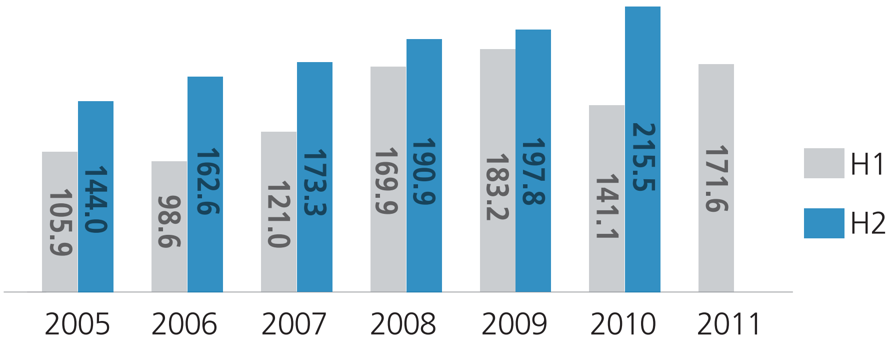
2011 Interim Report

Contents

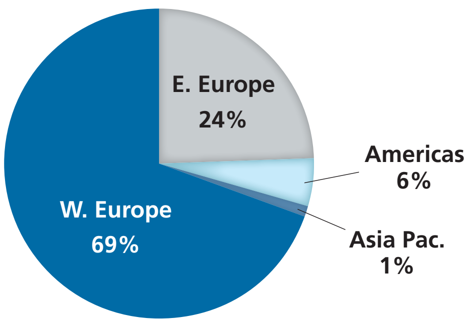
First-half 2011 highlights

Revenue

US$ million



Revenue profile



Top 10 customers

in alphabetical order

Canal Digital
Eurocom Digital Communication
Fastweb
ITI Neovision
Swisscom
Telecom Italia
Telefonica
Telekom Austria
Telenet
Vectra

TOP 10

To our shareholders

Ladies and gentlemen,

The first half of 2011 has been a period of significant development for the ADB Group. As you remember, we acquired Pirelli Broadband Solutions from Pirelli Group at the end of 2010. This meant not only acquiring a new business, but strategically acquiring a second leg to our business. We also considered this move as a path to opening new business areas and certain cross-selling opportunities. During this first semester, we have definitively seen this to be true. Other benefits have also materialised. With the broadened customer base, we have now reduced our customer concentration significantly. The top ten customers make now around 70% of our revenue, and no single customer brings more than 12.5% of the Group revenue.

Furthermore, we took the opportunity to start streamlining and reorganising the way we have been doing our traditional business. We have cut through various organisational layers and launched a new, flatter and cleaner structure. The business is now organised in four different divisions: Broadcast Division, Broadband Division, Emerging Business Division and Services Division. Each of these divisions is headed by experienced managers with proven track records, and directly responsible for their results. This makes me feel confident that the goals we have set for each Division will indeed be met. The Broadcast Division consists of our traditional business – digital TV equipment – mostly servicing customers in our more mature markets. To complement this, the Emerging Business Division offers a similar product range, but concentrating on markets where we have already established our foothold and now need to grow – for example the US or India cable TV markets. Our Broadband Division includes the newly acquired business, which we have combined with our entire IPTV product range. This was due to the common technology used by both and the joint customer base. It therefore made a lot of sense to put these complementary businesses together under the same roof. Finally, our newest division concentrating on services is a very important addition to the portfolio. We see an increasing demand for full, comprehensive solutions and services, which, if done right, would let our customers concentrate on their core business, leaving fringe services to the experts and improving their cost structure. Our Services Division has already successfully established itself in this niche and identified several areas for its future growth. I look forward to seeing it developing further business with both existing and new customers, as well as introducing new and innovative concepts and business models.

