Nr. 26

Shareholder Newsletter 1 July 2005 to 30 June 2006

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Kaba stronger than ever – sales and EBIT significantly higher thanks to dynamic second half-year

Annual financial statements as at 30.6.2006

- Comparable net profit, adjusted for one-off factors, rises 10 % to CHF 68.1 million
- Net sales increase 6.2 % to a record high of CHF 1,041 million
- 9.1 % rise in sales in second half (17 % in America)
- Comparable EBIT climbs 4.7 % to CHF 118.8 million
- Free cash flow of CHF 70.4 million (+24.0 %)
- Gearing as low as before Unican takeover

Key figures per 30 June **In CHF million**	**2005/2006**	**2004/2005**	**Change on previous year in %**
Consolidated net sales	1,041.0	980.1	6.2
Operating profit before depreciation (EBITDA)	150.4	[1] 152.6	−1.4
in % of sales	14.4 %	15.6 %	
Operating profit (EBIT)	118.8	[1] 121.3	−2.1
as % of sales	11.4 %	12.3 %	
Consolidated net profit	**68.1**	[2] 65.9	3.3
in % of sales	6.5 %	6.7 %	
Earnings per share in CHF	19.0	18.4	3.3
Net cash from operating activities	**103.1**	85.5	20.6
Cash flows from investing activities	**−32.7**	−28.5	14.7
Free cash flow (net)	**70.4**	57.0	23.5
Total assets	693.2	680.2	1.9
Net working capital	201.9	190.7	5.8
Net debt	264.6	307.7	−14.0
Shareholders' equity	77.5	32.3	139.9
as % of total assets	11.2 %	4.8 %	
Net operating assets	354.9	347.0	2.3
Return on net operating assets (RONOA) **Operating profit (EBIT) as % of net operating assets**	**33.5 %**	[2] 35.0 %	
Net debt/EBITDA	**1.76**	2.01	−12.4
Number of employees (average)	5,721	5,836	−2.0

[1] Previous year's figure includes CHF 7.8 million one-time profit from pension fund adjustment.
[2] Previous year's figures include CHF 4 Mio one time effect from taxes.

Dear Shareholder
Dear Madam, Dear Sir

In financial 2005/2006, the Kaba Group achieved a 6.2 % increase in sales to CHF 1,041.0 million. In local currency terms this represented sales growth of 4.0%. Sales increased all over the world, especially in the second half-year. America in particular (Access Systems and Key Systems) returned to positive growth, impressing in the second half of the financial year with an increase of 17% (exchange-rate adjusted: 9.6%).

Consolidated operating profit (EBIT) rose by 4.7%, or CHF 5.3 million, to CHF 118.8 million. The relevant figure for the previous year is CHF 113.5 million, which is equivalent to the reported EBIT of CHF 121.3 million minus a one-time item of CHF 7.8 million required as a result of the change made by Swiss pension funds to allow for increased life expectancy.

Kaba at record level

Kaba's sales of CHF 1,041.0 million are its highest ever, higher even than the CHF 1,027.0 million achieved in 2001/2002 – one year after the Unican acquisition – despite the fact that the US dollar has since depreciated by a hefty 22.4% and a recession has made things more difficult. In fact, the average US dollar exchange rate has fallen from CHF 1.66 back then to CHF 1.28 in the year under review. Kaba's American EBIT margin has improved by more than 50% between 2001/2002 and 2005/2006. Gearing is now at the same level as before the Unican takeover. This means that Kaba can implement further growth measures from a position of strength, as the acquisition of CSS in the USA and Wah Yuet in China demonstrate.

Consolidated net profit increased by CHF 2.2 million year-on-year to CHF 68.1 million. However, the previous year's profit was influenced by three exceptional factors: a positive contribution of CHF 7.8 million from the pension fund adjustment, financial expenses of CHF 7.9 million to close out a syndicated loan, and a one-time tax relief of CHF 4.1 million. After correcting for these exceptional items, the 2004/2005 profit came to CHF 61.9 million. On a like-for-like basis, therefore, Kaba actually increased its sustainable profit by CHF 6.2 million, or 10%, in the year under review. The tax rate was 28.8% of pre-tax profit (previous year one time 25.6%).

Reporting by business segment

As shown in detail a year ago, consolidated operating profit (EBIT) in the previous year benefited from the adjustment that Swiss pension funds made to account for higher life expectancy. In the 2004/2005 financial year, this resulted in a positive contribution to EBIT of CHF 7.8 million. CHF 3.5 million of this was attributable to the Door Systems Segment, CHF 2.9 million to the Access Systems Segment, and CHF 1.4 million to the "Other" Segment (see also table on page 14). **To ensure proper comparability, the following segment reporting is based on the figures after adjustment for this one-off influence in the previous year.**

Door Systems Segment achieves EBIT margin of 8.2%

The Door Systems Segment made a smooth transition during the 2005/2006 financial year from the restructuring strategy introduced in 2003/2004 to a pattern of sustained successful performance. In local currency terms, annual sales rose by 6.7%; in the second six months the sales increase was actually 9.0%. The EBIT margin was an impressive 8.2% (previous year 6.3%), with absolute EBIT during the year under review rising by 41% to CHF 22.3 million. The exceedingly high level of orders suggests that the swift pace of growth will be maintained, leading to a further improvement in the EBIT margin.

