



2009 Annual Report
(condensed version)

Key performance indicators for AdCapital AG

> in € million	2009	2008	+/- in %
Income from shareholdings	1.1	0.0	n/a
Net income from the disposal of shareholdings	0.3	0.0	n/a
Financial result	31.9	-45.2	171
Result from operating activities	14.1	-34.7	141
Result for the period	13.4	-34.3	139
Earnings per share in € (basic/diluted)	1.0	-2.4	142
Dividend per share in €	0.50	0.50	0
Equity	148.7	147.5	1
Equity ratio in %	95.9	95.9	0
Equity per share in €	10.9	10.4	5
Net financial position	137.6	124.7	10
Investment volume (carrying values)	40.5	44.1	-8
No. of material shareholdings (incl. indirect shareholdings)	10	12	-17

Key performance indicators for the Group

> in € million	2009	2008	+/- in %
Sales	118.9	153.8	-23
Operating result	-4.2	6.8	-162
Financial result	25.7	-51.6	150
Consolidated result (excl. third-party shares)	20.6	-44.0	147
Earnings per share in € (basic/diluted)	1.4	-3.1	145
Equity	166.4	157.7	6
Equity ratio in %	78.4	77.6	1
Equity per share in €	12.2	11.2	9
Net financial position	100.9	69.4	45
Investments	4.3	7.9	-46
Employees as of 31 December	1,316	1,558	-16



Contents

Letter from the Board of Management	4
Our business model	6
Our investment portfolio	8
The AdCapital share	14
Management report (condensed version)	17
Consolidated financial statements for AdCapital AG	27
Imprint, contact, financial calendar	40



Letter from the Board of Management

4

Dear shareholders and friends of the company,

The 2009 financial year posed major challenges for us as a company. The crisis on the financial markets in autumn 2008 developed into a global economic disaster with considerable negative consequences for the real economy. As such, it also affected our operational shareholdings. In the light of this, it is important to take a closer look at how the consolidated result of €20.6 million breaks down.

In the operating segment, our shareholdings were hit by tumbling demand due to the economic crisis. Sales generated by the Group fell by 22.7% from €153.8 million in the previous year to just €118.9 million in the year under review. Our operational shareholdings which supply the automotive and mechanical engineering industries were particularly hard hit by this downturn in sales.

The Group's operating result (EBIT) fell from €6.8 million to €-4.2 million. To a large extent, this drop was due to the impact of extensive restructuring measures costing €7.3 million on the operating result. We believe that by taking these structural steps, we have laid solid foundations to improve profits at our operational shareholdings in the future once the economy returns to growth.

As the Erich Jaeger and Taller Groups experienced particularly dramatic sales slumps, we focused here on structural measures to adjust staffing levels, optimise the number of sites and streamline the product ranges. These steps will continue to give rise to high levels of expenditure over the next two years in the shape of compensation and site closure costs.

In the field of asset management, we also initially posted negative developments up to March 2009. Our decision only to realise losses in exceptional cases proved prudent in these circumstances as the subsequent positive developments on the stock and bond markets starting in April 2009 made a considerable contribution towards our positive financial result of €31.9 million for AdCapital AG (using German GAAP [HGB]) and €25.7 million for the Group (using IFRS).

As market uncertainty remains high and it is difficult to make or examine plans with any degree of reliability in the current market environment, we have not acquired any new shareholdings. Instead, we are concentrating on ensuring that our existing shareholdings are restructured and appropriately financed.

In the 2009 calendar year, we disposed of our shareholdings in Kupferberg Kabel GmbH and SOFTPRO GmbH. The total volume of the material shareholdings in the AdCapital AG portfolio – both direct and indirect – at carrying value was €40.5 million as of 31 December 2009 (previous year: €44.1 million).

AdCapital AG posted an operating result of €14.1 million (previous year: €-34.7 million) and an annual net profit of €13.4 million (previous year: €-34.3 million). This figure was largely shaped by the high financial profit and write-downs on receivables from shareholdings. Despite the dividend payout for 2008 and the share buybacks, book



equity climbed slightly from €147.5 million to €148.7 million thanks to the positive result for the year. In the light of AdCapital AG's good equity ratio of 95.9%, we are able to propose an unchanged dividend payout of €0.50 per share.


In the first quarter of 2009, 223,763 shares were purchased as part of the share buyback programme. In October, a public offer was made which led to the acquisition of 264,473 shares. After redemption of 1,000,000 shares in April 2009, AdCapital AG held 371,116 treasury shares on the balance sheet date.

We anticipate that the macroeconomic conditions will remain difficult in the 2010 calendar year. Based on the information currently available, we expect sales increases to become possible in the operating segment once again, which should prompt improved results. However, it remains to be seen to what extent our customers will attempt to force price concessions due to market players' excess capacities.

In terms of finance, we do not expect to be able to repeat the results of the 2009 financial year as a historical comparison shows that the capital markets developed unusually well for both stocks and bonds during the 2009 calendar year. In addition to this, we have increasingly shifted our investments towards lower-risk securities. Reducing our risks in this way is designed to safeguard our assets position, but it does also reduce our potential income.

The Executive Board


Dieter Jeschke


Dr Detlef Guhl



Our business model

6

Focus on later stage investments

AdCapital primarily invests in manufacturing companies from the electrical engineering, metal/plastic processing, mechanical engineering, tool making and automotive supply industries. We see ourselves as an industrial partner for our operational shareholdings. Throughout our business involvement, we support the management in achieving their medium-term goals and assist with the implementation of industrial growth concepts. As an active investor, we contribute entrepreneurial experience, technological understanding and transaction expertise to our shareholdings. AdCapital also has experience from a number of IPOs, secondary offerings and from a large number of M&A transactions.

Our focus is on companies with bright prospects in terms of growth or earnings and/or stable cash flows. With almost 30 years of experience in the industry, we know which factors are crucial for success in our markets. AdCapital's investment strategy is based on this traditional strength, but also on close monitoring of the latest market changes.

AdCapital does not invest resources from anonymous equity funds pursuing short-term exit strategies and transferring sizeable debts to the companies they acquire. Quite the opposite. We see ourselves as a business partner and recognise that the shareholding's further development, safeguarding its market position for the long term and ensuring sufficient profitability are just as important as our own financial interests as a holding company or investor. It is important to us that our shareholdings have a motivated, forward-looking management team which actively seeks to further develop the company and safeguards the firm's objectives and profitability in the case of a possible exit at a later date. This eliminates the threat of site closures and ensures that the company's ongoing existence is secured. We predominantly assist our shareholdings' managers with the traditional areas of financing, controlling, accounting, taxes and legal issues. Our network also offers support in the financial, industrial and service sectors.

AdCapital primarily invests in companies with majority interest, supports the shareholdings and helps them to grow. Our transaction volumes are generally between €5 million and €50 million. Typical MBO/MBI transactions include finding successor solutions for owner-run family companies by purchasing company shares.

We provide mezzanine capital for companies which only need secondary refinancing options on a temporary basis, especially to improve their finance structures. These companies have stable cash flows which enable them to fully repay our capital contribution within a period of three to eight years. Unlike the standard products offered by banks or mezzanine funds, we take a case-by-case approach and tailor our support to the target company's specific needs. Our preferred arrangement is to offer a sale-and-leaseback model for patents, brands or products developed by the company in question. The preferred financing volume for mezzanine capital is around €2 million to €10 million.

Asset management

Our net assets currently total over €160 million. We operate our own active asset management system, investing any of these funds which are not earmarked for private equity investments. Our uncommitted financial resources are mainly invested in corporate bonds. Securities investments are generally exercised via a special fund, or directly through AdCapital AG in the case of short-term securities. The volumes invested by AdCapital AG enable us to benefit from expert advice and low transaction costs not available to individual investors. In addition to this, they offer access to investment options which are usually reserved for institutional investors. We strive for a sustainable return on our investments which clearly exceeds the capital market return on federal loans whilst entering into a justifiable degree of risk.



Our investment portfolio

8 Material shareholdings¹ held by AdCapital AG > Controlling interests

Shareholding	Sector	Stake in %
DPS Engineering GmbH ²	Software	61.0
EW Hof Antriebe und Systeme GmbH ²	Drive technology, engineering and plant engineering	100.0
Bavaria Digital Technik GmbH ²	Machinery construction, plant engineering, electrical engineering	100.0
FRAKO Kondensatoren- und Anlagenbau GmbH ²	Electrical engineering	100.0
Erich Jaeger GmbH + Co. KG ²	Automotive	100.0
KTS Kunststoff Technik Schmölln GmbH ²	Plastic processing	100.0
OPUS Formenbau GmbH ²	Die and tool making	75.0
Taller GmbH ²	Electrical engineering	90.9

Material shareholdings¹ held by AdCapital AG > Non-controlling interests

Shareholding	Sector	Stake in %
BE Semiconductor Industries N.V.	Semiconductor industry	5.4
komm.passion GmbH	PR services	25.5

¹ As at 31 December 2009, AdCapital AG's private equity portfolio comprised eight controlling and two non-controlling interests. In 2009, 23 companies were included in the consolidated financial statements (previous year: 24). In the interests of portraying the holding structure transparently, we do not count each individual company as an investment. Instead, the number of investments is calculated as follows: companies which have subsidiaries in Germany and abroad (such as the Taller Group and the Erich Jaeger Group) are recorded as a single investment. Intermediate holding companies which are largely maintained for tax or liability reasons are also not listed as an investment. This also applies to real estate companies or other firms which do not operate independently on the market but primarily provide services within the Group or serve to handle commercial transactions.

