

CLIMATE TECHNOLOGY



HALF-YEAR REPORT 2011

**walter
meier**

MANUFACTURING TECHNOLOGY



WALTER MEIER ACHIEVES STRIKING INCREASE IN EARNINGS IN THE FIRST HALF OF 2011

- **Increase in net sales of 3.3 percent to CHF 317.4 million**
- **Excluding exchange and consolidation effects, organic growth in net sales of 11.0 percent was generated**
- **Increase in the EBIT margin of 4.7 to 8.3 percent, mainly as a result of the striking recovery in activities in Manufacturing Technology and the restructuring costs in the previous year**
- **Net income in the first half amounted to CHF 19.8 million compared with CHF 10.0 million in the same period in the previous year**

In the first half of 2011, the climate and manufacturing technology group Walter Meier increased net sales as against the same period in the previous year by 3.3 percent to CHF 317.4 million. While the internationally oriented Group Divisions Humidification and Tools had to accept a fall in net sales because of the strong Swiss franc, net sales in the Divisions Climate and Machining Solutions increased through retail operations that are mainly focused on Switzerland. The Division Machining Solutions made by far the greatest contribution to the growth in net sales – accounting for virtually 50 percent. The main reason for this was an accelerated recovery by the Swiss metal-working industry. Excluding exchange effects as well as consolidation effects from the Group Division Humidification (withdrawal from the retail climate business in France and the United Kingdom as well as the acquisitions of JS Humidifiers and Anderberg Fugtstyring), organic growth in net sales of 11.0 percent was achieved.

At 81.4 percent, the increase in EBIT to CHF 26.3 million in the first half of 2011 was completely disproportionate compared to organic growth. This equates to an improvement in the EBIT margin from 4.7 to 8.3 percent. In the same period in the previous year, earnings were depressed by restructuring expenses of CHF 4.0 million incurred in the reorganization of the climate business in France. Even allowing for this non-recurring effect, the EBIT margin still improved by 2.3 percentage points. Apart from economies of scale from the growth in net sales, the main reasons for this are continuing positive transaction effects.

Net income amounted to CHF 19.8 million compared with CHF 10.0 million in the same period in the previous year. This equates practically to a doubling in profit and was primarily a consequence of the increase in operating earnings. As in the previous year, the continuing weakness of the euro and US dollar resulted in markedly negative exchange effects (translation effects) in the financial result. The tax rate matches that of the same period in the previous year. At CHF 9.67, the profit per share has more increased disproportionately on the previous year (CHF 4.60) due to the share buyback program.

Cash flow from operating activities and free cash flow improved by 11.5 and 5.2 percent, respectively, to CHF 15.5 million and CHF 12.1 million.

Working capital was kept stable in the first half of 2011 thanks to stringent financial management. Net liquidity fell only slightly despite substantial profit payments and the seasonal financing requirement and amounted to CHF 29.5 million on June 30. Equity came to CHF 156.5 million, which equates to a slightly lower ratio of 51.6 percent. The change in equity was dominated by the dividend payment and the capital reduction carried out in June 2011 as well as the buyback of treasury shares on the secondary trading line.

Compared with year-end 2010, staff size increased by 29 to 1578 employees (full time equivalents).

January 1 to June 30

in CHF million	2011	2010	Change in %	Change organic in %
Net sales	317.4	307.2	3.3	11.0
Humidification	50.1	51.3	-2.3	6.1
Climate	163.6	159.3	2.7	7.4
Tools	75.8	81.0	-6.4	6.8
Machining Solutions	34.4	23.0	49.6	49.6
EBIT	26.3	14.5	81.4	
in % of net sales	8.3	4.7		
Net income	19.8	10.0	98.0	
Cash flow from operating activities	15.5	13.9	11.5	
Free cash flow	12.1	11.5	5.2	

in CHF million	6/30/2011	12/31/2010
Net liquidity	29.5	45.6
Equity	156.5	170.5
in % of total assets	51.6	53.2
Number of employees (Full-time-equivalents)	1 578	1 549

Humidification

Humidification was not quite able to achieve the previous year's figures for net sales in the first half of 2011 (CHF -1.2 million, -2.3 percent). However, account should be taken in particular of the deliberate abandonment of retail climate sales as a consequence of the restructuring in France as well as the weakness of the euro. The result is that net sales, which are achieved almost exclusively abroad, were well down on the previous year in the consolidated financial statements. Taking account of exchange and consolidation effects, global sales of humidification units and systems increased by a gratifying 6.1 percent in the first half of 2011.

