

# MOBOTIX AG

## Annual Report

1 July 2008 to 30 June 2009



**Complete HiRes Video Solution**  
high-resolution, digital & cost-effective recording



reddot design award  
honourable mention 2009

FROST & SULLIVAN

EUROPEAN CCTV AND VIDEO SURVEILLANCE  
PRODUCT INNOVATION AWARD 2008

English 09/2009

The HiRes Video Company



**MOBOTIX**.com



# MOBOTIX best stock exchange newcomer in 2007

Kaiserslautern, 19 December 2007. 2007 has been a rather mixed year for stock exchange newcomers. Of the 29 stock exchange debuts with a stock issuing volume of more than 10 million euros, only six had share prices higher at the close of trading on 18 December than at the time of the IPO.

## Design experts honour MOBOTIX Hemispheric Camera Q22 in the red dot award: product design 2009

In one of the most renowned and hardest international design competitions, the red dot design award, the Hemispheric Camera Q22 by MOBOTIX has just received an honourable mention from the top-class expert jury. With 3,231 products submitted to the competition, the product clearly stands out from the masses, because the design experts awarded 194 honours to those products with particularly distinguished design details. The festive awards presentation with more than 1,000 guests will take place in the Essen Opera House, the Aalto Theatre, on 29 June 2009.



reddot design award  
honourable mention 2009

# MOBOTIX in American

Jackson High School in Cleveland, Ohio, replaced its old log surveillance system by a high-resolution surveillance solution based on MOBOTIX cameras, the free MxControlCenter and bidirectional VoIP offering unmatched image quality and recorded video streams.

For difficulties identifying events and events with our old clips that are extremely improvement in image

## MOBOTIX Sales Growth



of 23.6 million EUR and an EBITDA of 4.9 million EUR in the fiscal year of 2006/2007. The increase in revenue corresponds to a 52% increase compared to the previous fiscal year. The EBITDA margin has increased to more than 18%.

market for network video surveillance software not far behind, according to IMS Research.

## New Q24M impresses with double frame rate

The Q24M impresses with a double frame rate, a distortion-corrected 180° panorama view and integrated video storage.



New York, USA, June 10, 2009. Mobotix, a manufacturer of complete high-resolution IP camera systems, presents the new Q24M camera which replaces the new Q22M. Features include a more powerful processor and an optimized image resolution of 3.1 megapixel.

ing twice the image resolution of 3.1 megapixel. The camera is used at a rate of 194 megapixel. The camera is used at a rate of 194 megapixel.

place final of the 1998 World Cup final 1998 between France and Brazil. After a total of 150,000 spectators, the stadium can hold 50,000 spectators.

## MOBOTIX at Abu Dhabi International Airport

The project at the Abu Dhabi International Airport is an impressive demonstration of excellence in video surveillance software. The project at the Abu Dhabi International Airport is an impressive demonstration of excellence in video surveillance software.

## MOBOTIX Stocks track the Stock Market

As of today, MOBOTIX AG stocks are publicly traded in the Entry Standard at Frankfurt Stock Exchange (Open Market) under the ISIN DE0005218309. MOBOTIX AG, a world leading manufacturer of digital, high-resolution and network-based video security reports sales of EUR 15.19 million in the half year (1 July to 31 December).

## MOBOTIX Group reports strong growth despite global crisis

Kaiserslautern, May 13, 2009. MOBOTIX AG (ISIN DE0005218309), at the forefront of technology as system provider of digital high-resolution network-based video security systems, reports the results for the first nine months of fiscal year 2008/09, ending on March 31, 2009.

The MOBOTIX Group (IFRS consolidated statements) has, despite the global financial crisis, reached a sales growth of approx. 37% in the first nine months of fiscal year 2008/09, resulting in sales of € 32.5m (previous year: € 23.8m) and, thus significantly increased its global market share.

The group EBITDA reached € 7.9m (previous year: € 4.9m), resulting in an EBITDA margin of 23.4% (previous year: 19.2%). With an EBIT of € 6.9m (previous year: € 4.0m), the EBIT margin could be increased to 20.5%.

## "sail2horizons" - MOBOTIX Cameras Sail Twice Around The World, Non-Stop

Bernt Luchtenborg, a former building contractor from Brake in Germany, has some big ideas: To sail around the world, twice, alone and without setting foot on land – he calls his project sail2Horizons.



As if sailing around the world twice was not ambitious enough, after the first circumnavigation ("sailing with the wind, as a warm-up," as he flippantly refers to it), he plans to turn around and sail against the prevailing wind for a second round. Of course, for such a daring mission, he needs a very special boat.

Luchtenborg has chosen a 23-year-old aluminum yacht custom designed by Horst Glaser.

After more than a year of preparation and examination, the company's new location at the Autobahn A63 near Mainz, MOBOTIX AG is being implemented with capabilities.

DA reached EUR 3.1 per cent, up 155.7 per cent of the previous year. In the half-year, the company reached 2.1 million, which corresponds to an increase of 18.5 per cent. The net profit for the period from EUR 59,000 to EUR 118,000, which includes

## MOBOTIX ControlCenter

2007, MOBOTIX AG, a manufacturer of network cameras based in Kaiserslautern, Germany, will present its control center software at booth C33 in hall 3. The ControlCenter is equipped with everything needed to operate network cameras, analog PTZ cameras made by Sony and Bosch using a joystick. The software is being used successfully at the soccer stadium since 2007.

## MOBOTIX Around the Globe

MOBOTIX has presented its IP network surveillance software at the GDSF, the Global Digital Security Forum in Shanghai, at the end of August and at GITEX in Dubai, the third largest IT expo worldwide at the end of September.



# ... Letter To The Shareholders



## Dear Shareholders,

Despite the difficult general economic environment, the fiscal year ended June 30, 2009 was the most successful in MOBOTIX ten-year history. Total Group revenue rose to approximately €45 million, the export ratio grew to almost 70%, our global market share expanded to its current level of 9% and net profit for the year after tax increased by 53% to €7.5 million.

Of course, MOBOTIX also experienced the repercussions of the global economic crisis which made it necessary to postpone several projects for reasons of cost. Not least due to expanded exports, we were nonetheless able to increase our sales by 27%, with US sales growing even stronger, by 53%, to USD 7.9 million. By adjusting our costs early on, we improved EBIT by 52% to its current level of €10.6 million (23% of total output), lifting earnings per share by approximately 47% to €1.70. We would like for all our shareholders to participate in this business success, and we will, therefore, propose to the annual general meeting that a dividend of €1 per share will be distributed.

Three technological developments were even more important for our Company's future growth.

**Hemispheric camera technology** secures an entire room with only one camera, and MOBOTIX is the only company to offer this kind of camera worldwide. Its market introduction was the best product launch in our Company's history to date. **Mx2wire technology** makes it possible to operate computer networks and IP camera systems over already existing analog telephone, video or antenna lines. This key technology will now enable MOBOTIX to gain access to even broader distribution channels including the mass market. The new **MxEasy video management software** points in the same direction, now making it possible for a broad range of users to set up digital IP cameras without special knowledge and training. All three milestones were necessary to make the video IP door station, scheduled for production start in late autumn 2009, available to a large retail market. This new market also offers high growth prospects.

We are confident that we will continue to gain market share in the current fiscal year and that we will achieve profitable and sustained revenue growth.



Dr. Ralf Hinkel • CEO MOBOTIX AG

**Market Share  
worldwide 9%**

**Export Ratio  
almost 70%**

## MOBOTIX Close Up ...

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# ... Or At A Glance

Fiscal Year (July 1 to June 30)	2008/09	2007/08	Delta %
<b>Financial performance</b>	EUR '000s	EUR '000s	
Total Output	46,380	36,933	+ 25.6
Revenue	44,898	35,313	+ 27.1
Thereof outside of Germany (in %)	68.4	62.3	
EBITDA	12,041	8,218	+ 46.5
EBITDA as a percentage of total output	26.0	22.3	
EBIT	10,609	6,999	+ 51.6
EBIT as a percentage of total output	22.9	19.0	
Profit before tax	10,461	7,096	+ 47.4
Return on revenue in % before tax	23.3	20.1	
Profit for the year	7,538	4,924	+ 53.1
Cash flow from operating activities	7,564	4,338	+ 74.4
<b>Financial position</b>			
Equity	25,306	20,031	
Equity-to-assets ratio in %	61.1	60.0	
Total assets	41,402	33,379	
Return on equity % <sup>(1)</sup>	33.3	36.6	
Non-current assets	17,369	11,221	
Current assets	24,034	22,157	
Thereof cash and cash equivalents	10,142	10,475	
<b>Employees</b>			
Number of employees (as of June 30, 2009)	204	196	
Revenue per employee	248 <sup>(2)</sup>	219 <sup>(3)</sup>	
EBIT per employee	59 <sup>(2)</sup>	43 <sup>(3)</sup>	
<b>Key figures per share (in €)</b>			
Earnings per share (EPS)	1.70	1.16	+ 47.3
Dividend	1.00 <sup>(4)</sup>	0.50	+ 100.0
Cash flow as per DVFA/SG <sup>(5)</sup>	2.02	1.64	+ 22.9

1) Based on an average Equity for the fiscal year.

2) Based on an average of 181 employees.

3) Based on an average of 161 employees

4) Proposal

5) Based on an average of 4.424m shares for the fiscal year 2008/09 and 4.256m shares for fiscal year 2007/08.

**Total Output**  
**€ 46.4m (+25.6%)**

**Revenue**  
**€ 44.9m (+27.1%)**

## Fiscal Year 2008/09 ...

- July 2008:** Continuation of successful introduction of new hemispheric product line Q22. The most successful launch in the Company's history.
- November 2008:** Despite the beginning financial crisis, MOBOTIX reports a successful first quarter with high revenue growth of more than 48%.
- January 2009:** Move to new corporate headquarters in Langmeil with first employees (excluding the production).
- February 2009:** Despite significantly gloomier economic environment, MOBOTIX AG continues to report successful business trend with strong corporate growth rate of 44%. Successful launch of updated video management software MxCC 2.0.
- March 2009:** Successful CeBIT with the launch of new T24 door station product series and the first versions of the updated Q24 with the new P3 processor technology. Successful launch of the new graphically intuitive video management software MxEasy for smaller, more compact camera networks of commercial and private users.
- May 2009:** MOBOTIX reports continued strong growth for the third quarter (up 37%) with very high profitability (EBIT margin 20%). The export ratio has since risen to 67%.
- June 2009:** Conversion of first camera line (Q24) for the new P3 processor platform. reddot design award (honourable mention 2009) for the especially effective solutions integrated in the Q22 and Q24 product lines.

**IPO** (Entry Standard)  
**October 10, 2007**

**Prime Standard** since  
**March 31, 2008**

## ... Company Profile

MOBOTIX AG is a publicly traded company that develops and produces network-based video security systems. Whether in private homes, in the industry sector, embassies, airports, train stations, gas stations or on highways – over hundred thousand MOBOTIX video systems have been in operation on every continent for years. In addition to the actual IP video cameras in megapixel resolution, MOBOTIX AG also develops the interface components and the video management systems for operating complete security systems. This system concept, the software-oriented solution as well as the decentralized concept clearly distinguish MOBOTIX from its competitors, protect the product know-how and make high-resolution and hemispheric systems cost-efficient for the first time. With more than 200 employees actually and with an export share of nearly 70% MOBOTIX achieves a world market share of 9%.

MOBOTIX' decentralized concept makes it possible that the in-camera computer takes over the essential tasks of a video security system (e.g. event detection or pre-processing and storage of relevant video sequences) rather than a central PC. In addition, MOBOTIX focused since 2004 on megapixel cameras, which, with their sharpness in detail, are far superior to the conventional video cameras still in use today. This makes it possible for example, to recognize the license plates in

four lanes of a gas station simultaneously using only one camera. Aside from the MOBOTIX camera, nothing else is needed to operate such a system. A PC is used only for viewing and research and can be located anywhere in the world and can be connected via a computer network or the Internet.

The hemispheric camera technology developed by MOBOTIX makes it possible to record an entire room from the ceiling or a wall with a single camera independent of the live image area selected, so that other areas of the room can be viewed later when doing research. Excerpts of the hemispherical live image similar to a fisheye are digitally reformed already in the camera so that it appears to the user that a panning camera is being used.

As a result of this powerful innovative force, nearly all significant innovations in the IP camera sector in the last 10 years were initially introduced to the market by MOBOTIX. For that reason, MOBOTIX is the technology leader of the industry and since being established in 1999 has rapidly been able to gain market share worldwide with growth rates of 50%.

MOBOTIX Headquarter, Langmeil, Germany



### HiRes Video Innovations

The German company MOBOTIX AG is known as the leading pioneer in network camera technology and its decentralized concept has made high-resolution video systems cost efficient.

# The MOBOTIX Concept

## Was Somewhat Out Of Ordinary ...

M12D-Secure: Outdoor Day&Night



### HiRes Video Innovations

The German company MOBOTIX AG is known as the leading pioneer in network camera technology since its founding in 1999, and its decentralized concept has made high-resolution video systems cost efficient. Whether in embassies, airports, railway stations, ports, gas stations, hotels or on highways - over hundred thousand MOBOTIX video systems have been in operation on every continent for years.

### Technology Leader Of Network Cameras

In a short time, MOBOTIX has gained the second place in Europe and the fourth place worldwide in terms of market share. MOBOTIX has been producing solely megapixel cameras for years and, in this area, ranks as global market leader in high-resolution video systems with a market share of over 60%.

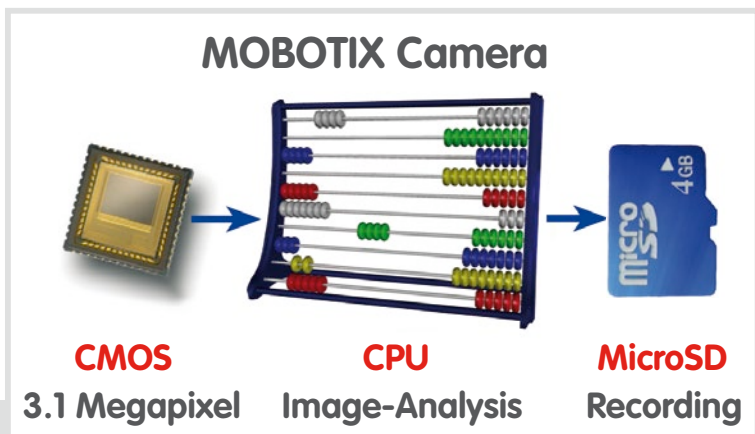
### Why High-Resolution Systems?

The higher the resolution, the more accurate the detail in the image. With the old analog technology, a live image has no more than 0.4 megapixels and a recorded image generally 0.1 megapixels (CIF). One MOBOTIX camera with 3.1 megapixels, on the contrary, records around 30 times more detail. As a result,

larger image areas with up to 360° allround views are possible, thus reducing the number of cameras needed and therefore the costs. For example, four lanes of a gas station can be recorded with one MOBOTIX camera instead of four conventional cameras.

### Disadvantages Of Old Centralized Solutions

Usually cameras only supply the images while the processing and recording is done later on a central PC using video management software. This traditional centralised structure has many limitations, since it requires a high network bandwidth and the PC processing power is not enough for several cameras. An HDTV MPEG4 film already puts considerable strain on a PC, how can it be expected to process dozens of high-resolution live cameras? Traditional centralized systems are therefore less suitable and unprofitable than high-resolution systems due to the high number of PCs needed.



### Network Video

MOBOTIX has redefined video. Whether on the Internet, in traffic management, building surveillance or banking environment, the MOBOTIX camera is connected to the network like a printer and live and recorded images can then be retrieved from any PC without installing any software.



# ... Is The Benchmark Today

## The Decentralized MOBOTIX Concept

Unlike with other systems, with the decentralized MOBOTIX concept a high-speed computer and, if requested, digital memory (SD card) is built into every camera for long-term recording. The PC now serves purely for viewing, not for analysis or recording. As a result, MOBOTIX cameras can record in response to an event even without the PC being switched on and digitally store the videos with sound.

## The Benefits

MOBOTIX video solutions therefore require significantly:

- **fewer cameras** due to the more accurate detail of panoramic images with mega-pixel technology.
- **fewer PCs/DVRs**, because around 40 cameras can store high-resolution videos with sound efficiently on a single PC, or no PC at all when recording in the camera using digital memory (USB, SD card).
- **lower network bandwidth**, because everything is processed in the camera itself and the high-resolution images

therefore do not have to be constantly transported for analysis.

## Robust And Low-Maintenance

MOBOTIX cameras have no mechanical motors for lenses or for movement. Without any moving parts, they are therefore so robust that maintenance is reduced to a minimum. The unique temperature range from -30°C to +60°C (-22°F to +140°F) is achieved without heating or fan at only 3 watts. Since no PC hard disk is required for recording, there are no parts that wear out in the entire video system.

## Software Included - For Life

There are no software and licensing costs with MOBOTIX, because the software is always supplied with the camera; for an unlimited number of cameras and users. The software package supplied with the camera also includes professional control room software, like that used in football stadiums for example. Updates are supplied free of charge on the website. The system price for a weatherproof camera including lens, query software and day-to-day recording on the MicroSD card is under € 1.000.



## Standardised Network Technology

The networking of cameras incl. power supply is encoded and occurs via a normal computer network and not via video cable. This has the advantage of connecting from anywhere in the world with glass, copper or even wireless access using affordable standard IT technology components.

## A Success Around The World ...

### 2008 Olympics, Holland Heineken House, Beijing

MOBOTIX network cameras secured the Holland Heineken House in Beijing during the Olympic Games. A joint project of Heineken and the Dutch sports organization NOC\*NSF,

Holland Heineken House



this purpose-built facility in the Olympic park attracted more than 3,000 visitors a day from around the world with food and drink, a stage, shops, and entertainment. The designated security firm Proseco chose a video surveillance system consisting of about **25 MOBOTIX HiRes cameras with 3.1 megapixel resolution**. "Detailed tests confirmed that the MOBOTIX cameras were best suited for our requirements," said Proseco's Job Groenendijk. "The most important criteria included the high image quality, integrated sensors, and extensive functionality."

### Rock And Roll Hall Of Fame, New York, USA

In November 2008, the famous pilgrimage site for music fans from around the world opened an annex in New York's Soho art district to

supplement its legendary headquarters in Cleveland, Ohio. The extremely valuable display items (because irreplaceable) require an exceptionally reliable security system. A total of 50 MOBOTIX HiRes cameras, including several **hemispheric cameras**, form a CCTV solution that has thrilled the people in charge. They had never before experienced a turnkey system that is so easy to install and so cost-effective while offering extremely detailed and realistic images – even under the most challenging lighting conditions.



Rock & Roll Hall of Fame, New York, USA

### sail2horizons: A Nonstop Sail Around The Globe

Bernt Lüchtenborg from Brake an der Weser, Germany, is writing sailing history. He is sailing around the world twice from 2009 to 2010, alone, without ever setting foot on land. On his adventurous journey, Lüchtenborg will collect

### German Reference Projects

Airbus S.A.S., Schenker GmbH, Daimler AG, Deutsche Bahn Station & Service AG, EON Wasserkraft, Le Méridien Parkhotel Frankfurt, MAN Logistics, Lübecker Hafen-Gesellschaft mbH, Max Planck Institute for Chemical Ecology, Commerzbank AG, Skoda Auto Deutschland GmbH, Fraport AG, etc.

# ... Over 100.000 In Operation

oceanographic data that has never before been available.

On the road with the sail2horizons sailing boat



MOBOTIX is supporting the project with an ExtIO and 3 cameras. They are equipped with a **16 GB SD card and store their images internally**. Every 2 or 3 days the images are transferred to a portable USB hard drive. The images can also be transferred via satellite phone. The project is doubly valuable for MOBOTIX: It provides a spectacular entry to the maritime sector and is the ultimate proof of the camera's robustness.

## Bergen County Jail, New Jersey, USA

Bergen County Jail is a central detention and correctional facility featuring maximum security. Today, 90 MOBOTIX cameras of all ranges protect the courthouse, the sheriff's office, and every square inch of the prison to ensure the safety of visitors and staff. "We have to be careful with taxpayers' money," says Sheriff Leo

McGuire. "This is why our priority was to purchase a system that is capable of **fulfilling all of our requirements at the lowest possible cost.**" After extensive research, Bergen County was certain that the extremely robust and high resolution cameras, made in Germany, represented the ideal solution.



Bergen County Courthouse and Jail

## Autobahn Traffic Surveillance, Germany

For the first time in Baden-Württemberg, traffic cameras were recently installed along the A8 and A81 autobahns. The live images are made available to the public at **[www.verkehrskameras.svz-bw.de](http://www.verkehrskameras.svz-bw.de)**. The traffic authorities chose MOBOTIX cameras for their sturdiness, weather resistance, and image quality. The system will be expanded from 14 MOBOTIX cameras in the first phase to approximately **100 cameras in 60 locations**.

## International Reference Projects

Abu Dhabi Airport (United Arab Emirates), EURO 2012 Soccer Stadium (Ukraine), Republic Polytechnic (Singapore), Vatican Apostolic Library (Vatican City), Orange Mobile (Romania), Hudson River Park (New York), Bahrain Defense Hospital (Bahrain), Italian Financial Services Authority (Milano), etc.

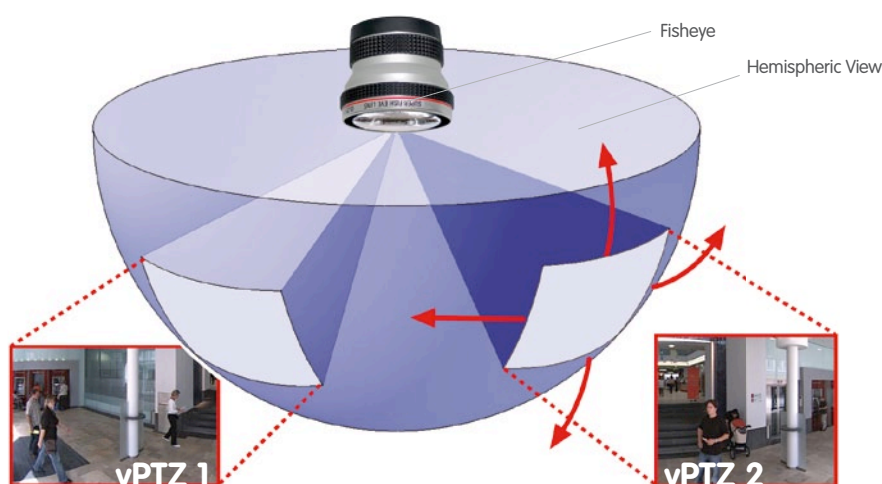


# The MOBOTIX Technology

## Low System Costs ...

### The Hemispheric Camera

The primary components of the hemispheric camera include a fisheye lens, a high-resolution image sensor and image correction software that is integrated into the camera. Using an ultra-wide angle fisheye lens, the camera captures a 180° hemispheric image of the room and projects it onto a high-resolution image sensor.



When ceiling mounted, the image area of the hemispheric camera covers the entire room. The image in the hemisphere is convex, particularly near the image borders. These image sections are corrected for the viewer by the integrated distortion correction



software, allowing a view of the scene from the usual perspective.