² Indirect investment.

DPS Engineering GmbH

www.dps-engineering.de

Employees:	61 (previous year: 61)
Sales:	€16.5 m (previous year: €16.4 m)
AdCapital stake:	61%
Shareholding held since:	1998
Managing directors:	Werner Dorschel, Johann Prigge



DPS Engineering GmbH develops and markets software products and services for transaction-based IT systems. Its target clients are mainly well-known players in the banking industry, retailers and third-party providers active in these markets.

Its range of services primarily consists of product development and marketing licensed products, application management services, carrying out client-specific software projects and consulting. The company's key USPs include the integration of open-source platforms and the use of

internet technologies in conjunction with conventional mainframe backend systems.

In 2009, DPS succeeded in further pursuing its successful business policy despite the ongoing financial crisis. Particularly notable achievements included the development of a new product line for securities/payment transactions and the successful completion of various major projects regarding withholding tax. The company also continued to enhance its diversification in the retail market, for example via a strategic collaboration with Scheidt & Bachmann, the leading provider of petrol station equipment.

9

EW Hof Antriebe und Systeme GmbH

www.ewhof.de

Employees ¹ :	190 (previous year: 240)
Sales ¹ :	€15.3 m (previous year: €18.5 m)
AdCapital stake:	100%
Shareholding held since:	1992
Managing director:	Klaus Zink

EW HOF
ANTRIEBE UND SYSTEME GMBH



EW Hof is an SME operating in the field of drive technology with a particular focus on the development and production of special motors. The company's clients come from almost all sectors of industry. Its portfolio covers torque, AC, DC and stepper motors, battery-fed drive motors, explosion-proof motors, wheel hub drives and generators for applications such as block-type thermal power stations. Highly specialised engineers and technicians at the firm are capable of developing optimum solutions for virtually all drive system issues. The company is in touch with the latest technical developments on the market. While its site in Hof, Germany, houses sales, development, construction, service and administration, the

firm's production plant is located in Rožnow p. R. (Czech Republic). EW Hof's strategy centres on vertical integration and flexibility twinned with the utmost in quality and reliability.

Although EW Hof recorded a downturn in sales in 2009, it was mild compared to that of industry peers. Good demand was above all seen in the wind energy sector (pitch motors). Stable sales are anticipated in 2010. Productivity was boosted significantly in 2008 by relocating the subsidiary ESPO s. r. o. (Rožnow p. R., Czech Republic) to new premises with a larger production area.

¹ Consolidated, incl. subsidiaries.

Bavaria Digital Technik GmbH

www.bdt-online.de

Employees:	100 (previous year: 114)
Sales:	€11.2 m (previous year: €16.8 m)
AdCapital stake:	100%
Shareholding held since:	2006
Managing director:	Peter Karge



Bavaria Digital Technik GmbH has established itself as a system supplier with its own software and hardware development and its own construction capabilities. The name Bavaria Digital Technik stands for outstanding quality and expertise, extraordinarily advanced technology and sophisticated products in the field of automation and process control engineering.

For years now, the company has specialised in the development and production of control units for printing machines. It also develops hardware/software and produces high-quality electronic componentry and modules by taking a fresh approach to mechanical construction and working up a functional design. The company also supplies complete control stations at a global level and installs them on site. Some 6,000 control station systems, 300,000 mod-

ules, over 10,000 industrial PCs and approximately 1,000 software solutions from Bavaria Digital Technik are in use around the world. After-sales support is part of the service, of course.

Bavaria Digital is a solution-orientated complete supplier with a range of specialism, from visualisation and control to monitoring and assessing technological requirements. With this alignment, the company believes it is a strong system partner for its clients. The firm is also preparing to enter new industry sectors in order to compensate at least in part for the sales downturns in the field of printing machines. It has now been wholeheartedly approved as a development partner and supplier for nuclear power plants in line with the German KTA standards; several promising projects have already been realised.

10

FRAKO Kondensatoren- und Anlagenbau GmbH

www.frako.de

Employees:	100 (previous year: 103)
Sales:	€17.0 m (previous year: €22.0 m)
AdCapital stake:	100%
Shareholding held since:	2005
Managing director:	Peter Herbst



All around the world, FRAKO is synonymous with expertise and technological leadership in the field of idle current compensation, power quality and energy management systems. Following a strategy of “tailor-made, safe energy solutions”, the company supplies power capacitors, idle current compensation systems, active and passive grid filters and management systems which record, document,


analyse, bill and visualise energy consumption in the fields of electricity, gas, water, compressed air and steam. Based in Teningen, Germany, its 100 members of staff develop, produce and market products which serve to cut energy costs, reduce CO₂ emissions, heighten energy efficiency and improve the supply voltage quality. Research and further developing the product range are FRAKO's priorities,

from high-power capacitors and idle current compensation systems to energy management systems.

At the HANNOVER MESSE industrial trade show, FRAKO presented a new generation of management devices to visitors from the industry. These include a grid analysis tool which provides a whole host of information about the qual-

ity of the power supply. New, innovative ways of reducing electricity procurement costs were also added to the range of maximum optimisation systems. With this new generation of devices and the EMVIS-3000 visualisation software tailored to it, FRAKO is setting new benchmarks for a modern, forward-looking energy management system.

Erich Jaeger GmbH + Co. KG

www.erich-jaeger.de		
Employees ¹ :	497 (previous year: 593)	
Sales ¹ :	€23.7 m (previous year: €34.5 m)	
AdCapital stake:	100%	
Shareholding held since:	1993/1998	
Managing directors:	Dr Hubert Nägele, Wolfgang Wiese	

The Erich Jaeger Group is a leading international manufacturer of electrical devices for connecting towing vehicles and trailers and is an esteemed partner to the automotive industry. Offering everything from development services and prototypes to tool making and just-in-time delivery, the company acts as a one-stop shop for clients from a range of industrial sectors. Around the world, almost 600 employees are involved in developing innovative solutions in the fields of cabling, plug-in connections and electronics and preparing them for mass production – all in close collaboration with the clients. The company will continue to utilise its knowledge and experience of developing and producing plug-in connections to generate new, bespoke solutions in the future. Erich Jaeger GmbH + Co. KG is already a popular development and production partner among clients from all sectors of the automotive industry. An impressive set of patents, registered designs and trademarks underline the firm’s development expertise which is well respected by the market.

Due to the unfavourable macroeconomic conditions in the automotive sector, the 2009 financial year was dominated by dramatic slumps in both sales and earnings. As we do not expect the markets to recover short term in 2010, the restructuring measures initiated in autumn 2008 will be ramped up. In addition to adjusting staffing levels across the board, the raft of measures focuses on streamlining the product and client portfolio.

Although the market environment remains difficult, the commercial vehicle and car sector will continue to account for the largest share of the company’s sales in its role as a supplier and development partner in 2010. The company will continue to sharpen its focus on its core competencies in cabling, plug-in connections and electronics. Its objective is to strengthen the share of automotive business whilst streamlining the organisation.

¹ Consolidated, incl. subsidiaries.

KTS Kunststoff Technik Schmölln GmbH

www.kts-schmoelln.de

Employees:	82 (previous year: 80)
Sales:	€5.2 m (previous year: €5.3 m)
AdCapital stake:	100%
Shareholding held since:	1991
Managing director:	Dr Wolfgang Markgraf



KTS Kunststoff Technik Schmölln GmbH is a partner to its clients – from the initial product idea to the finished componentry. As a system supplier, the company boasts expertise in all project phases from development to tool and die making, injection moulding and assembly. The companies which utilise this full-service approach include Siemens, Zeiss, Vaillant, EADS, Qundis and Continental. With its high-quality CNC technology and experienced employees, the company's own tool and die making department is capable of manufacturing highly complex injection moulds with an edge length of up to approximately 800 mm. Downstream processing steps such as pad printing, hot stamping, ultrasonic welding or assembling componentry can also be completed in house. The development team uses 3D CAD and mould flow stimu-

lation software which enables the full range of constructive possibilities. In this way, the company produces high-quality technical components, visible parts and design elements, complete componentry and casing systems for plant equipment/solar/heating, telecommunications technology, precision engineering/optics, medical technology, electrical engineering/electronics and vehicle construction.

Investments are regularly made to consolidate KTS's high level of production expertise and innovativeness in both injection moulding and die making. In 2009, KTS received extraordinary recognition when it was nominated for the 2010 German Design Award by the German Design Council.

12

OPUS Formenbau GmbH

www.opus-formenbau.de

Employees:	22 (previous year: 21)
Sales:	€2.6 m (previous year: €2.1 m)
AdCapital stake:	75%
Shareholding held since:	2007
Managing director:	Markus Menchen



OPUS Formenbau GmbH is an expert partner to industry and to the automotive supply sector in particular. Its clients include leading international system partners in the field of sealing systems. The company develops and manufactures sophisticated injection moulding and curing tools. Its core technical competency is the production of dies to manufacture vehicle sealing products using elastomer materials such as EPDM and TPE. These primarily include

window channels and cabriolet and coupé sealing systems for the bodywork sealing systems market.

The company's success rests on its highly qualified specialist employees with extensive professional experience in the field of die making for vehicle sealing, on its extremely well-equipped CAD/CAM department and on its state-of-the-art machinery with automation solutions. All this enables

OPUS to offers its clients bespoke solutions at all phases of a project, from product design to series launch. Its range of services also includes the development of dies tailored to the client's specific application – from elementary aluminium prototypes to fully kinematic, process-integrated production tooling.

