Half-Year Report
2011

Investor Information

	6/30/2010	6/30/2011
Number of bearer shares (nominal value CHF 9.00)	**2 151 199**	**2 151 199**
of which entitled to dividend	2 098 609	2 124 221
of which entitled to vote	2 098 609	2 124 221
Number of registered shares (nominal value CHF 1.50)	**2 333 874**	**2 333 874**
of which entitled to dividend	2 333 874	2 333 874
of which entitled to vote	2 333 874	2 333 874
Key data per bearer share		
Half-year earnings (CHF)	60.42	44.96
Equity (CHF)	653	675
Bearer share price as of June 30 (CHF)	1 920	2 027
Market capitalization[1] as of June 30 (CHF mn)	4 877	5 149

[1] Since 2003, registered shares have been delisted from the Swiss stock exchange. Our calculation includes the registered shares with ⅙ of the bearer share price on June 30.

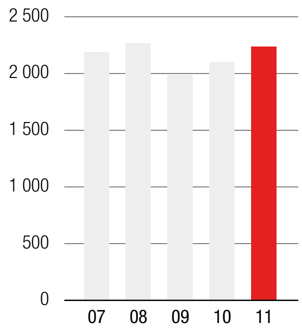
Key Figures

Sika Group

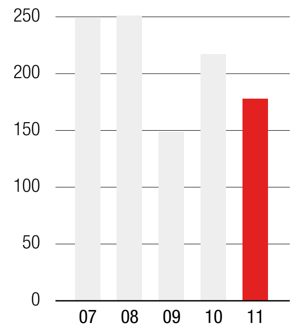
in CHF mn	1/1/2010 – 6/30/2010	1/1/2011 – 6/30/2011	Change in %
Net sales	2 094.3	2 231.5	6.6
Operating profit before depreciation (EBITDA)	284.2	241.7	-15.0
Depreciation / Amortization / Impairment	-67.7	-64.1	-5.3
Operating profit (EBIT)	216.5	177.6	-18.0
Net profit after taxes	150.5	113.6	-24.5
Earnings per share in CHF[1]	60.42	44.96	-25.6
Cash flow from operating activities	56.0	15.0	
Free cash flow	-30.5	-34.4	
Operating free cash flow	13.2	-28.0	
Balance sheet total[2]	3 931.7	3 901.6	
Shareholders' equity[2]	1 752.2	1 714.3	
Equity ratio in %[2 3]	44.6	43.9	
Return on capital employed (ROCE) in %[4]	20.6	18.3	

[1] Excluding non-controlling interests
[2] As of December 31, 2010 / June 30, 2011
[3] Shareholders' equity divided by balance sheet total
[4] Capital employed = operating assets ./. Cash and cash equivalents ./. non-interest-bearing current liabilities (each with average value)

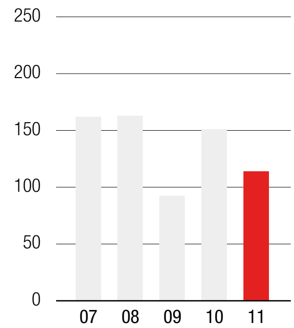
Net sales (consolidated)
in CHF mn



Operating profit
in CHF mn



Profit after taxes
in CHF mn



Letter to Shareholders

19.5% GROWTH IN LOCAL CURRENCIES – RESULTS HEAVILY INFLUENCED BY HIGH RAW MATERIAL PRICES. **Sika posted a 6.6% increase in sales in the first half of 2011, achieving net sales of CHF 2 231.5 million. In local currencies, Sika lifted sales by 19.5%. The currency effect for the first half-year stood at -12.9%. Margins were squeezed by the rising raw material prices.**

In terms of local currencies, Sika posted a 19.5% increase in sales in the first half of the present business year. This figure includes an acquisition effect of 4.7%. Due to the negative exchange rate effects (-12.9%), sales in Swiss francs were only 6.6% up year-on-year, from CHF 2 094.3 million to CHF 2 231.5 million.

Margins were squeezed by the rising raw material costs. Although price rises have been implemented, these can only be passed on to the market after a certain time lag. Consequently, the gross result in relation to sales dropped below the previous year's level to 51.9%. At the level of operating profit before depreciation, the narrowing margins were partly offset by efficiency gains. The EBITDA margin now totals 10.8% (2010: 13.6%). Operating profit sank accordingly and, at CHF 177.6 million (2010: CHF 216.5 million), is 18.0% down year-on-year. Net profit now stands at CHF 113.6 million (2010: CHF 150.5 million), equivalent to a decline of 24.5%.

