

Rainer Mohr (Sole Member of the Board of Directors)

Balda Aktiengesellschaft

Bad Oeynhausen

**Speech for the
12th Annual General Meeting
of Balda AG
on 27 May in Bielefeld**

Dear shareholders,
dear representatives of shareholders,
dear representatives of banks and the media,
dear guests,
ladies and gentlemen,

I too welcome you warmly to the 12th Ordinary General Meeting of Balda AG here in Bielefeld Town Hall.

Ladies and gentlemen,

First of all an overview of the issues I will be talking about in my report in the next 45 minutes or so. I will

1. present the key figures for 2010 at a glance
2. report on the important events in 2010
3. comment on the macroeconomic development and sector situation
4. present the earnings, asset and financial position of Balda Group
5. present the business performance in the first quarter of 2011
6. provide a forecast and outlook for 2011
7. report on the sale of the TPK shares and the planned acquisition
8. explain the performance of the Balda share from 2010 to 26 May 2011
9. outline the Balda Group of the future based on a realistic and positive vision,
and
10. comment on selected agenda items of the Annual General Meeting

Ladies and gentlemen,

So much for the overview. I do not want to take up too much of your time today. Please understand that my report will only present to you selected key figures from the financial statements for the 2010 financial year.

For further figures and information, I refer you to the interactive Annual Report of Balda AG 2010, which is published in the internet on Balda AG's website, or a printed version of the Annual Report of Balda AG 2010, which is available here in the hall at the information stand.

Please let me start with the key figures for 2010.

The Balda Group increased its sales revenue in the 2010 financial year by 7.3 million euros or 5.4 percent to 141.4 million euros. In the previous year this figure was 134.1 million euros.

The EBIT before exceptionals was minus 8.7 million euros and minus 37.4 million euros after exceptionals. In the previous year the EBIT was plus 4.5 million euros.

The EBT reached a positive 93.3 million euros following 47.3 million euros in the 2009 financial year.

The Balda Group's earnings in 2010 totalled 94.4 million euros following 48.9 million euros in the previous year.

Liquid funds as of the 2010 balance sheet date totalled 48.9 million euros following 44.2 million euros in the previous year.

The volume of investments totalled 10.8 million euros following 9.3 million euros in the previous year.

The number of employees fell significantly to 2,445. In the previous year there were 3,713 employees.

The earnings per share were 1.61 euros following 0.90 euros in the previous year, based on shares with dividend rights as of 31 December 2010.

Equity jumped from 159.2 million euros to 749.7 million euros.

The key figures presented can be briefly assessed as follows:

Although we increased sales slightly in 2010, the volume was not enough for a positive result and the EBIT was negative.

Major reasons for this fall in earnings were the change in the product mix with higher material costs and a lower share of value-added in the Electronic Products segment, while in the MobileCom segment the reasons were pressure on prices in existing projects and high start-up costs for projects for new customers.

The revaluation of the shares which we hold in the Taiwanese touchscreen manufacturer TPK resulted in a one-time net income effect of around 125 million euros. The EBT rose to 93.3 million euros.

I will discuss the revaluation of the TPK shares later.

I would also like to mention that, despite the negative EBIT, we were able to increase the liquid funds of 48.9 million euros by ca. 4.7 million euros due to the tight and careful management of working capital and finances.

Ladies and gentlemen,

I now come to the important events in the 2010 financial year.

On 4 March last year the German Stock Exchange accepted Balda AG back into the index for small caps, the SDax. As a result your share received much more attention in the capital market.

In May 2010 we successfully claimed a very satisfying level of damages for incorrect advice for Balda.

In mid-May 2010 Balda announced that the site in Bad Oeynhausen would be utilised from August 2010 to around 80 percent due among other things to letting to third parties.

With effect of 7 June Balda sold its interest in the Indian company Balda Motherson Solution.

