

Uster Technologies Ltd | Interim Report June 30, 2009

Achievements in the First Half 2009

- EBITA margin maintained at high level of 26.3% in a challenging market environment.
- Positive net result despite low sales level underlining the Company's proactive and effective cost management.
- Acquisition of Zweigle product range adding to USTER®'s laboratory yarn testing offering.
- Business for HVI cotton classing systems by the China Fiber Inspection Bureau (CFIB) continues to grow with expansion of testing facilities.
- Launch of a further new mid-range system for testing cotton fiber and yarn properties.
- Strong direct presence in major territories ensures continued market and industry leadership.
- Uster Group well positioned to participate in the economic upswing once markets recover.

Gross Sales

in CHF 1,000

Jun 09		50,100
2008		154,893
Jun 08		93,343
2007		186,666
Jun 07		95,760
2006		163,900

EBITA

in CHF 1,000
in percent of gross sales

Jun 09		26.3%	13,152
2008		22.1%	34,168
Jun 08		30.7%	28,649
2007		28.1%	52,384
Jun 07		28.3%	27,108
2006		28.2%	46,193

Net Result

in CHF 1,000
in percent of gross sales

Jun 09		1.6%	780
2008		3.4%	5,316
Jun 08		14.0%	13,072
2007		1.9%	3,587
Jun 07		6.0%	5,771
2006		18.3%	29,957

Free Cash Flow

in CHF 1,000

Jun 09		-922
2008		29,409
Jun 08		16,181
2007		37,084
Jun 07		5,955
2006		45,348

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Foreword

Dear Fellow Shareholder

In the first half of the 2009 financial year, Uster Technologies Ltd faced a continuously challenging market environment, that impacted business activities. In view of the current market conditions, we are satisfied with the Company's ability to respond to the impact of the declining overall textile machinery cycle whilst maintaining EBITA margin on the strong level of 26.3%. We are even more proud of the Group's ability to further deliver a net profit despite lower sales levels. The high EBITA margin underlines the Company's operational flexibility to rapidly develop Group-wide measures to adapt operations and cost structure to actual market demand.

Following the fast slowdown of business in the second half of 2008, business continued at low levels in the first quarter 2009. However, towards the end of the reporting period, signs of market stabilization indicated that the steep drop in demand is bottoming out. Nevertheless, business activities stayed low due to postponed investment decisions of textile machinery manufacturers who, whilst waiting for positive signs of recovery, reduced their inventories built during the peak of 2007 and early 2008. In addition, credit and trade financing remain challenging in the aftermath of the credit crunch and the collapse of the banking system in 2008.

Whilst focusing on our operational duties, in particular expanding and strengthening our product lines by continued high investments in R&D, we seize and evaluate opportunities to add to our product and service offering. As a first outcome, our efforts resulted in the acquisition of Zweigle's laboratory yarn testing product portfolio, thus strengthening USTER®'s position in this segment. Looking forward, we will continue to watch out for attractive businesses with the potential to increase the added value our products provide to our customers thereby optimizing their production efficiency, minimizing waste and reducing their costs.

Robust Chinese Market and Reduced Yarn Oversupply

Consensus among many of the players in the global textile industry is that the rapid decline seen in the second half of 2008 has now reached the bottom and has stabilized at a lower level. All of them now are waiting for positive economic indicators before committing to a prediction of the exact timing of the recovery.

Nevertheless, there are some indicators that allow us to assume markets will pick up and business conditions will stabilize:

- The China market continues to develop backed by the minimal exposure of the Chinese financial system to subprime. Even though at a lower level than in previous years, funding for investments is still available in this region. In addition, government stimulus packages encourage investments in sustainable quality improvements that contribute to the countries' economic wealth.



Max-Ulrich Zellweger, Geoffrey Scott

- Yarn producers report that inventories are now returning to “normal levels” and that excess yarn stocks have reduced. Consequently, demand for new yarn production is expected to pick up renewing the interest in measuring system investments as the demand for quality remains a key priority for textile manufacturers in order to secure and grow their businesses.
- Reduced cotton prices combined with renewed demand for yarn has resulted in an improvement in margins for yarn producers, the so-called conversion margin.

