SCHWEITER TECHNOLOGIES

2009

Annual Report 2009

Board of Directors, Group Management, Auditors

Board of Directors

Term of office May 13, 2009 to May 12, 2010

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

Group Management

Dr. Heinz O. Baumgartner	Chief Executive Officer Group
Rainer Roten	Chief Executive Officer SSM Textile Machinery (until December 31, 2009)
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 and CFO SSM Textile Machinery
Ian von Fellenberg	Head of Corporate Development

Auditors

Deloitte AG, Zurich

Board of Directors' report

Dear shareholders

Schweiter's business structure underwent further major changes in 2009: a new core division – 3A Composites (COMP), formerly Alcan Composites – was acquired and fully consolidated from December 1. On a pro forma basis, the new division posted revenues of CHF 679 million (2008: CHF 907 million) and EBITDA totaling CHF 60.3 million (2008: CHF 95.7 million). For Schweiter, the transaction resulted in an outflow of funds amounting to around CHF 300 million, which meant that liquidity was reduced to CHF 303 million as of the end of the year (– 49%). The equity ratio stood at more than 70%.

The operating result of 3A Composites contrasts sharply with the results of the two existing divisions, illustrating its stabilizing role. The positive result of using two thirds of the proceeds from the sale of Satisloh (2008) to acquire COMP, a company with twice the EBIT potential, compares with distinctly negative operating results for SSM Textile Machinery (TEX) and Ismeca Semiconductor (SEM) in the year under review.

TEX and SEM saw their revenues roughly halve in comparison with the previous year and losses were unavoidable despite tight cost management. Their 2008 revenues had already been hit by the crisis and had pushed their operating results to zero. The causes require no further analysis: on average, mechanical engineering companies were impacted similarly to TEX and SEM:
– TEX still posted revenues of CHF 39 million (–53%) and a corresponding negative EBIT of CHF –7 million,
– SEM posted revenues of CHF 46 million (–40%), also with negative EBIT of CHF –8 million,
– On a consolidated basis, Schweiter posted revenues of CHF 133 million, EBIT of CHF –20.4 million and a net loss of CHF –20.4 million (if COMP had been consolidated for the full year, the net result would have remained positive).

TEX. At the beginning of the year, the market was virtually at a standstill – even in China, India and Turkey: economic uncertainty was compounded by the emerging tightening of credit. The market did not revive until around the end of the year. However, gross margins were maintained. The product range and structure were streamlined further, which went some way toward cushioning the sharp fall in revenues, but development efforts were nonetheless stepped up.

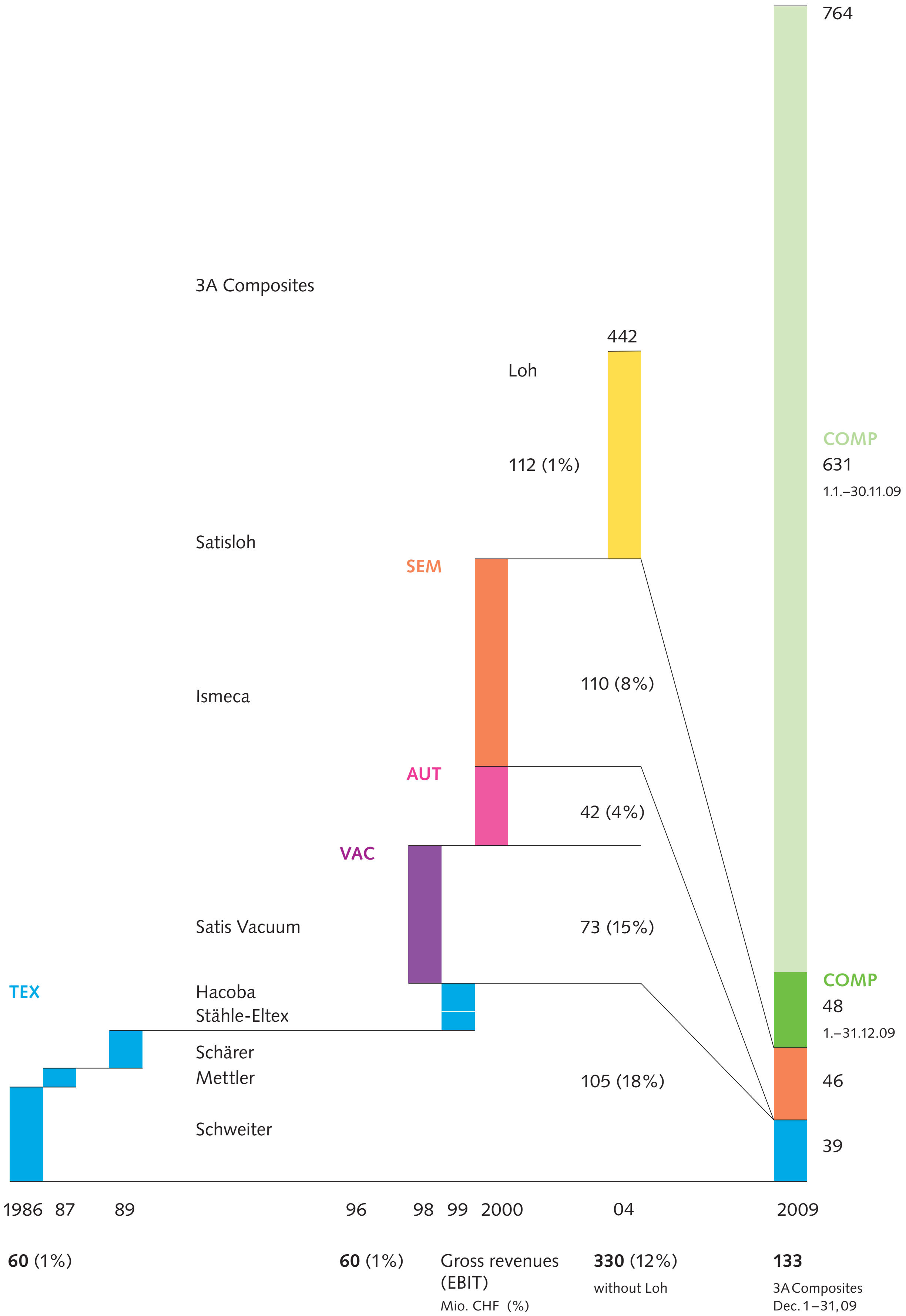
SEM. The market slump touched bottom in the first half of the year – in the deepest downturn the industry has ever seen. There was a gradual recovery in the second half of the year. The margin could be maintained, while fixed costs were reduced by a further 11% – this was however not sufficient to compensate for the loss of revenues. Development expenditure reached a peak.

COMP. The display market had already contracted at the end of 2008 and came to a halt at –25%. Architecture remained stable in Europe. Growth weakened in Asia. Marine declined sharply in Europe and the US and will take one or two years to recover. Wind power remained below expectations in Europe and the US. In the first quarter, the crisis was addressed with decisive measures which allowed the margin to be maintained and fixed costs to be reduced. In future, the resources tied up as a result of the transfer from Rio Tinto to Schweiter will once again be available for the actual business. Although COMP needs to be assimilated and vigorously developed, additional acquisition targets are being pursued. An envisaged aim would be to have a fourth division with revenues of several hundred million in the mechanical engineering sector.

The Board of Directors would like to thank all employees for their sterling work and wishes them redoubled success and satisfaction in the brighter market conditions which are emerging – the groundwork has already been laid.

Yours sincerely

Portfolio development



Key figures

Group		**2009**	2008
Orders received – continuing operations	in CHF 1000s	175 169	134 733
Gross revenues – continuing operations	in CHF 1000s	132 553	158 062
Operating performance – continuing operations	in CHF 1000s	**118 460**	**146 505**
Operating result – continuing operations	in CHF 1000s	–20 387	–2 874
	as % of operating performance	–17.2	–2.0
Loss / net income	in CHF 1000s	**–20 436**	**450 743**
	as % of operating performance	–17.3	307.7
Development expenses – continuing operations	in CHF 1000s	13 906	13 492
Investments in property, plant and equipment	in CHF 1000s	2 445	4 291
Overall balance sheet total	in CHF 1000s	**856 461**	**683 558**
Shareholders' equity	in CHF 1000s	623 422	652 633
	as % of assets	72.8	95.5
Average headcount			
– continuing operations		754	535
Average gross revenues per employee			
– continuing operations	in CHF 1000s	176	295
Stock market capitalization as at December 31	in CHF 1000s	**783 914**	**541 377**
32 **Earnings per share**			
From continuing operations:			
– Undiluted and diluted	in CHF	–14.96	– 8.58
From continuing and discontinued operations:			
– Undiluted and diluted	in CHF	–14.96	325.11

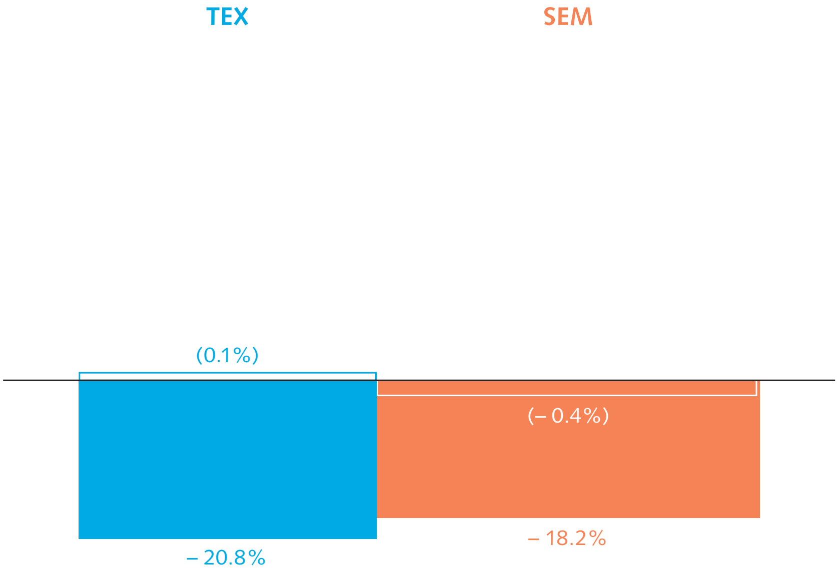
2009: 3A Composites consolidated for one month

Holding		**2009**	2008
Loss / net income	in CHF 1000s	**– 3 732**	**506 676**
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	9.00

▲ For additional details see notes to the consolidated financial statements

Division performance

Operating result
as % of operating
performance
(previous year)



Continuing operations

(in CHF m)	SSM Textile Machinery	Ismeca Semiconductor
Orders received	48	54
(compared with previous year)	(– 35%)	(– 10%)
Operating performance	35	45
(compared with previous year)	(– 52%)	(– 26%)
Operating result	– 7.3	– 8.2
(previous year)	(0.1)	(– 0.3)
as % of operating performance	– 20.8%	– 18.2%
(previous year)	(0.1%)	(– 0.4%)
Headcount (December 31)	192	310
(compared with previous year)	(– 5%)	(2%)
Net assets[1]	12	38
(previous year)	(19)	(46)
RONA[2]	– 47	– 20
(previous year)	(1%)	(–1%)

[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.

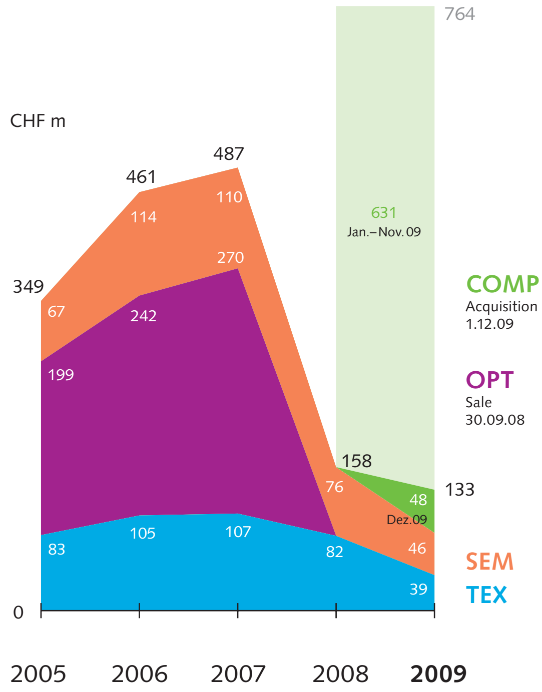
Current situation

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

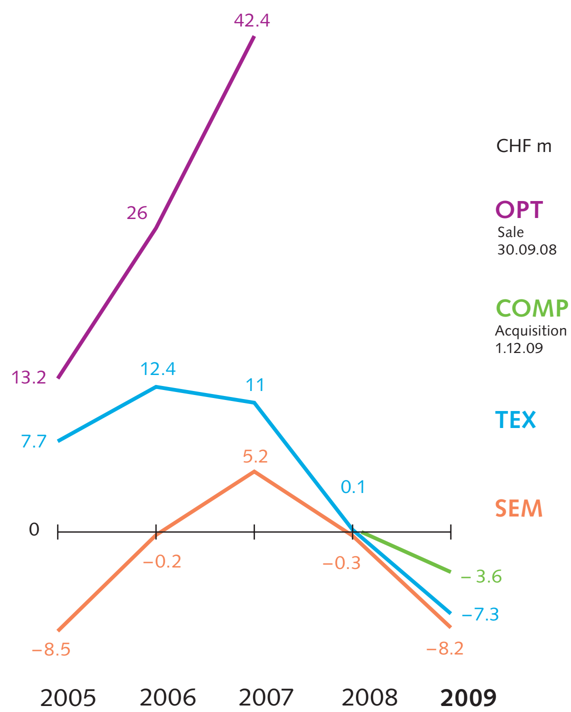
Revenues

Significant decline in revenues at SSM Textile Machinery (TEX) and Ismeca Semiconductor (SEM). 3A Composites (COMP) fully consolidated for one month. Pro forma Group revenues for 2009: CHF 764 million.



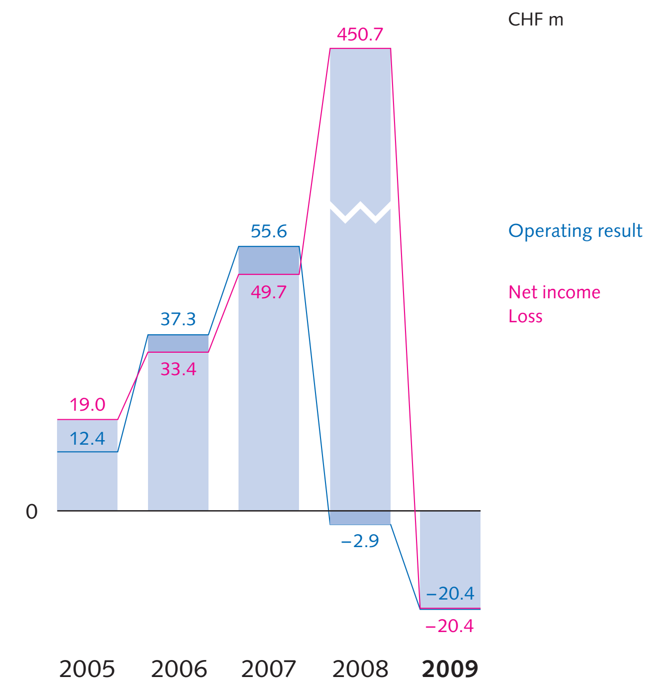
Operating result

Operating loss at TEX and SEM despite strict cost management and maintained gross margin. Purchase price adjustments and the cost of creating an independent entity impacted COMP's December result by around CHF 5.5 million.



