

$$i(t) = a(t)e$$

$$y_n = \frac{1}{N} \sum_{k=0}^{N-1} \hat{x}_k e^{2\pi i \frac{kn}{N}}$$

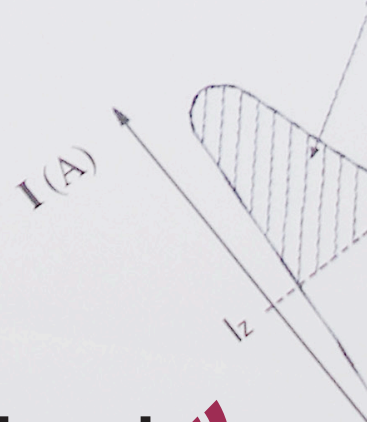
## INTERIM REPORT 3/2011

gewinn und somit  
erger Koppelkam  
ien.

Übergangsenergie bei einer Funkenprüfung  
in einer Explosionsfähige Atmosphäre

$$E_u = \int_{t_1}^{t_2} V(t) \times (I(t) - I_z) dt$$

$I_z$  : max zulässiger Strom bei der  
Funkenprüfung  
Beispiel für Spannungsquelle



## KEY FIGURES

CONTINUING OPERATIONS	Q1 – Q3 2011	Q1 – Q3 2010*
	€ M	€ M
<b>Results of operations</b>		
Revenues	119.5	122.7
Gross yield	56.7	56.8
Gross profit margin in %	47.1	46.1
Operating profit**	– 1.5	1.5
Operating result**	– 6.4	– 4.3
Operating result/EBIT	– 7.0	– 4.9
Earning after taxes / result for the period	– 11.6	– 5.9
Earnings per share in EUR	– 1.44	– 0.73
Receipt of order	127.6	135.7
Order volume	108.2	98.6
<b>Net assets and financial position</b>		
Operating Cash Flow	– 14.2	– 9.4
Working Capital	44.5	59.9
Balance sheet total	164.7	155.6
Shareholder's Equity	57.8	83.7
Equity ratio in %	35.1	53.8
Employees (annual average)	1,345	1,375

\* Enterprise Communication) - adjusted in acc. with IFRS 5  
(adjusted discontinued operations, Alpha Meß-Steuer-Regeltechnik GmbH and Enterprise Communication)

\*\* result before impairment charges and restructuring costs

## FUNKWERK AG

Funkwerk specialises in solution-oriented information and communication systems for such applications as transport and traffic, vehicles and security. Funkwerk systems automate, rationalise and secure the operating processes of customer target groups covering a wide range from private enterprises to public institutions. Based on different areas of application and appropriate target groups, Funkwerk today is an active technology provider with three strategic business units.

### TRAFFIC & CONTROL COMMUNICATION

- Communication systems
- Management systems
- Information systems

### SECURITY COMMUNICATION

- Video systems
- Property protection
- Personal security systems
- Radio equipment for security functions

### AUTOMOTIVE COMMUNICATION

- Communication systems (OEM)
- Wireless Charging
- Telematik
- Avionics

# GROUP MANAGEMENT REPORT

Dear ladies and gentlemen, dear shareholders,

in the current financial year, Funkwerk AG has initiated a fundamental reorientation. In a first step, our aim is to focus the group rigorously on our core segments, restricting ourselves to growth fields with a strong margin in our three segments Traffic & Control Communication (TCC), Security Communication (SC) and Automotive Communication (AC). As a result, all other activities will be put to the test. In a second step, we will have a close look at our corporate structure, to make it more transparent and ensure a streamlined and efficient organisation.

In the course of the year to date, we were able already to achieve important milestones. In September, for instance, we sold our subsidiary Alpha Meß-Steuer-Regeltechnik GmbH from the TCC segment, which deals in control systems for energy providers and the process industry. This operation is not part of the core business of Funkwerk's TCC; the latter is consistently organised around train and rail traffic as part of our group's focusing strategy. As announced, we also realised the sale of our Enterprise Communication (EC) segment in early October. Meanwhile, our AC segment was reorganised to focus on direct supplies for the automobile industry, selling our after-sales business in this segment. The planned simplification of our organisational structures has also seen initial progress at this point.

In the fourth quarter, we will firstly sound out further sales in order to push ahead with our focusing efforts. On the other hand, we will emphatically continue to implement the streamlining of our corporate structures, so that we are in a position to utilise the existing synergies in the group more effectively and to simplify our organisation. This will help us use our resources more specifically and address the market more efficiently.

## ECONOMIC PARAMETERS

The global economy in the third quarter of 2011 notably lost its momentum. According to the International Monetary Fund (IMF), this was triggered primarily by the debt crisis in the eurozone, but also by the lack of economic recovery in the USA. The global economy was further hampered by the natural and reactor disasters in Japan and the persistent unrest in North Africa and the Middle East. This particularly affected the industrialised nations, whereas the emerging markets and developing countries on the whole proved quite robust.

In Germany, growth also decelerated towards the middle of the year. According to the Federal Statistical Office, the gross domestic product in the second quarter of 2011 rose by a mere 0.1% above the first quarter. A comparison with the previous year, however, shows that the upswing in Germany to date is far from over. In contrast to the second quarter of 2010, the country's economic performance increased by 2.8 %.

The gross fixed capital formation – a significant factor for Funkwerk as a supplier of equipment and infrastructures – also gained but slightly in the second quarter of 2011, up by 0.7%. Investments in equipment – which primarily includes machinery and devices as well as vehicles – were up by 1.7% on the previous quarter in Germany. Cumulated for the first half of the year, equipment investments were still up by some 4% on the respective prior-year level. The autumn report suggests that investment activities in the third quarter of 2011 should remain curbed, as companies face growing uncertainty and economic expectations are increasingly worsening.

Investments in the railway sector, specifically to modernise the interlocking technology used in regional transport, have to date lagged behind the expectations in 2011. We assume, however, that necessary upgrades of the infrastructure will go ahead in the medium term, benefitting Funkwerk as the supplier of appropriate products and solutions.

#### BUSINESS TREND OF FUNKWERK AT A GLANCE

The sale of Alpha Meß-Steuer-Regeltechnik GmbH and our Enterprise Communication (EC) segment significantly affected our quarterly statement as at 30 September 2011. Both divestitures have been taken into account in the asset, financial and earnings position of the Funkwerk group. Alpha Meß-Steuer-Regeltechnik GmbH was already deconsolidated with effect from 30 September 2011. In accordance with IFRS 5, our Enterprise Communication segment was classified and reported as »held for sale« as at 30 September. The businesses sold were separated out and recognised in the statement of income and accumulated earnings under the item »Profit from discontinued operations (after taxes)«. The statement of income and accumulated earnings of the previous year was adjusted accordingly.