Thanks

We thank all our employees for their strong commitment to our Company, especially as many of them are impacted by reduced working hours designed to temporarily downsize production capacity to current market demand. Remaining fully convinced of the solid business fundamentals and the mid- and long-term perspectives of our operations worldwide, we thank our partners as well as in particular our Shareholders for their trust.

Yours sincerely

A handwritten signature in black ink, appearing to read 'M. Zellweger', written in a cursive style.

Max-Ulrich Zellweger
Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read 'G. Scott', written in a cursive style.

Dr. Geoffrey Scott
Chief Executive Officer

Operational Review and Outlook

In these uncertain times, the entire textile industry value chain suffered from declining consumer spending. The knock-on effects included lower sales of new clothes, furniture and other textile fabrics, and were consequently followed by declining demand of raw material and textile machinery as well as lower investment appetite. In a challenging market environment, Uster Technologies Ltd delivered strong margins on the basis of reduced sales level in the first six months of 2009. Whilst gross sales declined to CHF 50.1 million (H1 2008: CHF 93.3 million, H2 2008: CHF 61.6 million), the Group reached an EBITA of CHF 13.2 million (H1 2008: CHF 28.6 million, H2 2008: CHF 5.5 million after restructuring) keeping the margin on a strong level of 26.3% (H1 2008: 30.7%, H2 2008: 9.0%). The net result amounted to CHF 0.8 million (H1 2008: CHF 13.1 million, H2 2008: CHF -7.8 million).

Relatively Robust Chinese Market

The downward cycle hit all markets; however, the severity of the impact varied from region to region. Whilst business in China remained relatively robust, the mid-Asian markets including India, Turkey, Bangladesh and Pakistan were particularly hard hit. This was primarily the effect of excess inventories, lack of trade financing constraining investments, and economic uncertainty delaying investments. In this region business activities were also affected by the political instability in Pakistan. The result of the recent elections in India is viewed positively with hopes for an improved investment climate in the future.

Overall, sales in the Asian markets contributed 69.0% to total gross sales (H1 2008: 61.9%, H2 2008: 72.6%), Europe and Americas generated 14.7% and 16.3% respectively (H1 2008: 27.0% and 11.1% respectively, H2 2008: 15.1% and 12.3%). The decline in Europe reflects the weak business with the European machinery manufacturers.

Improving Strong Cotton Classing Business

In the cotton classing business, the Company maintained its strong relationship with the China Fiber Inspection Bureau (CFIB). To fulfill their ongoing expansion plans, CFIB placed high levels of orders for USTER® HVI cotton classing systems. In parallel, the Uster Group serviced the United States Department of Agriculture (USDA) delivering a number of classing systems in line with the agency's replacement program for its offices throughout the cotton growing regions in the US. Additional business for the HVI cotton classing systems was secured in other cotton growing regions including Africa and Central Asia.

In the laboratory yarn and fiber testing business, the Group's revenues were impacted by the slow business in India, Turkey and Pakistan whereas sales development in China was relatively stable at lower levels. Thanks to the acquisition of the product range of Zweigle, the Uster Group successfully complemented and further strengthened its position as the world leader and authority in yarn testing and certification. The integration of Zweigle's products allows Uster Technologies Ltd to now offer a complete range of testing instruments to specify the quality characteristics of yarns, enhanced with further important parameters such as yarn twist, friction and hairiness length measurements.

In the yarn clearer business, Uster Technologies Ltd continued to face challenging market conditions, as many of the textile manufacturing machinery suppliers reported a significant decline of orders. Producers with strong market positions in China, however, were able to

maintain orders on satisfying levels, whilst producers predominantly selling to India and the rest of Central Asia were more severely affected. Direct sales to Chinese customers for retrofit improvements to their existing installations increased.

The after-sales service business remained at good levels but also below previous expectations. Nevertheless, the declines in this business are limited by the Group's customers' drive for quality, which enables them to strengthen their business competitiveness.