In addition to the positive trend in net sales, this Group Division's EBIT margin is also trending upwards (12.4 percent compared with 3.9 percent in the previous year). Following elimination of the restructuring expenses for the reorganization of the climate business in France recorded in the same period in the previous year, an improvement of 0.7 percentage points in the EBIT margin was achieved in the current half.

Climate

While net sales in the Group Division Climate in the Swiss domestic market were maintained at the pleasing level of the previous year, the business unit in Germany increased its net sales considerably. The stable earnings in the Swiss market are gratifying given that the loss of sales amounting to approximately CHF 10.0 million per year has been consciously accepted since the beginning of the second quarter of 2011 on the basis of the cooperation with MWH Barcol-Air, the leading specialist in cooling ceilings across Europe.

In the first half of 2011, the Group Division Climate reported an increase in net sales compared with the same period in the previous year of 2.7 percent to CHF 163.6 million. Excluding exchange and consolidation effects, the organic increase amounts to 7.4 percent.

The EBIT margin also increased (7.2 percent compared with 5.0 percent in the previous year), which is mainly attributable to continuing positive transaction effects in the Swiss retail business.

Tools

The Group Division Tools did not quite match the previous year's net sales figures on the reporting date (CHF –5.2 million, –6.4 percent). That is despite the fact that impressive progress continues to be made on the growth path in the US business for manual woodworking and metalworking machinery and that business activities in Europe have also increased slightly. However, the effects of negative exchange rates are continuing to cause problems, particularly the weakness of the US dollar against the Swiss franc (translation effect). If the impact of exchange rates is taken into account, the trend in net sales, which have grown by 6.8 percent, is very positive compared with the previous difficult year.

The EBIT margin was also increased in this Group Division (6.7 percent compared with 5.8 percent in the previous year), which is primarily based on significant growth in North America and a further improvement in margins as a result of suspending business with large home improvement chains.

Machining Solutions

In addition to the other Group Divisions, the Swiss original business with complete solutions for precision machining performed impressively in working its way out of the crisis induced by macroeconomic conditions and achieved a surge in net sales of 49.6 percent.

As with the extremely positive trend in net sales, the Group Division also increased its EBIT margin most significantly. In the current fiscal year, a very satisfactory margin of 12.5 percent (previous year 3.0 percent) was achieved at the reporting date, which indicates that the deep crisis in the capital goods industry in the previous year has been overcome at a pleasingly fast rate.

Outlook

Depending on economic developments, particularly in the key markets of Switzerland, Germany and North America, Walter Meier expects continued organic growth in net sales for the second half of 2011. Earnings in Swiss francs in the second half of 2011 will also depend heavily on movements in exchange rates, which are difficult to predict. If these prove to be reasonably stable, Walter Meier expects the second half to be somewhat stronger than the first half because of seasonal factors. In this case, it should be possible to exceed last year's net income of CHF 41.2 million in 2011.

