SCHWEITER TECHNOLOGIES

2011

Annual Report 2011

Board of Directors, Group Management, Auditors

Board of Directors

Term of office May 12, 2011 to May 9, 2012

Beat Siegrist	Chairman
Dr. Lukas Braunschweiler	
Heinrich Fischer	
Beat Frey	
Dr. Jacques Sanche	
Rolf-D. Schoemezler	

Group Management

Dr. Heinz O. Baumgartner	Chief Executive Officer Group
Ernesto Maurer	Chief Executive Officer SSM Textile Machinery
Lorenzo Giarrè	Chief Executive Officer Ismeca Semiconductor
Georg Reif	Chief Technology Officer 3A Composites
Martin Klöti	Head of Management Services and CFO SSM Textile Machinery
Ian von Fellenberg	Head of Corporate Development

Auditors

Deloitte AG, Zurich

Dear Shareholders

2011 was a challenging year, with the turbulence on the global markets and the exchange rate environment creating powerful headwinds for some areas of business. As a result, revenues declined by 16% to CHF 786 million. EBITDA nevertheless reached CHF 88 million. At 3A Composites (3AC), a combination of substantial headcount adjustments, other operational improvements, the early adoption of IAS 19revised and the switch to a defined contributions scheme in connection with the change in the pension fund reduced personnel costs as well as pension obligations and improved EBIT/EBITDA by around CHF 27 million. This contrasted with restructuring costs of around CHF 5 million. Within the 3AC division, the area which bore the brunt of the sharp slowdown in the operating business was core materials for wind rotors. Cyclical factors meant that the semiconductor machinery segment (Ismeca) also had a weak second half. Overall, the Architecture, Display and Textile Machinery (SSM) businesses posted gratifying results.

At 3AC, revenues were down 13% to CHF 625 million. EBITDA reached CHF 75 million, although this factors in the effect of IAS 19. Architecture turned in a strong performance in Northern Europe, China and the Middle East. Growth here came to around 15%. The Display business, particularly in the US, also posted growth. By contrast, the Wind business saw revenues decline sharply by around 25%. In China in particular, the market and demand weakened significantly from the second half of the year onward. Despite strong pressure on prices, market share was maintained. 3AC remains the world leader in core materials for wind rotors. 3AC's cost structures, particularly in administrative functions, were reduced by a double-digit percentage. The headcount decreased by 20% to around 2500 employees. The cost base is now healthy and competitive. Innovation also resulted in new products, including digitally printable displays and fireproof-certified façade cladding elements. The geographic range of balsa production was expanded, and efficiency and quality was further enhanced. 3AC is the world's biggest grower and finisher of balsa wood for applications in the wind turbine, marine and transport segments. Further innovations in the balsa sector will be presented in the first half of 2012.

Textile Machinery (SSM) revenues were down 15% at CHF 73 million. Demand was weak in 2011, but the acquisition of Giudici enabled SSM to hold its market share and strengthen its position in this global niche. A gratifying EBIT of 11% measured as a proportion of revenues underscored SSM's sound state.

The semiconductor machinery segment (Ismeca) experienced a sharp cyclical decline in revenues in the second half of the year. For the year as a whole, sales declined by 31% to CHF 88 million. EBIT was still solid at 6%. Efforts made in recent years to relocate costs and production to Asia paved the way for this positive result. 80% of production is now in Malaysia. A strong innovation team is still based in La Chaux-de-Fonds, but now consists of only 100 staff. Thanks to successful innovation and investments in the testing and packaging of LEDs, Ismeca has become the world leader in this future-proof segment.

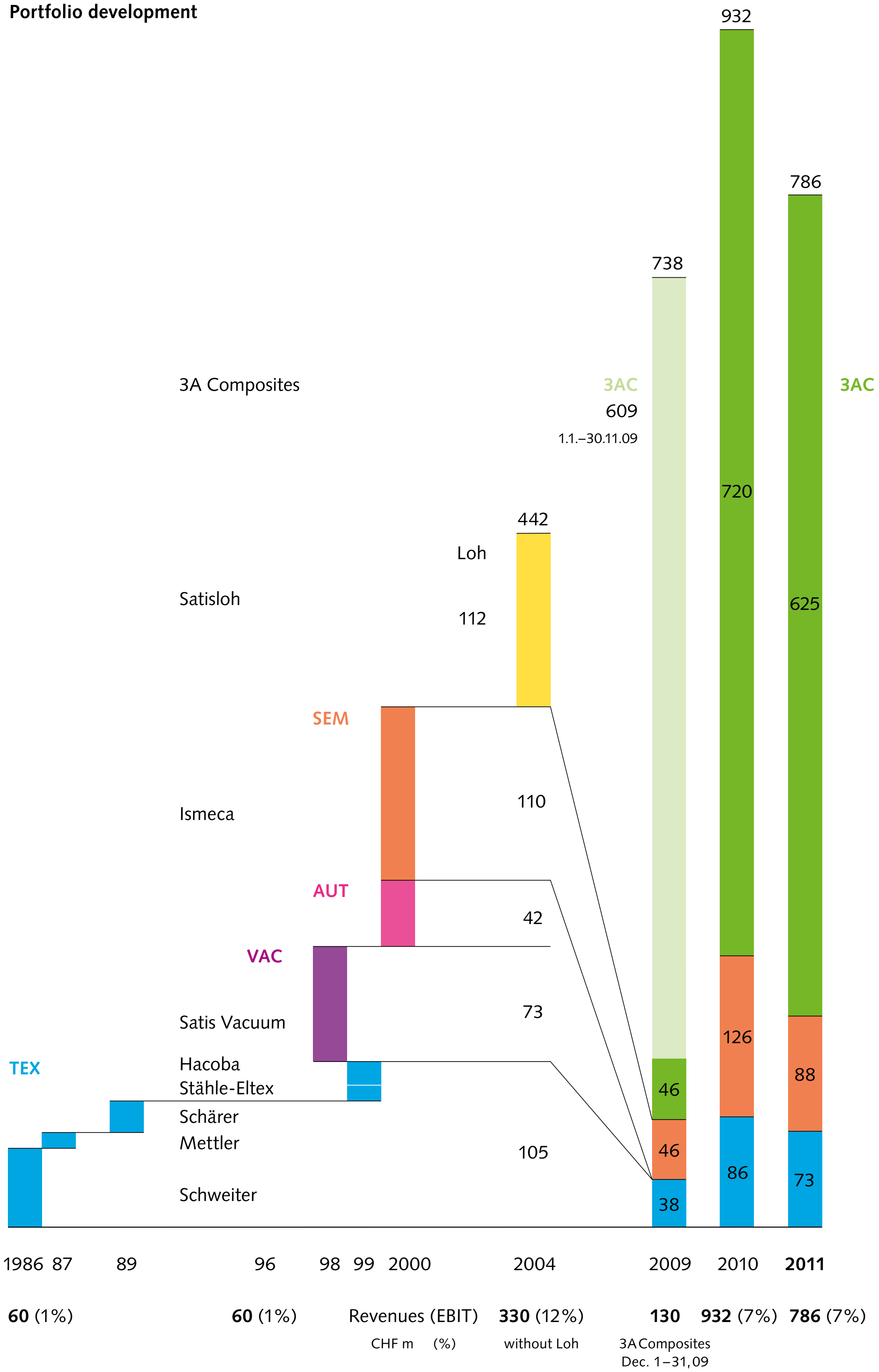
Despite adverse global economic conditions, Schweiter Technologies has held, and in some cases expanded, its market positions. Its cost structures have been brought into line with requirements. The Group's balance sheet is in excellent shape and permits further targeted acquisitions to strengthen the individual sectors. The cash position increased to CHF 296 million. We owe a very special debt of gratitude to our valued employees, who have made these results possible with their tireless personal dedication.

In 2011, after 25 years of service, Hans Widmer stepped down as Chairman and member of the Board of Directors on grounds of age. He has established an excellent basis for the Board, which was renewed in May 2011. Schweiter's culture of performance and passion for design are sure to lead to further successes. In 2012, Schweiter celebrates its 100 year anniversary as a joint stock company. Instead of a dividend, the Board of Directors will be proposing to shareholders distribution of a cash payout and bonus shares which will not be subject to withholding tax.

In light of the many geopolitical crises, 2012 is likely to remain challenging. However, the products of all divisions are highly competitive, their brands are well known and their structures are lean. Our strategies are robust and clear and the necessary measures have been initiated. And most importantly, all divisions have well trained and motivated staff and committed management teams. The Board of Directors and Management are confident about the current year.

Yours sincerely

Portfolio development



Key figures

Group		2011	2010 (adjusted)
Orders received	in CHF 1000s	857 746	960 878
Net revenues	in CHF 1000s	785 643	932 059
Operating performance	in CHF 1000s	**801 228**	**936 155**
Operating result	in CHF 1000s	59 742	67 752
	as % of operating performance	7.5	7.2
Net income	in CHF 1000s	**47 502**	**49 561**
	as % of operating performance	5.9	5.3
Development expenses	in CHF 1000s	29 233	37 963
Investments in property, plant and equipment	in CHF 1000s	16 690	22 312
Overall balance sheet total	in CHF 1000s	**859 774**	**884 044**
Shareholders' equity	in CHF 1000s	637 183	621 584
	as % of assets	74.1	70.3
Average headcount		3 527	3 704
Average net revenues per employee	in CHF 1000s	223	252
Stock market capitalization as at December 31	in CHF 1000s	**727 611**	**1 082 754**
33 **Earnings per share**			
– undiluted	in CHF	34.78	36.29
– diluted	in CHF	34.76	36.29

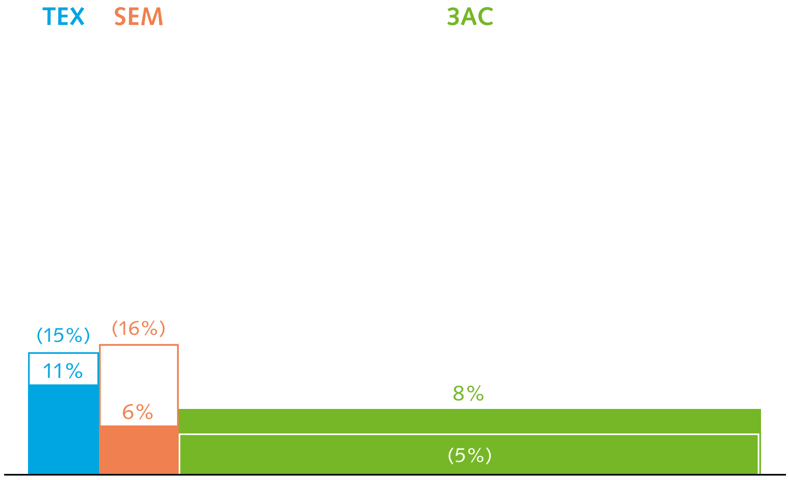
Holding		2011	2010
Net income	in CHF 1000s	**20 870**	**5 263**
Share capital as at December 31	in CHF 1000s	**1 444**	**1 444**
– subdivided into bearer shares with a par value of CHF 1 each			
Conditional share capital	in CHF 1000s	**133**	**133**
– for share option plan	in CHF 1000s	33	33
– for bonds or similar issues	in CHF 1000s	100	100
Authorized share capital	in CHF 1000s	**300**	**300**
Proposal of the Board of Directors			
– Repayment of reserves from capital contributions	in CHF per share	12.00	10.00
– Distribution of treasury shares at a rate of 18:1	in CHF per share	28.00 *	–

* Indicative value – the value of the share distribution based on the closing price of the share on SIX Swiss Exchange on the day before the Annual General Meeting.

▲ For additional details see notes to the consolidated financial statements

Division performance

Operating result
as % of operating
performance
(previous year)



(in CHF m)	SSM Textile Machinery	Ismeca Semiconductor	3A Composites
Orders received	73.5	76.1	708.1
(compared with previous year)	(– 19%)	(– 44%)	(– 4%)
Operating performance	76.9	87.6	636.3
(compared with previous year)	(– 12%)	(– 31%)	(– 12%)
Operating result	8.3	5.2	47.9
(previous year)	(12.6)	(19.8)	(35.8)
as % of operating performance	11%	6%	8%
(previous year)	(15%)	(16%)	(5%)
Headcount (December 31)	233	358	2 495
(compared with previous year)	(– 1%)	(– 2%)	(– 21%)
Net assets[1]	23	52	322
(previous year)	(16)	(43)	(323)
RONA[2]	43%	11%	15%
(previous year)	(92%)	(49%)	(11%)

[1] Net assets = Trade receivables, inventories & work in progress and property, plant & equipment minus trade liabilities and payments on account received from customers
[2] RONA = Operating profit as % of the average net assets (return on net assets)

Group

Portfolio strategy

1. Schweiter Technologies is developing business in the high-tech mechanical engineering and composite segments. A maximum of customer needs are covered with a minimum of standardized and modularized components and machinery. This is the basis for quality, cost-effectiveness and reliable procurement.

2. The individual business units (divisions) are global market leaders in their segments – or at least have the potential to become global market leaders. Each is autonomous – including financially.

3. The core of each strategy consists of innovation (starting point for all success to date), proximity to customers via an in-house sales and service system or distribution partner (3AC), as well as concentration on critical value creation. Structures are lean and communications direct.

4. The same care is applied to management development as to business development. A management culture is promoted which goes beyond product or even company cycles. In this way, limits are determined not by market segments, technologies or locations, but by these very management assets.

5. The holding company is not interested in buying and selling businesses, but aims to develop them beyond the timespan of those currently in executive posts. Acquisitions are primarily intended to strengthen current positions: divestments take place if there are better owners than Schweiter, or if there is no prospect of market leadership.

6. The only posts in the holding company are those of CEO / CFO (currently held by one and the same person), Group Controller and Head of Corporate Development. Apart from supervising executive functions, the Board of Directors is mainly involved in preparing and implementing the acquisition strategy.

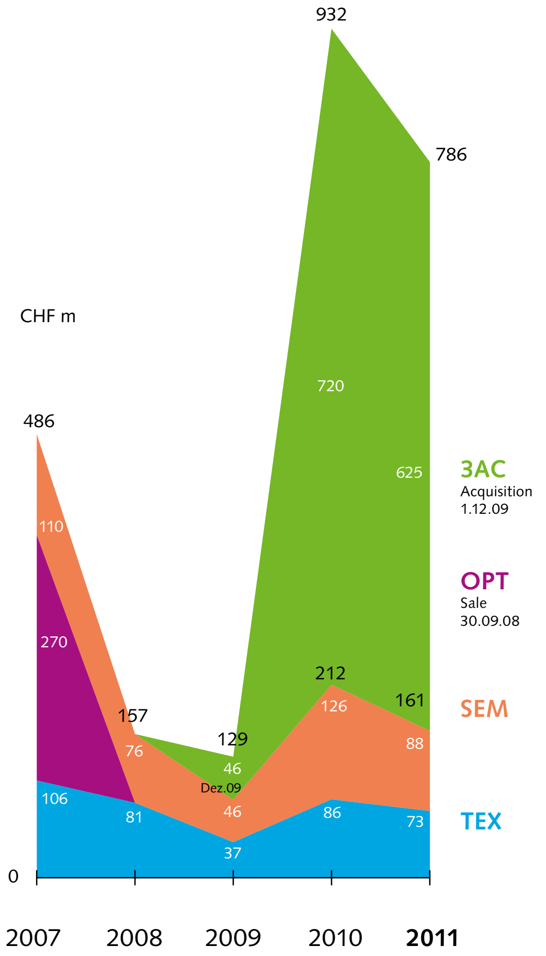
Current situation

The portfolio is focused on traditional mechanical engineering and on the business with composite materials and has gained additional stability and diversity with the acquisition of 3A Composites. As far as possible, the still high cash holding is to be used for future-proof acquisitions in existing and/or new areas of business.

Essentials of the consolidated income statement

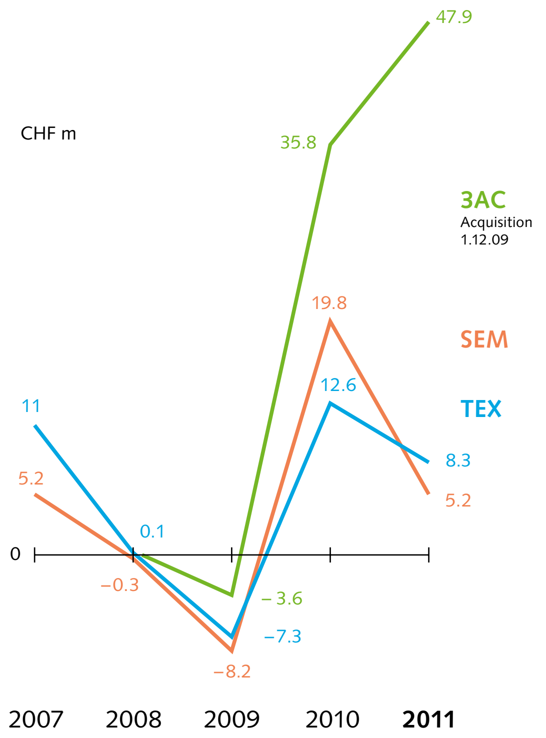
Revenues

Cyclical decline in revenues at SSM Textile Machinery (TEX) and Ismeca Semiconductor (SEM). 3A Composites (3AC) sees growth in Display and Architecture but sharp falloff in core materials for wind farms.



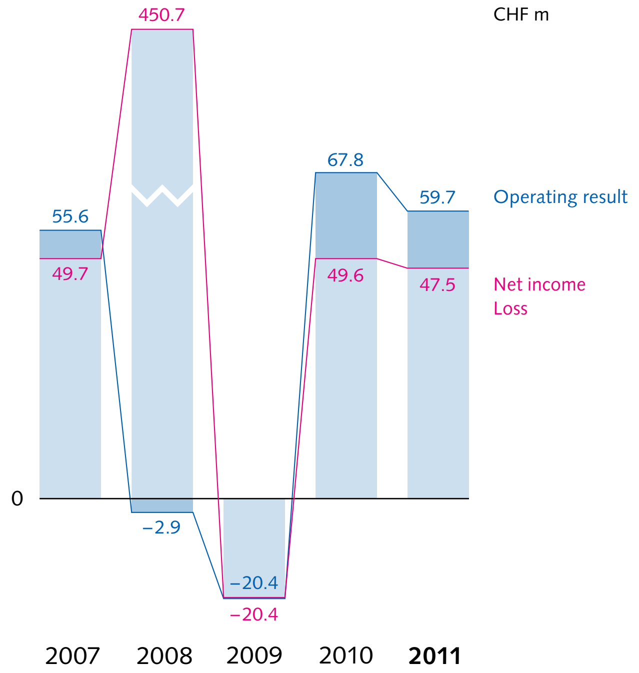
Operating result

Lower EBIT at TEX and SEM owing to volume decrease. Higher earnings at 3AC, bolstered by one-off effects.



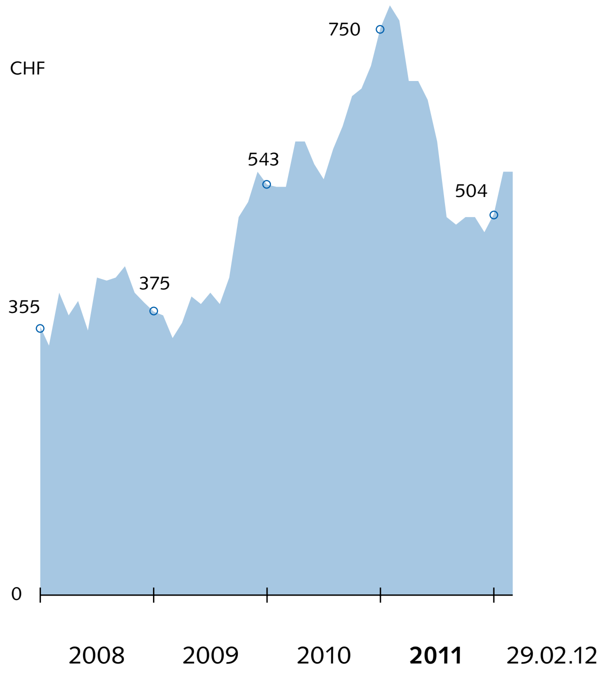
Net income

Net income of CHF 47.5 million for Group as a whole. Continued favorable tax conditions offset negative currency effects.



Bearer shares

As of December 31, 2011, 1.44 million shares were outstanding (nominal value: CHF 1.00). The price on 31.12.2011 was CHF 504.00.



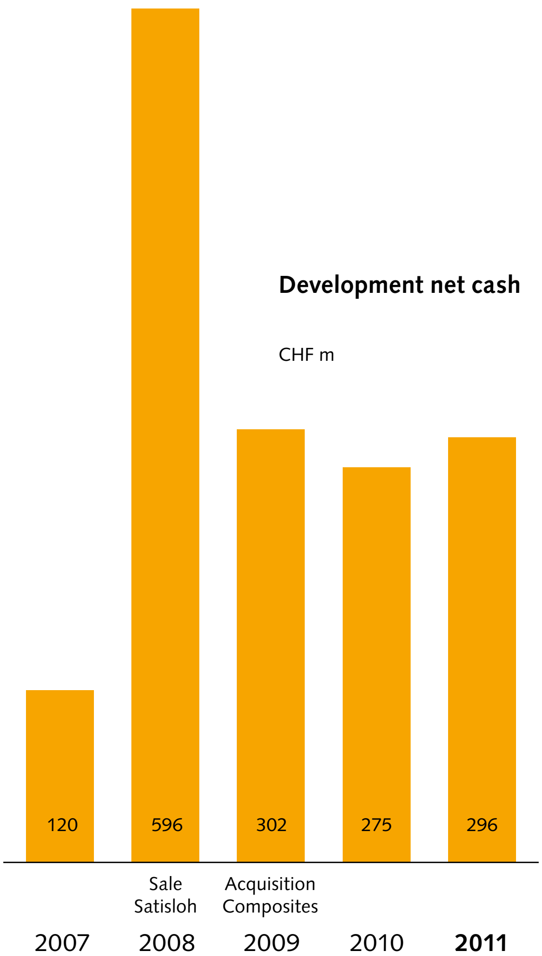
Essentials of the consolidated balance sheet

Assets

Cash and cash equivalents
At the end of 2011, the Group posted a substantial cash position of around CHF 296 million.
A decrease in current assets and reduced CAPEX had a positive impact on liquidity.

Net assets
Trade receivables CHF 101 million (previous year: 134), inventories CHF 126 million (115), property, plant and equipment CHF 208 million (218), trade liabilities CHF 39 million (59) and payments on account received from customers CHF 15 million (12).

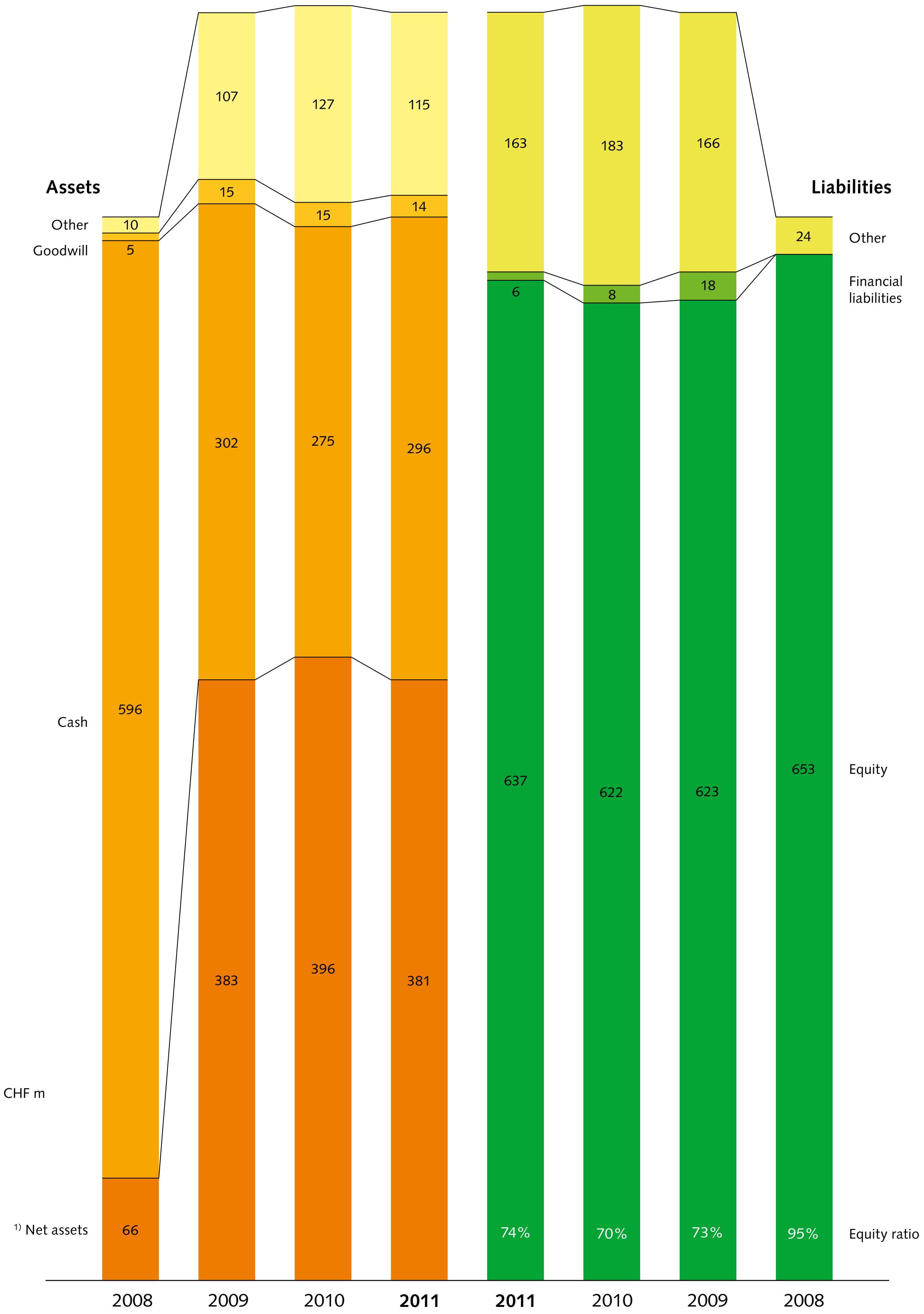
Goodwill
Goodwill is approximately CHF 14 million.



