

Annual Report

011

Highlights 2011

Sales increase of 9.6 percent in local currencies. Growth achieved in all markets.

Operating income (EBIT) of CHF 67.8 million. EBIT margin of 16.3 percent despite negative currency development.

Net income of CHF 51.6 million or 12.4 percent of net sales.

Rock solid balance sheet ratios. Equity ratio increased to 75.7 percent.

Return on invested capital of 28.4 percent.

Dividend CHF 50 per share (proposal to Annual General Meeting). High payout ratio of 59.6 percent.

Innovation leadership with convincing product range and new application solutions. 6.6 percent of net sales used for research and development.

4.5 million **actuators shipped.**

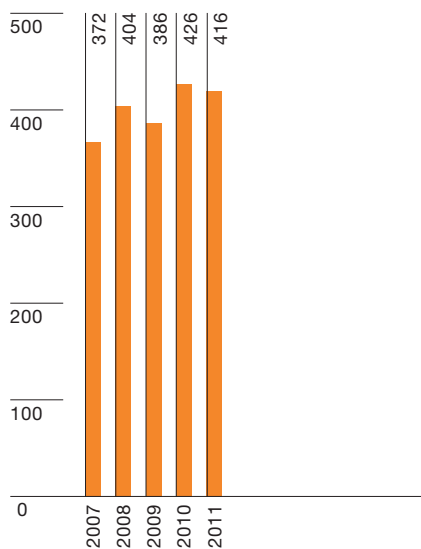
New Group Division "Global Product Management". Greater focus to markets and client needs.

Financial summary

in CHF million	2011	2010	Change
Net sales	416.0	426.4	-2.4%
Operating income before interest, taxes, depreciation, amortization (EBITDA) in percent of net sales	81.8 19.7%	96.6 22.6%	-15.3%
Operating income before interest and taxes (EBIT) in percent of net sales	67.8 16.3%	83.2 19.5%	-18.5%
Net income in percent of net sales	51.6 12.4%	61.3 14.4%	-16.0%
Investments	16.5	15.1	8.8%
Cash flow from operating activities	57.4	66.7	-14.0%
Free cash flow	41.3	52.8	-21.8%
in CHF			
Earnings per share	84.61	101.10	-16.3%
Dividend per share	50.00	55.00	-9.1%
Number of employees at December 31	1 172	1 103	6.2%

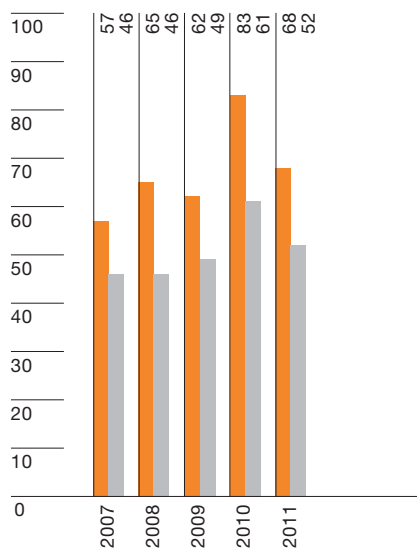
Sales 2007–2011

in CHF million



Income 2007–2011

in CHF million



■ Operating income (EBIT)
■ Net income

The Belimo Mission

Belimo is the global market leader in the development, production and marketing of actuator solutions for controlling heating, ventilation and air conditioning systems. Actuators and control valves make up the company's core business.

Belimo's aim is to be a trusted partner across the globe for its customers, offering them the added value they expect. Research and market-relevant innovation as well as rapid and customized execution are key. Commitment, credibility and reliability characterize our behaviour.

Belimo delivers more than just products. We support our customers with innovative, efficient and energy-optimizing solutions and bring success to both our customers and ourselves. We are close to our customers throughout the world, we speak their language and we understand them. Everything we do gives them the reassurance that they have chosen the very best.

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The Robust. Damper actuators in particularly exposed locations are often subject to extreme conditions. Aggressive gases, moisture, dampness, high levels of dust and dirt as well as cold and ultraviolet rays can shorten the life span of an actuator. That's why Belimo developed the RobustLine actuator. Its very resistant housing meets the highest requirements. Whether in indoor swimming pools, in agricultural activity, in the food industry or for roof installation, the Robust-Line actuator remains corrosion-resistant and completely sealed. Upon request a heating element with a built-in thermostat is available from the factory. The actuator can be used at temperatures down as low as minus 40 degrees Celsius.

Preface



Prof. Dr. Hans Peter Wehrli
Chairman of the Board of Directors

Dear Shareholders

The year 2011 was characterized by a difficult political and economic environment. Despite these challenges, the Belimo Group generated sales of CHF 416 million, a slight decrease of 2.4 percent year-on-year. Adjusted for currencies, however, Belimo grew by 9.6 percent.

There were regional differences in the trends of our key markets. Europe showed its strength and grew by 6.7 percent adjusted for currencies. In the Americas sales were up 12.7 percent in local currencies despite a challenging environment. Expectations for the Asian market were met only in part, with a growth rate of 15.4 percent.

As the market leader in air applications, Belimo has a broad range of products and was able to increase sales by 8.4 percent in 2011. Market share was gained among OEM customers in particular. In water applications the growth rate was 11.6 percent, thanks to the 6-way valve, the electronic pressure-independent control valve (EPIV) and the characterized control valve (CCV). There were important innovations in products and processes in the areas of energy saving and safety.

The currency situation, the price trend for raw materials and their availability presented obstacles to procurement and production. However, the company's strategic focus on relatively small added value allowed Belimo to be highly flexible in providing services and ensuring that it reached the aspired targets in productivity and profitability.

In the reporting year the Group Division Global Product Management was launched to give even greater focus to markets and client needs. The division is headed by Felix Winter, Member of the Group Executive Committee.

Matthias Haas, Head of Asia/Pacific and Member of the Group Executive Committee, has decided to take up a new corporate challenge elsewhere from mid-2012. Matthias Haas successfully managed the Asia/Pacific market over the last ten years.

The second worldwide employee survey indicated that there is a high level of satisfaction among staff. Management will build on these strengths and make the most of any potential for improvement.

Net income of CHF 51.6 million was 16.0 percent below the prior-year period. The Board of Directors proposes to the Annual General Meeting a dividend of CHF 50 per share. At the closing price of CHF 1695 on December 31, 2011, this corresponds to a yield of 2.9 percent.

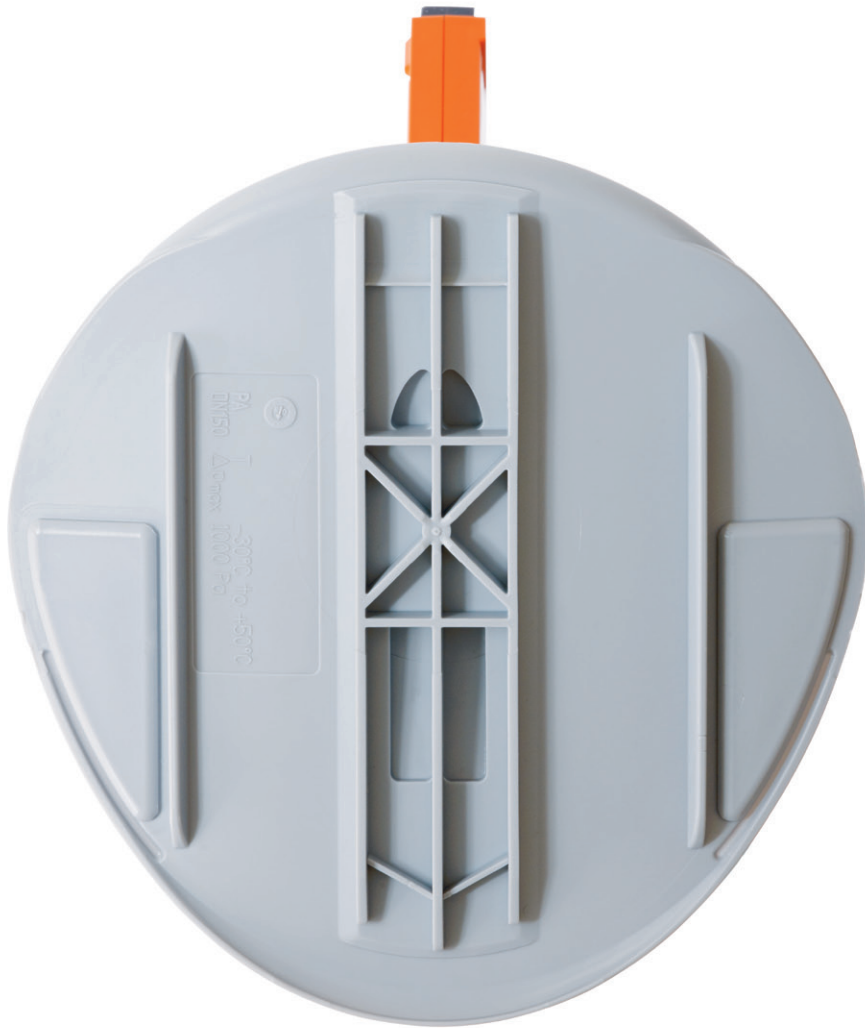
Despite the economic uncertainty, Belimo is confident going forward and making every effort to continue on a solid growth path. An expression of this confidence is the construction project for a new production and administration building in Danbury (USA).

On behalf of the Board of Directors of BELIMO Holding AG, I would like to thank our customers for their trust in our products. I would also like to thank our employees and the Group Executive Committee for their commitment and dedication in these uncertain times.

I also thank our shareholders for the trust in BELIMO Holding AG.

A handwritten signature in black ink, appearing to read 'Wehrli', followed by a horizontal line.

Hans Peter Wehrli
Chairman of the Board of Directors



The Hidden. The small compact actuator with the damper blade runs quietly and discretely. It provides individual air distribution for each room. The unique aspect of this actuator is the way it is installed: the innovative Belimo concept provides for motorization with an internal damper actuator, a perfect combination of comfort and design. The damper actuator does not take up any room outside of the ventilation system, but rather it is installed within the duct. The innovative damper blade closes without using rubber gaskets, which are liable to wear. Unpleasant odors are sealed off while unwanted air currents and energy losses are prevented throughout the entire life of the product.

Report of the Group Executive Committee



Dr. Jacques Sanche
CEO

Growth was achieved in all markets in 2011. Belimo increased its sales by 9.6 percent in local currencies. The negative currency trend reduced growth as measured in Swiss francs as well as the operating profit.

Europe

The market region Europe developed positively once again, growing 6.7 percent on a currency-adjusted basis. Virtually all the Group's subsidiaries reported higher sales than a year ago.

Economic environment and markets

The strongest market in terms of sales is Germany, where the country's strong economic environment helped make a significant contribution to the good results. Other areas that contributed to growth include Poland, Austria, Finland, France and the Middle East. The contribution from Spain was below expectations.

Customers and products

Product innovations were presented at the ISH trade fair in Frankfurt which were very well received by the customers.

Sales with OEM customers in air applications increased once again. With the introduction of SuperCap actuators new application fields were gained. In the growing apartment ventilation market Belimo is in an excellent position thanks to the expansion of InductLine actuators (actuators with a damper blade).

Products in the area of actuators for volumetric flow control were established in the market and were well received by customers. The introduction of a new sensor helped attract new OEM customers.

The new generation of spring-return actuators also contributed to growth.

By increasing the torque in smaller sizes additional applications were covered.

New solutions for the digital connection to building technology networks were introduced to the market. They have opened up interesting possibilities in the area of fire protection. Solid growth was achieved with smoke control actuators. The small smoke control actuator was especially successful, as it came to market just at the right time when the European smoke exhaust standards came into effect.

In the water applications sector the strong demand for 6-way valves was a major success factor.

The trend was also positive in the Middle East. Several major projects in this region, including the JW Marriott Hotel in Dubai, were won. The sales office in Jeddah, Saudi Arabia also contributed to the success in the region. With various products in water applications Belimo was able to make a strong showing in projects in Qatar and Jeddah.

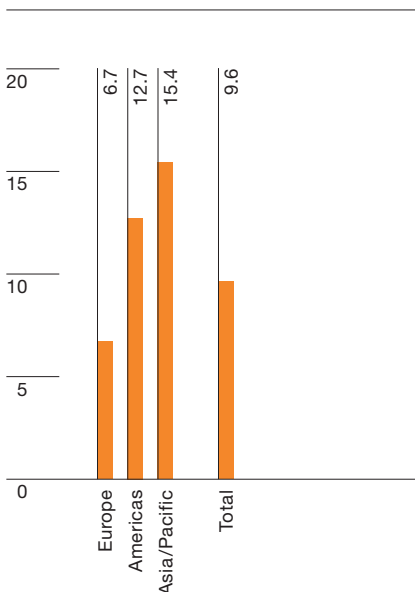
Americas

Given the slow recovery in the markets, sales in local currencies were up a strong 12.7 percent. Overall, sales of water applications outperformed those of air applications. The results in North America beat expectations, while Latin America grew only modestly compared to a strong prior year.

Economic environment and markets

The general economic environment in the United States remains challenging. Most investments were in the institutional area (schools, hospitals), while in the utility buildings sector the emphasis was on big data centers. For example, Facebook installed

Sales growth 2011 in local currencies in percent



Belimo actuators at its more than 30 000 square meter data center in Oregon.

Increased environmental awareness and the long-term trend towards energy efficiency and ecological buildings continued, and this was also seen in terms of building renovations. The increase in the number of LEED-certified buildings (green building certification system) supports this trend.

Customers and products

Market share was gained among existing OEM customers with additional volume. Belimo was also able to record strong growth in the contracting business thanks to the success of existing and new customers.

The sales organizations in North and Latin America saw an increase in personnel to provide better customer support for the use of innovative actuator and valve solutions. In 2011 alone more than one thousand specialists attended accredited courses

at the “Belimo University”, receiving professional development hours for their course work.

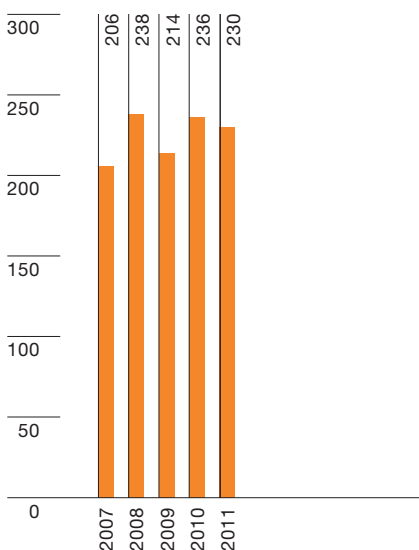
The introduction of the new and unique actuator series EF, the strongest spring-return actuators for air dampers, was very successful.

The electronic pressure-independent control valve (EPIV) has developed better than expected since it was introduced last year. It quickly became well known among customers. The market is becoming increasingly aware of the advantages of valves that automate the hydraulic balancing.

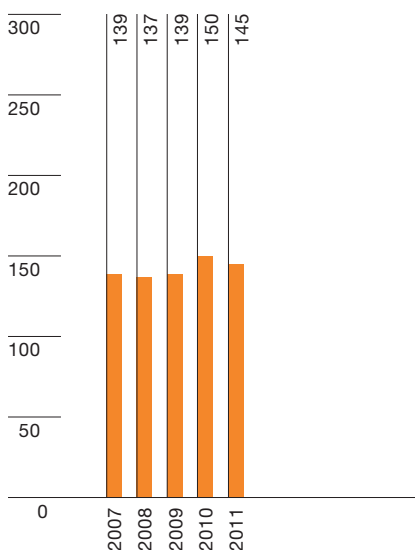
Asia/Pacific

The growth in the markets of Asia/Pacific was at the bottom of the range of expectations despite a good first half-year. The primary reason was the cutback in lending ordered by the Chinese government and the resulting drop in investments as well as a slowing economy in some major markets.

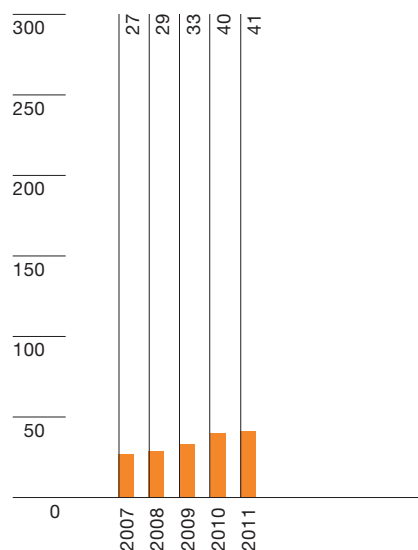
Net sales Europe
in CHF million



Net sales Americas
in CHF million



Net sales Asia/Pacific
in CHF million



Sales in local currencies increased by 15.4 percent.

Economic environment and markets

There were major regional variations in growth. Big gains in market share were made in Australia and India. Growth was very gratifying in Japan, Korea, Taiwan and Hong Kong as well. Market position improved significantly in all these areas. In addition, sales in Indonesia more than doubled thanks to the new sales office there. In China the demand for the products slowed due to the reduction in lending among other reasons.

An increasing willingness to achieve energy savings boosted the trend for high-quality structural installations. This can be seen in particular in the strong demand for products for upgrading technical facilities.

In addition, there was also a clear trend for greater security for persons and buildings. New buildings are planned based on stricter security requirements, which have led to much greater demand for Belimo fire and smoke protection products. In most countries of the Asia/Pacific region Belimo products are already officially certified, which is a major advantage in the market.

Customers and products

In the OEM and contracting business customers were acquired while sales with existing customers were increased. The contracting business grew stronger than the OEM business, primarily due to the increase in the upgrading of existing buildings. In the OEM business there was a sharp increase in sales to manufacturers of air conditioning plants.

In air applications the new generation of spring-return actuators with a safety function introduced last year was very successful. These actuators are

installed in buildings with high-quality air conditioning and ventilation systems.

In water applications the new characterized control valves (CCV) for tubes with a larger diameter were very successful. The new design, which has an easy assembly, has generated a lot of interest among customers. These valves are used mostly in air conditioning plants.

Pressure-independent control valves such as the EPIV garnered increasing acceptance in the market and are contributing to the energy-efficient operation of facilities.

In India the set-up of the customizing and distribution center was completed. With the expansion of the presence in India, the range of products that are locally available as well as delivery times will improve.

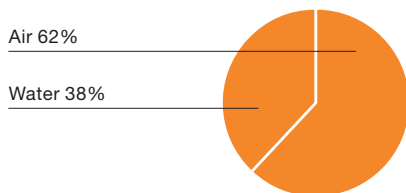
Innovation

The product range of energy-saving safety actuators was extended with an actuator for large air dampers. Belimo now offers spring-return actuators with a torque of 30 newton meter, which allows for a more compact design and an easier installation.

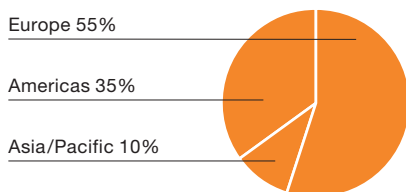
Belimo has a full range of air VAV controllers that has now been equipped with an innovative volumetric flow sensor. This sensor element exhibits its strengths in particular with smaller volumes of air, which, in combination with global energy saving efforts, is a major advantage. The accelerated calibration process means that OEM customers can handle the product more efficiently.

