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Corporate Structure and Shareholders

Corporate Structure

See pages 48 and 49 of the Financial Report for a detailed chart of the corporate structure.

Major shareholders

Shareholder/ shareholder group	Number of shares as at Dec. 31, 02	% as at Dec. 31, 2002	% as at Dec. 31, 2001
Max Koch, Meggen	415,970	13.2%	13.9%
Micro Value, Zurich	275,500	8.7%	8.8%
Julius Baer, Multistock SICAV, Luxembourg	248,760	7.9%	8.3%
Komax Group management	272,453	8.6%	8.0%

There are no further circumstances requiring disclosure under CO 663b and 663c. No reports were received pursuant to Art. 20 Federal Act on Stock Exchanges and Securities Trading (BEHG) in the year under review. There are no cross-shareholdings.

Capital Structure

Ordinary and Conditional Capital / Changes of Capital

For information on the Komax Group's ordinary and conditional capital and on changes of capital, see pages 20 and 34 of the Financial Report.

Background Information on Shares

As per December 31, 2002, Komax Holding AG has a share capital of CHF 31,527,830, distributed over 3,152,783 registered shares with a par value of CHF 10 each. The shares are listed on the Swiss Exchange under security no. 1 070 215. Each registered share has one vote at the General Meeting. Shares may be voted only if the shareholder is listed in the share register as a voting shareholder (see also "Voting Rights Restrictions and Representation"). Registered shares are fully entitled to receive dividends.

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

Komax Holding AG has no participation or bonus certificates.

Limitations on Transferability

Entry of a share purchaser as voting shareholder may be refused under Komax Holding AG's Articles of Association if recognizing the purchaser as a voting shareholder would directly or indirectly give the purchaser more than 5% of the total number of shares recorded in the Commercial Register. Legal entities and groups with joint legal status which are linked by capital, voting rights, control or in some other manner, along with all natural persons, legal entities and groups with joint legal status which operate in a coordinated manner through collusion, syndication or in some other manner, are regarded as a single purchaser for the purposes of this provision. This limitation applies likewise in the case of acquisition of registered shares through exercise of preemptive rights, options and conversion rights. This limitation does not apply in the case of 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 empower the Board of Directors to refuse entry in the share register if the purchaser does not expressly declare, at the request of the Board, that the shares were acquired in the purchaser's own name and for his own account.

Convertible Bonds and Options

Komax Holding AG has no outstanding convertible bonds. See page 7 as well as page 34 of the Financial Report for information on employee share options.

Board of Directors



Melk M. Lehner

The Board of Directors, Komax Holding AG

	Appointed	Term expires
Melk M. Lehner, Chairman	1997	2004
Leo Steiner, President and CEO	1997	2003
Max Koch	1997	2005
Bernhard Schönung	2002	2005
Hans Caspar von der Crone	1997	2003

Melk M. Lehner*

- Chairman of the Board of Directors
- Dipl. Masch.-Ing. ETH, Zurich
- Other board memberships: Sihl, Zurich, Switzerland (Chairman); Dyconex AG, Zurich, Switzerland; Studer Draht- und Kabelwerke AG, Däniken, Switzerland
- Born: 1947
- Nationality: Swiss

Leo Steiner

- President and CEO
- Dipl. Ing. ETH, Zurich
- Other board memberships**: Schaffner Holding Ltd., Luterbach, Switzerland
- Born: 1943
- Nationality: Swiss



Leo Steiner

Hans Caspar von der Crone*

- Member of the Board of Directors
- Attorney, Professor of Private and Business Law, University of Zurich
- Member of the University Management, University of Zurich
- Chairman of the Swiss Competition Commission
- Other board memberships: SAIA Burgess Electronics Holding AG, Murten, Switzerland; Vontobel Holding AG, Zurich, Switzerland; Heineken Beverages AG, Chur, Switzerland
- Born: 1957
- Nationality: Swiss



Hans Caspar von der Crone

Max Koch*

- Member of the Board of Directors
- Dipl. El.-Ing. ETH, Zurich
- Other board memberships: Private Equity Holding AG, Zug, Switzerland; Pangas AG, Dagmersellen, Switzerland; LKS Kälte Schweiz AG, Pratteln, Switzerland; 5E AG, Zug, Switzerland; Berger Lahr Positec AG, Rorschach, Switzerland
- Born: 1949
- Nationality: Swiss

Bernhard Schönung*

- Member of the Board of Directors
- Dr. Ing.
- Born: 1951
- Nationality: German

* Non-executive directors: The non-executive members of the Board of Directors (including companies and organizations they represent) have no material business relationships with Komax Holding AG or the Komax Group and have not belonged to the management of the Komax Group during the past three years.

** Positions on boards of listed companies

There are no cross-involvements on the Board of Directors.



Max Koch

Election and Term of Office

The majority of the Board of Directors of Komax Holding AG consists of independent, non-executive members and is elected by the General Meeting. Under the Articles of Association it consists of three to seven members. The maximum term of office is three years; each member's term of office is determined at the time of election. Individual terms are staggered so that roughly one-third of all Board members, but no more than three, are elected each year. The Chairman is appointed by the Board of Directors. Members may be re-elected.

Organizational Regulations

The Board of Directors is responsible for determining the strategy for the Group. It also oversees the company's fundamental plans and objectives and identifies external risks and opportunities. The detailed duties of the Board of Directors and its committees are specified in the Organizational Regulations.

The Organizational Regulations also define the areas of responsibility of the Board of Directors, the President and CEO and the Group Management.

Tasks

The Board of Directors consists of the Chairman, the President and CEO and the other members of the Board.

Committees

Two standing committees support the Board of Directors in the areas of auditing (the Audit Committee) and compensation policy (the Remuneration Committee).

Audit Committee

The Audit Committee presently consists of Hans Caspar von der Crone (Chairman) and Melk M. Lehner.

The Audit Committee receives the audit reports of the external auditors and Group auditors and reports on them to the Board of Directors. In particular, it ensures that not only the Group itself but also its member companies are audited regularly. At least once a year, the committee also commissions a report on audits undertaken and planned and on any proposals to improve the auditing function.

Remuneration Committee

The Remuneration Committee presently consists of Melk M. Lehner (Chairman), Max Koch and Bernhard Schöning.

The Remuneration Committee determines the salary and bonus of the President and CEO and of the members of Group Management. At the beginning of the year, it establishes goals which must be met for the bonus to be payable. The committee also sets the terms for the employee share ownership program.

Both committees meet as necessary; meetings may be called by any member.

Procedure

The Board of Directors has a quorum if an absolute majority of all members are personally present. Resolutions are adopted by a majority of votes present. In the event of a tie, the Chairman casts the deciding vote. All resolutions are recorded in the minutes.

The Board of Directors meets as often as business requires, but no less than three 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 to discuss a particular topic. In fiscal 2002, the Board of Directors met five times and each committee once for regularly scheduled meetings.



Bernhard Schöning

Areas of Responsibility

The Board of Directors has exercised its statutory authority to delegate management in whole or part to a committee, to individual members (the President) or to third parties, who need not be shareholders (the Executive Committee), reserving such duties as may not be delegated or withdrawn.

In the provisions of the Organizational Regulations, the Board of Directors has delegated the management of ongoing business to the Executive Committee under the chairmanship of the President and CEO. The President is responsible for the overall management of the Komax Group and for all matters not falling under the purview of another governing body of the company by law, the Articles of Association or the Organizational Regulations. In particular, the President is responsible for operational management as a whole.

The Group Management consists of the President (CEO) and the division heads reporting directly to him at headquarters.

Information and Control Instruments vis-à-vis the Executive Committee

The President and CEO informs the Board of Directors at each meeting of the course of business, the Group's most important transactions and how the tasks delegated to the Executive Committee are being fulfilled.

The Komax Group's management information system (MIS) is organized as follows: each subsidiary's key balance sheet and P&L figures are compiled and consolidated once a month. The subsidiaries' balance sheet, income statement, cash flow statement and various indicators are compiled and consolidated on a quarterly, semi-annual and annual basis. The figures are compared with those of the previous year and the budget. The budget forecast is checked for attainability against the quarterly statements for each company and on a consolidated basis. The financial reports (MIS) are discussed at meetings of the Board of Directors with the President and CEO and with the CFO.

Extraordinary occurrences and important decisions specified in the Komax Holding AG Organizational Regulations are brought to the attention of all members of the Board of Directors in writing immediately.

Executive Committee

Members of the Executive Committee



First & last name Leo Steiner
Function: Overall management of the Komax Group, President and CEO
Education: Dipl. Ing. ETH
At Komax since: 1992
In present position since: 1992
Other activities on management and supervisory boards*: Member of the board of directors of Schaffner Holding Ltd., Luterbach, Switzerland
Nationality: Swiss



First & last name Claudio Meisser
Function: Head of Research & Development (CTO)
Education: Dipl. El.-Ing. ETH / SIA
At Komax since: 1992
In present position since: 1992
Nationality: Swiss



First & last name Viktor Tobler
Function: Head of Production
Education: Dipl. Ing. FH / NDS BI
At Komax since: 1989
In present position since: 1991
Nationality: Swiss



First & last name Andreas Wolfisberg
Function: Head of Finance & Accounting (CFO)
Education: Eidg. dipl. Buchhalter/Controller
At Komax since: 1991
In present position since: 1996
Nationality: Swiss



First & last name Josef Zumstein
Function: Head of Sales & Marketing
Education: Technical management
At Komax since: 1981
In present position since: 1992
Nationality: Swiss

Komax Holding AG and its subsidiaries have not entered into management contracts with third parties.

* Positions on boards of listed companies

Compensation, Shareholdings and Loans

Content and Method of Determining Compensation and Shareholding Programs

The Board of Directors determines the amount of the fixed compensation to which its members are entitled according to their degree of activity and responsibility. Additional compensation may be granted for extraordinary efforts above and beyond normal Board activities.

The salary and bonus of the President/CEO and the Executive Committee members are determined by the Remuneration Committee (see also the general remarks on the Remuneration Committee on page 4).

The Executive Committee and senior managers of the Komax Group receive performance-based compensation. The variable component, ranging from zero to 50 percent of total compensation, is based on attainment of individual performance goals set forth for the year to come and of budget targets.

In accordance with share option guidelines, members of the Board of Directors, Executive Committee, senior managers and employees of the Komax Group may receive options as determined by the Remuneration Committee.

Compensation for Acting Members of Governing Bodies

The following compensation was paid to acting members of governing bodies in fiscal 2002:

- Non-executive members of the Board of Directors: CHF 248,960.–
- Executive members of the Board of Directors and members of the Executive Committee: CHF 1,516,337.–
- The member of the Board of Directors with the highest compensation received CHF 536,260.–

The above amounts include the allocation of options from the 2002 program with an exercise price of CHF 88.18 and a taxable value of CHF 8.528. These options have a duration of 5 years (3 years to vest, 2 years to exercise).

Compensation for Former Members of Governing Bodies

Compensation in the amount of CHF 15,000 was paid to a former non-executive member of a governing body in fiscal 2002.

Share Allotments

No shares were allotted either to members of the Board of Directors or to employees in the year under review.

Share Ownership

The executive members of the Board of Directors, the members of the Executive Committee and parties

closely linked to such persons hold 164,262 registered shares of Komax Holding AG in toto according to the share register as per December 31, 2002.

The non-executive members of the Board of Directors and closely linked parties hold 437,270 registered shares of Komax Holding AG in toto according to the share register as per December 31, 2002.

Options

As per December 31, 2002, the executive members of the Board of Directors and members of the Executive Committee or parties closely linked to such persons hold 54,980 options in toto (from the options plans for 1999, 2000, 2001 and 2002).

The non-executive members of the Board of Directors and closely linked parties hold 28,400 options in toto (from the options plans for 1999, 2000, 2001 and 2002).

The options have a duration of 5 years; 3 years to vest, 2 years to exercise. One option gives the holder the right to purchase one Komax Holding AG share. For more information on the exercise price see page 34 of the Financial Report.

Additional Honorariums and Remuneration

The Komax Group was not invoiced for honorariums for additional services by members of the Board of Directors or the Executive Committee or persons closely linked to them in the year under review.