Due to investment restraint on the part of key account groups, operations in the continued Funkwerk segments remained modest in the third quarter of 2011. Consolidated sales in this period rose marginally by 2.0% to EUR 41.5m on the prior-year period, but this was not enough to compensate for the decline experienced in the first six months of the year. On the whole, the group-wide turnover between January and September 2011 totalled EUR 119.5m, remaining some 2.6% below the prior-year reference figure (EUR 122.7m). The accumulated inflow of orders aggregated EUR 127.6m, some 6% lower than the prior-year level (EUR 135.7m). Orders on hand rose from EUR 98.6m to EUR 108.2m.

The operating EBITDA before restructuring costs and impairments reduced to EUR -1.5m in the first nine months of 2011 due in particular to the reduced overall performance, after a positive result of EUR 1.5m in the same period a year earlier. At EUR -7.0m, the EBIT from continued operations also remained notably below the prior-year figure of EUR -4.9m. In terms of operations, i.e. not accounting for restructuring costs and impairments, company earnings totalled EUR -6.4m (2010: EUR -4.3m). The period deficit in the Funkwerk group amounted to EUR -11.6m (2010: EUR -5.9m). This is due also to the negative financial result and drastically higher tax expenditure after raising the provision for taxation as a result of a company audit of previous financial years.

### Segment reports

#### TRAFFIC AND CONTROL COMMUNICATION (TCC)

Restructuring measures in our biggest segment, TCC, which accounts for a little over half of the group's sales, were focused on consistently centring the segment's activities on train and railway transport. A key step here was the sale of our subsidiary, Alpha Meß-Steuer-Regeltechnik GmbH (Alpha), which was bought by a company of the Bilfinger Berger group in September. Registered in Neustadt an der Weinstraße, Alpha specialises in control systems for energy providers and the process industry, e.g. to manage and monitor natural gas supply facilities. In the current financial year, the company attained sales of around EUR 11.2m with some 120 employees as at 30 September 2011, reporting earnings before interest and taxes of EUR 0.4m. We expect that the conditions precedent for the sales process to be finalised will occur by the end of November 2011. The cartel authority in Germany already approved the process in October 2011; Alpha was released from the syndicated loan contract of Funkwerk AG at around the same time.

Adjusted TCC sales, i.e. excluding Alpha, amounted to EUR 61.8m between January and the end of September 2011, compared to EUR 60.0m in the relevant prior-year period. The operating result totalled EUR 0.9m (2010: EUR 1.0m).



Our management systems sector continued to intensify its marketing efforts for Alister Cargo, our innovative electronic interlocking system for such applications as marshalling yards and depots, in the reporting period. At the same time, we were able to finalise additional installations both in Germany and abroad. The third quarter, for instance, saw the sixth and largest interlocking system of a project in Graz/Austria being taken into operation, along with the eleventh interlocking system in the Danish town of Fredericia. This means that every depot in Denmark is now controlled by our Alister system.

We also received several new contracts in the reporting period. A key contract came from Deutsche Bahn AG, one of our largest accounts in the TCC segment. It involves the software migration of the 8 operating centres of DB Netz AG onto a new hardware platform. Including maintenance, this project has a value in the mid single-digit millions.

Our communication systems sector received its first major framework contract for the FocX range of devices launched in 2011. In future, we will provide the Austrian state railway company (Österreichische Bundesbahn, or ÖBB) with these mobile GSM-R handhelds, which can be used both for train radio communication and for shunting operations. The first delivery is expected to be made as early as in the fourth quarter of 2011. We also received a contract commissioning us to equip the railway in Latvia with GSM-R devices. This makes Funkwerk the first manufacturer to supply these systems in the Baltic region.

#### SECURITY COMMUNICATION (SC)

In the SC segment, Funkwerk implemented its first steps towards unifying business units previously operating largely independently and standardising its products. In addition, we made considerable headway in our planned internationalisation. In SC, Funkwerk now works with over 30 contracting partners in twelve countries, ten of which were added in the current year alone. Segment sales in the first nine months decreased marginally from EUR 34.2m in the same period last year to EUR 32.9m due to the postponement of projects and the unrest in North Africa. The operating result improved from EUR -4.8m in the same period in 2010 to EUR -4.2m.

Our video monitoring and surveillance systems sector also managed to secure a number of contracts, including one from Kölner Verkehrsbetriebe. We will modernise an analogue platform monitoring system here, changing it over to digital technology. In Nuremberg, we will equip twelve underground trains with a new video system to enable driverless operation. Visual information from inside the vehicles will be transmitted to the control centre, while passenger information will be communicated throughout the trains.

In our personal security systems sector, we enjoy a prime position particularly with correctional facilities. Today, around half of all facilities in Germany already use Funkwerk systems. Innovative TETRA solutions in particular were very much sought-after in the reporting period, while we also received a number of new contracts and orders for equipment upgrades.

In addition, we launched our new Funkwerk D4 Office, a high-quality handheld business device with comprehensive telephony and messaging functions. It can be used in virtually any DECT network and is suited particularly for applications requiring reliable communication. The first 4,000 devices will be delivered by the end of 2011.

**AUTOMOTIVE COMMUNICATION (AC)**

Our AC segment, which will in future focus solely on supplying the automobile and lorry industry as part of our reorientation efforts, faced significant restructuring measures. Our business involving products for the automobile after-sales market, for instance, was sold to a German distribution partner, so that we can now specifically strengthen our position as an OEM supplier. In this context, we also restructured our internal processes in order to use our resources in more focused and effective ways, for instance in sales, marketing, production and development. Purchasing was reorganised to facilitate procurement throughout the project, while we also determined and initiated measures to cut our costs and optimise our inventory.

The sales volume of AC in the first nine months reduced to EUR 18.4 m, after EUR 22.5 m in the prior-year reference period, primarily due to the restructuring described above and the resulting divestiture of our after-sales business. As a consequence, but also due to the significant advance payments for major contracts in the automobile industry which we received in spring this year, the operating result decreased to EUR - 3.0 m (2010: EUR - 0.4 m). These projects involve significant development costs, which will not affect our sales figure until 2013 and 2014.

In the third quarter, we received a framework contract from a car manufacturer in the premium segment for the development of a communication box, which is valued in the high single-digit millions. A further focal point in the third quarter was the redesign of the MultiMode-Compenser, which is supposed to help us launch into volume business for the 2012 product ranges. A major German automobile group plans to use this version as early as next year. Our UMTS transmission-based solutions also continue to be much in demand.

The issue of wireless charging including wireless antenna coupling, which we intend to develop as our fourth strategic business area along with telematics, hands-free communication and the Compenser technology, raised further interest among customers in the reporting period. Premium suppliers in the automobile industry, in particular, show keen interest in this product, as it ideally supports the flexible integration of smartphones in the vehicle. A number of manufacturers have already been supplied with functional prototypes

**ENTERPRISE COMMUNICATION (EC)**

As part of our strategic reorientation, our EC segment was defined as a peripheral sector. In October, shortly after the end of the reporting period, the entire segment was sold to the Spanish Teldat group. The details of the sale are explained in the report on events after the reporting date. EC specialises in telecommunication systems and data security solutions. In the first nine months of 2011, sales generated in this segment totalled EUR 21.3 m (2010: EUR 21.0 m), the EBIT came to EUR - 0.1 m (2010: EUR 0.8 m).

