Annual Report 2009

VBH HOLDING AKTIENGESELLSCHAFT

Simply everything.

Everything simple.

Key Figures

Sales and Earnings		2005	2006	2007	2008	2009
Revenues	in € m	693.4	783.2	808.4	863.3	754.1
EBITDA	in € m	34.3	48.0	54.8	45.5	23.8
EBITDA margin	in %	5.0%	6.1%	6.8%	5.3%	3.2%
EBIT	in € m	24.4	40.3	49.4	39.6	17.8
EBIT margin	in %	3.5%	5.1%	6.1%	4.6%	2.4%
EBT	in € m	16.4	30.2	38.2	31.5	10.5
Net result after minorities	in € m	9.2	19.8	27.6	17.8	6.3

Key Figures		2005	2006	2007	2008	2009
Cash flow from operating activity	in € m	22.8	11.0	31.5	33.7	33.6
Cash flow from investing activity	in € m	-6.9	-6.0	-8.7	-17.5	-9.2
Free Cash Flow	in € m	15.9	5.0	22.8	16.2	24.4
Cash flow from financing activity	in € m	-15.0	-6.3	-18.9	-5.2	-23.5
Total investments	in € m	15.2	11.5	18.6	27.6	11.6
Working Capital	in € m	145.1	164.6	179.1	191.4	167.6
Capital employed	in € m	208.1	228.7	252.7	264.7	263.2
ROCE	in %	11.7%	17.6%	19.5%	15.0%	6.8%
Net debt	in € m	134.9	138.3	118.2	107.6	103.7
Gearing	in %	270.9%	192.8%	106.6%	78.3%	79.3%
Return on equity (ROE)	in %	22.2%	31.8%	27.1%	13.8%	5.2%
Number of employees		2,150	2,175	2,686	2,886	2,873

Share data		2005	2006	2007	2008	2009
Earnings per share diluted	in €	0.27	0.54	0.72	0.41	0.14
Earnings per share undiluted	in €	0.26	0.50	0.67	0.41	0.14
Dividend per share	in €	0.00	0.12	0.15	0.19	0.05
Book value per share	in €	1.36	1.97	2.78	3.00	2.85
Equity per share	in €	1.14	1.71	2.55	2.81	2.66
Share price at year-end	in €	2.72	6.10	6.00	3.68	4.00
Shares outstanding	in T	36,495	36,495	39,865	45,790	45,869
Market capitalization at year-end	in € m	99.3	222.6	239.2	168.5	183.5

Balance Sheet		2005	2006	2007	2008	2009
Long-term assets	in € m	72.1	72.7	86.8	96.6	99.2
Short-term assets	in € m	233.2	262.0	271.1	279.1	251.5
Equity	in € m	49.8	71.7	110.8	137.4	130.8
Book value	in € m	41.5	62.3	101.7	128.9	122.2
Long-term liabilities	in € m	79.9	78.5	121.5	91.3	89.3
Short-term liabilities	in € m	175.5	184.4	125.6	147.0	130.6
Balance sheet total	in € m	305.2	334.6	357.9	375.7	350.7

A clear promise.

SIMPLY EVERYTHING. EVERYTHING SIMPLE.

Our brand makes a clear promise: Simply everything that industry and skilled trades need to manufacture and install windows, doors and furniture. Everything simple, from initial contact to daily cooperation. The experts of VBH are there to provide uncomplicated, fast help, setting the pace with innovative services and simplifying the lives of our customers.

ADDED VALUE FOR OUR CUSTOMERS.

The business model is clear. The focus is on customers and their day-to-day work. Wherever possible, VBH wants to make life easier for them – offer them added value with our products and services. VBH is the brand that adds value. An ambitious claim and one that we consistently put into action.

THE VBH ENHANCED SERVICE PACKAGE.

The green VBH multiservice package stands for all of the additional services that VBH offers its customers. It shows up in brochures, at trade fairs, on the Internet and in advertisements and shapes our brand presence.

ALWAYS ONE IDEA AHEAD.

Service leadership means thinking ahead, whether with products, services or processes. We never stop. Our range is constantly expanding, whether that means our greenteQ own brand or our innovative service tool CE-fix, the online platform for CE labelling. Growth with clear goals.

THE greenteQ HOUSE BRAND.

With the greenteQ own brand, VBH offers a new product range distinguished by high quality and an excellent price/performance ratio. The greenteQ programme is an ideal supplement to the current range and taps new customer groups.

FOCUS ON GROWTH MARKETS.

We are developing the global presence of the VBH brand in a targeted, consistent manner, training our focus on the growth markets of Europe and Asia. Our investments in new companies and markets secure our successful development for the future.

Content

TO OUR SHAREHOLDERS

Letter to the shareholders

Dear Shareholders,

Economic environment

The year 2009 will go down in economic history as one of the most tumultuous years since the Great Depression at the start of the 1930s. The economic output of many countries around the world plummeted almost simultaneously in the financial and economic crisis brought about by the banking sector. Before the backdrop of speculation in early 2009 that our present economic system may not survive, the numerous government stimulus packages implemented in autumn to stabilise national economies were generally welcomed. However, it will be a long time before anything resembling the “good old days” is seen again. The optimism felt in autumn 2009 has since given way to sober realism.

Business review

VBH was not immune to the effects of this bleak economic environment. Group sales declined 12.6% in the past fiscal year, and earnings were down significantly due to lower gross operating profit and persistent problems in Italy. Nonetheless, VBH was successful in the marketplace despite the adverse economic climate, generating a profit. The VBH Group’s financial stability is still secure, allowing VBH to look ahead with confidence to the post-economic crisis era.

Business results varied greatly from region to region for VBH; sales in Germany were largely stable, down by a slight 1.5% year-on-year. Sales were actually up 4.0% for VBH Deutschland GmbH excluding intercompany business. Other Markets sales have more than doubled year-on-year, boosted by initial consolidations and new acquisitions. In contrast, sales in Western Europe fell 21.3%, in Eastern Europe 28.6% (currency adjusted: 15.5%). Eastern Europe appeared to be stabilising at the end of the year, but a floor has not yet been reached in certain Western European countries.

Corporate strategy and brand communication

Unfavourable markets notwithstanding, the Executive Board continued systematically implementing the 3-pillar strategy of targeted internationalisation, expanding the product range – particularly to include the proprietary greenteQ brand – and growing our service offering under the VBH family of brands:

The new VBH communications campaign featuring the slogan

"Simply everything. Everything simple.",

which got off to a successful start in early March 2009, is a key element of corporate strategy. VBH business partners have reacted extremely positively to the new campaign from the very start.

Internationalisation

VBH has stepped up its activities in South America to execute its medium-range growth plans. In Argentina a majority stake was acquired in Steelpro Ltd. Plans are to establish an Americas holding company in Panama in which all VBH activities on the continent are to be bundled, modelled after the procedure followed in Singapore. VBH Turkey, acquired at the end of last year, was integrated into the VBH Group, which over the next few years is to support and anchor the business in the Near and Middle East region.

Product range and proprietary brand policy

Product range activities focused squarely on launching and building up the VBH proprietary brand greenteQ. In this tough economic environment our managers succeeded in putting together within a short period of time a range of over 700 different items, including purchasing, inventorying and placement with customers. In tandem with expanded cooperation with a select few but strong manufacturer brands, greenteQ is key to VBH's future success. Thus for the next few years, working to ensure the success of the product range strategy will be a top priority for all managers at home and abroad. This is key if VBH is to remain profitable despite rising costs in stagnating or only marginally growing markets.

Service offering

The VBH service offering has been steadily expanded, efforts involving the CE-fix activities, the new website, the revamped customer portal and the new VBH knowledge database, to name a few highlights. The CE-fix platform now encompasses the entire range of materials groups (wood, PVC, wood/metal, metal), topics (inspection certificates, specific-item documentation, full CE documentation) and industry members (processors, suppliers & associations). In addition, CE-fix is now available in ten countries. The portal received an extra boost in the run-up to the effective date of the CE designation requirement in February 2010. The VBH knowledge database remains very popular with customers and suppliers. Usage has increased sharply since reorganisation of the VBH knowledge database - the goal for 2010 now being an average 2,000 hits per month.

Share price stable

VBH shares closed out the past fiscal year up slightly, but did not match the strong performance of the benchmark SDAX index. There has been increased investor interest in the shares since inclusion in the Deutsche Börse SDAX selection index on 3 March 2009, reflected in increased reporting, higher trading volume initially, and changes in shareholder structure.

Dividend policy

Despite the continuing uncertainties as to the strength of the economy in 2010, the Executive Board has resolved to submit to the Supervisory Board a proposal on the appropriation of profits that provides for distribution of a dividend of € 0.05 per no par share for the 2009 fiscal year (distribution ratio: 35.7%). The Executive Board’s primary objective remains to further reduce net indebtedness. Regardless of this, the Executive Board intends to adhere to a distribution ratio of at least 35 – 40% of the earnings per non par share as long as the financial stability of the VBH Group is not negatively affected. In this way, shareholders participate in an appropriate way in Group profits.

Outlook for 2010

For 2010 economists are forecasting slight economic growth, though it will likely take several years before economic output returns to the level seen in 2008. The economies of Asia and the US are expected to revive first and more substantially than in Europe, particularly Eastern Europe.

Persistent doubts about the economy and the very long, hard winter in Europe have meant that VBH had a weaker start into 2010 as in the previous year. The Executive Board projects that full-year sales in the Germany segment will be fairly even with fiscal year 2009 and that sales in Western Europe and Eastern Europe will decline. The Other Markets segment will again grow significantly, as in fiscal year 2009. The VBH Group thus estimates full-year sales largely in line with the previous year, barring further economic and exchange rate developments in the Eastern Europe segment. Management will thus remain foremost preoccupied with further optimising cost structures and stabilising cash flow.

The year 2010 will hold more major challenges for VBH. VBH is ready to face these challenges, and has set its course in such a way as to emerge from the present economic crisis stronger than before.

We would like to thank you for your confidence in our work.

Korntal-Münchingen, March 2010

On behalf of the Executive Board:

Rainer Hribar	Dr. Ralf Lieb
Chairman of the board	Member of the board

Report of the Supervisory Board

Dear Shareholders,

Introduction

In fiscal year 2009 the Supervisory Board monitored VBH Holding AG management's compliance with stock corporation regulations and advised the Executive Board. This activity was based on detailed and timely verbal and written reporting by the Executive Board on the business position of VBH Holding AG and the Group. The reports by the Executive Board chiefly concerned business policy, fundamental financial and investment policy issues, profitability and the risk situation of VBH Holding AG and the Group. The Supervisory Board performed the tasks for which it is responsible according to law and the company Articles of Association with great care, reviewing extensively the business transactions of the company and the Group.

In addition, the Supervisory Board received monthly reports on the course of the business, including analysis of differences versus budget and the previous year. These reports also documented the liquidity and financial position of the company, including current credit lines, utilisation thereof and available liquidity, providing both actual and forecast figures and receivables collection projections. All business transactions requiring approval were discussed in depth with the Supervisory Board, which granted its authorisation where required.

Based on the reports and information provided by the Executive Board, the Supervisory Board has satisfied itself that the company was managed in a proper manner. The Supervisory Board also assured itself that all risk management system requirements were met within the company and the Group by questioning the Executive Board and the auditor. The Executive Board informed the Supervisory Board in detail regarding projects and plans that were urgent or of particular importance for the company, including between meetings, and sought its approval where necessary.

The Chairman of the Supervisory Board maintained constant, close contact with the company outside of Supervisory Board and committee meetings as well, receiving regular information from the Executive Board concerning current developments, the state of business and important individual transactions.

Main issues addressed at Supervisory Board meetings

Five supervisory Board meetings were held in fiscal year 2009. Each Supervisory Board meeting included discussing the current business results of the VBH Group as well as Executive Board forecasts, pertaining primarily to sales, costs, earnings and the financial position. The Executive Board responded in full to the detailed questions posed by Supervisory Board members concerning the regularly submitted written reports and presentations as well as verbal comments made during meetings. The consultations and reviews conducted by the Supervisory Board at the Supervisory Board meetings chiefly related to the following:

Following corresponding preparations by the Audit Committee, the Supervisory Board audit meeting on 27 March, 2009 focused on the audit of the annual financial statements, consolidated annual statements and management reports for VBH Holding AG and the Group for the 2008 fiscal year. In addition to its own – original – auditing activities in preparation for the Supervisory Board audit meeting, the Supervisory Board asked the auditor present at the meeting a number of questions and discussed these at length with the auditor. In the meeting the Supervisory Board also addressed the adjustments to the 2009 budget necessary as a result of the economic environment and the first amendment to the syndicated loan agreement.

In a meeting held 7 April 2009 reinstatement of a stock option plan for Executive Board members and managers was discussed, and the agenda for the Annual General Meeting adopted in its final form.

At the 10 June 2009 meeting the Supervisory Board addressed sales and earnings for the fiscal year to date, as well as acquisitions and preparations for the Annual General Meeting.

At its meeting of 17 September 2008, which was part of a VBH strategy conference held over several days, the Executive and Supervisory Boards again discussed year-to-date sales and earnings and the forecast for 2009 in depth, with particular reference to the overseas markets. Current acquisition plans were discussed as well. Additionally the Supervisory Board topics included embezzlement in Greece, risk management, internal auditing, Executive Board pay structures after adoption of German Act on the Appropriateness of Compensation of the Management Board (Gesetz zur Angemessenheit der Vorstandsvergütung – VorstAG) and an amendment to the Articles of Association for the adjustment of subscribed capital after the exercise of stock options. Then the Supervisory Board's annual efficiency review was discussed as well as potential changes in the Supervisory Board's liability risks as a result of the various recent amendments to the German Stock Corporation Act, with an external consultant acting as moderator.

At and prior to the meeting on 15 December, 2009, the Supervisory Board concentrated its review activities on the corporate budget submitted for the 2010 fiscal year. The Supervisory Board examined the budget and discussed the opportunities and risks presented in it with the Executive Board. The Supervisory Board adopted the 2010 budget and addressed as primary issues implementation of the 3-pillar strategy, targets for 2010, the second amendment to the syndicated loan agreement, embezzlement in Greece, paying off convertible bonds and the Executive Board bonus scheme.

Committees

The Audit Committee, which is formed within the Supervisory Board, convened twice during the reporting year and prepared the resolution of the Supervisory Board on adoption of the annual financial statements and approval of the consolidated financial statements for the period ended 31 December 2008. The HR committee did not convene during the year under review. The Strategy, Marketing and Sales committee convened once in 2009.

Declaration of compliance

The Supervisory Board addressed the continued development of corporate governance at VBH Holding AG, made suitable adjustments and approved the declaration of compliance with the German Corporate Governance Code, which can also be found on page 45 of this annual report. There were no indications of conflicts of interest on the part of the Executive or Supervisory Boards in the fiscal year ended.

Risk management

The Supervisory Board heard reports and received information from the Executive Board indicating that requirements pertaining to the risk management system in place for VBH Holding AG and the Group are being met. All areas of risk identifiable from the perspective of the Executive and Supervisory Boards were discussed. The risk management system underwent extensive examination by the auditor, in which it was confirmed that the Executive Board had implemented the measures required per Section 91 (2) of the German Stock Corporation Act (Aktiengesetz - AktG) and established a monitoring system capable of identifying at an early stage developments that could jeopardise the continued existence of the company.

Single-entity and consolidated financial statements for 2009

At the Annual General Meeting held 10 June 2009, Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft of Nuremberg was selected as auditor for the 2009 fiscal year. The auditor was notified in a letter prepared by the Audit Committee pursuant to a corresponding Supervisory Board resolution of being engaged to audit the accounting books. Prior to the Supervisory Board‘s proposal to shareholders at the Annual General Meeting, the Chairman of the Supervisory Board received written confirmation from the auditor that no circumstances existed that could impair the independence of the auditor.

Rödl & Partner audited the annual financial statements of VBH Holding AG and the consolidated financial statements for the period ended 31 December 2009, as well as the management reports of VBH Holding AG and the Group, together with the bookkeeping system, and issued them an unqualified audit opinion in each case.

The auditor provided each member of the Supervisory Board a copy of the audit report. The Supervisory Board met to adopt the financial statements – following corresponding preparations by the Audit Committee – on 30 March 2010, together with the company‘s auditor. At the meeting, the VBH Holding AG annual financial statements, the consolidated financial statements for the period ended 31 December, 2009 and the management reports of VBH Holding AG and the Group plus audit reports were discussed with the auditor in detail. The Supervisory Board reviewed the audit reports and annual financial statements, consolidated financial statements and management reports of VBH Holding AG and of the Group, including disclosures per Section 289 (4-5) and Section 315 (2) No. 5 and (4) HGB (German Commercial Code) and the Executive Board‘s proposal on the use of unappropriated profits. The Supervisory Board had sufficient time to review the audited annual financial statements and prepared copies, thus it was possible to review all the relevant documents. Upon conclusion of its review the Supervisory Board voiced no objections, concurring with the auditor‘s findings regarding the unconsolidated and consolidated annual financial statements and management reports for VBH Holding AG and the Group, including disclosures per Section 289 (4-5) and Section 315 (2) No. 5 and (4) HGB (German Commercial Code). The Supervisory Board approved the annual financial statements of VBH Holding AG and the consolidated financial statements for fiscal year 2009 produced by the Executive Board. The annual financial statements were thus adopted. The Supervisory Board reviewed the Executive Board‘s proposal for the use of unappropriated profits and approved it. The Supervisory Board additionally approved the corporate governance declaration.

Corporate governance bodies

The following changes took place in the composition of the company‘s Supervisory Board: Prof. Brun-Hagen Hennerkes, Jürgen Bockstette and Dr. Ralph Mühleck stepped down from the VBH Holding AG Supervisory Board effective 31 December 2009. The Supervisory and Executive Boards would like to thank these gentlemen for their many years of work on the company‘s Supervisory Board and their commitment and dedication. Effective 1 January 2010 the Stuttgart Registry Court appointed Prof. Rainer Kirchdörfer, Matthias Linnenkugel and Andreas Schill to the Supervisory Board. These gentlemen will be nominated for election by shareholders at this year’s Annual General Meeting.

All managers and employees of VBH Holding AG and its subsidiaries made significant individual contributions to the positive enhancement of the company in the year under review. The Supervisory Board would like to thank all staff and Executive Board members for their dedication and commitment, as well as their many extraordinary and everyday accomplishments.

Korntal-Münchingen, March 2010

Prof. Rainer Kirchdörfer
Supervisory Board Chairman

Executive Board

Rainer Hribar

Rainer Hribar, born 25.03.1957, is the Chairman of the Executive Board of VBH Holding AG, Korntal-Münchingen, in charge of sales and distribution (domestic market and abroad), marketing, logistics and category management.

After completing studies in electrical engineering at the ETH Zurich, he initially worked for the Gebrüder Sulzer AG (Winterthur), where in 1986 he became an authorised signatory of the company. He began his career in 1991 as managing director of NEEF Unternehmensgruppe (Karlsruhe), and in 1994 he was appointed managing director for sales and marketing at GEZE (Leonberg).

In February 1996 Mr. Hribar became Export Director at VBH Holding AG, Korntal-Münchingen, and been given responsibility for the corporation's international subsidiaries. In February 2002 he was appointed to VBH Holding AG's Executive Board and put in charge of the pending reorganisation. In March 2008 he was appointed Chairman of the Board.

For ten years Mr. Hribar was also head of the electrical engineering department and taught at Fachhochschule Zürich polytechnic for 18 years. Presently he is president of the Hochschule Zurich college examination board (engineering department).

Dr. Ralf Lieb

Dr. Ralf Lieb, born 16.08.1963, is a member of the VBH Holding AG Executive Board, Korntal-Münchingen, responsible for controlling, finance, investor relations, IT, accounting, auditing, taxes and HR.

After completing business studies and finishing a doctorate at Bayreuth University, he started his career at Sandoz AG in Nuremburg as assistant for finance and accountancy. In 1994 he became director of the finance and accountancy department with full signature authority.

After the spin-off of the Sandoz Group's chemicals operations, Dr. Lieb joined Clariant (Germany) GmbH in Leinfelden-Echterdingen as commercial manager in 1995. He became commercial managing director and then in 1996 managing director of the German holding company of the Clariant group.

In mid-1998 Dr. Lieb became CFO at Lindner AG (Arnstorf, Lower Bavaria), a publicly traded company. In addition to typical finance responsibilities he was also responsible for a range of service areas (purchasing, materials management/logistics, quality management, legal, and construction management), for private affairs of the founding family, and for project development.

Dr. Lieb is also involved on a voluntary basis with numerous non-profit organisations, and is a member of the audit committee of the Lower Bavaria/Upper Palatinate Chamber of Industry and Commerce.

Remuneration Report

Main features of the Executive Board remuneration system

The VBH Holding AG remuneration system is performance and results-oriented, comprising three performance components in 2009: a fixed basic annual salary, a variable performance component and pension commitments. In addition to basic salary Executive Board members receive non-cash benefits, the amount of which is determined as the private portion of company car usage recognisable under tax regulations.

Criteria for remuneration appropriateness include particularly the responsibilities of the respective Executive Board members, personal performance, performance of the Board overall, economic circumstances, the success and prospects of the company in view of the market environment, customary levels of remuneration amounts and structures within the company's pay and salary arrangements and those of other companies of comparable size in similar industries. The remuneration structure is designed to promote growth of the company over the long term. Going forward, the variable remuneration components in Executive Board member contracts will feature a multi-year calculation basis barring grandfather clauses to the contrary. They will also contain regulations permitting appropriate remuneration reductions if the company‘s situation deteriorates in such a way that would make continued payment of such amounts inappropriate. In future variable remuneration components will furthermore be capped at a maximum amount. The remuneration structure is to be adapted to conform with amendments to applicable law in the current fiscal year.

The amount of the variable bonus portion is in general a function of pre-tax profits (EBT). Pursuant to a resolution adopted by the Supervisory Board in its meeting on 15 December 2009, Executive Board members are to receive an additional bonus in 2009 for the anticipated long-term success of the greenteQ strategy, the groundwork for which was laid in fiscal year 2009. The Supervisory Board is thus authorised to deduct these additional bonus amounts from future remuneration received by Executive Board members if specified targets are not met, as this indicates that the greenteQ strategy is not successful on a sustained basis, being of no future benefit to VBH.

Executive Board member contracts do not contain any explicit severance commitments in the event of premature termination of employment. Executive Board members do not receive loans from the company.

Executive Board remuneration

	2009			
In € T	**Fixed**	**Variable**	**Fringe benefits**	**Total**
Rainer Hribar	250.0	240.0	73.6	563.6
Dr. Ralf Lieb	252.0	125.0	9.8	386.8
Total	**502.0**	**365.0**	**83.4**	**950.4**

Share option programmes and similar securities-based incentive systems

In fiscal year 2009 Mr. Hribar exercised 39,000 options from the 2004 share option programme at a share price of € 2.74. Options were not issued to Executive Board members in the past fiscal year. The Executive Board has no further options outstanding. As of 31 December 2009 Mr. Hribar held 459,684 shares. Supervisory Board members held a total of 10,000 shares.

Pension commitments

Both Executive Board members have received pension commitments in line with their individual contracts, which provide for a pension to be drawn no earlier than age 60.

Former Executive Board members and their surviving dependants received total benefits in the amount of € T 544 in the past fiscal year. The defined benefit obligation (DBO) according to IFRS for all pension commitments to former Executive Board members, managers and their surviving dependants totalled € 5.55 million in the 2009 fiscal year. The defined benefit obligation for all pension commitments in accordance with IFRS amounted to € T 551 for Mr. Hribar and € T 80 for Dr. Lieb. Total allocations in the year under review totalled € T 152.

Supervisory Board member remuneration

Supervisory Board member remuneration is determined by shareholders at the Annual General Meeting, and governed by Article 12 of the Articles of Association. In line with the provisions of the Articles of Association, Supervisory Board members receive fixed and variable remuneration components. In addition to expense reimbursements, Supervisory Board members receive annual fixed remuneration of € 12,000. Additionally, Supervisory Board members receive remuneration of € 1,100, capped at the amount of fixed remuneration, for every non-fractional cent of dividends per share distributed to shareholders above the level of 5 cents per share. The Chairman receives double this amount of remuneration; the Deputy Chairman receives 1.5 times this amount. Remuneration also increases by € 5,000 for each membership of a Supervisory Board committee, by an additional € 2,500 for each deputy chairmanship of a Supervisory Board committee, and by an additional € 5,000 for each chairmanship of a Supervisory Board committee. Supervisory Board member remuneration totalled € 162,500 for the 2009 fiscal year.

The law firm of the Supervisory Board Chairman acted for the company in an advisory capacity. The remuneration for these services is in line with prevailing market rates and was approved by the Supervisory Board, totalling € T 56 for the 2009 fiscal year.

Members of the Supervisory Board do not receive loans from the company.

Korntal-Münchingen, March 2010

On behalf of the Executive Board:
Rainer Hribar
Dr. Ralf Lieb

On behalf of the Supervisory Board:
Prof. Rainer Kirchdörfer

The VBH share

Stock market environment

DShare prices underwent further substantial declines in early 2009 before gradually staging a recovery in the spring of 2009 that continued throughout the rest of the year. The DAX finished out the year up 23.9%, while the SDAX, the benchmark for VBH, closed up 26.7%. VBH shares gained 8.7% in the period under review, lagging the SDAX in performance. Until summer however, VBH shares had outperformed the benchmark index, but then began trading sideways at around € 4.00 while the SDAX advanced again considerably in autumn.

Inclusion in SDAX

VBH shares were included in the Deutsche Börse SDAX segment effective 3 March 2009. For inclusion in the SDAX, a company must be among the 110 largest publicly traded non-DAX companies in terms of trading volume and market capitalisation, in addition to meeting a wide range of international transparency requirements. The SDAX index is comprised of 50 companies listed in the Prime Standard segment. Deutsche Börse announced on 27 February 2009 that VBH Holding AG met the criteria for inclusion in the SDAX as of that date, being thereupon included in the SDAX on an exceptional basis. As of 31 December 2009 VBH shares were 95th in the Deutsche Börse market capitalisation ranking and 108th in trading volume, thus falling within the 110/110 rule applicable for whether a company can remain the in the SDAX.

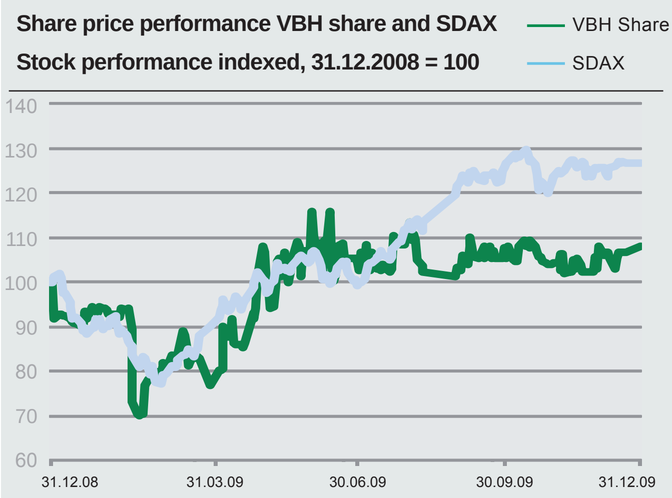
Stock exchange listing

VBH shares are listed on Xetra and on the regulated markets of the Frankfurt and Stuttgart stock exchanges.