The functions of the Shared Logic platform were expanded. The bus communication now also includes BACnet MSTP and BACnet IP. Belimo's

Sales 2011 by application



Sales 2011 by region



decentralized HVAC solutions can in this way be better bundled into the building control systems. Together with the decentrally produced and stored operating data, Belimo contributes to a transparent operation of the building infrastructure, which is an important precondition for optimizing comfort and energy use. With the help of various pilot facilities and studies, an investigation was made of the potential and added value for customers that can be covered by innovative products and services.

For the American market the product offering was expanded for fire and smoke protection uses with a flat small actuator with an additional strokes module.

In water applications the product conversion to an improved design for the very successful characterized control valves (CCV) is underway. The major expansion of capacities for the water laboratory facilities in 2011 are being used intensively for developments in the range of valves.

Belimo's application and technology know-how was also consistently secured in 2011 through the use of patents.

Production, Customizing & Distribution

The currency situation led to various measures regarding the procurement of materials. For example, re-negotiations or currency conversions took place with existing suppliers. In individual cases the possibility of shifting from Swiss to European suppliers was reviewed.

Because the supply of some raw materials has become tighter, the inventory period has increased. The earthquake in Japan triggered a lot of

uncertainty in the supply chain. Together with the suppliers the situation was monitored carefully so that negative effects on Belimo could be prevented.

Production and assembly processes were continually improved, while efficiency was boosted through a partial automation of facilities. All assembly workplaces that are exposed to electricity were made electrostatically safe. At the Danbury location in the US, the production processes were improved by converting workplaces to continuous production.

The new supplier relationship management platform (SRM) supports procurement in the management of supplier relationships and helps boost the company's own performance. The SRM includes all elements of a modern supplier management system.

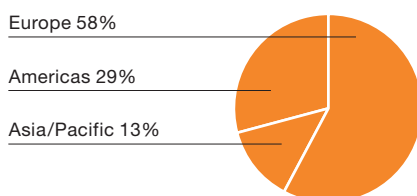
An external transport management solution with integrated document archiving, price checking and shipment tracking was introduced in the Americas. This makes it possible to record all transport processes and modalities in one system.

All deliveries to Canadian clients are now being handled with collective customs clearance directly from the US distribution centers in Sparks (West Coast) and Danbury (East Coast).

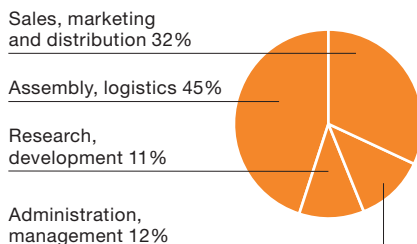
Quality

Belimo's products and services are distinguished by their quality. Measures based on findings from last year's "Quality First" training courses were put into practice. In order to better tackle the issue of quality, a specialist was added to the team.

Employees 2011 by region



Employees 2011 by function



Finance & Business Services

With the introduction of an automated software solution, addresses of exports are checked against a boycott list of the United Nations list of sanctioned parties. The transaction is automatically blocked if the address is on the boycott list. The software also includes the legally prescribed controls required for export.

The internal IT network was thoroughly upgraded to meet the requirements for availability and performance going forward.

For central IT storage a redundant archiving environment was set up to increase the availability of data and to minimize the risk of losing data.

All IT workplaces were migrated to the current operating system and Office versions. In addition, a globally integrated communication solution was introduced that will gradually replace the external telephone system.

Profitability, Cash Flow and Balance Sheet

Profit fell by 16.0 percent to CHF 51.6 million, due mainly to negative currency developments. Earnings per share are CHF 84.61. The operating margin (EBIT margin) was 16.3 percent. Return on equity (ROE) is 23.3 percent, while return on invested capital (ROIC) is 28.4 percent.

Cash flow from operating activities is CHF 57.4 million. Free cash flow amounts to CHF 41.3 million (previous year CHF 52.8 million).

Total assets were up 6.5 percent in the reporting period to CHF 304.9 million. Cash and cash equivalents increased by CHF 8.0 million to

CHF 75.3 million and net working capital was up 10.8 percent to CHF 164.0 million.

The ratio of non-current assets to total assets was 33.6 percent (previous year 34.8 percent), while that of non-current liabilities dropped to 11.7 percent (previous year 12.4 percent). The absolute values are at the prior-year level.

The equity ratio (shareholders' equity as a percentage of total assets) increased to a high level of 75.7 percent (previous year 74.1 percent).

Outlook

The construction industry in the major economic regions continues to be in good shape. However, cost-cutting measures in conjunction with high government debt loads could have a negative impact on institutional construction activity. The renovation of public buildings will be less affected, as energy efficiency in buildings remains a main concern in many regions and countries.

European countries that are currently implementing austerity measures had already experienced a reduction in construction activity in previous years. In Belimo's important regions new construction activity is expected to slow modestly in 2012. However, the need for replacement remains high.

There are visible signs of a recovery in the United States, with the private sector expected to increase investments in construction. The key Architecture Billings Index currently indicates a clearly positive trend.

In the Asia/Pacific region Belimo continues to expect strong construction activity and strong growth rates.

Report of the Group Executive Committee

Belimo wants to continue on a solid growth path. With actuator solutions that increase room comfort while using less energy, Belimo is meeting a worldwide need. The Belimo Energy Valve™, which was unveiled at the ASHRAE Show in January 2012 in Chicago, targets this need directly. Through targeted projects, solutions for other HVAC applications are being developed.

Belimo is trying to diminish the impact of the strong Swiss franc by boosting efficiency and increasing procurement in euros or US dollars.

This report contains comments relating to future developments which are based on assumptions and estimates of BELIMO Holding AG. Although the company assumes the expectations of these prospective comments to be realistic, they contain risks. These can lead to the actual results being significantly different from the prospective comments. Among the factors which can cause such differences are changes in the economic and business environment, exchange rate and interest rate changes, the introduction of competing products, inadequate acceptance of new products or services and changes in the business strategy.

BELIMO Holding AG neither plans nor commits itself to keep these prospective comments up to date.



The Linear. The unique linear actuator pushes and pulls directly and without additional strokes, if needed with precision down to the millimeter. This makes installation easier, and it is easy on the budget as well compared with other manufacturers. A shaft length of between 60 and 300 millimeters can be selected, which provides a broad spectrum of application, either for new equipment or for the replacement of electrical and pneumatic linkage solutions. The linear actuator motorizes final controlling elements with linear movement such as long range nozzles, swirl outlets or cabin units on ships, as well as dual duct mixing boxes and ash grates for wood pellet heating systems.

Corporate Governance

Belimo manages and exercises control at the highest corporate level according to the principles and rules of the “Swiss Code of Best Practice” published by *economiesuisse* and the Swiss stock exchange SIX Swiss Exchange Ltd.

The information required to be published according to the guidelines of the Swiss stock exchange is set out below using the corresponding sequence and numbering.

1 Group structure and shareholders

1.1 Group structure

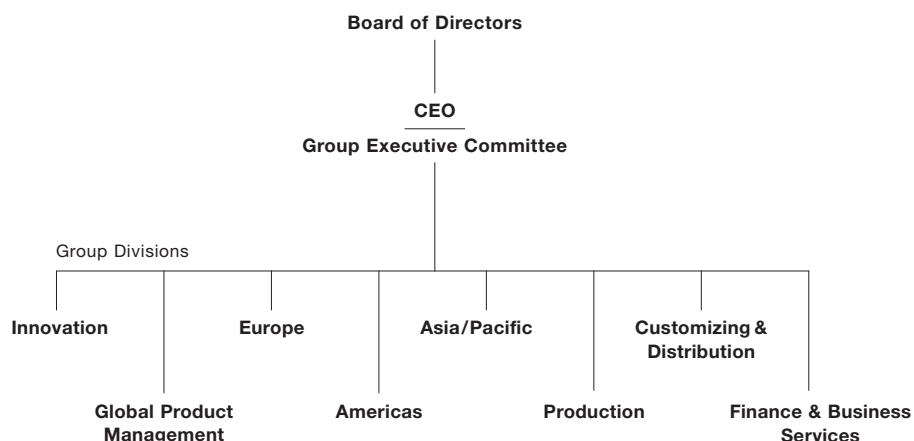
The Belimo Group is organized into Markets (Europe, Americas, Asia/Pacific), Innovation, Global Product Management (since November 1, 2011), Production, Customizing & Distribution, and Finance & Business

Services. The operational Group structure is shown in the organization chart below.

BELIMO Holding AG (the holding company of the Belimo Group) is the only Group company that is listed. The registered office of the Company is in Hinwil, Switzerland. Belimo shares (ISIN number CH0001503199) are listed on the Swiss stock exchange.

The market capitalization as of December 31, 2011, amounted to CHF 1042 million. With the exception of BELIMO Holding AG, no Group companies hold Belimo shares. The Belimo shares held by BELIMO Holding AG are disclosed on page 82 and 83. Further details on Belimo shares are given on page 88 and on the inside cover. Information regarding the unlisted companies is given in the summary on page 81 and 82.

Group structure



1.2 Significant shareholders

As of December 31, 2011, the following shareholders owned more than three percent of the share capital of BELIMO Holding AG:

Shareholder	Number of Belimo shares	Share	Of which voting shares	Share
Sarasin Investmentfonds AG	19 003	3.09%	19 003	3.09%
Ameriprise Financial, Inc.	21 949	3.57%	21 949	3.57%
Lombard Odier Darier Hentsch Fund Managers SA	25 179	4.09%	25 179	4.09%
Werner Roner	35 000	5.69%	35 000	5.69%
The Capital Group Companies, Inc.	61 374	9.98%	30 750	5.00%
Group Linsi	118 580	19.28%	118 580	19.28%

Disclosure notices relating to persons or groups with significant shareholdings (more than three percent of voting rights) can be found at http://www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

As of December 31, 2011, BELIMO Holding AG held 0.83 percent of the share capital.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2 Capital structure

Information on the capital structure is contained to a large extent in the Articles of Incorporation of BELIMO Holding AG and in the financial statements of BELIMO Holding AG (pages 79 to 86). The Articles of Incorporation are available on the Internet at www.belimo.com/investorrelations.

2.1 Capital

The ordinary share capital of BELIMO Holding AG amounts to CHF 615 000.

2.2 Approved and conditional capital in particular

The Company has no approved or conditional share capital.

2.3 Changes in equity

The shareholders' equity of BELIMO Holding AG has changed during the last three years as follows:

At	in CHF 1 000
December 31, 2009	111 652
December 31, 2010	135 926
December 31, 2011	154 767

2.4 Shares

The share capital is divided into 615 000 registered shares, each with a nominal value of CHF 1.00. All registered shares are fully paid up and entitle the holder to dividends.

As regards voting rights, reference is made to the provisions of Article 13 of the Articles of Incorporation and note 6.1 of this Corporate Governance section. In the event of a share capital increase, shareholders have a right of first refusal to subscribe to new shares in proportion to their existing shareholding (see Article 7 of the Articles of Incorporation). The Company maintains a share register, in which the names and addresses of owners and beneficial owners of shares are entered.

2.5 Participation and dividend-rights certificates

BELIMO Holding AG has issued neither participation nor dividend-rights certificates.

2.6 Limitation of transferability and nominee registrations

In terms of the relationship with the Company, only those persons who are entered in the share register shall be considered as registered shareholders or beneficial owners. Buyers of shares must apply in writing to be entered in the share register. The Company may refuse to make an entry in the share register if the applicant fails to declare expressly that he/she has acquired and will hold the shares on his/her own behalf and for his/her own account. A shareholder or beneficial owner will be entered in the share register as a voting shareholder or beneficial owner for a maximum of five percent of the total number of shares as shown in the commercial register. Shareholders holding more than five percent of the total number of shares at the time this provision was introduced shall continue to be registered in the share register with the number of shares actually held.

The registration restrictions are not identical to those relating to voting rights (see details under note 6.1 of this Corporate Governance section). The Board of Directors may define exceptions to the five percent registration limit. No such exceptions were made during the year under review.

2.7 Convertible bonds and share options

BELIMO Holding AG has no outstanding convertible bonds or share options. BELIMO Holding AG has not issued any share options to employees.

3 Board of Directors

3.1 Members of the Board of Directors

The Board of Directors of BELIMO Holding AG comprised a total of five members as of December 31, 2011.

3.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Board of Directors are as follows:

Prof. Dr. Hans Peter Wehrli (1952)

Swiss

Dr. oec. publ.

Chairman of the Board of Directors since 1997

Further activities and relationships:
Datacolor AG, Lucerne, Member of the Board of Directors
Swiss Prime Site AG, Olten, Chairman of the Board of Directors

Significant professional posts:
Faculty of Business Sciences at the University of Zurich, Ordinary Professor for Business Studies

Werner Buck (1943)

American/Swiss

Deputy Chairman of the Board of Directors

Further activities and relationships:
ProMation Engineering, Brooksville, FL, USA, Chairman of the Board of Directors

Significant professional posts:
1988–2005 BELIMO Aircontrols (USA) Inc. and BELIMO Aircontrols (CAN) Inc., Managing Director
1998–2005 Head of Americas and Member of the Group Executive Committee

Board of Directors

Walter Linsi, Member

Martin Hess, Member

Prof. Dr. Hans Peter Wehrli, Chairman

Dr. Martin Zwysig, Member

Werner Buck, Deputy Chairman



Martin Hess (1948)

Swiss
El.-Ing. HTL/SIA

Further activities and relationships:
None

Significant professional posts:
Since 1974 HEFTI.HESS.
MARTIGNONI. AG, Aarau, Chairman
of the Executive Committee and
Chairman of the Board of Directors

Walter Linsi (1944)

Swiss

Further activities and relationships:
U. W. Linsi Foundation, Member
of the Foundation Board

Significant professional posts:
Co-founder of Belimo
Head of Technology and Member
of the Group Executive Committee
until 1999

Dr. Martin Zwysig (1965)

Swiss
Dr. oec. HSG

Further activities and relationships:
Sputnik Engineering AG, Biel, Member
of the Board of Directors

Significant professional posts:
2003 – 2008 Schaffner Holding AG,
Luterbach, Group CFO
Since 2008 Ascom Holding AG,
Dübendorf, Group CFO

Independence of the non-executive members

None of the non-executive members has exercised an operational function for the Belimo Group during the three financial years preceding the reporting period. The non-executive members of the Board of Directors and the companies they represent have no business relationships with the Belimo Group.

3.3 Election and term of office

According to the Articles of Incorporation, the Board of Directors is made up of at least three and no more than

seven members, who are elected by the Annual General Meeting under the principle of collective replacement for a term of office of one year. If the period of office of a Board member ends before expiry of the term of office, the newly elected member concludes the term of office of the predecessor. On reaching 70 years of age, members of the Board of Directors may be elected for a term of office of one year for one final time.

Details of first election to the Board of Directors are given in the following table:

Member	Since AGM
Hans Peter Wehrli	1995
Werner Buck	2007
Martin Hess	2007
Walter Linsi	1977
Martin Zwysig	2011

3.4 Internal organization

The Board of Directors is the most senior management body in the Group. It is empowered to make decisions in respect of all matters that are not reserved for the Annual General Meeting by law or in accordance with the Articles of Incorporation, or that the Board has not delegated to another body by regulation or resolution. The Board of Directors constitutes itself. It designates a secretary, who does not have to be a member of the Board of Directors.

The Board of Directors has the following main duties:

- Directing the Company and issuing the necessary instructions
- Approving corporate policy and strategy
- Defining the management structure
- Determining the design of the accounting system and financial controls
- Nominating and removing the members of the Group Executive Committee

- Succession planning for the most senior levels of management
- Drawing up the annual report, preparing for the Annual General Meeting and carrying out its resolutions

The Board of Directors has established two permanent committees:

- the Audit Committee, which reviews adherence to regulations and instructions and proposes the persons or firms to be appointed as statutory auditors,
- the Remuneration Committee, which draws up proposals regarding the remuneration of the Board of Directors and the Group Executive Committee.

A further committee is convened as and when required to manage the process of appointing a Board member or a member of the Group Executive Committee.

The Board of Directors has delegated the task of operational management to the Group Executive Committee. The CEO is not a member of the Board of Directors.

The Chairman of the Board of Directors, or, in his absence, the Deputy Chairman of the Board or a duly appointed member, calls the meetings and chairs the discussions.

Workings of the Board of Directors

The Board of Directors holds at least five ordinary meetings per year. The dates of its ordinary meetings and of committee meetings are set early so that all members can attend in person as a general rule. Extraordinary meetings may be convened as and when required. Any Board member may submit a request for additional meetings to the Chairman, stating the reasons. Six meetings were held in 2011.

The agenda for meetings is drawn up by the Chairman in cooperation with

the CEO. Any Board member may request that an item be placed on the agenda. Meetings are convened in writing by the Chairman. The invitation, together with the detailed agenda and attachments, is normally distributed to all participants one week before the date of the meeting. Provided that no member objects, the Board may also discuss other urgent matters that were not included on the agenda. The members of the Group Executive Committee may be invited to attend Board meetings. In order that the Board of Directors receives adequate information on which to base its decisions, other employees or third parties may also be invited to attend meetings.

The Board of Directors makes decisions and conducts elections by a majority of the members present at the meeting. A majority of members must be present for the Board to pass a resolution. Resolutions may also be passed by video- or teleconference, or by way of circulation provided that no member requests a verbal discussion at a meeting. The individual members are required to step out of the meeting if matters are discussed that affect them or persons or legal entities related to them. The Board members receive a complete copy of the minutes, with the other participants receiving an excerpt detailing the agenda items/resolutions of relevance to them.

In addition to Board meetings, the Board of Directors holds regular meetings with the Group Executive Committee.

Composition/workings of the committees of the Board of Directors

The duties of the Audit, Remuneration and Appointment Committee primarily comprise evaluation, advisory and supervisory functions for the Board

of Directors. The committees have no decision-making powers. They meet periodically or when required. The same conditions regarding meeting rules and stepping out apply as for the Board of Directors. The Board of Directors elects the members of the committees yearly.

Minutes of the meetings are prepared and distributed to those who attended the meeting and to all members of the Board of Directors. The members of the committees also report verbally to the next meeting of the Board of Directors regarding the matters discussed and submit, where necessary, the respective motions to the Board of Directors.

Audit Committee

The Audit Committee comprises at least two non-executive, independent members of the Board of Directors. A member is considered as independent if he or she has never, or at least not for the past three years, been a member of the Group Executive Committee and has no, or only a minimal, business relationship with the Company. Based on their education or their professional experience, all members have sufficient knowledge of finance and accounting.

The following members have been elected for the 2011/2012 period of office: Dr. Martin Zwysig and Prof. Dr. Hans Peter Wehrli

Duties

- Evaluating the annual report, the annual and interim financial statements, the comprehensive audit report and the audit reports for the Belimo Group and BELIMO Holding AG, submitting motions to the Board of Directors
- Evaluating adherence to financial reporting standards in the Group
- Selecting the audit firm to be proposed to the Annual General Meeting as statutory auditors, sub-

mitting motions to the Board of Directors

- Approving the audit plans of the statutory auditors
- Evaluating the performance, independence and remuneration of the statutory auditors
- Periodically reviewing the guidelines issued regarding ad hoc announcements and the avoidance of insider offences
- Reviewing the internal control system
- Periodically reviewing the structure of the risk management system
- Evaluating key tax issues

The Audit Committee held two meetings in 2011 with the CEO, CFO and the statutory auditors.