Evolution of Think Quality Concept and Introduction of USTER® MN100

Within the first six months of 2009, the USTER® marketing specialists further evolved the Think quality concept to demonstrate to customers how to most effectively invest in measuring systems, which allow them to save costs and to optimize their operating efficiency whilst ensuring consistency of quality. The Company also leveraged its strong local presence in China to take this message to customers with the first USTER® University session held in June. This was attended by mill managers and quality managers from leading textile manufacturing operations in China. In addition, the Group was present at the important trade shows ITM in Turkey and Shanghaitex in China in June. At these events the Zweigle products under the USTER® banner were launched. In the second quarter 2009, the Uster Group launched a further new mid-range system for testing cotton fiber properties, the USTER® MN100. In parallel, the new cotton classing system USTER® HVI MF100 introduced in the third quarter 2008 was well received. First-order levels in China indicate that this product is well suited to the needs of the targeted mid-segment customer base. New products under development progress as planned and are expected to be introduced in the second half of 2009 and in 2010.

Reorganization to Meet Current Demand in Place

The operational measures to adjust the cost base of the Group to lower demand, approved by the Board of Directors in November 2008, were fully implemented and are effective as of March 2009. The reorganization program included a reduction of the world-wide workforce by approximately 10% through a combination of early retirements and redundancy programs as well as a short-time work program in Uster. In addition, the focus of a group-wide cost saving program targets at keeping ongoing expenditures to the minimum required whilst maximizing sales opportunities as they arise. The Group's aim is to remain flexible and to continue to adjust its cost structure without delay, in line with changing market conditions.

Ongoing Challenging Market Environment

The second half of 2009 is expected to remain challenging. However, several trends and early market indicators signal a possible bottoming out of the downturn: economic stimulus programs now in place are positively impacting consumer spending in Western and Asian major markets; the relative strengths of the Chinese textile market as well as the reduced yarn oversupply.

In the meantime, the Company's focus remains on strengthening its market position by continuing its high investments in product and market development.

Additional Comments to the Interim Consolidated Financial Statements (condensed)

Summary

In the first six months 2009, Uster Technologies Ltd successfully managed to deliver continued high EBITA margins of 26.3% with stable revenue streams of CHF 50.1 million. Key drivers for this strong EBITA margin are:

- the lean and flexible organizational structure allowing the Company to immediately adjust for revenue up- and downturns;
- significant overhead cost reductions as a result from the restructuring projects initiated in the fourth quarter 2008;
- convincing investment propositions for the entire USTER® product range;
- invoicing with secured payment terms in CHF or USD for the majority of the products reducing exchange rate gains/losses and receivables defaults to a minimum.

On the basis of the impressive EBITA performance, along with favorable interest rates compared to 2008, the net result reached a positive CHF 0.8 million.

Strong Income Statement Despite Significant Lower Sales

Gross sales for the first half 2009 amounted to CHF 50.1 million, a decrease of 46.3% compared to the prior-year figure of CHF 93.3 million for the first half and 18.6% compared to the second half 2008 which was at CHF 61.6 million. The low level of gross sales in the first half 2009 is a result of the current difficult market environment. Whereas sales of online products to textile machinery customers followed the textile market trend and dropped further, the sales of off-line fiber and yarn laboratory equipment and the after-sales services were sustained at comparable levels generated in the second half 2008. The sales of classing products to governmental organizations increased well above the levels reached in the second half 2008.

The EBITA margin increased from 9.0% in the second half of 2008 to 26.3%.

R&D expenses were kept at 10.1% of gross sales (2008: 12.8%), confirming the Company's focus on the development of new value-added products, systems and features for the textile industry.

Balance Sheet

The balance sheet total as of June 30, 2009, amounted to CHF 412.5 million (December 31, 2008: CHF 409.8 million). The increase of CHF 2.7 million was mainly driven by the increase of receivables trade due to USDA and CFIB shipments in late second quarter 2009 (assets) and the increase in equity and the loan withdrawal (liabilities). Shareholder's equity increased by CHF 1.0 million compared to December 31, 2008, resulting into a strong equity ratio of 38.9% (2008: 38.9%).

The latest impairment test, performed in the fourth quarter 2008, was based on recent market developments, realistic internal assumptions and external input on key parameters. There is no indication that any of the key assumptions has significantly changed since then.