Within this project, AdCapital has predominantly supplied growth capital. We were particularly impressed by the quality to which sophisticated tools are manufactured and the expertise of the dedicated management team, who also have an outstanding network of suppliers and clients.

Taller GmbH

www.taller.de

Employees ¹ :	262 (previous year: 319)
Sales ¹ :	€26.3 m (previous year: €36.8 m)
AdCapital stake:	90.9%
Shareholding held since:	2007
Managing directors:	Dr Hubert Nägele, Wolfgang Wiese



13

The Taller Group is a leading manufacturer of plug inserts and sockets for white and brown goods. The company is the market leader in Europe and one of the three largest manufacturers in this sector on a global scale. More than 160 million prefabricated parts are produced every year at the firm's two sites in Germany and China.

The company's German headquarters in Waldbronn will remain responsible for developing new products and applications in the future. Its site at Dongguan in China primarily supplies the emerging Asian market. Over 80% of the plug inserts and sockets produced are exported.

With over 30 years' history and experience, the Group has extensive expertise in the development, construction and production of technically sophisticated plastic-metal con-

nections in the areas it covers. Taller GmbH combines this tradition with market-driven innovations which set benchmarks for the whole industry. This has enabled Taller GmbH to successfully develop from a plug insert manufacturer to a system supplier.

As part of far-reaching restructuring steps taken in 2009, the firm's production capacities and premises were adjusted to the dwindling market demand as quickly as possible. In 2010, considerable investments will be made to boost production efficiency and reduce the use of raw materials. AdCapital will continue to support the Taller Group's growth and consolidation as a leading supplier of the cable assembly industry. Following a capital increase in 2009, AdCapital holds approximately 91% of the shares in the Taller Group.

¹ Consolidated, incl. subsidiaries.



The AdCapital share

14

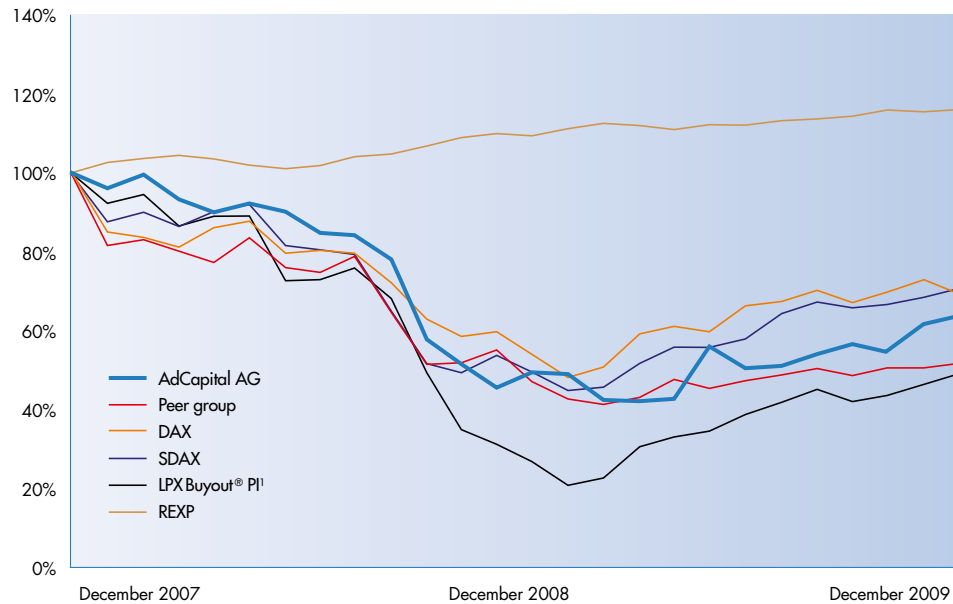
Performance of the stock market and the AdCapital share

Following a difficult year in 2008, the negative trend on the stock markets continued until 6 March 2009. From this date onwards, a noticeable recovery was seen which prompted the German DAX index, for example, to rise by 22.7% since the beginning of the year.

The AdCapital AG share was also affected by the general negative mood on the capital market in 2008 and started the 2009 financial year at €5.78. A new low of €4.50 was subsequently recorded in May 2009. The price drop was clearly prompted by the 2008 annual report published in May 2009. In the months that followed, our share price recovered somewhat, reaching €7.60 in June 2009 – its highest level for the year. The share closed 2009 at €7.24. This was a 25.3% increase in value over the twelve-month period.

A direct comparison with LPX Buyout® PI – an index focusing on buyout-orientated private equity companies – shows that AdCapital performed more or less in line with its peers. However, the fluctuations in the AdCapital share were much less pronounced. While the LPX Buyout® PI considerably underperformed our share in 2008, the index recovered at a much faster rate in 2009. The positive overall development of the LPX Buyout® PI is prompted by the hope that the days of excess in mainly leveraged buyouts are over and non-performing commitments have now largely been written down. In addition to this, investors have recognised attractive entry opportunities for buyout funds as a result of the crisis which promise above-average return prospects for the private equity asset class.

Performance of the AdCapital AG share in comparison to its peer group* and European indices



15

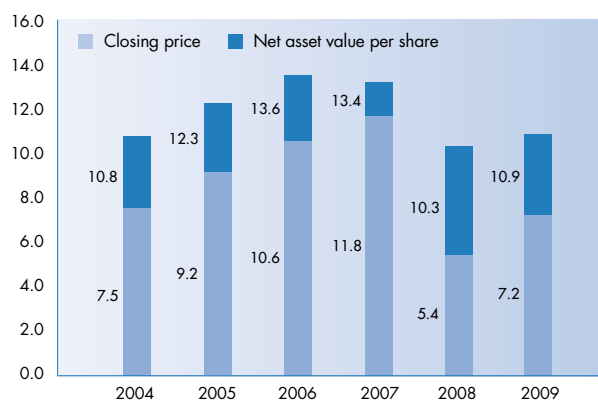
*Peer group: Deutsche Beteiligungs AG, GESCO AG, INDUS Holding AG, KAP Beteiligungs AG, Vestcorp AG, Arques Industries AG.

¹ LPX GmbH (Basle) is a research company focusing on private equity which has developed an index family that measures the development of the private equity market and its subcategories. LPX indices are share indices which portray the performance of exchange-traded listed private equity companies. The LPX® 50 Index charts the performance of the world's 50 largest private equity companies. The LPX Buyout® PI used by us as a reference index is a global index which measures the performance of LPE companies which focus on the buyout sector.

Net asset value

The net asset value of AdCapital AG reached a figure of approximately €148.6 million on 31 December 2009 (previous year: €145.1 million). Divided by the number of shares in circulation, this corresponds to a net asset value of €10.90 (previous year: €10.30) per share. This slight year-on-year increase of 6% is largely due to the positive development in securities.

Year-end closing price (FFM)/net asset value per share > in €



16

With a year-end closing price of €7.24, AdCapital AG's current market valuation remains well below the net asset value of €10.90 per share. However, the gap between the intrinsic value and the share price narrowed considerably in both absolute and relative terms during the financial year. The capital market has obviously factored current developments in to the share as regards both our securities holdings and our shareholdings.

Shareholder structure

According to our information, the shareholder structure was as follows on 31 December 2009: Mr Günther Leibinger 44.09%, Fonds Axxion S.A. 13.03%, Mr Maximilian Bernau 9.58%, Fonds IPConcept Fund Management 6.52%, free float 24.12%, treasury shares 2.65%.

Key performance indicators: a comparison

> in €	2009	2008	2007	2006	2005
Earnings per share (Group)	1.4	-3.1	1.1	1.3	2.4
Earnings per share (AdCapital AG)	1.0	-2.4	0.6	1.2	0.8
Dividend per share	0.50	0.50	0.50	0.50	0.36
Closing price ¹	7.2	5.4	11.8	10.6	9.2
Year's highest price	7.6	12.0	12.5	11.0	9.7
Year's lowest price	4.5	5.3	10.6	9.3	7.3
Market capitalisation at year-end (€ million)	101.4	81.0	176.3	159.0	138.0
Highest market capitalisation (€ million)	106.4	179.7	188.0	165.0	144.5
Net asset value in € million (AdCapital AG) ²	148.6	145.1	194.6	196.5	178.9
Net asset value per share (AdCapital AG) ²	10.9	10.3	13.4	13.6	12.3
Carrying value (equity) in € million	148.7	147.5	193.0	192.1	180.4
Equity per share (AdCapital AG) ²	10.9	10.4	13.3	13.2	12.4
Equity per share (Group) ²	12.2	11.2	14.9	14.1	13.1

¹ Closing price, Frankfurt floor.

² Excluding treasury shares.



Management report (condensed version)

Economic environment	18
Earnings position	19
Financial position and asset position	21
Employees	23
Overall assessment of the Group's risk position	24
Events after the balance sheet date	24
Opportunities and outlook	24

Economic environment

Macroeconomic situation/ capital market developments

The global economy remains in a major recession. Sparked by defaults on subprime mortgages in the USA in 2007, a banking crisis emerged in 2008 which in turn rocked the real economy as of Q4 2008. This has had a particularly serious impact on the German economy, which is geared towards exports. Economic stimulus packages were subsequently launched around the world, shoring up consumption and thereby primarily supporting suppliers of consumer goods. In Germany, the stimuli notably included the scrapping scheme and a considerable increase in subsidies for short-time working. However, the capital goods sector was only able to benefit from this support to a limited extent.

