




Annual Report 2007/2008



 **INFRANOR INTER AG**
VALUE ADDED WITH CONTROLLED MOTION





Dieser Geschäftsbericht
ist auch in deutscher Sprache erhältlich.

Ce rapport annuel
existe également en français.

In case of doubt
the german version applies.

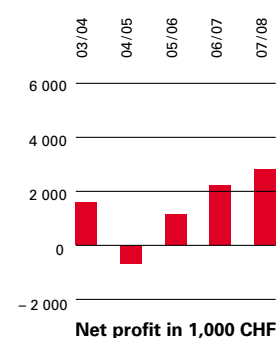
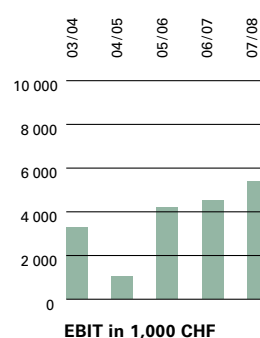
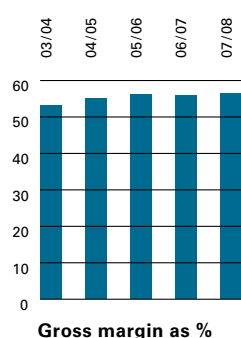
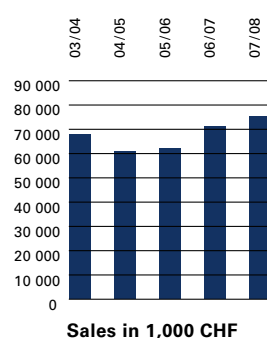
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Key Figures

Infranor Group

1,000 CHF	03/04	04/05	05/06	06/07	07/08
Sales	67,827	60,706	62,731	71,287	75,564
Change versus previous year as %	7,0	– 10,5	3,3	13,6	6,0
Gross margin as % of sales	53,4	55,5	56,5	56,2	56,8
EBIT	3,647	1,122	4,182	4,530	5,402
Change versus previous year as %	33,1	– 69,2	272,7	8,3	19,2
as % of sales	5,4	1,8	6,7	6,3	7,1
Net profit/(loss)	1,563	– 674	1,140	2,202	2,790
Change versus previous year as %	349,1	–	–	93,2	26,7
Return on sales as %	2,3	–	1,8	3,1	3,7
RONOA (Return On Net Operating Assets) as %	10,8	3,8	15,0	15,4	17,0
EVA (Economic Value Added)	817	– 737	1,429	1,119	1,101
Cash flow from operating activities	3,032	2,213	2,437	680	5,205
Change versus previous year as %	4,2	– 27,0	10,1	– 72,1	665,4
as % of sales	4,5	3,6	3,9	1,0	6,9
Free cash flow	2,190	1,368	93	– 2,059	3,822
as % of sales	3,2	2,3	0,1	– 2,9	5,1
Total assets	45,627	41,049	41,246	47,565	48,248
Shareholders' equity	5,639	4,150	5,380	7,728	14,033
Equity ratio (%)	12,0	10,0	13,0	16,2	29,1
Return on equity (%)	31,5	– 13,8	23,9	33,6	25,6
Number of employees	284	283	269	298	299



Infranor Inter Securities

Key stock figures

	03/04	04/05	05/06	06/07	07/08
Number of bearer shares as at 30.4.	635,750	640,800	640,800	642,925	775,496
Share capital as at 30.4. million CHF	12.7	12.8	12.8	12.8	15.5
Dividend per bearer share CHF	1.00	0.00	1.00	1.50	2.00
Payout ratio %	41,0	–	55,0	43,0	54,8
Consolidated EBIT per share CHF	5.74	1.75	6.53	7.05	6.97
Consolidated earnings per share CHF	2.46	– 1.07	1.80	3.49	4.00
Consolidated equity per share CHF	8.87	6.48	8.40	12.02	18.09
P/E ratio	19.4	–	21.7	13.8	11.3

Stock prices

CHF	03/04	04/05	05/06	06/07	07/08
High	49.00	50.25	42.50	52.00	51.75
Low	34.05	38.00	31.50	25.30	40.00
As at 30.4.	47.75	42.50	39.00	48.00	45.00

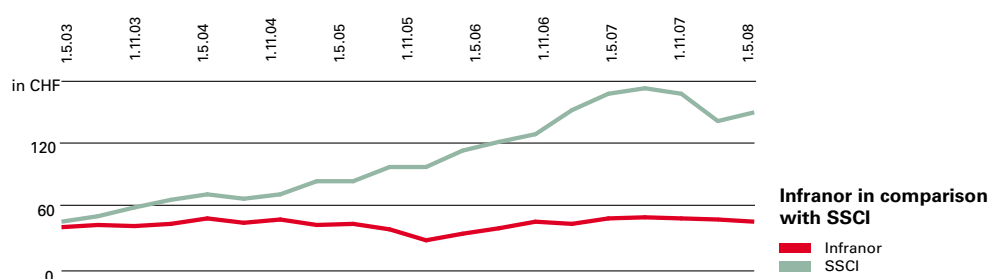
Market capitalization

million CHF	03/04	04/05	05/06	06/07	07/08
As at 30.4.	30,4	27,2	25,0	30,9	34,9

Key figures convertible bond

	03/04	04/05	06/07	07/08	07/08
Number of bonds at year-end	897,000	876,800	876,800	868,300	338,016
Number of bonds converted					
in the course of the year	3,000	20,200	0	8,500	530,284
Prices					
High in %	104.00	104.50	101.50	120.00	112.00
Low in %	98.00	97.50	97.50	99.00	107.00
As at 30.4. in %	104.50	97.50	101.50	112.00	110.50

Share price performance of bearer share



Profile

Infranor – Added value with controlled motion

Activities

Infranor, which was established in 1941, has focussed its activities on the automation of mechanical processes in industry since 1959.

Infranor automation solutions provide quick, precise individual movements in machinery and overall control of machinery, systems and equipment used in industrial manufacturing, the packaging industry, industrial handling, the process industries for food, chemicals, pharmaceuticals and textiles, plastic and paper processing as well as in medical and nuclear engineering. Thanks to a wide range of experience in many different application areas, Infranor is also in a position to take on markets with new demands at any time. Infranor sells automation solutions ranging from individual components to entire systems that have been developed and adapted in accordance with customer requirements. In these applications, we mainly use our own servo motors, electronic systems, controllers and software. These components drive, regulate and control movements, coordinate multiple axes and control entire machines.

Infranor's target is to achieve a high level of value creation by providing applications in forward-looking niche markets that require extensive know-how, excellent engineering skills and flexibility for product adaptations.

Core competence

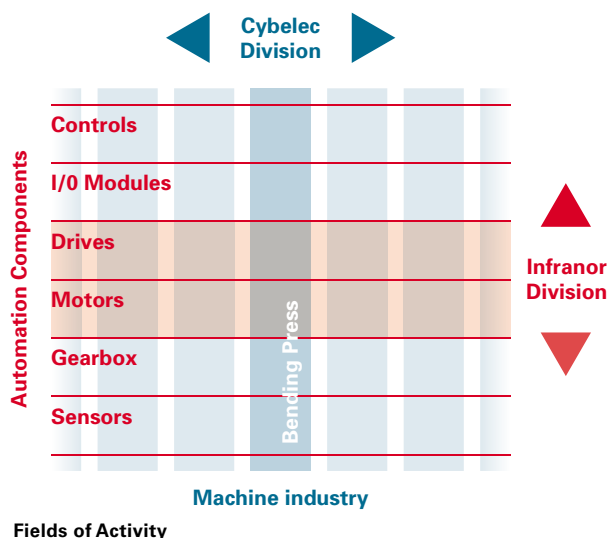
Infranor's core competence is in intelligent mechatronics: electronic signals are converted into controlled movements, and the interaction thereof is then coordinated in programmable systems. Infranor combines the synergies of different engineering disciplines with this mechatronic approach. This core competence applies to all of the Infranor Group's activities.

Organisation

The Infranor Group operates on the market with two divisions – Infranor and Cybelec.

Infranor Division

The Infranor Division forms a worldwide network of independent operational units that provide customer-specific optimised industrial-automation solutions. The **engineering companies** are the decentralised link to markets and customers. They have autonomous, extensive problem-solving expertise in the use of individual components and combinations thereof and for creating entire systems. The scope of their work includes engineering, the sale of Infranor products and complementary products and service. The **Infranor Support Centre** in Switzerland is available to them for dealing with complex problems.



The **product companies** provide sophisticated, self-developed base products that can be adapted to customer requirements. Their components can be systematically combined with other Infranor products. The scope of their work includes product development and production plus sales and service. With their know-how and presence in different regions, they represent a source of important technical support for the engineering companies.

Cybelec Division

The Cybelec Division is a world market leader for the continuous automation of bending presses based on numeric controllers. Cybelec has acquired this position by means of a range of products that covers all aspects of bending presses. Cybelec is a leader in every product category – from entry level to mid-range and the high end.

To its customers, Cybelec is a full-range provider of everything that has to do with bending presses, with electric drives and electronics. For two years, Cybelec has also provided machine controllers for the machine-tool industry under the brand name Fastware. It also provides the engineering companies of the Infranor Division with supervisory controllers for general automation solutions.

Markets

The Infranor Group supplies to manufacturers of all kinds of production materials. The company's main sales territories are the three primary geographical markets for automation: Europe, North America and Asia. The total volume of these markets for servo motors, amplifiers, regulators, controllers and electronic system components is several billion Swiss francs. The classical industrial markets of Europe and the USA grow by an average of 3 percent at a high level, and the new Asian markets are showing growth rates of about 10 percent, albeit starting at a relatively low level. The activities of the Infranor Group in the automation market are concentrated on niches in which it works out optimum solutions in close technical collaboration with customers.

Strategy

- Both divisions address their customers directly and specifically via the Internet and technical exhibitions. Synergies between the two divisions are actively exploited.
- The Infranor Division operates as an industry-independent specialist for automation

solutions. Servo motors with intelligent amplifiers and supervisory controllers from our own development and production are the main products being used.

- The Cybelec Division operates as an industry-related full-range supplier that employs non-Infranor sales channels.
- Both divisions aim to achieve growth that is organic and also possibly through acquisitions (should the opportunity arise). The main focus of the Infranor Division is on increasing its market share by means of new products and special application solutions. The division increases its market presence by reinforcing existing sales structures and making fill-in acquisitions wherever possible. Geographical expansion is also a possibility. As well as increasing its share of the market, the Cybelec Division seeks to expand inside and outside the sheet-metal processing industry and particularly by expanding into related processes and new niche markets.

Financial targets

The growth strategy of the Infranor Group is mainly oriented to increasing profits. The plan is to achieve an EBIT margin of more than 10 percent in the medium term. The prerequisites for this are a profitable increase in sales, conscientious margin management and careful monitoring of operating costs.

Sustainability

Human Resources

It is extremely important for the future success of the Infranor Group to ensure that the company has qualified employees, also when the company expands its activities. This goal will be achieved by recruiting suitable new employees and providing continuous internal training, particularly from the Infranor Support Centre.

Environment

Value is placed on conscious ecological behaviour in everyday operation in all of the Infranor Group companies. Energy-saving measures in the overall manufacturing process and extensive recyclability of products and their packaging are a matter of course.

The 2007/2008 Financial Year



Split into two divisions

In the 2007/08 financial year, the Infranor Group introduced a new organisational structure with the **Infranor** and **Cybelec** Divisions. These two divisions also determine segment reporting from this Annual Report onwards.

This restructuring will provide more focus on the different activities, capabilities and markets of the two divisions. Both internal and external clarity about the range of services is achieved, and the different structures of the two divisions that are required can be managed in parallel without problems.

As a result of the reorganisation, Dr. Jean-Pierre van Griethuysen (head of the Cybelec Division) has been appointed as one of the Infranor Group managers. The Infranor Division will continue to be managed concurrently by the CEO of the Group.

Market trends

The Cybelec Division has particularly benefited from positive financial developments in Europe and Asia. Its contribution to the 4 million CHF increase in net sales of the Group was 80 percent. The Infranor Group did not expand as much because of various geographical and

branch-specific financial indicators. The American business of both divisions was restrained, which was further accentuated by the exchange rate trend between the dollar and the Swiss franc. On the other hand, sales with China increased significantly compared to the previous year with a double-digit increase. However, this started at significantly lower numbers.

The Cybelec Division was able to fully exploit its market strength and benefited accordingly from strong market demand. The Infranor Division took on its powerful competition by expanding its activities in the know-how-intensive system business. The Zurich-based international Infranor Support Centre was established for this purpose. The Support Centre backs up the high level of expertise of the local companies with its extensive systems knowledge and therefore puts them in a position to provide their customers with comprehensive solutions.

Structural and organisational improvements

In the 2007/08 financial year, Group management was involved in projects to increase efficiency and sales, most of which will have an effect on results for the current financial year.

An extensive project for a global **Infranor web site** has been started in the Marketing Department. After technical exhibitions, the Internet is currently the most important source of information for customers. Adapting the web site to today's customer requirements is being accompanied by a **branding** project, the intention of which is to make Infranor's market presence

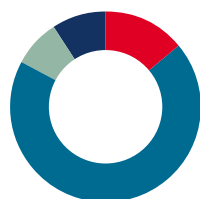


Mavilor Motor Novagamma



Sales shares by product

Servomotors	31%
Controllers	25%
Numerical taxes	30%
Services	8%
Traded products	6%



Sales by geographic region

Switzerland	14%
Europe excl. Switzerland	68%
North America	8%
Asia/Africa	10%

more focussed and efficient. In order to ensure that there is a rational, continuous and uniform flow of information within the Group, a **global IT** project has been initiated, which will be implemented over the next two to three years. In order to comply with the new legal obligations that have been in force since 1 June 2007 to provide proof of an **internal monitoring system** (IMS), an IMS with multilingual software was started up in the entire Group in May 2008.

The new organisational structure was also implemented in the legal structure of the Infranor Group. Thus, now all companies of the Infranor Division are included in the subholding Infranor Holding SA, including the non-operative ISA Innovation SA, which is responsible for patent management, and the real estate company Violet-Indim Sarl. Cybelec SA, in Yverdon-les-Bains, is the operative headquarters and parent company of both the subsidiaries Cybelec Srl. in Milan and Cybelec Numerical Control Technology (Shanghai) Co. Ltd. As a result, the Infranor Inter AG quoted on the stock market has only three subsidiaries: Infranor Holding SA, Cybelec SA and ISA Management SA.

Comments on financial results

Group net sales increased by 6.0 percent from 71.3 million CHF to 75.6 million CHF, 47.7 million CHF of which was achieved by the Infranor Division (previous year: 47.1 million CHF). The main contributors to this growth were Germany and England and the product companies Infranor Electronics and Mavilor Motors. Net sales for the Cybelec Division was 27.8 million CHF (24.2 million CHF). Cybelec was therefore

responsible for the majority of the growth. The increase was distributed proportionally over all countries in which the division operated.

In spite of considerable price pressure, **gross margin** was increased from 56.2 percent to 56.8 percent at Cybelec, mainly due to cost cutting, which in conjunction with the additional sales resulted in an increase of 2.8 million CHF.

Total Group costs increased by 1.6 million CHF or 4.8 percent, almost all as a result of higher personnel expenses due to salary adjustments as well as strategic and sales-related personnel additions. Overall, an **EBIT margin** increase of 7.1 percent (6.3 percent) was achieved. Net profit increased by 26.7 percent to 2.8 million CHF (2.2 million CHF). This corresponds to a net profit ratio of 3.7 percent, i.e. a return on equity of 25.6 percent.

A good **operating cash** flow of 5.2 million CHF (0.7 million CHF), minus investments for the machine-tool park at Mavilor Motors, for IT and for the Cybelec building, led to free cash flow of 3.8 million CHF (– 2.1 million CHF).

Consolidated balance sheet

Total assets increased by 0.7 million to 48.2 million CHF, or by 1.4 percent. This resulted from the extraordinarily good net sales in April of 1.1 million CHF, an



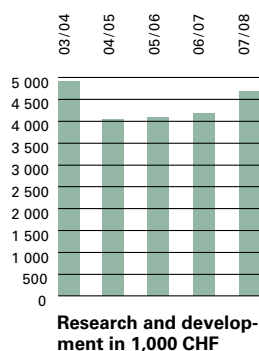
Infranor's sales break-down by key sector

Industrial manufacturing	57%
Industrial handling	16%
Processing industry	6%
Packaging	4%
Others	17%

increased number of debtors and additional cash reserves. On the other hand, net inventories were reduced by more than 10 percent or by 1.0 million CHF. On the liabilities side, improved cash management made it possible to reduce current financial liabilities by 1.0 million CHF to 5.1 million CHF. Creditors were also reduced by 1.3 million CHF. The following changes occurred in the shareholder's equity structure: 5.2 million CHF of bonds were converted from outstanding convertible bonds, mainly by the primary shareholder Perrot Duval Holding. Together with net profits, this resulted in a new, strengthened shareholder's equity of 29 percent.

Outlook

The outlook for the next twelve months is extremely uncertain. Incoming orders and order backlogs dropped off by mid 2008. This is likely associated with known economic fluctuations. The majority of the Infranor Group's customers are reserved in their predictions. Infranor expects net sales for the entire Group to be similar to the 2007/08 financial year and (unless something unexpected happens) a net profit that is slightly better than the previous year.



Infranor securities

Bearer shares

At the beginning of the 2007/08 financial year the price was CHF 48.00. It remained at around this value during the course of the year and finished at 45.00 CHF at the end of April. The 52-week high was 51.75 CHF, and the low was 40.00 CHF.

Subordinated convertible bonds 2002-2009

The price at the beginning of the financial year was 117, 0 percent and at the end of the year it was 110,5 percent. 530,284 of the bonds were converted into 132,571 shares in 2007/08.

Board of Directors and Annual General Meeting

As was announced, Nicolas Eichenberger is standing down as President of the Board of Directors as of April 30, 2008. He will remain a Member of the Board of Directors as Vice President. His successor is Martin Bölsterli, who will hand over his post of CEO to his successor during the course of the year.

Because of the positive results of the Infranor Group, the Board of Directors is recommending the distribution of a dividend of 10 percent of the par value, or 2.00 CHF per share, at the Annual General Meeting on September 11, 2008.

Thank you

From trainee to operations manager and from bookkeeper to fitter, our employees have done their utmost to improve the Infranor Group's situation again this year. They therefore deserve our thanks. We, of course, would also like to thank our business partners and our customers for their commitment, goodwill and support. We also thank our shareholders and bondholders for the confidence that they have shown in us. Our employees, business partners and financial backers have once again contributed to the positive, sustained future of our Group companies.