The bank loans with a maturity date in 2012 have been fully served and all loan covenants in the first half 2009 were met. A loan withdrawal of CHF 5.0 million was used for short term financing to finance the one-time restructuring measures implemented in the first half of 2009 and for additional trade financing activities to respond to the current economic situation.

Impacted Free Cash Flow and Low Capital Expenditure

The free cash flow was impacted by the one-time restructuring costs paid out in the first half 2009 and by the high amount of accounts receivables due to the USDA and CFIB shipments in the second quarter 2009.

The cash flow from investing activities of CHF -0.6 million decreased by CHF 1.4 million compared to CHF -2.0 million in the second half 2008.

Interim Consolidated Financial Statements (condensed)

Interim Consolidated Statement of Comprehensive Income (condensed)

in CHF 1,000	Notes	Jan 1 – Jun 30, 2009 Unaudited		Jul 1 – Dec 31, 2008 Unaudited		Jan 1 – Jun 30, 2008 Unaudited	
Gross sales		50,100	100.0%	61,550	100.0%	93,343	100.0%
Sales deductions		-1,355		7		-1,932	
Net sales		48,745	97.3%	61,557	100.0%	91,411	97.9%
Cost of goods sold		-19,391		-26,716		-35,236	
Gross profit		29,354	58.6%	34,841	56.6%	56,175	60.2%
Sales and marketing expenses		-6,189		-9,129		-10,336	
Research and development expenses		-5,072		-9,488		-10,369	
Management and administrative expenses		-5,183		-10,617		-6,965	
Other income		192		-103		180	
Other expenses	5	-7,577		-7,616		-7,673	
Earnings before interest and tax (EBIT)		5,525	11.0%	-2,112	-3.4%	21,012	22.5%
Amortization and restructuring costs		7,627		12,008		7,637	
Earnings before interest tax and amortization (EBITA) before restructuring		13,152	26.3%	9,896	16.1%	28,649	30.7%
Restructuring costs		0		-2,829		0	
Pension costs due to restructuring		0		-1,548		0	
Earnings before interest tax and amortization (EBITA) after restructuring		13,152	26.3%	5,519	9.0%	28,649	30.7%
Amortization		-7,627		-7,631		-7,637	
Earnings before interest and tax (EBIT)		5,525	11.0%	-2,112	-3.4%	21,012	22.5%
Finance income		36		1,634		1,105	
Finance expenses		-3,125		-8,242		-4,708	
Finance result	6	-3,089	-6.2%	-6,608	-10.7%	-3,603	-3.9%
Earnings before tax		2,436	4.9%	-8,720	-14.2%	17,409	18.7%
Income tax	7	-1,656		964		-4,337	
Net result		780	1.6%	-7,756	-12.6%	13,072	14.0%
Currency translation differences		244		1,025		-1,457	
Total comprehensive income		1,024	2.0%	-6,731	-10.9%	11,615	12.4%
Earnings per share (in CHF)							
Basic/diluted earnings per share		0.12		-1.18		1.99	

Interim Consolidated Statement of Financial Position (condensed)

in CHF 1,000	Notes	Jun 30, 2009 Unaudited		Dec 31, 2008 Audited	
Intangible assets	8	341,406		349,032	
Property, plant and equipment	9	8,282		8,239	
Pension fund asset		15,730		15,794	
Financial assets		201		225	
Deferred tax assets		2,039		2,031	
Non-current assets		367,658	89.1%	375,321	91.6%
Inventories	10	9,457		12,233	
Receivables trade		24,130		12,235	
Other receivables		1,589		1,734	
Income tax receivables		779		792	
Cash and cash equivalents		8,924		7,490	
Current assets		44,879	10.9%	34,484	8.4%
Assets		412,537	100.0%	409,805	100.0%
Share capital	11	61,664		61,664	
Share premium		78,647		78,647	
Other reserves		447		123	
Currency translation differences		-1,156		-1,400	
Retained earnings		20,964		20,508	
Shareholders, equity		160,566	38.9%	159,542	38.9%
Bank loans	12	159,156		154,036	
Provisions	13	1,487		2,735	
Deferred tax liabilities		57,712		58,403	
Non-current liabilities		218,355	52.9%	215,174	52.5%
Bank loans		10,000		10,000	
Derivative financial instruments		2,371		2,111	
Trade and other liabilities		6,569		7,277	
Accrued liabilities		9,889		10,940	
Provisions	13	2,375		3,916	
Income tax liabilities		2,412		845	
Current liabilities		33,616	8.1%	35,089	8.6%
Liabilities		251,971	61.1%	250,263	61.1%
Shareholders, equity and liabilities		412,537	100.0%	409,805	100.0%