KEY FIGURES

January 1 to June 30

in CHF million	2011	2010	Change in %	Change organic in %
Net sales ¹⁾	317.4	307.2	3.3	11.0
Humidification	50.1	51.3	-2.3	6.1
Climate	163.6	159.3	2.7	7.4
Tools	75.8	81.0	-6.4	6.8
Machining Solutions	34.4	23.0	49.6	49.6
EBITDA	33.8	19.8	70.7	
EBIT	26.3	14.5	81.4	
Humidification	6.2	2.0	210.0	
Climate	11.8	8.0	47.5	
Tools	5.1	4.7	8.5	
Machining Solutions	4.3	0.7	514.3	
Corporate	-1.1	-0.9	n/a	
EBIT in % of net sales	8.3%	4.7%		
Humidification	12.4%	3.9%		
Climate	7.2%	5.0%		
Tools	6.7%	5.8%		
Machining Solutions	12.5%	3.0%		
Net income	19.8	10.0	98.0	
Free Cashflow	12.1	11.5	5.2	
Cash flow from operating activities	15.5	13.9	11.5	
Cash flow from investing activities	-3.4	-2.4	n/a	

in CHF million	6/30/2011	12/31/2010	Change in %
Total assets	303.1	320.6	-5.5
Cash and cash equivalents	31.2	47.2	-33.9
Trade receivables	90.1	90.2	-0.1
Inventories	90.6	88.0	3.0
Trade payables	37.8	35.0	8.0
Financial liabilities	1.7	1.6	6.2
Equity	156.5	170.5	-8.2
in % of total assets	51.6	53.2	
Return on equity in %	23.1	24.5	
Number of employees (Full-time-equivalents)	1 578	1 549	1.9
Humidification	390	326	19.6
Climate	861	895	-3.8
Tools	216	211	2.4
Machining Solutions	78	72	8.3
Corporate Centers	33	45	-26.7
Stock market capitalization	465.8	427.2	
Share price in CHF	219.50	191.50	
Number of outstanding shares ²⁾	2 115 883	2 125 598	
Significant shareholders in % of capital			
Greentec AG	57.3	54.6	
Dr. Reto. E. Meier	18.2	17.3	
Treasury shares	0.3	4.7	
Free Float	24.2	23.4	

¹⁾ Adjustment of net sales 30/06/2010: see note 2.²⁾ Weighted -A- registered shares and -B- registered shares.

WALTER MEIER CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

January 1 to June 30

in CHF million	Note	2011	2010
Net sales ¹⁾	4	317.4	307.2
Cost of goods sold and services provided ¹⁾		-207.6	-204.1
Gross profit		109.8	103.1
Other operating income	7	4.8	0.9
Administration		-20.3	-18.4
Distribution ¹⁾		-53.7	-54.7
Advertising and promotion		-9.2	-8.8
Research and development		-2.6	-3.6
Other expense	6	-2.5	-4.0
Other operating expense		-88.3	-89.5
Operating profit (EBIT)	4	26.3	14.5
Financial income		1.6	2.8
Financial expense		-3.7	-4.6
Share in profit of joint ventures		0.6	-0.3
Net income for the year before income taxes		24.8	12.4
Income taxes		-5.0	-2.4
Net income for the period		19.8	10.0
Other comprehensive income			
Foreign currency translation			
Translation difference incurred in the reporting period		-5.1	-1.0
Reclassification due to disposal of a foreign operation		0.1	-
Share of comprehensive income of joint ventures		-0.1	-
Other comprehensive income for the period		-5.1	-1.0
Total comprehensive income for the period		14.7	9.0
Net income for the period: Due to shareholders of Walter Meier Ltd.		19.8	10.0
Comprehensive income: Due to shareholders of Walter Meier Ltd.		14.7	9.0
Earnings per share of Walter Meier Ltd. (in CHF)			
-A- registered shares undiluted		9.67	4.60
-A- registered shares diluted		9.67	4.60
-B- registered shares undiluted		1.93	0.92
-B- registered shares diluted		1.93	0.92

The calculation of earnings per -A- registered share is based on 1 462 000 -A- registered shares (2010: 1 570 800).
The calculation of earnings per -B- registered share is based on 3 300 000 -B- registered shares (2010: 3 300 000).

¹⁾ Adjustment of net sales 06/30/2010: refer to note 2.

