



When many means it's all about you

Activity Report 2006



Schindler

When many means it's all about you

Each day, we transport over 700 million people worldwide, which is equivalent to approximately half a million people per minute. Although our products carry large numbers of people, we do not utilize methods of mass production. We focus on you – as an individual – when we develop intelligent solutions for urban mobility.

You want to travel from A to B safely, rapidly, comfortably and flexibly. Our elevators, escalators and moving walks meet your requirements. Even when transporting large numbers of people, we reduce waiting times to an unparalleled level and provide solutions to allow for personalized access. Trailblazing Schindler technology is thus serving the mobile society.





Reliable

We meet the expectations as manufacturer and as service provider. Quality is our key asset. We have a global presence, are optimally networked, and always available. Nonstop, around the clock. Persuasive, constant, and secure.

Moving

We are not only manufacturers of elevators and escalators, we are mobility providers. We move ideas and plans. We move people, their emotions, and their behavior. Winning, cooperative and versatile.

Trailblazing

We seek new approaches and explore new directions. We inspire urban developers, property owners, architects, and other decision-makers. Visionary, innovative, determined, and cultivated.





Ladies and Gentlemen

We recorded a very pleasing level of orders received in the reporting year 2006, reflecting strong demand for the new product lines we launched in Europe in 2005. The high-rise segment also achieved a number of successes in international markets by securing orders for major projects with complex technical requirements. This included Hong Kong's tallest building (the 490-meter high International Commerce Center), the highest building in Beijing (the 333-meter high China World Trade Center) and the tallest building in Europe (the 448-meter high Federation Tower in Moscow).

For the first time in its history, Schindler achieved or surpassed the following milestones in 2006:

1. it sold more than 55 000 installations
2. net sales exceeded CHF 10 billion
3. it generated net profit after taxes of over CHF 500 million and
4. its market capitalization was more than CHF 10 billion (January 2007)

ALSO achieved an historic milestone in 2006 when it acquired the Finland-based firm GNT Holding Oy, which is the largest ICT distributor in Scandinavia and the Baltic States. As a result, ALSO now has a leadership position in five of the nine countries in which it operates. With net sales of CHF 5 billion, it will be able to move closer to the third largest European provider in 2007.

As a measure to further strengthen our good corporate governance, Dr Alexander Schaub, the former Director General of Competition at the European Commission, was appointed the future Chairman of the Audit Committee of the Board of Directors of Schindler Holding Ltd.

Last but not least: 2007 will be a milestone year for me personally as I complete my 30th year as a member of the Board of Directors of Schindler Holding. I have been the CEO of the company since 1985 and also its Chairman since 1995. On behalf of all of the shareholders, I would therefore like to take this opportunity to thank our clients for their loyalty and our employees for all they have accomplished. Once a diverse company with more than 15 areas of business and CHF 20 million in profit, Schindler has now developed into a thriving global organization with a clear business focus. Going forward, we will invest our energy and resources in the targeted expansion of our market presence, which we have worked so hard to build.

In 2007, Schindler will thus once again focus on capturing market opportunities while, at the same time, completing large volumes of orders and ensuring that further improvements in margins can be realized despite our strong organic growth.

Alfred N. Schindler

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www.schindler.com

Schindler in brief

Group

Founded in Switzerland in 1874, the Schindler Group employs around 44 000 staff worldwide and comprises two core areas of business: Elevators & Escalators, which contributed 70% of sales in 2006, and ALSO, an IT distributor in Europe. The parent company Schindler Holding Ltd. is listed on the SWX Swiss Exchange.

Elevators & Escalators

As one of the leading global manufacturers of elevators, escalators and moving walks with a network of over 1 000 branches spanning every continent, Schindler develops, plans, produces and installs mobility solutions in accordance with customer requirements. A comprehensive service offering ensures the smooth functioning of these installations throughout their service life of around 30 years. Customized solutions are available for the modernization and replacement of units.

ALSO

Schindler owns 64.0% of ALSO Holding AG, which is listed on the SWX Swiss Exchange. ALSO is a leading provider in the wholesale and logistics sector for information and communications technology and consumer electronics and has operations in Switzerland, Germany, Scandinavia, Poland and the Baltic States.

Strategic orientation

"Leadership through Service" is the company's vision in the elevators and escalators business, since 30 million individuals worldwide use Schindler products every hour. We want to ensure that our customers and passengers can rely on high-quality mobility solutions and services at all times.

Two factors are essential in order to achieve this: first, the strengthening of Schindler's global presence and the related expansion of its service network in the individual markets. The company is thus able to exploit different global growth cycles, to smooth out currency risks, to reduce response times thanks to its proximity to customers and, at the same time, to increase the productivity of its services. The second prerequisite is a clear focus on its core competencies in the elevators and escalators business in order to outperform the competition in an increasingly price-sensitive market through cost leadership.

Schindler works constantly in order to secure this competitive advantage. All processes are therefore continuously optimized, manufacturing depth is reduced by focusing exclusively on strategic core competencies, and the range of product families is reduced to a reasonable number. At the same time, Schindler focuses continuously on developing leading products featuring the latest technology. Examples of recent innovations include the first

patent for elevators without a machine room, the Miconic 10 hall call destination system, the Schindler ID personalized access control system, the Schindler 7000 global high-rise elevator, the fully synthetic aramid rope and modern traction belt technology.

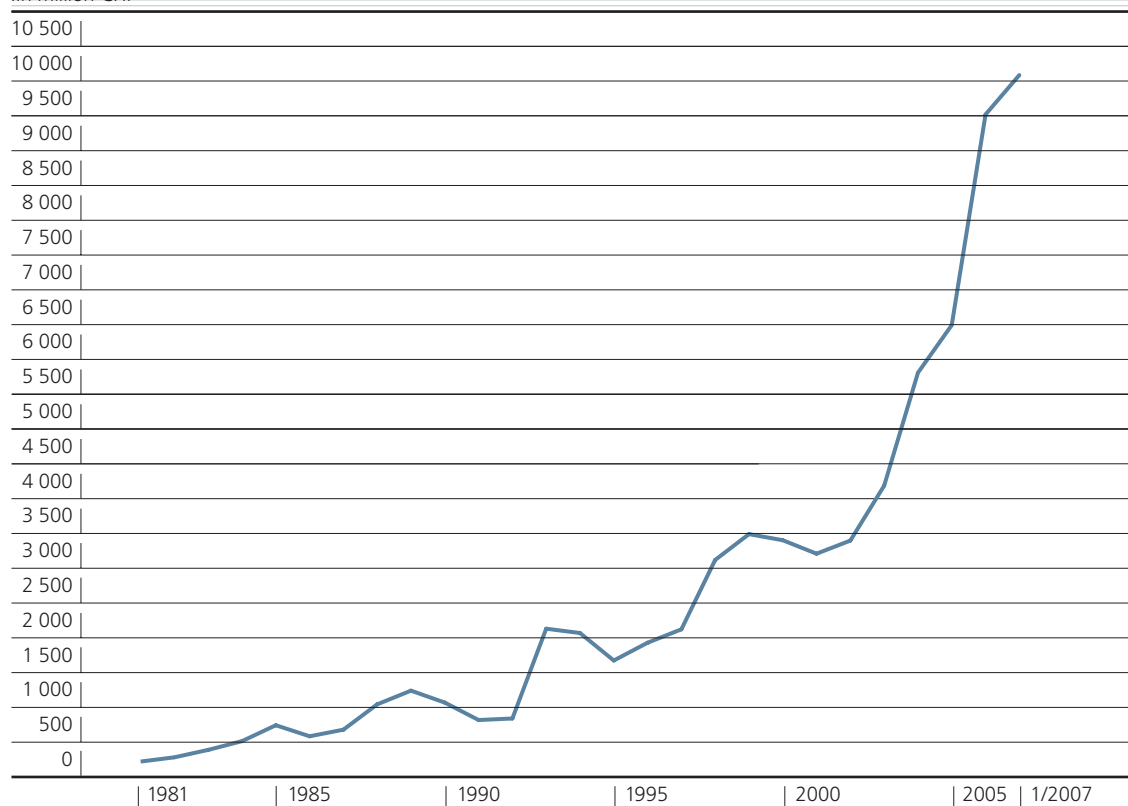
Schindler will systematically pursue the aforementioned strategy in order to further expand its leading position, thus generating added value for its shareholders and increasing its market capitalization.

Further information on ALSO's strategy is available in the ALSO Annual Report.

We create values

Market capitalization 1981 to January 2007

In million CHF



Dividends proposed by the Board of Directors of Schindler Holding Ltd.

In CHF	2006	2005
Registered share	1.30	9.-*
Bearer participation certificate	1.30	9.-*

* Before 10:1 split on March 27, 2006

Subject to approval by the General Meeting, the dividend will be paid on March 23, 2007.

Key figures 2006

Group

In million CHF	2006	2005	Δ %	Δ % local currency
Orders received	11 720	9 445	+24.1	+22.1
Operating revenue	11 106	8 870	+25.2	+23.2
Operating profit (EBIT)	726	634	+14.5	
Net profit	511	401	+27.4	
Cash flow	623	490		
Return on shareholders' equity in %	25.2	23.7		
Consolidated shareholders' equity	2 177	1 885		
Order backlog	6 024	5 005	+20.4	+23.1
Personnel at year-end (number)	43 679	40 385		

Elevators & Escalators

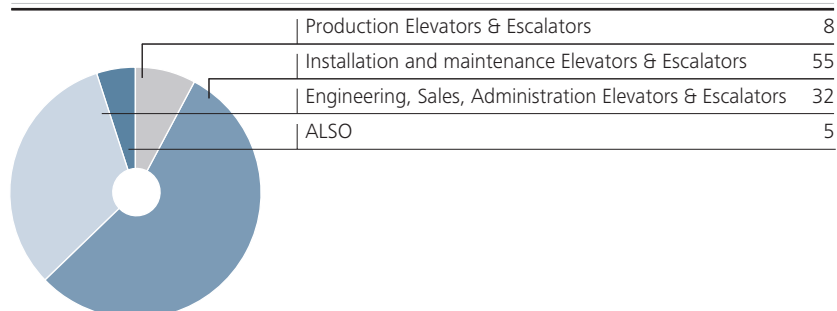
In million CHF	2006	2005	Δ %
Orders received	8 417	7 447	+13.0
Operating revenue	7 829	6 890	+13.6
Operating profit (EBIT) in %	9.2	9.2	

ALSO

In million CHF	2006	2005	Δ %
Orders received	3 303	1 998	+65.3
Operating revenue	3 277	1 980	+65.5
Operating profit (EBIT) in %	0.9	1.2	

Personnel 2006 by sector

In %



Organization

Board of Directors Schindler Holding Ltd.

Status January 1, 2007

Alfred N. Schindler	Chairman	Member of the Executive Committee of the Board
Luc Bonnard	Vice Chairman	Member of the Executive Committee of the Board
Alfred Spörri	Member	Member of the Executive Committee of the Board
Prof. Dr. Pius Baschera	Member	
Dr. Hubertus von Grünberg	Member	
Prof. Dr. Karl Hofstetter	Member	
Lord Charles Powell	Member	
Dr. Jenö C. A. Staehelin	Member	
Robert Studer	Member	

Management Committees

Status January 1, 2007

Elevators & Escalators

Roland W. Hess, President
Jürgen Tinggren, Deputy of the President
Emmanuel Altmayer
Erich Ammann
Dr. Rudolf W. Fischer
Dr. Christoph Lindenmeyer
Miguel A. Rodríguez
Jakob Züger

ALSO

Thomas C. Weissmann, President
Michael Dressen
Marc Schnyder
Hans Wyss
Peter Zurbrügg

For details see the chapter on Corporate Governance starting on page 83 of the Financial Statements

When complexity means simple solutions.

Up, down and all around. We get you there at the push of a button.







When a world at rest
means one is fully awake.

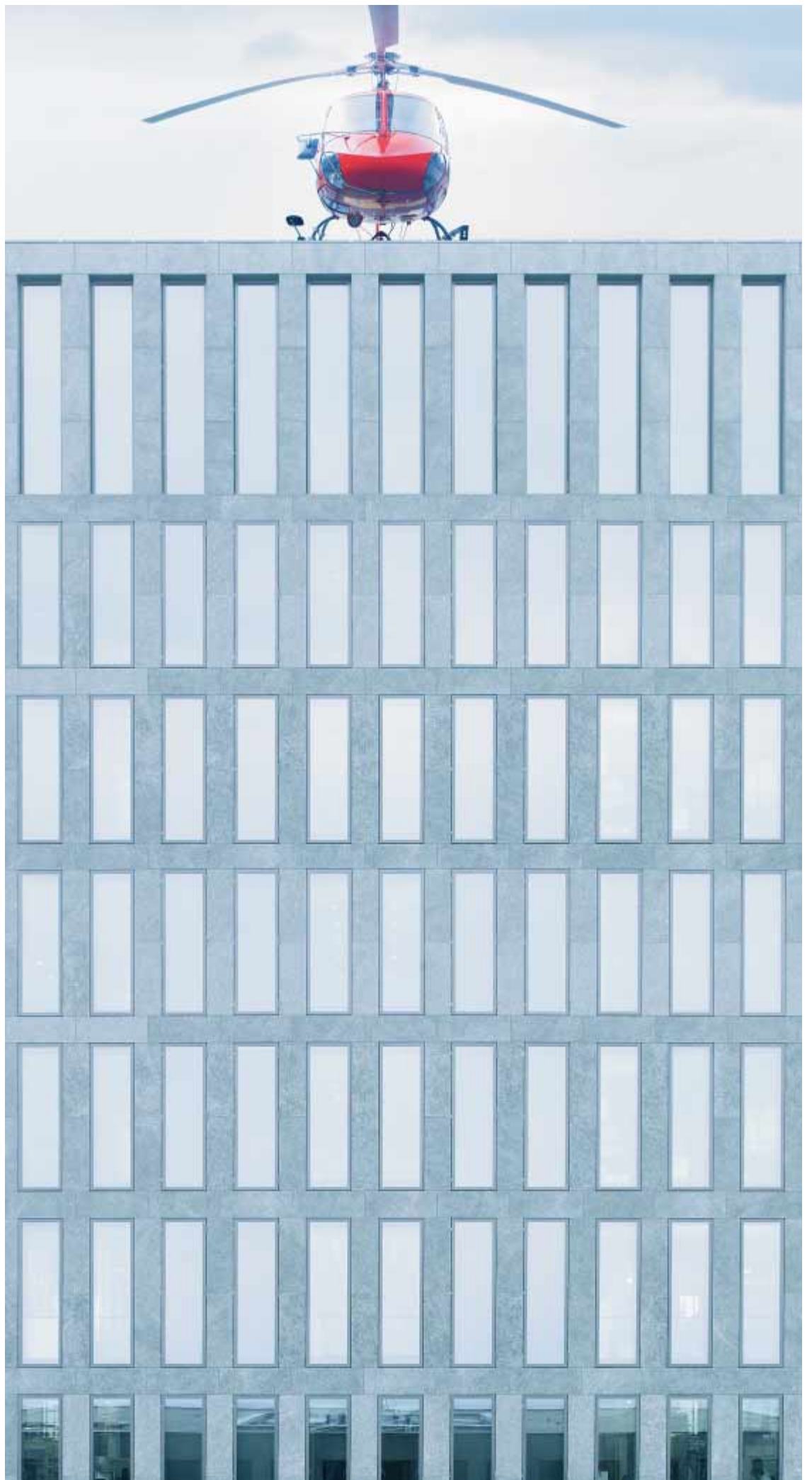
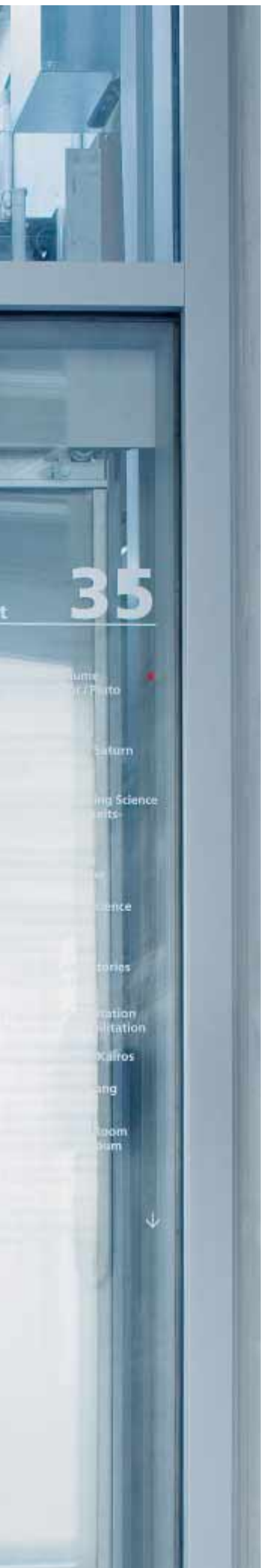
Night shift, day shift. It is all just a matter of course.



A full-page photograph of an elevator shaft. At the top, mechanical components of the elevator system are visible. Below them, a digital display shows a yellow upward arrow. In the center of the shaft, a person wearing a bright red jumpsuit with reflective white stripes on the sleeves stands with their back to the camera, looking down. The shaft walls are metallic and reflective.

When time means every second counts.

You can count on us to get you where you need to go – quickly and reliably.



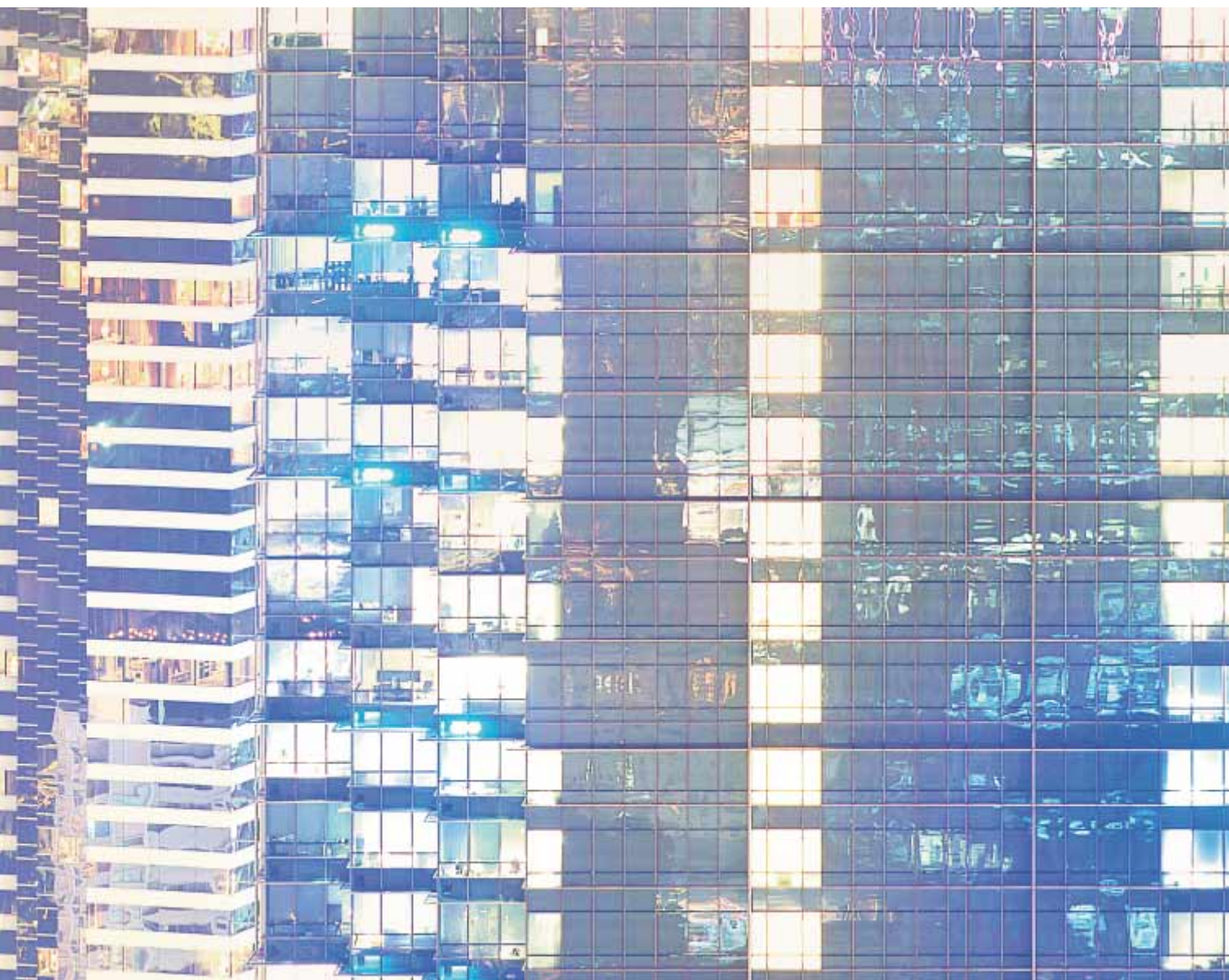


When a proud history means staying up-to-date.

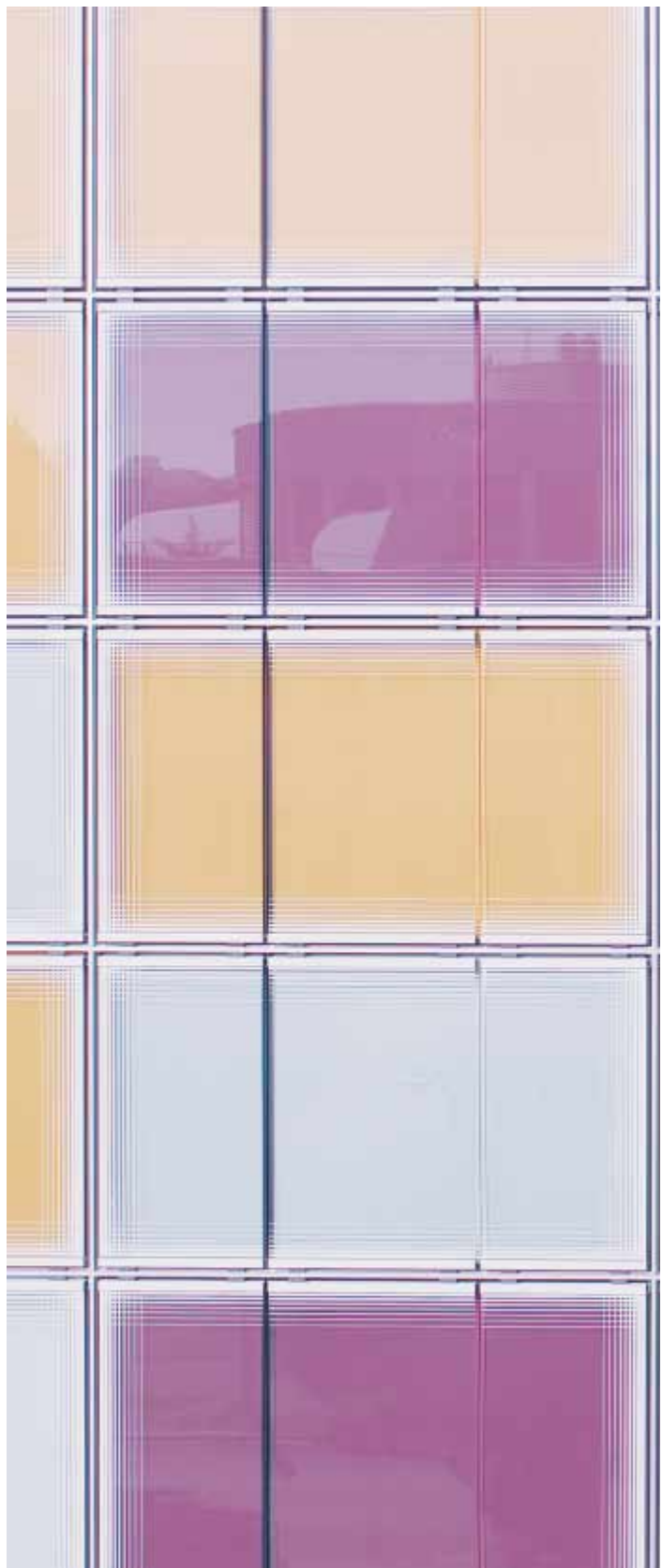
To be truly innovative, we learn from experience
how to move into the future.







To the shareholders



When high expectations
mean being in good hands.

Customer satisfaction is more than
a benchmark for us – it's a passion.

Statement of the Board of Directors

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To the shareholders

Strong organic growth

Positive global economic trends stimulate the business

The economy experienced strong growth globally during the reporting year despite high oil and raw materials prices, with some of the larger European markets and the USA displaying surprisingly dynamic growth. This positive economic environment led to robust demand in the construction industry and stimulated the elevators and escalators business worldwide.

Thanks to its competitive products and global presence, Schindler continued to achieve pleasing growth in the new installation and modernization businesses and strengthened its market position in both the high-rise and the residential construction segments. In addition, Schindler defended its global leadership in the escalators business.

Strong growth at Group level

Operating revenue

Consolidated operating revenue grew by 25.2% to CHF 11 106 million (previous year: CHF 8 870 million), including CHF 3 277 million from ALSO, which acquired 50.1% of the share capital of the Finnish company GNT Holding Oy on August 31, 2006, and consolidated it on a pro rata basis. In local currencies consolidated operating revenue increased by 23.2%. The positive foreign exchange impact was CHF 177 million.

The scope of consolidation was expanded to include several smaller elevator companies in the USA and Europe, as well as GNT, which was acquired by ALSO. The impact of all first-time consolidations on operating revenue and operating profit was 8.8% and 0.6%, respectively.

Net income from financing and investing

Net income from financing and investing improved from CHF –62 million to CHF –15 million, and thus contributed significantly to the increase in net profit. This pleasing development reflects financial income from an interest rate hedging transaction as well as realized gains from the sale of securities, a significantly improved result from operational hedging transactions and the share of the profit of CHF 7 million, recorded by means of equity valuation, from the stake in Hyundai Elevator Co. Ltd., South Korea, that was acquired in March 2006.

Operating profit

Consolidated operating profit (EBIT) increased by 14.5% to CHF 726 million, of which ALSO contributed CHF 29 million, including the pro rata consolidation of GNT.

Net profit

Net profit grew by 27.4% compared to the previous year to CHF 511 million, including a one-time real estate gain of CHF 41 million in Spain.

Orders received

Consolidated orders received totaled CHF 11 720 million, up 24.1% from the previous year's figure of CHF 9 445 million (+22.1% in local currencies). This also reflects CHF 3 303 million of orders received in ALSO, including the pro rata share of the Finnish company GNT. The consolidated order backlog at end-2006 rose by 20.4% to CHF 6 024 million (+23.1% in local currencies) compared to the previous year. This further increase was driven primarily by a large number of major orders.

Personnel numbers

The personnel of the entire Group increased by 3 294 employees or 8.2% to 43 679 compared to end-2005. The number of employees in the elevators and escalators business grew by 1 870 to 41 632 in order to handle the strong increase in volumes in the new installations and modernization businesses. In ALSO, personnel increased by a total of 1 424 employees to 2 047, due mainly to the acquisition of the Finnish company GNT.

Continuing growth in the elevators and escalators business

Orders received increased by 13.0% to CHF 8 417 million, compared to CHF 7 447 million in the previous year (+10.8% in local currencies). All market regions contributed to the good level of orders received. The new installations business recorded pleasing growth of 16.9% in the reporting year. Schindler won orders for major projects such as the World Trade Center, Phase III, in Beijing and the first stage of Europe's tallest building, the Federation Tower, in Moscow.

Improvement in operating performance delayed

Operating revenue increased by 13.6% from CHF 6 890 million to CHF 7 829 million, largely reflecting the strong growth in orders received (+11.4% in local currencies). Operating profit (EBIT) rose by 13.4% to CHF 717 million, resulting in a margin of 9.2%. Excluding the one-time real estate gain, operating profit totaled CHF 654 million, corresponding to a margin of 8.4%.

The EBIT margin, adjusted for the real estate gain, was therefore below the margin of 9.2% reported in the previous year, due primarily to the high conversion and training costs related to the launch of new product lines in the European markets. In addition, strong demand resulted in production bottlenecks and delays in the installation of new products. The disproportionate growth of the new installations business in the fiercely competitive growth markets, as well as continuing high energy and raw materials prices, also contributed to the pressure on margins.

The Board of Directors is, however, maintaining a target of 10% for the EBIT margin.

Participations and acquisitions

In March 2006, Schindler acquired a 25.5% stake in Hyundai Elevator Co. Ltd. in South Korea – the fourth largest elevator market worldwide. The company is the second largest elevator and escalator manufacturer in South Korea and has a large number of branches in the Asian markets.

In addition, Schindler made a number of smaller local acquisitions in Europe and North America and thus strengthened its maintenance portfolio in the respective regions.

Strengthening of the Schindler brand

Schindler began the worldwide implementation of a new corporate identity in March 2006. Since the company logo with vertical red stripes was introduced 20 years ago, Schindler has developed into a strong and globally active service provider with innovative products and uniform processes. The revised brand identity – as well as the new corporate image based on it – present Schindler as a future-oriented brand that builds on a long tradition.

Decision by the EU antitrust authorities

The EU Commission has not yet reached a decision in the antitrust proceedings against companies in the elevator industry. As it is still not possible to produce an estimate of the financial implications of the proceedings based on the information that is available, no provisions have been recorded.

The class-action lawsuits that were filed in the USA following the announcement of the EU investigation have already been rejected for the second time by the responsible judge in New York. The plaintiffs have referred the decision to the relevant Federal Court of Appeals. The proceedings are still pending.

The different reporting structure and elimination effects may cause individual values and percentages to differ slightly from those reported by ALSO.

ALSO expands and consolidates its market position

The ALSO Group, a leading provider in the wholesale and logistics sector for information and communications technology (ICT) and consumer electronics, acquired 50.1% of the share capital of the privately owned Finnish company GNT Holding Oy. GNT is the largest independent ICT distributor in Scandinavia and the Baltic states and is also active in Poland. As a result of this acquisition, ALSO is now one of the largest ICT distributors in Europe and is market leader in five of the nine countries in which it operates. The figures for the Finnish GNT Group have been fully consolidated in the ALSO Group's annual financial statements since September 1, 2006.

The ALSO Group, including the GNT Group, reported net sales of CHF 3 277 million and a net profit of CHF 12 million. On a comparable basis, excluding the GNT Group, ALSO increased its net sales by 19%, its operating profit by 41% and its net profit by 39%.

Changes in top management

Jakob Züger, who has been Chief Executive Officer of Schindler Elevator Ltd. Switzerland since 2003, was appointed a new member of the Management Committee Elevators & Escalators with responsibility for North, Central, and South America by the Board of Directors on July 1, 2006. He succeeded Roland W. Hess, President of the Management Committee Elevators & Escalators, who had managed this area on an interim basis.

Brent L. Glendening resigned from his position as a member of the Management Committee Elevators & Escalators and Chief Information Officer (CIO) and left the company, effective September 30, 2006. The Board of Directors would like to thank him for his valuable contribution to the introduction of new information technologies in the Group.

Schindler Holding

Dividend and capital structure

Schindler Holding Ltd. closed the financial year 2006 with a net profit of CHF 233 million (previous year: CHF 177 million). The payment of a dividend of CHF 1.30 per registered share and per bearer participation certificate will be proposed to the next General Meeting on March 20, 2007.

The 1:10 split of all registered shares and bearer participation certificates that was agreed at the General Meeting on March 21, 2006, took effect on March 27, 2006 (for further details, see the Financial Report, page 73).

Repurchase program

The program to repurchase a maximum of 10% of outstanding registered shares and bearer participation certificates, which was announced on February 28, 2002, was completed on December 31, 2006.

From January 1, 2006, to December 31, 2006, a total of 149 000 registered shares and 480 000 bearer participation certificates were repurchased with the aim of reducing the Group's capital. This corresponds to 0.5% of the outstanding securities. Schindler Holding Ltd. will propose to the Ordinary General Meeting on March 20, 2007, that the participation capital be reduced to CHF 5 093 640 through the cancellation of the 480 000 bearer participation certificates repurchased during the reporting year. The 149 000 registered shares will be used for existing employee share programs.

On December 11, 2006, the Board of Directors also decided to launch a new program to repurchase a maximum of 10% of the total nominal capital of Schindler Holding Ltd.

Repayment of debenture

The 4 $\frac{1}{8}$ % debenture 1999–2006, nominal value CHF 300 million, was repaid on October 26, 2006.

New independent Chairman of the Audit Committee

Dr. Alexander Schaub, who recently retired from his position as EU Director General of Internal Markets, was appointed as an external member of the Schindler Audit Committee during the reporting year. Dr. Schaub, who was EU Director General of Competition from 1995 to 2002, assumed his function in the third quarter of 2006.

It is planned that he will succeed Alfred Spörri as Chairman of the Audit Committee if he is elected to the Board of Directors of Schindler Holding Ltd. on March 20, 2007, as planned. The appointment of Dr. Schaub as Chairman will mean that the Audit Committee will be chaired by a non-executive and independent board member for the first time.

Alfred Spörri will remain a member of the Audit Committee in his role as Deputy Chairman until he retires from the Board of Directors in 2008.

Changes in the Board of Directors

Lord Charles Powell of Bayswater was reelected to the Board of Directors for a further term of three years at the General Meeting of March 21, 2006.

In view of the personal demands associated with his new field of work, Scott D. Miller announced his resignation from the Board of Directors with effect from the General Meeting on March 21, 2006. However, he will remain a member of the Board of Directors of the Schindler subsidiary in the USA.

Professor Dr. Karl Hofstetter was newly elected to the Board of Directors for a term of three years and has therefore resigned from the Management Committee Elevators & Escalators. He has been General Counsel of the Schindler Group since 1990 and is a professor in private and business law at the University of Zurich.

Outlook

Elevators & Escalators

The economy should continue to grow in 2007, although a slowdown is expected in North America and Europe.

Schindler will exploit the opportunities in the generally still favorable market environment and will focus on maintaining its good volume of orders. The growth in the new installations business to date will also result in increasing numbers of new orders in the maintenance business in 2007. The demand for the modernization of elevators is largely unrelated to economic trends. It will strengthen as soon as further European countries implement the new EU Safety Norm for Existing Lifts (SNEL).

The new product lines that were launched in Europe will be introduced in further markets in 2007 and 2008, where they will generate additional sales. Within Europe, the standardization of business processes on the new IT platform, which was completed in the reporting year, will also help to improve efficiency. From 2007, all European business will be handled using this platform.

ALSO

In 2007, ALSO will focus on restoring the profitability of GNT and expects to generate group net sales of approximately CHF 5 billion. In the medium term, ALSO expects a further increase in net sales and a profit of CHF 35–40 million.

In view of the current competitive environment, the optimal volume of sales would be CHF 8–10 billion. ALSO therefore wants to continue to grow rapidly over the next few years.

However, this rate of growth will exceed the level of investment originally planned by Schindler. As a result, Schindler will not undertake the next stage in the expansion of ALSO on its own.

Group

Based on this assessment, and excluding any unforeseeable events, it is anticipated that Schindler will report a net profit of approximately CHF 530 million for the financial year 2007. This corresponds to an increase of approximately 12% compared to the net profit for 2006 before the real estate gain.

Thank you

The exceptional motivation and personal commitment of all employees was once again the driving force behind the company's performance. It was only thanks to the efforts of Schindler's staff that it was possible to handle the large volume of work in all areas that resulted from above-average growth and measures to achieve further productivity gains. The Board of Directors and the Management Committee would like to express their thanks to all employees for their considerable efforts, as well as to all of Schindler's clients for their longstanding loyalty.

Alfred N. Schindler
Chairman of the Board
of Directors

Luc Bonnard
Vice Chairman of the Board
of Directors

Elevators & Escalators



General market trends

Europe

The major markets in Europe benefited from good economic growth. The residential construction segment developed well but pricing pressure continued. The overcapacities in office space were largely absorbed, resulting in the slow recovery of the commercial construction segment. Several large-scale projects were launched in the high-rise segment. At the same time, the elevator industry was affected by global increases in raw material prices.