Interim Consolidated Statement of Cash Flows (condensed)

in CHF 1,000	Notes	Jan 1 – Jun 30, 2009 Unaudited	Jul 1 – Dec 31, 2008 Unaudited	Jan 1 – Jun 30, 2008 Unaudited
Earnings before tax		2,436	-8,720	17,409
Adjustments for				
Depreciation property, plant and equipment		903	919	961
Amortization intangible assets		7,627	7,631	7,637
Change in pension fund asset		64	1,358	-171
Change in provisions	13	-2,788	2,475	-67
Finance result		3,089	6,608	3,603
Gain on sale of intangible assets and property, plant and equipment		-107	-10	-4
		11,224	10,261	29,368
Change in				
Inventories	10	2,970	4,723	-1,437
Receivables trade		-11,720	9,503	-5,805
Other receivables		-55	836	525
Trade and other liabilities		-155	-3,529	-1,694
Accrued liabilities		-1,185	-2,559	-2,819
Change in working capital		-10,145	8,974	-11,230
Income taxes paid		-1,360	-4,080	-537
Cash flow from operating activities		-281	15,155	17,601
Purchase of intangible assets		0	-54	-120
Purchase of property, plant and equipment		-857	-2,211	-1,302
Purchase of financial assets		-39	-19	-29
Disposal of property, plant and equipment		151	90	27
Disposal of financial assets		70	3	4
Interest received		34	144	120
Cash flow from investing activities		-641	-2,047	-1,300
Proceeds from bank loans	12	5,000	0	0
Repayment of bank loans		0	-10,000	-5,000
Nominal value reduction	11	0	0	-3,936
Interest paid		-2,773	-4,479	-3,998
Cash flow from financing activities		2,227	-14,479	-12,934
Net change in cash and cash equivalents		1,305	-1,371	3,367
Cash and cash equivalents at beginning of period		7,490	8,203	5,383
Exchange differences on cash and cash equivalents		129	658	-547
Cash and cash equivalents at end of period		8,924	7,490	8,203
Operating cash flow generated in % of EBITA		-2.1%	274.6%	61.4%
Free cash flow (operating cash flow plus investing cash flow) generated in % of EBITA		-7.0%	237.5%	56.9%

Interim Consolidated Statement of Changes in Equity (condensed)

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	15,311	158,594
Total comprehensive income	0	0	0	-1,457	13,072	11,615
Dividend	-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
in CHF 1,000	Share Capital	Share Premium	Other Reserves	Currency Translation Differences	Retained Earnings	2009
Balance at January 1 (Audited)	61,664	78,647	123	-1,400	20,508	159,542
Total comprehensive income	0	0	0	244	780	1,024
Dividend	0	0	0	0	0	0
Allocation to statutory reserves	0	0	324	0	-324	0
Balance at June 30 (Unaudited)	61,664	78,647	447	-1,156	20,964	160,566

For details to the Shareholders' equity refer to note 11 Share Capital and Reserves.

Notes to the Interim Consolidated Financial Statements (condensed)

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 Sonnenbergstrasse 10, CH-8610 Uster.

2 Basis of Preparation of the Interim Consolidated Financial Statements (condensed)

2.1 Statement of Compliance

The Interim Consolidated Financial Statements (condensed) of the Uster Group as of June 30, 2009, have been prepared in accordance with IAS 34 Interim Financial Reporting. The Interim Consolidated Financial Statements (condensed) 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, 2008.

The Interim Consolidated Financial Statements (condensed) of the Uster Group for the six months ended June 30, 2009, were authorized for issue in accordance with a resolution of the Board of Directors on July 9, 2009.

