Security in a dynamic world

No. 31 Shareholder Newsletter

1 July 2008 to 31 December 2008

> Half-year sales fall 8.5 % to CHF 609.8 million (-1 % aquisition- and currency-adjusted)

> EBIT margin remains high at 12.9 % (13.3 %)

> EBIT down 11.3 % to CHF 78.8 million (-7.1 % acquisition- and currency-adjusted)

> Profit 18.8 % lower at CHF 41.6 million

> Kaba intends to use the crisis to build up its market position

Kaba Group

Kaba is one of the leading providers in the worldwide security industry. A globally active, listed company, it employs around 9,000 staff in more than 60 countries. Kaba provides innovative and comprehensive solutions for security, organization and convenience at access points to buildings, rooms and facilities, as well as for recording personnel and enterprise data.

> DOOR SYSTEMS
As a specialist in automatic, security and convenience doors, Kaba Group offers a comprehensive range of products all over the world. Its diverse product portfolio covers all current market needs, including automatic doors, physical access systems and platform screen doors.

> ACCESS + DATA SYSTEMS
Kaba has firmly established itself as a leading innovator, with customized solutions in the mechanical, mechatronic and electronic locks and locking cylinders sector, as well as integrated systems for access control and time and data recording. Its product range also includes hotel locking systems and high security locks.

> KEY + IDENT SYSTEMS
Through its two subsidiaries Silca and Ilco, Kaba Group is the leading manufacturer of key blanks for the key replacement and OEM business. As well as key blanks with integrated transponders for the automotive industry, the two companies make a wide range of mechanical, electronic and industrial key cutting and coding machines as well as key duplication machines.

The contactless smart-card technology manufactured by Kaba's subsidiary Legic provides an integrated platform for state-of-the-art authorization management. It can be used for practically any operational requirement, including contactless identification, organization, verification and cash-free payments.

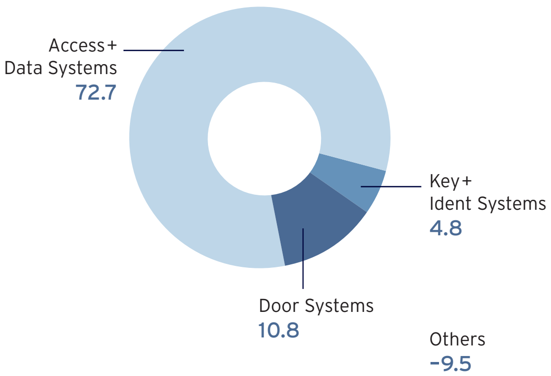
Key figures HY 1 2008/2009

Consolidated income statement

in CHF million except per share amounts/personnel	Reporting Half-Year ended 31.12.2008	in %	Financial year ended 30.06.2008	in %	Prior Half-Year ended 31.12.2007	in %
Net sales	609.8	100.0	1,303.7	100.0	666.5	100.0
Operating profit before depreciation (EBITDA)	**99.6**	**16.3**	**206.6**	**15.9**	**110.3**	**16.5**
Operating profit (EBIT)	**78.8**	**12.9**	**164.0**	**12.6**	**88.8**	**13.3**
Profit before taxes	59.0	9.7	131.5	10.1	71.4	10.7
Net profit before minority interests	41.6	6.8	97.1	7.5	51.2	7.7
Basic earnings per share (in CHF)	11.0		25.6		13.5	
Diluted earnings per share (in CHF)	11.0		25.6		13.5	
Market capitalization	993.0		1,183.0		1,349.0	
Net debt/EBITDA (Gearing)	2.16		2.00		2.25	
Average number of full-time equivalent employees	8,691		9,151		9,153	

