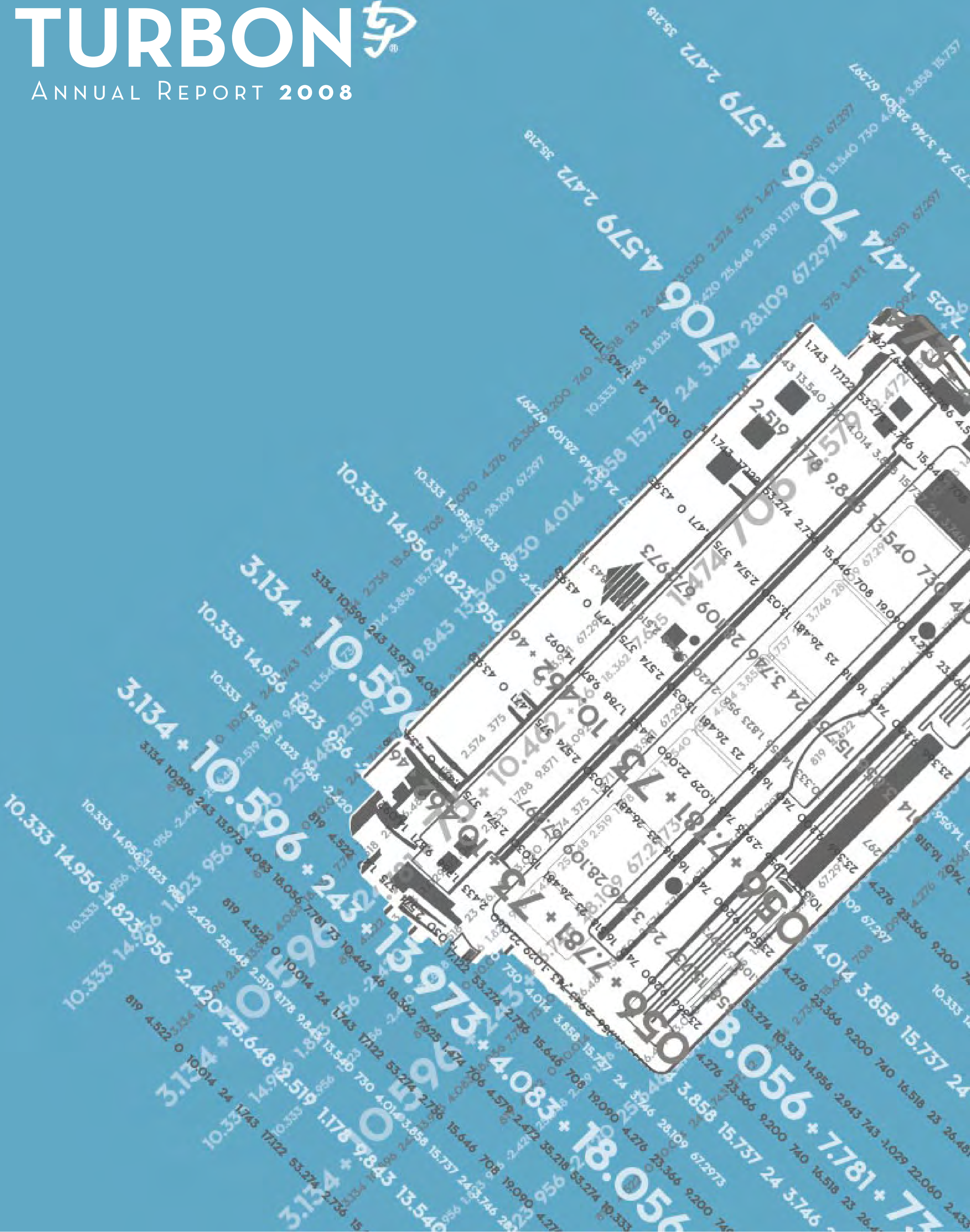
TURBON

ANNUAL REPORT **2008**



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At a glance

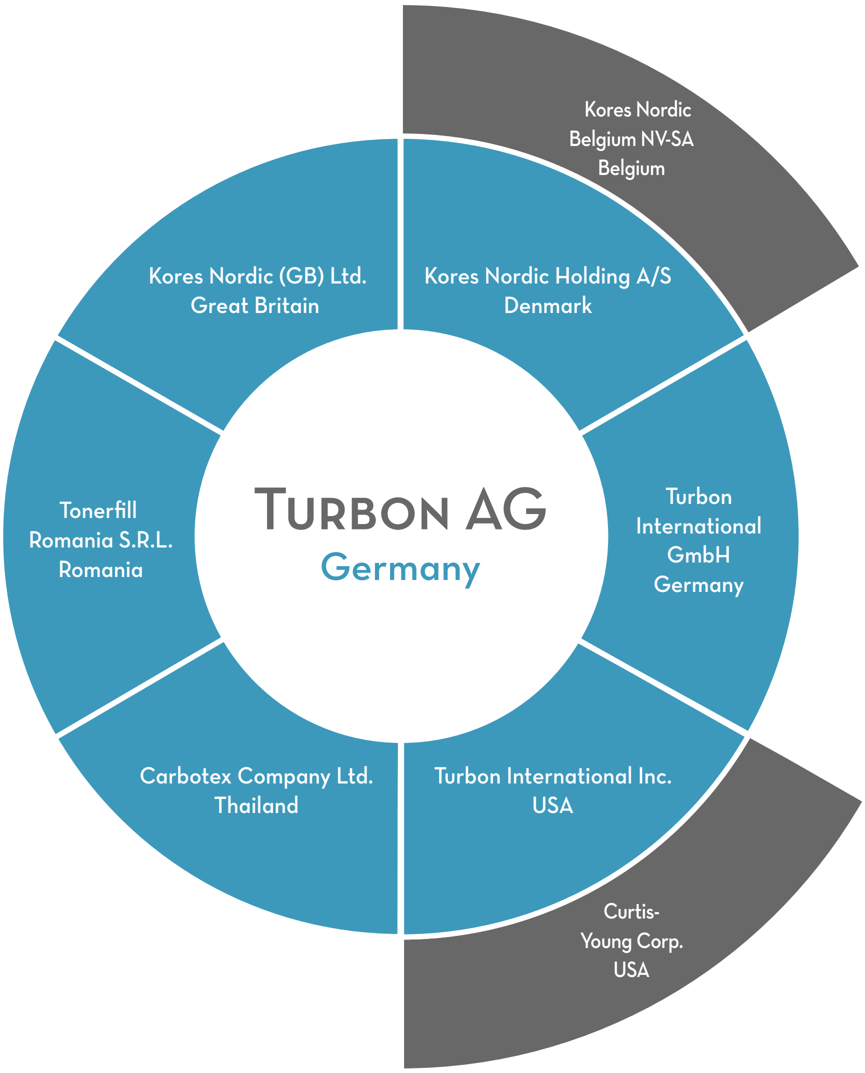
Turbon Group

	2008 1,000 Euro	2007 1,000 Euro	2006 1,000 Euro
Consolidated sales	98,324	122,516	128,820
Depreciation	1,395	2,945	2,151
Earnings before interest and taxes*	4,273	1,255	1,721
Result from ordinary operations*	2,899	-998	228
Group net earnings	1,607	76	-1,936
Cash Flow	2,910	3,085	741
Long-term assets	18,056	23,366	23,012
Short-term assets	35,218	43,931	61,878
Shareholders' equity	22,060	25,648	27,358
Net indebtedness**	5,292	12,230	18,606
Balance sheet total	53,274	67,297	84,890
Equity ratio	41.4%	38.1%	32.2%
Employees on average	1,151	1,329	1,374

* in 2006 excluding the provisions for restructuring measures
** Financial liabilities less liquid funds

Turbon Group

Operative Structure



This organigram gives an overview of the operative structure of the Turbon Group. The complete breakdown of shareholdings is shown on pages 56 and 57.

Combined Management Report of the Group and Turbon AG for the 2008 Fiscal Year

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

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

Business Environment in 2008

Global economy

The global economy weakened increasingly during 2008. Major factors contributing to the decline were the sharp increases in commodity prices in the first half of the year and the severe real-estate crisis in the United States.

The global financial crisis worsened as the year went on, accelerating the global economic downtrend. The economy in the Unites States remained reasonably robust in the first half thanks to monetary countermeasures adopted in the form of sharp cuts in interest rates. However, after that the US economy weakened considerably. In Europe, the downturn also intensified as the year went on, plunging some countries into recession.

Branch situation

During 2008, short term stated objectives were realized. Our focus on core laser toner cartridges and key customers provided positive results. Amidst an emerging turbulent world economy, our profitability combined with significant improved balance sheet position, shaped the positive 2008 results.

The sharp downturn in the current economy both in the US and Europe carries advantages and disadvantages for Turbon. Although overall laser consumption of OEM and after market cartridges will likely decrease, the cost saving opportunity for customer conversion from OEM to aftermarket products should be greater based on the significant cost savings to the consumer.

Turbon is positioned in a workable frame for 2009, even against a backdrop of significant reductions in global growth. Dedication to our operating model focusing on core customers and products, cost savings, reduction of working capital and elimination of financial debt will continue to dominate our business direction.

2008 Consolidated Financial Statements

Revenues

Consolidated sales in the 2008 fiscal year were Euro 98.3 million compared to Euro 122.5 million in the previous year. Behind the decrease was currency effect in the amount of Euro 5.6 million with the residual decline in the sale of non-core business products and overall customer attrition.

The percentage distributions of sales were as follows: Core Laser products accounted for 85.5% of aggregate sales, an increase over the previous year of 83.6%. Non-Core products and Rental income accounted for 14.5% in 2008 versus 16.4% for the previous year

In Europe we experienced a decrease in sales of Euro 17.6 million (Euro 14.9 million after currency effects). The reduced sales are primarily due to the market related decline of Euro 4.9 million in impact (printer ribbon cartridges) and other non core related products. Further reductions included a mentionable decrease of Euro 3.9 million from the change in a customer relationship; although the customer still remained with us during 2008 it was at significantly lower volume compared to past sales, and the remaining Euro 6.1 million was related to the closure of our Harlow location in the UK. Notwithstanding, Turbon has retained key UK customers and the margin decrease associated with this sales drop will be offset by the reduction in overhead expenses associated with the closure.

In the USA, our sales position has decreased by Euro 6.1 million (Euro 3.2 million after currency effects) and was mainly the result of the model changes in 2007. The decline in impact products and other non core products accounted for Euro 2.1 million of the decrease and the remaining Euro 1.1 million were as a result of our model changes which represented the elimination of customers with low margins and at the same time, high service costs.

Overall, we understand this revenue loss is significant and larger than we would like, however, it was necessary in order to make the structural changes needed to our financial operating model. This included focused reductions in product lines, customers and especially overheads.