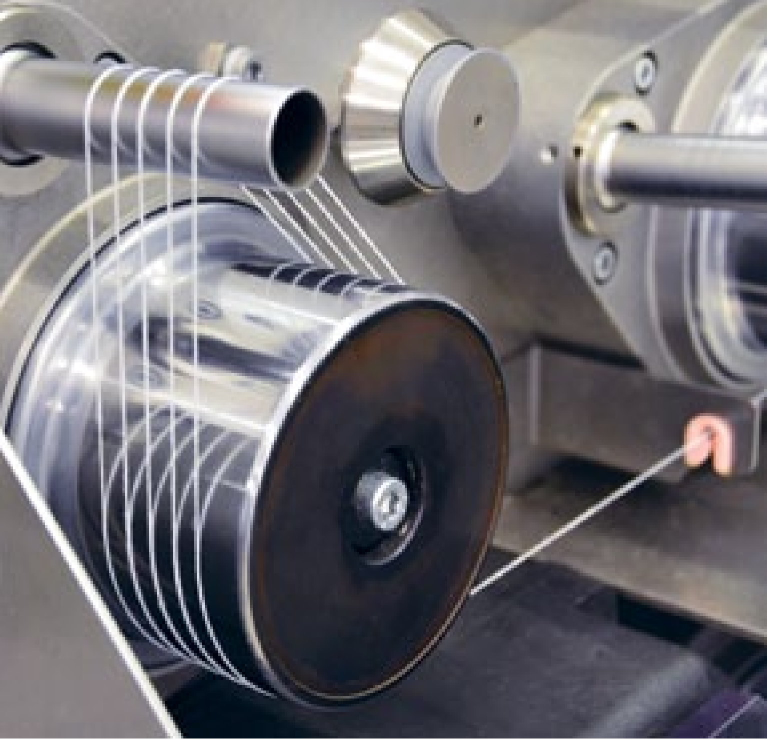
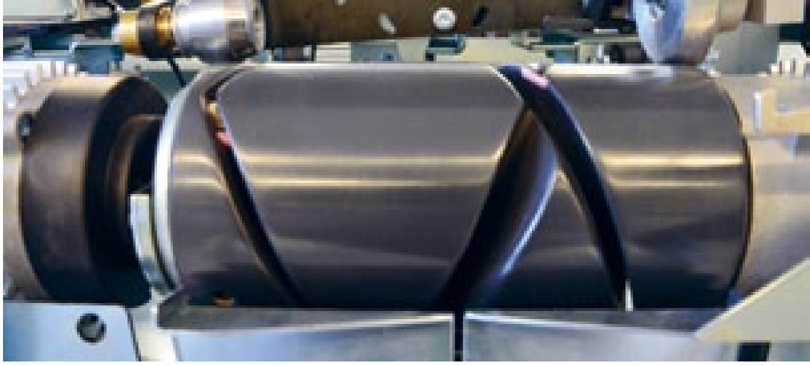
Liabilities

Interest-bearing liabilities
Short- and long-term financial liabilities amount to around CHF 5 million.

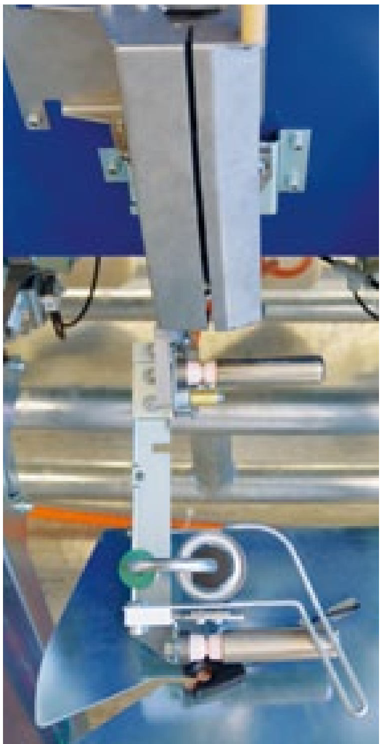
Shareholders' equity
Shareholders' equity amounts to CHF 637 million with an equity ratio of 74%.



1) Net assets = Trade receivables, inventories & work in progress and property, plant & equipment minus trade liabilities and payments on account received from customers




SSM


SSM Textile Machinery

Revenues of CHF 73 million (previous year: CHF 86 million) were posted during the year under review, resulting in EBIT of CHF 8.3 million (previous year: CHF 12.6 million).

Markets

The previous year's positive market environment was already showing initial signs of a slowdown at the beginning of 2011. This chiefly affected the two main Asian markets China and India. In India in particular, the highly volatile price of cotton, which more than doubled at the beginning of 2011, brought investment to a virtual standstill. In China, tighter rules on project financing led to delays in planned investment. Consequently, the market in the two most important regions had already started to take a turn for the worse from the beginning of the year. By contrast, in two other hitherto secondary markets, Bangladesh and Turkey, SSM Textile Machinery very successfully tapped into the emerging recovery to secure some key orders. A whole series of substantial orders from these countries helped to compensate for the falloff in demand from heavyweights China and India. Together with a number of other sizable orders from regions which would otherwise tend to be regarded as second-tier markets, the budgeted order intake could just be met. Flexible structures enabled SSM to turn the delivery bottleneck affecting the whole of the textile machinery industry at the beginning of the year to its favor, translating into market advantages in a number of instances.

2011 showed very clearly that despite the continuing shift in our main markets toward Asia, our systematic presence in core markets such as Turkey, Brazil and other Central Asian countries is paying off. The signs of success for SSM in Central and Eastern Europe first evident in 2010 remained visible. SSM gained additional market share in a number of Asian countries and was able to further establish its leading position in the field of dyeing spools. In many locations, the rise in cotton prices mentioned above is encouraging manufacturers to diversify into man-made fibers – a segment in which SSM's air texturizing machines are excellently positioned.

On the one hand, the successful outsourcing into other currency areas over recent years has mitigated the current exchange rate pressure on SSM despite the strong Swiss franc. On the other, margins remained under pressure as our competitors primarily supply from the EUR and USD zones.

2011 was dominated by two major trade fairs: the Shanghaitex and, to a greater degree, the four-yearly ITMA, held in Barcelona in the year under review. Significantly exceeding expectations, the ITMA proved a great success for SSM on the strength of the numerous innovations presented by the latter. A considerable number of important project contracts were concluded.

Revenues and income

At CHF 73 million (previous year: CHF 86 million), revenues are down slightly year-on-year. Nevertheless, it can be rated as a major success that SSM has succeeded in posting very impressive EBIT of CHF 8.3 million (previous year: CHF 12.6 million), which is once again in the double-digit percentage range. The cost management regime initiated during the difficult years 2008-09 continued to be systematically applied in 2010-11, so ensuring that profitability remains on an encouraging trend. At CHF 74 million (previous year: CHF 90 million), new orders are at a solid level, securing a strong start to 2012.

Product range

The two-pronged focus of product development on our main Asian markets and on the rapidly growing market for man-made fibers was systematically driven forward. Our new air texturizing machine was one of the main attractions at the ITMA Barcelona 2011. The technological leadership which SSM is aiming for was also reflected in the huge interest shown in a specially developed SSM iPhone app for Internet-enabled machine control. The successful porting of existing machine concepts to new modular platforms continued.

International organization

The Asian production platform in Zhongshan in Southern China made very good progress, generating a solid contribution to profits. The quality and reliability of the machines produced at this plant is undisputed in our three main Asian markets. SSM's production strategy is based on a strong international network of component manufacturers. The parent company in Switzerland concentrates on the final assembly of individual products involving complex technology as well as on innovation and development.


SSM
SSM

Acquisition

Shortly before the end of the year, SSM signed an agreement with Italian Golden Lady Company S.p.A. on the acquisition of the operations of Giudici S.p.A., Italy. The transaction went ahead on schedule and as planned at the end of January 2012. Giudici is the leader in false twist texturizing technology, a system for processing ultra-fine nylon yarn and similar materials. The company's yarn texturizing technology complements SSM's existing air-texturizing knowhow, securing our already strong position in this area of man-made fiber processing. With a headcount of around 40, Giudici posted revenues of just under CHF 10 million in 2010. The company's registered office is located in Galbiate (LC) in Northern Italy.

Outlook

The order backlog at the beginning of the year will ensure that 2012 gets off to a satisfactory start. The markets of China and India are showing measuredly positive signs of some recovery. While 2012 is not expected to see any great growth in the textile industry, neither is it expected to witness any marked downturn. Still a key question is not only how Asia will develop, but also the markets of Turkey and Eastern Europe ("resurrected" in 2011) as well as Latin America. Over the past few years, SSM has retained its lean structure and continuously improved. We can therefore look forward to a gratifying result even if the markets stagnate.

Machine program

Machines for the following applications/segments in the textile sector:

– Rewinding and dyeing – Doubling – Sewing threads
– Air texturing – Air covering
– False twist texturing – Singeing
– Yarn preparation – Elastane preparation

Sales markets

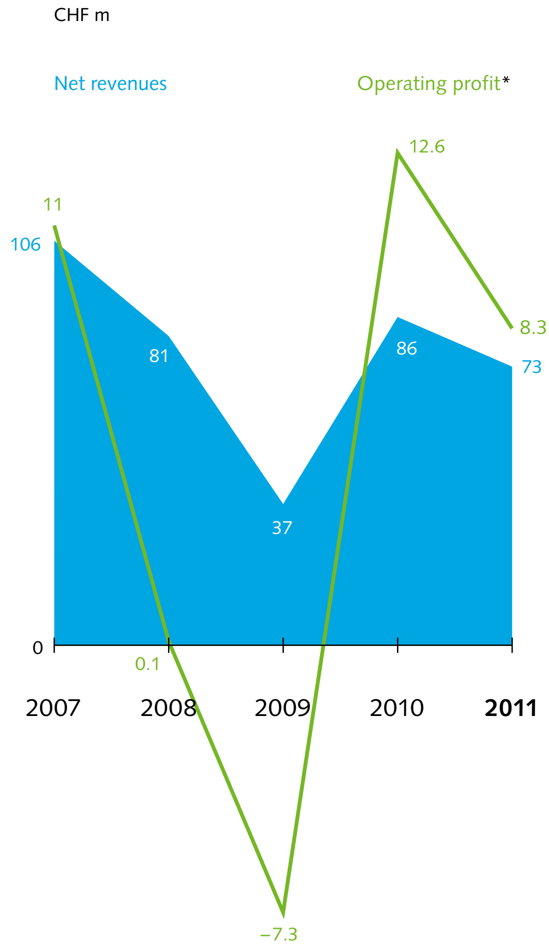
Europe	33%	(incl. Turkey)
Americas	14%	
Asia	51%	(incl. Indian subcontinent)
Other	2%	

Management

Ernesto Maurer	Chief Executive Officer
Martin Klöti	Chief Financial Officer
Davide Maccabruni	Head of R&D
Christian Widmer	Head of Operations
Ernesto Maurer	Head of Marketing & Sales
Martin Toti	Head of Aftersale Services

Employees at year-end

235	202	192	235	233



* Scale 10 times revenues

3A Composites

3A Composites makes composite panels and materials for sandwich solutions and is focused on the architecture, display, marine, transportation and wind power markets. The company is regarded as the market leader in all target markets. Suitable combinations of materials are formulated on the basis of the requirements of the relevant applications and are manufactured in large volumes using industrial processes.

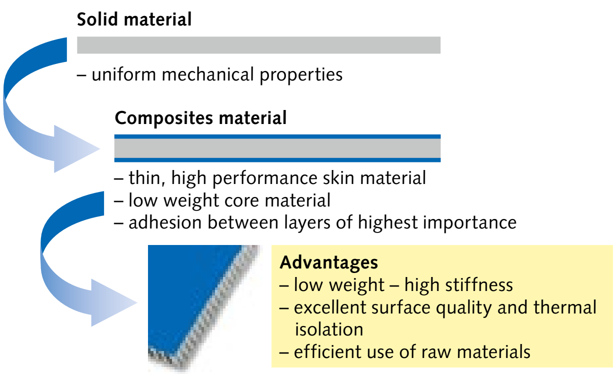
In all target markets, 3A Composites offers a unique product range for the respective high-end segment and owns the brands that define the category, such as Alucobond, Airex, Baltek, Dibond, Gator, Kapa etc.

Vision and strategy

The division sees itself as a global industrial company which aims to grow at 2 to 3 times the rate of the global economy, while at the same time achieving solid, double-digit EBITDA margins.

As a global sandwich company, its success is founded on a well-developed understanding of
- the current and anticipated future needs of selected attractive markets
- materials and composite materials
- the most efficient, industrial and appropriate manufacturing processes.

3A Composites focuses on a series of niche applications where innovative composite materials solutions are substitutes for traditional materials.



The advantages of the materials and composites lie in
- their decorative and functional surfaces
- their structural properties and high rigidity
- the ease with which they lend themselves to further processing
- other specific properties, such as thermal insulation, absorption of structure-borne sound etc.

3A Composites' strong focus on end users and its high standard of service enable it to gain the necessary understanding of market requirements with a view to the first stage of developing suitable new materials and composites. These are then offered globally and undergo further adaptation. The main focus here is on the production of semi-finished products.

The products are sold to fabrication and distribution partners. In this context, the company's leading brands and broad product range give it access to the leading distribution organizations in each market segment. In some cases, such as the wind power sector, products are supplied directly to leading global OEMs.

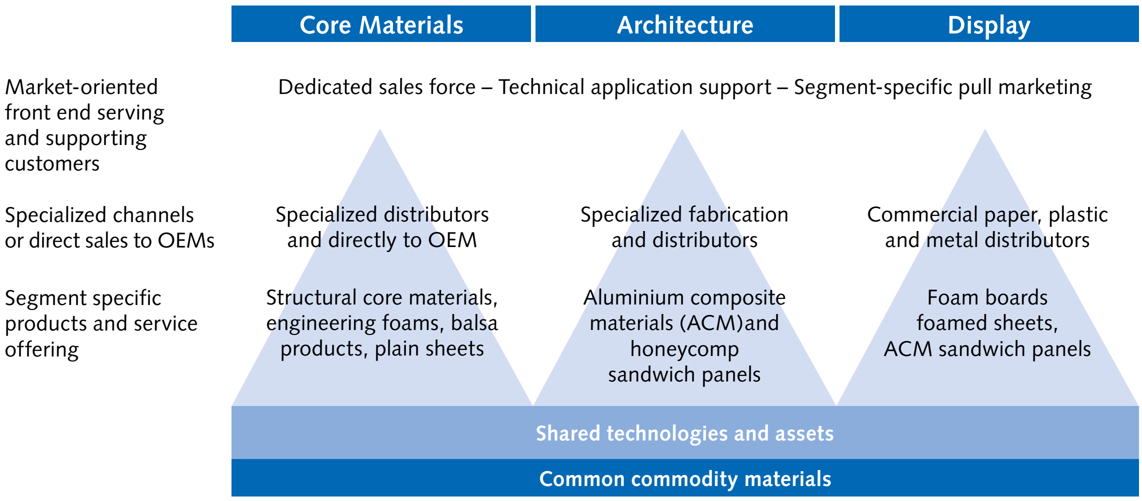
In addition to the clear specialization of the products by markets, another of 3A Composites' strengths lies in the synergies achieved in the raw materials used and in the manufacturing processes which it deploys across segments. This results in cost advantages over competitors who concentrate on individual markets and have a narrow product range.

However, in exceptional cases, 3A Composites also integrates itself forward and/or backward.

For example, to promote the acceptance of sandwich solutions in mass transportation applications and associated sales of materials the company also selectively offers whole components made of composite materials.

Reverse integration is undertaken in order to secure technology positions or the availability of raw materials, for example through control of the entire balsa chain from seed to saleable semi-finished product.

3A Composites



Review of 2011

Market

Display

The relevant markets in the display sector developed in close sync with the general economic situation. While demand in Northern and Central Europe increased, Southern Europe saw a sharp decline in advertising activities. Overall, revenues in Europe still showed a modest increase, with new products accounting for the bulk of growth. In North America, demand in the retail market remained slack and the market as a whole was still well below 2008 levels. Prices were adjusted in response to fluctuations in the cost of raw materials, which rose above the previous year's level toward the end of the year. In the US, the growing trend toward digital printing technologies is opening up opportunities for 3AC products which have been optimized for those technologies.

Architecture

In Europe, market trends were mixed. While visible growth was recorded in Germany, France, the UK and Switzerland, there has been no let-up in the crisis affecting the construction sector in Southern Europe. In France and the UK in particular, 3A Composites gained clear market share. The relevant markets in Eastern Europe are showing pent-up demand with very positive growth rates. The US market witnessed a slight recovery, but remained at a low level overall. New regulations are causing an increase in demand for fire-certified products.

While the negative repercussions of the real estate crisis in the United Arab Emirates persist, business in Saudi Arabia was encouraging. Overall, 3A Composites significantly increased its market share in the region. Thanks to the focus on solutions with high added value and better geographical coverage, business in China made very pleasing progress, with sales up 50% on 2010.

Marine

There were signs of a moderate recovery in the US. As expected, though, the market as a whole will only gradually approach pre-global crisis levels.

Wind power

The Chinese government's new reliability and quality standards for wind farms have led to a temporary, sharp reduction in new installations of the order of 20 to 30% compared with the previous year. This triggered a short-lived period of aggressive competition during which market prices came under strong pressure. Overall, 3AC has succeeded in defending its leading position in the market. In Europe and Eastern Europe, new installations compensated for the decline in Southern European countries, with off-shore installations also making an increasingly important contribution.

In general, the deficits in the key industrialized countries and competition from other energy sources are having an impact on wind turbine prices, which have fallen by up to 20%. This pressure is being passed on to the entire value chain.

Revenues and income

Breakdown of revenues in 2011	
Display	39%
Core materials	25%
Architecture	29%
Transport and industry	4%
Other	3%

Net revenue fell by 13% to CHF 625 million, representing a 3% decline in local currency. The EBITDA margin rose to 12%, bolstered by one-off effects.

Product range

For the Chinese market, an agreement was concluded with the biggest local manufacturer of structural foam products, Tiansheng New Materials.

In the balsa materials segment, a new product tailored to the wind market (Balsa SBC) met with good market acceptance. The product range in the core materials segment was also expanded to include a new lighter PET foam with improved fire performance properties.

In Europe, 3A Composites invested in production facilities for a new generation of ultra light and rigid display products and for customer-specific architectural product surfaces. In the US, the successful and profitable “Gatorfoam” product family was expanded to include new products for outdoor display applications which were very well received by the market.

The market rollout of modular wall components and acoustic ceiling solutions in China signaled an expansion in the direction of products with higher added value and led to a significant increase in revenues in the architecture business.

Organization

Comprehensive restructuring measures and organizational adjustments were introduced to make the structures of all Composites units worldwide leaner and more efficient. These measures completed the successful integration of the Composites activities into the Schweiter Group.

Outlook

The Chinese wind power market is expected to return to attractive growth in the second half of 2012 at the earliest. In the architecture segment, Asia in general and China in particular still offer the biggest growth opportunities.

Europe is expected to see moderate growth, with the focus on product and process innovation. Brazil is opening up attractive growth opportunities for all product groups.


GRONINGEN
ARRIVA
ARRIVA

Management

Georg Reif	Chief Executive Officer (until December 31, 2011)
	Chief Technology Officer (from January 1, 2012)
Ashwin Shanbhag	Chief Financial Officer
Dr. Joachim Werner	Chief Executive Officer Architecture & Display Europe
Brendan Cooper	Chief Executive Officer Display & Architecture Americas
Dr. Tarek Haddad	Chief Executive Officer Display & Architecture Asia / Pacific
Roman Thomassin	Chief Executive Officer Core Materials (from June 1, 2012)

Sales markets

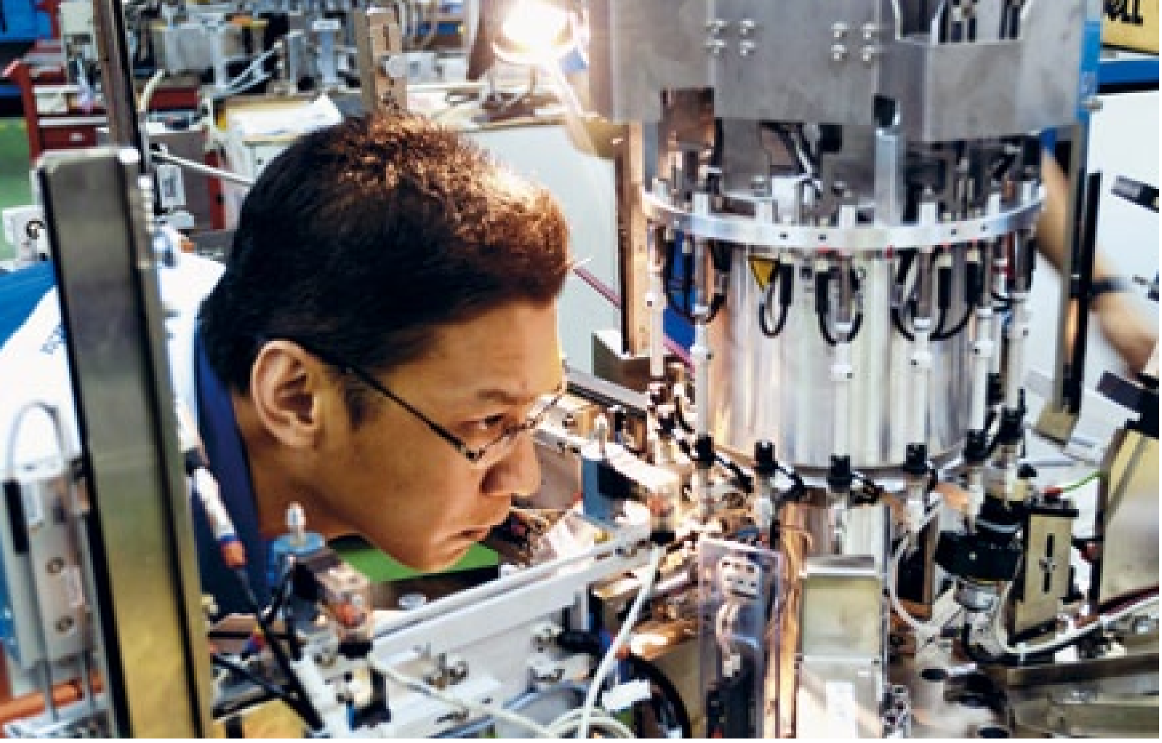
Europe	49%
Americas	28%
RoW	23%

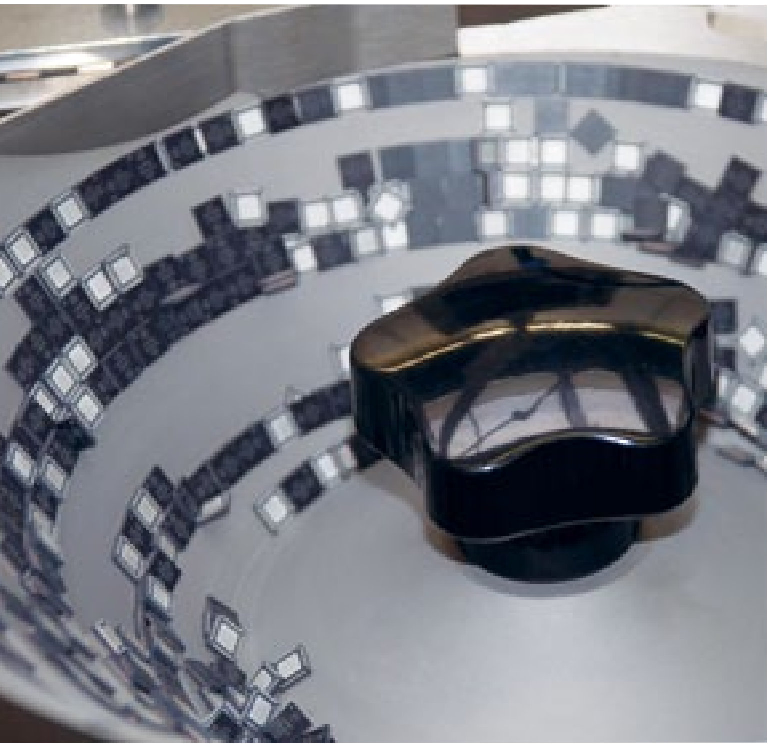
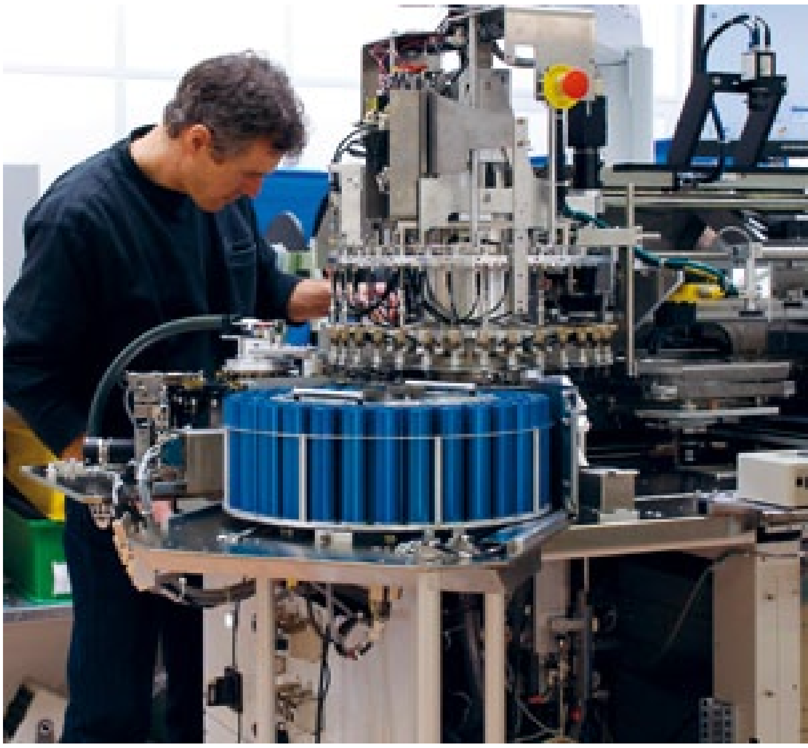
Employees at year-end

2007	2008	2009	2010	**2011**
2764	3345	3045	3142	2495

of which in balsa wood plantations and sawmills in Ecuador:

2007	2008	2009	2010	2011
1102	1651	1359	1471	953



Ismeca Semiconductor

The semiconductor market experienced a marked slowdown in the second half of 2011. Despite a 31% decline in revenues to CHF 88 million and a negative trend in the USD/CHF exchange rate, Ismeca closed 2011 in positive territory with an EBIT of CHF 5.2 million.

