Balda AG

Quarterly Report I / 2009

Balda achieves positive results all along the line in the first quarter 2009

- Revenues in the Infocom business increase by 2.3 million euros to 27.9 million euros
- EBITDA at 4.7 million euros growing significantly
- Positive EBIT of 1.8 million euros
- Significant EBT-plus to 2.2 million euros
- Operative Cash flow of 4.7 million euros
- Goal 2009: Profit or balanced result at minimum

Key figures of Balda Group (continued operations)

in mio. EUR	Q1 / 2009	Q1 / 2008 with TPK	Q1 / 2008 without TPK
Revenues	27.9	34.9	25.6
China	21.9	18.0	8.7
Malaysia	5.0	16.7	16.7
India	0.9	0.2	0.2
Total operating performance	29.2	41.1	28.4
EBITDA	4.7	0.5	1.2
Operating result (EBIT)	1.8	-5.0	-1.1
EBIT margin (in %)	6.1	-12.2	-4.0
Earnings before taxes (EBT)	2.2	-7.0	-2.8
3-months net income	1.8	-6.2	-2.0
3-months net income including discontinued operations	5.0	-0.5	3.8
Earnings per share (in cents) [1]	9.2	-0.9	7.0
Employees [2]	4,802	5,983	4,563

(1) Number of shares on cut-off date (in mio.): 54.157 (reference date: 54.157)
(2) Number of employees including loan workers, temporary workers and apprentices – continued operations only

Due to the significance and the different accounting of the TPK shares in the first quarter 2009 vs. 2008 the comparative figures in above table, and elsewhere whenever necessary for understanding, are shown with or without TPK.

Brief profile

The Balda Group develops and produces highly integrated plastic components and hardware primarily for the communication and entertainment electronics sectors in the growing Asian markets. Customers are leading enterprises from the mobile communications market and similar sectors.

Balda's major strength is in the manufacturing of products using latest cutting edge technologies. The company is focussing its experience and expertise in engineering and technology on the development of innovative processes and new products.

The Balda Group concentrates on growing organically and profitably to effectively increase shareholder value for employees, business partners and shareholders alike.

Explanatory notes on the modified structure of the quarterly report

Continued and discontinued operations

The key figures of the first three months of operation 2009 given below are not identical to the numbers of the first quarterly report of 2008. The numbers of the first quarterly report 2009 report only the assets of continued operations. The continued operations remained unchanged in the first quarter 2009 compared to the closing date 31 December 2008 and include the following operating companies:

Balda Solutions Beijing Ltd.

Balda Solutions Suzhou Ltd.

Balda Solutions Malaysia Sdn. Bhd.

Balda Motherson Solution India Ltd.

Balda Solutions USA Inc.

Balda Solutions Xiamen Ltd.

The comparative data of the same period last year still contains quota-consolidated shares of TPK. Since the fourth quarter 2008, following the sale of 12 percent of shares of touch screen producer TPK, Balda Group no longer consolidates by quota. The proportionate quarterly result of TPK is from now on reported under "Shareholdings in affiliated companies".

The following actively operating subsidiaries did not belong to the discontinued segments of operations in the first quarter 2008:

BLT Paulista Plasticos Industria e Comercio Ltda.

BLT Amazonia Plasticos Industria e Comercio Ltda.

Balda Medical GmbH Co KG

Balda Grundstücks- und Vermietungsgesellschaft mbH

The disclosure of comparative figures has been adjusted as necessary.

Interim Management Report

Overall economic development

The economic downturn is accelerating

In its newest report from 22 April 2009 the International Monetary Fund (IMF) warns that the current recession will be unusually severe and particularly long lasting. The economy will be slow to recover when the crisis abates. The world economy will decline by 1.3 percent in 2009, but will grow by 1.9 percent in 2010.

For the US economy, the IMF predicts for 2009 a decline of 2.8 percent, and for 2010 stagnation. Whether the third successive rise of the Purchasing Managers' Index can be rated as bottoming out for the US economy is unsure. In February the US trade deficit unexpectedly dropped to its lowest level in nine years. According to preliminary data from the US trade ministry, the deficit amounted to 25.97 billion US dollars.

According to the quarterly forecast of the ifo Institute in Munich, the gross domestic product (GDP) of the Eurozone in the first quarter 2009 fell by 1.9 percent compared to the same period in the previous year. For the second quarter, experts predict a fall of 0.6 percent, and for the coming two quarters 2009 a fall of 0.2 percent each. The IMF even predicts a fall of 4.2 percent of GDP within the EU monetary union.

For Germany, the IMF predicts an economic decline of 5.6 percent in 2009, and 1 percent in 2010. Compared to February of the previous year, turnover in manufacturing in Germany fell by 23.3 percent, adjusted for season and working days. This is the steepest fall since these numbers were first recorded in 1991. Export earnings in particular fell by 27.5 percent compared to the previous year. The labour market has also been noticeably affected by the economic downturn. The unemployment rate rose to 8.6 percent in March 2009. Until the end of 2010, economists predict the rate to rise to 10.8 percent, or 4.7 million unemployed.

China's economic growth in 2009 compared to the previous year will fall by 3 percentage points to 6.5 percent. This is the lowest rise since recording began in 1992. Following a slight increase in the first two months of the year, China's industrial production in March rose by 8.3 percent, and retail sales rose even by 14.7 percent. Chinese consumer prices in March 2009 fell between 1.1 and 1.3 percent compared to the previous year. Producer prices fell between 5 and 6 percentage points. Other emerging markets, including India, also recorded economic growth despite the global recession. For India, the IMF predicts an annual growth of 4.5 percent in 2009 (2008: 7.3 percent).

Sector situation

The market subsides

Weaker demand in the growth markets and reduction of inventories in the first quarter of 2009 affected sales and put pressure on producers of mobile phones. While in 2008 the mobile telecommunications sector recorded 6 percent growth, the Gartner Institute for market research predicts the worldwide sales of mobile phones to decrease by 3 percent in 2009 to 1.89 billion US dollars. According to figures released by Gartner, the worldwide sales of mobile phones decreased in the fourth quarter of 2008 by 4.6 percent to 314.7 million devices in an annual comparison.

