Press Release

COMET: Macroeconomically induced demand decline and high restructuring costs lead to significant loss in first half of 2009

Flamatt, Switzerland – August 24, 2009 – The COMET Group's results in the first half of the year reflected the global economic downturn in the company's markets. The world-leading manufacturer of components and systems for non-destructive testing, security and semi-conductors recorded a sales decline of 36% compared to the strong first half of 2008, and an operating loss (EBIT) of CHF 12.9 million after high special charges of CHF 6.1 million. The rapid and timely measures to reduce costs and boost efficiency are beginning to show positive effects, which will increasingly make themselves felt in the second half of 2009. The first six months thus already brought a positive free cash flow of CHF 1.1 million. COMET continues to have a sound balance sheet.

In the first half of the year the COMET Group, as anticipated, experienced a substantial fall in demand in its key markets. This had a significant impact on revenue and profitability. Consolidated net sales amounted to CHF 70.2 million in the first half of 2009, a decrease of approximately 36% from the strong year-earlier period, with currency effects negligible on balance. By far the hardest-hit were the semiconductor and solar markets, but investment in other sectors, such as the automotive industry, was also down markedly. With a reduction of about 40%, the most strongly affected large regions were the USA and Asia.

The operating loss (EBIT) of CHF 12.9 million (H1 2008: operating income of CHF 4.1 million) was a consequence both of the downturn-driven decline in demand and, in large part, of CHF 4.0 million in restructuring-related one-time charges and CHF 2.1 million of impairment from exiting the minitube activities. At EBITDA level, the loss was CHF 0.8 million before special charges and CHF 5.7 million after special charges (H1 2008: profit of CHF 10.9 million). Despite the difficult business conditions, COMET maintained a positive free cash flow of CHF 1.1 million while continuing its investment activity, and commands a sound cash position of CHF 21.4 million. The equity ratio, at 50.0%, remained virtually at the prior-year level (50.7%). The initiated capacity adjustments and structural changes are progressing as planned and will generate growing benefits in the second half of 2009. In total, these measures will reduce the cost base for annualised staff and other administrative expenses by CHF 9-10 million.

With effect from the beginning of 2009 the operational responsibility for the development and production of high voltage X-ray generators was transferred from the Systems division to the Modules & Components division. As a consequence, pro-forma data is used for the comparative 2008 segment results in the discussion below.

Modules & Components division

The Modules & Components division posted sales of CHF 35.5 million. This represents a decrease of 39.8% excluding currency effects. Profit at EBITDA level was CHF 1.6 million before special charges of CHF 3.4 million; of these special charges, CHF 1.0 million resulted from the discontinuation of the minitube activities and CHF 1.3 million arose from the relocation of the generator business (H1 2008: EBITDA profit of CHF 7.8 million).

The two product areas in the Modules & Components division initially performed very differently: **Industrial X-Ray** thus far felt the economic slump much less strongly than Vacuum Capacitors, but even in Industrial X-Ray the sales of CHF 25.9 million did not match the year-earlier level (CHF 30.4 million) due to the business-cycle-driven decline in the non-destructive testing business (the currency-adjusted decrease was 17.9%). Only the Security market segment showed modest growth. The relocation of the generator activities from Hamburg to Switzerland has set the stage for the aggressive further development of the X-ray tube into an integrated X-ray source and thus for the realization of promising future potential. In light of easing new orders towards the end of the second quarter, however, a slight decline over the next several months is likely.

The revenue result in **Vacuum Capacitors**, where the sales of CHF 9.6 million (H1 2008: CHF 26.5 million) were down 64.9% in currency-adjusted terms, reflected the pronounced demand erosion in the semiconductor and solar markets, which reached its full extent in the first half of 2009. Especially in this product area, COMET was quick to take the necessary action to cut costs. Vacuum Capacitors nevertheless continued to progress with its forward strategy in RF modules and the development of a capacitor for the solar market, and is thus considered to be well-positioned for the next upturn. Early indicators are already signalling a pick-up in the semiconductor market.

Systems division

The falling demand in all relevant industries, led by the automotive sector, was the key factor in the results of the Systems division in the first half of the year. Sales declined to CHF 43.4 million or by 31.6% from one year earlier; excluding currency effects, the decrease amounted to 29.7%. The division's sharpest revenue losses were registered in the USA and Asia. With the exception of customer solutions in the CT systems area, the sales attrition occurred across all product groups. At EBITDA level the Systems division recorded a loss of CHF 3.0 million before restructuring costs of CHF 2.6 million. The restructuring expenses were incurred primarily for the relocation of the Feinfocus activities from Garbsen to Hamburg, which will be completed toward the end of 2009. Recent trends indicate a recovery in the Chinese and Japanese markets during the course of the second half of the year.