CONSOLIDATED BALANCE SHEET

in CHF million	Note	6/30/2011	12/31/2010
Assets			
Cash and cash equivalents		31.2	47.2
Derivative financial instruments		–	–
Trade receivables		90.1	90.2
Other receivables		6.2	6.5
Financial assets	11	2.0	0.1
Inventories		90.6	88.0
Current assets		220.1	232.0
Assets from employee benefit plans	5	11.4	10.1
Investments in joint ventures	11	1.5	1.2
Financial assets	11	4.3	8.7
Property, plant and equipment		23.8	23.6
Goodwill		13.5	14.7
Other intangible assets		24.0	24.9
Deferred tax assets		4.5	5.4
Non-current assets		83.0	88.6
		303.1	320.6
Liabilities			
Trade payables		37.8	35.0
Other liabilities		65.2	72.0
Derivative financial instruments		0.9	–
Financial liabilities		1.5	1.4
Tax liabilities		2.9	4.7
Provisions		10.9	11.6
Short-term liabilities		119.2	124.7
Financial liabilities		0.2	0.2
Liabilities from employee benefit plans	5	3.9	4.3
Provisions		9.4	8.2
Deferred tax liabilities		13.9	12.7
Long-term liabilities		27.4	25.4
Liabilities		146.6	150.1
Share capital	10	1.1	6.7
Treasury shares	9	–1.5	–12.5
Capital reserves		12.5	25.4
Other reserves		144.4	150.9
Equity attributable to the shareholders of Walter Meier Ltd.		156.5	170.5
Equity		156.5	170.5
		303.1	320.6

STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

January 1 to June 30

in CHF million	Note	Equity attributable to the shareholders of Walter Meier Ltd.					Total
		Share capital	Treasury shares	Capital reserves	Other reserves		
					Foreign currency translation	Retained earnings	
Balance as of 1/1/2010		22.3	-2.7	25.6	-19.0	136.2	162.4
Net income 2010		–	–	–	–	10.0	10.0
Other comprehensive income		–	–	–	-1.0	–	-1.0
Total comprehensive income		–	–	–	-1.0	10.0	9.0
Purchase of treasury shares	9	–	-5.8	–	–	–	-5.8
Share-based payments		–	0.4	-0.2	–	–	0.2
Nominal value repayment		-15.6	0.5	–	–	–	-15.1
Balance as of 6/30/2010		6.7	-7.6	25.4	-20.0	146.2	150.7
Balance as of 1/1/2011		6.7	-12.5	25.4	-26.5	177.4	170.5
Net income 2011		–	–	–	–	19.8	19.8
Other comprehensive income		–	–	–	-5.1	–	-5.1
Total comprehensive income		–	–	–	-5.1	19.8	14.7
Purchase of treasury shares	9	–	-2.4	–	–	–	-2.4
Share-based payments	8	–	0.3	–	–	–	0.3
Nominal value repayment	9	-5.5	0.1	–	–	–	-5.4
Capital reduction through elimination	9	-0.1	13.0	-12.9	–	–	–
Dividend Walter Meier Ltd.	10	–	–	–	–	-21.2	-21.2
Balance as of 6/30/2011		1.1	-1.5	25.4	-31.6	176.0	156.5