Sinking confidence of end users and conservative reacquisition purchases have caused the sales of mobile phones in industrialized countries and developing markets to drop. In Asia the number of mobile phones sold in the final quarter of 2008 decreased only slightly from 81 million to 79 million units. According to Gartner, in Eastern Europe, the Middle East and

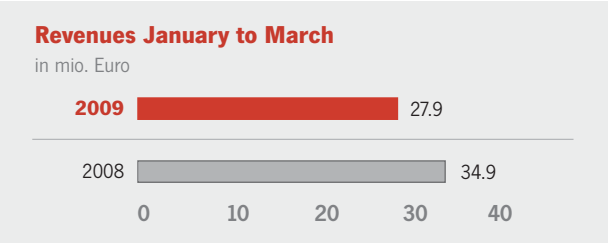
Africa sales decreased by 3.5 percent. In Western Europe, despite the adverse general economic situation, the mobile phone sales volume reached 53.4 million devices.

Nevertheless the annual results 2008 remained below those of 2007 by 16.4 million sold devices. Solely India, the world's fastest growing mobile phone market, had a record high of 10.8 million new customers. Extended contract durations and longer use of existing devices kept customers from making new purchases. For the first quarter of 2009 no consolidated market data concerning the global mobile phone market is available.

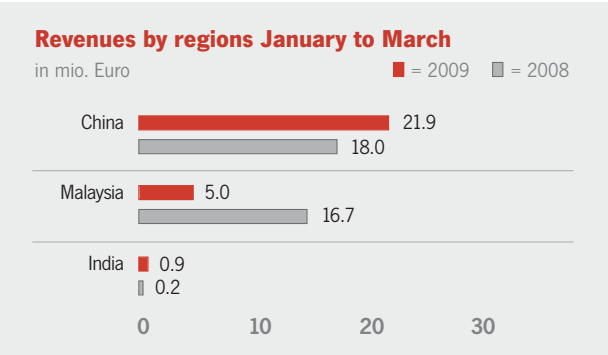
Business development

Infocom sales volume above previous year

The Balda Group achieved sales revenues in the continued operations of 27.9 million euros in the first quarter of 2009 (previous year: 34.9 million euros). 9.3 million euros from TPK were, however, still proportionately included in the sales revenues from the first quarter of 2008. TPK has not been quota consolidated since October 2008. Adjusted for the previously named sales contribution, a comparative sales value resulted for the first quarter of 2008 of 25.6 million euros. Accordingly, the sales volume in the first quarter of 2009 of 27.9 million euros surpassed that of the previous year of 25.6 million euros by 2.3 million euros or 9.0 percent,

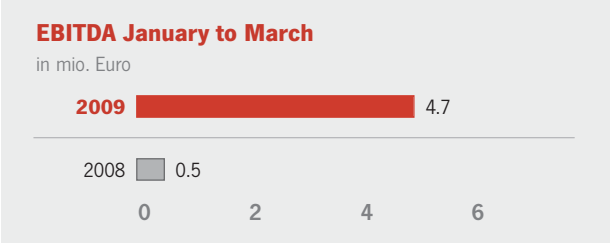


The contribution from the China region to the sales volume amounted to 21.9 million euros. If the previous year's value of 18.0 million euros is adjusted for the TPK effect, the sales value for the comparison period amounts to 8.7 million euros. The Malaysia region achieved sales revenues of 5.0 million euros in the first quarter of 2009 (previous year: 16.7 million euros). This shifting of sales revenues from the production location of Malaysia to China clearly reflects the relocation of the business of a major client.



The Balda Group recorded 4.7 million euros under earnings before interest, taxes and depreciation (EBITDA) in the first quarter of 2009 (previous year: 0.5 million euros). Adjusted for TPK, the EBITDA of the previous year amounted to 1.2 million euros.

The Group's operating income (EBIT) had a positive outcome at 1.8 million euros at the end of the first quarter of 2009 (previous year without TPK-participation: minus 1.1 million euros).



The Group's EBT amounted to 2.2 million euros in the continued operations after the first three months of the current financial year (previous year: minus 7.0 million euros). Adjusted for the TPK earnings, the EBT amounted to minus 2.8 million euros in the first quarter of 2008.

The earnings from affiliated companies of 2.5 million euros represent Balda's share in the net TPK result from the first quarter of 2009. The result has already been adjusted for depreciation of customer relations and deferred tax.

The discontinued operations of the Balda Group recorded a reporting period profit of 3.2 million euros (previous year: 5.8 million euros). The positive result from the discontinued operations at the end of the first quarter of 2009 is comprised primarily of earnings of verified payments from the BenQ insolvency management and Balda Medical earnings.

At 308.4 million euros, the total assets of the Balda Group at 31 March 2009 are slightly above the reference value of the 2008 year-end of 300.4 million euros.

The Balda Group had equity capital (without minorities) at its disposal of 114.2 million euros at the end of the first quarter of 2009 (2008 financial statement date: 98.2 million euros). This is an improvement in the equity capitalization of 16.0 million euros. The reasons for this are the positive quarterly result and increase in reserves resulting from currency devaluation.

Net-financial liabilities of the Group were reduced from 102.0 million euros at year-end 2008 to 98.3 million euros at the balance sheet date. Due to the increased equity capital the proportion of net-financial liabilities to the equity capital (net-gearing) was also reduced to 86.1 percent compared with 103.9 percent at the reference date.

Significant events in the first quarter

Effective 18 February Max Gain Management Ltd. increased its shareholdings from 15.27 percent of shares in Balda AG to 29.99 percent by taking over shares from the Norddeutsche Landesbank (NordLB) package. The transaction for the Balda AG shares, which are listed in the Prime Standard on the Frankfurt Stock Exchange, was conducted off-market.

Balda AG finalised a liberating contract at the end of March 2009 among others with TTWE Hanse Verwaltungs GmbH and the Heinze Group, also on the discharge of liabilities still outstanding amounting to 1.5 million euros. The agreement is subject to a suspensive condition, which consists of the occurrence of events affecting the debtor. The liabilities are accounts receivable from the purchase contract for the German automotive companies as well as for the German Infocom-business in 2008. Completion should take place by the end of June 2009.

