sonova

SEMI-ANNUAL REPORT 2009/10

as of September 30, 2009

PIONEERS IN HEARING

HIGHLIGHTS

- New sales record: The Sonova Group increased its sales by 18.2% in the first six months to CHF 709 million
- Market growth significantly exceeded: With 17.5% organic sales growth and 4.3% growth from acquisitions, Sonova further expanded its market share
- Increased profitability: EBITA margin was increased from 26.5% to 27.3%
- Higher earnings per share: The Group posted a 22.2% increase in earnings per share over the previous year to CHF 2.520
- Top-selling new products: The recently launched Exélia Art, Audéo YES and Passport hearing systems made a significant contribution to sales growth
- Strategic expansion in the cochlear implant business: The Sonova Group announced the planned acquisition of cochlear implant manufacturer Advanced Bionics
- EUHA October 2009: Sonova demonstrated its technological leadership and launched a large number of new, innovative products

SIGNIFICANT SALES AND PROFIT GROWTH

Sonova posted new record sales of CHF 709 million in the first half of 2009/10. All regions and brands, as well as the recently launched products contributed to organic sales growth in local currencies of 17.5%. Growth from acquisitions was 4.3%. The EBITA margin increased to 27.3%. Earnings per share were up 22% year-on-year at CHF 2.52. Free cash flow rose significantly to CHF 113 million.

Strong sales growth

The Sonova Group achieved sales of CHF 709.2 million in the first half of 2009/10, representing year-on-year sales growth of 18.2% in Swiss francs. Organic sales growth of 17.5% in local currencies was well above the estimated market growth of around 3% in units. Numerous smaller acquisitions in Europe, Asia/Pacific and North America contributed a total of 4.3% to sales growth. Currency effects in the reporting period had a negative impact of –3.6% on Group sales compared to the previous year. This is primarily due to the appreciation of the Swiss franc versus the euro. The positive currency development especially of the US dollar within this period could not offset this effect.

This significant growth enabled the Sonova Group to gain considerable market share. Newly launched products such as Exélia Art, Audéo YES and Passport were able to gain a strong foothold in the market and made a significant contribution to the growth in sales. An increase in sales was achieved in all regions, with the US posting the highest growth rate. The Group also posted higher sales across most product groups, with the strongest growth in business class hearing systems.

Market share gains in all regions

The individual European markets showed a diverse development. Germany and France, important markets for Sonova, continued to show positive growth. The private market in the UK also recorded an increasing demand. The Sonova Group achieved sales growth of 18.2% in local currencies in the EMEA region (Europe, Middle East and Africa), far outpacing the market. In the Americas and Asia/Pacific, Sonova had strong sales growth in local currencies at 26.3% and 14.7%, respectively – also above-average for these markets.

The market in the US saw a significant recovery and recorded strong growth in the first half of 2009/10. This trend was illustrated by rising sales in the private market, and also by extraordinary high demand from the Department of Veterans Affairs (VA), which provides hearing systems to American veterans. As important supplier to the VA, the Sonova Group was able to benefit from this trend. Sales to the VA made a disproportionately large contribution to the region's organic growth. Overall, in the first half of 2009/10, Sonova achieved an above-average growth in local currency in the US.

Sales by regions:

in CHF m	H1 2009/10			H1 2008/09	
Regions	**Sales**	**Share**	**Growth in local currencies**	**Sales**	**Share**
EMEA[1]	279	40%	18.2%	254	42%
Americas	370	52%	26.3%	292	49%
Asia/Pacific	60	8%	14.7%	54	9%
Total sales	**709**	**100%**	**21.8%**	**600**	**100%**

[1] Europe, Middle East and Africa.

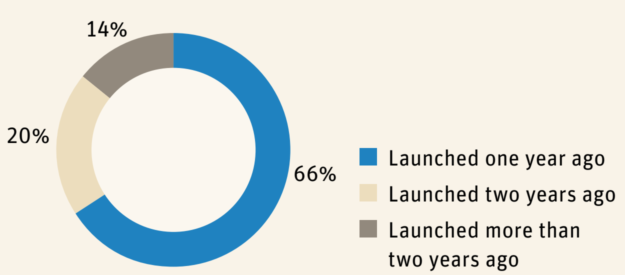
Sales by product groups:

in CHF m	H1 2009/10			H1 2008/09	
Product groups	Sales	Share	Growth in local currencies	Sales	Share
First class hearing systems	184	26%	10.8%	169	28%
Business class hearing systems	168	24%	37.3%	127	21%
Economy class hearing systems	219	31%	30.0%	174	29%
Wireless communication systems	37	5%	(12.1)%	44	7%
Miscellaneous	101	14%	22.9%	86	15%
Total sales	**709**	**100%**	**21.8%**	**600**	**100%**

