



SWISS SMALL CAP INVEST

Holds long-term participations in listed (and not yet listed)
Swiss SMEs

Report
01.01.2001 - 30.06.2001

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Half-year Report as per June 30, 2001

Dear Shareholder

The second business year of our Swiss Small Cap Invest Inc. (SSCN) has been characterized by a difficult market environment. Swiss Small Cap Invest felt this negative trend to an overproportioned extent. Many Small Caps had to accept substantial setbacks in spite of their favorable business development. Our investment strategy is easy to understand, rather conservative, and it focuses on long-term success. It is therefore very important not to lose sight of this aim encompassing several years, especially at this very moment.

Small Caps with Reduced Liquidity

The last months have confirmed that for small and medium sized enterprises (SMEs), share tradeability becomes a vital theme during adverse stock exchange periods. Accordingly, we too have registered a marked decline in the transactions with regard to some of our participations – as well as in the trade with our own shares. Nonetheless over 10% of our share capital was traded in the first half year. Swiss Small Cap Invest checks each investment periodically as to its value, and defines an „exit strategy“. On these occasions we also consider the so-called liquidity and therefore enhance the accelerated development of alternative investments.

Portfolio Development and Activities

The large participations in Phoenix, Bachem and Kardex held at the beginning of the year were substantially under selling pressure in spite of fundamentally intact prospects for the future. Phoenix Mecano und Bachem were kept at their previous level. The position of Kardex was reduced by 9% at prices above CHF 600.-. In addition, diverse participations were reduced in spite of their above-average performance with regard to the general market development – by the following percentages: Alcopor (-17%), Belimo (-5%), Sarna (-19%), Schaffner (-15%). Affichage was sold due to an expected weakness in advertising business expenditures.

After their marked price decline, we increased our investment in Actelion shares on the basis of our long-term investment horizon of 3-5 years, and in reaction to a positive general outlook. We also increased the position in AIC, Agta Record, Feintool, Interroll and StarragHeckert. Newcomers to our portfolio are the underrated conglomerate Dätwyler and the still unquoted medical technology company SIS Group.

Agta Record, quoted in Paris, enjoyed the best share performance as it advanced over 13% in the report period. Bell rose with almost 8%. As a precaution in the face of poor business development, the participation in Enterprise Communications has been written off completely.

In our endeavors to generate sustained long-term value increase, we have invested in companies which show constant substance and return components. In this half-year report we are presenting you companies typical for our investment philosophy (page 5).

Changing the Benchmark

Swiss Small Cap Invest is changing its benchmark. In the future we will be observing the Second-Liners-Dynamic-Index of Lombard Odier (SLDI-LO). The change takes effect retrospectively as from the first reference day of the SLDI-LO on November 1, 2000. For the period of January 1 to October 30, 2000, the Vontobel Swiss Small Companies

Index (VSSCI) applies, indexed to the level of the SLDI-LO on November 1, 2000. In our judgement the new index fulfils additional, important transparency criteria such as liquidity being taken into account as an important aspect of Small Caps quality. Beyond this, index changes are announced at an early time, and there's Real Time assessment.

Enhanced Transparency

In the next months our asset manager will be publishing further detailed brief studies covering individual portfolio positions on the website www.swiss-small-cap.com. This information will contain estimates covering several years, buying reasons, price targets etc., thus offering additional services in the name of enhanced transparency without triggering higher costs for SSCN. At this moment four studies (Phoenix Mecano, Feintool, Interroll, StarragHeckert) are already available on our site.

Share Price Development

Our shares were not immune to the negative general trend and lost 20,6% in the report period. Our business management regards this result as being unsatisfactory in spite of the difficult market environment. However, the continued close relation between the net asset value (NAV) and share price is seen as a positive aspect. The NAV was CHF 92.79 on declaration day compared to a share price of CHF 90.50.

With 10% the 1-year volatility of SSCN is still very low for a shares portfolio and remarkably lower than the benchmark volatility of 17%. Transparency also asks for a comparison with our direct competitors. In that respect we have been performing above average since the launch of Swiss Small Cap Invest on 01.01.2000.

