

2007 FINANCIAL REPORT
OF THE SWISSLOG GROUP

CONTENTS

Overview of the Swisslog Group	36
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2007 Consolidated Financial Statements of Swisslog Group	37
Consolidated Balance Sheet	38
Consolidated Income Statement	39
Consolidated Cash Flow Statement	40
Consolidated Changes in Equity	41
Notes to the Consolidated Financial Statements	42
Report of the Group Auditors	64

2007 Financial Statements of Swisslog Holding AG	65
Balance Sheet, Income Statement of Swisslog Holding AG	66
Notes to the 2007 Financial Statements of Swisslog Holding AG	67
Report of the Statutory Auditors	70

Subsidiaries and investments of Swisslog Group	72
Key figures for share capital	73
Consolidated data for the past 5 years	74

Note on the pagination: the present Financial Report 2007 of the Swisslog Group is an excerpt from the Annual Report 2007 of the Swisslog Group, where it can be found starting on page 36.

Overview of the Swisslog Group

At 31 December	Unit	2007	2006	2005	2004	2003
Order intake	MCHF	862.9	677.3	628.6	579.4	775.7
Order backlog (at year-end)	MCHF	688.8	538.0	510.8	410.6	467.9
Net sales	MCHF	707.6	646.9	556.4	596.6	770.8
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	MCHF	41.5	37.8	28.8	16.1	-7.5
Operating profit before impairment of goodwill (EBITA)	MCHF	34.5	31.1	21.8	7.8	-44.8
Operating profit (EBIT)	MCHF	34.5	21.0	21.8	-0.5	-146.1
Net result	MCHF	18.8	-3.5	1.8	1.9	-245.9
Total assets	MCHF	443.8	435.7	432.0	415.3	440.0
Tangible and other intangible assets	MCHF	21.2	19.3	21.4	22.5	51.8
Goodwill	MCHF	90.8	88.3	100.9	94.0	108.8
Net working capital ¹ (NWC)	MCHF	-19.5	-20.1	-9.5	-31.0	-6.0
Net operating assets ² (NOA)	MCHF	88.0	81.5	103.5	73.2	133.9
Financial assets	MCHF	20.3	19.9	19.9	23.5	26.5
Net liquidity ³	MCHF	99.5	104.2	84.1	90.7	-137.0
Net cash/net debt (-) ⁴	MCHF	45.5	40.4	-42.9	-29.9	-280.4
Equity	MCHF	156.4	143.0	80.2	68.4	-121.7
Investment in tangible and intangible assets	MCHF	10.5	5.3	5.6	19.0	29.1
Depreciation and amortization	MCHF	7.0	6.7	7.0	8.3	37.4
Amortization/impairment of goodwill	MCHF	0.0	10.1	0.0	8.3	101.1
Employees (at year-end)	Employees	2 060	1 813	1 841	1 858	2 336
EBITA as % of sales (EBITA margin)	%	4.9	4.8	3.9	1.3	NA
EBITA as % of net operating assets (RONOA)	%	39.2	38.2	21.1	10.6	NA
Shares at 31 December	Thousands	251 277	251 277	179 484	179 484	15 178
Cash EPS ^{5, 6, 7}	CHF	0.08	0.04	0.05	0.13	-8.05

1 Net working capital = current assets (excl. cash, cash equivalents, marketable securities and income tax receivables) less current liabilities (excl. interest-bearing borrowings and income tax payables)

2 Net operating assets = current and non-current assets (excl. cash, cash equivalents, marketable securities, deferred tax assets and financial assets) less operating liabilities and provisions (excl. interest-bearing borrowings, deferred tax liabilities and income tax payables)

3 Net liquidity = cash, cash equivalents and marketable securities less short-term borrowings

4 Net cash/net debt (-) = cash, cash equivalents and marketable securities less interest-bearing borrowings bonds

5 2004: all key figures per registered share on the basis of the weighted average of outstanding registered shares including rights issue (issue of share capital from May 2004 by 164 305 520 registered shares)

6 2006: all key figures per registered share on the basis of the weighted average of outstanding registered shares including rights issue (issue of share capital from May 2006 by 71 793 424 registered shares)

7 Related to net result before amortization/impairment of goodwill and non-cash interest expense convertible bonds

2007 CONSOLIDATED
FINANCIAL STATEMENTS
OF SWISSLOG GROUP

Consolidated Balance Sheet

At 31 December	Note	2007 MCHF	2006 MCHF
ASSETS			
Property, plant and equipment	3	14.0	12.7
Investment property	3	0.0	1.3
Goodwill	4	90.8	88.3
Other intangible assets	3	7.2	5.3
Deferred tax assets	13	5.9	9.9
Financial assets	5	20.3	19.9
NON-CURRENT ASSETS		138.2	137.4
Inventories	6	30.8	25.5
Trade receivables	7	106.1	111.9
Amount due from customers for construction contracts	8	38.3	36.3
Income tax receivables		4.3	3.4
Prepaid expenses and accrued income	9	18.6	12.1
Other receivables		8.0	4.9
Marketable securities	10	19.2	15.9
Cash and cash equivalents	10	80.3	88.3
CURRENT ASSETS		305.6	298.3
TOTAL ASSETS		443.8	435.7
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	11	2.5	2.5
Share premium		80.0	80.0
Other reserves		-31.2	-27.6
Retained earnings		105.0	88.0
Minority interest		0.1	0.1
EQUITY		156.4	143.0
Convertible bonds	12	54.0	63.8
Deferred tax liabilities	13	1.3	3.1
Other liabilities	14	8.8	9.5
NON-CURRENT LIABILITIES		64.1	76.4
Trade payables	15	64.1	69.5
Amount due to customers for construction contracts	8	65.1	68.2
Provisions	16	17.6	15.4
Income tax payables		2.0	5.5
Accrued expenses and deferred income	17	60.5	44.9
Other liabilities		14.0	12.8
CURRENT LIABILITIES		223.3	216.3
TOTAL EQUITY AND LIABILITIES		443.8	435.7

Consolidated Income Statement

1 January to 31 December	Note	2007 MCHF	2006 MCHF
NET SALES		707.6	646.9
Other operating income		3.1	0.2
Material and service expenses	18	312.8	290.0
Personnel expenses	18	259.3	228.2
Other operating expenses	18	97.1	91.1
Depreciation and amortization	3	7.0	6.7
Impairment of goodwill	4	0.0	10.1
OPERATING PROFIT (EBIT)		34.5	21.0
Financial income	19	3.7	5.0
Financial expense	19	-8.8	-19.9
RESULT BEFORE TAX		29.4	6.1
Income taxes	13	-10.6	-9.6
NET RESULT		18.8	-3.5
Attributable to:			
Equity holders of the parent		18.8	-3.5
EARNINGS PER SHARE	23	CHF	CHF
Basic earnings per share		0.07	-0.02

Consolidated Cash Flow Statement

1 January to 31 December	Note	2007 MCHF	2006 MCHF
CASH FLOW FROM OPERATING ACTIVITIES			
NET RESULT		18.8	-3.5
Adjustments for:			
Income taxes	13	10.6	9.6
Depreciation and amortization	3	7.0	6.7
Impairment of goodwill	4	0.0	10.1
Net financial result	19	5.1	14.9
Change in pension liabilities		-1.0	-1.8
Profit (-)/loss (+) from sales of tangible assets		-1.9	-0.5
Other non-cash transactions		-1.4	0.6
Income taxes paid		-13.4	-12.4
CASH FLOW BEFORE WORKING CAPITAL CHANGES		23.8	23.7
Increase (-)/decrease (+) of:			
Inventories		-1.5	1.6
Trade receivables, amount due from customers for construction contracts, prepaid expenses, accrued income and other receivables		13.5	2.3
Increase (+)/decrease (-) of:			
Trade payables		-13.0	-0.4
Amount due to customers for construction contracts		-3.8	3.5
Other liabilities and accrued expenses and deferred income		4.6	-1.6
Provisions		0.6	3.6
CASH FLOW FROM NET CURRENT ASSETS		0.4	9.0
NET CASH FLOW FROM OPERATING ACTIVITIES		24.2	32.7
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible assets	3	-6.9	-3.1
Investments in intangible assets	3	-3.6	-2.2
Investments in marketable securities		-2.7	-15.9
Disposal of tangible and intangible assets	3	6.0	1.2
Cash outflow on acquisition, net	1.28	-8.9	0.0
Financial assets		-0.4	0.8
Interest received		2.7	2.4
NET CASH FLOW FROM INVESTING ACTIVITIES		-13.8	-16.8
CASH FLOW FROM FINANCING ACTIVITIES			
Partial repurchase of convertible bonds	12	-13.2	-76.6
Interest paid		-1.3	-1.5
Other financial expenses paid		-1.4	-6.4
Price premium for the purchase of minority interests		-1.8	0.0
Proceeds from issue of share capital		0.0	73.2
NET CASH FLOW FROM FINANCING ACTIVITIES		-17.7	-11.3
Currency translation differences on cash and cash equivalents		-0.7	-0.4
NET INCREASE/DECREASE IN CASH AND CASH EQUIVALENTS		-8.0	4.2
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		88.3	84.1
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	80.3	88.3

Consolidated Changes in Equity

MCHF		Share capital	Share premium	Fair value and other reserves Currency translation differences	Other	Retained earnings	Minority interest	Equity
	Note							
AT 31 DECEMBER 2005		1.8	11.1	-24.3	0.0	91.5	0.1	80.2
Net result 2006						-3.5		-3.5
Change in fair value on available-for-sale financial assets	5				0.2			0.2
Issue of share capital	11	0.7	72.5					73.2
Costs from issuance of share capital			-3.6					-3.6
Currency translation differences				-3.5				-3.5
AT 31 DECEMBER 2006		2.5	80.0	-27.8	0.2	88.0	0.1	143.0
Net result 2007						18.8		18.8
Change in fair value on available-for-sale financial assets	5				0.4			0.4
Price premium for the purchase of minority interests						-1.8		-1.8
Currency translation differences				-4.0				-4.0
AT 31 DECEMBER 2007		2.5	80.0	-31.8	0.6	105.0	0.1	156.4

Foreign Currency Exchange Rates

Currency	Country	Unit	Income Statement		Balance Sheet	
			2007	2006	2007	2006
AUD	Australia	1	1.0048	0.9448	0.9912	0.9578
CNY	China	100	15.7399	15.7878	15.4600	15.6040
DKK	Denmark	100	22.0380	21.1165	22.1300	21.5440
EUR	Europe	1	1.6410	1.5750	1.6523	1.6061
GBP	UK	1	2.3953	2.3097	2.2500	2.3926
HKD	Hong Kong	100	15.3359	16.2068	14.5300	15.6940
MYR	Malaysia	100	34.8077	34.2622	34.1800	34.5500
NZD	New Zealand	1	0.8859	0.8161	0.8669	0.8570
NOK	Norway	100	20.5118	19.5606	20.8200	19.5190
PLN	Poland	100	43.4072	40.4868	45.9000	41.8300
SEK	Sweden	100	17.7428	17.0131	17.4800	17.7940
SGD	Singapore	1	0.7941	0.7903	0.7853	0.7943
USD	USA	1	1.1962	1.2590	1.1325	1.2203
ZAR	South Africa	100	17.0018	18.6808	16.5500	17.4170

Notes to the Consolidated Financial Statements

1. Consolidation and accounting principles

1.1 General information and changes to accounting principles

General information

Swisslog's consolidated financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) and are in conformity with the Swiss law and the requirements of the Swiss stock exchange (SWX). The individual financial statements of the Group companies are the basis. The consolidated financial statements have been prepared under the historical cost convention, modified by balance-sheet positions measured at fair value. All figures included in the financial statements and notes to the financial statements are presented in CHF million (MCHF) and rounded to one decimal place after the comma except where otherwise indicated.

In order to improve the transparency the format of the balance sheet of these consolidated financial statements has been adjusted as follows: the former two positions "Prepayments" and "Prepaid expenses and accrued income" are summarized in the position "Prepaid expenses and accrued income". The split into the former two positions is presented in the notes of these consolidated financial statements.

Swisslog Holding AG is a Swiss public limited company domiciled in Buchs/Aarau.

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 27 February 2008. The approval of the consolidated financial statements by the shareholders will take place at the Annual General Meeting.

Accounting estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Actual results could differ from those estimated. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 1.26.

New standards and interpretations

a) Standards and interpretations effective in 2007:

IFRS 7: Disclosure of Financial Instruments

This standard replaces the disclosure rules of IAS 32 and does not have any impact on the classification and valuation of the Group's financial instruments. However, it requires additional sensitivity analyses of key financial risks.

IAS 1 (Amendment): Presentation of financial statements – capital disclosure

The amendment requires the disclosure of the Group's objectives, policies and processes for managing its capital.