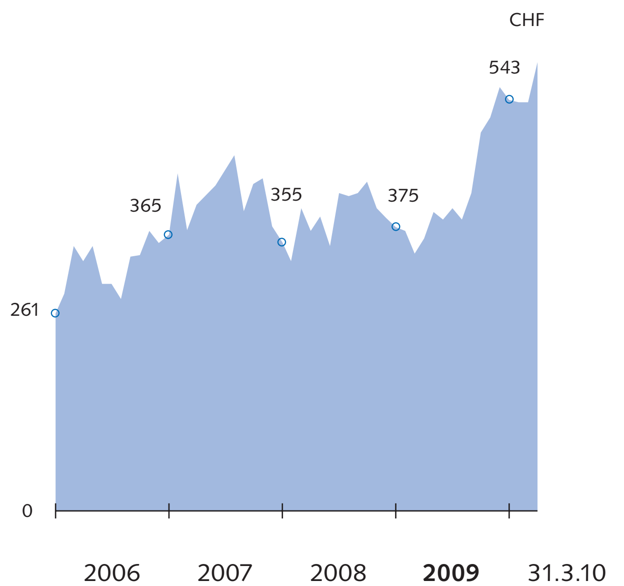
Net income

Net income of the same magnitude as operating income. Low tax charge because of operating loss. Interest income and net exchange rate losses virtually cancel each other out.



Bearer shares

As of December 31, 2009, 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 2009, the Group had a substantial cash position of approximately 302 million even after the acquisition of 3A Composites.

Net Assets

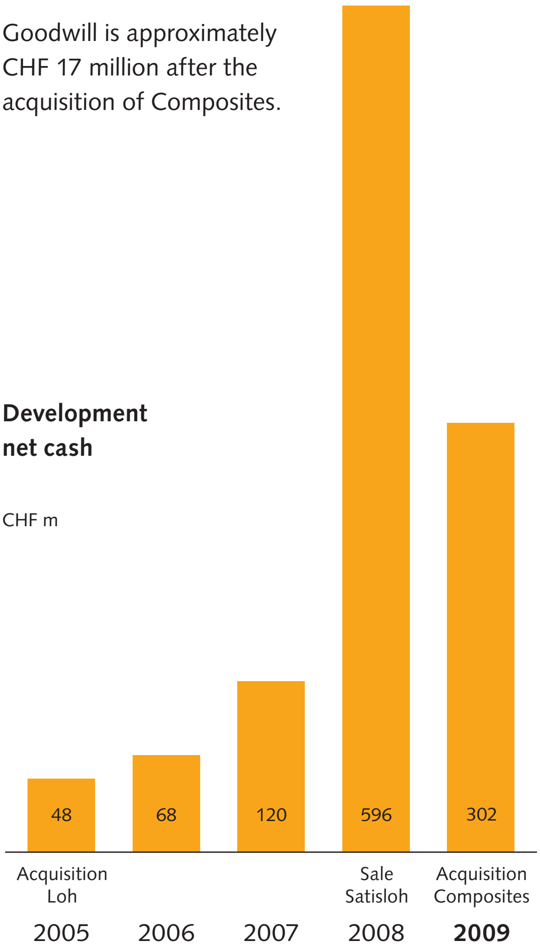
Net assets increased significantly owing to the acquisition of 3A Composites. Net assets consist of trade receivables of CHF 102 million, inventories amounting to CHF 97 million, property plant and equipment of CHF 243 million, trade liabilities of CHF 47 million and payments on account received from customers of CHF 9 million.

Goodwill

Goodwill is approximately CHF 17 million after the acquisition of Composites.

Development net cash

CHF m



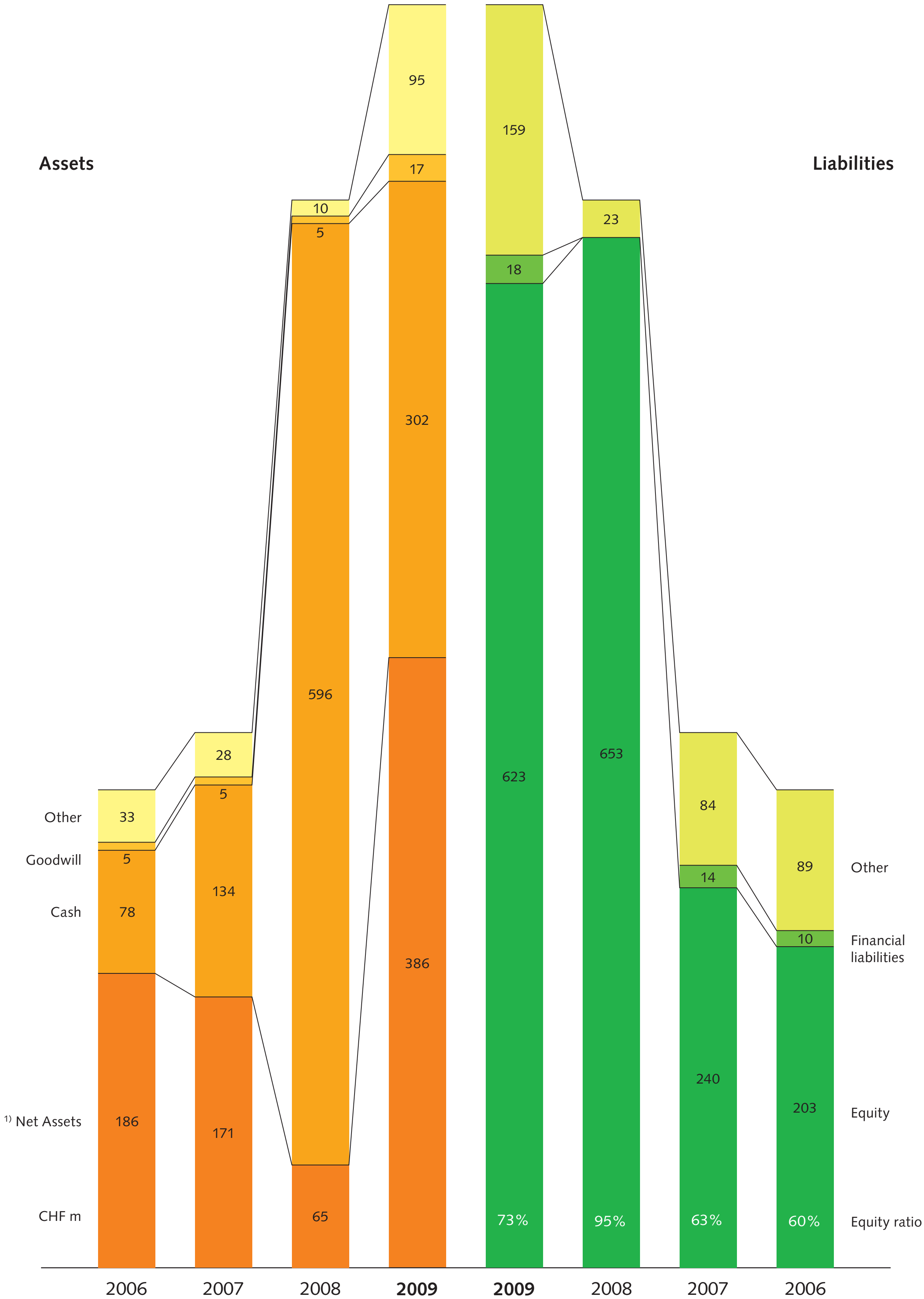
Liabilities

Interest-bearing liabilities

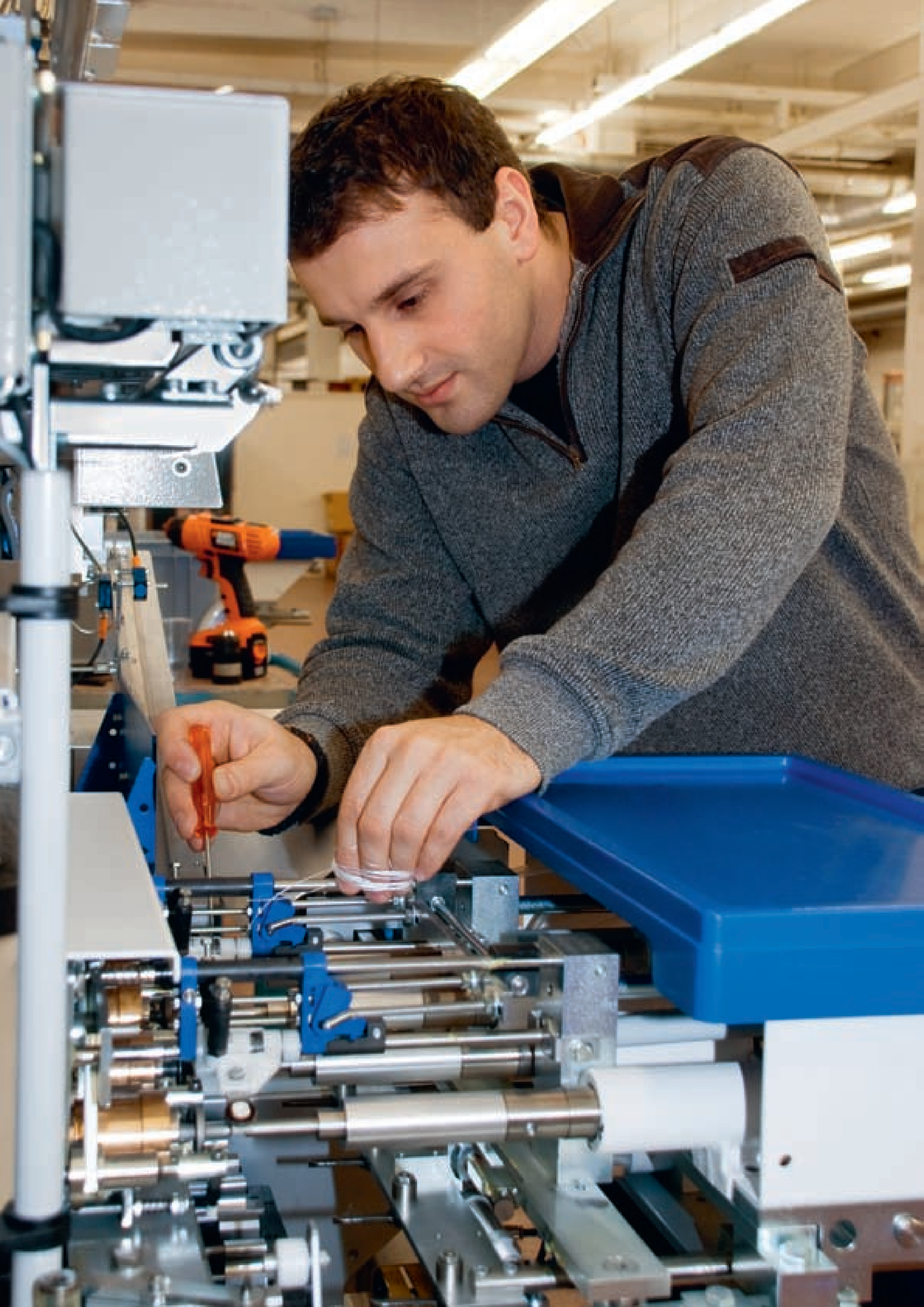
Short- and long-term liabilities amount to around CHF 18 million.

Shareholders' equity

Shareholders' equity amounts to CHF 623 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 Textile Machinery

Revenues of CHF 39 million were posted in an extremely difficult market environment, resulting in an EBIT of CHF –7 million.

Markets

The sharp drop in new orders from mid-2008 onward became more accentuated at the beginning of 2009, with all regions reporting a substantial drop in demand. Even markets which have historically been strong and stable, such as China, India and Turkey, fell to their lowest levels for years. In these markets investment virtually ground to a halt, owing to difficult access to credit and uncertainty over the economic trend. Both exports and local consumption of textile products plunged dramatically.

It was not until the third quarter that a steady recovery in new orders began to emerge. A growing local market and an improvement in consumer behavior in the Asian countries – particularly China and Taiwan – led to a clear market revival. India too showed trends toward a recovery in the second half of the year. Central and South America were comparatively crisis-resistant. Once overcapacity had been reduced, there was also a renewed increase in investment in capacity expansion toward the end of the year. Both Europe and the Middle East persisted at a very low level throughout the year. European niche suppliers continued to concentrate on specialties and only tentatively resumed investment on a small scale.

SSM saw the emergence of an attractive new market in eastern Europe and central Asia; although in absolute terms this market was still of secondary significance the growth rates were impressive.

Machinery for the yarn dyeing sector and winding machines for the production of coloring packages emerged as the top-performing segment in terms of revenues – despite persisting price pressure margins were held. In the second half of the year, the air texturing segment recovered in line with the market as a whole, while applications in the sewing thread manufacturing segment saw a decline in revenues. Overall, the strong market position of SSM was preserved.

Revenues and income

At CHF 39 million, revenues were around 53% lower than in the previous year. Strict cost management and short-time working hours reduced fixed costs significantly. Even so, it was not possible to compensate for the lack of volume despite an 88% higher order intake in the second half of the year. The operating loss amounted to CHF –7.3 million.

Product range

Continuing investment in development has ensured that product innovations will be ready for the ITMA Asia 2010 trade fair and the ITMA 2011 in Barcelona. At the same time, the platform and module strategy has been systematically pursued. Thanks to the multiple use of parts and modules, this is resulting in extended applications despite the reduced product range. The reduction in complexity has improved the situation in procurement and logistics and has released additional resources in R&D which have increasingly been used for strategic projects. 2010 will witness the market launch of the first SSM machine to have been developed and manufactured entirely in Asia.

Organization

Structures in the development sector have been reorganized in order to promote a clear separation between R&D and product care and therefore meet the growing trend toward customer-specific products more effectively. A program initiated for further relocation of production capacity to SSM‘s own plant in China will be completed at the end of 2010, leading to additional cost savings on products for the Asian and Indian markets. A new quotation and sales program currently in the introductory phase will bring additional efficiency improvements.

