komax

13
Annual Report

THE WAY TO MAKE IT

Brief profile

The Komax Group is a globally active technology company that focuses on markets in the automation sector. As a leading manufacturer of innovative and high-quality solutions for the wire-processing industry, for the production of modules for the photovoltaics market and for systems for the manufacture of self-medication solutions, Komax helps its customers to implement economical and safe manufacturing processes, especially in the automotive supply, solar panel and pharmaceutical sectors.

Wire business unit

With its comprehensive product range, Komax Wire offers automated, intelligent solutions for all wire-processing applications. In addition to both standard and customer-specific systems, Komax Wire provides an extensive range of quality assurance modules and test equipment as well as networking solutions for the safe and efficient production of wire harnesses. Moreover, with a sophisticated service offering, Komax Wire continues to support its customers worldwide after their systems have been commissioned, thereby ensuring high availability and low impairment for their investment.

Solar business unit

Komax Solar focuses on process automation systems for the production of solar modules. These include stringers, which link individual solar cells together and solder them into what are known as strings, lay-up systems, which form individual strings into a matrix, and laminators, which take care of the final stage of sealing the fragile matrices.

Medtech business unit

Komax Medtech develops sophisticated, customer-specific machine systems for the automatic assembly of mass-produced medical devices, such as inhalers or insulin delivery and injection systems. Komax Medtech also provides systems for the efficient mass production of cartridges for inkjet printers.

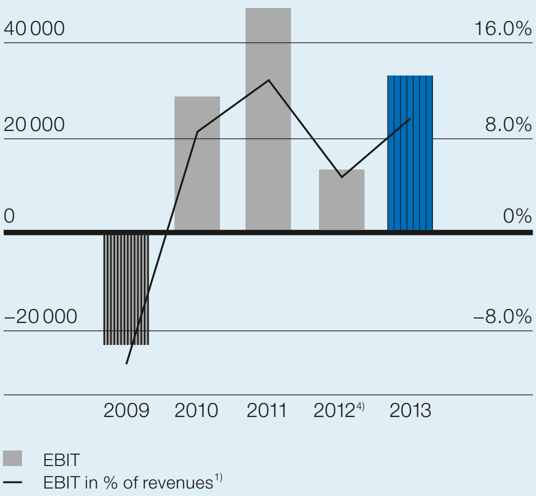
Key figures

in TCHF		2013	2012[1]	+/– in %
Order intake		368 273	287 922	27.9
Revenues[2]		341 669	288 216	18.5
Gross profit		203 413	170 188	19.5
in % of revenues		59.5	59.0	
EBITD		43 766	22 189	97.2
in % of revenues		12.8	7.7	
Operating profit (EBIT)		33 224	13 617	144.0
in % of revenues		9.7	4.7	
Group profit after taxes (EAT)		25 129	9 426	166.6
in % of revenues		7.4	3.3	
Cash flow from operating activities		31 734	45 222	–29.8
Investments in non-current assets		8 032	9 033	–11.1
Free cash flow		24 545	27 627	–11.2
Research and development		27 048	24 633	9.8
in % of revenues		7.9	8.5	
Basic earnings per share in CHF		7.33	2.81	160.9
Headcount (at year-end)	No.	1 381	1 330	3.8
Total assets		357 591	359 533	–0.5
Non-current assets		136 616	141 231	–3.3
Current assets		220 975	218 302	1.2
Intangible assets		49 518	50 989	–2.9
Net cash		22 616	938	n.s.
Shareholders' equity[3]		263 985	236 111	11.8
in % of total assets		73.8	65.7	

1) Prior-year figures restated owing to application of IAS 19 (revised).
2) Revenues: net sales + other operating income.
3) Equity attributable to equity holders of the parent company.

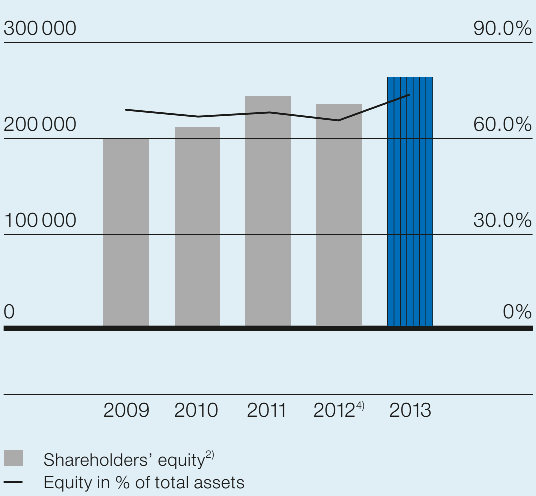
Operating profit/loss (EBIT)

in TCHF



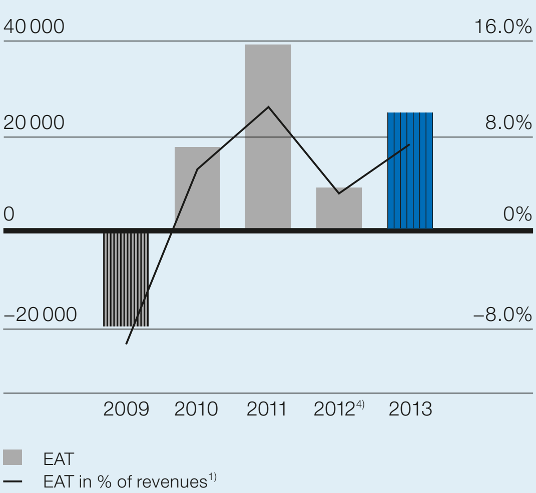
Shareholders' equity and equity ratio

in TCHF



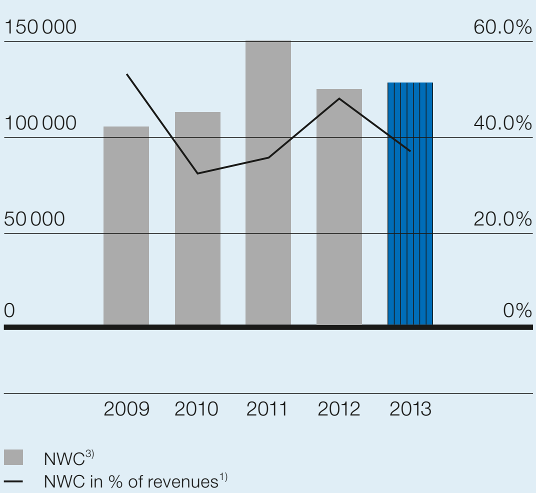
Group profit/loss after taxes (EAT)

in TCHF



Net working capital (NWC)

in TCHF



1) Revenues: net sales + other operating income.
2) Equity attributable to equity holders of the parent company.
3) Net working capital: receivables + inventories ./. current liabilities.
4) Prior-year figures restated owing to application of IAS 19 (revised).

Annual Report

Significant improvement in results

Dear shareholders,

We can look back on a year that proved to be both challenging and successful. Komax Wire was again able to build on the good results of the previous year, while Komax Medtech and Komax Solar recorded a pleasingly strong improvement in their operating results. In addition, we have set the future course of our business on a new path through our decision to sell the Solar business and focus the Group more strongly on the high-income business of Komax Wire. Against this backdrop, Komax shares performed very strongly, closing the year more than 90% up.

The Komax Group's consolidated revenues increased to CHF 341.7 million in 2013 (2012: CHF 288.2 million). The overall growth rate of 18.5% was split by acquisition effects (+7.0%), currency effects (+0.1%) and internal growth of +11.4%. The operating profit (EBIT) increased by an impressive 144.0% to CHF 33.2 million (2012: CHF 13.6 million). Corporate costs declined by CHF 1.9 million, primarily as a result of lower pension obligations under IAS 19. On the other hand, the operating result was impaired by significant write-downs on customer receivables as well as expenditure in connection with the sale of the Solar segment amounting to around CHF 4.5 million. Nonetheless, the EBIT margin reached 9.7% (2012: 4.7%). The currency effect here was equivalent to –0.1 percentage points. Group profit after taxes (EAT) rose by 166.6% to CHF 25.1 million (2012: CHF 9.4 million). Basic earnings per share therefore increased to CHF 7.33 (2012: CHF 2.81).

The Komax Group has a very strong financial footing. As at the balance sheet date, shareholders' equity was CHF 264.0 million (2012: CHF 236.1 million) while the equity ratio stood at 73.8% (2012: 65.7%). Free cash flow totalled CHF 24.5 million (2012: CHF 27.6 million) while net cash increased to CHF 22.6 million (2012: CHF 0.9 million).

Wire persistently strong

Komax Wire enjoyed another very good year. Thanks to broad geographic diversification, the business unit was able to compensate for weaker market development in certain regions and benefit from the flourishing automotive markets in the US and China. In the cyclical automotive business, the business unit's global presence once again paid off. Other end consumer markets such as the household goods, electronics and telecommunication industries likewise displayed robust development, albeit without matching the momentum of the automotive industry. At CHF 268.9 million (CHF 248.6 million after adjustment for acquisitions), order intake remained at a high level (2012: CHF 231.1 million). Net sales came in at CHF 253.8 million (2012: CHF 228.3 million), or CHF 233.6 million after adjustment for acquisition effects. EBIT amounted to CHF 47.4 million (2012: CHF 52.7 million). The partnership with the recently acquired companies is progressing well.

We are not concerned by the lower margin compared to the previous year. Our decision to drive forward business growth and exploit opportunities as they arise has led to temporary pressure on margins. The reasons for this decrease include the generally lower margins that the acquired companies currently have, higher investment in research and development, increased marketing expenditure and changes in the customer mix.

Medtech enjoying an upturn, Solar holding up well

After the disappointing results of the previous year, Komax Medtech was able to improve its result considerably. A large number of orders that had been postponed in 2012 were finally given the green light during the year under review. In addition, a number of other lucrative projects were acquired. The number of repeat projects as a proportion of the overall volume increased once again. Given the relatively high proportion of value creation in Switzerland, however, Komax Medtech continues to suffer from the effects of the strong Swiss franc when competing for business with its international competitors. Order intake increased by 56.9% to CHF 75.0 million (2012: CHF 47.8 million). Net sales totalled CHF 68.1 million (2012: CHF 49.8 million) while EBIT increased sharply by 135.5% to CHF 3.1 million (2012: CHF –8.6 million).

Solar module manufacturers continued to suffer from excess capacity. Furthermore, numerous producers were heavily indebted and unable to invest. The demand for new production equipment was accordingly modest in 2013. Despite this difficult environment, Komax Solar performed well. The order intake increased to CHF 24.4 million (2012: CHF 9.0 million) and net sales came in at CHF 20.2 million (2012: CHF 9.9 million). At the same time, EBIT improved from CHF –21.2 million to CHF –9.7 million.

Relations with shareholders and thanks

The necessary adjustments to the company's Articles of Association – the result of the Minder Initiative accepted by the Swiss electorate in March 2013 and the Ordinance against Excessive Remuneration in Listed Companies – will be put to a vote at the next Annual General Meeting of 7 May 2014. We are endeavouring to implement these requirements in a pragmatic way that takes account of the interests of our shareholders, does not diminish the attractiveness of the company, and guarantees the company's legal security. We believe we have a comprehensible compensation system that is conducive to appropriate yet attractive remuneration in line with the market. Shareholders will be able to vote on this system for the first time at the 2015 Annual General Meeting.

This year's convincing result owes a huge amount to the strong motivation, great dedication, and professional expertise of all Komax Group employees, who deserve our acknowledgement and thanks for their exemplary performance. We would also like to thank our customers and business partners for their confidence and constructive partnership. Last but not least, we also thank you, our valued shareholders, for your continuing confidence and unwavering loyalty in our company.

The Board of Directors is adhering to its attractive dividend policy, and will propose to the Annual General Meeting a distribution from the capital contribution reserves of CHF 4.50 per share (2012: CHF 2.00). The payout ratio is therefore 63%. The dividend yield on the date of the Board resolution stood at an attractive 3.2%.

Outlook

We continue to expect an economic environment that is characterized by uncertainty, and envisage a year full of challenges. We will meet these challenges with a focused strategy that is geared to resolutely pursue opportunities.

From today's standpoint, the Group expects to build on the success of the previous year and achieve another good result in 2014.

L. Steiner

Leo Steiner
Chairman of the Board of Directors

B. Kälin

Beat Kälin
Chief Executive Officer

Komax is where its customers are

Proximity is what counts. This determines timescales, efficiency and quality. That's why Komax produces in Europe, North and South America, Asia and Africa, and provides sales and service support in some 60 countries through its subsidiaries and independent agents.

The Komax Group therefore has a presence in all key production centres of its customers. It has its finger on the pulse of industry and develops needs-driven, high-value and innovative automation solutions for local requirements in global markets by drawing on more than 35 years' experience. With its global sales and service organization, Komax guarantees short supply and response times.


Komax production site
Komax sales and service
Komax participation
Sales representative
Headquarters
Komax Holding AG
Dierikon, Switzerland

Business model and strategy

The Komax Group is a globally active technology company that specializes in automation solutions for selected processes in the automotive, solar and pharmaceutical industries. The Group's core competency is mechatronics/robotics, i.e. the interdisciplinary interaction of precision engineering, electronics and information technology.

In operational terms, the business is split into three segments (business units). These operate as largely autonomous, self-contained brands in a number of different markets and fields of application:

- Komax Wire offers a comprehensive range of innovative solutions for all wire-processing applications, as well as for testing harnesses and ready-to-install vehicle modules.
- Komax Solar focuses on the critical processes in the value chain of solar module production.
- Komax Medtech develops sophisticated, customer-specific machine systems, primarily for the automatic assembly of mass-produced medical devices, such as insulin pens and syringes.

As part of its annual strategy review, the Board of Directors of the Komax Group decided to sell the solar business in August 2013. In its view, the risk profile of these activities does not fit with the objectives of the Group and ties up resources that could be deployed more effectively elsewhere.

Strategy geared to profitability and growth

Komax is keen to create value for all stakeholder groups, and aims to combine business activity that is successful in the long term with environmentally and socially responsible conduct. Based on these premises, the Group is pursuing a strategy that is conducive to above-average profitability and further growth. This strategy primarily revolves around a stronger focus on the core business of wire processing.

Group strategy is implemented by way of individually defined measures in the individual business units. These measures are set out in more detail on pages 19, 23, 24 and 30 of the Annual Report.

Sales growth and EBIT margin targets

Komax has published measurable medium-term sales growth and EBIT margin targets for the individual business units. These targets differ from business unit to business unit, as the corresponding end-customer markets have different growth momentum, and differentiating factors such as market positioning, business model, and capital employed also have to be taken into account. We will not go into further detail on the targets and results of the Solar segment here.

Komax Wire recorded sales growth of 11.2% and an EBIT margin of 18.7% in the year under review. The growth target of 3% to 5% was exceeded thanks to acquisitions in particular. Internal growth amounted to around 2%. At 18.7%, the EBIT margin was within the target area of around 20%. The profitability of Komax Wire, which is high by the standards of the machining industry, reflects the competitiveness of the customer solutions offered and the efficiency of the business unit's operating activities. It is also the result of ongoing improvements to processes and pronounced cost awareness. The decline in the EBIT margin is primarily attributable to the first-time consolidation of acquired companies. Other influencing factors here include above all higher investment in research and development, increased marketing expenditure and changes in the customer mix.

Komax Medtech reported a sharp increase in sales and an EBIT margin of 4.5% in 2013. The initiatives to improve profitability are yielding fruit, with the EBIT margin closing in on its medium-term target of 5%. No growth target was defined for Komax Medtech, as the development of sales and profitability depends almost entirely on projects for sophisticated customer-specific systems. The decisive criterion for success here is the ability to select the right projects and implement them efficiently.

Selective acquisitions

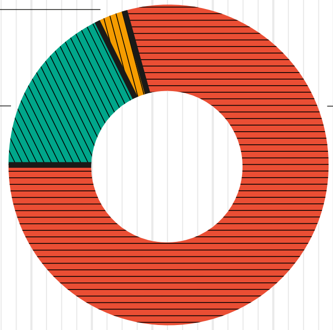
Komax's main focus is on internal growth. In addition, potential acquisition candidates and any takeover opportunities that arise are carefully examined as part of a clearly defined acquisition strategy. With the acquisition of TSK Group and MCM Cosmic KK in 2012, and the signing of an agreement to acquire the majority of SLE quality engineering as of 1 January 2014, Komax has recently acquired a few companies which strengthen the Wire business unit and open up additional growth potential.

Global production, local distribution and service network

Komax has 15 production sites worldwide, namely in Switzerland, Germany, the US, Brazil, Tunisia, Turkey, China, Malaysia and Japan. Furthermore, the Group provides sales and service support in around 60 countries through subsidiaries and independent agents. It can therefore provide efficient and competent support to its customers, most of whom operate globally, at all times. Komax is steadily expanding its presence in the emerging economies in line with the rise in demand from these markets, as client proximity is crucial. This allows Komax to keep its finger on the pulse of industry and develop needs-driven, high-value and innovative automation solutions for local requirements in global markets by drawing on more than 35 years' experience. Moreover, with its global sales and service organization, Komax guarantees short supply and response times.

Net sales

by segment



Net sales by region

in TCHF	2013	2012	+/– in %
Switzerland	7021	5624	24.8
Europe (incl. Africa)	179828	141736	26.9
North/South America	79821	81626	–2.2
Asia	74280	57739	28.6
Total	**340950**	**286725**	**18.9**

Revenue growth target

in %	Target	2013	2012
Komax Wire	~3–5	11	5
Komax Medtech	–[1)]	37	–41

1) The Medtech business unit is in the systems business, i.e. it mainly manufactures complex, customer-specific systems. In this business, targeted selection of the projects to be acquired is more important than sales growth per se. For that reason, no sales growth target has been defined for this unit.

EBIT margin target

in %	Target	2013	2012
Komax Wire	~20	18.7	23.1
Komax Medtech	~5	4.5	n.s.

Strategically well-positioned

Recently completed acquisitions complement the activities of Komax Wire perfectly and open up interesting growth opportunities.

Attractive markets

The markets served by Komax enjoy a profile of structural growth. The global need for automation solutions will increase further.

High degree of innovation

For many years now, Komax has been continuously investing in innovations to optimize its existing product range, as well as in new developments with the aim of increasing the efficiency and safety of customer processes. For example, skilfully combining different processes and technologies reduces interfaces and lead times and also increases processing reliability. Over the last few years, the Group has invested around 8% of its sales in research and development per year, and in 2013 employed around 145 staff in this area. Furthermore, some 210 engineers make a substantial contribution to innovation at Komax thanks to experience gained in developing customer-specific applications.

Markets and customers

Komax Wire now generates more than 80% of its sales with customers in the automotive industry. Due to the sheer size of this customer segment and the unrelenting momentum of the automotive industry, this share of business is likely to increase further. Market estimates indicate that some 60% of globally processed wiring is used in automotive manufacturing. This high proportion is explained by the fact that the automotive industry is peerless when it comes to standardization and automation. The high volume of wires needed for large-batch processing and the stringent requirements in place with regard to finish quality make automated solutions the favoured option for this sector.

The automotive industry is also experiencing structural growth. The research institute IHS Global Insight anticipates that the quantity of vehicles produced and sold worldwide will grow by an average of 3% to 4% a year between 2014 and 2020. In 2015, indeed, growth is expected to be closer to 5%. However, the demand for automation solutions for processing the individual wires and wire harnesses installed in vehicles is not only determined by the number of cars produced and sold. More relevantly, technical innovations such as increasingly complex functionalities and security equipment, as well as optimized or new drive systems, are driving the trend towards more electronic components in vehicles. At the same time, the ongoing process of miniaturization is leading to demand for ever thinner wires and smaller housings, which remain difficult to process and insert by hand. Developments of this kind, together with the gradual rise in quality demands from automotive manufacturers, are driving supplier companies' investments in automation solutions more strongly than vehicle manufacturing volume growth alone. Komax Wire is positioned to benefit from this development. In the past, the business unit has grown around a third faster than the automotive industry itself.

Furthermore, the increasingly widespread principle of zero-error tolerance is driving up demand for testing systems capable of ensuring that the wire harnesses and assemblies installed in vehicles work perfectly. This is understandable, as defective wire harnesses and components require considerable time and expense – at the cost of productivity and profitability – to repair or replace once they have been fitted in a vehicle. In addition, functional defects in the electronic systems of delivered vehicles can also result in reputational risks.

The other markets serviced by Komax Wire, such as industrial appliances (control cabinet manufacturing), consumer goods, computer and office equipment, as well as tele and data communication, today account for around 20% of the unit's sales. Komax Wire is seeking to increase penetration in these markets, as they offer attractive growth opportunities in the longer term.

Komax Wire is very well positioned in the market for wire-processing machines, with a global market share of around 40%. The business unit's customer base includes all the globally active wire-processing companies and it is well represented in the fragmented market for small-business customers. The acquisitions of TSK Group and MCM Cosmic KK in 2012 and the takeover of the majority of SLE quality engineering with effect from 1 January 2014, as agreed in November 2013, have greatly strengthened Komax's market position. These companies' products ideally complement Komax Wire's product range.

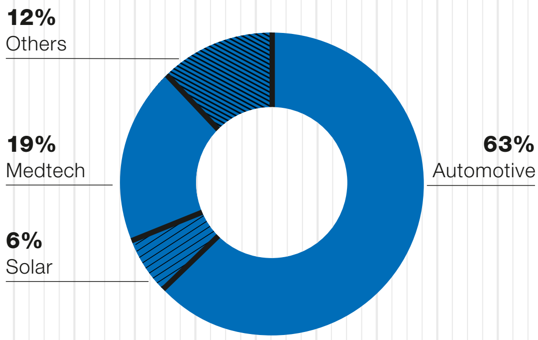
Komax Medtech primarily advises and supplies customers from the pharmaceutical industry. Final demand for medical devices is enjoying a long-term growth trend. This is due partly to general demographic developments, and partly to the increasing trend towards self-medication.

Demand for automation solutions for the production of self-medication devices is linked to the investment behaviour of the pharmaceuticals industry. As a rule, new projects are awarded as part of invitations to tender. In the majority of cases, these are for solutions that are custom-developed for a specific customer or product. Success in this business is very heavily dependent on careful project selection and the establishment of a balanced project portfolio. A well-structured project portfolio contains a substantial proportion of projects providing repeat business, plus some new projects with the potential for repeat business.

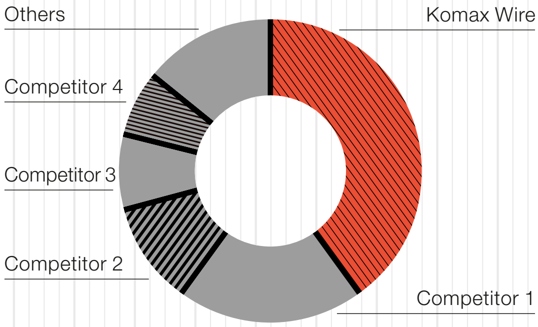
Komax Solar operates in the field of renewable energies. Today, renewables and solar energy in particular have attained worldwide recognition as safe and reliable energy sources. Although the solar industry has been in crisis since the middle of 2011, it is still reasonable to assume that the medium- and long-term prospects for robust growth remain intact. Falling prices have resulted in the cost of solar energy closing in on grid parity, thereby further increasing its appeal. However, the industry is currently confronted with massive surplus capacity worldwide, and this will first have to be eliminated before the industry can invest in new equipment. This is likely to be the case from 2015 onwards.

Komax Solar is one of the top suppliers of stringer systems worldwide.

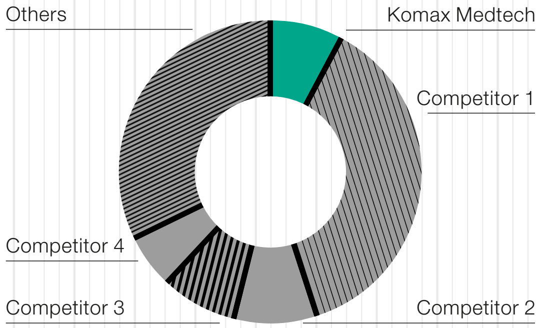
Net sales
by industry



Market shares
Komax Wire



Market shares
Komax Medtech



Board of Directors

Leo Steiner (1943)

Non-executive, independent member of the Board of Directors since 1997, Chairman of the Board of Directors since 2007, elected until 2014, Swiss national, resident in Steinhausen.

Leo Steiner holds a degree in engineering from ETH Zurich. Before joining Komax, he worked at Hayek Engineering & Management Consulting, Zurich, Landis & Gyr, Zug, and Sulzer-Escher Wyss, Zurich. From 1992 to 2007, he was CEO of the Komax Group. In the last three years, Leo Steiner has not been a member of Group Management or had any material business relationships with the Komax Group.

Max Koch (1949)

Non-executive, independent member of the Board of Directors since 1997, elected until 2014, Swiss national, resident in Meggen.

Max Koch holds a degree in electrical engineering from ETH Zurich. After founding Komax in 1975, he headed the company until 1991 as CEO, and was Chairman of the Board of Directors until 1997. In the last three years, Max Koch has not been a member of Group Management or had any material business relationships with the Komax Group.

Daniel Hirschi (1956)

Non-executive, independent member of the Board of Directors since 2005, elected until 2014, Swiss national, resident in Biel, Chairman of the Board of Directors of listed company Schaffner Holding AG, Luterbach, and member of the Board of Directors of listed company Gavazzi Holding AG, Steinhausen, and the privately owned company Benninger AG, Uzwil.

Daniel Hirschi holds a degree in engineering. From 1983 to 2005, among others he was Head of the Switches business area at Saia-Burgess in Murten, and later Head of the Automotive Division. From 2001, he was CEO, and from 2003 Delegate of the Board of Directors. From 2006 to 2009, Daniel Hirschi was CEO and Delegate of the Board of Directors of Benninger AG in Uzwil, he has been a member of the Board of Directors since March 2009. In the last three years, Daniel Hirschi has not been a member of Group Management or had any material business relationships with the Komax Group.

Hans Caspar von der Crone (1957)

Non-executive, independent member of the Board of Directors since 1997, elected until 2014, Swiss national, resident in Zurich, member of the Board of Directors of Heineken Beverages Switzerland AG, Chur, and Heineken Re AG, Zug, a Swiss subsidiary of the Heineken Group.

Hans Caspar von der Crone is an attorney-at-law. Following his studies, he lectured at the University of Zurich and was an employee and later a partner at law firm Homburger Rechtsanwälte, Zurich. Since 1997, he has been a Professor of Private, Commercial and Corporate Law at the University of Zurich. He is also a partner at law firm von der Crone Rechtsanwälte AG, Zurich. In the last three years, Hans Caspar von der Crone has not been a member of Group Management or had any material business relationships with the Komax Group.

Kurt Haerri (1962)

Non-executive, independent member of the Board of Directors since 2012, elected until 2014, Swiss national, resident in Birrwil.

Kurt Haerri holds a degree in mechanical engineering from the Lucerne University of Applied Sciences and graduated at the University of St. Gallen as an Executive MBA HSG. Kurt Haerri has been working at Schindler since 1987, from 1996 to 2003 in China. Today, he is responsible for Global Marketing and Sales at Schindler Management AG. From 2006 to 2013, Kurt Haerri was the President of the Swiss-Chinese Chamber of Commerce. He is a lecturer at the ETH Zurich, responsible for the Asia module of an executive MBA programme. In the last three years, Kurt Haerri has not been a member of Group Management or had any material business relationships with the Komax Group.

Roland Siegwart (1959)

Non-executive, independent member of the Board of Directors since 2013, elected until 2014, Swiss national, resident in Schwyz.

Roland Siegwart is Professor of Robotics at ETH Zurich since July 2006 and Vice President Research and Corporate Relations since January 2010. He holds a master's and PhD degree from ETH Zurich. After a research stay at Stanford University and the establishment of a spin-off company he was professor at EPFL Lausanne from 1996 to 2006. In the last three years, Roland Siegwart has not been a member of Group Management nor had he any material business relationships with the Komax Group.

Executive Committee

Beat Kälin (1957)

Chief Executive Officer since 2007, at Komax since 2006, Swiss national, resident in Birmensdorf, member of the Board of Directors of listed company Huber + Suhner AG, Pfäffikon (ZH).

Beat Kälin holds a doctorate in engineering from ETH Zurich and an MBA from INSEAD. Until 1999, he held various management positions in the Elektrowatt Group, from 1999 to 2004, he was a member of the Group Executive Board of SIG Schweizerische Industrie-Gesellschaft Holding AG, Neuhausen, and from 2004 to 2006 a member of the Board of Management responsible for the Packaging Technology Division at Robert Bosch GmbH, Stuttgart.

Andreas Wolfisberg (1958)

Chief Financial Officer since 1996, at Komax since 1991, Swiss national, resident in Adligenswil.

Andreas Wolfisberg is a Swiss Certified Expert in Accounting and Controlling. Before joining Komax, he worked at von Moos Stahl AG in Lucerne.

Matijas Meyer (1970)

Head Business Unit Wire since 2010, at Komax since 2007, Swiss national, resident in Ebikon.

Matijas Meyer holds a degree in engineering from ETH Zurich and an MBA from Cranfield University (UK). Prior to his current position, he was Head of the site in Rousset (France). Before joining Komax, he worked at Tornos SA in Moutier and Unaxis/ESEC in Cham.

Walter Nehls (1957)

Head Business Unit Solar and at Komax since 2008, German national, resident in Udligenswil.

Walter Nehls holds a bachelor's degree from the University of Applied Sciences and Arts North-western Switzerland and an MBA from Lucerne University of Applied Sciences and Arts. Before joining Komax, he worked at ESEC SA in Cham, Schindler AG in Ebikon, Forbo/Siegling in Hannover (Germany) and Mania Technologie AG in Weilrod (Germany).

