FINANCIAL REPORT
CONTENTS

2010 CONSOLIDATED FINANCIAL STATEMENTS OF SWISSLOG GROUP

Consolidated Balance Sheet

At 31 December	Note	2010 MCHF	2009 MCHF
ASSETS			
Property, plant and equipment	3	13.2	14.9
Goodwill	4	72.3	80.1
Other intangible assets	3	12.9	12.2
Deferred tax assets	12	6.7	5.4
Other assets	5	6.0	6.2
NON-CURRENT ASSETS		**111.1**	**118.8**
Inventories	6	23.3	22.9
Trade receivables	7	78.2	72.1
Amount due from customers for construction contracts	8	38.8	40.1
Income tax receivables		4.6	3.2
Prepaid expenses and accrued income	9	13.4	10.1
Other receivables	9	12.9	11.4
Current financial assets	10	1.0	0.4
Cash and cash equivalents	10	85.3	124.0
CURRENT ASSETS		**257.5**	**284.2**
TOTAL ASSETS		**368.6**	**403.0**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital	11	2.5	2.5
Share premium		80.4	80.3
Treasury shares	11	–2.4	–1.7
Retained earnings		137.6	128.9
Currency translation reserves		–65.4	–48.8
Non-controlling interests		0.0	0.1
EQUITY		**152.7**	**161.3**
Deferred tax liabilities	12	0.9	1.3
Employee benefit liability and similar liabilities	13	7.3	8.4
NON-CURRENT LIABILITIES		**8.2**	**9.7**
Trade payables	14	54.8	59.4
Amount due from customers for construction contracts	8	72.6	92.5
Provisions	16	9.9	11.1
Income tax payables		3.8	2.6
Accrued expenses and deferred income	15	33.2	31.1
Other liabilities	15	13.2	15.2
Financial liabilities	18	20.2	20.1
CURRENT LIABILITIES		**207.7**	**232.0**
TOTAL EQUITY AND LIABILITIES		**368.6**	**403.0**

Consolidated Income Statement

1 January to 31 December	Note	2010 MCHF	2009 MCHF
NET SALES	2	**614.8**	**649.9**
Other operating income		1.2	2.5
Material and service expenses	19	268.9	303.3
Personnel expenses	19, 20	238.8	240.7
Other operating expenses	19	80.2	68.9
Depreciation and amortization	2, 3	8.0	11.1
OPERATING PROFIT (EBIT)		**20.1**	**28.4**
Financial income	21	2.1	4.1
Financial expenses	21	–1.7	–8.4
RESULT BEFORE TAX		**20.5**	**24.1**
Income taxes	12	–6.9	–6.4
NET RESULT		**13.6**	**17.7**
Attributable to:			
Equity holders of the parent		13.6	17.7
EARNINGS PER SHARE	25	CHF	CHF
Basic/diluted earnings per share		0.05	0.07

Consolidated Statement of Comprehensive Income

1 January to 31 December	2010 MCHF	2009 MCHF
NET RESULT GROUP	**13.6**	**17.7**
Currency translation differences	–16.6	–0.3
OTHER COMPREHENSIVE INCOME	**–16.6**	**–0.3**
TOTAL COMPREHENSIVE INCOME	**–3.0**	**17.4**
Attributable to:		
Equity holders of the parent	–3.0	17.4

Consolidated Cash Flow Statement

1 January to 31 December	Note	2010 MCHF	2009 MCHF
CASH FLOW FROM OPERATING ACTIVITIES			
Net result		13.6	17.7
Adjustment for:			
Income taxes	12	6.9	6.4
Depreciation and amortization	3	8.0	11.1
Net financial result	21	–0.4	4.3
Change in pension liabilities		–0.2	2.3
Loss from sales of tangible assets		0.1	0.0
Share-based payments expenses	20	0.1	0.2
Other non-cash transactions		–0.5	–1.2
Income taxes paid		–6.6	–8.7
CASH FLOW BEFORE WORKING CAPITAL CHANGES		**21.0**	**32.1**
Increase (–)/decrease (+) of:			
Inventories		–2.4	3.9
Trade receivables, amount due from customers for construction contracts, prepaid expenses, accrued income and other receivables		–13.1	35.8
Increase (+)/decrease (–) of:			
Trade payables		–4.4	–9.3
Amount due to customers for construction contracts		–17.7	–8.0
Other liabilities and accrued expenses and deferred income		–0.8	–6.3
Provisions		–1.1	0.5
CASH FLOW FROM NET CURRENT ASSETS		**–39.5**	**16.6**
NET CASH FLOW FROM OPERATING ACTIVITIES		**–18.5**	**48.7**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment	3	–5.3	–6.7
Investments in intangible assets	3	–4.5	–3.9
Disposal of current financial assets		0.0	11.5
Disposal of property, plant, equipment and intangible assets		0.2	0.1
Cash outflow on acquisitions	1.27	0.0	–1.9
Acquisition of non-controlling interests	1.27	–0.1	0.0
Other assets	5	–0.8	0.0
Interest received		0.8	1.1
NET CASH FLOW FROM INVESTING ACTIVITIES		**–9.7**	**0.2**
CASH FLOW FROM FINANCING ACTIVITIES			
Partial repurchase/repayment of convertible bonds	17	0.0	–39.2
Financial liabilities	18	0.1	20.0
Interest paid		–0.3	–1.7
Other financial expenses paid		–0.9	–0.9
Dividend payment	26	–5.0	–5.0
Purchase (–)/sale (+) of treasury shares		–0.7	0.2
NET CASH FLOW FROM FINANCING ACTIVITIES		**–6.8**	**–26.6**
Currency translation differences on cash and cash equivalents		–3.7	0.7
NET CHANGE IN CASH AND CASH EQUIVALENTS		**–38.7**	**23.0**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**124.0**	**101.0**
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	**85.3**	**124.0**

Consolidated Changes in Equity

MCHF	Note	Share capital	Share premium	Treasury stock	Retained earnings	Reserve for currency translation differences	Total	Non-controlling interest	Total Equity
AT 31 DECEMBER 2008		**2.5**	**80.1**	**–1.9**	**116.2**	**–48.5**	**148.4**	**0.1**	**148.5**
Net result 2009					17.7		17.7		17.7
Other comprehensive income						–0.3	–0.3		–0.3
TOTAL COMPREHENSIVE INCOME		**0.0**	**0.0**	**0.0**	**17.7**	**–0.3**	**17.4**	**0.0**	**17.4**
Change in treasury stock	11			0.2			0.2		0.2
Share-based payment	20		0.2				0.2		0.2
Dividends	26				–5.0		–5.0		–5.0
AT 31 DECEMBER 2009		**2.5**	**80.3**	**–1.7**	**128.9**	**–48.8**	**161.2**	**0.1**	**161.3**
Net result 2010					13.6		13.6		13.6
Other comprehensive income						–16.6	–16.6		–16.6
TOTAL COMPREHENSIVE INCOME		**0.0**	**0.0**	**0.0**	**13.6**	**–16.6**	**–3.0**	**0.0**	**–3.0**
Change in treasury stock	11			–0.7			–0.7		–0.7
Share-based payment	20		0.1				0.1		0.1
Dividends	26				–5.0		–5.0		–5.0
Acquisition of non-controlling interests	1.27				0.1		0.1	–0.1	0.0
AT 31 DECEMBER 2010		**2.5**	**80.4**	**–2.4**	**137.6**	**–65.4**	**152.7**	**0.0**	**152.7**

Foreign Currency Exchange Rates

			Income statement		Balance sheet	
Currency	Country	Unit	2010	2009	2010	2009
AUD	Australia	1	0.9572	0.8557	0.9536	0.9271
CAD	Canada	1	1.0121	0.9527	0.9383	0.9834
CNY	China	1	0.1540	0.1588	0.1419	0.1508
DKK	Denmark	100	18.5637	20.2755	16.7870	19.9532
EUR	Europe	1	1.3825	1.5098	1.2515	1.4855
GBP	UK	1	1.6105	1.6965	1.4500	1.6636
HKD	Hong Kong	1	0.1343	0.1400	0.1206	0.1330
MYR	Malaysia	1	0.3240	0.3078	0.3058	0.3005
NOK	Norway	100	17.2589	17.3100	16.0060	17.8549
NZD	New Zealand	1	0.7516	0.6863	0.7243	0.7490
PLN	Poland	1	0.3463	0.3496	0.3155	0.3520
SEK	Sweden	100	14.4722	14.2405	13.9470	14.4535
SGD	Singapore	1	0.7649	0.7461	0.7313	0.7353
USD	USA	1	1.0432	1.0854	0.9371	1.0310
ZAR	South Africa	1	0.1424	0.1302	0.1411	0.1398

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) as issued by the International Accounting Standards Board (IASB) and are in conformity with the Swiss law and the requirements of the SIX Swiss Exchange. 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 consolidated financial statements and notes to the consolidated financial statements are presented in CHF million (MCHF) and rounded to one decimal place after the comma except where otherwise stated.
Swisslog Holding AG is a Swiss public limited company domiciled in Buchs/Aarau.
These consolidated financial statements for the year ended 31 December 2010 were approved and authorized for issue by the Board of Directors on 28 February 2011. The consolidated financial statements will be submitted for approval to the General Meeting of Shareholders on 14 April 2011.

Accounting estimates

The preparation of the consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates, which influence the published expenses and income, the assets and liabilities as well as the comments in the notes. Actual results could substantially 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 1.25.

New standards and interpretations

a) Standards and interpretations effective in 2010:

IFRS 1 (Amendment): First-time adoption of IFRS – additional exemptions for first-time adopters (1 January 2010)
The amendment of IFRS 1 provides additional exemptions from full retrospective application of IFRS for the measurement of oil and gas assets and leases. These changes have no material impact on the Group's consolidated financial statements.

IFRS 2 (Revised): Group cash-settled share-based payment arrangements (1 January 2010)
The revised IFRS 2 clarifies the accounting for group cash-settled share-based payments in case a subsidiary receives goods or services from externals while another entity of the group or the parent has the obligation for this cash-settled share-based transaction. Since Swisslog Group had no such transactions, this amendment has no material impact on the consolidated financial statements.

IFRS 3 (Revised): Business combinations (1 July 2009)
The revised IFRS 3 introduces changes in the accounting for business combinations. The changes affect the valuation of non-controlling interests, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. There is no material impact on the Group's consolidated financial statements in 2010 as there was no business combination.

IAS 27 (Revised): Consolidated and separate financial statements (1 July 2009)
The revised IAS 27 requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Those changes have no material impact on the Group's consolidated financial statements since there was no such transaction this year.

IAS 39 (Amendment): Eligible hedged items (1 July 2009)
The amendment of IAS 39 provides clarity about the designation of only a part of the cash flow variability or of the fair value changes of a financial instrument as a hedged item. Since Swisslog Group performs no hedge accounting according to IAS 39, this amendment has no material impact on the consolidated financial statements.

IFRIC 17: Distribution of non-cash assets to owners (1 July 2009)
IFRIC 17 provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. Since Swisslog Group has no such distributions, this interpretation has no material impact on the consolidated financial statements.

IFRIC 18: Transfer of assets from customers (1 July 2009)
IFRIC 18 is applicable for all assets which are transferred from customers to an entity. Since no assets are transferred from customers to the Swisslog Group, this interpretation has no material impact on the consolidated financial statements.

Improvements to IFRS: The IASB issued in April 2009 a compound standard comprising changes to various existing standards in order to eliminate inconsistencies and to clarify formulations. This compound standard stipulates for each changed standard an individual transition phase. The application of these changes, which became effective for periods beginning on or after 1 January 2010, has no significant impact on the Group's consolidated financial statements.

b) Standards and interpretations issued but not yet effective:

These will be applied by the Swisslog Group when they become effective, if they are relevant for the Swisslog Group. No standards or interpretations have been early adopted.

IFRS 1 (Amendment): First-time adoption of IFRS – limited exemption from comparative IFRS 7 disclosures for first-time adopters (1 July 2010)
The amendment of IFRS 1 provides transition provisions in IFRS 7 to first-time adopters. This change will have no material impact as Swisslog Group is already reporting in accordance with IFRS.

IFRS 9: Financial instruments (1 January 2013)
IFRS 9 reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial instruments as defined in IAS 39. Swisslog Group will apply this standard but expects no material impact on the consolidated financial statements.

IAS 12 (Amendment): Deferred Tax (1 January 2012)
The amendment of IAS 12 provides, in connection with the measurement of deferred taxes, a practical solution for the measurement of investment property, which can be measured at fair value according to IAS 40. Swisslog Group does have no investment property measured using the fair value and expects no material impact on the Group accounts from this amendment.