IFRIC 11: Group and treasury share transactions

This interpretation provides further guidance on accounting for share-based transactions. Since the Group has currently no share plan this interpretation does not have an impact on the financial statements.

b) Standards and interpretations not yet effective:

These will be applied by the Swisslog Group when they become effective, if they are relevant for the Swisslog Group.

IFRS 2 (Amendment): Share-based payment (effective 1 January 2009)

The amendment clarifies that vesting conditions are either service conditions or performance conditions. Moreover, according to the amendment, a failure to satisfy a non-vesting condition that is with the control of the entity or the counterparty shall be accounted for as a cancellation. Swisslog Group has currently no share plan.

IFRS 3 (Revised): Business combinations (effective 1 July 2009)

The revised standard introduces several changes such as the choice to measure the non-controlling interest in the acquiree either at fair value or at its proportionate interest in the acquiree's net assets, the accounting for additional acquisitions of non controlling interests as well as the treatment of transaction costs.

IFRS 8: Operating segments (effective from 1 January 2009)

This standard replaces IAS 14 and includes detailed disclosure requirements. The Group does not expect significant changes on the consolidated financial statements.

IAS 23 (Amendment): Borrowing costs (effective from 1 January 2009)

The amendment to the standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The option of immediately expensing those borrowing costs will be removed. This amendment does not have a significant impact on the Group's consolidated financial statements as there are currently no qualifying assets.

IAS 27 (Revised): Consolidated and separate financial statements (effective 1 July 2009)

The major change in the revised standard considers changes in a parent's ownership interest in a subsidiary: If the change does not result in a loss of control it will be accounted for as an equity transaction.

IFRIC 12: Service concession agreements (effective from 1 January 2008)

This interpretation applies to contractual arrangements between the public sector and private companies. IFRIC 12 has no significant relevance to the Group's operation.

IFRIC 13: Customer loyalty programs (effective from 1 July 2008)

Customer loyalty programs are customer rewards and should provide incentives for further sales. This interpretation provides clarification where goods or services are sold together with a customer loyalty incentive. Whereas customer loyalty programs are typical for other industries, this interpretation does not have a material impact for the Group.

IFRIC 14: The limit on a defined benefit asset, minimum funding requirements and their interaction (effective from 1 January 2008)

This interpretation provides guidance on assessing the limit in IAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply IFRIC 14 from 1 January 2008, but does not expect to have a substantial impact on the Group accounts.

1.2 Consolidated companies and principles of consolidation

The consolidated financial statements include Swisslog Holding AG and all companies over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair values at the acquisition date. The excess of the cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. The list of consolidated companies is presented on page 72.

The purchase method of accounting is used to account for acquisition of subsidiaries by the Group. Intragroup transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost.

1.3 Foreign currencies

The functional currency of each Swisslog company is the currency of the primary economic environment in which the entity operates. The consolidated financial statements are expressed in CHF Million (MCHF). Assets (incl. goodwill denominated in foreign currencies) and liabilities of the foreign Group companies and balance-sheet items in foreign currencies are translated at the closing exchange rate on the balance-sheet date. Income and expense are translated at the average annual exchange rate according to the table on page 41. Differences arising from the exchange of transactions or balance-sheet items in foreign currencies are recorded in the income statement. Unrealized differences resulting from the translation of long-term loans to Group companies and differences arising from the translation of foreign affiliate statements are recorded directly in equity.

1.4 Property, plant, equipment and leasing

Property, plant and equipment are measured at cost less accumulated depreciation. Costs include the purchase price plus directly related costs which occur for bringing the asset to the location and in condition necessary for it to be capable of operating in the manner intended by management. Property, plant and equipment are depreciated over the estimated useful life using the straight line method, i.e. 25 to 50 years for buildings, 3 to 15 years for plant and machinery (mostly 5 to 8 years) and 3 to 10 years (mostly 3 to 5 years) for office machinery and fittings including computer hardware. Property, plant and equipment are excluded from the financial statements at the time of disposal or when no further use can be expected. All profit or loss resulting from the disposal of property, plant and equipment is shown in the income statement.

The carrying amounts and the estimated useful lives of the property, plant and equipment are annually reviewed for impairment. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

Leased assets in which substantially all the risk and rewards are transferred to the Group are classified as financial leases. Finance lease agreements are reported at the fair value of the leased objects or if lower at the present value of the minimum lease payments. The corresponding financial lease liabilities are shown as liabilities according to their term of maturity at their present value less repayments calculated by the annuity method. As per end of 2007 Swisslog Group has no substantial finance lease agreements, but discloses operating leases.

1.5 Investment property

Investment property, principally comprising office buildings, manufacturing facilities and land to be developed, is held for long-term rental yields and is not occupied by the Group. Investment property is treated as a long-term investment and is carried at fair value.

1.6 Intangible assets

Swisslog classified its intangible assets into three categories:

a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the Group's interest in the fair value of identifiable assets, liabilities and contingent liabilities at the time of the acquisition. The participation in the capital is based on the held shares of the acquired subsidiary. Negative goodwill (badwill) is fully recorded in the income statement at the time of the acquisition. Goodwill, allocated to the cash-generating units, is not amortized, but tested annually and in case of impairment, evaluated for its recoverability. Where an impairment exists, the carrying amount is written down immediately to its recoverable amount; the recoverable amount is the higher of an asset's fair value less cost to sell and value in use.

b) Development expenses

Expenses incurred on development projects are recognized to the extent they fulfil certain criteria such as technical feasibility and availability of adequate resources, if the Group's intention is to finalize the product and to use or sell it, if the Group will generate future economic benefit and the costs can be measured reliably. Recognized development costs are amortized over their estimated useful life (not exceeding 5 years). In the time before the commencement of the commercial use of the product, the assets are tested for impairment annually. Research and other development costs are recognized as an expense as incurred. The capitalized development costs as per balance-sheet date mainly include internally developed software with a limited useful life.

c) Other

Licenses, software, patents, trademarks and similar rights are recognized at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life not exceeding 20 years. If a shorter period is justified by economic considerations, the term for amortization is reduced accordingly.

No intangible assets with an indefinite useful life exist as per the balance-sheet date except goodwill.

1.7 Financial instruments

The Group designates its financial instruments into the following four categories. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial instruments at initial recognition and reviews it at each balance-sheet date. Note 21 includes the overview of the existing financial instruments at Swisslog Group split into categories and classes.

a) Financial assets at fair value through profit or loss

This designation is split into two subcategories: financial assets held for trading, and those designated at fair value through profit or loss at inception (fair value option). Swisslog Group does not use the fair value option. A financial instrument that is acquired principally for the purpose of generating a profit from short-term fluctuations in price is classified as financial assets held for trading and is included in current assets. Swisslog Group uses derivatives mainly for hedging currency risk from future cash flows which arise from the project business. No hedge accounting is applied and gains or losses are directly recognized in the income statement.

b) Held-to-maturity financial instruments

Financial instruments with fixed maturity that management intends and has the ability to hold to maturity are classified as held-to-maturity financial instruments and are included in non-current assets, unless the repayment is not due within 12 months after the balance-sheet date. Swisslog Group has no held-to-maturity financial instruments as per the balance-sheet date.

c) Loans, receivables and other liabilities

Loans and receivables are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides or withholds money, goods or services directly to a debtor with no intention of trading with the receivable or payables. They are measured at amortized costs and are included in current assets, except for maturity exceeding 12 months after the balance-sheet date; these are classified as non-current assets and non-current liabilities, respectively.

d) Available-for-sale

Available-for-sale financial instruments are non-derivative financial assets which are either designated as available-for-sale financial instruments or which are not designated to any of the other categories. These are included in non-current assets unless management has the clear intention to sell them within 12 months after the balance-sheet date.

All purchases and sales of financial instruments are recognized on the trade date, which is the date that the Group commits to purchase or sell an asset. Cost of purchase includes transaction costs. Held-for-trading and available-for-sale financial instruments are subsequently measured at fair value, whilst held-to-maturity financial instruments are measured at amortized cost using the effective yield method. Realized and unrealized gains and losses arising from changes in the fair value of trading financial instruments are included in the income statement in the period in which they arise. Unrealized gains and losses of available-for-sale financial instruments are recorded in equity; for sale or impairment of available-for-sale financial instruments, the accumulated fair value adjustments in equity are recycled to the income statement.

The fair value of financial assets is based on current bid prices. In case there is no active market for a financial asset and no current market prices are available, management determines the fair value using certain valuation techniques. These include the use of recent arm's length transactions or discounted cash flow analyses.

1.8 Inventories

Inventories are stated at the lower of cost and net realizable value. Manufacturing costs comprise individual material and production costs and production overheads. Cost is determined on the basis of weighted average cost calculation. For inventories with low turnover and non-marketable goods, adjustments are made.

1.9 Trade receivables

Trade receivables are measured at amortized cost less allowances. Doubtful accounts are individually measured and impaired. Indications for an impairment are: substantial financial problems of the customer, a declaration of bankruptcy or a likely financial reorganization, or a material delay in payment. The amount of the provision is the difference between the asset's nominal amount and the net present value of estimated future cash flows and is recognized in the income statement within other operating expenses. When a trade receivable is uncollectible, it is written off against the allowance.

1.10 Construction contracts

Construction contracts are medium- to long-term orders which are generally based as fixed-price contracts. Construction contracts are recognized using the percentage-of-completion method. Sales, manufacturing costs and gross profit are included in the financial statements on the basis of the proportion of cumulated manufacturing costs to the total estimated manufacturing costs – the stage of completion – up to customer acceptance of the order (completion). Regular progress statements about the stage of completion are obtained from the suppliers and included as cost accruals in the cumulated manufacturing costs. Each individual project is either

classified as current asset or as current liability depending on the financing ratio. Identifiable losses are immediately recognized to the extent that manufacturing costs, including expected costs for warranties, guarantee work and subsequent work, up to the expiration of the warranty period exceed the contract price and are recognized in the amount due to respectively from customers for construction contracts.

1.11 Other current assets and liabilities

Other receivables and tax receivables are measured at their net realizable value. Prepaid expenses are measured at the lower of purchase cost or realizable value.

Other short-term liabilities, accrued expenses and deferred income comprise liabilities with a maturity of less than 1 year; these are recognized at fair value.

1.12 Cash and cash equivalents, marketable securities

Cash and cash equivalents include cash on hand and postal and bank balances plus money at call and term deposits with a maturity of less than 3 months shown at fair value.

Marketable securities (held for trading) comprise all securities which can be readily converted into cash, including money market investments with a maturity of 3 to 12 months. These are measured at fair value and shown in the current assets. Changes of the fair value of cash, cash equivalents and marketable securities are recognized in the income statement.

1.13 Equity

The registered shares of Swisslog Holding AG are classified as equity. Treasury stocks and incremental costs directly attributable to the issue of new shares are shown in equity as a deduction. Dividends are deducted from the equity in the period in which they were approved.

1.14 Convertible bonds

The convertible bonds have been discounted using a market interest rate for equivalent non-convertible bonds at the time of the issuance; the discounted value is recorded as liability and is annually recorded as accretion expense on an amortised cost basis until maturity of the bonds. The difference between the discounted value and the nominal value has been recorded in the equity at the time of the issuance. According to IAS 39, the convertible bonds are designated as other liabilities. At a partial repurchase of the convertible bonds the difference between the carrying amount in the non-current liabilities and the repurchase price is recorded as financial expense. All conversion rights of the convertible bonds were extinguished as per 4 July 2005; up to that date no conversion rights had been exercised.

1.15 Liabilities

Other non-current liabilities include the obligations from employee benefits based on defined benefit plans (see 1.22) and are not considered as financial instruments according to IAS 39.

Trade payables include liabilities with a residual term of less than one year. They are initially recognized at fair value and subsequently measured at amortized costs.

1.16 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are classified as short-term when their usage is expected to occur within the usual operating cycle.

Provisions for closed projects for long-term contracts are recognized when an additional cash outflow is identifiable. Provisions for product warranties are made to the extent of the outflow of resources that can be expected during the warranty period. For costs that are expected to arise in connection with plant closures, the disposal of companies or business units and restructuring, provisions are made at the time of approval and the public announcement of the planned measures.

A contingent liability is reported, unless the possibility of any outflow of resources in connection with a liability is remote.

1.17 Order intake

Order intake is reported based on firmly agreed customer orders. Frame agreements are not shown as order intake. But firm volume commitments based on frame agreements are reported as order intake.

1.18 Order backlog

Order backlog is calculated as order backlog at year end of the previous year plus order intake of the current year minus net sales of the current year.

1.19 Revenue recognition

Revenue from construction contracts is based on the percentage-of-completion (POC) method (see 1.10). Maintenance revenue and interest income are recognized on a time-proportion basis. Dividend income is recognized when the right to receive payment is established.

Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue includes the invoiced value for the sale of goods or services net of value-added tax, rebates and discounts.

1.20 Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

1.21 Income taxes

Income taxes include paid or accrued income taxes on the relevant earnings of the individual companies, calculated in accordance with tax legislation in the respective countries.

Deferred tax liabilities are based on temporary differences between the carrying amount of an asset or liability in the balance sheet and the tax base according to IAS 12. Deferred taxes are calculated on the basis of tax rates valid at closing date or on the basis of already announced changes of tax rates which apply to the period when the asset will be realized or the liability will be settled. Deferred tax assets exceeding recognized deferred tax liabilities within the same taxable entity are recognized to the extent that it is probable that the enterprise will have sufficient taxable profit available in following periods. Deferred tax assets are recognized for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized. No deferred taxes are recognized for the temporary differences arising from investments in subsidiaries and associates because it is probable that the temporary differences will not reverse in the foreseeable future. Deferred taxes are reported under non-current assets and liabilities.

1.22 Employee benefits

Swisslog Group operates mainly defined benefit pension schemes but also defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to the employee service in the current and prior periods. All other pension plans are classified as defined benefit plans.

a) Defined benefit plans

Current and former employees receive benefits and pensions based on the corresponding national and private statutory schemes. Future liabilities are calculated using actuarial methods. For service-based pension plans the present value of the entitlement (defined benefit obligation) is calculated based on length of service, anticipated growth in wages and salaries and adjustments to pensions (projected unit credit). The plan assets are measured at fair value. The net liability recognized in the balance sheet (Other long-term liability) represents the defined benefit obligation less the fair value of the plan assets, adjusted for unrecognized actuarial gains or losses (see Note 14). Annual pension costs calculated according to actuarial principles (net periodic costs) are shown, net of employee contributions, including past pension costs (past service costs) in the income statement. Plan amendments, curtailment and settlements are recognized in the income statement. Actuarial gains and losses are accounted for over the average remaining working-period of the employee if they exceed the 10% corridor.

b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

c) Share-based payments

Swisslog Group has no share or share option plan for its employees, management and members of the Board of Directors.

1.23 Related parties

A party is related to the Group, if the party controls the Group directly or indirectly or has a significant influence over the Group. The related parties of the Group consist of the Board of Directors, the executive management, pension plans and shareholders with 5% or more of the votes of Swisslog Holding AG.

1.24 Financial risk management

a) Financial risk factors

The Group's activities are exposed to a variety of financial risks, including the effects of changes in debt and in equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group selectively uses derivative financial instruments such as forward foreign exchange contracts and short-term share options solely for the purpose of hedging economical exposures without applying hedge accounting according to IAS 39. Risk management is carried out by the central treasury department (Group Treasury) in co-ordination with the subsidiaries. All transactions are executed under policies approved by the Board of Directors.

(i) Foreign exchange risk

The Group operates globally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to AUD, EUR, GBP, NOK, NZD, SEK and USD. If the foreign exchange rates during 2007 had not changed compared to the year 2006, the financial situation would have developed as following in 2007:

	2007 (in MCHF)	2007 at unchanged foreign exchange rates compared to 2006 (in MCHF)	Deviation	
			Absolute (in MCHF)	In %
Order intake	862.9	868.1	5.2	0.6
Order backlog*	688.8	695.9	7.1	1.0
Net sales	707.6	706.6	-1.0	-0.1
EBITA	34.5	35.5	1.0	2.9

* at period-end

If the foreign exchange rates hadn't been changed in the year 2006 compared to the previous year 2005, the financial situation would have developed as following in 2006:

	2006 (in MCHF)	2006 at unchanged foreign exchange rates compared to 2005 (in MCHF)	Deviation	
			Absolute (in MCHF)	In %
Order intake	677.3	670.3	-7.0	-1.0
Order backlog*	538.0	544.4	6.4	1.2
Net sales	646.9	639.9	-7.0	-1.1
EBITA	31.1	30.8	-0.3	-1.0

* at period-end

Customer projects, net working capital and short-term loans: The Group uses selectively foreign exchange hedging instruments, transacted with its banks, to hedge exposure to foreign currency risks. Hedges are done, once the contract with the customer has been signed. Additionally, the Group hedges the foreign currency exposure of its contract commitments to purchase certain production parts in the currency of the projects.

Net assets incl. long-term loans: The Group has a number of investments in foreign subsidiaries whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's subsidiaries are not hedged. Changes in the major foreign exchange rates have the following impacts (MCHF):

31 December 2007	EUR +5%	EUR -5%	USD +5%	USD -5%
Impact on shareholder's equity	-3.8	+3.8	+3.2	-3.2
31 December 2006	EUR +5%	EUR -5%	USD +5%	USD -5%
Impact on shareholder's equity	-3.7	+3.7	+3.1	-3.1

(ii) Interest rate risk

The Group's net results and operating cash flows are substantially independent of changes in market interest rates. The Group has interest-bearing assets and a convertible bond liability at fixed rates. As per 31 December 2007, Swisslog Group has no borrowings from banks. Excess cash is invested in different products of the capital market (see Note 10) in accordance with policies approved by the Board of Directors and is regularly monitored by the investment board (consists of CFO and responsible persons from the treasury department). There is no quoted market price for the financial asset designated as available-for-sale. The share of financial assets exposed to interest rate risks is not material as per 31 December 2007; therefore, no interest rate sensitivity analyses are disclosed.

(iii) Credit risk

Credit risk may arise from cash and cash equivalents, deposits with banks and from trade receivables. Cash transactions among contractual parties are limited to excellent financial institutions; these need to have an independently evaluated minimum rating of "A" (Standard & Poors) in order to do business with the Swisslog Group. The Group normally has no significant concentrations of credit risk on the loans and receivables. Occasionally big construction contracts can result for a short time in an increase of the credit risk. Due to the different sizes of projects the Group has not issued generally accepted credit limits for customers. However, the credit quality of the customers is systematically monitored. Additionally, customers usually perform a pre-financing of the project; therefore, the credit risk exposure of the Group is further minimized.

(iv) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash in order to secure the daily operations of the Group and the readiness to pay, respectively. A rolling liquidity forecast for four weeks respectively six

months is conducted based on the expected cash flows. It further estimates arising changes of cash flows from the project business. The rolling liquidity forecast builds the basis for the allocation of the cash within the Group. The liquidity forecast is intended to avoid short-term funding from the money or capital market as much as possible. As per balance-sheet date the situation about the available liquidity is as following:

	2007	2006
Liquidity reserves and credit facilities		
Cash and cash equivalents	80.3	88.3
Marketable securities (with maturity below one year)	19.2	15.9
Committed credit facilities	7.0	2.0
thereof used	0.0	0.0
Total liquidity and unused credit facilities	106.5	106.2
Committed guarantee lines	100.0	80.0
thereof used	50.9	75.3

b) Accounting for derivative financial instruments and hedging activities
Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (1) a hedge of a forecasted transaction or of a firm commitment (cash-flow hedge) or (2) a hedge which does not qualify for special hedge accounting.

c) Fair value estimation

The fair value of publicly traded derivatives and trading and available-for-sale securities is based on quoted market prices at the balance-sheet date. The fair value of forward foreign exchange contracts is determined by using forward exchange market rates at the balance-sheet date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance-sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. Other techniques such as option pricing models and estimated discounted value of future cash flows are used to determine fair value for the remaining financial instruments. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

1.25 Capital management

Swisslog Group's objectives when managing its capital are the Group's ability to continue as a going concern, to provide adequate returns for the shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group monitors the capital structure mainly by adherence to its covenants from the guarantee facilities (see explanation in Note 16.2); these require among other things a minimum equity of MCHF 105.0 and a maximum adjusted net debt factor of 2.25.

1.26 Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will – by definition – seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the balance sheet within the next financial year are discussed below:

a) Goodwill and financial assets

Goodwill defined as intangible asset with an indefinite lifetime is at least annually tested for impairment. These calculations require an estimate of

the future cash flows of the cash-generating units to which goodwill has been allocated.

The valuation of the financial asset designated as available-for-sale is based on discounted cash flows prevailed in the business plan of this company. Especially wrong estimates and assumptions for the value-in-use calculations of the goodwill respectively for the financial asset might lead to revised assessments of the recoverability (see Notes 4 and 5).

b) Construction contracts and related provisions

The accounting for construction contracts according to the percentage-of-completion method requires a reliable determination of the project progress and the related costs. The manufacturing costs incurred to date are set in proportion to the total estimated costs which will incur up to the customer acceptance of the project. Provisions for closed construction contracts are recognized when the manufacturing costs including costs for warranty exceed the sales price of the project. Thereby, the valuation of each project is periodically analysed and updated by internal project risk reviews (see Note 8).

c) Income taxes

As per balance-sheet date, the Group has recognized deferred tax assets on tax loss carryforwards (Note 13.3). Such recognition is based on the estimated future positive development of the profits.

1.27 Segment information

The segment information is based primarily on business units and secondarily on geographical regions. The business units are dealt with on a global basis. Transactions between the segments are carried out at standard market conditions.

The Group distinguishes between the following segments and corresponding activities:

a) Warehouse & Distribution Solutions (WDS)

Delivers industry-specific solutions for automated, semi-automated and manual warehouses and distribution centres. Provides consulting services, software solutions, general contracting, implementation and lifetime support.

b) Consulting Services/Wassermann (CSW)

Optimizes customers' supply chains by using and implementing its own supply-chain-planning software.

c) Healthcare Solutions (HCS)

Offers logistics automation for the movement and processing of materials and medications within and throughout healthcare facilities. The scope of services ranges from consulting, design, manufacturing and installation through lifetime customer support.

d) Headquarters/Holdings

The headquarters comprises central management and service functions.

1.28 Changes in consolidation scope

In 2007 the consolidation scope changed primarily due to the acquisition of the following two companies:

	Segment	Since	Equity interest
Accalon AB (Sweden)	Warehouse & Distribution Solutions	1 June 2007	100%
Collett AS (Norway)	Healthcare Solutions	1 September 2007	100%

After the acquisition Accalon AB and Collett AS were renamed as Swisslog-Accalon AB and Swisslog Collett AS.

a) Accalon AB

As per 1 June 2007, Swisslog Group acquired 100% of the shares of Accalon AB, Sweden. The purchase consideration amounted to MCHF 8.3. The acquired goodwill consists primarily of anticipated synergy potential between Accalon and the Warehouse & Distribution Solutions division.

Effect of acquisition

MCHF	Acquiree's carrying value	Fair value
Property, plant and equipment	2.2	2.2
Inventories	3.3	3.3
Trade receivables	14.7	14.7
Amount due from customers for construction contracts	4.3	4.3
Prepaid expenses and accrued income	2.5	2.5
Cash and cash equivalents	0.7	0.7
Deferred tax liabilities, net	0.0	-0.1
Trade payables	-8.5	-8.5
Amount due to customers for construction contracts	-3.9	-3.9
Provisions	-1.4	-1.4
Income tax payables	-0.4	-0.4
Accrued expenses and deferred income	-3.1	-3.1
Other liabilities	-5.7	-6.1
NET ASSETS ACQUIRED		4.2
Goodwill		4.1
TOTAL PURCHASE CONSIDERATION		8.3

DETAILS OF PURCHASE CONSIDERATION

Purchase price	8.0
Direct cost related to the acquisition	0.3
Total purchase consideration	8.3
Cash and cash equivalents in subsidiary acquired	-0.7
CASH OUTFLOW ON ACQUISITION, NET	7.6

If Accalon had been acquired on the first day of the business year 2007, Swisslog Group would have recorded MCHF 710.7 in consolidated net sales and a consolidated operating profit (EBIT) of MCHF 35.0. Accalon contributed an operating profit of MCHF 0.3 for the period from 1 June to 31 December 2007.

According to IAS 19 the pension plan of Accalon would qualify as a defined benefit plan. Since the plan assets of the multi-employer plan can not be allocated to the participating entities, Accalon does not have sufficient information to account for as defined benefit plan. In consequence Accalon accounts for the plan as if it were a defined contribution plan.

b) Collett AS

As per 1 September 2007, Swisslog Group acquired 100% of the shares of Collett AS, Norway. The purchase consideration amounted to MCHF 1.7. The acquired goodwill consists primarily of anticipated synergy potential between Collett and the Swisslog Healthcare Solutions division.

