

SCHWEITER TECHNOLOGIES

Semi-Annual Report as at June 30, 2009

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Report of the Board of Directors on the results for the first half of 2009

Dear shareholders

Orders received reached CHF 33.4 million (-63%) in the first half. Gross revenues amounted to CHF 30.1 million (-67%). The drastic decline in volume reflects the general global economic crisis and the unfavorable industry climate in particular.

The Group reported an operating result of CHF -13.7 million (1H 2008: 0.4 million). The net loss from continuing operations amounted to CHF -10.5 million (1H 2008: -1.5 million). This includes currency gains of around CHF 2.5 million. Lower net current assets led to a balanced cash flow from operating activity.

In an extremely difficult sector environment, **SSM Textile Machinery's** order intake was 74% lower than the previous year. Sales declined by 71%. All regions reported a substantial drop in demand. Despite a historically low volume, the gross margin was maintained. Rigorous cost management cut fixed costs considerably, enabling the loss to be contained. The operating loss amounted to CHF 5.7 million.

Ismeca Semiconductor was also hit hard by the economic slump. New orders fell by almost 50%. Sales were 63% lower than in the previous year. Strict cost management was unable to compensate for the missing volume. The operating result stood at CHF -7.1 million. Currency gains led to a positive financial result, which cut the net loss by almost CHF 2 million.

Outlook

The first half ended with historical lows, especially in volumes. Although the business environment is likely to remain demanding in the second half, a positive trend in incoming orders, customers' more optimistic assessment of the future and a backlog in investments all indicate a considerably better second half.

Innovations are being pushed in both divisions. This not only enables market positions to be secured – it also creates a good basis for the company to reap above-average benefits from the next upturn.

Cash and cash equivalents and treasury shares worth over CHF 600 million, plus a debt-free balance sheet, are available for acquisition projects – some of which have already reached an advanced stage.

Yours sincerely

Board of Directors, Schweiter Technologies

Key figures

Schweiter Technologies Group (in CHF m)	First half of 2009	First half of 2008	Change
Orders received	33.4	89.2	-62.5%
Gross revenues	30.1	91.0	-66.9%
Operating result	-13.7	0.4	
Loss – continuing operations	-10.5	-1.5	
Net income from discontinued operations	-	10.7	
Loss/net income	-10.5	9.2	

Result by divisions (in CHF m)	First half of 2009	First half of 2008	Change
SSM Textile Machinery			
Orders received	13.5	51.5	-73.8%
Gross revenues	13.4	45.7	-70.7%
Operating result	-5.7	0.3	
Ismeca Semiconductor			
Orders received	19.9	37.7	-47.2%
Gross revenues	16.5	45.0	-63.3%
Operating result	-7.1	1.0	

Consolidated balance sheet as at June 30, 2009

	June 30, 2009	%	Dec. 31, 2008	%
Assets (in CHF m)				
Current assets				
	585.1		596.1	
3	20.3		32.2	
3	18.3		22.1	
3	6.0		9.5	
	629.7	96.4	659.9	96.5
Non-current assets				
4	17.3		17.8	
4	5.6		5.7	
	0.3		0.2	
	23.2	3.6	23.7	3.5
	652.9		683.6	
Liabilities (in CHF m)				
Short-term liabilities				
	0.0		0.0	
3	2.0		3.0	
3	4.4		6.5	
	6.7		9.0	
	7.9		10.5	
	21.0		29.0	4.2
	0.0		0.0	
	0.2		0.2	
	1.5		1.8	
	1.7		2.0	0.3
	22.7	3.5	31.0	4.5
Shareholders' equity				
	1.4		1.4	
7	-28.7		-28.7	
	107.4		107.4	
	569.1		130.7	
	-10.5		450.7	
	-8.5		-8.9	
	630.2	96.5	652.6	95.5
	652.9		683.6	

Consolidated income statement for the first half of 2009

(in CHF m)	First half of 2009		First half of 2008	
		%		%
Continuing operations:				
Gross revenues	30.1	107.5	91.0	107.4
Sales deductions	-2.0	-7.1	-5.5	-6.5
Net revenues	28.1	100.4	85.5	100.9
Change in inventories of semi-finished and finished goods	-0.1	-0.4	-0.8	-0.9
Total operating income	28.0	100.0	84.7	100.0
Cost of materials	-15.7	-56.1	-45.7	-54.0
Personnel expenses	-17.1	-61.1	-25.9	-30.6
Other operating expenses	-8.2	-29.2	-12.0	-14.1
Other operating income	0.0	0.0	0.1	0.1
Depreciation & amortization of other intangible assets	-0.7	-2.5	-0.8	-0.9
Operating result	-13.7	-48.9	0.4	0.5
Financial income	3.4	12.2	1.4	1.6
Financial expenses	-0.1	-0.4	-2.6	-3.0
Income before taxes	-10.4	-37.1	-0.8	-0.9
Income taxes	-0.1	-0.4	-0.7	-0.8
Loss from continuing operations	-10.5	-37.5	-1.5	-1.7
Discontinued operations:				
5 Net income from discontinued operations	-		10.7	
Loss / net income	-10.5		9.2	
Result per share (in CHF)				
From continuing operations:				
Undiluted and diluted	-7.72		-1.10	
From continuing and discontinued operations:				
Undiluted and diluted	-7.72		6.57	