Outlook

The business outlook varies from market to market. While the trend in the automobile industry is relatively subdued as a result of the recession, there are early signs of a mild recovery in the semiconductor and solar markets. On balance, COMET expects that, in all markets, the bottom of the trough will be passed toward the end of 2009.

Given the reduced visibility, the sales trend in the second half of the year is still uncertain. The current pace of new orders does not yet augur a recovery in the near future. Opportunities in the semiconductor and solar space contrast with risks in the non-destructive testing area. COMET expects sales in the latter half of the year to be in line with the level of the first six months and does not foresee a need for further significant special charges for restructurings and staff adjustments. As well, the cost-saving measures taken in the first half of the year will gain more traction going forward and are expected to permit COMET to deliver a profit at EBITDA level in the second half of the year.

With the growth initiatives in the product areas of RF modules for semiconductors and solar, e-beam, and high power X-ray modules, COMET is confident that, despite the current sales slump, it remains well-positioned to open up new markets and win higher market shares.

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Key dates

March 31, 2010	Publication of annual report 2009
April 21, 2010	Annual Shareholder Meeting

The COMET Group is one of the world's leading manufacturers of systems and components for the growth markets of non-destructive testing, security and semiconductors. Since acquiring the YXLON group, COMET has been the global market leader in non-destructive testing and examination using X-ray technology. Based on the core competencies of vacuum technology, high voltage engineering and materials science, as well as the core products of X-ray tubes and vacuum capacitors, COMET supplies a complete and highly flexible range of components, modules, systems and services as a one-stop source.
COMET was founded in 1948 and is based in Flamatt near Berne, Switzerland. The COMET Group today has a presence in all world markets. The company manufactures in Switzerland, Germany and Denmark and maintains subsidiaries in the USA, China and Japan. The business activities are reflected in divisions for OEM and end customer business. COMET's stock (COTN) is traded on the SIX Swiss Exchange.

COMET – Technology with passion.

Disclaimer

This document contains forward-looking statements about COMET that may be subject to uncertainty and risk. Readers should therefore be aware that such statements may deviate from actual future outcomes or events. Forward-looking statements in this document are projections of possible future developments. All forward-looking statements are made on the basis of data available to COMET at the time of preparation of this document. COMET assumes no obligation whatsoever to update or revise forward-looking statements in this document, whether as a result of new information, future events or otherwise.

This report is a translation of the German-language original. This English report is provided solely for readers' convenience and shall not under any circumstances be considered legally binding. In the event of discrepancies from the German original, the German version shall be considered definitive.

Consolidated balance sheet
(unaudited)

In thousands of CHF	June 30, 2009	%	Dec. 31, 2008	%	Change	June 30, 2008
Assets						
Cash and cash equivalents	21 350		26 399		-5 049	22 770
Trade and other receivables	32 607		43 336		-10 729	41 802
Tax receivables	-		0		-0	4
Inventories	39 824		43 219		-3 395	47 930
Prepaid expenses	1 870		760		1 110	1 604
Total current assets	**95 651**	**41.8%**	**113 714**	**45.5%**	**-18 063**	**114 110**
Property, plant & equipment	60 136		62 940		-2 804	65 541
Non-current financial assets	29		26		3	29
Intangible assets	69 892		70 151		-259	76 042
Employee benefit plan assets	2 238		2 238		-0	2 137
Deferred tax assets	903		863		40	5 307
Total non-current assets	**133 198**	**58.2%**	**136 218**	**54.5%**	**-3 020**	**149 055**
Total assets	**228 850**	**100.0%**	**249 932**	**100.0%**	**-21 082**	**263 165**
Liabilities and shareholders's equity						
Current debt	17 825		18 220		-395	17 807
Trade and other payables	13 127		17 541		-4 414	20 465
Tax payables	871		1 987		-1 116	613
Accrued expenses	7 208		9 785		-2 577	9 767
Current provisions	4 854		2 238		2 616	3 379
Total current liabilities	**43 885**	**19.2%**	**49 771**	**19.9%**	**-5 886**	**52 031**
Long-term debt	57 993		61 412		-3 419	66 009
Non-current provisions	844		0		844	0
Employee benefit plans	4 181		4 107		74	4 311
Deferred tax liabilities	7 428		7 916		-488	12 291
Total non-current liabilities	**70 446**	**30.8%**	**73 435**	**29.4%**	**-2 989**	**82 611**
Total liabilities	**114 330**	**50.0%**	**123 206**	**49.3%**	**-8 876**	**134 642**
Capital stock	7 575		7 508		67	7 508
Additional paid-in capital	64 048		63 391		657	63 800
Retained earnings	50 175		65 519		-15 344	61 748
Currency translation differences	-7 279		-9 692		2 413	-4 533
Total shareholders' equity	**114 519**	**50.0%**	**126 726**	**50.7%**	**-12 207**	**128 523**
Total liabilities and shareholders' equity	**228 850**	**100.0%**	**249 932**	**100.0%**	**-21 082**	**263 165**

