Schweiter Technologies

2010

Annual Report 2010

Board of Directors, Group Management, Auditors

Board of Directors

Term of office May 12, 2010 to May 12, 2011

Dr. Hans Widmer	Chairman
Heinrich Fischer	
Beat Frey	
Rolf-D. Schoemezler	
Beat Siegrist	

Group Management

Dr. Heinz O. Baumgartner	Chief Executive Officer Group
Ernesto Maurer	Chief Executive Officer SSM Textile Machinery (from April 1, 2010)
Lorenzo Giarrè	Chief Executive Officer Ismeca Semiconductor
Georg Reif	Chief Executive Officer 3A Composites
Martin Klöti	Head of Reporting & Controlling und CFO SSM Textile Machinery
Ian von Fellenberg	Head of Corporate Development

Auditors

Deloitte AG, Zurich

Report of the Board of Directors

Dear Shareholders,

Schweiter's new dimensions, following the first-time full consolidation of 3A Composites, are reflected in net revenues of CHF 932 million, an operating result of CHF 67 million and a net result of CHF 51 million.

3A Composites (COMP) generated 77% of revenues, while SSM Textile Machinery (TEX) generated 9% and Ismeca Semiconductor (SEM) 14%. New orders exceeded revenues in all divisions. The first half of the year was more dynamic than the second half.

The breakdown of the operating result was more balanced: TEX accounted for CHF 13 million or 15% of revenues, while SEM accounted for CHF 20 million or 16% of revenues and COMP CHF 35 million or 5% of revenues.

TEX benefited from the surprisingly strong market recovery with a near doubling of new orders and a 130% surge in revenues to CHF 86 million. Heavyweights China, India and Bangladesh contributed half of revenues. Thanks to stringent cost management, the growth in revenues translated one-to-one into the operating result: from minus seven million Swiss francs the previous year to plus thirteen million. There was a good level of orders in hand at end-2010, ensuring a good start to 2011.

COMP experienced a market recovery in the first half of the year, while the second six months were weaker. Compared with the previous year, revenues (pro forma) increased by around 8%, or by around 15% after adjustment for currency factors. The operating result of CHF 35 million was impaired by rising raw material costs (oil, aluminum). Architecture (cladding) remained subdued owing to cyclical factors. Display benefited from a good first half, but the second proved weaker. Marine, which fell sharply during the financial crisis, did not recover. Wind power business was strong in China, but lagged in Europe. For 2011, there are no signs of any jumps in the market, either upward or downward. By contrast, the structure is to be streamlined and the responsibilities of the four business units Core Materials, Europe, USA and Pacific (all Architecture/Displays) are to be made more direct and be more sharply delineated.

SEM increased its revenues from CHF 46 million the previous year to CHF 126 million. This is undoubtedly a reflection of the brilliant market recovery, but also testifies to the expansion of the division's market leadership in Taiwan and the Philippines and the success of products launched over the last two years. The operating result of nearly twenty million Swiss francs is also due to the complete reorientation of the organization over the last four years, with the La Chaux-de-Fonds site serving primarily as an innovation center and Malacca (Malaysia) primarily as a production site. The near delay-free "ramp-up" of production while maintaining quality and costs can be described as something of a feat. With a further redoubling of our innovation efforts, a developing LED market and continuing positive conditions in the industry, the outlook for 2011 is intact.

Taking 2009 (weak year) and 2010 (good year) combined, the two mechanical engineering divisions, TEX and SEM, posted a total operating result of CHF 17 million, which although positive, at 5.5% is still adversely affected by the crisis.

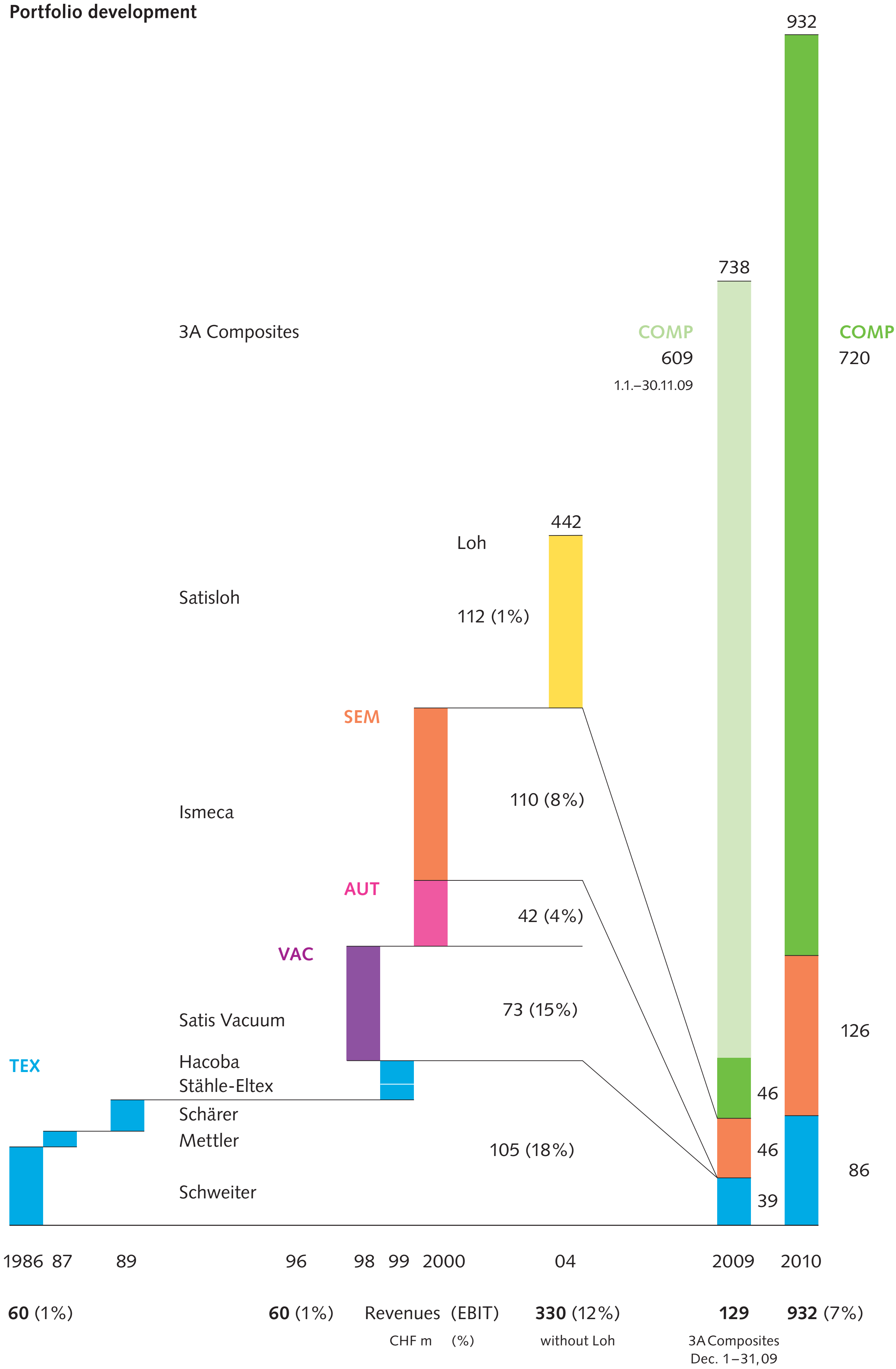
The Group's headcount increased slightly on a like-for-like basis, primarily because of the expansion of the activities of all divisions in Asia. At 20%, Asia now ranks second after Ecuador (40%, balsa plantations), but ahead of Switzerland at 18%, the US at 12% and the EU at 10%. TEX alone employs 40% of its work force in Asia, while the figure for SEM is 60%.

The Group's balance sheet shows shareholders' equity of CHF 639 million, or 73%. In addition to CHF 270 million in Group cash holdings, Schweiter Technologies AG holds treasury shares with a market value of CHF 58 million as at end-2010. The Board of Directors is still looking for a possible technology acquisition, but is not in any hurry given the work underway to assimilate 3A Composites into the Schweiter culture.

We would like to thank our staff and congratulate them for their outstanding efforts in mastering the challenges unleashed by the financial crisis. We wish them continuing success in the same vein.

Yours sincerely

Portfolio development



Key figures

Group		2010	2009 (adjusted)
Orders received	in CHF 1000s	960 878	175 169
Net revenues	in CHF 1000s	932 059	129 861
Operating performance	in CHF 1000s	**936 155**	**125 584**
Operating result	in CHF 1000s	67 372	–20 353
	as % of operating performance	7.2	–16.2
Net income / loss	in CHF 1000s	**50 972**	**–20 406**
	as % of operating performance	5.5	–16.2
Development expenses	in CHF 1000s	37 963	13 906
Investments in property, plant and equipment	in CHF 1000s	22 312	2 445
Overall balance sheet total	in CHF 1000s	**878 142**	**863 528**
Shareholders' equity	in CHF 1000s	639 103	623 411
	as % of assets	72.8	72.2
Average headcount		3 704	754
Average net revenues per employee	in CHF 1000s	252	172
Stock market capitalization as at December 31	in CHF 1000s	**1 082 754**	**783 914**
31 **Earnings per share**			
– Undiluted and diluted	in CHF	37.32	–14.94

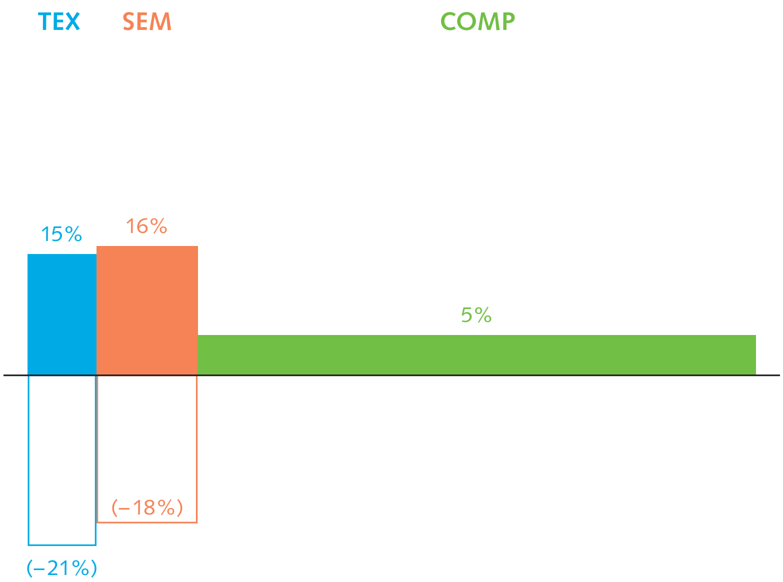
2009: 3A Composites consolidated for one month

Holding		2010	2009
Net income / loss	in CHF 1000s	**5 263**	**– 3 732**
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			
– Distribution of a dividend (gross)	in CHF per share	–	9.00
– Repayment of reserves from capital contributions	in CHF per share	10.00	–

▲ 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	90.4	136.4	734.1
(compared with previous year)	(88%)	(153%)	–
Operating performance	87.8	126.8	721.2
(compared with previous year)	(153%)	(185%)	–
Operating result	12.9	19.8	34.8
(previous year)	(– 7.3)	(– 8.2)	–
as % of operating performance	15%	16%	5%
(previous year)	(– 21%)	(– 18%)	–
Headcount (December 31)	235	365	3 142
(compared with previous year)	(22%)	(9%)	(3%)
Net assets[1]	16	43	323
(previous year)	(12)	(38)	(310)
RONA[2]	92%	49%	11%
(previous year)	(– 47%)	(–20%)	–

[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 (COMP), 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.

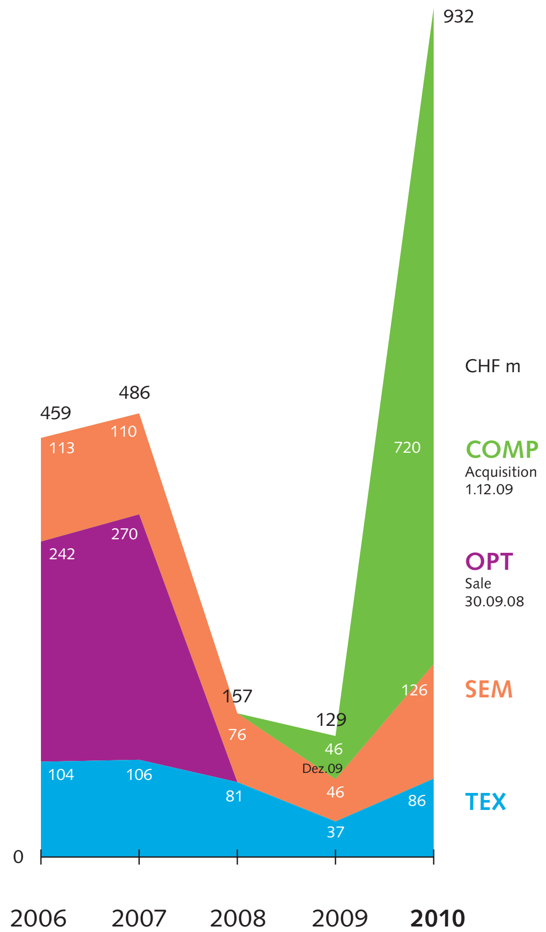
Current situation

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

Essentials of the consolidated income statement

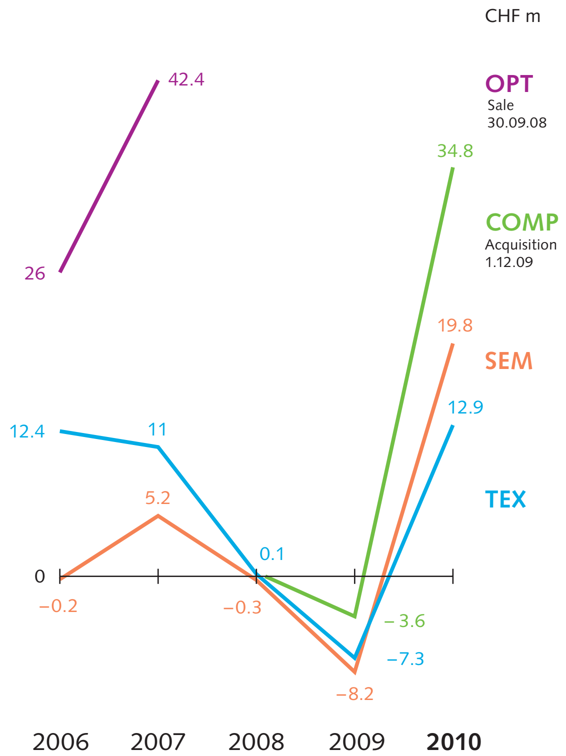
Revenues

Sharp rise in revenues at SSM Textile Machinery (TEX) and Ismeca Semiconductor (SEM). 3A Composites fully consolidated for 12 months for the first time.