IAS 24 (Revised): Related party disclosures (1 January 2011)
The revised IAS 24 provides exceptions to the disclosure for government-related companies and further definitions of a related party. Swisslog Group is not government-related and expects no material impact on the Group accounts from the revised definitions.

IAS 32 (Amendment): Classification of rights issues (1 February 2010)
The amendment of IAS 32 clarifies the classification of rights issues denominated in a foreign currency different to the functional currency of the company. Swisslog Group has no rights issues denominated in a foreign currency and expects from this amendment no material impact on the consolidated financial statements.

IFRIC 14 (Amendment): Prepayments of a minimum funding requirement (1 January 2011)
The amendment of IFRIC 14 applies when an entity is subject to minimum funding requirements and performs an early payment of contributions to the defined benefit plan to cover those requirements. The amendment permits such an entity to treat the benefit of such an early payment as an asset. Swisslog Group has no material prepayments and expects from this amendment no material impact on the Group accounts.

IFRIC 19: Extinguishing financial liabilities with equity instruments (1 July 2010)
IFRIC 19 clarifies the valuation and accounting, if equity instruments are issued for the extinction of financial liabilities. Swisslog Group expects no material impact on the Group accounts from this interpretation.

Improvements to IFRS: In May 2010 the IASB issued a compound standard comprising changes to various existing standards in order to eliminate inconsistencies and to clarify formulations.

1.2 Consolidated companies and principles of consolidation

The consolidated financial statements include Swisslog Holding AG and its subsidiaries. The subsidiaries are those companies controlled, directly or indirectly, by Swisslog Holding AG, where control is defined as the power to govern the financial and operating policies. This control is normally evidenced when Swisslog Holding AG owns, either directly or indirectly, more than 50% 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 value at the acquisition date. The excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed is recorded as goodwill.
The purchase method is used to account for acquisition of subsidiaries by the Group. Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated. The list of consolidated companies is presented on page 76.
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 separately reported in the balance sheet. Under the equity method, the investment in the associate is initially recognized at cost and the carrying amount is subsequently adjusted in order to recognize the investor's share of the profit or loss of the investee after the date of acquisition. A potential goodwill is part of the carrying amount and is not amortized.
Investments, which do not meet the described conditions above, are treated as financial instruments (see Note 1.6 Financial instruments).

1.3 Foreign currencies translation

The functional currency of each Swisslog company is the currency of the primary economic environment in which the entity operates. 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 expenses 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 the consolidated other comprehensive income (part of the equity). The accumulated translation differences are recycled from the consolidated other comprehensive income to the income statement at the time of disposal of a foreign subsidiary.

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. Profit or loss resulting from the disposal of property, plant and equipment is shown in the income statement.
The estimated useful life of the assets is regularly reviewed and, if necessary, the future depreciation charge is accelerated. 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 or 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 2010 Swisslog Group has no finance lease agreements, but discloses operating leases which are recognized as operating expenses in the income statement.

1.5 Intangible assets

Swisslog classified its intangible assets into three categories:

a) Goodwill
Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. 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 whenever there is an indication that the intangible asset may be impaired, evaluated for its recoverability. The cash-generating units correspond with the operating segment according to the segment reporting (see Note 1.26). 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 or value in use. Impairment losses recognized for goodwill are not reversed in subsequent periods.

b) Development expenses
Expenses incurred on development projects are capitalized to the extent they fulfil the following criteria: technical feasibility of completing the intangible asset, the Group's intention and ability to complete, use or sell it, the Group's availability of adequate technical, financial and other resources, the ability to generate probable future economic benefits and to measure reliably the expenditure attributable to the intangible asset during its development. Recognized development costs are amortized over their estimated useful life (not exceeding 5 years) using the straight line method. In the time before the commencement of the commercial use of the product, the assets are tested for impairment annually and whenever there is an indication of impairment. Research and other development costs are recognized as expenses 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.

1.6 Financial instruments

The Group designates its financial instruments into the following five 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 23 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). 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. The current financial assets are designated at fair value through profit or loss at inception. The designation is in line with the documented risk management and the strategic asset allocation of the Group. Swisslog Group uses derivatives mainly for hedging currency risks 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 investments
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 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 and receivables
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 money, goods or services directly to a debtor with no intention of trading with the receivable. They are measured at amortized costs and are included in current assets, except for maturity exceeding 12 months after the balance-sheet date which are classified as non-current assets.

d) Available-for-sale financial investments
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; furthermore, there is no intention of trading with these financial instruments. The available-for-sale financial investments are included in non-current assets unless management has the clear intention to sell them within 12 months after the balance-sheet date. Swisslog Group has no available-for-sale financial instruments as per balance-sheet date.

e) Other liabilities
Included in this category are non-derivative financial instruments which present an obligation for a future cash payment and where there is no intention of trading with them.

Purchases and sales of financial instruments are recognized on the date that the Group commits to purchase or sell an asset. At the initial recognition, financial assets and liabilities are recorded at fair value including transaction costs directly attributable to the acquisition of the financial instrument. Transaction costs for financial assets at fair value through profit or loss are not added to the purchase price. Financial assets at fair value and available-for-sale financial instruments are subsequently measured at fair value, whilst held-to-maturity financial instruments, loans and receivables and other liabilities are measured at amortized cost using the effective yield method. Realized and unrealized gains and losses arising from changes in the fair value of financial assets at fair value through profit or loss 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; at the time of a 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 market prices. The valuation is based on different levels depending on the availability of market data. Note 23c shows the allocation of the financial assets measured at fair value to the three levels of the fair value measurement hierarchy: in the first level the fair value is based on publicly quoted prices from an active market as per balance-sheet date (e.g. share prices from a stock exchange). In the second level the fair value valuation is based on observable input factors – either directly or indirectly – whereas in the third level the valuation is derived from non-observable input factors (e.g. DCF valuation based on business plans from the management). The face value 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. There were no transfers between level 1, level 2 and level 3 in the reported year.

1.7 Inventories

Inventories are measured at the lower of cost or net realizable value. The net realizable value is the estimated selling price in the ordinary course of business, less estimated cost of conversion and less estimated cost of distribution. Manufacturing costs comprise individual material and production costs and production overheads. Cost is determined on the basis of the weighted average cost calculation.

1.8 Trade receivables

Trade receivables are measured at amortized cost less allowances. Doubtful accounts are individually measured and, if necessary, impaired. Indications for 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.

1.9 Construction contracts

Construction contracts are medium- to long-term orders which are generally based on 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 the customer's final acceptance (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 and from customers for construction contracts, respectively.

1.10 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. The valuation of the financial instruments within these positions is described in Note 1.6.

1.11 Cash, cash equivalents and current financial assets

Cash and cash equivalents include cash on hand, postal and bank balances plus money at call and term deposits with an initial maturity of less than 3 months shown at fair value.
Current financial assets (held for trading) comprise all securities which can be readily converted into cash, including money market investments with an initial maturity of 3 to 12 months. These are classified and measured at fair value through profit or loss at inception. Changes of the fair value of cash, cash equivalents and current financial assets are recognized in the income statement.

1.12 Equity

The nominal value and the premium of the shares of Swisslog Holding AG are classified as equity. Treasury shares 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.

1.13 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. 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 exercized. The outstanding amount of the convertible bonds has been completely repaid as per 31 December 2009.

1.14 Liabilities

Employee benefit liability and similar liabilities include the obligations from employee benefits based on defined benefit plans (see Note 1.21) and are not considered as financial instruments according to IAS 39. Trade payables include liabilities with a residual term of less than one year.

1.15 Provisions and contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are classified as short-term when their usage is expected to occur within the usual operating cycle.
Provisions for product warranties are made to the extent of the expected outflow of resources. For costs that are expected to arise in connection with plant closures, the disposal of companies or business units and restructurings, the provisions are made at the time of approval and the public announcement of the planned measures.
A contingent liability is disclosed, unless the possibility of any outflow of resources in connection with a liability is remote.

1.16 Order intake

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

1.17 Order backlog

Order backlog corresponds to order backlog at year-end of the previous year plus order intake of the current year minus net sales of the current year.

1.18 Revenue recognition

Revenue from construction contracts is based on the percentage-of-completion (PoC) method (see Note 1.9). 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.

1.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset shall be capitalized. All other borrowing costs are expensed in the period they occur. No borrowing costs are capitalized at Swisslog Group since in general no assets are constructed for their own use.

1.20 Income taxes

Income taxes include paid or accrued income taxes on the relevant earnings of the individual companies, calculated in accordance with the tax legislation in the respective countries. Income taxes related to items recognized directly in the consolidated other comprehensive income (part of the equity), are recognised in the consolidated other comprehensive income and not in the income statement.

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 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 or to the extent that the individual enterprises have sufficient taxable temporary differences. 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. No deferred taxes are recognized for the temporary differences arising from investments in subsidiaries and associates, if it is probable that the temporary differences will not reverse in the foreseeable future. Deferred taxes are reported under non-current assets and liabilities.

1.21 Employee benefits

According to IFRS, 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 legal and national requirements. 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 method). The plan assets are measured at fair value. The net liability (other non-current liability) and the net asset (other assets), respectively, represents the defined benefit obligation less the fair value of the plan assets, adjusted for unrecognized actuarial gains or losses (see Notes 5 and 13). Annual pension costs calculated according to actuarial principles are shown, net of employee contributions, including past pension costs (past service costs) in the income statement. Plan amendments, curtailments 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 Holding AG offers an employee share matching plan to a limited number of participants. This plan starts on 1 July (grant date). The first grant took place in 2008. The shares are measured at fair value at the time of the grant date. The number of vesting shares is estimated as per each balance-sheet date. The total expense per grant is calculated by multiplying the estimated number of vesting shares with the share price at grant date, and is recorded under personnel expenses on a pro rata basis over the vesting period.

1.22 Related parties

A person or an entity is related to the Group, if it 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, post employment benefit plans and shareholders with 5% or more percent of the voting rights of Swisslog Holding AG.

1.23 Risk management

a) Group risks

The material strategic, operational and financial risks of the Group are covered by the Executive Committee annually on the occasion of the business plan process and are detailed in a risk map. The risks are reviewed, updated and completed on the occasion of the budgeting process. Risks are categorized into their likelihood of occurrence and their potential financial impact (outflow of resources and/or effect on the income statement). For each listed risk, prevention or mitigation measures are defined as well as responsibilities and the monitoring of developments are arranged. The Board of Directors discusses and approves the risk map established by the Group Management on an annual basis. Further information about the risk management process is disclosed in Note 27.

b) 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 policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts for the purpose of hedging the exposures without applying hedge accounting according to IAS 39. Risk management is carried out by 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. The subsidiaries are instructed to hedge material foreign exchange risks arising from future project cash flows with Group Treasury. Group Treasury guarantees its subsidiaries foreign exchange rates throughout the project duration and hedges these risks with forward foreign exchange contracts at external financial institutions. The main foreign exchange risks arise from changes of the CHF against EUR, NOK, SEK and USD. The exposure on the financial instruments is disclosed in Note 23b. If the foreign exchange rates during 2010 had not changed compared to the year 2009, the financial situation would have developed as following in 2010:

	2010 (in MCHF)	2010 at unchanged foreign exchange compared to 2009 (in MCHF)	Deviation	
			Absolute (in MCHF)	In %
Order intake	611.1	632.9	21.8	3.4
Order backlog[1]	400.9	441.0	40.1	9.1
Net sales	614.8	636.1	21.3	3.3
EBIT	20.1	19.5	–0.6	–3.0

1 At period-end

If the foreign exchange rates had not been changed in the year 2009 compared to the previous year 2008, the financial situation would have developed as follows in 2009:

	2009 (in MCHF)	2009 at unchanged foreign exchange compared to 2008 (in MCHF)	Deviation	
			Absolute (in MCHF)	In %
Order intake	642.0	670.2	28.2	4.4
Order backlog[1]	446.4	434.0	–12.4	–2.8
Net sales	649.9	675.6	25.7	4.0
EBIT	28.4	28.4	0.0	0.0

1 At period-end

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

(ii) Interest rate risk
No interest rate sensitivity is disclosed as the share of financial instruments exposed to interest rate risk is not material. The Group has interest-bearing assets and the credit facility used as per 31 December 2009 at fixed rates. The convertible bond with fixed interest rates was completely paid back at 31 December 2009. The amount within the position cash and cash equivalents in the year 2009 represents call money not exposed to interest rate risk and was sold at the beginning of the year 2010.

(iii) Price risk
Swisslog Group's exposure to the price risk is marginal. The main part of the financial assets at fair value through profit or loss within the position current financial assets has been sold in the year 2009. At the end of 2010 the remaining amount basically consists of foreign exchange forward contracts whose fluctuations are compensated by the changes of the foreign exchange positions in the balance sheet.

(iv) 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 financial institutions with sound credit ratings. 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 minimized.

