SCHWEITER TECHNOLOGIES

Semi-Annual Report as at June 30, 2008

Report of the Board of Directors on the results for the first half of 2008

Dear shareholders

Sale of Satisloh division communicated mid-June. Orders received for continuing operations reached CHF 89.2 million (-24%) in the first half. Gross revenues amounted to CHF 91.0 million (-16%). The exchange rate of the US dollar, which on average was 15% weaker than during the year-back period, had a negative impact both on sales and on the financial result.

The Group reported an operating profit from continuing operations of CHF 0.4 million (1H 2007: 5.6 million). The operating result includes restructuring costs amounting to some CHF 4 million at SSM Textile Machinery (closure of Hacoba). The net loss from continuing operations amounted to CHF -1.5 million (1H 2007: +5.1). Net earnings (incl. Satisloh operations held for sale) came to CHF 9.2 million (1H 2007: 21.2). This includes currency losses of CHF -5.4 million (1H 2007: +2 million).

In a difficult sector environment, **SSM Textile Machinery's** order intake was 9% lower than the previous year. Sales declined by 15%. While the order intake from the Indian subcontinent and Latin America increased, Asia remained at the same level as the previous year. Turkey recorded a marked decline. Despite a lower volume, the gross margin increased slightly. All costs (CHF 4 million) arising in connection with the closure of the Wuppertal site announced at the beginning of the year were recorded in the first half of the year. The operating result was therefore only just above break-even point, but will no longer be depressed by restructuring costs in the second half of the year.

Mid-June saw the announcement of plans to sell the **Satisloh** division to the French group Essilor. The documentation has since been submitted to the competition authorities. The transaction is expected to go ahead in the second half of 2008. The division's operations are thus stated as "held for sale".

Satisloh reported an 18% drop in new orders and an 11% fall in sales. After adjustment for currency factors, the decline still came to 10% and 2% respectively. The gross margin increased slightly after adjustment for currency factors. Thanks to rigorous cost management, operating profit came to CHF 15.7 million (1H 2007: 16.6), which corresponds to 14% profitability (1H 2007: 13%).

Ismeca Semiconductor recorded a sharp drop in new orders, which were down by one third on the previous year's high figure. The weakness of the US dollar was compounded by a slump in the semiconductor industry. Thanks to a good order backlog at the beginning of the year, sales came to a respectable CHF 45 million. The improvement in the gross margin – thanks to shifts in costs – had a positive impact. This led to a slight improvement in the operating result of CHF 1 million (1H 2007: CHF 0.6) despite an 18% fall in sales.

Outlook

Business conditions in the second half of the year are expected to remain challenging in all divisions. Thanks to solid strategic positions and a lean cost base, the prospects for a satisfactory year remain intact.

Yours sincerely

Board of Directors, Schweiter Technologies

Segment reporting

Schweiter Technologies Group (in CHF m)	First half of **2008**	First half of 2007	Change
Orders received – continuing operations	89.2	117.1	- 23.8 %
Gross revenues – continuing operations	91.0	108.8	- 16.4 %
Operating profit – continuing operations	0.4	5.6	- 92.9 %
Loss/net income – continuing operations	- 1.5	5.1	-
Net income – operations held for sale	10.7	16.1	- 33.5 %
Net income	9.2	21.2	- 56.6 %

Segment information by divisions (in CHF m)	First half of **2008**	First half of 2007	Change
Continuing operations:			
SSM Textile Machinery			
Orders received	51.5	56.4	- 8.7 %
Gross revenues	45.7	53.9	- 15.2 %
Operating profit	0.3	6.2	- 95.2 %
Ismeca Semiconductor			
Orders received	37.7	60.7	- 37.9 %
Gross revenues	45.0	54.7	- 17.7 %
Operating profit	1.0	0.6	66.7 %
Other / eliminations			
Orders received	-	-	
Gross revenues	0.3	0.2	
Operating result	- 0.9	- 1.1	
Operations held for sale:			
Satisloh			
Orders received	116.1	141.1	- 17.7 %
Gross revenues	112.5	125.8	- 10.6 %
Operating profit	15.7	16.6	- 5.4 %

