



HALF-YEAR REPORT 2008

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## 1 THE OPENLIMIT GROUP

The OPENLiMiT Group, headquartered in Switzerland, is a leading IT provider for security, document and archive technologies in conjunction with electronic signatures. The OPENLiMiT signature software helps enterprises, state institutions and end consumers to enhance the security, verifiability and efficiency of their electronic business transactions, to reach the greatest possible security for its data, as well as to optimize workflow and communication processes.

OPENLiMiT markets its products under the names “OPENLiMiT®” and “OPENLiMiT® SignCubes”. The OPENLiMiT signature software is the first signature software to be certified by the German Federal Office for Information Security (BSI) in compliance with the international IT security standard, Common Criteria EAL 4+. In addition, the OPENLiMiT SignCubes Base Components have been awarded the ISIS-MTT seal of approval for the “Document Signing Client” and “SigG-Profile Compliant Document-Signing Client” product classes by the ISIS-MTT Board. Furthermore, the OPENLiMiT SignCubes Base Components have been confirmed, if required by national regulations, compliant in accordance with the respective signature laws of the target markets. Moreover, PricewaterhouseCoopers has attested that the joint Adobe and OPENLiMiT solutions fulfill all auditing requirements regarding audit-secure invoicing and archiving. The OPENLiMiT software products are supplied as standard solutions in different configurations. Due to the modular development of the software products, the modules can be repeatedly recombined and adapted to specific customer needs.

OPENLiMiT products are extremely versatile. For example, OPENLiMiT products are already being deployed in B2B, G2B, G2G, B2C and G2C applications. Application uses for the signature components include in particular the following segments: e-invoicing, e-forms, e-archiving, e-banking and in the future e-mobile.

The market development of signature application components is being primarily encouraged by a legally supported environment, increased pressure in the private and public sectors to save costs and increase efficiency through the use of media-consistent workflows, as well as by greater awareness of the hazards of data manipulations by third parties, phishing and identity theft.

The OPENLiMiT products are marketed by our marketing and co-operation partners to the entire market spectrum of consumers, small and medium-sized enterprises (SMEs), major corporations and multinational groups, as well as state institutions. An overview of the distribution and co-operation partnerships is available in the section 'About OPENLiMiT/Partners' on the OPENLiMiT website: [www.openlimit.com](http://www.openlimit.com).

OPENLiMiT generates revenues through three distinct offerings:

- **Software Licenses:** OPENLiMiT offers a portfolio of software solutions for client and server environments. Customers license the OPENLiMiT technologies based on a variety of standardized licensing models tailored to the product type or application scenario. Licensing fees are generally onetime fees, but may also be based on signature volume. Since IT security software becomes outdated periodically due to advances in technology, customers upgrade their OPENLiMiT products cyclically for a charge.
- **Software Maintenance:** OPENLiMiT offers software maintenance contracts to its customers that cover software updates, upgrades and support, depending on the individual arrangement. Software Maintenance fees follow industry standards and generate recurring revenues for generally one to three years or as arranged.
- **Consulting Services:** OPENLiMiT offers consulting services in conjunction with projects. Consulting encompasses integration services, training and support as well as project consultation. Consulting fees are charged based on effort or are provided at fixed pricing, depending on the nature of the project.

## 2 INDEX FIGURES FROM 1<sup>ST</sup> JANUARY TO 30<sup>TH</sup> JUNE 2008

	Change %	01.01.2008 - 30.06.2008 CHF	01.01.2007 - 30.06.2007 CHF
<b>INCOME STATEMENT</b>			
Revenue	39%	1'257'584	903'935
Total Income	25%	2'205'431	1'758'960
EBITDA	-16%	-515'659	-446'030
EBIT	-104%	-1'083'764	-531'707
Profit /(-) loss for the year	-216%	-1'310'123	-414'579
Result per share	-	-	-
<b>BALANCE</b>			
		<b>30.06.2008 CHF</b>	<b>30.06.2007 CHF</b>
Balance Total	4%	6'199'074	5'962'381
Current Assets	-9%	2'918'027	3'208'969
Non-Current Assets	19%	3'281'047	2'753'412
Current liabilities	8%	293'494	272'949
Equity	4%	5'905'580	5'689'432
<b>CASH FLOW STATEMENT</b>			
		<b>01.01.2008 - 30.06.2008 CHF</b>	<b>01.01.2007 - 30.06.2007 CHF</b>
Cash flow from ongoing activities		1'723'760	-693'507
Net cash from company activities		1'735'317	-648'975
Cash flow from investment activities		-1'071'226	-959'685
Cash flow from financing activities		0	0
<b>PERSONNEL</b>			
		<b>30.06.2008</b>	<b>30.06.2007</b>
Employees per end of 30 <sup>th</sup> June 2008		41	33

### **3 HIGHLIGHTS FOR THE FIRST TWO QUARTERS 2008**

- OPENLiMiT increases revenues by 39% to CHF 1.26 million (same period previous year: CHF 0.9 million).
- 2008 to date sees the acquisition of important reference customers who have a signal effect on the respective vertical markets. The leading new key customers include ISmed Gemeinschaft, Tally WEiJL and Unfallkasse Post und Telekom.
- OPENLiMiT expands its partner network with further important technology and distribution partners, e.g. Oracle, Symantec.
- In 2007, OPENLiMiT registers selected technologies for joint certification with IBM and Microsoft in accordance with the internationally acknowledged IT security standards, Common Criteria EAL 4+. Presentation of the certification certificate to OPENLiMiT and Microsoft took place on 5th March, 2008, at the Microsoft booth at the CeBIT trade fair. Successful certification with IBM is expected during 2008. Both certification awards are based on new OPENLiMiT technologies which support the form server products of the respective enterprises.
- External factors, such as the passing of Electronic Proof of Income Act (ELENA) and the decision in favour of the eID in Germany, are positive for potential future growth of OPENLiMiT.
- OPENLiMiT continues to expand its team of employees with key staff in the segments Product Development, Distribution & Marketing and Finance & Administration to provide the best possible support with a view to a successful sale of OPENLiMiT products for the growing network of partner companies.

## **4 SEMI-ANNUAL REPORT OF THE BOARD OF DIRECTORS**

Dear Shareholders:

The first six months of 2008 have continued to build on the successful platform set in 2007 and delivered a moderate rise in revenues compared to the same period the previous year. The revenue growth for the year is expected to follow a similar pattern as in previous years, where a high percentage of annual sales occur in the second half of the year, especially within the fourth quarter. This is due to the sales cycle in particular within the government sector. Based on projects currently in discussion, we expect to achieve our planned revenues for 2008 and a positive net income.

At this time we again thank our shareholders, employees and partners for their commitment to OPENLiMiT and hope this report will update you on the success we continue to build and enjoy together. If you have any questions or comments please feel free to contact us at anytime through the usual channels.

### **4.1 Sales, marketing and business development**

The market for the OPENLiMiT signature solutions developed positively in the OPENLiMiT target markets of Germany, Austria and Switzerland (GAS) during the first half year 2008, building on the noticeable rise in 2007. Administrative cost-cutting pressures, the need for increased IT-security and the desire for augmented workflow efficiency and legal conformity are the main drivers for the sale of OPENLiMiT products in the industry and state segments. Companies and public authorities are actively seeking technologies for the implementation of legally binding and/or provable electronic processes to lower their costs. Apart from this, the distribution partnerships set up by OPENLiMiT are meanwhile well established and present in the target markets in the German-speaking countries and are seizing the available sales opportunities. Sales cycles remain lengthy due to the complex nature of the IT projects and the required procedural changes. As a result, there is a time lag between the positive market developments, the sales acquisition activities of OPENLiMiT and its partners and the resulting or expected project revenues.

In the course of implementing and establishing an optimized distribution and marketing unit within OPENLiMiT's organization, based on the revised company strategy effective since the end of



2007, OPENLiMiT significantly increased its distribution and sales team, leading to a professional and systematic partner management. New partners join a two level partner model, whereas existing partners are in the course of being introduced to the model during 2008. Overall, this led to joint successes between OPENLiMiT and various partner by way of substantial increases in turnover.

