets	-959	-224
Change in the inventories	8,550	-9,053
Change in the accounts receivable	-675	3,585
Change in liabilities (without due to banks)	-846	-1,288
<b>Cash flow arising from current business operations</b>	<b>-2,074</b>	<b>-2,421</b>
Inpayments from fixed asset disposals	1,393	4,571
Outpayments for investments in		
- intangible assets	0	-5
- property, plant and equipment	-4,483	-10,731
- financial assets	-2,554	-2,083
<b>Cash flow arising from investment activity</b>	<b>-5,644</b>	<b>-8,248</b>
Cash capital increases	0	0
Payment to AGROB AG for the assumption of pension obligations	0	0
Change in the liabilities due to banks	3,998	11,483
<b>Cash inflow arising from financing activity</b>	<b>3,998</b>	<b>11,483</b>
<b>Changes in the companies consolidated and currency-related changes</b>	<b>192</b>	<b>-390</b>
<b>Changes in liquid funds and securities</b>	<b>-3,528</b>	<b>424</b>
<b>Liquid funds/securities on 01.01.</b>	<b>7,788</b>	<b>7,364</b>
<b>Liquid funds/securities on 31.12.</b>	<b>4,260</b>	<b>7,788</b>

## Segment Reporting to number 30 in the Group notes

### Primary Segments – Regions

	Germany		Rest of EMU		Rest of world		Deutsche Steinzeug Konzern	
	2008	2007	2008	2007	2008	2007	2008	2007
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
External sales	138,172	148,012	41,625	45,209	52,149	50,025	231,947	243,246
Comprehensive internal sales between the segments	3,926	4,311	0	0	-3,926	-4,311	0	0
<b>Total sales</b>	<b>142,098</b>	<b>152,323</b>	<b>41,625</b>	<b>45,209</b>	<b>48,223</b>	<b>45,714</b>	<b>231,947</b>	<b>243,246</b>
EBITDA	1,443	9,773	1,187	4,556	1,404	5,206	4,034	19,535
Depreciations	11,546	7,778	15	15	58	94	11,619	7,887
- of which non-scheduled	3,668	0	0	0	0	0	3,668	0
<b>EBIT</b>	<b>-10,103</b>	<b>1,995</b>	<b>1,172</b>	<b>4,541</b>	<b>1,346</b>	<b>5,112</b>	<b>-7,585</b>	<b>11,648</b>
<b>Financial result</b>	<b>-9,163</b>	<b>-9,103</b>	<b>-1</b>	<b>0</b>	<b>-11</b>	<b>-24</b>	<b>-9,175</b>	<b>-9,127</b>
<b>Investments</b>	<b>7,024</b>	<b>12,725</b>	<b>7</b>	<b>10</b>	<b>6</b>	<b>84</b>	<b>7,037</b>	<b>12,819</b>
Operative assets	174,836	192,354	465	425	4,895	5,019	180,196	197,798
Operative debt	134,768	135,559	769	887	608	648	136,145	137,094
<b>Operative net assets</b>	<b>40,068</b>	<b>56,795</b>	<b>-304</b>	<b>-462</b>	<b>4,287</b>	<b>4,371</b>	<b>44,051</b>	<b>60,704</b>
Employees (annual average)	1,564	1,637	14	13	27	28	1,605	1,678

## Auditor's certificate

We have audited the consolidated annual financial statement - consisting of balance sheet, profit and loss statement, notes, capital flow statement and equity capital analysis as well as segment reporting - of Deutsche Steinzeug Cremer & Breuer AG, Frechen, and the report on the situation of the Company and the Group for the fiscal year from 01.01. to 31.12.2008. The preparation of the consolidated annual financial statement in accordance with the IFRS applicable in the EU and the provisions stipulated under Commercial Law pursuant to § 315a, section 1 of the Commercial Code (HGB) as well as the supplementary regulations in the articles of association falls within the responsibility of the legal representatives of the Company. It is our task to make a judgement on the consolidated annual financial statement and the report on the situation of the Company and the Group on the basis of the audit we have conducted.

We conducted our audit of the consolidated annual financial statement in accordance with § 317 of the Commercial Code (HGB), in compliance with the principles of proper auditing established by the IDW - Institut der Wirtschaftsprüfer (Institute of Auditors). Auditing should accordingly be planned and conducted in such a way that facilitates with adequate certainty the recognition of errors and breaches which essentially impact upon the representation of the asset, finance and earnings situation of the Group as laid out in the consolidated annual financial statement and the report on the situation of the Company and the Group which were compiled in strict adherence to the accounting regulations to be applied. In the determination of the auditing procedures, the knowledge on the business activity and on the economic and legal environment of the Company as well as the expectation of possible errors are taken into account. In the course of the audit, the efficiency of the internal controlling system and verification of the details in the consoli-

dated annual financial statement and in the report on the situation of the Company and the Group are assessed on the basis of random samples. The audit includes the assessment of the annual financial statements of the enterprises included in the consolidated annual financial statement, the delimitation of the consolidated Group, the applied accounting and consolidation principles and the assessment of the legal representatives as well as an assessment of the overall representation of the consolidated annual financial statement and the report on the situation of the Company and the Group. We are of the opinion that our audit forms a sufficient and secure basis for our judgement.

Our audit has not led to any objections.

According to our judgement based on the knowledge gained in the audit, the consolidated annual financial statement complies with the IFRS applicable in the EU and the provisions stipulated under Commercial Law pursuant to § 315a, section 1 of the Commercial Code (HGB) as well as the supplementary regulations in the articles of association and conveys – in compliance with these provisions – an accurate picture of the asset, financial and earnings situation of the Group. The report on the situation of the Company and the Group is in accordance with the consolidated annual financial statement, conveys an accurate picture of the situation of the Group and presents the chances and risks of the future development accurately.