EBIT by segments

in CHF million



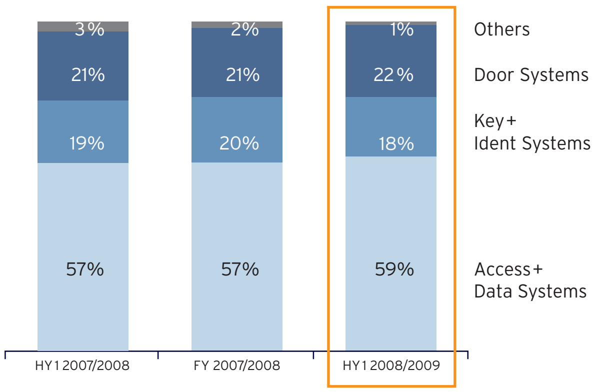
EBIT margin by segments

in %

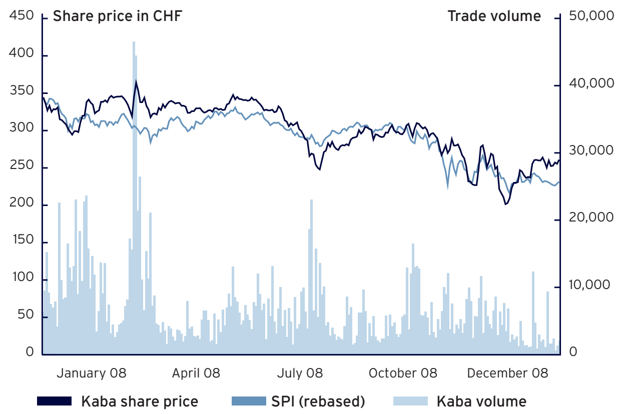
	HY 1 2008/2009	HY 1 2007/2008
Door Systems	8.1%	8.8%
Access + Data Systems	20.0%	19.8%
Key + Ident Systems	4.4%	9.4%
Total	**12.9%**	**13.3%**

Sales by segments

in %



Share price development



Half-year results as at 31 December 2008

Kaba achieves EBIT margin of 12.9 % despite the crisis

Dear Shareholders
Ladies and Gentlemen

The first six months of the 2008/2009 financial year can be clearly divided into a strong first quarter and a weak second quarter, as the security industry was hit by the full impact of the drastic change in global economic sentiment. Once again, however, Kaba benefited from the stabilizing effect of a wide installed base of products around the world. The replacement and upgrade business that this generates accounts for up to two-thirds of Group turnover. Meanwhile, the market has become unsettled and unpredictable, making it very difficult to forecast how the business will perform in future.

During the period under review, the substantial weakening of most currencies against the Swiss franc had a negative effect. Not only did it result in exchange rate losses, but it also dampened demand and affected customers' purchasing patterns.

Organic sales –1%

After achieving organic growth (i.e. acquisition- and currency-adjusted) of 2.1% in the first quarter of the 2008/2009 financial year, sales declined noticeably in the second quarter (– 3.9 % organic). Overall, first-half sales slipped 8.5 % to CHF 609.8 million from CHF 666.5 in the same period of the previous financial year. Most of this CHF 56.7 million reduction is due to the significant movement in exchange rates (CHF – 41 million, or – 6.2 % of the year-back sales figure). The average value of the US dollar fell from CHF 1.173 a year ago to CHF 1.092 (– 6.9 %), while the euro rate fell from CHF 1.655 to CHF 1.565 (– 5.4 %). As expected, the absence of Canadian company Capitol (CHF – 8.7 million or – 1.3 %) also added to the decrease in sales. Capitol was consolidated until the beginning of November 2007, when it was sold. Organic sales were down by 1%, or CHF 7 million, which is a relatively small decline.

EBIT margin of 12.9 %

EBIT declined by 11.3 % overall, from CHF 88.8 million to CHF 78.8 million. The currency influence alone accounted for a 4.4 % decrease. Acquisition- and currency-adjusted, the reduction was CHF 6.3 million, or 7.1%. In the first quarter, the EBIT margin went up to 13.3 % (equivalent to the margin of the same period of the 2007/2008 financial year) before slipping to 12.5 % in the second quarter. The overall EBIT margin for the period under review was an impressive 12.9 %.

Net profit was down 18.8 % from CHF 51.2 million to CHF 41.6 million. In addition to the lower EBIT, the decline was also caused in part by a higher predicted tax rate (29.5 % rather than 28.3 % of pre-tax profit).