OPENLiMiT acquired hundreds of customers and several key new reference customers in the first two quarters 2008 to date. On the one hand these trigger a signal effect in the pertinent vertical markets, and on the other, they have a pioneer character for further solutions of a similar kind. There is a noticeable shift from mainly public authority projects (as in 2007 and earlier) to an increasing number of private industry projects. The most significant projects so far in 2008 include the following:

- ISmed Gemeinschaft GbR: Deployment of OPENLiMiT technologies for the electronic creation and archiving of medical opinions from within ISmed 3, the IT-platform for all State Medical Service Provider of Compulsory Health Insurers in Germany. This saves administrative expenses and reduces document search times.
- Tally WEiJL Trading AG: Implementation of an OPENLiMiT Server Component for the batch processing of e-invoices from within their SAP Enterprise Resource Planning system.
- Unfallkasse Post und Telekom K.d.ö.R: Integration of an OPENLiMiT Server Component into the DOXiS Archiving Solution from SER Solutions Deutschland GmbH to enable batch signing of scanned documents for audit proof archiving.

OPENLiMiT acquired a new distribution partner in Austria in the first half-year 2008. X.KEY GmbH is a new company with a well-known and experienced team. As a competence center for solutions in the areas of Public Key Infrastructure (PKI), PDF and PDF/A, X.KEY's core competencies are marketing, consulting and support of secure, efficient and trustworthy solutions for electronic communication. The OPENLiMiT technologies represent the core of the X.KEY product portfolio. The recent recommendation for the OPENLiMiT technology, OPENLiMiT CC Sign, by the Austrian Broadcast and Telecom Regulations GmbH (Rundfunk und Telekom Regulierungs-GmbH) and the Trust Center, A-Trust, is a positive start for the mutual marketing and sales activities.

Another significant milestone was the commencement of the test phase of the OPENLiMiT technologies for its deployment in the online banking system of the Deutsche Sparkassenverlag (publishing house for the Sparkasse savings banks) as an alternative to the conventional PIN/TAN method. Completion of the test phase and its launch in the productive environment are scheduled to take place this year.

OPENLiMiT was also able to enter into additional technological co-operations during the first half-year 2008, as exemplified by the cooperation between OPENLiMiT and Oracle Deutschland

GmbH together with the existing distribution partner, Fujitsu Siemens Computers GmbH (FSC). This co-operation is based on the groundwork laid in 2007, and concentrates on the development of a "secure middleware" for electronic administrative processes which in future, due to EU guidelines and national legislation, will have to enable working with electronic signatures. Government IT- infrastructures will have to allow certificate-based authorizations and enable the processing of legally secure administration procedures. The focus of the cooperation is secure e-mail and document signatures and encryption, together with audit-secure archiving. Oracle, FSC and OPENLiMiT will make available jointly developed and mutually compatible products and functions that satisfy the security evaluation and certification directives in compliance with the Common Criteria EAL 4+. Technologically, the three enterprises intend to offer the functional solution as part of the Oracle middleware strategy, whereby the OPENLiMiT technology is added as a server extension.

Additional technological cooperations include the cooperation in the technology enabled program with Symantec Corporation, Mountain View, USA, focused on the topic of long-term archiving with electronic signatures, and the cooperation with Adobe Systems GmbH and brainbuxx Ltd. & Co KG, focused on backend e-Mobile applications in conjunction with electronic signatures to enable capturing and audit-proof archiving of transaction data.

With respect to the implementation of a new strategic marketing plan and increased personnel resources, OPENLiMiT has put forth significant efforts in increasing its market visibility and awareness, with the first positive results already visible during the first half-year 2008. As a consequence thereof, OPENLiMiT has augmented the professionalism of its portfolio presentation with the launch of the new OPENLiMiT website, which has added clarity to product descriptions, product use cases, corporate and investor information. OPENLiMiT, furthermore, has increased its participation in exhibitions and product road shows. During the first six months of 2008, this included the CeBIT in Hannover, Germany, ITnT (Trade Fair for Information Technology and Communication) in Vienna, Austria, Deutscher Verwaltungskongress Effizienter Staat (Efficient State) in Berlin, Germany, International PDF/A Conference in Amsterdam, Holland, Berliner Signaturkonferenz (Berlin Signature Conference), Germany, Adobe 2008 Security Partner Summit in San Jose, USA, the Citrix iForum 2008 in Munich, Germany, and the CIAB 2008 in Sao Paulo, Brazil. At these events, new OPENLiMiT technologies were released, prototypes of the next OPENLiMiT product generations were exhibited and the close collaboration between OPENLiMiT and its distribution partners was demonstrated. The participation at the exhibitions resulted in numerous articles in dozens of publications and online portals, as well as – more importantly – an increasing number of acquired projects.

## **4.2 Product development**

OPENLiMiT continues to work hard towards implementing its product development plan. The company was able to engage the services of additional software specialists. The main releases

in 2008 to date are based on the OPENLiMiT Base Components Version 2.1.6.3, which were certified and released in February 2008. Generally, the new release supports additional peripheral hard and software products, supports additional operating systems and is compliant with the increased security requirements effective as of July 2008 in Germany. Unique versions of the new release are focused on specific use case scenarios:

- OPENLiMiT SignCubes Base Components 2.1, Version 2.1.6.3 for Microsoft InfoPath Technology: During the CeBIT 2008, Dr. Udo Helmbrecht, President of the German Federal Office for Information Security (BSI), handed over the certification documents for the OPENLiMiT SignCubes Base Components Version 2.1.6.3 for Microsoft to Mr. Achim Berg, Managing Director, Microsoft Deutschland GmbH, and Henry Dattler, CEO, OPENLiMiT. The certification documents confirm the certification of the OPENLiMiT technologies according to the internationally recognized IT-security standard, Common Criteria, and compliance with the German Signature Act. Beyond the standard functions, users can utilize the new OPENLiMiT signature software to electronically sign (legally-binding) browser-based forms from Microsoft InfoPath Forms Services and Microsoft Office SharePoint Server 2007. The confirmation according to the German Signature Act also applies to Windows Terminal Server technologies.
- BKK OPENLiMiT 2.1 Version 2.1.8.1: BKK OPENLiMiT was released in March 2008 and represents a unique OPENLiMiT product for exclusive distribution by the German Federal Association of Company Health Insurers (Bundesverband der Betriebskrankenkassen, BKK) and its partners. BKK represents an important niche market for OPENLiMiT technologies and encompasses its association members and their respective customers, over 14 million insured. The software product enables legally-binding processes between health insurers and their customers.
- S-TRUST Sign-it 2.1.7.1: S-TRUST Sign-it, an OPENLiMiT technology for exclusive distribution by the Sparkassen (Deutscher Sparkassen Verlag), was released in June 2008. Sparkassen customers will be able to utilize their S-TRUST Sign-it software in conjunction with the new online banking systems, based on the 45 million Sparkassen debit cards with electronic signature, a card reader and the OPENLiMiT technology. This alternative online banking system is expected to go live during the second half of 2008.

New technology based on the OPENLiMiT core technology:

- OPENLiMiT now offers an Applet component which can be used for electronic signature and encryption services in browser based processes. The Applet component eases the integration of OPENLiMiT technology into web applications and has successfully been introduced in Brandenburg.
- As of March 2008, the OPENLiMiT signature application is Citrix ready, i.e. the signature generation and verification is now possible in a Citrix environment, as well as in other terminal server environments.

- OPENLiMiT, on the basis of the certified core technology, developed a verification service for signed documents, which provides PDF/A compliant validation protocols. This solution offers the possibility for portal developers to integrate signature validation technology easily into their applications.
- In addition to the already existing Software Development Kit (SDK) technology, OPENLiMiT extended the SDK with new samples and documentation to facilitate an easier integration of the OPENLiMiT technology into third party applications. Ready to use samples ease the integration of the OPENLiMiT products into third party scenarios.