Remuneration Committee

The Remuneration Committee comprises at least two non-executive, independent members of the Board of Directors. A member is considered as independent if he or she has never, or at least not for the past three years, been a member of the Group Executive Committee and has no, or only a minimal, business relationship with the Company.

The following members have been elected for the 2011/2012 period of office: Prof. Dr. Hans Peter Wehrli, Martin Hess and Walter Linsi

Duties

- Submitting motions to the Board of Directors for determining the fixed fees and bonuses for the Board of Directors
- Submitting motions to the Board of Directors for determining the annual salaries and bonuses of the CEO, the members of the Group Executive Committee and the heads of Group Divisions
- Submitting motions to the Board of Directors for determining the retirement arrangements for the CEO, the members of the Group Execu-

- tive Committee and the heads of Group Divisions
- Submitting motions to the Board of Directors for the approval of loan agreements between the Company and members of the Board of Directors or the Group Executive Committee

The Remuneration Committee met two times in 2011.

Appointment Committee

The Appointment Committee comprises at least two members of the Board of Directors.

The following members have been elected for the 2011/2012 period of office: Prof. Dr. Hans Peter Wehrli, Walter Linsi and Werner Buck

Duties

- Selecting suitable candidates for membership of the Board of Directors, submitting motions to the Board of Directors for proposal to the Annual General Meeting
- Selecting suitable candidates to fill positions on the Group Executive Committee

One meeting was held in 2011.

3.5 Regulation of authority

The regulation of authority between the Board of Directors and the Group Executive Committee is laid down in the organizational regulations (corporate schedule of responsibilities) of the Belimo Group. This describes the general duties and defines who holds the decision-making authority for which transactions.

In addition to decisions regarding the tasks that are defined under Article 716a of the Swiss Code of Obligations as being irrevocable and non-assignable, the Board of Directors also reserves the right to approve significant transactions relating to strategy implementation and important organization-

al, financial and staffing matters in the operational area.

3.6 Information and control instruments in relation to the Group Executive Committee

The Board of Directors is involved in the management information system of the Belimo Group at the appropriate level. At the end of each quarter, in addition to the monthly reports, the Board of Directors receives an unaudited balance sheet and income statement, a sales forecast for the next two quarters and other key figures (balanced scorecard) of the Group. The figures are compared against the prior year and the budget. Twice a year (after the end of the second and third quarter), the Board receives the projection for the full year in the same degree of detail, enabling the Board to review the likelihood of the budget being achieved. In the second quarter of each year the Board also receives the qualitative strategic targets and the results of medium-term planning covering a period of five years for its approval.

The written reports are supplemented by verbal information from the CEO or CFO at every meeting of the Board of Directors. In special cases, the CEO informs the Board of Directors without delay in writing and/or verbally regarding the matter in question. The Chairman of the Board of Directors maintains regular contact and discussions with the CEO and is kept up to date by him on all transactions and issues that are of fundamental importance or that have wider implications.

4 Group Executive Committee

Together with the members of the Group Executive Committee, the CEO manages the operations of the Group. He is responsible for drawing up, implementing and achieving the Group's corporate targets. The Group Executive Committee supports the CEO in the management of the Group. It deals with all transactions that are of significant importance to the Belimo Group.

The Group Executive Committee has the following main duties:

- Developing and implementing the overall strategy and the overall budget
- Drawing up and implementing the structures and systems necessary for the management of the Group
- Making optimal use of Group resources
- Utilizing potential synergies present within the Group
- Promoting cooperation and communication within the Group
- Preparing motions that fall within the authority of the Board of Directors

4.1 Members of the Group Executive Committee

The Group Executive Committee comprises seven members.

4.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Group Executive Committee are as follows:

Dr. Jacques Sanche (1965)

Canadian/Swiss
Dr. oec. HSG

CEO since August 2007

Further activities and relationships:
Diener AG, Embrach, Member of the Board of Directors
Schweiter Technologies AG, Horgen, Member of the Board of Directors

Significant professional posts:
2000 – 2004 Oertli Service AG, Schwerzenbach, and Vescal AG, Vevey, Managing Director
2004 – 2007 WMH TOOL GROUP, Chicago, USA, CEO and WMH Walter Meier Holding AG, Stäfa, Member of the Executive Committee

Lukas Eigenmann (1961)

Swiss
Electronic technician, TS

Head of Europe and Member of the Group Executive Committee since July 2010

Further activities and relationships:
None

Significant professional posts:
1984 – 2002 BELIMO Automation AG, Hinwil, BELIMO Automation Handels GmbH, Vienna and BELIMO Aircontrols (USA) Inc., Danbury, various functions
2002 – 2010, BELIMO Stellantriebe Vertriebs GmbH, Stuttgart, Managing Director

Matthias Haas (1960)

German
Dipl. Ing. TFH

Head of Asia/Pacific and Member of the Group Executive Committee since October 2001

Further activities and relationships:
None

Significant professional posts:
1995 – 1997 Landis & Staefa Inc., Buffalo Grove, USA, Customer Account Manager

Group Executive Committee

Peter Schmidlin, Head of Innovation

Lukas Eigenmann, Head of Europe

Beat Trutmann, CFO

Dr. Jacques Sanche, CEO

Lars van der Haegen, Head of Americas

Felix Winter, Head of Global Product Management

Matthias Haas, Head of Asia/Pacific



1997 – 1999 Siemens Building Technologies, Zug, Product Manager
1999 – 2001 Siemens Building Technologies, Hong Kong, Head of Product Management Asia/Pacific

Peter Schmidlin (1963)

Swiss
Dipl. El.-Ing. ETH

Head of Innovation and Member of the Group Executive Committee since August 2000

Further activities and relationships:
U. W. Linsi Foundation, Chairman of the Foundation Board

Significant professional posts:
1988 – 2000 BELIMO Automation AG, various functions in research and development
2000 – 2007 BELIMO Automation AG, Head of Technology

Beat Trutmann (1954)

Swiss
lic. oec. publ.

CFO and Member of the Group Executive Committee since January 2003

Further activities and relationships:
None

Significant professional posts:
1992 – 2000 Elex AG, Schwerzenbach, Head of Finance and Accounting
2000 – 2002 Disetronic Holding AG, Burgdorf, CFO and Member of the Executive Committee

Lars van der Haegen (1968)

Swiss
MBA

Head of Americas and Member of the Group Executive Committee since January 2011

Further activities and relationships:
None

Significant professional posts:
2000 – 2002 BELIMO Automation AG, Head Product Management Air Volume Control Europe

2003 – 2006 BELIMO Aircontrols (USA) Inc., Danbury, Manager Product Management and Marketing Americas
2007 – 2010 BELIMO Servomotori S.r.l., Bergamo, Managing Director

Felix Winter (1965)

Swiss
Dipl. Ing. FH HLK

Head of Global Product Management and Member of the Group Executive Committee since November 2011

Further activities and relationships:
None

Significant professional posts:
1995 – 2002 BELIMO Automation AG, Hinwil, various positions
2002 – 2003 Kieback & Peter AG Schweiz, Baar, Executive Management
2004 – 2005 Geberit International AG, Jona, Head of product line Supply Systems
2005 – 2011 Stäubli AG, Horgen, Managing Director Connectors & Robotics und Connectors Business Development Manager International

4.3 Management contracts

There are no management contracts with firms or individuals outside the Belimo Group.

5 Remuneration, participations and loans

5.1 Content of and procedure for determining remuneration and participation programs

Belimo remunerates its Board of Directors and Group Executive Committee members according to performance and results. The compensation package is designed to be market-oriented and contains substantial performance-related remuneration components, in addition to a fixed element. The activities of the Chairman of the Board, the Deputy Chairman of the Board and the ordinary Board members are remunerated

in cash by means of a fee, which comprises fixed remuneration and a performance-related bonus. Activities carried out as a member of a Board committee are not subject to additional compensation.

The CEO, members of the Group Executive Committee and senior management receive a performance-related bonus in addition to their fixed remuneration. The bonus plan is based on the achievement of agreed targets. Payment of up to 50 percent of the bonus is dependent on financial targets (EBIT and/or net income and sales growth) being achieved, with the rest being dependent on the achievement of personal performance targets.

The amount of the target bonus, which is paid when all set targets have been reached, amounts to between 70 and 80 percent of fixed remuneration for the CEO and between 60 and 70 percent for the members of the Group Executive Committee. If the targets set are partially reached the bonus is lower, as set out in the agreement; if the targets are exceeded, the bonus can be increased up to a maximum of 1.33 times the target bonus.

The amounts of the annual salaries and target bonuses for the CEO, members of the Group Executive Committee, and heads of the Group Divisions for the next financial year are proposed by the Remuneration Committee to the Board of Directors for approval.

5.2 Transparency of remuneration, participations and loans from issuers based outside Switzerland

For remuneration, see note 5 Remuneration of the Board of Directors and Group Executive Committee to the financial statements of BELIMO Holding AG, pages 83 to 85.

6 Shareholders' rights of influence

The shareholders of Swiss companies have a range of participation and protection rights, which are fundamentally regulated in the Swiss Code of Obligations (CO) and are supplemented by the Articles of Incorporation of the Company. Shareholders' participation rights are described in detail in the Articles of Incorporation of BELIMO Holding AG, which are available on the Internet at www.belimo.com/investorrelations.

6.1 Limitation of voting rights and proxies

See Articles 13 and 14 of the Articles of Incorporation

Each share entered in the share register as a voting share entitles the holder to one vote at the Annual General Meeting. The shares must be entered into the share register by the day prior to the Annual General Meeting. See the provisions under note 2.6 of this Corporate Governance section regarding limits on the transferability of shares and nominee entries.

In exercising voting rights, no shareholder may represent in his/her own name and/or on behalf of others more than ten percent of the total number of shares entered in the commercial register. Legal entities and private partnerships related to each other through ownership or voting rights, by shared management, or in any similar manner, and individuals, legal entities and private partnerships acting jointly or in a coordinated way shall be deemed a single person. The Board of Directors may issue special regulations regarding the exercise of proxy voting rights or for any other justified reason.

During the year under review the Board of Directors did not grant any exceptions regarding the limitation of voting rights.

Shareholders registered in the share register with more than ten percent of the share votes are released from this restriction to the extent that they may represent no more than the number of shares registered in their name (see Article 13 of the Articles of Incorporation).

Every shareholder may have his/her shares represented at the Annual General Meeting by a proxy appointed in writing or by the independent voter representative provided for by law. The proxy need not be a shareholder.

6.2 Quorum as per Articles of Incorporation

See Article 16 of the Articles of Incorporation

6.3 Convening the Annual General Meeting

See Article 10 of the Articles of Incorporation

The Annual General Meeting is convened in accordance with the Swiss Code of Obligations by being announced once in the Swiss Official Gazette of Commerce, and, for information purposes, by written invitation to the registered shareholders. The provisions do not contain any rules that diverge from the law.

6.4 Putting an item on the agenda for the Annual General Meeting

See Article 11 of the Articles of Incorporation

Voting shareholders representing shares with a nominal value of at least CHF 10 000 may request that an item be put on the agenda up to 60 days before the Annual General Meeting.

6.5 Entry in the share register

See Articles 4 and 5 of the Articles of Incorporation

A shareholder or beneficial owner will be entered in the share register as a voting shareholder for a maximum of five percent of the total number of shares shown in the commercial register. The Board of Directors may determine exceptions to the five percent registration limit.

7 Change in control and defensive measures

7.1 Obligation to make an offer to buy shares

The Articles of Incorporation do not contain any provisions with respect to opting out or opting up.

7.2 Change of control clauses

There are no change of control clauses for members of the Board of Directors. For the CEO and members of the Group Executive Committee there are agreements in their employment contracts in the event that these are terminated unilaterally by the employer as a consequence of the acquisition by a third party of a controlling majority in BELIMO Holding AG. In some cases the agreements contain an entitlement to an extension to the period of notice to be given by the employer, and in other cases entitlement to compensation when notice is given. In no case does the period of notice exceed 24 months or the compensation exceed two years' target salary.

8 Statutory auditors

8.1 Period of appointment and period of office of the auditor in charge

KPMG AG, Badenerstrasse 172, Zurich, has been the Group auditor of the Belimo Group and the statutory auditor of BELIMO Holding AG since 2004. The auditor in charge since 2006 is Reto Benz. The statutory audi-

tors are selected each year by the Annual General Meeting for one financial year.

8.2 Audit fee

KPMG invoiced a total of CHF 0.4 million to the Belimo Group in 2011 for services related to the audit of the financial statements of BELIMO Holding AG, the Group and the Group companies audited by it.

8.3 Additional fees

Fees amounting to CHF 0.1 million were paid to KPMG for other services such as consulting and tax advice.

8.4 Sources of information for the external audit

Each year at least one Audit Committee meeting takes place, at which, in addition to other matters, the annual financial statements are discussed. The comprehensive audit report from the statutory auditors forms the basis for the discussion of the audit proceedings and the annual financial statements. Two meetings took place in the year under review. In each case the statutory auditors supplied the participants with written points for discussion beforehand.

9 Information policy

9.1 Principles

Belimo pursues an open, active and transparent information policy in relation to all parties concerned. Each year it publishes a summary annual report, an annual and a semiannual report.

At least one conference for the media and financial analysts takes place at the time of publication of the annual financial statements.

9.2 Agenda

March 12, 2012
Presentation of the annual financial statements 2011

April 2, 2012
Annual General Meeting 2012

April 11, 2012
Dividend payment

August 6, 2012, after close of trading
Semiannual Report 2012

February 2013
Publication of preliminary results for 2012

March 11, 2013
Presentation of the annual financial statements 2012

April 8, 2013
Annual General Meeting 2013

Further information for shareholders is available at www.belimo.com/investorrelations.

9.3 Contact Investor Relations

BELIMO Holding AG
Beat Trutmann, CFO
Brunnenbachstrasse 1
CH-8340 Hinwil
Phone: +41 43 843 62 65
Fax: +41 43 843 62 41
E-Mail: ir@belimo.ch

9.4 Publicity principles/ Avoidance of insider offences

Belimo publishes information that is relevant to the share price in accordance with the ad hoc publicity guidelines of the Swiss stock exchange SIX Swiss Exchange Ltd.

Ecological awareness, social responsibility

We strive for mutual success. We are successful when we offer our customers more value. This is why we deliver top-performance in everything we do. The Belimo mission statement and Belimo values guide and accompany us in this process.

Ecological awareness

Environment and energy

The energy for heating the offices and production facilities in Hinwil comes from the neighboring waste incineration plant. An official energy consumption analysis showed that our buildings and plants are extremely energy-efficient.

We use cumulative energy analyses of new products to measure energy consumption over the complete life cycle, from production through operation to disposal. Belimo reduces overall energy consumption and contributes to the safety and comfort of buildings by developing innovative, high-quality solutions.

This optimization is achieved by actuators that are equipped with the necessary logic, electronic data communication and integrated sensors.

Innovation

Environmental thinking starts right at product design and development. We focus on sustainable and eco-efficient product development that looks at the entire product life cycle. This means minimal use of power and resources, low-impact waste disposal, the use of materials that generate low emissions in the event of fire and longer product life cycles through the use of modern technology.

Our customers are involved early on in the development phase with a view to finding innovative approaches together and verifying promising ideas. We aim to secure an edge for our customers by providing them solutions that offer more comfort, greater energy efficiency and safety and require simpler installation and maintenance.

Products

The high functionality of our products enables optimal performance of HVAC systems. The power consump-

tion of the actuators is reduced by means of energy-optimizing algorithms.

The following products and solutions promise higher value for customers coupled with lower energy consumption.

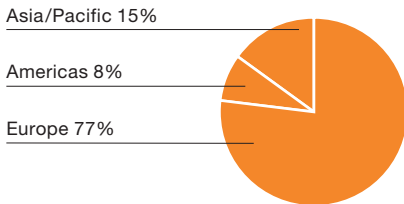
- **Electronic fail-safe actuator.** Use of electronic instead of mechanical storage devices for safety actuators.
- **Valve actuator with non-linear gears.** Thanks to new gear technology, a butterfly valve can be reliably operated using a smaller motor.
- **EPIV.** The innovative electronic pressure-independent control valve can significantly reduce the overall energy consumption of an HVAC system.
- **Actuator with efficient stand-by mode.** Conventional electrical equipment is kept warm in stand-by mode as well, which means that electrical energy is converted into useless warmth. But our latest actuators prevent this thanks to modern engine technology with a high holding torque and intelligent shifting control.

Materials

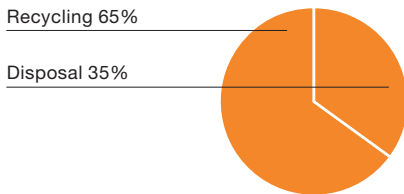
We adhere to the RoHS environmental directive, which prohibits the use of substances that are harmful to the environment. Compliance is implemented on the basis of a list of banned substances that is adapted to our products and their areas of application. In addition, our suppliers undertake not to use any of the banned substances in the parts they deliver.

The materials used are carefully selected to ensure that as little damage as possible is caused to the environment. We use as little packaging as possible and give priority to recyclable packaging film. We do not use auxiliary materials such as solvents, resins, paints or lead at all, or only in very small quantities.

Procurement in percent from



Waste Management



Procurement

More than 85 percent of the added value in our products comes from our suppliers. That is why we place the same high demands on them as on ourselves, requiring them to conform to our environment and quality policy. Adherence to specifications is checked by our goods-in department by means of direct tests and by inspecting the requested test reports and declarations. We integrate our suppliers as early as possible in our product developments. The bulk of the supplies we use are procured in Europe. New and existing suppliers are regularly audited on site.

Production and logistics

Through the transfer of knowledge and technology between our production locations we ensure safe, efficient and resource-saving production processes. Thanks to an optimized software download, we can produce more actuators using the same amount of production equipment, which helps save resources.

The regular review and adjustment of our logistics processes also takes environmental issues into consideration. We increasingly use reusable containers and cardboard instead of plastic packaging. All packaging is made of materials that are not harmful to the environment. We also reduce transport mileage by means of collective shipments to the Swiss border, weekly collective transports to individual subsidiaries and consolidated deliveries to clients. With ergonomically optimal final assemblies, we are now represented locally on almost all continents and thus we can shorten transport routes. We also minimize air freight.

Recycling and disposal

Our waste is sent for recycling whenever possible. The collection points we have set up within the company help to separate the waste and ensure

its proper disposal. These measures enable us to recycle more than half of the waste produced. The remaining waste is sent to the nearby waste incineration plant. Disposal transportation is consolidated.

Social responsibility

Corporate culture

In addition to the company mission statement, Belimo now also has a code of conduct. The Belimo values of trust and credibility also mean that employees get in touch with the appropriate contact person in the event of perceived violations of either applicable law or ethical standards. The code of conduct that was drawn up in 2011 concentrates on marketing and competitive practices as well as on dealings with suppliers.

New employees learn about our values and quality standards during their introduction to the company. In addition, we conducted a global campaign in 2011 on the values of Belimo to make them better known. The individual employee's long-term ability to internalize and put those values into practice is also part of the annual employee appraisal.

