Financial report

Key figures Group

Key figures Oerlikon Group

in CHF million	**January 1 to June 30, 2009 unaudited**	January 1 to June 30, 2008 unaudited, restated [1]
Orders received [2]	1 585	2 604
Orders on hand [2]	1 145	1 802
Sales [2]	1 428	2 382
EBITDA [2]	–41	223
– as % of sales	–3%	9%
EBIT [2, 3]	–164	–147
– as % of sales	–11%	–6%
Net result	–99	–313
– as % of sales	–7%	–13%
– as % of equity attributable to shareholders of the parent	–10%	–29%
Cash flow from operating activities [4]	–28	197
Capital expenditure for fixed and intangible assets [2]	80	140
Total assets (June 30, 2009 / December 31, 2008)	5 048	5 476
Equity attributable to shareholders of the parent (June 30, 2009 / December 31, 2008)	1 036	1 093
– as % of total assets	21%	20%
Net liquidity (June 30, 2009 / December 31, 2008) [5]	–1 742	–1 586
Net assets (June 30, 2009 / December 31, 2008) [2, 6]	2 977	2 919
EBIT as % of net assets (RONA) [2, 6]	–6%	–5%
Number of employees [2]	16 492	18 592
Personnel expenses [2]	538	656
Research and development expenses [2, 7]	100	129

[1] The reclassifications compared to the prior year report concerns assets and liabilities held for sale and discontinued operations.

[2] Continued operations, 2008 restated.

[3] For the first half-year 2009, the operative result (EBIT before restructuring and impairments of non-current assets) stood at CHF –131 million (prior-year period: CHF 116 million). For 2009, continued operations of Oerlikon Group report an EBIT before restructuring of minus CHF 138 million. The Group EBIT before restructuring including discontinued operations amounted to minus CHF 146 million.

[4] Before changes in net current assets.

[5] Net liquidity includes marketable securities, treasury shares at market value as of June 30 as well as short-term and long-term debt.

[6] Net assets include current and non-current operating assets (excluding cash, financial assets, current tax receivables and assets classified as held for sale) less operating liabilities (excluding financial liabilities, tax provisions and liabilities classified as held for sale).

[7] Research and development expenses include expenses recognized as intangible assets in the amount of CHF 11 million (previous year: CHF 19 million).

Consolidated income statement

in CHF million	**January 1 to June 30, 2009 unaudited**	January 1 to June 30, 2008 unaudited, restated [1]
Sales of goods	1 233	2 038
Services rendered	195	344
Total sales	**1 428**	**2 382**
Cost of sales	–1 208	–1 837
Gross profit	**220**	**545**
Marketing and selling	–118	–159
Research and development	–100	–118
Administration	–125	–166
Impairment of goodwill	0	–250
Restructuring costs	–26	–13
Other income	17	30
Other expenses	–32	–16
Result before interest and taxes (EBIT)	**–164**	**–147**
Financial income	2	6
Financial expenses	–51	–53
Result before taxes (EBT)	**–213**	**–194**
Income taxes	2	–28
Result from continued operations	**–211**	**–222**
Result from discontinued operations	112	–91
Net result	**–99**	**–313**
Attributable to:		
Shareholders of the parent	–99	–315
Minority interests	0	2
Earnings per registered share in CHF	**–7.76**	–24.57
Diluted earnings per registered share in CHF	**–7.76**	–24.56
Earnings per registered share continued operations in CHF	**–16.50**	–17.50
Diluted earnings per registered share continued operations in CHF	**–16.50**	–17.49
Earnings per registered share discontinued operations in CHF	**8.74**	–7.07
Diluted earnings per registered share discontinued operations in CHF	**8.74**	–7.07

[1] The reclassifications compared to the prior year report concern assets and liabilities held for sale and discontinued operations.