Consolidated balance sheet as at June 30, 2008

	Assets (in CHF m)	June 30, **2008**	%	Dec. 31, 2007	%
	Current assets				
	Cash and cash equivalents	52.2		134.5	
	Trade receivables	48.5		110.0	
	Inventories and work in progress	26.1		66.1	
	Other current assets	8.5		17.3	
5	Assets of operations held for sale	166.7		-	
	Total current assets	**302.0**	92.6	**327.9**	85.5
	Non-current assets				
	Property, plant and equipment	18.2		40.2	
	Intangible assets	5.6		7.0	
	Other non-current assets	0.4		8.5	
	Total non-current assets	**24.2**	7.4	**55.7**	14.5
	Total assets	**326.2**		**383.6**	

	Liabilities (in CHF m)	June 30, **2008**	%	Dec. 31, 2007	%
	Short-term liabilities				
	Short-term interest-bearing liabilities	0.2		14.0	
	Commission payments	4.1		4.2	
	Trade liabilities	9.6		35.6	
	Accrued expenses and deferred income	13.4		26.5	
	Other short-term liabilities	10.0		34.2	
5	Liabilities of operations held for sale	68.2		-	
	Total short-term liabilities	**105.5**	32.3	**114.5**	29.9
	Long-term interest-bearing liabilities	0.1		0.5	
	Pension obligations	1.6		23.2	
	Other long-term liabilities	1.8		5.2	
	Long-term liabilities	**3.5**	1.1	**28.9**	7.5
	Total liabilities	**109.0**	33.4	**143.4**	37.4
	Shareholders' equity				
	Share capital	1.4		1.4	
7	Treasury shares	- 19.5		- 3.2	
	Share premium	107.4		107.4	
	Retained earnings	130.7		93.5	
	Net income	9.2		49.7	
	Hedging reserves	-		0	
	Currency translation adjustments	- 12.0		- 8.6	
	Total shareholders' equity	**217.2**	66.6	**240.2**	62.6
	Total liabilities and shareholders' equity	**326.2**		**383.6**	

▲ For additional details see notes to the semi-annual statements as at June 30, 2008

Consolidated income statement for the first half of 2008

	(in CHF m)	First half of 2008	%	First half of 2007	%
	Continuing operations:				
	Gross revenues	**91.0**	107.4	**108.8**	104.2
	Sales deductions	- 5.5	- 6.5	- 5.9	- 5.6
	Net revenues	85.5	100.9	102.9	98.6
	Change in inventories of semi-finished and finished goods	- 0.8	- 0.9	1.5	1.4
	Total operating income	**84.7**	100.0	**104.4**	100.0
	Cost of materials	- 45.7	- 54.0	- 61.5	- 58.9
	Personnel expenses	- 25.9	- 30.6	- 24.1	- 23.1
	Other operating expenses	- 12.0	- 14.1	- 12.4	- 11.9
	Other operating income	0.1	0.1	0.0	0.0
	Depreciation & amortization of other intangible assets	- 0.8	- 0.9	- 0.8	- 0.7
	Operating profit	**0.4**	0.5	**5.6**	5.4
	Financial income	1.4	1.6	1.1	1.0
	Financial expenses	- 2.6	- 3.0	- 0.4	- 0.4
	Income before taxes	**- 0.8**	- 0.9	**6.3**	6.0
	Income taxes	- 0.7	- 0.8	- 1.2	- 1.1
	Loss/net income from continuing operations	**- 1.5**	- 1.7	**5.1**	4.9
	Operations held for sale:				
5	**Net income from operations held for sale**	**10.7**		**16.1**	
	Net income	**9.2**		**21.2**	
	Result per share (in CHF)				
	From continuing operations: Undiluted and diluted	- 1.10		3.53	
	From continuing operations and operations held for sale: Undiluted and diluted	6.57		14.65	

▲ For additional details see notes to the semi-annual statements as at June 30, 2008

