







Uster Technologies Ltd | Interim Report June 30, 2008







Gross Sales

in CHF 1,000

Jun 08		93,343
2007		186,666
Jun 07		95,760
2006		163,900
2005		143,651
2004		140,961






EBITA

in CHF 1,000

Jun 08		28,649
2007		52,384
Jun 07		27,108
2006		46,193
2005		30,729
2004		29,205

Net Result

in CHF 1,000

Jun 08		13,072
2007		3,587
Jun 07		5,771
2006		29,957
2005		18,391
2004		-777

Free Cash Flow

in CHF 1,000







Jun 08		16,181
2007		37,084
Jun 07		5,955
2006		45,348
2005		32,997
2004		25,724

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Uster Group – Operational Review

In the first half of the financial year 2008, the Uster Group delivered strong margins and an improved net result on the basis of stable sales. In a challenging market environment, gross sales were maintained at the previous year's high level and reached CHF 93.3 million (June 30, 2007: CHF 95.8 million). EBITA as of June 30, 2008, increased to CHF 28.6 million (June 30, 2007: CHF 27.1 million), with an EBITA margin of 30.7% (June 30, 2007: 28.3%) exceeding the previous year high level and demonstrating its sustainability. It also reflects the Company's low cost base and flexible business model. The net result at CHF 13.1 million was up 126.5% on the previous year. This significant improvement is mainly due to a generally lower cost level, the lack of goodwill impairment as well as a decrease in interest expenses following the refinancing after the IPO.

Business Fundamentals Remain Solid

In the first half of 2008, Uster Technologies further built on its key strengths in order to expand its leading market position. In the cotton classing business, the Company successfully completed new contracts with the United States Department of Agriculture (USDA) and the China Fiber Inspection Bureau (CFIB) securing business for 2008. In the laboratory yarn and fiber testing business, the Group improved its sales level, driven by ongoing need of textile producers to reduce costs and improve quality. In the yarn clearer business, Uster Technologies confirms its market leadership with stable retrofit sales. Despite these encouraging achievements, the overall economic business environment and the situation in the textile machinery market has deteriorated to an unexpected level. In the view of a declining OEM market to the extent of up to 30-40%, Uster Technologies managed to significantly reduce the relevant impact on its sales proving its excellent market position and profound understanding of its clients' specific needs. After-sales services also remained below expectations due to the difficult economic environment. Nevertheless, the Group further extended its product offering for the Chinese market and maintained its R&D spending at a high level as the Company invests in the future development of its business.

Price Increases in Cotton Support Quality Testing Business

In the first half of 2008, cotton prices further increased, underpinning the growing need of Uster Technologies' customers to perform an assessment of the quality of the raw material they purchase. Adequate quality of cotton has therefore become a priority in order not only to resist the pressure on margins in the commodity end of the market, but also due to a high raw material price environment. Today, the purchase costs of raw material constitute approximately 60% of the costs of spinners and weavers.

Increased cotton prices as well as other factors, such as the softening economic conditions, resulted in a significant downswing of the textile production machinery market. Whereas Uster Technologies' business is impacted by the smaller number of new machines delivered to the market, the slowdown does not affect the Company to the same extent. In fact, demand for testing systems increased due to the ongoing quality improvements required from textile manufacturers. Especially for manufacturers in the fast growing Chinese market, quality management is a key competitive advantage and a way to satisfy increasingly demanding markets, as it allows them to secure future growth opportunities.

Nevertheless, Uster Technologies sees pressure on new sales in the OEM segment, which accounts for approximately 40% of total sales. Spinning mills face the combined challenges of higher cotton prices, over-supply of yarn and stronger currencies, which squeezes their investments in new machinery. Whilst the impact is particularly severe for manufacturers of commodity products, the majority of Uster Technologies' customers benefit from focusing on product quality improvements and process efficiency, as it allows them to supply higher value-added products and optimize margins.

India and China Continue to Be Top Performing Markets

The key markets, such as India and China, as well as other parts of South East Asia continued to be the top-performing territories. Asian customers keep investing in testing and measuring systems, including both off-line laboratory testing systems and on-line yarn clearers. Turkey and Pakistan, however, remain at low levels due to adverse economic and political factors. Whilst sales in the Asian markets contributed 61.9% to total gross sales (June 30, 2007: 59.1%), Europe and North America generated 27.0% and 11.1% of total sales respectively (June 30, 2007: 29.1% and 11.8% respectively). This development reflects the ongoing shift of textile production to lower-cost locations, especially to Asia. In addition, it mirrors the Group's focus on rapid expansion in the Chinese market by increasing its product offering targeted at the mid-market segment supporting the Group's further expansion into the fast growing Chinese local market.