We give assembly and packaging work to workshops for the disabled and support various regional sporting and cultural events.

For employees with personal, social or health problems, we provide them advisory services free of charge.

Sustainable personnel policy

We value cultural diversity and assist employees from other countries with their integration, for example by providing free German lessons. The high average length of service of eight years underlines the extent of employee loyalty and their identification with the company. The part-time

We attach great importance to high credibility amongst all stakeholder groups. We therefore encourage personal commitment and the courage to take risks, for the benefit of the customer. The team comes before the individual.

working models are valued both by employees and the company itself. In Switzerland, around 30 percent of employees work on a part-time basis.

Management is firmly committed to its production sites in Switzerland and the United States, as evidenced, for example, by the high level of investment in both locations.

Belimo works at all levels with a performance and behavioral appraisal system. This includes regular assessments of how far an employee's individual goals have been achieved, as well as a discussion of appraisals with employees and appropriate development measures.

Internal information events are held on a regular basis.

In 2011 we conducted our second global employee survey. The results were very gratifying, as the so-called loyalty index rose above the already very good level of 2008. The survey results from around the world will be analyzed and then discussed with employees in order to introduce improvements.

Training, personal and career development

We help employees develop their specialist knowledge. With thorough induction programs, Belimo makes sure that new recruits are familiarized fully with their tasks and responsibilities and the corporate culture. We provide financial and other support to employees for their personal development. Time spent abroad at one of the company's other locations is an opportunity for professional and personal development and brings added value for the company. Managers regularly complete training courses on leadership issues.

Encouraging new talent

We help young talent to develop and offer training programs in six professional areas. In difficult economic times, trainees with good performance reviews can stay with us for at least another six months after completing their traineeships to gain professional experience.

Health and safety

Members of our safety team attended a two-day training course on the principles of workplace safety. All employees are aware of the possible dangers in their jobs and know how to prevent accidents. In 2011 the focus in training courses was on safety with electricity. There has been an ongoing implementation of pending items from audits in the area of fire protection and workplace safety. The first aid team received training in recognizing cardiac arrests and the proper emergency treatment for it.

The BelimoVital impulse program promotes occupational health. It includes targeted relaxation and strengthening exercises, training in workplace ergonomics, flu-prevention measures, organized exercise activities and presentations on specific subjects. In 2011 a presentation was held on the topic "addictive substances and work". This extensive program is intended to help improve the satisfaction, health and motivation of employees and to reduce absenteeism.

Key figures 2010–2011

Locations Hinwil (Switzerland) and Danbury (USA)

	Unit	2011	2010
Key personnel figures			
Number of employees (average)		878	838
FTEs (average)		821	780
Days off due to sickness	Absences as % of total working days	3.5	3.2
Accident rate (occupational/ non-occupational)	Absences as % of total working days	0.3	0.5
Environmental indicators			
Number of actuators produced	in million items	4.6	4.3
Utilization			
Paper (A4, A3 sheet) only office			
Copiers/printers	kg per FTE	15.2	13.0
Buildings and total energy consumption			
Electricity	MWh	4 383	3 812
Heat energy			
District heating (own building)	MWh	986	1 159
Gas	MWh	924	814
Mains water	m ³	8 098	9 144
Recycling and disposal			
Waste for recycling wood & cardboard	t	353	370
Waste for incineration	t	108	104
Remaining waste	t	96	91
Hazardous waste (electronics, separated materials)	t	28	29
Sanitary water	m ³	8 098	9 144



The Life-saver. The fire protection actuator is a safety actuator that serves to protect both people and property in case of fire. Motorized fire protection actuators form fire compartments within a building and in an emergency, they prevent fire and smoke from spreading via the ventilation system. If the alarm sounds, either due to the temperature trips or the fire alarm system, the safety actuator closes the fire damper and keeps it closed for a specific period of time.



The Tight. When several producers, such as water chillers, or users, such as heat exchangers, are turned on or off at the same time, it is important that the producer or user not needed is sealed tightly. The butterfly valve takes on this task reliably with its shut-off function. The valve cone of the butterfly valve can be turned from 0 to 90 degrees. In the closed position this disc is completely surrounded by the rubber seat, ensuring that the sealing is tight. The valve is used in distribution networks and in industrial applications.

Consolidated financial statements of the Belimo Group

Balance sheet at December 31

in CHF 1 000	Note	2011	2010
Cash and cash equivalents	4	75 327	67 342
Securities	5	81	144
Trade accounts receivable	6	51 393	50 471
Income tax receivable		386	508
Other accounts receivable and accruals	7	5 970	4 648
Inventories	8	69 201	63 605
Current assets		202 358	186 718
Property, plant and equipment	9	88 876	88 012
Intangible assets	10	11 340	9 968
Financial assets	5	1 643	800
Deferred tax assets	11	703	702
Non-current assets		102 562	99 482
Assets		304 920	286 200
Current financial liabilities	12	35	40
Trade accounts payable	13	8 691	11 542
Income tax payable		3 423	3 541
Other liabilities and deferrals	14	26 214	23 571
Current liabilities		38 363	38 694
Non-current financial liabilities	12	20 000	20 000
Deferred tax liabilities	11	10 458	9 688
Provisions	15	4 689	5 160
Post-employment benefits	16	655	667
Non-current liabilities		35 802	35 515
Liabilities		74 165	74 209
Share capital	17	615	615
Treasury shares	17	-4 204	-4 692
Capital reserves	17	15 095	14 602
Retained earnings	17	219 249	201 466
Shareholders' equity		230 755	211 991
Liabilities and shareholders' equity		304 920	286 200

Income statement

in CHF 1 000	Note	2011	2010
Net sales	18	415 983	426 399
Changes in inventory		1 865	-226
Other operating income	19	232	250
Capitalized own services	19	2 098	1 217
Material expenses		-180 707	-174 873
Personnel expenses	20	-109 894	-109 305
Operating expenses	21	-47 788	-46 889
Depreciation and amortization	9, 10	-14 002	-13 356
Operating income (EBIT)		67 787	83 217
Financial income	22	929	804
Financial expenses	22	-6 267	-8 531
Financial result		-5 338	-7 727
Income before taxes (EBT)		62 449	75 490
Income taxes	23	-10 893	-14 146
Net income		51 556	61 344
Earnings per share in CHF	24	84.61	101.10

There are no options or other instruments that could cause dilution.

Statement of comprehensive income

in CHF 1 000	2011	2010
Net income	51 556	61 344
Translation differences	-263	-4 241
Other comprehensive income after taxes	-263	-4 241
Total comprehensive income	51 293	57 103

Consolidated financial statements

Statement of changes in equity

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Translation differences	Other retained earnings	Total retained earnings	Shareholders' equity
At January 1, 2010	615	-7 341	12 101	-2 138	170 739	168 601	173 976
Translation differences				-4 241		-4 241	-4 241
Other comprehensive income after taxes				-4 241		-4 241	-4 241
Net income					61 344	61 344	61 344
Total comprehensive income				-4 241	61 344	57 103	57 103
Purchase of treasury shares		-65					-65
Sale of treasury shares		2 715	2 501				5 216
Dividends					-24 239	-24 239	-24 239
At December 31, 2010	615	-4 692	14 602	-6 378	207 844	201 466	211 991
Translation differences				-263		-263	-263
Other comprehensive income after taxes				-263		-263	-263
Net income					51 556	51 556	51 556
Total comprehensive income				-263	51 556	51 293	51 293
Purchase of treasury shares		-48					-48
Sale of treasury shares		535	493				1 028
Dividends					-33 509	-33 509	-33 509
At December 31, 2011	615	-4 204	15 095	-6 642	225 891	219 249	230 755

Cash flow statement

in CHF 1 000	Note	2011	2010
Net income		51 556	61 344
Income taxes	23	10 893	14 146
Interest result	22	-267	193
Depreciation of property, plant and equipment	9	10 899	10 412
Amortization of intangible assets	10	3 103	2 943
Income from the sale of property, plant and equipment	9	-134	-153
Other non-cash items		-408	-406
Change in accounts receivable and other current assets		-2 259	-5 734
Change in inventories		-5 564	-6 162
Change in accounts payable and other current liabilities		-155	2 574
Change in provisions	15	-465	544
Income tax paid		-9 840	-12 975
Cash flow from operating activities		57 359	66 726
Investments in property, plant and equipment	9	-11 884	-11 358
Investments in intangible assets	10	-4 582	-3 772
(Purchase)/Sale of financial assets and securities		-699	355
Sale of property, plant and equipment		190	257
Interest received	22	929	590
Cash flow from investing activities		-16 046	-13 928
Free cash flow		41 313	52 798
Purchase of treasury shares	17	-48	-65
Sale of treasury shares	17	1 033	5 241
Dividend distribution	17	-33 509	-24 239
Interest paid	22	-662	-783
Repayment of current interest-bearing liabilities	12	-5	
Cash flow from financing activities		-33 191	-19 846
Translation differences arising from cash and cash equivalents		-137	-2 184
Net cash increase		7 985	30 768
Cash and cash equivalents at beginning of period		67 342	36 574
Cash and cash equivalents at end of period	4	75 327	67 342

Notes to the consolidated financial statements

1 Group accounting principles

1.1 General information

BELIMO Holding AG (hereinafter referred to as Belimo or the Group) has its registered office in Hinwil, Switzerland. The balance sheet date for BELIMO Holding AG and all of its subsidiaries and for the consolidated financial statements is December 31, 2011.

1.2 Declaration of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

1.3 Basis of preparation

These consolidated financial statements have been prepared in Swiss francs (CHF), rounded to the nearest thousand. They are based on the acquisition cost method, with the exception of the following assets and liabilities which are stated at fair value: derivative financial instruments and securities held for trading.

Non-current assets and groups of assets held for sale are valued at the lower of the carrying amount and fair value less the expected costs to sell.

The presentation of accounts in accordance with IFRS requires that management make estimates and assumptions and exercise discretion in applying accounting principles. This may influence the income, expenses, assets, liabilities and contingent liabilities as reported at the balance sheet date. In the event that such estimates and assumptions made in good faith by management at the time the accounts are prepared subsequently differ from the actual circumstances, the original estimates and assumptions will be adjusted accordingly in the reporting period during which the circumstances change.

Material assumptions made by the management in applying IFRS that have a material impact on the consolidated financial statements, and estimates where there is a considerable risk of material adjustments being required in the following year, are set out in note 29 Material estimates and assumptions.

1.4 Changes to accounting principles

In the 2011 financial year, Belimo applied the following new or revised standards and interpretations for the first time:

- Amendments to IAS 32 Financial Instruments: Presentation and Classification of Rights Issues.
- IFRIC 19: Extinguishing Financial Liabilities with Equity Instruments.
- IAS 24 rev. 2009: Related Party Disclosures.
- Amendments to IFRIC 14 IAS 19: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction, Prepayment of a Minimum Funding Requirement.
- Amendments to IFRSs (Annual Improvement Project).

The introduction of all new and amended standards and interpretations had no material impact on the consolidated financial statements.

The following new and revised standards and interpretations were approved but are not yet in force and have not been applied to these consolidated financial statements early.

IAS 19 Employee Benefits: the most important changes in this revised standard are as follows. Until now, Belimo recognized actuarial gains and losses from the periodic recalculations on a straight-line basis over the average remaining period of service and charged to income if they exceeded ten percent of assets or pension fund liabilities, whichever was higher (corridor method). With the elimination of the corridor method from January 1, 2013, actuarial gains and losses will be recognized directly in equity without affecting profit or loss, and included under other comprehensive income. As at December 31, 2011, the actuarial loss was CHF 12.6 million. As a result, greater volatility is expected in pension fund assets/liabilities and in consolidated equity. The revised IAS 19 also calls for net interest components, which are calculated by multiplying the net pension liability by the discount rate. Since the net pension liability covers both pension plan liabilities and plan assets, this approach implicitly offsets interest expenses and income. At the same time, the expected return on plan assets is assumed on the basis of the discount rate. Previously, the return on assets was estimated on the basis of the expected income of the investment portfolio.

The impact on the consolidated financial statements of Belimo of the other new and revised standards and interpretations has not yet been systematically analyzed. This means that the expected impact as disclosed at the bottom of this table merely represents an initial assessment on the part of the Group Executive Committee.

Standard/Interpretation		Entry into force	Planned application
New Standards or Interpretations			
IFRS 10 Consolidated Financial Statements	*	1.1.2013	2013
IFRS 11 Joint Arrangements	*	1.1.2013	2013
IFRS 12 Disclosure of Interests in Other Entities	**	1.1.2013	2013
IFRS 13 Fair Value Measurement	***	1.1.2013	2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	*	1.1.2013	2013
IFRS 9 Financial Instruments and related amendments to IFRS 7 regarding transition	***	1.1.2015	2015

Notes to the consolidated financial statements

Amendments of Standards

IFRS 7 Disclosures: Transfers of Financial Assets	*	7.1.2011	2012
IAS 12 Deferred Tax: Recovery of Underlying Assets	*	1.1.2012	2012
IAS 1 Presentation of Items of Other Comprehensive Income	**	7.1.2012	2013
IAS 27 Separate Financial Statements	***	1.1.2013	2013
IAS 28 Investments in Associates and Joint Ventures	*	1.1.2013	2013
IFRS 7 Disclosures: Offsetting Financial Assets and Financial Liabilities	**	1.1.2013	2013
IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities	**	1.1.2014	2014

* No or no significant impact is expected on Belimo's consolidated financial statements.

** Primarily changes in presentation and additional disclosures in Belimo's consolidated financial statements are expected.

*** The effects on Belimo's consolidated financial statements cannot yet be predicted with sufficient certainty.

1.5 Consolidation methods

1.5.1 Scope of consolidation

The consolidated financial statements cover all companies that are controlled either directly or indirectly by BELIMO Holding AG. Control is deemed to exist where Belimo can govern the financial and operating policies of an entity so as to derive benefits from its activities. This applies when the Group holds more than 50 percent of the voting rights or when management is contractually assured or exercised on a de facto basis. These companies are fully consolidated.

Group companies that are acquired or sold during the course of the year are consolidated with effect from the date on which control is assumed and deconsolidated affecting net income from the date on which control is relinquished.

1.5.2 Acquisition accounting

The consolidation of capital at the time of acquisition is based on the acquisition method. The purchase price of an acquisition is calculated from the sum of the fair value of the assets acquired, the liabilities assumed and the equity instruments issued by the Group. Transaction costs incurred in connection with an acquisition are recognized in income. Goodwill from an acquisition is recognized as an asset. It corresponds to the excess of the sum of the purchase price, the share of non-controlling interests in the acquiree and the fair value of the equity share previously held less the balance of the assets, liabilities and contingent liabilities measured at fair value. For each transaction there is a choice of how to measure non-controlling interests. They can be measured either at fair value or at the share of non-controlling interests in the fair value of the net assets acquired. In the event of negative goodwill, the remaining surplus is recognized in income as soon as the fair value of the net assets acquired has been reassessed. Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that it might be impaired.

1.5.3 Eliminations

Assets and liabilities, income and expenses are stated in full in accordance with the full consolidation method. Intercompany expenses and income and intercompany receivables and payables are offset against each other. Any interim profits earned on intercompany transactions are eliminated affecting net income. Unrealized losses on intercompany transactions are similarly eliminated, unless there is proof of impairment.

1.6 Currency translation

1.6.1 Transactions in foreign currency

Transactions effected in a foreign currency are translated into the functional currency at the rate on the date of the transaction. Monetary assets and liabilities held in foreign currencies are translated into CHF at the rate on the balance sheet date. Any exchange gains or losses resulting from transactions and from the translation of balance sheet items in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities valued at historical cost are translated using the exchange rate at the time of the transaction.

1.6.2 Foreign Group companies

Financial statements of foreign Group companies denominated in foreign currencies are translated into CHF as follows: for the balance sheet, at the exchange rates applicable on the balance sheet date; for the income statement and cash flow statement, at the average exchange rate. Any translation differences arising from the different translation of the balance sheet and income statement are offset directly against retained earnings with no effect on net income. This similarly applies to loans that meet the definition of equity. The cumulative translation differences are transferred to the income statement at the time of the sale of the Group company.

1.7 Derivative financial instruments

Derivative financial instruments are initially recognized and measured at fair value. Subsequent measurement is also at fair value, with any resulting gains or losses being posted to the financial result.

The fair value of forward exchange contracts is the stock market price on the balance sheet date or the net present value of the forward contract. The Group does not make use of hedge accounting as defined in IAS 39.

1.8 Property, plant and equipment

1.8.1 Initial measurement of property, plant and equipment

Items of property, plant and equipment are carried in the balance sheet at purchasing or production cost less cumulative depreciation and any impairment.

Components of property, plant and equipment with varying useful lives are carried and depreciated separately.

1.8.2 Leasing of property, plant and equipment

Property, plant and equipment that is financed with long-term leasing agreements is carried in the balance sheet if the risks and rewards associated with ownership essentially pass to Belimo upon the signing of the agreement.

Notes to the consolidated financial statements

Measurement is at the lower of fair value and the net present value of the minimum lease payments less cumulative depreciation and any impairment.

The financial reporting of lease payments is described in note 1.22 Leasing.

1.8.3 Subsequent expenses

Subsequent investments are included in the carrying amount of an item of property, plant and equipment if it can be expected that Belimo will derive economic benefits from them in future. Actual maintenance and repair costs are charged to net income.

1.8.4 Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the period of the estimated useful life, or leasing term if shorter. Land is not depreciated. The estimated useful lives are defined for the Group as follows:

Administrative and production buildings (using the component approach: buildings contain components with differing useful lives and these are depreciated accordingly over 10, 15, 25 or 60 years)	10–60 years
Furniture and fixtures, workshop and warehouse facilities	5–10 years
Motor vehicles, office machinery and IT equipment	2–5 years
Leasehold improvements	5–10 years
Transportation, tools and machinery	5–9 years
Tools at suppliers and testing equipment	3–5 years

The presumed residual value, if not immaterial, is reviewed annually.

1.9 Intangible assets

The Group's intangible assets comprise bought-in software, non-contractual customer relationships that have been transferred, as well as internally generated intangible assets.

1.9.1 Goodwill

Goodwill is carried at acquisition cost less any impairment losses. Goodwill is allocated to the cash-generating units and is not amortized but tested for impairment on an annual basis (see 1.14 Impairment test).

1.9.2 Research and development

Research costs incurred for the acquisition of new basic or technological knowledge and understanding are charged to income.

Development costs incurred to obtain new or significantly improved products and processes are capitalized if the resulting products and processes are technically and commercially feasible and if it is likely that there will be some future economic benefit. Furthermore, the Group must intend and have sufficient resources available to complete the implementation and use or sell the asset. Development projects are managed based on a standard process and their feasibility is continually monitored. The process involves various phases and

different milestones. Development projects can be interrupted at any time if the continuation of the project, its feasibility or economic benefit is deemed to be unrealistic. Capitalized development costs include material costs, direct labor costs and directly attributable general overheads, if they are attributable to preparing the asset for use. Development costs previously recognized as expenses are not recognized as assets in subsequent periods. Capitalized development costs of projects that have not yet been completed are not amortized but subjected to an annual impairment test.