Door Systems Segment

Overall, the Door Systems Segment saw sales decrease by 7.1% to CHF 132.7 million in the first half-year. Most of this reduction (– 5.7 %) was caused by foreign exchange movements, especially the relative weakening of the euro and the UK pound. Currency-adjusted, sales were down by 1.4 %. While organic sales growth rose by 1.9 % in the first quarter, it decreased by 3.9 % in the second one (aquisition- and currency-adjusted). EBIT reached CHF 10.8 million, which is CHF 1.8 million lower compared to the previous year.

Encouragingly, the Door Systems Segment was able to keep its EBIT margin more or less the same as a year ago at 8.1% (8.8 %). Given the fall in earnings in the previous half-year and the increasingly difficult operating environment, this EBIT margin represents a good achievement.

The reorganization carried out in the 2007/2008 financial year generated exceptional costs, but has proven to be a wise move, smoothing the way for solid future development. The security doors business has also performed well. Alongside some large jobs in Malaysia and China, Kaba has been awarded a major CHF 2 million contract to supply and install turnstiles in 22 stadiums in Greece. These physical access systems from Kaba are specially tailored to sports stadiums in terms of both function and design. They also meet the highest standards of reliability, robustness and throughput while complying with all international security requirements. Technically similar solutions installed at the Karaiskaki Stadium for the 2004 Olympic Games have performed outstandingly in permanent operation.

Access + Data Systems report 20 % EBIT margin

Sales by the Access + Data Systems Segment went down by 4.6 % to CHF 363.1 million, though currency-adjusted, sales actually rose by 1.5 %. Organic growth of 5.5 % in the first quarter was followed by negative growth of 2.2 % in the second quarter. EBIT declined by 3.7 % to CHF 72.7 million. The EBIT margin actually increased slightly to an impressive 20 % during the period under review.

Access + Data Systems in EMEA posts strong growth

In Europe and the Middle East, the Access + Data Systems Segment posted organic growth of 5.7 % to CHF 201.1 million, which was once again better than the market average. The EBIT margin rose to the level of the segment as a whole. All of the European regions contributed to the performance. Increased demand for integrated access control systems was the key to this success. Kaba steadily built up its technological leadership through the systematic integration of digital components (CardLink). Continual efforts to nurture distribution partnerships in all product segments paid off, as did the fact that Kaba does not operate in the residential sector in countries hit by serious property crises. By pressing ahead with organizational development and knowledge management, and by expanding the Mechatronic technology centre, Kaba has laid solid foundations for efforts to increase market share with a highly motivated workforce and state-of-the-art technology.

Access + Data Systems in the Americas still enjoying positive growth

Compared to the previous year, Access + Data Systems in the Americas posted an organic growth of 8.2 % in the first quarter, but the second quarter sales saw a loss of 4.3 %. Overall growth in the six months to 31 December 2008 was 1.8 %, and there was another significant increase in the already high EBIT margin. The hotel access systems segment and the general commercial access businesses performed well. Thanks to product developments in RFID and advanced wireless products, Kaba has established itself as the leading provider of electronic locking solutions for the lodging and multi family markets.

Sales of high security locks, used primarily by the US Government, returned to normal after last year's exceptionally high level. Increased margin has been achieved through strong commercial sales, cost reductions and synergies realized from the 2006 CSS acquisition.

Sales declining at Access + Data Systems in Asia Pacific

Currency-adjusted, volume lost by 4.5 % at Access + Data Systems Asia Pacific. The EBIT margin suffered as a result. Local sales organizations had to cope with often violent currency fluctuations, some of which led to transaction losses.

Intensifying price pressure made it increasingly difficult to sell high-end European products. The Wah Yuet production site found that customers were becoming somewhat cautious, and it also suffered the negative effects of currency fluctuations.

Key + Ident Systems: downturn in customer confidence

Key + Ident Systems were already being affected by recession in American and Europe in the first quarter of the 2008/2009 financial year. Currency-adjusted, sales in the first half of this financial year were down by 10.2 % while the EBIT margin was halved year-on-year to 4.4 %.

In America, the big OEMs (e.g. automobile industry) and distributors held back orders and ran down their stocks, resulting in a 12.7 % decrease in sales (currency-adjusted).