Thanks to strong growth in revenues from equipment for the LED market and a solid performance in the recurring business segment (retrofit kits, spare parts and consumables), Ismeca was able to limit the impact of the downturn in the cyclical semiconductor market. The successful validation in the field, in 2011, of new solutions for the fast growing general lighting and automotive LED market will continue to make a key contribution in the future.

Market

In 2011, Ismeca Semiconductor maintained its strong presence in China, Taiwan and the Philippines. In particular, it consolidated its position in the newly developed Korean market – opening up new and important sales opportunities both in the market for traditional semiconductors and in the new LED market.

The efforts made in the recurring business segment over the past three years also brought results. In 2011, retrofit kits, spare parts and consumables accounted for more than a quarter of revenues, thus reducing the impact of the fluctuations in the semiconductor market.

Products & innovation

In 2011, the focus was on innovations in the area of LED applications for the general lighting and automotive markets. The year under review saw the successful introduction of new solutions such as full traceability, hot optical and electrical testing, wafer rebuild, thin ceramic layer handling and LED inspection.

In addition, the next generation turret underwent intensive field testing on customer sites. After a further series of extensive heavy duty performance tests, this new generation of machines introducing a number of innovations will enter into production in mid-2012.

Ismeca Semiconductor is committed to product innovations and to future technologies. In 2011, the innovation budget amounted to 9% of revenues – a benchmark for the semiconductor backend assembly finishing sector. Ismeca's long term commitment to innovation is also reflected in the development of its patent portfolio, which has more than tripled over the past four years – from 17 granted patents in 2007 to 54 in 2011.

Production / operations

Ismeca has clearly demonstrated its capability to follow the semiconductor industry cycles. Even under depressed market conditions in 2011 Ismeca posted a benchmark inventory turn >9.

Despite the negative development of the USD/CHF exchange rate and a significant decline in revenues, Ismeca maintained its gross margin at the 2010 level. Today, targeted natural hedging substantially reduces the exchange rate risk on the cost of goods sold.

Ismeca operations are largely implemented in Asia, with 90% of equipment manufacturing in Malaysia and 80% of retrofit kit production in China, which is a major competitive advantage.

In Switzerland, Ismeca Semiconductor further strengthened its focus on new technologies and product innovation.

Outlook

The downturn in the semiconductor industry is likely to continue in 2012. However, the fast growing high brightness high power LED market is expected to compensate for the lower revenues from the semiconductor segment.

2012 will be a key year for Ismeca, one particular highlight being the presentation of the next generation turret at the Semicon Shanghai exhibition in March 2012. Ismeca Semiconductor is ready to profit from the next upswing in the semiconductor industry – and the future growth of the LED market.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Management

Lorenzo Giarrè	Chief Executive Officer
Christophe Kipfer	Chief Financial Officer (until March 31, 2011)
Florian Wenger	Chief Financial Officer (from April 1, 2011)
Aaron Chiang	Head of Marketing & Sales
Peter Portmann	Head of Operations
Thierry Eme	Head of Technology
Ian von Fellenberg	Head of North Asia

Employees at year-end

2007	2008	2009	2010	2011
305	305	310	365	358

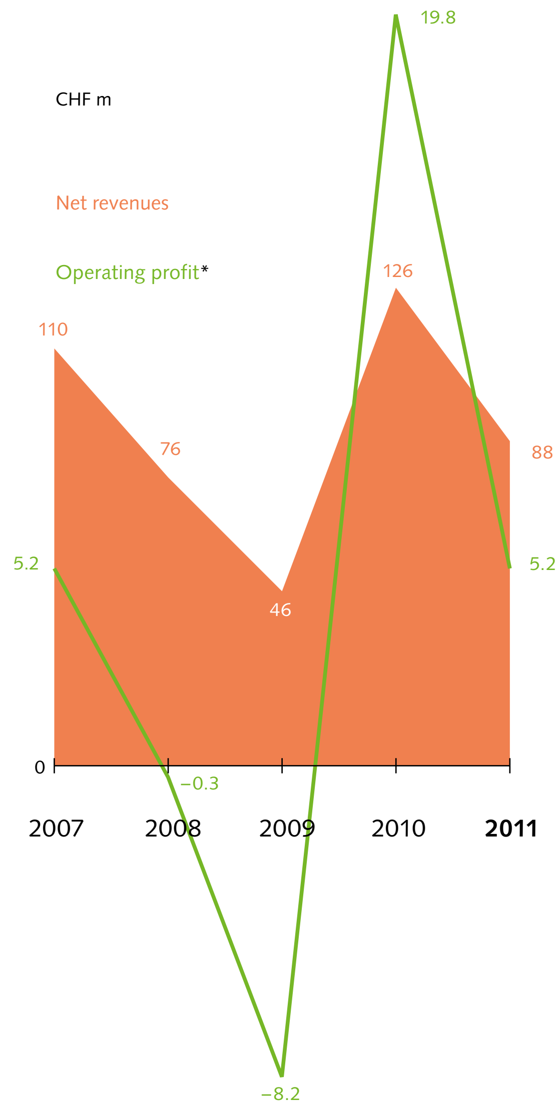
Machine programme

High-speed machines for finishing, testing, inspection, marking and taping of:

- discretes
- SOIC
- BGA
- bare & bumped dies
- LEDs
- MEMS
- solar cells

Sales markets

North Asia	43%
South Asia	42%
Americas & Europe	15%



* Scale 10 times revenues

Consolidated financial statements of Schweiter Technologies AG

Consolidated balance sheet as at December 31, 2011

	Assets (in CHF 1000s)	December 31 **2011**	%	December 31 2010 (adjusted)	%	January 1 2010 (adjusted)	%
	Current assets						
1	Cash and cash equivalents	295 800		275 163		301 584	
2	Trade receivables	101 283		133 508		101 649	
	Receivables from current income taxes	4 030		1 581		1 125	
	Downpayments to suppliers	3 691		3 231		1 529	
3	Other receivables	18 098		27 897		19 451	
	Prepaid expenses and accrued income	1 476		2 645		1 697	
4	Inventories and work in progress	126 178		115 446		96 837	
	Total current assets	**550 556**	64.0	**559 471**	63.3	**523 872**	60.5
	Non-current assets						
5	Property, plant and equipment	185 642		218 377		241 015	
6	Investment property	22 168		–		–	
7	Biological assets	15 638		15 589		10 633	
8	Investment in associated companies	6 632		2 510		2 920	
9	Financial assets	1 783		2 776		1 378	
30	Deferred income tax assets	19 676		22 501		14 482	
10	Intangible assets	57 679		62 820		71 074	
	Total non-current assets	**309 218**	36.0	**324 573**	36.7	**341 502**	39.5
	Total assets	**859 774**		**884 044**		**865 374**	
	Liabilities (in CHF 1000s)						
	Short-term liabilities						
11	Short-term financial liabilities	1 552		3 616		13 420	
	Trade liabilities	39 228		58 583		47 035	
	Prepayments received from customers	14 933		12 318		9 340	
12	Other liabilities	8 433		7 270		9 028	
13	Accrued expenses and deferred income	37 835		48 427		44 624	
17	Short-term provisions	4 667		6 656		8 301	
	Current income taxes	6 658		6 396		4 789	
	Total short-term liabilities	**113 306**	13.2	**143 266**	16.2	**136 537**	15.8
15	Long-term financial liabilities	3 911		4 469		5 048	
31	Deferred income tax liabilities	21 711		28 537		31 122	
17	Long-term provisions	13 555		13 799		16 146	
16	Pension obligations	70 108		72 389		56 637	
	Total long-term liabilities	**109 285**	12.7	**119 194**	13.5	**108 953**	12.6
	Total liabilities	**222 591**	25.9	**262 460**	29.7	**245 490**	28.4
	Shareholders' equity						
18	Share capital	1 444		1 444		1 444	
	Treasury shares	– 28 690		– 28 690		– 28 690	
	Reserves from capital contributions	93 555		107 381		107 381	
	Retained earnings	600 717		569 463		545 162	
	Currency translation adjustments	– 29 843		– 28 014		– 5 413	
	Total shareholders' equity	**637 183**	74.1	**621 584**	70.3	**619 884**	71.6
	Total liabilities and shareholders' equity	**859 774**		**884 044**		**865 374**	

▲ For additional details see notes to the consolidated financial statements

Consolidated income statement for the financial year 2011

	(in CHF 1000s)	2011	%	2010 (adjusted)	%
22	Net revenues	**785 643**	98.0	**932 059**	99.6
	Change in inventories of semi-finished and finished goods	15 585	2.0	4 096	0.4
	Total operating income	**801 228**	100.0	**936 155**	100.0
	Cost of materials	– 413 316	– 51.7	– 472 132	– 50.4
16	Personnel expenses	– 156 835	– 19.6	– 204 872	– 21.9
23	Other operating expenses	– 145 010	– 18.1	– 171 090	– 18.3
24	Expenses from investment property – net	– 421	0.0	–	–
25	Other operating income	2 532	0.3	12 257	1.3
26	Depreciation and amortization of intangible assets	– 28 436	– 3.5	– 32 566	– 3.5
	Operating result	**59 742**	7.4	**67 752**	7.3
27	Financial income	1 111	0.1	1 265	0.1
28	Financial expenses	– 6 315	– 0.7	– 15 162	– 1.6
8	Share of result of associated companies	855	0.1	292	0.0
	Income before taxes	**55 393**	6.9	**54 147**	5.8
29	Income taxes	– 7 891	– 1.0	– 4 586	– 0.5
	Net income	**47 502**	5.9	**49 561**	5.3
33	**Earnings per share** (in CHF)				
	Undiluted	34.78		36.29	
	Diluted	34.76		36.29	

Consolidated statement of comprehensive income for the financial year 2011

(in CHF 1000s)	2011	2010 (adjusted)
Net income	**47 502**	**49 561**
Other comprehensive income:		
Foreign currency translation differences	– 1 829	– 22 601
Actuarial losses on defined benefit plans	– 21 374	– 16 720
Income tax on other comprehensive income	4 857	3 752
Total other comprehensive income after income taxes	– 18 346	– 35 569
Comprehensive income	**29 156**	**13 992**

▲ For additional details see notes to the consolidated financial statements

Consolidated cash flow statement for the financial year 2011

	(in CHF 1000s)	**2011**	2010 (adjusted)
	Net income	**47 502**	**49 561**
	Liquidity-neutral items:		
26	Depreciation and amortization intangible assets	28 436	32 566
	Depreciation on properties held as financial investments	229	–
	Change in provisions and pension obligations	– 27 686	– 2 114
7	Change in market value of biological assets	– 834	– 6 220
	Other positions not impacting on liquidity	– 601	– 326
27	Financial income	– 1 111	– 1 265
28	Financial expenses	6 315	15 162
29	Income taxes	7 891	4 586
	Change in net current assets:		
	Change in trade receivables	32 026	– 43 329
	Change in other receivables and accruals	9 302	– 16 476
	Change in inventories and work in progress	– 10 306	– 26 984
	Change in trade liabilities	– 18 755	15 549
	Change in other liabilities and deferrals	– 9 057	10 482
	Interest paid	– 600	– 786
	Income taxes paid	– 9 212	– 8 151
	Cash flow from operating activity	**53 539**	**22 255**
32	Purchase price repayment from purchase of subsidiaries	–	8 270
32	Purchase of subsidiaries	–	– 171
	Purchase of intangible assets	–	– 23
	Purchase of property, plant and equipment	– 15 514	– 22 328
	Proceeds from sale of property, plant and equipment	44	418
	Investments in investment property	– 36	–
	Increase financial assets	– 999	– 109
	Repayment financial assets	1 992	–
	Investments in associated companies	– 3 371	–
	Dividend of associated companies	444	460
	Interest received	1 158	875
	Cash flow from investment activity	**– 16 282**	**– 12 608**
	Repayment leasing liabilities	– 558	– 580
	Repayment of short-terms loans on current accounts with banks	– 2 771	– 9 593
	Increase in short-term bank loans	993	–
18	Dividend paid	–	– 12 293
18	Repayment of reserves from capital contributions	– 13 659	–
	Cash flow from financing activity	**– 15 995**	**– 22 466**
	Currency exchange differences on cash and cash equivalents	– 625	– 13 602
	Change in cash and cash equivalents	**20 637**	**– 26 421**
	Cash and cash equivalents as at January 1	275 163	301 584
	Cash and cash equivalents as at December 31	**295 800**	**275 163**

▲ For additional details see notes to the consolidated financial statements

Change in consolidated shareholders' equity

	(in CHF 1000s)	Share capital	Treasury shares	Reserves capital contributions	Retained earnings	Currency translation difference	Total shareholders'equity
	Balance as at January 1, 2010 (published)	**1 444**	**–28 690**	**107 381**	**548 689**	**–5 413**	**623 411**
	Restatement [1]				–3 527		–3 527
	Balance as at January 1, 2010 (adjusted)	**1 444**	**–28 690**	**107 381**	**545 162**	**–5 413**	**619 884**
	Net income				49 561		49 561
	Other comprehensive income:						
	Foreign currency translation differences					–22 601	–22 601
16	Actuarial losses on defined benefit plans				–16 720		–16 720
	Income tax on other comprehensive income				3 752		3 752
	Total other comprehensive income after income taxes	*–*	*–*	*–*	*–12 968*	*–22 601*	*–35 569*
	Comprehensive income	*–*	*–*	*–*	*36 593*	*–22 601*	*13 992*
	Dividend paid				–12 292		–12 292
	Balance as at December 31, 2010 (adjusted)	**1 444**	**–28 690**	**107 381**	**569 463**	**–28 014**	**621 584**
	Net income				47 502		47 502
	Other comprehensive income:						
	Foreign currency translation differences					–1 829	–1 829
16	Actuarial losses on defined benefit plans				–21 374		–21 374
	Income tax on other comprehensive income				4 857		4 857
	Total other comprehensive income after income taxes	*–*	*–*	*–*	*–16 517*	*–1 829*	*–18 346*
	Comprehensive income	*–*	*–*	*–*	*30 985*	*–1 829*	*29 156*
19	Share-based remuneration				102		102
	Repayment of reserves from capital constributions			–13 659			–13 659
	Reclassification of non-approved capital contribution reserves			–167	167		0
	Balance as at December 31, 2011	**1 444**	**–28 690**	**93 555**	**600 717**	**–29 843**	**637 183**

[1] For details see page 47

▲ For additional details see notes to the consolidated financial statements

Principles of consolidation and valuation

General

Schweiter Technologies AG is a company established under Swiss law domiciled in Horgen. Its main activities are the development, manufacture and global distribution of technologically high-grade machines and composite materials.

Accounting principles

Schweiter Technologies AG prepares its consolidated financial statements in accordance with the principles of the International Financial Reporting Standards (IFRS) on the basis of historical acquisition values with the exception of "financial assets at fair value through profit or loss", which are stated at fair value. In addition, it also presents the information required by Swiss company law.

The consolidated annual financial statements are presented in Swiss francs (CHF). The Swiss franc (CHF) is both the functional and the reporting currency of Schweiter Technologies AG.

Adoption of new or revised accounting policies

The following new or revised standards and interpretations of the International Accounting Standards Board (IASB) were applied for the first time for the financial year beginning January 1, 2011:

New and revised standards adopted

IAS 24	(amendment) Related Party Disclosures
IAS 32	(amendment) Financial Instruments – Presentation of Financial Statements
IFRS 1	(amendment) Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Voluntary Prepaid Contributions under Minimum Funding Requirements
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
Miscellaneous	Amendments resulting from the Annual Improvement Project
IAS 19	(amendment) Employee Benefits

Early adoption of revised standard IAS 19 "Employee Benefits" had a significant impact on the present annual statements. See note 16 and page 47 "Restatement of previous year's figures" for details.

The first-time adoption of the other standards did not lead to any material changes in the presentation of the financial position, the results of operations and the cash flows.

Issued standards not yet adopted

The following new and revised standards and interpretations were issued by the IASB. These standards were not effective for the reporting period and have not been adopted early in the present consolidated financial statements.

The following table shows the impact estimated by the Executive Management:

New standards		Effective for annual periods beginning on or after	Planned adoption by Schweiter Technologies	
IFRS 9	Financial Instruments	January 1, 2015	Financial year 2015	1)
IFRS 10	Consolidated Financial Statements	January 1, 2013	Financial year 2013	1)
IFRS 11	Joint Arrangements	January 1, 2013	Financial year 2013	1)
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	Financial year 2013	2)
IFRS 13	Fair Value Measurement	January 1, 2013	Financial year 2013	1) 2)
Amendments to standards				
IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012	Financial year 2013	2)
IAS 12	Deferred Tax: Recovery of Underlying Assets	January 1, 2012	Financial year 2012	1)
IAS 27	Separate Financial Statements	January 1, 2013	Financial year 2013	1)
IAS 28	Interests in Associates and Joint Ventures	January 1, 2013	Financial year 2013	1)
IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Financial year 2014	2)
IFRS 7	Disclosures – Transfers of Financial Assets	July 1, 2011	Financial year 2012	1)
IFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities	July 1, 2013	Financial year 2013	2)

1) No or no material effects are expected on the consolidated financial statements of Schweiter Technologies

2) Above all, additional disclosures or amendments in the presentation of the consolidated financial statements of Schweiter Technologies are expected

Basis of consolidation

The Group's consolidated financial statements, comprising the balance sheet, income statement, consolidated statement of comprehensive income, as well as the cash flow statement and change in consolidated shareholders' equity are based on the audited annual statements of the companies included as at December 31, 2011 and December 31, 2010. The statements of the individual companies, which follow local requirements and customary practices, have been adapted to IFRS on the basis of standard Group-wide accounting and valuation principles and have been combined into the consolidated financial statements.

Principles of consolidation

The consolidated annual accounts of Schweiter Technologies AG encompass all companies in which the Group holds more than 50% of voting rights or exercises de facto control in some other form. Newly acquired companies are consolidated from the date of acquisition. The results of companies disposed of are included up until the date of the sale.

Companies in which the Group holds more than 20% of voting rights, but not more than 50%, are reported according to the equity method, provided effective control is not exercised in some other form. Thus, they are reported in the balance sheet at acquisition value, corrected for dividend pay-

Principles of consolidation and valuation

ments and the Group's shares in the accumulated profit or loss after the acquisition. Joint ventures under common control are reported according to the equity method.

Companies in which the Group holds less than 20% are reported in the balance sheet at fair value. Changes in value are reported under Group reserves without any impact on the income statement and are only transferred to the income statement when sold (treated as financial assets held for sale in accordance with IAS 39). If fair value cannot be determined reliably, assets are valued at acquisition costs. Any impairments are taken into account by decreases in value with an impact on the income statement.

The capital consolidation is performed based on the purchase method. The assets and liabilities of newly acquired companies are stated at their fair value at the time of acquisition. When an acquisition is made (first-time consolidation), with respect to the valuation of minority interests a new assessment is made of whether the fair value at the time of acquisition or the share of equity capital is to be used to determine said minority interests. Minority interests are subsequently adjusted for their share in income and other income. In performing the consolidation, all transactions and balances between the consolidated companies are eliminated. The annual accounts included in the consolidation are prepared according to standard valuation principles as at December 31.

Operating segments

In keeping with the management structure and the procedures for reporting to Management and the Board of Directors, the operating segments comprise the three operationally active divisions SSM Textile Machinery, Ismeca Semiconductor and 3A Composites and the segment "Other/Eliminations", which contains the central management and financial functions of Schweiter Technologies AG (Holding) and eliminations from consolidation. The Group's chief decision maker is the Board of Directors of Schweiter Technologies AG. There are no differences between the accounting and valuation principles applied to segment reporting and those applied to the consolidated financial statements. Geographic information is broken down into the regions Europe, Americas, Asia and the rest of the world.

Changes in the scope of consolidation

There was no change in the scope of consolidation in either the year under review or the previous year.

Scope of consolidation

The following companies were fully consolidated as at December 31, 2011:

Company	Purpose	Share capital in 1000s		Shareholding
Schweiter Technologies AG Horgen, Switzerland	Holding company	CHF	1 444	–
SSM Schärer Schweiter Mettler AG Horgen, Switzerland	Development, production and distribution	CHF	6 000	100%
SSM Vertriebs AG Baar, Switzerland	Distribution	CHF	100	100%
SSM (Zhongshan) Ltd. Zhongshan, China	Production and distribution	USD	500	100%
Ismeca Semiconductor Holding SA La Chaux-de-Fonds, Switzerland	Holding company	CHF	5 000	100%
Ismeca Europe Semiconductor SA La Chaux-de-Fonds, Switzerland	Production and distribution	CHF	1 100	100%
Ismeca USA Inc. Carlsbad, CA, USA	Distribution and services	USD	9 900	100%
CDF Holding Inc. Delaware, DE, USA	Holding company	USD	1	100%
Ismeca Malaysia Sdn. Bhd. Malakka, Malaysia	Production and distribution	MYR	5 000	100%
Ismeca Semiconductor (Suzhou) Co. Ltd. Suzhou, China	Distribution and services	USD	250	100%
3A Composites Holding AG Steinhausen, Switzerland	Holding company	CHF	10 000	100%
3A Composites International AG Steinhausen, Switzerland	Distribution	CHF	100	100%
3A Composites Germany GmbH Singen, Germany	Holding company	EUR	25	100%
3A Composites Holding Germany GmbH Singen, Germany	Holding company	EUR	25	100%
3A Composites Holding Inc. Wilmington, DE, USA	Holding company	USD	0.1	100%

Principles of consolidation and valuation

Scope of consolidation

The following companies were fully consolidated as at December 31, 2011:

Company	Purpose	Share capital in 1000s		Shareholding
3A Technology & Management AG Neuhausen, Switzerland	Development and management	CHF	600	100%
Airex AG Sins, Switzerland	Production and distribution	CHF	5000	100%
3A Composites GmbH Osnabrück, Germany	Production and distribution	EUR	2556	100%
Baltek Inc. Wilmington, DE, USA	Production and distribution	USD	0.05	100%
Baltek International Corporation Wilmington, DE, USA	Distribution	USD	0.001	100%
3A Composites USA Inc. St. Louis, MI, USA	Production and distribution	USD	1	100%
Alucobond (Far East) Pte. Ltd. Singapore	Distribution	SGD	15800	100%
3A Composites (China) Ltd. Shanghai, China	Production and distribution	USD	20000	100%
3A Composites India Pte. Ltd. Mumbai, India	Production and distribution	INR	65693	100%
Plantaciones de Balsa Plantabal S.A. Guayaquil, Ecuador	Production	USD	42.4	100%
Balmanta S.A. Guayaquil, Ecuador	Production	USD	3018	100%
Compañia Ecuatoriana de Balsa S.A. Guayaquil, Ecuador	Production	USD	68.7	100%
Prodpac Productos Del Pacifico S.A. Guayaquil, Ecuador	Production	USD	1930	100%
3A Composites do Brasil Ltda. Cuiabá, MG, Brazil	Production	BRL	340	100%

Net revenues and realization of income

Net revenues includes all invoiced sales of machines, spare parts, services and rental income. Discounts, sales tax, losses on bad debts and other deductions in connection with sales have been deducted. Income is accounted for on transfer of the ownership rights and risks or rendering of the service respectively.

Income from rental income is recognized in the period it is earned in accordance with the relevant agreement.

Interest income is recognized in the period it is earned, factoring in outstanding loan sums and the applicable interest rate.