Data Collection increases operating profit by 28%

The Data Collection Segment was able to increase its absolute EBIT by 28% to CHF 9.1 million in the year under review. This improvement was due mainly to innovations and efficiency gains. Kaba is now the watchword throughout the world for high-quality time + attendance and enterprise data collection products, as well as for ERP (enterprise resource planning) interface solutions. The EBIT margin went up from 9.4% in the previous year to 12.6%, thus returning to the level recorded in 2003/2004. The ongoing transfer of German industrial production to more cost-effective locations prevented any growth in this important market, but demand in Southern and Western European markets increased notably. In addition, the Data Collection Segment has greatly expanded its Workforce Management business in the USA. Overall, sales fell by 5.9% on the previous year in local currency terms. On 1 July 2006, the Data Collection distribution structure merged with the Access Systems distribution structure in the main markets and will report in the Access + Data Systems Segment.

Access Systems grows by 9.5 % and strengthens EBIT margin in the second half-year

The Access Systems Segment, which covers mechanical and mechatronic locking systems, electronic access control systems and hotel and safe locks, recorded a 3.7 % increase sales in local currency terms. The positive performance in the second half of the financial year was not enough to compensate for the weakness in demand on the American market in the first half. In the second half, sales increased by 9.5 % in Swiss francs, equivalent to a 6.7 % rise in local currency terms. Over the same period, operating earnings went up by 13 % to CHF 39.5 million, helping the EBIT margin to rise year-on-year from 17.3 % to 17.9 %. For the year as a whole, the EBIT margin was more or less at the previous year's level at 19.6 % (20.3 %).

Access Systems in Europe increases sales by 11.3 % and EBIT by a third in the second half-year

In local currency terms, the Access Systems Segment in Europe expanded by 9.2 % in the 2005/2006 financial year to CHF 270.1 million, achieving pleasing gains in market share in most sales markets. During the second six months, sales were even better, going up by a currency-adjusted 11.3 %.

The EBIT margin was extended further in the year under review, at an above-average level for the industry.

This high level of profitable growth reflects the Kaba Group's ability to focus innovative products and services on client needs and to bring them to market within an increasingly short period of time. Kaba was the first company in the world to specialize in "Total Access" applications that bring together the different areas of access control and give clients fully compatible solutions from a single source no matter where they are. This trend has since been taken up by the whole market and is set to accelerate further with the introduction of digital cylinder and door fittings. The systematic continuation of efficiency improvement programs also helped to strengthen the EBIT margin.

Access Systems in the Americas back on growth trajectory with a high EBIT margin

In its American markets, Access Systems increased reported turnover in 2005/2006 financial year by 4.8 % to CHF 152.3 million. A fall in the first half-year followed by rising sales in the second half resulted in a 2.5 % decline in sales in local currency terms for the 2005/2006 financial year as whole. The first six months were influenced by a negative base effect in comparison with the equivalent period in 2004/2005, caused by the large order which was completed in the high security locks sector. In the second six months, however, growth of 5.4 % was achieved in local currency terms. Including the appreciation of the US dollar, the second-half increase in sales came to 13.4 %. The EBIT margin slipped back slightly, but remained high for the industry.

Various new products were successfully launched during the year under review. The push-button lock range is continually expanded. High security locks for ATMs were upgraded with new software and online versions.

The sale of hotel locks, which account for about a third of American business, grew by over 20 %. This also led to a disproportionately large improvement in operating profit – a particularly impressive achievement considering that the continual appreciation of the Canadian dollar against the US dollar once again put pressure on results. This currency effect was successfully offset by the launch of innovative products and intensive rationalization measures. By carrying out more of the assembly of hotel locks in China, Kaba will be able to keep production costs at a competitive level. The combination of Canadian know-how with proximity to the key sales markets on the one hand, and with access to highly productive manufacturing capacities in China on the other, puts Kaba in an extremely promising position on the international market for hotel locks.

Access Systems in Asia Pacific shows significant sales growth – except in Japan

Thanks to its expertise in combining mechanical locking systems, mechatronic locks and electronic access solutions, Access Systems has enjoyed significant growth impetus in the Asia Pacific region over the last year. However, owing to a double-digit decline in turnover on the Japanese market for mechanical systems, sales in the Asia Pacific region as a whole fell by 7.3 % in local currency terms to CHF 32.5 million, which obviously impacted on operating results. All the other units improved their sales.