In Europe, sales of key blanks and key cutting machines suffered primarily because of insecurity among dealers, who were worried about securing funding and postponed purchases of new equipment. As a result, sales were down by 6.5 % currency-adjusted. The EBIT margin was maintained at the level of the first half-year of the previous year. The project to simplify processes and structures between production in Italy and the European distribution companies proceeded according to plan and offset the effects of the more difficult operating environment to a certain extent.

Legic Identsystems AG had to cope with a significant cutback in sales and EBIT margin. The company is part of Key + Ident Systems, offering contactless smart-card technology under the Legic brand. Numerous customers cut their order volumes and abruptly reduced their stocks of transponder chips. Legic had no choice but to adjust its cost base quickly. Order patterns began to normalize again towards the end of the period under review.

Other factors/eliminations/finance

In accordance with IFRS accounting standards, centralized Group costs are charged as a lump sum to the segment accounts under "Other/eliminations/finance". This column also includes all consolidation corrections, such as the elimination of sales and other transfers between segments. Businesses that do not fit in with the basic segment breakdown also appear here: Safe + Vault, the bank equipment business in Switzerland; and Capitol, the zinc die casting business in Canada, which was sold in November 2007.

Free cash flow declines

Net cash generated from operations, i. e. funds from ongoing operations and from changes in net current assets, stood at CHF 68.3 million. This is CHF 15.2 million, or 18.2 %, lower than the year-back figure (CHF 83.5 million). The slow down in business activities as well as reduced accruals and deferrals had a negative effect on free cash flow. Investments in physical, intangible and financial assets were reduced by almost a half (CHF 12.1 million compared with CHF 21.8 million for the equivalent period of the 2007/2008 financial year). The acquisition of the remaining 20 % of share capital of Wah Yuet Group is recognized in the accounts at CHF 62.7 million.

Outlook

Relative to earlier forecasts, predicting the likely course of the current financial year has been made much more complicated by the dramatic collapse in the global economy. Because of the insecurity that now grips business and politics, not to mention the unpredictable behaviour of many customers, it is more difficult to make a reliable forecast. The speed and intensity of the changes that confronted Kaba Group in the first half-year, especially between October and December 2008, have not let up in the current reporting period. Consequently, Kaba can only assume that the second half of the financial year up to 30 June 2009 will see a further deterioration and cooling down in most of our major markets. Against the background of this macroeconomic picture, we expect a further decline in sales compared to the second half-year of the previous year (before taking account of any currency influences).

Experience shows that the markets served by the Access + Data Systems Segment tend to lag behind the economic cycle, and thus their downward slide has only just begun. Continued foreign exchange volatility could also weigh heavily on operational business and the EBIT margin. In the second half of the last financial year, the average value of the US dollar was CHF 1.05. If the average US dollar exchange rate stays the same for the second half of this financial year, there will be no dollar-induced currency influence on results. However, it is different as far as the euro is concerned. An average rate of EUR/CHF 1.50 (compared with CHF 1.61 in the equivalent period of the previous year) would reduce EBIT in the form of a CHF 2 million currency loss in the second half of 2008/2009. It should also be noted that the second half of Kaba's financial year is traditionally a little weaker than the first.

On a more positive note, Kaba might once again generate a high free cash flow and intends to reduce its debt. The EBIT margin should remain in double digits. Kaba will also be sticking to its policy of continuous investment in innovations that help consolidate its position as a technology leader. At the same time it aims to use its strategic competitive advantages to emerge stronger from the crisis. These advantages include the expertise it has built up over many years in the area of access control. Kaba helps its customers not only to evaluate and implement optimum solutions, but also to manage the systems they buy and train their employees to use them effectively.

Kaba has successfully built up direct distribution channels in Europe and has now largely completed the Europe-wide merger of sales and marketing organizations in the Total Access sector. The company has thereby put in place vital structures that should help it achieve rising productivity, solid margins and further gains in market share.

We would like to thank you, our valued shareholders, for the interest and the confidence you have shown in Kaba. We would also like to express our gratitude to all of our employees for their outstanding work. We know that our workforce, with its innovative power, new ideas, commitment, cost-consciousness and persistence, will achieve success even in difficult times.