Consolidated statement of comprehensive income

in CHF million	**January 1 to June 30, 2009 unaudited**	January 1 to June 30, 2008 unaudited, restated
Net result	–99	–313
Other comprehensive income:		
Fair value adjustments IAS 39	3	9
Realization under IAS 39 transferred to profit or loss	–12	–3
Defined benefit plan actuarial (losses) / gains IAS 19	–1	19
Economic benefit available as a contribution reduction IAS 19 – IFRIC 14	0	–4
Income taxes on income and expenses recognized directly in equity	0	–7
Conversion differences	52	–104
Net (loss) / gain recognized directly in equity	42	–90
Total comprehensive income for the period	**–57**	**–403**
Attributable to:		
Shareholders of the parent	–58	–403
Minority interests	1	0

Consolidated balance sheet

Assets

in CHF million	June 30, 2009 unaudited	December 31, 2008
Cash and cash equivalents	396	393
Current financial investments and derivatives	13	43
Trade receivables	379	534
Other receivables	373	340
Current tax receivables	17	16
Inventories	675	901
Prepaid expenses and accrued income	45	34
Assets classified as held for sale	22	60
Current assets	**1 920**	**2 321**
Loans and other long-term financial receivables	13	15
Non-current financial investments	33	33
Property, plant and equipment	1 236	1 278
Intangible assets	1 701	1 696
Deferred tax assets	145	133
Non-current assets	**3 128**	**3 155**
Total assets	**5 048**	**5 476**

Liabilities and equity

in CHF million	June 30, 2009 unaudited	December 31, 2008
Trade payables	260	455
Loans and borrowings	606	56
Other liabilities	85	91
Accrued liabilities	251	373
Current customer advances	75	143
Current income taxes payable	108	130
Current post-employment benefit provisions	15	15
Other current provisions	163	152
Liabilities classified as held for sale	15	67
Current liabilities	**1 578**	**1 482**
Loans and borrowings	1 616	2 039
Non-current customer advances	0	40
Non-current post-employment benefit provisions	533	525
Deferred tax liabilities	198	198
Other non-current provisions	62	74
Non-current liabilities	**2 409**	**2 876**
Total liabilities	**3 987**	**4 358**
Share capital	283	283
Treasury shares	–293	–294
Reserves and retained earnings	1 046	1 104
Equity attributable to shareholders of the parent	**1 036**	**1 093**
Minority interests	25	25
Total equity	**1 061**	**1 118**
Total liabilities and equity	**5 048**	**5 476**

Consolidated cash flow statement

in CHF million	**January 1 to June 30, 2009 unaudited**	January 1 to June 30, 2008 unaudited
Net result	–99	–315
Tax expenses (+) / tax income (–)	–2	29
Interest expense (+) / interest income (–) from financial liabilities and assets	24	31
Depreciation of property, plant and equipment	98	99
Amortization of intangible assets	18	21
Impairment losses on property, plant and equipment	3	0
Impairment losses on intangible assets	4	343
Addition to (+) / release of (–) other provisions	45	29
Increase (+) / decrease (–) in post-employment benefit provisions	8	–12
Losses (+) / gains (–) from sale of non-current assets	0	1
Gain on sale of discontinued operations, net of income tax	–126	0
Income taxes paid	–2	–27
Other non-cash expenses (+) / income (–)	1	–2
Cash flow from operating activities before changes in net current assets	–28	197
Decrease (+) / increase (–) in receivables / accrued assets	89	5
Decrease (+) / increase (–) in inventories	209	–183
Increase (+) / decrease (–) in payables / accrued liabilities and use of other provisions	–319	–38
Increase (+) / decrease (–) in customer advances	–49	–32
Non-cash impact on net current assets due to hedge accounting	–20	6
Cash flow from changes in net current assets	–90	–242
Cash flow from operating activities	**–118**	**–45**
Capital expenditure for property, plant and equipment	–65	–115
Capital expenditure for intangible assets	–14	–26
Disposal of discontinued operations (net of cash disposed of) / assets held for sale	72	0
Purchase of financial Investments	0	19
Decrease in loans receivable	2	0
Decrease in marketable securities	0	4
Acquisition of group companies	0	–2
Proceeds from sale of property, plant and equipment	3	11
Interest received	1	4
Cash flow from investing activities	**–1**	**–105**
Dividends paid	–1	–1
Purchase of treasury shares	0	–111
Increase of financial debt	147	166
Interest paid	–29	–32
Cash flow from financing activities	**117**	**22**
Conversion adjustments to cash and cash equivalents	5	–10
Increase (+) / decrease (–) in cash and cash equivalents	**3**	**–138**
Cash and cash equivalents at the beginning of the year	393	484
Cash and cash equivalents at the end of the year	396	346
Increase (+) / decrease (–) in cash and cash equivalents	**3**	**–138**