Conversion of foreign currencies

The annual statements of foreign subsidiaries are prepared in the functional currency of the subsidiary in question, which will normally be the national currency, and converted into Swiss francs for consolidation purposes: The balance sheet is translated at year-end exchange rates, and the income statement at the average exchange rate for the financial year. Resulting foreign currency translation differences are credited/debited to other income in the consolidated statement of comprehensive income and recognized as a separate component in shareholders' equity. Other exchange rate differences, including those arising from foreign currency transactions in connection with normal business activities, are credited/debited to the income statement, with the exception of exchange rate differences on equity-like intragroup loans which are credited/debited to other income in the consolidated statement of comprehensive income.

Financial instruments

The financial instruments used are recorded on the balance sheet as of the trading date.

Derivative financial instruments are recorded in the balance sheet at market values in accordance with IAS 39. The Group mainly uses forward exchange contracts as a means of hedging foreign currency risks. A forward exchange contract used to hedge an underlying transaction, in particular an ongoing order or a trade receivable denominated in a foreign currency, constitutes a fair value hedge. In this case the changes in market value arising from the hedging transaction and the change in the value of the underlying transaction arising from the hedged risk are taken to income under consideration of deferred taxes. A cash flow hedge exists in particular where exchange rate hedging transactions are concluded in advance for future orders. Where it is based on an effective hedging context, the change in market value is reported though other comprehensive income under consideration of deferred taxes, and the ineffective portion is reported in the result for the period. The classification of financial instruments is set out in note 36.

The following exchange rates were applied (in CHF)				Year-end rate 31.12. for the balance sheet		Year-average rate 31.12. for the income statement	
				2011	2010	**2011**	2010
USA	Dollar	USD	1	0.938	0.941	0.887	1.043
EU	Euro	EUR	1	1.216	1.247	1.233	1.383
China	Yuan	CNY	1	0.149	0.143	0.137	0.154
Malaysia	Ringgit	MYR	1	0.296	0.306	0.289	0.325
Hong Kong	Dollar	HKD	1	0.120	0.121	0.114	0.134
Singapore	Dollar	SGD	1	0.724	0.729	0.705	0.765
India	Rupee	INR	100	1.770	2.076	1.880	2.282

Principles of consolidation and valuation

Risk assessment

The company has an implemented risk management system. On the basis of a periodic systematic risk identification process, the key risks to which the company is exposed are assessed in terms of their likelihood and impact. Appropriate measures, decided by the Board of Directors, are taken to avoid, diminish or shift these risks.

Risks borne by the company itself are strictly monitored. The most recent risk assessment by the Board of Directors was performed in October 2011.

Financial risk management

Market risks and
risk management basic principles

The Group is subject to market risks, credit risks and liquidity risks. The market risk consists primarily of foreign currency risks and, to a lesser degree, interest rate risks. There are no significant risks arising from marking to market.

The Board of Directors is responsible for overseeing the Group's internal controlling systems which monitor, but cannot rule out, the risk of inadequate business performance. These systems provide appropriate, though not absolute, security against significant inaccuracies and material losses. Management is responsible for identifying and assessing risks that are of significance for the division in question.

In addition to quantitative approaches and formal guidelines – which are only part of a comprehensive risk management approach – it is also considered important to establish and maintain a corresponding risk management culture.

Financial instruments should be considered in particular to be bank balances, receivables, trade liabilities and interest-bearing liabilities. The book value of the bank balances, receivables and trade liabilities is largely the same as their market value.

Foreign currency risk

As the Group engages in international operations, it is exposed to exchange rate risks. These risks relate primarily to the US dollar and the euro. Some forward exchange transactions are used to hedge exchange rate risks. These instruments are not used for speculative purposes.

Foreign currency risks arising from the conversion of items in the income statements and balance sheets of foreign Group companies are not hedged.

If the Swiss franc had been 5% stronger against the euro (US dollar) on December 31, 2011 with all other variables unchanged, the pre-tax result of the Schweiter Technologies Group would have been lower by CHF 3.5 million (CHF 7.0 million) (previous year: CHF 4.6 million euro and CHF 7.2 million US dollar).

Conversely, if the Swiss franc had been 5% weaker against the euro (US dollar) on December 31, 2011 with all other variables unchanged, the pre-tax result of the Schweiter Technologies Group would have been higher by CHF 3.5 million (CHF 7.0 million) (previous year: CHF 4.6 million euro and CHF 7.2 million US dollar).

A parallel 5% shift in the exchange rates of all currencies would change consolidated shareholders' equity by CHF 17.7 million (previous year: CHF 16.6 million).

Interest rate risks

Interest rate risks arise from changes in interest rates which have negative repercussions on the Group's asset and earnings situation. Interest rate fluctuations lead to changes in interest income and interest expense on interest-bearing assets and liabilities.

A 1% rise in interest rates would push up the interest rate result by around CHF 2.9 million (previous year: CHF 2.7 million). By the same token, a 1% fall in interest rates would reduce the interest rate result by CHF 0.5 million (previous year: CHF 0.8 million).

Credit risks

Cash and cash equivalents – As a component of risk policy, the Group's cash and cash equivalents are invested with various first-class banks, mainly in the form of term deposits or current account balances. The Group is exposed to credit risks in the event of banks failing to fulfill their obligations. The banks' credit ratings are regularly reviewed, as are the sums invested with each bank.
Receivables – There are no cluster risks relating to trade accounts receivable. To minimize default risks, where appropriate additional collateral (e.g. irrevocable confirmed documentary credits, bank guarantees, credit risk insurance etc.) is agreed upon based on specific industry, country and customer analyses. The Group carries out constant checks on customers' creditworthiness and does not have any major concentrations of default risks.

The maximum credit risk corresponds to the book value of the asset.

Liquidity risk

To meet their obligations, the Group companies require sufficient liquidity. In order to meet the corresponding liabilities, the Group has cash and cash equivalents and unused credit lines.

As of December 31, 2011 and December 31, 2010, the Group's financial liabilities have the following due dates. The information is calculated on the basis of the terms to maturity within the balance sheet and the contractually agreed interest and repayment figures.

Financial liabilities 2011: carrying amount and cash outflows

(in CHF 1000s)	Carrying amount 31.12.2011	Cash outflows Total	Up to 1 year	1 to 5 years	More than 5 years
Short-term financial liabilities	1 552	1 592	1 592		
Trade liabilities	39 228	39 228	39 228		
Other liabilities	8 433	8 433	8 433		
Long-term financial liabilities	3 911	4 577	–	2 751	1 826
Total	**53 124**	**53 830**	**49 253**	**2 751**	**1 826**

Financial liabilities 2010: carrying amount and cash outflows

(in CHF 1000s)	Carrying amount 31.12.2010	Cash outflows Total	Up to 1 year	1 to 5 years	More than 5 years
Short-term financial liabilities	3 616	3 923	3 923		
Trade liabilities	58 583	58 583	58 583		
Other liabilities	7 270	7 270	7 270		
Long-term financial liabilities	4 469	5 740	–	2 850	2 890
Total	**73 938**	**75 516**	**69 776**	**2 850**	**2 890**

Principles of consolidation and valuation

Capital management

As part of its capital management, the Group's aim is to secure current financial requirements for the continuation of the business and to provide the necessary resources to achieve its growth targets.

The Group manages the capital structure and makes adjustments in light of changes in economic conditions, business activities, the investment and expansion program and the risks posed by the underlying assets. To manage the capital structure, the Group can adjust dividend payments, make capital repayments to shareholders, issue new shares, increase its borrowing or sell assets to reduce debts.

The equity presented corresponds to the economic equity. There are no debt capital instruments which can be viewed as equity from an economic point of view. Given the envisaged acquisitions, the Board of Directors considers the level of equity to be appropriate.

Assumptions and use of estimates

Significant judgements and estimates are used in the preparation of the consolidated financial statements which, to the extent that actual outcomes and results may differ from these assumptions and estimates, could affect the accounting in the areas as described. The estimates and underlying assumptions are based on historical experience and various other factors that are believed to be reasonable under the given circumstances. The results subsequently achieved may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis and are adjusted appropriately if new information or findings come to light. Such changes are recognized in the income statement in the period in which the estimate is revised.

The key assumptions are described below and are also outlined in the respective notes.

Revenue recognition

Revenue is only recognized when, in management's judgement, the significant risks and rewards of ownership have been transferred to the customer. For some transactions this can result in cash receipts being initially recognized as deferred income and then released to income over subsequent periods on the basis of the performance of the conditions specified in the agreement. Management believes that the total accruals and provisions for these items are adequate, based upon currently available information.

Property, plant and equipment, goodwill and intangible fixed assets

Goodwill and brand names with an unlimited useful life are reviewed annually for impairment, property, plant and equipment and other intangible fixed assets are reviewed when there are signs of impairment. To determine whether any impairment exists, management estimates and assesses future cash flows expected to result from the use of the assets or their possible disposal. In the same way, the assumed periods of use are based on empirical values and management's assessments.

Income taxes

Significant estimates are required in determining the current and deferred assets and liabilities for income taxes. In particular, this also relates to the application of deferred tax assets for any future use of existing losses carried forward. Some of these estimates are based on interpretations of existing tax laws or regulations. Management believes that the estimates are reasonable and that the recognized assets and liabilities for income tax-related uncertainties are adequately recognized.

Receivables and inventories

The value adjustment for receivables takes account of the assessment of bad debt and credit risks. When reporting inventories on the balance sheet, estimates need to be made of their value retention based on the expected consumption of the article in question. The value adjustment on inventories is calculated by means of a coverage analysis. Where necessary, the parameters are adjusted.

Staff pension schemes

Most Schweiter Technologies employees participate in post employment pension schemes treated as defined contribution plans in accordance with IAS 19. The calculations of the recognized assets and liabilities from such plans are based upon statistical and actuarial calculations. The actuarial assumptions used, in agreement with Management, may have an impact on the assets and liabilities of staff pension schemes recognized in the balance sheet in future reporting periods.

Provisions for litigation

Some Group companies are exposed to litigation. Since the takeover of 3A Composites, the Schweiter Technologies Group has mainly faced legal disputes with former employees in Ecuador. Based on current knowledge, management has made an assessment of the possible impact of these legal cases and has reported provisions on the balance sheet accordingly.

Cash and cash equivalents

Cash and cash equivalents contain cash holdings, postal and bank account balances and money market investments with maturities up to 3 months.

Trade receivables

The reported value corresponds to the invoiced amounts less value adjustments for provision for bad debts.

Inventories and work in progress

Purchased goods are reported at acquisition costs, self-produced goods are reported at production costs. If the net sales value is lower, corresponding value adjustments are made. The production costs include the full costs of the material, the proportionate manufacturing costs and the proportionate general overheads.

Inventories are valued using the weighted average costs method. For non-marketable parts held in inventory an appropriate value adjustment was formed on the basis of frequency of turnover.

A corresponding value adjustment is performed for customer-specific, finished machines which remain in inventory for longer than one year and for all machines kept for demonstration purposes. Interim profits on intra-Group supplies are eliminated through the income statement.

Work in progress: where the figures for construction contracts can be reliably estimated in advance, sales and production costs are taken to the income statement in accordance with the percentage of completion (POC) method. Changes to order specifications and additional costs agreed with the customer will be factored in accordingly. No long-term construction contracts were completed during the financial year under review.

Principles of consolidation and valuation

Property, plant and equipment

Land is reported in the balance sheet at acquisition cost. Value adjustments are made for any decrease in value which has occurred. Buildings, machinery, vehicles and operating equipment are reported at acquisition costs minus accrued depreciation. Depreciation is calculated using the linear method over the following foreseeable periods of use:

Land	no depreciation
Buildings	20 to 40 years
Conversions & installations	period of use or rental
Machines & tools	5 to 15 years
Furnishings	8 to 10 years
Computer systems & software	3 to 5 years
Vehicles	3 to 5 years
Plant under construction	no depreciation

Property, plant and equipment financed through long-term leasing agreements (financial leasing) are capitalized and written down like other investments. The cash value of the respective leasing obligations is carried under liabilities.

Short-term leasing (operating leasing) costs are charged directly to the income statement. The corresponding liabilities are disclosed in the notes.

Financing costs in connection with the erection of property, plant and equipment are capitalized.

Investment property

Investment properties are undeveloped land and separable, rented out residential, office and warehouse space and technical laboratories held for the purpose of generating rental income. These buildings are not used by Schweiter Technologies or only to an insignificant degree.

Properties without land held as investment property are carried at historical cost less commercially necessary straight-line depreciations (40 years). The properties were revalued in connection with the acquisition of 3A Composites. Current market values are periodically determined by independent experts and disclosed in the notes.

Biological assets

3A Composites uses and processes balsa wood cultivated at its own plantations.

Tree plantings aged two years or less are stated at cost. These amortized acquisition and production costs essentially include the cost of wages and materials, as well as operating resources and agents for preparation and maintenance such as the disinfection and irrigation of the young plantations.

Tree plantings older than two years are regularly adjusted to market value, as calculated on the basis of the market price for green balsa sawn timber. In principle, the market valuation is restated whenever there is a significant price change, but at least at the end of each quarter.

The market price corresponds to the average price paid to independent balsa wood traders. When calculating the market price of standing trees, the necessary forestry and transport costs are also deducted. The change in market value is taken to the income statement under other operating expenses or income.

Investments in associated companies

Investments in associated companies are recognized at cost at the time of acquisition and are subsequently measured using the equity method.

Goodwill

Goodwill corresponds to the amount by which the total consideration given exceeds the amount of all non-controlling interests in the acquired entity, the fair value of the equity previously held by the acquirer in the acquired entity (where applicable) and the net amount of the identifiable assets acquired and liabilities assumed at the time of acquisition.

The value retention of goodwill is reviewed for impairment annually and in the event of signs of overvaluation. Any value impairments are immediately booked as an expense and will never be reversed. Negative goodwill is directly recognized in the income statement.

Other intangible assets

Research and development costs – Research costs are charged to the income statement of the current year. Development costs are charged to the income statement where the conditions for capitalization within the meaning of IAS 38 are not satisfied. The conditions for the capitalization of development costs include evidence of technical feasibility, the will and financial resources to complete the development, the reliable measurement of the imputable costs and evidence of a future economic use.

Other intangible assets are stated at acquisition costs and written down on a linear basis over their estimated useful life. The estimated useful life is as follows:

Development costs	3 to 5 years
Patents	life-span of patents
Acquired technologies	10 years
Acquired customer relationships	3 years
Acquired brand names	unlimited

In connection with the purchase price allocation for 3A Composites, the following protected brand names were identified and capitalized: AIREX, ALUCOBOND, BALTEK, DIBOND, GATOR and KAPA. Since no end to the useful life of these brand names is foreseeable, they were defined as assets with an unlimited useful life. As a result, the asset value is not amortized but tested at least yearly for impairment.

Income tax

Taxes incurred on the basis of the business results will be accrued regardless of when such payment obligations become due and allowing for any tax-deductible losses carried forward.

In addition, provisions for deferred taxes will be made. Such provisions are the result of differences between the standard Group valuation and the tax valuation in the individual statements which lead to shifts in the timing of taxation. The calculation is made according to the liability method. Calculation is based on the local tax rate on the balance sheet date.

No provisions are made for taxes which would be incurred on the distribution of retained profits of subsidiaries, except in cases in which a distribution is likely to be forthcoming in the foreseeable future or has been decided upon.

Deferred income tax assets for temporary differences and tax-offsetable losses carried forward are taken to the balance sheet only where future taxable earnings could reasonably be expected to materialize and where temporary differences are realizable.

The Group assesses the realizability of capitalized losses carried forward separately for all tax objects, basing its assessment on all documents, including the most recent results and expected future taxable income.

Impairment

On each balance sheet date, an assessment is made of whether assets that account for significant sums show signs of decreasing in value (impairment). If so, the recoverable value is defined as the higher of the estimated net selling price and the ascertained value in use. The value in use corresponds to the net present value of the estimated future cash flows calculated using a standard risk-adjusted WACC. If the recoverable value thus determined is lower than the current book value, the decrease in value is taken to income (impairment loss). Except in the case of a decrease in the value of goodwill, any recorded decrease in value that ceases to be justified is written back and the respective amount taken to the income statement.

Benefits due to employees

Pension plans and employee stock option plan

Within the Group, a number of different pension plans are in place in compliance with the relevant legal requirements. The assets of most of these pension plans are reported separately under legally independent pension institutions. In addition to salary-dependent employer's contributions, some

Principles of consolidation and valuation

pension plans also require employees to pay contributions.

For defined benefit pension plans, pension costs are calculated on the basis of various economic and demographic assumptions using the projected unit credit method. The number of insured years up until the valuation cut-off date is also taken into account. The calculation assumptions the Group needs to assess include the expected future trend of earnings, long-term interest on retirement savings, cost trends in the healthcare sector, staff turnover and life expectancy. Valuations are calculated annually by independent actuaries. Pension plan assets are valued annually at market values.

Pension costs consist of three components:

– Service costs, which are recognized in the income statement;
– Net interest expense, which is also recognized in the income statement, and
– Revaluation components, which are recognized in other comprehensive income.

Service costs include current service costs, past service costs and gains and losses on non-routine plan compensation payments. Gains and losses on plan curtailments are treated the same way as past service costs.

Employee contributions and contributions from third parties reduce service costs and are deducted from them if they are a result of the pension regulations or a de facto obligation.

Net interest expense is the amount obtained by multiplying the interest rate used for accounting purposes by the net pension liability or asset at the beginning of the financial year, adjusted for changes resulting from contributions or pension payments in the financial year. Capital flows and changes occurring with timescales less than one year are taken into account on a weighted basis.

Revaluation components comprise actuarial gains and losses from the development of the present value of the pension obligations resulting from changes in assumptions and experience adjustments and from returns on plan assets less contributions which are included in net interest expenses and changes in unrecognized assets less effects included in net interest expenses. Revaluation components are recognized in other comprehensive income and cannot be recycled. The amounts recognized in other comprehensive income can be shifted within shareholders' equity.

In the consolidated financial statements service costs are recognized under personnel expenses and net interest expenses are recognized in the financial result. Revaluation components are recognized in other comprehensive income.

The pension obligations or pension plan assets recognized in the consolidated financial statements correspond to the surpluses or shortfalls of the defined benefit pension plans. However, the pension plan assets recognized are limited to the present value of the economic benefit to the Group from future reductions in contributions or repayments.

Obligations stemming from termination of employment are recognized at the stage when the Group no longer has any other option but to finance the benefits offered. In any event, the expense will be recognized at the earliest at the stage when the other restructuring expenses are also recognized.

For other long-term benefits, the present value of the obligation is recognized on the balance sheet date. Changes in the present value are recognized directly in the income statement as personnel expenses.

Employer's contributions to defined contribution pension plans are recognized under personnel expenses at the time when the employee becomes entitled to them.

Share-based payments

Employee services received in exchange for share-based payments settled in equity instruments are recognized under personnel expenses. The expenses to be recognized are measured as the fair value of the equity instruments at the time they are granted multiplied by the best possible estimate of the number of vestable instruments at the end of the vesting period or the number of equity instruments vested. The fair value of the equity instruments granted is calculated on the basis of the share price at the time of granting. Provided they comply with standard market practice, vesting conditions attached to the granting will be factored into the calculation of the fair value of the equity instruments granted. Vesting conditions which are tantamount to service conditions or non-market performance conditions will not be factored into the calculation of the fair value but into the estimate of the number of vestable options or the number of equity instruments vested at the end of the vesting period. The expenses thus calculated are distributed over the entire vesting period. An amount equal to the expenses incurred is taken to the Group's retained earnings.

Principles of consolidation and valuation

Change in accounting principles as a result of early adoption of IAS 19 (revised 2011) "Employee Benefits"

In the 2011 financial year, the Group decided to early adopt IAS 19 (revised 2011) "Employee Benefits" and the resulting changes before its actual entry into force.

On the basis of this decision, the Group restated the previous year's figures accordingly in compliance with the transitional provisions of paragraph 173 IAS 19 (revised 2011).

The adjustments to IAS 19 change the reporting of pension obligations under defined benefit pension plans and termination benefits. The most important adjustments related to balance sheet reporting of the changes in the plan assets and to the present value of the pension obligations. The amended standard requires these changes to be recognized immediately at the time when they arise. The "corridor" method which the Group used under the previous IAS 19 no longer applies. All actuarial gains and losses must be recognized immediately in the other comprehensive income (OCI). As a result of this change, the pension liability recognized in the balance sheet or the pension assets corresponds to the shortfall or surplus of the pension plans, possibly adjusted by effects of IFRIC 14 ("IAS 19 – The Limit on a Defined Benefit, Minimum Funding Requirements and their Interaction").

In addition, in future, service costs will be recognized in the income statement immediately. For plans in which employees pay contributions on the basis of formal regulations, there may be a reduction in the pension liability owing to the fact that the division of risk between the employee and the employer is taken into account.

Further, the interest expenses on the present value of the defined benefit obligations used in the current IAS 19 and the expected returns on plan assets in IAS 19 (revised 2011) are replaced by net interest expense. This is calculated on the basis of the interest rate for calculation purposes and the pension liability or the pension assets. In addition, there are changes in the presentation of the pension costs and the information in the notes to the financial statements.

Impact of the early adoption of IAS 19 (revised 2011) and IAS 8 error

IAS 19 (revised 2011) is being early adopted for the 2011 consolidated annual financial statements. In application of IAS 8, the Group's shareholders' equity was adjusted as of January 1, 2010 and the 2010 financial year was presented in compliance with the requirements of IAS 19 (revised 2011).

Information on a multi-employer pension plan in the USA newly identified under IAS 19 is available for the first time for its recognition as a defined benefit plan. The previous year's figures were adjusted in accordance with IAS 8 error. This resulted in a CHF 3.9 million increase in recognized pension liabilities as at 1.1.2010 (see note 16).

These adjustments resulted in the following effects on the recognized pension liabilities, the deferred taxes and the Group's shareholders' equity:

Restatement of previous year's figures

Effects on the 2010 annual financial statements of early adoption of IAS 19 revised and IAS 8 error as a result of newly identified US multi-employer plan under IAS 19:

(in CHF 1000s)	1.1.10 (published)	Restatement IAS 8 error	Restatement IAS 19 revised	1.1.10 (adjusted)
Impact on the balance sheet and shareholders' equity				
Capitalized pension assets	105	0	– 105	0
Pension obligations	51 264	3 908	1 465	56 637
Deferred income tax assets	12 531	1 485	466	14 482
Shareholders' equity	623 411	– 2 423	– 1 104	619 884

(in CHF 1000s)	31.12.10 (published)	Restatement IAS 8 error)	Restatement IAS 19 revised	31.12.10 (adjusted)
Impact on the balance sheet and shareholders' equity				
Capitalized pension assets	310	0	– 310	0
Pension obligations	48 968	3 248	20 173	72 389
Deferred income tax assets	16 289	1 234	4 978	22 501
Shareholders' equity	639 103	– 2 014	– 15 505	621 584
Impact on the income statement and net income				
Personnel expenses	205 252	200	– 580	204 872
Financial expenses	12 863	186	2 113	15 162
Income taxes	5 094	– 147	– 361	4 586
Net income	50 972	– 239	– 1 172	49 561
Earnings per share (in CHF)	37.32	– 0.17	– 0.86	36.29
Impact on comprehensive income				
Net income	50 972	– 239	– 1 172	49 561
Other comprehensive income				
– Foreign currency translation differences	– 22 988	235	152	– 22 601
– Actuarial gains and losses	0	0	– 16 720	– 16 720
– Income taxes on actuarial gains and losses	0	0	3 752	3 752
Total other comprehensive income	– 22 988	235	– 12 816	– 35 569
Comprehensive income	27 984	– 4	– 13 988	13 992
Impact on the cash flow statement				
Net income	50 972	– 239	– 1 172	49 561
Cash flow from operating activities	22 255	0	0	22 255
Cash flow from investment activity	– 12 608	0	0	– 12 608
Cash flow from financing activity	22 466	0	0	22 466
Change in cash and cash equivalents	– 26 421	0	0	– 26 421

Change in consolidated shareholders' equity

(in CHF 1000s)	Share capital	Treasury shares	Reserves capital contribu-tions	Retained earnings	Currency translation difference	Total sharehold-ers' equity
Balance as at 31.12.2009 (reported)	1444	–28690	107381	548689	–5413	623411
– Adjustment IAS 8 error US multi-employer plan IAS 19				–3908		–3908
– Adjustment IAS 19 revised early adoption				–1570		–1570
– Adjustment IAS 19 revised early adoption and IAS 8 tax effect				1951		1951
Shareholders' equity as at 1.1.2010 (adjusted)	1444	–28690	107381	545162	–5413	619884

Operating segments 2011

Note	(in CHF millions) **Operations**	SSM Textile Machinery	Ismeca Semiconductor	3A Composites	Other/ Eliminations	Group
	Net revenues [1]	72.9	87.6	624.7	0.4	785.6
	Operating income	76.9	87.6	636.3	0.4	801.2
26	Depreciation and amortization [2]	0.5	1.0	26.3	–	27.8
26	Impairment	–	–	0.9	–	0.9
	Operating result	**8.3**	**5.2**	**47.9**	**– 1.7**	**59.7**
	Financial income					1.1
	Financial expenses					– 6.3
	Share of result of associated companies	–	–	0.9	–	0.9
	Income before taxes [3]					**55.4**
	Income taxes					– 7.9
	Net income [3]	**6.4**	**5.8**	**32.5**	**2.8**	**47.5**
	Capital expenditure in property, plant and equipment	0.7	1.1	20.5	–	22.3
	Capital expenditure in intangible assets	–	–	–	–	0.0
	Total capital expenditure	**0.7**	**1.1**	**20.5**	**–**	**22.3**
	Assets	56.1	92.2	508.8	202.7	**859.8**
	Liabilities	47.6	21.7	378.1	– 224.8	**222.6**
	Employees at year-end	233	358	2495	6	**3 092**

[1] There are no revenues between the divisions. The product groups correspond to the operating segments.
[2] Including CHF 0.2 million depreciation on investment property.
[3] Including effects arising from IAS 19 (revised) plan amendments and plan adjustment at 3A Composites (see note 16).