Outlook

Swiss Small Cap Invest is presently fully invested. We are profiting from the continuing insecurity in the financial markets for additional management talks and portfolio diversifications. In spite of the delayed IPO of the SIS Group there's still more legroom for further unquoted participations. Discussions are being held, even if no deals are envisaged for the coming weeks.

We wish to thank our shareholders for their confidence.

Yours sincerely

Swiss Small Cap Invest AG



Theodor F. Kocher
President of the
Board of Directors



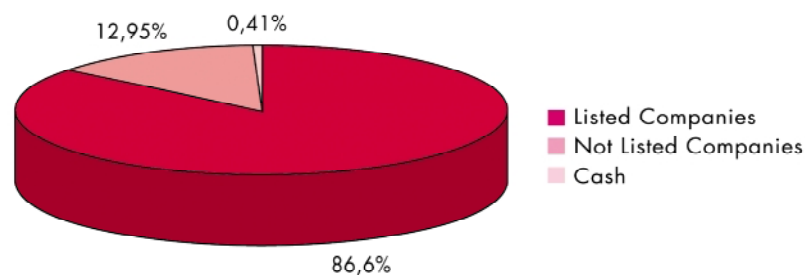
Philipp Baumgartner
Chief Executive Officer

Portfolio and Distribution

Portfolio

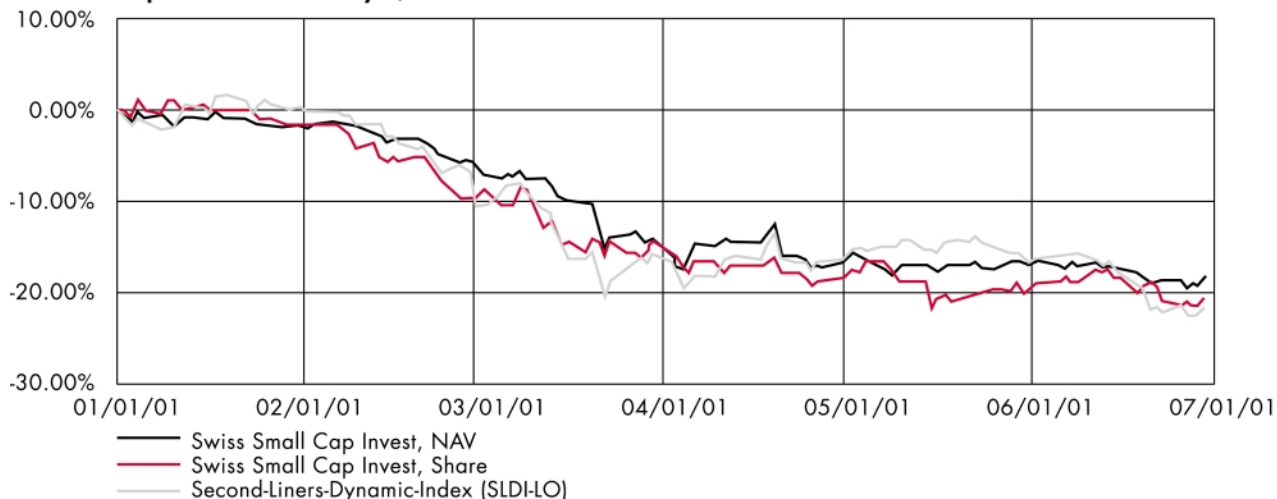
Company	Number of shares	Local currency	Price in local currency	Value in local currency ('000)	Value in TCHF
Phoenix Mecano	4'200	CHF	819	3'440	3'440
Bachem	31'000	CHF	102	3'162	3'162
Schaffner	5'500	CHF	510	2'805	2'805
Belimo	3'600	CHF	740	2'664	2'664
Agta Record	21'000	EUR	81.6	1'714	2'608
Alcopor	2'150	CHF	1'150	2'472	2'472
Interroll	19'000	CHF	130	2'470	2'470
Kardex PS	5'400	CHF	449	2'425	2'425
Sarna	1'210	CHF	1'898	2'297	2'297
Georg Fischer	5'000	CHF	432.5	2'162	2'162
Swiss Tech Invest	34'119	CHF	63	2'149	2'149
Starrag-Heckert	4'388	CHF	471	2'067	2'067
Actelion	34'000	CHF	58.4	1'986	1'986
SIS Group	42'000	CHF	47.2	1'982	1'982
Metallwaren PS	1'130	CHF	1'720	1'944	1'944
Feintool	3'096	CHF	595	1'842	1'842
Bell	3'600	CHF	470	1'692	1'692
Advanced Integration Company	2'400	CHF	600.88	1'442	1'442
Dätwyler	502	CHF	2'510	1'260	1'260
Phoenix Standby Call Optionen – short	120'000	CHF	0.01	-1	-1
Total financial assets (as per June 30, 2001)					42'868
Liquid funds					177
Other assets					179
Total assets					43'224