Effect of acquisition

MCHF	Acquiree's carrying value	Fair value
Property, plant and equipment	0.1	0.1
Inventories	0.5	0.5
Trade receivables	1.0	1.0
Deferred tax assets, net	0.0	0.1
Cash and cash equivalents	0.1	0.1
Non-current liabilities	-0.2	-0.4
Trade payables	-0.4	-0.4
Accrued expenses and deferred income	-0.1	-0.1
Other liabilities	-0.6	-0.6
NET ASSETS ACQUIRED		0.3
Goodwill		1.4
TOTAL PURCHASE CONSIDERATION		1.7

DETAILS OF PURCHASE CONSIDERATION

Purchase price	1.6
Direct cost related to the acquisition	0.1
TOTAL PURCHASE CONSIDERATION	1.7
Deferred cash payment	-0.3
Cash and cash equivalents in subsidiary acquired	-0.1
CASH OUTFLOW ON ACQUISITION, NET	1.3

If Collett had been acquired on the first day of the business year 2007, Swisslog Group would have recorded MCHF 711.0 in consolidated net sales and a consolidated operating profit (EBIT) of MCHF 34.0.

The acquired business contributed MCHF -0.1 for the period from 1 September to 31 December 2007.

In 2006, the following company has been liquidated:

	Segment	As per	Participation
Swisslog Svenska Holding AB (Sweden)	Headquarters/ Holdings	19 May 2006	100%

Page 72 "Subsidiaries and investments of Swisslog Group" provides an overview of the Group companies as per 31 December 2007.

2. Information by Segment

2.1 Division Segmentation

2007	Warehouse & Distribution Solutions	Consulting Services/Wassermann	Health-care Solutions	Head-quarters/Holdings	Elimination	Total Group
MCHF						
Order intake	609.1	12.4	241.5	0.0	-0.1	862.9
Order backlog (at year-end)	524.2	6.5	158.1	0.0	0.0	688.8
Net sales	452.6	12.7	242.4	0.0	-0.1	707.6
Net sales to third parties	452.5	12.7	242.4	0.0	0.0	707.6
Net sales internal ¹	0.1	0.0	0.0	0.0	-0.1	0.0
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	26.2	0.4	26.3	-11.4	0.0	41.5
Depreciation and amortization	3.4	0.3	3.2	0.1	0.0	7.0
Operating profit before impairment of goodwill (EBITA)	22.8	0.1	23.1	-11.5	0.0	34.5
Operating profit (EBIT)	22.8	0.1	23.1	-11.5	0.0	34.5
Goodwill	41.8	9.5	39.5	0.0	0.0	90.8
Current and non-current assets ²	167.2	12.8	140.5	8.1	-10.5	318.1
Operating liabilities and provisions ³	175.6	2.5	52.0	10.5	-10.5	230.1
Net operating assets ⁴ (NOA)	-8.4	10.3	88.5	-2.4	0.0	88.0
Investment in property, plant, equipment and intangible assets ⁵	7.1	0.1	3.0	0.3	0.0	10.5
Changes in provisions	1.4	0.0	0.4	0.4	0.0	2.2
Employees (at year-end)	1 210	47	783	20	0.0	2 060
EBITA as % of sales (EBITA margin)	5.0	0.8	9.5	NA		4.9
EBITA as % of NOA (RONOA)	NA	1.0	26.1	NA		39.2
2006						
Order intake	425.5	13.6	238.6	0.0	-0.4	677.3
Order backlog (at year-end)	369.7	6.6	161.8	0.0	-0.1	538.0
Net sales	415.7	11.4	220.0	0.2	-0.4	646.9
Net sales to third parties	415.5	11.3	219.9	0.2	0.0	646.9
Net sales internal ¹	0.2	0.1	0.1	0.0	-0.4	0.0
Operating profit before depreciation, amortization and impairment of goodwill (EBITDA)	26.3	-0.3	21.6	-9.8	0.0	37.8
Depreciation and amortization	3.1	1.0	2.6	0.0	0.0	6.7
Operating profit before impairment of goodwill (EBITA)	23.2	-1.3	19.0	-9.8	0.0	31.1
Impairment of goodwill	0.0	10.1	0.0	0.0	0.0	10.1
Operating profit (EBIT)	23.2	-11.4	19.0	-9.8	0.0	21.0
Goodwill	39.6	9.3	39.4	0.0	0.0	88.3
Current and non-current assets ²	145.6	13.5	140.3	10.5	-8.2	301.7
Operating liabilities and provisions ³	170.5	2.3	46.4	8.6	-7.6	220.2
Net operating assets ⁴ (NOA)	-24.9	11.2	93.9	1.9	-0.6	81.5
Investment in property, plant, equipment and intangible assets ⁵	3.3	0.1	1.9	0.0	0.0	5.3
Changes in provisions	3.9	0.0	0.6	-0.6	0.0	3.9
Employees (at year-end)	999	52	744	18	0.0	1 813
EBITA as % of sales (EBITA margin)	5.6	-11.4	8.6	NA		4.8
EBITA as % of NOA (RONOA)	NA	NA	20.2	NA		38.2

1 Internal transactions are concluded at arms-length terms

2 Excluding cash, cash equivalents, marketable securities, deferred tax assets and financial assets

3 Excluding interest-bearing borrowings, deferred tax liabilities, and income tax payables

4 Current and non-current assets less current liabilities and provisions

5 Excluding goodwill

2.2 Geographical Segmentation

MCHF	Europe		North America		Asia/Pacific		Total Group	
	2007	2006	2007	2006	2007	2006	2007	2006
Net sales	392.2	375.8	232.3	212.0	83.1	59.1	707.6	646.9
Current and non-current assets ²	188.2	178.3	110.5	108.9	19.4	14.5	318.1	301.7
Investment in property, plant, equipment and intangible assets ⁵	7.5	4.0	2.4	1.1	0.6	0.2	10.5	5.3
Employees (at year-end)	1 397	1 242	399	364	264	207	2 060	1 813

3. Property, plant, equipment; investment property and other intangible assets

3.1 Property, plant, equipment

2007 MCHF	Land	Buildings	Machinery/ equipment	Total
Cost at 1 January	0.4	15.4	42.0	57.8
Additions	0.0	0.7	6.2	6.9
Changes in consolidation scope	0.3	1.4	0.5	2.2
Disposals	-0.4	-8.1	-4.4	-12.9
Currency translation differences	0.0	0.0	-0.2	-0.2
COST AT 31 DECEMBER	0.3	9.4	44.1	53.8
Accumulated depreciation at 1 January	0.0	-10.9	-34.2	-45.1
Depreciation charge	0.0	-0.5	-4.8	-5.3
Accumulated depreciation on disposals	0.0	6.1	4.4	10.5
Currency translation differences	0.0	0.0	0.1	0.1
ACCUMULATED DEPRECIATION AT 31 DECEMBER	0.0	-5.3	-34.5	-39.8
TOTAL NET BOOK VALUE AT 31 DECEMBER 2007	0.3	4.1	9.6	14.0
2006 MCHF	Land	Buildings	Machinery/ equipment	Total
Cost at 1 January	0.6	15.1	43.1	58.8
Additions	0.0	0.6	2.5	3.1
Disposals	-0.2	-0.3	-3.9	-4.4
Currency translation differences	0.0	0.0	0.3	0.3
COST AT 31 DECEMBER	0.4	15.4	42.0	57.8
Accumulated depreciation at 1 January	0.0	-10.6	-33.7	-44.3
Depreciation charge	0.0	-0.8	-3.6	-4.4
Accumulated depreciation on disposals	0.0	0.3	3.4	3.7
Currency translation differences	0.0	0.2	-0.3	-0.1
ACCUMULATED DEPRECIATION AT 31 DECEMBER	0.0	-10.9	-34.2	-45.1
TOTAL NET BOOK VALUE AT 31 DECEMBER 2006	0.4	4.5	7.8	12.7

In the business year 2007 properties with a carrying amount of MCHF 2.0 have been sold within the division Warehouse & Distribution Solutions; thereof a net gain of MCHF 0.6 has been realised and is recognized as other operating income. The insurance value of the property, plant and equipment was MCHF 93.9 at the end of 2007 (2006: MCHF 76.2).

3.2 Investment property

The investment property with a carrying amount of MCHF 1.3 as per 31 December 2006 has been revalued to MCHF 3.1 as per end of June 2007 and thereafter sold at this value. The fair value increase of the investment property by MCHF 1.8 which equals the net gain of the sale, is recognized as other operating income and disclosed within the division Warehouse & Distribution Solutions. Rental income from investment property in the amount of MCHF 0.1 (2006: MCHF 0.2) was partly offset by cost of MCHF 0.0 (2006: MCHF 0.1).

3.3 Other intangible assets

2007 MCHF	Capitalized development expenses	Other	Total
Cost at 1 January	8.5	11.5	20.0
Additions	3.4	0.2	3.6
Disposals	0.0	-2.6	-2.6
Currency translation differences	0.1	0.1	0.2
COST AT 31 DECEMBER	12.0	9.2	21.2
Accumulated amortization at 1 January	-4.7	-10.0	-14.7
Amortization of the current year	-1.0	-0.7	-1.7
Accumulated amortization on disposals	0.0	2.6	2.6
Currency translation differences	-0.1	-0.1	-0.2
ACCUMULATED AMORTIZATION AT 31 DECEMBER	-5.8	-8.2	-14.0
TOTAL NET BOOK VALUE AT 31 DECEMBER 2007	6.2	1.0	7.2

2006 MCHF	Capitalized development expenses	Other	Total
Cost at 1 January	7.5	11.1	18.6
Additions	1.5	0.7	2.2
Disposals	-0.6	-0.6	-1.2
Currency translation differences	0.1	0.3	0.4
COST AT 31 DECEMBER	8.5	11.5	20.0
Accumulated amortization at 1 January	-3.5	-9.7	-13.2
Amortization of the current year	-1.6	-0.7	-2.3
Accumulated amortization on disposals	0.5	0.6	1.1
Currency translation differences	-0.1	-0.2	-0.3
ACCUMULATED AMORTIZATION AT 31 DECEMBER	-4.7	-10.0	-14.7
TOTAL NET BOOK VALUE AT 31 DECEMBER 2006	3.8	1.5	5.3

The capitalized development costs consist of software with finite useful life.

4. Goodwill

4.1 Goodwill balance

MCHF	Note	2007	2006
Cost at 1 January		123.7	125.2
Additions	1.28	5.5	0.0
Currency translation differences		-1.5	-1.5
COST AT 31 DECEMBER		127.7	123.7
Accumulated impairment losses at 1 January		-35.4	-24.3
Impairment		0.0	-10.1
Currency translation differences		-1.5	-1.0
ACCUMULATED IMPAIRMENT LOSSES AT 31 DECEMBER		-36.9	-35.4
TOTAL NET BOOK VALUE AT 31 DECEMBER		90.8	88.3

The goodwill is allocated to the Cash Generating Units and to the various currencies as follows:

MCHF	2007				2006			
	Warehouse & Distribution Solutions	Consulting Services/ Wassermann	Health- care Solutions	Total	Warehouse & Distribution Solutions	Consulting Services/ Wassermann	Health- care Solutions	Total
CHF	7.2	0.0	2.0	9.2	7.2	0.0	2.0	9.2
EUR	3.9	9.5	12.9	26.3	3.7	9.3	12.4	25.4
USD	20.1	0.0	21.9	42.0	21.7	0.0	23.6	45.3
Others	10.6	0.0	2.7	13.3	7.0	0.0	1.4	8.4
TOTAL GOODWILL	41.8	9.5	39.5	90.8	39.6	9.3	39.4	88.3

4.2 Goodwill impairment 2007

No impairment has been recognized in the year 2007 whereas in the previous year an impairment loss of MCHF 10.1 had been recognized for Consulting Services/Wassermann.

4.3 Impairment test of goodwill as per 31 December 2007

According to IAS 36 the goodwill is tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Swisslog Group is testing the goodwill for impairment annually end of November/beginning of December.

The cash flows are based on the budget for the year 2008 and the business plan for the year 2009, which are both approved by the Board of Directors. The cash flows for the period of 2010 to 2012 are an extrapolation corresponding to the expected growth rate in each market. The cash flow for the residual value calculation in 2013 is based on the cash flow in the year 2012 (unchanged). For the inflation a growth rate of 1.0% is included in the calculation of the residual value. The following calculations are based on the value in use. Since the value in use exceeds the carrying amount, the determination of the fair value less cost to sell is no longer required.

Based on a cost of capital model a pre-tax discount factor has been defined to determine the present value of the future cash flows of each CGU (primary segments). Additionally, a risk premium based on the country risk and the risk of the underlying CGU has been added. Compared to the previous year, these individual discount factors per CGU increased for Warehouse & Distribution Solutions (WDS) and Healthcare Solutions (HCS) whereas it decreased for Consulting Services/Wassermann (CSW).

Headquarter costs are allocated to the CGUs according to their shares in net sales (50%-weighted) and headcount (50%-weighted). The major exchange rates – used for the planning – are: USD to CHF 1.20 and EUR to CHF 1.50.