**Explanatory notes to the earnings position**

The earnings trend in the current year to date was significantly defined by our restructuring measures and the still cautious propensity to invest. Along with the resulting reduction in consolidated sales of the continued segments, which were down from EUR 122.7 m in 2010 to EUR 119.5 m in 2011, it was also the notably reduced investment subsidies which proved to have a negative effect on the group's result in the first nine months of 2011. On balance, the other operating income halved to EUR 2.5 m (2010: EUR 5.0 m). This is in addition to considerable advance payments for new projects as well as restructuring costs. The latter amounted to EUR 0.6 m in the reporting period.

Initial positive effects from the measures taken could be seen in our cost of materials, which reduced by 4.5% to EUR 63.5m and so more drastically than sales. This helped keep the gross yield virtually stable at EUR 56.7m. The gross yield margin improved from 46.1% to 47.1%. The personnel costs rose by 2.5% to EUR 49.6m despite the reduced number of employees. This counterproductive development on the one hand resulted from the fact that previous restructuring measures primarily saw employees in the low-wage segment being cut, whereas key technology areas were strengthened by adding highly qualified staff. On the other hand, wages and salaries were up again for the first time since the crisis in 2009 and 2010.

Against this background, the operating result achieved in the Funkwerk group in the first nine months of 2011 deteriorated to EUR -7.0m, after EUR -4.9m in the prior-year reference period. Of this amount, EUR -2.5m were attributable to the third quarter (prior-year quarter: EUR -0.8m).

The financial result in the first three quarters of 2011 amounted to EUR -1.5m, compared to EUR -0.3m in the prior-year period. Along with the increased utilisation of short-term credit lines, it was primarily the trend of the US dollar that proved a detrimental factor here, resulting in book losses for foreign exchange contracts as at the cutoff date. Funkwerk uses these hedging measures in procurement only where a large part of purchases are made in US dollar.

The tax expenditure in a nine-month comparison increased drastically from EUR 0.8m to EUR 3.1m. The main reason here was a supplementary tax bill as a result of a tax audit which was higher than expected and so was covered only partially by provisions. We have filed an appeal against these tax bills and as a precautionary measure increased the provision for taxation set up in 2010 by around EUR 2m in the balance sheet. Below the line, net earnings from continued operations in the Funkwerk group as at the end of September 2011 totalled EUR -11.6m, compared to EUR -5.9m in the prior-year reference period. Of this amount, EUR -5.5m were attributable to the third quarter of 2011 (prior-year quarter: EUR -1.9m).

The cumulated result from discontinued operations totalled EUR 4.8m, of which some EUR 5m were due to book profits from the sale. Appropriate nine-month earnings after taxes therefore amounted to EUR -6.8m, compared to EUR 5.6m in the previous year.

## Explanatory notes to the financial and earnings position

The outflow of liquidity from current operations in the first three quarters of 2011 across the group amounted to EUR 15.6m (2010: EUR 10.0m), of which some EUR 1.4m (2010: EUR 0.6m) were attributable to discontinued operations. Along with the increase in deficit, this was due especially to the rise in funds tied down in inventories, accounts receivable and other assets, which required a total liquidity of EUR 9.0m.

Investment activities in the group required EUR 8.9m in the reporting period (2010: EUR 9.4m). Here, around EUR 1.9m (2010: EUR 1.4m) are attributable to discontinued operations. At EUR 6.7m, the lion's share of this amount was invested in development, EUR 1.7m were spent on the purchase of fixed assets. Taking investment and operating activities together, the free cash flow for the first three quarters of 2011 totalled EUR -24.5m, compared to EUR -19.4m in the prior-year reference period.

The inflow from financing activities in the Funkwerk group aggregated EUR 17.0m (2010: EUR 4.5m). This was due primarily to the utilisation of the revolving money market loan of EUR 17.5m. This loan is part of the syndicated loan agreement of EUR 75.5m, which we had concluded towards the middle of the year with a three-year term including a renewal option of a further two years. A second component of the syndicated loan agreement is a guaranteed credit line of EUR 58.0m.

The consolidated balance sheet as at 30 September 2011 increased by 10.0 %, or EUR 15.0 m, to EUR 164.7 m on the end of 2010. The main reason for this was the inclusion of the two company divestitures in the balance sheet. On account of the sale of our EC segment in October 2011, all assets of this segment were shown as an unconsolidated figure under the item »Assets held for sale« on the assets side, amounting to EUR 13.9 m, and all liabilities under »Liabilities held for sale« on the liabilities side, at EUR 14.1 m. The »Other assets« item includes the purchase price receivable from the sale of the shares in Alpha as at the cutoff date. In addition, this item also accounts for the non-consolidated receivables of Funkwerk AG from the Enterprise Communication segment, totalling around EUR 7.6 m.

On the liabilities side, equity reduced primarily due to the period deficit, down from EUR 64.5 m to EUR 57.8 m. This produced an equity ratio of 35.1 % at the end of September, after 43.1 % at the end of 2010. Adjusted for the discontinued operations, the equity ratio stood at around 38 %. Whereas long-term debt remained virtually the same at EUR 14.4 m, short-term debt increased by 30.6 %, or EUR 21.7 m, on the end of December 2010, up to EUR 92.4 m. Along with the item set up for the first time in connection with the company divestitures, this was due especially to the rise in financial liabilities by EUR 0.4 m to EUR 17.3 m. This reflects the utilisation of the revolving money market loan.

## Research and development

Research and development at Funkwerk AG is centred primarily on customer-orientated developments. In the first nine months of 2011, spending in this area amounted to around EUR 20.2 m. This corresponds to a share in sales of around 14 %. Along with new product developments, we primarily focused on the technological enhancement of our product portfolio to round off our range of solutions and at the same time integrate the latest technologies into our products.

Our TCC segment made significant progress in the reporting period in terms of our interlocking system Alister. In August, the core of our Alister system solution was approved by the Federal Railway Authority for use in the ESTW-R application »Alister Lindaunis«. Since September, the electronic interlocking system has been field tested by Deutsche Bahn AG. We have therefore reached a major milestone for the SIL 4 licence from the Federal Railway Authority required in public transport, which had been pending for months. With the start of field testing we can now begin with marketing Alister 2.0 for use in German regional transport. Appropriate tenders are expected to go out in the next few weeks. In our information systems product group, we launched a new generation of infotainment displays. These displays are available in two different sizes, each as single- and two-sided versions.

The development departments of our SC segment primarily focused on a universal DECT security system in the third quarter. This system facilitates the data transfer from Funkwerk terminals via a transparent data channel. The development activities in our AC segment were defined primarily by the major contracts from the automobile industry secured in spring, which are worth a total of almost EUR 100 m and require significant advance payments. We also received two development contracts from the automobile industry.