Neuss, April 15, 2009

Dr. Glade, König und Partner GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

(Dr. Hans-Joachim Glade)  
Wirtschaftsprüfer





## Balance Sheet as of 31.12.2008 Deutsche Steinzeug Cremer & Breuer AG

Assets	Note number	31.12.2008 €'000	31.12.2007 €'000
<b>Fixed assets</b>			
Intangible assets		7,273	8,792
Property, plant and equipment		51,189	57,007
Financial assets		27,293	27,748
	3	<u>85,755</u>	<u>93,547</u>
<b>Current assets</b>			
Inventories	4	49,652	58,190
Accounts receivable and other assets	5	15,547	16,522
Shares in associated companies	6	600	2,292
Liquid funds		2,953	6,896
		<u>68,752</u>	<u>83,900</u>
<b>Deferred charges and prepaid expenses</b>	7	615	456
		<u>155,122</u>	<u>177,903</u>
<b>Liabilities and shareholders' equity</b>			
	Note number	31.12.2008 €'000	31.12.2007 €'000
<b>Shareholders' equity</b>			
Subscribed capital		27,616	27,616
Earnings reserves		2,762	2,762
Balance sheet profit		2,967	21,915
	8	<u>33,345</u>	<u>52,293</u>
<b>Accruals and accrued liabilities</b>	11	19,686	20,303
<b>Liabilities</b>	12	102,091	105,307
		<u>155,122</u>	<u>177,903</u>

## Profit and Loss Statement for 2008 Deutsche Steinzeug Cremer & Breuer AG

	Note number	2008 €'000	2007 €'000
Sales	15	180,045	191,682
Change in finished goods and work-in-progress		-4,580	7,702
Other own work capitalized		160	344
Other operating income	16	9,897	10,434
		<b>185,522</b>	<b>210,162</b>
Cost of materials	17	107,769	118,334
Personnel expenses	18	54,890	56,926
Depreciation on intangible assets, plant and equipment	19	11,465	7,773
Other operating expenses	20	22,786	20,797
		<b>196,910</b>	<b>203,830</b>
		<b>-11,388</b>	<b>6,332</b>
<b>Financial results</b>	21	<b>-7,179</b>	<b>-5,944</b>
<b>Net operating income</b>		<b>-18,567</b>	<b>388</b>
Taxes	22	381	362
<b>Net loss/profit</b>		<b>-18,948</b>	<b>26</b>
Retained earnings brought forward from the previous year		21,915	21,889
<b>Balance sheet profit</b>		<b>2,967</b>	<b>21,915</b>

## Notes 2008

### Deutsche Steinzeug Cremer & Breuer AG

#### 1 General

The annual financial statement of Deutsche Steinzeug Cremer & Breuer AG has been prepared in accordance with the provisions of the Commercial Code (HGB)

and of the Stock Corporation Law (Aktiengesetz). The presentation of the profit and loss statement is made using the total cost method.

#### 2 Accounting and valuation principles

Intangible assets and property, plant and equipment always have been valued at cost of acquisition or of production, minus the scheduled straight-line and non-scheduled depreciations, inclusive of non-scheduled special depreciations in respect of tax law. As of 2008, the additions of low-value items up to 150 € are fully depreciated. Low-value items of the fixed assets over 150 € and up to 1,000 € are allocated to a collective item and depreciated by the straight-line method over the period of usefulness of 5 years. The financial assets are assessed at cost of acquisition minus depreciations at the lower attributable value. The goodwill amortization is made pursuant to § 255, section 4, clause 3 in accordance with the expected utilization and analogous to the tax law provisions, i.e. straight-line with 6 2/3 % p.a. (§ 7, section 1, clause 3 of the Income Tax Law) plus non-scheduled depreciations because of expected continuous decline in economic usefulness. In the year under review, non-scheduled depreciations in the amount of 3,630,109.93 € were made on real estate and technical equipment. Furthermore, the investment valuation of a subsidiary company reported under the current assets was depreciated by 1,692,000.00 € to 600,000.00 €.

The inventories are valued at cost of acquisition or of production or at lower stock market prices or market values or at attributable values. Raw materials and supplies, operating materials and merchandise are assessed at costs of acquisition. Goods are valued at costs of production. The costs of production include those costs which can or must be reported according to the tax provisions. Interest which accrues in the period of production has not been included as assets. Deductions in value for recognizable risks, especially

for such risks which result from period of storage and reduced utility value, have been made on an adequate scale.

Accounts receivable and other assets always have been valued at cost of acquisition. Foreign currency items have been assessed at the rate of their establishment or at the lower rate on the balance sheet date. Risks in the case of accounts receivable have been taken into consideration by means of adequate individual or general allowances. Covering claims from life insurances have been assessed at their actuarial asset value and dealt with as long-term assets. In the case of the shares in associated companies in the current assets, special depreciations were made, i.e. they have been assessed at the lower attributable value. The liquid assets valued at the nominal value include cash in bank and cash in hand. The prepayments and accrued income include a discount in the amount of 80,000 €.

The pension accruals have been determined using the component-based procedure on the basis of actuarial principles and the 2005 G Actuarial Tables of Klaus Heubeck, taking as a basis an assumed rate of interest of 6 %.

The other accruals and accrued liabilities take into account all recognizable risks and other uncertain obligations. The valuation of the reserves has been made according to a prudent commercial assessment. The liabilities are valued at the repayment amounts, pension debts have been assessed at their actuarial cash value. Liabilities in foreign currencies have been assessed at the rate of their establishment or at the higher rate on the balance sheet date.

## Explanations relating to balance sheet

### 3 Fixed assets

The itemization of the asset positions and their development in the year 2008 are presented as appendix to these notes (Analysis of fixed assets).

### 4 Inventories

This item includes:

	31.12.2008	31.12.2007
	€'000	€'000
Raw materials and supplies	6,674	7,199
Work in progress	3,735	5,350
Finished goods and merchandise	39,243	45,641
	49,652	58,190

### 5 Accounts receivable and other assets

	31.12.2008	31.12.2007
	€'000	€'000
Accounts receivable, trade	94	589
- of which with a remaining term of more than one year	0	0
Accounts due from affiliated companies	5,459	8,887
- of which with a remaining term of more than one year	0	1,569
Other assets	9,994	7,046
- of which accounts receivable with a remaining term of more than one year	6,878	4,585
<b>Total</b>	<b>15,547</b>	<b>16,522</b>
- of which with a remaining term of more than one year	6,878	6,154

Other assets include reinsurances of 4,999,000 € (previous year: 4,450,000 €). Of the accounts due from affiliated companies, 1,464,000 € (previous

year: 1,694,000 €) are allotted to those from accounts receivable, trade; 3,995,000 € (previous year: 7,193,000 €) are allotted to other assets.