René Ronchetti (1968)

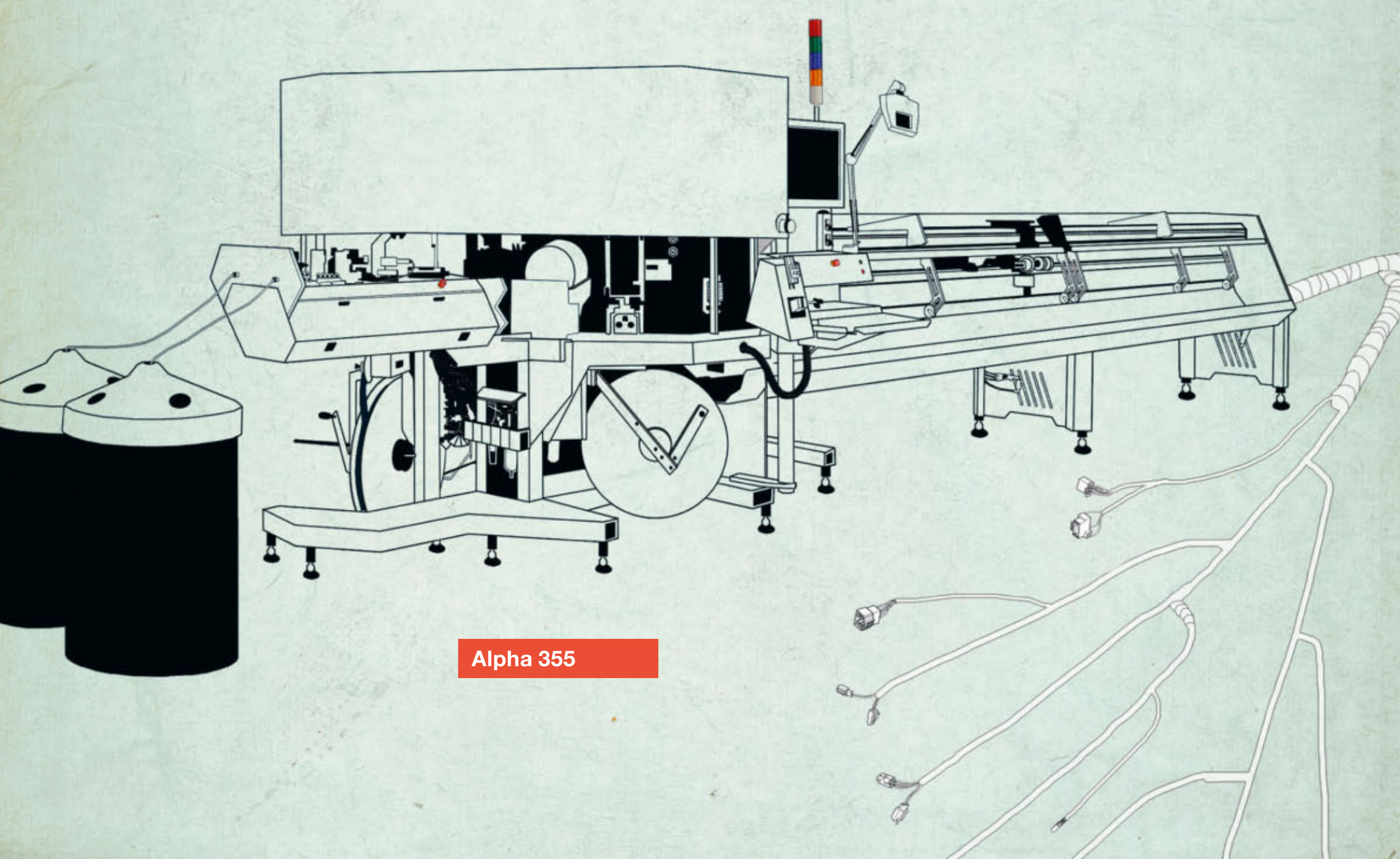
Head Business Unit Medtech and at Komax since September 2012, Swiss national, resident in Murten.

René Ronchetti holds a degree in engineering (computer science) from Berne University of Applied Sciences. He is also an industrial engineer and holds an MBA from Strathclyde University (UK). The most important positions before joining Komax were at RUAG in Berne and Geneva, Oerlikon Balzers in Paris and Ascom Autelca in Berne and Paris.

Wire business unit

The trend is your friend

Komax Wire generates more than 80% of its sales with customers in the automotive industry. Historically, however, demand for the business unit's systems has outpaced car sales by about 30%. The key drivers of this phenomenon are the increasing number of complex functions in vehicles, constantly rising quality requirements and ongoing miniaturization. All demand innovative automation solutions and more capacity – as well as generating further growth at Komax Wire.




Beijing
04:15
Zurich
19:15
Tokyo
09:15
New York
13:15
49

Market rewards outstanding performance

The business unit enjoyed another very good year in 2013. Thanks to the robust health of the automotive industry, Komax Wire was able to consolidate its market position as a universal provider of state-of-the-art technology solutions. Predominantly as a result of acquisitions, net sales rose by 11.2% to CHF 253.8 million (2012: CHF 228.3 million), while EBIT amounted to CHF 47.4 million (2012: CHF 52.7 million). At 18.7%, the EBIT margin remains in the target area of around 20%.

Komax Wire specializes in automated intelligent solutions for all modern wire-processing applications. The emphasis is on processes such as measuring, cutting, stripping, and fitting contacts and connector housings to cables. In addition to both standard and customer-specific systems, it offers an extensive range of quality assurance modules and networking solutions for reliable and efficient production. Test systems measure and compare electrical and other physical properties of harnesses and assemblies such as doors, seats, cockpits and bumpers, and test their functionality.

Thanks to this spectrum, Komax Wire can provide its customers with a comprehensive offering of efficient and reliable automation solutions. Here Komax Wire relies not only on proprietary developments, but also on the expertise of established partners through takeovers or the creation of networks. For example, the business unit has recently boosted its competencies significantly through various acquisitions and new partnerships, particularly in the area of test systems for wire harness testing and processing of high-frequency data transmission wires for cars.

Long-term growth prospects

Continually rising safety requirements and quality demands in production are increasing demand for Komax Wire's automation solutions.

Komax Wire produces wire-processing systems at two locations in Switzerland, as well as in China and Japan. The TSK brand of test systems is manufactured in Germany, Turkey, the United States, Brazil, China and Tunisia, in order to ensure short supply times for test fixtures.

Once systems and equipment have been commissioned, Komax Wire provides a full range of services to guarantee installations' performance and preserve their value.

Customers are for the most part companies from the automotive supply industry. The high degree of standardization, the huge quantities of wires and cables to be processed, and the high quality demands that are typical of the industry all favour automated and systematic production processes and methods. Furthermore, Komax Wire systems are used by manufacturers of household appliances, consumer electronics and computers, by producers of telephone and data communications equipment, and in control cabinet manufacturing. Komax Wire differentiates itself from its competitors through its leading technologies, comprehensive range of wire-processing solutions and test systems, and its global service and distribution network. With an estimated market share of 40%, Komax Wire is the world leader in the markets it serves.

Market trends and business performance

Komax Wire once again enjoyed a very good year in 2013 thanks to the continued strength of the automotive industry. The business unit generates a good 80% of its sales in the automotive sector.

Globally, the number of vehicles produced and sold in the year under review rose by 3%. There were considerable differences in regional development, however. Year on year, sales increased by 23% in China and 8% in the US. By contrast, Western Europe recorded a decline of around 2%, although there were signs of a recovery in the second half of the year. Sales volumes stagnated in Japan and Brazil, while they declined by a good 7% in India and by 5% in Russia.

Thanks to its extensive worldwide access to its customers, Komax was able to compensate for these regional differences and benefit from flourishing automotive markets in the US and China. In the cyclical automotive business, the business unit's global presence once again paid off. Furthermore, a long-term comparison shows that Komax Wire is growing around a third more strongly than sales of new vehicles. This is because technological advances are resulting in an ongoing rise in the number of cables installed in each vehicle, and automotive suppliers' production processes are becoming steadily more automated. The business unit's other end-customer markets, such as household goods, consumer electronics, and telecommunication products, developed well, albeit not with the same dynamism of the automotive industry.

Komax Wire was again very successful in the year under review. The order intake of CHF 268.9 million was a sharp improvement on the previous year (CHF 231.1 million), while net sales increased by 11.2% to CHF 253.8 million (2012: CHF 228.3 million). Internal growth (i.e. adjusted for acquisition and currency effects) amounted to around 2%. The book-to-bill ratio at the end of the year was 1.06. There was a broad-based spread of business with respect to both the product and the customer mix. The proportion of business accounted for by major customers rose. However, in 2013, Komax Wire's 10 largest customers accounted for more than a third of net sales. The business with crimp-to-crimp machines and the associated accessories proved strong as usual. Thanks to the installed base of some 20000 crimp-to-crimp machines, both the replacement parts business and the service business again performed strongly. The business with value-added projects likewise developed pleasingly. This business revolves around the development of tailor-made solutions for individual customers on the basis of standard machinery. The gross profit margin was broadly in line with the previous year's very good figure.

EBIT in the year under review came in at CHF 47.4 million (2012: CHF 52.7 million). The EBIT margin amounted to 18.7% (2012: 23.1%). This decline was primarily attributable to generally lower margins that the acquired companies currently have, higher investment in research and development, increased marketing expenditure and changes in the customer mix.

Operations

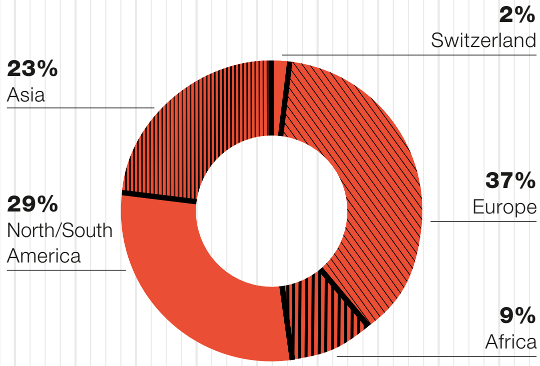
At operating level, the focus in the year under review lay primarily on optimizing resource allocation at both locations in Central Switzerland, and integrating TSK's six production sites into the Komax production network. In Shanghai, the Komax and TSK sites were merged. In addition, a number of further measures were taken to increase operating efficiency. Capacity utilization remained high in the year under review.

Key figures

in TCHF	**2013**	2012	+/– in %
Order intake	268 895	231 107	16.4
Net sales	253 782	228 255	11.2
Operating profit (EBIT)	47 388	52 729	–10.1
in %			
EBIT margin	18.7	23.1	
As at 31 Dec.			
Headcount	989	921	7.4

Net sales

by region



Marketing and distribution

The marketing and sales areas refined their targeted focus on existing customer segments and markets. At the same time, Komax Wire was positioned even more strongly as a complete solutions provider. The business unit impressively demonstrated its comprehensive competencies and the strength of its network at this year's Productronica, the world's largest trade fair for the wire-processing industry, and at more than 20 other trade fairs. Another focus took the form of initiatives to profile Komax Wire as a professional and efficient partner to companies outside the automotive industry.

In 2013, Komax Wire conducted a survey of more than 500 customers in 34 countries. The responses showed that Komax Wire has a very good image and enjoys a high level of customer loyalty. Moreover, the survey threw up important findings for the further development of business.

Global diversification

In the cyclical automotive business, the business unit's global presence once again paid off.

Innovation

In acknowledgement of the value it attaches to innovation, Komax Wire has updated its innovation vision statement. It sensitizes employees to the strategic significance of innovation, and motivates them to continue to focus all their activities on solutions that will deliver strong added value for customers.

Research and development expenditure in 2013 amounted to some 8% of net sales. In the year under review, Komax Wire employed some 130 staff in this area worldwide, and they once again came up with a number of pioneering innovations. These innovations are also the result of extensive customer feedback and regular experience-sharing with professional communities within the industry, as well as with training centres. Furthermore, the people who work in marketing and product management as well as some 90 engineers make a substantial contribution to innovation within the business unit, thanks to the experience they have gained in developing customer-specific applications.

Trends

The development trends that have emerged in recent years will accelerate and intensify in the future. The automotive industry is increasingly calling for subsystems and components that deliver more, weigh less, take up less space, and operate extremely reliably, while at the same time being cheap to procure. These demands are not only confronting direct suppliers to the automotive industry but also upstream suppliers and business partners. For a group like Komax, which continually operates at the forefront of technological development, these increasing demands first and foremost represent opportunities and potential growth drivers.

The electrical systems in today's premium passenger cars are made up of as many as 1 200 cables, with a good 2 000 crimp contacts and a total length of three kilometres. Developments in vehicle construction, new functionalities, and an ever-rising fit-out level in all vehicle classes are leading to a further increase in demand for cables and crimp contacts. Furthermore, the individual subsystems and assemblies, particularly harnesses, are becoming ever more complex. In addition, given the growing trend towards miniaturization with a view to reducing manufacturing costs, weight and fuel consumption, the individual components to be processed are becoming ever smaller, which makes manual processing difficult and in extreme cases even impossible.

As systems become increasingly complex, the potential sources of error in manual wire processing and assembly become more numerous. Manual processes are becoming less capable of meeting these demands. Intelligent automated solutions, quality assurance tools, and systems for testing harnesses before they are installed in assemblies and vehicles are solutions that can guarantee and increase the efficiency and reliability of the production process. This has been recognized by automotive manufacturers, who are increasingly calling on their suppliers to further automate their production processes.

Furthermore, wire processing is required in numerous other sectors of industry too. Particularly in sectors that use largely standardized, high-volume processes, the challenges are similar to those faced by the automotive industry. With its know-how, the market proximity of its product range, and its marketing expertise, Komax Wire is extremely well positioned to make further inroads into these markets.

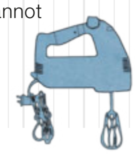
Groundbreaking competencies in the value chain

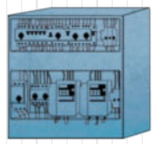
Komax Wire systems

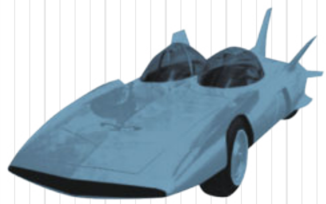
Measuring/cutting Stripping Crimping Twisting Connector insertion	Harness sub-assembly	Wire harness test systems Function test systems		

Cables Contacts Housings	Cutting Preprocessing	Final assembly	Testing	Warehouse Shipping	Installation Assembly
Component manufacturer	Wire harness manufacturer				Original equipment manufacturer (OEM)

Wires, contact parts, and housings (connectors) are vendor parts for wire harness manufacturers. Finished wire harnesses are used in vehicle electrical systems, household appliances and other electronic devices. Komax Wire supplies wire harness manufacturers with solutions for automated and efficient wire processing. Depending on complexity and safety standards, which are especially stringent in the automotive industry, wire harnesses cannot always be produced by machine. In final assembly, finished harnesses are assembled and tested by hand before being delivered to the OEM, who installs it in the final product.







Strategy

In addition to the goal of continuously increasing operating effectiveness and efficiency, Komax Wire pursues four key strategic priorities. First, it pursues the further development of existing business along the value chain. This involves fully automatic and semi-automatic solutions with integrated quality assurance. Solutions for increasing availability and testing the productivity of installed systems are as much a part of this priority as new intelligent software interfaces and expanded quality testing capabilities. In the development of innovations, the second strategic priority, Komax Wire focuses on new solutions for the demands of the automotive industry and on further optimizing its product portfolio with a clear product platform strategy. Under the third and fourth strategic priorities, Komax Wire will further strengthen its position in the Asian markets in particular and break into new application areas outside the automotive industry.

Komax Wire's offering covers the most capital-intensive and critical processes of its customers' value creation chains. Customers receive single-source solutions for the key wire-processing applications from Komax Wire, a feature that makes the business unit unique in the world. The multifaceted competencies that are united under a single roof at Komax Wire will give rise to new innovative production concepts that will further simplify the processes of wire harness assembly.

Outlook

The demand for Komax solutions is favoured by the persistent dynamism of the automotive industry, the ongoing trend towards automation of production processes, and the higher quality demands that vehicle manufacturers are placing on their suppliers. However, visibility in this area does not extend more than three months into the future at most.

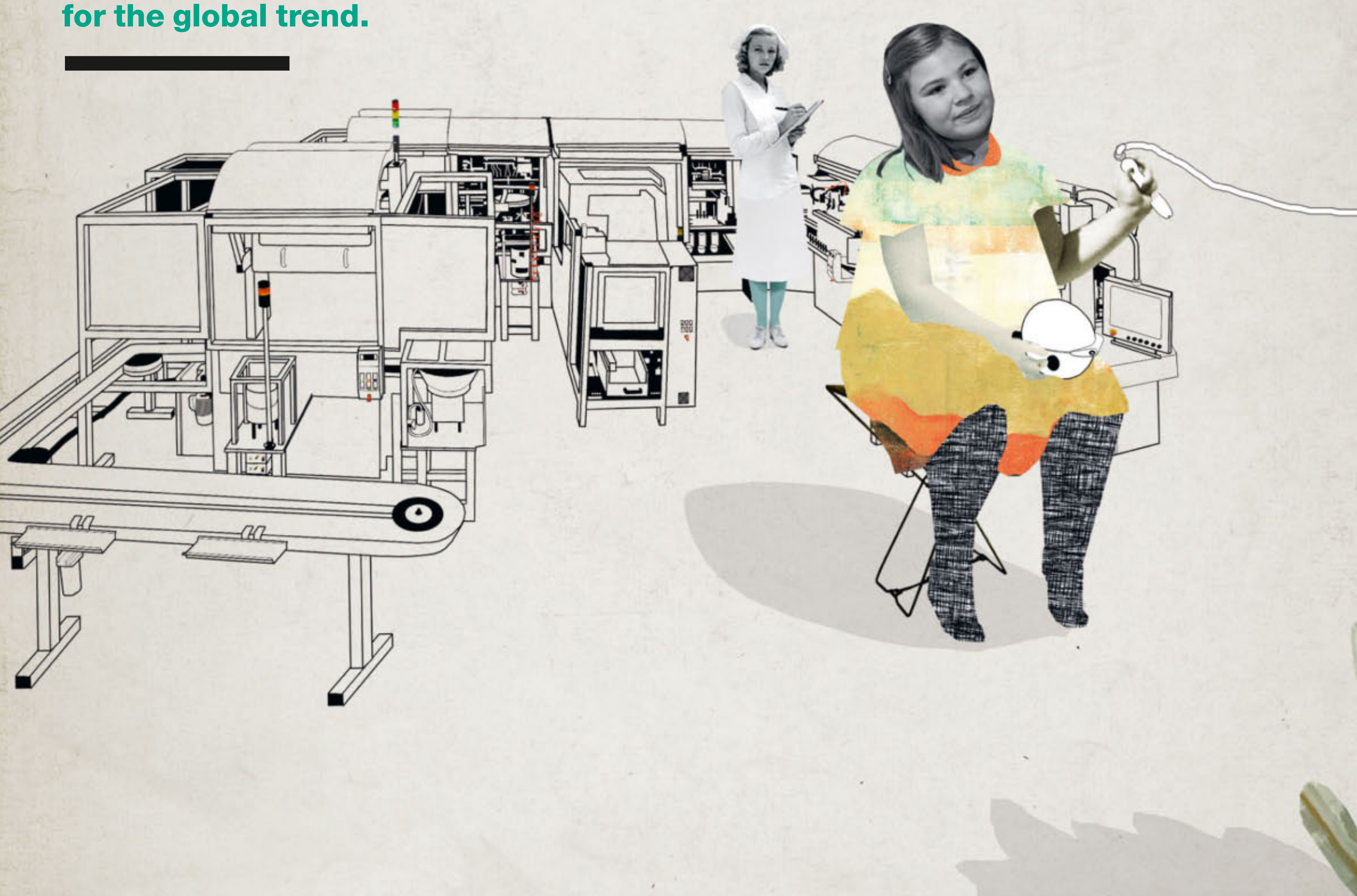
On the basis of the information currently available, Komax Wire is expecting net sales for the first half of 2014 to be broadly on a par with the very strong first semester of the previous year when adjusted for acquisitions.

In 2014, Komax Wire will continue to invest in innovation, marketing and market development in order to preserve its unique market position and strengthen its competitiveness.

Medtech business unit

Quality of life in your pocket

The World Health Organization (WHO) expects the number of people with asthma or diabetes worldwide to rise sharply. There are already around 350 million people with diabetes, most of them in the emerging and developing countries. The increased prevalence of these conditions is also pushing up the demand for self-medication solutions. As a manufacturer of state-of-the-art production systems for insulin delivery applications and inhalers, Komax Medtech is fully equipped for the global trend.




Moscow
20:15
Beijing
24:15
Dehli
22:15

Profitable recovery

The markets relevant to Komax Medtech largely normalized in 2013. Whereas the previous year was characterized by restrained investment behaviour on the part of customers, orders bounced back during the period under review. Accordingly, net sales rose by 36.8% to CHF 68.1 million (2012: CHF 49.8 million). The relatively high proportion of repeat orders, combined with the impact of measures initiated in 2012 to further increase efficiency, led to a significant improvement in the result, with EBIT recording an encouraging rise to CHF 3.1 million (previous year: CHF –8.6 million).

Structural growth

The trend towards self-medication will continue and drive investment in automation solutions.

Komax Medtech develops customer-specific machine systems for the automatic assembly of mass-produced medical products. The products assembled on Komax machines include inhalers and insulin delivery or injection systems. In addition, the business unit also produces systems for the efficient mass production of inkjet printer cartridges. The purchase price of such systems ranges between a few hundred thousand and several million Swiss francs, depending on their complexity.

Medical devices in particular are subject to especially rigorous cleanliness, quality and safety requirements. Komax Medtech has many years of experience in this field, and has standardized and certified validation processes in place to ensure that its systems comply with all relevant standards.

Komax Medtech has production facilities in Switzerland, the United States and Malaysia. With production sites in the most important market regions of the world, the business unit is well positioned to meet the expectations of its customers, who are increasingly demanding that suppliers have a local presence.

Market trends and business performance

Customers' investment behaviour largely normalized in 2013. The business unit kicked off the year with a relatively strong order book. Numerous orders that had been postponed the previous year were given the green light in the year under review. Furthermore, Komax Medtech won a number of additional lucrative projects. By contrast, the inkjet business performed modestly in 2013. Pleasingly, the overall volume of projects with repeat potential increased as a proportion of overall orders. Net sales amounted to CHF 68.1 million (2012: CHF 49.8 million). A substantial proportion of these were generated with major customers in Ireland, Scandinavia, Germany and the US.

Given its relatively large share of value creation in Switzerland, Komax Medtech continues to suffer from the strength of the Swiss franc. Nonetheless, the higher proportion of repeat business and further efficiency gains led to a pleasing improvement in the result, with EBIT coming in at CHF 3.1 million (2012: CHF –8.6 million).

Operations

In the 2013 financial year, the business unit introduced a number of different measures to strengthen its internal organization and ensure the optimal allocation of resources. As a result, the dependency of the US and Asian sites on the parent company in Switzerland was reduced. Modules, procurement management and project management were further standardized at all sites, while cost controlling was optimized. Moreover, following a cost analysis, Komax Medtech relinquished its activities in the area of laboratory automation at the Rotkreuz site.

The affected employees were almost all integrated into the Komax Wire business unit.

Thanks to a pick-up in order intake which first manifested itself in the last quarter of 2012, the centre of excellence at La Chaux-de-Fonds enjoyed healthy capacity utilization throughout the year under review. At the Rockford site too, capacity utilization was good after a rather sluggish start to the year. Only the Penang site suffered from the problem of excess capacity as a result of stagnating demand for inkjet printer cartridges and a decline in demand for the corresponding assembly systems. The surplus capacity was utilized for projects from the two other production locations insofar as possible.

Marketing and distribution

Komax Medtech was present at five trade fairs and numerous medical technology conferences in 2013. In addition, a number of customer surveys and systematic analyses were conducted in the year under review, in order to align the services and products offered by Komax Medtech even more closely with customer requirements. Furthermore, the business unit strengthened its regional distribution organizations in order to further improve customer proximity.

Innovation

In the customer-specific systems business, the lion's share of value is created by engineering services that model handling and process solutions in a variety of combinations.

In 2013, Komax Medtech undertook a detailed analysis of the many different alternatives and developed a number of standardized engineering solutions, in some cases in collaboration with customers. For example, this included a system to identify the tiniest pressure changes in the assembly process for filigree medical devices, and an innovative process that verifies whether inhalers work correctly.

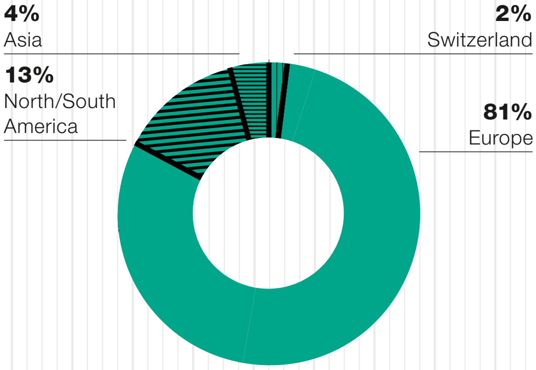
Komax Medtech today possesses four platforms for the assembly of medical devices, covering the entire manufacturing cycle from clinical trials through to mass production. These have been further developed to open up the possibility of incorporating new solutions. At the same time, Komax Medtech has succeeded in increasing the number of processes that can be integrated on a single platform, and reducing the production area required in customers' premises. Above all, these steps addressed needs that emerged from customer surveys.

Key figures

in TCHF	2013	2012	+/– in %
Order intake	74 999	47 806	56.9
Net sales	68 133	49 804	36.8
Operating profit/loss (EBIT)	3 053	–8 600	135.5
in %			
EBIT margin	4.5	n.s.	
As at 31 Dec.			
Headcount	262	256	2.3

Net sales

by region



Trends and strategy

It is a regrettable fact that the number of individuals suffering from diabetes worldwide will rise further over the next few years. In its estimate of October 2013, the World Health Organization (WHO) assumes that the number of afflicted individuals will rise by two thirds from today's 347 million by 2030. The main drivers of this trend are high-fat diets, obesity and a lack of physical activity. The number of asthma sufferers, which according to a WHO report of November 2013 is currently around 235 million people, is also set to rise.

Diabetes and asthma patients are already able to treat their conditions themselves. And the trend towards self-medication is set to continue, as new applications and treatments make this form of administration ever simpler and safer. The unrelenting pressure to contain health care costs and efforts to increase the quality of life of the affected individuals are driving forward the development of new applications for administering treatments, which is in turn increasing the demand for medical product assembly systems. The global market for automation solutions for self-medication applications is therefore likely to grow further. The volume of investment orders placed in any individual year can fluctuate heavily, however, as this is dependent on the rate of innovation in end products, the approval processes of national authorities, and the need to renew existing assembly lines.

With its many years of experience and strong technical expertise, Komax Medtech is one of the recognized global market leaders in systems for the manufacture of insulin delivery applications and inhalers. Komax Medtech is determined to preserve this position. Moreover, the business unit will increasingly be using existing platforms, processes, and competencies to target further niche markets as a way of smoothing out market fluctuations more effectively.

Consistent customer orientation

The results of customer surveys are regularly incorporated into the further development of platforms.

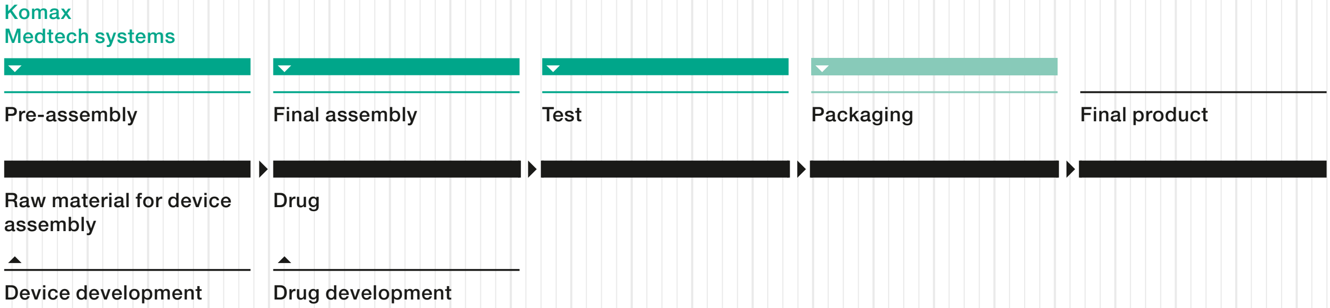
Stabilizing profitability is Komax Medtech's top priority. This cannot be achieved through sales growth alone, however, as an increasing number of projects has the effect of multiplying rather than diversifying risks in the customer-specific systems business. Commercial success therefore hinges on carefully selecting the projects to be acquired and processing them efficiently. With this strategy having now proven its value in 2013, it will be pursued with even greater focus on the future.

Outlook

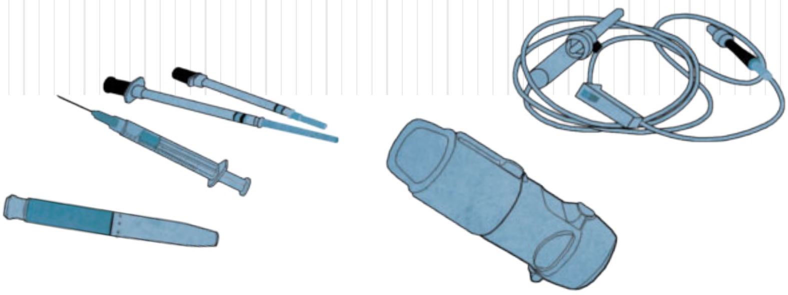
Komax Medtech started 2014 with a strong order book, and order intake in the first few weeks of the year was in line with expectations. These orders reveal a balanced mix of projects with repetitive nature and projects involving new customers or applications. Nonetheless, the risks inherent to the systems business are still present.

Given the prevailing parameters, we believe Komax Medtech will build on the success of 2013 this year. For the first half of 2014, we expect a positive EBIT.

Groundbreaking competencies in the value chain



Medical devices are products used to help diagnose or treat disease. Many of these devices contain active substances or medicines that are administered to patients with certain conditions or disease symptoms. Before a new medicine that is combined with a medical device can be launched, it has to undergo preclinical and clinical studies and gain approval from the competent regulatory authority. Komax Medtech plays an important role in this process: the business unit plans and builds assembly systems that put together the individual components of such medical products (raw materials, plastic parts for the devices, pre-filled medicines) in several steps on a semi-automated or fully automated basis. Komax Medtech then tests and packages the fully assembled final product (device plus medicine) and prepares it for shipping. When Komax Medtech delivers equipment to customers, a full qualification/testing package is performed, documenting with evidence that expected results will be achieved at the end of the thorough acceptance procedures, to run safely the validation of the device, which is owned by the customer.