Consolidated cash flow statement for the first half of 2008

(in CHF m)	First half of **2008**	First half of 2007
Net income	9.2	21.2
Depreciation and amortization	2.3	2.5
Other positions not impacting on liquidity	1.2	- 0.7
Income taxes paid	2.7	4.1
Operating profit before change of net current assets	**15.4**	**27.1**
Change in net current assets	- 3.7	- 12.4
Cash flow from operating activity	**11.7**	**14.7**
Interest paid	- 0.2	- 0.2
Income taxes paid	- 5.1	- 4.9
Net cash flow from operating activity	**6.4**	**9.6**
Purchase of property plant and equipment and intangible assets	- 2.0	- 3.0
Sale of property plant and equipment	0.6	0.3
Reduction in financial assets	0.3	0.4
Interest received	1.3	1.0
Cash flow from investment activity	**0.2**	**- 1.3**
6 Dividend	- 12.5	- 8.7
7 Purchase of treasury shares	- 16.3	-
Repayment of short-term financial debt	- 13.8	-
Increase of short-term financial debt	-	2.6
Repayment of long-term financial debt	- 0.1	-
Cash flow from financing activity	**- 42.7**	**- 6.1**
Currency translation differences on cash and cash equivalents	- 3.4	0.4
Change in cash and cash equivalents	**- 39.5**	**2.6**
Cash and cash equivalents as at January 1	134.5	78.4
Cash and cash equivalents as at June 30	**95.0**	**81.0**
of which:		
– continuing operations	52.2	
– operations held for sale	42.8	
The figures given above include the following cash flow from operations held for sale:		
Net cash flow from operating activity	- 0.2	13.6
Cash flow from investment activity	0.4	- 1.8
Cash flow from financing activity	0.0	0.0

▲ For additional details see notes to the semi-annual statements as at June 30, 2008

Change in consolidated shareholders' equity

(in CHF m)	Equity attributable to parent company shareholders: Share capital	Treasury shares	Share premium	Retained earnings	Hedging reserve	Currency translation difference	Total	Minority interest	Total share-holders'equity
Balance as at January 1, 2007	**1.4**	**0**	**107.4**	**102.1**	**0**	**-8.0**	**202.9**	**0**	**202.9**
Foreign currency translation differences						0.9	0.9		0.9
Cash flow hedges									
– Gains/losses recorded under equity					0		0		0
– Gains/losses transferred to the income statement					0		0		0
Income taxes on gains and losses recorded directly in shareholders' equity					0		0		0
Gains and losses recorded directly in shareholders' equity	*0*	*0*	*0*	*0*	*0*	*0.9*	*0*	*0*	*0.9*
Net income				21.2			21.2		21.2
Total gains and losses recorded	*0*	*0*	*0*	*21.2*	*0*	*0.9*	*22.1*	*0*	*22.1*
Dividend				-8.7			-8.7		-8.7
Total other changes in shareholders' equity	*0*	*0*	*0*	*-8.7*	*0*	*0*	*-8.7*	*0*	*-8.7*
Balance as at June 30, 2007	**1.4**	**0**	**107.4**	**114.6**	**0**	**-7.1**	**216.3**	**0**	**216.3**
Balance as at January 1, 2008	**1.4**	**-3.2**	**107.4**	**143.2**	**0**	**-8.6**	**240.2**	**0**	**240.2**
Foreign currency translation differences						-3.4	-3.4		-3.4
Cash flow hedges									
– Gains/losses recorded under equity					0		0		0
– Gains/losses transferred to the income statement					0		0		0
Income taxes on gains and losses recorded directly in shareholders' equity					0		0		0
Gains and losses recorded directly in shareholders' equity	*0*	*0*	*0*	*0*	*0*	*-3.4*	*-3.4*	*0*	*-3.4*
Net income				9.2			9.2	0	9.2
Total gains and losses recorded	*0*	*0*	*0*	*9.2*	*0*	*-3.4*	*5.8*	*0*	*5.8*
Dividend				-12.5			-12.5		-12.5
Purchase of treasury shares		-16.3					-16.3		-16.3
Total other changes in shareholders' equity	*0*	*-16.3*	*0*	*-12.5*	*0*	*0*	*28.8*	*0*	*28.8*
Balance as at June 30, 2008	**1.4**	**-19.5**	**107.4**	**139.9**	**0**	**-12.0**	**217.2**	**0**	**217.2**