(v) 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. Therefore, a rolling liquidity forecast for six months based on the expected cash flows is retrieved from the subsidiaries and aggregated at Group level on a biweekly basis. 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. All financial liabilities mature within 12 months. As per balance-sheet date the situation about the available liquidity is as follows:

Liquidity reserves and credit facilities	2010	2009
Cash and cash equivalents	85.3	124.0
Current financial assets (with maturity below one year)	1.0	0.4
Committed credit facilities	36.0	36.2
thereof used	–20.2	–20.1
Total liquidity and unused credit facilities	102.1	140.5
Committed guarantee lines	80.0	80.0
thereof used	39.9	75.6

c) 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 (see Note 1.6). 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 a hedge of a forecasted transaction or of a firm commitment (cash-flow hedge) or a hedge which does not qualify for hedge accounting.

1.24 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; these require among other things a minimum equity of MCHF 140.0 and a maximum adjusted net debt factor of 2.5 of EBITDA. The requirements are unchanged to previous year (see explanation and the confirmation of compliance in Note 16.2).

1.25 Important 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 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
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. Especially wrong estimates and assumptions for the value-in-use calculations of the goodwill might lead to revised assessments of the recoverability (see Note 4).

b) Construction contracts and project-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 analyzed and updated by internal project risk reviews (see Note 8).

c) Provisions and contingent liabilities

Provisions and contingent liabilities are recorded and disclosed, respectively, if the requirements (see Note 1.15) thereto are fulfilled. The probability of an outflow of resources is based on periodical assessments by the management. The result can differ materially in subsequent periods (see Note 16).

d) Income taxes

As per balance-sheet date, the Group has recognized deferred tax assets on tax loss carry-forwards (Note 12.3). The recognition is based on the estimated future positive development of the profits.

1.26 Segment information

The operating segments are reported to the chief operating decision-maker consistent to the internal report. The Group Management has been identified as the chief operating decision-maker (Swisslog Executive Committee). The SEC monitors the performance of the operating segments and decides about the allocation of resources. No operating segments are aggregated for the segment information. Transactions between the operating segments are carried out at standard market conditions. Since the measurement basis of the segment information is identical to the consolidated financial statements no reconciliation is required. The central management and service functions are allocated to headquarter/holding.

The Group distinguishes between the following operating segments as their activities show different risks and rewards and dissimilar markets are served:

Warehouse & Distribution Solutions (WDS)

WDS delivers industry-specific solutions for automated, semi-automated and manual warehouses and distribution centers. Additionally the segment provides consulting services, software solutions, logistic equipment, general contracting, implementation and lifetime support.

Healthcare Solutions (HCS)

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.

1.27 Changes in consolidation scope

In the business year 2010 Swisslog IP AG was incorporated as an administration company in Switzerland. Additionally, Swisslog Group acquired the remaining non-controlling interests of Swisslog Pte. Ltd., Singapore (5%). The acquisitions performed in January 2011 are disclosed in Note 28 as events after balance-sheet date.

In 2009 the consolidation scope changed due to the acquisition of the following company:

	Segment	Since	Equity Interest
EVOMATIC Engineering Solutions GmbH, Austria	Warehouse & Distribution Solutions	23 April 2009	100%

After the acquisition EVOMATIC Engineering Solutions GmbH has been renamed to Swisslog Evomatic GmbH. As per 23 April 2009 Swisslog Group acquired 100% of the shares of Swisslog Evomatic GmbH, Austria. The purchase consideration amounted to MCHF 2.7. The acquired goodwill consists primarily of anticipated synergy potential between Swisslog Evomatic GmbH and the Swisslog Warehouse & Distribution Solutions division.

Effect of acquisition Swisslog Evomatic GmbH

MCHF	Acquiree's carrying value	Fair value
Intangible assets	0.7	0.7
Other receivables and accrued receivables	0.1	0.1
Other liabilities	–0.6	–0.6
NET ASSETS ACQUIRED		**0.2**
Goodwill		2.5
TOTAL PURCHASE CONSIDERATION		**2.7**

DETAILS OF PURCHASE CONSIDERATION		
Purchase price		2.6
Direct cost related to the acquisition		0.1
TOTAL PURCHASE CONSIDERATION		**2.7**
Deferred cash payment		0.8
CASH OUTFLOW ON ACQUISITION, NET		**1.9**

If Swisslog Evomatic GmbH had been acquired on the first day of the business year 2009, Swisslog Group would have posted MCHF 649.9 in consolidated net sales (unchanged) and an operating profit (EBIT) of MCHF 28.5 in 2009. The acquired business contributed an operating profit (EBIT) of MCHF –1.0 for the period of 23 April to 31 December 2009. The pension plan of Swisslog Evomatic GmbH qualifies as a defined contribution plan according to IAS 19.

Page 76, "Subsidiaries and investments of Swisslog Group", provides an overview of the Group companies as per 31 December 2010.

2. Information by Segment

2.1 Division Segmentation

MCHF	2010 Warehouse & Distribution Solutions	2010 Healthcare Solutions	2010 Total Segment	2010 Corporate/ Eliminations	2010 Total Group	2009 Warehouse & Distribution Solutions	2009 Healthcare Solutions	2009 Total Segment	2009 Corporate/ Eliminations	2009 Total Group
Order intake	382.5	228.6	611.1	0.0	611.1	403.8	238.4	642.2	–0.2	642.0
Order backlog (at year-end)	260.8	140.1	400.9	0.0	400.9	299.7	146.7	446.4	0.0	446.4
Net sales	396.8	218.0	614.8	0.0	614.8	413.2	236.8	650.0	–0.1	649.9
Depreciation and amortization	5.2	2.6	7.8	0.2	8.0	8.5	2.3	10.8	0.3	11.1
OPERATING PROFIT (EBIT)	**18.9**	**9.5**	**28.4**	**–8.3**	**20.1**	**15.1**	**22.0**	**37.1**	**–8.7**	**28.4**
Financial result net					0.4					–4.3
RESULT BEFORE TAX					**20.5**					**24.1**
Total assets	180.0	132.6	312.6	56.0	368.6	197.5	138.9	336.4	66.6	403.0
Net operating assets (NOA)[1]	3.9	76.2	80.1	–4.0	76.1	–31.7	84.4	52.7	–4.0	48.7
Net working capital[2]	–50.0	36.2	–13.8	–3.3	–17.1	–91.1	40.7	–50.4	–2.0	–52.4
Days of net working capital	–46.0	60.6			–10.2	–80.4	62.7			–29.4
Investment in property, plant, equipment and intangible assets[3]	5.5	4.1	9.6	0.2	9.8	6.7	3.8	10.5	0.1	10.6
Employees – full-time equivalents (at year-end)	1 159	866	2 025	18	2 043	1 180	846	2 026	18	2 044
EBIT as % of net sales (EBIT margin)	4.8	4.4			3.3	3.7	9.3			4.4

1 Current and non-current assets (excl. cash, cash equivalents, current financial assets, deferred tax assets and other non-current assets) less current liabilities and provisions (excl. interest-bearing borrowings, deferred tax liabilities and income tax payables)
2 Excluding cash, cash equivalents, current financial assets, deferred tax assets, deferred tax liabilities and interest-bearing borrowings
3 Excluding goodwill

2.2 Geographical Segmentation

	2010 Warehouse & Distribution Solutions	2010 Healthcare Solutions	2010 Total Group	2009 Warehouse & Distribution Solutions	2009 Healthcare Solutions	2009 Total Group
TOTAL EXTERNAL NET SALES	**396.8**	**218.0**	**614.8**	**413.2**	**236.7**	**649.9**
Europe, thereof	267.8	69.3	337.1	310.4	79.0	389.4
Switzerland (Domicile)	34.9	2.3	37.2	36.3	4.2	40.5
Germany	61.0	19.5	80.5	110.1	23.4	133.5
Other Europe	171.9	47.5	219.4	164.0	51.4	215.4
North America, thereof	61.0	128.0	189.0	42.5	134.6	177.1
USA	60.8	117.3	178.1	41.9	122.1	164.0
Others	0.2	10.7	10.9	0.6	12.5	13.1
Asia/Pacific	68.0	20.7	88.7	60.3	23.1	83.4
TOTAL NON-CURRENT ASSETS[1]	**20.8**	**10.6**	**31.4**	**22.3**	**10.4**	**32.7**
Europe, thereof	20.1	6.5	26.6	21.3	6.6	27.9
Switzerland (Domicile)	10.0	0.2	10.2	10.2	0.0	10.2
Germany	0.3	2.7	3.0	0.5	2.7	3.2
Other Europe	9.8	3.6	13.4	10.6	3.9	14.5
North America	0.3	4.0	4.3	0.4	3.7	4.1
Asia/Pacific	0.4	0.1	0.5	0.6	0.1	0.7

1 Corresponds to non-current assets minus deferred taxes, minus other assets and non-current assets from Corporate of MCHF 67.0 (2009: MCHF 74.5)

2.3 Product Segmentation

	2010			2009		
	Warehouse & Distribution Solutions	Healthcare Solutions	Total Group	Warehouse & Distribution Solutions	Healthcare Solutions	Total Group
Total sales, thereof	**396.8**	**218.0**	**614.8**	**413.2**	**236.7**	**649.9**
New Business	229.0	0.0	229.0	248.4	0.0	248.4
Customer Support	162.7	57.8	220.5	155.6	56.5	212.1
Equipment	5.1	160.2	165.3	9.2	180.2	189.4

2.4 Important Customer

No customer accounted for net sales of more than 10% of the total net sales in 2010. In 2009, net sales of MCHF 73.0 (11.2% of total sales) were accounted for with one customer which applies to the product segment New Business within the division Warehouse & Distribution Solutions.

3. Property, plant, equipment and other intangible assets

3.1 Property, plant and equipment

2010 MCHF	Land	Buildings	Machinery/ equipment	Assets under construction/ prepayments	Total
Cost at 1 January	0.3	10.9	43.2	1.0	55.4
Additions	0.0	0.5	4.4	0.4	5.3
Disposals	0.0	0.0	–3.0	0.0	–3.0
Transfers	0.0	0.0	0.8	–0.8	0.0
Currency translation differences	0.0	–0.6	–4.9	–0.1	–5.6
COST AT 31 DECEMBER	**0.3**	**10.8**	**40.5**	**0.5**	**52.1**
Accumulated depreciation at 1 January	0.0	–6.1	–34.4	0.0	–40.5
Depreciation charge	0.0	–0.9	–3.7	0.0	–4.6
Accumulated depreciation on disposal	0.0	0.0	2.8	0.0	2.8
Currency translation differences	0.0	0.2	3.2	0.0	3.4
ACCUMULATED DEPRECIATION AT 31 DECEMBER	**0.0**	**–6.8**	**–32.1**	**0.0**	**–38.9**
TOTAL NET BOOK VALUE AT 31 DECEMBER 2010	**0.3**	**4.0**	**8.4**	**0.5**	**13.2**

2009 MCHF	Land	Buildings	Machinery/ equipment	Assets under construction/ prepayments	Total
Cost at 1 January	0.3	9.6	40.7	0.4	51.0
Additions	0.0	1.9	3.9	0.9	6.7
Disposals	0.0	–0.9	–1.5	0.0	–2.4
Transfers	0.0	0.2	0.1	–0.3	0.0
Currency translation differences	0.0	0.1	0.0	0.0	0.1
COST AT 31 DECEMBER	**0.3**	**10.9**	**43.2**	**1.0**	**55.4**
Accumulated depreciation at 1 January	0.0	–6.1	–31.9	0.0	–38.0
Depreciation charge	0.0	–0.9	–3.8	0.0	–4.7
Accumulated depreciation on disposal	0.0	0.9	1.3	0.0	2.2
ACCUMULATED DEPRECIATION AT 31 DECEMBER	**0.0**	**–6.1**	**–34.4**	**0.0**	**–40.5**
TOTAL NET BOOK VALUE AT 31 DECEMBER 2009	**0.3**	**4.8**	**8.8**	**1.0**	**14.9**

The insurance value of the property, plant and equipment was MCHF 73.9 (2009: MCHF 93.1).