Investments

Restrained activities

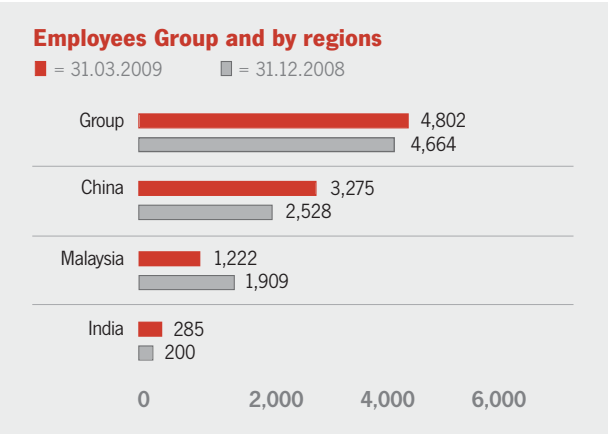
The Balda Group had invested a total of 0.95 million euros in tangible and intangible assets into its continued operations at 31 March 2009 (previous year: 9.8 million euros). These were almost exclusively replacement investments. The investment volume of the previous year was determined particularly by the amount of 6.3 million euros by TPK.

The investments into discontinued operations during the first three months of the current year amounted to 0.14 million euros.

Employees

Slight increase

On 31 March 2009 Balda Group employed in its continued operations altogether 4,802 people (including leased employees, trainees and temporary staff). The rise in employee numbers compared to the end of 2008 (4,664 employees) amounted to 138 people or 3.0 percent. The increase is due to the efficient utilisation of the production plant in Beijing. In addition, for legal reasons the Group was not able to decrease the number of employees at the Chinese Suzhou plant faster.



On 31 March 2009 the Group's Chinese locations (without TPK) employed altogether 3,275 people (31 December 2008: 2,528 people). In the Malaysia region the development is opposite, where the number of 1,909 employees at the previous year-end fell to 1,222 by 31 March 2009. Here too the relocation of a major client's operation from Malaysia to China is reflected.

In the India region, the number of employees of the subsidiary Balda Motherson rose by 85 to 285 employees at the end of the first quarter 2009 (31 December 2008: 200 employees).

Compared to the first quarter 2008 the total number of personnel was significantly reduced, particularly due to the sale of 12 percent shares in TPK and deconsolidation of TPK. In addition, the Brazilian companies and Balda Medical were still counted as continued operations in the same period of the previous year.

Supplementary report

Mid-April 2009 Balda Group held the first Sales & Strategy Workshop in Beijing involving managers from all continued operations and the CEO.

In order to efficiently manage and develop Balda Group and its production locations, the participating managers analysed the current development of the Group, considering also the general market situation and market environment. As a result, the Group's management developed future prospects for product development and competitive positioning.

The Balda Group has decided to relocate the operational activities of the Xiamen production location, including the machines and equipment, to Balda Solutions Beijing. The transfer will take place in April and May of 2009.

The Balda Group is obligated to repay a liability of 5.0 million euros owing to a creditor outside of the circle of consortium banks. The consortium banks expect the creditor to remain with a considerable portion of his previous participation in the financing of the corporate group. The banks would otherwise be entitled to terminate the loan contract. Negotiations with the respective bonded loan creditor are currently being held on the modalities of the partial repayment of this creditor's receivable and his position in the creditors' circle with the portion of his receivables still open.

Further to this, the collateral order for the TPK consortium banks has still not been implemented in its entirety.

The responsible parties in the Balda Group are currently working intensively on a solution to both previously named issues.

Forecast

Downward momentum of the global economy

In the current year global demand is likely to remain weak. The IMF predicts for 2009 a decline in the global economy by 1.3 percent, for 2010 growth by 1.9 percent.

According to the ifo Institute in Munich, the economy of the Eurozone will continue to decline in the coming quarters. The European Central Bank sees the euro zone in an extended economic slowdown. The US Federal Reserve estimates for the current operational year economic output to fall by 2.7 percent. The IMF estimates a decline by 4.2 percent for 2009. In 2010 the IMF expects a fall of 0.4 percent.

In the 27 countries of the European Union economic growth is expected to fall by 4.3 percent in 2009, and by 0.5 percent in 2010. Annual inflation at 0.6 percent in March 2009 as measured by the harmonized consumer index was at its lowest ever during the 10 year monastery union of the Eurozone. Economists expect economic stabilization only for 2010.

Germany as export-dependent economy is affected particularly hard by the global recession, according to the IMF and leading national economic institutions. The IMF estimates that Germany's exports will fall by over 20 percent. Experts predict that the German economy will decline up to 6 percent in 2009 and by 0.5 percent in 2010. The German government also estimates that GDP will fall by around 5 percent. Economists have revised their earlier estimations downwards. The downward momentum is chiefly attributed to the bad situation in the manufacturing sector.

In machine and plant engineering orders fell sharply by around 50 percent. In the first quarter production levels in key industries like car manufacturing were down by 40 percent compared to December 2008. Rising unemployment will continue to weaken domestic demand and burden the state finances. Experts predict permanent stabilization of the economic situation in Germany only in 2013.

Economic output in the US will fall by almost 2.8 percent in 2009. For 2010 the IMF predicts stagnation.

Despite slowing growth leading emerging markets China (6.5 percent growth) and India (4.5 growth) contribute to the stabilization of the global economy.

Infocom

Nokia and Sony Ericsson expect 2009 a decline in sales of 10 percent for the entire industry. Market analysts Gartner are more optimistic. They expect a fall in global mobile phone sales in lower one-digit numbers. In the previous year 1.2 billion handsets were sold.

Future corporate situation

Despite the successful first quarter 2009 with growth in sales and profits, Balda Group remains only cautiously optimistic for the current financial year. Developments in the global mobile phone markets in particular point to declining demand in 2009. Recent results of the leading producers worldwide lead to expectations of a decline in market potential of 10 percent or more. On the other hand, from experience Balda Group's higher-end products fare better in times of economic downturn than products priced in the medium range. In addition, the Group aims at winning new customers and markets. In keeping with the ongoing strategic expansion within the proximity of the customers, the Group is planning to open sales offices in Tokyo, Japan and in Seoul, Korea, over the course of the next three to six months, after the already operating offices in Lund, Sweden, as well as in Taipei, Taiwan.

Even in the case of declining sales, Balda's target corridor for 2009 will continue to be a balanced result at minimum. Furthermore, there is now a more favourable outlook. New projects will be starting up in the second half of the year. The Corporate Group has already achieved a positive operating income in the first quarter with the low sales revenue level of only

27.9 million euros. Moreover, the company is confident that TPK will contribute a significant share of the profit to the Group result. Therefore, the Board of Directors considers it likely that the company will achieve a profit for the full 2009 year at minimum in the one digit million range.

