

Balda AG: 5.2 million euros Group net income surplus after six months 2009

- ① Sales revenues in the Infocom business amounts to 52.3 million euros (previous year: 67.6 million euros)
 - ① Sales revenues in the second quarter of 24.5 million euros (first quarter 2009: 27.8 million euros)
 - ① Group half-year net income surplus up from minus 16.8 million euros by 22.0 million euros to 5.2 million euros
 - ① Operative cash flow increased from minus 7.9 million euros by 23.0 million euros to 15.1 million euros
 - ① Target 2009: Balanced result at minimum und therefore significant improvement over 2008
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Key figures of Balda Group (continued operations)

in mio. EUR	1 Half-year 2009	1 Half-year 2008 with TPK	1 Half-year 2008 without TPK
Revenues	52.3	96.6	67.6
China	41.7	57.2	28.2
Malaysia	8.5	39.8	39.8
India	2.1	0.9	0.9
Total operating performance	55.0	107.0	74.7
EBITDA	5.4	8.2	8.4
Operating result (EBIT)	- 0.3	- 2.9	3.7
EBIT margin (in %)	- 0.5	- 2.7	4.9
Earnings before taxes (EBT)	1.2	- 8.8	- 1.5
Half-year net income	0.5	- 9.4	- 2.9
Half-year net income including discontinued operations	5.2	- 16.8	- 10.3
Earnings per share (in cents) ¹	9.5	- 31.0	- 18.9
Employees ²	6,177	9,986	7,410

(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 half year 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 focusing its experience and expertise on engineering and technology in 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 half-year report

Continued and discontinued operations

The key figures of the first six months of the financial year 2009 given below show in detail only numbers of the continued operations. The figures are not identical to the numbers of the half-year report of 2008. The continued operations remained unchanged in the first half-year 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 TKP. Since the fourth quarter 2008, following the sale of 12 percent of shares of touch screen producer TKP, Balda Group no longer consolidates by quota. The proportionate half-year result of TKP is now reported under "Shareholdings in affiliated companies".

The following active operating subsidiaries did not belong to the discontinued segments of operations in the first half-year 2008:

BLT Paulista Plasticos Industria e Comercio Ltda.

BLT Amazonia Plasticos Industria e Comercio Ltda.

The disclosure of comparative figures has been adjusted as necessary.

Interim Management Report

Overall economic development

First signs of recovery

The European Central Bank (ECB) has registered the first signs of a turn-around for the global economy. Despite this, economic output in the member states of the Organization for Economic Cooperation and Development (OECD) fell by 2.1 percent in the first quarter of 2009 compared to the fourth quarter of 2008. Compared to the same period for the previous year, the economy fell by 4.2 percent.

Economic output in the USA fell, as it did in the fourth quarter of 2008, in the first three months of 2009 by 1.6 points to minus 2.5 percent compared to the same period for the previous year. In May, the USA reported at 25.96 billion US dollars its lowest trade balance deficit since 1999. In the first quarter of 2009, the deficit was 124 billion US dollars.

In the Eurozone, as well as in the European Union, the economy recorded from January to March of the current financial year a fall of 2.5 percent compared to the last three months of 2008. Compared to the first quarter of 2008, economic output in the Eurozone fell by 4.8 percent.

The European purchasing managers index Composite rose in June by 0.4 points to 44.4 points compared to the level for May. With this, it has returned to the level of September 2008. The unemployment rate in the eurozone fell in May by 0.2 percentage points compared to 9.5 percent in April (level in May 2008: 7.4 percent).

German gross domestic product (GDP) was down 3.8 percent in the first three months of 2009 compared to the first quarter of 2008. However, the mood in the German economy is slowly improving. Some economists are expecting GDP to rise slightly in the second quarter. According to the current estimates of the German Ministry of Economics, overall economic output in Germany should not have fallen further between May and June. Orders received by German industry increased considerably in March by 3.3 percent. Exports also increased compared to February by 0.7 percent. Consumption is stable.

Imports increased in February by 0.8 percent. The Ifo business climate index was at 84.2 points in May, 0.5 points above the level of the previous month. The index rose again in June to 85.9 points. In doing so, it has risen for the third time in a row.

The order situation of the German industry also improved for the third time in a row with a rise of 4.4 percent in May. German industry production rose by 5.1 percent in the month of May compared to the previous month. The unemployment rate in Germany rose to 8.1 percent in June 2009 (level in June 2008: 7.5 percent).

In China, economic growth fell from 10.6 percent in the same period of the previous year to 6.1 percent in the first quarter of 2009. The Chinese retail industry rose in the first three months of the current financial year by 15 percent.

Indian GDP rose in the first quarter of 2009 by 6.7 percent (previous year: 15.7 percent).

Conclusive economic data for the second quarter of 2009 is not yet available.

Sector situation

Mobile phone market declines slower

Weaker demand in the growth markets of newly industrializing countries and reduction of inventories in the first quarter of 2009 affected sales and put pressure on producers of mobile phones. The first quarter of 2009 saw the heaviest fall since 1998. Retail sales to consumers were at 269.1 million mobile phones, 8.6 percent below the previous year's level. Due to the heavy reduction of retail inventories, the number of mobile phones delivered by manufacturers to distribution partners was 25 million less than end customer business.

By contrast, the market for smart phones was at 36.4 million phones, up by 12.7 percent in the first quarter of 2009 compared to the first three months of 2008. The market share of the higher-priced mobile phones was at 13.5 percent at the end of the first quarter of 2009, 2.5 percent more than in the same period of the previous year.

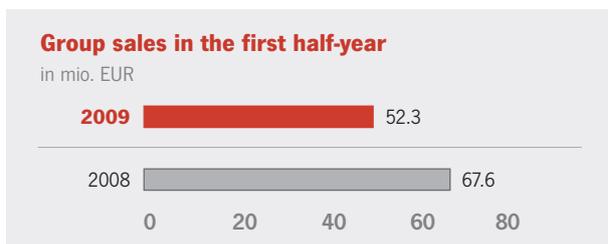
According to the Telecom Regulatory Authority, network operators in India registered a record 15.64 million new customers in March 2009. The number of contract customers for mobile phones rose by 50 percent, or more than 130 million to 391.8 million.

In the second quarter 2009 the worldwide sales of mobile telephones decreased by 8.0 percent to 273 million pieces compared to the previous year (Strategy Analytics). The process of shrinkage has slowed down compared to the previous two quarters.