North, Central, and South America

The North American economy continued its strong expansion in the first six months of 2006. However, growth slackened in the second half of the year due to increasing consumer caution and the cooling of the residential construction market. Most countries in Latin America also experienced good economic growth. In Brazil, all of the major indicators pointed to the stable development of the economy and encouraged investments in the private sector construction market. In all other Latin American markets, historically low levels of inflation and low interest rates led to a strong increase in construction activities.

Asia/Pacific

The countries in this region continued to achieve strong economic growth. Led by China, the commercial construction segment grew strongly in most countries, while residential construction activities slowed in South Korea and New Zealand due to high interest rates and government measures.

Eastern Europe, Middle East, India, and Africa (EMIA)

Foreign investments, growing domestic demand, and the prospect of Romania and Bulgaria's accession to the EU in 2007 contributed to ongoing growth in Eastern Europe. The construction industry in Russia, India and the Gulf region showed signs of overheating.

Continued robust growth in all markets

Europe

Pleasing organic growth

The new elevator product lines launched in June 2005 were well received across all market segments. Schindler was particularly successful in the highly competitive residential construction segment with its new Schindler 3300 passenger elevator. Schindler also improved its market position in the commercial segment and strengthened its position in the high end of this segment with the new Schindler 5400 elevator. In addition, Schindler won the contract for one of the few European projects in the high-rise segment: the 130-meter high CMA-CGM Tower in Marseilles. Schindler will supply installations including 15 Schindler 7000 high-rise elevators equipped with the Miconic 10 hall call destination system and the Schindler ID access control system, as well as two panoramic elevators, for this commercial building designed by the award-winning architect Zaha Hadid.

The demand for elevator modernizations continued to grow – particularly in countries such as France, where the EU Safety Norm for Existing Lifts (SNEL) has already been implemented as standard legislation. Schindler introduced the Schindler 6200 elevator modernization and replacement program and adapted its processes in line with the needs of this segment. However, the introduction of the new structures and processes entailed high start-up costs, particularly in the area of training.

The new installations business grew more rapidly than the market, and growth rate in the modernization business exceeded expectations. This led to significant challenges in production, logistics and installation.

Schindler developed a new Service Leader Concept and customer-specific offerings for the service business in order to further enhance customer satisfaction and service quality in this competitive environment.

In 2006, Schindler successfully completed its projects to standardize business processes. As a result, all of its companies throughout Europe are now working according to the same standards. With its new processes and competitive new products, Schindler is well positioned to meet forthcoming challenges.

North, Central, and South America

Stronger market position in North America

Schindler maintained its market leadership in the escalators business and reported increases in business volumes in both the highly standardized low-rise and the mid-rise elevator segments. It also succeeded in increasing its market share in both areas. The acquisition of various service companies will strengthen its growth in the service business and optimize its geographical coverage and the density of its service portfolio.

Rollout of FieldLink completed in North America

Schindler rolled out the hand-held computer FieldLink as part of its efforts to further increase the efficiency and productivity of Schindler technicians working in the field. FieldLink is an integral service delivery tool and is now also being used in the new installations and modernization business.

Traffic management tool for complex modernization orders

The Miconic 10 hall call destination system – which is often used in conjunction with the Schindler ID personalized access control system – has now gained a high level of acceptance in the modernization business. For example, the product was installed in the busy 49-story Marriott Marquis hotel in Times Square in New York and significantly reduced the waiting times for its existing elevators.

Consolidation of leadership position in Latin America

Schindler reinforced its leadership position in the region and further increased its market share. Its existing range of competitive products and the newly launched Schindler 500 L elevator for the commercial segment contributed to the strong growth in sales. Schindler also experienced pleasing growth in the escalators business and secured major orders for shopping centers and public transport projects. The growing need for the renovation of old buildings creates market opportunities, which Schindler has successfully captured. In the service business, Schindler was able to further enhance customer satisfaction.

Asia/Pacific

Leadership position in the high-rise segment reaffirmed

Despite facing significant challenges in 2006, Schindler achieved organic growth in most countries within the region. Its sales in Hong Kong, Macau, Malaysia, Thailand, Australia and New Zealand were particularly pleasing.

Schindler reaffirmed its leadership position in the high-rise segment by securing a whole series of major orders for buildings in China, Hong Kong and Macau. This included an order for 124 elevators and escalators for Hong Kong's tallest building, the International Commerce Center, which rises to a height of 490 meters, as well as a contract for 50 Schindler 7000 high-rise elevators, 13 other elevators and 32 Schindler 9300 escalators for the prestigious World Trade Center, Phase III, in Beijing. With a speed of 10 m/s, the Schindler 7000 will set a new record in the Chinese elevator market.

Schindler's elevator and escalator factories in China not only supplied products for the Asia/Pacific region but also for EMIA. The strengthening of the supply chain enabled Schindler to implement a whole series of cost reduction measures. These efforts have made it possible to absorb part of the increasing price pressure caused by the sharp rise in raw material prices and by fierce competition.

Strategic acquisition in South Korea

In March 2006, Schindler acquired a 25.5% stake in Hyundai Elevator Co. Ltd. in South Korea, the fourth largest elevator market worldwide. The company is the second largest elevator and escalator manufacturer in South Korea and has an extensive network of branches in the Asian markets.

Eastern Europe, Middle East, India, and Africa (EMIA)

Against a backdrop of considerable market growth, fiercer competition and global increases in raw material prices, Schindler successfully strengthened its market position in the EMIA region and extended its operations through organic growth as well as acquisitions.

Further expansion in new growth markets

In Eastern Europe, orders for the innovative Schindler 3300 and Schindler 5300 passenger elevators for residential and smaller commercial buildings increased substantially. Strong sales in the modernization business were driven primarily by the old elevator base and the implementation of the new EU Safety Norm for Existing Lifts (SNEL). The new subsidiary in Ukraine secured a number of major orders. As a result of the acquisition of Certus in Zagreb, Schindler has gained access to the rapidly growing Croatian market.

In Russia, Schindler secured an order for 37 elevators and 16 escalators for the Federation Tower. At a height of 448 meters, Moscow's new landmark is destined to become the tallest skyscraper in Europe upon its completion. Schindler also strengthened its market position in Russia through its regional expansion into a number of other cities.

In India, Schindler succeeded in further strengthening its market position in the fast-growing residential construction and commercial segments. In particular, Schindler has an order to supply 30 elevators to the Imperial Towers in Mumbai, which is the tallest building in India. It also achieved organic growth by expanding its operations in other cities.

In the Persian Gulf and Middle East, Schindler won orders for a large number of prestigious projects in the high-rise segment and strengthened its market position. This includes an order for 62 high-rise elevators for the 11 Executive Towers in Business Bay, the new residential and commercial district in Dubai. In Israel, Schindler will supply 14 high-rise elevators for the Square Azrieli Tower in Tel Aviv.

In South Africa and Morocco, Schindler successfully introduced the new Schindler 3300 and Schindler 5300 passenger elevators. It also secured a whole series of important modernization orders, including an order for 39 elevators for the Bank City office complex in Johannesburg. In Morocco, Schindler is supplying elevators and escalators for the expansion of the Mohammed V Airport in Casablanca.

Outlook

Europe

Schindler expects to see a moderate economic slowdown, resulting in increased pricing pressure. However, the residential market should remain stable in most countries and the commercial segment will continue to recover and achieve slight growth. Schindler is well positioned with its new and innovative product range and thus has a competitive advantage in the new installations business. With strong growth expected in the modernization business and with improved offerings in the service business, Schindler will be able to further strengthen its position in both areas. In addition, the standardization of Schindler's business processes on its new IT platform has created a solid basis for profitable growth.

North, Central, and South America

In North America, construction activities should remain at a comparable level in 2007. Demand for mixed-use buildings is likely to increase as a result of rapidly growing metropolitan markets as well as the redevelopment of downtown areas. An increase in commercial construction activities will be dependent on a further reduction in vacancy rates. Meanwhile, the high-rise segment will soften due to a reduction in the level of residential condominium construction. It is anticipated that the Latin American markets will continue on their current growth path. Schindler therefore expects to achieve good sales.

Asia/Pacific

It is anticipated that economic growth in this region will continue in 2007. An increase in growth is expected in China, South Korea and Australia – especially in the commercial sector. However, demand for residential and commercial construction is likely to ease slightly in Southeast Asia as well as in New Zealand.

Schindler expects to continue its growth in the commercial sector in 2007 – particularly in the high-rise segment. The new Schindler 3300 AP and Schindler 5300 AP passenger elevators for residential and smaller commercial buildings will be launched in this market. These well-positioned products will enable Schindler to strengthen its competitive position and to achieve further growth in the low-to mid-rise segments of the elevator market.

Eastern Europe, Middle East, India, and Africa (EMIA)

The excellent growth trends in EMIA show no sign of abating. With its subsidiaries in major markets and its competitive products, Schindler has a solid presence in this region and will further expand its market position.

The future of cities is vertical

Across all continents, growing numbers of people are migrating from rural areas to urban centers, and metropolises around the world are expanding. Large numbers of multi-story apartment complexes are appearing in the vicinity of subway stations and other public services and facilities. The trend towards urbanization is particularly evident in Asian megacities, although it is also occurring increasingly in European population centers. The limited availability and high cost of land is forcing people to build higher and higher, and the need for elevators and escalators is growing. Schindler is leading the way in this field in terms of both technical breakthroughs and the optimization of existing transport technologies.

The transport systems developed by Schindler treat people as individuals – not as masses – and bring them directly and comfortably to their destinations. The figures speak for themselves: over 700 million people use Schindler elevators and escalators each day.

Ten years ago, Schindler revolutionized the building logistics sector with the Miconic 10 hall call destination system. Passengers enter the number of the floor they wish to travel to on a panel outside the elevator and they are directed to the car which will bring them to their destination most rapidly. The system, which has been installed in thousands of elevators, groups passengers according to their destination and makes optimal use of the cars. In a further innovative step, Schindler is now extending the pioneering Schindler 7000 high-rise system that was launched in 2002 for very tall buildings by introducing a double-deck version of the elevator.

The Schindler 7000 double-deck high-rise elevator is an extremely efficient means of transportation that provides increased capacity and is able to fulfill the requirements imposed by accelerated urbanization.

In view of rising land prices and construction costs in locations with good transport connections, there is now a demand for mobility systems that make optimal use of expensive elevator shafts in commercial buildings or condominiums. With the double-deck elevator, Schindler is offering a pioneering solution for very busy high-rise office buildings.

The Group's research and development activities also focus intensively on other technologies which save space and enhance efficiency. The further development of the Traffic Management System, as well as optional personalized access control and other components such as access security, has provided Schindler with a competitive advantage.

New drive machines enable elevator cars to accelerate to a speed of up to 10 meters per second in a few instants and to travel one hundred stories or more at high speeds. In an emergency, the ceramic safety brake, which combines US space technology with Formula 1 braking technology, allows a single-deck or double-deck car to brake safely and smoothly.

These innovations, which have proved successful in the demanding high-rise segment, are now also being incorporated into the manufacturing of standard lifts – providing Schindler with a significant lead in this area. In addition to producing new elevators, the globally active company also installs new technology in a growing number of existing models with the aim of providing individual mobility solutions to very large numbers of people.

Key importance of research and development

In the Group Research Center in Ebikon and in further centers in the US, Brazil and China, engineers and technicians are responsible for the systematic further development of Schindler's elevator technology. The company invests between CHF 110 million and CHF 130 million in research and development each year. Schindler works with institutes of technology throughout the world – such as the Federal Institute of Technology (ETH) in Zurich – and collaborates with industry partners from a wide range of sectors, such as the motor, airline and shipbuilding industries. Environmental impacts – particularly the consumption of energy and materials – are taken into account when developing new products.

10 years experience

- up to 30% more transport capacity than in same conventional elevators
- separation of traffic flow within the building
- fast modernization of underelevated buildings



Simple to use but with smart features

- special access to restricted area/floors
- special features for people with disabilities



Quick and efficient

- no “traffic” jam in front of elevator cars
- no disappointment in front of full cars
- energy saving through intelligent traffic management



Important orders

Elevators & Escalators

Europe

Austria	Leoben City Shopping, shopping mall, Leoben, Styria	11 elevators, including 2 Schindler 5400, 4 Schindler 2600 and 5 Schindler 2400, as well as 8 Schindler 9300 escalators
	Hotel am Rennweg, Vienna	12 Schindler 5400 elevators
	Leoben Wohnen, residential buildings, Leoben, Styria	42 Schindler 3300 elevators
	Wiener Wohnen, residential buildings, Vienna	Modernization of 110 elevators, including 7 Schindler 6200
Belgium	TGV, 5 platforms, Liège	6 Schindler 2400 elevators, 6 panoramic elevators, 40 Schindler 9300 escalators, and 10 Schindler 9500 moving walks
	Onze Lieve Vrouw Ziekenhuis hospital, Aalst	11 Schindler 5400 elevators and 4 Schindler 2500 elevators
	Darsen XII, residential building, Antwerp	7 elevators
	Airport Garden, block B, office building, Zaventem	7 Schindler 5400 elevators
France	CMA-CGM Tower, Marseille	20 elevators, including 15 Schindler 7000 high-rise elevators
	EOS Generali, office building, Issy-les-Moulineaux	25 elevators, including 22 Schindler 5400
	Gare de Poitiers quarter, commercial building and multilevel car park, Poitiers	10 Schindler 9300 AE escalators and 9 elevators, including 6 Schindler 5400
	Foch hospital, Suresnes	15 elevators
	Credit Lyonnais tower, Lyon	Modernization of 11 elevators with the access control system Schindler ID
Germany	Alexa, shopping mall at Alexanderplatz, Berlin	23 elevators, including 13 Schindler 5400 and 7 Schindler 2600, as well as 28 Schindler 9300 escalators, and 4 Schindler 9500 moving walks
	Breidenbacher Hof, hotel, Düsseldorf	16 elevators, including 6 Schindler 5400, 4 Schindler 2400, and 1 Schindler 2600
	Ozeaneum, museum, Stralsund	7 elevators, including 4 Schindler 3300, 2 Schindler 5400, and 1 Schindler 2200, as well as 1 Schindler 9300 escalator
	Langhorner quarter, residential buildings, Hamburg	17 Schindler 3300 elevators
	Schleusenpark Elmshorn, residential buildings, Elmshorn	18 Schindler 3300 elevators
Greece	Sanyo Building, shopping mall, Athens	1 Schindler 5300 elevator, 1 hydraulic elevator, 2 Schindler 9300 escalators, and 6 Schindler 9500 moving walks
	Diesel Thessaloniki, shopping mall, Thessaloniki	2 Schindler EuroLift elevators and 6 Schindler 9300 escalators
	Metropolitan hospital, Athens	6 elevators, including 3 Schindler 3400, 2 Schindler 2500, and 1 Schindler 5400
Iceland	Hördukór 3 and Hördukór 5, residential buildings, Kópavogur	2 Schindler 3300 elevators and 2 Schindler 5400 elevators
	DAS hospital, Hafnarfjörður	Modernization of 2 elevators
Italy	Subway system, Turin	14 elevators and 30 Schindler 9300 escalators
	Castellaccio, shopping mall, Rome	24 Schindler 2600 elevators, 6 Schindler 2400 elevators, 20 Schindler 9300 AE escalators, and 8 Schindler 9500 moving walks
	RAI, Italian National Television, Turin	Modernization of 4 elevators
	Mezzaroma, residential buildings, Rome	47 Schindler 3300 elevators
	5 cruise ships built by Fincantieri	156 elevators and 16 Schindler 9300 escalators

Europe

Netherlands	Various buildings owned by the Portaal housing association, Utrecht	Modernization of 18 elevators
	Boreel Kazerne, shopping mall, Deventer	10 elevators, including 6 Schindler 5300 and 14 Schindler 9300 AE escalators
	European Patent Office building, Rijswijk	Modernization of 22 elevators
	Hoogvoorde, office building, Rijswijk	Modernization of 5 elevators with the hall call destination system Miconic 10
Portugal	Palácio do Gelo, shopping mall, Viseu	13 elevators, including 7 Schindler 5400, 5 Schindler 2400, and 1 Schindler 3300, as well as 14 Schindler 9300 AE escalators, and 4 Schindler 9500 moving walks
	Ferrara Plaza, shopping mall, Paços de Ferreira	10 elevators, including 4 Schindler 5400 and 6 Schindler 2600 as well as 8 Schindler 9300 AE escalators, and 3 Schindler 9500 moving walks
	Porto Plaza, shopping mall, Porto	6 Schindler 5400 elevators and 3 Schindler 2500 elevators
	Mar Mediterrâneo, office building, Lisbon	4 Schindler 5400 elevators
Spain	Expoagua 2008, trade show, Saragossa	104 elevators, including 9 Schindler 5400, 81 Schindler 5300, 4 panoramic elevators, 7 Schindler 3400, and 3 Schindler 2600
	Ciudad de la Justicia, building complex, Barcelona	78 Schindler 5400 elevators and 6 Schindler 9300 AE escalators
	Hipercor de Elche, shopping mall, Alicante	8 elevators, including 2 Schindler 5400 and 4 Schindler 2400, as well as 12 Schindler 9300 AE escalators, and 16 Schindler 9500 moving walks
	Parque Empresaria Cinco Torres, office building, Seville	Maintenance contract for 25 Schindler 5400 elevators
	Meliá Hotels, Barcelona, Seville, Palma de Mallorca	Modernization of 22 elevators
Sweden	Vattenfall Headquarters, office building, Stockholm	14 elevators with the hall call destination system Miconic 10 and the access control system Schindler ID
Switzerland	Hotel Schweizerhof, Basel	Modernization of 1 Schindler 5400 glass elevator
	Hochhaus zur Schanze, office building, Zurich	Modernization of 5 elevators
	Georg Kempf Park, residential buildings, Zurich	Modernization of 12 elevators
	Wintower, office building, Winterthur	7 elevators with the hall call destination system Miconic 10 and the access control system Schindler ID
United Kingdom	Shell UK, office building, London	Modernization of 10 elevators with the access control system Schindler ID
	McLaren House, office building, Birmingham	Modernization of 4 elevators with the access control system Schindler ID
	The Triad Building, office building, Liverpool	Modernization of 5 elevators with the access control system Schindler ID
	King's Waterfront, office building, Liverpool	14 elevators, including 9 Schindler 5400 and 2 Schindler 2400, and 4 Schindler 9300 escalators
	IKEA, shopping centers at 5 different sites	49 elevators and 15 escalators

CMA-CGM Tower; Marseilles, France



Subway station Kagraner Platz; Vienna, Austria

Hotel Concorde; Berlin, Germany



Bank del Valdarno; Florence, Italy



Onyx, office building; La Rioja, Spain



Pilatusmarkt, shopping mall; Kriens, Switzerland



North, Central, and South America

California	Executive Center, office building, San Diego	Modernization of 10 elevators, including 6 with the hall call destination system Miconic 10 and 4 with Miconic TX
Colorado	Trammell Crow Company, office building, Denver	Modernization of 18 elevators with Miconic TX
	Manville Plaza, office building, Denver	Modernization of 13 elevators with Miconic TX
	World Trade Center, Denver	Maintenance contract for 18 elevators
Connecticut	One State Street, office building, Hartford	Modernization of 10 elevators, including 8 with the access control system Schindler ID and 2 with Miconic TX
Hawaii	Ritz Carlton Hotel, Maui	21 Schindler 400 A elevators
Illinois	200 South Wacker, office building, Chicago	Modernization of 18 elevators with Miconic TX and a maintenance contract for 19 elevators
	Citicorp Plaza, office building, Chicago	Modernization of 12 elevators with Miconic TX
Kentucky	Humana Waterside & Clock Tower, office building, Louisville	Modernization of 11 elevators with the access control system Schindler ID
Maryland	Gaylord Hotel & Convention Center, Fort Washington	22 Schindler 500 A elevators and 10 Schindler 9300 AE escalators
Massachusetts	Massachusetts Institute of Technology, university, Cambridge	Maintenance contract for 176 elevators
Michigan	SBC Headquarters, office building, Detroit	Modernization of 9 elevators with Miconic TX
	Coleman A. Young Municipal Center, office building, Detroit	Maintenance contract for 16 elevators
	Fisher Building, office building, Detroit	Maintenance contract for 39 elevators and 2 escalators
Minnesota	University of Minnesota, Minneapolis	Maintenance contract for 37 elevators
Missouri	Equitable Building, office building, St. Louis	Modernization of 9 elevators, including 8 with the access control system Schindler ID
Nevada	Atlantis Casino Resort, Reno	Maintenance contract for 20 elevators
	World Market, retail center, Las Vegas	22 Schindler 500 A elevators and 34 Schindler 9300 AE escalators
New Jersey	Showboat Casino, Atlantic City	Maintenance contract for 43 elevators and 6 escalators
New York	1211 Avenue of the Americas, office building, New York	Modernization of 35 elevators, including 32 with the access control system Schindler ID and 3 with Miconic TX
	237 Park Avenue, office building, New York	Modernization of 13 elevators, including 12 with the access control system Schindler ID and 1 with Miconic TX
	1 and 2 UN Plaza, office buildings, New York	Modernization of 8 elevators with the hall call destination system Miconic 10 in each building
	300 Park Avenue, office building, New York	Maintenance contract for 17 elevators
North Carolina	One Independence Center, office building, Charlotte	Modernization of 13 elevators, including 11 with Miconic TX
Ohio	National City Center, office building, Cleveland	Modernization of 23 elevators, including 21 with Miconic TX and 2 with Schindler HXpress
Oregon	Portland International Airport, Portland	Maintenance contract for 47 elevators, 28 escalators, and 14 moving walks
Pennsylvania	1600 Market, office building, Philadelphia	Maintenance contract for 21 elevators
Texas	One Westlake Park (BP America), office building, Houston	Modernization of 26 elevators with Miconic TX
	One Main Place, office building, Dallas	Modernization of 21 elevators, including 20 with Miconic TX and 1 with Schindler HXpress
	University Health System, hospital, San Antonio	Maintenance contract for 43 elevators
	Dallas Cowboys Stadium, Dallas	16 elevators, including 12 Schindler 500 A and 2 Schindler 400 A, as well as 22 Schindler 9300 AE escalators

North, Central, and South America

Washington	JW Marriott Hotel, Washington, D.C.	Modernization of 6 elevators, including 4 with Miconic TX and 2 with Schindler HXpress
	Washington Dulles Airport, Washington, D.C.	Maintenance contract for 75 elevators, 43 escalators, and 14 moving walks
	Ronald Reagan Washington National Airport, Washington, D.C.	Maintenance contract for 61 elevators, 27 escalators, and 16 moving walks
Canada	Canada Line Rapid Transit System, Vancouver	31 Schindler 330 A elevators and 38 Schindler 9300 escalators
	Windsor Casino, expansion project, West Block, Windsor	8 Schindler 9300 escalators
	Manulife, shopping mall, Toronto	8 Schindler 9300 AE escalators
	Suterbrook, Phases 2 & 3, residential buildings, Port Moody	6 Schindler 400 A elevators, 1 Schindler 330 A elevator, and 2 Schindler 9500 moving walks
	Rousseau Lake Marriott Resort, Muskoka	6 Schindler 400 A elevators and 4 Schindler 330 A elevators
Argentina	Torres del Golf, residential building, Mar del Plata	6 Schindler Neolift elevators
	Solares de Montes de Oca, residential building, Buenos Aires	4 Schindler Neolift elevators
	Amenablanco, residential building, Buenos Aires	4 Schindler Neolift elevators
	Green Tower Polo, residential building, Buenos Aires	4 Schindler Neolift elevators
	Hotel Sheraton Libertador, Buenos Aires	Modernization of 4 Schindler 500 elevators
Brazil	The City, office building, São Paulo	16 Schindler 300 L elevators, including 7 with the hall call destination system Miconic 10
	Bourbon Pompéia Mall, São Paulo	24 Schindler 9300 AE escalators
	Eluma, office building, São Paulo	Modernization of 8 elevators with the hall call destination system Miconic 10
	Banco Itaú headquarters, São Paulo	Modernization of 24 elevators
	Matta, office building, Santiago	6 elevators with the hall call destination system Miconic 10
Chile	Burgos, office building, Santiago	8 elevators with the hall call destination system Miconic 10
	Santa Magdalena, office building, Santiago	6 elevators with the hall call destination system Miconic 10
	Parque Arauco: Torre Oriente and Torre Poniente, office buildings, Santiago	4 elevators with the hall call destination system Miconic 10 and 2 Schindler Neolift elevators in each tower
	Parque Tezontle, shopping mall, Mexico City	7 elevators, including 2 Schindler EuroLift and 5 Schindler Neolift, and 28 Schindler 9300 escalators
	Grand Venetian Vallarta, residential buildings, Puerto Vallarta	18 Schindler Neolift elevators
Mexico	Torre Libertad / St. Regis, hotel and residential suites, Mexico City	12 Schindler 7000 elevators, 6 Schindler EuroLift elevators, and 4 Schindler 9300 escalators
	Westin Regina Hotel, Cancún	16 Schindler Neolift elevators
	Instituto de Seguridad Social y Servicios para los Trabajadores del Estado (ISSSTE), public hospitals, Mexico City and Provinces	Modernization of 22 elevators
	Instituto Mexicano del Seguro Social (IMSS), public hospitals, Mexico City and Provinces	Modernization of 12 elevators
	Sede IAFE, office building, Caracas	8 elevators with the hall call destination system Miconic 10
	Centro Profesional Mohedano, office building, Caracas	8 elevators with the hall call destination system Miconic 10
	Centro Comercial Varyna Country, Barinas City	13 elevators, including 12 Schindler Neolift, and 40 Schindler 9300 escalators
Venezuela	Seguros Banvalor, office building, Caracas	7 elevators, including 2 Schindler EuroLift
	Terminal de Autobuses, bus terminal, Barquisimeto	7 Schindler Neolift elevators and 18 Schindler 9300 escalators
	Centro Comercial Llano Mall, shopping mall, Acarigua	4 Schindler Neolift elevators and 8 Schindler 9300 escalators

One Bryant Park; New York, USA



Neruda, office building; Santiago, Chile



Hearst Tower; New York, USA



Top of the Rock - Rockefeller Center Observation Deck; New York, USA



Subway station – Zona Rental de la Plaza Venezuela; Caracas, Venezuela



Asia/Pacific

Australia	538 Bourke Street, commercial building, Melbourne	16 elevators, including 13 Schindler 7000 with Schindler ID, Miconic 10, E-Vision and Lobby Vision, 2 Schindler 5400 and 1 hydraulic elevator, as well as 2 Schindler 9300 AE escalators
	Latitude East, office building, Sydney	9 Schindler 300 P MRL elevators, 1 Schindler 2400 elevator, and 2 Schindler 9300 escalators
	The Canberra Centre, commercial building, Canberra	21 elevators and 4 Schindler 9300 escalators
China	Ailu Century Garden, residential buildings, Shanghai	55 Schindler Elegant elevators and 38 Schindler Elegant GL elevators
	Benxi Landscape Home, residential buildings, Benxi	79 Schindler 3300 AP elevators
	Morgan International Center, Phase II, commercial buildings, Beijing	50 elevators, including 12 Schindler 7000 high-rise elevators, 23 Schindler 300 PCL and 15 Schindler 300 P MRL, as well as 22 Schindler 9300 AE escalators
	Olympic National Stadium, Beijing	16 Schindler 9300 AE escalators
	International Finance Center, commercial buildings, Beijing	27 elevators, including 20 Schindler 300 PCL, 3 Schindler 300 P MRL and 4 Schindler 80 L, as well as 13 Schindler 9300 AE escalators
	China World Trade Center, Phase III, commercial buildings, Beijing	63 elevators, including 50 Schindler 7000 high-rise elevators, 10 Schindler 300 PCL and 3 Schindler 300 P MRL, as well as 28 Schindler 9300 AE escalators, and 4 Schindler 9300 escalators
Hong Kong	18 Westlands Road, Quarry Bay, commercial building	37 elevators, including 30 Schindler 7000, and 6 Schindler 9300 AE escalators
	STTL530, KCRC Wu Kai Sha, residential buildings	38 elevators, including 28 Schindler 7000 and 8 Schindler 5400, as well as 2 Schindler 9300 AE escalators and 2 Schindler 9300
	New sports hall at Hong Kong International Trade & Exhibition Center	7 elevators, including 5 Schindler 5400, and 22 Schindler 9300 AE escalators
	TKOTL70, Area 86, Site F, Tsueng Kwan O, residential buildings	43 elevators, including 30 Schindler 7000 high-rise elevators and 8 Schindler 5400, and 2 Schindler 9300 AE escalators
	102 How Ming Street, Kwun Tong, office buildings	40 elevators, including 33 Schindler 7000 high-rise elevators and 7 Schindler 5400
Indonesia	Carrefour Blue Mall, shopping mall, Jakarta	5 elevators, 4 Schindler 9300 AE escalators, and 6 Schindler 9500 moving walks
	City of Tomorrow, shopping mall and office building, Surabaya	8 elevators, 27 Schindler 9300 AE escalators, and 4 Schindler 9500 moving walks
	Grand Indonesia, office and residential buildings, Jakarta	26 Schindler 7000 high-rise elevators and 4 Schindler 300 P elevators
	Menara Orienta, office building, Jakarta	14 elevators, including 11 Schindler 7000 high-rise elevators
Japan	Minami Funabashi Vivid Square, shopping mall, Chiba	6 Schindler 9500 moving walks and 6 Schindler 9300 escalators
	Mr. Max Kanagawa Fujisawa, shopping mall, Kanagawa	10 Schindler 9300 escalators and 2 Schindler 9500 moving walks
	Seiyu Sendai Izumi, shopping mall, Sendai	6 Schindler 9500 moving walks
Korea	Korean National Housing Corporation, residential buildings, throughout Korea	350 Schindler 250 K elevators and 2 Schindler 300 P elevators
	Jangcheon APT, residential buildings, Jinhae	43 Schindler 300 P MRL elevators
	Lotte Department Store, commercial building, Seoul	11 Schindler 250 K elevators, 1 Schindler 300 P elevator, and 40 Schindler 9300 escalators
	ING Tower, commercial building, Seoul	Modernization of 8 Schindler 7000 high-rise elevators and 1 Schindler 250 K elevator
Macau	Ponte 16, shopping mall, hotel and residential building	10 elevators, 16 Schindler 9300 AE escalators, and 10 Schindler 9300 escalators
	MMD, Site B, shopping mall, hotel and residential building	57 elevators, including 36 Schindler 7000 high-rise elevators, 14 Schindler 300 P and 7 Schindler 5400, as well as 16 Schindler 9300 AE escalators

Asia/Pacific

Malaysia	Dun Sarawak, commercial building, Kuching	14 elevators and 4 Schindler 9300 AE escalators
	Kuala Lumpur International Airport A380, Kuala Lumpur	3 Schindler 5400 elevators and 12 Schindler 9300 AE escalators
	Must Ehsan, office building, Petaling Jaya	16 Schindler Elegant MRL elevators
	MVC Tower, office building, Kuala Lumpur	16 Schindler 7000 high-rise elevators and 16 Schindler 5400 elevators
	Tropicana City, shopping mall, residential and office buildings, Petaling Jaya	9 elevators, including 5 Schindler 5400, as well as 22 Schindler 9300 AE escalators, and 6 Schindler 9500 moving walks
New Zealand	The Sentinel Apartments, residential building, Auckland	3 Schindler 300 P elevators
	Stamford Plaza, residential building, Auckland	2 Schindler 300 P elevators and 2 hydraulic elevators, as well as the modernization of 2 elevators
	Inland Revenue, office building, Christchurch	5 Schindler 300 P MRL elevators and 1 hydraulic panoramic elevator
	Holiday Inn, hotel, Wellington	4 Schindler 300 P elevators
Philippines	Joya Loft & Towers at Rockwell, residential buildings, Makati	8 Schindler 7000 high-rise elevators and 3 Schindler 3400 elevators
	LRT Line 1, subway system, Makati	4 Schindler 5400 elevators and 6 Schindler 9300 escalators
	Shoppers Center Mall, Makati	2 Schindler 5400 elevators, 6 Schindler 9300 AE escalators, and 2 Schindler 9500 moving walks
	SM Maitrade Expo & Convention Center, Makati	12 Schindler 9300 AE escalators
Singapore	Funan Digitalife, shopping mall	20 Schindler 9300 AE escalators
	Orchard Rd/Killiney Rd commercial development project	20 elevators, including 16 Schindler 5400, as well as 70 Schindler 9300 AE escalators and 2 Schindler 9700 escalators
	Orchard Turn, shopping mall and residential buildings	20 elevators, including 7 Schindler 7000 high-rise elevators and 9 Schindler 5400, as well as 57 Schindler 9300 AE escalators
	Condominium Development at Ocean Drive	37 elevators, including 33 Schindler 3400
Taiwan	Carrefour, Guilin Store, Taipei	15 Schindler 9500 moving walks and 1 Schindler 9300 AE escalator
	Carrefour, Tatong Store, Taipei	14 Schindler 9500 moving walks
	KHH Science Park, office building, Kaohsiung	19 elevators
	TaiSugar, Xi Tun Store, Taichung	3 elevators and 10 Schindler 9500 moving walks
	Shan Yuan Project, residential buildings, Taipei	21 elevators, including 13 Schindler 7000 high-rise elevators, 2 Schindler 5400 and 6 Schindler Elegant MRL
Thailand	Millennium Sukhumvit Hotel, Bangkok	9 elevators, including 4 Schindler 7000 high-rise elevators, 2 Schindler 5400 and 2 Schindler 300 P, as well as 6 Schindler 9300 AE escalators
	Ratchada Towers, office building, Bangkok	35 elevators, including 19 Schindler 7000 high-rise elevators, 12 Schindler 5400 and 2 Schindler 300 P
	Renovation Mall 5, Bangkok	4 Schindler 5400 elevators and 8 Schindler 9300 AE escalators
	Watermark Project residential buildings, Bangkok	18 Schindler 7000 high-rise elevators and 2 Schindler 3400 elevators
Vietnam	Hung Vuong Plaza S3.1, office building, Ho Chi Minh City	14 Schindler 300 P elevators and 12 Schindler 9300 AE escalators
	Saigon Paragon, commercial and office building, Ho Chi Minh City	6 Schindler 5400 elevators and 14 Schindler 9300 AE escalators
	Phap Van Tu Hiep, residential building, Hanoi	14 Schindler 3400 elevators
	Central Garden, residential building, Ho Chi Minh City	12 elevators, including 9 Schindler 3400 and 2 Schindler 5400, as well as 2 Schindler 9300 AE escalators
	Saigon Pearl Development, hotel and residential building, Ho Chi Minh City	24 elevators, including 16 Schindler 7000 high-rise elevators, 4 Schindler 5400 and 4 Schindler 300 P



The Sentinel Apartments; Auckland, New Zealand



Hotel Shangri-La; Guangzhou, China



Latitude East, office building; Sydney, Australia



Hotel Traders; Kuala Lumpur, Malaysia

Eastern Europe, Middle East, India, and Africa (EMIA)