Nicolas Eichenberger
President of the Board of Directors

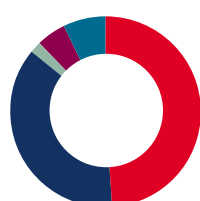
Martin Bölsterli
Chief Executive Officer

Dynamics and precision

Our customer manufactures machinery used to cut textiles to size such as for the polo shirts shown here. A laser cutting head follows pre-programmed contours extremely quickly and precisely, cutting out the desired design from the material. The cutting head is guided by two integrated BME series motors from Infranor. These were selected because of their excellent dynamics and repeat accuracy.



Segment reports



**Sales shares
by product**

Servomotors	49%
Controllers	37%
Numerical taxes	2%
Services	5%
Traded products	7%

Infranor Division

– This division consists of the classical Infranor activities, i.e. all of the activities of an industry-independent drive specialist. The eight Infranor engineering companies serve their local markets and use the base products that are developed and manufactured by the product companies. These are servo motors from Mavilor and servo-amplifier controllers from Infranor Electronics, Mesa and Automation. The ELITE CNC controller from Cybelec is also used to control entire systems. Outside the markets of the Infranor companies, the product companies collaborate with representatives worldwide.

At the end of April 2008, the division consisted of twelve operating companies. From a legal standpoint, the division consists of the sub-holding Infranor Holding SA, located in Coppet, to which the ISA Innovation SA patent-management company and the real estate company Violet-Indim Sarl now belong. The full list of companies can be found in the Appendix.



Integrated Motor BME 0505

Segment Report

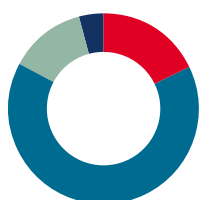
Segment	Infranor	
1,000 CHF	07/08	06/07
Order intake	47,935	48,898
Change versus previous year		
as %	– 2,0 %	
Orders on hand	8,866	8,882
Change versus previous year		
as %	– 0,2 %	
Net sales	47,743	47,078
Change versus previous year		
as %	1,4 %	
EBITDA	4,211	4,198
as % of net sales	8,8 %	8,9 %
EBIT	3,207	3,321
as % of net sales	6,7 %	7,1 %
Average number		
of employees	211	211
Assets net	8,636	13,635
Gross investments	2,242	1,138

As was the case in the two previous years, the Infranor Division expanded its component business with a range of subsystems and entire systems. The implementation of strategic system solutions is extremely important to the Infranor Division from a strategic standpoint. For this reason, the central **Infranor Support Centre** was established in Zurich; it provides the engineering companies with technical support in their system projects and trains local employees. The division believes that this procedure will strengthen its market position considerably.



Ecological energy with Infranor

Propellers used on wind turbines are cast in a mould. The surface, which is subject to complex aerodynamic calculations and design, is manufactured on a machine made in Spain and which has hundreds of individually adjustable points. These adjustments are made automatically using Infranor Mavilor servo motors on the basis of values transmitted from a central controller. These motors were chosen because of their compactness as well as ease and speed of installation.



Sales by geographic region

Switzerland	18%
Europe excl. Switzerland	65%
North America	13%
Asia/Africa	4%

Infranor has products that are technically state-of-the-art and extremely suitable for use in system architectures. The systems expertise of front-line sales people is being continuously developed.

Varying results have been achieved in individual markets. The companies in Germany, England and China have achieved considerable growth compared to the previous year. Of the product companies, mainly Mavilor and Infranor Electronics have experienced growth, particularly because of increased sales in markets that are dealt with by representatives. Due to a drop in sales to the biggest customer of the Spanish company, that company's net sales decreased by more than 1 million CHF. The Dutch company, which has not yet succeeded in establishing itself on the market, also had a significant decrease in net sales. The weaker performance of Automation can be attributed to developments in the exchange rate situation; measured in US dollars, the company's net sales figures are better than those from the previous year.



Breakdown of sales among the key sectors

Industrial manufacturing	33%
Industrial handling/assembly	25%
Processing industry	10%
Packaging	6%
Others	25%

Overall, net sales of the Infranor Division was with 47,1 million CHF better than the previous year. At 59,1 percent gross margin was because of pricing pressure considerably lower. Operating costs were similar to those of the previous year, resulting in an EBIT margin of 6,7 percent (7.1 percent).

Cybelec Division

This division is an industry-specific full-range supplier with a leading position in industries or industrial niche markets. In the area of bending presses, the division has clearly achieved this position as far as controllers are concerned. Cybelec is the world's largest provider in terms of volume. Thanks to a flexible product policy, entry-level products, controllers for the wide general market and leading-edge products can all be provided.

It is pleasing to see that a customer base has already established itself over the last twelve months for the special machine-tool controllers marketed under the name Fastware. Other niches will follow. Cybelec has its own sales companies in both the Italian and Chinese markets, which are important for bending presses. This local presence is an important competitive advantage in the long term since many customers still prefer to do business with a local provider.

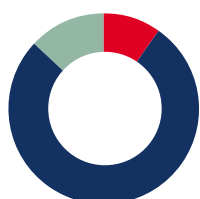


Infranor Electronics SAS, Drive GemDrive

Beer pump

Covers made from stainless steel, bent on a bending press equipped with Infranor Cybele controllers which provide maximum bending accuracy and rapid manufacturing cycles.





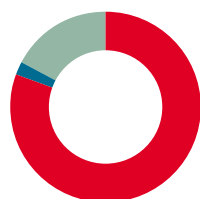
Sales shares by product

Komponenten	10%
Numerical taxes	78%
Services	13%

Important German customers are now looked after by a key account manager based in Germany. Cybelec is firmly anchored in all important geographical markets in which bending presses are manufactured with the exception of Austria.

The Cybelec Division experienced considerable growth last year. Net sales increased from 24.2 million CHF to 27.8 million CHF. Gross margin was 53.2 percent and was therefore an encouraging 4.4 percentage points better than the previous year. Specific efforts to achieve rational outsourcing of electronic manufacturing have therefore been fruitful.

Sales and logistics have been bolstered in Yverdon-les-Bains, and the new machine-tool controller area has been set up. Cybelec has a strengthened sales and service centre in China. The manufacture of a local controller with a Swiss design is also being set up. Hidden defects in the deliveries of a key supplier led to warranty and goodwill costs of more than 0.5 million CHF. The EBIT margin of the Cybelec Division increased from 8.6 percent to 11.6 percent, which means, that the target figure of 10 percent has been exceeded.



Sales by geographic region

Europe	80%
North America	2%
ROW	17%

Segment Report

Segment	Cybelec	
1,000 CHF	07/08	06/07
Order intake	26,903	29,353
Change versus previous year		
as %	- 8,3 %	
Orders on hand	5,536	6,700
Change versus previous year		
as %	- 17,4 %	
Net sales	27,821	24,209
Change versus previous year		
as %	14,9 %	
EBITDA	3,679	2,492
as % of net sales	13,2 %	10,3 %
EBIT	3,237	2,082
as % of net sales	11,6 %	8,6 %
Average number		
of employees	81	80
Assets net in 1,000 CHF	8,975	8,711
Gross investments in 1,000 CHF	544	527



Cybelec Control



Corporate Governance

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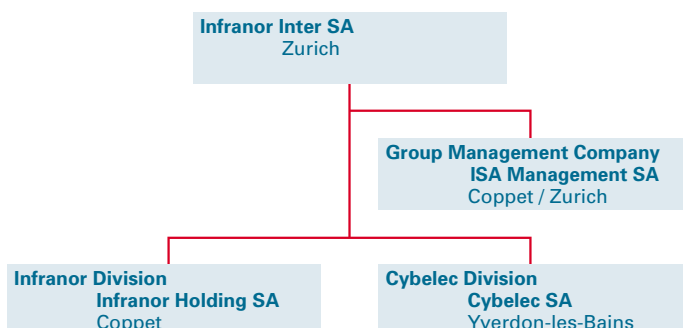
Corporate Governance

1. Group structure and major shareholders

The chapter on corporate governance shows how Infranor Inter AG has organized management and control functions within the Group. The corporate governance disclosures are fully compliant with the SWX Swiss Exchange directive on information relating to corporate governance.

1.1 Group structure

The Infranor Group is divided into two divisions. The Infranor Division operates as an industry-independent drive specialist, particularly in the general servo and drive technology area, and these products are used by manufacturers of machinery and equipment in many different industries. The Infranor Division is divided up into product companies and engineering/sales companies. The Cybelec Division is a complete provider of everything that has to do with bending presses, with electric drives and electronics. The company also supplies controls for machine-tool manufacturing and general machine automation.



The companies are also divided into two divisions from a legal standpoint. The companies in the Infranor Division are gathered under the subholding Infranor Holding SA in Coppet, and the companies in the Cybelec Division are gathered under the Cybelec SA headquarters in Yverdon-les-Bains. As a company that is quoted on the share market, Infranor Inter AG owns 100% of Infranor Holding SA and Cybelec SA as well as the management company of the Group, ISA Management SA. The rest of the information concerning direct investments and their subsidiaries can be found on page 39. Infranor Inter AG does not have any holdings in listed companies. Infranor Inter AG bearer shares are traded on the Local Caps segment of the SWX Swiss Exchange under security number 724910, Telekurs und Swissquote: INI, Thomson Reuters: INI.S. Based on the 2007/08 year-end price of 45.00 CHF, the market capitalization as of April 30, 2008, was 34.9 million CHF.

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www.infranor.com

1.2 Key shareholders

As of April 30, 2008, Perrot Duval Holding SA, Geneva, which is listed on the SWX Swiss Exchange, and its investment company Bleu-Indim SA, held 78.7 percent (previous year: 77.3 percent) of the shares of Infranor Inter AG.

The Board of Directors is unaware of any other shareholders holding more than 3 percent of the share capital.

1.3 Cross-shareholdings

There are no cross-shareholdings.

2. Capital structure

2.1 Share capital

The share capital amounts to 15.5 million CHF divided into 775,496 bearer shares with a par value of 20.00 CHF. With the exception of treasury shares, all shares issued by the company are entitled to dividend payments. The share capital is fully paid up.

As of April 30, 2008, the Infranor Group owned 11,110 (previous year: 11,110) treasury shares, which are not entitled to dividends when paid out.

2.2 Authorised and conditional capital

At the Annual Shareholders' Meeting of Infranor Inter AG held on October 31, 2002, a motion was passed to raise conditional capital of no more than 6,350,000 CHF, consisting of no more than 317,500 bearer shares, each with a par value of 20.00 CHF. According to Article 5a of the Articles of Association, the company's share capital may be increased through the exercise of options or conversion rights that have been granted in connection with bonds or loans of the company or one of its subsidiaries. These shares are excluded from the shareholders' subscription rights. As of April 30, 2008, there was still conditional share capital of 3,540,080 CHF after conversion of bonds.

2.3 Changes in capital

as at April 30	2008	2007	2006
Share capital	15,509,920	12,858,500	12,816,000
Legal reserve	4,485,420	1,707,500	1,603,000
Treasury			
shares	467,128	467,128	410,327
Unappropri-			
ated retained			
earnings	3,955,878	5,757,532	5,434,742
Total	24,418,346	20,790,660	20,264,069

In the past year, 530,284 bonds were converted into 132,571 shares, thereby increasing the company's share capital by 2,651,420 CHF (previous year: conversion of 8,500 bonds).

Details of the change in consolidated shareholder equity over the last three business years can be found in the statement of changes in equity in the Consolidated Annual Financial Statements on page 35.

In the last four business years, the following capital increases were recorded in the Commercial Register as a result of conversion of bonds into new shares:

Date of entry in Commercial Register	Increase in CHF	Cumulative conversion from bond during	New total share capital
23.08.2004	15,000	2003/04	12,715,000
25.08.2005	101,000	2004/05	12,816,000
13.07.2007	42,500	2006/07	12,858,500

The share capital increase will be recorded in the Commercial Register in July 2008 on the basis of the conversions in the 2007/08 financial year of 2,651,420 CHF.

2.4 Shares and participation certificates

As of April 30, 2008, Infranor Inter AG exclusively had a total of 775,496 bearer shares, each with a par value of 20.00 CHF, giving a total of 15,509,920 CHF.

Dr. Richard Müller, Nicolas Eichenberger,
Martin Bölsterli, François Jaquier, Francesc Cruellas



Of these, 11,110 are treasury shares that Infranor Inter AG holds to cover an existing option plan that is no longer maintained. The remaining shares are not subject to any restrictions on voting rights.

2.5 Profit-sharing certificates

There are no profit-sharing certificates.

2.6 Limitations on transferability and nominee registrations

There are no restrictions of any kind applicable to the transfer or ownership of Infranor Inter AG bearer shares.

2.7 Convertible bonds and options **Convertible bonds**

On December 18, 2002, the company issued a subordinated convertible bond of a maximum of 12.7 million CHF, carrying a 5 percent coupon. Four bonds, each with a par value of 10.00 CHF, may be converted into one new bearer share of 20.00 CHF between June 16, 2003, and December 11, 2009, or up to 10 calendar days prior to early redemption of the convertible bond. The convertible bonds have been traded over the counter at Bondpartners AG, Lausanne, since March 18, 2003. Shareholders subscribed for 9.0 million CHF of the convertible bond issue. The listing of the maximum of 317,500 new bearer shares on the Local Caps segment of the SWX Swiss

Exchange was approved on June 16, 2003. After December 18, 2007, Infranor can redeem the bonds early at any time, subject to 30 calendar days notice, at the par value plus accrued interest.

Options

There are no negotiable options. The existing option plan that is no longer maintained for the CEO consists of the right to buy options on bearer shares in Infranor Inter AG. The options are pledged in shares from the treasury shares. Details of this employee option plan can be found on page 47 and under Point 21.5 on page 57.

3. Board of Directors

3.1 Members of the Board of Directors

The Board of Directors consists of three executive and two non-executive Members. The two non-executive Members have never held an executive position within the Infranor Group. Neither do they have a significant business relationship with the Group.

Executive Members of the Board of Directors

<p>Martin Bölsterli (1942), citizen of Baden and Winterthur, residing in Ennetbaden (CH)</p> <ul style="list-style-type: none"> – Vice President of the Board of Directors and CEO since 1 May 1998 until 30 April 2008, Member since 1991 – Chairman of the Board of Directors since 1 May 2008 – Elected until 30 April 2011 	<p>Martin Bölsterli graduated in mechanical engineering from ETH and has an extensive knowledge of business administration. During the course of his career prior to joining Infranor, he held senior management positions at large mechanical engineering companies in Switzerland and abroad, namely Maag Zahnräder AG, Bühler-Uzwil and Heberlein. He is also a member of the Board of Directors at other, unlisted companies.</p>
<p>Nicolas Eichenberger (1958), citizen of Geneva and Trub, residing in Mies (CH)</p> <ul style="list-style-type: none"> – Chairman of the Board of Directors since 1 May 1999 until 30 April 2008, – Vice President since 1 May 2008 – Elected until 30 April 2011 	<p>Nicolas Eichenberger trained in law and holds a chemistry degree (lic.chem.). Between 1992 and 1998, he was Chief Executive Officer of Infranor Inter AG. Since 1989, he has also worked for other Perrot Duval Group companies. He was previously employed at Sapal in Lausanne. Nicolas Eichenberger is Chief Executive Officer of Perrot Duval Holding SA and since 1 May 2008 he is chairman of the Board of Directors. He is a member of the Board of Directors at other, unlisted companies.</p>
<p>Francesc Cruellas (1947), Spanish citizen, residing in Tiana (Barcelona/E)</p> <ul style="list-style-type: none"> – Member since 1987 – Elected until 30 April 2011 	<p>Francesc Cruellas studied mechanical engineering at the Technical University of Catalonia (Barcelona). He was already employed at Mavilor Motors SA (E) before the company was taken over by Infranor in 1979. He previously held a senior management position at a food company in Spain. Francesc Cruellas sits on the Board of Directors at other, unlisted companies.</p>

Non-executive Members of the Board of Directors

<p>Dr. Richard Müller (1949), citizen of Lenzburg, in Oberlunkhofen (CH)</p> <ul style="list-style-type: none"> – Attorney-at-law – Member since 1992 – Elected until 30 April 2011 	<p>Richard Müller is a graduate of the University of Zurich with a PhD in law. He worked as an attorney-at-law in Zurich from 1987 until he moved to Zug in 1994. He is a member of the Board of Directors of several unlisted companies. He was previously a legal adviser to banks and industrial enterprises.</p>
<p>François Jaquier (1962), citizen of Villars-le-Comte (CH), in Monaco (MC)</p> <ul style="list-style-type: none"> – Independent Investment adviser – Member since 2001 – Elected until 30 April 2011 	<p>François Jaquier graduated in law from the University of Lausanne. He worked for Credit Suisse Group as head of its San Francisco office for four years and in Monaco for a further four years. He has been an independent investment adviser since 2001. He sits on the Board of Directors at other, unlisted companies.</p>

Honorary Chairman

<p>Maurice Eichenberger (1922) citizen of Geneva and Trub (CH), residing in Monaco (MC)</p>	<p>Maurice Eichenberger was chairman of the Board of Perrot Duval Holding SA until 1990 and until 1992 Board member of Infranor Inter AG. Since 1992 he has been appointed as Honorary Chairman of Infranor Inter AG.</p>
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3.2 Other activities and vested interests

Mr. Nicolas Eichenberger, Chairman of the Board of Directors of Infranor Inter AG (Vice Chairman as of May 1, 2008), is the Chief Executive Officer of Perrot Duval Holding SA, Geneva (Chairman of the Board of Directors as of May 1, 2008).

The other Members of the Board of Directors do not perform any other activities and have no vested interests that would be of significance for the Infranor Group and are not mentioned in the overview on page 21.

3.3 Cross-involvement

Mr. Nicolas Eichenberger is a member of the Board of Directors of Perrot Duval Holding SA, Geneva. There is no other cross-involvement among the Boards of Directors of listed companies.

3.4 Elections and terms of office

The Annual Shareholders' Meeting elects the Members of the Board of Directors for a term of three years. The term of office is the relevant financial year (May to April). Members may be re-elected. All Members of the Board of Directors are elected until the end of the 2010/11 financial year. There are no limitations to the term of office.