CONSOLIDATED CASH FLOW STATEMENT

January 1 to June 30

in CHF million	Note	2011	2010
Net income for the period		19.8	10.0
Depreciation, amortization and impairment	6	7.6	5.5
Income taxes		5.0	2.3
Change in assets/liabilities of employee benefit plans	5	-1.6	-3.9
Gain on disposal of property, plant and equipment		-0.1	-0.1
Financial income		1.7	-2.9
Financial expense		-1.1	4.6
Gain on disposal of business units	7	-3.0	-
Share in profit of joint ventures		-0.6	0.3
Gross cash flow from operating activities		27.7	15.8
Increase(-)/decrease in trade and other receivables		-2.2	-5.1
Increase(-)/decrease in inventory		-4.7	0.2
Increase/decrease(-) in trade accounts payable and other liabilities		-0.9	6.9
Increase/decrease(-) in provisions		1.4	2.5
Income tax paid		-5.8	-6.4
Net cash flow from operating activities		15.5	13.9
Purchase of property, plant and equipment		-2.3	-2.5
Sale of property, plant and equipment		0.1	0.3
Purchase of intangible assets		-0.7	-0.6
Acquisition of business units (without cash)	3	-4.5	-
Sale of business units (without cash) ¹⁾	7	3.6	-
Repayment of loans ²⁾		0.2	-
Interest received		0.2	0.4
Net cash flow from investing activities		-3.4	-2.4
Purchase of treasury shares	9	-2.4	-5.8
Repayment of liabilities to banks		-0.3	-6.0
Proceeds from liabilities to banks		-	0.1
Financial lease agreements		-0.1	-
Capital reduction ²⁾	9, 10	-2.9	-10.9
Dividend paid Walter Meier Ltd.	10	-21.2	-
Interest paid		-0.1	-0.1
Net cash flow from financing activities		-27.0	-22.7
Effects of exchange rate fluctuations		-1.1	-0.3
Increase/decrease(-) in cash		-16.0	-11.5
Balance of cash as of 1/1		47.2	54.3
Balance of cash as of 6/30		31.2	42.8

¹⁾ The payment in the amount of CHF 1.2 million for the sale of the business unit Global Sourcing Shanghai Ltd. taking place in 2010, has been received in the financial year 2011.

²⁾ The nominal value repayment to Greentec AG was settled with loan receivables (Note 11).

CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

The Walter Meier Group (Walter Meier), consisting of Walter Meier Ltd. with headquarters in Schwerzenbach (Zurich) and its affiliated companies, is an international climate and manufacturing technology group and does business in more than 70 countries. The segment information is given in note 4.

The -A- registered shares of Walter Meier Ltd. are listed on the SIX Swiss exchange (Symbol: WMN; ISIN number: registered shares CH0015940247).

2 SIGNIFICANT ACCOUNTING PRINCIPLES

Basis for accounting

The unaudited financial statements of Walter Meier for the first half of 2011 have been prepared in accordance with IAS 34 (Interim Financial Reporting).

The recognition and measurement principles as well as the principles of consolidation used during the preparation are – with the exception of the changes in accounting principles listed below – consistent with those followed in the preparation of the consolidated financial statements as of December 31, 2010. The consolidated financial statements for the first half of 2011 should therefore be read in conjunction with the consolidated financial statements for 2010.

The consolidated financial statements are presented in Swiss francs (CHF). Unless stated otherwise, all figures contained therein were rounded to the next CHF 0.1 million.

Changes in accounting principles

Apart from the following standards, the accounting principles applied are consistent with those of the previous year.

For the 2011 fiscal year, Walter Meier is making use of the option of presenting the statement of comprehensive income for the first time: comprehensive income is reported in a single statement of comprehensive income and not, as previously, in two separate statements. The following standards, amendments and interpretations also came into effect for Walter Meier:

- IAS 24 Related Party Disclosures; revised definition of related parties (applicable for fiscal years starting on or after January 1, 2011)
- IFRS 32 Financial Instruments: Presentation; amendments in relation to the classification of subscription rights (applicable for fiscal years starting on or after February 1, 2010)
- IFRIC 14 Prepayments of minimum funding requirements; amendments regarding voluntary prepaid contributions (applicable for fiscal years starting on or after January 1, 2011)
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments: new (applicable to fiscal years starting on or after July 1, 2010)
- 2010 Annual improvements to IFRS – amendments to various standards

Application of these standards and interpretations had no impact on the Group's net assets, financial position and results of operations.

In connection with the corrections (reclassification) of outbound freight, commissions for brokers and installation expenses disclosed in the 2010 annual report, net sales on June 30, 2010, increased by CHF 8.1 million, the expense of products and services sold by CHF 0.6 million, and sales expenses by CHF 7.5 million.