Consolidated statement of income
(unaudited)

In thousands of CHF	Six months to June 30 2009	2008	Change absolute	%
Net sales	**70 218**	**109 039**	**-38 821**	**-36%**
Cost of sales	-48 425	-68 576	20 151	-29%
Gross profit	**21 794**	**40 464**	**-18 670**	**-46%**
Other operating income	1 579	2 128	-549	-26%
Development expenses	-9 171	-11 999	2 827	-24%
Marketing and selling expenses	-9 518	-13 311	3 793	-28%
General and administrative expenses	-11 436	-13 133	1 697	-13%
Operating (loss)/income before special charges	**-6 754**	**4 149**	**-10 903**	**-263%**
Special charges	-6 144	-	-6 144	-
Operating (loss)/income	**-12 898**	**4 149**	**-17 047**	**-411%**
Net financing expense	-720	-3 074	2 354	-77%
(Loss)/income before tax	**-13 618**	**1 076**	**-14 693**	**-**
Income tax	526	3 425	-2 899	-85%
Net (loss)/income	**-13 092**	**4 501**	**-17 592**	**-391%**
Amortization	3 347	3 175	172	5%
EBITA	**-9 551**	**7 324**	**-16 875**	**-230%**
Depreciation	3 871	3 582	289	8%
EBITDA	**-5 680**	**10 906**	**-16 586**	**-152%**
Earnings per share (in CHF), diluted and basic	**-17.39**	**6.02**	**-23.41**	**-389%**
Operating (loss)/income before special charges	**-6 754**	**4 149**	**-10 903**	**-263%**
Amortization excluding special charges	2 661	3 175	-514	-16%
EBITA before special charges	**-4 093**	**7 324**	**-11 417**	**-156%**
Depreciation excluding special charges	3 310	3 582	-272	-8%
EBITDA before special charges	**-783**	**10 906**	**-11 689**	**-107%**

Statement of comprehensive income
(unaudited)

In thousands of CHF	Six months to June 30 2009	2008	Change absolute	%
Net (loss)/income	**-13 092**	**4 501**	**-17 592**	**-391%**
Other comprehensive income				
Exchange differences recognized in equity	2 414	-3 555	5 968	n.a.
Total other comprehensive income/(loss)	**2 414**	**-3 555**	**5 968**	**n.a.**
Total comprehensive (loss)/income	**-10 678**	**946**	**-11 624**	**n.a.**

Consolidated statement of cash flows
(unaudited)

In thousands of CHF	Six months to June 30 2009	2008	Change
Net cash provided by operating activities	3 363	8 575	-5 212
Net cash used in investing activities	-2 307	-1 349	-958
Free cash flow	***1 056***	***7 226***	***-6 170***
Net cash used in financing activities	-6 202	-5 509	-693
Currency translation gains/(losses) on cash	97	-275	372
Net change in cash and cash equivalents	**-5 049**	**1 442**	**-6 491**
Cash and cash equivalents at January 1	26 399	21 328	5 071
Net change in cash and cash equivalents	-5 049	1 442	-6 491
Cash and cash equivalents at June 30	**21 350**	**22 770**	**-1 420**

Consolidated statement of changes in equity
(unaudited)

in thousands of CHF	Capital stock	Additional paid-in capital	Retained earnings	Currency translation differences	Total shareholders' equity
December 31, 2007	**7 467**	**63 001**	**59 487**	**-979**	**128 976**
Net income in first six months 2008	-	-	4 501	-	4 501
Currency translation differences	-	-	-	-3 555	-3 555
Comprehensive income	***-***	***-***	***4 501***	***-4 533***	***946***
Dividends paid	-	-	-2 240	-	-2 240
Share-based compensation	42	799		-	841
June 30, 2008	**7 508**	**63 800**	**61 748**	**-4 533**	**128 523**
December 31, 2008	**7 508**	**63 391**	**65 519**	**-9 692**	**126 726**
Net income in first six months 2009	-	-	-13 092	-	-13 092
Currency translation differences	-	-	-	2 414	2 414
Comprehensive income	***-***	***-***	***-13 092***	***2 414***	***-10 678***
Dividends paid	-	-	-2 252	-	**-2 252**
Share-based compensation	66	657	-	-	**723**
June 30, 2009	**7 575**	**64 048**	**50 175**	**-7 279**	**114 519**