Outlook

The order backlog is up significantly on the previous year. The outlook in the second half of the year is positive – mainly thanks to the economic engine which is China. Whether the current market recovery will continue is difficult to assess and will also depend on whether demand in Europe and the Middle East increases as expected.


SSM
SSM
SSM

Management

Rainer Roten	Chief Executive Officer (until December 31, 2009)
Ernesto Maurer	Chief Executive Officer (from April 1, 2010)
Martin Klöti	Chief Financial Officer
Matthias Bührer	Head of R & D (until August 31, 2009)
Davide Maccabruni	Head of R & D (from September 1, 2009)
Christian Widmer	Head of Supply & Production
Urs Gull	Head of Marketing & Sales
Martin Toti	Head of Aftersale Services

Employees at year-end

221	223	235	202	192

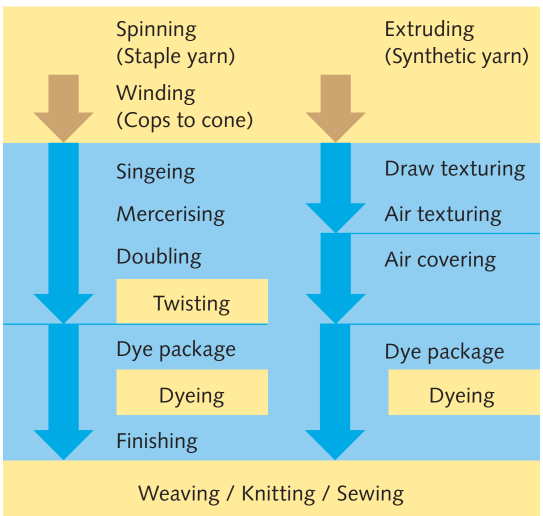
Machine program

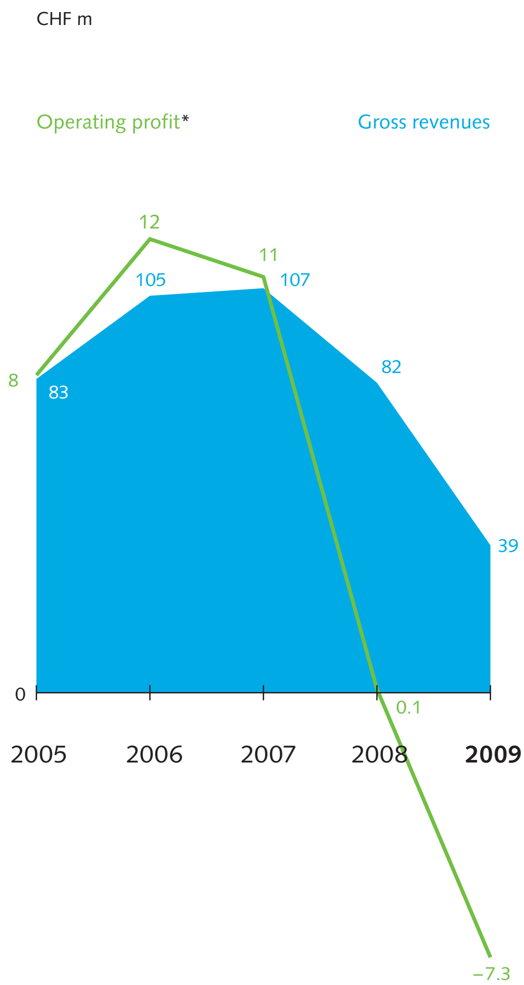
Machines for the following applications/segments in the textile sector:

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

Sales markets

Europe	29%	(incl. Turkey)
Americas	19%	
Asia	46%	(incl. Indian subcontinent)
Other	6%	





* Scale 10 times gross sales

3A Composites

Introduction

On November 30, 2009 the negotiations between Schweiter Technologies and Rio Tinto over the takeover of Alcan Composites were brought to a successful conclusion.

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, Alucore etc.

"Flying roof" of the Culture and Convention Centre Lucerne (KKL), constructed using Alucore composite panels from 3A Composites.

	Core Materials	Architecture	Display
Applications			
Brands	AIREX® BALTEK®	ALUCOBOND® ALUCORE®	FOREX® DIBOND® GATOR® FOAM-X® KAPA® FOME-COR® SINTRA® HYLITE®
Products	**Structural Core Materials** Engineering foams and balsa	**Sandwich Panels** Aluminium skins and various core materials	**Sandwich Panels** Metal, paper and plastic skins and foamed core materials

3A Composites

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.

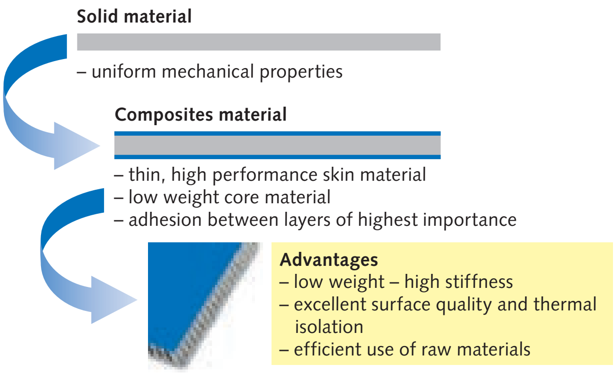
As a global sandwich company, its success is founded on a well-developed understanding of

- 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.

Review of 2009

Markets

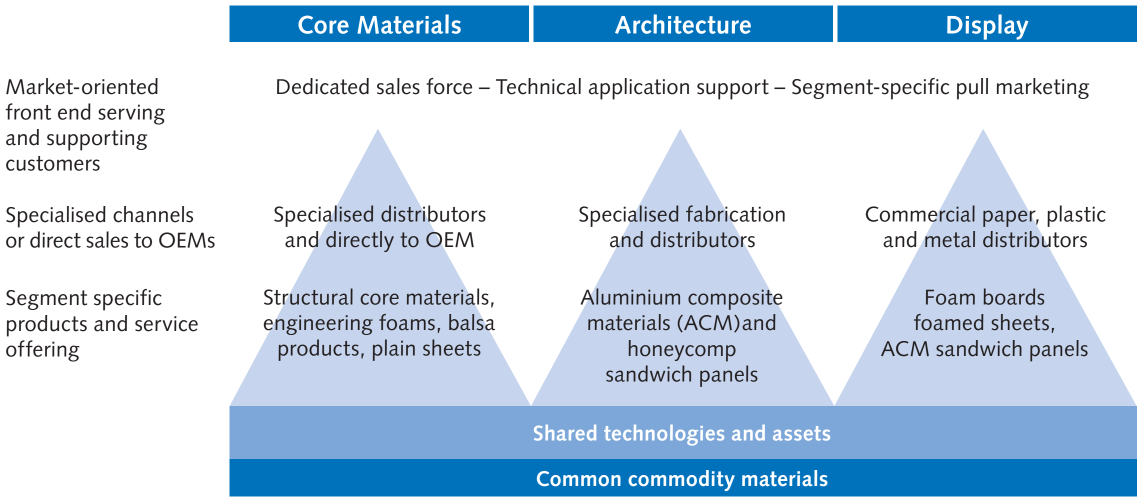
Of the strategic market segments (display, architecture, marine, wind power and transport), the markets in Europe and North America were worst affected by the economic crisis.

In the display business revenues already started to decline at the end of 2008. In the second half of 2009, the volume stabilized at a level roughly 25% lower.

During the year under review, the architectural cladding business basically remained stable in Europe and showed growth, albeit slower, in the Asia Pacific region.

The marine market in North America and Europe has largely collapsed and is only expected to recover in 1 to 2 years' time.

Despite extensive subsidy programs announced in all relevant geographical target markets, the wind power sector in the US and Europe has fallen short of expectations.



While the market in China is continuing to grow as expected, local manufacturers of wind farms and rotor blades are gaining market share from western market leaders and the annual increase in installed capacity is weakening slightly. All in all, the core materials business has developed in line with expectations for the Chinese market.

"Stadler Flirt" front cabin made using GFRP sandwich construction technique. Manufactured by Airex Composite Structures in Altenrhein, CH.

Revenues and income

Breakdown of revenues in 2009	
Display	31%
Core materials	30%
Architecture	27%
Transport and industry	9%
Other	3%

The 2009 annual financial statements include the results of the Composites division for the period from December 1 to December 31, 2009, reflecting the completion of the transaction as of November 30, 2009.

In a difficult economic environment, the Composites division posted proforma revenues totaling CHF 679 million in 2009.

The countermeasures introduced in the first quarter made it possible to reduce variable and fixed costs and current assets in line with the sharp fall in revenues. In the second and third quarter, the business was stabilized at a lower level.

The rapid response to the economic and financial crisis made it possible to achieve an operating EBITDA margin of around 9% despite the significant year-on-year fall in revenues.

Product range

Product development and investment in manufacturing facilities for new products continued as originally planned. Of the 17 new product launches

planned, 14 actually took place, two were postponed and one project was dropped. In China, an acquisition in the aluminum honeycomb composite panels segment made it possible to expand the product range for the architecture sector.

Organization

The sale of Rio Tinto's Alcan Composites operations to the Schweiter Group and preparations for the transaction tied up considerable resources which can be re-allocated in the new environment. In addition to temporary countermeasures, a number of local restructuring drives were carried out at sites in the US and Ecuador, mainly in the area of balsa operations. This took account of the sharp downturn in the marine market in the US and the increasing industrialization of the balsa business in Ecuador.

Outlook

In the display markets of Europe and the US a slight recovery looks set to emerge in the second half of 2010. Over the coming year plants for three new display product groups are to be commissioned in the US, Europe and India which will strengthen our competitive position.

Architecture will remain basically stable in Europe, with Spain, the UK and Russia persisting at a low level. China and India are still expected to see growth.

The wind power sector remains the most important sales market for the core materials business. In the US, the subsidy programs will ultimately generate the expected impetus while the Chinese market will once again growth strongly. The marine sector remains in a similar weak state to 2009. A recovery is only expected in the medium term.

Management

Georg Reif	Chief Executive Officer
Ashwin Shanbhag	Chief Financial Officer
Rainer Sernatinger	Vice President Human Resources
Dr. Tarek Haddad	Vice President Business Development
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
Pierre Moneton	President Core Materials

Sales markets

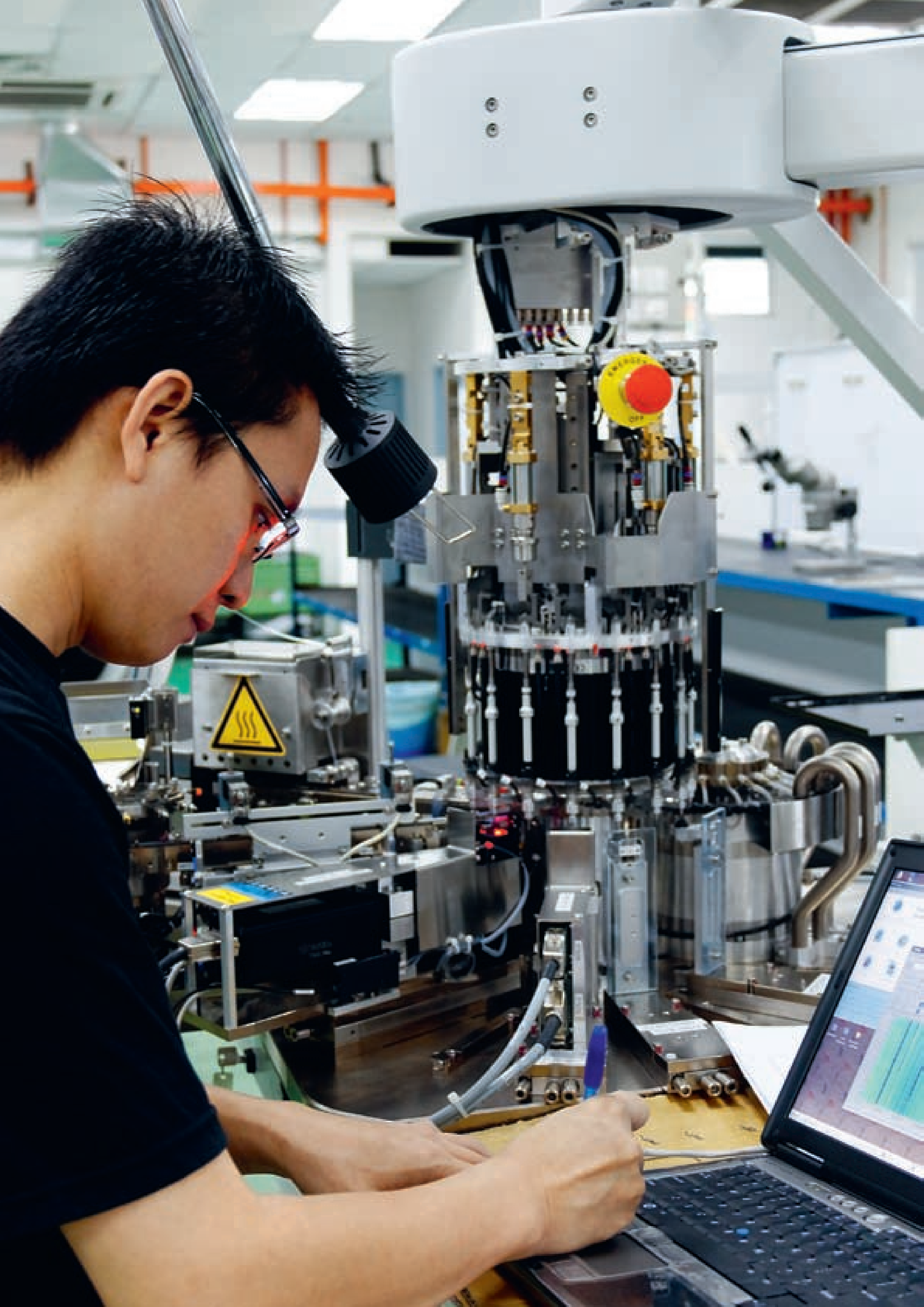
Europe	50%
Americas	26%
Other	24%

Employees at year-end

2005	2006	2007	2008	2009
2 190	2 520	2 764	3 345	3 045

of which in balsa wood plantations and sawmills in Ecuador:

678	918	1 102	1 651	1 359



Ismeca Semiconductor

The sharp downturn in the semiconductor industry reached a historic low during the first half of the year. As a result, Ismeca Semiconductor's revenues only reached CHF 46 million – as against CHF 76 million in 2008 (under the impact of the crisis) and CHF 110 million in 2007.

The gross margin was maintained despite the grim environment. Fixed costs were reduced by 11% (implying breakeven revenues of 65) – but EBIT remained deep in the red at CHF –8.2 million.

Market
In 2009, the market declined by a massive 70% compared to 2006/2007! In the second half of the year, there was a moderate market improvement which really gained momentum in December. Ismeca Semiconductor's order intake also benefited from this.