Earnings before interest and taxes (EBIT) were Euro 4.3 million compared to Euro 1.3 million in 2007. The result from ordinary operations of Euro 2.9 million was an increase of Euro 3.9 million versus the Euro -1.0 million in the previous year. Turbon's 2008 result after tax is Euro 1.6 million compared to Euro 0.1 million in 2007.

The positive financial results were directly related to the change in our operating model, a concentration on core customers and core products, the elimination of business which required heavy capital outlays with small returns and the continued elimination of all overheads not contributing to profitability. We feel strongly that the above measures will continue to provide positive results in 2009 regardless of the overall worldwide economic situation.

The total income taxes accounted for in 2008 amounted to Euro 1.3 million which included an additional net change in deferred taxes of Euro 0.2 million. The overall higher tax rate in 2008 resulted mainly from a tax audit in Germany for the years 2003, 2004 and 2005.

Income from ordinary operations in the annual financial statement of Turbon AG was Euro 2.7 million versus Euro 3.1 million in the previous year. After taking account of taxes on income the result after tax was Euro 2.6 million compared to Euro 2.2 million in the previous year.

Earning per share of Euro 0.44 calculated based on the average share portfolio have increased versus a result per share of Euro 0.02 in the previous year.

Group's Financial Position and Net Worth

As forecasted in last years report, there was continued improvement of the consolidated balance sheet as of 12/31/08. Major highlights include reduction in inventories of Euro 8.1 million, the elimination of all third party bank debt and the subsequent positive effect on our overall cash position.

Fiscal year 2008 had a Euro 5.1 million change in fixed assets (Euro 14.0 million at 12/31/08 versus Euro 19.1 million the previous year) with real estate assets accounting for Euro 7.8 million at 12/31/08 versus Euro 11.8 million at 12/31/07. Along with the closure of our operation in Harlow, England, we have sold and made settlement on one part of the real estate and buildings in Harlow during January 2009. The remaining part is also under contract and is scheduled to close during Q4 of 2009. For this reason we have reclassified the real estate in Harlow, England, to "Assets Held for Sale".

Leading the balance sheet improvement for 2008 was the significant reduction of inventory at 12/31/08 of Euro 8.1 million (Dec 08 balance Euro 18.4 million) down from the previous year balance of Euro 26.5 million. Trade receivables were reduced to Euro 7.6 million from previous year balance of Euro 13.0 million. Turbon International GmbH, the German subsidiary, utilizes an accounts receivable factoring agreement under which on 12/31/2008 Euro 3.9 million in receivables were financed. On 12/31/2007 the financed receivables amounted to Euro 5.6 million.

We experienced a reduction in the overall 12/31/08 balance sheet total of Euro 14.0 million (Euro 53.3 at December 31, 2008 versus Euro 67.3 million the previous year) which were primarily fueled by the above-mentioned reduction of current assets.

Equity as of 12/31/08 was Euro 22.1 million versus Euro 25.6 million in the previous year. Increases in equity include final 2008 result of Euro 1.6 million. Reductions in equity against this were: final currency effect of Euro 3.1 million, the payment of Euro 1.8 million in dividends paid during 2008 and other effects in the amount of Euro 0.2 million. Subsequent equity per share was Euro 5.79 as of 12/31/08 (2007: Euro 6.35). Our equity ratio as of 12/31/08 improved to 41.4% (previous year was 38.1%) as a result of the improved balance sheet results.

Turbon's reduction in current assets allowed us to completely eliminate our bank debt during Q4 2008 (previous year Dec 2007 balance was Euro 3.9 million).

Net Financial Debt (NFD) dropped by Euro 6.9 million for the year to Euro 5.3 million at December 31, 2008. The makeup of NFD is mainly a long term fixed interest bearing bond in the amount of Euro 9.9 million (bond with repayment of interest only during the term and principle at the end, will be fully matured at July, 2013) less liquid assets of Euro 4.6 million. During Q1 2009, we have further improved our NFD position.

Not included in the consolidated balance sheet are two sale and lease back properties in Hattingen, Germany (company headquarters of Turbon AG and Turbon International GmbH) and Meerbusch (on a long term lease).

Sales Outlook considering the effect from the termination of the Corporate Express relationship

In January 2009, Turbon reported via an Ad Hoc statement, the termination of the supply relationship with Staples/Corporate Express in the United States. During 2008, this turnover totaled 38.8 million US Dollars and based on the existing wind down agreement, turnover for 2009 will be approximately 18,0 million US Dollars. Fiscal year 2010 turnover is expected to be zero.

The sales drop from Euro 122.5 million in 2007 to Euro 98.3 million in 2008 had many facets including currency differences of Euro 5.6 million, decline in impact and non core products of Euro 6.4 million, the intended loss of low margin customers and attrition due to the closure of our UK facility. Important to note, not withstanding the decline, our profitability and cash position increased significantly over the same time period. Realistically, with the loss of Staples/CEB revenue in the US we see another mentionable decline for 2009 to approximately Euro 80.0 million total. We fully expect this drop not to negatively effect profitability versus the 2008 results. In addition, our cash position will improve, as additional working capital will be pulled back in. Contributing to this effect primarily is the revenue decrease in the US from the termination of the Staples/CEB business. Based on the final prices requested by the new owner Staples, there was no chance for equivalent return on even incremental potential revenue. Couple this with the very heavy investment of capital required by the customer, (extended payment terms, and extensive minimum required inventory) would not allow Turbon a sufficient return on investment capital. Our sales professionals both in Europe and the USA are working on replacing this business with profitable sales, which carry a fair return on our working capital.

Market Performance

Our current market, in which we have had past success, is primarily the monochrome laser cartridge arena. This market is not growing. The overall significant remanufacturing market growth potential continues to be driven by colour laser cartridges and is currently dominated by the OEM's. During 2008, the OEM's accounted for approximately 90% of the total colour laser cartridges sold in North America and Europe. The entire after market accounted for only 10%. Therefore, the potential growth in this colour sector is very promising; particularly in our marketplace where colour is an emerging market yet to be dominated by any one manufacturer. In terms of total OEM cartridge sales, monochrome cartridges accounted for 60% of units sold versus OEM colour of 40%. This is contrasted to the aftermarket where 86% of remanufactured cartridges sold were monochrome versus 14% colour cartridges.

Our challenge is to produce colour products to perform equivalent to the OEM after the product has evolved through its first life cycle (as an OEM cartridge). Research and development personnel in our production facilities in Thailand and Romania work diligently and in close cooperation with our valuable raw material vendors in order to make continuous improvements in our production process and produce colour cartridges equal in quality with the OEM.

The opportunity for our high quality colour products is still in the early stages but gaining more acceptance every day. This is supported by our longstanding excellent reputation as a high quality manufacturer for monochrome laser cartridges. We must achieve a similar position in the colour laser market and utilize its growth potential to our company's benefit resulting in profitable sales.

During 2007 colour laser cartridges accounted for approximately 9.4% of total cartridge revenue. However, the trend increased during 2008 with 11.4% of world wide cartridge sales being from colour. This increasing colour result should continue into 2009 both in Europe and the USA.

Market Position

Our company continues to remain positioned in a very workable frame for the current and even more aggressive future economic climate.
We have experienced the continued consolidation of resellers of office supplies with the Staples/Corporate Express acquisition this past year.
This applies even further price pressures on both Turbon and our competitors. Our strong financial and balance sheet position allows us to not accept business that falls below our most minimum return criteria. Our overriding stated corporate goal is to secure the substance of our company and ensure long-term profitability. Therefore, our business decisions will continue to be guided by these principles. Protecting the current base of customers, optimizing tied up capital and being a leader in the aftermarket industry in the manufacture and distribution of colour laser cartridges will continue to be our platform to success.

Our structure has allowed us to reinforce our long-term relationships with remaining key accounts that continue to look for dependable partners in this volatile marketplace.

Key to our market position is the high quality of our products around the globe, very detailed logistics which match our customer requirements and a strong technical team that works closely with our trusted raw material vendors in qualifying and delivering the highest quality components for our final assembly. Turbon is the right partner for customers demanding product quality, environmentally friendly products and a trusted business partner that will work in cooperation with the customer to increase their profitability.

Profitability

The successful implementation of our changed model in full for the whole of 2008 resulted in the projected outcome. This included significant reductions in the amount of capital tied up, elimination of non-profitable business and a positive cash scenario at December 31, 2008 including zero bank debt. Additionally, worldwide interest expense for 2008 was approximately 40% lower than the prior year. We expect lower interest expenditures during 2009.

The full closure of our location in Harlow, England, took place with no major negative effect on our profitability. The closure was well prepared and executed in a smooth fashion culminating in January 2009. The UK market will continue to be serviced from our German distribution center, going forward. Consequently, utilizing the single distribution center servicing the whole of Europe will further improve our overall cost structure.

We will continue to aggressively pursue additional cost cutting opportunities and focus on accomplishing these measures at all Turbon locations. This has always been essential in a price dynamic industry like ours, but is even more important in the present economic environment. We are steadfast in our belief that our experience with implementing these measures will provide favorable profitability even through the current difficult economic situation.

Production in Thailand and Romania

Both production plants within Turbon perpetually utilize a continuous improvement process which is now very focused on all aspects of our colour product offering. We know that strides in this area will provide the greatest return to our company.

Our colour products have been well received during 2008 and the subsequent growth will be critical to our future success. Turbon has long been considered a leader in our industry with regard to the monochrome sector and our goal is to achieve the highest status in the customer's evaluation of our colour cartridges.

Our distribution locations in Europe and the US continue to provide cost effective channels to the customer from our manufacturing locations. Continued opportunities for cost reductions within our distribution channel are aggressively searched out and executed on a perpetual basis.

Both of our manufacturing plants now operate on a Zero Waste Concept basis. The goal of this process is to bring back as much recycled material to usable configuration as possible and avoid all waste, which requires disposal as a result of our production process. Both Turbon plants are also ISO 14001:2004 certified which mandates that we prevent pollution at the source wherever and whenever possible and continue to engineer and manufacture products that have a minimum effect on the environment. The goal is to conserve natural resources by the use of raw material reclamation and all other available methods.

Opportunities and Risks

As we head into 2009 we are very aware of two main risks. In most markets, the biggest risk will be a lack of cash and cash availability. For Turbon this is an accomplishment that has been attained during 2008 but needs constant focus for sustainability.

Secondly, our concentration on key world wide accounts has presented a risk for Turbon.
For 2009, our top five ongoing world wide customers will represent approximately 36% of total shipments. However, our flexible cost structure allows us to adjust quickly to attrition of lost customers as evidenced by the Staples acquisition of Corporate Express and the subsequent termination of our contract with Corporate Express. Although the loss of any key customer is never a desirable event in the short term, the ability to adjust, and in some way improve the internal process to account for dramatic fluctuation in revenue with far less impact on earnings is a long term strength of our company. Still, the possibility will always exist that we could lose another key account which must be guarded against.