Product Offering Addresses Increasing Quality Demand

Sales in all product areas continued to achieve high levels. In the cotton classing business, the USTER® *HVI 1000* classing system is on target, specially supported by the confirmed demand from the China Fiber Inspection Bureau (CFIB) and the United States Department of Agriculture (USDA). The Company remains strongly positioned in this important area, where still only 50% of the world's cotton is classified using instrumentation.

Fiber and yarn testing equipment profited from the increasing demand, primarily by Asian manufacturers, in testing and measuring systems. In addition the USTER® *TESTER 5* laboratory yarn testing system with fancy yarn analysis, launched in 2007, supported sales in the high-value segment. It enables manufactures to produce fabrics with distinctive visual effects such as for example the nowadays highly fashionable denim jeans.

The USTER® *QUANTUM* clearer maintained its market-leading position with OEM partners and continued to deliver a strong sales contribution even though below the expected level. The USTER® *QUANTUM* clearer retrofit business was maintained at a good level, with an increasing amount of customers upgrading existing equipment.

High Investments in New Growth Opportunities

In the first half of 2008, expenses for research and development amounted to CHF 10.4 million corresponding to 11.1% of gross sales (June 30, 2007: CHF 9.1 million; 9.5%). Uster Technologies increased its R&D spending and continued to invest in the development of its business. The core product developed by the Technology Center in Suzhou, the USTER® *TESTER ME 100* launched in 2007, was well-received in the mid-market in China. At the upcoming ITMA Asia in Shanghai in July, the Company will introduce a new 'entry-level' HVI system for the mid-market segment, thereby increasing the product portfolio for this important growing market.

Leadership Training as Vital Success Factor

On the operational side, Uster Technologies proceeded with the implementation of SAP in its China operations as well as with simplifying the legal structure of its operating companies in China. In addition, the first phase of Leadership Training for the Group's 'high potential' staff was completed in the first quarter involving 35 employees from the Uster Group companies around the world. With the establishment and continuation of this employee training program as an integrated part of its corporate culture, Uster Technologies recognizes that investing in the development of its key people is an important factor for the Company's future success.

Outlook: Uster's Business is Different

For the full year 2008, Uster Technologies expects to deliver strong results despite the very challenging market environment. The management sees continued demand for improved quality in textile products driven by the expectations of consumers in the West and the burgeoning middle-classes in Asia. The underlying challenges to textile producers remain unchanged as they strive to improve their operations:

- Ongoing move from commodity products with low margins to higher value-added products for improved margins;
- Consequently addressing the need for improvements in quality demanded by their customers;
- Continuous update of their testing equipment and machinery in order to maintain their competitive positions.

All of these factors support sustained sales of yarn and fiber testing systems.

Looking forward, additional investments in cotton classing systems will be maintained and the Group continues developing new business opportunities in other cotton growing regions yet to establish instrument-based classing, for example in India. Furthermore, the execution of the plans in place for market expansion into the growing mid-segment in China continues, evidenced by the launch of new products in the second half of the year. The Company also continuously expands and strengthens its presence in the Asian market.

However, the Group has to recognize the difficult economic and market conditions affecting markets worldwide. But Uster Technologies does not expect to suffer the significant declines in sales that have been reported by textile machinery producers, as Uster Technologies' business is different. Barring any further unexpected deterioration in the overall economic and political

situations, Uster Technologies expects gross sales for the full year 2008 slightly below the high level of last year. EBITA margin for the full financial year is expected to be maintained at the previously communicated high level of 26–28% of total sales, primarily due to planned marketing and R&D costs in the second half of the year. The net result is expected to increase significantly compared with the previous year, mainly driven by the lack of non-recurring items in connection with the IPO in 2007. The Company will remain strongly cash generative allowing further deleveraging of the balance sheet and payment of a dividend of 30–50% of the net result as previously communicated.