By concentrating on selected markets in which project business and the sale of security doors can be promoted as part of the Total Access strategy, Kaba has laid the foundations for accelerated growth. In China, the local assembly of automatic doors, security doors and hotel locks has been very successfully launched.

Key + Ident Systems posts significant growth and an improved EBIT margin

During the year under review, Key + Ident Systems recorded 7.5 % higher sales than in 2004/2005 (3.9 % after currency adjustment). In Europe, sales rose by 3.6 % in local currency terms to CHF 125.6 million, and in America by 5.3 % to CHF 110.4 million. After a weak first six months, during the second half-year the segment achieved currency-adjusted sales growth of 5.8 % in Europe and 15.2 % in America. Reported growth in America actually reached 22 %. Overall, there was a 7.6 % rise in sales in local currency terms in the second half-year. Accordingly, the EBIT margin went up by a third from the first half to the second, though it fell slightly compared with the year-back figure.

This performance has to be seen in the context of the prices paid for the segment's raw materials, which almost tripled during the year under review. It was only possible to pass on the cost increases to the end-consumer after a time delay. What is more, smaller competitors tried to gain market shares by postponing their price rises. As a result, OEM business with larger clients performed more weakly than replacement business via key cutters. In the meantime, Kaba has upped the pace of innovation significantly and launched several new products that will serve as benchmarks for the market.

Other factors/eliminations/finance

In accordance with IFRS accounting standards, centralized group costs are charged as a lump sum to the segment accounts under "Others/eliminations/finances". This column also includes all consolidation corrections, such as the elimination of sales and other transfers between segments. Two businesses also appear here that do not fit in with the current segment breakdown: Capitol, the hardware business in Canada from which Unican originated, and Safe + Vault, the bank equipment business in Switzerland from which Kaba originated.

The EBIT under this column was boosted in the 2004/2005 financial year by CHF 1.4 million (pensions) – a one-off amount that did not reappear in 2005/2006. The decline in operating profit at Capitol, which resulted from the continual appreciation of the Canadian against the US dollar, also had a negative impact on the operating result. Various corrective measures have been implemented or initiated.

Sharp increase in free cash flow results in greater reduction in debt

Free cash flow (net) has increased by CHF 13.4 million, from CHF 57.0 million in the previous year to CHF 70.4 million. Both the 24.0 % rise and the absolute level once again demonstrate Kaba's ability to generate large amounts of cash. Net debt was reduced by CHF 43.1 million.

Consolidated balance sheet contains no goodwill

Kaba's equity capital was negative for many years. This resulted from the fact that Kaba charged goodwill from acquisitions directly against equity capital as at the acquisition date, as prescribed for many years by Swiss GAAP FER accounting standards. The switch to IFRS does not change this, but the ongoing generation of profits has now resulted in a positive equity capital of CHF 77.5 million, or 11.2 % of total assets, as at 30 June 2006. Future profits will lead to further increases in equity capital. The true strength of the consolidated balance sheet is shown by the fact that Kaba's net debt is very low in relation to operating profit before depreciation (EBITDA).

Acquisition of CSS in the USA

In August 2006, Kaba agreed the takeover of Computerized Security Systems Inc. (CSS) from Masco Corporation, Michigan (USA) for a price of USD 93.0 million. CSS reported sales of USD 73 million and operating earnings (EBIT) of USD 8.7 million for the 2005 calendar year. The company employs about 250 people and is mainly active in the USA, Europe and Asia. The acquisition still requires authorization from trust authorities in certain European countries.

Marketing its products under the Saflok and La Gard brands, CSS is a globally leading manufacturer of electronic lodging and security locks. With Saflok, Kaba is acquiring a broad portfolio of access control solutions that will enhance its existing product range and expand its overall offering in all segments of the market for access control in hotels and commercial buildings. Saflok and Kaba products are used all over the world in hotels and casinos, for managing holiday homes and residential complexes, and in commercial, public sector and military facilities. Within the Kaba product range, Saflok's hi-tech hotel systems plug the gap that Kaba previously had at the premium end of the hotel lock segment.

La Gard specializes in the manufacture of security locks for safes, vaults and other commercial applications. The acquisition of CSS creates the potential for high value-added synergies in development, production, marketing and distribution. At the same time, La Gard's security locks round out Kaba's high-tech offering in the lower and mid market segment.

The purchase of debt-free CSS, financed mainly in US dollars from existing credit lines, also delivers tax advantages which over the next 15 years will have an estimated discounted value of USD 21 million. The acquisition will contribute to the Kaba Group's free cash flow from the very first day and will boost consolidated profits from the second year.