New products contributed significantly to growth

Sonova's first class hearing systems saw higher sales in the first half of 2009/10, with 10.8% growth in local currencies. This was primarily driven by high demand for the newly launched products Exélia Art and Audéo YES IX from Phonak and Passport from Unitron. Business and economy class hearing systems grew disproportionately at 37.3% and 30.0%, respectively, in local currencies. Among the key drivers of these segments were Phonak's product lines Versáta, Certéna, Audéo YES and Naída, as well as the Next hearing systems series from Unitron. Wireless communication systems recorded a 12.1% downturn in sales in local currencies compared to the previous year. Funding from public institutions – important customers in this business – was deferred due to the economic situation. Sales of miscellaneous products and services rose proportionally to total sales.

Share of sales first half of 2009/10 – new products



The successful introduction of the new Phonak and Unitron hearing systems in the first half of 2009/10 is also clearly reflected in the high share of total sales of 86% attributable to products launched in the past two years.

Increased profitability

Gross profit of CHF 492.4 million was 18.8% above that of the previous year (CHF 414.6 million). The gross profit margin grew from 69.1% in the previous year to 69.4%, despite negative currency effects. This was primarily achieved through scaling effects of strong organic sales growth and increases in efficiency as well as savings in materials procurement. The price-product-mix effect did not have a significant impact on profitability.

In the first half of 2009/10, the Group achieved an operating profit before acquisition-related amortization (EBITA) of CHF 193.7 million, compared with the previous year's figure of CHF 158.9 million. The EBITA margin increased from 26.5% to 27.3%, mainly due to strong organic growth and effective cost management. Negative currency effects impacted the EBITA margin by around 80 basis points. Operating profit was also adversely affected by one-off costs of CHF 6.4 million incurred by the Sonova Group as part of a previously announced agreement with the German Federal Cartel Office.

Sonova continued to make sustained investments in innovation in the first half of 2009/10, reporting a 9.6% increase in research and development expenses to

CHF 42.6 million. As a percentage of sales, the Sonova Group invested 6.0% in this area, which is necessary for the ongoing renewal of its portfolio and the continued improvement of its technology platform.

The higher sales, marketing and administration costs are in large parts attributable to a number of acquisitions made during the reporting period. Overall, the Sonova Group achieved an improvement of these cost positions through efficiency gains. At CHF 185.6 million, sales and marketing expenses were equivalent to 26.2% of sales, and thus down on the previous year's level of 26.4%. General and administration expenses were CHF 64.3 million and fell as a percentage of sales from 9.9% to 9.1%. Other expenses of CHF 6.2 million include the previously mentioned one-off costs incurred as part of the agreement with the German Federal Cartel Office.

Higher earnings per share

Income after taxes was CHF 164.2 million, a 21.6% increase over the previous year's figure of CHF 135.1 million. This increase was due to higher operating profit and the improved financial result. Income taxes were kept at a low level and amounted to CHF 25.2 million; the income tax rate was largely unchanged at 13.3%. Earnings per share increased 22.2% to CHF 2.520 (previous year CHF 2.063).

Significant increase in free cash flow

Cash flow from operating activities increased in the first half of 2009/10 to CHF 189.7 million, compared to CHF 101.6 million in the previous year. This was largely due to higher income before taxes and the positive trend in net working capital. Relating to sales, the Sonova Group made investments at the previous year's level, reporting a cash outflow from investing activities totaling CHF 77.2 million. The increase in investments in tangibles and intangibles is mainly attributable to the construction of the new Sonova manufacturing and technology center in Stäfa, Switzerland, which is expected to be completed at the start of 2010. Cash totaling CHF 18.6 million was used for a number of smaller acquisitions. Free cash flow stood at CHF 112.5 million, more than double the previous year's figure of CHF 40.9 million. The Sonova Group did not repurchase any shares through its share buy-back program in the reporting period. The Group posted a cash outflow from financing activities of CHF 62.7 million in the first half of 2009/10, compared with CHF 153.3 million in the previous year. Dividend payments to shareholders totaled CHF 65.5 million. Cash and cash equivalents increased by CHF 49.1 million to CHF 265.8 million in the first half of 2009/10.

Solid balance sheet structure

Capital employed grew to CHF 877.2 million. This increase was due to the expansion of the business and the construction of the Sonova manufacturing and technology center mentioned above. Net working capital fell to CHF 144.7 million, mainly as a result of strong organic growth, improved inventory management and a shorter payment period within which clients settle their invoices. This positive trend contributed to an increase in net cash to CHF 273.2 million.