Business development

5.2 million euros Group net income surplus

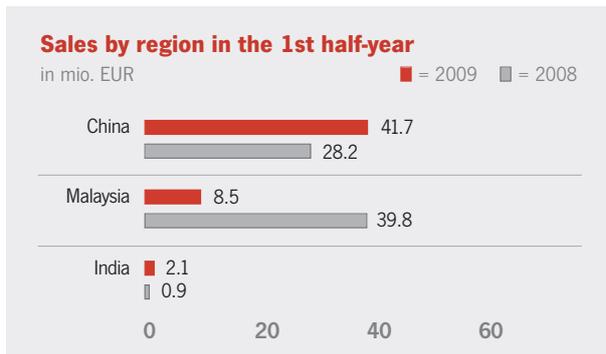
The figures of last year's income statement were strongly influenced by the quota-consolidated data of the touch screen business TPK. TPK is considered an affiliate company since the fourth quarter 2008 and therefore only its profit contribution is shown. The following figures of the reporting period are compared to the adjusted numbers of the previous year.



In the first half of 2009, the Balda Group achieved in continued operations sales revenues in the amount of 52.3 million euros compared to 67.6 million euros in the same period for the previous year (previous year including TPK: 96.6 million euros). This is a fall of 15.3 million euros, or 22.6 percent. Contribution of sales revenues varied from region to region.

In China, sales revenues fell from 21.9 million euros in the first quarter of 2009 to 19.8 million euros in the second quarter. In total, the Chinese facilities achieved revenues of 41.7 million euros in the first half of 2009. Compared to 28.2 million euros in the same period for the previous year (previous year including TPK: 57.2 million euros), business volume increased by 13.5 million euros, or 47.9 percent. This results out of a rise in the number of customer demands.

Malaysia generated revenues of 3.5 million euros between April and June 2009, after 5 million euros in this year's first quarter. In the first six months of 2009, Malaysia achieved sales of 8.5 million euros (previous year: 39.8 million euros). The negative development is the result of the relocation of a major customer's business from Malaysia to China.



In India, sales rose from 0.9 million euros in the first quarter of 2009 to 1.2 million euros in the second quarter. In the first half of the year, sales revenues in the region were 2.1 million euros (previous year: 0.9 million euros).

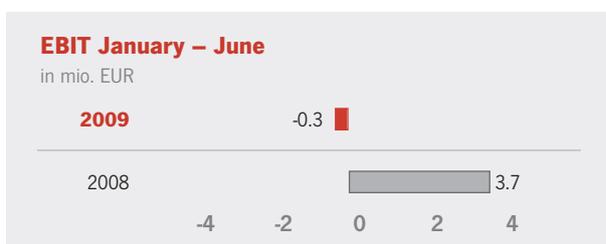
The Balda Group's growth in sales between January and June 2009 was within the realm of expectations.

The Group's total operating performance in the first half of the current financial year was 55.0 million euros com-

pared to 74.7 million euros in the same period for the previous year (previous year including TPK: 107.0 million euros). The above mentioned losses in sales in Malaysia caused this development.

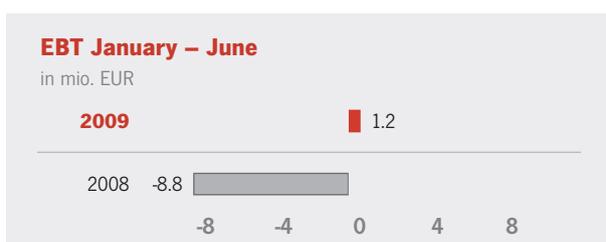
Operating results (EBIT) of the continued operations varied in the segments in the first half of 2009. China recorded an EBIT in the amount of 5.2 million euros (previous year without TPK: 1.1 million euros). The digression of fixed costs due to the rise in sales revenues was the decisive factor for the increase. The operating result for Malaysia was minus 0.4 million euros (previous year: plus 8.6 million euros). The fall also reflects the relocation of one customer's business from Malaysia to China. Due to increased efficiency, India was able to reduce its EBIT to minus 0.8 million euros (previous year: minus 1.1 million euros).

One-time special effects from settlement payments, value adjustments on claims and the dislocation of the foil business from Xiamen to Beijing burdened Balda's results in the second quarter 2009 with about 2.3 million euros. Adjusted with these one-time special effects, the operating results of the second quarter and the semiannual results of the company would be positive. Considering this, the EBIT would be within the realm of expectations.



Including these one-time special effects, the Balda Group recorded an operating result of minus 0.3 million euros in the first six months of 2009. In the same period of the previous year, the EBIT was 3.7 million euros (previous year including TPK: minus 2.9 million euros). Reason for the declining EBIT is the price pressure in an increasingly difficult market environment.

The financing results include earnings from affiliated companies amounting to 5.2 million euros, which did not appear in last year's data due to the per quota consolidation of TPK. Interest payments are influenced by the high financing costs of the Group. Repayment in the first half-year 2009 amounting to 11.0 million euros and improved conditions diminished interest payments amounting to 5.9 million euros in 2008 to 3.7 million in the reporting period. After financing results, the Group finished the first half of 2009 with earnings before taxes (EBT) in the amount of 1.2 million euros compared to minus 8.8 million euros in 2008 (both figures include TPK).



The Balda Group finished the first half of 2009 in continued operations with a half-year profit of 0.5 million euros after minus 9.4 million euros in the previous year (both figures include TPK). The result of the discontinued operations (first six months 2009: 4.7 million euros) is due above all to Balda Medical's results and special factors such as recoveries from the BenQ insol-

veny estate. In the previous year aside from a loss from the operating business devaluations on the value attributed to the assets classified as held for sale had a negative effect on the EBIT to the half-year end 2008. The Group closed the period under review with an overall semi-year profit of 5.2 million euros. In the previous year, the deficit was 16.8 million euros.

The total assets of the Group on 30 June 2009 at 279.7 million euros fell compared to the reference value on 31 December 2008 at 300.4 million euros. The main reason for this fall was the reduction of credit lines with the banks.

Balda's equity at the close of the second quarter of 2009 (not including minority interests) amounted to 102.1 million euros (2008 reference date: 98.2 million euros). The positive half-year result is cause for the improved equity situation.

The Group's net financial liabilities fell from 102.0 million euros at the end of the previous year to 91.7 million euros at the balance sheet date. The ratio of net financial liabilities to equity (net gearing) also fell due to the increase in equity to 89.8 percent compared to 103.9 percent at the reference date.