Loans to Members of 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 per December 31, 2002. No members of the Board of Directors or Executive Committee or persons closely linked to them take or have taken part in Komax Group business outside their normal duties.

Shareholders' Participation Rights

Voting Rights Restrictions and Representation

Shareholders registered in the Komax Holding AG share register are entitled to vote; each share has one vote. One shareholder may directly or indirectly exercise the votes of no 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 entities and groups with joint legal status which are linked by capital, voting rights, control or in some other manner, along with all natural persons, legal entities and groups with joint legal status which operate in a coordinated manner through collusion, syndication or in some other manner, are regarded as a single person for the purposes of this provision. The Board of Directors may grant exceptions to this rule for good cause. This voting rights limitation does not apply to proxy holders of deposited shares, representatives of governing bodies or independent representatives pursuant to CO Art. 689c and 689d.

This voting rights limitation does not apply to shareholders who were registered with 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 General Meeting on the basis of a written power of attorney by other shareholders, a proxy holder of deposited shares, a representative of a governing body, or an independent proxy pursuant to CO Art. 689c and 689d.

The voting rights limitation may only be rescinded by a resolution of the General Meeting, which requires a majority of votes cast.

Statutory Quorums

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 and Agenda of the General Meeting

The convocation of the General Meeting and placement of agenda items are governed by applicable law.

Share Register Entries / Invitation to the General Meeting of May 14, 2003

In principle, anyone acquiring Komax shares is entered in the Komax Holding AG share register. A purchaser of shares is listed as a shareholder with voting rights of 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. 6.4 ff.). This limitation does not apply in the case of inheritance, division of an estate, or marital

community property. The Board of Directors may grant exceptions for good cause.

The Board of Directors may refuse registration in the share register if the purchaser does not expressly declare, at the request of the Board, that the shares were acquired in the purchaser's own name and for his 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 purchaser. The purchaser must be informed of the deletion immediately.

All shareholders registered in the Komax Holding AG share register as per May 13, 2003, are entitled to vote their registered shares at the General Meeting of May 14, 2003. Shareholders registered on April 3, 2003, will receive invitations indicating the proposals of the Board of Directors and a reservation and entry ticket coupon. Shareholders who acquire shares later and for whom the registration application is received at the Komax Holding AG share register no later than May 13, 2003, will receive the invitation at that time, or ballot materials will be waiting at the front desk of the General Meeting. Shareholders who dispose of their shares before the General Meeting are no longer entitled to vote. In the event of partial sale or purchase of additional shares, the entry ticket should be exchanged at the front desk on the date of the General Meeting.

Changes in Control and Defense Measures

Obligation to Submit Purchase Offer

Upon reaching or exceeding a threshold of 33 $\frac{1}{3}$ %, 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 Changes of Control

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

- if Komax Holding AG or its subsidiaries sell all assets relevant to the business;
- if one or more persons or companies merge and conclude 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.

Auditors

Duration of the Mandate and Term of Office of the Head Auditor

PricewaterhouseCoopers AG, Basel, has been Komax Holding AG's auditor and the Komax Group's group auditor since 1994. The head auditor has been responsible for the auditing mandate since 1994.

Auditing and Additional Honorariums

PricewaterhouseCoopers and other auditing firms invoiced the Komax Group some CHF 416,800 in fiscal 2002 for services in connection with auditing the annual statements of Komax Holding AG and the Group companies and the consolidated statements of the Komax Group.

Furthermore, the auditing companies invoiced CHF 53,400 in fiscal 2002 for services in the fields of taxation and consultancy.

Supervisory and Control Instruments vis-à-vis the Auditors

The Audit Committee is responsible for evaluating the external audit. The external auditors submit an audit report to the Board of Directors. At least one consultation is held each year between the external auditors and the Audit Committee. Material findings for each company (management letters) and the consolidated statement covered by the audit report are discussed in detail. The auditors also explain their services (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.

Information Policy

Komax is committed to providing swift, transparent and simultaneous information for all stakeholders. The consolidated financial statements are compiled in conformity with IFRS standards to meet the needs for detailed financial information of an increasingly international shareholder base.

Komax Holding AG publishes comprehensive financial results twice a year, for the first half and the full year. In addition to financial results, shareholders and financial markets are also regularly kept informed of significant changes and developments. Komax Holding AG publishes facts relevant to its share price in conformity with the SWX Swiss Exchange's disclosure policies (ad hoc publicity, Art. 72 of the Listing Rules). The Listing Rules can be downloaded at www.swx.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, press releases and Komax Holding AG's Articles of Association are available at www.komax.ch. Press conferences and presentations for analysts are held at least once a year.

Financial Calendar

Annual media conference / analyst presentation	April 8, 2003
General Meeting	May 14, 2003
Shareholders' Letter, first-half results	September 2003
Preview of results for 2003	January 2004
Annual media conference / analyst presentation	April 6, 2004
General Meeting	May 11, 2004

Investor Relations contact address

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Financial Report 2002

For the 2002 financial year, the Komax Group posted sales of CHF 191.5m. This corresponds to a year-on-year decrease of 2.7%. The decline in sales is attributable to the trends of the USD and the EUR; currency factors reduced sales by 4.8%. This means that if exchange rates had been stable, the Komax Group would have increased its sales.

At CHF 13.2m (6.9% of net sales revenues), profit after tax was down 5.1% on the previous year (the previous year profit after tax had amounted to CHF 13.9m).

Income Statement

Revenues (net sales)

The regional sales breakdown (by recipients of goods and services) for fiscal 2002 presents a very mixed picture. Sales declined in North America and the European Union, but increased sharply in some parts of eastern Europe, Asia and Africa. The key shift in sales in Europe correlates with the shift in the European wire-processing industry, whereas the 49.3% rise in sales in Asia is primarily attributable to the improvement in economic conditions. The decline in sales in North America is due to the weak USD. In addition, some of our subsidiaries sold systems to other regions.

Gross and operating profit

The gross profit margin (gross profit/net earnings) for 2002 totaled 61.3% compared with 61.6% the previous year. The wire-processing business and the lower proportions of third-party services in the assembly automation sector had a positive impact on the gross profit trend, whereas the exchange rate trend had a negative impact, even though the Komax Group purchases roughly 50% of its materials in Switzerland in foreign currencies. In 2002, the net impact of currency factors on gross profit came to -3.3% points.

Personnel expenditure as a percentage of sales grew from 34.2% to 35.3%. This is primarily due to the higher revenues posted by the assembly automation business and to the decrease in third-party services. Fiscal 2002 also saw the Komax Group increase the value added quota within the Group in the production and assembly segment, with net value creation per employee increasing from CHF 0.120m to CHF 0.125m, among other developments.

On December 31, 2002, the headcount stood at 680 employees, which corresponds to a decrease of 2.6%

compared with January 1, 2002. The headcount on December 31, 2002 does not yet include the employees of the new subsidiary Komax Shanghai, which was established in December 2002, as the company did not begin operations until January 2003.

Research and development costs

R&D expenditure amounted to CHF 17.3m (9.0% of net sales), although only third-party services relating to R&D expenditure of CHF 4.1m are reported in the income statement. Despite the difficult economic conditions, we systematically pressed ahead with our targeted R&D investments in fiscal 2002. New developments and basic engineering projects accounted for roughly 65% of development expenditure. As of December 31, 2002, the Komax Group employed a total of 90 employees in R&D. The R&D staff mainly work at the two sites Komax AG, Dierikon and Komax France, Rousset.

Operating profit (EBIT)

The Komax Group posted an operating profit (EBIT) of CHF 17.7m for the reporting year (9.2% of net sales) as against CHF 18.7m (9.5%) the previous year. This corresponds to a decrease of 5.4%. Had exchange rates remained at the same levels as the previous year, the EBIT for fiscal 2002 would have improved by 1.5% points, leaving it well above 10%.

Financial result

The financial result amounted to CHF -0.8m, which is CHF 1.7m more than the year-back figure. This improvement was attributable partly to the lower average rate of interest payable on financial loans (2.8% as compared with 3.9% the previous year) and partly to exchange rate gains (valued and realized) stemming from the weakness of foreign currencies. The Komax Group takes out medium- and long-term financial loans in foreign currencies because it generates a cash flow excess in USD and EUR. This makes it possible to reduce hedging of foreign currency positions by means of derivatives and allows the type of exchange rate losses sustained in fiscal 2002 to be partially offset by foreign currency gains in the financial sector.

Profit

In fiscal 2002, earnings before taxes (EBT) reached CHF 16.8m (8.8% of net sales revenues), as against CHF 16.1m (8.2% of net sales revenues) the previous year. Although the Komax Group posted higher earnings before taxes in 2002 than the previous year, profit after tax showed a slight fall.

This is explained by the fact that income tax was higher than the previous year. Current and deferred income tax for 2002 amounted to CHF 3.6m; equivalent to a tax rate of 21.4% for the Group. Income tax increased by more than 60% compared with the previous year, the previous year's tax rate of 13.6% having been well below the 22% Group tax rate expected over the medium term. The increase is therefore attributable to a number of extraordinary factors that affected taxes in fiscal 2001. In fiscal 2001, several foreign subsidiaries reported losses. Almost all companies reported positive results again in fiscal 2002, bringing the tax rate for 2002 back above 20%.

Earnings after tax (EAT) were CHF 13.2m (EAT/sales 6.9%) compared with CHF 13.9m the previous year.

Balance sheet

Assets

Current assets decreased by around 4% to CHF 105.6m. Thanks to active inventory and credit management, some positions were progressively reduced in line with sales. In particular, the accounts receivable position was reduced by more than 10% in the second half of 2002 in spite of positive business. Despite the decrease in current assets, the balance sheet total only declined by a marginal 0.2%. The increase in tangible assets mainly relates to the new building (assembly and office buildings) in Rotkreuz (Switzerland) for the subsidiary Sibos AG, which is involved in assembly automation. The building was completed in September 2002. The sharp decline in intangible fixed assets is a result of the fall in the value of the USD and current goodwill amortization on the companies acquired in recent years.

Liabilities

The Komax Group reduced its short-term financial liabilities from CHF 15.2m to CHF 7.5m. It also reduced its other liabilities and accruals and deferrals by more than CHF 5.0m. The increase in long-term financial loans is attributable solely to the above-mentioned new building in Rotkreuz. Despite these one-off investments of CHF 12.9m in fiscal 2002, as of December 31, 2002 net debt was reduced to a little over CHF 3.1m. The Group's shareholders' equity amounted to CHF 126.2m as at December 31, 2002; equivalent to 60.6% of the balance-sheet total. This made it possible to further expand the equity ratio as a percentage of the balance sheet total compared with the previous year.

Cash flow statement

Operating activities

Net cash from operating activities before the change in net current assets amounted CHF 19.4m (prior year: CHF 16.0m) and CHF 20.7m after the change in net current assets (prior year: 23.4m). Net cash flow from operating activities was thus maintained at the same high level as the two previous years despite a decline in sales and earnings.

Investment activities

The net cash outflow from investment activities amounted to CHF 17.1m. The main investments in 2002 were as follows:

– Machines	CHF	1.0m
– Property / Real estate	CHF	12.9m
– Office equipment	CHF	0.9m
– IT	CHF	1.5m
– Other categories	CHF	0.8m

In fiscal 2002, Komax generated a free cash flow of CHF 3.7m (previous year CHF -6.9m) despite the one-off investments in buildings amounting to CHF 12.9m.

Financing activities

The Komax Group repaid a net total of CHF 2.1m in financial loans in the 2002 business year. The repayment of financial loans amounting to CHF 7.2m was achieved through cash flow from business operations, whereas the loans amounting to CHF 5.1m that were taken out were used for the new building of Sibos AG. The dividend distribution was CHF 3.1m. The cash flow from transactions in the Group's treasury stock relates to sales of Komax Holding shares purchased the previous year. The net cash from financing activities resulted in a deficit of CHF 1.5m. Taking into account exchange-rate effects, funds increased by CHF 1.1m (prior year: CHF 2.2m).