Operating result

High EBIT at TEX and SEM. SEM achieves second-best result in its corporate history. 3A Composites reports good result with additional potential for improvement.

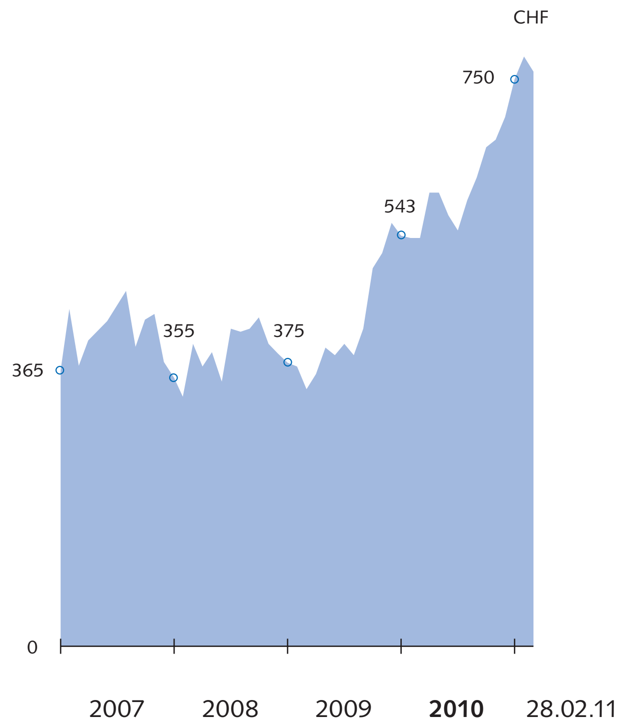


Net income

Net income of CHF 51 million for Group as a whole.
Favorable tax conditions offset negative currency effects to some extent.

Bearer shares

As of December 31, 2010, 1.44 million shares were outstanding (nominal value: CHF 1.00).



Essentials of the consolidated balance sheet

Assets

Cash and cash equivalents

At the end of 2010, the Group posted a substantial cash position of around CHF 275 million. The cash holding has decreased as a result of higher net assets, CAPEX and currency effects.

Net assets

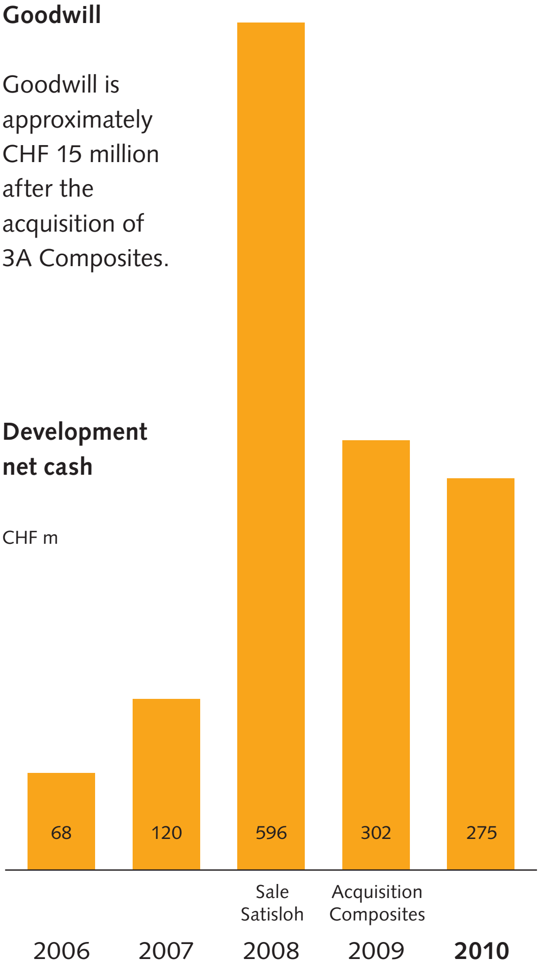
The acquisition of 3A Composites led to a significant increase in net assets: trade receivables of CHF 134 million, inventories of CHF 115 million, property plant and equipment of CHF 218 million, trade liabilities of CHF 59 million and payments on account received from customers of CHF 12 million.

Goodwill

Goodwill is approximately CHF 15 million after the acquisition of 3A Composites.

Development net cash

CHF m



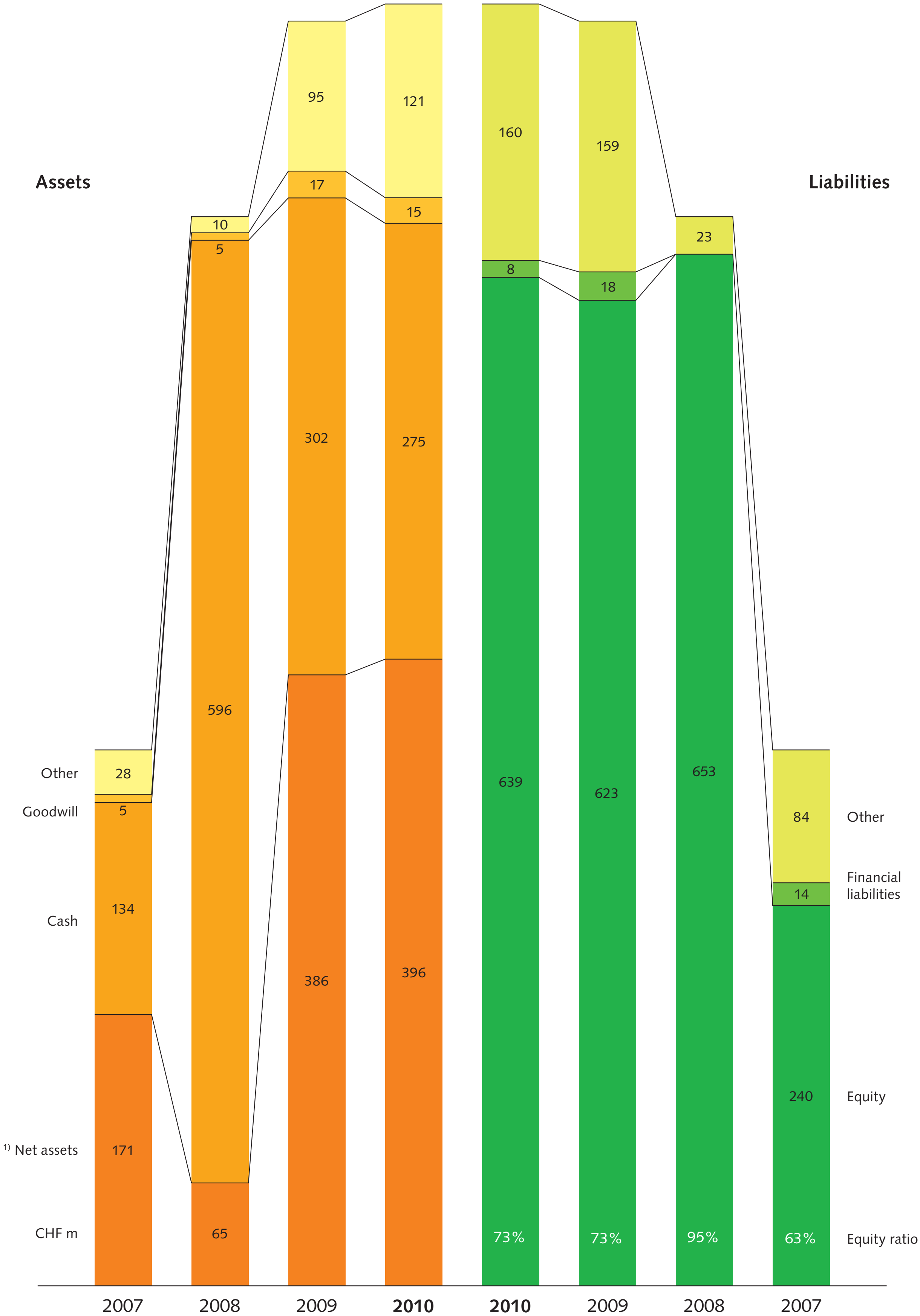
Liabilities

Interest-bearing liabilities

Short- and long-term liabilities amount to around CHF 8 million.

Shareholders' equity

Shareholders' equity amounts to CHF 639 million with an equity ratio of 73%.



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


SSM
HERBSTER HÜLSEN
fastflex™

SSM Textile Machinery

The crisis year in 2009 was followed by a significant recovery: 2010 net revenues more than doubled year-on-year to CHF 86 million, resulting in an EBIT of CHF 12.9 million (previous year: minus CHF 7.3 million).

Markets

The recovery of the market environment which began toward the end of 2009 had a positive impact from early 2010 onward. In Asia in particular, individual markets improved much faster than expected, with China, Taiwan and Bangladesh being cases in point, while India still made slightly sluggish progress. Lasting almost two years, the painful interruption in investment activity caused substantial pent-up demand. This rapid rise in consumer demand led to supply bottlenecks on various levels, which posed a challenge for numerous textile machinery manufacturers, including SSM, as they strove to meet delivery deadlines.

As in previous years, there was a shift in sales markets toward Asia. In 2010, the three textile heavyweights China, India and Bangladesh accounted for around half of SSM's revenues. A second important center was Brazil. Turkey only recovered very slowly. In central and eastern Europe, SSM recorded further successes, which, although not yet that significant in terms of volumes, nonetheless hold out the promise of a potentially successful positioning in these growth markets.

Above all in India, which witnessed the onset of steady growth in the second half of the year, SSM demonstrated its leading position in the dyeing spools segment. This highest-selling machine segment held its own at the top of the quality league. In many locations, the sustained rise in cotton prices encouraged diversification into man-made fibers – an area in which SSM's air-texturing machines proved their considerable worth. The sewing yarn treatment segment is currently undergoing major changes, including in particular a trend toward man-made fibers, where SSM faces strong challenges from Asian competitors.

Revenues and income

Net revenues more than doubled to CHF 85.9 million (previous year: CHF 37 million). Thanks to systematic cost management, already in place in 2009, and cautious hiring practices in 2010, the recovery in revenue volumes translated directly into financial success. EBIT of CHF 12.9 million (previous year: CHF –7.3 million) accounts for 15% of revenues. At CHF 90.4 million, new orders are ensuring a good start to 2011.

Product range

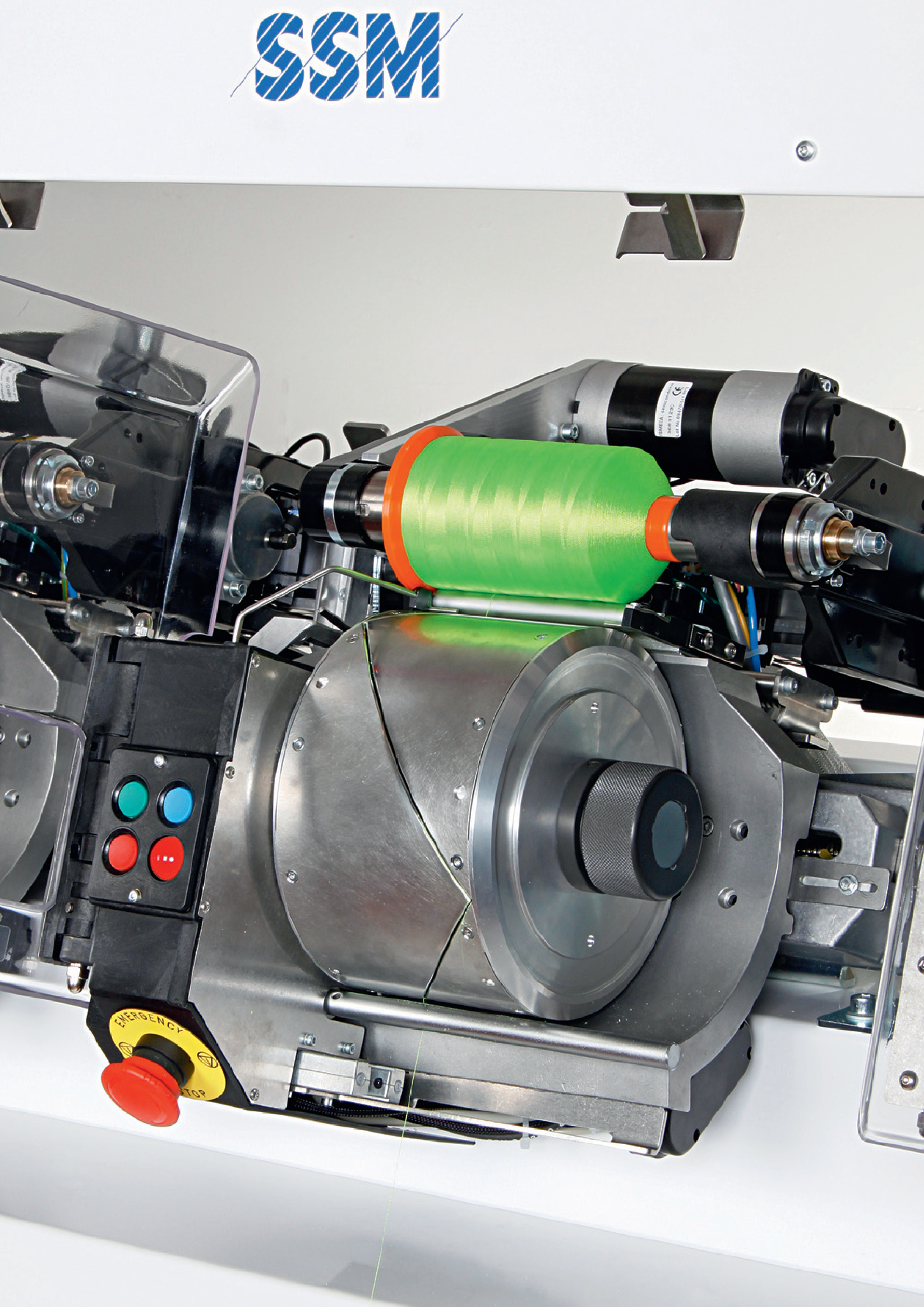
The transfer away from existing products and toward new modular platforms, a process which began in 2009, is continuing to be pursued intensively. The newly developed DP5-T air-texturing machine is being used as a basic module, thus creating synergies for production.

Focusing on key Asian markets, SSM presented a new winding machine at the ITMA Asia 2010 in Shanghai. This machine, which sets new standards in terms of quality and its price/performance ratio, met with great interest. It is manufactured solely at the SSM plant in Zhongshan, southern China. In future, the dedicated development team in Zhongshan is to be charged with demanding tasks revolving around locally produced machines. This SSM subsidiary, the plant and the development group are managed by Swiss staff.

