FINANCIAL REPORT

2011 CONSOLIDATED FINANCIAL STATEMENTS OF SWISSLOG GROUP

Consolidated Balance Sheet

At 31 December, in MCHF	Note	2011	2010
ASSETS			
Property, plant and equipment	4	14.0	13.2
Goodwill	5	78.8	72.3
Other intangible assets	4	16.5	12.9
Deferred tax assets	14	5.8	6.7
Investment in an associate	6	4.4	0.0
Other assets	7	4.9	6.0
Non-current assets		**124.4**	**111.1**
Inventories	8	23.0	23.3
Trade receivables	9	112.4	78.2
Amount due from customers for construction contracts	10	50.1	38.8
Income tax receivables		4.6	4.6
Prepaid expenses and accrued income	11	10.6	13.4
Other receivables	11	2.7	12.9
Current financial assets	12	0.3	1.0
Cash and cash equivalents	12	87.3	85.3
Current assets		**291.0**	**257.5**
TOTAL ASSETS		**415.4**	**368.6**
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
– Share capital	13	2.5	2.5
– Share premium		80.5	80.4
– Treasury shares	13	–1.9	–2.4
– Retained earnings		141.8	137.6
– Currency translation reserves		–66.4	–65.4
EQUITY		**156.5**	**152.7**
Deferred tax liabilities	14	1.9	0.9
Employee benefit liabilities and similar liabilities	15	7.9	7.3
Non-current liabilities		**9.8**	**8.2**
Trade payables	16	56.9	54.8
Amount due to customers for construction contracts	10	103.5	72.6
Provisions	18	8.8	9.9
Income tax payables		2.3	3.8
Accrued expenses and deferred income	17	32.8	33.2
Other liabilities	17	24.7	13.2
Financial liabilities	19	20.1	20.2
Current liabilities		**249.1**	**207.7**
TOTAL LIABILITIES		**258.9**	**215.9**
TOTAL EQUITY AND LIABILITIES		**415.4**	**368.6**

Consolidated Income Statement and Consolidated Statement of Comprehensive Income

CONSOLIDATED INCOME STATEMENT

1 January to 31 December, in MCHF	Note	2011	2010
NET SALES		**574.8**	**614.8**
Other operating income		0.8	1.2
Material and service expenses	20	250.5	268.9
Personnel expenses	20, 21	225.7	238.8
Other operating expenses	20	72.2	80.2
Depreciation and amortization	4	8.0	8.0
OPERATING PROFIT (EBIT)		**19.2**	**20.1**
Financial income	22	2.1	2.1
Financial expenses	22	–1.5	–1.7
Share of loss of an associate	6	–0.6	0.0
RESULT BEFORE TAX		**19.2**	**20.5**
Income taxes	14	–7.5	–6.9
NET RESULT		**11.7**	**13.6**
Attributable to:			
Equity holders of the parent		11.7	13.6
EARNINGS PER SHARE	25	CHF	CHF
Basic earnings per share		0.05	0.05
Diluted earnings per share		0.05	0.05

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1 January to 31 December, in MCHF	2011	2010
NET RESULT	**11.7**	**13.6**
Currency translation differences	–1.0	–16.6
OTHER COMPREHENSIVE INCOME	**–1.0**	**–16.6**
TOTAL COMPREHENSIVE INCOME	**10.7**	**–3.0**
Attributable to:		
Equity holders of the parent	10.7	–3.0

Consolidated Cash Flow Statement

1 January to 31 December, in MCHF	Note	2011	2010
CASH FLOW FROM OPERATING ACTIVITIES			
Net result		11.7	13.6
Adjustments for:			
– Income taxes	14	7.5	6.9
– Depreciation and amortization	4	8.0	8.0
– Net financial result	22	–0.6	–0.4
– Share of loss of an associate	6	0.6	0.0
– Change in employee benefit liabilities and similar liabilities		0.5	–0.2
– Gain (+) / Loss (–) from sales of tangible assets		–0.1	0.1
– Share-based payment expenses	21	0.2	0.1
– Other non-cash transactions		0.0	–0.5
Income taxes paid		–6.0	–6.6
Cash flow before working capital changes		**21.8**	**21.0**
Increase (–) / decrease (+) of:			
– Inventories		0.0	–2.4
– Trade receivables, amount due from customers for construction contracts, prepaid expenses, accrued income and other receivables		–33.0	–13.1
Increase (+) / decrease (–) of:			
– Trade payables		2.2	–4.4
– Amount due to customers for construction contracts		32.4	–17.7
– Other liabilities and accrued expenses and deferred income		10.9	–0.8
– Provisions		–1.8	–1.1
Cash flow from working capital changes		**10.7**	**–39.5**
NET CASH FLOW FROM OPERATING ACTIVITIES		**32.5**	**–18.5**
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in property, plant and equipment	4	–5.0	–5.3
Investments in other intangible assets	4	–7.3	–4.5
Disposal of property, plant, equipment and other intangible assets		0.3	0.2
Cash outflow on acquisition of subsidiary	1.24	–6.6	0.0
Investment in an associate	6	–4.4	0.0
Other assets	7.1	1.0	–0.8
Interest received		0.6	0.8
NET CASH FLOW FROM INVESTING ACTIVITIES		**–21.4**	**–9.6**
CASH FLOW FROM FINANCING ACTIVITIES			
Acquisition of non-controlling interests	1.24	0.0	–0.1
Financial liabilities	19	0.0	0.1
Interest paid		–0.4	–0.3
Other financial expenses paid		–0.6	–0.9
Dividend payment	26	–7.5	–5.0
Purchase (–) / sale (+) of treasury shares	13.1	0.2	–0.7
NET CASH FLOW FROM FINANCING ACTIVITIES		**–8.3**	**–6.9**
Currency translation differences on cash and cash equivalents		–0.8	–3.7
NET CHANGE IN CASH AND CASH EQUIVALENTS		**2.0**	**–38.7**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**85.3**	**124.0**
CASH AND CASH EQUIVALENTS AT END OF YEAR	12	**87.3**	**85.3**

Consolidated Changes in Equity

MCHF	Note	Share capital	Share premium	Treasury stock	Retained earnings	Reserve for currency translation differences	Total	Non-controlling interests	Total Equity
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	13			–0.7			–0.7		–0.7
Share-based payment	21		0.1				0.1		0.1
Dividends	26				–5.0		–5.0		–5.0
Acquisition of non-controlling interests	1.24				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**
Net result 2011					11.7		11.7		11.7
Other comprehensive income						–1.0	–1.0		–1.0
TOTAL COMPREHENSIVE INCOME		**0.0**	**0.0**	**0.0**	**11.7**	**–1.0**	**10.7**	**0.0**	**10.7**
Change in treasury stock	13			0.5			0.5		0.5
Share-based payment	21		0.1				0.1		0.1
Dividends	26				–7.5		–7.5		–7.5
AT 31 DECEMBER 2011		**2.5**	**80.5**	**–1.9**	**141.8**	**–66.4**	**156.5**	**0.0**	**156.5**

Foreign Currency Exchange Rates

			Income Statement		Balance Sheet	
Currency	**Country**	**Unit**	**2011**	**2010**	**2011**	**2010**
AUD	Australia	1	0.9143	0.9572	0.9548	0.9536
CAD	Canada	1	0.8962	1.0121	0.9208	0.9383
CNY	China	1	0.1371	0.1540	0.1494	0.1419
DKK	Denmark	100	16.5473	18.5637	16.3577	16.7870
EUR	Europe	1	1.2329	1.3825	1.2191	1.2515
GBP	UK	1	1.4211	1.6105	1.4505	1.4500
HKD	Hong Kong	1	0.1139	0.1343	0.1211	0.1206
MYR	Malaysia	1	0.2897	0.3240	0.2968	0.3058
NOK	Norway	100	15.8102	17.2589	15.6298	16.0060
NZD	New Zealand	1	0.7002	0.7516	0.7261	0.7243
PLN	Poland	1	0.3003	0.3463	0.2748	0.3155
SEK	Sweden	100	13.6581	14.4722	13.6369	13.9470
SGD	Singapore	1	0.7047	0.7649	0.7243	0.7313
USD	USA	1	0.8864	1.0432	0.9428	0.9371
ZAR	South Africa	1	0.1226	0.1424	0.1160	0.1411

Notes to the Consolidated Financial Statements

1. Consolidation and accounting principles

1.1 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). This is in conformity with the Swiss law and the requirements of the SIX Swiss Exchange. The consolidated financial statements are based on the individual financial statements of the Group companies and have been prepared under the historical cost convention, except for 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 point except where otherwise stated.
The parent company, Swisslog Holding AG, is listed at SIX Swiss Exchange and is a Swiss public limited company domiciled in Buchs / Aarau.

1.2 New standards and IFRIC interpretations

a) Standards and IFRIC interpretations effective in 2011:

Since 1 January 2011, Swisslog Group applied the following International Financial Reporting Standards (IFRS) and IFRIC interpretations.

IFRS 1 (Amendment)	First-time adoption of IFRS
IAS 24 (Revised)	Related party disclosures
IAS 32 (Amendment)	Financial instruments: Presentation
IFRIC 14 (Amendment)	Prepayments of a minimum funding requirement
IFRIC 19	Extinguishing financial liabilities with equity instruments
Improvements to IFRS 2010	

The implementation of these new or revised standards and interpretations had no material impact on Swisslog Group's consolidated financial statements.

b) Standards and IFRIC interpretations issued but not effective:

These standards and IFRIC interpretations will be adopted by Swisslog Group when they become effective (see listed dates below). No standards or interpretations, which are described below, have been early adopted.

IFRS 1 (Amendment)	First-time adoption of IFRS	1 July 2011
IFRS 7 (Amendment)	Disclosure of financial instruments (Transfer financial assets)	1 July 2011
IFRS 7 (Amendment)	Disclosure of financial instruments (Offsetting financial instruments)	1 January 2013
IFRS 9	Financial instruments: Presentation	1 January 2015
IFRS 10	Consolidated financial statements	1 January 2013
IFRS 11	Joint arrangements	1 January 2013
IFRS 12	Disclosure of involvement with other entities	1 January 2012
IFRS 13	Fair value measurement	1 January 2013
IAS 1 (Amendment)	Financial statements presentation	1 July 2012
IAS 12 (Amendment)	Income taxes	1 January 2012
IAS 19 (Revised)	Employee benefits	1 January 2013
IAS 27 (Revised)	Separate financial statements	1 January 2013
IAS 28 (Revised)	Investments in associates and joint ventures	1 January 2013
IAS 32 (Amendment)	Financial instruments: Presentation	1 January 2014
IFRIC 20	Stripping costs of a surface mine	1 January 2013
Improvements to IFRS 2011		

IAS 19 (Employee benefits) will be revised as follows: With the elimination of the corridor-method, the actuarial gains and losses will be recognized in the consolidated other income. This could cause a higher volatililty of the equity. Additionally, instead of the interest expense of the benefit obligation and the expected return from the plan assets, interest is charged by applying the discount rate on the net funded status of the pension plan. Based on the 2011 figures, the unrecognized actuarial losses (MCHF 31.7), after deduction of deferred taxes, would have reduced the equity by MCHF 24.3. Furthermore, the 2011 operating profit less deferred taxes would have been charged with MCHF 0.3.
Swisslog Group expects no material impact on Swisslog Group accounts from the other not effective new or revised standards.