Distribution



Value Development, Risk and Hurdle rate

Value Development since January 1, 2001

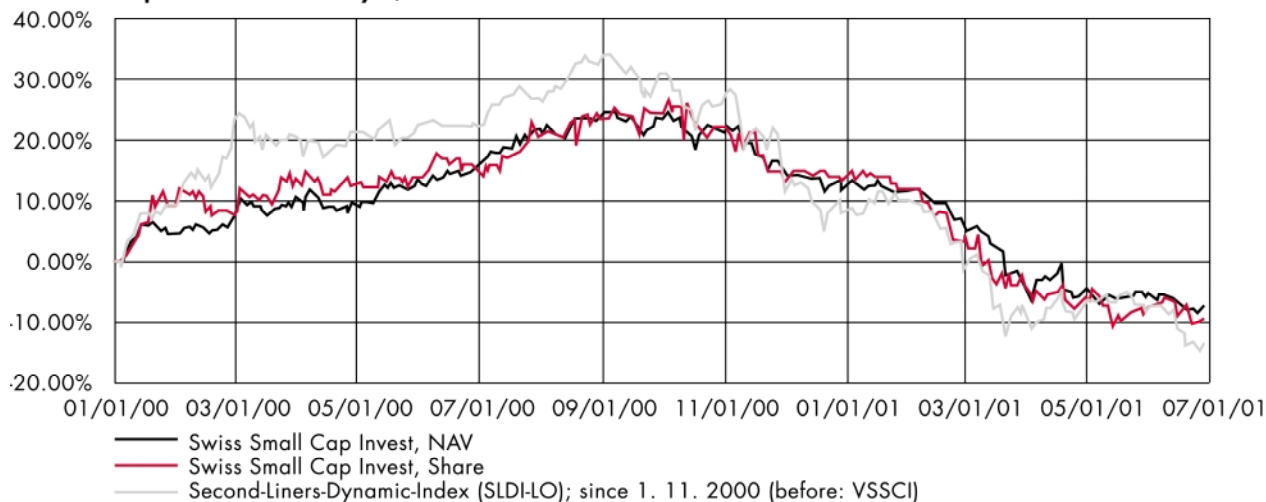


Value evolution	Rate as per January 1, 2001	Rate as per June 30, 2001	Performance
SSCN Share (in CHF)	114.00	90.50	-20.61%
SSCN Net asset value (NAV)	113.54	92.79	-18.28%
Premium/Discount in %	0.40	-2.47	
Reference Index SLDI-LO ¹⁾	1'222.52	958.52	-21.59%
Swiss Performance Index (SPI) ²⁾	5'621.13	5006.54	-11.00%

Sources:

- 1) Bloomberg
- 2) Swiss Stock Exchange (SWX)

Value Development since January 1, 2000



Risk (1-year Volatility)	January 1, 2001	June 30, 2001
SSCN Net asset value (NAV)	10.31%	9.99%
Reference Index SLDI-LO	16.67%	17.09%

Hurdle rate	2001
Profit related fee departing from a net asset value of (NAV):	CHF 121.49

A Selection of Company profiles



Agta Record

Growth p.a.*): 14,0%

Agta Record is a manufacturing and service company for high-tech door automation systems with a leading edge in Europe. Agta is the only supplier uniting the five technologies asked for in door automation (mechanics, electronics, sensorics, software, telecommunications). In the first months of the current year, turnover has grown by more than 20%. Order intake has been developing as excellent as before. The profitable service business is still gaining importance. Thanks to an acquisition Agta now has a base in the USA. In Europe too, which accounts for over 90% of the turnover, acquisitions are very likely to happen. The resources acquired in a capital reinforcement haven't been fully reinvested so far. In the year 2002 we are expecting a turnover of EUR 120 Mio. (2000: 92,4 Mio.) and a profit margin of around 7%. Possible acquisitions as well as synergies related to the strategic cooperation with Somfy are not included in these estimates. The stock of this company, which is domiciled in Fehraltdorf, is listed on the Second Marché in Paris.