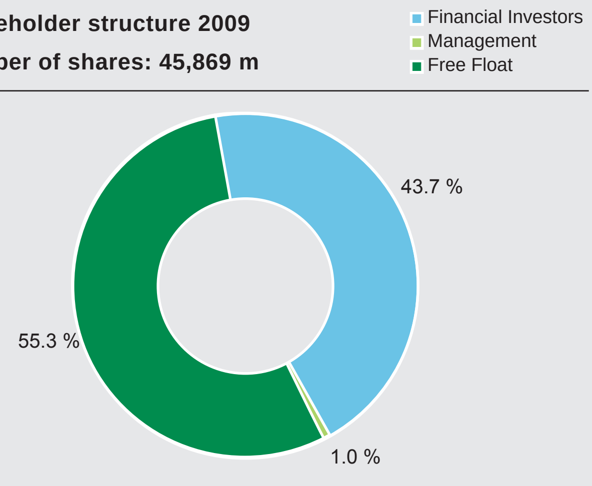
Performance of VBH shares

VBH shares traded in a wide range in 2009 as in the previous year, finishing out the year higher. The shares started out 2009 at € 3.75, reaching a high of € 4.30 for the year on 11 June 2009; the low for the year was € 2.58, reached on 24 February 2009. VBH shares closed out the year at € 4.00, representing an 8.7% gain versus the closing price of € 3.68 on 31 December 2008. The price currently stands at around € 4.20. Trading volume in VBH shares was lower than in the previous reporting year. As of the reporting date, market capitalisation increased from € 168.5 million last year to € 183.5 million.

Share price performance VBH share and SDAX
Stock performance indexed, 31.12.2008 = 100



Shareholder structure 2009
Number of shares: 45,869 m



Shareholder structure in 2009

The free float of VBH shares decreased year-on-year from 55.4% to 44.7% as of the reporting date. This was due in large part to Lisoma Beteiligungs GmbH increasing its holding from 8.6% to 25.1% and a 10.1% stake acquired by Ascalon Holding GesmbH. Landesbank Baden-Württemberg, Stuttgart sold its entire 16.0% stake during the year under review.

Pursuant to Section 21 (1) point 1 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG), shareholders are required to notify the company and the German Federal Financial Supervisory Authority (Bundesanstalt fur Finanzdienstleistungsaufsicht – BaFin) if their voting rights exceed or fall below certain percentage thresholds. The applicable reporting thresholds are: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75%. The following changes in shareholder structure >10% had occurred as at 31 December 2009:

Landesbank Baden-Wurttemberg, Stuttgart, notified us on 15.06.2009 that its shareholder voting rights in VBH Holding AG had fallen below the 15%, 10%, 5% and 3% thresholds on 15.06.2009, now amounting to 0.00%.

Lisoma Beteiligungs GmbH, Hamburg, notified us on 17.06.2009 that its shareholder voting rights in VBH Holding AG exceeded the thresholds of 10%, 15%, 20% and 25% thresholds on 15.06.2009, now amounting to 25.1%.
Dr. Eike Tobias Matthiessen notified us on 17.06.2009 that his shareholder voting rights in VBH Holding AG exceeded the 10%, 15%, 20% and 25% thresholds on 15.06.2009, amounting to 25.1% as of that date. In accordance with Section 22 (1) Sentence 1 No. 1 WpHG, 25.1% of LISOMA Beteiligungs GmbH voting rights are attributable to Mr. Matthiessen.

Ascalon Holding GesmbH, Vienna, notified us on 09.07.2009 that its shareholder voting rights in VBH Holding AG exceeded the 3% and 5% thresholds on 07.07.2009, now amounting to 5.7%. Mr. Viktor Trenev notified us on 09.07.09 that his shareholder voting rights in VBH Holding AG exceeded the 3% and 5% threshold on 07.07.09, amounting to 5.7% as of that date. In accordance with Section 22 (1) Sentence 1 No. 1 WpHG, 5.7% of Ascalon Holding GesmbH voting rights are attributable to Mr. Trenev.

Ascalon Holding GesmbH, Vienna, notified us on 19.11.2009 that its shareholder voting rights in VBH Holding AG exceeded the 10% threshold on 17.11.2009, now amounting to 10.06%. Mr. Viktor Trenev notified us on 19.11.2009 that his shareholder voting rights in VBH Holding AG exceeded the 10% threshold on 17.11.2009, amounting to 10.06% as of that date. In accordance with Section 22 (1) Sentence 1 No. 1 WpHG, 10.06% of Ascalon Holding GesmbH voting rights are attributable to Mr. Trenev.

Investor relations activities

VBH attaches great importance to continuous, transparent dialogue with analysts and with institutional and private investors. The aim is to communicate the VBH Group's strategy and growth potential through a powerful presence on the capital market, thus achieving a fair rating for VBH shares. Investor relations activities continued throughout the 2009 fiscal year. VBH held its first analysts' conference at the German Equity Forum in Frankfurt on 9 November 2009. In addition to the annual financial press conference, the Executive Board had a number of talks with investors in London, Frankfurt and at the company headquarters in Korntal-Münchingen. Through intensive dialogue we intend to serve existing shareholders while attracting new domestic and foreign investors in VBH shares.

Many private investors used the Annual General Meeting of 10 June, 2009 as an opportunity to obtain extensive information from the VBH Holding AG Executive Board on the performance of the business. The percentage of subscribed capital registered to attend the Annual General Meeting was 66.5%.

In addition to face-to-face meetings, VBH Holding AG's website is a useful tool for shareholders wishing to gather information on the company. Financial reports, analysts' ratings, presentations and further publications are available at http:\\www.vbh-holding.com.

VBH again received support from Equinet AG, Frankfurt in 2009 as a designated sponsor. Equinet provides professional assistance with investor relations activities through a variety of measures designed to heighten the profile of the company's shares among the investing public. As in previous years, numerous corporate presentations and roadshows were conducted for investors.

The company's shares are covered by various bank analysts, with HSBC initiating coverage in early 2010. The most recent ratings are "Overweight" (HSBC, 07.01.2010), "Hold" (Equinet, 13.11.2009) and "Buy" (SES-Research, 13.11.2009) and "Hold" (LBBW, 12.11.2009).

Dividend policy

Despite the continuing uncertainties as to the strength of the economy in 2010, the Executive Board has resolved to submit to the Supervisory Board a proposal on the appropriation of profits that provides for distribution of a dividend of € 0.05 per no par share for the 2009 fiscal year (distribution ratio: 35.7%). The Executive Board's primary objective remains to further reduce net indebtedness. Regardless of this, the Executive Board intends to adhere to a distribution ratio of at least 35 – 40% of the earnings per share as long as the financial stability of the VBH Group is not negatively affected. In this way, shareholders participate in an appropriate way in Group profits.

VBH HOLDING AG GROUP MANAGEMENT REPORT

Group Management Report

OF VBH HOLDING AG

Overall economic environment and sector performance

1. ECONOMIC ENVIRONMENT

The global economy went through a major crisis in autumn 2008, from which it has not yet recovered. Triggered by the collapse of US banks, problems originally limited to the financial and real estate sectors rapidly spilled over onto the real economy, leading to the worst recession since the Second World War. Significantly, this crisis was at no time limited to specific regions, erupting worldwide all at once.

According to the International Monetary Fund (IWF), global gross domestic product declined 0.8% in 2009, as compared to 3.0% growth in 2008. In this present recession, US economic output has fallen by 2.5%, by 3.9% in the Eurozone and 5.3% in Japan. In Russia growth slowed by 9.0%, and by 4.3% for the rest of Central and Eastern Europe. In the growth regions of Asia (China, India) gross domestic product was still up 6.5%, and by 1.3% for the ASEAN nations, though this still represented a large a decline in economic output compared to previous years. For financial year 2010 the IWF projects below-average global economic growth of 3.9%, 1.0% for the Eurozone and 2.0% for Central and Eastern Europe. The Russian economy is projected to grow at a rate of 3.6% in 2010.

The IWF estimates German gross domestic product to fall 4.8% in 2009. This type of recession has not been seen in Germany since the Second World War. Germany‘s highly export-oriented economy has been a big liability in this crisis, which has affected the entire world all at once. For 2010 moderate economic growth of 1.5% is considered possible. Experts believe it will take at least until 2012 for gross domestic product to return to the levels seen in 2008.

2. CONSTRUCTION INDUSTRY

The year 2009 was the worst in a decade for the construction industry in Europe. Construction output is estimated to have declined 8.4% to € 1.365 billion, significantly more than overall economic output. Construction volume fell everywhere except for Switzerland and Poland, most sharply in Spain and in Ireland, in line with expectations. These steep declines chiefly reflected new housing construction, down roughly 22.5%, while other structural engineering (new commercial construction) was down 12.7%. Housing renovation construction declined less than the overall construction output, down 3.2%. The number of housing unit completions in newly built residential buildings is estimated to have declined 32% year-on-year in 2009.

The German construction industry fared better in the first year of economic crisis than other industries. Still, a roughly 4% decline was unavoidable in 2009. According to the leading construction industry association, the two economic stimulus packages, a high level of order backlog at the start of the year and low dependency on exports kept the decline in construction to a minimum. Commercial construction fell substantially in 2009, down roughly 9.0% versus the previous year. Housing construction was more resilient, declining roughly 4.8% year-on-year in the first year of the economic crisis. This was to a large extent due to financial incentives under the CO^2 building renovation programme as part of the economic stimulus packages, for which of the Kreditanstalt für Wiederaufbau (KfW) approved twice as many loans as in the same period one year ago. Public-sector construction was the only segment to record higher sales in 2009, up roughly 3.4% thanks to economic stimulus programmes.

In 2010 output is projected to decline by another 2.2% for the European construction industry, burdened primarily by negative developments in Ireland, the Netherlands, Portugal and Spain. Housing renovation is projected to remain largely stable, down only approximately 0.6%. The industry is not seen recovering until 2011 at the earliest, though the level recorded in 2007 will not likely be reached for many years. Housing unit completions in newly built residential buildings are expected to fall by another estimated 12% in Europe by 2011, though housing unit completions in the German market are expected to increase significantly in 2010/2011.

The Verband der deutschen Bauindustrie (German Construction Industry Association) projects a moderate 0.7% decline in sales for the industry in 2010. Commercial construction however is projected to further decline by a substantial 12% in 2010, as capital investment in expansions is unlikely even without the potential liquidity problems created by banks' restrictive lending policies. Housing construction is projected to increase by roughly 1% in terms of volume and sales for the first time since 2006. Public-sector construction sales are projected to rise 8% in 2010, an area that fared well in 2009. The German Construction Industry Association sees 2011 as a potential year of crisis for the German construction industry if the economic stimulus packages are allowed to expire at the end of 2010 and commercial construction has not started rising again from its lowest point.

3. WINDOW AND DOOR MARKET

The European window market remained stable in 2008. According to a study by the window industry association VFF, windows sales volume increased 2.7% for the year to 161.6 million units (58% PVC, 22% metal, 17% wood, 3% metal/wood) in the 27 member nations of the European Union and neighbouring countries of Norway, Switzerland, Turkey, Russia and the Ukraine. The European window market is expected to have declined in 2009, with window sales in France and in Germany solid while Southern Europe in particular saw big declines.

The German window market benefited in 2009 from the government's economic stimulus packages, higher KfW subsidies and increased popularity of energy-related modernisation. The window market grew more than 3% year-on-year despite falling construction output in 2009. Window unit sales volume increased from 11.7 million in 2009 to 12.1 million (56% PVC, 21% metal, 16% wood, 7% metal/wood). The trend is anticipated to remain favourable in 2010, with sales volume rising to 12.6 million window units, wood/metal remaining the fastest growing popular material type.

In 2009 the renovation and new construction segments diverged even further. Renovation increased substantially by 11.4%, fuelled by energy modernisation. New construction on the other hand declined 7.4%. In the period under review, renovation accounted for 7.6 million window units, and new construction 4.5 million window units – a trend expected to continue in 2010, albeit to a lesser extent. Window units for new construction are projected to decline 1.3%, as opposed to a rise of 7.3% for renovation.

Window sales increased in both housing and non-housing in 2009, up 4.9% and 1.9% respectively. Housing benefited from energy modernisation, while the increase in non-housing was due to the rising number of construction permits over the previous years. Housing segment sales will continue growing in 2010 at a rate of 6.9%, while stagnation at the 2009 level is projected in the non-housing segment, coming after several years of growth.

The German exterior door market grew 5.1% year-on-year to 1.17 million units (33% wood, 32% PVC, 29% metal, 6.0% other materials). This trend is anticipated to continue throughout 2010, with exterior door sales projected to increase another 5.6%. The same divergence is seen between renovation and new construction due to energy modernisation. Renovation increased 11.1%, while new construction declined 7.7%. Renovation accounted for 72% of the exterior door market, new construction 28%. In the year ahead both new construction and renovation are expected to grow, at 2.7% and 6.7% respectively. Exterior door sales volume increased 5.5% in the housing segment to appr. 875,500 units, and by 4.0% in the non-housing segment to appr. 297,0500 units. Sales growth is projected to continue over the year ahead in both housing and non-housing at 6.8% and 2.2% respectively.

Earnings, financial position and assets

1. SALES AND EARNINGS

In 2009 Group sales declined 12.6% to € 754.1 million from a previous € 863.3 million, before the backdrop of the global economic crisis. Excluding acquisitions sales were down 14.7% in the financial year ended. Exchange rate fluctuation reduced sales by appr. € 45 million, or 7.4% after currency adjustments. Segment results varied, with markets in Western and Eastern Europe down sharply, although in Germany business was quite stable, and Other Markets continued growing robustly.

Profit and Loss

In € m	2008	2009
Sales	**863.3**	**754.1**
Changes in finished goods, work in progress / capitalized payments	0.0	0.0
TOP	**863.3**	**754.1**
Costs of raw materials, supplies and purchased merchandise	652.2	570.9
GOP	**211.1**	**183.2**
Personnel expenses	95.6	92.8
Other operating income	14.9	13.8
Other operating expenses	84.9	80.4
EBITDA	**45.5**	**23.8**
Depreciation / Amortization	5.9	6.0
EBIT	**39.6**	**17.8**
Income from investments	0.0	0.0
Other interest and similar income	0.9	0.8
Interest and similar expenses	9.0	8.1
Depreciation on financial assets and securities	0.0	0.0
Financial result	**-8.1**	**-7.3**
EBT	**31.5**	**10.5**
Current taxes	10.4	4.0
Deferred taxes	1.1	-0.8
EAT	**20.0**	**7.3**
Minorities	2.2	1.0
Net result after Minorities	**17.8**	**6.3**
EPS in €	**0.41**	**0.14**
EPS diluted in €	**0.41**	**0.14**

Sales in the home market of Germany remained quite satisfactory in the past financial year. Germany increased its lead as the VBH Holding Group's leading region for sales, posting € 382.5 million. The domestic business again amounted to 49.6% of total sales. Sales in this segment were down slightly by 1.5% due to declining sales from exports to Group companies; excluding exports however, domestic sales increased approximately 4.0% for VBH Germany GmbH.

Sales fell 21.3% in the Western Europe segment to € 143.9 million. This large decline was due primarily to lower sales in Greece, the UK, Italy and Spain, and to the depreciation of the British pound.

Unexpectedly, the Eastern Europe segment was hit hardest by the economic crisis. On a euro basis sales were down 28.6% to € 217.7 million; in local currency sales were down 15.5%. The established markets of Central & Eastern Europe (Poland, Czech Republic, Hungary) fared somewhat better than Russia and the Ukraine, where sales fell the most.

Sales more than doubled in the Other Markets segment at € 27.1 million, boosted by initial consolidations. On an equivalent basis sales were up 11.3% year-on-year.

Cost of materials declined by 12.5% to 570.9 million, largely in line with sales. Gross profit margin thus was nearly unchanged at 24.3% despite the unfavourable market environment (previous year 24.4%). Personnel expenses decreased 2.9% to € 92.8 million (previous year: € 95.6 million), though negatively influenced by initial consolidations. Expansion of the group of consolidated companies boosted personnel expenses by € 1.6 million. Other operating expenses declined 5.3 % from € 84.9 million to € 80.4 million. EBITDA came in at only € 23.8 million after € 45.5 million for the previous year as a result of lower gross operating profit, caused by a € 109.2 million decline in sales, one-time items in Greece and the unsatisfactory situation in Italy. Depreciation and amortisation was nearly unchanged year-on-year at € 6.0 million (previous year: € 5.9 million). EBIT decreased from € 39.6 million to € 17.8 million. Interest income and financial result improved by € 0.8 million to - € 7.3 million due to lower average net indebtedness and lower interest rates. EBT decreased from € 31.5 million to € 10.5 million. Total tax expense declined by € 8.3 million to € 3.2 million as a result of lower earnings. At 30.5%, the tax rate was lower year-on-year. The net result after minorities declined by € 11.5 million to € 6.3 million. Fully diluted earnings per no par value share came to 0.14 € versus 0.41 € for the previous year.

2. FINANCIAL POSITION AND NET ASSETS

Financial position

Capital expenditure totalled € 11.6 million, following € 27.6 million in the previous year. Of this total, € 2.6 million was attributable to additions to goodwill (previous year: € 5.2 million); € 1.2 million to other intangible assets (previous year: € 4.9 million), € 2.7 million to property, plant and equipment following € 5.2 million in the previous year and € 5.1 million to additional financial assets (previous year: € 12.3 million).

Capital expenditure (capex – investments in property, plant and equipment and in intangible assets, not including goodwill) of € 3.9. million was significantly below the previous year's level (€ 10.1 million). The ratio of capital expenditure to depreciation fell from 1.7 to 0.7.

Capex and depreciation

In € m	2008	2009
Capex	10.1	3.9
Depreciation on assets	5.9	6.0
Capex vs. depreciation ratio	1.7	0.7

Capital expenditure was offset by depreciation and amortisation of property, plant and equipment and in intangible assets – excluding goodwill – amounting to € 6.0 million (previous year: € 5.9 million).

Consolidated cash flow statement

Consolidated cash flow was strongly positive in the year under review, in line with expectations, despite the substantial decline in earnings due to substantially lower working capital and capital expenditure. Operating cash flow decreased only marginally in the financial year by € 0.1 million to € 33.6 million. Cash flow from investment activity declined significantly by € 8.3 million to - € 9.2 million. Free cash flow (net cash inflows and outflows from operating and investment activity) increased by € 8.2 million to € 24.4 million during the financial year (previous year: € 16.2 million). Cash flow from financing activity rose by € 18.3 million to - € 23.5 million, reflecting the higher dividend distribution for the financial year 2008 and a € 5.0 million repayment of financial liabilities (previous year: € 11.0 million increase in financial liabilities). At the reporting date, cash and cash equivalents were € 0.9 million higher year-on-year at € 14.3 million.

Consolidated Cash Flow Statement

In € m	2008	2009
Cash flow from operating activity	33.7	33.6
Cash flow from investing activity	-17.5	-9.2
Free Cash Flow	16.2	24.4
Cash flow from financing activity	-5.2	-23.5
Changes in cash and cash equivalents and changes owing to exchange gains/ losses	-11.0	0.9
Cash and cash equivalents at the beginning of the period	13.2	13.4
Cash and cash equivalents at the end of the period	13.4	14.3

Assets

Despite some initial consolidations, the Group‘s total assets declined by € 25.0 million to € 350.7 million (previous year: € 375.7 million). This was due primarily to lower business volume and the associated reduction of working capital.

Assets

In € m	2008	2009
Non-current assets		
Intangibles assets	49.1	50.8
Property, pant and equipment	32.4	30.2
Financial assets	3.9	3.6
Other long-term assets	4.0	4.5
Deffered tax assets	7.2	10.1
Total	**96.6**	**99.2**
Current assets		
Inventories	124.4	109.7
Trade receivables	106.9	96.0
Trade receivables affiliated companies	7.0	5.3
Other assets	26.5	24.1
Cash and cash equivalents	13.4	14.3
Tax receivables	0.9	2.1
Total	**279.1**	**251.5**
Total assets	**375.7**	**350.7**

On the assets side of the balance sheet, fixed assets increased by € 2.6 million to € 99.2 million. Property, plant and equipment decreased by € 2.2 million to € 30.2 million, while intangible assets increased by € 1.7 million to € 50.8 million. This was due to investments in software and the acquisition of VBH Turkey. Deferred tax assets increased by € 2.9 million.

Current assets declined by € 27.6 million to € 251.5 million. This change reflected a € 14.7 million decline in inventories, a € 12.6 million decline in trade receivables and a € 2.4 million decline in other assets. Cash and cash equivalents were higher year-on-year at € 14.3 million (€ 13.4 million).

Non-current assets increased by 2.6% to 28.3% of total (previous year: 25.7%).

Equity and Liabilities

In € m	2008	2009
Equity		
Subscribed capital	45.8	45.9
Capital reserve	41.6	41.8
Revenue reserve	33.5	35.9
Profit retained	8.0	-1.4
Equity attributable to shareholders of VBH AG	128.9	122.2
Minority interests	8.5	8.6
Treasury stock	0.0	0.0
Equity	**137.4**	130.8
Non-current liabilities		
Pension provisions	12.1	12.5
Other long-term provisions	3.4	3.1
Long-term financial liabilties	70.0	67.9
Other long-term liabilities	2.7	2.0
Deffered tax liabilities	3.1	3.8
Total	**91.3**	**89.3**
Current liabilities		
Short-term provisions	7.3	5.1
Short term financial liabilties	51.0	50.1
Advances received	2.2	0.5
Trade payables	46.9	43.4
Trade payables affiliated companies	0.0	0.0
Other short-term liabilities	38.8	30.3
Tax liabilities	0.8	1.2
Total	**147.0**	**130.6**
Total equity and liabilities	**375.7**	**350.7**

On the liabilities side of the balance sheet, equity decreased by € 6.6 million to € 130.8 million. The increase in share capital and capital reserve through contributions of € 0.3 million from the issuance of shares under the options programme increased equity. Initial consolidations and dividends for financial year 2008, which exceeded 2009 earnings contributed, reduced equity. The equity ratio increased year-on-year to 37.3% due to significantly lower total assets (previous year: 36.6%).

Long-term liabilities decreased by € 2.0 million to € 89.3 million. As a result, long-term financial liabilities decreased by € 2.1 million versus the previous year to € 67.9 million.

Short-term liabilities declined by € 16.4 million. Financial liabilities declined by € 0.9 million to € 50.1 million, trade payables in the Group by € 3.5 million to € 43.4 million due to decreased business and lower sales, and other liabilities by € 8.5 million. The decline in other liabilities resulted primarily from lower current tax liabilities.

Working capital (inventories + trade receivables - trade payables) increased by € 23.8 million or 12.4 % to € 167.6 million almost proportionately with sales. The ratio of working capital to sales was nearly unchanged at 22.2% despite sharply lower sales. Our objective remains to shift this ratio toward a target of 20%.

Selected indicators for net assets

		2008	2009
Equity ratio		36.6 %	37.3 %
Ratio of equity to non-current assets		160.8 %	154.5 %
Net debt	€ m	107.6	103.7
Gearing		78.3 %	79.3 %
Dynamic gearing ratio	years	3.2	3.1

Net debt (financial liabilities less cash and cash equivalents) declined by € 3.9 million versus the previous year to € 103.7 million. Gearing – calculated as the ratio of net debt to equity – increased slightly from 78.3% to 79.3%. The dynamic gearing ratio (ratio of net debt to operating cash flow) is an indicator of internal financing capacity that expresses the average number of years required to pay outstanding debt using the whole of the cash flow generated in the year under review. As both net debt and operating cash flow were lower, this metric remained nearly unchanged at an average 3.1 years.

Cash position

The Group‘s lines of credits extended by commercial banks and the syndicated loan due 31 December 2011 provided VBH adequate credit during the financial year to continue developing its operating activities and making investments. The liquidity plan was observed and dividends were paid out to VBH shareholders. Utilisation of credit lines was further reduced thanks to the Group‘s positive cash flow. Two agreement supplements were concluded with the banking syndicate in financial year 2009, in view of VBH Holding AG‘s inability to fulfil the original financial covenants for the syndicated loan due to the deteriorated conditions. The financial covenants were modified in these agreement supplements, in return for which the banks’ margin was increased.

3. SEGMENT REPORT

VBH is structurally organised into five segments, reflecting the management structure of the Group. The segments are: Germany, Western Europe, Eastern Europe, Other Markets and Corporate Services.

Germany accounts for 49.6% of total Group sales, while Western Europe accounts for 18.7%, Eastern Europe 28.2%, and Other Markets 3.5%. Results varied greatly among these markets.

Segments by region

	Germany		Western Europe		Eastern Europe		Other markets		Corporate Services / Consolidation		Group	
In € m	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
Total revenue	388.3	382.5	182.9	143.9	305.0	217.7	12.8	27.1	-25.7	-17.1	863.3	754.1
EBITDA	15.1	10.8	7.9	-1.9	25.7	20.1	-0.6	-1.2	-2.6	-4.0	45.5	23.8
EBIT	13.7	9.2	6.6	-3.3	23.7	18.4	-0.7	-1.4	-3.7	-5.1	39.6	17.8
EBT	13.4	8.6	3.9	-5.1	23.3	18.3	-1.4	-2.5	-7.7	-8.8	31.5	10.5

Germany

The region with the greatest percentage of sales is Germany, where the VBH Group headquarters is located. The Germany segment includes VBH Germany GmbH and esco Metallbaussyteme GmbH.

Sales continued to be satisfactory in Germany, though operating profits suffered from the effect of price reductions by VBH suppliers on inventory valuations. Segment sales totalled € 382.5 million, falling just short of last year‘s level by appr. 1.5% due chiefly to declining exports to international VBH subsidiaries. VBH Germany GmbH posted a 4.0% increase in domestic sales, while esco Metallbausysteme GmbH were roughly in line with the previous year.

Business in Germany was positively impacted by increased renovation activity by private home and condominium owners and increased public-contract construction. As in previous years, the new construction sector did not provide any support. Earnings before interest and taxes (EBIT) fell by €4.5 million to €9.2 million (previous year: €13.7 million). Valuation effects this year had a negative impact of appr. € 3.2 million, as opposed to the positive inventory impact last year at esco Metallbausysteme GmbH of appr. € 1.0 million. On a comparable basis, earnings thus declined by € 0.3 million or 2.4%. EBIT margin declined to 2.4%.

VBH Germany GmbH generated total sales of € 299.3 million in 2009. Year-on-year sales were down by € 3.3 million, due exclusively to lower international sales, which fell from € 28.3 million to € 14.7 million. Domestic sales increased 4.0% to € 284.6 million. VBH Germany GmbH thus again outperformed the market. Despite a competitive market, VBH increased its sales margin. The inventory valuation effects noted above caused the gross profit margin to decline substantially.

esco Metallbausysteme GmbH sales declined 3.2% in financial year 2009 to € 85.5 million, though the previous year‘s figure included sales from the Singapore subsidiary. Operating profit rose significantly on a comparable basis, factoring in the inventory effect last year.

Western Europe

The markets of the UK, Ireland, Italy, Belgium, Spain, the Netherlands, Greece and Austria, together comprising the Western Europe segment, saw a considerable drop in sales and profits in the financial year ended. The Western European companies recorded an overall 21.3% decline in sales, down to € 143.9 million, due to difficult market conditions. The VBH subsidiaries in Greece, the UK, Italy and Spain suffered the largest declines in sales. In addition to the market situation, the declining British pound had a further negative effect. Earnings before taxes (EBT) came in negative at - € 5.1 million, due to the deteriorating situation in Italy, one-time effects in Greece and continuing trouble in the real estate markets of the UK and Spain. Counter to expectations, earnings fell further in Italy as the market continued to decline after completion of restructuring, eliminating the benefits thereof and requiring more action.

Earnings before interest and taxes (EBIT) for the segment came in at -€ 3.3 million, down by € 9.9 million from the previous year‘s figure of € 6.6 million. Although market conditions in Western Europe are still not expected to improve significantly in 2010, the critical British and Spanish markets are expected to continue stabilising at the very least. The situation in the Italian market will remain problematic, though earnings should improve there, leading to better results in combination with an absence of one-time effects in Greece.

Eastern Europe

Our activities in Central Eastern Europe, the CIS states and the Balkans comprise the Eastern Europe segment, where sales fell 28.6 % to € 217.7 million. On a currency-adjusted basis sales were down 15.5%. The established markets of Central & Eastern Europe (Poland, Czech Republic, Hungary) fared somewhat better than Russia and the Ukraine, where sales fell the most. Gross profit margin improved for the Eastern Europe segment, margins widening as a result of exchange rate movements.