In order to build on the group's global leadership in the security locks market, all Kaba companies involved in the manufacture of high-security locks were brought together in the new Safe Locks Division as from 1 July 2006. The new division generates sales of around CHF 100 million and is led by American Carl Sideranko, former General Manager of Kaba Mas in Lexington, Kentucky (USA).

Acquisition of the Wah Yuet Group in China

In August 2006, Kaba acquired 80% of the Wah Yuet Group in China from the company's founder and sole shareholder K. S. Ng. Wah Yuet produces high-quality locks as well as keys and key blanks, mostly for sale through American and European partners. In the 2005/2006 financial year (to 31 March 2006), the group generated sales of CHF 85.0 million and a net profit of CHF 25.0 million. Kaba has thus acquired a company that will strengthen the Kaba Group's earnings power and earnings per share from the very first year following the acquisition. Based on Wah Yuet's recent performance, Kaba expects annual growth of more than 10%.

With Wah Yuet Group, Kaba acquires a major partner in the USA market for security applications for the residential sector. The modern, highly productive company in Taishan City, Guangdong Province, will strengthen the Kaba Group's worldwide competitiveness and promote profitable growth especially in Asian and American markets. Wah Yuet will handle manufacturing orders that Kaba has previously given to external companies. These order volumes run into double-digit millions each year.

Including Wah Yuet, the Kaba Group will generate about 10% of group revenue in the Asia Pacific region, and increase the Group's EBIT margin still further. The contribution that Wah Yuet is expected to make to net free cash flow will be higher than the cost of financing the acquisition, and so will help accelerate the Kaba Group's cash flow growth.

The purchase price is being paid from existing lines of credit. In addition, the vendor is acquiring 196,910 Kaba shares from authorized capital worth USD 48 million. This gives K.S. Ng a 5.2% equity stake in Kaba; these shares are blocked for sale for one year. The parties have agreed to maintain confidentiality about the price paid for the company, which is free of debts. The acquisition of the Wah Yuet Group was completed in August 2006.

Outlook

The Kaba Group in its current form enjoys an outstanding position in the major markets of Europe and America, and in the 2006/2007 financial year will be able to achieve another improvement in profit. The influence of Wah Yuet will be positively felt after its initial consolidation in September 2006. The takeover of CSS in the USA still requires authorization from certain European trust authorities.

Board of Directors proposes higher dividends and another payment in the form of a reduction in par value

The improved consolidated profit for the year under review and the deliberate continuation of an investor-friendly distributions policy have prompted the Board of Directors to propose to the Annual General Meeting of Shareholders of 24 October 2006 that the dividend be increased by CHF 0.30 to CHF 5.10 per share. The payment will once again be made by reducing the par value – by CHF 5.10 from CHF 5.20 to CHF 0.10 per share. This method will help many Kaba Holding AG shareholders to avoid the double taxation of dividends in Switzerland. It is anticipated that the payment of CHF 5.10 will be made to shareholders in January 2007 after all the formalities have been completed.

Elections to the Board of Directors

At the Annual General Meeting of 24 October 2006, the terms of office of Rudolf Hauser and Thomas Zimmermann expire. As Rudolf Hauser is reaching retirement age next year, he does not wish to make himself available for re-election. Rudolf Weber is the Chief Executive Officer of the Kaba Group and has headed the operative management of the Group since 1 July 2006. He will step down from the Board at the General Meeting on 24 October 2006. The Board of Directors is proposing the re-election of Thomas Zimmermann and the election of Heribert Allemann, Riet Cadonau and Kin Shek Ng to the Board.

Heribert Allemann

Heribert Allemann (1944) is a Swiss citizen and heads the central services department "Corporate Business Development + IT". He joined Kaba in 1990 and in the same year became a Member of the Executive Board. In 2001, he was in charge of the post-merger integration project, successfully amalgamating the Unican and Kaba organizations worldwide into the third-largest security group. From 1984 to 1989, he was CEO of the Celfa-Folex Group, and from 1976 to 1984 he worked for the Holderbank Group where he was Deputy Vice President of Holderbank Management + Consulting Ltd. Heribert Allemann has Bachelor's Degree in Mechanical Engineering and a Master's Degree in Economics and Business Administration. He is Chairman of the Board of Directors of Alpa Partner AG. Heribert Allemann's election to the Board of Directors coincides with his retirement from operational activities at Kaba.

