agta record ltd

interim report 2011

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record
your global partner for entrance solutions

Half-year management report

Business activity

Business activity recovered in almost all markets compared to the bottom reached during the first half-year of 2010. Nevertheless, the recovery is not considered sufficiently solid because growth is still subdued and quite fragile in almost all countries served.

Some markets like Germany, Switzerland, Poland and Austria continued to achieve satisfactory performances for a fourth quarter in a row. Other markets, among them the USA, France, the UK and Scandinavia recently started to stagnate again.

The export business recovered very well as importers of our products restocked during the period. Two specific segments suffered declines: a slighter one in the lift maintenance business and a stronger one in the revolving doors market.

Order intake with respect to products increased by 9.7% whereas order intake in maintenance grew by 7.5%. These are very pleasing results in terms of gains of market share, especially given the general economic environment.

Sales growth did not entirely follow the growth in order intake, as the Group is not willing to increase staffing beyond what is necessary. As a consequence, the backlog stopped declining. At the end of the reporting period it is at the same level as at the end of the first half-year 2010. Compared to the end of 2010, it grew by 29%.

Finally, sales prices evolved satisfactorily and did not decline further. Some subsidiaries were even able to increase prices indicating that the competition in those markets is currently less intense.

Results of the first half-year of 2011

Product sales grew by 6.1% and maintenance by 5.3%. Maintenance sales suffered from a 10% decline in sales at PACA. On the positive side, the backlog at PACA increased by 24%. Work-in-progress grew by 56% for the Group.

Gross margin evolved very satisfactorily (+1.2 percentage points) despite the impact of the strong Swiss franc. The negative impact of the strengthening Swiss franc on the overall performance expressed in EUR, which is related to the cost basis in Switzerland, was overcompensated by the slight increase in sales prices, various volume effects, the reduction in production costs due to increased sourcing in Asia, and the weakening of the U.S. dollar.

Growth in personnel expenses (+5.1%) was lower than sales growth. Structure costs increased by 7.7%.

EBITA grew by 27% to 8,063 TEUR. EBIT reached 6,780 TEUR, representing growth of 33%.

Within the financial result, net financial expenses were minimal while foreign exchange losses remained limited at 471 TEUR, supporting 46% growth in net profit to 4,582 TEUR.

The structure of the balance sheet remains very solid with cash and cash equivalents of 21.7 MEUR as of 30 June 2011. The dividend was paid mid-June. In combination with financial liabilities of 8.2 MEUR the strong cash position resulted in a gearing of -9.6% (-8.6% at the end of 2010).

Expected trends for the second half of 2011

If the high degree of uncertainty in the macroeconomic outlook due to the instability in the global financial system could be ignored, the Group could be confident with respect to the second half.

Despite stagnating markets the full-year EBITA could show a rebound thanks to various positive factors such as the size of the order book, the ability of agta record to win market share, and the positive evolution of the gross margin.

In addition, the Group will launch several innovative and competitive products in the next 6 to 9 months.

But importantly, the currently high degree of economic uncertainty, the consequences of which we cannot predict for our markets, makes it impossible to formulate a reliable forecast for the second half-year.

Main balance sheet items

in MEUR	**30.06.2011**	31.12.2010
Cash	**21.7**	25.1
Financial liabilities	**8.2**	12.9
Net liquidity	**-13.5**	-12.3
Shareholders' funds	**140.5**	142.2
Gearing	**-9.6%**	-8.6%

Simplified profit and loss account

in MEUR	**30.06.2011**	30.06.2010
Turnover	**112.07**	105.97
Work in progress	**1.94**	1.24
Gross profit	**79.78**	74.21
Personnel expenses	**-52.41**	-49.89
Structure cost	**-20.06**	-18.62
EBITA	**8.06**	6.36
Amortization of intangible assets	**-1.28**	-1.26
EBIT	**6.78**	5.10
Financial result	**-0.64**	-1.18
Profit for the period	**4.58**	3.14

Rapport de gestion

Analyse de l'activité et des résultats du 1er semestre 2011

L'activité économique s'est reprise dans la plupart des marchés par rapport à un point bas atteint au 1er semestre 2010. On ne peut cependant pas parler de rebond réel, car il s'agit pour la plupart des pays d'une croissance lente qui reste extrêmement fragile.