Algeria	AADL Ouled Fayet, residential building, Algiers	51 elevators
Azerbaijan	Baku subway system, Baku	8 Schindler 9300 AE escalators
Croatia	Muzej Suvremene Umjetnosti, museum, Zagreb	4 Schindler Smart 002 elevators and 2 Schindler 9300 escalators
	Kika, shopping mall, Zagreb	7 elevators, including 2 Schindler 2400 and 3 Schindler Smart DE, as well as 2 Schindler 9300 escalators
Czech Republic	Zličínský Dvůr, residential buildings, Prague	9 Schindler 3300 elevators
	Hotel Europort, Prague	11 Schindler 5400 elevators and 1 Schindler 9300 escalator
	Čakovice, residential buildings, Prague	14 Schindler 3300 elevators
	Pražská správa nemovitosti, residential buildings, Prague	Modernization of 18 elevators
Hungary	CMA Eptő, residential buildings, Budapest	34 Schindler 3300 elevators
	BC 30, office building, Budapest	4 Schindler 5400 elevators and 2 Schindler 3300 elevators
	Váci út 33, office building, Budapest	6 Schindler 5400 elevators
	Kika, shopping mall, Pécs	6 elevators
India	Imperial Towers, residential buildings, Mumbai	16 Schindler 7000 high-rise elevators and 14 Schindler 300 P MRL elevators
	MDC Civic Center, office building, New Delhi	14 Schindler 500 P elevators, 29 Schindler 300 P elevators, and 8 Schindler 9300 AE escalators
	Kalpatur Megapolis, shopping mall, Mumbai	7 Schindler 300 P elevators and 18 Schindler 9300 AE escalators
	Parsvanath Developers, residential buildings, Delhi	42 Schindler 001 elevators, 15 Schindler Smart MRL 002 elevators, and 4 Schindler 100 P elevators
	Sun City, residential buildings, Bangalore	16 Schindler 001 elevators
Israel	Assuta Hospital, Tel Aviv	21 elevators, including 12 with the hall call destination system Miconic 10
	Mamilla, residential and commercial building, Jerusalem	42 elevators, including 20 Schindler 300 P MRL, and 7 Schindler 9300 escalators
	Square Azrieli Tower, Phase III, Tel Aviv	14 elevators
Kazakhstan	Astana, shopping center, Astana	5 Schindler 300 P MRL elevators, 10 Schindler 9300 escalators, and 2 Schindler 9500 moving walks
Morocco	Casa City Center Hotel, Casablanca	15 Schindler 5400 elevators
	Casablanca Airport	12 elevators and 14 Schindler 9300 escalators
	Tsyrom, shopping mall and residential building, Casablanca	11 Schindler 3300 elevators and 2 Schindler 9500 moving walks
	Bourse, office building, Casablanca	4 elevators

Eastern Europe, Middle East, India, and Africa (EMIA)

Poland	Stary Browar II, shopping mall, Poznan	13 elevators, including 5 Schindler 5400, 3 Schindler 2400, 4 Schindler 2600 and 1 Schindler 3300, as well as 16 Schindler 9300 AE escalators, and 4 Schindler 9500 moving walks
	Grand Hotel, Sopot	5 elevators, including 3 Schindler 5400
	Passat, office building, Warsaw	7 Schindler 5400 elevators with the hall call destination system Miconic 10
Romania	Bucharest Tower Center, office building, Bucharest	7 Schindler 7000 high-rise elevators and 2 Schindler 5400 elevators
Russia	Federation Tower, shopping mall, hotel, office and residential building, Moscow	45 elevators, including 20 Schindler 7000 high-rise elevators, and 20 Schindler 9300 escalators
	Perekriostok, shopping malls in various cities	15 elevators, 26 escalators, and 6 moving walks
	Starovolynskaya 11, residential buildings, Moscow	23 elevators
	Voentorg, commercial building, Moscow	17 Schindler 5400 elevators and 2 Schindler 9300 escalators
Serbia	Tržni centar bazar, shopping mall, Novi Sad	6 Schindler EuroLift elevators and 6 Schindler 9300 AE escalators
	Palata Beograd, office building, Beograd	4 high-rise elevators
Slovenia	Tuš Maribor, shopping mall, Maribor	3 Schindler 5400 elevators, 2 Schindler 3300 elevators, 2 Schindler 9300 AE escalators, and 2 Schindler 9500 moving walks
	Nama Ljubljana, shopping mall, Ljubljana	2 Schindler 9300 AE escalators
	Večtanovanjski Objekt Nove Poljane, residential buildings, Maribor	6 Schindler 3300 elevators
South Africa	Public Works Department, office buildings, in several cities	Modernization of 89 elevators
	Bank City, Johannesburg	Modernization of 39 elevators
	O.R. Tambo Airport, Johannesburg	2 Schindler 2600 elevators, 12 Schindler 9300 escalators, and 11 Schindler 9500 moving walks
	Pearls of Umhlanga, residential building, Durban	5 Schindler 300 P elevators
Turkey	Tepe Narcity, residential buildings, Istanbul	75 Schindler 3300 elevators
	Calista Hotel, Antalya	26 elevators, including 18 Schindler 5400, 6 Schindler 3300 and 2 Schindler 5300, as well as 2 Schindler 9300 AE escalators
	M1 Meydan Umraniye, shopping mall, Antalya	12 elevators, including 4 Schindler 3300, 4 Schindler 3400, 2 Schindler 5400, 1 Schindler 5300 and 1 Schindler 2600, as well as 6 Schindler 9300 escalators, and 2 Schindler 9500 moving walks
	Kanatli, shopping mall, Eskişehir	4 elevators and 12 Schindler 9300 AE escalators
	Marinavista, shopping mall, Mersin	3 elevators and 10 Schindler 9300 AE escalators

Bagmane Software Park, office building; Bangalore, India



Geminia Insurance, headquarters; Nairobi, Kenya



Hotel Hilton; Warsaw, Poland



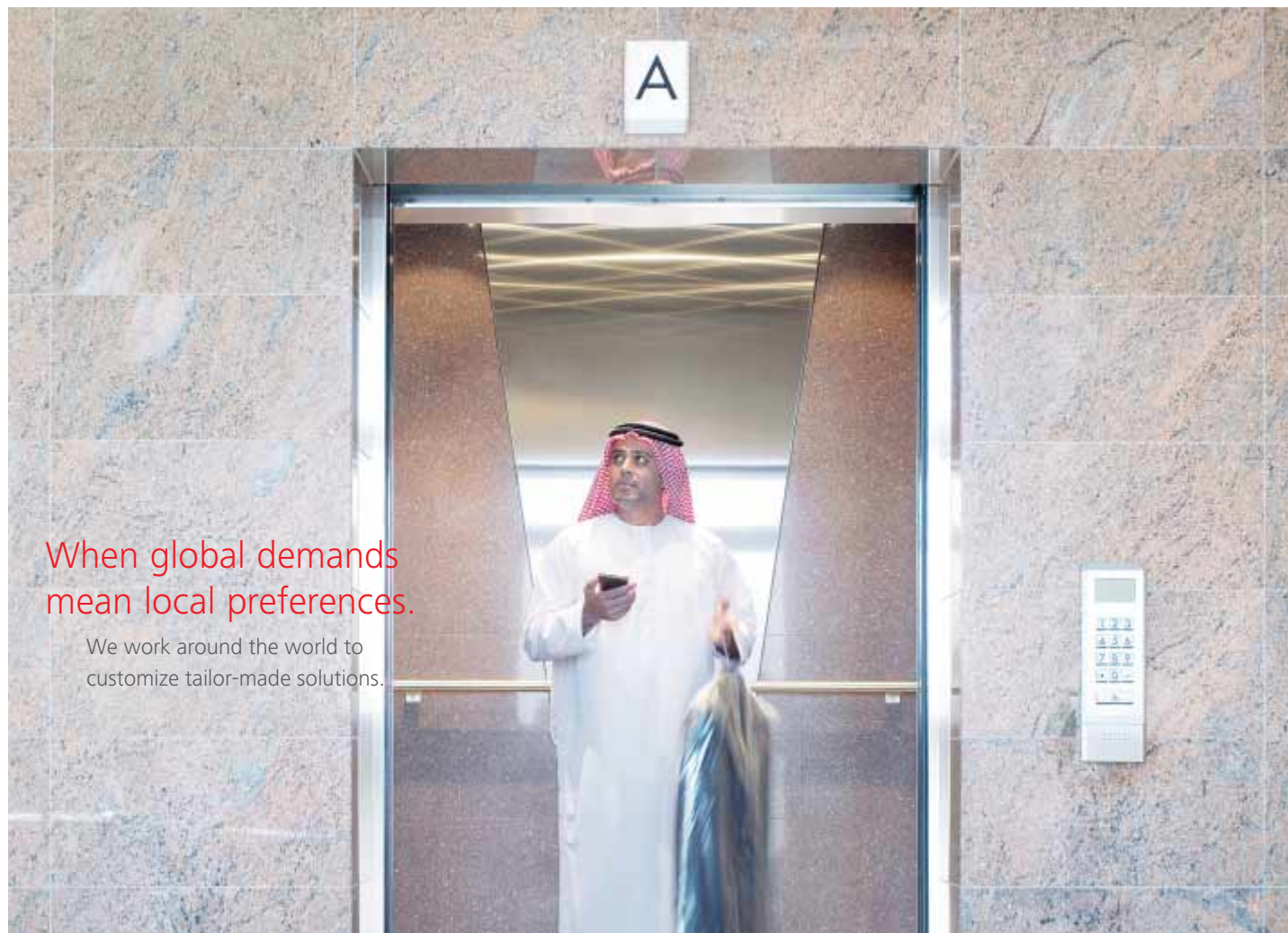
Imperial Towers; Mumbai, India



Mičány Court House; Prague, Czech Republic

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ALSO



When global demands
mean local preferences.

We work around the world to
customize tailor-made solutions.

ALSO achieves a new dimension of growth

The ALSO Group, a leading provider in the wholesale and logistics sector for information and communications technology (ICT) and consumer electronics, achieved a new dimension of growth in 2006. ALSO acquired the Finland-based GNT Group on August 31, 2006, and subsequently became one of the largest ICT distributors in Europe. It now has a leadership position in five of the nine countries in which it operates, and with net sales of around CHF 5 billion in 2007, it will be able to move closer to the third largest European provider.

The different reporting structure and elimination effects may cause individual values and percentages to differ slightly from those reported by ALSO.

ALSO Group: consolidated net profit of CHF 12 million

Including the GNT Group, which has been consolidated since the acquisition, the ALSO Group recorded net sales of CHF 3 277 million and an operating profit of CHF 29 million for the reporting year. Its consolidated net profit was CHF 12 million.

In its core business in Switzerland and Germany, ALSO grew its net sales by an impressive 19% to CHF 2 351 million compared to the previous year (2005: CHF 1 980 million). Operating profit totaled CHF 33 million and was thus 41% higher than in the previous year (2005: CHF 23 million, including a one-time exceptional charge of CHF 3 million, net). This increase in profit was attributable to higher net sales in Switzerland and strong growth in Germany, as well as strict cost management and a slight improvement in the gross margin.

The GNT Group, in which ALSO acquired a majority holding on August 31, 2006, reported net sales of CHF 926 million and a net loss of CHF 12 million for the period from September 1 to December 31, 2006. This disappointing result was attributable to lower gross margins due, among other things, to stock adjustments; higher operating costs due partly to the completion of projects to generate a sustained improvement in profitability; and valuation issues related to the annual results.

Net profit after taxes was CHF 12 million and was thus below the figure for the previous year (2005: CHF 17 million).

As a result of the acquisition of the GNT Group, the equity ratio declined to 14% (previous year: 44%). As of December 31, 2006, the number of personnel totaled 2 047 (previous year: 623). The increase of 1 424 employees was largely due to the acquisition of the GNT Group.

ALSO core business: market position strengthened

Following a brief upturn in the first three months of the reporting year, the IT market in both Switzerland and Germany slowed significantly in the second and third quarters. The demand for IT products only increased again from the second half of September and rose in the fourth quarter in line with the usual seasonal trend. Both the Swiss and German markets experienced a slight decline in value compared to the previous year. Against this backdrop, ALSO consolidated its leading position in Switzerland through its expansion in the newly developed growth areas of consumer electronics, high-end storage and IT consumables in particular, as well as the acquisition of new clients in the logistics services business. ALSO Germany achieved double-digit growth for the third time in succession and substantially grew its market share once again. This above-average increase reflects its broader client base and the strengthening of its position as the preferred supplier to its existing clients. Both companies reported an increase in operating profit compared to the previous year.

ALSO expands into new markets

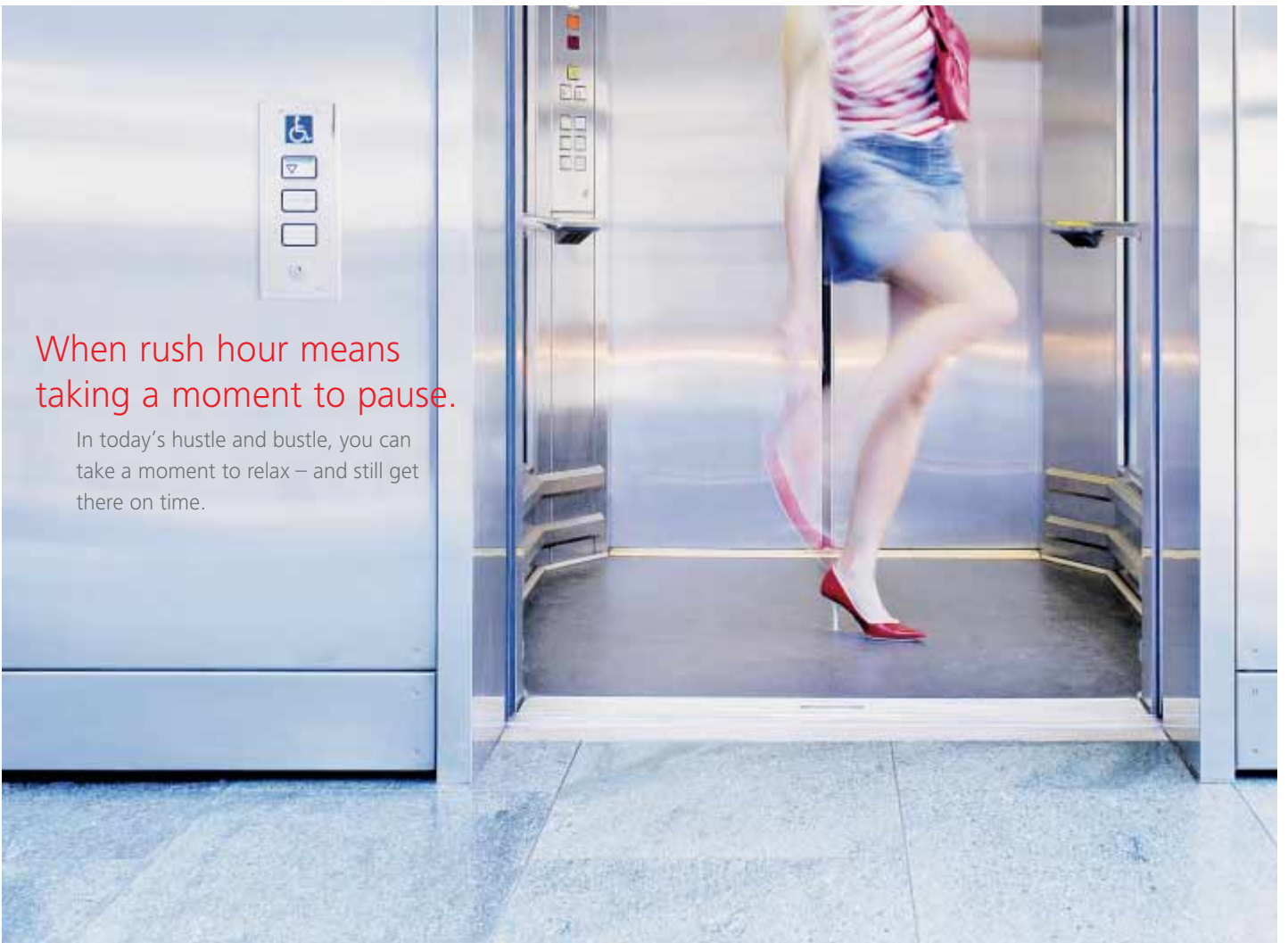
ALSO has held 50.1% of the shares of the Finland-based GNT Group since September 1, 2006, and has the option to acquire the remaining 49.9% of shares by 2010 at the latest. GNT is the market leader in Finland, Estonia, Latvia and Lithuania, and is the second largest ICT distributor in Norway and the third largest in Sweden. At the start of 2004, the company established a subsidiary in Poland. GNT has grown by more than 80% compared to the previous year.

ALSO Group: outlook

The IT markets in Central and Northern Europe display very different degrees of saturation. Although Switzerland and Sweden are already largely saturated, Germany, Finland and Norway are still far behind. In countries in Eastern Europe, the number of PCs per 100 inhabitants is still significantly below the average in Western Europe. This accounts for the different growth potential of these markets. Within this environment, ALSO is well positioned for the future and – based on its strong competitive position – should be able to benefit considerably from an upturn in the market in Central and Northern Europe. The acquisition of GNT has provided ALSO with additional growth potential in the Baltic states and Poland.

In 2007, ALSO will focus on restoring the long-term profitability of GNT and expects to generate Group net sales of around CHF 5 billion. In the medium term, ALSO expects a further increase in net sales and a profit of CHF 35–40 million.

Corporate Citizenship



When rush hour means
taking a moment to pause.

In today's hustle and bustle, you can
take a moment to relax – and still get
there on time.

Wide-ranging corporate commitments

Each day, Schindler elevators and escalators across all continents transport over 700 million people, as well as a range of goods. The company's long-term business success depends to a significant extent on its ability to meet the need for safe, comfortable and efficient mobility solutions in a market-oriented and profitable manner. The more successfully Schindler can achieve this, the greater are the benefits for its customers, employees, shareholders and other key stakeholders. Schindler's corporate citizenship activities illustrate how the company assumes its role within society and fulfills its responsibilities towards various stakeholders and the environment.

A dedicated corporate citizenship website

Schindler reported on its environmental performance in the field of product ecology for the first time in its Annual Report 2000. It went one step further in 2005 by extending its reporting to include data on operational ecology, as well as details of the corporate principles and values that guide it in its business activities. Explanations about the ways in which it assumes its social responsibility complete this information.

To avoid any unnecessary impact on the environment through the use of paper and transportation, Schindler decided to publish these detailed and regularly updated information exclusively on a specially designed website: <http://corpcit.schindler.com>. The following topics are examined in detail on the site.

Environment

Elevators and escalators are designed to have an average service life of 30 years. From a product ecology perspective, the main environmental impacts occur during the operation of the elevators due to their long service life – and not as a result of the actual manufacturing of the products. Our primary objective when developing new elevators and escalators is therefore to improve their energy and material efficiency in comparison with the models that are being replaced.

Operational ecology performance indicators reveal that almost 60% of the company's environmental impact is attributable to the fleet of over 10 000 service vehicles in use globally. Particular attention is therefore being paid to reducing fuel consumption by optimizing scheduled journeys and by selecting more environmentally friendly models when purchasing new vehicles.

Safety

The safety of our 40 000 employees, as well as over 700 million passengers who use Schindler products each day, is the core element of our corporate responsibility. Consequently, our quality and safety standards are not restricted to our products: they apply to the entire company. A comprehensive internal and external risk and safety management system was therefore established at an early stage, since Schindler does not wish to – and cannot – make any compromises in the field of safety.

Employees

Schindler believes that highly motivated employees are a prerequisite to fulfill customer needs and thus guarantee business success. The company therefore aims to be the employer of choice in its industry. A number of different measures have been developed to attract and retain the best employees and to further develop their skills, including the provision of a healthy and safe workplace, annual training and development opportunities, and efforts to support the political, cultural or charitable commitments of staff.

Values and social responsibility

Schindler's vision is "Leadership through Service". The Schindler name is thus synonymous with customer service and uncompromising integrity.

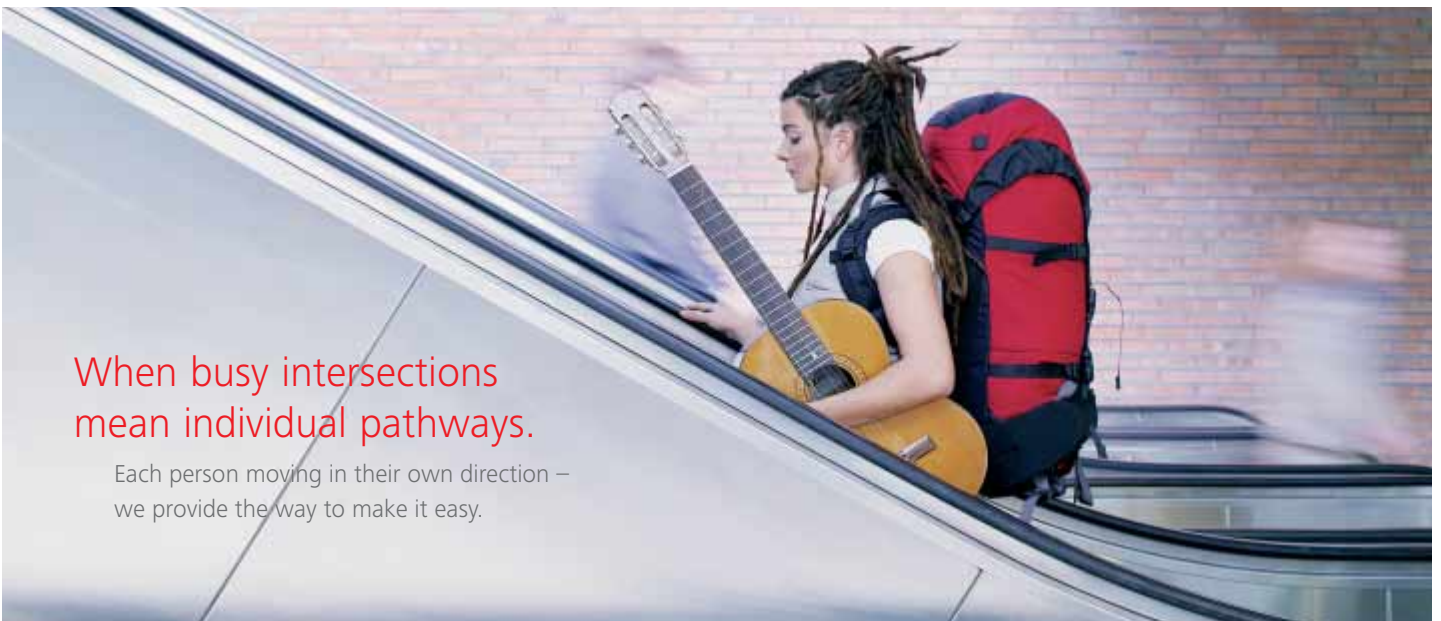
Ten years ago, Schindler became the first company in the European elevator industry to introduce a Code of Conduct, which requires its management and employees in around 130 countries worldwide to act in an ethical manner and in accordance with applicable legislation. The implementation of, and compliance with, the Code of Conduct is monitored by dedicated Compliance Officers, who have a direct reporting line to the Audit Committee appointed by the Chairman of the Board of Directors.

Schindler subsequently signed the Partnering Against Corruption Initiative (PACI) established by the World Economic Forum (WEF), which is aimed at preventing all forms of corruption and bribery worldwide.

Further information can be found on the website:
<http://corpcit.schindler.com>

Overview of financial results

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When busy intersections
mean individual pathways.

Each person moving in their own direction –
we provide the way to make it easy.

Summary financial statements Group

Profit and loss statement

In million CHF	2006	2005	2004*	2003	2002
Operating revenue	11 106	8 870	8 254	7 725	7 888
Operating expenses	10 380	8 236	7 733	7 319	7 766
Operating profit	726	634	521	406	122
Financing activities	-25	-60	-43	-68	-62
Investing activities	10	-2	4	6	2
Profit before taxes	711	572	482	344	62
Taxes	200	171	153	142	45
Net profit	511	401	329	202	17
Schindler Holding shareholders	488	377	308	184	8
Minority interests	23	24	21	18	9

The figures for 2002, 2003 and 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

Balance sheet December 31

In million CHF	2006	2005	2004*	2003	2002
Current assets	4 917	3 909	3 595	3 734	3 621
Non-current assets	2 361	2 140	1 741	1 486	1 524
Total assets	7 278	6 049	5 336	5 220	5 145
Current liabilities	3 744	3 004	2 468	2 433	2 518
Non-current liabilities	1 357	1 160	1 373	1 496	1 437
Total liabilities	5 101	4 164	3 841	3 929	3 955
Consolidated shareholders' equity	2 177	1 885	1 495	1 291	1 190
Equity of Schindler Holding shareholders	2 060	1 749	1 376	1 165	1 067
Minority interests	117	136	119	126	123
Total liabilities and shareholders' equity	7 278	6 049	5 336	5 220	5 145

Cash flow statement

In million CHF	2006	2005	2004*	2003	2002
Cash flow from operating activities	476	347	433	455	554
Cash flow from investing activities	-288	11	-729	8	-27
Cash flow from financing activities	-319	-296	-123	-189	-366
Translation exchange differences	-3	35	-36	11	60
Change in cash on hand	-134	97	-455	285	221

*Values adjusted retrospectively in 2005 for revised and new IAS/IFRS standards

Summary financial statements Schindler Holding Ltd.

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Overview of
financial results

Profit and loss statement

In million CHF	2006	2005	2004	2003	2002
Income from subsidiaries	325	270	224	211	209
Other revenue	26	30	15	31	90
Total revenue	351	300	239	242	299
Depreciation and adjustments	72	76	67	80	139
Other expenses	46	47	39	35	40
Total expenses	118	123	106	115	179
Net profit for the year	233	177	133	127	120

Balance sheet December 31

In million CHF	2006	2005	2004	2003	2002
Current assets	711	759	654	1 235	836
Non-current assets	1 274	1 328	1 394	802	1 144
Total assets	1 985	2 087	2 048	2 037	1 980
Debentures	300	600	600	600	590
Other liabilities	408	332	383	361	441
Total liabilities	708	932	983	961	1 031
Share capital	7	7	7	7	7
Bearer participation capital	5	5	5	6	6
Retained earnings	1 032	966	920	936	816
Net profit for the year	233	177	133	127	120
Shareholders' equity	1 277	1 155	1 065	1 076	949
Total liabilities and shareholders' equity	1 985	2 087	2 048	2 037	1 980

Dividend payment

In million CHF	2006	2005	2004	2003	2002
Registered shares	95*	65	51	44	0
Bearer participation certificates	67*	46	36	33	0
Total dividend payment	162*	111	87	77	0

*Proposal by the Board of Directors

Dividend policy

The dividend policy approved and communicated by the Board of Directors is earnings-related and provides for a payout ratio of 25%–35% of the share in net profit of the Schindler Holding shareholders (see also page 68).

Key figures Group

Overview of financial results

Group

In million CHF	2006	2005	2004 *	2003	2002
Orders received	11 720	9 445	8 428	7 866	8 029
Operating revenue	11 106	8 870	8 254	7 725	7 888
EBITDA ¹	848	751	669	566	349
in %	7.6	8.5	8.1	7.3	4.4
EBITA ²	758	657	557	443	184
in %	6.8	7.4	6.7	5.7	2.3
EBIT ³	726	634	521	406	122
in %	6.5	7.1	6.3	5.3	1.5
Net income from financing and investing activities	-15	-62	-39	-62	-60
Profit before taxes	711	572	482	344	62
Net profit	511	401	329	202	17
in %	4.6	4.5	4.0	2.6	0.2
Net profit of Schindler Holding shareholders	488	377	308	184	8
Cash flow ⁴	623	490	442	368	430
Capital expenditure	112	98	82	81	105
Order backlog	6 024	5 005	3 723	3 712	3 486
Personnel at year-end (number)	43 679	40 385	39 443	39 617	39 918
Consolidated shareholders' equity	2 177	1 885	1 495	1 291	1 190
Equity ratio in %	29.9	31.2	28.0	24.7	23.1

The figures for 2002, 2003 and 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

*Values adjusted retrospectively in 2005 for revised and new IAS/IFRS standards

¹ EBITDA: Operating profit plus depreciation/amortization

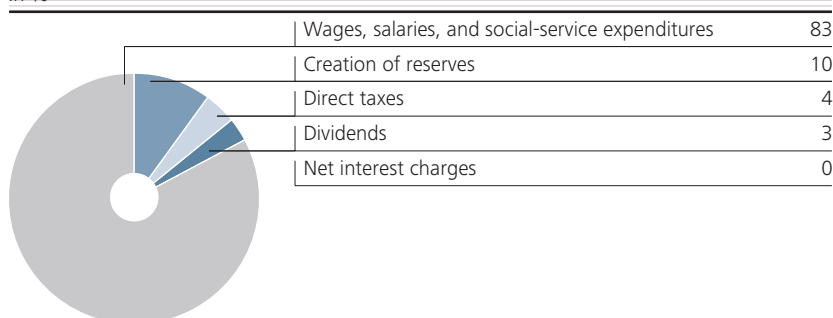
² EBITA: Operating profit plus depreciation

³ EBIT: Operating profit

⁴ Cash flow: Net profit plus depreciation/amortization +/- change in provisions

Allocation of the Group's net value added 2006

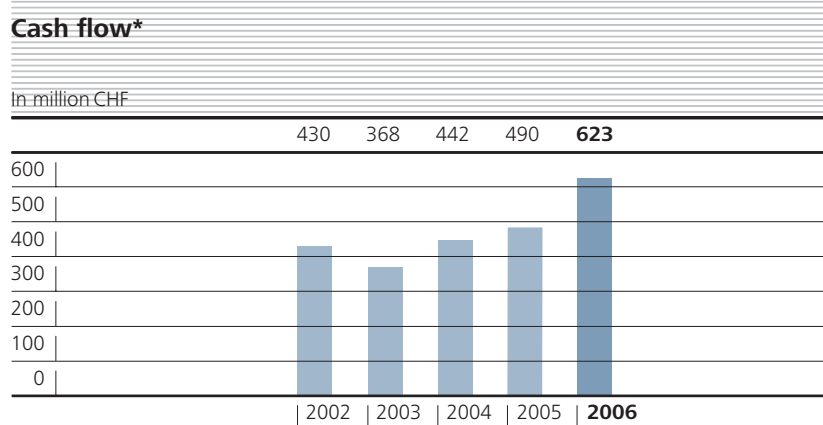
In %



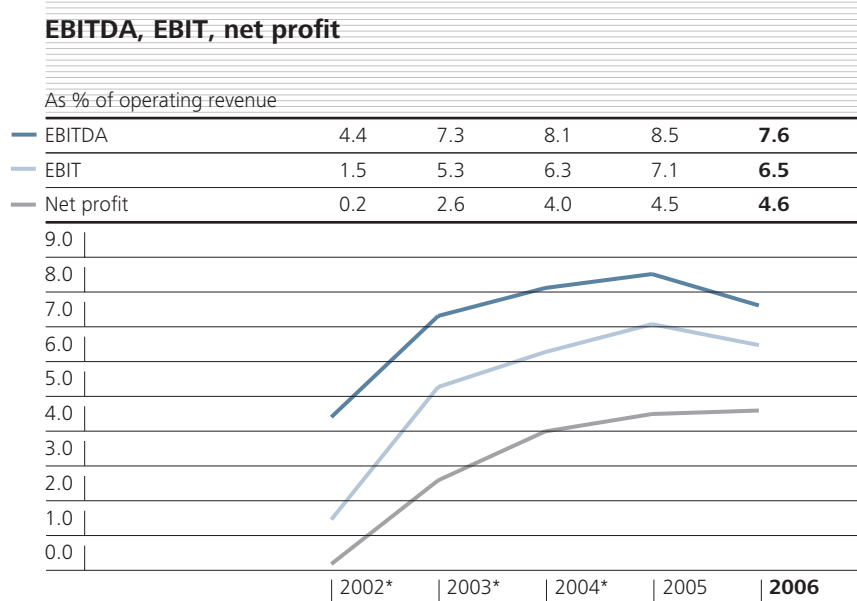
The Group's total value added is the increase in value achieved by the whole Group within a certain period of time.

The net value added is calculated by subtracting the value of goods and services drawn on by other companies, as well as depreciations, from over-all Group income.

The distribution of the Group's net value added shows how employees, the governments, the company itself, the shareholders, and other providers of finance participate in this economically relevant amount.



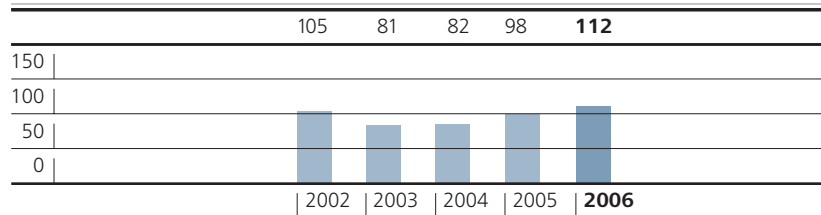
*Net profit plus depreciation/amortization +/- change in provisions



*After R03 project costs

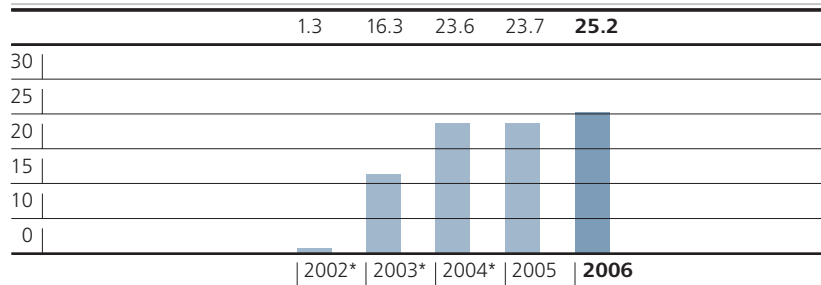
Capital expenditure

In million CHF



Return on equity (ROE)

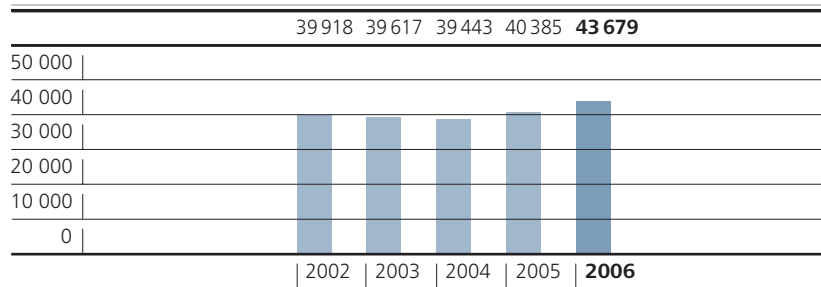
In %



*The figures are significantly affected by costs of the R03 restructuring and efficiency improvement project.

Personnel at the end of year

Number



Key figures Elevators & Escalators

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Overview of
financial results

The figures for 2002, 2003 and 2004 are significantly affected by costs of the R03 restructuring and efficiency improvement project.