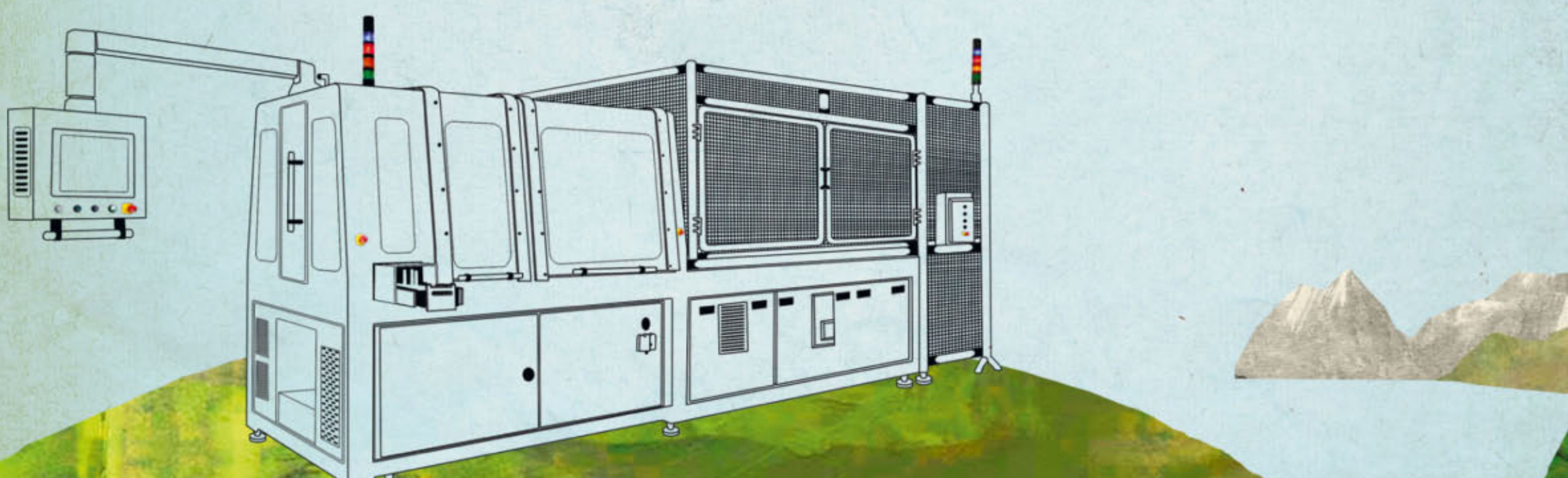


Solar business unit

生活在中国

Four out of every five solar modules are manufactured in China. It is therefore particularly important for manufacturers of machinery for the solar industry to have a strong foothold in this market. This is true of Komax Solar, which has production facilities and its own service and sales organization in both the US and China. Komax is one of the world's leading suppliers of stringers, which link up individual solar cells and solder them into strings.

XCELL X2 Turbo




London
15:30
Hong Kong
03:30
Dehli
23:15

Evading the negative industry trend

Although the demand for solar modules is rising, the industry once again suffered from significant excess capacity in 2013. The demand for new equipment was correspondingly modest. Komax Solar was able to evade this trend. Results have improved, even though they remain very much in negative territory. Net sales amounted to CHF 20.2 million (2012: CHF 9.9 million) while the loss at EBIT level halved to CHF –9.7 million (2012: CHF –21.2 million). In August 2013, Komax decided to sell the solar business, as its risk profile does not fit with the Group's objectives.

Sale of the solar business

The risk profile of the solar business does not fit with the Group's objectives.

Komax Solar focuses on the automation of a few core processes for crystalline solar module production. This includes stringers, which link up individual solar cells and solder them into what are known as strings; lay-up systems, which form individual strings into a matrix; and laminators, which take care of the final stage of heat sealing the solar modules. Komax Solar has production facilities in the United States and China. In addition, there are service and distribution locations in China, Singapore, India and Switzerland. Komax Solar is among the leading manufacturers in the markets it serves, particularly in stringers. The brand is very well-established worldwide and in particular well recognized in China, the world's largest market for equipment.

Thanks to its innovative solutions, Komax Solar helps to ensure that production processes in the photovoltaic industry are efficient and reliable, thereby minimizing reject rates. Komax Solar is therefore at the forefront of attempts to establish solar technology as an alternative to conventional methods of power generation.

Market trends and business performance

As a result of excess capacity and dramatic price erosion, the solar industry has been mired in a crisis since the middle of 2011. Globally installed capacity for the production of solar energy currently amounts to some 140 gigawatts (GW). This represents a year-on-year increase of around 40 GW.

After years of strong capacity expansion, Europe is expected to record more moderate growth rates in the future. Instead, it is other countries like China, the United States, Japan and India that are driving industry growth. In the medium term, government subsidy programs will continue to have a significant impact on growth. On the other hand, persistent price erosion throughout the solar industry's value creation chain coupled with rising electricity prices is further boosting solar energy's appeal and reducing its dependency on subsidies. This trend is expected to continue. In the medium term, the sector will develop into a mature industry with sustainable growth rates.

However, the rise in demand for solar modules in 2013 was not enough to eradicate existing structural imbalances in the solar industry. As demand was in the region of around 40 GW, it was insufficient to fully utilize production capacity of some 50 GW. All the same, module prices stabilized thanks to an improvement in capacity utilization compared to 2012, which also resulted in stronger cash flows for module manufacturers. However, numerous module producers remained heavily in debt and were therefore in no position to invest. Consequently, global demand for machinery for the manufacture of solar modules recorded another year-on-year decline. Against such a backdrop, new orders generally came with significant payment default risk. Given these parameters, Komax Solar exercised maximum caution, only accepting orders that were backed by sufficient financial security.

In contrast to the industry trend described above, Komax Solar's net sales more than doubled to CHF 20.2 million (2012: CHF 9.9 million). Furthermore, thanks to comprehensive cost-cutting measures, the loss at EBIT level was halved to CHF –9.7 million (2012: CHF –21.2 million). This figure also includes write-downs on customer receivables as well as expenditure in connection with the sale of the business unit amounting in total to some CHF 4.5 million.

Operations

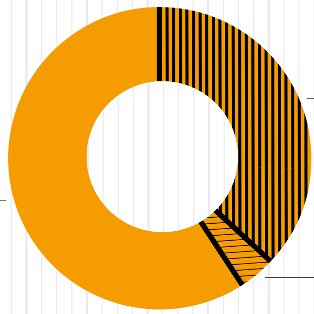
The focusing of core activities at the York (PA) site, which was initiated some years ago, the streamlining of the product range, and other organizational adjustments enabled Komax Solar to adapt its structure to the changed market parameters to the greatest extent possible, leading to a huge reduction in the cost base. At the same time, the business unit retained virtually all of the expertise needed to continue the development of processes and products.

Komax Solar is therefore in a position to defend its strong competitive position successfully in anticipation of the market recovery.

Key figures

in TCHF	**2013**	2012	+/– in %
Order intake	24379	9009	170.6
Net sales	20206	9873	104.7
Operating loss (EBIT)	–9746	–21171	54.0
in %			
EBIT margin	n.s.	n.s.	
As at 31 Dec.			
Headcount	116	140	–17.1

Net sales
by region



Marketing and distribution

Komax Solar took part in four trade fairs around the world in 2013, thereby highlighting its professional image to attendees from the industry. The key event attended by the business unit was SNEC, the world's largest photovoltaic trade fair, which takes place annually in Shanghai.

Komax Solar's local service and distribution organization in China is a key element in the overall global marketing and distribution concept, and enables the business unit to provide the necessary support to customers in this key market. At the same time, Komax Solar continues to observe new markets, with a view to participating in any build-up of module manufacturing in these markets right from the start.

Pressing ahead with innovations

Conceptual progress improvements lead to measurably superior results.

Innovation

An independent market study by ENF in 2013 confirmed Komax Solar's leading global position in the market for stringers. In order to maintain this position, Komax Solar once again invested continuously in research and development in the year under review. This involved focusing on the enhancement of machine efficiency and further development of the induction soldering process on the one hand, and the reduction of product costs on the other. At this year's SNEC trade fair, the business unit unveiled the latest generation of stringers in the form of the XCELL X2 Turbo, which can process up to 1500 solar cells an hour. The business unit is therefore remaining competitive against its Asian competitors in particular.

Solar cell technology is likely to develop further over the next few years towards what are known as backside-contact cells. Komax Solar has been working for some time with leading module manufacturers to develop ways of processing such cells. This has resulted in a module constructed in collaboration with the Fraunhofer Institute for Solar Energy Systems in Freiburg i.B. which has superior qualities to a standard module. Specifically, these include 40% less shadowing, a 35% reduction in silver consumption, and 60% lower electrical losses. Compared to a standard module, this module therefore delivers 5% greater efficiency at 2% lower cost. It made its public debut at the SNEC trade fair in Shanghai. This concept underscores the pioneering spirit and innovative strength of Komax Solar. As a leading producer of machinery, the business unit also focuses on conceptual process improvements that deliver measurably superior results.

Trends and strategy

There is no doubt that the photovoltaic industry will retain its appeal in the long term.

However, as announced back in August 2013, Komax is willing to sell the solar business and is currently in contact with interested parties.

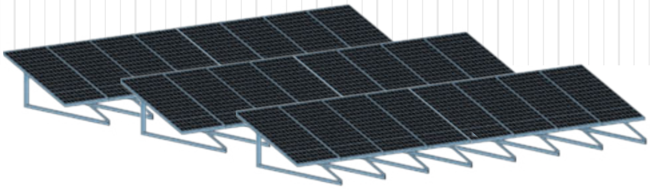
Groundbreaking competencies in the value chain

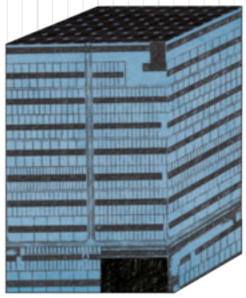
Komax Solar systems

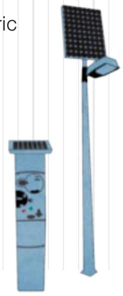
- Stringers
- Lay-up systems
- Bussing systems
- Laminators
- Test equipment

Silicon crystal or ingot ▸ **Wafer production** ▸ **Solar cell production** ▸ **Solar module production** ▸ **Installation** ▸ **Electricity**

Monocrystalline or polycrystalline silicon ingots are produced from quartz sand. These ingots are then sliced into micron-thin wafers. Next, the wafers are chemically treated and coated to make solar cells. The cells are then grouped, connected together, and installed in frames to form solar modules. This stage of manufacturing consists of many steps. Komax Solar produces machines to carry out these processes. Once the solar modules have been installed on rooftops or in solar farms, they generate electric power.







Sustainability and Social Responsibility

The Komax Group upholds its responsibilities towards its different stakeholder groups. This is expressed through the products and services it provides on the one hand, and through the objectives and approach the company adopts on the other. Komax regards sustainability and social responsibility as an integral part of its corporate strategy.

The basic tenets underlying the Komax Group's business practices are set out in its guiding principles. It exercises responsibility towards people and the environment, and is keen to continuously develop its competencies in matters relating to sustainability and social responsibility.

Group-wide code of conduct

The way Komax is perceived by customers and suppliers, other business partners, shareholders and the general public, and the respect for and confidence in the company that these groups feel, is dependent to a significant degree on the conduct of Komax's employees. In 2009 Komax therefore introduced a code of conduct which applies to all Group employees. These principles are periodically reviewed to ensure that they are up to date. The code of conduct defines general ethical rules of behaviour and guidelines on how to act towards the Group's business partners and competitors. All employees are given training on the code of conduct when they join the company. The same applies to the employees of acquired companies. Furthermore, in another code of conduct drawn up specially for suppliers, Komax obliges its suppliers to comply with legislation and to act in an environmentally aware and ethical way. Compliance with these defined guidelines is reviewed on a regular basis through supplier audits. If violations are uncovered, a supplier partnership may be immediately terminated as a result.

Product sustainability

The systems developed by Komax are characterized by their exceptionally high quality and longevity. The Group's global service network ensures that these systems are professionally maintained. This has a positive impact on their performance, value retention and lifespan, as well as saving resources. Thanks to their modular construction, the systems can usually be adapted to new technological developments or changing needs.

The Wire business unit supplies solutions for wire-processing applications, in particular for the automotive supply industry. These solutions are also used to process wiring for new fuel-saving propulsion concepts such as electric and hybrid vehicles. Moreover, the innovative technologies used by Komax mean that ever smaller wire cross-sections can be machine-processed, thereby contributing to a reduction in vehicle weight and, as a result, fuel consumption. The Medtech business unit, which develops systems for medical device manufacturing, is indirectly helping to reduce health care costs, improve access to medicines and thereby increase people's quality of life. By providing solutions for solar module manufacturing, the Solar business unit's activities in the renewable energies field are actively helping to provide an environmentally friendly and reliable energy supply for the future.

Integrated management system

Komax regards all company processes, the environment, health protection and safety at work as part of a holistic system.

Sustainability in production

Since the Komax Group's business focuses mainly on the production of machines and systems, it generates few emissions in comparison to other industries. Around half of value creation is procured externally, i.e. the majority of production consists of component assembly. State-of-the-art production facilities also ensure the efficient use of resources. More than 40% of the production equipment at our sites in Central Switzerland has been newly acquired over the last five years. Wherever possible, Komax uses renewable energies such as solar or hydroelectric power. For example, one of the Group's sources of electricity is RegioMix green power from small utilities in Central Switzerland. Komax's commitment to the environment is also underscored by its own photovoltaic power plant on the roof of its production building in Rotkreuz. Furthermore, Komax actively encourages its employees to use public transport. Waste materials from production activities, such as swarf and operating materials waste, are separated out and disposed of or recycled appropriately. Waste volumes are continuously reduced as part of optimization programmes. Komax's products do not contain any ecologically harmful components. The company favours suppliers which demonstrate an environmentally aware approach and whose products conform to sustainability criteria.

In 2011, a working group was formed to systematically develop the company's commitment to sustainability. Among other things, this group dealt with the certification of the Dierikon and Rotkreuz locations under ISO 14001 and OHSAS (Occupational Health and Safety Assessment Series) 18001, which was completed on schedule in 2013. The working group will now seek certification for other locations on a step-by-step basis. Dierikon and Rotkreuz, which together employ more than 420 people, are the Group's largest production sites. The ISO 14001 standard sets out recognized requirements for the environmental management systems of companies worldwide. OHSAS 18001 is one of the most significant and best-known standards for occupational health and safety management systems.

Thanks to these additional certifications, Dierikon and Rotkreuz have integrated management systems that encompass all company processes, the environment, health protection and safety at work. Furthermore, in collaboration with the Energy Agency for the Economy (Energie-Agentur der Wirtschaft, EnAW), Komax has established resource and energy savings targets for 2017 and 2020 for the Dierikon and Rotkreuz sites. For example, the target is to reduce energy consumption by a further 5% by 2017. EnAW

Key figures[1)]

	2013	2012
Electric power consumption in MWh	5691	6507
Electric power consumption per head in MWh	6.1	7.9
Water consumption (potable and industrial water) in m^3	7432	8087
Water consumption (potable and industrial water) per head in m^3	7.9	9.8

1) Covering the Komax production sites in Dierikon (CH), Rotkreuz (CH), La Chaux-de-Fonds (CH), York (USA), Rockford (USA), Penang (MY) and Shanghai (RC).

Employees by business unit

	2013	2012
Komax Wire	989	921
Komax Medtech	262	256
Komax Solar	116	140
Corporate	14	13
Total	**1381**	**1330**

Employees by area of activity

	2013	2012
Production	530	517
Research and development	146	140
Engineering	210	199
Marketing and sales	356	339
Administration	139	135
Total	**1381**	**1330**

Employees by region

	2013	2012
Switzerland	581	563
Europe	244	240
Africa	55	47
North/South America	252	228
Asia	249	252
Total	**1381**	**1330**

uses a systematic approach to help some 3000 manufacturing firms, industrial plants and service companies increase energy efficiency and reduce their CO_2 emissions.

Contribution to regional development

Komax has been firmly rooted in the Canton of Lucerne since 1975, and is one of the canton's biggest employers. Its other operating facilities worldwide have been based at the same sites since their establishment, and this has generated a strong sense of identification with the local area. Among other things, this manifests itself in the fact that a large number of employees can be recruited regionally and preference can be given to local suppliers wherever this is feasible and makes commercial sense.

Attractive employer

At the end of 2013, Komax employed 1381 staff worldwide (2012: 1330). The increase of around 50 employees is essentially attributable to a further strengthening of the organization of Komax Wire. Personnel expenses in the year under review amounted to CHF 111.4 million (2012: CHF 103.6 million).

The companies of the Komax Group ensure that their employees enjoy equal opportunities, equal treatment and fair employment conditions, receive pay that is in line with the market, and benefits that are in line with national and industry standards. Participation in the pay comparison survey conducted by industry association Swissmem showed that pay at both of the Wire business unit's Swiss production sites is in line with market averages and that men and women receive equal pay. The proportion of women in the Group's global workforce stood at 18% in 2013 (2012: 13%). Komax is not alone within the industry in having a relatively low proportion of women in its workforce. This is due to the large number of technical positions within the company, for which the recruitment potential among women is limited.

The Group's staff turnover rate in 2013 was gratifyingly low. As in previous years, it amounted to less than 9%. Komax has a very good reputation as an attractive employer. Among other things, this is highlighted by the fact that vacancies can be filled quickly, even in the tight market for management and skilled staff.

As part of an active staff development policy, Komax organizes regular management seminars and training for its employees, as well as providing financial support for individual training activities. In 2013, for example, around 80 members of middle management attended a five-day training module as part of the management training programme. Komax also encourages international exchanges to allow its staff to gain new experiences and career perspectives. At the same time, Komax invests in tomorrow's workforce. In 2013, 47 apprentices were undergoing training in seven professions at the Swiss locations (2012: 45).

Employee satisfaction is systematically measured and evaluated in the course of annual performance review meetings. Komax uses the results of regular employee surveys as a valuable basis for developing and implementing improvement measures. It goes without saying that Komax satisfies all legal requirements governing working conditions in the countries it operates in. As in previous years, reported absences due to accidents in 2013 were mainly the result of accidents suffered by employees while engaging in leisure activities. Komax actively encourages employees at site level to pursue a healthy lifestyle through initiatives such as sport and exercise offerings.

Corporate Governance

1 Corporate structure and shareholders

Corporate structure

The corporate structure is set out on pages 110 and 111 of the Annual Report.

Komax Holding AG, the holding company of the Komax Group, has its headquarters in Dierikon (CH). Details on the place of listing, market capitalization, securities number and ISIN number are set out on page 46 ("Information for investors").

Significant shareholders

Shareholders whose share of the company's share capital exceeds or falls below the thresholds of 3, 5, 10, 15, 20, 25, 33⅓, 50 and 66⅔% have a reporting obligation under the Federal Act on Stock Exchanges and Securities Trading (SESTA) and the Stock Exchange Ordinance of the Swiss Financial Market Supervisory Authority (SESTO-FINMA).

According to these disclosure requirements, at 31 December 2013, the company had the following significant shareholders with voting rights of more than 3% of the share capital:

Shareholder/shareholder group	Number of shares 31 Dec. 2013	% as at 31 Dec. 2013 1)
Max Koch, Meggen, Switzerland	232 401 2)	6.75
Leo Steiner, Steinhausen, Switzerland	118 650 3)	3.45
Standard Life Investments, Edinburgh	106 158 4)	3.08

1) The calculation is based on the 3 443 789 registered shares listed in the Commercial Register as at 31 December 2013.

2) Plus stock options from the employee share incentive scheme (0.12%):
0.03% 1 000 call options, CHF 75.68, duration 1.1.2010 – 31.12.2014
0.03% 1 000 call options, CHF 94.25, duration 1.1.2011 – 31.12.2015
0.03% 1 000 call options, CHF 66.21, duration 1.1.2012 – 31.12.2016
0.03% 1 000 call options, CHF 67.03, duration 1.1.2013 – 31.12.2017
All stock options are subject to a three-year lock-in period and a two-year exercise period, exchange ratio 1:1, effective fulfilment.

3) Plus stock options from the employee share incentive scheme (0.27%):
0.06% 2 000 call options, CHF 75.68, duration 1.1.2010 – 31.12.2014
0.07% 2 500 call options, CHF 94.25, duration 1.1.2011 – 31.12.2015
0.07% 2 500 call options, CHF 66.21, duration 1.1.2012 – 31.12.2016
0.07% 2 500 call options, CHF 67.03, duration 1.1.2013 – 31.12.2017
All stock options are subject to a three-year lock-in period and a two-year exercise period, exchange ratio 1:1, effective fulfilment.

4) Reported figure as of 30 October 2013.

All shareholdings reported to Komax Holding AG and the Disclosure Office of SIX Swiss Exchange AG during the 2013 financial year as per Art. 20 of the SESTA and the provisions of the SESTO-FINMA and published on SIX Swiss Exchange AG's electronic publication platform can be viewed at www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html.

Cross-shareholdings

There are no cross-shareholdings.

2 Capital structure

Capital

in CHF

Ordinary capital	352 378.00
Conditional capital	32 622.00
Authorized capital	0.00

Further details are provided in the sections below.

Authorized and conditional capital in particular

For information on conditional capital, please refer to the individual financial statements of Komax Holding AG, page 105, and Art. 3.2 of the Articles of Association.

The Annual General Meeting of 13 May 2009 approved the creation of new conditional capital up to a maximum of CHF 18 000.00, whereby the share capital of the company may rise by up to CHF 46 248.00 to cover the exercising of option or subscription rights issued as part of the Executive and Employee Participation Program of Komax Holding AG. The subscription and advance subscription rights of the remaining shareholders in the company are excluded. In 2010, 13 360 options were converted into shares with a par value of CHF 0.10. In 2011, no options were exercised, and in 2012, 42 909 options were exercised. The number of options exercised in 2013 amounted to 79 991. Conditional capital therefore amounted to CHF 32 622.00 as at 31 December 2013.

The newly created capital was entered in the Commercial Register within the deadline stipulated under Art. 635h of the Swiss Code of Obligations (CO). The Komax Group had no authorized capital as at 31 December 2013.

Capital changes

Details of capital changes in 2013 and 2012 can be found on page 58 of the Financial Report. The corresponding information for 2011 can be found on page 56 of the financial section of the 2012 Annual Report.

Shares, participation certificates and bonus certificates

As at 31 December 2013, Komax Holding AG had fully paid-up capital of CHF 352 378.00, distributed over 3 523 780 registered shares with a par value of CHF 0.10 each. Each registered share entitles the holder to vote at the Annual General Meeting as long as the shareholder is listed in the share register as a "voting shareholder" (see also "Restrictions on transferability of shares and nominee registrations"). Registered shares are fully entitled to receive dividends.

Komax Holding AG has not issued any participation certificates or bonus certificates.

Restrictions on transferability of shares and nominee registrations

The Komax Holding AG share register is divided into the categories of "non-voting shareholders" and "voting shareholders". "Non-voting shareholders" may exercise all property rights, but not the right to vote or rights associated with that of voting. Voting shareholders may exercise all rights associated with the share.

Registration of an acquirer of shares as a "voting shareholder" may be refused under Komax Holding AG's Articles of Association if, as a result of such recognition, the acquirer would directly or indirectly hold more than 5% of the total number of shares recorded in the Commercial Register. Legal entities and groups with joint legal status which are connected through capital, voting rights, management or in some other manner, along with all natural persons, legal entities and groups with joint legal status which act in concert by virtue of agreement, syndicate or in some other manner, are regarded as a single acquirer for the purposes of this provision. This limitation also applies in the case of the acquisition of registered shares through the exercising of subscription rights, option rights or conversion rights. This restriction does not apply to the acquisition of shares through inheritance, division of an estate or joint marital property. The Board of Directors may grant exceptions to the 5% limitation for good cause.

Komax Holding AG's Articles of Association also empower the Board of Directors to refuse entry in the share register if the acquirer does not expressly declare, at the request of the Board, that the shares were acquired in their own name and for their own account. Nominees are listed in the share register as "non-voting shareholders". After hearing the affected party, Komax Holding AG may delete entries in the share register if such entries occurred in consequence of false statements by the acquirer. The acquirer must be informed of the deletion immediately.

An agenda request for the next Annual General Meeting on 7 May 2014 has been received from zCapital, Zug, which is calling for the abolition of the 5% registration and voting restriction.

Convertible bonds and options

Komax Holding AG has no outstanding convertible bonds. See pages 43, 94 and 95 of the Financial Report for information on employee share options.

Management transactions

The Listing Rules of SIX Swiss Exchange stipulate a disclosure obligation for management transactions. The Board of Directors has issued a set of regulations to comply with these provisions. Members of the Board of Directors and Executive Committee have a disclosure obligation towards the company in this respect. A total of 28 reports were submitted in the year under review. Published reports can be found on the website of the SIX Swiss Exchange.

3 Board of Directors

The Ordinance against Excessive Remuneration in Listed Companies, which entered into force on 1 January 2014, has particular repercussions for the election and period of office of the Board of Directors, as well as for its internal organization. Any required adjustments to the Articles of Association and regulations will be made within the deadlines prescribed by Art. 27 of the Ordinance against Excessive Remuneration.

The Board of Directors has six members. No member of the Board of Directors was a member of the Executive Committee in the three years prior to the reporting period, nor do any members of the Board of Directors have any material business relationship with any Group companies.

Members of the Board of Directors

	Appointed	Term expires	Committees
Leo Steiner, Chairman	1997	2014	AC, RC (Chairman)
Max Koch	1997	2014	RC
Hans Caspar von der Crone	1997	2014	AC (Chairman)
Daniel Hirschi	2005	2014	RC
Kurt Haerri	2012	2014	AC
Roland Siegwart	2013	2014	

AC: Audit Committee
RC: Remuneration/Nomination Committee

There are no cross-involvements among the Board of Directors. Biographies of the individual Board Members are provided on pages 10 and 11.

Election and term of office

The Board of Directors of Komax Holding AG consists mainly of independent, non-executive members and is elected by the Annual General Meeting. Under the Articles of Association it consists of three to seven members. Each member is elected individually. With the entry into force of the Ordinance against Excessive Remuneration as per 1 January 2014, the Annual General Meeting now also elects the Chairman. The period of office now ends with the conclusion of the next ordinary General Meeting. Members may be re-elected. As a result of the new regulations, all members of the Board of Directors will be re-elected at the Annual General Meeting of 7 May 2014. Max Koch is not standing for re-election as a member of the Board. In his place, the Board of Directors is proposing that the Annual General Meeting of 7 May 2014 elect David Dean.

Internal organization

The Board of Directors consists of the Chairman and the other members of the Board. With the exception of the Chairman, who is elected by the Annual General Meeting unless that position becomes vacant during the year, the Board of Directors organizes itself. If the office of Chairman becomes vacant during the period of office, the Board of Directors will nominate a new Chairman for the remaining period of office, whereby this person must be an existing member of the Board of Directors. The Chairman is responsible for chairing meetings. The Board of Directors appoints a Secretary, who does not need to be a member of the Board of Directors.

The Board of Directors meets as often as business requires, but no less than four times per year. Meetings are called by the Chairman of the Board. Each member of the Board of Directors may demand that a meeting be called by the Chairman to discuss a particular topic.

The Board of Directors is deemed to have a quorum if an absolute majority of its members are present. The resolutions of the Board of Directors are adopted by an absolute majority of votes present, subject to a minimum of three. In the event of a tie, the Chairman casts the deciding vote. All resolutions are minuted. In cases of urgency, a meeting of the Board of Directors may be held by telephone or other appropriate medium. Resolutions by circular letter are permissible provided no Board Member calls for verbal discussion. All members were present at the five meetings of the Board of Directors that took place in 2013. On average, these meetings lasted around six hours. However, these average times pertain to the duration of the meetings themselves, and do not take into account the extensive preparatory and follow-up work done by the individual members.

The Board of Directors has formed two committees from among its ranks.

- Audit Committee

The Audit Committee presently consists of Hans Caspar von der Crone (Chairman), Kurt Haerri and Leo Steiner. The committee meets at least twice a year. In 2013, the committee met twice, with all members being present on both occasions. On average, these meetings lasted three hours. These average times do not include the extensive preparatory and follow-up work done by the individual members. The tasks of the Audit Committee include the overall supervision of the external and internal auditors, as well as financial reporting. The Audit Committee sets out the scope and schedule of the audit to be carried out by the two auditing bodies and also coordinates their work. Both the external and internal auditors draw up a report on their audit work, and the Audit Committee monitors implementation of the audit findings. Furthermore, the Audit Committee also evaluates the reliability of the internal control system together with Risk Management, and acquires a picture of the extent to which statutory and internal regulations are being adhered to (compliance). The CEO and the CFO both attend meetings of the Audit Committee. On occasions the external auditor is invited to attend. The CFO represents the internal audit unit. Both bodies have access to the minutes of the meetings of the Boards of Directors and Executive Committee. The detailed tasks of the Audit Committee are set out in the Organizational Regulations for the Audit Committee.

- Remuneration/Nomination Committee

The Remuneration/Nomination Committee presently consists of Leo Steiner (Chairman), Max Koch and Daniel Hirschi. Meetings of the Remuneration/Nomination Committee take place as required and may be called by any member. In 2013, the committee met twice, with all members being present on both occasions. On average, these meetings lasted three hours. These average times do not include the extensive preparatory and follow-up work done by the individual members. The tasks of the Remuneration/Nomination Committee include providing advice on basic HR questions, determining the compensation regulations and models for the Executive Committee, and drawing up proposals for the amount of the compensation paid to members of the Board of Directors and the CEO. The tasks of the

Remuneration/Nomination Committee are set out in detail in the Organizational Regulations of Komax Holding AG.

Following entry into force of the Ordinance against Excessive Remuneration on 1 January 2014, the members of the Remuneration Committee will in future be elected by the Annual General Meeting. The period of office will then be one year, and will end with the conclusion of the next ordinary General Meeting. The Board of Directors is proposing that the Annual General Meeting of 7 May 2014 elect Leo Steiner, Daniel Hirschi and Roland Siegwart.

Definition of areas of responsibility

Under Art. 716a Para. 1 CO, the Board of Directors must fulfil the following non-transferable and inalienable duties:

- Overall management of the company and issuance of the necessary directives
- Defining the company's organizational structure
- Determining the principles of accounting, financial controlling and financial planning, insofar as this is necessary for the management of the company
- Appointing and removing the persons entrusted with managing and/or representing the company
- Ultimate supervision of the persons entrusted with managing the company, specifically with respect to prevailing legislation, the Articles of Association, regulations and directives
- Producing the Annual Report, making preparations for the Annual General Meeting and executing the resolutions passed by the Annual General Meeting
- Informing the courts in the event of excessive indebtedness

The tasks, obligations and powers of the Board of Directors, its Chairman, and the above-mentioned committees are set out in detail in the Articles of Association as well as the Organizational Regulations of Komax Holding AG. These also define the rights, obligations and competencies of the CEO and Executive Committee. The Organizational Regulations are reviewed on a regular basis and amended where necessary. The most recent amendment was undertaken in August 2011. Following the entry into force of the Ordinance against Excessive Remuneration as per 1 January 2014, the Articles of Association and the Organizational Regulations will be adjusted within the deadlines prescribed under Art. 27 of that Ordinance.