Significant events in the second quarter of 2009

Realignment of organs

The Supervisory Board of the company decided on 27 May, as part of the Group's realignment, to reshape the organization's structure. Direct reporting to the Board of Directors will save a level of management in the future. As a result of this decision, Michael Chiang's position as CEO of the Asia Region has been cut.

On the same day, Balda announced the resignation of Richard Roy and Michael Sienkiewicz from the Supervisory Board effective 3 July 2009. Axel Bauer left the company's Supervisory Board, as previously announced by the Group on 4 May, on 31 May.

On 12 June 2009 Balda announced that the sole member of the Board of Directors, Dr. Dirk Eichelberger, was leaving on 3 July 2009. The separation was by mutual consent against the background of the complete remanning of the executive bodies of Balda AG. Balda also announced the appointment of Rainer Mohr as CFO on 12 June.

During the course of the second quarter Balda ceased production in the two Brazilian locations in Manaus and Sao Paulo.

Investments

Conducive investments in the Asia region

The Balda Group had invested a total of 2.3 million euros in tangible and intangible assets into its continued operations until 30 June 2009 (previous year without TPK: 7.5 million euros). Previous year's investments for TPK amounted to 18.3 million euros.

Investments in the amount of 1.0 million euros relate mainly to investments in expansion and production facilities in the Asian region.

Balda invested in total 0.2 million euros in discontinued operations during the first six months of the current year.

Capital structure, Board of Directors and change in control

Balda AG is obligated to provide the following additional information in the consolidated Annual Report, in accordance with the regulations laid out in § 315, section 4 of the German Commercial Code:

Composition of subscribed capital

The company's registered capital at 30 June 2009 amounted to 54,156,672 euros and was dispersed in 54,156,672 individual share certificates with a proportional value of the registered capital of 1.00 euro per share.

Upon registration of the capital increases of 29 November 2007, the company's registered capital increased on 20 December 2007 from 47,387,088 euros by 6,769,584 euros to 54,156,672 euros. The new shares registered are entitled to dividends as of 1 January 2007.

Each individual share is granted a vote at the corporate annual general meeting.

Restrictions on voting rights or transfer of shares

All corporate shares are freely assignable according with the articles of the association.

The Board of Directors is not aware of restrictions on voting rights or restrictions affecting the assignment of shares at the reporting date.

Shares exceeding ten percent of capital

On 30 June 2009, the following shareholders held direct or indirect shares in the Group's registered capital that entitle them to more than 10 percent of voting rights:

- Max Gain Management Ltd., Apia, Samoa: 29.99 percent of capital and voting rights, direct ownership

Holders of shares with special rights

Shares with special rights, which grant authority to control, do not exist.

Special voting control for personnel

Employees of the company or the Balda Group are not participating in company shareholdings in a manner that does not enable them to exercise their rights of control.

Appointment and withdrawal of the Board of Directors and alteration of the articles of association

Effective as of 3 July 2009, Dr. Dirk Eichelberger resigned as Chairman of the Board of Directors and of the Board of Directors of the Balda AG. Rainer Mohr succeeded as Chief Financial Officer (CFO). The Supervisory Board appointed Michael Sienkiewicz as Chairman of the Board of Directors effective as of 6 July 2009.

Since 31 December 2008 no changes have been recorded regarding the articles of association.

Authority of the Board of Directors

Authorised capital:

The Board of Directors and the Supervisory Board share the same rights as on 31 December 2008 concerning the authorized capital.

Entitlement to acquire own shares and to recall such acquired shares:

No changes have been recorded compared to the status at 31 December 2008.

Substantial agreements in the case of a change in control

Various agreements exist at the Balda AG level, but also for Group companies, that are subject to the conditions of a change of control following a takeover bid. A more detailed version of these agreements will not be provided, as this would be considerably disadvantageous for Balda AG.

Compensation agreements in the case of a takeover bid

No compensation agreements with members of the Board of Directors or employees exist in the case of a takeover bid.

Employees

Considerable rise in the number of employees in the second quarter of 2009

As of 30 June, Balda Group employed in its continued operations altogether 6,177 people (including contract workers, trainees and temporary staff). The number of people employed has risen compared to the end of the first quarter of 2009 by 28.6 percent, or 1,375 employees. The increase compared to the end of the financial year of 2008 was 1,513 employees, or 32.4 percent. The rise in the first half of 2009 was primarily related to the employment of contract workers in the Chinese locations, particularly at the end of the period under review. An additional reason for the build up of employees was the slow reduction due to Malaysian law in the number of employees at Balda Solutions Malaysia.



In the Chinese locations, the number of employees rose in the first half of 2009 to 4,840 (December 2008: 2,528 employees). This is an increase of 2,312 employees, or 91.5 percent, compared to the end of 2008. By contrast, in Malaysia the number of employees fell in the first six months of 2009 by 45.6 percent to 1,039 employees (December 2008: 1,909 employees). The reason for the reduction in employees in the first quarter of 2009 was the relocation of the business of a major customer from Malaysia to China.

In India, the number of employees rose in the first half of 2009 by 39.5 percent, or 79 employees, for a total of 279 employees (31 December 2008: 200 employees). The rise took place in the first quarter.

Supplementary report

The Annual General Meeting of the Balda Group elected three new members to the Supervisory Board on 3 July 2009 in Bielefeld by a clear majority. The board includes Dino Kitzinger, Mark Littlefield and Thomas J. Leonard. On the same day, the new Supervisory Board elected Dino Kitzinger as its Chairman and Mark Littlefield as his deputy.

The Supervisory Board appointed Michael Sienkiewicz as the new CEO of Balda AG on the weekend of 4/5 July 2009, effective 6 July 2009. Michael Sienkiewicz manages the Balda Group as the CEO together with Rainer Mohr as the CFO.

In July of the current financial year Balda closed its office in Singapore. However, in Singapore a qualified sales support centre remains active for the markets in South East Asia and to support India.

Balda has relocated its foil production including all of the necessary machinery and equipment from Xiamen to Beijing.

Forecast

Economy lightens up

The International Monetary Fund (IMF) has adjusted its forecast upward for the development of the global economy in 2010 by 0.6 percent to 2.5 percent growth. The Organization for Economic Cooperation and Development (OECD) expects growth of 2.3 percent. IMF experts expect worldwide economic output to fall by 1.4 percent in 2009. The OECD is even more pessimistic with its forecast for the global economy; it is expecting it to fall by 2.2 percent.