**6 Marketable securities**

In this position, the investments in Deutsche Steinzeug Immobilien GmbH & Co. KG, Geluna Vermögensverwaltung GmbH and Jasba Ofenkachel Vermögensverwaltung GmbH are listed. On the

valuation of a subsidiary company, a non-scheduled depreciation in the amount of 1,692,000 € had to be made, cf. number 21.

**7 Deferred charges and prepaid expenses**

Discounts in accordance with § 250 sect. 3 of the Commercial Code (HGB) amount to 80,000 € (previous year: 184,000 €) on the reporting date.

**8 Shareholders' equity/balance sheet profit**

	31.12.2008	31.12.2007
	€'000	€'000
Subscribed capital	27,616	27,616
Earnings reserves – statutory reserve –	2,762	2,762
Balance sheet profit	2,967	21,915
<b>Equity</b>	<b>33,345</b>	<b>52,293</b>

**Development of the equity capital in the fiscal year**

	Subscribed capital	Earned surplus	Balance sheet profit	Equity capital
	€'000	€'000	€'000	€'000
Status 01.01.2008	27,616	2,762	21,915	52,293
Net loss	0	0	-18,948	-18,948
<b>Status 31.12.2008</b>	<b>27,616</b>	<b>2,762</b>	<b>2,967</b>	<b>33,345</b>

**Balance sheet profit**

	2008	2007
	€'000	€'000
Net loss/profit	-18,948	26
Retained earnings brought forward from the previous year	21,915	21,889
<b>Balance sheet profit</b>	<b>2,967</b>	<b>21,915</b>

## 9 Subscribed capital

The subscribed capital of Deutsche Steinzeug Cremer & Breuer AG amounts to 27,615,618.-- € and is divided up into 27,615,618 individual share

certificates with an accounting par value of 1.-- €. The shares are in the name of the owners.

## 10 Approved capital

With the approval of the Supervisory Board, the Board of Management was authorized to increase the share capital by issuing new shares against cash or in kind, once or several times, to a maximum total of 25,236,881.-- € by 18.06.2008.

A capital increase was not made. The approved capital thus amounts to 0.-- € (previous year: 25,236,881.-- €) on the balance sheet date 31.12.2008.

## 11 Accruals and accrued liabilities

Accruals for pensions and similar liabilities have been formed for obligations arising from current pensions, expectancies and obligations similar to pensions as well as their safeguarding. The 2005 G Actuarial Tables of Klaus Heubeck have been adopted. The interest expenditure for the pension obligations is included in the financial result.

The other accruals essentially include amounts for expenditures on personnel, warranties and recultivation obligations as well as for outstanding invoices.

### Composition

	31.12.2008	31.12.2007
	€'000	€'000
Pension accruals	11,652	11,088
Tax accruals	72	972
Other accruals and accrued liabilities	7,962	8,243
	<b>19,686</b>	<b>20,303</b>

### Structure of other accruals and accrued liabilities

	31.12.2008	31.12.2007
	€'000	€'000
Accruals for personnel	2,388	1,803
Outstanding invoices	580	1,142
Warranties	1,832	2,772
Recultivation obligations	1,374	1,334
Restructuring expenditures	785	0
Other obligations	1,003	1,192
	<b>7,962</b>	<b>8,243</b>

**12 Liabilities**

Type of liabilities	Remaining term			Total €'000
	of up to one year €'000	of 2 to 5 Jahre €'000	of more than 5 years €'000	
Liabilities due to banks	252	64,041	0	64,293
prev. year	6,297	60,341	0	66,638
Accounts payable, trade	14,493	1,658	74	16,225
prev. year	14,255	1,760	0	16,015
Accounts due to affiliated companies	11,080	3,500	0	14,580
prev. year	11,008	4,500	0	15,508
Other liabilities	2,468	3,939	586	6,993
prev. year	1,488	5,053	605	7,146
	<b>28,293</b>	<b>73,138</b>	<b>660</b>	<b>102,091</b>
prev. year	33,048	71,654	605	105,307

The liabilities due to banks in the amount of 64,293,000 € are secured by mortgages on own real property as well as on real property of a subsidiary company in the amount of 18,364,000 € (prev. year: 18,364,000 €) and the rest by blanket assignment of trade receivables, by pledging of inventories and the non-real-estate fixed assets as well as of the shares in four subsidiary companies. Furthermore, all present and future brands, patents, rights of use, copyrights

and all present and future cash in bank are pledged. In addition, there is a first land charge in favour of Pensionsversicherungsverein, Cologne, in the amount of 6,000,000 € (prev. year: 6,000,000 €); on the balance sheet date, the liability to be secured amounts to 4,946,000 €. Like in the previous year, the accounts due to affiliated companies have the character of other liabilities.

**13 Other liabilities**

The other liabilities include:

	31.12.2008 €'000	31.12.2007 €'000
Liabilities from taxes	198	262
Liabilities from social security	352	641
	<b>550</b>	<b>903</b>



## 14 Contingent liabilities and commitments

	31.12.2008	31.12.2007
	€'000	€'000
<b>Contingent liabilities</b>		
Liabilities from guarantees and similar commitments	0	723
Liability arising from the order of securities for external liabilities	1,230	3,014
Liability from indemnity agreements	323	338
"Piercing the corporate veil" for relief fund obligations	1,002	997
	<u>2,555</u>	<u>5,072</u>
<b>Commitments</b>		
Leasing and rental obligations	8,548	4,851
Order commitment for greater investments	9	1,759
	<u>8,557</u>	<u>6,610</u>
	<u>11,112</u>	<u>11,682</u>

The company has issued a letter of responsibility concerning a non-operating property-management company, as this company, according to the prelim-

inary annual financial statement as of 31.12.2008, shows a negative equity capital in the amount of 170,000 €.

## Explanations of the profit and loss statement

### 15 Sales

	2008	2007
	€'000	€'000
Germany	175,512*	185,895*
Other countries	4,533	5,787
	<b>180,045</b>	<b>191,682</b>

\* mainly intra-company sales of Deutsche Steinzeug Cremer & Breuer AG to its marketing companies

### 16 Other operating income

Other operating income essentially includes: energy tax refunds, rental income, income from the passing on of costs to affiliated companies, income arising from the release of reserves and of valuation

reserves, income arising from incidental revenue. The out-of-period income included in this item is € 2,135,000 (prev. year: € 1,530,000).

