Schweiter Technologies

Semi-Annual Report 2012

Dear Shareholders,

Group net revenues amounted to CHF 378.0 million in the first half of 2012 (1H 2011: 425.0 million), which represents a decline of 11%. SSM Textile Machinery was just able to maintain revenues at the same level as the previous year, while Ismeca Semiconductor experienced a marked sector-cyclical decline compared with its high year-back result. 3A Composites posted high revenues in Architecture and Display, whereas the price war in the wind segment put pressure on revenues and margins in Core Materials. Despite this, this segment too made a clear positive contribution to profits.

The Group posted EBITDA of CHF 45.0 million (1H 2011: 46.3 million*), which corresponds to approximately 12% of net sales. EBIT came to CHF 30.5 million (1H 2011: 31.5 million*) and net income to CHF 24.6 million (1H 2011: 20.3 million*). Cash flow from operating activity improved by over CHF 20 million against the previous year. The cash position stood at CHF 286 million (1H 2011: 249 million).

In a challenging sector environment, **SSM Textile Machinery** reported new orders amounting to CHF 35.5 million (1H 2011: 40.1 million) resulting in net revenues of CHF 38.7 million (1H 2011: 39.3 million). This corresponds to a slight decrease of 2%.

Key markets such as India and China suffered from a decline in consumer demand from Europe and the US, which was reflected in cautious investment activity on the part of customers.

The operating result (EBIT) amounted to CHF 3.1 million (1H 2011: 5.2 million*), which corresponds to a net profit ratio of 8%. The lower result in comparison with the year-back period is primarily due to the lower operating profit. By contrast, margins were maintained despite price pressure. Start-up and integration costs for the company acquired in Italy depressed the result by approximately CHF 1 million.

Ismeca Semiconductor reported new orders amounting to CHF 45.1 million (1H 2011: 50.9 million). The decline compared with the previous year's high figure is due to the sluggish state of the sector at the beginning of the year. Net revenues were correspondingly lower at CHF 38.0 million (1H 2011: 50.8 million). Cutting-edge products with good margins delivered a positive operating result (EBIT) of CHF 1.6 million (1H 2011: 4.8 million*) despite lower revenues.

3A Composites recorded new orders amounting to CHF 309.1 million (1H 2011: 389.3 million). Just under half of the decline is attributable to a multi-year contract won the previous year by the automotive business in Altenrhein, which has since been divested. Net revenues amounted to CHF 301.0 million (1H 2011: 334.7 million), which represents a decline of 10%. This resulted in an EBITDA of CHF 40.1 million (1H 2011: 36.7 million*), corresponding to a significant improvement in the net profit ratio to more than 13% (1H 2011: 11%). EBIT came to CHF 26.6 million (1H 2011: 22.6 million*). The gratifying result was achieved despite unfavorable conditions in the wind energy sector, where competitive and cost pressure among wind farm manufacturers, particularly in China, led to heightened price competition in the core materials segment. In the US and Europe, the market progressed at roughly the same level as the previous year. The marine market continued to show signs of recovering.

Despite uncertainties surrounding the future direction of the economy, the cyclical Display business made further encouraging progress in both the US and Europe. Architecture posted solid revenues and results in Europe and Asia. In Europe, business was good in Germany in particular, while demand in southern Europe contracted appreciably. In China, business in the high-end façade cladding units segment continued to make very gratifying headway. The adjustment of a medical plan in the US improved the result by just under CHF 3 million.

In June, Display took over a leading PVC foam sheet and PET plastic manufacturer in Ireland. On the other hand, as part of the drive toward focusing on the core operations of lightweight components for mass transportation and industry, the automotive business was divested, which means the absence of revenues in the region of CHF 5 million per year.

The former industrial estate in Neuhausen (RhyTech site) is being re-opened under a site development scheme and is to be used for a range of purposes (workplace, housing, encounters). Over 230 apartments are to be built on an area of 26000 m^2. A study was commissioned and an architecture competition organized. A panel of expert judges selected the winning project, which is to be realized over the coming years.

