



Financial Statements 2008

Financial Statements 2008

MÉTRAUX SERVICES GROUP

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

| | |
|--|----|
| Consolidated balance sheets | 2 |
| Consolidated income statements | 3 |
| Consolidated cash flow statements | 4 |
| Consolidated statement of changes in equity | 5 |
| Notes to the consolidated financial statements | |
| 1 General information | 6 |
| 2 Summary of significant accounting policies | 6 |
| 3 Segment reporting | 15 |
| 4 Business Combinations | 16 |
| 5 Cash and cash equivalents | 17 |
| 6 Trade receivables | 17 |
| 7 Other receivables and prepaid expenses | 18 |
| 8 Inventories | 18 |
| 9 Property, plant and equipment | 19 |
| 10 Intangible assets | 20 |
| 11 Investment properties | 21 |
| 12 Deferred income tax assets and liabilities | 22 |
| 13 Financial assets | 23 |
| 14 Borrowings | 23 |
| 15 Trade payables | 23 |
| 16 Other payables and accruals | 24 |
| 17 Retirement benefit obligations | 24 |
| 18 Provisions for other liabilities and charges | 26 |
| 19 Derivative financial instruments | 26 |
| 20 Share capital, share premium and treasury shares | 27 |
| 21 Cost of materials | 28 |
| 22 Employee benefit expense | 28 |
| 23 Other operating expenses | 28 |
| 24 Other operating income | 29 |
| 25 Financial income and expenses | 29 |
| 26 Income tax expenses | 30 |
| 27 Earnings per share | 30 |
| 28 Dividend per share | 30 |
| 29 Details cash flow statements | 31 |
| 30 Personnel | 31 |
| 31 Commitments | 31 |
| 32 Related party transactions | 32 |
| 33 Categories of financial instruments | 33 |
| 34 Financial risk management | 35 |
| 35 List of Group companies | 36 |
| 36 Report of the Group auditors to the general meeting of Métraux Services | 38 |

Consolidated Balance Sheets

| ASSETS | NOTE | 31.12.2008 CHF 1'000 | 31.12.2007 Restated CHF 1'000 |
|--|------|-------------------------|-------------------------------------|
| Cash and cash equivalents | 5 | 7'113 | 5'754 |
| Trade receivables | 6 | 36'940 | 41'232 |
| Other receivables and prepaid expenses | 7 | 5'504 | 6'782 |
| Inventories | 8 | 73'993 | 75'036 |
| Total current assets | | 123'550 | 128'804 |
| Property, plant and equipment | 9 | 60'987 | 63'852 |
| Intangible assets | 10 | 17'604 | 18'284 |
| Investment properties | 11 | 2'400 | 2'443 |
| Deferred income tax assets | 12 | 794 | 409 |
| Pension asset | 17 | 4'955 | 4'703 |
| Financial assets | 13 | 7'795 | 7'938 |
| Total non-current assets | | 94'535 | 97'629 |
| Total assets | | 218'085 | 226'433 |
| LIABILITIES | | | |
| Borrowings | 14 | 11'929 | 28'157 |
| Trade payables | 15 | 34'535 | 33'600 |
| Other payables and accruals | 16 | 10'063 | 11'712 |
| Current income tax liabilities | | 304 | 699 |
| Provisions for other liabilities and charges | 18 | 164 | 437 |
| Derivative financial instruments | 19 | 2'234 | 0 |
| Total current liabilities | | 59'229 | 74'605 |
| Borrowings | 14 | 17'530 | 226 |
| Deferred income tax liabilities | 12 | 14'146 | 14'863 |
| Provisions for other liabilities and charges | 18 | 79 | 179 |
| Total non-current liabilities | | 31'755 | 15'268 |
| Total liabilities | | 90'984 | 89'873 |
| EQUITY | | | |
| Share capital, share premium and treasury shares | 20 | 68'783 | 69'554 |
| Reserves | | -5'264 | 1'047 |
| Retained earnings | | 59'558 | 61'984 |
| Attributable to equity holders of the parent | | 123'077 | 132'585 |
| Minority interest | | 4'024 | 3'975 |
| Total equity | | 127'101 | 136'560 |
| Total liabilities and equity | | 218'085 | 226'433 |

The notes attached form an integral part of these consolidated financial statements.

Consolidated Income Statements

| FOR THE YEARS ENDED DECEMBER 31 | NOTE | 2008 CHF 1 000 | 2007 Restated CHF 1 000 |
|--|------|-------------------|-------------------------------|
| Sales | | 277'658 | 282'028 |
| Cost of materials | 21 | -162'750 | -166'800 |
| Employee benefit expense | 22 | -73'560 | -72'963 |
| Depreciation and amortisation expense | | -6'787 | -6'613 |
| Other operating expenses | 23 | -34'387 | -33'601 |
| Other operating income | 24 | 1'723 | 1'237 |
| Operating profit | | 1'897 | 3'288 |
| Financial income | | 255 | 491 |
| Financial expense | | -1'901 | -1'853 |
| Profit before tax | | 251 | 1'926 |
| Income tax expenses | 26 | 119 | -184 |
| Profit for the year | | 370 | 1'742 |
| Attributable to: | | | |
| Equity holders of the parent | | 319 | 1'653 |
| Minority interest | | 51 | 89 |
| Profit for the year | | 370 | 1'742 |
| Basic and diluted earnings per share (CHF) | 27 | 0.52 | 2.70 |

The notes attached form an integral part of these consolidated financial statements.

Consolidated Cash Flow Statements

| FOR THE YEARS ENDED DECEMBER 31 | NOTE | 2008 CHF 1 000 | 2007 Restated CHF 1 000 |
|--|------|-------------------|-------------------------------|
| Net profit | | 370 | 1'742 |
| Amortisation, depreciation and impairment of intangible assets and property, plant and equipment | | 6'787 | 6'613 |
| Exchange difference | 25 | -13 | -96 |
| Adjustment for fair value of financial assets | | 3 | 5 |
| Interest income | | -242 | -340 |
| Interest expenses | | 1'898 | 1'793 |
| Income tax | | -119 | 184 |
| EBITDA (operating profit before depreciation and amortisation) | | 8'684 | 9'901 |
| Valuation allowance on trade receivables | 23 | -145 | -20 |
| Changes in other provisions | | -373 | 0 |
| Change in pension fund assets | | -252 | -298 |
| Operating cash flow before changes in working capital | | 7'914 | 9'583 |
| Change in value of working capital, net of impairments | 29 | 2'452 | -1'606 |
| Income tax paid | | -635 | -1'339 |
| Net finance costs paid | | -1'656 | -1'453 |
| Cash flow from operating activities | | 8'075 | 5'185 |
| INVESTING ACTIVITIES | | | |
| Sale of financial assets | | 88 | 755 |
| Acquisition of financial assets | | 0 | -635 |
| Acquisition of subsidiary, net of cash acquired | 4 | 0 | -17'751 |
| Purchase of property, plant and equipment | | -3'072 | -4'476 |
| Acquisition of intangible assets | | -1'666 | -2'318 |
| Proceeds from sale of property, plant & equipment | | 224 | 237 |
| Cash flow from investing activities | | -4'426 | -24'188 |
| FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | 16'563 | 16'105 |
| Reimbursement of borrowings | | -15'145 | -11'734 |
| Dividends paid to shareholders | | -2'745 | -3'690 |
| Purchase and sale of treasury shares, net | 29 | -771 | 383 |
| Cash flow from financing activities | | -2'098 | 1'064 |
| Effect of change of currency rates | | -192 | 60 |
| Increase / decrease (-) of cash and cash equivalents | | 1'359 | -17'879 |
| Cash and cash equivalents as at 1 January | | 5'754 | 23'633 |
| Cash and cash equivalents as at 31 December | 5 | 7'113 | 5'754 |

The notes attached form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

| | Share capital | Share premium | Treasury shares | Translation reserve | Hedging reserve | Retained earnings | TOTAL | Minority interest | TOTAL EQUITY |
|--|---------------|---------------|-----------------|---------------------|-----------------|-------------------|----------------|-------------------|----------------|
| IN CHF 1 000 | | | | | | | | | |
| Balance as at 01.01.07 before restatement | 18'450 | 51'642 | -920 | 784 | 0 | 62'299 | 132'255 | 3'873 | 136'128 |
| Impact of initial application of IFRIC 14 | | | | | | 1'722 | 1'722 | | 1'722 |
| Balance as at 01.01.07 after restatement | 18'450 | 51'642 | -920 | 784 | 0 | 64'021 | 133'977 | 3'873 | 137'850 |
| Currency translation difference | | | | 263 | | | 263 | 13 | 276 |
| Net income (loss) recognised directly in equity | 0 | 0 | 0 | 263 | 0 | 0 | 263 | 13 | 276 |
| Net profit for the period | | | | | | 1'653 | 1'653 | 89 | 1'742 |
| Total income and expenses for the period | 0 | 0 | 0 | 263 | 0 | 1'653 | 1'916 | 102 | 2'018 |
| Dividend (CHF 6.00 per share) | | | | | | -3'690 | -3'690 | | -3'690 |
| Sale of treasury shares | | 62 | 1'698 | | | | 1'760 | | 1'760 |
| Purchase of treasury shares | | | -1'378 | | | | -1'378 | | -1'378 |
| Balance as at 31.12.07 | 18'450 | 51'704 | -600 | 1'047 | 0 | 61'984 | 132'585 | 3'975 | 136'560 |
| Balance as at 01.01.08 | 18'450 | 51'704 | -600 | 1'047 | 0 | 61'984 | 132'585 | 3'975 | 136'560 |
| Cash flow hedge | | | | | -2'234 | | -2'234 | | -2'234 |
| Currency translation difference | | | | -4'077 | | | -4'077 | -2 | -4'079 |
| Net income (loss) recognised directly in equity | 0 | 0 | 0 | -4'077 | -2'234 | 0 | -6'311 | -2 | -6'313 |
| Net profit for the period | | | | | | 319 | 319 | 51 | 370 |
| Total income and expenses for the period | 0 | 0 | 0 | -4'077 | -2'234 | 319 | -5'992 | 49 | -5'943 |
| Dividend (CHF 4.50 per share) | | | | | | -2'745 | -2'745 | | -2'745 |
| Sale of treasury shares | | -37 | 189 | | | | 152 | | 152 |
| Purchase of treasury shares | | | -923 | | | | -923 | | -923 |
| Balance as at 31.12.08 | 18'450 | 51'667 | -1'334 | -3'030 | -2'234 | 59'558 | 123'077 | 4'024 | 127'101 |

The notes attached form an integral part of these consolidated financial statements.

Retained earnings comprise restricted legal reserve of CHF 11'166'000 as at 31 December 2008.

Currency translation difference of CHF 4'077'000 includes an amount of CHF 2'579'000 in respect to the translation of long term internal loans deemed as net investment in foreign operations.

Notes to the Financial Statements

1. GENERAL INFORMATION

Based on the global concept «supply, assistance, recycling», the Group Métraux Services («the Group») is a leading provider of solutions to the automotive after market (sale of spare parts, accessories and lubricants to repair shops, recycling and disposal of hazardous waste, assisting products and services such as software, training and franchising concepts, etc).