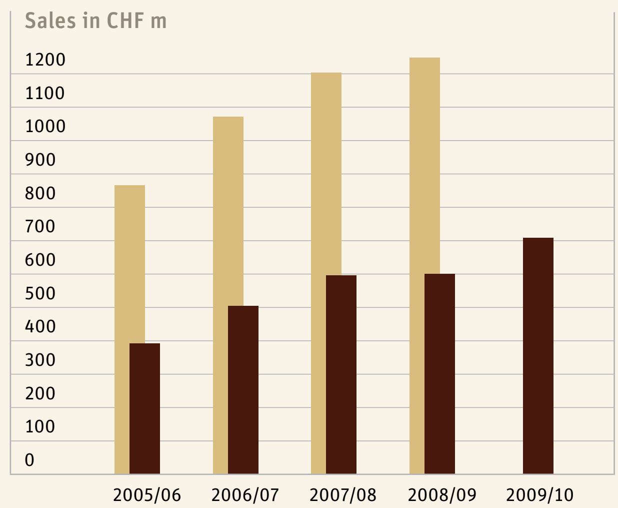
The Sonova Group's high equity financing ratio (equity in percent of total assets) further rose to 74.0%. The Group's equity increased to CHF 1,150.4 million.

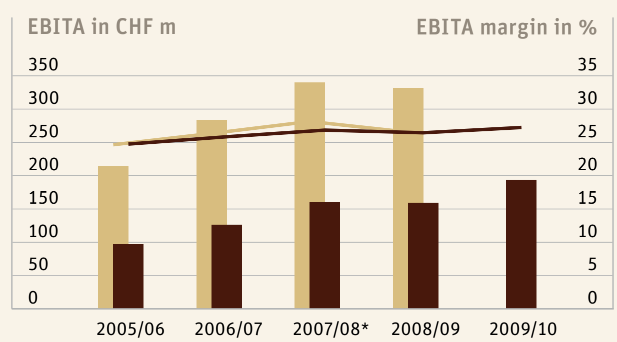
Strategic acquisition of Advanced Bionics

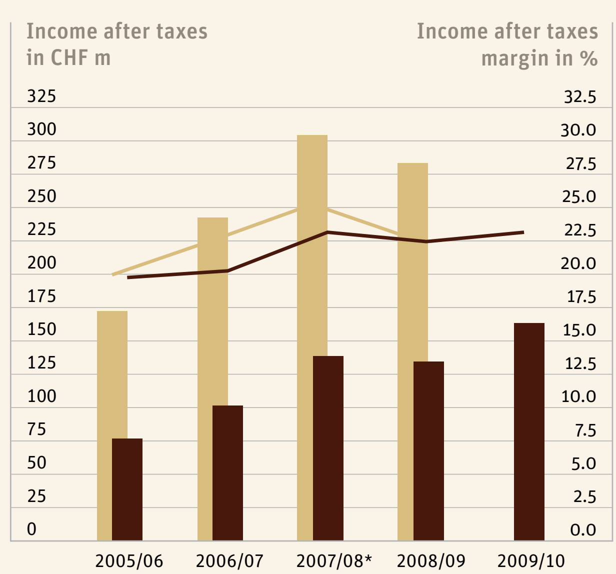
On November 9, 2009, Sonova announced the acquisition of Advanced Bionics, a global leader in developing and manufacturing cochlear implant systems, for USD 489 million. This acquisition is a strategic step in the Sonova Group's expansion into the rapidly growing cochlear implant market, which has estimated annual growth of 10–15%. It further consolidates the Group's position as the leading provider of hearing healthcare solutions. The transaction will be financed with a combination of existing cash of the Sonova Group amounting to around CHF 40 million and an underwritten senior credit facility of CHF 470 million. Advanced Bionics is the worldwide number two in manufacturing of cochlear implant systems with revenues of USD 117 million in 2008. The transaction is expected to accelerate Advanced Bionic's growth and to improve its financial position. Based on information available today, the current business plan and financing structure, the transaction is expected to be accretive to earnings per share (EPS) before transaction-related amortization in financial year 2011/12. Subject to regulatory approvals, the transaction is expected to close within three months after signing.

