SCHWEITER TECHNOLOGIES

2008

Annual Report 2008

Board of Directors, Group Management, Auditors

Board of Directors

Term of office 2006 to 2009

Dr. Hans Widmer	Chairman
Heinrich Fischer	
Benjamin Loh	
Dr. Jean-Pierre Nardin	
Rolf-D. Schoemezler	
Beat Siegrist (since 2008)	
Dr. Gregor Strasser	

Group Management

Beat Siegrist	Chief Executive Officer Group (until June 30, 2008)
Dr. Heinz O. Baumgartner	Chief Executive Officer Group (from July 1, 2008) Chief Financial Officer Group
Claudio Zinetti	Chief Purchasing Officer Group (until July 31, 2008)
Rainer Roten	Chief Executive Officer SSM Textile Machinery
Lorenzo Giarrè	Chief Executive Officer Ismeca Semiconductor

Auditors

Deloitte AG, Zurich

Board of Directors' report

Dear shareholders

Schweiter's business structure underwent drastic changes in 2008: the core division, Satisloh, was sold to its principal customer, Essilor. As a result, revenues amounting to CHF 270 million and CHF 42 million EBIT (as of 2007) were removed from the scope of consolidation (the figures for 2008 would have been substantially lower, down 16% and 38% respectively). In Swiss franc terms, the transaction brought Schweiter gains totalling CHF 558 million.

The two remaining divisions, SSM Textile Machinery (TEX) and Ismeca Semiconductor (SEM), posted revenues of CHF 82 million and CHF 76 million respectively. The declines of 24% (TEX) and 31% (SEM) reflect the weak state of the industry. Despite this, both divisions ended the financial year at break-even.

The balance sheet presents a very different picture, however: cash stands at CHF 596 million and shareholders' equity at CHF 653 million. At the end of 2008, the Group's market capitalization was at CHF 541 million.

The bar is set very high with regards to the appropriation of the substantial cash position, the term of reference being the investment opportunities which would be available to shareholders themselves if the unappropriated funds were distributed, i.e. the opportunities to invest in stocks which are currently reasonably valued in comparison with recent years. If Schweiter wished to buy significant positions in the same stocks, it would have to pay a premium.

The ideal scenario in the difficult general economic situation would be to channel funds (by way of a capital increase) into a promising company which currently lacks the resources to take advantage of the chances available to it. By the end of the year, no specific appropriation of funds had emerged despite intensive analyses and negotiations. However, the economic situation is such that there has been a further improvement in the prospects for such a step. The possibility of a more or less sizeable distribution to Schweiter's shareholders is still open, however.

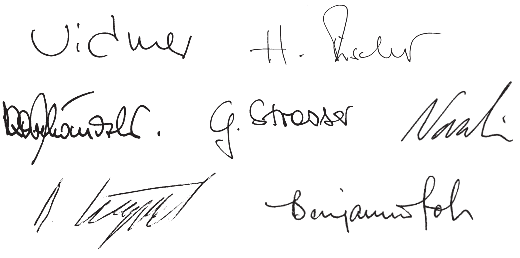
Before expenses for the restructuring of a plant in Wuppertal, TEX posted EBIT of CHF 3.5 million on revenues totalling CHF 82 million (-24%). This was absorbed almost entirely by the extraordinary expense incurred for the closure and integration of business activities at the parent company. However, the lower cost base will have a positive impact on the result over the coming years. In light of the steady decline in new orders (ultimately by 31% over the year), the outlook for 2009 is less than promising. The Group's headcount was reduced by 30 to 200 employees and short-time working was also introduced. Even so, a loss cannot be ruled out in 2009.

SEM nonetheless posted a near-balanced EBIT on revenues totalling CHF 76 million (-31%). Over 70% of the machines were manufactured in the factory in Malaysia. New products led to increases in market share. The margin improved considerably and there was a further decrease in fixed costs. Thanks to the reduction in net assets (inventory) a gratifying cash flow of CHF 20 million was generated. In other words, a stronger performance allround (operational excellence) – but in a market which is standing still: new orders were down by 46%. At present, the outlook for 2009 is muted even for SEM, despite the likelihood of an upturn – driven by innovation – emerging sooner than for TEX.

With the sale of Satisloh, Beat Siegrist, CEO of both Satisloh and Schweiter, also stepped down from his position of operational responsibility within Schweiter, although he still remains a member of the Board of Directors. I would like to take this opportunity to thank him for his outstanding services at SSM, then at Satis and Ismeca, and most recently at Satisloh.

The Board of Directors would like to thank all employees for their sterling work and wishes them confidence in the face of these demanding times, as well as continuing success and satisfaction in their work.

Yours sincerely,



Key figures

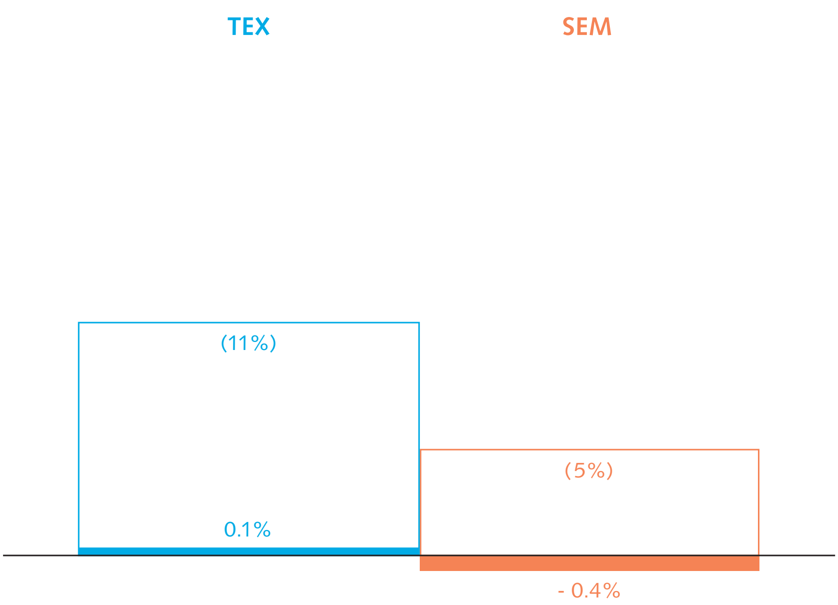
Group		2008	2007
Orders received – continuing operations	in CHF 1000s	134 733	217 896
Gross revenues – continuing operations	in CHF 1000s	158 062	217 586
Operating performance – continuing operations	in CHF 1000s	**146 505**	**205 445**
Operating result – continuing operations	in CHF 1000s	- 2 874	13 167
	as % of operating performance	- 2.0	6.4
Net income	in CHF 1000s	**450 743**	**49 701**
	as % of operating performance	307.7	24.2
Development expenses – continuing operations	in CHF 1000s	13 492	14 529
Investments in property, plant and equipment	in CHF 1000s	4 291	6 063
Overall balance sheet total	in CHF 1000s	**683 558**	**383 592**
Shareholders' equity	in CHF 1000s	652 633	240 162
	as % of assets	95.5	62.6
Average headcount			
– continuing operations		535	543
Average gross revenues per employee			
– continuing operations	in CHF 1000s	295	401
Stock market capitalization as at December 31	in CHF 1000s	**541 377**	**512 143**
29 **Earnings per share**			
From continuing operations:			
– Undiluted and diluted	in CHF	- 8.58	8.03
From continuing and discontinued operations:			
– Undiluted and diluted	in CHF	325.11	34.45

Holding		2008	2007
Net income	in CHF 1000s	**506 676**	**22 136**
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	74	61
(compared with previous year)	(-31%)	(-46%)
Operating performance	73	73
(compared with previous year)	(-26%)	(-31%)
Operating result	0.1	- 0.3
(previous year)	(11.0)	(5.2)
as % of operating performance	0.1%	-0.4%
(previous year)	(11%)	(5%)
Headcount (December 31)	202	305
(compared with previous year)	(-14%)	(0%)
Net assets[1]	19	46
(previous year)	(20)	(68)
RONA[2]	1%	-1%
(previous year)	(54%)	(8%)

[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 sector. 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 and concentration on critical value creation. Structures are lean and communications direct. Earnings should largely correspond to free cash flow.

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 Corporate Development. Apart from supervising executive functions, the Board of Directors is mainly involved in preparing and implementing the acquisition strategy.

Current situation

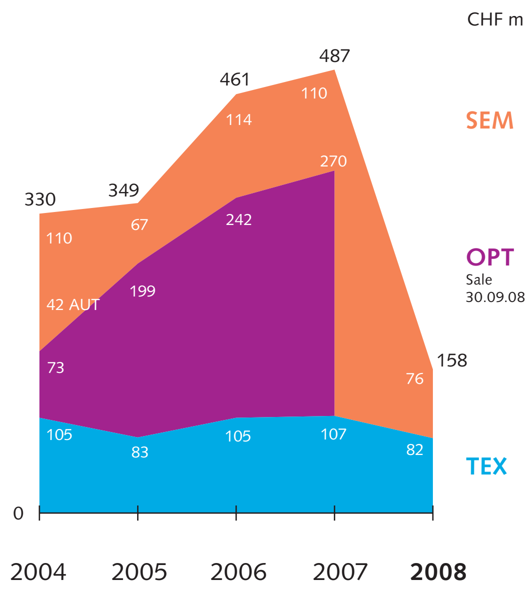
The portfolio is concentrated primarily on traditional machine construction and, now that the optics division has been sold off, is more exposed to the cycles in the textile machinery and semiconductor sectors. The high cash holding is to be used for acquisitions with a promising future in existing and / or new areas of business.

Each division is organized on a consistently functional basis. Structures have been kept lean and processes direct. Asia accounts for roughly half of the employees of the two remaining divisions, underscoring the Group's aspirations as a global player in the mechanical engineering sector.

Essentials of the consolidated income statement

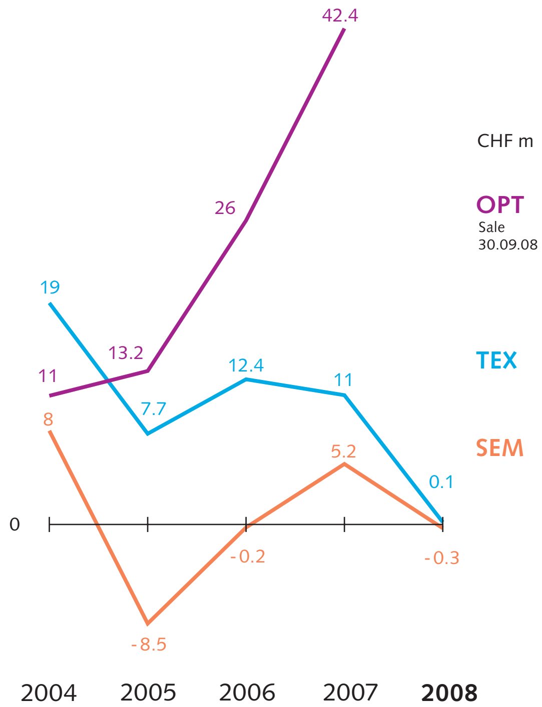
Revenues

Revenues decreased markedly as a result of the disposal of Satisloh (which accounted for more than 50% of previous revenues), and lower revenues at SSM Textile Machinery (TEX) and Ismeca Semiconductor (SEM).