To the extent permitted by law and by the Articles of Association, the Board of Directors has delegated operational management of the company to the CEO of the Komax Group. The Executive Committee is made up of the CEO and four further members. The members of the Executive Committee are appointed by the Board of Directors at the proposal of the Remuneration/Nomination Committee.

Information and control instruments vis-à-vis the Executive Committee

The CEO informs the Board of Directors at each meeting about the course of business, the Group's most important transactions and the status of the tasks delegated to the Executive Committee. The key data generated by the management information system (MIS) is discussed at length at meetings of the Board of Directors with the CEO and CFO. Moreover, the Board of Directors is also provided with full details of the current course of business and the financial situation of the Group between each meeting. In addition, the Chairman of the Board of Directors and the CEO are in regular contact to discuss important questions of company policy.

The risks associated with the Group's commercial activities are systematically identified, analysed, monitored and managed every year through an institutionalized risk management function. These risks are amalgamated into groups according to their nature, namely general external risks, business risks, financial risks, risks arising in connection with corporate governance and IT risks. The Executive Committee is responsible for the operational side of risk management, whereby specially appointed process owners are assigned responsibility for the management of key individual risks. These individuals take specific measures and monitor their implementation. Every year, the Executive Committee informs the Audit Committee of the risks identified and measures taken as part of risk management activities.

The MIS of the Komax Group is organized as follows: Each subsidiary's key balance sheet and profit and loss figures are compiled and consolidated once a month. The subsidiaries' balance sheets, income statements, cash flow statements and various indicators are compiled and consolidated on a quarterly, half-yearly and yearly basis. A comparison is then made with the previous year and the budget. The budget forecast is checked for attainability against the quarterly statements for each individual company and on a consolidated basis.

Using key controls, the internal control system (ICS) ensures proper and efficient management, safeguards assets, prevents and identifies offences and errors, and ensures accurate and complete accounting records as well as timely preparation of reliable financial information. A report setting out the results of these investigations and the corresponding measures taken is submitted to the Audit Committee.

The internal audit function evaluates the effectiveness of the ICS as well as management and monitoring processes. It also supports the Executive Committee in the risk management process. Internal audit duties are performed by the Finance and Accounting unit of Komax Management AG, Dierikon. This unit scrutinizes the individual operating units of the Group and the various business areas of the parent entity at regular intervals, and on the basis of an annually updated audit plan. The internal auditors report the results of their investigations to the Audit Committee. The Audit Committee reviews and approves the scope of the audit, the audit plan and the corresponding responsibilities. It also decides on any measures to be implemented as a result of internal audit findings.

4 Executive Committee

The Executive Committee of the Group comprises the CEO, the business unit heads who report directly to him, and the Chief Financial Officer (CFO).

	Function exercised since
Dr Beat Kälin, CEO	2007
Andreas Wolfisberg, CFO	1996
Matijas Meyer, Head Business Unit Wire	2010
Walter Nehls, Head Business Unit Solar	2008
René Ronchetti, Head Business Unit Medtech	1 September 2012

Biographies of the individual members of the Executive Committee are provided on pages 12 and 13.

Other activities and interests

Aside from the mandates listed on pages 12 and 13, the members of the Executive Committee do not exercise any activities on management or supervisory bodies of significant Swiss and foreign corporate entities, institutions or foundations under private or public law outside the Komax Group (as at 31 December 2013). Some members of the Executive Committee exercise Board functions at subsidiary companies of Komax Holding AG.

5 Compensations, shareholdings and loans

Method of determining compensation

The Remuneration/Nomination Committee is made up of three members of the Board of Directors. The Committee is tasked with

- determining the compensation policy for the Executive Committee and Board of Directors
- submitting proposals for the compensation to be paid to members of the Board of Directors and the CEO to the Board of Directors
- determining the compensation to be paid to the remaining members of the Executive Committee
- submitting proposals for any necessary adjustments to shareholding schemes

The basis for determining compensation for the Board of Directors and Executive Committee in 2013 was unchanged from the previous year. The committee took into consideration on the one hand the standard rates of compensation paid by other international industrial companies based in Switzerland, insofar as these companies are comparable in terms of complexity, size and geographic reach. Here it relied on publicly available information such as the lists of compensation disclosed in annual reports. On the other hand, when determining the compensation to be paid, the committee also took into account the development of business and individual performance during the past financial year.

The Remuneration/Nomination Committee met on two occasions in 2013. All members of the committee attended these two meetings. The CEO and other members of the Executive Committee may attend these meetings in an advisory capacity. However, they do not take part in discussions concerning their own compensation. The committee Chairman reports to the Board of Directors on the activities of the committee after every committee meeting. The minutes of committee meetings are made available to members of the Board of Directors.

Further details on the Remuneration Committee can be found on pages 38 and 39 of this Annual Report.

Structure of compensation
Board of Directors

The compensation of the Board of Directors is fixed. It consists of a fixed component paid in cash and a proportion provided in the form of options. Upon request from the Remuneration Committee, the Board of Directors determines the amount of the fixed compensation to which individual members are entitled on an annual basis, at its own discretion and commensurate with the recipient's involvement and degree of responsibility. Additional compensation may be granted for efforts above and beyond normal Board activities. In the year under review, no invoices were submitted to the Komax Group by members of the Board of Directors for additional services.

The standard social security deductions apply to compensation paid to members of the Board of Directors; these do not give rise to any entitlement to a pension.

CEO and Executive Committee

The compensation of the CEO is determined annually by the Board of Directors upon request from the Remuneration Committee. The Remuneration Committee decides on the overall compensation paid to the individual members of the Executive Committee.

The compensation of the CEO and members of the Executive Committee consists of a fixed component, a performance-based cash bonus and share options. The annual fixed component together with a proportion of the cash bonus represents the so-called target salary (100%). The fixed component amounts to between 65% and 70% of the target salary. The target salary is measured on the basis of

- the tasks and responsibilities of the relevant functions,
- the externally perceived value of the function,
- the individual capabilities, experience, and performance of the function holder.

The performance-based cash bonus is dependent on the company's performance in relation to the annual plan (70%) and the individual performance of the function holder (30%).

The bonus components that depend on the company's performance are calculated on the basis of the following key figures for the company as a whole and/or the relevant business unit: Sales, EBIT, EAT and RONCE.

The individual performance component is based on the attainment of personal targets agreed earlier as part of the annual performance management process. The variable performance-dependent bonus may be a maximum of 170% of this previously agreed target.

In addition to their salary, members of the Executive Committee, middle management and other staff of the Komax Group (a total of some 160 employees) receive share options as determined by the Remuneration Committee. These are determined in accordance with the company's share option guidelines. These options have a duration of five years and are subject to a three-year lock-in period. The exercise price of the options corresponds to the lower of the following two values: the average price of the fourth quarter of the preceding year and the average price in March of the year the option was issued. The exercise price for the 2013 financial year was CHF 67.03. The individual allocation of options is at the discretion of the Board of Directors and senior management. The options allocated to the CEO in the year under review have a value of 33% of the fixed annual salary, and were calculated according to the Enhanced American Model Binomial Evaluation. For the other members of the Executive Committee, the value of the allocated options amounted to between 18% and 39% of fixed annual salary.

Members of the Executive Committee belong to Komax's ordinary staff pension plan in Switzerland. The benefits of the plan go beyond the statutory requirements of the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG/LPP), and are set in line with the market practice of other industrial companies in Switzerland.

Members of the Executive Committee are entitled to a company car allowance and representation expenses according to the expense regulations that apply to all employees at middle management level in Switzerland.

The employment contracts of members of the Executive Committee are concluded for an indefinite period and stipulate a maximum notice period of 12 months. They do not contain any agreement on severance payments.

Compensation payments relating to 2013

In the 2013 financial year, the variable compensation component for members of the Executive Committee amounted to between 40% and 56% of the fixed salary component.

The increase in compensation is essentially attributable to the increase in the variable salary component resulting from the higher Group result, and the higher tax value of the options allocated in the 2013 financial year. Details on the compensation, option allocations, as well as share and option holdings of the Board of Directors and Executive Committee can be found on pages 99, 107 and 108 of the Financial Report.

No benefits or special advantages were granted upon the departure of members of the Board of Directors or Executive Committee.

Compensation for former members of governing bodies

No compensation was paid to former members of governing bodies in the 2013 financial year.

Loans granted by governing bodies

Komax Group companies have not granted any guarantees, loans, advances or credits to members of the Board of Directors or Executive Committee or parties closely linked to such persons as at 31 December 2013.

No members of the Board of Directors or Executive Committee or persons closely linked to them take or have taken part in Komax Group transactions outside their normal duties.

6 Shareholder participation rights

The fundamental participation rights of shareholders are set out in the Swiss Code of Obligations (CO) and supplemented by the provisions of the company's Articles of Association. The Articles of Association of Komax Holding AG are available in electronic form on the website www.komaxgroup.com.

Voting rights and representation restrictions

Shareholders registered in the Komax Holding AG share register are entitled to vote; each share is entitled to one vote. No single shareholder may directly or indirectly exercise the votes of more than 5% of the total number of shares recorded in the Commercial Register for his own registered shares and shares voted by proxy. Legal persons and groups with joint legal status which are connected through capital, voting rights, management or in some other manner, along with all natural persons, legal entities and groups with joint legal status which act in concert by virtue of agreement, syndicate or in some other manner, are regarded as one person for the purposes of this provision. The right to representation by the independent proxy is reserved. The Board of Directors may grant exceptions to this rule for good cause.

This voting rights limitation does not apply to shareholders who were registered as holding registered shares amounting to more than 5% of votes for all shares at the time that the provision of the Articles of Association regarding limitation of voting rights was passed.

Shareholders may be represented at the Annual General Meeting on the basis of a written power of attorney by other shareholders or the independent proxy.

An agenda request for the next Annual General Meeting on 7 May 2014 has been received from zCapital, Zug, which is calling for the abolition of the 5% registration and voting restriction.

Statutory quorums

The Annual General Meeting votes and passes its resolutions with the absolute majority of votes represented, unless prevailing legislation or the Articles of Association contain mandatory provisions under which resolutions have to be passed in a different way.

In addition to the resolutions specified in CO Art. 704, under the Articles of Association of Komax Holding AG, a two-thirds majority of votes cast and an absolute majority by value of shares voted is required to dismiss members of the Board of Directors.

Convocation of the Annual General Meeting of Shareholders

The convocation of the Annual General Meeting is governed by applicable law. Shareholders representing at least 1% of the share capital can request that items be placed on the agenda for discussion by submitting the proposed motions in writing within the deadline published by the company.

Entries in the share register

In principle, any shareholder can be entered in the Komax Holding AG share register. Any person acquiring shares is listed as a "shareholder with voting rights" up to a maximum of 5% of the total number of shares published in the Commercial Register. Any person owning more than 5% of the published shares will be entered as a "non-voting shareholder" for the portion in excess of 5% (Komax Holding AG Articles of Association, Art. 6 Para. 4). This restriction does not apply to the acquisition of shares through inheritance, division of an estate or joint marital property. The Board of Directors may grant exceptions for good cause. The Board of Directors can refuse entry in the share register if the acquirer does not expressly declare, at the request of the Board, that the shares were acquired in their own name and for their own account. After hearing the affected party, the company may delete entries in the share register if such entries occurred in consequence of false statements by the acquirer. The acquirer must be informed of the deletion immediately. Nominees are listed in the share register as "non-voting shareholders".

Invitation to the Annual General Meeting of 7 May 2014

All shareholders registered in the Komax Holding AG share register as per 5 May 2014 are entitled to vote in respect of the number of shares registered in their name at the Annual General Meeting of 7 May 2014. Shareholders registered on 18 March 2014 will receive an invitation indicating the proposals of the Board of Directors and a reservation and entry ticket coupon. Shareholders who acquire shares later and whose registration application is received by the Komax Holding AG share register no later than 5 May 2014 will receive the invitation at that time, or ballot materials will be waiting for them at the front desk of the Annual General Meeting. Shareholders who dispose of their shares before the Annual General Meeting are not entitled to vote. In the event of a partial sale or purchase of additional shares, the entry ticket received should be exchanged at the front desk on the date of the Annual General Meeting.

7 Changes of control and defence measures

Duty to make an offer

Upon reaching or exceeding a threshold of 33⅓%, a shareholder must submit an offer to all shareholders for the purchase of their shares (Art. 32, Federal Act on Stock Exchanges and Securities Trading). The Articles of Association do not include "opting out" or "opting up" rules.

Clauses on change of control

At the Komax Group, change-of-control clauses are not included in employment contracts.

Options

The members of the Board of Directors, Executive Committee, and middle management are entitled to exercise their options in part or in full, without regard to the time limits, in the following cases:

- if Komax Holding AG or its subsidiaries sell(s) all assets relevant to the business
- if one or more persons or companies merge(s) and conclude(s) a legally binding agreement for the purpose of acquiring shares in Komax Holding AG, as a result of which they hold more than 50% of the voting rights (including any previous shareholdings)
- if another case of legal or economic disposal or liquidation of Komax Holding AG occurs
- if Komax Holding AG is no longer traded on the stock exchange and no publicly traded shares of the company are available

8 Auditors

Duration of the mandate and term of office of the lead auditor

PricewaterhouseCoopers AG, Basel, has been the statutory auditor of Komax Holding AG and the Komax Group's consolidated financial statements since 1994. Pursuant to the provisions of the Swiss Code of Obligations, the lead auditor is replaced after a maximum term of seven years. The lead auditor has been responsible for the audit mandate since 2010.

Auditing and additional fees

PricewaterhouseCoopers invoiced the Komax Group CHF 704 088 in the 2013 financial year for services in connection with auditing the annual statements of Komax Holding AG and the Group companies, as well as the consolidated statements of the Komax Group. In addition, the auditing company invoiced a fee amounting to a total of CHF 55 171 during 2013 financial year. This breaks down into a fee of CHF 3 034 for tax advisory services and CHF 52 137 for legal advice.

Supervisory and control instruments pertaining to the audit

The Audit Committee is responsible for evaluating the external auditors, who submit an audit report to the Board of Directors and Management. At least two consultations are held each year between the external auditors and the Audit Committee, at which the material findings for each company (management letters) and the consolidated financial statements covered by the audit report are discussed in detail. The auditors also explain the audits conducted (audit and review) for each company along with recent changes in the IFRS (International Financial Reporting Standards) and their impact on the Komax Group's consolidated annual statements. The services provided by the statutory auditors are evaluated by the Audit Committee on the basis of the quality of reporting and the audit reports, the implementation of the audit plan, and the level of cooperation with the internal audit team. The independence of the auditors is verified by comparing the fee for additional services charged by the external auditors with the audit fee, taking into account the scope of these additional services. The external auditors are selected by tender, and the selection process is repeated or the selection is confirmed annually. In addition to the minimum statutory requirements, the selection criteria applied are professional qualifications, industry experience and value for money. Further details on the Audit Committee can be found under section 3.

9 Information policy

Komax Holding AG is committed to providing swift, transparent and simultaneous information for all stakeholders. The CEO, CFO and the Head Investor Relations and Corporate Communications are available as contact partners for information purposes.

The consolidated financial statements are compiled in conformity with IFRS standards. Komax Holding AG publishes comprehensive financial results twice a year, for the first half and the full year. In addition to the financial results, shareholders and financial markets are regularly kept informed of significant changes and developments. Komax Holding AG publishes facts relevant to its share price in conformity with the disclosure policies of SIX Swiss Exchange AG (ad hoc publicity, Art. 72 of the Listing Rules). The Listing Rules can be found at www.six-exchange-regulation.com (under Admission). The official publication for company notices is the "Swiss Official Gazette of Commerce" ("Schweizerisches Handelsamtsblatt"). Information on share price trends, annual and half-year reports, the financial calendar, the minutes of the most recent Annual General Meeting, press releases and Komax Holding AG's Articles of Association are available at www.komaxgroup.com. Press conferences and presentations for analysts are held at least once a year.

Contact

Komax Holding AG
Marco Knuchel
Industriestrasse 6
6036 Dierikon
Switzerland
Phone +41 41 455 06 16
marco.knuchel@komaxgroup.com

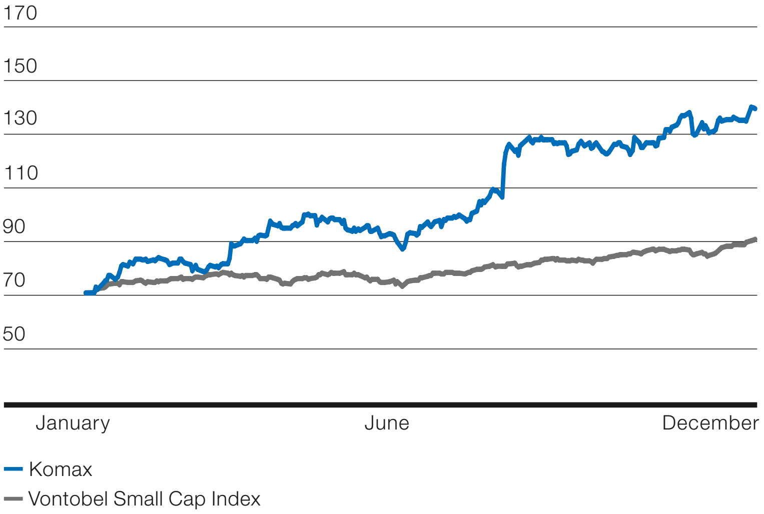
Information for investors

2013 was a good year for equities. The majority of stock markets recorded strong gains. On the one hand, stock market sentiment was shaped by improving economic data in the US, signs of a recovery in Europe, and interventions on the part of central banks, which continued their expansionary monetary policy. On the other, political uncertainties in the year under review, together with investor fears that the Federal Reserve would soon reverse its ultra-loose monetary policy, repeatedly led to price corrections that were in some cases severe.

Komax shares likewise performed very well in 2013. Given the prospect of a significant increase in profitability, and supported by the intended withdrawal from the solar business, the price surged and closed the year 90% up. The year-end closing price on 30 December 2013 was CHF 135.30 (2012: CHF 71.00).

Share price development

in CHF



Listing

Komax is listed on SIX Swiss Exchange. Market capitalization at the end of 2013 was CHF 476.8 million.

ISIN	CH0010702154
Security number	1070215
Bloomberg code	KOMN SW
Thomson Reuters code	KOMN.S

Geographical distribution of shareholdings

Switzerland	56%
Other countries	12%
Shares pending registration of transfer	32%

The majority of shares not held in Switzerland are held in the United Kingdom, the United States and Germany.

Significant shareholders

Information on significant shareholders can be found on page 36 of this report.

Breakdown of shareholders by number of registered shares held

1–100	1559
101–1 000	1338
1 001–10 000	190
10 001–50 000	32
> 50 000	6

Free float

The free float as defined by SIX Swiss Exchange stands at 93%.

Dividends

The Board of Directors is adhering to its attractive dividend policy, and will propose to the Annual General Meeting of 7 May 2014 a distribution from the capital contribution reserves of CHF 4.50 per share (2012: CHF 2.00). The payout ratio is therefore 63%. The dividend yield on the date of the Board resolution stood at an attractive 3.2%.

Dividend payments from the capital contribution reserves are tax-free for natural persons living in Switzerland who hold shares as part of their private assets.

Information on the Komax registered share

Further information on the Komax registered share can be found on the Internet at www.komaxgroup.com

Disclosure of shareholdings

Under Art. 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (Stock Exchange Act) and the Stock Market Ordinance of the Swiss Financial Market Supervisory Authority (SESTO-FINMA), whosoever directly, indirectly or in concert with third parties acquires or disposes of shares, for his own account, in a company incorporated in Switzerland whose equity securities are listed, in whole or in part, in Switzerland and thereby attains, falls below or exceeds the threshold of 3, 5, 10, 15, 20, 25, 33⅓, 50 or 66⅔% of the voting rights, whether or not such rights may be exercised, shall notify the company and the stock exchanges on which the equity securities in question are listed.

Financial calendar

Annual General Meeting	7 May 2014
Dividend payment	15 May 2014
Half-year results 2014	19 August 2014

First information on the year 2014	20 January 2015
Annual media conference/analysts' presentation	24 March 2015
Annual General Meeting	8 May 2015

Key data Komax registered share

		2013	2012	2011	2010	2009
Share capital as at 31 Dec.	TCHF	352	344	340	340	339
Number of shares as at 31 Dec.	No.	3523780	3443789	3400880	3400880	3387520
Average number of outstanding shares	No.	3458379	3404 850	3375 217	3349278	3319791
Par value per share	CHF	0.10	0.10	0.10	0.10	0.10
Basic earnings per share	CHF	7.33	2.81 [1)]	11.68	5.31	–5.97
EBITD per share	CHF	12.42	6.44 [1)]	16.14	10.72	–4.28
EBIT per share	CHF	9.43	3.95 [1)]	13.98	8.56	–6.69
Shareholders' equity per share	CHF	74.92	68.56 [1)]	72.63	62.49	59.01
Dividend per share	CHF	4.50 [2)]	2.00	4.00	2.00	0.00
High	CHF	138.00	97.10	120.00	103.00	80.00
Low	CHF	72.35	61.25	59.00	73.10	36.05
Closing price as at 31 Dec.	CHF	135.30	71.00	68.75	102.00	72.00
Average daily trade volume	No.	9999	6608	8383	6173	6341
P/E (price-earnings ratio) as at 31 Dec.		18.5	25.3 [1)]	5.9	19.5	–12.1
Dividend yield as at 31 Dec.	%	3.33 [2)]	2.82	5.82	1.96	0.00

1) Prior-year figures restated owing to application of IAS 19 (revised).
2) Proposal of the Board of Directors of Komax Holding AG: distribution of CHF 4.50 per registered share from capital contribution reserves.

This page has been intentionally left blank.

Financial Report

Consolidated Financial Statements

Financial Statements of Komax Holding AG

Comments on the consolidated financial statements

Income statement

Order intake

Order intake totalled CHF 368.3 million in 2013, compared with CHF 287.9 million in 2012, which represents an increase of 27.9% (20.9% after adjustment for acquisitions). All business units reported a higher order intake compared to the previous year.

Revenues (net sales and other operating income)

Komax generated revenues of CHF 341.7 million in the 2013 financial year, representing an increase of 18.5% compared to the previous year. The following is a breakdown of net sales by currency in 2013 (percentages in brackets are for the previous year):

- CHF 30% (33%)
- USD 27% (28%)
- EUR 29% (24%)
- Other foreign currencies 14% (15%)

The percentage proportion of revenues in CHF remained virtually unchanged in the year under review. Although the EUR barely fluctuated against the CHF thanks to the support of the SNB, the currencies remained a challenge in 2013. This is primarily due to the increasing significance of currencies of the emerging markets, whose exchange rates came under considerable pressure in 2013. Moreover, the majority of foreign currencies lost some ground against the CHF once again towards the end of the year. Overall, however, average exchange rates proved relatively stable. At +0.1%, the foreign currency impact at net sales level was in positive territory (previous year: +1.8%).

Gross sales in the EU rose by over 45% to CHF 134.2 million in the year under review. This dramatic rise in sales in the EU is also the principal factor driving the sharp overall year-on-year increase in sales. In Europe as a whole, gross sales amounted to CHF 164.5 million in 2013, which corresponds to a share of 47.8%. In the previous year, sales in Europe accounted for 41.7% of the total. In the Africa region, gross sales amounted to CHF 22.9 million, most of which were once again generated in Morocco. Komax suffered its greatest decline in activity in South America, where sales fell by 20%. This was attributable to difficult economic conditions in Brazil, which is by far the most important market for Komax in South America, as well as to depreciation of the Brazilian real. By contrast, Komax was able to increase sales significantly in Asia (+27.7% compared to the previous year), above all in China. In North America, Komax reported another very good result in the year under review, with gross sales amounting to CHF 67.1 million. The purchasers of products in North America are split between Mexico (around 66%) and the US (around 34%).

Gross profit

The gross profit margin (gross profit as a percentage of revenues) amounted to 59.5% in the year under review, 0.5 percentage points higher than the previous year's margin of 59.0%. The improvement in gross profit as a proportion of revenues was the result of margin improvements at Komax Solar and Komax Medtech. Both these business units were able to increase gross profit significantly in the year under review. Komax Wire once again posted a very good gross profit figure, which was barely below that of the previous year. At –0.1%, the impact of foreign currencies was slightly negative compared to the previous year.

Operating expenses

Personnel expenses amounted to 32.6% of revenues in the year under review, compared to 36.0% in 2012. A sharp decrease in personnel expenses as a percentage of revenues is attributable to the significant improvement in the businesses of Komax Solar and Komax Medtech. By contrast, Komax Wire reported a slightly higher level of personnel expenses as a proportion of revenues, which is the result of increased marketing and sales costs, as well as development costs. Komax Wire is specifically strengthening its marketing and sales activities worldwide, and, in the development area, we have also significantly increased expenditure for new innovative products. The Komax Group generated revenues per employee of TCHF 255 in 2013, compared to TCHF 246 in 2012. As at 31 December 2013, the Komax Group employed a total of 1381 people compared to 1330 at the end of 2012. The increase is spread relatively evenly between the reporting areas. As in 2012, 42% of employees worked in Switzerland in 2013. The Europe, America and Asia regions each account for around 18% of the workforce, while Africa accounts for 4%.

Research and development expenditure

Research and development expenditure amounted to CHF 27.0 million versus CHF 24.6 million in 2012. It therefore amounted to 7.9% of revenues in 2013, compared to 8.5% the previous year. The “Other operating expenses” item in the income statement includes CHF 5.2 million for third-party development services. The lion’s share of development expenses of CHF 21.8 million primarily comprises own work on the part of our development staff. The increase in research and development expenditure compared to the previous year is primarily attributable to higher expenditure at Komax Wire. As at 31 December 2013, the Komax Group employed a total of 146 staff in research and development – the vast majority of them in Switzerland. The 210 employees listed under the Engineering area work directly on customer projects. Their staff costs are therefore not included in research and development expenditure.

Operating profit (EBIT)

The Komax Group generated an operating profit of CHF 33.2 million in the year under review. This corresponds to a return of 9.7% and is therefore significantly higher than the previous year’s result of 4.7%. This is mainly attributable to an improved year-on-year result at Komax Medtech and a significantly reduced loss at Komax Solar. With an EBIT margin of just under 19%, Komax Wire once again reported a very good result. Further details on segment reporting can be found on pages 92 and 93.

Financial result

The financial result amounted to CHF –3.1 million, of which CHF –1.2 million net related to interest expenses. Net interest expenses in the previous year amounted to CHF –1.3 million. The reduction in interest costs was primarily due to the lower utilization of the syndicated loan facility. Other financial result comprised both unrealized and realized exchange rate gains and losses mainly in EUR, BRL and USD. Compared with exchange rates on 31 December 2012, a number of currencies were valued even lower against the CHF. This resulted in high unrealized exchange rate losses, particularly on financial loans to Group companies.

Group result

In the 2013 financial year, earnings before taxes (EBT) reached CHF 30.1 million (8.8% of revenues), as against CHF 10.2 million (3.5% of revenues) in the previous year. The tax rate for the year under review amounted to 16.5% (previous year: 7.7%). The sharp rise in the tax rate is primarily the result of the significant decline in capitalized tax loss carryforwards in countries with significantly higher tax rates than Switzerland. For the next few years we continue to anticipate a tax rate of around 20% in the absence of extraordinary influences.

Group profit after taxes (EAT) amounted to CHF 25.1 million in 2013 (previous year: CHF 9.4 million), with basic earnings per share coming in at CHF 7.33, compared to CHF 2.81 in the previous year. Basic earnings are therefore 160.9% higher than in 2012.

Balance sheet

Assets
As at 31 December 2013, current assets had increased by 1.2% to CHF 221.0 million, of which cash and cash equivalents amounted to CHF 52.2 million. Current assets therefore rose significantly less than revenues. Accordingly, as at the balance sheet date, the Komax Group can report significantly higher net cash of CHF 22.6 million (previous year: CHF 0.9 million). All business units contributed to the improvement in current assets as a proportion of sales. The figure of CHF 95.8 million for trade receivables also includes underfinanced projects of CHF 18.2 million net according to the POC method. This represents an increase of just CHF 1.7 million from the level at 31 December 2012. Overdue receivables are also reported in the notes to the consolidated financial statements. As at 31 December 2013 these amounted to CHF 20.5 million, of which 17.6% were overdue by more than 120 days. At the end of 2012, overdue receivables amounted to CHF 18.1 million, but the proportion of receivables overdue by more than 120 days had fallen sharply. The difficult commercial and financial environment at Komax Solar is the key reason for the relatively high level of value adjustments in the area of receivables.

Liabilities
Current liabilities amounted to CHF 63.4 million as at 31 December 2013. This amount also includes overfinanced projects amounting to CHF 5.7 million net valued according to the POC method (previous year: CHF 5.6 million).

Furthermore, current liabilities also include provisions amounting to CHF 4.5 million (previous year: CHF 6.1 million). The reduction in provisions is the result of the lower valuation of project risks at Komax Medtech and Komax Solar as well as the restructuring provision at Komax Solar which was utilized in 2013. The figure for the reversal of provisions no longer required was CHF 1.3 million, which is higher than in previous years. This is primarily the result of positive developments in construction contracts.

Non-current liabilities include deferred tax liabilities and financial loans. As at 31 December 2013, the latter amounted to CHF 25.5 million, which represents a significant decline of CHF 31.2 million compared to the previous year. The reduction is attributable to the positive development of business in 2013 at Komax Wire and Komax Medtech. The Komax Group continues to have access to a CHF 120 million syndicated loan facility, as well as other local credit lines up to a maximum of CHF 15 million. All covenants were again fully complied in 2013.

The shareholders' equity attributable to shareholders of the parent company amounted to CHF 264.0 million as at 31 December 2013 (73.8% of the balance sheet total), compared with CHF 236.1 million as at 31 December 2012. The conversion differences of CHF –3.1 million (previous year: CHF –2.5 million) had a more noticeable impact because the balance sheet date exchange rates were generally lower against CHF than a year previously.

Cash flow statement

Cash flow from operating activities

Cash flow from operating activities prior to the change in net current assets and provisions amounted to CHF 37.7 million (previous year: CHF 17.2 million), or CHF 31.7 million after changes in net current assets and provisions (previous year: CHF 45.2 million). The positive cash flow is the result of the strong increase in Group profit after taxes and the moderate rise in current assets despite the significant increase in revenues.