EXPANSION IN ALL REGIONS. Adjusted for exchange rates, Sika's sales grew in all regions. The emerging countries continued to record positive trends, with significant growth rates in terms of local currencies: sales in the Asia/Pacific region increased by 52.2%, with new acquisitions accounting for 27.8%. Latin America continued to perform strongly, with sales up by 24.4%. At 10.2%, growth in IMEA (India, Middle East, Africa) was to some extent dampened by the political unrest in North Africa and the Middle East. The picture in the more mature markets was as follows: expanding market access in North America paved the way for a 25.4% rise, including an acquisition effect of 8.5%. Europe North grew by 14.8% as the region benefited heavily from the mild winter. The figures for Europe South eased gently upwards by 3.7% despite flagging markets.

The first half-year witnessed a brisk demand for both construction sector and industrial manufacturing products. In terms of local currencies, sales to the construction sector rose by 21.7%, with acquisitions accounting for 6.0%. For the sector industry, the growth in local currencies ran to 11.4%, including an acquisition effect of 0.2%.

HIGH RAW MATERIAL PRICES, CRISES IN SOUTHERN EUROPE AND NORTH AFRICA, STRONG SWISS FRANC. The price situation for the key raw materials needed by Sika remains challenging. The uptrend in raw material prices witnessed in the second half of 2010 failed to level off in the first half-year and, in some cases, even gathered pace. At the same time, it was only possible to pass on higher material costs to the market with a certain time lag.

The difficult situation in Europe's peripheral countries has worsened, thereby denting the performance of the relevant national organizations. Nor were the results helped by the political unrest in North Africa and the Middle East.

The sharp appreciation of the Swiss franc compared with the first half of 2010 has taken its toll. The exchange rate shifts negatively impacted sales to the tune of -12.9%. This almost exclusively corresponds to translation effects. The Group's decentralized organization and the fact that procurement, manufacturing and sales take place in the same currency area, provide a good natural hedge against exchange rate movements.

OUTLOOK. Sika expects the positive trends in the emerging countries to continue into the second half – in contrast to the somewhat mixed picture predicted for the mature markets. Sika should still be able to exceed average market growth rates and win new market share.

Sika assumes that raw material prices will remain high. However, given the price increases implemented, the pressure on margins should ease during the course of the year.

SIKA DECIDES ON SUCCESSORS FOR TOP POSITIONS. On June 20, 2011, the Board of Directors of Sika AG named Paul Hälg to succeed current Chairman Walter Grüebler. Paul Hälg will assume office following the next Annual General Meeting on April 17, 2012. Also, Jan Jenisch was appointed new CEO of Sika AG and will succeed Ernst Bärtschi in this capacity on January 1, 2012.

Paul Hälg has been a member of the Board of Directors of Sika since 2009. Jan Jenisch is a member of Group Management and since 2007 has been Regional Manager Asia/Pacific. The changes at the helm of the Board of Directors and Group Management demonstrate the company's commitment to continuity. The designated successors both come from the company's ranks and have made key contributions to the Group's growth strategy over the past years.

VOTE OF THANKS. At this point, we should like to thank our customers, suppliers and business partners for their valuable cooperation, our employees for their strong engagement, and our shareholders for their loyalty.

Sincerely,

Dr Walter Grüebler
Chairman of the Board

Ernst Bärtschi
Chief Executive Officer

Regions

SALES GROWTH ACROSS ALL REGIONS. Measured in local currencies, sales rose – in some cases significantly – in all regions during the first half-year. Not only did the positive trends in the emerging countries persist, the European and North American markets also achieved greater-than-expected growth due, respectively, to a mild winter and expanding market access.

EUROPE NORTH. Sika recorded net sales of CHF 642.9 million (+4.8%) in the Region Europe North. Measured in local currencies, this is equivalent to a 14.8% rise (currency effect: -10.0%).

Unlike in 2010, business in Europe profited in the first half-year from an extremely mild winter throughout the region, with construction work on many projects starting unusually early in the year. As in the previous year, however, the trends were mixed: the Western European markets benefited most from the warm winter, while activity in the Central European countries continued to slow. The greatest beneficiaries were Germany and the Nordic countries. Double-digit growth rates were recorded in the construction sector in Russia, Poland, and the Ukraine. These were mainly fueled by infrastructure projects, e.g. for the 2012 European Football Championship, which is to be hosted by Poland and the Ukraine. Particularly in Russia, numerous development projects that had been delayed by the financial crisis were launched or completed, boosting sales of roof and industrial flooring systems. In the Central European markets, investor confidence has not yet fully recovered from the financial crisis, and investment volumes remained low compared to 2008 levels.

In the industrial sector, the sale of Sika products for motor vehicle production continued to rise. Overall, Sika achieved a 15% increase in turnover in the region's transportation sector.

EUROPE SOUTH. Sika recorded net sales of CHF 419.1 million (-8.1%) in the Region Europe South. Measured in local currencies, this is equivalent to a 3.7% rise (currency effect: -11.8%).

Business trends in the Region Europe South have lagged behind global growth. The big question mark hanging over the economies of Greece, Portugal, Ireland, Italy, and Spain is dampening private investment and consumption. In the UK, most of the momentum in the markets was generated by the service and industrial sectors, while the slowdown in the construction industry continued. A gentle rise in demand was observed in the French markets.

