

# SCHWEITER TECHNOLOGIES

Semi-Annual Report as at June 30, 2007

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## Report of the Board of Directors on results for the first half of 2007

Dear shareholders

In the first half of the current year, the Group received new orders totaling CHF 258.2 million (+3%). Gross revenues reached CHF 234.6 million (+4%). SSM Textile Machinery and Satisloh reported a significant increase in sales. The decrease reported by Ismecca Semiconductor is attributable to the high prior-year figure.

The Group achieved an operating profit of CHF 22.3 million (H1 2006: 21.9 million), corresponding to a margin of around 10%. SSM Textile Machinery and Satisloh recorded a substantial improvement in operating profit, while Ismecca Semiconductor posted a balanced result. Aided by currency gains, net income amounted to CHF 21.2 million (H1 2006: 17.1 million) with a net cash position of CHF 68.8 million (H1 2006: 45.8 million).

**SSM Textile Machinery** reported a marginal increase in new orders compared with the first half of 2006 and succeeded in lifting sales by 14%. Order intake from the Indian subcontinent remained at the higher year-earlier level. Turkey showed impressive growth. Despite below-average results in China in the first six months, the outlook for the second half of the year is good. Operations in the air texturing segment were consistently encouraging. The division reported an operating profit margin of around 12% in spite of higher development costs. The product innovations to be showcased in September at the ITMA, the textile machinery industry's foremost trade fair, will give SSM an additional boost.

**Satisloh** posted a 7% rise in new orders and 11% sales growth. New orders of over CHF 140 million for the first half represent the highest volume in the company's history. The Coating arm in particular turned in a very encouraging performance to produce a solid operating profit of CHF 16.6 million, which corresponds to a margin of 13%.

**Ismecca Semiconductor** reported a healthy order intake of over CHF 60 million. While this represents a modest 5% decline against the year-back figure, it marks a 20% increase over the relevant second half of 2006. The outsourcing of operations to Asia, which is progressing according to schedule, and additional cost savings produced a balanced result following the significant loss experienced in the second half of 2006.

### Outlook

The sound performance is expected to continue in the second half of the year. All divisions have solid order backlogs amid a strong positive business outlook.

Yours sincerely

Board of Directors, Schweiter Technologies

## Segment reporting

<b>Schweiter Technologies Group</b> (in CHF m)	First half of <b>2007</b>	First half of 2006	Change
Orders received	258.2	250.5	3.1 %
Gross revenues	234.6	224.8	4.4 %
Operating profit	22.3	21.9	1.8 %
Net income	21.2	17.1	24.0 %

<b>Segment information by divisions</b> (in CHF m)	First half of <b>2007</b>	First half of 2006	Change
<b>SSM Textile Machinery</b>			
Orders received	56.4	55.0	2.5 %
Gross revenues	53.9	47.3	14.0 %
Operating profit	6.2	5.0	24.0 %
<b>Satisloh</b>			
Orders received	141.1	131.6	7.2 %
Gross revenues	125.8	113.4	11.0 %
Operating profit	16.6	11.8	40.7 %
<b>Ismeca Semiconductor</b>			
Orders received	60.7	63.9	- 5.0 %
Gross revenues	54.7	63.9	- 14.4 %
Operating profit	0.6	5.1	- 88.2 %
<b>Other / eliminations</b>			
Orders received	-	-	
Gross revenues	0.2	0.2	
Operating result	- 1.1	0.0	

## Consolidated balance sheet as at June 30, 2007

<b>Assets</b> (in CHF m)	June 30, <b>2007</b>	%	Dec. 31, 2006	%
<b>Current assets</b>				
Cash and cash equivalents	81.0		78.4	
Trade receivables	107.9		93.4	
Inventories and work in progress	84.8		84.2	
Other current assets	26.9		24.5	
<b>Total current assets</b>	<b>300.6</b>	<b>83.9</b>	<b>280.5</b>	<b>82.9</b>
<b>Fixed assets</b>				
Property, plant and equipment	42.7		42.0	
Intangible assets	6.0		6.0	
Other fixed assets	9.0		9.7	
<b>Total fixed assets</b>	<b>57.7</b>	<b>16.1</b>	<b>57.7</b>	<b>17.1</b>
<b>Total assets</b>	<b>358.3</b>		<b>338.2</b>	
<b>Liabilities</b> (in CHF m)				
<b>Short-term liabilities</b>				
Short-term interest-bearing liabilities	11.7		9.1	
Commission payments	4.5		5.4	
Trade liabilities	28.6		34.3	
Accrued expenses and deferred income	30.1		29.8	
Other short-term liabilities	36.1		26.8	
<b>Total short-term liabilities</b>	<b>111.0</b>	<b>31.0</b>	<b>105.4</b>	<b>31.2</b>
Long-term interest-bearing liabilities	0.5		0.5	
Pension obligations	23.2		22.1	
Other long-term liabilities	7.3		7.3	
<b>Long-term liabilities</b>	<b>31.0</b>	<b>8.6</b>	<b>29.9</b>	<b>8.8</b>
<b>Total liabilities</b>	<b>142.0</b>	<b>39.6</b>	<b>135.3</b>	<b>40.0</b>
<b>Shareholders' equity</b>				
Share capital	1.4		1.4	
Premium	107.4		107.4	
Profit reserves	114.6		102.1	
Hedging reserves	0		0	
Currency translation differences	- 7.1		- 8.0	
<b>Equity attributable to parent company shareholders</b>	<b>216.3</b>		<b>202.9</b>	
Minority interest	-		-	
<b>Total shareholders' equity</b>	<b>216.3</b>	<b>60.4</b>	<b>202.9</b>	<b>60.0</b>
<b>Total liabilities</b>	<b>358.3</b>		<b>338.2</b>	