Outlook

During the second half of the year, SSM Textile Machinery is expected to witness a slowdown in business owing to a reticence on the part of customers to make major investments, while Ismeca Semiconductor should fare better in the 2nd half despite low visibility.

Developments in the wind power segment going forward will be a key factor in the performance of 3A Composites' core materials business. The second half of the year remains challenging and will be weaker owing to the muted prospects for wind power in China. The outlook for Architecture and Display remains positive thanks to a fall in the price of raw materials and a solid order intake. Overall, the Group is expecting a weaker 2nd half in terms of revenues and result.

Yours sincerely

Board of Directors Schweiter Technologies

* Previous year's figures as published, before restatement owing to the early introduction of IAS 19 revised

Key figures

Schweiter Technologies Group (in CHF m)	First half of **2012**	First half of 2011 (adjusted)	Change
Orders received	389.7	480.3	– 19 %
Net revenues	378.0	425.0	– 11 %
Operating result before depreciation/amortization (EBITDA)	45.0	50.9	– 12 %
Operating result (EBIT)	30.5	36.1	– 15 %
Net income	24.6	23.1	7 %

Result by divisions (in CHF m)	First half of **2012**	First half of 2011 (adjusted)	Change
SSM Textile Machinery			
Orders received	35.5	40.1	– 11 %
Net revenues	38.7	39.3	– 1 %
Operating result before depreciation/amortization (EBITDA)	3.6	5.2	– 31 %
Operating result (EBIT)	3.1	4.9	– 37 %
Ismeca Semiconductor			
Orders received	45.1	50.9	– 11 %
Net revenues	38.0	50.8	– 25 %
Operating result before depreciation/amortization (EBITDA)	2.1	5.4	– 61 %
Operating result (EBIT)	1.6	4.9	– 67 %
3A Composites			
Orders received	309.1	389.3	– 21 %
Net revenues	301.0	334.7	– 10 %
Operating result before depreciation/amortization (EBITDA)	40.1	41.5	– 3 %
Operating result (EBIT)	26.6	27.4	– 3 %

Consolidated balance sheet as at June 30, 2012

	Assets (in CHF m)	June 30, **2012**	%	Dec. 31, 2011	%
	Current assets				
	Cash and cash equivalents	286.0		295.8	
2	Trade receivables	123.4		101.3	
2	Inventories and work in progress	130.2		126.2	
8	Assets held for sale	1.3		–	
	Other current assets	27.7		27.3	
	Total current assets	**568.6**	64.9	**550.6**	64.0
	Non-current assets				
	Property, plant and equipment	182.8		185.6	
	Investment property	21.9		22.2	
1	Intangible assets	60.1		57.7	
	Other non-current assets	43.2		43.7	
	Total non-current assets	**308.0**	35.1	**309.2**	36.0
	Total assets	**876.6**		**859.8**	

	Liabilities (in CHF m)	June 30, **2012**	%	Dec. 31, 2011	%
	Short-term liabilities				
	Short-term financial liabilities	2.2		1.6	
2	Trade payables	53.2		39.2	
2	Prepayments received from customers	13.4		14.9	
	Accrued expenses and deferred income	38.8		37.8	
	Other short-term liabilities	15.6		19.8	
	Total short-term liabilities	**123.2**	14.1	**113.3**	13.2
	Long-term financial liabilities	3.6		3.9	
	Deferred income tax liabilities	22.2		21.7	
	Long-term provisions	13.0		13.6	
3	Pension obligations	78.9		70.1	
	Long-term liabilities	**117.7**	13.4	**109.3**	12.7
	Total liabilities	**240.9**	27.5	**222.6**	25.9
	Shareholders' equity				
	Share capital	1.4		1.4	
4	Treasury shares	– 1.1		– 28.7	
5	Reserves from capital contributions	39.8		93.6	
	Retained earnings	624.8		600.7	
	Currency translation adjustments	– 29.2		– 29.8	
	Total shareholders' equity	**635.7**	72.5	**637.2**	74.1
	Total liabilities and shareholders' equity	**876.6**		**859.8**	