Uster Group – Additional Comments to the Interim Condensed Consolidated Financial Statements

Income Statement Improvements Due to Lower Costs and the Lack of Goodwill Impairment

EBITA increased by 5.7% to CHF 28.6 million or 30.7% of gross sales (June 30, 2007: CHF 27.1 million or 28.3% of gross sales). Cost of goods sold as well as overhead costs were generally on a lower level than in the first six months of 2007. Additionally, no goodwill impairment was deemed necessary as of June 30, 2008, whereas a goodwill impairment of CHF 3.4 million was recognized as of June 30, 2007.

The finance result was halved as of June 30, 2008, to CHF -3.6 million, mainly due to the decreased indebtedness of the Group following the October 2007 IPO and the lower interest expense.

Tax expense as a percentage of earnings before tax amounted to 24.9% as of June 30, 2008 (June 30, 2007: 35.2%). The main factors for the higher tax rate as per June 30, 2007, compared to June 30, 2008, were the goodwill impairment and the interest on the shareholder loans, which were not tax deductible and therefore had a negative tax impact.

Further Strengthened Balance Sheet

Total assets as of June 30, 2008, amounted to CHF 433.4 million, an increase of CHF 1.3 million compared to December 31, 2007. At the end of June 2008, non-current assets were CHF 7.7 million below the year-end 2007 level, mainly due to the amortization of intangibles. Current assets were above year-end level by CHF 9.0 million due to a higher amount of outstanding accounts receivable trade and a higher cash balance. Shareholders' equity increased from CHF 158.6 million at the end of 2007 to CHF 166.3 million as of June 30, 2008. This represents an equity ratio of 38.4% (December 31, 2007: 36.7%). Non-current liabilities declined to CHF 226.4 million or 52.2% of total assets (December 31, 2007: CHF 231.3 million or 53.5% of total assets) mainly due to the voluntary repayment of bank loans in the amount of CHF 5.0 million made in June 2008. As of June 30, 2008, current liabilities dropped by CHF 1.4 million to CHF 40.7 million compared to December 31, 2007.

Stable Cash Flow

The cash inflow from operating activities amounted to CHF 17.8 million (June 30, 2007: CHF 8.0 million). This improvement was mainly due to lower working capital requirements and a higher profit for the first six months. The cash outflow from investing activities was CHF 1.5 million slightly below CHF 2.0 million as of June 30, 2007. The cash outflow from financing activities closed at CHF 12.9 million with cash outflows of CHF 4.0 million for interest payments (June 30, 2007: CHF 6.1 million) and a dividend paid by way of nominal value reduction amounting to CHF 3.9 million (June 30, 2007: nil). Free cash flow increased substantially to CHF 16.2 million (June 30, 2007: 6.0 million).

Uster Group – Interim Condensed Consolidated Financial Statements

Interim Consolidated Balance Sheet

in CHF 1,000	Notes	Unaudited Jun 30, 2008	Restated Dec 31, 2007
Intangible assets	5	356,610	364,129
Property, plant and equipment	6	6,872	6,957
Financial assets		199	182
Pension fund asset	14	17,152	16,981 ¹⁾
Deferred tax assets		2,632	2,940
Non-current assets		383,465	391,189
Inventories	7	16,744	15,893
Receivables trade		21,734	16,203
Other receivables		2,390	2,615
Income tax receivables		816	774
Cash and cash equivalents		8,203	5,383
Current assets		49,887	40,868
Assets		433,352	432,057
Share capital		61,664	65,600
Share premium		78,647	78,647
Other reserves		100	4
Currency translation differences		-2,425	-968
Retained earnings		28,287	15,311 ¹⁾
Shareholders' equity	8	166,273	158,594
Bank loans	9	164,093	168,795
Provisions	10	2,471	2,057
Deferred tax liabilities		59,800	60,457 ¹⁾
Non-current liabilities		226,364	231,309
Bank loans	9	10,000	10,000
Derivative financial instruments		38	218
Trade and other liabilities		10,759	12,705
Accrued liabilities		12,410	15,561
Provisions	10	1,706	2,200
Income tax liabilities		5,802	1,470
Current liabilities		40,715	42,154
Liabilities		267,079	273,463
Shareholders' equity and liabilities		433,352	432,057

¹⁾ Restatement of prior year figures due to application of IFRIC 14 (see note 14).