Intensive work continued on the development of the next two OPENLiMiT releases, OPENLiMiT versions 2.5 and 3:

- OPENLiMiT SignCubes Base Components v2.5: This OPENLiMiT version is scheduled for release in the fall of this year. The product provides significant added value by supporting XML-signatures and legally binding signatures for Lotus Forms from IBM. With the release, OPENLiMiT will have specific Common Criteria certified technologies for three of the major form server technologies: Adobe LiveCycle, Microsoft InfoPath and SharePoint technologies and Lotus Forms by IBM.
- OPENLiMiT Signature Middleware v3.0: In addition to the porting of the OPENLiMiT software to operating systems other than Windows, in particular to Sun Solaris, various Linux derivatives and MacOS X, the OPENLiMiT signature middleware solution is characterized by a new software architecture and user interface. The significance of the OPENLiMiT middleware is that it supports e-cards and e-card applications. E-card projects describe smart card projects, such as electronic health cards, electronic identity cards, electronic passports, European Citizen Cards etc. and their corresponding software applications. OPENLiMiT is developing a middleware technology that could serve as a connector for many applications in such projects. This development is supported by enterprises such as Adobe, the German Federal Association of Company Health Insurers (Bundesverband der Betriebskrankenkassen, BKK), CSC Deutschland Solutions, DGN Services, Fujitsu Siemens Computers, Giesecke und Devrient, PDF/A Competence Center and Sun Microsystems. The prototype was presented at the CeBIT 2008. The certified version is scheduled for release at the beginning of 2009. One important feature of this version will be the support for the upcoming German electronic identity card (ePA), which has been passed as of July 2008 and is scheduled for release in November, 2010.
- Implementation of an ArchiSafe and ArchiSig compliant solution: OPENLiMiT is currently developing a solution for long term archiving of electronic documents, which is compliant to the ArchiSafe standard published by the National Metrology Institute (Physikalisch-Technische Bundesanstalt, PTB). This standard guarantees the ability to access and migrate electronic documents very efficiently and addresses all consumers with requirements for long term archiving.

- Development of a mobile signature middleware: OPENLiMiT is developing a solution for mobile signature applications together with Adobe Germany. In this area, OPENLiMiT provides security and document technology for the application of electronic signatures in server based processes using the ETSI 102 206 standard.

Standard aspects of product maintenance include the integration of the latest signature cards and card readers in the OPENLiMiT solutions, the observance of national security criteria in the target markets, as well as support for new product versions with Adobe and Microsoft technologies. The OPENLiMiT technologies comply with current legal stipulations in OPENLiMiT's core markets.

### 4.3 Financial results

Revenues for the first half year reached CHF 1'257'584, an increase of 39% in comparison to the same period of the previous year (CHF 903'935), due to increasingly positive market conditions and the successful implementation of the sales and marketing strategy adopted towards the end of 2007 onward. With company produced additions to software development, the total income for the period increased by 25% to CHF 2'205'431, up from CHF 1'758'960 for the same half year period 2007.

Although total income increased, earnings before interest and taxes (EBIT) decreased from CHF -531'707 for the first half year 2007 to CHF -1'083'764 for the first half year 2008. The main expenses that caused an increase in EBIT loss were higher total wages/salaries and associated social insurance contributions, as the number of employees increased from 33 in the first 6-months 2007 to 41 in the first 6-months 2008, higher external service expenses, due to an increase in the number of external consultants, and substantially higher depreciation expenses, up by 563% from CHF 85'677 in the first half year 2007 to CHF 568'105, primarily based on the depreciation of accumulated company produced additions to software development.

The loss for the period consequently increased from CHF -414'579 for the half year 2007 to CHF -1'310'123 for the half year 2008, affected also by the adverse exchange rate development between the Euro and Swiss franc (sales are predominantly invoiced in Euros, but recorded in the stronger Swiss Franc).

Non-current assets increased by 19% from CHF 2'753'412 in first 6-months 2007 to CHF 3'281'047 in the first 6-months 2008. The increase is predominately based on an increase in intangible assets, as the company has made additions to software development. Current assets benefited by an increase in Trade and other receivables by 8% over the same period of the previous year, but decreased in total due to a decrease in Cash and cash equivalents by 18% over the first half year 2007. Current assets total CHF 2'918'027 in the first 6-months 2008, compared to CHF 3'208'969 in the first 6-months 2007. The sum of non-current assets and current asset resulted in an increase of the balance sheet total from CHF 5'962'381 in the first half year 2007

by 4% to CHF 6'199'074 in the first half year 2008. The increase in total assets, with no change in share capital and share premium, resulted in a reduction of the accumulated loss and thus an increase in shareholder equity from CHF 5'689'432 for the first half year 2007 to CHF 5'905'580 for the current period.

Cash flow from operating activities was positive for the first half year 2008, up 349% from CHF -693'507 in the first half year 2007 to CHF 1'723'760 in the first half-year 2008. The positive development is primarily based on a decrease in account receivables, as customers, in particular from late December 2007, paid off their respective accounts. With minor interest received and slightly higher investments in intangible assets and equipments over the same period of the previous year, the net cash and cash equivalents position was increased from CHF – 1'608'660 in the first 6-months 2007 to CHF 664'091 in the first 6-months 2008.

#### **4.4 New designated sponsor**

OPENLiMiT has signed a contract with a new Designated Sponsor to ensure an optimized liquidity in the OPENLiMiT stock. ICF Kursmakler AG, with ca. 100 employees, belongs to the leading Securities Trading Banks in Germany.

#### **4.5 Employees**

The number of employees of the OPENLiMiT Group increased by 8 in comparison to the first half year 2007 to 41 employees including management.

#### **4.6 Transactions with related parties**

Necessary business relations with related parties are dealt with at market-compliant conditions. We refer here to Item 6.4.

#### **4.7 Legal frameworks and the regulatory environment**

The legal frameworks for electronic signatures on the basis of EU Directive 1999/93/EG have been in place since 1999. Since the introduction of this directive, every year further guidelines have been issued enabling or making mandatory the use of the electronic signature. The guidelines are implemented by the EU member states in their national legislation. Additionally, member countries pass national legislation not based on EU guidelines that further advance the use of electronic signatures. Amongst significant new legislations passed in 2008 in the OPENLiMiT target markets of Germany, Austria, and Switzerland are ELENA and the electronic ID (elektronischer Personalausweis, ePA) in Germany.

ELENA, formerly known as the Jobcard, was enacted by the German Federal Cabinet in June 2008. The Electronic Proof of Income Act (ELENA) mandates that applications for social services must be submitted electronically in conjunction with the applicant's electronic signatures, thus requiring millions of German citizens to acquire a signature smartcard. Furthermore, companies will be required to create an electronic proof of income, thereby eliminating the requirement of physically printing it many times on paper as is the current situation. Such improvements will bring initial savings of 85 million Euros per annum for the national economy and public administration services.

ELENA commits affected authorities (e.g. the current OPENLiMiT client Federal Employment Office), insurers, employing companies and applicants involved with benefits to work with the electronic signature. This development benefits OPENLiMiT because it can be assumed that from 2008 until the transition period is over in 2012, all parties affected will invest in corresponding IT infrastructures, from simple client solutions to more complex server solutions. OPENLiMiT, as the technological market leader in offering signature software, is well positioned for the implementation of ELENA with clients and distribution partners.

The ePA was decided upon by the German Federal Cabinet on 23 July 2008 and will be released in November 2010. The ePA permits electronic authentication processes and optionally the electronic signature. It thus enables secure and legally binding transactions via the internet. OPENLiMiT is well positioned for the market development in conjunction with ePA applications, as the technology supports both authentication and electronic signature processes.

#### **4.8 Economic environment**

In the wake of the US real-estate crisis and the turbulence on the international financial markets, the dynamics of world economic activity have weakened. According to the World Bank, growth estimates for 2008 show a 1.0% reduction compared to 2007. In the Eurozone this equates to 1.7% growth in 2008 compared to 2.5% in 2007. Inflation has also returned onto the world scene, leaving central banks fighting the risks of stagflation (stagnated growth, increased inflation).

Europe in Q1 of 2008 showed signs of abating the greatest fears with a resilient 3.2% growth according to the Swiss National Bank. Q2 however saw the negative effects of rising commodity prices and record oil prices, with Brent Crude exceeding \$140 dollars a barrel, dampening early enthusiasm. This cooling effect is expected to continue, investment is expected to decrease by approx 0,1-0,2%, restricted by tightening money markets and rising interest rates as Central Banks are under pressure to enter the pyrrhic battle against Inflation, currently reported in the Eurozone to be at 4% (Financial Times June 28th 2008). This and a slump in housing markets in predominantly the UK, Ireland and Spain has led to a forecasted decrease in Household Purchasing power of 0,1-0,2% by the end of 2008 and a reduction of the growth estimates.