Despite the unfavorable trends, Sika managed to win further market share in this region, the best sales results being achieved in the UK, France, and Serbia. Moreover, new sites in Angola, Kosovo and Montenegro further bolstered the company's market position.

Sales trends in the industrial sector were also encouraging, particularly in Spain, France, and the UK.

NORTH AMERICA. Sika recorded net sales of CHF 287.4 million (+6.8%) in the Region North America. Measured in local currencies, this is equivalent to a 25.4% rise (currency effect: -18.6%); the acquisition effect stood at 8.5%.

The Region North America experienced contradictory economic trends in the period under review. Despite initial signs of improvement, the recovery soon stalled under the impact of global events. With the markets remaining jittery, it is reasonable to assume that the recovery will take longer than originally predicted. The construction sector failed to live up to the high expectations, and the housing market remains in an extremely frail condition. The shadow cast by budget deficits has forced virtually all US states to implement spending cuts.

Yet, in defiance of the difficult market environment, Sika managed to push up net sales year-on-year after successfully landing a number of key contracts and, not least, due to its strong brand. Sika's operations in the concrete market benefited from a string of new projects in the sewage, energy/power station and tunneling sectors. The sale of roof and floor systems also boomed.

Turnover from products for industrial manufacturing also surged, particularly in the transportation sector.

LATIN AMERICA. Sika recorded net sales of CHF 253.5 million (+11.8%) in the Region Latin America. Measured in local currencies, this is equivalent to a 24.4% rise (currency effect: -12.6%).

The growth recorded in the Latin American economy in the first half of 2011 was mainly driven by developments in Brazil, which accounts for almost a third of the region's gross domestic product. The size of the Brazilian market and the country's bright economic prospects have attracted numerous foreign investors. Less encouraging were the trends in Venezuela and Ecuador, where business is dogged by structural problems and political instability. The inflation rate rose in most countries of the region, and in Venezuela is currently running at over 25%. At the same time, most local currencies continued to rally in the period under review, gaining ground on the US dollar.

Sika managed to boost sales significantly in all Latin American countries. In the case of construction products, this rise was well above average for the market. Particularly in the concrete business area, several new infrastructure projects helped Sika to gain market share. Sales in the industrial sector have slightly edged down, albeit from a previously high level.

IMEA. Sika recorded net sales of CHF 137.0 million (-7.6%) in the Region India, Middle East, Africa (IMEA). Measured in local currencies, this is equivalent to a 10.2% rise (currency effect: -17.8%).

The various markets in the Region IMEA experienced widely divergent trends. On the one hand, previously healthy markets in the Middle East were rocked by political upheaval. In South Africa, the momentum generated by the World Cup slowly fizzled out. On the other hand, the Turkish economy continued to stabilize, while India's flourishing markets further benefited from comprehensive state assistance programs in the first half of 2011.

The events of the Arab Spring triggered a decline in turnover from the countries of the Middle East. In the remaining areas, however, Sika posted a considerable increase in sales. Business trends in both Turkey and India were positively impacted by state-sponsored infrastructure projects. Indeed, throughout the region, market growth was stoked by a host of major infrastructure schemes – whether power stations in India or mines in Africa.

ASIA/PACIFIC. Sika recorded net sales of CHF 374.7 million (+38.4%) in the Region Asia/Pacific. Measured in local currencies, this is equivalent to a 52.2% rise (currency effect: -13.8%). New acquisitions accounted for a large part of this growth (27.8%).

The markets in China and Southeast Asia proved to be in good shape during the period under review. The Chinese government pressed ahead with numerous large-scale infrastructure projects – from the rail network expansion to its power station program – which intensified the demand for Sika products. Business in the automotive sector also continued to grow. Positive market signals were likewise again in evidence in the region's OECD countries after the downturn there had bottomed out in 2010. Although Australia recovered quickly from the crisis, the markets in New Zealand have been slow to pick up speed. While the Korean economy stagnated, the situation in Japan was dominated by the devastating earthquake at the start of the year. Many sectors of the economy have suffered heavily from the resulting interruption of supply chains.

On the back of a 52.2% increase in sales, the Sika companies in the Region Asia/Pacific won significant market share. The organic growth achieved in all business areas was compounded by the successful integration of the recently acquired companies in China and Japan. Even in Japan, Sika managed to push up sales over the previous year's figure, despite the negative impact of the earthquake. This was made possible by the remarkable commitment and exemplary discipline shown, under difficult conditions, by the Japanese workforce.

In an expression of solidarity with their colleagues in Japan, Sika employees launched a worldwide donation campaign.

For an exact overview of the regions see page 19.