Environment

The reconditioning of laser cartridges lends itself to the active protection of our environment.
Each reconditioned laser cartridge helps to avoid waste and returns valuable raw materials to the material flow. All Turbon manufacturing locations involved in the process are certified in accordance with environmental standard ISO 14001:2004.
The collection of used laser cartridges and the process of remanufacturing them into wholly reusable products complies with the rules of environmentally friendly production. These quality standards assume both the deployment of an environmental management system and the implementation of all relevant work safety regulations for employees. Work specifications and process instructions ensure the proper use of the production equipment and materials deployed

Personnel

The Turbon Group had an average of 1,151 employees in 2008 (1,329 in 2007). The number of employees as of December 31, 2008 was 987 (2007: 1,300). Added to these is temporary staff employed indirectly through a temporary employment agency in Thailand. These temporary staff numbered 616 as of December 31, 2008 (2007: 635). The reduction in number of employees was mainly caused by the closing of the location in Harlow, England, and to a lesser extent, reductions due to our model changes throughout all our group companies.

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

No subscription rights from the Turbon Stock Option Plan 2003 were issued in 2008. Moreover, no subscription rights were exercised in 2008.

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

Research and Development

Around Euro 1.0 million were spent on Research and Development in 2008. As in the previous year, these expenses (Euro 1.5 million) were almost exclusively for the sector of laser cartridges and predominately for test printers, test materials and mainly for personnel expenses relating to R&D. Ongoing research and development into the colour cartridge sector will comprise most of our efforts during 2009. We did succeed in reducing the overall development costs despite more development work by having these activities performed mainly at the locations in Thailand and Romania.

Capital expenditure

Capital expenditure on property, plant and equipment totalled Euro 0.8 million in 2008 (previous year Euro 1.2 million). These primarily involved replacements of production equipment and new capital expenditure in connection with the production of laser cartridges.

Risk report

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

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

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

Our cash management has been improved in 2008. All group companies report detailed cash data on a weekly basis to headquarters. An important part of the group wide cash management is the optimal allocation of our generated cash.

Due to the international nature of our business, we are exposed to a significant amount of varying risks. In order to minimize the financial consequences of potential damages, the appropriate amount of business insurance coverage has been analyzed and arranged. The scope and amounts of these insurances are continually reviewed and revised as necessary.

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

Procurement market risks

Our production locations require an adequate supply of previously used laser cartridges for our remanufacturing process to begin. These used cartridges (empties) are collected by our group distribution companies in both Europe and the USA. The Turbon Group has built a very efficient world wide collection structure which provides over 90% of the empties required by our manufacturing plants. Residual empties requirements are purchased outside of our company and usually carry a slightly higher purchase cost. Overall, the risk of insufficient empties availability has very much lessened over the last two years and is not a hindrance for Turbon.

Sales risks

There continues to be significant competition on prices in the current North American market environment, whereby a weakening US Dollar (versus the Euro) can affect selling prices. For 2009, overall we do expect market price reductions related to our monochrome product line offering. We will respond to this situation by continuing our cost reduction programs at all locations.

As previously mentioned, sales related risk due to our concentration on a relatively small number of key accounts, although greatly lessened, will continue to exist in 2009. Approximately 55% of world wide sales during 2008 were with our top five customers. With the attrition of Staples/CEB already in motion, during 2009 the top five ongoing customers will represent only 36% of total world wide revenue. By targeting mid size core customers in all world markets for profitable sales growth, this risk should continue to diminish in the future.

The Turbon Group meanwhile has a more flexible cost structure which allows faster cost changes to adapt to fluctuations in sales levels.

Default risks

We limit default risks by regularly analyzing the creditworthiness of our customer portfolios on the basis of a receivables management directive. Most customer receivables are insured by third party credit insurance, corporate guarantees or strict payment in advance terms. We have suffered only small losses in this area over the last years, mainly as a consequence of our strict credit policy. However, it is known that during these increasingly difficult economic times, our diligence must stay high in order to minimize this potential risk.

Liquidity risks

Over the last two years, Turbon has worked toward achieving sustainable financial strength.
Our credit facilities are covered through long term contracts and the underlying covenants are strictly monitored. At December 31, 2008, these facilities were firmly in place, but were not drawn upon.

Currency risks

As the Turbon Group transacts portions of its business in currency other than the Euro, currency fluctuations can affect earnings. Currency fluctuation risk has historically been very important as it relates to the US Dollar especially when coupled with high turnover, but recently the British Pound fluctuation also poses some increased risk as we also sell in local currency within England.

The USA and Great Britain are important sales marketplaces, and strong local currencies are regarded as positive for the operations of the Turbon Group. By increasingly purchasing raw materials in US Dollars around the world, we have succeeded in reducing the effects of US Dollar fluctuations through quasi natural hedging of our results. In addition, specific currency hedging instruments are also utilized.

Legal risks

Legal risks could potentially arise for the Turbon Group from changes in statutes or case law, most notably relating to environmental law. The transport of empties to our manufacturing locations is critical for our success; therefore, we take great diligence in ensuring that we comply with all statutory requirements, (most times exceeding the requirements) and in cooperating very closely with the responsible local authorities in Europe and Asia. This cooperation enables us to stay very current with any changes in local regulations. In addition, our two production locations are certified in accordance with ISO 14001:2004. This standard governs the environmental management system of duly certified companies.

Overall risk

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

Information required by § 315 (2) and (4) Commercial Code (HGB)

On 12/31/2008 Turbon AG's subscribed capital of Euro 10,333 thousand was divided into 3,812,000 no par registered shares with voting rights. There were no differing classes of stocks. 170,000 shares were in the possession of Turbon AG.

On February 5, 2009 the extraordinary shareholder meeting of Turbon AG passed the resolution to redeem the above mentioned 170,000 shares in the possession of Turbon AG by way of redemption without capital reduction by adapting the pro-rata value of the no par shares in the capital stock of the company in accordance with § 237 (3) Stock-Corporation Act (Aktiengesetz). The Executive Board prompted the redemption on February 9, 2009. The capital stock of the Company remains unchanged at Euro 10,333,208.93 and is now divided into 3,642,000 no par shares with voting rights.

On February 5, 2009 the extraordinary shareholder meeting of Turbon AG authorized the Executive Board, with the consent of the Supervisory Board, to acquire stocks of the company representing a maximum of 10 per cent of the capital stock. The power can be exercised for part amounts, once or several times. Based on this authorization the Executive Board submitted to the shareholders on March 24, 2009 a share buyback offer for up to 250,000 shares.

Direct or indirect shareholdings in the capital of Turbon AG that exceed 10% of voting rights as of December 31, 2008 existed as follows:
Holger Brückmann-Turbon held 27.78% of which 27.02% were held indirectly via HBT Holdings GmbH, Schwelm (December 31, 2007: 26.20% and February 9, 2009: 29.08%), NCR Augsburg GmbH (subsidiary of NCR Corporation, Dayton, OH, USA) held 27.54% (December 31, 2007: 25.98% and February 9, 2009 28.83%) and Gothaer Lebensversicherung AG held 10.49% (December 31, 2007: 9.90% and February 9, 2009: 10.98%) in Turbon AG. .

On March 31, 2009 HBT Holdings GmbH purchased 150,000 Turbon AG shares (4.12%) from Gothaer Lebensversicherung AG. As HBT Holdings GmbH held already 1,030,000 shares (28.28%) of Turbon AG at the time of the purchase, HBT Holdings GmbH obtained control over Turbon AG according to § 29 (2) WpÜG.

HBT Holdings GmbH has informed Turbon AG on March 31, 2009 that it will submit a mandatory offer to the shareholders of Turbon AG to purchase their shares. The offer price will be Euro 2.95 per share of Turbon AG.

Holger Brückmann-Turbon now holds 33.20% of the shares of which 32.40% are held indirectly via HBT Holdings GmbH, Schwelm.

Gothaer Lebensversicherung AG now holds 6.86% of Turbon shares.

There are no special shareholder rights that give controlling powers. Employees, after exercising their options under the existing stock option plans, hold shares in the capital of the company. They exercise the rights of control accruing to them from the same directly.

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

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

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

There are no agreements with Turbon AG conditional on a change of control as a consequence of a take-over bid.

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

Compensation report

The compensation of members of the Supervisory Board is determined in Article 18 of the Articles of Association. The compensation paid to the Executive Board includes fixed and variable elements. Executive Board members receive an annual fixed salary, contributions towards social insurance and, with the exception of Mr. DeLuca who receives a car allowance instead, a company car with a right of private use. As variable compensation, Executive Board members have a chance to earn an annual bonus based on group earnings and cash flow.

Outlook

Considering the overall economic climate, securing the substance and by this the value of our company will be the centre of our activities. We will continue to work profitably and continue our efforts to build relationships with new customers but with the qualifying parameter of a fair return on all new customer business. With this in mind our revenue target in 2009 is 80,0 million Euro.

In addition, our goal is to again accomplish a distinct positive cash flow in order to enable us to continue dividend payments at an attractive level.

All in all we expect for 2009, even with reduced sales volume, at minimum stable earnings figures when compared to 2008. This, coupled with our ongoing improved balance sheet position will provide new strategic options for our company.

Hattingen, April 2009
The Executive Board

Supervisory Board Report for the 2008 Fiscal Year

The Supervisory Board reviewed the economic development and strategic orientation of Turbon Group in a total of four meetings in 2008.

The Executive Board also informed the Supervisory Board at regular intervals of the business and financial position of the company and coordinated all important decisions and measures with the latter. A major part of the collaboration involved implementation of the operating model within all group companies. The Executive Board has reported in detail on the progress made in its Management Report.

The targeted simplification of the corporate structure was further reached with the closure of the Harlow location. Mr. Howard, who had been responsible for this location as co-spokesman of the Executive Board, left the Executive Board on age grounds at the end of 2008. The Supervisory Board has appointed Mr. DeLuca as sole Executive-Board spokesman of Turbon AG.

At its meeting in November 2008, the Supervisory Board approved the Executive Boards proposal to redeem Turbon AG shares in two stages and to obtain new empowerments to acquire own shares at the extraordinary Shareholders' Meeting on February 5, 2009. The Supervisory Board also approved the partial use of this power in the form of a public buyback offer in March 2009.

Dr. Nuber resigned from office as chairman of the Supervisory Board in November 2008 for personal reasons and from office as Supervisory Board member at the extraordinary Shareholders' Meeting on February 5, 2009. The Supervisory Board elected Mr. Scholten as new chairman of the Supervisory Board in November. Mr. Hertrich was elected as a new member of the Supervisory Board by the extraordinary Shareholders' Meeting.

The Supervisory Board worked with the further development of the Corporate Governance principles within the company based on the new version of the Corporate Governance Code, and discussed the same in its meeting in November 2008. Other recommendations made in the Code (i.e. the formation of committees) were then implemented. In November 2008, the Executive Board and the Supervisory Board submitted a new declaration of conformity in accordance with § 161 Stock-Corporation Act (AktG).