The business concept of the Group aims to provide viable «one stop shop» solutions to its customers on a long term basis. As part of the Group's business concept, «strategic customer agreements » are concluded which establish the customers' commitment to purchase products from the Group. In exchange for a fixed sales volume to be reached typically over a duration of 4.5 years, the client receives certain services and assistance from the Group.

The Group is a leading player in the distribution of automotive spare parts and accessories in Switzerland as well as in Belgium.

The Group operates in Switzerland and Belgium and had 999 employees as at 31 December 2008 (1'009 as at 31 December 2007).

The Group's holding company, Métraux Services SA (the Company) is a limited liability company incorporated and domiciled in Etagnières, Switzerland.

On March 2007, the Group acquired the group Remco (Belgium), a company specialising in the distribution of truck parts and provider of truck maintenance services. Detailed information is disclosed in note 4.

These consolidated financial statements have been approved for issue by the Board of Directors on 27 March 2009.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The Group consolidated financial statements have been prepared in accordance with the International Reporting Standards (IFRS) as issued by the International Accounting Standard Board (IASB) and the provisions as laid down in the listing Rules of the SIX Swiss Exchange.

The consolidated financial statements are prepared in accordance with the historical cost convention as modified by the measurement of investment property, financial assets at fair value through profit or loss and derivative financial instruments, which are carried at fair value.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements relate to the determination of the obsolescence provision for inventories (note 8), the calculation of the defined retirement benefit obligations (note 17), the estimate of income taxes (note 26) and the impairment review of goodwill (note 10). If such estimates and assumptions deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

2.2 Consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

All inter-company transactions, balances and unrealised surpluses and deficits, when material for Group reporting purposes, have been eliminated.

2.3 Segment reporting

A business segment is a distinguishable component of the Group engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that is subject to risks and returns that are different from those of segments operating in other economic. The Group's primary format for segment reporting are business segments and the secondary format are geographical segments, in accordance with the risks and returns profile of the Group's operations.

2.4 Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Swiss Francs (CHF) which is the Company's functional and presentation currency.

The assets and liabilities of foreign subsidiaries are translated at the year end exchange rates ruling on 31 December. Income statements of foreign entities are translated at the average exchange rates for the year. The resulting foreign exchange differences are taken to shareholders' equity.

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transaction. Foreign currency monetary assets and liabilities are converted at the prevailing exchange rate at the balance sheet date. The resulting gains or losses pertaining to these conversions are charged directly to the income statement with the exception of long term internal loans deemed as net investments in a foreign operation and taken directly to equity.

2.5 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.6 Trade accounts receivable

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less impairment. When payment terms are shorter than one year, the initial fair value and the subsequent amortised cost are equal to the nominal amount. A valuation allowance on trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the impairment charge is the difference between the asset's carrying amount and estimated future cash flows.

2.7 Inventories

Inventories are carried at the lower of cost and net realizable value. The cost of automobile spare parts includes the purchase price and other costs directly attributable to the acquisition. Inventories of the automotive segment are measured using the weighted average cost method. A valuation allowance is calculated for obsolete and slow moving inventory (for automotive parts based on ageing and turnover) as well as for inventory whose net realisable value is deemed to be lower than its cost. Purchase discounts are considered as a reduction of the purchase price. Cost includes the transfer from equity of any gains and losses on qualifying cash flow hedges relating to the purchase of material.

2.8 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and where necessary, impairment. Cost includes expenditure that is directly attributable to the acquisition or the construction of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Land is not depreciated. Other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful life as set out below:

| TYPE | ESTIMATED USEFUL LIFE |
|---|-----------------------|
| Buildings | 40-50 years |
| Plant and machinery | 10-15 years |
| Vehicles, office furniture and computer equipment | 5-10 years |

The residual values and useful lives of the assets are reviewed, and adjusted if appropriate, at each balance sheet date. The useful economic life of buildings is estimated by reference to Swiss construction standards and the quality of the infrastructure.

The carrying amount of an item of property, plant and equipment is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing proceeds with the underlying carrying amounts and are included in the income statement.

Property, plant and equipment which are financed by leases giving the Group substantially all of the risks and rewards of ownership are capitalized at the lower of the fair value of the leased item and the present value of the minimum lease payments at the inception of the lease. The leased assets are depreciated over the shorter of the lease term and the useful life of the leased assets if the transfer of the ownership of the leased assets is uncertain. The payment obligations arising from the future finance lease payments are discounted and recognised as non current borrowings in the balance sheet. Obligations under operating leases are expensed as incurred.

2.9 Intangible assets

a) Computer software

The Group has, over a number of years, both internally developed and commissioned external consultants to develop operational software, which is used either internally within the Group or sold to third parties. Internal development costs comprise staff costs of the development team and an appropriate portion of the relevant overheads. Development costs are amortised on a straight-line basis over their estimated useful lives (three to ten years).

b) Patents

Patents and trade marks acquired from third parties are initially recorded at cost and amortised over the duration of their estimated useful life.

c) Other intangibles in connection with business combinations

Under IFRS 3, customer lists and trademarks are valued as part of the process of allocating the purchase price in a new business combination. The respective values are recorded separately from goodwill and are allocated to cash-generating units. Acquired intangibles are amortised on a straight-line basis over their estimated useful lives as set on below:

| TYPE | ESTIMATED USEFUL LIFE |
|----------------|-----------------------|
| Customer lists | 15 years |
| Trademarks | indefinite |

The carrying amount of intangibles is reviewed periodically and adjusted for permanent impairment where considered necessary.

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Investment properties

Investment properties are carried at fair value as determined by an independent appraiser having an appropriate professional qualification and experience on the basis of capitalised yields and taking into account current market values.

2.12 Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management. Assets in this category are classified as current assets if they are expected to be sold within 12 months of the balance sheet date.

Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value.

Gains or losses arising from changes in the fair value of financial assets at fair value through profit or loss, including interest and dividend income, are presented in the income statement within «Financial income/expense», in the period in which they arise.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to the debtor with no intention of trading the receivable and include amounts due under strategic customer agreements. They are included in current assets and classified as 'other receivables and prepaid expenses' in the balance sheet, except for maturities greater than 12 months after the balance sheet date in which case they are classified as non-current assets. Loans and receivables are carried at amortised cost using the effective interest method.

2.13 Derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities (fair value hedge); or hedges of a particular risk associated with a highly probable forecast transaction or a firm commitment (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining hedge item is more than 12 months, and as a current asset or liability, if the remaining maturity of the hedged item is less than 12 months.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within interest expenses along with changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk. If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is recognised in the income statement over the period to maturity.

The changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

2.14 Borrowings

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date. They are recognised initially at fair value, net of transaction costs incurred, and subsequently at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method. To the extent that borrowings are hedged under qualifying fair value hedges, the carrying value of the hedged item is adjusted for the fair value movement attributable to the risk being hedged.

2.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2.16 Employee benefits

a) Pension obligations

The employees of the Group companies located in Switzerland are affiliated to the Pensionskasse Métraux Services SA (PMS), a legally independent pension fund which qualifies as a defined benefit scheme according to IAS 19. The defined benefit obligation is valued each year by an independent actuary using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflow using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms of maturity approximating to the terms of the related pension liability. Actuarial adjustments or effects of changes in plans that exceed the greater of 10% of the value of plan assets or of 10% of the defined benefit obligation are reflected in the income statement over the average residual service terms of the employees. Surpluses are capitalised to the extent they are available as reductions of future pension contributions.

In Belgium, the Group pays fixed contributions to the state administered pension scheme. Once contributions have been paid, the Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay the corresponding benefits to all employees. As a result, this scheme qualifies as a defined contribution plan, and the contributions are recognised as employee benefit expense when they are due.

b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to present value.

2.17 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments.

Provisions are not recognised for future operating losses. Provisions are recognised at the present value of the management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

2.18 Treasury shares

Where any Group company purchases shares of the Company, the consideration paid, including any directly attributable incremental costs, is classified as treasury shares and is deducted from equity. Where such shares are subsequently sold, any consideration received, net of any directly attributable costs, is included in equity.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value added tax, estimated returns, rebates and discounts and after eliminated sales within the Group.

Revenue is recognised as follows:

a) Sales of goods – retail

Sales of goods are recognised when goods are delivered to the customer.

b) Sales of recyclable waste

Sales of recyclable waste is recognised when title to the goods (waste) transfers. The estimated cost of disposing of the waste on hand as at the balance sheet date is accrued for under «Provisions for other liabilities and charges».

c) Sales of services

Revenue from sales of services is recognised by reference to the stage of completion of the transaction at the balance sheet date, when this stage can be measured reliably and if the economic benefits associated with the transaction will flow to the Group. Revenue from sales and services are classified as at 31 December 2008 in sales, previously in other income.

2.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividend is approved by the Company's shareholders.

2.21 New and amended accounting standards and IFRIC interpretations

Standards and Interpretation effective in the current period

In the current year, the group has adopted IAS 19 – IFRIC 14 “The Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction” revised International Financial Reporting Standard and Interpretation. The Group introduced IFRIC 14 as at 1 January 2008 and evaluated the surplus situation in its pension plans as at 1 January 2007 according to IFRIC 14. According to this interpretation, the funding surplus attributable to the employer represents an economic benefit for the Group and is therefore capitalised in the balance sheet accordingly. The initial application of IFRIC 14 resulted in an increase in equity of CHF 1'722'000 net of tax as at 1 January 2007 and in an increase of net profit of CHF 233'000 as at 31 December 2007 and of CHF 239'000 as at 31 December 2008. The financial statements include therefore retrospective adjustment due to application of IFRIC 14.

Other International Financial Reporting Standard and Interpretations issued by the International Financial Reporting Interpretations Committee are effective for the current period. These are: IFRIC 11 – Group and Treasury Share Transactions. The Interpretation is concerned with the recognition of share-based payment arrangements according to IFRS 2. The application of this interpretation has no impact on the consolidated financial statements of Schindler.

IFRIC 12 – Service Concession Arrangements. The interpretation provides guidelines that clarify certain issues relating to the recognition and measurement of service concession arrangements which can arise between public authorities and a private contracting partner. The application of IFRIC 12 has no material influence on the consolidated financial statements of Schindler.

The adoption of these Interpretations has not led to any changes in the Group's accounting policies and did not impact the Group financial statements.