Yours sincerely,
for Kaba Holding AG

Ulrich Graf
Chairman of the
Board of Directors

Rudolf Weber
CEO

Consolidated income statement

in CHF million except per share amounts	Reporting Half-Year ended 31.12.2008	in %	Financial year ended 30.06.2008	in %	Prior Half-Year ended 31.12.2007	in %
Net sales	**609.8**	**100.0**	**1,303.7**	**100.0**	**666.5**	**100.0**
Changes in finished goods and work in progress	3.6	0.6	5.0	0.4	0.8	0.1
Other operating income	5.8	1.0	14.0	1.1	6.2	0.9
Material expenses	−207.7	−34.1	−460.0	−35.3	−234.0	−35.1
Personnel expenses	−222.3	−36.5	−456.1	−35.0	−230.3	−34.6
Other operating expenses	−89.6	−14.7	−200.0	−15.3	−98.9	−14.8
Operating profit before depreciation (EBITDA)	**99.6**	**16.3**	**206.6**	**15.9**	**110.3**	**16.5**
Depreciation and amortization	−20.8	−3.4	−42.6	−3.3	−21.5	−3.2
Operating profit (EBIT)	**78.8**	**12.9**	**164.0**	**12.6**	**88.8**	**13.3**
Disposal of subsidiary	0.0	0.0	0.8	0.1	−0.1	0.0
Result from associates and joint ventures	0.0	0.0	0.1	0.0	0.0	0.0
Financial expenses	−20.8	−3.4	−35.3	−2.7	−18.3	−2.8
Financial income	1.0	0.2	1.9	0.1	1.0	0.2
Profit before taxes	**59.0**	**9.7**	**131.5**	**10.1**	**71.4**	**10.7**
Income taxes	−17.4	−2.9	−34.4	−2.6	−20.2	−3.0
Net profit before minority interests	**41.6**	**6.8**	**97.1**	**7.5**	**51.2**	**7.7**
Net profit attributable to minorities	0.0		0.0		0.0	
Net profit attributable to equity holders of the company	41.6		97.1		51.2	
Basic earnings per share (in CHF)	11.0		25.6		13.5	
Diluted earnings per share (in CHF)	11.0		25.6		13.5	
Average number of full-time equivalent employees	8,691		9,151		9,153	

Consolidated balance sheet
Assets

in CHF million	Reporting Half-Year ended 31.12.2008	in %	Financial year ended 30.06.2008	in %	Prior Half-Year ended 31.12.2007	in %
Current assets						
Cash and cash equivalents	78.9	7.5	67.2	6.2	68.8	6.2
Accounts receivable trade	209.7	19.8	246.2	22.9	245.4	22.1
Inventories	235.1	22.2	237.8	22.1	247.8	22.3
Current income taxes	9.8	0.9	5.4	0.5	6.1	0.5
Other current assets	27.2	2.6	19.6	1.8	22.6	2.0
Total current assets	**560.7**	**53.0**	**576.2**	**53.5**	**590.7**	**53.1**
Non-current assets						
Property, plant and equipment	196.4	18.5	207.7	19.3	209.6	18.9
Goodwill and other intangible assets	272.9	25.7	263.5	24.4	275.0	24.7
Investments in associated and joint ventures	5.8	0.5	6.0	0.6	6.2	0.6
Non-current financial assets	15.5	1.5	15.5	1.4	15.2	1.4
Deferred income taxes	7.6	0.8	9.0	0.8	15.3	1.3
Total non-current assets	**498.2**	**47.0**	**501.7**	**46.5**	**521.3**	**46.9**
Total assets	**1,058.9**	**100.0**	**1,077.9**	**100.0**	**1,112.0**	**100.0**