Organization

Quality assurance and the control of outsourced production (Europe and Asia) place major demands on the structures in Horgen. Against this background, the structures in the operations sector were adjusted to the needs of modern supply chain management. The clear separation of R+D and product care stood the test, paving the way for promising future projects.

The introductory phase of the web-based support program for quotations and sales information has been successfully completed. The goal is for the program to be in use by the entire SSM sales team in 2011.


SSM
EMERGENCY

Outlook

The order backlog at the end of 2010 is encouraging and will ensure that 2011 gets off to a good start. However, since the fourth quarter, the Chinese market has been showing signs of slowing down – after previously overheating. India is still exhibiting signs of steady growth, albeit at a lower level than in China. In the textile industry, the general consensus is that the unusually successful year in 2010 will not continue into 2011 without some slowdown. The cycle is not likely to swing back to the level of 2008-09, however. Rather, it would appear to be moving at a more moderate level somewhere in between.

Management

Ernesto Maurer	Chief Executive Officer (from 1. April 2010)
Martin Klöti	Chief Financial Officer
Davide Maccabruni	Head of R & D
Christian Widmer	Head of Supply & Production
Urs Gull	Head of Marketing & Sales (until 31. July 2010)
Ernesto Maurer	Head of Marketing & Sales (from 1. August 2010)
Martin Toti	Head of Aftersale Services

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

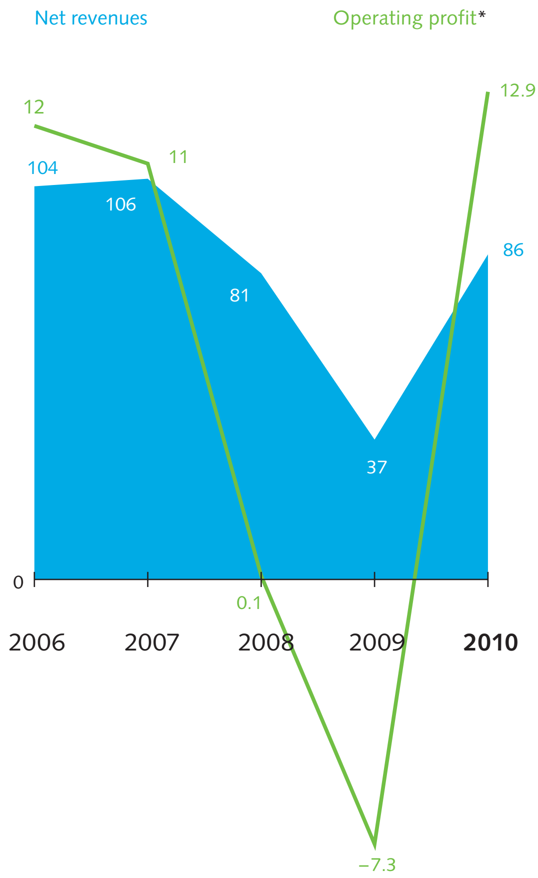
Sales markets

Europe	27%	(incl. Turkey)
Americas	17%	
Asia	54%	(incl. Indian subcontinent)
Other	2%	

Employees at year-end

2006	2007	2008	2009	2010
223	235	202	192	235

CHF m



* Scale 10 times revenues

3A Composites

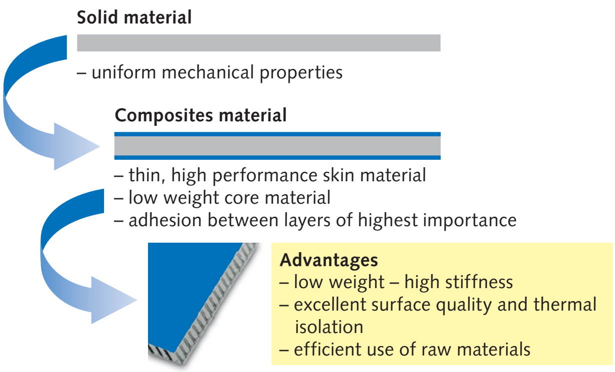
This new division of Schweiter, which makes composite panels and materials for sandwich solutions, is focused on the architecture, display, marine, transportation and wind power markets. The company is regarded as the market leader in all target markets. Suitable combinations of materials are formulated 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 high-end segment in question 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



The company focuses on a series of niche applications where it provides substitutes for traditional materials solutions.

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 enables it to gain the necessary understanding of market requirements with a view to the first stage of developing suitable new material combinations 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.

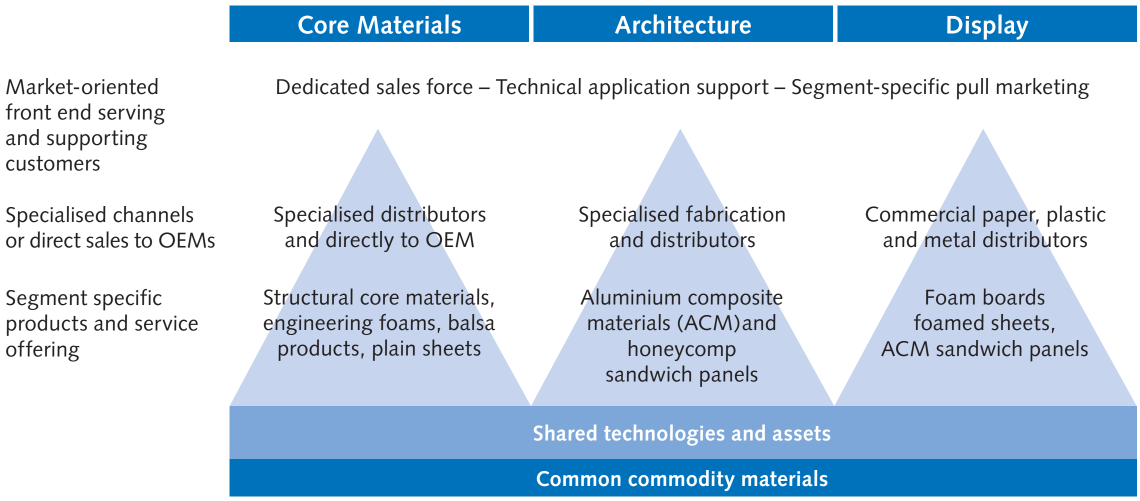
In addition to the clear specialization of the products by markets, another of the company's strengths lies in the synergies achieved in the raw materials used and in the manufacturing processes which it deploys across segments. This results in cost advantages over competitors who concentrate on individual 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 2010

Markets

Display
In the first half of the year, the relevant markets in the US and Europe showed signs of a slight recovery, although in the second quarter in particular this was dominated by increases in sales partners' inventories. In the second half of the year, expectations of a sustained stronger recovery were not confirmed. Overall, the volume in terms of m² was up 12% on the previous year.

Sharp rises in raw material costs for petroleum-based plastics and aluminium led to pressure on operating margins which can be offset by price increases and continuous productivity improvements only with some delay.

Architecture
As expected, in the architectural cladding market demand in the US and Europe remains subdued owing to cyclical factors. In the Middle East and the Asia Pacific region, growth weakened slightly in some cases, but remained in line with expectations. In India, sales increased significantly thanks to local production. On a global basis, the volume in the architecture business increased by around 30%, although there was a shift in the mix toward lower-margin products.

Marine
The marine market in the US and Europe, which fell sharply during the course of the global crisis, showed no sign of recovering during the year under review and stagnated at a very low level. A broad-based recovery is not expected in the short term – individual subsegments, such as high-end yacht building, should be the first to show some improvement in demand.

Wind power
The Chinese market is continuing to develop positively. There has been no change in 3A Composites strong position among local OEMs thanks to its broad range of structural foam and balsa products. However, investments by Chinese and European competitors in local foam production capacity will result in increased competition in this product category.

In Europe and the US, the market continued to fall short of expectations.

The wind power segment is driving volume growth in the core materials business, where the volume in kg increased by a total of 13%.

Revenues and income

Breakdown of revenues in 2010	
Display unit	36%
Core materials	30%
Architecture	27%
Transport and industry	4%
Other	3%

Following the takeover by Schweiter Technologies on December 1, 2009, during the course of 2010 all transaction-related service contracts with Rio Tinto Alcan were cancelled on schedule. The 2010 annual financial statements include the results of 3A Composites activities for a full reporting year for the first time.

Despite unfavorable exchange rates, net revenues increased from CHF 654 million (2009) to CHF 720 million and the EBITDA margin was also raised to 9.2% of net revenues even though raw material costs were significantly higher than the previous year.

Product range

In India, a new display production facility was commissioned which manufactures composite panels for digital printing applications adapted for the Indian market.

Investment for the production of new types of composite panels, mainly for the European display market also continued, as did technology development and investment in fire-resistant cladding panels in the US. These investments will be completed during 2011 and will improve the competitive position in the strategic target markets in US and the EU.

Organization

After finalizing the separation of Rio Tinto Alcan, various structural streamlining measures were introduced which should be completed in 2011.

In light of the continuing unsatisfactory order and earnings situation in the US, it was decided to close the core materials processing operation in Northvale (NJ) and step up investment in manufacturing in Ecuador.

Outlook

The moderate recovery delayed in 2010 is expected to materialize in the display markets in Europe and the US, accompanied by continuing high raw material prices.

Architecture in Europe will develop on a country-specific basis: a positive trend is expected in Germany and some other northern European countries, whereas expectations for the remaining countries and for eastern Europe remain muted. Growth is still expected in the Middle East, India and Asia Pacific.

Even if modest recovery trends were to emerge in some segments of the marine market, wind power will still be the most important market. China remains the most dynamic market for the business as a whole.


KONSERT & KONGRESS
CAFE

Management

Georg Reif	Chief Executive Officer
Ashwin Shanbhag	Chief Financial Officer
Rainer Sernatinger	Vice President Human Resources
Alexandre Domingues	Vice President Business Excellence
Michael Stanek	General Counsel
Dr. Robert Sala	Director R & D
Dr. Joachim Werner	President Architecture & Display Europe
Brendan Cooper	President Display & Architecture Americas
Steve Henning	President Display & Architecture Asia / Pacific (until February 28, 2011)
Dr. Tarek Haddad	President Display & Architecture Asia / Pacific (from March 1, 2011)
Pierre Moneton	President Core Materials (until February 28, 2011)
Georg Reif	President Structure Composites (from March 1, 2011)

Sales markets

Europe	46%
Americas	29%
RoW	25%

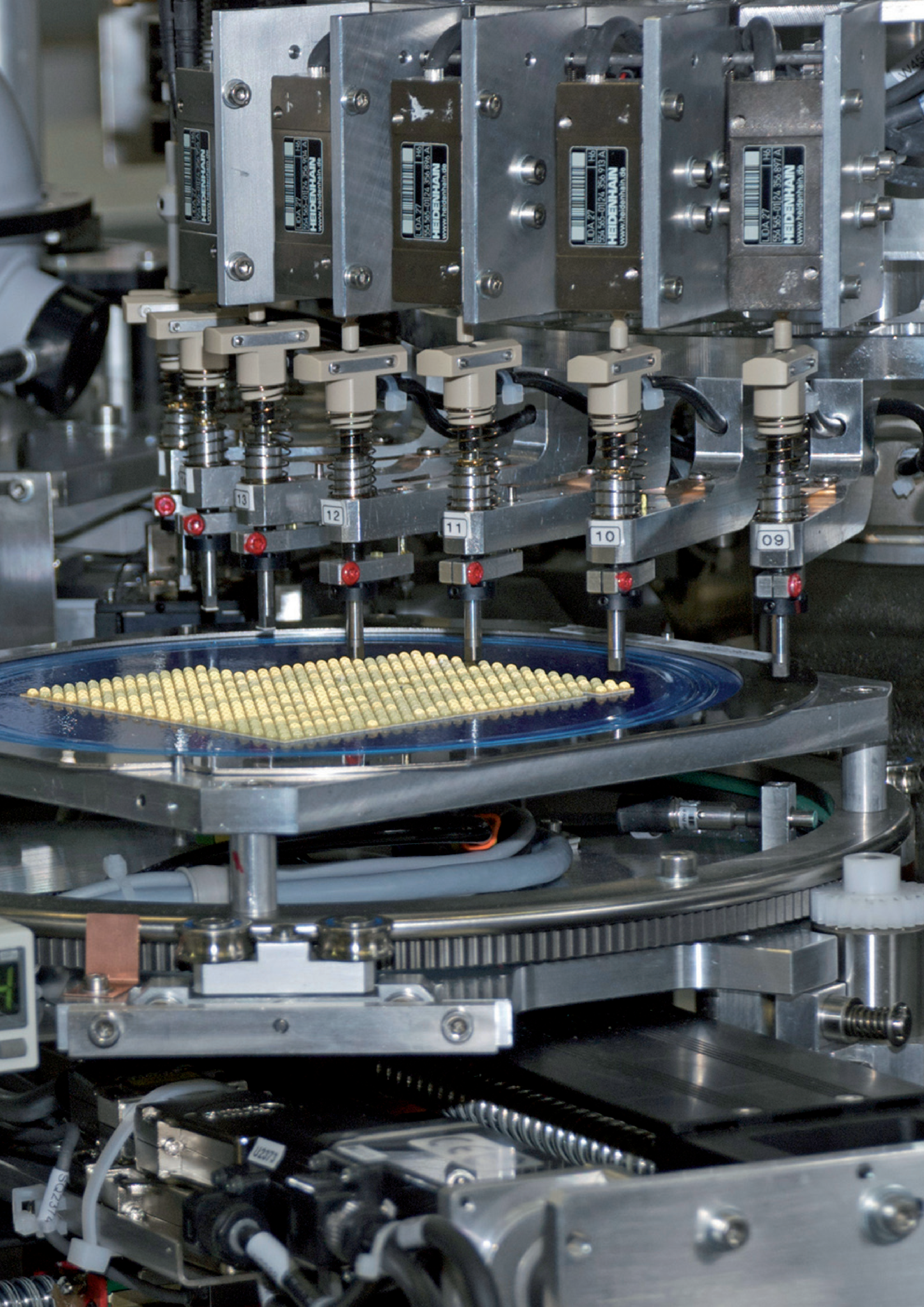
Employees at year-end

2006	2007	2008	2009	**2010**
2 520	2 764	3 345	3 045	3 142

of which in balsa wood plantations and sawmills in Ecuador:

918	1 102	1 651	1 359	1 471

Concert & Congress Hall
Uppsala, Sweden
Henning Larsen Architects
Copenhagen, Denmark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Ismeca Semiconductor

The semiconductor industry's recovery was particularly strong in 2010. After facing a depressed market in 2009, Ismeca's net revenue grew an unprecedented +175% in 2010, to reach CHF 126.3 million. EBIT improvement was impressive, at + CHF 19.8 million in 2010 vs. – CHF 8.2 million in 2009.