Standard and Interpretations in issue not yet adopted

New and revised standards and interpretations that are relevant for the Group and whose effects are currently being evaluated:

- IFRS 3 revised – Business Combinations (applicable as from July 1, 2009) contains a further development of the purchase method for business combinations. Material changes relate to the measurement of minority interests, the recognition of successive company purchases, and the treatment of conditional components of the purchase price and the auxiliary costs of the purchase.
- IFRS 8 – Operating Segments (applicable as from January 1, 2009) redefines segment reporting and replaces IAS 14 – Segment Reporting. The standard requires companies to provide explanatory information about the operational segments, the products and services offered, the countries in which they are active, and about important customers.
- IAS 1 revised – Presentation of Financial Statements (applicable as from January 1, 2009) particularly differentiates more clearly between changes in shareholders' equity that have the nature of profit or loss, and those that result from transactions with shareholders. In the future, these transactions must be more clearly separated from each other.
- IAS 23 revised – Borrowing Costs (applicable as from January 1, 2009) makes it mandatory to capitalize borrowing costs and other costs that arise in connection with the borrowing of funds, and which are directly attributable to a qualified asset as part of the purchase and conversion costs.
- IAS 27 revised – Consolidated and Separate Financial Statements (applicable as from July 1, 2009) contains changed rules for the purchase and sale of minority interests without loss of control, and for accounting for the loss of control of a subsidiary should this occur.
- IFRIC 13 – Customer Loyalty Programmes (applicable as from July 1, 2008). This standard requires that the fair value of the consideration related to award credits programmes be separately identified as a component of the sales transaction and recognised when the awards are redeemed by the customers and the corresponding obligations are fulfilled by the Group.

Reclassification of Financial Assets – Amendments to IAS 39 – Financial Instruments: Recognition and Measurement and IFRS 7 – Financial Instruments: Disclosures These amendments allow entities to reclassify non-derivative financial assets out of fair value through profit or loss if the assets are no longer held for the purpose of selling or repurchasing and if the entity has the intention and ability to hold them for the foreseeable future or until maturity.

Further new and revised standards and interpretations of no practical relevance:

- IFRS 1 – First-time Adoption of International Financial Reporting Standards and IAS 27 – Consolidated and Separate Financial Statements: Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate (applicable as from January 1, 2009).
- IFRS 2 – Share-based Payment: Vesting Conditions and Cancellations (applicable as from January 1, 2009).
- IAS 32 – Financial Instruments: Presentation and IAS 1 – Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation (applicable as from January 1, 2009).

Improvements to IFRSs (applicable as from January 1, 2009, unless otherwise stipulated).

- IFRIC 15 – Agreements for the Construction of Real Estate (applicable as from January 1, 2009).
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation (applicable as from October 1, 2008).
- IFRIC 17 – Distributions of Non-cash Assets to Owners (applicable as from July 1, 2009).

Application of all of the changes and interpretations is not expected to have any material effects on the capital, financial, income, or cash flow situation of the Group.

2.22 Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to use estimates and assumptions which have an impact on the reported carrying amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the balance sheet date, and the income and expenses recorded for the relevant accounting period. Although the estimates and assumptions used were made on the basis of all the available information and with the greatest care, the actual results may differ. The main critical accounting estimates requiring key assumptions and judgment are the determination of the obsolescence allowance for inventories, the calculation of the defined benefit obligation and the determination of deferred tax assets.

Obsolescence provision for inventories

Significant judgment and estimates are required in determining the valuation allowance for slow moving inventory as well for inventory whose net realisable value is deemed to be lower than its cost. Such estimates involve making assumptions about articles of the inventories which reasonably can not be sold according to normal conditions in the future, and could deviate significantly from the actual outcome of write-offs of inventories.

Employee benefit plans

The costs of the employee benefit plans are determined using actuarial valuations. These valuations involve making assumptions about the technical interest rate, the expected rates of return on assets, future salary and pension developments and the staff turnover rate. Due to the long term nature of the plans, these assumptions are subject to significant uncertainty.

Deferred tax assets

The Group is subject to income tax in numerous jurisdictions. Significant judgment and estimates are required in determining the portion of the tax losses carried forward which can be offset against future taxable profit. Such estimates of future profits could deviate significantly from the actual outcomes and could therefore modify significantly the deferred tax assets and the income taxes captions.

Impairment of goodwill

Determining whether a goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

Actual cash flows and values could vary significantly from the forecasted cash flows and related values derived using discounting techniques.

2.23. Risk assessment

Assessment of the corporate risks within the framework of a systematic risk identification and analysis is measured on a regular basis. Organisationally the responsibility for risk assessment and management is allocated to the Divisions, with specialised corporate functions such as financial reporting, and controlling. Based on this assessment, measures for risk management are defined and constantly monitored by the Board of Directors of the company.

2.24 Restatement of financial statements 2007

Licence fees to customers consisting of revenue from sales of services are classified in 2008 from other operating income to sales. Revenues reclassified in 2008 represent CHF 1'349'000 (CHF 1'076'000 in 2007). Licence fees expenses representing CHF 835'233 in 2008 (CHF 922'430 in 2007) are also classified in 2008 from other operating expenses to cost of materials. In order to allow a better analysis of the figures, the financial statements 2007 including these reclassifications are restated.

3. SEGMENT REPORTING

The segment results for the year ended 31 December 2008 and 2007 are as follows:

| IN CHF 1 000 | AUTOMOTIVE CH | | AUTOMOTIVE BE | | TOTAL GROUP | |
|--|----------------|------------------|---------------|---------------|----------------|------------------|
| | 2008 | 2007 Restated | 2008 | 2007 | 2008 | 2007 Restated |
| Sales | 182'368 | 183'244 | 95'290 | 98'784 | 277'658 | 282'028 |
| Operating profit before depreciation and amortisation (EBITDA) | 10'985 | 8'993 | -2'301 | 908 | 8'684 | 9'901 |
| Operating profit (EBIT) | 5'636 | 3'729 | -3'739 | -441 | 1'897 | 3'288 |
| Net interest expenses | - | - | - | - | -1'646 | -1'362 |
| Income tax expenses | - | - | - | - | 119 | -184 |
| Profit for the year | - | - | - | - | 370 | 1'742 |
| Total assets | 153'362 | 157'709 | 59'702 | 64'709 | 213'064 | 222'418 |
| Unallocated assets | - | - | - | - | 5'021 | 4'015 |
| Total assets | - | - | - | - | 218'085 | 226'433 |
| Segment liabilities | 46'039 | 50'849 | 22'932 | 24'611 | 68'971 | 75'460 |
| Unallocated liabilities | - | - | - | - | 22'013 | 14'413 |
| Total liabilities | - | - | - | - | 90'984 | 89'873 |
| Capital expenditure | 4'043 | 6'367 | 737 | 560 | 4'780 | 6'927 |
| Total capital expenditure | - | - | - | - | 4'780 | 6'927 |
| Depreciation | 3'766 | 3'794 | 1'266 | 1'218 | 5'032 | 5'012 |
| Amortisation of intangible assets | 1'584 | 1'470 | 171 | 131 | 1'755 | 1'601 |

The Group's business segments operate in the following two geographical areas:

| IN CHF 1 000 | SWITZERLAND | | BELGIUM | | TOTAL | |
|---------------------|----------------|------------------|---------------|---------------|----------------|------------------|
| | 2008 | 2007 Restated | 2008 | 2007 | 2008 | 2007 Restated |
| Sales | 182'368 | 183'244 | 95'290 | 98'784 | 277'658 | 282'028 |
| Segments assets | 153'362 | 157'709 | 59'702 | 64'709 | 213'064 | 222'418 |
| Unallocated assets | - | - | - | - | 5'021 | 4'015 |
| Total assets | 153'362 | 157'709 | 59'702 | 64'709 | 218'085 | 226'433 |
| Capital expenditure | 4'043 | 6'367 | 737 | 560 | 4'780 | 6'927 |

4. BUSINESS COMBINATIONS

On 26 March 2007, the Group acquired 100% of the shares of the group Remco based in Gent (Belgium), a company specialising in the distribution of truck spare parts and provider of truck maintenance services. The acquisition has been accounted for using the purchase method of accounting as defined by IFRS 3 business combination (note 2.9). The group Remco is fully consolidated in the Group financial statements from the acquisition date.

The fair value of the identifiable assets of the group Remco as at the date of acquisition were:

| | PRE-ACQUISITION CARRYING AMOUNTS | FAIR VALUE ADJUSTMENTS | FAIR VALUE RECOGNISED ON ACQUISITION |
|--|-------------------------------------|---------------------------|---|
| Property, plant and equipment | 4'497 | 0 | 4'497 |
| Trademarks (included in intangible assets) | 0 | 1'167 | 1'167 |
| Customer relationships (included in intangible assets) | 0 | 2'512 | 2'512 |
| Intangible assets | 9 | | 9 |
| Investment properties | 413 | | 413 |
| Inventories | 3'169 | | 3'169 |
| Trade and other receivables | 6'116 | | 6'116 |
| Cash and cash equivalents | 1'730 | | 1'730 |
| | 15'934 | 3'679 | 19'613 |
| Deferred tax liabilities | -1'198 | -1'251 | -2'449 |
| Trade payables and other payables | -2'452 | | -2'452 |
| | -3'650 | -1'251 | -4'901 |
| Net assets | 12'284 | 2'428 | 14'712 |

Purchase consideration:

| | |
|-----------------------------------|--------------|
| Cash paid | 19'417 |
| Acquisition costs | 64 |
| Fair value of net assets acquired | -14'712 |
| Goodwill | 4'769 |

Purchase consideration:

| | |
|--|---------------|
| Cash paid | 19'417 |
| Acquisition costs | 64 |
| Cash and cash equivalents acquired | -1'730 |
| Net cash outflow from acquisition | 17'751 |

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

| FOR THE YEARS ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|---------------------------------|-------------------|-------------------|
| Bank current accounts | 6'243 | 4'352 |
| Postal accounts | 649 | 1'149 |
| Cash | 221 | 253 |
| Total | 7'113 | 5'754 |

6. TRADE RECEIVABLES

Trade receivables comprise the following:

| FOR THE YEARS ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|---|-------------------|-------------------|
| Trade receivables | 39'500 | 44'050 |
| Less allowance for doubtful receivables | -2'560 | -2'818 |
| Net | 36'940 | 41'232 |

Trade receivables are non-interest bearing and are due within twelve months.

As at 31 December 2008, trade receivables at nominal value of CHF 2'560'000 (2007: CHF 2'818'000) were impaired and fully provided for.

Movements in the valuation allowance of trade receivables were as follows:

| in CHF 1 000 | INDIVIDUALLY IMPAIRED | COLLECTIVELY IMPAIRED | TOTAL |
|------------------------------------|--------------------------|--------------------------|--------------|
| Balance at 1 January 2007 | 2'162 | 446 | 2'608 |
| Change in scope of consolidation | 205 | 0 | 205 |
| Charge for the year | 1'218 | 29 | 1'247 |
| Utilised | -424 | 0 | -424 |
| Unused amounts reversed | -806 | -36 | -842 |
| Exchange differences | 20 | 4 | 24 |
| Balance at 31 December 2007 | 2'375 | 443 | 2'818 |
| Balance at 1 January 2008 | 2'375 | 443 | 2'818 |
| Charge for the year | 1'158 | 27 | 1'185 |
| Utilised | -557 | 0 | -557 |
| Unused amounts reversed | -712 | -66 | -778 |
| Exchange differences | -91 | -17 | -108 |
| Balance at 31 December 2008 | 2'173 | 387 | 2'560 |

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of customers.

The creation and release of valuation allowance on receivables have been included in other operating expenses (note 23) of the income statement.