Consolidated balance sheet
Liabilities and equity

in CHF million	Reporting Half-Year ended 31.12.2008	in %	Financial year ended 30.06.2008	in %	Prior Half-Year ended 31.12.2007	in %
Current liabilities						
Current borrowings	327.6	31.0	258.0	23.9	318.6	28.6
Accounts payable trade	53.1	5.0	72.6	6.7	72.0	6.5
Current income tax liabilities	27.6	2.6	24.5	2.3	35.3	3.2
Accrued and other current liabilities	137.5	13.0	166.1	15.4	151.3	13.6
Provisions	13.0	1.2	15.8	1.5	14.8	1.3
Total current liabilities	**558.8**	**52.8**	**537.0**	**49.8**	**592.0**	**53.2**
Non-current liabilities						
Non-current borrowings	174.1	16.4	221.9	20.6	212.6	19.1
Accrued pension cost and benefits	42.8	4.0	46.7	4.3	53.9	4.8
Deferred income taxes	29.7	2.8	33.6	3.1	34.6	1.3
Other non-interest bearing liabilities	1.1	0.2	1.1	0.2	1.3	0.1
Total non-current liabilities	**247.7**	**23.4**	**303.3**	**28.2**	**302.4**	**27.2**
Total liabilities	**806.5**	**76.2**	**840.3**	**78.0**	**894.4**	**80.4**
Equity						
Share capital	0.4	0.0	0.4	0.0	0.4	0.0
Additional paid-in capital	618.9	58.4	618.4	57.3	617.4	55.6
Equity conversion element of convertible bond	9.3	0.9	9.3	0.9	9.3	0.8
Retained earnings	−323.3	−30.5	−335.3	−31.0	−381.0	−34.3
Treasury stock	−3.1	−0.3	−1.8	−0.2	−1.1	−0.1
Cumulative translation adjustment	−49.8	−4.7	−53.4	−5.0	−27.4	−2.4
Total shareholders' equity	**252.4**	**23.8**	**237.6**	**22.0**	**217.6**	**19.6**
Minority interests	0.0		0.0		0.0	
Total equity	**252.4**	**23.8**	**237.6**	**22.0**	**217.6**	**19.6**
Total liabilities and equity	**1,058.9**	**100.0**	**1,077.9**	**100.0**	**1,112.0**	**100.0**

Consolidated statement of cash flows

in CHF million	Reporting Half-Year ended 31.12.2008	Financial year ended 30.06.2008	Prior Half-Year ended 31.12.2007
Net profit for the reporting period	**41.6**	**97.1**	**51.2**
Depreciation and amortization	20.8	42.6	21.5
Income tax expenses	17.4	34.4	20.2
Interest expenses	15.8	34.1	18.1
Interest income	−0.9	−1.8	−0.9
(Gain) loss on disposal of fixed assets, net	−0.1	−0.4	0.1
Adjustment for non-cash items	5.1	0.6	1.5
Change in accounts receivable trade	24.4	−16.4	−3.3
Change in inventories	−5.6	−20.2	−19.1
Change in other current assets	−4.7	−1.1	1.7
Change in accounts payable trade	−16.9	1.6	−2.1
Change in accrued pension cost	−0.9	−6.2	−0.5
Change in accrued and other current liabilities	−27.7	20.9	−4.9
Cash generated from operations	**68.3**	**185.2**	**83.5**
Income taxes paid	−21.4	−25.4	−9.7
Interest paid	−7.0	−25.8	−10.0
Interest received	0.9	1.8	1.0
Net cash from operating activities	**40.8**	**135.8**	**64.8**
Cash flows from investing activities			
Purchase of property plant and equipment	−10.7	−40.6	−18.6
Proceeds from sale of property plant and equipment	0.3	1.9	0.5
Acquisition of subsidiaries, net of cash acquired[1)]	−62.7	0.0	0.0
Sale of subsidiaries, net of cash sold	0.0	11.7	10.4
Purchases of other intangible assets	−1.7	−4.2	−2.5
Decrease of other non-current financial assets	0.4	0.2	0.1
Increase of other non-current financial assets	−0.4	−3.0	−1.3
Net cash used in investing activities	**−74.8**	**−34.0**	**−11.4**
Cash flows from financing activities			
Issuance (repayment) of short-term debt, net	69.8	−94.3	−43.6
Proceeds from borrowings	1.4	2.2	1.5
Repayment of long-term debt	−0.3	−1.2	0.0
Decrease in other non-current liabilities	−0.1	−0.3	−0.1
Treasury stock (purchased) re-issued	−2.5	−0.9	0.0
New shares issued	0.5	2.2	1.2
Dividends paid to company's shareholders	−29.6	−24.7	−24.7
Net cash flows from financing activities	**39.2**	**−117.0**	**−65.7**
Translation exchange differences	6.5	−3.6	−4.9
Net increase (decrease) in cash and cash equivalents	**11.7**	**−18.8**	**−17.2**
Cash and cash equivalents at beginning of period	67.2	86.0	86.0
Cash and cash equivalents at end of period	78.9	67.2	68.8
Net increase (decrease) in cash and cash equivalents	**11.7**	**−18.8**	**−17.2**

