

Media release

Flamatt, August 18, 2011

COMET Group records strong profitable growth in first half of 2011

- **Encouraging 20% growth in sales (36% in currency-adjusted terms)**
- **Strong profitable growth in systems business**
- **EBIT 50% higher at CHF 9.4 million**
- **Net income more than doubled at CHF 5.4 million**
- **Weaker second half-year expected**
- **Revenue and EBITDA expected to end 2011 at prior-year level, despite strong Swiss franc**

The growth strategy adopted by the COMET Group bore fruit in the first half of 2011. At constant exchange rates, growth was recorded in all business divisions and regions. In Swiss franc terms, the COMET Group grew consolidated net sales by 20% year-on-year to CHF 116.8 million (HY 2010: CHF 97.2 million), or 36% on a currency-adjusted basis.

The largest growth was posted by the Systems division, as a result of strong demand from the Chinese automotive industry. The geographical distribution of Group sales shifted further towards Asia (from 37% share of total sales in HY 2010 to 40% share of total sales in HY 2011). The share of Group sales accounted for by Europe rose to 28% (HY 2010: 24%), while North American sales dropped to 30% of Group sales due to the weak US dollar (HY 2010: 37%).

The high sales volume coupled with strict cost management cushioned the negative effects of the strong Swiss franc and resulted in a marked improvement in profitability, with operating income (EBIT) up 50% to CHF 9.4 million (HY 2010: CHF 6.3 million) and EBITDA at CHF 15.5 million (HY 2010: CHF 12.3 million). At CHF 5.4 million, net income more than doubled, resulting in a marked increase in earnings per share from CHF 2.78 to CHF 7.09.

Free cash flow improved to CHF 7.2 million (HY 2010: CHF -2.2 million). With an increased equity ratio of 53.8%, the COMET Group continues to boast a sound balance sheet.



COMET HOLDING AG

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Systems division – robust profitable growth

With sales up 35.8% to CHF 59.6 million, the Systems division made the largest contribution to growing the COMET Group's sales (HY 2010: CHF 43.9 million). In local currency terms, growth was 54%. In addition to strong demand in the automotive, energy and aviation markets, the division benefited from the successful marketing of customized software and product features as well as an increase in the service business. Thanks to the focus on strong-margin applications and additional efficiency enhancements, this resulted in a significant rise in profitability. After reporting a loss in the prior year, Systems ended the first half of 2011 with a positive and much-improved EBITDA of CHF 3.9 million, despite negative currency factors (HY 2010: CHF -0.4 million).

Modules & Components division – strong Swiss franc weighs down results

Sales generated by the Modules & Components division grew moderately year-on-year to CHF 66.3 million (HY 2010: CHF 63.8 million) or by 17.8% in currency-adjusted terms. The negative impact of the weak US dollar led to slightly lower earnings, with EBITDA ending the first six months at CHF 12.3 million compared to CHF 14.8 million for the first half-year 2010.

Industrial X-Ray

At CHF 26.5 million, sales generated by *Industrial X-Ray* fell short of the 2010 half-year figure of CHF 28.2 million due to the strong Swiss franc. In currency-adjusted terms, the division recorded growth of 4.7%. Gains in the share of the markets for non-destructive testing (automotive and aerospace) and thickness gauging (steel industry) are being offset by a decline in investment spending in the security sector and strong competition in the US dollar zone. Thanks to an ongoing program to optimize margins, however, *Industrial X-Ray* improved profitability year-on-year.

Vacuum Capacitors

Vacuum Capacitors increased net sales over the strong prior-year figure by 12% to CHF 39.8 million (HY 2010: CHF 35.5 million), representing growth of no less than 28.2% in currency-adjusted terms. This growth is primarily due to sustained strong demand by the semiconductor industry. In the solar panels area, *Vacuum Capacitors* won the first contract to deliver a complete Solar ThinFab with RF modules, which will boost earnings in the second half-year.

Outlook

For the second half of 2011, the COMET Group expects the Swiss franc to remain strong, and consequently expects to face tougher competition, particularly from rivals in the dollar zone. In addition it anticipates a slowdown in demand, from the semiconductor industry among others. Accordingly, the Group expects to end the second half-year with sales and profitability below the strong first half-year figures.

Due to the balanced sales-cost ratio in the euro zone, the euro exchange rate risk is largely hedged. To minimize the US dollar exchange rate risk COMET is taking short- and medium-term measures such as forward exchange contracts and currency clauses, and is increasingly buying in materials in foreign currencies. Targeted measures to enhance efficiency and optimize costs are also being pursued. Additional structural measures will be examined if the Swiss franc continues to appreciate.