▲ For additional details see notes to the semi-annual statements as at June 30, 2012

Consolidated income statement for the first half of 2012

	(in CHF m)	First half of **2012**	%	First half of 2011 (adjusted)	%
	Net revenues	378.0	99.9	425.0	101.6
	Change in inventories of semi-finished and finished goods	0.3	0.1	– 6.5	– 1.6
	Total operating income	**378.3**	100.0	**418.5**	100.0
	Cost of materials	– 192.5	– 50.9	– 204.6	– 48.9
3	Personnel expenses	– 78.0	– 20.6	– 88.2	– 21.1
	Other operating expenses	– 67.7	– 17.9	– 76.9	– 18.4
1	Other operating income	4.9	1.3	2.1	0.5
	Depreciation and amortization of intangible assets	– 14.5	– 3.8	– 14.8	– 3.5
	Operating result	**30.5**	8.1	**36.1**	8.6
6	Financial income	0.9	0.2	1.4	0.3
6	Financial expenses	– 1.4	– 0.4	– 10.6	– 2.5
	Income before taxes	**30.0**	7.9	**26.9**	6.4
	Income taxes	– 5.4	– 1.4	– 3.8	– 0.9
	Net income	**24.6**	6.5	**23.1**	5.5
	Result per share (in CHF)				
	Undiluted	17.80		16.91	
	Diluted	17.77		16.91	

Consolidated statement of comprehensive income for the first half of 2012

(in CHF m)	First half of **2012**	First half of 2011 (adjusted)
Net income	**24.6**	**23.1**
Other items of comprehensive income:		
Foreign currency translation differences	0.6	– 21.9
Actuarial losses on defined benefit plans	– 11.2	– 4.4
Income tax on other items of comprehensive income	2.0	0.9
Total other items of comprehensive income after income taxes	– 8.6	– 25.4
Comprehensive income	**16.0**	**– 2.3**

▲ For additional details see notes to the semi-annual statements as at June 30, 2012

Consolidated cash flow statement for the first half of 2012

	(in CHF m)	First half of **2012**	First half of 2011 (adjusted)
	Net income	24.6	23.1
	Depreciation and amortization of intangible assets	14.7	14.8
	Other positions not impacting on liquidity	– 8.9	– 13.2
	Income taxes	5.4	3.8
	Financial result	0.3	9.2
2	Change in net current assets	– 11.3	– 30.2
	Interest paid	– 0.1	– 0.3
	Income taxes paid	– 2.6	– 6.0
	Cash flow from operating activity	**22.1**	**1.2**
1	Purchase of subsidiaries	– 13.0	–
	Purchase of property, plant and equipment and intangible assets	– 7.6	– 9.7
	Sale of property, plant and equipment	4.7	0.1
	Increase in financial assets	– 0.1	– 0.3
	Dividend of associated companies	0.1	0.5
	Interest received	0.7	0.6
	Cash flow from investment activity	**– 15.2**	**– 8.8**
5	Repayment of reserves from capital contributions	– 17.0	– 13.7
	Increase of short-term financial liabilities	0.4	–
	Repayment of short-term financial liabilities	–	– 1.0
	Repayment of long-term financial liabilities	–	– 0.6
	Cash flow from financing activity	**– 16.6**	**– 15.3**
	Currency exchange differences on cash and cash equivalents	– 0.1	– 3.8
	Change in cash and cash equivalents	**– 9.8**	**– 26.7**
	Cash and cash equivalents as at January 1	295.8	275.2
	Cash and cash equivalents as at June 30	**286.0**	**248.5**

▲ For additional details see notes to the semi-annual statements as at June 30, 2012