Belimo

Growth p.a.*): 9,5%

Belimo is the leading supplier of drives and valves for the heating, ventilation, and air conditioning technology. In a difficult market environment, the company has succeeded in increasing turnover by 7% to CHF 114,5 million and profits by 10,5% to 12,1 million in the first half year of 2001. In spite of market share gains, sales in the core business (drives for air and fire prevention flaps) only rose by 1%. In contrast, the business in the segment of water appliances once more has risen remarkably. Interest in the new window ventilation system is big, even though the turnover still lags behind expectancy. The important replacement business is developing well and is already generating about 50% of the turnover. Overall margins are shrinking, one reason being the additional investments. In the coming years Belimo intends to increase turnover to CHF 400 million (2000: 214 million) and net income to some CHF 45 million (2000: 22,6 million). To reach this aim, acquisitions are not excluded. The company boasts strong substance and generates almost 50% of its business in the USA and Europe. The Asian market is being developed.



Bell

Growth p.a.*): 6,5%

This meat processing company is Switzerland's market leader. With a turnover of CHF 1,36 billion it is one of the heavyweights in the European meat business. In the past business year high raw material prices had a negative effect on margins. Startup costs for convenience products slimmed profits, too. One substantial growth factor was poultry. Profits from real estate sales resulted in a payment on the nominal value of CHF 10.- per share. The current year continues to show slightly receding beef consumption, poultry and fish sales are still growing. A good barbecue season will have a

positive effect on the half year results. The leading position in the home market has been consolidated. The branded meat assortment and the convenience sector are being enlarged. We are expecting increased profits of 7% for the whole year. Bell is a traditional value share. The price is still remarkably below book value. To this day the share has been developing above average in the year 2001.



Phoenix Mecano

Growth p.a.*): 9,7%

As a component and subsystem manufacturer Phoenix Mecano concentrates on the machine, electronics and telecommunications industry. It delivers products like bed drives, electronics cases or code switches. Over 80% of the turnover is generated in Europe. In the first quarter of 2001, turnover increased by 15%, but the operating results declined by 12% because of strong price pressures and higher raw material prices. In the new business field OMP (cabinets for UMTS mobile phone units), a cost saving programme has been launched. The company intends to reduce dependency on the telecom industry considerably. Relocation of production sites to low cost countries is being continued. Global procurement cooperations and a decentralized company structure support the strategy of cost management efforts. In addition to this, Phoenix Mecano disposes of a high capacity for further acquisitions. We see 2001 as a year of transitions. Profits will not rise to the excellent pre-year results. The opportunity of increasingly gaining added value performance as a supplier to important clients should help substantially to lead revenue once more into a double digit growth rate in the following year.



SIS Group

Growth p.a.: 40%

SIS Group is an unlisted company for medical technology focusing on ophthalmology (eye treatments). The company specializes in refractive surgery, cataract and glaucoma. Sales of nonreusable products generate additional value. A first product has been launched in the market successfully. It is a microtech appliance which enables computer controlled cuts of the cornea. These are indispensable for successful laser corrections of the short- and long-sightedness as well as distortions of the cornea. For cataract treatments, innovative surgery systems are being developed (launch in 2002). The same counts for a glaucoma diagnostics and treatment appliance (2003) as well as an appliance for the exact measuring of the cornea profile and the diameter of the pupil (2003). Allergan, a leading American enterprise for eye care products is the global distribution partner. This promising pipeline constitutes the basis for a consistently profitable business volume. In 2001 we are expecting a turnover of almost CHF 15 million, and a net profit of around CHF 1 million.