Ismeca Semiconductor achieved major successes in 2010, particularly by extending its market leadership to Taiwan and the Philippines, as well as by significantly growing its revenue from products and applications introduced in the past 2 years.

Market
Ismeca's revenue growth was strong in all Asian markets. In 2010, revenue from Asian countries reached 90% of total sales. In China, sales volume was in line with the market upturn. The jump in revenue was above-average in Taiwan and the Philippines, where Ismeca has consistently developed its customer base in recent years, achieving in 2010 a clear market leader position. Business development in Korea – where Ismeca established a branch in 2010 – is also very promising for the future, for both semiconductors and LED equipment.

In the past few years, Ismeca established a strong relationship with its key accounts – all market and technology leaders in their specific segment. Ismeca's revenue from key accounts grew further in 2010 to 36% vs. 20% in 2008. Ismeca's long term collaboration with its key accounts ensures timely and customer-focused development of new technologies and applications.

Product range
Ismeca Semiconductor's revenue from traditional segments (Discrete, SO, QFN) was back to the level before the 2008/2009 downturn. The overall growth comes from newly developed segments, essentially advanced packaging and LED – two fast growing segments where Ismeca is very well positioned today.

Today, Ismeca Semiconductor machines offer the broadest range in terms of process capability and functionality in the semiconductor back-end market. Extending the equipment functionality has been a priority for our product development. A few examples:

– Plunge-to-board (P2B): a direct dock solution for RF devices, unique in the market – enabling full inspection, electrical test, sorting and tape and reel in a single equipment
– Auto-reject: a fully automated replacement of defective devices in tape – securing full manufacturing quality
– Auto reel changer (ARC): Linked to any Ismeca turret, the ARC – which automatically changes the tape reels when completed – significantly increases the machine autonomy and efficiency

Last but not least, Ismeca established in 2010 a strategic alliance with Effitest – manufacturer of the fastest discrete tester in the market. Under this collaboration, Ismeca secures worldwide marketing, product roadmap, sales and support. The combination of Ismeca high speed handler with Effitest tester results in the highest production throughput solution – a critical success factor for Ismeca customers. The success of the Effitest/Ismeca combination was immediate. The product was qualified at all target locations and a significant amount of sales was already achieved shortly after introduction.

Operations
After the 2008/2009 downturn – probably the worst in history for equipment suppliers – the main challenge in 2010 was to respond quickly to the strong customer demand. Ismeca operations were fully restructured and optimized in the past 4 years, to adapt to highly cyclical market conditions. The efforts paid off in ramp-up year 2010, given that Ismeca achieved an impressive +175% revenue growth, nearly 200% in USD (Ismeca's sales currency), to CHF 126.8 million. The adverse effect of a weakening USD was compensated by the operating efficiency improvement and the natural hedging policy. EBIT increased year-on-year by CHF 28 million to +CHF 19.8 million.

After transferring equipment manufacturing to Malaysia, and establishing its operations in Suzhou, China, Ismeca has become a truly global company. In 2009/2010, the Ismeca presence in Asia was further strengthened with the opening of a Sales and Support office in Korea, and the build-up of Test & Contacting Operations in Malaysia.

The Swiss site in La Chaux-de-Fonds continued its transformation into the global Innovation center. Today, Ismeca Innovation is fueled by several co-development projects with leading Swiss universities and research institutes. The innovation effort – the key for Ismeca's long term leadership – was further increased in 2010. As of today, 20%


OFF

of Ismeca worldwide resources are focused on new product development and innovation - vs. 10–12% in previous years.

Outlook

After an exceptional 2010, the semiconductor equipment market is expected to stabilize at a lower level in 2011. The LED market is projected to develop further, driven by general and automotive lighting applications. Ismeca innovation and diversification in the advanced packaging and LED applications should reduce the impact of a declining semiconductor market on the company performance.

Innovation effort and focus will be continued in 2011 and 2012 – with several key products to be launched.

Management

Lorenzo Giarrè	Chief Executive Officer
Christophe Kipfer	Chief Financial Officer
Aaron Chiang	Head of Marketing & Sales
Peter Portmann	Head of Operations
Thierry Eme	Head of Technology
YT Ng	Head of South Asia (until October 2010)
Kevin Chen	Head of North Asia (until June 2010)
Ian von Fellenberg	Head of North Asia (from June 2010)

Machine programme

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

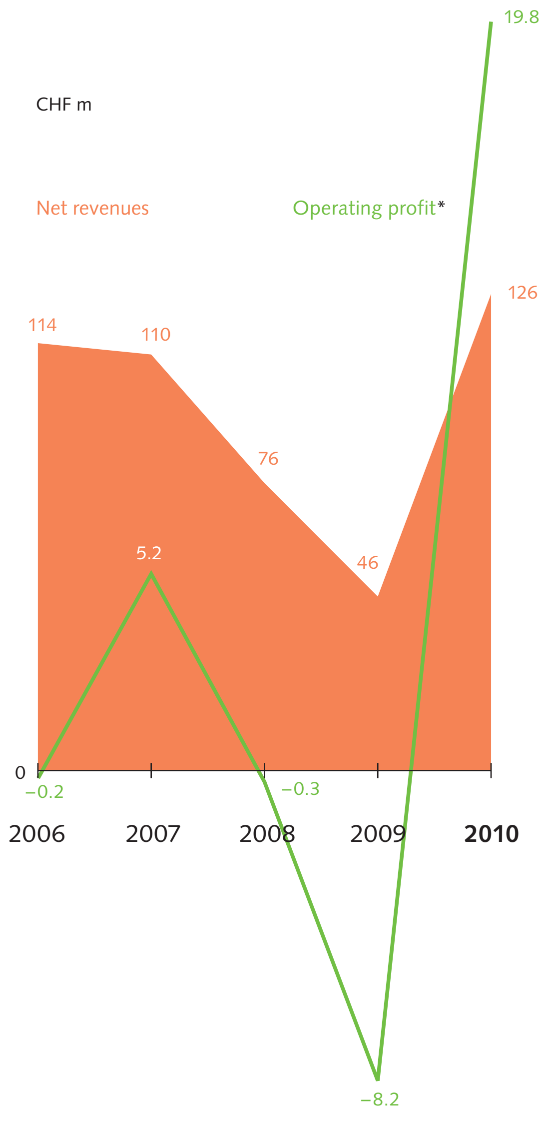
- Discretes
- SOIC
- BGA
- Bare & bumped dies
- LEDs
- MEMS
- Solar cells

Sales markets

North Asia	58%
South Asia	31%
Americas & Europe	11%

Employees at year-end

2006	2007	2008	2009	2010
319	305	305	310	365



* Scale 10 times revenues

Consolidated financial statements of Schweiter Technologies AG

Consolidated balance sheet as at December 31, 2010

Note	**Assets** (in CHF 1000s)	**2010**	%	2009 (adjusted)	%
	Current assets				
1	Cash and cash equivalents	275 163		301 584	
2	Trade receivables	133 508		101 649	
	Receivables from current income taxes	1 581		1 125	
	Downpayments to suppliers	3 231		1 529	
3	Other receivables	27 897		19 451	
	Prepaid expenses and accrued income	2 645		1 697	
4	Inventories and work in progress	115 446		96 837	
	Total current assets	**559 471**	63.7	**523 872**	60.7
	Non-current assets				
5	Property, plant and equipment	218 377		241 015	
6	Biological assets	15 589		10 633	
7	Investment in associated companies	2 510		2 920	
8	Financial assets	2 776		1 378	
28	Deferred income tax assets	16 289		12 531	
9	Intangible assets	62 820		71 074	
15	Capitalized pension assets	310		105	
	Total non-current assets	**318 671**	36.3	**339 656**	39.3
	Total assets	**878 142**		**863 528**	

Note	**Liabilities** (in CHF 1000s)	**2010**	%	2009 (adjusted)	%
	Short-term liabilities				
10	Short-term financial liabilities	3 616		13 420	
	Trade liabilities	58 583		47 035	
	Prepayments received from customers	12 318		9 340	
11	Other liabilities	7 270		9 028	
12	Accrued expenses and deferred income	48 427		44 624	
16	Short-term provisions	6 656		8 301	
	Current income taxes	6 396		4 789	
	Total short-term liabilities	**143 266**	16.3	**136 537**	15.8
14	Long-term financial liabilities	4 469		5 048	
29	Deferred income tax liabilities	28 537		31 122	
16	Long-term provisions	13 799		16 146	
15	Pension obligations	48 968		51 264	
	Total long-term liabilities	**95 773**	10.9	**103 580**	12.0
	Total liabilities	**239 039**	27.2	**240 117**	27.8
	Shareholders' equity				
17	Share capital	1 444		1 444	
	Treasury shares	– 28 690		– 28 690	
	Reserves from capital contributions	107 381		107 381	
	Retained earnings	536 397		569 095	
	Loss / net income	50 972		– 20 406	
	Currency translation adjustments	– 28 401		– 5 413	
	Total shareholders' equity	**639 103**	72.8	**623 411**	72.2
	Total liabilities and shareholders' equity	**878 142**		**863 528**	

▲ For additional details see notes to the consolidated financial statements

Consolidated income statement for the financial year 2010

	(in CHF 1000s)	2010	%	2009 (adjusted)	%
21	Net revenues	**932 059**	99.6	**129 861**	103.4
	Change in inventories of semi-finished and finished goods	4 096	0.4	– 4 277	– 3.4
	Total operating income	**936 155**	100.0	**125 584**	100.0
	Cost of materials	– 472 132	– 50.4	– 64 092	– 51.0
	Personnel expenses	– 205 252	– 21.9	– 45 828	– 36.5
22	Other operating expenses	– 171 090	– 18.3	– 32 568	– 25.9
23	Other operating income	12 257	1.3	685	0.5
24	Depreciation and amortization of intangible assets	– 32 566	– 3.5	– 4 134	– 3.3
	Operating result	**67 372**	7.2	**– 20 353**	– 16.2
25	Financial income	1 265	0.1	5 834	4.6
26	Financial expenses	– 12 863	– 1.8	– 6 530	– 5.1
7	Share of result of associated companies	292		42	
	Income before taxes	**56 066**	6.0	**– 21 007**	– 16.7
27	Income taxes	– 5 094	– 0.5	601	0.5
	Net income / loss	**50 972**	5.5	**– 20 406**	– 16.2
31	**Earnings per share** (in CHF)				
	Undiluted and diluted	37.32		– 14.94	

Consolidated statement of comprehensive income for the financial year 2010

(in CHF 1000s)	2010	2009 (adjusted)
Net income / loss	**50 972**	**– 20 406**
Other items of comprehensive income:		
Foreign currency translation differences	– 22 988	3 477
Total other items of comprehensive income after income taxes	– 22 988	3 477
Comprehensive income	**27 984**	**– 16 929**

▲ For additional details see notes to the consolidated financial statements

Consolidated cash flow statement for the financial year 2010

	(in CHF 1000s)	**2010**	2009 (adjusted)
	Net income / loss	**50 972**	**– 20 406**
	Liquidity-neutral items:		
24	Depreciation and amortization intangible assets	32 566	4 134
	Change in provisions and pension obligations	– 1 734	– 798
6	Change in market value of biological assets	– 6 220	–
	Other positions not impacting on liquidity	– 326	– 65
	Financial income	– 1 265	– 5 834
	Financial expenses	12 863	6 530
27	Income taxes	5 094	– 601
	Change in net current assets:		
	Change in trade receivables	– 43 329	12 341
	Change in other receivables and accruals	– 16 476	4 018
	Change in inventories and work in progress	– 26 984	11 759
	Change in trade liabilities	15 549	735
	Change in other liabilities and deferrals	10 482	– 681
	Interest paid	– 786	– 78
	Income taxes paid	– 8 151	– 860
	Cash flow from operating activity	**22 255**	**10 194**
	Sale of subsidiaries	–	3 007
30	Purchase price repayment from purchase of subsidiaries	8 270	–
30	Purchase of subsidiaries	– 171	– 254 128
	Purchase of intangible assets	– 23	–
	Purchase of property, plant and equipment	– 22 328	– 2 445
	Proceeds from sale of property, plant and equipment	418	90
	Increase financial assets	– 109	– 36
	Dividend of associated companies	460	–
	Interest received	875	3 415
	Cash flow from investment activity	**– 12 608**	**– 250 097**
	Repayment leasing liabilities	– 580	– 22
	Repayment of short-term loans	– 9 593	– 30
	Discharge of acquired net liability of 3A Composites towards seller	–	– 36 371
17	Dividend paid	– 12 293	– 12 292
	Cash flow from financing activity	**– 22 466**	**– 48 715**
	Currency exchange differences on cash and cash equivalents	– 13 602	– 5 944
	Change in cash and cash equivalents	**– 26 421**	**– 294 562**
	Cash and cash equivalents as at January 1	301 584	596 146
	Cash and cash equivalents as at December 31	**275 163**	**301 584**
	The figures given above include the following cash flows from discontinued activities: – Net cash flow from operating activity	–	–
	– Cash flow from investment activity	–	3 007
	– Cash flow from financing activity	–	–

▲ 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 December 31, 2008	**1444**	**–28690**	**107381**	**581388**	**–8890**	**652633**
Loss				–20406		–20406
Other items of comprehensive income:						
Foreign currency translation differences					3477	3477
Total other items of comprehensive income after income taxes	*0*	*0*	*0*	*0*	*3477*	*3477*
Comprehensive income	*0*	*0*	*0*	*–20406*	*3477*	*16929*
Dividend paid				–12293		–12293
Balance as at December 31, 2009 (adjusted)	**1444**	**–28690**	**107381**	**548689**	**–5413**	**623411**
Net income				50972		50972
Other items of comprehensive income:						
Foreign currency translation differences					–22988	–22988
Total other items of comprehensive income after income taxes	*0*	*0*	*0*	*0*	*–22988*	*–22988*
Comprehensive income	*0*	*0*	*0*	*50972*	*–22988*	*–27984*
Dividend paid				–12292		–12292
Balance as at December 31, 2010	**1444**	**–28690**	**107381**	**587369**	**–28401**	**639103**

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 beginning January 1, 2009:

IAS 27	Consolidated and Separate Financial Statements according to IFRS
IAS 39	Financial Instruments: Recognition and Measurement
IFRS 3	Business Combinations
Amendments to IFRS 2	Share-based payments
Amendments to IFRS 5	Non-current Assets Held for Sale and Discontinued Operations
IFRIC 17	Distributions of Non-cash Assets to Owners
Misc.	Changes to IFRSs (April 2009)

The application of the new and revised standards and interpretations has no effect on these consolidated annual statements.