Improved outlook for sales and profit

With its leading hearing system brands Phonak and Unitron, the Sonova Group has the most innovative and comprehensive product portfolio in the hearing instrument industry. A wealth of new, innovative products were again launched at the EUHA hearing instrument trade fair in October 2009, which will boost sales growth in the second half of 2009/10. Based on the current market conditions and barring unforeseen events, Sonova expects organic sales growth of 13–15% in local currencies and an EBITA margin of 27–28% for the financial year 2009/10.







Financial year figures

Half-year figures

Excluding one-off costs for the prohibited acquisition of the GN ReSound Group *

Interim consolidated financial statements
as of September 30, 2009

Key Figures

April 1 to September 30, in 1,000 CHF unless otherwise specified	2009	2008
Sales	**709,219**	**600,026**
change compared to previous year (%)	18.2	0.6
Gross profit	**492,398**	**414,620**
change compared to previous year (%)	18.8	1.6
in % of sales	69.4	69.1
Research & development costs	**42,593**	**38,852**
in % of sales	6.0	6.5
Sales & marketing costs	**185,571**	**158,331**
in % of sales	26.2	26.4
Operating profit before acquisition-related amortization (EBITA)	**193,717**	**158,886**
change compared to previous year (%)[1]	21.9	(0.8)
in % of sales	27.3	26.5
Operating profit (EBIT)	**189,123**	**156,191**
change compared to previous year (%)[1]	21.1	(1.1)
in % of sales	26.7	26.0
Income after taxes	**164,205**	**135,080**
change compared to previous year (%)[1]	21.6	(2.5)
in % of sales	23.2	22.5
Number of employees (average)	**5,546**	**4,921**
change compared to previous year (%)	12.7	18.2
Number of employees (end of period)	**5,627**	**4,973**
change compared to previous year (%)	13.2	17.1
Net cash[2]	**273,240**	**201,165**
Net working capital[3]	**144,697**	**175,774**
in % of sales	20.4	29.3
Capital expenditure (tangible and intangible assets)[4]	**46,183**	**34,236**
Capital employed[5]	**877,194**	**735,643**
in % of sales	123.7	122.6
Total assets	**1,554,439**	**1,270,716**
Equity	**1,150,434**	**936,808**
Equity financing ratio (%)[6]	**74.0**	**73.7**
Free cash flow[7]	**112,505**	**40,859**
in % of sales	15.9	6.8
Return on capital employed (%)[8]	**22.6**	**23.2**
Return on equity (%)[9]	**15.1**	**14.6**
Basic earnings per share (CHF)	**2.520**	**2.063**
Diluted earnings per share (CHF)	2.501	2.052

[1] For 2008, "change compared to previous year" is measured against the underlying performance in 2007 (excluding one-off costs for the prohibited acquisition of the GN ReSound Group).
[2] Cash and cash equivalents + other current financial assets – short-term debts – other current financial liabilities – non-current financial liabilities.
[3] Receivables + inventories – trade payables – current income tax liabilities – other short-term liabilities – short-term provisions.
[4] Excluding goodwill and intangibles relating to acquisitions.
[5] Total assets – cash and cash equivalents – other current financial assets – trade payables – other liabilities – provisions – tax liabilities.
[6] Equity in % of total assets.
[7] Cash flow from operating activities + cash flow from investing activities.
[8] EBIT in % of capital employed (average).
[9] Income after taxes in % of equity (average).

Consolidated Income Statements

April 1 to September 30, 1,000 CHF	2009	2008
Sales	**709,219**	**600,026**
Cost of sales	(216,821)	(185,406)
Gross profit	**492,398**	**414,620**
Research and development	(42,593)	(38,852)
Sales and marketing	(185,571)	(158,331)
General and administration	(64,327)	(59,530)
Other (expenses)/income, net	(6,190)	979
Operating profit before acquisition-related amortization (EBITA) [1]	**193,717**	**158,886**
Acquisition-related amortization	(4,594)	(2,695)
Operating profit (EBIT) [2]	**189,123**	**156,191**
Financial income	4,163	3,859
Financial expenses	(3,252)	(3,778)
Share of loss in associates/joint ventures	(639)	(861)
Income before taxes	**189,395**	**155,411**
Income taxes	(25,190)	(20,331)
Income after taxes	**164,205**	**135,080**
Attributable to:		
Equity holders of the parent	164,798	135,305
Minority interests	(593)	(225)
Basic earnings per share (CHF)	2.520	2.063
Diluted earnings per share (CHF)	2.501	2.052

[1] Earnings before financial result, share of loss in associates/joint ventures, taxes and acquisition-related amortization (EBITA).
[2] Earnings before financial result, share of loss in associates/joint ventures and taxes (EBIT).