Notes to the semi-annual statements as at June 30, 2008

1 Consolidation principles

These abridged, unaudited semi-annual statements of the Swiss-domiciled Schweiter Technologies AG and its subsidiaries were prepared in accordance with IAS34 "Interim Financial Reporting". They are based on the accounting principles presented in the 2007 Annual Report, which were applied with no changes other than the following new interpretations:

IFRIC 11 Group and Treasury Share Transactions
IFRIC 12 Service Concession Arrangements
IFRIC 14 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.

The preparation of the semi-annual statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets, liabilities and disclosure of contingent liabilities at the date of the semi-annual statements. If in the future such estimates and assumptions, which are based on management's best judgment at the date of the semi-annual statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the period in which the circumstances change.

The Group operates in sectors which are not affected by seasonal fluctuations. Income tax expense is recognized based upon the best estimate of the weighted average income tax rate expected for the full financial year.

2 Scope of consolidation

There was no change in the scope of consolidation in the reporting period.

3 Segment reporting

Information on segment reporting is given on page 3.

4 Restructuring of Hacoba Spultechnik GmbH

As part of moves to concentrate its business activities, SSM Textile Machinery decided to close the Wuppertal site and issued an announcement to this effect in March 2008. The operations will be fully integrated into SSM's main site in Horgen. A settlement was reached with staff and as of June 30, 2008 costs relating to this and other closure expenses had been either paid or provisioned, reducing the operating result for the first half of 2008 by CHF 3.7 million. No further significant closure costs are expected.

Notes to the semi-annual statements as at June 30, 2008

5 Operations held for sale / Sale of Satisloh

On June 14, 2008 an agreement was signed with the French group Essilor for the sale of all interests in Satisloh Holding AG. This covers the whole Satisloh segment. The sale price for the company is EUR 340 million in cash plus cash resources and less financial liabilities including pension commitments. The sale is subject to the approval of the relevant competition authorities. The transaction is expected to proceed in the second half of 2008.

Results of the Satisloh operations held for sale included in the consolidated annual statements:

(in CHF m)	First half of **2008**	First half of 2007
Orders received	112.5	125.8
Cost of operating	- 96.8	- 109.2
Operating profits	15.7	16.6
Net financial result	- 3.0	2.3
Income before taxes	12.7	18.9
Income taxes	- 2.0	- 2.8
Net income	**10.7**	**16.1**

Net value of the Satisloh operations held for sale as at **June 30, 2008**:
(in CHF m)

Current assets	136.8
Non-current assets	29.9
Goodwill	0
Total assets of operations held for sale	166.7
Short-term liabilities	43.0
Pension obligations	21.5
Other liabilities	3.7
Total liabilities of operations held for sale	68.2
Net value	**98.5**

6 Dividend payout
At the Annual General Meeting of May 14, 2008 shareholders approved distribution of a dividend of CHF 9.00 per share.

7 Treasury shares
In the first half of 2008, 47 056 treasury shares were acquired at an average price of CHF 347. As at June 30, 2008, 55 381 treasury shares were held.

8 Contingent liabilities
Contingent liabilities have remained essentially unchanged.

9 Events occurring after the balance sheet date
No events occurred between the balance sheet date and the date of publication of this semi-annual report which could have a significant impact on the consolidated annual financial statements.

This semi-annual report has been approved by the Board of Directors of Schweiter Technologies and authorized for publication on August 11, 2008.

Information for shareholders

Bearer shares are listed on the main stock exchange in Zurich. Security number: 1075492; ISIN: CH00 10754924; Telekurs: SWTQ; Reuters: SWTZ.

(in CHF 1000s)	June 30, **2008**	Dec. 31, 2007
Share capital – divided into bearer shares with a par value of CHF 1 each	1 444	1 444
Conditional capital	133	133
Approved capital	300	300
Stock market capitalization as at reference date	597 680	512 143
Holdings of treasury shares	55 381	8 325
Treasury shares as % of share capital	3.84	0.58

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