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

The auditors of the financial statements, BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf, audited the annual financial statements of Turbon AG, the combined management report and group management report and the consolidated financial statements. The conclusion drawn is that Turbon has complied with the provisions of HGB and the IFRS respectively. The auditors have given both the annual financial statements and the consolidated financial statements an unqualified mark of approval. The annual financial statements, the combined management report and group management report, the consolidated financial statements, and the auditor's reports were made available to all Supervisory Board members. During the Supervisory Board meeting the annual financial statements, were discussed in detail in the presence of the auditor.

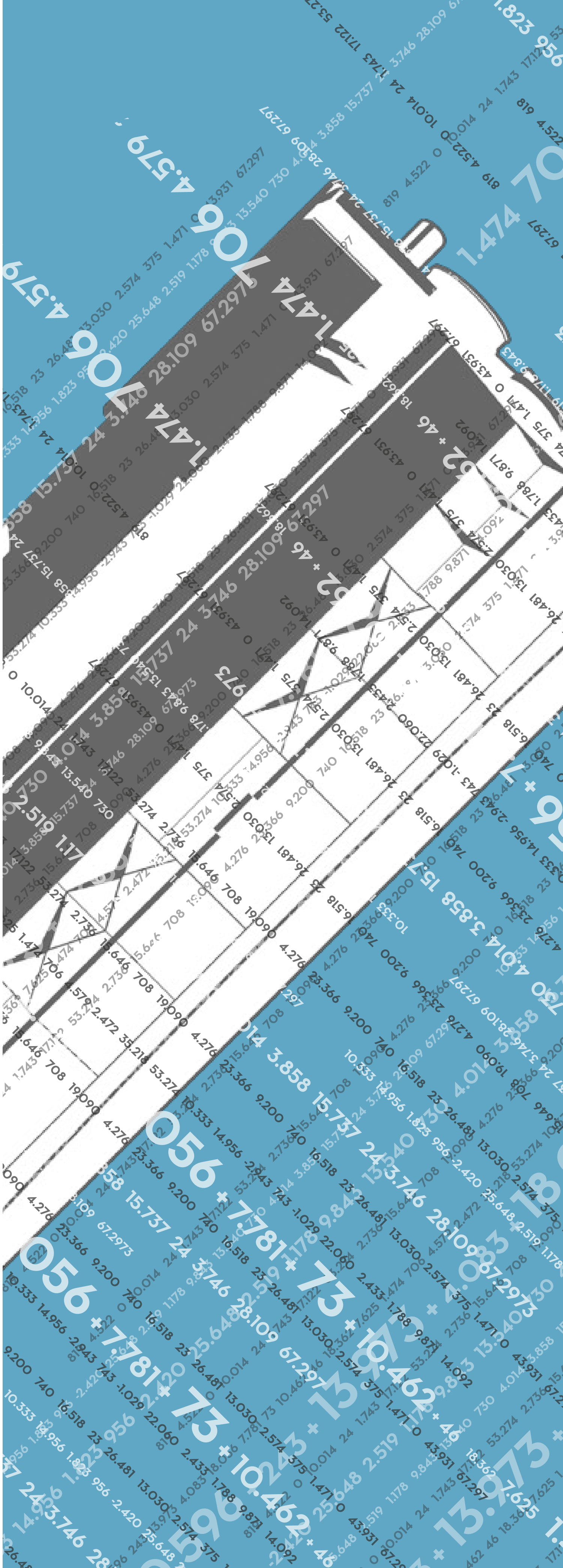
We examined the annual financial statements, the combined management report and group management report, the consolidated financial statements and the proposal for the appropriation of the retained earnings. Our examination covered the completeness and content of the documents and the matters prescribed by § 289 (4) and § 315 (4) Commercial Code (HGB). No objections were raised. For this reason, we agree with the results of the audit of the financial statements. We hereby approve the annual financial statements and consolidated financial statements prepared by the Executive Board. The financial statements are thereby adopted. We agree with the combined management report and the assessment of the future development of the Turbon Group. Supervisory Board and Executive Board have jointly decided to propose payment of a dividend of Euro 0.25 per share at the Annual Meeting of Shareholders to be held in Hattingen on June 18, 2009.

The Supervisory Board would like to thank company management and all employees for their good work and great commitment in the 2008 fiscal year.

Hattingen, April 2009

For the Supervisory Board

Hans-Joachim Scholten
Chairman



Consolidated Balance Sheet - Turbon Group

as of December 31, 2008

Assets

	Notes	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro
Long-term assets			
Intangible assets	(1)	3,134	2,736
Tangible assets	(1)	10,596	15,646
Financial assets	(1)	243	708
		13,973	19,090
Deferred tax assets		4,083	4,276
		18,056	**23,366**
Short-term assets			
Inventories	(2)		
Raw materials and supplies		7,781	9,200
Work in progress		73	740
Finished goods and trading stocks		10,462	16,518
Advance payments		46	23
		18,362	26,481
Trade receivables	(3)	7,625	13,030
Other assets	(4)	1,474	2,574
Income tax assets	(5)	706	375
Cash and cash equivalents	(6)	4,579	1,471
Assets held for sale	(7)	2,472	0
		35,218	**43,931**
		53,274	**67,297**

Shareholders' Equity and Liabilities

	Notes	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro
Shareholders' Equity	(8)		
Subscribed capital		10,333	10,333
Capital reserves		14,956	14,956
Revenue reserves		-2,942	1,823
Retained earnings		742	956
Treasury stock		-1,029	-2,420
		22,060	**25,648**
Long-term liabilities			
Pension reserves	(9)	2,433	2,519
Deferred tax liabilities	(10)	1,788	1,178
Fixed interest bond		9,871	9,843
		14,092	**13,540**
Short-term liabilities			
Accrued taxes	(10)	819	730
Other reserves and accrued liabilities	(10)	4,522	4,014
Liabilities due to banks		0	3,858
Trade payables		10,014	15,737
Liabilities due to other group companies		24	24
Other liabilities	(11)	1,743	3,746
		17,122	**28,109**
		53,274	**67,297**

Consolidated Statement of Income - Turbon Group

for the period from January 01 until December 31, 2008

	Notes	2008 1,000 Euro	Previous Year 1,000 Euro
Sales	(12)	98,324	122,516
Cost of sales	(17)	-80,037	-103,029
Gross profit		**18,287**	**19,487**
Selling expenses		-7,260	-9,310
Administrative expenses		-6,415	-7,297
Other operating income	(13)	1,082	728
Other operating expenses	(14)	-1,421	-2,353
Earnings before interest and tax		**4,273**	**1,255**
Financial income		94	24
Financial expense		-1,468	-2,277
Financial result		-1,374	-2,253
Result from ordinary operations		**2,899**	**-998**
Taxes on income	(15)	-1,292	1,074
Group net income for the year		**1,607**	**76**
Profit brought forward from previous year		956	880
Profit distribution		-1,821	0
Retained earnings		**742**	**956**
Undiluted earnings per share (in Euro)	(16)	**0.44**	**0.02**
Diluted earnings per share (in Euro)	(16)	**0.43**	**0.02**

Consolidated Statement of Changes in Shareholders' Equity - Turbon Group

as of December 31, 2008

	Subscribed capital 1,000 Euro	Capital reserves 1,000 Euro	Revenue reserves 1,000 Euro	Reserve for actuarial gains and losses 1,000 Euro	Exchange rate differences 1,000 Euro
At January 1, 2007	**10,333**	**14,956**	**3,982**	**463**	**-1,045**
Group net income for the year					
Change in revenue reserves					
Actuarial gains and losses				978	
Deferred taxes					
Exchange rate differences and other changes			-133		-2,559
At December 31, 2007	**10,333**	**14,956**	**3,849**	**1,441**	**-3,604**
2007 dividends (0.50 € per share)					
Group net income for the year					
Redemption of own shares			-1,391		
Actuarial gains and losses				28	
Deferred taxes					
Exchange rate differences and other changes			12		-3,152
At December 31, 2008	**10,333**	**14,956**	**2,470**	**1,469**	**-6,756**

Deferred taxes on value changes directly recognised in Equity 1,000 Euro	Retained earnings 1,000 Euro	Treasury stock 1,000 Euro	Total 1,000 Euro
209	**880**	**-2,420**	**27,358**
	76		76
			0
			978
-72			-72
			-2,692
137	**956**	**-2,420**	**25,648**
	-1,821		-1,821
	1,607		1,607
		1,391	0
			28
-262			-262
			-3,140
-125	**742**	**-1,029**	**22,060**

Statement of recognized Income and Expenses as of December 31, 2008

	2008 1,000 Euro	Previous Year 1,000 Euro
Exchange rate differences	-3,152	-2,559
Change in pension reserves	28	978
Change in deferred taxes	-262	-72
Other changes	12	-133
Income and expenses directly offset against shareholders' equity	**-3,374**	**-1,786**
Net income for the year	1,607	76
Total income and expenses for the year	**-1,767**	**-1,710**

Consolidated Cash Flow Statement - Turbon Group

for the period from January 01 until December 31, 2008

	2008 1,000 Euro	Previous Year 1,000 Euro
Group net income for the year	1,607	76
Depreciation of fixed assets	1,395	2,945
Write-up of fixed assets	-10	0
Change in pension reserves	-86	-691
Other non-cash expenses and income	4	755
Cash flow	**2,910**	**3,085**
Result on disposals of fixed assets	-119	-284
Change in inventories	8,119	12,335
Change in trade receivables	5,405	4,889
Change in other assets	962	-906
Change in short-term provisions	597	-2.573
Change in trade payables	-5,723	-7,632
Change in other liabilities	-1,365	748
Non cash-effects	-2,851	-1,010
Cash flow from operating activities	**7,935**	**8,652**
Purchase of intangible assets	-52	-90
Purchase of tangible assets	-765	-1,190
Purchase of financial assets	0	-1,435
Proceeds from disposals of fixed assets	447	527
Cash flow from investing activities	**370**	**-2,188**
Dividend payment	-1,821	0
Changes in scope of consolidation	-176	0
Redemption of own shares	1,400	0
Change in bank loans	-3,858	-5,736
Cash flow from financing activities	**-4,455**	**-5,736**
Change in cash funds from cash relevant transactions	3,110	728
Exchange rate related change in cash funds	-2	-88
Cash funds at the beginning of the period	1,471	831
Cash funds at the end of the period	**4,579**	**1,471**
Cash flow from operating activities includes:		
Interest payment	-1,189	-1,833
Income tax payment	-861	-931

Notes to the Consolidated Financial Statements of the Turbon Group

General information

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

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

The Executive Board prepared the consolidated financial statements and group management reports as of December 31, 2008 on April 09, 2009 and approved their submission to the Supervisory Board.