Elevators & Escalators

In million CHF	2006	2005	2004*	2003	2002
Orders received	8 417	7 447	6 546	6 246	6 344
Operating revenue	7 829	6 890	6 404	6 133	6 231
EBITDA ¹	831	745	650	542	313
in %	10.6	10.8	10.1	8.8	5.0
EBITA ²	747	654	543	431	156
in %	9.5	9.5	8.5	7.0	2.5
EBIT ³	717	632	508	395	95
in %	9.2	9.2	7.9	6.4	1.5
Research and development	111	110	114	139	129
Personnel at year-end (number)	41 632	39 762	38 841	38 643	38 806

*Values adjusted retrospectively in 2005 for revised and new IAS/IFRS standards

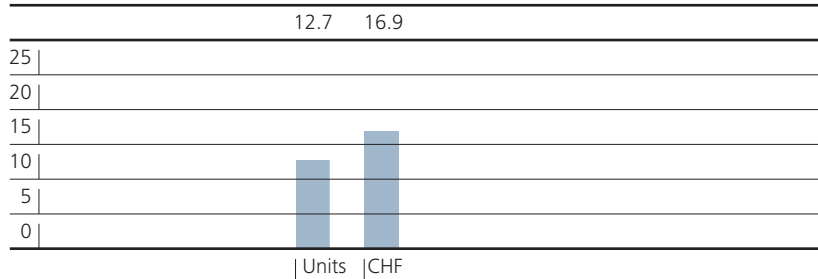
¹EBITDA: Operating profit plus depreciation/amortization

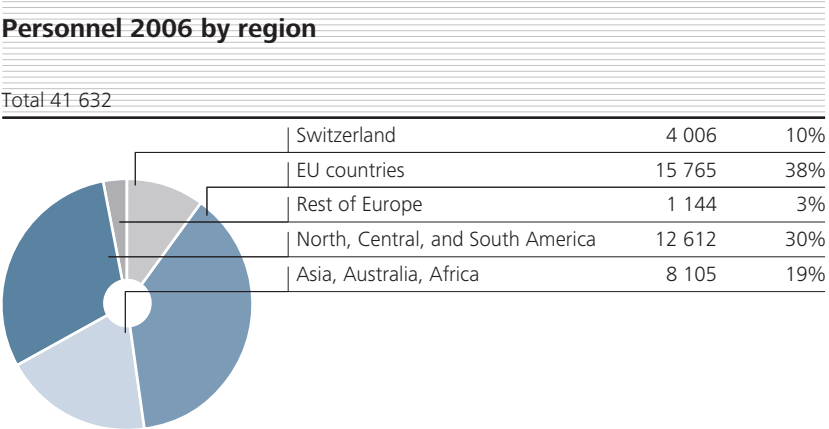
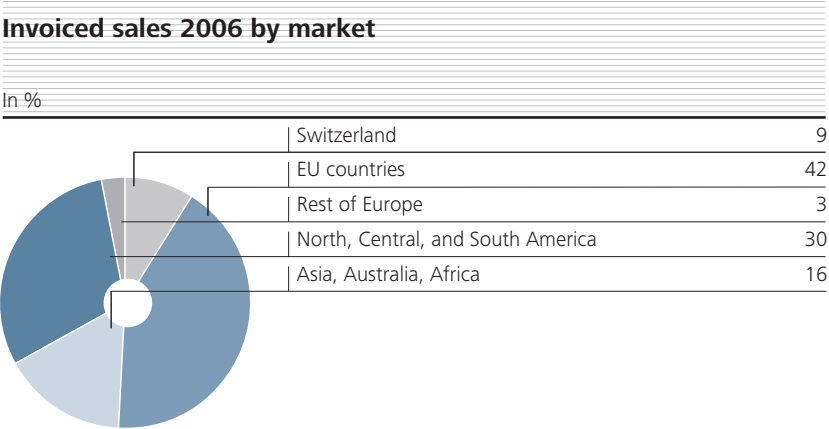
²EBITA: Operating profit plus depreciation

³EBIT: Operating profit

Growth in new installations business 2006

In %





Key figures ALSO

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Overview of
financial results

In the annual financial statements for 2006, the values are affected by inclusion of the GNT Group. See also page 47 of the Financial Statements.

The different reporting structure and elimination effects may cause individual values and percentages to differ slightly from those reported in the ALSO Annual Report.

ALSO

In million CHF	2006	2005	2004*	2003	2002
Orders received	3 303	1 998	1 882	1 620	1 685
Operating revenue	3 277	1 980	1 852	1 598	1 657
EBITDA ¹	37	27	37	29	40
in %	1.1	1.4	2.0	1.8	2.4
EBITA ²	31	24	32	17	32
in %	0.9	1.2	1.7	1.1	1.9
EBIT ³	29	23	31	16	31
in %	0.9	1.2	1.7	1.0	1.9
Personnel at year-end (number)	2 047	623	602	974	1 112

*Values adjusted retrospectively in 2005 for revised and new IAS/IFRS standards

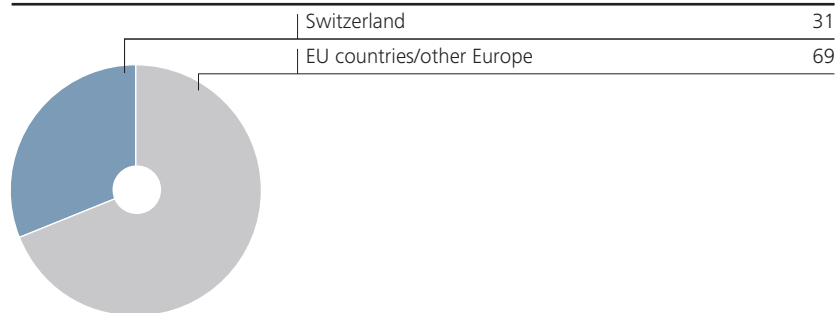
¹EBITDA: Operating profit plus depreciation/amortization

²EBITA: Operating profit plus depreciation

³EBIT: Operating profit

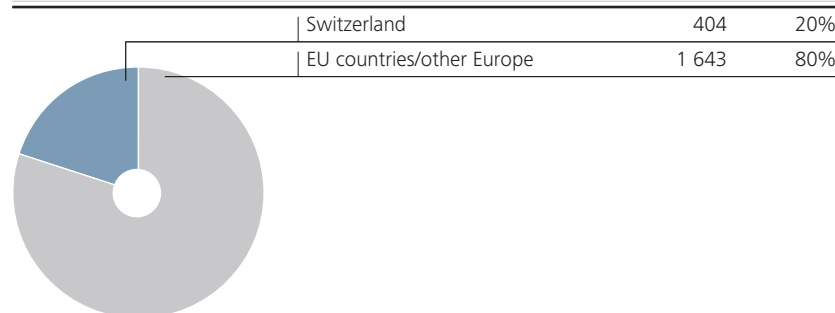
Invoiced sales 2006 by market

In %



Personnel 2006 by country

Total 2 047



Key figures Schindler Holding Ltd.

Overview of
financial results

Schindler Holding Ltd.

In million CHF	2006	2005	2004	2003	2002
Share capital	7	7	7	7	7
Bearer participation capital	5	5	5	6	6
Shareholders' equity	1 277	1 155	1 065	1 076	949
Debentures	300	600	600	600	590
Net profit for the year	233	177	133	127	120
Dividend payment	162*	111	87	77	0

*Proposal by the Board of Directors

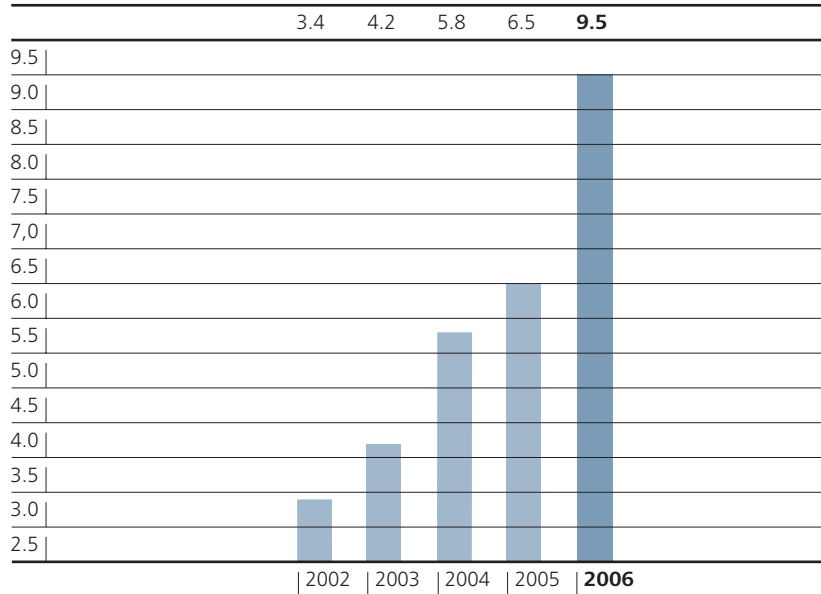
Key figures registered share/ participation certificate

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Overview of
financial results

Market capitalization as of December 31

In billion CHF



Registered share

In CHF	2006*	2005	2004	2003	2002**
Number of registered shares outstanding	73 568 200	7 356 820	7 356 820	7 356 820	7 356 820
Thereof in treasury stock	829 123	102 222	79 941	81 805	120 401
Nominal value	-.10	1	1	1	1
Price high	76.00	530.00	475.00	345.00	320.00
Price low	52.00	425.00	338.00	176.00	230.80
Price year-end	76.00	519.50	475.00	343.00	260.00
P/E ratio December 31	19.5x	17.2x	19.3x	24.0x	418.1x

* After 10:1 split on March 27, 2006

** After 10:1 split on June 11, 2002

Bearer participation certificate

In CHF	2006*	2005	2004	2003	2002**
Number of certificates outstanding	51 416 400	5 141 640	5 141 640	5 506 990	5 506 990
Thereof in treasury stock	1 153 433	52 956	59 108	441 850	11 550
Nominal value	-.10	1	1	1	1
Price high	77.80	526.00	455.25	305.00	321.80
Price low	52.10	423	298.00	167.25	225.00
Price year-end	76.65	521.00	451.00	302.00	269.50
P/E ratio December 31	19.7x	17.3x	18.3x	21.1x	433.3x

* After 10:1 split on March 27, 2006

** After 10:1 split on June 11, 2002

Information per registered share and bearer participation certificate

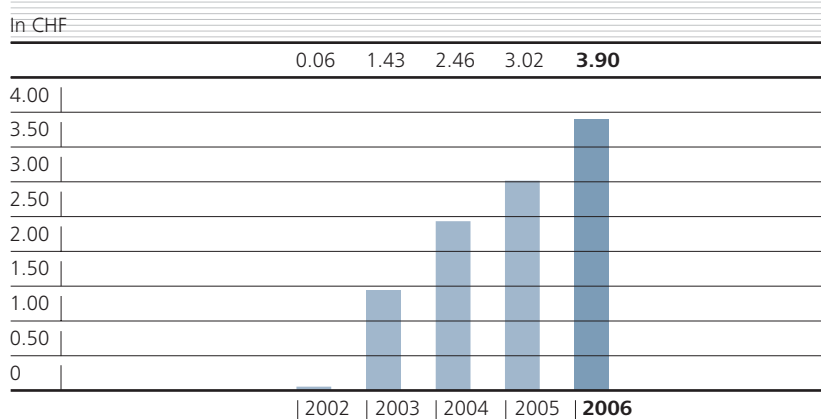
In CHF	2006	2005	2004	2003	2002
Net profit*	3.90	3.02	2.46	1.43	0.06
Cash flow*	4.98	3.92	3.43	2.86	3.34
Shareholders' equity at year-end*	16.75	14.17	11.13	9.44	8.38
Gross dividend*	1.30**	0.90	0.70	0.60	0***
Pay-out ratio %	33.3	29.8	28.4	41.9	–
Market capitalization (in million)	9 532	6 501	5 813	4 187	3 397

* Adjusted after 10:1 split on June 11, 2002, and March 27, 2006

** Proposal by the Board of Directors

*** No dividend due to R03 project (compensated by reduction in nominal value in 2001)

Net profit per registered share and bearer participation certificate*



* Adjusted after 10:1 split on June 11, 2002, and March 27, 2006

Ticker and security number		
	Registered share	Bearer participation certificate
Bloomberg	SCHN	SCHP
Reuters	SCHN.S	SCHPS
Valor	002463821	002463819
ISIN	CH0024638212	CH0024638196

Both the registered shares and the bearer participation certificates are traded on the SWX Swiss Exchange. The bearer participation certificates have the same rights as the registered shares with the exception of attendance at the Annual General Meeting and voting rights.

Significant shareholders

At the end of 2006, registered shares of Schindler Holding Ltd. were held by 3 617 shareholders.

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a stockholder retainer contract 50 776 110 registered shares of Schindler Holding Ltd., corresponding to 69.0% of the voting rights of the share capital entered in the Register of Companies.

Financial calendar

Financial calendar		
	2007	2008
Annual results media conference	February 26	February 28
Ordinary General Meeting Schindler Holding Ltd.	March 20	March 26
Date of Schindler Holding Ltd. dividend payment	March 23*	
Publication of Interim Report	August 17	August 19

* Subject to approval of a dividend payment by the General Meeting of Schindler Holding Ltd.

Important addresses

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4 5 6
7 8 9
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The Annual Report of the Schindler Group for 2006 consists of the Activity Report and the Financial Statements and Corporate Governance.

The original German language version is binding. English, French, and Spanish translations of the Activity Report are also available. The Financial Statements and Corporate Governance are published in German and English only.

**Overall responsibility,
concept, and text**

Schindler Management Ltd.
Corporate Communications
Ebikon, Switzerland

Text Innovation

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Zurich, Switzerland

Concept and graphic design

Interbrand Zintzmeyer & Lux AG
Zurich, Switzerland

**Typesetting, prepress,
and printing**

NZZ Fretz AG
Schlieren, Switzerland

Image photography

Markus Bertschi, Switzerland
Peter Granser, Germany
Michael Wolf, Hong Kong



When taking a good look
means finding the hidden beauty.

Beautiful from the outside in.

Where you least expect it.

Artwork by MICHAËL LUCERNE





Uwe Diers	Klaus Biskup	T. HOLLAND
Fabian	Wiesehütter	Mucha
Dittmann	SCHÜFL	Dr.MAYER
SPRICKMANN	Pense	Jürgens
P. NEEF	Müller	Dr. J.+R. Gerlach
C. Weiss	Köpf	Ch. Berger
Benfada	ARENSBERG/BIELEFELD	Ambrosy-Heller
RALPH MILLER	Hans Lederer	MEISTER
M. Zeh	Feldner	H.-G. LOCH/I. STIEWE
Wiehenbrauk	W. SCHRADER	Steffen Günther
M. Seidel/C. Reber	Zink	Mieth, Gülerbasti c/o
Praxis V.Trudel	G. BOSCH/W. DREIZLER	WIELAND
Elmer	WAIZENEGGER	Misslin/Schaupp
Melchinger	Tornow	Meier/Tandetzki
R. Heusel	BREDIE	MOHR
KELLER	Mangold	KNOOS
NARJES	SARTORIUS	Gebhardt
W. Krause	H.D. Ferreau	Ludwig Müller
S. Challand	Karin Volz	M. Gund



When many means
it's all about you

Financial Statements and
Corporate Governance
2006



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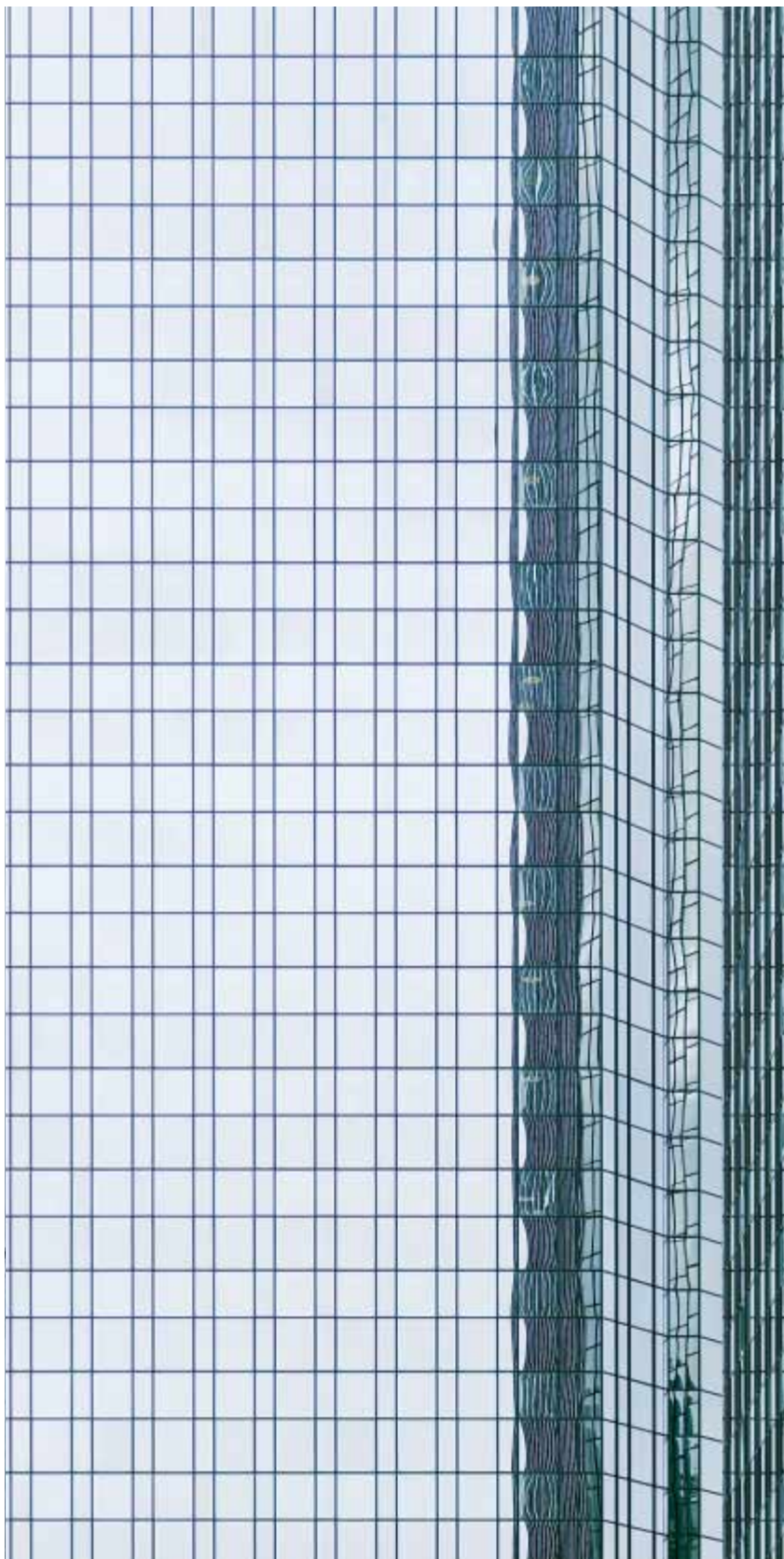
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Financial Statements Group

When going to great heights means personal security.

Our traffic management system allows for multiple levels of access control. Peace of mind is a given.



Consolidated profit and loss statement

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Financial Statements Group

In million CHF	Notes	2006	%	2005	%
Operating revenue	3	11 106	100.0	8 870	100.0
Material cost		5 481	49.4	3 836	43.3
Personnel cost	4	3 268	29.4	2 920	32.9
Other operating cost	5	1 519	13.7	1 391	15.7
Depreciation and amortization	15, 16, 17	122	1.1	117	1.3
Change of provision	25	-10	-0.1	-28	-0.3
Total operating cost		10 380	93.5	8 236	92.9
Operating profit		726	6.5	634	7.1
Financial income	6	62	0.6	32	0.4
Financial expenses	7	87	0.8	92	1.0
Investing activities	8	10	0.1	-2	0.0
Profit before taxes		711	6.4	572	6.5
Income taxes	9	200	1.8	171	2.0
Net profit		511	4.6	401	4.5
Of which:					
Schindler Holding shareholders		488	4.4	377	4.2
Minority interests		23	0.2	24	0.3
Net profit (earnings) per share					
Undiluted earnings per share and BPC	10	CHF 3.96		CHF 3.05*	
Diluted earnings per share and BPC	10	CHF 3.95		CHF 3.04*	

* Adjusted after 10:1 split on March 27, 2006

Consolidated balance sheet

Financial Statements Group

Assets

In million CHF	Notes	31. 12. 2006	%	31. 12. 2005	%
Current assets					
Cash on hand		974	13.4	1 108	18.3
Securities	11	246	3.4	112	1.8
Accounts receivable	12	2 019	27.7	1 555	25.7
Taxes receivable		71	1.0	65	1.1
Net assets of production orders in progress	13	619	8.5	530	8.8
Inventories	14	810	11.1	435	7.2
Prepaid expenses and accrued income		172	2.4	104	1.7
Financial assets held for sale		6	0.1	–	–
Total current assets		4 917	67.6	3 909	64.6
Non-current assets					
Property, plant and equipment	15	512	7.0	455	7.5
Investment properties	16	29	0.4	53	0.9
Intangible assets	17	961	13.2	760	12.6
Investments in associates	18	249	3.4	55	0.9
Financial assets	19	342	4.7	533	8.8
Deferred taxes	20	181	2.5	200	3.3
Employee benefits	21	87	1.2	84	1.4
Total non-current assets		2 361	32.4	2 140	35.4
Total assets		7 278	100.0	6 049	100.0

Liabilities and shareholders' equity

In million CHF	Notes	31. 12. 2006	%	31. 12. 2005	%
Liabilities					
Current liabilities					
Financial debts	24	428	5.9	360	6.0
Accounts payable	22	1 292	17.7	911	15.0
Taxes payable		106	1.4	100	1.6
Net liabilities of production orders in progress	13	537	7.4	421	7.0
Accrued expenses and deferred income	23	1 171	16.1	983	16.2
Provisions	25	210	2.9	229	3.8
Total current liabilities		3 744	51.4	3 004	49.6
Non-current liabilities					
Financial debts	24	570	7.8	435	7.2
Provisions	25	223	3.1	217	3.6
Deferred taxes	20	214	3.0	164	2.7
Employee benefits	21	350	4.8	344	5.7
Total non-current liabilities		1 357	18.7	1 160	19.2
Total liabilities		5 101	70.1	4 164	68.8
Shareholders' equity					
Share capital and bearer participation certificate capital	26	12	0.1	12	0.2
Share premiums		77	1.1	75	1.2
Treasury stock		-94	-1.3	-43	-0.7
Fluctuations in value of financial instruments		-2	0.0	-3	0.0
Translation exchange differences		-312	-4.3	-319	-5.3
Retained earnings		2 379	32.7	2 027	33.5
Total Schindler Holding shareholders		2 060	28.3	1 749	28.9
Minority interests		117	1.6	136	2.3
Consolidated shareholders' equity		2 177	29.9	1 885	31.2
Total liabilities and shareholders' equity		7 278	100.0	6 049	100.0

Consolidated cash flow statement

In million CHF	Notes	2006	2005
Net profit		511	401
Depreciation and amortization		122	117
Change of provision		-10	-28
Other financial debt repaid		-5	43
Contributions to pension funds		-22	-71
Change of remaining net working capital		-120	-115
Cash flow from operating activities		476	347
Additions to			
Property, plant and equipment		-112	-98
Investment properties		-	-2
Intangible assets		-31	-23
Investments in associates		-200	-7
Securities		-84	-
Financial assets		-19	-161
Disposals of			
Property, plant and equipment		82	47
Investment properties		21	5
Securities		-	231
Financial assets		166	79
Non-current assets held for sale		-	41
Additions/disposals of investments in subsidiaries	27	-66	-95
Additions minority interests		-45	-6
Cash flow from investing activities		-288	11
Financial debt borrowed		202	43
Repayment 4 ¹ / ₈ % debenture due 26. 10. 2006		-300	-
Other financial debt repaid		-38	-228
Additions treasury stock		-76	-19
Disposals treasury stock		24	8
Payment of dividends Schindler Holding Ltd.		-111	-87
Dividends paid to minority shareholders		-20	-13
Cash flow from financing activities		-319	-296
Translation exchange differences		-3	35
Change in cash on hand		-134	97
Cash on hand at start of period		1 108	1 011
Cash on hand at end of period		974	1 108
Cash flow from operating activities includes			
Income taxes paid		171	143
Interests paid		51	51
Interests received		39	30
Dividends received from associated companies		4	3

Statement of shareholders' equity

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Financial Statements Group

in million: CHF	Share and BPC capital*	Share premiums*	Treasury stock**	Translation exchange differences	Changes in value of financial instruments	Retained earnings	Total Schindler Holding share- holders	Minority interests	Group
December 31, 2004	12	71	-31	-418	5	1 737	1 376	119	1 495
Translation exchange differences				101			101	9	110
Hedging transactions				-2	-6		-8	-	-8
Financial instruments available for sale									
– Not realized					-1		-1		-1
– Realized through the profit and loss statement					-1		-1		-1
Total of items recognized in shareholders' equity				99	-8		91	9	100
Net profit						377	377	24	401
Total profit and loss				99	-8	377	468	33	501
Dividends						-87	-87	-13	-100
Additions/disposals treasury stock		1	-12				-11		-11
Options for participation plan (fair value)		3					3		3
Change in minority interests								-3	-3
December 31, 2005	12	75	-43	-319	-3	2 027	1 749	136	1 885
Translation exchange differences				6			6	-1	5
Value fluctuations on investments				1	3		4	-1	3
Financial instruments available for sale									
– Not realized					-1		-1	-	-1
– Realized through the profit and loss statement					-1		-1	-	-1
Total of items recognized in shareholders' equity				7	1		8	-2	6
Net profit						488	488	23	511
Total profit and loss				7	1	488	496	21	517
Dividends						-111	-111	-20	-131
Additions/disposals treasury stock		-1	-51				-52	-	-52
Options for participation plan (fair value)		3					3	-	3
Change in minority interests						-25	-25	-20	-45
December 31, 2006	12	77	-94	-312	-2	2 379	2 060	117	2 177

* See also Note 26

** The acquisition value of the shares and bearer participation certificates included in treasury stock is deducted openly from equity

Notes to the consolidated financial statements

1 Activities of the company

In its core business (70% of consolidated turnover) Schindler is the world's largest supplier of escalators and second largest supplier of elevators, with local companies for production, installation, maintenance, and modernization in the most important markets worldwide. In 2006, turnover in this segment was CHF 7.8 billion. Schindler owns 64.0% of ALSO Holding AG, which is listed on the SWX Swiss Exchange. ALSO is a leading provider in the wholesale and logistics sector for information and communications technology and consumer electronics. It has operations in Switzerland and Germany and, since September 1, 2006, in Scandinavia, Poland, and the Baltic states. Net sales of the ALSO Group in 2006 were CHF 3.3 billion.

2 Principles of consolidation and valuation

2.1 General principles

The accounting and reporting principles applied to these consolidated statements comply with Swiss Corporation Law as well as with the International Financial Reporting Standards (IFRS). As a general rule, for valuation purposes Schindler applies historical purchase costs except for certain financial instruments that are carried in the balance sheet at fair value.

The financial statements based on IFRS contain assumptions and estimates that affect the figures contained in this report. The true results may differ from these estimates.

2.2 Main changes to methods of recognition and valuation

The new and revised standards that became effective on January 1, 2006, have no effect on the preparation and presentation of these financial statements. The amendments and new interpretations that came into effect were as follows:

- IAS 19 – Amendments to Employee Benefits
- IAS 21 – Amendments to the Effect of Changes in Foreign Exchange Rates
- IAS 39 – Amendments to Financial Instruments (cash flow hedges of Group-internal transactions, fair value option, financial guarantees)
- IFRIC 4 – Determining Whether an Arrangement Contains a Lease.

The following new standards and interpretations have no practical significance for Schindler:

- IFRS 6 – Exploration for and Evaluation of Mineral Resources
- IFRIC 5 – Rights to Interests arising from Decommissioning, Restoration, and Environmental Rehabilitation Funds
- IFRIC 6 – Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment

In December 2004, the IASB published an amendment to International Accounting Standard 19, Employee Benefits. With this amendment, the IASB allows the option of recognizing the full amount of actuarial gains and losses in equity without affecting the income statement in the period in which they occur. This option can be exercised for reporting years that begin on or after December 16, 2004. However, Schindler has decided not to make use of this method for the time being.

2.3 Standards, interpretations, and amendments that have been published but not yet applied

In August 2005, the IASB published IFRS 7, which requires the provision of additional disclosures to improve the information about financial instruments. The requirement is for qualitative and quantitative disclosure of the risks entered into with financial instruments, including certain minimal disclosures of default risk, liquidity risk, and market price risk along with a corresponding sensitivity analysis. This standard replaces IAS 30 Disclosures in the Financial Statements of Banks and Similar Financial Institutions as well as the disclosure requirements of IAS 32 Financial Instruments (Disclosure and Presentation). It applies to all companies whose accounting complies with IFRS.

Schindler has studied the effects of IFRS 7 and concluded that important basis information for sensitivity analyses of the market price risk and the information about the capital exist. Schindler will apply IFRS 7 for the fiscal year starting on January 1, 2007, and subsequent years.

IFRS 8 – Operating Segments will replace the former standard IAS 14 – Segment Reporting – as from January 1, 2009. This standard has no material effects, but changes the disclosure requirements for segment reporting.

Neither IFRS 7 nor IFRS 8 will affect the balance sheet or profit and loss statement.

There will be no material effects from various new IFRIC Interpretations that apply as from 2007:

- IFRIC 7 – Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies
- IFRIC 8 – Scope of IFRS 2
- IFRIC 9 – Reassessment of Embedded Derivatives
- IFRIC 10 – Interim Financial Reporting and Impairment
- IFRIC 11 – IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 – Service Concession Arrangements

Of no practical significance are the amendments to IAS 1 – Amendment – Capital Disclosures.

2.4 Most important estimates

Intangible assets/goodwill: When acquisitions take place, the fair value of the acquired intangible assets is estimated. Any residual value (difference between the purchase price and the net assets acquired) represents goodwill. The intangible assets that are acquired have a finite life and are therefore amortized (excl. brand names). Goodwill has an infinite life and is not amortized but tested every year for possible impairment. The estimate of the separation into intangible assets and goodwill therefore has an effect on the amortization. When performing the impairment test on the goodwill, various assumptions are also made that require medium- and long-term estimates (terminal value) to be made. These relate to internal planning data (cash flow, growth rates, etc.) as well as external parameters (discount rate).

Deferred tax assets: Deferred tax assets are mainly created for temporary differences and in individual cases also for losses carried forward provided that their utilization appears probable. The recoverable value is therefore based on forecasts of the corresponding taxable entity over a period of several years. Should these forecasts prove to be incorrect, they can cause impairment losses.

Provisions: Schindler creates provisions when there is an obligation to third parties which results from an event in the past and the amount of the obligation can be reliably estimated. Provisions are created for a variety of possible events and are explained in detail in Note 25. However, by definition, provisions contain a greater degree of estimate than other balance sheet items since the estimated obligations can cause a greater or lesser cash drain depending on how the situation materializes.

Employee benefits: In various countries, Schindler has established defined employee benefit plans. Their status depends on actuarial assumptions some of which are of a long-term nature and may not correspond to reality. Actuarial differences which are above the so-called corridor of 10% are amortized over the average residual term of employment of the employees. Both the status used for the calculation and the amortization of any difference contain estimated values which have an effect on capital and income.

2.5 Scope of consolidation

The consolidated financial statements include the annual financial statements of Schindler Holding Ltd., Hergiswil, Switzerland, and all subsidiaries in which Schindler Holding Ltd. directly or indirectly holds a majority of voting rights or which Schindler Holding Ltd. otherwise controls. The essential affiliated companies and unconsolidated subsidiaries are listed on pages 77 to 80.

In the reporting year, the scope of the consolidation was expanded to include Schindler Hellas S.A., Greece; Esca Step Co. Ltd., China; the Finnish GNT Group that was acquired by ALSO Holding AG on August 31, 2006, and small local companies in North America and Europe.

There were also increases in the holdings in ZAO Schindler, Moscow, by 14.4% to 85%; in Suzhou Schindler Elevator Co. Ltd., Suzhou, China, by 37% to 92%; and in Schindler Vietnam Ltd., Vietnam, by 30% to 100%.

2.6 Method of consolidation

The consolidated accounts are based on the annual financial statements of the individual subsidiaries. All companies follow uniform valuation and reporting practices prescribed by the Group.

Applying the full consolidation method, the assets, liabilities, income, and expenses of all affiliates are included in their entirety. Minority interests in equity and profit are disclosed separately in the consolidated balance sheet and the consolidated profit and loss statement.

Intercompany revenues and expenses, as well as assets and liabilities, are eliminated in the consolidation process. Profits on intercompany inventory and supplies not yet realized through sales to third parties are eliminated within the framework of consolidation.

Investments in companies with voting rights between 20% and 50% are defined as "Investments in associates" and are accounted for according to the equity method.

The difference between the acquisition price and the net asset value of holdings in associated companies is recognized and reported as goodwill or intangible assets under "Investments in associates."

2.7 Acquisitions and goodwill

Companies are consolidated as from the date on which control is acquired.

For all business combinations, the identifiable assets, liabilities, and contingent liabilities are revalued at fair value and integrated according to the purchase method. In addition, assets that result from either a contractual or a legal right, or can be separated from the business and their fair value reliably determined, are deducted from goodwill (paid added value) and carried separately as intangible assets. This applies mainly to maintenance contracts, customer lists, supplier relationships, licenses, patents, brand names, and similar rights. The remaining goodwill, as well as intangible assets with an indefinite life (brand names), is no longer amortized, but subjected to an annual impairment test.

Existing provisions for restructuring are taken over on the date of acquisition. The acquisition balance sheet does not contain any additional creation of restructuring costs. Provisions are made in the acquisition balance sheet for contingent liabilities which are taken over with the acquisition, i.e. which are not guaranteed by the seller and whose market value can be reliably determined.

Goodwill and intangible assets are transferred by means of "push-down accounting" into those cash-generating units which are expected to benefit from the acquisition and/or generate future cash flows. Recognition is in the respective functional currency.

According to the Entity Concept Method, the amount of the difference resulting from the purchase of additional minority shares in consolidated subsidiaries (purchase price less net assets acquired) is regarded as equity and therefore balanced directly against retained earnings in equity. Gains or losses incurred on the sale of minority shares in consolidated subsidiaries are also balanced directly through retained earnings without affecting the income statement.

When subsidiaries are sold, the difference between the selling price and the net assets plus cumulative translation differences is reported as operating profit in the consolidated profit and loss statement.

The goodwill and/or identifiable intangible assets of associated companies are recognized under "Investments in associates". For such transactions the rules of IFRS 3 Business Combinations apply analogously. Amortization and any impairment adjustments are recognized in the profit and loss statement under "Investing activities".

2.8 Translation of foreign currency

Foreign currency transactions are recorded at the spot rate as of the transaction date. Gains and losses resulting from foreign currency transactions and from the adjustment of foreign currency assets and liabilities at the balance sheet date are recognized in the profit and loss statement.

The annual financial statements of the foreign subsidiaries in foreign currencies are translated into Swiss francs as follows:

- Balance sheet at year-end exchange rates
- Income statement at the annual average exchange rates
- Cash flow statement at the annual average exchange rates

Currency translation differences which arise when calculating the consolidated net profit at average and year-end exchange rates, or from transactions in shareholders' equity, are offset against consolidated shareholders' equity, and recognized in the profit and loss account should the company be sold. Foreign currency gains on certain loans having the nature of equity which form part of the net investment in a company are also recognized directly in shareholders' equity if no provision for such a loan is planned or foreseen in the near future. These differences are recognized in the profit and loss statement at the time of repayment.

The following exchange rates have been applied for the most significant foreign currencies concerned:

			2006		2005	
			Year-end exchange rates	Average exchange rates	Year-end exchange rates	Average exchange rates
Eurozone	EUR	1	1.61	1.58	1.56	1.55
USA	USD	1	1.22	1.25	1.32	1.24
Great Britain	GBP	1	2.39	2.31	2.27	2.26
Brazil	BRL	100	57.15	57.48	56.61	51.46
China	CNY	100	15.63	15.72	16.30	15.17

2.9 Financial assets and liabilities

Financial assets and liabilities are classified into the following categories:

- Financial assets “at fair value through profit or loss” are carried in the balance sheet at fair value. These are acquired principally for the purpose of generating a profit from short-term fluctuations in price (held for trading). In addition, certain financial instruments can be assigned voluntarily by designation.
- Financial investments held to maturity. These are investments with a fixed term which the company has the positive intent and ability to hold to maturity.
- Financial instruments originated or acquired by the company. These comprise loans and receivables created by the company.
- Financial instruments available for sale, which include all financial instruments not assignable to one of the above-mentioned categories.

Except for financial assets “at fair value through profit or loss”, the first-time measurement of financial assets is at purchase cost including transaction costs. All purchases and sales are recognized on the date of the transaction. Financial assets in the category “at fair value through profit or loss” are carried in the balance sheet at fair value. Changes in value are reported as Financing Activities (Financial Income or Expenses) for the respective reporting period. Financial investments held to maturity, as loans and balances, as well as financial instruments originated by the company, are valued by the effective interest method. Financial investments which are available for sale are carried at market value, changes in market value (after tax) being recognized in shareholders’ equity. At the time of sale, impairment, or other disposal, the accumulated gains and losses recorded in shareholders’ equity are reported in financial income/expenses for the current period.