### 17 Cost of materials

	2008	2007
	€'000	€'000
Cost of raw materials, supplies and merchandise and for purchased goods	75,762	84,530
Cost of purchased services	32,007	33,804
	<b>107,769</b>	<b>118,334</b>

### 18 Personnel expenses/employees

	2008	2007
	€'000	€'000
Wages and salaries	44,750	46,523
Social security	9,655	10,038
Cost of pensions	485	365
	<b>54,890</b>	<b>56,926</b>

Annual average number of employees	2008	2007
Wage earners	1,088	1,159
Salaried employees	269	276
	<b>1,357</b>	<b>1,435</b>

## 19 Depreciations

Of the depreciations, 1,437,000 € (prev. year: 1,437,000 €) are accounted for by goodwill which is written off over 15 years pursuant to § 255 sect. 4 clause 3 of the German Commercial Code (HGB) in

conjunction with § 7 sect. 1 clause 3 of the Income Tax Law (EstG). In the year under review, non-scheduled depreciations in the amount of 3,630,000 € on real estate and technical equipment were made.

## 20 Other operating expenses

The position of other operating expenses includes repairs and third-party work, marketing expenditures, renting and leasing expenditures, guarantee expenditures as well as other administration costs.

In addition, the other operating expenses include restructuring costs in the amount of 1,994,000 € (previous year: 0,000 €). The out-of-period expenditures amount to 220,000 € (prev. year: 3,000 €).

## 21 Details of financial results

	2008	2007
	€'000	€'000
Income from investments	0	0
- of which from affiliated companies	0	0
Income from profit transfer agreements	3,232	3,007
Depreciations from financial assets	1,692	600
<b>Result from investments</b>	<b>1,540</b>	<b>2,407</b>
Other interest and similar income	873	670
- of which from affiliated companies	722	464
Interest and similar expenditures	9,592	9,021
- of which to affiliated companies	972	949
<b>Net interest income</b>	<b>-8,719</b>	<b>-8,351</b>
- of which from affiliated companies	-250	-485
<b>Financial result</b>	<b>-7,179</b>	<b>-5,944</b>

The interest burden of the existing pension obligations is included with 682,000 € (prev. year: 652,000 €). Out-of-period interest expenses in the amount of 2,000 € (prev. year: 16,000 €) accumulated in the fiscal year. The depreciations from

financial assets in the amount of 1,692,000 € (previous year: 600,000 €) concern the writedown of a real estate company not belonging to the operative business, cf. number 6.

**22 Taxes**

	2008	2007
	€'000	€'000
Income taxes	-33	130
Other taxes	414	232
	381	362

In the year under review, out-of-period tax expenditures did not accrue at the income taxes (previous year: 36,000 €). At the other taxes, out-of-period tax expenditures accrued in the amount of 117,000 € (previous year: 0,000 €). In the year under review,

out-of-period tax proceeds only accrued at the income taxes in the amount of 68,000 €; in the previous year, out-of-period tax proceeds accrued at the income taxes as well as at the other taxes in the total amount of 130,000 €.

**23 Other information****23.1 Remuneration of members of company organs**

The total remuneration of the Board of Management amounted to 728,000 € (previous year: 1,233,000 €) in the year under review. The total remuneration for Mr. Dieter Schäfer amounted to 464,000 € (previous year: 802,000 €) and is divided up as follows: fixed component of 450,000 €, variable component of 0,000 € and benefits in money's worth of 14,000 €. The total remuneration for Mr. Eckehard Forberich amounted to 263,000 € (previous year: 431,000 €) and is divided up as follows: fixed component of 252,000 €, variable component of 0,000 € and benefits in money's worth of 11,000 €. In addition, contributions pursuant to § 6 a of the Income Tax Law (EStG) in the amount of 249,000 € (previous year: 72,000 €) were transferred to the pension reserve, which concern the reserve for Mr. Dieter Schäfer in the amount of 196,000 € and the

reserve for Mr. Eckehard Forberich in the amount of 53,000 €.

A total of 2,712,000 € (prev. year: 2,591,000 €) has been allocated to reserves for pension obligations in respect of former members of the Board of Management and their surviving dependants; the current remuneration for these persons was 251,000 € (prev. year: 218,000 €).

The remuneration of the Supervisory Board of Deutsche Steinzeug Cremer & Breuer AG is laid down in the company's Articles of Incorporation. The total remuneration of the members of the Supervisory Board amounted to 176,000 € (previous year: 217,000 €) for the fiscal year 2008 and is subdivided as follows:

Members of the Supervisory Board	Membership in 2008	Remuneration in €			Total
		Fixed	Variable	Meeting attendance fee	
Delker, Wilfried	full year	37,500.00	0.00	1,250.00	38,750.00
Schloßarek, Gerd	full year	31,250.00	0.00	1,250.00	32,500.00
Kloft, Rainer	full year	25,000.00	0.00	1,250.00	26,250.00
Prof. Dr. Kottkamp, Eckart	full year	25,000.00	0.00	1,250.00	26,250.00
Dr. Schelo, Stephan	full year	25,000.00	0.00	1,250.00	26,250.00
Dr. Winkels, Alexander	until 11.06.2008	11,095.89	0.00	500.00	11,595.89
Dr. Kohlhammer, Hans-Peter	as of 12.06.2008	13,904.11	0.00	750.00	14,654.11
		<b>168,750.00</b>	<b>0.00</b>	<b>7,500.00</b>	<b>176,250.00</b>

### **23.2 Information on ownership of shares**

The information required in § 285 no. 11 and § 313 section 2 of the Commercial Code (HGB) has been

compiled separately in accordance with § 287 and § 313 section 4 of the Commercial Code (HGB).

### **23.3 Appropriation of the retained earnings**

The Board of Management and the Supervisory Board suggest to carry forward the net loss for the year in the amount of 18,947,990.43 € as well as the profit

carried forward from the previous year in the amount of 21,915,434.66 €, thus 2,967,444.23 € in total.

### **23.4 Statement concerning the Corporate Governance Code**

For the first time in December 2002 and last in December 2008, the Board of Management, at the same time acting on behalf of the Supervisory Board, made a statement concerning the compliance with the German Corporate Governance Code. According

to this statement, the requirements of the Code are met in principle. In ten cases, however, there are well-founded deviations from the recommendations. For this, refer to the publications in the internet at our homepage [www.deutsche-steinzeug.de](http://www.deutsche-steinzeug.de).