Principles of Accounting

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

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

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

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

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

The accounting and valuation principles applied in the consolidated financial statements of Turbon AG as of December 31, 2007 have been retained.

Changes in accounting and valuation methods

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

Standard/Interpretation		Mandatory application	EU commission use	Impact
IAS 39 / IFRS 7	Reclassifying of Financial instruments	Jul. 1, 2008	yes	none
IFRIC 11	IFRS 2: Group and Treasury share Transactions	Mar. 1, 2007	yes	no major
IFRIC 12	Service Concession Arrangements	Jan. 1,2008	no	none
IFRIC 14	The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	Jan. 1, 2008	yes	none

New Accounting standards

The following overview presents published standards and interpretations whose application is not yet mandatory:

Standard/Interpretation		Mandatory application	EU commission use	Impact
IAS 1	Presentation of Financial Statements	Jan. 1, 2009	yes	New order of statements
IAS 23	Borrowing Costs	Jan. 1, 2009	yes	none
IAS 27	Consolidated and separate financial statements: divers changes	Jul. 1, 2009	no	none
IAS 32	Distinction between equity and debt in accounting	Jan. 1, 2009	no	none
IAS 39	One-sided risk hedging using options	Jul. 1, 2009	no	none
IFRIC 13	Customer Loyalty Programs	Jul. 1, 2008	yes	none
IFRIC 15	Agreements for the construction of real estate	Jan. 1, 2009	no	none
IFRIC 16	Hedges of a net investment in a foreign operation	Oct. 1, 2008	no	none
IFRIC 17	Obligation to distribute a non-cash dividend	Jul. 1, 2009	no	none
IFRIC 18	Transfer of assets from customer	Jul. 1, 2009	no	none
IFRS 1	First time adoption of IFRS	Jul. 1, 2009	no	none
IFRS 2	Revision: Share-based payment: Exercise conditions and cancellations	Jan. 1, 2009	yes	none
IFRS 3	Business combinations	Jul. 1, 2009	no	none
IFRS 8	Operating Segments	Jan. 1, 2009	yes	Segment Reporting

Consolidated companies

Included in the consolidated financial statements in addition to Turbon AG are 3 German and 11 foreign companies in which Turbon AG directly or indirectly holds the majority of voting rights or exercises uniform management. The number of consolidated companies has reduced by five in comparison to the previous year.

Carbotex Beteiligungs GbR, Hattingen, which was included in the consolidated financial statements in the previous year for the first time, assigned its shares in Carbotex Company Ltd., Thailand, to Carbotex Beteiligungs GmbH, Hattingen. Carbotex Beteiligungs GmbH was included in the consolidated financial statements for the first time.

The consolidation of JetFill Inc., Cinnaminson, and GEWA Ribbons Ltd., Boulder, in Curtis-Young Corporation, Cinnaminson (NJ), USA in January 2008 had no effect on the consolidated financial statements.

Together with the company not consolidated in the previous year, two other subsidiaries, namely Tonerfill B.V and TLC Tonerfill Logistic Centre B.V., both Netherlands, which are of minor importance for the conveyance of a true and fair view of the net worth, the financial and income position of the Group, are no longer included in the consolidated financial statements. The list of shareholdings shows the subsidiaries included and not included in the consolidated financial statements. The annual results shown there were already recognized in the 2007 consolidated financial statements.

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

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

Methods of consolidation

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

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

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

Intercompany expenses and incomes are eliminated.

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

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

Currency translation

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

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

In the statement of fixed assets, the status at the beginning and the end of the fiscal year is translated into Euros at the relevant average daily rate on the balance sheet date and other items at the average annual rate; the difference resulting from changes in exchange rates is shown separately as currency difference.

The exchange rates of the currencies have changed as follows:

	Rate on effective date		Average rate	
1 EUR =	Dec. 31, 2008	Dec. 31, 2007	2008	2007
USD	1.3977	1.4716	1.4709	1.3703
GBP	0.9600	0.7346	0.7967	0.6845
THB	48.8550	43.8250	48.7724	44.4306
DKK	7.4518	7.4622	7.4574	7.4507
RON	4.0413	3.6280	3.6982	3.3511

Accounting and valuation methods

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

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

Property, plant and equipment are depreciated on a straight line basis over the forecast useful life. Low value assets are written off in full in their year of acquisition.

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

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

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

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

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

The shares in non-consolidated subsidiaries shown in the financial assets and the loans listed there are assigned to the category "available for sale".

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

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

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

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

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

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

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

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

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

Liabilities are carried at amortized cost in the balance sheet.

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

Expenses on research and development are recognized as expenses.

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

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

Use of estimates

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

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

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

Capital risk management

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

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

Explanations of the Consolidated Balance Sheet

(1) Non-current assets

Developments in the period from January 01 to December 31, 2007

	At cost				
	Balance Jan. 01, 2007 1,000 Euro	Additions 1,000 Euro	Transfers 1,000 Euro	Disposals 1,000 Euro	Differences from currency conversion 1,000 Euro
Intangible assets					
Concessions, industrial-property and similar rights and assets as well as licenses thereto	4,685	90	0	-82	-127
	4,685	**90**	**0**	**-82**	**-127**
Tangible assets					
Land, equivalents titles and buildings (including on leased land)	14,317	147	78	-411	-450
Production, plant and machinery	32,812	585	77	-5,297	-1,323
Other plant, factory and office equipment	34,298	422	2	-2,171	-238
Advance payments and construction in progress	157	36	-157	0	-2
	81,584	**1,190**	**0**	**-7,879**	**-2,013**
Financial assets					
Participations	49	1,383	0	0	0
Loans due from other group companies	236	0	0	0	0
Other loans	229	0	0	0	0
	514	**1,383**	**0**	**0**	**0**
	86,783	**2,663**	**0**	**-7,961**	**-2,140**

	Accumulated depreciation					Book values	
Balance Dec. 31, 2007 1,000 Euro	Balance Jan. 01, 2007 1,000 Euro	Depreciation during financial year 1,000 Euro	Disposals 1,000 Euro	Differences from currency conversion 1,000 Euro	Balance Dec. 31, 2007 1,000 Euro	Balance Dec. 31, 2007 1,000 Euro	Balance previous year 1,000 Euro
4,566	1,528	328	0	-26	1,830	2,736	3,157
4,566	**1,528**	**328**	**0**	**-26**	**1,830**	**2,736**	**3,157**
13,681	1,995	355	-411	-66	1,873	11,808	12,322
26,854	30,389	776	-5,222	-1,210	24,733	2,121	2,423
32,313	32,392	526	-2,137	-151	30,630	1,683	1,906
34	0	0	0	0	0	34	157
72,882	**64,776**	**1,657**	**-7,770**	**-1,427**	**57,236**	**15,646**	**16,808**
1,432	0	908	0	0	908	524	49
236	0	52	0	0	52	184	236
229	229	0	0	0	229	0	0
1,897	**229**	**960**	**0**	**0**	**1,189**	**708**	**285**
79,345	**66,533**	**2,945**	**-7,770**	**-1,453**	**60,255**	**19,090**	**20,250**

Development in the period from January 01 until December 31, 2008

	At cost					
	Balance Jan. 01, 2008 1,000 Euro	Additions 1,000 Euro	Transfers 1,000 Euro	Disposals 1,000 Euro	Differences from currency conversion 1,000 Euro	Balance Dec. 31, 2008 1,000 Euro
Intangible assets						
Concessions, industrial-property and similar rights and assets as well as licenses thereto	4,566	512	0	-146	45	4,977
	4,566	**512**	**0**	**-146**	**45**	**4,977**
Tangible assets						
Land, equivalents titles and buildings (including on leased land)	13,681	51	21	-3,589	-343	9,821
Production, plant and machinery	26,854	220	67	-8,669	-1,461	17,011
Other plant, factory and office equipment	32,313	397	8	-3,388	-682	28,648
Advance payments and construction in progress	34	97	-96	0	-3	32
	72,882	**765**	**0**	**-15,646**	**-2,489**	**55,512**
Financial assets						
Participations	1,432	0	0	-1,383	0	49
Loans due from other group companies	236	0	0	0	0	236
Other loans	229	0	0	0	0	229
	1,897	**0**	**0**	**-1,383**	**0**	**514**
	79,345	**1,277**	**0**	**-17,175**	**-2,444**	**61,003**

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

Intangible assets include a new trademark right with indefinite useful life, because the trademark can be used on a long-term basis. The period during which this trademark generates economic benefits cannot be defined, as its permanent use by the Turbon Group is intended. The carrying value of this trademark right was Euro 460 thousand on the balance-sheet date.

(2) Inventories

	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro
Raw materials and supplies	7,781	9,200
Work in progress	73	740
Finished goods and trading stocks	10,462	16,518
Advance payments	46	23
	18,362	**26,481**

Write-downs on inventories in the amount of Euro 862 thousand (previous year: Euro 2,014) were made in the fiscal year ended. Expenses in the current fiscal year include Euro 136 thousand reduction in overhead application on finished products procured from the production sites in Romania and Thailand.

(3) Trade receivables

Trade receivables shown for Turbon International GmbH, the German subsidiary, in the amount of Euro 3,915 thousand (previous year: Euro 5,618 thousand) have been financed under a factoring agreement.

(4) Other assets

Composition of other assets

	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro
Claims arising from other taxes	488	1,102
Deferred charges and prepaid expenses	585	1,074
Other assets	401	398
	1,474	**2,574**

Other assets have a term to maturity of less than 12 months.

(5) Income-tax claims

Income tax claims mainly results from overpayments to the calculated expenses as well as deducted capital return taxes.

(6) Liquid assets

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

(7) Assets held for sale

Following the site closure in Harlow, England, a part of the building there was sold in January 2009. The other part is under contract and is to be relinquished in Q4/2009. For this reason, the building in Harlow, England, is now classified as “Assets held for sale” under IFRS 5.

(8) Shareholders’ Equity

The share capital of the Turbon AG is Euro 10,333 thousand (previous year: Euro 10,333 thousand and is divided up into 3,812,000 (2007: 4,042,000) no par registered shares. As in the previous year, 170,000 treasury shares held by Turbon AG have been distinguished from equity (previous year 400,000). On November 19, 2008 the Executive Board decided to redeem 230,000 shares and increase the stake of the remaining shares in the share capital in accordance with § 8 (3) Stock-Corporation Act (AktG). On February 5, 2009, the extraordinary shareholders meeting of Turbon AG resolved to redeem 170,000 treasury shares.

Contingent capital as of December 31, 2008 in aggregate is Euro 127 thousand (previous year: Euro 915 thousand).

The annual meeting of shareholders on June 12, 2003 contingently raised the share capital of Turbon AG by a nominal sum up to Euro 511 thousand by issuing up to 200,000 no par value registered shares (contingent capital II).