Switzerland and Germany, by far the strongest performers in Q1, due to robust retail sales and strong trading links with emerging markets, are also expected to feel the effects of a dampening economy. Corporate balance sheets are reported to remain strong though and a recent new wave of cross border transactions have started in the field of Pharmaceuticals, providing some optimism. Economic data however remains pessimistic, Europe is still expected to avoid a technical recession with Real GDP expected to grow by 1.0% in 2009, but caution remains the key trend with regard to the outlook. In some respects this could be opportunistic for OPENLiMiT, as governments and private business look for efficiency gains, such that could be provided by OPENLiMiT's products.

Stock markets in all territories have been a clear victim of 2008 with the DAX falling in the region of 16% since the beginning of 2008. Volatility in the financial markets and high profile earnings warnings from major firms such as Siemens and GE have worried investors, and it is unlikely that the highs of 2007 will be met for some time.

The CHF/EUR volatility from Q1 (OPENLiMiT's core currency exposure) seems to have leveled from lows of 1.53/1 rising to 1.61/1 by the half year. After the European Central Bank (ECB) decided to raise the interest rate to 4.25% speculation now remains if the Swiss National Bank (SNB) will hold its rates in the belief that current inflationary pressures are transitory. On current data, a year end average of 1.60/1 remains realistic (forward rates per 09/07/08 Credit Suisse 1.6023:1.6042), however will be heavily dependent on the monetary policy decision of the SNB in September 2008.

Regarding the IT market no data to show any major shocks as within other markets. Certainly a downturn is a chance for IT as companies seek greater and more cost efficient processes; however, no data or forecast figures to support this currently. Government revenues are also affected so their spending for non essential projects is effected, which could naturally affect OPENLiMiT.

All data, unless separately annotated, is from the Center for Economic Studies (CES), the Ifo Institute for Economic Research and the CESifo GmbH (Munich Society for the Promotion of Economic Research).

#### **4.9 Important events that occurred after the reporting date of 30<sup>th</sup> June 2008**

There were no material events that affect the OPENLiMiT Group after the reporting date of 30th June 2008. References to developments of interest that occurred after the reporting date are mentioned in the appropriate section of the semi-annual report.



#### **4.10 Chances and risk report**

The risks include all developments that could endanger the achievement of the set goals or even the continued existence of the company. The aim is respectively the identification in good time of risks and the in-depth evaluation of information, particularly in conjunction with the associated financial consequences. The planning and controlling processes are adapted on the basis of the risks.

The following risks have been identified by the company management and the Board of Directors as being of significance to OPENLiMiT, and are substantially unchanged to the risk and opportunity evaluation as presented in the Annual Report 2007 of the Group, which is herewith referred at. An internal risk review takes place on a semi annual basis where the risks are identified and treatments discussed with the relevant risk owners to ensure that as the company grows, the risk profile remains monitored and controlled.

##### **4.10.1 Distribution and market demand for the software solutions**

The success of OPENLiMiT is dependent to a high degree on successful distribution of its products and the market demand for them.

OPENLiMiT sells the products through selected partners. The company's resources are used for the care and support of partners in the form of integration and solution partners. At the same time, OPENLiMiT is actively involved in the acquisition of further key player distribution and technology partners and the positioning of OPENLiMiT products in strategic projects. However, no assurances can be given that the present distribution and technology partners will achieve the jointly planned goals. The revenue of OPENLiMiT is hugely dependent upon the successful distribution activities of these independent companies. This represents the greatest risk to the Group's forecast because the business is dependent upon the conclusion of usually larger-scale projects, which may or may not take place within the financial period. Consequently, the turnover may be delayed or not concluded. The market acceptance risk faced by OPENLiMiT products is not considered at this time to be of significance, particularly in view of the initial larger distribution successes.

##### **4.10.2 Competition environment**

At this time, the market for signature software is still a young one and is constantly developing. It cannot therefore be excluded that in future other providers with comparable products will increasingly make their presence felt on the market and offer signature solutions. Certification of the OPENLiMiT technologies in compliance with the IT security standards Common Criteria EAL 4+ is a unique selling point. Products that are in the certification stage may, but must not, be published. Based on the published certifications and information, OPENLiMiT remains convinced of the development lead of its own technologies. OPENLiMiT cannot give any assessments of products that may be undergoing certification, but have not yet been published. A certified com-

petitor product with a comparable scope of functions could have a negative impact on expected turnover and results.

Another risk of the competition environment is that the unique selling points of the OPENLiMiT technologies cannot be asserted in specific demand situations, allowing competitors to attain a comparably strong position. In such constellations, OPENLiMiT would be exposed to greater competitive pressure.

#### **4.10.3 Development risks**

The innovation cycles of technical developments and products are generally very short. This applies in particular to software products. Suppliers must therefore adapt their products and services to new requirements with foresight, flexibly and quickly. Not only that, but the required technologies and certification requirements are becoming more and more sophisticated, particularly in the segment IT Security. OPENLiMiT is dependent upon being able to adapt successfully to the rapidly changing technologies, standards and legislation. This brings with it a great demand for skilled workers, as well as capital. OPENLiMiT is also dependent upon third parties (evaluation and confirmation agencies) for certification of its products. Due to the increase in certification procedures in general, there is a risk a certification process cannot be completed on time, preventing early penetration of the market.

Furthermore, the rapid advances being made in technology also involves the risk that the consequences and ramifications of these technologies cannot be fully assessed. A false appraisal by OPENLiMiT of the further development of the solutions it offers with regard to the technologies and customer requirements could have a significantly adverse impact on turnover and results.

#### **4.10.4 Organizational realization of the planned growth**

The development of the company in the field of software development, strategic partnerships, financing and other fundamental activities has been rapid over the past few years, and has put the employees and company resources under much strain. No assurance can be given that the efforts made by the company to create or expand the requisite personnel and technical structures in order to achieve the targets set will be sufficient. Should OPENLiMiT not succeed in creating or expanding the requisite personnel and technical structures, this could adversely affect the company's turnover and results.

#### **4.10.5 Dependence upon key employees**

The success of the company is dependent to a significant extent upon the involvement of the present specialists in the management and of the employees. In the event that key employees leave the company, there can be no assurance that OPENLiMiT will be capable of hiring and familiarizing qualified executives within an adequate period of time. If OPENLiMiT does not succeed in doing this, it could have an adverse effect on turnover and the profit/loss situation.

#### **4.10.6 Financial risks**

The OPENLiMiT Group is subject to various financial risks, such as foreign currency fluctuations or credit risks arising from the company's activities. OPENLiMiT attempts to minimize every possible unfavorable impact such fluctuations could have on the company's financial success.

##### *Foreign currency risk*

The foreign currency risk faced by OPENLiMiT is essentially limited to the CHF / Euro. In the case of the transaction risk, there is a risk of fluctuations in the value of the foreign currencies between the date of the contractual agreement and the actual payment. Due to the prevailing minimal significance of foreign currency risks, OPENLiMiT does not use either currency forwards or foreign currency options for hedging purposes.

##### *Interest rate risk*

Maintained credit balances and money market investments are subject to an interest rate risk, although this is still to be regarded as being insignificant.

##### *Liquidity risk*

The short-term liquidity risk is understood as the risk of not being able to dispose of a certain minimum liquidity, while the long-term liquidity risk would mean that OPENLiMiT would have no access to the financial markets to borrow outside capital. The liquidity risk is monitored by preparing cash flow plans on a monthly basis and ensuring accounts receivables are collected in a timely manner.

##### *Credit risk*

This is understood as the possibility that one of OPENLiMiT's transaction parties would be in the position or willing to meet its liabilities, a situation that would be financially damaging to the OPENLiMiT Group. Receivables from deliveries and services are continually checked and monitored for credit risks.

##### *Liability risk*

With regard to its software, the company holds liability insurance for hardware and software companies, including compulsory insurance in compliance with the Signature Act of the Federal Republic of Germany. The insurance cover amounts to EUR 2.5 million with 4-fold maximization and applies throughout Europe. Claims arising from financial loss which arises in particular due to a non-observance of deadlines or scheduled dates, as well as an exceeding of estimated budgets and cost estimates, or damages arising from substitute performance due to default, are excluded from this insurance subject to the legally stipulated extent of cover in compliance with the German Signature Act. The company itself, or its subsidiaries, generally hold company liabil-

ity insurance, occupational liability insurance and property insurance with regard to their office premises. Compulsory accident insurance and daily hospital benefits insurance exist for employees. Cars are covered by fully comprehensive insurance. The company makes all decisions regarding its insurance portfolio and its scope taking into account the essential risks so that these are all adequately covered. However, the company cannot guarantee that it will not incur any losses, or that no claims will be made against it, which may exceed the scope of the existing insurance cover. The company is not at this time considering any modifications or changes to the existing insurance cover.