3.2 Other intangible assets

2010 MCHF	Capitalized development expenses	Other	Total
Cost at 1 January	19.1	10.3	29.4
Additions	3.5	1.0	4.5
Disposals	0.0	–2.3	–2.3
Currency translation differences	–0.9	–1.0	–1.9
COST AT 31 DECEMBER	**21.7**	**8.0**	**29.7**
Accumulated amortization at 1 January	–9.3	–7.9	–17.2
Amortization of the current year	–2.6	–0.8	–3.4
Accumulated amortization on disposals	0.0	2.3	2.3
Currency translation differences	0.7	0.8	1.5
ACCUMULATED AMORTIZATION AT 31 DECEMBER	**–11.2**	**–5.6**	**–16.8**
TOTAL NET BOOK VALUE AT 31 DECEMBER 2010	**10.5**	**2.4**	**12.9**

2009 MCHF	Capitalized development expenses	Other	Total
Cost at 1 January	15.6	9.3	24.9
Additions	2.8	1.1	3.9
Change in consolidation scope	0.7	0.0	0.7
Currency translation differences	0.0	–0.1	–0.1
COST AT 31 DECEMBER	**19.1**	**10.3**	**29.4**
Accumulated amortization at 1 January	–3.8	–7.3	–11.1
Impairment	–2.3	0.0	–2.3
Amortization of the current year	–3.4	–0.7	–4.1
Currency translation differences	0.2	0.1	0.3
ACCUMULATED AMORTIZATION AT 31 DECEMBER	**–9.3**	**–7.9**	**–17.2**
TOTAL NET BOOK VALUE AT 31 DECEMBER 2009	**9.8**	**2.4**	**12.2**

The main positions per 31 December 2010 comprise a self-used project management solution of MCHF 2.6 (2009: MCHF 2.4), an automation software of MCHF 5.1 (2009: MCHF 3.6), both with a remaining amortization period of 3 and 4 years, respectively, and a pallet conveyor solution of MCHF 2.1 (2009: MCHF 2.5) which will be amortized over the next 4 years.

For intangible assets with definite useful life, Swisslog Group assesses at each reporting date whether there are impairment indicators. In 2010 there was no impairment recorded. Due to an increased uncertainty in connection with the future benefit of a specific software, an impairment of MCHF 2.3 has been recorded in 2009. The impairment is included in the position “other intangible assets” in the balance sheet and in “depreciation and amortization” in the income statement, respectively, and concerns the Swisslog division Warehouse & Distribution Solutions.

4. Goodwill

4.1 Goodwill

MCHF	Note	2010	2009
Cost at 1 January		80.1	78.1
Additions	1.27	0.0	2.5
Currency translation differences		–7.8	–0.5
COST AT 31 DECEMBER		**72.3**	**80.1**
Accumulated impairment losses at 1 January		0.0	0.0
Impairment		0.0	0.0
ACCUMULATED IMPAIRMENT LOSSES AT 31 DECEMBER		**0.0**	**0.0**
TOTAL NET BOOK VALUE AT 31 DECEMBER		**72.3**	**80.1**

The goodwill is allocated to the Cash Generating Units (CGUs) as follows:

	2010			2009		
MCHF	Warehouse & Distribution Solutions	Healthcare Solutions	Total	Warehouse & Distribution Solutions	Healthcare Solutions	Total
GOODWILL	**36.3**	**36.0**	**72.3**	**39.7**	**40.4**	**80.1**

4.2 Goodwill impairment 2010

No goodwill impairment has been recorded in the years 2010 and 2009.

4.3 Impairment test of goodwill as per 31 December 2010

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 at the end of November/beginning of December. The cash flows are based on the budget for the year 2011 and the business plan for the year 2012, which are both approved by the Board of Directors. The cash flows for the period of 2013 to 2015 are an extrapolation corresponding to the expected growth rate in each market. The cash flow for the residual value calculation in 2016 is based on the cash flow in the year 2015 (unchanged). The long-term growth rate is 1% (2009: 1%) equivalent to the assumed inflation rate. The 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. 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 1.00 (after 2011: 1.05) and EUR to CHF 1.35 (after 2011: 1.50).

The cost of capital for Swisslog Group has been determined based on a cost-of-capital model. To the Group-wide cost of capital, a risk premium based on the country risk has been added. These discount factors, defined on a pre-tax basis according to IAS 36, are then used to determine the present value of the future cash flows of each CGU (primary segments).

Key assumptions for the goodwill impairment test:

	2010		2009 (incl. periods 2010–2014)	
MCHF	Warehouse & Distribution Solutions	Healthcare Solutions	Warehouse & Distribution Solutions	Healthcare Solutions
Net sales	413.0	228.4	415.0	238.0
*Growth rate p.a. 2011–2015***	*4.1%*	*4.0%*	*1.3%*	*2.1%*
EBITDA*	18.5	19.5	15.5	22.5
*Growth rate p.a. 2011–2015***	*7.3%*	*4.6%*	*7.5%*	*3.7%*
Pre-tax discount factor	10.6%	11.2%	11.3%	10.9%

* Headquarter cost proportionally allocated

** Year 2011 (budget) and 2012 (mid-term planning) approved by the Board of Directors and the growth rates for the years 2013–2015 acknowledged by the Board of Directors

Sensitivity analysis for most important assumptions used for impairment testing

The following table shows the coverage of the goodwill and also the maximum value until the goodwill would still be covered. In case this value is higher, the goodwill would not be covered.

MCHF	2010 Warehouse & Distribution Solutions	2010 Healthcare Solutions	2009 Warehouse & Distribution Solutions	2009 Healthcare Solutions
Value in use less goodwill (coverage)	117.9	113.4	77.1	142.7
Maximum discount factor which would still cover the goodwill	*34.4%*	*26.3%*	*20.5%*	*26.4%*

Risk judgement

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.

5. Other assets

	Note	2010 MCHF	2009 MCHF
Long-term interest-bearing receivables	5.1	4.0	4.1
Pension schemes with net assets	13	2.0	2.1
TOTAL		**6.0**	**6.2**

5.1 Long-term interest-bearing receivables

	2010 MCHF	2009 MCHF
Amount recognized initially at 1 January	4.7	6.0
Additions	0.8	0.0
Loan waiver	0.0	–1.4
Currency translation differences	–0.6	0.1
AMOUNT RECOGNIZED INITIALLY AT 31 DECEMBER	**4.9**	**4.7**
Accumulated impairments at 1 January	–0.6	–1.4
Write-off	–0.4	–0.6
Loan waiver	0.0	1.4
Currency translation differences	0.1	0.0
ACCUMULATED IMPAIRMENTS AT 31 DECEMBER	**–0.9**	**–0.6**
LONG-TERM INTEREST-BEARING RECEIVABLES AT 31 DECEMBER	**4.0**	**4.1**
Of which:		
Due later than one year but not later than five years	1.1	0.4
Due after five years	2.9	3.7

The long-term interest-bearing receivables include loans of MCHF 2.8 (2009: MCHF 3.0) and deposits of MCHF 1.2 (2009: MCHF 1.1). The net loss included in the income statement based on changes in the amortized costs amounts to MCHF –0.4 (2009: MCHF –0.6). The average interest rate on total long-term interest-bearing receivables is 3.3% (2009: 2.6%). The long-term interest-bearing receivables consist mainly of a vendor loan in connection with the divestment of the division Consulting Services/Wassermann in the year 2008 and of a loan of MCHF 0.8, granted to an external company in 2010 in connection with a cooperation. Based on a revised assessment in 2010 an impairment of MCHF 0.4 (2009: MCHF 0.6) has been recorded. In 2009 a loan waiver of MCHF 1.4 has been granted on this loan. The impairment is included in the financial result net within Corporate in the information by segment.

6. Inventories

	2010 MCHF	2009 MCHF
Materials and supplies	10.3	11.7
Work in progress	2.5	1.8
Finished goods	10.5	9.4
TOTAL	**23.3**	**22.9**

In 2010 MCHF 1.1 (2009: MCHF 1.1) of inventories have been written off. Thereof, MCHF 0.4 (2009: MCHF 0.2) in Warehouse & Distribution Solutions and MCHF 0.7 (2009: MCHF 0.9) in Healthcare Solutions.

7. Trade receivables

	2010 MCHF	2009 MCHF
Trade receivables	78.9	73.1
Allowance for bad debts	–0.7	–1.0
TOTAL	**78.2**	**72.1**

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

	2010 MCHF	2009 MCHF
Allowance for bad debts at 1 January	–1.0	–1.8
Additions	–0.2	–0.2
Unused reversed	0.1	0.2
Used during year	0.3	0.8
Currency translation differences	0.1	0.0
ALLOWANCE FOR BAD DEBTS AT 31 DECEMBER	**–0.7**	**–1.0**

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

The maturity analysis of trade receivables is as follows:

Not due	57.2	47.7
Past due not more than one month	11.5	11.7
Past due more than one month and not more than two months	3.6	4.4
Past due more than two months and not more than three months	2.0	3.4
Past due more than three months and not more than six months	2.6	2.9
Past due more than six months	2.0	3.0
TOTAL TRADE RECEIVABLES	**78.9**	**73.1**

8. Construction contracts

	2010 MCHF	2009 MCHF
Asset:		
Contract costs recognized as expense plus recognized profits	328.7	200.4
Less recognized losses	–0.1	–0.8
Progress billings and advance payments from customers	–289.8	–159.5
AMOUNT DUE FROM CUSTOMERS FOR CONSTRUCTION CONTRACTS	**38.8**	**40.1**
Liability:		
Contract costs recognized as expense plus recognized profits	558.3	420.5
Less recognized losses	–2.7	–0.8
Progress billings and advance payments from customers	–628.2	–512.2
AMOUNT DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS	**–72.6**	**–92.5**
Net sales from construction contracts	451.6	476.3
Retentions[1]	6.0	6.4

1 Retentions are amounts that are not paid by the customer until the satisfaction of conditions specified in the contract. Retentions are presented within prepaid expenses and accrued income in the balance sheet

9. Prepaid expenses, accrued income and other receivables

9.1 Prepaid expenses and accrued income

	2010 MCHF	2009 MCHF
Prepaid expenses	3.5	2.9
Accrued income	9.9	7.2
TOTAL	**13.4**	**10.1**

The prepaid expenses of MCHF 3.5 (2009: MCHF 2.9) mainly consist of prepayments for licences and personnel costs and of service and maintenance expenses. The accrued income of MCHF 9.9 (2009: MCHF 7.2) includes among other things retentions and accrued service income.

9.2 Other receivables

Other receivables of MCHF 12.9 (2009: MCHF 11.4) consist mainly of tax and social security receivables.

10. Cash, cash equivalents and current financial assets

10.1 Cash and cash equivalents

	2010 MCHF	2009 MCHF
Cash at bank and on hand	85.3	114.7
Money market investments with a maturity of less than 90 days	0.0	9.3
TOTAL CASH AND CASH EQUIVALENTS	**85.3**	**124.0**

10.2 Current financial assets

	2010 MCHF	2009 MCHF
Current financial assets – held for trading	1.0	0.4
TOTAL CURRENT FINANCIAL ASSETS	**1.0**	**0.4**

The entire portfolio consists of short-term investments which are traded regularly. The essential part of them are funds and derivative financial instruments and are measured at fair value through profit and loss at inception. Unrealized gains and losses are recognized in the profit and loss statement (see Note 21).

11. Share capital

The share capital at 31 December 2010 amounts to MCHF 2.5 (2009: MCHF 2.5) and consists of 251 276 984 registered shares with a nominal value of CHF 0.01 (2009: CHF 0.01) per share. The share capital is fully paid up.
As per 31 December 2010 Swisslog Holding holds 2 536 070 treasury shares, 1.0% of the issued shares respectively (2009: 1 525 600; 0.6%), which are dedicated to the employee share matching plan (see Note 20).

11.1 Number of shares

	2010	2009
Shares at 1 January	249 751 384	249 558 484
Increase (–)/decrease (+) of treasury shares	–1 010 470	192 900
Shares at 31 December	248 740 914	249 751 384

11.2 Nominal value

	2010	2009
Nominal value per share (CHF)	0.01	0.01
Share capital at 31 December (MCHF)	2.5	2.5

12. Income taxes and deferred taxes

12.1 Income taxes

	2010 MCHF	2009 MCHF
Income taxes from current year	8.8	5.0
Income taxes from previous years	0.1	–0.2
Deferred taxes	–2.0	1.6
TOTAL INCOME TAXES	**6.9**	**6.4**

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

The applicable tax rate of 26.9% (2009: 26.6%) is a weighted Group tax rate, calculated from the income taxes based on the profits before taxes of each Group company, multiplied with the individual applicable tax rate. This rate reflects the actual economic benefit in the different tax legislations. The variation in the Group's average applicable tax rate compared to the previous year is caused by changes in volumes, product mix and profitability of the Group's subsdiaries, as well as changes in local statutory tax rates. The following elements explain the difference between the income taxes at the applicable Group tax rate and the effective income taxes.