On 21 June we announced that we were going to largely relocate our production in Suzhou, China, to the site in Beijing and in future concentrate production in the MobileCom segment there. As a result of this activity the first major personnel reductions took place.

On 23 June Balda AG's newly appointed Supervisory Board elected Dr. Michael Naschke as its new Chairman of the Supervisory Board.

On 29 October 2010 Balda's holding in TPK was offered on the Taiwan Stock Exchange with great success, with a price of 220 Taiwanese dollars being achieved.

On the same day the holders of the profit-participation certificates issued in November 2007 exercised their conversion rights in the amount of 34.2 million euros. The investors received 4,733,964 million shares.

With this capital measure Balda AG significantly reduced its future interest obligations to the end of the original term in 2013.

Ladies and gentlemen,

In summary I can state that three of the Group's four segments, with the exception of MobileCom, performed very positively in the 2010 financial year.

The global economy recovered from the recession in 2010. The global economy recorded growth of 5 percent.

Dynamic growth rates between 7 and 10 percent were recorded in particular in the newly-industrialising countries, particularly in Asia as well as in South America.

The eurozone's gross domestic product only grew by 1.7 percent, and the USA's grew by 2.9 percent. In Europe, Germany led the way with growth of 3.6 percent.

It should be noted though, that this macroeconomic situation involved structural changes in our sector which also affected Balda.

Ladies and gentlemen,

I will now discuss the sector situation.

First of all the mobile phone market. The global mobile phone market grew rapidly from 1.2 to 1.6 billion mobile phones in 2010. This equates to growth of 33 percent. The drivers of growth were smartphones, i.e. mobile phones of a minicomputer nature, such as the Apple iPhone or Blackberry.

The market for electronic products has also recovered and returned to growth. New technologies for televisions, such as HD and 3D, and tablet computers such as the Apple iPad, are providing fresh impetus.

The medical technology market recorded growth of around 10 percent in Germany in 2010.

Ladies and gentlemen,

Please allow me to summarise: Your company operated in a favourable economic environment in 2010 in which there were structural changes.

How well did the Balda Group perform under these conditions?

I now come to the earnings, asset and financial position of the Balda Group in the 2010 financial year.

First of all the earnings position.

At 141.4 million euros, consolidated sales in 2010 were slightly up on the previous year. In spite of this increase, we were unable to achieve the increase in sales of 10 to 15 percent on the previous year forecasted at the start of 2010.

In particular the continuing pressure on prices in the mobile phone market was responsible for this. The MobileCom segment recorded a fall in sales of around 6.6 percent and squeezed the Group's sales volume.

With regard to sales performance, your company was unable to make use of the favourable economic environment.

Ladies and gentlemen,

You will perhaps now ask: how this can be the case?

On the one hand the mobile phone market developed very positively, but on the other Balda recorded a fall in sales of ca. 6.6 percent in the MobileCom sector.

Please allow me to explain again in simple terms:

The products in the mobile phone market have changed. Mobile phones have developed in the last three to four years from classical mobile phones with product life cycles of 6 to 15 months into computer-like smartphones with a high share of electronic components and short life cycles of 3 to 6 months.

Balda was unable to keep pace with this rapid development. This was not a Balda-specific shortcoming though. We develop and produce on behalf of our customers. What I am trying to say is that some of our customers were also unable to keep pace with the dynamic development and rapid changes.

The MobileCom segment's sales volume of 78.6 million euros was well below the previous year's figure of 84.2 million euros.

By contrast, the Electronic Products segment has increased its sales volume significantly. With revenue of 35.4 million euros, Malaysia more than doubled the previous year's sales of 15.8 million euros. The reasons for this positive performance are new products and new customers.

The Medical segment recorded lower sales revenue of 27.4 million euros in 2010 than in the previous year. This performance was in line with our targets though. The main reason was the long lead times for the development of new products. In the crisis year of 2009 there were unfortunately fewer incoming orders.