Geographical information 2011 (in CHF millions)

Regions	Europe	Americas	Asia	Other	Group
Net revenues [4]	335.5	190.9	250.6	8.6	**785.6**
Assets	584.0	151.1	124.7	–	**859.8**

[4] The revenues in Switzerland are insignificant.

Information on major customers 2011

There are no individual customers who account for more than 10% of Group revenues.

Operating segments 2010

(in CHF millions)

	Operations (adjusted)	SSM Textile Machinery	Ismeca Semiconductor	3A Composites	Other/ Eliminations	Group
	Net revenues [1]	85.9	126.3	719.5	0.4	932.1
	Operating income	87.8	126.8	721.2	0.4	936.2
26	Depreciation and amortization	– 0.4	– 1.0	– 28.1	–	– 29.5
26	Impairment	–	–	– 3.1	–	– 3.1
	Operating result	**12.6**	**19.8**	**35.8**	**– 0.4**	**67.8**
	Financial income					1.3
	Financial expenses					– 15.2
	Share of result of associated companies	–	–	0.3	–	0.3
	Income before taxes					**54.2**
	Income taxes					– 4.6
	Net income	**9.6**	**22.7**	**14.6**	**2.7**	**49.6**
	Capital expenditure in property, plant and equipment	0.8	0.3	21.2	–	22.3
	Capital expenditure in intangible assets	–	–	–	–	0.0
	Total capital expenditure	**0.8**	**0.3**	**21.2**	**–**	**22.3**
	Assets	59.8	101.3	521.0	201.9	**884.0**
	Liabilities	41.6	28.4	411.9	– 219.4	**262.5**
	Employees at year-end	235	365	3 142	3	**3 745**

[1] There are no revenues between the divisions. The product groups correspond to the operating segments.

Geographical information 2010 (in CHF millions)

Regions	Europe	Americas	Asia	Other	Group
Net revenues [2]	366.1	231.3	324.0	10.7	**932.1**
Assets	642.6	144.4	97.0	–	**884.0**

[2] The revenues in Switzerland are insignificant.

Information on major customers 2010

There are no individual customers who account for more than 10% of Group revenues.

Notes to the consolidated financial statements

1 **Cash and cash equivalents by currencies** (in CHF 1000s)	**2011**	2010
CHF	218 533	205 156
EUR	32 673	40 313
USD	24 112	19 135
RMB	18 635	9 285
Other	1 847	1 274
Total	**295 800**	**275 163**

Cash and cash equivalents consist of cash deposits with banks and in postal check accounts. They carry interest ranging from 0.0% to 8.0% (INR).

2 **Trade receivables** (in CHF 1000s)	**2011**	2010
Total trade receivables	103 453	134 968
– less allowance for doubtful accounts receivable	– 2 170	– 1 460
Total trade receivables – net	**101 283**	**133 508**

Age analysis of trade receivables **2011:** (in CHF 1000s)	Gross **31.12.2011**	Bad debt allowance **31.12.2011**	Net **31.12.2011**
Not due	80 103	– 132	79 971
Overdue up to one month	10 313	– 6	10 307
Overdue between one and two months	4 328	– 131	4 197
Overdue between 2 and 3 months	2 105	– 169	1 936
more than 3 months overdue	6 604	– 1 732	4 872
Total overdue	*23 350*	*– 2 038*	*21 312*
Total	**103 453**	**– 2 170**	**101 283**

Age analysis of trade receivables **2010:** (in CHF 1000s)	Gross **31.12.2010**	Bad debt allowance **31.12.2010**	Net **31.12.2010**
Not due	112 290	– 90	112 200
Overdue up to one month	11 475	– 17	11 458
Overdue between one and two months	4 599	– 91	4 508
Overdue between 2 and 3 months	2 583	– 138	2 445
more than 3 months overdue	4 021	– 1 124	2 897
Total overdue	*22 678*	*– 1 370*	*21 308*
Total	**134 968**	**– 1 460**	**133 508**

Changes in the value adjustment for doubtful accounts receivable:	2011	2010
Balance as at January 1	1 460	2 397
Foreign currency differences	1	– 361
Bad debt allowance used	– 126	– 768
Bad debt allowance released	– 217	– 193
Bad debt allowance increased	1 052	385
Balance as at December 31	**2 170**	**1 460**

Respective bad debt allowances shall cover for bad debt and credit risks. The carrying amount of trade receivables represents the maximum exposure to credit risk.

3 **Other receivables** (in CHF 1000s)	2011	2010
Receivables from indirect taxes (value added tax, withholding tax, etc.)	7 339	10 718
Derivative financial instruments	–	4 455
Receivables from associated companies	3 526	–
Other receivables	7 233	12 724
Total	**18 098**	**27 897**

4 **Inventories and work in progress** (in CHF 1000s)	2011	2010
Raw materials and production parts	59 522	60 527
Semi-finished goods and work in progress	25 494	20 504
Finished goods and trading goods	41 162	34 415
Total	**126 178**	**115 446**

The net value of the inventories and work in progress is after value adjustments of CHF 23.3 million (previous year: CHF 25.5 million). CHF 0.1 million of finished goods are stated at the lower net realizable value (previous year: CHF 0.1 million). The value adjustment was determined on the basis of the salability and range of the inventories. CHF 0.8 million reinstatements were recorded as income (previous year: CHF 4.7 million).
No inventories are encumbered by rights of lien.

Notes to the consolidated financial statements

5 Property, plant and equipment 2011

(in CHF 1000s)	Land and buildings	Instal-lations	Machinery Tools	Furnishings	Computer equipment	Vehicles	Assets under construction	**Total**
Cost								
Balance as at January 1, 2011	160 823	9 058	208 718	5 202	17 379	4 327	12 486	417 993
Additions	638	410	2 910	168	586	216	11 762	16 690
Disposals	−164	−3 250	−7 114	−316	−704	−411	–	−11 959
New classifications	868	2 272	12 051	–	70	16	−15 277	0
Reclassification [1]	−23 088	–	–	–	–	–	–	−23 088
Exchange rate differences	− 880	−136	−1 572	−89	−165	−31	−443	−3 316
Balance as at Dec. 31, 2011	**138 197**	**8 354**	**214 993**	**4 965**	**17 166**	**4 117**	**8 528**	**396 320**
Accumulated depreciation								
Balance as at January 1, 2011	−39 614	−3 631	−138 817	−3 362	−11 058	−3 134	0	−199 616
Depreciation for the year	−4 476	−1 310	−15 381	−414	−2 334	−384	–	−24 299
Impairment	–	–	−872	–	–	–	–	−872
Disposals	124	3 250	7 033	315	655	386	–	11 763
New classifications	–	–	−171	–	118	53	–	0
Reclassification [1]	727	–	–	–	–	–	–	727
Exchange rate differences	235	222	1 017	39	92	14	–	1 619
Balance as at Dec. 31, 2011	**−43 004**	**−1 469**	**−147 191**	**−3 422**	**−12 527**	**−3 065**	**0**	**−210 678**
Net book value Dec. 31, 2011	**95 193**	**6 885**	**67 802**	**1 543**	**4 639**	**1 052**	**8 528**	**185 642**
Insurance values								587 404
Net book value of pledged land and buildings								–
Net book value of leased property, plant and equipment								7 439
14 Leasing obligations for property, plant and equipment reported on balance sheet								5 318

[1] Reclassification as "Investment property" – see note 6

The reorganization of research and development operations at the Neuhausen site resulted in a CHF 0.9 million impairment on the machinery which is taken to the income statement under Depreciation and amortization of intangible assets.

5 Property, plant and equipment 2010

(in CHF 1000s)	Land and buildings	Installations	Machinery Tools	Furnishings	Computer equipment	Vehicles	Assets under construction	**Total**
Cost								
Balance as at January 1, 2010	167735	6406	224953	5578	12264	4344	6598	427878
Additions	224	1081	1822	53	2962	203	15967	22312
Disposals	–	–403	–6174	–95	–187	–301	–	–7160
New classifications	1842	2213	2772	–69	2655	270	–9683	0
Exchange rate differences	–8978	–239	–14655	–265	–315	–189	–396	–25037
Balance as at Dec. 31, 2010	**160823**	**9058**	**208718**	**5202**	**17379**	**4327**	**12486**	**417993**
Accumulated depreciation								
Balance as at January 1, 2010	–35964	–2794	–132135	–3130	–9651	–3189	–	–186863
Depreciation for the year	–5198	–1258	–16925	–461	–1791	–375	–	–26008
Impairment	–	–	–3054	–	–	–	–	–3054
Disposals	–	392	5552	94	187	296	–	6521
Exchange rate differences	1548	29	7745	135	197	134	–	9788
Balance as at Dec. 31, 2010	**–39614**	**–3631**	**–138817**	**–3362**	**–11058**	**–3134**	**0**	**–199616**
Net book value Dec. 31, 2010	**121209**	**5427**	**69901**	**1840**	**6321**	**1193**	**12486**	**218377**

Insurance values	250 369
Net book value of pledged land and buildings	–
Net book value of leased property, plant and equipment	7 883
14 Leasing obligations for property, plant and equipment reported on balance sheet	5 858

As a result of a negative market development, one specific production facility of 3A Composites in the US was subjected to an impairment test – this led to a CHF 3.1 million impairment charge on machinery.

Notes to the consolidated financial statements

6 Investment property

In 2011, the research and development activities of 3A Composites were decentralized, with the same activities on behalf of external customers being taken over by the previous management as of July 1, 2011.

Owing to this reorganization, the use of the Neuhausen site (Switzerland) for the company's own operations assumed subordinate significance in the second half of the year. There are plans to develop the site jointly with a partner and broaden its usage and utilization, while retaining and expanding the existing "Rhytech" technopark.

Following the change in usage, the land and buildings were reported in the second half of the year as investment property with a book value totaling CHF 22.2 million. They will continue to be stated at amortized cost with depreciation over a useful life of 40 years on a straight-line basis.

The book value of the investment property is below the fair value of CHF 26.1 million and does not qualify as asset held for sale. The fair value stems from a valuation by an independent expert on the basis of market data, with the value of the land estimated at CHF 5.2 million and the value of the buildings put at CHF 20.9 million.

There are no restrictions on the realizability of the investment property and no key contractual obligations in terms of purchase, manufacture, development or maintenance.

(in CHF 1000s)	**2011**	2010
Cost		
Balance as at January 1	0	0
Reclassification from property, plant and equipment	23 088	0
Additions	36	0
Disposals	0	0
Exchange rate differences	0	0
Balance as at Dec. 31	**23 124**	**0**
Accumulated depreciation		
Balance as at January 1	0	0
Reclassification from property, plant and equipment	– 727	0
Depreciation for the year	– 229	0
Exchange rate differences	0	0
Balance as at Dec. 31	**– 956**	**0**
Net book value Dec. 31	**22 168**	**0**

7 Biological assets

The balsa wood which 3A Composites uses as the core material for composite materials applications in the wind power, marine, automotive and other industrial markets is cultivated and processed at its own plantations by Baltek in Ecuador.

Balsa (Ochroma pyramidale) is a fast growing tree which can reach heights of up to 30 meters. Balsa is very soft and light and has an open-pored surface structure. It is also very firm and rigid relative to its weight, has excellent fatigue properties and shows high impact resistance. Balsa bonds very well with all common types of adhesive and can be worked using most standard timber processing techniques.

At the end of 2011, Baltek Ecuador had 112 plantations with a surface area of 8803 hectares, 6493 hectares of which are currently planted with balsa trees. This makes Baltek Ecuador's largest plantation owner and balsa wood producer. In 2011, a total of 22670557 board feet of green sawn timber were produced from our own plantations. A "board foot" is a unit of volume for timber. The quantity produced is equivalent to 53496 cubic meters.

At the end of 2011, the value of the biological assets amounted to CHF 15.6 million, CHF 2.9 million of which are accounted for by young plantations less than two years old that are stated at amortized acquisition and production costs. Plantations more than two years old are stated at market value (CHF 12.7 million).

(in CHF 1000s)	2011	2010
Book value as at January 1	**15 589**	**10 633**
Gain or loss as a result of change in market value less selling costs	834	6 220
Increase as a result of growth and maintenance measures	1 668	3 252
Decrease as a result of harvest	– 2 141	– 2 877
Wind damage	– 267	0
Exchange rate adjustments as a result of currency translation	– 45	– 1 639
Book value as at December 31	**15 638**	**15 589**

Balsa takes an average of five years to grow from sowing to the harvesting of trees. However, a harvest yield for further use in production can only be quantified after two years. Tree plantings aged two years or less are therefore stated at cost. These amortized acquisition and production costs essentially include the cost of wages and materials, as well as operating resources and agents for preparation and maintenance such as the disinfection and irrigation of the young plantations.

Tree plantings older than two years are regularly adjusted to market value, as calculated on the basis of the market price for green balsa sawn timber. In principle, the market valuation is restated whenever there is a significant price change, but at least at the end of each quarter.

The market price is real and corresponds to the average price paid to independent balsa wood traders. Independent traders are other plantation owners who negotiate quantities and prices directly with Baltek and other buyers. When calculating the market price of standing trees, the necessary forestry and transport costs are also deducted.

The key risks to balsa timber plantations are wind damage and fungal disease which attack the trunks of the young saplings. In light of risk analyses and cost-benefit calculations, Baltek has not taken out any specific insurance policies, but assumes these risks itself.

Notes to the consolidated financial statements

8 Investment in associated companies

In addition to the Windkits LLC joint venture (50% stake), which relocated from Northvale NJ to Allentown PA, the year under review also saw 3A Composites sign a joint venture agreement with the Chinese group Tiansheng New Materials with a view to the joint marketing of structural core materials in China.

The share capital amounts to CNY 50 million. 50.1% of the shares are held by Changzhou Tiansheng New Materials Joint Stock Company, while 49.9% are held by 3A Composites China Ltd. The company has been operating since receiving its business license in September 2011.

Net book values (in CHF 1000s)	Share of shareholders' equity	Goodwill	Total investment in associated companies
December 31, 2009	**1 639**	**1 281**	**2 920**
Additions	0	0	0
Depreciation	0	0	0
Share of net result	292	0	292
Dividend received	– 460	0	– 460
Value fluctuations directly recognized in equity	0	0	0
Currency translation adjustments	– 138	– 104	– 242
December 31, 2010	**1 333**	**1 177**	**2 510**
Additions	3 371	0	3 371
Depreciation	0	0	0
Share of net result	855	0	855
Dividend received	– 444	0	– 444
Value fluctuations directly recognized in equity	0	0	0
Currency translation adjustments	343	– 3	340
December 31, 2011	**5 458**	**1 174**	**6 632**

(in CHF 1000s)	**31.12.11**	31.12.10
Total assets	14 440	4 479
Total liabilities	– 3 510	– 1 813
Total net assets	10 930	2 666
Share of net assets	**5 458**	**1 333**

(in CHF 1000s)	**2011**	2010
Total sales	12 441	11 999
Overall profit for the period	1 710	584
Share of net assets	**855**	**292**
Net Group revenues with associated companies	12 672	11 997

9 **Financial assets** (in CHF 1000s)	**2011**	2010
Long-term receivables	647	2 639
Other financial assets	1 136	137
Total	**1 783**	**2 776**

10 **Intangible assets 2011** (in CHF 1000s)	Goodwill	Patents & brands	Other	Total
Cost				
Balance as at January 1, 2011	15 068	44 480	19 915	79 463
Additions	–	–	–	0
Disposals	–	–	– 637	– 637
Exchange rate difference	– 1 072	– 312	– 115	– 1 499
Balance as at December 31, 2011	**13 996**	**44 168**	**19 163**	**77 327**
Accumulated amortization				
Balance as at January 1, 2011	0	– 7 350	– 9 293	– 16 643
Amortization for the year	–	– 1 969	– 1 296	– 3 265
Disposals	–	–	208	208
Exchange rate difference	–	40	12	52
Balance as at December 31, 2011	**0**	**– 9 279**	**– 10 369**	**– 19 648**
Net book value as at December 31, 2011	**13 996**	**34 889**	**8 794**	**57 679**

Since no end to the useful life of these brand names capitalized in the context of the acquisition of 3A Composites (AIREX, ALUCOBOND, BALTEK, DIBOND, GATOR and KAPA) is foreseeable and as they are still maintained through marketing activities, they are defined as assets with an unlimited useful life. Brands with an acquisition value of CHF 33.9 million as of the end of December 2011 will therefore not be amortized on a planned basis, but are subjected to an impairment test annually or if they show any signs of decreasing in value.

The recoverable value of the brands was calculated on the basis of fair value less disposal costs. This involved applying the relief-from-royalty method, whereby the commercial advantage of the brand owner is determined on the basis of the discounted royalty savings.

During the budgeted period of five years, the cash flow forecasts are based on the expected royalty savings of between 0.4% and 3%. The constant annual growth rate after the fifth forecasting year stands at 1%. The cash flows calculated in this way are discounted at various rates for each brand name ranging from 9.3% to 12.0% p.a. (previous year: 10.6% to 13.9% p.a.) The 1% increase in the discounting rates would also not result in any impairment.

As the fair value calculated in this way less disposal costs was already well above the corresponding book values, the value-in-use view on the level of the cash generating unit was no longer required.

Notes to the consolidated financial statements

10 Intangible assets 2010 (in CHF 1000s)	Goodwill	Patents & brands	Other	Total
Cost				
Balance as at January 1, 2010	15 362	48 699	20 699	84 760
Additions	–	–	23	23
Disposals	–	–	–	0
Exchange rate difference	– 294	– 4 219	– 807	– 5 320
Balance as at December 31, 2010	**15 068**	**44 480**	**19 915**	**79 463**
Accumulated amortization				
Balance as at January 1, 2010	0	– 5 763	– 7 923	– 13 686
Amortization for the year	–	– 1 970	–1 534	– 3 504
Disposals	–	–	–	0
Exchange rate difference	–	383	164	547
Balance as at December 31, 2010	**0**	**– 7 350**	**– 9 293**	**– 16 643**
Net book value as at December 31, 2010	**15 068**	**37 130**	**10 622**	**62 820**

Goodwill 2011

Cash generating unit	Book value in CHF 1000s	Method	Basis for determining recoverable amount	Discount rate before taxes	Projection period	Long-term growth rate
Ismeca Semiconductor Division	5 472	DCF	Value-in-use	11.0%	5 years	0%
3A Composites India	6 201	DCF	Value-in-use	11.5%	5 years	1%
3A Composites Division	2 323	DCF	Value-in-use	9.6%	5 years	1%
Total	**13 996**					

In 2011 and 2010 no impairment charges were necessary. A one percent increase or reduction in the discount rate under a sensitivity analysis does not show any impairment. The value-in-use naturally reacts sensitively to changes in assumed, estimated future planning figures and cash flows.

Goodwill 2010

Cash generating unit	Book value in CHF 1000s	Method	Basis for determining recoverable amount	Discount rate before taxes	Projection period	Long-term growth rate
Ismeca Semiconductor Division	5 472	DCF	Value-in-use	11.5%	5 years	0%
3A Composites India	7 273	DCF	Value-in-use	11.3%	5 years	1%
3A Composites Division	2 323	DCF	Value-in-use	11.1%	5 years	1%
Total	**15 068**					

11 **Short-term financial liabilities** (in CHF 1000s)	**2011**	2010
Current accounts with banks	–	3 039
Bank loans due within one year	993	–
14 Bank loans due within one year	559	577
Total	**1 552**	**3 616**

Breakdown of short-term financial liabilities toward banks by currencies at average interest rates:

December 31,	**2011**	Actual interest rates	December 31,	2010	Actual interest rates
INR	993	3.00%	INR	3 039	9.50%
CHF	559	3.85%	CHF	559	3.59%
			CHF	18	0.00%
Total	**1 552**			**3 616**	

12 **Other liabilities** (in CHF 1000s)	**2011**	2010
Liabilities towards associated companies	–	309
Derivative financial instruments	1 796	–
Other liabilities	6 637	6 961
Total	**8 433**	**7 270**

13 **Accrued expenses and deferred income** (in CHF 1000s)	**2011**	2010
Outstanding volume discounts and customer credits	7 455	7 527
Personnel costs (holidays / flexitime / overtime / bonuses / etc.)	19 927	26 133
Cost of materials / overheads	2 300	4 134
Other accrued expenses and deferred income	8 153	10 633
Total	**37 835**	**48 427**

Notes to the consolidated financial statements

	14 **Obligations arising from finance leasing** (in CHF 1000s)	**2011**	2010
	Obligations arising from finance leasing (nominal), due in:		
	– one year	741	747
	– 2 to 5 years	2 751	2 716
	– more than 5 years	1 826	2 395
	Total nominal value	**5 318**	**5 858**
	less future financial expense	– 848	– 812
	Total cash value of minimum leasing obligations	4 470	5 046
	Reporting on balance sheet by due date		
11	– in one year (in short-term financial liabilities)	559	577
15	– in more than one year (in long-term financial liabilities)	3 911	4 469
	Total cash value of minimum leasing obligations	**4 470**	**5 046**

	15 **Long-term financial liabilities** (in CHF 1000s)	**2011**	2010
14	Long-term leasing obligations	3 911	4 469
	Total	**3 911**	**4 469**
	The maturities of the long-term financial liabilities are as follows:		
	– 2 to 5 years	2 185	2 235
	– more than 5 years	1 726	2 234
	Total	**3 911**	**4 469**

Breakdown of long-term financial liabilities by currencies with average interest rates:

December 31,	**2011**	Actual interest rates	December 31,	2010	Actual interest rates
CHF	3 911	3.85%	CHF	4 469	3.59%
Total	**3 911**			**4 469**	

16 Payments after termination of employee relationships

The Group operates various employee benefit plans in and outside of Switzerland for employees that satisfy the participation criteria. Among these plans are both defined benefit plans and defined contribution plans that cover the majority of employees for death, disability and retirement.

Defined contribution pension plans
The Group offers defined contribution plans for staff who meet the relevant admission criteria. The plans in Singapore and Malaysia are state-run savings plans. The company is obliged to transfer a predefined percentage of employees' annual salaries to the pension plans. In the case of some of these plans, the employee also pays contributions. These contributions are typically deducted from salaries by the employer and are also transferred to the pension plan. Apart from the contribution payments and the transfers of employee contributions, there are currently no other obligations on the part of the employer.

In some other countries, the employer offers defined contribution pension plans. This mainly applies to Taiwan and the US. The assets of these plans are spun off into legal units which are independent of the company and are not accessible to the employer.

For the 2011 financial year, the employer's contribution to defined contribution plans amounted to CHF 751 000 (previous year: CHF 723 000).

Defined benefit plans
The Group finances defined benefit pension plans for employees who meet the relevant admission criteria. The main plans of this type are found in Switzerland, Germany, the US and Ecuador.

Pension plans in Switzerland
In Switzerland, the Group operates several staff pension plans with fixed admission criteria. The assets of all plans are segregated into autonomous foundations. Their Boards of Trustees are made up of equal numbers of employee and employer representatives. Under the law and the pension regulations, the Board of Trustees has a duty to act only in the interests of the foundation and the beneficiaries (active insured members and members receiving pensions). This means that the employer itself cannot determine the benefits or how they are financed. Instead, the decisions are taken jointly. The Board of Trustees is responsible for defining the investment strategy, for making changes to the pension fund regulations and in particular also for defining the financing of the pension benefits. From January 1, 2012, the only plans offered will be plans in which retirement savings are managed for each employee. The annual retirement credits and interest will be credited to these retirement savings (there will be no possibility of negative interest). When insured members come to retire, they will be able to choose whether to take a pension for life, which will include a reversionary spouse's pension, or a lump sum. In addition to retirement benefits, the plan benefits will also include disability and partner pensions. These will be calculated as a percentage of the employee's annual pensionable salary. Insured members may also buy into the scheme to improve their pension provision up to the maximum amount permitted under the rules or may withdraw funds early for the purchase of a residential property for their own use. On leaving the company, the retirement savings will be transferred to the pension institution of the new employer or to a vested benefits institution. This type of benefit may result in pension payments varying considerably between individual years.

In defining the benefits, the minimum requirements of the Law on Occupational Retirement, Survivors and Disability Pension Plans (BVG) and its implementing provisions must be observed. The BVG defines the minimum pensionable salary and the minimum retirement credits. The interest rate applicable to these minimum retirement savings is set by the Swiss Federal Council at least once every two years. In 2012, the rate was 1.5%, as against 2.0% in 2011.

The structure of the plan and the legal provisions of the BVG mean that the employer is exposed to actuarial risks. The main risks are investment risk, interest risk, disability risk and the risk of longevity. The employee and employer's contributions

Notes to the consolidated financial statements

are set by the Boards of Trustees. From January 1, 2012, 50% of the necessary financing for all plans within the Group will be borne by the employer and 50% by the employee. In the event of a shortfall, recapitalization contributions to eliminate the gap in coverage may be levied from both the employer and the employee.