	2010 MCHF	2009 MCHF
RESULT BEFORE TAX	**20.5**	**24.1**
Applicable tax rate	26.9%	26.6%
INCOME TAXES AT THE APPLICABLE GROUP TAX RATE	**5.5**	**6.4**
Non-tax-deductible expenses and non-taxable income	0.3	–3.3
Changes in recognition of tax losses	1.0	0.6
Utilisation of unrecognised tax loss carry forwards	–5.1	–6.2
Current year's losses for which no deferred tax assets are recognized	6.1	1.7
Income taxes from previous years	0.1	–0.2
Taxable events which are eliminated in Group closing	–1.2	6.9
Withholding taxes not refundable	0.2	0.4
Others	0.0	0.1
EFFECTIVE INCOME TAXES	**6.9**	**6.4**

12.3 Tax loss carry forwards

	2010 MCHF	2009 MCHF
AVAILABLE TAX LOSS CARRY FORWARDS AT 1 JANUARY	**259.3**	**310.2**
Changes due to new tax assessments	–3.8	1.7
Tax losses arising from current year	33.2	6.1
Tax losses utilised against current year profits	–49.1	–57.5
Tax losses expired during current year	–104.6	–2.3
Currency translation differences	–14.6	1.1
AVAILABLE TAX LOSS CARRY FORWARDS AT 31 DECEMBER	**120.4**	**259.3**

Deferred tax assets of MCHF 3.4 (2009: MCHF 4.8) were recorded in respect of available tax loss carry forwards of MCHF 13.7 (2009: MCHF 18.9). 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 utilised in the respective countries, or to the extent that the individual enterprises have sufficient taxable temporary differences.

99.0% (2009: 100.0%) of tax loss carry forwards are within Europe. These tax carry forwards can be utilized to a limited extent only (2009: MCHF 110.0).

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

	2010 MCHF	2009 MCHF
After 1 year	7.7	148.6
After 2 years	1.5	9.2
After 3 and more years	23.2	3.9
Unlimited	74.3	78.7
TOTAL UNRECOGNIZED TAX LOSS	**106.7**	**240.4**

12.4 Deferred taxes

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

	2010			2009		
MCHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment/intangible assets	3.2	0.7		0.5	0.5	
Inventories and work in progress	3.0	0.5		8.4	0.9	
Current receivables	0.1	4.3		0.2	2.7	
Long-term liabilities	0.9	0.8		1.1	0.8	
Provisions	1.5	0.2		0.9	0.3	
Short-term liabilities	2.7	2.7		2.5	9.3	
SUBTOTAL BY BALANCE-SHEET ITEMS	**11.4**	**9.2**	**2.2**	**13.6**	**14.5**	**–0.9**
Deferred tax assets on tax loss carry forwards	3.4			4.8		
Deferred tax assets on unused tax credits	0.2			0.2		
Offsetting assets with liabilities	–8.3	–8.3		–13.2	–13.2	
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	**6.7**	**0.9**	**5.8**	**5.4**	**1.3**	**4.1**

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. The difference between the change of deferred taxes and the recorded deferred tax expenses 2010 relates to currency translation differences.

12.5 Investments in subsidiaries

Temporary differences associated with investments in subsidiaries, for which no deferred taxes have been recognized, amount to MCHF 57.0 (2009: MCHF 43.1). No deferred taxes have 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.

13. Employee benefit liability and similar liabilities

	2010 MCHF	2009 MCHF
Pension schemes with net liabilities	7.3	7.6
Other long-term employee benefits	0.0	0.8
TOTAL	**7.3**	**8.4**

Pension schemes

Beside the statutory social security schemes independent pension plans or pension insurance policies covering substantially all employees exist. 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. Whereas all plans are reassessed by independent actuaries at least every three years (all significant pension schemes are reappraised every year). The last valuations were done at effective dates between 31 December 2008 and 31 December 2010 (including all significant pension schemes).

The following is a summary of the status of the main defined benefit plans at 31 December 2010, using IAS 19 (revised) actuarial assumptions.

	Note	2010 MCHF	2009 MCHF
Pension schemes with net liabilities		–7.3	–7.6
Pension schemes with net assets	5	2.0	2.1
LIABILITY IN THE BALANCE SHEET, NET		**–5.3**	**–5.5**

	2010 MCHF	2009 MCHF
PRESENT VALUE OF BENEFIT OBLIGATIONS AT 1 JANUARY	**–168.6**	**–159.4**
Current service cost	–5.2	–5.2
Employees' contributions	–2.9	–3.2
Interest cost	–6.2	–6.2
Actuarial gains (+)/losses (–)	–6.7	–1.6
Curtailment, settlement and plan amendments	0.7	0.7
Past service cost	0.0	0.4
Benefit paid	8.3	7.2
Currency translation differences	4.1	–1.3
PRESENT VALUE OF BENEFIT OBLIGATIONS AT 31 DECEMBER	**–176.5**	**–168.6**
FAIR VALUE OF PLAN ASSETS AT 1 JANUARY	**137.3**	**123.6**
Expected return on plan assets	5.9	5.4
Employer's contributions	6.4	5.9
Employees' contributions	2.9	3.2
Actuarial gains (+)/losses (–)	0.1	5.3
Curtailment, settlement and plan amendments	–0.5	0.0
Benefit paid	–8.3	–7.2
Currency translation differences	–3.8	1.1
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**140.0**	**137.3**
Present value of benefit obligations at 31 December	–176.5	–168.6
Fair value of plan assets at 31 December	140.0	137.3
NET FUNDED STATUS	**–36.5**	**–31.3**
Unrecognized actuarial losses (+)/gains (–)	31.2	25.8
LIABILITY IN THE BALANCE SHEET, NET	**–5.3**	**–5.5**
MOVEMENT IN THE NET LIABILITY		
Net liability recognized in balance sheet at the beginning of the period	–5.5	–5.4
Expenses for pension schemes recognized in the income statement	–6.5	–5.9
Employer's contributions	6.4	5.9
Currency translation differences	0.3	–0.1
NET LIABILITY RECOGNIZED IN BALANCE SHEET AT 31 DECEMBER	**–5.3**	**–5.5**
EXPENSES FOR PENSION SCHEMES RECOGNIZED IN THE INCOME STATEMENT		
Current service cost	–5.2	–5.2
Interest cost	–6.2	–6.2
Expected return on plan assets	5.9	5.4
Net actuarial gains (+) and losses (–) recognized in the period	–1.2	–1.0
Curtailment, settlement and plan amendments	0.2	0.7
Past service cost	0.0	0.4
TOTAL, INCLUDED IN THE INCOME STATEMENT	**–6.5**	**–5.9**

Plan assets

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

	2010	2009
Equity instruments	24.3%	22.8%
Debt instruments	49.2%	41.1%
Property	11.8%	10.2%
Other[1]	14.7%	25.9%
TOTAL	**100.0%**	**100.0%**

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

Strategic pension plan asset allocation 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 2011 are estimated at MCHF 6.1.

	2010 MCHF	2009 MCHF
ACTUAL RETURN ON PLAN ASSETS	**6.0**	**10.7**

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

	2010 MCHF	2009 MCHF	2008 MCHF	2007 MCHF	2006 MCHF
Present value of benefit obligations at 31 December	–176.5	–168.6	–159.4	–170.0	–163.3
Fair value of plan assets at 31 December	140.0	137.3	123.6	149.2	141.2
NET FUNDED STATUS	**–36.5**	**–31.3**	**–35.8**	**–20.8**	**–22.1**
Experience adjustment on plan liabilities	–1.0	–1.6	1.7	0.5	–1.0
Change in assumptions on plan liabilities	–5.7	0.0	4.0	0.0	–1.3
Experience adjustment on plan assets	0.1	5.3	–22.8	–0.1	4.6

	2010	2009
ACTUARIAL ASSUMPTIONS		
Discount rate	2.75%–5.30%	3.25%–6.50%
Expected return on plan assets	2.00%–7.50%	2.00%–7.50%
Future salary increases	1.25%–5.17%	1.25%–5.25%
Future pension-benefit increases	0.50%–3.60%	0.50%–3.80%

The listed assumptions represent the unweighted part of each defined benefit pension plan. The total amount of contributions paid for defined contribution plans in 2010 amounts to MCHF 3.7 (2009: MCHF 2.8).

	2010 MCHF	2009 MCHF
OTHER LONG-TERM EMPLOYEE BENEFITS		
Liability at 1 January	0.8	0.9
Decrease of the liability	–0.8	–0.1
Liability at 31 December	0.0	0.8

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

14. Trade payables

	2010 MCHF	2009 MCHF
TRADE PAYABLES	**54.8**	**59.4**

Trade payables are non-interest bearing and are generally settled on 60-day terms.

15. Accrued expenses, deferred income and other liabilities

15.1 Accrued expenses and deferred income

	2010 MCHF	2009 MCHF
Liabilities to employees[1]	23.3	22.5
Deferred income for maintenance	4.8	2.3
Tax accruals without income tax	0.6	0.5
Others	4.5	5.8
TOTAL	**33.2**	**31.1**

1 The liabilities to employees consist mainly of vacation and overtime accruals and accruals for variable compensation

Income taxes are shown in Note 12.

15.2 Other liabilities
The other current liabilities of MCHF 13.2 (2009: MCHF 15.2) consist mainly of tax and social security liabilities.

16. Provisions and contingent liabilities

16.1 Provisions

	Current provisions			
MCHF	Warranties	Restructuring	Other	Total
At 1 January 2010	7.2	0.5	3.4	11.1
Additions	5.3	0.1	1.2	6.6
Unused reversed	–0.9	0.0	–0.3	–1.2
Used during year	–4.0	–0.3	–1.2	–5.5
Currency translation differences	–0.8	–0.1	–0.2	–1.1
AT 31 DECEMBER 2010	**6.8**	**0.2**	**2.9**	**9.9**
At 1 January 2009	6.8	0.0	3.4	10.2
Additions	3.9	0.5	1.0	5.4
Unused reversed	–1.2	0.0	–0.1	–1.3
Used during year	–2.4	0.0	–1.0	–3.4
Currency translation differences	0.1	0.0	0.1	0.2
AT 31 DECEMBER 2009	**7.2**	**0.5**	**3.4**	**11.1**

The provisions have been created on the basis of the available information. All provisions are classified as current because it is expected that they will be settled in the entity's normal operating cycle. In connection with its ordinary business operations, the Group is involved in various legal disputes.

16.2 Contingent liabilities
The total amount of guarantees in favor of third parties is MCHF 136.5 at the end of 2010 (2009: MCHF 174.6).

As of 25 November 2008 guarantee facilities with a limit of MCHF 100.0 (2009: MCHF 100.0) of a bank syndicate have been renegotiated for a term of 4 years and have been extended in 2009 for another year, by execution of a renewal option (maturity 31 December 2013). Due to the repayment of the convertible bonds as per 31 December 2009 (see Note 17) the pledge of the subsidiary TransLogic Corp. (USA) in favor of the guarantee facilities has ceased. In connection with the guarantee facilities a fix cash credit of MCHF 20.0 has been drawn from the bank syndicate as per 31 December 2009 (see Note 18) and has been extended in December 2010 for another year, whereby the limit of the guarantee facilities was reduced from MCHF 100.0 to MCHF 80.0.

The guarantee facilities are bonded mainly by the following covenants which have to be complied with quarterly:
a) Minimum equity of MCHF 140.0. The change in the currency translation adjustment within the equity since 31 December 2007 is to be neutralized.
b) Adjusted net debt in relation to operating profit before depreciation, amortization and impairment of goodwill (EBITDA) of maximum 2.5; the adjusted net debt consists of the financial liabilities minus fixed percentages of the issued guarantees by the banks less cash and current financial assets.

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 2010 and 2009 Swisslog Group complied with the conditions of the covenants without exception.

A competitor has filed a complaint against Swisslog's PillPick solution in North America in 2005 alleging infringement of two patents. No material impact is expected from the dispute because the PillPick sales are only about 10% of total sales of division Healthcare Solutions in 2010 and 2009, and Swisslog maintains that no patent infringement occurred from today's perspective and defends this position.

Due to the resolution of legal disputes there are no further material contingent liabilities as per 31 December 2010 and 31 December 2009, respectively.

17. 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 2009, Swisslog Holding AG has repurchased 2 196 convertible bonds in several steps with an aggregate nominal value of MCHF 5.5 and has kept them at its own; the repurchase prices were between 98.5% and 99.8%. As per maturity of 31 December 2009 all outstanding convertible bonds were repaid at their nominal value. Interest expense 2009 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 and amounts to MCHF 2.4 in 2009.

The bonds are recorded in the balance sheet as follows:

	2010 MCHF	2009 MCHF
LIABILITY COMPONENT AT 1 JANUARY	**0.0**	**38.5**
Interest expense before and after the partial repurchases of convertible bonds:		
Interest expense coupon interest rate 3.0%/3.5%	0.0	1.1
Interest expense market interest rate applied	0.0	1.3
Effects from the partial repurchases of the bonds		
Partial repurchases of bonds	0.0	–5.5
Repayment of outstanding convertible bonds at maturity (31 December 2009)	0.0	–33.7
Interest paid	0.0	–1.7
LIABILITY COMPONENT AT 31 DECEMBER	**0.0**	**0.0**

18. Financial liabilities

	2010 MCHF	2009 MCHF
Financial liabilities	20.2	20.1
TOTAL	**20.2**	**20.1**

The financial liabilities primarily consist of a fix cash credit of MCHF 20.0 which has been drawn as per 31 December 2009 by Swisslog Holding AG from the bank syndicate in connection with the guarantee facilities (see Note 16.2) and has been extended in December 2010 for another year. The interest rate is 1.3% (2009: 1.3%). The fix cash credit matures within one year.