3.5 Internal organisation structure and committees

The Board of Directors constitutes itself from its own Members and elects the Chairman, the Vice Chairman and the Secretary, who does not have to be a mem-

ber of the Board of Directors. On the occasion of its meeting on July 4, 2008, the Board of Directors decided that as of the 2008/09 financial year, Martin Bölsterli will become Chairman and Nicolas Eichenberger will become Vice Chairman.

The Board of Directors is responsible for defining the Group's strategy. It also checks the company's basic plans and targets and also identifies external risks and opportunities.

The Board of Directors has a quorum if at least half of its Members are present. It passes its resolutions with the majority of the votes cast. In the event of a tied vote, the Chairman has the casting vote. During the 2007/08 business year, the Board of Directors had four one-day meetings.

Up to April 30, 2008, the Remuneration Committee of the Board of Directors consisted of Messrs. Nicolas Eichenberger, Martin Bölsterli and Richard Müller. As of May 1, 2008, Mr. François Jaquier will replace Mr. Nicolas Eichenberger.

The Remuneration Committee makes suggestions concerning the compensation paid to the executive Members of the Board of Directors, Group Management, and the General Managers of the Group companies on behalf of the Board as a whole, which approves them. The Remuneration Committee had two half-day meetings during the 2007/08 financial year.

With regard to new legal regulations, a Board of Directors Audit Committee was newly formed consisting of Messrs. Martin Bölsterli and Nicolas Eichenberger. Together with the CFO, this Committee checks all of the relevant facts concerning financial planning, finance controlling, adherence to laws and

legislation and monitors the Group-wide internal control systems (ICS) on behalf of the Board of Directors as a whole. The Committee also carries out an audit meeting with the Group auditor and discusses his suggestions for improvements.

3.6 Powers and responsibilities

The responsibility for everyday business is delegated to the CEO, who is responsible for the organisation of Group Management and the divisions.

The detailed competencies and responsibilities of the Board of Directors and the regulation of powers and responsibilities between the Board of Directors and Group Management are recorded in the Rules of Organisation, which were revised at the end of April 2008. These can be inspected at the company headquarters.

3.7 Information and control instruments relating to Group Management

Group Management notifies the Board of Directors about business affairs on a regular basis. The management reporting on behalf of the Board of Directors consists of monthly reports about sales, incoming orders and volume of outstanding orders of all Group units and in a consolidated report. At quarterly intervals the Board of Directors receives the units' quarterly accounts and the consolidated Group accounts (income statement, balance sheet and

cash flow, overview of key figures and changes to these figures). These quarterly reports contain a rolling forecast including values from the previous year and budgeted values. Significant items are always reported immediately. Financial reporting is a fixed constituent of the meetings of the Board of Directors. Deviations are discussed and measures may be initiated as a result.

As well as the statutory auditors, the CFO or Group Controller works on behalf of the Board of Directors to check for adherence to Group guidelines and regulations and the suitability of the control instruments and the procedures within individual Group companies. Every year, the Group auditor defines the main risk-related auditing items. The work of the Group auditor as well as the local auditors is evaluated by the CEO and the CFO on behalf of the Audit Committee. A comprehensive central internal control system (ICS) based on the COSO model was introduced during the course of 2007/08 with internet-based multilingual software. The process-oriented checks relate primarily to the financial security of the processes and protecting the Group from offences or negligent actions. The topics of product reliability, quality assurance and traceability are covered by various standards such as ISO 9001. The continuous results and measures of the ICS are currently reported to the Board of Directors by the CFO at quarterly intervals. The effectiveness of the ICS controls is checked and documented on-site by Group Management and reported to the Audit Committee. The Audit Committee reviews the ICS concept at yearly intervals with regard to identifying, evaluating and remedying risks associated with business activities and adapts it to new requirements as necessary.

Pius Bernet, Dr. Jean-Pierre van Griethuysen,
Martin Bölsterli, Francesc Cruellas



4. Group Management

4.1 Members of Group Management

Martin Bölsterli (1942)

Personal details on page 21.

- CEO since 1998
- Chairman of the Board of Directors and CEO since Mai 2008

Francesc Cruellas (1949)

Personal details on page 21.

- Senior Vice President of Motors and Mechanical Components since 1987

Pius Bernet (1957), Citizen of Egolzwil, residing in Egolzwil (CH)

Pius Bernet completed basic business training in banking and holds degrees in business economics and accountancy. He has held senior financial positions at Mövenpick and Swissair Group and served a CFO at Schweiter, Motorola Schweiz and most recently at the EMEA/ ASIA division of K-Tron International (USA). He sits on the Board of Directors of one unlisted company.

- CFO since 2002

Bruno Guanziroli (1957), Citizen of Onsernone, in Baar (Switzerland)

Bruno Guanziroli is a degreed mechanical engineer and also studied economics, majoring in marketing. He left Infranor on May 31, 2008.

- Sales and Marketing Manager since February 2007

Dr. Jean-Pierre van Griethuysen (1956), Citizen of Sonvilier (BE), residing in St-Sulpice (Switzerland) since 1995

Jean-Pierre van Griethuysen earned a degree in mechanical engineering from the Ecole Polytechnique Fédérale Lausanne (EPFL) and completed his studies with a PhD in robotics. In his professional career he worked as a project manager at Charmilles Technologies SA in Geneva and then as a lead scientist and lecturer at the EPFL. Before he took up his post at Cybelec SA he was technical manager at SIP (Société Genevoise d'Instruments de Physique) in Geneva.

- General Manager of Cybelec SA since 2000
-

4.2 Other activities and vested interests

The Members of Group Management do not carry out any activities other than those mentioned in the overview and have no vested interests that would be of significance for the Infranor Group.

4.3 Management contracts

The two Group companies ISA Management SA and Infranor Holding SA have a management contract in place with Perrot Duval Management SA, Coppet. The core element of these management contracts is the compensation for the services that have been provided by Nicolas Eichenberger as an executive member of the Board of Directors as well as advisory work performed by other Members of the Board of Directors of Perrot Duval Holding SA. Perrot Duval Management SA charged 498,500 CHF for management services in the reporting year (previous year: 471,210 CHF). On the other hand, the same company was billed for services by ISA Management SA in the amount of 33,500 CHF (previous year: CHF 49,730). These management contracts were agreed to at typical market conditions according to a time and materials basis for an indeterminate period. However, the contracts can be terminated at annual intervals.

Martin Bölsterli, a company formed by this degreed engineer from the ETH and located in Zug, has a management contract with ISA Management SA, Coppet. The core element of this management contract is the compensation for the services provided by Martin Bölsterli as the CEO and Chairman of the Board of Directors of the Infranor Group and associated administrative work. Services that were charged for during 2007/08 amounted to a total of 537,940 CHF (previous year: 404,622 CHF). This management contract expired on

April 30, 2008, and was superseded by a new regulation in connection with the retirement of his position of CEO and his new function as the Chairman of the Board of Directors of the Infranor Group for 2008/09.

5. Compensation, shareholdings and loans

5.1 Content and method of determining compensation

The Board of Directors makes decisions about compensation given to the Board of Directors and Group Management on annual basis in accordance with the recommendations of the Remuneration Committee of the Board of Directors (see also general explanations concerning the Remuneration Committee on page 22). The compensation of the non-executive Members of the Board of Directors comprises a fixed fee and fixed flat-rate expense allowance. The compensation of the executive Members of the Board of Directors is included in the compensation they receive as Members of Group Management. Compensation paid to executive Members of the Board of Directors and other Members of Group Management is based on a fixed component and a variable performance-related component. The variable component of the overall payments is primarily oriented to Group profits before tax as well as partially on previously defined individual performance targets. Claims are all paid in cash. The option plan for Martin Bölsterli elapsed on April 30, 2007, and was not renewed.

5.2 Compensation paid to Members of the Board of Directors and Group Management

This information is shown in the Appendix to the Financial Statements of Infranor Inter AG on page 69 in accordance with Article 663b bis. Swiss Code of Obligations.

6. Shareholders' participation

6.1 Restrictions on voting rights and voting by proxy

The company's Articles of Association do not contain any restrictions applicable to voting rights or restrictions with regards to voting by proxy.

6.2 Statutory quorums

The quorums stipulated in the Articles of Association for resolutions carried at the Annual Shareholders' Meeting are in line with legal quorums (Article 703 et seq. Swiss Code of Obligations).

6.3 Convocation of the Annual Shareholders' Meeting and placing items on the agenda

The Annual Shareholders' Meeting is called by the Board of Directors or by the governing bodies and persons designated by law in accordance with legal and statutory requirements. One or more shareholders who together represent at least 10 percent of the share capital may request that a Shareholders' Meeting be called or an item be placed on the agenda. In addition, shareholders whose shares represent a par value of 1.0 million CHF may also request that an item be added to the agenda.

6.4 Entry in the share register

Since only bearer shares have been issued, there is no share register.

7. Changes of control and defence measures

7.1 Obligation to submit an offer

A party acquiring shares in the company is not obliged to submit a public purchase offer (opting out) pursuant to Articles 32 and 52 of the Federal Act on Stock Exchanges and Securities Trading (Article 6a, Articles of Association).

7.2 Change of control clauses

There are no clauses on changes of control benefiting the Board of Directors, Group Management and other key personnel.

8. Auditors

8.1 Duration of the audit mandate and duration of the appointment of the lead auditor

Deloitte AG, Zurich, has been the Infranor Group's auditor since 2003/04; Martin Welser, as lead auditor, was responsible for the mandate for the first time for the 2007/08 financial year.

The auditor for Infranor Inter AG was also Deloitte AG, Zurich, for the first time in 2007/08. Martin Welser was the lead auditor for the 2007/08 financial year.

The auditor is chosen for a period of one year in each case.

8.2 Auditing fees

The worldwide auditing fees of Group auditor Deloitte AG were 207,124 CHF (previous year: 110,000 CHF) for the 2007/08 financial year. The remaining foreign audit companies charged 90,038 CHF (previous year: 204,315 CHF).

8.3 Additional fees

No additional fees were paid to the Group auditor Deloitte AG.

8.4 Supervisory and control instruments pertaining to the audit

The Audit Committee is responsible for evaluating the external audit. The Committee draws up an audit report on behalf of the Board of Directors. At least one meeting between the external auditor and the Audit Committee takes place at annual intervals. The main findings for each company (management letters) and the consolidated statement, which are summarised in the audit report, are discussed in depth at these meetings. The auditor also shows the checking that has been carried out (audit, review) for each company and the current developments in the IFRS (International Financial Reporting Standards) and the effects thereof on the consolidated financial statements of the Infranor Group.

9. Information policy

We provide shareholders, financial analysts and financial journalists with clear and transparent information by means of our Annual Report and half-year report as well as personally at the Annual Media Conference and the Annual Shareholders' Meeting. Media and shareholders known to the company are directly provided with figures

and comments every quarter. Orientation to current events takes place using media information. The Infranor website (www.infranor.com) contains a special section called "For Investors".

Infranor Inter AG reports on events that may affect the share price in accordance with Article 72 of the Listing Rules of the SWX Swiss Exchange regarding ad-hoc disclosures.

Contact

Available to answer questions personally are:

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Key dates

September 11, 2008
2007/08 Annual Shareholders' Meeting

December 16, 2008
Half-yearly report 2008/09

March 10, 2009
Third quarter 2008/09 results

July 7, 2009
2008/09 results

September 10, 2009
2008/09 Annual Shareholders' Meeting

Operating Companies of the Infranor Group

As at May 1, 2008

Company	Activities	Manager	Number of employees
Infranor Division			
Infranor S.A. CH-Coppet CH-Zurich	Engineering, sales and service Sales office	Raymond Käser raymond.kaeser@infranor.ch	9
Infranor S.A.S. FR-Linas	Engineering, sales and service	Patrice Delattre delattre@infranorfrance.com	10
Infranor Spain S.L.U. ES-Badalona (Barcelona) ES-San Sebastian	Engineering, sales and service Sales office	Josep Barbeta barbeta@infranor.es	18
Infranor B.V. NL-Oud-Beijerland (Rotterdam)	Engineering, sales and service	Robert Vermaase r.vermaase@infranor.nl	2
Infranor GmbH DE-Hanau	Engineering, sales and service	Peter Fritsch p.fritsch@infranor.de	6
Infranor Ltd. UK-Cranleigh	Engineering, sales and service	Adrian Hazelwood a_hazelwood@infranor.ltd.uk	4
Infranor, Inc. US-Wilmington MA (Boston)	Engineering, sales and service	Dan D'Aquila ddaquila@infranorusa.com	7
Infranor Asia Ltd. CH-Zurich, CN-Shanghai	Engineering, sales and service Representation office	Raymond Käser raymond.kaeser@infranor.ch jiong.pan@infranor.cn	5
Automotion, Inc. US-Ann Arbor, MI	Development, manufacturing and sale	Nathan Turner nturner@automotioninc.com	16
Infranor Electronics S.A.S. FR-Lourdes	Development, manufacturing and sale	Gilles Lanquetin g.lanquetin@infranor.fr	33
Mavilor Motors S.A. ES-Sta. Perpètua de Mogoda (Barcelona)	Development, manufacturing and sale	Francesc Cruellas fcruellas@mavilor.es	85
MESA Automation GmbH DE-Berlin	Engineering, sales and service	Bernd Eberding eb@mesa-berlin.de	14

Company	Activities	Manager	Number of employees
Cybelec Division			
Cybelec S.A. CH-Yverdon-les-Bains US-Marseilles	Development, manufacturing and sale Representation office	Dr. Jean-Pierre van Griethuysen jpvangriethuysen@cybelec.ch oley.bob@gmail.com	58
Cybelec S.r.l. IT-Cinisello Balsamo (Milano)	Engineering, sales and service	Enzo Vicinanza evicinanza@cybelec.it	3
Cybelec Numeric Control Technology (Shanghai) Co. Ltd. CN-Shanghai	Manufacturing, sale & service	Yi Wan Li yiwanli@cybelec.com.cn	21

Infranor Group Financial Report

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Consolidated Balance Sheets

1,000 CHF	Note	30.04.08	%	30.04.07	%
Assets					
Current assets					
Cash	4	3,817	7,9	3,199	6,7
Cash equivalents, securities, financial instruments	4	69	0,2	1,318	2,8
Trade accounts receivable	5	18,013	37,3	17,276	36,3
Other receivables	6	1,480	3,1	998	2,1
Inventories	7	13,650	28,3	14,930	31,4
Deferred charges		687	1,4	1,255	2,6
Total current assets	3	37,716	78,2	38,976	81,9
Fixed assets					
Financial assets		21	0,0	22	0,0
Property, plant and equipment	8	6,283	13,0	5,124	10,8
Intangible assets	9	2,505	5,2	2,006	4,2
Deferred tax assets	10	1,723	3,6	1,437	3,1
Total fixed assets	3	10,532	21,8	8,589	18,1
Total assets		48,248	100,0	47,565	100,0
Liabilities					
Current liabilities					
Current financial liabilities	11	5,129	10,6	6,154	12,9
Trade accounts payable	12	7,080	14,7	8,439	17,7
Other current liabilities	13	920	1,9	871	1,8
Accruals and deferred income	14	5,121	10,6	3,975	8,4
Short-term provisions	15	1,047	2,2	735	1,6
Provisions for income taxes		1,222	2,5	694	1,5
Total current liabilities	3	20,519	42,5	20,868	43,9
Long-term liabilities					
Non-current financial liabilities	11	1,123	2,3	1,151	2,4
Subordinated convertible bond 2002–09	11	3,329	6,9	8,464	17,8
Subordinated CDO 2006–13	11	8,136	16,9	8,105	17,0
Long-term provisions	16	621	1,3	833	1,8
Deferred tax liabilities	10	487	1,0	416	0,9
Total long-term liabilities		13,696	28,4	18,969	39,9
Total liabilities		34,215	70,9	39,837	83,8
Shareholders' equity					
Share capital	18	15,509	32,2	12,858	27,0
Reserves resulting from acquisitions		– 5,713	– 11,8	– 8,364	– 17,6
Revenue reserves		1,418	2,9	164	0,4
Treasury shares		– 222	– 0,5	– 222	– 0,5
Currency translation differences		251	0,5	1,090	2,3
Profit/(loss) for the year		2,790	5,8	2,202	4,6
Total shareholders' equity		14,033	29,1	7,728	16,2
Total liabilities and shareholders' equity		48,248	100,0	47,565	100,0

Consolidated Income Statements

1,000 CHF	Note	07/08	%	06/07	%
Net sales	1, 19, 20	75,564	100,0	71,287	100,0
Material Costs of goods sold		- 31,469	- 41,6	- 33,267	- 46,7
Change in inventories		- 1,209	- 1,6	2,066	2,9
Gross margin		42,886	56,8	40,086	56,2
Personnel costs	21	- 25,283	- 33,5	- 23,972	- 33,6
General and administrative costs	22	- 3,390	- 4,5	- 3,015	- 4,3
Sales costs	23	- 2,183	- 2,9	- 2,198	- 3,1
Other operating expenses	24	- 5,849	- 7,7	- 5,564	- 7,8
Other operating income	25	791	1,0	466	0,7
Total operating expenses		- 35,914	- 47,6	- 34,283	- 48,1
Earnings before interest, tax, depreciation and amortization (EBITDA)		6,972	9,2	5,803	8,1
Depreciation and amortization	26	- 1,570	- 2,1	- 1,273	- 1,8
Earnings before interest and tax (EBIT)		5,402	7,1	4,530	6,3
Finance income		114	0,2	404	0,6
Financial expenses		- 1,823	- 2,4	- 1,723	- 2,4
Financial result	27	- 1,709	- 2,2	- 1,319	- 1,8
Profit before taxes		3,693	4,9	3,211	4,5
Taxes	10	- 903	- 1,2	- 1,009	- 1,4
Net profit/(loss)		2,790	3,7	2,202	3,1
Undiluted earnings per share in CHF	28	4.00		3.49	
Diluted earnings per share in CHF	28	3.64		3.07	

In order to enhance comparability, the classification of the previous years' figures for the financial cost/return has been restated.

