

Contents

Corporate Governance

<i>Corporate Structure and Shareholders</i>	__2
<i>Capital Structure</i>	__2
<i>Board of Directors</i>	__3
<i>Executive Committee</i>	__6
<i>Compensation, Shareholdings and Loans</i>	__7
<i>Shareholders' Participation Rights</i>	__8
<i>Changes in Control and Defense Measures</i>	__8
<i>Auditors</i>	__9
<i>Information Policy</i>	__9

Komax Group

<i>Financial Report 2003</i>	__10
<i>Five-year Review</i>	__12
<i>Illustrations</i>	__13
<i>Statement of Value Added</i>	__14
<i>Consolidated Balance Sheet</i>	__16
<i>Consolidated Income Statement</i>	__18
<i>Consolidated Cash Flow Statement</i>	__19
<i>Consolidated Statement of Shareholders' Equity</i>	__20
<i>Notes to the Consolidated Financial Statements</i>	__21
<i>Report of the Group Auditors</i>	__39

Komax Holding AG

<i>Comments on the Financial Statements</i>	__41
<i>Balance Sheet</i>	__42
<i>Income Statement</i>	__44
<i>Notes to the Financial Statement</i>	__45
<i>Proposal for Appropriation of Earnings</i>	__50
<i>Report of the Auditors</i>	__51

Information for Investors	__52
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Corporate Governance

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, 2003	% as at Dec. 31, 2003	% as at Dec. 31, 2002
Max Koch, Meggen	397,370	12.5%	13.2%
Micro Value, Zurich	---	< 5%	8.7%
Julius Baer, Multistock SICAV, Luxembourg	182,560	5.7%	7.9%
Nordea Bank SA, European Value Fund SICAV, Luxembourg	181,406	5.7%	0%

As part of the disclosure obligation required by Art. 20 SESTA, the following changes were published in the year under review:

- a 5.7% stake acquired by Nordea Bank SA – European Value Fund SICAV – domiciled in Luxembourg;
- the reduction of the holding of Micro Value AG, domiciled in Zurich, to less than 5%.

There are no further circumstances requiring disclosure under CO 663b and 663c. 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 for 2003 and 2002, please see pages 20 and 34 of the Financial Report. The corresponding information for 2001 can be found in the 2002 Annual Report.

Background Information on Shares

As per December 31, 2003, Komax Holding AG has a share capital of CHF 28,632,654, distributed over 3,181,406 registered shares with a par value of CHF 9 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	2006
Max Koch	1997	2005
Bernhard Schöning	2002	2005
Hans Caspar von der Crone	1997	2006

Melk M. Lehner*

- Chairman of the Board of Directors
- Dipl. Masch.-Ing. ETH, Zurich
- Other board memberships: Sihl Manegg Immobilien AG, 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 on boards of listed companies: SAIA Burgess Electronics Holding AG, Murten, Switzerland; Vontobel Holding AG, Zurich, Switzerland others: Heineken Beverages Switzerland AG, Chur, Switzerland (Swiss subsidiary of the Heineken Group)
- 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
- Born: 1949
- Nationality: Swiss

Bernhard Schöning*

- 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



Bernhard Schöning

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. Furthermore, the CEO, CFO and the auditors participate in the meetings of the Audit Committee.

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 sets the salary and the bonus of the CEO and the members of the Executive Committee, and the draws of the Board of Directors. 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 2003, the Board of Directors met six times, the

Audit Committee twice and the Remuneration Committee once for regularly scheduled meetings.

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. Experte in Rechnungslegung & Controlling
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 2003:

- Non-executive members of the Board of Directors: CHF 476,445.–.
- Executive members of the Board of Directors and members of the Executive Committee: CHF 2,008,323.–.
- The member of the Board of Directors with the highest compensation received CHF 761,078.–.

The above amounts include the allocation of options from the 2003 program with an exercise price of CHF 40.89 and a taxable value of CHF 8.14. These options have a duration of 5 years (3 years to vest, 2 years to exercise).