2.2 Significant Accounting Judgments and Estimates

In the process of preparing the Interim Consolidated Financial Statements (condensed), 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 Consolidated Financial Statements (condensed) as of June 30, 2009, correspond to those mentioned in the Group’s annual financial statements as of December 31, 2008, but adapted to the experiences made in the current economic environment. This adaptation did not have any material impact neither on the judgments, assumptions and estimations nor on the presented figures.

3 Summary of Significant Accounting Policies

3.1 Changes in Accounting Policies

The accounting policies adopted in the preparation of these Interim Consolidated Financial Statements (condensed) are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended December 31, 2008, except for the adoption of the revised/new standards as stated below:

IAS 1: Presentation of Financial Statements – Revised

This amendment requires information in financial statements to be aggregated on the basis of shared characteristics and to introduce a statement of comprehensive income. This enables readers to analyze changes in a company's equity resulting from transactions with owners in their capacity as owners (such as dividends and share repurchases) separately from "non-owner" changes (such as transactions with third parties).

IFRS 8: Operating Segments

This standard was published in November 2006 and replaces IAS 14 Segment Reporting. IFRS 8 requires entities to define operating segments and segment performance in the financial statements based on information used by the chief operating decision-maker. This new standard has no impact on the segments currently reported. It will lead to changes in the disclosures due to the different disclosure requirements of IFRS 8.

IAS 34: Interim Financial Reporting

Earnings per share is disclosed in interim financial reports if an entity is within the scope of IAS 33.

3.2 Basis of Consolidation

The Interim Consolidated Financial Statements (condensed) comprise the condensed financial statements of Uster Technologies Ltd and all its subsidiaries for the six months periods ended June 30, 2009, and 2008. Due to the global economic downturn in the second half year 2008, the "Interim Statement of Comprehensive Income (condensed)" and the "Interim Statement of Cash Flows (condensed)" of the second half year 2008 have been added as they are the better comparable figures for the first half year 2009.

There were no changes in the scope of consolidation during the first six months of 2009.

4 Segment Reporting

Also under the application of IFRS 8 (management approach) the Group is organized in only one operating segment. Whilst revenues are reported by geographical areas, the operating results and balance sheet are only analyzed at Group level. This is the primary way in which Management and the board of directors are provided with financial information to decide on allocation of resources. Therefore the information by operating segment has already been given in these Interim Consolidated Financial Statements (condensed).

5 Other Expenses

Other expenses mainly consist of the amortization of the intangible assets technology, customer base, and USTER® STATISTICS.

6 Finance Result

The high finance expenses in the second half year 2008 were mainly caused by foreign exchanges losses and by the valuation of the interest rate swap.

7 Income Tax

The major components of income tax expense in the Interim Consolidated Statement of Comprehensive Income (condensed) are as follows:

in CHF 1,000	Jan 1- Jun 30, 2009 Unaudited	Jul 1- Dec 31, 2008 Unaudited	Jan 1- Jun 30, 2008 Unaudited
Current income taxes	-2,161	363	-4,842
Current income taxes previous years	-149	-179	-55
Deferred income taxes	654	780	560
Total	-1,656	964	-4,337

The tax expenses of the second half year 2008 and the first half year 2009 are impacted by the facts that tax losses carried forward are only capitalized in rare circumstances under the current economic conditions, that the non-tax-deductible expenses have a higher impact on the tax rate on this revenue level and the mix of profit contribution by the single subsidiaries.

8 Intangible Assets

As of June 30, 2009, the assumptions used for the last impairment test performed in the fourth quarter 2008 have been reviewed. The potential changes of these assumptions determined by this review would not lead to impairment as of June 30, 2009. The impairment testing of goodwill and intangible assets with indefinite useful lives will be done in the forth quarter as soon as the plan figures necessary for the cash flow projections are available.

The technology and know-how of Zweigle was acquired by purchasing equipment and parts (inventories) including the relevant drawings and technical details. The total amount paid did not exceed the fair value of the single inventory items. Therefore no intangible asset was recognized due to this purchase.

9 Property, Plant and Equipment

During the six months ended June 30, 2009, the Group acquired assets with a cost of CHF 0.9 million (June 30, 2008: CHF 1.3 million).