The **virtual PTZ feature** allows you to enlarge or move image sections within the hemisphere, just like a PTZ camera yet, with MOBOTIX, this is achieved with no moving parts.

### Handle Several Image Sections At Once

One or more image sections can be corrected for perspective in the hemispheric view, allowing you to monitor and record several

different areas of a room **at the same time**, something that a mechanical PTZ camera is not capable of doing.

### Discreet And Low Maintenance

Hemispheric cameras are extremely discreet because they manage their task with only **one lens**, which is generally focused on the entire room and not a specific object. MOBOTIX hemispheric cameras are without

mechanical moving parts and require low maintenance. In addition, they are silent when panning and focusing on a specific image area.

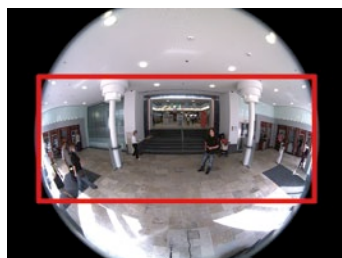
### Technology Leader Of Network Cameras

MOBOTIX ranks as the global market leader in high-resolution video systems with a market share of over 60%. Each camera includes a high-speed processor and digital memory (SD Card) for long-term recording (decentralized MOBOTIX concept).

# ... Thanks To Hemispheric Panorama View

## Less Cameras Thanks To Panoramic Views

The perspective of the hemispheric image can also be transformed into an ultra-wide angle panoramic view spanning 180° if



the camera is mounted on a wall, providing a wall-to-wall view of the room without

any blind spots. It offers a substantially better view of the scene, compared to other cameras, it also results in the need for fewer cameras overall. When ceiling mounted, **one** camera can also capture an entire room by two opposite panoramic views.

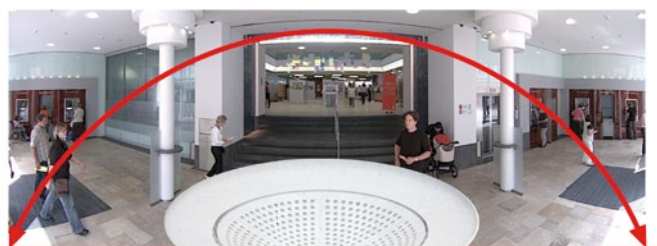
## Keeping Objects In View At All Times

Using solutions featuring several individual cameras, moving objects will normally jump from one viewing area of a camera to another. This often produces a confusing situation for the viewer because objects may disappear from sight for a moment or even appear twice if the viewing areas overlap. This is not the case with hemispheric panoramic cameras. Objects remain in view at all times and the viewer can always keep good track of objects in the scene.



## Everything Stored In The Recording

In contrast to a normal PTZ camera, which is always focused on one section of a room and only records that section, the virtual PTZ also allows you to pan to other areas at a later stage in the recording as the **entire room** can be recorded as a hemispheric image.



Lobby

## Hemispheric 180° Panorama

Overview of room using a single camera without any blind spots

Elevator

Elevator

## Q24 – The Perfect Overview

The Q24 enables a hemispheric 360° panorama view using only a single lens. One single camera can monitor all four corners of a room. The fisheye effect, which is typical for this lens, can be digitally compensated in the live image.

# The MOBOTIX Storage Technology

## Superior Decentralized Solution ...



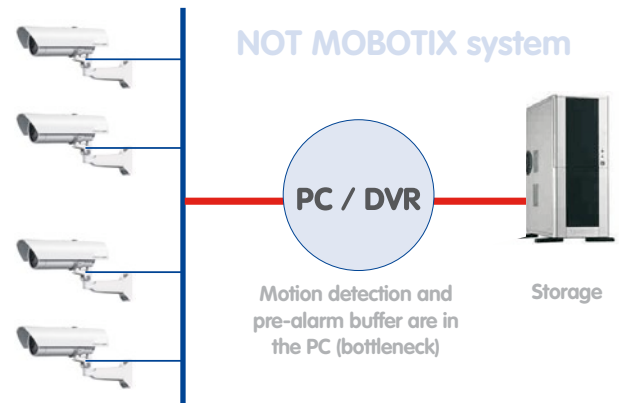
### The Market Demands Better Image Quality

When it comes to future-proof video surveillance systems, it is not a matter of analog or digital but whether it is high-resolution or not. It is important to note that HiRes video only with decentralized network camera technology can be implemented at much lower cost than any other type of video surveillance system.

### Central Storage As A Bottleneck

These days, video data is normally pre-processed and stored centrally on a PC with video management software or on a DVR. Video and audio streams from all installed cameras are directed to this central device. This system is comparable to a highway at rush hour: the more cameras there are, the faster a data jam on the PC or DVR occurs. This means that

despite HiRes cameras, the data is generally not stored in high-resolution format.



**Central PC is a bottleneck and a risk for the total system**

### MOBOTIX Stores HiRes Cost Efficiently

MOBOTIX solves the PC storage bottleneck problem using a unique and yet amazingly effective method - through the camera itself. High-resolution video with lip synchronized sound is saved either remotely over the network or locally on flash memory devices (commercial MicroSD, SD or CF cards, USB memory).

### Choose Your Storage Location

Every single MOBOTIX camera can be configured to record internally or externally via the network. If necessary, a USB stick can be connected by cable directly to the camera, but on the other side of the wall, where it cannot be stolen.



# ... Reduces Storage Costs

Flash memory is a sophisticated form of semi-conductor memory without mechanical moving parts and represents the storage medium of the future thanks to its reliability, ease of use and low cost.



Software and storage integrated in the MOBOTIX camera

## MOBOTIX Stores Data In Flash Memory

- No PC / network is needed for operations and there is no network load
- USB flash media can be connected directly to the camera (instead of internal MicroSD /SD/ CF card); no network is necessary
- Greater reliability (no hard disk drive)
- Ring buffer: Old images can be overwritten automatically or deleted after a specified time

## MOBOTIX Stores Data Reliably

MOBOTIX' own flash file system (MxFFS) prevents unauthorized persons from reading or transferring the internally stored data, even if the card is stolen.

## MOBOTIX Only Saves What Is Necessary

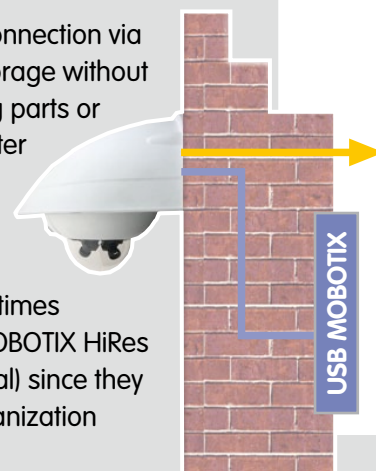
The MOBOTIX system includes three important additional options that allow more data to be stored for a longer time:

- Only the relevant image sections are stored instead of the entire image (for example, sky or ceiling is removed)
- Video recording only begins when relevant events take place (such as movement in the image)
- Temporarily increased frame rate during continuous recording of events

By connecting external memory over the network (NAS), the system can be expanded without limitations even while it is running.

## MOBOTIX data storage

- **inside the camera** - a 32 GB MicroSD card is enough to record all day long, making central data storage devices or PCs unnecessary
- **in USB memory** (connection via USB cable) data storage without mechanical moving parts or network load (greater protection against data theft)
- **a file server (NAS)** can store about 10 times more data from MOBOTIX HiRes cameras (than usual) since they use a memory organization structure internally



## 32 GB Flash Memory

Long-term recording directly in the camera; the 32 GB provide space for about 180,000 single images (4 days at 30 frames/min.) or 2000 one-minute video clips with sound. Old recordings can be overwritten automatically or deleted after a user-defined time.

## MOBOTIX Shares ...

### MOBOTIX Shares

MOBOTIX AG shares have been listed on the stock exchange since October 10, 2007 and on the Prime Standard segment of "Deutsche Börse AG" since March 31, 2008.

### Market Environment And Performance Of The MOBOTIX Share

Investor sentiment in the global capital markets in fiscal year 2008/09 was characterized by panic and anxiety concerning a global economic crisis. The failure of the fourth-largest U.S. investment bank Lehman Brothers in September 2008 triggered panic selling and a downward spiral in stock exchanges all over the world until March 2009. The lack of confidence of banks between one another since the Lehman Brothers failure caused the money markets to nearly dry up. This ultimately prompted the world's central banks to drop their key interest rates to nearly 0% and make billions in liquidity available. In addition to the central banks, governments worldwide supported banks with rescue packages and guarantees of savings deposits to prevent the system from collapsing. In addition, the crisis that began in the U.S. mortgage market in August 2007 spread to the real economy with full force in the year under review. The U.S.

automobile manufacturers Chrysler and GM broke down under their load of debt and the sharply reduced sales figures. Other industries such as the steel industry, plant engineering and even the construction industry faced severe declines in orders and sales. This forced governments worldwide to attempt to fend off a global economic crisis with economic stimulus programs reaching into the billions.

The global stock exchanges reacted in March 2009 with a strong recovery which has persisted until the end of the year under review. For example, the DAX, the German benchmark index, and the Dow-Jones index in the U.S. climbed by more than 30% from their lows.

Despite this difficult economic climate, the MOBOTIX share has proven to be an extremely lucrative investment since the IPO in October 2007. It has been one of the few IPOs of the last two years to provide positive returns for the initial investors. An initial investor achieved a gain of 45.2% (including the 2007/08 dividend). In contrast, all of the relevant indices posted considerable losses during the same period. The DAX, for example, lost almost 40% of its value while the technology-oriented TecDAX lost 37.7% during this period. The German Entrepreneurial Index (GEX), on which the

Free Float  
**33.53%**

# ... Most Successful IPO Of 2007

MOBOTIX share has been listed since June 23, 2008, also showed significantly poorer performance since MOBOTIX AG's IPO and lost 46.5%. The GEX tracks owner-managed German companies within the Prime Standard segment of the Frankfurt Stock Exchange. They may have been listed for a maximum of ten years and must be managed by their owners. To qualify as owner-managed, members of the management and supervisory boards or their families must hold between 25% and 75% of the voting shares. However, the MOBOTIX share has not only performed strongly since its IPO. Despite the global mood of crisis, it considerably outperformed all of the relevant German stock indices in fiscal year 2008/09. The MOBOTIX share reached its high for the year on September 3, 2008 at €30.00, while the low was reached on April 20, 2009 at €18.00. The closing price on the reporting date of 30 June 2009 was €22.00. Accordingly the MOBOTIX share lost only 12.1% of its value (including dividend) in the year under review.

## Performance of the MOBOTIX share since IPO and in the year under review

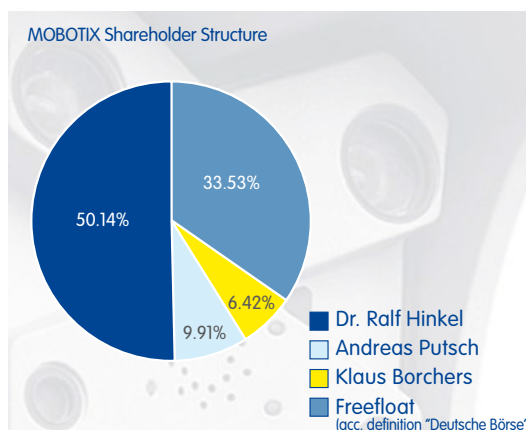
MOBOTIX share	+45.2%	-12.1%
DAX	-39.8%	-25.1%
TecDAX	-37.7%	-18.6%
GEX	-46.5%	-28.6%

## Dividend

MOBOTIX AG pursues a growth-oriented dividend policy that corresponds to corporate growth and the respective business situation. For fiscal year 2008/09, the Management Board proposes to distribute a dividend of €1.00 per share (previous year €0.50) to the annual general meeting.

## Shareholder Structure

At the end of the fiscal year 2008/09, MOBOTIX AG continues to have a very stable shareholder base that supports the long-term and sustained development of the Company. The shareholder structure of MOBOTIX AG is as follows:



**Dividend per share 2008/09 (proposal)**  
**€ 1.00**



# The Success Of MOBOTIX

The founder and CEO of the Company, Dr. Ralf Hinkel, continues to hold 50.14% of the shares. Andreas Putsch holds 9.91% and Klaus Borchers 6.42%. The free float as defined by the "Deutsche Börse AG" is 33.53%.

## Investor Relations

Since MOBOTIX AG's IPO, the Management Board has regularly engaged in dialogue with investors, analysts and financial journalists. Special emphasis is placed on the continuous flow of information. The company fulfills the follow-up obligations of the Prime Standard segment of the "Deutsche Börse AG".

MOBOTIX AG was present at numerous events in fiscal year 2008/09. These included the DVFA SCC Investor Conference held in Frankfurt in August 2008, the German Equity Forum sponsored by "Deutsche Börse AG" in Frankfurt in November 2008 and the Small and MidCap Day of CeBIT 2009 in Hannover in March 2009. The response by investors and analysts in the financial community was extremely positive.

## Analyst Coverage

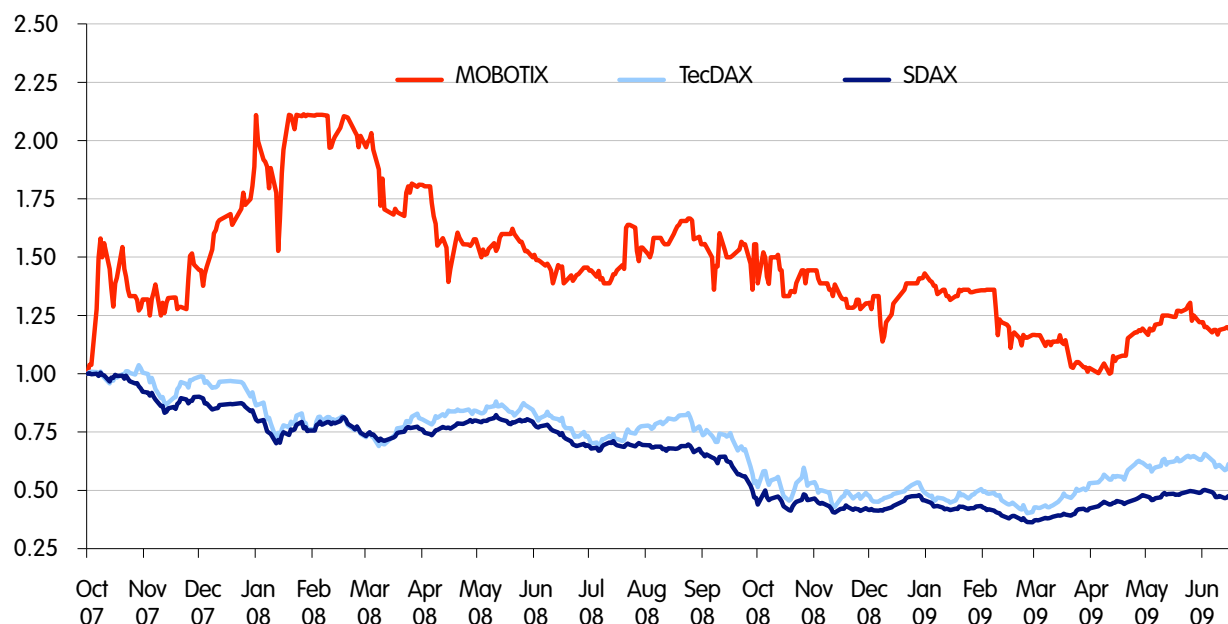
In fiscal year 2008/09, Equinet AG took up coverage of MOBOTIX AG besides DZ Bank. Accordingly, two analysts now observe and evaluate the company continuously.

## Prices (Xetra) in fiscal year 2008/09:

Year High (09/03/2008)	30.00 EUR
Year Low (04/20/2009)	18.00 EUR
Closing price*	22.00 EUR
Market capitalization*	97.3m EUR
*as of reporting date June 30, 2009	



# Solid **MOBOTIX** Shares ...



## Key data of the MOBOTIX share

WKN	521830
ISIN	DE0005218309
Ticker symbol	MBQ
Bloomberg	MBQ:GR
Reuters Instrument Code	MBQGn.DE
Stock exchange segment	Regulated Market (Prime Standard)
Prime segment	Technology
Industry Group	Electronic Components & Hardware
Stock exchange	Frankfurt
Share capital	4,423,814 EUR
No. of shares outstanding	4,423,814
Indexes	GEX, CDAX, Technology All Share, Prime All Share
Analyst Coverage	DZ Bank, Equinet AG

**Market capitalisation**  
**97.3 Mio. €**

**Share price increase**  
**€ 22.00 (+45.2%)**

# Report Of The Supervisory Board

## Fiscal Year 2008/09 ...

### **Dear Shareholders,**

MOBOTIX AG continued to grow impressively in fiscal year 2008/09, reaching important milestones in the development of new products and international markets. MOBOTIX AG's growth proved impressively robust in light of the difficult economic situation resulting from the global recession which began in the fourth quarter of 2008. Significant milestones in the past fiscal year included the successful launch of the Q24 hemispherical camera, as well as the move to the new administration and production building at the new headquarters in Langmeil. Against this backdrop, the Supervisory Board was called upon to advise as well as to constantly monitor and supervise management in the past fiscal year as carefully as possible in accordance with our responsibilities under the law and articles of incorporation. From the perspective of the Supervisory Board, all its dealings with the Management Board were always marked by cooperation and trust. We were directly and promptly involved in all decisions of a fundamental nature.

### **Methods Of Advice, Supervision, And Control**

At its meetings, the Management Board regularly and comprehensively informed the Supervisory Board of the situation of the Company, in particular the business trend, the financial

position and human resources, ongoing and new investment projects, and issues relating to the corporate strategy. The Management Board also kept the Supervisory Board informed outside of meetings by means of regular reports on the most important financial performance indicators. When it was necessary, the Supervisory Board also approved the measures recommended by the Management Board by telephone or by circulation of documents after detailed examination and consideration. The Supervisory Board was satisfied that the Management Board acted appropriately throughout the year. Transactions requiring approval were presented in a timely manner with sufficient opportunity to review the relevant information for subsequent resolutions. No conflicts of interest arose in this context on the Supervisory Board in fiscal year 2008/09.

The interim reports of the Management Board conveyed a fair presentation of the business trend and corresponded with the situation described in the 2008/09 financial statements. In addition, in regular and personal discussions between meetings, the Management Board also apprised the Chairman of the Supervisory Board of all important developments and pending decisions.

**Chairman Of The Supervisory Board, Dr. Thomas Hoch**  
**CEO EVP Capital Management AG**



# ... A Further Business Highlight

Thanks to the comprehensive reporting by the Management Board, the Supervisory Board did not need to take advantage of the opportunity provided under section 111 (2) of the German Stock Corporation Act (AktG) to review the Company's books and records or commission special experts for certain tasks during the year under review. The Supervisory Board has not formed any committees thus far, because they would not have helped to increase efficiency, based on the Company's size and structure.

## Key Advisory Activities Of The Supervisory Board

The Supervisory Board convened for a total of nine physical meetings and teleconferences in fiscal year 2008/09. The Supervisory Board convened as necessary without the Management Board at least some of the time. All members were present at all of the meetings. The meetings focused foremost on implementing the strategy for growth, managerial planning, the Group's position and the current sales and earnings trend. The focus of our consultation in the meetings held during the first half of the fiscal year on July 18, August 21 and 25, October 6, and December 15 of 2008 was on adopting the 2008/09 budget, the central strategic and operating goals of fiscal 2008/09, auditing and adop-

tion of the 2007/08 single-entity and consolidated financial statements and monitoring the progress of construction of the new corporate headquarters.

Issues of key importance throughout the entire year – in particular at the meetings held in the second half of the fiscal year on January 29, March 27, June 17 and 26 of 2009 – included decisions regarding the Company's strategic direction, the development of subsidiaries, and decisions regarding personnel. The committee provided consultation on development status and introduction planning for new products. In light of the full-blown recession in all of the Company's key sales markets in the first quarter of 2009, the Supervisory Board also addressed the issue of financing and liquidity planning as well as the Company's reaction to the new general economic environment. The development of subsidiaries in the USA and Switzerland was discussed on an ongoing basis, and measures regarding further development were enacted. The Supervisory Board made key personnel decisions, including the reappointment of the Chairman of the Management Board and the prolongation of his contract, the integration of the Finance and Sales divisions and letting the Director of Production's contract expire. Other examples of

**Prof. Dr. Rainer Gerten**  
Hochschule Mannheim

**Ulrich Putsch**  
Founder of Keiper Recaro

## A Rapid Growth Rate ...

the Supervisory Board's work include regional planning, impending investment projects, the constant expansion of capacities and associated medium-term planning as well as planning the corresponding number of employees. Another key area of deliberation was the further development of the risk management system.

### **Audit Of The 2008/09 Financial Statements For The Group And The Parent Company**

According to the resolution adopted at the regular shareholders' meeting held in October 2008, the Supervisory Board appointed the Saarbrücken branch office of KPMG AG Wirtschaftsprüfungsgesellschaft (formerly KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft) as auditor of the annual financial statements and consolidated financial statements for the fiscal year 2008/09. Prior to the appointment, a declaration of impartiality was obtained from the auditor and found to be unobjectionable. We specified the issue of risk management, revenue recognition, and the measurement of inventories and receivables as areas of audit emphasis for 2008/2009.

KPMG audited the single-entity financial statements and management report of MOBOTIX AG in accordance with the German Commercial Code (HGB) and the consolidated financial statements and Group management report in accordance with IFRS as of June 30, 2009, and issued each an unqualified audit opinion.

The accounting records provided by the Management Board for the financial statements were presented to the Supervisory Board for review. The Supervisory Board examined and discussed in detail the annual single-entity and consolidated financial statements, the management reports for the parent company and the Group, the Management Board's proposal for the appropriation of profits, and the audit reports of the auditor. The auditor participated in these deliberations, was available for questions, and reported on important results of the audit.

Upon completion of its own review, the Supervisory Board confirmed the findings of the auditor and concluded that it had no objections. In its meeting on August 18, 2009, the Supervisory Board approved the annual financial statements and consolidated financial statements of MOBOTIX AG prepared by the Management Board. Accordingly, the annual

## ... Deserves Recognition

financial statements have been adopted in accordance with Section 172 of the German Stock Corporation Act (AktG).

Considering the excellent result and strong operational cash flow of fiscal year 2008/09, the Supervisory Board concurs with the proposal of the Management Board to distribute a dividend of €1.00 per share, to retain the remaining net profit from 2008/09, and submit a qualified proposal for the appropriation of profits to the annual general meeting.

### Thanks To The MOBOTIX Team

The Supervisory board would like to thank all employees and the management for their hard work and dedication in fiscal year 2008/09. We are particularly grateful of the fact that even in the current difficult economic environment MOBOTIX AG achieved a high level of profitability and very rapid growth. We would like to wish the management and our employees considerable success for the challenges we will share in the year ahead. Together, we have arrived at an excellent starting point to set lasting trends in high resolution surveillance technology on the strength of our leading market position. This key technology will also give us the opportunity to profit from addi-

tional potentials in fields such as building automation. We are confident that our team will continue to take advantage of these opportunities and achieve enduring economic success in the future.