Consolidated Statements of Comprehensive Income

April 1 to September 30, 1,000 CHF	2009	2008
Income after taxes	**164,205**	**135,080**
Currency translation differences	2,392	25,330
Actuarial gain/(loss) from defined benefit plans, net	12,345	(2,006)
Tax effect on equity items	(1,631)	277
Other comprehensive income	**13,106**	**23,601**
Total comprehensive income	**177,311**	**158,681**
Attributable to:		
Equity holders of the parent	177,973	158,764
Minority interests	(662)	(83)

Consolidated Balance Sheets

Assets 1,000 CHF	30.9.2009	31.3.2009	30.9.2008
Cash and cash equivalents	265,800	216,715	190,441
Other current financial assets	12,006	14,665	15,614
Trade receivables	271,358	262,022	240,661
Other receivables and prepaid expenses	58,970	57,519	55,202
Inventories	115,451	114,226	120,469
Total current assets	**723,585**	**665,147**	**622,387**
Property, plant & equipment	178,452	160,585	138,550
Intangible assets	453,468	418,446	330,618
Investments in associates/joint ventures	35,399	35,843	41,118
Other non-current financial assets	78,852	64,370	58,246
Deferred tax assets	84,683	82,169	79,797
Total non-current assets	**830,854**	**761,413**	**648,329**
Total assets	**1,554,439**	**1,426,560**	**1,270,716**

Liabilities and equity 1,000 CHF	30.9.2009	31.3.2009	30.9.2008
Short-term debts	370	1,057	374
Trade payables	45,579	53,531	34,673
Current income tax liabilities	47,004	38,432	45,115
Other current financial liabilities	741	35	2,983
Other short-term liabilities	133,189	125,929	109,203
Short-term provisions	75,310	63,520	51,567
Total current liabilities	**302,193**	**282,504**	**243,915**
Non-current financial liabilities	3,455	2,599	1,533
Long-term provisions	33,555	39,259	38,731
Other long-term liabilities	23,921	35,006	14,429
Deferred tax liabilities	40,881	40,569	35,300
Total non-current liabilities	**101,812**	**117,433**	**89,993**
Total liabilities	**404,005**	**399,937**	**333,908**
Share capital	3,279	3,312	3,310
Share premium	22,084	72,703	70,553
Treasury shares	(10,746)	(72,397)	(76,437)
Retained earnings	1,130,835	1,018,250	934,742
Equity attributable to equity holders of the parent	**1,145,452**	**1,021,868**	**932,168**
Minority interests	4,982	4,755	4,640
Equity	**1,150,434**	**1,026,623**	**936,808**
Total liabilities and equity	**1,554,439**	**1,426,560**	**1,270,716**

Consolidated Cash Flow Statements

April 1 to September 30, 1,000 CHF		2009		2008
Income before taxes		**189,395**		**155,411**
Depreciation and amortization of tangible and intangible assets	22,746		18,795	
Loss/(gain) on sale of tangible and intangible assets, net	706		(17)	
Share of loss in associates/joint ventures	639		861	
(Decrease)/increase in long-term provisions	(287)		3,387	
Financial income, net	(911)		(81)	
Unrealized exchange differences	5,137		(7,860)	
Other non-cash items	6,389	34,419	7,626	22,711
Cash flow before changes in net working capital		**223,814**		**178,122**
Increase in trade receivables	(10,004)		(6,288)	
Decrease/(increase) in other receivables and prepaid expenses	1,286		(6,080)	
Increase in inventories	(3,207)		(12,411)	
Decrease in trade payables	(8,625)		(17,423)	
Increase/(decrease) in other payables, accruals and short-term provisions	18,141		(9,907)	
Income taxes paid	(31,663)	(34,072)	(24,370)	(76,479)
Cash flow from operating activities		**189,742**		**101,643**
Purchase of tangible and intangible assets	(46,183)		(34,236)	
Proceeds from sale of tangible and intangible assets	233		638	
Cash consideration for acquisitions, net of cash acquired	(18,591)		(8,432)	
Increase in other non-current financial assets	(13,591)		(21,550)	
Interest received and realized gain from financial assets	895		2,796	
Cash flow from investing activities		**(77,237)**		**(60,784)**
Free cash flow		**112,505**		**40,859**
Repayments of borrowings and mortgages	(217)		(291)	
Proceeds from capital increases	3,529		6,053	
Purchase of treasury shares, net	(274)		(90,347)	
Dividends paid	(65,524)		(66,492)	
Interest paid and other financial expenses	(254)		(2,270)	
Cash flow from financing activities		**(62,740)**		**(153,347)**
Currency translation differences		(680)		5,688
Increase/(decrease) in cash and cash equivalents		**49,085**		**(106,800)**
Cash and cash equivalents at April 1		216,715		297,241
Cash and cash equivalents at September 30		**265,800**		**190,441**