Five-year overview of the Komax Group

		2002	2001	2000	1999	1998
Net sales	CHF 1,000	191,537	196,900	211,617	183,732	142,016
Gross profit	CHF 1,000	117,334	121,217	129,029	110,535	86,567
in % of net sales	%	61.3	61.6	61.0	60.2	61.0
EBITDA	CHF 1,000	25,821	26,406	38,921	32,889	26,569
in % of net sales	%	13.5	13.4	18.4	17.9	18.7
Operating profit (EBITA)	CHF 1,000	18,990	20,075	33,526	28,156	22,874
in % of net sales	%	9.9	10.2	15.8	15.3	16.1
Operating profit (EBIT)	CHF 1,000	17,671	18,678	32,917	27,641	22,355
in % of net sales	%	9.2	9.5	15.6	15.0	15.7
Group profit after tax (EAT)	CHF 1,000	13,227	13,941	26,277	22,248	16,260
in % of net sales	%	6.9	7.1	12.4	12.1	11.4
Depreciation & amortization	CHF 1,000	8,150	7,728	6,004	5,248	4,214
Net cash from operating activities	CHF 1,000	20,730	23,491	22,401	14,387	18,595
Investments in fixed assets	CHF 1,000	16,760	19,648	14,122	5,805	4,011
Free cash flow ¹⁾	CHF 1,000	3,667	-6,913	181	1,587	1,021
Research & development	CHF 1,000	17,300	16,503	15,773	14,320	13,158
in % of net sales	%	9.0	8.4	7.5	7.8	9.3
Total assets	CHF 1,000	208,245	208,651	201,416	162,020	133,958
Fixed assets	CHF 1,000	102,577	98,343	75,608	57,994	51,679
Current assets	CHF 1,000	105,668	110,308	125,808	104,026	82,279
Shareholders' equity	CHF 1,000	126,218	118,757	110,739	90,287	70,432
in % of total assets	%	60.6	56.9	55.0	55.7	52.6
Share capital	CHF 1,000	31,528	31,389	31,000	31,000	31,000
Borrowed capital	CHF 1,000	82,027	89,894	90,677	71,733	63,526
in % of total assets	%	39.4	43.1	45.0	44.3	47.4
Long-term financial loans	CHF 1,000	38,348	33,210	21,014	13,100	13,100
Short-term financial liabilities	CHF 1,000	7,500	15,220	8,500	9,708	11
Net indebtedness (-) / Net assets (+)	CHF 1,000	-23,707	-26,884	-9,207	-6,761	3,004
Headcount (at year-end)	Number	680	698	691	623	535
Net sales per employee	CHF 1,000	278	276	320	330	343
Shares ^{2) / 3)}	Number	3,152,783	3,138,900	3,100,000	310,000	310,000
Par value ²⁾	CHF	10.—	10.—	10.—	100.—	100.—
High ⁴⁾	CHF	95.—	163.—	176.—	108.90	84.50
Low ⁴⁾	CHF	39.50	59.—	102.60	61.10	52.20
Closing price on 31.12. ⁴⁾	CHF	46.10	88.—	161.—	106.—	69.—

¹⁾ Purchase of Prime in 2001 CHF 11.1m / purchase of Ascor in 2000 CHF 8.4m / purchase of ARA in 1999 CHF 7.5m / purchase of Sibos in 1998 CHF 13.9m.

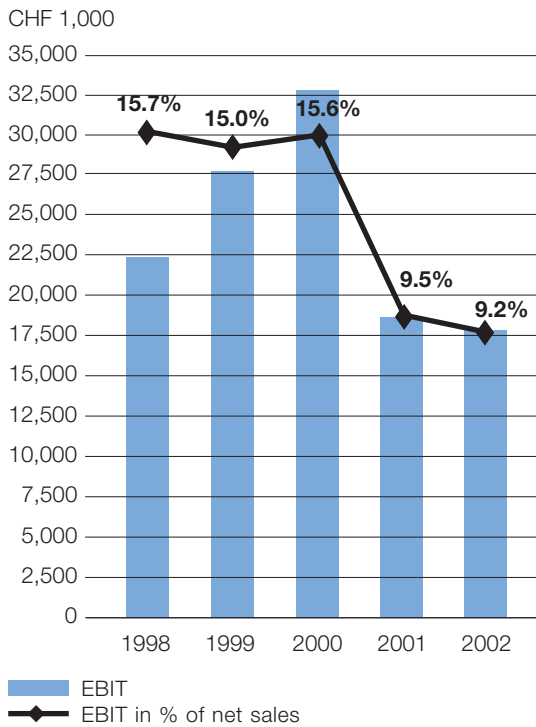
²⁾ Change in 2000 owing to ten-for-one share split on May 24, 2000.

³⁾ Change in 2002 owing to exercise of option rights.

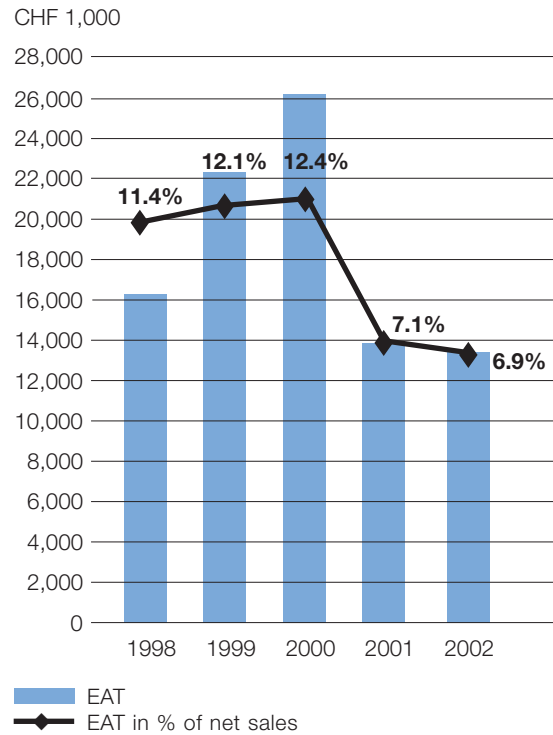
⁴⁾ Ten-for-one share split on May 24, 2000. The 1998 – 1999 figures have been adjusted to enable comparisons to be drawn with the year under review.

Charts

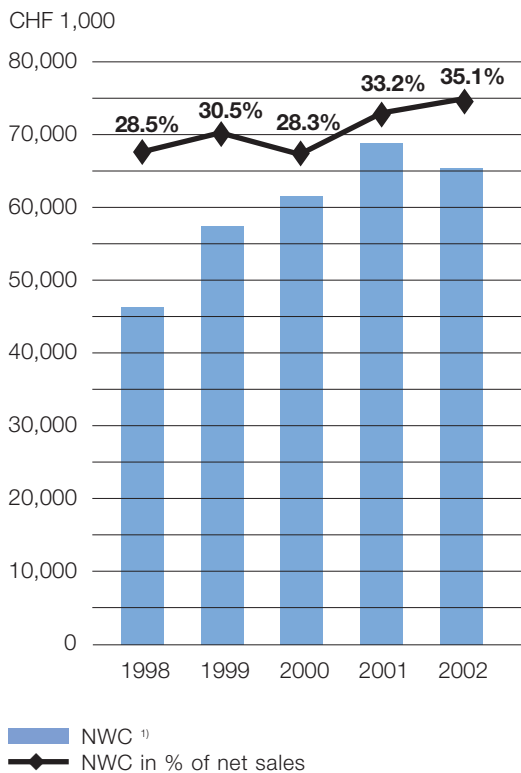
Operating profit (EBIT)



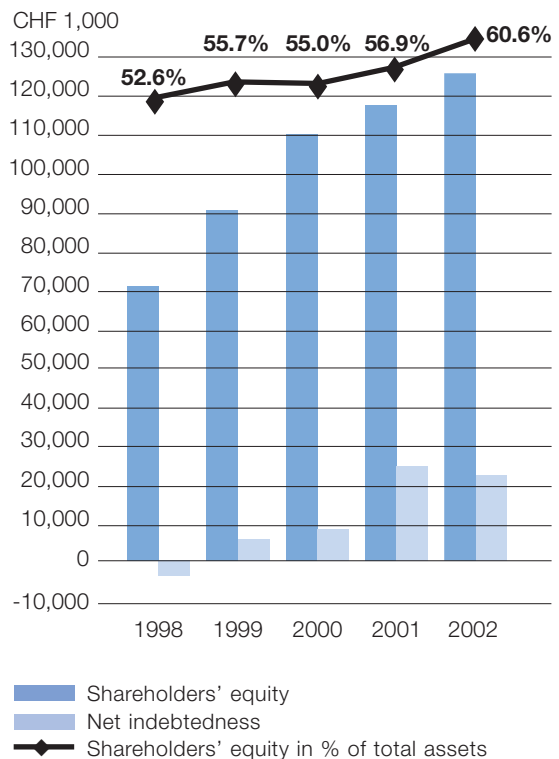
Group profit after tax (EAT)



Net working capital (NWC)



Development of equity and net indebtedness



¹⁾ NWC = net working capital: receivables, inventories less short-term liabilities.

Value added accounting

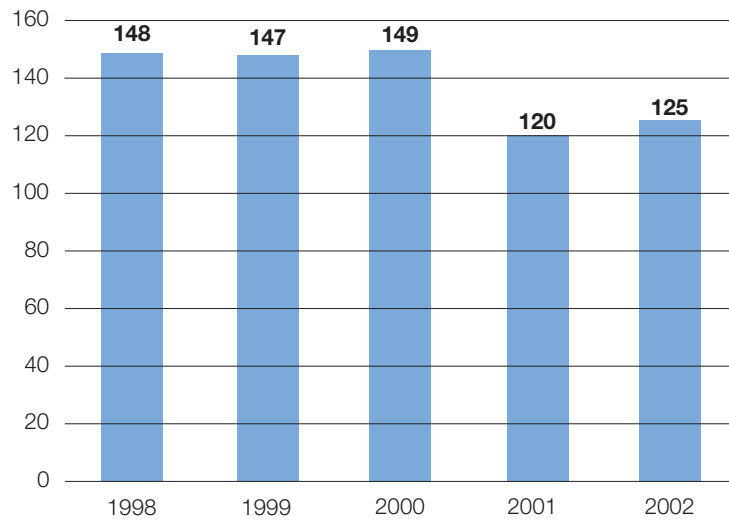
Sources	Prev. column	2002		2001	
		CHF 1,000	%	CHF 1,000	%
Company output					
Net sales	191,537				
Inventory changes ¹⁾	-1,163	190,374	100.0	195,698	100.0
Purchased materials and services					
Expenditure on materials	-73,040				
Other expenditure ²⁾	-22,820	-95,860	-50.3	-102,108	-52.2
Gross value added		94,514	49.7	93,590	47.8
Depreciation & amortization		-8,150	-4.3	-7,728	-3.9
Net value added		86,364	45.4	85,862	43.9
Applications					
To employees		67,652	78.3	67,413	78.5
To creditors (interest paid)		1,890	2.2	2,315	2.7
To shareholders (dividend)		3,148	3.7	5,640	6.6
To community (direct taxes)		3,607	4.2	2,193	2.5
To company (self-financing)		10,079	11.6	8,301	9.7
Net value added		86,376	100.0	85,862	100.0
Key figures for value added					
Gross value added per employee		137		131	
Net value added per employee		125		120	

¹⁾ Change in working process and finished goods.

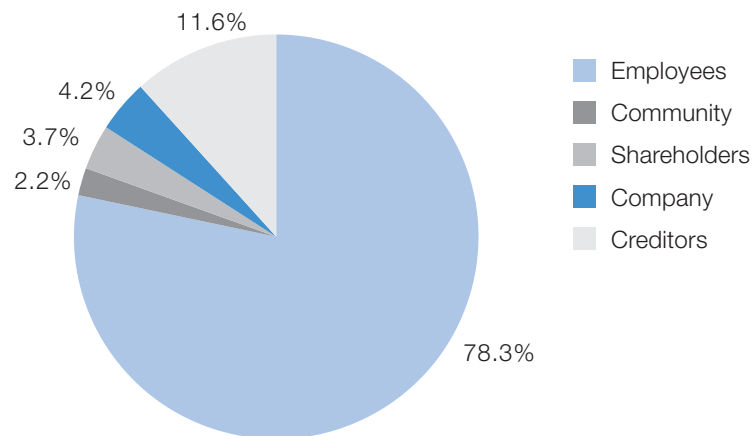
²⁾ Outside services for development expense, production, sales and administrative expense, less interest income.