Change in consolidated shareholders' equity

	(in CHF m)	Share capital	Treasury shares	Reserves from capital contributions	Retained earnings	Currency translation difference	Total share-holders' equity
	Balance as at January 1, 2011 (published)	**1.4**	**– 28.7**	**107.4**	**587.4**	**– 28.4**	**639.1**
	Restatements [1]						
	– IAS 8 error US multi-employer plan IAS 19				– 5.6	0.4	– 5.2
	– early adoption of IAS 19 revised				– 18.5		– 18.5
	– tax effects of restatement for IAS 8 error and early adoption of IAS 19 revised				6.2		6.2
	Balance as at January 1, 2011 (adjusted)	**1.4**	**– 28.7**	**107.4**	**569.5**	**– 28.0**	**621.6**
	Net income				23.1		23.1
	Other items of comprehensive income:						
	Foreign currency translation differences					– 21.9	– 21.9
	Actuarial losses on defined benefit plans				– 4.4		– 4.4
	Income tax on other items of comprehensive income				0.9		0.9
	Total other items of comprehensive income after income taxes	*0*	*0*	*0*	*– 3.5*	*– 21.9*	*– 25.4*
	Comprehensive income	0	0	0	19.6	– 21.9	– 2.3
5	Repayment from reserves from capital contributions			– 13.7			– 13.7
	Balance as at June 30, 2011 (adjusted)	**1.4**	**– 28.7**	**93.7**	**589.1**	**– 49.9**	**605.6**

[1] For details of restatement see page 10

	(in CHF m)	Share capital	Treasury shares	Reserves from capital contributions	Retained earnings	Currency translation difference	Total share-holders' equity
	Balance as at January 1, 2012	**1.4**	**– 28.7**	**93.6**	**600.7**	**– 29.8**	**637.2**
	Net income				24.6		24.6
	Other items of comprehensive income:						
	Foreign currency translation differences					0.6	0.6
	Actuarial losses on defined benefit plans				– 11.2		– 11.2
	Income tax on other items of comprehensive income				2.0		2.0
	Total other items of comprehensive income after income taxes	*0*	*0*	*0*	*– 9.2*	*0.6*	*– 8.6*
	Comprehensive income	0	0	0	15.4	0.6	16.0
	Share-based remuneration				0.2		0.2
5	Repayment from reserves from capital contributions						
5	– Distribution in cash			– 17.0			– 17.0
4 / 5	– Distribution in form of treasury shares		27.6	– 36.7	8.4		– 0.7
	Rounding differences			– 0.1	0.1		0
	Balance as at June 30, 2012	**1.4**	**– 1.1**	**39.8**	**624.8**	**– 29.2**	**635.7**

▲ For additional details see notes to the semi-annual statements as at June 30, 2012

Operating segments

First half of 2012 (in CHF m)	SSM Textile Machinery	Ismeca Semiconductor	3A Composites	Other / Eliminations	Group
Net revenues [1]	38.7	38.0	301.0	0.3	378.0
Operating result	3.1	1.6	26.6 [2]	– 0.8	30.5
Net income	**2.6**	**1.8**	**18.4** [2]	**1.8**	**24.6**
Assets	52.4	72.6	529.8	221.8	876.6
Liabilities	42.2	27.3	386.2	– 214.8	240.9
Employees at as June 30	262	365	2 513	6	3 146

First half of 2011 (in CHF m) (adjusted)	SSM Textile Machinery	Ismeca Semiconductor	3A Composites	Other / Eliminations	Group
Net revenues [1]	39.3	50.8	334.7	0.2	425.0
Operating result	4.9	4.9	27.4 [2]	– 1.1	36.1
Net income	**3.0**	**2.4**	**16.6** [2]	**1.1**	**23.1**
Assets	56.8	94.6	488.5	192.0	831.9
Liabilities	46.9	27.5	385.7	– 233.8	226.3
Employees at as June 30	240	386	3 083	6	3 715

[1] There are no revenues between the divisions
[2] The results are affected by the plan curtailment (see Note 3)

Notes to the semi-annual statements as at June 30, 2012

Consolidation principles

These condensed, unaudited semi-annual statements of the Swiss-domiciled Schweiter Technologies AG and its subsidiaries were prepared in accordance with IAS 34 "Interim Financial Reporting". They are based on the accounting principles presented in the 2011 Annual Report, which were applied with no changes other than the following new standards and interpretations:

Adopted new and revised standards

IAS 12	Deferred Tax: Recovery of Underlying Assets
IAS 19	(amendment) Employee Benefits
IFRS 7	Transfers of Financial Assets
Misc.	Amendments resulting from the Annual Improvement Project

Early adoption of revised standard IAS 19 "Employee Benefits" had a significant impact on the present semi-annual statements. See "Restatement of previous year's figures" below for details.