Balance Sheet as of June 30, 2011

in CHF mn	Notes	12/31/2010	6/30/2011
Cash and cash equivalents	1	938.4	799.4
Accounts receivable	2	780.6	914.4
Inventories	3	499.7	574.7
Prepaid expenses and accrued income		82.6	66.5
Other current assets		49.7	39.0
Total current assets		**2 351.0**	**2 394.0**
Property, plant and equipment		816.5	767.6
Intangible assets	4	630.9	613.5
Investments in associated companies		23.4	23.9
Deferred tax assets		88.0	80.0
Other non-current assets		21.9	22.6
Total non-current assets		**1 580.7**	**1 507.6**
Total assets		**3 931.7**	**3 901.6**
Accounts payable	5	478.2	501.4
Accrued expenses and deferred income		192.3	194.5
Bond		274.6	274.8
Income tax liabilities		57.2	42.9
Current provisions	6	16.8	13.4
Other current liabilities		37.6	43.6
Total current liabilities		**1 056.7**	**1 070.6**
Bonds		794.4	795.2
Non-current provisions	6	92.0	85.9
Deferred tax liabilities		79.2	76.2
Employee benefit obligation		131.7	133.4
Other non-current liabilities		25.5	26.0
Total non-current liabilities		**1 122.8**	**1 116.7**
Total liabilities		**2 179.5**	**2 187.3**
Share capital		22.9	22.9
Treasury shares		-69.9	-53.0
Reserves		1 795.5	1 727.2
Equity attributable to Sika shareholders		**1 748.5**	**1 697.1**
Non-controlling interests		3.7	17.2
Total shareholders' equity		**1 752.2**	**1 714.3**
Total liabilities and shareholders' equity		**3 931.7**	**3 901.6**

Income Statement from January 1 to June 30, 2011

Income statement

in CHF mn	%	1/1/2010–6/30/2010	%	1/1/2011–6/30/2011	Change in %
Net sales	**100.0**	**2 094.3**	**100.0**	**2 231.5**	**6.6**
Other operating income	0.1	3.1	0.2	3.5	
Operating revenue	**100.1**	**2 097.4**	**100.2**	**2 235.0**	**6.6**
Material expenses	-44.2	-926.4	-48.3	-1 077.9	
Gross result	**55.9**	**1 171.0**	**51.9**	**1 157.1**	**-1.2**
Personnel expenses	-22.6	-473.3	-21.5	-479.4	
Other operating expenses	-19.7	-413.5	-19.5	-436.0	
Operating profit before depreciation (EBITDA)	**13.6**	**284.2**	**10.8**	**241.7**	**-15.0**
Depreciation	-2.5	-52.3	-2.2	-48.9	
Amortization	-0.7	-15.4	-0.7	-15.2	
Operating profit (EBIT)	**10.3**	**216.5**	**8.0**	**177.6**	**-18.0**
Interest income	0.1	2.0	0.2	4.1	
Interest expenses	-0.7	-15.4	-0.8	-16.8	
Other financial income	0.1	2.3	0.0	0.3	
Other financial expenses	-0.1	-1.5	-0.2	-5.0	
Income from associated companies	0.2	3.5	0.3	7.7	
Profit before taxes	**9.9**	**207.4**	**7.5**	**167.9**	**-19.0**
Income taxes	-2.7	-56.9	-2.4	-54.3	
Net profit	**7.2**	**150.5**	**5.1**	**113.6**	**-24.5**
Profit attributable to Sika shareholders	7.2	150.2	5.1	112.8	
Profit attributable to non-controlling interests	0.0	0.3	0.0	0.8	
Earnings per bearer share (in CHF)		**60.4**		**45.0**	**-25.5**

Statement of Comprehensive Income and Changes in Equity

Statement of comprehensive income

in CHF mn	%	1/1/2010–6/30/2010	%	1/1/2011–6/30/2011	Change in %
Net profit	**7.2**	**150.5**	**5.1**	**113.6**	**-24.5**
Currency translation differences					
Exchange differences taken to equity	-0.6	-12.8	-3.1	-69.5	
Available-for-sale financial assets					
Valuation gains (+)/losses (–) taken to equity	-0.0	-0.3	0.0	0.4	
Other comprehensive income	**-0.6**	**-13.1**	**-3.1**	**-69.1**	
Comprehensive income	**6.6**	**137.4**	**2.0**	**44.5**	**-67.6**
Attributable to Sika shareholders	6.5	136.8	2.0	44.9	
Attributable to non-controlling interests	0.0	0.6	-0.0	-0.4	