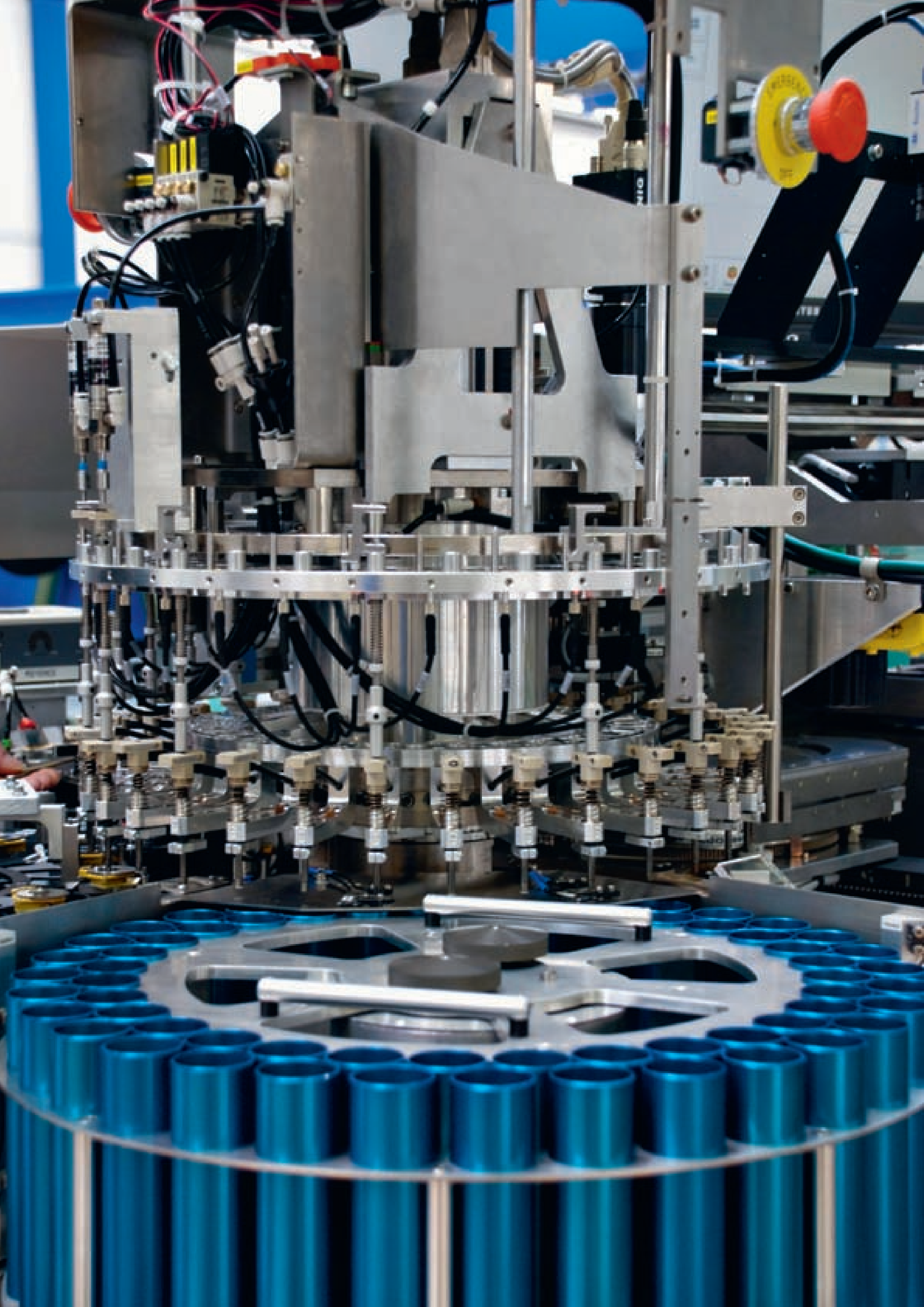
Products
Ismeca Semiconductor focused on expanding its strategic position, with development expenditure reaching a ten-year peak. Innovation efforts materialized with the successful market introduction of new test/finishing equipment for small devices and for high frequency devices requiring direct dock for the test. Today, Ismeca Semiconductor provides the fastest equipment for these applications.

Further innovations in the semiconductor and LED markets were prepared for launch in the first half of 2010.

Organization/operations
Substantial progress was made during the crisis:
- inventories and work in progress were reduced by 30%;
- the entire net assets were reduced to the same degree;
- obsolescence costs fell to a ten-year low, reflecting improved materials management;
- the margin was maintained thanks to natural hedging, global sourcing and a steady reduction in material costs;
- the Retrofit business – opened in China in 2008 – produced a positive result.

The LED organization was considerably expanded.

Outlook
In 2009, the semiconductor industry suffered greatly from the negative impact of the market downturn. Despite this, chip manufacturers – Ismeca's customers – increased their production in the second half of the year and, in many places, achieved full capacity utilization toward the end of the year. This holds out the prospect of a significant increase in revenues for equipment manufacturers in 2010 and should particularly benefit investments for new chips and applications – segments in which Ismeca Semiconductor is positioned best.



Management

Lorenzo Giarrè	Chief Executive Officer
Christophe Kipfer	Chief Financial Officer
Gilbert Fluetsch	Head of Marketing & Sales (until September 30, 2009)
Aaron Chiang	Head of Marketing & Sales (from October 1, 2009)
Peter Portmann	Head of Operations
Thierry Eme	Head of Technology
YT Ng	Head of South Asia
Kevin Chen	Head of North Asia

Employees at year-end

298	319	305	305	310

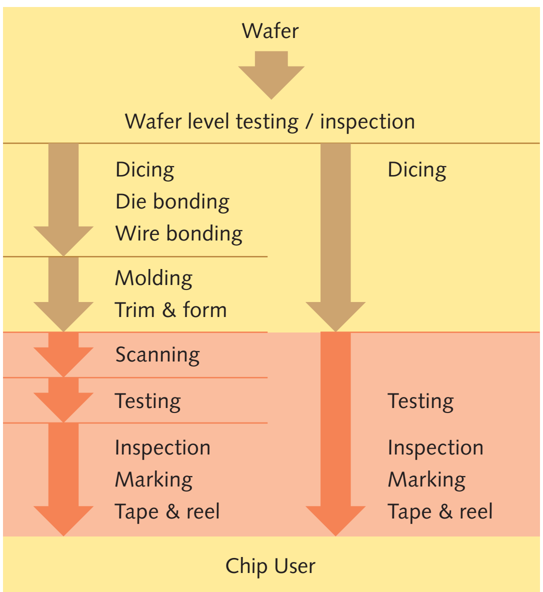
Machine programme

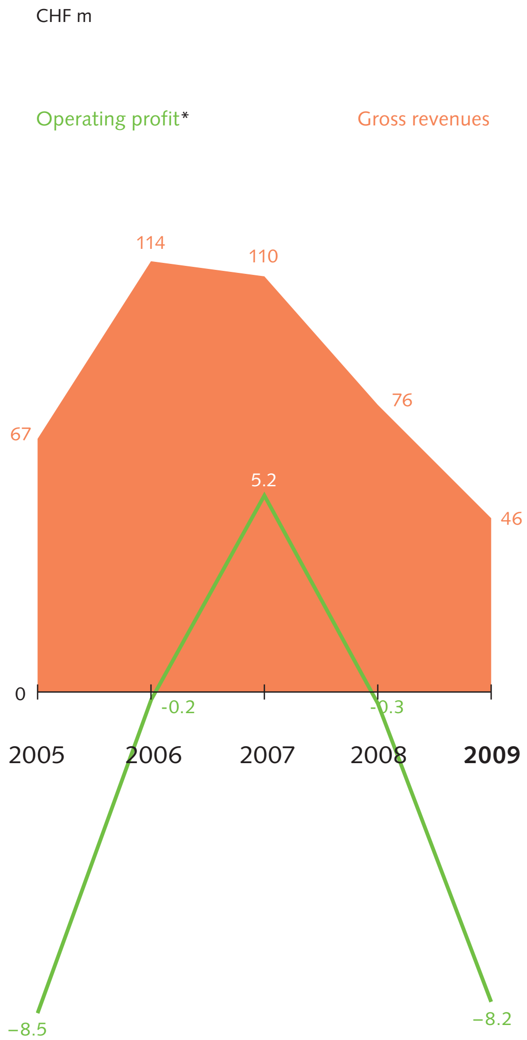
High-speed machines for finishing, testing, inspection, marking and taping of:

- Discretes
- SOIC
- Bare dies
- LEDs
- Solar cells
- MEMS

Sales markets

North Asia	36%
South Asia	45%
Americas & Europe	19%





*Scale 10 times gross sales

Consolidated financial statements of Schweiter Technologies AG

Consolidated balance sheet as at December 31, 2009

Note	Assets (in CHF 1000s)	2009	%	2008	%
	Current assets				
1	Cash and cash equivalents	301 584		596 146	
2	Trade receivables	101 649		32 169	
	Receivables from current income taxes	1 125		1 555	
	Downpayments to suppliers	1 529		1 526	
3	Other receivables	10 891		5 481	
	Prepaid expenses and accrued income	1 697		933	
4	Inventories and work in progress	96 837		22 101	
	Total current assets	**515 312**	60.2	**659 911**	96.5
	Non-current assets				
5	Property, plant and equipment	243 424		17 756	
6	Biological assets	10 633		-	
7	Investment in associated companies	1 661		-	
8	Financial assets	1 378		102	
28	Deferred income tax assets	10 801		136	
9	Intangible assets	73 147		5 653	
15	Capitalized pension assets	105		-	
	Total non-current assets	**341 149**	39.8	**23 647**	3.5
	Total assets	**856 461**		**683 558**	

Note	Liabilities (in CHF 1000s)	2009	%	2008	%
	Short-term liabilities				
10	Short-term financial liabilities	13 420		44	
	Trade liabilities	47 035		9 462	
	Prepayments received from customers	9 340		1 048	
11	Other liabilities	9 717		2 216	
12	Accrued expenses and deferred income	44 464		8 955	
16	Short-term provisions	8 301		5 429	
	Current income taxes	4 789		1 767	
	Total short-term liabilities	**137 066**	16.0	**28 921**	4.2
14	Long-term financial liabilities	5 048		43	
29	Deferred income tax liabilities	30 637		221	
16	Long-term provisions	16 146		1 501	
15	Pension obligations	44 142		239	
	Total long-term liabilities	**95 973**	11.2	**2 004**	0.3
	Total liabilities	**233 039**	27.2	**30 925**	4.5
	Shareholders' equity				
17	Share capital	1 444		1 444	
	Treasury shares	– 28 690		– 28 690	
	Share premium	107 381		107 381	
	Retained earnings	569 095		130 645	
	Loss / net income	– 20 436		450 743	
	Currency translation adjustments	– 5 372		– 8 890	
	Total shareholders' equity	**623 422**	72.8	**652 633**	95.5
	Total liabilities and shareholders' equity	**856 461**		**683 558**	

▲ For additional details see notes to the consolidated financial statements

Consolidated income statement for the financial year 2009

Note	(in CHF 1000s)	2009	%	2008	%
	Continuing operations:				
	Gross revenues	**132 553**	111.9	**158 062**	107.9
21	Sales deductions	– 9 817	– 8.3	– 10 252	– 7.0
	Net revenues	122 736	103.6	147 810	100.9
	Change in inventories of semi-finished and finished goods	– 4 276	– 3.6	– 1 305	– 0.9
	Total operating income	**118 460**	100.0	**146 505**	100.0
	Cost of materials	– 64 092	– 54.1	– 79 441	– 54.2
	Personnel expenses	– 45 828	– 38.7	– 44 519	– 30.4
22	Other operating expenses	– 25 444	– 21.5	– 24 291	– 16.6
23	Other operating income	685	0.6	461	0.3
24	Depreciation and amortization of intangible assets	– 4 168	– 3.5	– 1 589	– 1.1
	Operating result	**– 20 387**	– 17.2	**– 2 874**	– 2.0
25	Financial income	5 834	4.9	5 606	3.8
26	Financial expenses	– 6 530	– 5.5	– 13 429	– 9.1
7	Share of result of associated companies	42		–	
	Loss before taxes	**– 21 041**	– 17.8	**– 10 697**	– 7.3
27	Income taxes	605	0.5	– 1 195	– 0.8
	Loss from continuing operations	**– 20 436**	– 17.3	**– 11 892**	– 8.1
	Discontinued operations:				
30	**Net income from discontinued operations**	**–**		**462 635**	315.8
	Loss / net income	**– 20 436**	– 17.3	**450 743**	307.7
32	**Earnings per share** (in CHF)				
	From continuing operations:				
	– Undiluted and diluted	– 14.96		– 8.58	
	From continuing and discontinued operations:				
	– Undiluted and diluted	– 14.96		325.11	

Consolidated statement of comprehensive income for the financial year 2009

(in CHF 1000s)		2009	2008
Loss / net income		**– 20 436**	**450 743**
Other items of comprehensive income:			
Foreign currency translation differences		3 518	– 233
Cash flow hedges	– Gains / losses recorded under equity	–	– 5
	– Gains / losses transferred to the income statement	–	–
Income taxes on cash flow hedges		–	1
Total other items of comprehensive income after income taxes		3 518	– 237
Comprehensive income		**– 16 918**	**450 506**

▲ For additional details see notes to the consolidated financial statements

Consolidated cash flow statement for the financial year 2009

	(in CHF 1000s)	2009	2008
	Loss from continuing operations	– 20 436	– 11 892
30	Net income from discontinued operations	–	462 635
	Loss / net income	**– 20 436**	**450 743**
	Liquidity-neutral items:		
	– Depreciation and amortization intangible assets	4 168	3 758
	– Change in provisions and pension obligations	– 798	31
30	Gain from sales of subsidiaries	–	– 448 607
7	Share of result of associated companies	– 42	–
	Profit / loss on sales of property, plant and equipment (net)	– 23	– 129
	Financial income	– 5 834	– 9 514
	Financial expenses	6 530	19 025
27	Income taxes	– 605	3 369
	Operating profit before change of net current assets	**– 17 040**	**18 676**
	Change in trade receivables	12 341	44 094
	Change in other receivables and accruals	4 018	1 339
	Change in inventories and work in progress	11 759	– 7 878
	Change in trade liabilities	735	– 15 865
	Change in other liabilities and deferrals	– 681	– 10 828
	Cash flow from operating activity	**11 132**	**29 538**
	Interest paid	– 78	– 182
	Income taxes paid	– 860	– 5 398
	Net cash flow from operating activity	**10 194**	**23 958**
30	Sale of investment in subsidiaries	3 007	502 303
31	Purchase of subsidiaries	– 254 128	–
	Purchase of intangible assets	–	– 1 124
	Purchase of property, plant and equipment	– 2 445	– 3 903
	Proceeds from sale of property, plant and equipment	90	1 965
	Increase / repayment financial assets	– 36	490
	Interest received	3 415	3 169
	Cash flow from investment activity	**– 250 097**	**502 900**
	Repayment leasing liabilities	– 22	– 56
	Repayment of long-term loans	–	– 21
	Repayment of short-term loans	– 30	– 13 914
	Discharge of acquired net liability of 3A Composites towards seller	– 36 371	–
17	Purchase of treasury shares	–	– 25 522
17	Dividend paid	– 12 292	– 12 513
	Cash flow from financing activity	**– 48 715**	**– 52 026**
	Currency exchange differences on cash and cash equivalents	– 5 944	– 13 235
	Change in cash and cash equivalents	**– 294 562**	**461 597**
	Cash and cash equivalents as at January 1	596 146	134 549
	Cash and cash equivalents as at December 31	**301 584**	**596 146**
	The figures given above include the following cash flows from discontinued activities: – Net cash flow from operating activity	–	6 850
	– Cash flow from investment activity	3 007	503 130
	– Cash flow from financing activity	–	–