We also wish to sincerely thank our customers, partners, and shareholders for their confidence in MOBOTIX AG.

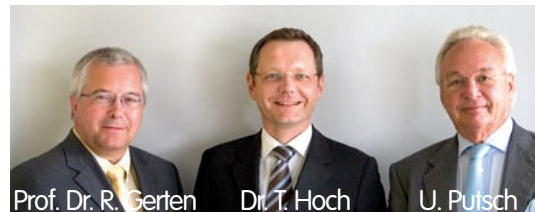
Langmeil, August 18, 2009

On behalf of the Supervisory Board

Yours



Dr. Thomas Hoch



Prof. Dr. R. Gerten

Dr. T. Hoch

U. Putsch



## Responsible ...

### Corporate Governance Report

#### Introduction

The Management Board and Supervisory Board of MOBOTIX AG are committed to ensuring that the Company is managed competently and responsibly. The guidelines laid down in the German Corporate Governance Code (Deutscher Corporate Governance Kodex, DCGK) constitute key parameters of our policy on corporate governance. Our actions are therefore guided by the standards of competent and responsible corporate management, and we ensure that our corporate governance policies are based on the principles of transparency and value creation.

Because the Company joined the regulated market (Prime Standard) of the Frankfurt Stock Exchange on March 31, 2008, the Management Board and Supervisory Board of MOBOTIX AG are obliged to issue an annual declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz, AktG) in which they explain to what extent they have complied with, or intend to comply with, the recommendations made by the German Government Commission on the German Corporate Governance Code, which have been published by the German Federal Ministry of Justice in the official Section of the electronic version of the German Federal Gazette, and which recommendations they have not applied or do not

intend to apply. The Management Board and Supervisory Board of MOBOTIX AG therefore issued their annual declaration of compliance pursuant to Section 161 AktG on June 25, 2009; this declaration has also been published and made permanently available in the "Investors" Section of MOBOTIX AG's website.

Furthermore, the Management Board and Supervisory Board have compiled a corporate governance report pursuant to item 3.10 DCGK, which includes the remuneration report pursuant to item 4.2.5 DCGK.

#### Relations With Shareholders; Annual General Meeting

The shareholders exercise their voting rights at the annual general meeting. Voting takes place on the basis of one share, one vote. The annual general meeting elects the members of the Supervisory Board and votes on whether to formally approve the actions of the Management Board and Supervisory Board. It votes on the appropriation of the Company's profits, on capital transactions, on the approval of inter-company agreements, on the remuneration paid to the Supervisory Board, and on amendments to the Company's articles of incorporation. The Company holds an annual general meeting, at which the Management Board and Supervisory Board report to shareholders on the previous financial year. The German Stock

**Dr. Ralf Hinkel**  
Founder and Chief Executive Officer

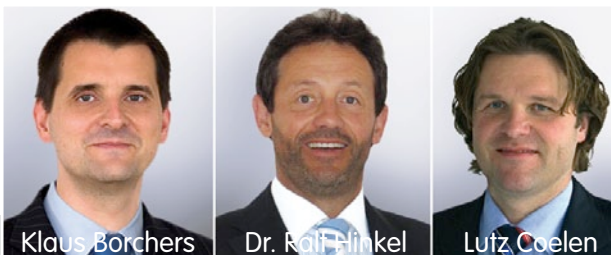
## ... Management

Corporation Act allows an extraordinary general meeting to be convened in exceptional cases.

In order to make it easier for shareholders to exercise their voting rights in accordance with the provisions of the Code, the Company offers shareholders who are either unable or do not wish to exercise their voting rights in person the option of having their vote cast at the annual general meeting by a proxy who votes in accordance with their instructions.

### Management Board

The Management Board of MOBOTIX AG consists of three members (**Dr. Ralf Hinkel**, **Lutz Coelen**, **Horst Pfiffi** (until June 30, 2009) and **Klaus Borchers** (since July 16, 2009) and is responsible for running the Company. Horst Pfiffi left the Management Board effective June 30, 2009, upon expiration of its contract. He continues to serve as Head of Construction Department. Klaus Borchers, co-founder of the Company, was appointed as a temporary member of the Management Board and will fill the vacancy in any case until October 15, 2009. At the next Annual General Meeting, a resolution shall be passed to have a Management Board with only two members.



Klaus Borchers

Dr. Ralf Hinkel

Lutz Coelen

The Management Board's main responsibilities are to manage the MOBOTIX Group, to determine the Company's strategy and to put in place and monitor a risk management system. It is obliged to act in the Company's best interests and to ensure that the value of the Company increases over time. The Management Board consults the Supervisory Board on the Company's strategy and provides it with regular information on the implementation of this strategy as part of a continuous dialog. All members of the Management Board are involved in the Company's day-to-day business and bear operational responsibility.

In accordance with the provisions of the Code, the Company's articles of incorporation require certain specified types of material transactions conducted by the Management Board within the Company to be approved by the Supervisory Board.

The members of the Management Board have signed comprehensive non-compete agreements with MOBOTIX AG, which apply while they are working for the Company. They are obliged to act in the Company's best interests. When making decisions, therefore, no member of the Management Board may pursue personal interests or exploit business opportunities that are due to the Company for

**Lutz Coelen**  
CFO, CSO

**Klaus Borchers**  
CTO

## Management Board And ...

his or her personal gain and will disclose any conflicts of interest to the Supervisory Board without delay and notify the other members of the Management Board of this fact. All transactions between the Company, on the one hand, and the Management Board members or related parties, on the other (related-party transactions), must meet the usual standards applicable to the sector.

Furthermore, any secondary employment taken on by members of the Management Board - especially directorships at other companies - must be approved by the Supervisory Board.

Contrary to the recommendations made by the Code, the Company has taken out a directors' and officers' (D&O) insurance policy without any deductible for the Management Board and Supervisory Board.

Contrary to the recommendations made by the Code, the Company's articles of incorporation do not impose an age limit on the members of the Management Board.

### Supervisory Board

The Supervisory Board monitors the Management Board's running of the Company and provides it with advice and support. It is also responsible, among other things, for appointing the members of the Management Board, determining the remuneration paid

to the Management Board, and examining the Company's annual financial statements. It consists of three members (**Dr. Thomas Hoch, Professor Dr. Rainer Gerten** and **Ulrich Putsch**). The Company is not subject to code-termination legislation.

The Company's articles of incorporation state that the Supervisory Board is allowed to form committees from among its members. However, the Company does not currently comply with the Code's recommendation that the Supervisory Board should form suitably qualified committees and an audit committee from among its members because the Supervisory Board consists of only three members and, in the opinion of the Supervisory Board, it would be inappropriate to form committees given the specific circumstances and the size of the Company because all members of the Supervisory Board are supposed to deal with all issues.

Furthermore, the articles of incorporation state that Dr. Ralf Hinkel - provided that he himself and/or a company either controlled by him (Section 17 AktG) or under his management (Section 18 AktG) in total holds more than 25% of the Company's shares - has the nontransferable right to appoint one member of the Company's Supervisory Board. He can only exercise this right of appointment vis-à-vis the



## ... Supervisory Board Cooperation

Company by issuing a personally signed declaration to both the Management Board and the chairman of the Supervisory Board that states the name of the person to be appointed to the Supervisory Board. The person thus appointed immediately replaces any Supervisory Board member who has previously been appointed in this way, who is then removed from the Supervisory Board. If, at the time the right of appointment is exercised, no member of the Supervisory Board has been appointed in this way, the person thus appointed only joins the Supervisory Board when the first elected Supervisory Board member steps down, his or her term of appointment expires, or he or she is removed by the annual general meeting.

The term of appointment of the current Supervisory Board members ends at the end of the annual general meeting that votes on whether to formally approve their actions for the fourth financial year after the beginning of their term of appointment.

The work performed by the Supervisory Board is coordinated by its chairman or, if he or she is prevented, by a deputy. The relevant responsibilities and procedures - including the powers vested in the Supervisory Board chairman and his or her deputy as well as the rules governing conflicts of interest - are laid down in the articles of incorporation. The rules governing conflicts

of interest and efficiency checks are laid down in the Supervisory Board's rules of procedure, which are due to be drafted in the current financial year.

The members of the Supervisory Board are independent of the Management Board and maintain no business relations with the Company that might influence their independent judgment. There have been and continue to be no consultancy agreements or other contracts for work and services between Supervisory Board members and the Company. If, in exceptional cases, a member of the Supervisory Board performs a function for the Company other than that of Supervisory Board member, this must be approved by the Supervisory Board. The Supervisory Board's report to the annual general meeting provides information on any conflicts of interest that have arisen during the financial year concerned.

Contrary to the recommendations made by the Code, the Company's articles of incorporation do not impose an age limit on the members of the Supervisory Board.

### **Cooperation Between Management Board And Supervisory Board**

The Management Board and Supervisory Board of MOBOTIX AG work continuously and very closely with each other in the interests of a

## Shareholding ...

sound and responsible corporate governance policy. They regularly consult each other on a timely basis in those areas recommended by the Code as well as in other respects. The Management Board uses an established procedure to report to the Supervisory Board on the Company's general situation, including its risk position.

Members of the Management Board usually attend the regular meetings of the Supervisory Board, which are held at least once every quarter. In certain cases, however, the Supervisory Board meets alone, as suggested by the Code. Extraordinary meetings and teleconferences are also held if required.

### Directors' Dealings

There were no directors' dealings (either buying or selling of shares) by the members of the Management Board or Supervisory Board between July 1, 2008 and June 30, 2009.

### Shareholdings

The following members of the Management Board and Supervisory Board held more than 3% of the shares issued by the Company (as of June 30, 2009):

Management Board	Number of shares	(%)
Dr. Ralf Hinkel	2,218,134	50.14

The other members of the Management Board who held shares in MOBOTIX AG were Lutz Coelen (14,200 shares, or 0.32%) and Horst Pfiffi (17,210 shares, or 0.39%). The Management Board held a total of 2,249,544 shares in MOBOTIX AG, which was 50.85% of the Company's share capital.

The members of the Supervisory Board who held shares in the Company were Dr. Thomas Hoch (1,000 shares, or 0.02%) and Professor Dr. Rainer Gerten (20,800 shares, or 0.47%, held directly and indirectly). The Supervisory Board therefore held a total of 0.49% of the shares in MOBOTIX AG as of June 30, 2009. Both boards together therefore held a total of 2,271,344 shares in MOBOTIX AG, or 51.34% of the Company's share capital, as of June 30, 2009.

### Remuneration Report

The Remuneration Report summarizes the principles applied for determining the remuneration of the Management Board of MOBOTIX AG and explains both the amount and the structure of the remuneration paid to the Management Board. In addition, the Remuneration Report describes the principles applicable to, and the amount of, the remuneration of the Supervisory Board.

Founders's share  
**50.14%**

Management Board's  
share **50.85%**

# ... And Remuneration Report

## Management Board

The remuneration paid to the members of the Management Board of MOBOTIX AG is set at an appropriate level by the Supervisory Board on the basis of an assessment of their performance, taking account of any remuneration received from other group companies. The main criteria used to assess the appropriateness of this remuneration are the responsibilities of the respective Management Board member, his or her personal performance and the performance of the Management Board as well as the Company's financial position, its performance and its future prospects given its competitive environment.

The total remuneration paid to the members of the Management Board of MOBOTIX AG comprises monetary compensation and further entitlements that are listed below. Otherwise, there were no pension entitlements or entitlements in particular in the event of employment being terminated or any third-party payments or benefits that were either promised for work performed on the Management Board or were granted during the financial year.

The remuneration paid to the Management Board is reviewed on a regular basis and was

last adjusted by a Supervisory Board resolution adopted on March 27, 2009 (as regards Mr. Coelen).

This remuneration comprises fixed and variable components. The variable remuneration consists of a bonus of no more than 10% of the Company's net income for the year as defined by Section 275 of the German Commercial Code (HGB), with no more than 6% of this net income being paid as a bonus to the chairman of the Management Board and 2% of the net income being paid as a bonus to each of the other members of the Management Board. Beginning in the financial year 2009/10, Dr. Ralf Hinkel voluntarily waives 2% of his bonus.

In addition, Horst Pfiffi received an annual performance-related bonus of €10,000 until financial year 2008/09, which was paid at the end of the respective financial year on condition that he achieves targets that were agreed with the Supervisory Board at the beginning of the financial year.

Furthermore, the Supervisory Board may decide to award one-off bonuses as remuneration in recognition of outstanding achievements. Last year, the Company's Supervisory Board decided to pay a one-off bonus of €50,000 for the 2008/09 financial year to Chief Financial Officer Lutz Coelen, as a reward for

## Supervisory Board's share

# 0.49%

## Supervisory Board ...

additionally taking over the Sales Division, which he has headed already since April 1, 2008, without having received a corresponding remuneration. The future remuneration of Mr. Coelen will take into account this expansion of his responsibilities.

At present, the Company does not offer monetary remuneration components of a speculative nature that provide long-term incentives, such as stock option plans, as recommended by the Code.

In addition, the members of the Management Board are given a luxury-class car commensurate with their position, which they may use for business and private travel. Furthermore, the Company has taken out accident insurance cover for occupational and day-to-day accidents as well as death for each member of the Management Board for the duration of their employment with the Company. The Company has also provided the members of the Management Board with directors' and officers' (D&O) insurance, for which there is no deductible.

The Company has signed non-compete agreements with the members of the Management Board which apply for a period of one year after their employment contracts have expired. While this non-

compete agreement is still in force, the Company is obliged to pay the respective Management Board member compensation amounting to 50% of the final remuneration paid under the terms of his or her employment contract.

Based on the resolution of the Annual General Meeting on October 6, 2008, we elect not to disclose the individual remuneration and other benefits granted to or received by the members of the Management Board in the single-entity and consolidated financial statements for the financial years 2008/09 until 2012/13, but not after October 6, 2013.

The table below shows the remuneration paid to the members of the Management Board in the 2008/09 financial year:

EUR' 000s	Fixed*	Variable**	Total
Management Board	563	718	1,281

\* Including benefits in kind

\*\* Including one-off bonus of €50,000

The remuneration of the members of the Management Board amounted to €1,281 thousand (2007/08: €1,227 thousand).

### Supervisory Board

Each member of the Supervisory Board receives fixed annual remuneration of €10,000 for his or her work, pursuant to Section 11 of the articles



## ... And Disclosure

of incorporation. The chairman of the Supervisory Board receives twice this amount.

The Company has also taken out directors' and officers' (D&O) insurance for the members of the Supervisory Board at its own expense.

Contrary to the Code's recommendations, the members of the Supervisory Board of MOBOTIX AG do not currently receive any variable remuneration based on the Company's performance.

The table below shows the remuneration paid to the members of the Supervisory Board in the 2008/09 financial year:

Supervisory Board	Total (fixed) EUR '000s
Dr. Thomas Hoch	20
Prof. Dr. Rainer Gerten	10
Ulrich Putsch	10
<b>Total</b>	<b>40</b>

### Disclosures

MOBOTIX AG attaches considerable importance to the timely and transparent disclosure of information to its relevant target groups.

It regularly informs shareholders, financial analysts, shareholder associations, the media and interested members of the public about the Company's situation and material changes in its business. MOBOTIX notifies all share-

holders and interested members of the public of all new facts at the same time that they are made available to financial analysts and institutional investors. MOBOTIX uses the internet as well as other communication channels to ensure that it provides timely information.

An overview of all material information published during the financial year concerned can be found on our website at [www.mobotix.com](http://www.mobotix.com).

- **Ad-hoc Announcements:** The Company complies with the legal requirements by publishing insider information directly affecting the Company itself without delay, including outside its regular reporting cycle. Ad-hoc disclosures published by MOBOTIX AG are made available to shareholders on the Company's website at ["Investors/ News/ Ad-Hoc-Announcements"].
- **Disclosure Of Voting Rights:** We also publish in a Europe-wide information system and on our website the fact that someone's shareholding in the Company has reached, exceeded or fallen below 3%, 5%, 10%, 15%, 25%, 30%, 50% or 75% of the Company's voting rights by buying or selling shares or in some other way as soon as we have been notified of such changes pursuant to Section 21 of the German Securities Trading Act (Wertpapierhandelsgesetz, WpHG).

## Accounting ...

- **Directors' Dealings:** Dealings in securities by members of the Management Board or Supervisory Board of MOBOTIX AG or by certain executives who have regular access to insider information and are authorized to make key operational decisions (as well as by related parties as defined by the German Securities Trading Act) must be disclosed by these persons pursuant to Section 15a WpHG. As soon as the Company is notified of such dealings, they are published in a Europe-wide information system and on the Company's website.
- **Financial Calendar:** Our financial calendar, which is shown in our annual and quarterly reports and is permanently available on our website, provides our shareholders and the capital markets with advance notification of the dates of material publications (such as our annual and interim reports and the annual general meeting).

### Accounting And Auditing

MOBOTIX AG prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS). Its annual and quarterly reports inform shareholders and other interested parties about the Company's general situation. All reports are simultaneously made available to all interested parties on our website.

The Company has agreed with its auditors that the chairman of the Supervisory Board should be notified without delay of any grounds for exclusion or partiality arising during the audit unless they are immediately resolved.

Furthermore, the auditors must notify the Supervisory Board without delay of all findings and incidents of which they become aware in the course of the audit that are of significance for the remit of the Supervisory Board. The auditors must also notify the Supervisory Board or note accordingly in the audit report if, when conducting the audit, they become aware of facts that are incompatible with the declaration of compliance issued by the Management Board and Supervisory Board pursuant to Section 161 of the German Stock Corporation Act .

### Explanation Of The Deviations From The Recommendations Of The German Corporate Governance Code

Please refer to the explanations included in the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act for information on the deviations from the recommendations of the German Corporate Governance Code.

# ... And Declaration Of Compliance

## **Joint Declaration of Compliance By The Management Board And Supervisory Board Of MOBOTIX AG On The German Corporate Governance Code**

Section 161 of the German Stock Corporation Act (AktG) requires the Management Board and Supervisory Board to issue an annual declaration stating that the Company has complied with, or intends to comply with, the recommendations made by the German Government Commission on the German Corporate Governance Code, which have been published by the German Federal Ministry of Justice in the official section of the electronic version of the German Federal Gazette, and also stating which recommendations it has not applied or does not intend to apply. As regards the period ended August 8, 2008, the declaration refers to the version of the Code dated June 14, 2007, and as regards the period since August 9, 2008, the declaration refers to the version of the Code dated June 6, 2008, which was published in the electronic Federal Gazette on August 8, 2008.

The Management Board and Supervisory Board of MOBOTIX AG hereby declare that the Company has complied with the recommendations made by the German Government Commission on the German Corporate Governance Code, with the following exceptions:

1. If the company takes out a D&O (directors' and officers' liability insurance) policy for the Management Board and Supervisory Board, a suitable deductible shall be agreed. (Item 3.8 para. 2 of the German Corporate Governance Code)

The Company does not comply with the recommendation. No deductible has been agreed for the directors' and officers' (D&O) insurance cover currently provided for the Management Board and Supervisory Board. We believe that the agreement of a deductible for D&O insurance policies in the event of claims for damages does not encourage responsible behavior on the part of company directors. Moreover, the directors' legal responsibility for criminal acts involving gross negligence or breach of trust is not affected by the terms and conditions of any D&O insurance policy.

2. By-laws shall govern the work of the Management Board, in particular the allocation of duties among individual Management Board members, matters reserved for the Management Board as a whole, and the required majority for Management Board resolutions (unanimity or resolution by majority vote). (Item 4.2.1 para. 1 sentence 2 of the German Corporate Governance Code)

## Declaration Of Compliance ...

The Company does not comply with the recommendation. Although there is some form of allocation of duties between the Management Board, based on the relevant plan, there are, at the moment, no by-laws for the Management Board since the Company's articles of incorporation contain very comprehensive rules governing the work of the Management Board (including a catalogue of measures taken by the Management Board that require the consent of the Supervisory Board), and it has not yet been deemed necessary to introduce such by-laws. However, to comply with the recommendations of the Code, we intend to introduce corresponding by-laws in the near future.

**3.** An age limit for members of the Management Board shall be specified. (Item 5.1.2. para. 2 sentence 3 of the German Corporate Governance Code)

The Company does not comply with the recommendation. The Management Board and the Supervisory Board believe that a general age limit would unnecessarily restrict the search for suitably qualified and experienced candidates for the Management Board. Age is not a suitable criterion for excluding such candidates.

**4.** The Supervisory Board shall issue Terms of Reference. (Item 5.1.3 of the German Corporate Governance Code)

The Company does not comply with the recommendation. At the moment, there are no terms of reference for the Supervisory Board as the Company's articles of incorporation contain very comprehensive rules governing the work of the Supervisory Board, and it has not yet been deemed necessary to introduce such terms of reference. However, to comply with the recommendations of the Code, we intend to introduce corresponding terms of reference in the near future.

**5.** The Chairman of the Supervisory Board shall also chair the committees that handle contracts with members of the Management Board and prepare the Supervisory Board meetings. (Item 5.2. para. 2 sentence 1 of the German Corporate Governance Code)

The Company does not comply with the recommendation. Because the Supervisory Board of MOBOTIX AG consists of only three members, the Supervisory Board believes that the formation of suitably qualified committees would currently be inappropriate given the specific circumstances and the size of the Company.



**6.** Depending on the specifics of the enterprise and the number of its members, the Supervisory Board shall form committees with sufficient expertise. They serve to increase the efficiency of the Supervisory Board's work and the handling of complex issues. The respective committee chairmen report regularly to the Supervisory Board on the work of the committees. (Item 5.3.1 of the German Corporate Governance Code)

The Company does not comply with the recommendation. Because the Supervisory Board of MOBOTIX AG consists of only three members, the Supervisory Board believes that the formation of suitably qualified committees would currently be inappropriate given the specific circumstances and the size of the Company because all members of the Supervisory Board are supposed to deal with all issues.

**7.** The Supervisory Board shall set up an Audit Committee which, in particular, handles issues of accounting, risk management and compliance, the necessary independence required of the auditor, the issuing of the audit mandate to the auditor, the determination of auditing focal points and the fee agreement. The chairman of the Audit Committee shall have specialist knowledge and experience in the application of accounting principles and internal

control procedures. (Item 5.3.2 of the German Corporate Governance Code)

The Company does not comply with the recommendation. Because the Supervisory Board of MOBOTIX AG consists of only three members, the formation of suitably qualified committees would currently be inappropriate given the specific circumstances and the size of the Company. This also applies for an audit committee.

**8.** The Supervisory Board shall form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for recommendation to the General Meeting. (Item 5.3.3 of the German Corporate Governance Code)

The Company does not comply with the recommendation. Because the Supervisory Board of MOBOTIX AG consists of only three members, the formation of suitably qualified committees would currently be inappropriate given the specific circumstances and the size of the Company.

**9.** An age limit to be specified for the members of the Supervisory Board shall be taken into account. (Item 5.4.1 sentence 2 of the German Corporate Governance Code)

# Corporate Governance Report

The Company does not comply with the recommendation. As with the issue of an age limit for members of the Management Board, we believe the most important criteria for Supervisory Board candidates to be qualifications and experience. Moreover, an age limit would, in our opinion, inappropriately restrict the annual general meeting's right to appoint the members of the Supervisory Board.