Consolidated statement of changes in equity

in CHF million	Share capital [1]	Additional paid-in capital [2]	Treasury shares	Conversion differences	Retained earnings	Hedge accounting	Deferred taxes	**Total equity attributable to shareholders**	Minority interests	**Total shareholders' equity**
Balance at January 1, 2008	**283**	**622**	**–184**	**–61**	**1 220**	**3**	**–25**	**1 858**	**28**	**1 886**
Total comprehensive income for the period				–102	–300	6	–7	–403		–403
Dividend distributions								0	–1	–1
Purchase of treasury shares			–112					–112		–112
Sale of treasury shares					1			1		1
Balance at June 30, 2008	**283**	**622**	**–295**	**–163**	**920**	**9**	**–31**	**1 346**	**27**	**1 373**
Balance at January 1, 2009	**283**	**622**	**–294**	**–249**	**727**	**12**	**–8**	**1 093**	**25**	**1 118**
Total comprehensive income for the period				51	–100	–9	0	–58	1	–57
Dividend distributions								0	–1	–1
Purchase of treasury shares								0		0
Sale of treasury shares			1					1		1
Balance at June 30, 2009	**283**	**622**	**–293**	**–198**	**627**	**3**	**–8**	**1 036**	**25**	**1 061**

[1] The share capital of OC Oerlikon Corporation AG, Pfäffikon, consists of 14 142 437 registered shares of nominal value CHF 20.
[2] Additional paid-in capital includes CHF 57 million which are not distributable for legal reasons.

Summary of significant accounting principles

Company operations

OC Oerlikon Corporation AG, Pfäffikon is a Swiss public company located in Pfäffikon SZ, Churerstrasse 120. It is the ultimate parent company of the Oerlikon group, a globally leading supplier of production systems, transmission technology, yarn processing solutions (textile machinery), components and services for selected information technology market segments and industrial applications. In the course of streamlining the portfolio, the business units ESEC and Oerlikon Space were sold in 2009.

Apart from its activities in Switzerland, the Oerlikon group operates in the EU region, North America and Asia, and employs 16 492 individuals (excluding discontinued operations).

Basis of preparation

The consolidated financial statements of OC Oerlikon Corporation AG, Pfäffikon have been prepared in accordance with International Financial Reporting Standards (IFRS) and Swiss company law. These accounting standards have been applied consistently in all periods presented in this report. The reporting period is six months. The consolidated income statement shows operating costs grouped by function. Assets and liabilities in the consolidated balance sheet are classified as current or non-current. The unaudited consolidated semi-annual financial statements for the first half-year 2009 are presented in abridged form and are in compliance with IAS 34. The consolidated semi-annual financial statements do not include all the details contained in the consolidated annual financial statements and should therefore be read in combination with the annual report as of December 31, 2008.

The consolidated semi-annual financial statements were approved by the Board of Directors on August 24, 2009. All line item amounts in the consolidated semi-annual financial statements are presented in millions of Swiss francs (CHF million) and all such amounts (including totals and subtotals) have been rounded according to normal commercial practice. Thus an addition of the figures presented can result in rounding differences.