1.3 Consolidated companies and principles of consolidation

The consolidated financial statements include Swisslog Holding AG and all Group companies, which are operationally or otherwise controlled (Group companies). The Group companies 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. Group companies are fully consolidated from the date on which control is transferred to Swisslog Holding AG. They are deconsolidated from the date that control ceases. Identifiable assets and liabilities acquired as well as contingent liabilities assumed in a business combination, are measured initially at fair value at the acquisition date.
The Group companies are accounted for using the full-consolidation method. The purchase method is used to account for acquisition of Group companies by Swisslog Group. Intragroup transactions, balances and unrealized gains on transactions between Group companies are eliminated. The list of consolidated companies is presented on page 78.
Investments in associates are accounted for using the equity method of accounting and are reported separately in the balance sheet. Associates are all entities over which Swisslog Group has significant influence but not control, generally accompanying a shareholding of between 20 and 50% of the voting rights. 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. When changes have been recognized directly in the equity of the associate, Swisslog Group recognizes its share of any changes and discloses this, when applicable, in the consolidated changes of equity. A potential goodwill is part of the carrying amount and is not amortized, but tested for any indication of impairment. The financial statements of the associate are prepared for the same reporting period as Swisslog Group. When necessary, adjustments are made to bring the accounting policies in line with those of Swisslog Group.

Investments, which do not meet the described conditions above, are treated as financial instruments (see Note 1.8).

1.4 Foreign currencies translation

The functional currency of each Group 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. The foreign currency exchange rates are disclosed 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). At the time of loss of control the accumulated translation differences are recycled from the consolidated other comprehensive income to the income statement and are included in the gain or loss from the sale.

1.5 Material accounting estimates and assumptions

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates and assumptions, which influence the published income and expenses, the assets and liabilities as well as the comments in the notes. Actual results could substantially differ from those estimated and assumed. The positions involving a higher degree of judgement or complexity, or positions where estimates and assumptions are significant to the consolidated financial statements, are especially the following:

a) Goodwill
Goodwill is defined as intangible asset with an indefinite lifetime and is tested for impairment at least annually. These calculations require an estimate of the future cash flows of the respective 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 recoverability (see Note 5).

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 project related manufacturing 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 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 10).

c) Provisions and contingent liabilities
Provisions and contingent liabilities are recorded and disclosed, respectively, if the requirements (see Note 1.16) thereto are fulfilled. The probability of an outflow of resources is based on periodical assessments by management (see Note 18).

d) Income taxes
As per balance-sheet date, Swisslog Group has recognized deferred tax assets on tax loss carry-forwards (see Note 14.3). The recognition is based on the estimated future positive development of the profits.

1.6 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 book value and the estimated useful life of the assets are reviewed annually. 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 all benefit and risk is transferred to Swisslog Group are classified as financial leases. Financial 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 2011 Swisslog Group has no financial lease agreements, but discloses operating leases which are recognized as operating expenses in the income statement (see Note 23).

1.7 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 for its recoverability. The cash-generating units correspond to the operating segments according to the segment reporting (see Note 3). 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, Swisslog Group's intention and ability to complete, use or sell it, Swisslog 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 6 years) using the straight-line method. As soon as the product is used its 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 and a self-used project management solution with a limited useful life.

c) Other
Licenses, software, patents, trademarks and similar rights are recognized at cost, minus 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 for goodwill.

1.8 Financial instruments

a) Classification and reporting of financial instruments
Swisslog 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 2 includes an overview of the existing financial instruments at Swisslog Group split into categories and classes.

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 included in current assets.

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 twelve months after the balance-sheet date. Swisslog Group has no held-to-maturity financial instruments as per the balance-sheet date.

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 Swisslog 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 twelve months after the balance-sheet date which are classified as non-current assets.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets which are either designated as available-for-sale financial assets 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 assets 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.

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

b) Measurement of financial instruments
Purchases and sales of financial instruments are recognized on the date that Swisslog Group commits to purchase or sell an asset (trading date). At the initial recognition, financial assets and liabilities are recorded at fair value. Except for "Financial assets at fair value through profit or loss", the fair value also includes the cost of transaction.

After their initial recognition, financial assets are measured, depending on their category, as described below.

Financial assets at fair value through profit or loss
Such assets are subsequently measured at fair value. Changes in fair value (realized and unrealized gains and losses) are included in the income statement in the period in which they arise.

Held-to-maturity investments
Such investments are measured at amortized cost using the effective yield method.

Loans and receivables
Those are measured at amortized cost using the effective yield method.

Available-for-sale financial investments
Such investments are subsequently measured at fair value. Changes in fair value (unrealized gains and losses) are recorded in the equity. At the time of a sale or impairment these accumulated fair value adjustments in equity are recycled to the income statement.

Other liabilities
Such liabilities are measured at amortized cost using the effective yield method.

c) Measuring fair value
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 2.4 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 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 purpose is estimated by discounting the future contractual cash flows at the current market interest rate available to Swisslog Group for similar financial instruments.

d) Derivative financial instruments and hedging transactions
Swisslog Group uses derivative financial instruments mainly for hedging currency risks from future cash flows which arise from the project business without applying hedge accounting according to IAS 39. Derivative financial instruments are initially recognized in the balance sheet at cost and are subsequently remeasured at their fair value. Gains and losses are directly recognized in the income statement.
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, Swisslog Group designates certain derivative financial instruments 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.

1.9 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, the production costs and the production overheads. Cost is determined on the basis of the weighted average cost calculation.

1.10 Trade receivables

Trade receivables are measured at amortized cost less allowances. Doubtful accounts are measured individually 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 booked out against the allowance.

1.11 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 and manufacturing costs 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.

1.12 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 measurement of the financial instruments within these positions is described in Note 1.8.

1.13 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 three 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 three to twelve 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.

1.14 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 equity in the period in which they were approved.

1.15 Liabilities

Employee benefit liability and similar liabilities include the obligations from employee benefits based on defined benefit plans (see Note 1.22) and are not considered as financial instruments according to IAS 39.
Trade payables include liabilities with a residual term of less than one year.

1.16 Provisions and contingent liabilities

Provisions are recognized when Swisslog 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 in Note 18.2, unless the possibility of any outflow of resources in connection with a liability is remote.

1.17 Order intake

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

1.18 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 (calculated in the respective local currency).

1.19 Revenue recognition

Revenue from construction contracts is based on the percentage-of-completion (PoC) method (see Note 1.11).
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.
Maintenance revenue and interest income are recognized on a time-proportion basis. Dividend income is recognized when the right to receive payment is established.

1.20 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 its own use.

1.21 Income taxes

Income taxes are calculated on the basis of the respective tax rates and tax legislation, which are valid in the respective countries at closing date. The income taxes include current and deferred taxes and are recognized on a accrual basis in the income statement, with the exception of positions directly recognized in the consolidated other comprehensive income (part of equity) or directly in the equity.
Deferred taxes result from the temporary differences between the book value of an asset or a liability in the balance sheet and its tax value. Deferred taxes are evaluated on a tax rate which is enacted or already announced on the balance-sheet date and will be used in the period in which the basic asset was realized or the liability was settled. Deferred taxes are reported under non-current assets and liabilities.
Deferred tax assets as well as tax loss carry forwards are recognized if the probability of future taxable profits exists and the temporary differences can be counted against. If taxation is not likely to happen, no deferred taxes are recognized from a different valuation of interests of Group companies.

1.22 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 Swisslog Group pays fixed contributions into a pension fund. Swisslog Group is under no legal or constructive obligation to pay further contribution if the fund does not hold sufficient assets to cover employee benefits from the current and previous business years. 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 (employee benefit liability and similar liabilities) 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 7 and 15). Annual pension costs calculated according to actuarial principles are shown, net of employee contributions, including 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
Swisslog 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 during the vesting period of three years. 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.

1.23 Related parties

A person or an entity is related to Swisslog Group if it controls Swisslog Group directly or indirectly or has a significant influence over it. The related parties of Swisslog Group therefore consist of the Board of Directors, the Executive Committee, post employment benefit plans, associated companies and shareholders with 10 % or more percent of the voting rights of Swisslog Holding AG.

1.24 Changes in consolidation scope

In 2011 the consolidation scope changed due to the acquisition of the following company.

	Segment	Since	Equity Interest
Sabal Medical Inc., USA	Healthcare Solutions	10 January 2011	100 %

As per 10 January 2011 Swisslog Group acquired 100 % of the shares of Sabal Medical Inc. The purchase cost amounted to MCHF 8.1. Sabal Medical Inc. has been included in the consolidation scope of Swisslog Group as of 10 January 2011. The goodwill (non-tax-deductible) consists primarily of anticipated synergy potential between Sabal Medical Inc. and the Healthcare Solutions division.

Effect of 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 four employees of Sabal Medical Inc. were integrated in the defined benefit plan (according to IAS 19) of the Group company Translogic Corp., USA.

The deferred cash payment, recognized at fair value, is equivalent to the probability-weighted payments in 2011 and 2012 (depending on the effectively sold number of mobile drug cabinets). Based on the deviation between the number of sold cabinets and the contract, Swisslog Group estimates the maximum possible deferred payments to between MCHF 0.0 and MCHF 1.4. Based on this revaluation, the liability could be reduced by MCHF 0.5 to MCHF 1.0. The change was booked in the income statement. Costs related to the acquisition amounted to MCHF 0.1 and were recorded in the income statement. During the period from 10 January to 31 December 2011 Sabal Medical Inc. contributed net sales of MCHF 0.0 and an operating profit (EBIT) of MCHF –0.4. During the reporting period, Sabal Medial Inc. was absorbed by Translogic Corp.

In the business year 2010 Swisslog IP AG was incorporated as an administration company in Switzerland. Additionally, Swisslog Group increased the interest in Swisslog Pte. Ltd., Singapore, from 95 to 100 %.