The Central Services segment does not generate any significant sales revenues, but covers holding and financial services within the Group, the earnings of Balda Grundstück with the property in Bad Oeynhausen and development services for the subsidiary in the USA. Here too all of the results are consolidated; they largely relate to Balda's largely very successful old business that has been completed.

Ladies and gentlemen,

With the exception of the MobileCom segment, the Balda Group was able to make use of the opportunities of the positive macroeconomic development.

I now come, ladies and gentlemen, to the earnings position of the Group and the individual segments.

The company's EBIT before exceptionals in 2010 was minus 8.7 million euros following plus 4.5 million euros in the previous year.

The Group's EBIT in 2010 was minus 37.4 million euros. In particular the ongoing realignment in China due to market conditions, the capacity adjustment in Malaysia away from mobile phones to high-quality electronic products and the consequential exceptionals resulted in this relatively high negative result. This result was, ladies and gentlemen, around 75 percent cash neutral though. It did not therefore place the Group under any further pressure in terms of cash outflows, but resulted in the value of assets being revised.

The MobileCom segment recorded an EBIT after exceptionals of minus 23.5 million euros following plus 7.3 million euros in the previous year.

Here the structural changes in the MobileCom market are significant for Balda in particular, as I have already pointed out. Without exceptionals the EBIT was minus 9.0 million euros.

The Electronic Products segment's EBIT after exceptionals was minus 18.1 million euros following minus 3.4 million euros in 2009. Here the outlook of lower margins resulted in write-downs of tangible assets and goodwill of 14.1 million euros based on impairment tests.

The Medical segment recorded an EBIT of plus 1.9 million euros following 5.2 million euros in 2009. This was due to the fall in sales, which was the result of lower project volumes in Balda's crisis year of 2009.

The Central Services segment recorded a pleasing EBIT of plus 2.3 million euros (previous year: minus 4.2 million euros).

Ladies and gentlemen,

I would now like to talk about the revaluation of the TPK shares.

In 2010 the reporting method for the shares in TPK changed from the book value based on the at equity method to being recorded as a financial instrument at market value. This procedure was necessary because Balda lost its significant influence over TPK due to the initial public offering of TPK, with the holding reduced to around 16 percent. This situation resulted in a one-time net income effect of around 125 million euros. This is reflected in the earnings in the 2010 financial year.

Due to the revaluation of the TPK holding, the Group recorded earnings before taxes (EBT) of 93.3 million euros in 2010. In the previous year the Group reported a plus of 47.3 million euros.

The Group's earnings totalled 94.4 million euros and were therefore much higher than the previous year's figure of 48.9 million euros.

The earnings position can be summarised as follows:

The Group's EBIT was below our expectations. The ongoing realignment due to market conditions in the MobileCom segment again had a negative impact on the Group's performance in 2010.

Due to the revaluation of the TPK holding at market value, the Balda Group generated a very positive year-end result.

Earnings per share are, with 58,890,636 shares as of 31 December 2010, plus 1.61 euros. In the previous year the earnings per share were 0.90 euros.

After allowing for the earnings from the subsequent valuation of the share in TPK at market value as of the end of the year and from currency changes allocated directly to equity, the Group's earnings in the 2010 financial year totalled 559.7 million euros following 58.4 million euros in the previous year. These earnings of 559.7 million euros include the year-end result of 94.4 million euros, currency differences of 31.1 million euros and the subsequent valuation of the TPK shares of 434.2 million euros.

Ladies and gentlemen,

I now come to the subject of dividends:

Balda will not be able to pay any dividends for the 2010 financial year. I will return to the issue of the planned dividend for the current financial year later.

With regard to the Balance Sheet, I will confine myself to commenting on the balance sheet profit, equity and the Group's level of debt. As of the end of 2010 your company presented much improved balance sheet ratios. The balance sheet was greatly affected by the revaluation of the TPK holding at market value and the conversion of the participation rights.