Chance and risk report

Compared with the risks stated in the risk report included in the management report of the Annual Report 2008, isolated but significant changes can be observed until the end of the first quarter 2009. These go beyond the risk level described in the Annual Report 2008. The changes in the risk situation affect particularly the following influence factors:

Environmental and sector risks
For Balda Group as an internationally operating company, risks resulting from the macroeconomic conditions have intensified. The downward momentum, especially in industrialized nations, points to a clear recession. Only emerging markets such as China and India show growth, if on a lower-than-previous level. This development is likely to increase unemployment. This in turn causes further strain on state budgets, increasing debt. Ultimately, investment, industrial output and private consumption will be noticeably afflicted.

Market risks
According to current opinions of experts, the global economic and financial crisis will also have negative influence on the market for mobile telephones. Generally, a fall of around 10 percent in sales of handsets is estimated. Depending on the market situation of those brands for which Balda is manufacturing assemblies, the Group may not be able to escape entirely from the downturn.

On the other hand the Group has the opportunity to gain new customers and projects. The crisis increases competition between new phone sets. Innovativeness is a success factor particularly in times of increased competition.

Price risks
The growing competition between leading mobile phone manufacturers in a declining market could lead to further pricing pressure on suppliers and system partners such as Balda.

Competitive risks in the sector
Balda's customers could, in the case of declining numbers in manufacturing and smaller production lots of their mobile phones, decide to concentrate production of components from a smaller number of suppliers. Clients may aim at cost advantages with such measures. This constitutes a contract risk for Balda.

Customer risks
The fact that locations in the region Asia allocate the lion's share of their production capacity to a globally leading manufacturer of mobile phones constitutes a risk for Balda Group. This manufacturer holds a significant share of the total sales and business volumes in Asia. The degree of dependence on this customer constitutes a risk for Balda Group.

Capacity utilization risks
The global recession may lead to a noticeable decline in sales as well as to fluctuations in demand. Lack of utilization of capacities and permanent staff constitute cost risks for Balda.

Capital market and financing risks
Balda Group plans to sell various assets in order to repatriate short-term liabilities. Under the current situation however it is difficult to realize reasonable prices according to the actual values. The current market situation could constitute a financing risk for Balda Group regarding future capital.

A further risk could possibly arise from the loan conditions finalized with Balda's consortium banks. The company is obligated to reduce a liability of 5.0 million euros owing to a creditor outside of the consortium banks within a specified time period. The Group is also willing and able to pay. Due to the neutrality of treatment of the creditor, settlement of the previously named sum requires the agreement of the consortium banks. They are seeking to have only a partial repayment, which has to be amicably arranged with the creditor.

Overall risk

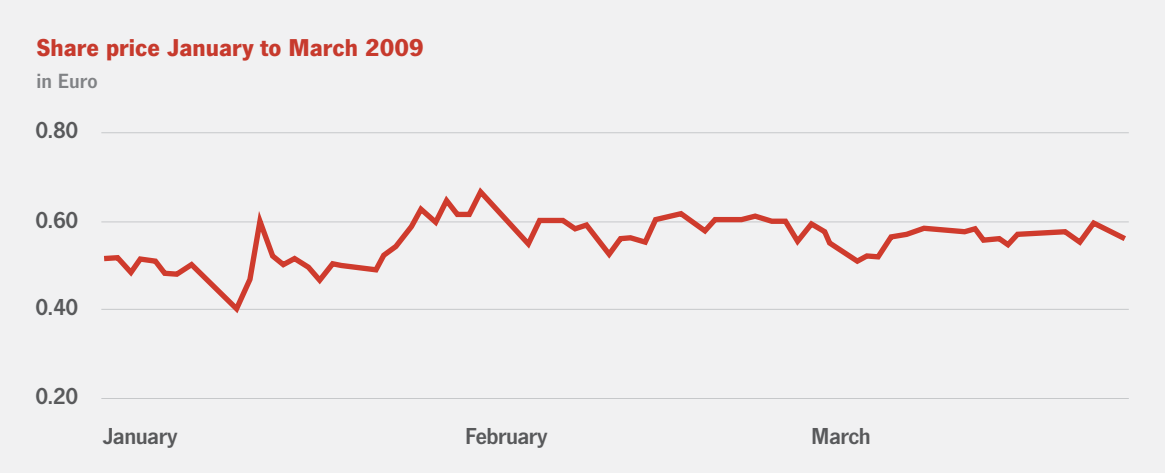
According to the current status of information, no processes of importance beyond those mentioned here are known, which could pose further significant risks to the envisioned corporate development or company assets.

Balda shares fare better than SDax average

Balda shares opened on the first day of trading 2009 at a rate of 0.55 euro in Xetra trading on the Frankfurt Stock Exchange. On 31 March the closing rate came in at 0.53 euros. This is a reduction of 0.02 million euros or 3.64 percent. Balda shares have therefore fared comparatively well. The Small-Cap-Index SDax, to which Balda shares belonged until mid-2008, finished the quarter at 2,374.46 points. Compared to the opening price on 2 January 2009 at 2,829.67, this is a reduction of 455.21 points or 16.09 percent.

The highest value of Balda shares in the first quarter of 2009 was 0.68 euro (closing rate 16 February). The lowest value was 0.40 euro (closing rate 16 January).

Average daily turnovers of Balda shares (Xetra) reached 96,835 traded shares in January 2009; 204,348 shares in February 2009 and 73,089 shares in March 2009. Free-float market capitalization of Balda Group on 31 March amounted to 14.87 million euros; market capitalization based on a total of 54.2 million shares amounted to 28.7 million euros.



Selected information to the notes

General details

The Balda Aktiengesellschaft's registered office is located in Bad Oeynhausen, Germany.

The Quarterly Report at 31 March 2009 and the 2008 Annual Financial Report were prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable within the European Union. The financial accounting methods applied comply with European Union guidelines for the reporting of consolidated financial statements.

All amounts listed refer to thousand euros (TEUR) unless otherwise indicated.

Standardized accounting and valuation principles, which are conform to IFRS, form the basis of the financial statements of the companies included in the consolidated financial statement.

Scope of consolidation unchanged

The scope of consolidation was revised in the first three months of 2009, reflecting no changes since the 2008 annual financial statement.

In addition to Balda AG, six domestic and twelve foreign subsidiaries were included in the consolidated financial statement for the first quarter of 2009.

Joint ventures

Following the purchase of the remaining 50 percent shares in the intermediate holding Balda Lumberg Deutschland GmbH & Co. KG in November 2008 and the sale of the 12 percent shares in TPK Holding Co. Ltd in September 2008 no other joint ventures that require reporting exist.