Compensation for Former Members of Governing Bodies

In fiscal 2003 no compensation was paid to former members of governing bodies.

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 166,499 registered shares of Komax Holding AG in toto according to the share register as per December 31, 2003.

The non-executive members of the Board of Directors and closely linked parties hold 423,370 registered shares of Komax Holding AG in toto according to the share register as per December 31, 2003.

Options

As per December 31, 2003, the executive members of the Board of Directors and members of the Executive Committee or parties closely linked to such persons hold 88,080 options in toto (from the options plans for 2000, 2001, 2002 and 2003).

The non-executive members of the Board of Directors and closely linked parties hold 28,900 options in toto (from the options plans for 2000, 2001, 2002 and 2003).

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

In the year under review, members of the Board of Directors submitted invoices to the Komax Group for additional services in the amount of CHF 10,546.

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, 2003.

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 11, 2004

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 10, 2004, are entitled to vote their registered shares at the General Meeting of May 11, 2004. Shareholders registered on April 1, 2004, 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 10, 2004, 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 2003.

Auditing and Additional Honorariums

PricewaterhouseCoopers and other auditing firms invoiced the Komax Group CHF 395,007 in fiscal 2003 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 11,211 in fiscal 2003 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 6, 2004
General Meeting	May 11, 2004
Shareholders' Letter, first-half results	August 2004
Preview of results for 2004	January 2005
Annual media conference / analyst presentation	April 5, 2005
General Meeting	May 17, 2005

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Financial Report 2003

For the 2003 financial year, the Komax Group posted sales of CHF 222.2m. This corresponds to a year-on-year decrease of 16.0%. After adjustment for currency factors, sales would have increased by 16.6% compared with the previous year.

Operating earnings before depreciations and amortizations amounted to CHF 37.9m of net sales revenues (previous year 17.1%).

At CHF 20.8m (9.4% of net sales revenues), profit after tax was up 57.3% (previous year: CHF 13.2m).

Income Statement

Revenues (net sales)

The regional sales breakdown (by recipients of goods and services) for fiscal 2003 presents a mixed picture. In the European Union and particularly in other parts of Europe sales rose, in some cases on a massive scale. We also posted gratifying increases in sales in Asia, particularly in China. By contrast, sales in North and South America were more or less flat. The steady shift in sales in Europe correlates with the shift in the wire processing industry from the EU to Eastern Europe. The sales trend in North America was mainly a result of the weak USD and a cautious approach to capital investment which continued into 2003.

Gross and operating profit

The gross profit margin (gross profit/net earnings) for 2003 totaled 61.1% compared with 61.3% the previous year. The wire-processing business and the optimization measures in procurement had a positive impact on the gross profit trend, whereas the exchange rate trend and the higher proportion of outside services in the systems business had a negative impact. In 2003, the net impact of currency factors on gross profit came to -1.2% points.

Personnel expense decreased from 35.3% of sales to 32.1%. This is primarily due to the higher proportion of revenues posted in the wire-processing machinery segment. Fiscal 2003 also saw the Komax Group increase the value added quota within the Group in the production and assembly segment. Among other developments, net value creation per employee increased from CHF 125 to CHF 144. Net value creation rose compared with the previous year despite a 15.2% increase in outside services in the System business.

On December 31, 2003, the headcount stood at 707 employees, which corresponds to a decrease of 2.9% compared with January 1, 2003. In 2003, 40% of our employees were employed in the production sector and 26% worked in marketing/sales. The engineering and development sectors both accounted for just under 13% each and 8% were employed in the administrative sector.

Research and development costs

R&D expenditure amounted to CHF 19.3m (8.7% 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 continuing difficult economic conditions, we systematically pressed forward with our targeted R&D investments in fiscal 2003. New developments and basic engineering projects accounted for roughly 60% of development expenditure. During the year under review, the Komax Group posted marked increases in sales, particularly with the Alpha 477 (double crimps) and the Alpha 488 (twisted pairs up to 10 meters in length), new machines that allow increased automation of processing.