Consolidated Cash flow Statements

1,000 CHF	Note	07/08	06/07
(Indirect method with cash and cash equivalents)			
Cash flow from operating activities			
Net profit/(loss) before income taxes and netted financial items (EBIT)		5,401	4,530
Depreciation/amortisation of fixed assets	26	1,570	1,273
Write-downs and provisions		442	– 648
Interest received		163	47
Interest paid		– 1,705	– 1,806
Income taxes paid		– 697	– 625
Cash flow before change in net current assets		5,174	2,771
Change in trade accounts receivables		– 1,088	– 1,176
Change in inventories		1,021	– 1,754
Change in other current assets		65	– 516
Change in trade accounts payables		– 1,303	1,268
Change in other current liabilities		1,336	87
Cash flow from operating activities		5,205	680
Cash flow from investing activities			
Disinvestments/investments of financial assets	4	1,249	– 1,235
Investments in property, plant and equipment	8	– 1,711	– 1,046
Disposal of property, plant and equipment		29	44
Investments in intangible assets	9	– 950	– 502
Cash flow from investing activities		– 1,383	– 2,739
Free cash flow		3,822	– 2,059
Cash flow from financing activities			
Decrease in current financial liabilities		– 1,051	– 5,766
Decrease/Increase in non-current financial liabilities		– 737	8,358
Change in obligations under leases		– 422	– 297
Payment of dividends		– 948	– 631
Transactions involving treasury shares		0	– 57
Cash flow from financing activities		– 3,158	1,607
Currency translation differences on cash and cash equivalents		– 46	39
Change in cash and cash equivalents		618	– 413
Cash and cash equivalents at the beginning of the year	4	3,199	3,612
Cash and cash equivalents at the end of the year	4	3,817	3,199
Change in cash and cash equivalents	4	618	– 413

In order to enhance comparability, the classification of the previous years' figures has been restated.

Consolidated Statements of Changes in Equity

1,000 CHF	Share capital	Reserves acquisitions	Revenue reserves	Treasury shares	Currency translation differences	Total shareholders' equity
As at 30.4.06	12,816	– 8,414	828	– 198	348	5,380
Net currency translation differences					742	742
Net profit			2,202			2,202
Total reported expenditure and income	0	0	2,202	0	742	2,944
Treasury shares			– 33	– 24		– 57
Increase in capital due to convertible bond	42	42				84
Option plan		8				8
Dividend			– 631			– 631
Total transactions with shareholders	42	50	– 664	– 24	0	– 596
As at 30.4.07	12,858	– 8,364	2,366	– 222	1,090	7,728
Net currency translation differences					– 839	– 839
Net profit			2,790			2,790
Total reported expenditure and income	0	0	2,790	0	– 839	1,951
Treasury shares					0	0
Increase in capital due to convertible bond	2,651	2,651				5,302
Option plan						0
Dividend			– 948			– 948
Total transactions with shareholders	2,651	2,651	– 948	0	0	4,354
As at 30.4.08	15,509	– 5,713	4,208	– 222	251	14,033

Definition of the equity categories used within the Infranor Group:

- The **share capital** is the share capital of the parent company, Infranor Inter AG.
- **Reserves from acquisitions** comprise the goodwill from company acquisitions that was taken directly to equity in the past as well as premiums from capital increases.
- **Revenue reserves** comprise profits retained in Group companies and the reserves set up with these profits.
- The item **Treasury shares** comprises the Infranor Inter AG shares bought back from the market at the respective stock market price at par value. The difference between par value and market value is charged to Revenue reserves.
- **Currency translation differences** comprise all currency-translation differences relating to currency conversions by foreign Group companies.

Notes to the Consolidated Financial Statements

1. Segment report

The Group has split its business activities between the two segments Infranor Division and Cybelec Division for the first time during the 2007/08 financial year. Additional notes in this regard can be found on page 7 in the Report section and on page 18

in the Corporate Governance section. The new segments also correspond to a new legal structure and new internal reporting (management approach). General Group costs that cannot be assigned are shown separately. Transactions between the segments are conducted at arm's length.

1.1 Segment report by division

1,000 CHF	Infranor Division		Cybelec Division		Others		Total Group	
	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07
Order intake	47,935	48,898	26,903	29,353			74,838	78,251
Change versus previous year as %	- 2,0 %		- 8,3 %				- 4,4 %	2,7 %
Orders on hand	8,866	8,882	5,536	6,700			14,402	15,582
Change versus previous year as %	- 0,2 %		- 17,4 %				- 7,6 %	7,5 %
Net sales	47,743	47,078	27,821	24,209			75,564	71,287
between divisions	208	241	596	681	- 804	- 922	0	0
Change versus previous year as %	1,4 %		14,9 %				6,0 %	13,7 %
Operating expenses	- 43,532	- 42,880	- 24,142	- 21,717	- 918	- 887	- 68,592	- 65,484
EBITDA	4,211	4,198	3,679	2,492	- 918	- 887	6,972	5,803
as % of sales	8,8 %	8,9 %	13,2 %	10,3 %			9,2 %	8,1 %
Depreciation	- 1,004	- 877	- 442	- 410	- 124	14	- 1,570	- 1,273
EBIT	3,207	3,321	3,237	2,082	- 1,042	- 873	5,402	4,530
as % of sales	6,7 %	7,1 %	11,6 %	8,6 %			7,1 %	6,4 %
Financial result							- 1,709	- 1,319
Income taxes							- 903	- 1,009
Net profit							2,790	2,202
Number of employees	211	211	81	80	7	7	299	298
EBIT/employee (1,000 CHF)	15	16	40	26	- 149	- 125	18	15
Total assets	31,038	30,827	16,843	16,415	367	323	48,248	47,565
Total liabilities	- 22,402	- 17,192	- 7,868	- 7,704	- 3,945	- 14,941	- 34,215	- 39,837
Assets net	8,636	13,635	8,975	8,711	- 3,578	- 14,618	14,033	7,728
Investments in property, plant and equipment	1,869	1,042	389	215	150	25	2,408	1,282
Investments in intangible assets	373	96	155	312	422	86	950	494
Total investments	2,242	1,138	544	527	572	111	3,358	1,776
Depreciation of property, plant and equipment	- 830	- 723	- 165	- 160	- 130	- 20	- 1,125	- 903
Amortization of intangible assets	- 174	- 154	- 277	- 249	6	33	- 445	- 370
Total depreciation and amortization	- 1,004	- 877	- 442	- 409	- 124	13	- 1,570	- 1,273

1.2. Segment report by region

1,000 CHF	Net sales		Non current assets		Gross investments		Number of employees	
	according to beneficiary		by service provider		by service provider		by service provider	
	07/08	06/07	07/08	06/07	07/08	06/07	07/08	06/07
Europe/Middle East/Africa	62,645	58,801	8,588	6,924	3,261	1,642	249	252
North and South America	6,528	7,209	98	46	86	5	23	25
Asia/Pacific	6,391	5,277	102	160	11	129	27	21
Total	75,564	71,287	8,788	7,130	3,358	1,776	299	298

2. Consolidation principles and accounting policies

General

The Infranor Group is active in the automation industry. The parent company, Infranor Inter AG, has its headquarters in Zurich (Switzerland). The business activities of the Infranor Group mainly consist of the development, production and global sales of high-quality automation components and solutions. The Group earns more than half of its revenue in the EU.

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Basis for preparing the Group's financial statements

The financial statements of the Infranor Group were prepared as of April 30, 2008, in accordance with International Financial Reporting Standards (IFRS), always on the basis of historical costs unless the following notes on consolidation principles and accounting policies state otherwise. Information required under the Swiss Code of Obligations has also been provided.

The annual financial statements are presented in Swiss francs (1,000 CHF). However, the majority of the Group's transactions are conducted in euros.

Change in accounting principles

The Infranor Group applies the new and changed IFRS/IAS standards and interpretations that came into force on January 1, 2007. Use has been made of IFRS 8, Operative Segments, although it is not yet in force.

IFRS 7, Financial Instruments, Disclosures:

This standard regulates the disclosure of financial instruments and supersedes the previous disclosure regulations of IAS 30 and IAS 32. The disclosure regulations in IFRS 7 contain qualitative and quantitative information about risks from financial instruments, particularly credit, liquidity and market risks. Information about financial instruments stated in the appendix has been expanded according to the new standard.

IFRS 8, Operative Segments:

For the first time, the Group divided up its business activities for the 2007/08 business year into two segments, and it has also decided to use the new standard that supersedes IAS 14 before it officially comes into force. The segment information on page 36 has been shown in accordance with the new regulations. The previous years' figures have been adapted to the new presentation format.

- IAS 1 Amendments to IAS (revised): Disclosure of financial statement
- IFRIC 8 Application area of IFRS 2 Share-based compensation
- IFRIC 9 Reassessment of embedded derivatives
- IFRIC 10 Interim reporting and impairment of assets
- IFRIC 11 Intragroup transactions and treasury stock in accordance with IFRS 2

The above-mentioned standards and interpretations did not lead to adjustments of the Group's accounting and valuation methods, but they did lead to additional disclosures. They have not affected the 2007/08 year under review.

Notes to the Consolidated Financial Statements

At the point in time when these consolidated financial statements were released, the following IFRS/IAS standards and interpretations had been approved but were not yet in force, nor were they being used before they came into force:

- IAS 1 Revised financial statement (effective January 1, 2009)
- IAS 23 Activation of liability costs, revised (effective January 1, 2009)
- IFRS 2 Stock-based compensation, revised (effective January 1, 2009)
- IFRS 3 Business combinations, revised (effective July 1, 2009)
- IFRS 27 Company statements and separate individual statements, revised (effective July 1, 2009)
- IFRIC 12 Service concession arrangements (effective January 1, 2008)
- IFRIC 13 Customer bonding programs (effective July 1, 2008)
- IFRIC 14 Limitation of a performance-oriented asset, minimum financing regulations and the interaction thereof (effective January 1, 2008)
- Improvements to IFRS 2008 (effective January 1, 2009)

It is management's opinion that drawing up the financial statements on the basis of these IFRS/IAS standards and interpretations starting with the 2008/09 financial year will not significantly influence the Group's consolidated financial statements.

Basis of consolidation

The consolidated financial statements – consisting of the balance sheet, income statement, cash flow statement, statement of changes in equity, and appendix – are based on the audited annual financial statements of the companies that fall within the scope of consolidation. The consolidated financial statements are prepared from the annual financial statements of the individual companies, which comply with local regulations and practices in accordance with International Financial Reporting Standards (IFRS) by applying uniform Group-wide consolidation principles and accounting policies.

Consolidation principles

The consolidated financial statements of the Infranor Group cover all companies in which the Group directly or indirectly holds more than 50 percent of the voting rights or over which the Group exercises significant influence in some other way. Newly acquired companies are consolidated from the date of their acquisition. The results of companies that have been sold are recognised until the date of sale. Companies in which the Group holds more than 20 percent but not more than 50 percent of the voting rights are accounted for under the equity method provided the Group does not exercise significant influence in some other way. The proportionate equity and the proportionate profit/loss for the period are stated in the consolidated financial statements even if the proportionate equity exceeds the historical cost.

Holdings in excess of 50 percent are consolidated by the purchase method applied in the UK and the USA. The assets and liabilities of newly acquired companies are stated at fair value at the time of acquisition. Minority interests show the minorities' share of total assets less liabilities.

All transactions and balances between the consolidated companies are eliminated during the course of consolidation. Intragroup profits generated from internal transactions are eliminated.

Companies included in the consolidation

The only change to the scope of consolidation in the 2007/08 financial year was the divestiture of the Swiss company Violet-Indim SA, which was merged when consolidation took place. The companies were legally reorganised as of April 30, 2008, in accordance with the newly created segments. All companies in the Infranor Division are now subsidiaries of Infranor Holding SA, Coppet. There were no changes in the Cybelec Division.

The following companies were fully consolidated as of April 30, 2008:

Group companies listed by place of jurisdiction	Note	Purpose ⁵⁾		Share capital	Participation	Year founded
Infranor Inter AG, CH-Zurich	1	F	CHF	15,509,920	n/a	1987
ISA Management S.A., CH-Coppet		S	CHF	200,000	100 %	1986
Infranor Holding S.A., CH-Coppet	2	F, S	CHF	5,000,000	100 %	1941
Infranor S.A., CH-Coppet		E	CHF	500,000	100 %	1953
Infranor S.A.S., FR-Linas		E	EUR	38,250	100 %	1992
Infranor Electronics S.A.S., FR-Lourdes		P	EUR	37,000	100 %	2005
Infranor B.V., NL-Oud-Beijerland		E	EUR	100,000	100 %	2005
Infranor GmbH, DE-Hanau		E	EUR	100,000	100 %	1968
MESA Automation GmbH, DE-Berlin		P	EUR	100,000	100 %	1982
Infranor Ltd., UK-Crainleigh		E	GBP	200,000	100 %	1983
Infranor Spain S.L.U., ES-Badalona		E	EUR	150,000	100 %	2006
Infranor Asia Ltd., CH-Zurich		E	CHF	300,000	100 %	2005
Infranor Holdings USA, Inc., USA-Dover DE		F	USD	1,620	100 %	2001
Infranor, Inc., USA-Wilmington, MA	3	E	USD	331,000	100 %	1982
Automotion, Inc., USA-Ann Arbor, MI	4	P	USD	1,053,070	100 %	1983
Mavilor Motors S.A., ES-Sta. Perpetua de Mogoda		P	EUR	135,000	100 %	1973
ISA Innovations S.A., CH-Coppet		S	CHF	50,000	100 %	1980
Violet-Indim Sarl, FR-Lourdes		F	EUR	8,000	100 %	2000
Cybelec S.A., CH-Yverdon-les-Bains		P	CHF	250,000	100 %	1970
Cybelec S.r.l., IT-Cinisello Balsamo		E	EUR	100,000	100 %	2004
Cybelec Numerical Control Technology (Shanghai) Co. Ltd., CN-Shanghai		P	CNY	1,304,400	100 %	2006

¹ The share capital increased by 2.65 million CHF to 15.51 million CHF during 2007/08 due to conversion of bonds.

² The share capital was increased by 3.91 million CHF to 5.00 million CHF by means of contributions in kind. Violet Indim SA, Fribourg was absorbed by means of amalgamation.

³ The share capital was increased by 0.33 million USD to 0,33 million USD

⁴ The share capital was increased by 0.59 million USD to 1,05 million USD

⁵ E = Engineering and sales

P = Production, development and sales

F = Finance

S = Services

Notes to the Consolidated Financial Statements

Financial risk management

Financial risk management takes place within the Infranor Group in accordance with the principles and guidelines laid down by management. These regulate the hedging of exchange-rate, interest, market, credit and liquidity risks. There are also guidelines for managing liquid assets and obtaining loans. Risk management is aimed at minimising potential negative effects on the financial situation.

Market risks

The Group is exposed to market risks, mainly in the form of interest-rate and foreign-currency risks as well as credit risks due to third parties not meeting obligations. The Board of Directors is responsible for monitoring the Group's internal management systems, which can manage but not eliminate all risk of unsuccessful transactions. These systems offer adequate but not total protection against errors and losses. Group Management is responsible for identifying and assessing significant risks for each Group company. In addition to adopting quantitative approaches and formal guidelines – which represent just one element of a comprehensive approach to risk management – Group Management attaches importance to building up and maintaining a suitable risk-management culture.

The Group's risk policy also includes protecting against risks through comprehensive and efficient insurance cover as well as through Infranor's broad spread of customers across various sectors of industry and geographical regions.

Foreign-currency translation

The consolidated accounts are prepared in Swiss francs (CHF). The items included in the financial statements of the individual Group companies are presented in the currency of the primary economic environment in which the respective company operates (functional currency). The income statements of foreign companies are translated into Swiss francs at the average exchange rates.

The balance sheets of subsidiaries are translated at the exchange rates that apply on 30 April, using the closing date method. The resulting translation differences are taken to equity and are recognised in the income statement only if and when the subsidiaries are deconsolidated.

Foreign-currency transactions at Group companies are recorded at the exchange rates ruling on the date of the transaction. Gains and losses from such transactions and from the translation of foreign-currency assets and liabilities are taken to the income statement, with the carrying amounts in the balance sheet being translated at the exchange rate ruling at year-end. Foreign-exchange differences on Group loans to a foreign company which are seen as part of the investment are recognised in consolidated equity.

The following exchange rates were used:

CHF	Year-end rates			Average rates	
	for the balance sheet			for the year for the	
				income statement	
		30.04.08	30.04.07	07/08	06/07
USA	USD	1.0478	1.2151	1.1330	1.2260
Europe	EUR	1.6200	1.6527	1.6350	1.5960
UK	GBP	2.0694	2.4292	2.2790	2.3580
China	CNY	0.1501	0.1576	0.1540	0.1560

Financial instruments

The financial instruments used are entered in the balance sheet on the trading date. Derivative financial instruments are stated in the balance sheet at fair value in accordance with IAS 39. The Group occasionally uses forward exchange contracts. Forward exchange transactions are concluded for the purpose of hedging a current contract or an amount due from a customer in a foreign currency (fair value hedge). In this case, each of the changes in the fair value of the hedging instrument and the hedged item are taken to income, bearing in mind deferred taxes, and the fair values are stated on the balance sheet with the hedged item. Ultimately, the changes in the fair value of the hedging instrument and the hedged item offset each other on the income statement. The classification of the financial instruments is described in the following note. Financial instruments include in particular bank deposits, trade accounts receivable and payable, and interest-bearing liabilities. The majority are quoted in Swiss francs and euros. The bank deposits and the trade accounts receivable and payable are mostly carried at fair value. The fair value of the two subordinate financial instruments was calculated as follows:

The convertible bond was valued at the respective final exchange rate before the balance sheet date. The collateralised debt obligation was discounted down because of increased interest rates with an interest difference of 1.5 percent for 2007/08 and 0.75 percent for 2006/07.