Financial liabilities mainly comprise financial debts, which are valued at their (discounted) costs. Liabilities arising from trading activities “at fair value through profit or loss” are valued at market values.

Financial assets are derecognized when Schindler gives up its control over them, i.e. when the rights associated with them are sold or expired. Financial liabilities are derecognized when they are repaid.

Long-term financial liabilities are valued by the effective interest method. The interest expense therefore includes not only the actual interest payments, but also the annual discounted amounts and pro rata transaction costs.

Derivative financial instruments are initially recognized at their purchase price. Sales and purchases are recorded on the date of trading and subsequently carried at market value. Hedge accounting is used only selectively for individual transactions.

Fluctuations in value of items held for the purpose of hedging future cash flows are recorded in shareholders' equity if the requirements regarding documentation, probability, effectiveness, and reliability of measurement are fulfilled. When the hedged asset or liability is recorded for the first time, the fluctuations in value recorded in shareholders' equity are included in the underlying transactions or, if expense or income is involved, taken out of equity and included in the profit and loss statement at the time of recognition. Fluctuations in value of items which do not fulfill the requirements for hedging transactions are recorded in the financial result directly.

If the hedging relates to net investments in subsidiaries, the fluctuations in value of the hedging transaction that are recognized in shareholders' equity are only included in the result if the subsidiary is sold.

Financial instruments are selectively hedged against fluctuations in market value by so-called fair value hedges. In such cases, within the scope of the hedged risk a market valuation is made of both the underlying and the hedging transactions.

2.10 Segment reporting

The segment reporting reflects the structure of the Schindler Group.

The primary segmentation covers the business units Elevators & Escalators (E & E) and ALSO as well as central financing activities which are included in "Finance/Eliminations". The unit Elevators & Escalators includes production and installations of new equipment as well as modernization, maintenance, and repairs of existing installations. ALSO is operating in the IT industry as a logistics and service company.

The secondary segmentation represents geographical areas (continents). Because the area comprising Eastern Europe, Middle East, India, and Africa (EMIA) represents only a relatively low portion of the Group, it is consolidated in the segments Europe and Asia/Australia/Africa, respectively. The ALSO Group is only active in Europe; thus, this unit is excluded from the geographical segmentation.

The assets and liabilities include all items of the balance sheet which can be directly identified, or reasonably allocated, to a segment.

2.11 Cash on hand

Cash on hand includes cash, bank deposits and time deposits with an original maturity of maximum three months.

2.12 Securities

Marketable securities in current assets comprise readily saleable titles including time deposits with a term of three to twelve months or a residual term of up to twelve months.

Securities in non-current assets comprise company shares held long term and time deposits with a term of more than twelve months.

Time deposits in the functional currency are recognized at purchase cost, time deposits in foreign currencies are translated at the exchange rate that applies on the date of the balance sheet.

Marketable securities are carried at market value. Fluctuations in value are recognized in the profit and loss statement ("at fair value through profit or loss") or in shareholders' equity (items "available for sale").

On sale, impairment, or other derecognition, the accumulated gains or losses recognized in shareholders' equity since the date of purchase are reported under "Financing activities" for the current period.

2.13 Accounts receivable

Trade accounts receivable, as well as other receivables, do not bear interest and are reported at nominal values less adjustments necessary for commercial reasons.

Adjustments are based on Group-internal guidelines according to which revaluation of individual values must be undertaken first. Systematic additional adjustments of between 10% and 100% are made on the residual balances according to the age of the receivable.

2.14 Inventories

Inventories are valued at the lower of purchase or manufacturing cost and net realizable value.

Costs are evaluated according to the weighted average cost method. Pro rata direct overheads are included in inventories. Slow-moving items are partially amortized. Obsolete articles are fully written off.

2.15 Non-current assets held for sale and associated liabilities

These items comprise assets held long term until sold and liabilities from business operations that have been discontinued. These are all those assets of a business segment that are associated with discontinuation of a major line of business or balance sheet items or disposal groups that comprise at least one noncurrent asset plus any associated liabilities that will be realized by a sales transaction and no longer by continued use. The reclassification only takes place when management has decided on the sale and begun seeking purchasers. In addition, the object or disposable group must be saleable, and it must be highly probable that sale will take place within one year. Long-term assets or disposal groups that are classified as "for sale" are no longer systematically amortized. Should their value need to be adjusted, this takes place by means of impairment.

In the profit and loss statement of the reporting period and of the comparable period of the previous year, income and expenses from discontinued operations are reported separate from normal income and expenses down to the level of profit after taxes. The resulting profit or loss (after taxes) is reported separately in the profit and loss statement.

2.16 Uncompleted contracts, revenue and profit recognition

Both in-plant and on-site production orders are accounted for according to the percentage of completion method. The respective stage of completion is evaluated via individual progress calculations.

Accordingly, the pro rata revenue is recognized in the profit and loss statement. In the balance sheet, work in progress offset by customers' down-payments is recognized as net assets or net liabilities of production orders in progress.

Proceeds from other customer orders, especially services, are recognized as billings or operating revenue on the date when they are performed. Discounts, sales taxes, and other reductions in the proceeds from the sale are deducted.

Provisions are made immediately for foreseeable losses on customer orders (see also Note 25).

Interest income is accrued to the respective period taking into account the outstanding amount and the applicable rate of interest. The applicable rate of interest is that rate of interest that discounts the estimated future cash flows over the life of the financial asset to exactly the net carrying amount of the asset.

2.17 Property, plant and equipment / Investment properties

Property, plant and equipment and investment properties are valued at purchase value less cumulative depreciation. Third-party capacities are not capitalized.

Depreciation takes place according to the linear method in a systematically planned manner over the useful life of the property. Land is not depreciated. Impairments (Notes 15 and 16) are recognized as amortization and reported separately.

Real estate not used for operational purposes is recognized as investment property and carried in the balance sheet and depreciated according to the same criteria as real estate used for operational purposes. Investment property includes real estate (land and/or buildings or parts thereof) that is held for the purpose of generating rental income and/or for a future still undefined purpose.

The market value of the investment properties reported separately in Note 16 is based on estimates or assumptions (external valuations, discounted cash flow calculations, comparison with values of similar properties, etc.).

Maintenance costs are recognized in the balance sheet if they increase the useful life or production capacity.

Non-value-adding costs of maintenance and repairs are recognized immediately as expenses in the profit and loss statement.

The estimated useful lives in years of the major classes of fixed assets are as follows:

	Years
Buildings	20–40
Machines and tools	5–10
Furniture	10
EDP	3–5
Vehicles	5–10

2.18 Intangible assets

Items carried as intangible assets are goodwill, maintenance contracts acquired from third parties, customer lists, supplier relationships, licenses, patents, brand names and similar rights, and software.

Except for goodwill and brand names, all intangible assets are amortized linearly over their expected useful life, which is normally no longer than five to ten years.

Except for goodwill and a brand name, no intangible assets with an undefined useful life are capitalized.

Impairments (Note 17) are recognized as amortization and reported separately.

2.19 Provisions

Provisions are only recognized in the balance sheet if Schindler has an obligation to a third party that has arisen from a past event and if a reliable estimate of the obligation can be made. Possible losses from future events are not recognized in the balance sheet.

Restructuring provisions are only recognized if the respective costs can be reliably determined by reference to a plan, and there is a corresponding obligation resulting from a contract or communication.

Except for "Provisions for product liability," provisions are not discounted, since the main part of the payments usually falls due within the next 24 months or the interest component of the individual provisions is immaterial.

2.20 Employee benefits

There are various employee benefit plans in existence within the Group, which are individually aligned with local conditions in their respective countries. They are financed either by means of contributions to legally independent pension/insurance funds, or by recognition as employee benefit liabilities in the balance sheets of the respective Group companies.

For defined contribution plans, as well as for multiemployer plans for which the costs associated with the defined benefit plan are not known, the net periodic cost to be recognized in the profit and loss statement equals the contributions made by the employer.

In the case of defined benefit plans the net periodic cost is determined by an actuarial valuation by external experts, performed at a minimum every three years, using the projected unit credit method. Obligations under defined benefit plans are covered either by plans with separate capital (funded), in which the assets are managed separately from those of the Group by autonomous benefit funds, or by plans without capital (unfunded) but with corresponding liabilities in the balance sheet.

For defined benefit plans with separate capital (funded), the under- or over-coverage of the cash value of the rights by the capital at market values is reported in the balance sheet as a liability or asset, taking into account any unrecorded actuarial gains or losses or outstanding rights. Any assets resulting from surpluses in defined benefit plans are limited to the value of the maximum future savings from reduced contributions or repayments; liabilities, on the other hand, are included at their full value.

Actuarial gains and losses result mainly from changes in actuarial assumptions or from differences between actuarial assumptions and effective values. Actuarial adjustments which exceed the so-called corridor of 10% are debited or – provided that the criteria for capitalization are fulfilled – credited to employee benefit costs over the average remaining working life of the insured employees. The effects of amendments to plans are recognized systematically until the benefits become available to the employees.

Other employee benefits (e.g. service anniversary awards) are valued by the same method and included in the balance sheet under employee benefits, with any actuarial gains in this case being recognized immediately.

2.21 Capital participation plans

A capital participation plan for the top management employees of the Group has been in existence since 2000.

The present capital participation plan was originally limited to about 50 persons. Starting with the allocations made in April 2004 for the reporting year 2003, the plan was extended for the first time to a further level of management and now applies to about 400 employees in the Group.

The plan has a lifetime of six years and provides for entitled employees to receive a predefined proportion of their bonus in the form of shares or bearer participation certificates of Schindler Holding Ltd. at a predetermined valuation. These shares and bearer participation certificates pass into the ownership of the employees and carry all associated rights, but are subject to the restriction that for a period of three years they may not be sold.

There is also a share purchase program for the employees of the ALSO Group. The program allows all employees of the ALSO Group to purchase shares of ALSO Holding AG at preferential conditions of 50% of the market price. The shares are credited at market value and any discount recognised in the income statement.

In addition, the Board of Directors can decide on an annual basis whether, and to what extent, the group of employees mentioned above shall be awarded additional option rights for the purchase of shares or bearer participation certificates of Schindler Holding Ltd. or ALSO Holding AG at a predetermined price. This plan, which will be renewed each year, has a lifetime of six years, and the option rights can normally only be exercised after a waiting period of three years. In readiness for these obligations, the Group holds the necessary number of shares or bearer participation certificates in treasury until the options are exercised or expire. This capital participation plan does not require the issue of any additional shares or bearer participation certificates. All options allow only the purchase of shares or bearer participation certificates and cannot result in direct receipt of cash or cash equivalents.

The fair value of the option premium from the capital participation plan as calculated by the Hull-White method (see Note 33) is recognized in the profit and loss statement and charged to personnel cost for the vesting period of three years.

2.22 Deferred taxes

Deferred taxes are recognized in accordance with the liability method. Thus, the impact on income taxes from temporary differences arising from differences between Group values and the corresponding tax basis is recorded as either non-current liability or non-current asset, using the effective or the expected local tax rates. The change in deferred tax assets and liabilities is recognized as income tax.

Passive deferred taxes are calculated on all taxable temporary differences.

Deferred tax assets including assets for unused tax loss carryforwards and expected tax credits are only recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

2.23 Shareholders' equity

The capital reserves consist of amounts paid in by shareholders and holders of bearer participation certificates in excess of the nominal value. They therefore comprise the share premium account of Schindler Holding Ltd., reduced by the amount greater than the nominal value resulting from the elimination of own shares and bearer participation certificates. Also recognized in the capital reserves are realized gains and losses on the sale of own shares and participation certificates, as well as the fair value at the time they are allocated of options from the participation plans over the vesting period of three years.

Retained earnings consist of accumulated profits of the Group which are for the most part freely available.

Minority interests comprise shares held by third-party shareholders in the shareholders' equity (incl. net profit for the year) of subsidiaries.

Dividends are charged to shareholders' equity in the period in which they are determined.

2.24 Leases

Property, plant and equipment acquired under leasing contracts which in relation to use and risk treat subsidiaries as the owner, are classified as finance leases. Such assets are recorded at the lower of the estimated net present value of future minimum lease payments and the estimated fair value of the asset at the inception of the lease. Investments in finance lease are amortized over the shorter of their expected economic service life or contract duration. Unrealized gains on sale and leaseback transactions resulting in finance leases are deferred and amortized over the term of the lease.

Payments resulting from "Operating Leasing" are recognized linearly as operating expenses and correspondingly charged directly to the income statement.

2.25 Impairment

Goodwill amounts and other intangible assets with an indefinite useful life (brand names) are subjected to an annual impairment test in the third quarter.

The discounted cash flow method that is used to calculate the fair value for the impairment test depends on several factors. These include estimates of future cash flows, discount rates, and other variable parameters. The basis for the test is the forecast for the reporting year and the medium-term plan for the following two years. To make these estimates, significant assumptions and valuations are necessary. The factors such as volumes, selling prices, sales growth, material costs, personnel costs, and operating costs, as well as capital expenditure, market conditions, and other economic factors, are based on assumptions that management regards as reasonable.

Impairments of the goodwill are recognized immediately as amortization in the profit and loss statement and not reversed in subsequent periods.

The recoverable value of property, plant and equipment and other assets, including intangible assets, is always tested if events or changed circumstances indicate that their carrying amounts may be overvalued. If the carrying amount exceeds the recoverable value, exceptional depreciation is applied to reduce the value to the amount that appears recoverable based on the discounted expected future revenues.

2.26 Research and development

Contract-related engineering costs are capitalized in work in progress. Other research and development expenses are immediately recognized in the profit and loss statement. Development costs for new products are not capitalized, since a future economic benefit can only be proven after successful market introduction.

3 Operating revenue

In million CHF	2006	2005
Billings	10 712	8 658
Sundry operating revenue	56	36
Change in balance of work in progress	336	173
Capitalized own production of property, plant and equipment	2	3
Total operating revenue	11 106	8 870

CHF 3 923 million (previous year CHF 3 338 million) of the operating revenue were calculated according to the percentage of completion method.

4 Personnel cost and headcount

4.1 Personnel cost

In million CHF	2006	2005
Salaries and wages	2 551	2 294
Social charges	717	626
Total personnel cost	3 268	2 920

Depending on the function, the procedure usually includes the base salary, variable salary components, social benefits, and other payments. All Schindler companies follow the compensation policy of the Group, according to which the income situation, individual performance, and market practices are taken into account. Schindler pursues a policy of performance premiums and bonus payments wherever these are justifiable. For managerial employees, the variable components play an important role in the total compensation.

Schindler remunerates its employees according to usual market standards and regularly conducts salary comparisons to ensure competitive and correct positioning.

4.2 Headcount

	2006	2005
Average headcount	42 755	39 651
Headcount at year-end	43 679	40 385

5 Other operating cost

In million CHF	2006	2005
Special cost	501	422
Employee-related expenses	265	238
Rent, leasing	160	141
Maintenance and repairs	80	73
Energy supply, consumables and packing material	145	117
Insurance, fees and capital taxes	85	92
General administration and advertising	253	231
Losses on receivables	7	23
Other operating expenses	116	104
Other income	-93	-50
Total other operating cost	1 519	1 391

Research and development costs of CHF 111 million (previous year CHF 110 million) have been charged to the profit and loss statement.

"Other income" includes contributions to advertising expenses by suppliers, income from other periods, and accounting gains from the sale of fixed assets and investment properties. Accounting gains are reported gross before deduction of taxes, reserves, and contractually agreed expenses, etc. In the previous year there was income from the sale of the Industrial and Trading Park at Altenrhein, Switzerland, and of land at Saragossa, Spain.

The closing value for 2006 contains book profits (CHF 79 million) from the sale of remaining land at Saragossa, Spain, and the sale of land parcels at Pratteln, Switzerland.

6 Financial income

In million CHF	2006	2005
Interests	40	32
Other financial income	22	—
Total financial income	62	32

"Other financial income" consists of income from an interest hedging transaction and realized gains on the sale of securities.

7 Financial expenses

In million CHF	2006	2005
Interests	50	52
Foreign currency transactions	15	27
Value adjustments "available for sale"	3	–
Other financial expenses	19	13
Total financial expenses	87	92

The foreign currency result mainly comprises valuation differences on operational hedging transactions. "Other financial expenses" mainly comprises bank charges and country-specific financial transaction costs.

8 Investing activities

In million CHF	2006	2005
Income from investments in associates	12	–1
Amortization of intangible assets	–2	–1
Total investing activities	10	–2

9 Income taxes

In million CHF	2006	2005
Current income taxes of the reporting period	160	137
Current income taxes of previous period	–7	1
Deferred income taxes	47	33
Total income taxes	200	171

Reconciliation of income taxes

In million CHF	2006	%	2005	%
Net profit before taxes	711		572	
Weighted average income tax rate		30		32
Expected income tax expense	212		184	
Setup/use of unrecognized tax loss carryforwards	–17		–9	
New inclusion of deferred taxes	4		–3	
Other	1		–1	
Effective income taxes	200		171	
Effective income taxes in % of profit before taxes		28		30

The weighted average tax rate is calculated using expected income tax rates of the individual Group companies in each jurisdiction.

The reduction in the tax rate from 30% to 28% results mainly from having been able to utilise tax-loss carry-forwards that are not capitalized in the consolidated balance sheet.

10 Earnings per share and bearer participation certificate

In CHF	2006	2005
Net profit (share of Schindler Holding shareholders)	488 000 000	377 000 000
Outstanding number of shares and BPC	124 984 600	124 984 600*
Less number of treasury stock (weighted average)	-1 825 343	-1 508 110*
Outstanding number of shares and BPC (weighted average) for calculation	123 159 257	123 476 490*
Basic earnings per share and BPC	3.96	3.05*
Diluted net profit	487 996 876	376 999 944
Diluted number of shares and BPC	123 598 569	124 013 840*
Diluted earnings per share and BPC	3.95	3.04*

* Adjusted after 10:1 split on March 27, 2006

The basic earnings per share are calculated as follows: net profit divided by the weighted average number of outstanding shares and bearer participation certificates (BPC).

The dilution takes into account the possible effect of the employee participation programs at Schindler Holding Ltd. and at ALSO Holding AG.

11 Securities

In million CHF	2006	2005
Securities	179	88
Time deposits	67	24
Total	246	112

"Securities" are classified as "at fair value through profit or loss". The financial assets that are assigned to this category per designation are monitored and reported internally on the basis of fair value.

12 Accounts receivable

In million CHF	2006	2005
Supplies and services, gross	2 029	1 559
Allowance for doubtful accounts	-130	-121
Supplies and services, net	1 899	1 438
Associates and other related parties	23	11
Other accounts receivable	97	106
Total accounts receivable	2 019	1 555

Sold accounts receivable of CHF 380 million (previous year CHF 17 million) have not been derecognized because the collection risk remains within the Group. See also Note 24.1.

13 Production orders in progress

In million CHF	2006	2005
Work in progress	1 145	918
Down payments from customers	-526	-388
Net assets of production orders in progress	619	530
Work in progress	653	577
Down payments from customers	-1 190	-998
Net liabilities of production orders in progress	-537	-421

14 Inventories

In million CHF	2006	2005
Raw material and trading material	693	327
Semifinished and finished goods	107	103
Downpayments to suppliers	10	5
Total inventories	810	435

Write-downs totaling CHF 121 million (previous year CHF 113 million) were recognized for slow-moving and obsolete items.

15 Property, plant and equipment (PPE)

In million: CHF	Operational land	Operational buildings	Equipment and machines	Other PPE	Total
Net book values 2006					
December 31, 2005	40	166	137	112	455
Additions	1	27	44	42	114*
Disposals	–	–1	–5	–3	–9
Reclassifications	–	1	1	–1	1
Amortization	–	–12	–36	–40	–88
Change scope of consolidation	3	13	23	3	42
Translation exchange differences	–1	–	–	–2	–3
December 31, 2006	43	194	164	111	512
Of which lease	1	6	16	6	29
Fire insurance value					1 967
Overview as of January 1, 2006					
Acquisition costs	53	415	597	480	1 545
Accumulated amortization and impairment losses	–13	–249	–460	–368	–1 090
Net book values	40	166	137	112	455
Overview as of December 31, 2006					
Acquisition costs	55	447	623	471	1 596
Accumulated amortization and impairment losses	–12	–253	–459	–360	–1 084
Net book values	43	194	164	111	512
*Of which finance lease					2

Other PPE include EDP equipment, furniture, vehicles, and assets currently under construction. Assets under construction amounted to CHF 18 million in the year under review (previous year CHF 18 million).

Gains and losses from the sale of assets are recognized as “other income.” In the reporting year, a gain of CHF 73 million (previous year CHF 33 million) was realized.

In million CHF	Operational land	Operational buildings	Equipment and machines	Other PPE	Total
Net book values 2005					
December 31, 2004	36	149	135	97	417
Additions	6	13	32	49	100*
Disposals	-1	-5	-6	-2	-14
Reclassifications	3	1	4	-6	2
Amortization	-1	-11	-37	-37	-86
Impairment	-	-	-3	-	-3
Change scope of consolidation	2	2	1	3	8
Translation exchange differences	-5	17	11	8	31
December 31, 2005	40	166	137	112	455
Of which lease	1	7	-	5	13
Fire insurance value					1 834
Overview as of January 1, 2005					
Acquisition costs	49	414	560	439	1 462
Accumulated amortization and impairment losses	-13	-265	-425	-342	-1 045
Net book values	36	149	135	97	417
Overview as of December 31, 2005					
Acquisition costs	53	415	597	480	1 545
Accumulated amortization and impairment losses	-13	-249	-460	-368	-1 090
Net book values	40	166	137	112	455
*Of which finance lease					2

16 Investment properties

In million CHF	2006	2005
Net book values		
Net book values January 1	53	62
Additions	–	2
Disposals	–15	–4
Amortization	–1	–4
Impairment	–1	–1
Transfers to “Financial assets held for sale”	–6	–
Other reclassifications	–	–3
Translation exchange differences	–1	1
Net book values December 31	29	53
Overview as of January 1		
Acquisition costs	181	155
Accumulated amortization and impairment losses	–128	–93
Net book values	53	62
Overview as of Dezember 31		
Acquisition costs	146	181
Accumulated amortization and impairment losses	–117	–128
Net book values	29	53
Fire insurance value	224	249
Net book value of property, plant and equipment under finance lease	–	–
Market value	100	123
Rental income	8	10
Operating expenses:		
Real estate with rental income	6	6
Real estate without rental income	1	1

There are no restrictions on the salability of the investment properties carried in the balance sheet. There are also no significant contractual obligations to sell, construct, repair, maintain, or improve investment properties.

17 Intangible assets

In million CHF	Goodwill	Brand names	Other intangible assets	Total
Net book values 2006				
December 31, 2005	546	–	214	760
Additions	–	–	31	31
Amortization	–	–	–32	–32
Change scope of consolidation	92	27	79	198
Translation exchange differences	6	–	–2	4
December 31, 2006	644	27	290	961
Overview as of January 1, 2006				
Gross carrying amount	546	–	382	928
Accumulated amortization and impairment losses	–	–	–168	–168
Net book values	546	–	214	760
Overview as of December 31, 2006				
Gross carrying amount	644	27	490	1 161
Accumulated amortization and impairment losses	–	–	–200	–200
Net book values	644	27	290	961
Net book values 2005				
December 31, 2004	420	–	109	529
Additions	–	–	26	26
Amortization	–	–	–23	–23
Change scope of consolidation	46	–	81	127
Reclassifications	–2	–	12	10
Translation exchange differences	82	–	9	91
December 31, 2005	546	–	214	760
Overview as of January 1, 2005				
Gross carrying amount	420	–	254	674
Accumulated amortization and impairment losses	–	–	–145	–145
Net book values	420	–	109	529
Overview as of December 31, 2005				
Gross carrying amount	546	–	382	928
Accumulated amortization and impairment losses	–	–	–168	–168
Net book values	546	–	214	760

The addition to brand names relates to the GNT brand that was acquired in the reporting year by ALSO Holding AG. This brand is an asset with an indefinite useful life. The value is not amortized but tested for impairment annually, or more frequently should impairment be indicated. The classification as an intangible asset with an indefinite useful life is also tested annually.

Schindler has used a solidly based method for calculating the brand value. To calculate the value, the cash flows of the next five years are used, and the cash flows beyond this period are determined using a risk-weighted rate of sales growth. Various probability-weighted scenarios are used for this purpose. The discount rate is determined based on the capital costs of the ALSO Group, taking into account country- and currency-specific risks.

The impairment test on goodwill was performed in the third quarter of the reporting year on the basis of the figures forecast by the cash-generating units for 2006 and their plan data for 2007 and 2008. Starting from historical values, the valuations are based on forecast growth rates for items including sales and operating profit. The growth strategy and development in the respective markets are also taken into account. The value of the perpetual annuity at the end of the planning period is discounted to the date of the valuation (terminal value). Based on the enterprise values calculated by the DCF method, no value adjustments are required.

The following assumptions were used in the calculations:

	Book value at 31.12.2006 in million CHF	Base data used		
		Interest rate	Growth rate (real)	Inflation rate
Goodwill				
C. Haushahn Aufzüge GmbH & Co.	175	11.0%	0.5%	2.0%
Elevadores Atlas Schindler S.A.	316	16.1%	2.5%	4.5%
Schindler (China) Elevator Co. Ltd.	12	9.6%	3.0%	3.0%
ELETEC Vytahy s.r.o.	14	10.7%	3.0%	3.0%
Mercury Ascensore Ltd.	20	9.5%	-0.5%	0.5%
GNT Group*	92			
Miscellaneous	15			
Total	644			

* Addition September 2006

Even with significant changes in the basis data that was used, the values in use exceed the reported carrying amounts.

18 Investments in associates

In million CHF	Share in equity	Goodwill	Intangible assets	Total investments in associated companies
Net book values				
December 31, 2004	43	–	21	64
Additions	2	–	5	7
Amortization	–	–	–1	–1
First-time consolidation	–3	–	–10	–13
Share of net profit	–1	–	–	–1
Dividends received	–3	–	–	–3
Translation exchange differences	2	–	–	2
December 31, 2005	40	–	15	55
Additions	129	50	21	200
Amortization	–	–	–2	–2
First-time consolidation	–12	–	–1	–13
Share of net profit	12	–	–	12
Dividends received	–4	–	–	–4
Value fluctuations recognized directly in shareholders' equity	4	–	–	4
Translation exchange differences	–1	–1	–1	–3
December 31, 2006	168	49	32	249

The change in Investments in Associates is mainly attributable to inclusion of the holding of 25.5% in Hyundai Elevator Co. Ltd., South Korea, that was acquired at the end of March 2006. The Purchase Price Allocation is only performed temporarily. The market value of the Hyundai shares at the end of 2006 was CHF 158 million. This value is based on a share price of Won 66 800.–.

Cumulative values of the associated companies

In million CHF	2006	2005
Share of operating revenue	242	88
Share of net profit	12	-1
Balance sheet values		
Current assets	126	50
Non-current assets	168	30
Current liabilities	112	31
Non-current liabilities	14	9
Shareholders' equity	168	40

As a general rule, the values of the associated companies are based on the financial statements of those companies or on their latest available forecasts for the reporting year. In all companies the closing date is December 31. Should there be material differences, the values of the local financial statements are adapted to the measurement principles of the Group.

The data used for Hyundai are based on the data that were published by the company in its quarterly financial statements as at September 30, 2006, and on an internally prepared estimate for the fourth quarter, since the latter figures were not yet available on the date when these financial statements were prepared. In consequence, adjustments may be necessary in the following year to the extent that publicly available actual data differs from these assumptions. In the reporting year, Hyundai is included for nine months – as from the date of purchase at the end of March 2006.

19 Financial assets

In million CHF	2006	2005
Loans to associates and other related parties	5	1
Securities	275	469
Other financial assets	62	63
Total financial assets	342	533

The securities consisted mainly of bonds. These are classified as “available for sale” and at December 31, 2006, comprised the following:

Currency	Effective interest rate	In million CHF		
		2008	Maturity 2009 bis 2011	Total
EUR	up to 3.5%	9	1	10
EUR	up to 5.0%	18	10	28
GBP	up to 4.0%	9	–	9
GBP	up to 5.0%	26	65	91
GBP	up to 6.0%	–	67	67
GBP	up to 7.0%	–	39	39
Total		62	182	244

20 Deferred taxes

20.1 Net book values

In million CHF	2006	2005
Deferred taxes on account of temporary differences		
Current assets	52	43
Property, plant and equipment	–9	3
Provisions	67	57
Employee benefits	23	25
Intangible assets	–136	–91
Tax loss carryforwards	4	9
Other temporary differences	–34	–10
Total net book value	–33	36
Thereof recognized in the balance sheet as deferred tax liabilities	–214	–164
Thereof recognized in the balance sheet as deferred tax assets	181	200

No material additional tax liabilities due to dividend payments from subsidiaries and associates are expected.

The consolidated financial statements include deferred tax assets of CHF 104 million (previous year CHF 121 million) whose recoverability depends partly on tax-planning measures of the Group.

20.2 Statement of changes in net deferred tax assets and liabilities		
In million CHF	2006	2005
January 1	36	81
Setup and reversal of temporary differences	-47	-33
Change scope of consolidation	-15	-26
Translation exchange differences	-7	14
December 31	-33	36

20.3 Unrecognized deferred tax assets

Deferred tax assets including assets for unused tax loss carryforwards and expected tax credits are only recognized to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred tax liabilities on timing differences (temporary differences between the balance sheet values according to IFRS and the taxable balance sheet values) that were not capitalized amount to CHF 34 million (previous year CHF 29 million).

20.4 Tax loss carryforwards		
In million CHF	2006	2005
Total tax loss carryforwards	378	379
Includes tax loss carryforwards in deferred taxes of	13	22
Total unused tax loss carryforwards	365	357
Of which expiring:		
Within one year	5	–
In two to five years	25	26
In more than five years	335	331
Tax effect of unused tax loss carryforwards	122	116

An analysis of income taxes and the effective income tax rate are contained in Note 9.

21 Employee benefit plans

21.1 Defined benefit plans 2006

In million CHF	Funded	Unfunded	Others	Total
Net assets at market value	2 050			2 050
Present value of defined benefit obligation	-2 083	-244	-135	-2 462
Financial surplus/shortfall	-33	-244	-135	-412
Unrecognized actuarial loss	146	17	14	177
Assets not shown in the balance sheet	-28			-28
Total net book value 2006	85	-227	-121	-263
Amount reported as employee benefits				
under assets				87
under liabilities				-350

21.2 Defined benefit plans 2005

In million CHF	Funded	Unfunded	Others	Total
Net assets at market value	1 868			1 868
Present value of defined benefit obligation	-1 970	-198	-146	-2 314
Financial surplus/shortfall	-102	-198	-146	-446
Unrecognized actuarial loss	198	1	5	204
Assets not shown in the balance sheet	-18			-18
Total net book value 2005	78	-197	-141	-260
Amount reported as employee benefits				
under assets				84
under liabilities				-344

Some surpluses have not been capitalized because the criteria for capitalization are not fulfilled.

There are no shares or bearer participation certificates of Schindler Holding Ltd. included in net plan assets. The Group does not utilize any (fixed) assets of the benefit plans.

21.3 Periodic pension cost for defined benefit plans

In million CHF	2006	2005
Current service cost	83	63
Interest cost on present value of defined benefit obligation	99	83
Expected return on plans assets	-94	-86
Actuarial gains/losses	6	13
Employee contributions	-27	-23
Periodic pension cost	67	50
Actual return on plan assets	6.8%	10.5%

21.4 Change of net assets at market value

In million CHF	2006	Funded 2005
January 1	1 868	1 687
Expected return	94	86
Actuarial gains/losses	85	23
Employee contributions	27	23
Employer contributions	64	110
Benefits paid	-78	-94
Translation exchange differences	-10	33
December 31	2 050	1 868

21.5 Change in present value of defined benefit obligation

In million CHF	2006				2005			
	Funded	Unfunded	Other	Total	Funded	Unfunded	Other	Total
January 1	-1 970	-198	-146	-2 314	-1 724	-210	-123	-2 057
Current service cost	-76	-5	-2	-83	-68	-10	15	-63
Interest cost	-83	-11	-5	-99	-77	-1	-5	-83
Employee contributions	-27	-	-	-27	-23	-	-	-23
Actuarial gains/losses	-12	-32	5	-39	-142	-2	-25	-169
Benefits paid	78	11	9	98	94	16	16	126
Change scope of consolidation	-3	-	-	-3	-	13	-16	-3
Translation exchange differences	10	-9	4	5	-30	-4	-8	-42
December 31	-2 083	-244	-135	-2 462	-1 970	-198	-146	-2 314

21.6 Multiyear comparison

In million CHF	2006	2005	2004	2003	2002
Net assets at market value	2 050	1 868	1 687	1 665	1 607
Present value of defined benefit obligation	2 462	2 314	2 057	2 034	2 006
Financial over/under coverage	-412	-446	-370	-369	-399
Actuarial gains/losses of the plan assets	85	23	7	8	5
Actuarial gains/losses of the benefit obligations	-39	-169	-16	-12	-13

21.7 Health care plans

The pension plans and post-employment health care plans relate mainly to the USA.

Given the assumed cost trend rates, as of December 31, 2006, the future expected payments for post-employment health care are as follows:

Assumed health care cost trend rates

	2006	2005
Growth rate in health costs	10.0%	11.0%
Rate to which the cost trend rate is assumed to decline	5.0%	5.0%
Year in which the rate reaches the ultimate trend rate	2011	2010

A change in the assumed cost trend rates for health care would have had the following effects in 2006:

In million CHF	1% point increase	1% point decrease
Effect on total of service cost and interest cost components	0.31	-0.26
Effect on post-employment benefit obligations	3.9	-3.3

21.8 Asset allocation of investments as per December 31

Weighted average in %	2006	2005
Equity	28.9	32.0
Bonds	34.0	37.5
Real Estate	20.1	16.1
Other	17.0	14.4
Total	100.0	100.0

21.9 Basis of actuarial calculations

Weighted average in %	2006	2005
Technical interest rate	3.5	4.1
Expected return on assets	4.5	5.0
Increase in salaries/wages	2.0	2.4
Increase in pensions	0.5	1.4
Fluctuation rate	5.3	5.5

22 Accounts payable

In million CHF	2006	2005
Supplies and services	957	634
Associates and other related parties	33	24
Social security institutions	55	56
Indirect taxes and capital taxes	123	129
Other accounts payable	124	68
Total accounts payable	1 292	911

23 Accrued expenses and deferred income

In million CHF	2006	2005
Personnel cost	383	339
Late cost	68	58
Invoiced service contracts	288	267
Other accrued expenses and deferred income	432	319
Total accrued expenses and deferred income	1 171	983

Accruals for outstanding supplier invoices (especially in the ALSO Group) cause a greater than average increase in the item "Other accrued expenses and deferred income".

24 Financial debts

24.1 Current financial debts

In million CHF	2006	2005
Bank overdrafts	30	18
ALSO program for sale of receivables	380	17
Current portion of non-current financial debts of bank loans	12	22
Current portion of non-current financial debts of financial leases	6	4
4 1/8% debenture 1999–2006, nominal value CHF 300 million	–	299
Total current portion of non-current financial debts	18	325
Total current financial debts	428	360

24.2 Non-current financial debts

In million CHF	2006	2005
3 1/2% debenture 1999–2009, nominal value CHF 300 million	299	298
Bank loans and private placements	57	61
Purchase price obligation on minorities (see also Note 27)	107	–
Finance leases	24	15
Other non-current financial debts	83	61
Total non-current financial debts	570	435
Thereof CHF portion	64%	78%

In the reporting year, the existing debenture with nominal value CHF 300 million was converted by means of an interest rate swap (IRS) into a variable interest obligation. The market value of the IRS of CHF –1 million has compensated the fluctuation in value of the discounted loan (see Note 30).