Statement of changes in equity

in CHF mn	Capital stock	Capital Surplus	Treasury shares	Currency translation differences	Fluctuations in value of financial instruments	Retained earnings	Total Sika shareholders'	Non-controlling interests	Total equity[1]
January 1, 2010	**22.9**	**256.0**	**-106.3**	**-224.2**	**-0.1**	**1 640.0**	**1 588.3**	**4.7**	**1 593.0**
Profit for the period						150.2	150.2	0.3	150.5
Other comprehensive income				-13.1	-0.3		-13.4	0.3	-13.1
Comprehensive income	**0.0**	**0.0**	**0.0**	**-13.1**	**-0.3**	**150.2**	**136.8**	**0.6**	**137.4**
Sale/purchase of treasury shares			2.3				2.3		2.3
Gains/losses on treasury shares						-0.2	-0.2		-0.2
Dividends						-112.0	-112.0	-0.3	-112.3
Inflation adjustment[1]						3.8	3.8		3.8
June 30, 2010	**22.9**	**256.0**	**-104.0**	**-237.3**	**-0.4**	**1 681.8**	**1 619.0**	**5.0**	**1 624.0**
January 1, 2011	**22.9**	**256.0**	**-69.9**	**-310.9**	**0.2**	**1 850.2**	**1 748.5**	**3.7**	**1 752.2**
Profit for the period						112.8	112.8	0.8	113.6
Other comprehensive income				-68.3	0.4		-67.9	-1.2	-69.1
Comprehensive income				**-68.3**	**0.4**	**112.8**	**44.9**	**-0.4**	**44.5**
Transactions with treasury shares			16.9			-3.1	13.8	0.0	13.8
Dividends						-112.8	-112.8	0.0	-112.8
Inflation adjustment[1]						2.7	2.7	0.0	2.7
Change in scope of consolidation						0.0	0.0	6.9	6.9
Capital increase						0.0	0.0	7.0	7.0
June 30, 2011	**22.9**	**256.0**	**-53.0**	**-379.2**	**0.6**	**1 849.8**	**1 697.1**	**17.2**	**1 714.3**

[1] Hyperinflation accounting concerns the subsidiary in Venezuela.

Cash Flow Statement

in CHF mn	1/1/2010 – 6/30/2010	1/1/2011 – 6/30/2011
Operating activities		
Profit before taxes	207.4	167.9
Depreciation / amortization / impairment	67.7	64.1
Increase (+) / decrease (–) in provisions / employee benefit plans	1.1	1.8
Increase (–) / decrease (+) in net working capital	-152.0	-177.7
Other adjustments	-12.4	-8.4
Income taxes paid	-55.8	-32.7
Cash flow from operating activities	**56.0**	**15.0**
Investing activities		
Property, plant and equipment: capital expenditures	-41.7	-31.7
Property, plant and equipment: disposals	3.6	1.6
Intangible assets: capital expenditures	-5.4	-8.1
Intangible assets: disposals	0.7	0.0
Acquisitions less cash and cash equivalents	-46.9	-4.9
Acquisitions (–) / Disposals (+) of financial assets	3.2	-1.5
Capital increase at associated companies	0.0	-4.8
Cash flow from investing activities	**-86.5**	**-49.4**
Financing activities		
Increase in financial liablities	8.1	13.7
Repayment of financial liabilities	-6.8	-6.0
Acquisitions (–) / disposals (+) in treasury shares	3.1	18.2
Dividend payment to shareholders of Sika AG	-112.0	-112.8
Dividends related to non-controlling interests	-0.3	0.0
Cash flow from financing activities	**-107.9**	**-86.9**
Exchange differences on cash and cash equivalents	**-0.8**	**-17.7**
Net change in cash and cash equivalents	**-139.2**	**-139.0**
Cash and cash equivalents at the beginning of the period	801.6	938.4
Cash and cash equivalents at the end of the period	662.4	799.4
Cash flow from operating activities contains:		
Dividends from associated companies	0.0	4.4
Interest received	1.0	4.1
Interest paid	-14.4	-21.2

Appendix to the Financial Statements

PRINCIPLES OF CONSOLIDATION AND VALUATION. The unaudited, interim consolidated financial statements for the first half of 2011 have been prepared in accordance with IAS 34 "Interim Financial Reporting."

The interim financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with Sika's annual financial statements as at December 31, 2010.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2010, except for the adoption of new standards and interpretations as of January 1, 2011, noted below:

- IAS 24 – Related Party Disclosures
- IAS 32 – Financial Instruments: Presentation
- IFRIC 14 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- IFRIC 19 – Extinguishing Financial Liabilities with Equity Instruments
- Improvements to IFRS 2010

The application of these revised standards and interpretations did not have an impact on the financial statements of Sika.

ACQUISITIONS 2011. As of April 1, 2011, Sika acquired a majority position in Hebei Jiuqiang Construction Material Co. Ltd. In addition, Sika increased its stake in Sika Gulf B.S.C. as of midyear to 51% and consolidated it for the first time in the present half-year report.