Issued standards not yet adopted

The following new and revised standards and interpretations are issued by the IASB. These standards were not effective for the reporting period and have not been adopted prematurely 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: Measurement and Classification	January 1, 2013	Financial year 2013	2)
Amendments to Standards				
IFRS 7	Disclosures related to transfers of financial assets	July 1, 2011	Financial year 2011	1)
IAS 12	Deferred Tax – Recovery of Underlying Assets	January 1, 2012	Financial year 2012	1)
IAS 24 (revised 2009)	Related Party Disclosures	January 1, 2011	Financial year 2011	1)
IAS 32	Financial Instruments – Presentation of Financial Statements	February 1, 2010	Financial year 2011	1)
Misc.	Changes in IAS / IFRS (Annual improvements, Mai 2010)	July 1, 2010 January 1, 2011	Financial year 2011	2)
New interpretations				
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	Financial year 2011	1)
Amendments to Interpretations				
Amendments to IFRS 1	IFRS 1 – First time adoption of IFRS – limited exemption from comparative IFRS 7 disclosures for first-time adopters	July 1, 2010	Financial year 2011	1)
Amendments to IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction – Prepayments of a Minimum Funding Requirement	January 1, 2011	Financial year 2011	2)

1) No or no material effects are expected on the consolidated financial statements of Schweiter Technologies
2) The effects on the consolidated financial statements of Schweiter Technologies can not yet be reliably determined

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, 2010 and December 31, 2009. 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.

Principles of consolidation and valuation

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 payments 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. Minority interests are minority shareholders' share in total assets minus liabilities.

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.

Restatement of previous year's figures

The only revenue figure now reported in the income statement is net revenues. Freight costs for deliveries to customers and sales commissions, which up until the 2009 annual report were included in sales deductions, are now reported as direct sales and distribution costs under other operating expenditure. For better comparability, in the present annual report the previous year's figures were restated accordingly. The change in the relevant income statement positions is as follows:

(in CHF 1000s)	2009 (adjusted)	2009 (published)
Gross revenues	–	132 553
Sales deductions	–	– 9 817
Net revenues	129 861	122 736
Operating income	125 584	118 460
Other operating expenses	– 32 568	– 25 444

The final purchase price allocation for 3A Composites also resulted in restatements of the previous year's figures. This change in the previous year's figures is presented in note 30.

Changes in the scope of consolidation

As of November 30, 2009, Alcan Composites was acquired from the Rio Tinto Group. The consolidated annual statements contain the operations and results of Alcan Composites – now 3A Composites – with effect from the date of the acquisition. The impact of the acquisition on cash flow, the balance sheet and the income statement is shown in note 30.

Scope of consolidation

The following companies were fully consolidated as at December 31, 2010:

Company	Purpose	Share capital in 1000s		Shareholding
Schweiter Technologies AG Horgen, Switzerland	Holding company	CHF	1444	-
SSM Schärer Schweiter Mettler AG Horgen, Switzerland	Development, production and distribution	CHF	6000	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	5000	100%
Ismeca Europe Semiconductor SA La Chaux-de-Fonds, Switzerland	Production and distribution	CHF	1100	100%
Ismeca USA Inc. Carlsbad, CA, USA	Distribution and services	USD	9900	100%
CDF Holding Inc. Delaware, DE, USA	Holding company	USD	1	100%
Ismeca Malaysia Sdn. Bhd. Malacca, Malaysia	Production and distribution	MYR	5000	100%
Ismeca Semiconductor (Suzhou) Co. Ltd. Suzhou, China	Distribution and services	USD	250	100%
3A Composites Holding AG Steinhausen, Switzerland	Holding company	CHF	10000	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, 2010:

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 34.

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	
				2010	2009	**2010**	2009
USA	Dollar	USD	1	0.941	1.038	1.043	1.086
Euro zone	Euro	EUR	1	1.247	1.488	1.383	1.510
China	Yuan	CNY	1	0.143	0.152	0.154	0.159
Malaysia	Ringgit	MYR	1	0.306	0.303	0.325	0.309
Hong Kong	Dollar	HKD	1	0.121	0.134	0.134	0.140
Singapore	Dollar	SGD	1	0.729	0.739	0.765	0.746
Indien	Rupee	INR	100	2.076	2.220	2.282	2.242

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 December 2010.

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, 2010 with all other variables unchanged, the pre-tax result of the Schweiter Technologies Group would have been lower by CHF 4.6 million (CHF 7.2 million) (previous year CHF 4.5 million euro and CHF 7.5 million US dollar).

Conversely, if the Swiss franc had been 5% weaker against the euro (US dollar) on December 31, 2010 with all other variables unchanged, the pre-tax result of the Schweiter Technologies Group would have been higher by CHF 4.6 million (CHF 7.2 million) (previous year CHF 4.5 million euro and CHF 7.5 million US dollar).

A parallel 5% shift in the exchange rates of all currencies would change consolidated shareholders' equity by CHF 16.6 million (previous CHF 18.1 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 2.7 million (previous year CHF 2.9 million). By the same token, a 1% fall in interest rates would reduce the interest rate result by CHF 0.8 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, 2010 and December 31, 2009, 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 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	0	2 850	2 890
Total	**73 938**	**75 516**	**69 776**	**2 850**	**2 890**

Financial liabilities 2009: carrying amount and cash outflows

(in CHF 1000s)	Carrying amount 31.12.2009	Cash outflows Total	Up to 1 year	1 to 5 years	More than 5 years
Short-term financial liabilities	13 420	14 216	14 216		
Trade liabilities	47 035	47 035	47 035		
Other liabilities	9 028	9 028	9 028		
Long-term financial liabilities	5 048	6 417	0	2 734	3 683
Total	**74 531**	**76 696**	**70 279**	**2 734**	**3 683**

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
Mobilien	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.

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 recognised at cost at the time of acquisition and are subsequently measured using the equity method.

Goodwill

Goodwill is the difference between the acquisition price and the pro-rated net assets (fair value) of the acquired company 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 fixed 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.

Decrease in the value of assets – 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.

Principles of consolidation and valuation

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 pension plans also require employees to pay contributions. In the case of the defined contribution plans, the employer's contributions are taken to the income statement.

The pension plans in Switzerland are based on the BVG principle (BVG = Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans) and for purposes of IAS 19 should be described as defined benefit plans since the actuarial and investment risks are not borne solely by the employee.

The expense and defined benefit obligations for the material defined benefit plans are determined based on different economic and demographic assumptions using the projected unit credit method. This takes into account insurance years up to the valuation date. The major assumptions involved in the calculation are expectations about future salary increase, return on pension assets, turnover and life expectancy.

The valuation of the defined benefit obligations for the material benefit plans is carried out on an annual basis by independent qualified actuaries. The last valuation for the material benefit plans was performed as of 31. 12. 2010. Valuation of pension assets is done annually, at market value.

Current service cost is recorded in the profit and loss account for the period in which it occurred. Past-service costs are recognised immediately in the income statement, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

Differences in experiences and changes in actuarial assumptions result in actuarial gains and losses. Actuarial gains and losses in excess of the greater of 10% of the value of plan assets or 10% of the defined benefit obligation are charged or credited to income over the employees' expected average remaining working lives.

The reported assets are calculated in accordance with the specifications of IFRIC Interpretation No.14 ("IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction").

There are no employee stock option plans.

Operating segments 2010

(in CHF millions) **Operations**	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
24 Depreciation and amortization	– 0.4	– 1.0	– 28.1	–	– 29.5
Impairment	–	–	– 3.1	–	– 3.1
Operating result	**12.9**	**19.8**	**34.8**	**– 0.1**	**67.4**
Financial income					1.3
Financial expenses					– 12.9
Share of result of associated companies					0.3
Income before taxes					**56.1**
Income taxes					– 5.1
Net income	**9.9**	**22.7**	**15.5**	**2.9**	**51.0**
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	59.1	101.1	514.2	203.7	878.1
Liabilities	39.1	27.5	394.5	– 222.1	239.0
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	638.2	142.9	97.0	–	**878.1**

[2] The revenues in Switzerland are insignificant.

Information on major customers

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

Operating segments 2009 (adjusted)

(in CHF millions)

Operations	SSM Textile Machinery	Ismeca Semiconductor	3A Composites	Other/ Eliminations	Group
Net revenues [1]	37.3	45.9	46.2	0.5	129.9
Operating income	37.6	45.6	41.9	0.5	125.6
24 Depreciation and amortization	– 0.4	– 1.1	– 2.7	–	– 4.2
Operating result	**– 7.3**	**– 8.2**	**– 3.6**	**– 1.3**	**– 20.4**
Financial income					5.9
Financial expenses					– 6.5
Loss before taxes					**– 21.0**
Income taxes					0.6
Loss	**– 8.1**	**– 8.3**	**– 3.1**	**– 0.9**	**– 20.4**
Capital expenditure in property, plant and equipment	0.4	0.2	1.8	–	2.4
Capital expenditure in intangible assets	–	–	–	–	0.0
Total capital expenditure	**0.4**	**0.2**	**1.8**	**–**	**2.4**
Assets	37.2	60.6	576.1	189.6	**863.5**
Liabilities	26.5	10.5	456.9	– 253.8	**240.1**
Employees at year-end	192	310	3 045	3	**3 550**

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

Geographical information 2009 (adjusted) (in CHF millions)

Regions	Europe	Americas	Asia	Other	Group
Net revenues [2]	38.5	23.6	63.5	4.3	**129.9**
Assets	596.4	187.2	79.9	–	**863.5**

[2] The revenues in Switzerland are insignificant.

Information on major customers 2009

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)	**2010**	2009
CHF	205 156	194 767
EUR	40 313	65 905
USD	19 135	24 362
Other	10 559	16 550
Total	**275 163**	**301 584**

Cash and cash equivalents consist of cash deposits with banks and in postal check accounts. They carry interest ranging from 0.0% to 3.5%.

2 **Trade receivables** (in CHF 1000s)	**2010**	2009
Total trade receivables	134 968	104 046
– less allowance for doubtful accounts receivable	– 1 460	– 2 397
Total trade receivables – net	**133 508**	**101 649**

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**

Age analysis of trade receivables 2009: (in CHF 1000s)	Gross 31.12.2009	Bad debt allowance 31.12.2009	Net 31.12.2009
Not due	87 510	– 540	86 970
Overdue up to one month	9 764	– 2	9 762
Overdue between one and two months	2 008	– 54	1 954
Overdue between 2 and 3 months	1 051	– 35	1 016
more than 3 months overdue	3 713	– 1 766	1 947
Total overdue	*16 536*	*– 1 857*	*14 679*
Total	**104 046**	**– 2 397**	**101 649**

Notes to the consolidated financial statements

Changes in the value adjustment for doubtful accounts receivable:	2010	2009
Balance as at January 1	– 2 397	– 1 297
Change in the scope of consolidation	–	– 967
Foreign currency differences	361	3
Bad debt allowance used	768	51
Bad debt allowance released	193	30
Bad debt allowance increased	– 385	– 217
Balance as at December 31	**1 460**	**– 2 397**

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)	2010	2009 (adjusted)
Receivables from indirect taxes (value added tax, withholding tax, etc.)	10 718	4 597
Derivative financial instruments	4 455	646
Receivable from final calculation of purchase price for 3A Composites	–	8 560
Other receivables	12 724	5 648
Total	**27 897**	**19 451**

4 **Inventories and work in progress** (in CHF 1000s)	2010	2009
Raw materials and production parts	60 527	44 740
Semi-finished goods and work in progress	20 504	25 537
Finished goods and trading goods	34 415	26 560
Total	**115 446**	**96 837**

The net value of the inventories and work in progress is after value adjustments of CHF 25.5 million (previous year CHF 32.2 million). CHF 0.1 million of finished goods are stated at the lower net realizable value. The value adjustment was determined on the basis of the salability and range of the inventories. CHF 4.7 million reinstatements were recorded as income (no value reinstatement previous year).
No inventories are encumbered by rights of lien.

5 Property, plant and equipment 2010

(in CHF 1000s)	Land and buildings	Instal-lations	Machinery Tools	Furnishings	Computer equipment	Vehicles	Plant under construction	Total
Acquisition values								
Balance as at January 1, 2010	167 735	6 406	224 953	5 578	12 264	4 344	6 598	427 878
Additions	224	1 081	1 822	53	2 962	203	15 967	22 312
Disposals	–	–403	–6 174	–95	–187	–301	–	–7 160
Reclassifications	1 842	2 213	2 772	–69	2 655	270	–9 683	0
Exchange rate differences	–8 978	–239	–14 655	–265	–315	–189	–396	–25 037
Balance as at Dec. 31, 2010	**160 823**	**9 058**	**208 718**	**5 202**	**17 379**	**4 327**	**12 486**	**417 993**
Accumulated depreciations								
Balance as at January 1, 2010	–35 964	–2 794	–132 135	–3 130	–9 651	–3 189	–	–186 863
Depreciation for the year	–5 198	–1 258	–16 925	–461	–1 791	–375	–	–26 008
Impairment	–	–	–3 054	–	–	–	–	–3 054
Disposals	–	392	5 552	94	187	296	–	6 521
Exchange rate differences	1 548	29	7 743	135	197	134	–	9 786
Balance as at Dec. 31, 2010	**–39 614**	**–3 631**	**–138 817**	**–3 362**	**–11 058**	**–3 134**	**0**	**–199 616**
Net book value Dec. 31, 2010	**121 209**	**5 427**	**69 901**	**1 840**	**6 321**	**1 193**	**12 486**	**218 377**
Insurance values								250 369
Net book value of pledged land and buildings								–
Net book value of leased property, plant and equipment								7 883
13 Leasing obligations for property, plant and equipment reported on balance sheet								5 418

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

5 Property, plant and equipment 2009 (adjusted)

	(in CHF 1000s)	Land and buildings	Instal-lations	Machinery Tools	Furnishings	Computer equipment	Vehicles	Plant under construction	**Total**
	Acquisition values								
	Balance as at January 1, 2009	25282	2602	3961	2642	8801	942	0	44230
30	Change in the scope of consolidation	141713	3492	218693	2861	3926	3477	6057	380219
	Additions	104	328	1115	49	428	74	347	2445
	Disposals	0	−32	−69	−5	−805	−238	0	−1149
	Exchange rate differences	636	16	1253	31	−86	89	194	2133
	Balance as at Dec. 31, 2009	**167735**	**6406**	**224953**	**5578**	**12264**	**4344**	**6598**	**427878**
	Accumulated depreciations								
30	Balance as at January 1, 2009	−9557	−2397	−3268	−2277	−8205	−770	–	−26474
	Change in the scope of consolidation	−25304	−244	−126453	−742	−1864	−2468	–	−157075
	Depreciation for the year	−978	−180	−1790	−111	−434	−111	–	−3604
	Disposals	–	30	33	5	804	213	–	1085
	Exchange rate differences	−125	−3	−657	−5	48	−53	–	−795
	Balance as at Dec. 31, 2009	**−35964**	**−2794**	**−132135**	**−3130**	**−9651**	**−3189**	**0**	**−186863**
	Net book value Dec. 31, 2009	**131771**	**3612**	**92818**	**2448**	**2613**	**1155**	**6598**	**241015**

	Insurance values	289 066
	Net book value of pledged land and buildings	–
	Net book value of leased property, plant and equipment	8 316
13	Leasing obligations for property, plant and equipment reported on balance sheet	5 629

6 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 2010, Baltek Ecuador had 115 plantations with a surface area of 8349 hectares, 5632 hectares of which are currently planted with balsa trees. This makes Baltek Ecuador's largest plantation owner and balsa wood producer. In 2010, a total of 26961000 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 63621 cubic meters.