Key assumptions for the goodwill impairment test:

MCHF	2007			2006 (incl. periods 2007–2011 and 2009–2011, respectively)		
	Warehouse & Distribution Solutions	Consulting Services/Wassermann	Health-care Solutions	Warehouse & Distribution Solutions	Consulting Services/Wassermann	Health-care Solutions
Net sales	452.6	12.7	242.4	415.7	11.4	220.0
<i>Growth rate p.a. 2008–2012**</i>	4.8%	8.3%	5.1%	4.2%	7.8%	4.3%
EBITDA*	18.3	0.3	22.9	20.4	-0.6	17.9
<i>Growth rate p.a. 2008–2012**</i>	16.1%	47.0%	8.9%	7.8%	71.4%	10.3%
<i>Growth rate p.a. 2010–2012</i>	9.9%	31.2%	6.0%	7.2%	41.7%	8.9%
Pre-tax discount factor	10.6%	11.7%	12.5%	10.3%	13.2%	12.0%

* Headquarter cost proportionally allocated

** Year 2008 and 2009 approved by the Board of Directors

Warehouse & Distribution Solutions (WDS):

With the described plan data the value in use exceeds the goodwill by MCHF 186.0. The goodwill will still be covered – assuming unchanged plan data – if the pre-tax discount factor increases to 24% (2006: 20.3%).

Consulting Services/Wassermann (CSW):

The planned net sales and EBITDA have not been fully achieved in 2007. However, due to the measures implemented in 2006 Consulting Services/Wassermann achieved a significant improved EBITDA of MCHF 0.3 compared to the previous year of MCHF -0.6. With the described plan data above the value in use exceeds the goodwill by MCHF 0.7 as per 31 December 2007. The goodwill will still be covered – assuming unchanged growth of net sales, EBITDA and cash flows – if the pre-tax discount factor increases to 12.2% (2006: 15.5%). Furthermore, the goodwill is covered, if the growth rate in the residual value is reduced from 1.0% to 0.4%.

Healthcare Solutions (HCS):

With the described plan data the value in use exceeds the the goodwill by MCHF 141.8. The goodwill will still be covered – assuming unchanged plan data – if the pre-tax discount factor increases to 27.6% (2006: 19.6%).

Risk judgment:

The Board of Directors and the Swisslog Executive Committee consider the underlying assumptions as prudent and justifiable. Thus, the value in use of the CGU depends on the effective achievement of the expected target values. Possible deviations of the effective values could cause changes in value in use.

5. Financial assets

	2007 MCHF	2006 MCHF
Available-for-sale financial investments	13.9	13.2
Long-term interest-bearing receivables	6.4	6.7
TOTAL	20.3	19.9

5.1 Available-for-sale financial investments

The Swisslog Group holds 8.17% of shares of CPS Color Group Oy, Finland. The shares are classified as available-for-sale (since not classified as held-for-trading) and are disclosed with MCHF 13.9 (2006: MCHF 13.1) in financial assets. The increase of the investments of MCHF 0.8 includes changes in fair value of MCHF 0.4 (2006: MCHF 0.2) and currency exchange gains of MCHF 0.4 (2006: MCHF 0.5).

The shares are measured at fair value. The fair value has been evaluated using the discounted cash flow method and is based on the business plan of CPS Color Group Oy, Finland.

Swisslog IP B.V. holds the shares of CPS Color Group Oy. The shares of Swisslog IP B.V. were pledged in favour of the bondholders.

5.2 Long-term interest-bearing receivables

	2007 MCHF	2006 MCHF
Amount recognized initially at 1 January	10.1	9.7
Additions	1.2	0.6
Disposals	-1.0	-0.4
Loan waiver	-1.4	0.0
Currency translation differences	0.2	0.2
AMOUNT RECOGNIZED INITIALLY AT 31 DECEMBER	9.1	10.1
Accumulated impairments at 1 January	-3.4	-2.5
Write-off of current year	0.0	-0.8
Loan waiver	0.8	0.0
Currency translation differences	-0.1	-0.1
ACCUMULATED IMPAIRMENTS AT 31 DECEMBER	-2.7	-3.4
TOTAL NET BOOK VALUE AT 31 DECEMBER 2006	6.4	6.7
Of which:		
Due later than one year but not later than five years	6.3	6.6
Due after five years	0.1	0.1

The long-term interest-bearing receivables include loans of MCHF 5.0 and cash collaterals of MCHF 1.4; depending on the maturity of the bank guarantee the nominal amount or a part of the nominal amount have to be deposited at the bank. They are measured at fair value which is based on a management's estimate. The net loss included in the income statement amounts to MCHF -0.5. (2006: MCHF -0.7). The average interest rate on total financial debts is 1.4% (2006: 1.0%).

6. Inventories

	2007 MCHF	2006 MCHF
Materials and supplies	16.9	12.7
Work in progress	2.6	2.5
Finished goods	11.3	10.3
TOTAL	30.8	25.5

In 2007 MCHF 0.7 (2006: MCHF 1.4) of obsolete raw materials and supplies have been written off.

7. Trade receivables

	2007 MCHF	2006 MCHF
Trade receivables	108.7	115.4
Allowance for bad debts	-2.6	-3.5
TOTAL	106.1	111.9

The following summarizes the movement in the impairment for bad debts:

	2007 MCHF	2006 MCHF
Allowance for bad debts at 1 January	-3.5	-3.2
Additions	-0.4	-1.1
Unused reversed	0.4	0.3
Used during year	0.9	0.5
ALLOWANCE FOR BAD DEBTS AT 31 DECEMBER	-2.6	-3.5

The effective bad debt losses in the past two years were approx. 0.1% of the annual net sales.

The analysis of trade receivables is as follows:

	2007 MCHF	2006 MCHF
Not overdue	63.6	55.5
Past due not more than one month	22.8	34.5
Past due more than one month and not more than two months	5.6	7.6
Past due more than two months and not more than three months	3.1	3.8
Past due more than three months and not more than six months	4.9	5.8
Past due more than six months	6.1	4.7
TOTAL NOT IMPAIRED TRADE RECEIVABLES	106.1	111.9

8. Construction contracts

	2007 MCHF	2006 MCHF
Asset:		
Contract costs recognized as expense plus recognized profits (less recognized losses)	267.1	261.8
Progress billings and advance payments from customers	-228.8	-225.5
AMOUNT DUE FROM CUSTOMERS FOR CONSTRUCTION CONTRACTS	38.3	36.3
Liability:		
Contract costs recognized as expense plus recognized profits (less recognized losses)	-158.4	-88.0
Progress billings and advance payments from customers	223.5	156.2
AMOUNT DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS	65.1	68.2
Construction contract net sales recognized in the presented period	532.1	476.3
Retentions ¹	6.5	5.2

¹ Retentions are amounts of progress billings that are not paid by the customer until the satisfaction of conditions specified in the contract for the payment of such amounts

9. Prepaid expenses and accrued income

	2007 MCHF	2006 MCHF
Prepaid expenses	9.0	4.5
Accrued income	9.6	7.6
TOTAL	18.6	12.1

10. Cash, cash equivalents and marketable securities

10.1 Cash and cash equivalents

	2007 MCHF	2006 MCHF
Cash at bank and on hand	74.8	76.9
Money market investments with a maturity of less than 90 days	5.5	11.4
TOTAL CASH AND CASH EQUIVALENTS	80.3	88.3

10.2 Marketable Securities

	2007 MCHF	2006 MCHF
Marketable securities – held for trading	19.2	15.9

The entire portfolio consists of short term investments which are traded regularly.

The overall asset-location is as follow:

	2007	2006
Shares	1.8	0.0
Bonds	14.4	5.0
Structured products and others	3.0	10.9
TOTAL	19.2	15.9

Marketable securities are measured at fair value which is the market value of the last trading day in the year. Unrealized gains and losses are recognized in the profit and loss statement (see Note 19).

11. Share capital

The share capital at 31 December 2007 amounts to MCHF 2.5 (2006: MCHF 2.5) and consists of 251 276 984 registered shares with a nominal value of CHF 0.01 (2006: CHF 0.01) per share. The share capital is fully paid up.

11.1 Number of shares

	2007	2006
Shares outstanding at 1 January	251 276 984	179 483 560
Capital increase through issue of new shares	0	71 793 424
Shares outstanding at 31 December	251 276 984	251 276 984

11.2 Nominal value

	2007	2006
Nominal value per share (CHF)	0.01	0.01
Share capital at 31 December (MCHF)	2.5	2.5

12. Convertible bonds

On 7 July 2000 Swisslog Holding AG issued 60 000 2.25% convertible bonds at a nominal value of MCHF 150.0.

The rights to exercise the bonds have expired on 4 July 2005.

In 2007 Swisslog Holding AG has repurchased 5 483 convertible bonds in several steps with an aggregate nominal value of MCHF 13.7 and keeps them at its own; the repurchase prices were between 94.5% and 97.0%. In the previous year 31 270 convertible bonds with an aggregate nominal value of MCHF 78.2 were repurchased and destroyed as per 1 June 2006 at a fixed price of 98.0%. The bonds will mature on 31 December 2009 at their nominal value.

The interest payments are as follows:	07.07.2000 until 06.07.2003	2.25%
	07.07.2003 until 06.07.2004	0.50%
	07.07.2004 until 06.07.2005	1.00%
	07.07.2005 until 06.07.2006	1.50%
	07.07.2006 until 06.07.2007	2.00%
	07.07.2007 until 06.07.2008	2.50%
	07.07.2008 until 06.07.2009	3.00%
	07.07.2009 until 31.12.2009	3.50%

The bonds are recorded in the balance sheet as follows:

	2007 MCHF	2006 MCHF
LIABILITY COMPONENT AT 1 JANUARY	64.5	128.1
Interest expense before and after the partial repurchases of convertible bonds:		
Interest expense coupon interest rate 2.0%/2.5% and 1.5%/2.0%, respectively	1.4	1.7
Interest expense market interest rate applied	2.5	4.4
Effects from the partial repurchases of the bonds		
Partial repurchases of bonds against cash	-13.2	-76.6
Loss on repurchases of bonds (difference between purchase price and book value)	0.8	9.0
Release of accrued interest expenses	0.0	-1.0
Interest paid	-1.3	-1.1
TOTAL LIABILITY COMPONENT	54.7	64.5
Provision for interest payment under accrued expenses and deferred income	-0.7	-0.7
LIABILITY COMPONENT AT 31 DECEMBER	54.0	63.8

Interest expense for the liability component of the bonds is calculated on the effective yield basis by applying the coupon interest rate (7.0%) for equivalent bonds. The interest expense amounts to MCHF 3.9 in 2007 (2006: MCHF 6.1).

The shares of Swisslog IP B.V. are pledged in favor of the convertible bond holders (see Note 5.1).

The financial liabilities are limited by the bonds as follows:

- Short- and long-term financial liabilities (excluding the bonds) of the subsidiaries held directly or indirectly are limited to MCHF 30.0 and their outstanding guarantee facilities are limited to MCHF 116.0.
- In case of breaching the covenants (Note 16.2) of the guarantee facilities the bonds may immediately be recalled at nominal value.

At the end of 2007 the bonds noted at the Swiss stock exchange with 97.50% (2006: 96.50%).

13. Income taxes and deferred taxes

13.1 Income taxes

	2007 MCHF	2006 MCHF
Current income taxes	8.2	11.6
Deferred taxes	2.4	-2.0
TOTAL INCOME TAXES	10.6	9.6

Current income tax includes a credit of MCHF 2.6 and vice versa deferred taxes include a debit of MCHF 2.6, both relating to previous year but in summary having no impact on total income tax. This change became due after substantial reduction of the tax base from the time of tax calculation for Group closing 2006 and the time of preparation of definitive tax declaration. This tax base reduction relates to temporary differences.

13.2 Reconciliation from income taxes at the applicable tax rate to effective income taxes

The applicable tax rate of 32.8% (2006: 32.2%) is a weighted Group tax rate, calculated from the income taxes based on the profits before taxes of each Group company, adjusted by extraordinary non-recurring items, multiplied with the individual applicable tax rate. This rate reflects the actual economic benefit in the different tax legislations. The following elements explain the difference between the income taxes at the applicable Group tax rate and the effective income taxes.