The capitalized costs are included in internally generated intangible assets (see 10 Intangible assets).

Other development costs are charged as expenses in the income statement. Capitalized development costs are carried at cost less accumulated amortization and impairments (see 1.14 Impairment test).

1.9.3 Other intangible assets

Other intangible assets are carried at cost less accumulated amortization and impairments (see 1.14 Impairment test).

1.9.4 Subsequent expenses

Subsequent investments are capitalized if it is likely that the future economic benefit will increase. All other expenses are charged directly to income at the time they are incurred.

1.9.5 Amortization

Intangible assets are amortized on a straight-line basis over their estimated useful life, unless this period is indeterminate. Goodwill and intangible assets with an indeterminate useful life are not amortized but are subject to an annual impairment test. Intangible assets with a determinable useful life are amortized from the time at which they become available for use.

The estimated useful life for software and internally generated intangible assets is two to five years, for customer relationships between three and nine years.

Belimo currently has no intangible assets with an indeterminate useful life.

1.10 Securities

Securities held for trading form part of current assets and are measured at fair value, with any change in value being recognized in the financial result. The fair value of securities held for trading is the market price as of the balance sheet date. Ongoing buy and sell transactions are recognized on the basis of the trade date, not settlement date.

Notes to the consolidated financial statements

1.11 Accounts receivable

Accounts receivable are carried at their amortized historical costs, generally their nominal value less any allowances for accounts receivable that cannot be collected.

The recoverable amount of accounts receivable corresponds to the net present value of the estimated future cash flows.

The allowance is made up of individual allowances for specifically identified items for which objective indications exist that the outstanding amount will not be received in full, and general allowances for groups of receivables with similar risk profiles. The general allowances cover losses that, in the estimation of the Group Executive Committee, will occur but are not yet known. General allowances are based on historical data on the receivables' payment statistics.

As soon as there are sufficient indications that an account receivable will definitely not be paid, the receivable is charged off directly or offset against the individual allowance created for this purpose.

Impairments relating to accounts receivable are reversed if the increase in the recoverable amount can be attributed to an incident that occurred in a period following recognition of the impairment loss.

1.12 Inventories

Inventory items are carried at the lower of cost of acquisition or production or net realizable value. The net realizable value is the expected average selling price less expected completion costs and costs to sell.

Purchased products are measured at cost of acquisition, self-made products at cost of production. These latter costs include direct material and production costs and directly attributable overhead expenses. The overhead production expenses are calculated on the basis of normal production capacities. Inventories are measured on the basis of moving average prices.

1.13 Cash and cash equivalents

Cash and cash equivalents are stated at their nominal value. These consist of cash, postal and bank balances and time deposits with a term of up to three months as from acquisition date.

1.14 Impairment test

1.14.1 Approach

The carrying amounts of property, plant and equipment as well as intangible assets are assessed at least once per year. If there are indications of a permanent loss in value, a calculation of the recoverable amount is carried out.

In the case of goodwill, other intangible assets with an indeterminate useful life and intangible assets that are not yet available for use, the recoverable amount is calculated annually, even in the absence of any indication of a loss in value.

If the carrying amount of an asset or of the cash-generating unit to which the asset belongs exceeds the realizable amount, the value is adjusted and recognized in income.

Value adjustments relating to a cash-generating unit or a group of cash-generating units are carried out first on goodwill and then pro rata on the other assets in the cash-generating unit or group.

1.14.2 Calculation of recoverable amount

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax rate that reflects the risks specific to the asset. If an asset does not generate any cash flows that are predominately independent, the recoverable amount is determined for the cash-generating unit to which that asset belongs.

1.14.3 Reversal of an impairment loss

There is no reversal of impairment losses for goodwill. Impairment losses on other assets are reversed if the estimates used to calculate the recoverable amount have changed, or if the impairment loss has been reduced or no longer exists.

The increase in the carrying amount is limited to the amount that would have resulted had no impairment losses been recognized for the asset in the previous years.

1.15 Shareholders' equity

1.15.1 Share capital

Shares are a component of equity, as they are not redeemable and there is no dividend guarantee.

1.15.2 Treasury shares

The acquisition cost of treasury shares (purchase price and directly attributable transaction costs) is deducted from equity. Shares repurchased are classified as treasury shares and deducted as a negative item from equity.

1.15.3 Dividends

Dividends are reported as liabilities as soon as they are approved by the Annual General Meeting.

1.16 Financial liabilities

Financial liabilities are carried upon initial recognition at fair value less directly attributable transaction costs. Subsequent recognition is at amortized cost, and any differences between the carrying amount and the repayment amount are recognized in the financial result using the effective interest method over the period during which the borrowed funds are utilized.

Notes to the consolidated financial statements

1.17 Post-employment benefits

1.17.1 Defined contribution plans

In the case of defined contribution plans, the expenses recognized in the income statement correspond to the contributions paid by the employer.

1.17.2 Defined benefit plans

The obligations under defined benefit plans are determined annually for each plan by calculating the net present value of the defined benefit obligation using the projected unit credit method. The fair value of the plan's assets, the unrecognized actuarial gains and losses as well as the unrecognized service costs are deducted or added. The discount rate is based on the interest rate of prime corporate bonds with close to the same maturities as the liabilities. These are determined annually by independent insurance experts.

The current service costs are charged to net income. The increase in past service costs is calculated on a straight-line basis until the benefits become vested and is included in post-employment benefit expenses. If the benefits become vested with immediate effect, the costs are charged to income immediately.

Actuarial gains and losses from the periodic recalculations are recognized in subsequent years on a straight-line basis over the average remaining period of service and charged to income if they exceed ten percent of the higher of the assets or the benefit obligation.

Surpluses are only capitalized if the amount does not exceed the sum of unrecognized past service costs, unrecognized actuarial losses and the benefit from future contribution repayments or reductions.

1.18 Provisions

Provisions are made if as a result of a prior event the Group has a present obligation, an outflow of funds is likely and the amount can be reliably determined. Provisions are discounted if the effect is material.

1.19 Trade accounts payable and other current liabilities

These liabilities are carried at their amortized costs, generally their nominal value.

1.20 Sales and realization of revenue

Sales are recognized after deduction of sales tax, credits for returns and discounts at the time at which the risks and rewards arising from the goods sold pass to the client.

1.21 Financial result

The financial result is composed primarily of interest payments on borrowed capital based on the effective interest method, interest income, dividend income, foreign currency gains and losses and gains and losses on hedging instruments.

Interest income is recognized in accordance with the effective interest method through the income statement. Dividend income is recognized in income on the due date.

1.22 Leasing

Payments for operating leases are charged directly to income on a straight-line basis over the lease term.

Payments for finance leases are divided into interest and capital repayment amounts using the annuity method. The interest component is distributed over the lease term in such a way as to achieve a constant interest rate on the remaining liability as of the balance sheet date.

1.23 Income taxes

Income taxes include current and deferred income taxes. Normally, income taxes are charged to income unless they are linked to an item that is recognized in other comprehensive income or directly in equity.

Current income taxes are charged on the taxable income, based on the tax rates in force as of the balance sheet date and including tax expenses for previous periods.

Deferred taxes are calculated using the balance sheet liability method on all temporary differences between the tax balance sheet values and the IFRS values. No deferred taxes are recognized for the following temporary differences: initial recognition of goodwill, assets or liabilities in conjunction with a transaction that does not affect either taxable income or the year's net income, and investments in subsidiaries if it is likely that the temporary differences will not be realized in the foreseeable future.

Deferred tax assets including the tax benefits from deductible losses carried forward are only taken into account if it is likely that the temporary differences or losses carried forward can be offset against future taxable profits.

1.24 Non-current assets held for sale

Non-current assets and groups of assets including directly attributable liabilities (known as disposal groups) are classified as held for sale and presented separately in the balance sheet under assets and liabilities if the carrying amount will be recovered through a sale transaction rather than through continuing use. The condition for this is that the sale must be highly probable and the assets must be available for immediate sale in their present condition. For a sale to be highly probable, various criteria must be met; amongst other things, there must be an expectation that the sale will be completed within a year.

Immediately before non-current assets are classified as held for sale, the carrying amounts are measured in accordance with the applicable IFRS standards. Following reclassification, they are measured at the lower of carrying amount and fair value less costs to sell. Depreciable assets are no longer depreciated with effect from the date of reclassification.

Notes to the consolidated financial statements

2 Changes to the scope of consolidation

There were no changes to the scope of consolidation in 2011 or 2010.

3 Segment reporting

The Group develops, produces and distributes actuator solutions for regulating and controlling heating, ventilation and air conditioning systems. All actuators are made from comparable materials and manufactured using similar processes.

Under IFRS 8, the reportable operating segments are determined using the management approach. External segment reporting is thus based on the Group's internal organization and management structure as well as internal financial reporting to the Chief Operating Decision Maker. Belimo's Chief Operating Decision Maker is the Board of Directors of BELIMO Holding AG.

The Group has four reportable operating segments which constitute its strategic divisions. With a view to maintaining a market presence in close proximity to customers, the three geographic strategic Group Divisions "Europe", "Americas" and "Asia/Pacific" are run by regional managers. The organization of the strategic Group Division "Shared Services" is subdivided and managed centrally as a cost center by the Swiss company. No sales are therefore credited to this segment in the segment reporting.

in CHF 1 000	Europe		Americas	
	2011	2010	2011	2010
Income statement				
Net sales to third parties	229 612	235 626	145 381	150 478
Capitalized own services				
Personnel and operating expenses	-32 999	-33 500	-22 641	-23 265
Depreciation and amortization	-1 752	-2 137	-799	-922
Segment profit	194 860	199 989	121 942	126 291
Non-allocated changes in inventory				
Non-allocated other operating income				
Non-allocated material expenses				
Non-allocated financial result				
Income before taxes (EBT)				
Investments	898	849	1 122	835
Balance sheet	12.31.2011	12.31.2010	12.31.2011	12.31.2010
Trade accounts receivable (net)	44 501	45 289	20 777	19 622
Property, plant and equipment and intangible assets	5 517	6 553	6 168	5 857
Non-allocated assets				
Total assets				

The activities of the reportable segments are as follows:

Europe. Comprises distribution and sale of Belimo products in the European market.

Americas. Comprises distribution and sale of Belimo products in the American market.

Asia/Pacific. Comprises distribution and sale of Belimo products in the Asia/Pacific market.

Shared Services. Comprises research and development activities, production, customizing, distribution as well as the areas of global product management, finance and administration.

Expenses for the Group Executive Committee and the Board of Directors are listed under "Elimination".

The performance of the geographic segments is measured using the cost-sales ratio (personnel expenses, operating expenses and amortization and depreciation as a percentage of sales). Material expenses cannot be reliably allocated to the segments due to the Group's principal structure. As a result of the Group-wide application of a principal structure, the central production and sales company in Switzerland is the main risk carrier. The opportunities and risks of the sales companies are limited to their local market risk.

Asia/Pacific		Shared Services		Total reportable Segments		Elimination		Total	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
40 990	40 296			415 983	426 399			415 983	426 399
		2 098	1 217	2 098	1 217			2 098	1 217
-8 673	-9 148	-100 310	-96 669	-164 622	-162 582	6 940	6 389	-157 682	-156 194
-229	-222	-11 221	-10 075	-14 002	-13 356			-14 002	-13 356
32 087	30 925	-109 434	-105 527	239 456	251 677	6 940	6 389	246 396	258 066
								1 865	-226
								232	250
								-180 707	-174 873
								-5 338	-7 727
								62 449	75 490
773	136	13 674	13 310	16 466	15 130			16 466	15 130
12.31.2011	12.31.2010	12.31.2011	12.31.2010	12.31.2011	12.31.2010	12.31.2011	12.31.2010	12.31.2011	12.31.2010
5 768	4 523			71 047	69 434	-19 653	-18 963	51 393	50 471
983	485	87 547	85 085	100 215	97 980			100 215	97 980
								153 312	137 749
								304 920	286 200

Notes to the consolidated financial statements

With regard to segment assets, only receivables, property, plant and equipment and intangible assets are allocated. No other assets are allocated. The liabilities are only reported in full in the internal financial reporting and are not allocated to the reportable segments.

Additional information can be found in the tables on pages 46 to 47.

in CHF 1 000	2011	Share	2010	Share
Sales by application				
Air	256 529	62%	264 886	62%
Water	159 454	38%	161 513	38%
Total	415 983	100%	426 399	100%

Information on geographic regions

The bulk of Belimo's business activity takes place in the US and other regions. Sales and non-current assets are allocated to the regions.

in CHF 1 000	2011	2010
Sales to third parties		
Switzerland	16 318	15 697
USA	115 568	119 542
Other regions	284 097	291 160
Total	415 983	426 399
Non-current assets	12.31.2011	12.31.2010
Switzerland	84 507	82 285
USA	8 602	7 984
Other regions	7 106	7 711
Total	100 215	97 980

4 Cash and cash equivalents

in CHF 1 000	12.31.2011	12.31.2010
in CHF	57 403	39 945
in EUR	9 495	8 662
in USD	3 552	8 457
in other currencies	4 877	10 279
Bank and postal accounts, cash on hand	75 327	67 342

Bank and postal accounts earned an average interest rate of 0.49 percent.

5 Securities and financial assets

Securities held for trading consist exclusively of forward foreign exchange contracts and currency options with residual terms of up to 153 days (see 25 Financial risk management).

Non-current financial assets primarily comprise deposits relating to lease agreements for the business premises of various Group companies and pension plan assets.

6 Trade accounts receivable

in CHF 1 000	12.31.2011	12.31.2010
Trade accounts receivable	53 387	52 582
Allowances	-1 993	-2 111
Total	51 393	50 471

Trade accounts receivable break down into the following currencies:

in CHF 1 000	12.31.2011	12.31.2010
in CHF	3 662	4 127
in EUR	14 537	15 494
in USD	20 662	20 015
in other currencies	12 532	10 836
Total	51 393	50 471

Notes to the consolidated financial statements

Trade accounts receivable break down into the following regions:

in CHF 1 000	12.31.2011	12.31.2010
Europe	25 172	26 564
Americas	20 777	19 622
Asia/Pacific	5 444	4 285
Total	51 393	50 471

The increase in receivables is primarily attributable to sales growth in local currencies. There are no cluster risks. The receivables in the Americas relate mainly to the US. The average days sales outstanding (DSO) for trade accounts receivable is 45.9 days (previous year 42.9 days).

Allowances for uncollectible receivables changed as follows in the year under review:

in CHF 1 000	Individual allowances		General allowances	
	2011	2010	2011	2010
Balance at January 1	-1 495	-1 326	-616	-1 059
Change	57	-266	46	405
Translation differences	9	98	5	38
Balance at December 31	-1 428	-1 495	-565	-616

As at December 31, 2011, individual allowances were CHF 1.4 million (previous year CHF 1.5 million). These allowances refer mainly to one customer in Americas and two customers in Europe. At the balance sheet date it is considered unlikely that any future payments will be received in connection with these receivables. Accordingly, they have been written off in full. In the year under review, new individual allowances were formed amounting to CHF 0.4 million (previous year CHF 1.0 million).

The age structure of the receivables that were not subject to individual allowances was as follows on the balance sheet date:

in CHF 1 000	12.31.2011		12.31.2010	
	Gross	Allowances	Gross	Allowances
Not due	41 899		41 572	
1 to 30 days overdue	7 018	-255	6 603	-228
31 to 180 days overdue	3 041	-310	2 833	-308
Over 180 days overdue			80	-80
Total	51 958	-565	51 087	-616

The receivables that are not due and that were not subject to individual allowances are primarily receivables arising from long-standing customer relationships. On the basis of empirical values, Belimo does not anticipate any additional defaults.

7 Other accounts receivable and accruals

in CHF 1 000	12.31.2011	12.31.2010
Value-added taxes and social security credit balances	4 705	4 468
Advance payments	797	3
Other receivables and accruals qualifying as financial instruments	468	176
Total	5 970	4 648

Other accounts receivable include mainly social security credit balances, reclaimable value-added taxes and advance payments for trade accounts receivable. On the basis of empirical values, Belimo does not anticipate any defaults in relation to value-added taxes and other accounts receivable.

8 Inventories

in CHF 1 000	12.31.2011	12.31.2010
Raw materials and supplies	44 489	40 725
Work in progress	251	285
Finished goods	24 460	22 595
Total inventories (net)	69 201	63 605
Impairment of raw materials and supplies	-3 341	-3 231
Impairment of finished goods	-5 514	-5 239
Total impairments	-8 855	-8 470

Finished goods are carried at the lower of production cost or net disposal value, less estimated costs to sell. The average inventory period during the year under review amounted to 134 days (previous year 127 days).

Depending on inventory period, any write-down of inventories is based on Group-wide guidelines. Impairments amount to 11.3 percent (previous year 11.8 percent) of the gross value of the inventory, of which CHF 1.9 million were charged to income in the reporting year (previous year CHF 2.9 million).

Notes to the consolidated financial statements

9 Property, plant and equipment

in CHF 1 000	Land, buildings	Tools, machinery	Furniture, fixtures	Advance payments, assets under con- struction	Total
Purchase costs					
At January 1, 2010	89 233	53 032	20 774		163 038
Additions	638	8 561	2 159		11 358
Disposals	-2	-1 402	-844		-2 248
Translation differences	-393	-709	-1 435		-2 537
At December 31, 2010	89 475	59 482	20 653		169 610
Additions	308	7 661	3 160	755	11 884
Disposals		-199	-2 082		-2 281
Translation differences	-9	48	-160	40	-82
At December 31, 2011	89 774	66 992	21 571	795	179 132
Depreciation					
At January 1, 2010	-20 386	-39 494	-14 877		-74 757
Depreciation	-2 380	-5 812	-2 220		-10 412
Disposals	2	1 389	753		2 144
Translation differences	21	433	973		1 427
At December 31, 2010	-22 743	-43 484	-15 371		-81 598
Depreciation	-2 364	-6 372	-2 163		-10 899
Disposals		187	2 037		2 224
Translation differences	-9	-37	62		17
At December 31, 2011	-25 116	-49 706	-15 435		-90 256
Carrying amounts					
At January 1, 2010	68 847	13 538	5 896		88 281
At December 31, 2010	66 731	15 998	5 282		88 012
At December 31, 2011	64 658	17 286	6 136	795	88 876
Insurance values					
At December 31, 2011	96 910	67 525	21 743		186 179

There were no impairments during the period under review. The sale of property, plant and equipment resulted in income of CHF 0.1 million (previous year CHF 0.2 million).

Obligations for investments in property, plant and equipment amounted to CHF 8.1 million (previous year CHF 2.5 million) and will affect cash flow in 2012. This includes CHF 7.1 million for the planned purchase of property in Danbury (USA). An advance payment of CHF 0.8 million has already been made.

Belimo does not hold any property, plant and equipment under finance lease arrangements.