Certain financial liabilities are subject to covenant clauses, which means that specific financial targets have to be met. One company of the ALSO Group failed to achieve the minimum balance sheet equity ratio required for a credit facility under the receivables selling program. The outstanding credit line is CHF 180 million of which CHF 127 million was in use on 31 December 2006.

The bank therefore has the right to demand premature repayment of the loan. As soon as it seemed probable that the terms of the covenant would be breached, Management opened negotiations with the bank. The bank has waived the terms of the covenant and confirmed that no early repayment is requested. It is expected that a new credit agreement will be signed in 2007.

The other Group companies are in compliance with all "debt covenants."

24.3 Synopsis of maturity and average interest rate on financial debt

In million CHF	2006		2005	
	Book value	Effective interest rate in %	Book value	Effective interest rate in %
Within one year	428	3.8	361	3.9
Within two to five years	494	4.3	353	4.1
Greater than five years	76	13.7	81	18.9
Total financial debts	998	4.8	795	5.4

25 Provisions

In million CHF	Loss jobs	Guarantees	Structure adaptation cost	Product liabilities	Other provisions	Total
Current provisions	43	35	49	40	43	210
Non-current provisions	10	32	7	118	56	223
Total provisions	53	67	56	158	99	433

Statement of changes

December 31, 2005	63	62	66	157	98	446
Statement of profit and loss						
Setup	29	16	17	39	34	135
Usage	-36	-11	-27	-29	-36	-139
Reversal	-1	-1	-1	-	-3	-6
Reclassifications	-	1	-2	-	1	-
Change scope of consolidation	-	-	1	-	5	6
Translation exchange differences	-2	-	2	-9	-	-9
December 31, 2006	53	67	56	158	99	433

The provision for loss jobs is created to cover losses contained in the order backlog. Reversal takes place in relation to the progress of project execution. Projects are usually completed within 9 to 24 months of order receipt.

Warranty provisions cover the risk for expenses that have not yet occurred but which are expected before expiration of the granted warranty period.

Provisions for restructuring expenses also include termination payments and are only recognized in the balance sheet if a social plan exists which has been communicated to the affected parties. Reversal takes place in parallel with the payments for corresponding expenses which, except for the termination payments, are normally incurred within one year.

Provisions for product liability are based on actuarial calculations made by independent assessors relating to cases which have arisen, or are expected, and are not yet closed. Reversal takes place parallel to the payments, which may extend over a period of up to ten years following the occurrence of damage.

"Other provisions" mainly cover country-specific risks of individual subsidiaries. These obligations are only recognized if they relate to events in the past and their amount can be reliably estimated. Reversal normally takes place within five years.

26 Shareholders' equity

26.1 Share capital

	31. 12. 2006	31. 12. 2005
Number of shares	73 568 200	7 356 820
Nominal value in CHF	0.10	1.–
Share capital in CHF	7 356 820.–	7 356 820.–

26.2 Bearer participation certificates capital

	31. 12. 2006	31. 12. 2005
Number of bearer participation certificates	51 416 400	5 141 640
Nominal value in CHF	0.10	1.–
Bearer participation certificates capital in CHF	5 141 640.–	5 141 640.–

26.3 Own shares and bearer participation certificates

In million: CHF	Registered shares		Bearer participation certificates	
	Number	Value	Number	Value
December 31, 2004	79 941	17	59 108	14
Withdrawals for employee stock plan	–	–	–18 068	–5
Exercise of options from the capital participation plan	–7 003	–2	–133	–
Acquisition	29 474	13	12 049	5
Sales	–190	–	–	–
December 31, 2005	102 222	29	52 956	14
Exercise of options from the capital participation plan	–8 406	–2	–91	–
Subtotal before 10:1 split	93 816	27	52 865	14
Subtotal after 10:1 split	938 160	27	528 650	14
Withdrawals for employee stock plan	–125 453	–5	–150	–
Exercise of options from the capital participation plan	–403 043	–10	–7 600	–
Acquisition	419 459	28	732 216	48
Sales	–	–	–99 683	–7
December 31, 2006	829 123	40	1 153 433	54
Number of shares reserved for capital participation plan	680 123		673 433	
Already committed on December 31, 2006	462 712		522 060	

26.4 Change in value of financial instruments

In million CHF	available for sale	Hedges
December 31, 2005	1	–4
Addition	–1	–2
Realized through the profit and loss statement	–1	4
Realized as translation exchange differences in shareholders' equity	–	1
December 31, 2006	–1	–1

27 Additional information concerning the consolidated cash flow statement

Acquisition of subsidiaries

In the reporting year, the companies stated in Note 2.5 were acquired.

The newly consolidated values derive mainly from the GNT Group that was preconsolidated in ALSO as from September 1, 2006.

ALSO Holding AG acquired 50.1% of the GNT Group with headquarters in Tampere, Finland, for the basis price of EUR 32 million on August 31, 2006. On the remaining 49.9%, call options on the one hand and materially identical put options on the other hand were agreed that are exercisable in a first phase in 2008 and in a second phase in 2010. The price of these options will be determined from the earnings of the acquired company and the price/earnings ratio of ALSO Holding AG, with a maximum applicable P/E ratio of 13. The first put option of the seller is further linked to the condition the GNT Group achieves a certain minimum profit.

ALSO has recognized the present value of the expected obligation from these options as a liability and therefore consolidated the GNT Group to 100%, since the structure of call and put options is economically identical to a forward transaction. Any changes will be recognized as adjustments to the purchase price. The goodwill has therefore also been recognized in the balance sheet to 100% and represents the residual value (purchase price less net assets acquired). This mainly reflects the expected synergy effects. The Purchase Price Allocation was not finally closed on December 31, 2006, because the closing measurement of the balance sheet items could not be carried out.

The following assets and liabilities were consolidated at their fair values as of the date of the acquisition:

In million CHF	GNT Group		Others		2006		2005	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Cash on hand and securities	21	21	1	1	22	22	9	9
Accounts receivable and prepaid expenses	258	258	13	13	271	271	13	12
Net balance of uncompleted contracts and inventories	126	126	5	4	131	130	10	7
Fixed assets	28	33	1	1	29	34	5	8
Intangible assets (excluding goodwill)	1	68	2	38	3	106	–	81
Other non-current assets	1	1	–	–	1	1	3	3
Current liabilities	–392	–392	–17	–16	–409	–408	–22	–25
Non-current liabilities	–24	–43	–	–1	–24	–44	–9	–38
Net assets	19	72	5	40	24	112	9	57
Goodwill		90		2		92		46
Total acquisition		162		42		204		103
Cash acquired		–21		–1		–22		–8
Purchase price obligation on minority interests GNT		–106		–		–106		–
Other purchase price obligations		–		–10		–10		–
Cash used		35		31		66		95

When calculating the cash flow from additions of subsidiaries and affiliated companies, the value of the cash acquired resulting from a new consolidation is deducted from the respective purchase price.

The operating revenue and operating profit of the newly consolidated companies since the date of acquisition amount in total to CHF 974 million (GNT share CHF 926 million) and CHF 4 million (GNT share CHF –4 million).

If the acquisition of these companies had already been completed on January 1, 2006, this would have resulted in additional operating revenue of CHF 1 346 million and additional operating profit of CHF –1 million (unaudited).

28 Off-balance sheet transactions

28.1 Contingent liabilities/claims		
In million CHF	2006	2005
Total value of guarantees,		
pledges and guarantee obligations in favor of third parties	27	25

Contingent liabilities which will probably result in an obligation are included in the balance sheet under provisions.

- As an internationally active company, Schindler is exposed to a multitude of legal risks. These relate particularly to risks associated with product liability, patent law, taxation, antitrust law, and other laws relating to competition. Some subsidiaries are involved in legal proceedings. The results of currently pending or future proceedings cannot be predicted with certainty, which means that decisions of courts or other authorities can cause expenses that are not fully covered, or covered at all, by insurances and can therefore have significant consequences for the business and on future results. Wherever a reliable assessment of a past event is possible and can be confirmed by independent experts, a corresponding provision is made.
- Claims for liability have been made against some subsidiaries by individual employees and third parties (e.g. based on product liability and labor law). Where these claims are not, or are no longer, covered by state or private insurance schemes, the contingent risk for liability passes to the company. For this purpose, provisions which are appropriate on the basis of the information presently available have been made in the consolidated financial statements. However, a definitive assessment of the situation and of possible additional costs, should there be any at all, is not possible at the present time.
- As already communicated on several occasions, in January 2004 the European Commission initiated investigations into various companies in the European elevator and escalator industry regarding suspected collusions in contravention of antitrust laws. The investigations also included individual subsidiaries of the Schindler Group. The Board of Directors of Schindler Holding Ltd. immediately instructed the Audit Committee to clarify by means of extensive internal investigations whether, and to what extent, infringements of the Code of Conduct enacted in 1997, and of regulations under antitrust laws, had occurred. The investigations indicated that in the past, isolated infringements had occurred in a small number of EU countries. This was notified to the European Commission.

- On October 11, 2005, the European Commission sent Statements of Objections to the companies involved. The European Commission had concluded that infringements against antitrust law had occurred in a small number of European countries. On the other hand, absolutely no indications of pan-European collusions were found. In the first quarter of 2006, the companies to which the Statements of Objections had been sent were given the opportunity of submitting to the European Commission written responses to the results of the investigations. The Commission's decision is expected during financial year 2007. Its decision will include specific sanctions. A reliable estimate of the financial consequences of the proceedings was not possible by the date of approval of this Annual Report by the Board of Directors of Schindler Holding Ltd., no provisions were created in the reporting year.
- As previously stated, the class-action lawsuits filed in the USA following the announcement of the EU investigation were rejected by the responsible judge in New York due to lack of evidence. In July 2005, a group of the previous plaintiffs filed a new class-action lawsuit, which once again collectively accused the international elevator industry of having structures and practices that violated antitrust legislation. This lawsuit was also rejected. The plaintiffs have referred the decision to the responsible Federal Court of Appeals. The proceedings are still pending. An estimate of potential financial consequences cannot be made with the available information. Consequently, no provisions were created in the annual financial statements for financial year 2006.
- On February 2, 2007, the Austrian federal competition authorities submitted to the Austrian antitrust court a request for imposition of a monetary fine of not yet specified amount on elevator companies operating in Austria that include Schindler Austria. The charges relate to alleged anti-competitive practices in the Austrian market before mid-2004. The companies involved must respond to the charges. Schindler immediately initiated internal investigations. At the present time, no reliable estimate of possible financial consequences can be made, and therefore no provisions have been created in the reporting year.

28.2 Other commitments

In million CHF	2006	2005
Irrevocable payment commitments resulting from contracts not to be shown in the balance sheet	106	49

28.3 Synopsis of maturity of rental and lease payments 2006

In million CHF	Rental contracts	Operating leases	Finance leases
Within one year	25	85	8
Within two to five years	71	134	19
Greater than five years	32	88	7
Total payments	128	307	34
Less interests			-4
Total finance lease borrowings 2006			30

28.4 Synopsis of maturity of rental and lease payments 2005

In million CHF	Rental contracts	Operating leases	Finance leases
Within one year	17	61	5
Within two to five years	41	105	14
Greater than five years	7	33	3
Total payments	65	199	22
Less interests			-3
Total finance lease borrowings 2005			19

29 Financial risk management

As a globally active company, Schindler is exposed to various general and industry-specific risks. A comprehensive analysis of potential risks and an assessment of their manageability is therefore an absolute prerequisite to enable important entrepreneurial decisions to be made.

29.1 Principles for risk management

With regard to its assets, liabilities, and planned transactions, the Group is particularly exposed to risks from changes in exchange rates, interest rates and, to a limited extent, share prices. The objective of financial risk management is to limit these market risks in a calculated way by ongoing operational activities. For this purpose, depending on the assessment of the risk, selected derivative financial instruments such as foreign exchange contracts and interest rate swaps are used.

There are also guidelines for the management of liquid assets (liquidity risk). To optimize financial resources, the management of liquidity that is not required for operational purposes and the assurance of the long-term financing of the Group, are centralized. Schindler thereby ensures cost-efficient procurement of capital as well as liquidity that is coordinated with its payment obligations.

29.2 Organization of risk management

Risk management at Schindler is based on a differentiation between strategic and operational risks. Strategic risks that affect the success of the corporate strategy are generally highly complex and very difficult to quantify. Their assessment is the responsibility of the Executive Committee of the Board of Directors and the Management Committee.

Operational risks, on the other hand, can be localized to the operational units. The Group Assurance, Area Controlling, and Treasury functions regularly conduct assessments of specific risks. As part of both internal and external audits, all elements of risk management are constantly reviewed and optimized if necessary. In addition, monthly internal reports on the economic situation of the company allow potential risks arising from the ongoing business to be promptly recognized and corresponding countermeasures to be taken. To provide the necessary information, Accounting and Controlling constantly adapt their reporting systems to changing circumstances.

The Treasury Department uses an analysis and assessment system to register, monitor, and control financial risks based on instructions from the Board of Directors and the Management Committee. The financial instruments that are used are simple and their value can be determined at any time.

29.3 Types of financial risk

The most significant financial risks to which the Group is exposed are credit, liquidity, and market risks, as well as risks associated with general entrepreneurial activity.

29.3.1 Credit risks

It is a component of corporate policy to invest liquid assets in time deposit, first-class, low-risk, liquid securities at financial institutions that must fulfill certain minimum requirements regarding their credit rating. The credit risk is actively managed by the Group regularly reviewing the credit ratings of the banks and the assets held by them. The Group has also laid down limits for the amounts of liquid assets that may be held with a bank and for open transactions with individual banks. The maximum credit risk comprising the market value of financial assets including derivative financial instruments that is carried in the balance sheet is disclosed.

29.3.2 Customer risks

Schindler markets a wide range of products, systems, and services. Since the customer base consists of a large number of customers with a wide geographical spread worldwide, the danger of cluster risks occurring in association with trade receivables is limited. The payment behavior is regularly monitored locally by all Group companies. Security is assured in the form of prepayments and progress payments. Default risks are taken into account by means of individual and overall value adjustments. Experience from the past shows that this risk can be regarded as very low.

29.3.3 Liquidity risks

The central liquidity risk management ensures that the Group is always in a position to fulfill its payment obligations punctually. Having a solid financial structure is a significant contribution to assuring liquidity.

The main instruments used for long-term financing are debentures. To ensure solvency and financial flexibility at all times, an adequate reserve of liquidity is held in the form of cash and cash equivalents.

The excellent creditworthiness of the Group also allows it to make efficient use of the international financial markets for financing purposes should this be necessary.

29.3.4 Market risks

Virtually all financial transactions are subject to the risk of changes in market prices and rates which can result in gains or losses. There are three different types of market risk:

- Interest rate risks
- Currency risks
- Share price risks.

Interest rate risks and share price risks always contain two components. The systematic risk relates to changes in value due to general fluctuations of the market, while the specific risk relates to the issuer.

29.3.4.1 Interest rate risks

Schindler is mainly exposed to interest risks in Swiss francs, euros, and US dollars. To minimize the effects of interest rate fluctuations in these currencies, Schindler manages its long-term financial liabilities centrally. Based on the existing and planned debt structure, the Group makes use of derivatives on a case-by-case basis to reduce the risks of changes in interest rates.

Local, short-term interest rate risks are not usually hedged by the Group companies.

29.3.4.2 Currency risks

In view of Schindler's worldwide activities, changes in exchange rates create risks that affect the capital, financial, and income situation as reported in Swiss francs. Foreign currency risks can be separated into transaction risks and translation risks.

As far as possible, the exchange rate transaction risks that arise from operational activities are hedged centrally with currency derivatives from counterparties with a good international risk rating. By limiting Group-internal billings to two currencies (EUR and USD), exchange rate transaction risks are minimized and netting facilities utilized as extensively as possible. Most expenses and income occur in local currency, so that the total transaction currency risk of the Group is considerably less than 10% of turnover.

Exchange rate translation risks that occur when profit and loss statements and balance sheets of subsidiaries are translated in the Group financial statements are only hedged in exceptional cases.

29.3.4.3 Share price risks

The Group has only limited holdings of shares, options on shares and other equity instruments that are not related to its business activities.

30 Financial instruments

30.1 Fair value of financial assets and liabilities

In million CHF	2006		2005	
	Net book value	Fair value	Net book value	Fair value
Financial assets				
Cash on hand	974	974	1 108	1 108
Marketable securities within current assets	246	246	112	112
Accounts receivable	2 019	2 019	1 555	1 555
Financial assets	342	342	533	533
Financial liabilities				
Current and non-current financial debts	998	1 004	795	817
Other liabilities	1 398	1 398	1 011	1 011

Wherever possible, the fair value is determined from the current fair price, or from own calculations in the case of OTC transactions.

30.2 Carrying amount by currency

Cash on hand and securities in current assets

In million CHF	2006	2005
CHF	502	500
EUR	356	387
USD	118	121
Other	244	212
Total	1 220	1 220

30.3 Open derivative financial instruments

	2006			2005		
	Contract value	Positive market value	Negative market value	Contract value	Positive market value	Negative market value
In million CHF						
Currency instruments						
Forward currency contracts	2 477	10	27	2 411	11	57
Currency options (OTC)	9	–	–	68	–	–
Total currency instruments	2 486	10	27	2 479	11	57
Interest instruments						
Interest rate swaps	314	–	1	300	1	–
Forward rate agreements	224	–	–	–	–	–
Interest rate options	371	–	–	624	3	3
Total interest instruments	909	–	1	924	4	3
Other derivative financial instruments	1	–	–	–	–	–
Total	3 396	10	28	3 403	15	60
Total derivative financial instruments						
contained in the receivables/payables						
and/or transitory assets/liabilities		10	28		15	60

30.4 Maturity dates of the derivative financial instruments 2006

	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
In million CHF					
Currency instruments					
Forward currency contracts	1 126	862	489	–	2 477
Currency options (OTC)	–	9	–	–	9
Total currency instruments	1 126	871	489	–	2 486
Interest instruments					
Interest rate swaps	–	13	300	1	314
Forward rate agreements	–	–	224	–	224
Interest rate options	–	371	–	–	371
Total interest instruments	–	384	524	1	909
Other derivative financial instruments	1	–	–	–	1
Total	1 127	1 255	1 013	1	3 396

30.5 Maturity dates of the derivative financial instruments 2005

In million CHF	Up to 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
Currency instruments					
Forward currency contracts	1 167	859	385	–	2 411
Currency options (OTC)	1	67	–	–	68
Total currency instruments	1 168	926	385	–	2 479
Interest instruments					
Interest rate swaps	–	300	–	–	300
Forward rate agreements	–	–	–	–	–
Interest rate options	–	624	–	–	624
Total interest instruments	–	924	–	–	924
Other derivative financial instruments	–	–	–	–	–
Total	1 168	1 850	385	–	3 403

30.6 Hedging transactions 2006

In million CHF	Market value	Purchase cost	Risk	Hedging instrument	Positive replacement value	Negative replacement value
Underlying transaction						
Fair value hedges	111	111	Foreign currency	Forward exchange transaction	1	1
Cash flow	–184	–186	Foreign currency	Forward exchange transaction	–	2
Cash flow	22	22	Interest rate	Interest rate swap	–	–
Non-current financial debts	–299	–300	Market value	Interest rate swap	–	1

30.7 Hedging transactions 2005

In million CHF	Market value	Purchase cost	Risk	Hedging instrument	Positive replacement value	Negative replacement value
Underlying transaction						
Fair value hedges	62	62	Foreign currency	Forward exchange transaction	–	–
Net investments in foreign subsidiaries	64	62	Foreign currency	Forward exchange transaction	–	2
Cash flow	–126	–128	Foreign currency	Forward exchange transaction	–	2
Non-current financial debts	–301	–300	Market value	Interest rate swap	1	–

31 Pledged assets (assets pledged or assigned as security against the company's own liabilities)

In million CHF	2006	2005
Securities	17	17
Accounts receivable	438	35
Inventories	119	4
Property, plant and equipment	97	66
Total pledged assets	671	122

32 Segment reporting

The Group consists of the traditional core business of Elevators & Escalators, and the ALSO Group, which is operating in the IT industry as a logistic and service company (see also Note 2.10).

The results of the business segments have been presented on a management reporting basis (Management Approach). They include all revenues and expenses which are directly attributable to a segment plus a Group overhead cost which has been assigned to each segment.

Intercompany charges have been included in the individual values and are based on market prices (at arm's length). "Services/Eliminations E & E" contains values of management and service companies as well as eliminations within the Elevators & Escalators business. Intercompany sales of ALSO to Elevators & Escalators are included in "Finance/Eliminations."

Allocation of operating revenue to geographical regions is based on the location where invoicing occurs.

Assets and liabilities which cannot be divided between the two segments, especially financial liabilities for Group financing, are reported under "Finance/Eliminations."

32.1 Segment information 2006

In million CHF	Europe	North, Central, and South America	Asia, Australia, Africa	Services/ Eliminations E & E	Elevators & Escalators	ALSO	Finance/ Eliminations	Group
Operating revenue third parties	4 148	2 399	1 282	–	7 829	3 277	–	11 106
Intercompany sales	1 562	91	317	–1 970	–	–	–	–
Total operating revenue	5 710	2 490	1 599	–1 970	7 829	3 277	–	11 106
Operating profit					717	29	–20	726
Assets	2 761	1 211	840	81	4 893	1 416	969	7 278
Investments in associated companies	28	–	221	–	249	–	–	249
Liabilities	1 997	785	518	175	3 475	1 214	412	5 101
Additions of property, plant and equipment	61	20	18	5	104	8	–	112
Depreciation and amortization	63	27	21	3	114	8	–	122
Of which impairment	1	–	–	–	1	–	–	1
Share in profits of associated companies					10	–	–	10
Personnel at year-end	20 561	12 612	8 105	354	41 632	2 047	–	43 679

32.2 Segment information 2005

In million CHF	Europe	North, Central, and South America	Asia, Australia, Africa	Services/ Eliminations E & E	Elevators & Escalators	ALSO	Finance/ Eliminations	Group
Operating revenue third parties	3 828	2 009	1 050	3	6 890	1 980	–	8 870
Intercompany sales	1 265	48	198	–1 511	–	–	–	–
Total operating revenue	5 093	2 057	1 248	–1 508	6 890	1 980	–	8 870
Operating profit					632	23	–21	634
Assets	2 363	1 179	763	88	4 393	438	1 218	6 049
Investments in associated companies	44	–	11	–	55	–	–	55
Liabilities	1 813	731	460	195	3 199	247	718	4 164
Additions of property, plant and equipment	54	22	16	3	95	3	–	98
Depreciation and amortization	70	23	14	6	113	4	–	117
Of which impairment	4	–	–	–	4	–	–	4
Share in profits of associated companies					–2	–	–	–2
Personnel at year-end	19 793	12 108	7 572	289	39 762	623	–	40 385

33 Capital participation plans

33.1 Share plan Schindler Holding Ltd.

The awards under the participation plan made in April 2006 for the financial results of 2005 required 125 453 registered shares (previous year 18 680 bearer participation certificates, before 10:1 split) with a market value on December 31, 2005, of CHF 6.5 million. In each case, the corresponding number was taken from treasury. The respective expense was charged to personnel cost.

33.2 Option plan Schindler Holding Ltd.

All values after 10:1 share/participation certificate splits on June 11, 2002, and March 27, 2006

Year of issue	2006	2005	2004	2003	2002	2001
Options awarded	138 376	263 060	279 670	645 360	131 900	154 200
Options exercised	-783	-4 650	-5 190	-335 350	-92 900	-140 600
Options redeemed/expired	-1	-4 360	-6 470	-33 890	-3 600	-
Balance on 31. 12. 2006	137 592	254 050	268 010	276 120	35 400	13 600
Entitles to purchase of	Registered shares	BPC	BPC	Registered shares	Registered shares	Registered shares
Exercise price	48.80	32.90	28.70	25.50	27.10	26.90
Barred period ends	30.04.2009	30.04.2008	30.04.2007	30.04.2006	30.04.2005	30.04.2004
Exercise period ends	30.04.2012	30.04.2011	30.04.2010	30.04.2009	30.04.2008	30.04.2007
Assignment ratio options : shares/BPC	1:1	1:1	1:1	1:1	1:1	1:1
Weighted stock-exchange price						
on exercise in 2005	-	50.00	50.45	-	49.35	48.80
Weighted stock-exchange price						
on exercise in 2006	66.45	65.80	67.15	70.35	66.20	61.55

33.3 Option conditions on shares ALSO Holding AG

All values after 10:1 share split on March 23, 2006

Year of issue	Right to	Exercise period	Exercise price then applicable in CHF	Open on 31.12.2006 Number
2004	Shares	May 1, 2007 until April 30, 2010	33.47	3 960
2005	Shares	May 1, 2008 until April 30, 2011	33.08	5 030
2006	Shares	May 1, 2009 until April 30, 2012	35.68	1 975

One option gives entitlement to purchase one registered share of ALSO Holding AG.

All 27 680 options (number after split) from 2003 were exercised in the reporting year.

33.4 Valuation of the options

The options are valued using the Hull-White model, which explicitly takes into account the effects of the restriction period as well as of an earlier exercise date. The following parameters are used in the valuation:

33.4.1 Schindler Holding Ltd.

Values in both periods after 10:1 share/participation certificate split on March 27, 2006

	Shares 2006	BPC 2005
Price in CHF	70.00	43.55
Strike in CHF	48.80	32.90
Volatility	23.3%	30.6%
Risk-free interest rate	2.5%	1.9%
Dividend rate	1.7%	1.9%
Exit rate	5%	5%

33.4.2 ALSO Holding AG

Values in both periods after 10:1 share split on March 23, 2006

	Shares 2006	2005
Price in CHF	58.00	39.80
Strike in CHF	35.68	33.08
Volatility	37.6%	52.9%
Risk-free interest rate	2.7%	1.9%
Dividend rate	1.6%	1.4%
Exit rate	5%	5%

The volatility was calculated on the basis of the historical volatility of the share price over a time horizon of one year before the date of valuation.

The fair value of the options is recognized in the profit and loss statement, with one third (vesting period) of the amount CHF 3 million (previous year CHF 2.8 million) being charged to personnel expenses.

33.5 Allocation to Board of Directors and Management Committees

Values in both periods after 10:1 share/participation certificate split on March 27, 2006

	2006	2005
Registered shares Schindler Holding Ltd.	36 734	–
Bearer participation certificates Schindler Holding Ltd.	–	52 110
Options on registered shares Schindler Holding Ltd.	34 323	–
Options on bearer participation certificates Schindler Holding Ltd.	–	64 720
Shares ALSO Holding AG	2 466	3 850
Options on shares ALSO Holding AG	1 975	5 030

At their own wish, the non-executive members of the Board of Directors of Schindler Holding Ltd. are not included in the capital participation plan.

34 Related parties

Schindler Holding Ltd., Hergiswil, Switzerland, is the ultimate holding body and is not controlled by any other company.

On December 31, 2006, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a stockholder retainer contract 50 776 110 registered shares of Schindler Holding Ltd., corresponding to 69,0% of the voting rights of the share capital entered in the Register of Companies.

All business transactions with related parties have been held "at arm's length." Neither with the major shareholders nor with other related parties have unusual transactions taken place during the periods reported.

The transactions with associated companies and other related parties consist of the following:

In million CHF	2006	2005
Invoicing	42	32
Material and operating expenses	4	3

In million CHF	2006	2005
Receivables and loans	28	12
Liabilities	33	24

35 Compensation of key management

The members of the Board of Directors receive for their activities total fees and expenses of CHF 1.7 million (previous year CHF 1.7 million) (see also Corporate Governance, pages 103 to 107). In addition, the executive members of the Board of Directors, and the members of the Management Committees, receive a fixed salary plus performance-related remuneration customary for the industry.

In million CHF	2006	2005
Short-term employee benefits	25	24
Post-employment benefits	3	3
Other long-term benefits	–	–
Termination benefits	–	–
Share-based payment	3	3
Total	31	30

36 Proposal of the Board of Directors

The Board of Directors proposes to the General Meeting a dividend for the financial year 2006 of CHF 1.30 (previous year before 10:1 split CHF 9.–) per registered share and bearer participation certificate. This represents a total dividend payment of CHF 162 million (previous year CHF 111 million).

37 Release of the consolidated financial statements for publication

The consolidated financial statements were released for publication by the Board of Directors of Schindler Holding Ltd. on February 19, 2007, and presented for approval by the General Meeting of March 20, 2007.

38 Events after balance sheet date and outlook

No significant events occurred after the date of the balance sheet.

Report of the statutory auditors

To the General Meeting of Schindler Holding Ltd., Hergiswil

As auditors of the Group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows, statement of shareholders' equity, and notes, pages 3 to 63) of Schindler Holding Ltd. for the year ended December 31, 2006.

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

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

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

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

Berne, February 20, 2007

ERNST & YOUNG LTD.

Roland Ruprecht
Certified accountant
(in charge of the audit)

Manuel Trösch
Certified accountant

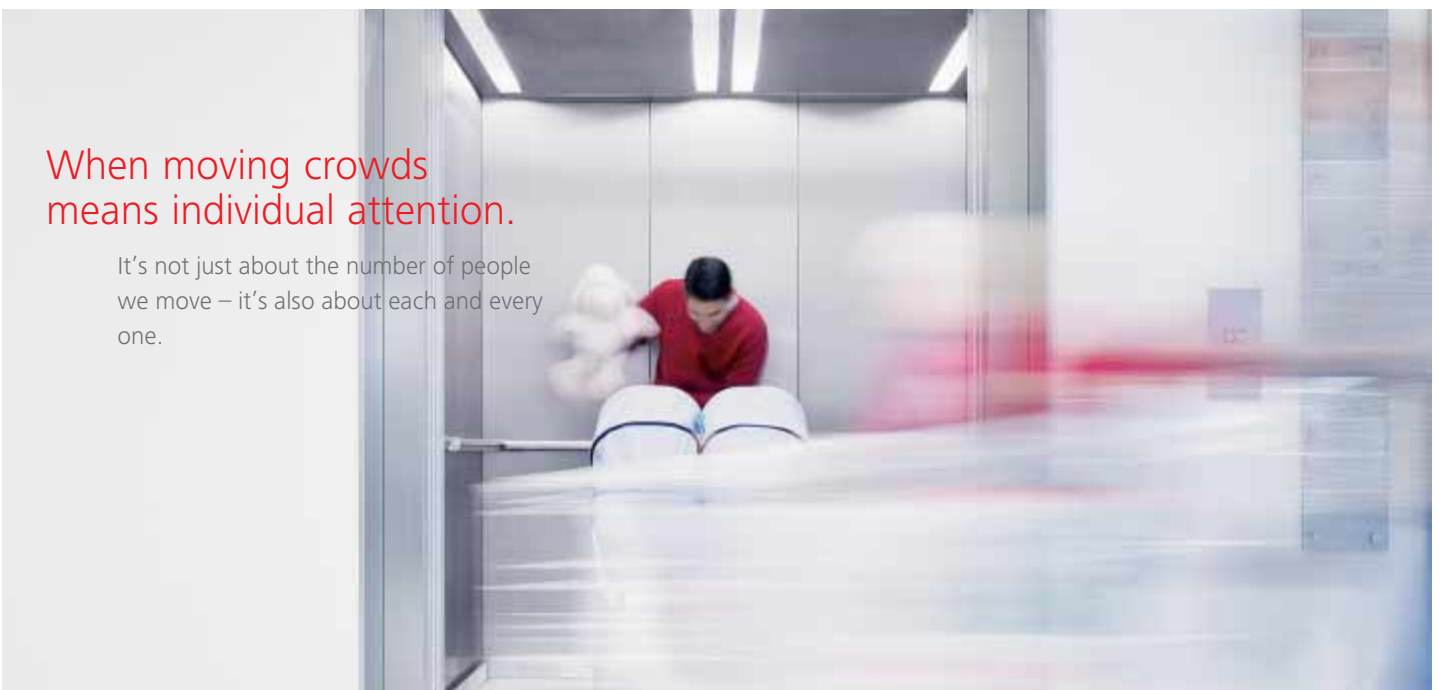
Financial Statements Schindler Holding Ltd.

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When moving crowds means individual attention.

It's not just about the number of people
we move – it's also about each and every
one.



Profit and loss statement

Revenue

In 1000 CHF	Notes	2006	2005
Income from subsidiaries	1	325 242	270 137
Extraordinary income	2	198	16 512
Income from financial operations	3	25 415	12 982
Total revenue		350 855	299 631

Expenses

In 1000 CHF	Notes	2006	2005
Financial expenses	4	27 081	25 549
Depreciation and adjustments	5	71 617	75 916
Administration expenses and taxes	6	19 264	21 322
Total expenses		117 962	122 787
Net profit for the year		232 893	176 844

Balance sheet before appropriation of profits

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Financial Statements
Schindler Holding Ltd.

Assets					
In 1000 CHF	Notes	31. 12. 2006	%	31. 12. 2005	%
Current assets					
Cash and cash equivalents	7	369 068		452 366	
Securities	7	94 059		47 923	
Accounts receivable from subsidiaries	8	242 978		253 827	
Accounts receivable from third parties	9	3 305		2 163	
Prepaid expenses and accrued income	10	1 263		2 718	
Total current assets		710 673	35.8	758 997	36.4
Non-current assets					
Investments in subsidiaries	11	1 259 000		1 231 000	
Loans to subsidiaries	12	12 000		91 797	
Financial assets	13	3 576		5 576	
Total non-current assets		1 274 576	64.2	1 328 373	63.6
Total assets		1 985 249	100.0	2 087 370	100.0

Liabilities and shareholders' equity					
In 1000 CHF	Notes	31. 12. 2006	%	31. 12. 2005	%
Liabilities					
Accounts payable to subsidiaries	14	331 897		257 873	
Accounts payable to third parties	15	10 948		3 636	
Debentures	16	300 000		600 000	
Provisions	17	55 242		55 307	
Accrued expenses and deferred income	18	10 400		15 519	
Total liabilities		708 487	35.7	932 335	44.7
Shareholders' equity					
Share capital	19, 20	7 357		7 357	
Bearer participation capital	19, 20	5 142		5 142	
Statutory reserves	20	317 121		317 121	
Reserves for treasury stock	20	94 059		43 051	
Other reserves	20	613 185		599 193	
Brought forward from previous year	20	7 005		6 327	
Net profit for the year	20	232 893		176 844	
Total shareholders' equity		1 276 762	64.3	1 155 035	55.3
Total liabilities and shareholders' equity		1 985 249	100.0	2 087 370	100.0

Notes to the financial statements

Principles of valuation

The financial statements as at December 31, 2006, comply with Swiss corporation law. Regarding inclusion of Schindler Holding Ltd. in the consolidated financial statements, the accounting and reporting principles described in the notes to the consolidated financial statements apply.

Notes and explanations

The numbering corresponds to the numbering under "Notes" in the profit and loss statement and in the balance sheet.

1 Income from subsidiaries

Income from subsidiaries, totaling CHF 325.2 million (previous year CHF 270.1 million), includes the dividends of the subsidiaries and affiliated companies as well as contractually agreed payments for services rendered by Schindler Holding Ltd.

2 Extraordinary income

There was extraordinary income of CHF 0.2 million. The previous year's amount of CHF 16.5 million included extraordinary income relating to a different period and an extraordinary reversal of provisions.

3 Income from financial operations

Income from financial operations, consisting of interest on investments in third parties and subsidiaries, together with income received from other financial investments, amounts to CHF 25.4 million (previous year CHF 13.0 million). Relative to the previous year, higher interest income and above all higher market gains on securities were earned.

4 Financial expenses

The financial expenses of CHF 27.1 million (previous year CHF 25.5 million) comprise interest payments to subsidiaries for current account loans, interest on long-term liabilities in the form of outstanding debentures, and revaluations of financial assets. Slightly higher interest payments to subsidiaries and affiliated companies resulted in the higher expenses overall.