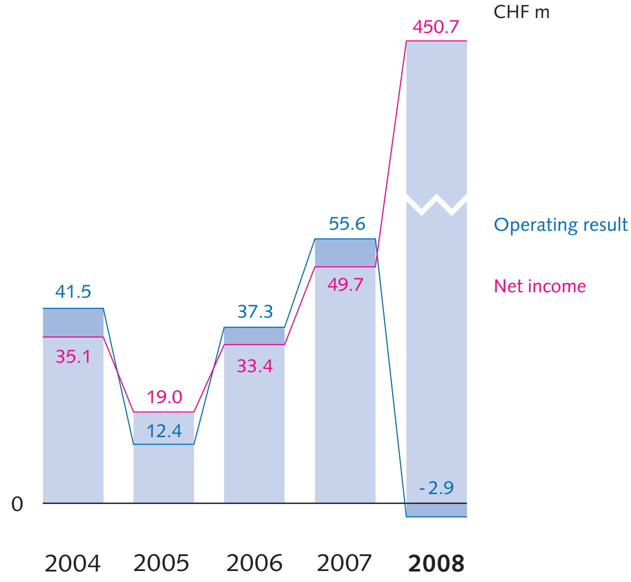
Operating result from continuing operations

The operating result of the continuing activities was at break-even for TEX and SEM despite a marked decline in revenues that was attributable to the industry's cycle.
One-off restructuring costs at TEX (closure of the Wuppertal plant).



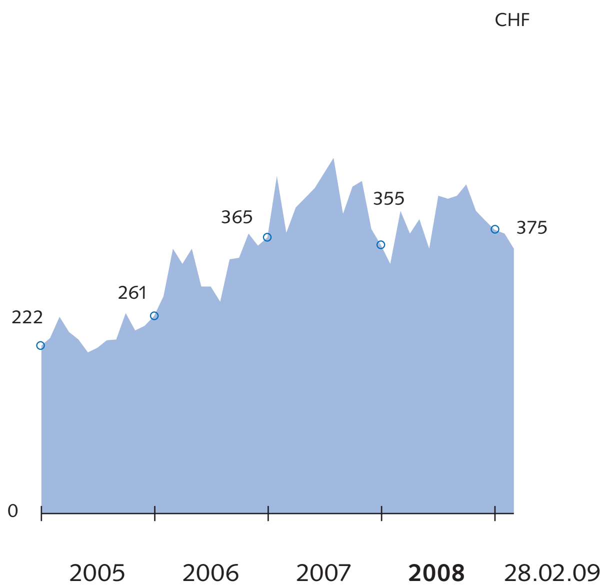
Net income

The Group posted substantial net income as a result of the disposal of Satisloh. Income from discontinued activities came to CHF 463 million. The negative financial result was primarily attributable to CHF / EUR exchange rate losses in connection with the disposal of Satisloh.



Bearer shares

As of December 31, 2008, 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 the year, there was a substantial net cash position of around CHF 596 million as a result of the disposal of Satisloh.

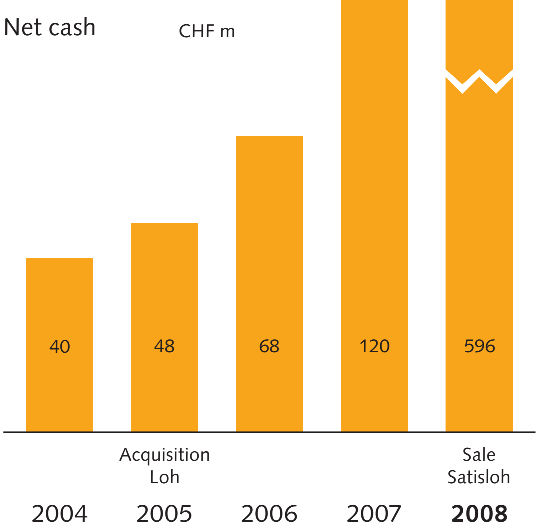
Net assets

Net assets decreased significantly owing to the departure of Satisloh from the scope of consolidation. SEM also recorded a substantial decrease in capital tied up as a result of the reduction in accounts receivable and lower inventories.
Net assets consisted of trade receivables of CHF 32 million, inventories amounting to CHF 22 million, property plant and equipment of CHF 18 million, trade liabilities of CHF 6 million and payments on account received from customers of CHF 1 million.

Goodwill

Goodwill still amounts to around CHF 5 million.

Development net cash



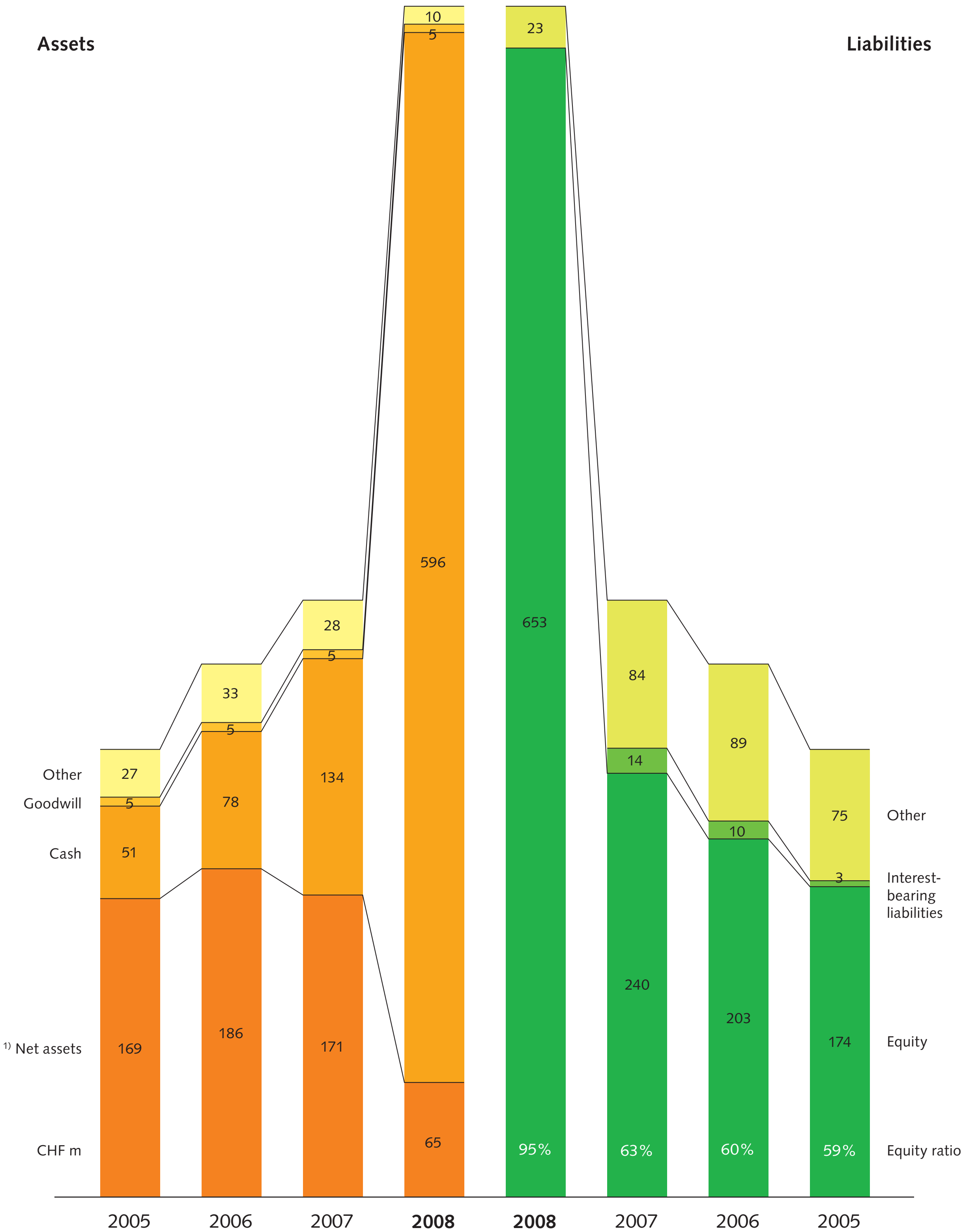
Liabilities

Interest-bearing liabilities

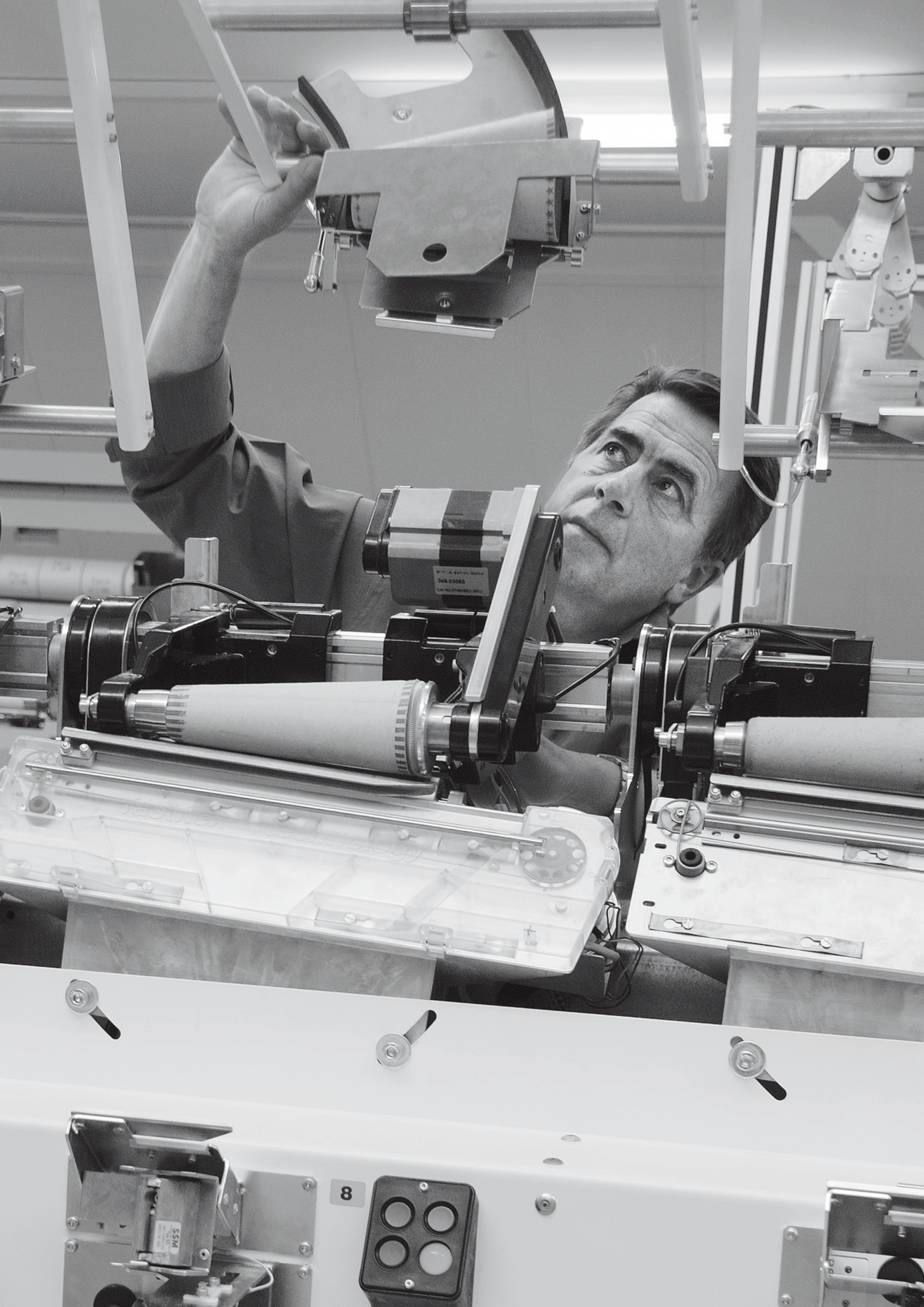
There were no interest-bearing liabilities as of the end of the year.

Shareholders' equity

Shareholders' equity amounted to CHF 653 million with an equity ratio of 95%.



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

SSM Textile Machinery

In a difficult environment, revenues of CHF 82 million and – before special charges relating to the closure of subsidiary company Hacoba Spultechnik GmbH – an operating profit of CHF 3.5 million were achieved. After special charges, an EBIT of CHF 0.1 million remained.