10 Intangible assets

in CHF 1 000	Software	Customer relationships	Internally generated intangible assets	Total
Purchase costs				
At January 1, 2010	12 022	11 050	515	23 587
Additions	2 556		1 217	3 772
Disposals				
Translation differences	-103	-1 644		-1 746
At December 31, 2010	14 475	9 406	1 731	25 613
Additions	2 484		2 098	4 582
Disposals	-2 983			-2 983
Translation differences	-8	-199		-207
At December 31, 2011	13 969	9 207	3 829	27 005
Amortization				
At January 1, 2010	-9 921	-3 448		-13 370
Amortization	-1 507	-1 436		-2 943
Disposals				
Translation differences	79	589		668
At December 31, 2010	-11 349	-4 295		-15 645
Amortization	-1 841	-1 076	-186	-3 103
Disposals	2 983			2 983
Translation differences	1	98		99
At December 31, 2011	-10 207	-5 273	-186	-15 666
Carrying amounts				
At January 1, 2010	2 101	7 601	515	10 217
At December 31, 2010	3 126	5 111	1 731	9 968
At December 31, 2011	3 763	3 934	3 643	11 340

There were no impairments during the period under review.

CHF 2.5 million (previous year CHF 1.7 million) of internally generated intangible assets (capitalized development costs) cannot yet be used and have not been amortized yet.

All capitalized intangible assets have a useful life of two to nine years.

There were no obligations for investments in intangible assets (previous year CHF 0.3 million).

Notes to the consolidated financial statements

11 Deferred tax assets and liabilities

The deferred tax assets and liabilities can be allocated to the following balance sheet items:

in CHF 1 000	Tax assets	Tax liabilities	12.31.2011 net	Tax assets	Tax liabilities	12.31.2010 net
Accounts receivable	78	755	677	92	741	649
Inventories	327	1 865	1 538	266	1 804	1 538
Property, plant and equipment	179	5 742	5 563	389	5 325	4 936
Intangible assets	1	1 607	1 606	3	1 659	1 656
Current liabilities	83	444	361	135	449	314
Provisions	56	8	-48	61	20	-41
Other balance sheet items		94	94			
Loss carry-forwards	37		-37	66		-66
Total tax assets/liabilities	760	10 515	9 755	1 012	9 998	8 986
Offsetting	-57	-57		-309	-309	
Deferred tax assets/liabilities (net)	703	10 458	9 755	702	9 688	8 986

Deferred taxes were recognized for all loss carry-forwards.

The Group has the following utilizable loss carry-forwards:

in CHF 1 000	No expiry	12.31.2011	12.31.2010
Loss carry-forwards with capitalized tax effect	153	153	344

No deferred taxes were recognized in other comprehensive income or directly in shareholders' equity in the period under review, or in the previous year.

12 Interest-bearing liabilities

in CHF 1 000	Maturity in 1 year	In 1-5 years	Over 5 years	12.31.2010	Effective interest rate
Bank debts	40	20 000		20 040	3.6%
Total	40	20 000		20 040	3.6%

in CHF 1 000	Maturity in 1 year	In 1-5 years	Over 5 years	12.31.2011	Effective interest rate
Bank debts	35	20 000		20 035	3.0%
Total	35	20 000		20 035	3.0%

All loans were granted in CHF.

The framework agreements with a credit limit of CHF 70 million in total are not subject to any covenants. The interest rates for the individual tranches are fixed. No additional tranches were drawn down in the 2011 reporting year.

The fair value of financial liabilities is CHF 20.2 million (previous year CHF 19.5 million).

13 Trade accounts payable

Trade accounts payable break down into the following currencies:

in CHF 1 000	12.31.2011	12.31.2010
in CHF	3 317	5 110
in EUR	2 587	3 636
in USD	1 752	1 902
in other currencies	1 036	894
Total	8 691	11 542

14 Other liabilities and deferrals

in CHF 1 000	12.31.2011	12.31.2010
Derivative financial instruments	458	0
Value-added taxes, social security liabilities and deferrals	5 552	5 127
Advance payments	173	333
Other liabilities and deferrals qualifying as financial instruments	20 031	18 111
Total	26 214	23 571

The other liabilities and deferrals qualifying as financial instruments essentially consist of sales bonuses to customers, bonus plans for employees and over-time credits.

15 Provisions

in CHF 1 000	Warranties	Others	Total 2011	Total 2010
At January 1	4 848	312	5 160	4 658
Increase	4 067	55	4 122	3 571
Utilization	-3 462		-3 462	-2 739
Reversals	-1 125		-1 125	-289
Translation differences		-6	-6	-42
At December 31	4 328	361	4 689	5 160

A probable outflow of funds in an average of one to five years' time is assumed for provisions.

Notes to the consolidated financial statements

Provisions for warranties are calculated on the basis of actual returns in the past and generally cover a warranty and accommodating period of five years.

Other provisions include, in particular, estimated costs for pending legal proceedings, the outcome of which is unclear at the time of preparing the accounts. Belimo regards its current provisions as being sufficient for its needs.

16 Post-employment benefits

In addition to state social security schemes, some Group companies offer additional post-employment benefit plans, covering approximately half of all employees. These plans provide benefits in the event of death, invalidity or retirement.

Under some of these post-employment benefit plans, employees must make financial contributions, which are supplemented by corresponding employer contributions.

The financing is made in accordance with local legal and fiscal requirements.

The pension plan of the Swiss Group company is based on employer contributions which are a fixed percentage of the applicable salaries and include both savings and risk elements. The plan also contains guaranteed elements, such as the conversion rate and a minimum return. From a legal perspective, the risks relating to the plan are borne by an autonomous pension plan trust fund. In the event of any reorganization measures, the employer's obligation extends beyond payment of contributions. The employees are relieved of any actuarial risk or risk associated with their investment. The plan is classed as a defined benefit plan in accordance with IAS 19.

The expected long-term return on plan assets was calculated on the basis of the investment strategy of the pension schemes and the expected long-term returns as at the end of 2011 (weighted average).

In Germany there is a defined benefit plan for one individual retiree who is not covered by a separate trust fund.

In the reporting year, the pension plan of the Swiss Group company was revised. The basic change was a reduction to the conversion rates and a lowering of the risk benefits. The past service costs of CHF –8.1 million were calculated as the difference between benefit obligations based on the new plan and the obligations based on the old plan.

Changes to benefit obligations for defined benefit plans are shown as follows:

in CHF 1 000	2011	2010
Present value of benefit obligations at January 1	142 917	129 368
Past service costs	-8 117	
Current service costs	4 827	4 159
Interest costs	3 987	4 252
Employee contributions	3 513	3 347
Employer contributions	-78	-89
Benefits paid from plan assets	-1 463	-4 860
Actuarial losses	2 638	6 886
Translation differences	-17	-147
Present value of benefit obligations at December 31	148 208	142 917

Changes to plan assets for the defined benefit plan are shown as follows:

in CHF 1 000	2011	2010
Available plan assets at fair values at January 1	129 656	117 742
Expected return on plan assets	4 781	4 652
Employer contributions	5 131	5 839
Employee contributions	3 513	3 347
Benefits paid out	-1 463	-4 860
Actuarial (losses)/gains	-6 044	2 936
Available plan assets at fair values at December 31	135 574	129 656

BELIMO Automation AG transferred a special contribution of CHF 1.0 million to the pension plan trust fund in the previous year.

in CHF 1 000	12.31.2011	12.31.2010
Defined benefit obligations		
Present value of defined benefit obligations from plans with funded status	147 400	142 122
Fair values of plan assets	-135 574	-129 656
Deficit of plans with funded status	11 826	12 466
Present value of defined benefit obligations from plans with unfunded status	808	795
Unrecognized actuarial losses	-12 619	-12 595
Recognized pension liabilities (net)	15	667

Of the net recognized pension liabilities, CHF 0.6 million are shown as financial assets and CHF 0.7 million as pension liabilities.

Notes to the consolidated financial statements

With regard to the defined benefit plans, the expenses for post-employment benefits can be broken down as follows:

in CHF 1 000	2011	2010
Cost recognized in income		
Current service costs	8 340	7 506
Interest costs	3 987	4 252
Expected return on plan assets	-4 781	-4 652
Past service costs	-8 117	
Cost of defined benefit plans (gross)	-571	7 106
Employee contributions	-3 513	-3 347
Cost of defined benefit plans (net)	-4 084	3 759
Unrecognized assets	8 609	2 124
Cost of defined benefit plans	4 524	5 883

The defined benefit obligations recognized in the balance sheet have changed as follows:

in CHF 1 000	2011	2010
Pension liabilities at January 1 (net)	667	822
Cost of defined benefit plans	4 524	5 883
Benefits paid	-78	-89
Employer contributions	-5 131	-5 839
Translation differences	34	-111
Pension liabilities at December 31 (net)	15	667

Historical information:

in CHF 1 000	2011	2010	2009	2008	2007
Present value of defined benefit obligations from plans with funded status	147 400	142 122	128 432	116 815	110 089
Fair values of plan assets	-135 574	-129 656	-117 742	-98 796	-110 370
Deficit/(surplus) of plans with funded status at December 31	11 826	12 466	10 690	18 019	-281
Experience (gain)/loss on the pension liabilities	-1 757	-2 951	2 634	-2 960	803
Experience loss/(gain) on the pension assets	6 044	-2 936	-10 275	22 300	3 291

The plan assets of the pension scheme can be broken down as follows:

	12.31.2011	12.31.2010
Shares	32.5%	37.4%
Bonds	48.2%	44.4%
Real estate	16.3%	12.4%
Cash and cash equivalents	3.0%	5.8%
Total	100.0%	100.0%

The actual result on plan assets amounted to CHF –1.3 million (–0.9 percent).

The expected employer contributions for the 2012 financial year amount to CHF 5.3 million.

The pension plan trust fund of BELIMO Automation AG continues to hold 1000 Belimo registered shares with a fair value of CHF 1.7 million (previous year CHF 1.7 million).

		2011	2010
Actuarial assumptions			
Discount rate	Switzerland	2.5%	2.8%
	Germany	4.2%	4.4%
Interest rate to extrapolate benefits	Switzerland	2.8%	2.8%
	Germany		
Expected return on plan assets	Switzerland	3.7%	3.6%
	Germany		
Expected salary increase rates	Switzerland	2.5%	2.5%
	Germany		
Pension adjustments	Switzerland	0.0%	0.0%
	Germany	1.5%	1.5%

The expected return is calculated as the weighted average of the investment strategy and the expected return for each asset class.

17 Share capital and reserves

17.1 Share capital

As at December 31, 2011, the nominal value of the share capital was divided into 615 000 registered shares (fully paid), each with a nominal value of CHF 1.00.

	Issued shares	Treasury shares	Total shares in circulation
At January 1, 2010	615 000	–9 030	605 970
Purchases		–42	–42
Sales		3 333	3 333
At December 31, 2010	615 000	–5 739	609 261
Purchases		–25	–25
Sales		651	651
At December 31, 2011	615 000	–5 113	609 887

Notes to the consolidated financial statements

Each registered share entitles the holder to attend the Annual General Meeting of BELIMO Holding AG and entitles the holder to one vote, provided that the shareholder is entered in the Company's share register at the time of the Annual General Meeting.

17.2 Treasury shares

The amount of treasury shares represents the acquisition cost from the repurchase/sale of treasury shares.

17.3 Capital reserves

The capital reserves mainly correspond to the premium resulting from the capital increase at the time of the initial public offering in 1995 and the gains from the sale of treasury shares.

17.4 Translation differences

This item contains the accumulated translation differences from the translation of the foreign Group companies and Group loans.

17.5 Limit on profit distribution

The amount available for dividend distribution is based on the available distributable retained earnings of BELIMO Holding AG determined in accordance with the legal provisions of the Swiss Code of Obligations.

17.6 Dividends

In the 2011 financial year, BELIMO Holding AG paid a dividend of CHF 33.5 million (CHF 55 per share).

The Board of Directors proposes to the 2012 Annual General Meeting a dividend of CHF 50 per share, which equates to a payout ratio of 59.6 percent. No dividends are paid on treasury shares.

17.7 Significant shareholders

The following shareholders and shareholder groups hold three percent or more of the share capital:

	12.31.2011	12.31.2010
Sarasin Investmentfonds AG	3.09%	3.22%
Ameriprise Financial, Inc.	3.57%	4.36%
Lombard Odier Darier Hentsch Fund Managers SA	4.09%	4.33%
Werner Roner	5.69%	5.69%
The Capital Group Companies, Inc.	9.98%	9.98%
Group Linsi	19.28%	19.25%

18 Sales

Sales of CHF 416.0 million were achieved with around 30 percent in USD, 31 percent in EUR, 16 percent in CHF and 23 percent in other currencies.

Year-on-year sales developed in the geographical markets as follows:

	CHF	Local currencies
Europe	-2.6%	6.7%
Americas	-3.4%	12.7%
Asia/Pacific	1.7%	15.4%
Group	-2.4%	9.6%

In local currency terms, sales of air applications grew by 8.4 percent and sales of water applications were up 11.6 percent.

Market shares in net sales did not change year-on-year. In Europe it is 55 percent, 35 percent for the Americas, and 10 percent for Asia/Pacific.

Movements in exchange rates had an overall effect on sales of -12.0 percentage points (previous year -4.2 percentage points).

19 Other operating income and capitalized own services

Other operating income of CHF 0.2 million (previous year CHF 0.3 million) includes revenue from the sale of advertising and marketing materials to Belimo trade distributors.

Development costs of CHF 2.1 million (previous year CHF 1.2 million) were capitalized.

20 Personnel expenses

in CHF 1 000	2011	2010
Wages and salaries	-86 541	-85 880
Social security	-10 344	-10 208
Defined benefit plans	-4 524	-5 883
Defined contribution plans	-2 021	-2 091
Post-employment benefit expenses	-6 545	-7 974
Other personnel expenses	-6 465	-5 243
Total	-109 894	-109 305

Personnel expenses accounted for 26.4 percent of net sales (previous year 25.6 percent).

Notes to the consolidated financial statements

21 Operating expenses

in CHF 1 000	2011	2010
Travel and representation	-6 435	-6 207
Rent and cost of business premises	-6 012	-6 137
Consulting	-5 556	-5 261
Marketing	-5 361	-5 519
IT	-5 000	-5 190
Other operating expenses	-19 424	-18 576
Total	-47 788	-46 889

Operating expenses accounted for 11.5 percent of net sales (previous year 11.0 percent).

Research and development costs of CHF 27.6 million (previous year CHF 25.2 million) are included mainly in personnel and in other operating expenses. Thereof, CHF 2.1 million (previous year CHF 1.2 million) were capitalized.

22 Financial result

in CHF 1 000	2011	2010
Interest income	929	590
Net income from securities held for trading (derivatives)		214
Financial income	929	804
Interest expenses	-662	-783
Net expenses from securities held for trading (derivatives)	-522	
Foreign currency loss (net)	-4 394	-7 089
Other financial expenses (bank charges)	-689	-659
Financial expenses	-6 267	-8 531
Total	-5 338	-7 727

23 Income taxes

The effective tax rate during the year under review was 17.4 percent (previous year 18.7 percent). Tax expenses can be broken down as follows:

in CHF 1 000	2011	2010
Income taxes relating to current result	-10 953	-13 509
Adjustments from earlier periods	822	133
Current income taxes	-10 130	-13 376
Deferred taxes	-763	-769
Income tax recognized	-10 893	-14 146

in CHF 1 000	2011	2010
Income before taxes	62 449	75 490
Expected tax expenses	-10 719	-13 160
Applicable tax rate	17.2%	17.4%
Non-deductible expenses	-380	-324
Tax-exempt income	389	352
Tax income from earlier periods	822	133
Recognition of not capitalized loss carry-forwards		87
Non-reclaimable withholding taxes	-361	-529
Effect of companies with mixed tax rates	-648	-534
Change in tax rate	4	15
Other	-2	-185
Income tax recognized	-10 893	-14 146
Effective tax rate	17.4%	18.7%

The applicable weighted tax rate is 17.2 percent (previous year 17.4 percent).

Individual companies are taxed at different rates depending on the origin of income. The effect of these mixed tax rates is shown in the reconciliation as a separate item.

During the reporting period, current taxes of CHF 0.005 million in connection with the measurement of treasury shares were recognized as expenses in shareholders' equity (previous year CHF 0.026 million). Taxes of CHF 0.001 million on foreign currency loans to Group companies were recognized in other comprehensive income (previous year CHF 0.016 million).

24 Earnings per share

	2011	2010
Net income in CHF 1 000	51 556	61 344
Average number of outstanding shares	609 342	606 762
Earnings per share in CHF	84.61	101.10

There are no options or other instruments that could cause dilution.

25 Financial risk management

25.1 General

Due to the nature of its activities, Belimo is exposed to a number of financial risks: default risk, market risk (foreign exchange and interest rate risk) and liquidity risk.

Notes to the consolidated financial statements

Financial risk management is based on guidelines issued by Belimo's Board of Directors concerning the aims, principles, tasks and approval authorities of financial management. The Board of Directors holds supreme responsibility for the company's financial risk management. It has assigned the duty of constantly monitoring financial risks to Belimo's Group Treasury. The Group Executive Committee and the Board of Directors receive regular information about existing risks.

The principles established for risk management are aimed at identifying and analyzing the risks to which the Group is exposed, defining appropriate limits, establishing controls and monitoring the risks and compliance with limits. The risk management principles and processes applied are reviewed regularly to accommodate changes in market conditions and the Group's activities.

The following sections give an overview of the extent of the individual risks, how these risks are hedged, and the Group's capital management. Further information on financial risks is also provided in other parts of the notes (see the Financial Statements of BELIMO Holding AG, note 7 Risk assessment pursuant to Article 663b No. 12 of the Swiss Code of Obligations, page 85).

25.2 Default risk

Default risk is the risk that Belimo will suffer financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Belimo's default risk mainly arises from trade accounts receivable and cash and cash equivalents.

Belimo invests its cash and cash equivalents worldwide in deposit accounts held mainly with major, creditworthy Swiss and German banks. Generally speaking, these deposits have terms of less than three months.

Transactions involving derivative financial instruments are also only entered into with major financial institutions, and Belimo does not have material open positions with any of these.

The default risk from trade accounts receivable is limited, since the Group's customer base is broad and spread over a variety of geographical regions. The extent of the default risk is mainly determined by the specific characteristics of each individual customer. The risk assessment includes an appraisal of creditworthiness, taking into account a variety of factors such as past financial history. Credit limits are set according to regional aspects. In some cases new customers are only supplied against payment in advance.

The maximum default risk is the carrying value of the individual financial assets. There are no guarantees or similar obligations that could lead to an increase in the risk beyond the carrying amounts. The maximum default risk as at the balance sheet date was as follows:

in CHF 1 000	Carrying amounts	
	12.31.2011	12.31.2010
Cash and cash equivalents	75 327	67 342
Securities (foreign currency hedging transactions)	81	144
Trade accounts receivable	51 393	50 471
Other receivables and accruals qualifying as financial instruments	468	176
Financial assets (not including pension plan assets)	1 003	800
Total	128 272	118 934

25.3 Market risk

Market risk is the risk that changes in market prices such as exchange rates, interest rates and stock prices could have an impact on the income from and market value of the financial instruments held by Belimo. Monitoring and controlling these risks ensures that they do not exceed a certain level.

25.3.1 Foreign exchange risk

The Belimo Group's international strategy means that it is exposed to foreign exchange risks. These financial risks arise from transactions that take place in currencies other than the functional currency of the company in question, particularly those relating to the purchase and sale of merchandise. Such transactions are conducted mainly in EUR and USD.