Interim Consolidated Income Statement

in CHF 1,000	Notes	Unaudited Jan 1 – Jun 30, 2008	Restated Jan 1 – Jun 30, 2007
Gross sales		93,343	95,760
Sales deductions		-1,932	-1,631
Net sales		91,411	94,129
Cost of goods sold		-35,236	-38,617 ¹⁾
Gross profit		56,175	55,512
Marketing and sales expenses		-10,336	-11,630 ¹⁾
Research and development expenses		-10,369	-9,094 ¹⁾
Management and administrative expenses		-6,965	-7,856 ¹⁾
Other income		180	98
Other expenses	11	-7,673	-10,906
Earnings before interest and tax (EBIT)		21,012	16,124
Finance income		1,105	2,995
Finance expenses		-4,708	-10,218
Finance result	12	-3,603	-7,223
Earnings before tax		17,409	8,901
Income tax	13	-4,337	-3,130 ¹⁾
Net result		13,072	5,771
Earnings per share (in CHF)			
Basic / Diluted earnings per share		1.99	1.27 ¹⁾

¹⁾ Restatement of prior year figures due to application of IFRIC 14 (see note 14).

Interim Consolidated Statement of Changes in Equity

in CHF 1,000	Share Capital	Share Premium	Other Reserves	Currency Translation Differences	Retained Earnings	2007
Balance at January 1 (audited)	45,600	0	0	0	-862	44,738
Restatement due to IFRIC 14 ¹⁾	0	0	0	0	12,590	12,590
Balance at January 1 (restated)	45,600	0	0	0	11,728	57,328
Currency translation differences	0	0	0	119	0	119
Total income and expense for the period recognized directly in equity	0	0	0	119	0	119
Net result ¹⁾	0	0	0	0	5,771	5,771
Total income and expense for the period	0	0	0	119	5,771	5,890
Allocation to statutory reserves	0	0	3	0	-3	0
Balance at June 30 (restated)	45,600	0	3	119	17,496	63,218
in CHF 1,000	Share Capital	Share Premium	Other Reserves	Currency Translation Differences	Retained Earnings	2008
Balance at January 1 (audited)	65,600	78,647	4	-968	2,066	145,349
Restatement due to IFRIC 14 ¹⁾	0	0	0	0	13,245	13,245
Balance at January 1 (restated)	65,600	78,647	4	-968	15,311	158,594
Currency translation differences	0	0	0	-1,457	0	-1,457
Total income and expense for the period recognized directly in equity	0	0	0	-1,457	0	-1,457
Net result	0	0	0	0	13,072	13,072
Total income and expense for the period	0	0	0	-1,457	13,072	11,615
Dividend ²⁾	-3,936	0	0	0	0	-3,936
Allocation to statutory reserves	0	0	96	0	-96	0
Balance at June 30 (unaudited)	61,664	78,647	100	-2,425	28,287	166,273

¹⁾ Restatement of prior year figures due to application of IFRIC 14 (see note 14).

²⁾ The dividend has been paid by way of a nominal value reduction.

For details to the shareholders' equity refer to note 8 Share Capital and Reserves.

Interim Consolidated Cash Flow Statement

in CHF 1,000	Notes	Unaudited Jan 1 – Jun 30, 2008	Restated Jan 1 – Jun 30, 2007
Earnings before tax		17,409	8,901 ¹⁾
Adjustments for			
Depreciation property, plant and equipment		961	956
Amortization intangible assets		7,637	7,624
Impairment of goodwill	11	0	3,360
Provisions	10	-67	508
Finance result	12	3,603	7,223
Gain on sale of intangible assets and property, plant and equipment		-4	0
		29,539	28,572
Change in			
Inventories		-1,437	-1,493
Receivables trade		-5,805	-13,813
Other receivables		525	1,809
Trade and other liabilities		-1,694	-3,692
Accrued liabilities		-2,819	-2,326
Change in working capital		-11,230	-19,515
Income taxes paid		-537	-1,024
Cash flow from operating activities		17,772	8,033
Acquisition of subsidiaries, net of cash acquired		0	-353
Increase in pension fund asset	14	-171	-397 ¹⁾
Purchase of intangible assets		-120	-311
Purchase of property, plant and equipment		-1,302	-1,039
Purchase of financial assets		-29	-83
Disposal of property, plant and equipment		27	0
Disposal of financial assets		4	105
Interest received		120	36
Cash flow from investing activities		-1,471	-2,042
Repayment of bank loans	9	-5,000	-4,800
Arrangement fees on bank loans		0	-237
Nominal value reduction	8	-3,936	0
Interest paid		-3,998	-6,085
Cash flow from financing activities		-12,934	-11,122
Net change in cash and cash equivalents		3,367	-5,131
Cash and cash equivalents at beginning of period		5,383	8,393
Exchange differences on cash and cash equivalents		-547	-36
Cash and cash equivalents at end of period		8,203	3,226