Markets

In 2008, China, India and Turkey once again emerged as the countries with the strongest revenues, albeit falling well short of 2007 levels. That said, the Central and South American market witnessed some gratifying trends and a sharp rise in revenues.

The turmoil on the financial markets and its impact on consumption in the USA and Europe caused huge revenue losses for SSM's export-focused customers in Asia and Turkey, at the latest as of the second half of 2008. This trend was also magnified by the global downturn in the automobile industry. These factors led to a significant decline in orders received, in particular in the second half.

Machines for dye spools and for rewinding again proved to be the segment posting the strongest revenues in the year under review. Air texturing reported renewed growth. The sewing thread sector reported lower sales volumes, while defending its strong market position.

Revenues and income

At CHF 82 million, revenues were around 24% lower than in the previous year. Margins were maintained despite considerable pressure on prices. Fixed costs were substantially lower than in the previous year. This was due to a streamlining of structures and also to the fact that production development spend was sizable in ITMA year 2007 whereas this cost position did not arise in the year under review.

Product range

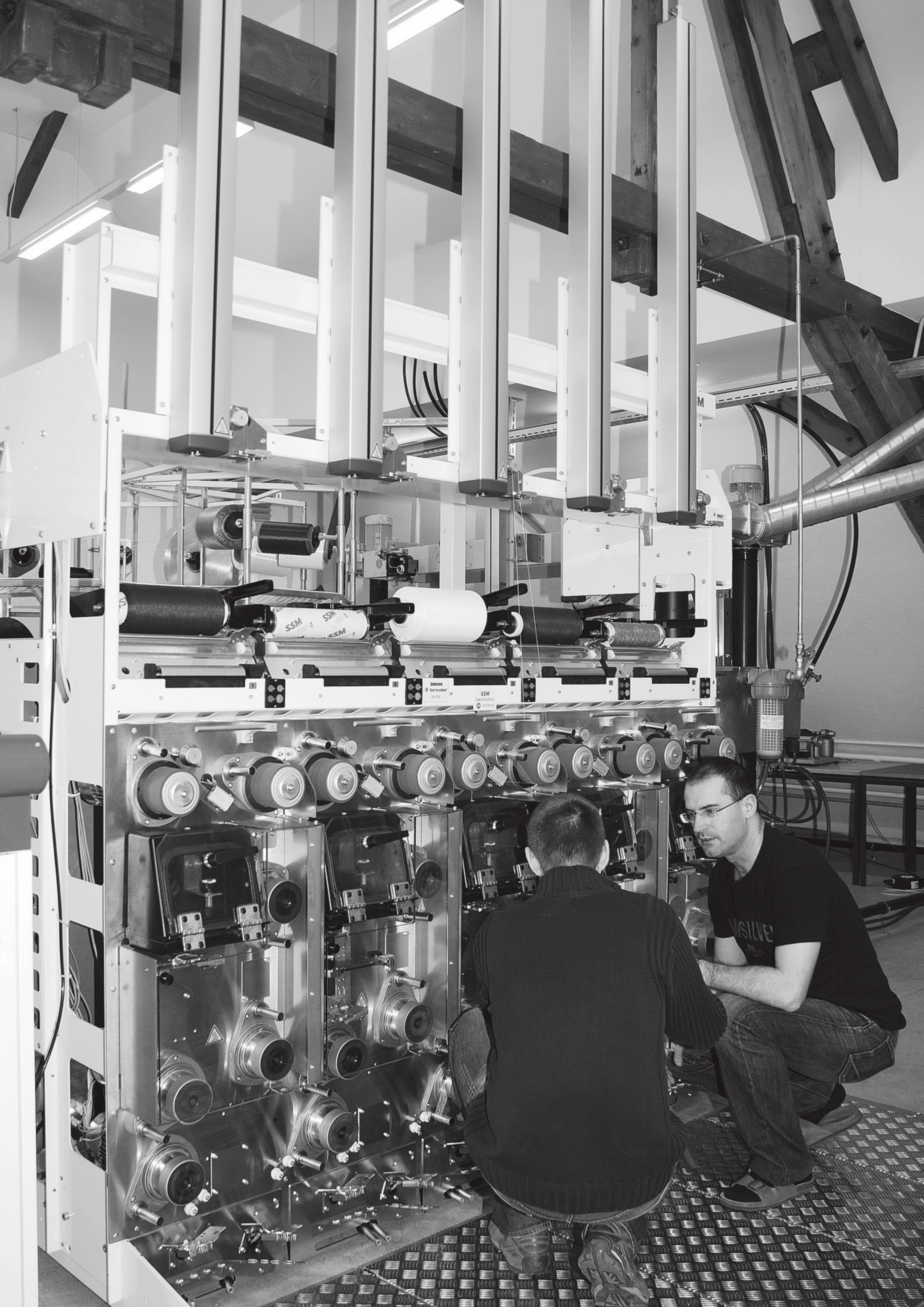
The new machine types presented at the 2007 ITMA in Munich were successfully launched on the market and have already met with a high degree of acceptance among customers. Efforts continue to focus on systematically adapting the functional scope of the new platforms, forming the basis for the planned (and, in some cases, already implemented) streamlining of the product range.

Organization

The socially responsible closure of subsidiary company Hacoba Spultechnik GmbH in Wuppertal (Germany) and the concurrent integration of activities into the Horgen site reduced the headcount by approximately 20 at the end of the year. This step served to scale back the level of complexity and tighten processes.

Outlook

The macroeconomic parameters for 2009 are unfavorable and there is presently no prospect of a recovery in demand for textile machinery in sight. Consequently, the challenge in 2009 will be to keep a strict control on costs while ensuring that the organization maintains its efficiency.

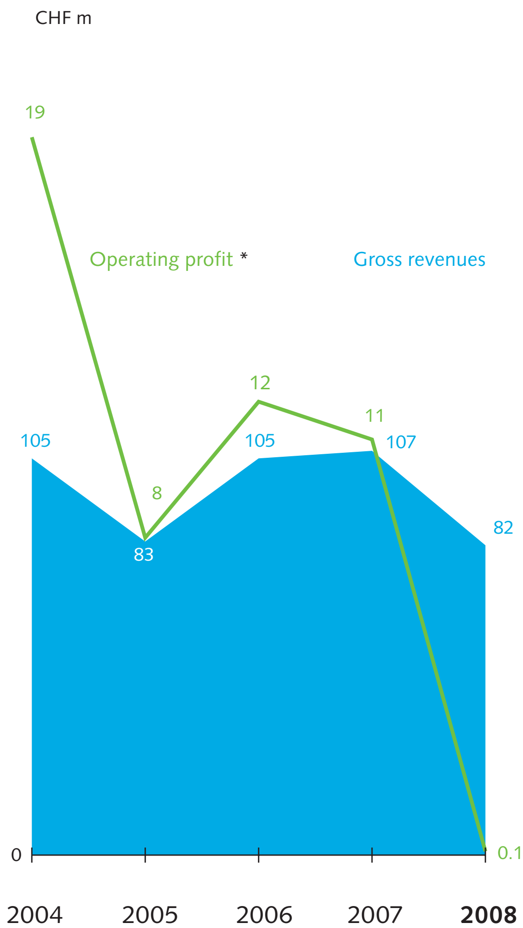

SSM

Management

Rainer Roten	Chief Executive Officer
Martin Klöti	Chief Financial Officer
Matthias Bührer	Head of R & D
Eduard Hildebrand	Head of Supply & Production (until December 31, 2008)
Christian Widmer	Head of Supply & Production (from January 1, 2009)
Urs Gull	Head of Marketing & Sales
Martin Toti	Head of Aftersale Services
Ralf Lucht	Head of Hacoba Spultechnik (until December 31, 2008)

Employees at year-end

2004	2005	2006	2007	2008
225	221	223	235	202



*Scale 10 times gross sales

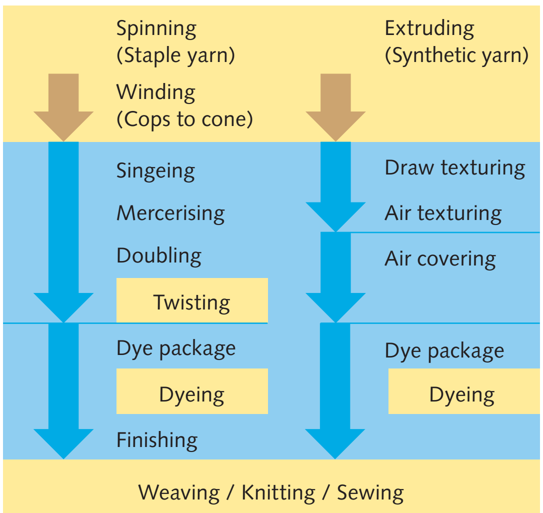
Machine program

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	33%	(incl. Turkey)
Americas	16%	
Asa	46%	(incl. Indian subcontinent)
Other	5%	



Ismeca Semiconductor

Ismeca Semiconductor felt the full impact of the sharp downturn in the semiconductor market: Revenues fell 31% to CHF 76 million – and orders received in the second half were down as much as 46% year-on-year. Despite this, EBIT almost reached break-even thanks to a combination of greater product innovation, relocation of production to Malaysia and a reduction in the fixed-cost structure.

Markets

Generating 83% of revenues, Asia was still Ismeca's dominant market. China, the largest market, experienced a particularly heavy decline of 64%. All regions suffered setbacks.

Ismeca Semiconductor succeeded in significantly strengthening its market position in Taiwan and the Philippines over the past two years by winning new key accounts.

Products

The product portfolio was expanded to include three new turret applications for inspection and packaging: for high-frequency RF components (plunge-to-board), high-brightness/high-power LED components. More innovations are in place for 2009.

A further area of development is smaller/thinner devices in the discretes and bare die segments, offering good prospects to those who master the technology.

Organization

In June 2008, Ismeca completed a three-year plan aimed at restructuring the sourcing and manufacturing process. As a consequence, 70% of production was outsourced to Malaysia, which in turn translated into a sizable improvement in margins.