Up until December 31, 2011, there was a pension plan within the Group which provided retirement benefits which were also defined as a percentage of the insured annual salary. This plan was wound up as of December 31, 2011 as part of the standardization of pension plans and the staff were transferred to a different plan within the Group. As from January 1, 2012, the arrangements described above have also applied to these employees. This transfer resulted in a reduction in pension obligations by CHF 16.9 million. Under IAS 19 (revised 2011), this reduction is to be recognized under personnel expenses immediately. As the previous plan was showing a shortfall, the employer also undertook to bridge the gap. Beyond this, no compensation measures were provided.

In 2011, the plan underwent restructuring measures. These resulted in a plan curtailment amounting to CHF 9.8 million, which was recognized as a reduction in personnel expenses in the income statement, and a plan settlement amounting to CHF 23.9 million in pension obligations and CHF 23.9 million in pension plan assets.

Germany

The companies in Germany have a company retirement pension scheme which is based on different rules and company agreements. Individual pension solutions are also in place for members of senior management. In principle, members are entitled to pension benefits in the event of old age, disability or death. Beneficiaries will be entitled to life-long pension benefits or lump-sum payments, depending on the rules laid down in the pension regulations. Apart from the externally financed relief fund, the plans do not have any assets segregated from the company. The pension benefits are mostly financed by the employer. When employees leave the company before pension benefits are due, their prospective rights to the pension benefits will be preserved in accordance with the statutory rules.

The structure of the plan and the legal provisions (German Company Pensions Act) mean that the employer is exposed to actuarial risks. The main risks are the risk of longevity, the risk of salary trends and the risk entailed in compensating for the impact of inflation on pensions.

US

Staff who leave the Group after the age of 62 and who meet the vesting criteria are entitled to health insurance benefits under the Group's pension plan. Under these arrangements, the plan will reimburse former employees and their spouses for their excess under hospital insurance (Medicare Part A). In addition, contributions are paid for general health insurance (Medicare Part B), the monthly contribution for all staff who have joined the scheme since January 1, 2008 currently being capped at USD 96.40. Other staff will be reimbursed for the full amount. Staff are also provided with life insurance amounting to USD 3 000.

The main actuarial risks lie in changes in health insurance costs and future changes in life expectancy. The plan has no assets segregated from the Group and the benefits are paid directly by the employer. In addition, the Group provides some US employees with pension benefits through a joint plan operated by several employers (multi employer plan). Because of the structure of its benefits, this plan is a defined benefit plan. The benefits are dependent on the number of years of service and the insured salary.

For the first time, information on this pension plan is available for its recognition as a defined benefit plan. In the context of the early adoption of IAS 19, this plan has now also been taken into consideration as an IAS 8 error. As of January 1, 2010 this led to an increase in assets by CHF 19.3 million and an increase in pension obligations by CHF 23.3 million.

The employer's contributions to this plan are determined on the basis of the negotiated collective labor agreement and the financial position of the plan. The main risks are interest risks, investment risks and the risk of an increase in life expectancy.

Ecuador

Once they have 25 years of service, but not before reaching age 55, all employees will be entitled to a pension for life and a lump-sum retirement payment. The benefits are calculated on the basis of the average insured annual salary. Entitlement is based on the general labor law. The main actuarial risks lie in the development of salaries (inflation) and the future changes in life expectancy. The plan has no assets segregated from the Group and the benefits are paid directly by the employer. In 2011, the plan underwent restructuring measures which led to a CHF 0.4 million reduction in pension obligations which is recognized under personnel expenses.

The most recent actuarial valuations of the present values of the defined benefit obligations as of December 31, 2011 and of service costs were conducted by independent actuaries in accordance with the current single premium method.

The fair value of the plan assets was determined as of December 31, 2011 on the basis of the information known at the time when the annual financial statements were prepared.

Owing to the partial liquidation of a pension plan in Switzerland the pension assets as of December 31, 2011 had to be estimated.

The main assumptions on which the actuarial calculations are based can be summarized as follows:

December 31				**2011**				2010
	Switzerland	EU	America	Weighted	Switzerland	EU	America	Weighted
Interest rate for calculation purposes	2.50%	4.90%	4.18%	2.91%	2.85%	5.10%	4.72%	3.19%
Future increases in salaries	2.00%	2.75%	0.40%	1.77%	2.00%	2.75%	0.45%	1.83%
Future pension adjustments	0.10%	2.00%	0.06%	0.20%	0.10%	2.00%	0.33%	0.21%
(in years)								
Life expectancy at age 65								
Year of birth 1947								
– Men	21	18	19		18	18	19	
– Women	24	23	22		21	23	22	
Year of birth 1967								
– Men	23	22	21		18	22	21	
– Women	25	26	22		21	26	23	
Cost trends in the healthcare sector	–	–	6.9% in 2012 linear until 4.4% in 2093	–	–	–	7.5% in 2012 linear until 5.0% in 2017	–

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The amounts recognized in the income statement and in shareholders' equity can be summarized as follows:

Pension expense recognized in the income statement

December 31				2011				2010
(in CHF 1000s)	Switzerland	EU	America	Total	Switzerland	EU	America	Total
Service costs								
– Current service costs	7381	398	727	8506	6554	321	953	7828
– Past service costs [1]	−26722	0	−396	−27118	0	0	0	0
– Plan settlements	5	0	0	5	0	0	0	0
Net interest expense	772	589	816	2177	831	595	873	2299
Total pension expense for the period	**−18564**	**987**	**1147**	**−16430**	**7385**	**916**	**1826**	**10127**

[1] Including plan curtailments/plan indexations

Revaluation components recognized in other comprehensive income

December 31				2011				2010
(in CHF 1000s)	Switzerland	EU	America	Total	Switzerland	EU	America	Total
Actuarial gains/losses								
– Based on adjustment of demographic assumptions	4918	0	20	4938	0	0	0	0
– Based on adjustment of economic assumptions	9371	428	2683	12482	11218	557	2605	14380
Experience adjustments	−3361	−153	423	−3091	3127	397	5	3529
Return on pension assets (excluding amounts in net interest expenses)	6843	22	180	7045	386	−79	−1496	−1189
Total expense recognized in the "statement of other comprehensive income"	**17771**	**297**	**3306**	**21374**	**14731**	**875**	**1114**	**16720**
Total pension costs	**−793**	**1284**	**4453**	**4944**	**22116**	**1791**	**2940**	**26847**

The changes in pension obligations and pension assets can be summarized as follows:

Changes in the present value of defined benefit obligations

December 31				**2011**				2010
(in CHF 1000s)	Switzerland	EU	America	Total	Switzerland	EU	America	Total
Opening present value of defined benefit obligations	223 009	12 037	34 877	269 923	198 443	12 442	34 856	245 741
Current service cost	7 381	398	727	8 506	6 554	321	953	7 828
Plan participants' contributions	4 627	20	0	4 647	4 720	22	0	4 742
Interest expenses on the present value of the obligations	5 653	602	1 513	7 768	6 404	601	1 798	8 803
Actuarial gains / losses	10 928	275	3 126	14 329	14 345	954	2 610	17 909
Past service costs	–16 932	0	0	–16 932	0	0	0	0
Plan curtailments	–9 790	0	–396	–10 186	0	0	0	0
Plan settlements	–23 879	0	0	–23 879	0	0	0	0
Benefits paid through pension assets	–23 200	0	–1 144	–24 344	–7 457	0	–1 348	–8 805
Benefits paid by employer	0	–199	–530	–729	0	–207	–497	–704
Exchange rate differences	0	–303	24	–279	0	–2 096	–3 495	–5 591
Closing present value of defined benefit obligations	**177 797**	**12 830**	**38 197**	**228 824**	**223 009**	**12 037**	**34 877**	**269 923**

Changes in the fair value of plan assets

December 31				**2011**				2010
(in CHF 1000s)	Switzerland	EU	America	Total	Switzerland	EU	America	Total
Opening fair value of plan assets	178 538	237	18 759	197 534	169 627	125	19 352	189 104
Plan participants' contributions	4 627	20	0	4 647	4 720	22	0	4 742
Company contribution	6 219	41	56	6 316	6 461	39	273	6 773
Interest income on assets	4 881	13	697	5 591	5 573	6	925	6 504
Return on plan assets (excl. contributions in interest income)	–6 843	–22	–180	–7 045	–386	79	1 496	1 189
Assets distributed on settlements	–23 884	0	0	–23 884	0	0	0	0
Benefits paid through pension assets	–23 200	0	–1 144	–24 344	–7 457	0	–1 348	–8 805
Exchange rate differences	0	–6	–93	–99	0	–34	–1 939	–1 973
Closing fair value of plan assets	**140 338**	**283**	**18 095**	**158 716**	**178 538**	**237**	**18 759**	**197 534**

Notes to the consolidated financial statements

The net position of pension obligations in the balance sheet can be summarized as follows:

Amount recognized in the balance sheet

December 31				2011				2010
(in CHF 1000s)	Switzerland	EU	America	Total	Switzerland	EU	America	Total
Present value of funded obligation	177 797	12 830	24 817	215 444	223 009	12 037	23 999	259 045
Fair value of plan assets	–140 338	–283	–18 095	–158 716	–178 538	–237	–18 759	–197 534
Under-/(over) funding	**37 459**	**12 547**	**6 722**	**56 728**	**44 471**	**11 800**	**5 240**	**61 511**
Present value of unfunded obligations	0	0	13 380	13 380	0	0	10 878	10 878
Assets not available to company	0	0	0	0	0	0	0	0
Recognized pension liabilities	**37 459**	**12 457**	**20 102**	**70 108**	**44 471**	**11 800**	**16 118**	**72 389**

The assets mainly originate from the pension plans in Switzerland and the US. The Boards of Trustees issue investment guidelines for the plan assets which include the tactical asset allocation and the benchmarks for comparing the results with a general investment universe. The assets are well diversified. The Swiss pension plans are also subject to the legal requirements on diversification and safety laid down by the BVG (BVG = Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans). Bonds generally have at least an A rating.

The plan assets do not include any direct investments in the Group. As shares are also held via fund units, the possibility that such units might include shares in the Group cannot be ruled out.

The Board of Trustees continuously reviews whether the chosen investment strategy is appropriate with a view to providing the pension benefits and whether the risk budget is in line with the demographic structure. Compliance with the investment guidelines and the investment results of the investment advisors is reviewed at quarterly intervals. An external consultancy also periodically reviews the effectiveness and appropriateness of the investment strategy.

The pension assets mainly consist of the following categories of securities:

December 31				2011				2010
(in CHF 1000s)	Switzerland	EU	America	Total	Switzerland	EU	America	Total
Equities								
– Listed investments	18571	0	11654	30225	39341	0	12081	51422
– Unlisted investments	0	0	0	0	0	0	0	0
Bonds								
– Listed investments	29811	0	6333	36144	50096	0	6565	56661
– Unlisted investments	0	0	0	0	0	0	0	0
Alternative financial assets								
– Listed investments	0	0	0	0	0	0	0	0
– Unlisted investments	3780	0	0	3780	8742	0	0	8742
Real estate								
– Indirect investments	3620	0	0	3620	5147	0	0	5147
– Direct investments	19232	0	0	19232	48208	0	0	48208
Qualified insurance papers	2275	283	0	2558	0	237	0	237
Cash and cash equivalents	63049	0	108	63157	25939	0	113	26052
Other financial investments	0	0	0	0	1065	0	0	1065
Total	**140338**	**283**	**18095**	**158716**	**178538**	**237**	**18759**	**197534**

The assets generated a loss of CHF 1.454 million in 2011 and a gain of CHF 7.693 million in 2010.

The following table provides a breakdown of the defined benefit obligations among active insured members, former members with vested benefits and members receiving pensions. The terms of the obligations are also given:

December 31				2011				2010
(in CHF 1000s)	Switzerland	EU	America	Total	Switzerland	EU	America	Total
Active insured members	129923	9145	17032	156100	175490	8968	14463	198921
Former members								
with vested benefits	0	408	10823	11 231	0	151	10466	10617
Members receiving pensions	47874	3277	10342	61493	47519	2918	9948	60385
Total	**177797**	**12830**	**38197**	**228824**	**223009**	**12037**	**34877**	**269923**
(in years)								
Term of obligations	17.6	18.4	15.3	17.2				

Notes to the consolidated financial statements

A feature all plans have in common is that the interest rate for calculation purposes is a key factor in calculating the present value of the pension obligations. The other key factors differ from plan to plan. In the geographical breakdown presented here the plans share the same characteristics and the sensitivities are therefore presented on this basis.

Change in present value of a defined benefit obligation:

December 31, 2011 (in CHF 1000s)		+ 0.25%	– 0.25%
All countries	Interest rate for calculation purposes	– 8 505	8 854
Switzerland	Interest on retirement assets	1 534	– 1 646
EU	Pension indexation	365	– 365
America	Cost trends in the healthcare sector	404	– 290

Other long-term benefits

The Group has programs for long-service awards and other payments dependent on length of service which are classified as other long-term payments due to employees.

As at December 31, 2011 there exists a provision in the amount of CHF 1.072 million (previous year: CHF 1.323 million) for other long-term payments.

Termination benefits

In Germany, partial retirement agreements are in place, which are classified as payments after termination of employee relationships.

As at December 31, 2011 provisions amounting to CHF 1.727 million (previous year: CHF 1.240 million) are in place for these benefits.

17 **Provisions** (in CHF 1000s)	Restructurings	Guarantees	Litigation	Environmental obligations	Other	Total **2011**	Total 2010
Balance as at January 1	3 744	4 749	7 361	2 575	2 026	20 455	24 447
Foreign currency differences	– 121	– 13	– 74	0	– 28	– 236	– 1 302
Consumption with neutral impact on income	– 3 188	– 2 139	– 396	0	– 358	– 6 081	– 5 478
Unused amounts reversed and released to income	– 672	– 66	– 1 204	0	– 256	– 2 198	– 3 571
Additional provisions charged to income	2 263	2 245	640	64	1 070	6 282	6 359
Balance as at December 31	**2 026**	**4 776**	**6 327**	**2 639**	**2 454**	**18 222**	**20 455**
of which: short-term provisions						4 667	6 656
long-term provisions						13 555	13 799
Expected use of provisions							
– within one year						4 667	6 656
– in 2 to 5 years						10 504	11 224
– more than 5 years						3 051	2 575

Restructurings:
Provisions for restructuring measures are only formed for individual projects which have been documented and communicated in detail in accordance with IAS 37.

The closure of the 3A Composites Northvale site still pending as at end-2010 was completed in 2011. The provisions for restructuring still unused as at end-2011 relate to the 3A Composites Osnabrück, Neuhausen and Shanghai sites.

Guarantees:
The provisions for guarantees are calculated on the basis of individual cases and empirical values.

Litigation:
Provisions for litigation essentially comprise potential liabilities arising from the sale of the Satisloh division and pending legal actions arising from the acquisition of 3A Composites (legal dispute with former employees in Ecuador).

Environmental obligations:
Provisions for environmental obligations cover the estimated costs for the remediation of contaminated sites.

Other provisions:
Other provisions cover mainly material risks arising from framework agreements and obligations arising from personnel-related payments such as partial retirement and long-service awards. Material risks are based on empirical data and on commitments to take delivery that are still outstanding as at 31.12.2011.

The amount of the provisions is based on the outflow of resources which Management anticipates will be needed to cover liabilities.

Notes to the consolidated financial statements

18 **Share capital**	**2011**	2010
Number of bearer shares issued with a par value of CHF 1	1 443 672	1 443 672
Share capital as at December 31 (in CHF)	1 443 672	1 443 672
Authorized capital (in CHF)	300 000	300 000
Conditional capital (in CHF)	132 600	132 600

Treasury shares:
Holdings of treasury shares remained unchanged in the year under review. As of December 31, 2011, 77 809 treasury shares were held (previous year: 77 809), including 2 085 shares which were used for the share-based payments described in note 19.

As described below, the Board of Directors plans to distribute the 75 724 available treasury shares to shareholders.

Authorized capital:
As of December 31, 2011 the Board of Directors is authorized in accordance with the resolution passed by the General Meeting on May 12, 2010 to issue a maximum of 300 000 bearer shares. The subscription right may be excluded for the purpose of taking over companies by share swaps, or for financing the acquisition of companies, parts of companies or participations or new investment projects of the company.

Conditional capital:
As of December 31, 2011, the company's share capital may be increased ex rights by up to 132 600 bearer shares, which must be fully paid up;
a) up to a sum of CHF 32 600 through the exercise of employee option rights and
b) up to a sum of CHF 100 000 through the exercise of option or conversion rights granted in conjunction with bonds or similar paper issued by the company. So far, no such bonds have been issued.

Repayment from
reserves from capital contributions:
On May 12, 2011, shareholders approved the conversion of reserves from capital contributions and a payout of CHF 10.00 per bearer share for the 2010 business year. This corresponds to a total amount of CHF 13.659 million. No repayment was made on treasury shares. (Previous year: distribution of a gross dividend of CHF 9.00 per share, totaling CHF 12.293 million).

For the 2011 financial year, the Board of Directors will propose to the Annual General Meeting of May 9, 2012 that reserves from capital contributions of CHF 12.00 per bearer share be converted and distributed, corresponding to a total amount of CHF 17.324 million. The total amount will be reduced as there is no repayment on the treasury shares.

Furthermore, the Board of Directors will also propose a distribution of treasury shares, for which purpose reserves for treasury shares will be released from reserves from capital contributions. Accordingly, for 18 bearer shares of the company one bearer share of the company with a par value of CHF 1.00 will be distributed to shareholders from the company's treasury holdings. The shares so distributed will be held in collective safekeeping as book-entry securities. Fractions will be settled in cash on the basis of the closing price of a share on SIX Swiss Exchange on the day before the Annual General Meeting.

On the basis of the distribution ratio of 18:1 and the current share price, the indicative value of the share distribution (after deduction of the cash and share distribution) will amount to approximately CHF 28.00 per bearer share or a total of CHF 38.303 million. On the available treasury shares, there will neither be a repayment from reserves from capital contributions nor a distribution of treasury shares.

19 **Share-based payments**

In financial year 2011, Schweiter Technologies AG granted selected employees free shares in Schweiter Technologies AG subject to a blocking period until December 31, 2014. In the year under review, 2 085 shares were issued which, as of the cut-off date, are segregated from the treasury share holding and held in a separate bank custody account. Since the issue was not tied to any further service conditions and the shares granted are fully entitled to dividend, the fair value of the equity instruments issued was estimated at the market price at the time of granting (CHF 487.75). The expenses recognized in the financial year under review from share-based payments settled in equity instruments amounted to CHF 102 000 (previous year: CHF 0).

20 **Transactions with related parties**

Related parties (individuals and companies) include members of Group Management and the Board of Directors, important shareholders and companies under their control. In principle, transactions with related parties are conducted at market terms. Apart from the compensation and pension benefits referred to in note 21 and the balances and transactions with associated companies referred to in notes 3, 8 and 12, no significant transactions were conducted with related parties.

21 **Compensation for members of the Board of Directors and Management**

Compensation for members of the Board of Directors in **2011** 1)

(in CHF 1000s)	Function	Fixed	Compensation for committee work 2)	Pension benefits 3)	Other	Total
Beat Siegrist	Chairman	200	–	12	–	212
Dr. Lukas Braunschweiler	Member	75	10	5	–	90
Heinrich Fischer	Member	75	–	4	–	79
Beat Frey	Member	75	–	3	–	78
Dr. Jacques Sanche	Member	75	–	4	–	79
Rolf-Dieter Schoemezler	Member	75	10	0	–	85
Total compensation Board of Directors		**575**	**20**	**28**	**0**	**623**

1) For the period from May 12, 2011 until May 9, 2012 (dates of General Meeting)
2) Compensation for activities performed as a member of the Audit Committee
3) Employer's contribution to social insurance and pension fund

Compensation for members of the Board of Directors in 2010 1)

(in CHF 1000s)	Function	Fixed	Variable	Pension benefits 2)	Other 3)	Total
Dr. Hans Widmer	Chairman 4)	50	–	1	–	51
Heinrich Fischer	Member	50	–	2	–	52
Beat Frey	Member	50	–	1	–	51
Rolf-Dieter Schoemezler	Member	50	–	–	10	60
Beat Siegrist	Member	50	–	2	–	52
Total compensation Board of Directors		**250**	**0**	**6**	**10**	**266**

1) For the period from May 12, 2010 until to May 12, 2011 (dates of General Meeting)
2) Employer's contribution to social insurance and pension fund
3) Advisory services including reimbursement of expenses
4) Member of the Board of Directors until May 12, 2011 (date of General Meeting)

Notes to the consolidated financial statements

Compensation for members of the Management in **2011**

(in CHF 1000s)	Function	Fixed	Variable [1]	Share-based payments [2]	Pension benefits [3]	Other	Total
Dr. Heinz O. Baumgartner [4]	CEO	400	400	102	149	–	1 051
Total compensation Management		**1 733**	**1 533**	**102**	**491**	**0**	**3 859**

[1] Variable salary component (bonus) expected to be due for the year under review
[2] 2 085 shares granted at the end of August 2011, with vesting period until December 31, 2014 (note 19)
[3] Employer's contribution to social insurance and pension fund
[4] Highest single amount

Compensation for members of the Management in 2010

(in CHF 1000s)	Function	Fixed	Variable [1]	Pension benefits [2]	Other	Total
Dr. Heinz O. Baumgartner [3]	CEO	400	400	104	–	904
Total compensation Management		**1 757**	**1 784**	**400**	**0**	**3 941**

[1] Variable salary component (bonus) expected to be due for the year under review
[2] Employer's contribution to social insurance and pension fund
[3] Highest single amount

Share ownership

As of December 31, 2011, a total of 248 145 shares were held by members of the Board of Directors or members of Management as a result of exercised options or private purchases:

Surname	First name	Function	Number of shares
Siegrist	Beat	Chairman Schweiter Technologies	79 500
Fischer	Heinrich	Member of the Board of Directors Schweiter Technologies	800
Frey [1]	Beat	Member of the Board of Directors Schweiter Technologies	167 795
Schoemezler	Rolf-D.	Member of the Board of Directors Schweiter Technologies	50

[1] Beat Frey holds his shares through KWE Beteiligungen AG

In addition to the shareholdings listed, Dr. Heinz O. Baumgartner, CEO of Schweiter Technologies, holds 2 085 shares which are held in a separate bank custody account and are subject to a blocking period until December 31, 2014.

Schweiter Technologies is not aware of any shares held by persons closely associated with members of the Board of Directors or Management.

22 **Net revenues** (in CHF 1000s)	**2011**	2010
Net proceeds of deliveries of goods	772 583	913 613
Net proceeds of services	11 096	16 176
Rental income	1 964	2 270
Total	**785 643**	**932 059**

23 **Other operating expenses** (in CHF 1000s)	**2011**	2010
Direct sales and distribution costs	46 890	52 990
Purchasing and production overheads	44 921	50 288
Sales and distribution	12 056	15 884
After sales overheads	4 926	5 876
Overheads relating to administration and capital taxes	21 389	23 327
Development overheads	7 857	14 537
Cost of premises	6 055	7 382
Loss on sale of tangible fixed assets	167	6
Other operating expenses	749	800
Total	**145 010**	**171 090**

24 **Expense from investment property** (in CHF 1000s)	**2011**	2010
Income from investment property	700	0
Expense for investment property	– 892	0
Depreciation on investment property	– 229	0
Total	**– 421**	**0**

25 **Other operating income** (in CHF 1000s)	**2011**	2010
Gains on sale of property, plant and equipment	15	40
Increase in market value of biological assets	834	6 220
Other income	1 683	5 997
Total	**2 532**	**12 257**

	26 **Depreciation and amortization of other intangible assets** (in CHF 1000s)	**2011**	2010
5	Depreciation on property, plant and equipment	24 299	26 008
5	Impairment of property, plant and equipment	872	3 054
10	Amortization of intangible assets	3 265	3 504
	Total	**28 436**	**32 566**

Notes to the consolidated financial statements

27 **Financial income** (in CHF 1000s)	**2011**	2010
Interest income	1 111	1 265
Exchange rate gains	–	–
Total	**1 111**	**1 265**

28 **Financial expenses** (in CHF 1000s)	**2011**	2010 (adjusted)
Interest expenses	2 934	3 750
Exchange rate losses	3 381	11 412
Total	**6 315**	**15 162**

29 **Income taxes** (in CHF 1000s)	**2011**	2010 (adjusted)
Current taxes	7 551	9 253
Deferred taxes	340	– 4 667
Total	**7 891**	**4 586**

Deferred taxes are attributable to differences between the standard Group valuation and the tax valuation in the individual financial statements. The differences are mainly due to the use of the declining balance method of depreciation and the creation of reserves on inventories, as acceptable for tax purposes. The following table shows the difference between effective tax expenditure and the mean tax expenditure anticipated on the basis of local tax rates:

Reconciliation of income taxes (in CHF 1000s)	**2011**	2010 (adjusted)
Income before taxes	55 393	54 147
Income tax rate at Head Office	19.8%	19.8%
Tax expense anticipated	10 968	10 721
Differences owing to differing local tax rates	– 1 383	– 983
Impact of other non-taxable income	– 2 120	– 2 757
Impact of non-tax-deductible expenditure	971	723
Non-capitalized losses on current results carried forward	2 640	3 823
Use of non-capitalized tax losses carried forward	– 3 169	– 6 799
Taxes from previous periods and other influencing factors	– 16	– 142
Effective tax expense	**7 891**	**4 586**
Effective tax rate	14.2%	8.5%

The presentation has been adjusted since last year's annual report. The tax expense anticipated is no longer calculated on the basis of the average tax rate for the Group. The calculation is based on the ordinary income tax rate according to the tax charge applicable at the location of the Head Office.