19. Operating expenses

	2010 MCHF	2009 MCHF
MATERIAL AND SERVICE EXPENSES		
Change in inventories	–0.4	3.5
Material expenses	249.3	297.4
Service expenses	20.0	2.4
TOTAL	**268.9**	**303.3**

	2010 MCHF	2009 MCHF
PERSONNEL EXPENSES		
Wages and salaries	176.5	177.9
Social security and other personnel costs (compare with Note 13)	62.3	62.8
TOTAL	**238.8**	**240.7**

	2010 MCHF	2009 MCHF
OTHER OPERATING EXPENSES		
Other operating expenses	**80.2**	**68.9**

This item includes all operating and recurring administrative, sales and development expenses from normal business activities which are not shown in other positions in the income statement. The 2010 result includes development expenses of MCHF 7.0 (2009: MCHF 10.1).

20. Share-based payment

Swisslog Group has implemented a share matching plan for a limited number of participants. The plan starts on 1 July (grant date) and comprises a vesting period of 3 years. Under the share matching plan, participants agree to buy a certain number of Swisslog shares at market price or to bring in Swisslog shares from their private portfolios ("base shares"). Participants can dispose of their base shares only after a blocking period of 3 years. Upon expiry of the 3 years' blocking period, participants receive free Swisslog shares ("matching shares"), where the number depends on how many base shares the participant had brought in, and on the level of achievement of a 3-year performance target. Participants receive one matching share per base share if the target is met at 100%.

The target achievement estimates as per balance-sheet date of 31 December 2010 and per 31 December 2009 and the resulting total expenses as well as the recognized expenses in the year 2010 and 2009 are as follows:

Grant date	Matching shares at grant date	Share price at grant date	Target achievement estimated as per 31 December 2010	Target achievement estimated as per 31 December 2009	Outstanding matching shares per 31 December 2010[1]	Estimated expense in TCHF		
	in '000	CHF	in %	in %	in '000	Total	Recognized in 2010	Recognized in 2009
1 July 2008	602	1.20	41%	57%	225	270	28	85
1 July 2009	598	0.82	54%	96%	321	263	53	78
1 July 2010	507	0.85	65%	not applicable	376	320	53	0
TOTAL	**1 707**					**853**	**134**	**163**

1 Based on the target achievement estimated as per 31 December 2010 and considering plan participants that have lost their rights on matching shares

The number of outstanding matching shares, multiplied with the share price at grant date, is the total estimated expense for the grant. The total expense is recorded under personnel expense on a pro-rata basis over the vesting period and amounts to TCHF 134 in 2010 (2009: TCHF 163).

21. Financial result

	2010 MCHF	2009 MCHF
FINANCIAL INCOME		
Interest income	0.8	1.3
Changes in the fair value of the current financial assets – designated at fair value through profit or loss	0.0	0.1
Foreign exchange rate gains	1.3	2.7
TOTAL	**2.1**	**4.1**
FINANCIAL EXPENSE		
Interest expense for convertible bonds	0.0	–1.1
Accretion expense for convertible bonds with market interest rate applied at issuance	0.0	–1.3
Other interest expense	–0.3	–0.5
Other financial expense	–1.2	–1.7
Foreign exchange rate losses	–0.2	–3.8
TOTAL	**–1.7**	**–8.4**

Interest income relates to interest on cash at banks and money market investments in CHF and foreign currencies. Details with respect to the partial repurchases of the convertible bonds in 2009 are included in Note 17 (convertible bonds). Other financial expense 2010 and 2009 contains a write-down of a long-term loan (see Note 5.1), bank charges and costs for the facility fee for the guarantees.

22. Operating leases

	2010 MCHF	2009 MCHF
Minimum lease payments per 31 December		
due within one year	7.7	8.4
due after one and before five years	18.0	18.8
due after five years	3.2	4.1
TOTAL	**28.9**	**31.3**

Minimum lease payments primarily include tenancy agreements. Operating leasing costs totalled MCHF 7.2 in 2010 (2009: MCHF 9.3).

23. Financial instruments

a) Categories

MCHF	Note	At fair value through profit or loss	Loans and receivables	Other liabilities	Total
ASSETS AT 31 DECEMBER 2010					
Long-term interest-bearing receivables	5	0.0	4.0	0.0	4.0
Prepaid expenses and accrued income	9	0.0	10.5	0.0	10.5
Trade receivables	7	0.0	78.2	0.0	78.2
Current financial assets	10	1.0	0.0	0.0	1.0
Cash and cash equivalents	10	0.0	85.3	0.0	85.3
TOTAL		**1.0**	**178.0**	**0.0**	**179.0**
LIABILITIES AT 31 DECEMBER 2010					
Provisions	16	0.0	0.0	3.1	3.1
Accrued expenses and other liabilities	15	0.0	0.0	3.5	3.5
Trade payables	14	0.0	0.0	54.8	54.8
Financial liability	18	0.0	0.0	20.2	20.2
TOTAL		**0.0**	**0.0**	**81.6**	**81.6**
ASSETS AT 31 DECEMBER 2009					
Long-term interest-bearing receivables	5	0.0	4.1	0.0	4.1
Prepaid expenses and accrued income	9	0.0	2.9	0.0	2.9
Trade receivables	7	0.0	72.1	0.0	72.1
Current financial assets	10	0.4	0.0	0.0	0.4
Cash and cash equivalents	10	0.0	124.0	0.0	124.0
TOTAL		**0.4**	**203.1**	**0.0**	**203.5**
LIABILITIES AT 31 DECEMBER 2009					
Provisions	16	0.0	0.0	3.9	3.9
Accrued expenses and other liabilities	15	0.0	0.0	8.1	8.1
Trade payables	14	0.0	0.0	59.4	59.4
Financial liability	18	0.0	0.0	20.1	20.1
TOTAL		**0.0**	**0.0**	**91.5**	**91.5**

The above disclosed carrying amounts are fair values except for loans and receivables and other liabilities which are approximately fair value. The net gains or net losses of some classes are disclosed in Note 21 (Financial result). The current financial assets primarily consist of mutual funds and derivative financial instruments of MCHF 0.7 (2009: MCHF 0.0). The derivative financial instruments are measured at fair value.

b) Foreign exchange exposure

The following table provides an overview of the exposure in Swisslog's main foreign currencies as per balance-sheet date. The figures are presented in local currencies.

	EUR	NOK	SEK	USD
31 DECEMBER 2010				
At fair value through profit or loss	0.3	0.0	0.0	0.0
Cash, loans, receivables and accrued income	41.0	87.4	77.5	43.0
Provisions, liabilities and accrued expenses	–23.7	–23.4	–32.3	–11.5
NET BALANCE	**17.6**	**64.0**	**45.2**	**31.5**

	EUR	NOK	SEK	USD
31 DECEMBER 2009				
At fair value through profit or loss	0.2	0.0	0.0	0.0
Cash, loans, receivables and accrued income	40.3	139.5	57.4	26.5
Provisions, liabilities and accrued expenses	–27.3	–8.5	–39.6	–8.7
NET BALANCE	13.2	131.0	17.8	17.8

Sensitivity		MCHF
Impact on the result/equity of Swisslog Group as per 31 December 2010:		
– Increase of the 4 main currencies (EUR, NOK, SEK, USD) against the Swiss Franc by	5%	3.3
– Increase of the 4 main currencies (EUR, NOK, SEK, USD) against the Swiss Franc by	10%	6.7
– Reduction of the 4 main currencies (EUR, NOK, SEK, USD) against the Swiss Franc by	5%	–3.3
– Reduction of the 4 main currencies (EUR, NOK, SEK, USD) against the Swiss Franc by	10%	–6.7

c) Hierarchy of financial instruments at fair value

All financial assets at fair value (2010: MCHF 1.0/2009: MCHF 0.4) are listed in the valuation hierarchy of level 1. A description of all 3 levels is documented in Note 1.6.

24. Related-Party Transactions

The shares of Swisslog Holding AG are widely held. For major shareholders please refer to page 71. No transactions were carried out with related parties in 2010 and 2009.

	2010 MCHF	2009 MCHF
COST OF COMPENSATION FOR KEY MANAGEMENT		
Salaries and other short-term employee benefits	3.1	3.1
Termination benefits	0.0	0.0
Post-employment benefits and insurance	0.4	0.4
Share-based payments	0.1	0.1
TOTAL	3.6	3.6

Key Management includes the members of the Board of Directors (2010: 5 / 2009: 5) and the members of the Executive Committee (2010: 5 / 2009: 5). The amounts are calculated according to IFRS. A clause of change in control in the amount of two annual compensations was agreed on with one member of the Executive Committee. Furthermore, the matching shares granted under the Swisslog share plan (see Note 20) would vest early in case of a public takeover or merger. In such case, a target achievement of at least 100% would be assumed and the restriction period for base shares would be suspended. Based on a target achievement of 100%, members of the Key Management are entitled to a total of 1 014 000 matching shares as per 31 December 2010 (2009: 708 000 matching shares).

25. Earnings per share (EPS)

	2010	2009
Weighted average number of shares	249 526 228	249 646 033
Net result continued operations (MCHF)	13.6	17.7
Basic earnings per share (CHF)	0.05	0.07

In order to determine the earnings per share, the Group's average holding of 1 750 756 own shares in 2010 (2009: 1 630 951) was deducted from the total number of shares of 251 276 984 (2009: 251 276 984). There are no dilutive effects in 2010 and 2009.

26. Dividends per share

At the Annual General Meeting of Shareholders on 14 April 2011, a dividend of CHF 0.03 per entitled registered share in respect of 2010 is to be proposed. The dividends declared in respect of 2009 was CHF 0.02 per share.

27. Risk management

The material strategic, operational and financial risks of the Group are covered by the Executive Committee annually on the occasion of the business plan process and are detailed in a risk map. The risks are reviewed, updated and completed on the occasion of the budgeting process. Risks are categorized into their likelihood of occurrence and their potential financial impact (outflow of resources and/or impact on the income statement). For each listed risk, prevention or mitigation measures are defined as well as responsibilities and the monitoring of developments. The Board of Directors discusses and approves the risk map established by the group management on an annual basis.

The formal risk management process builds the basis for the companies which are in the scope of the internal audit. The internal audit and also their activities are monitored and approved by the audit committee which meets at least three times a year. Furthermore, the Group Management has the possibility to request profound audits in order to flexibly react on changes in the risk environment. Risks particularly significant to the Group are monitored by separate boards; among them is the Investment and Currency Board, which reports to CFO, and the continuously performed project progress reviews in the divisions.

28. Events after the reporting period

28.1 Acquisition Sabal Medical Inc., USA

As per 10 January 2011 Swisslog Group acquired 100% of the shares of Sabal Medical Inc., USA. The provisional purchase costs are MCHF 8.1. Sabal Medical Inc., USA, will be included in the consolidation scope of the Group in 2011. The provisional goodwill (non-tax-deductible) consists primarily of anticipated synergy potential between Sabal Medical Inc., USA, and the Division Healthcare Solutions.

Provisional effect of the acquisition

MCHF	Acquiree's carrying value	Fair value
Property, plant and equipment	0.5	0.5
Inventories	0.1	0.1
Trade and other payables	–0.1	–0.1
Deferred tax assets		0.7
NET ASSETS ACQUIRED		**1.2**
Goodwill		6.9
TOTAL PURCHASE CONSIDERATION		**8.1**
DETAILS OF PURCHASE CONSIDERATION		
Purchase price in cash		6.6
Deferred cash payment		1.5
TOTAL PURCHASE CONSIDERATION		**8.1**

The provisional, deferred cash payment is equivalent to the probability-weighted payments in the following two years 2011 and 2012 (depending on the sold number of mobile drug cabinets) and is discounted to the present value. The potential undiscounted amount of all future payments that Swisslog Group could be required to pay under this arrangement is between MCHF 0.0 and MCHF 1.9. The direct cost related to the acquisition amounts to MCHF 0.1 and is booked in the income statement. The above-mentioned values are provisional, because the transaction was near approval of the consolidated financial statements by the Board of Directors. The transaction is attributed to the Division Healthcare Solutions.