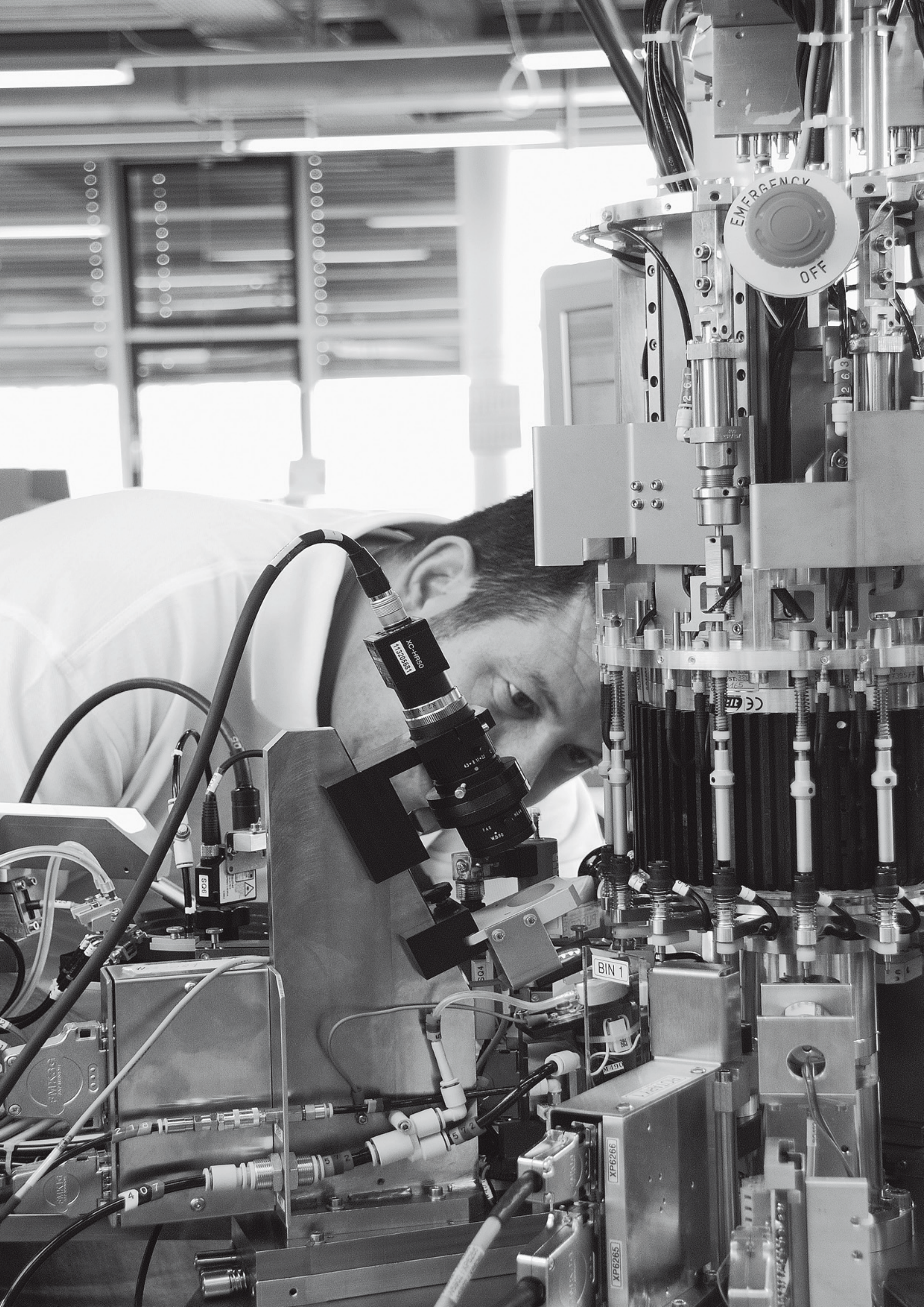
Similarly, the restructuring of activities at La Chaux-de-Fonds resulted in a concentration on innovation and special machines, while substantially reinforcing the R&D function.

Delivery times were reduced by 40%, fixed costs by CHF 7 million, and the inventory by 38% (by 56% versus 2006).

Ismeca's Chinese base of operations was also reinforced, the latter location now able to carry out machine upgrades and retrofits.

Outlook

The market is not yet likely to witness a substantial recovery in 2009. Ismeca will, nonetheless, use the situation as an opportunity to develop products and step up market presence. The position on the fast-growing LED segment, which is largely independent of the semiconductor market, will make up for the weakness of the division's traditional markets. Ismeca Semiconductor will be ready for the next upswing.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Management

Lorenzo Giarrè	Chief Executive Officer
Christophe Kipfer	Chief Financial Officer
Gilbert Fluetsch	Head of Marketing & Sales
Peter Portmann	Head of Operations
Thierry Eme	Head of Technology
Christophe Tissot	Head of Supply Chain (until November 30, 2008)
Yves Rougnon-Glasson	Head of Manufacturing Switzerland
YT Ng	Head of South Asia
Kevin Chen	Head of North Asia

Employees at year-end

282	298	319	305	305

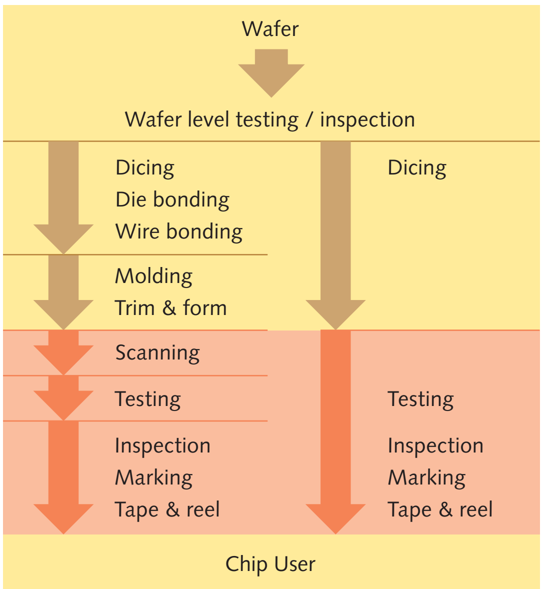
Machine programme

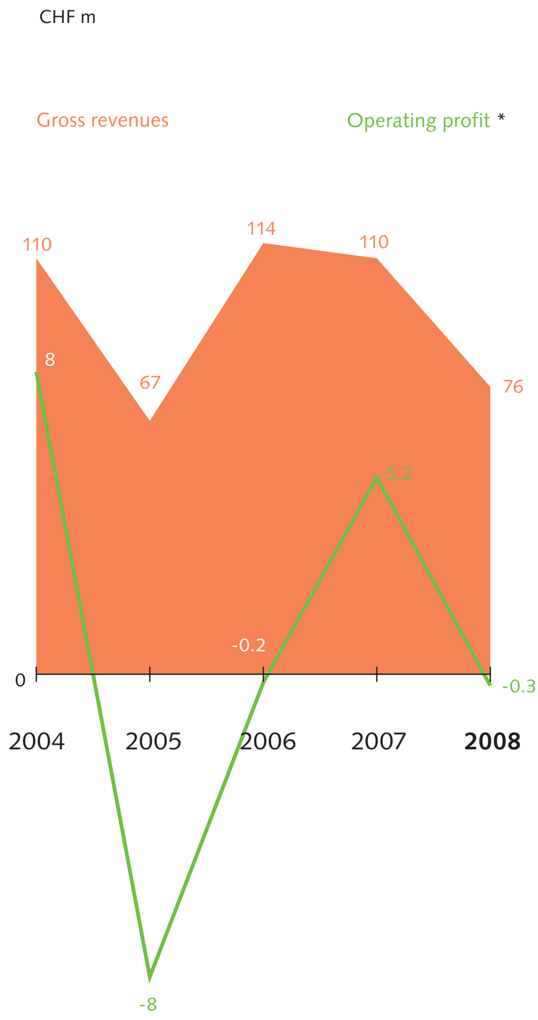
High-speed machines for finishing, testing, inspection, marking and taping of:

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

Sales markets

North Asia	42%
South Asia	41%
Americas & Europe	17%





*Scale 10 times gross sales

Consolidated financial statements of Schweiter Technologies AG

Consolidated balance sheet as at December 31, 2008

	Assets (in CHF 1000s)	**2008**	%	2007	%
	Current assets				
1	Cash and cash equivalents	596 146		134 549	
2	Trade receivables	32 169		109 950	
	Receivables from current income taxes	1 555		3 617	
	Downpayments to suppliers	1 526		2 067	
3	Other receivables	5 481		10 019	
	Prepaid expenses and accrued income	933		1 578	
4	Inventories and work in progress	22 101		66 146	
	Total current assets	**659 911**	96.5	**327 926**	85.5
	Non-current assets				
5	Property, plant and equipment	17 756		40 193	
6	Financial assets	102		2 943	
26	Deferred income tax assets	136		5 516	
7	Goodwill and other intangible assets	5 653		7 014	
	Total non-current assets	**23 647**	3.5	**55 666**	14.5
	Total assets	**683 558**		**383 592**	

	Liabilities (in CHF 1000s)	**2008**	%	2007	%
	Short-term liabilities				
8	Short-term interest-bearing liabilities	44		13 958	
	Commission payments	3 014		4 168	
	Trade liabilities	6 448		35 642	
	Prepayments received from customers	1 048		9 622	
9	Other liabilities	2 216		6 385	
10	Accrued expenses and deferred income	8 955		26 534	
14	Short-term provisions	5 429		8 584	
	Current income taxes	1 767		9 655	
	Total short-term liabilities	**28 921**	4.2	**114 548**	29.9
12	Long-term interest-bearing liabilities	43		523	
27	Deferred income tax liabilities	221		2 214	
14	Long-term provisions	1 501		2 993	
13	Pension obligations	239		23 152	
	Total long-term liabilities	**2 004**	0.3	**28 882**	7.5
	Total liabilities	**30 925**	4.5	**143 430**	37.4
	Shareholders' equity				
15	Share capital	1 444		1 444	
	Treasury shares	- 28 690		- 3 168	
	Share premium	107 381		107 381	
	Retained earnings	130 645		93 457	
	Net income	450 743		49 701	
	Hedging reserves	-		4	
	Currency translation adjustments	- 8 890		- 8 657	
	Total shareholders' equity	**652 633**	95.5	**240 162**	62.6
	Total liabilities and shareholders' equity	**683 558**		**383 592**	

▲ For additional details see notes to the consolidated financial statements.

Consolidated income statement for the financial year 2008

Note	(in CHF 1000s)	**2008**	%	2007	%
	Continuing operations:				
	Gross revenues	**158 062**	107.9	**217 586**	106.0
19	Sales deductions	- 10 252	- 7.0	- 12 139	- 5.9
	Net revenues	147 810	100.9	205 447	100.1
	Change in inventories of semi-finished and finished goods	- 1 305	- 0.9	- 2	- 0.1
	Total operating income	**146 505**	100.0	**205 445**	100.0
	Cost of materials	- 79 441	- 54.2	- 117 269	- 57.1
	Personnel expenses	- 44 519	- 30.4	- 48 979	- 23.8
20	Other operating expenses	- 24 291	- 16.6	- 24 672	- 12.0
21	Other operating income	461	0.3	292	0.1
22	Depreciation & amortization of other intangible assets	- 1 589	- 1.1	- 1 650	- 0.8
	Operating result	**- 2 874**	- 2.0	**13 167**	6.4
23	Financial income	5 606	3.8	2 309	1.1
24	Financial expenses	- 13 429	- 9.1	- 2 083	- 1.0
	Loss / Income before taxes	**- 10 697**	- 7.3	**13 393**	6.5
25	Income taxes	- 1 195	- 0.8	- 1 812	- 0.9
	Loss / Net income from continuing operations	**- 11 892**	- 8.1	**11 581**	5.6
	Discontinued operations:				
28	**Net income from discontinued operations**	**462 635**	315.8	**38 120**	18.6
	Net income	**450 743**	307.7	**49 701**	24.2
29	**Earnings per share** (in CHF)				
	From continuing operations:				
	– Undiluted	- 8.58		8.03	
	– Diluted	- 8.58		8.03	
	From continuing and discontinued operations:				
	– Undiluted	325.11		34.45	
	– Diluted	325.11		34.45	

▲ For additional details see notes to the consolidated financial statements.