At the end of 2010, the value of the biological assets amounted to CHF 15.6 million, CHF 2.8 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 12.8 million).

(in CHF 1000s)	2010	2009
Book value as at January 1	**10 633**	–
Change in the scope of consolidation	–	10 175
Gain or loss as a result of change in market value less selling costs	6 220	0
Increase as a result of growth and maintenance measures	3 252	269
Decrease as a result of harvest	– 2 877	– 134
Exchange rate adjustments as a result of currency translation	– 1 639	323
Book value as at December 31	**15 589**	**10 633**

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

7 Investment in associated companies

The joint venture Windkits LLC, Northvale, NJ, USA (50% holding) was taken over under the acquisition of 3A Composites effective November 30, 2009. The key financial figures of Windkits LLC are as follows:

Net book values (in CHF 1000s)	Share of shareholders' equity	Goodwill	Total investment in associated companies
December 31, 2008	**0**	**0**	**0**
Additions (as at Nov. 30, 2009)	1 569	1 259	2 828
Share of net result	42	0	42
Currency translation adjustments	28	22	50
December 31, 2009	**1 639**	**1 281**	**2 920**
Share of net result	292	0	292
Dividend received	– 460	0	– 460
Currency translation adjustments	– 138	– 104	– 242
December 31, 2010	**1 333**	**1 177**	**2 510**

(in CHF 1000s)	**31.12.10**	31.12.09
Total assets	4 479	4 882
Total liabilities	1 769	1 560
Total net assets	2 710	3 322
Share of net assets	1 355	1 661

(in CHF 1000s)	**2010**	2009[1]
Total sales	11 999	770
Overall profit for the period	584	84
Share of net result	292	42

[1] Figures for December 2009

8 **Financial assets** (in CHF 1000s)	**2010**	2009
Long-term receivables	2 639	1 146
Other financial assets	137	232
Total	**2 776**	**1 378**

9 Intangible assets 2010 (in CHF 1000s)

	Goodwill	Patents & brands	Other	Total
Acquisition values				
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 amortizations				
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**

In connection with the purchase price allocation for 3A Composites, various protected brand names (AIREX, ALUCOBOND, BALTEK, DIBOND, GATOR and KAPA) were identified and capitalized at CHF 37.1 million as at December 31, 2010. Technologies and customer lists amounting to CHF 10.6 million acquired with 3A Composites are capitalized under other intangible assets and are written down over their useful life. Since no end to the useful life of the brand names is foreseeable and as they are still maintained through marketing activities, they were defined as assets with an unlimited useful life. They will therefore not be written down on a planned basis, but are subject to an impairment test annually or if they show any signs of decreasing in value.

The recoverable value of the brands was initially calculated on the basis of fair value less disposal costs. This involved applying the so-called relief-from-royalty method, in which 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 10.6% to 13.9% p.a. The 1% increase in the discounting rates would also not result in any impairments.

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

9 Intangible assets 2009 (adjusted) (in CHF 1000s)

Note		Goodwill	Patents & brands	Other	Total
	Acquisition values				
	Balance as at January 1, 2009	5 472	195	0	5 667
30	Change in the scope of consolidation	9 890	47 721	20 366	77 977
	Exchange rate difference	–	783	333	1 116
	Balance as at December 31,2009	**15 362**	**48 699**	**20 699**	**84 760**
	Accumulated amortizations				
	Balance as at January 1, 2009	0	– 14	0	– 14
30	Change in the scope of consolidation	–	– 5 330	– 7 787	– 13 117
	Amortization for the year	–	– 398	– 132	– 530
	Disposals	–	–	–	0
	Exchange rate difference	–	– 21	– 4	– 25
	Balance as at December 31, 2009	**0**	**– 5 763**	**– 7 923**	**– 13 686**
	Net book value as at December 31, 2009	**15 362**	**42 936**	**12 776**	**71 074**

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**					

In 2010 and 2009 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 2009 (adjusted)

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	12.0%	5 years	0%
3A Composites India	7 567	–	–	–	–	–
3A Composites Division	2 323	–	–	–	–	–
Total	**15 362**	–	–	–	–	–

In 2009 the goodwill from 3A Composites was tested for impairment in connection with the purchase price allocation.

10 **Short-term financial liabilities** (in CHF 1000s)	**2010**	2009
Current accounts with banks	3 039	8 399
Bank loans due within one year	–	4 440
13 Short-term leasing obligations	577	581
Total	**3 616**	**13 420**

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

December 31,	**2010**	Actual interest rates	December 31,	2009	Actual interest rates
INR	3 039	9.50	CNY	7 118	2.42%
CHF	559	3.59	INR	1 281	13.50%
CHF	18	0.00	INR	4 440	9.80%
			CHF	558	4.54%
			CHF	23	0.00%
Total	**3 616**			**13 420**	

11 **Other liabilities** (in CHF 1000s)	**2010**	2009 (adjusted)
Liabilities towards associated companies	309	2 023
Other liabilities	6 961	7 005
Total	**7 270**	**9 028**

12 **Accrued expenses and deferred income** (in CHF 1000s)	**2010**	2009 (adjusted)
Outstanding volume discounts and customer credits	7 527	8 918
Personnel costs (holidays / flexitime / overtime / bonuses / etc.)	26 133	20 144
Cost of materials / overheads	4 134	5 324
Other accrued expenses and deferred income	10 633	10 238
Total	**48 427**	**44 624**

Notes to the consolidated financial statements

Note	13 **Obligations arising from finance leasing** (in CHF 1000s)	**2010**	2009
	Obligations arising from finance leasing (nominal), due in:		
	– one year	747	835
	– 2 to 5 years	2 716	3 015
	– more than 5 years	2 395	3 174
	Total nominal value	**5 858**	**7 024**
	less future financial expense	– 812	– 1 395
	Total cash value of minimum leasing obligations	5 046	5 629
	Reporting on balance sheet by due date		
10	– in one year (in short-term financial liabilities)	577	581
14	– in more than one year (in long-term financial liabilities)	4 469	5 048
	Total cash value of minimum leasing obligations	**5 046**	**5 629**

Note	14 **Long-term financial liabilities** (in CHF 1000s)	**2010**	2009
13	Long-term leasing obligations	4 469	5 048
	Total	**4 469**	**5 048**
	The maturities of the long-term financial liabilities are as follows:		
	– 2 to 5 years	2 235	2 258
	– more than 5 years	2 234	2 790
	Total	**4 469**	**5 048**

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

December 31,	**2010**	Actual interest rates	December 31,	2009	Actual interest rates
CHF	4 469	3.59%	CHF	5 028	4.54%
			CHF	20	0.00%
Total	**4 469**			**5 048**	

15 Pension plans

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

Benefits are usually dependent on one or more factors such as the number of years the employee was covered in the plan, age, pensionable salary and to some extent on the accumulated old age capital. The assets of the funded pension plans are held within separate foundations or insurances and may not revert to the employer.

In connection with the acquisition of 3A Composites as at November 30, 2009, various pension plans in force were taken over.

For the purposes of preparing the acquisition balance sheet, these pension plans were recognized on the basis of information available as at December 31, 2009. In the first half of 2010, the information was reviewed for consistency with the Group's accounting principles and the defined benefit obligations were found to have increased by CHF 7.082 million, while the pension assets had decreased by CHF 40,000 and the recorded net liability had increased by CHF 7.122 million.

Defined benefit plans

The following amounts have been recorded in the consolidated profit and loss account:

Employee benefits expense (in CHF 1000s)	**2010**	2009
Current service cost	7 541	2 267
Interest on obligation	7 836	2 992
Expected return on plan assets	– 7 406	– 3 404
(Gains) / losses from plan settlements / curtailments	0	0
Amortization of unvested past service cost	0	0
Recognized actuarial (gains) or losses	0	40
Variation of asset ceiling in accordance with IAS 19.58	0	0
Pension expense for the period	**7 971**	**1 895**
Actual return on the plan assets	5 272	8 824

Notes to the consolidated financial statements

Change in defined benefit obligation and in the fair value of plan assets:

Change in defined benefit obligation (in CHF 1000s)	**2010**	2009 (adjusted)
Opening defined benefit obligation	224 674	80 524
Current service cost	7 541	2 267
Plan participants' contributions	4 742	1 900
Interest on obligation	7 836	2 992
Benefits paid through pension assets	– 7 457	– 6 077
Benefits paid by employer	– 704	– 30
Business combinations / business disposals	0	141 314
Actuarial (gains) / losses	14 998	1 810
Past service cost	0	0
Plan settlements	0	0
Other	0	0
Exchange differences on foreign plans	– 3 354	– 26
Closing defined benefit obligation	**248 276**	**224 674**

Changes in the fair value of plan assets (in CHF 1000s)	**2010**	2009 (adjusted)
Opening fair value of plan assets	169 752	72 872
Plan participants' contributions	4 742	1 900
Company contribution	6 500	2 009
Benefits paid through pension assets	– 7 457	– 6 077
Expected return on plan assets	7 406	3 404
Gain/(loss) on plan assets	– 2 134	5 420
Assets distributed on settlements	0	0
Business combinations / business disposals	0	90 266
Exchange differences on foreign plans	– 34	– 2
Closing fair value of assets	**178 775**	**169 752**

Some of the equities included in the pension assets are invested in fund products. The market value of any Group shares within such funds is unknown. Neither is it known whether the pension assets of the plans taken over as a result of the acquisition of Alcan Composites include any Group shares.

The assets do not include any property occupied by, or other assets used by, the Group. The expected company contribution for defined benefit pension plans in financial year 2011 is estimated at CHF 6.628 million.

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

Amount recognized in the balance sheet (in CHF 1000s)	**31.12.10**	31.12.09 (adjusted)	31.12.09
Present value of funded obligation	237 398	213 078	205 996
Fair value of plan assets	– 178 775	– 169 752	– 169 792
Fair value of plan assets	**58 623**	**43 326**	**36 204**
Present value of unfunded obligations	10 878	11 596	11 596
Unrecognized prior service cost	0	0	0
Unrecognized net gain or (loss)	– 20 843	– 3 763	– 3 763
Assets not available to Company	0	0	0
Net liability	**48 658**	**51 159**	**44 037**
Amounts in the balance sheet:			
Pension obligations	48 968	51 264	44 142
Capitalized pension assets	– 310	– 105	– 105
Net liability	**48 658**	**51 159**	**44 037**

The following principal assumptions form the basis for the actuarial calculation:

Calculation of defined benefit obligations	**31.12.10**	31.12.09 (adjusted)	31.12.09
Discount rate	3.10%	3.50%	3.33%
Future salary increases	2.01%	1.99%	2.32%
Future pension indexations	0.23%	0.20%	0.20%
Calculation of expense	**31.12.10**		31.12.09
Discount rate	3.50%		3.40%
Expected return on plan assets	4.31%		4.30%

The pension assets are composed of the following essential asset classes:

Asset classes pension plans	**31.12.10** in %	Expected return	31.12.09 in %	Expected return
Equities	22	6.5%	29	6.9%
Bonds	28	2.5%	28	2.9%
Real estate	30	4.5%	27	5.0%
Others including cash and mixed funds	20	2.7%	16	2.5%

Notes to the consolidated financial statements

The overall expected return is based on the weighted average of the expected return on the various categories of plan assets held. Management's assessment of the expected returns is based on historical returns and analysts' market forecasts for the assets in question for the duration of the corresponding obligation.

The following table shows how the actual development of obligations and assets for the benefit plans deviates from their expected development:

(in CHF 1000s)	**31.12.10**	31.12.09	31.12.08	31.12.07	31.12.06
Defined benefit obligation	248 276	217 592	80 524	106 000	111 819
Fair value of plan assets	– 178 775	–169 792	–72 872	– 88 844	– 91 777
Under- / (over-) funding	69 501	47 800	7 652	17 156	20 042
Experience adjustments on plan liabilities	– 1 297	539	316	– 94	1 718
Gain/(loss) on plan assets	– 2 134	5 420	–13 830	– 2 183	1 728

The assumed cost trends in the healthcare sector have a major impact on the obligations under the medical benefits plans. A one percentage point change in the assumed cost trends has the following impact:

31.12.10 (in CHF 1000s)	Increase by one percentage point	Decrease by one percentage point
Present value of the benefit obligations	829	– 644
Sum of current service costs and cost of interest	115	– 88

Defined contribution plans

The Group sponsors defined contribution plans in Asia and the USA. The pension expense for these plans was in 2010 CHF 723 000 (previous year: CHF 611 000).

Payments after termination of employee relationships and other long-term payments to employees

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. Partial retirement agreements are also in place, which are classified as payments after termination of employee relationships.

As at December 31, 2010 there exists an obligation in the amount of CHF 1.321 million (previous year: CHF 1.422 million) for other long-term payments. There are also obligations for benefits after termination of employee relationships which amount to CHF 1.240 million as at December 31, 2010 (previous year: CHF 1.328 million).

16 Provisions

(in CHF 1000s)	Restructurings	Guarantees	Litigation	Environmental obligations	Other	Total **2010**	Total 2009
Balance as at January 1	1 177	5 506	12 820	2 794	2 150	24 447	6 930
30 Change in the scope of consolidation	–	–	–	–	–	–	18 478
Foreign currency differences	– 314	– 388	– 471	0	– 129	– 1 302	54
Consumption with neutral impact on income	– 183	– 2 238	– 1 823	0	– 1 234	– 5 478	– 1 390
Unused amounts reversed and released to income	0	– 175	– 3 165	– 219	– 12	– 3 571	– 561
Additional provisions charged to income	3 064	2 044	0	0	1 251	6 359	936
Balance as at December 31	**3 744**	**4 749**	**7 361**	**2 575**	**2 026**	**20 455**	**24 447**
of which: short-term provisions						6 656	8 301
long-term provisions						13 799	16 146
Expected use of provisions							
– within one year						6 656	8 301
– in 2 to 5 years						11 224	13 157
– more than 5 years						2 575	2 989

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 provisions for restructuring still unused as at end-2010 relate to the 3A Composites locations Singen and Northvale.