Financial instruments

Financial instruments assets

	Recognized fair value	Cash, credit and receivables	Book value	Fair value
The financial instruments of the Group are divided up into the following categories:	designated during registration			
1,000 CHF				
30th April 2008				
Cash		3,817	3,817	3,817
Cash equivalents, securities, financial instruments	55	14	69	69
Trade accounts receivable		18,013	18,013	18,013
Other receivables		1,444	1,444	1,444
Financial assets		22	22	22
Total 30th April 2008	55	23,310	23,365	23,365
30th April 2007				
Cash		3,199	3,199	3,199
Cash equivalents, securities, financial instruments		1,318	1,318	1,318
Trade accounts receivable		17,276	17,276	17,276
Other receivables		937	937	937
Financial assets		22	22	22
Total 30th April 2007		22,752	22,752	22,752

Financial instruments liabilities

	Recognized fair value	Cash, credit and receivables	Book value	Fair value
The financial instruments of the Group are divided up into the following categories:	designated during registration			
1,000 CHF				
30th April 2008				
Current financial liabilities	2	5,127	5,129	5,129
Trade accounts payable		7,080	7,080	7,080
Other current liabilities		803	803	803
Accruals and deferred income		4,694	4,694	4,694
Non-current financial liabilities		1,122	1,122	1,122
Subordinated convertible bond 2002–09		3,329	3,329	3,684
Subordinated CDO 2006–13		8,136	8,136	7,630
Total 30th April 2008	2	30,291	30,293	30,142
30th April 2007				
Current financial liabilities		6,154	6,154	6,154
Trade accounts payable		8,439	8,439	8,439
Other current liabilities		850	850	850
Accruals and deferred income		3,658	3,658	3,658
Non-current financial liabilities		1,151	1,151	1,151
Subordinated convertible bond 2002–09		8,464	8,464	9,506
Subordinated CDO 2006–13		8,105	8,105	7,910
Total 30th April 2007		36,821	36,821	37,668

Notes to the Consolidated Financial Statements

Liquidity risks

Group companies require adequate liquid assets for meeting their financial obligations. The Group's management company is responsible for obtaining short-term and long-term loans and managing the liquidity that is not necessary for operations. At the balance sheet date, the situation with regard to available liquidity was as follows:

Liquidity reserves and credit limits

1,000 CHF	30.04.08	30.04.07
Cash and cash equivalents	3,886	4,517
Credit limits	19,210	20,055
./ Use of credit limits	- 4,755	- 5,832
Total liquidity reserves and unused credit limits	18,341	18,740

Sufficient assets for normal business operations are available in the form of the PULS CDO 2006-1 subordinate collateralised debt obligation with term until mid-2013, with credit limits provided by CREDIT SUISSE and the Zurich Cantonal Banks and local financial institutions. In the event of a major acquisition or extraordinary investment, additional financing using borrowings and equity would be taken into consideration.

Financial liability payments

The following table contains a summary of the due dates of financial liabilities. Further details about interest-bearing financial liabilities can be found in Note 11.

Financial liability payment dates in the year under review

1,000 CHF	Book values 30.04.08	Outflow of funds including interest			
		Total 30.04.08	Less than 1 year	Between 2 and 5 years	More than 5 years
Current interest-yielding financial liabilities	5,049	5,287	5,287	0	0
Non-interest-yielding financial liabilities	80	80	80	0	0
Trade accounts payable	7,080	7,080	7,080	0	0
Other current liabilities	920	920	920	0	0
Accruals and deferred income	5,121	4,694	4,694	0	0
Non-current interest-yielding financial liabilities	1,032	1,174	0	1,174	0
Subordinated non-current interest-yielding financial liabilities	11,465	15,038	769	5,843	8,426
Non-interest-yielding financial liabilities	90	90	0	90	0
Total	30,837	34,363	18,830	7,107	8,426

Financial liability payment dates in the previous year

1,000 CHF	Book values 30.04.07	Outflow of funds including interest			
		Total 30.04.07	Less than 1 year	Between 2 and 5 years	More than 5 years
Current interest-yielding financial liabilities	6,084	6,313	6,313	0	0
Non-interest-yielding financial liabilities	70	70	70	0	0
Trade accounts payable	8,439	8,439	8,439	0	0
Other current liabilities	871	871	871	0	0
Accruals and deferred income	3,975	3,658	3,658	0	0
Non-current interest-yielding financial liabilities	981	1,088	0	1,088	0
Subordinated non-current interest-yielding financial liabilities	16,569	21,864	1,036	11,799	9,029
Non-interest-yielding financial liabilities	170	170	0	170	0
Total	37,159	42,473	20,387	13,057	9,029

Interest-rate risks

Interest-rate risks result from changes in interest rates, which affect the Group's assets and income situation. Changes in interest rates lead to changes to the interest-related income and expense for interest-bearing assets and liabilities. Interest management takes place in a central location within the Infranor Group. The Infranor Group does not have any major interest-bearing assets. Thus the effect of changes in interest rates on interest income is minimal. The effect of changes in interest rates on interest expenditure is more significant. On the balance sheet date of April 30, 2008, interest-bearing liabilities were 17.60 million CHF (previous year: 23.60 million CHF), and the average interest rate for CHF, Euro and US dollar financing was 5.72 percent (previous year: 4.48 percent). The interest-rate risk at the Infranor Group is therefore primarily in long-term interest-bearing liabilities. In most cases, the Group has concluded long-term contracts at fixed interest rates in order to minimise the risk of changes in interest rates. Interest is currently paid on the remainder of its non-current financial liabilities at money-market rates. The Group reviews the interest-rate situation and hedging opportunities on a regular basis. No derivatives are used for the purpose of hedging interest-rate risks.

The following table shows the sensitivity of post-tax profits and other equity components to potential interest-rate changes in the CHF, euro and US dollar areas (assuming that all other variables are constant).

Currency	Increase / Decrease	Effect on profit	Effect on other components of shareholders' equity
	Exchange Rate	after taxes (1,000 CHF)	(1,000 CHF)
		07/08	06/07
CHF	+50 bp	39	56
	-50 bp	- 39	- 56
EUR	+50 bp	3	6
	-50 bp	- 3	- 6
USD	+50 bp	0	- 2
	-50 bp	0	2

Exchange-rate risks

The Infranor Group operates on a worldwide basis and is therefore subjected to exchange-rate fluctuations, which affect reporting in Swiss francs. The Group sells products and services in foreign currencies and is therefore exposed to fluctuations in foreign exchange rates. The largest percentage of sales is generated in the European Union in euros, while a further significant percentage is generated in Swiss francs. Exchange-rate risks are monitored continuously and, if necessary, hedged using forward contracts, swaps or currency options. Certain investments in foreign Group companies are hedged by appropriate bank loans in the same currency. Exchange-rate risks arising from intra-company loans are occasionally hedged by means of forward exchange contracts.

The Infranor Group is subject above all to exchange-rate risks with regard to the euro and the US dollar. The following table shows the sensitivity of post-tax profits and other equity components to potential changes in interest rates associated with the euro and US dollar (assuming that all other variables are constant).

Currency	Increase / Decrease	Effect on profit	Effect on other components of shareholders' equity
	Exchange Rate	after taxes (1,000 CHF)	equity (1,000 CHF)
		07/08	06/07
EUR	+ 3 %	133	102
	- 3 %	- 133	- 102
USD	+ 8 %	6	121
	- 8 %	- 6	- 121

Credit risks

Credit risks result from the possibility that the other party to a transaction is incapable or unwilling to meet its obligations, causing financial damage to the Group. There is no large concentration of risk relating to trade accounts receivable. In order to minimise credit risks, local management agrees to additional collateral (e.g. irrevocably confirmed credits, bank guarantees, trade indemnity insurance etc.) where this is deemed appropriate on the basis of specific sector/country and customer analyses. As far as trade accounts receivable are concerned, active risk management is performed in the form of continuous monitoring and checking of the credit risks.

The credit risks of other financial assets are monitored by means of exclusive collaboration with top-class financial institutions. As of April 30, 2008, 0.61 million CHF / 16.0 percent of cash is deposited with a single credit institution (previous year: 1.30 million CHF / 40 percent). This institution has first-class creditworthiness and

Notes to the Consolidated Financial Statements

many years of experience.

Capital management

The capital of the Infranor Group is managed with regard to guaranteeing the continuity of operating activities, achieving growth targets, achieving an appropriate return for shareholders, and optimising the capital structure in order to reduce capital costs. The capital structure can be influenced by changes in dividend payments, making capital repayments, increasing capital, selling assets and repaying liabilities.

Like other companies, the Infranor Group monitors the capital structure on the basis of the level of net liability. Net liability is expressed in terms of a percentage of total capital. Net liability, which is lower compared to the previous year, is mainly attributable to the conversion of bonds into share capital.

Level of net indebtedness

1,000 CHF	30.04.08	30.04.07
Financial liabilities	6,252	7,305
Subordinated financial obligations	11 465	16,569
./. Cash and cash equivalents	- 3,886	- 4,517
Net indebtedness	13 831	19,357
Shareholders' equity	14 033	7,728
Total capital	27 864	22,568
Level of net indebtedness in %	49.6	85.8

Taking into consideration the remaining subordinated convertible bond, the financial equity is 36.0 percent (previous year: 34.0 percent).

Key assumptions and sources of uncertainty in estimates

- Accounting procedures require management to make certain estimates and assumptions that affect the amount of stated assets and liabilities as well as contingent assets and liabilities at the time the statements are prepared, but also income and expenses for the reporting period. Their estimates and assumptions are based on past experience and on various other factors deemed applicable in the given circumstances. Actual results may differ from these estimates.
- Assumptions and estimates are constantly monitored and adjusted whenever new information becomes available. Any changes are recognised in the income statement in the reporting period in which the estimate was adjusted. The most important assumptions are listed below but are also explained in the corresponding notes.

- Income is only recognised where, in the opinion of management, the relevant risks and benefits have been transferred to the customer. For certain transactions, this means that the payments received are accrued in the balance sheet and assigned to the income statement only once the contractual terms have been met. Based on the information available at the current point in time, management believes that the accruals and provisions that have been formed are appropriate.

- Other intangible fixed assets are reviewed annually, while assets in kind are reviewed if there are indications of impairment. To assess whether impairment has occurred, management estimations and valuations are conducted with regard to the expected future cash flows arising from the use and possible disposal of such assets.

- In determining the assets and liabilities from current and deferred income taxes, far-reaching estimates must be made. Some of these estimates are based on the interpretation of existing tax legislation and regulations. Management assesses the value of deferred tax claims annually on the basis of the tax gains that are anticipated in the future and is of the opinion that these estimates are fair and that adequate account has been taken of uncertainties with respect to income taxes in the stated assets and liabilities.

- At only a few Infranor Groups sites, employees are insured under retirement schemes that are classed as defined-benefit plans under IAS 19. Calculation of the stated accruals and liabilities in relation to these plans in accordance with IFRS is based on statistical and actuarial calculations. Discrepancies in relation to the actuaries' assumptions, which have been agreed with Management, may have an influence on the stated accruals and liabilities from employee retirement schemes in future reporting periods.

- A number of Group companies are involved in legal disputes. Management has conducted an assessment of the possible consequences of these legal cases on the basis of the information currently available and taken due account of them on the balance sheet

Net sales

Revenue from product sales or service provision is recognised at the time the products are delivered or the services are provided, less sales deductions and value added taxes.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, postal giro account and bank deposits as well as amounts due from money-market transactions maturing in up to 3 months.

Trade accounts receivable

Trade receivables are carried in the balance sheet at face value. The necessary provisions are recognised for doubtful debts.

Inventories and work in progress

Purchased goods and products manufactured in-house are recognised at cost. Manufacturing cost includes the cost of the components, all specific production costs (actual costs) plus an appropriate allocation of production overhead and production-related depreciation and amortisation. A write-down is charged if the net value realisable from the sale of an item is lower than the cost of inventories calculated in accordance with the methods described above.

Inventories are measured using the weighted average cost method. An additional write-down is charged for obsolete inventory items based on turnover frequency. Discounts received are recognised as a reduction in the purchase price.

Intragroup profits from internal deliveries are eliminated in the income statement.

Property, plant and equipment

Property, plant and equipment are evaluated at cost minus any necessary depreciation in accordance with the straight-line method over the following probable usage periods: buildings and installations, 20 to 25 years; machinery and tools, industrial plants, office furniture and equipment, 5 to 10 years; motor vehicles and IT equipment, 2 to 5 years.

Leases

Lease agreements for property, plant and equipment where both the risks and the rights incident to ownership are transferred to the Group (finance leases) are capitalised at present value at acquisition and written down over the aforementioned estimated useful lives. The corresponding liabilities are recognised under "Current financial liabilities" or "Non-current financial liabilities" depending on whether they fall due within or after 12 months. The cost of maintaining and repairing the property, plant and equipment is charged to the income statement if it does not add value.

Payments made under "Operating leasing" are charged directly to the income statement.

Intangible assets and goodwill

Before the switch to IFRS, goodwill arising on acquisitions was eliminated against equity. For the adoption of IFRS as per April 30, 2004, Infranor has decided not to apply IFRS 3, Business Combinations, retrospectively when accounting for goodwill.

The last acquisition, of Automotion, Inc., on December 1, 2000, on which Infranor effectively paid goodwill in the amount of 7.77 million CHF, was charged directly and in full to consolidated equity. The 1989 acquisition of Cybelec SA, on which goodwill in the amount of 13.83 million CHF was paid, was also charged directly to equity.

Research and development costs are, in principle, entered directly on the income statement. Provided that they fulfil the capital-asset criteria (in particular, the prospect of a net return is established), extensive services covering the development of new products are entered on the balance sheet at their purchase or production cost (without taking account of finance costs) and depreciated over their useful life up to a maximum of 7 years. Licences, trademarks and patents are amortised over 3 to 10 years, software over 2 to 5 years and product development over 2 to 5 years.

Impairment of assets

At least at each balance sheet date, the Group's assets are reviewed for impairment. If there are indications that an asset may be impaired, the recoverable value of the asset is calculated. An impairment charge is recognised if the current carrying value exceeds the recoverable value. The recoverable value is the higher of the estimated net selling price and value in use. To determine value in use, the present value of estimated future cash flows is calculated. The discount rate used for this is the average interest rate on capital in the country in which the asset is located, bearing in mind the specific risks to the asset.

Liabilities

At their first balancing of accounts, borrowings are stated at fair value less the transaction costs incurred, and for all subsequent periods they are measured using the amortised cost method. Differences between the cash inflow (after deduction of transaction costs) and the repayment amounts are recognised in the income statement using the effective interest rate method over the period during which the external funds are being drawn upon. Financial liabilities comprise borrowings on current accounts at banks, obligations under finance leases and all other financial debts. The face value of trade accounts payable is usually taken as their fair value.

Notes to the Consolidated Financial Statements

Convertible bond

When issuing convertible bonds, the fair value of the liability component is carried under the separate item "Subordinated bond" on the basis of a typical market interest rate for a comparable, non-convertible bond using the amortised cost method. The remainder of the cash inflow (equity component) is assigned to the option to convert and taken to equity. The value of the option to convert doesn't change in the subsequent reporting periods.

Collateralised Debt Obligation "PULS CDO 2006-1", 2006-13

On July 25, 2006, Infranor Holding SA, a subholding of Infranor Inter AG, issued a 7-year subordinated Swiss franc collateralised debt obligation (CDO) in the amount of 8.30 million CHF carrying a coupon of 7.26 percent; this was done within the scope of PULS CDO 2006-1, 2006-13, a collateralised debt obligation in the total amount of 260 million euros. Merrill Lynch, Germany, acted as arranger, and Capital Securities Group AG, Baar, acted as the portfolio manager. The new capital was used exclusively to repay bank loans of the Infranor Group, with the result that the Group's long-term financing is now guaranteed by this subordinated loan and the existing convertible bond.

Long-term provisions

Long-term provisions comprise pension obligations and other obligations towards employees plus liabilities which are uncertain, either in terms of their due date or their amount.

Income taxes

Provisions are provided for taxes incurred on business income irrespective of when such liabilities fall due for payment and bearing in mind any tax-deductible losses carried forward.

Deferred taxes

Deferred taxes are taxes for temporary differences between the values of assets and liabilities as recognised by the revenue authorities and the values as stated in the consolidated financial statements. Deferred taxes are calculated using the liability method on the basis of the local tax rate ruling at the balance sheet date. Deferred tax assets are calculated for all deductible temporary differences if it is likely that sufficient taxable income will be generated in the future. Deferred tax assets and liabilities are netted insofar as legal regulations permit offsetting. Changes in the amounts of deferred taxes are recognised as tax expense.

Provisions are not provided for taxes that would be incurred were Group companies to distribute retained earnings, except where a distribution can be expected in the foreseeable future or where it has been decided.

Earnings per share

Diluted earnings per share include the dilutive effect of the conditional share capital, which is drawn upon mainly as a result of the conversion of the bond.

Payments made to employees

In accordance with local laws and practices, the Group operates various benefit plans. These plans include both defined-benefit and defined-contribution plans.

The expense and present value of the benefit obligations for the material defined-benefit plans are determined based on different economic and demographic assumptions using the Projected Unit Credit Method. This takes into account insurance years up to the valuation date. The major assumptions involved in the calculation are expectations about future salary increases, return on pension assets, turnover and life expectancy.

Valuation of benefit obligations for material benefit plans is conducted annually by independent actuaries. The last valuation of the benefit obligations for the material benefit plans was carried out as per December 31, 2007, and was updated as of April 30, 2008. Valuation of pension assets is done annually, at market value.

Current benefit claims are recorded in the profit and loss account for the period in which they occurred. Retroactive improvements in benefits due to changes in the plan are recognised on the income statement using a straight-line method over the average period up until the reaching of the vesting date. As soon as deferred benefits become vested, these are immediately recognised on the income statement.

Actuarial gains and losses in the defined-benefit plans are recognised in the income statement as soon as they exceed the greater of the following two amounts: 10 percent of the present value of the defined-benefit obligation and 10 percent of the market value of the assets. The proportion that exceeds this amount will be amortised on a straight-line basis over the average remaining working life of the insured party.

The recognised asset will be limited to the present value of any economic benefits available in the form of reductions in future employer contributions to the plan.

The employer contributions to defined-contribution plans are recognised in the profit and loss account in the period in which they occur.

Employee stock option plan

From October 1, 1999, to April 30, 2007, options to purchase Infranor Inter AG bearer shares were sold to one senior employee of the Group and member of the Board of Directors. This option plan has expired and was not renewed.

The benefit consisted of options to purchase Infranor Inter shares at a predetermined price. Options were granted within the scope of this stock option plan. The last options were issued in the 2006/07 financial year. In order to hedge these liabilities and cover all potentially outstanding options, the Group purchased the necessary number of shares and holds these until the options expire or are exercised. No additional shares will be issued as part of this equity compensation plan.

The options' strike prices were determined at the grant date on the basis of the then current share price. The time value to be attached to the options is calculated by an actuary using the Black-Scholes formula. If share prices are lower during the exercise period, the options' strike prices are not adjusted. The options are subject to a three-year vesting period.

Transactions with related parties

Related parties (natural or legal) are defined as any party directly or indirectly able to exercise significant influence over the company or the Group as it makes financial or operating decisions. Companies which, in turn, are directly or indirectly controlled by related parties are also deemed to be related parties.

Off-balance sheet transactions

Off-balance sheet transactions comprise

- a) Contingent liabilities and pledged assets
- b) Other obligations not recognised on the balance sheets.

Contingent liabilities and obligations not recognised on the balance sheet include

- c) Guarantees (usually to creditor banks).
- b) Pledges in accordance with Section 663b. 2 of the Swiss Code of Obligations (as a rule, to creditor banks).
 - c) Guarantees such as purchase guarantees or commitments
- d) Operating leases (excluding interest expense).