30 **Deferred income tax assets** (in CHF 1000s)	Trade receivables	Inventories/ work in progress	Pension obligations	Capitalized tax losses carried forward	Provisions	Other	Total **2011**	Total 2010 (adjusted)
Balance as at January 1	90	2246	14663	3759	4374	0	25132	18049
32 Change in the scope of consolidation	0	0	0	0	0	0	0	0
Foreign currency differences	2	13	–836	4	–66	119	–764	–846
Recognized in equity	0	0	4857	0	0	0	4857	3752
Unused amounts reversed and released to income	0	–385	–6127	–2621	–1064	0	–10197	–3599
Additional provisions charged to income	51	521	300	3915	550	2247	7584	7775
Balance as at December 31, gross	**143**	**2395**	**12857**	**5057**	**3794**	**2366**	**26612**	**25131**
Netting							–6936	–2630
Balance as at December 31, net							**19676**	**22501**

As at December 31, 2011, the Group had non-capitalized tax losses carried forward of CHF 84.6 million (previous year: CHF 81.6 million), which can be offset against future earnings. These losses carried forward were not capitalized because of uncertainty over whether the future earnings will materialize. The tax losses carried forward for which no deferred tax assets were recognized will expire as follows:

(in CHF 1000s)	**2011**	2010
– one year	10 249	1 110
– 2 to 5 years	43 071	38 676
– in more than 5 years' time	14 547	33 188
– no expiration	16 695	8 600
Total	**84 562**	**81 574**
Tax losses carried forward which expired without being used during the business year under review	1 110	–

Tax losses carried forward of CHF 1.1 million expired in the companies in Ecuador which are no longer operating, namely Prodpac Productos Del Pacifico S.A. and Compania Ecuatoriana de Balsa S.A.

31 **Deferred income tax liabilities** (in CHF 1000s)	Trade receivables	Inventories/ work in progress	Property, plant & equipment	Intangible assets	Biological assets	Other	Total **2011**	Total 2010 (adjusted)
Balance as at January 1	452	893	17881	8127	1551	2263	31167	34688
32 Change in the scope of consolidation	0	0	0	0	0	0	0	0
Foreign currency differences	–3	2	–188	–43	–2	–13	–247	–3030
Recognized in equity	0	0	0	0	0	0	0	0
Unused amounts reversed and released to income	–68	–45	–1970	–13	0	–1824	–3920	–3390
Additional provisions charged to income	123	127	710	637	50	0	1647	2899
Balance as at December 31, gross	**504**	**977**	**16433**	**8708**	**1599**	**426**	**28647**	**31167**
Netting							–6936	–2630
Balance as at December 31, net							**21711**	**28537**

Provisions are not provided for taxes that would be incurred were subsidiaries to distribute retained earnings, except where a distribution can be expected in the foreseeable future or where it has been decided.

Notes to the consolidated financial statements

32 Purchase of subsidiaries

The purchase price repayment received in 2010 following the definitive determination of the purchase price for 3A Composites acquired as at 30 November 2009 amounts to CHF 8.3 million. The remaining transaction costs paid for this takeover in 2010 amounted to CHF 0.2 million.

33 **Earnings per share**		**2011**	2010 (adjusted)
Net income	(in CHF 1000s)	47 502	49 561
Average number of shares issued		1 443 672	1 443 672
less average number of treasury shares		–77 809	–77 809
Average number of shares outstanding		1 365 863	1 365 863
Undiluted earnings per share	(in CHF)	**34.78**	**36.29**
Dilution effect resulting from the average number of shares for share-based payments		695	–
Average number of shares outstanding after dilution effect		1 366 558	1 365 863
Earnings per share (diluted)	(in CHF)	**34.76**	**36.29**

34 Financial instruments measured at fair value

Valuations at fair value recognized in the balance sheet

Financial instruments valued at fair value when first included are allocated to hierarchical levels 1 to 3 according to the observability of valuation inputs.

– Level 1 valuations at fair value are based on quoted prices (unadjusted) in an active market for identical assets and liabilities.
– Level 2 valuations at fair value are based on data other than the prices quoted in level 1. The factors used for the valuation are observable either directly (e.g. as prices) or indirectly (e.g. derived from prices).
– Level 3 valuations at fair value are based on valuation methods using parameters for assets and liabilities that are based upon non-observable market data (unobservable inputs).

The derivative financial instruments are the only financial assets held in the Schweiter Technologies Group that are valued at fair value. In the fair value hierarchy within the meaning of IFRS 7 they are to be allocated to level 2.

The Group engages in forward exchange and structured option transactions to hedge against exchange rate risks. The instruments are not used for speculative purposes. In 2011, no cash flow hedges were used. As at December 31, 2011 fair value hedges and option constructs (target redemption forwards) were outstanding.

The maturities of outstanding forward exchange transactions ranged from 4 to 6 months (previous year from 6 weeks to 5 months). The option constructs mature at the latest in August 2013 or earlier, provided the agreed option gain of CHF 0.6 million was realized. If the USD exchange rate is above the underlying exchange rate, there exists an obligation to buy USD monthly until the expiry date or to sell the maximum put volume.

The change in the fair values for the forward exchange and options transactions in 2011 resulted at year-end in an unrealized valuation loss of CHF 1.8 million.

Forward exchange and option transactions (in CHF 1000s)	**2011**	2010
Total amount of outstanding forward exchange transactions		
– Sale of US dollars for CHF, contract value	2 730	33 033
– Average exchange rates per USD	0.9100	1.0877
Total amount from outstanding option transactions (target redemption forwards)		
– Sale of US dollars for CHF, max. contract value	36 699	–
– Average underlying exchange rate per USD	0.8965	–

35 Contingent liabilities (in CHF 1000s)

35 Contingent liabilities (in CHF 1000s)	**2011**	2010
Warranties and guarantees	10 149	7 641
Total	**10 149**	**7 641**

Commitments to take delivery: Under purchase contracts for machine parts and raw materials, commitments to take delivery amounting to CHF 21.4 million (previous year: CHF 30.3 million) and with maximum maturities of 3 years have been entered into in the course of ordinary business activities. Outstanding commitments to take delivery of property, plant and equipment amounted to CHF 0.5 million (previous year: CHF 3.5 million).

Notes to the consolidated financial statements

36 Categories of financial instruments

Financial assets

The Group's financial assets are broken down into the following categories:

(in CHF 1000s)	Cash	FVtPL designated[1]	Loans and receivables	Carrying amount	Fair value
December 31, 2011					
Cash and cash equivalents	295 800			295 800	295 800
Trade receivables			101 283	101 283	101 283
Other receivables			10 999	10 999	10 999
Financial assets			1 783	1 783	1 783
Total	**295 800**	**–**	**114 065**	**409 865**	**409 865**
31. Dezember 2010					
Cash and cash equivalents	275 163			275 163	275 163
Trade receivables			133 508	133 508	133 508
Other receivables		4 455	12 724	17 179	17 179
Financial assets			2 776	2 776	2 776
Total	**275 163**	**4 455**	**149 008**	**428 626**	**428 626**

[1] Fair value through profit and loss – designated upon initial recognition

Financial liabilities

The Group's financial liabilities are broken down into the following categories:

(in CHF 1000s)	FVtPL designated[1]	Measured at amortized cost	Carrying amount	Fair value
December 31, 2011				
Short-term financial liabilities		– 1 552	– 1 552	– 1 552
Trade liabilities		– 39 228	– 39 228	– 39 228
Other liabilities	– 1 796	– 6 637	– 8 433	– 8 433
Long-term financial liabilities		– 3 911	– 3 911	– 3 911
Total	**– 1 796**	**– 51 328**	**– 53 124**	**– 53 124**
December 31, 2010				
Short-term financial liabilities		– 3 616	– 3 616	– 3 616
Trade liabilities		– 58 583	– 58 583	– 58 583
Other liabilities		– 7 270	– 7 270	– 7 270
Long-term financial liabilities		– 4 469	– 4 469	– 4 469
Total	**0**	**– 73 938**	**– 73 938**	**– 73 938**

[1] Fair value through profit and loss – designated upon initial recognition

37 **Rights of lien** (in CHF 1000s)	**2011**	2010
Assets encumbered by rights of lien	–	–

38 Off balance sheet liabilities and credit balances arising from rental and leasing contracts

Commitments (in CHF 1000s)	**2011**	2010
– due in one year's time	7 168	6 131
– due in 2 to 5 years' time	11 481	8 884
– due in more than 5 years' time	15 265	9 403
Total	**33 914**	**24 418**

The commitments consist mainly of rental agreements for buildings used by the company itself. The average term of the agreements is 3.8 years (previous year: 3.7 years). Leasing obligations amounting to CHF 0.9 million are included (previous year: CHF 1.6 million).

Credit balances (in CHF 1000s)	**2011**	2010
– due in one year's time	2 230	2 183
– due in 2 to 5 years' time	5 367	4 622
– due in more than 5 years' time	3 152	3 096
Total	**10 749**	**9 901**

The credit balances consist of sublet premises.

39 Events occurring after the balance sheet date

On December 22, 2011, an agreement was signed with Italian Golden Lady Company S.p.A. on the acquisition of the operations of Giudici S.p.A., Italy. The acquisition was completed on January 31, 2012. In 2010, Giudici posted revenues of approximately CHF 10 million with a headcount of around 40 employees.

No events occurred between the balance sheet date and the date of publication of this annual report which could have a significant impact on the consolidated financial statements 2011.

40 Approval of the annual financial statements

The Board of Directors of Schweiter Technologies AG approved the present consolidated annual financial statements at its meeting on March 5, 2012 and released them for publication by circular resolution on March 30, 2012.

The Board of Directors will propose that the Annual Shareholders' Meeting on May 9, 2012 approve the consolidated annual financial statements.

Report of the statutory auditor to the General Meeting of Schweiter Technologies AG, Horgen

Report on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Schweiter Technologies AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 28 to 79) for the year ended December 31, 2011.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Group Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

Deloitte AG

Daniel O. Flammer	Robert Renz
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, March 30, 2012

Annual financial statements of Schweiter Technologies AG

Balance sheet as at December 31, 2011

	Assets (in CHF 1000s)	**2011**	2010
	Current assets		
	Cash and cash equivalents	200 208	202 641
	Securities (treasury shares)	28 690	28 690
	Other receivables due from third parties	191	171
	Other receivables due from Group companies	3 765	5 334
	Prepaid expenses and accruals	15	13
	Total current assets	**232 869**	**236 849**
	Non-current assets		
2	Investments	220 706	220 706
	Loans to consolidated companies	223 968	219 330
	Total non-current assets	**444 674**	**440 036**
	Total assets	**677 543**	**676 885**

	Liabilities (in CHF 1000s)		
	Short-term liabilities		
	Short-term liabilities towards Group companies	25	7 304
	Other liabilities towards third parties	144	197
	Accrued expenses and deferred income	1 329	1 079
	Total short-term liabilities	**1 498**	**8 580**
	Provisions	1 549	1 020
	Total long-term liabilities	**1 549**	**1 020**
	Total liabilities	**3 047**	**9 600**
	Shareholders' equity		
3	Share capital	1 444	1 444
	General statutory reserves	3 167	3 000
	Reserves from capital contributions	64 865	78 691
	Reserve for treasury shares from reserves from capital contributions	28 690	28 690
	Unappropriated reserves	1 071	1 071
	Available earnings	575 259	554 389
	Total shareholders' equity	**674 496**	**667 285**
	Total liabilities and shareholders' equity	**677 543**	**676 885**

▲ For additional details see notes to the annual financial statements

Income statement for the financial year 2011

	(in CHF 1000s)	2011	2010
	Investment income	18 000	–
4	Financial income	6 030	9 213
5	Rental income	1 040	1 027
	Management fee income	1 000	800
	Other income	8	507
	Total income	**26 078**	**11 547**
6	Financial expenses	– 696	– 3 314
	Administrative expenses	– 1 585	– 535
	Personnel expenses	– 1 744	– 1 486
	Expenses on premises	– 678	– 676
	Income before taxes	**21 375**	**5 536**
	Income taxes	– 505	– 273
	Net income	**20 870**	**5 263**

▲ For additional details see notes to the annual financial statements

Notes to the balance sheet and the income statement

1 Risk assessment

The company has an implemented risk management system. On the basis of a periodic systematic risk identification process, the key risks to which the company is exposed are assessed in terms of their likelihood and impact. Appropriate measures, decided by the Board of Directors, are taken to avoid, diminish or shift these risks. Risks borne by the company itself are strictly monitored. The most recent risk assessment by the Board of Directors was performed in October 2011. On the basis of this risk assessment, no further special provisions or value adjustments need to be reported in these annual financial statements.

2 Investments (in 1000s)

Company	Domicile	Share capital	Shareholding	Purpose
SSM Schärer Schweiter Mettler AG	Horgen, CH	CHF 6000	100%	Production/Distribution
SSM Vertriebs AG	Baar, CH	CHF 100	100%	Distribution
Ismeca Semiconductor Holding SA	La Chaux-de-Fonds, CH	CHF 5000	100%	Holding company
3A Composites Holding AG	Steinhausen, CH	CHF 10000	100%	Holding company
3A Composites Holding Germany GmbH	Singen, D	EUR 25	10%	Holding company

3 Share capital

	2011	2010
Number of bearer shares issued with a par value of CHF 1	1443672	1443672
Share capital as at December 31 (in CHF)	1443672	1443672
Authorized capital (in CHF)	300000	300000
Conditional capital (in CHF)	132600	132600

Treasury shares:
Holdings of treasury shares remained unchanged in the year under review. As of December 31, 2011, 77809 treasury shares were held (previous year: 77809), including 2 085 shares which were used for the share-based payments.

Authorized capital:
As of December 31, 2011 the Board of Directors is authorized in accordance with the resolution passed by the General Meeting on May 12, 2010 to issue 300000 bearer shares by May 12, 2012. The subscription right may be excluded for the purpose of taking over companies by share swaps, or for financing the acquisition of companies, parts of companies or participations or new investment projects of the company.

Conditional capital:
As of December 31, 2011 the company's share capital may be increased ex rights by up to 132600 bearer shares, which must be fully paid up;
a) up to a sum of CHF 32600 through the exercise of employee option rights and
b) up to a sum of CHF 100000 through the exercise of option or conversion rights granted in conjunction with bonds or similar paper issued by the company. So far, no such bonds have been issued.

The bearer shares of Schweiter Technologies AG, Horgen are listed on the SIX Swiss Exchange AG, Zurich in the main segment. Security no.: 1075492; ISIN: CH0010754924; Telekurs: SWTQ; Reuters: SWTZ.

As at December 31, 2011, the following shareholders held more than 3% of voting rights (pursuant to Art. 663c of the Swiss Code of Obligations):

Percentage of shares held (according to most recent report)	**2011**	2010
Widmer shareholder group [1]	24.9%	–
Dr. Hans Widmer, Oberwil-Lieli / Hans Widmer Management AG, Baar	–	24.9%
KWE Beteiligungen AG, Wollerau [2]	11.6%	11.6%
Beat Siegrist, Herrliberg	5.5%	5.5%
Schweiter Technologies AG, Horgen	5.4%	5.4%
Goodmann & Company, Investment Counsel Ltd., Toronto, Canada	5.0%	5.0%
Credit Suisse Asset Management Funds AG	< 3.0%	3.2%

[1] Group of shareholders consisting of Hans Widmer, Christian Widmer, Bernhard Widmer, Manuel Widmer and Annina Widmer. Some of the shares are held through Hans Widmer Management AG.
[2] The KWE shareholdings are held through a group of shareholders consisting of Beat Frey, Brigitte Frey, Vanessa Frey and Alexandra Frey.

4 **Financial income** (in CHF 1000s)	**2011**	2010
Interest income from Group companies	5 561	8 409
Interest paid by banks	469	804
Total	**6 030**	**9 213**

5 **Rental income** (in CHF 1000s)	**2011**	2010
Rental income from Group companies	600	600
Rental income from third parties	440	427
Total	**1 040**	**1 027**

6 **Financial expenses** (in CHF 1000s)	**2011**	2010
Interest expenses Group companies	80	196
Exchange losses	616	3 118
Total	**696**	**3 314**

7 Compensation for members of the Board of Directors and Management

Compensation for members of the Board of Directors in **2011** 1)

(in CHF 1000s)	Function	Fixed	Compensation for committee work 2)	Pension benefits 3)	Other	Total
Beat Siegrist	Chairman	200	–	12	–	212
Dr. Lukas Braunschweiler	Member	75	10	5	–	90
Heinrich Fischer	Member	75	–	4	–	79
Beat Frey	Member	75	–	3	–	78
Dr. Jacques Sanche	Member	75	–	4	–	79
Rolf-Dieter Schoemezler	Member	75	10	0	–	85
Total compensation Board of Directors		**575**	**20**	**28**	**0**	**623**

1) For the period from May 12, 2011 until May 9, 2012 (dates of General Meeting)
2) Compensation for activities performed as a member of the Audit Committee
3) Employer's contribution to social insurance and pension fund

Compensation for members of the Board of Directors in 2010 1)

(in CHF 1000s)	Function	Fixed	Variable	Pension benefits 2)	Other 3)	Total
Dr. Hans Widmer	Chairman 4)	50	–	1	–	51
Heinrich Fischer	Member	50	–	2	–	52
Beat Frey	Member	50	–	1	–	51
Rolf-Dieter Schoemezler	Member	50	–	–	10	60
Beat Siegrist	Member	50	–	2	–	52
Total compensation Board of Directors		**250**	**0**	**6**	**10**	**266**

1) For the period from May 12, 2010 until to May 12, 2011 (dates of General Meeting)
2) Employer's contribution to social insurance and pension fund
3) Advisory services including reimbursement of expenses
4) Chairman of the Board of Directors until May 12, 2011 (date of General Meeting)

Compensation for members of the Management in **2011**

(in CHF 1000s)	Function	Fixed	Variable 1)	Share-based payments 2)	Pension benefits 3)	Other	Total
Dr. Heinz O. Baumgartner 4)	CEO	400	400	102	149	–	1 051
Total compensation Management		**1 733**	**1 533**	**102**	**491**	**0**	**3 859**

1) Variable salary component (bonus) expected to be due for the year under review
2) 2 085 shares granted at the end of August 2011, with vesting period until Dec. 31, 2014 (see note 19 to the consolidated financial statements)
3) Employer's contribution to social insurance and pension fund
4) Highest single amount

Compensation for members of the Management in 2010

(in CHF 1000s)	Function	Fixed	Variable 1)	Pension benefits 2)	Other	Total
Dr. Heinz O. Baumgartner 3)	CEO	400	400	104	–	904
Total compensation Management		**1 757**	**1 784**	**400**	**0**	**3 941**

1) Variable salary component (bonus) expected to be due for the year under review
2) Employer's contribution to social insurance and pension fund
3) Highest single amount

Compensation for former members of governing and executive bodies
No compensation was paid to former members of governing bodies during the period under review or the previous year.

Share allocations during the year under review
In financial year 2011, selected employees were allocated free shares in Schweiter Technologies AG subject to a blocking period until December 31, 2014.

In the year under review, 2 085 shares were issued which, as of the cut-off date, are segregated from the treasury holdings and held in a separate bank custody account. No shares were allocated the previous year.

Share ownership
As of December 31, 2011, a total of 248 145 shares were held by members of the Board of Directors or members of Management as a result of exercised options or private purchases:

Surname	First name	Function	Number of shares
Siegrist	Beat	Chairman Schweiter Technologies	79 500
Fischer	Heinrich	Member of the Board of Directors Schweiter Technologies	800
Frey [1)]	Beat	Member of the Board of Directors Schweiter Technologies	167 795
Schoemezler	Rolf-D.	Member of the Board of Directors Schweiter Technologies	50

1) Beat Frey holds his shares through KWE Beteiligungen AG

In addition to the shareholdings listed, Dr. Heinz O. Baumgartner, CEO of Schweiter Technologies, holds 2 085 shares which are held in a separate bank custody account and are subject to a blocking period until December 31, 2014.

Schweiter Technologies is not aware of any shares held by persons closely associated with members of the Board of Directors or Management.

Options
In financial years 2011 and 2010, no options were allocated to present or former members of governing and executive bodies (Board of Directors and Management) or other employees. As of December 31, 2011, no options were held by any member of a governing or executive body.

Loans to governing or executive bodies
No loans to governing or executive bodies have been made to members of the Board of Directors or Management.

8 Contingent liabilities

In connection with credit facilities extended to the subsidiaries, the holding company has undertaken a guarantee in an amount up to a total of CHF 51.6 million (previous year: CHF 51.8 million). Of this amount, a total of CHF 12.4 million for sureties and guarantees had been drawn on by subsidiaries as at December 31, 2011 (previous year: CHF 14.5 million).

9 Events occurring after the balance sheet date

No events occurred between the balance sheet date and the date of publication of this annual report which could have a significant impact on the financial statements 2011.

Proposal of the Board of Directors concerning the appropriation of the available earnings and the appropriation of reserves from capital contributions

(in CHF 1000s)	2011
Earnings carried forward from previous year	554 389
Net income 2011	20 870
Total earnings available to the General Meeting of Shareholders	**575 259**
The Board of Directors proposes to the General Meeting on May 9, 2012 the following appropriation of available earnings:	
Earnings carried forward	575 259
Total	**575 259**
The Board of Directors proposes to the General Meeting on May 9, 2012 the following appropriation of reserves from capital contributions:	
Reserves from capital contributions	64 865
Reserves for treasury shares from reserves from capital contributions	28 690
Total	**93 555**
Repayment from reserves from capital contributions (CHF 12 per bearer share)	– 17 324 [1)]
Distribution of treasury shares to shareholders at a rate of 18:1	– 38 303 [2)]
Reserves from capital contributions after repayment	37 928
Reserves for treasury shares from reserves from capital contributions after distribution	0

1) Maximum amount – the amount may be reduced as there is no repayment on the treasury shares.
2) Indikative amount – The amount may change by the time of the General Meeting. One reason for this is that there could be a change in the number of shares held by the company at the time of the distribution, while a further reason is that the total amount of the distribution could change as a result of the price performance of the share.

If the General Meeting approves the proposal, repayment of capital reserves of CHF 12 per bearer share will be made as of May 18, 2012. For every 18 bearer shares held, one bearer share will be distributed to shareholders from the company's treasury shares. The distributed shares are held in collective custody as book-entry securities. Fractions will be settled in cash on the basis of the closing price of a share on SIX Swiss Exchange on the day before the Annual General Meeting.

The repayment and the cash settlement may be redeemed free of charge in exchange for coupon no. 10 at any branch of Zürcher Kantonalbank.

Report of the statutory auditor to the General Meeting of Schweiter Technologies AG, Horgen

Report on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Schweiter Technologies AG, which comprise the balance sheet, income statement and notes (pages 84 to 89) for the year ended December 31, 2011.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2011 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings (page 90) complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Deloitte AG

Daniel O. Flammer Licensed Audit Expert Auditor in Charge	Robert Renz Licensed Audit Expert

Zurich, March 30, 2012

Corporate Governance at Schweiter Technologies

Group structure and breakdown of shareholders

Schweiter Technologies assures its customers, shareholders, investors and employees that it is fully committed to good corporate governance based on the Articles of Incorporation of the company and the organizational regulations.

Group structure

Schweiter Technologies specializes in the development, manufacture and global distribution of sophisticated machinery and composite materials and is organized into three divisions (see also Segment reporting on page 48 of this annual report).

SSM Textile Machinery is a global leader in the manufacture of precision winding machines for yarn treatment. Ismeca Semiconductor manufactures testing, handling and packaging equipment for the semiconductor industry. 3A Composites is the global market leader in core materials for sandwich constructions and is also a leading player in the segments composite panels for high-quality facades and display applications.

For legal purposes, the companies of the Schweiter Technologies Group come under the umbrella of the holding company Schweiter Technologies. The latter's direct wholly owned subsidiaries are 3A Composites Holding AG (holding company of the 3A Composites division), Ismeca Semiconductor Holding SA (holding company of the Ismeca Semiconductor division) and the companies of the SSM Textile Machinery division SSM Schärer Schweiter Mettler AG and SSM Vertriebs AG.

An overview of all holding companies can be found in the financial section on pages 35 / 36.

The bearer shares of Schweiter Technologies AG, Horgen are listed on the SIX Swiss Exchange AG, Zurich in the main segment. Security no.: 1075492; ISIN: CH0010754924; Telekurs: SWTQ; Reuters: SWTZ.

Based on its share price of CHF 504.00 at the end of 2011, the company's market capitalization stood at CHF 727.6 million as at December 31, 2011.

The scope of consolidation consists of the unlisted companies which were fully consolidated as of December 31, 2011 and is presented on pages 35 / 36 of the notes to the consolidated annual financial statements. Schweiter Technologies does not have any shareholdings in listed companies.

Major shareholders

As at December 31, 2011, the following shareholders held more than 3% of voting rights (pursuant to Art. 663c of the Swiss Code of Obligations):

Percentage of shares held (according to most recent report)	**2011**	2010
Widmer shareholder group [1]	24.9%	–
Dr. Hans Widmer, Oberwil-Lieli / Hans Widmer Management AG, Baar	–	24.9%
KWE Beteiligungen AG, Wollerau [2]	11.6%	11.6%
Beat Siegrist, Herrliberg	5.5%	5.5%
Schweiter Technologies AG, Horgen	5.4%	5.4%
Goodmann & Company, Investment Counsel Ltd., Toronto, Canada	5.0%	5.0%
Credit Suisse Asset Management Funds AG	< 3.0%	3.2%

[1] Group of shareholders consisting of Hans Widmer, Christian Widmer, Bernhard Widmer, Manuel Widmer and Annina Widmer. Some of the shares are held through Hans Widmer Management AG.
[2] The KWE shareholdings are held through a group of shareholders consisting of Beat Frey, Brigitte Frey, Vanessa Frey and Alexandra Frey.