On the flip side, extensive government aid for struggling banks and the ongoing economic packages are now crippling public finances. While Iceland, Ireland and various Eastern European countries met with the most criticism in 2008, Greece and other countries bordering on the Mediterranean are now unsettling investors with their government budgets and bond issues. As a result, the returns for secure government bond issues remained at an all-time low in 2009. Starting in early 2010, the prices and yield mark-ups for bonds issued by various eurozone countries increased noticeably. During the same period, the spreads for corporate bonds fell sharply, due largely to the unsettled markets. The prices of corporate bonds have risen mainly because the default risk is now deemed to have fallen and there is a great deal of free liquidity on the market. However, the dramatic increase in government bond issues has absorbed the markets' high liquidity to a large extent.

Over the past year, the euro gained slightly on the US dollar and also appreciated versus the yen. At the end of 2009, the single European currency was traded at €1.43 per US dollar. This corresponds to a 2.4% change in value since the beginning of the year.

After selling for US \$42.95 at the start of 2009, the price for a barrel of Brent rose to US \$77.83 at the end of 2009. This is equivalent to an 81.2% price hike within the space of a year.

Industry developments/the private equity market

According to industry statistics published by the German Private Equity and Venture Capital Association (BVK), German equity investment companies invested €1.6 billion in 2009. A further €0.8 billion was injected by foreign investors. This meant that a total of just €2.4 billion was invested in Germany, compared to €9.1 billion in the previous year. This corresponds to a drop of some 73.6% in the funds invested in the country. The reductions in new investments are a direct result of the financial and economic crisis and affected all areas from venture capital to growth financing and buyouts. Buyout investments fell particularly sharply year on year, from €4.0 billion in 2008 to €1.1 billion in the year just ended.

The capital under management by German private equity firms totalled €36.5 billion at the end of 2009 (previous year: €35.1 billion) according to the BVK. In 2009, German private equity companies raised funds amounting to approximately €1.2 billion – less than half the previous year's figure of €2.7 billion.

Following the extremely difficult year in 2009, the outlook for the private equity sector is cautiously optimistic for 2010. Many private equity funds have substantial financial resources which have not been invested. These should ideally be invested now in the late phase of the current economic crisis or when the first signs of an economic recovery emerge. This is because the valuations for shareholdings are now much lower than they were before the economic collapse and the forthcoming economic upswing promises relatively secure returns from shareholdings. However, the potential transaction boom is being held back by two key factors. Firstly, the possible sellers of equity investments are not prepared to dispose of their shareholdings at the current valuation level and would like to see at least one "normal" economic year incorporated into the valuation basis. Secondly, the leveraged capital market has not yet recovered, at least for larger-scale corporate transactions. This gives strategic investors the upper hand and is currently enabling them to win out against financial investors who had previously grown accustomed to success.

Earnings position

The AdCapital Group (as per IFRS)

Income statement for the AdCapital Group (as per IFRS)

> in € million	2009	2008	+/- in %
Total operating performance	113.8	156.1	-27.1
Other operating income	6.1	7.3	-16.4
Cost of materials	-45.2	-73.0	38.1
Employee costs	-46.6	-46.0	-1.3
Other operating expenses	-25.6	-26.4	3.0
Operating result before depreciation and amortisation (EBITDA)	2.5	18.0	-86.1
Depreciation and amortisation	-6.7	-11.2	40.2
Operating result (EBIT)	-4.2	6.8	-161.8
Income from shareholdings	1.0	-0.2	600.0
Financial result	25.7	-51.4	150.0
Earnings before taxes (EBT)	22.5	-44.8	150.2
Income taxes	-1.9	0.8	-337.5
Consolidated profit/loss for the year	20.6	-44.0	146.8
Consolidated profit/loss after minority interests	19.0	-43.8	143.4
Earnings per share (in €)	1.4	-3.1	145.1

AdCapital AG's portfolio companies operate in a range of sectors and are therefore affected by macroeconomic trends to different extents. Most of the AdCapital Group's companies have a highly pronounced regional focus on Germany or the German-speaking countries. Their positioning as suppliers for sectors such as the automotive industry (Erich Jaeger Group) or the printing machine industry (Bavaria Digital Technik GmbH) makes them highly dependent on the capital goods market overall and therefore (indirectly) on export earnings. This means that the

corporate development of the AdCapital Group is linked to both the economic climate in Germany and – indirectly – global economic developments.

In the light of the weak overall market situation in 2009, our operational shareholdings recorded plummeting incoming orders and sharp drops in their sales and overall operating performance. Downturns in sales at the Taller Group and the Erich Jaeger Group in particular caused our Group's total operating performance to fall by €42.3 million or 27.1%, from €156.1 million in 2008 to €113.8 million in 2009.

The cost of materials was down on the previous year in absolute terms, coming in at €45.2 million (previous year: €73.0 million). The materials usage ratio fell more sharply in relation to the total operating performance, from 46.7% to 39.7%. Improvements in margins were only responsible for this to a small degree. Instead, the figure reflects the higher relative share of service sales – e.g. by DPS Engineering GmbH and Bavaria Digital Technik GmbH – within the Group.

In absolute terms, employee costs edged up slightly on the year from €46.0 million to €46.6 million. However, in relative terms (as a percentage of the total operating performance), they soared from 29.5% to 40.9%. This is partly attributable to the higher proportion of services in the Group's total operating performance. However, above all, the relative increase in employee costs is due to one-off expenses from personnel adjustment measures and the delay before reductions in employee expenses take effect. We only expect the personnel adjustment measures we have implemented to lead to a reduction in the employee costs ratio and a noticeable improvement in Group earnings as of 2010.

Sharp sales slumps and the resulting lack of profit contributions had a major impact on the Group's operating result (EBIT). In addition to this, heightened restructuring measures at shareholdings such as the Taller and Erich Jaeger Groups generated high one-off expenses. As a consequence, the operating result (EBIT) plummeted from €6.8 million in 2008 to €-4.2 million in the year under review. Adjusted for restructuring-related one-off factors in both financial years, the operating result fell by €6.9 million or 69.7% from €9.9 million in 2008 to €3.0 million in 2009.

Following high writedowns and investment losses in 2008, tangible write-ups and sale proceeds were realised on the securities portfolios held by AdCapital AG in the past financial year. The positive financial result was largely driven by strong price rises and interest income from corporate bonds.

Thanks to the positive financial result, the AdCapital Group generated earnings before taxes totalling €22.5 million after posting a negative EBT of €-44.8 million in the previous year. At the same time, earnings per share improved from €-3.10 in 2008 to €1.38 in the reporting year.

Summary segment reporting by the AdCapital Group

> in € million

Industrial shareholdings
AdCapital AG, other shareholdings

The company's development activities also focus on electricity generators for use in smaller-scale combined heat and power plants. Although the firm has generated high sales growth in recent years, it was unable to maintain this in 2009 as larger-scale wind energy projects in particular were postponed or even cancelled due to financing difficulties. Nevertheless, the total operating performance came in at €15.2 million in 2009, vis-à-vis €19.0 million in the previous year. The margins achieved are satisfactory on the whole. We believe the company has above-average growth prospects for the future as well. However, additional capital expenditure will be required to achieve this, especially in

Sales		Operating result (EBIT)		Financial result	
2009	2008	2009	2008	2009	2008
119.3	153.7	-2.4	8.3	-1.6	-2.3
-0.4	0.1	-1.8	-1.5	27.3	-49.1
118.9	153.8	-4.2	6.8	25.7	-51.4

Industrial shareholdings

The operating result posted by the AdCapital Group's industrial shareholdings was primarily generated by DPS Engineering GmbH and the EW Hof Group. At the other end of the scale, the Taller and Erich Jaeger Groups had the largest negative impact on the AdCapital Group's operating result.

Operating developments at **DPS Engineering GmbH** remained positive. Customers clearly appreciate the company's focus on providing IT services and development support for banks and the high quality of service it constantly maintains. Current projects are hallmarked by above-average returns. In the 2010 financial year, we anticipate the company's capacity utilisation and earnings position to normalise at a reduced level of sales and earnings, as the majority of the company's customers are from the financial market environment and the banking crisis has made far-reaching cost cutting necessary.

In recent years, the **EW Hof Group** has further developed into a specialist supplier for the wind energy industry. In this capacity, the company develops and manufactures high-quality servomotors which are used for wind turbines.

the field of automation. The space needed for this growth has already been secured – the firm moved to a new production plant in the Czech Republic in 2008.

The **Erich Jaeger Group** is still suffering from the effects of the major slump in the automotive industry. Sales collapsed back in Q4 2008 – especially with HGV clients and HGV body manufacturers – and have not yet noticeably recovered. The downswings in sales and profits from the automotive OEM trade remain substantial. However, the impact of these is partly softened by the Group's broad positioning, which also covers the aftermarket. Staffing levels have already been adjusted at the sites in the Czech Republic and China, and extensive restructuring measures are now also being taken at the site in Friedberg, Germany. As part of these measures, all of the Erich Jaeger Group's production capacities are being pooled in the Czech Republic and China. The company is currently examining to what extent logistics and development capabilities can also be relocated from Germany to the Czech Republic. However, the Group's future does not rest on cost-cutting measures alone. On the contrary, new product and market segments are being tapped, especially in the agricultural and defence industries. In another positive development,

a renowned automotive OEM has decided to source larger quantities of patented sockets from Erich Jaeger again as of 2010.