Receivables written off during the year as uncollectible amount to CHF 551'000 in 2008 (CHF 424'000 in 2007).

As at 31 December, the ageing analysis of trade receivables is as follows:

| CHF 1 000 | TOTAL ACCOUNT RECEIVABLES | NEITHER PAST DUE NOR IMPAIRED | <30 DAYS | 30-60 DAYS | 60-90 DAYS | 90-120 DAYS | >120 DAYS |
|-----------|------------------------------|----------------------------------|----------|------------|------------|-------------|-----------|
| 2008 | 39'500 | 18'362 | 14'905 | 1'632 | 692 | 199 | 3'710 |
| 2007 | 44'050 | 21'702 | 14'646 | 1'862 | 1'040 | 317 | 4'483 |

7. OTHER RECEIVABLES AND PREPAID EXPENSES

Other receivables and prepaid expenses comprise the following:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| Receivables in relation to strategic customer agreements | 6'355 | 6'638 |
| Loan to related party (see note 32) | 3'036 | 3'024 |
| Accrued revenues | 218 | 345 |
| Prepaid expenses | 897 | 1'553 |
| Bonuses from suppliers | 1'493 | 2'118 |
| Other loans and receivables | 863 | 589 |
| Total | 12'862 | 14'267 |
| Less non-current portion: | | |
| Receivables in relation to strategic customer agreements | -4'322 | -4'461 |
| Loan to related party (see note 32) | -3'036 | -3'024 |
| Current portion | 5'504 | 6'782 |

All non-current receivables are due within 5 years from the balance sheet date.

8. INVENTORIES

Inventories comprise the following:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|------------------------|-------------------|-------------------|
| Gross | 90'380 | 90'593 |
| Obsolescence provision | -16'387 | -15'557 |
| Net | 73'993 | 75'036 |

Obsolescence allowance for spare parts is calculated based on ageing and turnover. It also takes into account the date of first homologation of the parts and the items older than 3 to 7 years after the date of the first homologation and without any movements during the last 12 months are fully depreciated.

9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise the following:

| | LAND AND BUILDINGS CHF 1 000 | PLANT AND MACHINERY CHF 1 000 | VEHICLES, FURNITURE AND COMPUTER EQUIPMENT CHF 1 000 | TOTAL CHF 1 000 |
|--|------------------------------------|-------------------------------------|--|--------------------|
| Cost | | | | |
| January 1, 2007 | 47'655 | 9'324 | 31'648 | 88'627 |
| Additions | 635 | 985 | 2'856 | 4'476 |
| Assets acquired upon acquisition of subsidiaries | 3'568 | 173 | 756 | 4'497 |
| Transfer from investment properties | 310 | 0 | 0 | 310 |
| Assets sold | 0 | 0 | -1'730 | -1'730 |
| Exchange differences | 90 | 58 | 55 | 203 |
| December 31, 2007 | 52'258 | 10'540 | 33'585 | 96'383 |
| Additions | 93 | 419 | 2'560 | 3'072 |
| Assets sold | 0 | 0 | -2'182 | -2'182 |
| Transfer | 13 | -13 | 0 | 0 |
| Exchange differences | -419 | -410 | -410 | -1'239 |
| Assets derecognised | -35 | -1'401 | -9'479 | -10'915 |
| December 31, 2008 | 51'910 | 9'135 | 24'074 | 85'119 |
| Accumulated depreciation | | | | |
| January 1, 2007 | -2'667 | -6'053 | -20'282 | -29'002 |
| Additions | -952 | -816 | -3'244 | -5'012 |
| Assets sold | 0 | 0 | 1'493 | 1'493 |
| Exchange differences | -1 | -4 | -5 | -10 |
| December 31, 2007 | -3'620 | -6'873 | -22'038 | -32'531 |
| Additions | -1'007 | -744 | -3'281 | -5'032 |
| Assets sold | 0 | 0 | 1'958 | 1'958 |
| Exchange differences | 43 | 271 | 241 | 555 |
| Assets derecognised | 36 | 1'403 | 9'479 | 10'918 |
| December 31, 2008 | -4'548 | -5'943 | -13'641 | -24'132 |
| Net book value | | | | |
| December 31, 2007 | 48'638 | 3'667 | 11'547 | 63'852 |
| December 31, 2008 | 47'362 | 3'192 | 10'433 | 60'987 |

Additions and assets sold are disclosed separately in cost values and accumulation depreciation as at 31 December 2008 (previously offset). Comparative figures as at 31 December 2007 have been restated.

Assets fully depreciated and not used by the Group have been derecognised as at 31 December 2008.

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|-------------------------|-------------------|-------------------|
| Value of fire insurance | 97'177 | 97'450 |
| Value of assets pledged | 4'000 | 15'161 |
| Net book value | 101'177 | 112'611 |

Assets pledged consist of land and buildings as a collateral of bank borrowings.

10. INTANGIBLE ASSETS

Intangible assets comprise the following:

| | COMPUTER SOFTWARE CHF 1 000 | OTHER INTANGIBLES CHF 1 000 | GOODWILL CHF 1 000 | TOTAL CHF 1 000 |
|--|--------------------------------|--------------------------------|-----------------------|--------------------|
| Cost | | | | |
| January 1, 2007 | 13'189 | 2'145 | 0 | 15'334 |
| Additions | 2'572 | 116 | 0 | 2'688 |
| Assets acquired upon acquisition of subsidiaries | 9 | 3'679 | 4'769 | 8'457 |
| Exchange differences | 0 | 85 | 109 | 194 |
| December 31, 2007 | 15'770 | 6'025 | 4'878 | 26'673 |
| Additions | 1'909 | 23 | 0 | 1'932 |
| Exchange differences | -4 | -382 | -496 | -882 |
| Assets derecognised | -1'913 | -1'560 | 0 | -3'473 |
| December 31, 2008 | 15'762 | 4'106 | 4'382 | 24'250 |
| Accumulated amortisation and impairment | | | | |
| January 1, 2007 | -4'748 | -2'038 | 0 | -6'786 |
| Amortisation | -1'430 | -171 | 0 | -1'601 |
| Exchange differences | 0 | -2 | 0 | -2 |
| December 31, 2007 | -6'178 | -2'211 | 0 | -8'389 |
| Additions | -1'535 | -220 | 0 | -1'755 |
| Exchange differences | 2 | 23 | 0 | 25 |
| Assets derecognised | 1'913 | 1'560 | 0 | 3'473 |
| December 31, 2008 | -5'798 | -848 | 0 | -6'646 |
| Net book value | | | | |
| December 31, 2007 | 9'592 | 3'814 | 4'878 | 18'284 |
| December 31, 2008 | 9'964 | 3'258 | 4'382 | 17'604 |

The goodwill recognised in 2007 on the acquisition of the Group Remco is determined in note 4 and defined according to the Group's business combination policy (note 2.9). Customers lists and trademarks value as part of the process of allocating the purchase price of the acquisition are included in other intangibles assets.

Goodwill and trademarks have been allocated for impairment testing to their cash generating units. The goodwill and trademarks value have been determined based on a value in use calculation which uses cash flow projections approved by the Group management covering a five - year period and a terminal value. A weighted average cost of capital of 10% before tax was used as discount rate and reflects specific risks relating to the Group. The cash flows beyond that five-year period are extrapolated using a constant cash flow. No impairment loss resulted from the impairment tests for goodwill and trademarks.

Assets fully depreciated and not used by the Group have been derecognised as at 31 December 2008.

Internal development costs of CHF 261'800 for computer software development have been capitalised in 2008 (CHF 370'000 in 2007).

| | SW INTENDED FOR THIRD PARTIES CHF 1 000 | SW INTENDED FOR INTERNAL USE CHF 1 000 | TOTAL CHF 1 000 |
|--------------------------------------|---|--|--------------------|
| Net book value | | | |
| Internal development costs | 0 | 1'414 | 1'414 |
| Development costs from third parties | 674 | 7'504 | 8'178 |
| December 31, 2007 | 674 | 8'918 | 9'592 |
| Net book value | | | |
| Internal development costs | 0 | 1'210 | 1'210 |
| Development costs from third parties | 376 | 8'378 | 8'754 |
| December 31, 2008 | 376 | 9'588 | 9'964 |

11. INVESTMENT PROPERTIES

Investment properties comprise the following:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| Balance at 1 January | 2'443 | 1'695 |
| Additions | 0 | 635 |
| Assets acquired upon acquisition of subsidiaries | 0 | 413 |
| Transfer to property, plant & equipment | 0 | -310 |
| Exchange differences | -43 | 10 |
| Balance at 31 December | 2'400 | 2'443 |

The following amounts have been recognised in the income statement:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|---------------------------|-------------------|-------------------|
| Rental income | 139 | 140 |
| Direct operating expenses | -73 | -92 |
| | 66 | 48 |

The future aggregate minimum rental receivables under non-cancellable operating leases are as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|------------------------|-------------------|-------------------|
| Less than 1 year | 29 | 78 |
| Between 1 and 5 years | 25 | 0 |
| More than 5 years | 9 | 0 |
| | 63 | 78 |

12. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities per 31 December and the movement of temporary differences during the year 2008 and 2007 are attributable to the following:

| IN CHF 1 000 | MOVEMENT OF TEMPORARY DIFFERENCES DURING 2007 RESTATED | | | | | | RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES | |
|---|--|-------------------------|-------------|------------|------------|----------------------|--|----------------------|
| | NET BALANCE | ACQUIRED IN | RECOGNISED | RECOGNISED | EXCHANGE | NET BALANCE | ASSETS | LIABILITIES |
| | 01.01.07 RESTATED | BUSINESS COMBINATION | IN INCOME | IN EQUITY | DIFFERENCE | 31.12.07 RESTATED | 31.12.07 RESTATED | 31.12.07 RESTATED |
| Trade receivables | 191 | 0 | -20 | | -1 | 170 | -13 | 183 |
| Inventories | 4'279 | 0 | -676 | | 26 | 3'629 | 0 | 3'629 |
| Property, plant and equipment | 6'628 | 1'021 | 266 | | 20 | 7'935 | -96 | 8'032 |
| Intangible assets | 1'090 | 1'248 | 198 | | 29 | 2'565 | -2 | 2'566 |
| Investment properties | -78 | 141 | 10 | | 3 | 76 | -68 | 144 |
| Pension fund assets | 953 | 0 | 77 | | | 1'030 | 0 | 1'030 |
| Loans and receivables | -40 | 0 | -2 | | 0 | -42 | -42 | 0 |
| Other | 141 | 39 | 97 | | 3 | 280 | -92 | 372 |
| Tax value of loss carry-forwards recognised | -784 | 0 | -380 | | -25 | -1'189 | -1'189 | 0 |
| Tax (assets) / liabilities | 12'380 | 2'449 | -430 | 0 | 55 | 14'454 | -1'502 | 15'956 |
| Set off of tax | | | | | | | 1'093 | -1'093 |
| Tax (assets) / liabilities | 12'380 | 2'249 | -430 | 0 | 55 | 14'454 | -409 | 14'863 |