3 BUSINESS COMBINATIONS

On January 1, 2011, Walter Meier acquired 100% of the shares of Frykman-Kirk Holding ApS in Hong, Denmark, and its subsidiary Anderberg Fugtstyring A/S in Slagelse, Denmark, and consequently expanded its market presence in humidification in that country. The Group also purchased 100% of the shares in JS Humidifiers Plc., Rustington, West Sussex, England, on April 5, 2011, and consequently consolidated its presence in the English humidification market. Corporate acquisitions are accounted for in accordance with the acquisition method. The allocation of the purchase price to the identifiable assets and liabilities of the newly acquired companies is based on a provisional valuation and could subsequently lead to a value adjustment to their fair values on the basis of additional information still to be received regarding the estimate of their fair value at the time they were acquired. The consolidated financial statements for the first half of 2011 include the results of Frykman-Kirk Holding/Anderberg for six months and those of JS Humidifiers for three months.

The fair values of the identifiable assets and liabilities of the newly acquired companies are as follows at the date of acquisition:

in CHF million	Fair Values
Cash and cash equivalents	0.2
Trade receivables	2.7
Other receivables	0.3
Inventories	1.6
Property, plant and equipment	1.1
Other intangible assets	3.4
Trade accounts payable	-1.5
Other liabilities	-1.1
Financial liabilities	-0.8
Tax liabilities	-0.1
Provisions	-0.2
Deferred tax liabilities	-0.9
Net assets	4.7
Purchase price	4.7

Cash outflow for acquisitions:

Cash acquired	0.2
Payments	-4.7
Cash outflow from acquisitions	-4.5

The fair value of trade receivables amounts to CHF 2.7 million and equates to their gross value. There are no impairments, and it can be assumed that the entire nominal value can be collected.

Since the acquisition date, the newly acquired companies have contributed CHF 0.4 million to net income for the year and their share of net sales came to CHF 4.3 million. If the companies had been acquired at the beginning of the fiscal year, net sales would have equated to CHF 8.0 million and the share of net income CHF 1.0 million. The transaction costs of CHF 0.3 million were charged to the statement of comprehensive income and posted as part of administrative expenses.

4 SEGMENT INFORMATION

As part of the completed reorganization and the focus on core businesses, segment reporting now encompasses the four reportable Group Divisions, namely Humidification, Climate, Tools and Machining Solutions. The previous year's figures were adjusted accordingly.

Internal reporting and decisions on the allocation of resources are carried out by the CEO at the level of these four Group Divisions. Profit and loss of the Group Divisions are measured on the basis of earnings before interest and taxes as well as before license income earned by Corporate Centers, the Board of Directors' fees and the adjustment to the measurement of employee benefit plans according to IAS 19.

The reconciliation statement contains the income and expenses of the Corporate Centers. It also contains the Group's financing. The consolidation between the Group Divisions is also reflected in the reconciliation statement.

The Group Divisions' assets and liabilities consist of all the Group's assets and liabilities with the exception of those that can be directly allocated to the Corporate Centers as well as assets and liabilities from employee benefit plans. Financial liabilities are allocated to the Corporate Centers. The valuation basis is in accordance with IFRS. Internal reporting of assets and liabilities to the CEO consists primarily of working capital.

Vaporization, nebulization and evaporation technologies are used in the Group Division Humidification. Walter Meier is the world's leading manufacturer of commercial and industrial humidification units and systems with its own brands Condair, Nortec, Defensor, Nordmann and Draabe. The Group Division is active worldwide and achieves the majority of its sales in Europe and North America.

In Climate, Walter Meier offers products, consulting and services in the area of indoor climate. Its range consists predominantly of products for heating and cooling. Here, the product portfolio is focused consistently on energy efficiency and increasing comfort. As a wholesaler, Walter Meier distributes third-party brands (e.g. Oertli, DeDietrich, Carrier, Fujitsu, Mitsubishi Electric) in Switzerland, Germany and Austria. Walter Meier is regarded as the leading complete supplier of heating and cooling products and services in Switzerland and as one of the top 5 suppliers for cooling in Germany and Austria.