¹⁾ Restatement of prior year figures due to application of IFRIC 14 (see note 14).

Uster Group – Notes to the Interim Condensed Consolidated Financial Statements

1 Corporate Information

Uster Technologies Ltd (“the Company”) and its subsidiaries (together “the Group”) are the world’s market leader in textile quality controlling and provide systems and services that enable the industry to manufacture optimum quality and competitive products “from fiber to fabric”.

The Group has a long history as the leader in textile electronics. For more than 60 years, the testing and monitoring solutions have enabled the production of the finest fibers, yarns and fabrics.

Uster Technologies Ltd is domiciled in Switzerland. The address of its registered office is Wilstrasse 11, CH-8610 Uster, Switzerland.

The shares of Uster Technologies Ltd are listed on the main segment of SWX Swiss Exchange since October 19, 2007.

2 Basis of Preparation of the Interim Condensed Consolidated Financial Statements

2.1 Statement of Compliance

The interim condensed consolidated financial statements of the Uster Group as of June 30, 2008, have been prepared in accordance with IAS 34 Interim Financial Reporting. The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s annual financial statements as of December 31, 2007.

The interim condensed consolidated financial statements of the Uster Group for the six months ended June 30, 2008, were authorized for issue in accordance with a resolution of the Board of Directors on July 10, 2008.

2.2 Significant Accounting Judgments and Estimates

In the process of preparing the interim condensed consolidated financial statements as of June 30, 2008, the Executive Committee of the Uster Group has to make judgments, assumptions and estimations that affect the reported amounts of assets, liabilities, income and expenses. These estimates are reviewed on a regular basis and are based on past experience as well as assumptions about the future that currently seem to be reasonable. The actual results, however, could differ from these estimates.

The judgments, assumptions and estimations made for the interim condensed consolidated financial statements as of June 30, 2008, correspond to those mentioned in the Group’s annual financial statements as of December 31, 2007.

3 Summary of Significant Accounting Policies

3.1 Changes in Accounting Policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2007, except for the adoption of new standards and interpretations stated below:

IFRIC 11: IFRS 2 – Group and Treasury Share Transactions

This interpretation requires a share-based payment arrangement in which an entity receives goods or services as consideration for its own equity instruments to be accounted for as an equity-settled share-based payment transaction even if the entity buys the equity instruments from another party or the shareholders provide the equity instruments needed. This interpretation did not have any effect on the financial position or performance of the Group.

IFRIC 12: Service Concession Arrangements

This interpretation provides guidance on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. This interpretation did not have any effect on the financial position or performance of the Group.

IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions

This interpretation clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact on the minimum funding requirements on such assets. It also addresses when a minimum funding requirement might give rise to a liability. The adoption of this interpretation led to an initial adjustment (restatement) with a net impact on retained earnings of CHF 12.6 million as of January 1, 2007 (for further information see note 14).

3.2 Basis of Consolidation

The interim condensed consolidated financial statements comprise the financial statements of Uster Technologies Ltd and all its subsidiaries for the six months ended June 30, 2008, and 2007, respectively.

There were no changes in the scope of consolidation during the first six months of 2008.

4 Segment Reporting

Based on risks and rates of return the Management considers that the primary reporting format is by business segment. The Management thinks that there is only one business segment as the origin and type of risks of the different product lines are practically identical. There are very few differences between production processes. Therefore the disclosures for the primary segment have already been given in these interim condensed consolidated financial statements.

5 Intangible Assets

The impairment testing of goodwill and intangible assets with indefinite useful lives will be done in November as soon as the plan figures necessary for the cash flow projections are available. As of June 30, 2008, there was no indication for an impairment of goodwill or other intangible assets.