For further comments on the individual balance sheet items please see the Annual Report 2010.

Ladies and gentlemen,

The balance sheet profit for the Group was 184.9 million euros. In 2009 the Balda Group reported a balance sheet loss of 57.7 million euros.

The balance sheet profit includes the year-end result of 94.6 million euros from the income statement, a loss carry forward from previous periods of 57.7 million euros and a release of capital reserves of 148.0 million euros.

The Group's equity base developed particularly positively. Equity increased as of 31 December 2010 to 749.7 million euros. The equity ratio improved significantly by 28.6 percent to 92.5 percent. As of 31 December 2009 the ratio was 63.9 percent. Your company has a comfortable financial base.

Interest-bearing liabilities fell significantly in 2010 following the conversion of the participation rights. The ratio of the Group's net financial liabilities to equity, also known as net gearing, improved further. Due to the surplus of liquid funds over interest-bearing liabilities, the net gearing was 3.5 percent. In the previous year the Group reported a net gearing of plus 1.5 percent.

This is an excellent figure which hardly any other company listed in the SDax can beat.

So much for the Balance Sheet.

Ladies and gentlemen,

I will now discuss the financial position, the cash flow. The cash flow statement should help in the assessment of the Balda Group's financial capacity.

I will concentrate here on the key issue of the cash-relevant change in liquid funds. For further details on the cash flow I refer to the Annual Report.

As of 31 December 2010 the liquid funds in the Balda Group's continued operations improved significantly to 48.9 million euros. In the previous year the liquid funds, including discontinued operations, totalled 44.5 million euros.

The Balda Group was able to compensate for the negative cash flow from operational activities with cash inflows from investment and financing. Due to good working capital management the build-up was minimised.

However, increased expenditure on production factors used had a negative impact on the operational cash flow. The Group also received 12.3 million euros from the sale of holdings and a dividend payment of 6.9 million euros from TPK.

Against this, expenditure on investments totalled around 12 million euros. Further inflows of liquid funds of 4.2 million euros net were a result of the Group's financing activities.

The financial position of your company, ladies and gentlemen, is therefore sound.

So much for the Group's financial position. I now come to the Balda Group's investments in 2010.

The Group's investments totalled 10.8 million euros in 2010 following 9.3 million euros in the previous year. The Balda Group invested 5.8 million euros in state-of-the-art machinery and equipment in the new plant in Beijing. The investments involved the acquisition of land rights and the construction of buildings.

Ladies and gentlemen,

You might ask yourself why Balda continued to invest in Beijing when the order situation deteriorated.

The answer is simple: These investments were made at the request of customers. Unfortunately these customers were unable to expand their business volumes as planned in 2010. The level of orders remained low or decreased in the short term.

So much about investments.

I will not provide you with a detailed account of Balda AG's annual financial statements today. I again refer you to the Annual Report 2010.

What I would like to stress though, ladies and gentlemen, is that in the 2010 financial year we have placed Balda AG in a position where it is eligible for a dividend in 2011.

As of 31 December 2009, Balda AG's balance sheet loss totalled 142.2 million euros. As of 31 December 2010, we have neutralised the balance sheet loss to zero by releasing the capital reserve. Without this measure Balda AG would not have been fully eligible for a dividend until 2012 and not in a position to pay a dividend until 2013.

Ladies and gentlemen,

I would now like to talk about Balda AG's eligibility for a dividend.

Only Balda AG can pay a dividend from its balance sheet profit. It obtains its profits from the earnings distributed by its holdings. The Group's earnings and equity situation play no part here.

The Group's earnings are affected by valuation effects which are not present in the individual financial statements of Balda AG. There are therefore differences between the Group's balance sheet profit and that of Balda AG. The cumulative losses of Balda AG were set to zero by the release of some of the capital reserves.

Therefore all of the profits which are accumulated by Balda AG in the 2011 financial year can be passed on 100 percent to the shareholders without having to offset losses carried forward.