Assets with a net book value of CHF 44'000 were disposed of by the Group during the six months ended June 30, 2009 (June 30, 2008: CHF 23,000), resulting in a net gain on disposal of CHF 107'000 (June 30, 2008: CHF 4,000).

10 Inventories

The amount of write-down of inventories recognized as an expense in the income statement during the six months ended June 30, 2009, amounted to CHF -0.2 million (June 30, 2008: CHF -1.1 million) and is included in the income statement in cost of goods sold. The Zweigle equipment and parts acquired in May 2009 are included in inventories and did not lead to any write-down until June 30, 2009.

11 Share Capital and Reserves

11.1 Share Capital

Ordinary Share Capital

The ordinary share capital of Uster Technologies Ltd as of June 30, 2009, 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, 2008: share capital of CHF 61.7 million and 6,560,000 shares with a nominal value of CHF 9.40 each).

Authorized and Conditional Share Capital

The authorized share capital as of June 30, 2009, amounted to CHF 17.9 million (December 31, 2008: CHF 8.9 million). The conditional share capital amounted to CHF 3.0 million (December 31, 2008: CHF 3.0 million).

11.2 Dividends

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

Based on the decision of the Annual General Meeting dated March 31, 2009, no dividend will be paid out to the Shareholders in 2009 (2008: CHF 0.60 per share through a nominal value reduction).

12 Bank Loans

In the first half year 2009 CHF 5.0 million of Facility B were withdrawn mainly to finance the one-time restructuring cost paid in the first half year 2009 and for additional trade financing activities to respond to the current economic situation (June 30, 2008: voluntary repayment of Facility B amounting to CHF 5.0 million).

13 Provisions

The reduction of provisions is mainly due to the restructuring which was for the most part finalized in the first quarter of 2009 and to the warranty provision which is lower due to the lower sales level.

14 Related-Party Transactions

In his function of a Managing Partner of a consulting company, a Member of the Board of Directors advises the Company on certain business issues related to China. However, the scope of these consultancy services is not significant and on the same terms and conditions as if they were delivered by third parties. There were no other transactions with related parties during the first half year 2009.

Information for Investors

Shareholding Structure

The structure of the Shareholders entered in the share register as of June 30, 2009, was as follows:

Shares		Shareholders		Shares
1-100	315	31.4%	20,576	0.3%
101-1,000	542	54.0%	215,796	3.3%
1,001-10,000	114	11.4%	326,956	5.0%
10,001-100,000	26	2.6%	1,132,577	17.3%
100,001-1,000,000	5	0.5%	1,449,496	22.1%
> 1,000,000	1	0.1%	2,358,377	36.0%
Not registered			1,056,222	16.0%
Total	1,003	100.0%	6,560,000	100.0%

Important Dates

Publication of annual results 2009	March 1, 2010
Media and analyst conference	March 1, 2010
Last day for inscription into the share register before the Shareholders' meeting 2010	March 18, 2010
Shareholders' meeting 2010	March 24, 2010
Semi-annual results 2010	July 20, 2010