Page 78, "Group companies and investments of Swisslog Group as per 31 December 2011", provides an overview of the Group companies.

2. Risk management

2.1 Group risks

The material strategic, operative and financial risks of Swisslog 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.
Besides this formal risk management process, the Group companies which are in the scope of the internal audit are determined. The Audit and Risk Management Committee of the Board of Directors monitors the risk management of Swisslog Group. In order to act in a flexible manner upon changes in the risk environment ad-hoc reviews can be issued. Risks particularly significant to Swisslog Group are monitored by separate boards, among them the Investment and Currency Board which reports to the CFO, and by continuously performed project progress reviews.

2.2 Financial risk factors

Swisslog 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. Swisslog Group focus is to minimize the possible negative effects on the income statement. Financial risk management is carried out by Group Treasury in co-ordination with the Group companies. All transactions are executed under policies approved by the Board of Directors.

The following table presents the carrying amounts of all Swisslog Group's financial instruments by category according to IAS 39.

2011 MCHF	Note	At fair value through profit or loss	Loans and receivables	Other liabilities	Total
Long-term interest-bearing receivables	7	0.0	2.0	0.0	2.0
Prepaid expenses and accrued income	11	0.0	7.3	0.0	7.3
Trade receivables	9	0.0	112.4	0.0	112.4
Current financial assets	12	0.3	0.0	0.0	0.3
Cash and cash equivalents	12	0.3	87.0	0.0	87.3
TOTAL ASSETS AT 31 DECEMBER		**0.6**	**208.7**	**0.0**	**209.3**
Accrued expenses and other liabilities	17	0.0	0.0	5.3	5.3
Trade payables	16	0.0	0.0	56.9	56.9
Financial liabilities	19	0.0	0.0	20.1	20.1
TOTAL LIABILITIES AT 31 DECEMBER		**0.0**	**0.0**	**82.3**	**82.3**

2010 MCHF	Note	At fair value through profit or loss	Loans and receivables	Other liabilities	Total
Long-term interest-bearing receivables	7	0.0	4.0	0.0	4.0
Prepaid expenses and accrued income	11	0.0	10.5	0.0	10.5
Trade receivables	9	0.0	78.2	0.0	78.2
Current financial assets	12	1.0	0.0	0.0	1.0
Cash and cash equivalents	12	0.0	85.3	0.0	85.3
TOTAL ASSETS AT 31 DECEMBER		**1.0**	**178.0**	**0.0**	**179.0**
Accrued expenses and other liabilities	17	0.0	0.0	3.5	3.5
Trade payables	16	0.0	0.0	54.8	54.8
Financial liabilities	19	0.0	0.0	20.2	20.2
TOTAL LIABILITIES AT 31 DECEMBER		**0.0**	**0.0**	**78.5**	**78.5**

The above disclosed carrying amounts are fair values except for loans and receivables as well as for other liabilities, which are approximately fair value. The net gains and losses of some classes are disclosed in Note 22. The current financial assets consist of mutual funds and derivative financial instruments of MCHF 0.1 (2010: MCHF 0.7). The measurement of the derivative financial instruments is based on fair values.

a) Foreign exchange risk
(i) Transaction risk

Swisslog Group companies are instructed to hedge material foreign exchange risks arising from future project cash flows with Group Treasury. Group Treasury guarantees its Group companies foreign exchange rates throughout the project duration and hedges these risks with forward foreign exchange contracts at external financial institutions. Generally, hedges are entered into, 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 Swisslog Group in the currency of the projects. The main foreign exchange risks arise from changes of the CHF against EUR, NOK, SEK and USD.

The following tables provide an overview of the financial instrument's exposure in Swisslog Group's main currencies as per balance-sheet date. The figures are presented in local currencies (in millions).

	EUR	NOK	SEK	USD
31 DECEMBER 2011				
At fair value through profit or loss	0.3	0.0	0.0	0.0
Cash, loans, receivables and accrued income	60.3	192.7	61.3	52.1
Liabilities and accrued expenses	–24.9	–27.4	–19.5	–10.6
NET BALANCE	**35.7**	**165.3**	**41.8**	**41.5**

	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
Liabilities and accrued expenses	–23.0	–23.4	–32.3	–10.9
NET BALANCE	**18.3**	**64.0**	**45.2**	**32.1**

Sensitivity		MCHF
Impact on the result / equity of Swisslog Group as per 31 December 2011:		
– Change of the 4 main currencies (EUR, NOK, SEK, USD) against the Swiss franc by	5%	5.7
– Change of the 4 main currencies (EUR, NOK, SEK, USD) against the Swiss franc by	10%	11.4

(ii) Translation risk
Swisslog Group has long-term loans and a number of investments in foreign Group companies whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group companies are not hedged.

The following table provides an overview of the translation risk for the most important key figures as per balance-sheet date. If the foreign exchange rates had not changed in the year 2011 over the previous year, the financial situation would have developed as follows.

	2011 (in MCHF)	2011 at unchanged foreign exchange compared to 2010 (in MCHF)		Deviation in %	2010 (in MCHF)	2010 at unchanged foreign exchange compared to 2009 (in MCHF)		Deviation in %
Order intake	697.1	777.6	80.5	10.4	611.1	632.9	21.8	3.4
Order backlog[1]	519.6	524.5	4.9	0.9	400.9	441.0	40.1	9.1
Net sales	574.8	642.4	67.6	10.5	614.8	636.1	21.3	3.3
EBIT	19.2	23.0	3.8	16.5	20.1	19.5	–0.6	–3.0

[1] At period-end

b) Interest rate risk
No interest rate sensitivity is disclosed as the share of financial instruments exposed to interest rate risk is not material. In the actual year, Swisslog Group has interest-bearing assets and the credit facility at fixed rates (see Note 19).

c) Price risk
Swisslog Group's exposure to the price risk is marginal. At the end of 2011 as well as 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.

d) 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. Swisslog Group normally has no significant concentrations of credit risk on the loans and receivables. Additionally, customers usually perform a pre-financing of the project; therefore, the credit risk exposure of Swisslog Group is minimized. Due to the different sizes of projects Swisslog Group has not issued generally accepted credit limits for customers. However, the credit quality of the customers is systematically monitored.

e) Liquidity risk

Systematic liquidity risk management implies maintaining sufficient cash in order to secure the daily operations of Swisslog 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 Group companies and aggregated at Swisslog 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 Swisslog Group. The liquidity forecast is intended to avoid short-term funding as much as possible. All financial liabilities mature within twelve months. The following table presents the situation about the available liquidity per balance-sheet date.

Liquidity reserves and credit facilities (MCHF)	2011	2010
Cash and cash equivalents	87.3	85.3
Current financial assets (with maturity below one year)	0.3	1.0
Committed credit facilities	36.9	36.0
– thereof used	–20.1	–20.2
Total liquidity and unused credit facilities	104.4	102.1
Committed guarantee lines	80.0	80.0
– thereof used	53.1	39.9

2.3 Capital management

Swisslog Group's objectives when managing its liabilities and equity are Swisslog Group's ability to continue as a going concern, to provide adequate returns for the shareholders and to maintain an optimal capital structure to optimize the cost of capital. Swisslog Group monitors the capital structure mainly by adherence to its covenants from the guarantee facilities; these require among other things a minimum equity. Further details to the guarantee facilities are disclosed in Note 18.2.

2.4 Measurement of fair value

The following table presents the financial instruments according to the three levels described in Note 1.8 c).

2011 MCHF	Level 1	Level 2	Level 3	Total
Financial assets	0.6	0.0	0.0	0.6
TOTAL ASSETS AT 31 DECEMBER	**0.6**	**0.0**	**0.0**	**0.6**
Financial liabilities at fair value	0.0	0.0	0.0	0.0
TOTAL LIABILITIES AT 31 DECEMBER	**0.0**	**0.0**	**0.0**	**0.0**

2010 MCHF	Level 1	Level 2	Level 3	Total
Financial assets	1.0	0.0	0.0	1.0
TOTAL ASSETS AT 31 DECEMBER	**1.0**	**0.0**	**0.0**	**1.0**
Financial liabilities at fair value	0.0	0.0	0.0	0.0
TOTAL LIABILITIES AT 31 DECEMBER	**0.0**	**0.0**	**0.0**	**0.0**

There were no transfers between level 1, level 2 and level 3 in the current year.

3. Information by Segment

3.1 Segment information

The operating segments are reported to the chief operating decision-maker consistent to the internal report. 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 Swisslog Group distinguishes between the following operating segments as their activities show different risks and rewards and dissimilar markets are served:

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.

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

3.2 Division segmentation

	2011					2010				
MCHF	Healthcare Solutions	Warehouse & Distribution Solutions	Total Segment	Corporate / Eliminations	Total Swisslog Group	Healthcare Solutions	Warehouse & Distribution Solutions	Total Segment	Corporate / Eliminations	Total Swisslog Group
Order intake	219.8	477.3	697.1	0.0	697.1	228.6	382.5	611.1	0.0	611.1
Order backlog (at year-end)	153.7	365.9	519.6	0.0	519.6	140.1	260.8	400.9	0.0	400.9
Net sales	205.6	369.2	574.8	0.0	574.8	218.0	396.8	614.8	0.0	614.8
Depreciation and amortization	2.6	5.1	7.7	0.3	8.0	2.6	5.2	7.8	0.2	8.0
OPERATING PROFIT (EBIT)	**12.8**	**15.3**	**28.1**	**–8.9**	**19.2**	**9.5**	**18.9**	**28.4**	**–8.3**	**20.1**
Financial result net					0.6					0.4
Share of loss of an associate					–0.6					
RESULT BEFORE TAX					**19.2**					**20.5**
Total assets	155.5	184.3	339.8	75.6	415.4	132.6	180.0	312.6	56.0	368.6
Net operating assets (NOA)[1]	94.2	–14.4	79.8	–1.9	77.9	76.2	3.9	80.1	–4.0	76.1
Net working capital[2]	44.4	–70.5	–26.1	–1.8	–27.9	36.2	–50.0	–13.8	–3.3	–17.1
Days of net working capital	78.8	–69.7			–17.7	60.6	–46.0			–10.2
Investment in property, plant, equipment and other intangible assets	4.4	7.2	11.6	0.7	12.3	4.1	5.5	9.6	0.2	9.8
Employees – full-time equivalents (at year-end)	920	1 147	2 067	17	2 084	866	1 159	2 025	18	2 043
EBIT as % of net sales (EBIT margin)	6.2	4.1			3.3	4.4	4.8			3.3