Earnings before interest and taxes (EBIT) declined less, by 22.3% or € 5.3 million to € 18.4 million. EBT margin rose as a result from 7.6% to 8.4%, which is a very good outcome in view of the troubled Eastern European markets.

Other markets

The Asian subsidiaries in Beijing, Shanghai, Malaysia and Singapore and VBH subsidiaries in Dubai, Kuwait, Turkey and Australia comprise this segment. These companies are run from our Asian head office in Singapore and receive standardised product lines. Administrative functions are also bundled in Singapore, relieving the distribution companies of these tasks. Segment sales more than doubled in 2009 to € 27.1 million, though EBIT lagged expectations significantly at - € 1.4 million. This was due principally to the consolidation of VBH Australia as well as poor results from the VBH subsidiary in Beijing. In 2010 earnings should again improve substantially in the Other Markets segment, returning to the black.

Corporate services / consolidation

Non-operational companies are grouped together in the Corporate Services segment. Alongside VBH Holding AG, this is a sale-and-lease-back company that must be fully consolidated according to IFRS regulations. EBT for the two segments totalled - € 8.8 million (previous year: - € 7.7 million). The expenses incurred by VBH Holding AG are more than compensated for by Group dividends and earnings. The segment's overall result depends on the financial result of VBH Holding AG, which has reflected a waiver of interest vis-à-vis VBH Germany GmbH in place since 2004 and still valid in 2009. The book values of holdings recognised by VBH Holding AG undergo annual impairment testing as part of final accounting. No value adjustments were required within the Group, thus no impairments were taken.

4. RISK REPORT

Risk reporting is done within the framework of a regular monthly reporting system for Group companies, a quarterly risk measurement system and an ad hoc system in place within the Group. This covers all significant management and reporting processes for the Group, including corporate planning. A robust international controlling system in place at VBH Holding AG provides direct access to information of group companies. The aim is to ensure a highly effective, rigorous and rapid early warning system for all international markets. This allows VBH to quickly gather information on changes in the earnings power of each individual company unit and convert this information immediately into measures to protect sales and earnings. The Supervisory Board is kept regularly informed by means of monthly reporting and a newly implemented risk measurement tool. In the context of the annual audit, the auditor assesses whether the Supervisory Board has adopted measures incumbent upon it, and in particular whether it has established a monitoring system to ensure that any developments that threaten the continued existence of the company are recognised in a timely manner. The company has additionally introduced internal auditing as of 1 January 2010.

Sales and procurement risks

Material risks can arise as a result of negative developments in the economy and construction industry in the regions in which VBH operates. The VBH Group responds to the risk of a sales downturn by regularly analysing and adjusting the structure of its sales mix and orienting its product programme to the requirements of the customer structure. This is supported by the Group's service range, such as the VBH24 service platform, CE-fix designation, the knowledge database and the introduction of high-profitability products with substantial margins under the proprietary greenteQ brand. The VBH Group attempts to minimise potential supply risks through strategic partnerships and continuous monitoring of the market. At the same time, our strong national and international market position allows the VBH Group to obtain better purchasing conditions.

Legal risks

The international orientation of the VBH Group requires the observance of many different national laws and regulations. The Group addresses the risk of changes in these laws by rigorously monitoring the legal environment and involving internal and external legal advisers at an early stage. All contracts of material significance are subject to a legal review.

Information technology risks

Reliance on the availability and reliability of IT systems and the network of individual company units represents an increasing risk. To minimise this risk, extensive preventive steps have been taken, such as firewall systems and virus protection, setting up a back-up computer system and data protection training sessions for employees. In addition, implementation of largely standardised IT structures within the Group should enable future work to be carried out more effectively and efficiently.

Risks from acquisitions

Acquisition of or participation in new companies, and integration of these companies into the consolidated Group, is always associated with risks. To ensure the sustained success of the company, both business and legal due diligence reviews are carried out.

Financial risks

Financial risks for the VBH Group include primarily currency, interest rate and loan default risks.

Currency risk

As a globally operating company, currency risk accruing to the VBH Group includes exposure to transaction and translation-related risks. Transaction risk arises from changes in the value of foreign currency payments due to exchange rate fluctuations in the single-entity financial statements. Transaction risks are to some extent avoided by purchasing products in the countries in which VBH sells them. Translation risk relates to the risk of a change to items on the balance sheet and/or statement of comprehensive income of a subsidiary due to currency changes occurring when the separate local financial statements are translated into the Group currency. Risks arising as a result are measured using sensitivity analysis and could be hedged through the use of financial derivatives.

Interest rate risk

Interest rate risks include any positive or negative impact arising from changes to interest rates on income or equity in current or future reporting periods. Interest-bearing financial instruments are utilised with the aim of reducing negative effects on interest income as an element of financial policy. To this end the Group employs interest rate derivatives. Sensitivity analyses are carried out to quantify risks in connection with interest rate changes.

Default risk

VBH manages ever-present default risk through detailed local monitoring, use of a comprehensive credit management system and credit insurance providing partial protection against defaults.

5. FORECAST

The outlook for fiscal year 2010 is clouded by persistant uncertainties with regard to the economy. The global economic situation is forecasted to improve slightly, though the economic output of the boom years through mid-2008 will not likely be achieved any time soon. Additionally there are unknown economic variables in connection with certain European countries' financial distress, like Greece in particular. There is a risk here of a domino effect that would rapidly jeopardise or even stop the recovery of the global economy.

The uncertainties in place also affect the outlook for the global construction industry. Government stimulus packages still in execution continue to provide a boost, but this will be ebbing as existing projects run out. New housing construction is not likely either to provide much support, although renovation should again have a stabilising effect for the construction industry.

The Executive Board views conditions in Germany as still quite positive for the VBH Group, as construction permits have been rising again for some time and orders from economic stimulus programmes are nowhere near completion. Renovation should remain stable in Germany as well. For the rest of Western Europe, however, sales are expected to decline further, as there is no relief in sight for the construction industry in southern Europe in particular, also due to empty state coffers. Only in the UK business is likely to improve. The situation in Eastern Europe is still highly uncertain. Unfavourable exchange rates will definitely have less of an impact on consolidated sales, but economic improvements do not appear to be in the offing for many local markets. Slightly lower sales are thus again projected for the Eastern Europe segment. Although the Asian market is also suffering from the effects of the financial crisis, many experts believe it will recover before other regions. The Executive Board thus expects continued significant growth for this VBH region. In total VBH projects sales volume for 2010 to come in roughly in line with last year‘s level.

VBH is not immune to the current market situation. Though the Group is well positioned as the leader in many markets, it will inevitably see declining sales given the recessionary trends now affecting the economy. While we are gaining market share, in many cases this is not enough to offset declining market volume. Cost structures are being monitored and will be trimmed further if sales continue to decline. Working capital is being kept low in order to further stabilise cash flow.

In the first two months of the current year, VBH‘s business performance slightly lagged behind expectations due to the unusually cold, snowy winter affecting much of Europe. The Germany and Other Markets segments exceeded last year's figures, but the Western Europe and Eastern Europe segments showed lower results year-on-year. Through the end of February 2010, total Group sales were down approximately 4.8%.

Over the next two years the Executive Board does not expect any significant changes to the financial situation of the VBH Group, despite economic turbulence and lower earnings due to the recessionary environment.

We will continue pushing forward with implementing our strategic repositioning, focusing on internationalisation, expanding the product range, strengthening our proprietary brand greenteQ and introducing new services. VBH policies do not require any changes to this end, and retain their long-term relevance. Updated strategic and other information is available at any time from our website, “www.vbh-holding.com”.

6. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Ascalon Holding GesmbH, Vienna, Austria, informed us on 5 March 2010 in accordance with Section 21 (1) WpHG that its voting rights in VBH Holding AG had exceeded the 15% threshold on 4 March 2010, amounting to 16.75% as of that date.

Mr. Viktor Trenev, Russia, informed us on 5 March 2010 in accordance with Section 21 (1) WpHG that his voting rights in VBH Holding AG had exceeded the 15% threshold on 4 March 2010, amounting to 16.75% as of that date. In accordance with Section 22 (1) Sentence 1 No. 1 WpHG, 16.75% of voting rights in Ascalon Holding GesmbH, Vienna, Austria are attributable to Mr. Trenev.

7. CORPORATE GOVERNANCE DECLARATION

The management and supervisory boards of VBH Holding AG act in accordance with the principles of responsible and professional corporate governance. This declaration represents a corporate governance disclosure by the Executive Board in line with Section 289 (a) HGB. This declaration encompasses the declaration of compliance, the corporate governance report, disclosures on applied corporate governance practices, and the description of procedures followed by the Executive and Supervisory Boards and VBH Holding AG compliance disclosures.

Declaration of compliance

Originally presented in February 2002, the German Corporate Governance Code is updated and expanded annually. The body responsible for formulating and revising the Code is the Government Commission on the German Corporate Governance Code (www.corporate-governance-code.de). Code provisions are based on applicable regulations, particularly the Stock Corporation Act. It features recommendations concerning cooperation between executive and supervisory boards, transparent communications with the capital market and protection of shareholder interests.

VBH Holding AG submitted its latest declaration of compliance per Section 161 Stock Corporation Act in March 2010, and keeps the latest declaration posted on its website for review. The declaration is required annually and indicates where VBH Holding AG is not in compliance with the Code and the reasons why. The text of the latest declaration of compliance reads as follows:

“The Executive and Supervisory Boards of VBH Holding AG submitted the latest declaration of Compliance per Section 161 AktG on 27 March 2009. For the period 27 March 2009 through 5 August 2009 the declaration provided below pertains to the version of the Code dated 6 June 2008, published on 8 August 2008 in the electronic Bundesanzeiger (German Federal Gazette). For the period from 6 August 2009, the declaration provided below pertains to the version of the Code dated 18 June 2009, published 5 August 2009 in the electronic Bundesanzeiger (German Federal Gazette).

The VBH Holding AG Executive and Supervisory Boards declare that the company has been and will remain compliance with the recommendations outlined in the German Corporate Governance Code with the following exceptions:

Code 3.8.

The D&O insurance policy concluded by VBH for Executive and Supervisory Board members does not feature a deductible, as the group insurance policy also covers a number of employees within and outside Germany.

VBH Holding AG is furthermore of the view that having such a deductible would not enhance motivation and responsibility on the part of Executive and Supervisory Board members with regard to their duties.

Barring applicable grandfather clauses, a deductible for Executive Board members will be agreed in newly signed Executive Board member employment contracts in conformance with regulations.

Code 4.2.3.

At this time, the variable remuneration component for Executive Board members does not feature stock options or similar incentives. As before, the Executive Board is to be primarily incentivised through variable remuneration components based on corporate earnings. Individual Executive Board member remuneration is comprised solely of fixed and performance-related components, as the Supervisory Board believes that stock options are only of limited value under present circumstances for incentivising the Executive Board.

Variable remuneration components thus far have not featured a multi-year calculation basis, as this was not required by law and ambitious earnings targets can also be established based on single-year performance data. Going forward, the variable remuneration components provided for in Executive Board member contracts will involve, whether or not exclusively, a multi-year calculation basis in accordance with laws governing variable remuneration components, barring applicable grandfather clauses to the contrary. The remuneration structure is to be adapted to conform with amendments to applicable law in the current fiscal year.

Executive Board contracts do not contain any provisions relating to a lump sum settlement or its basis of calculation in the event of their premature termination, nor do they contain any provisions relating to termination of Executive Board members following a change of control. This provides the necessary degree of flexibility in the event of premature termination of Executive Board members, with the aim of achieving a reasonable outcome to negotiations according to the specific situation at hand.

Code 5.1.2.

To date, no age limit has been set for Executive Board members owing to the age structure of the Executive Board and in the interest of affording the Supervisory Board maximum flexibility in the appointment of Executive Board members, though the matter is under consideration.

Code 5.3.3

There is no nomination committee within the Supervisory Board constituted exclusively of shareholder representatives. This would likely be impractical at present, as the Supervisory Board is currently composed of four shareholder representatives, so that voting on shareholder representative candidates for the Supervisory Board is not a problem in this constellation.

Code 5.4.3.

Due to practical considerations, VBH reserves the right to hold elections for Supervisory Board candidates at the Annual General Meeting in block form if necessary, as this procedure has proven highly effective in the past, and the efficient conduct of the Annual General Meeting is in the interest of shareholders. Shareholders' right to petition for individual voting remain thereby unaffected.

The company reserves the right to file unexpiring petitions for court appointment of Supervisory Board members. However, the intention is to propose court-appointed Supervisory Board members for election by shareholders to the Supervisory Board at the next Annual General Meeting to follow the court appointment. This ensures the Supervisory Board's ability to act at all times and ensures that shareholders may exercise their participation rights to involvement in the election of Supervisory Board members.

Code 5.4.6.

Supervisory Board member remuneration is governed by the company's Articles of Association and outlined in detail in the remuneration report, which is part of the management report, as well as in the notes to the financial statements. For this reason, further disclosures and breakdowns by individual are not provided.

Code 7.1.2

Prior to publication, the half-yearly and quarterly financial reports are discussed only with the Chairman of the Audit Committee and not with the entire Audit Committee, as the Executive Board views this as the only means of maintaining the necessary flexibility and preventing overlapping responsibility problems, particularly with regard to matters relevant for ad hoc release."

Corporate Governance Report

Corporate Governance

The concept of “corporate governance” can be described as “corporate management and control”, referring to the general legal and institutional conditions that indirectly or directly influence the management decisions of a company, and thus its performance. Efficient cooperation between the company management and supervisory committees, regard for shareholders‘ interests and openness and transparency in corporate communications are all essential aspects of good corporate governance. At VBH Holding AG, corporate governance is firmly anchored in the corporate culture. Both the Executive Board and the Supervisory Board regularly concern themselves with German and international developments in the area of corporate governance. The corporate governance report outlined below provides an overview of the principles most relevant to corporate governance at VBH Holding AG.

General management structure information

VBH Holding AG is subject to the provisions of the German Stock Corporation Act (Aktiengesetz - AktG) and the German One-Third Employee Participation Act (Drittelbeteiligungsgesetz - DrittelbG), as well as to capital market regulations, the provisions of its Articles of Association and the rules of procedure for the Executive and Supervisory Boards. VBH Holding AG maintains a divided management and supervisory structure in its governance bodies, the Executive and Supervisory Boards. The Executive and Supervisory Boards are and consider themselves to be obligated to the interests of the shareholders and the welfare of the company. The Annual General Meeting is the third executive body of the company.

Supervisory Board

The Supervisory Board is comprised of six members. In accordance with German DrittelbG, it is two-thirds comprised of shareholders and one-third of employee representatives. Shareholder representatives are elected at the Annual General Meeting, while employee representatives are elected pursuant to the provisions of DrittelbG. The Supervisory Board advises and monitors the Executive Board’s management of the company.

The composition of the Supervisory Board, with its independent, professionally qualified members, ensures an efficient supervisory function. The Chairman of the Audit Committee in the fiscal year ended, Dr. Ralph Mühleck, has many years‘ extensive experience as managing business director of a medium-sized company, and thus has specific knowledge and experience regarding the application of accounting standards and internal monitoring procedures. Mr. Matthias Linnenkugel has held this post since 1 January 2010. He is a public accountant and tax consultant with international experience and therefore has extensive knowledge and experience in applying accounting standards and internal monitoring procedures.

The Executive and Supervisory Boards maintain a close working relationship based on trust, with the aim of sustainably enhancing the value of VBH Holding AG. The main focal points of the joint work performed by the Executive and Supervisory Boards are outlined in the Supervisory Board report, which is part of this annual report.

The Supervisory Board rules of procedure establish clear and transparent processes and structures for monitoring and control. The Supervisory Board has defined in greater detail the Executive Board's reporting duties and duties to furnish information. The revised version of the rules of procedure for the Supervisory Board dated 20 January 2010 reflects the recommendations outlined in the German Corporate Governance Code with respect to supervisory boards.

There were no conflicts of interest involving Executive Board or Supervisory Board members, which must be reported to the Supervisory Board immediately.

Executive Board

The Executive Board of VBH Holding AG (currently consisting of two members) manages the company and oversees its transactions.

The Executive Board must represent the interests of the company. The objective of its activities is to enhance the value of the company on a sustainable basis. It develops the strategic orientation of the company, coordinates it with the Supervisory Board and ensures that it is implemented. It is also responsible for the company's annual and multi-year planning and for preparing mandatory reports, such as the annual and consolidated financial statements and interim reports. In addition, it provides for appropriate risk management and risk control, as well as regular, prompt and comprehensive reporting to the Supervisory Board on all strategic, corporate planning, business development, risk position and risk management issues of relevance to the Group.

The assignment of duties and cooperation within the Executive Board is governed by rules of procedure. Shareholders and the capital market are notified in good time of measures and transactions of fundamental importance to ensure that decision-making processes remain transparent during the fiscal year and capital market participants properly informed. Significant transactions are subject to approval by the Supervisory Board.

Annual General Meeting

Shareholders exercise their rights and voting rights at the Annual General Meeting. VBH Holding AG has shares with full voting rights only. Each share grants entitlement to one vote. The Annual General Meeting is held within the first eight months of each fiscal year. The agenda of the Annual General Meeting, including required reports and documents, is published on the company's website.

To facilitate shareholders' exercising of their respective rights, VBH Holding AG provides a proxy representative for the Annual General Meeting who is bound by instructions. The invitations to the Annual General Meeting explain how instructions for exercising voting rights can be issued before the Annual General Meeting. In addition, shareholders are at liberty to select a proxy representative of their choice to represent them. The registration and proof of identity procedures comply with the internationally recognised record date procedure required by law. In this process, the 21st day prior to the Annual General Meeting is the authoritative date for verification of a shareholder's identity for participation in the Annual General Meeting.

Transparency

VBH Holding AG uses its website, <<http://www.vbh-holding.com >>, to communicate information to shareholders and investors. In addition to the consolidated and annual financial statements and interim reports, shareholders and third parties are informed of current developments by way of ad hoc disclosures and press releases. VBH Holding AG publishes a financial calendar in good time ahead of all important dates and company releases.

Accounting, auditing and risk management

The consolidated financial statements of VBH Holding AG and the Group management reports are prepared in accordance with the principles of the International Financial Reporting Standards (IFRSs); the annual financial statements and management report of VBH Holding AG are prepared in accordance with German Commercial Code (Handelsgesetzbuch - HGB).

Prior to submitting an election proposal at the Annual General Meeting, the Supervisory Board obtained confirmation of independence from the proposed auditor. The Chairman of the Supervisory Board requested that the auditor immediately report any and all matters arising during conduct of the audit that in any way concern the duties of the Supervisory Board with respect to material findings or occurrences in the event such matters cannot be immediately resolved.

The current risk management system in place at VBH Holding AG is designed for the identification, recording, assessment and managing of business and financial risks to which the company is exposed in the course of its activities. The individual elements of the monitoring system provide reliable information on the current risk situation and support documentation, risk examination and the elimination of weak points, thus helping minimise potential risk-related costs. Detailed information on the risk management system of VBH Holding AG can be found in the management report (risk report) to the consolidated financial statements comprising part of this annual report.

Declaration of compliance – German Corporate Governance Code

The German Corporate Governance Code contains recommendations and important provisions on managing and monitoring German listed companies, incorporating standards of professional and responsible corporate management recognised internationally and within Germany. The aim of the German Corporate Governance Code is to render the German corporate governance system transparent and verifiable, in the interest of greater confidence on the part of German and international investors, customers, employees and the general public in the management and monitoring of German listed companies. The German Corporate Governance Code was last updated by the Government Commission on 18 June 2009.

The VBH Holding AG Executive and Supervisory Boards took this opportunity to review the new recommendations in detail, and last updated the declaration of compliance in March 2010. Any differences with regard to the German Corporate Governance Code versions dated 18 June 2009 and 6 June 2008 have been presented and reasons provided. The declaration of compliance and the reasons for any non-compliance are provided in this annual report. The current version and previous versions of the declaration of compliance dating from 2004 onwards are permanently available to shareholders on the website (http://www.vbh-holding.com).

Reportable securities transactions, significant voting rights and board member shareholdings

In accordance with the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG), VBH Holding AG publishes directors‘ dealings disclosures in accordance with Section 15a of the German Securities Trading Act, i.e. disclosures of securities transactions in VBH Holding AG shares by members of the Executive and Supervisory Boards and other persons who perform management functions at VBH Holding AG in accordance with Section 15a of the German Securities Trading Act, as well as by natural and legal persons closely related to these persons, immediately upon their receipt. These disclosures are published on the company‘s website (http://www.vbh-holding.com).

The company also publishes disclosures on the acquisition or disposal of significant shares of voting rights pursuant to Section 21 of the German Securities Trading Act, and disclosures on holding financial instruments pursuant to Section 25 of the German Securities Trading Act, immediately upon their receipt.

The shareholdings of the executive bodies of VBH Holding AG are broken down in the notes to the consolidated financial statements.

“Annual Document” pursuant to Section 10 of the German Securities Prospectus Act

The “Annual Document” pursuant to Section 10 (1) of the German Securities Prospectus Act (Wertpapierprospektgesetz – WpPG) has been published and can be reviewed under the “Corporate Governance” section of the website (http://www.vbh-holding.com).

Remuneration report

The remuneration report forms part of both the Group management report and the corporate governance report. The Supervisory Board has included it in its approval of the Group management report and used it as a source for reporting on corporate governance and remuneration.

Disclosures on corporate governance practices

The duties of the Executive Board of a stock corporation include the monitoring of external factors and developments affecting operating business and operations and financing, and making decisions in regard to opportunities and risks in connection therewith. In doing so, the Executive Board is bound by the established rules of procedure for the Executive Board.

The Executive Board receives the information necessary for managing the company and decision-making in the form of monthly financial reports from the subsidiaries, through regular contact with the managing directors of the subsidiaries and by visiting company locations in Germany and abroad.

The company observes all corporate governance practices required by law, and requires all employees to comply with a corporation-wide code of internal conduct. In view of the midmarket size of the subsidiaries, no other corporation-wide standards of an ethics, labour or social-related nature are in place.

The VBH Holding AG Executive Board, Supervisory Board and managers regularly review strategic objectives, revising these as necessary.

At the start of fiscal year 2010 VBH Holding AG established an internal auditing department to provide regular surveillance of business segment accounting. Risk managers have been appointed from Group controlling to support these efforts.

Risk management was enhanced in 2009 through the introduction of a new risk management tool. This new tool helps clearly present the risks affecting individual companies in different divisions and simplifying the process of deriving response measures. An EBIT-at-risk model is employed for the measurement of quantifiable risks.

Procedures followed by the Executive and Supervisory Boards

The VBH Holding AG Executive Board (consisting of two members) manages the company and oversees its businesses. The Executive Board is bound to representing the interests of the company. The objective of its activities is to enhance the value of the company on a sustainable basis. It develops the strategic orientation of the company, coordinates it with the Supervisory Board and ensures that it is implemented. It is also responsible for the company's annual and multi-year planning and for preparing mandatory reports, such as the annual and consolidated financial statements and interim reports. In addition, it provides for appropriate risk management and risk control, as well as regular, prompt and comprehensive reporting to the Supervisory Board on all strategic, corporate planning, business development, risk position and risk management issues of relevance to the Group.

The Executive Board chairman directs business operations including regional activities, purchasing and sales; the chief financial officer is in charge of finance and accounting in addition to controlling, human resources and IT. Both are closely involved in operational activities. The regional directors for Western Europe, Spain and America, Central and Eastern Europe, CIS (excluding Russia) and the Baltics, Russia and Other Markets regularly report to the Executive Board on the performance of the business divisions and are responsible for results in their respective regions.

The composition of the Executive Board is outlined in Section 6 of the VBH Holding AG Articles of Association. The Board must consist of a minimum two individuals, appointed by the Supervisory Board. The Supervisory Board is responsible for establishing rules of procedure for the Executive Board outlining actions/transactions conducted by the latter requiring Supervisory Board approval. The Supervisory Board may also establish its own rules of procedure in accordance with Section 11 (7) of the Articles of Association.

At meetings of the full Supervisory Board and its committees, the Executive Board provides verbal and written reports on agenda items and resolution proposals in addition to responding to questions posed by individual Supervisory Board members. The Executive Board participates in all Supervisory Board meetings unless the Supervisory Board should resolve otherwise in certain cases, particularly concerning specific agenda items.

Resolution petitions and all relevant documentation must be provided to Supervisory Board members in a timely manner ahead of the meetings. The Supervisory Board convenes at least four times a year on a regular basis, and additional meetings may be called as necessary. Resolutions may be voted on by circulating written ballot when necessary.

The Supervisory Board chairman discusses the activity of the Supervisory Board and its committees in the annual Supervisory Board Report to shareholders, and at the Annual General Meeting. The most recent Supervisory Board report is provided on page 10 of this annual report.

In particular, the Supervisory Board chairman regularly discusses the course of business and current issues with the Executive Board. Outside of these meetings, the Executive Board reports verbally and in writing to the Supervisory Board chairmen on current developments.

VBH Holding AG has organised committees for the following areas: human resources, finance and audit committee and strategy, marketing and sales. The Audit Committee is a Supervisory Board committee which met twice during the reporting year and prepared the Supervisory Board resolution on adoption of the annual financial statements and approval of the consolidated financial statements for the period ended 31 December 2008. The HR committee did not convene during the reporting year. The Strategy, Marketing and Sales committee met once in 2009.

The Supervisory Board reviews its own effectiveness annually.

The members comprising the Supervisory Board are outlined in the notes to the consolidated financial statements.

Compliance – the framework for entrepreneurial and business activity

Acting with responsibility is an integral part of the corporate culture at VBH Holding AG. This extends to integrity in our dealings with fellow staff members, with business partners, shareholders and the public, demonstrated through impeccable conduct.

For VBH Holding AG, compliance means adhering with laws, regulations, the Articles of Association and internal policies. To ensure that our actions and conduct are at all times exemplary, a code of conduct is in place for the entire corporation establishing guidelines and standards for the conduct of the Executive Board, on-site management, managers and all employees of the company.

This code of conduct outlines ways in which all personnel can work together to uphold these standards, providing a guide for resolving ethical and legal concerns that may arise in daily work as well as conflict situations. Violations are investigated in the interest of all employees and the company itself, in order to eliminate the corresponding causes.

8. EXPLANATORY REPORT BY THE EXECUTIVE BOARD PER SECTION 315 (4) HGB (GERMAN COMMERCIAL CODE)

In accordance with Section 315 (4) of German Commercial Code (Handelsgesetzbuch - HGB), a publicly listed parent entity is required to make disclosures on the capital structure, shareholder rights and restrictions, affiliated companies and the governing bodies of the company to the extent relevant for acquisitions. These disclosures are required per European Parliament and Council Directive 2004/25 EC dated 21 April 2004 on takeover bids. Companies whose voting shares are listed on an organised market per Section 2 (7) Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetzes - WpÜG) must make such disclosures irrespective of whether a takeover bid has been advanced or is expected. These disclosures are intended to enable potential bidders to obtain comprehensive information on the company and any obstacles to a takeover. These disclosures are also found in the company‘s management report in accordance with Section 289 (4) of German Commercial Code. According to Section 176 (1) Sentence 1 of the German Stock Corporation Act (Aktiengesetz - AktG), the Executive Board is also required to present an explanatory report on these disclosures to the Annual General Meeting. A summary of the disclosures according to Section 315 (4) of the German Commercial Code and corresponding explanations according to Section 176 (1) Sentence 1 of the German Stock Corporation Act is presented below.

Structure of subscribed capital

The subscribed capital of VBH Holding AG, totalling € 45,869,408 is divided into 45,869,408 no-par bearer shares (ordinary shares), each bestowing the same rights, including voting rights. There are no different share classes. An individual no-par share corresponds to a notional share of subscribed capital of € 1.00.