Judgements, estimates and assumptions

Preparation of the semi-annual financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the values of reported revenues, expenses, assets, liabilities and contingent liabilities at the reporting date. These estimates and assumptions are constantly being revised. Depending on the issues involved, revision of such assumptions can have an effect on the current period as well as potentially on future periods. These estimates, judgements and assumptions are based on historical experience and other factors that are believed to be reasonable and justified as expectations of future events. However, actual results can differ from these estimates. The same significant assumptions and estimates were made by management for this semi-annual report as for the annual report 2008, except for the reassessment of net realisable value of single items of property, plant and equipment, intangible assets and measurement of provisions.

Significant accounting policies

The accounting policies in this semi-annual report match those applied in the audited consolidated Group financial statements as of December 31, 2008, with exception of the changes shown below.

The International Accounting Standards Board (IASB) has published the following new or revised standards, which have been applied by Oerlikon Group since January 1, 2009:

- IFRS 2 amended – Share-based Payment: Vesting conditions and cancellations
- IFRS 8 – Operating Segments
- IAS 1 rev. – Presentation of Financial Statements
- IAS 23 rev. – Borrowing Costs
- IAS 32 rev. – Financial Instruments: Presentation of puttable instruments and obligations arising on liquidation
- IFRIC 13 – Customer Loyalty Programmes
- IFRIC 15 – Agreements for the Construction of Real Estate
- IFRIC 16 – Hedges of a Net Investment in a Foreign Operation
- Improvements to IFRS (amendments as part of IASB‘s annual improvement project)

With the exception of IAS 1 and IFRS 8 the adoption of the new and revised accounting Standards had no effect on the consolidated semi-annual financial statements. The adoption of IAS 23 borrowing costs for current investment projects had no significant effect on the Group.

Future developments in IFRS standards and interpretations not yet adopted

The International Accounting Standards Board (IASB) has published a number of new and revised standards and interpretations, which come into force later, and have not been applied in the preparation of this semi-annual report. Their effects on Oerlikon Group’s financial statements have not yet been fully analyzed, but a first review has been conducted and the expected effects of each standard and interpretation are presented at the end of the table below:

Standard/Interpretation	Impact Level	Effective date	Planned application by Oerlikon
IFRS 3 rev. – Business Combinations	*	1 July 2009	Reporting year 2010
IAS 27 rev. – Consolidated and Separate Financial statements	*	1 July 2009	Reporting year 2010
IAS 39 rev. – Financial Instruments: Recognition and Measurement – Eligible Hedge items	*	1 July 2009	Reporting year 2010
IFRIC 17 – Distributions of Non-cash Assets to Owners	*	1 July 2009	Reporting year 2010
IFRIC 18 – Transfer of Assets from Customers	*	1 July 2009	Reporting year 2010
Improvements to IFRS (amendments as part of IASB’s annual improvement project)	* *	1 July 2009 1 January 2010	Reporting year 2010

* No impact or no significant impact is expected on the consolidated financial statements of Oerlikon.

Segment reporting

Adoption of IFRS 8 “Segment Reporting” did not call for any changes in the definition of the operating Segments. The internal reporting to the Executive Committee and the Board of Directors is based on uniform Group accounting principles which correspond to those used in the consolidated financial statements.

The Group consists of the following business segments:

- Textile segment develops and manufactures textile machinery.
- Coating segment supplies metal coatings that improve the performance of tools and precision components, offering coating services at over 80 centers worldwide.
- Solar segment supplies equipment for mass production of solar panels.
- Vacuum segment develops application- and customer-specific systems for the creation of vacuums and extraction of processing gases.
- Drive Systems segment manufactures gears and other components for power transmission, mainly in motor vehicles.
- Advanced Technologies segment develops applications and technologies, from which the highest precision and accuracy is required. Oerlikon Systems mainly specializes in nanotechnology.