Financial reporting and evaluation principles

Where accounting, valuation and consolidation methods used in the compilation of the interim report differ from those applied to the 2008 Annual Financial Statement (IAS 34, 16a), a clarification of these methods has been provided at the relevant location of this report.

The basic principles and methods used for estimates in the quarterly financial statement do not differ from those of the previous reporting period (IAS 34,16d). A detailed description of the accounting, consolidation and valuation methods has been included in the notes to the annual financial statement at 31 December 2008. Reference is also made here to the exercising of the voting rights incorporated in the IFRS.

Segment Reporting

Starting with the present first Quarterly Report 2009, Balda Group is complying with the updated regulations of IFRS 8 for Segment Reporting. Contents per segment are shortened compared to previous reports, and reduced to the required specifications as follows:

internal and external revenues

period results

total asset values

Reconciliation of period results of segments with the Group's total results (before taxes and results of discontinued operations)

For management purposes the Balda Group is divided into three separate segments based on respective production locations. The operational results (EBIT) are monitored separated by segment, in order to assess earning power and to decide about the distribution of resources.

According to internal reporting, the regions China, Malaysia and India are classified as operative segments. The previous segment Asia is now split into the regions Malaysia and China. Even though the region India does not meet the quantitative requirements of IFRS 8, the management considers separate reporting useful because of strategic concerns. The category "All other segments" contains chiefly the accumulated and continuously accruing expenses of the holding companies. Because management of the shareholding in TPK is undertaken from the holding company in Singapore, the key figures for affiliated companies are also reported under the segment 'other'.

The valuation of segment key data corresponds to key figures of the consolidated statement.

Cash flow statement

The cash flow statement includes data in individual positions only for the continued operations (see annexed table). The comparative figures from the previous year have been adjusted accordingly

Operative cash flow above previous year's figure

In the first three months of the fiscal year the inflow of funds from operating activities accounted for 4.7 million (previous year: minus 15.7 million euros). Beside the positive result, the reduction of working-capital led to this cash inflow. Tax payments had an impact in the opposite direction.

In the first quarter 2009 the inflow of funds from investing activities was at 0.7 million euros (previous year: outflow of 11.7 million euros). The spending for fixed assets and intangible assets with approximately 1.1 million euros was lower compared to previous year's value of 9.3 million euros. From the shareholding of TPK the Group received in the period under review dividends in the amount of 1.8 million euros. Especially the repatriation of short-term bank-liabilities impacts the cash flow of financing activity. It amounts to minus 5.1 million euros in the first quarter 2009 (previous year: minus 7.2 million euros).

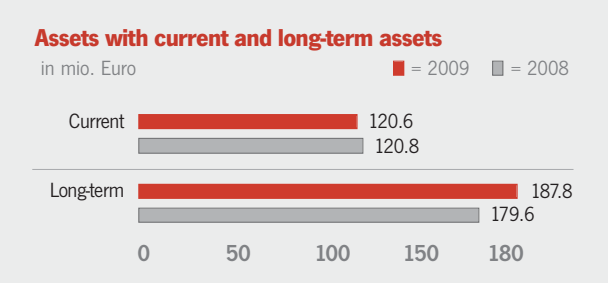
As of 31 March 2009 cash and cash equivalents accounted for 37.0 million euros and were clearly above the previous year's value of 10.4 million euros.

Balance sheet structure

At 308.4 million euros, the total assets of the Balda Group at 31 March 2009 are slightly above the reference value of the 2008 year-end of 300.4 million euros.

On the asset side, the current assets at the close of the first quarter of 2009 remained constant at 120.6 million euros compared to the 2008 year-end. Liquid assets remained almost unchanged at 37.0 million euros in the first three months of the 2009 financial year.

In contrast, trade accounts receivables decreased by 4.0 million euros to 23.6 million euros. Assets classified as held for sale increased by 4.5 million euros to 40.7 million euros. The increase is due to the accounts receivable from the BenQ Mobile insolvency assets of 2.3 million euros and the increased company value of Balda Medical.

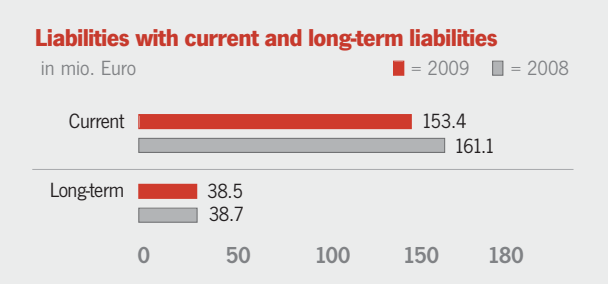


The long-term assets increased by 8.1 million euros to 187.8 million euros at the end of the quarter at 31 March 2009. The proportion of long-term assets of the total assets amounted to 60.9 percent compared to 59.8 percent at the 2008 financial statement date.

While the tangible and intangible assets did not record any significant changes, the financial assets in particular increased compared to the 2008 financial statement date by 5.4 million euros to 79.9 million euros. In particular the position "Shares in associated companies" increased by 5.6 million euros. The increase is the result of TPK earnings in the first quarter of 2009 and the altered exchange rate between the US dollar and the euro at the reporting date valuation of the stake valuation. It changed significantly in favour of the US dollar.

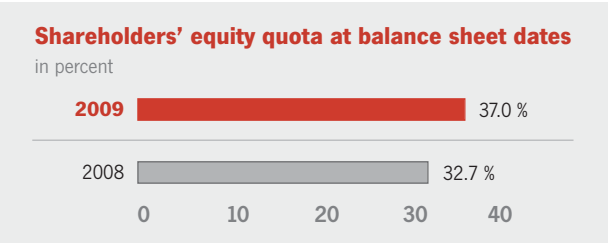
The goodwill increased by 2.4 million euros to 49.1 million euros due to currency revaluation.

On the liability side, current liabilities decreased by 7.7 million euros to 153.4 million euros at the end of the first quarter of 2009 compared to the 2008 financial statement date. Current liabilities owing to credit institutes and the current portion of long-term loans recorded the largest decrease due to a reduction in drawing on credit lines of 4.6 million euros. In contrast, the payments received increased from 1.6 million euros to 3.2 million euros, due to increased tool orders. Tax payments are primarily responsible for the decrease in the tax liabilities of 1.3 million euros to 9.0 million euros.