▲ For additional details see notes to the semi-annual statements as at June 30, 2007

## Consolidated income statement for the first half of 2007

(in CHF m)	First half of <b>2007</b>		First half of 2006	
		%		%
<b>Gross revenues</b>	<b>234.6</b>	103.8	<b>224.8</b>	106.7
Sales deductions	- 11.9	- 5.3	- 11.9	- 5.6
Net revenues	222.7	98.5	212.9	101.1
Change in inventories of semi-finished and finished goods	3.3	1.5	- 2.3	- 1.1
<b>Total operating income</b>	<b>226.0</b>	100.0	<b>210.6</b>	100.0
Cost of materials	- 131.0	- 58.0	- 112.7	- 53.5
Personnel expenses	- 46.9	- 20.7	- 49.2	- 23.3
Other operating expenses	- 23.5	- 10.4	- 25.2	- 12.0
Other operating income	0.2	0.1	1.1	0.5
Depreciation & amortization of other intangible assets	- 2.5	- 1.1	- 2.7	- 1.3
<b>Operating profit</b>	<b>22.3</b>	9.9	<b>21.9</b>	10.4
Financial income	4.2	1.8	2.2	1.0
Financial expenses	- 1.2	- 0.5	- 3.2	- 1.5
<b>Income before taxes</b>	<b>25.3</b>	11.2	<b>20.9</b>	9.9
Income taxes	- 4.1	- 1.8	- 3.8	- 1.8
<b>Net income</b>	<b>21.2</b>	9.4	<b>17.1</b>	8.1
Attributable to:				
– Parent company shareholders	21.2	9.4	17.1	8.1
– Minority interest	-	-	-	-
<b>Earnings per share</b> (in CHF)				
– Before dilution	14.65		11.87	
– After dilution	14.65		11.87	

## Consolidated cash flow statement for the first half of 2007

(in CHF m)	First half of <b>2007</b>	First half of 2006
Net income	21.2	17.1
Depreciation and amortization	2.5	2.7
Other positions not impacting on liquidity	- 0.7	- 3.3
Income taxes paid	4.1	3.7
<b>Operating profit before adjustment of net current assets</b>	<b>27.1</b>	<b>20.2</b>
Change in net current assets	- 12.4	- 18.4
<b>Cash flow from operating activity</b>	<b>14.7</b>	<b>1.8</b>
Interest and income taxes paid	- 5.1	- 1.9
<b>Net cash flow from operating activity</b>	<b>9.6</b>	<b>- 0.1</b>
Purchase of property plant and equipment and intangible assets	- 3.0	- 2.6
Sale of property plant and equipment	0.3	0.9
Repayment financial assets	0.4	4.0
Interest received	1.0	0.4
<b>Cash flow from investment activity</b>	<b>- 1.3</b>	<b>2.7</b>
Dividend	- 8.7	- 4.3
Increase of short-term financial debt	2.6	5.3
Repayment of long-term financial debt	-	- 0.5
<b>Cash flow from financing activity</b>	<b>- 6.1</b>	<b>0.5</b>
Currency translation differences on cash and cash equivalents	0.4	- 0.7
<b>Change in cash and cash equivalents</b>	<b>2.6</b>	<b>2.4</b>
Cash and cash equivalents as at January 1	78.4	51.3
<b>Cash and cash equivalents as at June 30</b>	<b>81.0</b>	<b>53.7</b>