5 Depreciation and adjustments

Depreciation and adjustments on investments in subsidiaries and loans amounted to CHF 71.6 million in the year under review, by comparison with CHF 75.9 million in the previous year. This expense item takes into account the prudent assessment of economic and currency risks associated with the investments in subsidiaries.

6 Administration expenses and taxes

The main items included under this heading, amounting to CHF 19.3 million (previous year CHF 21.3 million), are personnel costs, general business expenses, and taxes. The reduced expense is mainly attributable to lower charges within the Group.

7 Cash, cash equivalents, and securities

The value of cash, cash equivalents, and securities (in the reporting year exclusively shares and participation certificates in treasury) amounted to CHF 463.1 million (23.3% of total assets). On December 31, 2005, the comparable value was CHF 500.3 million, or 24.0% of total assets. Inflows in the reporting period derived mainly from the cash flow, repayment of loans by subsidiaries and affiliated companies, and increases in current account balances of subsidiaries and affiliated companies. The cash drain for the purchase of own shares, the dividend payment, and especially the repayment of the 4½% debenture of CHF 300 million, resulted on balance in a lower value than the previous year.

7.1 Repurchase program

The repurchase program that was started on March 1, 2002, was completed on December 31, 2006. In this program, 384 500 registered shares and 4 133 500 bearer participation certificates of CHF 0.10 each (after both 10:1 splits in 2002 and 2006) were repurchased, which amounts to 0.52% of the registered shares and 8.04% of the participation capital entered in the Register of Companies.

In December 2006, the Board of Directors of Schindler Holding Ltd. decided that there should be a further repurchase program. That program entitles Schindler Holding Ltd. to repurchase up to a maximum of 10% of its own registered shares and a maximum of 10% of its own bearer participation certificates corresponding to 10% of the registered share capital and 10% of the bearer participation capital respectively. Should less than 10% of the registered share capital be offered, Schindler Holding Ltd. has the right to repurchase more than 10% of the bearer participation capital. However, the total repurchases must not exceed 10% of the nominal capital of Schindler Holding Ltd. Schindler Holding Ltd. will terminate the repurchase program early if 10% of the nominal capital has been repurchased. The new repurchase program began on January 3, 2007, and is scheduled to run until December 31, 2008.

For the repurchase program of Schindler Holding Ltd., separate second trading lines have been set up in the main segment of the SWX Swiss Exchange for the registered shares and bearer participation certificates of Schindler Holding Ltd. respectively. These two trading lines are exclusively reserved for Schindler Holding Ltd. as purchaser to purchase registered shares and bearer participation certificates of Schindler Holding Ltd.

The development of the registered share capital and bearer participation certificate capital since December 31, 2003, is shown in Note 19.

On the date of the balance sheet, Schindler Holding Ltd. held 829 123 own registered shares (previous year 1 022 220, after 10:1 split on March 27, 2006) and 1 153 433 own bearer participation certificates (previous year 529 560, after 10:1 split on March 27, 2006). Of these, 462 712 registered shares and 522 060 bearer participation certificates are reserved for the stock plan and stock option plan for the senior management of the Group (around 400 employees).

All items in treasury are valued at acquisition value.

The treasury stock of registered shares and bearer participation certificates, and the respective movements, are shown in the notes to the consolidated financial statements (Note 26).

8 Accounts receivable from subsidiaries

Accounts receivable from subsidiaries and affiliated companies amount to CHF 243.0 million, which is slightly less than the previous year's amount (CHF 253.8 million).

9 Accounts receivable from third parties

Accounts receivable from third parties, including tax credits for withholding taxes, closed at CHF 3.3 million (previous year CHF 2.2 million).

10 Prepaid expenses and accrued income

Prepaid expenses, consisting mainly of accrued interest, amounted to CHF 1.3 million (previous year CHF 2.7 million).

11 Investments in subsidiaries

At the end of the reporting year, the balance sheet value of investments in subsidiaries was CHF 1 259.0 million. This is a net increase of CHF 28.0 million on the previous year's value of CHF 1 231.0 million. The gross increase of CHF 98.4 million is composed of purchases of shares in subsidiaries, capital increases, and payments into the reserves of subsidiaries. The sale of a share in a subsidiary of CHF 0.3 million, and amortization for the amount of CHF 70.1 million, result on balance in the reported amount for investments in subsidiaries.

The companies in which Schindler Holding Ltd. has a direct or indirect interest are listed on pages 77 to 80.

12 Loans to subsidiaries

Loans to subsidiaries and affiliated companies were largely repaid in the reporting year, so that the amount on the date of the balance sheet was CHF 12.0 million compared with CHF 91.8 million at the end of the previous year.

13 Financial assets

The financial assets of CHF 3.6 million (previous year CHF 5.6 million) comprise holdings of less than 10% in subsidiaries. The net decrease of CHF 2.0 million results from a partial revaluation of a holding.

14 Accounts payable to subsidiaries

Accounts payable to subsidiaries, including affiliated companies, amount to CHF 331.9 million, which is CHF 74 million above the previous year's value of CHF 257.9 million. Higher current account balances and interim dividends of operating companies that were not yet recognized in income cause the increase in the reporting period.

15 Accounts payable to third parties

Accounts payable to third parties amount to CHF 10.9 million. The increase of CHF 7.3 million results mainly from a liability in connection with the sale of shares in subsidiaries that is not yet due.

16 Debentures

In 1000 CHF	2006	2005
3½% debenture 1999–2009, due 02.06.2009	300 000	300 000
4⅛% debenture 1999–2006, due 26.10.2006	–	300 000
Total debentures outstanding	300 000	600 000

The 4⅛% debenture that was repaid on October 26, 2006, was converted by means of an interest rate swap (IRS) into an account payable with a variable interest expense. In the reporting year, the 3½% debenture was also converted into an account payable with a variable interest expense. The resulting net interest income from both debentures is offset against the corresponding interest expense.

17 Provisions

The existing provisions to cover financial risks in conjunction with international business commitments amount to CHF 55.2 million (previous year CHF 55.3 million). They consist mainly of provisions for guarantees, bad debts, and currency risks, as well as provisions to cover commitments entered into.

Schindler Holding Ltd. makes regular payments to three widows of former executive members of the Board of Directors amounting in total to CHF 216 000 annually. The actuarially determined cash value is recalculated annually, and on December 31, 2006, amounted to CHF 1.6 million (previous year CHF 1.7 million). This amount is reported as a provision.

18 Accrued expenses and deferred income

Accrued liabilities amount to CHF 10.4 million (previous year CHF 15.5 million) and include negative replacement values of derivative financial instruments, outstanding invoices, and accrued interest for the two outstanding debentures as of December 31, 2005, and for the remaining debenture as of December 31, 2006.

19 Share capital/participation certificate capital

19.1 Share capital

	Number	Nominal value CHF	Share capital CHF
December 31, 2003	7 356 820	1	7 356 820
December 31, 2004	7 356 820	1	7 356 820
December 31, 2005	7 356 820	1	7 356 820
March 27, 2006, split 10:1	73 568 200	0.10	7 356 820
December 31, 2006	73 568 200	0.10	7 356 820

19.2 Bearer participation certificate capital

	Number	Nominal value CHF	Participation certificate capital CHF
December 31, 2003	5 506 990	1	5 506 990
Elimination on June 3, 2004	-365 350		-365 350
December 31, 2004	5 141 640	1	5 141 640
December 31, 2005	5 141 640	1	5 141 640
March 27, 2006, split 10:1	51 416 400	0.10	5 141 640
December 31, 2006	51 416 400	0.10	5 141 640

20 Shareholders' equity

In the last three years, the individual components of shareholders' equity have developed as follows:

In 1000 CHF	Share capital	Participation certificate capital	Statutory reserves	Reserves for treasury stock	Other reserves	Profits as per balance sheet	Total shareholders' equity
December 31, 2003	7 357	5 507	317 121	105 975	507 546	132 154	1 075 660
Elimination on June 3, 2004		-365		-69 642	365		-69 642
Dividend						-74 044	-74 044
Appropriation to other reserves					52 000	-52 000	
Change in reserves for treasury stock				-5 144	5 144		
Net profit 2004						132 723	132 723
December 31, 2004	7 357	5 142	317 121	31 189	565 055	138 833	1 064 697
Dividend						-86 506	-86 506
Appropriation to other reserves					46 000	-46 000	
Change in reserves for treasury stock				11 862	-11 862		
Net profit 2005						176 844	176 844
December 31, 2005	7 357	5 142	317 121	43 051	599 193	183 171	1 155 035
Dividend						-111 166	-111 166
Appropriation to other reserves					65 000	-65 000	
Change in reserves for treasury stock				51 008	-51 008		
Net profit 2006						232 893	232 893
December 31, 2006	7 357	5 142	317 121	94 059	613 185	239 898	1 276 762
Of which share premiums (unchanged)			311 321				

21 Contingent liabilities

In 1000 CHF	2006	2005
Total contingent liabilities in favor of affiliated companies		
for bank guarantees, loans, and supply contracts	476 300	501 600

The contingent liabilities of Schindler Holding Ltd. cover conditional obligations for bank guarantees, loans, and supply contracts in favor of subsidiaries and affiliated companies. Utilized credits and incurred obligations are reported in the consolidated balance sheet as accounts payable or – if necessary – covered by provisions and recognized in the balance sheet.

There are also letters of comfort for unquantified amounts in favor of subsidiaries and affiliates. As a result of the group value added tax system for the Swiss companies introduced on January 1, 2003, there is a joint liability for the tax owed by the value added tax group in favor of the Swiss federal tax authority.

The share of contingent liabilities in favor of unconsolidated subsidiaries and a distributor of Schindler elevators and escalators amounts to CHF 32.3 million (previous year CHF 30.2 million).

As stated in more detail in the Group financial statements (page 49), in January 2004 the European Commission initiated investigations into various companies in the European elevator and escalator industry regarding suspected collusions in contravention of antitrust laws. The investigations included individual subsidiaries of the Schindler Group. Addressees of the Statements of Objections delivered by the European Commission on October 11, 2005, formally included Schindler Holding Ltd. in its role as parent company of the Schindler Group.

22 Liabilities to employee benefit schemes

In 1000 CHF	2006	2005
Total liabilities	1 376	857

The liabilities to employee benefit schemes consist entirely of current account overdrafts.

23 Treasury stock

Information concerning the inventory of shares and bearer participation certificates held in treasury by Schindler Holding Ltd., together with details of the purchases and redemptions made, is contained in the notes to the consolidated financial statements on page 46.

24 Significant shareholders

Regarding the existence of a stockholder retainer contract, see Note 34 to the consolidated financial statements, "Related parties", on page 62.

25 Hidden reserves

As a result of a complete review, in the previous year hidden reserves totaling CHF 13.5 million were eliminated by means of changes to provisions.

Appropriation of profits

Financial Statements
Schindler Holding Ltd.

Proposals to the General Meeting

In 1000 CHF	31. 12. 2006	31. 12. 2005
Total available profit		
Net profit for the year	232 893	176 844
Brought forward from previous year	7 005	6 327
Profits as per balance sheet	239 898	183 171

Appropriation of net profit

Gross dividends proposed		
per registered share CHF 1.30 (previous year CHF 9.–*)	95 639**	65 367***
per bearer participation certificate CHF 1.30 (previous year CHF 9.–*)	66 841**	45 799***
Total dividend	162 480**	111 166***
Appropriation to other reserves	70 000	65 000
Total appropriation of net profit	232 480	176 166
Balance carried forward to new account	7 418	7 005

* Before 10:1 split

** The total dividend amount covers all outstanding registered shares and bearer participation certificates. However, registered shares and bearer participation certificates still held in treasury on the date of the dividend declaration are not eligible for dividend payments. In consequence, the reported total dividend amount may be correspondingly lower

*** Distribution excluding dividends on treasury stock (see also notes to consolidated financial statements, page 46)

Essential affiliated companies and unconsolidated subsidiaries

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Financial Statements
Schindler Holding Ltd.

Status December 31, 2006

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)	
Europe					
Austria	Ternitz	Ternitz Druckguss GmbH	100	291 EUR	●
	Vienna	Haushahn Aufzüge GmbH	100	291 EUR	●
		Schinac Verwaltungs AG	100	70 EUR	○
		Schindler Aufzüge und Fahrtreppen AG	100	4 362 EUR	● ●
	Wolfurt	Doppelmayr Aufzüge AG	100	730 EUR	●
Belgium	Brussels	S.A. Schindler N.V.	100	6 250 EUR	●
Croatia	Zagreb	Schindler Hrvatska d.o.o.	100	20 HRK	●
Czech Republic	Olomouc	Schindler Moravia, s.r.o.	100	2 000 CZK	●
	Prague	Schindler CZ a.s.	100	101 000 CZK	●
Denmark	Herlev	Schindler Elevatorer A/S	100	1 000 DKK	●
	Kibaek	Kibaek Specialfabrik Aps	100	200 DKK	●
Estonia	Tallinn	GNT Eesti AS*	100	3 000 EEK	○
Finland	Helsinki	Schindler Oy	100	100 EUR	●
		ALSO Nordic Holding Oy*	100	10 000 EUR	○
	Tampere	GNT Finland Oy*	100	841 EUR	○
France	Illzach	Elevator Car System	99.9	2 416 EUR	● ●
	Melun	Etablissements Henri Peignen S.A.	99.9	1 220 EUR	● ●
	Vélizy-Villacoublay	Roux Combaluzier Schindler	99.9	19 846 EUR	○
		Schindler	99.9	7 500 EUR	●
Germany	Berlin	Schindler Aufzüge und Fahrtreppen GmbH	100	9 715 EUR	●
		Schindler Deutschland Holding GmbH	100	51 129 EUR	○
	Straubing	ALSO Deutschland GmbH*	100	103 EUR	○
	Stuttgart	C. Haushahn Aufzüge GmbH & Co.	100	6 947 EUR	●
		C. Haushahn Aufzüge KG	100	2 000 EUR	●
Great Britain	Sunbury on Thames	Schindler Ltd.	100	48 800 GBP	●
		Schinvest Ltd.	100	67 460 GBP	○
Greece	Athens	Schindler Hellas S.A.	100	2 833 EUR	●
Hungary	Budapest	Schindler Hungária Lift és Mozgólépcsó KFT	100	460 000 HUF	●
Iceland	Reykjavik	HÉDINN Schindler Lyftur hf.	51	10 000 ISK	●
Ireland	Dublin	Schindler Ltd.	100	25 EUR	●
Italy	Concorezzo	Schindler S.p.A.	100	8 400 EUR	●
Jersey	St. Helier	Schindler Capital (Jersey) Ltd.	100	90 CHF	○
		Schinvest (Jersey) Ltd.	100	95 GBP	○
Latvia	Riga	A.S. Latvijas Lifts Schindler	97	123 LVL	●
	Marupe	GNT LATVIA SIA*	100	842 LVL	○
Liechtenstein	Vaduz	Reassur AG	100	20 000 CHF	○

● Production

● Sales, installation, maintenance

○ Other services

* Participations of ALSO Holding AG

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)		
Lithuania	Kaunas	UAB GNT Lietuva*	100	6 500	LTL	○
	Vilnius	UAB Schindler Liftas	100	1 365	LTL	●
Luxembourg	Luxembourg	Schindler S.à r.l.	100	175	EUR	●
Malta	Msida	Schindler Ltd.	70	50	MTL	●
Monaco	Fontvieille	Schindler Monaco	98	150	EUR	●
Netherlands	The Hague	Schindler Liften B.V.	100	565	EUR	●
Norway	Bergen	Schindler Stahl Heiser A/S	100	550	NOK	●
	Sandefjord	GNT Norway AS*	100	11 063	NOK	○
	Vennesla	Reber-Schindler Heis A/S	100	8 000	NOK	●
Poland	Warsaw	Schindler Polska sp.z.o.o.	100	5 000	PLN	●
	Wroclaw	GNT Polska sp.z.o.o.*	100	3 000	PLN	○
Portugal	Carnaxide	Schindler S.A.	100	4 000	EUR	●
Romania	Bucharest	Schindler Romania S. R. L.	100	1 250 000	LEI	●
Russia	Moscow	ZAO Schindler	85	21	RUR	●
Slovakia	Bratislava	Schindler Výtahy a Eskalatory a.s.	100	29 000	SKK	●
	Dunajská	Schindler Eskalátory s.r.o.	100	37 244	SKK	●
Slovenia	Ljubljana	Schindler Slovenja d.o.o.	100	73 012	SIT	●
Spain	Madrid	Schindler S.A.	99.5	18 028	EUR	● ●
Sweden	Stockholm	Schindler Hiss AB	100	9 440	SEK	●
		Schindler Scandinavian Holding AB	100	28 000	SEK	○
	Upplands Väsby	GNT Sweden AB*	100	5 000	SEK	○
Switzerland	Ebikon	EbiSquare AG	74	500	CHF	○
		Schindler Aufzüge AG	100	25 000	CHF	● ●
		SchindlerConsulting AG	100	250	CHF	○
		Schindler Informatik AG	100	1 000	CHF	○
		Schindler Management AG	100	1 000	CHF	○
		SchindlerRepro AG	52	150	CHF	○
	Emmen	ALSO Schweiz AG*	100	100	CHF	○
	Hergiswil	ALSO Holding AG	65	6 038	CHF	○
		Inventio AG	100	11 000	CHF	○
		Schindler Pars International Ltd.	100	5 000	CHF	○
	Locarno	Schindler Elettronica S.A.	100	2 000	CHF	●
	Pratteln	Schindler Technik AG	100	1 000	CHF	○
	Zug	AS Aufzüge AG	100	7 000	CHF	●
Turkey	Istanbul	Schindler Türkeli Asansör san. a.s.	100	3 600	YTL	●
Ukraine	Kiev	Schindler Ukraine	100	21	UAH	●

● Production

● Sales, installation, maintenance

○ Other services

* Participations of ALSO Holding AG

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)	
North, Central, and South America					
Argentina	Buenos Aires	Ascensores Schindler S.A.	90	1 372 ARS	●
Brazil	São Paulo	Elevadores Atlas Schindler S.A.	100	195 479 BRL	● ●
British Virgin Islands	Tortola	Jardine Schindler Holdings Ltd.	50	100 USD	○
Canada	Scarborough	Schindler Elevator Corporation	100	33 350 CAD	●
Cayman Islands	George Town	Schindler Finance (Cayman Islands) Ltd.	100	1 CHF	○
Chile	Santiago de Chile	Ascensores Schindler (Chile) S.A.	99.7	1 001 614 CLP	●
Colombia	Bogotá	Ascensores Schindler de Colombia S.A.	100	317 477 COP	●
Costa Rica	San José	Elevadores Schindler S.A.	60	200 000 CRC	●
Guatemala	Guatemala	Elevadores Schindler S.A.	100	600 GTQ	●
Mexico	Mexico City	Elevadores Schindler S.A. de C.V.	100	34 906 MXP	●
Peru	Lima	Ascensores Schindler del Perú S.A.	97.2	2 228 PEN	●
Uruguay	Montevideo	Ascensores Schindler S.A.	100	698 UYU	●
USA	Gantano	Schindler Corp. of Puerto Rico	100	4 039 USD	●
	Morristown	Schindler Elevator Corporation	100	557 670 USD	● ●
	Mountainside	Slade Industries, Inc.	100	100 USD	●
	Niles	Adams Elevator Equipment Company	100	6 625 USD	● ●
	Wilmington	Schindler Enterprises, Inc.	100	568 434 USD	○
Venezuela	Caracas	Ascensores Schindler de Venezuela S.A.	100	40 000 VEB	●
Africa					
Botswana	Gaborone	Schindler Lifts (Botswana) (PTY) Ltd.	100	0.1 BWP	●
Egypt	Cairo	Schindler Ltd.	100	2 500 EGP	●
Ghana	Accra	Elesca Engineering Ltd.	20	28 000 GHC	●
Kenya	Nairobi	Schindler Ltd.	100	5 000 KES	●
Morocco	Casablanca	Schindler Maroc S.A.	100	10 000 MAD	●
Mozambique	Maputo	Schindler Moçambique Lda	49	1 535 500 MZM	●
Namibia	Windhoek	Schindler Lifts (Namibia) (PTY) Ltd.	100	0.001 ZAR	●
South Africa	Johannesburg	Schindler Lifts (S.A.) (PTY) Ltd.	100	4 250 ZAR	●
Zimbabwe	Harare	Schindler Lifts (Zimbabwe) (PVT) Ltd.	100	4 ZWD	●

- Production
- Sales, installation, maintenance
- Other services

Country	Head office	Name of company	Participation in %	Nominal capital (in thousands of local currency)	
Asia/Australia					
Australia	Sydney	Deve Hydraulic Lifts Pty. Ltd.	100	2 AUD	●
		Schindler Lifts Australia Pty. Ltd.	100	22 950 AUD	●
Bahrain	Manama	Jalal Schindler Lifts & Escalator W.L.L.	49	20 BHD	●
Brunei	Bandar Seri Begawan	Schindler Liftec Sdn. Bhd.*	50	500 B\$	●
Cambodia	Phnom Penh	Jardine Schindler (Cambodia) Ltd.*	100	22 USD	●
China	Hong Kong SAR	Holake Hong Kong Lifts Limited Ltd.*	100	300 HKD	●
		Schindler Lifts (Hong Kong) Ltd.*	100	25 000 HKD	●
	Macau SAR	Jardine Schindler Lifts (Macao) Ltd.*	100	25 000 MOP	●
	Shanghai	Schindler (China) Elevator Co. Ltd.	92	564 602 RMB	● ●
		Shanghai Schindler Elevator Technology Service Co. Ltd.	100	99 427 RMB	○
	Suzhou	Schindler Electronics (Suzhou) Co. Ltd.	100	71 426 RMB	●
		Suzhou Esca Step Co. Ltd.	100	38 914 RMB	●
		Suzhou Schindler Elevator Co. Ltd.	92	155 713 RMB	● ●
India	Mumbai	Schindler India PVT Ltd.	100	1 191 879 INR	●
Indonesia	Jakarta	PT Berca Schindler Lifts*	50	6 745 000 000 IDR	●
Israel	Kfar Yona	Schindler Nechushtan Elevators Ltd.	100	7 045 ILS	● ●
Japan	Kagoshima	Mercury Ascensore Ltd.	100	25 000 JPY	●
	Tokyo	Schindler Elevator K.K.	96.7	500 000 JPY	●
Lebanon	Antelias/Beirut	Schindler Lebanon S.A.L.	70	600 000 LBP	●
Malaysia	Ipoh	Schindler Manufacturing (Malaysia) Sdn. Bhd.	50	78 245 MYR	●
	Kuala Lumpur	Antah Schindler Sdn. Bhd.*	70	10 450 MYR	●
Myanmar	Yangon	Myanmar Jardine Schindler Ltd.*	100	300 KYAT	●
New Zealand	Auckland	Schindler Lifts NZ Ltd.	100	1 000 NZD	●
Philippines	Manila	Jardine Schindler Elevator Corp.*	100	277 000 PHP	●
Singapore	Singapore	Schindler Lifts (Singapore) Pte. Ltd.*	100	16 714 SGD	●
South Korea	Seoul	Schindler Elevator Company Ltd.*	70	2 202 000 KPW	● ●
	Kyungki-do	Hyundai Elevators Co. Ltd.	25.5	35 662 565 KPW	● ● ○
Taiwan	Taipei	Jardine Schindler Lifts Ltd.*	100	246 000 TWD	●
Thailand	Bangkok	Jardine Schindler (Thai) Ltd.*	100	90 268 THB	●
Vietnam	Ho Chi Minh City	Schindler Vietnam Ltd.*	100	1 700 USD	● ●

● Production

● Sales, installation, maintenance

○ Other services

* Participations of Jardine Holdings Ltd., BVI

Report of the statutory auditors

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Financial Statements
Schindler Holding Ltd.

To the General Meeting of Schindler Holding Ltd., Hergiswil

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, profit and loss statement, and notes) of Schindler Holding Ltd., Hergiswil, for the year ended December 31, 2006.

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

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

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

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

Berne, February 20, 2007

ERNST & YOUNG LTD.

Roland Ruprecht
Certified accountant
(in charge of the audit)

Manuel Trösch
Certified accountant

Corporate Governance

When a multitude means
each one counts.

We move people reliably, efficiently and
quickly – with great care.



The report on corporate governance describes the management structure and control at the highest corporate level of the Schindler Group. The report's content and structure fulfill the requirements of the "Directive on Information Relating to Corporate Governance" of the SWX Swiss Exchange, which came into force on July 1, 2002.

1 Structure of the Group and its shareholders

1.1 Operational structure of the Group

Board of Directors of Schindler Holding Ltd.	
Status as at 1. 1. 2007	
Alfred N. Schindler	Chairman, executive member*
Luc Bonnard	Vice Chairman, executive member*
Alfred Spörri	Executive member*
Prof. Dr. Karl Hofstetter	Executive member
Prof. Dr. Pius Baschera	Non-executive member
Dr. Hubertus von Grünberg	Non-executive member
Lord Charles Powell	Non-executive member
Dr. Jenö C. A. Staehelin	Non-executive member
Robert Studer	Non-executive member
*Member of the Executive Committee of the Board	
Management Committees	
Status as at 1. 1. 2007	
Elevators & Escalators	ALSO
Roland W. Hess, President	Thomas C. Weissmann, President
Jürgen Tinggren, Deputy to the President	Michael Dressen
Emmanuel Altmayer	Marc Schnyder
Erich Ammann	Hans Wyss
Dr. Rudolf W. Fischer	Peter Zurbrügg
Dr. Christoph Lindenmeyer	
Miguel A. Rodríguez	
Jakob Züger	

The operational structure of the Group corresponds to the segment reporting presented on page 59 of the Financial Statements. Essential affiliated companies and unconsolidated subsidiaries are listed on pages 77 to 80 of the Financial Statements.

ALSO Holding AG, Hergiswil/Switzerland, 64,0% of whose shares were held by Schindler Holding Ltd. at the end of 2006, has been listed on the SWX Swiss Exchange (securities number Na. 2 459 027) since 1986 and publishes its own annual report. That annual report also fulfills the requirements of the IFRS standards. On 31. 12. 2006, the market capitalization of ALSO was CHF 389 million. In view of the extent of the information, ALSO's comments on its own corporate governance are not repeated here, since they are available in the ALSO annual report as well as in the permanent information source at www.also.com.

1.2 Shareholders

At the end of 2006, shares were held by 3 617 shareholders.

On the same date, the Schindler and Bonnard families, together with parties related to these families, held within the scope of a stockholder retainer contract 50 776 110 registered shares of Schindler Holding Ltd., corresponding to 69,0% of the voting rights of the share capital entered in the Register of Companies.

1.3 Cross-shareholdings

Schindler Holding Ltd. has no cross-shareholdings in companies outside the Schindler Group which exceed a limit of 5% of the voting rights or capital.

2 Capital structure

2.1 Capital

As at 31. 12. 2006, the share capital of Schindler Holding Ltd. is CHF 7 356 820.– and the participation capital CHF 5 141 640.–.

2.2 Authorized and conditional capital

On 31. 12. 2006, Schindler Holding Ltd. did not own any authorized or conditional capital.

2.3 Changes in capital

Details of the value of the capital of Schindler Holding Ltd. on 31. 12. 2006, as well as how it has changed in the last three reporting years, are presented on pages 73 and 74 of the Financial Statements.

2.4 Shares and bearer participation certificates

The share capital on 31. 12. 2006 was CHF 7 356 820.–. This is divided into 73 568 200 fully paid shares registered by name, each with a nominal value of CHF 0.10 (10 cents). Each share carries the right to one vote, as well as the right to a share in the profits reported in the balance sheet, and in the proceeds of liquidation, corresponding to its nominal value.

The bearer participation capital on 31. 12. 2006 was CHF 5 141 640.–. This is divided into 51 416 400 fully paid bearer participation certificates, each with a nominal value of CHF 0.10 (10 cents). Each bearer participation certificate carries the right to a share in the profits contained in the balance sheet, and in the proceeds of liquidation, corresponding to its nominal value. It does not, however, carry any voting rights, nor any other rights of membership, such as participation at General Meetings of Shareholders.

2.5 Bonus certificates

There are no outstanding bonus certificates.

2.6 Limitations on share transferability and nominee registrations

2.6.1 Registration of shares

According to Art. 13 of the Articles of Association, the Board of Directors shall refuse registration of an applicant as a full shareholder:

- if the applicant has not purchased the share(s) in his/her own name and on his/her own account, or
- registration would result in the applicant holding more than 3% of the voting rights. The voting rights of associated shareholders shall be accumulated. This does not apply to institutional representatives, or deposit agreements with banks.

In accordance with Swiss federal law requiring the ability to demonstrate Swiss control of the company, the registration of foreign applicants can be refused if, as a result of their registration, all foreign shareholders together would hold more than 10% of the voting rights.

The statutory restrictions on registration do not apply if:

- on June 15, 1992, the applicant, or the applicant's spouse, child, brother, sister, or other such person, was already recorded in the share register as holding 3% of the voting rights, or
- the voting rights were acquired directly by inheritance, estate distribution or marriage contract.

The General Meeting of Shareholders may determine further exceptions by relative majority, at least half of the shares registered in the Register of Companies being required for a decision to be legally binding. Applicants have the right to pursue their application at the General Meeting of Shareholders. The General Meeting of Shareholders was not required to rule on any such cases in the reporting year 2006.

2.6.2 Nominee registrations

The Articles of Association contain no special regulations regarding nominee registrations.

2.7 Convertible bonds and options

2.7.1 Convertible bonds and debentures

Schindler Holding Ltd. has no outstanding convertible bonds.

Details of the outstanding debenture of Schindler Holding Ltd. are presented on page 72 of the Financial Statements.

2.7.2 Employee options

All values are after the 10:1 share/participation certificate splits on June 11, 2002, and on March 27, 2006

	Options awarded (number)	Exercise price in CHF	Vesting period ends	Exercise period ends	Expired as at 31.12.2006 (number)	Exercised as at 31.12.2006 (number)	Outstanding on 31.12.2006 (number)
2001	154 200 ¹	26.90	30.04.04	30.04.07	–	–140 600	13 600
2002	131 900 ¹	27.10	30.04.05	30.04.08	–3 600	–92 900	35 400
2003	645 360 ¹	25.50	30.04.06	30.04.09	–33 890	–335 350	276 120
2004	279 670 ²	28.70	30.04.07	30.04.10	–6 470	–5 190	268 010
2005	263 060 ²	32.90	30.04.08	30.04.11	–4 360	–4 650	254 050
2006	138 376 ¹	48.80	30.04.09	30.04.12	–1	–783	137 592

¹ Each option gives entitlement to purchase one registered share

² Each option gives entitlement to purchase one bearer participation certificate

3 Board of Directors, Executive Committee of the Board, and other committees

According to Art. 716a of the Swiss Code of Obligations, the Board of Directors of Schindler Holding Ltd. exercises ultimate direction and ultimate supervision over the entire Schindler Group, i.e. over the Elevators & Escalators business and over ALSO.

The Board of Directors, which according to its Articles of Association comprises between five and ten members, currently has nine members. Four members are executive members. Three of these executive members form the Executive Committee of the Board. The remaining five members are non-executive members.

The Executive Committee of the Board is elected for a term of three years. According to the management bylaws, it is responsible for the immediate supervision of the two Management Committees. Members of the Executive Committee of the Board are not members of the Management Committees.

To assist the Board of Directors, there are also other committees, all of which have as their respective chairman a member of the Board of Directors.

3.1 Board of Directors of Schindler Holding Ltd.

Status as at 31.12.2006			Term of office expires*
Alfred N. Schindler, Chairman	Hergiswil, Switzerland	Executive member**	2008
Luc Bonnard, Vice Chairman	Hergiswil, Switzerland	Executive member**	2008
Alfred Spörri	Zug, Switzerland	Executive member**	2008
Prof. Dr. Karl Hofstetter	Wilen (Sarnen), Switzerland	Executive member	2009
Prof. Dr. Pius Baschera	Schaan, Liechtenstein	Non-executive member	2008
Dr. Hubertus von Grünberg	Hanover, Germany	Non-executive member	2008
Charles Powell (Lord Powell of Bayswater KCMG)	London, UK	Non-executive member	2009
Dr. Jenö C. A. Staehelin	Hergiswil, Switzerland	Non-executive member	2008
Robert Studer	Schönenberg, Switzerland	Non-executive member	2008

*At the Annual General Meeting of Shareholders in the year shown

**Member of the Executive Committee of the Board

3.2 Activities and vested interests

Alfred N. Schindler (1949, Switzerland)

has been a member of the Board of Directors since July 1977, and CEO of the Schindler Group since 1985. Since 1995, Alfred N. Schindler has also been Chairman of the Board of Directors. Before joining the Schindler Group, he was employed by Neutra Treuhand AG in Berne, later becoming CFO of Notz AG in Biel. In order to focus on Schindler, Alfred N. Schindler has relinquished his board memberships of the following companies: Bank Julius Bär, UBS, Jacobs Suchard and Deutsche Post AG. He still is a member of the European Advisory Board of the Wharton School. Alfred N. Schindler holds a degree in law from the University of Basel, and an MBA from the Wharton School of Finance of the University of Pennsylvania, USA.

Luc Bonnard (1946, Switzerland)

has been a member of the Board of Directors since October 1984, and a member of the Executive Committee of the Board since 1991. Since 1996 he has been Vice Chairman of the Board of Directors. Luc Bonnard joined Schindler in 1972, and from 1983 was a member of the Management Committee with responsibility for northern Europe. From 1986 until 1990 he was head of the Group's Elevators & Escalators business. He is a member of the board of directors of Bobst Group SA, Lausanne. Luc Bonnard holds a master's degree in electrical engineering from the Swiss Federal Institute of Technology, Zurich.

Alfred Spörri (1938, Switzerland)

has been a member of the Board of Directors, and of the Executive Committee of the Board, since 1995. From 1991 to 1995 he was a member of the former Executive Management Committee. He joined the Schindler Group in 1968 as CFO of Schindler Mexico and Area Controller for Latin America. From 1975 he was head of the subsidiary in Mexico, before returning to Switzerland in 1979 as Group Controller and Treasurer. From 1988 to 1997 he was CFO of the Group. Alfred Spörri is a member of the Swiss Takeover Board. He is chairman of the board of directors of Tehag Freizeit AG in Meierskappel and a member of the board of directors of Art Bowling, also in Meierskappel. After completing a commercial apprenticeship he qualified as a Swiss Certified Public Accountant in 1965, and in 1970 gained an MBA from Las Américas University, Mexico.

Prof. Dr. Karl Hofstetter (1956, Switzerland)

was elected to the Board of Directors at the Annual General Meeting of 2006 and as an executive member is active as Group General Counsel. Karl Hofstetter has worked for Schindler since 1990. Until the Annual General Meeting of 2006 Karl Hofstetter was a member of the Executive Committee Elevators & Escalators. Karl Hofstetter is a member of the Board of Directors of ALSO Holding AG, and of Venture Incubator AG, Zug. In June 2005 he began a two-year term as Chairman of SwissHoldings (formerly the Association of Swiss Industrial Holding Companies). He is a member of the Governing Council of the University of Lucerne, of the Commission of Experts on Disclosure of Shareholdings of the SWX Swiss Exchange, and of the Arbitration Commission of the Central Swiss Chamber of Commerce. Karl Hofstetter studied law and economics at the universities of Zurich, Stanford, UCLA, and Harvard. He is a licensed attorney in Zurich and New York, as well as a professor of private and business law at the University of Zurich.

