

PRESS RELEASE

For immediate publication

Positive results in a changing economic climate

Moutier, 12th August 2008

Downturn in business

Although the financial crisis is a source of increasing concern in the markets, economic conditions remained reasonably positive in the first quarter. This situation changed in the second quarter with a slump in new orders in April. There were successive improvements in May and June, but these were insufficient to compensate for the weak start to the second quarter. Thus, new orders in the first half totalled CHF 140.5 million, which, compared to last year's figure of CHF 152.1 million, represents a fall of CHF 11.5 million or 7.6%. Almac contributed CHF 13.2 million in the first six months. Trends in the Group's key market segments were mixed in the first half of the year. Automotive got off to a good start, but shows signs of slackening off. The medical sector is still growing stably, whereas electronics was the first market to enter a downturn. Microtechnology is still buoyant, mainly underpinned by the Swiss watch-making segment. Given the Group's varying presence in the above market segments, the trend has also been mixed on a geographical level. Northern and eastern European countries have been much harder hit by the downturn than Switzerland and southern Europe, where business continued to grow in a favourable climate. In the USA, business conditions and the weakening dollar are exerting downwards pressure on prices. In Asia, growth is slowing down and competitive pressure is on the increase.

Positive results

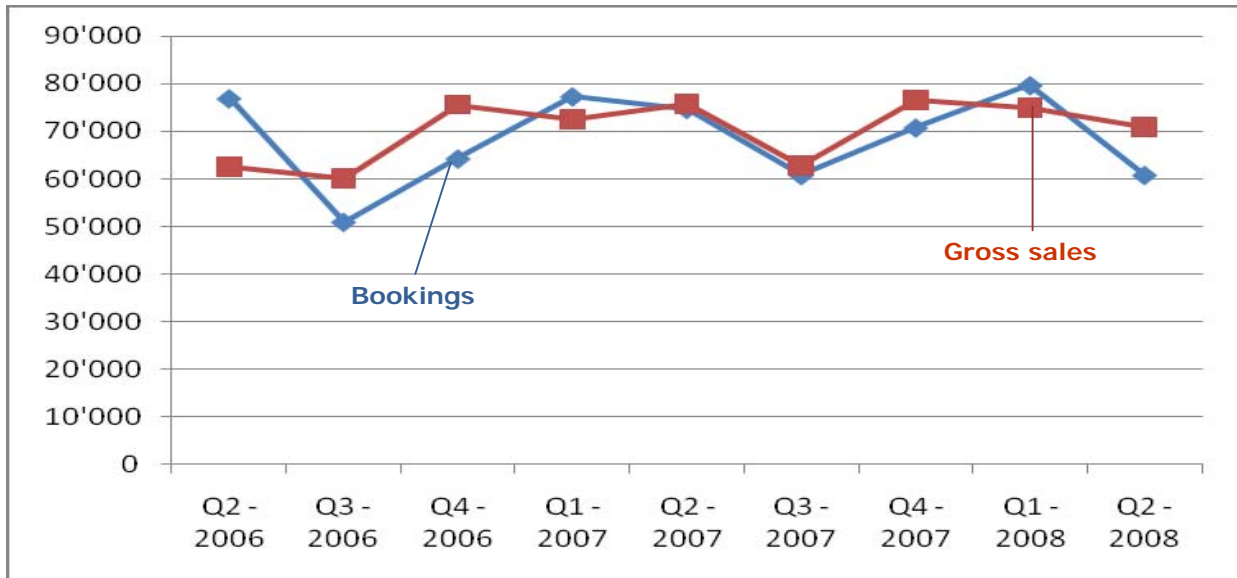
With gross sales of CHF 145.6 million up to 30 June 2008, the EBIT margin was 6.4%, a result below the Group's target, which remains 10%. This result fell from CHF 16.7 million for the first half of 2007 to CHF 9.3 million for the same period in 2008. This decline was due to the recent economic downtrend, pressure on prices and the strengthening of the Swiss franc, the effects of which could not be fully passed on in the current economic climate. Unlike 2008, the first half of 2007 saw exceptionally favourable conditions, as we pointed out in our interim report for 2007, in terms of "the good economic climate of the past few months, a favourable product mix and the depreciation of the Swiss franc". As at 30 June 2008, net profit stood at CHF 5.6 million compared with CHF 20.0 million for the first half of 2007. This fall is more pronounced than the drop in EBIT and is primarily attributable to the exceptional capitalization of tax loss carry forwards in 2007, which resulted in a challenging base effect for 2008, and by foreign exchange losses in 2008 on cash and cash equivalents held in US dollars following the sale at the end of 2007 of a building in the USA. Equity of CHF 155.0 million accounts for 67.7% of the balance sheet total of CHF 229.1 million and the net cash position is CHF 4.5 million compared to CHF 27.3 million on 31 December 2007. Given the Group's positive operating cash flow, this decline is primarily due to the reimbursement of the par value of shares to shareholders, the increase in the company's holding of its own shares, a larger stakeholding in the