## Investments

Capital spending at Funkwerk in the first nine months of the current financial year totalled around EUR 2.4 m in tangible and intangible assets (excluding development costs), compared to EUR 1.8 m in the relevant prior-year period. Investments in product developments increased marginally, up from EUR 6.5 m to around EUR 6.7 m. These capitalised development costs were opposite appropriate depreciation of EUR 1.6 m (2010: EUR 1.8 m).

## Employees

In the first three quarters of 2011, Funkwerk employed an average workforce of 1,345. The number of employees has therefore reduced by 30 persons on the prior-year reference period. This is due to the streamlining of our operating units, but also to the adjustment of our structures to strategic changes. In AC and SC, in particular, our reorientation necessitated a cut in personnel.

Adjusted for our discontinued EC segment and the deconsolidated Alpha as at 30 September 2011, the group employed some 1,050 people including around 65 trainees as at the cutoff date.

## Opportunities and risk report

The existing opportunities and risks for the Funkwerk group along with the structure and setup of the risk management system are described in detail in the 2010 annual report of our company. The risks and opportunities since then have not significantly changed. No other risks have since arisen which could jeopardise the continued existence of our group.

The risks from the tax audit for the 2007 assessment period of a Funkwerk subsidiary are also described in the 2010 financial statements. The audit has now been completed. Appropriate tax assessment notices were issued in the third quarter of 2011, which along with subsequent interest payments involve a supplementary tax bill of around EUR 5.5 m. We still believe that the tax returns which we prepared were correct and have filed an appeal against these notices. As a precautionary measure, we adjusted our provision for taxation from 2010 by around EUR 2 m in the consolidated financial statement as at 30 September 2011.

## Events after the cutoff date and significant related party transactions

After the close of the cutoff period, we sold our subsidiary Funkwerk Enterprise Communications GmbH, Nuremberg, to the Spanish Teldat group, Madrid. The purchase contract was signed on 18 October 2011. Divesting our entire EC segment means we not only have reached a milestone in our current reorientation; we have also managed to stabilise the financial basis of our company. After deduction of interest-bearing liabilities, Funkwerk AG expects to see a net influx of around EUR 8 m through this sale. The completion of the sale is subject to the usual conditions precedent and requires the consent of the banking consortium of Funkwerk AG. We expect these conditions to occur before the end of the current financial year or in early 2012.

The sale includes Funkwerk Enterprise Communications GmbH along with its subsidiaries Funkwerk IP-Appliances GmbH (Nuremberg), Funkwerk Aphona Communications GmbH (Vienna, Austria), Funkwerk Enterprise Communications France S.A.S. (Gradignan Cedex, France), and Funkwerk Enterprise Communications Italia S.R.L. (Milan, Italy). The sale excludes the group's inactive subsidiaries in Germany and Spain as well as the controlling interest of Funkwerk Enterprise Communications GmbH in Funkwerk ES Iberia S.L. (Majadahonda/Madrid, Spain).

Over and above this, no other events of special significance that may have an effect on the earnings, financial and asset situation of the Funkwerk group occurred since the conclusion of the reporting period until the signing of this report.

No transactions of material importance were concluded with parties related to Funkwerk in the reporting period.

## Forecasting report

### GENERAL ECONOMIC SETTING

Despite the recently poorer dynamics of the economy and increased uncertainties, the majority of the research institutes expects to see the global economy grow in 2011. In a number of instances, however, experts scaled back their forecasts quite considerably. The International Monetary Fund now predicts a rise in economic performance on a global scale by 4.0%, in contrast to the 4.3% previously forecast. The IMF drastically corrected its forecasts particularly for the industrialised nations. It expects to see growth by a mere 1.6% for the whole of 2011, compared to the previous forecast of 2.2%. The prediction for the USA was adjusted by one percentage point to 1.5%, whereas the eurozone is now predicted to grow at 1.6%, after previously estimating 2.0%. Germany is expected to contribute growth at 2.7%.

Capital investments are likely to remain restraint on account of significant uncertainties in the winter months of the year. In their autumn report, the leading economic research institutes anticipate a more significant investment volume not before the spring of 2012. The gradual calming of the situation in the financial markets assumed by the institutes will likely also reduce the uncertainty of companies and government authorities. Investments previously postponed could then finally be materialise.

Irrespective of short-term economic fluctuations, the use of information and communication technology in transport companies, the industry and organisations with security functions should continue to gain in importance, as this is necessary in some areas to maintain the operability of energy, transport and supply infrastructures. As a result, we expect to see notable catch-up effects in the long term. Further growth prospects should emerge through the announced investments and the trend towards networked vehicles and increased use of Internet in the vehicle. As a supplier of integrated solutions, Funkwerk occupies an excellent position here.

### EXPECTED DEVELOPMENT OF THE FUNKWERK GROUP

The Funkwerk group is currently undergoing a difficult restructuring process and will have to implement further drastic measures in the coming months in order to return to profitable growth. In connection with the new contracts, we are also facing enormous development costs, which will only lead to appropriate sales in later periods.

In the last quarter of 2011, our focus will primarily be on adjusting our processes after the sale of Alpha and our entire EC segment. We are also looking into splitting off other sectors which are not part of our core activities. In parallel, we will push ahead with the fundamental simplification and streamlining of our entire group. We plan both to alter our organisational structures and to consolidate central

sectors, such as purchasing, but also use our operating resources more intensively across all sectors. In terms of development, we will in future increasingly work in competence centres. At the same time, we will be having a look at all our installation and production sites over the next few months to see where production can be carried on more efficiently. In the long term, this more streamlined group arrangement will help us tap considerable savings potential.

Based on the smaller size of our group after the divestitures, we expect our sales volume for the whole of 2011 to remain virtually steady on the previous year. The planned conversion will, however, involve further restructuring costs, which will have a detrimental effect on our earnings. Without these extraordinary costs, which are estimated to range at around EUR 6m, our operating result excluding the earnings contributions of the discontinued operations will, from today's viewpoint, be negative, ranging in the lower single-digit millions. Once the structural and strategic reorientation of the Funkwerk group is completed, we believe we will not only be in a better competitive position, but also see a notably improved return on investment.

Kölleda, November 2011

– The Executive Board –



Johann Schmid-Davis



Carsten Ahrens

## Corporate bodies in the reporting period

### SUPERVISORY BOARD

- Alfons Hörmann (Chairman from 18 March 2011), entrepreneur, Sulzberg
- Prof. Dr. Gerhard P. Fettweis (Deputy Chairman from 18 March 2011), university professor, Dresden
- Dr. Ing. Manfred Egner (from 19 May 2011), entrepreneur, Aidlingen
- Maximilian Ardelt (until 19 May 2011 and Chairman until 18 March 2011), entrepreneur, Starnberg

### Executive Board

- Johann M. Schmid-Davis, Masters in Bus. Econ., Finance, Organisation and Investor Relations
- Carsten Ahrens, Graduate Engineer, Business Development, Technology and products
- Dr.-Ing. Hans Grundner (until 19 May 2011)

## FUNKWERK SHARE

### STOCK MARKETS UNDER SELLING PRESSURE

In the course of the year to date, the international financial markets have lost quite significantly in capitalisation. After the still solid trend in the first half of the year, it was primarily the escalation of the euro debt crisis in the summer and the downgrading of the credit status of the USA that led to the sale of shares along a wide front. The situation was aggravated by the lack of economic recovery in the United States. The German index of leading shares, DAX, was at times faced with losses of around 30% in the third quarter. Between January and September, the DAX dropped by 20.4% to 5,502 points. The German technology index, TecDAX, lost 22.1% in the course of the year to date.