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 31.12.2010.

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

17 **Share capital**	**2009**	2008
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 remain unchanged in the current year.
77 809 treasury shares were held as of December 31, 2010 (previous year: 77 809).

Authorized capital:
As of December 31, 2010 the Board of Directors is authorized in accordance with the resolution passed by the General Meeting on May 12, 2009 to issue 300 000 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, 2010 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.

Dividends:

On May 12, 2010, shareholders approved payment of a gross dividend of CHF 9.00 per bearer share for the 2009 business year. This corresponds to an amount of CHF 12.993 million (previous year: CHF 9.00 per bearer share, total CHF 12.993 million).

For the 2010 financial year, the Board of Directors will propose to the Annual General Meeting that a repayment of CHF 10.00 per share be made from the reserves from capital contributions.

18 **Employee stock option plan**

There are no stock option plans or other employee share participation plans.

19 **Transactions with associated persons**

Associated persons and companies are deemed to be members of the Group Management, members of the Board of Directors and major shareholders, as well as companies controlled by these persons. In principle, transactions with associated persons are conducted at market terms.

Apart from the compensation and pension benefits referred to in note 20, no significant transactions were conducted with associated persons.

20 Compensation for members of the Board of Directors and Management

Compensation for members of the Board of Directors in **2010**

(in CHF 1000s)	Function	Fixed	Variable	Pension benefits [1]	Other [2]	Total
Dr. Hans Widmer	Chairman	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] Employer's contribution to social insurance and pension fund
[2] Advisory services including reimbursement of expenses

Compensation for members of the Board of Directors in 2009

(in CHF 1000s)	Function	Fixed	Variable	Pension benefits [1]	Other [2]	Total
Dr. Hans Widmer	Chairman	50	–	2	–	52
Heinrich Fischer	Member	50	–	5	–	55
Beat Frey	Member	50	–	5	–	55
Rolf-Dieter Schoemezler	Member	50	–	–	30	80
Beat Siegrist	Member	50	–	5	–	55
Benjamin Loh	[3]	100	–	9	–	109
Dr. Gregor Strasser	[3]	100	–	9	140	249
Dr. Jean-Pierre Nardin	[3]	50	–	5	–	55
Total compensation Board of Directors		**500**	**0**	**40**	**170**	**710**

[1] Employer's contribution to social insurance and pension fund
[2] Advisory services including reimbursement of expenses
[3] Member of the Board of Directors until May 13, 2009 (date of General Meeting)

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

Notes to the consolidated financial statements

Compensation for members of the Management in 2009

(in CHF 1000s)	Function	Fixed	Variable [1]	Pension benefits [2]	Other	Total
Dr. Heinz O. Baumgartner [3]	CEO	400	400	98	–	898
Total compensation Management [4]		**820**	**650**	**182**	**–**	**1 652**

[1] Variable salary component (bonus) due for the year under review
[2] Employer's contribution to social insurance and pension fund
[3] Highest single amount
[4] Members who joined Management on or after January 1, 2010 are not included in the above table

Share ownership

As of December 31, 2010, a total of 608 395 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
Widmer	Hans	Chairman Schweiter Technologies	360 000
Fischer	Heinrich	Member of the Board of Directors Schweiter Technologies	800
Frey	Beat	Member of the Board of Directors Schweiter Technologies	167 795
Schoemezler	Rolf-D.	Member of the Board of Directors Schweiter Technologies	50
Siegrist	Beat	Member of the Board of Directors Schweiter Technologies	79 500
Baumgartner	Heinz O.	CEO Schweiter Technologies	250

Dr. Hans Widmer holds his shares both privately and through Hans Widmer Management AG. Beat Frey holds his shares through KWE Beteiligungen AG.

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

21 **Net revenues** (in CHF 1000s)	**2010**	2009
Net proceeds of deliveries of goods	913 613	124 058
Net proceeds of services	16 176	4 247
Rental income	2 270	1 556
Total	**932 059**	**129 861**

22 **Other operating expenses** (in CHF 1000s)	**2010**	2009 (adjusted)
Direct sales and distribution costs	52 990	7 124
Purchasing and production overheads	50 288	5 341
Sales and distribution	15 884	3 559
After sales overheads	5 876	2 960
Overheads relating to administration and capital taxes	23 327	5 270
Development overheads	14 537	4 109
Cost of premises	7 382	3 346
Loss on sale of tangible fixed assets	6	1
Other operating expenses	800	858
Total	**171 090**	**32 568**

23 **Other operating income** (in CHF 1000s)	**2010**	2009
Gains on sale of property, plant and equipment	40	24
Increase in market value of biological assets	6 220	–
Other income	5 997	661
Total	**12 257**	**685**

	24 **Depreciation and amortization of other intangible assets** (in CHF 1000s)	**2010**	2009 (adjusted)
5	Depreciation of property, plant and equipment	26 008	3 604
9	Impairment of property, plant and equipment	3 054	–
	Amortization of intangible assets	3 504	530
	Total	**32 566**	**4 134**

25 **Financial income** (in CHF 1000s)	**2010**	2009
Interest income	1 265	3 420
Exchange gains	–	2 414
Total	**1 265**	**5 834**

Notes to the consolidated financial statements

26 **Financial expenses** (in CHF 1000s)	**2010**	2009
Interest expenses	1 451	161
Exchange losses	11 412	6 369
Total	**12 863**	**6 530**

27 **Income taxes** (in CHF 1000s)	**2010**	2009 (adjusted)
Current taxes	9 641	566
Deferred taxes	– 4 547	– 1 167
Total	**5 094**	**– 601**

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:

Transfer of income taxes (in CHF 1000s)	**2010**	2009 (adjusted)
Income / loss before taxes	56 066	– 21 007
Average tax rate anticipated	23.9%	21.8%
Average tax expense anticipated	13 400	– 4 580
Differences owing to differing local tax rates	– 3 154	– 622
Impact of other non-taxable income	– 2 757	– 777
Impact of non-tax-deductible expenditure	723	43
Non-capitalized losses on current results carried forward	3 823	5 199
Use of non-capitalized tax losses carried forward	– 6 799	– 56
Taxes from previous periods and other influencing factors	– 142	192
Effective tax expense	**5 094**	**– 601**
Effective tax rate	9.1%	2.9%

28 **Deferred income tax assets** (in CHF 1000s	Trade receivables	Inventories/ work in progress	Pension obligations	Capitalized tax losses carried forward	Provisions	Total **2010**	Total 2009 (adjusted)
Balance as at January 1	217	1 855	9 354	261	4 410	16 097	136
30 Change in the scope of consolidation	0	0	0	0	0	0	16 071
Foreign currency differences	–26	–123	–409	0	–675	–1 233	72
Unused amounts reversed and released to income	–101	–390	–631	0	–2 477	–3 599	–223
Additional provisions charged to income	0	904	136	3 498	3 116	7 654	41
Balance as at December 31, gross	**90**	**2 246**	**8 450**	**3 759**	**4 374**	**18 919**	**16 097**
Netting						–2 630	–3 566
Balance as at December 31, net						**16 289**	**12 531**

As of December 31, 2010, the Group had non-capitalized tax losses carried forward of CHF 81.6 million (previous year: CHF 113.2 million), which could 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)	**2010**	2009
– one year	1 110	28 547
– 2 to 5 years	38 676	36 121
– in more than 5 years' time	41 788	48 553
Total	**81 574**	**113 221**
Tax losses carried forward which expired without being used during the business year under review	–	269

Of the tax losses carried forward expiring in more than 5 years' time, CHF 8.6 million (previous year: CHF 9.8 million) will never expire.

29 **Deferred income tax assets** (in CHF 1000s)	Trade receivables	Inventories/ work in progress	Property, plant & equipment	Intangible assets	Biological assets	Other	Total **2010**	Total 2009 (adjusted)
Balance as at January 1	708	960	22 145	8 757	66	2 052	34 688	221
30 Change in the scope of consolidation	0	0	0	0	0	0	0	35 665
Foreign currency differences	–25	–13	–2 705	–271	–6	–10	–3 030	151
Unused amounts reversed and released to income	–308	–233	–1 835	–359	0	–655	–3 390	–1 796
Additional provisions charged to income	77	179	276	0	1 491	876	2 899	447
Balance as at December 31, gross	**452**	**893**	**17 881**	**8 127**	**1 551**	**2 263**	**31 167**	**34 688**
Netting							–2 630	–3 566
Balance as at December 31, net							**28 537**	**31 122**

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.

Notes to the consolidated financial statements

30 Purchase of subsidiaries

As of November 30, 2009 Schweiter Technologies AG acquired Alcan Composites and subsequently changed its name to 3A Composites. As this company was acquired close to the balance sheet date of December 31, 2009, some of the figures given for net assets under Note 31 in the 2009 Annual Report were still provisional.

In 2010, final calculations were performed for the valuation and purchase price allocation in accordance with IFRS 3.

	Final Purchase Price Allocation November 30, 2009		
(in CHF 1000s)	Book value before takeover	Fair value adjustments	Fair Value
Market value of the net assets acquired:			
Cash and cash equivalents	21 013		21 013
Trade receivables	80 515		80 515
Other receivables	11 645		11 645
Inventories	81 539	3 841	85 380
Other current assets	1 556		1 556
Property, plant and equipment	178 158	44 986	223 144
Biological assets	10 175		10 175
Financial assets	1 344		1 344
Deferred income tax assets	12 505		12 505
Intangible assets	35 413	19 557	54 970
Other non-current assets	1 569	1 259	2 828
Short-term financial liabilities	– 13 802		– 13 802
Trade liabilities	– 38 501		– 38 501
Short-term liabilities towards seller (net)	– 35 928		– 35 928
Other liabilities	– 11 493		– 11 493
Accrued expenses and deferred income	– 38 036		– 38 036
Current income taxes	– 3 508		– 3 508
Long-term financial liabilities	– 5 028		– 5 028
Deferred income tax liabilities	– 13 479	– 18 620	– 32 099
Provisions	– 18 478		– 18 478
Pension obligations	– 43 966	– 7 084	– 51 050
Total net assets acquired	**213 213**	**43 939**	**257 152**
Goodwill [1]			9 890
Purchase price including transaction costs			**267 042**
less cash and cash equivalents acquired			– 21 013
Cash flow from purchase of subsidiaries			**246 029**
Payment of purchase price in 2009			275 141
less cash and cash equivalents acquired			– 21 013
Cash flow in 2009			**254 128**
Transaction costs paid in 2010			171
Purchase price repayment 2010			– 8 270
Total cash flow			246 029

[1] Difference between newly valued net assets and purchase price

The final settlement with the seller took place as of June 30, 2010, resulting in a reduction in the purchase price (incl. transaction costs) by CHF 9.1 million and an adjustment of the other receivables and liabilities. The reassessment of the calculation of the fair value of the property, plant and equipment showed that the latter had been overvalued by CHF 2.4 million owing to a calculation error. As a result of the fair value valuation of the Windkits LLC joint venture, the value of the investments in associated companies increased by CHF 1.2 million.

The pension obligations calculated on the basis of the Group-wide assumptions made by Rio Tinto (seller) at the time of the takeover were re-calculated in 2010 using the assumptions applicable to 3A Composites. This adjustment led to a CHF 7.2 million increase in these obligations as of December 31, 2009. The aforementioned adjustments from the final allocation of the purchase price led to a corresponding change in the deferred income tax assets and liabilities.

The final purchase price allocation led to a definitive goodwill of CHF 9.9 million, of which CHF 7.2 million in local goodwill was still reported in the provisional purchase price allocation under acquired intangible assets.

The loss and comprehensive income for the 2009 financial year and the shareholders› equity as at December 31, 2009 were impacted positively in the amount of CHF 30,000 (writedown reduced by CHF 34,000 and tax expenditure increased by CHF 4,000). The corrections improved the undiluted and diluted earnings per share for 2009 by CHF 0.02.

The comparative figures as of December 31, 2009 were accordingly corrected retroactively to reflect the adjustment of fair value. This led to the following changes in balance sheet position:

(in CHF 1000s)	31. 12. 2009 (adjusted)	31. 12. 2009
Other receivables	19 451	10 891
Property, plant and equipment	241 015	243 424
Investment in associated companies	2 920	1 661
Deferred income tax assets	12 531	10 801
Intangible assets	71 074	73 147
Other liabilities	– 9 028	– 9 717
Accrued expenses and deferred income	– 44 624	– 44 464
Deferred income tax liabilities	– 31 122	– 30 637
Pension obligations	– 51 264	– 44 142

3A Composites contributed a loss of CHF – 3.1 million, an operating result of CHF – 3.6 million and net revenues amounting to CHF 46.2 million to the reported 2009 result of the Schweiter Technologies Group. If the purchase of 3A Composites had already been completed on the first day of the 2009 financial year, the net revenues of the Schweiter Technologies Group would have amounted to CHF 737.6 million and the operating result from continuing operations would have come to CHF 7.9 million.

31 Earnings per share

		2010	2009 (adjusted)
Net income / loss	(in CHF 1000s)	50 972	–20 406
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**
Dilution effect resulting from outstanding options		–	–
Average number of shares outstanding after dilution effect		**1 365 863**	**1 365 863**
Earnings per share (in CHF)			
– Undiluted and diluted		37.32	–14.94

Notes to the consolidated financial statements

32 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 transactions to hedge against exchange rate risks. The instruments are not used for speculative purposes. In 2010, no cash flow hedges were used.

As of December 31, 2010, solely fair value hedges were outstanding – the maturities of outstanding forward transactions ranged from 6 weeks to 5 months (previous year from 2 weeks to 4 months).

Forward exchange transactions (in CHF 1000s)	**2010**	2009
Total amount of outstanding forward exchange transactions		
– Sale of US dollars for CHF, contract value	33 033	6 044
– Average exchange rates per USD	1.0877	1.1623

33 **Contingent liabilities** (in CHF 1000s)	**2010**	2009
Warranties and guarantees	7 641	10 358
Total	**7 641**	**10 358**

Commitments to take delivery: Under purchase contracts for machine parts and raw materials, commitments to take delivery amounting to CHF 30.3 million (previous year: CHF 16.8 million) and with maximum maturities of 13 months have been entered into in the course of ordinary business activities. Outstanding commitments to take delivery of property, plant and equipment amounted to CHF 3.5 million (previous year: CHF 0.9 million)).