Consolidated cash flow statement for the financial year 2008

	(in CHF 1000s)	**2008**	2007
	Loss / net income from continuing operations	- 11 892	11 581
28	Net income from discontinued operations	462 635	38 120
	Net income	**450 743**	**49 701**
	Liquidity-neutral items:		
	– Depreciation and amortization intangible assets	3 758	4 866
	– Change in provisions and pension obligations	31	- 788
28	Gain from sales of subsidiaries	- 448 607	-
	Profit/loss on sales of property, plant and equipment (net)	- 129	- 1 573
	Financial income	- 9 514	- 2 294
	Financial expenses	19 025	385
25	Income taxes	3 369	7 278
	Operating profit before change of net current assets	**18 676**	**57 575**
	Change in trade receivables	44 094	- 16 942
	Change in other receivables and accruals	1 339	1 891
	Change in inventories and work in progress	- 7 878	19 031
	Change in trade liabilities	- 15 865	431
	Change in other liabilities and deferrals	- 10 828	1 662
	Cash flow from operating activity	**29 538**	**63 648**
	Interest paid	- 182	- 424
	Income taxes paid	- 5 398	- 6 928
	Net cash flow from operating activity	**23 958**	**56 296**
28	Sale of investment in subsidiaries	502 303	-
	Purchase of intangible assets	- 1 124	- 1 118
	Purchase of property plant and equipment	- 3 903	- 3 506
	Investment in assets held for sale	-	- 695
	Disposal of assets held for sale	-	7 699
	Proceeds from sale of property, plant and equipment	1 965	473
	Repayment financial assets	490	1 920
	Interest received	3 169	2 243
	Cash flow from investment activity	**502 900**	**7 016**
	Change in leasing liabilities	- 56	17
	Repayment/increase of long-term loans	- 21	12
	Repayment of short-term loans	- 13 914	-
	Increase of short-term loans	-	4 848
15	Purchase of treasury shares	- 25 522	- 3 168
15	Dividend paid	- 12 513	- 8 662
	Cash flows from financing activity	**- 52 026**	**- 6 953**
	Currency exchange differences on cash and cash equivalents	- 13 235	- 174
	Change in cash and cash equivalents	**461 597**	**56 185**
	Cash and cash equivalents as at January 1	134 549	78 364
	Cash and cash equivalents as at December 31	**596 146**	**134 549**
	The figures given above include the following cash flows from		
	discontinued activities: – Net cash flow from operating activity	6 850	49 394
	– Cash flow from investment activity [1]	503 130	6 207
	– Cash flow from financing activity	-	-

[1] incl. cash flow from sale of an investment CHF 502.3 million

▲ For additional details see notes to the consolidated financial statements.

Change in consolidated shareholders' equity

	Equity attributable to parent company shareholders							Minority interest	Total share-holders'equity
(in CHF 1000s)	Share capital	Treasury shares	Share premium	Retained earnings	OCI	Currency translation difference	Total		
Balance as at December 31, 2006	**1 444**	**0**	**107 381**	**102 119**	**-21**	**-7 987**	**202 936**	**0**	**202 936**
Foreign currency translation differences						-670	-670		-670
Cash flow hedges									
– Gains/losses recorded under equity					27		27		27
– Gains/losses transferred to the income statement					5		5		5
Income taxes on gains and losses recorded directly in shareholders' equity					-7		-7		-7
Gains and losses recognised directly in shareholders' equity	*0*	*0*	*0*	*0*	*25*	*-670*	*-645*	*0*	*-645*
Net income				49 701			49 701		49 701
Total recognised income and expense for the period	*0*	*0*	*0*	*49 701*	*25*	*-670*	*49 056*	*0*	*49 056*
Dividend paid				-8 662			-8 662		-8 662
Purchase of treasury shares		-3 168					-3 168		-3 168
Total other changes in shareholders' equity	*0*	*-3 168*	*0*	*-8 662*	*0*	*0*	*-11 830*	*0*	*-11 830*
Balance as at December 31, 2007	**1 444**	**-3 168**	**107 381**	**143 158**	**4**	**-8 657**	**240 162**	**0**	**240 162**
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 gains and losses recorded directly in shareholders' equity					1		1		1
Gains and losses recognised directly in shareholders' equity	*0*	*0*	*0*	*0*	*-4*	*-233*	*-237*	*0*	*-237*
Net income				450 743			450 743		450 743
Total recognised income and expense for the period	*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
Total other changes in shareholders' equity	*0*	*-25 522*	*0*	*-12 513*	*0*	*0*	*-38 035*	*0*	*-38 035*
Balance as at December 31, 2008	**1 444**	**-28 690**	**107 381**	**581 388**	**0**	**-8 890**	**652 633**	**0**	**652 633**

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.

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 annual financial statements are presented in Swiss francs, as the most important Group units operate from Switzerland and the majority of the Group's transactions are conducted in Swiss francs.

Adoption of new or revised accounting policies

The year under review saw the implementation of the following new IFRS interpretations:

IFRIC 11 Group and Treasury Share Transactions
IFRIC 12 Service Concession Arrangements
IFRIC 14, IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The application of IFRIC 11 and IFRIC 12 has no impact on the Group's assets, financial or earnings situation. The first-time application of IFRIC 14 does not require any retrospective adjustment of shareholders' equity.

At the time when these consolidated annual financial statements were released, the following new standards and interpretations were adopted, but have not yet come into force:

IFRS 3 (revised) Business Combinations and resulting adjustments to IAS 27, IAS 28 and IAS 31
IFRS 2 (amendment) Share-based Payment – vesting conditions and cancellations
IFRS 8 Operating Segments
IAS 1 (changes) Presentation of Financial Statements
IAS 23 (revised) Borrowing Costs
IAS 32 Financial Instruments: Disclosures – Amendment dealing with puttable financial instruments and obligations arising on liquidation
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 17 Distributions of Non-cash Assets to Owners
IFRIC 18 Transfers of Assets from Customers

Management does not believe that the application of these standards and interpretations will have any significant impact on the consolidated annual financial statements of the Schweiter Technologies Group. The amendments to IAS 1 will lead to changes in the presentation of the statement of changes in shareholders' equity and the income statement.

Basis of consolidation

The Group's consolidated financial statements, comprising the balance sheet, income statement, cash flow statement and change in consolidated shareholders' equity are based on the audited annual statements of the companies included as at December 31, 2008 and December 31, 2007. 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.

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.

Segment information

The segment information is primarily presented by divisions and in second place by regions – broken down into Europe, Americas, Asia and the rest of the world.

The Schweiter Technology Group is subdivided into two divisions which form the basis for the primary format of the segment reporting. These are:

– SSM Textile Machinery
– Ismeca Semiconductor

"Other/Eliminations" includes central management and financial functions of Schweiter Technologies AG (Holding) and eliminations from consolidation.

Sales between the individual divisions are settled at arm's length conditions.

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 cash flow and on the income statement is shown in Note 28.

Principles of consolidation and valuation

Scope of consolidation

The following companies were fully consolidated as at December 31, 2008:

Company	Purpose	Share capital in 1000s		Shareholding
Schweiter Technologies AG Horgen, Switzerland	Holding company	CHF	1 444	-
SSM Schärer Schweiter Mettler AG Horgen, Switzerland	Production and distribution	CHF	6 000	100%
SSM Vertriebs AG Baar, Switzerland	Distribution	CHF	100	100%
SSM Stähle Eltex GmbH i.L. Reutlingen, Germany	Production and distribution	EUR	51	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	1100	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%

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 conversion differences are booked directly under shareholders' equity and therefore have no impact on the income statement. Other exchange rate differences, including those arising from foreign currency transactions in connection with normal business activities, are charged or credited to the income statement, with the exception of exchange rate differences on equity-like intragroup loans, which are charged or credited to shareholders' equity.

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 reported in shareholders' equity without affecting the result (hedging reserve) and under consideration of deferred taxes, and the market value is reported under accruals and deferrals. The classification of financial instruments is set out in Note 34.

The following exchange rates were applied (in CHF)				Year-end rate 31.12. for the balance sheet		Year-average rate 31.12. for the income statement	
				2008	2007	**2008**	2007
USA	Dollar	USD	1	1.06	1.13	1.08	1.20
Euro zone	Euro	EUR	1	1.49	1.66	1.59	1.64
UK	Pound	GBP	1	1.53	2.25	2.00	2.40
Singapore	Dollar	SGD	1	0.73	0.78	0.77	0.80
Malaysia	Ringgit	MYR	100	30.30	34.00	32.60	35.00
Hong Kong	Dollar	HKD	1	0.14	0.14	0.14	0.15

Principles of consolidation and valuation

Risk management

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, 2008 with all other variables unchanged, the pre-tax result of the Schweiter Technologies Group would have been lower by CHF 2.3 million (CHF 1.3 million).

Conversely, if the Swiss franc had been 5% weaker against the euro (US dollar) on December 31, 2008 with all other variables unchanged, the pre-tax result of the Schweiter Technologies Group would have been higher by CHF 2.3 million (CHF 1.3 million).

A parallel 5% shift in exchange rates would change consolidated shareholders' equity by 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 6.0 million. By the same token, a 1% fall in interest rates would reduce the interest rate result by 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, 2008 and December 31, 2007, 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 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 interest-bearing liabilities	44	46	46		
Outstanding commission	3 014	3 014	3 014		
Trade liabilities	6 448	6 448	6 448		
Other liabilities	2 216	2 216	2 216		
Long-term interest-bearing loans	43	47	-	47	
Total	**11 765**	**11 771**	**11 724**	**47**	**0**

Financial liabilities 2007: carrying amount and cash outflows

(in CHF 1000s)	Carrying amount 31.12.2007	Cash outflows Total	Up to 1 year	1 to 5 years	More than 5 years
Short-term interest-bearing liabilities	13 958	14 025	14 025		
Outstanding commission	4 168	4 168	4 168		
Trade liabilities	35 642	35 642	35 642		
Other liabilities	6 385	6 385	6 385		
Long-term interest-bearing loans	523	991	51	312	628
Total	**60 676**	**61 211**	**60 271**	**312**	**628**

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 not capitalized.

Principles of consolidation and valuation

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 are carried out on an annual basis by independent qualified actuaries. The last valuation for the material benefit plans was performed as of 30.09/31.12.2008. 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 they 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.

Segment information broken down by divisions and regions

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
22 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 / Income before taxes				**- 10.7**
Income taxes				- 1.2
Loss / Net income from continuing operations				**- 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

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**
Capital expenditure	1.1	-	0.2	-	**1.3**

2007 (in CHF millions)

Continuing operations	SSM Textile Machinery	Ismeca Semiconductor	Other / Eliminations	Group
Gross revenues from continuing operations [1]	106.9	110.3	0.4	217.6
Operating income from continuing operations	98.7	106.3	0.4	205.4
22 Depreciation and amortization	- 0.4	- 1.2	- 0.1	- 1.7
Operating profit from continuing operations	**11.0**	**5.2**	**- 3.0**	**13.2**
Financial income				2.3
Financial expenses				- 2.1
Income before taxes				**13.4**
Income taxes				- 1.8
Net income from continuing operations				**11.6**
Capital expenditure in property, plant and equipment	0.4	0.6	-	1.0
Capital expenditure in intangible assets	0.1	-	-	0.1
Total capital expenditure	**0.5**	**0.6**	-	**1.1**
Assets	55.8	98.6	229.2 [2]	**383.6**
Liabilities	28.8	39.6	75.0 [3]	**143.4**
Employees at year-end	235	305	5	**545**

[1] There are no revenues between the divisions
[2] incl. CHF 204.2 million from discontinued operations
[3] incl. CHF 80.8 million from discontinued operations

Regions	Europe	Americas	Asia	Other	Group
Gross revenues	51.0	15.5	145.6	5.5	**217.6**
Assets	310.6	36.5	36.5	-	**383.6**
Capital expenditure	0.6	-	0.5	-	**1.1**

Notes to the consolidated financial statements

1 **Cash and cash equivalents by currencies** (in CHF 1000s)	**2008**	2007
CHF	547 444	67 328
EUR	36 822	39 766
USD	9 489	22 665
Other	2 391	4 790
Total	**596 146**	**134 549**

Cash and cash equivalents consist of cash deposits with banks and in postal check accounts. They carry interest ranging from 0.0% to 4.6%.