| IN CHF 1 000 | MOVEMENT OF TEMPORARY DIFFERENCES DURING 2008 | | | | | | RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES | |
|---|---|-------------------------|-------------|------------|-------------|---------------|--|---------------|
| | NET BALANCE | ACQUIRED IN | RECOGNISED | RECOGNISED | EXCHANGE | NET BALANCE | ASSETS | LIABILITIES |
| | 01.01.08 | BUSINESS COMBINATION | IN INCOME | IN EQUITY | DIFFERENCE | 31.12.08 | 31.12.08 | 31.12.08 |
| Trade receivables | 170 | | -38 | | 2 | 134 | -30 | 164 |
| Inventories | 3'629 | | -468 | | -96 | 3'065 | 0 | 3'065 |
| Property, plant and equipment | 7'935 | | 94 | | -93 | 7'936 | -85 | 8'021 |
| Intangible assets | 2'565 | | 84 | | -122 | 2'527 | -1 | 2'528 |
| Investment properties | 76 | | 47 | | -15 | 108 | -21 | 129 |
| Pension fund assets | 1'030 | | 56 | | 0 | 1'086 | 0 | 1'086 |
| Loans and receivables | -42 | | 7 | | 1 | -34 | -58 | 24 |
| Other | 280 | | -154 | -93 | -15 | 18 | -237 | 255 |
| Tax value of loss carry-forwards recognised | -1'189 | | -381 | | 82 | -1'488 | -1'488 | 0 |
| Tax (assets) / liabilities | 14'454 | 0 | -754 | -93 | -255 | 13'352 | -1'920 | 15'272 |
| Set off of tax | | | | | | | 1'126 | -1'126 |
| Tax (assets) / liabilities | 14'454 | 0 | -754 | -93 | -255 | 13'352 | -794 | 14'146 |

| | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| UNUSED TAX LOSSES | | |
| Tax losses unused | 14'346 | 10'641 |
| - of which expire within 12 months | 0 | 0 |
| - of which expire in more than 12 months | 14'346 | 10'641 |
| Deferred tax assets unrecognised | 4'876 | 3'616 |

13. FINANCIAL ASSETS

Financial assets comprise:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| <i>Financial assets at fair value through profit or loss</i> | | |
| Unlisted equity investments | 402 | 418 |
| <i>Loans and receivables</i> | | |
| Receivables in relation to strategic customer agreements non-current portion | 4'322 | 4'461 |
| Loan to related party non-current portion | 3'036 | 3'024 |
| Other receivables | 35 | 35 |
| Total | 7'795 | 7'938 |

All non-current receivables are due within 5 years from the balance sheet date.

14. BORROWINGS

Borrowings comprise:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--------------------------------|-------------------|-------------------|
| Current liabilities | | |
| Bank overdraft | 360 | 0 |
| Unsecured bank loans | 9'784 | 17'966 |
| Secured bank loans | 0 | 8'150 |
| Finance lease liabilities | 0 | 256 |
| Minority shareholder loan | 1'785 | 1'785 |
| Total | 11'929 | 28'157 |
| Non-current liabilities | | |
| Unsecured bank loans | 13'530 | 226 |
| Secured bank loans | 4'000 | 0 |
| Total | 17'530 | 226 |

Secured bank loans are guaranteed by the land and buildings of the Group (note 9).

Except for unsecured bank loans of EUR 3'005'000 (EUR 3'375'000 as per 31 December 2007), all borrowings are denominated in CHF.

The maturity of non-current borrowings is as follows:

| IN CHF 1 000 | BETWEEN 2-5 YEARS | OVER 5 YEARS | TOTAL |
|-------------------------------------|----------------------|-----------------|---------------|
| Non-current liabilities 2008 | | | |
| Unsecured bank loans | 13'530 | 0 | 13'530 |
| Secured bank loans | 4'000 | 0 | 4'000 |
| | 17'530 | 0 | 17'530 |
| Non-current liabilities 2007 | | | |
| Unsecured bank loans | 226 | 0 | 226 |
| | 226 | 0 | 226 |

15. TRADE PAYABLES

Trade payables comprise:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|------------------------|-------------------|-------------------|
| Payable in CHF | 20'073 | 14'379 |
| Payable in EUR | 14'462 | 19'221 |
| Total | 34'535 | 33'600 |

Trade payables are non-interest bearing and are normally settled on 60-70 day terms.

16. OTHER PAYABLES AND ACCRUALS

Other payables and accruals comprise:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| VAT payable | 1'447 | 1'423 |
| Accruals for vacation indemnities, pre-pension and social security | 3'975 | 4'914 |
| Liabilities in connection with strategic partnership agreements | 2'734 | 2'871 |
| Accruals for bonus to clients | 1'232 | 730 |
| Other accruals and liabilities | 675 | 1'774 |
| Total | 10'063 | 11'712 |

17. RETIREMENT BENEFIT OBLIGATIONS

The amount recognised in the balance sheet are determined as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|------------------------------------|-------------------|----------------------------|
| Fair value of plan assets | 51'887 | 57'166 |
| Defined benefit obligation | -53'303 | -51'777 |
| Funded status | -1'416 | 5'389 |
| Unrecognised actuarial (gain) loss | 6'371 | -686 |
| Net asset in balance sheet | 4'955 | 4'703 |

The movement in the defined obligation over the year is as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|--|-------------------|----------------------------|
| Present value of funded obligation at 1 January | -51'777 | -48'638 |
| Service cost | -4'549 | -4'492 |
| Interest cost | -1'812 | -1'702 |
| Benefits paid | 4'589 | 1'917 |
| Actuarial gain (loss) on benefit obligation | 246 | 1'138 |
| Present value of funded obligation at 31 December | -53'303 | -51'777 |

The movement in the fair value of plan assets of the year is as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|---|-------------------|----------------------------|
| Fair value of plan assets at 1 January | 57'166 | 54'771 |
| Expected return on plan assets | 2'287 | 2'191 |
| Employer's contributions | 2'390 | 2'349 |
| Employees' contributions | 1'990 | 1'953 |
| Benefits paid | -4'589 | -1'917 |
| Actuarial gain (loss) on plan assets | -7'357 | -2'181 |
| Fair value of plan assets at 31 December | 51'887 | 57'166 |

The amount recognised in the income statement is as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|---|-------------------|----------------------------|
| Service cost | -4'549 | -4'492 |
| Interest cost | -1'812 | -1'702 |
| Expected return on plan assets | 2'287 | 2'191 |
| Net periodic pension cost | -4'074 | -4'003 |
| Employees' contributions | 1'990 | 1'953 |
| Expense recognised in the income statement | -2'084 | -2'050 |

The movements in net asset recognised in balance sheet are as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|--|-------------------|----------------------------|
| Net asset in balance sheet at 1 January | 4'703 | 4'350 |
| Expense recognised in the income statement | -2'084 | -2'050 |
| Employer's contributions | 2'390 | 2'349 |
| Prepaid (accrued) pension cost | -54 | 54 |
| Net asset in balance sheet at 31 December | 4'955 | 4'703 |

| | | |
|------------------------------|--------|----|
| Actual return on plan assets | -5'070 | 10 |
|------------------------------|--------|----|

| | | |
|---|-------|-------|
| Expected employer's cash contributions for following year | 2'420 | 2'341 |
|---|-------|-------|

The principal actuarial assumptions used were as follows:

| | 31.12.2008 | 31.12.2007 |
|------------------------------------|------------|------------|
| Discount rate | 3.50% | 3.50% |
| Expected net return on plan assets | 4.00% | 4.00% |
| Average future salary increases | 1.50% | 1.50% |
| Future pension increases | 0.00% | 0.00% |

Assumptions regarding future mortality experience are set based on advice from published statistics and experience.

Plan assets are comprised as follows:

| | 31.12.2008 | | 31.12.2007 | |
|--------------|---------------|---------------|---------------|---------------|
| Cash | 1'682 | 3.2% | 6'424 | 11.2% |
| Bonds | 29'505 | 56.9% | 23'338 | 40.8% |
| Equities | 10'584 | 20.4% | 14'433 | 25.3% |
| Property | 5'555 | 10.7% | 5'692 | 10.0% |
| Other | 4'561 | 8.8% | 7'279 | 12.7% |
| Total | 51'887 | 100.0% | 57'166 | 100.0% |

The defined benefit pension plans are as follows:

| | 2008 CHF 1 000 | RESTATED 2007 CHF 1 000 | 2006 CHF 1 000 | 2005 CHF 1 000 |
|--|-------------------|----------------------------|-------------------|-------------------|
| Fair value of plan assets | 51'887 | 57'166 | 54'771 | 64'875 |
| Present value of benefit obligation | -53'303 | -51'777 | -48'638 | -60'497 |
| Funded (unfunded) status | -1'416 | 5'389 | 6'133 | 4'378 |
| Experience adjustments on plan liabilities | 246 | 1'138 | 1'957 | 2'222 |
| Experience adjustments on plan assets | -7'357 | -2'181 | -961 | 1'184 |
| Total actuarial gain (loss) | -7'111 | -1'043 | 996 | 3'406 |

18. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

Provisions for other liabilities and charges comprise:

| IN CHF 1 000 | ENVIRONNEMENT RESTORATION | WARRANTIES | TOTAL |
|------------------------------------|------------------------------|------------|------------|
| Balance at 1 January 2008 | 179 | 437 | 616 |
| Additional provisions | 0 | 164 | 164 |
| Used during the year | 0 | -437 | -437 |
| Released during the year | -100 | 0 | -100 |
| Balance at 31 December 2008 | 79 | 164 | 243 |

Analysis of total provision at 1 January 2008

| | | | |
|--------------|------------|------------|------------|
| Current | 0 | 437 | 437 |
| Non-current | 179 | 0 | 179 |
| Total | 179 | 437 | 616 |

Analysis of total provision at 31 December 2008

| | | | |
|--------------|-----------|------------|------------|
| Current | 0 | 164 | 164 |
| Non-current | 79 | 0 | 79 |
| Total | 79 | 164 | 243 |

The provision for environment of CHF 79'000 at 31 December 2008 consists of costs for restoration in relation with the sale in 2001 of the Group Company Huiles Minérales SA and normally is to be released within the next 5 years. A provision for warranties of CHF 164'000 at 31 December 2008 is recognised for a customer's bonus concept. The provision is based on part claims of clients in relation to the bonus concept.

19. DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments comprise the following:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|---|-------------------|-------------------|
| Forward foreign exchange contracts – cash flow hedges | 2'234 | 0 |
| Total current portion | 2'234 | 0 |

The effect of the cash flow hedge is classified in cost of materials as the transaction is materialised.

Outstanding forward contracts at year end cover the purchase of EUR 25 mio over the next 12 months.

20. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

| | NUMBER OF SHARES OUTSTANDING | ORDINARY SHARES CHF 1 000 | SHARE PREMIUM CHF 1 000 | TREASURY SHARES CHF 1 000 | TOTAL CHF 1 000 |
|-----------------------------|---------------------------------|------------------------------|----------------------------|------------------------------|--------------------|
| At 1 January 2007 | 610'588 | 18'450 | 51'642 | -920 | 69'172 |
| Purchase of treasury shares | -6'596 | | | -1'378 | -1'378 |
| Sale of treasury shares | 7'997 | | 62 | 1'698 | 1'760 |
| At 31 December 2007 | 611'989 | 18'450 | 51'704 | -600 | 69'554 |
| Purchase of treasury shares | -5'926 | | | -923 | -923 |
| Sale of treasury shares | 969 | | -37 | 189 | 152 |
| At 31 December 2008 | 607'032 | 18'450 | 51'667 | -1'334 | 68'783 |

The total number of ordinary shares is 615'000 registered shares (2007: 615'000) at nominal value of CHF 30 per share (2007: CHF 30). All issued shares are fully paid.

| | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| The conditional share capital consists of 30'750 registered shares of a nominal value of CHF 30 per share and can be used for an employee stock option plan. | | |
| No such plan has been established as at 31 December 2008. | 922 | 922 |
| | 922 | 922 |

The Company's Articles of Incorporation state that no person or entity shall be registered with the right to vote for more than 5% of the registered share capital. In particular cases the Board of Directors may allow exemptions from the limitation for registration in the share register.

As far as can be ascertained from the information available, shareholders owning more than 3% or more of the company's registered capital as per December 31 are as follows:

| | 31.12.2008 | | 31.12.2007 | |
|---|---------------------|--|---------------------|--|
| | NUMBER OF SHARES | % HOLDING OF TOTAL SHARE CAPITAL | NUMBER OF SHARES | % HOLDING OF TOTAL SHARE CAPITAL |
| Shares owned directly by Olivier Métraux | 65'727 | 10.69% | 65'727 | 10.69% |
| Shares owned indirectly by Olivier Métraux, held by K&M Invest SA and Paratex SA | 268'060 | 43.59% | 268'060 | 43.59% |
| Shares owned by Sarasin Investmentfonds AG, Basel | 61'268 | 9.96% | 61'461 | 9.99% |
| Shares owned by Axa Swiss Institutional Fund- Equities Small & Mid Caps, Zürich | 20'500 | 3.33% | 20'500 | 3.33% |

21. COST OF MATERIALS

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|--------------------------------|-------------------|----------------------------|
| Materials and consumables used | 162'859 | 154'950 |
| Change in inventories | -109 | 11'850 |
| Total | 162'750 | 166'800 |

The costs of materials of CHF 162'750'000 for the year ended 31 December 2008 (CHF 165'878'000 as at 31 December 2007) comprises depreciation and write offs of CHF 830'000 (CHF 2'337'000 as at 31 December 2007) for obsolescence on inventories.

Change in inventories in 2007 includes materials acquired upon acquisition of the subsidiary Remco during the period for CHF 3'169'000.

22. EMPLOYEE BENEFIT EXPENSE

Employee benefit expense comprises:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|--|-------------------|----------------------------|
| Wages and salaries | 62'370 | 62'290 |
| Social security and pension costs with defined contribution plans | 9'368 | 8'993 |
| Pension costs with defined benefit plan (note 17) | 2'084 | 2'050 |
| Internal development costs capitalised for computer software development (note 10) | -262 | -370 |
| Total | 73'560 | 72'963 |

23. OTHER OPERATING EXPENSES

Other operating expenses comprise:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|---|-------------------|----------------------------|
| Advertising and promotion expenses | 3'708 | 3'532 |
| Office expenses | 6'933 | 6'787 |
| Administration and IT expense | 8'337 | 8'181 |
| Logistic and other operating expenses | 15'003 | 14'697 |
| Write off trade receivables | 551 | 424 |
| Release of allowance on trade receivables | -145 | -20 |
| Total | 34'387 | 33'601 |

24. OTHER OPERATING INCOME

Other operating income comprises:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|--|-------------------|----------------------------|
| Rental income on investment properties and other rentals | 459 | 595 |
| Release of warranty and environment provision | 373 | 0 |
| Administration services | 195 | 192 |
| Licence fees on Reshment | 0 | 120 |
| Other | 696 | 330 |
| Total | 1'723 | 1'237 |

25. FINANCIAL INCOME AND EXPENSES

Financial income comprises:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| Interest income on loans | 218 | 315 |
| Interest income on strategic customer agreements | 0 | 55 |
| Net foreign exchange gain | 13 | 96 |
| Dividend from unlisted equity investments | 24 | 25 |
| Financial income | 255 | 491 |

Financial expenses comprise:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| Interest expenses on bank borrowings | 1'898 | 1'793 |
| Interest on other borrowings | 0 | 60 |
| Interest expenses on strategic customer agreements | 3 | 0 |
| Financial expenses | 1'901 | 1'853 |

26. INCOME TAX EXPENSES

Income tax recognised in the income statement comprises:

| YEAR ENDED DECEMBER 31 | NOTE | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|---|------|-------------------|----------------------------|
| Current tax expenses | | -635 | -614 |
| Deferred tax expenses | 12 | 754 | 430 |
| Total income tax gain / expenses (-) | | 119 | -184 |

Reconciliation of effective tax rate is as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|--|-------------------|----------------------------|
| Profit before tax | 251 | 1'926 |
| Tax calculated at effective domestic tax rates applicable to profits in the respective countries | -919 | -101 |
| Effect of tax rates decrease in Switzerland | -151 | -21 |
| Expenses not deductible for tax purposes | 30 | 4 |
| Expenses not recognised for tax purposes | -870 | -539 |
| Tax losses for which no deferred income tax assets was recognised | 1'928 | 986 |
| Over (-)/under provided in prior years | -118 | -131 |
| Other | -19 | -14 |
| Income tax gain (-) / expense | -119 | 184 |

27. EARNINGS PER SHARE

| YEAR ENDED DECEMBER 31 | 2008 CHF 1'000 | 2007 RESTATED CHF 1'000 |
|---|-------------------|----------------------------|
| Profit attributable to equity holders of the parent (CHF 1'000) | 319 | 1'653 |
| Weighted average number of ordinary shares | 612'216 | 612'906 |
| Basic earnings per share (CHF per share) | 0.52 | 2.70 |

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of ordinary shares in issue, excluding shares purchased by the Group and held as treasury shares (note 20).

28. DIVIDEND PER SHARE

The dividend paid per share in 2008 was CHF 4.50 and CHF 6.00 in 2007. No dividend is expected to be proposed at the Annual General Meeting of 19 June 2009.

29. DETAILS OF CASH FLOW STATEMENTS

The changes in value of working capital, net of impairment are as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| Change in trade receivables | 2'508 | 4'184 |
| Change in other receivables and prepaid expenses | 1'348 | 478 |
| Change in inventory | -1'570 | -5'605 |
| Current assets | 2'286 | -943 |
| Change in trade payables | 2'308 | -52 |
| Change in other payables and accruals | -2'142 | -611 |
| Current liabilities | 166 | -663 |
| Change in value of working capital, net of impairment | 2'452 | -1'606 |

Purchases and sales of treasury shares are as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--|-------------------|-------------------|
| Sales of treasury shares | 152 | 1'761 |
| Purchases of treasury shares | -923 | -1'378 |
| Purchases (-) and sales of treasury shares, net | -771 | 383 |

30 PERSONNEL

Details of the group's headcount are presented in the table below:

| | 2008 | 2007 |
|--------------|------------|--------------|
| Management | 84 | 74 |
| Sales force | 89 | 87 |
| Employees | 826 | 848 |
| Total | 999 | 1'009 |

31. COMMITMENTS

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|-------------------------------|-------------------|-------------------|
| Property, plant and equipment | 769 | 1'187 |
| Intangible assets | 97 | 72 |
| | 866 | 1'259 |

Operating lease commitments where the Group is the lessee

As at 31 December the Group had signed non cancellable operating leases, services contracts in respect of which the following amounts are payable:

| | LESS THAN 1 YEAR | | BETWEEN 1-5 YEARS | | MORE THAN 5 YEARS | |
|-------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2008 CHF 1 000 | 2007 CHF 1 000 | 2008 CHF 1 000 | 2007 CHF 1 000 | 2008 CHF 1 000 | 2007 CHF 1 000 |
| Buildings | 4'582 | 4'513 | 10'683 | 11'117 | 4'485 | 5'163 |
| IT services | 2'020 | 2'580 | 4'157 | 6'152 | 0 | 0 |
| | 6'602 | 7'093 | 14'840 | 17'269 | 4'485 | 5'163 |

| | LESS THAN 1 YEAR | | BETWEEN 1-5 YEARS | | MORE THAN 5 YEARS | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | 2008 CHF 1 000 | 2007 CHF 1 000 | 2008 CHF 1 000 | 2007 CHF 1 000 | 2008 CHF 1 000 | 2007 CHF 1 000 |
| Financial guarantees given to third parties on behalf of strategic partners | 15 | 0 | 60 | 0 | 45 | 200 |

32. RELATED-PARTY TRANSACTIONS

Total compensation granted directly or indirectly by Métraux Services SA or by one of its affiliated companies during 2008 to members of the Board of Directors, members of the Group management are as follows:

| BOARD OF DIRECTORS | BASE SALARY CASH CHF 1 000 | BONUS CASH CHF 1 000 | SOCIAL SECURITY CHF 1 000 | PENSION BENEFIT CHF 1 000 | TOTAL CHF 1 000 |
|-------------------------------------|-------------------------------|-------------------------|------------------------------|------------------------------|--------------------|
| Olivier Métraux, chairman | 27 | - | 2 | - | 29 |
| Andreas Ocskay, member | 27 | - | 2 | - | 29 |
| Bernard Durvin, member | 27 | - | 2 | - | 29 |
| Pierre-Philippe Courvoisier, member | 27 | - | 2 | - | 29 |
| Total members of the Board | 108 | 0 | 8 | 0 | 116 |

MANAGEMENT

| | | | | | |
|--------------------------|------------|------------|------------|------------|--------------|
| Philippe Thiemann, CFO | 261 | 150 | 34 | 53 | 498 |
| Other management members | 633 | 151 | 69 | 103 | 956 |
| Total management | 894 | 301 | 103 | 156 | 1'454 |

Total compensation granted directly or indirectly by Métraux Services SA or by one of its affiliated companies during 2007 to members of the Board of Directors, members of the Group management are as follows:

| BOARD OF DIRECTORS | BASE SALARY CASH CHF 1 000 | BONUS CASH CHF 1 000 | SOCIAL SECURITY CHF 1 000 | PENSION BENEFIT CHF 1 000 | TOTAL CHF 1 000 |
|-------------------------------------|-------------------------------|-------------------------|------------------------------|------------------------------|--------------------|
| Olivier Métraux, chairman | 27 | - | 2 | - | 29 |
| Andreas Ocskay, member | 27 | - | 2 | - | 29 |
| Bernard Durvin, member | 27 | - | 2 | - | 29 |
| Pierre-Philippe Courvoisier, member | 27 | - | 2 | - | 29 |
| Total members of the Board | 108 | 0 | 8 | 0 | 116 |

MANAGEMENT

| | | | | | |
|--------------------------|--------------|------------|-----------|------------|--------------|
| Olivier Métraux, CEO | 298 | 80 | 30 | 62 | 470 |
| Other management members | 846 | 113 | 69 | 112 | 1'140 |
| Total management | 1'144 | 193 | 99 | 174 | 1'610 |

Compensation does not include reimbursement for business expenses incurred in the performance of their services as a representative allowances as these are not considered compensation.