Riet Cadonau

Riet Cadonau (1961) is a Swiss citizen and since 2002 has been Managing Director of Transport Revenue, a globally active investment division of the US company ACS Inc. of Dallas. Riet Cadonau is also Chairman of the Schweizerische Management Gesellschaft ("Swiss Management Association") and a member of the Board of Griesser Group of Aadorf. From 2001 to 2005, he was a member of the Executive Board of Ascom, from 2002 as Deputy CEO and Head of the Transport Revenue Division, which was sold to ACS Inc. at the end of 2005. From 1990 to 2001, Riet Cadonau occupied various management roles at IBM Switzerland, most recently as a member of the Executive Board and Head of Global Services. Riet Cadonau graduated in business studies at the University of Zurich. He is a general staff officer in the Swiss Army.

Kin Shek Ng

Kin Shek Ng (1940), a Chinese citizen, is Chairman and CEO of Kaba's subsidiary Wah Yuet Group. K.S. Ng founded the Wah Yuet Group in 1973 and, until its purchase by Kaba, was the sole shareholder as well as CEO of the company, which is based in Hong Kong. Wah Yuet has sites in China, Macao and Hong Kong. Under his leadership, the company has grown to become a major manufacturer in the global locks industry, with an excellent reputation among its business partners for carefully made and attractive products. K.S Ng opened the Wah Yuet Group's first production facility in Hong Kong in 1973. In 1980, production was moved to the People's Republic of China, which at that time was starting to open up to foreign firms. K.S. Ng was directly involved in drawing up the reforms in China and in formulating its open-door policy. In addition to his work for the Wah Yuet Group, K.S. Ng invests in real estate and the financial markets through his other private companies. Before he set up the Wah Yuet Group, Kin Shek Ng was a consultant for Toyota, and successfully introduced the Toyota brand onto the Chinese market in the early 1970s. K.S. Ng studied political science and economics. He lives in Hong Kong.

Replenishment and extension of authorized equity capital

The AGM of 25 October 2005 extended the validity of the existing unused authorized equity capital of 350,000 shares by two years to 25 October 2007. The aim of this was to increase Kaba's credibility and negotiating power in any potential acquisition discussions, and to facilitate access to companies that fit the Kaba Group's acquisition strategy. As part of the acquisition of Wah Yuet, the vendor has subscribed for 196,910 Kaba shares from this authorized capital worth USD 48 million. The reasons for creating the authorized capital still apply, so the Board of Directors proposes to the AGM that the authorized capital be replenished to 377,200 shares (i.e. back to 10% of the increased equity capital) and thus that the authorized capital be extended to 24 October 2008.

Invitation to the Annual General Meeting of Shareholders on Tuesday, 24 October 2006, 3 pm at the Mövenpick Hotel Zurich Regensdorf, Zentrum, 8105 Regensdorf

Our shareholders will find enclosed the following documentation for the AGM:

- Invitation with agenda and Board of Directors' proposals
- Reply form
- Reply envelope
- Order form for documentation

To take part in our AGM, please complete the enclosed reply form and return it to us as soon as possible in the reply envelope provided. You will then receive an entry ticket/voting card and a map (for those traveling by car) or timetable (for those coming by train). Since there are only a limited number of parking spaces available, we recommend that you use public transportation.

The Kaba Group's reporting

Our reporting is, once again, very comprehensive. In response to requests from many shareholders, we are only sending the Shareholders' Letter to your home. We have enclosed an order form with which you can request the following publications:

- Annual Report
- Investor's Handbook (English)
- Kaba's Sustainability Charter (English)

You can also visit our website www.kaba.com to consult or download all of our publications.

Thank you for your interest and for the trust you have placed in Kaba Group.

Yours sincerely,
for Kaba Holding AG

Rudolf Hauser
Chairman of the Board

Ulrich Graf
President

Consolidated income statement

in CHF million except per share amounts	Note	Financial Year closed 30.6.2006	%	Financial Year closed 30.6.2005	%
Net sales	5	**1,041.0**	**100.0**	**980.1**	**100.0**
Changes in finished goods and work in progress		6.8	0.6	1.4	0.1
Other operating income	6	12.1	1.1	12.3	1.3
Material expenses	7	−329.4	−31.6	−297.8	−30.4
Personnel expenses	8	−405.2	−38.9	−376.9	−38.5
Other operating expenses	9	−174.9	−16.8	−166.5	−17.0
Depreciation and amortisation	16, 17	−31.6	−3.0	−31.3	−3.2
Operating profit (EBIT)		**118.8**	**11.4**	**121.3**	**12.3**
Financial expenses	10	−23.9	−2.3	−33.6	−3.4
Financial income	11	0.7	0.1	0.9	0.1
Profit before taxes		**95.6**	**9.2**	**88.6**	**9.0**
Income taxes	12	−27.5	−2.7	−22.7	−2.3
Net profit for the year		**68.1**	**6.5**	**65.9**	**6.7**
Net profit applicable to minority interests	3	0.0		0.1	
Net profit excluding minority interests		68.1		65.8	
Basic earnings per share (in CHF)	3	19.0		18.4	
Diluted earnings per share (in CHF)	3	19.0		18.4	