Consolidated Changes in Equity

1,000 CHF

	Attributable to equity holders of Sonova Holding AG						
	Share capital	Share premium	Retained earnings	Translation adjustment	Treasury shares	Minority interests	Total equity
Balance April 1, 2008	**3,373**	**199,809**	**900,623**	**(58,833)**	**(129,821)**	**4,703**	**919,854**
Total comprehensive income			133,587	25,177		(83)	158,681
Changes in minorities						679	679
Capital increase from conditional capital	7	6,046					6,053
Capital decrease – share buy-back program	(70)	(142,787)			142,857		
Share-based payments		7,474				21	7,495
Sale of treasury shares		11			914		925
Purchase of treasury shares					(90,387)		(90,387)
Dividend paid			(65,812)			(680)	(66,492)
Balance September 30, 2008	**3,310**	**70,553**	**968,398**	**(33,656)**	**(76,437)**	**4,640**	**936,808**
Balance April 1, 2009	**3,312**	**72,703**	**1,100,064**	**(81,814)**	**(72,397)**	**4,755**	**1,026,623**
Total comprehensive income			175,439	2,534		(662)	177,311
Changes in minorities						1,017	1,017
Capital increase from conditional capital	3	3,526					3,529
Capital decrease – share buy-back program	(36)	(57,841)			57,877		
Share-based payments		5,426				8	5,434
Sale of treasury shares		(1,730)			4,048		2,318
Purchase of treasury shares					(274)		(274)
Dividend paid			(65,388)			(136)	(65,524)
Balance September 30, 2009	**3,279**	**22,084**	**1,210,115**	**(79,280)**	**(10,746)**	**4,982**	**1,150,434**

Notes to the Interim Consolidated Financial Statements as of September 30, 2009

1. Corporate information

The Sonova Group (the "Group") specializes in the design, development, manufacture, worldwide distribution and service of technologically advanced hearing systems for adults and children with hearing impairment. The Group operates worldwide and distributes its products in over 90 countries through its own distribution network and through independent distributors. The Group operates in industries where no material seasonal or cyclical variations in sales have been experienced during the financial year. The ultimate parent company is Sonova Holding AG, a limited liability company incorporated in Switzerland. Sonova Holding AG's registered office is located at Laubisrütistrasse 28, 8712 Stäfa, Switzerland.

2. Basis of preparation of the consolidated financial statements

These unaudited financial statements are the interim consolidated financial statements of Sonova Holding AG and its subsidiaries for the six-month period ended September 30, 2009. These financial statements are prepared in accordance with IAS 34 "Interim Financial Reporting" and should be read in conjunction with the consolidated financial statements for the year ended March 31, 2009.

Except for the following changes the accounting principles applied to and the presentation of these interim consolidated financial statements are unchanged from those of the consolidated financial statements for the year ended March 31, 2009:

IAS 1 (revised) "Presentation of Financial Statements"
The revised standard requires presenting "non-owner changes in equity" separately from owner changes in equity. Furthermore, the standard introduces a statement of comprehensive income, which presents all items of recognized income and expense, but allows presentation in a two statement approach. The Group has elected to present recognized income and expense in the income statement and in the statement of comprehensive income.

IFRS 8 "Operating Segments"
The new standard which replaces IAS 14 "Segment reporting" requires segments to be defined on the same basis as information is provided to the chief operating decision maker. The adoption of the new standard did not have an impact on the reportable operating segments as the Group is still considered a one-segment Group. However, additional general information regarding the factors used to identify the entity's reportable segments are disclosed in Note 4.

In addition, the following new standards, amendments and interpretations have been adopted in the current financial period 2009/10 without having a significant impact on the Group's result and financial position:

IAS 23 (revised) "Borrowing Costs"
IFRS 2 (amended) "Share-based Payments"
IFRIC 13 "Customer Loyalty Programmes"
IFRIC 15 "Agreements for the Construction of Real Estate"
IFRIC 16 "Hedges of a Net Investment in a Foreign Operation"

The Group is currently assessing the potential impacts of new and revised standards that will affect the Group after March 31, 2010. While most of the new or revised standards are not expected to have a significant impact on the Group's result and financial position, the following revised standards may affect the Group after the financial year 2009/10:

IFRS 3 (revised) "Business combinations"
Amongst other matters, the revised standard requires that directly attributable transaction costs are expensed in the current period, whereas previously these costs have been included in the cost of acquisition. In addition, the revised standard requires that the contingent consideration of an acquisition shall be included in the acquisition accounting at fair value and any subsequent changes to the contingent consideration will be accounted for in the income statement. The Group will apply the revised standard prospectively from April 1, 2010 onwards.