28.2 Acquisition of the shares of Servus Intralogistics GmbH, Austria

Swisslog Group acquired, with a purchase consideration of MCHF 4.4 (MEUR 3.5), as per 12 January 2011 25.1% of the shares of Servus Intralogistics GmbH, Austria. Servus Intralogistics GmbH is specialized in the area of autonomous and intelligent transportroboter-systems for intralogistics and will be assigned to the Warehouse & Distribution Solutions division.

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

As statutory auditor, we have audited the consolidated financial statements of Swisslog Holding AG which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, changes in equity and notes (pages 38 to 65) for the year ended 31 December 2010.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2010 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with IFRS and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (article 728 Code of Obligations [CO] and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

Ernst & Young Ltd

Philip Klopfenstein
Licensed audit expert
(Auditor in charge)

Kaspar Streiff
Licensed audit expert

Basel, 28 February 2011

2010 FINANCIAL STATEMENTS OF SWISSLOG HOLDING AG

Balance Sheet, Income Statement of Swisslog Holding AG

BALANCE SHEET

At 31 December	Note	2010 TCHF	2009 TCHF
ASSETS			
Cash and cash equivalents		42 492	50 050
Marketable securities	10	2 892	1 308
Other assets			
Group companies		16 760	33 066
Third parties		155	779
Prepaid expenses		166	547
CURRENT ASSETS		**62 465**	**85 750**
Property, plant, equipment and intangible assets	2	535	586
Loans with Group companies		145 176	116 253
Investments in Group companies	8	190 528	178 240
NON-CURRENT ASSETS		**336 239**	**295 079**
TOTAL ASSETS		**398 704**	**380 829**
EQUITY AND LIABILITIES			
Trade payables		220	178
Other liabilities			
Group companies		131 591	89 030
Third parties		90	18
Accrued expenses		2 282	3 207
Provisions		1 038	0
Fix cash credit	1	20 000	20 000
CURRENT LIABILITIES		**155 221**	**112 433**
Provisions		540	1 565
NON-CURRENT LIABILITIES		**540**	**1 565**
TOTAL LIABILITIES		**155 761**	**113 998**
Share capital	11	2 513	2 513
Legal reserves	11	83 604	83 604
Reserve for contribution of capital	11	*77 806*	*81 910*
Other general reserves	11	*3 358*	*0*
Reserve for treasury shares from contribution of capital	11	*2 440*	*1 694*
Retained earnings	12	156 826	180 714
Carry forward		*175 719*	*134 340*
Net result	11	*–18 893*	*46 374*
EQUITY		**242 943**	**266 831**
TOTAL EQUITY AND LIABILITIES		**398 704**	**380 829**

INCOME STATEMENT

1 January to 31 December		2010 TCHF	2009 TCHF
INCOME			
Financial income		27 515	24 291
Dividend payments from investments		2 468	37 630
Gain from sales of fixed assets		145	10
Other income from Group companies		7 241	8 088
TOTAL INCOME		**37 369**	**70 019**
EXPENSES			
Financial expenses		30 046	9 105
Personnel expenses		4 494	5 184
Other administration expenses		4 840	4 481
Depreciation		244	242
Write-down of loans		16 529	4 318
TOTAL EXPENSES		**56 153**	**23 330**
Tax expenses		109	315
NET RESULT		**–18 893**	**46 374**

Notes to the 2010 Financial Statements of Swisslog Holding AG

1. Contingent liabilities

	2010 TCHF	2009 TCHF
Guarantees to third parties	73 285	90 279

Guarantee facilities with a limit of MCHF 100.0 (2009: MCHF 100.0) of a bank syndicate have been renegotiated for a term of 4 years on 25 November 2008 and have been extended in 2009 for another year by execution of a renewal option (maturity 31 December 2013). The pledge of the subsidiary TransLogic Corp. (USA) ceased with the repayment of the convertible bonds as per 31 December 2009. Further information is included in Note 16 of the consolidated financial statements 2010. In connection with the guarantee facilities a cash credit of MCHF 20.0 has been drawn from the bank syndicate as per 31 December 2009 and has been exteneded in December 2010 for another year.

2. Fire insurance value of property, plant and equipment

	2010 TCHF	2009 TCHF
Fire insurance value of property, plant and equipment	600	600

3. Liabilities due to pension plans

	2010 TCHF	2009 TCHF
Liabilities due to pension plans	7	0

4. Board and executive committee compensation disclosures

4.1 Compensation

The compensation of the members of the Board and the Executive Committee for the years 2010 and 2009, respectively, is as shown in the table (article 663b[bis] of the Swiss Code of Obligations).

2010	Function	Fixed compen-sation	Variable compensation: Short-term incentive: annual variable salary[1]	Variable compensation: Long-term incentive: share matching plan[2]	Other personnel expenses[3]	Total 2010	Share matching plan: Outstanding matching shares as per 31.12.2010[4]: Total (from grants 2008–2010) Shares	Share matching plan: Outstanding matching shares as per 31.12.2010[4]: From 2010 grant Shares
		in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in 1 000	in 1 000
BOARD OF DIRECTORS								
Hans Ziegler	Chairman	180	not applicable	0	11	191	38.8	15.9
Jürg Rückert	Vice-Chairman	70	not applicable	0	5	75	19.4	8.0
Heinz Bachmann	Member	70	not applicable	0	4	74	19.4	8.0
Johann Löttner	Member	70	not applicable	0	4	74	14.5	8.0
Manfred Schuster	Member	70	not applicable	0	5	75	19.4	8.0
TOTAL		**460**		**0**	**29**	**489**	**111.5**	**47.9**
FORMER MEMBER								
Jacques Réjeange	Member	0	not applicable	0	0	0	1.6	0.0
EXECUTIVE COMMITTEE								
Remo Brunschwiler	CEO	609	258	0	127	994	145.5	59.7
Other members (4)	Members	1 148	546	0	209	1 903	278.6	95.5
TOTAL		**1 757**	**804**	**0**	**336**	**2 897**	**424.1**	**155.2**

2009	Function	Fixed compen-sation	Variable compensation: Short-term incentive: annual variable salary[1]	Variable compensation: Long-term incentive: share matching plan[2]	Other personnel expenses[3]	Total 2009	Share matching plan: Outstanding matching shares as per 31.12.2009[4]: Total (from grants 2008–2009) Shares	Share matching plan: Outstanding matching shares as per 31.12.2009[4]: From 2009 grant Shares
		in TCHF	in TCHF	in TCHF	in TCHF	in TCHF	in 1 000	in 1 000
BOARD OF DIRECTORS								
Hans Ziegler	Chairman	180	not applicable	0	10	190	36.6	23.0
Jürg Rückert	Vice-Chairman	70	not applicable	0	5	75	18.3	11.5
Heinz Bachmann	Member	70	not applicable	0	2	72	18.3	11.5
Johann Löttner (from 21.4.2009)	Member	50	not applicable	0	0	50	11.5	11.5
Jacques Réjeange (until 21.4.2009)	Member	20	not applicable	0	4	24	2.3	0.0
Manfred Schuster	Member	70	not applicable	0	2	72	18.3	11.5
TOTAL		**460**		**0**	**23**	**483**	**105.3**	**69.0**
EXECUTIVE COMMITTEE								
Remo Brunschwiler	CEO	609	339	0	140	1 088	136.9	86.0
Other members (4)	Members	1 179	498	0	263	1 940	292.0	183.5
TOTAL		**1 788**	**837**	**0**	**403**	**3 028**	**428.9**	**269.5**

There was no compensation to former members of the Board of Directors and former members of the Executive Committee in the years 2010 and 2009, respectively.

1 Accrued variable salary that will be paid out in the following year

2 Number of vested matching shares multiplied by the share price at the date of transfer into the participant's deposit. The first vesting will happen in 2011 (see also Note 4)

3 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)

4 Swisslog Holding AG has implemented a share matching plan for a limited number of participants in 2008. Under the plan, participants agree to buy a certain number of Swisslog shares at market price or to bring in Swisslog shares from their private portfolios ("base shares"). Participants can dispose of their base shares only after a blocking period of 3 years. Upon expiry of the 3 years' blocking period, participants receive free Swisslog shares ("matching shares"), where the number depends on how many base shares the participant had brought in and on the level of achievement of a 3-year performance target. Participants receive one matching share per base share if the target is met at 100%. The disclosed number of outstanding matching shares is based on the number of base shares brought in, and on estimates concerning the achievement of the 3-year performance targets. The estimates were done as per 31 December 2010 and per 31 December 2009, respectively, and they take into account the intermediate results that have been realized as per reference date as well as the budget and business plan figures for the remainder of the vesting period. Further information about the share matching plan, including the anticipated levels of target achievement, is shown in Note 20 of the consolidated financial statement and in the Corporate Governance report, which is included in the Annual Report

4.2 Loans and credits

No loans, credits and advances were granted to members of the Board and the Executive Committee or persons closely related to them. No such loans were outstanding as of 31 December 2010 and 31 December 2009, respectively.

5. Investments 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 related to them) as per 31 December according to article 663c section 3 of the Swiss Code of Obligations.

		Number of Swisslog shares	
	Function	31 December 2010	31 December 2009
BOARD OF DIRECTORS			
Hans Ziegler	Chairman	1 132 000	1 108 000
Jürg Rückert	Vice-Chairman	36 000	24 000
Heinz Bachmann	Member	41 000	29 000
Johann Löttner	Member	24 000	12 000
Manfred Schuster	Member	112 000	112 000
TOTAL		**1 345 000**	**1 285 000**
EXECUTIVE COMMITTEE			
Remo Brunschwiler	CEO and HCS Division President (ad interim)	400 000	400 000
Daniel Fink	WDS Division President	144 000	96 000
Charlie Kegley	President HCS Region North America	99 500	99 500
Christian Mäder	CFO	150 000	100 000
Philipp Uschatz	Head of Corporate HR	144 000	98 000
TOTAL		**937 500**	**793 500**

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

Swisslog Holding AG together with Swisslog AG and Swisslog IP 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 tax group.

7. Significant shareholders

Based on the information on hand there was one shareholder with an investment of 5% or more in the share capital of the company as per 31 December 2010: According to the share register Pictet Funds SA, Geneva, as a responsible body of a collective investment, owns 5.6% of the Company's capital (2009: below 5.0%). Further information about the disclosure of significant shareholders is disclosed in accordance with the requirements of Six Swiss Exchange in the Annual Report on page 28.

8. Investments

The investments directly and indirectly held by Swisslog Holding AG are disclosed in the Annual Report on page 76.

9. Disclosure about performed risk management procedure

The Group has a risk management in place which covers also Swisslog Holding AG. The material strategic, operational and financial risks of the Group are covered by the Executive Committee annually on the occasion of the business plan process and are detailed in a risk map. The risks are reviewed, updated and completed on the occasion of the budgeting process. Risks are categorized into their likelihood of occurrence and their potential financial impact (outflow of resources and/or effect on the income statement). For each listed risk, prevention or mitigation measures are defined as well as responsibilities and the monitoring of developments. The Board of Directors approves the risk map established by the Group management on an annual basis.

The last risk assessment by the Board of Directors of Swisslog Holding AG has been performed on 15 December 2010. Further information is included in Note 27 of the consolidated financial statements 2010.

10. Treasury stocks

	Number of registered shares	Average price CHF	Year-end price CHF	Total TCHF
BALANCE AT 31 DECEMBER 2008	**1 718 500**		**0.44**	**756 140**
Sales	192 900	1.10		211 573
BALANCE AT 31 DECEMBER 2009	**1 525 600**		**0.87**	**1 327 272**
Purchases	1 220 345	0.80		978 662
Sales	–209 875	0.86		–179 813
BALANCE AT 31 DECEMBER 2010	**2 536 070**		**0.85**	**2 155 660**

Treasury shares are presented within marketable securities.