### **23.5 Auditor's fees**

In the expense of the fiscal year, auditor's fees in the amount of 244,000 € (prev. year: 248,000 €) are included, which are divided up into 183,000 €

(prev. year: 170,000 €) for the audit itself, 61,000 € (prev. year: 78,000 €) for tax consultation and 0 € (prev. year: 0 €) for other services.

### **23.6 Members of the bodies of the parent company**

The members of the bodies of Deutsche Steinzeug Cremer & Breuer AG as well as their professional activities and memberships in Supervisory Boards

and other controlling bodies are shown in the summary page following these notes.

### **23.7 Control and profit and loss transfer agreements**

Control and profit transfer agreements exist between Deutsche Steinzeug Cremer & Breuer AG as controlling enterprise and Deutsche Steinzeug

Keramik GmbH, Alfter-Witterschlick, Jasba Mosaik GmbH, Ötzingen, and Meissen Keramik Vertriebs GmbH, Dortmund.

### **23.8 Information about notifications pursuant to § 160 sect. 1 no. 8 AktG (German Stock Corporation Law)**

In the fiscal year, we received the following notifications on the existence of an investment pursuant to § 21 sect. 1 WpHG (German Securities Trading Law),

which were all published pursuant to § 26 sect. 1 WpHG.

**Publication from 15 December 2008**

On 15 December 2008, the manager of the consortium V of the family shareholders of Deutsche Steinzeug Cremer & Breuer AG, Mr. Franz-Egon

Wirtz, informed us pursuant to § 21 sect. 1 WpHG in the name and on behalf of the persons stated below as follows:

1. On 6 September 2006, the proportion of voting rights of the following persons fell below the thresh-

olds of 50 %, 30 %, 25 %, 20 %, 15 %, 10 %, 5 % and 3 % and amounted to the following value on this day:

Name	Seat / country or residence	Proportion of voting rights	Number of voting rights
Breuer, Hartmut	Germany	0.12 %	33,333
Jacob, Maria	Germany	0.06 %	16,667
Sander, Gisela	Germany	0.21 %	58,032
Schuh, Dagmar	Germany	0.06 %	17,397

2. On 14 June 2007, the proportion of voting rights of the following persons fell below the thresholds of

50 %, 30 %, 25 %, 20 %, 15 % and 10 % and amounted to the following value on this day:

Name	Seat / country or residence	Proportion of voting rights	Number of voting rights	Attributable proportion of voting rights acc. to § 22 sect. 2 WpHG	Number of voting rights attributable according to § 22 sect. 2 WpHG
Bochem, Jakob	Germany	8.54 %	2,359,670	8.54 %	2,359,390
Bochem, Kathi	Germany	8.54 %	2,359,670	8.53 %	2,355,273
Clemens, Susanne	Germany	8.54 %	2,359,670	8.51 %	2,349,670
Cremer, Mathias	Germany	8.54 %	2,359,670	8.53 %	2,356,457
Cremer, Monika	Germany	8.54 %	2,359,670	7.53 %	2,080,238
Dannenmann, Anneliese	Germany	8.54 %	2,359,670	8.52 %	2,353,911
Daxner, Heide	Germany	8.54 %	2,359,670	8.51 %	2,350,750
Dürr, Manfred	Germany	8.54 %	2,359,670	8.46 %	2,337,363
Eckstein, Brigitte	Germany	8.54 %	2,359,670	8.51 %	2,350,750
Eggstein, Agnes	Germany	8.54 %	2,359,670	8.52 %	2,353,337
Eggstein, Brigitte	Germany	8.54 %	2,359,670	8.54 %	2,358,653
Archbishopric of Cologne	Germany	8.54 %	2,359,670	7.34 %	2,026,337
Esters, Magali	Germany	8.54 %	2,359,670	8.46 %	2,336,609
Esters, Thomas	Germany	8.54 %	2,359,670	8.46 %	2,336,609
Esters, Till	France	8.54 %	2,359,670	8.46 %	2,336,609
Fischer, Annemarie	Germany	8.54 %	2,359,670	8.52 %	2,352,170
Fischer-Ovelhey, Christine	Germany	8.54 %	2,359,670	8.52 %	2,353,670
Fischer, Elisabeth	Germany	8.54 %	2,359,670	8.53 %	2,356,337
Foerster, Beate	France	8.54 %	2,359,670	8.51 %	2,350,743

Name	Seat / country or residence	Proportion of voting rights	Number of voting rights	Attributable proportion of voting rights acc. to § 22 sect. 2 WpHG	Number of voting rights attributable according to § 22 sect. 2 WpHG
Foerster, Klaus-Henning	Germany	8.54 %	2,359,670	8.51 %	2,350,750
Foerster, Talitha	Germany	8.54 %	2,359,670	8.51 %	2,350,743
Gutermuth, Waltraud	Germany	8.54 %	2,359,670	8.54 %	2,357,783
Heermann, Christiane	Germany	8.54 %	2,359,670	8.43 %	2,326,873
Hirtsiefer, Constantin	Germany	8.54 %	2,359,670	8.53 %	2,346,337
Hirtsiefer, Isabel	Germany	8.54 %	2,359,670	8.51 %	2,349,670
Hirtsiefer, Mathias	Germany	8.54 %	2,359,670	8.50 %	2,346,337
Kalteyer, Katja	Germany	8.54 %	2,359,670	8.53 %	2,356,337
Kammerscheid, Dr. Günther	Germany	8.54 %	2,359,670	8.54 %	2,359,503
Kammerscheid, Peter	Germany	8.54 %	2,359,670	8.54 %	2,359,087
Kitzig, Elke	Germany	8.54 %	2,359,670	8.51 %	2,350,750
Knell, Carola	Germany	8.54 %	2,359,670	8.31 %	2,295,448
Linhoff, Elisabeth	Germany	8.54 %	2,359,670	8.54 %	2,358,003
Loevenich, Maria	Germany	8.54 %	2,359,670	8.54 %	2,358,237
Meul, Heinrich	Spain	8.54 %	2,359,670	8.54 %	2,358,597
Müller, Doris	Germany	8.54 %	2,359,670	8.54 %	2,359,390
Mundhenk, Katharina	Germany	8.54 %	2,359,670	8.29 %	2,290,487
Päffgen, Jakob	Germany	8.54 %	2,359,670	8.52 %	2,353,003
Panzer, Hans Ferdinand	Germany	8.54 %	2,359,670	8.54 %	2,359,587
Panzer, Matthias	Germany	8.54 %	2,359,670	8.54 %	2,359,503
Pesch, Josef	Germany	8.54 %	2,359,670	8.54 %	2,359,068
Pesch, Elisabeth	Germany	8.54 %	2,359,670	8.54 %	2,358,670
Pinkner, Käthe	Germany	8.54 %	2,359,670	8.54 %	2,359,587
Ravenstein, Anita	Austria	8.54 %	2,359,670	8.52 %	2,353,070
Rütten, Beatrix	Germany	8.54 %	2,359,670	8.38 %	2,313,770
Rütten, Manfred	Germany	8.54 %	2,359,670	8.54 %	2,359,537
Rütten, Götz	Germany	8.54 %	2,359,670	8.48 %	2,343,003
Rütten, Utz	Germany	8.54 %	2,359,670	8.48 %	2,342,840
Schliefer, Frank	Germany	8.54 %	2,359,670	8.32 %	2,297,316
Schliefer, Heinrich	Germany	8.54 %	2,359,670	8.40 %	2,319,670
Schliefer, Thomas	Germany	8.54 %	2,359,670	8.28 %	2,297,316
Sievernich-Emonds, Trude	Germany	8.54 %	2,359,670	8.53 %	2,355,923
Startz de Rodriguez, Marilies	Germany	8.54 %	2,359,670	8.54 %	2,357,870
Stolpp, Katrin	Germany	8.54 %	2,359,670	8.54 %	2,357,398
Stolpp, Sebastian	Germany	8.54 %	2,359,670	8.54 %	2,357,398
Stolpp, Ulrike	Germany	8.54 %	2,359,670	8.52 %	2,351,917
Stolz, Ursula	Germany	8.54 %	2,359,670	8.45 %	2,333,545