#### **4.10.7 Opportunities**

Opportunities for OPENLiMiT will arise in particular in conjunction with e-invoicing and e-form solutions, the increasing number of companies deploying client licenses, e-card projects, the widespread circulation of smart cards in Germany, the long-term archiving of electronically signed documents, the co-operation with new partners for developing more products, as well as in the international expansion into new geographical markets.

E-invoicing solutions are today in especially high demand by companies. The associated significant cost reductions are of interest to any firm. Equally interesting are the cost savings that can be achieved by utilizing signature software for the fully electronic, form-based processing of transactions. Both segments are a major potential source of revenue for OPENLiMiT. At the present time, it is difficult to assess this potential.

Companies and public authorities are increasingly equipping their individual workplaces with signature software to enable all their employees to process transactions electronically. The cost savings are considerable here as well. This is another major potential source of turnover for OPENLiMiT. At this time, it is difficult to assess in what sort of time period signature software will be introduced at company and public authority workplaces. Consequently, this potential cannot as yet be quantified.

E-card projects describe smart card projects such as electronic health cards, electronic personal identity cards, electronic passports, etc. OPENLiMiT has developed a middleware technology that could serve as a connector for many applications in such projects. This development is supported by enterprises such as Adobe, the German Federal Association of Company Health Insurance Funds (Bundesverband der Betriebskrankenkassen, BKK), CSC Deutschland Solutions, DGN Services, Fujitsu Siemens Computers, Giesecke und Devrient, PDF/A Competence Center and Sun Microsystems. The first projects in conjunction with the electronic health card will probably be realized in Germany in 2008. In addition, e-cards may be registered for the ELENA-procedure, as details in the section Legal frameworks and regulatory environment on p.14. These projects and the newly enacted legislation pertaining to the ePA in Germany represent a future potential source of revenue for OPENLiMiT, although the scope or time periods of potential projects cannot be assessed at this time.

The Sparkasse savings banks have brought into advance circulation over 24 million signature-capable EC cards (of a total target of 45 million) for the online banking system that will be offered in 2008 alternatively on the basis of smart cards and the OPENLiMiT technology, S-TRUST Sign-it. This is a significant potential source of turnover and profit for OPENLiMiT, to a small degree in 2008, and to a larger degree for 2009 and beyond. However, a concrete appraisal of the acceptance, and in particular the time frame for achieving satisfactory market penetration, is not possible at this time.

The segment for long-term archiving in conjunction with the electronic signature is yet another opportunity for OPENLiMiT. Signed documents have to be periodically re-signed so that the document integrity can be preserved or guaranteed over longer periods of time. For this purpose, OPENLiMiT is developing special technologies to considerably simplify the re-signing of large numbers of documents. These technologies will be marketed in future by selected partners, who are also involved in the development of other products in the overall solution (for example archive solutions). Taking into account the huge number of electronic archives in the private and public sectors, this development represents a major potential for OPENLiMiT. Completion of this work is expected towards the end of 2008/early 2009. The effectiveness of the planned marketing measures, or the acceptance of the products and thus the resulting turnover and profits, cannot be ultimately evaluated at this time.

In 2007, OPENLiMiT began with the technological adaptations of its technology for selected IBM and Oracle products. The interoperability with these products should be finalized in 2008, thereby opening up even more markets for the OPENLiMiT technologies, each of which holds a significant potential for existing and new customers. When exactly this interoperability will be completed, the effectiveness of the planned marketing measures, or the acceptance of the products and thus the resulting turnover and profits, cannot be ultimately evaluated at this time.

The main emphasis of OPENLiMiT's distribution and marketing activities is currently focused on the German-speaking countries. OPENLiMiT did, however, succeed in entering into specific distribution partnerships in other markets. Additionally, distribution partnerships with several global players enable the European and world-wide marketing of selected OPENLiMiT technologies. This increases OPENLiMiT turnover potential considerably. Due to the necessary adaptation of the OPENLiMiT technologies, the speed of the realization, and consequently the ensuing revenue and profits, cannot be definitively assessed.

No risks that could endanger the continuing existence of the company can be seen at the present time.

#### **4.11 Outlook**

With our focus on developing cutting-edge technologies coupled with the strategic and organizational measures taken, OPENLiMiT is on its way to achieving our stated goals in terms of product

sales and expansion of distribution and technology partners. In particular the close technological cooperation with Microsoft and IBM has lead to very promising technological approaches for electronic legally binding processes for the future. We will concentrate even more on marketing management to achieve, together with our partners, success for our company. We are confident that, thanks to standardized business processes and common values, together with the desire to achieve outstanding performance that is anchored in our corporate culture, we will succeed in meeting the needs of our customers, in generating lasting growth for our shareholders, as well as in offering a motivating and worthwhile environment to our employees.

The best possible operational performance, consistent cost management, as well as solid technology, form the cornerstones of our success. On this basis, we want to continue strengthening the OPENLiMiT brand and to raise awareness of our products even further.

All of these goals are only possible due to the efforts of our 41 employees. We thank them for their enthusiasm and commitment, and our customers and shareholders for their loyalty and support.

Recent developments in the OPENLiMiT target markets of Austria, Switzerland and especially Germany provide medium to long-term confidence in the growth potential of the still young electronic signature market. OPENLiMiT is positioned as the technological leader in these markets and should be able to capitalize on these developments. The grounds for confidence are, inter alia, based on the recent law regarding ELENA in Germany, the decision for the ePA (see section "Legal frameworks and regulatory environment", p.14), and the developments pertaining to the electronic health insurance card, which have been delayed in the past, but should enter roll-out stage towards the end of this year. At this stage, it is difficult to predict in what timeframe these developments will positively impact OPENLiMiT, but they will lead to an augmented growth of the market in general.

The OPENLiMiT sales pipeline has developed according to our expectations; however, the sales cycles remain lengthy due to the complexity of the IT-projects, the resulting process changes and the number of project partners typically involved in implementation.

OPENLiMiT was able to grow moderately over the same period last year. We expect a similar growth pattern this year as in previous years, resulting in a high percentage of annual revenues occurring in the second half year, especially within the last quarter. With several larger scale projects expected to close prior to the year's end, OPENLiMiT will receive the required cash flow for future growth. We therefore expect revenues to develop as planned and to end the year with a positive net income.

The Board of Directors

## 5 CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Income Statement from 1<sup>st</sup> January to 30<sup>th</sup> June 2008 (not audited)

	Note	Change %	01.01.2008- 30.06.2008 CHF	01.01.2007- 30.06.2007 CHF
Revenue	6.8	39%	1'257'584	903'935
Company produced additions to software development	6.8	11%	947'847	855'025
<b>Total Income</b>		<b>25%</b>	<b>2'205'431</b>	<b>1'758'960</b>
Costs of goods sold	6.9	-100%	0	-5'039
Personnel Expenses	6.10	51%	-2'101'529	-1'392'161
Depreciation	6.20/ 6.21	563%	-568'105	-85'677
Service operation expenses	6.11	-23%	-619'561	-807'790
		44%	-3'289'195	-2'290'667
<b>Income / (-) loss from operations</b>		<b>104%</b>	<b>-1'083'764</b>	<b>-531'707</b>
Financial income	6.12	-92%	11'557	141'817
Financial expenses	6.13	>100%	-223'083	-2'440
		-252%	-211'526	139'377
<b>Income / (-) loss before tax</b>		<b>230%</b>	<b>-1'295'290</b>	<b>-392'330</b>
Tax expense	6.14	-33%	-14'833	-22'249
<b>Net income / (-) loss for the period</b>		<b>216%</b>	<b>-1'310'123</b>	<b>-414'579</b>

Consolidated Balance Sheet as of 30<sup>th</sup> June 2008 (not audited)