Across the world, the Group Division Tools offers tool and machinery products in the areas of manual metalworking and woodworking as well as repair-shop equipment. Walter Meier has a consistent policy of distributing its own brands (e.g. Jet) around the world through specialty distributors.

The Group Division Machining Solutions stands for automated metalworking. Walter Meier plans, programs and installs customer-specific complete CNC solutions for the highly precise production of metal parts. It also offers a matching range of services. Walter Meier distributes third-party brands as a distribution partner only in Switzerland.

The Group Divisions (reporting segments) were not aggregated.

Group Divisions

January 1 to June 30

in CHF million	Climate Technology		Manufacturing Technology		Corporate/ Eliminations	Total
	Humidifica- tion	Climate	Tools	Machining Solutions		
2011						
Production and distribution	38.4	121.1	75.8	33.5	–	268.8
Services	5.3	42.4	–	0.9	–	48.6
Inter-segment sales	6.4	0.1	–	–	–6.5	–
Total net sales	50.1	163.6	75.8	34.4	–6.5	317.4
Operating profit (EBIT)	6.2	11.8	5.1	4.3	–1.1	26.3
Depreciation and amortization	1.4	2.2	1.1	–	0.4	5.1
Impairment	–	2.5	–	–	–	2.5
Working capital ¹⁾	16.3	39.2	45.1	15.9	–0.8	115.7
Additions in property, plant and equipment & intangible assets ²⁾	1.9	0.5	0.3	–	0.3	3.0
2010 (Restated)						
Production and distribution	39.1	116.9	80.9	22.2	–	259.1
Services	4.9	42.4	–	0.8	–	48.1
Inter-segment sales	7.3	–	0.1	–	–7.4	–
Total net sales ³⁾	51.3	159.3	81.0	23.0	–7.4	307.2
Operating profit (EBIT)	2.0	8.0	4.7	0.7	–0.9	14.5
Depreciation and amortization	1.3	2.1	1.3	0.2	0.6	5.5
Working capital ¹⁾	14.7	40.1	37.6	14.1	–0.9	105.6
Additions in property, plant and equipment & intangible assets ²⁾	1.2	1.2	0.1	–	0.6	3.1

¹⁾ Working capital encompasses trade receivables, inventories and prepayments to suppliers less trade payables and prepayments from customers.

²⁾ Excluding additions in connection with business combinations.

³⁾ Adjustment of net sales 06/30/2010: see note 2.

Reconciliation

NET INCOME FOR THE YEAR BEFORE INCOME TAXES

January 1 to June 30

in CHF million	2011	2010
EBIT for the Group Divisions	27.4	15.4
Other segments		
Intra-Group fees	6.9	6.4
Personnel expense	–3.2	–2.4
Consulting expense	–0.6	–0.5
Other administrative expense	–4.2	–4.4
Operating profit (EBIT)	26.3	14.5
Financial result	–2.1	–1.8
Share in profit of associated companies	0.6	–0.3
Net income of the year before income taxes	24.8	12.4

5 ASSETS AND LIABILITIES FROM EMPLOYEE BENEFIT PLANS

The pension plan assets of Swiss and German employee benefit plans were reappraised based on the status at May 31, 2011, to June 30, 2011. On June 30, 2011, a new actuarial calculation was carried out for the closed benefit plan in the USA. The actuarial losses of the US plan amounted to less than CHF 0.1 million on June 30, 2011, and were reflected in the income statement.

6 IMPAIRMENT

At Walter Meier (Klima Österreich) GmbH, goodwill in the amount of CHF 0.9 million and other assets amounting to CHF 1.6 million had to be written down in the first half of 2011 because of persistent inadequate earnings.