For Germany, the IMF is forecasting that GDP will fall by 6.2 percent in 2009. It has therefore improved its assumption of April by 0.6 percent. In 2010, the German economy is expected to fall by 0.6 percent instead of by the 1.0 percent forecasted in April. Private consumption is stabilising the economy. The GfK-Consumer Confidence Index rose again in June by 3.5 points.

The number of unemployed is estimated by the Kiel Institute for the World Economy to be 3.6 million people in the current financial year. Next year, it forecasts that 4.4 million people will be unemployed in Germany.

The IMF forecasts that overall economic output will fall in the USA by 2.6 percent in 2009. GDP will not rise again until 2010, when a slight rise of 0.8 percent is expected.

IMF experts expect growth of 7.5 percent for the Chinese economy this year and 8.5 percent in 2010.

Indian economic experts are expecting growth rates between ten and twelve percent in the Indian economy in the next few years.

Infocom

For the first time since 2001, the global mobile phone market is expected to shrink this year. Manufacturers are expecting the mobile phone market to decline by around 10 percent in 2009. Only in India and China are market researchers assuming there will be moderate growth in the mobile phone market in this and the next few years.

The market research company Gartner assumes continued strong growth in the Indian mobile phone market. In the next few years, the subcontinent is expected to grow annually by 14.3 percent and to 452 million subscribers by 2013. They believe India will become the second largest mobile phone market in the world after China.

Future corporate situation

The India region is under further precise and prompt observation. This is especially valid for the cost structure and the economic as well as financial development. The Balda Group will repay its bank loans in 2009 as planned. It remains to be seen whether the planned sale of assets will take place in the present market situation.

Even if sales revenues should not meet current expectations, the Balda Group is planning at least a breakeven result in the financial year 2009.

Opportunities and risks report

The opportunities and risks are described in detail in the consolidated management report of Balda AG for the financial year 2008. In addition to this, there have been changes to the risk situation as explained below.

Market risks

The mobile telephone markets in the industrialised countries are in decline. Only smart phones and mobile telephones with touchscreen technology are on the rise. Slight growth is also expected in emerging markets. The manufacturers still expect global sales to fall by around ten percent in 2009. Depending on the sales of Balda's end customers, as a supplier the company will also not be able to entirely avoid the downturn. This market development could represent a risk.

Capacity utilisation risks

The recession in the western industrialised countries and the slowdown in growth in the emerging markets will also have a negative impact on demand in the worldwide mobile phone market and the market for electronic products. Order call-offs from Balda's customers could be subject to considerable fluctuations and decline. If the utilisation of capacity and employees is affected in this way this could represent a cost risk.

Procurement, sales and contract risks

Due to the current situation in the financial markets and the continuing recession, the Balda Group is in a risk situation with regard to procurement, sales and contract risks. These risks may occur due to changes in the financing situation of suppliers and a slow down in economic activity.

Price risks

Pricing pressure on suppliers and system partners such as Balda could intensify in times of economic downturn and intensive competition between the leading mobile telephone manufacturers.

Capital market and financing risks

The Balda Group will make further agreed repayment instalments to the consortium banks in 2009. The Balda Group is also selling assets. The revenues will serve to repay current liabilities. However, the negotiations with interested parties are showing that in the current market affected by the financial crisis, it is hardly possible to achieve prices which are appropriate for the actual values. This delays and makes the sale difficult. This situation could represent a risk for the further financing of the Group.

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.

Opportunities

Balda is with its capacities in the development and the high-technology in the production including surface technologies in the position to deliver to manufacturers of mobile telephones, electronic products as well as finished goods of related markets. The opportunities for the Balda Group at the close of the first half-year are as follows:

Balda is holding talks with new customers in all three corporate regions as well as in the USA and Germany. The subject of the negotiations is plastic components for the Infocom division, electronic products and new products. The targeted market development in recent months is showing the first signs of success. Prospects in Malaysia are increasingly positive with electronic products, which are tailored precisely to the needs of customers.

The representatives in Seoul (Korea), Taipeh (Taiwan), Tokyo (Japan), Singapore and Germany are increasingly proving their value.

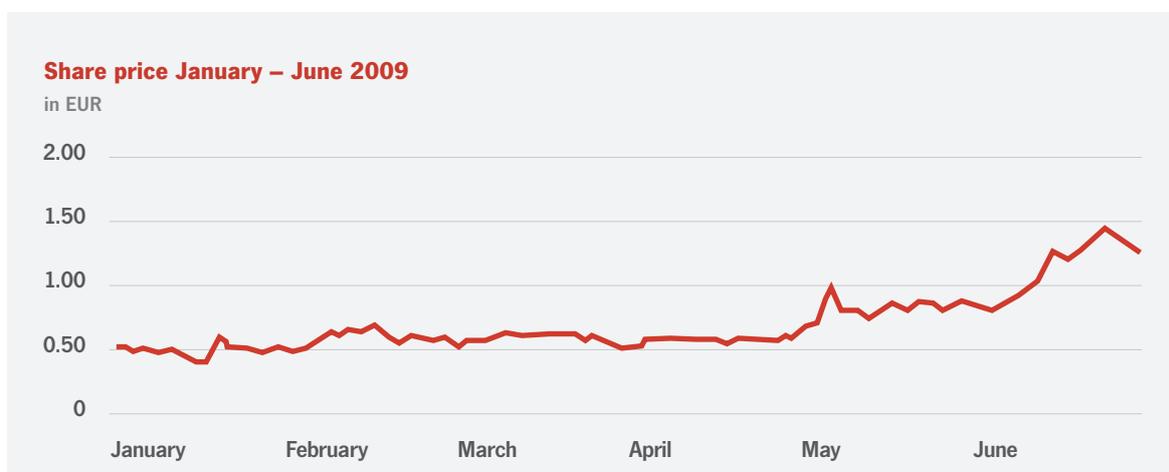
In the Infocom sector, Balda is targeting components and systems for mobile phones as well as new products for similar markets.