As far as Schweiter Technologies AG is aware there are no shareholders' pooling contracts linking major shareholders.

Cross-shareholdings

There are no cross-shareholdings with other companies in terms of capital or voting rights.

Capital structure

Capital

As of 31 December, 2011 the ordinary share capital amounted to CHF 1 443 672. As of December 31, 2011, authorized capital of CHF 300 000 and conditional capital of CHF 132 600 was in place.

Authorized and conditional capital in particular

Authorized capital

Authorized capital amounted to CHF 300 000.

Under Article 3 of the Articles of Incorporation, by May 12, 2012 the Board of Directors is authorized in accordance with the resolution passed by the General Meeting on May 12, 2010 to increase the share capital by a maximum of CHF 300 000 at any time by issuing a maximum of 300 000 bearer shares to be fully paid up with a par value of CHF 1 each. Increases by way of firm underwriting and increases in installments are permitted. The relevant issuing amount, the timing of the dividend entitlement and the nature of the contributions will be determined by the Board of Directors.

The Board of Directors is authorized to block the shareholders' subscription rights if such new shares are to be used to take over companies by means of share swaps, or to finance the acquisition of companies, parts of companies or shareholdings or to finance new investment projects of the company.

Shares for which subscription rights have been granted but not exercised are to be sold on the market at market conditions.

Conditional capital

Conditional capital amounted to a total of CHF 132 600.

The company's share capital may be increased by a maximum of CHF 132 600 by issuing up to 132 600 bearer shares with a par value of CHF 1 each which must be fully paid up, including:

a) up to an amount of CHF 32 600 by exercise of option rights, granted to the employees of the company or of one of its subsidiaries at conditions to be determined by the Board of Directors;

b) up to an amount of CHF 100 000 by exercise of option or conversion rights granted in conjunction with bonds or similar paper issued by the company or one of its subsidiaries.

Shareholders' subscription rights are excluded in relation to these bearer shares, which may not exceed 132 600 in number.

Capital changes

For changes in consolidated shareholders' equity in financial years 2011 and 2010 reference is made to page 31 of the consolidated annual accounts. The development of consolidated shareholders' equity in financial year 2009 is presented on page 31 of the 2010 consolidated financial statements.

The shareholders' equity of Schweiter Technologies AG underwent the following changes during financial year 2009 through financial year 2011 (page 96):

Capital structure

(in CHF 1000s)	Share capital	Reserves: Premium Capital contributions	General reserves: statutory	General reserves: treasury shares,	Capital reserves	Free	Available earnings	Total
Balance as at Dec. 31, 2008	**1444**	**107381**	**3000**	**28690**	**0**	**1071**	**548753**	**690339**
Dividend							–12292	–12292
Loss 2009							–3732	–3732
Balance as at Dec. 31, 2009	**1444**	**107381**	**3000**	**28690**	**0**	**1071**	**532729**	**674315**
Dividend							–12293	–12293
Net income 2010							5263	5263
Capital backing with reserve for treasury shares from capital contribution reserves		–28690			28690			0
Release of reserve for treasury shares				–28690			28690	0
Balance as at Dec. 31, 2010	**1444**	**78691**	**3000**	**0**	**28690**	**1071**	**554389**	**667285**
Reclassification of non-authorized capital contribution reserves		–167	167					0
Repayment from reserves from capital contributions		–13659						–13659
Net income 2011							20870	20870
Balance as at Dec. 31, 2011	**1444**	**64865**	**3167**	**0**	**28690**	**1071**	**575259**	**674496**

Shares and participation certificates

As of December 31, 2011 the share capital consisted of 1443672 bearer shares with a par value of CHF 1 each amounting to a total of CHF 1443672. All bearer shares have been fully paid up. Each share entitles the holder to one vote at the General Meeting. All bearer shares are entitled to dividends. Schweiter Technologies has no participation certificates or dividend rights certificates outstanding.

Limitations on transferability and nominee registrations

Transferability is not subject to any restrictions under the Articles of Incorporation. There are no restrictions in relation to nominee registrations.

Convertible bonds and options

No convertible bonds were outstanding as of December 31, 2011. As set out in the section on authorized and conditional capital, by drawing on the conditional capital the company's share capital may increase by a maximum of CHF 100000 through the exercise of option or conversion rights granted in conjunction with bonds or similar paper issued by the company, or one of its subsidiaries.

Employee stock option plan

In financial year 2011, Schweiter Technologies AG granted selected employees free shares in Schweiter Technologies AG subject to a blocking period until December 31, 2014. In the year under review, 2 085 shares were issued which, as of the cut-off date, are segregated from the treasury holdings and held in a separate bank custody account. There are no option plans in place.

Board of Directors (as per December 31, 2011)

Name	Function		Member since	Elected until AGM
Beat Siegrist	Chairman	non-executive	2008	2012
Dr. Lukas Braunschweiler	Member	non-executive	2011	2012
Heinrich Fischer	Member	non-executive	2002	2012
Beat Frey	Member	non-executive	2009	2012
Dr. Jacques Sanche	Member	non-executive	2011	2012
Rolf-D. Schoemezler	Member	non-executive	1993	2012

Members of the Board of Directors

Dr. Lukas Braunschweiler and Dr. Jacques Sanche were elected as new members of the Board of Directors at the General Meeting on May 12, 2011. All other members of the Board of Directors served throughout the period under review.

No members of the Board of Directors perform operational management tasks in the company. Nor do any members of the Board of Directors have any kind of significant business relationship with the company. Until 2008, Beat Siegrist served in an operational capacity as CEO of Schweiter Technologies (until June 30) and CEO of Satisloh (until the sale of the latter on September 30, 2008). No other members of the Board of Directors were members of Group Management or the management of a Group company during the three financial years preceding the period under review.

Beat Siegrist
(born 1960, Swiss citizen)
Non-executive chairman of the Board of Directors since 2011.
From 1996 to mid-2008, Mr Beat Siegrist worked in an executive capacity as CEO of Schweiter Technologies. Since 2008, he has been CEO of Satisloh and a member of the Executive Committee of the French Group Essilor. He previously worked as a consultant at McKinsey & Co., most recently in the capacity of project leader. He obtained a degree in engineering (Dipl. Ing.) at the Swiss Federal Institute of Technology and went on to take an MBA at INSEAD Fontainebleau.

Dr. Lukas Braunschweiler
(born 1956, Swiss citizen).
Non-executive member of the Board of Directors since 2011.
Dr. Lukas Braunschweiler has been CEO of the Sonova Group since November 1, 2011. Before joining the Sonova Group, he was CEO of the technology group Ruag Holding AG. Between 2002 and 2009, he served as Chairman and CEO of the Dionex Corporation, a California-based life science company listed on the Nasdaq. Previously, from 1995 to 2002, he worked for Mettler Toledo in various positions in Switzerland and the US. He studied at the Swiss Federal Institute of Technology in Zurich, where he earned an MSc in analytical chemistry (1982) and a PhD in physical chemistry (1985).

Heinrich Fischer
(born 1950, Swiss citizen)
Non-executive member of the Board of Directors since 2002.
Mr Heinrich Fischer graduated from the Swiss Federal Institute of Technology in Zurich (Dipl. El. Ing.) and from the University of Zurich (lic. oec. publ.). From 1980 to 1990, he was with Balzers, a division of the Oerlikon Bührle Group, as Staff Head of Technology and Head of the Coating Equipment business unit. From 1991 to 1996 he was Member of the Executive Board of Oerlikon Bührle responsible for Corporate Development. CEO of the Saurer Group and a member of the Board of Directors of Saurer AG, Arbon, from 1996 to April 2007. In 2007 he joined the Boards of Tecan Group AG, Männedorf, and Hilti AG, Schaan, Liechtenstein. From 2007 to 2009 he was a member of the Board of Directors of Gurit.

Board of Directors

Beat Frey
(1943, Swiss citizen)
Non-executive member of the Board of Directors since 2009.
Mr Beat Frey holds a degree in business management from the University of Zurich. Mr Frey was one of the company's first investors following the restructuring of Schweiter at the end of the 1980s; he served once before on the Board of Directors from 1996 to 2001. A successful, independent businessman, Mr Frey has a proven track record of financial expertise that can be drawn on for the Schweiter Group's refocusing.

Dr. Jacques Sanche
(born 1965, Canadian and Swiss citizen)
Non-executive member of the Board of Directors since 2011.
Dr. Jacques Sanche has been CEO of the Belimo Group since August 2007. From 2004 to 2007, he was CEO of the WMH Tool Group, Chicago, USA, and a member of the management board of WMH Walter Meier Holding AG, Stäfa. Prior to this, between 1997 and 2004 he held various management positions within the WMH Walter Meier group. From 1990 to 1997 he was an advisor at IMG, St. Gallen and the Boston Consulting Group Inc., Munich. He holds a business management degree and a doctorate in economics from the University of St. Gallen.

Rolf-Dieter Schoemezler

(born 1941, German citizen)
Non-executive member of the Board of Directors since 1993.
Mr R.-D. Schoemezler is a graduate of the Technical University in Stuttgart. He has performed management functions at Procter & Gamble and Union Carbide. Since 1987, he has held diverse positions in the Schweiter Group. He ran various subsidiaries as CEO and between 1994 and 1996 he managed the entire Group as Delegate of the Board of Directors. Since 1997, he has been working as an independent corporate consultant.

Other activities and interests

Beat Siegrist is a member of the Board of Directors of Phoenix Mecano AG, Stein am Rhein, and Inficon, Bad Ragaz. Heinrich Fischer is a member of the Boards of Directors of Tecan Group AG, Männedorf, Hilti AG in Schaan, Liechtenstein, Sensirion AG, Stäfa, Fortu AG and Camox Fund. Lukas Braunschweiler is a member of the Board of Directors of Tecan Group AG, Männedorf. Jacques Sanche is a member of the Board of Directors of Diener AG, Embrach. The other members of the Board of Directors do not have any other management or permanent advisory functions or any directorships with major Swiss or foreign companies. Nor do they hold any major political mandates.

Interlinkages

There are no reciprocal seats on the boards of listed companies.

Election and term of office

Under the company's Articles of Incorporation, the Board of Directors consists of 3 to 7 members. The entire Board of Directors in corpore is elected for a period of office of three years, the period between one Ordinary General Meeting and the next being deemed to constitute one year. Members are eligible for reelection. Members newly elected during a period of office are elected for the remainder of the current period of office.

Internal organization

Division of tasks within the Board of Directors

Mr Beat Siegrist acts as Chairman of the Board of Directors. In addition to their regular work as Board members, all members of the Board of Directors also attend five to seven meetings per year concerned with specific issues relating to the individual divisions. Attendance is determined by the issue addressed and the technical expertise of the Board member in question (see also section entitle "How the Board of Directors operates").

Committees of the Board of Directors

The Board of Directors has an Audit Committee. The Audit Committee is composed of two Board members (Mr Rolf-Dieter Schoemezler and Mr Lukas Braunschweiler). The Board of Directors has satisfied itself that the Committee members have proven experience and skills in the financial field to enable them to perform their tasks. The Audit Committee's most important tasks are to discuss the outcome of the external audits, to verify the Group's presentation of accounts and financial control mechanisms, to evaluate and select the external auditors and to verify the scope of the external audit. The Audit Committee holds decision-making powers in relation to all tasks, subject to approval by the Board of Directors as a whole.

During the year under review the Audit Committee met three times with representatives from the auditors. As a rule, meetings last 2 to 3 hours. The Audit Committee regularly briefs the Board of Directors on the outcome of the Committee meetings.

All other key decisions are taken by the Board of Directors as a whole (in particular remuneration and appointments). The formation of specific Board committees has therefore been considered unnecessary.

How the Board of Directors operates

The Board of Directors is responsible for the strategic management of the Group and for the supervision of those entrusted with management. To this end, the Board of Directors holds meetings at least five times per year. One meeting lasts an average of half a day. In addition to the Board of Directors, these meetings are regularly attended by the CEO/CFO of the Group and by the divisional CEOs as necessary.

A majority of members of the Board of Directors must be present to constitute a quorum for the transaction of business. The Board of Directors adopts resolutions by a majority of votes cast. If there is a tie, the Chairman casts the deciding vote.

As part of their supervisory functions and in the interests of the proper conduct of their duties, one or several Board members oversee one specific division in detail. This includes periodically attending Group Management meetings, which last on average half a day.

At these Group Management meetings, the division management reports on the operational side of the business. In addition to the periodic participation of a Board member, these meetings are also attended by the CEO / CFO of the Group. In discussing business performance, the division management presents risks that have been identified and are of relevance to the division and assesses their possible impact. The outcome of this assessment and the resulting measures are presented to the Board of Directors as a whole.

Delineation of powers and responsibilities

Unless the law or the Articles of Incorporation provide otherwise, the Board of Directors delegates operational management entirely to Management. The Board of Directors exercises overall leadership and supervises and oversees business operations. It issues business policy guidelines and ensures that it is kept regularly informed of business performance (see also section entitled "How the Board of Directors operates").

The Board of Directors has in particular the following non-delegable and inalienable duties:

– the ultimate direction of the business of the Group and issuing the necessary directives
– defining the organization
– defining accounting, financial control and financial planning
– appointing and dismissing persons entrusted with the management of the Group and determining management salaries
– the ultimate supervision of the persons entrusted with the management of the Company, specifically in view of their compliance with the law, the Articles of Incorporation, regulations and directives
– deciding on extraordinary investments.

Board of Directors

Management is responsible for the day-to-day running of the company in accordance with the directives issued by the Board of Directors and having regard for the customary duty of due diligence and the provisions of the law.

At the regular division meetings, Management reports to the Board member responsible for the division in question on the following matters in particular:

- Progress of business and financial situation
- Outlook and measures to be taken in the near future
- Development projects and status
- Major investments and divestments
- Extraordinary events with a substantial bearing on business
- Personnel policy and planning, information on important personnel decisions

Information and monitoring instruments

The Board of Directors is responsible for overseeing the Group's internal controlling systems which monitor the risk of inadequate business performance, but cannot rule out such a risk. These systems provide appropriate, though not absolute, security against significant inaccuracies and material losses. Management is responsible for identifying and assessing risks that are of significance for the division in question (see also section on delineation of powers and responsibilities). In addition to quantitative approaches and formal guidelines – which are only part of a comprehensive risk management approach – it is also considered important to maintain a corresponding risk management culture.

As well as to a continuous process of monitoring and assessment, the individual divisions also submit detailed monthly reports to the Board of Directors (MIS). These provide a detailed account of the volume and profitability trends of the individual divisions. Deviations from the budget or from the previous year are presented and commented in detail. Important balance sheet figures and additional management data are prepared on a monthly basis with commentaries. Special attention is paid to overheads, the trend of current assets and personnel numbers. Over and above this information, which is prepared on a monthly basis, additional analyses of individual key figures are also provided such as price and margin trends and currency effects. Management members responsible in the relevant divisions are consulted on individual topics.

The Audit Committee and Board of Directors identify additional topics which are taken up in the context of the internal controlling processes and subjected to in-depth analysis and investigation. This is done either by means of internal audits in the relevant national subsidiaries or by consulting external specialists where necessary. However, there is no institutionalized internal auditing process. The Audit Committee also sets points of focus in the context of the definition of the scope and content of the audit conducted by the external auditors.

Each Board member is also sent the full minutes of all Group Management meetings.

The Board of Directors subjects the internal information and monitoring systems to periodic reviews to determine their effectiveness in identifying, evaluating and overcoming risks associated with the business activity.

Management

Heinz O. Baumgartner
(born 1963, Swiss citizen)
CEO and CFO Schweiter Technologies.
Heinz O. Baumgartner has been CEO of Schweiter Technologies since 2008 and CFO since 1996. From 1992 to 1995 he worked as a controller at Asea Brown Boveri Switzerland. He holds a degree in business management (majoring in accountancy) and a doctorate in economics from the University of St. Gallen.

Lorenzo Giarrè
(born 1964, Italian citizen)
CEO Ismeca Semiconductor.
Lorenzo Giarrè has been with Ismeca Semiconductor since mid-2005, initially as Head of Operations and from 2006 as CEO. From 1997 to 2004 he held various executive positions in marketing and sales with companies in the semiconductor and telecom industries, most recently with ESEC. He has a degree in physics from the Swiss Federal Institute of Technology in Lausanne and an MBA from IMD International.

Georg Reif
(1955, Schweizer Staatsbürger)
CTO 3A Composites.
Georg Reif has been Chief Technology Officer of 3A Composites since January 1, 2012. Until the end of 2011 he was CEO of 3A Composites. After graduating in mechanical engineering at the Federal Institute of Technology (ETH) in Zurich, he worked as a research assistant at the ETH Zurich's Department of Aircraft Statics and Lightweight Construction, before joining Alusuisse-Lonza subsidiary Airex AG in 1988 as Head of Engineering. Until the merger of Alusuisse with Canadian Alcan, he held various executive positions, most recently as President of Alusuisse Composites and a member of the Alusuisse Division Management. Within Alcan he headed the Alcan Composites Division and was a member of the Alcan Engineered Products Division Management.

Ernesto Maurer
(born 1955, Swiss citizen)
CEO SSM Textile Machinery
Ernesto Maurer was CEO of Loepfe Brothers Ltd and Itema Switzerland (formerly Sultex) until the beginning of 2010. From 1990 to 2005 he sat on various management boards, including at Sulzer. He holds an engineering degree from the Swiss Federal Institute of Technology (ETH) in Zurich and an MBA from the University of Lausanne.

Martin Klöti
(1973, Swiss citizen)
Head of Management Services and CFO SSM Textile Machinery.
Martin Klöti has been in charge of Schweiter Management Services since March 2011 and CFO of SSM Textile Machinery since 2004. From 2003 to 2011, he was Schweiter Technologies' Head of Reporting & Controlling. From 1996 to 2002 he worked in auditing at Deloitte AG, latterly as Audit Manager and Lead Auditor. From 1992 to 1996 he worked in the trustee sector. Martin Klöti is a chartered accountant and a federally certified fiduciary.

Ian von Fellenberg
(1960, Swiss citizen)
Head of Corporate Development.
Ian von Fellenberg has been Head of Corporate Development at Schweiter Technologies AG since March 2007. He was appointed to the Group Management effective January 1, 2010. He also headed Ismeca Semiconductor's operations in Asia. Over a period of 15 years prior to taking up his office at Corporate Development, he held various executive positions with the companies Baumer Electric and Orell Füssli Security Printing as well as with Group company Ismeca Semiconductor, latterly as CEO North Asia in Suzhou, China. He holds a degree in microengineering from the Swiss Federal Institute of Technology (ETH) in Lausanne.

Management

Compensation, shareholdings and loans

Other activities and interests

Until January 2012, Dr. Heinz O. Baumgartner, CEO and CFO of Schweiter Technologies, was Chairman of the Board of Directors of Swiss Small Cap Invest AG, Zurich. No other member of management is engaged in any significant other activities or functions worthy of mention or holds any important political offices.

Management contracts

There are no management contracts.

Compensation, shareholdings and loans

Content and determining procedures for compensation and stock option schemes

The Group's salaries policy is based around progressive and future-oriented remuneration aimed at attracting and motivating qualified management staff with the necessary technical expertise and experience and at securing their long-term services to the company.

Total remuneration is guided by standard market rates. Importance is attached to a variable remuneration component that depends on the achievement of corporate and personal targets. The amount of this variable element of overall pay mainly depends on the results of the Group and the individual division and on the extent to which employees meet their personal performance targets. All performance assessment criteria are laid down at the beginning of each year. On the basis of the budget, the Board of Directors defines in particular the target attainment figures for the variable salary component. Personal performance targets consisting of financial management, performance management and social target values also form an integral part of the variable salary component. The target values are determined on the one hand by the specific function of the management employee and on the other hand by key targets in the context of the implementation of the overriding corporate strategy.

The personal performance targets may account for 50% to 100% of the variable salary component, depending on the function and hierarchy. As a proportion of total remuneration, the variable salary is dependent on the degree of target attainment and may amount to a maximum of more than 100% of the fixed salary.

The total remuneration per management member is finally fixed by the Board of Directors as a whole in a detailed performance appraisal at the end of the year. The members of management whose compensation is being decided on are, as a rule, not present at the relevant meeting.

In order to retain the services of key employees over the long term, the Board of Directors can grant share-based remuneration on a scale which it deems appropriate. Such shares are locked in for a vesting period.

The company does not engage the services of any external advisors to help it decide on the structuring of compensation.

Shareholders' participation rights

Restriction of voting rights and representation

There are no voting-right restrictions under the Articles of Incorporation. Under Art. 689 para. 2 of the Swiss Code of Obligations, every shareholder can represent his shares at the General Meeting in person or have them represented by a third party of his choice. The Articles of Incorporation do not lay down any restrictions on the representation of voting rights.

Statutory quorum

Under Art. 703 of the Swiss Code of Obligations, resolutions of the General Meeting must be passed strictly by an absolute majority of the voting rights represented. Exceptions to this rule are the eight resolutions listed in Art. 704 of the Swiss Code of Obligations, which require a minimum of two thirds of the votes represented and an absolute majority of the nominal values of the shares represented. The Articles of Incorporation do not provide for any divergent arrangements.

Convening of the General Meeting and inclusion of items on the agenda

The General Meeting is called by the Board of Directors, or if necessary by the statutory auditors. The Ordinary General Meeting takes place each year within six months of the end of the financial year. The time limits for adding items to the agenda of the General Meeting are governed by the provisions of the Swiss Code of Obligations. Extraordinary General Meetings should be called as frequently as is necessary, particularly in the cases provided for by the law.

The convening of a General Meeting may also be requested in writing by one or more shareholders representing at least ten percent of the share capital, specifying the subject to be tabled for discussion and the proposals to be put forward. In this case, the Board of Directors must convene the General Meeting within four weeks.

Shareholders representing shares with a nominal value of at least CHF 100 000 may request that a particular item be added to the agenda. A request to add an item to the agenda must be submitted to the Board of Directors in writing at least 45 days in advance of the General Meeting, specifying the subject to be discussed and the proposals.

Registrations in the share register

As only bearer shares are issued, there is no share register.

Change of control and countermeasures

Obligation to submit a purchase offer

A party acquiring shares in the company is not obliged to submit a public purchase offer pursuant to Articles 32 and 52 of the Federal Act on Stock Exchanges and Securities Trading (Art. 4 Articles of Incorporation, "Opting out").

Clauses on changes of control

In connection with possible structural changes to the Schweiter Technologies Group, since the sale of the Satisloh division a change of control covenant valid until December 31, 2010 had been in place for members of the Group Management. In the event of a change of control, the covenant would have triggered payments of between CHF 200 000 and 800 000 to the individual members of the Group Management.

From January 1, 2011 there are no longer any such clauses on changes of control. However, in the event of a change of control, shares locked in until December 31, 2014 in the context of share-based remuneration will be released.

Statutory auditors

Duration of mandate and term of office of auditor in charge

Deloitte AG, Zurich, has been statutory and Group auditor since 1994. Daniel Flammer, Deloitte AG, has been auditor in charge since 2005. The office of auditor in charge rotates every seven years.

Audit fee and additional fees (in CHF 1000)	**2011**	2010
Auditing services [1]	755	940
Auditing-related services [2]	52	62
Tax advice and compliance services	353	553
Transaction advice incl. due diligence	116	39
Total	**1 276**	**1 594**

[1] Auditing the consolidated financial statements, the holding company statements and the financial statements of the individual Group companies
[2] Advice on accounting matters

Supervisory and control instruments vis-à-vis the auditors

Auditing services are defined as standard tasks in an audit, with a view to preparing reports on the annual financial statements pursuant to the Articles of Incorporation and being able to provide an assessment of the consolidated financial statements.

The Audit Committee, which met the auditors three times during the 2011 financial year, is responsible for supervising and monitoring the audit and regularly reports back to the Board of Directors as a whole. The auditors periodically prepare a comprehensive report on the outcome of their auditing activities. The auditors' report is supported by an accompanying management letter and, since 2008, a comprehensive report to the Board of Directors.

The auditors may not be members of the Board of Directors or company employees. Neither may they carry out any other work for the company which would be incompatible with the audit assignment. They must be independent of the Board of Directors and of any shareholder holding more than five percent of voting rights. The auditors must adhere to the guidelines on independence promulgated by their profession. The Audit Committee periodically verifies the auditors' qualifications as part of its supervisory and monitoring functions.

Information policy

Schweiter Technologies maintains a regular and open dialog with all shareholders and the capital market.

In addition to the annual financial statements, Schweiter publishes a semi-annual report. In compliance with the ad hoc publicity guidelines contained in the Listing Rules of the SIX Swiss Exchange, Schweiter also discloses price-sensitive information.

Any interested party may request to be placed on the Schweiter e-mail distribution list to receive, free of charge, potentially price-sensitive information in a direct and timely manner.

All information and the online registration form to be placed on the e-mail distribution list can be found at www.schweiter.com.

A media and analyst conference is held at least once a year. At the General Meeting, the Board of Directors and Management provide information on the annual financial statements and the company's business performance and answer shareholders' questions.

The address for investor relations matters is:

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The next General Meeting will take place in Horgen on May 9, 2012.

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