**10.** Members of the Supervisory Board shall receive fixed as well as performance-related compensation. (Item 5.4.6 para. 2 sentence 1 of the German Corporate Governance Code)

The Company does not comply with the recommendation. The Management Board and Supervisory Board of MOBOTIX AG are convinced that it is in the Company's interests to remunerate the members of the Supervisory Board appropriately; the agreement on their existing fixed remuneration ensures that this is the case. By contrast, we do not believe that the agreement of a variable, performance-related remuneration component would create any significant additional incentive for the Supervisory Board to approach its work with the due level of care and commitment. Furthermore, anecdotal evidence suggests that most publicly traded companies that pay some of their Supervisory Board's remuneration in the form

of a variable, performance-related bonus merely tie these payments to the company's dividend.

Because this criterion is based on a decision in which the Supervisory Board is involved, namely the proposal submitted to the annual general meeting for the appropriation of the company's profits, this could give the impression that the company's dividend policy was being influenced by improper considerations. For these reasons, we do not believe that the benefits of such a system of variable remuneration would justify the consequent drawbacks.

MOBOTIX AG

Langmeil, June 25, 2009

On behalf of the Management Board



Dr. Ralf Hinkel

(Chief Executive Officer)

On behalf of the Supervisory Board

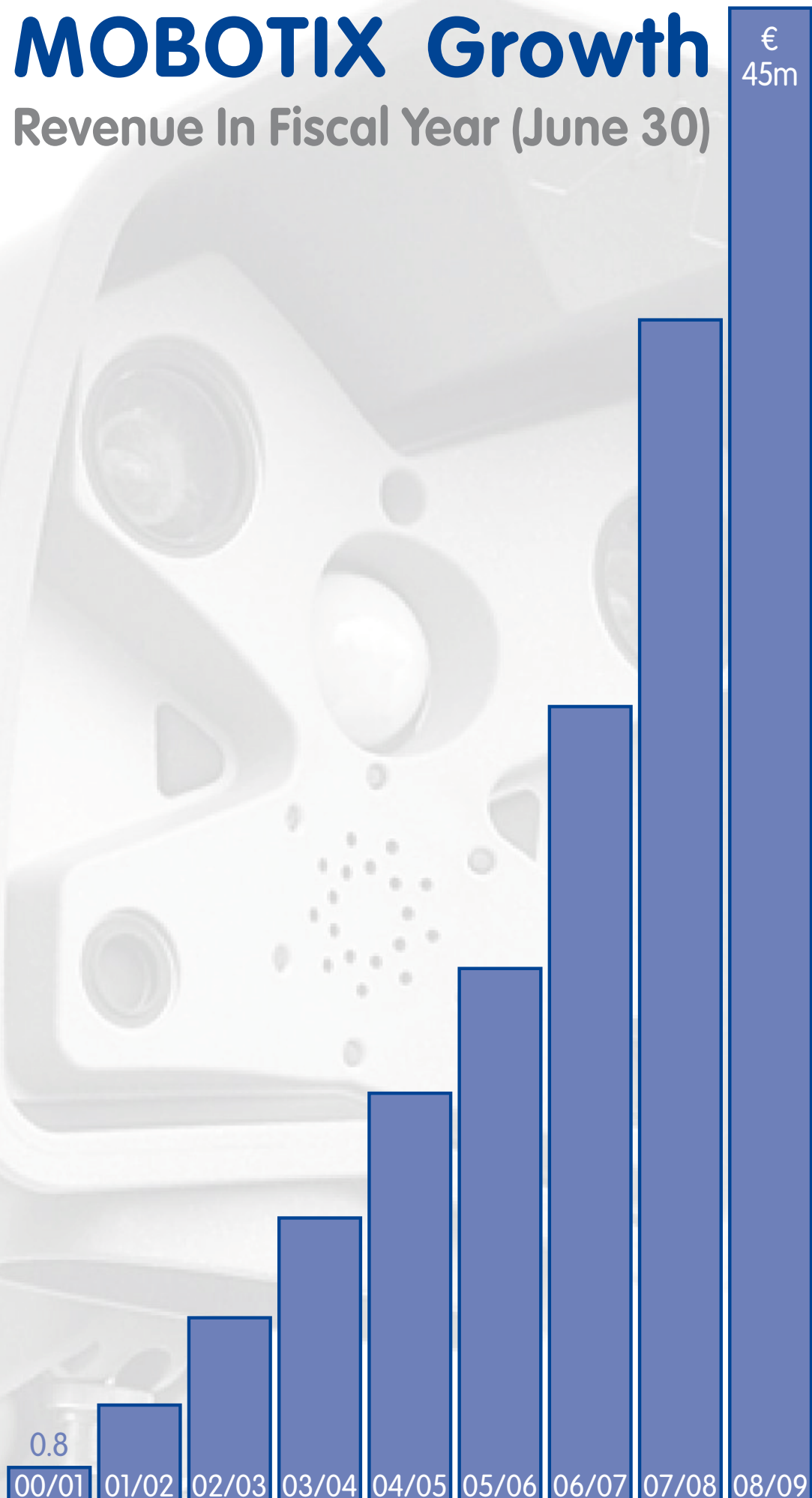


Dr. Thomas Hoch

(Chairman of the Supervisory Board)

# MOBOTIX Growth

Revenue In Fiscal Year (June 30)



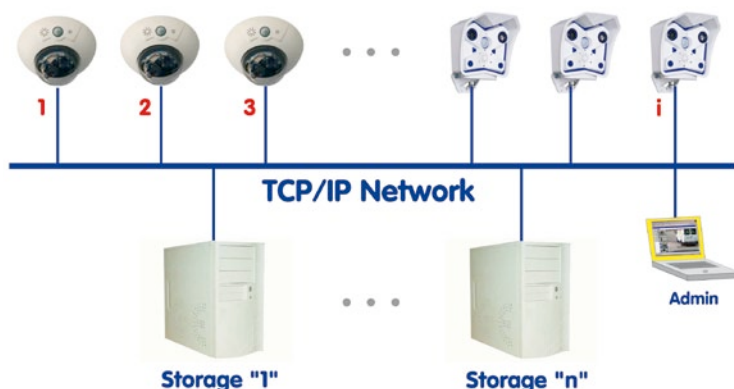
# Consolidated Management Report

## Positive Business Development ...

### Business And Market

#### Technology And Products

MOBOTIX is a European system provider and technology leader of digital, high-resolution, network-based video security systems. At the heart of MOBOTIX technology are proprietary and internally manufactured, fully digital video security systems. The Company was established in 1999 and recorded revenue of €44.9 million in fiscal year 2008/09. One of the most important innovations of MOBOTIX is the **decentralized system architecture**, where the intelligence is placed into the camera itself by integrating software for image processing, image analysis, event control and recording management, and not in the central control unit, which is typical in traditional video security systems. MOBOTIX is currently the **only manufacturer** that offers network camera systems with such software-based, decentralized system architecture.



The Company's product portfolio includes the product lines **M12** (DualNight Camera), **M22** (Allround Camera), **D12** (DualDome Camera), **D24** (MonoDome Camera), **V12** (Vandalism Camera), and, since the end of fiscal year 2007/08, the product line **Q24** (Hemispheric 360° Camera). The introduction of the first hemispheric camera (360° panorama view) in the year under review represented the most successful product launch in the history of MOBOTIX. In addition to its network cameras, MOBOTIX also offers the MxControlCenter, a complete video management

solution, as a central control center software that is able to integrate cameras from other manufacturers as well. And since the launch of MxEasy in the year under review, MOBOTIX has also offered a video management solution for the consumer and semi-professional segment. The MOBOTIX video management solutions are offered free of charge. In addition,

## World's No. 1 In Megapixel





The HiRes Video Company

**MOBOTIX**

## ... And Business Condition

various accessories are available in the Company's product mix.

MOBOTIX MonoDome D22M



Thanks to the decentralized system architecture, **MOBOTIX cameras have a number of advantages** over traditional systems.

MOBOTIX Allround M22M



Processing the image within the camera considerably reduces the required computing power of a central PC and saves bandwidth within the network permitting a significantly larger number of recording cameras per PC to be used in video security systems, particularly when high image rates and resolutions are needed. In addition, the fully digital design of MOBOTIX cameras enables them to transmit

images in megapixel quality and also permits event-controlled adjustment of the image rate in response to changes in the image, noises or sound signals. The cameras also have other functions such as dual-camera technology with picture-in-picture and **360°** panorama, day/night switching with exposure adjustment, lip-synchro-



MOBOTIX Hemispheric Q22M

nized audio transmission, alarm messages via VoIP telephony and soft pan-tilt-zoom functionality. Through the total elimination of mechanical moving parts, with wide temperature range and low power usage, MOBOTIX cameras offer a very powerful and failure-resistant video monitoring system at comparatively low cost.



MOBOTIX management software NxControlCenter

Through its unique technological approach, MOBOTIX is the first company to make high-resolution video surveillance possible in a cost-efficient way.

# Consolidated Management Report

## Positive Business Development ...

A significant development focus in the year under review was the changeover of the first product line to the new P3 processor technology, doubling the camera's computing power. The changeover of the D24 camera line shortly after the end of the fiscal year resulted in delayed revenues due to hesitant customers. The changeover of the processor technology was made in order to use one single circuit board in four separate camera lines. To achieve this aim, the product had to be adjusted mechanically in a rather complex process, which led to delays in the launch of the new technology. This systematic implementation of the platform strategy will make it possible to employ additional substantial potentials for savings in the years to come. The redesign of the circuit board has also led to adaptations of various camera housings which will be put in production in the next few months.



### Group Organization And Control

The MOBOTIX Group consists of MOBOTIX AG, Kaiserslautern, and MOBOTIX CORP, New York.

Since June 16, 2001, the Company's registered office was in Kaiserslautern. Following the successful move in early January, the Company's management and administration headquarters were relocated to Langmeil based on a Management Board decision dated January 13, 2009 and the Company's mailing address was changed accordingly.

**New products are manufactured and developed exclusively at the Kaiserslautern and Langmeil locations.** Langmeil controls global sales.

The subsidiary MOBOTIX CORP is exclusively a distribution company for the American market. MOBOTIX CORP is managed by Mr. Lutz Coelen (CEO and President). The MOBOTIX Group uses a number of operational key indicators to measure the Group's strategic growth and profitability objectives. These include sales figures for the individual segments as well as profitability indicators for the Company as a whole. The Company's performance is monitored and controlled through regular monitoring of trends in the individual sales regions. Other financial

**EBITDA**  
**€ 12.0m (26.0%)**

**EBIT**  
**€ 10.6m (22.9%)**

## ... And Financial Position

figures are also analyzed and evaluated. EBIT and EBITDA are the primary control parameters for the profitability of the MOBOTIX Group. These financial indicators are presented to the Management Board on a monthly basis as part of the internal reporting process, so that any necessary changes can be initiated promptly.

### Sales

In Germany, the Company's most important market with a 31.6% share of total sales, the products are currently sold via MOBOTIX-certified Secure Partners, specialized IT-retailers or directly, e.g. via the Company's online store, to commercial and private customers. Most of MOBOTIX' international sales are made via distributors and their qualified systems integrators and resellers. The distributors are supported in this process by a number of locally-based Business Development Managers, who are employed directly by MOBOTIX AG.

Worldwide, more than 100,000 MOBOTIX cameras are in use. In addition to numerous projects in Germany, MOBOTIX AG also added a number of international reference projects in fiscal year 2008/09. Among others, these include the EURO 2012 stadium of the current UEFA Cup winner in 2009, Schachtjor Donezk, in the Ukraine, The Vatican Apostolic Library in

Vatican City, surveillance of Hudson River Park in New York City, the headquarters of the Italian Financial Supervisory Authority in Milan, numerous prestigious banks (including HSBC, ProCredit, Crédit du Maroc etc.) as well as the facilities of ultramodern shopping malls in the Near East.



In the USA, the Company sells its products through its own sales subsidiary, MOBOTIX CORP. Sales in Switzerland are handled by an associated company (MOBOTIX AG Schweiz). It is planned to attract additional distributors for Switzerland in fiscal year 2009/10. The Company's growth is primarily occurring in the export markets with the export share rising to more than 68% in fiscal year 2008/09.

### Market And Competition

MOBOTIX operates in the market for video security systems. This market is generally referred to as the CCTV market. Today's

**Revenue Share** (Germany)  
**31.6%**

**Export Share**  
**68.4%**

## Results Of Operations, Net Assets ...

market for video security systems includes both analog video security systems and network camera systems, as well as video management software and accessories. Combinations of analog and network camera systems are known as hybrid systems.

In a study made by the market research firm IMS Research, the authors presume that global sales in the market for network cameras will grow by an annual average of approximately 34.2% from 2007 to 2012. This assumption is based on its current study which was updated as a forecast in mid-March and adjusted to current global economic developments. As in the prior year, MOBOTIX continues to be listed as the world's fourth largest network camera manufacturer, with a market share of 7.3% in 2007 (source: IMS Research, The World Market for CCTV & Video Surveillance Equipment, 2008 Edition) and was able to further increase its market share. According to IMS, MOBOTIX was in second place in the EMEA region in 2008.

**The study shows that MOBOTIX has a solid global market share** that should increase further in the coming years. Apart from the current worldwide crisis, the sustained favorable market environment and the excellent global market position are a good basis for further successful growth of the Company.

In addition to its important primary product features and unique selling propositions (USPs), MOBOTIX has a further advantage over most of its global competitors. The Company offers not just a camera, but – as one of the very few manufacturers of IP video products – a complete monitoring system, including accessories and its own video management software. MOBOTIX is currently the only manufacturer capable of offering effective hemispheric video surveillance systems.

MOBOTIX' technology leadership is reflected distinctively in its receiving the Frost & Sullivan "European CCTV and Video Surveillance Product Innovation Award 2008" for outstanding product innovation. The award recognized MOBOTIX for its sophisticated, innovative megapixel cameras, which provide highly detailed resolution to best meet the demands of the security industry. Furthermore, MOBOTIX won the reddot design award 2009 (honourable mention) for the Q24.

Revenue Germany  
€ 14.2m (+6.7%)



# ... And Financial Position

## Results Of Operations, Net Assets and Financial Position

### Results Of Operations

Despite the significantly deteriorated economic environment, in particular in the last two quarters of the year under review, the MOBOTIX Group has maintained its strong revenue and earnings growth from the previous years. The positive trend continues uninterrupted since the second quarter of 2002, recording significant net income in each period.

In fiscal year 2008/09, MOBOTIX Group revenue grew by 27.1% to €44.9 million (prior year: €35.3 million), and pretax earnings increased by 47.4% to €10.5 million. Total output (sales revenue, increase in finished goods and work in progress, and other own work capitalized) rose by €9.4 million to €46.4 million. EBITDA (26.0% of total output) came to €12.0 million (prior year: €8.2 million). EBIT (23% of total output) amounted to €10.6 million (prior year: €7.0 million). Net income for the period (return on sales 17%) climbed by 53.1% to €7.5 million (prior year: €4.9 million).

A large part of revenue growth continued to be achieved through increased sales of dome cameras, which rose by 58.8% from

€11.5 million to €18.3 million. Sales revenues for fixed cameras grew by 9.6% from €22.0 million to €24.1 million. The Q22 product line launched in June 2008 had a noticeable impact on revenue growth in fiscal year 2008/09. Once again, the export business was a growth driver. The export ratio grew to 68.4% in 2008/09, compared to 62.3% in the prior year. In Germany, revenue rose from €13.3 million to €14.2 million (+6.7%), while in the rest of Europe, revenue climbed 42.3% to €20.1 million. In the rest of the world, revenue rose by 34.6% to €10.6 million, up from €7.9 million in the prior year.

The material usage ratio (cost of materials in relation to total output) fell from 29.0% to 26.2%. The gross profit margin increased due to the positive effects of economies of scale.

The increase of €0.6 million in other operating income resulted not only from currency translation gains but also from the measurement of the new loans at fair value as of the date of acquisition.

Staff costs (in absolute terms) rose in response to a subdued number of new hires and at a lower rate than the rise in total output. The

**Revenue Rest Of Europe**  
**€ 20.1m (+42.3%)**

**Revenue Rest Of World**  
**€ 10.6m (+34.6%)**

# Consolidated Management Report

## Results Of Operations, Net Assets ...

personnel usage ratio (staff costs to total output) declined slightly from 27.8% to 26.4%.

Other operating expenses increased by €2.7 million (+34.2%) due to higher costs for marketing and trade fairs/exhibitions as well as revenue-dependent expenses.

The loan taken out in the last quarter of the prior year caused interest expenses to rise by €0.2 million to €0.4 million.

The subsidiary MOBOTIX CORP reported a revenue increase of approx. 53.2%, leading to net income for the year of approx. USD 0.5 million. This includes currency translation gains of approx. USD 0.3 million.

### Net Assets

Development costs of €0.8 million were capitalized in fiscal year 2008/09. Property, plant and equipment grew by €5.7 million (+57.1%) to €15.7 million, with new investments in property, plant and equipment totaling €9.3 million in the period under review. The investments primarily involved construction at the new Langmeil site. Investments in technical systems consist largely of investments in injection molding tools and IT equipment. In August

2008, public subsidies were approved in the amount of €2.4 million for construction of the Company's new production site. The subsidies granted were deducted from assets for costs related to the new site in the period under review.

Inventories grew by €1.4 million, or +32.9%, to €5.9 million due to the changeover of the production lines to a new processor technology, the expansion of the product range to include the Q24 product line and the increase in business activity.

Trade receivables increased to €5.0 million as of June 30, 2009, an increase of €0.3 million compared to the figure as of June 30, 2008.

Other assets in the amount of €2.7 million (prior year: €2.3 million) included the subsidy entitlement in line with the progress of construction amounting to €0.3 million and tax claims amounting to €0.8 million, among other items.

The slight decline in cash and cash equivalents by €0.4 million (-3.2%) to €10.1 million was due to income tax payments and net cash used in investing activities.

## Cash Flow From Operating Activities

### € 7.6m (+74.4%)

## ... And Financial Position

On the liabilities side, equity rose by €5.3 million as a result of the positive net income for the year despite the dividend payment of €2.2 million made in October 2008. The increase in the equity-to-assets ratio from 60.0% to 61.1% accompanied by an increase in total assets of €8.0 million (+24.0%) is due to the positive net income for the year.

Income tax for 2007 was paid in March 2009, resulting in a corresponding decrease in provisions. The increase in liabilities to banks results in particular from the assumption of two innovation loans totaling to €3.0 million. The measurement of the loan at fair value on the date of acquisition resulted in a positive financial statement balancing adjustment of €0.4 million. Scheduled repayments of the loans totaled to €0.6 million.

Trade payables as of the reporting date grew by €0.6 million to €2.5 million due to payment obligations related to the construction activity at the new location as well as increased operating activity.

Other liabilities remained nearly identical in comparison to June 30, 2008 and primarily comprised personnel liabilities.

Based on the developments described above, the total assets of the MOBOTIX Group grew by €8.0 million (+24.0%) to €41.4 million as of June 30, 2009 compared to the previous year.

### Financial Position

Cash flow from operating activities of the MOBOTIX Group was €7.6 million in fiscal year 2008/09, compared to €4.3 million in the prior-year period. Cash outflows for investments increased by €0.3 million to €7.3 million. Cash paid for capital expenditure on property, plant and equipment amounted to €9.4 million. This was offset by cash received in the form of grants for the new building and for development projects in the amount of €2.2 million. Negative cash flow from financing activities amounted to €0.6 million, largely due to payment of the dividend for fiscal year 2007/08 in the amount of €2.2 million and disbursements for interest and principal payments in the amount of €0.9 million. This was offset by cash received from taking out two loans in the amount of €2.6 million. In the corresponding prior-year period, the cash flow from financing activities had amounted to €11.8 million due to the cash inflow from the capital increase and cash received from borrowings.

**Cash Flow Margin**  
**16.8%**

# Consolidated Management Report

## Research And Development ...

The various cash flows generated during the reporting period resulted in cash and cash equivalents of €10.1 million as of June 30, 2009. The Company's solvency was guaranteed at all times during fiscal year 2008/09. Because of the Company's credit standing, it continues to have a number of financing options available.

Non-current liabilities increased by €2.2 million to €9.0 million based largely on taking out two loans. Non-current liabilities as a share of total assets increased from 20.3% to 21.6%. Current liabilities as of the reporting date correspond to 17.2% of total assets, compared to 19.7% in the prior year. The Group's net assets, financial position and results of operations – which are characterized by continued strong growth and high profitability – fully reflect the expectations of the Management Board.

### Research And Development

Development activities were also further expanded during the fiscal year 2008/09. Until June 30, 2009, the MOBOTIX Group had 53 employees in its Development department. As in previous years, the primary development focus was on the creation of new hardware

and software products as well as further optimization of the product functionality.

Expenditures for research and development totaled to €4.3 million. Development activities are essentially done only in-house. Outsourcing of development activities occurs only on a very small scale, and only in the area of tool design and PC board layout.

In the period under review, the market launch of the 360° camera product line Q24 was continued. In addition, the new version of the extensively revised MxCC 2.0 video management software and the first version of the video management software for the MxEasy semi-professional segment were introduced to the market. Furthermore, considerable development resources are tied up with the changeover of the existing camera lines to a more efficient

Q24M 180° panorama function



## Number Of Employees

**204** (Head count incl. management board, trainees and temps)

# ... Employees

processor technology and the development of an IP based door station. The door station is expected to be launched on the market in the current fiscal year 2009/10. Furthermore, the foundation was laid in development for additional product innovations in fiscal year 2008/09. These innovations are expected to be launched on the market in fiscal year 2009/10.

## Employees

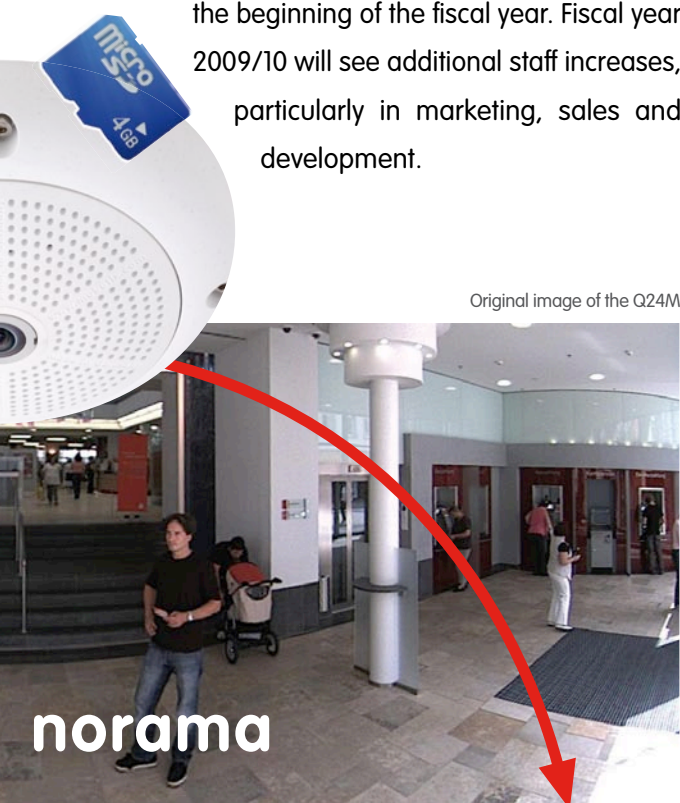
In 2008/09, the number of employees increased only moderately as a reflection of the financial and economic crisis. Until June 30, 2009, the MOBOTIX Group had 204 employees, compared to 196 employees at the beginning of the fiscal year. Fiscal year 2009/10 will see additional staff increases, particularly in marketing, sales and development.