The general market conditions in 2011 have been undoubtedly challenging, as most companies in our industry have experienced. The economic recovery in Europe and most of the world has been shadowed by financial market risks, which clearly affects the climate for new ventures and initiatives. However, the consumer appetite for media consumption remains very robust indeed. There are increasing amount of newcomers to our customer base both in terms of technology solutions – such as internet-based viewing – as well as new cable and satellite TV operators. We are doing our best not only to keep up with the development, but to surpass it. We firmly believe that this is the key to success.

As a combination, having a year twined with restructuring and integration of an acquired business is of course challenging, especially given the overall macroeconomic circumstances. But it is in moments like this when we see the true colours of our people. I am delighted to see that our staff has risen to the challenge, and is using every opportunity to make things better under the leadership of the new management team. I am confident that they will give it their best and will succeed.

For the shareholders, the year so far brings some good news as well. In June, the Annual General Meeting of Shareholders approved the dividend payment proposal put forth by the Board of Directors, continuing the dividend policy established last year. Furthermore, despite the extremely heavy workload put on us by the company transformation, our Group continues to maintain operating profitability due to strict cost control. And last but not least, our efforts in the US cable market are finally bearing fruit, allowing us now to count two of the largest cable operators – Charter Communications and Time Warner Cable – amongst our customers. This, together with the continuous development of business with our European customers, promises a good starting point going forward.

Looking forward, the latter part of the year 2011 will see continuation of the turnaround and integration – those are not efforts completed overnight. However, the success of this process during the first half of the year is promising. We will emerge from this transformation being leaner, meaner, faster and more efficient. And our shareholders can expect tangible results from this. That's what transformation is all about.

Sincerely yours,

Andrew Rybicki
Chairman and CEO

First-half 2011 at a glance

Revenue at US$ 172 million

Dividend to shareholders of 1.00 CHF/share

Cash and treasuries amounting to US$ 65 million

- The first-half 2011 revenue reached US$ 172 million, compared to US$ 141 million last year for the same period. The increase comes from the acquired broadband business, which also compensated for the decline in the broadcast business.
  Gross profit amounted to US$ 50.1 million, or 29.2% of revenue, representing an increase of 2.3% over the first-half of 2010. The gross margin structure of the Group changed due to a new sales mix, comprising now of products both from the digital TV equipment and broadband businesses.

- Operating expenses, including the costs of research and development, accounted for US$ 50.8 million in the first-half of 2011, representing an increase of 20.8% year-on-year. The increase is a result of consolidating the new broadband business with its entire cost base and personnel to the Group and does not yet benefit from the full effect of the ongoing reorganisation efforts.

- Earnings Before Interest and Taxes (before reorganisation and acquisition expenses) amounted to US$ 0.9 million or 0.5% of revenue during the first-half of 2011, compared to US$ 3.7 million for the same period in 2010. Loss per share was US$ (0.84), compared to an earning per share of US$ 0.50 a year before. At the end of June 2011, we closed the semester with a net cash position of US$ 4.2 million and with cash and treasuries totalling US$ 65.0 million.

- During the first half of 2011, we also launched several processes to streamline and restructure our operations. This included initiatives related to organisational structure, product lines, markets and headcount. The restructuring costs amounted to US$ 3.0 million during the period, in line with our expectations. The restructuring process will continue for the rest of the year.

- The acquired broadband business is performing well. The new product and service lines provide tools for us to combine expertise from both broadcasting and broadband areas, as we see market increasingly moving to the direction where thorough understanding of the converging technologies is necessary. This is a noteworthy market trend, and responding to it is strategically key.

- Our new business development is progressing well. Earlier in the year we made a strategic decision to scale-down significantly most of the retail-oriented business segment, consisting predominantly of

The first-half 2011 figures include the contribution from the business acquired on 29 November 2010. This acquisition is described in Note 26 – Business combination (page 96) of the 2010 Annual Report

EBIT* at 0.5% of revenue US$ 0.9 million	Integration and reorganisation progressing as planned	New customers acquired

terrestrial products. More emphasis has been also put on developing new customers in strategically chosen markets. Consequently, the efforts are now coming to fruition in the US cable market, where the agreements with Charter Communications and Time Warner Cable have been won, establishing the Group's foothold in the commercial market segment. Business development in Eastern Europe yielded deliveries to Hungarian Business Telecom, benefiting from our advanced hybrid solution technology.