2 **Trade receivables** (in CHF 1000s)	**2008**	2007
Total trade receivables	33 466	113 618
– less allowance for doubtful accounts receivable	- 1 297	- 3 668
Total trade receivables – net	**32 169**	**109 950**

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**

Age analysis of trade receivables 2007: (in CHF 1000s)	Gross 31.12.2007	Bad debt allowance 31.12.2007	Net 31.12.2007
Not due	83 626	- 210	83 416
Overdue up to one month	14 315	- 134	14 181
Overdue between one and two months	4 189	- 13	4 176
Overdue between 2 and 3 months	2 670	- 22	2 648
more than 3 months overdue	8 818	- 3 289	5 529
Total overdue	*29 992*	*- 3 458*	*26 534*
Total	**113 618**	**- 3 668**	**109 950**

Changes in the value adjustment for doubtful accounts receivable:	**2008**	2007
Balance as at January 1	- 3 668	- 4 071
Change in the scope of consolidation	2 235	-
Foreign currency differences	73	- 23
Bad debt allowance used	348	479
Bad debt allowance released	127	368
Bad debt allowance increased	- 412	- 421
Balance as at December 31	**- 1 297**	**- 3 668**

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)	**2008**	2007
Receivables from other taxes (value added tax, withholding tax, etc.)	1 694	7 953
Other receivables	3 787	2 066
Total	**5 481**	**10 019**

4 **Inventories and work in progress** (in CHF 1000s)	**2008**	2007
Raw materials and parts	15 478	43 186
Semi-finished goods and work in progress	4 110	13 427
Finished goods at production costs	2 513	8 475
Finished goods at net disposal costs	-	1 058
Total	**22 101**	**66 146**

The net value of the inventories and work in progress is after value adjustments of CHF 23.2 million (previous year CHF 41.4 million). 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, 2008

	(in CHF 1000s)	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
28	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
28	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							
	Balance as at January 1, 2008	29933	1524	4224	1938	1714	860	40193
	Balance as at Dec. 31, 2008	**15725**	**205**	**693**	**365**	**596**	**172**	**17756**
	Insurance values							37 867
	Net book value of pledged land and buildings							-
32	Net book value of leased property, plant and equipment							63
11	Leasing obligations for property, plant and equipment reported on balance sheet							87

5 Property, plant and equipment, 2007

(in CHF 1000s)	Land and buildings	Instal-lations	Machinery Tools	Furnishings	Computer equipment	Vehicles	**Total**
Acquisition values							
Balance as at January 1, 2007	45 833	6 222	17 967	10 363	11 723	2 700	94 808
Additions	280	561	2 637	530	927	434	5 369
Disposals	- 3 744	- 109	- 6084	- 929	- 614	- 542	- 12 022
Exchange rate differences	429	52	218	37	-10	21	747
Balance as at Dec. 31, 2007	**42 798**	**6726**	**14 738**	**10 001**	**12 026**	**2 613**	**88 902**
Accumulated depreciations							
Balance as at January 1, 2007	- 14 922	- 4 980	- 13 068	- 8 375	- 9 702	- 1 724	- 52 771
Depreciation for the year	- 1 063	- 289	- 1 106	- 563	- 1 247	- 472	- 4 740
Disposals	3 191	105	3 848	920	600	451	9 115
Transfers				- 14	14		0
Exchange rate differences	- 71	- 38	- 188	- 31	23	- 8	- 313
Balance as at Dec. 31, 2007	**- 12 865**	**- 5 202**	**- 10 514**	**- 8 063**	**- 10 312**	**- 1 753**	**- 48 709**
Net book value							
Balance as at January 1, 2007	30 911	1 242	4 899	1 988	2 021	976	42 037
Balance as at Dec. 31, 2007	**29 933**	**1 524**	**4 224**	**1 938**	**1 714**	**860**	**40 193**

	Insurance values	105 210
	Net book value of pledged land and buildings	-
32	Net book value of leased property, plant and equipment	129
11	Leasing obligations for property, plant and equipment reported on balance sheet	161

6 **Financial assets** (in CHF 1000s)

	2008	2007
Long-term receivables	102	2 175
Other financial assets	-	768
Total	**102**	**2 943**

Notes to the consolidated financial statements

7 **Goodwill and other intangible assets** (in CHF 1000s)	Goodwill	Other	Total
Acquisition values			
Balance as at January 1, 2008	5 472	1 822	7 294
28 Change in the scope of consolidation	-	- 2 749	- 2 749
Additions	-	1 752	1 752
Disposals	-	- 630	- 630
Balance as at December 31, 2008	**5 472**	**195**	**5 667**
Accumulated amortizations			
Balance as at January 1, 2008	0	- 280	- 280
28 Change in the scope of consolidation	-	372	372
Amortization	-	- 107	- 107
Disposals	-	1	1
Balance as at December 31, 2008	**0**	**- 14**	**- 14**
Net book value as at December 31, 2008	**5 472**	**181**	**5 653**
Acquisition values			
Balance as at January 1, 2007	5 472	704	6 176
Additions	-	1 118	1 118
Disposals	-	-	-
Balance as at December 31, 2007	**5 472**	**1 822**	**7 294**
Accumulated amortizations			
Balance as at January 1, 2007	0	- 154	- 154
Amortization	-	- 126	- 126
Disposals	-	-	-
Balance as at December 31 2007	**0**	**- 280**	**- 280**
Net book value as at December 31, 2007	**5 472**	**1 542**	**7 014**

The remaining goodwill amount as of December 31, 2008 relates to Ismeca Semiconductor.

The goodwill was tested for impairment at the level of the Ismeca Semiconductor division. 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% pre-tax discount rate applied is based on the weighted average potential cost of capital and reflects specific country and industry risks.

In 2008 and 2007 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.

Note	8 **Short-term interest-bearing liabilities** (in CHF 1000s)	**2008**	2007
	Current accounts with banks	-	13 896
	Bank loans due within one year	-	-
	Mortgages due within one year	-	-
	Total short-term liabilities toward banks	0	13 896
11	Financial leasing contracts, due within one year	44	62
	Total	**44**	**13 958**

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

December 31,	**2008**	Actual interest rates	December 31,	2007	Actual interest rates
CHF	-	-	CHF	13 896	2.56%
Total	**-**			**13 896**	

9 **Other liabilities** (in CHF 1000s)	**2008**	2007
Unredeemed dividend coupons	72	70
Arrears toward staff pension schemes	-	22
Other liabilities	2 144	6 293
Total	**2 216**	**6 385**

10 **Accrued expenses and deferred income** (in CHF 1000s)	**2008**	2007
Personnel costs (holidays / flexitime / overtime / bonuses / etc.)	4 525	18 056
Cost of materials / overheads	935	2 304
Miscellaneous	3 495	6 174
Total	**8 955**	**26 534**

Notes to the consolidated financial statements

11 **Obligations arising from finance leasing** (in CHF 1000s)	**2008**	2007
Obligations arising from finance leasing (nominal), due in:		
– one year	47	70
– 2 to 5 years	46	108
Total nominal value	**93**	**178**
less future financial expense	- 6	- 17
Total cash value of minimum leasing obligations	87	161
Reporting on balance sheet by due date		
8 – in one year (in short-term interest-bearing liabilities)	44	62
12 – in more than one year (in long-term interest-bearing liabilities)	43	99
Total cash value of minimum leasing obligations	**87**	**161**

12 **Long-term interest-bearing liabilities** (in CHF 1000s)	**2008**	2007
Long-term bank loans	-	-
32 Mortgage loans	-	-
Long-term liabilities toward banks	**0**	**0**
Other long-term loans	-	424
11 Finance leasing obligations, due in more than one year	43	99
Total	**43**	**523**
The maturities of the long-term loans are as follows:		
– 1 to 2 years	43	48
– 2 to 5 years	-	51
– more than 5 years	-	424
Total	**43**	**523**

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

December 31,	**2008**	Actual interest rates	December 31,	2007	Actual interest rates
CHF	43	7.28%	CHF	99	6.98%
			EUR	424	12.00%
Total	**43**			**523**	

13 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.

Interpretation IFRIC 14 sets out how statutory or contractual obligations with regard to minimum funding requirements for pension funds impact on the plan obligation and assets to be reported. The disposability of an asset is to be determined on the basis of the plan's rules and the pertinent statutory provisions in the jurisdiction applicable to the plan. In application of these conditions of disposability, the first-time application of Interpretation IFRIC 14 had no impact on the Group's annual financial statements.

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)	**2008**	2007
Current service cost	2 436	3 248
Interest on obligation	3 566	3 533
Expected return on plan assets	- 3 936	- 4 012
(Gains) / losses from plan settlements / curtailments	- 2 542	431
Amortization of unvested past service cost	0	171
Recognized actuarial (gains) or losses	2 351	894
Variation of asset ceiling in accordance with IAS 19.58	- 2 065	- 900
Total, included in 'employee benefits expense'	**- 190**	**3 365**
Actual (losses) / return on the plan assets	- 9 894	1 829

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)	**2008**	2007
Opening defined benefit obligation	106 000	111 819
Current service cost	2 436	3 248
Plan participants' contributions	1 776	1 806
Interest on obligation	3 566	3 533
Benefits paid through pension assets	- 6 317	- 7 930
Benefits paid by employer	- 999	- 976
Business combinations / business disposals	- 21 061	0
Actuarial (gains) / losses	- 2 932	- 6 308
Past service cost	0	171
Plan settlements	- 1 093	0
Others	0	0
Exchange differences on foreign plans	- 852	637
Closing defined benefit obligation	**80 524**	**106 000**

Changes in the fair value of plan assets (in CHF 1000s)	**2008**	2007
Opening fair value of plan assets	88 844	91 777
Plan participants' contributions	1 776	1 806
Company contribution	1 776	1 852
Benefits paid through pension assets	- 6 317	- 7 930
Expected return on plan assets	3 936	4 012
Actuarial gains / (losses)	- 13 830	- 2 183
Assets distributed on settlements	0	- 490
Business combinations / business disposals	- 3 313	0
Exchange differences on foreign plans	0	0
Closing fair value of assets	**72 872**	**88 844**

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.

The expected employer contribution for 2009 amounts to CHF 1.7 million for the defined benefit plans.

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

Amount recognized in the balance sheet (in CHF 1000s)	**31.12.08**	31.12.07
Present value of funded obligation	80 524	86 328
Fair value of plan assets	- 72 872	- 88 844
Under- / (Over-) funding	**7 652**	**- 2 516**
Present value of unfunded obligations	0	19 672
Unrecognized prior service cost	0	0
Unrecognized net gain or (loss)	- 7 413	3 931
Assets not available to Company	0	2 065
Net liability	**239**	**23 152**
Amounts in the balance sheet:		
Liabilities	239	23 152
Assets	0	0
Net liability	**239**	**23 152**

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

Calculation of defined benefit obligations	**31.12.08**	31.12.07
Discount rate	3.4%	3.75%
Future salary increases	2.0%	2.08%
Future pension indexations	0.1%	0.67%
Calculation of expense		
Discount rate	3.75%	3.26%
Expected return on plan assets	4.50%	4.48%

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

Asset classes pension plans	**31.12.08** in %	Expected return	31.12.07 in %	Expected return
Equities	23	7.0%	23	7.5%
Bonds	33	3.0%	45	3.4%
Real estate	27	5.0%	27	5.0%
Others including cash and mixed funds	17	2.5%	5	3.0%

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)	**31.12.08**	31.12.07	31.12.06	31.12.05
Defined benefit obligation	80 524	106 000	111 819	119 097
Fair value of plan assets	- 72 872	- 88 844	- 91 777	- 93 431
Financing status	**7 652**	**17 156**	**20 042**	**25 666**
Experience adjustment of the plan obligation	316	- 94	1 718	- 3 793
Experience adjustment of the plan assets	- 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 2008 CHF 619 000 (previous year: CHF 445 000).

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

The Group has programs for service anniversary payments and other payments dependent on length of service which are classified as other long-term payments due to employees. Partial retirement agreements are also in place, which are classified as payments after termination of employee relationships.

As at December 31, 2008, a provision of CHF 100 000 (previous year: 484 000) was set aside for other long-term payments and following the sale of Satisloh there were no provisions set aside for payments after termination of employee relationships (previous year: CHF 907 000).