Quelques marchés continuent, pour le 4ème trimestre consécutif, à afficher des performances correctes, comme l'Allemagne, la Suisse, la Pologne, l'Autriche, quand d'autres sont redevenus stagnants comme les USA, la France, le Royaume-Uni ou les pays scandinaves.

L'activité grand export s'est bien reprise grâce à un effet de restockage de nos importateurs. Si l'on considère les segments d'activité, deux sont clairement en baisse, légère pour la modernisation des ascenseurs, forte pour les portes à tambour automatiques.

Dans ce contexte, les commandes de produits du groupe ont enregistré une croissance de 9,7% et celles de maintenance de 7,5%. Résultats très satisfaisants en termes de gains de parts de marché.

Les ventes n'ont pas complètement suivi, conséquence de notre volonté de ne pas reprendre une politique active de recrutement. Le carnet de commandes à facturer a donc cessé de baisser et se trouve au même niveau qu'au 1er semestre 2010 et en croissance de plus de 29% par rapport au 2ème semestre 2010.

Les prix de vente ont évolué de façon satisfaisante sans baisse marquée, certaines de nos filiales parvenant même à les augmenter légèrement, confirmant que la concurrence s'est faite, de manière générale, moins vive.

Analyse des résultats

Les ventes de produits ont cru de 6,1% et celles de maintenance de 5,3%. Cette dernière activité a été impactée par le chiffre d'affaires de PACA, en baisse de 10%, mais qui a vu son carnet de commandes augmenter de 24%. Les travaux en cours sont en hausse de 56% au niveau du groupe.

La marge brute montre une évolution très satisfaisante en progressant de 1,2 point malgré l'impact défavorable du franc suisse. Cet impact négatif a été très largement compensé par une légère hausse des prix de vente, par un effet volume, mais aussi et surtout par les conséquences très positives du transfert des achats et de la production en Asie. L'impact est double, avec d'un côté une baisse de nos prix de revient et de l'autre, un effet baisse du dollar très positif.

Les coûts de personnel augmentent moins vite que les ventes à +5,1% et les frais de structure sont en hausse de 7,7%.

Le résultat opérationnel courant progresse de 27% à 8.063 KEUR et le EBIT de 33% à 6.780 KEUR.

Les frais financiers nets sont négligeables et les pertes de change ont été limitées à 471 KEUR. Le résultat net ressort en amélioration de 46% à 4.582 KEUR.

La structure de bilan reste très solide avec des liquidités de 21,7 MEUR (après dividendes), des dettes de 8,2 MEUR, soit un gearing de -9,6% contre -8,6% au 31 décembre 2010.

Tendances attendues au second semestre

Si ce n'était les effets possibles d'une instabilité de la conjoncture au niveau macroéconomique, induite par l'instabilité financière mondiale, nous pourrions nous montrer assez sereins pour la deuxième partie de l'année.

Même avec des marchés stagnants, compte tenu du niveau de notre carnet de commandes, de notre capacité à gagner des parts de marché et au vu de la remontée de notre marge brute, l'exercice 2011 pourrait montrer un rebond de notre résultat opérationnel.

Le groupe va également mettre sur le marché un grand nombre de produits nouveaux dans les 6 à 9 prochains mois, dont nous savons qu'ils seront très compétitifs et très innovants.

Malgré tout, les perturbations macroéconomiques actuelles dont nous ne nous sentons pas capables d'apprécier les conséquences sur nos différents marchés, nous empêchent de délivrer des prévisions fiables.

Principaux éléments du bilan

en MEUR	**30.06.2011**	31.12.2010
Cash	**21,7**	25,1
Dettes	**8,2**	12,9
Endettement net	**-13,5**	-12,3
Capitaux propres	**140,5**	142,2
Gearing	**-9,6%**	-8,6%

Compte de résultats simplifié

en MEUR	**30.06.2011**	30.06.2010
Chiffre d'affaires	**112,07**	105,97
Travaux en cours	**1,94**	1,24
Marge brute	**79,78**	74,21
Frais de personnel	**-52,41**	-49,89
Frais de structure	**-20,06**	-18,62
Résultat opérationnel courant	**8,06**	6,36
Amortissement des actifs incorporels	**-1,28**	-1,26
EBIT	**6,78**	5,10
Résultat financier	**-0,64**	-1,18
Résultat net	**4,58**	3,14