## Main Aspects Of The Compensation System

Information on compensation for the Management Board can be found in the remuneration report of the Corporate Governance Report, which forms an integral part of the Group Management Report.

## Significant Events After The Balance Sheet Date

No events of any significance occurred after the end of fiscal year 2008/09.



Thereof Development  
53



## Information Pursuant To ...

### **Information Pursuant To Section 315 (4) Of The German Commercial Code**

In response to the German Takeover Directive Implementation Act, Section 315 (4) of the German Commercial Code (HGB) requires publicly traded companies to provide takeover-relevant information on their capital structure, shareholders' rights and restrictions, shareholding ratios and governing bodies.

MOBOTIX AG states the following with regard to the required information:

- 1.** The subscribed capital of MOBOTIX AG is €4,423,814 divided into 4,423,814 no-par bearer shares, each representing €1.00 of share capital. Each share entitles the bearer to one vote. As far as the Management Board of the Company is aware, there are no restrictions relating to the voting rights of the shares.
- 2.** There are no restrictions on voting rights or transfer of shares.
- 3.** Dr. Ralf Hinkel, CEO of MOBOTIX AG, holds 50.14% of the subscribed capital.
- 4.** As long as Dr. Ralf Hinkel himself and/or a company controlled by him (Section 17 of the Stock Corporation Act (AktG)) or under his direction (Section 18 AktG) holds a total of more than 25% of the Company's shares, Dr. Ralf Hinkel

shall have the nontransferable right to appoint one member to the Supervisory Board of the Company.

**5.** The Management Board is not aware of employees holding an investment in the Company's capital who do not directly exercise their control rights.

**6.** The regulations on the appointment and dismissal of Management Board members and amendments to the articles of incorporation are based upon the Stock Corporation Act and the articles of incorporation of MOBOTIX AG, which are published on the website in the Corporate Governance section.

According to Section 5 of the MOBOTIX AG articles of incorporation, the Management Board consists of three persons. The Supervisory Board is responsible for appointing and dismissing members of the Management Board.

The resolutions of the annual general meeting are adopted by a simple majority of the votes cast unless a larger majority is required by law or these articles of incorporation. Where the German Stock Corporation Act requires that a majority of the share capital represented at the annual general meeting must be cast in order

## ... Section 315 (4) HGB

to adopt a resolution, a simple majority of the share capital represented shall suffice as long as that is legally permissible.

Pursuant to section 15 (1) of the articles of incorporation, an amendment to the articles of incorporation requires a simple majority of the votes cast unless a larger majority is required by the law or these articles of incorporation. Where the German Stock Corporation Act requires that a majority of the share capital represented at the annual general meeting must be cast in order to adopt a resolution, a simple majority of the share capital represented shall suffice as long as that is legally permissible. Pursuant to section 15 (2) of the MOBOTIX AG articles of incorporation, the adoption of a resolution is permissible only, if in addition to the majority requirement pursuant to section 15 (1) of the articles of incorporation, capital with voting rights present in the meeting of shareholders represents at least 60% of the share capital. If a proposed resolution for amendment of the articles of incorporation is not voted upon due to a lack of such presence, then the obligation for presence will not apply in a second meeting of shareholders.

**7.** With the consent of the Supervisory Board, the Management Board is authorized to

increase the Company's share capital on one or more occasions in the period from January 1, 2008 to November 30, 2011 by a total of up to €1,272,544 through the issuance of up to 1,272,544 new no-par bearer shares in return for cash contributions or contributions in kind (authorized capital). In this process, the shareholders shall be granted a subscription right, which can also be granted to the shareholders in the form of an indirect subscription right (Section 186 (5) AktG). Nevertheless, the Management Board is authorized, with the consent of the Supervisory Board, to exclude the subscription right of shareholders,

(I) if the capital increase is made in return for cash contributions, and the proportional amount of share capital assigned to the new shares issued under exclusion of the subscription right pursuant to Section 186 (3) Sentence 4 AktG does not exceed a total of 10% of the share capital, either at the time that this authorization takes effect or at the time that it is exercised, and the issue price of the new shares is not materially lower, within the meaning of Sections 203(1) and (2), 186 (3) Sentence 4 AktG, than the stock exchange price of the shares of the same class and features already being traded on the stock exchange at the time the issue price is finally determined. Shares to

## Risk Management ...

be counted against this maximum limit are those which were issued or are to be issued for the servicing of warrant-linked or convertible bonds or participation rights with conversion or option rights, so long as these bonds were issued in corresponding application of Section 186 (3) Sentence 4 AktG under exclusion of the subscription right. Furthermore, the Company's own shares to be counted against the maximum limit of 10% of the share capital are those that will be sold during the term of the subscribed capital under exclusion of the subscription right of shareholders pursuant to Sections 71 (1) No. 8 Sentence 5, 186 (3) Sentence 4 AktG;

(II) in the case of capital increases in return for contributions in kind, particularly the acquisition of companies, portions of companies, and shareholdings in companies;

(III) in order to issue employee shares to employees and pensioners of the Company and its affiliated companies;

(IV) for fractional amounts.

The Management Board is authorized, with the consent of the Supervisory Board, to stipulate additional details for the performance of the capital increase.

8. No agreements within the meaning of section 289 (4) No. 8 and 9 and section 315 (4) No. 8 and 9 AktG exist.

### Opportunities And Risks of Future Development and Outlook

#### Risk Management

The MOBOTIX Group has implemented an adequate risk management system to ensure that risks are detected and mitigated at an early stage. The Group's risk management system is intended to identify, monitor, and control any risks that occur. In addition to risks that could jeopardize the Company's continued existence as a going concern, the system also records activities, events, and developments that could significantly affect the future performance of the Company's business.

Precautions are taken against typical business risks that could have a material influence on the Group's results of operations, net assets, or financial position.

Based upon the information currently available, the MOBOTIX Group is not at present faced with any significant specific risks that, in and of themselves, would be likely to jeopardize the continued existence of the MOBOTIX Group.

## ... And Material Risks

The Company continues to refine its internal structures in line with its growth and to adapt them to the scale of its business. The Company plans additional measures to strengthen and improve quality management, the internal control system, and risk management.

### Material Risks

#### Market Risks

On the road with the sail2horizons sailing boat



MOBOTIX products are in use today in a large number of professional applications such as the public security market (railway stations, airports, urban security, prisons, harbors, highways) and, because of their compact design and high temperature resistance, in the market segment of mobile security (police, railways, buses, goods transportation, logistics). In coming fiscal years, further **simplification of the products** will also lead to a stronger focus on the private security sector (home security, medical care, consumers). The Management Board expects the Company to continue

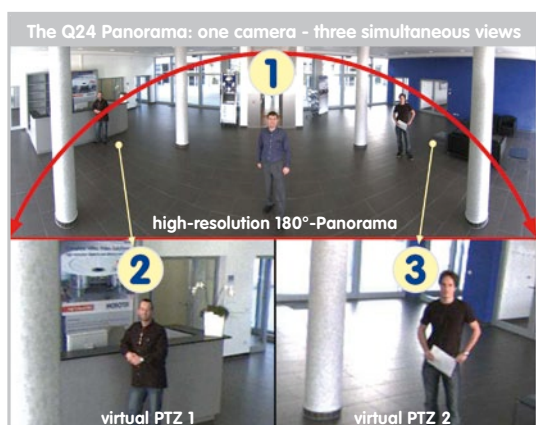
growing strongly in the coming fiscal years as it **introduces new product families**. Product innovations will continue to play a central role in this growth.

External market studies confirm the expectation of high growth rates over the coming years in the area of digital IP video monitoring systems despite the financial and economic crisis. Accordingly, the **market environment** can continue to be considered very attractive.

In the Company's view, the **competitive situation** has not changed to its disadvantage in recent months. It remains to be seen, however, to what extent the traditional providers of analog security systems will join the technological shift to digital systems, or whether they will withdraw from the market. MOBOTIX already has a market presence as a system provider offering not only a complete range of hardware and accessories, but also video software for control centers. MOBOTIX is differentiating itself from its competitors by acting as a onestop shop for complete projects while at the same time putting pressure on pure-play software providers by offering its own control center software free of charge, thereby reducing the overall project cost for customers.

## Political, Legal ...

The Management Board deems the **procurement market risks** to be within the customary range for the industry. In its view there is no material medium-term or longterm dependency on individual suppliers. A shortterm loss of critical suppliers, e.g. for processors, that could lead to significant disruptions of production is likewise considered very unlikely.



### Financial risks

Thanks to its comfortable liquidity position and excellent credit standing, the Company currently has no material **financial risks**. **Currency risks** exist primarily in connection with operations in the USA. The positive cash flow from the business in the USA covers MOBOTIX AG's purchasing requirements in the dollar zone. There is no material **risk of changes in interest rates** at the present time. Existing third-party financing was acquired at fixed interest

rates. **Bad debt risks** are limited through an efficient credit management system, including dunning and collection, with very restrictive terms of payment.

The **current financial crisis** and its repercussions on the real economy have shown an impact on the level of individual projects, in particular in the last two quarters of fiscal year 2008/09. This has resulted in delays in the implementation of planned projects. Furthermore, it became apparent that distributors have significantly reduced their inventories and accordingly their capital tied up in inventories. It is impossible to estimate the extent and magnitude of the crisis and its short and mid-term effects on the business development. MOBOTIX will confront negative effects by developing an even stronger sales structure as well as an active, forwardlooking and situation-specific cost management.

### Political, Legal And Social Risks

Public perception of video monitoring has continued to develop in a very positive direction overall. The presence of video monitoring increases public perception of security and it is therefore finding increased public acceptance. There have been a growing number of political initiatives aimed at improving the quality



## ... And Other Risks

of monitoring systems in public areas. A first example was the **French video law** of October 1, 2006. If standards continue to change in favor of high-resolution systems in the public security area, then MOBOTIX can also benefit from this thanks to its position as an important manufacturer of such systems.

The Management Board therefore presumes that the Company's **regulatory environment** will have a significantly positive effect on its further growth.

### Operational Performance Risks And Other Risks

In recent years, the MOBOTIX Group has seen significantly **faster growth** than the overall market with growth rates of up to 50%. The high growth momentum has resulted in an ongoing need for organizational adaptation. The Company counters the entailing fundamental risks with an ongoing adapta-

tion of human resources, control systems and infrastructure.

Production and sale of technical products are always associated with **warranty risks**. These risks are reflected in appropriate provisions on the balance sheet. The Company has also purchased product liability insurance to protect against possible losses and risks.

In order to take into account the anticipated robust growth, the Company moved into its new site at Langmeil during the period under review. The Company's growth makes it likely that there will be additional investments in construction in the years to come.

Basically the Management Board presumes that along with the planned corporate growth, operating results will also continue to increase in line with current profitability. In this regard, the significant market potential in the US market, as well as other startup losses of



MOBOTIX AG new headquarter

## Opportunities, Risks ...

**MOBOTIX CORP** commensurate with business development must be taken into account.

The Company sees no risks at the present time or in the future that would endanger the Company's continued existence or would have a material influence on its development. Technological innovation and further expansion of the distribution network are extremely important for the Group's sustained success.

Hemispheric Q24M



### Opportunities And Outlook

Despite the financial crisis, the **positive market environment** with its continued forecasts of high growth rates will form the basis for the Company's successful development. Market growth will be driven by the **switch from analog to digital technology**. If this switch should happen sooner than expected, it could produce additional opportunities for the MOBOTIX Group. Factors that could lead to an acceleration include **political initiatives** such as the French video law that would improve the quality of security systems in the public sector.

The Management Board assumes that **technological market drivers** such as increasing image resolution in video systems and more complex security installations will favor the **advantages of the decentralized technology approach**. This has become particularly evident through the introduction of hemispheric technology (Q24). This would strengthen the MOBOTIX Group's competitive position and put pressure on the competition.

In the opinion of the Management Board, **increased publicity** will provide new opportunities, e.g. to acquire new employees, sales partners, and customers.

MOBOTIX is represented throughout the world. A key factor for unlocking future growth potential today and in the future involves continuing to pursue **targeted expansion of our partner network** in order to broaden our sales structures. With its outstanding global market position – particularly in the subsegment of highresolution network cameras – MOBOTIX is in a very good position to take advantage of the opportunities at hand.

In terms of regions, the Management Board sees **key growth areas** for the coming months in North America, South America and Asia.

## ... And Outlook

The market introduction of the first hemispheric camera, the **Q24**, has so far been very successful, with extremely positive feedback from distributors. The fact that the Company's main competitors cannot offer any comparable products shows MOBOTIX AG's **innovative strength**, and enables it to occupy a unique position in this product segment over the medium term. Moreover, MOBOTIX plans to take advantage of additional **product innovations** in the coming months to reinforce its competitive position and create a foundation for developing new market segments.

Considering the insecure global economic situation it is difficult to provide reliable business forecasts. The management board assumes that the upcoming product launches and the

company's extension of global distribution will lead to further significant revenue growth.

### Related Party Disclosures

During the period under review, no changes of any significance occurred with regard to transactions with related parties in comparison with fiscal year 2007/08.

The rental agreement with Dr. Hinkel, Chairman of the Management Board, for office and warehouse premises in Höringen was terminated effective June 30, 2009.

Langmeil, August 03, 2009

## Complete HiRes Video Solutions

high-resolution, digital & cost-effective recording


**MOBOTIX**

# Consolidated Financial Statements

## Income Statement ...

EUR '000s		July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
	see notes		
<b>Revenue</b>	(1)	44,898	35,313
Increase/Decrease in finished goods and work in progress	(2)	663	719
Other own work capitalized	(3)	818	902
<b>Total output</b>		<b>46,380</b>	<b>36,933</b>
Cost of materials	(4)	-12,161	-10,681
<b>Gross profit</b>		<b>34,219</b>	<b>26,252</b>
Staff costs	(5)	-12,220	-10,261
Depreciation and amortization and impairment	(6)	-1,432	-1,219
Other operating income	(7)	823	260
Other operating expenses	(8)	-10,782	-8,032
<b>Operating profit</b>		<b>10,609</b>	<b>6,999</b>
P&L from invest. accounted for using the equity method	(9)	-32	9
Other interest and similar income	(10)	293	344
Interest expense and similar charges	(10)	-408	-256
<b>Profit before tax</b>		<b>10,461</b>	<b>7,096</b>
Income taxes	(11)	-2,923	-2,172
<b>Profit for the year</b>		<b>7,538</b>	<b>4,924</b>
<b>Earnings per share (diluted/basic)</b>	(12)	<b>1.70</b>	<b>1.16</b>

**Profit For The Year**  
**€ 7.5m (+53.1%)**

**Earnings Per Share**  
**€ 1.70**

# ... Balance Sheet

EUR '000s	see note	June 30, 2009	June 30, 2008
Intangible assets	(13)	1,462	993
Property, plant and equipment	(13)	15,682	9,983
Investments accounted for using the equity method	(14)	0	32
Prepaid expenses	(19)	115	133
Deferred tax assets	(11)	109	80
<b>Non-current assets</b>		<b>17,369</b>	<b>11,221</b>
Inventories	(15)	5,851	4,402
Trade receivables	(16)	5,011	4,677
Other assets	(17)	2,694	2,301
Cash and cash equivalents	(18)	10,142	10,475
Prepaid expenses	(19)	336	303
<b>Current assets</b>		<b>24,034</b>	<b>22,157</b>
<b>ASSETS</b>		<b>41,402</b>	<b>33,379</b>
Subscribed capital	(20)	4,424	4,424
Capital reserves	(20)	9,665	9,665
Accumulated other comprehensive income	(20)	36	88
Profit or loss carried forward	(20)	3,643	930
Profit for the year	(20)	7,538	4,924
<b>Equity</b>		<b>25,306</b>	<b>20,031</b>
Liabilities to banks	(23)	8,394	6,478
Deferred tax liabilities	(11)	567	294
<b>Non-current liabilities</b>		<b>8,961</b>	<b>6,772</b>
Tax provisions	(21)	2,199	2,453
Other provisions	(22)	165	123
Liabilities to banks	(23)	714	589
Trade payables	(23)	2,498	1,905
Other liabilities	(24)	1,560	1,506
<b>Current liabilities</b>		<b>7,136</b>	<b>6,576</b>
<b>EQUITY AND LIABILITIES</b>		<b>41,402</b>	<b>33,379</b>

**Total Assets**  
**€ 41.4m (+24.0%)**



# Consolidated Financial Statements

## Cash Flow Statement ...

EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
<b>Profit before tax for the year</b>	<b>10,461</b>	<b>7,096</b>
+/- Net interest income or expense	115	-88
+/- Profit or loss from investments accounted for using the equity method	32	-9
+ Depreciation and amortization of property, plant and equipment, and intangible assets	1,432	1,219
+ Interest received	285	315
+/- Increase/Decrease in other provisions	42	-38
+ Loss on disposal of non-current assets	4	4
+ Other non-cash expenses	18	18
<b>Operating profit before changes in working capital</b>	<b>12,389</b>	<b>8,517</b>
- Increase in inventories, trade receivables and other assets not attributable to investing or financing activities	-2,633	-3,847
+ Increase trade payables and other liabilities not attributable to investing or financing activities	741	582
<b>Cash flow from operating activities before tax</b>	<b>10,497</b>	<b>5,252</b>
- Income tax paid	-2,933	-914
<b>Cash flow from operating activities</b>	<b>7,564</b>	<b>4,338</b>
- Cash paid for purchases of property, plant and equipment	-9,437	-5,670
- Cash paid for purchases of intangible assets	-793	-975
+ Cash received from subsidies	2,222	0
- Purchases of current available-for-sale financial assets	-1,043	-430
+ Proceeds from sales of current available-for-sale financial assets	1,699	0
+ Cash received from disposals of property, plant and equipment	30	16
<b>Cash flow from investing activities</b>	<b>-7,322</b>	<b>-7,060</b>
+ Cash received from additions to equity	0	9,455
- Cost of capital increase	0	-631
- Dividends paid	-2,212	-839
- Cash paid for the redemption of loans	-612	-1,155
+ Cash received from borrowings	2,570	5,204
- Interest paid	-320	-190
<b>Cash flow from financing activities</b>	<b>-574</b>	<b>11,844</b>
<b>Net change in cash and cash equivalents</b>	<b>-332</b>	<b>9,123</b>
Effect of exchange rate and other changes on cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the reporting period	10,475	1,352
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>10,143</b>	<b>10,474</b>

Material non-cash transactions: No material non-cash transactions occurred in the current fiscal year.

**Operating Cashflow**  
**€ 7.6m (+74.4%)**

**Profit Before Tax**  
**€ 10.5m (+47.4%)**

# ... Changes In Equity

EUR '000s	Subscribed capital	Capital reserves	Accumulated other comprehensive income	Profit or loss carried forward	Result for the year	Total
<b>Balance as of July 1, 2007</b>	<b>3,814</b>	<b>1,249</b>	<b>44</b>	<b>1,769</b>	<b>0</b>	<b>6,876</b>
Dividend payment				-839		-839
Issuance of shares	610	8,845				9,455
Cost of capital increase		-429				-429
Currency translation			44			44
Profit for the year					4,924	4,924
<b>Balance as of June 30, 2008</b>	<b>4,424</b>	<b>9,665</b>	<b>88</b>	<b>930</b>	<b>4,924</b>	<b>20,031</b>
<b>Balance as of July 1, 2008</b>	<b>4,424</b>	<b>9,665</b>	<b>88</b>	<b>5,854</b>	<b>0</b>	<b>20,031</b>
Dividend payment				-2,212		-2,212
Currency translation			-51			-51
Profit for the year					7,538	7,538
<b>Balance as of June 30, 2009</b>	<b>4,424</b>	<b>9,665</b>	<b>37</b>	<b>3,642</b>	<b>7,538</b>	<b>25,306</b>

Equity  
€ 25.3m

Equity-To-Assets Ratio  
61.1%

## Notes ...

### Notes To The Annual Consolidated Financial Statements

#### 1. General Information

MOBOTIX AG was established on June 21, 1999. Since June 16, 2001 the Company's registered office has been in Kaiserslautern. Following the successful move in early January, the Company's management and administration headquarters were relocated to Langmeil based on a Management Board decision dated January 13, 2009 and the Company's mailing address was changed accordingly.

MOBOTIX AG is a European technology leader and system provider in the production of high-resolution digital, network-based video security systems, video management software and systems accessories. Its technology centers on its proprietary, internally manufactured, fully digital network cameras.

MOBOTIX products are sold worldwide primarily via distributors, qualified systems integrators and specialist retailers.

The initial listing of the shares of MOBOTIX AG in the Entry Standard of Deutsche Börse AG was made on October 10, 2007. Since March 31, 2008, the shares of MOBOTIX AG have been listed in the Prime Standard of "Deutsche Börse AG".

MOBOTIX AG maintains one subsidiary in the U.S. and one associate in Switzerland.

The Management Board and the Supervisory Board have issued a declaration of compliance to the German Corporate Governance Code, as prescribed by section 161 of the German Stock Corporation Act (Aktiengesetz, AktG), and have made this declaration available to the public on a permanent basis (in German only) on the company's website under [www.mobotix.com](http://www.mobotix.com).

The Company's fiscal year begins on July 1 and ends on June 30 of the following year. The consolidated financial statements are prepared in euros (EUR). Unless otherwise indicated, all amounts are stated in EUR thousand (EUR '000s). The translation of EUR into EUR thousand may give rise to rounding differences of plus or minus one unit (Euro or percent).

#### 2. Basis Of Presentation

The consolidated financial statements of MOBOTIX AG have been prepared pursuant to section 315a of the German Commercial Code (Handelsgesetzbuch, HGB) in accordance with International Financial Reporting Standards (IFRS) and the related interpretations of the International Accounting Standards Board (IASB), as required to be applied in the European Union pursuant to Regulation (EC) No.

1606/2002 of the European Parliament and of the Council on the application of international accounting standards.

All individual financial statements of the companies included in the consolidated financial statements have been prepared in accordance with applicable local law and have been adjusted to IFRS as mandatory in the EU as well as to the accounting policies of the MOBOTIX Group. To this end, the financial statements prepared according to country-specific regulations are adjusted to the uniform accounting policies used throughout the Group if they do not comply with IFRS as mandatory in the EU and the measurement differences are material. The same accounting policies as in the consolidated financial statements for the fiscal year 2007/08 were applied.

The income statement has been prepared according to the nature of expense method.

The Management of MOBOTIX AG authorized the consolidated financial statements for issue on August 3, 2009.