### FUNKWERK SHARE IN THE RED

Funkwerk's share started the stock market year 2011 on a solid footing and remained on a stable trend until early April. Due to the difficult economic parameters in key sales markets, however, the share subsequently came under pressure. In mid-August, it reached its current annual low of EUR 3.30 – coinciding with the correction of our sales and profit expectations for the 2011 financial year. At the same time, we informed the market of the rigorous reorientation of Funkwerk AG, which will help us put the company onto a more efficient, and as a result a future-proof, basis. Since the announcement of our strategic readjustment, the share price has notably rallied again. The closing price at the end of September was set at EUR 4.42, which corresponds to a gain on the annual low of 33.9%. This figure, however, is still down by 39.0% on the end of 2010 (EUR 7.25).

Based on this cutoff price, the market capitalisation of the 8.1 million Funkwerk shares stood at EUR 35.8m, compared to EUR 58.7m at the end of December 2010.

### INVESTOR RELATIONS ACTIVITIES

Funkwerk AG operates an active information policy and provides investors and financial market operators with all relevant corporate data. Communication presently focuses on explaining our strategic reorientation and the resulting prospects. Funkwerk's share is currently recommended as a buy by two analysts. One bank takes a neutral position, another recommends sale.

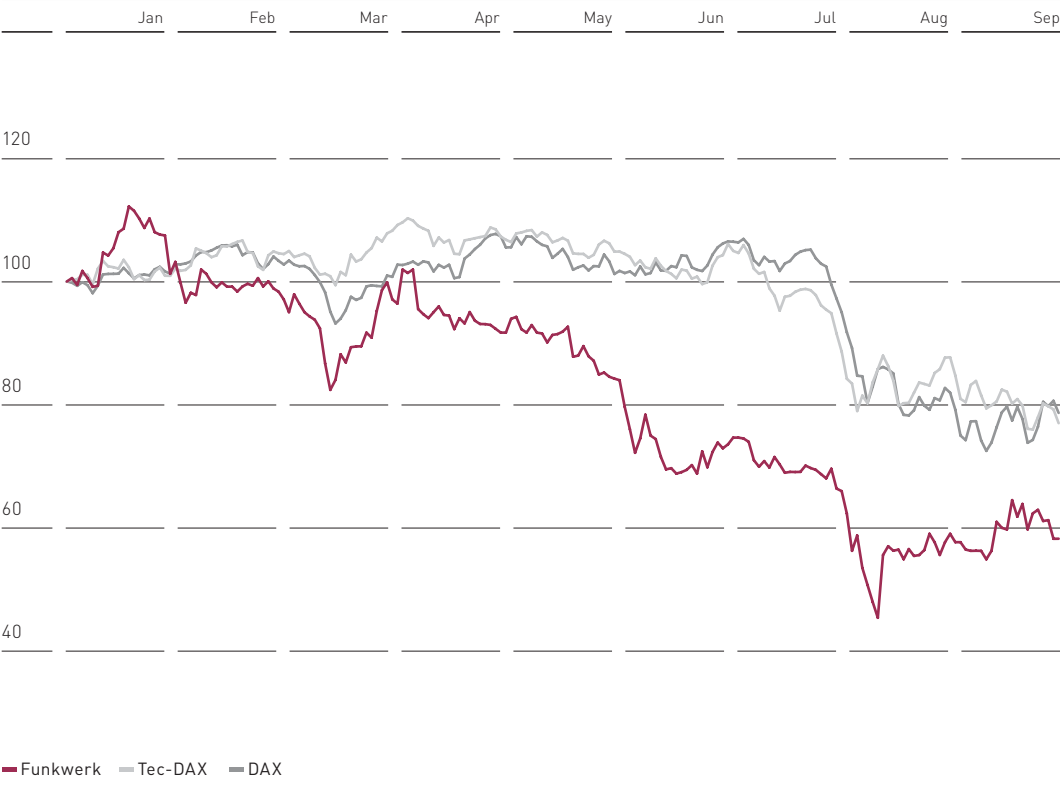
### SHAREHOLDER STRUCTURE UNCHANGED

The shareholder structure of Funkwerk AG remains unchanged. as at the end of September, 52.83% of the shares were held by HÖRMANN Funkwerk Holding GmbH and 47.17% were in a free float.

### BASIC INFORMATION ON THE FUNKWERK SHARE

- First listing: 15 November 2000
- Stock market code: FEW
- ISIN: DE0005753149
- WKN: 575314
- Stock category: No-par bearer shares at a nominal value of EUR 1
- Market segment: Prime Standard
- Designated sponsor: Close Brothers Seydler Bank AG
- Capital stock: EUR 8,102,241 Euro
- Number of shares: 8,102,24

PERFORMANCE FUNKWERK SHARE (INDICATED TO 100)





# CONSOLIDATED FINANCIAL STATEMENT

Consolidated Statement of Financial position acc. to IFRS AT 30 SEPTEMBER 2011

ASSETS	30/09/2011	31/12/2010
	EUR K	EUR K
<b>A. Long-Term Assets</b>		
1. Intangible assets	31,948	35,658
thereof goodwill	7,275	9,161
thereof development costs	21,829	23,184
2. Tangible assets	12,132	14,224
3. Other assets	36	43
	<b>44,116</b>	<b>49,925</b>
<b>B. Short-Term Asset</b>		
1. Inventories	43,843	43,560
2. Trade accounts receivable	26,330	27,629
3. Receivables from projects in progress	7,834	8,017
4. Due from affiliated companies	52	206
5. Tax refund claims	715	1,304
6. Other assets	20,046	3,026
7. Financial assets	3,613	3,969
8. Liquid assets	4,233	12,056
9. Assets classified as held for sale	13,893	0
	<b>120,559</b>	<b>99,767</b>
	<b>164,675</b>	<b>149,692</b>