6 Property, Plant and Equipment

During the six months ended June 30, 2008, the Group acquired assets with a cost of CHF 1.3 million (June 30, 2007: CHF 1.0 million).

Assets with a net book value of CHF 23,000 were disposed of by the Group during the six months ended June 30, 2008 (June 30, 2007: nil), resulting in a net gain on disposal of CHF 4,000.

7 Inventories

The amount of write-down of inventories recognized as an expense in the income statement during the six months ended June 30, 2008, amounted to CHF -1.1 million (June 30, 2007: CHF -0.3 million) and is included in the income statement in cost of goods sold.

8 Share Capital and Reserves

8.1 Share Capital

Ordinary Share Capital

The ordinary share capital of Uster Technologies Ltd as of June 30, 2008, amounted to CHF 61.7 million and was fully paid up. It consisted of 6,560,000 registered shares with a nominal value of CHF 9.40 each (December 31, 2007: share capital of CHF 65.6 million and 6,560,000 shares with a nominal value of CHF 10 each).

Authorized and Conditional Share Capital

Due to the nominal value reduction described under “Dividends” below, the authorized share capital as of June 30, 2008, amounted to CHF 8.9 million (December 31, 2007: CHF 9.5 million). The conditional share capital amounted to CHF 3.0 million (December 31, 2007: CHF 3.2 million).

8.2 Dividends

The holders of registered shares are entitled to dividends and to one vote per share at the Shareholders’ meetings of Uster Technologies Ltd.

On June 13, 2008, a nominal value reduction of CHF 0.60 per share or CHF 3.9 million in total was paid out to the shareholders instead of a dividend (2007: nil).

9 Bank Loans

As of June 30, 2008, Uster Technologies Ltd made a voluntary repayment of Facility B amounting to CHF 5.0 million (June 30, 2007: Scheduled repayment of CHF 4.8 million).

Additionally, CHF 15.0 million of the available committed revolving facilities have been cancelled as they have never been drawn. It has been replaced by a credit line of CHF 10.0 million that is cancelable any time. The Group did not use this credit line as of June 30, 2008.

10 Provisions

Provisions include a provision for non-income tax related tax exposures that has been established based on a review carried out by an external consulting firm. The amount provided for is supported by an according quantification of the risk. Due to the lapse of time and the decline of the risk CHF 0.3 million of this provision was released during the first six months of 2008 (June 30, 2007: nil).

11 Other Expenses

As of June 30, 2007, other expenses included an impairment of goodwill amounting to CHF 3.4 million. No impairment has been recognized as of June 30, 2008.

12 Finance Result

Due to the higher indebtedness of the Uster Group before the IPO, finance expenses for the first half of 2007 were CHF 5.5 million higher than for the same period in 2008.

On the other hand, financial income for the first six months of 2008 was CHF 1.9 million lower compared to June 30, 2007. This was to a great extent caused by the lower income from the valuation of the derivative financial instrument (CHF 0.2 million as of June 30, 2008, vs. CHF 2.5 million as of June 30, 2007).

13 Income Tax

The major components of income tax expense in the interim consolidated income statement are as follows:

in CHF 1,000	Jan 1 - Jun 30, 2008	Jan 1 - Jun 30, 2007
Current income taxes	-4,842	-3,346
Current income taxes previous years	-55	1
Non-recoverable withholding taxes	-49	0
Deferred income taxes	609	215 ¹⁾
Total	-4,337	-3,130

¹⁾ Restatement of prior year figures due to application of IFRIC 14 (see note 14).

Tax expense as a percentage of earnings before tax amounted to 24.9% as of June 30, 2008 (June 30, 2007: 35.2%). The main factors for this lower tax rate were:

- The goodwill impairment booked as of June 30, 2007, was not tax deductible and therefore did not have any tax impact;
- Part of the interest on the shareholder loans given to Uster Technologies Ltd before the IPO in 2007 was not fully deductible for tax purposes.