Contents

Consolidated statement of financial position

in thousand EUR	**30.06.2011**	31.12.2010
Assets		
Property and plants	**26’204**	26'414
Technical equipment/machinery	**1’663**	1’593
Other equipment	**14’911**	14'124
Intangible assets	**49’886**	50’724
Other financial assets	**262**	266
Deferred tax assets	**4’072**	3’793
Total non-current assets	**96’998**	96'914
Inventories	**38’064**	36’822
Trade receivables	**52’648**	57’093
Income tax receivables	**3’603**	2'161
Other current receivables	**3’305**	2’752
Accrued income	**2’832**	2’299
Cash and cash equivalents	**21’677**	25’140
Total current assets	**122’129**	126’267
Total assets	**219’127**	223’181
Equity		
Share capital	**8’751**	8'751
Other reserves	**32’851**	32’679
Treasury shares	**-629**	-799
Retained earnings	**94’938**	89’558
Profit for the period	**4’582**	12’016
Total equity attributable to equity holders of the Company	**140’493**	142’205
Liabilities		
Non-current financial liabilities	**882**	1’091
Defined benefit plan obligations	**3’235**	3’160
Non-current provisions	**4’401**	4'272
Deferred tax liabilities	**4’612**	4'868
Total non-current liabilities	**13’130**	13’391
Current financial liabilities	**7’741**	12’210
Trade payables	**14’790**	15’873
Income tax liabilities	**1’147**	3’403
Other current liabilities	**15’364**	15’494
Current provisions	**1’470**	1’938
Accrued liabilities	**24’992**	18’667
Total current liabilities	**65’504**	67’585
Total liabilities	**78’634**	80’976
Total equity and liabilities	**219’127**	223’181

Consolidated statement of comprehensive income

For the six months ended 30 June

in thousand EUR		**2011**	2010
Revenue from sales and services		**114’005**	107'219
Raw materials and consumables used		**-34’227**	-33'014
Gross profit		**79’778**	74'205
Other operating income		**260**	373
Capitalization of development costs		**494**	286
Personnel expenses		**-52’409**	-49'887
Other operating expenses		**-16’621**	-15'472
Operating profit before depreciation (EBITDA)		**11’502**	9'505
Depreciation of property, plant and equipment		**-3’439**	-3'150
Operating profit before amortization of intangible assets (EBITA)		**8’063**	6'355
Amortization of intangible assets		**-1’283**	-1'258
Operating profit (EBIT)		**6’780**	5'097
Financial income		**83**	47
Financial expense		**-720**	-1'227
Profit before tax		**6’143**	3'917
Income tax expense		**-1’561**	-773
Profit for the period		**4’582**	3'144
Other comprehensive income			
Foreign currency translation effects - foreign operations		**3’363**	13'577
Foreign currency translation effects - net investment approach		**-3’191**	-4'018
Defined benefit plans			
- Actuarial gains (losses)		**94**	143
- Asset ceiling		**0**	0
- Income tax relating to components of other comprehensive income		**-19**	-29
Other comprehensive income for the period, net of tax		**247**	9'673
Total comprehensive income for the period		**4’829**	12'817
Earnings per share (basic / diluted)	(in EUR)	**0.345**	0.237