Cash flow from investing activities

The cash outflow from investing activities amounted to CHF 7.2 million net, which represents a decline of CHF 10.4 million on the previous year. The significant fall in investment is mainly attributable to investment in Group companies and participations, which worked out CHF 8.1 million lower in 2013 than in the previous year. In the year under review, these amounted to just CHF 0.6 million for a down payment on the takeover of the majority of SLE quality engineering GmbH & Co. KG as per 1 January 2014. In 2013, Komax made its key gross investments in the following investment categories:

Machinery/tools	CHF 2.8 million
Infrastructure/offices	CHF 0.3 million
Buildings/land	CHF 1.7 million
IT	CHF 3.2 million

Free cash flow, i.e. the cash flow from operating activities after deduction of net investments, amounted to CHF 24.5 million, which represents a decline of CHF 3.1 million compared to the previous year.

Cash flow from financing activities

Bank loans amounting to CHF 27.5 million net were repaid in 2013. In addition, positive cash flow of CHF 4.9 million was generated through the exercising of options by employees. The dividend distribution out of reserves for capital contributions amounted to CHF 6.9 million in 2013. The cash flow statement shows a decline of just CHF 5.5 million despite the large-scale repayment of financial loans.

Consolidated balance sheet

in TCHF	Notes	**31.12.2013**	31.12.2012[1]
Assets			
Cash and cash equivalents	5	52 203	57 655
Securities	6	0	48
Trade receivables	7	95 751	86 945
Other receivables and accrued income / prepaid expenses	8	19 751	14 788
Inventories	9	53 270	58 207
Non-current assets held for sale	10	0	659
Total current assets		**220 975**	**218 302**
Deferred tax assets	11	14 096	14 862
Other non-current receivables	12	287	359
Investments in associates	14	2 128	2 027
Property, plant and equipment	15	70 587	72 994
Intangible assets	16	49 518	50 989
Total non-current assets		**136 616**	**141 231**
Total assets		**357 591**	**359 533**
Liabilities and shareholders' equity			
Financial liabilities	18	4 044	0
Trade payables	19	15 697	14 335
Other payables and accrued expenses / deferred income	20	33 576	27 481
Current income tax liabilities		5 586	6 095
Provisions	21	4 454	6 110
Total current liabilities		**63 357**	**54 021**
Financial loans	22	25 543	56 765
Deferred tax liabilities	11	4 040	3 221
Defined benefit plan liabilities	13	0	8 521
Total non-current liabilities		**29 583**	**68 507**
Total liabilities		**92 940**	**122 528**
Share capital	23	352	344
Treasury shares		–2 919	–3 086
Capital surplus (premium)		37 345	39 399
Other reserves		229 207	199 454
Equity attributable to equity holders of the parent company		**263 985**	**236 111**
Non-controlling interest		666	894
Total shareholders' equity		**264 651**	**237 005**
Total liabilities and shareholders' equity		**357 591**	**359 533**

1) Prior-year figures restated owing to application of IAS 19 (revised).

The notes on pages 59 to 99 are an integral component of these consolidated financial statements.

Consolidated income statement

in TCHF	Notes	2013	2012[1]
Net sales	24	**340 950**	**286 725**
Other operating income	25	719	1 491
Cost of materials		138 256	118 028
Personnel expenses	26	111 414	103 625
Rental expenses		4 974	5 732
Maintenance and repair expenses		7 610	6 397
Representation and advertising expenses		10 656	11 018
Depreciation	15/16	10 542	8 572
Other operating expenses	28	24 993	19 546
Operating expenses		**308 445**	**272 918**
Operating profit before interest, taxes and extraordinary charges		**33 224**	**15 298**
Extraordinary restructuring charges	29	0	1 681
Operating profit before interest and taxes		**33 224**	**13 617**
Financial income	30	4 329	4 554
Financial expenses	30	–7 447	–7 955
Group profit before taxes		**30 106**	**10 216**
Taxes	31	4 977	790
Group profit after taxes		**25 129**	**9 426**
Of which attributable to:			
– Equity holders of the parent company		25 362	9 557
– Non-controlling interest		–233	–131
		25 129	**9 426**
Attributable to equity holders of the parent company			
Basic earnings per share (in CHF)	32	7.33	2.81
Diluted earnings per share (in CHF)	32	7.16	2.78

1) Prior-year figures restated owing to application of IAS 19 (revised).

The notes on pages 59 to 99 are an integral component of these consolidated financial statements.

Consolidated statement of comprehensive income

in TCHF	2013	2012[1]
Group profit after taxes	**25 129**	**9 426**
Revaluation of defined benefit plans	6 533	3 717
Income taxes	–860	–647
Items that will not be reclassified to the income statement	**5 673**	**3 070**
Currency translation differences from foreign subsidiaries	–3 104	–2 477
Currency translation differences from investments in associates	33	–17
Items that may be reclassified subsequently to the income statement	**–3 071**	**–2 494**
Other comprehensive income after taxes	**2 602**	**576**
Comprehensive income after taxes	**27 731**	**10 002**
Of which attributable to:		
– Equity holders of the parent company	27 959	10 149
– Non-controlling interest	–228	–147
	27 731	**10 002**

1) Prior-year figures restated owing to application of IAS 19 (revised).

The notes on pages 59 to 99 are an integral component of these consolidated financial statements.

Consolidated cash flow statement

in TCHF	Notes	2013	2012[1]
Cash flow from operating activities			
Group profit after taxes		25 129	9 426
Adjustment for non-cash items			
– Taxes	31	4 977	790
– Depreciation and impairment of property, plant and equipment	15	6 644	5 806
– Depreciation and impairment of intangible assets	16	3 898	2 766
– Profit (–) / loss (+) from sale of non-current assets		–328	183
– Expense for share-based payments		1 769	1 700
– Employee benefits		–1 988	685
– Net financial result	30	3 118	3 401
– Other non-cash items		–90	29
Interest received and other financial income		682	876
Interest paid and other financial expenses		–1 399	–2 960
Taxes paid		–4 670	–5 481
Cash flow before change in net current assets and provisions		**37 742**	**17 221**
Increase (+) / decrease (–) in provisions		–1 653	2 643
Increase (–) / decrease (+) in trade receivables		–10 264	43 282
Increase (–) / decrease (+) in inventories		3 391	1 555
Increase (+) / decrease (–) in trade payables		1 649	–8 419
Increase (–) / decrease (+) in other net current assets		869	–11 060
Total cash flow from operating activities		**31 734**	**45 222**
Cash flow from investing activities			
Investments in property, plant and equipment	15	–5 410	–6 975
Sale of property, plant and equipment		534	132
Sale of non-current assets held for sale		930	0
Investments in intangible assets	16	–2 622	–2 058
Investments in Group companies and participations[2]		–621	–8 694
Total cash flow from investing activities		**–7 189**	**–17 595**
Cash flow from financing activities			
Increase in financial liabilities	18/22	1 550	14 640
Decrease in financial liabilities	18/22	–29 096	–23 678
Sale of securities		70	0
Sale of treasury shares		192	0
Capital increase (share-based payments)		4 863	1 631
Distribution out of reserves from capital contributions		–6 909	–13 633
Total cash flow from financing activities		**–29 330**	**–21 040**
Effect of currency translations on cash and cash equivalents		–667	–1 074
Increase (+) / decrease (–) in funds		**–5 452**	**5 513**
Cash and cash equivalents at 1 January		57 655	52 142
Cash and cash equivalents at 31 December	5	52 203	57 655

1) Prior-year figures restated owing to application of IAS 19 (revised).
2) Less cash and cash equivalents acquired.

The notes on pages 59 to 99 are an integral component of these consolidated financial statements.

Consolidated statement of shareholders' equity

2013 in TCHF	Attributable to equity holders of the parent company						
				Other reserves			
	Share capital	Treasury shares	Premium	Currency differences	Retained earnings	Non-controlling interest	Total shareholders' equity
Balance on 1 January 2013	**344**	**–3 086**	**39 399**	**–26 007**	**225 461**	**894**	**237 005**
Other comprehensive income				–3 076	5 673	5	2 602
Group profit after taxes					25 362	–233	25 129
Comprehensive income after taxes	**0**	**0**	**0**	**–3 076**	**31 035**	**–228**	**27 731**
Capital increase from exercise of options	8		4 855				4 863
Distribution out of reserves from capital contributions			–6 909				–6 909
Transactions in treasury shares		167			25		192
Share-based payments					1 769		1 769
Balance on 31 December 2013	**352**	**–2 919**	**37 345**	**–29 083**	**258 290**	**666**	**264 651**

2012[1)] in TCHF	Attributable to equity holders of the parent company						
				Other reserves			
	Share capital	Treasury shares	Premium	Currency differences	Retained earnings	Non-controlling interest	Total shareholders' equity
Balance on 1 January 2012 – reported	**340**	**–3 086**	**51 405**	**–23 529**	**221 864**	**1 041**	**248 035**
Restatement due to IAS 19 (revised)					–10 730		–10 730
Balance on 1 January 2012 – restated	**340**	**–3 086**	**51 405**	**–23 529**	**211 134**	**1 041**	**237 305**
Other comprehensive income				–2 478	3 070	–16	576
Group profit after taxes					9 557	–131	9 426
Comprehensive income after taxes	**0**	**0**	**0**	**–2 478**	**12 627**	**–147**	**10 002**
Capital increase from exercise of options	4		1 627				1 631
Distribution out of reserves from capital contributions			–13 633				–13 633
Share-based payments					1 700		1 700
Balance on 31 December 2012	**344**	**–3 086**	**39 399**	**–26 007**	**225 461**	**894**	**237 005**

1) Prior-year figures restated owing to application of IAS 19 (revised).

The notes on pages 59 to 99 are an integral component of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

The Komax Group is active in the manufacture of machines and as at 31 December 2013 employed 1381 people worldwide (2012: 1330 employees). The parent company, Komax Holding AG, is domiciled in Dierikon, Canton Lucerne (Switzerland). The Komax Group's business activities are focused on the development, production and sale of high-quality capital goods for precision engineering, electronics and information technology in the areas of wire processing and automated production and assembly. The focus here is on highly automated production systems for the automotive, household appliance, electronics, telecommunication, solar energy and medical technology sectors. The Komax Group sells to the world market. Komax has a network of 22 operating subsidiaries and around 50 independent agencies to ensure on-the-spot sales and service support.

The present consolidated financial statements were adopted by the Board of Directors of Komax Holding AG on 6 March 2014 and released for publication. Their approval by the Annual General Meeting, scheduled for 7 May 2014, is pending.

2 Summary of significant accounting policies

The significant recognition and measurement policies used in compiling the consolidated financial statements are presented in the paragraphs below. Unless otherwise stated, the methods described are always applied to the periods reviewed.

2.1 Accounting policies

The consolidated financial statements of the Komax Group are based on the individual financial statements of the Group companies, compiled in accordance with uniform standards, as at 31 December 2013. The Group's accounting is based on historical purchase or production cost. Exceptions to this rule relate to the marking to market of financial assets available for sale, and the valuation of financial assets and liabilities at agreed fair value with effect on the income statement (including derivative financial instruments). The consolidated financial statements are structured in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB) and comply with Swiss law and the Listing Rules of the SIX Swiss Exchange.

2.1.1 New standards and interpretations and amendments to published standards adopted by the Group

Komax adopted the following new standards and amendments to existing standards in accordance with the requirements for the financial year commencing 1 January 2013.

– IAS 1, “Presentation of Financial Statements”
– IAS 19, “Employee Benefits”
– IFRS 10, “Consolidated Financial Statements”
– IFRS 11, “Joint Arrangements”
– IFRS 12, “Disclosure of Interests in Other Entities”
– IFRS 13, “Fair Value Measurement”

With the exception of the revision of IAS 19, these amendments have no significant impact on the consolidated financial statements of the Komax Group.

The adjustments to IAS 19 (revised) resulted in several changes. The most important change is that actuarial gains and losses have to be entered directly under the other comprehensive income. The previous choice between immediate entry in the income statement, in the other comprehensive income or deferred entry using the “corridor” method no longer exists. Furthermore, the annual costs for defined benefit retirement plans now include net interest expenses or income calculated on the basis of the net position of the plan using the discount rate for defined benefit obligations.

The transfer between the results published previously for 2012 (using the former accounting and valuation methods) and the restated amounts that will be shown as comparative figures in 2013 (using the new accounting and valuation methods) is shown below.

Consolidated balance sheet in TCHF	**31.12.2012** **Reported**	**Application of** **IAS 19 (revised)**	**31.12.2012** **Restated**
Prepaid pension assets	1019	–1019	0
Deferred tax assets	14499	363	14862
Total assets	**360189**	**–656**	**359533**
Deferred tax liabilities	4118	–897	3221
Defined benefit plan liabilities	0	8521	8521
Total liabilities	**114904**	**7624**	**122528**
Total shareholders' equity	**245285**	**–8280**	**237005**
Total liabilities and shareholders' equity	**360189**	**–656**	**359533**

Consolidated income statement in TCHF	**2012** **Reported**	**Application of** **IAS 19 (revised)**	**2012** **Restated**
Net sales	286725	0	286725
Personnel expenses	102890	735	103625
Operating profit before interest and taxes	**14352**	**–735**	**13617**
Group profit before taxes	**10951**	**–735**	**10216**
Taxes	905	–115	790
Group profit after taxes	**10046**	**–620**	**9426**
Basic earnings per share (in CHF)	2.99	–0.18	2.81
Diluted earnings per share (in CHF)	2.96	–0.18	2.78

Consolidated statement of comprehensive income in TCHF	**2012** **Reported**	**Application of** **IAS 19 (revised)**	**2012** **Restated**
Group profit after taxes	**10046**	**–620**	**9426**
Revaluation of defined benefit plans	0	3717	3717
Income taxes	0	–647	–647
Items that will not be reclassified to the income statement	**0**	**3070**	**3070**
Currency translation differences from foreign subsidiaries	–2477	0	–2477
Currency translation differences from investments in associates	–17	0	–17
Items that may be reclassified subsequently to the income statement	**–2494**	**0**	**–2494**
Other comprehensive income after taxes	**–2494**	**3070**	**576**
Comprehensive income after taxes	**7552**	**2450**	**10002**

2.1.2 New standards and interpretations and amendments to published standards that are not yet obligatory and are not being applied by the Group at an early stage

The Group is currently reviewing the possible repercussions of other new and revised standards and interpretations that will take effect from 1 January 2014 or at a later date. Komax is not applying these early. Based on an initial analysis, we are not expecting these interpretations and standards to have a material impact on the overall result or financial situation of the Group.

2.2 Scope of consolidation

2.2.1 Subsidiaries

The consolidated financial statements incorporate the individual financial statements of Komax Holding AG, Dierikon, and its subsidiaries. The individual consolidated subsidiaries are listed on pages 110 and 111. Subsidiaries are fully consolidated if Komax Holding AG exercises control over their financial and business policies. As a rule, this is the case if Komax Holding AG directly or indirectly holds over 50% of the subsidiary's voting capital. Subsidiaries are included in the consolidated financial statements (fully consolidated) from the date when the Group assumes control. They are deconsolidated from the date when control ends.

Acquired subsidiaries are accounted for according to the acquisition method. Acquisition costs are equal to the fair value of the assets assumed, equity instruments issued, and liabilities incurred or assumed at the date of exchange. Costs directly assignable to acquisitions will be directly booked to the income statement. Assets, liabilities and contingent liabilities identified during a merger are recognized at fair value on first consolidation, regardless of the extent of minority interests. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired (negative goodwill), the difference is recognized directly in the income statement.

Intragroup transactions, balances and unrealized gains and losses from transactions between Group companies are eliminated.

2.2.2 Changes in the scope of consolidation

In 2013, Komax closed its 100% subsidiary Komax SA Pty. Ltd. in Port Elizabeth (South Africa). In 2012, Komax acquired 100% of the Japanese company MCM Cosmic KK, as well as 100% of TSK Beteiligungs GmbH and all its subsidiary companies. Further details of the acquisitions made in 2012 are provided in Note 34 on pages 98 and 99.

The above-mentioned closing in 2013 and acquisitions in 2012 aside, there were no changes in the scope of consolidation either in the 2013 reporting year or in the prior-year period.

As announced in August 2013, Komax intends to withdraw from the solar business. The process was initiated in 2013 and is proceeding in line with expectations. The cumulative requirements of IFRS 5 ("Non-current Assets Held for Sale and Discontinued Operations") for reporting the Solar business unit as a disposal group held for sale were not met either as at 31 December 2013 or when the Group's financial statements were approved by the Board of Directors on 6 March 2014. For this reason, IFRS 5 is not applied in this report.

2.2.3 Transactions with non-controlling interests

Komax treats transactions with non-controlling interests as equity capital transactions with the owners. When non-controlling interests are acquired, the difference between the equivalent value paid per share and the corresponding acquired interest in the carrying value of the net assets of the subsidiary company is recognized in shareholders' equity. Any profit from the sale of non-controlling interests is likewise booked under shareholders' equity.

2.2.4 Shares in joint ventures and associates

Ownership interests of between 20% and 50% and joint ventures over which Komax Holding AG exercises significant influence are accounted for according to the equity method and initially recognized at acquisition cost. Cumulative changes in the value of such holdings after acquisition are reported in the income statement and charged against the carrying value of the holding. If a cumulative loss equals or exceeds the value of the Group's interest in an associate, no further losses are recorded unless the Group has assumed obligations for the associate or made payments on its behalf. Unrealized profits from transactions between Group companies and associates are eliminated in proportion to the Group's interest in the affiliate.

Interests of less than 20% are treated as held for trading and measured at fair value. They are reported within "Securities".

As at 31 December 2013 and 31 December 2012, Komax held a 30% stake in SLE quality engineering GmbH & Co. KG and a 30% stake in SLE quality engineering Verwaltungs GmbH. Further details on these associated companies are provided in Note 14 on page 85.

Komax held no investments below 20% and no interests in joint ventures at either 31 December 2013 or 31 December 2012.

2.3 Segment reporting

Komax's reportable segments are based on the Group's strategic business areas, in which products using different technologies are manufactured and sold on the basis of independent marketing strategies. The internal organizational structure is fully geared towards the individual business areas, each of which comes under the responsibility of a separate head.

The Executive Committee of the Komax Group is designated as the chief operating decision-maker. The Board receives financial information on the individual segments on a regular basis, enabling it to assess their profitability and decide the operational allocation of resources to the various areas.

The financial data of the operating segments is established according to the same accounting principles set out here. Transfer prices between the operating segments are set on an "arm's length" basis. The Executive Committee assesses the profitability of the segments on the basis of their earnings before interest and taxes (EBIT). Information on the assets and liabilities of the individual segments is not reported to the chief operating decision-maker, which is why such information is also not disclosed in external reporting.

In accordance with internal reporting to the chief operating decision-maker, the Group has been disclosing information for its three business segments of Wire, Solar and Medtech from the 2009 financial year onwards. The Wire segment essentially comprises the development, production, distribution and maintenance of wire processing machines and systems used primarily for wire production in the automotive and electronics industries. The Solar segment develops and produces machinery and customer-specific process solutions for the manufacturing of photovoltaic modules. The Medtech segment includes the design and production of assembly systems for the pharmaceutical industry (Medtech) as well as the manufacturing of assembly lines for inkjet cartridges (Inkjet). The development and manufacturing of systems for the assembly of mechanical and electronic components in the automotive and electronics sector (Mechanical and Electronic Systems Assembly) is also assigned to this segment.

2.4 Currency conversion

2.4.1 Functional currency and reporting currency

Items included in the financial statements of each entity are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the functional currency). The consolidated financial statements are presented in Swiss francs, which is the functional currency of the parent company, Komax Holding AG.

2.4.2 Transactions and balances

Foreign currency transactions are translated into the functional currency at the rate prevailing on the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement, except when taken to shareholders' equity as a qualifying cash flow hedge.

2.4.3 Group companies

The earnings and balance sheet figures of foreign business units with a functional currency other than the Swiss franc are translated to Swiss francs as follows:

a) Assets and liabilities are translated at the exchange rate on the balance sheet date for each such date.
b) Revenues and expenses are translated at the weighted average exchange rate for each income statement.
c) All exchange rate gains and losses are reported on a separate line within the other reserves under shareholders' equity.

Exchange rate differences arising from the translation of net investments in foreign business units are recognized under comprehensive income. When a foreign company is sold, these exchange rate differences are reported in income as part of the gain or loss from the sale.

Goodwill and fair value adjustments occurring during the acquisition of a foreign company are treated as assets and liabilities of the unit and translated at the exchange rate on the balance sheet date.

The most important year-end and average exchange rates were as follows:

Currency	**Year-end rate 31.12.2013**	**Average rate 2013**	Year-end rate 31.12.2012	Average rate 2012
USD	0.900	0.940	0.920	0.950
EUR	1.240	1.240	1.220	1.220
BRL	0.380	0.443	0.452	0.494
CNY	0.148	0.152	0.148	0.150
MYR	0.273	0.300	0.302	0.306

2.5 Property, plant and equipment

Property, plant and equipment are accounted for at historical acquisition or production cost less accumulated depreciation. Depreciation is linear over the expected service lifetime. The specific depreciation periods for various asset categories are:

Asset category	Years
Machinery	7–10
Tools	7
Measuring, testing and controlling devices	5
Operating installations	10
Warehouse installations	10–14
Vehicles	5–8
Office furnishings and office machines	5–10
Information technology	3–5
Factory buildings	33
Office buildings	40
Land	no depreciation

Maintenance, repair and minor renovation costs are charged directly to the income statement as expenses when incurred. Renovation work that increases the value and extends the service life of a tangible asset is capitalized if it is likely to generate future economic benefits for the Group, and the costs associated with the asset value can be reliably measured.

Property, plant and equipment which have been eliminated from the business or sold are cleared from the property, plant and equipment account at their acquisition cost and with the associated accumulated depreciation. Any profits or losses resulting from the disposal of property, plant and equipment are recognized in the income statement. Financing costs for property, plant and equipment under construction are capitalized.

2.6 Intangible assets

2.6.1 Goodwill

Goodwill represents the excess of the cost of acquisition of a company over the fair value of the Group's share of the net assets of the acquired company at the date of acquisition. Goodwill created through acquisition of a company is reported under "Intangible assets". Goodwill carried on the balance sheet is subjected to a semi-annual impairment test and measured at the original acquisition cost less cumulative impairments. Impairments may not be reversed.

For purposes of the impairment test, goodwill is broken down across cash-generating units (CGUs). The value is distributed over those CGUs or groups of CGUs that are expected to benefit from the merger that gave rise to the goodwill.

2.6.2 Patents

Patents are recognized at historical acquisition cost less cumulative amortization.

2.6.3 Software

Purchased software licenses are capitalized at acquisition or production cost plus costs incurred in readying them for use. The total acquisition cost is amortized on a linear basis over three to five years. Costs associated with the development or maintenance of software are recorded as expenses at the time they are incurred.

2.6.4 Research and development expenditure

Research and development costs are capitalized and written off on a straight-line basis over their useful life, provided the criteria for capitalization are met. No such expenses were capitalized in the year under review or in the previous year, as the future economic benefits of these expenses cannot be accurately estimated.

2.6.5 Technology

Acquired technology assets are recognized if they bring the company measurable benefits over a period of several years. They are valued at acquisition cost minus linear depreciation. Acquisition costs are written down in a linear way over a period of five to ten years.

2.7 Impairment of non-monetary assets

Assets with an indeterminate service lifetime are not amortized according to plan but subjected to an annual impairment test. Assets subject to planned amortization are also tested for impairment if events or changes in circumstances create a presumption that the carrying value can potentially no longer be realized. An impairment is recorded in the amount by which the asset's carrying value exceeds its realizable value. The realizable value is the greater of the asset's fair value less disposal costs and its use value. In determining impairments, assets are grouped according to the smallest separately identifiable cash-generating units.

2.8 Financial assets

Financial assets are classified into the following categories: recognized at fair value through profit or loss, loans and receivables, held to maturity, and available for sale. The classification depends on the purpose for which a given financial asset was acquired. The financial assets recognized in the consolidated balance sheet are assigned to the following categories:

in TCHF	**31.12.2013**	31.12.2012
Securities	0	48
Total held for trading	**0**	**48**
Cash and cash equivalents	52 203	57 655
Trade receivables	95 751	86 945
Other receivables	16 134	10 878
Other non-current receivables	287	359
Total loans and receivables	**164 375**	**155 837**

The financial liabilities are allocated to the following categories:

in TCHF	**31.12.2013**	31.12.2012
Derivative financial instruments	151	353
Total held for trading	**151**	**353**
Financial liabilities (current and non-current)	29 587	56 765
Trade payables	15 697	14 335
Other payables	6 182	6 695
Total at amortized cost	**51 466**	**77 795**

2.8.1 Financial assets at fair value through profit or loss

This category comprises two subcategories: assets classified as “Held for trading” from the beginning, and those classified as “At fair value through profit or loss” from the beginning. A financial asset is assigned to this category if it was purchased in principle with the intent of short-term resale or designated as such by management. Derivatives also belong to this category if they are not qualified as hedges. Assets in this category are reported as current assets if they are either held for trading or are expected to be realized within 12 months of the balance sheet date.

The “Securities” item reported separately in the balance sheet of the Komax Group is classified as “Financial assets held for trading”. Securities comprise capital market investments acquired for short-term resale. Securities purchases are recorded at their market price on the date of purchase and subsequently measured at fair value. Realized and unrealized gains and losses from changes in fair value are recognized directly in income.

2.8.2 Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or calculable payments that are not listed on an active market. They are regarded as current assets if they mature within 12 months of the balance sheet date. If the period to maturity exceeds 12 months, they are carried as non-current assets. Short-term loans and receivables are reported in the consolidated balance sheet under “Cash and cash equivalents”, “Trade receivables” and “Other receivables and accrued income / prepaid expenses”, whereas long-term receivables are reported under “Other long-term receivables”.

2.8.3 Financial investments held to maturity

Financial investments held to maturity are non-derivative financial assets with fixed or calculable payments and a fixed maturity that the entity wishes and is able to hold to the maturity date. The Komax Group consolidated balance sheet does not include any financial assets in this category.

2.8.4 Financial assets available for sale

Financial assets available for sale are non-derivative assets that were either assigned to this category or not assigned to any of those described above. They are carried as non-current assets unless management intends to dispose of them within 12 months of the balance sheet date. Komax does not hold any financial assets in this category.

Purchases and sales of financial assets are posted at the settlement date, i.e. the date when the asset is transferred. Financial assets in the “At fair value through profit or loss” category are carried at fair value, both at acquisition and after they are recognized for the first time. Associated transaction costs and gains and losses from financial assets are reported on the income statement for the corresponding period. Loans and receivables are carried at historical purchase price using the effective interest rate method.

Fair values of listed investments are based on current offer prices. For assets without an active market, Komax applies suitable valuation measures to determine the fair value. These include reference to recent “arm’s-length” transactions, current market prices of other similar assets, discounted cash flow procedures, and option price models based as far as possible on market data and as little as possible on company-specific data.

At each balance sheet date, a determination is made as to whether objective indications exist of impairment of a financial asset or group of assets. Any impairments are charged to income in the corresponding period.

2.9 Derivative financial instruments and hedging activities

Derivative financial instruments are initially measured at fair value as at the date when the contract is concluded. Subsequent measurement is likewise at fair value as at each balance sheet date. The method used to measure gains and losses depends on whether the derivative financial instrument was designated as a hedging instrument and, if so, on the type of item hedged. Derivative financial instruments may be designated as:

a) hedges of fair value of a balance sheet asset or liability or off-balance-sheet fixed obligation (fair value hedge);
b) hedges against risks of payment flow fluctuations associated with a balance sheet asset or liability or an anticipated and highly probable future transaction (cash flow hedge);
c) hedges of a net investment in a foreign business operation (net investment hedge).

Since the Komax Group uses derivative financial instruments only to hedge against existing foreign exchange and interest rate risks, such instruments do not qualify for hedge accounting in terms of IAS 39. Foreign currency surpluses are hedged in accordance with financial planning (economic hedges), so that changes in fair value are charged directly to income as realized and unrealized gains or losses for the relevant period. Only standardized instruments (currency forward and option contracts, interest rate and currency swaps) are used for hedging. Financing and hedging instruments are utilized in accordance with uniform rules throughout the Group.

2.10 Inventories

Inventories are measured at the lower of purchase or production cost and net sales price. Purchase or production costs are determined using the weighted average method. Internally produced finished and semi-finished goods are measured at production cost in accordance with the state of completion. Production costs of finished and unfinished products include costs for product design, raw materials, direct personnel costs, other direct costs, and overhead costs allocated to production (based on normal operating capacity). Purchase and production costs do not include costs of debt capital since products do not qualify as assets in the sense of IAS 23, “Borrowing Costs”, and any costs of debt capital cannot therefore be directly attributed to products. The net sales price is the estimated proceeds of sale attainable in the normal course of business, less the necessary variable selling costs.

2.11 Trade receivables

Trade accounts receivable are recorded at the original billed amount less provisions for bad debt. Bad debt provisions are formed if there are objective indications that not all the Group’s accounts receivable will be settled. Indications that an amount may not be recoverable include signs that the customer may be in serious financial difficulties or if bankruptcy or financial reorganization appears probable. The allowance is stated separately and comprises the difference between the carrying amount of the receivable and the recoverable amount. The amount of the allowance is charged to the income statement. An impairment loss is posted if the receivable is no longer recoverable. Non-current receivables are discounted to account for current value if the effects are material.

2.12 Manufacturing contracts

Manufacturing contracts in the automated assembly and production business units, involving the customer-specific manufacture of systems, are valued according to the percentage-of-completion method (POC). On the balance sheet, these are reported either under “Trade receivables” or “Other payables and accrued expenses / deferred income”, depending on the degree to which they are underfinanced or overfinanced. The percentage of completion is calculated according to the cost-to-cost method (costs incurred in relation to overall estimated costs of the contract). Anticipated project losses are fully expensed in the income statement. Any costs of debt capital are capitalized provided debt capital is raised for the purpose of financing the project and provided its costs can be directly attributed to a manufacturing contract.

2.13 Non-current assets held for sale

Non-current assets held for sale are reported separately under current assets. Immediately before their first-time classification as assets held for sale, the value of the assets is determined in accordance with prevailing accounting principles. Subsequently, non-current assets held for sale are reported at the lower of carrying amount and fair value minus cost to sell. Non-current assets held for sale are not depreciated/amortized.