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

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

Subscription rights issued in	Base price in Euro	Subscription rights issued	Subscription rights exercised	Subscription rights outstanding Dec. 31, 2008
2003	6.08	19,000	-	-
2004	10.14	38,500	-	31,500
2005	8.92	21,500	-	18,000
2006	8.24	-	-	-
2007	5.49	-	-	-

No subscription rights under Turbon stock option plan of 2003 were exercised in the year under review. As in the previous year, no expenses arose from the option program.

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

Changes in group equity are shown on page 22. These include the statement of changes in equity to be shown as per IAS 1.96 under the heading "Statement of recognized income and expenses". This statement includes not only the net income for the year from the income statement but also those items that must be shown in equity under various IAS/IFRS requirements.

(9) Provisions for pensions

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

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

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

The valuation is based on the following assumptions.

	Dec. 31, 2008	Dec. 31, 2007
Discount rate	5.85%	5.50%
Projected wage / salary growth	0.00%	0.00%
Projected pension growth	1.00 - 3.00%	1.00 - 3.00%
Fluctuation	0.00%	0.00%
Projected return on plan assets	5.00%	5.00%
Pension age	65	65

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

The pension values from the projected unit credit method and the market values of fund investments have changed as follows in the fiscal years 2008 and 2007:

	2008 1,000 Euro	Previous Year 1,000 Euro
Defined benefit obligation end of prior year	**11,521**	**13,430**
Changes in scope of consolidation	-3	0
Current service cost	12	13
Interest cost	635	672
Actuarial gains (+) / losses (-)	28	-978
Benefits paid	-520	-604
Changes in currency	-2,313	-1,012
Defined benefit obligation end of current year	**9,360**	**11,521**

Plan assets changed as follows in the fiscal years 2008 and 2007:

	2008 1,000 Euro	Previous Year 1,000 Euro
Plan assets end of prior year	**9,002**	**10,220**
Return on plan assets	398	98
Employer contribution on plan assets	52	68
Benefits paid by plan assets	-410	-494
Changes in currency	-2,115	-890
Plan assets end of current year	**6,927**	**9,002**

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

Total expenses on pension commitments are comprised as follows:

	2008 1,000 Euro	Previous Year 1,000 Euro
Cost of obligations acquired during the year	12	13
Interest expenses on present value of pension obligations	635	672
Expected return on plan assets	-429	-489
Expense for commitments	**218**	**196**
Actuarial results offset against shareholders' equity	28	-978
Total expense for commitments	**246**	**-782**

The pension provision is calculated as follows:

	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro	Dec. 31, 2006 1,000 Euro	Dec. 31, 2005 1,000 Euro	Dec. 31, 2004 1,000 Euro
Present value of unfunded obligations	1,995	2,062	2,061	1,532	1,500
Present value of funded obligations	7,366	9,460	11,369	12,003	10,714
Present value of pension obligations	9,360	11,521	13,430	13,535	12,214
Fair value of plan assets	-6,927	-9,002	-10,220	-10,431	-9,480
Present value of pension obligations less plan assets	2,433	2,519	3,210	3,104	2,735
Unrecognised actuarial results	0	0	0	-185	-160
Provision in accordance with IAS 19	**2,433**	**2,519**	**3,210**	**2,919**	**2,575**

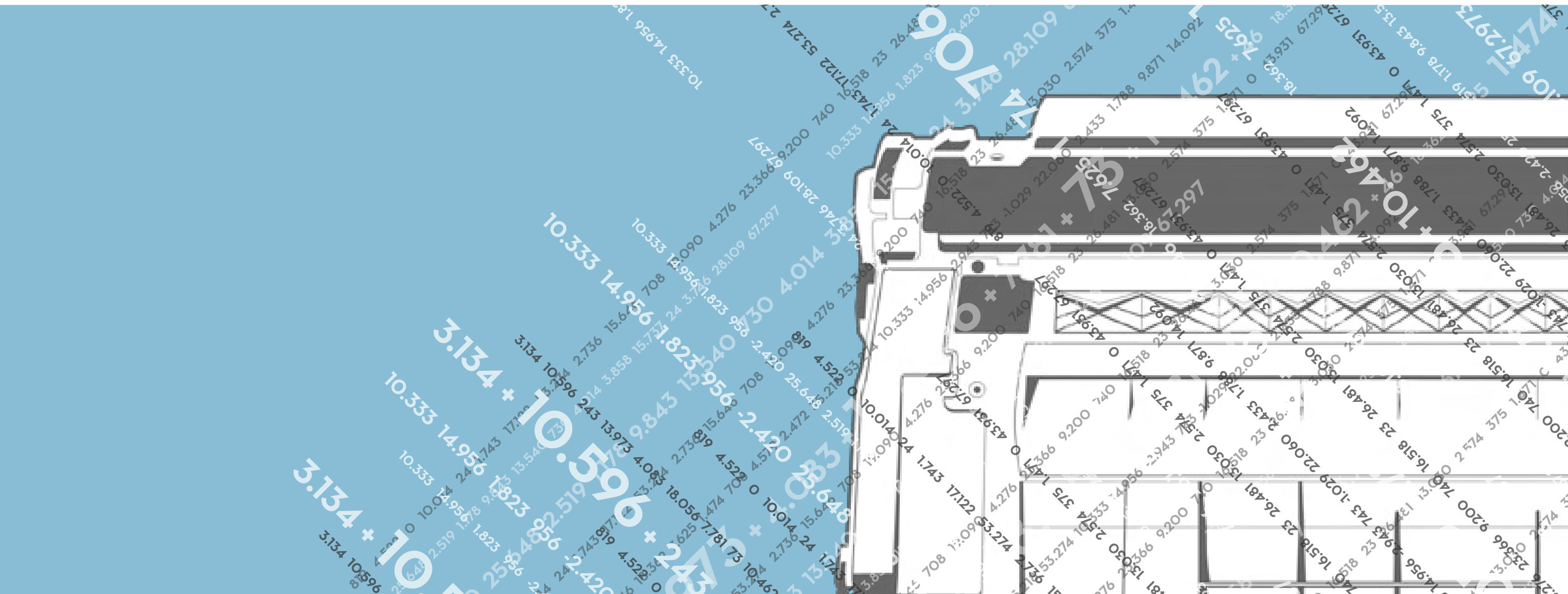
Pension plans and obligations are valued at regular intervals. Actuarial investigations are performed each year for all significant entities.

(10) Provisions

Changes in provisions were as follows:

	Balance Jan. 01, 2008 1,000 Euro	Currency conversion 1,000 Euro	Changes in scope of consolidation 1,000 Euro	With-drawal 1,000 Euro	Release 1,000 Euro	Allocation 1,000 Euro	Balance Dec. 31, 2008 1,000 Euro
Pension reserves	2,519	-113	-2	-178	0	207	2,433
Accrued taxes	1,908	-75	0	-1,588	0	2,362	2,607
Other reserves and accrued liabilities	4,014	26	-172	-3,418	-245	4,317	4,522
Thereof obligations to employees	724	-19	0	-500	0	1,090	1,295
Thereof business-related commitments	3,290	45	-172	-2,918	-245	3,227	3,227

Provisions for income taxes include Euro 1,788 thousand for long-term deferred tax assets (previous year Euro 1,178 thousand). Other provisions include provisions for obligations from the sector of personnel, for advertising costs, for bonuses and provisions for various individual risks.



(11) Other liabilities

Other liabilities include liabilities for other taxes of Euro 200 thousand (previous year Euro 1,026 thousand) and liabilities for social security of Euro 140 thousand (previous year: Euro 291 thousand).
Other liabilities have a term to maturity of less than 12 months.

Reporting of financial instruments

A distinction is made between ordinary and derivative financial instruments.

Ordinary financial instruments

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

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

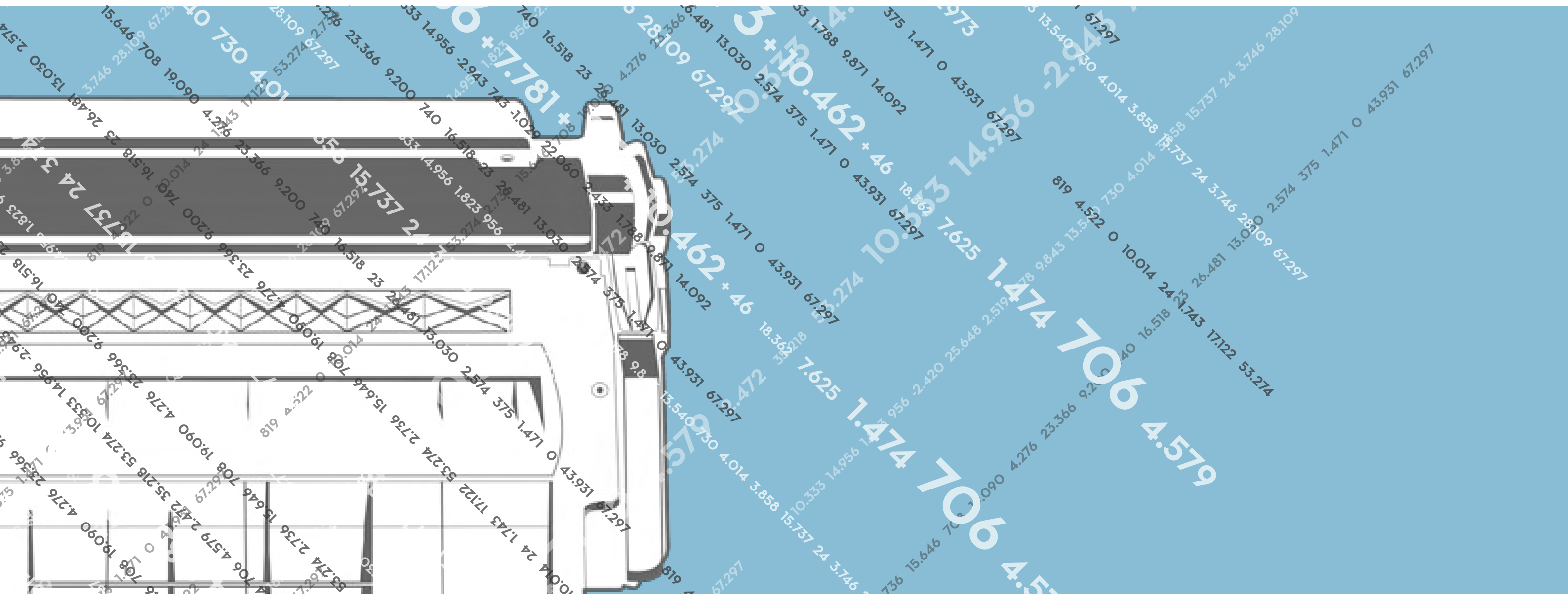
Ordinary financial instruments in the liabilities column mainly include liabilities valued at amortized cost.