VBH‘s shares are listed in the Prime Standard segment on Xetra and on the regulated market of the Frankfurt and Stuttgart stock exchanges. The shares were included in the Deutsche Börse SDAX segment effective 3 March 2009.

Security	WKN	ISIN	Symbol
Share	760070	DE0007600702	VBH
Convertible bonds	A0CASN	DE000A0CASN9	VBH9

Restrictions on voting rights and transfers

The Executive Board is not aware of any restrictions affecting voting rights or the transfer of shares.

Equity interests above 10%

As of 31.12.2009, the following direct or indirect interests in the equity of VBH Holding AG in excess of 10% of voting rights were known to the Executive Board, per disclosures under securities law received by the company:

Mr. Wieland Frank, Germany, informed us on 29.06.2007 in accordance with Section 21 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) that his voting rights in VBH Holding AG, Korntal-Münchingen, Germany, had fallen below the 25% threshold on 31.05.2007, on that day amounting to 23.43% (9,258,553 votes). Of that number, 18.62% (7,358,242 votes) are attributable to him per Section 22 (1) Sentence 1 (1) WpHG. The attributed voting rights are held by the following company, which he controls and whose voting rights in VBH Holding AG amount to 3% or more: ADWIAN oHG, Kampen, Germany.

Ms. Annette Wagener, Germany, informed us on 29.06.2007 in accordance with Section 21 (1) WPhG that her voting rights in VBH Holding AG, Korntal-Münchingen, Germany, had fallen below the 20% reporting threshold on 31.05.2007, on that day amounting to 18.62% (7,358,242 votes). Of that number, 18.62% (7,358,242 votes) are attributable to her per Section 22 (1) Sentence 1 (1) WpHG. The attributed voting rights are held by the following company, which she controls and whose voting rights in VBH Holding AG amount to 3% or more: ADWIAN oHG, Kampen, Germany.

ADWIAN oHG, Kampen, Germany, informed us on 29.06.2007 in accordance with Section 21 (1) WPhG that its voting rights in VBH Holding AG, Korntal-Münchingen, Germany, had fallen below the 20% reporting threshold on 31.05.2007, on that day amounting to 18.62% (7,358,242 votes).

Dr. Eike Tobias Matthiessen, Germany, informed us on 17.06.2009 in accordance with Section 21 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) that his voting rights in VBH Holding AG, Korntal-Münchingen, Germany, had exceeded the 10%, 15%, 20% and 25% reporting thresholds on 15.06.2009, on that day amounting to 25.1% (11,493,689 votes). Of that number, 25.1% (11,493,689 votes) are attributable to him per Section 22 (1) Sentence 1 (1) WpHG. The attributed voting rights are held by the following company, which he controls and whose voting rights in VBH Holding AG amount to 3% or more: LISOMA Beteiligungs GmbH, Hamburg, Germany.

Lisoma Beteiligungs GmbH, Hamburg, informed us on 17.06.2009 in accordance with Section 21 (1) WPhG that its voting rights in VBH Holding AG, Korntal-Münchingen, Germany, had exceeded the 10%, 15%, 20% and 25% reporting thresholds on 15.06.2009, now amounting to 25.1% (11,493,689 votes).

Mr. Viktor Trenev, Russia, informed us on 19.11.2009 in accordance with Section 21 (1) of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) that his voting rights in VBH Holding AG, Korntal-Münchingen, Germany, had exceeded the reporting threshold of 10% on 17.11.2009, on that day amounting to 10.06% (4,615,658 votes). Of that number, 10.06% (4,615,658 votes) are attributable to him per Section 22 (1) Sentence 1 No. 1 WpHG. The attributed voting rights are held by the following company, which he controls and whose voting rights in VBH Holding AG amount to 3% or more: Ascalon Holding GesmbH, Vienna, Austria.

Ascalon Holding GesmbH, Vienna, informed us on 19.11.2009 in accordance with Section 21 (1) WPhG that its voting rights in VBH Holding AG, Korntal-Münchingen, Germany, had exceeded the 10% reporting threshold on 17.11.2009, now amounting to 10.06% (4,615,658 votes).No other direct or indirect shareholdings exceeding 10% of voting rights were known on the balance sheet date.

Shares with special rights

The company has no shares with special rights that grant powers of control.

Voting control in the case of employee participation

The Executive Board is not aware of any employees holding an equity interest in the company who do not exercise their control rights directly.

Appointment and dismissal of Executive Board members and amendments to the Articles of Association

The VBH Holding AG Executive Board must be constituted of a minimum two individuals. Beyond this requirement, the number of Executive Board members is determined by the Supervisory Board. Appointment and dismissal of Executive Board members is carried out in accordance with the legal provisions outlined under Sections 84 and 85 of the German Stock Corporation Act. With the exception of a court-appointed replacement, the Supervisory Board has sole responsibility for appointing and dismissing Executive Board members. It appoints Executive Board members for a maximum term of 5 years.
A member may be re-appointed or his or her term of office be extended for a maximum of 5 years. The Supervisory Board may appoint an Executive Board Chairman and Deputy Chairman.

In accordance with German Corporate Governance Code, initial appointments are generally not made for the 5-year maximum term.

Per Section 17 (2) of the Articles of Association and at variance to Section 179 (2) of the German Stock Corporation Act, amendments to VBH Holding AG's Articles of Association require a shareholder resolution by a simple majority vote, except as provided otherwise by law or in other Articles of Association. The Supervisory Board is authorised to amend the Articles of Association in wording only. Sections 179 and 133 of the German Stock Corporation Act also apply.

Executive Board powers to issue and repurchase shares

On 10 June 2009, the Annual General Meeting authorised the Executive Board to repurchase up to 10% of issued shares through 9 December 2010. These are to be purchased on the stock exchange or by way of a tender offer publicly announced to all shareholders. If the shares are purchased on the stock exchange, the purchase price may not be more than 10% above or below the average price of company shares for the 10 trading days prior to purchase. If purchased in a public tender offer to all shareholders, the price paid to shareholders may not be more than 20% above or below the average price of company shares for the 10 trading days prior to announcement of the offer. In certain cases, the Executive Board is authorised to sell own shares by means other than on the stock exchange or tender offer to all shareholders, subject to Supervisory Board approval and excluding shareholder subscription rights. The Executive Board has furthermore been authorised to retract own shares, thereby reducing share capital. Thus far the Executive Board has not exercised this power, and has no plans at present to do so.

On 10 June 2009 the Annual General Meeting approved new authorised capital with the option of increasing capital against cash or non-cash contributions under exclusion of shareholders' statutory subscription rights and corresponding amendment of the Articles of Association. Accordingly, the Executive Board is authorised to increase the share capital of the company (Authorised Capital) one or more times through 9 June 2014 by a maximum € 20,000,000 through the issuance of new no-par value ordinary bearer shares carrying voting rights (no-par value shares), subject to Supervisory Board approval. Thus far the Executive Board has not exercised this power, and has no plans at present to do so.

The Executive Board power outlined here to issue new shares from Authorised Capital is to enable the Executive Board to cover any capital requirements arising in a rapid, flexible and cost-effective way, and to utilise financing options that are attractive relative to the market. The ability to finance the acquisition of companies or stakes in companies by issuing company shares to the sellers in certain cases allows the company to carry out expansion without negatively impacting liquidity.

The subscribed capital of the company is to be increased contingently (Contingent Capital I) by € 1,635,039 through the issuance of up to 1,635,039 new no-par bearer ordinary voting shares (no-par shares). This contingent capital increase is only to be carried out to the extent that holders of participation rights with conversion rights (convertible participation rights), which were issued by the company in a 24 May 2004 Annual General Meeting resolution, exercise their conversion rights, and to the extent that own shares are not provided to cover these rights. As these conversion rights no longer exist, these contingent capital provisions are no longer relevant.

The subscribed capital of the company is to be further increased contingently by € 270,000 through the issuance of up to 270,000 no-par bearer ordinary voting shares (no-par shares) with voting rights (Contingent Capital II). This contingent capital increase serves exclusively to cover exercised option rights issued by a 24 May 2004 Annual General Meeting authorisation (share option plan) through the date 24 May 2009. This contingent capital increase will only be implemented to the extent that holders of the option rights issued exercise their right to purchase shares, and the company does not provide treasury shares to fulfil these option rights.

In addition, the authorised and contingent capital provisions outlined here are standard for comparable listed companies, and are not designed to impede potential takeover bids.

Material agreements of the company with change-of-control clauses

There are no material agreements in place concerning a change of control over the company in the case of a takeover bid.

Compensation agreements of the company

The company has no compensation agreements in place with Executive Board members or employees in the event of a takeover bid. In the reporting period, there was no cause for the Executive Board to consider takeover-related matters or particularities with regard to disclosures required under the Takeover Directive Implementation Act. Accordingly, the Executive Board does not consider necessary further explanations beyond the information provided here and in the management and Group management reports.

9. EXPLANATORY REPORT BY THE EXECUTIVE BOARD PER SECTION 289 (5) AND SECTION 315 (2) NO. 5 HGB (GERMAN COMMERCIAL CODE)

Legal background

The Accounting Law Reform Act (BilMoG) enacted 29 May 2009 amended Sections 289 and 315 HGB and Sections 120 and 175 AktG. Pursuant to the Reform Act, the Executive Board must present a written report to shareholders at the Annual General Meeting on matters including the new disclosure requirements in the management report per Section 289 (5) HGB and in the Group management report per Section 315 (2) No. 5 HGB regarding the internal control and risk management system in place for the accounting and consolidated accounting process.

In the later German Act Implementing the Shareholders' Rights Directive (Gesetz zur Umsetzung der Aktionärsrechterichtlinie – ARUG) legislators bundled requirements for providing explanatory reports under Section 176 (1) AktG and eliminated the previous regulations under Section 120 (3) Sentence 2 and Section 175 (2) Sentence 1 AktG. The reference to Section 289 (5) HGB added by BilMoG and the management report disclosures on the internal control and risk management system in place for the accounting and consolidated accounting process were not incorporated. It has not been finally settled whether this was merely an editorial error, resulting in an explanatory report to the disclosures per Section 289 (5) HGB (and Section 315 (2) No. 5 HGB) still being required after ARUG goes into force. As a precaution, the VBH Holding AG Executive Board has elected to provide such a report for fiscal year 2009.

Report content

According to the legal justification of BilMoG, the internal system of controls extends to principles, methods and measures intended to ensure the effectiveness, efficiency and properness of accounting as well as compliance with applicable laws. This includes the internal auditing system, to the extent it concerns accounting.

As part of the internal system of controls, the risk management system as it pertains to the accounting process similarly involves accounting control and monitoring processes, particularly for financial accounting positions relating to the company's risk management.

Key accounting features of the internal system of controls and risk management system

The salient features of the internal system of controls and risk management system in place at VBH Holding AG concerning the (consolidated) accounting process can be described as follows:

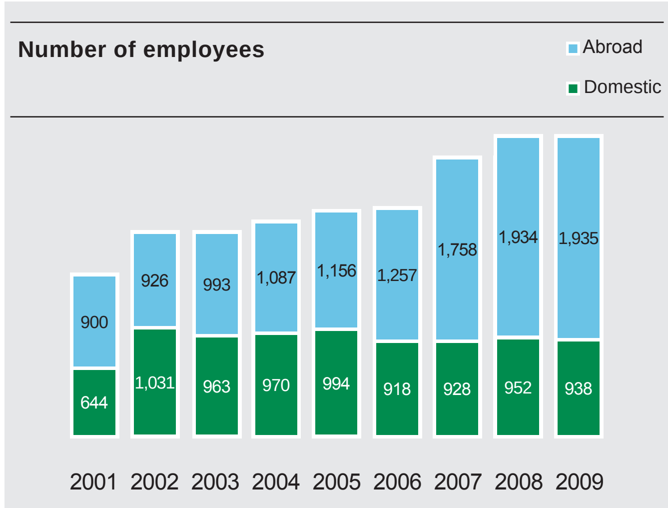
- The VBH Group has clear organisational, corporate and control and monitoring structures
- Group-wide planning, reporting, controlling and early warning systems and processes are in place corporation--wide for the assessment and management of earnings-relevant risk factors and going-concern threats
- Functional responsibilities are clearly outlined for all accounting-related areas (e.g. financial accounting and controlling)
- The IT systems employed for accounting are secured against unauthorised access
- The financial systems employed primarily run on standard software
- Adequate internal policies (including group-wide risk management policies) are in place and adapted as needed
- The departments involved in the accounting process meet quantitative and qualitative requirements
- Primary accounting processes are regularly audited. The corporation-wide risk management system in place is continuously being adapted as events require and constantly reviewed in terms of its effectiveness. The system has been reviewed by the auditor Rödl & Partner GmbH, Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg, as part of a Group audit
- The dual control principle is in place for all accounting-related processes without exception
- The Supervisory Board's responsibilities include addressing key issues regarding accounting and risk management
- A comprehensive, uniform Group accounting guideline governs subsidiaries' accounting. It is revised annually and updated to reflect the latest legal regulations
- Group Controllers visit the subsidiaries on an ongoing basis to keep abreast of significant events that also include accounting related events Group Controllers holding controllers also monitor the progress of work on the annual financial statements and compliance with the Group accounting guidelines
- All material annual financial statements incorporated in the consolidated financial statements are reviewed by local auditors
- Standard consolidation software is used for processing the single-entity financial statements and converting them to IFRS accounting
- External experts are engaged for opinions on complex accounting and consolidation-related issues
- Meetings on the annual financial statements are conducted with the managements of the relevant companies, the local auditor, Group management and the Group auditor.

Notes concerning key accounting features of the internal system of controls and risk management system

The internal control and risk management system for the accounting process, the salient features of which have been discussed previously, ensures that business data are properly accounted for, prepared and approved before flowing into external accounting.

Clear organisational, corporate and control and monitoring structures and adequate accounting personnel and equipment form the foundation for efficient work by the areas involved in accounting. Unambiguous laws and internal Group rules and policies ensure uniform and proper accounting. Clearly outlined review mechanisms within the areas directly involved in accounting and early-warning risk management ensure correct and consistent accounting.

The internal control and risk management system in place at VBH Holding AG ensures that accounting is uniform and conforms to laws, regulations and internal policies for VBH Holding AG and all companies included in the consolidated financial statements. The Group-wide risk management system, which fully conforms to regulatory requirements, is specifically designed for the early identification, evaluation and adequate communication of risks. This allows a providing of accurate, pertinent and dependable information to the relevant parties concerned.



10. EMPLOYEES

In the past fiscal year the VBH Group employed a total of 2,873 staff, as compared to 2,886 in the previous year. Thus despite initial consolidations, 13 fewer individuals were employed than in the previous year. The number of employees of companies being initially consolidated was 117 on annual average.

While staffing levels in Germany were relatively stable with the number of employees decreasing slightly from 952 to 938, the number of employees abroad declined by 116 employees to 1,818 on the basis of 2008 group of consolidation (previous year: 1,934). However, staff reductions were compensated for again by means of additional employees at initially consolidated companies.

VBH Holding AG has an international management training programme for university graduates in place. This is intended to meet the Group's increasing internationalisation needs, with intercultural cooperation being a particularly high priority.

The Executive and Supervisory Boards would like to take this opportunity to thank all employees of the VBH Group, both in and outside Germany, for their consistently high level of commitment and substantial contribution they have made to the Group's satisfactory results in view of the global financial crisis.


greenteQ
Oxy
FA-Silikon
greenteQ
Alcoxy
FA-Silikon
greenteQ
Oxy
A-Silikon
greenteQ
Acetat
G-Silikon
Fugenfüllung
Bau, Verglasung, PVC und
Fliesen
greenteQ
greenteQ
A-Acryl

FINANCIAL CONSOLIDATED STATEMENTS OF VBH HOLDING AG

Consolidated Statements

OF VBH HOLDING AG

CONSOLIDATED BALANCE SHEET

Assets

In € T	Notes	01.01.2008	31.12.2008	31.12.2009
Non-current assets				
Intangibles assets	5.1	40,081	49,128	50,855
Property, pant and equipment	5.2	33,997	32,405	30,227
Financial assets	5.3	689	3,922	3,608
Other long-term assets		4,694	3,946	4,474
Deffered tax assets	5.8	7,782	7,240	10,062
Total		**87,243**	**96,641**	**99,226**
Current assets				
Inventories	5.4	128,589	124,395	109,649
Trade receivables	5.5	100,467	106,870	96,030
Trade receivables affiliated companies	5.5	3,587	7,044	5,319
Other assets	5.5	24,301	26,494	24,084
Cash and cash equivalents	5.6	13,233	13,374	14,312
Tax receivables	5.6	380	897	2,054
Total		**270,557**	**279,074**	**251,448**
Total assets		**357,800**	**375,715**	**350,674**

Equity and Liabilities

In € T	Notes	01.01.2008	31.12.2008	31.12.2009
Equity				
Subscribed capital	5.9	39,865	45,790	45,869
Capital reserve	5.9	19,149	41,630	41,847
Revenue reserve	5.9	39,516	33,437	35,916
Profit retained	5.9	1,454	7,994	-1,424
Equity attributable to shareholders of VBH AG	5.9	99,984	128,851	122,208
Minority interests	5.9	9,142	8,548	8,623
Treasury stock	5.9	0	0	0
Equity		**109,126**	**137,399**	**130,831**
Non-current liabilities				
Pension provisions	5.12	12,305	12,129	12,497
Other long-term provisions	5.13	3,263	3,351	3,131
Long-term financial liabilties	5.11	100,000	70,019	67,888
Other long-term liabilities	5.11	5,354	2,745	2,015
Deffered tax liabilities	5.14	934	3,110	3,770
Total		**121,856**	**91,354**	**89,301**
Current liabilities				
Short-term provisions	5.13	10,450	7,249	5,127
Short term financial liabilties	5.11	31,366	50,965	50,141
Advances received	5.11	2,001	2,194	538
Trade payables	5.11	50,796	46,928	43,389
Trade payables affiliated companies	5.11	38	0	0
Other short-term liabilities	5.11	30,971	38,791	30,244
Tax liabilities	5.11	1,196	835	1,103
Total		**126,818**	**146,962**	**130,542**
Total equity and liabilities		**357,800**	**375,715**	**350,674**

CONSOLIDATED INCOME STATEMENT

In € T	Notes	2008	2009
Sales	6.1	**863,309**	**754,115**
Changes in finished goods, work in progress / capitalized payments		0	0
Total operating profit		**863,309**	**754,115**
Costs of raw materials, supplies and purchased merchandise	6.2	652,191	570,910
Gross operating profit		**211,118**	**183,205**
Personnel expenses	6.3	95,625	92,788
Other operating income	6.4	14,892	13,817
Other operating expenses	6.5	84,887	80,417
EBITDA		**45,498**	**23,817**
Depreciation / Amortization	6.6	5,956	5,953
EBIT		**39,542**	**17,864**
Income from investments		0	0
Other interest and similar income		891	752
Interest and similar expenses		8,969	8,083
Depreciation on financial assets and securities		0	0
Financial result	6.7	**-8,078**	**-7,331**
EBT		**31,464**	**10,533**
Current taxes	6.8	10,360	4,043
Deferred taxes	6.9	1,070	-814
EAT		**20,034**	**7,304**
Minorities	6.10	2,229	1,009
Net result after Minorities		**17,805**	**6,295**
EPS in €	6.11	**0,41**	**0,14**
EPS diluted in €	6.11	**0,41**	**0,14**

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

In € T	2008	2009
Earnings after taxes (EAT)	**20,034**	**7,303**
thereof attributable to shareholders of VBH AG	17,805	6,294
thereof attributable to minorities	2,229	1,009
Changes in IAS 39 Hedge Accounting	**-2,228**	**-403**
Currency differences	**-9,820**	**926**
Total changes of value in equity	**-12,048**	**523**
thereof attributable to shareholders of VBH AG	-10,970	517
thereof attributable to minorities	-1,078	6
Total comprehensive income for the period	**7,986**	**7,826**
thereof attributable to shareholders of VBH AG	6,835	6,811
thereof attributable to minorities	1,151	1,015

CONSOLIDATED CASH FLOW STATEMENT

In € T		Notes	2008	2009
	EBT		**31,464**	**10,532**
+	Depreciation on tangible assets		5,956	5,953
+/-	Increase/decrease in long-term provisions		-1,968	146
+/-	Other non-cash income/expense		1,206	351
-	Taxes paid		-11,430	-3,229
+/-	Interest paid / received		8,184	7,403
=	**Cash earnings**	7	**33,412**	**21,156**
-/+	Increase/decrease in inventories		9,787	18,210
-/+	Increase/decrease in trade receivables		-6,389	15,048
+/-	Increase/decrease in short-term provisions		-1,184	-1,993
+/-	Increase/decrease in liabilities		-1,520	-18,557
=	**Total changes in working capital**	7	**694**	**12,708**
-/+	Profit/loss from the disposal of non-current assets		-352	-309
=	**Cash flow from operating activity**	7	**33,754**	**33,555**
-	Cash outflows for investments in intangible assets		-1,762	-702
-	Cash outflows for investments in tangible assets		-5,737	-2,702
-	Cash outflows for investments in financial assets		-2,643	-3,379
-	Cash outflows for other financial assets			
+	Cash inflows from disposal of intangible assets			
+	Cash inflows from disposal of tangible assets		1,498	2,668
+	Cash inflows from disposal of financial assets			
-/+	Payments for acquisition and disposal of consolidated companies		-9,647	-5,732
+	Interest received		785	680
=	**Cash flow from investing activity**	7	**-17,506**	**-9,167**
=	**Free Cash Flow**		**16,248**	**24,388**
+	Cash inflows from equity contributions		1,680	296
+	Cash inflows from loans raised		11,003	
-	Cash outflows for repayment of loans			-4,994
-	Interest paid		-11,107	-8,369
-	Dividens paid		-6,770	-10,417
=	**Cash flow from financing activity**	7	**-5,194**	**-23,484**
=	**Changes in cash and cash equivalents**	7	**11,054**	**904**
+	Changes in cash and cash equivalents owing to exchange gains/losses		-10,855	39
+	Changes in cash and cash equivalents		199	943
+	Cash and cash equivalents at the beginning of the period		13,174	13,368
=	**Cash and cash equivalents at the end of the period**		**13,373**	**14,311**

STATEMENT OF CHANGES IN GROUP EQUITY

Statement of changes in group equity

In € T	Capital stock	Capital reserve
Balance at 1 January 2008	**39,865**	**19,149**
Changes to the consolidated Group		
Minority Interests		
Capital increase convertible issue rights	5,345	21,381
Stock options	580	1,011
Share based compensation		89
Total ccomprehensive income		
Payout		
Changes in retained reserves and other changes		
Balance at 31 December 2008 / Balance at 1 January 2009	**45,790**	**41,630**
Changes to the consolidated Group		
Minority Interests		
Capital increase convertible issue rights		
Stock options	79	139
Share based compensation		78
Total ccomprehensive income		
Payout		
Changes in retained reserves and other changes		
Balance at 31 December 2009	**45,869**	**41,847**

Revenue reserve	Profit retained	Equity attributable to shareholders of VBH AG	Minority interests	Treasury shares	Shareholders' equity
41,905	**1,453**	**102,372**	**9,142**		**111,514**
4		4			4
			-322		-322
		26,726			26,726
		1,591			1,591
		89			89
-10,970	**17,805**	**6,835**	**1,151**		**7,986**
	-5,980	-5,980			-5,980
2,498	-5,284	-2,786	-1,423		-4,209
33,437	**7,994**	**128,851**	**8,548**		**137,399**
					0
			-139		-139
					0
		218			218
		78			78
517	**6,294**	**6,811**	**1,015**		**7,826**
	-8,700	-8,700			-8,700
1,962	-7,012	-5,049	-801		-5,850
35,916	**-1,424**	**122,208**	**8,623**		**130,831**

SEGMENT REPORTING

Segments by region

	Germany		Western Europe		Eastern Europe	
In € T	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
External revenue	367,439	369,807	176,653	139,047	304,898	216,892
Internal revenue	20,829	12,649	6,240	4,849	78	761
Total revenue	**388,268**	**382,456**	**182,893**	**143,896**	**304,976**	**217,653**
EBITDA	**15,128**	**10,757**	**7,946**	**-1,880**	**25,743**	**20,102**
Depreciation, amortisation and write-downs	1,460	1,533	1,367	1,375	2,069	1,700
Profit or loss from operating activities (EBIT)	**13,668**	**9,224**	**6,579**	**-3,255**	**23,674**	**18,402**
Result from participations	270	39	0	0	0	3
Interest income	253	285	104	69	220	182
Interest expense	750	981	2,787	1,923	546	278
Financial result	-228	-657	-2,683	-1,854	-325	-93
Earnings before taxes (EBT)	**13,440**	**8,567**	**3,896**	**-5,109**	**23,349**	**18,309**
Taxes	-2,773	-2,414	-1,670	-318	-7,073	-2,959
Earnings after taxes (EAT)	**10,667**	**6,153**	**2,226**	**-5,427**	**16,276**	**15,350**
Segment assets	**111,217**	**103,237**	**112,888**	**89,791**	**104,085**	**89,153**
Segment liabilities	**125,929**	**118,579**	**87,628**	**79,173**	**41,081**	**27,978**
Number of Employees	**925**	**906**	**545**	**503**	**1,290**	**1,198**
Adjustments		**-96**		**735**		**2,486**

* Consolidation represents non-intersegmentary group sales.

Other markets		Corporate Services		Consolidation*		Group	
2008	2009	2008	2009	2008	2009	2008	2009
10,190	26,735	0	0	0	0	859,180	752,480
2,561	359	0	0	-25,579	-16,983	4,129	1,635
12,751	**27,094**	0	**0**	**-25,579**	**-16,983**	**863,309**	**754,115**
-615	**-1,206**	**-2,816**	**-4,241**	**113**	**283**	**45,499**	**23,816**
125	234	671	789	264	323	5,956	5,953
-740	**-1,440**	**-3,487**	**-5,030**	**-151**	**-40**	**39,543**	**17,863**
0	0	11,860	14,126	-12,129	-14,168	1	0
16	250	1,649	1,422	-1,352	-1,456	890	752
685	1,356	5,547	5,004	-1,346	-1,458	8,969	8,085
-669	-1,106	7,961	10,544	-12,135	-14,164	-8,079	-7,331
-1,409	**-2,546**	**4,474**	**5,514**	**-12,286**	**-14,204**	**31,464**	**10,532**
-94	197	1,374	2,683	-1,193	-416	-11,429	-3,228
-1,503	**-2,349**	**5,848**	**8,197**	**-13,479**	**-14,620**	**20,035**	**7,304**
10,131	**23,235**	**221,860**	**222,977**	**-184,466**	**-177,719**	**375,715**	**350,674**
17,509	**31,538**	**92,945**	**91,217**	**-126,777**	**-128,643**	**238,315**	**219,842**
99	**234**	**27**	**32**	0	**0**	**2,886**	**2,873**
	1,363		**0**		**0**		**4,488**

Notes to the consolidated financial statements

1. Disclosures and presentation of the consolidated financial statements

VBH HOLDING AKTIENGESELLSCHAFT (also 'VBH' or 'the Company') is registered with Stuttgart Regional Court under HRB 203096. The Company's registered office is in Korntal-Münchingen. The shares of the Company are listed on the Deutsche Börse Prime Standard and trade on the regulated market on Xetra and on the floor of the Frankfurt and Stuttgart stock exchanges.

Purpose of the Company is the wholesale distribution of metal fittings. VBH distributes products in seven primary groups: window, door & furniture fittings, fastener systems, profiles and sealings, construction chemicals, construction elements and tools.

VBH is Europe's top-selling wholesaler of construction fittings. VBH acts as agent between hardware suppliers and customers who process these products for industrial and technical purposes.

The consolidated financial statements of VBH Holding AG and its consolidated subsidiaries as at 31 December 2009 were prepared in accordance with International Financial Reporting Standards (IFRS) applicable in the EU and with applicable German Commercial Code regulations (Handelsgesetzbuch – HGB) per Section 315a (1) HGB.