Segment reporting

in million CHF	Oerlikon Textile 2009	Oerlikon Textile 2008	Oerlikon Coating [1] 2009	Oerlikon Coating [1] 2008	Oerlikon Solar 2009	Oerlikon Solar 2008	Oerlikon Vacuum 2009	Oerlikon Vacuum 2008	Oerlikon Drive Systems 2009	Oerlikon Drive Systems 2008
Orders received	476	904	158	269	497	451	145	256	277	636
Orders on hand	501	727	0	0	466[4]	697	65	91	92	218
Sales										
Sales to third parties	430	966	158	269	286	214	149	239	377	626
Sales to group companies	0	0	1	1	4	15	3	10	0	0
	430	**966**	**159**	**270**	**290**	**229**	**152**	**249**	**377**	**626**
Net sales by market region to third parties										
Japan and Asia / Pacific	213	568	35	58	47	101	44	63	21	38
Europe	90	228	92	159	230	113	76	138	190	374
North America	102	125	20	32	9	0	28	37	166	213
Other regions	25	45	11	20	0	0	1	1	0	1
	430	**966**	**158**	**269**	**286**	**214**	**149**	**239**	**377**	**626**
Net sales by location to third parties										
Japan and Asia / Pacific	84	149	30	38	1	3	39	50	23	32
Europe	294	759	93	172	277	211	84	155	226	429
North America	46	51	20	31	8	0	26	34	128	165
Other regions	6	7	15	28	0	0	0	0	0	0
	430	**966**	**158**	**269**	**286**	**214**	**149**	**239**	**377**	**626**
Capital expenditure for fixed and intangible assets										
Japan and Asia / Pacific	5	6	1	9	0	0	0	2	1	5
Europe	15	18	7	10	18	19	6	12	10	26
North America	0	0	1	4	0	0	0	0	5	9
Other regions	0	0	2	3	0	0	0	0	0	0
	20	**24**	**11**	**26**	**18**	**19**	**6**	**14**	**16**	**40**
EBITDA	**–86**	**19**	**21**	**78**	**13**	**36**	**9**	**32**	**11**	**70**
EBIT	**–118**	**–214**	**–6**	**52**	**0**	**28**	**2**	**26**	**–20**	**39**
Other material items										
Research and development expenses	–40	–54	–8	–13	–30	–20	–11	–14	–6	–7
Depreciation and amortization	–32	–33	–27	–26	–10	–7	–7	–6	–31	–32
Impairment / Reversal of impairment on property, plant and equipment	0	0	0	0	–3	0	0	0	0	0
Impairment of goodwill	0	–200	0	0	0	0	0	0	0	0
Restructuring costs	–5	–9	–5	0	–9	–1	0	0	–4	0
Assets (only third-party)										
Japan and Asia / Pacific	215	231	97	93	10	2	46	46	82	81
Europe	1 480	1 745	207	276	509	342	215	251	971	1 115
North America	23	41	45	51	1	0	20	22	280	296
Other regions	10	8	59	80	0	0	0	0	0	0
	1 728	2 025	408	500	520	344	281	319	1 333	1 492
Liabilities (only third-party)	–555	–784	–68	–107	–167	–213	–220	–286	–247	–371
Net assets (only third-party) [3]	**1 173**	**1 241**	**340**	**393**	**353**	**131**	**61**	**33**	**1 086**	**1 121**
Assets including intercompany relationships	1 730	2 029	413	502	521	346	290	328	1 334	1 492
Liabilities including intercompany relationships	–558	–791	–69	–111	–187	–221	–221	–287	–251	–378
Net assets including intercompany relationships [3]	**1 172**	**1 238**	**344**	**391**	**334**	**125**	**69**	**41**	**1 083**	**1 114**
Number of employees										
Japan and Asia / Pacific	2 300	2 754	561	575	113	66	272	266	1 012	1 200
Europe	3 794	4 482	1 537	1 602	756	619	1 166	1 195	2 868	2 806
North America	179	279	187	315	7	7	77	89	814	1 233
Other regions	57	37	344	402	0	0	8	10	0	0
	6 330	**7 552**	**2 629**	**2 894**	**876**	**692**	**1 523**	**1 560**	**4 694**	**5 239**

[1] In the semi-annual report 2008 the Business Unit Oerlikon Systems was reported under the segment Oerlikon Coating.