IAS 27 (revised) "Consolidated and Separate Financial Statements"
Changes in the ownership interest of a subsidiary that do not result in a loss of control will be accounted for as an equity transaction. Neither goodwill nor any gains or losses will result. The Group will apply the revised standard prospectively from April 1, 2010 onwards.

The preparation of financial statements requires management to make assumptions and estimates that affect the amounts reported for assets and liabilities at the date of the financial statements as well as revenue and expenses reported. Actual results could differ from these estimates.

Income tax expense is recognized based upon the best estimate of the average annual income tax rate expected for the full year.

3. Changes in Group structure

During the first six months of the financial year 2009/10, as well as in the respective period 2008/09, the Group entered into a few smaller business combinations (100% owned) in Europe, Asia/Pacific and North America.

All of the acquired companies are engaged in the business of selling hearing instruments and have been accounted for applying the purchase method of accounting. Assets and liabilities resulting from the acquisitions look as follows:

1,000 CHF	2009		2008	
	Fair value	Carrying amount before acquisition	Fair value	Carrying amount before acquisition
Current assets	3,805	3,805	247	247
Property, plant & equipment	991	991	559	559
Intangible assets	8,773	876	4,013	1,765
Other non-current assets	513	8	558	2
Current liabilities	(2,004)	(1,925)	(321)	(321)
Non-current liabilities	(2,053)	(334)	(604)	
Net assets	**10,025**	**3,421**	**4,452**	**2,252**
Goodwill	13,115		4,380	
Purchase price incl. acquisition-related costs	**23,140**		**8,832**	
For which the Group recorded a long-term provision for earn-out or holdback	(2,171)		(250)	
Cash consideration	**20,969**		**8,582**	
Cash and cash equivalents acquired	(2,378)		(150)	
Cash consideration, net of cash acquired	**18,591**		**8,432**	

The initial accounting for several small acquisitions in the current financial year is provisional. The results of the final valuation and purchase price allocation are still outstanding. The fair values assigned to the identifiable assets acquired and liabilities assumed are therefore still subject to changes. The goodwill is attributed mainly to expected synergies, the labor force and the favourable growth potential.

Contribution of acquired companies from acquisition to 1,000 CHF	30.9.2009	30.9.2008
Sales	5,784	1,064
Net income	255	(17)

Contribution, if the acquisitions occurred on April 1 1,000 CHF	2009	2008
Sales	6,507	2,414
Net income	299	157

4. Segment information

The Group is active in one business segment; the design, development, manufacture, distribution and service of hearing systems and related products.

Research and development is predominantly centralized in Switzerland. Production of hearing instruments is concentrated in three production centers in Switzerland, China and Vietnam. Technologically advanced production processes are performed in Switzerland whereas standard assembly of products is conducted in Asia. Most of the marketing activities are steered by the brand marketing departments in Switzerland and Canada. The execution of marketing campaigns lies with the sales organizations in each market. The distribution of products is effected through sales organizations in the individual markets. The distribution channels of the Group in the individual markets vary depending on the sales strategy and the characteristics of the countries.

The financial information that is provided to the Group's chief operating decision maker (Chief Executive Officer), which is used to allocate resources and to assess the performance, is primarily based on the sales analysis (by product groups and regions) as well as the consolidated income statements, balance sheets and cash flow statements.

5. Earnings per share

Basic earnings per share are calculated by dividing the income after taxes attributable to the ordinary equity holders of the parent company by the weighted average number of shares outstanding during the year.

Basic earnings per share	2009	2008
Income after taxes (1,000 CHF)	164,798	135,305
Weighted average number of outstanding shares	65,395,721	65,579,594
Basic earnings per share (CHF)	**2.520**	**2.063**

In the case of diluted earnings per share, the weighted average number of shares outstanding is adjusted assuming all outstanding dilutive options will be exercised. The weighted average number of shares is adjusted for all dilutive options issued under the stock option plans which have been granted in 2004 through 2009 and which have not yet been exercised. Anti-dilutive options have not been considered. The calculation of diluted earnings per share is based on the same income after taxes for the period as used in calculating basic earnings per share.