All standards which have entered into force as at the balance sheet date have been complied with.

The consolidated financial statements were prepared in euro and rounded to thousands of euro (€ thousand). Unless otherwise indicated, all figures represent thousands of euro. In tables showing the breakdown of items in the individual amounts in the consolidated balance sheet and income statement, minor differences are the result of rounding differences.

The income statement is structured in accordance with the nature of expense method. In order to improve clarity of presentation, items are summarised in the consolidated balance sheet and income statement and explained separately below.

The provisions of IAS 1 require presentation of balance sheet items by maturity. For this reason, the balance sheet of VBH Holding AG shows assets and liabilities according to their maturities.

The consolidated financial statements were prepared in accordance with the going concern principle, based on historical cost and fair value. Excepted are certain positions including cash and cash equivalents and financial instruments measured at fair value in profit or loss. Available-for-sale financial assets, derivative financial instruments, plan assets and receivables are measured at fair value.

2. IASB accounting rules

New or amended standards and interpretations applicable for financial years ending 31 December 2009 are listed below.

2.1 STANDARDS, INTERPRETATIONS AND AMENDMENTS THEREOF APPLICABLE FOR THE FIRST TIME IN THE FINANCIAL YEAR ENDED

IFRS 2 Amendment – Share-based Payment – Vesting Conditions and Cancellations

(effective date: 1 January 2009): No effect on the consolidated financial statements.

IFRS 7 Amendments – Financial Instruments: Disclosures

(effective date: 1 January 2009):
IFRS 7 governs financial statement notes on determining the fair value of the relevant financial instruments. Disclosures on liquidity risk associated with derivative financial instruments are also required. The revisions to IFRS 7 effect the consolidated financial statements.

Notes on determining fair value were standardised and a three-level fair value hierarchy established. Three valuation categories apply:

Level 1: Fair value is determined based on publicly quoted market prices.
Level 2: If no active market exists for a financial instrument, fair value is determined using valuation models. These models generally include discounted cash-flow or option price models. Fair value is estimated based on the results of the valuation method employed
Level 3: Valuation models utilised on this level are not based on observable market data.

IFRS 8 Operating Segments

(effective date: 1 January 2009): No effect on the consolidated financial statements.

IAS 1 Presentation of Financial Statements – Revised

(effective date: 1 January 2009):
The amended IAS 1 establishes rules for financial statement presentation, including particularly changes to the statement of changes in equity and statement of comprehensive income. The income statement and statement of changes in equity have been adapted accordingly.

IAS 23 Borrowing Costs – Revised

(effective date: 1 January 2009): No effect on the consolidated financial statements.

IAS 27 Amendments – Consolidated and Separate Financial Statements – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate

(effective date: 1 January 2009): No effect on the consolidated financial statements.

IAS 32/IAS 1 Amendments – Financial Instruments: Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation

(effective date: 1 January 2009): No effect on the consolidated financial statements.

IFRIC 9/IAS 39 Amendments – Reassessment of Embedded Derivatives / Financial Instruments: Recognition and Measurement – Embedded Derivatives

(effective date: 1 January 2009): No effect on the consolidated financial statements.

IFRIC 13 Customer Loyalty Programmes

(effective date: 1 January 2009): This interpretation has no effect on the consolidated financial statements.

IFRIC 14/IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

(effective date: 1 January 2009): This interpretation has no effect on the consolidated financial statements.

Improvements to IFRSs (2008)

(effective date: 1 January 2009): This improvement has no effect on the consolidated financial statements.

2.2 STANDARDS ADOPTED BY THE EU NOT YET APPLIED

New or amended standards and interpretations applicable for financial years ending 31 December 2009 that were not observed in preparation of these consolidated financial statements are outlined below.

IFRS 3 Business Combinations – Revised

(effective date: 1 July 2009)
This revision may affect the consolidated financial statements in the event of future business combinations.

IAS 27 Amendment – Consolidated and Separate Financial Statements

(effective date: 1 July 2009)

IAS 32 Amendment – Financial Instruments: Presentation – Classification of Rights Issues

(effective date: 1 February 2010)

IAS 39 Amendment – Financial Instruments: Recognition and Measurement – Eligible Hedged Items

(effective date: 1 July 2009)

IFRIC 12 Service Concession Arrangements

(effective date: 29 March 2009)

IFRIC 15 Agreements for the Construction of Real Estate

(effective date: 1 January 2010)

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

(effective date: 30 June 2009)

IFRIC 17 Distributions on Non-cash Assets to Owners

(effective date: 1 November 2009)

IFRIC 18 Transfers of Assets from Customers

(effective date: 1 November 2009)

Improvements to IFRSs (2008) > IFRS 5

(effective date: 1 July 2009)

The new standards, interpretations and revisions thereof are applicable for reporting periods beginning on or after the effective date. The Company generally does not observe new standards, interpretations and revisions thereof prior to their effective date. The effect of standards that are adopted but not yet mandatory is reviewed. These are not expected to have any material impact on the assets, financial position, earnings or cash flow of the Group.

2.3 IFRSS‘ THAT ARE ISSUED BUT NOT YET APPLIED OR ADOPTED BY THE EU

IFRS 9 Financial Instruments: Classification and Measurement

(issued 12 November 2009): The potential impact on the Group is currently under review.

IFRS 1 Additional Exemptions for First-time Adopters

(issued 23 July 2009): No effect on the consolidated financial statements.

IFRS 2 Group Cash-settled Share-based Payment Transactions

(issued 18 June 2009): The potential impact on the consolidated financial statements is currently under review.

IAS 24 Related Parties

(issued 4 November 2009): No impact on the consolidated financial statements is expected

Improvements to IFRS 2009

(issued 16 April 2009): No material impact is expected on the future presentation of the Group’s net assets, financial position and earnings.

IFRIC 19 Extinguishing Financial Liabilities with Equity

(issued 26 November 2009): The Group is currently reviewing the impact on the presentation of net assets, financial position and earnings in future financial statements.

IFRIC 14 - IAS 19 Prepayments on minimum funding requirements – Revisions to IFRIC 14

(issued 26 November 2009): No material impact is expected on the future presentation of the Group's net assets, financial position and earnings.

3. Principles of consolidation

The consolidated financial statements contain the financial statements of the parent company and the companies it controls, including special-purpose vehicles (its subsidiaries). Control is gained once the Company has the option of governing the financial and operating policies of a company so as to derive benefit from its activities. The results of the subsidiaries acquired or sold over the course of the year are recognised accordingly in the consolidated income statement from the actual date of acquisition or up to the actual date of disposal. If necessary, the annual financial statements of the subsidiaries are adjusted so that the accounting and measurement methods are aligned with those applied on the Group level. All intragroup transactions, balances and results are completely eliminated in consolidation.

Subsidiaries are all companies (including special-purpose vehicles) in which the Group exercises control over financial and operating policy, usually in combination with a share of voting rights that exceeds 50%. In an assessment of whether such control is present, the existence and effect of potential voting rights currently exercisable or convertible are considered as necessary. Subsidiaries are generally included in the consolidated financial statements (fully consolidated) as at the date on which control has been transferred to the Group, unless control is material to the consolidated financial statements. They are deconsolidated on the date on which this control ends.
A breakdown of VBH AG shareholdings is provided under point 3.1.
Capital consolidation is performed in accordance with IFRS 3, 'Business Combinations' using the purchase accounting method. In this method, the acquisition costs of the participation are charged against the pro rata share of the parent company in the revalued equity of the subsidiary as at the acquisition date. Intangible assets acquired in business combinations and identified within the framework of purchase price allocation are recognised at fair value. Any difference arising on the assets side after this charging and purchase price allocation is reported under non-current assets as goodwill.
If further interests are acquired in already fully consolidated companies, the purchase price of the additional acquisition is offset against the additional equity acquired. The asset-side difference resulting from the offsetting is charged against retained earnings.

Shares in the equity of subsidiaries attributable to external minority interests are reported separately under equity. Shares in the subsidiaries' results attributable to external minority interests are shown as a separate item in the income statement.

3.1 SCOPE OF CONSOLIDATION AND BUSINESS COMBINATIONS

Overview of equity interests at 31 December 2009 according to Section 313 (2) HGB (German Commercial Code)

Fully consolidated companies	Registered office location	Country	Percentage equity held in %
Germany			
esco Metallbausysteme GmbH	Ditzingen	D	100,0%
Gedalia Grundstücksverwaltungsges. mbh & Co	Mainz	D	100,0%
VBH Deutschland GmbH	Korntal-Münchingen	D	100,0%
Abroad			
Esco Metallbausysteme Austria GmbH (indirect via esco Metallbausysteme GmbH)	Eugendorf	A	100,0%
VBH Australia PTY. Ltd.	Seaford	AUS	100,0%
VBH Belgium NV	Beringen	B	100,0%
VBH Hody	Marche en Famenne	B	100,0%
VBH Dems d.o.o.	Sarajevo	BIH	100,0%
IP VBH BEL	Minsk	BY	100,0%
VBH ZP (indirect via VBH Polska Sp.z.o.o.)	Minsk	BY	100,0%
VBH, Vereinigter Baubeschlag-Handel, s.r.o.	Prague	CZ	95,0%
VBH Malum S.L.	Gava	E	68,4%
VBH Estonia AS	Tallinn	EST	100,0%
LG Fasteners Ltd. (indirect via Wagner GB Ltd.)	Swansea	GB	100,0%
VBH (GB) Ltd.	Gillingham	GB	100,0%
VBH Hellas S.A.	Thessaloniki	GR	100,0%
VBH Budapest Kft	Budapest	H	100,0%
VBH Okovi d.o.o.	Sveta Nedjelja	HR	100,0%
C.D.A. Arrezzo S.r.l. (indirect via VBH Italia Holding S.p.A.)	Arrezzo	I	100,0%
C.D.A. S.r.l. (indirect via VBH Italia Holding S.p.A.)	Bologna	I	100,0%
Fercom S.r.l. (indirect via VBH Italia Holding S.p.A.)	Torino	I	100,0%
VBH Italia Holding S.p.A.	Bozen	I	100,0%

Fully consolidated companies	Registered office location	Country	Percentage equity held in %
VBH Italia S.r.l.	Bozen	I	50,0%
VBH Service S.r.l.(indirect via VBH Italia Holding S.p.A.)	Fogliano Redipuglia	I	100,0%
VBH S.r.l.(indirect via VBH Italia Holding S.p.A.)	Fogliano Redipuglia	I	100,0%
Galro Ltd.	Dunshaughlin	IE	60,0%
VBH Kuwait for General Trading Co. (W.L.L)	Safat	KW	80,0%
TOO VBH	Almaty	KZ	60,0%
VBH West (Aktobe) (indirect via TOO VBH)	Aktobe	KZ	100,0%
VBH-Pavlodar (indirect via TOO VBH)	Pavlodar	KZ	100,0%
VBH-Ust-Kamenogorsk (indirect via TOO VBH)	Ust-Kamenogorsk	KZ	100,0%
UAB VBH Vilnius	Vilnius	LT	100,0%
SIA VBH Latvia Ltd.	Riga	LV	95,0%
VBH Malayasia SDN. BDH.	Petaling Jaya	MAL	100,0%
VBH Montenegro d.o.o..	Podgorica	MNE	100,0%
VBH-OFIR S.R.L. (Kischinau (indirect via Ofir Ltd.))	Kischinau	MOL	80,0%
VBH Nederland B.V.	Oosterhout	NL	100,0%
ESCO Polska Sp.z.o.o. (indirect via esco Metallbausysteme GmbH)	Warschau	PL	89,8%
VBH Polska Sp.z.o.o.	Warschau	PL	93,3%
S.C. VBH Romcom SRL	Tirgu Mures	RO	100,0%
Rodkomplektservice OOO (indirect via VBH Rekta AO))	Moskau (Odintsovo)	RUS	100,0%
VBH Nizhnij Novgorod OOO (indirect via VBH OOO (St.Petersburg)	Nizhnij Novgorod	RUS	100,0%
VBH OOO (Novosibirsk)	Novosibirsk	RUS	100,0%
VBH OOO (St. Petersburg)	St. Petersburg	RUS	95,0%
VBH Rekta AO (indirect via VBH OOO (St.Petersburg))	Moskau (Odintsovo)	RUS	100,0%
VBH Rostov OOO (indirect via VBH OOO (St.Petersburg))	Rostov	RUS	100,0%
VBH RTF OOO (indirect via VBH OOO (St.Petersburg))	Kazan	RUS	100,0%
VBH Samara OOO (indirect via VBH OOO (St.Petersburg))	Samara	RUS	100,0%
VBH SIB OOO	Omsk	RUS	100,0%
VBH Kosovo L.L.C.	Fushe Kosove	SCG	80,0%
VBH Singapore Pte.Ltd.	Singapur	SGP	100,0%

Fully consolidated companies	Registered office location	Country	Percentage equity held in %
VBH Trgovina d.o.o.	Skofia Loka	SL	100,0%
VBH Naisus Nis d.o.o.	Nis	SRB	95,0%
VBH (Thailand) Co., Ltd.	Bangkok	THB	100,0%
VBH Kapı ve Pencere Sistemleri San. ve.Tic. A.S.	Bagcilar/Istanbul	TR	65,0%
VBH (TOV "VBH")	Browary	UA	51,0%
VBH Ofir DP (Dnepropetrowsk (indirect via Ofir Ltd.))	Dnepropetrowsk	UA	100,0%
VBH Ofir DP (Kharkow (indirect via Ofir Ltd.))	Kharkow	UA	100,0%
VBH Ofir DP (Lwow (indirect via Ofir Ltd.))	Lwow	UA	100,0%
VBH Ofir DP (Makeewka(indirect via Ofir Ltd.))	Makeewka	UA	100,0%
VBH Ofir DP (Odessa (indirect via Ofir Ltd.))	Odessa	UA	100,0%
VBH Ofir DP (Simferopol (indirect via Ofir Ltd.))	Simferopol	UA	100,0%
VBH-OFIR DP (Vinnitsa (indirect via Ofir Ltd.))	Vinnitsa	UA	100,0%
V.B.H. Trading (L.L.C.) (indirect via VBH Middle East FZCO)	Dubai	UAE	100,0%
VBH Middle East FZCO	Dubai	UAE	100,0%
Beijing VBH Construction Hardware Co.Ltd	Peking	VC	70,0%
Shanghai VBH Construction Hardware Co., Ltd.	Shanghai	VC	65,0%

Unconsolidated companies	Registered office location	Country	Percentage equity held in %
Germany			
VKH Betriebs GmbH i.K.	Braunsbedra	D	50,0%
VKH GmbH & Co.KG i.K.	Braunsbedra	D	23,8%
VKH Verwaltungs GmbH i.K.	Braunsbedra	D	49,0%
Abroad			
Steelpro S.R.L.	Buenos Aires	AR	100,0%
VBH Bulgarien EOOD	Varna	BG	100,0%
VBH Siecom OOD	Plovdiv	BG	85,0%
VBH (Cypern) LTD	Limassol	CY	100,0%
Lokman OÜ (indirect via VBH Estonia AS)	Tallinn	EST	100,0%
C.D.A.Cagliari S.r.l.(indirect via VBH Italia Holding S.p.A.)	Cagliari	I	10,0%

Unconsolidated companies	Registered office location	Country	Percentage equity held in %
VBH HOLDING INDIA PRIVAT LIMITED	Delhi	IND	100,0%
"VBH-TBM",UAB	Vilnius	LT	70,0%
VBH MEXICO S.A. de C.V.	Heróica Puebla de Zaragoza	MEX	70,0%
ESCO RUS OOO (indirect via VBH Holding AG und esco Metallbausystem GmbH)	Moskau	RUS	100,0%
VBH Irkutsk OOO (indirect via VBH OOO (Novosibirsk))	Irkutsk	RUS	100,0%
VBH Slovakia s.r.o.(indirect via VBH Polska Sp.z.o.o.)	Bratislava	SK	100,0%
CENTAR DISTRIBUCIJE OKOVA CDO d.o.o.	Belgrad	SRB	100,0%
VBH Ofir DP (Odessa (indirect via Ofir Ltd.))	Odessa	UA	100,0%
Guangzhou VBH Construction Hardware Trading Co.,Ltd.	Guangzhou	VC	100,0%
VBH VIETNAM CO., LTD	Ho Chi Minh City	VN	100,0%

Nineteen companies whose individual or collective impact on assets, financial position and earnings is minor are not consolidated.

Fully consolidated companies

As at 31 December 2009, the scope of consolidation under IFRS includes 3 German and 65 foreign subsidiaries, in addition to the parent company. Changes in the area of fully consolidated subsidiaries between 1 January 2009 and 31 December 2009 are shown in the table below.

Fully consolidated companies	01.01.2009	Additions	Disposals	Other changes	31.12.2009
Germany	3	0	0	0	3
Abroad	65	7	0	-8	64
Total	**68**	**7**	**0**	**-8**	**67**

Other changes concerned mergers and discontinued companies.

Newly consolidated companies

Significant acquisition: VBH Kapi ve Pencere Sistemleri San. ve.Tic. A.S., Turkey

With economic effect from 1 January 2009, VBH Holding AG acquired a 65% majority stake in VBH Kapi ve Pencere Sistemleri San. ve.Tic. A.S., Istanbul, Turkey. The purchase price of 5.8 million Turkish lira was calculated as at year-end in view of variability based on the company‘s earnings. The assets as per quarterly reporting in 2009 were measured as at the date of initial consolidation. In 2009 the company contributed sales of € 12.4 million and earnings (EBIT) of € 0.2 million to the Group’s results.

Acquisition costs for VBH Kapı ve Pencere Sistemleri San. ve.Tic. A.S.

In € T	01.01.2009
Acquisition cost	2,663.6
Transaction cost	0
Total acquisition cost	**2,663.6**
Less net assets acquired at fair value	-1,433.8
Goodwill	**1,229.8**

Assets and liabilities VBH Kapı ve Pencere Sistemleri San. ve.Tic. A.S.

In € T	Carrying value	Adjustment	Fair value
Intangible assets	13.8	703.5	717.3
Property, plant and equipment	237.4	0	237.4
Other assets	7,168.1	0	7,168.1
Total assets	**7,419.3**	**703.5**	**8,122.8**
Current liabilities	5,334.1	0	5,334.1
Non-current liabilities	442.2	140.7	582.9
Total liabilities	**5,776.3**	**140.7**	**5,917.0**

A purchase price allocation was performed in the respective local currency in line with IFRS 3 as at the acquisition date in order to incorporate the acquired company assets and liabilities into the consolidated financial statements. The company assets and liabilities acquired were identified and measured at fair value. Fair value was calculated on the basis of future cash flows at a risk-adjusted interest rate, applying the WACC (weighted average cost of capital) method. The evaluation is based on estimates and projections made by management.

The following companies to be newly consolidated were added with economic effect on 1 January 2009. Most of these companies had not yet become subject to consolidation since their founding due to their immateriality.

VBH S.r.l., Italia
VBH Kosovo L.L.C., Kosovo
VBH Kuwait for General Trading Co. (W.L.L), Kuwait
VBH Malaysia SDN. BDH., Malaysia
VBH Montenegro d.o.o., Montenegro
VBH (Thailand) Co., Ltd., Thailand

VBH Australia PTY. Ltd., Australia was consolidated retroactively as at 1 January 2008 in line with IFRS 1 B2 (j).

Goodwill from the full consolidation was calculated as follows:

Goodwill from fully consolidated companies

	Aquisition costs				
in € T	Balance at 01.01.2009	Currency tranlation	Additions	Disposals	Balance at 31.12.2009
VBH UK L.t.d.	1,404	0	0	0	1,404
esco Metallbausysteme GmbH	8,700	0	0	0	8,700
VBH Deutschland GmbH	19,583	0	0	0	19,583
VBH Belgium NV	1,550	0	0	0	1,550
VBH Nederland BV	3,935	0	0	0	3,935
VBH Italia Holding S.p.A.	15,641	0	115	37	15,793
esco Metallbausysteme Austria GmbH	3,790	0	0	0	3,790
VBH Singapore Pte. Ltd.	3,569	-76	0	0	3,493
Galro Ltd.	1,926	0	0	0	1,926
VBH Hody	4,660	0	0	0	4,660
Beijing VBH Contr. Hardware Co. Ltd.	1,250	-27	0	0	1,222
VBH Kapi A.S.	0	-6	2,378	-1,148	1,223
Others	5,144	-127	0	0	5,017
Total	**71,152**	**-237**	**2,493**	**-1,111**	**72,296**

We refer to Section 4.5 of the Notes with regard to calculation of the recoverable amount of a cash-generating unit. An impairment test must be carried out annually and as required if there are indications that a cash-generating unit may be impaired.

Fair value is generally calculated using the discounted cash flow method (DCF). DCF calculations are based on forecasts that are in turn based on financial projections for five years that are approved by the Executive Board, and additionally used for internal purposes. The projection timeframe selected reflects assumptions pertaining to short and medium term-market developments. Cash flows exceeding the five-year period are projected on a straight-line basis. Significant assumptions employed in the DCF model include estimates relating to future sales, earnings, growth rates and discount rates. The impairment testing carried out in the current financial year did not lead to any changes in measurements.

Depreciation/amortisation					Carrying values	
Balance at 01.01.2009	Currency tranlation	Additions	Disposals	Balance at 31.12.2009	Balance at 01.01.2009	Balance at 31.12.2009
749	0	0	0	740	655	655
3,974	0	0	0	3,974	4,726	4,726
14,898	0	0	0	14,898	4,685	4,685
1,550	0	0	0	1,550	0	0
1,309	0	0	0	1,309	2,626	2,626
1,235	0	0	0	1,235	14,406	14,558
3,790	0	0	0	3,790	0	0
2,500	-22	0	0	2,478	1,069	1,014
0	0	0	0	0	1,926	1,926
0	0	0	0	0	4,660	4,660
500	4	0	0	504	750	718
0	0	0	0	0	0	1,223
1,458	0	0	0	1,458	3,686	3,559
31,963	**-18**	**0**	**0**	**31,945**	**39,189**	**40,351**

Other changes within the Group not relating to the scope of consolidation are reported with financial assets. Changes to the scope of consolidation are of only minor importance for the consolidated financial statements and do not materially affect comparisons with the previous year.

4. Accounting policies

The main accounting policies used in the preparation of these consolidated financial statements are outlined below. The methods described are applied consistently to the reporting periods presented unless otherwise indicated.

The income statement was translated on the basis of weighted average price. The balance sheet was translated at rates as at the reporting date.

Borrowing costs are recorded per IAS 23.

Retroactive adjustment of previous-year values from financial year 2008:

The effects of an embezzlement case at a Greek subsidiary were distributed over the respective financial years. There was also a purchase price adjustment for minority stakes acquired in companies in Italy and for a subsidiary in Australia included within the scope of consolidation in starting in 2008. The 2008 data were retroactively adjusted, as follows:

Consolidated balance sheet

Assets

In € T	31.12.2008 as reported	31.12.2008
Non-current assets		
Intangible assets	48,780	49,128
Property, plant and equipment	32,343	32,405
Financial assets	3,922	3,922
Other non-current assets	3,946	3,946
Deferred tax assets	7,240	7,240
Total	**96,231**	**96,641**
Current assets		
Inventories	124,062	124,395
Trade receivables	106,770	106,870
Trade receivables from affiliated companies	8,885	7,044
Other assets	26,431	26,494
Cash and cash equivalents	13,366	13,374
Tax receivables	897	897
Total	**280,411**	**279,074**
Total assets	**376,642**	**375,715**

Equity and liabilities

In € T	31.12.2008 as reported	31.12.2008
Equity		
Subscribed capital	45,790	45,790
Capital reserves	41,630	41,630
Retained earnings	35,189	33,437
Consolidated net profit/loss	9,611	7,994
Equity attributable to VBH AG shareholders	132,221	128,851
Minority interests	8,548	8,548
Treasury stock	0	0
Total	**140,769**	**137,399**
Non-current liabilities		
Pension provisions	12,129	12,129
Other long-term provisions	3,350	3,351
Financial liabilities	70,019	70,019
Other liabilities	2,420	2,745
Deferred tax liabilities	3,110	3,110
Total	**91,027**	**91,354**
Current liabilities		
Current provisions	7,238	7,249
Financial liabilities	50,965	50,965
Advances received	2,194	2,194
Trade payables	44,859	46,928
Trade payables from affiliates	0	0
Other liabilities	38,755	38,791
Tax liabilities	835	835
Total	**144,846**	**146,962**
Total liabilities	**376,642**	**375,715**

Income statement

in € T	2008 as reported	2008
Group sales	**862,790**	**863,309**
Changes in inventories, own work capitalised	0	0
Total operating revenue	**862,790**	**863,309**
Cost of materials	651,668	652,191
Gross operating profit (GOP)	**211,122**	**211,118**
Personnel expenses	95,227	95,625
Other operating income	15,591	14,892
Other operating expenses	83,712	84,887
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**47,774**	**45,498**
Depreciation/amortisation	5,934	5,956
Earnings before interest and taxes (EBIT)	**41,840**	**39,542**
Income from equity interests	0	0
Other interest and similar income	887	891
Interest and similar expenses	8,969	8,969
Write-downs on financial assets and securities held as current assets	0	0
Financial result	**-8,082**	**-8,078**
Earnings before taxes (EBT)	**33,758**	**31,464**
Current taxes	10,360	10,360
Deferred taxes	1,070	1,070
Group earnings after tax (EAT)	**22,328**	**20,034**
Minorities	2,229	2,229
Net result after minorities	**20,099**	**17,805**
Earnings per share in €	**0.46**	**0.41**
EpS diluted in €	**0.46**	**0.41**

Significant changes resulted in the following balance sheet positions in relation to the individual effects presented:

Adjustments in financial year 2008

in € T	Change in scope of consolidation incl. previous years	Italy	Greece incl. previous years	Total
Non-current assets	85	325	0	410
Current assets	-1,337	0	0	-1,337
Equity	-1,360	0	-2,010	-3,370
of which: net profit/loss for 2008	-1,524	0	-770	-2,294
Non-current liabilities	2	325	0	327
Current liabilities	107	0	2,009	2,116

The individual positions reflect treatment of a case of embezzlement in Greece, resulting in the above restatements for financial year 2008. For financial years prior to 2008, € T 1,239 was charged against equity and trade payables were restated accordingly.

In Italy the purchase of minority stakes in 2007 was retroactively restated in 2008 as after-the-fact acquisition costs. The scope of consolidation was expanded through the addition of the subsidiary in Australia in line with materiality rules under IFRS 1 B 2 (j).

All previous-year comparison figures in the Notes relate to restated data for 2008.

4.1 CURRENCY TRANSLATION

In the single-entity financial statements of VBH Holding AG and included subsidiaries, foreign currency transactions are translated at the exchange rates in effect at the transaction dates. On the balance sheet we recognise monetary items in foreign currencies at the mid-market rate at the balance sheet date, with exchange rate gains and losses recognised in income.
The financial statements of foreign subsidiaries are translated into euros, applying the functional currency concept. Assets and liabilities are translated on the balance sheet date. Equity is stated at historical prices, with the exception of income and expenses directly recognised in equity. The resulting translation differences are recognised in equity until disposal of the subsidiary and reported as a separate item in equity.

The rates used for translation are provided in the table below.