Standards issued but not yet adopted

The following new and revised standards and interpretations are issued by the IASB. These standards were not effective for the reporting period and have not been adopted prematurely in the present consolidated financial statements.

The following table shows the impact estimated by the Executive Management:

New standards		Effective for annual periods beginning on or after	Planned adoption by Schweiter Technologies	
IFRS 9	Financial Instruments	January 1, 2015	Financial year 2015	1) 2)
IFRS 10	Consolidated Financial Statements	January 1, 2013	Financial year 2013	1)
IFRS 11	Joint Arrangements	January 1, 2013	Financial year 2013	1)
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013	Financial year 2013	2)
IFRS 13	Fair Value Measurement	January 1, 2013	Financial year 2013	1) 2)
Amendments to standards				
IAS 1	Presentation of Items of Other Comprehensive Income	July 1, 2012	Financial year 2013	2)
IAS 27	Separate Financial Statements	January 1, 2013	Financial year 2013	1)
IAS 28	Interests in Associates and Joint Ventures	January 1, 2013	Financial year 2013	1)
IAS 32	Offsetting Financial Assets and Financial Liabilities	January 1, 2014	Financial year 2014	2)
IFRS 7	Disclosure – Offsetting Financial Assets and Financial Liabilities	July 1, 2013	Financial year 2013	2)
Misc.	Amendments resulting from the Annual Improvement Project	January 1, 2013	Financial year 2013	1)

1) No or no material effects are expected on the consolidated financial statements of Schweiter Technologies

2) Additional disclosures or changes in the presentation of the consolidated financial statements of Schweiter Technologies are mainly expected

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 areas whose income statements are not characterized 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.

Change in the principles of accounting following early adoption of IAS 19 (revised 2011)

As outlined in the 2011 Annual Report, the Group decided to introduce IAS 19 (revised 2011) "Employee Benefits" in financial year 2011. Based on this decision, the Group has restated the previous year's figures accordingly in the present semi-annual report.

Impact of the early adoption of IAS 19 (revised 2011) and IAS 8 error

Owing to the early adoption of IAS 19 (revised 2011) and the multi-employer plan newly identified in financial year 2011, the previous year's figures were restated in accordance with IAS 8. These restatements had the following effects on the Group's semi-annual figures:

Restatement of previous year's figures

Effects of the early adoption of IAS 19 revised and the identified multi-employer plan under IAS 19 on the 2011 semi-annual statements:

First half of of the year (in CHF m)	2011 (published)	Restatement IAS 8 (error)	Restatement IAS 19 revised	2011 (adjusted)
Impact on the income statement and the result for the period				
Personnel expenses	92.8	0	– 4.6	88.2
Financial expenses	9.3	0.1	1.2	10.6
Income taxes	3.3	0	0.5	3.8
Net income	20.3	– 0.1	2.9	23.1
Earnings per share (in CHF)	14.88	– 0.07	2.10	16.91
Impact on comprehensive income				
Net income	20.3	– 0.1	2.9	23.1
Total other items of comprehensive income	– 21.9	0.4	– 3.9	– 25.4
Comprehensive income	– 1.6	0.3	– 1.0	– 2.3
Impact on the cash flow statement				
Net income	20.3	– 0.1	2.9	23.1
Cash flow from operating activity	1.2	0	0	1.2
Cash flow from investment activity	– 8.8	0	0	– 8.8
Cash flow from financing activity	– 15.3	0	0	– 15.3

The impact on shareholders' equity can be seen under the statement of change in consolidated shareholders' equity presented on page 7.