Name	Seat / country or residence	Proportion of voting rights	Number of voting rights	Attributable proportion of voting rights acc. to § 22 sect. 2 WpHG	Number of voting rights attributable according to § 22 sect. 2 WpHG
Strack, Holger	Germany	8.54 %	2,359,670	8.51 %	2,350,867
Thamm, Dagmar	Germany	8.54 %	2,359,670	8.53 %	2,356,003
Thomer, Else	Germany	8.54 %	2,359,670	8.52 %	2,353,337
Waldecker, Katrin	Germany	8.54 %	2,359,670	8.44 %	2,329,540
Weil, Fred	Germany	8.54 %	2,359,670	8.53 %	2,356,457
Winker, Ulrich	Germany	8.54 %	2,359,670	8.51 %	2,351,337
Wirtz, Franz-Egon	Germany	8.54 %	2,359,670	8.34 %	2,302,670
Wirtz, Gertrud	Germany	8.54 %	2,359,670	6.73 %	1,859,670
Wirtz-Brauns, Bettina	Germany	8.54 %	2,359,670	8.47 %	2,338,770
Wolf, Else	Germany	8.54 %	2,359,670	7.59 %	2,095,230
Wolf, Heinrich	Germany	8.54 %	2,359,670	8.06 %	2,225,140

3. On 27 June 2007, the proportion of voting rights of Mrs. Else Thomer, resident in the Federal Republic of Germany, fell below the thresholds of 5 % and 3 % and amounted to 0 % (corresponding to 0 voting rights) on this day.

On 27 June 2007, the proportion of voting rights of the following persons exceeded the thresholds of 3 % and 5 % and amounted to the following value on this day:

Name	Seat / country or residence	Proportion of voting rights	Number of voting rights	Attributable proportion of voting rights acc. to § 22 sect. 2 WpHG	Number of voting rights attributable according to § 22 sect. 2 WpHG
Thomer, Hans-Friedrich	Germany	8.54 %	2,359,670	8.53 %	2,356,504
Semrau, Marliese	Germany	8.54 %	2,359,670	8.53 %	2,356,503

4. On 2 July 2007, the proportion of voting rights of the following persons exceeded the thresholds of

3 % and 5 % and amounted to the following value on this day:

Name	Seat / country or residence	Proportion of voting rights	Number of voting rights	Attributable proportion of voting rights acc. to § 22 sect. 2 WpHG	Number of voting rights attributable according to § 22 sect. 2 WpHG
Jülich, Heinz	Germany	8.60 %	2,376,002	8.60 %	2,373,891
Müller, Rosemarie	Germany	8.60 %	2,376,002	8.60 %	2,373,891
Schneider, Katharina	Germany	8.60 %	2,376,002	8.60 %	2,373,891



5. On 8 October 2007, the proportion of voting rights of Mr. Jürgen Loevenich, resident in the Federal Republic of Germany, exceeded the thresholds of 3 % and 5 % and amounted to 8.53 % (correspond-

ing to 2,355,335 voting rights) on this day. Thereof, 8.52 % (corresponding to 2,353,902 voting rights) were attributable to Mr. Loevenich according to § 22 sect. 2 WpHG.

6. On 8 October 2007, the proportion of voting rights of Mrs. Dagmar Thamm, resident in the Federal Republic of Germany, fell below the thresholds of

5 % and 3 % and amounted to 0.01 % (corresponding to 3,667 voting rights) on this day.

7. On 11 October 2007, the proportion of voting rights of Mrs. Ursula Stolz, resident in the Federal Republic of Germany, fell below the thresholds of

5 % and 3 % and amounted to 0.09 % (corresponding to 26,125 voting rights) on this day.

8. On 1 January 2008, the proportion of voting rights of Mr. Heinz Bochem, resident in the Federal Republic of Germany, exceeded the thresholds of 3 % and 5 % and amounted to 8.43 % (corresponding

to 2,329,210 voting rights) on this day. Thereof, 8.41 % (corresponding to 2,322,813 voting rights) were attributable to Mr. Bochem according to § 22 sect. 2 WpHG.