▲ For additional details see notes to the consolidated financial statements

Change in consolidated shareholders' equity

(in CHF 1000s)	Equity attributable to parent company shareholders: Share capital	Treasury shares	Share premium	Retained earnings	Cash flow hedges	Currency translation difference	Total	Minority interest	Total shareholders'equity
Balance as at December 31, 2007	**1 444**	**–3 168**	**107 381**	**143 158**	**4**	**–8 657**	**240 162**	**0**	**240 162**
Net income				450 743			450 743		450 743
Other items of comprehensive income:									
Foreign currency translation differences						–233	–233		–233
Cash flow hedges									
– Gains / losses recorded under equity					–5		–5		–5
– Gains / losses transferred to the income statement							0		0
Income taxes on cash flow hedges					1		1		1
Total other items of comprehensive income after income taxes	*0*	*0*	*0*	*0*	*–4*	*–233*	*–237*	*0*	*–237*
Comprehensive income	*0*	*0*	*0*	*450 743*	*–4*	*–233*	*450 506*	*0*	*450 506*
Dividend paid				–12 513			–12 513		–12 513
Purchase of treasury shares		–25 522					–25 522		–25 522
Balance as at December 31, 2008	**1 444**	**–28 690**	**107 381**	**581 388**	**0**	**-8 890**	**652 633**	**0**	**652 633**
Loss				–20 436			–20 436		–20 436
Other items of comprehensive income:									
Foreign currency translation differences						3 518	3 518		3 518
Total other items of comprehensive income after income taxes	*0*	*0*	*0*	*0*	*0*	*3 518*	*3 518*	*0*	*3 518*
Comprehensive income	*0*	*0*	*0*	*–20 436*	*0*	*3 518*	*–16 918*	*0*	*–16 918*
Dividend paid				–12 293			–12 293		–12 2933
Balance as at December 31, 2009	**1 444**	**–28 690**	**107 381**	**548 659**	**0**	**–5 372**	**623 422**	**0**	**623 422**

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 1 (revised)	Presentation of Financial Statements
IAS 23	Borrowing Costs
IAS 32	Financial Instruments: Presentation
IAS 39/IFRIC 9	Embedded Derivatives
IFRS 2	Share-based Payments
IFRS 7	Financial Instruments: Disclosures
IFRS 8	Operating Segments
IFRIC 13	Customer Loyalty Programmes
IFRIC 15	Agreements for the Construction of Real Estate
IFRIC 16	Hedges of a Net Investment in a Foreign Operation
IFRIC 18	Transfers of Assets from Customers

With the exception of IAS 1 (revised) and IFRS 8, the aforementioned points have no effect on these consolidated annual statements.

As the internal report submitted to Group Management and the Board of Directors is drawn up on the basis of the existing divisions and the same accounting and valuation principles as those applied to the consolidated financial statements, the application of IFRS 8 does not give rise to any changes to the definition of the operating segments but does result in additional disclosure obligations. The application of the revised IAS 1 also results in the additional requirement to disclose the consolidated statement of comprehensive income.

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	3)
Amendments to Standards				
IAS 24 revised 2009	Related Party Disclosures	January 1, 2011	Financial year 2011	1)
IAS 27 revised	Consolidated and Separate Financial Statements	July 1, 2009	Financial year 2010	4)
Amendments to IAS 32	Financial Instruments: Presentation – Classification of Rights Issues	February 1, 2010	Financial year 2011	1)
Amendments to IAS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Items	July 1, 2009	Financial year 2010	3)
IFRS 1 revised	First-time Adoption of International Financial Reporting Standards	July 1, 2009	Financial year 2010	1)
Amendments to IFRS 1	First-time Adoption of International Financial Reporting Standards – Additional Exemptions	January 1, 2010	Financial year 2010	1)
Amendments to IFRS 2	Group Cash-settled Share-based Payment Transactions	January 1, 2010	Financial year 2010	1)
IFRS 3 revised	Business Combinations	July 1, 2009	Financial year 2010	4)
Amendments to IFRS 5	Non-current Assets Held for Sale and Discontinued	July 1, 2009	Financial year 2010	1)
Misc.	Changes in IFRS (Annual improvements, April 2009)	July 1, 2009 January 1, 2010	Financial year 2010	3)
New interpretations				
IFRIC 17	Distributions of Non-cash Assets to Owners	July 1, 2009	Financial year 2010	1)
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	July 1, 2010	Financial year 2011	1)
Amendments to Interpretations				
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	3)

1) No or no material effects are expected on the consolidated financial statements of Schweiter Technologies
2) Additional disclosures or changes in the presentation of the consolidated financial statements of Schweiter Technologies are mainly expected
3) The effects on the consolidated financial statements of Schweiter Technologies can not yet be reliably determined
4) This standard affects transactions completed on or after January 1, 2010

Principles of consolidation and valuation

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, 2009 and December 31, 2008. The statements of the individual companies, which follow local requirements and customary practices, have been adapted to IFRS on the basis of standard Group-wide accounting and valuation principles and have been combined into the consolidated financial statements.

Principles of consolidation

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

Companies in which the Group holds more than 20% of voting rights, but not more than 50%, are reported according to the equity method, provided effective control is not exercised in some other form. Thus, they are reported in the balance sheet at acquisition value, corrected for dividend 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. There are no differences between the accounting and valuation principles applied to segment reporting and those applied to the consolidated financial statements. Geographic information is broken down into the regions Europe, Americas, Asia and the rest of the world.

Changes in the scope of consolidation

As of September 30, 2008, the 100% shareholding in Satisloh Holding AG – which encompasses the entire Satisloh segment – was sold to the Essilor Group. The impact of the sale on balance sheet, on cash flow and on the income statement is shown in Note 30.

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 31.

Scope of consolidation

The following companies were fully consolidated as at December 31, 2009:

Company	Purpose	Share capital in 1000s		Shareholding
Schweiter Technologies AG Horgen, Switzerland	Holding company	CHF	1 444	-
SSM Schärer Schweiter Mettler AG Horgen, Switzerland	Development, Produc- tion and distribution	CHF	6 000	100%
SSM Vertriebs AG Baar, Switzerland	Distribution	CHF	100	100%
Hacoba Spultechnik GmbH i.L. Wuppertal, Germany	Production and distribution	EUR	25	100%
SSM (Zhongshan) Ltd. Zhongshan, China	Production and distribution	USD	500	100%
Ismeca Semiconductor Holding SA La Chaux-de-Fonds, Switzerland	Holding company	CHF	5 000	100%
Ismeca Europe Semiconductor SA La Chaux-de-Fonds, Switzerland	Production and distribution	CHF	1 100	100%
Ismeca USA Inc. Carlsbad, CA, USA	Distribution and services	USD	9 900	100%
CDF Holding Inc. Delaware, DE, USA	Holding company	USD	1	100%
Ismeca Malaysia Sdn. Bhd. Melaka, Malaysia	Production and distribution	MYR	5 000	100%
Ismeca Asia, Ltd. Hong Kong	Distribution and services	HKD	150	100%
Ismeca Semiconductor (Suzhou) Co. Ltd. Suzhou, China	Distribution and services	USD	250	100%
Schweiter Composites GmbH Singen, Germany	Holding company	EUR	25	100%
Southern Cross Holding GmbH Singen, Germany	Holding company	EUR	25	100%

Principles of consolidation and valuation

Scope of consolidation

The following companies were fully consolidated as at December 31, 2009:

Company	Purpose	Share capital in 1000s		Shareholding
Schweiter Composites Corporation Wilmington, DE, USA	Holding company	USD	0.1	100%
Alcan Technology & Management AG Neuhausen, Switzerland	Development and management	CHF	600	100%
Alcan Airex AG Sins, Switzerland	Production and distribution	CHF	5000	100%
Alcan Kapa GmbH Osnabrück, Germany	Production and distribution	EUR	2556	100%
Alcan Baltek Corporation Northvale, NJ, USA	Production and distribution	USD	0.05	100%
Alcan Baltek International Corporation Northvale, NJ, USA	Distribution	USD	0.001	100%
Alcan Composites USA Inc. Mooresville, NC, USA	Distribution	USD	1	100%
Alcan Alucobond (Far East) Pte Ltd. Singapore	Production and distribution	SGD	15800	100%
Alcan Composites Ltd. Shanghai Shanghai, China	Production and distribution	USD	20000	100%
Alcan Composites India Private Ltd. Mumbai, India	Production	INR	65693	100%
Plantaciones de Balsa-Plantabal SA Guayaquil, Ecuador	Production	USD	42.4	100%
Balmanta SA Guayaquil, Ecuador	Production	USD	3018	100%
Compañia Ecuatoriana de Balsa SA Guayaquil, Ecuador	Production	USD	68.7	100%
Prodpac Productos del Pacifico SA Guayaquil, Ecuador	Production	USD	1930	100%

Gross revenues

Gross revenues include all invoiced sales of machines, spare parts, services and rental income.

Net proceeds from revenues and realization of income

Net proceeds from revenues include all invoiced sales to third parties after deduction of value added tax, quantity discounts, commissions, losses on bad debts, other sales deductions and the cost of carriage, insurance and packaging. Income is accounted for on transfer of the ownership rights and risks or rendering of the service respectively.

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 corresponding national currencies 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 underlying transaction are taken to income under consideration of deferred taxes, and the market values are stated together with the underlying transaction; the netted-out effect is reflected in the result. A cash flow hedge exists in particular where exchange rate hedging transactions are concluded in advance for future orders. The change in market value is credited/debited to other income in the consolidated statement of comprehensive income (hedging reserve) under consideration of deferred taxes and reported

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	
				2009	2008	**2009**	2008
USA	Dollar	USD	1	1.04	1.06	1.09	1.08
Euro zone	Euro	EUR	1	1.49	1.49	1.51	1.59
UK	Pound	GBP	1	1.65	1.53	1.70	2.00
Singapore	Dollar	SGD	1	0.74	0.73	0.75	0.77
Malaysia	Ringgit	MYR	100	30.30	30.30	30.90	32.60
Hong Kong	Dollar	HKD	1	0.13	0.14	0.14	0.14
China	Yuan	CNY	1	0.15	–	0.16	–

Principles of consolidation and valuation

at market value in the balance sheet under accruals/deferrals. The classification of financial instruments is set out in note 35.

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 2008.

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, 2009 with all other variables unchanged, the pre-tax result of the Schweiter Technologies Group would have been lower by CHF 4.5 million (CHF 7.5 million) (previous year CHF 2.3 million euro and CHF 1.3 million US dollar).

Conversely, if the Swiss franc had been 5% weaker against the euro (US dollar) on December 31, 2009 with all other variables unchanged, the pre-tax result of the Schweiter Technologies Group would have been higher by CHF 4.5 million (CHF 7.5 million) (previous year CHF 2.3 million euro and CHF 1.3 million US dollar).

A parallel 5% shift in the exchange rates of all currencies would change consolidated shareholders' equity by CHF 18.1 million (previous CHF 2 million).

Interest rate risks

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

A 1% rise in interest rates would push up the interest rate result by around CHF 2.9 million (previous year CHF 6.0 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 6.0 million).

Credit risk

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 only has bank accounts with first-class banks. 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, 2009 and December 31, 2008, 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 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	9 717	9 717	9 717		
Long-term financial liabilities	5 048	6 417	0	2 734	3 683
Total	**75 220**	**77 385**	**70 968**	**2 734**	**3 683**

Financial liabilities 2008: carrying amount and cash outflows

(in CHF 1000s)	Carrying amount 31.12.2008	Cash outflows Total	Up to 1 year	1 to 5 years	More than 5 years
Short-term financial liabilities	44	46	46		
Trade liabilities	9 462	9 462	9 462		
Other liabilities	2 216	2 216	2 216		
Long-term financial liabilities	43	47	–	47	
Total	**11 765**	**11 771**	**11 724**	**47**	**0**

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 other intangible fixed assets are reviewed annually for impairment, property, plant and equipment is 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.

Income taxes

Significant estimates are required in determining the current and deferred assets and liabilities for income taxes. 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.

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. Based on current knowledge, management has made an assessment of the possible impact of these open legal cases and has reported this 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.

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:
• Buildings: 40 years • Conversions: 10 years or the duration of the rental agreement • Fixtures and fittings: 8 to 10 years • Machines: 5 to 10 years • Computer systems and associated operating software: 3 to 5 years • Vehicles: 3 to 4 years • Furniture: 8 to 10 years • Rented facilities for the duration of the rental agreement.

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.

Principles of consolidation and valuation

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 assets

Other intangible assets are stated at acquisition costs and written down on a linear basis over their estimated useful life. Where they are viewed as having an unlimited useful life, they are not written down annually but are reviewed annually for impairment.

Research and development costs

Research costs are charged to the current year's income statement.

Development costs are charged to the income statement where the conditions for capitalization within the meaning of IAS 38 are not satisfied.

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 maximum 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.