Consolidated statement of changes in equity

in thousand EUR	Share capital	Other re-serves	Trans-lation reserve	Trea-sury shares	Retained earnings	Total
Balance at 1 January 2010	**8'751**	**24'544**	**-2'260**	**-1'013**	**97'988**	**128'010**
Total comprehensive income for the period						
Profit for the period					3'144	3'144
Other comprehensive income						
Foreign currency translation effects - foreign operations			13'577			13'577
Foreign currency translation effects - net investment approach			-4'018			-4'018
Actuarial gains (losses) and asset ceiling on defined benefit plans, net of tax					114	114
Total other comprehensive income net of tax	**0**	**0**	**9'559**	**0**	**114**	**9'673**
Total comprehensive income for the period	**0**	**0**	**9'559**	**0**	**3'258**	**12'817**
Transactions with owners, recognized directly in equity						
Purchase/sale of treasury shares				84		84
Gain/loss from treasury shares net of transaction costs					-34	-34
Dividends paid to owners					-5'837	-5'837
Share-based payment transactions				241	-135	106
Total contributions by / distributions to owners	**0**	**0**	**0**	**325**	**-6'006**	**-5'681**
Balance at 30 June 2010	**8'751**	**24'544**	**7'299**	**-688**	**95'240**	**135'146**
Balance at 1 January 2011	**8’751**	**24’544**	**8’135**	**-799**	**101’574**	**142’205**
Total comprehensive income for the period						
Profit for the period					4’582	4’582
Other comprehensive income						
Foreign currency translation effects - foreign operations			3’363			3’363
Foreign currency translation effects - net investment approach			-3’191			-3’191
Actuarial gains (losses) and asset ceiling on defined benefit plans, net of tax					75	75
Total other comprehensive income net of tax	**0**	**0**	**172**	**0**	**75**	**247**
Total comprehensive income for the period	**0**	**0**	**172**	**0**	**4’657**	**4’829**
Transactions with owners, recognized directly in equity						
Purchase/sale of treasury shares				-72		-72
Gain/loss from treasury shares net of transaction costs					-6	-6
Dividends paid to owners					-6’597	-6’597
Share-based payment transactions				242	-108	134
Total contributions by / distributions to owners	**0**	**0**	**0**	**170**	**-6’711**	**-6’541**
Balance at 30 June 2011	**8’751**	**24’544**	**8’307**	**-629**	**99’520**	**140’493**

Consolidated statement of cash flows

For the six months ended 30 June

in thousand EUR	**2011**	2010
Cash flows from operating activities		
Profit for the period	**4’582**	3'144
Depreciation and amortization	**4’722**	4'408
Gain/loss on disposal of property, plant and equipment	**-39**	82
Capitalization of development costs	**-494**	-285
Other non cash items	**1’812**	1'382
Change in inventories	**-899**	-3'776
Change in trade receivables	**4’373**	398
Change in other receivables and accrued income	**-2’425**	-2'455
Change in trade payables	**-1’138**	4'434
Change in other current liabilities and accrued liabilities	**1’033**	2'148
Net cash from operating activities	**11’527**	9'480
Cash flows from investing activities		
Purchase of property, plant and equipment	**-4’046**	-3'757
Purchase of intangible assets	**-391**	-614
Purchase of other financial assets	**101**	-10
Proceeds from sale of property, plant and equipment	**404**	362
Net cash used in investing activities	**-3’932**	-4'019
Cash flows from financing activities		
Purchase/sale of treasury shares, less transaction costs	**-78**	84
Increase(+)/repayment(-) of bank liabilities	**-4’225**	955
Repayment of financial liabilities	**-1**	-5'345
Repayment of finance lease liabilities	**-217**	-266
Dividends paid to owners	**-6’597**	-5'837
Net cash used in financing activities	**-11’118**	-10'409
Net increase(+)/decrease(-) in cash and cash equivalents	**-3’523**	-4'948
Cash and cash equivalents at 1 January	**25’140**	21'420
Effect of exchange rate fluctuations on cash held	**60**	1'467
Cash and cash equivalents at 30 June	**21’677**	17'939
Cash flows from operating activities include:		
Interest received	**82**	32
Interest paid	**-166**	-133
Income taxes paid	**-5’923**	-2'030

Notes to the condensed consolidated interim financial statements

1 General information

agta record ltd (the "Company") is a company domiciled in Fehraltorf, Switzerland. The condensed consolidated interim financial statements as at and for the six months ended 30 June 2011 include agta record ltd and its subsidiaries (hereinafter referred to as “Group”).

2 Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting". They do not include all of the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group as at and for the year ended 31 December 2010.

These condensed consolidated interim financial statements have been reviewed, not audited.

The Company’s Board of Directors approved these condensed consolidated interim financial statements on 5 September 2011.

3 Significant accounting principles

Except as described below, the accounting principles applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 31 December 2010. With effect from 1 January 2011, the Group applies the following revised or newly issued International Financial Reporting Standards (IFRS) and Interpretations of Standards:

- IAS 24 - Related Party Disclosures
- Amendment to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues
- Amendments to IFRIC 14: IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement
- Amendments to IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRSs (May 2010)

The above mentioned standards and new interpretations do not have a material impact on profit and equity of the Group.