### 3. Accounting Standards Applied

The following new or amended standards, which have already been published, but which are not yet required to be applied, were not applied earlier:

- IAS 1 "Presentation of Financial Statements" (revised) – mandatory for fiscal years beginning on or after January 1, 2009.
- IAS 23 "amendments related to the capitalization of borrowing costs" – mandatory for fiscal years beginning on or after January 1, 2009.
- IAS 32/IAS 1 amendments related to puttable financial instruments and obligations arising on liquidation – mandatory for fiscal years beginning on or after January 1, 2009.
- IFRS 1/IAS 27 amendments related to the cost of an investment in a subsidiary, jointly controlled entity or associate liquidation – mandatory for fiscal years beginning on or after January 1, 2009.
- IFRS 2 "Share-based Payment" amendment related to vesting conditions and cancellations – mandatory for fiscal years beginning on or after January 1, 2009.
- "Improvements to IFRSs (2008)" – mandatory for fiscal years beginning on or after January 1, 2009.
- IFRIC-12 "Service Concession Arrangements" – mandatory for fiscal years beginning on or after March 29, 2009.

# Consolidated Financial Statements

## Notes ...

- IFRIC-13 "Customer Loyalty Programmes" – mandatory for fiscal years beginning on or after January 1, 2009.
- IFRS 3 "Business Combinations" (revised) – mandatory for fiscal years beginning on or after July 1, 2009.

We expect that the first-time application of these standards and interpretations will not have a material impact on the presentation of the results of operations, net assets and financial position.

New standards, amendments of standards and interpretations to be applied for fiscal years beginning on or after July 1, 2008:

- IAS 39/IFRS 7 amendments – "Reclassification of Financial Instruments"
- IFRIC-11/IFRS 2 – "Group and Treasury Share Transactions"
- IFRIC-14/IAS 19 – "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" – mandatory for fiscal years beginning on or after January 1, 2008

The first-time adoption did not have a material impact on the presentation of the financial position, financial performance or cash flows.

MOBOTIX AG has applied IFRS 8 on a voluntary basis since fiscal year 2006/07.

## 4. Accounting Principles

### Scope Of Consolidation

In the year 2003, the subsidiary MOBOTIX CORP, New York, New York (formerly MOBOTIX LLC, Columbia, South Carolina) was founded in order to penetrate the U.S. market. On July 7, 2005, a 50% stake in MOBOTIX AG, Freienbach, Switzerland was acquired. MOBOTIX CORP was fully consolidated in the consolidated financial statements of MOBOTIX AG as of the opening balance sheet date. In addition, MOBOTIX AG Switzerland was included in the consolidated financial statements using the equity method as the Company is able to exercise a significant influence over its financial and operating policy decisions (associate). MOBOTIX Ltd., Birmingham, United Kingdom, is not included in the consolidated financial statements as the company was not operating in the year under review.

Company	Registered office	Shareholding		Equity as of		
		June 30, 2009	June 30, 2008	June 30, 2009*	June 30, 2008*	
MOBOTIX CORP	New York, USA	100.0%	100.0%	-4	-530	USD***
MOBOTIX Ltd.	Birmingham, GB	100.0%	100.0%	1	1	GBP
MOBOTIX AG	Freienbach, CH	50.0%	50.0%	-**	103	CHF***

\* Equity pursuant to local law

\*\* The current financial statements for 2008/09 are not yet available

\*\*\* in EUR' 000s



### Principles Of Consolidation

The financial statements of the companies included in the consolidated financial statements of MOBOTIX AG were prepared in accordance with uniform accounting policies in accordance with IFRS as mandatory in the EU as of the balance sheet date of June 30, 2009.

MOBOTIX CORP was included in the consolidated financial statements as of July 1, 2005, i.e. the date of the opening balance sheet, in accordance with IFRS 1. Accordingly, the subsidiary's equity as of the date of the opening balance sheet was offset against the carrying amount of the equity investment at the parent company.

The investment in the associate, which is measured using the equity method, is recognized at the proportionate revalued equity. Intra-group profits from this company were insignificant in the years under review.

Intra-group receivables and liabilities as well as any income and expenses from intra-group transactions are offset. Intra-group transactions

are based both on market prices and also on arm's length transfer prices. Intra-group profits between the consolidated companies are also eliminated as part of the consolidation process. Deferred taxes are documented for consolidation adjustments recognized in income in accordance with IAS 12.

### Currency Translation

Foreign currency transactions included in the separate financial statements, which were prepared in local currencies, are translated using the exchange rates applicable at the transaction date. Assets and liabilities denominated in foreign currencies are translated into the local currency at the closing rate, with any resulting gains or losses recognized in income.

The currency translation differences of the material currencies of the MOBOTIX Group developed as follows:

Currency translation		Average rates		Closing rates	
1 EUR =	ISO-Code	2008/09	2007/08	2008/09	2007/08
Swiss franc	CHF	1.538	1.629	1.525	1.608
U.S. dollar	USD	1.368	1.467	1.405	1.579

## Notes ...

The translation of financial statements prepared in a foreign currency is based on the functional currency concept in accordance with IAS 21 "The Effects of Changes in Foreign Exchange Rates." The relevant functional currencies of the foreign companies are identical with the respective local currency. All balance sheet items, except equity, are translated at the middle rate on the balance sheet date, while expense and income items are translated at average rates. Equity is translated at historical rates. Any resulting translation differences are recognized directly in equity. Foreign exchange differences arising compared to the prior year are also recognized directly in equity.

### Accounting Policies

#### Revenue

Revenue is generally recognized upon delivery of the goods to the customer or when the goods are picked up by the courier. Revenue from the delivery of goods is recognized once the significant risks and rewards of ownership of the relevant goods have been transferred to the customer and the Company no longer retains effective control over the goods sold, and the amount of revenue can be reliably determined and an inflow of economic benefits from the sale is probable. Revenue from

services (primarily training) is only generated at a very insignificant amount in the MOBOTIX Group. It is recognized when the services are rendered.

#### Other Own Work Capitalized

This item mainly includes own development work capitalized as intangible assets. Own development work exclusively relates to staff costs.

#### Earnings Per Share

Earnings per share are determined in accordance with IAS 33 "Earnings per Share." Basic earnings per share are calculated by dividing the Group's profit for the year by the average number of shares. There is no dilutive effect at MOBOTIX AG.

#### Intangible Assets

Intangible assets acquired for a consideration are capitalized in accordance with IAS 38 "Intangible Assets" if it is probable that the use of the asset results in a future economic benefit and the cost of the asset can be reliably measured. They are measured at amortized cost. Financing costs are not capitalized as part cost. Intangible assets are generally amortized using the straight-line method in accordance with their useful economic lives.

Amortization is primarily based on the following useful lives:

Useful life	Years
Industrial property rights	3 to 5
IT software (operating and other systems)	3

Research costs are not to be capitalized in accordance with IAS 38 "Intangible Assets." Development costs may only be capitalized if certain, clearly defined criteria are met. Accordingly, development costs must be capitalized when it is probable that the development activities will result in a future inflow of cash, the amount of which will cover not just the costs of production but also the corresponding development costs. In addition, the development project or the product or process to be developed must fulfill all of the further criteria defined in IAS 38. Since July 1, 2007, MOBOTIX AG has fulfilled these criteria for some of its development projects. Accordingly, the Company capitalizes development costs for product development in the area of camera housings, electronics, and software at cost if the relevant expenses can be clearly allocated and it is certain that the products will be technically feasible and can be successfully marketed. The capitalized development costs

comprise all costs directly attributable to the development process. Capitalized development costs are amortized over the expected product lifecycle of generally three years, beginning on the date of the start of production.

### Property, Plant And Equipment

All items of property, plant and equipment (except land and assets under construction) are subject to wear and tear and are measured at cost less depreciation. The cost includes purchase prices, transaction costs as well as subsequent expenditure less any purchase price deductions granted. The costs of production are determined on the basis of directly attributable individual unit costs as well as applicable proportionate overheads. Financing costs are not capitalized as part of the cost.

Investment grants received are recognized as reductions of cost if such grants can be directly allocated to individual items of property, plant and equipment.

Items of property, plant and equipment are generally depreciated using the straight-line method in accordance with their useful economic lives. Depreciable assets of property, plant and equipment are depreciated individually if they have different useful lives.

## Notes ...

Depreciation is based on the following useful lives:

Useful life	Years
Buildings, fixtures, outside facilities	10 to 33
Technical systems	10 to 20
Furniture and fixtures	10
Electronic laboratory appliances	3 to 10
Injection molding tools	3 to 5
Testing equipment	3 to 7
IT equipment	3 to 5

A shorter useful life applies if the asset can only be used for a shorter period of time for legal reasons.

Expenses for repairs and maintenance are recognized as an expense when incurred.

### Impairment Of Property, Plant And Equipment And Intangible Assets

The carrying amounts of intangible assets and of property, plant and equipment are reviewed for impairment in accordance with IAS 36 "Impairment of Assets," provided that there are indicators of impairment. An impairment loss is recognized when the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is lower than its carrying amount. If the

reasons for the recognition of an earlier impairment loss no longer exist, the impairment loss is reversed and the carrying amount increased up to amortized cost.

### Government Grants

Government grants are recognized only when there is reasonable assurance that the Group complies with the conditions attached to them and the grants have been authorized. Subsidies received from the government for the purchase of tangible assets result in a reduction of cost. Grants for development costs are recognized as income insofar as the corresponding development projects are not capitalized.

### Leases

The currently existing rental and lease agreements of the MOBOTIX Group are exclusively **operating leases**. A lease is classified as an operating lease when the lessor retains substantially all the risks and rewards of ownership of the leased assets. The leases refer to the lease agreements for the production and administrative building in Kaiserslautern and lease agreements for operating and office equipment as well as for the vehicle fleet.

### **Investments Accounted For Using The Equity Method**

Investments in associates are accounted for using the equity method. Accordingly, the costs of acquisition incurred on the purchase date are adjusted by the future, pro-rata share in the profit or loss of the associate. Impairment losses are recognized when the recoverable amount falls below the carrying amount of the investment.

### **Deferred Taxes**

In accordance with IAS 12 "Income Taxes," deferred taxes are recognized for all temporary differences between the tax base and the carrying amounts in the financial statements. Deferred tax assets also include claims for tax reductions resulting from the anticipated use of loss carryforwards in subsequent years, the realization of which is deemed probable.

The basis for recognition is the tax rate applicable at the date of the reversal. Deferred tax assets and liabilities are not discounted and are reported in the consolidated financial statements in accordance with IAS 12.74.



## Notes ...

### **Inventories**

Inventories are measured at cost, with the costs of the purchase of raw materials and supplies being determined using average prices and taking into account the net realizable value as of the balance sheet date. Work in progress and finished goods are measured at cost of conversion, also taking into account the net realizable value as of the balance sheet date. Costs of conversion include directly allocable individual unit costs and production overheads, assuming normal capacity utilization. Financing costs are not capitalized as part of the cost. The net realizable value represents the estimated selling price less the estimated costs necessary to make the sale. Write-downs are recognized for inventory risks in an appropriate and sufficient amount.

### **Financial Assets And Liabilities**

A financial instrument is any contract that simultaneously gives rise to a financial asset of one company and a financial liability or equity instrument of another company.

Financial assets include in particular cash and cash equivalents, trade receivables as well as other loans extended and receivables.

Receivables and other assets are recognized at their nominal amount or at amortized cost. Identifiable individual risks are provided for by appropriate valuation allowances. In accordance with IAS 39 "Financial Instruments: Recognition and Measurement," the Group regularly assesses whether there is objective evidence that a financial asset or group of financial assets may be impaired. Any impairment loss resulting from an impairment test is recognized in "Other operating expenses."

Cash and cash equivalents include cash accounts and short-term deposits at banks with a remaining term to maturity of not more than six months at the time of addition. They are measured at face value. Foreign currency balances are measured at the middle rate prevailing on the balance sheet date. Ratable interest income generated from cash equivalents is recognized in income.

Financial liabilities such as trade payables or liabilities to banks are regularly associated with a claim to receive compensation in cash or other financial assets. Financial assets and financial liabilities are generally reported on a gross basis. They are only offset when there is currently a legally enforceable right to offset

and there is an intention to settle on a net basis. Financial assets are measured initially at fair value.

Financial liabilities are measured initially at fair value using the “effective interest method” less any transaction costs directly attributable to borrowing. Financial liabilities are subsequently measured at amortized cost. The MOBOTIX Group does not have any liabilities held for trading.

### Provisions

In accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets,” provisions are recognized in the balance sheet for legal or constructive obligations as a result of past events when the outflow of resources required to settle the obligation is probable and can be reliably estimated. The carrying amount of provisions is based on best estimates. Provisions are only recognized for legal or constructive obligations towards third parties and discounted where necessary.

### Liabilities

Liabilities, including financial liabilities, are generally measured at amortized cost.

### Estimates

The preparation of the consolidated financial statements in accordance with IFRS requires the use of assumptions made by the management that have an influence on the measurement of assets and liabilities, the disclosure of contingent assets and liabilities as of the balance sheet date, and the reported income and expenses during the fiscal year. These estimates may differ from the actual development. The preparation of the present consolidated financial statements was in particular subject to estimates with regard to useful lives of property, plant and equipment, the measurement of other provisions and the realizability of tax loss carryforwards. Further estimates were made for the calculation of valuation allowances on trade receivables as well as for the measurement of inventories. Actual values may vary in specific cases from the assumptions and estimates made. Changes in assumptions or estimates are recognized in profit or loss once new information becomes available.

## Notes ...

### **Cash Flow Statement**

The cash flow statement shows the changes that have occurred in the balance of the Group's cash and cash equivalents during the reporting periods in the form of cash inflows and cash outflows. In accordance with IAS 7 "Cash Flow Statements," a distinction is made between cash flows from operating, investing and financing activities. Cash and cash equivalents include balances, with banks and cash on hand. Cash and cash equivalents are not subject to any restrictions.



# Consolidated Financial Statements

## Notes ...

### 5. Notes To The Income Statement

#### (1) Revenue

Please see the segment report for a breakdown of revenue by region and product.

#### (2) Increase/Decrease In Finished Goods And Work In Progress

Changes in inventories comprise increases and decreases in the amount of finished goods and work in progress.

#### (3) Other Own Work Capitalized

Other own work capitalized reported in the fiscal year 2008/09 comprises in particular development costs capitalized in the amount of € 770 thousand (June 30, 2008: € 847 thousand). This item also includes internally generated testing equipment and product racks.

#### (4) Cost Of Materials

EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
Cost of raw materials, supply and merchandise	12,005	10,630
Cost of purchased services	156	51
<b>Total</b>	<b>12,161</b>	<b>10,681</b>

Cost of materials comprises any materials used for the production of cameras. This item also comprises, to a small extent, expenses for

purchased services, which include expenses for outsourced manufacturing and development activities.

#### (5) Staff Costs

EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
Wages and salaries	10,151	8,576
Commissions, trade fair bonuses	103	110
Other	424	281
<b>Wages and salaries</b>	<b>10,679</b>	<b>8,967</b>
Social security contributions	1,484	1,215
Pension benefits	8	7
Other	48	72
<b>Social security</b>	<b>1,540</b>	<b>1,294</b>
<b>Total</b>	<b>12,220</b>	<b>10,261</b>

In fiscal year 2008/09, the employer's contributions to social security included expenses for a defined contribution plan (Deutsche Rentenversicherung) in the amount of €702 thousand (prior year: € 584 thousand), of which €6 thousand (prior year: €6 thousand) referred to related parties.

In fiscal year 2008/09, the Company employed 181 persons (2007/08: 161) on average (excluding Management Board members, trainees and temporary staff).

**Cost Of Materials**  
**€ 12.2m (26.2%)**

**Staff Costs**  
**€ 12.2m (26.4%)**



The following groups of employees were employed by the Company in the year under review:

Group of employees	2008/09	2007/08
Full-time employees	173	151
Part-time employees	8	10

#### (6) Depreciation, Amortization And Impairment

EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
Amortization and impairment of intangible assets	268	221
Depreciation and impairment of property, plant and equipment	1,164	998
<b>Total</b>	<b>1,432</b>	<b>1,219</b>

Amortization of capitalized development costs amounted to €156 thousand in the fiscal year 2008/09. We refer to Note (13) for an overview of amortization, depreciation and impairment.

#### (7) Other Operating Income

EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
Income from employees	89	66
Income from exchange differences	101	30
Income from the disposal of non-current assets	14	0
Government grants	374	0
Other	245	164
<b>Total</b>	<b>823</b>	<b>260</b>

Income from employees results from amounts reimbursed by employees for their private use of company cars. The government grants were in the form of two low-interest innovation loans from Kreditanstalt für Wiederaufbau (KfW Development Bank) for the financing of the development activities of MOBOTIX AG. Measurement of the loans at fair value on the date of acquisition resulted in an interest rate advantage of €430 thousand. Of that amount, €374 thousand was received and recognized in profit or loss and €56 thousand was deducted from the corresponding capitalized development costs.

## Number Of Employees

**204** (Head count incl. management board, trainees and temps)

# Consolidated Financial Statements

## Notes ...

### (8) Other Operating Expenses

EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
Advertising and marketing expenses	4,264	2,509
Office material, telecommunications, postage, packaging	1,796	1,006
Travel, entertainment and vehicle expenses	1,478	1,262
Occupancy, operating and office equipment	941	709
Legal and consulting fees as well as IPO costs	561	852
Accounting costs and cost for preparing annual financial statements	288	271
Expenses from exchange differences	60	136
Other	1,393	1,286
<b>Total</b>	<b>10,782</b>	<b>8,032</b>

### (9) Profit Or Loss From Investments

#### Accounted For Using The Equity Method

The loss from investments accounted for using the equity method amounting to €32 thousand (2007/08: profit of €9 thousand) results from the impairment loss on the stake in MOBOTIX AG, Freienbach, Switzerland. The write-down to fair value reflects the currently uncertain situation of the company.

### (10) Net Interest Income Or Expense

Interest and similar income primarily includes interest income from demand deposits and short-term time deposits at banks as well as income from a granted loan.

EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
Interest on borrowings	-408	-255
Other	0	-2
<b>Interest expenses</b>	<b>-408</b>	<b>-256</b>
Interest income from banks	272	329
Other interest income	21	15
<b>Interest income</b>	<b>293</b>	<b>344</b>
<b>Total</b>	<b>-115</b>	<b>88</b>

Interest expenses arise, among other things, from the loans taken out for the new construction of the production and administrative building as well as for other existing loans. Interest on loans and the other interest items can be allocated to financial assets and financial liabilities of the "financial liabilities measured at amortized cost" or "loans and receivables" category.

### (11) Income Taxes

The income taxes paid or owed in Germany and the U.S. as well as the deferred taxes are recognized in income taxes. MOBOTIX AG is

liable for an average municipal trade tax of 13.1% of the income from the business. This tax was reduced by 0.7 percentage points compared to the prior year due to the move to Langmeil. The corporation tax rate comes to 15% plus a solidarity surcharge of 5.5% on the corporation tax. The Group's tax rate was reduced from 30.6% to 27.9%. The following table shows the reconciliation of the income taxes derived from profit before tax to income taxes reported in the financial statements:

<b>EUR '000s</b>	<b>July 1, 2008- June 30, 2009</b>	<b>July 1, 2007- June 30, 2008</b>
<b>Profit before tax</b>	10,461	7,096
Income taxes derived from profit before tax	3,028	2,104
Profits set off against accumulated losses / loss carryforwards not capitalized	-111	41
Other non tax-deductible expenses	43	31
Taxes from previous years	-36	-32
Adjustment resulting from tax rate changes	-8	14
Other	8	14
<b>Reported income taxes</b>	<b>2,923</b>	<b>2,172</b>

Income taxes can be broken down as follows:

<b>EUR '000s</b>	<b>July 1, 2008- June 30, 2009</b>	<b>July 1, 2007- June 30, 2008</b>
Current taxes	2,715	1,738
Deferred taxes	244	466
Taxes from previous years	-36	-32
<b>Total</b>	<b>2,923</b>	<b>2,172</b>

# Consolidated Financial Statements

## Notes ...

In accordance with IAS 12 "Income Taxes," deferred taxes were recognized on temporary differences between the IFRS balance sheet and the tax base. The amount reported for deferred tax assets and liabilities by balance sheet items as of June 30 are as follows:

EUR '000s	Deferred tax assets		Deferred tax liabilities	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Development costs	0	0	403	227
Property, plant and equipment	6	4	1	0
Inventories	109	80	36	33
Trade receivables	0	0	13	12
Liabilities to banks	23	5	109	0
Provisions	0	0	34	31
<b>Total deferred taxes on temporary differences</b>	<b>138</b>	<b>89</b>	<b>596</b>	<b>303</b>
Offset	-29	-9	-29	-9
<b>Amount reported on the balance sheet</b>	<b>109</b>	<b>80</b>	<b>567</b>	<b>294</b>

In the past years, MOBOTIX CORP generated tax losses. Due to the Company's history of losses, we have not recognized deferred taxes on the existing tax loss carryforwards, which amount to €277 thousand (June 30, 2008: €618 thousand).

## (12) Earnings Per Share

Earnings per share are calculated by dividing the profit for the year attributable to shareholders of MOBOTIX AG by the weighted number of shares outstanding.

	2008/09	2007/08
Profit attributable to shareholders of MOBOTIX AG	7,538	4,924
Number of shares outstanding as of July 1 (in thousand)	4,424	3,814
Number of shares outstanding as of June 30 (in thousand)	4,424	4,424
Weighted average of shares (in thousand)	4,424	4,256
<b>Basic / diluted earnings per share (in EUR)</b>	<b>1.70</b>	<b>1.16</b>

There is no dilutive effect on earnings at MOBOTIX AG.

**Profit For The Year**  
**€ 7.5m (16.3%)**

**Earning Per Share**  
**€ 1.70**



# Consolidated Financial Statements

## Notes ...

### 6. Notes To The Balance Sheet

#### (13) Intangible Assets And Property, Plant And Equipment

The following table shows the changes of the individual items of non-current assets based on total cost.