Balda share

In the first quarter of 2009, many investors feared that share prices on the international share markets could fall back to the low levels of 2003. Then the trend changed. A fall in the DAX to a low point for the year of 3,666 points in March was followed by the steep recovery of the leading German share index to 5,144 points at the start of June. In the balance sheet for the first half of the year, the sharp decline in the first three months is hardly noticeable. Prices in the established stock exchanges in Germany, Europe and the USA are back at around the level recorded at the start of the year. The MSCI World Index rose by around five percent in the first half of 2009. The German share index (DAX) stood at 4,809 points on 30 June and was virtually unchanged compared to when trading started in January 2009 at 4,810 points. The MDAX stood at 5,754 points at the end of the first half-year. With this, the German mid cap index improved by three percent. The German small cap index also recorded a slight recovery as of the end of June; the SDAX has risen by more than 100 points since the start of the year and stood at 2,905 points at the end of the reporting period. With this, the German small caps were up three percent compared to the end of December.

Balda shares opened on the first day of trading in 2009 at a rate of 0.55 euro in Xetra trading on the Frankfurt Stock Exchange. The share certificates recorded their half-year high of 1.44 on the 25 June and finished trading on the 30 June with a closing price of 1.28. Having risen around 133 percent, their value has more than doubled.

The average daily turnover in Balda shares (Xetra) in the first six months was 18.5 million shares. The market capitalization of the Balda Corporate Group on the basis of 54.2 million shares on 30 June 2009 amounted to 69,4 million euros.



Selected information to the notes

General details

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

The Half-year Report at 30 June 2009 and the 2008 Financial Year-End 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 conform to IFRS, form the basis of the financial statements of the companies included in the consolidated financial statement.

Scope of consolidation unchanged

There were no changes in the scope of consolidation 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 half-year of 2009.

Joint ventures

No other joint ventures that require reporting exist 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.

Financial reporting and evaluation principles

A clarification of the different accounting, valuation and consolidation methods used in the compilation of the interim report from those applied in the 2008 annual financial statement (IAS 34, 16a) has been provided at the relevant location of this report.

The basic principles and methods used for estimates in the mid-year 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 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. In order to assess earning power and to decide on the distribution of resources, the operational results (EBIT) are monitored by separate segments.

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. The figures of associated companies are shown in the category "others" because the control of the shareholding in TPK took place in Singapore.

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

Cash flow

In the cash flow statement (see the attached table) only the data for continued operations is shown in the individual items. The comparative figures for the previous year contain TPK-figures, but have been adjusted accordingly.

Operative cash flow increased from minus 7.9 million euros by 23.0 million euros to 15.1 million euros

In the first six months of the current financial year, the funds inflow from current business activities in continued operations amounted to 15.1 million euros (previous year: minus 7.8 million euros). The main reason for the funds inflow was the reduction in working capital.

In the first half of 2009, the funds inflow from investment activity was 2.5 million euros (previous year: 28.7 million euros). At 4.3 million euros, expenses for tangible and intangible assets are much less than that of the previous year's figure of 27.4 million euros. The Balda Group received dividends in the amount of 1.8 million euros relating to the shareholding in TPK in the period under review.

The funds inflow from financing activities in the first six months of 2009 of 21.6 million euros (previous year: funds inflow of 3.3 million euros) related in particular to the repayment of liabilities owed by Balda AG to credit institutes totalling 11.0 million euros and credit lines in the Asia Region.

Cash and cash equivalents much higher

Cash and cash equivalents for continued operations as of 30 June 2009 were 27.7 million euros and therefore much higher than the previous year's figure of 11.9 million euros.

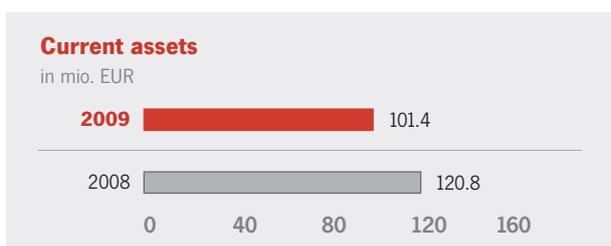
Balance sheet structure

The Balda Group's balance sheet total at 30 June 2009 was 279.7 million euros, 20.7 million euros below the value of 300.4 million euros at 31 December 2008. This is a fall of 6.9 percent.

On the assets side, current assets fell considerably by 19.4 million euros at the end of the first half-year, or 16.1 percent, to 101.4 million euros (31 December 2008: 120.8 million euros). Their share of the balance sheet total was 36.3 percent compared to 40.2 percent on the 2008 financial statement date.

The repayments made to the banks in the second quarter (11.0 million euros) are reflected in liquid assets. They fell by 9.0 million euros to 27.7 million euros (31 December 2008: 36.7 million euros).

Due to a lower sales volume in the second quarter of 2009 compared to the fourth quarter of 2008, trade accounts receivable fell to 18.9 million euros, a fall of 8.7 million euros compared to the financial statement date at the end of 2008 (27.6 million euros).

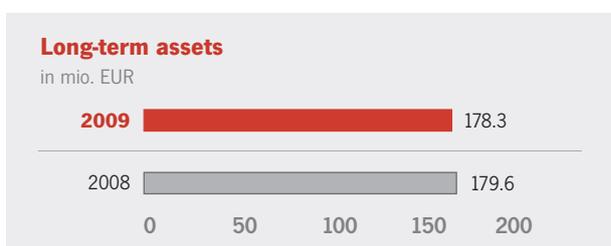


Other current assets fell in the first six months from 6.1 million euros by 3.2 million euros to 2.9 million euros.

The reasons for the change were primarily payments made for security deposits relating to the closure of the ABS programme and payments received relating to purchase price receivables.

The assets of discontinued operations held for sale at 30 June 2009 rose to 38.8 million euros (2008 financial statement date: 36.2 million euros). The rise was the result of the increase in the value of Balda Medical.

In total, long-term assets fell during the first two quarters of 2009 by 1.3 million euros, or 0.7 percent, to 178.3 million euros (31 December 2008: 179.6 million euros). Their share of the balance sheet total was 63.7 percent compared to 59.8 percent at the 2008 financial statement date.



The low level of investment and relatively constant depreciation resulted in tangible assets falling by 4.0 million euros to 46.2 million euros (2008 financial statement date: 50.2 million euros).

In financial assets, shareholdings in affiliated companies changed due to the profit contribution of TPK of 5.2 million euros and dividend payments of 1.8 million euros to 76.0 million euros (31 December 2008: 72.3 million euros).

On the liabilities side, current liabilities amounted to 137.1 million euros (2008 financial statement date: 161.1 million euros). Their share of the balance sheet total at 30 June of the current financial year was 49.0 percent compared to 53.6 percent at the 2008 financial statement date.