As at December 31, 2003, the Komax Group employed a total of 90 R&D staff, most of them based at the two sites Komax AG, Dierikon and Komax France, Rousset.

Operating profit (EBIT)

The Komax Group posted an operating profit (EBIT) of CHF 29.3m for the reporting year (13.2% of net sales) as against CHF 17.7m (9.2%) the previous year. This corresponds to an increase of 65.9%. Currency effects had no significant impact at EBIT level.

Financial result

The financial result amounted to CHF -1.9m, which is CHF 1.1m less than the year-back figure. This deterioration was a result of unrealized and realized losses stemming from the weak USD. The average interest rate on financial loans stood at 2.5% as against 2.8% the previous year.

Profit

In fiscal 2003, earnings before taxes (EBT) reached CHF 27.4m (12.3% of net sales), as against CHF 16.8m (8.8% of net sales) the previous year.

Current and deferred taxes amounted to CHF 6.6m, bringing the tax rate for the year under review to 24.1% (previous year 21.4%); this rise was mainly due to the improvement in the results of the foreign companies.

Profit after tax (EAT) was CHF 20.8m (EAT/sales 9.4%) compared with CHF 13.2m the previous year.

Balance sheet

Assets

Current assets increased approximately by 15% to CHF 122.1m. The increase is explained by the marked 16% rise in sales. In the fourth quarter of 2003, the sales trend was also very gratifying, resulting in a corresponding short-term rise in trade receivables. Inventory management processes underwent further optimization (JIT/Just-In-Time Production). Thus, on the balance-sheet date inventories were down by more than 10% – despite higher sales. The decrease in tangible assets is partly due to lower investments (in comparison with depreciations) and partly to the USD. As at December 31, 2003, goodwill from acquisitions totaled CHF 18.1m. This is equivalent to 12.5% of shareholders' equity.

Liabilities

On the liabilities side, the Komax Group has adjusted the structure of its prior year figures to facilitate comparison. This affects the positions of financial liabilities and financial loans. As of December 31, 2003 (restatement as of December 31, 2002), financial liabilities show all liabilities toward banks due before January 1, 2005, even where refinancing is currently planned, but has not yet been formally implemented.

The sharp rise in other liabilities and accrued expenses and deferred income mainly consists of higher liabilities from profit-sharing and higher net deferrals arising from prepayments on assets. The long-term financial loans consist exclusively of mortgages to finance the office and assembly building in Rotkreuz. In financial 2003, net debt was reduced by CHF 13.3m as of December 31, 2003.

As of December 31, 2003, the Group's shareholders' equity amounted to CHF 143.7m, which corresponds to 65.3% of the balance sheet total compared with 60.6% as of December 31, 2002. As of December 31, 2003 the Group's gearing still stood at 0.1.

Cash flow statement

Operating activities

Net cash from operating activities before the change in net current assets amounted CHF 33.1m (prior year: CHF 19.4m) and CHF 21.4m after the change in net current assets (prior year: 20.7m). This meant that there was only a slight increase in cash flow from sales activities. The main reason for on the small increase in cash flow is due to the sharp rise in accounts receivable. This was a result of the positive trend of business in the fall of 2003 and not to any increase in overdue positions as a proportion of total accounts receivable.

Investment activities

The net cash outflow from investment activities amounted to CHF 6.2m (prior year CHF 17.1m, mainly for the new building in Rotkreuz, Switzerland). The main investments in 2003 were as follows:

– Machines	CHF	1.6m
– Property / Real estate	CHF	1.1m
– IT	CHF	2.3m
– Other categories	CHF	1.2m

In fiscal 2003, Komax generated a free cash flow of CHF 15.2m.