LIABILITIES	30/09/2011	31/12/2010
	EUR K	EUR K
<b>A. Equity Capital</b>		
1. Subscribed capital	8,101	8,101
2. Capital reserve	63,509	63,422
3. Retained earnings	38,211	38,211
4. Own shares	-1,062	-1,062
5. Net loss	-50,733	-43,976
6. Foreign currency items	-206	-237
	<b>57,820</b>	<b>64,459</b>
<b>B. Long-Term Liabilities</b>		
1. Pension obligations	12,633	12,525
2. Deferred investment subsidies	1,238	874
3. Deferred taxes	563	1,071
4. Financial liabilities	0	12
	<b>14,434</b>	<b>14,482</b>
<b>C. Short-Term Liabilities</b>		
1. Financial liabilities	17,335	422
2. Trade accounts payable	25,668	29,368
3. Advance payments received on orders	7,826	8,735
4. Due to affiliated companies	19	56
5. Tax liabilities	5,615	3,867
6. Accrued liabilities	11,921	14,323
7. Deferred investment subsidies	101	138
8. Other liabilities	9,825	13,842
9. Liabilities classified as held for sale	14,111	0
	<b>92,421</b>	<b>70,751</b>
	<b>164,675</b>	<b>149,692</b>

## Statement of Comprehensive Income acc. to IFRS 01/01/2011 TO 30/09/2011

	Q3 2011 01/07/2011 TO 30/09/2011 EUR K	Q3 2010* 01/07/2011 TO 30/09/2011 EUR K	Q1 – Q3 2011 01/01/2011 TO 30/09/2011 EUR K	Q1 – Q3 2010* 01/01/2011 TO 30/09/2011 EUR K
CONTINUING OPERATIONS				
<b>1. Sales revenues</b>	<b>41,494</b>	<b>40,672</b>	<b>119,531</b>	<b>122,664</b>
2. Increase in finished goods inventories and work in progress	80	-1,360	677	726
3. Other own work capitalised	1,514	1,969	5,224	5,048
4. Other operating income	735	1,929	2,541	5,017
<b>5. Total operating performance</b>	<b>43,823</b>	<b>43,210</b>	<b>127,973</b>	<b>133,455</b>
6. Cost of materials	22,148	21,285	63,541	66,558
7. Personnel expenses	16,877	15,566	49,614	48,406
8. Planned depreciation	1,616	1,971	4,922	5,772
9. Other operating expenses	5,347	5,094	16,280	17,036
<b>10. Operating result before impairment charges and restructuring costs</b>	<b>-2,165</b>	<b>-706</b>	<b>-6,384</b>	<b>-4,317</b>
11. Restructuring costs	324	47	594	571
<b>12. Operating result (EBIT)</b>	<b>-2,489</b>	<b>-753</b>	<b>-6,978</b>	<b>-4,888</b>
13. Ergebnis aus nach der Equity-Methode bilanzierten Finanzanlagen	0	0	0	0
14. Finanzerträge	111	153	313	570
15. Finanzaufwendungen	792	459	1,857	820
<b>16. Finanzergebnis</b>	<b>-681</b>	<b>-306</b>	<b>-1,544</b>	<b>-250</b>
<b>17. Ergebnis vor Steuern</b>	<b>-3,170</b>	<b>-1,059</b>	<b>-8,522</b>	<b>-5,138</b>
18. Steuern vom Einkommen und vom Ertrag	-2,365	-816	-3,062	-765
<b>19. Profit / Loss from continuind operations</b>	<b>-5,535</b>	<b>-1,875</b>	<b>-11,584</b>	<b>-5,903</b>
DISCONTINUED OPERATIONS				
20. Profit/Loss from discontinued operations (net of income tax)	5,113	-183	4,827	305
<b>21. Earnings after taxes / result for the period</b>	<b>-422</b>	<b>-2,058</b>	<b>-6,757</b>	<b>-5,598</b>
Amounts directly included in equity				
22. Foreign currency translation differences	85	-17	31	85
23. Other comprehensive income – continuing operations	85	-17	31	85
24. Other comprehensive income – discontinued operations	0	0	0	0
<b>25. Total</b>	<b>-337</b>	<b>-2,075</b>	<b>-6,726</b>	<b>-5,513</b>
The result for the quarter comprises				
Funkwerk AG shareholders	-422	-2,058	-6,757	-5,598
Minority interests	0	0	0	0
The amounts directly included in equity comprise				
Funkwerk AG shareholders	85	-17	31	85
Minority interests	0	0	0	0
Earnings per share				
Earnings per share (undiluted and diluted) in EUR	-0.05	-0.25	-0.84	-0.69
Earnings per share (undiluted and diluted) – continuing operations in EUR	-0.69	-0.23	-1.44	-0.73
Earnings per share (undiluted and diluted) – discontinued operations in EUR	0.64	-0.02	0.60	0.04

\* Prior year figures adjusted according to IFRS 5.

## Consolidated Statement of Cash Flows acc. to IFRS 01/01/2011 TO 30/09/2011

	Q1 – Q3 2011 01/01/2011 TO 30/09/2011 EUR K	Q1 – Q3 2010 01/01/2010 TO 30/09/2010 EUR K
<b>1. Annual result</b>	<b>-6,757</b>	<b>-5,598</b>
2. Income tax expenditure	3,437	993
3. Depreciation of development costs	2,432	1,787
4. Depreciation of tangible assets and intangible assets	3,808	4,869
5. Earnings from financial assets reported using the equity method	0	600
6. Other non-cash expenditure and income	-5,066	123
7. Reversal of investment subsidies	-100	-176
8. Changes in reserves	-1,869	-1,969
9. Profit/loss from disposal of fixed assets	141	-63
10. Changes in inventories, receivables and other assets	-8,958	-4,888
11. Changes in advance payments received on orders	-780	-3,007
12. Changes in other debts	-2,300	-2,065
13. Interest income	-10	-143
14. Interest expenditure	877	831
15. Interest paid	-425	-220
16. Interest received	17	40
17. Paid income tax	-36	-1,127
<b>18. Cash flow from operating activities</b>	<b>-15,589</b>	<b>-10,013</b>
<b>thereof cash flow from operating activities of discontinued operations</b>	<b>-1,390</b>	<b>-573</b>
19. Receipts from the disposal of fixed assets	99	9
20. Payments for investments and development costs	-6,664	-6,451
21. Payments for investments in intangible assets without goodwill and development costs	-702	-609
22. Payments for investments in fixed assets	-1,677	-1,229
23. Receipts from investment subsidies	46	0
24. Payments for the acquisition of consolidated companies less acquired cash and cash equivalents	0	25
25. Payments for deconsolidationg	-15	-1,144
<b>26. Cash flow from investing activities</b>	<b>-8,913</b>	<b>-9,399</b>
<b>thereof cash flow from investing activities of discontinued operations</b>	<b>-1,923</b>	<b>-1,378</b>
<b>27. Free cash flow</b>	<b>-24,502</b>	<b>-19,412</b>
28. Receipts from take-up of (financial) credit	16,954	4,537
<b>29. Cash flow from financing activities</b>	<b>16,954</b>	<b>4,537</b>
<b>therof cash flow from financing activities of discontinued operations</b>	<b>2,056</b>	<b>754</b>
30. Net change in cash and cash equivalents	-7,548	-14,875
thereof respective to discontinued operations	-1,257	-1,197
31. Cash and cash equivalents at beginning of period	12,056	22,141
thereof respective to discontinued operations	1,532	1,354
<b>32. Cash and cash equivalents at end of period</b>	<b>4,508</b>	<b>7,266</b>
<b>thereof respective to discontinued operations</b>	<b>275</b>	<b>157</b>