Loan to related parties is as follows:

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 CHF 1 000 |
|--------------------------------------|-------------------|-------------------|
| <u>Loan to related parties</u> | | |
| Loan to shareholder Olivier Métraux: | | |
| At 1 January | 3'024 | 3'051 |
| Loan repayment received | 0 | -27 |
| Interest charged | 112 | 71 |
| Interest repayment received | -100 | -71 |
| At 31 December | 3'036 | 3'024 |
| Interest rate p.a. | 4.25% | 2.75% |

Excepted the loan to the shareholder Olivier Métraux no guarantees, loans, advances or borrowings in favour of members of the Board of Directors and members of the management or parties closely related to such persons were granted at 31 December 2008.

At 31 December 2008 and 2007, the members of the Board of Directors and members of the Group management had following interest within the company:

| BOARD OF DIRECTORS | REGISTERED SHARES | |
|---|-------------------|----------------|
| | 2008 | 2007 |
| Olivier Métraux, chairman (shares owned directly or indirectly) | 333'787 | 333'787 |
| Andreas Ocskay, member | 300 | 300 |
| Bernard Durvin, member | 7 | 7 |
| Pierre-Philippe Courvoisier, member | 923 | 923 |
| Total members of the Board | 335'017 | 335'017 |

| MANAGEMENT | | |
|---|--------------|--------------|
| Olivier Métraux, CEO | see above | see above |
| Philippe Thiemann, CFO | 291 | 291 |
| Christophe Fluri | 1'057 | 1'057 |
| Total Management (without Olivier Métraux) | 1'348 | 1'348 |

Pension fund

| YEAR ENDED DECEMBER 31 | 2008 CHF 1 000 | 2007 RESTATED CHF 1 000 |
|------------------------|-------------------|----------------------------|
| Pension asset | 4'955 | 4'703 |

33. CATEGORIES OF FINANCIAL INSTRUMENTS

The financial assets and liabilities are classified as follow as at 31 December 2008:

| ASSETS AS PER BALANCE SHEET DATE 31 DECEMBER 2008 CHF 1 000 | NOTE | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | LOANS AND RECEIVABLES | TOTAL 31.12.2008 |
|--|------|---|--------------------------|---------------------|
| Cash and cash equivalents | 5 | 7'113 | | 7'113 |
| Trade receivables | 6 | | 36'940 | 36'940 |
| Other current receivables | | | | |
| – Receivables in relation to strategic customer agreements | 7 | | 2'033 | 2'033 |
| Financial assets | | | | |
| – Unlisted equity investments with no quoted market price | 13 | 402 | | 402 |
| – Receivables in relation to strategic customer agreements | 13 | | 4'322 | 4'322 |
| – Loan to related party | 13 | | 3'036 | 3'036 |
| – Other receivables | 13 | | 35 | 35 |
| | | 7'515 | 46'366 | 53'881 |

| LIABILITIES AS PER BALANCE SHEET DATE 31 DECEMBER 2008 CHF 1 000 | NOTE | FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | OTHER FINANCIAL LIABILITIES | TOTAL 31.12.2008 |
|---|------|--|-----------------------------------|---------------------|
| Borrowings – current portion | 14 | | 11'929 | 11'929 |
| Trade payables | 15 | | 34'535 | 34'535 |
| Other current payables | | | | |
| – Liabilities in relation with strategic customer agreements | 16 | | 2'734 | 2'734 |
| Borrowings – non-current portion | 14 | | 17'530 | 17'530 |
| Derivative financial instruments in effective cash flow hedge | | | 2'234 | 2'234 |
| | | 0 | 68'962 | 68'962 |

The fair value of non-current receivables in relation to strategic customer agreements correspond to the fair value based on cash flows discounted at a rate of 3.5%.

The loan to the related party (shareholder Olivier Métraux) as per 31 December 2008 is bearing interest at an average rate of 4.25% (2.25% as per December 2007). The book value corresponds to the estimated fair value as the loan is bearing interest to market conditions.

The financial assets and liabilities are classified as follow as at 31 December 2007:

| ASSETS AS PER BALANCE SHEET DATE 31 DECEMBER 2007 CHF 1 000 | NOTE | FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS | LOANS AND RECEIVABLES | TOTAL 31.12.2007 |
|---|------|---|--------------------------|---------------------|
| Cash and cash equivalents | 5 | 5'754 | - | 5'754 |
| Trade receivables | 6 | | 41'232 | 41'232 |
| Other current receivables | | | | |
| – Receivables in relation to strategic customer agreements – current portion | 7 | | 2'177 | 2'177 |
| Financial assets | | | | |
| – Unlisted equity investments with no quoted market price | 13 | 418 | | 418 |
| – Receivables in relation to strategic customer agreements | 13 | | 4'461 | 4'461 |
| – Loan to related party | 13 | | 3'024 | 3'024 |
| – Other receivables | 13 | | 35 | 35 |
| | | 6'172 | 50'929 | 57'101 |

| LIABILITIES AS PER BALANCE SHEET DATE 31 DECEMBER 2007 CHF 1 000 | NOTE | FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS | OTHER FINANCIAL LIABILITIES | TOTAL 31.12.2007 |
|---|------|--|-----------------------------------|---------------------|
| Borrowings – current portion | 14 | | 28'157 | 28'157 |
| Trade payables | 15 | | 33'600 | 33'600 |
| Other current payables: | | | | |
| – Liabilities in relation with strategic customer agreements | 16 | | 2'871 | 2'871 |
| Borrowings – non-current portion | 14 | | 226 | 226 |
| | | 0 | 64'854 | 64'854 |

The carrying amount of non-current receivables in relation to strategic customer agreements correspond to the fair value based on cash flows discounted at a rate of 3.5%.

The loan to the related party (shareholder Olivier Métraux) as per 31 December 2007 is bearing interest at an average rate of 2.75% (2.25% as per December 2006). The book value corresponds to the estimated fair value as the loan is bearing interest to market conditions.

The average effective interest rates at the balance sheet date are as follows:

| | 31.12.2008 | 31.12.2007 |
|----------------------|------------|------------|
| Bank overdraft | 6.5% | 6.5% |
| Unsecured bank loans | 3.7% | 3.5% |
| Secured bank loans | 2.4% | 2.4% |

34. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. In order to limit the impact of certain of these risks, the Group utilises from time to time derivative financial instruments in order to hedge foreign exchange risk and interest rate exposure. As a general principle the Group does not enter into speculative derivative transactions.

a) Foreign exchange risk

The Group is exposed to foreign exchange risks arising essentially upon importing automotive spare parts and accessories, primarily with respect to the Euro. Forward foreign exchange contracts are used to cover the currency exposure of certain existing and anticipated payables in foreign currency.

The Group also conducts its business activities in Belgium using the Euro currency. However the Group prepares its consolidated financial statements in Swiss francs and is therefore exposed to movements in the Euro currency affecting its net income and net investments in foreign operations as well as its loans to foreign operations within the Group. The Group does not hedge such currency translation exposures.

b) Credit risk

The Group has no significant concentrations of credit risk. It ensures that sales are made to customers with an appropriate credit history. In addition, the Group limits the amount of credit exposure to any financial institution.

c) Liquidity risk

Through prudent liquidity risk management the Group aims to maintain sufficient levels of cash and cash equivalents and of funding through an adequate amount of committed credit facilities.

d) Interest rate risk

The Group has no significant interest-bearing assets, hence its income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. Occasionally, the Group uses derivative financial instruments to moderate the effects of the fluctuations of interest rates on existing borrowings through interest rate floating-to-fixed swap and cap contracts.

Fair value estimation

The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the balance sheet date. For financial current assets and current liabilities the carrying amount amounts approximate the fair value.

Capital risk management

The Group's capital management aims to maintain a sound capital base to support the continued development of its business and to comply with the requirements defined within the bank's borrowing contracts. The Group management monitors capital on the basis of debt and leverage ratios. Debt ratio is defined on the basis of EBITDA (earnings before interest, depreciation and amortisation) as a multiple of financial debt. Leverage ratio is calculated as a percentage of financial debt to total of equity and financial debt.

Sensitivity analysis

Foreign currency

The following table summarises the Group's sensitivity to transactional currency exposures of the main currency at 31 December. The sensitivity analysis is based on the exposure of outstanding balances expressed in the currency EUR at 31 December, and on assumptions which have been deemed reasonable by the management, showing the impact on profit for the year and on equity. The sensitivity analysis includes loans to foreign operations within the Group.

| | EUR / CHF | |
|----------------------|-----------|--------|
| CHF 1 000 | 2008 | 2007 |
| Reasonable shift | 10% | 5% |
| Impact on net result | | |
| – Increase | -357 | 809 |
| – Decrease | 357 | -809 |
| Impact on equity | | |
| – Increase | 3'327 | 1'695 |
| – Decrease | -3'327 | -1'695 |

Interest rates

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the balance sheet date and the stipulated change taking place at the beginning of financial year and held constant throughout the reporting period. The following table shows the sensitivity of the Group to interest rate changes.

| CHF 1 000 | CHF INTEREST RATES | |
|----------------------|--------------------|-----------------|
| | 2008 | 2007 |
| Reasonable shift | 75 basis points | 75 basis points |
| Impact on net result | | |
| – Increase | -169 | -162 |
| – Decrease | 169 | 162 |

The impact on equity of interest rates fluctuations is not material.

35. LIST OF GROUP COMPANIES

| GROUP COMPANIES | SHARE CAPITAL CHF 1 000 | % OWNERSHIP | | ACTIVITY |
|--|----------------------------|-------------|----------|--|
| | | 31.12.08 | 31.12.07 | |
| CONSOLIDATED SUBSIDIARIES | | | | |
| Technomag | | | | |
| Technomag AG, Bern | 7'350 | 100% | 100% | Distribution of automotive spare parts and accessories |
| Wälchli & Bollier AG, Bülach | 6'000 | 77.6% | 77.6% | Distribution of automotive spare parts and accessories |
| Autodistribution (Suisse) SA, Etagnières | 300 | 100% | 100% | Franchise of AD car repair shops |
| Bremstechnik GmbH, Grenzach-Whylen (D) | | | | |
| EUR 1 000 | 103 | 100% | 100% | Dormant |
| CMS Gestion | | | | |
| CMS Gestion SA, Etagnières | 50 | 100% | 100% | Administration of Métraux Services strategic customer agreements |
| Métraux Services Belgium | | | | |
| Métraux Services Belgium SA, Herent (B) | | | | |
| EUR 1 000 | 11'834 | 100% | 100% | Financial holding Company |
| Autodistribution Belgium SA, Herent (B) | | | | |
| EUR 1 000 | 6'754 | 99.7% | 99.7% | Distribution of automotive spare parts and accessories |
| Remco Belgium SA, Gent (B) | | | | |
| EUR 1 000 | 773 | 100% | 100% | Distribution of automotive spare parts and accessories |
| Remco Office Management SA, Gent (B) | | | | |
| EUR 1 000 | - | - | 100% | Distribution of automotive spare parts and accessories |
| Remco Car Parts SA, Gent (B) | | | | |
| EUR 1 000 | - | - | 100% | Distribution of automotive spare parts and accessories |
| FPR | | | | |
| FPR Holding SA, Etagnières | 100 | 100% | 100% | Development of patents and concepts in the technology of environment |

During 2008 the following Group companies have been merged:

Remco Office Management SA and Remco Car Parts SA with Remco Belgium SA.