[1] Total assets (excl. cash, cash equivalents, current financial assets, income tax receivables, deferred tax assets and other non-current assets) less current liabilities and provisions (excl. financial liabilities, deferred tax liabilities and income tax payables)

[2] Net working capital = current assets (excl. cash, cash equivalents, current financial assets and income tax receivables) less current liabilities (excl. financial liabilities and income tax payables)

3.3 Geographical Segmentation

MCHF	2011 Healthcare Solutions	2011 Warehouse & Distribution Solutions	2011 Total Swisslog Group	2010 Healthcare Solutions	2010 Warehouse & Distribution Solutions	2010 Total Swisslog-Group
TOTAL EXTERNAL NET SALES	**205.6**	**369.2**	**574.8**	**218.0**	**396.8**	**614.8**
Europe, thereof	60.3	264.2	324.5	69.3	267.8	337.1
– Switzerland (Domicile)	1.9	41.5	43.4	2.3	34.9	37.2
– Germany	19.3	69.6	88.9	19.5	61.0	80.5
– Other Europe	39.1	153.1	192.2	47.5	171.9	219.4
North America, thereof	119.7	67.0	186.7	128.0	61.0	189.0
– USA	111.2	66.5	177.7	117.3	60.8	178.1
– Others	8.5	0.5	9.0	10.7	0.2	10.9
Asia / Pacific	25.6	38.0	63.6	20.7	68.0	88.7
TOTAL NON-CURRENT ASSETS[1]	**13.1**	**19.4**	**32.5**	**10.6**	**20.8**	**31.4**
Europe, thereof	7.3	18.5	25.8	6.5	20.1	26.6
– Switzerland (Domicile)	0.2	11.9	12.1	0.2	10.0	10.2
– Germany	2.9	0.4	3.3	2.7	0.3	3.0
– Other Europe	4.2	6.2	10.4	3.6	9.8	13.4
North America	5.5	0.4	5.9	4.0	0.3	4.3
Asia / Pacific	0.3	0.5	0.8	0.1	0.4	0.5

[1] Corresponds to non-current assets minus deferred taxes, minus other assets and minus non-current assets from Corporate and Goodwill (2011: MCHF 81.2 / 2010: MCHF 67.0)

3.4 Product Segmentation

MCHF	2011 Healthcare Solutions	2011 Warehouse & Distribution Solutions	2011 Total Swisslog Group	2010 Healthcare Solutions	2010 Warehouse & Distribution Solutions	2010 Total Swisslog Group
TOTAL SALES, THEREOF	**205.6**	**369.2**	**574.8**	**218.0**	**396.8**	**614.8**
– New Business	0.0	208.7	208.7	0.0	229.0	229.0
– Customer Support	54.0	152.5	206.5	57.8	162.7	220.5
– Equipment	151.6	8.0	159.6	160.2	5.1	165.3

3.5 Important Customer

No customer accounted for net sales of more than 10% of the total net sales in 2011 and 2010.

4. Property, plant, equipment and other intangible assets

4.1 Property, plant and equipment

2011 MCHF	Land	Buildings	Machinery/ equipment	Assets under construction/ prepayments	Total
Cost at 1 January	0.3	10.8	40.5	0.5	52.1
– Additions	0.0	0.2	3.8	1.0	5.0
– Disposals	0.0	0.0	–1.8	–0.1	–1.9
– Transfers	0.0	0.6	0.4	–1.0	0.0
– Change in consolidation scope	0.0	0.0	0.5	0.0	0.5
– Currency translation differences	0.0	–0.1	–0.2	0.0	–0.3
Cost at 31 December	**0.3**	**11.5**	**43.2**	**0.4**	**55.4**
Accumulated depreciation at 1 January	0.0	–6.8	–32.1	0.0	–38.9
– Depreciation charge	0.0	–0.7	–3.6	0.0	–4.3
– Accumulated depreciation on disposal	0.0	0.0	1.6	0.0	1.6
– Currency translation differences	0.0	0.0	0.2	0.0	0.2
Accumulated depreciation at 31 December	**0.0**	**–7.5**	**–33.9**	**0.0**	**–41.4**
TOTAL NET BOOK VALUE AT 31 DECEMBER	**0.3**	**4.0**	**9.3**	**0.4**	**14.0**

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	**0.3**	**4.0**	**8.4**	**0.5**	**13.2**

The insurance value of the property, plant and equipment was MCHF 74.5 (2010: MCHF 73.9).

4.2 Other intangible assets

2011 MCHF	Capitalized development expenses	Other	Total
Cost at 1 January	21.7	8.0	29.7
– Additions	1.8	5.5	7.3
– Transfers	0.9	–0.9	0.0
– Currency translation differences	–0.1	–0.1	–0.2
Cost at 31 December	**24.3**	**12.5**	**36.8**
Accumulated amortization at 1 January	–11.2	–5.6	–16.8
– Amortization of the current year	–2.7	–1.0	–3.7
– Currency translation differences	0.1	0.1	0.2
Accumulated amortization at 31 December	**–13.8**	**–6.5**	**–20.3**
TOTAL NET BOOK VALUE AT 31 DECEMBER	**10.5**	**6.0**	**16.5**

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	**10.5**	**2.4**	**12.9**

The main positions of the capitalized development expenses per 31 December 2011 comprise a self-used project management solution of MCHF 2.3 (2010: MCHF 2.6), automation software components of MCHF 5.1 (2010: MCHF 5.1) and a pallet conveyor solution of MCHF 1.6 (2010: MCHF 2.1) which will be amortized over the next 2 to 4 years.

The other intangible assets primarily consist of purchased software-solutions, of intellectual property rights as well as development expenses, which will be closed and capitalized in the subsequent years.

For intangible assets with definite useful life, Swisslog Group assesses at each reporting date whether there are impairment indicators. In 2011 and 2010 there was no impairment recorded.

5. Goodwill

5.1 Goodwill

MCHF	Note	2011	2010
Cost at 1 January		72.3	80.1
– Additions	1.24	6.9	0.0
– Currency translation differences		–0.4	–7.8
Cost at 31 December		**78.8**	**72.3**
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		**78.8**	**72.3**

The goodwill is allocated to the cash-generating units as follows:

	2011			2010		
MCHF	Healthcare Solutions	Warehouse & Distribution Solutions	Total Swisslog Group	Healthcare Solutions	Warehouse & Distribution Solutions	Total Swisslog Group
GOODWILL	42.6	36.2	78.8	36.0	36.3	72.3

5.2 Goodwill impairment

No goodwill impairment has been recorded in the years 2011 and 2010.

5.3 Impairment test of goodwill as per 31 December 2011

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 2012 and the business plan for the years 2013 and 2014, which are both approved by the Board of Directors. The cash flows for the period from 2015 to 2016 are an extrapolation corresponding to the expected growth rate in each market (according to Group Managements' estimate). The cash flow for the residual value calculation in 2017 is based on the cash flow in the year 2016 (unchanged). The long-term growth rate is 1.0 % (2010: 1.0 %) 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 cash-generating units according to their shares in net sales (50 %-weighted) and headcount (50 %-weighted).

The cost of capital for Swisslog Group has been determined based on a cost-of-capital model. To the Swisslog-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 cash-generating unit (primary segments).

Key assumptions for the goodwill impairment test

	2011		2010	
MCHF	Healthcare Solutions	Warehouse & Distribution Solutions	Healthcare Solutions	Warehouse & Distribution Solutions
Net sales	210.2	383.2	228.4	413.0
*– Growth rate p.a. 2012–2016***	*5.2 %*	*5.7 %*	*4.0 %*	*4.1 %*
EBITDA*	10.7	16.6	19.5	18.5
*– Growth rate p.a. 2012–2016***	*20.2 %*	*10.5 %*	*4.6 %*	*7.3 %*
Pre-tax discount factor	11.2 %	10.9 %	11.2 %	10.6 %

* Headquarter cost proportionally allocated

** Year 2012 (budget) plus 2013 and 2014 (mid-term planning) approved by the Board of Directors and the growth rates for the years 2015–2016 approved by Group Management and acknowledged by the Board of Directors

Sensitivity analysis for the most important assumptions used for impairment testing

The following table shows the coverage of the goodwill and also the maximum value until the goodwill is still recoverable.

MCHF	2011 Healthcare Solutions	2011 Warehouse & Distribution Solutions	2010 Healthcare Solutions	2010 Warehouse & Distribution Solutions
Value in use less goodwill (coverage)	110.3	101.3	113.4	117.9
Maximum discount factor	*23.9%*	*25.6%*	*26.3%*	*28.6%*

Risk judgment

The Board of Directors and the Swisslog Executive Committee consider the underlying assumptions as prudent and justifiable. Thus, the value in use of the cash-generating unit depends on the effective achievement of the expected target values.

6. Investment in an associate

Servus Intralogistics GmbH, Austria

As per 12 January 2011 Swisslog Group acquired, with a purchase consideration of MCHF 4.9 (MEUR 3.9), 25.1% of the shares of Servus Intralogistics GmbH, Austria. The acquisition costs include a deferred cash payment of MCHF 0.5 (MEUR 0.4), which is determined by the revenue over the next five years. From the updated assessment of the deferred cash payment per the end of 2011 no material adjustment resulted in the income statement. Servus Intralogistics GmbH is specialized in the area of autonomous and intelligent transportroboter-systems for intralogistics and cooperates with the Warehouse & Distribution Solutions division.

The following tables illustrate summarized financial information.

MCHF	2011
Share of the associate's balance-sheet positions (incl. Goodwill):	
– Current assets	1.3
– Non-current assets	4.0
– Current liabilities	0.9
– Non-current liabilities	0.0
– Equity	**4.4**

MCHF	2011
Share of the associate's net sales and net result:	
– Net sales	0.6
– Net result	–0.6

MCHF	2011
Investment in an associate at 12 January	4.9
– Share of loss of an associate	–0.6
– Currency translation differences	0.1
Investment in an associate at 31 December	**4.4**

7. Other assets

	Note	2011 MCHF	2010 MCHF
Long-term interest-bearing receivables	7.1	2.0	4.0
Pension schemes with net assets	15	2.9	2.0
TOTAL OTHER ASSETS		**4.9**	**6.0**

7.1 Long-term interest-bearing receivables

	2011 MCHF	2010 MCHF
Amount recognized initially at 1 January	4.9	4.7
– Additions	0.0	0.8
– Disposals	–2.8	0.0
– Currency translation differences	–0.1	–0.6
Amount recognized initially at 31 December	**2.0**	**4.9**
Accumulated impairments at 1 January	–0.9	–0.6
– Accumulated amortization on disposals	1.1	0.0
– Impairment	–0.3	–0.4
– Currency translation differences	0.1	0.1
Accumulated impairments at 31 December	**0.0**	**–0.9**
LONG-TERM INTEREST-BEARING RECEIVABLES AT 31 DECEMBER	**2.0**	**4.0**
Of which:		
– Due later than one year but not later than five years	1.9	1.1
– Due after five years	0.1	2.9

The long-term interest-bearing receivables include loans of MCHF 1.9 (2010: MCHF 2.8) and deposits of MCHF 0.1 (2010: MCHF 1.2). The net loss included in the income statement based on changes in the amortized costs amounts to MCHF –0.3 (2010: MCHF –0.4). The average interest rate on total long-term interest-bearing receivables is 2.9 % (2010: 3.3 %). 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. Based on a revised assessment in 2011 an impairment of MCHF 0.3 (2010: MCHF 0.4) has been recorded for this vendor loan. Additionally a loan waiver of MCHF 0.9 (2010: MCHF 0.0) has been granted (without any effects on the income statement, because already impaired). The impairment is included in the financial result within Corporate in the information by segment.