## Consolidated Statement of Changes in Equity acc. to IFRS

	SUBSCRIBED CAPITAL	CAPITAL RESERVE	REVENUE RESERVE	OWN SHARES	NET LOSS	FOREIGN CURRENCY ITEMS	EQUITY OF FUNKWERK AG SHARE- HOLDERS	MINORITY INTERESTS	TOTAL
	EUR K	EUR K	EUR K	EUR K	EUR K	EUR K	EUR K	EUR K	EUR K
<b>December 31, 2009</b>	<b>8,101</b>	<b>63,270</b>	<b>38,211</b>	<b>-1,062</b>	<b>-19,096</b>	<b>-323</b>	<b>89,101</b>	<b>14</b>	<b>89,115</b>
Group profit									
for the period	0	0	0	0	-5,598	0	-5,598	-14	-5,612
Foreign currency									
items	0	0	0	0	0	85	85	0	85
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,598</b>	<b>85</b>	<b>-5,513</b>	<b>-14</b>	<b>-5,527</b>
Share options									
(IFRS 2)	0	100	0	0	0	0	100	0	100
Transactions									
with owners	0	100	0	0	0	0	100	0	100
<b>September 30, 2010</b>	<b>8,101</b>	<b>63,370</b>	<b>38,211</b>	<b>-1,062</b>	<b>-24,694</b>	<b>-238</b>	<b>83,688</b>	<b>0</b>	<b>83,688</b>
<b>December 31, 2010</b>	<b>8,101</b>	<b>63,422</b>	<b>38,211</b>	<b>-1,062</b>	<b>-43,976</b>	<b>-237</b>	<b>64,459</b>	<b>0</b>	<b>64,459</b>
Group profit									
for the period	0	0	0	0	-6,757	0	-6,757	0	-6,757
Foreign currency									
items	0	0	0	0	0	31	31	0	31
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,757</b>	<b>31</b>	<b>-6,726</b>	<b>0</b>	<b>-6,726</b>
Share options									
(IFRS 2)	0	87	0	0	0	0	87	0	87
Transactions									
with owners	0	87	0	0	0	0	87	0	87
<b>September 30, 2011</b>	<b>8,101</b>	<b>63,509</b>	<b>38,211</b>	<b>-1,062</b>	<b>-50,733</b>	<b>-206</b>	<b>57,820</b>	<b>0</b>	<b>57,820</b>



## Segment reporting 01/01/2011 TO 30/09/2011

	YEAR	TCC	AC	EC	SC	GROUP	RECONCILIATION ACC. IFRS 8.28			CONTINUING
							TCC	EC	CONSOL.**	OPERATIONS
		EUR K	EUR K	EUR K	EUR K	EUR K	EUR K	EUR K	EUR K	EUR K
Total sales revenues	2011	73,069	18,449	21,490	39,381	152,389				
	2010	71,716	22,692	21,122	40,229	155,759				
Sales revenues with other business segments*	2011	1	33	150	6,468	6,652				
	2010	15	192	129	6,028	6,364				
External sales revenues	2011	73,068	18,416	21,340	32,913	145,737	- 11,248	- 21,490	6,532	119,531
	2010	71,701	22,500	20,993	34,201	149,395	- 11,727	- 21,121	6,117	122,664
Other operating income	2011	6,223	865	425	275	7,788	- 5,326	- 507	586	2,541
	2010	2,685	1,142	1,103	896	5,826	- 187	- 1,203	581	5,017
<b>Segment revenues</b>	<b>2011</b>	<b>79,291</b>	<b>19,281</b>	<b>21,765</b>	<b>33,188</b>	<b>153,525</b>	<b>- 16,574</b>	<b>- 21,997</b>	<b>7,118</b>	<b>122,072</b>
	<b>2010</b>	<b>74,386</b>	<b>23,642</b>	<b>22,096</b>	<b>35,097</b>	<b>155,221</b>	<b>- 11,914</b>	<b>- 22,324</b>	<b>6,698</b>	<b>127,681</b>
Inventory changes of finished goods and work in progress	2011	- 901	548	0	1,030	677	0	0	0	677
	2010	1,618	77	0	- 489	1,206	- 480	0	0	726
Own work capitalised (development)	2011	1,391	1,845	1,441	1,987	6,664	0	- 1,440	0	5,224
	2010	1,444	1,851	1,403	1,753	6,451	0	- 1,403	0	5,048
Cost of materials	2011	33,326	12,105	10,055	16,679	72,165	- 4,954	- 10,202	6,532	63,541
	2010	36,044	13,711	10,345	16,712	76,812	- 5,896	- 10,475	6,117	66,558
Personnel expenses	2011	29,853	8,450	7,540	16,020	61,863	- 4,826	- 7,423	0	49,614
	2010	28,907	7,946	7,301	16,170	60,324	- 4,717	- 7,201	0	48,406
Planned depreciation of fixed assets	2011	1,344	969	446	1,049	3,808	- 53	- 446	0	3,309
	2010	1,965	1,108	756	1,040	4,869	- 50	- 755	0	4,064
Planned depreciation of development work	2011	456	315	819	842	2,432	0	- 819	0	1,613
	2010	184	556	79	968	1,787	0	- 79	0	1,708
Other operating expenses	2011	8,417	2,792	4,392	5,838	21,439	- 1,278	- 4,467	586	16,280
	2010	8,689	2,633	4,024	6,307	21,653	- 1,067	- 4,131	581	17,036
<b>Operating result before restructuring costs</b>	<b>2011</b>	<b>6,385</b>	<b>- 2,957</b>	<b>- 46</b>	<b>- 4,223</b>	<b>- 841</b>	<b>- 5,463</b>	<b>- 80</b>	<b>0</b>	<b>- 6,384</b>
	<b>2010</b>	<b>1,659</b>	<b>- 384</b>	<b>994</b>	<b>- 4,836</b>	<b>- 2,567</b>	<b>- 664</b>	<b>- 1,086</b>	<b>0</b>	<b>- 4,317</b>
Restructuring costs	2011	238	89	59	208	594	0	0	0	594
	2010	4	0	176	567	747	0	- 176	0	571
<b>Operating result</b>	<b>2011</b>	<b>6,147</b>	<b>- 3,046</b>	<b>- 105</b>	<b>- 4,431</b>	<b>- 1,435</b>	<b>- 5,463</b>	<b>- 80</b>	<b>0</b>	<b>- 6,978</b>
	<b>2010</b>	<b>1,655</b>	<b>- 384</b>	<b>818</b>	<b>- 5,403</b>	<b>- 3,314</b>	<b>- 664</b>	<b>- 910</b>	<b>0</b>	<b>- 4,888</b>

\* The sales revenues with other business segments are eliminated in the consolidated financial statements.