Diluted earnings per share	2009	2008
Income after taxes (1,000 CHF)	164,798	135,305
Weighted average number of outstanding shares	65,395,721	65,579,594
Adjustment for dilutive share options	505,829	346,513
Adjusted weighted average number of outstanding shares	65,901,550	65,926,107
Diluted earnings per share (CHF)	**2.501**	**2.052**

6. Contingencies

There have been no material changes in contingent liabilities since March 31, 2009.

7. Movements in share capital

The Annual General Shareholders' Meeting of June 10, 2009 resolved a distribution of a gross dividend of CHF 1.00 per registered share for the financial year 2008/09. The dividend was paid in July 2009 to all shares outstanding, excluding treasury shares.

Issued registered shares	Issued registered shares	Treasury shares[1]	Outstanding shares
Balance April 1, 2008	**67,451,506**	**(1,228,975)**	**66,222,531**
Issue of new shares from conditional capital[2]	135,391		135,391
Purchase of treasury shares		(29,110)	(29,110)
Sale of treasury shares		9,898	9,898
Cancellation of treasury shares	(1,395,000)	1,395,000	
Purchase of shares intended to be cancelled[3]		(1,036,700)	(1,036,700)
Balance September 30, 2008	**66,191,897**	**(889,887)**	**65,302,010**
Balance April 1, 2009	**66,230,584**	**(881,309)**	**65,349,275**
Issue of new shares from conditional capital[2]	73,591		73,591
Purchase of treasury shares		(3,407)	(3,407)
Sale of treasury shares		38,778	38,778
Cancellation of treasury shares	(718,500)	718,500	
Balance September 30, 2009	**65,585,675**	**(127,438)**	**65,458,237**

Each share has a nominal value of CHF 0.05

1) Treasury shares are purchased on the open market and are not entitled to dividends.

2) Created for purpose of the employee share option plan.

3) Shares purchased by the Group as part of the share buy-back program.

8. Subsequent events

On October 26, 2009 the Board of Directors approved the Group's interim consolidated financial statements as of September 30, 2009. Up to the date of approval no reportable subsequent events have occurred.

As of November 9, 2009 the Sonova Group has entered into a share purchase agreement with the shareholders of Advanced Bionics Corporation, Los Angeles, USA to buy 100% of Advanced Bionics Corporation for a purchase consideration of USD 489 million, whereof USD 26 million will be paid to an escrow account. Subject to regulatory approvals, the transaction is expected to close within three months after entering into the share purchase agreement.

Founded in 1993, Advanced Bionics is one of the global leaders in the development, manufacturing and distribution of cochlear implant systems. The company employs approximately 660 employees and operates in over 30 countries through its own distribution network and independent distributors. Cochlear implants are surgically implanted devices that restore hearing for people with profound hearing loss.

In the first half of the the calendar year 2009, the company recorded sales of USD 62 million and the EBITA amounted to USD –1 million. In the past, the company has not experienced material seasonal or cyclical variations during the financial year. Further disclosures are currently not available.

The transaction will be financed with a combination of existing cash of the Sonova Group amounting to around CHF 40 million and an underwritten senior credit facility of CHF 470 million. The senior credit facility will be made in two tranches, a CHF 240 million amortizing loan with a term of three years and a CHF 230 million term facility with a term of five years.

The Group has fully hedged the foreign exchange risk of the purchase consideration.

Advanced Bionics will remain an independent business unit within the Group. The Group will assess if this separate business unit qualifies as an operating segment under IFRS 8 "Segment reporting", and might amend the segment reporting accordingly once the transaction has closed.

Disclaimer
This report contains forward-looking statements which offer no guarantee with regard to future performance. These statements are made on the basis of management's views and assumptions regarding future events and business performance at the time the statements are made. They are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.

This is Sonova
Sonova is the leading provider of innovative hearing healthcare solutions. This globally active group of companies is the world's top manufacturer of hearing systems, the market leader in wireless communication systems for audiology applications and a provider of professional solutions for hearing protection. Sonova is pursuing a clear growth strategy and is intent on building its market share. To this end it is constantly expanding its existing business segments and branching out into other areas of the hearing healthcare industry.

Present in over 90 countries, and with a workforce of over 5,600 employees, Sonova generated sales of CHF 1.249 billion in the financial year 2008/09 and a net profit of CHF 284 million. This financially strong group of companies bases its success on innovation, customer focus and proactive cost management.

The company has been successfully promoting understanding and communication for over 60 years, and is ideally positioned to benefit from the trends in this growth industry.

For more information please visit www.sonova.com.

Sonova shares (ticker symbol: SOON) have been listed on the SIX Swiss Exchange since 1994.

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This Semi-Annual Report is also available in German. The English version is the governing text.