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

Interest at rates close to the market of between 4.9% and 7.5% is payable on financial liabilities depending on their terms to maturity and currencies. The issue of “bullet bonds” with a term to maturity of seven years is linked to various conditions. Alongside general conditions, there are financial requirements to the effect that certain ratios regarding interest cover and debt cover may not be undermined.

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

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



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

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

Book values in valuation categories 2007	Valuation categories according IAS 39	Book value as of Dec. 31, 2007	Balance sheet valuation according to IAS 39		Fair value as of Dec. 31, 2007
			AMORTIZED COSTS	FAIR VALUE RECOG-NIZED IN INCOME	
		1,000 EURO	1,000 EURO	1,000 EURO	1,000 EURO
Assets					
Financial assets	AFS	708	0	708	708
Cash and cash equivalents	LAR	1,471	1,471	0	1,471
Trade receivables	LAR	13,030	13,030	0	13,030
Other receivables	LAR	484	484	0	484
Liabilities					
Fixed interest bond	HTM	9,843	9,843	0	9,843
Trade payables	FLAC	15,761	15,761	0	15,761
Liabilities due to banks	FLAC	3,858	3,858	0	3,858
Other liabilities	FLAC	2,863	2,863	0	2,863
Other liabilities	HTM	883	0	883	883
Derivates	HTM	53	0	53	53
Thereof accumulated according to valuation categories IAS 39					
Available for Sale (AFS)		708	0	708	708
Loans and Receivables (LAR)		14,985	14,985	0	14,985
Held-to-Maturity Investments (HTM)		10,779	9,843	936	10,779
Financial Liabilities Measured at amortised cost (FLAC)		22,482	22,482	0	22,482

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

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

Write-downs on Trade receivables 2007	**Beginning balance** Jan 01, 2007 1,000 Euro	**Currency differences** 1,000 Euro	**Write-downs fiscal year** 1,000 Euro	**Write-ups fiscal year** 1,000 Euro	**Transfers** 1,000 Euro	**Disposals** 1,000 Euro	**Balance end of year** Dec. 31, 2007 1,000 Euro	**Book value of impaired receivables** Dec. 31, 2007
Trade receivables	340	-9	292	0	0	-169	454	454

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

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

Receivables, past due and not impaired	Book value Dec. 31, 2007 1,000 Euro	thereof neither impaired nor past due as of Balance sheet date 1,000 Euro	thereof not impaired and past due in the following timeframes		
			< 30 days 1,000 Euro	between 30 and 60 days 1,000 Euro	> 60 days 1,000 Euro
Trade receivables	13,030	9,293	2,365	374	544
Other assets	2,574	2,574	0	0	0

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

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

	2008 1,000 Euro	Previous year 1,000 Euro
Net gain/loss on financial instruments	**-1,511**	**-3,363**
Receivables and other assets	-1,483	-2,545
Held-to-maturity	-28	90
Available for sale	0	-908

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

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

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

Fair value hedges are undertaken to secure fixed interest bearing liabilities against currency risks. This measure is intended to preserve the book value.

The fair value of the security instruments used as part of fair value hedges was Euro 0 thousand (previous year: Euro -53 thousand) on the balance-sheet date. The remeasurement of hedged items led in the year under review to zero results (previous year: Euro 66.3 thousand loss), accordingly no effects arising from changes in security instruments were recognized in the net financial result (previous year: Euro 53 thousand loss).

Credit risks

We are exposed to credit risks in our sales business, because customers may not meet their payment obligations. We limit this risk by undertaking regular credit rating analyses of our customer portfolio on the basis of a receivables management directive. This means that all customer receivables over Euro 20 thousand must be secured by credit insurance or that other securities must be available. A greater part of the receivables are secured by credit insurance.

Market risks

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

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

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

2007	USD	GBP	Total
Scenario 1 Revaluation to € by 10 %	358	352	**710**
Scenario 2 Devaluation to € by 10 %	-294	-287	**-581**

Liquidity risks

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

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

Redemption and interest payments on financial liabilities	**Book value**	**Redemption payments**			**Interest payments**		
	Dec. 31, 2008 1,000 Euro	2009 1,000 Euro	2010-2013 1,000 Euro	from 2014 1,000 Euro	2009 1,000 Euro	2010-2013 1,000 Euro	from 2014 1,000 Euro
Fixed interest bond	9,871	0	10,000	0	720	2,550	0
Other liabilities	11,781	11,781	0	0	0	0	0

Redemption and interest payments on financial liabilities	**Book value**	**Redemption payments**			**Interest payments**		
	Dec. 31, 2007 1,000 Euro	2008 1,000 Euro	2009-2012 1,000 Euro	from 2013 1,000 Euro	2008 1,000 Euro	2009-2012 1,000 Euro	from 2013 1,000 Euro
Fixed interest bond	9,843	0	0	10,000	720	2,880	390
Other liabilities	23,365	23,365	0	0	0	0	0

The fixed-interest bearer bond is due for repayment in July 2013.

Derivatives

Forward exchange transactions are concluded to secure special business transactions. The market values result from the valuation of outstanding transactions at market prices on the balance sheet date. The nominal volume corresponds to the total of all purchase and sales sums underlying the transactions. The forward exchange transactions have a term to maturity of up to six months.

	Dec 31, 2008 1,000 Euro	**Dec. 31, 2007** 1,000 Euro
Nominal volume	0	936
Fair value	0	-53

Turbon AG has hedged no liabilities on the balance-sheet date by means of forward exchange transactions. In the previous year, liabilities in the amount of US Dollar 1.3 million were hedged by means of forward exchange transactions.

Explanations of the Consolidated Statement of Income

for the period from January 01 until December 31, 2008

	Europe 1,000 Euro	USA 1,000 Euro	Asia 1,000 Euro	Consoli-dation 1,000 Euro	Group 1,000 Euro
Sales with third parties	57,734	39,341	1,249	0	98,324
Sales with goup companies	38,742	4,816	32,353	-75,911	0
Net income	2,871	-33	2,107	-3,338	1,607
Assets	121,688	41,310	28,149	-137,873	53,274
Liabilities	55,406	22,048	5,383	-51,623	31,214
Capital expenditure	713	136	428	0	1,277
Depreciation	644	242	509	0	1,395

for the period from January 01 until December 31, 2007

	Europe 1,000 Euro	USA 1,000 Euro	Asia 1,000 Euro	Consoli-dation 1,000 Euro	Group 1,000 Euro
Sales with third parties	75,326	45,332	1,858	0	122,516
Sales with group companies	52,130	5,356	35,037	-92,523	0
Net income	12,258	-1,952	2,122	-12,352	76
Assets	123,315	42,304	29,084	-127,406	67,297
Liabilities	52,721	24,204	6,438	-41,714	41,649
Capital expenditure	2,124	176	1,201	-838	2,663
Depreciation	2,261	182	542	-40	2,945

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

(12) Sales

Sales of Euro 83.7 million (previous year: Euro 102.4 million) were made with laser cartridges. Sales of other products (mainly ink jet, TTR and impact products) totalled Euro 14.6 million (Euro 20.1 million in the previous year). The TTR business was sold in the year under review.

(13) Other operating income

Other operating income mainly comprises income from the sale of items of property, plant and equipment. Also included is income of Euro 382 thousand from the aforesaid sale of the TTR business.

(14) Other operating expenses

As well as expenses not allocated to other functional areas, other operating expenses include in particular the balance after netting currency gains and losses (Euro 91 thousand, previous year Euro 709 thousand income) and value adjustments on receivables.

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

(15) Income tax

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

	2008 1,000 Euro	Previous Year 1,000 Euro
Current taxes	-1,071	-898
Deferred taxes	-221	1,972
	-1,292	**1,074**

Allocation of deferred tax balances:

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro
Long-term assets	213	689	1,617	1,534
Inventories	496	337	0	0
Other short-term assets	0	0	171	0
Pension reserves	75	119	0	0
Tax losses carried forward	3,299	3,487	0	0
	4,083	**4,632**	**1,788**	**1,534**
Offsetting	0	-356	0	-356
Balance pursuant to consolidated balance sheet	**4,083**	**4,276**	**1,788**	**1,178**

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

Loss carry forwards able to be utilized for tax purposes were available as of December 31, 2008 and of December 31, 2007 primarily to the US and German group companies. Deferred tax assets were recognized for loss carry forwards where it was sufficiently probable that these loss carry forwards could be used and as long as it can occur before expiration of tax losses carried forward.
The increase in deferred tax sums is due to higher loss carry forwards and, therefore, to the improvements in results to be expected as a consequence of the restructuring measures performed.
Normally used as the period for this forecast are the 5 years following the fiscal year.

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

	2008 1,000 Euro	Previous year 1,000 Euro
Tax assets from losses carried forward in the group as of 01.01.	**28,299**	**27,050**
Additions / Disposals	-3,927	1,249
Currency related changes	597	0
Tax assets from losses carried forward in the group as of 31.12.	**24,969**	**28,299**
Losses carried forward not recognized as of 01.01.	**-9,463**	**-16,214**
Losses of current year not useable	0	6,751
Currency related changes	-317	0
Losses carried forward not recognized as of 31.12.	**-9,780**	**-9,463**
Taxable losses carried forward as of 31.12.	**15,189**	**18,836**

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

	2008 1,000 Euro	Previous Year 1,000 Euro
Expected tax income	-921	397
Decrease of impairment on taxable losses carried forward	0	1,728
Deviations from taxable base	-317	-1,293
Change in tax rates	0	236
Tax income from capitalization of corporate tax asset	0	0
Other deviations	-54	6
	-1,292	**1,074**

The computed tax result rate is calculated on the basis of the weighted average of the domestic tax rate of 31.7% (previous year 39.8%).

As well as tax expenses and tax income recognized in the statement of income, an amount of Euro -262 thousand (previous year: Euro 72 thousand) was recognized in equity.

(16) Earnings per share

Undiluted earnings per share were calculated by dividing consolidated net income by the average number of shares issued (3,642,000; previous year 3,642,000). To determine diluted earnings per share, the average number of shares issued was increased by the number of subscription rights still existing under the 1999 and 2003 stock-option plans (3,706,500; previous year 3,723,500).

(17) Other details of the Consolidated Statement of Income

The costs of sales include the following material expenses:

	2008 1,000 Euro	Previous Year 1,000 Euro
Cost of raw materials, supplies and trading stock	51,261	67,172
Cost of purchased services	103	272
	51,364	**67,444**

Personnel expenses are divided up as follows:

	2008 1,000 Euro	Previous Year 1,000 Euro
Wages and salaries	16,741	20,298
Social security, pension and other benefit costs	3,133	4,102
thereof for pensions	315	524
	19,874	**24,400**

Employed by the group on average for the year:

	2008	Previous Year
Industrial employees	839	976
Clerical employees	302	343
Trainees	10	10
	1,151	**1,329**

Other Information

Contingent liabilities and other financial obligations

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

Other financial obligations:

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

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

	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro
Due within one year	2,217	2,097
Due after more than one year and up to five years	8,205	7,869
Due after more than five years	7,774	10,315
	18,196	**20,281**

This includes the current lease contracts for the properties in Hattingen (company headquarters of Turbon AG and Turbon International GmbH) and Meerbusch (on a long-term lease to a third party).