14 **Provisions**

(in CHF1000s)	Restructurings	Guarantees	Other	Total **2008**	Total 2007
Balance as at January 1	1 417	6 494	3 666	11 577	12 731
28 Change in the scope of consolidation	- 1 147	- 2 295	- 4 642	- 8 084	
Foreign currency differences	- 52	- 120	- 79	- 251	30
Consumption with neutral impact on income	- 3 135	- 2 644	- 610	- 6 389	- 3 970
Unused amounts reversed and released to income	- 167	- 91	- 679	- 937	- 565
Additional provisions charged to income	3 405	1 766	5 843	11 014	3 351
Balance as at December 31	**321**	**3 110**	**3 499**	**6 930**	**11 577**
of which: Short-term provisions				5 429	8 584
Long-term provisions				1 501	2 993
Expected use of provisions					
– within one year				5 429	8 584
– in 2 to 5 years				1 501	2 993

Provisions for restructuring measures are only formed for individual projects which have been documented and communicated in detail in accordance with IAS 37.

As part of moves to concentrate business activities, Hacoba Spultechnik GmbH's operations in Wuppertal were closed and the plant's activities were integrated into the parent company at Horgen. The costs connected with the closure depressed the 2008 result by CHF 3.4 million. The outstanding amount will be required in the course of 2009 to defray the remaining closure costs.

The provisions for guarantees are calculated on the basis of individual cases and empirical values.

The other provisions cover various risks arising in the normal course of business.

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

15 **Share capital**	**2008**	2007
Number of bearer shares issued with a par value of CHF 1	1443 672	1443 672
Share capital as at December 31 (in CHF)	1443 672	1443 672
Authorized capital (in CHF)	300 000	300 000
Conditional capital (in CHF)	132 600	132 600

Treasury shares:
During the year under review 69 484 treasury shares were acquired at an average purchase price of CHF 367 (previous year: 8 325).

77 809 treasury shares were held as of December 31, 2008 (previous year: 8 325).

Authorized capital:
As of December 31, 2008 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, 2008 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 14, 2008, shareholders approved payment of a gross dividend of CHF 9.00 per bearer share for the 2007 business year. This corresponds to an amount of CHF 12.993 million (previous year: CHF 6.00 per bearer share, total CHF 8.662 million).

For the 2008 business year the Board of Directors proposes that the Ordinary General Meeting of May 13, 2009 approve payment of a gross dividend of CHF 9.00 per share.

16 Employee stock option plan

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

17 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 18, no significant transactions were conducted with associated persons.

18 Compensation for members of the Board of Directors and Management in 2008

(in CHF 1000s)	Function	Fixed	Variable [1]	Pension benefits	Other	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 [2]	50	-	5	-	55
Dr. Gregor Strasser	Member	50	-	5	-	55
Board of Directors		**350**	**0**	**27**	**236**	**613**
Dr. Heinz O. Baumgartner [4]	CEO [3] / CFO	400	400	98	-	898
Management		**950**	**772**	**237**	**-**	**1 959**

[1] Variable salary component (bonus) expected to be due for the year under review
[2] 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
[3] CEO from July 1, 2008
[4] Highest single amount

Share ownership

As of December 31, 2008, a total of 440 716 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
Nardin	Jean-Pierre	Member of the Board of Directors Schweiter Technologies	1 000
Fischer	Heinrich	Member of the Board of Directors Schweiter Technologies	800
Schoemezler	Rolf-D.	Member of the Board of Directors Schweiter Technologies	50
Siegrist	Beat	Member of the Board of Directors Schweiter Technologies	78 500
Baumgartner	Heinz O.	CEO/CFO Schweiter Technologies	250
Giarrè	Lorenzo	CEO Ismeca Semiconductor	116

Dr. Hans Widmer holds his shares both privately and through Hans Widmer Management AG.

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

Notes to the consolidated financial statements

19 **Sales deductions** (in CHF 1000s)	**2008**	2007
Commission payments on sales, commission	5 618	7 137
Carriage, customs duties, packaging	3 566	4 121
Other sales deductions	1 068	881
Total	**10 252**	**12 139**

20 **Other operating expenses** (in CHF 1000s)	**2008**	2007
Purchasing and production overheads	3 007	3 311
Sales and distribution	3 635	4 201
After sales overheads	4 698	6 437
Overheads relating to administration and capital taxes	4 853	2 039
Development overheads	4 067	5 006
Cost of premises	3 908	3 584
Loss on sale of tangible fixed assets	70	12
Other operating expenses	53	82
Total	**24 291**	**24 672**

21 **Other operating income** (in CHF 1000s)	**2008**	2007
Gains on sale of property, plant and equipment	56	269
Other income	405	23
Total	**461**	**292**

	22 **Depreciation and amortization of other intangible assets** (in CHF 1000s)	**2008**	2007
5	Depreciation of property, plant and equipment	1 576	1 649
7	Amortization of other intangible assets	13	1
	Total	**1 589**	**1 650**

23 **Financial income** (in CHF 1000s)	**2008**	2007
Interest income	2 729	955
Exchange gains	2 877	1 354
Total	**5 606**	**2 309**

24 **Financial expenses** (in CHF 1000s)	**2008**	2007
Interest expenses	258	285
Exchange losses	13 171	1 798
Total	**13 429**	**2 083**

25 **Income taxes** (in CHF 1000s)	**2008**	2007
Current taxes	1 305	1 815
Deferred taxes	- 110	- 3
Total	**1 195**	**1 812**

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)	**2008**	2007
Income / loss before taxes:		
– from continuing operations	- 10 697	13 393
– from discontinued operations	464 809	43 586
Total	**454 112**	**56 979**
Average tax rate anticipated	21.3%	21.3%
Average tax expense anticipated	96 726	12 137
Differences owing to differing local tax rates	- 61 097	- 1 478
Impact of non-taxable income from the sale of a holding	- 34 006	-
Impact of other non-taxable income	- 107	- 409
Impact of non-tax-deductible expenditure	67	577
Non-capitalized losses carried forward and their appropriation	1 762	- 2 682
Capitalized tax losses carried forward	-	- 1 227
Effect of changes in tax rates	-	190
Taxes from previous periods and other influencing factors	24	170
Effective tax expense	**3 369**	**7 278**
of which:		
– Continuing operations	1 195	1 812
– Discontinued operations	2 174	5 466
Effective tax rate	0.7%	12.8%

The proceeds from the sale of Satisloh Holding AG were accrued in the tax-privileged holding company Schweiter Technologies AG and thus led, on the one hand, to a deviation from the ordinary average consolidated tax rate at the normal holding company tax rate; on the other hand, the application of participation relief meant that the sales proceeds were largely non-taxable.

Notes to the consolidated financial statements

26 **Deferred income tax assets** (in CHF 1000s)	Slower tax depreciation	Capitalized tax losses carried forward	Hedging reserve	Other	Total **2008**	Total 2007
Balance as at January 1	2 125	2 790	-	601	5 516	5 794
28 Change in the scope of consolidation	- 2 882	- 2 285	-	- 1 617	- 6 784	-
Foreign currency differences	- 98	- 132	-	11	- 219	105
Recognition in shareholders' equity	-	-	-	-	-	- 6
Unused amounts reversed and released to income	- 393	- 373	-	- 2	- 768	- 2 517
Additional provisions charged to income	1 365	-	-	1 026	2 391	2 140
Balance as at December 31	**117**	**0**	**0**	**19**	**136**	**5 516**

As of December 31, 2008, the Group had non-capitalized tax losses carried forward of CHF 61.3 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)	**2008**	2007
– one year	269	-
– 2 to 5 years	29 965	34 832
– in more than 5 years' time	31 045	23 794
Total	**61 279**	**58 626**
Tax losses carried forward which expired without being used during the business year under review	-	-

Of the tax losses carried forward expiring in more than 5 years' time, CHF 9.2 million (previous year: CHF 4.9 million) will never expire.

27 **Deferred income tax assets** (in CHF 1000s)	Accelerated tax depreciation	Tax provisions	Hedging reserve	Total **2008**	Total 2007
Balance as at January 1	1 993	220	1	2 214	3 767
28 Change in the scope of consolidation	- 2 269	- 278	-	- 2 547	-
Foreign currency differences	- 65	-	-	- 65	34
Recognition in shareholders' equity	-	-	- 1	- 1	1
Unused amounts reversed and released to income	- 125	-	-	- 125	- 1 690
Additional provisions charged to income	596	149	-	745	102
Balance as at December 31	**130**	**91**	**0**	**221**	**2 214**

Deferred tax liabilities mainly resulted from tax-allowable valuation differences on inventories and bad debt allowances.

28 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) and December 31, 2007:

(in CHF 1000s)	**30.09.08**	31.12.07
Book value of net assets sold:		
Cash and cash equivalents	51 260	69 645
Trade receivables	31 887	49 526
Other receivables	6 142	7 220
Inventories	50 335	35 626
Other current assets	3 216	2 059
Property, plant and equipment	20 159	21 924
Intangible assets	2 378	1 444
Financial assets	1 351	2 809
Accrued income tax liabilities	6 784	5 424
Trade liabilities	- 13 983	- 19 496
Other liabilities	- 17 465	- 17 737
Accrued expenses and deferred liabilities	- 9 783	- 12 434
Current income taxes	- 5 560	- 6 662
Deferred income tax liabilities	- 2 547	- 1 937
Pension obligations	- 21 438	- 22 493
Total net assets sold	**102 736**	**114 918**
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**	
Cash payment after deduction of sale costs, paid	553 563	
less cash and cash equivalents sold	- 51 260	
Cash flow from sale of subsidiaries	**502 303**	

Notes to the consolidated financial statements

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	2007
Gross revenues	163 806	269 979
Operating profit	**168 298**	**254 486**
Cost of materials	- 99 886	- 140 139
Personnel expenses	- 32 693	- 47 308
Other operating expenses	- 15 642	- 21 524
Depreciation and amortization	- 2 187	- 3 215
Financial income	3 907	6 028
Financial expenses	- 5 595	- 4 742
Income before taxes	**16 202**	**43 586**
Income taxes	- 2 174	- 5 466
Net income from operating activity	**14 028**	**38 120**
Income fro the sale of discontinued operations	448 607	-
Income from discontinued operations	**462 635**	**38 120**

29 **Earnings per share**		**2008**	2007
Loss / Net income from continuing operations	(in CHF 1000s)	- 11 892	11 581
Net income	(in CHF 1000s)	450 743	49 701
Average number of shares issued		1 443 672	1 443 672
less average number of treasury shares		- 57 259	- 1 173
Average number of shares outstanding		**1 386 413**	**1 442 499**
Dilution effect resulting from outstanding options		-	-
Average number of shares outstanding after dilution effect		**1 386 413**	**1 442 499**
Earnings per share (in CHF)			
From continuing operations – Undiluted and diluted		- 8.58	8.03
From continuing and discontinued operations – Undiluted and diluted		325.11	34.45

30 **Forward exchange transactions**

The Group engages in forward exchange transactions to hedge against exchange rate risks. The instruments are not used for speculative purposes. As of December 31, 2008, the maturities of outstanding forward transactions ranged from 2 weeks to 3 months (previous year between 2 weeks and 7 months).

Forward exchange transactions (in CHF 1000s)	**2008**	2007
Total amount of outstanding forward exchange transactions		
– Sale of US dollars for CHF, contract value	3 551	28 636
– Average exchange rates per USD	1.1875	1.1410
of which outstanding forward exchange transactions for hedging future incoming payments (cash flow hedges)	-	1 025
– Average exchange rates per USD	-	1.1336
Net fair value (market value) of forward exchange transactions for cash flow hedges	-	1 020
Unrealized gain/loss from cash flow hedges	-	5
26 / 27 Deferred income taxes (23%)	-	- 1
Net gain/net loss recorded as hedging reserve in shareholders' equity	-	4

Non-realized gains and losses from cash flow hedges are reported under accruals and deferrals and after adjustment for taxes are credited/debited directly to shareholders' equity as "hedging reserve".