7 DISPOSAL OF BUSINESS UNITS

On May 19, 2011, Walter Meier (Climate UK) Ltd., Solihull, England, a company in the Group Division Climate, was sold for GBP 2.5 million (CHF 3.5 million). The purchase price adjustment mechanisms agreed to in the contract may lead to a correction in the definitive purchase price at a later date.

GAIN ON THE DISPOSAL

in CHF million	Total
Sales proceeds	3.5
Disposal of net assets	-0.4
Reclassification of foreign currency translation from the consolidated statement of comprehensive income	-
	3.1

NET CASH INFLOW FROM THE DISPOSAL OF THE BUSINESS UNIT

in CHF million	Total
Sales proceeds	3.5
Disposal of cash and cash equivalents	-0.8
	2.7

The net assets disposed of, amounting to CHF 0.4 million, break down as follows:

in CHF million	Total
Cash and cash equivalents	0.8
Trade receivables	1.3
Other receivables	0.2
Inventories	0.3
Property, plant and equipment	0.1
Deferred tax assets	0.3
Trade accounts payable	-1.5
Other liabilities	-0.8
Provisions	-0.3
	0.4

8 SHARE-BASED PAYMENTS

In the first half of 2011, as compensation for their work performed in the 2010 fiscal year, members of the Board of Directors received 1 303 (2009: 2 247) -A- registered shares at market value. The fair value per share amounted to CHF 200.05.

The share-based payments were effected by the transfer of Walter Meier Ltd. treasury shares.

The total value of the share-based payments to members of the Board of Directors came to CHF 0.3 million.

9 TREASURY SHARES

The share buyback program agreed upon by the Board of Directors on October 15, 2009, which allows up to a maximum of CHF 15.0 million running over a maximum of two years, was closed prematurely on April 28, 2011. A total of 114 300 -A- registered shares were bought back, of which 9 098 were bought back in the first half of 2011. The buyback volume amounted to CHF 15.0 million. A capital reduction and the destruction of 108 800 shares were agreed upon at the annual shareholders' meeting in March 2011 (nominal value CHF 0.1 million). A further 1 920 shares in the amount of CHF 0.4 million (2010: CHF 0.3 million) were acquired over the "first trading line". Of this amount, 1 303 shares were paid to the Board of Directors as share-based payments in the first half of 2011.

10 SHARE CAPITAL

At the annual shareholders' meeting of Walter Meier Ltd. on March 15, 2011, the shareholders agreed to the proposal by the Board of Directors to reduce the capital by CHF 2.50 per -A- registered share and by CHF 0.50 per -B- registered share. This capital reduction was carried out with a value date of June 9, 2011.

The shareholders of Walter Meier Ltd. also agreed to the proposal by the Board of Directors to a dividend of CHF 10.00 per -A- registered share and of CHF 2.00 per -B- registered share.

11 TRANSACTIONS WITH RELATED PARTIES

Goods sold to related parties

January 1 to June 30

in CHF million	Sales		Receivables	
	2011	2010	30 June 2011	31 December 2010
Joint ventures				
Maschtec Maschinen & Werkzeuge AG, Rotkreuz (incl. its subsidiaries)	6.7	5.1	7.9	6.5

Deliveries to Maschtec (including its subsidiaries) are carried out on comparable terms to those with third parties. In some cases, outstanding receivables on June 30, 2011, are collateralized, interest-bearing and will be settled by cash payment.

Loans to related parties

January 1 to June 30

in CHF million	Interest received		Receivables	
	2011	2010	30 June 2011	31 December 2010
Company with significant influence over the Group				
Greentec AG	0.1	0.1	5.3	7.6

A loan in connection with the capital reduction was amortized by CHF 2.4 million (with no impact on liquidity). The decision to amortize the loan was made at short notice by mutual consent of both parties.

Interest is charged on the loan at the rate set each year by the tax authorities (currently 2.25%).

12 EVENTS AFTER THE BALANCE SHEET DATE

Since the balance sheet date, no further events have occurred which have an impact on these consolidated financial statements.

The Walter Meier Half-year Report
also appears in German.
The German version is binding.

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