## Change in consolidated shareholders' equity

(in CHF m)	Equity attributable to parent company shareholders						Total	Minority interest	Total shareholders' equity
	Share capital	Treasury shares	Premium	Profit reserve	Hedging reserve	Currency translation difference			
<b>Balance as at January 1, 2006</b>	<b>1.4</b>	<b>0</b>	<b>107.4</b>	<b>73.1</b>	<b>-0.2</b>	<b>-7.8</b>	<b>173.9</b>	<b>0</b>	<b>173.9</b>
Foreign currency translation differences						-0.9	-0.9		-0.9
Cash flow hedges									
– Gains/losses recorded under equity					0.2		0.2		0.2
– Gains/losses transferred to the income statement					0.2		0.2		0.2
Income taxes on gains and losses recorded directly in shareholders' equity					-0.1		-0.1		-0.1
<i>Gains and losses recorded directly in shareholders' equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.3</i>	<i>-0.9</i>	<i>-0.6</i>	<i>0</i>	<i>-0.6</i>
Net income				17.1			17.1		17.1
<i>Total gains and losses recorded</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>17.1</i>	<i>0.3</i>	<i>-0.9</i>	<i>16.5</i>	<i>0</i>	<i>16.5</i>
Dividend				-4.3			-4.3		-4.3
<i>Total other changes in shareholders' equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-4.3</i>	<i>0</i>	<i>0</i>	<i>-4.3</i>	<i>0</i>	<i>-4.3</i>
<b>Balance as at June 30, 2006</b>	<b>1.4</b>	<b>0</b>	<b>107.4</b>	<b>85.9</b>	<b>0.1</b>	<b>-8.7</b>	<b>186.1</b>	<b>0</b>	<b>186.1</b>
<b>Balance as at January 1, 2007</b>	<b>1.4</b>	<b>0</b>	<b>107.4</b>	<b>102.1</b>	<b>0</b>	<b>-8.0</b>	<b>202.9</b>	<b>0</b>	<b>202.9</b>
Foreign currency translation differences						0.9	0.9		0.9
Cash flow hedges									
– Gains/losses recorded under equity					0		0		0
– Gains/losses transferred to the income statement					0		0		0
Income taxes on gains and losses recorded directly in shareholders' equity					0		0		0
<i>Gains and losses recorded directly in shareholders' equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0.9</i>	<i>0</i>	<i>0</i>	<i>0.9</i>
Net income				21.2			21.2	0	21.2
<i>Total gains and losses recorded</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>21.2</i>	<i>0</i>	<i>0.9</i>	<i>22.1</i>	<i>0</i>	<i>22.1</i>
Dividend				-8.7			-8.7		-8.7
<i>Total other changes in shareholders' equity</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-8.7</i>	<i>0</i>	<i>0</i>	<i>-8.7</i>	<i>0</i>	<i>-8.7</i>
<b>Balance as at June 30, 2007</b>	<b>1.4</b>	<b>0</b>	<b>107.4</b>	<b>114.6</b>	<b>0</b>	<b>-7.1</b>	<b>216.3</b>	<b>0</b>	<b>216.3</b>



## Notes to the semi-annual statements as at June 30, 2007

### 1 Consolidation principles

These abridged, unaudited semi-annual statements of Swiss-domiciled Schweiter Technologies AG and its subsidiaries were prepared in accordance with IAS 34 "Interim Financial Reporting". The statements are based on the accounting principles set out in the 2005 Annual Report, which were applied without changes.

The new or amended guidelines on IFRS/IAS standards which came into force on January 1, 2007 had no or no significant impact on the abridged consolidated semi-annual financial statements 2007.

The sole implication of these amendments is that IFRS 7 broadens disclosure requirements in respect of financial instruments and stipulates that information be provided on the nature and extent of credit risks, liquidity risks and market risks. These disclosures have no influence on the classification and valuation of the Group's financial instruments and so are not contained in the 2007 Semi-Annual Report.

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

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

### 2 Scope of consolidation

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

### 3 Segment reporting

Information on segment reporting is given on page 3.

### 4 Dividend payout

At the Annual General Meeting of May 16, 2007 shareholders approved distribution of a dividend of CHF 6.00 per share.

### 5 Contingent liabilities

Contingent liabilities have remained essentially unchanged.

### 6 Events occurring after the balance sheet date

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

This semi-annual report has been approved by the Board of Directors of Schweiter Technologies and authorized for publication on August 6, 2007.

**Information for shareholders**

Bearer shares are listed on the main stock exchange in Zurich. Security number: 1 075 492; ISIN: CH00 10754924; Telekurs: SWTQ; Reuters: SWTZ.

(in CHF 1000s)	June 30, <b>2007</b>	Dec. 31, 2006
Share capital – divided into bearer shares with a par value of CHF 1 each (previous year CHF 1)	1 444	1 444
Conditional capital	133	133
Approved capital	300	300
Stock market capitalization as at reference date	648 209	526 940

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Schweiter Technologies  
CH-8812 Horgen

Schweiter Technologies AG  
Neugasse 10  
CH-8812 Horgen  
Tel. +41 44 718 33 11  
Fax +41 44 718 34 51  
Mail [info@schweiter.com](mailto:info@schweiter.com)  
[www.schweiter.com](http://www.schweiter.com)