[2] After Oerlikon Space sale earlier this year, Oerlikon Advanced Technologies segment contains Oerlikon Systems Business Unit only.

[3] Net assets include all current and non-current operating assets (excluding cash and financial assets), less operating liabilities (excluding financial liabilities and tax provisions). Net assets do not include current and non-current non-operating assets and financial assets and liabilities including cash and cash equivalents (CHF 396 million), short- and long-term financial debt (CHF 2 222 million), current (CHF 17 million) and deferred (CHF 141 million) tax receivables, current (CHF 108 million) and deferred (CHF 198 million) tax payables.

[4] Cancelled orders amounting to CHF 182 million are netted with orders on hand.

[5] Employees of the holding company include 84 trainees which were attributed to the operating segments in the prior year.

[6] Due to missing information all amounts were allocated to other regions.

Oerlikon Advanced Technologies [2]		Total segments		Corporate / Eliminations		Total from continued operations		Discontinued operations	
2009	2008	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
32	88	1 585	2 604	0	0	1 585	2 604	109	198
21[4]	69	1 145	1 802	0	0	1 145[4]	1 802	221	244
28	68	1 428	2 382	0	0	1 428	2 382	77	168
2	6	10	32	–10	–32	0	0		
30	**74**	**1 438**	**2 414**	**–10**	**–32**	**1 428**	**2 382**	**77**	**168**
18	31	378	859	0	0	378	859	22	88
6	17	684	1 029	0	0	684	1 029	44	57
4	18	329	425	0	0	329	425	11	22
0	2	37	69	0	0	37	69	0	1
28	**68**	**1 428**	**2 382**	**0**	**0**	**1 428**	**2 382**	**77**	**168**
13	20	190	292	0	0	190	292	0	0
3	2	977	1 728	0	0	977	1 728	0	0
12	46	240	327	0	0	240	327	0	0
0	0	21	35	0	0	21	35	77[6]	168[6]
28	**68**	**1 428**	**2 382**	**0**	**0**	**1 428**	**2 382**	**77**	**168**
0	0	7	22	0	0	7	22	0	0
9	13	65	98	0	3	65	101	0	0
0	1	6	14	0	0	6	14	0	0
0	0	2	3	0	0	2	3	0	1[6]
9	**14**	**80**	**137**	**0**	**3**	**80**	**140**	**0**	**1**
–8	**–10**	**–40**	**225**	**–1**	**–2**	**–41**	**223**	–9	8
–12	**–68**	**–154**	**–137**	**–10**	**–10**	**–164**	**–147**	–9	–90
–5	–10	–100	–118	0	0	–100	–118	–8	–11
–4	–8	–111	–112	–5	–8	–116	–120	0	–4
0	0	–3	0	–4	0	–7	0	0	–1
0	–50	0	–250	0	0	0	–250	0	–93
–3	–3	–26	–13	0	0	–26	–13	–1	0
14	39	464	492	0	0	464	492	0	0
48	281	3 430	4 010	36	63	3 466	4 073	0	0
41	84	410	494	1	2	411	496	0	0
0	0	69	88	0	0	69	88	22[6]	57[6]
103	404	4 373	5 084	37	65	4 410	5 149	22	57
–31	–202	–1 288	–1 963	–145	–108	–1 433	–2 071	–15	–22
72	**202**	**3 085**	**3 121**	**–108**	**–43**	**2 977**	**3 078**	**7**	**35**
96	405	4 384	5 102	26	47	4 410	5 149	21	59
–26	–205	–1 312	–1 993	–121	–78	–1 433	–2 071	–12	–23
70	**200**	**3 072**	**3 109**	**–95**	**–31**	**2 977**	**3 078**	**9**	**36**
15	81	4 273	4 942	0	0	4 273	4 942	0	0
187	228	10 308	10 932	205	135	10 513	11 067	0	0
24	202	1 288	2 125	3	3	1 291	2 128	0	0
0	0	409	449	6	6	415	455	210[6]	1 366[6]
226	**511**	**16 278**	**18 448**	**214[5]**	**144**	**16 492**	**18 592**	**210**	**1 366**