partner company that manufactures the Delta product range and the acquisition of Almac SA and Almatronic SA.

Outlook for 2008

On the assumption that economic conditions stabilise, and with the inevitable reservations owing to the highly cyclical and volatile nature of its business, the Group has revised its sales figure to a range of between CHF 270 and CHF 290 million, with an EBIT margin of between 7 and 9%. The improved profitability in the second half is linked to the increase in the volumes of Micro 7, Sigma 32 and Delta products sold. In view of the contribution of these new products, the integration of Almac, the flexible cost structure and sound financial situation, the Tornos Group is equally well placed to ride out any recession or take full advantage of any recovery.

Tornos Group Unaudited Key Figures <small>(in KCHF unless otherwise stated)</small>	First quarter 2008	First quarter 2007	Second quarter 2008	Second quarter 2007	First half 2008	First half 2007	Change	Change % / pts
Bookings	79'698	77'349	60'813	74'705	140'511	152'054	-11'543	-7.6%
Gross sales	74'760	72'424	70'854	75'597	145'614	148'021	-2'407	-1.6%
EBITDA	7'280	10'251	5'396	9'817	12'676	20'068	-7'392	-36.8%
<i>Gross sales %</i>	<i>9.7%</i>	<i>14.2%</i>	<i>7.6%</i>	<i>13.0%</i>	<i>8.7%</i>	<i>13.6%</i>		<i>-4.9pts</i>
EBIT	5'689	8'497	3'624	8'158	9'313	16'655	-7'342	-44.1%
<i>Gross sales %</i>	<i>7.6%</i>	<i>11.7%</i>	<i>5.1%</i>	<i>10.8%</i>	<i>6.4%</i>	<i>11.3%</i>		<i>-4.9pts</i>
Net profit	3'235	8'298	2'409	11'657	5'644	19'955	-14'311	-71.7%
<i>Gross sales %</i>	<i>4.3%</i>	<i>11.5%</i>	<i>3.4%</i>	<i>15.4%</i>	<i>3.9%</i>	<i>13.5%</i>		<i>-9.6pts</i>
Net cash	12'769	6'105	4'484	13'618	4'484	13'618	-9'134	-67.1%
Equity	153'662	128'272	155'046	145'778	155'046	145'778	9'268	6.4%
<i>Total balance sheet %</i>	<i>67.9%</i>	<i>66.2%</i>	<i>67.7%</i>	<i>69.7%</i>	<i>67.7%</i>	<i>69.7%</i>		<i>-2.0pts</i>
Total balance sheet	226'184	193'903	229'130	209'230	229'130	209'230	19'900	9.5%
Capital expenditures	1'945	1'013	2'917	2'886	4'862	3'899	963	24.7%



The Tornos Group's report on the first half of 2008 (available in three languages), as well as the consolidated accounts (in English only), are available for download at <http://www.tornos.com/invest-reports-e.html>.

Further information on Tornos can be found at www.tornos.com

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