The long-term liabilities have remained almost constant at 38.5 million euros (2008 financial statement date: 38.7 million euros). There were no noteworthy changes in the individual positions of the long-term liabilities.

The Balda Group had equity capital at its disposal of 114.2 million euros at the end of the first quarter of 2009 (2008 financial statement date: 98.2 million euros). This is an improvement in the equity capitalization of 16.0 million euros. The reasons for this are the positive quarterly result and increase in reserves resulting from currency devaluation.



The shareholders' equity quota in the Balda Group thus improved from 32.7 percent at the 2008 financial statement date to 37.0 percent at the end of the first quarter of 2009.

With the inclusion of the minority interests of 2.3 million euros, the total equity capital amounted to 116.5 million euros (2008 year-end: 100.6 million euros). The shareholders' equity quota amounted to 37.8 percent at 31 March 2009, after 33.5 percent at the end of 2008.

Income statement

For the following notes we refer to the accompanying tables "Balda Group - Income Statement (continued operations) – 1st quarter 2009" and "Balda Group - Segment Reporting (continued operations) – 1st quarter 2009".

Notably positive results

In the period under review, the Balda Group achieved in the continued operations a turnover of 27.9 million euros. In the comparable period 2008 the turnover totalled 34.9 million euros including TPK with 9.3 million euros.

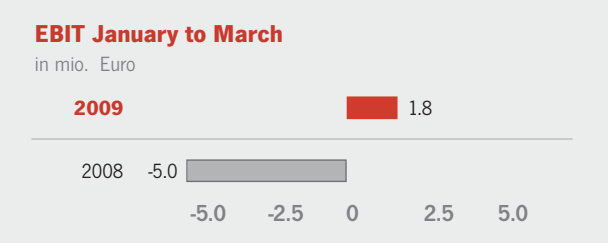
The total operating performance in the continued operations at the end of the first quarter of the current financial year amounted to 29.2 million euros. In the previous year, the total operating performance adjusted for the TPK contribution amounted to 28.4 million euros.

The expenses for materials and services rendered amounted to 12.6 million euros in the reporting period. Adjusted for the TPK portion, these expenses amounted to 13.1 million euros in the previous year's quarter. This corresponds to a materials expense quota for the first quarter year of 2009 of 43.2 percent (previous year without TPK: 46.3 percent).

The personnel expenses, including expenses for loan workers, remained nearly unchanged in the reporting period compared to the value of the comparable period adjusted for the TPK effect. The personnel expense quota in the Balda Group in the first three months of the current financial year at 22.0 percent, measured on the total performance, was below the value of the 2008 reference period (without TPK) of 23.1 percent.

The other operating expenses declined in the first quarter of 2009 by 2.1 million euros to 5.4 million euros, compared to the previous year's value without TPK of 7.5 million euros. The decrease resulted from reduced external consulting demands, among other things. Increased costs were still being accrued for financial and restructuring measures.

The depreciation on tangible and intangible assets amounted to 2.9 million euros. Excluding the TPK influence on the previous year's depreciation, there was an increase of 0.5 million euros. Expenses for depreciation amounting to 0.2 million euros were accrued for the China region due to impairment tests.

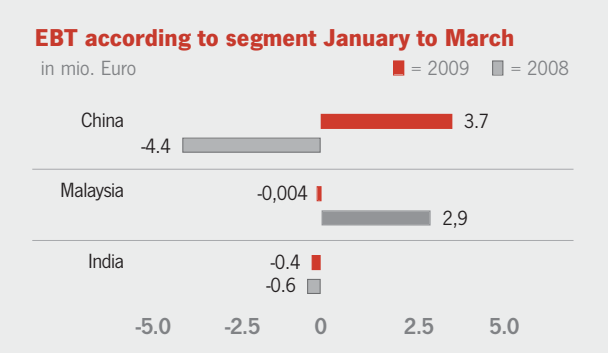


The Group's operating income (EBIT) had a positive outcome at 1.8 million euros at the end of the first quarter of 2009 (previous year without TPK-participation: minus 1.1 million euros). The EBIT margin amounted to 6.1 percent (previous year adjusted for TPK: minus 4.0 percent). The result situation shifted significantly between the China and Malaysia regions. After a good first quarter in 2008, the Malaysia region recorded a slight negative operating result in the reporting period. By contrast, the Chinese locations experienced very good business development in the first three months of this year, generating a positive EBIT of 3.9 million euros after a weak first quarter in the previous year. This shifting is also the result of the relocation of the projects of a major client.

The India region still requires a higher contract volume in order to reach the break-even point. Various measures are currently being implemented in order to improve capacity utilisation.

The financing costs, the account balance resulting from interest earnings and interest expenses, from January to March 2009 were minus 2.1 million euros (previous year without TPK participation: minus 1.7 million euros).

The earnings from associated companies of 2.5 million euros represent Balda's share in the net TPK result from the first quarter of 2009. The result has already been adjusted for depreciation of customer relations and deferred tax.



The Group's EBT amounted to 2.2 million euros in the continued operations after the first three months of the current financial year (previous year: minus 7.0 million euros). Adjusted for the TPK earnings, the EBT amounted to minus 2.8 million euros in the first quarter of 2008.

After deduction of taxes on income and earnings of 0.6 million euros and balancing the share of profits from minority companies of 0.2 million euros, the continued operations of the Balda Group recorded a quarterly profit (net result) of 1.8 million euros. Adjusted for the TPK participation, the previous year amounted to minus 2.0 million euros.

Result of discontinued operations

The discontinued operations of the Balda Group recorded a reporting period profit of 3.2 million euros (previous year: 5.8 million euros). The positive result from the discontinued operations at the end of the first quarter of 2009 is comprised primarily of payments from the BenQ insolvency management and Balda Medical earnings.

Group result

The Group's quarterly result from both operations amounted to 5.0 million euros in the reporting period (previous year: minus 0.5 million euros).

On the basis of 54,157 million shares (at 31 March 2009), undiluted earnings per share of 9.2 cents were calculated from the result in the first quarter of 2009 (previous year: minus 0.9 cents).

Financial obligations

There were no noteworthy contingent liabilities in the form of securities and warranty agreements for the Group at the balance sheet date. Other financial liabilities, consisting primarily of rental and leasing commitments in addition to purchase commitments for investments, amounted to 8.9 million euros at 31 March of the current fiscal year.