2.14 Cash and cash equivalents

Cash and cash equivalents includes banknotes, sight deposits and other current, highly liquid financial assets with an original maturity of no greater than three months. Utilized current account overdrafts are shown on the balance sheet as payables to credit institutions under current financial liabilities.

2.15 Shareholders' equity

Ordinary shares are classified as equity. No preferred shares have been issued to date.

Costs directly attributable to the issue of new shares are disclosed in equity as a net deduction from the proceeds.

Treasury shares are recognized at the average weighted cost of acquisition, including the transaction costs assignable to them, and offset against equity. When treasury shares are purchased or sold, the consideration paid or received will be offset against equity.

2.16 Dividend payment

Dividend distribution to the shareholders of Komax Holding AG is recognized as a liability in the consolidated financial statements in the period in which the dividend distribution is approved by the company's shareholders.

2.17 Trade payables

Trade payables are valued initially at fair value, which is normally the amount originally invoiced, and subsequently measured at amortized cost.

2.18 Financial liabilities

Financial liabilities are initially recognized at fair value after deducting any transaction costs. In subsequent periods, they are measured at historical purchase price. Any difference between the amount paid out and the amount due is reported in income over the duration of the liability.

Borrowings are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the debt until at least 12 months after the balance sheet date.

2.19 Deferred taxes

All the consolidated companies of the Komax Group are independently subject to tax, except for the companies in the US that are affiliated to Komax Holding Corp. (Komax Systems Rockford Inc., Komax Solar Inc. and Komax Corp.). In the case of the other companies, it is not possible to offset the taxable profit of one consolidated company with the loss of another. This should be remembered when comparing earnings with the tax burden.

Deferred and future tax expenses are calculated on the basis of the comprehensive liability method. This method is based on the tax rates and tax regulations applicable on the balance sheet date or which have in essence been enacted and are expected to apply at the time the deferred tax claim is realized or the deferred tax liability is settled. Deferred and future taxes are calculated on the basis of the temporary differences in value between the individual balance sheets and balance sheets for tax purposes. Such differences primarily exist in the case of non-current assets, inventories and some provisions. Deferred tax assets are recognized in the amount corresponding to the probability that the Group companies in question will generate sufficient future taxable income to absorb the relevant positive differences in the tax assets.

Deferred tax liabilities are provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference cannot be determined by the Group and it is consequently probable that the temporary difference will not reverse in the foreseeable future.

2.20 Payments to employees

2.20.1 Employee benefits

Employee pension and retirement benefits are based on the regulations and prevailing circumstances in those countries in which Komax is represented. In Switzerland, pension and retirement benefits are based on the defined benefit model in conformity with IAS 19, “Employee Benefits”. The consequences of compliance with IAS 19 for retirement benefits are detailed in Note 13. In the other countries, pension and retirement benefits are provided under defined contribution schemes.

The provision for defined benefit plans stated in the balance sheet represents the present value of the defined benefit obligation (DBO) on the balance sheet date less the fair value of plan assets. The DBO is calculated annually by an independent actuary according to the projected unit credit method. The recognition of pension assets is limited to the present value of any economic benefits available from refunds from the plans or reductions in future contributions to the plans.

Past service costs are recognized immediately in income.

Actuarial gains and losses, which are based on experience adjustments and changes in actuarial assumptions, are recognized in the other comprehensive income.

In the case of defined-contribution plans, the Group funds public or private retirement plans on the basis of statutory or contractual obligations or voluntary contributions. The Group has no payment obligations beyond the payment of contributions. Contributions are recognized in personnel expenses as they become due. Prepayments of contributions are recognized as assets to the extent that a right to repayment or a reduction in future payments exists.

2.20.2 Share-based compensation

The Komax Group has initiated a share-based compensation plan involving grants of its own shares by way of a capital increase. The fair value of the employee services received for the options is included in personnel expenses. The total amount of the expenses to be charged for employee options issued after 7 November 2002 and still locked in is amortized over the vesting period and recognized in expenses. At each balance sheet date, the number of options expected to become exercisable and on which the reportable current value is based is estimated. The effects of any potentially relevant changes in initial estimates are taken into account in the income statement and by a corresponding charge to shareholders’ equity during the remaining time to the vesting date. Payments received upon exercise of the options are credited to subscribed capital (at par) and to capital reserves after deducting directly attributable transaction costs.

2.20.3 Other payments after termination of employment

There are no liabilities for payments to pensioners after termination of employment.

2.20.4 Payments triggered by termination of employment

In some countries, in which the Komax Group operates its own companies, there are local regulations for payment triggered by termination of employment. Komax complies with these legal requirements. The corresponding expenses are booked under personnel expenses.

2.20.5 Profit sharing and bonus plans

For bonus payments and profit sharing, a liability is recognized based on an appraisal procedure involving Group profit after certain adjustments and the beneficiary's individual targets. A provision is recorded in the consolidated financial statements in cases where a contractual liability exists. The expense is recognized in income under personnel expenses.

2.21 Provisions

Provisions are recorded if the Group has a current legal or constructive obligation arising from a past event and it is probable that settling this obligation will impact the asset base, and if the amount of the provision can be reliably estimated.

Provisions for warranties are based on past payments, sales revenues in previous years, and current contracts. Komax normally gives a one-year warranty on machines and systems.

The other provisions relate to various obligations and liabilities associated with past events, the performance of which will in all probability result in an outflow of funds.

2.22 Revenue recognition

The Komax Group's consolidated income statement is compiled using the nature of expense method. Net sales comprise the fair value of considerations received or receivable for the sale of goods and services in the course of ordinary business activities after deducting VAT, returns, discounts and price reductions, and eliminating intragroup sales. Revenues are recognized as described below.

2.22.1 Sale of goods

Revenue from the sale of goods is recognized when risk and rewards of ownership have been transferred to the buyer. All expenses connected with sales are recognized on an accrual basis.

2.22.2 Sale of services

Revenue from the sale of services is recognized in accordance with progress on the service according to the ratio of completed to still outstanding service to be performed during the financial year in which the services are rendered.

2.22.3 Revenue recognition using the POC method

In the automated assembly and production field, revenue is recognized according to the POC method. The Komax Group calculates the percentage of completion according to the ratio of production costs already incurred to forecast total production costs.

2.22.4 Interest and dividend income

Interest income is accrued using the effective interest rate method. Dividend income is recognized at the date when the right to receive the payment originates.

2.23 Leases

A lease under which a significant portion of the risks and rewards of ownership remains with the lessor is regarded as an operating lease. Payments under operating leases (less any incentives provided by the lessor) are charged to income on a linear basis over the duration of the lease agreement.

The Komax Group does not assume material liabilities from financial lease contracts.

Contractual relationships in which Komax acts as lessor are reported as financial leases if all risks and rewards associated with ownership are essentially transferred to the lessee. At the beginning of the lease, lease payments are recognized in the balance sheet in the amount of the net investment value arising from the lease. Revenue is recorded in the same way as the direct sale of goods. Financial income is spread over the term of the lease.

Assets that are the subject of operating leases are reported in the balance sheet in accordance with their properties and are written down at the normal rates for similar assets. Lease income is recognized in the income statement on a linear basis over the term of the lease. Komax did not possess any significant assets that were the subject of operating leases in either the 2013 reporting year or the previous year.

2.24 Government grants

Government grants are recognized if it is likely that the payments will be received and Komax can fulfil the conditions attached to such subsidies. These are recognized in “Other operating income”, regardless of when payment is received, and on a pro rata basis in the period in which the associated costs are incurred, and charged to the income statement as an expense. Grants relating to an asset are deducted from the carrying amount.

2.25 Restatement of previous years’ figures

To ensure that figures are comparable, prior-year figures are restated if it becomes necessary when new provisions of the International Financial Reporting Standards (IFRS) are applied or existing standards are amended, or when changes are made in the presentation and structure of the financial statements during the reporting period.

With the exception of the revision of IAS 19, no changes were made either during the 2013 financial year or the previous year that have a material impact on the Group financial statements of the Komax Group. The impact of IAS 19 is disclosed in Note 2.1.1 on page 60.

3 Financial risk management

The Komax Group is exposed to various financial risks, for example currency, credit, liquidity and interest rate risks, through its business activities. The Group's overall risk management strategy is focused on the unpredictability of developments in the financial markets and is intended to minimize the potential negative impact on the Group's financial position. The Group uses derivative financial instruments to protect itself against interest rate, currency and credit risks. The risks are monitored and reported. Risk management is conducted by the finance department of Komax Holding AG in conformity with the guidelines issued by the Board of Directors. These guidelines set out procedures for the use of derivatives as well as dealing with foreign currency, interest rate and credit risks. The guidelines are binding for all subsidiaries of the Komax Group.

In addition, Komax conducts extensive annual analyses of financial risks as part of its risk management. The principal financial risks form an integral part of the internal control system (ICS) and are therefore subject to systematic, periodic review. Further, the Komax Group prepares an extensive report each quarter on currency, interest, country and customer risks, using the value-at-risk method. Due to the increased volatility, the Group continually improved and extended its risk management in 2013, particularly in relation to foreign exchange and country risks in emerging markets.

3.1 Currency risk

The Komax Group operates internationally and is therefore exposed to a variety of foreign exchange risks. Foreign currency risks arise from future cash flows, assets and liabilities recognized in the balance sheet, and investment in foreign companies.

Foreign currency items are assessed centrally by Group Treasury as part of the rolling financial planning process. Corporate guidelines specify that at least one third of foreign currency profits must be hedged through forward rate contracts. Up to 100% of the amount must be hedged if the current exchange rate is below the budgeted rate and the exchange rate for the foreign currency is expected to drop further relative to the functional currency.

Komax is mainly exposed to currency risks relating to the US dollar and the euro. Assuming that the euro had been 10% weaker against the Swiss franc on 31 December 2013 and that all other parameters had been largely unchanged, the EBIT margin would have been 0.6 percentage points (2012: 0.4 percentage points) lower. Conversely, if this exchange rate had been 10% higher, the margin would have risen by the same amount. Assuming that the US dollar had been 10% weaker against the Swiss franc on 31 December 2013 and that all other parameters had been largely unchanged, the EBIT margin would have been 0.9 percentage points (2012: 0.8 percentage points) lower. Conversely, if this exchange rate had been 10% higher, the margin would have risen by the same amount. The main reasons for these changes would have been currency gains and losses on receivables, payables and other current receivables and liabilities.

3.2 Credit risk

Credit risks may exist with regard to bank account balances, derivative financial instruments and receivables from customers. Banks must have a minimum credit rating of "A" before the Komax Group will enter into a material business relationship with them. Moreover, all risks pertaining to cash and cash equivalents are further minimized by using a variety of banks rather than one single bank.

There is no significant concentration of potential credit risks within the Group. There are binding policies to ensure that sales to customers are made only if the customer has shown reasonable payment performance in the past. Moreover, outstanding receivables are monitored at the corporate level on a monthly basis. Contracts for derivative financial instruments and financial transactions are only entered into with banks of the highest financial solidity. The Group also has a business policy that limits credit risk associated with individual financial institutions through use of multiple banks.

Management does not anticipate any significant losses on the receivables outstanding as at 31 December 2013 that have not already been taken into account in the value adjustments as per Note 7.

The following table shows the receivables and credit limits of the main counterparties as of the reporting date:

in TCHF			**31.12.2013**		31.12.2012
Counterparty	Rating	Credit limit	Amount held	Credit limit	Amount held
Credit Suisse[1)]	A	25000	8182	25000	14538
Deutsche Bank[1)]	A+	11898	7945	8739	6369
UBS[1)]	A	24000	7618	24000	8293
Customer A	Group 2	n/a	8544	n/a	3860
Customer B	Group 2	n/a	6732	n/a	3284
Customer C	Group 2	n/a	4444	n/a	2690

1) Creditor as part of the CHF 120.0 million syndicated loan agreement under the stewardship of Credit Suisse (participating banks: Basler Kantonalbank, Credit Suisse, Deutsche Bank, Luzerner Kantonalbank, UBS and Zürcher Kantonalbank).

Komax assigns its customers to the following groups:

Group 1: New customer (business relationship established within the past 12 months).
Group 2: Existing customer (business relationship established more than 12 months ago) without defaults in the past.
Group 3: Existing customer (business relationship established more than 12 months ago) with defaults in the past.

3.3 Capital risk

In the management of its capital, the Komax Group pays special attention to ensuring that the Group is able to continue to operate, that shareholders receive an appropriate return for their risks, and that financial ratios are optimized, taking the cost of capital into account. To achieve these targets, Komax may adjust its dividend payment, issue new shares, or sell assets in order to scale back its debt.

Komax monitors its capital structure principally through the gearing factor and net debt. The latter is calculated from the total outstanding interest-bearing debts of the Group, including liabilities from finance leasing, minus cash and cash equivalents. The gearing factor is calculated by dividing net debt at the balance sheet date by the operating profit before interest, taxes, depreciation and amortization (EBITDA) over the last 12 months (rolling). This resulted in a net cash position (previous year: net cash) at the end of the reporting year, as cash and cash equivalents and securities exceeded existing financial liabilities as at 31 December 2013 and as at 31 December 2012.

The Group's financial liabilities are subject to externally regulated capital requirements (covenants). These essentially provided for a maximum gearing factor of 2.75 as at 31 December 2013. In addition, the self-financing ratio (i.e. the Group's reported equity plus subordinated loans minus goodwill divided by total assets less goodwill) may not fall below 50% at any balance sheet date.

The Komax Group has complied with all capital requirements since the contract signing date as well as at 31 December 2013.

3.4 Liquidity risk

Prudent liquidity risk management involves maintaining sufficient reserves of cash and cash equivalents and liquid securities as well as financing capacity through an adequate volume of approved lines of credit. The amount of cash required for operations is reviewed annually and monitored on a monthly basis by the finance department. Given the business environment in which Komax operates, it is also essential for the Group to maintain the necessary flexibility in financing by maintaining sufficient unused lines of credit.

The table below provides a breakdown of the Komax Group's primary and derivative financial liabilities by maturity, based on the remaining maturity from the reporting date until the contractually agreed payment date. The table shows carrying amounts as the impact of discounting is negligible.

in TCHF	0–30 days	31–60 days	61–90 days	91–120 days	121 days –1 year	1–5 years	Total
31.12.2013							
Financial liabilities (current and non-current)[1]	0	1 550	0	0	2 494	25 543	**29 587**
Trade payables	13 850	1 223	261	317	46	0	**15 697**
Other payables	3 981	496	435	499	771	0	**6 182**
Derivative financial instruments	0	8	0	0	70	258	**336**
31.12.2012							
Financial liabilities (current and non-current)[1]	0	0	0	0	0	56 765	**56 765**
Trade payables	10 236	2 409	1 007	449	234	0	**14 335**
Other payables	3 669	580	582	544	1 320	0	**6 695**
Derivative financial instruments	0	8	0	0	68	340	**416**

1) The cash outflow from future interest payments amounts to CHF 0.4 million for outstanding financial liabilities as at 31 December 2013 and CHF 0.7 million for outstanding financial liabilities as at 31 December 2012.

3.5 Interest rate risk

Neither at 31 December 2013 nor at the previous year's balance sheet date did the Komax Group possess any assets that were subject to any material rate of interest.

The Group's financial risk policy is to finance long-term investments with long-term liabilities, which gives rise to an interest rate risk. If there is a significant interest rate risk, the related cash flow risks are hedged through interest rate swaps. With respect to the syndicated loan, which as at 31 December 2013 had been utilized to the amount of CHF 26.0 million (31 December 2012: CHF 54.6 million), an interest rate swap with a notional principal amount of CHF 20.0 million was concluded for the entire contract period of around five years, which fixes the LIBOR rate at a level of 0.4875% p.a. Furthermore, the interest margin is dependent on the level of indebtedness of the Group. As lending amounts are in each case drawn on in tranches with a term of one to six months, the Komax Group is only subject to short-term fluctuations in LIBOR. The overall risk with respect to changes in the market rate of interest is low. Moreover, there was a net cash position of CHF 22.6 million as at 31 December 2013 (31 December 2012: CHF 0.9 million). For these reasons, no sensitivity analysis of interest rate risk was undertaken.

3.6 Determination of fair value

The fair value of financial assets that are traded on an active market is calculated as the number of securities held, multiplied by the closing price on the reporting date.

The fair value of financial assets that are not traded on an active market is determined with the aid of a variety of valuation methods.

4 Key recognition and measurement assumptions

4.1 Key assumptions and sources of uncertainty in relation to estimates

Preparation of the consolidated financial statements in conformity with IFRS requires the Board of Directors and Group Management to make estimates and assumptions, whereby such estimates and assumptions have an effect on the accounting principles applied and are reflected in the amounts stated under assets, liabilities, income and expenses. Their estimates and assumptions are based on past experience and on various other factors deemed applicable in the current situation. These form the basis for reporting those assets and liabilities that cannot be measured directly from other sources. The actual values may differ from these estimates.

Estimates and assumptions are reviewed at least on a quarterly basis. Changes in estimates are required when the circumstances on which the estimates are based have altered, or when new or additional information is available. These changes are recognized in the reporting period in which the estimate was adjusted.

The most important assumptions about future developments and most important sources of uncertainty in relation to estimates that could necessitate significant adjustments to reported assets and liabilities over the coming 12 months are shown below.

4.2 Recognition of revenue according to POC method

Automated assembly and production contracts are measured according to the POC method, provided the assessment meets the requirements of IAS 11. Although projects are assessed monthly and in good faith in accordance with comprehensive project management guidelines, subsequent corrections may be required. These corrections are made in the following period and may have a positive or negative impact on revenue in this period.

4.3 Impairment of non-current assets

Property, plant and equipment as well as goodwill and intangible assets are tested for impairment at least twice each year. To determine whether impairment exists, estimates are made of the expected future cash flows arising from use. Actual cash flows may differ from the discounted future cash flows based on these estimates. Factors such as changes in the planned use of property, plant and equipment, restructuring, reorganization, and closure of facilities, changes in the market situation, technical deficiencies in relation to machinery and systems, or sub-projected sales of machines, spare parts and systems may shorten useful life or result in an impairment.

4.4 Employee benefits

Employees of the Group in Switzerland are insured under defined benefit retirement schemes in conformity with IAS 19. Calculations of the reported credits and liabilities in relation to these schemes are based on dynamic actuarial calculations as well as the expected return on the assets of the retirement plans. The present value of the liabilities relating to the defined benefit schemes is particularly dependent on assumptions such as the discount rate used to calculate the present value of future pension liabilities, future rises in salary, and increases in other compensation paid to employees. The Group's independent actuaries additionally use statistical data such as the likelihood of departure and mortality rate of insured individuals. The actuaries' assumptions may differ substantially from actual events due to changes in market conditions and the economic environment, higher or lower rates of departure, longer or shorter life expectancy of insured individuals, as well as other estimated factors. These differences may have an influence on the assets and liabilities stated in relation to employee benefits in future reporting periods.

4.5 Provisions

In relation to machines and systems already delivered, Komax calculates the necessary warranty provisions on the balance sheet date on the basis of analysis and estimates in conformity with IAS 37. The actual costs may differ from the provisions stated. Any differences may affect the provision carried for warranty events in future reporting periods and therefore the reported result for the period.

4.6 Current and deferred income taxes

In determining the assets and liabilities from current and deferred income taxes, estimates must be made on the basis of existing tax laws and ordinances. Numerous internal and external factors may have favourable and unfavourable effects on the assets and liabilities from income taxes. These factors include changes in tax laws and ordinances, as well as the way they are interpreted, in addition to changes in tax rates and the total amount of taxable income for the particular location. Any changes may affect the assets and liabilities from current and deferred income taxes carried in future reporting periods.

5 Cash and cash equivalents

The cash and cash equivalents amounting to CHF 52.2 million (2012: CHF 57.7 million) include demand deposits and call money. The composition of the call money and the applicable interest rates can be found in the table below.

Currency	Interest rate	**31.12.2013** TCHF	Interest rate	31.12.2012 TCHF
EUR	0.00%	0	1.20%	29
INR	8.44%	293	7.00%	69
JPY	0.00%	0	0.02%	13
SGD	0.10%	105	0.06%	112
Total		**398**		**223**

6 Securities

in TCHF	**31.12.2013**	31.12.2012
Shares	0	48
Total	**0**	**48**

The Komax Group uses forex forward and option contracts as well as interest rate and currency swaps to hedge currency and interest rate risks on cash and cash equivalents. As at 31 December 2013, an interest rate swap with a notional principal amount of CHF 20.0 million and a negative fair value of CHF 0.2 million (31 December 2012: CHF 20.0 milion with a negative fair value of CHF 0.4 million) was outstanding. The following volumes were transacted in the corresponding financial year:

2013: EUR 1.5 million, USD 4.0 million
2012: EUR none, USD 4.1 million

Negative fair values are included in the “Other payables and accrued expenses / deferred income” item, positive fair values under “Other receivables and accrued income / prepaid expenses”.

7 Trade receivables

in TCHF	**31.12.2013**	31.12.2012
Trade receivables	79673	75509
less provision for impairment	–2156	–5136
Accruals for systems[1)]	74797	80005
less prepayments for systems	–56563	–63433
Receivables arising from POC	**18234**	**16572**
Total	**95751**	**86945**

1) For manufacturing contracts of systems, the inventory includes all costs associated with the systems as well as the production costs. The order costs comprise all costs attributable to the contract from the date the order is received until the balance sheet date. The order proceeds per manufacturing contract are recorded as at 31 December according to the POC.

The carrying value of trade receivables corresponds to the fair value of the goods and services in question. The total amount of costs incurred and profits disclosed (less disclosed losses) on manufacturing contracts amounted to CHF 85.6 million as at 31 December 2013 (2012: CHF 122.7 million). Overfinanced projects totalling CHF 10.8 million (2012: CHF 42.7 million) are included in the “Other payables and accrued expenses / deferred income” item (see Note 20), while underfinanced projects in the amount of CHF 74.8 million (2012: CHF 80.0 million) are stated under “Trade receivables”. Net sales for 2013 include sales on manufacturing contracts which remained outstanding on the balance sheet date and amounted to CHF 63.9 million (2012: CHF 37.6 million), equivalent to 18.7% of net sales for 2013 (2012: 13.1%). CHF 52.6 million (2012: CHF 36.3 million) of this represents costs incurred and CHF 11.3 million (2012: CHF 1.3 million) recognized contribution margins.

Overdue trade receivables that had not been written down amounted to CHF 20.5 million on 31 December 2013 (31 December 2012: CHF 18.1 million). Their maturity structure is set out in the following table:

in TCHF	Number of days					
	0–30	**31–60**	**61–90**	**91–120**	**>120**	**Total**
as at 31.12.2013	10926	3392	1910	661	3597	**20486**
as at 31.12.2012	4748	3552	2061	1684	6090	**18135**

No collateral has been received as security for overdue trade receivables for which no valuation allowance has been made.

Valuation allowances totalling CHF 2.2 million were recognized for trade receivables as at 31 December 2013 (31 December 2012: CHF 5.1 million). The table shows the change in valuation allowances:

in TCHF	**2013**	2012
Total as at 1 January	**5136**	**4061**
Allowances for doubtful accounts	932	1568
Change in scope of consolidation	0	107
Depreciation of irrecoverable receivables	–3537	–213
Unused amounts reversed	–437	–265
Currency differences	62	–122
Total as at 31 December	**2156**	**5136**

Trade receivables are classified into the three main currencies used by the Group, with a fourth group for all other currencies.

in TCHF	**31.12.2013**	31.12.2012
CHF	32 342	26 184
EUR	15 450	11 702
USD	19 147	23 313
Other currencies	12 734	14 310
Total trade receivables (gross)	**79 673**	**75 509**

8 Other receivables and accrued income / prepaid expenses

in TCHF	**31.12.2013**	31.12.2012
Other receivables	12 623	9 164
Prepayments to suppliers	3 511	1 714
Accruals	3 617	3 910
Total	**19 751**	**14 788**

Other receivables mainly comprise tax credits due from state authorities (tax authorities) and bills receivable. The accruals include among others prepayments for insurance benefits and credits for maintenance and servicing work not yet carried out.

9 Inventories

in TCHF	**31.12.2013**	31.12.2012
Manufacturing components and spare parts	29 595	30 629
Semi-finished goods / work in process	4 251	3 614
Finished goods	19 424	23 964
Total	**53 270**	**58 207**

The inventories are not pledged to third parties.

The change in write-downs of inventories is as follows:

in TCHF	**2013**	2012
Total as at 1 January	**12 271**	**9 903**
Write-downs charged to income statement	2 691	4 714
Change in scope of consolidation	0	561
Used to write off obsolete inventories	–4 659	–1 931
Unused amounts reversed	–1 203	–790
Currency differences	–172	–186
Total as at 31 December	**8 928**	**12 271**

The expenditure recognized in the income statement in connection with the value adjustments of inventories amounts to CHF 1.5 million (2012: CHF 3.9 million).

10 Non-current assets held for sale

The non-current asset held for sale with a carrying value of CHF 0.7 million as at 31 December 2012 was a building in Rousset (France) which was no longer used for its original purpose. As at 31 December 2012, there were no liabilities in connection with the building earmarked for sale. The building was sold in the reporting period 2013.

11 Deferred taxes

11.1 Statement of carrying values

in TCHF	**31.12.2013**	31.12.2012[2]
Property, plant and equipment / intangible assets	1352	1470
Trade receivables and inventories[1]	3408	5262
Provisions	1257	1320
Tax-loss carryforwards	8414	7614
Tax credits	3082	2176
Other items	1033	1789
Total deferred tax assets (gross)	**18546**	**19631**
Offset against deferred tax liabilities	–4450	–4769
Balance sheet deferred tax assets	**14096**	**14862**
Property, plant and equipment / intangible assets	5357	5288
Trade receivables and inventories	2500	1897
Provisions	615	634
Other items	18	171
Total deferred tax liabilities (gross)	**8490**	**7990**
Offset against deferred tax assets	–4450	–4769
Balance sheet deferred tax liabilities	**4040**	**3221**
Net deferred tax assets (+) / tax liabilities (–)	**10056**	**11641**

1) Including unrealized intragroup profit.
2) Prior-year figures restated owing to application of IAS 19 (revised).

11.2 Statement of changes

in TCHF	**2013**	2012[1]
Net total as at 1 January	**11641**	**4684**
Credited (+) respectively charged (–) to the income statement	–337	5834
Credited (+) respectively charged (–) to the other comprehensive income	–860	–647
Change in scope of consolidation	0	2206
Currency translation differences	–388	–436
Net total as at 31 December	**10056**	**11641**

1) Prior-year figures restated owing to application of IAS 19 (revised).

The total of the temporary differences relating to investments in affiliated companies for which no deferred taxes have been reported came to CHF 33.9 million as at 31 December 2013 (2012: CHF 35.2 million). As at 31 December 2013, deferred tax assets of CHF 5.0 million (2012: CHF 4.9 million) in connection with tax-loss carryforwards of CHF 15.8 million (2012: CHF 16.6 million) were not capitalized. Thereof CHF 4.2 million will expire between 1–5 years and CHF 11.6 million in more than 5 years.

12 Other non-current receivables

in TCHF	**31.12.2013**	31.12.2012
Present value of minimum lease payments	105	178
Rent deposit and other non-current receivables	182	181
Total	**287**	**359**

Komax has lease agreements with various customers for the financing of machine purchases. The leasing period is normally between 36 and 60 months. The agreements are subject to termination, with the lessee being required to bear the cost of termination. All agreements envisage the purchase of the leased asset at the end of the term, either as a fixed agreement or in the form of a purchase option. It is the duty of the lessee to ensure that the leased asset is properly insured. Non-current receivables from financing leases are recognized in the “Other non-current receivables” item, current receivables from financing leases in the “Trade receivables” item. Details can be found in the table below:

in TCHF	**31.12.2013**	31.12.2012
Gross investment in the lease	**220**	**360**
less unguaranteed residual value in favour of lessor	–18	–17
less unearned finance income	–21	–43
Present value of minimum lease payments	**181**	**300**

in TCHF			**31.12.2013**
	0–1 year	**1–5 years**	**Total**
Gross investment in the lease	90	130	**220**
Present value of minimum lease payments	76	105	**181**

in TCHF			31.12.2012
	0–1 year	**1–5 years**	**Total**
Gross investment in the lease	143	217	**360**
Present value of minimum lease payments	122	178	**300**

As at 31 December 2013, just as on the previous year’s balance sheet date, no value adjustments needed to be recognized for irrecoverable minimum lease payments.

13 Employee benefits (IAS 19)

13.1 Defined benefit plans

Komax maintains retirement benefit plans for its employees in Switzerland and abroad. In conformity with IFRS, the retirement benefit plans in Switzerland are defined benefit schemes. For the principal defined benefit pension schemes, the net expenditure for employee benefits is shown below. Benefits respectively liabilities in accordance with IAS 19 are recognized in the balance sheet of the Komax Group under “Prepaid pension assets” respectively “Defined benefit plan liabilities” and in the consolidated income statement under “Personnel expenses”.

in TCHF	**2013**	2012 [1)]
Current service cost	6164	7401
Interest cost	2424	3079
Gains (–) / losses (+) from plan adjustments	–1051	0
Total employee benefits expenditure of the Komax Group	**7537**	**10480**
Interest income on plan assets	2272	2762
Employee contributions	2674	2584
Total employee benefits income of the Komax Group	**4946**	**5346**
Employee benefits result of the Komax Group [2)]	**–2591**	**–5134**
Employer contributions	4579	4449
Prepayments to the employee benefits plan during the financial year	**1988**	**–685**

1) Prior-year figures restated owing to application of IAS 19 (revised).
2) The employee benefits expenditure of CHF 2.6 million (2012: CHF 5.1 million) is recognized under personnel expenses.

The effect of the revaluation of defined benefit retirement schemes on the other comprehensive income is shown in the table below:

in TCHF	**2013**	2012 [1)]
Actuarial gains (+) and losses (–)	3031	–1355
Gains (+) and losses (–) from the revaluation of pension fund assets	7043	5072
Change to the asset ceiling of pension fund assets	–3541	0
Impact on other comprehensive income	**6533**	**3717**

1) Prior-year figures restated owing to application of IAS 19 (revised).

Benefits agreements for employees in Switzerland are concluded on the basis of pension plans regulated by the Federal Law on Occupational Old-Age, Survivors' and Disability Insurance ("BVG"). The pension plans of the Group are managed by a legally independent foundation which is financed by regular employee and employer contributions. The final pension benefits are dependent on contributions and involve specified minimum guarantees. On the basis of these minimum guarantees, the pension plans in Switzerland are assigned to defined benefit pension plans in this year's accounts, even though they exhibit many of the characteristics of defined contribution pension plans. Any shortfall in cover can be eliminated through a variety of methods, such as increasing employee and employer contributions, lowering the interest rate for retirement assets, reducing future benefits claims, or suspending the right to make advance withdrawals.