Net value added per employee

CHF 1,000



Application of net value added 2002



Consolidated balance sheet

Assets	Notes	31.12.02 CHF 1,000	31.12.01 CHF 1,000
Current assets			
Cash and cash equivalents	2	22,105	20,993
Securities	3	36	553
Trade receivables	4	49,253	55,090
Other receivables & accrued income/prepaid expense	5	6,274	5,004
Inventories	6	28,000	28,668
Total current assets		105,668	110,308
Fixed assets			
Deferred tax assets	7	5,588	5,325
Prepayments for pension fund liabilities	8	1,623	1,623
Non-consolidated participations	9	303	0
Tangible assets	10	68,843	60,207
Intangible assets	11	26,220	31,188
Total fixed assets		102,577	98,343
Total assets	12	208,245	208,651

Liabilities and shareholders' equity		31.12.02	31.12.01
	Notes	CHF 1,000	CHF 1,000
Short-term liabilities			
Financial liabilities	13	7,500	15,220
Trade payables		12,100	10,540
Other liabilities & accrued expense/deferred income	14	14,023	19,782
Provisions	15	3,038	4,027
Total short-term liabilities		36,661	49,569
Long-term liabilities			
Financial loans	16	38,348	33,210
Deferred tax liabilities	7	7,018	7,115
Total long-term liabilities		45,366	40,325
Total liabilities		82,027	89,894
Shareholders' equity			
Share capital	17	31,528	31,389
Treasury shares		-73	-2,164
Capital surplus (premium)		42,015	41,299
Retained earnings		39,521	34,292
Group profit		13,227	13,941
Total shareholders' equity		126,218	118,757
Total liabilities and shareholders' equity		208,245	208,651

Consolidated income statement

	Notes	2002 CHF 1,000	2001 CHF 1,000
Sales of goods and services	18	193,404	196,933
Other operating income	19	250	2,299
Revenue reduction		-2,117	-2,332
Net sales		191,537	196,900
Change in inventories of work in process and finished goods		-1,163	-1,202
Net earnings		190,374	195,698
Expenditure on materials	18	63,910	63,831
Outside services	18	9,130	10,650
Cost of goods sold		73,040	74,481
Gross profit		117,334	121,217
Personnel expense	20	67,652	67,413
Outside services for development expense	21	4,075	3,984
Production, sales and administrative expense		19,786	23,414
Depreciation and amortization		8,150	7,728
Operating expense		99,663	102,539
Operating profit (EBIT)		17,671	18,678
Financial result	22	-837	-2,544
Profit before tax		16,834	16,134
Taxes	23	3,607	2,193
Group profit after tax		13,227	13,941
Basic earnings per share (CHF/share)	24	4.23	4.47
Diluted earnings per share (CHF/share)	24	3.99	4.25

Consolidated cash flow statement

	Notes	2002 CHF 1,000	2001 CHF 1,000
Net cash from operating activities			
Operating profit (EBIT)		17,671	18,678
Depreciation on tangible assets		5,161	4,748
Depreciation on intangible assets and participations		1,670	1,583
Amortization of goodwill		1,319	1,397
Profit(-) loss (+) from liquidation of fixed assets / revaluation		0	-107
Financial income		342	619
Financial expense		-1,553	-1,913
Tax expense		-4,224	-7,235
Increase (+) decrease (-) in long-term provisions		-989	-1,741
Cash flow before change in net current assets		19,397	16,029
Increase (-) decrease (+) in other net current assets		1,333	7,462
Net cash from operating activities		20,730	23,491
Net cash from investing activities			
Investments in tangible assets		-16,002	-17,792
Sales of tangible assets		0	301
Investments in intangible assets		-758	-1,856
Investments in subsidiaries and participations	9/25	-303	-11,057
Net cash from investing activities		-17,063	-30,404
Net cash from financing activities			
Increase (+) decrease (-) in financial liabilities		-7,196	6,720
Increase (-) decrease (+) in securities		517	922
Transactions in treasury shares		2,352	-1,784
Dividend distribution		-3,148	-5,640
Amortization of financial loans		0	-6,148
Raising of financial loans		5,138	18,331
Capital increase (option plan)		855	2,058
2nd purchase price installment for Ascor		0	-3,377
Net cash from financing activities		-1,482	11,082
Foreign currency impacts and exchange differences		-1,073	-2,008
Increase (+) decrease (-) in funds	26	1,112	2,161
Funds on December 31		22,105	20,993

The structure of the prior-year figures has been adjusted to enable comparisons to be drawn with the year under review.

Consolidated shareholders' equity

2002 in CHF 1,000	Share- capital	Treasury shares	Pre- mium	Retained earnings	Group profit	Sh. equity	of which cumulative currency translation differences ¹⁾
Balance on January 1, 2002	31,389	-2,164	41,299	48,233		118,757	502
Dividends paid in 2002				-3,148		-3,148	0
2002 profit for the year					13,227	13,227	0
Capital increase from exercise of options	139		716			855	0
Transactions in treasury shares		2,091		246		2,337	0
Currency translation differences				-5,810		-5,810	-5,584
Balance on Dec. 31, 2002	31,528	-73	42,015	39,521	13,227	126,218	-5,062

2001 in CHF 1,000	Share- capital	Treasury shares	Pre- mium	Retained earnings	Group profit	Sh. equity	of which cumulative currency translation differences ¹⁾
Balance on January 1, 2001	31,000	-380	39,630	40,489		110,739	1,059
Dividends paid in 2001				-5,640		-5,640	0
2001 profit for the year					13,941	13,941	0
Capital increase from exercise of options	389		1,669			2,058	0
Transactions in treasury shares		-1,784				-1,784	0
Currency translation differences				-557		-557	-557
Balance on Dec. 31, 2001	31,389	-2,164	41,299	34,292	13,941	118,757	502

2000 in CHF 1,000	Share- capital	Treasury shares	Pre- mium	Retained earnings	Group profit	Sh. equity	of which cumulative currency translation differences ¹⁾
Balance on January 1, 2000	31,000		39,630	19,657		90,287	1,854
Initial holdings of treasury shares ²⁾		-679				-679	0
Dividends paid in 2000				-4,650		-4,650	0
2000 profit for the year				26,277		26,277	0
Transactions in treasury shares		299				299	0
Currency translation differences				-795		-795	-795
Balance on Dec. 31, 2000	31,000	-380	39,630	14,212	26,277	110,739	1,059

¹⁾ Included in retained earnings.

²⁾ In conformity with SIC-16 treasury shares are stated under equity.

With a view to providing an insight into corporate governance, the current year is now shown alongside two previous years.

Notes to the consolidated financial statements

General information

Name, domicile and purpose of the Komax Group

The Komax Group is active in machinery manufacture (wire processing and automation) and at Dec. 31, 2002 employed 680 people worldwide. The parent company, Komax Holding AG, is domiciled in Dierikon, Canton Lucerne (Switzerland). The Komax Group's business activities are centered on 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 automobile, household appliances, electronics, telecommunications, solar energy and medical technology sectors. The Komax Group sells to the world market. Komax has a network of 18 subsidiaries and more than 30 independent agencies to ensure on-the-spot sales and service support.

1. Summary of main accounting principles

Accounting principles

The consolidated annual financial statements of the Komax Group are based on the individual accounts of Group companies prepared according to uniform standards and duly audited at December 31, 2002. The Group's accounts have been prepared in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB), and comply with Swiss law and the accounting rules laid down in the Listing Regulations of SWX Swiss Exchange. The provisions on corporate governance which came into force on July 1, 2002 are contained on pages 2 to 9, financial reporting.

The consolidated annual financial statements were adopted by the Board of Directors of Komax Holding AG on March 14, 2003.

Scope of consolidation

The consolidated financial statements contain the individual annual accounts of Komax Holding AG, Dierikon, and its subsidiaries. The individual subsidiaries included in this consolidation are shown on pages 48 and 49. As a rule, the full consolidation method is used for subsidiaries when Komax Holding AG exercises operational control. This is generally the case when it directly or indirectly controls over 50% of the voting capital of the respective relevant subsidiary. Capital consolidation is carried out in accordance with the purchase method. All group internal turnover, balances and intermediate profits are eliminated.

In 2002, the scope of consolidation widened with the establishment of Komax Shanghai, China. However, as Komax Shanghai did not start operations until January 2003 its impact on the 2002 consolidated financial statements was still marginal.

Not consolidated investments

Both holdings between 20% and 50% and joint ventures are valued using the equity method. Investments of less than 20% are carried in the balance sheet at cost.

Cash and cash equivalents

These consist of cash and similar holdings, including deposits which can be converted into cash, with a maximum duration of three months.

Securities

Securities comprise capital market investments classified as "available for sale" and reported on the balance sheet at market value. Purchases of securities are recorded at the current price and are subsequently valued at market value. Realized and unrealized gains and losses arising from changes in market value are recorded in the income statement in the corresponding periods.

Trade receivables

The balance-sheet carrying value corresponds to the nominal value less appropriate value adjustments for claims where recovery is difficult or impossible (doubtful debt provision).

Manufacturing orders

Manufacturing orders 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 "Trade payables", depending on the degree to which they are underfinanced or overfinanced.

Inventories

Inventories are valued in accordance with the weighted average method, but in any case at no more than the realizable net sales price. Goods in process and finished products produced by the company itself are stated at the cost of manufacture as per status of progress. Cost of goods sold includes the cost of materials and manufacture and the direct delivery costs of production but not the indirect logistics expense. Value adjustments are made for slow-selling merchandise.

Tangible assets

Tangible assets are valued at acquisition cost less accumulated depreciation. They are written off over their estimated useful life according to the straight line method. The individual periods of depreciation are:

Asset category	Years
Machinery	7 – 12
Tools	6 – 7
Measuring, testing and controlling instruments	5
Operating installations	10
Warehouse installations	13 – 15
Vehicles	5 – 8
Office furnishings and office machines	5 – 10
Information technology	3 – 5
Factory buildings	35
Office buildings	40

The costs for maintenance, repairs and small-scale renovations are charged directly to the income statement as expense when they occur. Value-adding renovation work is capitalized beyond a certain value.

Tangible assets which have been eliminated from the business or sold are charged off to the tangible assets account at their acquisition cost and with the associated accumulated depreciation. Any profits or losses resulting from the disposal of tangible assets are recognized in the income statement. Financing costs for tangible assets under construction are capitalized.

Intangible assets

Intangible assets are stated at acquisition cost less accumulated depreciation. They are reviewed at the balance-sheet date for any changes in their value.

Goodwill is written off over its economically useful life.

Goodwill arising on the Sibos acquisition as well as the Ascor and Prime acquisitions will be written off over 20 years as these participations represent a strategic commitment (extension of existing core business to automated assembly and production).

EDP software is capitalized as an intangible asset and written off over 3-5 years. The patents acquired by Komax Holding AG in connection with the ARA acquisition will be written off over a maximum of 10 years.

Deferred taxes

All consolidated companies of the Komax Group are independently subject to tax except for the companies attached to Sibos Holding Corp. (Sibos Corp., Ascor, Prime). In the case of the other companies it is not possible to set off the taxable profit of one consolidated company with the loss of another consolidated company. This should be borne in mind when comparing profit and the tax burden.

Deferred and future tax expense is calculated based on the comprehensive liability method. Under this method, it is the tax rates and tax legislation valid in the future which are decisive. Any foreseeable changes in tax legislation consequently flow directly into the tax statement.

Deferred and future taxes are computed on the value differences between the consolidated balance sheet and the tax balance sheet. Such differences primarily exist in the case of fixed assets, goods inventories and some provisions. Claims for deferred taxes are only taken into consideration if it is more than probable that they will be realized.

Research and development expenditure

All research and development costs are recognized as an expense in the period in which they are incurred since in general these costs cannot be linked with a tangible, future benefit or one directly attributable to specific products.