11. Statement of changes in equity

In TCHF	Share capital	Other general reserves	Capital reserves		Retained earnings		Equity
			Reserve for contribution of capital	Reserve for treasury shares	Carried forward	Result	
AT 31 DECEMBER 2008[1]	**2 513**	**81 696**	**0**	**1 908**	**37 149**	**102 182**	**225 448**
Appropriation of net result 2008					102 182	–102 182	0
Dividend payment					–4 991		**–4 991**
Release of reserve for treasury stocks		214		–214			0
Net result 2009						46 374	**46 374**
AT 31 DECEMBER 2009[1, 2]	**2 513**	**81 910**	**0**	**1 694**	**134 340**	**46 374**	**266 831**
Appropriation of net result 2009					46 374	–46 374	0
Dividend payment					–4 995		–4 995
Building of reserve for treasury shares		–746		746			0
Reclassification of general reserve to capital reserve		–77 806	77 806				0
Net result 2010						–18 893	–18 893
AT 31 DECEMBER 2010[1]	**2 513**	**3 358**	**77 806**	**2 440**	**175 719**	**–18 893**	**242 943**

1 Before appropriation
2 Statutory reserves in previous year renamed to other general reserves

12. Proposal of the Board of Directors for appropriation of the retained earnings as per 31 December 2010

In TCHF	2009 Resolution of the General Meeting of Shareholders
Retained earnings carried forward	134 340
Net result	46 374
RETAINED EARNINGS AVAILABLE FOR APPROPRIATION	**180 714**
Dividend of CHF 0.02 per registered share of nominal CHF 0.01 on 249 751 384 shares entitled to dividend[1]	–4 995
BALANCE TO BE CARRIED FORWARD	**175 719**

In TCHF	2010 Proposal of the Board of Directors
Retained earnings carried forward	175 719
Net result	–18 893
RETAINED EARNINGS AVAILABLE FOR APPROPRIATION	**156 826**
Allocation to other general reserves	–11 447
BALANCE TO BE CARRIED FORWARD	**145 379**
Dividend of CHF 0.03 per registered share of nominal CHF 0.01 on 248 740 914 shares entitled to dividend at the expense of reserves for contribution of capital[1]	–7 462

1 Status as at 31 December 2010 and 2009, respectively. No dividend is paid on shares held by the company (treasury shares). The reported dividend requirement may change accordingly

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

As statutory auditor, we have audited the financial statements of Swisslog Holding AG, which comprise the balance sheet, income statement and notes (see pages 68 to 72) for the year ended 31 December 2010.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2010 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Over-sight Act (AOA) and independence (Art. 728 Code of Obligations [CO] and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Philip Klopfenstein
Licensed audit expert
(Auditor in charge)

Kaspar Streiff
Licensed audit expert

Basel, 28 February 2011

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 2010

Subsidiary	Registered office / Country	Consolidated on Y/M	Currency	Share capital in Mio.	Equity interest %
1. SUBSIDIARIES DIRECTLY HELD BY SWISSLOG HOLDING AG					
A) FULLY CONSOLIDATED MANAGEMENT-, FINANCING- AND ADMINISTRATION SUBSIDIARIES					
Swisslog Holdings (UK) Ltd.	Redditch / United Kingdom	97/12	GBP	1.01	100%
Swisslog IP B.V.	Amsterdam / Netherlands	99/01	EUR	0.02	100%
Swisslog USA Inc.	City of Dover / USA	99/09	USD	0.00	100%
Swisslog Asia Ltd.	Hong Kong / China	07/06	HKD	5.10	100%
Swisslog IP AG	Buchs / Switzerland	10/10	CHF	0.10	100%
B) FULLY CONSOLIDATED OPERATIVE SUBSIDIARIES					
Swisslog AB	Partille / Sweden	97/01	SEK	10.00	100%
Swisslog AG	Buchs / Switzerland	86/01	CHF	10.00	100%
Swisslog AS	Oslo / Norway	98/07	NOK	0.50	100%
Swisslog Australia Pty. Ltd.	Epping / Australia	96/01	AUD	0.00	100%
Swisslog B.V.	Culemborg / Netherlands	86/01	EUR	0.02	100%
Swisslog Ergotrans B.V.	Apeldoorn / Netherlands	08/04	EUR	0.11	100%
Swisslog Evomatic GmbH	Sipbachzell / Austria	09/05	EUR	0.04	100%
Swisslog France SA	Saint-Denis / France	99/09	EUR	0.84	100%
Swisslog Italia S.p.A.	Mailand / Italy	89/01	EUR	0.55	100%
Swisslog Luxembourg S.A.	Ell / Luxembourg	00/11	EUR	1.35	100%
Swisslog Malaysia Sdn Bhd	Selangor Darul Ehsan / Malaysia	97/01	MYR	0.25	100%
Swisslog N.V.	Wilrijk / Belgium	94/01	EUR	0.12	100%
Swisslog Polska Sp. z o.o.	Warschau / Poland	00/05	PLN	0.10	100%
Swisslog Pte. Ltd.	Singapore	99/09	SGD	0.60	100%
Swisslog Singapore Pte. Ltd.	Singapore	97/01	SGD	0.10	100%
2. SIGNIFICANT SUBSIDIARIES NOT DIRECTLY HELD BY SWISSLOG HOLDING AG					
A) FULLY CONSOLIDATED MANAGEMENT-, FINANCING- AND ADMINISTRATION SUBSIDIARIES					
Swisslog (Deutschland) GmbH	Puchheim / Germany	89/01	EUR	3.40	100%
Swisslog Verwaltung AG	Puchheim / Germany	01/08	EUR	0.71	100%
B) FULLY CONSOLIDATED OPERATIVE SUBSIDIARIES					
Swisslog (Shanghai) Co, Ltd.	Shanghai / China	04/02	USD	1.28	100%
Swisslog (UK) Ltd.	Redditch / United Kingdom	94/01	GBP	0.25	100%
Swisslog GmbH	Dortmund / Germany	97/12	EUR	1.00	100%
Swisslog Healthcare (UK) Ltd.	Southampton / United Kingdom	00/12	GBP	0.00	100%
Swisslog Logistics, Inc.	Newport News / USA	98/07	USD	0.12	100%
Swisslog Rohrpostsysteme GmbH	Westerstede / Germany	99/09	EUR	0.50	100%
Swisslog Telelift GmbH	Puchheim / Germany	99/09	EUR	0.84	100%
Swisslog-Accalon (Kunshan) Co. Ltd.	Kunshan / China	08/02	USD	1.30	100%
Swisslog-Accalon AB	Boxholm / Sweden	07/06	SEK	1.00	100%
TransLogic Corp.	Denver / USA	99/09	USD	0.00	100%
TransLogic Ltd.	Mississauga / Canada	99/09	CAD	0.00	100%

The changes of the investments to the previous year are described in Note 1.27 of the consolidated financial statements.

Key figures for share capital

		Unit	2010	2009	2008	2007	2006
Share capital		MCHF	2.5	2.5	2.5	2.5	2.5
Shares (at year-end)		Thousands	251 277	251 277	251 277	251 277	251 277
Dividend/share		CHF	0.03	0.02	0.02	0.00	0.00
Dividend[1]		MCHF	7.5	5.0	5.0	0.0	0.0
Net result		MCHF	13.6	17.7	11.2	18.8	–3.5
Basic earnings per share		CHF	0.05	0.07	0.04	0.07	–0.02
Cash EPS		CHF	0.09	0.12	0.08	0.08	0.04
Quoted price per share[2]	High	CHF	1.07	0.95	1.54	2.11	1.79
	Low	CHF	0.74	0.32	0.39	1.45	1.16
	Closing price	CHF	0.85	0.87	0.44	1.60	1.54
Market capitalisation (at year-end)		MCHF	213.6	218.6	110.6	402.0	387.0
Consolidated equity		MCHF	152.7	161.3	148.5	156.4	143.0
Equity/share		CHF	0.6	0.6	0.6	0.6	0.6
Market capitalisation in % equity		%	140	136	74	257	271
Price Earnings Ratio (PE-Ratio)[3]		Factor	15.7	12.4	6.4	21.4	58.6

1 Proposal of the Board of Directors for 2010 to distribute CHF 0.03 per share
2 Rate of the day
3 Related to net result before amortization/impairment of goodwill

Closing of financial year	31 December
Year incorporated	1900, Holding Company 1986
Registered office	Buchs/Aarau, Switzerland
Exchange listing	SIX Swiss Exchange
Articles of association	latest revision of Articles of association: 15 April 2010
Share capital	MCHF 2.5 251 276 984 registered shares with a par value of CHF 0.01
Registration limit	in accordance with statutory provisions

Consolidated data for the past five years

CONSOLIDATED BALANCE SHEET

At 31 December	2010 MCHF	2009 MCHF	2008 MCHF	2007 MCHF	2006 MCHF
ASSETS					
Property, plant, equipment and investment property	13.2	14.9	13.0	14.0	14.0
Goodwill	72.3	80.1	78.1	90.8	88.3
Other intangible assets	12.9	12.2	13.8	7.2	5.3
Deferred tax assets	6.7	5.4	6.0	5.9	9.9
Other assets	6.0	6.2	7.8	20.3	19.9
NON-CURRENT ASSETS	**111.1**	**118.8**	**118.7**	**138.2**	**137.4**
Inventories	23.3	22.9	26.4	28.6	25.5
Trade receivables, amount due from customers for construction contracts and other receivables	147.9	136.9	166.5	162.3	168.6
Cash, cash equivalents and current financial assets	86.3	124.4	113.3	99.5	104.2
CURRENT ASSETS	**257.5**	**284.2**	**306.2**	**290.4**	**298.3**
TOTAL ASSETS	**368.6**	**403.0**	**424.9**	**428.6**	**435.7**
EQUITY AND LIABILITIES					
Share capital	2.5	2.5	2.5	2.5	2.5
Reserves	150.2	158.7	145.9	153.8	140.4
Non-controlling interests	0.0	0.1	0.1	0.1	0.1
EQUITY	**152.7**	**161.3**	**148.5**	**156.4**	**143.0**
Convertible bonds	0.0	0.0	0.0	54.0	63.8
Deferred tax liabilities	0.9	1.3	0.8	1.3	3.1
Employee benefit liability and similar liabilities	7.3	8.4	9.5	8.8	9.5
NON-CURRENT LIABILITIES	**8.2**	**9.7**	**10.3**	**64.1**	**76.4**
Trade payables	54.8	59.4	65.6	64.1	69.5
Amount due to customers for construction contracts	72.6	92.5	98.0	73.4	68.2
Provisions	9.9	11.1	10.2	11.4	15.4
Income tax payables	3.8	2.6	4.4	2.0	5.5
Accrued expenses and deferred income	33.2	31.1	34.0	43.2	44.9
Convertible bonds	0.0	0.0	37.9	0.0	0.0
Other liabilities	13.2	15.2	16.0	14.0	12.8
Financial liabilities	20.2	20.1	0.0	0.0	0.0
CURRENT LIABILITIES	**207.7**	**232.0**	**266.1**	**208.1**	**216.3**
TOTAL EQUITY AND LIABILITIES	**368.6**	**403.0**	**424.9**	**428.6**	**435.7**
Number of consolidated operative companies	27	27	26	25	27

CONSOLIDATED INCOME STATEMENT

1 January to 31 December	2010 MCHF	2009 MCHF	2008 MCHF	2007 MCHF	2006 MCHF
Order intake	611.1	642.0	598.0	850.5	677.3
Order backlog (at year-end)	400.9	446.4	445.6	682.3	538.0
CONTINUING OPERATIONS					
NET SALES	**614.8**	**649.9**	**786.1**	**694.9**	**646.9**
Other operating income	1.2	2.5	0.3	2.7	0.2
Material and service expenses	268.9	303.3	398.4	311.9	290.0
Personnel expenses	238.8	240.7	256.7	251.9	228.2
Other operating expenses	80.2	68.9	90.2	92.7	91.1
Depreciation and amortization	8.0	11.1	5.8	6.7	6.7
Total operating expenses	595.9	624.0	751.1	663.2	616.0
OPERATING PROFIT BEFORE AMORTIZATION/IMPAIRMENT OF GOODWILL (EBITA)	**20.1**	**28.4**	**35.3**	**34.4**	**31.1**
Amortization/impairment of goodwill	0.0	0.0	0.0	0.0	10.1
OPERATING PROFIT (EBIT)	**20.1**	**28.4**	**35.3**	**34.4**	**21.0**
Net financial result	0.4	–4.3	–5.9	–5.2	–14.9
RESULT BEFORE TAX	**20.5**	**24.1**	**29.4**	**29.2**	**6.1**
Income taxes	–6.9	–6.4	–11.5	–10.6	–9.6
RESULT CONTINUING OPERATIONS AFTER TAX	**13.6**	**17.7**	**17.9**	**18.6**	**–3.5**
Attributable to:					
Equity holders of the parent	13.6	17.7	17.9	18.6	–3.5
DISCONTINUING OPERATIONS					
Net sales	0.0	0.0	12.5	12.7	0.0
Other operating income	0.0	0.0	0.0	0.0	0.0
Operating expenses	0.0	0.0	–12.2	–12.5	0.0
Result from discontinued operations	0.0	0.0	–7.0	0.0	0.0
Net financial result	0.0	0.0	0.0	0.0	0.0
RESULT BEFORE TAX	**0.0**	**0.0**	**–6.7**	**0.2**	**0.0**
Income taxes	0.0	0.0	0.0	0.0	0.0
RESULT DISCONTINUED AFTER TAX	**0.0**	**0.0**	**–6.7**	**0.2**	**0.0**
Attributable to:					
Equity holders of the parent	0.0	0.0	–6.7	0.2	0.0
NET RESULT	**13.6**	**17.7**	**11.2**	**18.8**	**–3.5**
Attributable to:					
Equity holders of the parent	13.6	17.7	11.2	18.8	–3.5

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