9. On 1 February 2008, the proportion of voting rights of the following persons as members of the Elisabeth Pesch community of heirs exceeded the

thresholds of 3 % and 5 % and amounted to the following value on this day:

Name	Seat / country or residence	Proportion of voting rights	Number of voting rights	Attributable proportion of voting rights acc. to § 22 sect. 2 WpHG	Number of voting rights attributable according to § 22 sect. 2 WpHG
Gertrud Spitz	Germany	8.43%	2,329,210	8.43%	2,328,210
Margarete Pohl	Germany	8.43%	2,329,210	8.43%	2,328,210
Hans-Peter Pesch	Germany	8.43%	2,329,210	8.43%	2,328,210

10. On 10 March 2008, the proportion of voting rights of the following persons fell below the thresh-

olds of 5 % and 3 % and amounted to the following value on this day:

Name	Seat / country or residence	Proportion of voting rights	Number of voting rights
Cremer, Monika	Germany	0.94 %	260,432
Hirtsiefer, Constantin	Germany	0.05 %	13,333
Hirtsiefer, Isabel	Germany	0.04 %	10,000
Hirtsiefer, Mathias	Germany	0.05 %	13,333

11. On 1 April 2008, the proportion of voting rights of Mrs. Gertrud Spitz, resident in the Federal Republic of Germany, of Mrs. Margarete Pohl, resident in the Federal Republic of Germany and of Mr. Hans-Peter

Pesch, resident in the Federal Republic of Germany, fell below the thresholds of 5 % and 3 % and amounted to 0 % (corresponding to 0 voting rights) on this day.

12. On 7 May 2008, the proportion of voting rights of Mr. Ulrich Winkler, resident in the Federal Republic of Germany, fell below the thresholds of 5 % and

3 % and amounted to 0 % (corresponding to 0 voting rights) on this day.

13. On 20 October 2008, the proportion of voting rights of Mrs. Helga Geuer, resident in the Federal Republic of Germany, exceeded the thresholds of 3 % and 5 % and amounted to 7.32 % (corresponding

to 2,022,779 voting rights) on this day. Thereof, 7.31 % (corresponding to 2,019,446 voting rights) were attributable to Mrs. Geuer according to § 22 sect. 2 WpHG.

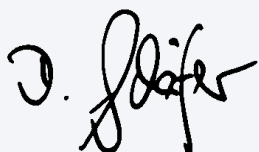
#### 24 Assurance of the legal representatives

We assure to the best of our knowledge that, in accordance with the accounting principles to be applied, the annual financial statement conveys an accurate picture of the asset, financial and earnings situation of Deutsche Steinzeug Cremer & Breuer AG and that the Consolidated Management Report

presents the business trend inclusive of the operating result and the situation of the company in such a way that an accurate picture is conveyed and the essential chances and risks of the company's expected development are described.

Frechen, March 31, 2009

The Board of Management



Dieter Schäfer



Eckehard Forberich

## Development of fixed assets

	Total procurement and manufacturing costs				Status 31.12.2008
	Status 01.01.2008	Additions 2008	Disposals 2008	Transfers 2008	
	€'000	€'000	€'000	€'000	€'000
<b>I. Intangible assets</b>					
1. Trademarks and similar rights as well as licenses to such rights	2,688	0	0	0	2,688
2. Goodwill	23,469	0	0	0	23,469
	26,157	0	0	0	26,157
<b>II. Fixed assets</b>					
1. Land, leasehold, rights and buildings	97,089	316	262	53	97,196
2. Technical equipment, plant and machinery	211,947	3,067	2,024	32	213,022
3. Other equipment, operational and office equipment	19,113	349	154	14	19,322
4. Advance payments and construction in progress	289	719	50	-99	859
	328,438	4,451	2,490	0	330,399
<b>III. Financial assets</b>					
Shares in affiliated companies	32,474	0	472	0	32,002
	387,069	4,451	2,962	0	388,558

	Accumulated depreciations				Book values	
	Status 01.01.2008	Additions 2008	Disposals 2008	Write-ups 2008	Status 31.12.2008	Status 31.12.2007
	€'000	€'000	€'000	€'000	€'000	€'000
<b>I. Intangible assets</b>						
1. Trademarks and similar rights as well as licenses to such rights	2,521	82	0	0	2,603	167
2. Goodwill	14,844	1,437	0	0	16,281	8,625
	17,365	1,519	0	0	18,884	8,792
<b>II. Fixed assets</b>						
1. Land, leasehold, rights and buildings	66,476	5,041	31	0	71,486	30,613
2. Technical equipment, plant and machinery	187,613	4,474	2,024	0	190,063	24,334
3. Other equipment, operational and office equipment	17,342	431	112	0	17,661	1,771
4. Advance payments and construction in progress	0	0	0	0	0	289
	271,431	9,946	2,167	0	279,210	57,007
<b>III. Financial assets</b>						
Shares in affiliated companies	4,726	0	17	0	4,709	27,748
	293,522	11,465	2,184	0	302,803	93,547

Name Place of residence	Job title Main professional activity	Membership of other Supervisory Boards	Membership of controlling body
<b>Supervisory Board</b>			
Wilfried Delker Königswinter	Chairman of Supervisory Board Pensioner Vice President i.R. der American Standard Companies, Inc., Piscataway/USA	-	-
Gerd Schloßarek* Kamen	Deputy Chairman Graduate economist Group Head Ceramics and Glass Section IG Bergbau, Chemie, Energie, Hanover Hannover	SAINT-GOBAIN GLASS DEUTSCHLAND GmbH, Aachen (Deputy Chairman) SEKURIT SAINT-GOBAIN DEUTSCHLAND GmbH, Aachen Berufsgenossenschaftliches Universitäts- klinikum Bergmannsheil GmbH, Bochum	VBG, Hamburg BAD, Bonn
Professor Dr. Eckart Kottkamp Großhandorf	Chairman of Supervisory Board of Lloyd Fonds AG, Hamburg (Chairman)	Basler AG, Ahrensburg Lloyd Fonds AG, Hamburg (Chairman)	Advisory Council of C. Mackprang GmbH & Co. KG, Hamburg (Chairman)
Dr. Stephan Schelo Meerbusch	Graduate engineer, graduate business engineer Manager of Marktkauf Holding GmbH, Bielefeld, Chairman of Managing Board of Spar Handels GmbH, Schenefeld, and Chairman of Managing Board of Lunar GmbH, Bielefeld	Rudolf Bunte GmbH, Papenburg (Deputy Chairman)	Advisory Council of conAmax Management GmbH, Düsseldorf Advisory Council of Kienbaum und Partner GmbH, Gummersbach Advisory Council of Gerhard Prahm GmbH & Co. KG, Brinkum
Dr. Alexander Winkels Erkrath - until 11.06.2008 -	Management consultant	AUTANIA Aktiengesellschaft für Industriebeteiligungen, Kelkheim (Deputy Chairman) Schmitz Cargobull AG, Altenberge (2nd Deputy Chairman)	-
Dr. Hans-Peter Kohlhammer Haag a.d. Amper - as of 12.06.2008 -	Management consultant	Vivanco AG, Ahrensburg (Deputy Chairman) Kabelfernsehen München ServiCenter GmbH, Unterföhring (Chairman) regify AG, Hüfingen (Chairman) AO VimpelCom, Moskau	Advisory Council of Dr. Schwerhoff & pepcom GmbH, Unterföhring (Chairman) Associates GmbH, Hamburg
Rainer Kloft* Hahn	Industrial fitter Chairman of the Central Employees' Council of Deutsche Steinzeug Cremer & Breuer AG, Alfter-Witterschlick	-	-