Currency translation

Country	Currency unit		Mid-market rate in € on balance sheet date		Weighted average rate in € for the year under review	
			31.12.2008	31.12.2009	2008	2009
Australia	100	AUD	49.3657	62.4610	58.0343	58.1283
Belarus	100	BYR	0.0322	0.0242	0.0320	0.0255
Bosnia	100	BAM	51.1292	51.1292	51.1292	51.1292
People's Republic of China	100	CNY	10.4069	10.2396	9.7409	10.5274
Estonia	100	EEK	6.4061	6.3904	6.4025	6.3978
United Kingdom	100	GBP	104.1667	111.9570	126.9036	112.1446
Kazakhstan	100	KZT	0.5874	0.4712	0.5600	0.4766
Croatia	100	HRK	13.6017	13.6454	13.8773	13.6112
Kuwait	100	KWD		243.4275		254.4879
Latvia	100	LVL	141.3228	141.0437	142.2475	141.6240
Lithuania	100	LTL	28.9729	28.9553	28.9687	28.9654
Malaysia	100	MYR		20.3753		20.2621
Moldavia	100	MDL	6.8241	5.6775	6.5588	6.4020
Poland	100	PLN	23.9103	24.2014	28.6615	23.0362
Romania	100	RON	25.0038	23.5888	27.2480	23.6525

Country	Currency unit		Mid-market rate in € on balance sheet date		Weighted average rate in € for the year under review	
			31.12.2008	31.12.2009	2008	2009
Russian Federation	100	RUB	2.3660	2.3067	2.7405	2.2631
Serbia	100	RSD	1.1120	1.0400	1.2327	1.0660
Singapore	100	SGD	49.5638	49.7067	48.1232	49.1076
Thailand	100	THB		2.0933		2.0804
Czech Republic	100	CZK	3.7615	3.7863	4.0165	3.7855
Turkey	100	TRL		46.2257		46.1303
Ukraine	100	UAH	9.2593	8.7288	13.3032	8.8487
Hungary	100	HUF	0.3781	0.3667	0.4027	0.3580
United Arab Emirates	100	AED	19.4780	19.0349	18.2116	19.1619

4.2 INTANGIBLE ASSETS AND GOODWILL

Patents, licences and trademarks acquired are recognised at historical cost. They have finite useful lives and are measured at cost less cumulative amortisation. Amortisation is expensed using the straight-line method over the expected useful life, which is generally 3 years. If there are indications of potential impairment, intangible assets subject to scheduled depreciation undergo impairment testing and are written down to the recoverable amount in IAS 36 as necessary. Goodwill resulting from consolidation represents the positive difference between the acquisition cost of a company acquisition above the Group's percentage ownership of the fair value of the identifiable assets and liabilities of a subsidiary or jointly controlled company as at the date of acquisition. Goodwill is recognised at cost at the date of acquisition and measured in subsequent periods at cost less cumulative write-downs.
In accordance with IAS 36, goodwill and intangible assets are subjected to annual impairment testing and written down during the year as necessary to their recoverable amount ('impairment-only approach') if there is cause to do so. Goodwill is allocated to the cash generating units at the acquisition date, i.e. to every individual legal entity of VBH or to part of the Group. Impairments are directly recognised in profit or loss. No subsequent reversals are performed.

We refer to Section 4.5 of the Notes with regard to calculation of recoverable amount. A five year financial projection was applied to this calculation. The projections reflect expected percentage growth in the low single digits for the majority of cash-generating units (or groups of units). In some ‘Other Markets’ countries representing growth regions for VBH Holding AG we project slightly higher growth. VBH also anticipates improving operating margins, primarily through implementation of the proprietary brand concept for greenteQ products. Future tax payments were calculated applying the tax rates for individual cash-generating units (or groups of units).

The discount rates are based on cost of capital calculations applying a debt/equity financing structure and financing costs in relation to a defined peer group. The discount rates applied reflect the specific equity risk of the respective cash-generating unit.
The parameters established per company in line with IAS 36 are within the following ranges:

Individual company growth rates:		1-30%	
Capitalisation rate phase 1:	average	8.83 %;	(min; 7.07 % max: 12.26 %)
Capitalisation rate phase 2:	average	7.83 %;	(min; 6.07 % max: 11.26 %)

There were no impairments of goodwill recognised in the year under review.

4.3 PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is measured at historical cost less any depreciation. Cost includes expenses directly attributable to the purchase. Subsequent costs are only recognised as part of the cost of the asset or – if relevant – as a separate asset if it is likely that the Group will derive future economic benefit from it and the cost of the asset can be reliably calculated. All other repairs and maintenance are recognised as an expense in the financial year in which they occurred. Land is not depreciated. Depreciation is generally calculated on a straight-line basis, asset cost being depreciated to residual value over the estimated useful lives shown below.

Asset	Useful life in years
Machinery and equipment	4 to 11
Operating facilities	13 to15
Business equipment	3 to13
Warehouses	25 to 50
Machines	11 to 15
Administrative buildings	33
Residential buildings	50

The residual values and useful lives of assets are reviewed at each balance sheet date and adjusted as appropriate. If the carrying amount of an asset is greater than its estimated recoverable amount, its carrying amount is written down immediately to the latter amount. Gains and losses on disposals are calculated as the difference between the proceeds of disposal and the carrying amount, and are recognised in profit or loss.

4.4 FINANCIAL INSTRUMENTS

EA financial instrument is a contract that simultaneously results in a financial asset for one company and a financial liability or equity instrument for another company. Financial instruments recognised as financial assets or financial liabilities are generally presented separately. Financial instruments are recognised whenever VBH becomes party to the financial instrument. Initial recognition of financial instruments is at fair value. For subsequent measurement, the financial instruments are allocated to one of the measurement categories listed in IAS 39, ‘Financial Instruments: Recognition and Measurement’. Transaction costs directly attributable to the purchase or issue are included in calculations of the carrying amount if the financial instruments are not measured at fair value in profit or loss. If trading date and fulfilment date (i.e. date of delivery) are different, VBH chooses the trading date for initial recognition or disposal.

Financial assets

Financial assets include trade receivables, receivables from banks, cash in hand, derivative financial assets, marketable securities and financial investments.

Financial assets measured at fair value in profit or loss

Financial assets measured at fair value in profit or loss include financial assets held for trading purposes. Financial assets such as shares or interest-bearing securities are classified as held for trading purposes if they are acquired with the intent to dispose of them over the short term. Derivatives, including embedded derivatives that were separated from the host contract, are also classified as held for trading purposes unless they are included in hedge accounting as hedging instruments and are effective as such. Gains and losses from financial assets held for trading purposes are recognised in profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments not listed on an active market, such as trade receivables. After initial recognition, loans and receivables are measured applying the effective interest method at amortised cost less impairment. Gains and losses are recognised in consolidated earnings if the loans and receivables are derecognised or impaired. Interest rate effects arising from the application of the effective interest rate method are also recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are categorised as available for sale rather than under one of the categories mentioned above. This category includes equity instruments and debt instruments such as government issues, corporate bonds and commercial papers. After initial measurement, available-for-sale financial assets are measured at fair value. Unrealised gains or losses are recognised in equity as provisions for available-for-sale assets. If there are objective indications of an impairment, or if changes in the fair value of a debt instrument result from exchange rate fluctuation, they are included in profit or loss. On the disposal of financial assets, the accumulated gains and losses arising from the fair-value measurement and recognised in equity are recognised in profit or loss. If the fair value of non-listed equity instruments cannot be determined to an adequate degree of reliability, the shares are measured at amortised cost (in any given case less impairments). Interest received from these financial assets is generally recognised in profit or loss as interest income, applying the effective interest rate method. Dividends are recognised in profit or loss once the legal claim to payment arises.

Financial liabilities

Financial liabilities include trade accounts payable, amounts owed to banks, bonds, derivative financial liabilities and other liabilities.

Financial liabilities measured at cost

After initial recognition, financial liabilities are measured applying the effective interest method at amortised cost.

Financial liabilities measured at fair value in profit or loss.

Financial liabilities measured at fair value in profit or loss include financial liabilities held for trading purposes. Derivatives, including embedded derivatives that were separated from the host contract are classified as held for trading purposes unless they are included in hedge accounting as hedging instruments and are effective as such. Gains and losses from financial liabilities held for trading purposes are recognised in profit or loss.

Derivative financial instruments and hedge accounting

VBH uses derivative financial instruments such as forward contracts, swaps, caps and floors mainly for hedging interest rate and currency risks arising from its operating, financing and investing activities. Embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of the embedded derivative are not closely related to those of the host contract. On initial recognition, derivative financial instruments are measured at fair value and on each subsequent reporting date. The fair value of quoted derivatives is equal to their positive or negative market value. If a market value is not available, fair value is calculated using standard financial valuation models such as discounted cash flow or option pricing models. Derivatives are carried as assets when fair value is positive, and as liabilities when fair value is negative.

If the requirements for hedge accounting set out in IAS 39 are met, VBH designates and documents the hedging relationship from the date a derivative contract is entered into either as a fair value hedge or a cash flow hedge. In a fair value hedge, the fair value of a recognised asset or liability or an unrecognised firm commitment is hedged. In a cash flow hedge, fluctuating cash flows to be received or paid related to a recognised asset or liability or highly probable future cash flows are hedged. The documentation of the hedging relationship includes the objectives and strategy of risk management, the type of hedging relationship, the nature of risk being hedged, the identification of the hedging instrument and the hedged item as well as a description of the method to assess hedge effectiveness. With regard to the hedged risk, the hedging relationships are expected to be highly effective in offsetting risks arising from changes in fair value or cash flows and are regularly assessed to determine whether they actually have been highly effective throughout the financial reporting periods for which they were designated.

Changes in the fair value of derivative instruments are recognised periodically either in earnings or equity, as a component of other reserves, depending on whether the hedging relationship is designated as a hedge of changes in fair value or cash flows. For fair value hedges, changes in the market value of the derivative instruments and the associated hedged items are recognised in profit or loss. For cash flow hedges, fair value changes of the effective portion of the hedging instrument are recognised in other reserves, net of applicable taxes. Amounts taken to equity are reclassified to the income statement when the hedged transaction affects the income statement. The ineffective portion of the fair value changes is recognised in profit or loss.

If derivative financial instruments are not or no longer included in hedge accounting because the requirements for hedge accounting are not or no longer met, the derivative financial instruments are classified as held for trading purposes.

4.5 IMPAIRMENT/REVERSAL OF IMPAIRMENT

At each balance sheet date, VBH assesses whether there is an indication that an asset may be impaired. If such indication exists, or when annual impairment testing for an asset is required (e.g. goodwill, intangible assets with indefinite useful lives as well as intangible assets not yet in use), VBH estimates the recoverable amount of the asset. The recoverable amount is determined for each individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets (cash-generating units). The recoverable amount is the higher of fair value less selling costs and value in use. VBH determines the recoverable amount as fair value less selling costs and compares it with the carrying amount (including goodwill). Fair value is measured by discounting future cash flows using a risk-adjusted interest rate. If fair value less selling costs cannot be determined or is lower than the carrying amount, value in use is calculated. If the carrying amount is higher than the recoverable amount, an impairment charge is recognised in the amount of the difference.

An assessment is made at each reporting date as to whether any previously recognised impairment not related to goodwill may no longer exist or have decreased. In this case VBH records a partial or full reversal of the impairment and increases the carrying amount to the recoverable amount. However, the increased carrying amount may not exceed the carrying amount that would have been calculated (less amortisation or depreciation) if no impairment losses would have been recognised in previous years.

4.6 RECEIVABLES AND OTHER ASSETS

Upon initial recognition, receivables and other assets are recognised at cost and less impairment. Impairment on trade receivables is recognised if there is objective evidence that amounts due are not fully recoverable. The amount of the impairment is measured as the difference between the carrying amount of the receivable and the cash value of the estimated future cash flows from this receivable. Impairments are directly recognised in profit or loss. If the reasons for impairments taken in previous periods no longer exist, these are reversed accordingly. Impairments are determined based on the age of the receivables and their recoverability. Receivables and other assets comprise mainly bonuses from suppliers, creditors with debit balances, other loans and receivables, and payments in transit. Deferred tax assets are also recognised. Receivables denominated in foreign currency, if recorded, are measured at the rate as at the reporting date.

4.7 INVENTORIES

Inventories are measured at the lower of cost or net realisable value. Inventories are measured in accordance with Group guidelines in line with purchase prices, the FIFO method or the weighted average method less impairment for uncommon products or stock.

4.8 LEASES

Leases are classified as 'Finance Leasing' if according to the terms of the lease all opportunities and risks associa-ted with the property are transferred to the lessee. All other leases are classified as 'Operating Leases'. Non-current assets which were rented or leased whose beneficial ownership resides with the respective Group company ('finance lease') are recognised as assets of the Group at fair value or at the cash value of the minimum lease The correspon-ding amounts owed to the lessor are recognised in the balance sheet as finance lease obligations under amounts owed to banks. Lease payments are allocated to interest expenditure and reduction of the lease in such a way that interest is continuously charged on the remaining commitment. Lease payments as part of an operating lease are recognised as expenditure in the income statement on a straight-line basis over the term of the lease.

4.9 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash, cheques, bank balances and securities, have a term of no more than three months and are measured at nominal value.

4.10 EQUITY

Ordinary shares are classified as equity. Costs directly attributable to the issue of new shares or options are shown as a deduction, net of tax, if any, from the proceeds costs directly attributable to the issue of new shares or options or those directly related to an acquisition are included in the cost of the respective acquisition as part of consideration for the acquisition.

4.11 PROVISIONS

Provisions are formed where the Group has a current legal or constructive obligation resulting from a past event and where it is probable (‘more likely than not’) that the payment of the obligation will negatively impact assets and where it was possible to determine reliably the level of the provision. Provisions are measured at the most likely value of their utilisation. Interest is charged at risk-adequate market rates on long-term provisions if their effect is material.

4.12 PENSION PROVISIONS

The VBH Group has defined benefit plans only. The actuarial valuation of pension provisions for retirement benefits is carried out in line with the projected unit credit method prescribed in IAS 19 (‘Employee Benefits’), in which an actuarial valuation is carried out at every balance sheet date. This method accounts not only for the present value of pension obligations known at the balance sheet date, but also for future salary and benefit increases. Differences resulting at the end of the year (known as actuarial gains and losses) between planned pension obligations and the defined benefit obligation are included in profit or loss in the relevant reporting period.
The basis for the pension entitlements is a pension commitment dated 18 February 1981 for a group of pre-retirees employed by VBH Deutschland GmbH or its legal predecessor, VBH Holding AG and esco Metallbausysteme GmbH, until 1 March 1996. In accordance with the supplement dated 22 February 1996, this company pension plan was entered into for employees hired after 29 February 1996. Individual commitments also exist.

4.13 CONTINGENT LIABILITIES

Contingent liabilities are not recognised. A contingent liability exists if the existence of a present, legal or constructive obligation is possible and if the outflow of resources is merely possible but not likely. An event is considered probable if the occurrence of the event is more likely than not. However, a contingent liability is disclosed in the Notes if the possibility of an outflow of resources embodying economic benefit is not unlikely. Contingent assets are likewise not recognised. However, they are disclosed where the inflow of economic benefit is probable.

4.14 REVENUE RECOGNITION

Sales revenue is measured at the fair value of the consideration received or to be received and represents the amounts recoverable for goods and services in the normal course of business. Rebates, VAT and other sales reductions associated with the sale should be deducted from these amounts. The sale of goods is recognised on delivery and transfer of ownership on the basis of the applicable terms and conditions.

4.15 INCOME TAXES

Current income taxes are determined based on respective local taxable income of the period and tax rules. In addition, current income taxes include adjustments for potential tax payments or refunds for periods not yet assessed. Deferred tax is included in income tax expense and reflects the changes in deferred tax assets and liabilities except for changes recognised directly in equity.

Deferred tax assets or liabilities are determined based on temporary differences between financial reporting and the tax basis of assets and liabilities, including differences from consolidation, loss carryforwards and tax credits. Measurement takes place on the basis of the tax rates whose effectiveness is expected for the period in which an asset is realised or a liability is settled. For this purpose those tax rates and tax rules in effect at the balance sheet date or those announced. Deferred tax assets are recognised to the extent that taxable profit at the level of the relevant tax authority will be available for the utilisation of the deductible temporary differences. VBH recognises a valuation allowance for deferred tax assets when it is not probable that a respective amount of future taxable profit will be available or when VBH has no control over the tax advantage. Tax benefits resulting from uncertain income tax positions are recognised at the best estimate of the tax amount for which payment is expected.

4.16 ESTIMATES MADE IN PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Presentation of the assets, financial position and earnings in the consolidated financial statements relies upon recognition and measurement methods and on assumptions and estimates. Actual results may differ from the estimates. The significant estimates and related assumptions listed below and those uncertainties associated with the accounting policies chosen are key to an understanding of the underlying risks of financial reporting and the effects that these estimates, assumptions and uncertainties may have on the consolidated financial statements. The measurement of the asset value of property, plant and equipment and of intangible assets necessitates estimates for the calculation of fair value at the date of acquisition, if they were acquired as part of a business combination. Moreover, the expected useful economic life of the assets must be estimated. The calculation of the fair value of assets and liabilities and of the useful lives of the assets is based on judgements by management. The calculation of impairment on tangible and intangible assets also involves making estimates relating among other things to the cause, date and amount of the impairment. Impairment is based on many factors including changes in current competitive conditions, expectations of growth in the construction, window and door industry, increased cost of capital, changes in the future availability of financing, technological obsolescence, discontinuance of services, current replacement costs, prices paid in comparable transactions, share-based compensation models, the amount of deferred taxes, warranty obligations, the recoverability of receivables and other changes in circumstances that indicate an impairment is in evidence.

5. Consolidated balance sheet disclosures

5.1 INTANGIBLE ASSETS

In € T	Industrial property and similar rights	Goodwill	Payments on account	Total
Acquisition costs				
Balance at 1 January 2008	**7,623**	**73,548**	**393**	**81,564**
Currency translation differences	-89	0	-5	-94
Change in scope of consolidation	423	124	0	547
Additions	4,695	5,224	207	10,126
Reclassifications	184	0	-212	-28
Disposals	16	0	33	49
Balance at 31 December 2008 / Balance at 1 January 2009	**12,820**	**78,896**	**350**	**92,066**
Currency translation differences	2	-236	2	-232
Change in scope of consolidation	792	0	0	792
Additions	1,224	2,493	91	3,808
Reclassifications	228	0	-266	-38
Disposals	10	1,111	1	1,122
Balance at 31 December 2009	**15,056**	**80,042**	**176**	**95,274**
Depreciation and impairment losses/reversals				
Balance at 1 January 2008	**6,485**	**35,016**	**0**	**41,501**
Currency translation differences	-86	0	0	-86
Change in scope of consolidation	363	124	0	487
Depreciation/amortisation	1,090	0	0	1,090
Impairment losses	0	0	0	0
Reclassifications	-47	0	0	-47
Disposals	7	0	0	7
Balance at 31 December 2008 / Balance at 1 January 2009	**7,798**	**35,140**	**0**	**42,938**
Currency translation differences	7	-18	0	-11
Change in scope of consolidation	45	0	0	45
Depreciation/amortisation	1,456	0	0	1,456
Impairment losses	0	0	0	0
Reclassifications	-1	0	0	-1
Disposals	8	0	0	8
Balance at 31 December 2009	**9,297**	**35,122**	**0**	**44,419**
Carrying amount at 31 December 2008	**5,022**	**43,756**	**350**	**49,128**
Carrying amount at 31 December 2009	**5,759**	**44,920**	**176**	**50,855**

5.2 PROPERTY, PLANT AND EQUIPMENT

In € T	Land and buildings	Other assets, operational and business equipment	Payments on account, assets under development	Total
Acquisition costs				
Balance at 1 January 2008	**38,977**	**36,245**	**2,266**	**77,488**
Currency translation differences	-851	-1,626	-237	-2,714
Change in scope of consolidation	0	2,072	0	2,072
Additions	750	4,248	255	5,253
Reclassifications	995	-175	-792	28
Disposals	1,651	2,488	178	4,317
Balance at 31 December 2008 / Balance at 1 January 2009	**38,220**	**38,276**	**1,314**	**77,810**
Currency translation differences	68	-122	-31	-85
Change in scope of consolidation	22	566	0	588
Additions	302	1,986	457	2,745
Reclassifications	22	128	-112	38
Disposals	153	1,983	1	2,137
Balance at 31 December 2009	**38,481**	**38,851**	**1,627**	**78,959**
Depreciation and impairment losses/reversals				
Balance at 1 January 2008	**17,898**	**25,647**	**0**	**43,545**
Currency translation differences	-334	-1,188	0	-1,522
Change in scope of consolidation	0	1,784	0	1,784
Depreciation/amortisation	1,307	3,560	0	4,867
Impairment losses	0	0	0	0
Reclassifications	328	-281	0	47
Disposals	1,331	1,985	0	3,316
Balance at 31 December 2008 / Balance at 1 January 2009	**17,868**	**27,537**	**0**	**45,405**
Currency translation differences	31	14	0	45
Change in scope of consolidation	13	200	0	213
Depreciation/amortisation	1,170	3,326	0	4,496
Impairment losses	0	0	0	0
Reclassifications	5	-4	0	1
Disposals	8	1,420	0	1,428
Balance at 31 December 2009	**19,079**	**29,653**	**0**	**48,732**
Carrying amount at 31 December 2008	**20,352**	**10,739**	**1,314**	**32,405**
Carrying amount at 31 December 2009	**19,402**	**9,198**	**1,627**	**30,227**

5.3 FINANCIAL ASSETS

In € T	Interests in affiliated companies	Payments on account	Payments on account/ securities	Total
Aquisition costs				
Balance at 1 January 2008	**850**	**142**	**0**	**992**
Currency translation differences	-6	-1	0	-7
Change in scope of consolidation	-9,138	0	0	-9,138
Additions	12,153	0	93	12,246
Reclassifications	0	0	0	0
Disposals	1	135	0	136
Balance at 31 December 2008 / Balance at 1 January 2009	**3,858**	**6**	**93**	**3,957**
Currency translation differences	0	0	0	0
Change in scope of consolidation	-4,846	0	0	-4,846
Additions	5,062	0	6	5,068
Reclassifications	0	0	0	0
Disposals	455	2	93	550
Balance at 31 December 2009	**3,619**	**4**	**6**	**3,629**
Depreciation and impairment losses/reversals				
Balance at 1 January 2008	**264**	**39**	**0**	**303**
Currency translation differences	-3	-1	0	-4
Change in scope of consolidation	-232	0	0	-232
Depreciation/amortisation	0	0	0	0
Reclassifications	0	0	0	0
Disposals	0	32	0	32
Balance at 31 December 2008 / Balance at 1 January 2009	**29**	**6**	**0**	**35**
Currency translation differences	0	0	0	0
Change in scope of consolidation	0	0	0	0
Depreciation/amortisation	0	0	0	0
Reclassifications	0	0	0	0
Disposals	12	2	0	14
Balance at 31 December 2009	**17**	**4**	**0**	**20**
Carrying amount at 31 December 2008	**3,829**	**0**	**93**	**3,922**
Carrying amount at 31 December 2009	**3,602**	**0**	**6**	**3,608**

5.4 INVENTORIES

In € T	2008	2009
Raw materials and supplies	77	80
Work in progress	0	0
Finished goods and goods for resale	115,700	106,214
Payments on account	8,618	3,355
Total	**124,395**	**109,649**

Of the inventories recognised at 31 December 2009, € T 106,294 were recognised at net realisable value (previous year: € T 115,777). At the balance sheet date, impairments were recognised in inventories in the amount of € T 9,995 (previous year: € T 9,351). No impairments were reversed in the course of the financial year.

5.5 RECEIVABLES AND OTHER ASSETS

	2008			2009		
In € T	Current	Non current	Total	Current	Non current	Total
Trade receivables	106,870	0	106,870	96,030	744	96,774
Receivables affiliated companies	7,044	0	7,044	5,319	0	5,319
Other assets	26,494	3,946	30,440	24,084	3,730	27,814
Total	**140,408**	**3,946**	**144,354**	**125,433**	**4,474**	**129,907**

In Other Assets, € T 15,472 represent receivables and payables to suppliers (previous year: € T 17,579) and € T 3,240 receivables from tax authorities (previous year: € T 4,072). Other Assets also include receivables from the former management of the Greece subsidiary in the amount of € T 2,108, the full amount of which is being pursued in litigation. This amount has been written down entirely as a precaution.

Aging Schedule of Trade Receivables

In € T	2008	2009
Trade receivables	**113,914**	**101,349**
Not impaired and not yet due	56,604	43,740
Not impaired and past-due	15,737	13,615
30 to 60 days	6,806	4,770
60 to 120 days	3,361	2,795
> 120 days	5,570	6,049

Valuation Allowances for Trade Receivables

In € T	2008	2009
Balance as at 1 January	**11,236**	**11.629**
Change in scope of consolidation	0	132
Currency changes	0	-27
Allocations (impairment losses)	5,176	7.553
Utilisation	2,035	1.842
Withdrawals (gains on impairment reversals)	2,748	2.122
Balance as of 31 December	**11,629**	**15.323**

With respect to receivables that are neither impaired nor past due, there were no indications that they could not be recovered from debtors as at the balance sheet date.

5.6 CASH AND CASH EQUIVALENTS

The composition of cash and cash equivalents is presented in the following table. At the balance sheet date the maximum default risk was equal to the carrying amount. Securities in the amount of € T 0 (previous year: € T 6) are included in cash equivalents.

In € T	2008	2009
Credit balances with banks	12,424	13,377
Short-term cash equivalents	6	0
Cash in hand and cheques	944	935
Total	**13,374**	**14,312**

5.7 TAX RECEIVABLES

Income taxes

	2008			2009		
In € T	Current	Non-current	Total	Current	Non-current	Total
Tax receivables	897	0	897	2,054	0	2,054

5.8 DEFERRED TAX ASSETS

Deferred tax assets

	2008			2009		
In € T	Current	Non-current	Total	Current	Non-current	Total
Deferred tax assets	0	7,240	7,240	0	10,062	10,062

Deferred tax assets in the amount of € T 868 are recognised in equity.

5.9 EQUITY

Subscribed capital

Subscribed capital totals € 45,869,408.00, consisting of 45,869,408 non-par bearer shares.

The exercise of options in 2009 caused the following changes in equity:

Breakdown of subscribed capital

Individual shares	2008	2009
Balance as at 1 January	**39,865,067**	**45,790,408**
Shares from convertible bonds (called 31 December 2009)	5,345,342	0
Shares from options	579,999	79,000
Balance as at 31 December	**45,790,408**	**45,869,408**

Authorised capital

The Executive Board is authorised to increase the share capital of the Company (Authorised Capital) one or more times through 9 June 2014 by a maximum € 20,000,000.00 through the issuance of new no-par value ordinary bearer shares carrying voting rights (no-par value shares), subject to Supervisory Board approval. Capital increases can be made against cash or non-cash contributions.

The Executive Board is also authorised to exclude the legal subscription right of shareholders in the following cases, subject to Supervisory Board approval:

- for fractional amounts arising due to the subscription ratio
- for a capital increase against non-cash contributions for the acquisition of companies or equity interests in companies (even if there is a purchase price component paid out in cash in addition to the shares) if the acquisition of the company or equity interests is understood to be in the interests of the company
- for a capital increase against cash contributions of up to 10% of the subscribed capital existing both on the date of this authorisation becoming effective and on the date of the authorisation being exercised, provided that the initial carrying amount of the new shares does not substantially exceed the market price of shares of the same class and terms that are already listed.

  Shares that are acquired on the basis of an appropriate authorisation by the Annual General Meeting in accordance with Section 71 (1) No. 8 of the German Stock Corporation Act during the period in which this authorisation was effective and sold according to Section 71 (1) No. 8 and Section 186 (3) Sentence 4 of the German Stock Corporation Act also count towards this restriction of 10% of the subscribed capital.

  The Executive Board is also authorised, with the approval of the Supervisory Board, to set a start date for profit-sharing rights that deviates from legislation, as well as further specifics pertaining to a capital increase and its implementation including particularly the issue amount and the compensation to be paid for the new shares and the granting of indirect subscription rights per Section 186 (5) German Stock Corporation Act.