Unrealized gains and losses from derivative financial instruments to hedge balance sheet positions are attributed to the latter with an impact on income.

Notes to the consolidated financial statements

31 **Contingent liabilities** (in CHF 1000s)	**2008**	2007
Warranties and guarantees	476	2 362
Recourse claims and discounting facilities	-	-
Total	**476**	**2 362**

Commitments to take delivery: Under purchase contracts for machine parts and raw materials, commitments to take delivery amounting to CHF 24.9 million (previous year: CHF 43.2 million) and with maximum maturities of 18 months have been entered into in the course of ordinary business activities.

32 **Rights of lien** (in CHF 1000s)	**2008**	2007
Assets encumbered by rights of lien	63	129

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

Commitments (in CHF 1000s)	**2008**	2007
– due in one year's time	1 593	2 208
– due in 2 to 5 years' time	5 185	3 414
– due in more than 5 years' time	2 544	34
Total	**9 322**	**5 656**

The commitments consist mainly of rental agreements for buildings used by the company itself. The average term of the agreements is 3.4 years (previous year: 2.0 years). Leasing obligations amounting to CHF 0.1 million are included (previous year: CHF 0.4 million).

Credit balances (in CHF 1000s)	**2008**	2007
– due in one year's time	1 258	999
– due in 2 to 5 years' time	2 741	220
– due in more than 5 years' time	-	-
Total	**3 999**	**1 219**

The credit balances consist of sublet premises. The rental income contained in the gross revenues amounted to CHF 1.3 million in the year under review (previous year: CHF 1.5 million).

34 Categories of financial instruments

Financial assets

The Group's financial assets are broken down into the following categories:

(in CHF 1000s)	Cash	FVtPL designated[1]	Loans and receivables	Carrying amount	Fair value
December 31, 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**
December 31, 2007					
Cash and cash equivalents	134 549			134 549	134 549
Trade receivables			109 950	109 950	109 950
Other receivables		326	9 693	10 019	10 019
Financial assets			2 943	2 943	2 943
Total	**134 549**	**326**	**122 586**	**257 461**	**257 461**

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

Financial liabilities

The Group's financial assets are broken down into the following categories:

(in CHF 1000s)	FVtPL designated[1]	Measured at amortised cost	Carrying amount	Fair value
December 31, 2008				
Short-term interest-bearing liabilities		- 44	- 44	- 44
Commission payments		- 3 014	- 3 014	- 3 014
Trade liabilities		- 6 448	- 6 448	- 6 448
Other liabilities		- 2 216	- 2 216	- 2 216
Long-term interest-bearing liabilities		- 43	- 43	- 43
Total	**0**	**- 11 765**	**- 11 765**	**- 11 765**
December 31, 2007				
Short-term interest-bearing liabilities		- 13 958	- 13 958	- 13 958
Commission payments		- 4 168	- 4 168	- 4 168
Trade liabilities		- 35 642	- 35 642	- 35 642
Other liabilities		- 6 385	- 6 385	- 6 385
Long-term interest-bearing liabilities		- 523	- 523	- 523
Total	**0**	**- 60 676**	**- 60 676**	**- 60 676**

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

Notes to the consolidated financial statements

35 Events occurring after the balance sheet date

On February 6, 2009, Schroders plc announced that as of February 4, 2009 it had fallen below the 3% threshold above which voting rights are subject to disclosure requirements.

According to a report, as of March 12, 2009 Beat Frey claims to hold 150 608 bearer shares – corresponding to 10.43% of voting rights – in Schweiter Technologies AG through Corisol Holding AG and KWE Beteiligungen.

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 2008.

36 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 9, 2009 and released them for publication by circular resolution on March 27, 2009.

The Board of Directors will propose that the Annual Shareholders' Meeting on May 13, 2009 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, cash flow statement, statement of changes in equity and notes (page 22 to 60) for the year ended December 31, 2008.

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, 2008 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	Urs Schmidheiny
Licensed audit expert	Licensed audit expert
Auditor in charge	

Zurich, March 27, 2009

Annual financial statements of Schweiter Technologies AG

Balance sheet as at December 31, 2008

	Assets (in CHF 1000s)	**2008**	2007
	Current assets		
	Cash and cash equivalents	574 581	33 397
	Securities (treasury shares)	28 690	2 953
	Other receivables due from third parties	3 491	168
	Other receivables due from consolidated companies	168	675
	Prepaid expenses and accruals	583	52
	Total current assets	**607 513**	**37 245**
	Non-current assets		
2	Investments	90 056	159 141
	Loans to consolidated companies	-	8 227
	Total non-current assets	**90 056**	**167 368**
	Total assets	**697 569**	**204 613**

	Liabilities (in CHF 1000s)		
	Short-term liabilities		
	Short-term interest-bearing liabilities towards Group companies	810	5 554
	Other liabilities towards third parties	1 575	186
	Accrued expenses and deferred income	1 670	2 648
	Total short-term liabilities	**4 055**	**8 388**
	Provisions	3 175	48
	Total long-term liabilities	**3 175**	**48**
	Total liabilities	**7 230**	**8 436**
	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	3 168
	Unappropriated reserves	1 071	1 071
	Available earnings	548 753	80 113
	Total shareholders' equity	**690 339**	**196 177**
	Total liabilities and shareholders' equity	**697 569**	**204 613**

▲ For additional details see notes to the annual financial statements

Income statement for the financial year 2008

	(in CHF 1000s)	2008	2007
4	Income from investments	517 486	23 000
5	Financial income	2 432	760
6	Rental income	1 094	1 068
	Management fee income	1 400	2 004
	Other income	-	7 541
	Total income	**522 412**	**34 373**
7	Financial expenses	- 10 255	- 304
	Administrative expenses	- 2 158	- 723
	Personnel expenses	- 2 200	- 4 092
	Expenses on premises	- 666	- 663
	Other expenses	- 304	- 6 420
	Income before taxes	**506 829**	**22 171**
	Income taxes	- 153	- 35
	Net income	**506 676**	**22 136**

▲ For additional details see notes to the annual financial statements

Notes to the balance sheet and the income statement

1 Risk management

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. On the basis of this risk assessment, no further special provisions or value adjustments need to be reported in these annual financial statements.

2 **Investments** (in 1000s)

Company	Domicile	Share capital		Shareholding	Purpose
SSM Schärer Schweiter Mettler AG	Horgen, CH	CHF	6000	100%	Production/Distribution
SSM Vertriebs AG	Baar, CH	CHF	100	100%	Distribution
Ismeca Semiconductor Holding SA	La Chaux-de-Fonds, CH	CHF	5000	100%	Holding company

3 **Share capital**

	2008	2007
Number of bearer shares issued with a par value of CHF 1	1443 672	1443 672
Share capital as at December 31 (in CHF)	1443 672	1443 672
Authorized capital (in CHF)	300 000	300 000
Conditional capital (in CHF)	132 600	132 600

Treasury shares:
During the year under review 69484 treasury shares were acquired at an average purchase price of CHF 367 (previous year: 8325). They are valued at the lower of their acquisition or market price as of the balance sheet date. 77809 treasury shares were held as of December 31, 2008 (previous year: 8325).
Authorized capital:
As of December 31, 2008 the Board of Directors is authorized in accordance with the resolution passed by the General Meeting on May 14, 2008 to issue 300000 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, 2008 the company's share capital may be increased ex rights by up to 132600 bearer shares, which must be fully paid up;
a) up to a sum of CHF 32600 through the exercise of employee option rights and
b) up to a sum of CHF 100000 through the exercise of option or conversion rights granted in conjunction with bonds or similar paper issued by the company. So far, no such bonds have been issued.

The bearer shares of Schweiter Technologies AG, Horgen are listed on the SIX Swiss Exchange AG, Zurich in the main segment. Security no.: 1075492; ISIN: CH0010754924; Telekurs: SWTQ; Reuters: SWTZ.

As at December 31, 2008, 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)	**2008**	2007
Dr. Hans Widmer, Oberwil-Lieli / Hans Widmer Management AG, Baar	24.9%	24.9%
Beat Siegrist, Herrliberg	5.4%	5.4%
Schweiter Technologies AG, Horgen	5.2%	-
Goodmann & Company, Investment Counsel Ltd., Toronto, Kanada	5.0%	5.0%
Corisol Holding AG, Zug	5.0%	-
Schroders plc, London, UK	4.0%	5.9%
Credit Suisse Asset Management Funds AG	3.5%	-

4 **Income from investments** (in CHF 1000s)	**2008**	2007
Dividend	33 000	23 000
Gain from the sale of investment Satisloh	484 486	-
Total	**517 486**	**23 000**

5 **Financial income** (in CHF 1000s)	**2008**	2007
Interest income from Group companies	129	243
Interest paid by banks	2 088	462
Exchange gains	-	55
Other financial income	215	-
Total	**2 432**	**760**

6 **Rental income** (in CHF 1000s)	**2008**	2007
Rental income from Group companies	600	656
Rental income from third parties	494	412
Total	**1 094**	**1 068**

7 **Financial expenses** (in CHF 1000s)	**2008**	2007
Interest expenses Group companies	123	78
Bank interest	-	10
Exchange losses	10 132	1
Price loss on treasury shares	-	215
Total	**10 255**	**304**

8 Compensation for members of the Board of Directors and Management in 2008

(in CHF 1000s)	Function	Fixed	Variable [1]	Pension benefits	Other	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 [2]	50	-	5	-	55
Dr. Gregor Strasser	Member	50	-	5	-	55
Board of Directors		**350**	**0**	**27**	**236**	**613**
Dr. Heinz O. Baumgartner [4]	CEO [3] / CFO	400	400	98	-	898
Management		**950**	**772**	**237**	**-**	**1 959**

[1] Variable salary component (bonus) expected to be due for the year under review
[2] 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
[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, 2008, a total of 440 716 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
Nardin	Jean-Pierre	Member of the Board of Directors Schweiter Technologies	1 000
Fischer	Heinrich	Member of the Board of Directors Schweiter Technologies	800
Schoemezler	Rolf-D.	Member of the Board of Directors Schweiter Technologies	50
Siegrist	Beat	Member of the Board of Directors Schweiter Technologies	78 500
Baumgartner	Heinz O.	CEO/CFO Schweiter Technologies	250
Giarrè	Lorenzo	CEO Ismeca Semiconductor	116

Dr. Hans Widmer holds his shares both privately and through Hans Widmer Management 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 2008 and 2007, 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, 2008, 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 20.3 million. Of this amount, a total of CHF 0.5 million for sureties and guarantees had been drawn on by subsidiaries as at December 31, 2008.

10 Events occurring after the balance sheet date

On February 6, 2009, Schroders plc announced that as of February 4, 2009 it had fallen below the 3% threshold above which voting rights are subject to disclosure requirements.

According to a report, as of March 12, 2009 Beat Frey claims to hold 150 608 bearer shares – corresponding to 10.43% of voting rights – in Schweiter Technologies AG through Corisol Holding AG and KWE Beteiligungen.

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 2008.

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

(in CHF 1000s)	**2008**
Earnings carried forward from previous year	80 113
Dividend	- 12 513
Net income for 2008	506 676
Allocation to reserve for treasury shares	- 25 522
Rounding difference	- 1
Total earnings available to the General Meeting of Shareholders	**548 753**
The Board of Directors proposes to the General Meeting on May 13, 2009 the following appropriation of available earnings	
– Payment of a dividend of CHF 9 per bearer share (maximum amount)	- 12 993
– Earnings carried forward	535 760
Total	**548 753**

If the General Meeting approves the proposal, from May 18, 2009 the following dividends will be paid for the 2008 financial year:

(in CHF)		**2008**
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. 7 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 64 to 69) for the year ended December 31, 2008.

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, 2008 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 70) 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 Licensed Audit Expert Auditor in Charge	Urs Schmidheiny Licensed Audit Expert

Zurich, March 27, 2009

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