\* Employees' representative

**Board of Management**

Dieter Schäfer Swisttal-Miel	Chairman of the Board of Management Deutsche Steinzeug Cremer & Breuer AG Alfter-Witterschlick	-	-
Eckehard Forberich Oberursel	Member of the Board of Management Deutsche Steinzeug Cremer & Breuer AG Alfter-Witterschlick	-	-

## Summary of investments of Deutsche Steinzeug Cremer & Breuer AG

Company	Headquarters	Stake in %	National currency	Equity (in '000's national currency)	Net result 2008 (in '000's national currency)
1 Deutsche Steinzeug Keramik GmbH	Alfter-Witterschlick	100.0	€	13,057	0
2 Meissen Keramik Vertriebs GmbH	Dortmund	100.0	€	1,540	0
3 Jasba Mosaik GmbH	Ötzingen	100.0	€	1,037	0
4 Staloton Klinker Vertriebs GmbH***	Schwarzenfeld	100.0	€	25	0
5 Deutsche Steinzeug Italia S.r.l.**	Veggia/Italien	100.0	€	108	-18
6 Deutsche Steinzeug America, Inc.	Alpharetta/USA	100.0	\$	4,124	-62
7 Deutsche Steinzeug Schweiz AG	Hergiswil/Schweiz	100.0	CHF	549	51
8 Deutsche Steinzeug France s.a.r.l.*	Norroy le Veneur/Frankreich	100.0	€	14	-63
9 Unterstützungskasse AGROB GmbH	München	100.0	€	26	0
10 Deutsche Steinzeug Immobilien Verwaltungs-GmbH	Alfter-Witterschlick	100.0	€	32	2
11 Deutsche Steinzeug Immobilien GmbH & Co KG	Alfter-Witterschlick	100.0	€	625	-766
12 BAK Sondervermögen	Frechen	69.0	€	0	0
13 Geluna Vermögensverwaltungs GmbH	Alfter-Witterschlick	100.0	€	450	126
14 Meissen Keramik Verwaltungs-GmbH	Alfter-Witterschlick	100.0	€	23	-1
15 Jasba Ofenkachel Vermögensverwaltung GmbH	Alfter-Witterschlick	100.0	€	0	-199
16 Deutsche Steinzeug AG	Alfter-Witterschlick	100.0	€	53	2
17 Buchtal Baukeramik Vertriebsges. mbH	Guntramsdorf/Österreich	100.0	€	1,709	55

\* 10% via Deutsche Steinzeug Keramik GmbH

\*\* 90% via Deutsche Steinzeug Keramik GmbH

\*\*\* Via Deutsche Steinzeug Keramik GmbH

## Auditor's certificate

We have audited the annual financial statement – consisting of balance sheet, profit and loss statement as well as notes – based on the accounts and the report on the situation of the Company and the Group represented by Deutsche Steinzeug Cremer & Breuer AG, Frechen, for the fiscal year from 01.01. to 31.12.2008. The accounts and the preparation of the annual financial statement and the report on the situation of the Company and the Group in accordance with the provisions stipulated under German Commercial Law and the supplementary regulations in the articles of association fall within the responsibility of the legal representatives of the Company. It is our task to make a judgement on the annual financial statement including the accounts on the basis of the audit we have conducted, as well as on the Group result and the report on the situation of the Company and the Group.

We conducted our audit of the annual financial statement in accordance with § 317 of the Commercial Code (HGB), in compliance with the principles of proper auditing established by the IDW – Institut der Wirtschaftsprüfer (Institute of Auditors). Auditing should accordingly be planned and conducted in such a way that facilitates with adequate certainty the recognition of errors and breaches which essentially impact upon the representation of the asset, finance and earnings situation of the Group as laid out in the annual financial statement and the report on the situation of the Company and the Group which were compiled in strict adherence to accounting principles. In the determination of the auditing procedures, the knowledge on the business activity and on the economic and legal environment of the Company as well as the expectation of possible errors are taken into account. In the course of the audit, the efficiency of the internal controlling system and verification of the details on the accounting, in the annual financial statement and in the report on

the situation of the Company and the Group are assessed on the basis of random samples. The audit also includes the assessment of the applied accounting principles and the assessment of the legal representatives as well as an assessment of the overall representation of the annual financial statement and the report on the situation of the Company and the Group. We are of the opinion that our audit forms a sufficient and secure basis for our judgement.

Our audit has not led to any objections.

According to our judgement based on the knowledge gained in the audit, the annual financial statement complies with the legal provisions and the supplementary regulations in the articles of association and conveys – in compliance with standard accounting principles – an accurate picture of the asset, financial and earnings situation of the Company. The report on the situation of the Company and the Group is in accordance with the annual financial statement, conveys an accurate picture of the situation of the Company and presents the chances and risks of the future development accurately.

Neuss, April 06, 2009

Dr. Glade, König und Partner GmbH  
Wirtschaftsprüfungsgesellschaft  
Steuerberatungsgesellschaft

(Dr. Hans-Joachim Glade)  
Wirtschaftsprüfer



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## Financial calendar 2009/2010

30. April 2009	Publication of the 2008 Annual Report
07. May 2009	Dispatch of the 2008 Annual Report
15. May 2009	Interim report 1 <sup>st</sup> quarter 2009
17. June 2009	2009 Annual General Meeting
14. August 2009	Interim report 1 <sup>st</sup> half-year 2009
13. November 2009	Interim report 3 <sup>rd</sup> quarter 2009
30. April 2010	Publication of the 2009 Annual Report
06. May 2010	Dispatch of the 2009 Annual Report
14. May 2010	Interim report 1 <sup>st</sup> quarter 2010
17. June 2010	2010 Annual General Meeting



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