The Group's bank debts are not subject to any foreign exchange risks as these loans were all taken out by the Swiss companies in their functional currency, the CHF.

In order to limit the risks from foreign exchange fluctuations in merchandise transactions, Belimo aims to employ natural hedging as the primary strategy, seeking to keep cash inflows and outflows in a specific currency in balance as far as possible. Invoices between Group companies are mainly issued in the currency of the company receiving the invoice. Foreign Group companies procure almost all their goods from the Swiss central production and distribution company BELIMO Automation AG (Switzerland) and issue their sales invoices to third parties mainly in local currencies. Exchange rate risks thus affect this company almost exclusively, with the result that the risks can be managed more easily.

In order to hedge the remaining net positions, Group Treasury selectively enters into forward foreign currency hedging transactions. Mainly the EUR and USD are hedged. These currencies regularly have a surplus of incoming payments.

The following table shows the foreign exchange risks from financial instruments whose currency differs from the functional currency of the Group company holding them.

Notes to the consolidated financial statements

in CHF 1 000

	CAD	CHF	EUR	GBP	HKD	PLN	USD
At December 31, 2010							
Cash and cash equivalents	1 160	381	4 347	2 130	69	547	5 536
Trade accounts receivable	2 594	481	13 301	1 668	2 375	2 105	13 909
Other receivables			179	374			358
Trade accounts payable		-2 607	-3 254				-1 652
Other payables		-1 009	-411				-2 939
Currency exposure	3 755	-2 754	14 162	4 171	2 443	2 653	15 213

At December 31, 2011							
Cash and cash equivalents	361	6	5 591	177	197	7	892
Trade accounts receivable	2 713	375	10 691	1 613	2 774	2 623	13 661
Other receivables			258	365	10		152
Financial assets							30
Trade accounts payable		-2 562	-2 415				-1 560
Other payables		-887	-402				-2 652
Currency exposure	3 074	-3 068	13 724	2 155	2 980	2 630	10 523

A realistically conceivable change in exchange rates against the CHF for the above currencies as of December 31, 2011, would have the following effects on the income statement, taking into account the existing hedging transactions. This analysis assumes that all other variables remain the same, particularly interest rates. The analysis for 2010 was performed on the basis of the same assumptions.

Effect in CHF 1 000		Gain	Loss
At December 31, 2010			
CAD +/-	9.2%	347	-347
EUR +/-	9.7%	1 375	-1 375
GBP +/-	8.8%	367	-367
HKD +/-	11.7%	287	-287
PLN +/-	10.2%	271	-271
USD +/-	12.3%	1 616	-1 481
Total		4 263	-4 128

At December 31, 2011			
CAD +/-	9.9%	304	-304
EUR +/-	7.4%	910	-946
GBP +/-	9.6%	208	-208
HKD +/-	11.5%	344	-344
PLN +/-	12.0%	315	-315
USD +/-	11.3%	-587	-236
Total		1 493	-2 352

The method of determining the realistically conceivable changes in exchange rates is derived from the maximum rate fluctuation in the reporting period divided by two.

As at the balance sheet date, the following foreign currency hedging transactions were outstanding:

in CHF 1 000	12.31.2011	12.31.2010
in USD	6 320	1 995
Forward foreign exchange contracts	6 320	1 995
in EUR	2 508	
in USD	10 310	1 990
Foreign exchange options	12 817	1 990
Total contract values	19 137	3 984
Replacement values		
positive	6	127
negative	-245	
For forward foreign exchange contracts	-239	127
positive	75	17
negative	-214	0
For foreign exchange options	-139	17
Total replacement values positive	81	144
Total replacement values negative	-458	0

Forward foreign exchange contracts and currency options are the only financial instruments held by Belimo that are measured at fair value. In the fair value hierarchy according to IFRS 7, these valuations are assigned to level 2. They are not based on listed prices in active markets, but are derived from directly or indirectly observed input factors.

The positive replacement values are included in securities, the negative values in other liabilities. The changes in replacement values recognized in net income are contained in the financial result (see 22 Financial result).

The forward foreign exchange contracts and options in USD as at December 31, 2011, mature in 153 days or less, and options in EUR mature in 26 days or less.

25.3.2 Interest rate risk

The interest rate risk is divided up into an interest-related cash flow risk, that is the risk that future interest payments will change because of fluctuations in the market interest rate, and an interest-related risk of a change in market value, that is the risk that the market value of a financial instrument will change due to fluctuations in the market interest rate.

The interest-bearing financial assets and liabilities held by the Group relate to cash and cash equivalents, bank debts and, to an insignificant extent, rental deposit accounts.

Interest rates on cash and cash equivalents are subject to change at short notice, after three months at the latest.

Notes to the consolidated financial statements

Within the framework credit limits of CHF 70 million, fixed advances are taken up at fixed rates for various terms, depending on the company's short- and medium-term liquidity requirements.

More information on the interest rate profile of the bank debts is available in note 12 Interest-bearing liabilities.

Market value sensitivity analysis for fixed-rate financial instruments

Belimo does not hold any fixed-rate financial assets (rental deposit accounts and fixed-term deposits) or liabilities (bank debts) which are classified at fair value through net income. These financial instruments are valued at amortized cost. A change in the market interest rate for these positions would therefore have no effect on net income for the year.

Cash flow sensitivity analysis for variable-rate financial instruments

Belimo is exposed to an interest-related cash flow risk in variable-rate cash and cash equivalents and variable-rate liabilities to banks. An increase in the interest rate by 50 basis points would have increased consolidated net income by CHF 0.1 million (previous year CHF 0.1 million). An equivalent reduction in the interest rate would have had an equivalent downward impact. This analysis assumes that all other factors remain the same (particularly foreign exchange rates).

A change in the interest rate would have had no impact on equity, since Belimo does not hold fixed-rate financial assets that are classified as available for sale and does not use interest rate hedges that are treated as cash flow hedges.

25.4 Liquidity risk

It is Belimo's aim to have sufficient liquidity reserves and unutilized credit lines available at all times so that it can meet its financial obligations when due, both under normal circumstances and when conditions are tight.

Liquidity is centrally managed and controlled by Group Treasury. The subsidiaries are adequately financed by intercompany loans to meet their ongoing commitments.

Within the general credit limit of CHF 70 million, Belimo can raise loans for various periods as it requires. Belimo aims to preserve maximum flexibility in its liquidity planning through flexible use of the general credit limits and by staggering the maturity dates of the individual amounts.

Inflows and outflows from foreign currency hedging transactions are dependent on exchange rate movements and may not occur.

The following table shows the contractual maturities (including interest) of the financial liabilities held by Belimo:

in CHF 1 000	Carrying amounts	Total contractual cash flows	Up to 6 months	6–12 months	1–5 years	Over 5 years
At December 31, 2010						
Non-derivative financial liabilities						
Bank debts	20 040	23 278	375	335	22 568	
Trade accounts payable	11 542	11 542	11 538	4		
Other payables	18 111	18 111	13 481	4 630		
Subtotal	49 692	52 931	25 394	4 969	22 568	
Derivative financial instruments						
Foreign currency hedging transactions	-144					
Outflow		-3 856	-3 856			
Inflow		3 891	3 891			
Total	49 549	52 966	25 429	4 969	22 568	
At December 31, 2011						
Non-derivative financial liabilities						
Bank debts	20 035	20 725	125	90	20 510	
Trade accounts payable	8 691	8 691	8 691			
Other payables	20 031	20 031	15 435	4 597		
Subtotal	48 758	49 448	24 251	4 687	20 510	
Derivative financial instruments						
Foreign currency hedging transactions	378					
Outflow		-19 346	-19 346			
Inflow		19 120	19 120			
Total	49 136	49 221	24 025	4 687	20 510	

Notes to the consolidated financial statements

25.5 Categories of financial instruments

The following table shows the carrying amounts of all financial instruments by category:

in CHF 1 000	Carrying amounts	
	12.31.2011	12.31.2010
Loans and receivables		
Bank current accounts and fixed-term deposits	75 327	67 342
Loans and trade accounts receivable	51 393	50 471
Other receivables and accruals qualifying as financial instruments	468	176
Financial assets (not including pension plan assets)	1 003	800
Total	128 191	118 790
Financial assets held for trading		
Securities (foreign currency hedging transactions)	81	144
Total	81	144
Financial liabilities valued at amortized cost		
Bank debts	20 035	20 040
Trade accounts payable	8 691	11 542
Other liabilities and deferrals qualifying as financial instruments	20 031	18 111
Total	48 758	49 692
Financial liabilities held for trading		
Other liabilities (foreign currency hedging transactions)	458	0
Total	458	0

25.6 Capital management

Belimo aims to maintain an equity ratio that is in line with its strategy and stable over time, in order to secure the confidence of investors, creditors and other market players and strengthen the future development of its business activities. This entails refinancing that is adapted to the asset structure, and an equity to liability ratio that reflects the level of risk.

The Board of Directors monitors the shareholder structure and the return on equity. The company strives for a diversified and international shareholder base. The return on equity (defined as net income as a proportion of the average equity held) was 23.3 percent at December 31, 2011. The objective is to maintain or increase this. Furthermore, the Board of Directors strives to achieve a high payout ratio. However, it may diverge from this policy based on the economic outlook at any particular time or because of planned future investment activities. In the past five years, the payout ratio has been between 49.9 percent and 60.0 percent.

Belimo can buy or sell treasury shares on the market. Its current holdings of treasury shares are not earmarked for any specific purpose and can be sold on the market at any time.

No employee participation programs are in force.

26 Leasing

Lease agreements exist for the business premises and motor vehicles used by Group companies. These agreements are classed as operating leases. The terms range between one and eleven years.

The due dates of the future minimum lease payments are as follows:

in CHF 1 000	Up to 1 year	1-5 years	Over 5 years	Total
Lease agreements at December 31, 2010	2 786	6 539	4 320	13 645
Lease agreements at December 31, 2011	3 457	8 257	685	12 399

As at December 31, 2011 and 2010 there were no liabilities under finance leases.

In addition, no contingent rent has been paid in the reporting period.

27 Contingent liabilities

There were no contingent liabilities as at December 31, 2011.

28 Related parties

Related parties include the members of the Group Executive Committee and the Board of Directors and persons or companies related to them (see 3 and 4 Corporate Governance), significant shareholders and companies controlled or significantly influenced by them (see 17.7 Significant shareholders) and the Group's post-employment benefit plans.

The remuneration of the Board of Directors and Group Executive Committee in the reporting period was made up as follows (see the Financial statements of BELIMO Holding AG, note 5 Remuneration of the Board of Directors and Group Executive Committee, pages 83 to 85):

Notes to the consolidated financial statements

in CHF 1 000	2011	2010
Wages and salaries	3 509	4 275
Pension contributions	444	581
Other benefits		145
Total	3 953	5 001

Breakdown of wages and salaries by executive and non-executive members:

in CHF 1 000	2011	2010
Board of Directors (non-executive members)	724	724
Group Executive Committee (executive members)	3 230	4 277
Total	3 953	5 001

Shares held by related parties totaled 121 978 (previous year 126 445 shares). No shares were allocated to related parties or companies during the reporting period.

The pension plan trust fund of BELIMO Automation AG continues to hold 1000 Belimo registered shares.

29 Material estimates and assumptions

29.1 Parameters for the calculation of post-employment benefit liabilities

In calculating the post-employment benefit liability (see 16 Post-employment benefits) discount rates of 2.5 percent for Switzerland and 4.2 percent for abroad were applied. A reduction in these rates would have led to a significant increase in the present value of post-employment entitlements (in the order of CHF 11.8 million if the discount rate had changed by 0.5 percentage points). As a result, the actuarial losses not recognized in the financial statements would have increased and, since they exceed the corridor, would have had to be partially recognized in net income in subsequent years.

29.2 Income taxes

The Group is subject to income tax at the level of the holding company and its subsidiaries. Extensive estimates are required to determine the worldwide provision for current and deferred tax obligations and the application of tax loss carry-forwards. There are transactions and calculations for which the ultimate tax liability is uncertain in the reporting period. Where final tax assessments or tax audits of such matters differ from the amounts that were initially recorded, such differences may materially impact the income tax and deferred tax provisions in the period in which such determination is made.

30 Foreign exchange rates

The Group financial statements are based on the following year-end and average exchange rates (rounded):

in CHF	Year-end rates			Average rates		
	2011	2010	Change	2011	2010	Change
AUD	0.96	0.96	0.2%	0.92	0.95	-3.9%
BRL	0.50	0.56	-10.9%	0.54	0.60	-9.8%
CAD	0.92	0.94	-2.3%	0.90	1.01	-11.0%
EUR	1.22	1.25	-2.3%	1.24	1.40	-11.6%
GBP	1.46	1.46	0.3%	1.43	1.62	-12.0%
HKD	0.12	0.12	0.0%	0.11	0.13	-15.1%
INR	0.02	0.02	-15.9%	0.02	0.02	-15.6%
NOK	0.16	0.16	-1.4%	0.16	0.17	-8.9%
PLN	0.28	0.31	-12.4%	0.31	0.35	-13.0%
RMB	0.15	0.14	4.8%	0.14	0.15	-11.1%
USD	0.94	0.94	-0.2%	0.89	1.05	-14.9%

31 Subsidiary companies

At December 31, 2011, the following companies were owned by BELIMO Holding AG:

Company	Function	Percentage held	Currency	Share capital in 1 000
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	AUD	10
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	BRL	211
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	HKD	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	RMB	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	RMB	765
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	EUR	205
BELIMO Finland Oy (Helsinki, Finland)	D	100%	EUR	100
BELIMO SARL (Courtry, France)	D	100%	EUR	80
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	GBP	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	INR	685*
BELIMO Servomotori S.r.l. (Bergamo, Italy)	D	100%	EUR	47
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	CAD	95
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	NOK	501

Notes to the consolidated financial statements

Company	Function	Percentage held	Currency	Share capital in 1 000
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	EUR	36
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	PLN	500
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	CHF	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	EUR	301
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	USD	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	USD	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100%**	USD	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100%**	USD	30

* Share capital increase INR 0.035 million.

** Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company

P = Production

D = Distribution

R&D = Research and development

I = Inactive

32 Events after the balance sheet date

The Group financial statements were approved for publication by the Board of Directors on February 23, 2012. They are subject to approval by the Annual General Meeting on April 2, 2012.

No other events occurred between December 31, 2011 and February 23, 2012 that would have caused an adjustment to the carrying amounts of the Group's assets and liabilities or that the Group is required to disclose here.

Report of the Statutory Auditor on the Consolidated Financial Statements to the General Meeting of BELIMO Holding AG, Hinwil

As statutory auditor, we have audited the accompanying consolidated financial statements on pages 32 to 74 of BELIMO Holding AG, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes for the year ended December 31, 2011.

Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation 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 as well as 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 and fair presentation 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 December 31, 2011, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (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 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.

KPMG AG



Reto Benz
Licensed Audit Expert
Auditor in Charge

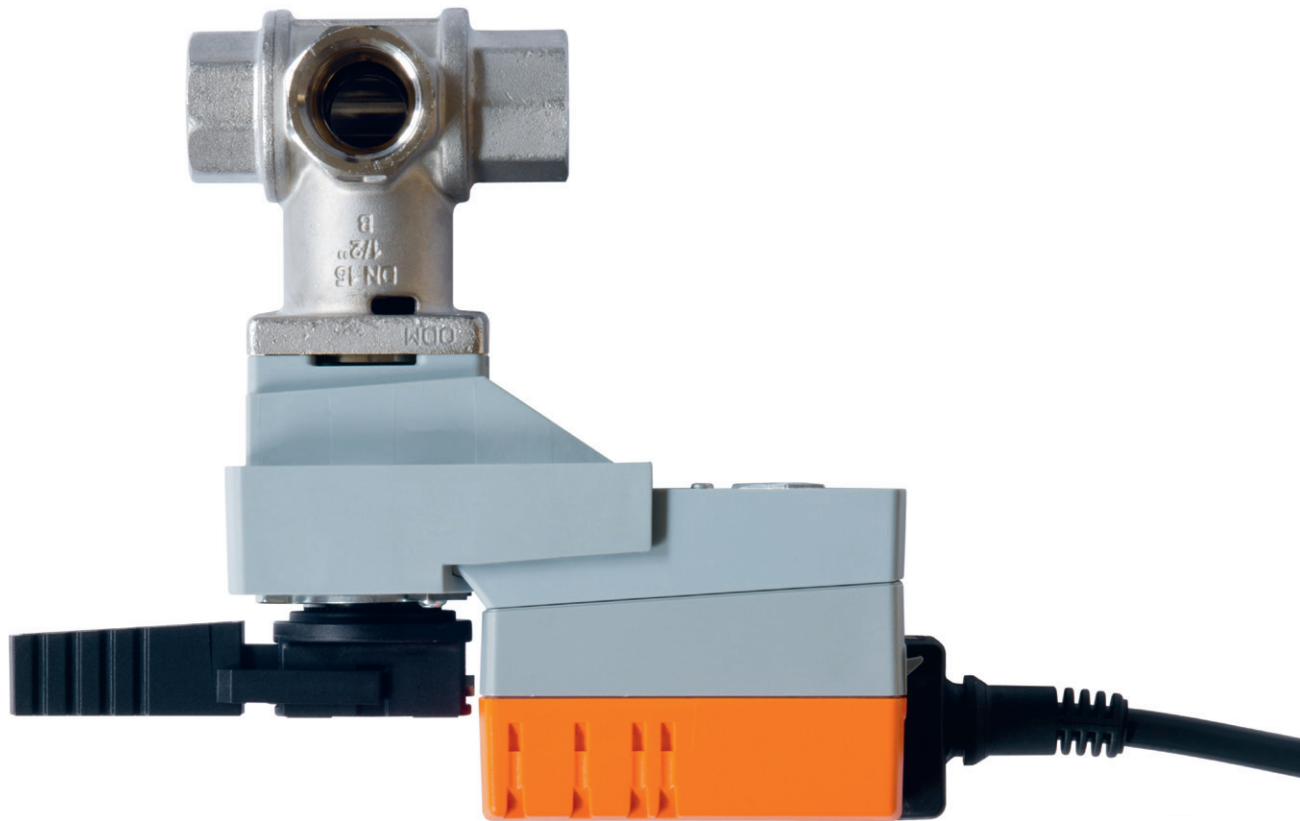


Jan Brönnimann
Licensed Audit Expert

Zurich, February 23, 2012



The Worker. The reliable damper actuator turns, pushes and pulls HVAC final controlling elements precisely in every desired position and controls the air supply in buildings. It has a high-performance engine and works with optimal energy use. For actuators with multifunction technologies, settings for complex solutions can be customized and obtained from the factory or with the easy-to-use PC tool they can be parameterized directly onsite. This guarantees the highest level of efficiency for the commissioning of new facilities and for renovations.



The Coordinator. Depending on the hydraulic circuits, 2- or 3-way control valves are used that control various air-to-water or water-to-water heat exchangers. The 3-way characterized control valve that is shown combines three functions in one valve: air bubble tight shut-off through the control path, control without an input step thanks to a characterizing disk of the same percentage, and the integration of the balancing valve in the bypass. Thanks to the shut-off, the loss of energy can be reduced in the closed position and the amortization period can take less than three years.