Prof. Dr. Pius Baschera (1950, Switzerland and Italy)

was elected to membership of the Board of Directors in March 2005. He joined Hilti AG, Schaan, Liechtenstein, as Head of Production Controlling in 1979, transferring in 1982 to Hilti Inc., Tulsa, USA, as Head of Corporate Development. In 1985, Pius Baschera became head of Hilti (Switzerland) AG, then of Hilti Germany GmbH, and in 1989 became responsible for the market region Europe 1. In 1990, as Chief Financial Officer, he was made a member of the Executive Board of Hilti AG, and from January 1994 until the end of 2006 was its chairman. On January 1, 2007, he became chairman of the board of directors of Hilti AG. He is also a member of the advisory board of Vorwerk & Co, Wuppertal, and of Ardex, Witten, both in Germany, as well as chairman of the board of directors of Venture Incubator AG, Zug, Switzerland, and a professor at the Swiss Federal Institute of Technology, Zurich, Switzerland. On completion of his studies in mechanical engineering and management science at the Swiss Federal Institute of Technology (ETH) in Zurich, Pius Baschera was awarded a Doctor of Science degree.

Dr. Hubertus von Grünberg (1942, Germany)

has been a member of the Board of Directors since May 1999. On completing his education, he first worked for Teves GmbH, Frankfurt (ITT). In 1989 he became president and CEO of ITT Automotive Inc., Auburn Hills, Michigan, USA, and a senior vice president of ITT Corporation. From 1991 to 1999 he was president of the executive management committee of Continental AG, Hanover, Germany. Since June 1999 he has been chairman of the supervisory board of Continental AG. He is also a member of the supervisory boards of Allianz Versicherungs AG, Munich, Deutsche Telekom AG, Bonn, Deutsche Post, and MAN Aktiengesellschaft, Munich, all in Germany. He is also an advisor to BHF Bank AG, Frankfurt. Hubertus von Grünberg holds a doctorate in physics from the University of Cologne, Germany.

Lord Powell of Bayswater KCMG (1941, UK)

Charles Powell was elected to the Board of Directors in March 2003. From 1963 to 1982 he was a member of the British Diplomatic Service. From 1983 to 1991 he was Private Secretary and Advisor on foreign affairs and defense to Prime Ministers Margaret Thatcher and John Major. Since 1992, Lord Powell has been an international businessman. He is Chairman of Safinvest, London, and serves on the boards of Caterpillar Inc., Peroria, Illinois; Textron Corporation, Providence, USA; LVMH (Louis Vuitton Moët Hennessy), Paris; Mandarin Oriental International Ltd, Bermuda; Matheson & Co Ltd, London; British Mediterranean Airways (BMA), London; Financière Agache, Paris; Singapore Millennium Foundation, Singapore; Falgos Investments, London; Yell Group Ltd, London; and Northern Trust Global Services, Chicago/London. He is a member of several company Advisory Boards including Rolls-Royce, Derby; Barrick Gold, Toronto; Magna Corporation, Toronto; Thales, Paris; GEMS, Hong Kong; and ACE, Bermuda. He is Chairman of the Trustees of the Oxford University Business School Foundation, Chairman of the China-Britain Business Council, Chairman of the Atlantic Partnership, London, as well as a Trustee of the British Museum, London, and of the Aspen Institute, USA. Lord Powell is an independent member of the House of Lords. Lord Powell gained a Master of Arts degree with first-class honors in history at Oxford University.

Dr. Jenö C. A. Staehelin (1940, Switzerland)

was elected to the Board of Directors on June 24, 1980. From 1977 to 1984 he was Vice President of the European Patent Office in Munich. He subsequently became a Minister and Deputy Director of the Department for International Organization at the Swiss Federal Department of Foreign Affairs. In 1987 he was appointed an Ambassador, and head of the Department for Europe and North America. At the same time as holding this office, from 1991 he was also a Special Ambassador to the Vatican. In 1993, he was made Swiss Ambassador to Japan, following which in June 1997 he was appointed Permanent Swiss Observer at the United Nations in New York. On entry of Switzerland to the United Nations in 2002, he became the first Permanent Representative of Switzerland at the United Nations. In 2003, Jenö Staehelin was also President of the Executive Board of UNICEF. He is also a member of the International Red Cross Committee, of the supervisory body of the Graduate Institute of International Studies and of the Centre for Humanitarian Dialogue, both in Geneva, and of BAK (Basel Economics). He holds a doctorate in law from the University of Berne, a Master of Law degree from Harvard Law School, USA, and is a licensed attorney in Zurich.

Robert Studer (1938, Switzerland)

has been a member of the Board of Directors since July 1981. From 1991 to 1996 he was president of the executive committee of the Union Bank of Switzerland, and from 1996 to 1998 chairman of the board of directors of the same bank. Robert Studer is a member of the boards of directors of BASF AG, Ludwigshafen; Renault SA, Paris; and the Espirito Santo Financial Group SA, Luxembourg. After completing a commercial apprenticeship he gained a diploma in business at the Zurich Management School in 1969.

3.3 Cross-involvement

There are no cross-memberships between the Board of Directors of Schindler Holding Ltd. and any other listed company.

3.4 Election and term of office

The Board of Directors of Schindler Holding Ltd. is elected by the General Meeting for a term of three years, on completion of which it can be re-elected for a further period of the same duration.

Elections are held according to the principle of phased renewal (individual election on first appointment, collective election for renewal). According to the Articles of Association, the Chairman of the Board of Directors is elected by the General Meeting. The Vice Chairman is elected by the Board of Directors from among its members for a term of three years.

Members of the Board of Directors are required to retire on the date of the Annual General Meeting in the year in which they attain the age of 70 years. In exceptional cases, the Board of Directors may depart from this rule.

3.5 Internal organization and regulation of authorities

According to the law, the Board of Directors is responsible for the ultimate direction and ultimate supervision of the entire Schindler Group. It is required to resolve all matters which are not defined by the law, Articles of Association, or management bylaws as being the responsibility of any other governing body. According to the Swiss Code of Obligations, Article 716a, Paragraph 1, the following nontransferable and inalienable responsibilities are incumbent on the Board of Directors:

- Ultimate direction of the company and issuance of necessary instructions
- Definition of the organization
- Establishment of systems and procedures for accounting, financial control, and financial planning
- Appointment and discharge of persons charged with managing and representing the business
- Ultimate supervision of the persons charged with managing the business, especially with regard to compliance with the law, statutes, bylaws, and instructions
- Preparation of the Annual Report, and preparation of General Meetings of Shareholders and execution of their resolutions
- Notification of the legal authorities in case of insolvency.

It is also incumbent on the Board of Directors to decide on the following:

- The objectives and strategy of the Group as a whole, and of its two businesses
- The essential prerequisites for business activity
- Staffing of the Management Committees according to the management bylaws
- Business transactions whose financial value exceeds certain amounts.

Decisions are made by the full Board of Directors. To assist it, it has available four standing committees: the Executive Committee of the Board, the Nomination Committee, the Compensation Committee, and the Audit Committee.

3.5.1 Committees

The committees designated by the Board of Directors are governed by regulations which define their responsibilities and authorities. For each committee, the Board of Directors appoints a chairman. The committees minute the proceedings of their meetings, and on matters which they are not authorized to decide themselves, submit proposals to the full Board of Directors.

3.5.2 Executive Committee of the Board

The Board of Directors appoints from among its members a standing Executive Committee of the Board, with three or four members, for a term of three years. The Chairman and Vice Chairman of the Board are members of the Executive Committee.

Members

Alfred N. Schindler	Chairman
Luc Bonnard	Vice Chairman
Alfred Spörri	Member, Chairman Audit Committee

3.5.2.1 Responsibilities

The Executive Committee of the Board prepares all matters for the Board of Directors (in particular those according to the Swiss Code of Obligations, Article 716a, Paragraph 1), provides the Board with relevant documentation, and submits proposals to the Board.

It creates the prerequisites for ultimate direction by the Board of Directors. It exercises supervision of the Group as a whole, and thereby creates the prerequisites for the exercise of ultimate supervision by the Board of Directors.

The Executive Committee of the Board ensures that the Board of Directors is informed, and that its resolutions are executed. For this purpose, it is assisted by various committees.

3.5.2.2 Responsibilities of the Executive Committee of the Board relative to the Management Committees

The Executive Committee of the Board creates a uniform entrepreneurial will, ensures cohesion of the Group in its entirety, and continuously monitors the managerial competence of the members of the two Management Committees, as well as other holders of key staff and line functions.

For this purpose, it particularly appoints the responsible persons in the Group – depending on their position – to supervisory, directive, and managerial bodies of the affiliated companies. These persons are required to act in accordance with the management bylaws, and receive instructions from the Executive Committee of the Board.

In close collaboration with the two Management Committees, the Executive Committee of the Board formulates and submits to the Board of Directors the goals and strategies of the Group as a whole, and of its two businesses, and defines the financial and human resources.

3.5.3 Nomination Committee

The Executive Committee of the Board is responsible for nominating candidates for election to the Board of Directors, each member of the Board of Directors having the right to make nominations of their own to the Chairman. In the structure of the Board of Directors, attention is paid not only to competence, but also to professional and cultural diversity.

The Board of Directors makes the final decision regarding nominations to be proposed to the General Meeting.

The Nomination Committee is also responsible to the Board of Directors for planning succession, and for nomination of the top management of the Group.

3.5.4 Compensation Committee

Members

Dr. Hubertus von Grünberg	Non-executive member of the Board of Directors	Chairman
Robert Studer	Non-executive member of the Board of Directors	Member

According to the management bylaws, the Board of Directors convenes a Compensation Committee composed of two external members of the Board of Directors who are not members of the Executive Committee of the Board.

The Compensation Committee definitively determines the remuneration, and all other compensation, of the Chairman of the Board of Directors. It also approves all compensation of other members of the Board of Directors, based on proposals submitted by the Chairman of the Board.

The compensation of the members of both Management Committees, and of other managers of the Group with compensation of a similar amount, is also submitted to the Compensation Committee for approval.

The Compensation Committee provides information to the full Board of Directors once per year.

3.5.5 Audit Committee

Within the scope of its ultimate supervision, the Executive Committee of the Board also exercises the function of an auditing body at board level. It maintains contact with the external auditors. It is also supported by an Audit Committee, whose members are all persons who do not hold line management functions:

Members

Alfred Spörri	Member of the Executive Committee of the Board	Chairman
Walter G. Frehner	External	Member
Prof. Dr. Oliver Gassmann	External	Member
Prof. Dr. Karl Hofstetter	Executive member of the Board of Directors	Member
Dr. Alexander Schaub	External	Member

The Audit Committee assists the Board of Directors and the Executive Committee of the Board in fulfilling its supervisory functions over the Management Committees of Elevators & Escalators and ALSO.

The following controlling instruments of the Executive Committee of the Board are coordinated by the Audit Committee through the Group function "Group Assurance":

- Internal Audits, for the purpose of verifying compliance with rules and processes in the business and financial area
- Code of Conduct Compliance, for the purpose of verifying and enforcing the Code of Conduct enacted by the Board of Directors in 1997, which is binding for all employees worldwide
- Technical Compliance, for the purpose of verifying compliance with safety-relevant standards and processes in the Elevators & Escalators business
- Information Security, for the purpose of ensuring appropriate and constant protection of vital corporate data against internal and external hazards.

According to the Charter for the Audit Committee, the Audit Committee is particularly responsible for the following:

- Review and determination of audit programs
- Discussion of all reports issued by the auditing bodies as well as status reports on the implementations undertaken
- Issuance of recommendations and instructions regarding organization, employees, and auditing activities within the Schindler Group
- Review of the appropriateness of sanctions which are proposed in consequence of detected behavior or infringements of internal guidelines
- Enactment of new guidelines, instructions, clarifications, or other instructions in connection with the Code of Conduct.

The Audit Committee reports directly to the Chairman of the Board of Directors. Provision of information to the Board of Directors on the work of the Audit Committee takes place at the request of the Chairman of the Board, and in any case at least once per year.

To ensure the protection of legitimate whistle-blowers, in 2006 stipulations against the potential discrimination of whistle-blowers were added to the guidelines of the Code of Conduct.

Schindler strives for corruption-free business conduct and has therefore signed the "Partnering Against Corruption Initiative" (PACI) of the World Economic Forum and Transparency International to obtain "level playing field" conditions.

3.5.6 Frequency of meetings of the full Board of Directors and its committees

The Board of Directors holds six regular half- or whole-day meetings per year, and additional ad hoc meetings as necessary. A two-day meeting is held in September of each year. In the reporting year, seven days of meetings were held.

The Executive Committee of the Board holds whole-day meetings at least once every two weeks. In the reporting year, 24 meetings were held.

The other committees meet for half or whole days according to need, the Audit Committee usually every three months. In the reporting year, five meetings were held. The Compensation Committee met once, no external advisors were consulted.

The agendas of the meetings are determined by the respective chairmen. Minutes are taken of all discussions and resolutions at the meetings.

Coordination between the full Board of Directors and committees is ensured by there being at least one member of the Board of Directors on each committee.

The President of the Management Committee Elevators & Escalators attends all meetings of the Board of Directors; the attendance of other members of the Management Committees, or persons from outside, may be required on the instructions of the Chairman.

3.6 Information and control instruments vis-à-vis the Management Committees

The Schindler Group has at its disposal a comprehensive electronic management information system (MIS). Each month, the Board of Directors receives a written report.

Forecast, budget, semiannual, and annual financial statements of Schindler Holding Ltd., and of the Group, are delivered in writing to the Board of Directors, fully explained at its meetings, and submitted for its approval.

Information regarding the current state of the business is provided continuously at the meetings of the Board of Directors and the Executive Committee of the Board, in a form appropriate for those bodies, and with the participation of the persons bearing the respective responsibilities.

3.7 Board of Directors of ALSO Holding AG

Thomas C. Weissmann	Chairman of the Board of Directors and President of the Management Committee	Executive member
Prof. Dr. Karl Hofstetter		Non-executive member
Prof. Dr. Rudolf Marty		Non-executive member

Further information is contained in the ALSO Holding AG annual report.

4 Management Committees

According to Art. 716b of the Swiss Code of Obligations, and the company's management bylaws, the management of the operational business of the Schindler Group rests in the hands of the two Management Committees.

4.1 Management Committee Elevators & Escalators

Roland W. Hess President

North, Central, and South America ad interim (until 30.6.2006)

Jürgen Tinggren Deputy to the President

Technology and Strategic Procurement

Emmanuel Altmayer

Asia/Pacific

Erich Ammann

Chief Financial Officer (CFO)

Dr. Rudolf W. Fischer

Human Resources and Training

Brent L. Glendening

Chief Information Officer (CIO) (until 30.9.2006)

Dr. Christoph Lindenmeyer

Eastern Europe/Middle East/India/Africa (EMIA)

Miguel A. Rodríguez

Europe

Jakob Züger

North, Central, and South America (from 1.7.2006)



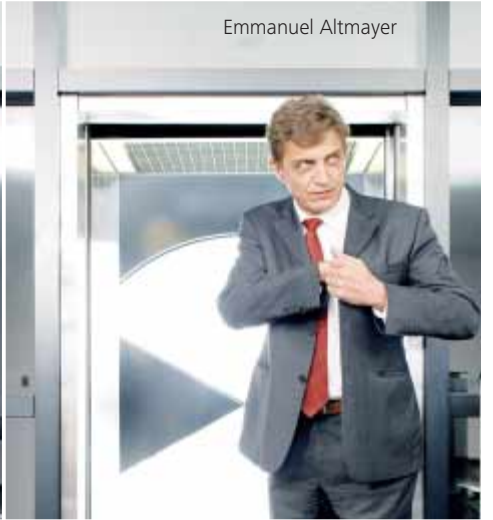
Roland W. Hess



Jürgen Tinggren



Miguel A. Rodríguez



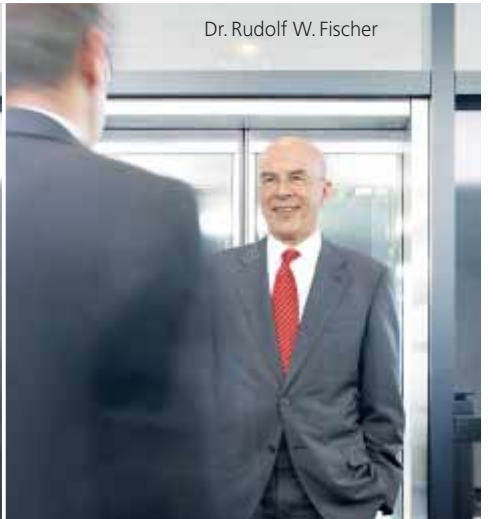
Emmanuel Altmayer



Dr. Christoph Lindenmeyer



Erich Ammann



Dr. Rudolf W. Fischer



Jakob Züger



4.1.1 Personnel changes in the Management Committee Elevators & Escalators

At the General Meeting of March 21, 2006, Prof. Dr. Karl Hofstetter, Group General Counsel, was elected to the Board of Directors of Schindler Holding Ltd. Until this date, Karl Hofstetter held the function of Group General Counsel as a member of the Executive Committee Elevators & Escalators.

On July 1, 2006, Jakob Züger, since 2003 Chief Executive Officer of Schindler Elevator Ltd., Switzerland, became a new member of the Schindler Group Management Committee Elevators & Escalators with responsibility for the North, Central and South American markets. He took over this function from Roland W. Hess who as President of the Management Committee Elevators & Escalators, had temporarily managed this area.

On September 30, 2006, Brent L. Glendening left the Schindler Group. The function of Chief Information Officer is exercised by the CIO Europe, who in this function reports directly to the President of the Management Committee Elevators & Escalators but is not a member of this committee.

4.2 Activities and vested interests

Roland W. Hess (1951, Switzerland)

was appointed to membership of the Management Committee on January 1, 1996, with responsibility for Finance, and at the end of 1997 for the Central and Eastern European Area. He has been President of the Management Committee since March 1, 2003. Before taking up his position he was President and Chief Operating Officer of Schindler Elevator Corporation, Morristown, New Jersey, USA. He joined the Schindler Group in the Area Controlling Department in 1984, and in 1987 was appointed Vice President Finance of Schindler Elevators, Toledo, Ohio, and relocated to the USA. In 1989 he was named Vice President and Chief Financial Officer of Schindler Elevator Corporation in Morristown. In 1993 he returned to Switzerland as Head of Area Controlling. Roland W. Hess gained a degree in economics and business administration at the Lucerne School of Business and Administration and attended the Advanced Management Program (AMP) at Harvard Business School.

Jürgen Tinggren (1958, Sweden)

joined the Management Committee on April 1, 1997, initially with responsibility for Europe 1, and in 1999 became responsible for the Asia/Pacific region. Since May 1, 2005, Jürgen Tinggren has been Deputy to the President of the Management Committee and responsible for Technology and Strategic Procurement. From 1985 to 1997 he worked for the Sika Group, ultimately as a member of the Management Committee with responsibility for North America. Jürgen Tinggren holds a joint MBA from the Stockholm School of Economics and New York University Business School.

Emmanuel Altmayer (1956, France)

has been a member of the Management Committee with responsibility for the Asia/Pacific region since January 1, 2006. In July 1999 he joined Schindler France, initially as Head of New Installations. In 2000 he became overall head of Schindler France. From 1995 to 1999, Emmanuel Altmayer was CEO of Danto-Rogeat, Lyon, a subsidiary of Gaz de France. Prior to that, he held various management positions in the French construction industry. Emmanuel Altmayer graduated in engineering from the Ecole Centrale at Lyon, France, and subsequently earned a Master of Science in Mechanical Engineering at the University of California, Berkeley, USA.

Erich Ammann (1957, Switzerland)

has been a member of the Management Committee, and Chief Financial Officer of the Schindler Group, since November 1, 2001. From 1997 he was Head of Group Controlling, and from 1992 to 1997 CFO of Schindler USA. Erich Ammann joined the Schindler Group in 1988 as Area Controller for North America. Prior to that, he was a treasurer with Intershop Holding, and before that an auditor with Schweizerische Treuhandgesellschaft (STG) in Geneva. He obtained a degree in Economics and Business Administration from St. Gallen University of Applied Sciences, Switzerland, and in 1994 gained an Executive MBA from the Wharton School, University of Pennsylvania, Philadelphia, USA.

Dr. Rudolf W. Fischer (1952, Switzerland)

has been a member of the Management Committee with responsibility for Human Resources and Training since January 1, 1996, and – since January 1, 2006 – for Corporate Safety & Health. From 1994 to 1995 he was a partner in an executive search company in Zurich, prior to which, from 1991 to 1994, he was CEO of Jockey/Vollmöller AG in Uster, a subsidiary of the Austrian Huber Tricot Group, and later of Hanro AG in Liestal. Previously, for almost nine years, he held various managerial positions in human resources and trade marketing with Jacobs Suchard in Switzerland and Belgium. He is a member of the board of directors of Vetropack Holding AG, Bülach. Rudolf W. Fischer completed his studies in 1979 with a doctorate in economics at the University of Zurich.

Dr. Christoph Lindenmeyer (1953, Switzerland)

became a member of the Management Committee on March 1, 2003, with responsibility for the EMIA region (Eastern Europe/Middle East/India/Africa). He joined the Schindler Group in 1983 as Deputy Head of Corporate Planning. Since then he has held various managerial functions within the Group including CFO North America, Head of Field Operations Germany, and CEO of Schindler Elevator Ltd. Switzerland. He is also a Board Member of the Ammann Group, Langenthal, Switzerland, and a member of the Executive Committee of Swissmem. Christoph Lindenmeyer is a licensed attorney and holds a Doctor of Law degree from Berne University as well as an MBA from INSEAD.

Miguel A. Rodríguez (1953, Spain)

has been a member of the Management Committee since December 1, 1998, with responsibility initially for Europe South West, and since November 1, 2001, for all of Europe. From 1991 to 1998 he managed the Schindler subsidiaries in Spain and Portugal. From 1981 to 1991 he was a member of the corporate management of the Armstrong Group, holding the position of General Manager at various subsidiaries in Spain. Miguel A. Rodríguez studied at the Advanced School of Industrial Engineering of the University of Bilbao, Spain, where he graduated as an industrial engineer.

Jakob Züger (1952, Switzerland)

has been a member of the Management Committee since July 1, 2006, with responsibility for North, Central and South America. He joined Schindler Switzerland in March 1995. In 2003 he became Chief Executive Officer of Schindler Switzerland. From 1990 to 1995, Jakob Züger was chief executive officer of Saurer Embroidery Systems AG, a subsidiary of the Saurer Group. Before that, he worked for several tool and textile machine manufacturers. Jakob Züger studied at the Swiss Federal Institute of Technology (ETH), Zurich, and graduated with a master of mechanical engineering degree in 1978 and completed additional studies in Management Science.

4.3 Management Committee ALSO

Thomas C. Weissmann	Chairman of the Board of Directors and Chief Executive Officer of ALSO Group
Michael Dressen	Managing Director ALSO Deutschland GmbH, Straubing, Germany
Marc Schnyder	Managing Director ALSO Schweiz AG, Emmen, Switzerland
Hans Wyss	Chief Financial Officer
Peter Zurbrugg	Chief Information Officer

Further information is contained in the ALSO Holding AG annual report.

4.4 Management contracts

Schindler Holding Ltd. has not entered into any management contracts with third parties outside the Group.

5 Compensation, participation, and loans

5.1 Content and method of determining the compensation and participation programs

Members of the Board of Directors receive for their work compensation of a fixed amount which is determined at the request of the Chairman of the Board of Directors.

The executive members of the Board of Directors, members of the Management Committees, and managerial employees, are compensated according to performance. The variable component of 15% to 50% of their total compensation depends on fulfillment of their individual performance targets, the results of the area for which they are responsible, and the Group's net profit. The Compensation Committee approves the compensation of the highest governing bodies (see page 94, "Compensation Committee").

According to the method described on page 60 of the Financial Statements under "Capital Participation Plans", the executive members of the Board of Directors, members of the Management Committee Elevators & Escalators, and members of the top level of management, receive a predefined proportion of their bonus in the form of shares or bearer participation certificates of Schindler Holding Ltd. at a predetermined exercise price, and with a bar on selling for three years.

The present capital participation plans were originally limited to about 50 persons. Starting with the allocations made in April 2004 for the reporting year 2003, the plan was extended to a further level of management and now applies to about 400 (previous year 350) employees in the Group.

In addition, the Board of Directors can decide each year whether, and to what extent, the group of employees mentioned above shall be awarded additional option rights for the purchase of shares or bearer participation certificates of Schindler Holding Ltd. at a predetermined price and with a bar on selling for three years.

5.2 Compensation of active members of governing bodies

5.2.1 Highest total compensation

Alfred N. Schindler, Chairman of the Board of Directors and of the Executive Committee of the Board, received the following compensation:

In CHF	2006	2005
Compensation fixed by contract ¹	3 465 000	3 410 000
Bonus ²	2 825 000	2 885 000
Voluntarily foregone	-1 190 000	-1 695 550
Actual payment	5 100 000	4 599 450
Taxes paid in Switzerland	6 313 000	5 350 000
Payments to charitable organizations	900 000	600 000

¹ Board membership fee, salary, fixed expenses, contributions to managerial insurance plan

² The variable bonus relates in each case to the previous year (basis cash flow) and includes the value of shares/participation certificates and options contained in the bonus

Within the scope of the existing capital participation plans, registered shares/participation certificates and options were awarded to Alfred N. Schindler as follows:

Number	2006	2005
Allocated registered shares (value included in total compensation)*	3 375	–
Allocated number of bearer participation certificates (value included in total compensation)*	–	5 010
Allocated number of options on registered shares*	3 153	–
Allocated number of options on BPC*	–	6 220
Vesting period ends	30.04.2009	30.04.2008
Exercise period ends	30.04.2012	30.04.2011
Exercise price in CHF	48.80	32.90
Allocation ratio options : registered shares/BPC	1:1	1:1

*Number in both years after 10:1 share/BPC split on March 27, 2006

5.2.2 Compensation of the executive members of the Board of Directors

In CHF	2006	2005
Total compensation (incl. Chairman of the Board of Directors)		
4 persons (2005: 3 persons)	12 802 000	11 049 450
Average per member	3 200 500	3 683 150

The total compensation includes salaries, bonuses (including the value of shares/participation certificates and options contained in them), fixed expenses, contributions to the managerial insurance plan, and board membership fees of the Chairman, Vice Chairman, and two (previous year one) other members of the Board of Directors.

5.2.3 Compensation of members of the Management Committee Elevators & Escalators

In CHF	2006	2005
Total compensation 9 persons (2005: 10 persons)	10 517 714*	10 993 662**
Average per member	1 274 874	1 199 396

* One member six months, one member nine months
** One member four months, one member ten months

The total compensation includes salaries, bonuses (including the value of shares/participation certificates and options contained in them), fixed expenses, and contributions to the managerial insurance plan.

5.2.4 Compensation of non-executive members of the Board of Directors

In CHF	2006	2005
Total compensation 6 persons* (2005: 6 persons)	913 000	960 000
Per member (incl. joiners and leavers 2006)	160 000	160 000

* One member until the Annual General Meeting 2006

The total compensation comprises fees and fixed expense allowances. No separation payments were made.

5.3 Compensation of former members of governing bodies

Schindler Holding Ltd. pays pensions to three widows of former executive members of the Board of Directors amounting in total to CHF 216 000 annually. The actuarially determined cash value is recalculated annually, and on December 31, 2006, amounted to CHF 1.6 million. This amount is reported by Schindler Holding Ltd. as a provision.

In the reporting year, total compensation of CHF 518 180 was paid to two former members of the Management Committee Elevators & Escalators.

5.4 Allocation of shares and bearer participation certificates

Values in both periods after 10:1 share/participation certificate split on March 27, 2006

Number	2006 shares	2005 BPC
Executive members of the Board of Directors		
4 persons (2005: 3 persons)	13 500	15 030
Members of the Management Committee Elevators & Escalators		
8 persons (2005: 9 persons)	23 234	37 080

At their own wish, the non-executive members of the Board of Directors are not included in the capital participation plan. There were also no allocations of shares to related parties.

5.5 Share holdings

According to the share register of Schindler Holding Ltd., members of the governing bodies held the following numbers of shares:

Values in both periods after 10:1 share/participation certificate split on March 27, 2006

Number of shares as at December 31	2006	2005
Executive members of the Board of Directors		
incl. parties to the stockholder retainer contract	50 804 955	51 024 390
Members of the Management Committee Elevators & Escalators		
8 persons (2005: 8 persons)	84 429	76 980
Non-executive members of the Board of Directors	30 400	35 400

5.6 Option holdings

As at December 31, 2006, holdings of options by members of the governing bodies were as follows:

All values after 10:1 share/bearer participation certificate splits on June 11, 2002, and on March 27, 2006

	Holding on 31.12. 2006	Allocated in 2006	Allocated in 2005	Allocated in 2004	Allocated in 2003	Allocated in 2002	Allocated in 2001
Number of options							
Executive members of the							
Board of Directors	173 112	12 612	24 880	30 240	97 980	7 400	0
Members of the Management							
Committee Elevators & Escalators	209 301	21 711	41 090	46 700	77 100	14 900	7 800
Vesting period ends		30.04.2009	30.04.2008	30.04.2007	30.04.2006	30.04.2005	30.04.2004
Exercise period ends		30.04.2012	30.04.2011	30.04.2010	30.04.2009	30.04.2008	30.04.2007
Exercise price in CHF		48.80	32.90	28.70	25.50	27.10	26.90
Assignment ratio options: shares/BPC		1:1	1:1	1:1	1:1	1:1	1:1
Entitles to purchase of		Reg. shares	BPC	BPC	Reg. shares	Reg. shares	Reg. shares

No options were allocated to non-executive members of the Board of Directors.

5.7 Additional fees and other compensation

In the reporting year, no members of the Board of Directors or Management Committees, nor any related parties, received fees or other compensation for additional services to Schindler Holding Ltd. or any subsidiary or affiliated company.

5.8 Credit available to members of the governing bodies

No loans were made by the issuer, or any subsidiary or affiliate, to any active or former member of the governing bodies, nor were any such loans outstanding on December 31, 2006.

The Chairman of the Board of Directors has been granted borrowing rights. On December 31, 2006, the unutilized credit limit was CHF 25 million, which was secured by own shares with a value of over CHF 200 million.

6 Shareholders' rights of participation

6.1 Restrictions on voting rights

Subject to the registration of shares, the Articles of Association do not impose any restrictions on the voting rights of shareholders. Specifically, there is no limitation on the number of voting rights per shareholder.

6.2 Right of participation at the General Meeting

Shareholders' rights of participation at General Meetings of Shareholders are in accordance with the law and the Articles of Association. Shareholders may be represented by third parties who are themselves shareholders, by institutional representatives, by the independent proxy, or by depositary representatives.

6.3 Quorum

Art. 19 of the Articles of Association stipulates that for the resolutions of the General Meeting of Shareholders stated below, the presence of shareholders representing at least half of the share capital recorded in the Swiss Register of Companies is required:

- Election and discharge of members of the Board of Directors
- Conversion of registered shares into bearer shares and vice versa, and, subject to the individual voting rights of the shareholders, conversion of shares into bearer participation certificates
- Issuance of bonus certificates, or conversion of bearer participation certificates into bonus certificates
- Exceptions to the statutory share-registration regulations
- Resolutions for which there is a legal or statutory requirement for a qualified decision-making quorum.

6.4 Decision-making majority

Resolutions by the General Meeting of Shareholders are normally determined by the relative majority of the votes cast.

The following resolutions require the agreement of at least two-thirds of the voting rights represented at the meeting, and of the absolute majority of the nominal value of shares represented at the meeting:

- All resolutions according to Art. 704 of the Swiss Code of Obligations
- Resolutions regarding changes to the company, issuance of bonus certificates, and any change in the share capital or bearer participation capital.

6.5 Notification of General Meetings of Shareholders

Notification of General Meetings of Shareholders is given by nonregistered letter to the address of registered shareholders recorded in the share register, and by publication once only in the Swiss Official Gazette of Commerce. Although not required by statute, it is also customary to publish notification in selected Swiss daily newspapers. The period of notification is 20 days.

6.6 Agenda

According to Art. 17 of the Articles of Association, shareholders who represent together 5% of the share capital may submit matters to be placed on the agenda.

6.7 Closing date for entry in the share register

Only those shareholders with voting rights whose names were recorded in the company's register of shareholders on the respective closing date may attend the General Meeting of Shareholders and exercise their voting rights. The Board of Directors endeavors to set the closing date for registration as close as possible to the date of the General Meeting, i.e. not more than five to ten days before the General Meeting. There are no exceptions to this rule regarding the closing date for registration.

7 Change of control and defensive measures

7.1 Duty to submit an offer

According to Art. 33 of the Articles of Association, the obligation to submit a public offer to purchase under Art. 32 and 52 of the Swiss Securities Exchanges and Securities Trading Act (SESTA) of March 24, 1995, has been foregone ("opting out").

7.2 "Change of control" clauses

Contracts of employment and other agreements between Schindler Holding Ltd. and members of the governing bodies do not contain any clauses applying to the case of a change of control (e.g. "golden parachutes").

8 Auditors

8.1 Duration of mandate and term of office of the head auditor

Ernst & Young AG, Berne, have been the statutory auditors of Schindler Holding Ltd., as well as Group auditors, since 1999. Prior to that, Neutra Treuhand AG, which is associated with Ernst & Young AG, were the statutory auditors (from 1991) and Group auditors (from 1992).

The head auditor has been responsible for the audit of both Schindler Holding Ltd. and the Group's consolidated financial statements since the 2003 reporting year.

8.2 Audit and other fees

The fees for audits and other services applicable to, and charged in, the reporting year by Ernst & Young as auditors of the Group's consolidated financial statements, and as statutory auditors of both Schindler Holding Ltd. and the majority of subsidiary and affiliated companies in Switzerland and abroad, were as follows:

In 1000 CHF	2006	2005
Audit fees (audit of the Group's consolidated financial statements, and statutory audit of the financial statements of the holding company and of subsidiary and affiliated companies in Switzerland and abroad)		
	4 855	3 431
Additional fees (corporate, legal and taxation advice, and special projects)		
	1 909	984

Including other auditors, the total audit fees incurred by the Group in the reporting year amounted to CHF 5.5 million (previous year CHF 4.2 million).

8.3 Supervision and control of the auditors

The Executive Committee of the Board evaluates the performance, fees, and independence of the statutory auditors and Group auditors each year. It discusses and reviews the scope of the audits, and the feedback resulting from them. Based on this information, it determines changes and improvements as necessary.

There are regular contacts with the statutory auditors (members of the Executive Committee of the Board and/or of the Audit Committee).

Also available at www.schindler.com are the Annual Report, press releases, and current share price, as well as general information about the Group.

In addition, every ad hoc announcement is published on the website simultaneously with its distribution and can be called up for at least two years. Anyone who is interested can also have information that is potentially relevant to the share/BPC price sent to them directly from Schindler by e-mail immediately and at no cost. This service is offered on the website under Press – News Subscription.

Interested persons from the financial markets, or members of the public, may also communicate with the Group directly through the following contacts:

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The Annual Report of the Schindler Group for 2006 consists of the Activity Report and the Financial Statements and Corporate Governance.

The original German language version is binding. English, French, and Spanish translations of the Activity Report are also available. The Financial Statements and Corporate Governance are published in German and English only.

**Overall responsibility,
concept, and text**

Schindler Management AG
Corporate Communications
Ebikon, Switzerland

Concept and graphic design

Interbrand Zintzmeyer & Lux AG
Zurich, Switzerland

**Typesetting, prepress,
and printing**

NZZ Fretz AG
Schlieren, Switzerland

Image photography

Markus Bertschi, Switzerland
Peter Granser, Germany
Michael Wolf, Hong Kong



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M. Schumacher	Antonov	09
Siebrecht	ECKSTEIN	08
Michael Weis	KÄSTEL	07
Cisek-Mehlhorn	GUSSMANN/DIETZ	06
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Ruth Frank	J. Schmid	04
Gustaw Janik	BOYMANN	03
Siegfried Reutter	SINGER · BOHLA	02
M. Kummerle	ULRICH RUDNICK	01