Off-balance sheet transactions are measured as at the balance sheet date at year-end rates based on the agreements in place.

Explanatory notes on the consolidated financial statements

3. Impact of foreign currencies on the balance sheet

Change as against the previous year	30.04.08	30.04.07
Current assets	- 2,4 %	2,7 %
Fixed assets	- 1,6 %	3,5 %
Current liabilities	- 1,7 %	3,3 %

4. Cash, cash equivalents and marketable securities

4.1 Cash by currency

1,000 CHF	30.04.08	30.04.07
CHF	2,220	1,281
EUR	870	920
USD	195	433
Other currencies (GBP, CNY)	532	565
Total cash	3,817	3,199

The actual yield on current accounts with banks and cash and cash-equivalent holdings is the variable overnight rate paid by the banks on customer deposits in the respective currencies.

4.2 Cash equivalents and marketable securities

1,000 CHF	30.04.08	30.04.07
Checks, bills	14	0
Receivables from derivative financial instruments	55	0
Time deposits 3–12 months	0	1,318
Total marketable securities	69	1,318

5. Trade accounts receivable

1,000 CHF	30.04.08	30.04.07
Total trade accounts receivable (gross)	18,868	17,992
Bad debt allowances	- 855	- 716
Total trade accounts receivable (net)	18,013	17,276

Notes to the Consolidated Financial Statements

As of April 30, 2008, receivables totalling 0.66 million CHF (previous year: 1.22 million CHF) were pledged with banks as loan collateral.

Trade accounts receivable are normally due within 30 to 120 days; in principle they are interest-free and unsecured. The risk of default is taken into account in the corresponding value adjustments.

5.1 Age structure of trade accounts receivable

1,000 CHF	30.04.08	30.04.07
Not due	10,496	11,607
Overdue by up to 1 month	4,156	3,023
Overdue by between 1 and 3 months	3,220	2,032
Overdue by between 3 and 6 months	293	442
Overdue by between 6 and 12 months	323	684
Overdue by more than 12 months	380	204
Total trade accounts receivable	18,868	17,992
Bad debt allowances	- 855	- 716
Total net trade accounts receivable	18,013	17,276

5.2 Change to valuation allowance for doubtful receivables

1,000 CHF	Total	Total
	07/08	06/07
As at 1.5.	716	729
Used valuation allowance	- 97	- 52
Released valuation allowance	- 4	- 13
Formed valuation allowance	250	35
Currency translation differences	- 10	17
As at 30.4.	855	716

5.3 Trade accounts receivable by currency

1,000 CHF	30.04.08	30.04.07
CHF	3,463	2,799
EUR	13,524	13,547
USD	1,146	1,051
GBP	241	418
CYN	494	177
Total trade accounts receivable	18,868	17,992

6. Other receivables

1,000 CHF	30.04.08	30.04.07
Prior tax charges, withholding taxes	1,127	693
Income tax receivables	37	61
Advance payments to suppliers	24	106
Other receivables	292	138
Total	1,480	998

7. Inventories

1,000 CHF	30.04.08	30.04.07
Raw materials and supplies	7,424	8,483
Semi-finished products and work in progress	2,933	2,540
Finished products	4,597	5,140
Inventories (gross)	14,954	16,163
Valuation allowance	- 1,304	- 1,233
Inventories (net)	13,650	14,930

Obsolete parts with a total value of around 0.17 million CHF (previous year: 0.93 million CHF) were scrapped, as a result of which the gross carrying value and the relevant valuation allowance fell by the same amount as of April 30, 2008.

8. Property, plant and equipment

8.1 Property, plant and equipment in the year under review

1,000 CHF	Land, buildings/ installations	Machinery/ tools	IT hardware	Industrial plant	Office furniture and equipment	Motor vehicles	Total 07/08
Cost							
As at 1.5.	1,596	12,341	1,680	2,817	1,360	539	20,333
Additions	285	1,288	205	369	133	128	2,408
Disposals		– 98	– 132	– 6	– 117	– 27	– 380
Reclassification/addition			34		– 34		0
Currency translation differences	– 32	– 238	– 35	– 59	– 32	– 7	– 403
As at 30.4.	1,849	13,293	1,752	3,121	1,310	633	21,958
Accumulated depreciation							
As at 1.5.	– 560	– 10,014	– 1,425	– 1,811	– 1,129	– 270	– 15,209
Depreciation	– 111	– 453	– 187	– 178	– 74	– 122	– 1,125
Disposals		71	132	6	115	27	351
Reclassification/addition		1	– 30	– 1	31	0	1
Currency translation differences	12	195	33	41	27	– 1	307
As at 30.4.	– 659	– 10,200	– 1,477	– 1,943	– 1,030	– 366	– 15,675
Net carrying values 30.4.08	1,190	3,093	275	1,178	280	267	6,283
Net carrying values 1.5.07	1,036	2,327	255	1,006	231	269	5,124
of which finance leases	801	1,144	0	0	53	108	2,106
Insured values							9,825

8.2 Property, plant and equipment in the previous year

1,000 CHF	Land, buildings/ installations	Machinery/ tools	IT hardware	Industrial plant	Office furniture and equipment	Motor vehicles	Total 06/07
Cost							
As at 1.5.	1,561	11,251	1,583	2,523	1,384	490	18,792
Additions	31	681	158	183	45	184	1,282
Disposals	– 76	– 114	– 108	– 16	– 100	– 146	– 560
Currency translation differences	80	523	47	127	31	11	819
As at 30.4.	1,596	12,341	1,680	2,817	1,360	539	20,333
Accumulated depreciation							
As at 1.5.	– 515	– 9,354	– 1,328	– 1,576	– 1,125	– 295	– 14,193
Depreciation	– 93	– 334	– 152	– 156	– 73	– 95	– 903
Disposals	76	114	96	5	96	129	516
Reclassification/addition			3		– 3		0
Currency translation differences	– 28	– 440	– 44	– 84	– 24	– 9	– 629
As at 30.4.	– 560	– 10,014	– 1,425	– 1,811	– 1,129	– 270	– 15,209
Net carrying values 30.4.07	1,036	2,327	255	1,006	231	269	5,124
Net carrying values 1.5.06	1,046	1,897	255	947	259	195	4,599
of which finance leases	880	678	24	105	15	96	1,798
Insured values							10,015

Notes to the Consolidated Financial Statements

As at the balance sheet date there were no indications of possible impairment of property, plant and equipment. The property, plant and equipment which were financed by means of finance leasing concern on the one hand the factory building in Lourdes, France, and on the other hand the machinery and annex to the factory building in Spain.

All leasing agreements include an option to buy at the calculatory residual value, which is usually zero.

The lessor has not imposed any restrictions or conditions.

9. Intangible assets

9.1 Intangible assets in the year under review

1,000 CHF	Business software	Own Product development	Trade-marks, patents, other	Total 07/08
Cost				
As at 1.5.	1,158	1,482	75	2,715
Additions	514	400	36	950
Disposals	- 9			- 9
Reclassification/addition		171		171
Currency translation				
differences	- 13	- 6		- 19
As at 30.4.	1,650	2,047	111	3,808
Accumulated amortisation				
As at 1.5.	- 464	- 242	- 3	- 709
Amortisation	- 204	- 236	- 5	- 445
Disposals	9			9
Reclassification/addition	- 1	- 171		- 172
Currency translation				
differences	12	2		14
As at 30.4.	- 648	- 647	- 8	- 1,303
Net carrying values				
30.04.08	1,002	1,400	103	2,505
30.04.07	694	1,240	72	2,006

9.2 Intangible assets in the previous year

1,000 CHF	Business software	Own Product development	Trade-marks, patents, other	Total 06/07
Cost				
As at 1.5.	1,020	1,316	9	2,345
Additions	268	151	75	494
Disposals	- 135		- 9	- 144
Currency translation				
differences	5	15		20
As at 30.4.	1,158	1,482	75	2,715
Accumulated amortisation				
As at 1.5.	- 428	- 38	- 9	- 475
Amortisation	- 166	- 201	- 3	- 370
Disposals	135		9	144
Currency translation				
differences	- 5	- 3		- 8
As at 30.4.	- 464	- 242	- 3	- 709
Net carrying values				
30.04.07	694	1,240	72	2,006
30.04.06	592	1,278	0	1,870

As at the balance sheet date there were no indications of possible impairment of intangible assets.

The business software comprises company-specific or commonly used systems such as ERP, CRM, financial and Internet applications.

The product development and launch costs refer solely to self-developed new products namely new products from Cybelec SA (FASTware), Mavilor Motors SA (project name NovaGamma) as well as Infranor Electronics SAS (project name GemDriver), for which supply agreements have already been signed.

Trademark rights are purchased product trademarks which continue to be registered in the leading industrialised nations. Licences and patents concern purchased marketing rights for complementary third-party products and purchased patents for motion automation products. Trademark rights and marketing licences developed within the business are not capitalised.

10. Income taxes

10.1 Income taxes

Income taxes debited against the financial statements

1,000 CHF	07/08	06/07
Current income tax expenditure	1,266	962
Adjustments for income taxes relating to		
a different accounting period	- 41	- 53
Deferred income tax expenditure/income	- 322	100
Income taxes debited against financial statements	903	1,009

Neither in the year under review nor the previous year were income taxes debited or credited to share capital.

Reconciliation of the group's effective tax rate

1,000 CHF	07/08	06/07
Profit before taxes	3,693	3,211
Expected income tax rate	30,3 %	31,6 %
Income taxes calculated using		
the theoretically applicable tax rate	1,119	1,013
Tax effect of tax-exempt income	- 25	- 37
Tax effect of non-tax-deductible expenditures	71	90
Tax effect of income taxed at other rates	27	76
Tax effect of non-refundable withholding taxes	21	80
Value adjustments of deferred taxes capitalised		
to date on tax losses carried forward		
or temporary discrepancies	0	102
Subsequent capitalisation of unreported deferred taxes on tax losses carried forward or temporary discrepancies	- 261	- 234
Expiry of tax losses carried forward on which deferred taxes were capitalised	162	299
Tax losses in the current year for which no deferred taxes are capitalised	- 210	- 186
Changes in the tax rate	33	- 112
Subsequent tax charges		
/tax relief for previous years	- 41	- 53
Other	7	- 29
Total	903	1,009
Effective income tax rate	24,5 %	31,4 %

The anticipated income tax rate is a weighted average that takes into account the probable rates at which profits of the individual Group companies will be taxed in the respective tax jurisdictions.

10.2 Composition of the deferred tax assets and liabilities

Deferred tax assets

1,000 CHF	07/08	06/07
Property, plant and equipment	183	0
Other fixed assets	0	232
Current assets	499	422
Provisions	276	334
Payables	96	115
Subtotal	1,054	1,103

thereof not recognized	0	- 129
Losses carried forward/Tax credits	669	463
Total deferred tax assets	1,723	1,437

Deferred tax liabilities

1,000 CHF	07/08	06/07
Other fixed assets	22	0
Current assets	416	399
Provisions	33	0
Liabilities	16	17
Total deferred tax liabilities	487	416

of which recognized in the balance sheet as:

Deferred tax liabilities	- 487	- 416
Deferred tax assets	1,723	1,437
Net deferred tax assets	1,236	1,021

It is not expected that distributions by the Group and affiliated companies will generate appreciable additional tax liabilities. The Infranor Group does not make provision for taxes on possible future distributions of profits retained by Group companies as these amounts are treated as permanently reinvested.

10.3 Tax losses and tax credits brought forward

As of April 30, 2008, individual subsidiaries had brought forward off-balance sheet tax losses totalling 10.04 million CHF (restated previous year: 9.58 million CHF) that can be set off against taxable earnings in future financial years. In this respect, deferred tax assets are taken into account only insofar as it is probable that the associated tax credits can be realised.

Notes to the Consolidated Financial Statements

These will expire on the following dates:

Tax losses / tax credits for which no deferred taxes are capitalised		
1,000 CHF	07/08	06/07
Expire in 1 year	312	0
Expire in 2–3 years	680	727
Expire in 4–7 years	727	276
Expire in more than 7 years	2,721	2,274
Imprescriptible	5,597	6,299
Total	10,037	9,576

11. Financial liabilities

11.1 Current financial liabilities

1,000 CHF	30.04.08	30.04.07
Banks overdrafts	2,409	2,697
Bank loans, falling due within one year	2,216	3,069
Total current liabilities due to banks	4,625	5,766
Liabilities from		
derivative financial instruments	2	0
Loans from government institutions	129	116
Obligations under finance leases, falling due within one year	373	272
Total current interest-bearing liabilities	5,129	6,154

The reduction in financial liabilities can be attributed to increased internal financing (cash flow and use of liquidity).

Current liabilities due to banks by currency with average interest rates

1,000 CHF	30.04.08	Effective interest rates	30.04.07	Effective interest rates
CHF	1,494	4,81 %	1,782	4,69 %
EUR	3,049	6,17 %	3,843	4,55 %
USD	82	5,85 %	0	n/a
GBP	0	n/a	141	8,00 %
Total	4,625	5,72 %	5,766	4,48 %

The following loan covenants have been agreed to with the leading banks CREDIT SUISSE and Zurich Cantonal Bank, including a pari passu clause pertaining to all Swiss banks:

- Equity ratio of at least 40 percent (shareholders' equity + subordinated borrowings – intangible assets) / (balance sheet total – intangible assets). The calculation takes place at quarterly intervals.

- Interest coverage factor at least 4.0 x:

EBIT for the previous 4 quarters / (gross interest on senior debt for the previous 4 quarters) without interest expense on subordinated borrowings for the previous 4 quarters. The calculation takes place at quarterly intervals.

- Senior indebtedness factor of 2.0 x:

(current financial liabilities + long-term bank liabilities + other long-term financial liabilities [without subordinated borrowings] – cash or cash equivalents) / EBITDA for the previous 4 quarters. The calculation takes place at quarterly intervals.

- The loans are not available for any active loans made by the Infranor Group to the Perrot Duval Group.

As of April 30, 2008, the applicable covenants had been complied with in full. All Swiss banks have received a joint security from Infranor Inter AG to the amount of the said credit limit.

Loan agreements with foreign banks are on the basis of assignments of individual accounts receivable and of unsecured loans guaranteed by Infranor Inter Ltd.

11.2 Non-current financial liabilities

1,000 CHF	30.04.08	30.04.07
Long-term bank loans (1–5 years)	0	66
Total long-term bank liabilities	0	66
Loans from government institutions (1–5 years)	146	281
Obligations under finance leases (1–5 years)	977	804
Total long-term interest-bearing liabilities	1,123	1,151

For information on covenants, please refer to Note 11.1. The effective interest rate on the long-term bank liabilities in euros for the countervalue of 0.06 million CHF was 4.30 percent in the previous year.

Obligations from finance leasing

1,000 CHF	30.04.08	30.04.07
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(nominal), due for payment:

– in one year	423	308
– in 2–5 years	1,035	867

Total nominal value	1,458	1,175
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./. future financial expenses	– 108	– 99
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Total cash value of minimum leasing obligations	1,350	1,076
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Balancing according to due date:

– up to one year (in short-term interest-bearing liabilities)	373	272
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– 2–5 years (in long-term interest-bearing liabilities)	977	804
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Total cash value of minimum leasing obligations	1,350	1,076
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The obligations under finance leases contain mainly the factory plant of Infranor Electronics SAS in Lourdes and the production machinery of Mavilor Motors SA in Barcelona.

11.3 Subordinated convertible bond

1,000 CHF	30.04.08	30.04.07
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Par value of subordinated convertible bond

at issue date	9,000	9,000
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./. Share of equity portion	– 33	– 123
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./. Share of transaction costs	– 18	– 96
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Fair value	8,949	8,781
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./. Cumulative bonds converted	– 5,620	– 317
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Carrying value	3,329	8,464
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On December 18, 2002, the shareholders of Infranor Inter AG subscribed to a subordinated, seven-year convertible bond for a total amount of CHF 9 million. The bond carries a coupon of 5 percent. Bondholders are entitled to convert four bonds, each with a par value of 10 CHF, into one new Infranor Inter AG bearer share with a par value of 20 CHF, between June 16, 2003, and December 11, 2009.

After 5 years, i. e. from December 18, 2007, the issuer may repay the bond at any time prior to maturity at par plus accrued interest, provided the issuer observes a notice period of 30 calendar days (hard call).

After June 16, 2003, the issuer may repay the bond at any time prior to its maturity, at par plus accrued interest, provided a notice period of 30 calendar days is observed, and provided there is at least one transaction in the issuer's shares on the SWX Swiss Exchange on at least 45 out of 90 trading days after June 16, 2003, and the closing price on at least 45 of these 90 trading days is at least 80.00 CHF or twice the conversion price. Notice must be given within the 20 trading days directly following the aforementioned time period of 90 trading days (soft call).

The subordinated convertible bond launched on December 18, 2002, was used to pay down liabilities due to banks in the amount of CHF 7.39 million CHF in the 2002/03 business year.

11.4 Subordinated "CDO PULS1"

1,000 CHF	30.04.08	30.04.07
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Par value of subordinated CDO

2006–13 at issue date	8,300	8,300
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./. Share of transaction costs	– 164	– 195
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Book value	8,136	8,105
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The subordinated CDO holder is introduced on page 44. The term is from July 25, 2006, to July 13, 2013.

The nominal interest rate is fixed at 7.26 percent for the entire period, and the effective rate is at 7.75 percent. The coupon date is every quarter.

The agreed covenants for the CDO are as follows:

- Level of debt less than 250 percent (Ratio of: a) total liabilities disregarding the total par value of the CDO but plus other subordinated debt instruments, and b) shareholders' equity taking the CDO into account.)
- Interest coverage of more than 100 percent (ratio EBITDA/net financing costs)

As of April 30, 2008, the applicable covenants had been complied with in full. The borrower is Infranor Holding SA, the subholding for the Infranor Division. Infranor Inter AG has issued a joint security for the amount of the collateralised debt obligation in favour of the lender.