1) 31.12.2008 – Purchase of the remaining 20% shares of Wah Yuet. The liability from the put option of the seller had been disclosed as a liability in the balance sheet in previous periods.

Consolidated changes in equity for the 1st half of financial 2007/2008 and for the 1st half of financial 2008/2009

in CHF millon	Share capital	Additional paid-in capital	Equity convers. element of conv. bond 1)	Cash flow hedging reserve	Retained earnings	Treasury stock	Cumul. trans-lation adjustm.	Minority interests	Total equity
Prior Half-Year ended 31.12.2007									
Balance at 30.06.2007	**0.4**	**614.7**	**9.3**	**0.0**	**−407.5**	**−1.1**	**−0.7**	**0.0**	**215.1**
Adjustment cash flow hedging reserve									0.0
Tax effect on adjustment cash flow hedging reserve									0.0
Translation adjustments							−26.7		−26.7
Net income directly recognized in equity							**−26.7**		**−26.7**
Net profit for the reporting period					51.2				51.2
Total recognized income					**51.2**		**−26.7**		**24.5**
Dividend paid					−24.7				−24.7
New shares issued 2)	0.0	2.6							2.6
Treasury stock (purchased) re-issued									0.0
Employee options granted		0.1							0.1
Balance at 31.12.2007	**0.4**	**617.4**	**9.3**	**0.0**	**−381.0**	**−1.1**	**−27.4**	**0.0**	**217.6**
Reporting Half-Year ended 31.12.2008									
Balance at 30.06.2008	**0.4**	**618.4**	**9.3**	**0.0**	**−335.3**	**−1.8**	**−53.4**	**0.0**	**237.6**
Adjustment cash flow hedging reserve									0.0
Tax effect on adjustment cash flow hedging reserve									0.0
Translation adjustments							3.6		3.6
Net income directly recognized in equity					**0.0**	**0.0**	**3.6**	**0.0**	**3.6**
Net profit for the reporting period					41.6				41.6
Total recognized income					**41.6**	**0.0**	**3.6**	**0.0**	**45.2**
Dividend paid					−29.6				−29.6
New shares issued 3)	0.0	0.4							0.4
Treasury stock (purchased) re-issued						−1.3			−1.3
Employee options granted		0.1							0.1
Balance at 31.12.2008	**0.4**	**618.9**	**9.3**	**0.0**	**−323.3**	**−3.1**	**−49.8**	**0.0**	**252.4**

1) net of income tax
2) 8,483 shares at CHF 0.10 par value
3) 2,300 shares at CHF 0.10 par value

Notes to the consolidated interim financial statements for the 1st half of financial 2008/2009

With the exception of the adoption of new and revised interpretations as noted below, the accounting principles applied to and the presentation of these unaudited interim consolidated financial statements are unchanged from those of the consolidated financial statements for the year ended 30 June 2008 and are in accordance with the International Accounting Standard 34 on interim reports.

In the current financial year,

- IFRIC 12, Service concession arrangements
- IFRIC 13, Customer loyalty programmes and
- IFRIC 14, IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction

have been adopted by the Group as of 1 July 2008.

The adoption of the above mentioned interpretations did not have a significant effect on the consolidated statements and the financial position of the Group.

For the purpose of establishing the Group's interim financial statements, income tax expense is recognized based upon the best estimate of the average annual income tax rate expected for the full year.

Remaining 20 % stake in Wah Yuet Group acquired

On 13 November 2008, the Kaba Group purchased the remaining 20 % stake in the Chinese Wah Yuet Group, redeeming the put option of the seller prior to maturity.