Currency conversion

The currency used in the consolidated financial statements is the Swiss franc. All balance-sheet positions in foreign currencies are translated at the exchange rate prevailing at the end of the year (cut-off date method/current-rate method). Items in the income statement are translated at the average rate for the year. In converting to average rates, the resulting translation difference between the results according to the balance sheet and those according to the income statement are treated as not affecting the results and are set off against shareholders' equity. Currency translation differences are cumulated and stated separately in shareholders' equity. Goodwill is amortized at the average exchange rate and valued at the exchange rate prevailing at the end of the year.

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

Currency	Year-end rate 31.12.02	Average rate 2002	Year-end rate 31.12.01	Average rate 2001
USD	1.39	1.55	1.68	1.70
EUR	1.455	1.47	1.48	1.51
BRL	0.40	0.56	0.76	0.76
SGD	80.00	86.17	91.10	95.46

Financial instruments

Derivative financial instruments are only used to hedge existing currency and interest-rate exposures. The Komax Group issues roughly 30% of its invoices in USD and 40% in EUR.

The resulting foreign currency surpluses are hedged. Only standardized hedging instruments may be used (currency futures and options contracts, interest rate and currency swaps). The use of financial and hedging instruments is additionally subject to uniform Group-wide rules.

Derivative financial instruments are recorded at the current price and are subsequently valued at market value. Realized and unrealized gains arising from changes in market value are recorded in the income statement in the corresponding periods.

Recognition of revenue

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

In the automated assembly and manufacturing area, revenue is recognized according to the percentage of completion method (POC), while the Komax Group applies the "efforts expended method", i.e. the percentage of completion is calculated on the basis of the number of hours expended.

Employee benefits

Retirement and other employee benefits are based on regulations and conditions prevailing in the countries in which Komax is represented. In Switzerland and France, retirement and other employee 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 in Switzerland and France are detailed in Note 8. In the other countries, benefits are provided by funds based on the defined contribution model.

Provisions

Provisions for guarantees are made according to business management criteria and in accordance with IAS 37. These are based on past experience, turnover achieved in the past year and on current contracts. 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.

Treasury shares

Treasury shares are carried at cost and deducted from equity in conformity with SIC-16.

Notes

2. Cash and cash equivalents

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Demand deposits and call money	16,602	17,422
Time deposits	5,503	3,571
Total	22,105	20,993

On December 31, 2002, interest rates on call and time deposits were: EUR 2.75-4.00%, BRL 19.00-22.00%.

The Komax Group uses forex forward and options contracts and interest rate and currency swaps to hedge against currency and interest rate risks on funds. As of December 31, 2002, there were outstanding forex forward contracts or other derivatives amounting to USD 4.0m, whereas the previous year no contracts were outstanding.

3. Securities

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Shares and bonds ¹⁾	36	553
Total	36	553

¹⁾ Valued at market value.

4. Trade receivables

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Receivables from goods and services delivered	38,154	43,701
Accruals for systems ¹⁾	22,952	42,628
./. Prepayments for systems	-11,036	-30,043
Deductions for doubtful debt provisions	-817	-1,196
Net	49,253	55,090

¹⁾ For manufacturing orders for 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 order are recorded as of December 31, according to the percentage of completion and efforts expended.

5. Other receivables and accrued income/prepaid expense

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Other receivables ¹⁾	3,578	4,322
Accruals	2,696	682
Total	6,274	5,004

¹⁾ Other receivables as of December 31, 2002 consist primarily of tax credits with the Swiss federal tax authorities.

6. Inventories

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Manufacturing components and spare parts	10,750	11,804
Working process goods / work in process	3,308	3,336
Finished goods	13,506	13,292
Prepayments to suppliers	436	236
Total	28,000	28,668

7. Deferred taxes

Deferred tax assets

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Fixed assets (depreciation on tangible assets)	358	328
Current assets	859	946
Provisions	187	290
Other items ¹⁾	4,184	3,761
Total deferred tax assets ²⁾	5,588	5,325

Deferred tax liabilities

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Fixed assets (depreciation on tangible assets)	3,697	3,825
Current assets	2,046	2,151
Provisions	1,074	1,134
Other items	201	5
Total deferred tax liabilities	7,018	7,115

Deferred tax claims (net debt)

	-1,430	-1,790
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¹⁾ Including unrealized intercompany profits, tax loss carry-overs and tax credits.

²⁾ Deferred taxes are recognized as an asset when it is probable that the relevant Group companies will generate sufficient taxable profit to absorb the corresponding positive differences in the tax assets.

As of December 31, 2002, losses carried forward totaling CHF 0.4m were not capitalized as assets.

8. Prepayments for pension fund liabilities (IAS 19)

Komax maintains retirement benefit plans for its employees in Switzerland and abroad, over 90% of whom are located in Switzerland. In conformity with IAS, the retirement benefit plans in Switzerland and France are classed as defined benefit schemes. For the principal defined benefit pension schemes, net expenditure for employee benefits, stated in the balance sheet as a prepayment and in the income statement as an expense reduction, amounted to the following for the Komax Group:

	2002	2001
	CHF 1,000	CHF 1,000
Costs of employee benefits	2,875	2,718
Interest expense	1,914	1,848
Amortization of initial balance over 5 years ¹⁾	257	257
Profit / Amortization of loss	775	0
Total employee benefits expenditure of the Komax Group	5,821	4,823
Income on pension fund assets	1,873	1,846
Employee contributions and accruals	1,464	1,380
Total employee benefits income of the Komax Group	3,337	3,226
Employee benefits result of the Komax Group	-2,484	-1,597
Employer contributions	2,484	2,314
Accrual for employee benefits as of 31.12. (prepayment by the Komax Group)	0	717

¹⁾ The funding shortfall of CHF 1.287m at January 1, 1999 in the initial balance will be amortized over 5 years.

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

	2002
	CHF 1,000
Total January 1	1,623
Expense	-2,484
Employer contributions	2,484
Total December 31	1,623

The following table contains information concerning the current state of over- or underfunding of the retirement benefit schemes operated in Switzerland and on the figures in the consolidated balance sheet:

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Available assets	46,775	46,819
Retirement benefit liabilities	-50,326	-47,840
Overfunding (+) / Underfunding (-)	-3,551	-1,021
Unrealized actuarial losses	5,174	3,361
Non-appropriable prepaid income	0	-717
Stated as assets in the consolidated balance sheet	1,623	1,623

The valuation of retirement benefit liabilities is based, on the one hand, on assumptions relating to current company policy and, on the other, on empirical values. They are reflected in the following economic and demographical parameters. Assumptions were based on the following underlying parameters (in %, weighted average):

	2002	2001
	in %	in %
Discount rate	4.0	4.0
Estimated wage growth rate	2.0	2.0
Increase in current pensions (expectancy of future benefits)	0.5	1.5
Expected long-term net yield on plan assets	4.0	4.0

The personnel expenditure (IAS 19) incurred in France was recognized in the consolidated accounts. This expenditure is, however, not included in the detailed information as it has no material influence and is to some extent subject to different conditions and underlying parameters.

9. Non-consolidated investments

In December 2002, Komax Holding AG signed a joint venture with the company Murata Kogyo KK in Shizuoka-Shi, Japan. Komax Murata KK has an authorized share capital of JPY 50m, 50% of which is held by Komax Holding AG. Komax Murata KK will sell wire processing machinery and systems in Japan and other parts of Asia and began operations in January 2003. The joint venture is valued by the equity method.

10. Tangible assets 2002

Trend in gross values in CHF 1,000 Asset category	Costs 01.01.02	Other changes ¹⁾	Additions	Disposals	Costs 31.12.02
Movables					
Machinery	15,383	-74	991	-397	15,903
Tools/operating installations	3,217	-138	407	-9	3,478
Warehouse installations	1,432	-23	247	-216	1,440
Vehicles	819	0	47	-56	810
Office furnishings	4,276	-364	493	2	4,407
Information technology	6,802	-233	882	-622	6,829
Prepayment for assets	619	0	0	-619	0
Total	32,548	-832	3,067	-1,917	32,867
Real estate					
Buildings ²⁾	48,128	-1,222	12,935	0	59,841
Land	11,669	-230	0	-8	11,431
Total	59,797	-1,452	12,935	-8	71,272
Total	92,345	-2,284	16,002	-1,925	104,139

Depreciation and amortization in CHF 1,000 Asset category	Accum. depr. 01.01.02	Other changes ¹⁾	Accum. depr. on disposals	Deprecia- tion 2002	Accum. depr. 31.12.02	Net value tang. assets 31.12.02
Movables						
Machinery	8,838	-22	376	1,400	9,840	6,063
Tools/operating installations	1,948	-118	69	308	2,069	1,409
Warehouse installations	680	-5	492	186	370	1,070
Vehicles	372	-19	17	123	460	350
Office furnishings	2,402	152	21	431	2,964	1,443
Information technology	4,250	-149	591	1,228	4,738	2,091
Prepayment for assets	0	0	0	0	0	0
Regrouping/ valuation differences	0	0	0	0	0	0
Total	18,490	-161	1,566	3,675	20,441	12,426
Real estate						
Buildings	13,646	-277	0	1,486	14,855	44,986
Land	0	0	0	0	0	11,431
Total	13,646	-277	0	1,486	14,855	56,417
Total	32,136	-438	1,566	5,161	35,296	68,843

¹⁾ The column "Other changes" includes currency differences, reclassifications and revaluations.

²⁾ Including capitalized building loan interest amounting to CHF 0.346m as of May 31, 2002.

The insurance value of tangible assets was CHF 228.1m on December 31, 2002. Future liabilities arising from non-capitalized operating lease agreements amount to:
Due 2003: CHF 0.2m. Due 2004 – 2007: CHF 0.9m.

10.1 Tangible assets 2001

Trend in gross values in CHF 1,000 Asset category	Costs 01.01.01	Costs ¹⁾	Other changes ²⁾	Additions	Disposals	Costs 31.12.01
Movables						
Machinery	16,144	158	-175	586	-1,329	15,383
Tools/operating installations	3,295	10	8	212	-308	3,217
Warehouse installations	1,204	9	-27	247	-2	1,432
Vehicles	682	31	51	385	-329	819
Office furnishings	3,739	49	-50	759	-222	4,276
Information technology	5,152	38	-15	1,874	-248	6,802
Prepayment for assets	646	0	-1	619	-645	619
Total	30,862	294	-209	4,683	-3,083	32,548
Real estate						
Buildings	34,609	0	72	13,448	0	48,128
Land	11,068	0	-6	607	0	11,669
Total	45,677	0	-67	14,055	0	59,797
Total	76,539	294	-142	18,738	-3,083	92,345

Depreciation and amortization in CHF 1,000 Asset category	Accum. depr. 01.01.01	Other changes ²⁾	Accum. depr. on disposals	Deprecia- tion 2001	Accum. depr. tang. assets 31.12.01	Net value tang. assets 31.12.01
Movables						
Machinery	8,631	-6	1,264	1,478	8,838	6,545
Tools/operating installations	1,896	20	292	324	1,948	1,269
Warehouse installations	588	-16	1	109	680	752
Vehicles	493	-9	216	105	372	447
Office furnishings	2,056	-3	149	498	2,402	1,874
Information technology	3,321	6	246	1,167	4,250	2,552
Prepayment for assets	0	0	0	0	0	619
Regrouping/ valuation differences	-4	0	-2	2	0	0
Total	16,981	-8	2,165	3,683	18,490	14,058
Real estate						
Buildings	12,592	-9	0	1,065	13,648	34,480
Land	0	0	0	0	0	11,669
Total	12,592	-9	0	1,065	13,648	46,149
Total	29,573	-17	2,165	4,748	32,138	60,207

¹⁾ Acquisition of Sibos Prime Inc.

²⁾ The column "Other changes" includes currency differences, reclassifications and revaluations.

The insurance value of tangible assets was CHF 95.6m on December 31, 2001.

Future liabilities arising from non-capitalized operating lease agreements amount to:

Due 2002: CHF 0.3m.

Due 2003 – 2007: CHF 1.2m.