34 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, 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**
December 31, 2009 (adjusted)					
Cash and cash equivalents	301 584			301 584	301 584
Trade receivables			101 649	101 649	101 649
Other receivables		646	18 805	19 451	19 451
Financial assets			1 378	1 378	1 378
Total	**301 584**	**646**	**121 832**	**424 062**	**424 062**

[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 amortised cost	Carrying amount	Fair value
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**
December 31, 2009 (adjusted)				
Short-term financial liabilities		– 13 420	– 13 420	– 13 420
Trade liabilities		– 47 035	– 47 035	– 47 035
Other liabilities		– 9 028	– 9 028	– 9 028
Long-term financial liabilities		– 5 048	– 5 048	– 5 048
Total	**0**	**– 74 531**	**– 74 531**	**– 74 531**

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

Notes to the consolidated financial statements

35 **Rights of lien** (in CHF 1000s)	**2010**	2009
Assets encumbered by rights of lien	–	–

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

Commitments (in CHF 1000s)	**2010**	2009
– due in one year's time	6 131	2 793
– due in 2 to 5 years' time	8 884	6 140
– due in more than 5 years' time	9 403	1 272
Total	**24 418**	**10 205**

The commitments consist mainly of rental agreements for buildings used by the company itself. The average term of the agreements is 3.7 years (previous year: 2.9 years). Leasing obligations amounting to CHF 1.6 million are included (previous year: CHF 1.9 million).

Credit balances (in CHF 1000s)	**2010**	2009
– due in one year's time	2 183	2 104
– due in 2 to 5 years' time	4 622	5 199
– due in more than 5 years' time	3 096	3 904
Total	**9 901**	**11 207**

The credit balances consist of sublet premises.

37 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 consolidated financial statements 2010.

38 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 16, 2011 and released them for publication by circular resolution on April 6, 2011.

The Board of Directors will propose that the Annual Shareholders' Meeting on May 12, 2011 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 (page 28 to 72) for the year ended December 31, 2010.

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, 2010 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, April 6, 2011

Annual financial statements of Schweiter Technologies AG

Balance sheet as at December 31, 2010

	Assets (in CHF 1000s)	**2010**	2009
	Current assets		
	Cash and cash equivalents	202 641	213 924
	Securities (treasury shares)	28 690	28 690
	Other receivables due from third parties	171	392
	Other receivables due from Group companies	5 334	226
	Prepaid expenses and accruals	13	930
	Total current assets	**236 849**	**244 162**
	Non-current assets		
2	Investments	220 706	229 693
	Loans to consolidated companies	219 330	223 201
	Total non-current assets	**440 036**	**452 894**
	Total assets	**676 885**	**697 056**

	Liabilities (in CHF 1000s)		
	Short-term liabilities		
	Short-term liabilities towards Group companies	7 304	14 460
	Other liabilities towards third parties	197	1 191
	Accrued expenses and deferred income	1 079	1 494
	Total short-term liabilities	**8 580**	**17 145**
	Provisions	1 020	5 596
	Total long-term liabilities	**1 020**	**5 596**
	Total liabilities	**9 600**	**22 741**
	Shareholders' equity		
3	Share capital	1 444	1 444
	General statutory reserves	3 000	3 000
	Share premium	–	107 381
	Reserves from capital contributions	78 691	–
	Reserve for treasury shares from reserves from capital contributions	28 690	–
	Reserve for treasury shares	–	28 690
	Unappropriated reserves	1 071	1 071
	Available earnings	554 389	532 729
	Total shareholders' equity	**667 285**	**674 315**
	Total liabilities and shareholders' equity	**676 885**	**697 056**

▲ For additional details see notes to the annual financial statements

Income statement for the financial year 2010

	(in CHF 1000s)	2010	2009
4	Financial income	9 213	4 160
5	Rental income	1 027	1 086
	Management fee income	800	800
	Other income	507	–
	Total income	**11 547**	**6 046**
6	Financial expenses	– 3 314	– 6 398
	Administrative expenses	– 535	– 914
	Personnel expenses	– 1 486	– 1 795
	Expenses on premises	– 676	– 671
	Income before taxes	**5 536**	**– 3 732**
	Income taxes	– 273	–
	Net income / loss	**5 263**	**– 3 732**

▲ 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 December 2010. 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

	2010	2009
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 remain unchanged in the current year. 77809 treasury shares were held as of December 31, 2010 (previous year: 77809). For the purpose of meeting capital backing requirements with reserves from capital contributions, the Board of Directors reclassified the reserve for treasury shares in the amount of CHF 28689897 as reserves for treasury shares from reserves from capital contributions.

Authorized capital:
As of December 31, 2010 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, 2010 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, 2010, 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)	**2010**	2009
Dr. Hans Widmer, Oberwil-Lieli / Hans Widmer Management AG, Baar	24.9%	24.9%
KWE Beteiligungen AG, Wollerau	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%	4.0%
Credit Suisse Asset Management Funds AG	3.2%	3.2%
Vontobel Fonds Service AG, Zurich	< 3.0%	3.0%

4 **Financial income** (in CHF 1000s)	**2010**	2009
Interest income from Group companies	8 409	1 035
Interest paid by banks	804	3 123
Other financial income	–	2
Total	**9 213**	**4 160**

5 **Rental income** (in CHF 1000s)	**2010**	2009
Rental income from Group companies	600	600
Rental income from third parties	427	486
Total	**1 027**	**1 086**

6 **Financial expenses** (in CHF 1000s)	**2010**	2009
Interest expenses Group companies	196	49
Exchange losses	3 118	6 349
Total	**3 314**	**6 398**

7 Compensation for members of the Board of Directors and Management

Compensation for members of the Board of Directors in **2010**

(in CHF 1000s)	Function	Fixed	Variable	Pension benefits 1)	Other 2)	Total
Dr. Hans Widmer	Chairman	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) Employer's contribution to social insurance and pension fund
2) Advisory services including reimbursement of expenses

Compensation for members of the Board of Directors in 2009

(in CHF 1000s)	Function	Fixed	Variable	Pension benefits 1)	Other 2)	Total
Dr. Hans Widmer	Chairman	50	–	2	–	52
Heinrich Fischer	Member	50	–	5	–	55
Beat Frey	Member	50	–	5	–	55
Rolf-Dieter Schoemezler	Member	50	–	–	30	80
Beat Siegrist	Member	50	–	5	–	55
Benjamin Loh	3)	100	–	9	–	109
Dr. Gregor Strasser	3)	100	–	9	140	249
Dr. Jean-Pierre Nardin	3)	50	–	5	–	55
Total compensation Board of Directors		**500**	**0**	**40**	**170**	**710**

1) Employer's contribution to social insurance and pension fund
2) Advisory services including reimbursement of expenses
3) Member of the Board of Directors until May 13, 2009 (date of General Meeting)

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 members of the Management in 2009

(in CHF 1000s)	Function	Fixed	Variable [1]	Pension benefits [2]	Other	Total
Dr. Heinz O. Baumgartner [3]	CEO	400	400	98	–	898
Total compensation Management [4]		**820**	**650**	**182**	**–**	**1 652**

[1] Variable salary component (bonus) due for the year under review
[2] Employer's contribution to social insurance and pension fund
[3] Highest single amount
[4] Members who joined Management on or after January 1, 2010 are not included in the above table

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
During the year under review, no shares were allocated either to members of the Board of Directors or to members of Management.

Share ownership
As of December 31, 2010, a total of 608 395 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
Widmer	Hans	Chairman Schweiter Technologies	360 000
Fischer	Heinrich	Member of the Board of Directors Schweiter Technologies	800
Frey	Beat	Member of the Board of Directors Schweiter Technologies	167 795
Schoemezler	Rolf-D.	Member of the Board of Directors Schweiter Technologies	50
Siegrist	Beat	Member of the Board of Directors Schweiter Technologies	79 500
Baumgartner	Heinz O.	CEO Schweiter Technologies	250

Dr. Hans Widmer holds his shares both privately and through Hans Widmer Management AG. Beat Frey holds his shares through KWE Beteiligungen AG. Schweiter Technologies is not aware of any shares held by persons closely associated with members of the Board of Directors or Management.

Options
In fiscal years 2010 and 2009, 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, 2010, 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 51.8 million. Of this amount, a total of CHF 14.5 million for sureties and guarantees had been drawn on by subsidiaries as at December 31, 2010.

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 2010.

Proposal of the Board of Directors concerning the appropriation of the available earnings

(in CHF 1000s)	2010
Earnings carried forward from previous year	532 729
Dividend	– 12 293
Net income 2010	5 263
Release of reserve for treasury shares [1]	28 690
Total earnings available to the General Meeting of Shareholders	**554 389**
The Board of Directors proposes to the General Meeting on May 12, 2011 the following appropriation of available earnings:	
– Earnings carried forward	554 389
Total	**554 389**
The Board of Directors proposes to the General Meeting on May 12, 2011 the following appropriation of the reserves from capital contributions:	
Reserves from capital contributions	78 691
Repayment from reserves from capital contributions (CHF 10 per bearer share) maximum [2]	– 14 437
Reserves from capital contributions after repayment	64 254

If the General Meeting approves the proposal, capital reserves of CHF 10 per bearer share will be repaid as of May 19, 2011.

The repayment can be redeemed free of charge by presenting coupon no. 9 to any branch of CREDIT SUISSE.

[1] In accordance with a resolution of the Board of Directors, treasury stock has been backed with reserves from capital contributions.

[2] The amount may be reduced as there is no repayment on the treasury shares

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 76 to 81) for the year ended December 31, 2010.

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, 2010 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 82) 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	Robert Renz
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Zurich, April 6, 2011

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 45 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 750.00 at the end of 2010, the company's market capitalization stood at CHF 1 082.8 million as at December 31, 2010.

The scope of consolidation consists of the unlisted companies which were fully consolidated as of December 31, 2010 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, 2010, 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)	2010	2009
Dr. Hans Widmer, Oberwil-Lieli / Hans Widmer Management AG, Baar	24.9%	24.9%
KWE Beteiligungen AG, Wollerau	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%	4.0%
Credit Suisse Asset Management Funds AG	3.2%	3.2%
Vontobel Fonds Service AG, Zurich	< 3.0%	3.0%

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, 2010 the ordinary share capital amounted to CHF 1 443 672. As of December 31, 2010, 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 fiscal 2010 and fiscal 2009 reference is made to page 31 of the consolidated annual accounts. The development of consolidated shareholders' equity in fiscal 2008 is presented on page 31 of the 2009 consolidated annual accounts.

The shareholders' equity of Schweiter Technologies AG underwent the following changes during fiscal 2008 through fiscal 2010 (page 88):

Capital structure

(in CHF 1000s)	Share capital	Reserves: Premium Capital contributions	Reserves: General reserves: statutory	Reserves: treasury shares	Reserves: Capital reserves	Reserves: Free	Available earnings	Total
Balance as at Dec. 31, 2007	**1444**	**107381**	**3000**	**3168**	**0**	**1071**	**80113**	**196177**
Reserve for treasury shares				25522			–25522	0
Dividend							–12513	–12513
Net income 2008							506676	506676
Rounding difference							–1	–1
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**

Shares and participation certificates

As of December 31, 2010 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, 2010. 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

There are no stock option plans or other employee share participation plans.

Board of Directors (as per December 31, 2010)

Name	Function		Member since	Elected until AGM
Hans Widmer	Chairman	non-executive	1986	2011
Heinrich Fischer	Member	non-executive	2002	2011
Beat Frey	Member	non-executive	2009	2011
Rolf-D. Schoemezler	Member	non-executive	1993	2011
Beat Siegrist	Member	non-executive	2008	2011

Members of the Board of Directors

All other members of the Board of Directors were in office throughout the whole period under review.

In 2008, Beat Siegrist served in an operational capacity as CEO of Schweiter Technologies (until June 30, 2008) and CEO of Satisloh (until the sale of the latter on September 30, 2008). The other members of the Board of Directors did not perform any operational management tasks in the company. No members of the Board of Directors have any kind of significant business relationship with the company. Apart from Beat Siegrist, no member of the Board of Directors belonged to Group Management or the management of a Group company during the three financial years preceding the period under review.

Hans Widmer
(born 1940, Swiss citizen)
Non-executive chairman of the Board of Directors.
Member of the Board of Directors since 1986. Mr Hans Widmer is an engineering graduate of the Swiss Federal Institute of Technology in Zurich who went on to take a doctorate at MIT (PhD in nuclear engineering) in 1970. Mr Hans Widmer worked for McKinsey & Co. for 12 years, most recently as McKinsey's executive in charge of Switzerland. In 1986, he took over the majority of shares from Schweiter and has since been Chairman of the Board of Directors. Between 1986 and 1991, he simultaneously served as Schweiter's Board Chairman and CEO. From 1989 until 1991, he served as Board Chairman and CEO of Tecan and from 1991 until 1998 he was Board Chairman and CEO of Oerlikon Bührle.

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.

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.

Board of Directors

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.

Beat Siegrist
(born 1960, Swiss citizen)
Non-executive member of the Board of Directors since 2008.
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.

Other activities and interests

Mr Heinrich Fischer, who is a member of the Board of Directors of Schweiter Technologies, is on the boards of Tecan Group AG, Männedorf, and Hilti AG, Schaan, Liechtenstein. Beat Siegrist, who is a member of the Board of Directors of Schweiter Technologies, is on the boards of Phoenix Mecano AG, Stein am Rhein, and Inficon, Bad Ragaz. None of the other members of the Board of Directors perform any additional management or permanent consultancy functions or hold directorships at major Swiss or foreign companies, nor do any hold important political offices.

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 Hans Widmer 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 Beat Siegrist). 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 Board member (for TEX/SEM) or several Board members (3A COMP) 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.

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.

Board of Directors

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. 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 member of the Board of Directors is also sent all the 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.
Mr Heinz O. Baumgartner has been CFO since 1996 and since mid-2008 has also been CEO of Schweiter Technologies. 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, Swiss citizen)
CEO 3A Composites.
Georg Reif is member of the Group Management since January 1, 2010. 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 (from April 1, 2010)
(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 Reporting & Controlling and CFO SSM Textile Machinery.
Martin Klöti has been Head of Reporting & Controlling at Schweiter Technologies since 2003 and CFO of SSM Textile Machinery since January 1, 2004. He was appointed to the Group Management effective January 1, 2010. 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

Schweiter Technologies' CEO/CFO, Dr. Heinz O. Baumgartner, is a member 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. The company does not consult external advisers when setting compensation.

Shareholders' participation rights

Change of control and countermeasures

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.

Effective January 1, 2011 there are no longer any clauses on changes of control.

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)	**2010**	2009
Auditing services [1]	940	889
Auditing-related services [2]	62	30
Tax advice and compliance services	553	97
Transaction advice incl. due diligence	39	563
Total	**1 594**	**1 579**

[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 2010 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 12, 2011.

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