Against this backdrop, management and the Board of Directors expects to close 2011 with sales and EBITDA on a par with the prior year.

2011 Half Year Results

The 2011 half-year results of the COMET Group are available at www.comet-group.com.

Media and analyst conference:

COMET will present the published results for the 2011 half-year today at 10 am at the media and analyst conference in Zurich (SIX Swiss Exchange, Convention Point, Selnaustrasse 30).

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Financial calendar:

November 29, 2011

Investor Day

March 15, 2012

Publication of Annual Report 2011

The COMET Group is one of the world's leading manufacturers of systems and components for non-destructive material testing, security and semiconductor, and since acquiring the YXLON Group has been the global market leader in non-destructive testing using X-ray technology. With core competencies in vacuum technology, high-voltage engineering and materials science and core products that include X-ray tubes and vacuum capacitors, COMET provides a comprehensive and highly flexible range of components, modules, systems and services – all from a single source.

COMET was founded in 1948 and is based in Flamatt, near Berne, in Switzerland. The COMET Group is represented in all global markets. The company has production facilities in Switzerland, Germany, Denmark and China and also sells via its own subsidiaries in the US, China and Japan. Its business areas are split between the OEM and retail divisions. COMET shares (COTN) are traded on the SIX Swiss Exchange.

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Consolidated Balance Sheet (unaudited)

In thousands of CHF

	June 30, 2011	%	Dec. 31, 2010	%	Change	June 30, 2010
Assets						
Cash and cash equivalents	15'551		16'622		-1'070	16'745
Trade and other receivables	38'324		38'688		-364	37'068
Other financial assets	386		1'307		-921	414
Tax receivables	2		302		-300	121
Inventories	39'769		38'707		1'062	42'725
Net assets from manufacturing contracts	2'636		2'979		-343	3'504
Prepaid expenses	1'105		895		210	1'535
Total current assets	97'774	46.8%	99'500	46.3%	-1'726	102'112
Property, plant and equipment	56'543		57'414		-870	56'968
Intangible assets	51'387		55'279		-3'892	59'735
Employee benefit plan assets	2'334		2'334		-	2'053
Deferred tax assets	855		278		577	307
Total non-current assets	111'119	53.2%	115'305	53.7%	-4'186	119'063
Total assets	208'893	100.0%	214'805	100.0%	-5'913	221'174

Liabilities and shareholders' equity

Current debt	11'577		12'746		-1'169	22'866
Trade and other payables	20'548		22'554		-2'006	16'884
Other financial liabilities	15		127		-112	168
Tax payables	1'682		1'929		-247	1'243
Net liabilities from manufacturing contracts	-		521		-521	-
Accrued expenses	10'397		9'844		553	9'970
Current provisions	3'646		3'328		318	2'784
Total current liabilities	47'865	22.9%	51'049	23.8%	-3'184	53'915
Long-term debt	45'881		48'284		-2'404	52'217
Non-current provisions	87		49		38	597
Employee benefit plan liabilities	1'551		2'096		-545	3'480
Deferred tax liabilities	1'059		1'592		-533	1'950
Total non-current liabilities	48'578	23.3%	52'021	24.2%	-3'444	58'244
Total liabilities	96'443	46.2%	103'070	48.0%	-6'627	112'160
Capital stock	7'625		7'575		50	7'575
Additional paid-in capital	64'831		63'745		1'086	63'745
Retained earnings	60'674		58'677		1'994	52'276
Foreign currency translation differences	-20'680		-18'262		-2'418	-14'581
Total shareholders' equity	112'450	53.8%	111'735	52.0%	715	109'015
Total liabilities and shareholders' equity	208'893	100.0%	214'805	100.0%	-5'913	221'174

Consolidated Statement of Income

(unaudited)

In thousands of CHF	2011	2010	Absolute	%
Net sales	116'754	97'183	19'571	20%
Cost of sales	-72'556	-58'960	-13'597	23%
Gross profit	44'198	38'223	5'975	16%
Other operating income	1'128	1'745	-617	-35%
Development expenses	-10'745	-10'154	-591	6%
Marketing and selling expenses	-12'947	-10'958	-1'989	18%
General and administrative expenses	-12'215	-12'558	343	-3%
Operating income	9'419	6'298	3'121	50%
Net financing expense	-4'077	-2'135	-1'942	91%
Income before tax	5'342	4'163	1'179	28%
Income tax	36	-2'054	2'090	-102%
Net income	5'378	2'109	3'269	155%
Amortization	2'594	2'667	-73	-3%
EBITA	12'013	8'965	3'048	34%
Depreciation	3'482	3'335	147	4%
EBITDA	15'495	12'300	3'195	26%
Earnings per share in CHF, diluted and basic	7.09	2.78	4.31	155%

