

Kudelski Group

Financial statements 2004

Kudelski Group

Consolidated balance sheets at December 31, 2004 and 2003

(in CHF thousands)

ASSETS	31.12.2004	31.12.2003
Fixed assets		
Intangible fixed assets	41,105	34,915
Financial fixed assets	24,985	32,787
Tangible fixed assets :		
Land and buildings	39,980	30,643
Fixtures and fittings	89,142	74,205
Total fixed assets	195,212	172,550
Current assets		
Inventories	70,995	41,209
Work in progress	5,120	8,731
Trade accounts receivable	170,044	157,328
Other receivables	52,328	49,103
Marketable securities	8,776	0
Cash and cash equivalents	198,897	237,107
Total current assets	506,160	493,478
TOTAL ASSETS	701,372	666,028

Kudelski Group

Consolidated balance sheets at December 31, 2004 and 2003

(in CHF thousands)

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2004	31.12.2003
Shareholders' equity		
Share capital	515,596	514,949
Share premium and reserves	-234,533	-324,290
Total shareholders' equity, Group's interest	281,063	190,659
Minority interests	21,721	15,194
Total shareholders' equity	302,784	205,853
Long-term liabilities		
Convertible bond	199,745	214,637
Provisions	9,527	22,342
Other long-term liabilities	12,625	22,157
Total long-term liabilities	221,897	259,136
Current liabilities		
Bank overdrafts	23,326	33,579
Trade accounts payable	71,566	68,448
Advances received from clients	5,130	10,436
Short-term provisions	16,468	9,465
Accrued liabilities and other payables	60,201	79,111
Total current liabilities	176,691	201,039
Total liabilities	398,588	460,175
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	701,372	666,028

Kudelski Group

Consolidated income statements for the years ended December 31, 2004 and 2003

(in CHF thousands)

	2004	2003
Sales	601,287	391,426
Capitalization of developments, installations and capitalized systems	17,759	20,966
Total revenue	619,046	412,392
Cost of material and components sold	-192,720	-161,585
Margin after cost of material sold	426,326	250,807
Salaries and wages	-178,661	-131,154
Operating expenses	-41,687	-32,782
Sales and administration costs	-62,774	-47,267
Change in provisions	-2,067	-7,375
OIBDA, Operating income before interest, taxes, depreciation and amortization	141,137	32,229
Depreciation and amortization	-36,889	-21,923
Impairment	-2,749	-243
EBIT, operating income	101,499	10,063
Financial income	30,841	72,690
Financial expenses	-39,863	-40,724
Extraordinary expenses	-	-3,208
Net income before tax and minority interests	92,477	38,821
Income tax	-8,017	-6,824
Net income of the Group	84,460	31,997
Minority interests	-7,265	1,170
NET INCOME	77,195	33,167
As percentage of income		
Operating income	16%	2%
Net income	12%	8%
Earnings per share (in CHF)		
- Basic	1.50	0.65
- Diluted	1.48	0.64

Kudelski Group

Consolidated statements of cash flows for the years ended December 31, 2004 et 2003

(in CHF thousands)

	2004	2003
Net income, Group's interest	77,195	33,167
Financial income	-15,807	-29,733
Financial expenses	7,879	8,785
Current and deferred income tax	8,017	3,181
Profit on redemption of convertible bond	-	-25,661
Amortization of costs and redemption value of convertible bond	2,631	4,268
Depreciation, amortization and impairment	39,637	22,166
Impairment on financial fixed assets	12,413	10'000
Net result on sale of subsidiaries	1,146	-
Use of lawsuit, restructuring and long term provision	-2,641	-7,170
Minority interests in net income	10'009	-1,170
Net income associated companies	-1,315	-334
Dividends received from associated companies	911	-
Employee related non cash expense/income	1,199	3,466
Cash flow	141,274	20,965
Change in inventories	-30,536	8,147
Change in work in progress	2,007	280
Change in trade accounts receivables	-16,567	71,407
Change in other assets	-7,394	-12,875
Change in trade accounts payables	5,238	-34,364
Change in other liabilities	-16,033	-8,969
Change in short term provisions	3,675	-3,254
Operating cash flow	81,664	41,337
Interest paid	-1,034	-1,096
Interest received	4,097	4,803
Tax paid	-6,325	-5,698
Net cash from operating activities	78,402	39,346
Net investment in intangible fixed assets	-19,333	-19,388
Net investment in tangible fixed assets	-54,248	-57,835
Net investment in financial fixed assets	-20,851	-23,370
Sale/acquisition of subsidiaries, cash inflow/outflow	-160	-366,748
Net cash used in investing activities	-94,592	-467,341

Kudelski Group

Consolidated statements of cash flows for the years ended December 31, 2004 et 2003
(continued)

(in CHF thousands)

	2004	2003
Change in bank overdrafts and long term loans	-14,513	-5,698
Employee share program – cash paid by employees	288	-
Redemption of convertible bond	-	-54,371
Interest paid on convertible bond	-4,824	-6,319
Payments from minority interests	-	200
Dividends paid to minority interests	-2,264	-3,982
Acquisition of treasury shares	-	-380
Net cash used in / from financing activities	-21,313	-70,550
Effect of exchange rate changes on cash and cash equivalents	-707	-17,430
Movement in cash and cash equivalents	-38,210	-515,975
Cash and cash equivalents at January 1	237,107	753,082
Cash and cash equivalents at December 31	198,897	237,107
Movement in cash and cash equivalents	-38,210	-515,975

Kudelski Group

Change in shareholders' equity

(in CHF thousands)

	Share capital	Share premium	Other reserves	Treasury shares	Goodwill	Consolidated shareholders' equity, Group's interest	Minority interest	Total shareholders' equity
At January 1, 2003	513,599	49,798	206,230	-	-209,319	560,308	20,602	580,910
Shares issued for employees	746					746		746
Options given to employees			2,720			2,720		2,720
Shares issued for company acquisition	604					604		604
Treasury shares acquisition				-380		-380		-380
Dividends paid to minority interests						-	-3,982	-3,982
Adjustment on goodwill at acquisition					-401,697	-401,697	1,096	-400,601
Currency translation adjustment			-11,059			-11,059	-1,352	-12,411
Reverse of write down on Swiss International Air Lines Ltd. Shares			6,250			6,250		6,250
Net income			33,167			33,167	-1,170	31,997
At December 31, 2003	514,949	49,798	237,308	-380	-611,016	190,659	15,194	205,853
Employee share program	127	252	8			387		387
Shares issued for employees	520	922				1,442		1,442
Impact of sale of subsidiaries					5,691	5,691		5,691
Adjustment on goodwill at acquisition (earn-out and pension obligations)					2,388	2,388		2,388
Dividends paid to minority interests						-	-2,264	-2,264
Currency translation adjustment			3,301			3,301	-1,217	2,084
Net income			77,195			77,195	7,265	84,460
Effect of deferred consideration in favour a joint-venture company						-	2,743	2,743
At December 31, 2004	515,596	50,972	317,812	-380	-602,937	281,063	21,721	302,784

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