Notes to the consolidated financial statements

Change in scope of consolidation

In the first half year 2009, Oerlikon Group sold the business units Wafer Etch and ESEC as well as Oerlikon Space. Wafer Etch was sold as at January 26, 2009, ESEC as at April 1, 2009, and Oerlikon Space as at June 30, 2009. The Group made no significant company foundations or acquisitions.

The effects of adjustments to the scope of consolidated companies in the profit and loss for the first half of 2008 are as follows:

in CHF million	January 1 to June 30, 2008	ESEC and Oerlikon Space	January 1 to June 30, 2008 restated
Sales of goods	2 152	–114	2 038
Services rendered	355	–11	344
Total sales	**2 507**	**–125**	**2 382**
Cost of sales	–1 928	91	–1 837
Gross profit	**579**	**–34**	**545**
Marketing and selling	–177	18	–159
Research and development	–126	8	–118
Administration	–172	6	–166
Impairment of goodwill	–343	93	–250
Restructuring costs	–13	0	–13
Other income	30	0	30
Other expenses	–16	0	–16
EBIT	**–238**	**91**	**–147**
Financial income	6	0	6
Financial expenses	–53	0	–53
Result before taxes (EBT)	**–286**	**91**	**–194**
Income taxes	–29	1	–28
Result from continued operations	**–315**	**92**	**–222**
Result from discontinued operations	2	–92	–91
Net result	**–313**	**0**	**–313**

Financial Liabilities

Oerlikon is financed primarily by a syndicated loan of CHF 2 500 million, provided at present by 23 first-class financial institutions. This loan was taken up by OC Oerlikon Corporation AG, Pfäffikon. The syndicated loan is divided into a 3-year term loan of CHF 600 million and a 5-year revolving facility of CHF 1 900 million.

In view of the challenging economic climate, Oerlikon entered into talks with the banking consortium early in 2009 with a view to realigning the terms of the loan to afford sufficient flexibility for implementation of the Group's strategy. On June 4, 2009, all 23 banks in the consortium agreed to the new terms. The size and content of the credit facility remain unchanged after the realignment. The structure of the covenants and the finance costs were adapted to Oerlikon's business plans and to the changed market conditions. After the realignment, the adjusted interest rates lie in a range from 175 to 450 basis points above LIBOR. The existing loan covenant (based on the relationship of net debt to EBITDA) was adapted to match current business plans. In addition, covenants relating to interest cover, equity ratio and capital expenditure were agreed, to be checked quarterly and annually in the case of the latter. The realigned facility is secured by collateral pledges of shares held in significant subsidiaries and by guarantees given by such subsidiaries in favor of OC Oerlikon Corporation AG, Pfäffikon. No individual assets were identified as collateral. All covenants were fully covered as at June 30, 2009.

Included in Financial Liabilities is an amount of CHF 2 178 million pertaining to the syndicated loan, from which directly attributable transaction costs have been deducted.

In addition, a deferred fee of 2.5 percent of the amount of the revolving facility in use at the contract date is payable as and when the net debt covenant exceeds 5. This fee is due on maturity of the revolving credit facility.