Financing activities

The Komax Group repaid a net total of CHF 13.2m in financial loans in the 2003 business year. The repayment of financial loans was achieved through cash flow from business operations. Komax Holding AG also purchased its own shares worth a net CHF 1.9m. Thanks to the Group's strong share price performance (Komax Holding AG shares), the number of option rights exercised under the option plan increased again compared with the previous year, resulting in a cash flow of CHF 1.9m from the increase in share capital. The cash outflow for the par value repayment amounted to CHF 3.2m. The net cash from financing activities resulted in a deficit of CHF 16.4m. Taking into account exchange-rate impacts, funds decreased by CHF 0.4m.

Five-year overview of the Komax Group

		2003	2002	2001	2000	1999
Net sales	CHF 1'000	222'182	191'537	196'900	211'617	183'732
Gross profit	CHF 1'000	135'713	117'334	121'217	129'029	110'535
in % of net sales	%	61.1	61.3	61.6	61.0	60.2
EBITDA	CHF 1'000	37'891	25'821	26'406	38'921	32'889
in % of net sales	%	17.1	13.5	13.4	18.4	17.9
Operating profit (EBITA)	CHF 1'000	30'532	18'990	20'075	33'526	22'874
in % of net sales	%	13.7	9.9	10.2	15.8	15.3
Operating profit (EBIT)	CHF 1'000	29'311	17'671	18'678	32'917	27'641
in % of net sales	%	13.2	9.2	9.5	15.6	15.0
Group profit after tax (EAT)	CHF 1000	20'801	13'227	13'941	26'277	22'248
in % of net sales	%	9.4	6.9	7.1	12.4	11.4
Depreciation & amortization	CHF 1'000	8'580	8'150	7'728	6'004	5'248
Net cash from operating activities	CHF 1'000	21'352	20'730	23'491	22'401	14'387
Investments in fixed assets	CHF 1'000	6'201	16'760	19'648	14'122	5'805
Free cash flow ¹⁾	CHF 1'000	15'151	3'667	-6'913	181	1'587
Research & development	CHF 1'000	19'285	17'300	16'503	15'773	14'320
in % of net sales	%	8.7	9.0	8.4	7.5	7.8
Total assets	CHF 1'000	219'992	208'245	208'651	201'416	162'020
Fixed assets	CHF 1'000	97'939	102'577	98'343	75'608	57'994
Current assets	CHF 1'000	122'053	105'668	110'308	125'808	104'026
Shareholders' equity	CHF 1'000	143'673	126'218	118'757	110'739	90'287
in % of total assets	%	65.3	60.6	56.9	55.0	55.7
Share capital	CHF 1'000	28'633	31'528	31'389	31'000	31'000
Borrowed capital	CHF 1'000	76'319	82'027	89'894	90'677	71'733
in % of total assets	%	34.7	39.4	43.1	45.0	44.3
Long-term financial loans	CHF 1'000	10'000	16'000	33'210	21'014	13'100
Short-term financial liabilities	CHF 1'000	22'225	35'718	15'220	8'500	9'708
Net indebtedness (-) / Net assets (+)	CHF 1'000	-10'446	-23'707	-26'884	-9'207	-6'761
Headcount (at year-end)	Number	707	680	698	691	623
Net sales per employee	CHF 1'000	319	278	276	320	330
Shares ^{2) / 3)}	Number 1'000	3'181	3'153	3'139	3'100	310
Par value ²⁾	CHF	9.00	10.00	10.00	10.00	100.00
High ⁴⁾	CHF	90.50	95.00	163.00	176.00	108.90
Low ⁴⁾	CHF	35.80	39.50	59.00	102.60	61.10
Closing price on 31.12. ⁴⁾	CHF	87.05	46.10	88.00	161.00	106.00