Notes to the Consolidated Financial Statements

1 Significant accounting policies

The half-year report for the six months ended June 30, 2009 presents the consolidated financial results of COMET HOLDING AG and its directly or indirectly controlled subsidiaries. The report was prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of International Financial Reporting Standards (IFRS). The half-year report does not contain all the information included in annual accounts and should therefore be read in conjunction with the consolidated financial statements for 2008. The half-year report has not been audited by the independent auditors.

Changes in reporting and valuation methods

The accounting principles applied in the half-year report are those described in the 2008 consolidated financial statements, except for the changes resulting from the new rules set out below.

With effect from January 1, 2009, COMET has applied the following new or revised IFRS/IAS for the first time:

IFRS 2, Share-based Payment

IFRS 7, Financial Instruments: Disclosures, and IFRIC 9 Embedded Derivatives (relating to IAS 39 Financial Instruments: Recognition and Measurement)

IAS 1, Presentation of Financial Statements

IAS 23, Borrowing Costs

IAS 32, Financial Instruments: Presentation

IFRIC 16, Hedges of a Net Investment in a Foreign Operation

The other new or revised IFRS/IAS have no practical significance for COMET and are therefore not individually listed here.

With the exception of IAS 1, this did not lead to changes in the half-year report.

As a result of the new requirements under IAS 1, Presentation of Financial Statements, concerning the presentation of changes in equity, the report was expanded by the statement of comprehensive income.

IFRS 8, Operating Segments, which must be applied from 2009, was early-adopted by COMET in the 2007 annual accounts. In this half-year report, IFRS 8 therefore did not lead to changes compared with the prior year. However, the prior-year data for the two divisions was adjusted as a result of the organizational reassignment of the generator business from the Systems division to the Modules & Components division effective January 1, 2009.

The other issued new and revised IFRS, which become effective after 2009, were not adopted early and, based on a preliminary assessment, will have no effects on the consolidated financial statements of COMET.

Special charges

The special charges represent the expenses in the first half of 2009 for the previously communicated efficiency-improvement and cost-saving measures. They involved the following individual projects:

Integration of X-Ray tube and generator business in Flamatt

Relocation of the entire generator development and production operation to Flamatt in order to concentrate the development, manufacturing and marketing of complete X-ray sources in a single location.

Exit from minitube activities

In view of the negative market trend and the required high development costs, the Board of Directors has decided to withdraw from this product area.

Integration of Garbsen activities into Hamburg

Merging of the two Northern German locations by moving the Feinfocus activities from Garbsen to the site of YXLON International GmbH in Hamburg and closing the Garbsen facility.

Overview of special charges

	Modules & Components division		**Systems divisions**	
In thousands of CHF	Integration of X-Ray tube and generator business in Flamatt	Exit from mini-tube activities	Integration of Garbsen activities into Hamrburg	**Total special charges**
Redundancy benefit plan	1 271	-	1 502	**2 773**
Property leases	-	-	1 026	**1 026**
Other costs	-	1 021	78	**1 098**
Impairments of PP&E	9	444	108	**561**
Impairments of intangibles	8	678	-	**686**
Total special charges	**1 288**	**2 144**	**2 713**	**6 144**

With the allocation of appropriate provisions, the costs arising from these initiatives have largely already been recognized in the first half of 2009, although most of the corresponding cash outflows did not yet occur.

Basis of consolidation

No acquisitions or disposals of businesses occurred during the first half of 2009.

Estimates

The preparation of the half-year report requires assumptions and estimates by management, which were made on the basis of the best knowledge and of all information then available. Adjustments to the assumptions and estimates may have a material impact on future results, as such adjustments are recognized in the reporting period during which the assumptions and estimates change.

Seasonality of business

COMET's business is not subject to material seasonal fluctuation. Details on the course of business by segment are provided earlier in this report.