- Our customers are increasingly demanding full solutions and services. To cater for this need, we have created a completely new division, dedicated to customer services. This new Services Division will address all customer needs in the after sale area, including the services for software upgrades and maintenance, reverse logistics, repair, refurbishment and disposal. The goal of the Services Division is also to expand their activities into management of customer networks, and to explore new and innovative concepts and business models. This is one of the strategically important development points identified.

- With the acquisition of the broadband business, our customer concentration has decreased significantly. The top ten customers now bring some 70% of our total revenue, with no single customer bringing more than 12.5% of revenue.

- During the first half, high-end product become the overwhelming mainstream of our product portfolio in the digital TV equipment, where 95% of the product sales constituted of high-definition products, with cable and satellite segments enjoying a stronger momentum. This further underlines the importance of staying at the high-end of the product offering, consistent with our strategy.

- Europe continues being the driving force for our business. Total of Europe constituted 93% of our revenue, where Western Europe contributed 69% and Eastern Europe 24% to the business. Americas brought 6% and Asia Pacific 1% of the revenue during the first half of 2011.

- In June 2011, the Annual General Meeting of the Shareholders approved the Board's recommendation to pay a dividend of CHF 1.00 per share. The dividend was paid on 29 July 2011.

* before reorganisation and acquisition expenses

The first half results 2011

CONSOLIDATED INCOME STATEMENTS

SIX MONTHS ENDED 30 JUNE 2011, 31 DECEMBER 2010, 30 JUNE 2010

(Expressed in United States Dollars)

	First-half 2011 (Unaudited) $	Second-half 2010 (Unaudited) $	First-half 2010 (Unaudited) $
Revenue	171,606,108	215,535,943	141,083,454
Cost of sales	(121,459,048)	(149,826,726)	(92,072,070)
Gross profit	50,147,060	65,709,217	49,011,384
Research and development expenses	(27,766,882)	(28,434,605)	(20,483,928)
Selling, general and administrative expenses	(23,011,415)	(22,147,958)	(21,533,724)
Other income	2,173,302	661,367	340,167
Other expenses	(618,789)	(1,769,059)	(3,609,015)
Earnings before interest, tax, acquisition and reorganisation expenses	923,276	14,018,962	3,724,884
Acquisition expenses	(258,408)	(538,539)	-
Reorganisation expenses	(3,006,490)	-	-
Finance income	395,838	749,403	1,361,624
Finance costs	(3,076,426)	(2,143,613)	(2,382,473)
(Loss) profit before tax	(5,022,210)	12,086,213	2,704,035
Income tax credit (expense)	482,523	(1,702,093)	(181,267)
(Loss) profit for the period	(4,539,687)	10,384,120	2,522,768
(Loss) earnings per share			
Basic	(0.84)	2.04	0.50
Diluted	(0.84)	2.04	0.49

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

SIX MONTHS ENDED 30 JUNE 2011, 31 DECEMBER 2010, 30 JUNE 2010

(Expressed in United States Dollars)

	First-half 2011 (Unaudited) $	Second-half 2010 (Unaudited) $	First-half 2010 (Unaudited) $
Movement in available-for-sale investments	157,836	12,854	(638,940)
(Charge) credit of deferred tax on movement in available-for-sale investments	(12,358)	(872)	49,894
Actuarial gain (loss) directly recognised in equity	29,631	(133,601)	-
(Charge) credit of deferred tax on direct recognition of actuarial gain (loss) in equity	(3,459)	63,337	(67,279)
Movement in cash flow hedges	(65,317)	(5,121,384)	4,395,357
(Charge) credit of deferred tax on movement in cash flow hedges	(15,391)	565,132	(512,938)
Translation adjustments	2,655,267	1,579,686	(1,272,350)
Other comprehensive income for the period	2,746,209	(3,034,848)	1,953,744
(Loss) profit for the period	(4,539,687)	10,384,120	2,522,768
Total comprehensive income for the period	(1,793,478)	7,349,272	4,476,512