	Note	Change %	30.06.2008 CHF	30.06.2007 CHF
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets	6.20	19%	3'085'721	2'592'188
Plant and equipment	6.21	21%	195'326	161'224
		<b>19%</b>	<b>3'281'047</b>	<b>2'753'412</b>
<b>Current assets</b>				
Inventories	6.19	-100%	0	1
Trade and other receivables	6.17/ 6.18	8%	1'174'025	1'090'718
Cash and cash equivalents	6.16	-18%	1'744'002	2'118'250
		<b>-9%</b>	<b>2'918'027</b>	<b>3'208'969</b>
<b>Total assets</b>		<b>4%</b>	<b>6'199'074</b>	<b>5'962'381</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Equity</b>				
Share capital	6.23	0%	4'727'224	4'727'224
Share premium	6.24	0%	7'876'218	7'876'218
Accumulated loss		-3%	-6'697'862	-6'914'010
		<b>4%</b>	<b>5'905'580</b>	<b>5'689'432</b>
<b>Current liabilities</b>				
Trade accounts payable and other liabilities	6.22	8%	293'494	272'949
		<b>8%</b>	<b>293'494</b>	<b>272'949</b>
<b>Total equity and liabilities</b>		<b>4%</b>	<b>6'199'074</b>	<b>5'962'381</b>



<i>Statement of Changes in Equity 30<sup>th</sup> June 2008 (not audited)</i>						
<i>CHF</i>	Share capital	Share premium	Accumulated loss	Consolidated reserves	Profit / Loss	Total equity
Balance at 01.01.08	4'727'224	7'876'218	-621'836	-5'773'044	978'502	7'187'064
Profit / loss brought forward			978'502		-978 502	
Capital consolidation			-36'702	65'342		28'640
Profit/ (-) loss for the period					-1'310'123	-1'310'123
<b>Balance at 30.06.08</b>	<b>4'727'224</b>	<b>7'876'218</b>	<b>319'964</b>	<b>-5'707'702</b>	<b>-1'310'123</b>	<b>5'905'580</b>

Consolidated Cash Flow Statement from 01<sup>st</sup> January to 30<sup>th</sup> June 2008 (not audited)

	Note	Change %	01.01.2008-30.06.2008 CHF	01.01.2007-30.06.2007 CHF
<b>Profit / (-) loss for the period</b>		<b>216%</b>	<b>-1'310'123</b>	<b>-414'579</b>
Tax	6.14	-33%	14'833	22'249
Financial income / expense	6.12/ 6.13	-252%	211'526	-139'377
Depreciation on intangible assets, plant and equipment, inventory	6.20/ 6.21	563%	568'105	85'677
Exchange difference	6.12/ 6.13	-407%	-219'579	71'488
Change in receivables and other as-sets	6.17/ 6.18	-747%	2'568'974	-396'930
Change in liabilities not attributable to investment and financing activities	6.22	-241%	-109'976	77'965
<b>Net cash from (used in) operating activities</b>		<b>-349%</b>	<b>1'723'760</b>	<b>-693'507</b>
Interests received	6.12	-84%	11'557	70'329
Taxes paid		-100%	0	-25'797
<b>Net cash from operation activities</b>		<b>-367%</b>	<b>1'735'317</b>	<b>-648'975</b>
Investments in intangible assets and equipment	6.20/ 6.21	12%	-1'071'226	-959'685
<b>Net cash from (used in) investment activities</b>		<b>12%</b>	<b>-1'071'226</b>	<b>-959'685</b>
Increase in share capital		0%	0	0
Repayment of loans		0%	0	0
<b>Net cash from (used in) financing activities</b>		<b>0%</b>	<b>0</b>	<b>0</b>
<b>Net increase / decrease in cash and cash equivalents</b>		<b>-141%</b>	<b>664'091</b>	<b>-1'608'660</b>
Cash and cash equivalents beginning of period	9	-71%	1'079'911	3'726'910
Cash and cash equivalents at end of period	9	-18%	1'744'002	2'118'250

## **6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statement of the OPENLiMiT Group was prepared in compliance with the "International Financial Reporting Standards" (IFRS) and fulfils the requirements of the Swiss Code of Obligations.

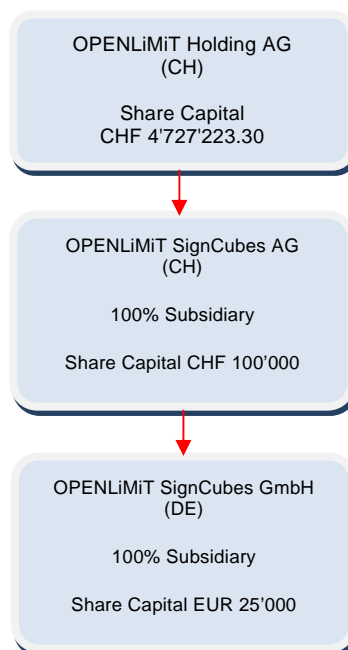
Fundamentally, the OPENLiMiT Group prepares the Financial Statement on the basis of historical acquisition costs, with the exception of securities and other investments, and some financial instruments which are reported in the balance sheet at fair value.

The Board of Directors of OPENLiMiT Holding AG approved the unaudited Consolidated Financial Statement for publication on 22<sup>nd</sup> August, 2008.

A list of the principle accounting standards effecting material positions on the financial statements have been included below. These are substantially unchanged from the Group's Annual Report 2007. Only the most important principles are repeated below.

## 6.1 Scope of consolidation

The Consolidated Financial Statement takes into account those domestic and foreign subsidiaries that are controlled by OPENLiMiT Holding AG vote-wise, directly or indirectly, to more than 50% or by means of contractual or other agreements.



Subsidiaries and participations are taken into consideration in the scope of consolidation from the time of acquisition, and are excluded from the Consolidated Financial Statement from the date of sale.

## 6.2 Consolidation method

The capital consolidation is effected according to the Purchase method. Assets, liabilities and company equity, as well as the income and expenses of the fully consolidated subsidiaries, are taken into full consideration in the Consolidated Financial Statement. Interests of third-party shareholders in the company equity and profits and losses are listed separately.

Joint ventures which are jointly managed by the shareholders, and investments in associated companies in which OPENLiMiT Holding AG does not have a direct or indirect controlling interest (where the investment quota is usually between 20% and 50%) are included in the Consolidated Financial Statement with the proportionate company equity according to the Equity method. Investments below 20% are valued at their fair value.

All group-internal receivables, liabilities, expenses and income, as well as non-realized interim profits, are eliminated within the scope of the consolidation. Assets and liabilities of acquired companies are re-valued at the time of acquisition in accordance with the Group's accounting standards, and a necessary positive difference in amount between the purchase price and the company equity that is redefined as the market value is activated as goodwill, and is linearly written off over the expected economic useful life. The profits and losses of the acquired companies are recorded in the consolidated income statement from the time of the controlling acquisition. Upon the withdrawal of companies from the scope of consolidation, deconsolidation takes place as an income item at the time of sale, and the results of the sold companies up to the time of sale are reported in the consolidated income statement.

The half year reporting of all subsidiaries ends as of 30th June.

### **6.3 Intangible assets and goodwill**

Identifiable acquired assets, liabilities and contingent liabilities are listed in the balance sheet at their value at the time of the acquisition, irrespective of the extent of the minority interests. Acquisition costs that exceed the share of the Group in the value of the identifiable net assets to be added are reported in the statement as goodwill. Companies that are acquired or sold during the financial year are included in the Group's annual accounts from the date of the acquisition or up to the date of the sale.

In accordance with IFRS 3, it is assumed that the goodwill, as well as certain intangible assets, have an indefinite useful life and are therefore not written off as scheduled, but are subjected to a depreciation audit at least once a year. The amount of any possible depreciation is listed in the income statement under "Depreciation, amortization". OPENLiMiT currently reports software development as being an intangible asset with an indefinite useful life.

Intangible assets with a limited useful life are checked for soundness as soon as certain factors or general circumstances give cause to believe that their book value is no longer realizable. If there is an indication of a possible over-evaluation, the current value, less any possible sales expenditure, is determined in the Group on the basis of the monetary flow expected in future from the use and the most recent realization. If the book value is greater than the higher value from the net sales proceeds and the utilization value, a depreciation equivalent to the difference is recorded as an expense. Assets are summarized for the soundness test at the lowest level for which cash flows can be separately identified. The estimate of the monetary flows that are to be discounted in future is based on appraisals and assumptions of the company management. The monetary flows that may actually be realized can deviate significantly from these estimates.