The purchase price agreed with the seller deviates only marginally from the liability disclosed in the balance sheet as per 30. 6. 2008.

Having acquired an 80 % stake in 2006, this means that Kaba Holding AG is now the 100 % owner of Wah Yuet. As from the date of acquisition of the 80 %, Wah Yuet was consolidated at 100 % and a liability was recognized for the put option to acquire the remaining 20 % instead of minority interests in equity.

The redemption of this liability is shown as Acquisition of subsidiaries in the cash flow statement.

Segment reporting

	Door Systems		Access + Data Systems		Key + Ident Systems		Other/ Eliminations/Finance		Group	
in CHF million	**Reporting Half-Year ended 31.12.08**	**Prior Half-Year ended 31.12.07**	**Reporting Half-Year ended 31.12.08**	**Prior Half-Year ended 31.12.07**	**Reporting Half-Year ended 31.12.08**	**Prior Half-Year ended 31.12.07**	**Reporting Half-Year ended 31.12.08**	**Prior Half-Year ended 31.12.07**	**Reporting Half-Year ended 31.12.08**	**Prior Half-Year ended 31.12.07**
Net sales third parties	132.2	142.2	362.0	379.5	105.6	126.7	10.0	18.1	609.8	666.5
Intercompany sales	0.5	0.6	1.1	1.0	2.3	2.5	−3.9	−4.1	0.0	0.0
Total segment sales	**132.7**	**142.8**	**363.1**	**380.5**	**107.9**	**129.2**	**6.1**	**14.0**	**609.8**	**666.5**
Segment operating profit (EBIT)	**10.8**	**12.6**	**72.7**	**75.5**	**4.8**	**12.2**	**−9.5**	**−11.5**	**78.8**	**88.8**
in % segment sales	8.1 %	8.8 %	20.0 %	19.8 %	4.4 %	9.4 %	N/A	N/A	12.9 %	13.3 %
Segment operating profit currency- and acquisition-adjusted	**11.0**	**12.7**	**76.7**	**70.1**	**5.5**	**11.7**	**−10.7**	**−10.8**	**82.5**	**83.7**
Change in segment sales	−10.1	6.6	−17.4	61.2	−21.3	8.9	−7.9	−0.5	−56.7	76.2
in %	−7.1 %	4.8 %	−4.6 %	19.2 %	−16.5 %	7.4 %	N/A	N/A	−8.5 %	12.9 %
Whereof currency impact	−8.2	2.6	−23.3	1.2	−8.1	−1.2	−1.4	0.7	−41.0	3.3
in %	−5.7 %	1.9 %	−6.1 %	0.4 %	−6.3 %	−1.0 %	N/A	N/A	−6.2 %	0.6 %
Whereof acquisition (disposal) impact	0.0	0.0	0.0	33.8	0.0	2.3	−8.7	−4.4	−8.7	31.7
in %	0.0 %	0.0 %	0.0 %	10.6 %	0.0 %	1.9 %	N/A	N/A	−1.3 %	5.4 %
Currency-adjusted internal growth segment sales	−1.9	4.0	5.9	26.2	−13.2	7.8	2.2	3.2	−7.0	41.2
in %	−1.4 %	2.9 %	1.5 %	8.2 %	−10.2 %	6.5 %	N/A	N/A	−1.0 %	7.0 %

Agenda

4 March 2009, Wednesday

- Shareholder newsletter and press release on the half-year results as at 31 December 2008

30 June 2009, Tuesday

- End of financial 2008/2009

16 September 2009, Wednesday

- Presentation for financial analysts
- Results press conference
- Shareholder newsletter with the results for the 2008/2009 financial year
- Distribution of Annual Report
- Invitation to the Annual General Meeting of Shareholders

20 October 2009, Tuesday, 3 p.m.

- Annual General Meeting of Kaba Holding AG

Take a look at our Web site! It provides quick access to more attractive information. Just click on www.kaba.com and you'll be able to gain swift insight into our ten business areas, or find out the current share price, or access recent press releases, annual and interim reports as well as the popular Investor's Handbook.

This product was climate-neutrally produced.

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