8. Inventories

	2011 MCHF	2010 MCHF
Materials and supplies	10.1	10.3
Work in progress	2.1	2.5
Finished goods	10.8	10.5
TOTAL INVENTORIES	**23.0**	**23.3**

In 2011 MCHF 0.5 (2010: MCHF 1.1) of inventories have been written off. Thereof, MCHF 0.2 (2010: MCHF 0.7) in Healthcare Solutions and MCHF 0.3 (2010: MCHF 0.4) in Warehouse & Distribution Solutions.

9. Trade receivables

	2011 MCHF	2010 MCHF
Trade receivables	113.6	78.9
Allowance for bad debts	–1.2	–0.7
TOTAL NET BOOK VALUE AT 31 DECEMBER	**112.4**	**78.2**

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

	2011 MCHF	2010 MCHF
Allowance for bad debts at 1 January	–0.7	–1.0
– Additions	–0.7	–0.2
– Unused reversed	0.1	0.1
– Used during year	0.2	0.3
– Currency translation differences	–0.1	0.1
ALLOWANCE FOR BAD DEBTS AT 31 DECEMBER	**–1.2**	**–0.7**

The effective bad debt losses in the past two years were approx. 0.15% of the annual net sales.

The maturity analysis of trade receivables (net book value) is as follows:

	2011 MCHF	2010 MCHF
Not due	84.5	57.1
Past due not more than one month	19.5	11.5
Past due more than one month and not more than two months	3.9	3.6
Past due more than two months and not more than three months	1.3	2.0
Past due more than three months and not more than six months	2.0	2.6
Past due more than six months	1.2	1.4
TRADE RECEIVABLES AT 31 DECEMBER	**112.4**	**78.2**

10. Construction contracts

	2011 MCHF	2010 MCHF
Construction contracts under assets:		
Contract costs recognized as expense plus recognized profits	618.7	328.7
– Less recognized losses	–1.6	–0.1
– Progress billings and advance payments from customers	–567.0	–289.8
TOTAL AMOUNT DUE FROM CUSTOMERS FOR CONSTRUCTION CONTRACTS	**50.1**	**38.8**
Construction contracts under liabilities:		
Contract costs recognized as expense plus recognized profits	375.7	558.3
– Less recognized losses	–1.3	–2.7
– Progress billings and advance payments to customers	–477.9	–628.2
TOTAL AMOUNT DUE TO CUSTOMERS FOR CONSTRUCTION CONTRACTS	**–103.5**	**–72.6**
Net sales from construction contracts	415.9	451.6
Retentions[1]	6.2	6.0

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

11. Prepaid expenses, accrued income and other receivables

11.1 Prepaid expenses and accrued income

	2011 MCHF	2010 MCHF
Prepaid expenses	2.3	3.5
Accrued income	8.3	9.9
TOTAL PREPAID EXPENSES AND ACCRUED INCOME[1]	**10.6**	**13.4**

[1] In the current year MCHF 6.5 will be reported under financial instruments (2010: MCHF 9.5)

The prepaid expenses of MCHF 2.3 (2010: MCHF 3.5) mainly consist of prepayments for licences and personnel costs and of service and maintenance expenses. The accrued income of MCHF 8.3 (2010: MCHF 9.9) includes among other things retentions and accrued service income (see Note 10).

11.2 Other receivables

	2011 MCHF	2010 MCHF
Tax receivables[1]	1.3	10.5
Insurance receivables	0.3	0.2
Personnel-related receivables	0.6	0.8
Interest receivables	0.0	0.1
Others	0.5	1.3
TOTAL OTHER RECEIVABLES[2]	**2.7**	**12.9**

[1] Mainly consist of value-added tax receivables
[2] In the current year MCHF 0.8 will be reported under financial instruments (2010: MCHF 1.0)

12. Cash, cash equivalents and current financial assets

12.1 Cash and cash equivalents

	2011 MCHF	2010 MCHF
Cash at bank and on hand	87.0	85.3
Money market investments with a maturity of less than 90 days	0.3	0.0
TOTAL CASH AND CASH EQUIVALENTS	**87.3**	**85.3**

12.2 Current financial assets

	2011 MCHF	2010 MCHF
Current financial assets – held for trading	0.3	1.0
TOTAL CURRENT FINANCIAL ASSETS	**0.3**	**1.0**

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 income statement (see Note 22).

13. Share capital

The share capital at 31 December 2011 amounts to MCHF 2.5 (2010: MCHF 2.5) and consists of 251 276 984 registered shares (2010: 251 276 984 registered shares) with a nominal value of CHF 0.01 (2010: CHF 0.01) per share. The share capital is fully paid up.

As per 31 December 2011 Swisslog Holding AG holds 1 943 945 treasury shares, 0.8 % of the issued shares respectively (2010: 2 536 070; 1.0 %), which are dedicated to the employee share matching plan (see Note 21).

13.1 Number of shares

	2011	2010
Shares at 1 January	248 740 914	249 751 384
Increase (–) / decrease (+) of treasury shares[1]	592 125	–1 010 470
Shares at 31 December	249 333 039	248 740 914

[1] In the current year 231 147 matching shares have been transferred to the participants of the share matching plan (no cash effect), see Note 21

13.2 Nominal value

	2011	2010
Nominal value per share (CHF)	0.01	0.01
Share capital at 31 December (MCHF)	2.5	2.5

14. Income taxes and deferred taxes

14.1 Income taxes

	2011 MCHF	2010 MCHF
Income taxes from current year	6.0	8.8
Income taxes from previous years	–0.6	0.1
Deferred taxes	2.1	–2.0
TOTAL INCOME TAXES	**7.5**	**6.9**

14.2 Reconciliation

The applicable tax rate of 31.6 % (2010: 26.9 %) 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 Swisslog Group's average applicable tax rate compared to the previous year is caused by changes in volumes, product mix and profitability of Group companies 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.

	2011 MCHF	2010 MCHF
RESULT BEFORE TAX	**19.2**	**20.5**
Applicable tax rate	31.6 %	26.9 %
INCOME TAXES AT THE APPLICABLE SWISSLOG GROUP TAX RATE	**6.1**	**5.5**
Effect of applicable Group tax rate to consolidated individual applicable income taxes	1.5	0.0
Non-tax-deductible expenses and non-taxable income	0.0	0.3
Changes in recognition of tax losses	–1.7	1.0
Utilisation of unrecognized tax loss carry forwards	–2.1	–5.1
Current year's losses for which no deferred tax assets are recognized	3.4	6.1
Income taxes from previous years	–0.6	0.1
Taxable events which are eliminated in Swisslog Group closing	0.4	–1.2
Withholding taxes not refundable	0.2	0.2
Others	0.3	0.0
EFFECTIVE INCOME TAXES	**7.5**	**6.9**

14.3 Tax loss carry forwards

	2011 MCHF	2010 MCHF
AVAILABLE TAX LOSS CARRY FORWARDS AT 1 JANUARY	**120.4**	**259.3**
Changes due to new tax assessments	10.3	–3.8
Tax losses arising from current year	13.7	33.2
Tax losses utilised against current year profits	–30.8	–49.1
Tax losses expired during current year	–7.5	–104.6
Currency translation differences	–2.0	–14.6
AVAILABLE TAX LOSS CARRY FORWARDS AT 31 DECEMBER	**104.1**	**120.4**

Deferred tax assets of MCHF 4.4 (2010: MCHF 3.4) were recorded in respect of available tax loss carry forwards of MCHF 21.0 (2010: MCHF 13.7). 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 entities have sufficient taxable temporary differences.

90.0 % (2010: 99.0 %) of tax loss carry forwards are within Europe.

The following table shows unused tax loss carry forwards for which no deferred tax has been recognized and their expiration.

	2011 MCHF	2010 MCHF
After 1 year	0.0	7.7
After 2 years	5.2	1.5
After 3 and more years	4.1	23.2
Unlimited	73.8	74.3
TOTAL UNRECOGNIZED TAX LOSS	**83.1**	**106.7**

14.4 Deferred taxes

The following table shows deferred tax assets and deferred tax liabilities by type of balance-sheet items.

	2011			2010		
MCHF	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant, equipment and intangible assets	3.0	1.2		3.2	0.7	
Inventories	7.0	0.8		3.0	0.5	
Current receivables and assets	0.1	7.9		0.1	4.3	
Non-current liabilities	0.9	0.8		0.9	0.8	
Provisions	0.7	0.5		1.5	0.2	
Short-term liabilities	1.9	3.1		2.7	2.7	
Subtotal by balance-sheet items	**13.6**	**14.3**	**–0.7**	11.4	9.2	**2.2**
Deferred tax assets on tax loss carry forwards	4.4			3.4		
Deferred tax assets on unused tax credits	0.2			0.2		
Offsetting assets with liabilities	–12.4	–12.4		–8.3	–8.3	
TOTAL DEFERRED TAX ASSETS AND LIABILITIES	**5.8**	**1.9**	**3.9**	**6.7**	**0.9**	**5.8**

Deferred tax assets have been offset with liabilities on an individual basis, if there is a legally enforceable right to set off, if it is possible to settle on a net basis, and if the underlying asset and liability is settled simultaneously. The difference between the change of deferred taxes and the recorded deferred tax expenses 2011 relates to currency translation differences and to the acquisition of Sabal Medical Inc.

14.5 Deferred taxes on investments

Temporary differences from investments in Group companies, for which no deferred taxes have been recognized, amount to MCHF 35.1 (2010: MCHF 57.0). No deferred taxes have been recognized as Swisslog Group 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 been recognized for withholding tax and other taxes that would be payable on the undistributed earnings of certain foreign Group companies to the extent dividend distribution is probable. Otherwise such amounts are regarded as permanently reinvested and no tax liabilities have been recognized.