	2007 MCHF	2006 MCHF
INCOME TAXES AT THE APPLICABLE GROUP TAX RATE	9.6	2.0
Effect of applicable Group tax rate to consolidated individual applicable income taxes	2.3	3.0
Non-tax-deductible expenses and non-taxable income	0.9	5.0
Changes in recognition of tax losses	-1.8	0.3
Utilization of unrecognized tax loss carry forwards	-7.2	-3.0
Current year's losses for which no deferred tax assets are recognized	1.9	2.3
Income taxes from previous years	0.3	-0.7
Taxable events which are eliminated in Group closing	4.1	1.5
Others	0.5	-0.8
EFFECTIVE INCOME TAXES	10.6	9.6

13.3 Tax loss carry forwards

	2007 MCHF	2006 MCHF
AVAILABLE TAX LOSS CARRY FORWARDS AT 1 JANUARY	450.7	460.0
Changes due to new tax assessments	12.8	-9.7
Tax losses arising from current year	7.1	11.3
Tax losses utilized against current year profits	-33.7	-10.9
AVAILABLE TAX LOSS CARRY FORWARDS AT 31 DECEMBER	436.9	450.7

Deferred tax assets of MCHF 4.5 (2006: MCHF 2.5) were recorded in respect of available tax loss carry forwards of MCHF 16.9 (2006: MCHF 8.6). Deferred tax assets for unused tax losses are recognized to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilized in the respective countries, or to the extent that the individual enterprises have sufficient taxable temporary differences.

98% (2006: 98%) of tax loss carry forwards are within Europe. Thereof MCHF 160.0 (2006: MCHF 300.0) are only limited utilizable. The reduction of the limited utilizable tax loss carry forwards is caused by the elimination of the double holding structure in Switzerland.

Unused tax loss carry forwards for which no deferred tax has been recognized will expire as follows:

	2007 MCHF	2006 MCHF
After 1 year	0.0	0.0
After 2 years	3.1	0.0
After 3 and more years	316.1	351.5
Unlimited	100.8	90.6
TOTAL UNRECOGNIZED TAX LOSSES	420.0	442.1

13.4 Deferred taxes

Deferred tax assets and liabilities by type of balance-sheet items:

MCHF	2007 Assets	2007 Liabilities	2007 Net	2006 Assets	2006 Liabilities	2006 Net
Tangible/intangible assets	1.5	0.5		0.9	0.2	
Inventories and work in progress	5.8	0.3		3.4	0.1	
Current receivables	0.3	1.6		0.3	2.3	
Long-term liabilities	1.5	1.7		1.7	1.0	
Provisions	1.2	0.0		1.4	0.0	
Short-term liabilities	0.9	7.0		3.9	3.7	
SUBTOTAL BY BALANCE-SHEET ITEMS	11.2	11.1	0.1	11.6	7.3	4.3
Deferred tax assets on tax loss carry forward	4.5	0.0		2.5	0.0	
Offsetting assets with liabilities	-9.8	-9.8		-4.2	-4.2	
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	5.9	1.3	4.6	9.9	3.1	6.8

Deferred tax assets have been offset with liabilities on an individual basis, if there is a legally enforceable right to set off, if it is possible to settle on a net basis, and if the underlying asset and liability is settled simultaneously.

13.5 Investments in subsidiaries

Temporary differences associated with investments in subsidiaries, for which no deferred taxes have been recognized, amount to MCHF 30.7 (2006: MCHF 29.7). No deferred taxes had been recognized as the parent is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax liabilities have not been recognized for withholding tax and other taxes that would be payable on the undistributed earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested.

14. Other liabilities

	2007 MCHF	2006 MCHF
Pension schemes	7.8	9.0
Other long-term employee benefits	1.0	0.5
TOTAL	8.8	9.5

Pension schemes

Besides the statutory social security schemes there exist independent pension plans or pension insurance policies covering substantially all employees. The related assets are primarily held outside the Group. Where this is not the case, the appropriate provisions are made in the balance sheet for pension liabilities. Most of the pension schemes are defined benefit plans. The defined obligations and related assets of the major plans are reappraised yearly and at least every three years (major subsidiaries annually) the obligations are reassessed by independent actuaries. The last valuations were done at effective dates between 31 December 2005 and 31 December 2007 (including all significant pension schemes).

The following is a summary of the status of the main defined benefit plans at 31 December 2007, using IAS 19 (revised) actuarial assumptions.

	2007 MCHF	2006 MCHF
PRESENT VALUE OF BENEFIT OBLIGATIONS AT 1 JANUARY	-163.3	-151.6
Current service cost	-5.3	-5.7
Employee's contributions	-2.9	-2.5
Interest cost	-6.0	-5.5
Actuarial gains (+)/losses (-)	0.5	-2.3
Curtailement, settlement, plan amendments	0.7	0.7
Past service costs	0.0	-0.1
Benefit paid	6.0	6.3
Changes in consolidation scope	-1.5	-0.1
Currency translation differences	1.8	-2.5
PRESENT VALUE OF BENEFIT OBLIGATIONS AT 31 DECEMBER	-170.0	-163.3
FAIR VALUE OF PLAN ASSETS AT 1 JANUARY	141.2	126.0
Expected return-on-plan assets	6.4	6.1
Employer's contributions	5.5	5.8
Employee's contributions	2.9	2.5
Actuarial gains (+)/losses (-)	-0.1	4.6
Benefit paid	-6.0	-6.3
Changes in consolidation scope	1.2	0.0
Currency translation differences	-1.9	2.5
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	149.2	141.2
Present value of benefit obligations at 31 December	-170.0	-163.3
Fair value of plan assets at 31 December	149.2	141.2
NET FUNDED STATUS	-20.8	-22.1
Present value of unfunded obligations	-0.2	-0.3
Unrecognized actuarial losses (+)/gains (-)	13.2	13.4
LIABILITY IN THE BALANCE SHEET	-7.8	-9.0
MOVEMENT IN THE LIABILITY	MCHF	MCHF
Liability recognized in balance sheet at the beginning of the period	-9.0	-10.0
Changes in consolidation scope	-0.2	0.0
Currency translation differences	-0.1	0.0
Expense for pension schemes recognized in the income statement	-4.0	-4.8
Employer's contributions	5.5	5.8
LIABILITY RECOGNIZED IN BALANCE SHEET AT THE END OF THE PERIOD	-7.8	-9.0
EXPENSE FOR PENSION SCHEMES RECOGNIZED IN THE INCOME STATEMENT	MCHF	MCHF
Current service cost	-5.3	-5.7
Interest cost	-6.0	-5.5
Expected return-on-plan assets	6.4	6.1
Net actuarial gains (+) and losses (-) recognized in the period	0.2	-0.3
Curtailement, settlement and plan amendments	0.7	0.7
Past service costs	0.0	-0.1
TOTAL, INCLUDED IN THE INCOME STATEMENT	-4.0	-4.8

Plan assets

The major categories of plan assets as percentage of the fair value of total plan assets are as follows:

	2007	2006
Equity instruments	23.9%	23.6%
Debt instruments	36.9%	38.1%
Property	10.2%	9.9%
Other ¹	29.0%	28.4%
TOTAL	100.0%	100.0%

¹ This position includes, amongst others, the assets for reinsurance

Strategic pension plan asset allocations are determined by the objective to achieve an investment return which, together with the contributions paid, is sufficient to maintain reasonable control over the various funding risks of the plans.

The expected contributions to be paid by the Group in respect of defined benefit pension plans for the year 2008 are estimated at MCHF 6.0.

	MCHF	MCHF
Actual return-on-plan assets	6.3	11.1

The following shows a three-year summary reflecting the funding of defined benefit pensions and the actuarial gains and losses.

	2007 MCHF	2006 MCHF	2005 MCHF
Present value of benefit obligations at 31 December	-170.0	-163.3	-151.6
Fair value of plan assets at 31 December	149.2	141.2	126.0
NET FUNDED STATUS	-20.8	-22.1	-25.6
Experience adjustment on plan liabilities	0.5	-1.0	-0.7
Change in assumptions adjustments on plan liabilities	0.0	-1.3	-9.3
Experience adjustment on plan assets	-0.1	4.6	-0.5

ACTUARIAL ASSUMPTIONS

Discount rate	3.00%–6.00%	3.00%–5.75%
Expected return-on-plan assets	2.00%–7.50%	2.00%–7.75%
Future salary increases	1.25%–5.25%	1.25%–5.25%
Future pension-benefit increases	0.50%–3.50%	0.50%–3.50%

The total amount of contributions paid for defined contribution plans in 2007 amounts to MCHF 3.0 (2006: MCHF 2.4).

OTHER LONG-TERM EMPLOYEE BENEFITS	2007 MCHF	2006 MCHF
Liability at 1 January	0.5	1.1
Increase/decrease of the liability	0.5	-0.6
Liability at 31 December	1.0	0.5

Other long-term employee benefits mainly cover long-service benefits.

Share-based payments

No shares or share options were offered to the employees in 2007 and 2006.

15. Trade payables

	2007 MCHF	2006 MCHF
TRADE PAYABLES	64.1	69.5

Trade payables are non-interest bearing and are generally settled on 60-day terms. They are initially recognized at fair value and subsequently measured at amortized costs which is equal to the carrying amount.

16. Provisions and contingent liabilities

16.1 Provisions

MCHF	Projects	Warranties	Current provisions		Total
			Restructuring	Other	
At 1 January 2007	7.6	5.2	0.2	2.4	15.4
Changes in consolidation scope	0.0	1.3	0.0	0.3	1.6
Additions	1.7	6.1	0.0	0.5	8.3
Unused reversed	-0.5	-1.5	0.0	-0.2	-2.2
Used during year	-2.5	-2.5	0.0	-0.5	-5.5
Currency translation differences	0.0	-0.1	0.1	0.0	0.0
AT 31 DECEMBER 2007	6.3	8.5	0.3	2.5	17.6
At 1 January 2006	2.3	4.7	1.4	3.1	11.5
Additions	6.0	2.7	0.1	1.6	10.4
Unused reversed	0.0	-0.3	0.0	-1.1	-1.4
Used during year	-0.9	-1.9	-1.3	-1.2	-5.3
Currency translation differences	0.2	0.0	0.0	0.0	0.2
AT 31 DECEMBER 2006	7.6	5.2	0.2	2.4	15.4

All provisions are classified as current because it is expected that they will be settled in the entity's normal operating cycle. The changes in consolidation scope relates to the acquisition of Accalon AB (Sweden) and Collett AS (Norway) (see Note 1.28).

A considerable part in the category projects relates to a project of the division Warehouse & Distribution Solutions in Europe and is unchanged compared to the previous year.

In connection with its ordinary business operations, the Group is involved in legal disputes. The necessary provisions have been created on the basis of the currently available information.

16.2 Contingent liabilities

Contingent liabilities amount to MCHF 4.8 (2006: MCHF 2.6). The major part of the contingent liabilities is related to projects of Warehouse & Distribution Solutions in Europe.

A competitor has filed a complaint against Swisslog's PillPick solution in North America in 2005 alleging infringement of two patents. Swisslog Group does not expect a material impact from that complaint because the PillPick sales are less than 10% of total sales of division Healthcare Solutions in 2007 and 2006, and on the other hand Swisslog Group does not believe to infringe patents from today's perspective. Swisslog defends this position.

The total amount of guarantees in favour of third parties is MCHF 123.4 at the end of 2007 (2006: MCHF 191.0).

Guarantee facilities of MCHF 100.0 (2006: MCHF 80.0) of a bank syndicate are secured by the pledge of TransLogic Corp. (USA). As per 31 December 2007, the shareholders' equity of TransLogic Corp. (USA) amounted to MCHF 32.0 (2006: MCHF 33.3).

The guarantee facilities are bonded mainly by the following covenants:

- Minimum equity of MCHF 105.0 (monthly compliance)
- Operating profit before depreciation, amortization and impairment of goodwill (EBITDA) on a 12 months rolling basis minimum MCHF 30.0; as of 30 June 2008 minimum MCHF 32.0 (quarterly compliance)
- Adjusted net debt in relation to operating profit before depreciation, amortization and impairment of goodwill (EBITDA) maximum 2.25; as of 30 June 2008 maximum 2.00 (quarterly compliance). The adjusted net debt consists of the convertible bonds (nominal value) minus fixed percentages of the issued guarantees by the banks less cash, cash equivalents and marketable securities.

In case of a breach of the covenants the banking syndicate has the right to cancel the credit facilities at any time. In the period of 2007 and 2006 Swisslog Group kept the conditions of the covenants without exception.

17. Accrued expenses and deferred income

	2007 MCHF	2006 MCHF
Personnel accruals	27.2	20.4
Business and project accruals	21.3	17.0
Tax accruals without income tax	0.6	0.6
Others	11.4	6.9
TOTAL	60.5	44.9

Income taxes are shown in Note 13, Income taxes and deferred taxes.

18. Operating expenses

	2007 MCHF	2006 MCHF
MATERIAL AND SERVICE EXPENSES		
Change in inventories	-1.5	-1.2
Material expense	294.5	279.1
Service expense	19.8	12.1
TOTAL	312.8	290.0
PERSONNEL EXPENSE		
Wages and salaries	193.6	173.2
Social security and other personnel costs (compare with Note 14)	65.7	55.0
TOTAL	259.3	228.2
OTHER OPERATING EXPENSES		
Other operating expense	97.1	91.1

This item includes all operating and recurring administrative sales, and development expenses from normal business activities which are not shown under other headings in the income statement. The 2007 result includes development expenses of MCHF 11.4 (2006: MCHF 12.2).