Ladies and gentlemen,

This concludes my report on the 2010 financial year for the Balda Group and Balda AG.

I now come to the first quarter of 2011.

Ladies and gentlemen,

What were the important events in the first quarter of 2011?

My colleague Michael Sienkiewicz left the Board of Directors. The Supervisory Board appointed me as the Sole Board Member of the Board of Directors.

I have established a new management structure in Balda AG. For the MobileCom and Electronic Products segments the positions "Global Sales" (Sales, Technology and Investments) were created.

I also immediately ordered in mid-February a special analysis in China, the results of which were available at the start of April.

Based on these findings, I have implemented a clear course of action for the MobileCom business.

- The current business will be stabilised, our efforts will be mainly concentrated on productivity and quality in this fast-moving market for our existing customers.
- The search for new customers will be restricted in order to concentrate our resources of liquid funds and qualified employees.
- We are looking for a strategic or joint venture partner in order to make use of unutilised capacity in a synergistic way.
- The segment will not be closed. MobileCom will be stabilised; from July 2011 it will not be positive in terms of earnings, but it will be positive in terms of cash.

In the Medical segment we have looked at over 40 companies in the market which come into question for us as to whether and to what extent they fit in with our strategic growth plans.

A shortlist of three companies displaying healthy and profitable growth and potential for synergies with the existing business of Balda AG has been drawn up. The Supervisory Board will be informed in detail with a decision paper in the next few weeks.

Ladies and gentlemen,

At this point I would like to add that I am often asked whether I am able to manage Balda by myself as the CEO and CFO. I would like to say that in recent years I have successfully held the role of Spokesman for the Executive Board, for the most part together with my responsibility for finance.

Currently this dual role is very manageable. Certainly an addition to the Board of Directors will be considered when the strategic realignment has been completed in order to ease my workload as CEO.

The Balda Group's sales revenue in the first quarter of 2011 was at 26.7 million euros slightly above the previous year's figure of 26.0 million euros.

The Group EBIT improved by 0.4 million euros to minus 1.9 million euros following minus 2.3 million euros in the previous year.

We were not entirely satisfied with our performance in the first quarter.

The Electronic Products and Medical segments met their targets.

The MobileCom segment did not meet our expectations though. The segment again failed to share in the dynamic growth of the mobile phone market.

Against the background of according to the IMF the continued recovery of the global economy and a more favourable outlook in our sectors and sales markets, we are more or less confident for our current operational Group segments in the 2011 financial year.

What does this mean in detail?

We are less confident for the MobileCom segment as stated previously. We will shortly implement the aforementioned measures. We expect more specific planning premises in the third quarter. We also expect that there will be no further cash pressure from the third quarter.

We intend to continue the progress made in the Electronic Products segment. The Medical segment is on the right track.

Please allow me to make one further comment on the MobileCom segment:

I would like to emphasise once again that we are already holding talks with possible strategic investors or joint venture partners for the MobileCom segment. The initial priority is to stabilise sales, to utilise production capacity and optimise the cost situation in Beijing. We will no longer take on orders which result in expensive preliminary work or costs when the expected margins are low. The segment now has a clear outlook.

I am convinced that we are also on the right track in the MobileCom segment.

In the Electronic Products segment we will gradually improve cost efficiency and processes. The goal is to achieve at least a break-even result for 2011.

Balda Medical will profitably achieve the planned double-figured growth.

We confirm the forecast we provided in our Annual Report 2010 and in the report on the first quarter of 2011. This forecast only applies to our current operational segments.

The Balda Group is expecting sales revenue to be at the level of 2010 and a slightly positive EBIT. The EBT will, not including income from the potential sale of TPK shares, be at the same level as the EBIT.

Please note that I did not consider any changes in 2011 in the forecast.