Current liabilities owing to credit institutes and current share of long-term loans fell considerably by 20.8 million euros to 79.9 million euros (31 December 2008: 100.7 million euros). In particular, the repayments of bank loans made by Balda AG totalling 11.0 million euros and the reduction of credit lines in Asia were responsible for this.

Advanced payments by contrast increased due to the rise in tool orders from 1.6 million euros at the previous year's financial statement date to 3.7 million euros at 30 June 2009.

In the first half of 2009, the Group made tax payments in the amount of 2.0 million euros, resulting in remaining tax liabilities of 8.3 million euros (31 December 2008: 10.3 million euros).

The item Liabilities classified as held for sale amounted at 30 June 2009 to 19.3 million euros. These refer to the liabilities of the companies allocated to the discontinued operations.



The Balda Group shareholders' equity rose in the first six months of the current financial year by 3.7 million euros to 104.3 million euros (2008 financial statement date: 100.6 million euros). The equity ratio increased from 33.5 percent at 31 December 2008 to 37.3 percent at the financial statement date.

Other important balance sheet items did not change significantly in the first six months of the financial year 2009.

Income statement

Positive operating result before special effects

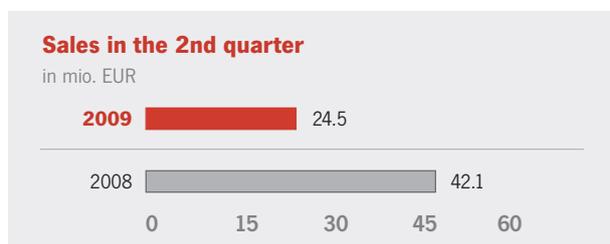
For the following notes we refer to the attached tables "Balda Group - Income Statement (continued operations) – 1st half-year of 2009" and the "Balda Group - Segment Reporting (continued operations) – 1st half-year of 2009".

Last year's figures are strongly affected by the touch screen business of TPK, which was consolidated per quota in last year's reporting period. As of the sale of the twelve percent stake in the fourth quarter 2008, only the TPK results are shown under earnings from associated companies. For better comparability, the following last year figures until the EBIT line are shown as adjusted by TPK. The figures, including the effects of TPK, are shown in parentheses.

Sales development

The Balda Group achieved between January and June in the current financial year sales revenues in continued operations in the amount of 52.3 million euros compared to 67.6 million euros in the same period of the previous year (previous year including TPK: 96.6 million euros).

In the second quarter between April and June 2009, the Group generated sales revenues in the amount of 24.5 million euros. Compared to revenues in the amount of 42.1 million euros in 2008 (previous year with TPK: 61.7 million euros), revenues for the quarter fell by 17.6 million euros, or 41.8 percent.

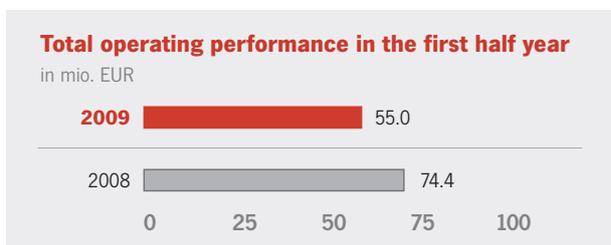


The sales revenues fell in the first six months due to the relocation of one customer's business from Malaysia to China. Balda has also felt the effects of the recession in the global mobile phone market in its order books.

The distribution of sales by region is shown in the interim management report.

Other operating income includes material sales, insurance refunds, revenues from reimbursements, release of accruals and bad debt provision, among others.

The total operating performance of Balda in the first half of the current financial year was 55.0 million euros. Compared to 74.7 million euros in 2008, this item fell by 19.7 million euros, or 26.4 percent (previous year including TPK: 107.0 million euros).



The cost of materials fell in the period under review to 23.8 million euros compared to 34.6 million euros in the first half of 2008 (previous year with TPK participation: 58.8 million euros). Measured against the company's total operating performance, the cost of materials ratio dropped to 43.2 percent (previous year: 46.3 percent without TPK).

Due to settlement payments, personnel expenditure for the Balda Group stayed compared to the first six months of 2008 (15.0 million euro without TPK) at 14.5 million euros, nearly at level (previous year with TPK: 18.4 million euros). Measured against the company's total operating performance, the personnel expenditure ratio was 26.4 percent (previous year without TPK: 20.1 percent).

Depreciation increased from 4.8 million euros in the same period for the previous year to 5.7 million euros (previous year including TPK: 11.1 million euros). The depreciation related not only to normal depreciation in the period under review, but also to surplus depreciation relating to customer relations reported as assets as well as to impairment depreciation on building improvements and betterments in China due to the relocation of the foil business (0.2 million euros).

In the first half of 2009, the Group's other operating expenses fell from 16.7 million euros in 2008 (without TPK) to 11.3 million euros (previous year including TPK: 21.6 million euros). Besides the continued fall in expenditure on consultancy, the costs relating to production in Malaysia were adjusted to the employment situation. The share of other operating expenses in total operating performance was 20.5 percent (previous year: 22.4 percent without TPK).

Earnings performance

The Balda Group's operating result (EBIT) was burdened in the second quarter by one-time special effects amounting to about 2.3 million euros from settlement payments, cumulated value adjustments and the relocation of the foil business from Xiamen to Beijing. Without these one-time expenditures, the Group would have shown a positive EBIT in the amount of 2.0 million euros in the first half-year 2009. Including the special effects, the EBIT is at minus 0.3 million euros at the end of the first half of 2009. The second quarter of the current financial year would have also closed with a positive EBIT excluding special effects, instead of the negative EBIT amounting to 2.0 million euros.

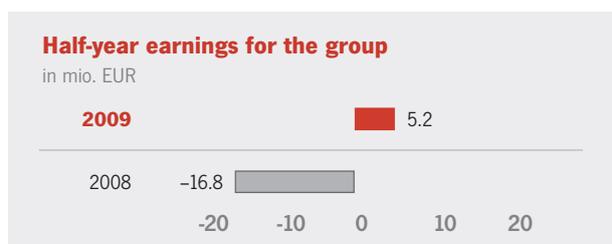
The company's financing costs in the period under review amounted to 3.7 million euros compared to 5.2 million euros in 2008 (previous year: 5.9 million euros with TPK participation). The fall of 1.5 million euros is the result of the repayment of current bank liabilities in 2009 and more favorable interest terms in the Balda AG since the agreement was concluded with the consortium banks year-end 2008.