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

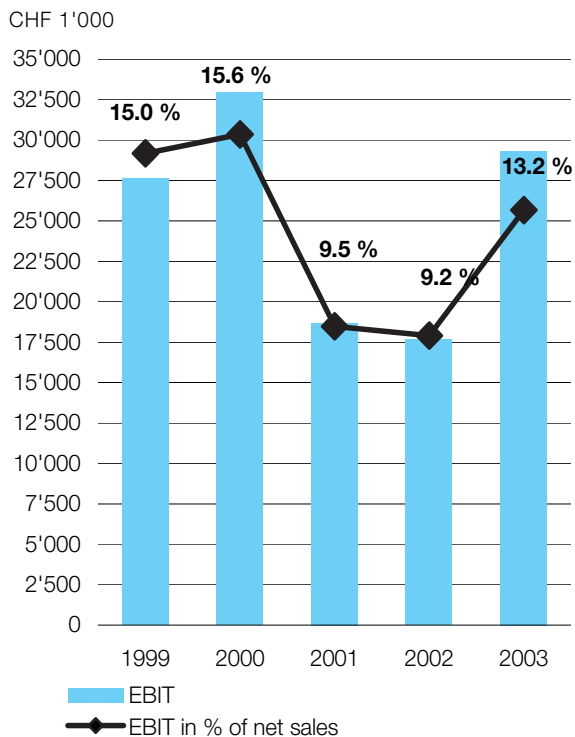
²⁾ Change in 2000 owing to ten-for-one share split on May 24, 2000.

³⁾ Change in 2003 owing to exercise of option rights.

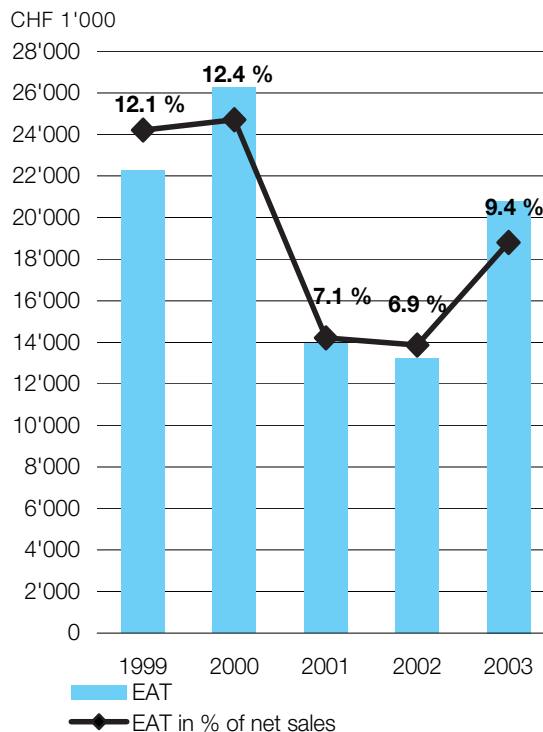
⁴⁾ Ten-for-one share split on May 24, 2000. The 1999 figures have been adjusted to enable comparisons to be drawn with the year under review.

Charts

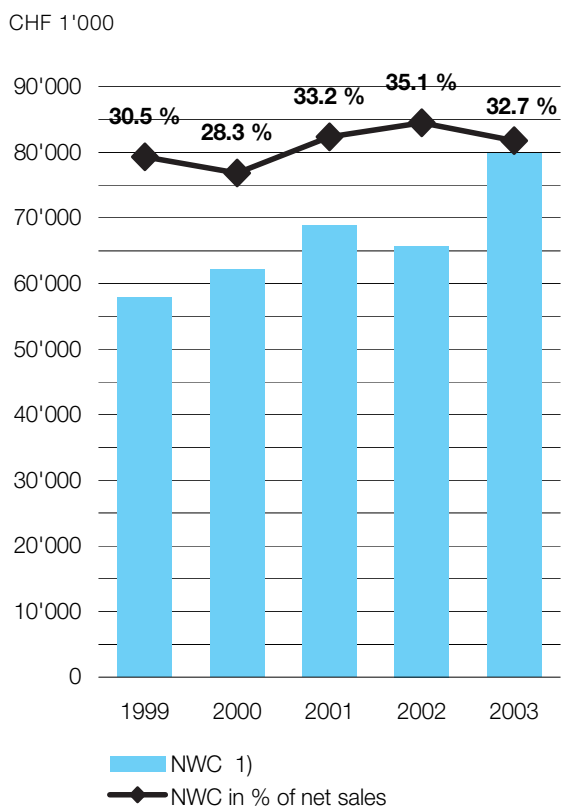
Operating profit (EBIT)