Responsibility for the investment strategy of the funded pension plans lies with the Board of Trustees of the pension fund. Asset-liability studies are conducted on a regular basis. These studies review the liabilities arising from the pension plans and evaluate different investment strategies with respect to the interdependent key variables such as expected profits, expected risks, expected contributions, and the expected financing status of the plan. The aim of the asset-liability study is to ensure the appropriate diversification of assets within the plan. The investment strategy is being developed with a view to optimizing the expected profits, controlling risks and restricting fluctuations in the statutory cover ratio in an effective, sustainable manner. The asset-liability study contains strategies for aligning the cash flows of the underlying assets with the anticipated liabilities of the plans.

The pension fund assets are managed by both internal and external asset managers. The investment results are monitored by the management bodies of the pension fund on a regular basis.

Defined benefit obligations developed as follows:

in TCHF	**2013**	2012
Total as at 1 January	**120 338**	**111 974**
Current service cost	6 164	7 401
Interest cost	2 424	3 079
Payments made to and by beneficiaries (net)	–987	–3 471
Gains (–) / losses (+) from plan adjustments	–1 051	0
Remeasurements:		
– experience adjustments	–5 895	1 355
– changes in demographic assumptions	1 702	0
– changes in financial assumptions	1 162	0
Total as at 31 December	**123 857**	**120 338**

In 2013, the Board of Trustees of the Komax pension fund in Switzerland decided to modify the conversion rate in response to the continuing rise in life expectancy and expected returns over the next few years.

The present value of plan assets developed as follows:

in TCHF	2013	2012 1)
Total as at 1 January	**111 817**	**100 421**
Interest income on plan assets	2 272	2 762
Employee contributions	2 674	2 584
Employer contributions	4 579	4 449
Payments made to and by beneficiaries (net)	–987	–3 471
Remeasurements on plan assets	7 043	5 072
Total as at 31 December	**127 398**	**111 817**

1) Prior-year figures restated owing to application of IAS 19 (revised).

The amount recorded in the consolidated balance sheet with respect to the defined benefit schemes were as follows:

in TCHF	2013	2012 1)
Present value of funded obligations	123 857	120 338
Fair value of plan asset	–127 398	–111 817
Overfunding (–) / underfunding (+) as at 31 December	**–3 541**	**8 521**
Limitation of the recognition of plan assets as at 1 January	**0**	**0**
Change to the limitation of the recognition of plan assets	3 541	0
Limitation of the recognition of plan assets as at 31 December	**3 541**	**0**
Recognized liability as at 31 December	**0**	**8 521**

1) Prior-year figures restated owing to application of IAS 19 (revised).

The recognition of pension plan assets is limited to the cash value of all available economic benefits of reimbursements from the plans or reductions in future contributions to the plans. As future contributions exceed the value of future service costs, no retirement assets are applied. However, no liability arises either.

Available assets break down as follows:

%	31.12.2013	31.12.2012
Assets held in shares	33.8	31.0
Assets held in bonds	21.8	23.4
Assets held in real estate	28.5	29.7
Other assets	15.9	15.9
Total	**100.0**	**100.0**

The staff pension scheme of Komax AG invests in the following different asset categories with the aim of achieving an appropriate balance between risk and return:

- shares and bonds, most of which are listed on an exchange;
- real estate, which primarily comprises Swiss properties held by a foundation whose investors are exclusively pension funds;
- other investments, including cash assets and money market instruments whose issuers are financial institutions with a credit rating of at least “A”, as well as other, primarily alternative investments. These are used for risk management purposes and in some cases have exchange-listed prices.

The available assets of the retirement benefit scheme of Komax AG do not include shares of Komax Holding AG or real estate properties used by the Group. The expected return on assets is based on the investment policy of the Board of Trustees. Expected returns on fixed-interest investments are based on the effective gross interest rates at the balance sheet date. Expected returns from equity securities reflect the effective returns empirically determined as obtainable in the long term on the respective markets.

The retirement benefit liabilities are valued using assumptions based on the following economic and demographic parameters (weighted average):

%	**2013**	2012
Discount rate	2.00	2.00
Estimated wage growth rate	1.00	1.00
Increase in current pensions (expectancy of future benefits)	0.00	0.00

At a value of 10.6, the average remaining service period for the calculations as at 31 December 2013 is just above ten years. Average life expectancy on reaching retirement at age 65 or 64, respectively:

Retirement at end of the reporting period:

Years	**2013**	2012
Men	19.8	18.9
Women	23.0	22.3

Retirement 20 years after the end of the reporting period:

Years	**2013**	2012
Men	21.6	21.6
Women	24.8	24.8

The valuation of the net defined benefit obligations is particularly sensitive to changes in the discount rate, life expectancy and wage growth rate, and the increase in current pensions. The following table summarizes the repercussions of a change in these assumptions on the cash value of the defined benefit obligation:

in TCHF	**2013**	2012
Life expectancy		
1 year increase	2146	n.s.
1 year decrease	–1702	n.s.
Discount rate		
1.0% increase	–21019	n.s.
1.0% decrease	27788	n.s.
Wage growth rate		
1.0% increase	6225	n.s.
1.0% decrease	–6015	n.s.
Increase in current pensions		
1.0% increase	12772	n.s.

According to the most recent actuarial estimates, the Group expects employer contributions amounting to CHF 4.6 million for 2014. The expected cash outflows for benefits to be paid within the next year amount to CHF 1.8 million, while those for benefits to be paid within the next 2–5 and 5–10 years amount to CHF 6.8 million and CHF 7.6 million respectively.

13.2 Defined contribution plans

No material costs for defined contribution plans of foreign subsidiaries had to be recognized in the income statement under personnel expenses, neither in the 2013 business year nor in the previous year. The liabilities arising from these retirement benefit plans amounted to CHF 0.1 million as at 31 December 2013 (31 December 2012: CHF 0.1 million). They are recognized in the balance sheet under “Other payables and accrued expenses / deferred income”.

14 Investments in associates

As at 31 December 2013 and 31 December 2012, Komax held a 30% stake in SLE quality engineering GmbH & Co. KG and a 30% stake in SLE quality engineering Verwaltungs GmbH. The investment value in the associated company is calculated via the equity method. The valuation of investments as at 31 December 2013 was based on the unaudited financial statements. Any changes in these statements will be taken into account in the following period. The investment value of CHF 2.1 million reported as at 31 December 2013 (previous year: CHF 2.0 million) is equivalent to the proportion of equity held. There are no contingent liabilities. The proportion of profit is negligible and included in the “Other operating expenses” under “Other expenditure”.

15 Property, plant and equipment

15.1 Property, plant and equipment 2013

Changes in gross values in TCHF Asset category	**Costs 1.1.2013**	**Currency differences**	**Reclassifi-cations**	**Additions**	**Disposals**	**Costs 31.12.2013**
Movables						
Machinery	18899	–206	167	1795	–928	19727
Tools / operating equipment	6044	–14	–40	328	–259	6059
Warehouse equipment	1862	–58	93	3	–4	1896
Vehicles	2872	–44	0	731	–540	3019
Office furnishings	7719	–104	0	176	–392	7399
Information technology	4998	–44	40	572	–867	4699
Prepayments for movables	260	0	–260	107	0	107
Total movables	**42654**	**–470**	**0**	**3712**	**–2990**	**42906**
Real estate						
Buildings	75449	–325	54	1647	–25	76800
Land	11820	–121	0	0	0	11699
Prepayments for real estate	54	0	–54	51	0	51
Total real estate	**87323**	**–446**	**0**	**1698**	**–25**	**88550**
Total	**129977**	**–916**	**0**	**5410**	**–3015**	**131456**

Changes in depreciation in TCHF Asset category	**Accumulated depreciation 1.1.2013**	**Currency differences**	**Reclassifi-cations**	**Accumulated depreciation on disposals**	**Depreciation 2013**	**Accumulated depreciation 31.12.2013**	**Net value property, plant & equipment 31.12.2013**
Movables							
Machinery	9554	–58	0	–664	1898	10730	8997
Tools / operating equipment	3774	–6	0	–259	453	3962	2097
Warehouse equipment	1186	–22	0	–4	99	1259	637
Vehicles	1490	–12	0	–439	453	1492	1527
Office furnishings	4396	–62	0	–332	689	4691	2708
Information technology	3991	–27	0	–822	451	3593	1106
Prepayments for movables	0	0	0	0	0	0	107
Total movables	**24391**	**–187**	**0**	**–2520**	**4043**	**25727**	**17179**
Real estate							
Buildings	32592	–28	0	–23	2601	35142	41658
Land	0	0	0	0	0	0	11699
Prepayments for real estate	0	0	0	0	0	0	51
Total real estate	**32592**	**–28**	**0**	**–23**	**2601**	**35142**	**53408**
Total	**56983**	**–215**	**0**	**–2543**	**6644**	**60869**	**70587**

No impairments had to be booked on property, plant and equipment during the 2013 reporting year. As at 31 December 2013, no contractual obligations were existing in respect of the acquisition of property, plant and equipment. Future liabilities arising from operating lease agreements amount to:
CHF 2.4 million due in 2014,
CHF 6.2 million due in 2015–2018.

15.2 Property, plant and equipment 2012

Changes in gross values in TCHF Asset category	**Costs 1.1.2012**	**Currency differences**	**Reclassifications**	**Additions**	**Change in scope of consolidation**	**Disposals**	**Costs 31.12.2012**
Movables							
Machinery	15446	–179	0	3489	1094	–951	18899
Tools / operating equipment	5844	–33	0	449	56	–272	6044
Warehouse equipment	1764	–11	0	109	4	–4	1862
Vehicles	2428	–35	0	448	326	–295	2872
Office furnishings	7557	–58	14	238	134	–166	7719
Information technology	4628	–30	0	539	20	–159	4998
Prepayments for movables	14	0	–14	260	0	0	260
Total movables	**37681**	**–346**	**0**	**5532**	**1634**	**–1847**	**42654**
Real estate							
Buildings[1)]	72263	–350	–110	1389	2838	–581	75449
Land[1)]	11625	–57	–610	0	862	0	11820
Prepayments for real estate	0	0	0	54	0	0	54
Total real estate	**83888**	**–407**	**–720**	**1443**	**3700**	**–581**	**87323**
Total	**121569**	**–753**	**–720**	**6975**	**5334**	**–2428**	**129977**

Changes in depreciation in TCHF Asset category	**Accumulated depreciation 1.1.2012**	**Currency differences**	**Reclassifications**	**Accumulated depreciation on disposals**	**Depreciation 2012**	**Accumulated depreciation 31.12.2012**	**Net value property, plant & equipment 31.12.2012**
Movables							
Machinery	8973	–36	0	–828	1445	9554	9345
Tools / operating equipment	3532	–16	0	–192	450	3774	2270
Warehouse equipment	1097	–5	0	–4	98	1186	676
Vehicles	1349	–16	0	–230	387	1490	1382
Office furnishings	3933	–36	0	–164	663	4396	3323
Information technology	3770	–21	0	–159	401	3991	1007
Prepayments for movables	0	0	0	0	0	0	260
Total movables	**22654**	**–130**	**0**	**–1577**	**3444**	**24391**	**18263**
Real estate							
Buildings[1)]	30889	–93	–61	–505	2362	32592	42857
Land	0	0	0	0	0	0	11820
Prepayments for real estate	0	0	0	0	0	0	54
Total real estate	**30889**	**–93**	**–61**	**–505**	**2362**	**32592**	**54731**
Total	**53543**	**–223**	**–61**	**–2082**	**5806**	**56983**	**72994**

1) The reclassifications include the building and the land that was reclassified under “Non-current assets held for sale”.

No impairments had to be booked on property, plant and equipment during the 2012 reporting year. As at 31 December 2012, no contractual obligations were existing in respect of the acquisition of property, plant and equipment. Future liabilities arising from operating lease agreements amounted to:
CHF 2.5 million due in 2013,
CHF 6.4 million due in 2014–2017.

16 Intangible assets

16.1 Intangible assets 2013

Changes in gross values in TCHF Asset category	Costs 1.1.2013	Currency differences	Reclassifi-cations	Additions	Disposals	Costs 31.12.2013
Intangible assets						
Software	13 574	–70	46	1 455	–1 056	13 949
Patents	4 146	–1	0	0	0	4 145
Goodwill	30 562	–165	0	0	0	30 397
Technology	17 351	0	0	0	0	17 351
Prepayments	46	0	–46	1 167	0	1 167
Total	**65 679**	**–236**	**0**	**2 622**	**–1 056**	**67 009**

Changes in depreciation in TCHF Asset category	Accumulated depreciation 1.1.2013	Currency differences	Reclassifi-cations	Accumulated depreciation on disposals	Depreciation 2013	Accumulated depreciation 31.12.2013	Net value intangible assets 31.12.2013
Intangible assets							
Software	8 884	–40	0	–1 056	1 900	9 688	4 261
Patents	4 130	–1	0	0	10	4 139	6
Goodwill	0	0	0	0	0	0	30 397
Technology	1 676	0	0	0	1 988	3 664	13 687
Prepayments	0	0	0	0	0	0	1 167
Total	**14 690**	**–41**	**0**	**–1 056**	**3 898**	**17 491**	**49 518**

Goodwill impairment test

Goodwill acquired through previous acquisitions is allocated to the cash-generating units at operating segment level. The allocation is determined by the strategic intention behind the acquisition of each entity.

Cash-generating unit (CGU) in TCHF	Segment	31.12.2013	31.12.2012
Wire	Wire	14 895	14 942
Solar	Solar	3 591	3 661
Medtech (MTS)	Medtech	9 957	10 005
Inkjet (INJ)	Medtech	1 954	1 954
Total		**30 397**	**30 562**

The recoverable amount of a CGU is obtained from the calculation of its fair value less costs to sell. These calculations are based on projected cash flows derived from the five-year plan issued by the Board of Directors. Assumptions for the calculation of the fair value less costs to sell were as follows:

2013	Wire	Solar	MTS	INJ
Gross profit margin	62.2%	39.1%	51.6%	36.8%
Average growth rate	4.9%	37.4%	3.2%	17.8%
Discount rate (pre-tax)	7.4%	8.0%	6.9%	7.7%

2012	Wire	Solar	MTS	INJ
Gross profit margin	59.6%	42.1%	50.6%	31.2%
Average growth rate	8.2%	61.2%	14.2%	4.2%
Discount rate (pre-tax)	6.2%	6.5%	5.7%	6.2%

Management has determined the budgeted gross profit margin based on past developments and expectations regarding the future development of the market. The discount rates applied are interest rates before taxes and reflect the specific risks of the operating segments in question.

The impairment test performed showed that the value of the goodwill was sustainable and revealed no signs of any impairment.

16.2 Intangible assets 2012

Changes in gross values in TCHF Asset category	**Costs 1.1.2012**	**Currency differences**	**Reclassifi-cations**	**Additions**	**Change in scope of con-solidation**	**Disposals**	**Costs 31.12.2012**
Intangible assets							
Software	11488	–47	348	2012	111	–338	13574
Patents	4147	–1	0	0	0	0	4146
Goodwill	26126	–248	0	0	4684	0	30562
Technology	4523	0	0	0	12828	0	17351
Prepayments	348	0	–348	46	0	0	46
Total	**46632**	**–296**	**0**	**2058**	**17623**	**–338**	**65679**

Changes in depreciation in TCHF Asset category	**Accumulated depreciation 1.1.2012**	**Currency differences**	**Reclassifi-cations**	**Accumulated depreciation on disposals**	**Depreciation 2012**	**Accumulated depreciation 31.12.2012**	**Net value intangible assets 31.12.2012**
Intangible assets							
Software	7741	–30	0	–338	1511	8884	4690
Patents	4121	–1	0	0	10	4130	16
Goodwill	0	0	0	0	0	0	30562
Technology	431	0	0	0	1245	1676	15675
Prepayments	0	0	0	0	0	0	46
Total	**12293**	**–31**	**0**	**–338**	**2766**	**14690**	**50989**

17 Ownership restrictions for own liabilities

Assets pledged to secure own liabilities:

in TCHF	**31.12.2013**	31.12.2012
Book value real estate	45587	46772
Lien on real estate	52494	52710
Utilization (indemnification syndicated loan)	30044	57350

Real estate consists of land and buildings in Switzerland and USA.

18 Financial liabilities

	Currency	2013 Interest rate	31.12.2013 in TCHF	2012 Interest rate	31.12.2012 in TCHF
M&T Bank, York (PA)	USD	3.75%	2494	0.00%	0
Deutsche Bank, Minden	EUR	0.96%	1550	0.00%	0
Total			**4044**		**0**

The fair value of current financial liabilities as at 31 December 2013 essentially corresponds to the book value. The average interest on financial liabilities was 2.48% in the reporting year.

19 Trade payables

The carrying amounts of trade payables are allocated to the currencies shown in the table. The carrying amounts reflect their fair value.

in TCHF	31.12.2013	31.12.2012
CHF	7705	7335
EUR	3329	2840
USD	2835	2069
Other currencies	1828	2091
Total trade payables	**15697**	**14335**

20 Other payables and accrued expenses / deferred income

in TCHF	31.12.2013	31.12.2012
Other payables	6182	6695
Liabilities for social security and pension funds	313	300
Prepayments by customers	6770	1624
Accrual for personnel expenses	9517	8344
Commission payments to representatives	1928	1455
Invoices not yet received	1208	813
Other accruals	1925	2658
Accrued expenses / deferred income	**21348**	**14894**
Prepayments on systems[1)]	16496	48299
less accruals/deferrals in respect of systems	–10763	–42707
Liabilities arising from POC	**5733**	**5592**
Total	**33576**	**27481**

1) See also Note 7.

Other payables mainly comprise amounts due to state authorities (tax authorities). Their carrying amounts are allocated to the currencies shown in the table:

in TCHF	31.12.2013	31.12.2012
CHF	4348	4857
EUR	460	388
USD	101	49
Other currencies	1273	1401
Total other payables	**6182**	**6695**

21 Provisions

in TCHF Warranty provisions	**2013**	2012
Total as at 1 January	**4 646**	**3 280**
Additional provisions	3 915	4 446
Change in scope of consolidation	0	259
Amounts utilized during the year	–2 842	–3 057
Unused amounts reversed	–1 256	–216
Currency differences	–9	–66
Total as at 31 December	**4 454**	**4 646**

Warranty provisions include material and personnel costs in relation to warranty work. Provisions for warranty are reviewed and adjusted annually.

in TCHF Other provisions	**2013**	2012
Total as at 1 January	**1 464**	**0**
Additional provisions	0	1 464
Amounts utilized during the year	–1 488	0
Unused amounts reversed	0	0
Currency differences	24	0
Total as at 31 December	**0**	**1 464**

As at 31 December 2012, the other provisions included the provision for restructuring charges that were completely utilized during 2013.

22 Financial loans

	Currency	**2013** Interest rate	**31.12.2013** in TCHF	2012 Interest rate	31.12.2012 in TCHF
Credit Suisse, Zurich[1]	CHF	0.82%	16 000	0.83%	20 000
Credit Suisse, Zurich[1] [2]	CHF	0.80%	4 543	0.80%	19 415
Credit Suisse, Zurich[1]	CHF	0.80%	5 000	0.00%	0
Credit Suisse, Zurich[1]	EUR	0.00%	0	1.43%	14 640
M&T Bank, York (PA)	USD	0.00%	0	3.75%	2 710
Total			**25 543**		**56 765**

1) Utilized credit facilities as part of the CHF 120.0 million syndicated loan agreement under the stewardship of Credit Suisse (participating banks: Basler Kantonalbank, Credit Suisse, Deutsche Bank, Luzerner Kantonalbank, UBS and Zürcher Kantonalbank).

2) Utilized credit line amounting to CHF 5.0 million as at 31 December 2013 (31 December 2012: CHF 20.0 million) less transaction costs of CHF 0.5 million (31 December 2012: CHF 0.6 million).

As at 31 December 2013, the Komax Group had unutilized credit lines of CHF 87.1 million (31 December 2012: CHF 60.9 million). The average interest on financial loans was 0.82% in 2013, compared with 1.29% in the previous year. The fair value of non-current financial loans corresponds to their carrying value.

23 Share capital

As at 31 December 2013, the share capital amounted to CHF 352 378. This comprised 3 523 780 fully paid-up registered shares, each with a par value of CHF 0.10. As a result of the exercising of option rights, the share capital increased by CHF 7 999 in relation to 2012 (2012: CHF 4 291).

As at 31 December 2013, the Group held 26 000 treasury shares (2012: 27 483 treasury shares).

24 Segment reporting

24.1 Information by segment

2013 in TCHF	**Wire**	**Solar**	**Medtech**	**Corporate[2]**	**Group**
Net sales from external customers	252 877	20 133	67 909	31	340 950
Net sales from other segments	905	73	224	–1 202	0
Total net sales	**253 782**	**20 206**	**68 133**	**–1 171**	**340 950**
EBIT	**47 388**	**–9 746**	**3 053**	**–7 471**	**33 224**
Investment in non-current assets	7 459	48	441	84	8 032
Sale of non-current assets	330	154	37	13	534
Depreciation	7 828	1 681	1 009	24	10 542

2012[1] in TCHF	**Wire**	**Solar**	**Medtech**	**Corporate[2]**	**Group**
Net sales from external customers	227 088	9 873	49 722	42	286 725
Net sales from other segments	1 167	0	82	–1 249	0
Total net sales	**228 255**	**9 873**	**49 804**	**–1 207**	**286 725**
EBIT	**52 729**	**–21 171**	**–8 600**	**–9 341**	**13 617**
Investment in non-current assets	5 994	2 493	546	0	9 033
Sale of non-current assets	120	6	6	0	132
Depreciation	6 033	1 421	1 084	34	8 572

1) Prior-year figures restated owing to application of IAS 19 (revised).
2) Including elimination of intersegment revenues.

Costs allocated to Corporate include expenses arising in conjunction with the Komax Group’s option plan, expenses and income arising from bookings for defined benefit pension schemes according to IAS 19, the salaries of Group Management, compensation for the Board of Directors, as well as the costs of Komax Holding AG.

The table shows the reconciliation of the total of the reportable segments’ EBIT to the Group profit after taxes:

in TCHF	**2013**	2012[1]
EBIT	**33 224**	**13 617**
Financial income	4 329	4 554
Financial expenses	–7 447	–7 955
Group profit before taxes	**30 106**	**10 216**
Taxes	4 977	790
Group profit after taxes	**25 129**	**9 426**

1) Prior-year figures restated owing to application of IAS 19 (revised).

Net sales from external customers were generated in the following five operating segments:

in TCHF	**2013**	2012
Wire[1]	252 908	227 130
Solar	20 133	9 873
Medtech (MTS)	60 396	35 985
Inkjet (INJ)	5 117	13 028
Mechanical and Electronic Systems Assembly (MES/EES)	2 396	709
Total	**340 950**	**286 725**

1) Including Corporate sales.

24.2 Information by geographical area

Net sales by location of purchasing party	**2013** in TCHF	%	2012 in TCHF	%	+/– %
Switzerland	7 021	2.1	5 624	2.0	24.8
Europe[1]	179 828	52.7	141 736	49.4	26.9
North and South America	79 821	23.4	81 626	28.5	–2.2
Asia/Pacific	74 280	21.8	57 739	20.1	28.6
Total	**340 950**	**100.0**	**286 725**	**100.0**	**18.9**

Net sales by location of service provider	**2013** in TCHF	%	2012 in TCHF	%	+/– %
Switzerland	129 738	38.0	115 941	40.4	11.9
Europe[1]	53 087	15.6	48 390	16.9	9.7
North and South America	99 058	29.1	73 723	25.7	34.4
Asia/Pacific	59 067	17.3	48 671	17.0	21.4
Total	**340 950**	**100.0**	**286 725**	**100.0**	**18.9**

Non-current assets by location of service provider[2]	**2013** in TCHF	%	2012 in TCHF	%	+/– %
Switzerland	94 283	77.0	97 239	77.0	–3.0
Europe[1]	7 392	6.0	6 683	5.3	10.6
North and South America	17 873	14.6	18 996	15.0	–5.9
Asia/Pacific	2 972	2.4	3 451	2.7	–13.9
Total	**122 520**	**100.0**	**126 369**	**100.0**	**–3.0**

1) Including Africa.
2) Without deferred tax assets.

Domiciled in Switzerland, the Komax Group is active in three other geographical areas where it is represented with its own companies. The commercial revenues of the Group are predominantly generated in Europe, North and South America, and the Asia/Pacific region. Net sales are assigned on the basis of the country in which the customer is based (location of purchasing party). In addition, reporting is also undertaken on the basis of the country in which the sales company has its headquarters (location of service provider). Assets are listed as per the headquarters of the company to which they belong. The Europe region also includes the sales generated and assets located in Africa (particularly Tunisia and Morocco).

24.3 Significant customers

Neither in the 2013 reporting year nor in the previous year did the Komax Group generate sales amounting to 10% or more of Group revenues with any individual customer.

25 Other operating income

in TCHF	2013	2012
Own work capitalized	303	1 277
Government grants	9	150
Gains from the disposal of property, plant and equipment	407	64
Total other operating income	**719**	**1 491**

26 Information on personnel

26.1 Personnel expenses

in TCHF	2013	2012[1]
Wages and salaries	90 551	82 317
Share-based payments	1 769	1 700
Social security and pension contributions	15 627	16 966
Other personnel costs (training and development)	3 467	2 642
Total personnel expenses	**111 414**	**103 625**

1) Prior-year figures restated owing to application of IAS 19 (revised).

Personnel expenses include all performance-related compensation for the past business year. Further details on employee benefits are given in Note 13.

26.2 Share option plan of the Komax Group

The executive share ownership scheme for directors and management of the Komax Group includes a share option plan. The option plan was introduced in 1998 and is designed to give executives and selected employees added interest in shareholder value and enable them to share in the company’s success. The share option plan takes the form of share-based compensation settled in equity instruments by means of a capital increase (equity-settled plan). The number of options allocated depends on the individual performance of the entitled employee. The options granted entitle holders to subscribe one Komax Holding AG share per option and are valid for five years. They have a predetermined exercise price and are subject to a three-year lock-in period.

	2013 No.	Weighted average exercise price CHF	2012 No.	Weighted average exercise price CHF
Outstanding at beginning of year	**282 207**	**73.93**	**327 328**	**89.70**
Granted	95 363	67.03	87 525	66.21
Exercised	–79 991	61.42	–42 909	42.78
Forfeited	–3 260	73.22	–9 433	85.63
Expired	–2 160	42.78	–80 304	145.06
Outstanding at end of year	**292 159**	**75.34**	**282 207**	**73.93**

Of the 292 159 outstanding options (2012: 282 207), 32 106 were exercisable as at 31 December 2013 (2012: 36 832). Options exercised in 2013 led to the issue of 79 991 shares (2012: 42 909) at a price of CHF 61.42 per share. The weighted average share price at the time of exercising was CHF 106.30 (2012: CHF 86.04).

The following table summarizes information on options granted and not yet exercised as at 31 December 2013:

Expiry date 31 December	Number	**Exercise price** CHF
2014	32 106	75.68
2015	81 546	94.25
2016	83 810	66.21
2017	94 697	67.03
Total	**292 159**	

The fair value of the options granted in the 2013 financial year – as determined by the Enhanced American Model, an approach based on the binomial model concept – amounted to CHF 17.27 (2012: CHF 16.28). The key parameters for the valuation model are the share price of CHF 71.00 (2012: CHF 68.75) on the day granted, the exercise price listed above, the standard deviation for the expected share price return of 43.2% (2012: 46.6%), the option term of five years, and the risk-free interest rate of 0.18% (2012: 0.32%). The anticipated dividend yield is 4.37% (2012: 5.54%). The volatility of 43.2% used in these calculations represents an arithmetic average of the historical volatility of Komax Holding AG for the last four years and that of a representative peer group.

26.3 Breakdown of employees by country and areas of activity

2013	**CH**[1]	**Europe**[2]	**Americas**[3]	**Asia**[4]	**Africa**[5]	**Total**
Production	222	98	85	102	23	**530**
Research and development	109	19	7	11	0	**146**
Engineering	83	38	55	27	7	**210**
Marketing and sales	117	66	76	78	19	**356**
Administration[6]	50	23	29	31	6	**139**
Total headcount at 31 December 2013	**581**	**244**	**252**	**249**	**55**	**1 381**

2012	**CH**[1]	**Europe**[2]	**Americas**[3]	**Asia**[4]	**Africa**[5]	**Total**
Production	230	91	71	102	23	**517**
Research and development	102	20	8	10	0	**140**
Engineering	73	42	50	31	3	**199**
Marketing and sales	109	64	74	76	16	**339**
Administration[6]	49	23	25	33	5	**135**
Total headcount at 31 December 2012	**563**	**240**	**228**	**252**	**47**	**1 330**

1) Komax AG, Dierikon (including operating facility in Rotkreuz), Komax Systems LCF SA, La Chaux-de-Fonds.
2) Komax companies in Europe: Germany, France, Portugal, Turkey.
3) Komax companies in North and South America: USA, Brazil.
4) Komax companies in Asia: Singapore, China, Malaysia, India, Japan.
5) Komax companies in Africa: Morocco, Tunisia.
6) Including management/IT.

26.4 Average number of employees

The average number of employees in 2013 was 1 342 compared with 1 170 in the previous year.

27 Development expenditure

The aggregate development expenditure for new and further development of Komax products contains personnel expenses, material costs, and costs for third-party development contracts. They amount to CHF 27.0 million, equivalent to 7.9% of revenues, compared with CHF 24.6 million or 8.5% of revenues in the previous year.

28 Other operating expenses

Other operating expenses amount to CHF 25.0 million (2012: CHF 19.5 million) and comprise the following positions:

in TCHF	**2013**	2012
Expenditure on operating equipment and energy	4745	4545
Third-party services for development expenses	5205	3905
Legal and consultancy expenses	2848	3122
Expenditure on administration and sales	2487	2147
Other expenditure	9708	5827
Total other operating expenses	**24993**	**19546**

29 Extraordinary restructuring charges

No extraordinary restructuring charges incurred in the reporting period 2013. In the previous reporting period the extraordinary charges of CHF 1.7 million comprised additional personnel expenses arising from the release of staff necessitated by the poor market situation. Furthermore, these also included the costs resulting from social plans drawn up for the staff in question.