Contact for Media, Investors and Analysts

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Key Figures

in CHF 1,000	Jan 1 – Jun 30, 2009		Jul 1 – Dec 31, 2008		Jan 1 – Jun 30, 2008		Jan 1 – Jun 30, 2007	
Consolidated Statement of Comprehensive Income								
Gross sales	50,100	100.0%	61,550	100.0%	93,343	100.0%	95,760	100.0%
Cost of goods sold/Sales deductions	-20,746	-41.4%	-26,709	-43.4%	-37,168	-39.8%	-40,248	-42.0%
Gross profit	29,354	58.6%	34,841	56.6%	56,175	60.2%	55,512	58.0%
Sales and marketing expenses	-6,189	-12.4%	-9,129	-14.8%	-10,336	-11.1%	-11,630	-12.1%
Research and development expenses	-5,072	-10.1%	-9,488	-15.4%	-10,369	-11.1%	-9,094	-9.5%
Management and administrative expenses	-5,183	-10.3%	-10,617	-17.2%	-6,965	-7.5%	-7,856	-8.2%
Other income and expenses	-7,385	-14.7%	-7,719	-12.5%	-7,493	-8.0%	-10,808	-11.3%
Earnings before interest and tax (EBIT)	5,525	11.0%	-2,112	-3.4%	21,012	22.5%	16,124	16.8%
Amortization and restructuring	7,627	0	12,008	0	7,637	0	10,984	0
Earnings before interest tax and amortization (EBITA) before restructuring	13,152	26.3%	9,896	16.1%	28,649	30.7%	27,108	28.3%
Restructuring cost incl. pension expense	0	0	-4,377	0	0	0	0	0
Earnings before interest tax and amortization (EBITA) after restructuring	13,152	26.3%	5,519	9.0%	28,649	30.7%	27,108	28.3%
Amortization	-7,627	0	-7,631	0	-7,637	0	-10,984	0
Earnings before interest and tax (EBIT)	5,525	11.0%	-2,112	-3.4%	21,012	22.5%	16,124	16.8%
Finance result	-3,089	-6.2%	-6,608	-10.7%	-3,603	-3.9%	-7,223	-7.5%
Earnings before tax	2,436	4.9%	-8,720	-14.2%	17,409	18.7%	8,901	9.3%
Income tax	-1,656		964		-4,337		-3,130	
Net result	780	1.6%	-7756	-12.6%	13,072	14.0%	5,771	6.0%

in CHF 1,000

	Jan 1 – Jun 30, 2009	Jul 1 – Dec 31, 2008	Jan 1 – Jun 30, 2008	Jan 1 – Jun 30, 2007
Consolidated Statement of Cash Flows				
Earnings before tax	2,436	-8,720	17,409	8,901
Adjustments for depreciation, amortization etc.	8,788	18,981	11,959	19,274
Change in working capital	-10,145	8,974	-11,230	-19,515
Income taxes paid	-1,360	-4,080	-537	-1,024
Cash flow from operating activities	-281	15,155	17,601	7,636
Purchase of non-current assets	-896	-2,284	-1,451	-1,786
Disposal of non-current assets	221	93	31	105
Other movements in non-current assets	0	0	0	0
Interest received	34	144	120	36
Cash flow from investing activities	-641	-2,047	-1,300	-1,645
Proceeds from loans	5,000	0	0	-237
Repayments of loans	0	-10,000	-5,000	-4,800
Proceeds from issue of share capital	0	0	0	0
Nominal value reduction	0	0	-3,936	0
Movements in treasury shares	0	0	0	0
Interest paid	-2,773	-4,479	-3,998	-6,085
Cash flow from financing activities	2,227	-14,479	-12,934	-11,122
Net change in cash and cash equivalents	1,305	-1,371	3,367	-5,131
Operating cash flow generated in % of EBITA	-2.1%	274.6%	61.4%	28.2%
Free cash flow (operating cash flow – investing activities) in % of EBITA	-7.0%	237.5%	56.9%	22.1%

in CHF 1,000	Jun 30, 2009	Dec 31, 2008	Jun 30, 2008	Jun 30, 2007
Consolidated Statement of Financial Position				
Assets	412,537	409,805	433,352	454,490
Non-current assets	367,658	375,321	383,465	399,229
as % of total assets	89.1%	91.6%	88.5%	87.8%
Current assets	44,879	34,484	49,887	55,261
as % of total assets	10.9%	8.4%	11.5%	12.2%
Equity	160,566	159,542	166,273	63,218
as % of total assets	38.9%	38.9%	38.4%	13.9%
Liabilities	251,971	250,263	267,079	391,272
Non-current liabilities	218,355	215,174	226,364	344,286
as % of total assets	52.9%	52.5%	52.2%	75.8%
Current liabilities	33,616	35,089	40,715	46,986
as % of total assets	8.1%	8.6%	9.4%	10.3%
Net debt	160,232	156,546	165,890	284,335
AR collection period	70	53	51	48
AP collection period	58	59	57	57
Capital expenditure				
Intangible assets	0	-54	-120	-311
Property, plant, and equipment	-857	-2,211	-1,302	-1,039
Total	-857	-2,265	-1,422	-1,350
Employees				
Number of employees (FTE)	464	536	534	520
Gross sales per employee	107,974	114,832	174,800	184,154

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The English Interim Report is the governing text.

A German version of the report is also available.