Developments at **FRAKO Kondensatoren- und Anlagenbau GmbH** in the reporting year were weaker than in the previous years due to the difficult situation in the mechanical and plant engineering industry. In 2009, the total operating performance fell to €17.1 million, contrasting with €22.1 million in the previous year, although the earnings situation remained positive on the whole. The markets are expected to experience a weak recovery in 2010. The company is developing numerous new energy management systems for industrial clients.

As a specialist supplier and development company for the printing machine industry, the sales problems faced by German printing machine manufacturers have a major impact on **Bavaria Digital Technik GmbH**. Total operating performance shrank further by approximately 33% compared to 2008, taking the current figure to €11.1 million. For the first time, a loss was therefore posted for the year. The company aims to attain a positive sales and earnings position again in the 2010 financial year by adjusting its staffing levels and diversifying its customer base.

Against the backdrop of the economic crisis, the **Taller Group** was unable to turn around its earnings again in 2009. In fact, moves to relocate production capacities and optimise/extend existing production plants in China and Turkey encountered serious operating problems and had to be withdrawn in part in 2009. In addition to the current economic crisis, ongoing structural change on the target market for Taller products is also hampering the company. There is a continuing shift in production capacities for electrical consumer goods from developed industrialised nations in the West to Eastern Europe, emerging Asian countries and China. This is reducing revenue in Western Europe and increasing sales opportunities in China. To date, the Taller Group has been unable to realise this potential as hoped, however. As a consequence, a high loss was once again posted for 2009, which had a painful impact on the Group result. To offset these losses on its balance sheet, AdCapital AG plans to support further capital measures at Taller GmbH in 2010.

Developments at the other shareholdings held by AdCapital AG were largely stable. Most of the earnings and sales targets set were achieved.

Financial position and asset position

Acquisitions and divestments/ portfolio developments

We examined a number of investment opportunities in the 2009 financial year. However, due to the high level of uncertainty in the market environment, none of these were taken up.

In July 2009, we disposed of our stake in Kupferberg Kabel GmbH by means of an MBI. The buyer paid a symbolic purchase price and assumed some of the existing loan liabilities payable to AdCapital AG.

In August 2009, we sold our shares in SOFTPRO GmbH. Some of these were owned directly and some were held indirectly via AdCapital Beteiligungs AG. The purchase price totalled €1.0 million plus a debtor warrant bond.

The portfolio of operational shareholdings held both directly and indirectly by AdCapital AG currently comprises eight controlling interests (previous year: nine) and two non-controlling interests (previous year: three). The total volume of the material shareholdings in AdCapital AG's portfolio was €40.5 million as of 31 December 2009 (previous year: €44.1 million). In addition to this, we provided our shareholdings with financing in the form of loans and utilised cash pool lines totalling €6.1 million (previous year: €25.8 million).

Investments

> in € million	2009	2008
Group investment volume	4.2	7.9

Due to the ongoing recession, a restrictive investment management system was introduced in 2009 to protect the liquidity held by the Group and the individual operational shareholdings to the greatest possible extent.

AdCapital AG did not make any material investments.

Financial position

Financial strategy

The financial position for both the Group and AdCapital AG remains stable, hallmarked by a high equity ratio and sizeable holdings of cash assets and securities.

The individual Group companies are predominantly financed by providing equity and shareholder loans and by incorporating them into the Group's cash pooling system. In addition to this, credit lines are held with banks. These mainly exist at the level of the individual companies and are only drawn down in part.

22

Given the ongoing weak economic trend, safeguarding the liquidity of all the Group's operating units remains our number one priority. For this reason, some of the high free liquidity reserves held by AdCapital AG are only invested short term. This ensures that financial resources are available at short notice and limits the risk of interest rate changes. Additional credit lines agreed with banks ensure the Group's prospective liquidity requirements are met. The whole combination of financing instruments guarantees sufficient finance for the individual companies.

Capital structure

The capital structure of **AdCapital AG** is as follows:

> in € million	2009	%	2008	%
Equity	148.7	95.9	147.4	95.8
Liabilities	6.3	4.1	6.4	4.2
Total equity and liabilities	155.0	100.0	153.8	100.0

AdCapital AG's equity ratio remains high at 95.9%, compared with 95.8% in the previous year. The positive result of €13.4 million posted for the period was offset in part by decreases in equity totalling €5.2 million in 2009. These were prompted by the dividend payout and the acquisition and withdrawal of treasury shares.

The **AdCapital Group's** capital structure is shown below:

> in € million	Dec. 2009	%	Dec. 2008	%
Equity	166.4	78.4	157.7	77.6
Non-current liabilities	17.4	8.2	20.6	10.2
Current liabilities	28.5	13.4	24.8	12.2
Total equity and liabilities	212.3	100.0	203.1	100.0

The Group's conservative equity ratio was also maintained largely unchanged.

The Group's material financial liabilities include a real estate lease relating to a property used by Erich Jaeger GmbH + Co. KG. This amounts to a total of €7.0 million.

Cash flow/summary cash flow statement

The Group's cash flow developed as follows:

> in € million	2009	2008
Cash flow from operating activities	22.2	16.4
Net investments	3.9	-1.3
Free cash flow	26.1	15.1
Cash flow from financing activities	-12.8	-15.6

The cash flow from operating activities came in at €22.2 million (previous year: €16.4 million) and was primarily generated by reducing working capital at the industrial shareholdings.

Investment budgets were also cut in 2009. In addition to this, the long-term securities portfolio was pruned in favour of money market investments, leading to a positive cash flow totalling €3.9 million from net investments in the reporting year (previous year: €-1.3 million).

All in all, the free cash flow climbed from €15.1 million in the previous year to €26.1 million in 2009 due largely to the sharp rise in the cash flow from operating activities.

The cash flow from financing activities was negative at €-12.8 million (previous year: €-15.6 million). This was primarily caused by dividend payouts of €9.0 million to both AdCapital AG shareholders and minority interests. In addition, the current share buyback scheme prompted an outflow of liquidity amounting to €2.9 million.

Cash pooling

Almost all of the Group's domestic companies are incorporated in the cash pooling system operated by the AdCapital Group. This provides Group companies with a reduced-interest, non-bureaucratic source of refinancing and a means of investing cash short term.

Asset position

The AdCapital Group (as per IFRS)

> in € million	Dec. 2009	%	Dec. 2008	%
Non-current assets	61.3	28.9	70.9	34.9
Current assets	151.0	71.1	132.2	65.1
Of which securities and cash	108.6	51.2	77.4	38.1
Total assets	212.3	100.0	203.1	100.0

The increase in Group assets is predominantly attributable to the growth in stock market quotations at AdCapital AG. At the same time, non-current assets decreased due to a below-average propensity to invest and an unscheduled writedown on a granted mezzanine loan.

Overall assessment of the economic situation

Overall, the AdCapital Group overcame the major challenges posed by the serious economic crisis in a satisfactory manner. Our operational shareholdings which focus on the automotive and supply industries were hard hit by the sales slump in their market segments.

Given the dramatic downturn in demand seen in some sectors, the restructuring measures launched and/or implemented in 2008 proved insufficient to compensate for the considerable loss of sales and earnings recorded in certain areas. For this reason, further-reaching steps were devised,

examined and implemented in 2009. These restructuring measures had an additional impact on the Group's weak overall earnings position in 2009. The positive effect of this restructuring on earnings is only expected to be felt as of the 2011 financial year. Our investments to develop new products and tap new markets will also boost the Group's earnings position in the medium to long term.

Thanks to the uniform, conservative refinancing policy adopted throughout the Group, it was possible to refinance the high operating losses posted by some companies using appropriate equity resources or cash pool lines. This eliminated the need to draw down additional bank lines. Furthermore, the outflows of liquidity associated with a number of restructuring measures were delayed until the 2010 financial year. We also introduced a much more consistent working capital management system and a stricter approach to investment budgets at our operational shareholdings. This had a correspondingly positive effect on the free cash flow and will also stabilise the liquidity situation at our operational shareholdings in future.

Despite the impact of operating losses, dividend payouts and share buybacks, the equity ratio at both the Group and AdCapital AG remains stable. As a consequence, the Executive and Supervisory Boards have proposed an unchanged dividend payment of €0.50 per share.

Employees

As of 31 December 2009, the company AdCapital AG had nine (previous year: nine) employees. The AdCapital Group had a workforce of 1,316 on 31 December 2009 (previous year: 1,558); 618 of these members of staff were employed in Germany (previous year: 698).

The above-average reduction in personnel was largely due to the ongoing restructuring measures, especially at the Erich Jaeger and Taller Groups.

The number of apprentices – predominantly in Germany – was 47 (previous year: 44). The AdCapital Group sees itself as a responsible employer with a clear commitment to producing goods and investing in Germany. By offering apprenticeships, the company aims to help give young people in Germany brighter prospects for the future.

Especially in the current economic crisis, stimulating employees and further developing their qualifications remains one of the cornerstones of our HR policy. This is because good training and continuing professional development are crucial to the success of AdCapital AG and its shareholders.

We ensure that new vacancies are filled with well-trained employees and that experienced employees with outstanding expertise and professionalism are retained for the long term in senior roles. All the managing directors within the Group share the same understanding of employee development and employees' involvement in operations. This lays the foundations for employees to identify with the company.