Contingent Capital I

The subscribed capital of the Company is to be increased contingently (Contingent Capital I) by € 1,635,039 through the issuance of up to 1,635,039 new no-par bearer ordinary voting shares (no-par shares). The contingent capital increase is only carried out if holders of profit-sharing rights with conversion rights (convertible bonds) issued by the Company on the basis of the Annual General Meeting resolution dated 24 May 2004 exercise their conversion rights and if third-party shares are made available to service these rights. The new shares participate in profit from the beginning of the financial year of their issuance through the exercise of conversion rights. The Executive Board is authorised, with the approval of the Supervisory Board, to determine the further details pertaining to contingent capital increases.

Contingent Capital II

The subscribed capital of the Company is to be further increased contingently by € 270,000.00 through the issuance of up to 270,000 no-par bearer ordinary voting shares (no-par shares) with voting rights (Contingent Capital II). This contingent capital increase is exclusively for the purpose of fulfilling option rights that were granted on the basis of authorisation by the Annual General Meeting from 24 May 2004 until 24 May 2009. This contingent capital increase will be implemented only to the extent that holders of the option rights issued exercise their right to purchase shares, and the Company does not provide treasury shares to fulfil these option rights. The new no-par shares participate in profit from the beginning of the financial year in which the shares are issued.

A total 1,200,000 share options were issued, of which 600,000 were issued to the Executive Board, 120,000 were issued to managing directors of affiliated companies and 480,000 were issued to managers and former managers of the Group. Of these issued options, 79,000.00 were converted to shares, and 91,000 options expired in 2009. At year-end Contingent Capital II was € 100,000.00.

The profit participation of newly issued shares may be determined at variance to Section 60, German Stock Corporation Act.

Capital reserves

Capital reserves increased to € T 41,847 in 2009 (previous year: € T 41,630) due to the exercise of options in the amount of € T 139 (previous year: € T 1,011), share-based compensation of € T 78 (previous year: € T 89) and bond conversions in the amount of € T 0 (previous year: € T 21,381).

Retained earnings

In € T	2008	2009
Legal reserves	2,124	2,141
Other reserves	42,784	44,729
Reserve for IFRS adjustments	-280	-280
Cash flow hedge reserve	-1,623	-2,026
Currency translation adjustments	-9,568	-8,648
Total	**33,437**	**35,916**

5.10 SHARE OPTION PLAN

The Executive Board was authorised with the approval of the Supervisory Board to issue up to 600,000 subscription rights on up to 600,000 VBH Holding AG no-par bearer shares with voting rights (hereinafter also referred to as ‘options’ and ‘option rights’) through 24 May 2009, subject to the provisions outlined below.

The Supervisory Board was authorised to issue up to 600,000 subscription rights on up to 600,000 VBH Holding AG no-par bearer shares with voting rights (voting shares) through 24 May 2009, subject to the provisions outlined below.

Persons entitled to subscribe

Options may only be issued to members of the Executive Board of VBH Holding AG, managing directors of affiliated German and non-German companies, and executives of the Company and affiliated German and non-German companies. The Executive Board of the Company determines the specific individuals eligible to subscribe and the number of options to be granted to them. The Supervisory Board of the Company alone decides whether to grant and issue options to Executive Board members. The total volume of options is distributed among the eligible groups of individuals as follows: members of the VBH Holding AG Executive Board may receive a maximum 50% of total options; members of management of affiliated companies may receive a maximum 10% of total options. Managers of VBH Holding AG and its affiliated companies receive a maximum total of 40% maximum of the options. In all cases, eligible members are granted options only as a member of one group of individuals. Double subscription is not allowed. At the time the options are granted, the entitled persons must have an active working relationship or service contract with the Company or an affiliated German or foreign company.

Granting of options (acquisition periods), issue date and option content

Options are granted in yearly tranches issued within four weeks beginning the day after the Company's Annual General Meeting, the first time within a period of four weeks from the date the contingent capital increase to be resolved is recorded. The options are issued when a written contract for purchase of options (option agreement) is entered into between the relevant entitled individual and the Company. The Company shall present an option agreement to the eligible individuals for this purpose. The issue date is the date on which the option agreement signed by the Company is delivered to the eligible individuals.

Each option authorises the holder to subscribe to a bearer share of VBH Holding AG in return for payment of the exercise price.

Exercise price and performance target

The price to be paid upon exercise of the relevant option (exercise price) corresponds to the average value of the closing prices of the Company's common stock as determined in floor trading on the Frankfurt Stock Exchange over the ten trading days before the day on which the options are issued, i.e. the issue date.

However, the minimum exercise price is the proportional amount of Company share capital represented by the individual common share (Section 9 (1) German Stock Corporation Act). The requirement for exercising options is that the relative increase in the value of the Company's shares between the option issue date and the respective exercise date is greater than the performance of the SDAX or another index functioning in the place of the SDAX. The value of the share at the time of the option is issued is determined by the exercise price, which is obtained from the mean value of the closing prices of the Company's share in floor trading at the Frankfurt Stock Exchange over the ten trading days prior to the issue date. The

value of the Company's stock on the exercise date is determined by the mean value of the Company share's closing prices in floor trading on the Frankfurt Stock Exchange over the ten trading days before the relevant exercise period.
The value of the SDAX, or an index which is functionally equivalent to the SDAX, at the time of issue of the options is determined by the mean value of the closing prices of this index over the last ten days of trading before the issue date. The SDAX, or an index which is functionally equivalent to the SDAX, on the issue date is determined by the mean value of the closing prices of this index over the last ten days of trading before the relevant exercise period.

Waiting period for first exercise and exercise periods

One third of the options granted may be exercised no earlier than two years („two-year waiting period") after the issue date; an additional third may be exercised no earlier than three years after this date and the remaining third may be exercised no earlier than four years after the relevant issue date. The options can be exercised only within a period not exceeding four weeks from the third bank working day after the Annual General Meeting. In addition, all restrictions associated with the general legal regulations must be observed, particularly the German Securities Trading Act.

The performance of the shares issued from options and convertible profit certificates is shown in the following table:

Shares from options

Financial year/ tranche	Remaining term in years	Total options outstanding	Exercise price in €	Options exercised	Forfaited/ expired options	Shares issued on options
2004	0	0	59,000	59,000	61,000	59,000
2005	0	0	10,000	10,000	0	10,000
2006	1	10,000	10,000	10,000	0	10,000
2008	4	90,000	0	0	30,000	0
		100,000	**79,000**	**79,000**	**91,000**	**79,000**

The options issued developed as follows:

In pieces/€	2008 Number of weighted options	2008 Weighted average price in €/share	2009 Number of weighted options	2009 Weighted average price in €/share
Balance as at 1 January	**729,999**	**2.75**	**270,000**	**4.12**
Options granted	120,000	5.82	0	0
Options exercised	579,999	2.74	79,000	2.76
Options expired	0	0.00	91,000	3.76
Balance as at 31 December	**270,000**	**4.12**	**100,000**	**5.54**

In financial year 2009, personnel expenses of € T 78 resulted from the share options plan (previous year: € T 89).

The parameters applied for determining the fair value of options granted are shown in the table below.

Tranche	2004	2005	2006	2008
Expected share volatility	44.0	44.0	44.0	38.0
Expected reference index volatility	15.0	15.0	15.0	20.0
Risk-free investment return	3.4%	3.4%	3.4%	4.6%
Residual term in years	0	0	1.0	4.0
Fair value per option in €	0.84	0.84	0.84	1.30

The expected volatilities are based on the historical volatility of VBH shares and the SDAX. The period on which the estimate of VBH share volatility is based is the two years prior to the date at which option fair value is calculated.
A binomial model is employed for measurement.

5.11 LIABILITIES

	2008			2009		
In € T	**Current**	**Non-current**	**Total**	**Current**	**Non-current**	**Total**
Liabilities to banks and third parties	42,790	70,019	112,809	41,966	67,888	109,853
Bonds/convertible bonds	8,175	0	8,175	8,175	0	8,175
Financial liabilities	**50,965**	**70,019**	**120,984**	**50,141**	**67,888**	**118,029**
Trade payables	46,928	0	46,928	43,389	527	43,916
Advances received	2,194	0	2,194	538	0	538
Liabilities from affiliated companies	0	0	0	0	0	0
Other liabilities	38,791	2,745	41,536	30,244	1,488	31,732
Tax liabilities	835	0	835	1,103	0	1,103
Trade payables and other liabilities	**88,748**	**2,745**	**91,493**	**75,274**	**2,015**	**77,289**
Total	**139,713**	**72,764**	**212,477**	**125,415**	**69,903**	**195,318**

Significant items under current other liabilities included deferred liabilities of € T 6,601 (previous year: € T 7,213), tax liabilities of € T 6,521 (previous year: € T 8,626) and payables to customers of € T 5,817 (previous year: € T 7,991). Under the 2004 capital model, € 50 million in amounts payable primarily to banks were converted into floating-rate convertible bonds. Convertible bonds still outstanding in the amount of € T 8,175 have been called, and will be liquidated and paid out with interest to the holders in June 2010 in accordance with prospectus.

Additional noncurrent other liabilities in the amount of € T 890 (€ T 2,307) primarily represent purchase price liabilities owed in connection with company acquisitions and the purchase of equity interests, as well as syndicate financing from domestic banks. VBH Holding AG and its German subsidiaries receive major financing under agreements with BW-Bank Stuttgart, Volksbank in Stuttgart AG, Deutsche Bank AG, Stuttgart, Kreissparkassen Böblingen and Ludwigsburg, and IKB, Deutsche Industriebank AG. A syndicated loan agreement for a total line of credit of € 100 million with a five-year term was signed on 19 March 2007 and recognised as non-current.

The Group‘s lines of credit extended by commercial banks and the syndicated loan due 31 December 2011 provided VBH adequate credit during the financial year to continue developing its operating activities and making investments. The liquidity plan was observed and dividends were paid out to VBH shareholders. Utilisation of credit lines was further reduced thanks to the Group‘s positive cash flow. Two agreement supplements were concluded with the banking syndicate in financial year 2009 in view of VBH Holding AG‘s inability to fulfil the original financial covenants for the syndicated loan due to the deteriorated conditions. The financial covenants were modified in these agreement supplements, in return for which the banks’ margin was increased.

The table below presents liabilities from financial leases shown under financial liabilities.

In € T	2008	2009
Maturity within 1 year	145	173
Maturity in 1-5 years	478	417
Maturity after 5 years	2,131	2,019
Nominal value	**2,754**	**2,609**

Significant finance lease agreements exist in the Group for warehouse and office buildings used by VBH in Cologne, Germany and Savona, Italy. The leased assets are recognised in property, plant and equipment at a carrying amount of € T 2,628 (previous year: € T 2,655). The fair value of the Group's lease payment obligations corresponds roughly with their carrying amount. The carry value for land was € T 925 (previous year: € T 925) and for buildings € T 1,653 (previous year: € T 1,730). Lease instalments totalled € T 295 (previous year: € T 331), including interest payments of € T 134 versus € T 154 for the previous year. The conversion date for the Cologne financial lease contract is 1 February 2017. The lease liabilities will be recalculated on this date.

5.12 PENSION PROVISIONS

The actuarial report of Rauser AG, Reutlingen, Germany, of February 2010 was prepared in accordance with IAS 19, focusing on essential pension provisions in Germany. Measurement is based on the following calculation parameters, applying the projected unit credit method:

Actuarial assumptions

	2007	2008	2009
Discount rate	5.5%	5.8%	5.25%
Expected return on plan assets	4.0%	3.0%	3.0%
Expected salary increase rate	2.0%	2.0%	2.0%
Expected income from reimbursements	0.0%	0.0%	0.0%
Expected pension increase rate	1.0%	1.0%	1.0%
Contribution assessment in statutory pension insurance	2.0%	2.0%	2.0%

The actuarial assumptions reflect the fair value of cash and cash equivalents (calculatory interest rate) and the probability that payments will come due (assumptions on mortality, fluctuation and early retirement, etc.). The information is based on mortality table 2005 G of Heubeck Richttafeln GmbH.

The service cost and any past service cost calculated using the projected unit credit method are recognised in the costs for the provision of benefits under defined benefit plans.

Effects in profit and loss from defined benefit plans

In € T	2007	2008	2009
Ongoing service cost	281	164	191
Interest cost	557	610	643
Expected return on plan assets	0	-22	-17
Actuarial gains and losses	0	-15	-32
Total	**838**	**737**	**785**

Present value of liabilities from defined benefits plans

In € T	2007	2008	2009
Balance as at 1 January	**11,788**	**12,294**	**12,119**
Service cost	281	164	191
Interest cost	557	610	643
Fair value of liability insurance		-540	0
Expected return on plan assets		-22	-17
Actuarial gains and losses		-15	-32
Plan participant contributions		-29	-28
Benefits paid	-332	-343	-379
Balance as at 31 December	**12,294**	**12,119**	**12,497**

Plan assets and expected return

In € T		2008	2009
Fair value of liability insurance		540	**572**
Expected return		3.0%	**3.0%**
Balance as at 1 January		540	**572**
Employer and employee contributions		29	28
Expected return on plan assets		22	17
Actuarial gains/losses		19	6
Balance as at 31 December		572	**611**

Present value of pension provisions

In € T	2007	2008	2009
Present value of liabilities funded by plan assets		-1,454	-1,645
Plan assets		572	611
Funding status		-882	-1,034
Present value of liabilities not funded by plan assets	-11,282	-9,836	-10,760
Non-amortised actuarial gains and losses	-1,012	-1,402	-703
Portion of maximum amount not recognised	-12,294	-12,119	-12,497

The table below shows estimated expenses from allocations to provisions in future financial years.

Allocations to pension provisions

In € T		2010	2011
Expense in subsequent years		205	216

5.13 PROVISIONS

In € T	Pension and similar obligations	Taxes*	Product liability	Other	Total
Balance at 1 January 2008	**12,304**	**5,260**	**1,844**	**7,543**	**26,951**
Change in scope of consolidation	0	5	0	256	261
Currency changes	-1	-493	0	-94	-588
Allocations	745	3,553	250	2,147	6,695
Reclassifications	-540	0	0	0	-540
Utilisation	379	369	37	4,552	5,337
Reversals	0	642	373	588	1,603
Balance at 31 December 2008	**12,129**	**7,314**	**1,684**	**4,712**	**25,839**
thereof short-term	0	4,204	267	2,778	7,249
thereof long-term	12,129	3,110	1,417	1,934	18,590
Balance at 1 January 2009	**12,129**	**7,314**	**1,684**	**4,712**	**25,839**
Change in scope of consolidation	0	5	0	152	157
Currency changes	0	-79	0	5	-74
Allocations	785	917	375	2,362	4,439
Reclassifications	-10	0	0	10	0
Utilisation	407	406	516	2,073	3,402
Reversals	0	5,760	0	444	6,204
Balance at 31 December 2009	**12,497**	**1,991**	**1,543**	**4,724**	**20,755**
thereof short-term	0	1,991	375	2,761	5,127
thereof long-term	12,497	0	1,168	1,963	15,628

* Starting in 2009, deferred taxes will be shown under liabilities.

Significant items under Other Provisions include bonus provisions of € T 524 (previous year: € T 743) and provisions for personnel of 1,540 € (previous year: € T 1,706). Tax provisions include deferred taxes of € T 0 (previous year: € T 3,110). Product warranty provisions contain possible claims from already realised property orders and warranties recognised for a period of five years.

5.14 DEFERRED TAX LIABILITIES

	2008			2009		
In € T	Current	Non-current	Total	Current	Non-current	Total
Deferred tax liabilities	0	3,110	3,110	0	3,770	3,770

6. Notes to the income statement

6.1 SALES REVENUE/SEGMENT REPORTING

In accordance with IFRS guidelines, the organisational structure of VBH is comprised of four primary operating segments and one non-operating segment. These segments form the basis for the primary segment reporting format while reflecting the internal control structure of the Group. Because the Group does not operate any different business segments, a breakdown according to business segments is not necessary.

Germany, Western Europe, Eastern Europe and Other Markets (this segment includes the subsidiaries in Asia and Australia) are the operating segments, while Corporate Services is the non-operating segment.

Sales revenue breaks down by segment as follows:

In € T	2008	2009
Germany	388,268	382,456
Western Europe	182,893	143,896
Eastern Europe	304,976	217,653
Other Markets	12,751	27,094
Corporate Services	0	0
Consolidation *	-25,579	-16,983
Group	**863,309**	**754,115**

* Consolidation represents non-intersegmentary Group sales.

Business segments are organised by geographical designation in segment reporting. They also reflect the operating responsibilities of the Group's management structure, and are monitored regularly by management in order to assess the financial position of the Group as a whole and of the subgroup. These are segments subject to reporting under IFRS 8 ('Segment Reporting'). A business segment constitutes a group of assets and operating activities that is distinct from other segments with respect to risks and opportunities.

Segment reporting is carried out in line with balance sheet recognition and measurement methods employed with the IFRS consolidated financial statements on which it is based. Intersegment consolidation was carried out. Segment reporting was prepared based on the single-entity financial statements prepared in accordance with IFRSs, presenting a true and fair view of the assets and liabilities of the segments.

As a trading group that specifies and determines its products or services individually within a specific economic environment in the respective markets, focusing on market-specific particularities and maintaining flexibility in the range of products is key to success. The core product ranges in the individual markets and segments are generally similar in type. Their difference lies in market readiness, and is further dependent upon political and economic framework conditions in the regions in which the VBH Group is active. These also represent the primary risk criteria for the Group.

The previous-year values have been restated in the respective business segments in relation to the accounting policies outlined in section 4.

6.2 COST OF MATERIALS

Cost of materials breaks down as follows:

In € T	2008	2009
Costs of raw materials, supplies and purchased merchandise	650,257	569,369
Costs of purchased services	1,934	1,541
Total	**652,191**	**570,910**

Cost of materials includes write-downs of € T 3,813 for the current period affecting profit and loss.

6.3 PERSONNEL EXPENSES

The change in personnel expenses is shown below.

In € T	2008	2009
Wages and salaries	79,673	77,654
Social security contributions and pension costs	15,952	15,134
Total	**95,625**	**92,788**

Personnel expenses declined by € 2.8 million or 2.9%. The Group generated disproportionately high savings of € 5.7 million or 13.9% in personnel expenses, mainly in Eastern and Western Europe. Expanded activities in Asia and the changing scope of consolidation however generated an additional € 2.9 million in personnel expenses.

Employees

	2008	2009
Germany	952	938
Abroad	1,934	1,935
Total	**2,886**	**2,873**

On average, the Company employed a Group-wide workforce of 2,873 during the reporting year (previous year: 2,886). There were 36 trainees Group-wide, as compared to 32 in the previous year.

6.4 OTHER OPERATING INCOME

In € T	2008	2009
Income from reversal of provisions	1,220	975
Income from reversal of impairments	2,391	2,181
Income from disposal of fixed assets	618	455
Other operating income	10,663	10,206
Total	**14,892**	**13,817**

Significant items under other operating income included exchange rate gains of € T 4,706 (previous year: € T 3,739), goods reimbursements from previous years of € T 435 (previous year: € T 1,035) and income from non-cash benefits passed on of € T 1,248 (previous year: € T 1,081).

6.5 OTHER OPERATING EXPENSES

In € T	2008	2009
Administrative expenses	15,894	15,840
Selling expenses	28,819	25,088
Other operating expenses	33,418	31,376
Expenses relating to other periods	6,756	8,113
Total	**84,887**	**80,417**

Other operating expenses declined by € 4.5 million or 5.3% on lower trading activity and timely cost cutting measures. Adjusted for changes in the scope of consolidation the decline amounted to € 7.7 million or 9.1%.

Significant items under other operating expenses included exchange rate losses of € T 5,512 (previous year: € T 5,197), rent and incidental rent costs of € T 12,112 (previous year: € T 11,144), rental/leasing costs of € T 4,538 (previous year: € T 3,977) and maintenance cost of € T 2,725 (previous year: € T 3,022). Expenses were also recognised for write-downs on the assets of € T 674.

6.6 AMORTISATION AND DEPRECIATION

In € T	2008	2009
Amortisation of goodwill/intangible assets	1,090	1,456
Depreciation on property, plant and equipment	4,866	4,497
Total	**5,956**	**5,953**

6.7 FINANCIAL RESULT

Interest income is accounted for on an accrual basis, including outstanding loan amounts and the applicable interest rate. The applicable interest rate is precisely the interest rate used for discounting estimated future cash inflows over the life of the financial asset to the net carrying amount of the asset. Dividend income from financial investments is recognised when the shareholder‘s legal claim to payment arises.

The financial result breaks down as follows:

In € T	2008	2009
Income from equity interests	0	0
Interest and similar income	891	752
Interest and similar expenses	8,969	8,083
Interest result	**-8,078**	**-7,331**
Depreciation on financial assets and securities	0	0
Total	**-8,078**	**-7,331**

The financial result improved from € T -8,078 last year to € T -7,331. Positive cash flow from operating activity and a further decline in current assets make a positive contribution and improved net interest, with the VBH Group‘s rating remaining unchanged. Interest expense from pension obligations in the amount of € T 643 was shown under financial result in 2009.

6.8 INCOME TAX

Income taxes

In € T	2008	2009
Current taxes	**10,360**	**4,043**
Germany	905	149
Abroad	9,455	3,894
Deferred taxes	**1,070**	**-814**
Germany	1,689	0
Abroad	-619	-814
Total	**11,430**	**3,229**

As in the previous year, income tax is calculated on the basis of expected taxable income for the financial year.

In accordance with IAS 12.81, actual tax expense must be compared with the tax expense that would theoretically have resulted had the applicable tax rates been used on the reported earnings before taxes for the year. The overall tax rate applied, currently 30.7% (36.6%), reflects the theoretical group tax rate for VBH.

The tax reconciliation of the computed versus actual tax expense for the year under review is provided below.

Tax reconciliation

In € T	2008	2009
Earnings before taxes (EBT)	31,464	10,533
Calculated income tax rate in %	30.5%	33.2%
Expected tax expense	9,596	3,495
Tax-exempt income/losses	119	-161
Tax additions and deductions	1,703	1,055
Tax payments/refunds in previous years and expenses for external audits	12	-1,160
Income taxes	11,430	3,229
Tax rate in %	36.3%	30.7%

The calculated tax rate changed from 30.5% in 2008 to 33.2% in 2009 due to reduced income tax rates and certain countries.

6.9 DEFERRED TAXES

Deferred taxes are measured on the basis of the expected tax rates applicable at the date on which a debt is settled or asset realised.

Deferred tax assets and liabilities reflecting temporary differences in carrying amount for individual balance sheet items are shown below.

Deferred taxes for temporary differences and tax loss carryforwards

	2008		2009	
In € T	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Deferred taxes for temporary differences				
Fixed assets	1	1,747	162	3,007
Non-current assets	172	0	212	0
Current assets	795	458	1,175	541
Other	241	219	443	138
Non-current provisions	5	189	606	0
Current provisions	127	3	77	0
Non-current liabilities	0	0	524	14
Current liabilities	101	494	1,123	70
Total	**1,442**	**3,110**	**4,322**	**3,770**
Tax loss carryforwards	5,798	0	5,740	0
Carrying amount	**7,240**	**3,110**	**10,062**	**3,770**

In the financial year the German companies recognised as assets loss adjustment volume of € T 19,325 (previous year: € T 18,780) on trade tax and € T 14,730 (previous year: € T 14,247) on corporation tax applying an average combined corporation and trade tax rate of 30% pursuant to the 2008 corporate tax reform. In line with corporate planning for the specific Group companies, loss adjustment volume will be used up within five years.

The remaining tax losses, which can be carried forward in full, result from corporation tax in the amount of € T 18,502 (previous year: € T 18,487) and from trade tax of € T 28,693 (previous year: € T 30,003).

In Germany there is no limit to the amount of losses that can be carried forward. In certain countries, minimum tax rules affect the usability of loss carryforwards. Foreign subsidiaries recognised deferred tax assets of a total € T 932 (previous year: € T 844). Important remaining, not used tax losses in foreign companies amount to € T 7,893. An amount of € T 6,883 thereof is not limited in carrying forward.

6.10 MINORITY INTERESTS IN CONSOLIDATED EARNINGS

Minority interests and consolidated earnings came to € T 1,009, versus € T 2,229 for the previous year. These primarily represent minority interests of the subsidiaries in Spain, Poland, the Czech Republic, Russia, the Ukraine, China and Kazakhstan, which generated significant profits for the Group in the financial year.

6.11 EARNINGS PER SHARE

in € T	2008	2009
Net result after minorities	17,805	6,295
Total number of shares	45,790,408	45,869,408
Weighted average of own shares	0	0
Weighted average of own shares diluted	0	0
Weighted average of shares from convertible bonds and options	3,398,949	37,833
Weighted average shares from convertible bond and options diluted	332,679	100,000
Weighted average of shares outstanding	43,264,016	45,828,241
Weighted average of shares outstanding diluted	43,596,695	45,828,241
Earnings per share in €	**0.41**	**0.14**
Earnings per share (diluted) in €	**0.41**	**0.14**

The calculation of fully diluted earnings includes all stock options granted and available. The following instruments may have a significant diluting effect in future: exercise of option rights with a volume of up to 100,000 shares (Contingent Capital II), of which 100,000 shares are still outstanding or available.

An additional 20 million shares have also been authorised (Authorised Capital).

7. Cash flow disclosures

Cash and cash equivalents on the cash flow statement comprise exclusively the cash and cash equivalents recognised in the balance sheet. The cash flow statement details the Group's cash flows, broken down into cash inflows and outflows into and from ongoing operating, investing and financing activities. Expansion of the scope of consolidation impacts the presentation of the figures.

The Group's scope of consolidation expanded in 2009 with the addition of subsidiaries in Turkey, Italy, Kuwait, Malaysia, Thailand, Kosovo and Montenegro. The initial recognition values were adjusted accordingly.

The adjustments made to individual balance sheet items at 1 January 2009 were:

419 € T on non-current assets
3,464 € T on inventories
4,739 € T on trade receivables
120 € T on other assets
430 € T on cash and cash equivalents
4,818 € T on trade payables, and
2,039 € T on financial liabilities

8. Other disclosures

8.1 ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

Fair value of financial instrument per IAS 39

			Fair value			
In € T		Carrying value 31 December 2008	Amor-tised cost	Directly in equity	In profit or loss	Fair value 31 December 2008
Assets						
Interests in affiliated companies	AfS	3,829	3,829			3,829
Equity interests	AfS	0	0			0
Payments on account financial assets	AfS	93	93			93
Trade receivables	LaR	106,780	106,780			106,780
Receivables affiliated companies	LaR	7,044	7,044			7,044
Other assets	LaR	30,440	30,440			30,440
Cash and cash equivalents	LaR	13,374	13,374			13,374
Liabilities						
Derivates with hedging relationship	n.a.	1,136		1,136		1,136
Liabilities to banks	FLAC	112,808	112,808			112,808
thereof liabilities from finance leases	FLAC	2,754	2,754			2,754
(Convertible) bonds	FLAC	8,175	8,175			8,175
Trade payables	FLAC	46,928	46,928			46,928
Other liabilities	FLAC	43,730	43,730			43,730

AfS: Available for Sale; LaR: Loans and Receivables; FaHfT: Financial for Assets Held for Trading; FLAC: Financial Liabilities measured at Amortised Costs; n.a.: not available

Fair value of financial instrument per IAS 39

				Fair value		
In € T		Carrying value 31 December 2009	Amortised cost	Directly in equity	In profit or loss	Fair value 31 December 2009
Assets						
Interests in affiliated companies	AfS	3,602	3,602			3,602
Equity interests	AfS	0	0			0
Payments on account financial assets	AfS	0	0			0
Securities	AfS	6	6			6
Trade receivables	LaR	96,774	96,774			96,774
Receivables from affiliated companies	LaR	5,319	5,319			5,319
Other assets	LaR	27,814	27,814			27,814
Cash and cash equivalents	LaR	14,312	14,312			14,312
Liabilities						
Derivates with hedging relationship	n.a.	2,895		2,895		2,895
Liabilities to banks	FLAC	118,029	118,029			118,029
thereof liabilities from finance leases	FLAC	2,609	2,609			2,609
(Convertible) bonds	FLAC	8,175	8,175			8,175
Trade payables	FLAC	43,916	43,916			43,916
Other liabilities	FLAC	32,270	32,270			32,270

AfS: Available for Sale; LaR: Loans and Receivables; FaHfT: Financial for Assets Held for Trading; FLAC: Financial Liabilities measured at Amortised Costs; n.a.: not available

Carrying values of financial instruments by valuation category per IAS 39

In € T	2008	2009
Available-for-sale financial assets	3,922	3,608
Loans and receivables	157,638	144,219
Financial liabilities measured at amortised cost	214,395	204,999
Derivates with hedging relationship	1,136	2,895

The fair value of cash and cash equivalents, current receivables, trade payables and other payables approximately corresponds to the carrying amount. This is attributable to the short duration of these financial instruments. Shares in private companies are carried at cost, as fair value cannot be reliably determined.