19. Financial result

	2007 MCHF	2006 MCHF
FINANCIAL INCOME		
Interest income	2.6	3.5
Changes in the fair value of the marketable securities – held for trading	0.5	0.0
Other financial income	0.3	0.1
Foreign exchange gains	0.3	1.4
TOTAL	3.7	5.0
FINANCIAL EXPENSE		
Interest expense for the coupon of the convertible bonds	-1.4	-1.7
Interest expense for convertible bonds market interest rate applied	-2.5	-4.4
Other interest expense	-0.4	-0.4
Loss on repurchases of convertible bonds	-0.8	-9.0
Other financial expense	-2.1	-3.8
Foreign exchange losses	-1.6	-0.6
TOTAL	-8.8	-19.9

Interest income relates to interest on money market investments in CHF and foreign currencies. The position changes in the fair value of the marketable securities – held for trading includes interest income, dividends received, realized and unrealized foreign exchange gains and losses on a net basis (see Note 10.2). The portfolio with the financial instruments held for trading was only implemented at the end of 2006; therefore, there is no income for 2006. Details with respect to the partial repurchases of the convertible bond are included in Note 12 (convertible bonds). Other financial expense includes costs for the facility fee for the guarantees.

20. Operating leases

	2007 MCHF	2006 MCHF
Minimum lease payments per 31 December		
due within one year	8.6	7.6
due after one and before five years	22.3	19.8
due after five years	8.9	11.9
TOTAL	39.8	39.3

Minimum lease payments primarily include tenancy agreements. Operating leasing costs totalled MCHF 7.4 in 2007 (2006: MCHF 9.4).

21. Financial instruments by category

MCHF	Note	Held- for-trading	Loans and receivables	Available- for-sale	Other liabilities	Total
ASSETS AT 31 DECEMBER 2007						
Available-for-sale financial assets	5	0.0	0.0	13.9	0.0	13.9
Long-term interest-bearing receivables	5	0.0	6.4	0.0	0.0	6.4
Trade receivables	7	0.0	106.1	0.0	0.0	106.1
Marketable securities	10	19.2	0.0	0.0	0.0	19.2
Cash and cash equivalents	10	80.3	0.0	0.0	0.0	80.3
TOTAL		99.5	112.5	13.9	0.0	225.9
LIABILITIES AT 31 DECEMBER 2007						
Convertible bonds	12	0.0	0.0	0.0	54.0	54.0
Trade payables	15	0.0	0.0	0.0	64.1	64.1
TOTAL		0.0	0.0	0.0	118.1	118.1
ASSETS AT 31 DECEMBER 2006						
Available-for-sale financial assets	5	0.0	0.0	13.2	0.0	13.2
Long-term interest-bearing receivables	5	0.0	6.7	0.0	0.0	6.7
Trade receivables	7	0.0	111.9	0.0	0.0	111.9
Marketable securities	10	15.9	0.0	0.0	0.0	15.9
Cash and cash equivalents	10	88.3	0.0	0.0	0.0	88.3
TOTAL		104.2	118.6	13.2	0.0	236.0
LIABILITIES AT 31 DECEMBER 2006						
Convertible bonds	12	0.0	0.0	0.0	63.8	63.8
Trade payables	15	0.0	0.0	0.0	69.5	69.5
TOTAL		0.0	0.0	0.0	133.3	133.3

The above disclosed carrying amounts are reasonable approximation of fair value except the category loans and receivables which are recognized at amortized costs. The differences between the carrying amount and the fair values are not material. The net gains or net losses of some classes are disclosed in Note 19 Financial result. Within the marketable securities exists a derivative financial instrument of MCHF -0.1 which is measured at fair value.

22. Related-Party Transactions

The shares of Swisslog Holding AG are widely held. For major shareholders please refer to page 69.

No transactions were carried out with related parties in 2007.

	2007 MCHF	2006 MCHF
COST OF COMPENSATION FOR KEY MANAGEMENT		
Salaries and other short-term employee benefits	3.5	3.4
Termination benefits ¹	0.0	0.0
Post-employment benefits and insurance	0.3	0.3
TOTAL	3.8	3.7

Key Management includes the members of the Board of Directors (2007: 5/2006: 4) and the members of the executive committee (2007: 5/2006: 6).

¹ A clause of change in control in the amount of two annual compensations was agreed on with one member of the executive committee

23. Earnings per share (EPS)

	2007	2006
Net result (MCHF)	18.8	-3.5
Weighted average number of shares outstanding	251 276 984	227 893 232
Earnings per share, basic (CHF)	0.07	-0.02

In order to determine the earnings per share, the Group's average holding of own shares was deducted from the average number of shares outstanding of 251 276 984 (2006: 227 893 232). In 2007 and 2006 the Group did not hold any own shares.

The rights to exercise the convertible bonds expired on 4 July 2005. There are no dilutive effects in 2007 and 2006.

24. Dividends per share

At the Annual General Meeting in April 2008, no dividend distribution in respect of 2007 is to be proposed.

The dividends per share declared in respect of 2006 and 2005 were CHF 0.00.

Report of the Group Auditors to the General Meeting of Swisslog Holding AG, Buchs

As group auditors, we have audited the consolidated financial statements (balance sheet, income statement, cash flow statement, statement of changes in equity and notes, shown on pages 38 to 63) of Swisslog Group for the year ended December 31, 2007.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards and with International Standards on Auditing, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test-basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

We recommend that the consolidated financial statements submitted to you be approved.

Ernst & Young AG



Robert-Jan Bumbacher
Swiss Certified Accountant
(Auditor in charge)



Philip Klopfenstein
Swiss Certified Accountant

Basel, February 28, 2008

2007 FINANCIAL STATEMENTS
OF SWISSLOG HOLDING AG

Balance Sheet, Income Statement of Swisslog Holding AG

BALANCE SHEET

At 31 December

	Note	2007 ¹ TCHF	2006 TCHF
ASSETS			
Cash and cash equivalents		11 099	9 414
Marketable securities		24 749	13 007
Other assets			
Group companies		51 238	0
Third parties		609	17
Prepaid expenses and accrued income		311	3
CURRENT ASSETS		88 006	22 441
Tangible and intangible assets		275	0
Loans with Group companies		38 510	187 681
Investments in Group companies	10	181 509	0
Other financial assets	2/4	14 202	0
NON-CURRENT ASSETS		234 496	187 681
TOTAL ASSETS		322 502	210 122
EQUITY AND LIABILITIES			
Trade payables		470	0
Other liabilities			
Group companies		123 547	18 589
Third parties		108	65
Accrued expenses and deferred income		2 399	764
CURRENT LIABILITIES		126 524	19 418
Provision		887	0
Bonds/Convertible bonds 2000–2009	2	71 825	71 825
NON-CURRENT LIABILITIES		72 712	71 825
TOTAL LIABILITIES		199 236	91 243
Share capital		2 513	2 513
Statutory reserves		83 604	83 604
Retained earnings		37 149	32 762
<i>Carry forward</i>		32 762	34 764
<i>Net result</i>		4 387	-2 002
EQUITY		123 266	118 879
TOTAL EQUITY AND LIABILITIES		322 502	210 122

INCOME STATEMENT

1 January to 31 December

		2007 ¹ TCHF	2006 TCHF
INCOME			
Financial income		11 956	5 039
Dividend payments on investments		13 278	0
Fee for corporate services		8 113	0
TOTAL INCOME		33 347	5 039
EXPENSE			
Financial expense		16 309	5 824
Personnel expense		4 854	0
Other administration expense		7 077	1 162
Depreciation		123	0
TOTAL EXPENSE		28 363	6 986
Tax expenses		597	55
NET RESULT		4 387	-2 002

1 Including Swisslog Management AG, see Note 1

Notes to the 2007 Financial Statements of Swisslog Holding AG

1. Elimination of the double holding structure as per 1 January 2007

In connection with the elimination of the double holding structure the investments and the financing and management functions of the Swisslog Management AG have been transferred to the Swisslog Holding AG. Therefore, the prior year figures of the statutory financial statements have a limited comparability with the actual year.

2. Bonds/convertible bonds 2000–2009

In 2007 part of the bonds have been repurchased in the amount of TCHF 13 237 (nominal value TCHF 13 708); these are classified as non-current financial asset. The final maturity date of the bonds with a remaining value of TCHF 71 825 is 31 December 2009. Interest is paid annually on 7 July, with the final payment occurring on 31 December 2009. Interest rates are as follows: 2003/04 0.5%, 2004/05 1.0%, 2005/06 1.5%, 2006/07 2.0%, 2007/08 2.5%, 2008/09 3.0%, 2009 (07.07.–31.12.) 3.5%. The conversion rights regarding convertible bonds from Swisslog Holding AG, Valor 001090606, have elapsed on 4 July 2005. Until expiration deadline no conversion rights were exercised.

3. Contingent liabilities

	2007 TCHF	2006 TCHF
Guarantees to third parties	50 193	94 613

Guarantee facilities of a bank syndicate are secured by the pledge of the shares of Translogic Corp. (USA) which is a subsidiary held indirectly by Swisslog Holding AG.

4. Restricted assets

	2007 TCHF	2006 TCHF
Rent deposit	965	0

5. Fire insurance value of tangible assets

	2007 TCHF	2006 TCHF
Fire insurance value of tangible assets	2 911	0

6. Liabilities due to pension plans

	2007 TCHF	2006 TCHF
Liabilities due to pension plans	46	0

7. Board and executive compensation disclosures

7.1 Compensation for current and former members of the board and the executive committee

The compensation of the members of the board and the executive committee for the year 2007 is as shown in the table (article 663b^{bis} of the Swiss Code of Obligations).

	Function	Fixed compensation in TCHF	Variable compensation ¹ in TCHF	Other costs of compensation ² in TCHF	Total 2007 in TCHF	
MEMBERS OF THE BOARD						
	Hans Ziegler	President	180	not applicable	0	180
	Jürg Rückert	Vice-president	70	not applicable	4	74
	Heinz Bachmann	Member	44 ³	not applicable	2	46
	Jacques Réjeange	Member	70	not applicable	2	72
	Manfred Schuster	Member	70	not applicable	0	70
	TOTAL		434		8	442
MEMBERS OF THE EXECUTIVE COMMITTEE						
	Remo Brunswiler	CEO	553	370	118	1 041
	Other members (4) ⁴	Members	1 226	435	234	1 895
	TOTAL		1 779	805	352	2 936
FORMER MEMBERS OF THE BOARD⁵						
	None		0	0	0	0
FORMER MEMBERS OF THE EXECUTIVE COMMITTEE⁵						
	Former member (1)	Member	145	20	26	191

1 Accrued bonus 2007 that will be paid out after the Annual General Meeting 2008

2 "Other costs of compensation" include compulsory social security contributions (e.g. Swiss AHV/IV/EO), contributions to pension schemes (in Switzerland and the USA), supplementary insurance benefits, and benefits in kind (e.g. company car)

3 The Annual General Meeting of 16 May 2007 has elected Mr. Bachmann as a new member of the board. The disclosed compensation covers the period from 16 May 2007 until 31 December 2007

4 Including compensation for one member of the executive committee who ceased acting in this capacity as per 30 November 2007. Payroll claims for 2008 (within the notice period) are not included here

5 Former members of the board and the executive committee are those persons who ceased their activity in a body of the company in 2006 or earlier. Dr. Michael Werder, who left the Board of Directors mid-2006, was paid CHF 60 000 in his capacity as bondholder representative

7.2 Loans and credits to members of the board and the executive committee

No loans, credits, or advances were granted to members of the board and the executive committee or persons closely linked to them. No such loans were outstanding as of 31 December 2007.

8. Investment in shares of Swisslog Holding AG held by members of the board and the executive committee

The table shows the number of Swisslog-shares owned by the members of the board and the executive committee (including persons closely linked to them) as per 31 December 2007 according to article 663c section 3 of the Swiss Code of Obligations.

			Number of Swisslog Shares in thousands
MEMBERS OF THE BOARD			
	Hans Ziegler	President	560
	Jürg Rückert	Vice-president	0
	Heinz Bachmann	Member	15
	Jacques Réjeange	Member	209
	Manfred Schuster	Member	0
	TOTAL		784
MEMBERS OF THE EXECUTIVE COMMITTEE			
	Remo Brunswiler	CEO, WDS Division President (ad interim)	400
	Charlie Kegley	HCS Division President	100
	Christian Mäder	CFO	0
	Dr. Philipp Uschatz	Head of Corporate HR	65
	TOTAL		565

9. Commitments against Main Division of the Swiss Federal Tax Administration (VAT)

Swisslog Holding AG together with Swisslog AG forms a tax group with respect to the Swiss Federal Tax Administration – Main Division VAT. This tax group has a joint liability for taxes owed by the Group.