Acquired net assets at fair values

in CHF mn	Hebei Jiuqiang Construction Material Co. Ltd.	Sika Gulf B.S.C.
Cash and cash equivalents	1.4	1.1
Accounts receivable	1.2	23.6
Inventories	2.6	4.5
Other current assets	3.8	0.1
Property, plant and equipment	4.5	2.0
Intangible assets	8.2	0.9
Total assets	**21.7**	**32.2**
Accounts payable	1.9	9.6
Current bank loans	5.4	16.7
Other current liabilities	0.1	0.4
Deferred tax liabilities	1.7	0.0
Total liabilities	**9.1**	**26.7**
Net assets	**12.6**	**5.5**
Non-controlling interests	-4.1	-2.7
Acquired net assets	**8.5**	**2.8**
Goodwill	5.6	4.1
Total purchase price	**14.1**	**6.9**
Cash in acquired assets	-1.4	-1.1
Fair value of initial investment	0.0	-3.0
Payments still due	-10.6	0.0
Net cash outflow (per June 30, 2011)	**2.1**	**2.8**

Hebei Jiuqiang Construction Material Co. Ltd. is a well-known brand in the Chinese market for powder concrete admixtures. The company enjoys a strong market position and has an extensive sales network in China.

The purchase price of the shareholding acquired amounted to CHF 14.1 million. This contains a purchase price contingent on the course of business, for which a fair value of CHF 2.3 million has been estimated. Regarding the outstanding 33% interest in the company, a put and call agreement has been arranged with the seller. The owners of the minority interests can exercise their sales option as of the beginning of 2021. Sika can exercise its purchase option as of the beginning of 2016. The minority interests were stated at the prorated value of the acquired net assets. The purchase price and its allocation (PPA) are not yet definitive.

If the acquisition had occurred on the first day of the business year, consolidated net sales would have been CHF 7.6 million higher and consolidated net profit attributable to shareholders would have remained roughly the same. Since the acquisition, the acquired business contributed sales of CHF 9.1 million. There was no contribution to consolidated net profit since the acquisition. Goodwill is justified by expected synergies.

The directly attributable costs of this acquisition amounted to CHF 0.3 million and were charged to other operating expenses.

In the course of the ongoing reorganization in the Middle East (Region IMEA) Sika established a regional holding company (Sika Arabia Holding Company WLL, Bahrain) with a local partner. Sika holds a 51% stake. The previous associated company Sika Gulf B.S.C. was taken over by the holding company and is thus held indirectly (likewise a 51% stake) by Sika. It was consolidated for the first time as of June 30, 2011.

Sika Gulf B.S.C., Bahrain, manufactures concrete admixtures and ready-to-use mortar for the supply of countries in the Middle East.

A gain of CHF 1.3 million was achieved on the revaluation of the previous shareholding to a fair value of CHF 3.0 million. The minority interests were stated at the prorated value of the acquired net assets. Goodwill is justified by expected market growth.

If the acquisition had occurred on the first day of the business year, consolidated net sales would have been CHF 7.5 million higher and consolidated net profit attributable to shareholders would have been CHF 0.6 million lower. The purchase price and its allocation (PPA) are not yet definitive.

In the first half of 2010, Sika acquired the Japanese Dyflex HD Co. plus the following three companies, with each transaction structured as an asset deal: the automotive glass replacement business of ADCO Products, Inc., USA, the construction sealants operations of Henkel Japan Ltd. as well as the Panbex Group, Czech Republic.

The net outflow of assets in the first half of 2010 amounted to CHF 46.9 million.

NOTES TO THE FINANCIAL STATEMENT.

Balance sheet data as of June 30, 2011 (December 31, 2010).
Income statement from January 1 to June 30, 2011 (from January 1 to June 30, 2010).

1 **CASH AND CASH EQUIVALENTS.** CHF 799.4 mn (CHF 938.4 mn)
The position "cash and cash equivalents" contains payment instruments with a duration of less than three months. The change in this position can be seen in detail in the cash flow statement.

2 **ACCOUNTS RECEIVABLE.** CHF 914.4 mn (CHF 780.6 mn)
Accounts receivable are higher at the half-year than at the end of 2010 due both to increased sales as well as to seasonal influences. At the half-year 2010 accounts receivable amounted to CHF 941.3 million.

3 **INVENTORIES.** CHF 574.7 mn (CHF 499.7 mn)
Inventories increased during the reporting period as stock levels were adapted to higher anticipated sales volumes and to secure raw material supply. At the half-year 2010 inventories amounted to CHF 519.1 million.

4 **INTANGIBLE ASSETS.** CHF 613.5 mn (CHF 630.9 mn)
Intangible assets decreased due to currency factors.

5 **ACCOUNTS PAYABLE.** CHF 501.4 mn (CHF 478.2 mn)
Accounts payable are higher at the half-year than at the end of 2010 due to seasonal and to sales influences. At the half-year 2010 accounts payable amounted to CHF 469.6 million.

6 **PROVISIONS.** CHF 99.3 mn (CHF 108.8 mn)
Provisions for guarantees reflect all known or anticipated claims in the near future which are not covered by insurance. The provision amounts are determined on the basis of experience and are therefore subject to a degree of uncertainty. The outflow of funds depends on the timing of the filing and conclusion of warranty claims. Provisions for sundry risks include loan guarantees as well as open and anticipated legal cases with a probability of above 50%. For provisions of CHF 13.4 mn (CHF 16.8 mn) an outflow of funds is expected during the next twelve months. These amounts are shown as current provisions.