## 6.4 Research and development expenses

Research and development expenses are listed in the balance sheet under "Intangible assets". This solely concerns the development of the OPENLiMiT software undertaken by the subsidiary OPENLiMiT SignCubes GmbH. OPENLiMiT SignCubes GmbH is tax-listed in Germany as a cost-plus company. Profits generated in Germany are eliminated in the Consolidated Financial Statement using the cost-plus method.

## 6.5 Intangible and tangible fixed assets

Intangible and tangible fixed assets are listed in the balance sheet with their purchase or manufacturing costs less a linearly accumulated depreciation. Depreciation is calculated from the book value.

Intangible fixed assets listed in the balance sheet include goodwill, customer lists, supplier relationships, licenses, patented brand names and similar rights, software, as well as Company Produced Additions to Software Development and foundation and organization costs.

All intangible assets (excluding goodwill and brand names) are written off linearly over the expected useful life, which usually does not exceed five to ten years.

In addition to the goodwill and the brand names, the software development has also been activated as an asset with an indefinite useful life.

Decreases in value due to impairments are recorded in the depreciations and are reported separately.

Repairs, servicing and orderly maintenance are negatively listed in the profit and loss statement as ongoing costs. Value-increasing costs are activated and written off over their estimated useful life.

The following useful lives are estimated (in years):

	Useful life
Furnishings	10
Vehicles	4-5
Computer equipment	3-5
Intangible fixed assets	as a rule 5-10

## 6.6 Foreign currency conversion

The OPENLiMiT Group Statement is reported in Swiss francs (CHF). All foreign currency receivables and obligations are converted at the exchange rate valid on the balance sheet date (30<sup>th</sup> June 2008: EUR 1.606; in comparison the exchange rate at the beginning of the year was: EUR 1.655). The resultant conversion discrepancies are treated as income.

Transactions in foreign currencies performed by the consolidated subsidiaries are converted at the exchange rate valid at the time of the transaction. For consolidation purposes, transactions are converted at the exchange rate valid on the balance sheet date. Any resultant conversion discrepancies are treated as income.

## 6.7 Revenue

The net turnover includes all the invoiced sales and license income minus all revenue deductions (e.g. value-added taxes or sales taxes, discounts, cash discounts, etc.) and other company income (e.g. service income). The turnover is recorded at the time of delivery or performance of a service.

## 6.8 Segment reporting

On account of the present business activities and the size of the OPENLiMiT Group, a notifiable segment in accordance with IAS 14 does not exist. The main aspects of the definition of neither a business segment nor geographical segment apply.

<i>Revenues 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	<b>Change %</b>	<b>01.01.2008-30.06.2008 CHF</b>	<b>01.01.2007-30.06.2007 CHF</b>
Revenue	39%	1'257'584	903'935
Company produced additions to Software development	11%	947'847	855'025
<b>Total operation income</b>	<b>25%</b>	<b>2'205'431</b>	<b>1'758'960</b>

Generated revenue was achieved with various customers.

## 6.9 Cost of goods sold

<i>Costs of goods sold 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	<b>Change %</b>	<b>01.01.2008- 30.06.2008 CHF</b>	<b>01.01.2007- 30.06.2007 CHF</b>
Costs of goods sold	-100%	0	5'039
<b>Total material and goods costs</b>	<b>-100%</b>	<b>0</b>	<b>5'039</b>

## 6.10 Personnel expenses

<i>Personnel expenses 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	<b>Change %</b>	<b>01.01.2008- 30.06.2008 CHF</b>	<b>01.01.2007- 30.06.2007 CHF</b>
Wages & Salaries	59%	1'281'376	806'942
Legal / contractual social insurance contributions	34%	266'913	199'037
External services / 3 <sup>rd</sup> party work	43%	553'240	386'182
<b>Total personnel expenses</b>	<b>51%</b>	<b>2'101'529</b>	<b>1'392'161</b>

Depending upon the employee's function, the remuneration usually comprises the basic salary, variable salary components, social benefits and other allowances. The remuneration policy of the OPENLiMiT Group takes into consideration the profit situation, comparability, individual performance and usual market prices. The social benefits of the OPENLiMiT Group are orientated solely to national legal regulations.



## 6.11 Service operation expenses

<i>Service operation expenses 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	<b>Change %</b>	<b>01.01.2008- 30.06.2008 CHF</b>	<b>01.01.2007- 30.06.2007 CHF</b>
Rental costs	2%	121'261	118'634
Maintenance & Repairs	58%	14'403	9'140
Vehicle expenses	-65%	20'697	58'724
Vehicle leasing	43%	94'475	66'034
Fees, contributions, insurances	-31%	28'695	41'304
Electricity	48%	1'772	1'200
Office equipment & printed matter	-17%	21'523	25'923
Telephone, fax, internet & postage	-8%	30'620	33'116
Accounting & audit expenses	4%	43'725	42'169
Legal advice	>-100%	514	111'243
Stock market care	-78%	12'127	55'335
IT Expenses	97%	54'167	27'523
Administrative expenses	47%	23'442	15'999
Advertising	-24%	52'499	68'849
Travel & representation expenses	-25%	99'640	132'597
<b>Total service operation expenses</b>	<b>-23%</b>	<b>619'561</b>	<b>807'790</b>

## 6.12 Financial income

<i>Financial income 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	<b>Change %</b>	<b>01.01.2008- 30.06.2008 CHF</b>	<b>01.01.2007- 30.06.2007 CHF</b>
Sundry interest income	-84%	11'557	70'329
Exchange rate profits	-100%	0	71'488
<b>Total financial income</b>	<b>-92%</b>	<b>11'557</b>	<b>141'817</b>

### 6.13 Financial expenses

<i>Financial expenses 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	Change %	01.01.2008-30.06.2008 CHF	01.01.2007-30.06.2007 CHF
Bank interest and bank charges	44%	3'504	2'440
Exchange rate expenses		219'579	0
<b>Total financial expenses</b>	<b>&gt;100%</b>	<b>223'083</b>	<b>2'440</b>

### 6.14 Tax expense

<i>Tax expense 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	Change %	01.01.2008-30.06.2008 CHF	01.01.2007-30.06.2007 CHF
Tax expenses	-33%	14'833	22'249
<b>Total tax expenses</b>	<b>-33%</b>	<b>14'833</b>	<b>22'249</b>

Essentially, this is the tax accrued by OPENLiMiT SignCubes GmbH in Berlin to the sum of CHF 14'833. In the case of OPENLiMiT Holding AG, the holding privilege with regard to cantonal and communal taxes means that no profit tax is accrued, although capital tax is. In case of Direct Federal Tax, the full tax rate (8.5%) would not be accrued due on account of the holding deduction. OPENLiMiT SignCubes AG is not yet liable for taxation on account of loss-offsetting possibilities.

Due to the elimination of the interim income from the cost-plus approach from OPENLiMiT SignCubes GmbH, Berlin, to OPENLiMiT SignCubes AG, Baar, active "deferred" taxes would arise on account of IAS standards.

### 6.15 Profit shares of minority shareholders

All subsidiaries of the OPENLiMiT Group are in 100% ownership of OPENLiMiT Holding AG.

## 6.16 Cash & cash equivalents

<i>Cash &amp; cash equivalents 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	<b>Change %</b>	<b>30.06.2008 CHF</b>	<b>30.06.2007 CHF</b>
Banked cash	-18%	1'743'024	2'115'635
Cash on hand	-63%	978	2'615
<b>Total cash &amp; cash equivalents</b>	<b>-18%</b>	<b>1'744'002</b>	<b>2'118'250</b>

## 6.17 Trade receivables

<i>Trade receivables 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	<b>Change %</b>	<b>30.06.2008 CHF</b>	<b>30.06.2007 CHF</b>
Trade receivables	15%	966'208	840'540
Reserve for doubtful debts	0%	-99'000	-99'000
<b>Total trade &amp; other receivables</b>	<b>17%</b>	<b>867'208</b>	<b>741'540</b>

The value adjusted receivables concern accounts receivable whose economic position is currently assessed as being uncertain.