10. Significant shareholders

		2007	2006
Chase Nominees Ltd., London	(Nominee)	6.3%	<5.0%

11. Investments

The investments directly held by Swisslog Holding AG are disclosed in the Annual Report on page 72 (point 1a and b).

12. Statement of changes in equity

TCHF	Share capital	Statutory reserves	Retained earnings carry forward	Retained earnings result	Equity
AT 31 DECEMBER 2005¹	1 795	11 092	36 268	-1 504	47 651
Appropriation of net loss 2005			-1 504	1 504	0
Capital increase	718	72 512			73 230
Net result 2006				-2 002	-2 002
AT 31 DECEMBER 2006¹	2 513	83 604	34 764	-2 002	118 879
Appropriation of net loss 2006			-2 002	2 002	0
Net result 2007				4 387	4 387
AT 31 DECEMBER 2007¹	2 513	83 604	32 762	4 387	123 266

¹ Before appropriation

13. Appropriation of retained earnings at 31 December 2007 (proposal of the Board of Directors)

The net gain of TCHF 4 387 is appropriated to the retained earnings.

The retained earnings at 31 December 2007 of TCHF 37 149 will be carried forward to new account.

Report of the Statutory Auditors to the General Meeting of Swisslog Holding AG, Buchs

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes, shown on pages 66 to 69) of Swisslog Holding AG for the year ended December 31, 2007.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with Swiss Auditing Standards, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test-basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

We recommend that the financial statements submitted to you be approved.

Ernst & Young AG



Robert-Jan Bumbacher
Swiss Certified Accountant
(Auditor in charge)



Philip Klopfenstein
Swiss Certified Accountant

Basel, February 28, 2008

SUBSIDIARIES AND INVESTMENTS
OF SWISSLOG GROUP

KEY FIGURES
FOR SHARE CAPITAL

CONSOLIDATED DATA
FOR THE PAST 5 YEARS

Subsidiaries and investments of Swisslog Group at 31 December 2007

Subsidiary	Registered office / Country	Consolidated on Y/M	Currency	Share capital Amount	Equity interest %
1. SUBSIDIARIES DIRECTLY HELD BY SWISSLOG HOLDING AG					
A) FULLY CONSOLIDATED MANAGEMENT AND FINANCING SUBSIDIARIES					
Swisslog IP B.V.	Amsterdam / Netherlands	99/01	EUR	0.02 Mio.	100%
Swisslog Holdings (UK) Ltd.	Slough / UK	97/12	GBP	1.01 Mio.	100%
Swisslog USA Inc.	City of Dover / USA	99/09	USD	0.00 Mio.	100%
Digitron Italia Srl	Milan / Italy	90/01	EUR	0.08 Mio.	100%
B) FULLY CONSOLIDATED OPERATIVE SUBSIDIARIES					
Swisslog AB	Partille / Sweden	97/01	SEK	10.00 Mio.	100%
Swisslog AG	Buchs / Switzerland	86/01	CHF	10.00 Mio.	100%
Swisslog AS	Bergen / Norway	98/07	NOK	0.40 Mio.	100%
Swisslog Australia Pty. Ltd.	Epping / Australia	96/01	AUD	0.00 Mio.	100%
Swisslog B.V.	Culemborg / Netherlands	86/01	EUR	0.02 Mio.	100%
Swisslog Collett AS	Oslo / Norway	07/09	NOK	4.00 Mio.	100%
Swisslog France SA	Gennevilliers / France	99/09	EUR	0.84 Mio.	100%
Swisslog Luxembourg S.A.	Mamer / Luxembourg	00/11	EUR	1.35 Mio.	100%
Swisslog Malaysia Sdn Bhd	Selangor Darul Ehsan / Malaysia	97/01	MYR	0.25 Mio.	100%
Swisslog N.V.	Wilrijk / Belgium	94/01	EUR	0.12 Mio.	100%
Swisslog Polska Sp. z o.o.	Warsaw / Poland	00/05	PLN	0.10 Mio.	100%
Swisslog Pte. Ltd.	Singapore	99/09	SGD	0.60 Mio.	95%
Swisslog (Shanghai) Co., Ltd.	Shanghai / China	04/02	USD	0.28 Mio.	100%
Swisslog Singapore Pte. Ltd.	Singapore	97/01	SGD	0.10 Mio.	100%
2. SIGNIFICANT SUBSIDIARIES NOT DIRECTLY HELD BY SWISSLOG HOLDING AG					
A) FULLY CONSOLIDATED MANAGEMENT AND FINANCING SUBSIDIARIES					
Swisslog (Deutschland) GmbH	Puchheim / Germany	89/01	EUR	3.40 Mio.	100%
B) FULLY CONSOLIDATED OPERATIVE SUBSIDIARIES					
Swisslog-Accalon AB	Boxholm / Sweden	07/06	SEK	1.00 Mio.	100%
Swisslog GmbH	Dortmund / Germany	97/12	EUR	1.00 Mio.	100%
Swisslog Healthcare (UK) Ltd.	Slough / UK	99/09	GBP	0.00 Mio.	100%
Swisslog Italia S.p.A.	Milan / Italy	89/01	EUR	0.55 Mio.	100%
Swisslog (UK) Ltd.	Slough / UK	94/01	GBP	0.25 Mio.	100%
Swisslog Logistics, Inc.	Newport News / USA	98/07	USD	0.12 Mio.	100%
Swisslog Rohrpostsysteme GmbH	Westerstede / Germany	99/09	EUR	0.50 Mio.	100%
Swisslog Teletift GmbH	Puchheim / Germany	99/09	EUR	0.84 Mio.	100%
TransLogic Corp.	Denver / USA	99/09	USD	0.00 Mio.	100%
TransLogic Ltd.	Mississauga / Canada	99/09	CAD	0.00 Mio.	100%
Wassermann AG	Munich / Germany	01/08	EUR	0.71 Mio.	100%

Key figures for share capital

	Unit	2007	2006	2005	2004	2003
Share capital	MCHF	2.5	2.5	1.8	1.8	30.3
Shares (at year-end)	Thousands	251 277	251 277	179 484	179 484	15 178
Dividend/registered share	CHF	0.00	0.00	0.00	0.00	0.00
Dividend ¹	MCHF	0.0	0.0	0.0	0.0	0.0
Net result	MCHF	18.8	-3.5	1.8	1.9	-245.9
Basic earnings per share	CHF	0.07	-0.02	0.01	0.02	-14.09
Cash EPS ¹	CHF	0.08	0.04	0.05	0.13	-8.05
Quoted price of registered share ²	High	CHF 2.11	1.79	1.32	6.60	12.80
	Low	CHF 1.45	1.16	0.99	0.84	1.95
Market capitalization (at year-end)	MCHF	402.0	387.0	221.2	179.5	86.1
Consolidated equity	MCHF	156.4	143.0	80.2	68.4	-121.7
Equity/registered share	CHF	0.6	0.6	0.4	0.6	-7.0
Market capitalization in % of the equity	%	257	271	276	262	NA
Price Earnings Ratio (PE Ratio) ³	Factor	21.4	58.6	122.9	17.6	NA

1 Proposal of the Board of Directors for 2007 no dividend to be distributed

2 Rate of the day

3 Related to net result before amortization/impairment of goodwill

Financial year	ending 31 December
Year incorporated	1900, Holding Company 1986
Registered office	Buchs/Aarau, Switzerland
Exchange listing	SWX Swiss Exchange
Bylaws	latest revision of bylaws: 22 June 2006
Share capital	MCHF 2.5 251 276 984 registered shares at a par value of CHF 0.01
Registration limit	as of existing law

Consolidated data for the past 5 years

CONSOLIDATED BALANCE SHEET

At 31 December	2007 MCHF	2006 MCHF	2005 MCHF	2004 MCHF	2003 MCHF
ASSETS					
Property, plant, equipment and investment property	14.0	14.0	16.0	17.2	45.1
Goodwill	90.8	88.3	100.9	94.0	108.8
Other intangible assets	7.2	5.3	5.4	5.3	6.7
Deferred tax assets	5.9	9.9	7.8	9.7	15.3
Financial assets	20.3	19.9	19.9	23.5	26.5
NON-CURRENT ASSETS	138.2	137.4	150.0	149.7	202.4
Inventories	30.8	25.5	26.7	32.7	38.0
Trade receivables, prepaid expenses/accrued income and other receivables	175.3	168.6	171.2	141.9	151.2
Cash, cash equivalents and marketable securities	99.5	104.2	84.1	91.0	48.4
CURRENT ASSETS	305.6	298.3	282.0	265.6	237.6
TOTAL ASSETS	443.8	435.7	432.0	415.3	440.0
EQUITY AND LIABILITIES					
Share capital	2.5	2.5	1.8	1.8	30.3
Reserves	153.8	140.4	78.3	66.4	-152.7
Minority interest	0.1	0.1	0.1	0.2	0.7
EQUITY	156.4	143.0	80.2	68.4	-121.7
Interest-bearing borrowings	54.0	63.8	127.0	120.6	143.4
Deferred tax liabilities	1.3	3.1	2.8	6.2	9.0
Other non-current liabilities	8.8	9.5	11.1	12.2	20.7
NON-CURRENT LIABILITIES	64.1	76.4	140.9	139.0	173.1
Trade and other payables	64.1	69.5	70.0	69.8	73.2
Advance payments from customers	65.1	68.2	65.7	53.3	24.6
Short-term borrowings	0.0	0.0	0.0	0.3	185.4
Provisions	17.6	15.4	11.5	17.7	35.3
Income tax payables	2.0	5.5	5.3	2.0	8.0
Other short-term liabilities	14.0	12.8	13.5	16.6	14.9
Accrued expenses and deferred income	60.5	44.9	44.9	48.2	47.2
CURRENT LIABILITIES	223.3	216.3	210.9	207.9	388.6
TOTAL EQUITY AND LIABILITIES	443.8	435.7	432.0	415.3	440.0
Number of consolidated operative companies	25	27	27	29	32

CONSOLIDATED INCOME STATEMENT

1 January to 31 December	2007 MCHF	2006 MCHF	2005 MCHF	2004 MCHF	2003 MCHF
Order intake	862.9	677.3	628.6	579.4	775.7
Order backlog (at year-end)	688.8	538.0	510.8	410.6	467.9
CONTINUING OPERATIONS:					
NET SALES	707.6	646.9	556.4	564.9	633.2
Other operating income	3.1	0.2	0.2	2.6	3.8
Material and service expense	312.8	290.0	222.0	234.8	294.9
Personnel expense	259.3	228.2	218.8	225.6	242.0
Depreciation, amortization and impairment	7.0	6.7	7.0	7.5	30.0
Other operating expense	97.1	91.1	87.0	89.2	80.9
Total operating expense	676.2	616.0	534.8	557.1	647.8
OPERATING PROFIT BEFORE AMORTIZATION/IMPAIRMENT OF GOODWILL (EBITA)	34.5	31.1	21.8	10.4	-10.8
Amortization/impairment of goodwill	0.0	10.1	0.0	8.3	85.0
OPERATING PROFIT (EBIT)	34.5	21.0	21.8	2.1	-95.8
Net financial result	-5.1	-14.9	-8.8	12.1	-76.8
RESULT BEFORE TAX	29.4	6.1	13.0	14.2	-172.6
Income taxes	-10.6	-9.6	-11.2	-8.1	-19.5
RESULT CONTINUING OPERATIONS AFTER TAX	18.8	-3.5	1.8	6.1	-192.1
Attributable to:					
Equity holders of the parent	18.8	-3.5	1.8	6.1	-191.2
Minority interest	0.0	0.0	0.0	0.0	-0.9
DISCONTINUED OPERATIONS:					
Net sales	0.0	0.0	0.0	32.6	169.6
Other operating income	0.0	0.0	0.0	0.1	2.5
Operating expense	0.0	0.0	0.0	-39.6	-201.4
Gain/loss on disposal of investments	0.0	0.0	0.0	4.3	-21.0
Net financial result	0.0	0.0	0.0	-0.9	-2.0
RESULT BEFORE TAX	0.0	0.0	0.0	-3.5	-52.3
Income taxes	0.0	0.0	0.0	-0.7	-1.5
RESULT DISCONTINUED AFTER TAX	0.0	0.0	0.0	-4.2	-53.8
Attributable to:					
Equity holders of the parent	0.0	0.0	0.0	-4.2	-53.8
Minority interest	0.0	0.0	0.0	0.0	0.0
NET RESULT	18.8	-3.5	1.8	1.9	-245.9
Attributable to:					
Equity holders of the parent	18.8	-3.5	1.8	1.9	-245.0
Minority interest	0.0	0.0	0.0	0.0	-0.9

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