The Compact. Variable air volume (VAV) provides an efficient, regulated and needs-based volumetric flow for offices, hotels and hospitals as well as other types of buildings. The VAV compact is a damper actuator, volumetric flow controller and sensor all in one, making it an economical solution for variable and constant volumetric flow systems. The VAV compact controllers can be controlled conventionally or through the Belimo communication system MP-Bus®. Through the connection to the Belimo Fan Optimiser system, the central ventilators of the plant can be controlled on a cost-optimized demand basis.

Financial statements of BELIMO Holding AG

Balance sheet at December 31

in CHF 1 000	Note	2011	2010
Cash, cash equivalents and securities	4	60 436	50 291
Accounts receivable from Group companies		401	424
Accounts receivable from third parties		146	637
Current assets		60 983	51 352
Securities		50	50
Investments in Group companies	2	40 624	40 186
Loans to Group companies		63 066	50 137
Non-current assets		103 740	90 373
Assets		164 723	141 725
Accounts payable to Group companies		8 522	4 214
Accounts payable to third parties		463	7
Accrued liabilities		871	1 478
Current liabilities		9 856	5 699
Provisions		100	100
Non-current liabilities		100	100
Liabilities		9 956	5 799
Share capital		615	615
General legal reserves		9 744	9 744
Reserve for treasury shares	4	4 204	4 692
Retained earnings		87 853	72 362
Net income		52 351	48 513
Available earnings		140 204	120 875
Shareholders' equity		154 767	135 926
Liabilities and shareholders' equity		164 723	141 725

Financial statements of BELIMO Holding AG

Income statement

in CHF 1 000	Note	2011	2010
Income from investments in Group companies		46 584	42 169
License fees		6 704	6 756
Financial income		3 866	5 404
Revenue		57 154	54 329
Personnel expenses	5	-737	-753
Other expenses		-718	-801
Financial expenses		-2 590	-1 905
Exchange losses on loans to Group companies		-134	-1 569
Taxes		-624	-788
Expenses		-4 803	-5 816
Net income		52 351	48 513

Notes to the financial statements

1 General information

The financial statements of BELIMO Holding AG are prepared in compliance with Swiss corporate law. They supplement the consolidated financial statements prepared according to IFRS (International Financial Reporting Standards). While the consolidated financial statements provide information regarding the economic situation of the Group as a whole, the information contained in BELIMO Holding AG's financial statements concerns the parent company alone. The available earnings reported in these financial statements provide the basis for the decision to be made by the shareholders concerning the distribution of dividends.

2 Subsidiary companies

At December 31, 2011, the following companies were owned by BELIMO Holding AG:

Company	Function	Percentage held	Currency	Share capital in 1 000
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	AUD	10
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	BRL	211
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	HKD	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	RMB	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	RMB	765
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	EUR	205
BELIMO Finland Oy (Helsinki, Finland)	D	100%	EUR	100
BELIMO SARL (Courtry, France)	D	100%	EUR	80
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	GBP	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	INR	685*
BELIMO Servomotori S.r.l. (Bergamo, Italy)	D	100%	EUR	47
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	CAD	95
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	NOK	501
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	EUR	36
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	PLN	500
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	CHF	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	EUR	301

Notes to the financial statements

Company	Function	Percentage held	Currency	Share capital in 1 000
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	USD	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	USD	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100%**	USD	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100%**	USD	30

* Share capital increase INR 0.035 million.

** Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company

P = Production

D = Distribution

R&D = Research and development

I = Inactive

3 Warranties, guarantees and pledges given in favor of third parties

The framework agreements with a credit limit of CHF 70 million in total (on which either BELIMO Holding AG or BELIMO Automation AG may draw) are not subject to any covenants.

The company is part of the Belimo value-added tax group in Switzerland and is jointly and severally liable for its value-added tax liabilities to the tax authorities.

4 Cash and cash equivalents, securities, reserve for treasury shares

The cash, cash equivalents and securities include cash and cash equivalents of CHF 56.2 million, currency hedging transactions measured at fair value, and treasury shares of CHF 4.2 million, which were reported in the balance sheet at acquisition cost.

The reserve for treasury shares amounts to CHF 4.2 million and corresponds to the acquisition cost of the acquired shares.

Reserve for treasury shares

	2011		2010	
	Number of shares	Value in CHF 1 000	Number of shares	Value in CHF 1 000
Balance at January 1	5 739	4 692	9 030	7 341
Purchases	25	48	42	65
Sales	-651	-535	-3 333	-2 715
Balance at December 31	5 113	4 204	5 739	4 692

The average transaction price of the treasury shares purchased in the 2011 reporting period was CHF 1900.04 (previous year CHF 1558.17), and the value per share sold was CHF 1587.35. These values corresponded to the fair values.

The pension plan trust of BELIMO Automation AG continues to hold 1000 Belimo registered shares which are not included in the above figures.

5 Remuneration of the Board of Directors and Group Executive Committee

The amount of the remuneration paid to the Board of Directors and Group Executive Committee is proposed to the Board of the Directors by the Remuneration Committee for approval.

Board of Directors and Group Executive Committee

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Other benefits	2011 Total	2010 Total
To five non-executive members of the Board of Directors*	325	365	34		724	724
To seven members of the Group Executive Committee**	1 543	1 276	411		3 230	4 277
Total	1 868	1 641	444		3 953	5 001

* Dr. Martin Zwyssig was elected to the Board of Directors at the Annual General Meeting on April 4, 2011.

At the same time Dr. Robert Straub left the board. The remuneration 2011 was paid pro rata temporis.

** The Group Executive Committee was expanded with Felix Winter, Head of Global Product Management, as per November 1, 2011.

Disclosure of remuneration is on a cash basis, as this is only definitively determined after reporting is complete.

Board of Directors (non-executive members)

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Other benefits	2011 Total	2010 Total
Prof. Dr. Hans Peter Wehrli, Chairman	105	129	12		246	247
Werner Buck, Deputy Chairman	55	59	5		119	119
Martin Hess, Member	55	59	6		120	120
Walter Linsi, Member	55	59	5		119	119
Dr. Robert Straub, Member (until AGM 2011)	18	20	2		40	119
Dr. Martin Zwyssig, Member (since AGM 2011)	37	39	4		80	
Total	325	365	34		724	724

Notes to the financial statements

The activities of the members of the Board of Directors are remunerated by means of a fee made up of a fixed amount and a performance-related bonus. Activities carried out as a member of a committee of the Board are not subject to additional compensation.

Highest overall remuneration

The highest remuneration paid to a member of the Group Executive Committee was CHF 0.8 million to Dr. Jacques Sanche (CEO).

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Other benefits	2011 Total
Dr. Jacques Sanche	361	343	104		808

In the previous year, the highest remuneration with CHF 1.0 million was paid to Alexander G. van der Weerd, Head of Americas until July 8, 2010. Salaries and other remuneration until the official termination date at the end of June 2011 were included therein.

Additional information on executive bodies and the procedure for determining remuneration and participation programs and their content is included in the report section entitled Corporate Governance under notes 3, 4 and 5.

The following table shows the participations of the members of the Board of Directors and the Group Executive Committee as well as their related parties.

Participations at December 31

	2011 Number of shares	2010 Number of shares
Board of Directors		
Werner Buck	792	792
Martin Hess	348	150
Walter Linsi*	10 187	10 187
Dr. Robert Straub	**	5 000
Prof. Dr. Hans Peter Wehrli	1 400	1 400
Group Executive Committee		
Lukas Eigenmann	191	191
Matthias Haas	70	70
Dr. Jacques Sanche	50	
Peter Schmidlin	487	432
Lars van der Haegen	10	**
Felix Winter	50	**
Total	13 585	18 222

* Walter Linsi is a member of the registered shareholder group Linsi, which holds a total of 118 580 voting shares.

** No related party in the reporting period or in the previous year (see Corporate Governance, notes 3 and 4).

Shares and options

No shares or options were allocated, and no conversion or option rights are outstanding.

Credits and loans

No credits or loans were granted to any members of executive bodies nor are any credits or loans outstanding.

Related parties

During the reporting year no further remuneration was paid nor loans granted to related parties. As a result, there are no credits or loans outstanding.

6 Significant shareholders

The following shareholders and shareholder groups hold three percent or more of the share capital:

	12.31.2011	12.31.2010
Sarasin Investmentfonds AG	3.09%	3.22%
Ameriprise Financial, Inc.	3.57%	4.36%
Lombard Odier Darier Hentsch Fund Managers SA	4.09%	4.33%
Werner Roner	5.69%	5.69%
The Capital Group Companies, Inc.	9.98%	9.98%
Group Linsi	19.28%	19.25%

7 Risk assessment

Belimo Holding AG carried out a company-wide risk assessment in the past financial year, using systematic risk management methodology. This was implemented on the basis of group workshops and individual interviews and was divided into three phases:

Risk identification and evaluation, causes and action analysis and implementation of the actions defined. The Board of Directors is responsible for risk management, the Group Executive Committee is responsible for its operational implementation. The results of the risk assessment were discussed with and approved by the Board of Directors.

Appropriation of available earnings at December 31

in CHF 1 000	2011	2010
Balance carried forward from previous year	87 366	69 713
Change in reserve for treasury shares	487	2 649
Available distributable balance carried forward	87 853	72 362
Net income	52 351	48 513
Available earnings	140 204	120 875
Dividend of CHF 50 per share (previous year CHF 55)	-30 750	-33 825
Unpaid dividends on treasury shares*		316
Balance carried forward	109 454	87 366

* No dividends are paid on the shares held by BELIMO Holding AG. On the ex-dividend day, BELIMO Holding AG held 5739 treasury shares.

The Board of Directors proposes to the 2012 Annual General Meeting a dividend of CHF 50 per share.

The dividend is expected to be paid on April 11, 2012.

Report of the Statutory Auditor on the Financial Statements to the General Meeting of BELIMO Holding AG, Hinwil

As statutory auditor, we have audited the accompanying financial statements on pages 79 to 86 of BELIMO Holding AG, which comprise the balance sheet, income statement and notes for the year ended December 31, 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 December 31, 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 (article 728 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 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.

KPMG AG



Reto Benz
Licensed Audit Expert
Auditor in Charge

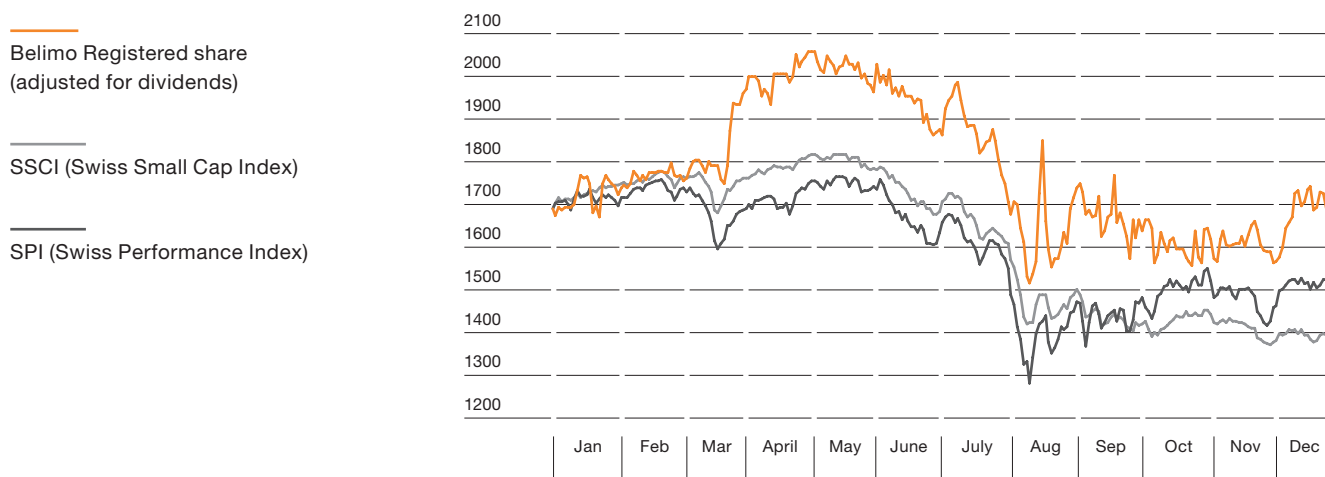


Jan Brönnimann
Licensed Audit Expert

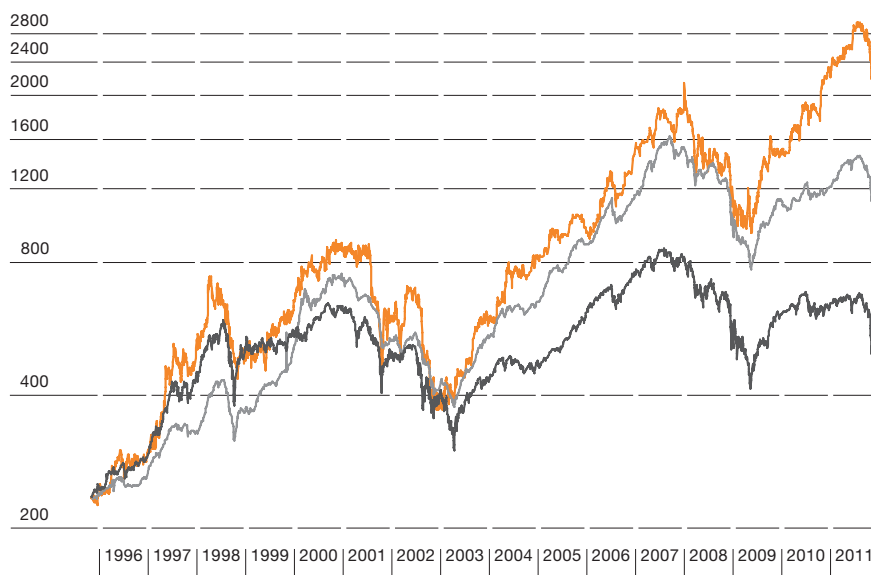
Zurich, February 23, 2012

Information for investors

Performance since January 1, 2011 in CHF



Performance since IPO, in CHF



Opting out: see Corporate Governance, note 7.1

Limitation of transferability: see Corporate Governance, note 2.6

Limitation of voting rights: see Corporate Governance, note 6.1

ISIN number: CH0001503199

Stock market information from 2007 to 2011

	2011	2010	2009	2008	2007
Share capital					
Number of registered shares at December 31	615 000	615 000	615 000	615 000	650 000
Average number of outstanding shares	609 342	606 762	605 707	608 153	630 651
Information per registered share					
Earnings, in CHF	85	101	81	76	73
Cash flow from operating activities, in CHF	94	110	107	99	73
Operating income (EBIT), in CHF	111	137	101	105	88
Shareholders' equity, in CHF	379	349	283	241	211
Dividend, in CHF (as proposed by the Board of Directors for next year)	50	55	40	40	45
Return on dividend at December 31, in percent	2.9%	3.3%	3.5%	5.3%	3.5%
Payout ratio, in percent of net income	59.6%	55.1%	49.9%	53.3%	60.0%
Price-earnings ratio at December 31	20.2	16.9	14.4	10.0	18.2
Stock market prices in CHF					
High	2 000	1 718	1 180	1 298	1 635
Low	1 445	1 100	680	691	1 111
Year-end	1 695	1 690	1 150	750	1 287
Market capitalization in CHF million					
High	1 230	1 057	726	798	1 063
Low	889	677	418	425	722
Year-end	1 042	1 039	707	461	837
In percent of shareholders' equity at December 31	452%	490%	407%	311%	610%
Average daily trading volume					
In number of shares	365	590	470	519	966

Five-year summary

Five-year summary of the Belimo Group

in CHF 1 000 (unless indicated otherwise)	2011	2010	2009	2008	2007
Income statement					
Net sales	415 983	426 399	385 887	403 757	371 820
Operating income (EBITDA) in percent of net sales	81 789 19.7%	96 573 22.6%	74 927 19.4%	78 592 19.5%	69 612 18.7%
Operating income (EBIT) in percent of net sales	67 787 16.3%	83 217 19.5%	61 881 16.0%	64 543 16.0%	57 477 15.5%
Personnel expenses in percent of net sales	109 894 26.4%	109 305 25.6%	106 991 27.7%	106 662 26.4%	100 331 27.0%
Research and development in percent of net sales	27 564 6.6%	25 218 5.9%	24 030 6.2%	23 502 5.8%	22 507 6.1%
Operating expenses in percent of net sales	157 682 37.9%	156 194 36.6%	151 834 39.3%	156 534 38.8%	145 101 39.0%
Depreciation and amortization in percent of net sales	14 002 3.4%	13 356 3.1%	13 046 3.4%	14 049 3.5%	12 135 3.3%
Net income in percent of net sales	51 556 12.4%	61 344 14.4%	49 273 12.8%	46 148 11.4%	46 090 12.4%
Cash flow					
Cash flow from operating activities in percent of net sales	57 359 13.8%	66 726 15.6%	65 996 17.1%	60 632 15.0%	47 246 12.7%
Free cash flow in percent of net sales	41 313 9.9%	52 798 12.4%	51 893 13.4%	46 447 11.5%	33 522 9.0%
Investments (gross)	16 466	15 130	14 218	11 079	13 963
Dividend distribution	33 509	24 239	24 227	27 458	19 236
Balance sheet					
Total assets	304 920	286 200	247 359	246 813	240 213
Cash and cash equivalents in percent of total assets	75 327 24.7%	67 342 23.5%	36 574 14.8%	27 888 11.3%	26 408 11.0%
Current assets in percent of total assets	202 358 66.4%	186 718 65.2%	146 943 59.4%	147 396 59.7%	143 613 59.8%
Net working capital in percent of net sales	163 994 39.4%	148 024 34.7%	108 557 28.1%	87 466 21.7%	81 236 21.8%
Non-current assets in percent of total assets	102 562 33.6%	99 482 34.8%	100 416 40.6%	99 417 40.3%	96 600 40.2%
Current liabilities in percent of total assets	38 363 12.6%	38 694 13.5%	38 386 15.5%	59 931 24.3%	62 377 26.0%
Non-current liabilities in percent of total assets	35 802 11.7%	35 515 12.4%	34 997 14.1%	38 466 15.6%	40 739 17.0%
Shareholders' equity in percent of total assets	230 755 75.7%	211 991 74.1%	173 976 70.3%	148 416 60.1%	137 097 57.1%
Key figures					
Net sales year-on-year growth, in percent	-2.4%	10.5%	-4.4%	8.6%	14.4%
Net sales in local currencies year-on-year growth, in percent	9.6%	14.7%	-1.5%	14.7%	14.8%
Return on equity (ROE), in percent	23.3%	31.8%	30.6%	32.3%	31.1%
Return on invested capital (ROIC), in percent	28.4%	36.1%	28.0%	28.2%	25.9%
Quick ratio, in percent	342.2%	315.1%	225.3%	137.8%	126.0%
Days sales outstanding (DSO)	45.9	42.9	46.5	43.1	42.5
Inventory period	134	127	137	132	137
Fixed-assets-to-equity ratio, in percent	259.9%	248.8%	208.1%	188.0%	184.1%
Number of employees (yearly average)	1 141	1 075	1 069	1 047	970
Net sales per employee	364	397	361	386	383
Number of actuators shipped, in million items	4.5	4.3	3.7	4.1	3.8

Credits

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