For 2012 and 2013, the Group plans continued growth of at least five percent in sales. The EBIT and EBT should both be positive. A more specific forecast will not

be possible until the changes have taken place in the MobileCom segment and strategic growth has been achieved.

Ladies and gentlemen,

The share price of TPK has performed very well since the initial public offering. It has risen and yesterday the value of Balda's holding in TPK amounted to around 790 million euros.

Balda AG intends to sell its shares in TPK by the end of October 2011 at the latest after the lock-up and to pay an appropriate dividend next year from the profit of the share sale.

Ladies and gentlemen,

This is the intention of the Supervisory Board and the Board of Directors.

Of course, tax issues need to be considered with the dividend payment. Even though we do not consider the tax burden on Balda after the sale of the TPK shares to be serious after having examined the potential tax effects of a sale, we will continue to examine the potential impact.

With the annual financial statements for 2010 presented to you today we have made it possible for a dividend to be paid in the 2012 financial year from the balance sheet profit for 2011. After selling the TPK shares, at the start of 2012 we will quickly prepare the annual financial statements for 2011 and hold the next Ordinary General Meeting as early as possible in the 2012 financial year; the shareholders will then be able to pass a resolution concerning the distribution of the balance sheet profit for 2011.

We will therefore pay you, dear shareholders, a dividend as early as possible. We are still examining legal options to achieve the best outcome for shareholders. If agenda item 5 (repurchase of own shares) is approved by you today, we will also examine the options provided by this and act in the well-understood interest of our shareholders.

I have already commented on the acquisition in the Medical segment or in a market segment with products related to Medical.

Our timetable envisages submitting to the Supervisory Board in the next few weeks a detailed proposal for the acquisition of a company.

I take this opportunity to point out once again that your company is able to finance the planned measures to rebuild the Group by its own means. This includes the manageable acquisition of a company with a sales volume of up to 100 million euros. Profits from the sale of TPK shares are not required for this.

The Balda share performed very positively in 2010.

The opening price in 2010 was 3.60 euros. The closing price was 6.90 euros, which represented an increase of 92 percent.

The annual high was 7.98 euros.

The average daily turnover for the Balda share on the Xetra trading platform of the Frankfurt Stock Exchange was 558,205 shares.

The opening price in 2011 was 6.81 euros.

The closing price yesterday evening, on 26 May 2011, was 9,57 euros.

In the months of May to April 2011 the Balda share had the highest turnover of all shares in the SDax.

Ladies and gentlemen,

In the past, particularly between 2005 and 2008, the Balda Group has not been able to keep various promises or meet various forecasts.

I therefore understand if you have little faith in statements about Balda's future.

On the other hand, I am convinced that your Board of Directors has not made any empty promises since the summer of 2009. What I have predicted has for the most part also happened. And this should remain the case.

I would like to present to you some views and guidance on the future development of the Balda Group.

You know that we are working to the best of our ability on the Balda Group of the future.

In the past two years or so we have secured the existence of the Group and been doing "house cleaning".

We have consistently sold off loss makers such as India and Brazil. We will maintain this consistency, unless there are other realistic options. You might rightly ask:

What will Balda look like?

- When the MobileCom segment is no longer the highest contributor to sales in the Balda Group?
- When Balda has sold its shares in TPK?
- What of value will then remain of the operational business in the Group?

These questions are justified. I would like, so far as this is possible today, to give you an answer to these questions.

Ladies and gentlemen,

Today and in the near future it is about the realignment and purposeful rebuilding of the Balda Group.

What idea do we have today of the Balda AG of the future? Do we have a vision of the future Balda?

Yes, ladies and gentlemen,

I have a vision.

This vision is no pipe dream. It is well grounded and has every chance of being realised.

We want on the one hand to return to Balda's roots, to its core competence of plastic, producing high-quality, sophisticated plastic products.

On the other hand we want to continue to grow into the electronics business. There are also obvious synergies with the Electronic Products segment and Medical and Medical-related sectors here.