15. Employee benefit liabilities and similiar liabilities

	2011 MCHF	2010 MCHF
Pension schemes with net liabilities	7.7	7.3
Other long-term employee benefits	0.2	0.0
TOTAL EMPLOYEE BENEFIT LIABILITIES AND SIMILAR LIABILITIES	**7.9**	**7.3**

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 Swisslog Group. Where this is not the case, appropriate provisions are made in the balance sheet for pension liabilities. Most of the pension schemes are defined benefit plans. Thereby, 97 % (2010: 97 %) of the obligations are funded with separated assets. 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 2009 and 31 December 2011 (including all significant pension schemes).

The following table is a summary of the status of the main defined benefit plans at 31 December 2011 and 31 December 2010, respectively, using IAS 19 (revised) actuarial assumptions.

	Note	2011 MCHF	2010 MCHF
Pension schemes with net liabilities		–7.7	–7.3
Pension schemes with net assets	7	2.9	2.0
TOTAL LIABILITIES IN THE BALANCE SHEET, NET		**–4.8**	**–5.3**

	2011 MCHF	2010 MCHF
PRESENT VALUE OF BENEFIT OBLIGATIONS AT 1 JANUARY	**–176.5**	**–168.6**
Current service costs	–5.6	–5.2
Employee's contributions	–2.9	–2.9
Interest costs	–5.7	–6.2
Actuarial gains (+) / losses (–)	3.2	–6.7
Curtailment, settlement and plan amendments	0.5	0.7
Past service costs	–0.1	0.0
Benefits paid	5.8	8.3
Currency translation differences	0.3	4.1
PRESENT VALUE OF BENEFIT OBLIGATIONS AT 31 DECEMBER	**–181.0**	**–176.5**
FAIR VALUE OF PLAN ASSETS AT 1 JANUARY	**140.0**	**137.3**
Expected return on plan assets	6.2	5.9
Employer's contributions	6.4	6.4
Employee's contributions	2.9	2.9
Actuarial gains (+) / losses (–)	–5.0	0.1
Curtailment, settlement and plan amendments	0.0	–0.5
Benefits paid	–5.8	–8.3
Currency translation differences	–0.2	–3.8
FAIR VALUE OF PLAN ASSETS AT 31 DECEMBER	**144.5**	**140.0**
Present value of benefit obligations at 31 December	–181.0	–176.5
Fair value of plan assets at 31 December	144.5	140.0
NET FUNDED STATUS	**–36.5**	**–36.5**
Unrecognized actuarial losses (+) / gains (–)	31.7	31.2
TOTAL LIABILITIES IN THE BALANCE SHEET, NET	**–4.8**	**–5.3**
MOVEMENT IN THE NET LIABILITY		
Net liability recognized in balance sheet at the beginning of the period	–5.3	–5.5
Expenses for pension schemes recognized in the income statement	–6.0	–6.5
Employer's contributions	6.4	6.4
Currency translation differences	0.1	0.3
NET LIABILITY RECOGNIZED IN BALANCE SHEET AT 31 DECEMBER	**–4.8**	**–5.3**
EXPENSES FOR PENSION SCHEMES RECOGNIZED IN THE INCOME STATEMENT		
Current service costs	–5.6	–5.2
Interest costs	–5.7	–6.2
Expected return on plan assets	6.2	5.9
Net actuarial gains (+) / losses (–) recognized in the period	–1.3	–1.2
Curtailment, settlement and plan amendments	0.5	0.2
Past service costs	–0.1	0.0
TOTAL EXPENSES FOR PENSION SCHEMES	**–6.0**	**–6.5**

Plan assets
The following table gives an overview of the major categories of plan assets.

	2011	2010
Equity instruments	21.8%	24.3%
Debt instruments	52.6%	49.2%
Real estate	12.6%	11.8%
Other[1]	13.0%	14.7%
TOTAL PLAN ASSETS	**100.0%**	**100.0%**

[1] This position includes, amongst others, assets for reinsurance

Strategic pension plan asset allocation is 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 Swisslog Group in respect of defined benefit pension plans for the year 2012 are estimated at MCHF 6.0.

	2011 MCHF	2010 MCHF
ACTUAL RETURN ON PLAN ASSETS	**1.2**	**6.0**

The following summary shows the funding of defined benefit pensions and the actuarial gains and losses.

	2011 MCHF	2010 MCHF	2009 MCHF	2008 MCHF	2007 MCHF
Present value of benefit obligations at 31 December	–181.0	–176.5	–168.6	–159.4	–170.0
Fair value of plan assets at 31 December	144.5	140.0	137.3	123.6	149.2
NET FUNDED STATUS	**–36.5**	**–36.5**	**–31.3**	**–35.8**	**–20.8**
Experience adjustments on plan liabilities	4.5	–1.0	–1.6	1.7	0.5
Changes in assumptions on plan liabilities	–1.3	–5.7	0.0	4.0	0.0
Experience adjustments on plan assets	–5.0	0.1	5.3	–22.8	–0.1

	2011	2010
ACTUARIAL ASSUMPTIONS		
Discount rate	2.50%–4.70%	2.75%–5.30%
Expected return on plan assets	2.00%–7.50%	2.00%–7.50%
Future salary increases	1.25%–5.17%	1.25%–5.17%
Future pension-benefit increases	0.50%–3.20%	0.50%–3.60%

The listed assumptions represent the unweighted part of each defined pension plan.

The total amount of contributions paid for defined contribution plans in 2011 amounts to MCHF 3.4 (2010: MCHF 3.7)

	2011 MCHF	2010 MCHF
OTHER LONG-TERM EMPLOYEE BENEFITS		
Liability at 1 January	0.0	0.8
Increase (+) / decrease (–) of the liability	0.2	–0.8
Liability at 31 December	0.2	0.0

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

16. Trade payables

	2011 MCHF	2010 MCHF
TOTAL TRADE PAYABLES	**56.9**	**54.8**

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

17. Accrued expenses, deferred income and other liabilities

17.1 Accrued expenses and deferred income

	2011 MCHF	2010 MCHF
Liabilities to employees[1]	22.6	23.3
Deferred income for maintenance	4.3	4.8
Tax accruals (without income tax)	0.5	0.6
Others	5.4	4.5
TOTAL ACCRUED EXPENSES AND DEFERRED INCOME[2]	**32.8**	**33.2**

[1] The liabilities to employees consist mainly of vacation and overtime accruals and accruals for variable compensation
[2] In the current year MCHF 5.2 will be reported under financial instruments (2010: MCHF 3.4)

Income taxes are shown in Note 14.

17.2 Other liabilities

	2011 MCHF	2010 MCHF
Tax payables[1]	18.5	8.3
Insurance payables	0.1	0.1
Personnel-related payables	4.7	3.4
Others	1.4	1.4
TOTAL OTHER LIABILITIES[2]	**24.7**	**13.2**

[1] Mainly consist of value-added tax payables
[2] In the current year MCHF 0.1 will be reported under financial instruments (2010: MCHF 0.1)

18. Provisions and contingent liabilities

18.1 Provisions

2011	Current provisions			
MCHF	Warranties	Restructuring	Other	Total
At 1 January	6.8	0.2	2.9	9.9
– Additions	4.8	0.3	2.6	7.7
– Unused reversed	–1.9	0.0	–0.8	–2.7
– Used during year	–3.8	–0.2	–1.9	–5.9
– Currency translation differences	–0.2	0.0	0.0	–0.2
AT 31 DECEMBER	**5.7**	**0.3**	**2.8**	**8.8**

2010	Current provisions			
MCHF	Warranties	Restructuring	Other	Total
At 1 January	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	**6.8**	**0.2**	**2.9**	**9.9**

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.

18.2 Contingent liabilities

The total amount of guarantees in favor of third parties is MCHF 167.3 at the end of 2011 (2010: MCHF 136.5).

As per 25 November 2008 guarantee facilities with a limit of MCHF 100.0 (2010: MCHF 100.0) of a bank syndicate have been renegotiated for a term of 4 years and have been extended in 2010 for another year, by execution of a renewal option (maturity 31 December 2013). 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 19) and has been extended in December 2011 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. In the consolidated financial statement 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 2011 and 2010 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 2011 and 2010, and Swisslog Group maintains that no patent infringement occured from today's perspective and defends this position.

There are no further material contingent liabilities as per 31 December 2011 and 31 December 2010, respectively.

19. Financial liabilities

	2011 MCHF	2010 MCHF
Financial liabilities	20.1	20.2
TOTAL FINANCIAL LIABILITIES	**20.1**	**20.2**

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 18.2) and has been extended in December 2011 for another year. The interest rate is 1.2% (2010: 1.3%). The fix cash credit matures within one year.

20. Operating expenses

20.1 Material and service expenses

	2011 MCHF	2010 MCHF
Change in inventories	0.3	–0.4
Material expenses	227.8	249.3
Service expenses	22.4	20.0
TOTAL MATERIAL AND SERVICE EXPENSES	**250.5**	**268.9**

20.2 Personnel expenses

	2011 MCHF	2010 MCHF
Wages and salaries	164.2	176.5
Social security and other personnel costs (compare with Note 15)	61.5	62.3
TOTAL PERSONNEL EXPENSES	**225.7**	**238.8**

20.3 Other operating expenses

	2011 MCHF	2010 MCHF
Other operating expenses	72.2	80.2
TOTAL OTHER OPERATING EXPENSES	**72.2**	**80.2**

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 2011 result includes development expenses of MCHF 8.3 (2010: MCHF 7.0).

21. 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 three years. Under the share matching plan, participants agree to buy a certain number of Swisslog Holding AG shares at market price or to bring in Swisslog Holding AG shares from their private portfolios ('base shares'). Participants can dispose of their base shares only after a blocking period of three years. Upon expiry of the three years' blocking period, participants receive free Swisslog Holding AG 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 if the target is met at 100%.

The estimated target achievement as per balance-sheet date of 31 December 2011 and 31 December 2010 and the resulting total expenses as well as the recognized expenses in the year 2011 and 2010 are presented in the table below.