11. Intangible assets 2002

Trend in gross values in CHF 1,000 Asset category	Costs 01.01.02	Other changes ¹⁾	Additions	Disposals	Cost 31.12.02
Intangible assets					
Software	7,681	-151	758	-188	8,100
Patents	4,050	0	0	0	4,050
Goodwill	27,960	-3,012	0	-36	24,912
Costs of incorporation	15	-1	0	0	14
Total	39,706	-3,164	758	-224	37,076

Depreciation and amortization in CHF 1,000 Asset category	Accum. depr. 01.01.02	Other changes ¹⁾	Accum. depr. on disposal	Deprecia- tion 2002	Accum. depr. 31.12.02	Net value intang. ass. 31.12.02
Intangible assets						
Software	4,390	-96	268	1,217	5,243	2,857
Patents	962	0	0	405	1,367	2,683
Goodwill	3,163	-252	37	1,364	4,241	20,671
Costs of incorporation	3	0	0	3	6	8
Regrouping / valuation differences	0	0	0	0	0	0
Total	8,518	-348	305	2,989	10,857	26,220

¹⁾ The column "Other changes" includes currency differences, reclassifications and revaluations.

11.1. Intangible assets 2001

Trend in gross values in CHF 1,000 Asset category	Costs 01.01.01	Costs ¹⁾	Other changes ²⁾	Additions	Disposals	Costs 31.12.01
Intangible assets						
Software	6,156	5	1	1,836	-317	7,681
Patents	4,050	0	0	0	0	4,050
Goodwill	17,800	0	167	9,993	0	27,960
Costs of incorporation	0	0	0	15	0	15
Total	28,006	5	168	11,829	-317	39,706

Depreciation and amortization in CHF 1,000 Asset category	Accum. depr. 01.01.01	Other changes ²⁾	Accum. depr. on disposal	Deprecia- tion 2001	Accum. depr. 31.12.01	Net value intang. ass. 31.12.01
Intangible assets						
Software	3,586	-2	324	1,130	4,390	3,291
Patents	557	0	0	405	962	3,088
Goodwill	1,736	-15	0	1,442	3,163	24,797
Costs of incorporation	0	0	0	3	3	12
Regrouping / valuation differences	0	0	0	0	0	0
Total	5,879	-17	324	2,980	8,518	31,188

¹⁾ Acquisition Sibos Prime Inc.

²⁾ The column "Other changes" includes currency differences, reclassifications and revaluations.

12. Ownership restrictions for own liabilities

Assets pledged to secure own liabilities:

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Balance-sheet value real estate	46,882	19,220
Charge	22,575	4,575
Utilization (mortgages)	16,100	100

The increase compared with the year-back period is attributable to the newly constructed office and production building of Sibos AG in Rotkreuz. Real estate consists solely of land and buildings in Switzerland.

13. Financial liabilities

		2002	31.12.02	2001	31.12.01
	Currency	Interest rate	Total CHF 1,000	Interest rate	Total CHF 1,000
Short-term bank loans	CHF	2.40%	1,000		0
	CHF	1.68%	1,000		0
	CHF	2.10%	2,000	3.72%	2,000
	CHF	2.62%	1,000	2.73%	1,000
	CHF	1.50%	1,500	3.72%	1,500
	CHF	1.70%	1,000		0
	CHF		0	4.10%	4,000
	USD		0	4.60%	6,720
Total			7,500		15,220
Unutilized credit lines			46,558		55,082

14. Other liabilities and accrued expenses / deferred income

	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Other liabilities	4,458	4,347
Employee benefits	298	408
Corporation tax due at short term ¹⁾	1,184	1,243
Accrued expenses/deferred income	7,132	10,407
Prepayments on systems	23,709	12,888
./. Accruals/deferrals in respect of systems	-22,758	-9,511
Total	14,023	19,782

¹⁾ All consolidated companies book corporation tax resulting from business activity in the same business year, irrespective of the tax and assessment periods.

15. Provisions

	2002	2001
Guarantee payments ¹⁾	CHF 1,000	CHF 1,000
Total January 1	3,200	4,250
Additional provisions created	1,254	1,984
Amounts utilized during the year	-1,280	-3,034
Unused amounts reversed	-574	0
Total December 31	2,600	3,200

¹⁾ Provisions include material and personnel costs. In its wire-processing business, Komax as a rule grants a one-year warranty (except for wear and tear). Guarantee commitments in respect of assembly automation are agreed individually with the customer.

Provisions for guarantee commitments are reviewed annually. The decrease in relation to sales reflects improvements associated with quality management.

	2002	2001
Other provisions	CHF 1,000	CHF 1,000
Total January 1	827	1,518
Additional provisions created	135	101
Amounts utilized during the year ¹⁾	-364	-742
Unused amounts reversed	-160	-50
Total December 31	438	827

¹⁾ The appropriation of other provisions relates partly to the favorable claims trend and to tax audits completed in fiscal 2002.

Total provisions December 31	3,038	4,027
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16. Financial loans

		2002	31.12.02	2001	31.12.01
	Currency	Interest rate	CHF 1,000	Interest rate	CHF 1,000
Loan agreement UBS Lucerne ¹⁾	CHF	2.66%	10,500	2.60%	10,500
Loan agreement UBS Lucerne	USD		0	4.80%	3,360
Loan agreement UBS Lucerne	USD	2.28%	6,950	5.10%	8,400
Loan agreement UBS Lucerne	CHF	1.80%	2,000		0
Loan agreement Credit Suisse, Lucerne	USD	2.70%	2,780		0
Loan agreement Allfirst Bank, York	USD	9.40%	18	9.40%	50
Loan agreement LKB Lucerne	CHF	3.35%	16,000	3.89%	10,800
Mortgages	CHF	4.90%	100	4.84%	100
Total			38,348		33,210

¹⁾ Loan agreement of June 25, 1997 between UBS, Lucerne, Credit Suisse, Lucerne, and Luzerner Kantonalbank, Lucerne, and Komax Holding AG and Komax AG. UBS, Lucerne, acts as agent for the lending banks.

The average interest on the financial loans was 2.8% in 2002 compared with 3.9% a year earlier.

16.1. Repayment of debts

Maturity	Syndicated bank loan ¹⁾	Bank loan ²⁾	Other financial loans	Total
CHF 1,000				
by end of 2003	10,500	17,748	0	28,248
after January 1, 2004	0	10,000	100	10,100
Total ³⁾	10,500	27,748	100	38,348

¹⁾ The loan agreement runs for one year from June 30, 2002 up to June 30, 2003. The expiry of the agreement represents the final maturity of the business investment loan, and of credit facilities granted under it. As things stand now, long-term refinancing is planned.

²⁾ UBS, CS, LKB, Allfirst.

³⁾ Loan amount at December 31, 2002 before interest due at time of repayment.

17. Share capital

As of December 31, 2002, the share capital amounted to CHF 31,527,830. This includes a capital increase of CHF 139,000 based on the exercise of option rights. The registered share has a par value of CHF 10.–.

18. Segment information

18.1. Primary segment information

As the Komax Group is active in only one segment, the primary segment information is presented in a single column for each financial year.

Income statement	2002		2001		Change
	CHF 1,000	%	CHF 1,000	%	
Net sales ¹⁾	191,538	100.0	196,900	100.0	-2.7
Net earnings	190,374	99.4	195,698	99.4	-2.7
Expenditure on materials	63,910	33.4	63,831	32.4	0.1
Outside services	9,130	4.8	10,650	5.4	-16.7
Gross profit	117,334	61.3	121,217	61.6	-3.2
Operating expenditure	91,513	47.8	94,811	48.2	3.5
Depreciation and amortization	8,150	4.3	7,728	3.9	5.3
Operating profit (EBIT)	17,671	9.2	18,678	9.5	-5.4

¹⁾ The net sales revenue for 2002, includes POC sales amounting to CHF 15.5m (previous year CHF 16.9m). This is equivalent to 8.1% of sales for 2002, or 8.6% for the previous year.

In 2002, the Komax Group invoiced 28% in USD, 38% in EUR and slightly more than 30% in CHF. Because of the exchange rate trends of the USD and CHF, the currency effect on net sales revenues in fiscal 2002 amounted to -4.8% points. The currency effect on gross profit for 2002 amounted to -3.3% points and the impact on operating profit came to -1.6% points.

Assets and borrowed capital	31.12.02		31.12.01		Change
	CHF 1,000	%	CHF 1,000	%	
Current assets	105,668	50.8	110,308	52.9	-4.2
Fixed assets	102,577	49.2	98,343	47.1	4.3
Total assets	208,245	100.0	208,651	100.0	-0.1
Short-term liabilities	36,661	-	49,569	-	-26.0
Long-term liabilities	45,366	-	40,325	-	12.5
Total liabilities	82,027	-	89,894	-	-8.9
Investments	17,063	-	30,705	-	-45.4

The 2001 investments include the acquisition of Sibos Prime Inc. (CHF 11.1m). Thus in fiscal 2001, investments less acquisitions amounted to CHF 19.6m.

18.2. Secondary segment information by region

Sales revenues by location of purchasing party	2002		2001		Change
	CHF 1,000	%	CHF 1,000	%	
Europe ¹⁾	127,722	66.1	129,406	65.7	-1.3
North and South America	48,985	25.3	57,350	29.1	-14.6
Asia/Pacific	16,698	8.6	10,177	5.2	-64.1
Total	193,405	100.0	196,933	100.0	-1.8

Sales revenues by location of service provider	2002		2001		Change
	CHF 1,000	%	CHF 1,000	%	
Europe ¹⁾	126,573	65.5	132,935	67.5	-4.8
North and South America	52,851	27.3	55,382	28.1	-4.6
Asia/Pacific	13,981	7.2	8,616	4.4	62.3
Total	193,405	100.0	196,933	100.0	-1.8

Assets by location of service provider	31.12.02		31.12.01		Change
	CHF 1,000	%	CHF 1,000	%	
Europe ¹⁾	155,662	74.7	146,182	70.1	6.5
North and South America	45,820	22.0	56,491	27.1	-18.9
Asia/Pacific	6,763	3.3	5,978	2.8	13.1
Total	208,245	100.0	208,651	100.0	-0.2

Investments by location of service provider	2002		2001		Change
	CHF 1,000	%	CHF 1,000	%	
Europe ¹⁾	16,807	98.5	16,360	53.3	0.9
North and South America	256	1.5	14,264	46.4	-98.5
Asia/Pacific	0	0.0	81	0.3	
Total	17,063	100.0	30,705	100.0	-45.5

¹⁾ Incl. Africa

19. Other operating income

	2002	2001
	CHF 1,000	CHF 1,000
Other income (dispatch and packaging, rental and other income)	2,272	2,318
Valued and realized exchange-rate gains/losses (trade receivables)	-2,022	-19
Total	250	2,299

20. Personnel expenses

	2002	2001
	CHF 1,000	CHF 1,000
Wages and salaries	56,658	55,614
Employee benefits	9,603	9,865
Other personnel costs (training)	1,391	1,934
Total	67,652	67,413

Personnel expenses include all performance-related compensation for the past business year. Further details on employee benefits are given in Note 8.

20.1. Stock option plan of the Komax Group

The executive share ownership scheme for directors and management of the Komax Group includes a stock option plan. The option plan was introduced in 1998. The option program is designed to give executives and selected employees added interest in shareholder value and enable them to share in the company's success. 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 stock per option and are valid for five years. They have a predetermined exercise price and are subject to a three-year lock-in period.