\*\* Effects of consolidation between continuing and discontinued operations.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

## ACCOUNTING PRINCIPLES AND METHODS

The accounts were compiled in Euro in compliance with the International Accounting Standards Board (IASB) passed and published by the International Financial Reporting Standards (IFRS). The accounts are based on the accounting principles and methods applied to the consolidated financial statement for the 2010 financial year.

This interim report has neither been audited under § 317 of the German Commercial Code (HGB) nor reviewed and verified by an auditor.

## OVERVIEW OF COMPANIES OF THE CONSOLIDATED FUNKWERK GROUP

In addition to the parent company, Funkwerk AG, the following companies were included as subsidiaries in the accounts of the company according to the full consolidation method:

DIRECT SUBSIDIARIES	REGISTERED OFFICE	VOTING RIGHTS IN %
Hörmann-Funkwerk Kölleda GmbH (HFWK)	Kölleda, Thuringia	100
Funkwerk Dabendorf GmbH (FWD)	Zossen, Brandenburg	100
Funkwerk Enterprise Communications GmbH (FEC)	Nuremberg, Bavaria	100
Funkwerk Information Technologies GmbH (FIT)	Kiel, Schleswig-Holstein	100
Funkwerk Security Communications GmbH (FSC)	Salzgitter, Lower-Saxony	100
INDIRECT SUBSIDIARIES	REGISTERED OFFICE	VOTING RIGHTS IN %
Funkwerk eurotelematik GmbH	Ulm, Baden-Württemberg	100
Funkwerk Avionics GmbH	Waal, Bavaria	100
Funkwerk Enterprise Communications Iberia S.L.	Madrid, Spain	100
Funkwerk Enterprise Communications France S.A.S.	Gradignan Cedex, France	100
Funkwerk Enterprise Communications Italia S.R.L.	Milan, Italy	100
Funkwerk Aphona Communications GmbH	Vienna, Austria	100
Funkwerk IP-Appliances GmbH	Nuremberg, Bavaria	100
FunkTech GmbH	Nuremberg, Bavaria	100
Funkwerk Information Technologies Karlsfeld GmbH	Karlsfeld, Bavaria	100
Funkwerk Information Technologies York Limited	York, Great Britain	100
Funkwerk Information Technologies Malmö AB	Malmo, Sweden	100
Funkwerk IT Polska Sp. z o.o.	Warsaw, Poland	100
Microsyst Systemelectronic GmbH	Weiden, Bavaria	100
Funkwerk Systems Austria GmbH	Vienna, Austria	100
Funkwerk Akademie GmbH	Beichlingen, Thuringia	100
Funkwerk plettac electronic GmbH	Fürth, Bavaria	100
Funkwerk Electronic Services GmbH	Salzgitter, Lower-Saxony	100
Funkwerk Engineering GmbH	Kiel, Schleswig-Holstein	100

On 9 September 2011, Funkwerk AG sold 100 per cent of its shares in Alpha Meß-Steuer-Regeltechnik GmbH, Neustadt/Weinstraße, (in short: Alpha). Alpha was part of the Traffic & Control Communication segment, but not of its core business. Alpha was deconsolidated with effect from 30 September 2011. In the first nine months of the 2011 financial year, the divested company generated sales of EUR 11,248k and reported an annual deficit of EUR 20k. In the whole 2010 financial year, Alpha attained sales of EUR 16,663k and an annual surplus of EUR 842k. As at 30 September 2011, Alpha employed a workforce of 124 people. Taking into account an outgoing goodwill of around EUR 1.9m, the preliminary earnings effect from the deconsolidation amounts to around EUR 5.2m. This and the current period result are reported in the group's statement of income and accumulated earnings under »Profit from discontinued operations (after taxes)«. Payment of the purchase price is expected in the fourth quarter and will significantly improve the group's free cash flow.

After the close of the reporting period, Funkwerk AG sold all shares in its fully owned subsidiary Funkwerk Enterprise Communications GmbH, Nuremberg, on 18 October 2011. The sale is subject to the usual conditions precedent and requires the approval of the banking consortium of Funkwerk AG. It is expected that these conditions will occur before the end of the current 2011 financial year or in early 2012. The sale includes Funkwerk Enterprise Communications GmbH along with its subsidiaries Funkwerk IP-Appliances GmbH (Nuremberg), Funkwerk Aphona Communications GmbH (Vienna, Austria), Funkwerk Enterprise Communications France S.A.S. (Gradignan Cedex, France), and Funkwerk Enterprise Communications Italia S.R.L. (Milan, Italy). The sale excludes the group's inactive subsidiaries in Germany and Spain as well as the controlling interest of Funkwerk Enterprise Communications GmbH in Funkwerk ES Iberia S.L. (Majadahonda/Madrid, Spain). The transaction means a separation from the entire Enterprise Communication segment. In accordance with IFRS 5, disclosure is made in the consolidated balance sheet (cf. Assets: B.9.; Liabilities: C.9.) and the group's statement of income and accumulated earnings (»Profit from discontinued operations (after taxes)«).

The profit from discontinued operations (after taxes) under item 20 of the group's statement of income and accumulated earnings is calculated as follows:

DISCONTINUED OPERATIONS	Q1 – Q3 2011	Q1 – Q3 2010
	EUR K	EUR K
Sales revenues	32,738	32,848
Total operating performance	34,858	36,121
Expenses	-34,468	-34,547
Operating result (EBIT)	390	1,574
Financial results	-347	-1,038
Taxes on income	-369	-231
Earnings after taxes	-326	305
Result from discontinued operations	5,153	0
Taxes on income and profits on the result from the sale of discontinued operations	0	0
<b>Result for the period</b>	<b>4,827</b>	<b>305</b>

**SEASONAL AND ECONOMIC INFLUENCES**

Seasonal or economic influences exceeding the norm which require reporting or were not already disclosed in the report of the Executive Board did not exist.

**KEY EVENTS**

No events of special significance other than already described in the management report have occurred after the cutoff date on 30 September 2011.

**STATEMENT OF THE EXECUTIVE BOARD**

»In compliance with the generally accepted accounting principles for the interim report, we hereby confirm to the best of our knowledge and belief that the consolidated interim financial statements give a true and fair view of the company's assets, liabilities, financial position, and profit and loss, and that the group management report is an accurate representation of the trend of business of the company including operating result and group situation, and appropriately describes the opportunities and risks of the anticipated future development of the group in the remaining financial year.«

The Executive Board of Funkwerk AG  
Kölleda, November 2011

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# CORPORATE CALENDAR FOR 2011

April 8, 2011	Publication of the 2010 annual report
May 13, 2011	Disclosure of quarterly report
May 19, 2011	Shareholder´s meeting
August 12, 2011	Disclosure of half-yearly report
November 11, 2011	Disclosure of nine-monthly report
November, 2011	Disclosure of nine-monthly report Analyst-conference

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