CONSOLIDATED BALANCE SHEETS

30 JUNE 2011, 31 DECEMBER 2010, 30 JUNE 2010

(Expressed in United States Dollars)

	30 June 2011 (Unaudited) $	31 December 2010 (Audited) $	30 June 2010 (Unaudited) $
ASSETS			
Non-current assets			
Goodwill	27,176,649	25,792,385	9,393,440
Intangible assets	39,408,652	32,784,758	20,092,893
Property and equipment	17,461,449	15,773,046	10,625,691
Deferred income tax assets	5,962,123	4,785,778	3,192,409
Long-term trade receivables	-	-	1,420,175
Other non-current assets	602,618	1,027,545	1,031,554
Total non-current assets	90,611,491	80,163,512	45,756,162
Current assets			
Inventories, net	62,444,736	50,362,159	39,856,902
Other current assets	20,290,947	28,096,129	15,209,031
Trade receivables, net	62,137,941	92,822,350	46,362,920
Treasury investments	15,282,252	14,522,613	15,223,587
Time deposits	-	-	2,409,000
Cash and cash equivalents	49,700,767	84,502,898	57,390,888
Total current assets	209,856,643	270,306,149	176,452,328
Total assets	300,468,134	350,469,661	222,208,490

continued

	30 June 2011 (Unaudited) $	31 December 2010 (Audited) $	30 June 2010 (Unaudited) $
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	1,193,563	1,193,563	1,326,181
Share premium	53,371,617	59,786,295	59,786,295
Share-based compensation reserve	4,656,675	4,586,298	4,672,374
Other reserves	(9,086,664)	(13,102,458)	1,184,890
Retained earnings	14,856,143	19,630,344	44,294,760
Treasury shares	(3,482,476)	(3,370,395)	(49,981,733)
Total equity	61,508,858	68,723,647	61,282,767
Non-current liabilities			
Long-term bank loans	14,941,384	2,906,044	3,849,503
Retirement benefit obligations	7,677,799	7,243,199	5,255,625
Deferred income tax liabilities	550,493	398,888	1,018,624
Long-term liabilities	3,328,349	8,211,074	37,431
Total non-current liabilities	26,498,025	18,759,205	10,161,183
Current liabilities			
Bank loans	44,824,436	63,624,901	23,496,097
Current portion of long-term bank loans	1,039,680	904,834	3,263,903
Trade and other payables	111,827,095	144,400,590	85,784,563
Accrued expenses	22,036,238	34,483,385	18,115,385
Provisions	9,588,476	10,868,616	2,767,449
Taxes payable	455,473	515,797	892,263
Other current liabilities	22,689,853	8,188,686	16,444,880
Total current liabilities	212,461,251	262,986,809	150,764,540
Total liabilities	238,959,276	281,746,014	160,925,723
Total equity and liabilities	300,468,134	350,469,661	222,208,490

CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED 30 JUNE 2011, 31 DECEMBER 2010, 30 JUNE 2010

(Expressed in United States Dollars)

	First-half 2011 (Unaudited) $	Second-half 2010 (Unaudited) $	First-half 2010 (Unaudited) $
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) profit for the period	(4,539,687)	10,384,120	2,522,768
Adjustments for:			
Income tax (credit) expense	(482,523)	1,702,093	181,267
Depreciation	1,809,375	1,210,139	1,183,922
Amortisation	11,464,952	8,808,169	9,223,229
Finance costs	3,076,426	2,143,613	2,382,473
Finance income	(395,838)	(749,403)	(1,361,624)
Share-based payment expense	70,377	96,871	299,352
Provision for inventory	433,784	708,314	764,755
Others	199,204	210,271	(8,288)
	11,636,070	24,514,187	15,187,854
Working capital changes:			
Trade and other receivables	30,684,409	(5,185,728)	34,861,298
Inventories	(12,516,361)	(496,996)	(20,898,911)
Other current assets	7,719,422	(6,313,155)	(5,359,872)
Trade and other payables	(32,573,495)	14,186,007	(9,520,905)
Accrued expenses	(11,586,728)	1,875,773	(15,471,435)
Provisions	(1,280,140)	(696,056)	(372,684)
Other current liabilities	1,820,387	(203,476)	244,057
Others	1,047,653	841,834	126,146
Cash (used in) generated by operating activities	(5,048,783)	28,522,390	(1,204,452)
Interest paid	(1,486,943)	(579,502)	(2,386,002)
Tax paid	(494,670)	(1,726,333)	(2,216,457)
Net cash (used in) provided by operating activities	(7,030,396)	26,216,555	(5,806,911)