EUR '000s	Balance as of July 1, 2008	Additions	Disposals	Reclassifi- cations	Exchange differences	Balance as of June 30, 2009
<b>Intangible assets</b>						
Development costs	847	714	0	0	0	1,561
Software and industrial property rights	739	23	0	0	0	762
<b>Total intangible assets</b>	<b>1,586</b>	<b>737</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,323</b>
Land and buildings including buildings on thirdparty land	1,586	9	0	10,298	0	11,893
Machinery	3,865	197	33	646	0	4,675
Other plant and equipment	1,766	575	24	908	6	3,231
Advance payments and construction in progress	6,077	6,114	0	-11,852	0	339
<b>Total property, plant and equipment</b>	<b>13,294</b>	<b>6,895</b>	<b>57</b>	<b>0</b>	<b>6</b>	<b>20,138</b>
<b>Accumulated depreciation, amortization and impairment</b>						
Development costs	81	156	0	0	0	237
Software and industrial property rights	512	112	0	0	0	624
<b>Total intangible assets</b>	<b>593</b>	<b>268</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>861</b>
Land and buildings including buildings on thirdparty land	244	196	0	0	0	440
Machinery	2,047	657	16	0	0	2,688
Other plant and equipment	916	311	7	0	4	1,224
Advance payments and construction in progress	104	0	0	0	0	104
<b>Total property, plant and equipment</b>	<b>3,311</b>	<b>1,165</b>	<b>23</b>	<b>0</b>	<b>4</b>	<b>4,456</b>
<b>Net carrying amounts</b>						
Development costs	766					1,324
Software and industrial property rights	227					138
<b>Total intangible assets</b>	<b>993</b>					<b>1,462</b>
Land and buildings including buildings on thirdparty land	1,342					11,453
Machinery	1,818					1,987
Other plant and equipment	850					2,007
Advance payments and construction in progress	5,973					235
<b>Total property, plant and equipment</b>	<b>9,983</b>					<b>15,682</b>

EUR '000s	Balance as of July 1, 2007	Additions	Disposals	Reclassifi- cations	Exchange differences	Balance as of June 30, 2008
<b>Intangible assets</b>						
Development costs	0	847	0	0	0	847
Software and industrial property rights	611	128	0	0	0	739
<b>Total intangible assets</b>	<b>611</b>	<b>975</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,586</b>
Land and buildings including buildings on thirdparty land	1,526	59	0	1	0	1,586
Machinery	3,192	307	10	376	0	3,865
Other plant and equipment	1,451	293	17	48	-9	1,766
Advance payments and construction in progress	621	5,881	0	-425	0	6,077
<b>Total property, plant and equipment</b>	<b>6,790</b>	<b>6,540</b>	<b>27</b>	<b>0</b>	<b>-9</b>	<b>13,294</b>
<b>Accumulated depreciation, amortization and impairment</b>						
Development costs	0	81	0	0	0	81
Software and industrial property rights	372	140	0	0	0	512
<b>Total intangible assets</b>	<b>372</b>	<b>221</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>593</b>
Land and buildings including buildings on thirdparty land	200	44	0	0	0	244
Machinery	1,453	601	8	0	0	2,046
Other plant and equipment	674	248	0	0	-5	917
Advance payments and construction in progress	0	104	0	0	0	104
<b>Total property, plant and equipment</b>	<b>2,327</b>	<b>998</b>	<b>8</b>	<b>0</b>	<b>-5</b>	<b>3,311</b>
<b>Net carrying amounts</b>						
Development costs	0					766
Software and industrial property rights	239					227
<b>Total intangible assets</b>	<b>239</b>					<b>993</b>
Land and buildings including buildings on thirdparty land	1,326					1,342
Machinery	1,739					1,819
Other plant and equipment	777					849
Advance payments and construction in progress	621					5,973
<b>Total property, plant and equipment</b>	<b>4,463</b>					<b>9,983</b>

## Notes ...

### Intangible Assets

In the fiscal year 2008/09, expenses for research and development amounted to €4,337 thousand (prior year: €3,335 thousand), of which development costs for camera housings, electronics and software projects in the amount of €770 thousand (prior year: €847 thousand) were capitalized. The capitalized development costs comprise all costs directly attributable to the development process. Grants amounting to €56 thousand were deducted from assets for development costs. The grants were in the form of two low-interest-Sachanlagen innovation loans. In the fiscal year 2008/09, amortization expenses amounted to €156 thousand. The development projects are amortized on a straightline basis over a period of three years.

### Property, Plant And Equipment

The item "land and buildings on third-party land" primarily includes the new construction of the production and administrative buildings at the Company's location in Langmeil.

The item "machinery" mainly includes capitalized costs for tools. The tools are physically located at the Company's suppliers. In addition, the item comprises in particular IT equipment, electronic laboratory appliances, testing equipment, and production facilities.

The item "operating and office equipment" primarily consists of fittings for trade fairs, furniture and fixtures as well as operating equipment and production facilities.

The additions to property, plant and equipment mainly relate to the construction of the new production building. This project entails total capital expenditure of roughly €14,000 thousand and was completed with the exception of the extension building in December 2008. The extension building was completed in June 2009.

The Ministry of Economics, Transport, Agriculture and Viticulture of Rheinland-Pfalz (Rhineland-Palatinate) has approved an investment grant in the amount of €2,443 thousand for MOBOTIX AG pursuant to the notice of subsidy allocation dated September 8, 2008. MOBOTIX AG has received as of June 30, 2009 a subsidy allocation in the amount of €2,166 thousand. On June 30, 2009, a subsidy entitlement of €277 thousand was capitalized for outstanding subsidy allocation. The capitalized grant was deducted from noncurrent assets pursuant to IAS 20.27.

#### (14) Investments Accounted For Using The Equity Method

Investments accounted for using the equity method amounted to €0 thousand (June 30, 2008: €32 thousand) and consist of the shareholding in the associate MOBOTIX AG, Freienbach, Switzerland. An impairment loss was recognized for the full amount of the investments and the shares were written down to fair value.

The annual financial statements of MOBOTIX AG, Freienbach, Switzerland were not yet available on the date of preparation of the consolidated financial statements of MOBOTIX AG, so that no additional disclosures can be made concerning financial indicators.

#### (15) Inventories

Inventories are composed of the following:

EUR '000s	2008/09	2007/08
Raw materials and supplies	2,427	1,785
Finished goods	1,378	1,453
Work in progress	1,980	1,139
Advance payments	65	26
<b>Total</b>	<b>5,851</b>	<b>4,402</b>

The inventories of raw materials and supplies consist of products that were purchased from other companies and integrated into the Company's own products or further processed

otherwise, i.e. in particular printed circuit boards, housings, and sensors.

Work in progress relates to the inventory of pre-fabricated components and cameras in production as of the balance sheet date.

Finished goods mainly relate to finished cameras and accessories.

In the fiscal year 2008/09, the Company recognized write-downs to the lower net realizable value.

The carrying amount of inventories shown at net realizable value is €31 thousand (prior year: €110 thousand). Write-downs to net realizable value amounted to €1,066 thousand (June prior year: €518 thousand), of which €480 thousand (prior year: €308 thousand) related to raw materials and supplies, €109 thousand (prior year: €0 thousand) to work in progress, and €477 thousand (prior year: €210 thousand) to finished goods.

#### (16) Trade Receivables

The inherent default risk associated with trade receivables is monitored and limited by the Management Board based on clearly defined requirements. Impairment losses, which are based on the individual default risk, existed in the amount of €317 thousand (June 30, 2008: €53 thousand).

# Consolidated Financial Statements

## Notes ...

As in the previous years, all trade receivables had terms of less than one year. The market values of trade receivables largely correspond to their carrying amounts.

Trade receivables include receivables from the associate MOBOTIX AG, Freienbach, Switzerland, totaling €203 thousand (June 30, 2008: €189 thousand). A valuation allowance of €125 thousand was recognized on the receivables due from MOBOTIX AG, Freienbach, Switzerland.

EUR '000s	June 30, 2009	June 30, 2008
Trade receivables, gross	5,328	4,730
Specific valuation allowances	-317	-53
<b>Total</b>	<b>5,011</b>	<b>4,677</b>

The balance of the specific valuation allowances changed as follows in the fiscal years 2008/09 and 2007/08:

EUR '000s	Specific valuation allowances
<b>Balance as of July 1, 2007</b>	<b>56</b>
Exchange differences	-1
Reversals	-32
Utilization	-7
Additions	37
<b>Balance as of June 30, 2008 / July 1, 2008</b>	<b>53</b>
Exchange differences	-1
Reversals	-10
Utilization	-27
Additions	302
<b>Balance as of June 30, 2009</b>	<b>317</b>

As of June 30, 2009 and 2008, the maturity structure of trade receivables and receivables from associates was as follows (all amounts in EUR thousand):

### Trade receivables / receivables from associates

EUR '000s	June 30, 2009	June 30, 2008
<b>Carrying amount</b>	<b>5,011</b>	<b>4,677</b>
neither impaired nor past due	4,024	3,633
not impaired, past due in the following time bands		
< 31 days	785	750
31-90 days	162	276
91-180 days	15	18
> 181 days	25	0
Receivables subject to impairment (gross)	320	60

No circumstances exist that suggest that trade receivables that are neither impaired nor past due and trade receivables that are not impaired but past due will not be paid as contractually agreed by the relevant debtors. Specific valuation allowances are recognized after a detailed analysis of individual cases based on the customer's creditworthiness.



### (17) Other Assets

Other assets are composed of the following:

EUR '000s	June 30, 2009	June 30, 2008
Other securities (other money market investments)	0	1,499
Loans granted	230	430
Investment grant	277	0
Claims for damages	143	0
VAT receivables	788	125
Receivables from employees	31	6
Creditors with debit balances	88	10
Rent deposits	50	49
Other items	1,087	181
<b>Total</b>	<b>2,694</b>	<b>2,301</b>

As in the previous years, all other assets had terms of less than one year. The market value of the other assets largely corresponds to their carrying amount.

### (18) Cash And Cash Equivalents

Cash includes cash on hand, balances with banks, and term deposits with a maturity of up to six months.

EUR '000s	June 30, 2009	June 30, 2008
Cash on hand	4	6
Bank balances	8,639	3,149
Term deposits	1,500	7,320
<b>Total</b>	<b>10,142</b>	<b>10,475</b>

### (19) Prepaid Expenses

Prepaid expenses primarily include accrued expenses for prepaid rent and special lease payments.

EUR '000s	June 30, 2009	June 30, 2008
Prepaid rent for production building	133	151
Trade fair costs	106	120
Other	212	165
<b>Total</b>	<b>451</b>	<b>436</b>

The prepaid rent for the production building in Kaiserslautern is reported on an accrual basis and is divided into a long-term and a short-term portion.

## Notes ...

### (20) Equity

**Subscribed capital** corresponds to the share capital of MOBOTIX AG as of the relevant balance sheet date.

As of the balance sheet date, the Company had 4,423,814 common shares (June 30, 2008: 4,423,814). The no-par value shares have a proportional interest in the share capital of €1.00 per share. The share capital is fully paid in.

The Management Board is authorized, subject to the consent of the Supervisory Board, to increase the Company's share capital on one or more occasions between January 1, 2008 and November 30, 2011 by up to a total of €1,273 thousand by issuing up to 1,272,544 new no-par value bearer shares against cash contributions or contributions in kind (authorized capital).

The **capital reserve** consists of share premiums of various capital increases.

**Accumulated other comprehensive income** includes the differences from currency translation recognized directly in equity.

The **profit or loss carried forward** comprises the accrued, retained profits.

In October 2008, dividends amounting to €2,212 thousand were paid out. This corresponds to a dividend of EUR 0.50 per share.

### Capital Management

Capital management at the MOBOTIX Group focuses on long-term capital appreciation for the benefit of shareholders, employees, and customers. The main objective of this approach is to generate high profitability and high growth rates. Capital management also focuses on the participation of shareholders in the successful development of the company by using an appropriate dividend policy.

MOBOTIX AG is not subject to statutory capital requirements.

### (21) Tax Provisions

The tax provisions of €2,199 thousand (June 30, 2008: €2,453 thousand) include provisions for municipal trade tax, corporation tax, and the solidarity surcharge for 2008 and 2009.

## (22) Other Provisions

In accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets," provisions are recognized for legal and constructive obligations as a result of past events when the outflow of resources required to settle the obligation is probable and can be reliably estimated.

Provisions for warranties are recognized for warranty obligations specified by law in connection with the Company's products. Recognition of provisions for warranties is based on historical experience. We expect utilization of the provisions for warranties to occur within the next two years according to the legal warranty obligations.

<b>EUR '000s</b>	<b>Balance as of July 1, 2008</b>	<b>Utilization</b>	<b>Additions</b>	<b>Balance as of June 30, 2009</b>
Warranties	78	40	71	109
Other	45	35	45	55
<b>Other provisions</b>	<b>123</b>	<b>75</b>	<b>116</b>	<b>164</b>

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## Notes ...

### (23) Financial Liabilities

The liabilities to banks have the following terms to maturity:

EUR '000s	Balance as of June 30, 2009	Up to 1 year	1 to 5 years	More than 5 years
Loan from Deutsche Bank	3,616	450	1,800	1,366
Loan from Commerzbank	2,570	120	480	1,970
Promissory note loan from Commerzbank	2,000	0	2,000	0
Loan from Sparkasse Donnersberg	823	44	178	601
Loan from Kreissparkasse Kaiserslautern	100	100	0	0
<b>Total</b>	<b>9,109</b>	<b>714</b>	<b>4,458</b>	<b>3,937</b>

EUR '000s	Balance as of June 30, 2008	Up to 1 year	1 to 5 years	More than 5 years
Loan from Deutsche Bank	4,022	489	1,800	1,733
Promissory note loan from Commerzbank	2,000	0	2,000	0
Loan from Sparkasse Donnersberg	845	0	200	645
Loan from Kreissparkasse Kaiserslautern	200	100	100	0
<b>Total</b>	<b>7,067</b>	<b>589</b>	<b>4,100</b>	<b>2,378</b>

The term of the Commerzbank promissory note loan ends on December 15, 2010 and bears interest at the rate of 5.65% per annum.

The redemption payments for the loan from Kreissparkasse Kaiserslautern amount to €100 thousand per year. The loan bears interest at the rate of 5.4% per annum.

The loan from Sparkasse Donnersberg in the amount of €845 thousand has a term of 20 years and was intended to be used for the purchase of land for the new company site. The loan bears interest at the rate of 5.5% per annum.

The loans from Investitions- und Strukturbank (ISB) Rheinland-Pfalz GmbH in the amount of €2,000 thousand and from KfW Bankengruppe (KfW) in the amount of €2,500 thousand, both of which were extended by Deutsche Bank, have a term of ten years each and are intended to be used to finance the construction of the new production building. The loans are promotional loans and bear effective interest rates of 4.19% (ISB) and 4.55% (KfW), respectively. In order to determine the fair value of the loans, we used a reference interest rate of 5.5% for discounting purposes. The promotional contributions included in the loans in the amount of €258 thousand were offset against property, plant and equipment.

In fiscal year 2008/09, the Company took out two new loans. These are innovation loans totaling €3,000 thousand broken down into an outside capital tranche of €1,200 thousand and an equity tranche of €1,800 thousand from KfW Bankengruppe (KfW), which were extended by Commerzbank. The loans have a term of 10 years each and are intended to be used to finance development costs. The loans are promotional loans and bear effective interest rates of 2.35% and 3.25% respectively.

In order to determine the fair value of the loans, we used a reference interest rate of 3.6% and 5.6%, respectively for discounting purposes. €56 thousand of the promotional contributions included in the loans in the amount of €430 thousand was offset against capitalized development costs and €374 thousand was received and recognized in profit and loss.

The loan from Deutsche Bank, the loan from Sparkasse Donnersberg and the loan from Commerzbank (outside capital tranche) are secured by way of registered land charges on the production and administrative building in Langmeil, Germany. The registered land charges in the amount of €1,200 thousand had not been registered in the land registry as of the balance sheet date. The carrying amount of the collateral property amounts to €13,470 thousand as of the balance sheet date.

The fair value of the liabilities to banks largely corresponds to their carrying amount.



# Consolidated Financial Statements

## Notes ...

The following table shows the contractually agreed (undiscounted) interest and principal payments of nonderivative financial liabilities:

	Carrying amount	Cashflows							
	June 30, 2009	2010	2011-2013	2014-2018	2019 ff.				
EUR '000s		Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal
Non-current liabilities to banks	8,394	346 0	696 3,843	634 4,172	131 1,143				
Current liabilities to banks	714	24 714							
Trade payables	2,498	2,498							
Other non-interest-bearing liabilities	1,507	1,507							

	Carrying amount	Cashflows							
	June 30, 2008	2009	2010-2012	2013-2017	2018 ff.				
EUR '000s		Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal	Interest Principal
Non-current liabilities to banks	6,478	308 0	675 3,450	509 2,250	482 1,195				
Current liabilities to banks	589	13 589							
Trade payables	1,905	1,905							
Other non-interest-bearing liabilities	902	902							

The following table shows the classification of the individual assets and liabilities to the measurement categories in accordance with IAS 39 and the classes in accordance with IFRS 7:

	Measurement category in accordance with IAS 39	Carrying amount as of June 30, 2009	Class in accordance with IFRS 7
<b>Asset</b>			
Cash and cash equivalents	n.a.	10,142	Cash
Trade receivables	LaR	5,011	Trade receivables
Other financial assets			
Loans to shareholders	LaR	230	Other financial assets
Miscellaneous financial assets	LaR	634	Other financial assets
<b>Liabilities</b>			
Non-current liabilities to banks	FLAC	8,394	Liabilities to banks
Current liabilities to banks	FLAC	714	Liabilities to banks
Trade payables	FLAC	2,498	Trade payables
Other financial liabilities			
Liabilities from wages and salaries	FLAC	1,237	Other financial assets
Miscellaneous other financial liabilities	FLAC	270	Other financial assets

*LaR: loans and receivables*

*FLAC: financial liabilities measured at amortised cost*

# Consolidated Financial Statements

## Notes ...

	Measurement category in accordance with IAS 39	Carrying amount as of June 30, 2008	Class in accordance with IFRS 7
<b>Asset</b>			
Cash and cash equivalents	n.a.	10,475	Cash
Trade receivables	LaR	4,677	Trade receivables
Other financial assets			
Loans to shareholders	LaR	430	Other financial assets
Securities	LaR	1,499	Other financial assets
Miscellaneous financial assets	LaR	41	Other financial assets
<b>Liabilities</b>			
Non-current liabilities to banks	FLAC	6,478	Liabilities to banks
Current liabilities to banks	FLAC	589	Liabilities to banks
Trade payables	FLAC	1,905	Trade payables
Other financial liabilities			
Liabilities from wages and salaries	FLAC	1,109	Other financial assets
Miscellaneous other financial liabilities	FLAC	116	Other financial assets

*LaR: loans and receivables*

*FLAC: financial liabilities measured at amortised cost*

The fair values of cash, trade receivables, trade payables as well as other financial assets and liabilities correspond to their carrying amounts. The maximum exposure to credit risk corresponds to the carrying amounts. The measurement of trade receivables led to a net loss of €298 thousand in the “loans and receivables” category.

### Management Of Financial Risks

The MOBOTIX Group is subject to various financial risks as a result of its business model. The control and limitation of these risks is ensured through risk management, which pursues a central currency and liquidity management approach. The main financial decisions are directly made by the Management Board.

Financial risks mainly consist of currency risks, liquidity risks, interest rate risks, and credit risks.

Liquidity management is based on short-term rolling liquidity forecasts as well as on medium and long-term integrated planning of results of operations, net assets, and financial position. In view of the large liquidity position and the high creditworthiness of the Group, there are currently no material liquidity risks. Excess liquidity is invested in risk-free, fixed-income financial instruments, especially overnight deposits. Financings directly connected with the financing of the new location are collateralized through land charges. There is no further collateral provided for existing financial liabilities.

Invoices are denominated in EUR, with the exception of product sales in the U.S. This

means that the currency risk is directly borne by the customers of MOBOTIX AG and does not lead to exchange losses at MOBOTIX AG. Accordingly, currency risks exist primarily in connection with the U.S. operations. Currency risks are hedged, in some cases due to in essence closed positions, where values or cash flows from receivables from MOBOTIX CORP and from the purchase of goods in the U.S. dollar zone match in terms of timing and amount. However, the positive cash flow from U.S. operations currently exceeds the purchase requirements of MOBOTIX AG in the U.S. dollar zone as a result of the positive business trend in the U.S. We have not yet decided to use derivatives for reasons of volume.

The interest rate risk to which MOBOTIX AG is exposed is currently insignificant. Existing third-party financing was acquired at fixed interest rates. The weighted average nominal interest rate of the loans is 3.9% (June 30, 2008: 4.4%).

The credit risk of non-derivative financial instruments is managed through an active receivables management, including dunning and collection processes. Credit terms are granted according to uniform guidelines

# Consolidated Financial Statements

## Notes ...

applicable throughout the Group on a very restrictive basis, taking into account appropriate assessments of the relevant customers' creditworthiness. New customers in foreign countries are generally required to make advance payments for their first orders.

### Trade payables

As in the previous years, trade payables had terms of less than one year.

The market values of trade payables largely correspond to their carrying amounts.

### (24) Other liabilities

As in the previous years, the other liabilities had terms of less than one year. The market value of the other liabilities largely corresponds to their carrying amount.

EUR '000s	June 30, 2009	June 30, 2008
Liabilities from wages and salaries	658	510
Bonuses and commissions	579	599
Liabilities from wage and church tax	0	5
Debtors with credit balances	54	76
Remuneration of the Supervisory Board	50	40
Liabilities for social security	25	70
Advance payments received	28	19
Other	166	187
<b>Total</b>	<b>1,560</b>	<b>1,506</b>



## 7. Other Disclosures

### Contingencies

As in the previous year, there were no contingencies in the year under review.

#### (25) Other Financial Obligations

The other financial obligations relate to purchase obligations under supply agreements (June 30, 2009: €3,965 thousand; prior year: €4,185 thousand) and obligations from rental and lease agreements (June 30, 2009: €1,467 thousand; June 30, 2008: €1,610 thousand).

The agreements have terms of up to seven years and are partly subject to renewal options. The main portion (June 30, 2009: €1,234 thousand; June 30, 2008: €1,414 thousand) of the other financial obligations results from the lease in relation to the production building at Luxemburger Strasse 6 in Kaiserslautern. The minimum term of the lease agreement expires on May 1, 2016. The vehicle leases include mileage-based contingent rents.

Within the framework of the rental and lease agreements, payments in the amount of €570 thousand (2007/08: €579 thousand) were recognized as an expense in the fiscal year under review. Contingent rents did not have to be paid in the year under review.

The sum of future minimum lease payments from non-cancelable rental agreements and operating leases by maturity is as follows:

EUR '000s	June 30, 2009	June 30, 2008
<b>Maturity</b>		
up to 1 year	319	442
from 1 year to 5 years	817	804
more than 5 years	331	364
<b>Total</b>	<b>1,467</b>	<b>1,610</b>

### Contingencies

The contractual relationship with the general contractor for the new building in Langmeil was terminated extraordinarily before completion. In the meantime, the general contractor has submitted his final invoice in the amount of €2,262 thousand (net). MOBOTIX disputes this invoice, as counterclaims from contractual penalties, defects and deficiencies are present in at least the same amount. Court proceedings are not pending at the present time. According to the Management Board's risk assessment, the situation was taken into account in the financial statements by recognizing an asset in property, plant and equipment and carrying a corresponding liability. Consequently, no cash outflow arose from the unrecognized final payment.

## Notes ...

### Auditor's Fees

The following expenses were incurred for the auditors of MOBOTIX AG, KPMG AG Wirtschaftsprüfungsgesellschaft, in accordance with section 314 (1) number 9 of HGB (German Commercial Code):

<b>Fees</b>	<b>2008/09 EUR '000s</b>	<b>2007/08 EUR '000s</b>
<b>Audit of financial statements</b>		
From provisions	50	45
<b>Other audit services</b>		
Invoiced	24	187
<b>Total</b>	<b>74</b>	<b>232</b>

### Related Party Disclosures

In accordance with IAS 24 "Related party disclosures," relations with persons or companies that control MOBOTIX AG or are subject to control by MOBOTIX AG have to be disclosed unless such parties are already included in the consolidated financial statements as a consolidated company. Control is deemed to exist when a shareholder holds more than one half of the voting power of MOBOTIX AG or has the power to direct, by statute or agreement, the financial and operating policies of the management of MOBOTIX AG or its subsidiaries.