4 Estimates

The preparation of consolidated interim financial statements in conformity with IFRS requires estimates and assumptions by the Group Executive Management which affects the reported amount of assets and liabilities as well as contingent liabilities at the time of the closing and also expenses and income during the reporting period. The actual results may differ from these estimates.

The same estimation procedures and assumptions were used in these condensed consolidated interim financial statements as for the consolidated financial statements as at and for the year ended 31 December 2010.

5 Exchange rates applied to the main currencies

	Average exchange rates		Balance sheet rates	
	Jan. – June 2011	Jan. – June 2010	**30 June 2011**	31 Dec. 2010
1 CHF	**0.79**	0.70	**0.83**	0.80
1 GBP	**1.15**	1.15	**1.11**	1.16
1 USD	**0.71**	0.76	**0.69**	0.75

During the first half of 2011 the exchange rate fluctuations affected the Group relatively modestly, producing a net foreign exchange result of TEUR -471 (prior year: TEUR -1'086) included in financial income and expenses.

6 Segment Information

Six months ended 30 June	**Europe and rest of world**		**America**		**Reconciliation**		**Total**	
in thousand EUR	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Revenue from sales and services third parties	**101’686**	96'480	**10’384**	9'490	**1’935**	1'249	**114’005**	107'219
Sales to other segments	**2’807**	1'410	**581**	0	**-3’388**	-1'410	**0**	0
Revenue from sales and services	**104’493**	97'890	**10’965**	9'490	**-1’453**	-161	**114’005**	107'219
Segment result (EBIT)	**6’963**	4'627	**877**	618	**-1’060**	-148	**6’780**	5'097
Financial income							**83**	47
Financial expenses							**-720**	-1'227
Income tax							**-1’561**	-773
Profit for the period							**4’582**	3'144

7 Seasonality of revenues

Revenues in the first half of the year have generally been lower than those in the second half. However, the magnitude of this general pattern is always obscured by the cyclical economic development in the various markets. Therefore, no clear statement can be made with regard to the effects of seasonality in 2011.

8 Contingent liabilities

As of 30 June 2011 there were no changes compared to 31 December 2010.

9 Shareholders' equity

9.1 Share capital and other reserves

The share capital consists of 13,334,200 fully paid, unregistered shares with a nominal value of CHF 1.00 each and is translated into the Group’s presentation currency at historical cost.

9.2 Dividends paid

On 6 June 2011, the ordinary General Meeting approved the payment of a dividend of CHF 0.63 per share (prior year: CHF 0.63) as proposed by the Board of Directors. The payment date was 14 June 2011.

9.3 Employee shares

On 31 May 2011, 9,852 shares with a market value of TEUR 246 were transferred under the employee stock plan to members of senior management in recognition of the performance achieved in 2010.

For the first six months of 2011, TEUR 119 were accrued in personnel expenses related to the employee stock plan.

10 Earnings per share

For the six months ended 30 June

	2011	2010
Profit for the period, in thousand EUR	4’582	3'144
Average number of shares outstanding	13'288'663	13'287'087
Earnings per share (basic/diluted) in EUR	0.345	0.237

11 Events after the balance sheet date

No events that could have an effect on the consolidated financial statements or that would require to be disclosed in this report have occurred between the balance sheet date and 5 September 2011, the date of approval of the condensed interim financial statements by the Board of Directors.

KPMG

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Review Report of the Independent Auditor to the Board of Directors of

agta record ltd, Fehraltorf

Introduction

We have been engaged to review the accompanying consolidated statement of financial position of agta record ltd as at 30 June 2011 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and cash flows for the six-month period then ended, and selected explanatory notes (condensed consolidated interim financial information) on pages 1 to 7. The Board of Directors is responsible for the preparation and presentation of this consolidated interim financial information in accordance with International Accounting Standard 34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this consolidated interim financial information based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial information as at 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 *Interim Financial Reporting*.

KPMG AG

Orlando Lanfranchi
Licensed Audit Expert

Patricia Chanton Ryffel
Licensed Audit Expert

Zurich, 5 September 2011

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