continued

	First-half 2011 (Unaudited) $	Second-half 2010 (Unaudited) $	First-half 2010 (Unaudited) $
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property and equipment	(3,091,260)	(2,878,923)	(1,100,114)
Proceeds from sale of property and equipment	50,706	9,392	106,634
Payments for intangible assets	(17,205,092)	(12,693,740)	(10,799,795)
Proceeds from sale of intangible assets	3,319	-	-
(Purchase) sale of treasury investments and time deposits	(601,803)	3,122,828	16,634,076
Interest received	342,356	649,315	1,464,988
Payments for acquisition of business	(325,784)	(8,600,424)	-
Net cash (used in) provided by investing activities	(20,827,558)	(20,391,552)	6,305,789
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in bank loans	(6,630,280)	35,319,856	(423,676)
Share sale pursuant to exercise of stock options	81,567	-	925,908
Purchase of treasury shares	-	-	(8,318,291)
Dividend paid	-	(13,955,473)	-
Net cash (used in) provided by financing activities	(6,548,713)	21,364,383	(7,816,059)
TRANSLATION ADJUSTMENT ON FOREIGN CURRENCY	(395,464)	(77,376)	(696,964)
NET (DECREASE) INCREASE IN CASH	(34,802,131)	27,112,010	(8,014,145)
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	84,502,898	57,390,888	65,405,033
CASH AND CASH EQUIVALENTS, END OF THE PERIOD	49,700,767	84,502,898	57,390,888
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits	6,790,668	7,521,703	15,069
Cash and bank balances	42,910,099	76,981,195	57,375,819
	49,700,767	84,502,898	57,390,888

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

SIX MONTHS ENDED 30 JUNE 2011, 31 DECEMBER 2010, 30 JUNE 2010

(Expressed in United States Dollars)

	Share Capital $	Share Premium $	Share-Based Compen-sation Reserve $	Other Reserves $	Retained Earnings $	Treasury Shares $	Total Equity $
First-half 2010 (Unaudited)							
Balance at 1 January 2010	1,326,181	76,551,414	4,373,022	(768,854)	39,252,110	(42,759,071)	77,974,802
Profit for the six-months ended 30 June 2010	-	-	-	-	2,522,768	-	2,522,768
Other comprehensive income	-	-	-	1,953,744	-	-	1,953,744
Total comprehensive income	-	-	-	1,953,744	2,522,768	-	4,476,512
Purchase of ordinary shares	-	-	-	-	-	(8,617,372)	(8,617,372)
Sale of treasury shares pursuant to exercise of stock options	-	-	-	-	-	1,394,710	1,394,710
Share-based payments of first-half 2010	-	-	299,352	-	-	-	299,352
Reclassification of losses on sale of treasury shares	-	-	-	-	(289,764)	-	(289,764)
Payment of dividend	-	(16,765,119)	-	-	2,809,646	-	(13,955,473)
Second-half 2010 (Unaudited)							
Balance at 30 June 2010	1,326,181	59,786,295	4,672,374	1,184,890	44,294,760	(49,981,733)	61,282,767
Profit for the six-months ended 31 December 2010	-	-	-	-	10,384,120	-	10,384,120
Other comprehensive income	-	-	-	(3,034,848)	-	-	(3,034,848)
Total comprehensive income	-	-	-	(3,034,848)	10,384,120	-	7,349,272
Transfer of treasury shares pursuant to acquisition	-	-	-	-	-	11,247,238	11,247,238
Put option issued pursuant to acquisition	-	-	-	282,751	-	-	282,751
Liability arising in case of exercise of put option issued pursuant to acquisition	-	-	-	(11,535,251)	-	-	(11,535,251)
Capital reduction	(132,618)	-	-	-	(30,645,178)	30,777,796	-
Losses on sale of treasury shares	-	-	-	-	(4,586,305)	4,586,305	-
Share-based payments of second-half 2010	-	-	(86,076)	-	182,947	-	96,871

