

SCHWEITER TECHNOLOGIES

Semi-annual Report as at June 30, 2004

4	Report of the Board of Directors
5	Key figures
6	Consolidated balance sheet
7	Consolidated income statement
8	Consolidated cash flow statement
9	Change in consolidated shareholders' equity
10	Notes to the semi-annual statements

Report of the Board of Directors on the results for the first half of 2004

Dear shareholders

In the first half of 2004, the Group's order intake amounted to CHF 200.3 million (+41%). Sales came to CHF 166.5 million (+28%). This produced an operating profit of CHF 21.5 million (previous year: 2.5) and net income of CHF 18.1 million (previous year: 3.9).

The marked increase is mainly attributable to the gratifying performance by Ismeca Semiconductor, which benefited from the recovery in the semiconductor industry. Ismeca Automation confirmed the turnaround which began in the second half of last year. SSM Textile Machinery and Satis Vacuum improved on the year-back period's good results. Thus, the Group's operating profit for the first half of 2004 is already higher than for the whole of 2003.

Mid-way through the year, the Group reported a net cash position of CHF 41.3 million and is free of debts. The equity ratio stands at 63%.

In the context of the nominal value repayment of CHF 3 per bearer share approved by the General Meeting on May 19, 2004, the last trading day for the old Schweiter Technologies bearer shares was July 30, 2004. The date for the nominal value repayment and the first day of trading at the reduced nominal value is August 2, 2004.

SSM Textile Machinery posted new orders on a par with the previous year. The current lull in investment activity in China was offset by strong business in Turkey, Iran and Bangladesh in particular. The operating profit of CHF 11.5 million corresponds to a very good margin of just under 20%. With the commissioning of SSM's own production and customer care site in China, the company also expects to post a good result for the second half of the year in spite of the current uncertainty over future developments in this region.

Satis Vacuum saw new orders grow 36% year-on-year to CHF 45 million, with both the box coater line and the new compact system contribu-

ting to the clear increase. Sales are up 9% on last year. The operating profit margin increased to around 14%. Business is also expected to be good in the second half of the year.

Ismeca Automation reported a just satisfactory order intake in line with the previous year's level. Sales increased significantly – starting from a low year-back baseline. Cost savings and improvements in margins on the back of profitable medical projects led to a moderately positive result. To achieve a further improvement in sales and earnings, targeted measures have been initiated to reinforce marketing and sales activities, particularly in the USA.

Ismeca Semiconductor succeeded in upping its order intake by over 150% to CHF 77.1 million. Its order backlog currently stands at around CHF 40 million. Sales have almost doubled compared with the year-back period. After a loss of just under CHF 6 million this time last year, the operating profit has improved by around CHF 10 million to CHF 4.6 million. The gratifying order backlog means that business in the second half of the year can be expected to follow the same trend as previously. Having said this, margins are being squeezed by a combination of persisting strong pressure on prices and the weak dollar.

Outlook

The positive performance is very likely to continue in the second half of the year. The risk of a prolonged slowdown in the textile machinery business in China and a possible downturn in the semiconductor business cycle will be reduced by good order book levels.

Yours sincerely

Board of Directors, Schweiter Technologies

Key figures

Schweiter Technologies Group (in CHF m)	first half of 2004	first half of 2003	Change
Orders received	200.3	142.1	41%
Gross revenues	166.5	130.4	28%
Operating profit	21.5	2.5	760%
Net income	18.1	3.9	364%
Segment information by divisions (in CHF m)			
	first half of 2004	first half of 2003	Change
SSM Textil Machinery			
Orders received	58.2	58.3	0%
Gross revenues	58.2	57.0	2%
Operating profit	11.5	8.7	32%
Satis Vacuum			
Orders received	45.0	33.2	36%
Gross revenues	33.3	30.6	9%
Operating profit	4.6	3.7	24%
Ismeca Automation			
Orders received	20.0	20.2	-1%
Gross revenues	22.2	14.1	57%
Operating profit / loss	0.9	- 3.4	-
Ismeca Semiconductor			
Orders received	77.1	30.4	154%
Gross revenues	52.7	28.5	85%
Operating profit / loss	4.6	- 5.9	-
Other / eliminations			
Orders received	-	-	-
Gross revenues	0.1	0.2	-
Operating loss	- 0.1	- 0.6	-

Consolidated balance sheet

Assets (in CHF m)	June 30		Dec. 31	
	2004	%	2003	%
Current assets				
Cash and cash equivalents	41.6		48.9	
Trade receivables	64.3		55.4	
Inventories and work in progress	61.6		50.9	
Other current assets	19.3		12.1	
Total current assets	186.8	79.8	167.3	80.5
Fixed assets				
Property, plant and equipment	27.9		27.2	
Intangible assets	5.6		5.8	
Other fixed assets	13.9		7.5	
Total fixed assets	47.4	20.2	40.5	19.5
Total assets	234.2		207.8	
Liabilities (in CHF m)				
Short-term liabilities				
Short-term interest-bearing liabilities	0.1		2.2	
Commission payments	5.8		5.6	
Trade liabilities	21.2		18.2	
Other short-term liabilities	44.1		31.5	
Total short-term liabilities	71.2	30.4	57.5	27.7
Long-term interest-bearing liabilities	0.2		6.2	
Other long-term liabilities	15.2		14.7	
Long-term liabilities	15.4	6.6	20.9	10.0
Total liabilities	86.6	37.0	78.4	37.7
Shareholders' equity				
Share capital	14.4 *		14.4	
Treasury shares	- 2.2		- 2.4	
Premium	107.4		107.4	
Profit reserves	36.1		17.9	
OCI (other comprehensive income)	0.5		0.5	
Currency translation differences	- 8.6		- 8.4	
Total shareholders' equity	147.6	63.0	129.4	62.3
Total liabilities	234.2		207.8	

* After entry in the Commercial Register of the reduction in nominal value decided upon at the General Meeting on May 19, 2004, the share capital now amounts to CHF 10.1 million (see also Notes).