12. Trade accounts payable by currency

1,000 CHF	30.04.08	30.04.07
-----------	-----------------	----------

CHF	1,935	1,900
-----	--------------	-------

EUR	4,770	3,319
-----	--------------	-------

USD	102	2,577
-----	------------	-------

CNY	273	643
-----	------------	-----

Total trade accounts

payable	7,080	8,439
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13. Other current liabilities

1,000 CHF	30.04.08	30.04.07
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Other liabilities	414	663
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Commissions	389	187
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Subtotal financial instruments	803	850
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Customers' prepayments	117	21
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Total	920	871
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Notes to the Consolidated Financial Statements

As in the previous year, there were no other liabilities to related companies

14. Accruals and deferred income

1,000 CHF	30.04.08	30.04.07
Personnel costs cash-flow relevant	2,944	2,407
Cost of materials/overhead	1,641	1,061
Interest	109	190
Subtotal financial instruments	4,694	3,658
Personnel costs not cash-flow relevant	427	317
Total	5,121	3,975

15. Short-term provisions

1,000 CHF	Warran- ties	Legal cases	Restruc- turing	Total 07/08	Total 06/07
As at 1.5.	571	0	164	735	736
Currency translation differences	- 15	0	- 19	- 34	35
Utilized and not taken to income	- 1,168	0	- 70	- 1,238	- 736
Reversed and taken to income	- 104	0	- 75	- 179	- 94
Provided and taken to income	1,450	153	160	1,763	794
As at 30.4.	734	153	160	1,047	735

The provisions for warranties were provided for repairs and for replacing defective products. They are based firstly on a cost estimate based on known facts, and secondly on empirical values for further development work on newly launched products.

The restructuring costs include liabilities from the restructuring that is in progress in Switzerland and will be completed in 2008/09.

The provisions for legal disputes pertain among other things to a legal case with a supplier concerning a bad delivery.

16. Long-term provisions

1,000 CHF	Employee benefit obligations financed by plan assets	Employee benefit obligations not financed by plan assets	Total 07/08	Total 06/07
As at 1.5.	375	458	833	774
Currency translation differences	- 7	0	- 7	0
Reversed and taken to income	- 37	- 270	- 307	- 7
Provided and taken to income	102	0	102	66
As at 30.4.	433	188	621	833

The anticipated outflow of funds provided for in the case of employee benefit obligations extends over a period of 20 years and partly occurs indirectly via independent pension funds.

17. Pension plans

The Group operates various employee benefit plans in and outside of Switzerland for employees that satisfy the participation criteria. These plans include defined-benefit plans as well as defined-contribution plans that cover the employees of the Group for death, disability and retirement.

Benefits are usually dependent on one or more factors such as the number of years the employee was covered in the plan, age, pensionable salary and to some extent on the accumulated old age capital. The assets of the funded pension plans are held within separate foundations or insurances and may not revert to the employer.

Defined-benefit pension plans

The following amounts were recorded in the income statement (see also Note 21.1) as personnel costs:

Employee benefit expenses

1,000 CHF	07/08	06/07
Current service cost	436	409
Interest on obligation	381	220
Expected return on plan assets	- 529	- 354
Prior service cost / (gain) recognised in year	64	184
Net actuarial losses (gains) recognised	- 2	0
Current service costs	350	459
Actual return on plan assets	- 60	330

Changes in the present value of the defined benefit obligation

1,000 CHF	30.04.08	30.04.07
Defined benefit obligation as of 1.5.	13,189	7,401
Current service cost	436	409
Plan participants' contributions	540	394
Interest on obligation	381	220
Benefit payments and net transferrals	- 816	3,262
Benefit payments by employer	- 15	- 29
Actuarial (gains) / losses	206	301
Past service cost	0	1,210
Exchange differences	- 6	21
Closing defined benefit obligation	13,915	13,189

Changes in the fair value of plan assets

1,000 CHF	30.04.08	30.04.07
As at 1.5.	12,322	7,942
Plan participants contributions	540	394
Contributions by employer	540	394
Benefit payments and net transferrals	- 816	3,262
Expected return on plan assets	529	354
Actuarial gains or (losses)	- 589	- 24
Exchange differences	0	0
As at 30.4.	12,526	12,322

The pension assets on April 30, 2008, do not include any shares of Infranor Inter AG. The pension assets contain no real estate used by the Group or other assets used by the Group. The anticipated employer contributions for fiscal year 2008/09 amount to 0.6 million CHF.

Amount recognised in the balance sheet

1,000 CHF	30.04.08	30.04.07
Present value of funded obligation	13,482	12,814
Fair value of plan assets	- 12,526	- 12,322
Under-/ (Over-)funding	956	492
Present value of funded obligations	433	375
Unrecognised prior service benefit/(cost)	- 209	- 273
Unrecognised net gains/(losses)	- 559	239
Net liability	621	833

The following principal assumptions form the basis for the actuarial calculation:

Actuarial assumptions used

Assumptions for defined benefit obligations	30.04.08	30.04.07
Discount rate	3.44 %	2.97 %
Future salary increases	2.93 %	2.94 %
Future pension indexations	0.73 %	0.73 %

Assumptions for expenses

	07/08	07/08
Discount rate	2.97 %	3.00 %
Expected return on plan assets	4.25 %	4.30 %

The pension assets consist of the following essential asset classes:

Essential asset classes

Valuation date 30.4.	2008 in %	Expected return	2007 in %	Expected return
Equities	23	7.2 %	27	6.8 %
Bonds	37	3.4 %	34	3.0 %
Real estate	3	4.5 %	4	4.5 %
Alternative investments	8	7.2 %	10	6.8 %
Others including cash	29	2.5 %	25	2.5 %
Total	100		100	
		07/08		06/07
Average return on pension assets		4.4 %		4.3 %

Neither financial instruments from our own company nor real estate or other fixed assets were invested in the pension assets.

The following table shows how the actual development of obligations and assets for the benefit plans deviates from their expected development.

Notes to the Consolidated Financial Statements

Adjustment based on past experience

1,000 CHF	2008	2007	2006	2,005
Valuation date 30.4.				
Defined benefit obligation	13,915	13,189	7,401	7,261
Fair value of plan assets				
	- 12,526	- 12,322	- 7,942	- 7,347
Under-/ (Over-) funding	1,389	867	- 541	- 86
Experience adjustments				
on plan liabilities	- 417	297	- 146	
Experience adjustments				
on plan assets	- 589	- 24	528	

Defined-contribution pension plans

The Group contributes to several defined-contribution pension plans. The expense to be recognised corresponds to the amount of contributions paid by the employer.

1,000 CHF	07/08	06/07
Company contributions	203	168

The anticipated contributions by the employer in 2008/09 will be in the same range as those in the business year under review.

18. Shares and share capital

18.1 Shares

Number	07/08	06/07
Issued bearer shares, each with a par value of 20.00 CHF		
As at 1.5.	642,925	640,800
Bonds converted into bearer shares	132,571	2,125
As at 30.4.	775,496	642,925
of which own stock	11,110	11,110

18.2 Treasury shares

	07/08		06/07	
	Number	CHF*	Number	CHF*
Balance as at 1.5.	11,110	443,291	9,910	386,490
Additions	0	0	1,200	56,801
Disposals	0	0	0	0
Balance as at 30.4.	11,110	443,291	11,110	443,291

* Acquisition cost

The holding of treasury stock is used to cover an existing options program. Further details can be found in Note 21.5 on page 57 of the consolidated annual financial statements

18.3 Share capital

CHF	30.04.08	30.04.07
Share capital	15,509,920	12,858,500
Conditional share capital	3,540,080	6,191,500
of which allocated for convertible bond	- 1,690,080	- 4,341,500
Remaining conditional share capital	1,850,000	1,850,000

The Infranor Inter AG shares held by the company itself (treasury shares) are openly deducted from equity (see also the consolidated statement of changes in equity on page 35).

19. Impact of foreign currencies on the income statement

Change as against the previous year	30.04.08	30.04.07
Net sales	0,1 %	0,7 %
EBITDA	- 1,6 %	2,6 %

20.1 Net sales by products

1,000 CHF	07/08	06/07
Servomotors	23,369	22,966
Servo-amplifiers	19,221	18,840
Controls	22,672	19,799
Traded products	4,363	2,944
Service, spare partes, repairs	5,939	6,738
Total net sales	75,564	71,287

20.2 Net sales by sector

1,000 CHF	07/08	06/07
Industrial manufacturing	57 %	52 %
Industrial handling and assembly	16 %	15 %
Processing industry	6 %	8 %
Packaging	4 %	4 %
Other	17 %	21 %
Total net sales	100 %	100 %

21. Personnel costs

21.1 Personnel costs

1,000 CHF	07/08	06/07
Wages and bonuses	20,406	19,160
Development cost capitalized	– 270	– 151
Share-based paiements	0	5
Cost of defined benefit pension plans as per note 17	350	459
Social security and other personnel costs	4,797	4,499
Total personnel costs	25,283	23,972

21.2 Number of employees by region

	07/08	06/07
Switzerland	72	70
Europe excl. Switzerland	177	181
North America	23	25
Asia	27	22
Total	299	298

21.3 Number of employees by role

	07/08	06/07
Sales, engineering, service	92	91
Production	115	116
Research and development	47	43
Administration	45	48
Total	299	298

21.4 Average number of employees and personnel costs

	07/08	06/07
Average number of employees during the financial year	299	284
Personnel costs in 1,000 CHF	25,283	23,972
Personnel costs per employee in 1,000 CHF	84.7	84.6

21.5 Option plan

	07/08	06/07
Number of options (1 option gives right to 1 bearer share of Infranor Inter AG)		
Outstanding at the beginning of the period	5,410	5,510
Expenditure (sales)	0	1,400
Exercised during the period	0	0
Expired/cancelled during the period	– 750	– 1,500
Outstanding at the end of the period	4,660	5,410
Average strike price of outstanding options	49.07	54.50
Options with a sales restriction period of 0 to 3 years	2,600	2,600
Exercisable within 1 year	332	750
Exercisable within 1 to 5 years	2,028	2,060
Exercisable within 5 to 8 years	2,300	2,600
Average remaining contractual life	8 Jahre	8 Jahre
Number of options “in the money”	2,628	3,728
Number of options “out of money”	2,032	1,682

The employee's stock option plan is described on page 47.

The options cannot be covered by the conditional share capital. Consequently, the company's holdings of Infranor Inter treasury shares to cover these option rights will be maintained.

22. General and administrative costs

1,000 CHF	07/08	06/07
Administrative costs	1,323	1,080
IT costs	302	206
Travel costs	426	471
Consultancy and audit fees	874	867
Services from related companies	498	452
Services to related parties	– 33	– 61
Total general and administrative costs	3,390	3,015

23. Sales costs

1,000 CHF	07/08	06/07
Marketing	180	131
Exhibitions	133	268
Commission	587	540
Representative office	1	178
Travel expenses	1,146	940
Miscellaneous	136	141
Total sales costs	2,183	2,198

Notes to the Consolidated Financial Statements

24. Other operating expenses

24.1 Details on other operating expenses

1,000 CHF	07/08	06/07
Production and engineering expenses	2,042	1,804
Costs relating to a different accounting period, restructuring costs	328	307
Rental costs	1,731	1,784
Warranty costs	1,016	927
Accounts receivable losses and bad debt allowances	232	124
External R&D costs, cost of trademark and patent rights	500	618
Total other operating expenses	5,849	5,564

The R&D item in the income statement shows only external research and development costs including prototyping costs as well as current costs for trademark and patent rights. In the current accounting period, 0.13 million CHF in external costs in accordance with IAS 38.57 f were capitalised for the products launched (previous year: zero). The total research and development costs are allocated to various items in the income statement and break down as follows:

24.2 Total research and development costs

1,000 CHF	07/08	06/07
Internal engineering	4,047	3,455
External engineering	315	455
Materials, tools and miscellaneous items	256	228
Patents	51	98
Total development costs	4,669	4,236
as % of net sales	6,2 %	5,9 %

25. Other operating income

1,000 CHF	07/08	06/07
Commission income	471	335
Income relating to a different accounting period	146	131
Other income	174	0
Total	791	466

Commission income increased due to the successful product representation of slewing rings and special bearings by Infranor Spain SLU.

26. Depreciation and amortization

1,000 CHF	07/08	06/07
Depreciation of property, plant and equipment	1,125	903
Amortisation of intangible assets	445	370
Total depreciation and amortisation	1,570	1,273

The increased amortisation of intangible assets is the result of the investment in software and product development. More details can be found in Notes 8 and 9 on pages 49 and 50.

27. Financial result

1,000 CHF	07/08	06/07
Interest received	59	47
Net foreign exchange gains	55	357
Total finance income	114	404
Interest paid to banks and third parties	- 396	- 347
Convertible bond interest expense	- 338	- 424
Transaction costs /		
Equity proportion of convertible bond	- 168	- 84
Interest expense of collateralized debt obligation	- 603	- 603
Collateralised debt obligation transaction costs	- 31	- 23
Bank expenses	- 287	- 242
Total finance expenses	- 1,823	- 1,723
Financial result	- 1,709	- 1,319

In order to enhance comparability, the classification of the previous years' figures has been adjusted so that the financial cost is shown in more detail and the net foreign exchange gains/losses are shown.

28. Earnings per share

28.1 Undiluted earnings per share

	07/08	06/07
Net profit/(loss) (in CHF)	2,789,840	2,201,652
Weighted average number of outstanding shares	709,211	641,863
Less average number of treasury shares	- 11,110	- 10,510
Number of shares on which calculation is based	698,101	631,353
Undiluted earnings per share in CHF	4.00	3.49

Earnings per share increased in spite of the issue of an additional 132,571 shares due to the exercise of conversion rights during 2007/08.

28.2 Diluted earnings per share

	07/08	06/07
Net profit/(loss) (in CHF)	2,789,840	2,201,652
Saved interest on convertible bonds		
adjusted net profit (in CHF)	403,796	433,786
Interest and transaction costs		
for the new shares	123,262	2,727
./ tax effect on saved interest		
and transaction costs	- 41,269	- 34,179
Adjusted net profit (in CHF)	3,275,630	2,603,986
Number of shares on which calculation is based,		
undiluted	698,101	631,353
Dilutive effect of remaining		
conversion rights	201,898	216,893
Weighted average		
number of shares used in		
calculating diluted earnings per share	899,999	848,246
Diluted earnings per share in CHF	3.64	3.07

The diluted earnings per share were stated incorrectly in previous years because of the use of an erroneous formula. The error was used continuously, which is why the absolute number, but not the change, was stated incorrectly (correct in previous year would be 3.07 CHF instead of 2.34 CHF). The breakdown of the previous years' figures in the table was adapted accordingly.

29. Contingent liabilities

1,000 CHF	30.04.08	30.04.07
Guarantees provided by Infranor Inter AG		
for banks and landlords	12,753	12,403
Infranor Inter AG guarantee for collateralised		
debt obligation PULS CDO 2006-1	8,300	8,300
Guarantees furnished to third parties	90	60
Total	21,143	20,763

Group companies drew on bank limits, which are guaranteed by Infranor Inter AG, in the amount of 3.2 million CHF (previous year 4.1 million CHF) as of the end of April 2008. As of April 30, 2008, the bank credit limits (with and without guarantees from Infranor Inter AG) of all Group companies, including discounting limits, amounted to a total of 20.1 million CHF (previous year: 19.7 million CHF).

30. Pledged assets

1,000 CHF	30.04.08	30.04.07
Assignment of individual accounts receivable	663	1,224
Total	663	1,224

The French engineering company and the Spanish engineering company finance their current assets partially through assigned receivables and discounted bills and checks.

31. Off-balance sheet obligations under operating leases and rental agreements

1,000 CHF	30.04.08	30.04.07
Obligations		
- due within one year	1,119	1,389
- due in 1 to 5 years	3,350	2,982
- due over 5 years	1,178	2,152
Total	5,647	6,523

The obligations consist almost exclusively of rental contracts for buildings used by the Group. The longest rental contract still has 9 years to run and was drawn up for the Cybelec SA building. The remaining rent obligation for this contract amounts to 3.5 million CHF.

32. Transactions with related parties

1,000 CHF	07/08	06/07
Gross salaries, bonus, fees	975	826
Social charges & pension charges		
paid by employer	48	48
Share-based compensation	0	5
Other compensation	3	0
Compensation paid to executive members		
of governing bodies	1,026	879
Gross salaries, bonus, fees	34	37
Social charges & pension charges		
paid by employer	2	2
Other compensation	6	6
Compensation paid to non-executive members		
of the Board of Directors	42	45
Gross salaries, bonus, fees	703	338
Social charges & pension charges		
paid by employer	97	59
Other compensation	27	6
Compensation paid to other		
group management members	827	403
Total compensation	1,895	1,327

Notes to the Consolidated Financial Statements

For the purpose of comparability, "Other compensation" has been added to the classification of the previous years' figures.

The obligatory detailed information according to Section 663b bis of the Swiss Code of Obligations concerning purchases made by officers are a constituent part of the annual financial statement made by Infranor Inter AG and are listed in detail on pages 69 and 70.

In the 2007/08 financial year, the Group had six executive company officers (executive members of the Board of Directors and other members of Group Management), of which one person was an officer for nine months. In the previous year there were five executive officers, of which one person was an officer for three months. The compensation for Martin Bölsterli is regulated in a management agreement with the sole proprietorship Martin Bölsterli, Zug. The option plan for Martin Bölsterli elapsed on April 30, 2007, and was not renewed. There are no employment contracts with non-standard periods of notice (more than one year) or with severance payment arrangements. No compensation has been paid to former officers. Compensation is paid to new members of Group Management pro rata temporis.

Share ownership

As the main shareholder, Perrot Duval Holding SA held 74.0 percent of the share capital, and its subsidiary Bleu-Indim SA held 4.7 percent, thus amounting to a total of 78.7 percent of the share capital as of April 30, 2008 (previous year: 77.3 percent). There are no other shareholders with more than 3 percent of the voting rights (in accordance with Section 663c of the Swiss Code of Obligations).

Perrot Duval Holding AG and its subsidiaries have converted all of its convertible bond holdings for the countervalue of 3.68 million CHF (status as of April 30, 2007, according to the annual report) into shares in Infranor Inter as of March 30, 2008.

The Board of Directors and Group Management held a total of 3558 shares (0.5 percent) in Infranor Inter AG as of April 30, 2008.

The Board of Directors of Infranor Inter AG has no knowledge of any parties related to members of the Board of Directors or to Group Management who are shareholders in Infranor Inter AG.

Other transactions

1,000 CHF	07/08	06/07
Rent to companies of the Perrot Duval Group	341	709
Management services provided		
by Perrot Duva Management Ltd.	498	471
Management services provided		
by ISA Management S.A.		
to Perrot Duval Group	- 33	- 50
Legal advice provided by Board member		
Dr. iur R. Müller	13	11

All transactions have been conducted at arm's length. Apart from the above-mentioned compensation, no further monetary payments were made.