The remuneration systems for the Executive and Supervisory Boards consist of fixed and variable components. Variable remuneration for Executive Board members is linked to the annual results achieved by the Group. The variable remuneration paid to Supervisory Board member relates to the balance sheet profit posted by AdCapital AG. There are no other variable remuneration components which constitute a long-term incentive and represent a risk.

Overall assessment of the Group's risk position

Based on its risk assessment, the Executive Board does not believe there are currently any material risks or factors which could threaten the ongoing existence of either AdCapital AG or the AdCapital Group.

However, the company is ultimately dependent on how well its individual shareholdings and investments retain their value. Identifiable risks were taken into account when producing the annual financial statements based on comprehensive, ongoing individual analyses of all the shareholdings. Corresponding downward adjustments were made on shareholdings' valuations, the loans granted to shareholdings and the cash pool lines.

Events after the balance sheet date

In the light of the persistently weak economic environment, the individual shareholdings held by AdCapital AG are expected to post annual losses again for 2010.

As sites are consolidated, significant job cuts will be made at the Erich Jaeger Group which will give rise to compensation expenses. The associated restructuring expenditure has already been incorporated into the consolidated financial statements for 2009 in cases where it could be identified and/or assigned. The liquidity needed to implement the measures will stem either from the cash flow from operating activities or from existing commitments to provide finance.

On 29 January 2010, the Executive Board resolved – with the Supervisory Board's approval – to change the company's stock market segment. As of 26 August 2010, the AdCapital share will be traded in the open market instead of the regulated market. The company plans to apply for inclusion in the restricted "Entry Standard" segment on Frankfurt stock exchange. We hope that this decision will markedly reduce administrative expenses.

No significant events have occurred since 1 January 2010 which are expected to have a material effect on the net assets, financial and earnings position of AdCapital AG or the AdCapital Group.

Opportunities and outlook

Economic environment

Although we are seeing improvements in several economic indicators and the mood of various market players, we expect the 2010 financial year to remain difficult. Experience has shown that crises are self-perpetuating, and the ongoing weak economic parameters are indeed generating a degree of momentum. In addition to the general economic crisis, a number of key structural problems are also coming to light more clearly than was previously the case. The substantial crisis in the printing machine industry, lingering excess capacities in the automotive trade and the collapse of the German solar industry – which was previously buoyed up by high, government-backed feed-in tariffs – are just a few examples. Furthermore, the shortage of liquidity in the SME-dominated supply industry will lead to further bankruptcies in the case of a gentle recovery, as this will generate a need for additional funds to provide preliminary financing for current assets.

Nevertheless, we believe there are good prospects for the economy to settle down and possibly even recover slightly in the coming months. Thanks to considerable restructuring efforts, the operational breakeven point has been reduced noticeably at many companies. Our customers' empty warehouses also indicate that demand is growing, at least moderately.

It is our opinion that the financial markets will face another tough test in 2010. Fears of further defaults and rising price losses – especially on government bonds – will probably only allow the markets to move sideways.

For the private equity sector, we anticipate a cautious revival in 2010. After largely spending 2009 safeguarding our own equity portfolio, we expect fresh buying to rally tangibly in the months ahead. This is partly because classic private equity funds in particular still have high, as yet uninvested funds from the boom years 2006 and 2007. These are due to be invested in the next 12 to 24 months. However, sellers still have high price expectations and are unwilling to dispose of good companies now on the basis of the relatively weak earnings figures posted for 2009 and 2010.

In addition to this, the pressure on many SMEs to sell in order to meet their capital requirements is easing off. This is because the banks are signalling a willingness to suspend or postpone interest and principal repayments in the light of the slight economic upturn which is currently emerging. Overall, buyers seem hesitant because no sustainable upswing is identifiable at present. Considerable uncertainty about the sharp increase in public debt is also hampering companies' ability to borrow for large transactions. However, to summarise, an increasing number of transactions can be expected in 2010, especially among medium-sized enterprises.

Strategy and alignment

AdCapital AG pursues a mixed investment strategy. This means we primarily make private equity investments and invest any available funds in securities.

When it comes to private equity investments, we prefer buy-out situations at stable SMEs with a minimum sales volume of €20 million. As these mainly medium-sized companies

have a wide range of requirements, it is advantageous to take an individualised approach when acquiring stakes in companies. Our current priority is to identify ways in which we can make valuable additions to our existing shareholders' business models. The recession is now thought to have bottomed out and the cautious upturn opens up new investment opportunities for us. We will continue to maintain a conservative refinancing policy for new acquisitions, i.e. using a high proportion of equity. This enables us to act quickly without support from banks.

As regards our securities holdings, we have made further adjustments to our investment strategy to substantially reduce risk as we consider it probable that both share and bond prices will be corrected in 2010. We have reduced our exposure to high-yield industrial bonds and are also taking a very restrictive approach to buying and selling options until further notice.

Anticipated development in the earnings and financial position

All in all, we expect the global economy to experience a cautious recovery in the 2010 and 2011 financial years. We do not anticipate experiencing substantial setbacks, even though uncertainty is growing as regards the effect of soaring public debt on the real economy. In line with the expected course of the economic cycle, the AdCapital Group's total operating performance should improve somewhat. To date, incoming orders in the last quarter of 2009 and the first quarter of 2010 seem to be developing as we predicted. Following a sharp downturn in the Group's total operating performance in 2009, we anticipate organically driven growth of around 5% for 2010. It should be possible to achieve growth closer to 10% in 2011.

The results posted by our operational shareholdings should recover on the whole, even though we only expect the further intensification in restructuring measures to take full effect in the second half of 2010. However, the earnings position will only recover if there is no major drop in prices on the sales markets in the next two financial years. In addition to this, delayed restructuring costs of approximately €1.0 million to €2.0 million

will also impact on the Group's 2010 result. Overall, we therefore expect to merely break even in 2010. However, we should generate a clear operating profit (EBIT) in the Group in 2011.

Due to the anticipated development of the capital markets in 2010 and 2011 and our considerably more conservative investment policy, we will only be able to achieve substantially lower returns on our securities investments in future. This is particularly true because a repeat of the high price increases seen in 2009 does not look viable. Although AdCapital AG's securities assets have experienced an increase in value of roughly €6 million in special funds since the beginning of the year, only moderate appreciation seems possible from here on in. In short, we expect AdCapital AG to achieve a satisfactory profit again in 2010.

In the Group, we anticipate very modest consolidated earnings before taxes for 2010. In 2011, the positive operating results should prompt a gross margin of around 5% in relation to consolidated earnings before taxes.

Opportunities

The emerging stabilisation of the global economy is still rather shaky as yet. Nevertheless, we can detect additional opportunities for our shareholdings' operating activities over and above the cautiously positive trend in the economic cycle. We have already positioned ourselves as a supplier, especially in the high-growth markets of alternative power production and optimising the energy consumption of industrial applications. We will utilise further opportunities to participate in the growth of this industrial sector with innovative products and services.

In the operating segment, we have initiated various projects which will improve our operational shareholdings' net assets, earnings and financial position by focusing on everything from value flow analyses to optimising net working capital.

In regional terms, AdCapital AG's operational shareholdings are heavily dependent on the German-speaking countries and/or Western Europe. In most cases, the only means of tapping the strong growth potential present in emerging countries such as Brazil, China and/or India is via sales partnerships, although a number of our companies have also established their own production plants there. We plan to considerably step up our presence in these countries if necessary, as long as this seems possible without entering into an unacceptable degree of risk.

This annual report contains forward-looking statements and information – i.e. statements about events in the future rather than in the past. These forward-looking statements are characterised by verbs such as “expect”, “plan”, “anticipate”, “will” or similar wording. Such forward-looking statements are based on our current expectations and certain assumptions. They are therefore associated with a number of risks and uncertainties.

A whole host of factors – many of them beyond AdCapital AG's control – affect the business activities, achievements, business strategy and earnings of AdCapital AG and the AdCapital Group. These factors can cause the actual earnings, achievements and performance of both AdCapital AG and the AdCapital Group to deviate substantially from the explicit or implicit expectations expressed in forward-looking statements regarding earnings, achievements or performance.