14 Impact of Initial Application of IFRIC 14

The following lines of the financial statements have been affected by the initial application of IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions

Balance Sheet

in CHF 1,000	Dec 31, 2007	Jun 30, 2007	Jan 1, 2007
Pension fund asset	16,981	16,539	16,142
Deferred tax liabilities	3,736	3,639	3,552
Impact on equity	13,245	12,900	12,590

Income Statement

in CHF 1,000	Jan 1 – Dec 31, 2007	Jan 1 – Jun 30, 2007
Net result (audited / reviewed)	2,932	5,461
Impact of IFRIC 14		
Cost of goods sold	269	125
Marketing and sales expenses	165	79
Research and development expenses	252	120
Management and administrative expenses	153	73
Income tax	-184	-87
Total	655	310
Net result (restated)	3,587	5,771
Basic / Diluted earnings per share (audited / reviewed)	0.59	1.20
Basic / Diluted earnings per share (restated)	0.72	1.27

Information for Investors

Shareholding Structure

The structure of the shareholders entered in the share register as of June 30, 2008, was as follows:

Shares		Shareholders		Shares
1-100	311	33.9%	21,500	0.3%
101-1,000	509	55.5%	187,348	2.9%
1,001-10,000	64	7.0%	180,110	2.7%
10,001-100,000	28	3.1%	1,212,218	18.4%
100,001-1,000,000	4	0.4%	948,364	14.5%
> 1,000,000	1	0.1%	2,358,377	36.0%
Not registered			1,652,083	25.2%
Total	917	100.0%	6,560,000	100.0%

Important Dates

Publication of annual results 2008	March 2, 2009
Media and analyst conference	March 2, 2009
Last day for inscription into the share register before the Shareholders' meeting 2009	March 18, 2009
Shareholders' meeting 2009	March 24, 2009
Dividend payment	March 27, 2009
Semi-annual results 2009	July 20, 2009

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Key Figures

in CHF 1,000

	Jun 30, 2008	2007	Jun 30, 2007	2006 ¹⁾	2006 ²⁾
Balance sheet					
Assets	433,352	432,057	454,490	437,090	139,195
Non-current assets	383,465	391,189	399,229	392,967	99,543
as % of total assets	88.5%	90.5%	87.8%	89.9%	71.5%
Current assets	49,887	40,868	55,261	44,123	39,652
as % of total assets	11.5%	9.5%	12.2%	10.1%	28.5%
Equity	166,273	158,594	63,218	44,738	51,545
as % of total assets	38.4%	36.7%	13.9%	10.2%	37.0%
Liabilities	267,079	273,463	391,272	392,352	87,650
as % of total assets	61.6%	63.3%	86.1%	89.8%	63.0%
Non-current liabilities	226,364	231,309	344,286	342,121	53,143
as % of total assets	52.2%	53.5%	75.8%	78.3%	38.2%
Current liabilities	40,715	42,154	46,986	50,231	34,507
as % of total assets	9.4%	9.8%	10.3%	11.5%	24.8%
Net debt	165,890	173,412	284,335	280,488	37,115
Income statement					
Gross sales	93,343	186,666	95,760	0	163,900
Gross profit	56,175	107,367	55,512	0	99,086
as % of gross sales	60.2%	57.5%	58.0%	n/a	60.5%
Marketing and sales expenses	-10,336	-21,433	-11,630	0	-21,390
as % of gross sales	-11.1%	-11.5%	-12.1%	n/a	-13.1%
Research and development expenses	-10,369	-18,645	-9,094	0	-15,313
as % of gross sales	-11.1%	-10.0%	-9.5%	n/a	-9.3%
Management and administrative expenses	-6,965	-15,930	-7,856	-40	-16,699
as % of gross sales	-7.5%	-8.5%	-8.2%	n/a	-10.2%
EBITDA	29,610	54,339	28,064	-40	48,305
as % of gross sales	31.7%	29.1%	29.3%	n/a	29.5%
EBITA	28,649	52,384	27,108	-40	46,193
as % of gross sales	30.7%	28.1%	28.3%	n/a	28.2%
Net result	13,072	3,587	5,771	-416	29,957
as % of gross sales	14.0%	1.9%	6.0%	n/a	18.3%
as % of equity	7.9%	2.3%	9.1%	n/a	58.1%
Cash flow statement					
Free cash flow ³⁾	16,181	37,084	5,955	-284,142	45,348
Employees					
Number of employees (FTE)	534	529	519	490	490

¹⁾ Consolidated figures of Uster Technologies Ltd (formerly Hercules Holding Ltd) after acquisition.

²⁾ Consolidated figures of Uster Technologies Ltd before acquisition.

³⁾ Defined as cash flow from operating activities plus cash flow from investing activities excl. interest received.

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