Notes to the semi-annual statements as at June 30, 2012

Change in scope of consolidation

SSM Giudici Srl in Sala al Barro, Galbiate (LC), Italy, was taken over as of January 31, 2012 and is now part of SSM Textile Machinery. On June 13, 2012 Foamalite Limited of Loch Gowna, Ireland, was taken over and integrated into the 3A Composites Division.

Notes

1 Acquisition of subsidiaries

Acquisition of SSM Giudici Srl

SSM Schärer Schweiter Mettler AG took over all the shares of SSM Giudici Srl in Galbiate (LC), Italy, on January 31, 2012. The purchase price was CHF 5.5 million. SSM Giudici Srl is the leader in false-twist texturizing, a system for processing ultra-fine nylon yarns. This patented yarn texturizing technology complements SSM Textile Machinery's existing air-texturizing knowhow.

The goodwill arising from the acquisition amounts to CHF 2.0 million and essentially reflects the value of the expected buyer-specific synergies. The goodwill is not tax-deductible.

Since the acquisition, SSM Giudici Srl has posted revenues of CHF 0.6 million and a loss of CHF 0.8 million.

Acquisition of Foamalite Ltd.

On June 13, 2012 3A Composites Holding AG acquired all the shares of Foamalite Ltd. in Loch Gowna, Ireland. Foamalite Ltd. produces and distributes PVC foam sheets and PET plastic sheeting and serves the entire European market in both segments. As a result of this acquisition, 3A Composites is continuing to expand its leading market position in the foam sheets sector in Europe, while at the same time expanding its product range to include transparent plastic sheeting.

The provisional purchase price amounts to CHF 8.1 million. The final purchase price will be determined on the basis of the definition of net current assets accepted by the contracting parties. There are no variable purchase price components over and above this.

The acquisition of Foamalite Ltd. was only reported provisionally on the balance sheet at the end of the period under review. When the semi-annual report was being prepared, the final purchase price had not yet been determined and the necessary market valuations and other calculations had not yet been completed. They were therefore determined on the basis of management's best estimates of the likely values.

As the provisionally revalued net assets of Foamalite Ltd. (fair value of identifiable assets acquired and debts taken over) are greater than the provisional purchase price, the result is a negative goodwill (bargain purchase). After the first-time calculation of the negative goodwill, a review of the identification and valuation of all assets, debts and contingent liabilities taken over was therefore undertaken. The consequent unchanged result of a bargain purchase of 2.2 million resulting from a favorable acquisition was taken to income under other operating income.

Since its acquisition, Foamalite Ltd. has posted revenues of CHF 1.4 million and net income of CHF 63 000.

Totaling CHF 0.2 million, the transaction costs of the acquisitions are contained in other operating expenses.

If the company mergers had already taken place on January 1, 2012, management estimates that the Group's revenues would have reached CHF 392.7 million in the first half of 2012, while net income would stand at CHF 24.6 million.

Overview of the acquired assets and liabilities recognized at the time of acquisition

(in CHF m)	SSM Giudici Srl	Foamalite Ltd.[1]	Total
Cash and cash equivalents	0.0	0.6	0.6
Trade receivables	0.0	7.2	7.2
Other receivables	0.0	0.4	0.4
Inventories	1.2	4.5	5.7
Other current assets	0.0	0.1	0.1
Current assets	**1.2**	**12.8**	**14.0**
Property, plant and equipment	1.4	4.5	5.9
Deferred income tax assets	0.3	0.2	0.5
Intangible assets	2.2	0.0	2.2
Non-current assets	**3.9**	**4.7**	**8.6**
Trade payables	0.0	– 3.9	– 3.9
Other liabilities	0.0	– 0.1	– 0.1
Accrued expenses and deferred income	0.0	– 2.2	– 2.2
Short-term liabilities	**0.0**	**– 6.2**	**– 6.2**
Deferred income tax liabilities	– 1.0	0.0	– 1.0
Provisions	0.0	– 1.0	– 1.0
Pension obligations	– 0.6	0.0	– 0.6
Long-term liabilities	**– 1.6**	**– 1.0**	**– 2.6**
Total net assets acquired	**3.5**	**10.3**	**13.8**
Goodwill	2.0	–	2.0
Bargain purchase [1]	–	– 2.2	– 2.2
Purchase price (paid in cash)	**5.5**	**8.1**	**13.6**
Cash and cash equivalents acquired	0.0	0.6	0.6
Cash flow from purchase of subsidiaries	**5.5**	**7.5**	**13.0**