Foreign currency translation

The following exchange rates were used to translate the major currencies into Swiss francs:

		Closing rate			Average rate Six months to	
		June 30, 2009	Dec. 31, 2008	June 30, 2008	**June 30, 2009**	June 30, 2008
USD	1	**1.082**	1.064	1.018	**1.132**	1.050
EUR	1	**1.526**	1.480	1.607	**1.505**	1.606
CNY	1	**0.158**	0.156	0.148	**0.166**	0.149
JPY	100	**1.129**	1.174	0.961	**1.188**	1.002
DKK	1	**0.205**	0.199	0.215	**0.202**	0.215

2 Segment reporting

For management purposes the Group is divided into two divisions, based on the products and services offered. The Group has the following reportable segments:

The Modules & Components segment produces and markets components and modules for industrial X-ray applications, vacuum capacitors for a wide range of applications, and RF modules for semiconductor fabrication plants.

The Systems segment is a global vendor of systems and services for non-destructive testing using X-ray technology and computed tomography.

Six months to June 30, 2009	Division Modules & Components	Division Systems	Corporate	Eliminations	Consolidated
Net sales					
External net sales	28 179	42 039	-		70 218
Intersegment sales	7 331	1 392	-	-8 724	-
Total net sales	**35 510**	**43 432**	**-**	**-8 724**	**70 218**
Earnings					
Segment operating loss	-577	-5 059		-333	-5 969
Unallocated costs			-785		-785
Operating loss before special charges	**-577**	**-5 059**	**-785**	**-333**	**-6 754**
Special charges	-3 431	-2 713		-	-6 144
Operating loss	**-4 008**	**-7 772**	**-785**	**-333**	**-12 898**
Depreciation and amortization	3 328	2 183	1 707	-	7 218
EBITDA	**-681**	**-5 589**	**922**	**-333**	**-5 680**
Amortization excluding special charges	2 188	2 076	1 707	-	5 971
EBITDA before special charges	**1 611**	**-2 984**	**922**	**-333**	**-783**
Segment assets	**54 662**	**108 138**	**66 050**		**228 850**
Additions to					
Property, plant and equipment	555	203	279		1 037
Intangible assets	1	25	1 248		1 275

Management monitors operating results separately for each division. The segment data includes all operating income and expenses that can be directly allocated. The other expenses and income, such as financing expenses, financing income and income tax, are managed at Group level and shown in the Corporate column.
The segment assets represent only the directly attributable operating assets (including non-current assets). The other assets are managed at Group level and shown in the Corporate column.

Six months to June 30, 2008	Division Modules & Components 1)	Division Systems 1)	Corporate	Eliminations	Consolidated
Net sales					
External net sales	46 521	62 519			109 039
Intersegment sales	10 352	1 023		-11 375	-
Total net sales	**56 873**	**63 542**		**-11 375**	**109 039**
Results					
Segment operating income/(loss)	5 459	-252		-174	5 033
Unallocated costs			-884		-884
Operating income/(loss)	**5 459**	**-252**	**-884**	**-174**	**4 149**
Depreciation and amortization	2 313	2 806	1 639		6 757
EBITDA	**7 772**	**2 554**	**754**	**-174**	**10 906**
Segment assets	**72 522**	**127 696**	**62 947**		**263 165**
Additions to					
Property, plant and equipment	1 518	309	38	1 865	1 865
Intangible assets	32	27	236	294	294

(1) Restated to reflect the reclassification of the generator business to Modules & Components

Management monitors operating results separately for each division. The segment data includes all operating income and expenses that can be directly allocated. The other expenses and income, such as financing expenses, financing income and income tax, are managed at Group level and shown in the Corporate column.
The segment assets represent only the directly attributable operating assets (including non-current assets). The other assets are managed at Group level and shown in the Corporate column.

3 Current and long-term debt

In the first half of 2009 COMET repaid debt in the net amount of CHF 3.9 million. In the reporting period, a mortgage loan of CHF 3 million was renewed for a 10-year term at a fixed rate of interest.

4 Shareholders' equity

Contingent capital

At its meeting on April 22, 2009, the Board of Directors of COMET HOLDING AG decided to issue a total of 6,648 shares of stock from contingent capital for bonus payments for the 2008 fiscal year.

Change in contingent capital	No. of shares	Capital in CHF
Balance at December 31, 2008	24 168	241 680
Exercised by June 30, 2009	-6 648	-66 480
Balance at June 30, 2009	17 520	175 200

Dividend payment

The Annual Shareholder Meeting on April 23, 2009 approved a dividend of CHF 3 per share (prior year: CHF 3). COMET HOLDING AG paid the dividend, totalling CHF 2,252 thousand, on April 29, 2009.

5 Events after the balance sheet date

At its meeting on August 13, 2009 the Board of Directors approved these interim financial statements for publication.