continued

	Share Capital $	Share Premium $	Share-Based Compen-sation Reserve $	Other Reserves $	Retained Earnings $	Treasury Shares $	Total Equity $
First-half 2010 (Unaudited)							
Balance at 31 December 2010	1,193,563	59,786,295	4,586,298	(13,102,458)	19,630,344	(3,370,395)	68,723,647
Loss for the six-months ended 30 June 2011	-	-	-	-	(4,539,687)	-	(4,539,687)
Other comprehensive income	-	-	-	2,746,209	-	-	2,746,209
Total comprehensive income	-	-	-	2,746,209	(4,539,687)	-	(1,793,478)
Transfer to other reserves	-	-	-	234,514	(234,514)	-	-
Reduction of liability in case of exercise of put option issued pursuant to acquisition	-	-	-	1,035,071	-	-	1,035,071
Payment of dividend	-	(6,414,678)		-	-	-	(6,414,678)
Sale of treasury shares pursuant to exercise of stock options	-	-	-	-	-	81,567	81,567
Losses on sale of treasury shares	-	-	-	-	-	(193,648)	(193,648)
Share-based payments of first-half 2011	-	-	70,377	-	-	-	70,377
Balance at 30 June 2011	1,193,563	53,371,617	4,656,675	(9,086,664)	14,856,143	(3,482,476)	61,508,858

CONSOLIDATED BUSINESS SEGMENTS

SIX MONTHS ENDED 30 JUNE 2011

(Expressed in United States Dollars)

	Digital TV and Broadband Products and Services $	Other $	Eliminations $	Consolidated $
REVENUE				
External sales	171,606,108	-	-	171,606,108
Inter-segment sales	-	179,265	(179,265)	-
Total revenue	171,606,108	179,265	(179,265)	171,606,108
RESULT				
Segment result	1,886,364	(963,088)	-	923,276
Acquisition expenses				(258,408)
Reorganisation expenses				(3,006,490)
Finance income				395,838
Finance costs				(3,076,426)
Income tax credit				482,523
Loss for the period				(4,539,687)
ASSETS				
Segment assets	221,474,005	2,168,358	(61,277)	223,581,086
Unallocated corporate assets				76,887,048
Consolidated total assets				300,468,134

CONDENSED NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

30 JUNE 2011

(Expressed in United States Dollars unless otherwise stated)

1. Accounting principles

The unaudited Interim Financial Statements (the "Interim Report") for the first-half of 2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting". The Interim Report should be read in conjunction with the Consolidated Financial Statements of 31 December 2010 (the "Annual Report"), as it represents an update of information already disclosed. The Annual Report was published in April 2011 and is available on the web site and at the address of Advanced Digital Broadcast Holdings SA (the "Company"). The Board of Directors of the Company authorised the issuance of this Interim Report on 2 August 2011.

The Interim Report applies the same accounting policies and methods of computation as the Annual Report. Several new amendments and interpretations were adopted effective 1 January 2011 but have no impact on the Group consolidated financial statements. No change to the policies stated in the Annual Report has taken place as a result of this review.

2. Seasonality

Historically, the results of the Group vary from period to period, following the seasonal trends and yielding stronger revenue in the second-half of the year. This pattern is expected to continue and to be particularly strong in year 2011, given the start of sales to new customers in the second-half of the year.

