

SCHWEITER TECHNOLOGIES

Semi-annual Report 2001

Chairman's report

Dear shareholders

Schweiter Technologies posted consolidated sales of CHF 267 million in the first half of 2001. On a comparable consolidation basis, this represents an increase of 20% year-on-year. Automation was the main motor of sales growth. Reflecting high year-back levels and the difficulties facing the engineering industry, results fell short of last year's figures in all sectors with the exception of automation. A combination of various factors is to blame: pressure on margins (affecting semiconductor in particular), start-up costs (mainly textile machines and high-vacuum technology) and higher development costs (across all sectors).

By mid-year Schweiter Technologies had increased its stake in the Ismeca Group to 71%. There are plans to increase this shareholding further before the end of the year.

Textile machines

Textile machines achieved sales of CHF 72 million, almost equalling last year's record result. Order intake is solid, but it is unlikely to match the year-back level in the second half. Our Horgen-based parent company in particular turned in an encouraging set of results. Start-up costs in connection with product launches and a new electronic control system kept earnings levels lower than last year.

High-vacuum technology

High-vacuum technology lifted sales to CHF 33 million, with two main trends discernible. In the spectacle lens coating segment (ophthalmics), a traditional Schweiter line, sales were maintained at the year-back level. Order intake is steady. Dogged by a general market slump, DWDM (optical filters) failed to meet expectations. Negative earnings growth in the DWDM segment pushed overall earnings for high-vacuum technology into the negative zone. The figures have been adjusted for a CHF 2 million restructuring provision.

Semiconductor

Semiconductor raised sales 3% year-on-year to CHF 91 million. However, the intake of new orders has been declining continually since the start of 2001 and started to drop sharply from mid-year onwards. Appropriate staff resizing measures were taken in the first six months. Unavoidably, the second half will see further moves to bring capacities into line with prevailing market conditions. The sector is not expected to pick up until mid-2002. As the situation stands today, the semiconductor headcount will have been reduced by as much as a third by year-end. Every effort is being made to limit the impact of the job cuts in Switzerland.

Automation

Automation doubled sales to CHF 72 million, largely thanks to a high intake of new orders for equipment for the manufacture of inkjet printer cartridges. Earnings for the first half of 2001 are considerably higher than the year-back figure. Healthy order backlogs point to a gratifying result for the second half as well, although new intake is presently weak in this sector too.

Looking ahead

Textile machines are expected to keep up their current performance. We are predicting an improvement in earnings from high-vacuum technology, although DWDM will continue to squeeze the result. Low order intake will leave semiconductor sales in the second six months of 2001 at half the level for the first six months, pushing down earnings accordingly. Automation will witness further growth to deliver a solid result in the second half.

Yours sincerely

Hans Widmer

Key figures according to IAS

Schweiter Technologies Group (in CHF m)	30.06.01	30.06.00*	Change
* without Ismecca and RTC			
Orders received	171.9	124.4	+ 38 %
Gross revenues	267.2	97.7	+ 173 %
Operating earnings (EBIT)	30.4	15.3	+ 99 %
Net income before minority and goodwill	23.2	11.6	+ 100 %
Net income after minority and goodwill	11.9	11.6	+ 3 %

Textile machines (in CHF m)	30.06.01	30.06.00	Change
Orders received	72.3	83.4	- 13 %
Gross revenues	71.7	72.9	- 2 %
Operating earnings (EBIT)	8.7	12.3	- 29 %

High-vacuum technology (in CHF m)	30.06.01	30.06.00	Change
Orders received	42.8	41.0	+ 4 %
Gross revenues	32.8	24.7	+ 33 %
Operating earnings (EBIT)	- 2.4	3.0	- 180 %

Semiconductor (in CHF m)	30.06.01	30.06.00**	Change
Orders received	28.9	n/a	-
Gross revenues	91.1	n/a	-
Operating earnings (EBIT)	15.4	n/a	-

Automation (in CHF m)	30.06.01	30.06.00**	Change
Orders received	27.9	n/a	-
Gross revenues	71.6	n/a	-
Operating earnings (EBIT)	8.9	n/a	-

** Acquisition of Ismecca as at June 1, 2000

Consolidated balance sheet as at June 30, 2001

Assets (in CHF m)	30.06.01	%	31.12.00	%
Current assets				
Liquidity	36.1		112.0	
Receivables	159.3		165.6	
Inventories	133.8		112.4	
Total current assets	329.2	60.6	390.0	64.7
Fixed assets				
Property, plant and equipment	49.2		49.8	
Long-term receivables	0.2		0.4	
Financial assets	0.4		0.3	
Deferred taxes	11.2		8.6	
Intangible assets, goodwill	152.9		153.4	
Total fixed assets	213.9	39.4	212.5	35.3
Total assets	543.1		602.5	
Liabilities (in CHF m)	30.06.01	%	31.12.00	%
Short-term liabilities				
Short-term interest-bearing liabilities	51.3		84.3	
Commission payments	6.5		7.2	
Trade liabilities	49.2		51.0	
Other liabilities	228.9		283.0	
Total short-term liabilities	335.9	61.9	425.5	70.6
Long-term interest-bearing liabilities	20.4		20.6	
Provisions	38.5		25.1	
Total long-term liabilities	58.9	10.8	45.7	7.6
Total liabilities	394.8	72.7	471.2	78.2
Minority interests	39.5	7.3	37.6	6.2
Shareholders' equity				
Share capital	10.1		9.9	
Retained earnings	89.4		53.0	
Net income	11.9		34.9	
Currency translation differences	- 2.6		- 4.1	
Total shareholders' equity	108.8	20.0	93.7	15.6
Total liabilities	543.1		602.5	