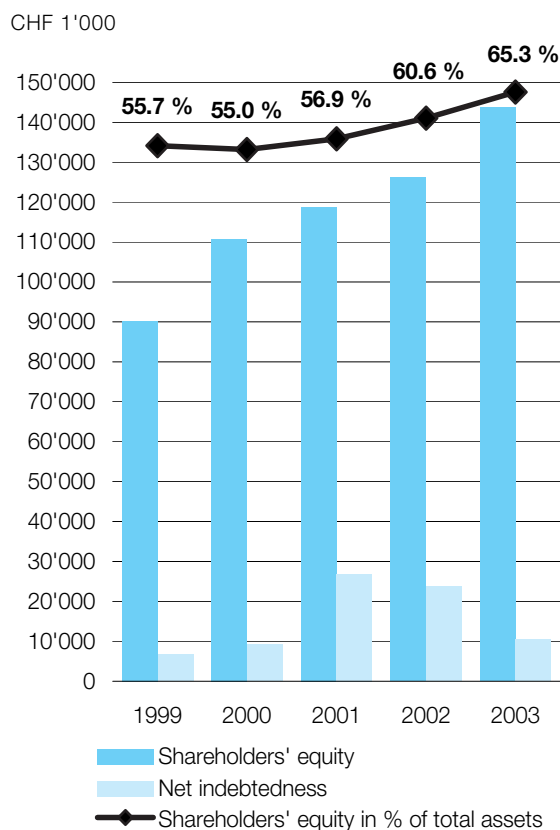
Group profit after tax (EAT)



Net working capital (NWC)



Development of equity and net indebtedness



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

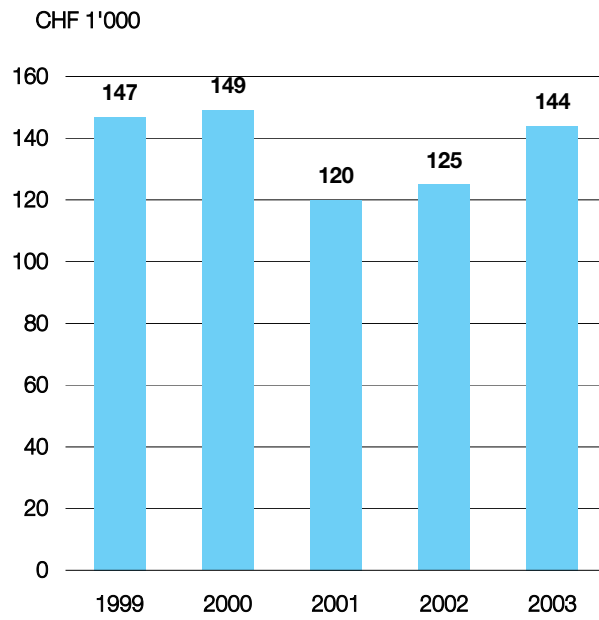
Value added accounting

Sources	Prev. column	2003		2002	
		CHF 1'000	%	CHF 1'000	%
Company output					
Net sales	222'182				
Inventory changes ¹⁾	2'878	225'060	100.0	190'374	100.0
Purchased materials and services					
Expenditure on materials	-89'347				
Other expenditure ²⁾	-27'009	-116'356	-51.7	-95'860	-50.4
Gross value added		108'704	48.3	94'514	49.6
Depreciation & amortization		-8'580	-3.8	-8'150	-4.3
Net value added		100'124	44.5	86'364	45.3
Applications					
To employees		71'411	71.3	67'652	78.3
To creditors (interest paid)		1'262	1.3	1'890	2.2
To shareholders (dividend)		3'153	3.2	3'148	3.7
To community (direct taxes)		6'650	6.6	3'607	4.2
To company (self-financing)		17'648	17.6	10'079	11.6
Net value added		100'124	100.0	86'376	100.0
Key figures for value added					
Gross value added per employee		156		137	
Net value added per employee		144		125	