Disclosure is also required, in accordance with IAS 24 "Related party disclosures," of transactions with associates as well as transactions with persons who exercise significant influence over MOBOTIX AG or its subsidiaries in making financial and operating decisions, including close family members or intermediate companies. Significant influence over the financial and operating policies of MOBOTIX AG may result from a shareholding in MOBOTIX AG of 20% or more, or from the membership in the Management Board or Supervisory Board of MOBOTIX AG or in the executive boards of one of its subsidiaries.

Dr. Ralf Hinkel, Chairman of the Management Board and shareholder, and the Company as tenant signed a rental agreement for office and warehouse premises in Höringen, Germany on July 30, 1999. The tenancy began on July 1, 1999 and, in accordance with the contract, was terminated as of June 30, 2009. €18 thousand was paid for outstanding maintenance activities.

The existing loan granted to Dr. Hinkel as of November 6, 2007 was renewed in the amount of €230 thousand on June 17, 2009. The original term of the loan agreement expired on June 29, 2009. The term of the loan ends on June 29, 2010 and bears interest at the rate of 3.5% per annum.

Ulrich Putsch is a member of the Supervisory Board and, at the same time, a shareholder of Putsch GmbH & Co. KG, which has concluded a rental agreement with MOBOTIX AG as the tenant for warehouse space in Kaiserslautern via KEIPER GmbH & Co. KG. The tenancy began on January 1, 2007 and was initially concluded for a period of twelve months. The agreement may be terminated upon one month's notice to the end of the month. The annual gross rent (not including utilities, service costs, etc.) amounts to €40 thousand. The tenancy was terminated as of March 31, 2009.

Revenue in a total amount of €744 thousand (2007/08: €628 thousand) was generated from the sale of finished goods to the associate MOBOTIX AG, Freienbach, Switzerland. These transactions resulted in receivables from MOBOTIX AG, Freienbach, Switzerland, of €202 thousand as of June 30, 2009 (June 30, 2008: €189 thousand). A valuation allowance of €125

thousand was recognized on the receivables as of June 30, 2009. The payment terms are in line with the usual payment terms applicable for transactions with third parties. The receivables are settled through payment of cash.

MOBOTIX AG has not entered into any further material transactions with persons or companies that exercise a significant influence over the Company in making financial and operating decisions, including their close family members.

All related party transactions, without exception, can be allocated to the Company's ordinary activities.

#### Shareholdings Of Members Of Executive Bodies

	Number of shares June 30, 2009	Share in subscribed capital in%
<b>Management Board</b>		
Dr. Ralf Hinkel (CEO)	2,218,134	50.14
Lutz Coelen (CFO)	14,200	0.32
Horst Pfiffi (CTO until June 30, 2009)	17,210	0.39
<b>Supervisory Board</b>		
Dr. Thomas Hoch (Chairman)	1,000	0.02
Prof. Dr. Rainer Gerten	20,800	0.47
Ulrich Putsch	0	0.00

## Notes ...

Ulrich Putsch is a family member related to the shareholder Andreas Putsch, who holds approx. 9.91% of the share capital of MOBOTIX AG.

### **Remuneration Of The Members Of The Supervisory Board**

Each member of the Supervisory Board receives fixed annual remuneration of €10,000 for his or her work. The Chairman of the Supervisory Board receives twice this amount.

### **Remuneration Of The Members Of The Management Board**

The remuneration of the members of the Management Board amounted to €1,281 thousand (2007/08: €1,227 thousand) and consists entirely of short-term benefits to members of the Management Board.

Pursuant to the shareholders' resolution of October 6, 2008, no individualized disclosure of the remuneration and other promised or received benefits of the members of the Management Board will be made in the annual financial statements and the consolidated financial statements for fiscal years 2008/09 through 2012/13 but no longer than until October 6, 2013.

The bonus for one fiscal year will be paid only in the following fiscal year upon the approval of the financial statements for the past fiscal year. The bonus for the fiscal year 2008/09 is expected to amount to €650 thousand. Bonuses paid for the previous year amounted to €400 thousand. Starting with fiscal year 2009/10, Dr. Ralf Hinkel will voluntarily forgo 2% of his bonus entitlement.

In the case of disability due to ill health or accident, the remuneration of the members of the Management Board will continue to be paid for a period of six months unless the employment contract ends earlier.

In addition, the members of the Management Board are given a luxury-class car commensurate with their position, which they may use for business and private travel. The Management Board members shall pay taxes incurred for the non-cash benefits from the private use of the company car. The company car has to be returned to the Company upon the end of the relevant employment contract.

In addition, the Company has taken out accident insurance policies for each member of the Management Board for the period of the

employment contracts to cover occupational and private accidents. The amount covered for Mr. Coelen and Mr. Pfiffi is €250,000 each and for Dr. Hinkel €2.5 million. The sum payable upon death amounts to €500,000 each for Mr. Coelen and Mr. Pfiffi, and €2.5 million for Dr. Hinkel. Either the relevant member of the Management Board or the legal heirs are entitled to the insurance benefits. The Company has also provided the members of the Management Board with directors' and officers' (D&O) insurance, for which there is no deductible. Any wage taxes payable for the insurance premiums are paid by the relevant members of the Management Board.

#### **Corporate Governance Code**

The Declaration of Compliance as required by section 161 of the Stock Corporation Act was issued by the Management Board and the Supervisory Board for the last time on June 25, 2009 for the previous 12-month-period. A summary of the Company's corporate governance practices can be found in the annual report and on the website ([www.mobotix.com](http://www.mobotix.com)). The declaration of compliance has been made permanently available on the Company's website (in German only).

#### **Notes To The Cash Flow Statement**

The cash flow statement was prepared in accordance with IAS 7 "Cash Flow Statements." The cash flows from operating activities, investing activities, and financing activities are stated separately. The cash flows from investing activities and financing activities are determined on the basis of payments, while the cash flows from operating activities are derived using the indirect method.

Cash and cash equivalents include balances with banks and cash on hand. Cash and cash equivalents are not subject to any restrictions.

# Consolidated Financial Statements

## Notes ...

### Segment Report For The Period From July 1, 2008 To June 30, 2009

Revenue by product line is broken down as follows:

Revenue in EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
Fixed Cams	24,064	21,966
Dome Cams	18,335	11,549
Other	2,499	1,798
<b>Total</b>	<b>44,898</b>	<b>35,313</b>

Revenue by region is broken down as follows:

Revenue in EUR '000s	July 1, 2008- June 30, 2009	July 1, 2007- June 30, 2008
Germany	14,201	13,316
Rest of Europe	20,051	14,087
Other	10,646	7,911
<b>Total</b>	<b>44,898</b>	<b>35,313</b>

In accordance with IFRS 8 "Operating Segments," the definition of the segments is based on the Company's internal reporting structure. At MOBOTIX AG, these segments are primarily defined by region, but also by product category. The regions represent the basis for corporate planning and allocation of resources.

The control of the MOBOTIX Group is based on revenue in view of the individual segments due to the internal structures and the size of the Company. Profitability ratios and performance-based statements are only made on

the level of the entire company. The Company's product categories are broken down as detailed below:

#### Fixed Cams

The fixed cams category includes the M12, M22 and V12 models.

The M12 is usually equipped with two image sensors and a passive infrared sensor. This camera series also comes with a microphone and a speaker for audio communication. If there is no DSL connection, the M12 can be easily connected to the Internet via its inte-



grated ISDN connection that can be used to transmit data over the Internet and to forward voice messages and alarm alerts, for example, to telephones. IP telephony based on the VoIP SIP standard is also available directly from the camera. Various camera modules can be used so that a wide-angle lens can be combined with a telephoto lens. The M12 Day/Night model is equipped with a light-sensitive black-and-white sensor for use at night and a color sensor that provides sharp color images in daylight. Switching between lenses is purely electronic without need of mechanical parts.

MOBOTIX DualNight M12



The M22 is the mono version of the M12 and, with the exception of the passive infrared sensor and ISDN connection, features all the functionality of the M12. Audio communication is also available via the integrated microphone and speaker. All telephony functionality is based on the VoIP SIP standard.

The V12 vandalism-protected camera has been specially designed for use in locations

at a high risk of vandalism, such as prisons, and is encased in a housing made from 3mm-thick stainless steel. It is also protected by a 6mm-thick cover and is triangular in shape so that it can be mounted in the corner of a room and fixed in place using heavy-duty dowels. To illuminate the room when it is dark the V12 is equipped with integrated, remote-controlled IR lighting with 20 infrared LEDs.

### Dome Cams



MOBOTIX MonoDomeD22

The dome cams category includes the D12, D22 and Q24 models.

The D12 is a dome camera that features two manually adjustable modules. It is based on the same hardware as the M12, although unlike the M12, its camera modules can be individually positioned in any direction when mounted. This makes it possible, for example, to position a wide-angle lens in one direction and a telephoto lens in another direction. If super-wide-angle lenses each covering a 90-degree horizontal viewing angle are used

## Notes ...

in both camera modules, the camera can monitor an area with a 180 degree panorama view. The software integrated into the camera enables the two generated images either to be shown separately or to be combined into a single image.

The D22 is a dome camera that features a manually adjustable module and offers all the software functionality of the other camera series. Although it is not equipped with an infrared sensor, microphone or speaker, these can be externally retrofitted. In locations with a high risk of vandalism, the already robust D22 models can be given extra protection in the form of the optional Vandalism Set, which includes a 3mm-thick polycarbonate dome and an additional stainless steel cover.

MOBOTIX Hemispheric Q24M



The Q24 model is an ultra-compact IP-Dome camera that features a 360° allround view. The camera line allows a hemispherical allround view for complete room coverage, digital, continuous zooming and panning as well as

event-driven complete room recording directly in the camera. In addition, the camera features all the software functionality of the other camera series. The speaker and microphone are integrated into the camera. The range of accessories includes, for example, a vandalism housing and an in-ceiling set.

### Other

MOBOTIX offers the appropriate accessories for all camera series to enable the cameras to be properly mounted and to protect their cables and leads. Various installation kits for mounting cameras on surfaces and walls or integrating them into suspended ceilings are supplied for each model. MOBOTIX AG also generates a small amount of revenue from training seminars.

Internal reports are submitted to the Management Board. Only revenue is reported for each product category and region.

Intersegment revenue is not netted.

No single customer generates more than 10% of total revenue.



reddot design award  
honourable mention 2009



## Notes ...

### Executive Bodies

#### Management Board Of MOBOTIX AG

Dr. Ralf Hinkel, Graduate in Computer Sciences, Höringen (CEO)

Lutz Coelen, Graduate in Business Administration, Herrsching am Ammersee (CFO/CSO)

Horst Pfiffi, Graduate Engineer, Queidersbach (CTO), until June 30, 2009

Klaus Borchers, Hardware Developer, Otterbach (CTO), since July 16, 2009

#### Members Of The Supervisory Board Of MOBOTIX AG

Dr. Thomas Hoch, Graduate in Business Informatics, Executive, Dreieich-Sprendlingen (Chairman)

Ulrich Putsch, Graduate Engineer, Rockenhausen

Prof. Dr. Rainer Gerten, Graduate in Computer Sciences, Professor, Neuhofen

### Significant Events After The Balance Sheet Date

No events of any significance occurred after the end of fiscal year 2008/09.

Langmeil, August 03, 2009

The Management Board



Dr. Ralf Hinkel • CEO MOBOTIX AG



Lutz Coelen • CFO/CSO MOBOTIX AG



Klaus Borchers • CTO MOBOTIX AG

# ... And Responsibility Statement

## Responsibility Statement

To the best of our knowledge, we hereby affirm that, pursuant to the generally accepted accounting principles for the annual reporting, the financial statements give a true and fair view of the net assets, financial position and the results of operations of the Group, that the Annual Report presents the development of the Group's business, including its performance and situation, in such a way that it is a true and fair reflection, and that it describes the major risks and opportunities inherent in the development of the Company during the next financial year.

Langmeil, August 3, 2009

The Management Board



Dr. Ralf Hinkel • CEO MOBOTIX AG



Lutz Coelen • CFO/CSO MOBOTIX AG



Klaus Borchers • CTO MOBOTIX AG

## Independent Auditors' Report ...

### **Independent Auditors' Report (Consolidated Financial Statements)**

We have audited the consolidated financial statements prepared by the MOBOTIX AG, comprising the balance sheet, the income statement, statement of changes in equity, cashflow statement and the notes to the consolidated financial statements, together with the group management report for the business year from 1 July 2008 to 30 June 2009. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB [Handelsgesetzbuch "German Commercial Code"] are the responsibility of the parent company's management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with § [Article] 317 HGB [Handelsgesetzbuch „German Commercial Code"] and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public

Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and group management report. We believe that our audit provides a reasonable basis for our opinion.



Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs, as adopted by the EU, the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group's position and suitably presents the opportunities and risks of future development.

Saarbrücken, August 4, 2009

KPMG AG Wirtschaftsprüfungsgesellschaft

Geis-Sändig

Kiener

Auditor

Auditor

## Technical Glossary ...

CCD	Image sensor Charged Coupled Device; a light sensitive hardware component
CIF	Common Intermediate Format, an image compression format
CMOS image sensor	Complementary Metal Oxide Semiconductor - a light sensitive hardware component
CPU	Central Processing Unit
DVR	Digital Video Recorder
Fixdome	Camera without any mechanical moving parts, inside a dome housing
HDTV	High Definition TV
HiRes	High Resolution
IP network	Data network based on Internet protocols
IP standard	Standardized network protocol
JPEG format	A lossy image data format which reduces the file size by compressing the same or similar image content.
LAN	Local Area Network; local network
Control center computer	The computer at a central control center that enables the information supplied by the camera to be handled
Megapixel	Image size of more than 1 million pixels
MPEG format	Video format for creating data streams for streaming images, defined by the Motion Picture Experts Group
SD Card	SD Memory Card (short for Secure Digital Memory Card) is a digital memory device that works according to the principle of flash memory, such as a USB card
TCP/IP protocol	Transmission Control Protocol/Internet Protocol
Video server	Central storage unit for video images or video streams
VoIP	Voice over IP; standard for voice transmission via IP networks

# Financial Glossary ...

EBITDA	Earnings before interest, taxes, depreciation and amortization
EBITDA margin	EBITDA divided by total output multiplied by 100 (the higher the percentage, the higher the financial performance)
EBIT	Earnings before interest and taxes
EBIT margin	EBIT divided by total output multiplied by 100 (the higher the percentage, the higher the financial performance)
Total output	Revenue plus/minus changes in inventories plus other own work capitalized
Gross profit	Total output less cost of materials
Dividend yield	Dividend divided by share price multiplied by 100
Equity-to-assets ratio	Equity as reported on the balance sheet divided by total assets multiplied by 100 (the higher the figure, the lower the debt-to-equity ratio)
Free float	Shares of a public listed company that are freely available to the investing public
Market capitalization	Number of shares multiplied by share price

## Disclaimer ...

### Disclaimer

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This financial report contains MOBOTIX AG statements and information which relate to future periods. Such future-oriented statements may be recognised from wording such as plan, expect, intend, endeavour, will, estimate, assume, aim at or similar such terms. Statements of this kind have been made on the basis of current circumstances and current expectations and may differ considerably from the actual development both to positive and negative effect. The following factors, amongst others, may give rise to uncertainties: changes to the overall economic situation both nationally and internationally, changes to the underlying political situation, the introduction of new products or technologies by other companies, changes to investment activities in the customer markets important to MOBOTIX AG, changes to exchange rates and interest rates, integration of acquired companies along with other factors. MOBOTIX AG does not accept any obligation over and above existing legal obligations to correct or update future-oriented statements.

**This is an English translation of the German original. Only the German version is binding. The financial reports from MOBOTIX AG are available as pdf files on the homepage ([www.mobotix.com](http://www.mobotix.com)).**

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# ... Financial Calendar And Contact

## Financial Calendar 2009/10

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Annual general meeting 2008/09 in Winnweiler-Langmeil	September 30, 2009
Analyst presentation, German Equity Forum (Deutsche Börse AG)	November 10, 2009
Report on the first three months of fiscal year 2009/10 (German Equity Forum)	November 10, 2009
Report on the first six months of fiscal year 2009/10	February 10, 2010
Report on the first nine months of fiscal year 2009/10	May 12, 2010
Annual general meeting 2009/10 in Winnweiler-Langmeil	October 2010

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## Contact Details

### Lutz Coelen

CFO and CSO

Phone: +49 (0) 6302 9816 111

Fax: +49 (0) 6302 9816 190

E-mail: [Lutz.Coelen@mobotix.com](mailto:Lutz.Coelen@mobotix.com)

### MOBOTIX AG

Investor Relations

Kaiserstrasse

67722 Langmeil

E-mail: [investor@mobotix.com](mailto:investor@mobotix.com)

### Ariane Oltmanns

Investor Relations Manager

Telefon: +49 (0) 6302 9816 111

Fax: +49 (0) 6302 9816 190

E-Mail: [Ariane.Oltmanns@mobotix.com](mailto:Ariane.Oltmanns@mobotix.com)



# MOBOTIX best stock exchange newcomer in 2007

Kaiserslautern, 19 December 2007. 2007 has been a rather mixed year for stock exchange newcomers. Of the 29 stock exchange debuts with a stock issuing volume of more than 10 million euros, only six had share prices higher at the close of trading on 18 December than at the time of the IPO.

## Design experts honour MOBOTIX Hemispheric Camera Q22 in the red dot award: product design 2009

In one of the most renowned and hardest international design competitions, the red dot design award, the Hemispheric Camera Q22 by MOBOTIX has just received an honourable mention from the top-class expert jury. With 3,231 products submitted to the competition, the product clearly stands out from the masses, because the design experts awarded 194 honours for distinguished design details. The festive awards presentation with more than 1,000 guests will take place in the Essen Opera House, the Aalto Theatre, on 29 June 2009.



reddot design award  
honourable mention 2009

# MOBOTIX in American

Jackson High School in Cleveland, Ohio, replaced its old log surveillance system by a high-resolution surveillance solution based on MOBOTIX cameras, the free MxControlCenter and bidirectional VoIP offering unmatched image quality and recorded video streams.

For difficulties identifying events and events with our old clips that are extremely improvement in image

## MOBOTIX Sales Growth



of 23.6 million EUR and an EBITDA of 4.9 million EUR in the fiscal year of 2006/2007. The increase in revenue corresponds to a 52% increase compared to the previous fiscal year. The EBITDA margin has increased to more than 18%.

## Equips Network with 3-Megapixel

# MOBOTIX at Abu Dhabi International Airport

The project at the Abu Dhabi International Airport is an impressive demonstration of excellence in video surveillance software. MOBOTIX IP video technology has been chosen because of its unmatched performance, storage requirements and scalability. The highlights of the project include object detection, centralized fail-safe recording and secure offsite storage.

## MOBOTIX Stocks track the Stock Market

As of today, MOBOTIX AG stocks are publicly traded in the Entry Standard at Frankfurt Stock Exchange (Open Market) under the ISIN DE0005218309. MOBOTIX AG, a world-leading manufacturer of digital, high-resolution and network-based video security systems, reports sales of EUR 15.19 million in the first half year (1 July to 31 December).

# New Q24M impresses with double frame rate

The Q24M impresses with a double frame rate, a distortion-corrected 180° panorama view and integrated video storage.



New York, USA, June 10, 2009. Mobotix, a manufacturer of complete high-resolution IP camera systems, presents the new Q24M camera which replaces the new Q22M. Features include a more powerful processor and an optimized image sensor which doubles the image resolution to 3.1 megapixel at a rate of 25 frames per second. The camera is a surveillance solution at the stadium in Paris.

## Surveil Stad Parc

# "sail2horizons" - MOBOTIX Cameras Sail Twice Around The World, Non-Stop

Bernt Luchtenborg, a former building contractor from Brake in Germany, has some big ideas: To sail around the world, twice, alone and without setting foot on land - he calls his project sail2Horizons.



As if sailing around the world twice was not ambitious enough, after the first circumnavigation ("sailing with the wind, as a warm-up," as he flippantly refers to it), he plans to turn around and sail against the prevailing wind for a second round. Of course, for such a daring mission, he needs a very special boat.

Luchtenborg has chosen a 23-year-old aluminum yacht custom designed by Horst Glaser.

will being implemented with capabilities.

# MOBOTIX Group reports strong growth despite global crisis

Kaiserslautern, May 13, 2009. MOBOTIX AG (ISIN DE0005218309), at the forefront of technology as system provider of digital high-resolution network-based video security systems, reports the results for the first nine months of fiscal year 2008/09, ending on March 31, 2009.

The MOBOTIX Group (IFRS consolidated statements) has, despite the global financial crisis, reached a sales growth of approx. 37% in the first nine months of fiscal year 2008/09, resulting in sales of € 32.5m (previous year: € 23.8m) and, thus significantly increased its global market share.

The group EBITDA reached € 7.9m (previous year: € 4.9m), resulting in an EBITDA margin of 23.4% (previous year: 19.2%). With an EBIT of € 6.9m (previous year: € 4.0m), the EBIT margin could be increased to 20.5%.

## ControlCenter

2007, MOBOTIX of network cameras born, Germany, will present its control center software at booth C33 in h. Center is equipped with everything able to operate network cameras analog PTZ cameras made by Bosch using a joystick. The software is being used successfully at Kaiserslautern soccer stadium since 2007. ControlCenter is available worldwide.

## Work Around the Globe

East, United States - MOBOTIX has presented its IP network cameras at the GDSF, the Global Digital Surveillance Forum in Shanghai, at the end of August and at GITEX in Dubai, the third largest IT expo worldwide at the end of September.

## MOBOTIX decides

after more than a year of examination, the company's new location at near Autobahn A63 between Würzburg and Mainz. MOBOTIX AG is planning to expand its production facilities by approximately 10,000 square meters.

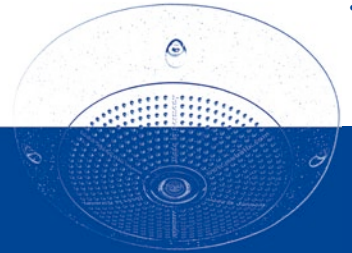




**MOBOTIX AG**  
**Security-Vision-Systems**  
**Kaiserstrasse**  
**D-67722 Langmeil, Germany**  
**Tel.: +49 (6302) 9816-111**  
**Fax: +49 (6302) 9816-190**  
**E-Mail: [investor@mobotix.com](mailto:investor@mobotix.com)**  
**[www.mobotix.com](http://www.mobotix.com)**



Security-Vision-Systems



... the HiRes Video Company

**MOBOTIX AG**  
**Security-Vision-Systems**  
**Kaiserstrasse**  
**D-67722 Langmeil, Germany**  
**Tel: +49-6302-9816-0**  
**Fax: +49-6302-9816-190**  
**E-Mail: [info@mobotix.com](mailto:info@mobotix.com)**  
**[www.mobotix.com](http://www.mobotix.com)**