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 30.11.2009 / 31.12.2009. 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 2009

(in CHF millions) **Continuing operations**	SSM Textile Machinery	Ismeca Semiconductor	3A Composites	Other/ Eliminations	Group
Gross revenues from continuing operations [1]	38.6	45.9	47.6	0.5	132.6
Operating income from continuing operations	34.7	44.5	38.8	0.5	118.5
24 Depreciation and amortization	– 0.4	– 1.1	– 2.7	–	– 4.2
Operating result from continuing operations	**– 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 from continuing operations	**– 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	575.5	183.2	**856.5**
Liabilities	26.5	10.5	449.2	– 253.2	**233.0**
Employees at year-end	192	310	3 045	3	**3 550**

[1] There are no revenues between the divisions

Geographical information 2009 (in CHF millions)

Regions	Europe	Americas	Asia	Other	Group
Gross revenues	39.3	24.1	64.8	4.4	**132.6**
Assets	588.3	185.9	82.3	–	**856.5**

Information on major customers

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

Operating segments 2008

(in CHF millions)

Continuing operations	SSM Textile Machinery	Ismeca Semiconductor	Other/ Eliminations	Group
Gross revenues from continuing operations[1]	81.7	75.9	0.5	158.1
Operating income from continuing operations	73.2	72.9	0.4	146.5
24 Depreciation and amortization	– 0.4	– 1.1	– 0.1	– 1.6
Operating result from continuing operations	**0.1**	**– 0.3**	**– 2.7**	**– 2.9**
Financial income				5.6
Financial expenses				– 13.4
Loss before taxes				**– 10.7**
Income taxes				– 1.2
Loss from continuing operations	**– 0.4**	**– 0.6**	**– 10.9**	**– 11.9**
Capital expenditure in property, plant and equipment	0.5	0.7	–	1.2
Capital expenditure in intangible assets	0.1	–	–	0.1
Total capital expenditure	**0.6**	**0.7**	–	**1.3**
Assets	33.7	66.5	583.4	**683.6**
Liabilities	15.0	9.4	6.5	**30.9**
Employees at year-end	202	305	3	**510**

[1] There are no revenues between the divisions

Geographical information 2008 (in CHF millions)

Regions	Europe	Americas	Asia	Other	Group
Gross revenues	34.6	19.9	99.1	4.5	**158.1**
Assets	667.1	0.6	15.9	-	**683.6**

Information on major customers

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)	**2009**	2008
CHF	194 767	547 444
EUR	65 905	36 822
USD	24 362	9 489
Other	16 550	2 391
Total	**301 584**	**596 146**

Cash and cash equivalents consist of cash deposits with banks and in postal check accounts. They carry interest ranging from 0.0% to 3.19%.

2 **Trade receivables** (in CHF 1000s)	**2009**	2008
Total trade receivables	104 046	33 466
– less allowance for doubtful accounts receivable	– 2 397	– 1 297
Total trade receivables – net	**101 649**	**32 169**

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**

Age analysis of trade receivables 2008: (in CHF 1000s)	Gross 31.12.2008	Bad debt allowance 31.12.2008	Net 31.12.2008
Not due	21 986	– 263	21 723
Overdue up to one month	3 112	– 31	3 081
Overdue between one and two months	3 085	– 18	3 067
Overdue between 2 and 3 months	1 021	– 65	956
more than 3 months overdue	4 262	– 920	3 342
Total overdue	*11 480*	*– 1 034*	*10 446*
Total	**33 466**	**– 1 297**	**32 169**

Changes in the value adjustment for doubtful accounts receivable:	**2009**	2008
Balance as at January 1	– 1 297	– 3 668
Change in the scope of consolidation	– 967	2 235
Foreign currency differences	3	73
Bad debt allowance used	51	348
Bad debt allowance released	30	127
Bad debt allowance increased	– 217	– 412
Balance as at December 31	**– 2 397**	**– 1 297**

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)	**2009**	2008
Receivables from other taxes (value added tax, withholding tax, etc.)	4 597	1 694
Other receivables	6 294	3 787
Total	**10 891**	**5 481**

4 **Inventories and work in progress** (in CHF 1000s)	**2009**	2008
Raw materials and production parts	44 740	15 478
Semi-finished goods and work in progress	25 537	4 110
Finished goods and trading goods	26 560	2 513
Total	**96 837**	**22 101**

The net value of the inventories and work in progress is after value adjustments of CHF 32.2 million (previous year CHF 23.2 million). CHF 0.3 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. No value reinstatements were recorded as income. No inventories are encumbered by rights of lien.

Notes to the consolidated financial statements

5 Property, plant and equipment 2009

	(in 1000 CHF)	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
31	Change in the scope of consolidation	141713	3492	221131	2861	3926	3477	6057	382657
	Additions	104	328	1115	49	428	74	347	2445
	Disposals	0	−32	−69	−5	−805	−238	0	−1149
	Exchange rate differences	636	16	1193	31	−86	89	194	2073
	Balance as at Dec. 31, 2009	**167735**	**6406**	**227331**	**5578**	**12264**	**4344**	**6598**	**430256**
	Accumulated depreciations								
	Balance as at January 1, 2009	−9557	−2397	−3268	−2277	−8205	−770	–	−26474
31	Change in the scope of consolidation	−25304	−244	−126453	−742	−1864	−2468	–	−157075
	Depreciation for the year	−978	−180	−1824	−111	−434	−111	–	−3638
	Disposals	–	30	33	5	804	213	–	1085
	Exchange rate differences	−125	−3	−592	−5	48	−53	–	−730
	Balance as at Dec. 31, 2009	**−35964**	**−2794**	**−132104**	**−3130**	**−9651**	**−3189**	**0**	**−186832**
	Net book value Dec. 31, 2009	**131771**	**3612**	**95227**	**2448**	**2613**	**1155**	**6598**	**243424**

	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

5 Property, plant and equipment 2008

	(in 1000 CHF)	Land and buildings	Instal-lations	Machinery Tools	Furnishings	Computer equipment	Vehicles	**Total**
	Acquisition values							
	Balance as at January 1, 2008	42798	6726	14738	10001	12026	2613	88902
30	Change in the scope of consolidation	–17049	–4066	–10394	–4310	–3622	–1553	–40994
	Additions	425	154	2264	285	767	396	4291
	Disposals	–10	–40	–2204	–2774	–295	–397	–5720
	Exchange rate differences	–882	–172	–443	–560	–75	–117	–2249
	Balance as at Dec. 31, 2008	**25282**	**2602**	**3961**	**2642**	**8801**	**942**	**44230**
	Accumulated depreciations							
	Balance as at January 1, 2008	–12865	–5202	–10514	–8063	–10312	–1753	–48709
30	Change in the scope of consolidation	4047	2912	7093	3089	2781	913	20835
	Depreciation for the year	–946	–251	–681	–424	–984	–365	–3651
	Disposals	4	37	551	2659	292	341	3884
	Exchange rate differences	203	107	283	462	18	94	1167
	Balance as at Dec. 31, 2008	**–9557**	**–2397**	**–3268**	**–2277**	**–8205**	**–770**	**–26474**
	Net book value Dec. 31, 2008	**15725**	**205**	**693**	**365**	**596**	**172**	**17756**

	Insurance values	37 867
	Net book value of pledged land and buildings	–
	Net book value of leased property, plant and equipment	63
13	Leasing obligations for property, plant and equipment reported on balance sheet	87

Notes to the consolidated financial statements

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 2009, Baltek Ecuador had 112 plantations with a surface area of 8086 hectares, 6642 hectares of which are currently planted with balsa trees. In 2009, a total of 11206000 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 26443 cubic meters.

At the end of 2009, the value of the biological assets amounted to CHF 10.63 million, CHF 3.26 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 7.37 million).

(in CHF 1000s)	2009
Book value as at November 30, 2009	**10 175**
Gain or loss as a result of change in market value less selling costs	0
Increase as a result of growth and maintenance measures	269
Decrease as a result of harvest	– 134
Exchange rate adjustments as a result of currency translation	323
Book value as at December 31, 2009	**10 633**

Balsa takes an average of six 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.

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:

(in CHF 1000s)	**31.12.09**
Total assets	4 882
Total liabilities	1 560
Total net assets	3 322
Share of net assets	1 661

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

[1] Figures for December 2009

Under the definitive purchase price allocation of 3A Composites any goodwill relating to this company will be determined at a later date.

8 **Financial assets** (in CHF 1000s)	**2009**	2008
Long-term receivables	1 146	102
Other financial assets	232	-
Total	**1 378**	**102**

Notes to the consolidated financial statements

	9 **Intangible assets 2009** (in CHF 1000s)	Goodwill	Patents & brands	Other	Total
	Acquisition values				
	Balance as at January 1, 2009	5 472	195	0	5 667
31	Change in the scope of consolidation	11 963	47 721	20 366	80 050
	Exchange rate difference	–	783	333	1 116
	Balance as at December 31, 2009	**17 435**	**48 699**	**20 699**	**86 833**
	Accumulated amortizations				
	Balance as at January 1, 2009	0	– 14	0	– 14
31	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	**17 435**	**42 936**	**12 776**	**73 147**

In connection with the purchase price allocation for 3A Composites, various protected brand names were identified and capitalized at CHF 37.5 million. Since no end to the useful life of these brand names is foreseeable, they were defined as assets with an unlimited useful life which are not regularly amortized but tested for impairment yearly or when there are signs of a loss in value.

	Intangible assets 2008 (in CHF 1000s)	Goodwill	Patents & brands	Other	Total
	Acquisition values				
	Balance as at January 1, 2008	5 472	967	855	7 294
30	Change in the scope of consolidation	–	– 868	– 1 881	– 2 749
	Additions	–	96	1 656	1 752
	Disposals	–	–	– 630	– 630
	Balance as at December 31, 2008	**5 472**	**195**	**0**	**5 667**
	Accumulated amortizations				
	Balance as at January 1, 2008	0	– 279	– 1	– 280
30	Change in the scope of consolidation	–	372	–	372
	Amortization for the year	–	– 107	–	– 107
	Disposals	–	–	1	1
	Balance as at December 31, 2008	**0**	**– 14**	**0**	**– 14**
	Net book value as at December 31, 2008	**5 472**	**181**	**0**	**5 653**

Allocation of the goodwill contribution is as follows: (in CHF 1000s)	2009	2008
Ismeca Semiconductor	5 472	5 472
3A Composites – acquired goodwill from earlier acquisitions	7 567	–
3A Composites – provisional goodwill from acquisition (see note 31)	4 396	–
Total	**17 435**	**5 472**

The goodwill from Ismeca Semiconductor was tested for impairment at divisional level. The recoverable amounts used for impairment testing are based on the value-in-use, which is based on cash flows from the most recent planning figures for the next five years for the entire division. The discounted terminal value after the five-year planning period included in the value-in-use does not take into account any further growth. The 12% pretax discount rate applied is based on the weighted average potential cost of capital and reflects specific country and industry risks.

In 2009 and 2008 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.

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

10 **Short-term financial liabilities** (in CHF 1000s)	2009	2008
Current accounts with banks	8 399	–
Bank loans due within one year	4 440	–
13 Short-term leasing obligations	581	44
Total	**13 420**	**44**

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

December 31,	**2009**	Actual interest rates	December 31,	2008	Actual interest rates
CNY	7 118	2.42%			
INR	1 281	13.50%			
INR	4 440	9.80%			
CHF	558	4.54%			
CHF	23	0.00%	CHF	44	7.28%
Total	**13 420**			**44**	

11 **Other liabilities** (in CHF 1000s)	2009	2008
Liabilities towards associated companies	2 023	–
Other liabilities	7 694	2 216
Total	**9 717**	**2 216**

Notes to the consolidated financial statements

12 **Accrued expenses and deferred income** (in CHF 1000s)	**2009**	2008
Personnel costs (holidays / flexitime / overtime / bonuses / etc.)	20 144	4 525
Cost of materials / overheads	5 324	935
Miscellaneous	18 996	3 495
Total	**44 464**	**8 955**

	13 **Obligations arising from finance leasing** (in CHF 1000s)	**2009**	2008
	Obligations arising from finance leasing (nominal), due in:		
	– one year	835	47
	– 2 to 5 years	3 015	46
	– more than 5 years	3 174	–
	Total nominal value	**7 024**	**93**
	less future financial expense	– 1 395	– 6
	Total cash value of minimum leasing obligations	5 629	87
	Reporting on balance sheet by due date		
10	– in one year (in short-term financial liabilities)	581	44
14	– in more than one year (in long-term financial liabilities)	5 048	43
	Total cash value of minimum leasing obligations	**5 629**	**87**

	14 **Long-term financial liabilities** (in CHF 1000s)	**2009**	2008
13	Long-term leasing obligations	5 048	43
	Total	**5 048**	**43**
	The maturities of the long-term financial liabilities are as follows:		
	– 2 to 5 years	2 258	43
	– more than 5 years	2 790	–
	Total	**5 048**	**43**

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

December 31,	**2009**	Actual interest rates	December 31,	2008	Actual interest rates
CHF	5 028	4.54%	CHF	43	7.28%
CHF	20	0.00%			
Total	**5 048**			**43**	

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 30.11.2009, 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 31.12.2009.

The sale of the Satisloh Group and the transfer of pension obligations to insurance companies in 2008 led to plan settlements.

Defined benefit plans

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

Employee benefits expense (in CHF 1000s)	**2009**	2008
Current service cost	2 267	2 436
Interest on obligation	2 992	3 566
Expected return on plan assets	– 3 404	– 3 936
(Gains) / losses from plan settlements / curtailments	0	– 2 542
Amortization of unvested past service cost	0	0
Recognized actuarial (gains) or losses	40	2 351
Variation of asset ceiling in accordance with IAS 19.58	0	– 2 065
Pension expense for the period	**1 895**	**– 190**
Actual return / losses on the plan assets	8 824	– 9 894

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)	**2009**	2008
Opening defined benefit obligation	80 524	106 000
Current service cost	2 267	2 436
Plan participants' contributions	1 900	1 776
Interest on obligation	2 992	3 566
Benefits paid through pension assets	– 6 077	– 6 317
Benefits paid by employer	– 30	– 999
Business combinations / business disposals	134 232	– 21 061
Actuarial (gains) / losses	1 810	– 2 932
Past service cost	0	0
Plan settlements	0	– 1 093
Exchange differences on foreign plans	– 26	– 852
Closing defined benefit obligation	**217 592**	**80 524**

Changes in the fair value of plan assets (in CHF 1000s)	**2009**	2008
Opening fair value of plan assets	72 872	88 844
Plan participants' contributions	1 900	1 776
Company contribution	2 009	1 776
Benefits paid through pension assets	– 6 077	– 6 317
Expected return on plan assets	3 404	3 936
Gain/(loss) on plan assets	5 420	– 13 830
Business combinations / business disposals	90 266	– 3 313
Exchange differences on foreign plans	– 2	0
Closing fair value of assets	**169 792**	**72 872**

The equities included in the pension assets are invested in investment funds. Therefore, the market value of the shares of the Group within such funds is unknown. The assets do not include any property occupied by, or other assets used by the Group.

Owing to the acquisition of 3A Composites, the expected company contribution for defined benefit pension plans in 2010 cannot be definitively determined.