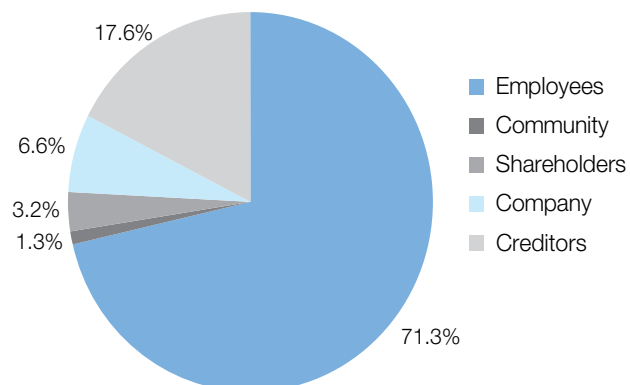
¹⁾ Change in work process and finished goods.

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

Net value added per employee



Application of net value added 2003



Consolidated balance sheet

Assets	Notes	31.12.03 CHF 1'000	31.12.02 CHF 1'000
Current assets			
Cash and cash equivalents	2	21'683	22'105
Securities	3	96	36
Trade receivables	4	69'482	49'253
Other receivables & accrued income/prepaid expense	5	5'190	6'274
Inventories	6	25'602	28'000
Total current assets		122'053	105'668
Fixed assets			
Deferred tax assets	7	5'296	5'588
Prepayments for pension fund liabilities	8	1'623	1'623
Non-consolidated participations	9	162	303
Tangible assets	10	67'897	68'843
Intangible assets	11	22'961	26'220
Total fixed assets		97'939	102'577
Total assets	12	219'992	208'245

Liabilities and shareholders' equity		31.12.03	31.12.02
	Notes	CHF 1'000	CHF 1'000
Short-term liabilities			
Financial liabilities	13	22'225	35'748
Trade payables		12'685	12'100
Other liabilities & accrued expense/deferred income	14	18'603	12'839
Tax liabilities		2'537	1'184
Provisions	15	3'330	3'038
Total short-term liabilities		59'380	64'909
Long-term liabilities			
Financial loans	16	10'000	10'100
Deferred tax liabilities	7	6'939	7'018
Total long-term liabilities		16'939	17'118
Total liabilities		76'319	82'027
Shareholders' equity			
Share capital	17	28'633	31'528
Treasury shares		-1'955	-73
Capital surplus (premium)		43'672	42'015
Retained earnings		52'522	39'521
Group profit		20'801	13'227
Total shareholders' equity		143'673	126'218
Total liabilities and shareholders' equity		219'992	208'245

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

Consolidated income statement

	Notes	2003 CHF 1'000	2002 CHF 1'000
Sales of goods and services	18	222'778	193'404
Other operating income	19	1'794	250
Revenue reduction		-2'390	-2'117
Net sales		222'182	191'537
Change in inventories of work in process and finished goods		2'878	-1'163
Net earnings		225'060	190'374
Expenditure on materials	18	78'112	63'910
Outside services	18	11'235	9'130
Cost of goods sold		89'347	73'040
Gross profit		135'713	117'334
Personnel expense	20	71'411	67'652
Outside services for development expense	21	4'130	4'075
Production, sales and administrative expense		21'243	19'786
Depreciation and amortization		8'580	8'150
Operating expense		105'364	99'663
Result of joint ventures and participations	22	-1'038	0
Operating profit (EBIT)		29'311	17'671
Financial result	23	-1'889	-837
Profit before tax		27'422	16'834
Taxes	24	6'621	3'607
Group profit after tax		20'801	13'227
Basic earnings per share (CHF/share)	25	6.60	4.23
Diluted earnings per share (CHF/share)	25	6.00	3.92