Earnings from affiliated companies were 5.2 million euros from TPK and represent Balda's share in TPK. These relate to the profit share in TPK in the first half-year adjusted by the depreciation on customer relations and deferred taxes.

Balda achieved, including TPK, positive earnings before taxes (EBT) in the amount of 1.2 million euros in the first six months of the current financial year compared to minus 8.8 million euros in the previous year. The EBT for the second quarter of 2009 was at minus 1.0 million euros, as illustrated above, burdened by one-time special effects.

The discontinued operations achieved a half-year profit in the amount of 4.7 million euros in the first half of 2009 (previous year: minus 7.4 million euros). In the second quarter, the profit from discontinued operations was 1.5 million euros (previous year: minus 13.1 million euros).

This results in total earnings of 5.2 million euros for the Balda Group from continued and discontinued operations in the first half of 2009. In the same period for the previous year, the deficit was 16.8 million euros.



Based on 54.157 million shares (status at 30 June 2009), undiluted earnings per share of 9.5 euro cents are calculated from the profit (previous year: minus 31.0 euro cents with 54.157 million shares).

Financial obligations

No noteworthy contingent liabilities in the form of securities and warranty agreements were recorded 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 5.2 million euros at 30 June of the current fiscal year.

Ratings on contingent liabilities remain unchanged compared to the financial statement date 31 December 2008.

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 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 no noteworthy liabilities at the key financial statement date concerning the associated companies.

Details on the compilation of the Half-year Report

The consolidated balance sheet compiled at 30 June 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 half-year 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.

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Bad Oeynhausen, 5 August 2009

Michael Sienkiewicz
(Chairman of the Board of Directors)

Rainer Mohr
(Chief Financial Officer)

Half-year Financial Statements 2009

Balda Group – Balance Sheet as of 30 June 2009 – Assets

in TEUR	30 June 2009	31 December 2008
A. Current Assets		
I. Cash and cash equivalents	27,685	36,687
II. Trade accounts receivable	18,932	27,648
III. Inventories	12,338	13,468
1. Raw materials and supplies	3,690	4,418
2. Work in progress and finished goods and merchandise	8,291	7,965
3. Advance payments	357	1,085
IV. Tax refund	657	625
V. Other current assets	2,944	6,140
VI. Assets classified as held for sale	38,819	36,212
Total Current Assets	101,375	120,780
B. Long-term Assets		
I. Tangible assets	46,160	50,152
1. Land and buildings	12,051	12,612
2. Machinery and equipment	30,196	32,800
3. Fixtures, furniture and office equipment	3,571	4,272
4. Advance payments and construction in progress	342	468
II. Intangible assets	3,572	4,118
III. Financial assets	77,877	74,453
1. Investments	1	1
2. Shares in associated companies	75,983	72,321
3. Other financial assets	1,893	2,131
IV. Goodwill	46,533	46,678
V. Deferred taxes	4,178	4,229
Total Long-term Assets	178,320	179,630
Total Assets	279,695	300,410

Balda Group – Balance Sheet as of 30 June 2009 – Total Liabilities and Shareholders' Equity

in TEUR	30 June 2009	31 December 2008
A. Current Liabilities		
I. Current portion of finance lease obligation	377	406
II. Short-term debt and current portion of long-term debt	79,883	100,711
III. Trade accounts payable	14,212	18,410
IV. Advance payments received	3,699	1,595
V. Short-term provisions	789	604
VI. Tax liabilities	8,294	10,341
VII. Other current liabilities	10,584	10,884
VIII. Liabilities classified as held for sale	19,305	18,119
Total Current Liabilities	137,143	161,070
B. Long-term Liabilities		
I. Long-term debt	34,923	35,417
1. Loans	32,670	32,196
2. Bank loans	2,253	3,221
II. Long-term finance lease obligations	502	539
III. Deferred taxes	2,768	2,735
IV. Other long-term liabilities	14	2
Total Long-term Liabilities	38,207	38,693
C. Shareholders' Equity		
I. Subscribed share capital	54,157	54,157
II. Reserves	146,938	148,122
III. Retained earnings	-98,962	-104,113
1. Group result	5,151	-49,465
2. Loss carried forward	-104,113	-54,648
Group Shareholders' Equity	102,133	98,166
Minority Interest	2,212	2,481
Total Shareholders' Equity	104,345	100,647
Total Liabilities and Shareholders' Equity	279,695	300,410

Balda Group – Income Statement (continued operations) – 1st half-year 2009

in TEUR	Quarterly Report II/2009 01.04.2009 30.06.2009	Quarterly Report II/2008 01.04.2008 30.06.2008	Half-year Report 01.01.2009 30.06.2009	Half-year Report 01.01.2008 30.06.2008	Variation half-year cum in percent
Revenues	24,451	61,683	52,309	96,585	-45.8%
Other operating income	1,080	2,934	2,054	5,016	-59.1%
Changes in inventories of finished goods and work in progress	223	1,242	608	5,381	-88.7%
Material expenses / cost of purchased services <i>Material costs rate in %</i>	11,134 43.2%	35,987 54.6%	23,768 43.2%	58,766 54.9%	-59.6%
Personnel expenses <i>Ratio of personnel costs in %</i>	8,068 31.3%	10,401 15.8%	14,497 26.4%	18,444 17.2%	-21.4%
Depreciations	2,759	5,622	5,685	11,119	-48.9%
Other operating expenses	5,830	11,733	11,288	21,569	-47.7%
Operating income <i>Operating income in %</i>	-2,037 -7.9%	2,116 3.2%	-267 -0.5%	-2,916 -2.7%	90.8%
Financing costs	-1,652	-3,884	-3,708	-5,892	37.1%
Earnings from associated companies	2,670	0	5,191	0	100.0%
Earnings before income taxes (and minority interest) <i>Earnings before income taxes (and minority interests) in %</i>	-1,019 -4.0%	-1,768 -2.7%	1,216 2.2%	-8,808 -8.2%	113.8%
Taxes on income and earnings	416	1,307	1,059	932	13.6%
Earnings before minority interest	-1,435	-3,075	157	-9,740	101.6%
Minority interest	139	-130	315	309	1.9%
Half-year net income – continued operations	-1,296	-3,205	472	-9,431	105.0%
Earnings discontinued operations	1,463	-13,116	4,679	-7,366	163.5%
Group result	167	-16,321	5,151	-16,797	130.7%
Earnings per Share (undil., EUR)	0.003	-0.301	0.095	-0.310	130.7%
Earnings per Share (dil., EUR)	0.003	-0.301	0.095	-0.310	130.7%
Average number of tradeable shares (undiluted) – thousands	54,157	54,157	54,157	54,157	
Average number of tradeable shares (diluted) – thousands	54,157	54,157	54,157	54,157	