Leinfelden-Echterdingen, Germany, 28 March 2010

AdCapital AG

Dieter Jeschke

Dr Detlef Guhl



Consolidated financial statements

Consolidated balance sheet	28	27
Consolidated income statement	30	
Consolidated statement of income and accumulated earnings	31	
Consolidated fixed-asset movement schedule	32	
Statement of changes in consolidated equity	36	
Group cash flow statement	38	
Supplementary information on the Group cash flow statement	39	
Segment reporting	40	
AdCapital AG Group companies	41	

Consolidated balance sheet to 31 December 2009 (as per IFRS)

Assets > in € thousand	31 Dec. 2009	31 Dec. 2008
Non-current assets		
Intangible assets	13,953	15,017
Property, plant and equipment	35,863	38,076
Investment property	3,692	3,825
Financial investments	5,061	5,317
Other financial assets	966	5,949
Deferred taxes	1,775	2,701
	61,310	70,885
Current assets		
Inventories	22,527	32,698
Trade receivables	13,857	15,212
Entitlements to income tax refunds	3,675	3,882
Other financial assets	2,408	3,017
Securities and cash	108,570	77,388
	151,037	132,197
	212,347	203,082

- Consolidated balance sheet
- Consolidated income statement
- Consolidated statement of income and accumulated earnings
- Consolidated fixed-asset movement schedule
- Statement of changes in consolidated equity
- Group cash flow statement
- Supplementary information on the Group cash flow statement
- Segment reporting
- AdCapital AG Group companies

Equity and liabilities > in € thousand	31 Dec. 2009	31 Dec. 2008
Equity		
Subscribed capital	45,000	45,000
Capital reserves	86,200	86,200
Revenue reserves	34,129	24,544
Foreign currency translation	215	116
Minority interests	884	1,801
	166,428	157,661
Non-current liabilities		
Provisions	4,259	4,257
Liabilities	12,102	12,881
Deferred taxes	1,097	3,466
	17,458	20,604
Current liabilities		
Provisions and accrued liabilities	2,252	2,660
Trade liabilities	5,870	8,814
Income tax liabilities	2,013	1,476
Other liabilities	18,326	11,867
	28,461	24,817
	212,347	203,082

Consolidated income statement for the 2009 financial year (as per IFRS)

Assets > in € thousand	2009	2008
Sales	118,907	153,800
Changes in assets	-5,166	1,886
Work performed and capitalised	102	402
Other operating income	6,134	7,297
Cost of materials	-45,228	-72,947
Employee costs	-46,615	-46,041
Depreciation and amortisation expense	-6,709	-11,204
Other operating expenses	-25,639	-26,369
Operating result	-4,214	6,824
Profit/loss from shareholdings	1,000	-242
Financial income	39,164	5,930
Financial expenses	-13,481	-57,329
Financial result	25,683	-51,399
Earnings before income taxes	22,469	-44,817
Income taxes	-1,900	770
Annual net profit/loss	20,569	-44,047
Of which attributable to:		
Shareholders in the parent company	19,021	-43,819
Minority interests	1,548	-228
Earnings per share in € (basic)	1.38	-3.07
Earnings per share in € (diluted)	1.38	-3.07
Average number of shares in circulation (basic)	13,782	14,264
Average number of shares in circulation (diluted)	13,782	14,264

- Consolidated balance sheet
- **Consolidated income statement**
- **Consolidated statement of income and accumulated earnings**
- Consolidated fixed-asset movement schedule
- Statement of changes in consolidated equity
- Group cash flow statement
- Supplementary information on the Group cash flow statement
- Segment reporting
- AdCapital AG Group companies

Consolidated statement of income and accumulated earnings (as per IFRS)

> in € thousand	2009	2008
Annual net profit/loss	20,569	-44,047
Foreign exchange differences	95	-252
Other income	95	-252
Overall result	20,664	-44,299
Of which attributable to AdCapital AG shareholders	19,120	-44,054
Of which attributable to non-controlling shareholders	1,544	-245

Consolidated fixed-asset movement schedule for the 2009 financial year

> in € thousand	1 Jan. 2009	Changes in the con- solidated group	Acquisition and production costs			Changes in currency	31 Dec. 2009
			Additions (+)	Disposals (-)	Reclassi- fications		
Intangible assets							
1. Industrial property rights and similar assets plus licences to such rights	14,002	-6	209	-927	15	3	13,296
2. Goodwill	334	0	0	0	0	0	334
3. Goodwill from capital consolidation	22,213	0	0	0	0	0	22,213
	36,549	-6	209	-927	15	3	35,843
Property, plant and equipment							
1. Land and buildings	31,666	0	76	-383	-9	22	31,372
2. Investment property	14,821	0	0	0	0	0	14,821
3. Plant and machinery	45,611	-463	1,787	-292	165	-85	46,723
4. Other plant, operating and office equipment	30,570	-45	1,359	-860	563	-53	31,534
5. Prepayments and assets under construction	501	0	732	-91	-734	-5	403
	123,169	-508	3,954	-1,626	-15	-121	124,853
Financial assets							
1. Investments in associates	1,919	-20	0	0	0	0	1,899
2. Shareholdings	6,989	0	0	-5,483	0	0	1,506
3. Securities	114	0	0	-114	0	0	0
4. Other loans	4,818	0	0	-155	0	0	4,663
	13,840	-20	0	-5,752	0	0	8,068
Total assets	173,558	-534	4,163	-8,305	0	-118	168,764

1 Jan. 2009	Accumulated amortisation and depreciation						31 Dec. 2009	Net carrying value	
	Changes in the con- solidated group	Additions (+)	Disposals (-)	Write- ups	Reclasi- fications	Changes in currency		31 Dec. 2009	31 Dec. 2008
12,159	-3	1,187	-855	0	12	3	12,503	793	1,843
244	0	14	0	0	0	0	258	76	90
9,129	0	0	0	0	0	0	9,129	13,084	13,084
21,532	-3	1,201	-855	0	12	3	21,890	13,953	15,017
10,656	0	1,083	-290	0	-73	0	11,376	19,996	21,010
10,996	0	133	0	0	0	0	11,129	3,692	3,825
34,520	-91	2,575	-258	0	-995	-13	35,738	10,985	11,091
25,096	-5	1,717	-810	0	1.056	1	27,055	4,479	5,474
0	0	0	0	0	0	0	0	403	501
81,268	-96	5,508	-1,358	0	-12	-12	85,298	39,555	41,901
1,507	0	0	0	0	0	0	1,507	392	412
6,950	0	0	-5,450	0	0	0	1,500	6	39
66	0	0	-66	0	0	0	0	0	48
0	0	0	0	0	0	0	0	4,663	4,818
8,523	0	0	-5,516	0	0	0	3,007	5,061	5,317
111,323	-99	6,709	-7,729	0	0	-9	110,195	58,569	62,235

Consolidated fixed-asset movement schedule of the AdCapital Group for the 2008 financial year

> in € thousand	1 Jan. 2008	Changes in the con- solidated group	Acquisition and production costs			Changes in currency	31 Dec. 2008
			Additions (+)	Disposals (-)	Reclassi- fications		
Intangible assets							
1. Industrial property rights and similar assets plus licences to such rights	13,754	0	376	-134	0	6	14,002
2. Goodwill	336	0	0	0	-2	0	334
3. Goodwill from capital consolidation	22,213	0	0	0	0	0	22,213
	36,303	0	376	-134	-2	6	36,549
Property, plant and equipment							
1. Land and buildings	30,023	0	324	-2	1,243	78	31,666
2. Investment property	15,305	0	8	-492	0	0	14,821
3. Plant and machinery	40,873	0	3,988	-603	472	881	45,611
4. Other plant, operating and office equipment	27,919	0	2,862	-540	204	125	30,570
5. Prepayments and assets under construction	2,082	0	336	-6	-1,917	6	501
	116,202	0	7,518	-1,643	2	1,090	123,169
Financial assets							
1. Investments in associates	1,874	0	45	0	0	0	1,919
2. Shareholdings	7,023	0	0	-34	0	0	6,989
3. Securities	114	0	0	0	0	0	114
4. Other loans	4,943	0	0	-125	0	0	4,818
	13,954	0	45	-159	0	0	13,840
Total assets	166,459	0	7,939	-1,936	0	1,096	173,558

1 Jan. 2008	Accumulated amortisation and depreciation						Changes in currency	Net carrying value		
	Changes in the con- solidated group	Additions (+)	Disposals (-)	Write- ups	Reclasi- fications	31 Dec. 2008		31 Dec. 2008	31 Dec. 2007	
9,026	0	3,271	-133	0	0	-5	12,159	1,843	4,728	
230	0	15	0	0	-2	1	244	90	106	
9,129	0	0	0	0	0	0	9,129	13,084	13,084	
18,385	0	3,286	-133	0	-2	-4	21,532	15,017	17,918	
9,607	0	976	-2	0	2	73	10,656	21,010	20,416	
10,951	0	137	-92	0	0	0	10,996	3,825	4,354	
29,199	0	4,989	-438	0	0	770	34,520	11,091	11,674	
23,932	0	1,816	-548	0	0	-104	25,096	5,474	3,987	
0	0	0	0	0	0	0	0	501	2,082	
73,689	0	7,918	-1,080	0	2	739	81,268	41,901	42,513	
1,265	0	242	0	0	0	0	1,507	412	609	
6,950	0	0	0	0	0	0	6,950	39	73	
17	0	49	0	0	0	0	66	48	97	
0	0	0	0	0	0	0	0	4,818	4,943	
8,232	0	291	0	0	0	0	8,523	5,317	5,722	
100,306	0	11,495	-1,213	0	0	735	111,323	62,235	66,153	

Statement of changes in consolidated equity to 31 December 2009 (as per IFRS)

> in € thousand	Subscribed capital Ordinary shares	Parent company		Balance sheet profit
		Capital reserves	Revenue reserves	
As of 31 Dec. 2007	45,000	86,200	8,022	71,938
Acquisition/withdrawal of treasury shares	0	0	-4,106	0
Dividends paid	0	0	0	-7,113
Other changes	0	0	-41,500	41,122
Overall result	0	0	0	-43,819
As of 31 Dec. 2008	45,000	86,200	-37,584	62,128
Acquisition/withdrawal of treasury shares	0	0	-2,866	0
Dividends paid	0	0	0	-6,947
Acquisition of non-controlling interests	0	0	0	377
Other changes	0	0	6,962	-6,962
Overall result	0	0	0	19,021
As of 31 Dec. 2009	45,000	86,200	-33,488	67,617