The fair values of other noncurrent receivables correspond to the present values of the cash flows connected with the assets, factoring in the applicable interest rate parameters, which reflect market and partner-related conditions and expectations.

The fair value of liabilities to banks, liabilities to convertible bond holders and other financial liabilities are reported at nominal value.

Interest from financial instruments is reported under net interest income/expense; dividends are reported under other net financial income (EBIT). VBH recognises the remaining components of the net result in other financial result.

Excluded from this are valuation adjustments to trade receivables attributable to the loans and receivables measurement category. These are shown under other operating expenses.

Exchange losses and gains on financial assets classified as loans and receivables chiefly result from intragroup forwarding of loans and deliveries and are shown under other operating income/expenses.

Interest income/expense from financial liabilities classified as financial liabilities measured at amortised cost include interest expense from bonds in the amount of € T 368 (previous year € T 654).

Also included are interest expense and income from interest rate derivatives. Cash flow hedges are recognised as an interest rate hedging instrument for containing interest rate risks arising from financial liabilities. Net interest income also includes sufficient expenses for bank loans extended.

Net income from financial instruments

In € T	2008	2009
Available-for-sale	-54	0
Loans and receivables	-1,500	-3,040

The net result for the category 'Available for sale' mainly reflects losses from the disposal of affiliated companies and equity interests. The net result for the category 'Loan and Receivables' primarily includes currency translation effects and changes in valuation adjustments.

8.2 RISK MANAGEMENT

The Group is exposed to a range of financial risks resulting from its operating and financing activities. The most significant financial risks for the Group arise from interest rate changes and in the creditworthiness and solvency of the Group's contract counterparties.
Financial risks are managed within the Group in accordance with the policies established by management. These include interest rate, market, lending and liquidity risks. Polices and guidelines also exist for other areas, such as liquidity management, and for obtaining short or long-term loans.

8.2.1 Capital management

The aim of capital management is to hedge the risks mentioned above to the extent necessary, thus containing any negative effects on the Group's income statement and balance sheet. In compliance with the principle of functional separation, financial risks to which the Group is exposed are assessed, monitored and actively addressed. Measures for achieving risk management objectives include optimisation of the capital structure, adjusting the amount of dividends, acquisitions, divestments and reducing debt.

8.2.2 Market risk

Market risk from financial instruments primarily consists of currency and interest rate risk. Sensitivity analyses are conducted to monitor of these risks.

8.2.3 Liquidity risk

Central liquidity planning is based on the Group financing. To ensure the liquidity and financial flexibility of VBH Group, the Group has fixed credit lines in the amount of € 165 million. The timing and content of dividend distributions are also coordinated on the basis of liquidity planning with the subsidiaries. There is an option of issuing up to 20,000,000 new shares from authorised capital, subject to Supervisory Board approval. The maturity dates of financial liabilities are listed under point 5.11.

The figures below pertain to contractual, undiscounted cash flows:

Liquidity risk

In € T	2009 Carrying value	2009 Total	Remaining term < 1 year	Remaining term >1 year < 5 years	Remaining term > 5 years
Financial liabilities	**118,028**	**138,588**	**60,510**	**72,487**	**5,591**
- of which bonds	8,175	8,727	8,727	0	0
- of which liabilities to banks	109,853	129,862	51,784	72,487	5,591
Trade payables	**43,389**	**43,389**	**43,389**	**0**	**0**
Other liabilities	**32,259**	**32,259**	**30,244**	**2,015**	**0**
- of which derivative financial instruments	2,904	2,934	1,711	1,223	0
Tax liabilities	**1,103**	**1,103**	**1,103**	**0**	**0**
Financial liabilities	**194,779**	**215,339**	**135,246**	**74,502**	**5,591**

8.2.4 Foreign exchange risk

As a global company, the VBH Group is exposed to transaction and translation-related risks. Transaction risk arises both in Group financing and from the sale and purchase of goods and services not invoiced in the base currency of the respective VBH Company. The resulting currency risks are analysed as part of cash management and the Group treasury system, and hedged with derivatives as necessary. The offsetting effects of the hedged item and currency hedging are recognised as profit or loss and thus reflected on the income statement.

Translation risk results from the fact that many VBH companies are located outside the Eurozone, while the VBH Holding AG consolidated financial statements are prepared in euros. The balance sheets and income statements of subsidiaries outside the Eurozone therefore have to be translated into euros on the consolidated financial statements. The translation-related effects of changes in foreign exchange rates are recognised under equity in the VBH consolidated financial statements. Because the equity interests are of long duration, VBH Holding AG elects not to directly hedge net asset items.

In accordance with IFRS 7, a sensitivity analysis was conducted for foreign exchange risks. The table below shows the effect a 10% fluctuation in the respective foreign currency would have on equity and/or net profit. The analysis is based on the respective volume as at the balance sheet date.

Sensitivity analysis of foreign currency risks

	2008 Foreign currency		2009 Foreign currency	
In € T	**10% increase**	**10% decrease**	**10% increase**	**10% decrease**
Change in net profit				
EUR / CNY	333	-302	478	-435
EUR / CZK	302	-275	105	-96
EUR / GBP	121	-110	127	-115
EUR / PLN	288	-261	233	-212
EUR / RUB	690	-627		
EUR / SGD	355	-323	306	-278
EUR / AUD	180	-164	478	-434
EUR / AED	107	-97	154	-140
EUR / THB	135	-122	142	-130
EUR / TRY	0	0	105	-95
Total	**2,511**	**-2,281**	**2,128**	**-1,935**

8.2.5 Interest rate risk

In € T	**2008**	**2009**
Fixed-rate financial debts	13,278	11,734
Variable-rate financial debts	99,531	98,119
Total	**112,810**	**109,853**

VBH is exposed to interest rate risks arising from liabilities, primarily in connection with financial liabilities.

8.2.6 Hedge Accounting

As part of syndicate financing, two conventional interest rate swaps were used for the first time in 2007 requiring hedge accounting. These are cash flow hedges. The nominal value of these swaps is € 40 million. In January 2009 VBH Holding AG concluded another interest rate swap for € 30 million. The aim here was to lock in the interest rate on the minimum utilisation of German credit lines over the course of the year and secure the resulting financing need at the Eurozone subsidiaries.

In financial year 2009 interest rate risks resulted from floating-rate financing debts and the market values of these two financial derivatives (interest rate swaps). In an interest rate swap, the Group swaps fixed and variable interest payments calculated on the basis of contractual nominal amounts. Such agreements allow the Group to mitigate the risk of changing interest rates on the fair value of issued fixed-interest debt instruments as well as cash flow risks posed by floating-rate debt instruments issued. The fair value of interest rate swaps at the reporting date is determined by discounting future cash flows applying yield curves at the reporting date, factoring in credit risks associated with the contract. The following sensitivity analysis shows what effect a fluctuation of one percentage point at the respective market level would have had on equity or earnings for the year. The analysis is based on the respective volume as at the balance sheet date.

Sensitivity analysis of interest rates risks

	2008 Market interest rate		2009 Market interest rate	
In € T	**1 percent increase**	**1 percent decrease**	**1 percent increase**	**1 percent decrease**
Variable rate instruments				
Change in net profit	-595	595	-981	981
Interest rate swaps				
Change in net profit	1,242	-1,242	1,482	-1,488
Overall impact	**647**	**-647**	**501**	**-507**

Hedge Accounting

In € T	**2008**	**2009**
Total volume of interest rate swaps	40,000	70,000
Fair value	-1,623	-2,895
Expiration	1 June 2012	30 December 2011 / 1 June 2012

In financial year 2009 the market values of interest rate derivatives were shown in consolidated reserves taken directly to equity in the amount of € T -2,895 (previous year: € T -1,623).

Hierarchical fair value levels of financial instruments per IFRS 7

In € T	Level 1	Level 2	Level 3
Derivatives with hedging relationship	0	2,895	0
Financial liabilities	**0**	**2,895**	**0**

8.2.7 Default risk

Because of its business dealings with third parties in various sectors, VBH Group is exposed to default risk globally. This risk represents the possibility of non-performance on the part of a contract counterparty. The maximum default risk is stated on the basis of the carrying amounts of financial assets recognised on the balance sheet. To minimise default risk, a comprehensive credit control system has been implemented at several companies. Credit information has been collected and historical data used pertaining to the business relationship to date, particularly regarding payment practices, in order to avoid default on payments. Valuation allowances are recognised for default risks identified sufficiently in advance. See point 5.5 'Receivables and other assets' concerning the carrying amount of receivables overdue or amortised, the collection date of which has been renegotiated.

9. Other financial liabilities and contingencies

As at the balance sheet date, other financial liabilities existed, particularly arising from leases and lease agreements for buildings, land, machines, tools, office and other equipment and subject to classification as operating leases under IAS 17. In financial year 2009 no other financial obligations or contingencies existed in connection with affiliates. Total future payments arising from non-cancellable contracts are classified by due date as follows:

Obligations from rental contracts

In € T	2008	2009
Maturity within 1 year	9,481	9,168
Maturity in 2-5 years	16,940	12,612
Maturity after 5 years	2,072	1,331
Total	**28,493**	**23,111**

Obligations from leasing contracts

In € T	2008	2009
Maturity within 1 year	2,511	2,851
Maturity in 2-5 years	2,548	2,253
Maturity after 5 years	0	380
Total	**5,059**	**5,484**

Contingencies are presented at the amount drawn on or correspond to the nominal value of the liabilities.

Obligations from contingent liabilities

In € T	2008	2009
Liabilities from the issue and transfer of bills of exchange	430	436
Liabilities from guarantees, bills of exchange and cheque guarantees	1,348	849
Liabilities from warranties	57	56
Contingency from providing collateral for external liabilities	0	0
Total	**1,835**	**1,341**

Real estate liens

In € T	2008	2009
Real estate liens	29,192	29,189
Total	**29,192**	**29,189**

VBH Holding AG, VBH Germany GmbH and esco Metallbausysteme GmbH have entered into a syndicated loan agreement with domestic lending banks governing the pledging of shares in major Group companies to the participating banks and the assignment of all outstanding debts and claims arising from shareholder loans, as well as the assignment of all inventory as security and the creation of land charges. No unrelated parties have placed collateral with VBH. The total carrying value of companies pledged was € T 57,972 (previous year: € T 58,122) .

10. Litigation and claims for damages

Should individual legal disputes or claims for damages give rise to circumstances within the Group requiring recognition, these are covered adequately by provisions allocated on the individual financial statements of Group companies. The Group is not aware of other any material risks.

11. Related party disclosures

Immediate family members of Executive and Supervisory Board members and subsidiaries that are not fully consolidated are considered related parties per IAS 24, 'Related Party Disclosures'. No related parties were involved in any significant or unusual transactions in type or nature with VBH Holding Group companies. Sales between the VBH Holding Group and unconsolidated companies are of minor significance. Further relationships with equity interests outside the scope of consolidation are accounted for using the cost-plus method.
Business transactions between consolidated companies and related parties concern ongoing consulting services from the law firm of the Supervisory Board Chairman, which acted in an advisory category for the Company. Remuneration for these services is in line with prevailing market rates and was approved by the VBH Holding AG Supervisory Board, totalling € T 56 for financial year 2009 (previous year: € T 95). The Executive Board did not effect any such transactions.

Receivables from related parties amounted to € T 5,319 (previous year: € T 7,049); there were no related-party liabilities in either financial year. There were no write-downs on related-party receivables in the financial year.

The trade receivables primarily represent sales of goods by consolidated subsidiaries to foreign distribution companies. The products/services sold concern passed on outsourcing and services.

Unconsolidated companies

In € T	2008	2009
Carrying values at 31 December		
Loans	3	1,095
Receivables	7,046	4,224
Transactions in the financial year		
Goods purchased	31	2,152
Other expenses	0	58
Sales revenue	2,159	1,635
Interest income	81	72
Other operating income	169	60

12. Significant events after the balance sheet date

Mr. Viktor Trenev of Russia notified us that his shareholder voting rights in VBH Holding AG exceeded the 15% threshold on 4 March 2010, amounting to 16.75% as at that date. The voting rights in Ascalon Holding GesmbH, Vienna, Austria attributable to Mr. Trenev amount to 16.75%.

Ascalon Holding GesmbH notified us that its shareholder voting rights exceeded the 15% threshold on 4 March 2010, amounting to 16.75% as at that date.

There were no other significant events after the balance sheet date.

13. Remuneration of auditors

During the financial year remuneration paid to auditors as per Section 318 of German Commercial Code (including affiliates as per Section 271 (2) German Commercial Code) broke down as follows:

Expenses for remuneration of auditors

In € T	2008	2009
Audit of financial statement	171.5	363.8
Other attestation and valuation services	71.0	71.0
Tax consultancy	15.0	19.9
Other services	0.0	0.0
Total	**257.5**	**454.7**

The increase in auditing fees was due to the inclusion in 2009 of fees for auditing consolidated subsidiaries by the auditor of the consolidated financial statements.

14. Remuneration of executive bodies

Concerning remuneration of executive bodies per Section 314 HGB (German Commercial Code), we refer to the report provided in the corporate governance report.

Remuneration of executive bodies

	2009			
In € T	**Fixed**	**Variable**	**Non-cash benefits**	**Total**
Executive Board	502.0	365.0	83.4	950.4
Supervisory Board	162.5	0.0	0.0	162.5
Total	**664.5**	**365.0**	**83.4**	**1,112.9**

Options and shares held by executive bodies

	31 December 2008		31 December 2009	
Individual shares	**Options**	**Shares**	**Options**	**Shares**
Executive Board	100,000	490,684	0	459,684
Supervisory Board	0	10,000	0	10,000
Total	**100,000**	**500,684**	**0**	**469,684**

Pension commitments

All Executive Board members have received pension commitments in line with their individual contracts, which provide for pensions to be drawn no earlier than the age of 60.

Former Executive Board members and their surviving dependants received total benefits of € T 544 in the past financial year (previous year: € T 588). Defined benefit obligations (DBO) per IFRS for all pension commitments to former Executive Board members, managers and their surviving dependants totalled € T 5,550 in financial year 2009 (previous year: € T 5,376). Defined benefit obligations for all pension commitments per IFRS amounted to € T 551 for Mr. Hribar (previous year: € T 448) and € T 80 for Dr. Lieb (previous year: € T 31). Additions during the reporting year came to € T 152 (previous year: € T 54).

15. Declaration of conformity with Corporate Governance Code

The Company's Executive and Supervisory Board will submit the declaration of conformity required under Section 161 of the Stock Corporation Act in March 2010 and make it available to the shareholders. Any deviations from the German Corporate Governance Code have been documented accordingly.

16. Shareholdings of VBH Holding AG, Stuttgart as at 31 December 2009

Disclosures of shareholdings are made in a separate document, which is filed with the Stuttgart Commercial Register under HRB 203096.

The companies included in the consolidated financial statements, esco Metallbau GmbH, domiciled in Ditzingen, Germany, and VBH Germany GmbH, domiciled in Korntal-Münchingen, Germany, are exercising their right of exemption under Section 264 (3) of the German Commercial Code.

17. Corporate governance bodies

Executive Board

Herr Dipl.-Ing. ETH Rainer Hribar, Tägerwilen/Switzerland

Other Supervisory Board mandates:

GU Bodensee AG, Tägerwilen, Switzerland, - Chairman -

Leicom AG, Winterthur, Switzerland, - Board Member -

Group internal:

VBH Estonia (formerly AS Lokman), Tallin, Estonia, - Board Member -

VBH Middle East FZCO, Dubai, U.A.E (Board of Directors)

Beijing VBH Construction Hardware Co. Ld., Beijing China (Board of Directors)

Shanghai VBH Construction Hardware Co.Ltd., Shanghai/China (Board of Directors)

VBH Hellas S.A., Thessaloniki, Greece (Board of Directors)

Herr Dr. rer. pol. Ralf Lieb, Arnstorf/Germany

Group internal:

VBH Estonia AS, Tallinn/Estonia, - Group Member -

Beijing VBH Construction Hardware Co.Ltd., Beijing/China (Board of Directors), (from March 2008)

Shanghai VBH Construction Hardware Co.Ltd., Shanghai/China (Board of Directors)

Supervisory Board

Herr Prof. Rainer Kirchdörfer, solicitor, Korntal-Münchingen, - Chairman -, (from 1 January 2010)

Other Supervisory Board mandates:

Bauerfeind AG, Zeulenroda, - Chairman -

Berner AG, Künzelsau, - Board Member -

Cronbank AG, Dreieich, - Board Member -

Heiler Software AG, Stuttgart, - Deputy Chairman -

Kohl Medical AG, Perl, - Board Member -

MHK Group AG, Dreieich, - Board Member -

Herr Andreas Schill, businessman, Stuttgart, - Deputy Chairman -, (from 1 January 2010)

No other mandates

Herr Stephan M. Heck, independant businessman, Mannheim

No other mandates

Herr Dipl.-Kfm. Matthias Linnenkugel, public accountant, tax consultant, Hamburg -, (from 1 January 2010)

No other mandates

Herr Klaus Meichner, Manager, Donaustauf, - Employee Representative -

No other mandates

Herr Martin Morlok, business administration, Trochtelfingen, - Employee Representative -

No other mandates

Herr Prof. Dr. Brun-Hagen Hennerkes, solicitor, Stuttgart, - Chairman -, (until 31 December 2009)
Other Superviisory Board mandates:
Grünenthal GmbH, Stolberg, - Supervisory Board Chairman -, (until 31 December 2009)
Hager S.E., Blieskastel, - Board Member -
Uzin Utz AG, Ulm, - Supervisory Board Chairman -
Wormland Unternehmensverwaltungs GmbH, Munich, - Board Member -

Herr Dr. rer. pol. Dipl.-Kfm. Ralph Mühleck, Managing Director, Rheinau, - Board Member -, (until 31 December 2009)
No other mandates

Herr Dipl.-Ing. Jürgen Bockstette, business consultant, Cologne, - Deputy Chairman -, (until 31 December 2009)
No other mandates

Five Supervisory Board meetings were held in the year under review.

18. Approval of the consolidated financial statements per IAS 10.17

The Executive Board will present these consolidated financial statements to the Supervisory Board on 30 March 2010 for approval and release for publishing.

Proposal for the appropriation of profits

The Executive Board will recommend to the Supervisory Board to present the following proposal on the appropriation of profits to shareholders for approval at the Annual General Meeting on 8 June 2009.
The distribution of a dividend of € 0.05 per no-par share (WKN: 760070) is proposed from the net result of € 7,710,150.99 shown on the VBH Holding AG annual financial statements, on eligible subscribed capital of € 45,869,408.

Korntal-Münchingen, March 2010

VBH HOLDING AKTIENGESELLSCHAFT

– The Executive Board –
Rainer Hribar Dr. Ralf Lieb

Statement by the Executive Board

We assure that to the best of our knowledge and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements provide a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and that the Group management report presents a fair view of the development and performance of the business and the position of the Group, outlining the principal opportunities and risks associated with the expected development of the Group.

Korntal-Münchingen, March 2010

VBH HOLDING AKTIENGESELLSCHAFT

– The Executive Board –

19. Auditor‘s report

We have audited the consolidated financial statements prepared by VBH Holding Aktiengesellschaft, Korntal-Münchingen, comprising the balance sheet, income statement, total comprehensive income statement, statement of changes in equity, cash flow statement and notes to the consolidated financial statements, together with the group management report for the business year from 1 January to 31 December 2009. The preparation of the consolidated financial statements and group management report in accordance with IFRSs as adopted by the EU, and with the additional requirements of German commercial law pursuant to Section 315a (1) HGB (German Commercial Code), are the responsibility of the parent company‘s management. We conducted our audit of the consolidated financial statements in accordance with Section 317 HGB (German Commercial Code) and German generally accepted standards for the auditing of financial statements issued by the Institute of Public Auditors in Germany (IDW). These standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements, in accordance with the applicable financial reporting framework, and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.
Our audit has not led to any reservations.
In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Section 315a (1) HGB (German Commercial Code) and provide a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group‘s position and suitably presents the opportunities and risks of future development.

Signed in Nuremberg on 24 March 2010

Rödl & Partner GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft

Dr. Bömelburg	Leupold
Public accountant	Public accountant

VBH HOLDING AG

VBH Holding AG

Balance Sheet
Income Statement

Notes on VBH Holding AG

While the consolidated financial statements are drawn up in accordance with IFRS, the annual financial statements of VBH Holding AG are prepared in accordance with the German Commercial Code. In some areas, the accounting and valuation rules applied in the VBH Holding AG individual financial statements differ from those in the consolidated financial statements. VBH Holding AG is a management holding that directly manages most of its domestic and foreign subsidiaries. It is responsible for corporate planning, strategy and financing, and controls the subsidiaries and sub-subsidiaries centrally. The annual financial statements dated 31 December 2009 and the VBH Holding AG management report were audited by Roedl & Partner GmbH Wirtschaftsprüfungsgesellschaft, Steuerberatungsgesellschaft, Nuremberg, which examined the Company's accounting and provided an unqualified opinion. The holding company's financial statements are posted on the internet at www.vbh.de for review. Data from the VBH Holding AG balance sheet and income statement are provided below.

BALANCE SHEET OF VBH HOLDING AG

Assets

In € T	31.12.2008	31.12.2009
A. FIXED ASSETS		
Intangible Assets	**703**	**909**
EDP Software	701	909
Advances paid	2	0
Tangible Assets	**867**	844
Real estate, leasehold rights and buildings including construction on non-owned real estate	700	619
Other fixed assets, operational and business equipment	167	225
Financial Assets	**81,514**	**162,324**
Interests in affiliated companies	81,420	87,324
Participations	0	75,000
Total fixed assets	**83,083**	**164,077**
B. CURRENT ASSETS		
Accounts receivables and other asssets	**130,665**	**45,343**
Account receivables (trade debtors)	126,363	41,780
Other assets	4,302	3,563
Cheques, cash on hand, credit balances at banks	**1,188**	**2,494**
Total current assets	**131,854**	**47,837**
C. ACCRUALS AND DEFERRALS	**86**	**235**
Total assets	**215,023**	**212,149**

Equity and Liabilities

In € T	31.12.2008		31.12.2009	
A. EQUITY				
Subscribed capital		**45,790**		**45,869**
Capital reserves		**41,630**		**41,847**
Revenue reserves		**33,213**		**38,214**
Legal reserves		1,407		1,407
Other group reserves		31,807		36,807
Profit retained		**10,140**		**7,710**
Total equity		**130,775**		**133,640**
B. SPECIAL ITEMS WITH RESERVES PROPORTION AS PER §6b EStG		**3,006**		**0**
C. ACCRUED LIABILITIES				
Provisions for pensions and similar obligations		4,509		4,653
Provisions for taxation		1,107		618
Other provisions		2,163		1,757
Total accrued liabilities		**7,779**		**7,028**
D. LIABILITIES				
Convertible loan issued		8,175		8,175
Financial liabilities		57,405		56,350
Liabilities from supplies and services		413		380
Liabilities affiliated companies		0		2,146
Other liabilities		7,470		4,430
thereof from taxes	2,958		1,900	
thereof for social security	0		0	
Total liabilities		**73,463**		**71,481**
Total equity and liabilities		**215,023**		**212,149**

INCOME STATEMENT OF VBH HOLDING AG

Income Statement

In € T		2008		2009
Sales revenue		**6,156**		**4,569**
Other operating income		1,717		3,984
Total operating profit		**7,874**		**8,553**
Personnel Expenditure		-4,800		-4,738
of which for pensions	385		342	
Depreciation of intangible and tangible assets		-371		-488
Other operational expenditure		-7,397		-6,011
Dividends from associated companies		11,860		14,126
of which from affiliated companies	11,860		14,126	
Income from profit transfer agreement		3,355		3,175
Other interest and similar income		1,648		1,422
of which from affiliated companies	1,260		1,270	
Interest and similar expenditure		-5,008		-4,487
of which for affiliated companies	0		0	
EBT of ordinary activities		**7,161**		**11,552**
Extraordinary results		0		-2,688
Taxes on income and earnings and other taxes		1,519		2,406
EAT earning after taxes		**8,679**		**11,270**
Profit carried forward from previous year		2,461		1,440
Withdrawal from reserve for treasury stock		0		0
Transfer to other earnings reserves		-1,000		-5,000
Net income for the year		**10,140**		**7,710**

FURTHER INFORMATION

Further information

Glossary

Actuarial gains/losses
Impact of changes in actuarial parameters when calculating pension obligations.

Borrowings
Total assets less equity.

Cash Flow statement
Presentation of an organization’s liquidity during the course of a fiscal year, reflecting the origins of funds and the effects of allocating resources.

Cash Flow Hedge
Used to hedge against risks from cash flow fluctuations as a result of changes in interest rates.

Deferred taxes
Tax assets or liabilities reported in the balance sheet to equalize the difference between the tax debt actually assessed and the commercial tax burden based on the financial reporting in accordance with IFRS for the commercial balance sheet. The basis for determining deferred taxes is the difference between the value of the assets and liabilities reported in the balance sheet in accordance with IFRS and the local tax balance sheet.

Derivative financial instruments
Financial products for which valuation is based on the performance of the underlying instrument.

Dynamic gearing ratio
Net debt in relation to Free Cash Flow.

EBIT
Abbreviation for „Earnings before Interest and Taxes“. Operating income before interest and taxes.

EBITDA
Abbreviation for „Earnings before Interest, Taxes, Depreciation and Amortization“. Operating income before interest and taxes and depreciation / amortization.

Equity
Equity comprises funds from the equity holders available to the company as capital contributions and/or deposits and retained profits as well as equity attributable to minority interests.

Equity ratio
Equity in relation to total assets. The higher the indicator, the lower the level of indebtedness.

Return on Equity (ROE)
Net income in relation to equity.

Fair Value
Amount at which an asset would be transferred in an arm's-length transaction.

Free Cash Flow
Operating cash flow minus cash flow from investment activities. The free cash flow is available for dividend payments to shareholders, and to pay interest.

Goodwill
Positive differential between a company's purchase price and its net assets (assets minus debts).

Hedge accounting
Accounting treatment of hedge transactions.

IFRIC (International Financial Reporting Interpretations Committee – formerly SIC)
Concrete interpretations of individual IFRS.

IFRS/IAS (International Financial Reporting Standards – formerly IAS)
Accounting standards issued by an international committee (International Accounting Standards Committee) with the aim of creating transparent accounting that is comparable worldwide.

Impairment
Reduction in value that is performed as soon as the carrying amount of an asset is greater than its recoverable amount, i.e., the higher value which would result from either its sale or its continued use.

Margin
A margin represents the relationship of an indicator to sales

Net debt
Financial liabilities less cash and cash equivalents.

Plan assets
Assets which are held in long-term funds or qualified insurance policies to fulfill payments to employees.

Temporary differences
Differences between the carrying amount of an asset and its tax base.

Actuarial gains/losses
Effects of changes in actuarial parameters in the calculation of pension obligations.

Financial calendar

Interim Report Q1 2010
Friday, 14 May 2010

Annual Shareholder‘s Meeting
Tuesday, 8 June 2010

Interim Report Q2 2010
Friday, 13 August 2010

Interim Report Q3 2010
Friday, 12 November 2010

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Disclaimer

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