33. Events after the balance sheet date

Between the balance sheet date and the date of publication of this Annual Report, no events occurred which could have a material impact on the consolidated financial statements for 2007/08

34. Proposal of the Board of Directors

The Board of Directors proposed to the Annual Shareholders' Meeting on September 11, 2008 a dividend for the financial year 2007/08 of 2.00 CHF (previous year: 1.50 CHF) per bearer share. This represents a total dividend payment of 1.53 million CHF.

35. Approval of the annual financial statements

The consolidated annual financial statements were approved and released for publication by the Board of Directors of Infranor Inter AG at its meeting on July 4, 2008. The Board of Directors will recommend to the Annual Shareholders' Meeting on September 11, 2008, that the annual financial statements be approved.

Report of the Group Auditors

Deloitte.

Report of the statutory auditors to the general meeting of
INFRANOR INTER AG, ZÜRICH

As group auditors, we have audited the consolidated financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity, and notes), pages 32 to 60, of Infranor Inter AG for the year ended April 30, 2008. Other auditors have audited the financial statements of the foreign operations included in the consolidated financial statements.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows of Infranor Inter AG in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

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

July 4, 2008

Deloitte AG



Martin Welser
Auditor in charge



Stefan Weber



Infranor Inter AG Financial Report

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Balance Sheet of Infranor Inter AG

CHF	Note	30.04.08	%	30.04.07	%
Assets					
Current assets					
Cash and cash equivalents		1,007,101	3,5	1,794,338	5,9
Treasury shares	1	443,291	1,6	443,291	1,5
Other receivables	2	17,600	0,1	8,850	0,0
Deferred charges	3	5,360	0,0	9,036	0,0
Total current assets		1,473,352	5,2	2,255,515	7,4
Fixed assets					
Investments	4	21,636,828	76,3	21,477,795	71,2
Loans to group companies	5	5,260,000	18,5	6,450,000	21,4
Total fixed assets		26,896,828	94,8	27,927,795	92,6
Total assets		28,370,180	100,0	30,183,310	100,0
Liabilities					
Current liabilities					
Current liabilities	6	27,273	0,1	6,482	0,0
Loans from group companies	7	200,000	0,7	280,000	0,9
Accruals and deferred income	8	344,401	1,2	423,168	1,4
Total current liabilities		571,674	2,0	709,650	2,3
Long-term liabilities					
Subordinated convertible bond 2002–09	9	3,380,160	11,9	8,683,000	28,8
Total long-term liabilities		3,380,160	11,9	8,683,000	28,8
Shareholders' equity					
Share capital	10, 11	15,509,920	54,7	12,858,500	42,6
Legal reserve	12	4,485,420	15,8	1,707,500	5,7
Reserve for treasury shares	12	467,128	1,6	467,128	1,5
Balance brought forward from previous year	12	4,683,310	16,5	4,741,876	15,7
Increase in holding of treasury shares	12	0	0,0	– 56,801	– 0,2
Profit for the year	12	– 727,432	– 2,5	1,072,457	3,6
Unappropriated retained earnings	12	3,955,878	14,0	5,757,532	19,1
Total shareholders' equity	12	24,418,346	86,1	20,790,660	68,9
Total liabilities and shareholders' equity		28,370,180	100,0	30,183,310	100,0

Income Statement of Infranor Inter AG

CHF	Note	07/08	%	06/07	%
Income from investments	13	1,942,772	79,6	1,491,795	77,5
Finance income	14	496,443	20,4	433,137	22,5
Total income		2,439,215	100,0	1,924,932	100,0
General and administrative costs	15	– 407,677	– 16,7	– 379,560	– 19,7
Write-downs on investments and loans to Group companies	16	– 2,398,623	– 98,3	0	0,0
Financial expenses	17	– 360,347	– 14,8	– 425,302	– 22,1
Profit before taxes		– 727,432	– 29,8	1,120,070	58,2
Taxes	18	0	0,0	– 47,613	– 2,5
Profit for the year		– 727,432	– 29,8	1,072,457	55,7

Notes to the Annual Financial Statements

Balance Sheet

1. Treasury shares

	07/08		06/07	
	Number	CHF*	Number	CHF*
Balance as at 1.5.	11,110	443,291	9,910	386,490
Additions	0	0	1,200	56,801
Disposals	0	0	0	0
Balance as at 30.4.	11,110	443,291	11,110	443,291

* Acquisition cost

The holding of treasury stock is used to cover an options program that expired on April 30, 2007, and was not extended. Further details can be found in Note 21.5 on page 57 of the consolidated annual financial statement.

4. Investments

Companies	Number of shares	Currency	Par value per share	Nom. Share capital in 1,000	Interest %	30.04.08 1,000 CHF	30.04.07 1,000 CHF
Cybelec S.A., CH-Yverdon-les-Bains	250	CHF	1,000	250	100	12,405	10,100
Infranor Holding S.A., CH-Coppet	2,182	CHF	500	1,091	100	9,032	3,794
ISA Management S.A., CH-Coppet	200	CHF	1,000	200	100	200	100
Mavilor Motors S.A.							
ES-Sta. Perpétua de Mogoda	2,250	EUR	60	135	100	0	4,183
Infranor Holdings USA, Inc., US-Dover	1,620	USD	1	2	100	0	2,301
Infranor Asia Ltd, CH-Zurich	300	CHF	1,000	300	100	0	300
Violet Indim S.A., CH-Coppet	100	CHF	1,000	100	100	0	100
ISA Innovations S.A., CH-Coppet	50	CHF	1,000	50	100	0	600
Total net carrying amount						21,637	21,478

The investments are subjected to an annual intrinsic value check using DCF methods on the balance sheet date. In their entirety, the investment values that are shown do not exceed the historical acquisition costs.

The new strategic alignment into two divisions means that the legal structure has been adapted to the operating structure. Infranor Holding SA, Coppet, holds all investments belonging to the Infranor Division, and Cybelec SA, Yverdon-les-Bains, is the parent company of the Cybelec Division. For this reason, the investments Mavilor Motors SA, Infranor Holdings USA, Inc., ISA Innovations SA and Infranor Asia Ltd were transferred to Infranor Holding SA at book value by means of a capital increase. The investment Violet-Indim SA was merged with Infranor Holding SA.

2. Other receivables

Only withholding-tax assets are shown under this heading.

3. Deferred income

The "Deferred income" item mainly consists of accruals for SWX charges.

5. Loans to Group companies

CHF	30.04.08	30.04.07
Infranor Holding S.A., CH-Coppet	3,460,000	1,460,000
Cybelec S.A., CH-Yverdon-les-Bains	1,800,000	2,800,000
Infranor Holdings US, Inc., USA-Dover	0	2,190,000
Total	5,260,000	6,450,000

Due to the loan increase to Infranor Holding SA, its subsidiaries were able to make early repayment of liabilities due to banks for the equivalent amount. The loan to Infranor Holdings USA, Inc. was written off completely during the course of statutory balance sheet reorganisation of the US companies.

6. Current liabilities

CHF	30.04.08	30.04.07
Debts towards third parties	19,243	6,482
Debts towards group companies	8,030	0
Total	27,273	6,482

7. Loans from Group companies

CHF	30.04.08	30.04.07
ISA Innovations S.A., CH-Coppet	200,000	200,000
Violet-Indim S.A., CH-Coppet	0	80,000
Total	200,000	280,000

8. Accruals and deferred income

CHF	30.04.08	30.04.07
Annual report and annual shareholders' meeting	168,645	168,737
Interest on convertible bonds	60,658	144,717
Auditing expenses	74,544	70,186
Taxes/miscellaneous	40,554	39,528
Total	344,401	423,168

9. Subordinated convertible bond 2002–2009

CHF	30.04.08	30.04.07
Par value of subordinated convertible bond		
as at 1.5.	8,683,000	8,768,000
Converted	– 5,302,840	– 85,000
Paid back	0	0
Par value of subordinated convertible bond		
as at 30.4.	3,380,160	8,683,000

A seven-year subordinated convertible bond was issued on December 18, 2002. The bond carries a coupon of 5 percent. Bondholders are entitled to convert four bonds, each with a par value of 10.00 CHF, into one new Infranor Inter AG bearer share with a par value of 20.00 CHF between June 16, 2003, and December 11, 2009. According to Point 5.3 of the terms of the bond issue, the bond may be repaid at par, in part or in full, from June 16, 2003, onwards. According to Point 5.2, the bond may be repaid by the issuer at any time prior to maturity at par plus accrued interest from December 18, 2007, provided that the issuer observes a notice period of 30 calendar days.

Perrot Duval Holding SA and its 100 percent subsidiary Bleu-Indim SA converted all of its bonds on March 30, 2008. Because third-party bond holders also converted bonds, the investment ratio of Perrot Duval Holding SA and its subsidiary Bleu-Indim SA increased only slightly from 77.3 percent to 78.7 percent.

10. Share capital

Number of bearer shares issued	30.04.08	30.04.07
With a par value of 20.00 CHF	no. 775,496	642,925
Share capital as at 30.4.	CHF 15,509,920	12,858,500
Conditional capital (177,004 shares with a par value of 20.00 CHF)	CHF 3,540,080	6,191,500
Treasury shares	no. 11,110	11,110

The conditional capital was created for the issue of the convertible bond of December 18, 2002, together with the conversion of bank debt.

In the year under review, 530,284 convertible bonds amounting to 5,302,840 CHF were converted into 132,571 bearer shares at a nominal price of 20.00 CHF. The premium amounted to 2,651,420 CHF.

Infranor Inter AG therefore holds a total of 11,110 treasury shares in accordance with Note 1 on page 66. Because the option plan expired on April 30, 2007, without being renewed, no increase was required.

The bearer shares are listed on the SWX Swiss Exchange in Zurich. Security no. 724 910; Telekurs and Swissquote: INI; Thomson Reuters: INI.S.

11. Share ownership

As the main shareholder, Perrot Duval Holding SA held 74.0 percent of the share capital, and its subsidiary Bleu-Indim SA held 4.7 percent for a total of 78.7 percent as of April 30, 2008 (previous year: total of 77.3 percent).

There are no other shareholders with more than 3 percent of the voting rights (under Section 663c of the Swiss Code of Obligations). The Board of Directors and Group Management held a total of 3,558 shares (0.5 percent) in Infranor Inter AG as of April 30, 2008.

Notes to the Annual Financial Statements

12. Shareholders' equity

	Share capital	Legal reserve	Reserve for treasury shares	Unappropriated retained earnings	Total
Balance as at 1.5.	12,858,500	1,707,500	467,128	5,757,532	20,790,660
Appropriation of earnings		126,500		– 126,500	0
Dividend				– 947,722	– 947,722
Increase in share capital as a result of convertible bond	2,651,420	2,651,420			5,302,840
Loss for the financial year				– 727,432	– 727,432
Balance as at 30.4.	15,509,920	4,485,420	467,128	3,955,878	24,418,346

Income Statement

13. Income from investments

CHF	07/08	06/07
Cybelec S.A., CH-Yverdon-les-Bains	900,000	500,000
Mavilor Motors S.A., ES-Sta. Perpétua de Mogoda	526,772	472,295
Infranor Holding S.A., CH-Coppet	360,000	500,000
ISA Innovations SA, CH-Coppet	110,000	19,500
ISA Management SA, CH-Coppet	46,000	0
Total	1,942,772	1,491,795

14. Finance income

CHF	07/08	06/07
Interest income		
Cybelec S.A., CH-Yverdon-les-Bains	178,480	164,771
Infranor Holding S.A., CH-Coppet	80,300	142,320
Infranor Holdings USA Inc, US-Dover	179,477	103,206
ISA Managment S.A., CH-Coppet	5,959	0
Infranor Asia Ltd, Zurich	0	4,009
Subtotal interest income from group companies	444,216	414,306
Bank interest	35,542	18,831
Foreign exchange gains	16,685	0
Total	496,443	433,137

15. General and administrative costs

CHF	07/08	06/07
Personnel costs	– 38,507	– 39,573
Auditing costs for holding company & group	– 80,000	– 94,000
Tax on capital and other taxes	– 8,902	– 24,989
Publications & General Assembly	– 207,406	– 180,000
Other administrative expense	– 72,862	– 40,998
Total	– 407,677	– 379,560

16. Write-downs on investments and loans to Group companies

CHF	07/08	06/07
Write-down on loan to:		
Infranor Holdings USA, Inc., US-Dover	– 2,557,656	0
Write-down on investments:		
Infranor Asia Ltd, CH-Zürich	– 300,000	0
Infranor Holdings USA, Inc., US-Dover	– 2,000,905	0
Recapture of depreciation:		
below cost of acquisition		
Cybelec S.A., CH-Yverdon-les Bains	2,304,940	0
ISA Management S.A., CH-Coppet	99,999	0
ISA Innovation S.A., CH-Coppet	54,999	0
Total	– 2,398,623	0

The revaluation of investments and loans to Group companies is explained in Notes 4 and 5 on page 66. The US companies were reorganised before the transfer to Infranor Holding AG.

17. Finance costs

CHF	07/08	06/07
Interest paid on convertible bond	- 432,650	- 438,400
Change to interest accruals		
for convertible bond	84,059	14,730
Bank interest and FX transaction loss	- 4,330	- 1,632
Subtotal finance costs paid to third parties	- 352,921	- 425,302
Interest ISA Innovations S.A., CH-Coppet	- 3,426	0
Interest Violet-Indim S.A., CH-Coppet	- 4,000	0
Subtotal finance costs paid to group companies	- 7,426	0
Total	- 360,347	- 425,302

18. Taxes

Taxes on earnings in the previous year (47,613 CHF) arose from the Spanish basic tax on dividends. Because of the double-taxation agreement with Spain, this ceased to apply in the financial year just ending.

19. Compensation, loans and investments made by members of the Board of Directors and Group Management

		Fixed gross	Variable gross	Pension fund & social security	Others	Total
CHF		remuneration	remuneration	charges		
Board of directors						
Nicolas Eichenberger	Chairman	152,000	81,000	18,054	0	251,054
Martin Bölsterli *)	Delegate of the Board of Directors/CEO	0	0	0	0	0
François Jaquier	Director	17,000	0	1,029	3,000	21,029
Richard Müller	Director	17,000	0	1,029	3,000	21,029
Francesc Cruellas *)	Director	0	0	0	0	0
Total		186,000	81,000	20,112	6,000	293,112
Group Management						
Total Group Management		1,094,500	350,731	126,864	29,930	1,602,025
Highest individual compensation	Martin Bölsterli *)	340,000	82,500	0	0	422,500

*) Remunerations made to the executive members of corporate bodies Martin Bölsterli and Francesc Cruellas are listed under Group Management because they do not receive any direct compensation as members of the Board of Directors of Infranor Inter AG.

The amounts are gross amounts and include social security contributions that must be paid by employees. The compensation also includes payments from other Group companies. Compensation for Martin Bölsterli is defined in a management agreement with the sole proprietorship Martin Bölsterli, Zug. The option plan for Martin Bölsterli elapsed on April 30, 2007, and was not renewed.

No compensation etc. has been paid to former members of the Board of Directors, Group Management or related parties.

Notes to the Annual Financial Statements

20. Participation rates

CHF		Bearer shares	Options
		30.04.08	30.04.08
Board of directors			
Nicolas Eichenberger	Chairman	610	0
Martin Bölsterli *)	Delegate of the Board of Directors/CEO	1,298	4,660
François Jaquier	Director	450	0
Richard Müller	Director	50	0
Francesc Cruellas *)	Executive Director	1,100	0
Total		3,508	4,660
Remaining Members of Group Management			
Pius Bernet	CFO	0	0
Jean-Pierre van Griethuysen	CEO Cybelec Division	50	0
Bruno Guanzioli	Sen. VP Sales & Marketing	0	0
Total		50	0

*) Martin Bölsterli and Francesc Cruellas are executive members of corporate bodies

The Infranor Group has no knowledge of any parties related to members of the Board of Directors or to Group Management who are shareholders in Infranor Inter AG.

21. Contingent liabilities

1,000 CHF	30.04.08	30.04.07
Guarantees provided by Infranor Inter AG		
for banks and landlords	12,227	12,403
Infranor Inter AG guarantee for collateralized		
debt obligation PULS CDO 2006-1	8,300	8,300
Guarantees furnished to third parties	60	60
	20,587	20,763

Bank limits were utilised by Group companies at the end of April 2008 in the amount of 3.2 million CHF (previous year: 4.1 million CHF). As of April 30, 2008, the credit limits of all Group companies (with and without guarantees from Infranor Inter AG), including discounting limits, amounted to a total of 19.7 million CHF (previous year: 19.7 million CHF).

According to Section 32 (1e) of the Swiss Value Added Tax Act, Infranor Inter AG is jointly and severally liable for all VAT owed by Group companies in Switzerland.

Otherwise, there are no guarantees or pledges in respect of Infranor Inter AG's assets.

22. Events after the balance sheet date

No events occurred after the balance sheet date which could have a material impact on the 2007/08 annual financial statements.

There are no other circumstances which the company is required to disclose under Section 663b of the Swiss Code of Obligations.

Appropriation of Available Earnings

Resolution for the 2006/07 business year

CHF	07/08	06/07
Balance brought forward from previous year	4,683,310	4,741,876
Allocation to reserve for treasury stock	0	– 56,801
Profit for the business year	– 727,432	1,072,457
Unappropriated retained earnings available to the Annual Shareholders' Meeting	3,955,878	5,757,532

The Board of Directors will propose to the Annual Shareholders' Meeting on 11th September 2008 that unappropriated retained earnings be utilised as follows:

Distribution of a dividend of 10 % percent or CHF 2.00 per bearer share*	1,528,772	947,722
Allocated to statutory reserves	150,000	126,500
Carried forward to new account	2,277,106	4,683,310
Total available to Annual Shareholders' Meeting	3,955,878	5,757,532

* No dividend on Treasury Shares amounting to 11'110

Statutory Auditors' Report

Deloitte.

To the general meeting of Infranor Inter AG, Zurich

INFRANOR INTER AG, ZÜRICH

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes, on pages 64 to 71) of Infranor Inter AG for the year ended April 30, 2008. The prior year financial statements have been audited by another auditor. In their auditors' report dated July 6, 2007 an unqualified opinion has been issued.


These financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with the International Standards on Auditing (ISA), which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material mis-statement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings (on page 71) comply with Swiss law and the company's articles of incorporation.

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

Deloitte AG



Martin Welser
Auditor in charge



Stefan Weber

July 4, 2008

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As at May 1, 2008

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