Consolidated balance sheet
Assets

in CHF million	Note	Financial Year closed 30.6.2006	%	Financial Year closed 30.6.2005	%
Current assets					
Cash and cash equivalents		38.8	5.6	43.8	6.4
Accounts receivable trade	13	194.0	28.0	184.9	27.2
Inventories	14	187.0	27.0	181.8	26.7
Current income taxes		9.6	1.4	4.3	0.6
Other current assets	15	24.0	3.4	25.1	3.7
Total current assets		**453.4**	**65.4**	**439.9**	**64.6**
Non-current assets					
Property, plant and equipment	16	195.8	28.3	198.6	29.2
Goodwill and other intangible assets	17	16.9	2.4	12.6	1.9
Non-current financial assets	18	3.0	0.4	4.0	0.6
Deferred income taxes	24	24.1	3.5	25.1	3.7
Total non-current assets		**239.8**	**34.6**	**240.3**	**35.4**
Total assets		**693.2**	**100.0**	**680.2**	**100.0**

Consolidated balance sheet
Liabilities and equity

in CHF million	Note	Financial Year closed 30.6.2006	%	Financial Year closed 30.6.2005	%
Current liabilities					
Current borrowings	19	151.4	21.8	206.4	30.3
Accounts payable trade		63.7	9.2	63.7	9.4
Current income taxes		20.9	3.0	16.1	2.4
Accrued and other current liabilities	20	137.1	19.8	130.5	19.2
Provisions	21	11.9	1.7	11.2	1.6
Total current liabilities		**385.0**	**55.5**	**427.9**	**62.9**
Non-current liabilities					
Non-current borrowings	19	152.0	21.9	145.1	21.3
Accrued pension cost and benefits	22	53.8	7.8	55.3	8.1
Deferred income taxes	24	23.1	3.3	17.8	2.6
Other non-current liabilities		1.8	0.3	1.8	0.3
Total non-current liabilities		**230.7**	**33.3**	**220.0**	**32.3**
Total liabilities		**615.7**	**88.8**	**647.9**	**95.2**
Equity					
Share capital	3	18.6	2.7	35.8	5.3
Additional paid-in capital		546.9	79.0	545.5	80.2
Equity conversion element of convertible bond		9.3	1.3	9.3	1.3
Retained earnings		−492.7	−71.1	−560.8	−82.4
Treasury stock		−1.9	−0.3	0.0	0.0
Cumulative translation adjustment		−2.9	−0.4	2.3	0.4
Total shareholders' equity		**77.3**	**11.2**	**32.1**	**4.8**
Minority interests		0.2		0.2	
Total equity		**77.5**	**11.2**	**32.3**	**4.8**
Total liabilities and equity		**693.2**	**100.0**	**680.2**	**100.0**

Consolidated statement of cash flows

in CHF million	Note	Financial Year closed 30.6.2006	Financial Year closed 30.6.2005
Net profit for the year		**68.1**	**65.9**
Depreciation and amortisation	16, 17	31.6	31.3
Income tax expenses	12	27.5	22.7
Interest expenses	10	22.2	31.6
Interest income	11	−0.6	−0.6
Loss (gain) on disposal of fixed assets, net		−0.2	−0.3
Adjustment for non-cash items		0.9	0.2
Change in accounts receivable trade		−9.6	−4.8
Change in inventories		−6.9	−7.5
Change in other current assets		1.9	−1.5
Change in accounts payable trade		0.5	2.2
Change in accrued pension cost		−2.0	−11.2
Change in accrued and other current liabilities		6.6	4.0
Cash generated from operations		**140.0**	**132.0**
Income taxes paid		−21.7	−19.2
Interest paid		−15.7	−27.9
Interest received		0.5	0.6
Net cash from operating activities		**103.1**	**85.5**
Cash flows from investing activities			
Purchase of property plant and equipment	16	−26.8	−21.0
Proceeds from sale of property plant and equipment	16	1.1	2.0
Acquisition of subsidiaries, net of cash acquired	4	0.0	−0.8
Purchases of other intangible assets	17	−7.9	−7.4
Decrease of other non-current financial assets		1.1	0.9
Increase of other non-current financial assets		−0.2	−2.2
Net cash used in investing activities		**−32.7**	**−28.5**
Cash flows from financing activities			
Issuance (repayment) of short-term debt, net	19	−54.9	196.7
Repayment of long-term debt	19	−0.2	−305.7
Decrease in other non-current liabilities		−0.2	−0.4
Dividends paid to minority shareholders		0.0	−0.1
Treasury stock purchased		−1.9	0.0
New shares issued		0.4	0.3
Dividends paid to company's shareholders [1]		−17.2	−14.3
Net cash used in financing activities		**−74.0**	**−123.5**
Translation exchange differences		−1.4	−5.3
Net increase (decrease) in cash and cash equivalents		**−5.0**	**−71.8**
Cash and cash equivalents at beginning of period		43.8	115.6
Cash and cash equivalents at end of period		38.8	43.8
Net increase (decrease) in cash and cash equivalents		**−5.0**	**−71.8**

[1] 2005/2006 in the form of a repayment of par value (free of withholding tax).