## 6.18 Other receivables

<i>Other receivables 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	<b>Change %</b>	<b>30.06.2008 CHF</b>	<b>30.06.2007 CHF</b>
Various residual receivables	-27%	191'947	262'494
Active deferrals	33%	114'870	86'684
<b>Total other receivables</b>	<b>-12%</b>	<b>306'817</b>	<b>349'178</b>

These residual receivables are current and correspond to their fair value.

## 6.19 Inventories

<i>Inventories 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	Change %	30.06.2008 CHF	30.06.2007 CHF
Inventory	0%	0	1
<b>Total inventories</b>	<b>0%</b>	<b>0</b>	<b>1</b>

## 6.20 Intangible fixed assets

<i>In CHF</i>	Software development	Development Costs SignCubes	Foundation and capital increase costs	01.01.2008-30.06.2008 Total	01.01.2007-30.06.2007 Total
Costs at 1.1.	4'114'530	3'145'812	300'364	3'446'176	5'840'727
Additions/Disposals	-4'114'530	1'026'498	0	1'026'498	855'025
<b>Balance at 30.06.</b>	<b>0</b>	<b>4'172'310</b>	<b>300'364</b>	<b>4'472'674</b>	<b>6'695'752</b>
Depreciation Balance at 1.1.	0	716'589	145'664	862'253	4'081'268
Additions/Subtractions	0	0	0	0	22'100
Depreciation	0	500'000	24'700	524'700	43'196
<b>Balance at 30.06</b>	<b>0</b>	<b>1'216'589</b>	<b>170'364</b>	<b>1'386'953</b>	<b>4'103'564</b>
Book Values Balance at 1.1.	0	2'429'223	154'700	2'583'923	71'813
<b>Balance at 30.06.</b>	<b>0</b>	<b>2'955'721</b>	<b>130'000</b>	<b>3'085'721</b>	<b>2'592'188</b>

In the last financial year, the basic development of software was fully depreciated. The further development of the software by the subsidiary OPENLiMiT SignCubes GmbH, Berlin, is invoiced on a quarterly basis using the cost-plus method. The profit share was eliminated in the Group statement. A pro rata depreciation of the development costs of the OPENLiMiT Software was applied (CHF 500'000).

## 6.21 Plant and equipment

<i>In CHF</i>	Furnishings Equipment	IT	01.01.2008.- 30.06.2008 Total	01.01.2007.- 30.06.2007 Total
Costs at 1.1.	367'154	438'193	805'347	616'412
Additions	40'843	3'885	44'728	107'026
Disposals	0	0	0	0
<b>Balance at 30.06.</b>	<b>407'997</b>	<b>442'078</b>	<b>850'075</b>	<b>723'438</b>
Depreciation Balance at 1.1.	240'053	371'292	611'345	498'637
Additions	28'768	14'636	43'404	63'577
<b>Balance at 30.06.</b>	<b>268'821</b>	<b>385'928</b>	<b>654'749</b>	<b>562'214</b>
Book Value Balance at 1.1.	127'101	66'900	194'001	117'775
<b>Balance at 30.06.</b>	<b>139'176</b>	<b>56'150</b>	<b>195'326</b>	<b>161'224</b>

## 6.22 Trade account payables and other liabilities

*Trade account payables and other liabilities 1<sup>st</sup> January to 30<sup>th</sup> June 2008*

	Change %	30.06.2008 CHF	30.06.2007 CHF
Trade liabilities	29%	171'331	132'559
Social insurance contributions	>100%	3'543	307
Other current liabilities	0	0	0
Deferred income	-15%	118'621	140'084
Tax liabilities	0%	0	0
<b>Total other payables and other liabilities</b>	<b>8%</b>	<b>293'494</b>	<b>272'949</b>

The deferred income essentially contains the personnel costs in Germany, the accrual for accounting, as well as the annual balance sheet work and audit.

## 6.23 Development of share capital

<i>Development of share capital 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	Nominal Value (CHF)	Number of issued bearer shares	Nominal value (CHF)
Balance 31.12.2005	0,30	14'400'000	4'320'000
Capital increase 10.02.2006	0,30	283'632	85'090
Capital increase 13.06.2006	0,30	1'073'780	322'134
Balance 31.12.2006	0,30	15'757'412	4'727'224
Balance 31.12.2007 (unchanged)	0,30	15'757'412	4'727'224
<b>Balance 30.06.2008 (unchanged)</b>	<b>0,30</b>	<b>15'757'412</b>	<b>4'727'224</b>

## 6.24 Share premium

<i>Share premium 1<sup>st</sup> January to 30<sup>th</sup> June 2008</i>			
	Change %	30.06.2008 CHF	30.06.2007 CHF
Share premium	0%	7'876'218	7'876'218
<b>Total share premium</b>	<b>0%</b>	<b>7'876'218</b>	<b>7'876'218</b>

## 6.25 Subsidiaries

<i>Subsidiaries</i>		
	Nominal capital	Holding
OPENLiMiT SignCubes AG, Baar/ZG, Switzerland	CHF 100'000	100%
OPENLiMiT SignCubes GmbH, Berlin, Germany	EUR 25'000	100%

### **6.26 Events following the end of financial half year 2008**

No events of significant importance to OPENLiMiT have taken place after the half year 2008 that would affect the results reported for the half year 2008.

### **6.27 Assurance by the legal representatives**

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and result of the operations of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Baar, 21<sup>st</sup> August 2008

OPENLiMiT Holding AG

/s/ Henry Dattler

President and Delegate of the Board of Directors

/s/ Marc Gurov

Chief Financial Officer

/s/ Dr. Thomas Hügi

Chief Operating Officer

## **6.28 Disclaimer**

### **Cautionary statement regarding forward-looking statements**

Forward-looking statements are given in this Semi-Annual Report which also contain predictions about forward-looking events, trends, measures or goals. Such statements are indicated by formulations like "will" or "growing" and similar expressions. The forward-looking statements mentioned in this document are based on the expectations of the company (including subsidiaries) at this time. As these forward-looking statements are subject to risks and uncertainty, this could cause the results and the plans and goals of OPENLiMiT Holding AG to deviate substantially from those which are explicitly or implicitly described in these forward-looking statements. Factors which may cause these plans, measures and results to substantially deviate from the current expectations include: (i) the general political, economic and competitive situation on markets and in countries in which the company or its branch offices are active, as well as exchange rate leverage and other risks which are connected with foreign dealings; (ii) general technological developments, (iii) the capability of the company to develop and market new products and technologies, as well as acceptance of such products or technologies by customers of the company, including the resultant incapacity of the company to achieve forecast turnovers; (iv) the timed coordination or occurrence (as well as non-occurrence) of transactions and events which among other things do not fall within the sphere of influence of the company or its branches; (v) changes to the credit ratings of partners and customers; (vi) changes to the prices of products as well as their negative impact on the company's turnover and profit margins from these products or (vii) costs in connection with changes to legal regulations. OPENLiMiT Holding company AG is not obliged to update or to revise these forward-looking statements to take into account new information, future events or circumstances.



## 7 INVESTOR INFORMATION

OPENLiMiT Holding AG is a listed Swiss stock corporation and has been listed in Germany on the Regulated Market (General Standard) in Frankfurt since 16th April, 2007, and is listed on the unofficial regulated market in Berlin-Bremen, Düsseldorf, Stuttgart and Munich.

<i>WKN / Symbol / ISIN</i>	<i>A0F5UQ / O5H / CH.002.223.700.9</i>
<i>Commercial segment / stock market</i>	<i>Regulated Market (General Standard) / Frankfurt</i>
<i>No. of shares</i>	<i>15'757'412</i>
<i>Type of shares</i>	<i>Bearer shares</i>
<i>Nominal value</i>	<i>CHF 0,30</i>
<i>Designated sponsor(s)</i>	<i>MWB Wertpapierhandelsbank AG, Germany; ICF Kursmakler AG, Germany</i>
<i>Trading markets</i>	<i>Frankfurt, Berlin-Bremen, Düsseldorf, Munich and Stuttgart</i>

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**Provisional Key Dates of the Financial Calendar 2008\*:**

22. August      Semi-Annual Report 2008

26. August      6th SCC Small Cap Conference, Frankfurt, Germany

14. November    Interim announcement for the 3<sup>rd</sup> quarter 2008

\*Of decisive nature is the respective date as given in the preliminary publications of the respective announcements and reports.

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