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

Amount recognized in the balance sheet (in CHF 1000s)	**31.12.09**	31.12.08
Present value of funded obligation	205 996	80 524
Fair value of plan assets	– 169 792	– 72 872
Under- / (Over-) funding	**36 204**	**7 652**
Present value of unfunded obligations	11 596	0
Unrecognized prior service cost	0	0
Unrecognized net gain or (loss)	– 3 763	– 7 413
Assets not available to Company	0	0
Net liability	**44 037**	**239**
Amounts in the balance sheet:		
Pension obligations	44 142	239
Capitalized pension assets	– 105	0
Net liability	**44 037**	**239**

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

Calculation of defined benefit obligations	**31.12.09**	31.12.08
Discount rate	3.33%	3.40%
Future salary increases	2.32%	2.00%
Future pension indexations	0.20%	0.10%
Calculation of expense		
Discount rate	3.40%	3.75%
Expected return on plan assets	4.30%	4.50%

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

Asset classes pension plans	**31.12.09** in %	Expected return	31.12.08 in %	Expected return
Equities	29	6.9%	23	7.0%
Bonds	28	2.9%	33	3.0%
Real estate	27	5.0%	27	5.0%
Others including cash and mixed funds	16	2.5%	17	2.5%

Notes to the consolidated financial statements

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

(in CHF 1000s)	**31.12.09**	31.12.08	31.12.07	31.12.06	31.12.05
Defined benefit obligation	217 592	80 524	106 000	111 819	119 097
Fair value of plan assets	– 169 792	– 72 872	– 88 844	– 91 777	– 93 431
Under- / (Over-) funding	47 800	7 652	17 156	20 042	25 666
Experience adjustments on plan liabilities	539	316	– 94	1 718	– 3 793
Gain/(loss) on plan assets	5 420	– 13 830	– 2 183	1 728	7 594

Defined contribution plans

The Group sponsors defined contribution plans in Asia and the USA. The pension expense for these plans was in 2009 CHF 611 000 (previous year: CHF 619 000).

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 31.12.2009 there exists an obligation in the amount of CHF 1.442 million (previous year: CHF 100 000) for other long-term payments. With the acquisition of 3A Composites obligations were also assumed for payments after termination of employee relationships. Overall, provisions in the amount of CHF 1.328 million have been set aside as at 31.12.2009.

16 **Provisions** (in CHF 1000s)	Restruc-turings	Guarantees	Litigation	Environmental obligations	Other	Total **2009**	Total 2008
Balance as at January 1	321	3 110	3 000	0	499	6 930	11 577
31 Change in the scope of consolidation	1 194	3 345	9 653	2 794	1 492	18 478	– 8 084
Foreign currency differences	– 5	– 37	212	–	– 116	54	– 251
Consumption with neutral impact on income	– 217	– 1 021	–	–	– 152	– 1 390	– 6 389
Unused amounts reversed and released to income	– 116	– 298	– 45	–	– 102	– 561	– 937
Additional provisions charged to income	–	407	–	–	529	936	11 014
Balance as at December 31	**1 177**	**5 506**	**12 820**	**2 794**	**2 150**	**24 447**	**6 930**
of which: Short-term provisions						8 301	5 429
Long-term provisions						16 146	1 501
Expected use of provisions							
– within one year						8 301	5 429
– in 2 to 5 years						13 157	1 501
– more than 5 years						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 closure of Hacoba Spultechnik GmbH's operations still pending as at end-2008 was completed in 2009. The restructuring provisions unused as at end-2009 relate to restructuring programs ongoing at 3A Composites at the time of the acquisition. The remaining amount corresponds to costs estimated to be incurred.

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.

Environmental obligations:
Provisions for environmental obligations cover the estimated costs for the remediation of contaminated sites – the valuation was carried out by an external appraiser in the course of the acquisition of 3A Composites.

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 31.12.2009.

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, 2009 (previous year: 77 809).

Authorized capital:
As of December 31, 2009 the Board of Directors is authorized in accordance with the resolution passed by the General Meeting on May 14, 2008 to issue 300 000 bearer shares by May 14, 2010. 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, 2009 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 13, 2009, shareholders approved payment of a gross dividend of CHF 9.00 per bearer share for the 2008 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 2009 business year the Board of Directors proposes that the Ordinary General Meeting of May 12, 2010 approve payment of a gross dividend of CHF 9.00 per share.

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 **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 Board of Directors in 2008

(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
Benjamin Loh	Member	50	–	5	–	55
Dr. Jean-Pierre Nardin	Member	50	–	5	236	291
Rolf-Dieter Schoemezler	Member	50	–	-	–	50
Beat Siegrist	Member[3]	50	–	5	–	55
Dr. Gregor Strasser	Member	50	–	5	–	55
Total compensation Board of Directors		**350**	**0**	**27**	**236**	**613**

[1] Employer's contribution to social insurance and pension fund
[2] Advisory services including reimbursement of expenses
[3] Beat Siegrist's compensation as CEO of Schweiter Technologies (until June 30, 2008) and as CEO of Satisloh (until the sale of the latter as of September 30, 2008) is included under Management compensation

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) expected to be 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

Notes to the consolidated financial statements

Compensation for members of the Management in 2008

(in CHF 1000s)	Function	Fixed	Variable [1]	Pension benefits [2]	Other	Total
Dr. Heinz O. Baumgartner [4]	CEO [3]	400	400	98	–	898
Total compensation Management		**950**	**772**	**237**	**–**	**1 959**

[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] CEO from July 1, 2008
[4] Highest single amount

Share ownership

As of December 31, 2009, a total of 607 412 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	166 812
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 **Sales deductions** (in CHF 1000s)	**2009**	2008
Commission payments on sales, commission	2 775	5 618
Carriage, customs duties, packaging	4 349	3 566
Other sales deductions	2 693	1 068
Total	**9 817**	**10 252**

22 **Other operating expenses** (in CHF 1000s)	**2009**	2008
Purchasing and production overheads	5 341	3 007
Sales and distribution	3 559	3 635
After sales overheads	2 960	4 698
Overheads relating to administration and capital taxes	5 270	4 853
Development overheads	4 109	4 067
Cost of premises	3 346	3 908
Loss on sale of tangible fixed assets	1	70
Other operating expenses	858	53
Total	**25 444**	**24 291**

23 **Other operating income** (in CHF 1000s)	**2009**	2008
Gains on sale of property, plant and equipment	24	56
Other income	661	405
Total	**685**	**461**

	24 **Depreciation and amortization of other intangible assets** (in CHF 1000s)	**2009**	2008
5	Depreciation of property, plant and equipment	3 638	1 576
9	Amortization of intangible assets	530	13
	Total	**4 168**	**1 589**

25 **Financial income** (in CHF 1000s)	**2009**	2008
Interest income	3 420	2 729
Exchange gains	2 414	2 877
Total	**5 834**	**5 606**

Notes to the consolidated financial statements

26 **Financial expenses** (in CHF 1000s)	**2009**	2008
Interest expenses	161	258
Exchange losses	6 369	13 171
Total	**6 530**	**13 429**

27 **Income taxes** (in CHF 1000s)	**2009**	2008
Current taxes	566	1 305
Deferred taxes	– 1 171	– 110
Total	**– 605**	**1 195**

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)	**2009**	2008
Income / loss before taxes:		
– from continuing operations	– 21 041	– 10 697
– from discontinued operations	-	464 809
Total	**– 21 041**	**454 112**
Average tax rate anticipated	21.8%	21.3%
Average tax expense anticipated	– 4 587	96 726
Differences owing to differing local tax rates	– 619	– 61 097
Impact of non-taxable income from the sale of a holding	-	– 34 006
Impact of other non-taxable income	– 777	– 107
Impact of non-tax-deductible expenditure	43	67
Non-capitalized losses on current results carried forward	5 199	2 927
Use of non-capitalized tax losses carried forward	– 56	– 1 165
Taxes from previous periods and other influencing factors	192	24
Effective tax expense	**– 605**	**3 369**
of which:		
– Continuing operations	– 605	1 195
– Discontinued operations	–	2 174
Effective tax rate	2.9%	0.7%

28 **Deferred income tax assets** (in CHF 1000s)	Slower tax depreciation	Capitalized tax losses carried forward	Capitalized pension obligations	Other	Total **2009**	Total 2008
Balance as at January 1	117	0	0	19	136	5 516
31 Change in the scope of consolidation	4 101	261	4 352	2 057	10 771	– 6 784
Foreign currency differences	44	–	6	22	72	– 219
Recognition in shareholders' equity	–	–	–	–	–	–
Unused amounts reversed and released to income	– 117	–	– 43	– 59	– 219	– 768
Additional provisions charged to income	31	–	–	10	41	2 391
Balance as at December 31	**4 176**	**261**	**4 315**	**2 049**	**10 801**	**136**

As of December 31, 2009, the Group had non-capitalized tax losses carried forward of 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 slower tax depreciations are based on local rules and mainly consist of inventory differences.

The tax losses carried forward for which no deferred tax assets were recognized will expire as follows: (in CHF 1000s)	**2009**	2008
– one year	28 547	269
– 2 to 5 years	36 121	29 965
– in more than 5 years' time	48 553	31 045
Total	**113 221**	**61 279**
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 9.8 million (previous year: CHF 9.2 million) will never expire.

29 **Deferred income tax assets** (in CHF 1000s)	Accelerated tax depreciation	Tax provisions	Revaluation owing to purchase price allocation	Other	Total **2009**	Total 2008
Balance as at January 1	130	91	0	0	221	2 214
31 Change in the scope of consolidation	9 946	–	18 134	3 534	31 614	– 2 547
Foreign currency differences	–	–	–	151	151	– 65
Recognition in shareholders' equity	–	–	–	–	–	– 1
Unused amounts reversed and released to income	– 63	–	– 1 185	– 548	– 1 796	– 125
Additional provisions charged to income	286	58	–	103	447	745
Balance as at December 31	**10 299**	**149**	**16 949**	**3 240**	**30 637**	**221**

Deferred tax liabilities mainly resulted from tax-allowable valuation differences on inventories and bad debt allowances as well as from revaluations in connection with the provisional purchase price allocation on the acquisition of 3A Composites.

Notes to the consolidated financial statements

30 Sales of subsidiaries / discontinued operations

As at September 30, 2008 a 100% shareholding in Satisloh Holding AG was sold to the Essilor Group. The net assets of Satisloh division were as follows as at September 30, 2008 (effective date of sale):

(in CHF 1000s)	30.09.08
Book value of net assets sold:	
Cash and cash equivalents	51 260
Trade receivables	31 887
Other receivables	6 142
Inventories	50 335
Other current assets	3 216
Property, plant and equipment	20 159
Intangible assets	2 378
Financial assets	1 351
Accrued income tax liabilities	6 784
Trade liabilities	– 13 983
Other liabilities	– 17 465
Accrued expenses and deferred liabilities	– 9 783
Current income taxes	– 5 560
Deferred income tax liabilities	– 2 547
Pension obligations	– 21 438
Total net assets sold	**102 736**
Gain from sale	448 607
Total sale proceeds	551 343
Set off by:	
– Cash payment	555 516
– Residual purchase price due	3 007
– Provision for any purchase price adjustment	– 3 000
– Directly attributable sale costs, cash paid	– 1 953
– Realized foreign currency translation gains	– 2 227
Total sale proceeds	**551 343**

	2009	2008
Cash payment after deduction of sale costs, paid	3 007	553 563
less cash and cash equivalents sold	–	– 51 260
Cash flow from sale of subsidiaries	**3 007**	**502 303**

The results of the sold “Satisloh” division that appear in the consolidated financial statement for the period from January 1 to September 30, 2008, are composed as follows:

(in CHF 1000s)	1.1.–30.9.08
Gross revenues	163 806
Operating profit	**168 298**
Cost of materials	– 99 886
Personnel expenses	– 32 693
Other operating expenses	– 15 642
Depreciation and amortization	– 2 187
Financial income	3 907
Financial income	– 5 595
Income before taxes	**16 202**
Income taxes	– 2 174
Net income from operating activity	**14 028**
Income fro the sale of discontinued operations	448 607
Income from discontinued operations	**462 635**

Notes to the consolidated financial statements

31 Purchase of subsidiaries

As of November 30, 2009 Schweiter Technologies AG acquired Alcan Composites and renamed it 3A Composites. 3A Composites is the global market leader in core materials for sandwich constructions, in particular for wind power, and is also a leading player in other segments such as composite panels for high-quality facades and display applications.

This transaction was recognized according to the purchasing account method.

(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	180 596	44 986	225 582
Biological assets	10 175		10 175
Financial assets	1 344		1 344
Deferred income tax assets	10 771		10 771
Intangible assets	42 980	19 557	62 537
Other non-current assets	1 569		1 569
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	– 18 135	– 31 614
Provisions	– 18 478		– 18 478
Pension obligations	– 43 966		– 43 966
Total net assets acquired	**221 484**	**50 249**	**271 733**
Goodwill [1)]			4 396
Purchase price including transaction costs			**276 129**
less acquisition costs still outstanding			– 300
Outstanding purchase price commitments			– 688
Paid in the year under review			275 141
less cash and cash equivalents acquired			– 21 013
Cash flow from purchase of subsidiaries			**254 128**

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

The purchase price allocation is provisional as of December 31, 2009 since valuation of the balance sheet positions could not be completed by then and, in particular, since the purchase price has not been definitively set.

3A Composites contributed a loss of CHF –3.1 million, an operating result of CHF –3.6 million and sales of CHF 45.9 million to the 2009 reported result of the Schweiter Technologies Group.

If the purchase of 3A Composites had been completed on the first day of the 2009 financial year, sales of the Schweiter Technologies Group would have amounted to CHF 764.2 million and the operating result from continuing operations CHF 7.9 million.

32 **Earnings per share**		**2009**	2008
Loss from continuing operations	(in CHF 1000s)	–20 436	–11 892
Loss / net income	(in CHF 1000s)	–20 436	450 743
Average number of shares issued		1 443 672	1 443 672
less average number of treasury shares		–77 809	–57 259
Average number of shares outstanding		**1 365 863**	**1 386 413**
Dilution effect resulting from outstanding options		–	–
Average number of shares outstanding after dilution effect		**1 365 863**	**1 386 413**
Earnings per share (in CHF)			
From continuing operations – Undiluted and diluted		–14.96	–8.58
From continuing and discontinued operations – Undiluted and diluted		–14.96	325.11

Notes to the consolidated financial statements

33 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 1.

The Group engages in forward exchange transactions to hedge against exchange rate risks. The instruments are not used for speculative purposes. In 2009, no cash flow hedges were used.

As of December 31, 2009, solely fair value hedges were outstanding – the maturities of outstanding forward transactions ranged from 2 weeks to 4 months (previous year from 2 weeks to 3 months).

Forward exchange transactions (in CHF 1000s)	**2009**	2008
Total amount of outstanding forward exchange transactions		
– Sale of US dollars for CHF, contract value	6 044	3 551
– Average exchange rates per USD	1.1623	1.1875

34 **Contingent liabilities** (in CHF 1000s)	**2009**	2008
Warranties and guarantees	10 358	476
Recourse claims and discounting facilities	–	–
Total	**10 358**	**476**

Commitments to take delivery: Under purchase contracts for machine parts and raw materials, commitments to take delivery amounting to CHF 16.8 million (previous year: CHF 24.9 million) and with maximum maturities of 18 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 0.9 million (none in the previous year).