We have a clear strategic focus for the future:

- We want to actively participate in growth markets and make steady gains.
- We will offer our customers clear core competences at a high technological level.
- We want to produce items with product life cycles lasting several years instead of in the MobileCom segment where they last a few months.
- We therefore want more predictable orders and more stable business. The aim therefore is to be less dependent on customers and to be in markets which fluctuate less.
- We want to compete more strongly with our own innovations instead of suffering from massive pricing pressure.
- We also want to achieve more synergy potential in the Group. Here there is potential for new cooperations between Electronic Products and Medical.
- As a result we will become very competitive and have clear competitive advantages. That is to say that we will create particularly high customer value which our customers will also rate particularly highly.

- If we meet these objectives, we will be able to achieve a market-leading position again.
- If we manage to do this, we will achieve sufficient profitable growth.

Ladies and gentlemen,

What I am outlining here is no dream. Rather, your company has real prospects of getting back on this successful track.

I and my management team are determined to expand and rebuild the Balda Group in line with this vision and these strategic objectives.

You know that we are working flat out on the acquisition of a company in the area of the Medical segment.

I am confident, providing we obtain the Supervisory Board's approval, that we will be able to announce the completion of the acquisition in the next few months.

In the medium term, in the next 2 to 4 years, the Balda Group will be able to achieve sales of 250 to 350 million euros with a return on sales of around 15 percent, and this with good prospects for further growth, including strategic growth.

So much about the prospects of the Balda Group.

Ladies and gentlemen,

In the penultimate part of my speech I will talk about three agenda items relating to today's voting.

We are asking you today under agenda items 6 and 7 for approval relating to future capital measures. In particular I refer to the comments on these and other agenda items for today's Annual General Meeting.

Please allow me to make some comments on agenda items 6 and 7:

With these measures we want to cautiously make provisions. We want in particular to be prepared and flexible in order to seize opportunities and to continue to purposefully develop and realign your company.

Ladies and gentlemen,

Flexibility means among other things quickly taking and implementing decisions. Sufficient liquidity is often an important requirement for flexibility.

These capital measures should ensure that the vision I have presented and the strategic quality of Balda will also become a reality as early as possible.

Ladies and gentlemen,

Under agenda item 11 you today have the opportunity to vote on the current system for remunerating Balda AG's Board of Directors.

The current system is in my own opinion, if I may say, suboptimal. From my own personal experience, I am very familiar with incentive systems from my previous successful roles.

In particular there are currently no remuneration components providing long-term incentives. It is in particular these components that the legislator expressly requires.

I personally believe the consideration of these long-term components in the remuneration system to be an elementary motivation and a positive influence on the thoughts and actions of management. The welfare of Balda would move to a more preferable position. The interests of the company and any interests of the Board of Directors would be reconciled in a broader dimension.

Even management performance in shorter-term contracts could be examined and measured against the degree to which ambitious medium-term objectives are achieved.

In this respect there is definitely scope for improving Balda's current remuneration system.

Ladies and gentlemen,

The Balda Group has been a major challenge for me since I joined the Board of Directors in the summer of 2009.

I assure you that as things stand today, Balda will remain a more than average challenge with very specific tasks.

I would also like to assure you that I gain a lot of pleasure from my work for Balda. The whole team and I work with passion and commitment.

We are proud of having been able to cope well with a range of difficult tasks. We have not only secured the existence of the company, we have also provided the Balda Group with prospects again.

All of us in the management team of the holding company now also want to realise these opportunities.

Ladies and gentlemen,

I shall now finish my speech.

For the 2010 financial year I thank the Supervisory Board for the excellent cooperation and advice, all of the employees of the Balda Group for their high level of commitment, and you, ladies and gentlemen, our shareholders, for the trust you have shown in us.

I assure you that the Board of Directors of Balda AG will in future continue to do everything to increase the value of your company.

Thank you for your interest and your attention.

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