Consolidated changes in equity for financial year 2005/2006

in CHF million	Share capital	Additional paid-in capital	Equity convers. element of conv. bond	Hedging reserve	Retained earnings	Treasury stock	Cumul. translation adjustm.	Minority interests	Total equity
Financial Year closed 30.6.2005									
Balance at 30.6.2004	**35.7**	**545.0**	**9.3**	**−6.2**	**−612.4**	**0.0**	**−0.4**	**0.2**	**−28.8**
Adjustment hedging reserve				7.3					7.3
Tax effect on adj. hedging reserve				−1.1					−1.1
Net income directly recognised in equity				6.2					6.2
Net profit for the year					65.8			0.1	65.9
Total recognised income				6.2	65.8			0.1	72.1
Dividend paid					−14.3			−0.1	−14.4
New shares issued	0.1	0.3							0.4
Treasury stock purchased						0.0			0.0
Employee options granted		0.2							0.2
Translation adjustments					0.1		2.7		2.8
Balance at 30.6.2005	**35.8**	**545.5**	**9.3**	**0.0**	**−560.8**	**0.0**	**2.3**	**0.2**	**32.3**
Financial year closed 30.6.2006									
Balance at 30.6.2005	**35.8**	**545.5**	**9.3**	**0.0**	**−560.8**	**0.0**	**2.3**	**0.2**	**32.3**
Adjustment hedging reserve				0.0					0.0
Tax effect on adj. hedging reserve				0.0					0.0
Net income directly recognised in equity				0.0					0.0
Net profit for the year					68.1				68.1
Total recognised income					68.1				68.1
Dividend paid [1]	−17.2								−17.2
New shares issued		0.5							0.5
Treasury stock purchased						−1.9			−1.9
Employee options granted		0.9							0.9
Translation adjustments							−5.2		−5.2
Balance at 30.6.2006	**18.6**	**546.9**	**9.3**	**0.0**	**−492.7**	**−1.9**	**−2.9**	**0.2**	**77.5**

[1] in the form of a repayment of par value (free of withholding tax).