*) Expected average annual profit growth 2001 – 2004



Income statement, Balance sheet

Income statement		(all figures in TCHF)		
	Notes	Sept. 6, 1999 to June 30, 2000	January 1, 2001 to June 30, 2001	%
Operating income		5'905	-8'886	100.0
Net income from financial investments	3	5'333	-9'512	107.1
Interest income		18	5	-0.1
Dividend income		554	600	-6.8
Other income		-	21	-0.2
Operating expense		2'331	711	-8.0
Administration expenses	4	869	619	-6.9
Interest expense and bank charges		27	41	-0.5
Set-up cost		1'435	51	-0.6
Income before income taxes		3'574	-9'597	108.0
Income taxes		280	-	0.0
Net income		3'294	-9'597	108.0
Earnings per share	5	CHF 14.79	CHF -20.94	
Balance sheet		(all figures in TCHF)		
	Notes	June 30, 2000	June 30, 2001	%
Assets				
Liquid assets		2'938	177	0.4
Receivables		199	154	0.3
Prepaid expenses		23	25	0.1
Financial investments	6	50'538	42'868	99.2
Total assets		53'698	43'224	100.0
Shareholders' equity and liabilities				
Liabilities		1'419	584	1.4
Accrued liabilities		1'110	291	0.7
Current tax liabilities		309	293	0.7
Shareholders' equity		52'279	42'640	98.6
Share capital	7	45'500	46'500	107.5
Capital reserve	7	3'485	3'804	8.8
Own shares at purchase price	7	-	-616	-1.4
Profit brought forward	7	-	2'549	5.9
Net income	7	3'294	-9'597	-22.2
Total shareholders' equity and liability		53,698	43,224	100.0
Shareholders' equity per share	8	CHF 114.90	CHF 92.79	

Changes in Equity and Cash flow statement

Changes in Equity	(all figures in TCHF)					
	Share capital	Capital additional paid-in	Reserve of own shares	Accumulated profits	Retained earnings	Total Stockholders' equity
Equity as per September 6, 1999	250					250
Capital increase of January 5, 2000	29'780	893				30'673
Capital increase of April 10, 2000	15'470	2'591				18'061
Increase purchase price of own shares			-388			-388
Net income					2'683	2'683
Equity as per December 31, 2000	45'500	3'484	-388		2'683	51'279
Equity as per January 1, 2001	45'500	3'484	-388	2'683		51'279
Allocation to legal reserve		134		-134		
Capital increase of January 31, 2001	1'000	140				1'140
Increase purchase price of own shares			-228			-228
Net income from employee option plan		46				46
Net income of the period					-9'597	-9'597
Equity as per June 30, 2001	46'500	3'804	-616	2'549	-9'597	42'640

Cash flow statement **(all figures in TCHF)**

Sept. 6, 1999 – June 30, 2000 Jan. 1, 2001 – June 30, 2001

Net cash from operating activities	-46'046	-946
Income before taxes	3'574	-9'597
Adjustments for:		
- Capital gains from investments	-5'333	9'511
- Interest and dividend income	-374	-393
Cash flow before change in net working capital	-2'133	-478
- Increase in receivables	-199	79
- Increase in accrued income	-23	-23
- Change in accrued liabilities	1'110	-285
- Increase in current capital tax liabilities	29	17
Cash outflows for investments	-51'494	-5'993
Cash proceeds from sale of investments	6'290	5'344
Interests and dividend income	374	393
Net cash used in operative activities	-46'046	-946
Net cash from financing activities	48'984	912
Proceeds from issuance and increase of share capital	48'984	1'140
Purchase of own shares	-	-228
Net increase in cash and cash equivalents	2'938	-34
Cash and cash equivalents at beginning of period	-	211
Cash and cash equivalents at end of period	2'938	177

Notes to the Financial statements

Notes to the financial statements as per June 30, 2001

1. The company

Swiss Small Cap Invest is a public company company incorporated in accordance with Swiss Law. It was founded on September 6, 1999, and is domiciled in Zürich. Its objective is to buy, hold and sell financial participations in small caps in Switzerland and Liechtenstein. It was listed in the main segment of the Swiss Stock Exchange on June 6, 2000.