	2002	Weighted average exercise price	2001	Weighted average exercise price	2000	Weighted average exercise price
	No.	CHF	No.	CHF	No.	CHF
Outstanding at beginning of year	161,100	108.08	150,000	77.76	100,000	59.91
Granted	50,000	88.18	50,000	156.12	50,000	113.46
Exercised	-13,883	61.56	-38,900	52.91		
Outstanding at end of year	197,217	106.31	161,100	108.08	150,000	77.76

The following table summarizes information on exercised options as of December 31, 2002:

Exercise price	Number	Outstanding options Average remaining period until expiry	Weighted average exercise price	Number	Capital increase by means of options exercised
CHF	No.	Years	CHF	No.	CHF
52.91	50,000	0	52.90	44,200	2,338,180
66.90	50,000	1	66.90	8,583	574,203
113.60	50,000	2	0	0	0
156.12	50,000	3	0	0	0
88.18	50,000	4	0	0	0
52.91-156.12	250,000	0-4	55.1765	52,783	2,912,382

20.2. Breakdown of employees by country and area of activity

2002	CH ¹⁾	EU ²⁾	America ³⁾	Asia ⁴⁾	Africa ⁵⁾	Total
Production	202	28	36	0	0	266
Research and development	78	12	1	0	0	91
Engineering	67	6	19	0	0	92
Marketing and sales	71	36	51	8	2	168
Administration ⁶⁾	32	13	14	2	2	63
Total headcount at Dec. 31, 02	450	95	121	10	4	680

2001	CH ¹⁾	EU ²⁾	America ³⁾	Asia ⁴⁾	Africa ⁵⁾	Total
Production	218	30	40	0	0	288
Research and development	79	15	1	0	0	95
Engineering	51	8	20	0	0	79
Marketing and sales	71	37	54	8	3	173
Administration ⁶⁾	31	16	13	2	1	63
Total headcount at Dec. 31, 2001	450	106	128	10	4	698

¹⁾ Komax AG, Sibos AG

²⁾ Komax companies in the EU: Germany, France, Portugal

³⁾ Komax and Sibos companies in North and South America

⁴⁾ Komax companies in Asia: Singapore and Japan

⁵⁾ Komax companies in Africa: South Africa, Morocco

⁶⁾ Incl. Management/IT

20.3. Average number of employees 2002/2001

The average number of employees in 2002 was **690**, compared with **714** a year earlier. The headcount as of December 31, 2002 does not include the twelve employees of Komax Shanghai. Komax Shanghai began operations on January 1, 2003.

21. Outside services for development expenditure

This item in the income statement only shows the external development expenditure, incl. building of prototypes, amounting to CHF 4.1m (2002) and CHF 4.0m (2001). The aggregate development expenses for new and further development of Komax products contain personnel expenses, cost of materials and costs for external development orders. These amount to CHF 17.3m, equivalent to 9.0% of net sales revenue compared with CHF 16.5m or 8.4% in the previous year.

22. Financial result

Financial income	2002	2001
	CHF 1,000	CHF 1,000
Interest income	342	623
Securities income	26	231
Exchange-rate gains on foreign currencies	5,177	4,199
Total financial income	5,545	5,053
Financial expense	2002	2001
	CHF 1,000	CHF 1,000
Interest expense	1,638	2,054
Other financial expense	252	261
Exchange-rate losses on foreign currencies	4,492	5,282
Total financial expense	6,382	7,597
Total financial result	-837	-2,544

23. Taxes

	2002	2001
	CHF 1,000	CHF 1,000
Current income taxes	4,860	5,411
Deferred taxes	-1,253	-3,218
Total	3,607	2,193

Analysis of the tax rate

The following main elements explain the difference between the expected Group tax rate (the weighted average tax rates based on the profit before tax of each Group company) and the effective tax rate:

	2002	2001
	%	%
Expected tax rate (weighted average tax rate)	22.0	20.0
Effect of weighted tax rate within the Komax Group	0.9	-5.4
Effect of tax loss carry-overs	-0.4	-0.5
Effect of changes in deferred taxes (tax rate)	-1.0	-0.5
Others	-0.1	0.0
Effective tax rate	21.4	13.6

24. Earnings per share (EPS)

	2002	2001
	CHF	CHF
Group profit	13,227,000	13,941,000
Weighted average number of outstanding shares	3,126,456	3,116,776
Basic earnings per share	4.23	4.47

	2002	2001
	CHF	CHF
Group profit	13,227,000	13,941,000
Weighted average number of outstanding shares	3,126,456	3,116,776
Adjustment for dilutive effect of share options	191,417	161,100
Weighted average number of shares for calculating diluted earnings per share	3,317,817	3,277,876
Diluted earnings per share	3.99	4.25

25. Acquisitions

25.1. Acquisition Sibos Prime Inc. 2001

	01.01.01
	CHF 1,000
Cash and cash equivalents	1,203
Receivables, inventories	5,279
Tangible assets	314
Liabilities	-4,585
Financial loans	-123
Net assets acquired ¹⁾	2,088
Goodwill	10,172
Purchase price ²⁾	12,260
Cash and cash equivalents acquired ³⁾	-1,203
Net cash flow	11,057

¹⁾ The net assets acquired were calculated according to the valuation principles of the Komax Group.

²⁾ Of which CHF 3.6m were paid for with Komax Holding AG shares.

³⁾ A component of the funds reported in the consolidated cash flow statement 2001.

26. Funds, cash flow statement

Proof of change in funds	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Demand deposits and call money	16,602	17,422
Time deposits	5,503	3,571
Total cash and time deposits (funds)	22,105	20,993
Increase (+) decrease (-) in funds	1,112	2,161

Post balance-sheet events

No material events occurred between the balance-sheet date and the adoption by the Board of Directors of the consolidated financial statements on March 14, 2003 which might adversely affect the information content of the 2002 annual accounts or which would require disclosure.

Transactions with related parties

Transactions with related parties were performed in line with market conditions. We also refer to the chapter on corporate governance on pages 2 to 9.

Report of the group auditors
to the general meeting of
Komax Holding AG
Dierikon

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, cash flow statement, statement of shareholders' equity and notes / pages 16 to 38) of the Komax Holding AG for the year ended 31 December 2002.

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

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


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

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

PriceWaterhouseCoopers AG



A. Baur



P. Suter

Basel, 14 March 2003

Remarks concerning the financial statements of Komax Holding AG

Balance

1. Assets

As of December 31, 2002, Komax Shanghai was established in Shanghai, China and Komax Murata KK was founded in Shizuoka-Shi, Japan.

Komax Shanghai was established with a share capital of USD 0.2m and Komax Murata KK was set up with a share capital of JPY 50.0m as a joint venture with Murata Kogyo KK in which each company holds a 50% stake.

The increase of CHF 1.9m in the balance sheet position "Short-term loans" and the change amounting to CHF 1.1m in long-term financial loans both resulted from loans granted to our subsidiaries.

The participations increased as we converted a participation loan to Sibos Holding Corporation, USA, into a participation in that company. The position "Participation loans" decreased accordingly.

2. Liabilities

Komax AG's dividend payment of CHF 10.0m was used to repay borrowings from Komax Holding AG in existence on January 1, 2002.

During 2002, Komax Holding AG was able to repay bank loans totaling CHF 10.0m. It also granted loans to subsidiaries and made investments in Komax Shanghai in China and Komax Murata KK in Japan. As a result of these investments and definancings, borrowings vis-à-vis Komax AG rose to CHF 13.8m at the end of 2002. The remaining financing requirement was covered by internally generated funds.

The self-financing ratio increased by 5% points, from 77.5% in 2001 to 82.5% in 2002.

The reserves for treasury shares were reduced from CHF 2.164m in the previous year to CHF 0.073m to reflect holdings at December 31, 2002.

Income Statement

3. Income

The dividend income of Komax Holding AG came from Komax AG.

The item "Services for Group companies" consists mainly of remuneration for management services rendered by the Group Management.

The item "Financial income" includes interest on loans granted to Group companies and realized gains from securities sales.

4. Expenditure

Administrative expense consists of costs charged for own Group services which accrued directly to Komax AG. Group services primarily comprise management services in the areas of marketing, sales, finance and information technology.

Financial expenditure contains interest on loans payable to third parties and Group companies as well as valued and realized exchange-rate losses. Although the interest charge was reduced by CHF 0.8m compared with the previous year because of repayments of bank loans and we made an exchange rate gain on the USD bank loans, financial expenditure nonetheless increased by CHF 0.7m compared with the previous year. This was mainly because of the exchange rate losses on the financial loans granted in USD.

5. Taxes

The taxes of CHF 0.08m are made up of the tax provision for income tax and of withholding tax.

Balance sheet

Assets	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Current assets		
Cash and cash equivalents	390	125
Treasury shares	58	2,164
Other receivables from third parties	134	127
Other receivables from Group	3,768	4,412
Other receivables	3,902	4,539
Financial loans Group	10,291	8,379
Accrued income/prepaid expenses	25	17
Total current assets	14,666	15,224
Fixed assets		
Investments in subsidiaries	91,193	83,156
Participation loans	3,620	11,714
Financial loans Group	23,853	22,765
Patents	2,683	3,088
Total fixed assets	121,349	120,723
Total assets	136,015	135,947

Liabilities and shareholders' equity	31.12.02	31.12.01
	CHF 1,000	CHF 1,000
Short-term liabilities		
Other liabilities to third parties	66	132
Other liabilities to the Group	13,812	8,042
Accrued expenses/deferred income	137	486 ¹⁾
Provisions	40	50 ¹⁾
Total short-term liabilities	14,055	8,710
Long-term liabilities		
Bank loans	9,730	21,930
Total long-term liabilities	9,730	21,930
Total liabilities	23,785	30,640
Shareholders' equity		
Share capital	31,528	31,389
Premium	25,015	24,299
General statutory reserves	100	100
Reserves for treasury shares	73	2,164
Free reserves	45,307	25,215
Retained earnings	991	2,216
Profit for the financial year	9,216	19,924
Total shareholders' equity	112,230	105,307
Total liabilities and shareholders' equity	136,015	135,947

¹⁾ The structure of the prior-year figures has been adjusted to enable comparisons to be drawn with the year under review.

Income statement

	2002	2001
	CHF 1,000	CHF 1,000
Income		
Dividend income	10,000	20,390
Services for Group companies	2,807	3,328
Financial income	1,800	1,782
Total income	14,607	25,500
Expenditure		
Administrative expense	1,972	1,948
Financial expense	2,557	1,830
Value adjustments and amortizations	405	405
Other expenditure	373	688
Total expenditure	5,307	4,871
Profit before tax	9,300	20,629
Tax	84	705
Profit after tax	9,216	19,924

Notes to the 2002 financial statements

1. Contingent liabilities

	31.12.02 CHF 1,000	31.12.01 CHF 1,000
Joint and several liability for Group taxation value-added tax	CHF 1	
Guarantees (in favor of subsidiaries)		
in EUR (16)	22	
in CHF	44,500	19,500
in USD (3,117)	4,332	3,260
Total	48,854	22,760

2. Conditional capital

The conditional capital consists of 300,000 registered shares with a par value of CHF 10 created for executive and employee share ownership schemes. Under the Komax Group's executive share ownership plan, 244,020 options had been issued up to December 31, 2002 and in 2002, 13,883 options were converted to shares, as compared with 38,900 in 2001. As of December 31, 2001, the conditional capital was therefore reduced by CHF 389,000 and the share capital was increased by CHF 389,000. As of December 31, 2002, the conditional capital was reduced by a further CHF 138,830 and the share capital was increased by CHF 138,830.

Changes conditional capital 1997 – 2002

Year	Increase in conditional capital	Reduction in conditional capital (by conversion)	End balance
1997	1,500,000		
1998			
1999			
2000	500,000		
2001	500,000	- 389,000	
2002	500,000	- 138,830	
Total	3,000,000	- 527,830	2,472,170

3. Treasury shares

Change 2002	01.01.02	Increase	Decrease	31.12.02
Initial holdings	30,000			
Purchase (ø CHF 57.40 / share)		1,252		
Sale (ø CHF 81.00 / share)			30,000	
End-of-period holdings				1,252
Total	30,000	1,252	30,000	1,252

Change 2001	01.01.01	Increase	Decrease	31.12.01
Initial holdings	2,729			
Purchase (ø CHF 103.96 / share)		61,139		
Sale (ø CHF 135.81 / share)			33,868	
End-of-period holdings				30,000
Total	2,729	61,139	33,868	30,000

4. Major shareholders

at December 31, 2002

Shareholder/shareholder group	No. of shares	Interest
Max Koch, Meggen	415,970	13.2%
Micro Value, Zurich	275,500	8.7%
Management team of Komax Group (incl. middle management)	272,453	8.6%
Julius Baer, Multistock SICAV, Luxembourg	248,760	7.9%

at December 31, 2001

Shareholder/shareholder group	No. of shares	Interest
Max Koch, Meggen	435,970	13.9%
Micro Value, Zurich	275,000	8.8%
Julius Baer, Multistock SICAV, Luxembourg	260,330	8.3%
Management team of Komax Group (incl. middle management)	251,700	8.0%

There are no other items that need to be reported under Sections 663b and 663c of the Companies Act.