35 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, 2009					
Cash and cash equivalents	301 584			301 584	301 584
Trade receivables			101 649	101 649	101 649
Other receivables		646	10 245	10 891	10 891
Financial assets			1 378	1 378	1 378
Total	**301 584**	**646**	**113 272**	**415 502**	**415 502**
December 31, 2008					
Cash and cash equivalents	596 146			596 146	596 146
Trade receivables			32 169	32 169	32 169
Other receivables		393	5 088	5 481	5 481
Financial assets			102	102	102
Total	**596 146**	**393**	**37 359**	**633 898**	**633 898**

[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, 2009				
Short-term financial liabilities		– 13 420	– 13 420	– 13 420
Trade liabilities		– 47 035	– 47 035	– 47 035
Other liabilities		– 9 717	– 9 717	– 9 717
Long-term financial liabilities		– 5 048	– 5 048	– 5 048
Total	**0**	**– 75 220**	**– 75 220**	**– 75 220**
December 31, 2008				
Short-term financial liabilities		– 44	– 44	– 44
Trade liabilities		– 9 462	– 9 462	– 9 462
Other liabilities		– 2 216	– 2 216	– 2 216
Long-term financial liabilities		– 43	– 43	– 43
Total	**0**	**– 11 765**	**– 11 765**	**– 11 765**

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

Notes to the consolidated financial statements

36 **Rights of lien** (in CHF 1000s)	**2009**	2008
Assets encumbered by rights of lien	–	63

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

Commitments (in CHF 1000s)	**2009**	2008
– due in one year's time	2 793	1 593
– due in 2 to 5 years' time	6 140	5 185
– due in more than 5 years' time	1 272	2 544
Total	**10 205**	**9 322**

The commitments consist mainly of rental agreements for buildings used by the company itself. The average term of the agreements is 2.9 years (previous year: 3.4 years). Leasing obligations amounting to CHF 1.9 million are included (previous year: CHF 0.1 million).

Credit balances (in CHF 1000s)	**2009**	2008
– due in one year's time	2 104	1 258
– due in 2 to 5 years' time	5 199	2 741
– due in more than 5 years' time	3 904	–
Total	**11 207**	**3 999**

The credit balances consist of sublet premises. The rental income contained in the gross revenues amounted to CHF 1.6 million in the year under review (previous year: CHF 1.3 million).

38 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 2009.

39 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 12, 2010 and released them for publication by circular resolution on April 13, 2010.

The Board of Directors will propose that the Annual Shareholders' Meeting on May 12, 2010 approve the consolidated annual financial statements

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

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, 2009.

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, 2009 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 Licensed Audit Expert Auditor in Charge	Robert Renz Licensed Audit Expert

Zurich, April 13, 2010

Annual financial statements of Schweiter Technologies AG

Balance sheet as at December 31, 2009

	Assets (in CHF 1000s)	**2009**	2008
	Current assets		
	Cash and cash equivalents	213 924	574 581
	Securities (treasury shares)	28 690	28 690
	Other receivables due from third parties	392	3 491
	Other receivables due from Group companies	226	168
	Prepaid expenses and accruals	930	583
	Total current assets	**244 162**	**607 513**
	Non-current assets		
2	Investments	229 693	90 056
	Loans to consolidated companies	223 201	–
	Total non-current assets	**452 894**	**90 056**
	Total assets	**697 056**	**697 569**
	Liabilities (in CHF 1000s)		
	Short-term liabilities		
	Short-term liabilities towards Group companies	14 460	810
	Other liabilities towards third parties	1 191	1 575
	Accrued expenses and deferred income	1 494	1 670
	Total short-term liabilities	**17 145**	**4 055**
	Provisions	5 596	3 175
	Total long-term liabilities	**5 596**	**3 175**
	Total liabilities	**22 741**	**7 230**
	Shareholders' equity		
3	Share capital	1 444	1 444
	Share premium	107 381	107 381
	General statutory reserves	3 000	3 000
	Reserve for treasury shares	28 690	28 690
	Unappropriated reserves	1 071	1 071
	Available earnings	532 729	548 753
	Total shareholders' equity	**674 315**	**690 339**
	Total liabilities and shareholders' equity	**697 056**	**697 569**

▲ For additional details see notes to the annual financial statements

Income statement for the financial year 2009

Note	(in CHF 1000s)	2009	2008
4	Income from investments	–	517 486
5	Financial income	4 160	2 432
6	Rental income	1 086	1 094
	Management fee income	800	1 400
	Other income	–	–
	Total income	**6 046**	**522 412**
7	Financial expenses	– 6 398	– 10 255
	Administrative expenses	– 914	– 2 158
	Personnel expenses	– 1 795	– 2 200
	Expenses on premises	– 671	– 666
	Other expenses	–	– 304
	Income before taxes	**– 3 732**	**506 829**
	Income taxes	–	– 153
	Loss / net income	**– 3 732**	**506 676**

▲ 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 2009. 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	6 000	100%	Production/Distribution
SSM Vertriebs AG	Baar, CH	CHF	100	100%	Distribution
Ismeca Semiconductor Holding SA	La Chaux-de-Fonds, CH	CHF	5 000	100%	Holding company
Schweiter Composites GmbH	Singen, D	EUR	25	100%	Holding company
Schweiter Composites Corporation	Wilmington, USA	USD	0.1	100%	Holding company
Alcan Technology & Management AG	Neuhausen, CH	CHF	600	100%	Develop./Management
Alcan Airex AG	Sins, CH	CHF	5 000	100%	Production/Distribution
Alcan Alucobond (Far East) Pte Ltd.	Singapore	SGD	15 800	100%	Distribution

3 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, 2009 (previous year: 77 809).
Authorized capital:
As of December 31, 2009 the Board of Directors is authorized in accordance with the resolution passed by the General Meeting on May 14, 2008 to issue 300 000 bearer shares by May 14, 2010. 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, 2009 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.

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, 2009, 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)	**2009**	2008
Dr. Hans Widmer, Oberwil-Lieli / Hans Widmer Management AG, Baar	24.9%	24.9%
KWE Beteiligungen AG, Wollerau	11.6%	5.0%
Beat Siegrist, Herrliberg	5.5%	5.4%
Schweiter Technologies AG, Horgen	5.4%	5.4%
Goodmann & Company, Investment Counsel Ltd., Toronto, Canada	5.0%	5.0%
Credit Suisse Asset Management Funds AG	3.5%	3.5%
Schroders plc, London, UK	< 3.0%	4.0%

4 **Income from investments** (in CHF 1000s)	**2009**	2008
Dividend	–	33 000
Gain from the sale of investment Satisloh	–	484 486
Total	**–**	**517 486**

5 **Financial income** (in CHF 1000s)	**2009**	2008
Interest income from Group companies	1 035	129
Interest paid by banks	3 123	2 088
Other financial income	2	215
Total	**4 160**	**2 432**

6 **Rental income** (in CHF 1000s)	**2009**	2008
Rental income from Group companies	600	600
Rental income from third parties	486	494
Total	**1 086**	**1 094**

7 **Financial expenses** (in CHF 1000s)	**2009**	2008
Interest expenses Group companies	49	123
Exchange losses	6 349	10 132
Total	**6 398**	**10 255**

8 Compensation for members of the Board of Directors and Management

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 Board of Directors in 2008

(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
Benjamin Loh	Member	50	–	5	–	55
Dr. Jean-Pierre Nardin	Member	50	–	5	236	291
Rolf-Dieter Schoemezler	Member	50	–	-	–	50
Beat Siegrist	Member [3]	50	–	5	–	55
Dr. Gregor Strasser	Member	50	–	5	–	55
Total compensation Board of Directors		**350**	**0**	**27**	**236**	**613**

[1] Employer's contribution to social insurance and pension fund
[2] Advisory services including reimbursement of expenses
[3] Beat Siegrist's compensation as CEO of Schweiter Technologies (until June 30, 2008) and as CEO of Satisloh (until the sale of the latter as of September 30, 2008) is included under Management compensation

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) expected to be 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 members of the Management in 2008

(in CHF 1000s)	Function	Fixed	Variable 1)	Pension benefits 2)	Other	Total
Dr. Heinz O. Baumgartner 4)	CEO 3)	400	400	98	–	898
Total compensation Management		**950**	**772**	**237**	**–**	**1 959**

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) CEO from July 1, 2008
4) Highest single amount

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

Share allocations during the year under review
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, 2009, a total of 607 412 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	166 812
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 2009 and 2008, 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, 2009, 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.

9 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 39.3 million. Of this amount, a total of CHF 5.3 million for sureties and guarantees had been drawn on by subsidiaries as at December 31, 2009.

10 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 2009.

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

(in CHF 1000s)	2009
Earnings carried forward from previous year	548 753
Dividend	– 12 292
Loss 2009	– 3 732
Total earnings available to the General Meeting of Shareholders	**532 729**
The Board of Directors proposes to the General Meeting on May 12, 2010 the following appropriation of available earnings:	
– Payment of a dividend of CHF 9 per bearer share (maximum amount)	– 12 993
– Earnings carried forward	519 736
Total	**532 729**

If the General Meeting approves the proposal, from May 20, 2010 the following dividends will be paid for the 2009 financial year:

(in CHF)		2009
Bearer shares with a par value of CHF 1		
	Gross dividend per bearer share	9.00
	Net dividend per bearer share	5.85

The dividend may be redeemed free of charge in exchange for coupon no. 8 at any branch of CREDIT SUISSE.

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

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, 2009.

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, 2009 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, 13. April 2010

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 44 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 AG. The latter's direct wholly owned subsidiaries are Ismeca Semiconductor Holding SA (Semiconductor division), which encompasses its own Group companies, as well as the companies of the Textile Machinery division SSM Schärer Schweiter Mettler AG and SSM Vertriebs AG and the companies of the 3A Composites division Schweiter Composites GmbH, Schweiter Composites Corporation, Alcan Airex AG, Alcan Technologies & Management AG and Alcan Alucobond (Far East) Pte. Ltd.

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 543.00 at the end of 2009, the company's market capitalization stood at CHF 783.9 million as at December 31, 2009.

The scope of consolidation consists of the unlisted companies which were fully consolidated as of December 31, 2009 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, 2009, 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)	**2009**	2008
Dr. Hans Widmer, Oberwil-Lieli / Hans Widmer Management AG, Baar	24.9%	24.9%
KWE Beteiligungen AG, Wollerau	11.6%	5.0%
Beat Siegrist, Herrliberg	5.5%	5.4%
Schweiter Technologies AG, Horgen	5.4%	5.4%
Goodmann & Company, Investment Counsel Ltd., Toronto, Canada	5.0%	5.0%
Credit Suisse Asset Management Funds AG	3.5%	3.5%
Schroders plc, London, UK	< 3.0%	4.0%

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, 2009 the ordinary share capital amounted to CHF 1 443 672. As of December 31, 2008, 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 14, 2010 the Board of Directors is authorized in accordance with the resolution passed by the General Meeting on May 14, 2008 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 2009 and fiscal 2008 reference is made to page 31 of the consolidated annual accounts. The development of consolidated shareholders' equity in fiscal 2007 is presented on page 25 of the 2008 consolidated annual accounts.

The shareholders' equity of Schweiter Technologies AG underwent the following changes during fiscal 2007 through fiscal 2009 (Page 88):

Capital structure

(in CHF 1000s)	Share capital	Premium	Reserves: statutory	Reserves: treasury shares	Reserves: free	Available earnings	Total
Balance as at Dec. 31, 2006	**1 444**	**107 381**	**3 000**	**0**	**1 071**	**69 807**	**182 703**
Reserve for treasury shares				3 168		–3 168	0
Dividend						–8 662	–8 662
Net income 2007						22 136	22 136
Balance as at Dec. 31, 2007	**1 444**	**107 381**	**3 000**	**3 168**	**1 071**	**80 113**	**196 177**
Reserve for treasury shares				25 522		–25 522	0
Dividend						–12 513	–12 513
Net income 2008						506 676	506 676
Rounding difference						–1	–1
Balance as at Dec. 31, 2008	**1 444**	**107 381**	**3 000**	**28 690**	**1 071**	**548 753**	**690 339**
Dividend						–12 292	–12 292
Loss 2009						– 3 732	– 3 732
Balance as at Dec. 31, 2009	**1 444**	**107 381**	**3 000**	**28 690**	**1 071**	**532 729**	**674 315**

Shares and participation certificates

As of December 31, 2009 the share capital consisted of 1 443 672 bearer shares with a par value of CHF 1 each amounting to a total of CHF 1 443 672. 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, 2009. 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 100 000 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, 2009)

Name	Function		Member since	Elected until AGM
Hans Widmer	Chairman	non-executive	1986	2010
Heinrich Fischer	Member	non-executive	2002	2010
Beat Frey	Member	non-executive	2009	2010
Rolf-D. Schoemezler	Member	non-executive	1993	2010
Beat Siegrist	Member	non-executive	2008	2010

Members of the Board of Directors

At the General Meeting on May 13, 2009, Beat Frey was elected to the Board of Directors for a period of one year. 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&Company 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

Board of Directors

track record of financial expertise that can be drawn on for the Schweiter Group's refocusing.

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 board of Phoenix Mecano AG, Stein am Rhein, and has been proposed for election to the Board of Directors of 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 are responsible for the supervision of a division of the Group (see also section entitled "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 internal and 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, all Board members oversee one specific division in detail. This includes periodically attending Group Management meetings, which last on average half a day.

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

Delineation of powers and responsibilities

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

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

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

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.

In addition 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.

Rainer Roten (until 31.12.2009)
(born 1966, Swiss citizen)
CEO SSM Textile Machinery.
Rainer Roten has been CEO of the SSM Textile Machinery division since the beginning of December 2006. Prior to his current office, he was with OC Oerlikon/Unaxis for 11 years in various executive positions, most recently as Vice President Corporate Finance. He holds a degree in business management and an MBA from the Universities of Berne and Rochester, New York.

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 CEO of 3A Composites, acquired at the end of November 2009. He has been a member of 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.

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. Over a period of 15 years prior to taking up his office at Corporate

Management

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.

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. Rainer Roten, CEO of SSM Textile Machinery, is mayor of the municipality of Fischbach-Göslikon. 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

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 100000 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 has been in place for members of the Group Management. In the event of a change of control, the covenant will trigger payments of between CHF 200000 and 800000 to the individual members of the Group Management.

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)	**2009**	2008
Auditing services [1]	889	266
Auditing-related services [2]	30	55
Tax advice	97	83
Transaction advice incl. due diligence	563	284
Total	**1 579**	**688**

[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 2009 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.

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The next General Meeting will take place in Horgen on May 12, 2010.

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