Balda Group – Cash Flow (continued operations) – 1st half-year 2009

in TEUR	6-Month Report 01.01.2009 - 30.06.2009	6-Month Report 01.01.2008 - 30.06.2008
Net loss/income before income tax and financing costs	-267	-2,916
+ Income from interest	256	374
- Interest payments	-2,250	-2,458
- Payments on tax on income and earnings	-496	35
+ / - Write-offs/write-ups on long-term assets (excluding deferred taxes)	5,685	11,119
+ / - Other not-effecting expenses and earnings	1,147	722
+ / - Increase/decrease in tax refund and tax liabilities (including deferred taxes)	-2,558	32
+ / - Increase/decrease in provisions	197	782
+ / - Increase/decrease in inventories, trade accounts receivable and other assets not itemised within investment or financing activities	15,067	-3,350
+ / - Increase/decrease in accounts payable and other liabilities not itemised within investment or financing activities	-1,692	-12,259
= Cash flow from operating activities	15,089	-7,919
discontinued operations	746	-6,355
Cash flow from investing activities		
+ / - Change in fixed assets and intangible assets affecting payment	-4,286	-26,044
+ / - Change in financial assets affecting payment	1,807	0
+ / - Cash inflow from the acquisition of subsidiaries affecting payment	0	-2,040
= Cash flow from investing activities	-2,479	-28,084
discontinued operations	-207	-1,852
Cash flow from financing activities		
- Change in liabilities to banks affecting payment	-21,546	2,696
+ / - Change in finance lease obligations affecting payment	-66	-98
= Cash flow from financing activities	-21,612	2,598
discontinued operations	0	481
+ / - Change in cash and cash equivalents affecting payment	-9,002	-33,405
+ / - Change in cash funds from changes in the consolidated group	0	2,662
+ 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 the half-year of continued operations	27,685	11,506
Cash and cash equivalents at the end of the half-year of discontinued operations	1,267	988
Cash and cash equivalents at the end of the half-year of discontinued and continued operations	28,952	12,494
Total financial resources at the end of the half-year – only continued operations		
Cash funds	27,685	11,506

Balda Group – Segment Reporting (continued operations) – 1st half-year 2009

Primary segments	China		Malaysia		India		Sum op
in TEUR	2009	2008	2009	2008	2009	2008	2009
Revenues external	41,695	55,916	8,549	39,801	2,062	865	52,306
Revenues internal	2	1,265	0	26	0	0	2
Revenues total	41,697	57,181	8,549	39,827	2,062	865	52,308
<i>Change from previous year</i>	<i>-27.1%</i>		<i>-78.5%</i>		<i>138.4%</i>		<i>-46.6%</i>
EBIT	5,224	-5,489	-433	8,615	-802	-1,063	3,989
<i>in % of total performance</i>	<i>12.0%</i>	<i>-8.6%</i>	<i>-4.9%</i>	<i>20.8%</i>	<i>-46.7%</i>	<i>-102.6%</i>	<i>7.4%</i>
EBT	4,862	-7,029	-415	8,597	-793	-1,047	3,654
<i>in % of total performance</i>	<i>11.2%</i>	<i>-11.0%</i>	<i>-4.7%</i>	<i>20.7%</i>	<i>-46.2%</i>	<i>-101.1%</i>	<i>6.8%</i>
Segment assets ^{(1),(2)/(3)}	54,377	63,038	23,060	46,250	6,035	8,190	83,472
Number of employees as of 30.06. ⁽⁴⁾	4,840	7,071	1,039	2,627	279	256	6,158

(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 12,115)

(3) Segment assets for 'all other segments' are not comparable. For the year 2009 the TPK holding in the amount of TEUR 75,983 is included (under consideration of the debt). The previous year's value comprises only the assets of TPK (TEUR 123,311).

(4) Number of employees 30.06. = including loanworkers, temporary workers and apprentices (previous year: China region includes TPK with 2,576 employees)

Operating segments	All other segments		Transition		Intersegment corrections		Group	
	2008	2009	2008	2009	2008	2009	2008	2009
	96,582	3	3	0	0	0	52,309	96,585
	1,291	0	0	0	0	-2	0	0
	97,873	3	3	0	0	-2	52,309 -45.8%	96,585
	2,063 1.9%	-4,256 -145.6%	-4,979 -116.8%	0	0	0	-267 -0.5%	-2,916 -2.7%
	521 0.5%	-2,438 -83.4%	-9,329 -218.8%	0	0	0	1,216 2.2%	-8,808 -8.2%
	117,478	124,837	205,895	0	12,115	-1,847	206,462	333,099
	9,954	19	32	0	0	0	6,177	9,986

Balda Group – Changes to Shareholders' Equity – Half-year 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
Dividend payout	-	-	-	-
Half-year result group	-	-	-	-
Currency reserve	-	-	-	-
Capital increase	-	-	-	-
Employee stock option plan	-	782	-	-
Balance on 30.06.2008	54,157	154,520	2	1,879
Balance on 01.01.2009	54,157	154,245	560	1,321
Group result	-	-	107	-107
Currency reserve	-	-	-	-
Employee stock option plan	-	349	-	-
Balance on 30.06.2009	54,157	154,594	667	1,214

Currency reserves	Net loss	Balda AG shareholders	Minority interest	Total shareholders' equity
-11,049	-54,648	144,079	6,823	150,902
-	-	0	-	0
-	-16,797	-16,797	-309	-17,106
-7,391	-	-7,391	-719	-8,110
-	-	0	2,296	2,296
-	-	782	-	782
-18,440	-71,445	120,673	8,091	128,764
-8,004	-104,113	98,166	2,481	100,647
-	5,151	5,151	-315	4,836
-1,533	-	-1,533	46	-1,487
-	-	349	-	349
-9,537	-98,962	102,133	2,212	104,345

Shareholding of the Bodies as of 30 June 2009

	30.06.2009	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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The Quarterly Report is available in German and English and can be downloaded on the Internet at www.balda.de.