3. Changes in composition of the entity

On 29 November 2010, the Group acquired the broadband technology subsidiaries of the Pirelli Group, an Italian conglomerate. During the first-half of 2011, the Group initiated the process of integrating the acquired subsidiaries with its existing operations, undertaking a major reorganisation of its functional activities, legal structure and geographical presence. This process will continue in the second-half of the year.

As part of this reorganisation, during the first-half of 2011 certain offices were closed, some employees moved to new premises and a number of job positions were eliminated. The activities, main projects and intellectual properties of Vidiom were transferred to the subsidiaries of the Group in charge of the Digital TV and Broadband Products and Services business segment. The subsidiary Vidiom Systems Polska Sp. z.o.o. ("VSP") was divested. The sale of VSP does not represent a transaction of material relevance for the Group.

Costs incurred by the Group pursuant to the termination of employees, costs for the resolution of lease contracts, legal and administrative expenses of the reorganisation process, write-offs of assets related to terminated or relocated activities are expenses not expected to be incurred in the future. They are recognised separately, as an expense in the current year, within the line item 'reorganisation expenses' of the Consolidated Income Statement. Reorganisation expenses for the first-half of 2011 amount to $3,006,490.

4. Share capital, earnings per share and dividends

The evolution in the first-half of 2011 of the total number of shares outstanding is:

Shares outstanding as of 1 January 2011	5,571,488
Change in the number of shares outstanding	-
Shares outstanding as of 30 June 2011	5,571,488
of which own shares held in treasury	156,214
of which shares in circulation	5,415,274

In the first-half of 2011 pursuant to the exercise of stock options granted in 2008, 2,532 shares were sold by the Company at the average price of CHF30.47 per share. The aggregate proceeds from sale of these shares were $81,567. Therefore the number of shares held in treasury decreased from 158,746 at end of 2010 to 156,214 at end of June 2011.

Share based instruments had a dilutive effect on the weighted average number of shares used in the first-half of 2011 for the calculation of the 'earnings per share' as the average price of the shares of the Company, which are publicly traded on the SIX Swiss Exchange, was higher than the exercise price of the outstanding stock options for several weeks of the period. The weighted average number of shares used for the calculation of basic and diluted earnings per share in the first-half of 2011 is 5,414,657 and 5,414,740, respectively.

At the General Assembly of 17 June 2011, a dividend of CHF 1.00 per share was declared payable to shareholders for a total aggregate amount corresponding to $6,414,678. The dividend consists in a restitution of share premium to shareholders. This distribution is not subject to withholding taxes in Switzerland. The dividend payable is recorded in the Balance Sheet as at 30 June 2011 within the line item 'other current liabilities'.

5. Defined benefit pension plan liabilities

The Group has examined the actuarial valuations of its defined benefit pensions plans liabilities made at the end of 2010. No change in the post-employment plans has occurred. The number of employees concerned and the related salary base are substantially unchanged, while the changes in market conditions, after further verification also with the Group's actuaries who performed the actuarial calculations at the end of 2010, are deemed immaterial. As a result of this assessment, no change as per IAS 19 of the employees' defined benefit pension plan liabilities estimated at the end of 2010 was recognised in the 30 June 2011 Consolidated Balance Sheet other than the case of a subsidiary for which the reorganisation process has produced a cancellation of all pension plan liabilities.

6. Licensing of intellectual property

During the first half of the year the Group continued its efforts to review and renegotiate licensing agreements with various licensors. These efforts resulted in reduced royalty expenses due to both the reversal of existing provisions and the lowering of royalty rates which shall continue in the future.

7. Subsequent events after end of first-half 2011

The dividend amount of $6,414,678 was paid on 29 July, 2011 to the Company's shareholders.

The first tranche of the put option described in Note 26 – Business combination (page 96) of the Annual Report was exercised by Pirelli & C. S.p.a. on 2 August 2011. As a result of this event, the Company purchased from Pirelli & C. S.p.a. 133,334 of the Company's shares for a total consideration of CHF 3,866,686.

more information on ADB Group

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