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

	Dec. 31, 2008 1,000 Euro	Dec. 31, 2007 1,000 Euro
Due within one year	796	458
Due after more than one year and up to five years	3,343	703
	4,139	**1,161**

The contracts of lease with the relevant tenants were renewed in December 2008.

Cash flow statement

The cash flow statement is presented on page 24.

Cash funds comprise cash in banks and cash on hand.

Related party disclosures

As of December 31, 2008, Mr. Brückmann-Turbon, holds a share of 27.78% (previous year: 26.20%) of which 27.02% (previous year 26.20% were held indirectly by HBT Holdings GmbH, Schwelm, and NCR GmbH, Augsburg (subsidiary of NCR Corporation, Dayton, OH, USA) holds a share of 27.54% (previous year: 25.98%) in Turbon AG. Gothaer Lebensversicherung AG holds 10.49% (previous year 9.90%) in Turbon AG.

A consultancy agreement exists between the company and HBT Holdings GmbH. Services provided under this contract are compensated based on expenditure of time. Consultancy services for the amount of Euro 149 thousand were billed in 2008. A non-competition agreement was made with Mr. Brückmann-Turbon until December 31, 2009.

Contractual relations with the major shareholder NCR Corporation exist exclusively within the usual scope of supply and service relations. Sales to NCR in 2008 were Euro 1,342 thousand (previous year: Euro 2,337 thousand).

Consultancy services in the amount of Euro 92 thousand were billed by other Supervisory Board members in 2008.

Members of the Supervisory Board and Executive Board

Supervisory Board

Members of the Supervisory Board hold, in addition to their control functions at Turbon AG, the following mandates in supervisory boards required by statute and comparable control instances of commercial enterprises (effective date: December 31, 2008):

Hans-Joachim Scholten
Dipl.-Kaufmann, Alzenau
[Chairman]
(since June 19, 2008 in the Supervisory Board, since November 19, 2008 Chairman)

Dr. Paul-Michael Günther
Lawyer, Public Accountant and Tax Consultant, Wuppertal
[Vice Chairman]

Fruchtimport P. van Wylick GmbH, Düsseldorf
[Advisory Board member]

DRICON Managing Consultants AG, Frankfurt am Main
[Supervisory Board Chairman]

Quada Immobilien AG, Langenfeld
[Supervisory Board Chairman]

Dr. Juno A. Nuber
Vice President NCR, Glattzentrum, Switzerland
(Chairman until November 19, 2008)

NCR (Switzerland), Wallisellen, Switzerland
[Supervisory Board President]

NCR Italy S.p.A., Milan, Italy
[Supervisory Board member]

NCR Finnland Oy, Helsinki, Finland
[Supervisory Board member]

NCR Belgien & Co. SNC, Brussels, Belgium
[Supervisory Board member]

NCR International Inc., Dayton (OH), USA
[Supervisory Board member]

NCR GmbH, Augsburg, Germany
[Supervisory Board member]

Holger Brückmann-Turbon
Diplom-Kaufmann, Cologne
(until June 19, 2008)

Simon J. McCouaig
General Manager Europe NCR Corp.,
Wantage, Oxford/UK

Girolamo Cacciatore
Works Council Chairman, Remscheid,
[Employee Representative]

Dietmar Kirsch
Technical Employee, Langenfeld
[Employee Representative]

Executive Board

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

Alan S. Howard
Hertfordshire, UK (until December 31, 2008)
[Executive-Board Spokesman]

Michael Pages
Moers

Total Compensation of the Supervisory Board and Executive Board

The total compensation paid to the Supervisory Board in the 2008 fiscal year was Euro 48 thousand (previous year: Euro 44 thousand). Turbon AG also paid a pro-rata share of Euro 7 thousand (previous year: Euro 6 thousand) under a collective liability insurance agreement in the fiscal year ended.

Executive Board compensation contains fixed and variable elements. Executive Board members receive, as a fixed amount of compensation, their annual salaries, subsidies towards social insurance and, in two cases, a company car with a right of private use; another Executive Board member receives a contribution towards the costs of a private car. Bonuses paid to Executive Board members are based on targets for group earnings and cash flow.

No subscription rights from the Turbon stock option plan 2003 were issued to Executive-Board members in the year under review (or in the previous year). Similarly, no subscription rights were exercised.

The total compensation paid to the Executive Board of Euro 624 thousand in the year under review (previous year: Euro 684 thousand) was split between the individual Executive Board members as follows:

	Aldo C. DeLuca 1,000 Euro	Alan S. Howard 1,000 Euro	Michael Pages 1,000 Euro
Compensation			
• Fixed	144	178	177
• Variable	50	50	25
	194	**228**	**202**

The expenditure on pension commitments for former Executive Board members in the 2008 fiscal year was Euro 102 thousand (previous year: Euro 112 thousand). The pension reserve for this group amounted to Euro 1,793 thousand (previous year 1,850 thousand).

Current payments for former Executive Board members and their surviving dependants in the 2008 fiscal year were Euro 83 thousand (previous year: Euro 81 thousand).

Declaration on the Corporate Governance Code
The declaration of the Turbon AG Executive Board and Supervisory Board on the Corporate Governance Code as per § 161 Stock-Corporation Act (AktG) was filed on the company's website in December 2008.

Auditors' fees

The fees incurred for audit services were Euro 123 thousand (previous year: Euro 113 thousand) and Euro 8 thousand (previous year: Euro 6 thousand) for other services provided by the auditor of the annual financial statements and consolidated financial statements, BDO Deutsche Warentreuhand AG, Wirtschaftsprüfungsgesellschaft, Düsseldorf.

Proposal for the appropriation of profits of Turbon AG

The potential distribution of balance sheet profit from the annual financial statements of Turbon AG is determined by the statutory regulations in Germany to the distributable equity.

The Annual Financial Statements for the 2008 financial year show net income of Euro	2,581,261.37
After taking account of retained earnings brought forward from 2007 to the amount of Euro	1,719,656.76
and the release of the reserve for treasury stock in the amount of Euro	531,500.00
retained earnings of Euro	4,832.418.13
remains.	
The Executive Board proposes to the Annual Meeting of the Shareholders that a dividend of Euro 0.25 per no-par share be paid on the share capital of Euro 9.3 million, thereby resulting in a total payable of Euro	905,252.50
and that the remainder of Euro	3.927.165,63
be carried forward to new account.	

Responsibility statement

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

Hattingen, April 09, 2009

The Executive Board

Aldo C. DeLuca Michael Pages

Turbon AG, Hattingen

Auditor's Report

We have audited the consolidated financial statements prepared by the Turbon AG, Hattingen, comprising the balance sheet, the income statement, statement of changes in equity/statement of recognized income and expenses, cash flow statement, and the notes to the consolidated financial statements, together with the management report of the group and Turbon AG for the business year from January 1, 2008 to December 31, 2008. The preparation of the consolidated financial statements and management report of the group and Turbon AG in accordance with IFRS, as they are to be applied within the EU, and supplementary provisions of § 315 a (1) HGB [„Handelsgesetzbuch": „German Commercial Code"] are the responsibility of the Parent Company's management. Our responsibility is to express an opinion on the consolidated financial statements and the management report of the group and Turbon AG based on our audit.
We conducted our audit of the consolidated financial statements in accordance with § 317 HGB [„Handelsgesetzbuch": „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with principles of proper accounting and in the management report of the group and Turbon AG are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report of the group and Turbon AG are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the management report of the group and Turbon AG.
We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

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

Düsseldorf, April 9, 2009

BDO Deutsche Warentreuhand
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Horn	Massing
[Wirtschaftsprüfer]	[Wirtschaftsprüfer]
(German Public Auditor)	(German Public Auditor)

Shareholdings of Turbon AG

AS OF DECEMBER 31, 2008

	Share of capital (%)	held thru NO.	Currency	Equity IN 1,000 CURRENCY UNITS	Annual result IN 1,000 CURRENCY UNITS
Affiliated companies included in the Consolidated Financial Statements					
1 Turbon AG, Hattingen			EUR	30,715	2,581
2 Turbon International GmbH, Hattingen*	100.00	1	EUR	4,301	0
3 Turbon International, Inc., York(PA)/USA	100.00	1	USD	35,667	0
4 Curtis Young Corporation, Cinnaminson (NJ)/USA	100.00	3	USD	-10,125	105
5 Carbotex Company Limited, Samutprakarn/Thailand	100,00	14	THB	1,094,144	101,683
6 Kores Nordic Holding A/S, Tästrup/Denmark	100.00	1	DKK	12,434	-2,882
7 Kores Nordic Danmark A/S, Tästrup/Denmark	100.00	6	DKK	101	-259
8 Kores Nordic AB, Norrkøping/Sweden	100.00	1	SEK	-2,285	-3,890
9 Kores Nordic (GB) Ltd. Harlow (Essex)/ Great Britain	100.00	1	GBP	5,421	-215
10 Keymax International Ltd., Harlow (Essex)/Great Britain	100.00	9	GBP	236	0
11 Kores Nordic Belgium NV-SA, Grimbergen/Belgium	100.00	6	EUR	687	-191
12 Accutecc (UK) Ltd., Harlow (Essex)/ Great Britain	100.00	9	GBP	1,026	0
13 Tonerfill Romania S.R.L., Oltenita/Romania	100.00	1	RON	-5,984	-1,270
14 Carbotex Beteiligungs GmbH, Hattingen	100.00	1	EUR	23,025	-1

	Share of capital (%)	held thru NO.	Currency	Equity IN 1,000 CURRENCY UNITS	Annual result IN 1,000 CURRENCY UNITS
Affiliated companies not included in the Consolidated Financial Statements					
15 Tonerfill B.V., Leeuwarden/Netherlands **	100.00	1	EUR	-201	-242
16 TLC Tonerfill Logistic Centre B.V., Zaandam/Netherlands **	100.00	6	EUR	-10	-440
17 Kores Nordic (Pensions) Ltd., Harlow (Essex)/Great Britain	100.00	9	GBP	2	0
Other participations					
18 BIL Leasing Verwaltungs-GmbH & Co. Objekt Hattingen KG, Pöcking	95.00	1	EUR	-1,437	2
19 BIL Leasing Verwaltungs-GmbH & Co. Objekt Meerbusch KG, Pöcking	95.00	1	EUR	-161	44

* after transfer of result to Turbon AG

** Last available Financial statements: Dec 31, 2007; The losses of both companies are respectively considered in the Financial statements of 2007.

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