2. Main accounting principles

Basis of presentation:

The half-year report as per June 30, 2001, has been established in accordance with the International Accounting Standards (IAS) and the Listing Regulations of the Swiss Exchange, including the supplementary listing rules for investment companies. All assets and liabilities are stated at historic cost, except for certain financial investments which are stated at market value.

Financial investments:

Financial investments comprise positions of shares and options and are carried at market value. This value represents the stock market value at the close of the last trading day of the period for all shares in listed companies or the market value for shares traded on representative markets. Other financial investments are carried at cost. Gains and losses from sales and purchases of financial investments are recognized as realized capital gains or losses. Changes in the value of investments are recognized as unrealized gains or losses from investments.

Taxes:

Tax provisions are calculated on the basis of the reported results and include capital taxes. The company provides for deferred taxes, using the liability method, for all temporary differences arising between the tax basis of assets and liabilities and their carrying values for financial reporting purposes. The provisions for deferred taxes will be adjusted to future changes of tax rates or new tax regulations. In the Canton of Zürich the company has the status of a holding company.

3. Net income from financial investments	2000 (TCHF)	2001 (TCHF)
Realized capital gains	837	71
Realized capital losses	-157	-423
Unrealized capital gains	5'387	499
Unrealized capital losses	-734	-9'659
Net income from financial investments	5'333	-9'512

4. Administration expenses	2000 (TCHF)	2001 (TCHF)
Basic Fee ¹⁾	311	355
Performance Fee ¹⁾	254	-
Marketing Fee	132	108
Other administration expenses	141	139
Capital taxes	31	17
Administration expenses	869	619

¹⁾ The compensation consists of a basic fee and a performance fee. The basic fee (management fee) amounts to 1.4% plus VAT, based on the daily calculated net asset value of the company. The performance fee is calculated at the end of each period on the basis of the net asset value (percent change of the net asset value from December 31 of the previous year to December 31 of the current year).

If this yearly performance exceeds 7%, the following performance fees are payable: 10% on the surplus net performance from 7.01% to 14.99%, 20% on the surplus net performance from 15%. The hurdle rates for the year 2001 are at CHF 121.49 for the 10% performance fee, and at CHF 130.57 for the 20% performance fee.

The asset manager receives 60% of this profit share; the remaining 50% go to the Board of Directors and the business management in the shape of a participation programme for shares of the Swiss Small Cap Invest AG. An underperformance will be carried forward to the next year (application of the „high water mark“ principle).

Notes to the Financial statements

5. Profit per share	June 30, 2000	June 30, 2001
Average asset portfolio	222'647	458,245
Overall period results	TCHF 3,294	TCHF -9,597
Non-diluted result per share	CHF 14.79	CHF -20.94
Diluted result per share	CHF 14.79	CHF -20.94

6. Investments

The financial assets are distributed as follows:

Company	Number of securities	Local currency	Price in local currency	Market value in local currency	Market value in TCHF
Phoenix Mecano	4'200	CHF	819	3'440	3'440
Bachem	31'000	CHF	102	3'162	3'162
Schaffner Holding	5'500	CHF	510	2'805	2'805
Belimo Holding	3'600	CHF	740	2'664	2'664
Agta Record	21'000	EUR	81.60	1'714	2'608
Alcopor Holding	2'150	CHF	1'150	2'472	2'472
Interroll Holding	19'000	CHF	130	2'470	2'470
Kardex PS	5'400	CHF	449	2'425	2'425
Sarna Kunststoff Holding	1'210	CHF	1'898	2'297	2'297
Georg Fischer	5'000	CHF	432.50	2'162	2'162
Swiss Tech Invest	34'119	CHF	63	2'149	2'149
Starrag-Heckert Holding	4'388	CHF	471	2'067	2'067
Actelion	34'000	CHF	58.40	1'986	1'986
SIS Group	42'000	CHF	47.20	1'982	1'982
Metallwaren-Holding PS	1'130	CHF	1'720	1'944	1'944
Feintool International Holding	3'096	CHF	595	1'842	1'842
Bell Holding	3'600	CHF	470	1'692	1'692
Advanced Integration Company	2'400	CHF	600.88	1'442	1'442
Dätwyler Holding	502	CHF	2'510	1'260	1'260
Enterprise Communications	5'932	CHF	0	0	0
Shares					42'869