Syndicated Loan:

Term Loan:

Currency	Nominal Amount (in ,000)	Current Interest Period	Interest rate for current period (in %)	Maturity of loan
CHF	600 000	26.02.09 – 26.08.09	2.2088	31.03.2010

Revolving Facility:

Currency	Nominal Amount (in ,000)	Current Interest Period	Interest rate for current period (in %)	Maturity of loan
CHF	600 000	26.02.09 – 26.08.09	2.2359	07.06.2012
CHF	400 000	30.04.09 – 30.10.09	3.5121	07.06.2012
CHF	220 000	26.06.09 – 27.07.09	2.9450	07.06.2012
CHF	140 000	29.06.09 – 29.09.09	3.7727	07.06.2012
CHF	50 000	11.06.09 – 13.07.09	2.9500	07.06.2012
CHF	25 000	26.06.09 – 03.07.09	2.8883	07.06.2012
CHF	10 000	15.06.09 – 15.07.09	2.9483	07.06.2012
EUR	60 000	18.06.09 – 20.07.09	3.7070	07.06.2012
EUR	10 000	26.06.09 – 03.07.09	3.5860	07.06.2012
USD	70 000	29.06.09 – 29.07.09	3.0575	07.06.2012

As a hedge against the interest rate risk inherent in the variable interest rates of the syndicated loan, two interest caps were taken out in August 2007 for a nominal amount of CHF 1 200 million. The interest caps run to 2011, and over that period they compensate for any excess of the 6-month-LIBOR over 4 percent by paying out the difference. The nominal amount is reduced over the period of the loan in accordance with the planned repayment. The nominal amount at June 30, 2009 was CHF 900 million.

Share repurchase program

On August 8, 2007, the Board of Directors of OC Oerlikon Corporation AG approved a share buyback program of maximum 2.59 percent of the share capital.

A total of 289 954 shares (2.05 percent) of OC Oerlikon Corporation AG, Pfäffikon were repurchased at market prices under this program. The last repurchase was made in February 2008. OC Oerlikon Corporation AG, Pfäffikon currently holds 1 325 922 treasury shares, 0which amounts to 9.38 percent of the share capital. The share repurchase program started on August 9, 2007, and was completed as planned on May 12, 2009 (the date of the ordinary general meeting).

Details of discontinued operations

In accordance with IFRS 5 the result from discontinued operations (ESEC, Oerlikon Space and Oerlikon Optics) is presented separately in the income statement. The assets and liabilities held for sale are measured at the lower of their carrying amount and fair value less cost to sell and presented separately in the balance sheet.

in CHF million	**January 1 to June 30, 2009**	January 1 to June 30, 2008
Sales	**77**	**168**
Total expenses	–87	–258
Result before taxes (EBT) from discontinued operations	**–10**	**–90**
Income taxes	–4	–1
Net result after taxes from discontinued operations	**–14**	**–91**
Gain / loss on sale of discontinued operation	126	0
Net result from discontinued operations	**112**	**–91**
Attributable to:		
Shareholders of the parent	112	–91
Minority interests	0	0
Cash flow from operating activities in CHF million	**–11**	**–17**
Cash flow from investing activities in CHF million	**–2**	**–11**
Cash flow from financing activities in CHF million	**9**	**26**

The assets of CHF 22 million (prior year CHF 60 million) and related liablilties of CHF 15 million (prior year CHF 67 million) classified as held for sale concern the Optics business in Shanghai, China, which was sold as at August 12, 2009, as well as a non operating real estate.

Purchase Commitments

Open purchase commitments for property, plant and equipment at June 30, 2009 amounted to CHF 7 million (prior year CHF 8 million).

Contingent liabilities

in CHF million	**June 30, 2009**	December 31, 2008
Debt guarantees	7	9
Discounted bills of exchange	1	2
Total	**8**	**11**

The contingent liabilities under debt guarantees are mainly guarantees of debt to banks.

Events subsequent to the balance sheet date

On August 12, 2009 the Oerlikon Group sold the Optics business in Shanghai, China, to EIS Optics Ltd, United Kingdom. No other events have taken place since the balance sheet date which would require an adjustment of the carrying values of the Group's assets and liabilities as disclosed here.