Consolidated cash flow statement for the first half of 2009

(in CHF m)	First half of 2009	First half of 2008
Loss / net income	-10.5	9.2
Depreciation and amortization	0.7	2.3
Other positions not impacting on liquidity	-4.2	1.2
Income taxes paid	0.1	2.7
Operating profit before change of net current assets	-13.9	15.4
Change in net current assets	14.0	-3.7
Cash flow from operating activity	0.1	11.7
Interest paid	0.0	-0.2
Income taxes paid	-0.6	-5.1
Net cash flow from operating activity	-0.5	6.4
Purchase of property plant and equipment and intangible assets	-0.2	-2.0
Sale of property plant and equipment	0.0	0.6
Reduction in financial assets	0.0	0.3
Interest received	0.8	1.3
Cash flow from investment activity	0.6	0.2
6 Dividend	-12.3	-12.5
7 Purchase of treasury shares	0.0	-16.3
Repayment of short-term financial debt	0.0	-13.8
Repayment of long-term financial debt	0.0	-0.1
Cash flow from financing activity	-12.3	-42.7
Currency translation differences on cash and cash equivalents	1.2	-3.4
Change in cash and cash equivalents	-11.0	-39.5
Cash and cash equivalents as at January 1	596.1	134.5
Cash and cash equivalents as at June 30	585.1	95.0
of which:		
– continuing operations	585.1	52.2
– discontinued operations	-	42.8
The figures given above include the following cash flow from discontinued operations:		
Net cash flow from operating activity	-	-0.2
Cash flow from investment activity	-	0.4
Cash flow from financing activity	-	0.0

Consolidated statement of comprehensive income for the first half of 2009

(in CHF m)	First half of 2009	First half of 2008
Loss / net income	-10.5	9.2
Other comprehensive income:		
Foreign currency translation differences	0.4	-3.4
Cash flow hedges		
– Gains/losses recorded under equity	-	0
– Gains/losses transferred to the income statement	-	0
Income taxes on other comprehensive income	-	0
Other comprehensive income after income taxes	0.4	-3.4
Total comprehensive income	-10.1	5.8

Change in consolidated shareholders' equity

(in CHF m)	Equity attributable to parent company shareholders						Total	Minority interest	Total share- holders' equity
	Share capital	Treasury shares	Share premium	Retained earnings	Hedging reserve	Currency translation difference			
Balance at as January 1, 2008	1.4	-3.2	107.4	143.2	0	-8.6	240.2	0	240.2
Net income				9.2			9.2		9.2
Other comprehensive income:									
Foreign currency translation differences						-3.4	-3.4		-3.4
Cash flow hedges									
– Gains/losses recorded under equity					0		0		0
– Gains/losses transferred to the income statement					0		0		0
Income taxes on gains and losses recorded directly in shareholders' equity					0		0		0
<i>Other comprehensive income after income taxes</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-3.4</i>	<i>-3.4</i>	<i>0</i>	<i>-3.4</i>
<i>Total comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>9.2</i>	<i>0</i>	<i>-3.4</i>	<i>5.8</i>	<i>0</i>	<i>5.8</i>
Dividend				-12.5			-12.5		-12.5
Purchase of treasury shares		-16.3					-16.3		-16.3
Balance at as June 30, 2008	1.4	-19.5	107.4	139.9	0	-12.0	217.2	0	217.2
Balance at as January 1, 2009	1.4	-28.7	107.4	581.4	0	-8.9	652.6	0	652.6
Loss				-10.5			-10.5		-10.5
Other comprehensive income:									
Foreign currency translation differences						0.4	0.4		0.4
<i>Other comprehensive income after income taxes</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.4</i>	<i>0.4</i>	<i>0</i>	<i>0.4</i>
<i>Total comprehensive income</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-10.5</i>	<i>0</i>	<i>0.4</i>	<i>-10.1</i>	<i>0</i>	<i>-10.1</i>
Dividend				-12.3			-12.3		-12.3
Balance at as June 30, 2009	1.4	-28.7	107.4	558.6	0	-8.5	630.2	0	630.2

Notes to the semi-annual statements as at June 30, 2009

Segment information

First half of 2009 (in CHF m)	SSM Textile Machinery	Ismeca Semiconductor	Other/ Eliminations	Group
Gross revenues ¹⁾	13.4	16.5	0.2	30.1
Operating result	-5.7	-7.1	-0.9	-13.7
Loss / net income	-5.7	-5.5	0.7	-10.5
Assets	27.2	59.9	565.8	652.9
Liabilities	14.1	8.0	0.6	22.7
Employees at as June 30	195	290	3	488