Open derivative financial instruments

	Company	Number of options	Number of shares involved	Expiry	Striking price	Market value TCHF
Standby Call Optionen – short	Phoenix Mecano	120'000	1'200	10.10.2001	1'200	-1

Derivative financial instruments

	-1
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Total financial investments	42'868
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Notes to the Financial statements

Evolution of financial assets	2000 (TCHF)	2001 (TCHF)
at begin of period	0	51'730
Additions (at acquisition costs)	51'495	5'993
Disposals (at sales prices)	-6'290	-5'344
Realized capital gains	837	71
Realized capital losses	-157	-423
Unrealized capital gains	5'387	499
Unrealized capital losses	-734	-9'658
Financial investments at the end of period	50'538	42'868

7. Shareholders' equity

The share capital of the company consists of 465'000 registered shares with a nominal value of CHF 100 each. The transfer of the shares is restricted as defined in the statutes of the company.

The extraordinary General Meeting of March 22, 2000 approved the creation of share capital amounting to CHF 15,000,000 (by issuing of a maximum of 150,000 fully paid registered shares of CHF 100 nominal value), of which in the course of the capital increase in January 2001 10'000 registered shares were placed at a price of CHF 114. The company therefore raised its equity by CHF 1,140,000.

In addition the ordinary General Meeting of March 21, 2001, approved the creation of share capital amounting to CHF 23'250'000 (by issuing a maximum of 232,500 registered shares of CHF 100 nominal value). So far none of these shares have been placed yet.

As per June 30, 2001, 5,450 own shares are being held, of which 3,000 are frozen for the employee options plan. In the current business year, a total of 2,540 shares at an average price of CHF 109.40 were acquired. 440 shares at an average price of CHF 114.03 were sold. Our own shares are set against the shareholders' capital. Realized price gains and losses are shown as a change in the shareholders' equity.

8. Intrinsic value per share	June 30, 2000	June 30, 2001
Stockholders' equity according to statement	TCHF 52'279	TCHF 42'640
Intrinsic value of company	TCHF 52'279	TCHF 42'640
Number of registered shares at the end of the period	455'000	459'550
Intrinsic value per share	CHF 114.90	CHF 92.79

9. Restrictions of property/pledgings

Shares are frozen and pledged to the extent of the call options involved. Per cutoff day the market value of the pledged shares is CHF 982,800.

Agenda

Agenda for the financial reports

Interim report	Cutoff date: September 30, 2001
Preliminary annual report	January 10, 2002
Annual report	February 26, 2002

The regular general shareholders' meeting of Swiss Small Cap Invest AG is scheduled for March 20, 2002.

Short Portrait, Data on the Shares and Contacts

Swiss Small Cap Invest (SSCN) was founded on September 6, 1999. The share capital amounts to a nominal value of CHF 45,500,000. The company holds financial participations in small caps in Switzerland and Liechtenstein. Small caps are defined to be companies with a market capitalization not exceeding 0.2% of the total market capitalization (SPI). SSCN engages in carefully selected SMEs with an investment horizon of at least three to five years. Besides the listed companies (e.g. SWX, New Market), to a smaller extent participations in companies can be acquired that are headed towards their listing or are still at the pre-IPO stage. Reference index is the Second-Liners-Dynamic-Index of Lombard Odier (SLDI-LO). It is calculated at the Swiss Stock exchange (SWX) and published in real time. The SSCN shares have been listed on the Swiss Stock Exchange (SWX) since June 6, 2000.

The Members of the Board of Directors are: Theodor F. Kocher, President, José Truyol and Markus Eberle.

Business Management is the responsibility of Philipp Baumgartner (CEO) and Peter F. Burri, both experienced specialists for Swiss mid- and small cap investments

Share price Net asset value (NAV)

Bloomberg:	SSCN SW Equity
Reuters:	SSCZn.S
Telekurs:	SSCN,4
Internet:	www.swiss-small-cap.com
Daily newspapers:	Stock exchange pages, investment company segment NZZ: SwSmallC. N
Security No.	1021895
WPK No.	939339

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