Translation adjustment	Non-controlling shareholders				Consolidated equity
	Equity	Capital from non-controlling shareholders	Translation adjustment	Equity	
351	211,511	4,603	0	4,603	216,114
0	-4,106	0	0	0	-4,106
0	-7,113	-2,935	0	-2,935	-10,048
0	-378	378	0	378	0
-235	-44,054	-245	0	-245	-44,299
116	155,860	1,801	0	1,801	157,661
0	-2,866	0	0	0	-2,866
0	-6,947	-2,084	0	-2,084	-9,031
0	377	-377	0	-377	0
0	0	0	0	0	0
99	19,120	1,544	0	1,544	20,664
215	165,544	884	0	884	166,428

Group cash flow statement

Line item > in € thousand	2009	2008
Result for the period (including profit attributable to non-controlling shareholders)	20,569	-44,047
+/- Depreciation/write-ups on fixed assets	6,709	11,495
+/- Increase/decrease in provisions	-407	-642
+/- Other non-cash expenses/income	-19,112	55,874
+/- Deferred tax expenses/income	-1,433	-3,528
+/- Profit/loss from deconsolidation	935	0
+/- Profit/loss from the disposal of fixed assets	-892	-33
+/- Increase/decrease in inventories, trade receivables and other assets not attributable to investing or financing activities	13,659	1,866
+/- Increase/decrease in trade liabilities and other liabilities not attributable to investing or financing activities	2,148	-4,578
= Cash flow from operating activities	22,176	16,407
+ Proceeds from disposals of property, plant and equipment	230	595
- Payments to acquire property, plant and equipment	-3,955	-7,518
- Payments to acquire intangible assets	-209	-376
+ Proceeds from disposals of financial assets	203	124
+ Proceeds from the disposal of consolidated companies and other business units	1,034	34
- Payments to acquire consolidated companies and other business units	0	-45
+/- Proceeds/payments relating to investments of funds as part of the short-term management of financial investments	6,628	5,850
= Cash flow from investing activities	3,931	-1,336
- Payments to company proprietors and non-controlling shareholders (dividends)	-9,031	-10,048
- Payments to acquire treasury shares	-2,866	-4,106
+/- Proceeds/payments relating to the issuance or repayment of financial liabilities	-864	-1,417
= Cash flow from financing activities	-12,761	-15,571
Net change in cash and cash equivalents	13,346	-500
+/- Exchange rate-related change in cash and cash equivalents	18	-28
+ Cash and cash equivalents at beginning of period	17,975	18,503
= Cash and cash equivalents at end of period	31,339	17,975

Cash and cash equivalents can be broken down as follows:

> in € thousand	2009	2008
Money market securities	0	0
Cash ¹	31,339	17,975
	31,339	17,975

¹Cash includes cash in hand, bank balances and cheques.

Supplementary information on the Group cash flow statement

Details on the acquisition and disposal of consolidated companies and other business units

Line item > in € thousand	2009	2008
Purchase prices	0	0
Proportion of purchase prices made up of cash and cash equivalents	0	0
Selling prices	0	0
Proportion of selling prices made up of cash and cash equivalents	0	0
Cash and cash equivalents acquired	0	0
Other assets and liabilities acquired		
Inventories, trade receivables and other assets not attributable to investing or financing activities	0	0
Property, plant and equipment	0	0
Intangible assets	0	0
Financial assets	0	0
Special items with accrual character	0	0
Provisions	0	0
Trade liabilities and other liabilities not attributable to investing or financing activities	0	0
Loans	0	0
Cash and cash equivalents sold	0	0
Other assets and liabilities sold		
Inventories, trade receivables and other assets not attributable to investing or financing activities	644	0
Property, plant and equipment	412	0
Intangible assets	3	0
Financial assets	0	0
Special items with accrual character	0	0
Provisions	0	0
Trade liabilities and other liabilities not attributable to investing or financing activities	3,163	0
Loans	0	0
Other supplementary information		
Interest paid	518	1,483
Interest received	5,227	3,909
-/+ income taxes paid and refunded	-1,610	-1,410
Dividends paid	9,031	9,670
Dividends received	0	0

Segment reporting

2009 > in € thousand	Industrial shareholdings	AdCapital AG	Misc. and eliminations	Total
Sales, external	119,293	0	-386	118,907
Segment result	-2,389	-15,739	13,914	-4,214
Earnings before income taxes	-3,994	13,377	13,086	22,469
Financial result	-2,314	28,016	-19	25,683
Segment assets	100,666	157,589	-52,144	206,111
Segment liabilities	88,389	10,217	-71,263	27,343
Investments in intangible assets and property, plant and equipment	4,114	49	0	4,316
Scheduled depreciation	-5,763	-795	4	-6,554

40

2008 > in € thousand	Industrial shareholdings	AdCapital AG	Misc. and eliminations	Total
Sales, external	153,662	0	138	153,800
Segment result	5,957	10,645	-9,778	6,824
Earnings before income taxes	-491	-38,567	-5,759	-44,817
Financial result	-2,347	-49,213	161	-51,399
Segment assets	114,581	150,856	-69,766	195,671
Segment liabilities	95,653	5,375	-76,428	24,600
Investments in intangible assets and property, plant and equipment	7,826	68	0	7,894
Scheduled depreciation	-7,360	-797	4	-8,153

2009 > in € thousand	Germany	Abroad	Total
Sales, external	73,590	45,317	118,907
Investments in intangible assets and property, plant and equipment	1,687	2,629	4,316
Segment assets	204,379	1,732	206,111

2008 > in € thousand	Germany	Abroad	Total
Sales, external	90,354	63,446	153,800
Investments in intangible assets and property, plant and equipment	5,475	2,419	7,894
Segment assets	194,280	1,391	195,671

AdCapital AG Group companies, fully consolidated (stakes of 20% or more)

Name	Headquarters	Additive	Multiplicative
AdCapital Beteiligungs AG	Leinfelden-Echterdingen	100.00	100.00
AdCapital Invest GmbH	Leinfelden-Echterdingen	100.00	100.00
BE Services GmbH Supply.Energy.Support	Leinfelden-Echterdingen	100.00	100.00
Berliner Elektro-Technik GmbH	Leinfelden-Echterdingen	100.00	100.00
Bavaria Digital Technik GmbH	Pfronten	100.00	100.00
DPS Engineering GmbH	Leinfelden-Echterdingen	61.00	61.00
ESPO s.r.o	Rožnow (Czech Republic)	100.00	100.00
EW Hof Antriebe und Systeme GmbH	Hof	100.00	100.00
FRAKO Kondensatoren- und Anlagenbau GmbH	Teningen	100.00	100.00
Grundstücksgesellschaft am Entenfang mbH	Hanover	100.00	100.00
Erich Jaeger GmbH + Co. KG	Friedberg	100.00	100.00
Erich Jaeger Otomotive Istanbul Sanayi ve Ticaret Ltd. Sti	Istanbul (Turkey)	100.00	90.55
Erich Jaeger s.r.o	Kopřivnice (Czech Republic)	100.00	100.00
Insert Ltd.	Istanbul (Turkey)	100.00	100.00
Jaeger France SARL	Lyon (France)	100.00	100.00
Jaeger Poway Ltd.	Hong Kong (PR China)	60.00	60.00
Jaeger Poway Automotive Systems (Shenzhen) Ltd.	Shenzhen (PR China)	60.00	60.00
KTS Kunststoff Technik Schmölln GmbH	Schmölln	100.00	100.00
OPUS Formenbau GmbH	Heiligkreuzsteinach	75.00	75.00
Taller GmbH	Waldbronn	90.91	90.91
Taller Hong Kong Ltd.	Hong Kong (PR China)	100.00	90.91
Taller Electronic Components (Dongguan) Ltd.	Dongguan (PR China)	100.00	90.91

Published by

AdCapital AG, Gutenbergstraße 13, 70771 Leinfelden-Echterdingen, Germany
Tel.: +49 (0)711 389400-0; fax: +49 (0)711 389400-20
www.adcapital.de

Investor relations

Alexandra Mack
Email: am@adcapital.de
Tel.: +49 (0)711 389400-10; fax: +49 (0)711 389400-20

Concept and composition

Kirchhoff Consult AG, Hamburg
www.kirchhoff.de

42

Concept and design

komm.passion GmbH, Düsseldorf
www.komm-passion.de

Photography/picture credits

Panthermedia (cover)
Christian Lord Otto (page 5)
DPS Engineering GmbH (page 9)
EW Hof Antriebe und Systeme GmbH (page 9)
Bavaria Digital Technik GmbH (page 10)
FRAKO Kondensatoren- und Anlagenbau GmbH (page 10)
Erich Jaeger GmbH + Co. KG (page 11)
KTS Kunststoff Technik Schmölln GmbH (page 12)
OPUS Formenbau GmbH (page 12)
Taller GmbH (page 13)

Financial calendar

2010

Late March	Publication of preliminary figures for the 2009 financial year
28 April	Publication of the 2009 financial statements for the company and the Group
12 May	Interim statement for the first half of 2010
Late May	Publication of the annual report for the 2009 financial year
9 July	Annual shareholders' meeting in Stuttgart
18 August	Financial report for the first half of 2010
12 November	Interim statement for the second half of 2010

2011

Late March	Publication of preliminary figures for the 2010 financial year
Late April	Publication of the 2010 financial statements for the company and the Group
Mid-May	Interim statement for the first half of 2011
Late May	Publication of the annual report for the 2010 financial year
Early July	Annual shareholders' meeting in Stuttgart



AdCapital –
Capital for business owners and businesses