						Expenses in TCHF		
Grant date	Matching shares at grant date in '000	Share price at grant date CHF	Target achievement estimated as per 31 December 2011 in %	Target achievement estimated as per 31 December 2010 in %	Outstanding matching shares per 31 December 2011[1] in '000	Total	2011	2010
1 July 2008	602	1.20	n/a	41%	0	277	30	28
1 July 2009	598	0.82	25%	54%	140	114	31	53
1 July 2010	567	0.85	25%	65%	134	114	27	53
1 July 2011	617	0.90	58%	n/a	353	318	85	0
TOTAL	**2384**					**823**	**173**	**134**

[1] Based on the target achievement estimated as per 31 December 2011 and considering plan participants that have lost their rights on matching shares

The number of outstanding matching shares, mulitplied with the share price at grant date, is the total estimated expense for the grant. The total expenses are recorded under personnel expenses on a pro-rata basis over the vesting period and amount to TCHF 173 (2010: TCHF 134). The first vesting (with grant date at 1 July 2008) ended at 30 June 2011 with a target achievement of 44%.

22. Financial result

	2011 MCHF	2010 MCHF
Interest income		
– Loans and receivables	1.2	0.8
Foreign exchange rate gains	0.9	1.3
TOTAL FINANCIAL INCOME	**2.1**	**2.1**
Interest expenses		
– Loans and receivables	–0.3	–0.3
– Other liabilities (unwinding of discount)	–0.1	0.0
Other financial expenses		
– Loans and receivables	–0.3	–0.4
– Charges	–0.7	–0.8
Foreign exchange rate losses	–0.1	–0.2
TOTAL FINANCIAL EXPENSES	**–1.5**	**–1.7**

Foreign exchange rate gains and losses originate from all categories of financial instruments (see Note 2.2), mainly from loans and receivables. Other financial expenses 2011 and 2010 contain a write-down of a long-term loan (see Note 7.1), bank charges and costs for the guarantee line.

23. Operating leases

	2011 MCHF	2010 MCHF
Minimum lease payments at 31 December		
Due within one year	7.7	7.7
Due after one and before five years	17.4	18.0
Due after five years	2.3	3.2
TOTAL OPERATING LEASES	**27.4**	**28.9**

Minimum lease payments primarily include tenancy agreements. Operating leasing costs totalled MCHF 7.3 in 2011 (2010: MCHF 7.2).

24. Related-Party Transactions

The shares of Swisslog Holding AG are widely held. For major shareholders please refer to page 71.

24.1 Transactions with related parties

The following table provides the total amount of transactions with related parties in 2011.

	2011			
MCHF	Sales	Material expenses	Trade receivable	Trade payable
Servus Intralogistcs GmbH (investment in an associate; see Note 6)	0.0	0.5	0.0	0.5

No transactions were carried out with related parties in 2010.

24.2 Compensation for Key Management

	2011 MCHF	2010 MCHF
Salaries and other short-term employee benefits	3.0	3.1
Post-employment benefits and insurance	0.6	0.4
Share-based payments	0.1	0.1
TOTAL COST OF COMPENSATION FOR KEY MANAGEMENT	**3.7**	**3.6**

The Board of Directors and the Executive Committee contain five members in 2011 (2010: 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 21) 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 966000 matching shares as per 31 December 2011 (2010: 1014000 matching shares).

25. Earnings per share (EPS)

	2011	2010
Weighted average number of shares	249070554	249526228
Net result continued operations (MCHF)	11.7	13.6
Basic earnings per share (CHF)	0.05	0.05

In order to determine the earnings per share, Swisslog Group's average holding of 2206430 own shares in 2011 (2010: 1750756) was deducted from the total number of shares of 251276984 (2010: 251276984). There are no dilutive effects in 2011 and 2010.

26. Dividend per share

At the Annual General Meeting of Shareholders on 18 April 2012, a dividend of CHF 0.04 per entitled registered share in respect of 2011 is to be proposed. The Annual General Meeting has decided a dividend of CHF 0.03 per entitled registered share for 2010.

27. Authorization for issue

These consolidated financial statements for the year ended 31 December 2011 were approved and authorized for issue by the Board of Directors on 12 March 2012. The consolidated financial statements will be submitted for approval to the General Meeting of Shareholders on 18 April 2012.

Basel, 12 March 2012

Report of the Statutory Auditor on the Consolidated Financial Statements 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 66) for the year ended 31 December 2011.

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 2011 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 Oversight 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

2011 FINANCIAL STATEMENTS OF SWISSLOG HOLDING AG

Balance Sheet

BALANCE SHEET

At 31 December, in TCHF	Note	2011	2010
ASSETS			
Cash and cash equivalents		59 720	42 492
Marketable securities	7	1 711	2 892
Other assets			
– Group companies		15 431	16 760
– Third parties		277	155
Prepaid expenses and accrued income		1 016	166
Current assets		**78 155**	**62 465**
Property, plant, equipment and intangible assets	2	970	535
Loans with Group companies		128 459	145 176
Investments in Group companies	6	210 518	190 528
Non-current assets		**339 947**	**336 239**
TOTAL ASSETS		**418 102**	**398 704**
LIABILITIES AND EQUITY			
Trade payables		219	220
Other liabilites			
– Group companies		99 164	131 591
– Third parties		47	90
Accrued expenses and deferred income		1 835	2 282
Provisions		321	1 038
Fix cash credit	1	20 000	20 000
Current liabilities		**121 586**	**155 221**
Provisions		670	540
Non-current liabilities		**670**	**540**
TOTAL LIABILITIES		**122 256**	**155 761**
Share capital	11	2 513	2 513
Legal reserves	11	87 589	83 604
– Capital contribution reserve	11	*81 009*	*77 806*
– Other general reserves	11	*4 712*	*3 358*
– Reserve for treasury shares from capital contribution	11	*1 868*	*2 440*
Retained earnings		205 744	156 826
– Carry forward		*145 379*	*175 719*
– Net result	11	*60 365*	*–18 893*
EQUITY		**295 846**	**242 943**
TOTAL LIABILITIES AND EQUITY		**418 102**	**398 704**

Income Statement

INCOME STATEMENT

1 January to 31 December, in TCHF	2011	2010
INCOME		
Financial income	19 658	27 515
Dividend payments from investments	58 954	2 468
Gain from sales of fixed assets	0	145
Reversal of write-down of financial assets	8 727	0
Other income from Group companies	5 177	7 241
TOTAL INCOME	**92 516**	**37 369**
EXPENSES		
Financial expenses	9 599	30 046
Personnel expenses	4 710	4 494
Other administration expenses	5 040	4 840
Depreciation		
– Property, plant and equipment	267	244
– Loans	8 406	0
Write-down of financial assets	4 032	16 529
TOTAL EXPENSES	**32 054**	**56 153**
Tax expenses	97	109
NET RESULT	**60 365**	**–18 893**

Notes to the Financial Statements of Swisslog Holding AG

1. Contingent liabilities

	2011 TCHF	2010 TCHF
Guarantees to third parties	94 183	73 285

Guarantee facilities with a limit of MCHF 100.0 (2010: 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 2010 for another year, by execution of a renewal option (maturity 31 December 2013). Further information is included in Note 19 of the consolidated financial statements 2011. 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 extended in December 2011 for another year.

2. Fire insurance value of property, plant and equipment

	2011 TCHF	2010 TCHF
Fire insurance value of property, plant and equipment	600	600

3. Liabilities due to pension plans

	2011 TCHF	2010 TCHF
Liabilities due to pension plans	28	7

4. 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.

5. 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 2011: GoldenPeaks Ltd., Guernsey, had an investment of 6.9 % according to the Share register (2010: 0.0 %).
In the previous year Pictet Funds SA, Geneva, as a responsible body of a collective investment, owned 5.6 % of the Company's capital (in the current year under 5.0 %).
Further information about the disclosure of significant shareholders is disclosed in accordance with the Corporate Governance requirements of SIX Swiss Exchange in the Annual Report on page 24.

6. Investments

The investments directly and indirectly held by Swisslog Holding AG are disclosed in the Annual Report on page 78.

7. Treasury stocks

	Number of registered shares	Average price CHF	Year-end price CHF	Total TCHF
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**
Purchases	23 532	0.83		19 532
Sales	–615 657	0.92		–564 230
BALANCE AT 31 DECEMBER 2011	**1 943 945**		**0.69**	**1 341 322**

Treasury shares are presented within marketable securities.

8. Disclosure about performed risk management procedure

Swisslog Group has a risk management in place which covers also Swisslog Holding AG. The material strategic, operative and financial risks of Swisslog 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.

The last risk assessment by the Board of Directors of Swisslog Holding AG has been performed on 15 December 2011. Further information is included in Note 2.1 of the consolidated financial statements 2011.

9. Board and Executive Committee compensation disclosures

9.1 Compensation

The compensation of the members of the Board and the Executive Committee for the years 2011 and 2010, respectively, is shown according to article 663b^{bis} of the Swiss Code of Obligations in the table below.

2011	Function	Fixed compen-sation	Variable compensation		Other personnel expenses[3]	Total 2011	Share matching plan: Outstanding matching shares per 31.12.2011[4]	
		in TCHF	Short-term incentive: Annual variable salary[1] in TCHF	Long-term incentive: Share matching plan[2] in TCHF	in TCHF	in TCHF	Total (from grants 2009–2011) Shares in 1 000	From 2011 grant Shares in 1 000
BOARD OF DIRECTORS								
Hans Ziegler	Chairman	180	not applicable	10	11	201	25.8	13.8
Jürg Rückert	Vice-Chairman	70	not applicable	5	4	79	12.9	6.9
Heinz Bachmann	Member	70	not applicable	5	4	79	10.2	4.2
Johann Löttner	Member	70	not applicable	0	4	74	12.9	6.9
Manfred Schuster (Resignation per 31.12.2011)	Member	70	not applicable	5	6	81	4.8	0.5
TOTAL		**460**		**25**	**29**	**514**	**66.6**	**32.3**
FORMER MEMBER								
Jacques Réjeange	Member	0	not applicable	1	0	1	0.0	0.0
EXECUTIVE COMMITTEE								
Remo Brunschwiler	CEO	609	263	36	183	1 091	96.9	51.9
Other members (4)	Members	1 112	481	76	299	1 968	167.1	83.1
TOTAL		**1 721**	**744**	**112**	**482**	**3 059**	**264.0**	**135.0**

2010	Function	Fixed compen-sation	Variable compensation		Other personnel expenses[3]	Total 2010	Share matching plan: Outstanding matching shares per 31.12.2010[4]	
		in TCHF	Short-term incentive: Annual variable salary[1] in TCHF	Long-term incentive: Share matching plan[2] in TCHF	in TCHF	in TCHF	Total (from grants 2008–2010) Shares in 1 000	From 2010 grant Shares 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**

There was no compensation to former members of the Executive Committee in the years 2011 and 2010, respectively.