Consolidated income statement as at June 30, 2001

(in CHF m)	30.06.01	%	30.06.00*	%
* without Ismecca and RTC				
Gross revenues	267.2	96.3	97.7	102.9
Sales deductions	- 6.9	2.5	- 5.9	6.2
Net revenues	260.3	93.8	91.8	96.7
Change in inventories of semi-finished and finished goods	17.3	6.2	3.1	3.3
Total operating income	277.6	100.0	94.9	100.0
Cost of materials	- 129.5	46.7	- 45.3	47.7
Personnel expenses	- 72.8	26.2	- 20.1	21.2
Development expenses	- 4.8	1.7	- 2.1	2.2
Other operating expenses	- 40.1	14.4	- 12.1	12.8
Operating earnings (EBIT)	30.4	11.0	15.3	16.1
Financial income / expenses	- 1.2	0.4	- 0.6	0.6
Other income / expenses	0.2	0.1	0.4	0.4
Amortization of goodwill	- 5.3	1.8	-	
Income before taxes	24.1	8.7	15.1	15.9
Income taxes	- 6.2	2.2	- 3.5	3.7
Net income before minority interests	17.9	6.5	11.6	12.2
Minority interests	- 6.0	2.2	-	
Net income after minority interests	11.9	4.3	11.6	12.2

**Notes to the
balance sheet and income statement**

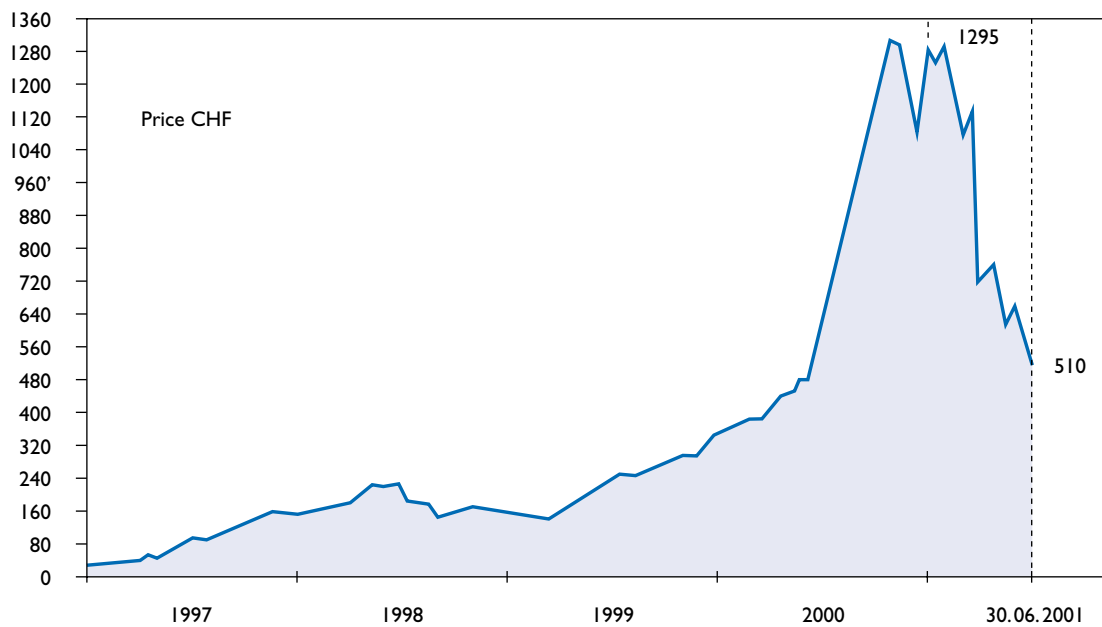
The decrease in short-term liabilities is related to the cash payment of purchase price debt from the takeover of the Ismecca Group. As at June 30, 2001 Schweiter Technologies held a 71.1% interest in Ismecca (67.2% as at December 31, 2000).

The present semi-annual report for the six months to June 30, 2001 is unaudited.

These accounts were prepared in accordance with IAS and follow the same principles as those applied to the annual financial statements.

Information for shareholders

Bearer shares are listed on the main stock exchange in Zurich. Security number: 1075 492; Telekurs: SWTQ; Reuters: SWTZ.



(in CHF 1 000s)

	30.06.01	31.12.00
Share capital – subdivided into bearer shares with a par value of CHF 10 each	10 066	9 886
Conditional capital	1 400	254
Approved capital	4 500	2 710
Stock market capitalization as at June 30, 2001 – based on the closing price of CHF 510.–	513 366	

Schweiter Technologies AG
Neugasse 10 CH-8812 Horgen
Phone +41 (0) 718 33 11
Fax +41 (0) 718 34 51
E-mail info@schweiter.com
www.schweiter.com