Consolidated Statement of Comprehensive Income

(unaudited)

In thousands of CHF	Six months to June 30		Change	
	2011	2010	Absolute	%
Net income	5'378	2'109	3'269	155%
Other comprehensive income				
Foreign currency translation differences	-2'418	-5'097	2'679	-53%
Total other comprehensive loss	-2'418	-5'097	2'679	-53%
Total comprehensive income/(loss)	2'960	-2'988	5'948	-



Technology with Passion

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Consolidated Statement of Cash Flows

(condensed and unaudited)

in thousands of CHF	Six months to June 30		Change
	2011	2010	
Net cash flows from operating activities	10'742	-610	11'351
Net cash used in investing activities	-3'515	-1'560	-1'956
Free cash flow	7'226	-2'169	9'396
Net cash used in financing activities	-7'491	-5'378	-2'113
Currency translation (losses)/gains on cash	-805	106	-911
Net decrease in cash and cash equivalents	-1'070	-7'442	6'371
Cash and cash equivalents at January 1	16'622	24'187	-7'565
Net decrease in cash and cash equivalents	-1'070	-7'442	6'371
Cash and cash equivalents at June 30	15'551	16'745	-1'194

Consolidated Statement of Changes in Equity

(unaudited)

in thousands of CHF	Capital stock	Additional paid-in capital	Treasury stock	Retained earnings	Foreign currency translation differences	Total shareholders' equity
December 31, 2009	7'575	63'745	-	50'536	-9'484	112'372
Net income	-	-	-	2'109	-	2'109
Other comprehensive loss	-	-	-	-	-5'097	-5'097
Total comprehensive loss	-	-	-	2'109	-5'097	-2'989
Dividends paid	-	-	-	-379	-	-379
Acquisition of treasury stock	-	-	-174	-	-	-174
Share-based compensation	-	-	174	10	-	183
June 30, 2010	7'575	63'745	-	52'275	-14'581	109'015
December 31, 2010	7'575	63'745	-	58'677	-18'262	111'735
Net income	-	-	-	5'378	-	5'378
Other comprehensive loss	-	-	-	-	-2'418	-2'418
Total comprehensive income	-	-	-	5'378	-2'418	2'960
Dividends paid	-	-	-	-2'651	-	-2'651
Repurchases/sales of treasury stock, net	-	-	-	3	-	3
Capital increase (Share bonus 2010)	50	1'086	-	-1'018	-	118
Share-based compensation	-	-	-	285	-	285
June 30, 2011	7'625	64'831	-	60'674	-20'680	112'450



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Notes to the Consolidated Financial Statements

(condensed and unaudited)

Significant accounting policies

The half-year report for the six months ended 30 June 2011 presents the consolidated financial statements of COMET HOLDING AG and its directly or indirectly controlled subsidiaries. The report was prepared in accordance with IAS 34, Interim Financial Reporting, which forms part of the International Financial Reporting Standards (IFRS). The half-year report does not contain all information included in the annual accounts and should therefore be read in conjunction with the consolidated financial statements for 2010. The half-year report has not been audited by the independent auditors.

Changes in reporting and valuation methods

The accounting principles applied in the half-year report are the reporting and valuation methods described in the 2010 consolidated financial statements, with the exception of the changes below.

With effect from 1 January 2011, COMET has adopted the following new or revised IFRS/IAS for the first time:

- IAS 24 Related Party Disclosures (Amendments)
- IAS 32 Classification of Rights Issues (Amendments)
- IFRIC 14 Prepayments of a Minimum Funding Requirement (Amendments)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- Annual Improvements to IFRSs 2010: All related changes applicable with effect from 1 January 2011

The first-time adoption of these revised and new standards had no effect on the financial statements presented in this half-year report.

The other approved new and revised IFRSs, which become effective after 2011, were not adopted early and, based on a preliminary assessment, will have no effects on the consolidated financial statements of COMET.

Basis of consolidation

During the first half of 2011, as in the first six months of 2010, no businesses were acquired or divested.

Estimates

The preparation of the half-year report requires assumptions and estimates to be made by management on the basis of the best knowledge and of all information available at the time. Adjustments to assumptions and estimates can have a material impact on future results, as such adjustments are recognized in the reporting period during which the assumptions and estimates are made.

Seasonality of business

COMET's business is not subject to material seasonal fluctuations. Details on the course of business by segment are provided earlier in this report.