[1] The acquisition of Foamalite Ltd. was only reported provisionally on the balance sheet at the end of the period under review. When the semi-annual report was being prepared, the final purchase price had not yet been determined and the necessary market valuations and other calculations had not yet been completed. They were therefore determined on the basis of management's best estimates of the likely values. The bargain purchase amount of CHF 2.2 million was taken to income under other operating income.

Notes to the semi-annual statements as at June 30, 2012

2 Change in net working capital

Net current assets (trade receivables, inventories and work in progress, trade payables and payments on account received from customers) rose by around 8%. The increase is mainly attributable to a combination of higher trade receivables resulting from the takeover of the new subsidiaries and seasonal effects.

3 Pension obligations / personnel expenses

The change in pension obligations is essentially due to a rise in actuarial losses of CHF 11.1 million owing to reduced discount rates and a plan adjustment on a US medical plan which was taken to income and reduced personnel expenses by CHF 4.6 million. During the previous year, the (adjusted) personnel expenses and the operating result were positively impacted by one-time effects of CHF 7.3 million arising from pension obligations (mainly plan curtailment as a result of a headcount reduction at 3A Composites).

4 Treasury shares

In the context of the repayment from reserves from capital contributions described in Note 5, a total of 74 886 treasury shares were distributed to shareholders during the first half of 2012. As of June 30, 2012, 2 923 treasury shares were held, including 2 085 shares which were used for share-based payments. Income from the distribution of treasury shares amounts to CHF 8.4 million (after deduction of income taxes). This was recognized in equity and had no impact on the income statement.

5 Repayment from reserves from capital contributions

At the General Meeting on May 9, 2012, in respect of the 2011 financial year, shareholders approved the conversion of reserves from capital contributions and the distribution of CHF 39.26 per bearer share (CHF 12.00 per share in cash and CHF 27.26 per share in the form of the distribution of one bearer share from the company's holding of treasury shares for every 18 bearer shares held). No repayment was made on treasury shares. The distribution amounts to a total of CHF 17.0 million in cash and CHF 36.7 million as the equivalent of the bearer shares issued. (Previous year: repayment of reserves from capital contributions of CHF 10 per share, totaling CHF 13.7 million).

6 Net financial income

The position financial income includes foreign currency gains of CHF 0.2 million (the financial expenses of the year-back quarter include a foreign currency loss of CHF 8.7 million).

7 Contingent liabilities

There has been no significant change in the contingent liabilities.

8 Events after the balance sheet date

As communicated in the media release of July 20, 2012, Airex Composites Structures in Altenrhein, which is part of 3A Composites, closed the divestment of the Automotive business announced on May 23, 2012 as of July 20, 2012. Between the balance sheet date and the date of publication of this semi-annual report, no events occurred which could have a material impact on the consolidated semi-annual financial statements for 2012.

This semi-annual report was approved by the Board of Directors of Schweiter Technologies AG on August 15, 2012 and released for publication.

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, **2012**	Dec. 31, 2011
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	685 744	727 611
Holdings of treasury shares	2 923	77 809
Treasury shares as % of share capital	0.20	5.39

The address for investor relations matters is:

Schweiter Technologies AG
Martin Klöti
P.O. Box
8810 Horgen
Tel. +41 44 718 33 03
Fax +41 44 718 34 51
info@schweiter.com
www.schweiter.com

The next General Meeting will take place in Horgen
on May 8, 2013.

08/2012
Printed in Switzerland;
This is an
English translation
of the German Semi-
Annual Report.
The German text is the
official version.

Schweiter Technologies AG
Neugasse 10
CH-8810 Horgen
Tel. +41 44 718 33 03
Fax +41 44 718 34 51
info@schweiter.com
www.schweiter.com