5. Direct and indirect equity participations as at Dec. 31, 2002

Komax Holding AG

Dierikon/LU, Switzerland

Purpose: Holding of equity interests

Listed on: SWX

Swiss security ID code: 1070215

Share capital: CHF 31,527,830

Market capitalization:

CHF 145,343,296

100%

Technology Trading Company (TTC), Dierikon/LU, Switzerland

Founded: 1990

Purpose: Patent management

Ordinary capital: CHF 100,000

100%

Komax Portuguesa S.A. S. Domingos de Rana, Portugal

Founded: 1991

Purpose: Engineering, production, sales

Ordinary capital: EUR 1,500,000

100%

Komax Deutschland GmbH Nuremberg, Germany

Founded: 1994

Purpose: Sales

Ordinary capital: EUR 400,000

100%

Komax Comercial do Brasil Ltda São Paulo, Brazil

Founded: 1994

Purpose: Sales

Ordinary capital: BRL 200,000

100%

Komax Corporation Buffalo Grove, Illinois, USA

Founded: 1980

Purpose: Sales

Ordinary capital: USD 1,000,000

100%

Komax France Sàrl. Epinay-sur-Seine, France

Founded: 1992

Purpose: R&D, production, marketing, sales

Ordinary capital: EUR 1,500,000

100%

Sibos AG Rotkreuz/ZG, Switzerland

Acquired: 1998

Purpose: Engineering, production, marketing, sales

Ordinary capital: CHF 5,000,000

100%

Komax AG Dierikon/LU, Switzerland

Founded: 1978

Purpose: R&D, production, marketing, sales

Ordinary capital: CHF 5,000,000

100%

Sibos Holding Corp. Buffalo Grove, Illinois, USA

Founded: 2000

Purpose: Holding of equity interests

Ordinary capital: USD 5,160,000

100%

Sibos Prime Inc. Rockford, Illinois, USA

Acquired: 2001

Purpose: Engineering, production, marketing, sales

Ordinary capital: USD 10,000

100%

Sibos Corp. ³⁾ Rockford, Illinois, USA

Founded: 1999

Purpose: Engineering, marketing, sales

Ordinary capital: USD 200,000

100%

Sibos Ascor Inc. York, Pennsylvania, USA

Acquired: 2000

Purpose: Engineering, production, marketing, sales

Ordinary capital: USD 150

50% Joint Venture

Komax Murata KK ^{1) 2)}
Shizuoka, Japan

Founded: 2002

Purpose: Engineering, marketing, sales

Ordinary capital: JPY 50,000,000

100%

Komax Shanghai Co. Ltd. ¹⁾
Shanghai, China

Founded: 2002

Purpose: Production, sales

Ordinary capital: USD 200,000

100%

Komax Japan KK ⁴⁾
Tokyo, Japan

Founded: 1995

Purpose: Sales

Ordinary capital: JPY 80,000,000

100%

Sieba AG
Rotkreuz/ZG, Switzerland

Acquired: 1998

Purpose: Holding of equity interests

Ordinary capital: CHF 500,000

100%

Komax Maroc SARL
Casablanca, Morocco

Founded: 2001

Purpose: Sales

Ordinary capital: MAD 100,000

100%

Komax Singapore Pte. Ltd.
Singapore

Founded: 1994

Purpose: Sales

Ordinary capital: SGD 100,000

100%

Komax SA (PTY) LTD.
Port Elizabeth, South Africa

Founded: 2001

Purpose: Sales

Ordinary capital: ZAR 400,000

¹⁾ Founded December 2002, started business January 1, 2003

²⁾ Consolidation by equity method

³⁾ The activities of Sibos Corp. will be integrated into the two subsidiaries Sibos Ascor and Sibos Prime in spring 2003.

⁴⁾ Komax Japan KK will be closed by spring 2003. It's operations will be taken over by Komax Murata KK.

Proposal for the appropriation of profit

Proposal for the appropriation of profit

	31.12.02	31.12.01
	in whole francs	in whole francs
Balance carried forward from previous year ¹⁾	991,373	2,215,906
Profit for year	9,216,065	19,923,890
Total	10,207,437	22,139,796

The Board of Directors proposes the following appropriation:

Repayment of par value

The Board of Directors proposes that the General Meeting should carry forward the entire balance sheet profit to new account and should not pay a dividend for 2002. Instead, the Board of Directors proposes that the General Meeting should reduce the par value of each registered share with a current par value of CHF 10 by CHF 1 (capital reduction). This would reduce the par value of each Komax registered share to CHF 9.

	31.12.2002	31.12.2001
	in whole francs	in whole francs
Dividend	0	3,199,310
Allocation to free reserves	9,000,000	18,000,000
Profit carried forward	1,207,437	940,486
Total	10,207,437	22,139,796

¹⁾ Previous year's balance carried forward less dividend payments of CHF 9,523 for options converted to shares before the dividend payment date plus CHF 60,410 for treasury shares.

Report of the statutory auditors
to the general meeting of
Komax Holding AG
Dierikon

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes / pages 42 to 50) of Komax Holding AG for the year ended 31 December 2002.

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

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


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

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

PriceWaterhouseCoopers AG



A. Baur



P. Seiler

Basel, 14 March 2003

Information for Investors

Ticker symbols

Swiss security no. 1'070'215

Telekurs KOMN

Reuters KOMn.S

Key figures

		2002	2001
Share capital as at Dec. 31	CHF 1,000	31,528	31,389
Number of shares as at Dec. 31	No.	3,152,783	3,138,900
Par value per share	CHF	10	10
Stock-market capitalization as at Dec. 31	CHF 1,000	145,343	276,223
– in % of net sales	%	75.9	140.3
– in % of shareholders' equity	%	115.2	232.6
Basic earnings per share	CHF	4.23	4.47
EBITDA per share	CHF	8.19	8.47
Dividend per share	CHF	—	1.00
Repayment of par value per share	CHF	1.00 ¹⁾	—
Equity per share	CHF	40.00	38.10
P/E (price/earnings ratio) as at Dec. 31		11.0	19.7
Dividend yield ¹⁾	%	2.17	1.14
EBITDA			
in % of net sales	%	13.5	13.4
Operating profit (EBITA) in % of net sales	%	9.9	10.2
Operating profit (EBIT) in % of net sales	%	9.2	9.5
Group profit after taxes (EAT)			
in % of net sales	%	6.9	7.1
Shareholders' equity in % of total assets as at Dec. 31	%	60.6	56.9
Free cash flow before investments in participations	CHF 1,000	3,970	4,144
Free cash flow after investments in participations	CHF 1,000	3,667	-6,913
Net indepthness (-) / net cash (+) as at Dec. 31	CHF 1,000	-23,707	-26,884

¹⁾ Proposal of Board of Directors of Komax Holding AG: Repayment of par value

Key Share Figures: Five-year Overview

		2002	2001	2000¹⁾	1999	1998
Share capital, Dec. 31	CHF 1,000	31,528	31,389	31,000	31,000	31,000
Number of shares, Dec. 31	No.	3,152,783	3,138,900	3,100,000	310,000	310,000
Average number of shares	No.	3,126,456	3,116,776	3,093,377	310,000	310,000
Basic earnings per share ²⁾	CHF	4.23	4.47	8.49	7.18	5.25
EBITDA per share ²⁾	CHF	8.19	8.47	12.58	10.61	8.57
EBITA per share ²⁾	CHF	6.02	6.44	10.84	9.08	7.38
EBIT per share ²⁾	CHF	5.60	6.00	10.64	8.92	7.21
Shareholders' equity per share ²⁾	CHF	40.00	38.10	35.80	29.13	22.72
Dividend ^{2) 4)}	CHF	—	1.00	1.80	1.50	1.10
Repayment of par value per share	CHF	1.00 ³⁾	—	—	—	—
High ²⁾	CHF	95.00	163.00	176.00	108.90	84.50
Low ²⁾	CHF	39.50	59.00	102.60	61.10	52.20
Closing price, Dec. 31 ²⁾	CHF	46.10	88.00	161.00	106.00	69.00
Average daily trading volume	No.	2,153	2,346	2,570	595	955

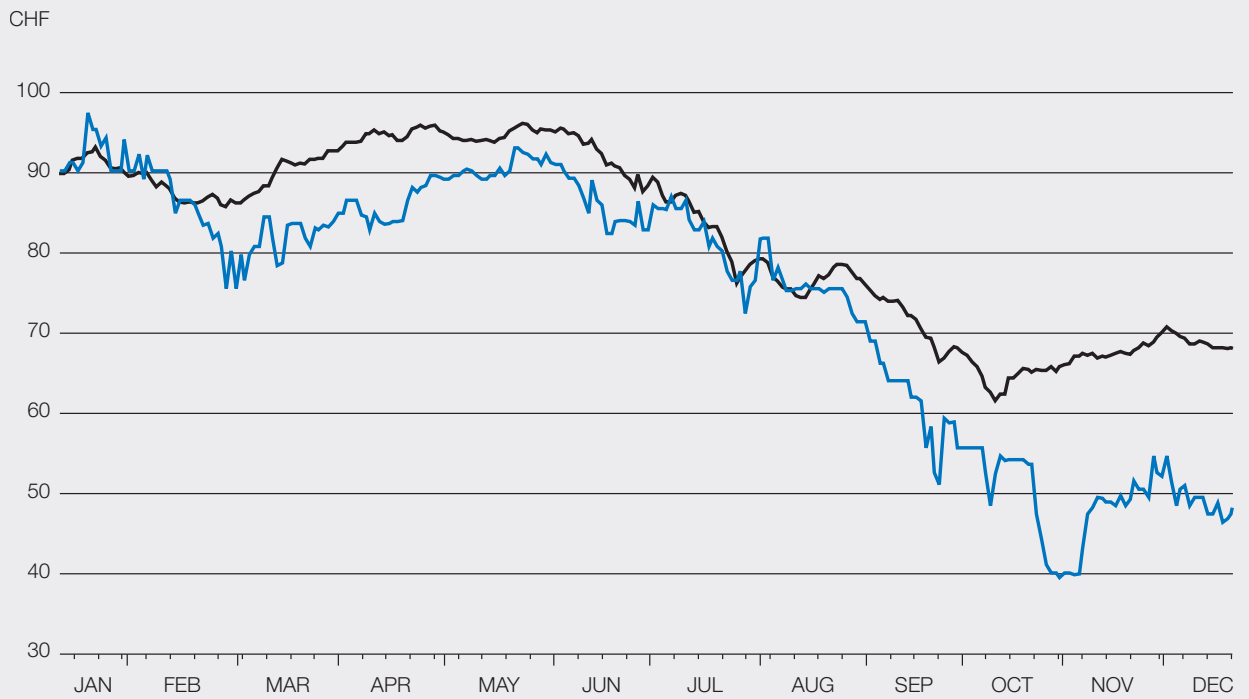
¹⁾ 10-for-1 share split, May 24, 2000.

²⁾ 1998 & 1999 figures adjusted for 10-for-1 share split on May 24, 2000.

³⁾ Proposal of Board of Directors of Komax Holding AG.

⁴⁾ The amount of the dividend paid to shareholders depends on general business performance, financial results and other relevant factors. The Board of Directors recommends a dividend policy based on Group profits. The portion distributed should be in the range of 20% to 25%.

Share Price, January 1, 2002 to December 31, 2002



— Vontobel-Datastream Small Cos. Price Index
— Komax

Source: Datastream

Issue price	June 11, 1997	CHF 43.50 ¹⁾
Market price	as at Dec. 31, 2002	CHF 46.10
	high 2002	CHF 95.00
	low 2002	CHF 39.50

¹⁾ Issue price adjusted for 10-for-1 share split on May 24, 2000.