Foreign currency translation

The following exchange rates were used to translate the major currencies into Swiss francs:

		Closing rate			Average rate six months to	
		June 30, 2011	Dec. 31, 2010	June 30, 2010	June 30, 2011	June 30, 2010
USD	1	0.831	0.932	1.083	0.908	1.083
EUR	1	1.206	1.247	1.321	1.271	1.438
CNY	1	0.129	0.141	0.159	0.139	0.159
JPY	100	1.034	1.152	1.223	1.107	1.188
DKK	1	0.162	0.168	0.177	0.170	0.193

Segment reporting

For the purpose of reporting to management the Group is divided into two divisions, based on the products and services offered. The Group has the following reportable segments:

- The Modules & Components division develops and markets components and modules for industrial X-ray applications, and components and RF modules for a wide range of applications in vacuum capacitors and for semiconductor fabrication plants.
- The Systems division is a global vendor of systems and services for non-destructive testing using X-ray technology and computer tomography.

Segment disclosures are consistent with data from internal management reporting and encompass all revenues and costs that can be directly allocated to a segment. Only the costs and revenues of COMET HOLDING AG as well as financing expenses, financing income and income taxes are not allocated to the divisional results.

Segment assets include all operating assets of the divisions. The following items are not allocated to the divisions: cash and cash equivalents, financial assets, assets related to income taxes, and all assets of COMET HOLDING AG.

The presentation of the segments in the 2010 financial statements was adjusted from prior years. As a result of organizational changes, functions formerly managed as corporate functions were directly assigned to the divisions. Since then, all operating costs, revenues and assets have been assigned to the divisions. In the following segment statements, the prior-year data has been restated to reflect the change in presentation from the 2010 half-year report.

Six months to June 30, 2011 in thousands of CHF	Modules & Components division	Systems division	Eliminations	Corporate	Consolidated
Net sales					
External net sales	58'093	58'661		-	116'754
Intersegment sales	8'245	966	-9'211	-	-
Total net sales	66'338	59'627	-9'211	-	116'754
Earnings					
Segment operating income	8'565	1'542	-169	-	10'107
Unallocated costs				-519	-519
Operating income	8'565	1'542	-169	-519	9'419
Net financing expense					-4'077
Income before tax					5'342
Depreciation and amortization	3'719	2'357	-	-	6'076
EBITDA	12'284	3'899	-169	-519	15'495
Segment assets	112'830	78'961	-	17'101	208'893
Additions to fixed assets					
Property, plant and equipment	2'751	491	-	-	3'242
Intangible assets	185	155	-	-	341

Six months to June 30, 2010 (restated) in thousands of CHF	Modules & Components division	Systems division	Eliminations	Corporate	Consolidated
Net sales					
External net sales	55'111	42'073		-	97'183
Intersegment sales	8'662	1'831	-10'494	-	-
Total net sales	63'773	43'904	-10'494	-	97'183
Results					
Segment operating income	11'170	-2'803	-697		6'298
Unallocated costs				-1'372	-
Operating income	11'170	-2'803	-697	-1'372	6'298
Net financing expense					-2'135
Income before tax					4'163
Depreciation and amortization	3'624	2'377	-	-	6'002
EBITDA	14'794	-426	-697	-1'372	12'300
Segment assets	106'237	98'557	-	16'381	221'174
Additions to fixed assets					
Property, plant and equipment	915	319	-	-	1'234
Intangible assets	219	121	-	-	340

Current and long-term debt

In the first half of 2011, COMET repaid a net CHF 3.5 million of financial debt.

Shareholders' equity

Contingent capital

In the first half of 2011 contingent capital, which the Board of Directors is authorized to issue, without time limit, in order to meet existing or future obligations under share-based payment plans to staff and management, was reduced by the number of shares provided for by the bonus programs. A total of 5,036 shares were issued in the first six months of 2011 in payment of a portion of the compensation of the Board of Directors and the 2010 bonus for the Board of Directors and management. The contingent capital now amounts to 12,484 shares or CHF 124,840.

Dividend payment

The Annual Shareholder Meeting on April 27, 2011, approved payment of a dividend of CHF 3.50 per share (prior year: CHF 0.50). COMET HOLDING AG paid the dividend totalling CHF 2,651 thousand on May 4, 2011.

Events after the balance sheet date

There have been no events after the balance sheet date with a material effect on this half-year report.

Release of the interim financial statements for publication

At its meeting on August 11, 2011, the Board of Directors approved these interim financial statements for publication.

Disclaimer

This document contains forward-looking statements about the COMET Group that may be subject to uncertainty and risk. Readers should therefore be aware that actual future outcomes or events may deviate from such statements. Forward-looking statements in this document are projections of possible future developments. All forward-looking statements are made on the basis of information available to COMET at the time of preparation of this document. The COMET Group assumes no obligation whatsoever to update or revise forward-looking statements in this document, whether as a result of new information, future events or otherwise.