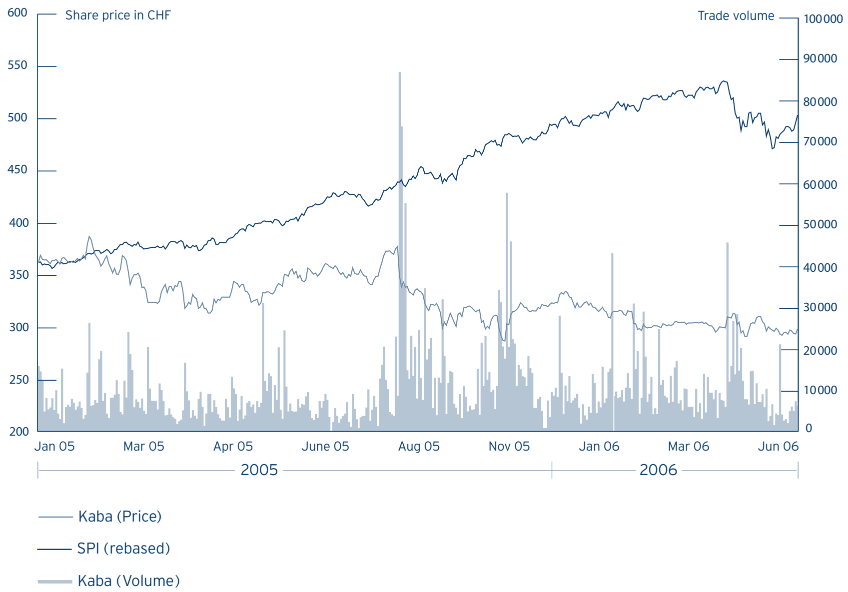
Segment reporting – full year

in CHF million	Door Systems	Data Collection	Access Systems	Key + Ident Systems	Other/ Eliminations/ Finance	Group
Prior year closed 30.6.2005						
Net sales third parties	250.6	74.0	405.7	211.2	38.6	980.1
Intercompany sales	2.1	1.9	3.0	4.5	−11.5	0.0
Total segment sales	**252.7**	**75.9**	**408.7**	**215.7**	**27.1**	**980.1**
Segment operating profit including one-time profit from pensions	**19.3**	**7.1**	**85.8**	**25.2**	**−16.1**	**121.3**
in % of segment sales	7.6%	9.4%	21.0%	11.7%	N/A	12.4%
Minus extraordinary contribution from pensions	−3.5		−2.9		−1.4	−7.8
Segment operating profit comparable (excluding extraordinary pensions)	**15.8**	**7.1**	**82.9**	**25.2**	**−17.5**	**113.5**
in % of segment sales	6.3%	9.4%	20.3%	11.7%	N/A	11.6%
Financial year closed 30.6.2006						
Net sales third parties	269.4	70.5	433.1	227.4	40.6	1,041.0
Intercompany sales	2.0	2.0	2.3	4.4	−10.7	0.0
Total segment sales	**271.4**	**72.5**	**435.4**	**231.8**	**29.9**	**1,041.0**
Segment operating profit	**22.3**	**9.1**	**85.2**	**23.4**	**−21.2**	**118.8**
In % of segment sales	8.2%	12.6%	19.6%	10.1%	N/A	11.4%
Segment operating profit currency adjusted	**22.3**	**9.0**	**82.4**	**22.8**	**−20.0**	**116.5**
Growth segment sales	18.7	−3.4	26.7	16.1	2.8	60.9
In %	7.4%	−4.5%	6.5%	7.5%	N/A	6.2%
Whereof currency impact	1.8	1.1	11.5	7.7	N/A	22.1
In %	0.7%	1.4%	2.8%	3.6%	N/A	2.3%
Currency adjusted internal growth segment sales	16.9	−4.5	15.2	8.4	2.8	38.8
In %	6.7%	−5.9%	3.7%	3.9%	N/A	4.0%

Segment reporting – 2nd half year

in CHF million	Door Systems	Data Collection	Access Systems	Key + Ident Systems	Other/ Eliminations/ Finance	Group
Reporting half-year Dec. 2004 to June 2005						
Net sales third parties	122.8	36.0	200.0	109.2	19.6	487.6
Intercompany sales	1.4	1.0	1.9	2.1	−6.4	0.0
Total segment sales	**124.2**	**37.0**	**201.9**	**111.3**	**13.2**	**487.6**
Segment operating profit including one-time profit from pensions	**9.5**	**2.2**	**37.8**	**13.2**	**−6.9**	**55.8**
in % of segment sales	7.6%	5.9%	18.7%	11.9%	N/A	11.4%
Minus extraordinary contribution from pensions	−3.5		−2.9		−1.4	−7.8
Segment operating profit comparable (excluding extraordinary pensions)	**6.0**	**2.2**	**34.9**	**13.2**	**−8.3**	**48.0**
in % of segment sales	4.8%	5.9%	17.3%	11.9%	N/A	9.8%
Reporting half-year Dec. 2005 to June 2006						
Net sales third parties	135.4	35.1	219.8	121.5	20.3	532.1
Intercompany sales	0.9	1.1	1.2	2.3	−5.5	0.0
Total segment sales	**136.3**	**36.2**	**221.0**	**123.8**	**14.8**	**532.1**
Segment operating profit	**10.0**	**3.8**	**39.5**	**14.2**	**−10.2**	**57.3**
In % of segment sales	7.3%	10.5%	17.9%	11.5%	N/A	10.8%
Segment operating profit currency adjusted	**10.0**	**3.7**	**38.1**	**13.7**	**−8.9**	**56.6**
Growth segment sales	12.1	−0.8	19.1	12.5	1.6	44.5
In %	9.7%	−2.2%	9.5%	11.2%	N/A	9.1%
Whereof currency impact	0.9	0.6	5.6	4.0	−1.4	9.7
In %	0.7%	1.6%	2.8%	3.6%	N/A	2.0%
Currency adjusted internal growth segment sales	11.2	−1.4	13.5	8.5	3.0	34.8
In %	9.0%	−3.8%	6.7%	7.6%	N/A	7.1%

Stock price trend



Agenda

24 October 2006, Tuesday, 3 p.m.
Annual General Meeting of Kaba Holding AG at the Mövenpick Hotel in Regensdorf

5 March 2007, Monday
Shareholder Newsletter and press release on the half-year results to 31.12.2006

17 September 2007, Monday
Presentation for financial analysts
Results press conference
Shareholder Newsletter with results for the 2006/2007 financial year and outlook for the 2007/2008 financial year
Distribution of Annual Report
Invitation to the Annual General Meeting of Shareholders

23 October 2007, Tuesday, 3 p.m.
Annual General Meeting of Kaba Holding AG

Please visit our website at www.kaba.com. You will find our latest share price, the most recent press releases, the Annual Report to 30.6.2006, Kaba's Sustainability Charter and the ever-popular Investor's Handbook. You will also see which new Kaba products and systems you could use to increase your own security and personal convenience.

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