The assessment of the contingent liabilities remains unchanged compared to the balance sheet date 31 December 2008. A contract regarding the repurchase of already depreciated debts was signed on 30 March 2009 with the Heinze Group. Because of suspensive conditions contingencies to the amount of 1.5 million euros result from this contract.

Related party disclosures

In addition to the companies included in the consolidated financial statement, there are companies and persons in key management or administrative positions associated with the Balda Group as defined by IAS 24.

The Group received, among other services, management services, as well as delivery services of goods and materials from these companies (0.3 million euros). At the same time, Balda subsidiaries delivered goods and rendered services to the associated companies (0.1 million euros). 0.2 million euros were outstanding in accounts receivables and 0.2 million euros in liabilities at the key financial statement date concerning the associated companies.

Details on the compilation of the Quarterly Report

The consolidated balance sheet compiled at 31 March 2009, the profit and loss statements, the cash flow statements, the segment reports, the statements of changes in shareholders' equity, the interim management report and the brief notes have not been audited and were not subject of a limited review. They were issued for the interim financial statements.

Statements referring to the future inevitably contain risk. The quarterly report at hand contains statements that also refer to the future development of Balda AG. These statements are based on both assumptions and assessments. Although the Board of Directors is convinced that the prognostic statements are realistic, they cannot be guaranteed. The assumptions contain risks and uncertainties that could lead to the actual results varying from the expected.

Bad Oeynhausen, 4 May 2009

Quarterly Financial Statements I/2009

Balda Group – Balance Sheet as of 31 March 2009 – Assets

in TEUR	31 March 2009	31 December 2008
A. Current Assets		
I. Cash and cash equivalents	36,975	36,687
II. Trade accounts receivable	23,616	27,648
III. Inventories	12,755	13,468
1. Raw materials and supplies	4,000	4,418
2. Work in progress and finished goods and merchandise	8,527	7,965
3. Advance payments	228	1,085
IV. Tax refund	676	625
V. Other current assets	5,832	6,140
VI. Assets classified as held for sale	40,749	36,212
Total Current Assets	**120,603**	**120,780**
B. Long-term Assets		
I. Tangible assets	50,561	50,152
1. Land and buildings	12,753	12,612
2. Machinery and equipment	33,779	32,800
3. Fixtures, furniture and office equipment	3,969	4,272
4. Advance payments and construction in progress	60	468
II. Intangible assets	3,892	4,118
III. Financial assets	79,906	74,453
1. Investments	1	1
2. Shares in associated companies	77,892	72,321
3. Other financial assets	2,013	2,131
IV. Goodwill	49,084	46,678
V. Deferred taxes	4,325	4,229
Total Long-term Assets	**187,768**	**179,630**
Total Assets	**308,371**	**300,410**

Balda Group – Balance Sheet as of 31 March 2009 – Total Liabilities and Shareholders' Equity

in TEUR	31 March 2009	31 December 2008
A. Current Liabilities		
I. Current portion of finance lease obligation	320	406
II. Short-term debt and current portion of long-term debt	96,144	100,711
III. Trade accounts payable	15,848	18,410
IV. Advance payments received	3,251	1,595
V. Short-term provisions	656	604
VI. Tax liabilities	8,980	10,341
VII. Other current liabilities	9,939	10,884
VIII. Liabilities classified as held for sale	18,213	18,119
Total Current Liabilities	**153,351**	**161,070**
B. Long-term Liabilities		
I. Long-term debt	35,137	35,417
1. Loans	32,358	32,196
2. Bank loans	2,779	3,221
II. Long-term finance lease obligations	464	539
III. Deferred taxes	2,896	2,735
IV. Other long-term liabilities	3	2
Total Long-term Liabilities	**38,500**	**38,693**
C. Shareholders' Equity		
I. Subscribed share capital	54,157	54,157
II. Reserves	159,164	148,122
III. Retained earnings	-99,129	-104,113
1. Group result	4,984	-49,465
2. Loss carried forward	-104,113	-54,648
Group Shareholders' Equity	**114,192**	**98,166**
Minority Interest	2,328	2,481
Total Shareholders' Equity	**116,520**	**100,647**
Total Liabilities and Shareholders' Equity	**308,371**	**300,410**

Balda Group – Income Statement (continued operations) – Q1/2009

in TEUR	Quarterly Report I/2009 01.01.2009 31.03.2009	Quarterly Report I/2008 01.01.2008 31.03.2008	Variation I/2009 cum in percent
Revenues	27,859	34,902	-20.2%
Other operating income	973	2,082	-53.3%
Change in inventories of finished goods and work in progress	385	4,139	-90.7%
Total operating result	29,217	41,123	-29.0%
Material expenses / costs of purchased services Material costs rate in percent	12,634 *43.2%*	22,779 *55.4%*	-44.5%
Personnel expenses Personal costs rate in percent	6,429 *22.0%*	8,043 *19.6%*	-20.1
Depreciations	2,926	5,497	-46.8%
Other operating expenses	5,458	9,836	-44.5%
Operating income ***Operating income in %***	**1,770** ***6.1%***	**-5,032** ***-12.2%***	**135.2%**
Financing costs	-2,056	-2,008	-2.4%
Earnings from associated companies	2,521	0	100.0%
Earnings before taxes (EBT) ***Earnings before taxes in %***	**2,235** ***7.6%***	**-7,040** ***-17.1%***	**131.7%**
Taxes on income and earnings	643	-375	271.5%
Earnings before minority interest	**1,592**	**-6,665**	**123.9%**
Minority interest	176	439	-59.9%
Quarterly result – continued operations	**1,768**	**-6,226**	**128.4%**
Earnings discontinued operations	3,216	5,750	-44.1%
Quarterly result – Group	**4,984**	**-476**	**1,147.1%**
Earnings per share (undiluted) – in EUR	0.092	-0.009	1,147.1%
Earnings per share (diluted) – in EUR	0.092	-0.009	1147.1%
Average number of tradeable shares (undiluted) – in T	54,157	54,157	
Average number of tradeable shares (diluted) – in T	54,157	54,157	