7 **NET SALES.** CHF 2 231.5 mn (CHF 2 094.3 mn)
Sale of goods accounts for nearly all net sales. Net sales increased in comparison with the prior year period by 19.5% in local currencies. Included therein was an acquisition effect of 4.7%. Exchange rate fluctuations bore a negative effect of -12.9%. Segment details can be found under note 10.

8 **MATERIAL EXPENSES.** CHF 1 077.9 mn (CHF 926.4 mn)
Effective material costs were higher as a result of sharp rises in raw material costs, so that material expenses as a proportion of sales increased by almost 400 base points. The CHF 33.5 million (CHF 20.6 million) change in inventory is contained in material expenses.

9 **OPERATING PROFIT BEFORE DEPRECIATION (EBITDA).** CHF 241.7 mn (CHF 284.2 mn)
As a consequence of efficiency gains, personnel costs declined as a proportion of sales from 22.6% to 21.5%. Other operating expenses developed in accordance with sales volume. Efficiency gains could only partly compensate for reduced gross result and therefore operating profit before depreciation, EBITDA, declined by 15.0% to CHF 241.7 million, yielding an EBITDA margin of 10.8%.

Personnel expenses include a portion of the salaries paid to top executives and Group Management in the form of Sika AG stock. The shares are posted at market prices in the first two months of the following business year. The allocated shares are subject to a vesting period of four years. The personnel expenses recorded for services received in the first half of 2011 totaled CHF 9.1 million (CHF 8.5 million). Provided employees are entitled to the option of drawing shares of Sika AG, this portion will be recorded under liabilities as at the balance sheet date. In the event that shares are drawn, this portion will be taken to equity in the subsequent year. Expenses for research and development are included in other operating expenses because they do not meet the criteria for capitalization costs.

10 **SEGMENTATION BY REGION.** Sika conducts worldwide activities according to Regions, to each of which a certain number of countries belongs. Regional Managers are members of Group Management. Group Management is the highest operative executive body, measuring the performance of the segments and allocating resources. The composition of the Regions is not carried out according to commonly effectual geographical assignment of countries to continents. Rather this is an expression of various organizational, commercial and cultural factors. So for example in the Region IMEA (India, Middle East, Africa), the countries of the Middle East and India are combined among other reasons because in construction business these countries are strongly interdependent. The exact composition of the Regions can be found on page 19.

Products and services of all product groups are distributed in all Regions. Customers stem from the construction industry or from the area of industrial manufacturing. Sales are allocated according to legal entity locations.

The Automotive business area is now managed centrally on a global basis. Internal reporting structures have been adjusted accordingly. The corresponding automotive units are no longer broken down by region but reported as "Not segmented." Central Services are also reported as "Not segmented." These include expenditures for Group headquarters and proceeds from services and delivery of goods to Group companies. They furthermore also contain expenses and income that cannot be allocated to any region. These are mainly expenses for research and development.

Net sales from January 1 to June 30

in CHF mn			2010			2011
	With third parties	With other segments	Total	With third parties	With other segments	Total
Europe North	613.5	39.6	653.1	642.9	43.1	686.0
Europe South	456.1	15.5	471.6	419.1	15.3	434.4
North America	269.1	11.2	280.3	287.4	9.8	297.2
Latin America	226.8	0.1	226.9	253.5	0.0	253.5
IMEA	148.3	0.3	148.6	137.0	0.2	137.2
Asia/Pacific	270.8	2.7	273.5	374.7	2.3	377.0
Not segmented	109.7	–	109.7	116.9	–	116.9
Eliminations	–	-69.4	-69.4	–	-70.7	-70.7
Consolidated net sales	**2 094.3**	**–**	**2 094.3**	**2 231.5**	**–**	**2 231.5**
Products for construction industry	1 650.1			1 791.8		
Products for industrial manufacturing	444.2			439.7		

Net sales with third parties/translation impacts

in CHF mn	1/1/2010-6/30/2010	1/1/2011-6/30/2011	Change compared to prior year (+/– in %)		
			In Swiss francs	In local currencies[1]	Currency impact
By region					
Europe North	613.5	642.9	4.8	14.8	-10.0
Europe South	456.1	419.1	-8.1	3.7	-11.8
North America	269.1	287.4	6.8	25.4	-18.6
Latin America	226.8	253.5	11.8	24.4	-12.6
IMEA	148.3	137.0	-7.6	10.2	-17.8
Asia/Pacific	270.8	374.7	38.4	52.2	-13.8
Not segmented	109.7	116.9	6.6	18.9	-12.3
Consolidated net sales	**2 094.3**	**2 231.5**	**6.6**	**19.5**	**-12.9**
Products for construction industry	1 650.1	1 791.8	8.6	21.7	-13.1
Products for industrial manufacturing	444.2	439.7	-1.0	11.4	-12.4

[1] Including acquisitions.