***Report of the group auditors
to the general meeting of Métraux Services SA
Etagnières***

As statutory auditor, we have audited the accompanying consolidated financial statements of Métraux Services SA, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 2 to 36) for the year ended 31 December 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2008 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young Ltd



Serge Clément
Licensed audit expert
(Auditor in charge)



Fabrice Bernhard
Licensed audit expert

Lausanne, 27 March 2009

Financial Statements 2008

MÉTRAUX SERVICES SA

INDEX TO THE STATUTORY FINANCIAL STATEMENTS

| | |
|--|----|
| Balance sheets | 42 |
| Income statements | 43 |
| Note to the financial statements | 44 |
| Proposal for the appropriation of available earnings..... | 46 |
| Report of the statutory auditors to the general meeting of Métraux Services SA | 48 |

Balance Sheets Métraux Services SA

| | 31.12.2008 | 31.12.2007 |
|---|--------------------|--------------------|
| | CHF | CHF |
| ASSETS | | |
| Cash and cash equivalents | 298 941 | 277 662 |
| Marketable securities own shares | 698 794 | 599 294 |
| Receivables in relation to strategic customer agreements | 1 578 302 | 1 619 787 |
| Miscellaneous receivables | 98 486 | 25 240 |
| Accrued income and prepaid expenses | 568 904 | 250 697 |
| Accounts receivable from Group companies | 4 645 956 | 8 166 227 |
| Current assets | 7 889 383 | 10 938 907 |
| Property, plant and equipment | 33 300 | 42 500 |
| Intangible assets | 193 100 | 241 400 |
| Financial assets | | |
| – Investments | 31 114 878 | 36 342 878 |
| – Loans to Group companies | 59 540 651 | 53 525 846 |
| – Receivable from the shareholder Olivier Métraux | 3 035 954 | 3 023 512 |
| – Strategic customer agreements | 4 441 242 | 4 519 572 |
| Fixed assets | 98 359 125 | 97 695 708 |
| Total assets | 106 248 508 | 108 634 615 |
| LIABILITIES | | |
| Borrowings | 5 501 913 | 14 000 000 |
| Miscellaneous payables | 304 636 | 122 992 |
| Accruals in connection with strategic customer agreements | 2 375 541 | 2 560 356 |
| Accrued liabilities | 342 288 | 221 921 |
| VAT payables | 0 | 149 880 |
| Accounts payable to Group companies | 914 295 | 478 216 |
| Current tax liabilities | 9 140 | 0 |
| Provision | 79 010 | 179 010 |
| Short-term liabilities | 9 526 823 | 17 712 375 |
| Borrowings | 13 400 000 | 0 |
| Long-term liabilities | 13 400 000 | 0 |
| Liabilities | 22 926 823 | 17 712 375 |
| Share capital | 18 450 000 | 18 450 000 |
| General legal reserve | 33 800 | 33 800 |
| Share premium | 50 650 553 | 50 750 052 |
| Treasury shares reserve | 698 794 | 599 294 |
| Retained earnings | 13 488 538 | 21 089 094 |
| Shareholders' equity | 83 321 685 | 90 922 240 |
| Total shareholders' equity and liabilities | 106 248 508 | 108 634 615 |

Income Statements Métraux Services SA

| FOR THE YEARS ENDED DECEMBER 31 | 2008 CHF | 2007 CHF |
|--|--------------------|--------------------|
| INCOME | | |
| Royalties | 2 149 322 | 2 157 812 |
| Management fees | 3 322 567 | 3 283 505 |
| Re-Invoicing to Group companies of strategic customer agreements costs | 6 506 649 | 6 394 408 |
| Financial income | 2 096 901 | 1 646 737 |
| Income from Group companies | 14 075 439 | 13 482 462 |
| Financial income | 144 096 | 170 135 |
| Other income | 275 748 | 1 701 |
| Total income | 14 495 283 | 13 654 298 |
| EXPENSE | | |
| Personnel | 2 158 942 | 2 181 592 |
| General and administration | 2 453 361 | 2 310 123 |
| Cost of strategic customer agreements | 6 506 649 | 6 394 408 |
| Value adjustment of investment | 5 228 000 | 6 930 000 |
| Financial expenses | 963 657 | 70 049 |
| Foreign exchange loss | 1 218 359 | 620 100 |
| Decrease / Increase (-) in market value of marketable securities | 672 280 | - 62 325 |
| Total expenses | 19 201 248 | 18 443 947 |
| Net loss before taxes | - 4 705 965 | - 4 789 649 |
| Taxes | 149 401 | 55 600 |
| Net loss | - 4 855 366 | - 4 845 249 |

Notes to the Financial Statements

1. Introduction

The financial statements of Métraux Services SA comply with the requirements of the Swiss Law for companies, the Code of Obligations (CO).

2. Contingent liabilities

| | 2008 CHF | 2007 CHF |
|---|-------------|-------------|
| Guarantees issued in respect of bank loans granted to Group companies | 14 146 000 | 11 558 000 |
| Drawn down | 4 246 000 | 1 658 000 |

As a result of the group value added tax system for the Swiss companies, there is a joint liability for the tax owed by the value added tax group in favour of the Swiss federal tax authority. As at 31 December 2008 the contingent liability in favour of the Swiss federal tax authority amounts CHF 1'122'000 (CHF 1'275'000 as at 31 December 2007).

3. Investments

| ENTITIES | ACTIVITY | SHARE CAPITAL | OWNERSHIP | |
|-------------------------------------|---|---------------|-----------|--------|
| | | CHF 1000 | % 2008 | % 2007 |
| Technomag AG, Bern | Automotive spare parts | 7 350 | 100 | 100 |
| Métraux Services Belgium SA, Herent | Financial Holding Company (EUR 1 000) | 11 834 | 100 | 100 |
| Autodistribution Belgium SA, Herent | Automotive spare parts (EUR 1 000) | 6 754 | 70.21 | 70.21 |
| CMS Gestion SA, Etagnières | Administration of Métraux Services strategic customer agreements | 50 | 100 | 100 |
| FPR Holding SA, Etagnières | Development of patents and concepts in the technology environment | 100 | 100 | 100 |

4. Share capital

The General Meeting of the Shareholders on May 1, 2000 passed the following resolutions:

Conditional increase of share capital

The Company's conditional share capital consists of 30 750 registered shares of a nominal value of CHF 30 per share and can be used for an employee stock option plan. No such plan has been established as at December 31, 2008.

5. Treasury registered shares

The number of treasury registered shares held by the Company and subsidiaries and their movement were as follows:

| | 31.12.2008 NUMBER OF SHARES | 31.12.2007 NUMBER OF SHARES |
|--|--------------------------------|--------------------------------|
| Treasury registered shares at the beginning of the year | 3 011 | 4 412 |
| Movement in year: | | |
| – shares purchased | 5 926 | 6 596 |
| – shares sold | - 969 | - 7 997 |
| Total treasury registered shares held at the end of the year | 7 968 | 3 011 |

| | 31.12.2008 CHF | 31.12.2007 CHF |
|-------------------------------------|-------------------|-------------------|
| Average price per share on disposal | 157 | 220 |
| Average purchase price per share | 154 | 209 |

6. Reserve for treasury shares held by the Group

| | 31.12.2008 CHF | 31.12.2007 CHF |
|--------------------------------------|-------------------|-------------------|
| Reserve at the beginning of the year | 599 294 | 919 590 |
| Transfer to share premium | 99 500 | - 320 296 |
| Reserve at the end of the year | 698 794 | 599 294 |

Métraux Services SA has met the legal requirements for legal reserves for those treasury shares required under Articles 659 et. seq. and 663b.10 CO., which are shown in note 5.

7. Major shareholders

| | % HOLDING OF TOTAL SHARE CAPITAL DECEMBER 31, 2008 | % HOLDING OF TOTAL SHARE CAPITAL DECEMBER 31, 2007 |
|---|--|--|
| As far as can be ascertained from the information available, shareholders owning 3% or more of the Company's registered capital are as follows: | | |
| – shares owned by Olivier Métraux and his companies | 54.28 | 54.28 |
| – shares owned by Sarasin Investmentfonds AG, Basel | 9.96 | 9.99 |
| – shares owned by Axa Swiss Institutional Fund-Equities Small & Mid Caps, Zürich | 3.33 | 3.33 |

8. Registration and voting restrictions

The company's Articles of Incorporation state that no person or entity shall be registered with the right to vote for more than 5% of the registered share capital as set forth in the Commercial Register. In particular cases the Board of Directors may allow exemptions from the limitation for registration in the share register.

9. Board and Executive Compensation

Information required by article 663b bis of the Swiss Law (Code of Obligations) on Board and Executive Compensation is disclosed in the Métraux Services Group consolidated financial statements, note 32.

10. Risk assessment

Assessment of the corporate risks within the framework of a systematic risk identification and analysis is measured on a regular basis. Organisationally the responsibility for risk assessment and management is allocated to the Divisions, with specialised corporate functions such as financial reporting, and controlling. Based on this assessment, measures for risk management are defined and constantly monitored by the Board of Directors of the company.

PROPOSAL FOR THE APPROPRIATION OF AVAILABLE EARNINGS

| | 31.12.2008 |
|--|-------------------|
| | CHF |
| Retained earnings at beginning of the year | 21 089 094 |
| Dividend paid out of prior year available earnings | - 2 745 190 |
| Net loss for the year | - 4 855 366 |
| Available earnings | 13 488 538 |

No dividend is expected to be proposed at the Annual General Meeting of 19 June 2009.

***Report of the statutory auditors
to the general meeting of Métraux Services SA
Etagnières***

As statutory auditor, we have audited the accompanying financial statements of Métraux Services SA, which comprise the balance sheet, income statement and notes (pages 42 to 46) for the year ended 31 December 2008.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2008 comply with Swiss law and the company's articles of incorporation.

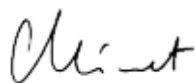
Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 Code of Obligations (CO) and article 11 AOA and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd



Serge Clément
Licensed audit expert
(Auditor in charge)



Fabrice Bernhard
Licensed audit expert

Lausanne, 27 March 2009



Métraux Services SA
Route de Lausanne 16 • Etagnières • Case postale
1033 Cheseaux/Lausanne
Phone: +41-21-731 97 01 • Fax: +41-21-731 97 47
E-mail: info@metraux.com • Website: www.metraux.com