30 Financial result

in TCHF	**2013**	2012
Financial income		
Interest income	157	480
Income from securities	368	145
Exchange rate gains on foreign currencies	3804	3929
Total financial income	**4329**	**4554**
Financial expenses		
Interest expenses	1315	1808
Securities expenses	142	171
Exchange rate losses on foreign currencies	5990	5976
Total financial expenses	**7447**	**7955**
Total financial result	**–3118**	**–3401**

The financial income includes no gains in the current year (2012: CHF 0.01 million) on financial assets held for trading. Exchange rate losses amounting to CHF –0.04 million (2012: CHF –0.07 million) resulting from financial liabilities held for trading are taken into account in the financial expenses. The positions include both book gains and losses and realized gains and losses.

31 Taxes

in TCHF	**2013**	2012[1)]
Current income taxes	4640	6624
Deferred tax income (–) / tax expenses (+)	337	–5834
Total	**4977**	**790**

1) Prior-year figures restated owing to application of IAS 19 (revised).

Analysis of the tax rate

in TCHF	**2013**	%	2012[1)]	%
Group profit before taxes	30106		10216	
Expected tax expenses	**4238**	**14.1**	**155**	**1.5**
Impact of non-capitalized tax-loss carryforwards	18	0.1	380	3.7
Effect of changes in tax rate	22	0.1	161	1.6
Tax credits/charges from previous years	529	1.7	–41	–0.4
Effect of non-deductible expenses	204	0.7	293	2.9
Effect of non-taxable income	–197	–0.7	–320	–3.1
Non-reclaimable withholding taxes	147	0.5	205	2.0
Others	16	0.0	–43	–0.5
Effective tax expenses	**4977**	**16.5**	**790**	**7.7**

1) Prior-year figures restated owing to application of IAS 19 (revised).

As the Group is internationally active, its income taxes are dependent on a number of different tax jurisdictions. The expected average Group tax rate is equivalent to the weighted average of tax rates of those countries in which the Group is active. Due to the composition of the taxable income of the Group, as well as changes in local tax rates, this Group tax rate varies from year to year.

32 Earnings per share (EPS)

in CHF	**2013**	2012[1)]
Group profit (attributable to equity holders of the parent company)	**25361681**	**9556293**
Weighted average number of outstanding shares	3458379	3404850
Basic earnings per share	**7.33**	**2.81**
Group profit (attributable to equity holders of the parent company)	**25361681**	**9556293**
Weighted average number of outstanding shares	3458379	3404850
Adjustment for dilutive effect of share options	84498	29360
Weighted average number of outstanding shares for calculating diluted earnings per share	3542877	3434210
Diluted earnings per share	**7.16**	**2.78**

1) Prior-year figures restated owing to application of IAS 19 (revised).

Basic earnings per share are calculated by dividing the consolidated net earnings by the average number of shares outstanding during the fiscal year, excluding treasury shares. Diluted earnings per share are calculated by adding all option rights which would have had a dilutive effect to the average number of shares outstanding.

33 Contingent liabilities

Guarantees in favour of subsidiaries amounting to CHF 11.6 million (2012: CHF 7.9 million) are listed in the notes to the financial statements of Komax Holding AG. Apart from additional guarantees amounting to CHF 0.8 million (2012: CHF 0.6 million) in favour of third parties at subsidiaries, there were no other contingent liabilities towards third parties or Group companies. Sureties comprise almost exclusively guarantees granted to customers for advance payments.

34 Business combinations

34.1 Acquisitions 2013

Komax did not make any acquisitions in 2013. The sole payment made in this context was the sum of CHF 0.6 million as a down payment on the takeover of the majority of SLE quality engineering GmbH & Co. KG as per 1 January 2014.

34.2 Acquisitions 2012

MCM Cosmic KK

In the first half of 2012, Komax acquired 100% of the share capital of the Japanese company MCM Cosmic KK. This company was founded in Tokyo in 1992 and employs 15 employees. It develops and markets wire stripping machinery. As a result of this takeover, Komax Wire added entry-segment machines and coaxial cable processing applications to its product range. The acquisition also gave Komax Wire better access to Japanese customers. The repercussions of the acquisition of MCM Cosmic KK for the presentation of the consolidated financial statements were not significant.

TSK Group

In August 2012, Komax acquired 100% of the share capital of TSK Beteiligungs GmbH, Porta Westfalica, Germany, as well as all its subsidiaries. TSK is one of the world's leading suppliers of products and services for the quality assurance of electrical and electronic assemblies and components, particularly cable harnesses. The company has a workforce of around 350. TSK's product and service offering is a perfect match for Komax Wire's activities. Furthermore, there are synergies as regards customers, distribution and the service business.

in TCHF

Acquired net assets at fair value	
Cash and cash equivalents	1 017
Trade receivables	3 963
Other receivables and accrued income / prepaid expenses	1 422
Inventories	5 013
Deferred tax assets	2 317
Other non-current receivables	1
Property, plant and equipment	4 379
Intangible assets	12 350
Total assets	**30 462**
Financial liabilities	–11 406
Trade payables	–1 604
Other payables and accrued expenses / deferred income	–6 207
Provisions	–203
Financial loans	–6 050
Deferred tax liabilities	–184
Total liabilities	**–25 654**
Acquired net assets	**4 808**
Goodwill	**4 684**
Purchase price paid	9 492
less acquired cash and cash equivalents	–1 017
Net cash out	**8 475**

The transaction costs directly attributable to the acquisition amounted to CHF 0.5 million. These were reported in the operating result in 2012 under the “Other operating expenses”.

The agreement has involved no contingent consideration arrangement.

No contingent liabilities were taken over from the acquired companies.

The fair value of trade receivables and other receivables amounted to CHF 5.1 million, of which CHF 4.0 million related to trade receivables. Their gross value amounted to CHF 4.1 million, of which CHF 0.1 million were presumed to be uncollectable.

The acquired company contributed CHF 13.7 million towards net sales in the period 1 August to 31 December 2012, as well as CHF 0.1 million to Group profit after taxes. The acquired company generated EBITD of 10.5% for this period. Had the acquisition been implemented as of 1 January 2012, the net sales of the Komax Group in 2012 would have amounted to CHF 305.1 million, while profit after taxes would have amounted to CHF 9.8 million.

35 Events after the balance sheet date

No material events occurred between the balance sheet date and the approval of the consolidated financial statements by the Board of Directors on 6 March 2014 which might adversely affect the information content of the 2013 consolidated financial statements or which would require disclosure.

36 Related parties

36.1 Transactions with related parties

Aside from a loan of CHF 1.1 million granted to an associated company, there were no outstanding items with respect to related parties (2012: CHF 0.6 million). In the year under review, no transactions were entered into with members of management in key positions in connection with the sale and purchase of goods and services (2012: none). However, rental payments amounting to CHF 0.1 million (2012: CHF 0.1 million) were made in relation to a production facility. With the exception of the regular employer contributions to the pension fund, no transactions were effected with related parties (2012: none).

36.2 Compensation for the Executive Committee and Board of Directors

In fiscal 2013, the Group’s Executive Committee comprised five (2012: five) members. In conformity with IFRS 2 for the statement of share-based payments, the total compensation for the Executive Committee, including the six (2012: six) directors, is as follows:

in TCHF	Executive Committee		Board of Directors		Total	Total
	2013	2012	**2013**	2012	**2013**	**2012**
Salaries and bonus payments[1)]	2339	1968	724	680	**3063**	**2648**
Share-based payments	394	326	131	114	**525**	**440**
Total	**2733**	**2294**	**855**	**794**	**3588**	**3088**

1) Including the post-employment benefits of CHF 0.2 million for the financial year 2013 (2012: CHF 0.2 million).

A detailed breakdown of the compensation paid to the Board of Directors and the Executive Committee is provided in the notes to the financial statements of Komax Holding AG on pages 107 and 108.

Report of the statutory auditor to the general meeting of Komax Holding AG, Dierikon

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Komax Holding AG, which comprise the balance sheet, income statement, statement of comprehensive income, cash flow statement, statement of changes in equity and notes (pages 54 to 99), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

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

PricewaterhouseCoopers Ltd

Gerd Tritschler	Sven Rumpel
Audit expert	Audit expert
Auditor in charge	

Basel, 10 March 2014

Comments on the financial statements of Komax Holding AG

Balance sheet

The Federal Council enacted the new accounting legislation with effect from 1 January 2013. A transitional period of two years has been granted for the application of this legislation. The Group's financial statements will therefore be drawn up in accordance with the new regulations for the first time in 2015.

1 Assets

Current loans increased by CHF 4.0 million in total. This increase is the result of newly granted loans to subsidiaries.

The value of the stake in Komax Systems LCF SA, Switzerland was increased in the year under review. In addition, the values of the stakes in TSK Beteiligungs GmbH, Germany, and in TSK Prüfsysteme GmbH, Germany, were increased as a result of reclassification of participation loans granted by Komax Holding AG as equity capital. The closure of Komax SA Pty. Ltd., South Africa, was legally completed. The value of this stake was accordingly removed from the accounts.

Both Komax Systems LCF SA, Switzerland, and TSK Prüfsysteme GmbH, Germany, made repayments on their long-term financial loans. By contrast, new long-term financial loans were granted to TSK do Brasil Ltda., Brazil, and to Komax Comercial do Brasil Ltda., Brazil.

2 Liabilities

The current account debt of Komax Holding AG towards Komax AG was increased to CHF 77.8 million in the 2013 financial year as a result of the increase in the stake in Komax Systems LCF SA, Switzerland, and the reduction in the level of credit utilized under the syndicated loan agreement. The dividend of Komax AG, Switzerland, for the 2012 financial year (CHF 26.0 million) was offset against the current account debt.

The "Loans Group" balance sheet item relates to a financial loan amounting to USD 4.0 million granted by Komax Corp., USA.

In 2012, Komax Holding AG and a syndicate of banks led by Credit Suisse concluded a lending agreement for a credit limit of CHF 120.0 million that is valid until 31 July 2017. This line of credit provides the Group with the necessary entrepreneurial flexibility, guarantees the financing of commercial operations, and ensures the continued implementation of corporate strategy. CHF 26.0 million of this credit line was being utilized as at 31 December 2013.

In accordance with the prevailing capital contribution principle, capital contributions (share premiums) made after 31 December 1996 are disclosed in the separate equity item "Capital contribution reserves". Repayments to shareholders from this account are treated as equal to the repayment of nominal capital and are therefore not subject to withholding tax.

The self-financing ratio increased by 4.4 percentage points, from 64.0% in 2012 to 68.4% as per 31 December 2013.

The reserves for treasury shares were increased from CHF 3.1 million in the previous year to CHF 3.5 million to reflect holdings at 31 December 2013. These reserves are valued at the market value of the treasury shares held as at the balance sheet date.

Income statement

3 Revenues

Komax Holding AG's dividend revenues come from Komax AG, Switzerland (CHF 26.0 million), and Komax Management AG, Switzerland (CHF 0.3 million).

The other income from Group companies comprises revenues from services and licences.

Financial income includes interest on loans granted to Group companies, exchange rate gains on current financial loans, and realized and unrealized gains on securities held.

4 Expenditure

Administration expenses comprise compensation for the Board of Directors, patent and licensing costs, legal and advisory expenses, and other operating expenses.

Financial expenses contain interest on loans payable to third parties and Group companies as well as realized and unrealized exchange rate losses.

The "Other expenditure" item contains investor relations expenses, hospitality expenses and insurance premiums.

Balance sheet

in TCHF	**31.12.2013**	31.12.2012
Assets		
Cash and cash equivalents	1 330	496
Treasury shares	2 919	1 951
Other receivables third parties	14	15
Other receivables Group	1 914	1 849
Other receivables associates	19	11
Financial loans Group	108 432	104 394
Financial loans associates	1 116	610
Accrued income / prepaid expenses	649	36
Total current assets	**116 393**	**109 362**
Investments in subsidiaries	155 746	141 455
Investments in associates	2 228	2 228
Participation loans Group	11 195	19 085
Financial loans Group	57 025	58 798
Total non-current assets	**226 194**	**221 566**
Total assets	**342 587**	**330 928**
Liabilities and shareholders' equity		
Other liabilities third parties	430	193
Other liabilities Group	77 774	59 601
Accrued expenses / deferred income	398	610
Provisions	1	1
Loans Group	3 600	4 168
Total current liabilities	**82 203**	**64 573**
Loans third parties	26 000	54 640
Total non-current liabilities	**26 000**	**54 640**
Total liabilities	**108 203**	**119 213**
Share capital	352	344
General statutory reserves	2 100	2 100
Reserves for treasury shares	3 518	3 086
Capital contribution reserves	18 333	20 387
Free reserves	185 185	162 816
Retained earnings	182	196
Profit after taxes	24 714	22 786
Total shareholders' equity	**234 384**	**211 715**
Total liabilities and shareholders' equity	**342 587**	**330 928**

Income statement

in TCHF	2013	2012
Dividend income	26280	26250
Other income from Group companies	452	465
Financial income	5391	4747
Total income	**32123**	**31462**
Administrative expenses	2457	2358
Financial expenses	4151	5552
Other expenses	785	734
Total expenses	**7393**	**8644**
Profit before taxes	**24730**	**22818**
Taxes	16	32
Profit after taxes	**24714**	**22786**

Notes to the 2013 financial statements

1 Contingent liabilities

in TCHF	**31.12.2013**	31.12.2012
Joint liability for Group taxation value-added tax	p.m.	p.m.
Guarantees (in favour of subsidiaries)		
in EUR	402	42
in USD	1454	455
in CHF	9760	7355
Total	**11616**	**7852**

2 Conditional capital

As at 1 January 2013, the conditional capital consisted of 406 211 registered shares, each with a par value of CHF 0.10, created for management and employee share ownership schemes. 79 991 options were converted into shares in 2013 (2012: 42 909). There was no increase in the conditional capital.

Change in conditional share capital	**Number of conditional registered shares**	**Par value CHF**	**Conditional share capital CHF**
Opening amount as at 1 January 2013	**406211**	**0.10**	**40621**
Reduction in conditional share capital as a result of exercise of options in 2013	–79991	0.10	–7999
Closing amount as at 31 December 2013	**326220**	**0.10**	**32622**

3 Treasury shares

Change in 2013	**1.1.2013**	**Additions**	**Disposals**	**31.12.2013**
Opening amount	27 483			
Purchases (avg. CHF 0.00/share)		0		
Sales (avg. CHF 130.39/share)			–1 483	
Closing amount				26 000
Total	**27 483**	**0**	**–1 483**	**26 000**

Change in 2012	**1.1.2012**	**Additions**	**Disposals**	**31.12.2012**
Opening amount	27 483			
Purchases (avg. CHF 0.00/share)		0		
Sales (avg. CHF 0.00/share)			0	
Closing amount				27 483
Total	**27 483**	**0**	**0**	**27 483**

4 Major shareholders

at 31 December 2013 **Shareholder / shareholder group**	**No. of shares**	**Interest[1]**
Max Koch, Meggen	232 401	6.7%

at 31 December 2012 Shareholder / shareholder group	**No. of shares**	**Interest[1]**
Max Koch, Meggen	231 401	6.8%

1) Calculated on the basis of 3 443 789 shares that were registered as at the balance sheet date of 31 December 2013 (2012: 3 400 880).

5 Externally regulated capital requirements (covenants)

The Group’s financial liabilities are subject to the following externally regulated capital requirements (covenants) as per the syndicated loan agreement:

- The gearing factor may not exceed 2.75 either at 31 December 2013 or thereafter at each quarter-end balance sheet date.
- The self-financing ratio (i.e. the Group’s reported equity plus subordinated loans less goodwill divided by total assets less goodwill) may not fall below 50% at any balance sheet reference date.

The Komax Group has complied with all capital requirements since the contract signing date as well as at 31 December 2013. Within the scope of the syndicated loan agreement, Komax Holding AG guarantees for the liabilities of any member of the Komax Group.

6 Risk assessment

A detailed description of risk management can be found on pages 72 to 74 of Note 3 to the consolidated financial statements.

7 Remuneration of Board of Directors and Executive Committee

The compensation paid to the members of the Board of Directors and Executive Committee includes, in particular, fees, wages, bonuses, and the allocation of options in the context of the share-based compensation from the employee participation programme. The variable remuneration is dependent on the business result and the fulfilment of key individual tasks. All amounts are gross and include social security contributions payable by employees. Of the employer's contribution towards social security, pension fund contributions are shown.

The following benefits were paid out in the 2013 and 2012 financial years:

CHF		Gross value of salaries and fees during the financial year	Gross value of cash bonuses	Allocation number of options	Tax value of options[5]	BVG contributions	Total remuneration 2013	Total remuneration 2012
Board of Directors								
Leo Steiner	Chairman	237 500	0	2 500	31 625	0	269 125	256 200
Daniel Hirschi	Member	97 500	0	1 000	12 650	0	110 150	104 480
Max Koch	Member	97 500	0	1 000	12 650	0	110 150	104 480
Hans Caspar von der Crone	Member	100 000	0	1 000	12 650	0	112 650	109 480
Kurt Haerri[1]	Member	92 500	0	1 000	12 650	0	105 150	67 240
Roland Siegwart[2]	Member	62 500	0	666	8 425	0	70 925	n.s.
Melk M. Lehner[3]	Member	36 250	0	416	5 262	0	41 512	104 480
Total Board of Directors		**723 750**	**0**	**7 582**	**95 912**	**0**	**819 662**	**746 360**
Executive Committee								
Beat Kälin[4]	CEO	423 138	236 278	8 000	101 200	62 400	823 016	627 378
Total other members of Executive Committee		1 019 170	457 052	14 799	187 207	140 790	1 804 219	1 530 070
Total Executive Committee		**1 442 308**	**693 330**	**22 799**	**288 407**	**203 190**	**2 627 235**	**2 157 448**

1) Member of the Board of Directors since 3 May 2012.
2) Member of the Board of Directors since 3 May 2013.
3) Member of the Board of Directors until 3 May 2013.
4) Highest-compensated member of Executive Committee.
5) The options were valued on the basis of their tax value. This is CHF 12.65 for the 2013 options, which have an exercise price of CHF 67.03 and a duration of five years (three years to vest, two years to exercise).

8 Holdings of shares and options

Assets in units		31.12.2013 Shares	Options	31.12.2012 Shares	Options
Board of Directors					
Leo Steiner	Chairman	118 650	9 500	118 650	7 000
Daniel Hirschi	Member	1 200	4 000	200	4 000
Max Koch	Member	232 401	4 000	231 401	4 000
Hans Caspar von der Crone	Member	10 300	4 000	9 300	4 000
Kurt Haerri	Member	25	1 500	25	500
Roland Siegwart[1)]	Member	0	666	n.s.	n.s.
Melk M. Lehner[2)]	Member	n.s.	n.s.	11 000	4 000
Total Board of Directors		**362 576**	**23 666**	**370 576**	**23 500**
Executive Committee					
Beat Kälin	CEO	6 300	31 000	7 300	27 000
Andreas Wolfisberg	CFO	1 000	9 000	1 100	9 000
Walter Nehls	Head of BU Solar	1 500	11 799	1 200	10 000
Matijas Meyer	Head of BU Wire	0	9 000	0	7 500
René Ronchetti	Head of BU Medtech	0	4 000	0	1 000
Total Executive Committee		**8 800**	**64 799**	**9 600**	**54 500**

1) Member of the Board of Directors since 3 May 2013.
2) Member of the Board of Directors until 3 May 2013.

No loans or credits were granted to members of the Board of Directors, members of the Executive Committee, or related parties of these persons during the 2013 and 2012 financial years. There are no outstanding loans or credits to these persons.

There are no other items requiring disclosure under sections 663b, 663b^{bis}, and 663c of the Swiss Code of Obligations.

This page has been intentionally left blank.

Komax Group Companies

Direct and indirect equity participation as at 31 December 2013

Komax Holding AG
Dierikon, Switzerland

Purpose: Holding of equity interests
Listed on the SIX Swiss Exchange
Swiss security ID code: 001070215
Share capital: CHF 352 378.00
Market capitalization:
CHF 476.8 million

Company	Place
Komax Management AG	Dierikon, Switzerland
Komax AG	Dierikon, Switzerland
Komax Systems LCF SA	La Chaux-de-Fonds, Switzerland
Komax France Sàrl.	Epinay-sur-Seine, France
Komax Deutschland GmbH	Nuremberg, Germany
Komax Portuguesa S.A.	S. Domingos de Rana, Portugal
Komax Holding Corp.	Buffalo Grove, Illinois, USA
Komax Solar Inc.	York, Pennsylvania, USA
Komax Systems Rockford Inc.	Rockford, Illinois, USA
Komax Corp.	Buffalo Grove, Illinois, USA
Komax Comercial do Brasil Ltda.	São Paulo, Brazil
Komax Maroc Sàrl.	Mohammédia, Morocco
Komax Shanghai Co. Ltd.	Shanghai, China
Komax Systems Malaysia Sdn. Bhd.	Penang, Malaysia
Komax Japan K.K.	Tokyo, Japan
Komax Singapore Pte. Ltd.	Singapore
Komax Automation India Pvt. Ltd.	Gurgaon, India
TSK Beteiligungs GmbH	Porta Westfalica, Germany
TSK Prüfsysteme GmbH	Porta Westfalica, Germany
TSK Innovations Co.	El Paso, Texas, USA
TSK do Brasil Ltda.	Colombo, Brazil
TSK Tunisia s.a.l.	Tunis, Tunisia
TSK Test Sistemleri Ltd. Sti.	Velimese Corlu, Turkey
TSK Test Systems (Shanghai) Co. Ltd.	Shanghai, China
Komax Jinchen Solar Equipment (Yingkou) Co. Ltd.	Yingkou, China
SLE quality engineering Verwaltungs GmbH	Grafenau, Germany
SLE quality engineering GmbH & Co. KG	Grafenau, Germany

Purpose	Participation	Ordinary capital	
Group services and management	100%	CHF	100 000
R&D, engineering, production, marketing, sales	100%	CHF	5 000 000
R&D, engineering, production, marketing, sales	100%	CHF	10 750 000
Sales	100%	EUR	1 500 000
Sales	100%	EUR	400 000
Sales	100%	EUR	1 500 000
Holding of equity interests	100%	USD	8 160 000
R&D, engineering, production, marketing, sales	100%	USD	150
Engineering, production, marketing, sales	100%	USD	10 000
Sales	100%	USD	1 000 000
Sales	100%	BRL	200 000
Sales	100%	MAD	10 000 000
R&D, production, sales	100%	USD	200 000
Engineering, production, sales	100%	MYR	3 000 000
R&D, production, marketing, sales	100%	JPY	30 000 000
Sales	100%	SGD	100 000
Sales	100%	INR	10 000 000
Holding of equity interests	100%	EUR	4 000 000
R&D, engineering, production, marketing, sales	100%	EUR	1 764 700
Engineering, production, marketing, sales	100%	USD	1 000 000
Engineering, production, marketing, sales	100%	BRL	362 500
Engineering, production, marketing, sales	100%	TND	366 000
R&D, engineering, production, marketing, sales	100%	TRY	265 500
R&D, engineering, production, marketing, sales	100%	CNY	3 275 902
R&D, engineering, production	51%	CNY	16 000 000
Administration	30%	EUR	25 000
R&D, engineering, production, marketing, sales	30%	EUR	5 700 000

Proposal for the appropriation of profit

The Board of Directors proposes the following appropriation of profit and payout (which is not subject to withholding tax) from the capital contribution reserves:

in CHF	**31.12.2013**	31.12.2012
Balance carried forward from previous year	181 539	195 845
Profit after taxes	24 713 672	22 785 694
Transfer from capital contribution reserves	15 857 010	6 887 578
Total available for distribution	**40 752 221**	**29 869 117**
Payout from capital contribution reserves of CHF 4.50 per registered share (2012: CHF 2.00) which is not subject to withholding tax[1)]	15 857 010	6 887 578
Allocation to free reserves	24 700 000	22 800 000
Profit carried forward	195 211	181 539
Total	**40 752 221**	**29 869 117**

1) The stated amount covers the requirement for the payout from capital reserves for all registered shares outstanding. Registered shares which will be issued after 1 January 2014 upon exercise of options are also entitled to the payout from capital reserves. Therefore, the stated amount may be subject to changes.

Report of the statutory auditor to the general meeting of Komax Holding AG, Dierikon

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Komax Holding AG, which comprise the balance sheet, income statement and notes (pages 103 to 111), for the year ended 31 December 2013.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.
In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.
We further confirm that the proposed appropriation of retained earnings and reserves comply with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers Ltd

Gerd Tritschler	Sven Rumpel
Audit expert	Audit expert
Auditor in charge	

Basel, 10 March 2014

Glossary

Mechatronics	The term mechatronics describes the synergistic interaction between the specialist disciplines of mechanical engineering, electrical engineering, and computer engineering in the design and manufacture of industrial products and in process design.
Crimping	Crimping is a bonding technique whereby two components are joined together by plastic deformation. It thus constitutes an alternative to conventional bonding methods such as soldering or welding. Crimp connections are predominantly used in mass production settings with non-stop assembly of single strands.
Crimp force monitoring	Measurement and monitoring of crimping processes during wire connector crimping.
Micrograph laboratory	Micrographs are an important criterion for analysing the quality of crimp connections and ensuring traceability in production. Micrograph laboratories analyse and document the quality of crimp connections, using colour pictures.
Stripping	Process whereby a section of the insulating cover (or “insulation sleeve/sheath”) of an electrical conductor (wire or flex) is removed up to a specific required length to allow the wire to be connected to another component.
Twisting	Process whereby wires are twisted against one another and wound together into a spiral. Twisted pairs are a low-cost way of preventing electromagnetic interference.
Solar cell	A solar cell, or photovoltaic cell, is an electronic component that converts short-wave radiation energy, usually sunlight, directly into electricity.
Solar module	A solar module, or photovoltaic module, converts sunlight directly into electricity. Its most important components are a number of solar cells.
Stringing	Process whereby individual solar cells are joined together in individual “strings” using soldering strips.

Wafer Wafers are circular discs of less than 1 mm in thickness. They are manufactured from mono- or polycrystalline (semiconductor) blanks (so-called ingots) and are usually used as a substrate (base plate) for electronic components.

Inhaler Device used in the treatment of asthma, bronchitis and other chronic or acute respiratory diseases.

Pen Injection device, for example for administering insulin, characterized by its ease of use.

Self-medication Self-treatment with medicines.

Five-year overview

in TCHF		2013	2012[5]	2011	2010	2009
Revenues[1]		341 669	288 216	371 424	340 172	211 504
Gross profit		203 413	170 188	200 837	178 559	120 169
in % of revenues		59.5	59.0	54.1	52.5	56.8
EBITD		43 766	22 189	54 906	36 443	–14 504
in % of revenues		12.8	7.7	14.8	10.7	–6.9
Operating profit/loss (EBIT)		33 224	13 617	47 536	29 110	–22 672
in % of revenues		9.7	4.7	12.8	8.6	–10.7
Group profit/loss after taxes (EAT)		25 129	9 426	39 280	17 780	–19 835
in % of revenues		7.4	3.3	10.6	5.2	–9.4
Depreciation		10 542	8 572	7 370	7 333	8 168
Cash flow from operating activities		31 734	45 222	10 055	24 546	–8 196
Investments in non-current assets		8 032	9 033	13 536	5 890	14 414
Free cash flow		24 545	27 627	–61	19 500	–21 513
Research and development		27 048	24 633	23 526	20 511	20 101
in % of revenues		7.9	8.5	6.3	6.0	9.5
Total assets		357 591	359 533	361 448	318 698	290 855
Non-current assets		136 616	141 231	112 454	107 162	114 187
Current assets		220 975	218 302	248 994	211 536	176 668
Shareholders' equity[2]		263 985	236 111	246 994	212 523	199 899
in % of total assets		73.8	65.7	68.3	66.7	68.7
Share capital		352	344	340	340	339
Total liabilities		92 940	122 528	113 413	106 175	90 956
in % of total assets		26.0	34.1	31.4	33.3	31.3
Non-current financial loans		25 543	56 765	46 571	42 374	44 524
Current financial loans		4 044	0	0	0	0
Net cash (+) / net indebtedness (–)		22 616	938	5 604	12 026	–6 270
Headcount (at year-end)	No.	1 381	1 330	1 140	1 023	987
Revenues per employee[3]		255	246	343	333	209
Gross value added per employee[3]		114	108	147	135	87
Net value added per employee[3]		106	100	140	127	79
Shares[4]	No. 1 000	3 524	3 444	3 401	3 401	3 388
Par value	CHF	0.10	0.10	0.10	0.10	0.10
High	CHF	138.00	97.10	120.00	103.00	80.00
Low	CHF	72.35	61.25	59.00	73.10	36.05
Closing price on 31.12.	CHF	135.30	71.00	68.75	102.00	72.00

1) Revenues: net sales + other operating income.
2) Equity attributable to equity holders of the parent company.
3) Calculated on the basis of average headcount.
4) Changes resulting from the exercising of option rights.
5) Prior-year figures restated owing to application of IAS 19 (revised).

Komax Holding AG
Investor Relations and
Corporate Communications
Marco Knuchel
Industriestrasse 6
6036 Dierikon
Switzerland
Phone +41 41 455 06 16
marco.knuchel@komaxgroup.com

Financial calendar

Annual General Meeting	7 May 2014
Dividend payment	15 May 2014
Half-year results 2014	19 August 2014

First information on the year 2014	20 January 2015
Annual media conference/analysts' presentation	24 March 2015
Annual General Meeting	8 May 2015

Forward-looking statements
The present Annual Report contains forward-looking statements in relation to Komax which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. Examples include: changes in the economic and legal environment, the outcome of legal disputes, exchange rate fluctuations, unexpected market behaviour on the part of our competitors, negative publicity, and the departure of members of management. The forward-looking statements are pure assumptions, made on the basis of information that is currently available. This Annual Report is available in English and German. The original German version is binding.

Imprint

Published by:
Komax Holding AG, Dierikon

Concept and realization:
Linkgroup, Zurich
www.linkgroup.ch
Publishing platform/PublishingSuite®
Linkgroup, Zurich
www.linkgroup.ch
Steiner Communications,
Zurich/Uitikon
www.steinercom.ch

Illustrations:
Corinna Staffe, Lyon
www.corinnastaffe.com

Portraits:
Bernd Schifferdecker, Stuttgart
www.berndschifferdecker.com

Produced on a climate-neutral basis by Linkgroup.

RECYCLED
Paper made from recycled material
FSC® C007447

0343850

Komax Holding AG
Industriestrasse 6
6036 Dierikon
Switzerland

Phone +41 41 455 04 55
www.komaxgroup.com