Operating profit (EBIT)

in CHF mn	1/1/2010–6/30/2010	1/1/2011–6/30/2011	Change compared to prior year	
			(+/–)	(+/– in %)
By region				
Europe North	55.9	48.1	-7.8	-14.0
Europe South	72.1	52.9	-19.2	-26.6
North America	23.5	21.9	-1.6	-6.8
Latin America	41.3	46.9	5.6	13.6
IMEA	28.3	14.6	-13.7	-48.4
Asia/Pacific	41.4	45.4	4.0	9.7
Not segmented	-46.0	-52.2	-6.2	na
EBIT of the Group	**216.5**	**177.6**	**-38.9**	**-18.0**

11 EVENTS AFTER THE BALANCE SHEET DATE.

On July 7, Sika AG acquired the Swiss company Biro Edwin Bischof AG. The Romanshorn-based plastic products manufacturer provides a high degree of competence in multi-component injection molding. It achieved sales of CHF 35 million in 2010.

The purchase price allocation has not yet been possible in the brief period since the acquisition. The values indicated represent approximations; an apportionment of intangible assets could not yet be carried out.

Acquired net assets at fair values

in CHF mn	Biro Edwin Bischof AG
Accounts receivable	3.3
Inventories	7.4
Property, plant and equipment and other assets	16.1
Total assets	**26.8**
Accounts payable and other current liabilities	6.1
Provisions	1.9
Bank loans	11.6
Total liabilities	**19.6**
Acquired net assets	**7.2**
Total purchase price	**7.2**

On July 19, Sika AG acquired the Italian company Technokolla. Located in Northern Italy, the company is a leader in tile adhesive systems. It achieved sales of some CHF 37 million in 2010. Technokolla's modern production site and highly developed sales and distribution network will allow Sika to expand its market position in Italy.

On account of the date of acquisition, it is not yet possible to provide details of the purchase price allocation and the net assets acquired.

Financial Calendar

WEDNESDAY, NOVEMBER 2, 2011
Shareholder letter (interim report nine months)

TUESDAY, JANUARY 10, 2012
Net sales 2011

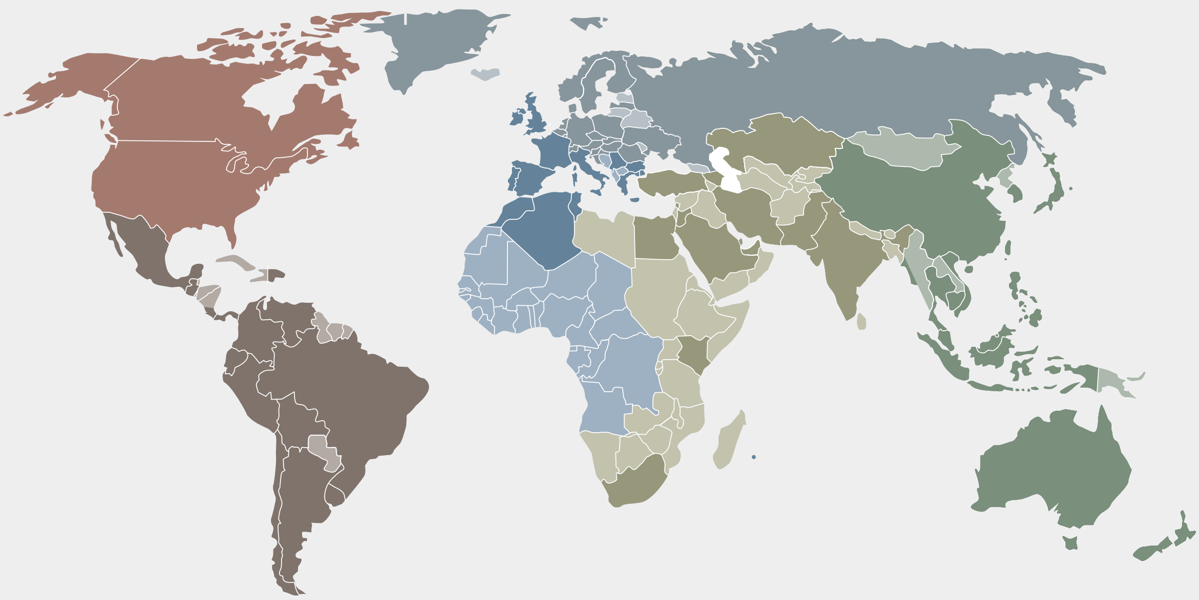
THURSDAY, MARCH 1, 2012
Full-year results 2011: media conference and analyst presentation

TUESDAY, APRIL 17, 2012
Shareholder letter (net sales three months)
44th Annual General Meeting at Lorzensaal, Cham, 3 pm

THURSDAY, JULY 26, 2012
Shareholder letter (half-year report 2012)

Worldwide Market Presence

North America | Latin America | Europe North | Europe South | IMEA | Asia/Pacific



Countries with Sika subsidiary
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