Balda Group – Cash Flow (continued operations) – Q1 / 2009

in TEUR		3-Month Report 01.01.2009 - 31.03.2009	3-Month Report 01.01.2008 - 31.03.2008
	Net loss/income before income tax and financing costs	1,770	-5,032
+	Income from interest	86	227
-	Interest payments	-1,363	-1,072
-	Payments on tax on income and earnings	-2	2
+ / -	Write-offs/write-ups on long-term assets (excluding deferred taxes))	2,926	5,497
+ / -	Other not-effecting expenses and earnings	-1,617	-1,607
+ / -	Increase/decrease in tax refund and tax liabilities (including deferred taxes)	-1,988	-729
+ / -	Increase/decrease in provisions	53	486
+ / -	Increase/decrease in inventories, trade accounts receivable and other assets not itemised within investment or financing activities	5,561	17,067
+ / -	Increase/decrease in accounts payable and other liablities not itemised within investment or financing activities	-714	-30,547
=	**Cash flow from operating activities** discontinued operations	**4,712** 484	**-15,708** 2,893
	Cash flow from investing activities		
+ / -	Change in fixed assets and intangible assets affecting payment	-1,081	-9,313
+ / -	Change in financial assets affecting payment	1,807	-323
+ / -	Cash inflow from the acquisition of subsidiaries affecting payment	0	-2,040
=	**Cash flow from investing activities** discontinued operations	**726** -143	**-11,676** -1,887
	Cash flow from financing activities		
-	Change in liabilities to banks affecting payment	-4,989	-7,185
+ / -	Change in finance lease obligations affecting payment	-161	10
=	**Cash flow from financing activities** discontinued operations	**-5,150** 58	**-7,175** 515
+ / -	Change in cash and cash equivalents affecting payment	288	-34,559
+ / -	Change in cash funds from changes in the consolidated group	0	2,732
+	**Cash and cash equivalents at the beginning of the fiscal year of continued operations**	**36,687**	**42,249**
=	**Cash and cash equivalents at the end of Q1 of continued operations**	**36,975**	**10,422**
	Cash and cash equivalents at the end of Q1 of discontinued operations	**1,127**	**1,420**
	Cash and cash equivalents at the end of Q1 of discontinued and continued operations	**38,102**	**11,842**
	Total financial resources at the end of Q1 – only continued operations Cash funds	36,975	10,422

Balda Group – Segment Reporting (continued operations) – Q1/2009

Primary segments	China		Malaysia		India		Sum op
in TEUR	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**	**2009**
Revenues external	21,947	18,007	5,015	16,705	894	187	27,856
Revenues internal	2	676	0	26	0	0	2
Revenues total *Change from previous year*	21,949 *17.5%*	18,683	5,015 *-70.0%*	16,731	894 *378.1%*	187	27,858 *-21.7%*
EBIT *in % of total performance*	3,905 *16.8%*	-3,689 *-15.8%*	-14 *-0.3%*	2,990 *16.4%*	-436 *-72.2%*	-653 *-136.3%*	3,455 *11.8%*
EBT *in % of total performance*	3,694 *15.9%*	-4,404 *-18.8%*	-4 *-0.1%*	2,942 *16.2%*	-439 *-72.7%*	-640 *-133.6%*	3,251 *11.1%*
Segment assets (1)/(2)/(3)	62,305	45,763	26,873	39,908	6,369	8,550	95,547
Number of employees as of 31.03. (4)	3,275	3,751	1,222	1,979	285	219	4,782

(1) Segment assets = Long-term assets plus short-term assets without interest-bearing assets. active deferred taxes and restitution of overpaid tax
(2) The column ´intersegment corrections´ comprises of transition contribution from interest-bearing positions in the amount of TEUR 0 (previous year: TEUR 14,098)
(3) Segment assets for ´all other segments´ are not comparable. For the year 2009 the TPK holding in the amount of TEUR 77,892 is included (under consideration of the debt). The previous year´s value comprises only the assets of TPK (TEUR 142,193).
(4) Number of employees 31.03. = including loanworkers, temporary workers and apprentices (previous year: China region includes TPK with 1,420 employees)

erating segments		All other segments		Transition		Intersegment corrections		Group	
2008	2009	2008	2009	2008	2009	2008	2009	2008
34,899	3	3	0	0	0	0	27,859	34,902
702	0	0	0	0	-2	-702	0	0
35,601	3	3	0	0	-2	-702	27,859 *-20,2%*	34,902
-1,352 *-3.2%*	-1,685 *-146.6%*	-3,680 *-272.6%*	0	0	0	0	1,770 *6.1%*	-5,032 *-12.2%*
-2,102 *-5.0%*	-1,016 *-88.4%*	-4,938 *-365.8%*	0	0	0	0	2,235 *7.6%*	-7,040 *-17.1%*
94,221	129,290	194,841	0	14,098	-1,205	-109	223,632	303,051
5,949	20	34	0	0	0	0	4,802	5,983

Balda Group – Changes to Shareholders' Equity – Q1/2008 - 2009

in TEUR	Subscribed share capital	Capital reserves	Earnings reserves	Revaluation reserves
Balance on 01.01.2008	**54,157**	**153,738**	**2**	**1,879**
Group result	-	-	-	-
Currency reserve	-	-	-	-
Capital increase	-	-	-	-
Employee stock option plan	-	391	-	-
Balance on 31.03.2008	**54,157**	**154,129**	**2**	**1,879**
Balance on 01.01.2009	**54,157**	**154,245**	**560**	**1,321**
Group result	-	-	55	-55
Currency reserve	-	-	-	-
Employee stock option plan	-	200	-	-
Balance on 31.03.2009	**54,157**	**154,445**	**615**	**1,266**

Currency reserves	Net loss	Balda AG shareholders	Minority interest	Total share-holders' equity
-11,049	**-54,648**	**144,079**	**6,823**	**150,902**
-	-476	-476	-438	-914
-2,308	-	-2,308	-572	-2,880
-	-	0	2,494	2,494
-	-	391	-	391
-13,357	**-55,124**	**141,686**	**8,307**	**149,993**
-8,004	**-104,113**	**98,166**	**2,481**	**100,647**
-	4,984	4,984	-176	4,808
10,842	-	10,842	23	10,865
-	-	200	-	200
2,838	**-99,129**	**114,192**	**2,328**	**116,520**

Shareholding of the Bodies as of 31 March 2009

	31.03.2009	Previous period	Change
Share Capital	54,156,672	54,156,672	0
Dr. D. Eichelberger	0	0	0
Management Board Total	**0**	**0**	**0**
Dr. A. Bauer	0	0	0
R. Roy	8,000	8,000	0
M. Sienkiewicz	0	0	0
Supervisory Board Total	**8,000**	**8,000**	**0**
Executive Body Total	**8,000**	**8,000**	**0**
in % of share capital	0.01	0.01	0

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