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

2 Numbers of vested matching shares multiplied by the share price at the vesting date. The first vesting date was 30 June 2011; the closing price on 30 June 2011 was CHF 0.90

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 three 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 2011 and 31 December 2010, respectively, and 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 21 of the consolidated financial statement and in the Corporate Governance report, which is included in the Annual Report

9.2 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 2011 and 31 December 2010, respectively.

10. 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 2011	31 December 2010
BOARD OF DIRECTORS			
Hans Ziegler	Chairman	1 166 560	1 132 000
Jürg Rückert	Vice-Chairman	53 280	36 000
Heinz Bachmann	Member	58 280	41 000
Johann Löttner	Member	36 000	24 000
Manfred Schuster (until 31.12.2011)	Member	117 280	112 000
TOTAL		**1 431 400**	**1 345 000**
EXECUTIVE COMMITTEE			
Remo Brunschwiler	CEO and HCS Division President (ad interim)	439 600	400 000
Daniel Fink	WDS Division President	165 120	144 000
Charlie Kegley (until 31.12.2011)	President HCS Region North America	120 620	99 500
Christian Mäder	CFO	171 120	150 000
Philipp Uschatz	Head of Corporate HR	144 000	144 000
TOTAL		**1 040 460**	**937 500**

11. Statement of changes in equity

	Share capital	Other general reserves	Capital reserves		Retained earnings		Equity
In TCHF			Capital contribution reserve	Reserve for treasury shares	Carried forward	Result	
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 reserves		–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**
Appropriation of net result 2010					–18 893	18 893	0
Allocation to legal reserves		1 354	10 093		–11 447		0
Dividend payment			–7 462				–7 462
Release of reserve for treasury shares			572	–572			0
Net result 2011						60 365	60 365
AT 31 DECEMBER 2011[1]	**2 513**	**4 712**	**81 009**	**1 868**	**145 379**	**60 365**	**295 846**

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

Appropriation of Retained Earnings and Dividend

Appropriation of retained earnings

In TCHF	2011 Proposal of the Board of Directors	2010 Resolution of the Annual General Meeting
Retained earnings carried forward	145 379	175 719
Net result	60 365	(18 893)
RETAINED EARNINGS AVAILABLE FOR APPROPRIATION	**205 744**	**156 826**
Allocation to other general reserves[1]	0	(11 447)
BALANCE TO BE CARRIED FORWARD	**205 744**	**145 379**

[1] Thereof TCHF 10 093 qualified as capital contribution reserve (see Note 11)

Dividend

In TCHF	2011 Proposal of the Board of Directors	2010 Resolution of the Annual General Meeting
Capital contribution reserve before dividend payment	81 009	78 378[2]
Allocation to capital contribution reserve	0	10 093
Dividend of CHF 0.04 (2010: CHF 0.03) per registered share of nominal CHF 0.01 on 249 333 039 (2010: 248 740 914) shares entitled to dividend at the expense of capital contribution reserve[3]	(9 973)	(7 462)
CAPITAL CONTRIBUTION RESERVE AFTER DIVIDEND PAYMENT	**71 036**	**81 009**

[2] Including release of reserve for treasury shares in 2011 (TCHF 572)

[3] Status as at 31 December 2011 and 31 December 2010, respectively. No dividend is paid on shares held by the company (treasury shares). The reported dividend requirement may change accordingly

Basel, 12 March 2012

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 69 to 74) for the year ended 31 December 2011.

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 2011 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (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

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 2011

Subsidiary	Registered office / Country	Consolidated since Y/M	Currency	Share capital in Mio.	Equity interest in %
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 USA Inc.	City of Dover / USA	99/09	USD	0.00	100 %
Swisslog Asia Ltd.	Hongkong / 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.	Milan / 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	0.50	100 %
Swisslog N.V.	Wilrijk / Belgium	94/01	EUR	0.12	100 %
Swisslog Polska Sp. z o.o.	Warsaw / 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 %
Swisslog-Accalon AB	Boxholm / Sweden	07/06	SEK	1.00	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 %
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 1.24 of the consolidated financial statements 2011.

Key figures for share capital

		Unit	2011	2010	2009	2008	2007
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[1]		CHF	0.04	0.03	0.02	0.02	0.00
Dividend[1]		MCHF	10.0	7.5	5.0	5.0	0.0
Net result		MCHF	11.7	13.6	17.7	11.2	18.8
Basic earnings per share		CHF	0.05	0.05	0.07	0.04	0.07
Cash EPS		CHF	0.08	0.09	0.12	0.08	0.08
Quoted price of share[2]	High	CHF	1.00	1.07	0.95	1.54	2.11
	Low	CHF	0.57	0.74	0.32	0.39	1.45
	Closing price	CHF	0.69	0.85	0.87	0.44	1.60
Market capitalization (at year-end)		MCHF	173.4	213.6	218.6	110.6	402.0
Consolidated equity		MCHF	156.5	152.7	161.3	148.5	156.4
Equity / share		CHF	0.6	0.6	0.6	0.6	0.6
Market capitalization in % of equity		%	111	140	136	74	257
Price Earnings Ratio (PE-Ratio)[3]		Factor	14.8	15.7	12.4	6.4	21.4

1 Proposal of the Board of Directors to the Annual General Meeting for 2011 to distribute CHF 0.04 per entitled registered 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, Zurich
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 law

Consolidated data for the past five years

CONSOLIDATED BALANCE SHEET

At 31 December, in MCHF	2011	2010	2009	2008	2007
ASSETS					
Property, plant and equipment	14.0	13.2	14.9	13.0	14.0
Goodwill	78.8	72.3	80.1	78.1	90.8
Other intangible assets	16.5	12.9	12.2	13.8	7.2
Deferred tax assets	5.8	6.7	5.4	6.0	5.9
Investment in an associate	4.4	0.0	0.0	0.0	0.0
Other assets	4.9	6.0	6.2	7.8	20.3
Non-current assets	**124.4**	**111.1**	**118.8**	**118.7**	**138.2**
Inventories	23.0	23.3	22.9	26.4	28.6
Trade receivables, amount due from customers for construction contracts and other receivables	180.4	147.9	136.9	166.5	162.3
Cash, cash equivalents and current financial assets	87.6	86.3	124.4	113.3	99.5
Current assets	**291.0**	**257.5**	**284.2**	**306.2**	**290.4**
TOTAL ASSETS	**415.4**	**368.6**	**403.0**	**424.9**	**428.6**
EQUITY AND LIABILITIES					
Share capital	2.5	2.5	2.5	2.5	2.5
Reserves and currency translation reserves	154.0	150.2	158.7	145.9	153.8
Non-controlling interests	0.0	0.0	0.1	0.1	0.1
EQUITY	**156.5**	**152.7**	**161.3**	**148.5**	**156.4**
Convertible bonds	0.0	0.0	0.0	0.0	54.0
Deferred tax liabilities	1.9	0.9	1.3	0.8	1.3
Employee benefit liability and similar liabilities	7.9	7.3	8.4	9.5	8.8
Non-current liabilities	**9.8**	**8.2**	**9.7**	**10.3**	**64.1**
Trade payables	56.9	54.8	59.4	65.6	64.1
Amount due to customers for construction contracts	103.5	72.6	92.5	98.0	73.4
Provisions	8.8	9.9	11.1	10.2	11.4
Income tax payables	2.3	3.8	2.6	4.4	2.0
Accrued expenses and deferred income	32.8	33.2	31.1	34.0	43.2
Convertible bonds	0.0	0.0	0.0	37.9	0.0
Other liabilities	24.7	13.2	15.2	16.0	14.0
Financial liabilties	20.1	20.2	20.1	0.0	0.0
Current liabilities	**249.1**	**207.7**	**232.0**	**266.1**	**208.1**
TOTAL LIABILITIES	**258.9**	**215.9**	**241.7**	**276.4**	**272.2**
TOTAL EQUITY AND LIABILITIES	**415.4**	**368.6**	**403.0**	**424.9**	**428.6**
Number of consolidated operative companies	26	27	27	26	25

CONSOLIDATED INCOME STATEMENT

1 January to 31 December, in MCHF	2011	2010	2009	2008	2007
Order intake	697.1	611.1	642.0	598.0	850.5
Order backlog (at year-end)	519.6	400.9	446.4	445.6	682.3
CONTINUING OPERATIONS:					
NET SALES	**574.8**	**614.8**	**649.9**	**786.1**	**694.9**
Other operating income	0.8	1.2	2.5	0.3	2.7
Material and service expenses	250.5	268.9	303.3	398.4	311.9
Personnel expenses	225.7	238.8	240.7	256.7	251.9
Other operating expenses	72.2	80.2	68.9	90.2	92.7
Depreciation and amortization	8.0	8.0	11.1	5.8	6.7
Total operating expenses	556.4	595.9	624.0	751.1	663.2
OPERATING PROFIT (EBIT)	**19.2**	**20.1**	**28.4**	**35.3**	**34.4**
Net financial result	0.6	0.4	–4.3	–5.9	–5.2
Share of loss of an associate	–0.6	0.0	0.0	0.0	0.0
RESULT BEFORE TAX	**19.2**	**20.5**	**24.1**	**29.4**	**29.2**
Income taxes	–7.5	–6.9	–6.4	–11.5	–10.6
RESULT CONTINUING OPERATIONS AFTER TAX	**11.7**	**13.6**	**17.7**	**17.9**	**18.6**
Attributable to:					
Equity holders of the parent	11.7	13.6	17.7	17.9	18.6
DISCONTINUING OPERATIONS:					
Net sales	0.0	0.0	0.0	12.5	12.7
Other operating income	0.0	0.0	0.0	0.0	0.0
Operating expenses	0.0	0.0	0.0	–12.2	–12.5
Result from discontinued operations	0.0	0.0	0.0	–7.0	0.0
Net financial result	0.0	0.0	0.0	0.0	0.0
RESULT BEFORE TAX	**0.0**	**0.0**	**0.0**	**–6.7**	**0.2**
Income taxes	0.0	0.0	0.0	0.0	0.0
RESULT DISCONTINUED AFTER TAX	**0.0**	**0.0**	**0.0**	**–6.7**	**0.2**
Attributable to:					
Equity holders of the parent	0.0	0.0	0.0	–6.7	0.2
NET RESULT	**11.7**	**13.6**	**17.7**	**11.2**	**18.8**
Attributable to:					
Equity holders of the parent	11.7	13.6	17.7	11.2	18.8

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Publishing Details

Publisher
Swisslog Holding AG, Buchs / Aarau
Corporate Communications

Concept, Design
YJOO Communications AG, Zurich
www.yjoo.ch

Photography
Martin Rütschi, Schindellegi
www.ruetschi.ch

Printing
Schwabe AG, Muttenz
www.schwabe.ch

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