First half of 2008 (in CHF m)	SSM Textile Machinery	Ismeca Semiconductor	Other/ Eliminations	Group
Gross revenues ¹⁾	45.7	45.0	0.3	91.0
Operating result	0.3	1.0	-0.9	0.4
Loss (continuing operations)	-0.2	-0.7	-0.6	-1.5
Assets	44.5	75.7	39.3	159.5
Liabilities	25.7	18.4	-3.3	40.8
Employees at as June 30	229	307	4	540

¹⁾ There are no revenues between the divisions

1 Consolidation principles

These abridged, unaudited semi-annual statements of the Swiss-domiciled Schweiter Technologies AG and its subsidiaries were prepared in accordance with IAS34 "Interim Financial Reporting". They are based on the accounting principles presented in the 2008 Annual Report, which were applied with no changes other than the following new standards and interpretations:

IAS 1	Presentation of Financial Statements
IAS 23	Borrowing Costs
IAS 32	Financial Instruments: Presentation
IAS 39 / IFRIC 9	Embedded Derivatives
IFRS 2	Share-Based Payment
IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IFRIC 13	Customer Loyalty Programs
IFRIC 15	Agreements for the Construction of Real Estate

IFRIC 16 Hedges of a Net Investment in a Foreign Operation

With the exception of IAS 1 and IFRS 8, the adoptions have no effect on these consolidated semi-annual statements.

As the internal report submitted to Group Management and the Board of Directors is drawn up on the basis of the existing divisions and the same accounting and valuation principles as those applied to the consolidated financial statements, the application of IFRS 8 does not give rise to any changes to the definition of the operating segments but does result in additional disclosure obligations for the year as a whole. The application of the revised IAS 1 also results in the additional requirement to disclose the statement of recognized income and expense.

Notes to the semi-annual statements as at June 30, 2009

The following new and revised standards and interpretations have been approved but will enter into force at a later date:

IAS 27	(revised) Consolidated and Separate Financial Statements (according to IFRS)
IAS 39	(revised) Financial instruments: Recognition and Measurement
IFRS 1	(amended) First-Time Adoption of International Financial Reporting Standards
IFRS 3	(revised) Business Combinations
IFRS 5	(revised) Non-current Assets Held for Sale and Discontinued Operations
IFRIC 17	Distributions of Non-cash Assets to Owners
IFRIC 18	Transfers of Assets from Customers

The implementation of the revised IFRS 3 will affect transactions completed on or after January 1, 2010. Management considers the implementation of the remaining standards and interpretations to have either no effect or a negligible effect on the consolidated annual financial statements of Schweiter Technologies.

The preparation of the semi-annual statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the semi-annual statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the semi-annual statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The Group operates in sectors which are not affected by seasonal fluctuations. Income tax expense is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year.

2 Scope of consolidation

There was no change in the scope of consolidation in the reporting period.

3 Change in net current assets

Due to the significant decline in sales, net current assets have fallen substantially.

4 Impairment

On June 30, 2009, the assumptions underlying the impairment test performed on Ismeca Semiconductor on December 31, 2008 were critically examined. No reasonably possible change to these assumptions would lead to impairment as at June 30, 2009.

As SSM Textile Machinery has no significant non-current assets, this segment is not at risk of impairment as defined in IAS 36.

5 Discontinued operations

On September 30, 2008, Schweiter Technologies sold its 100% holding in Satisloh Holding AG to the Essilor Group with total proceeds from sale of CHF 551.3 million.

The results achieved by the sold segment "Satisloh" that are contained in the semi-annual statements are as follows:

(in CHF m)	First half of 2009	First half of 2008
Gross revenues	-	112.5
Cost of operating	-	-96.8
Operating profit	-	15.7
Net financial result	-	-3.0
Income before taxes	-	12.7
Income taxes	-	-2.0
Net income	-	10.7

6 Dividend payout

At the Annual General Meeting of May 13, 2008 shareholders approved distribution of a dividend of CHF 9.00 per share.

7 Treasury shares

Holdings of treasury shares remained unchanged in the first half of 2009. As at June 30, 2009, 77 809 treasury shares were held.

8 Contingent liabilities

Contingent liabilities have remained essentially unchanged.

9 Events occurring after the balance sheet date

No events occurred between the balance sheet date and the date of publication of this semi-annual report which could have a significant impact on the consolidated annual financial statements.

This semi-annual report has been approved by the Board of Directors of Schweiter Technologies and authorized for publication on August 4, 2009.

Information for shareholders

Bearer shares are listed on the main stock exchange in Zurich. Security number: 1075492; ISIN: CH00 10754924; Telekurs: SWTQ; Reuters: SWTZ.

(in CHF 1000s)	June 30, 2009	Dec. 31, 2008
Share capital – divided into bearer shares with a par value of CHF 1 each	1 444	1 444
Conditional capital	133	133
Approved capital	300	300
Stock market capitalization as at reference date	579 634	541 377
Holdings of treasury shares	77 809	77 809
Treasury shares as % of share capital	5.39	5.39

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