Consolidated income statement

(in CHF m)	first half of 2004		first half of 2003	
		%		%
Gross revenues	166.5	98.0	130.4	103.7
Sales deductions	- 6.8	4.0	- 6.1	4.8
Net revenues	159.7	94.0	124.3	98.9
Change in inventories of semi-finished and finished goods	10.0	6.0	1.4	1.1
Total operating income	169.7	100.0	125.7	100.0
Cost of materials	- 85.5	50.4	- 62.4	49.6
Personnel expenses	- 34.2	20.1	- 33.7	26.8
Development expenses	- 9.7	5.7	- 7.9	6.3
Other operating expenses	- 16.9	9.9	- 17.3	13.6
Other operating income	0.1	0.1	0.1	0.1
Depreciation	- 1.8	1.0	- 1.8	1.5
Operating profit before amortization of goodwill	21.7	12.8	2.7	2.1
Amortization of goodwill	- 0.2	0.1	- 0.2	0.2
Operating profit after amortization of goodwill	21.5	12.7	2.5	2.0
Financial income	1.8	1.0	3.1	2.9
Financial expenses	- 1.7	1.0	- 1.3	1.0
Income before taxes	21.6	12.7	4.3	3.4
Income taxes	- 3.5	2.0	- 0.4	0.3
Net income	18.1	10.7	3.9	3.1
Earnings per share (in CHF)	12.62		2.71	
Earnings per share after dilution (in CHF)	12.62		2.71	

Consolidated cash flow statement

(in Mio. CHF)	first half of 2004	first half of 2003
Income before taxes	21.6	4.3
Depreciation and amortization	2.0	2.0
Positions not impacting on liquidity/ change in net current assets	- 14.6	6.6
Net cash flow from operating activity	9.0	12.9
Purchase / sale of property plant and equipment	- 2.5	- 0.3
Interest received	0.2	0.6
Cash flow from investment activity	- 2.3	0.3
Change in long-term receivables	- 6.1	0.1
Decrease in financial debt	- 8.1	- 10.2
Purchase / sale of treasury shares	0.3	-
Cash flow from financing activity	- 13.9	- 10.1
Currency translation differences on cash and cash equivalents	- 0.1	0.3
Change in cash and cash equivalents	- 7.3	3.4
Cash and cash equivalents at as January 1	48.9	48.2
Cash and cash equivalents at as June 30	41.6	51.6

Change in consolidated shareholders' equity

(in 1000 CHF)	Share capital	Treasury shares	Premium	Profit reserve	OCI	Currency translation difference	Total
Balance as at Jan. 1, 2003	14 437	-	107 381	221	473	- 8 059	114 453
Net income				3 917			3 917
Foreign currency differences						555	555
Change in market value of cash flow hedges					-247		-247
Balance as at June 30, 2003	14 437	-	107 381	4 138	226	- 7 504	118 678
Balance as at Jan. 1, 2004	14 437	-2 391	107 381	17 954	505	- 8 436	129 450
Net income				18 064			18 064
Change of treasury shares		218		110			328
Foreign currency differences						-173	-173
Change in market value of cash flow hedges					-52		-52
Balance as at June 30, 2004	14 437	-2 173	107 381	36 128	453	- 8 609	147 617

Notes to the semi-annual statements dated 30 June 2004

Consolidation principles

The present, unaudited semi-annual statements of the Schweiter Technologies Group were prepared in accordance with International Financial Reporting Standards IFRS, with particular reference to IAS 34 "Interim Financial Reporting". The statements are based on the accounting principles set out in the 2003 Annual Report, which were applied without changes.

The Group operates in sectors which are not affected by seasonal fluctuations.

Capital reduction and renewal of authorized capital

The General Meeting on May 19, 2004 adopted a nominal value repayment in an amount of CHF 3 per bearer share in place of a dividend. The date for the nominal value repayment and the first day of trading at the reduced nominal value is August 2, 2004.

The General Meeting also adopted a decision to renew the authorized share capital by a maximum of CHF 2.1 million by May 10, 2006.

Information for shareholders

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

(in CHF 1 000s)	June 30 * 2004	Dec. 31 2003
Share capital – divided into bearer shares with a par value of CHF 7 each (previous year CHF 10)	10 106	14 437
Conditional capital	928	1 326
Approved capital	2 100	3 000
Stock market capitalization per reference date	353 339	297 757

* After taking account of the capital reduction adopted at the General Meeting on May 19, 2004 and entered in the Commercial Register on July 30, 2004.

Changes within the scope of consolidation

During the year under review, Ismecca USA Semiconductor Inc., Ismecca USA Automation Inc. and Ismecca USA Properties Inc. merged to form Ismecca USA Inc.

Segment reporting

The information on segment reporting can be found in the breakdown of key figures by divisions (page 5 of the semi-annual report).

Contingent liabilities

The contingent liabilities have remained essentially unchanged.

Events occurring after the balance sheet date

On July 30, 2004, the reduction in share capital from CHF 14 436 720 to CHF 10 105 704 adopted at the General Meeting on May 19, 2004 was entered in the Commercial Register.

Apart from this, 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 2004 consolidated semi-annual financial statements.

Schweiter Technologies AG
Neugasse 10 CH-8812 Horgen
Phone +41 | 718 33 11
Fax +41 | 718 34 51
E-mail info@schweiter.com
www.schweiter.com