Consolidated cash flow statement

	Notes	2003 CHF 1'000	2002 CHF 1'000
Net cash from operating activities			
Operating profit (EBIT)		29'311	17'671
Depreciation on tangible assets		5'557	5'161
Allowance on intangible assets and participations		2'840	1'670
Amortization of goodwill		1'221	1'319
Financial income		219	342
Financial expense		-1'262	-1'553
Tax expense		-5'055	-4'224
Increase (+) decrease (-) in long-term provisions		292	-989
Cash flow before change in net current assets		33'123	19'397
Increase (-) decrease (+) in other net current assets		-11'771	1'333
Net cash from operating activities		21'352	20'730
Net cash from investing activities			
Investments in tangible assets		-5'304	-16'002
Sales of tangible assets		158	0
Investments in intangible assets		-1'055	-758
Investments in subsidiaries and participations	9	0	-303
Net cash from investing activities		-6'201	-17'063
Net cash from financing activities			
Increase (+) decrease (-) in financial liabilities		-13'141	-7'196
Increase (-) decrease (+) in securities		-60	517
Transactions in treasury shares		-1'882	2'352
Dividend distribution		0	-3'148
Repayment of par value		-3'153	0
Amortization of financial loans		-100	0
Raising of financial loans		0	5'138
Capital increase (option plan)		1'915	855
Net cash from financing activities		-16'421	-1'482
Foreign currency impacts and exchange differences		848	-1'073
Increase (+) decrease (-) in funds	26	-422	1'112
Funds on December 31		21'683	22'105

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

Consolidated shareholders' equity

2003 in CHF 1,000	Share- capital	Treasury shares ²⁾	Pre- mium	Retained earnings	Group profit	Sh. equity	of which cumulative currency translation differences ¹⁾
Balance on January 1, 2003	31'528	-73	42'015	52'748		126'218	-5'082
Repayment of par value 2003	-3'153					-3'153	0
2003 profit for the year					20'801	20'801	0
Capital increase from exercise of options	258		1'657			1'915	0
Transactions in treasury shares		-1'882		239		-1'643	0
Currency translation differences				-466		-466	-236
Balance on Dec. 31, 2003	28'633	-1'955	43'672	52'522	20'801	143'673	-5'318

2002 in CHF 1,000	Share- capital	Treasury shares ²⁾	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	-5'082

¹⁾ Included in retained earnings.

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

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, 2003 employed 707 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, 2003. 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 established in the Listing Regulations of SWX Swiss Exchange. The consolidated annual financial statements were adopted by the Board of Directors of Komax Holding AG on March 8, 2004.

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 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.

Not consolidated Investments

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

Balances 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 always at the lower of cost or market. 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 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 (to the straight line method) 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 to the straight line method. 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 Ascor, Sibos Prime and up October 1, 2003 Komax Corp.). 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 remembered 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. When converting the average rates, the translation difference between the balance sheet and the income statement is nominal and is shared against stockholders' 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 31.12.03	Average rate 2003	Year-end rate 31.12.02	Average rate 2002
USD	1.245	1.36	1.39	1.55
EUR	1.57	1.53	1.455	1.47
BRL	0.43	0.44	0.40	0.56
SGD	73.00	78.06	80.00	86.17

Financial instruments

Derivative financial instruments are only used to hedge existing currency and interest-rate exposures. The Komax Group issues roughly 20% of its invoices in USD and 44% in EUR. The resulting foreign currency surpluses are hedged according to financial planning. 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 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.

2. Cash and cash equivalents

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Demand deposits and call money	18'646	16'602
Time deposits	3'037	5'503
Total	21'683	22'105

On December 31, 2003, interest rates on call and time deposits were: EUR 2.5%, SGD 0.4375% and ZAR 5.5%.

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, 2003, there were outstanding forex forward contracts or other derivatives amounting to USD 2.0m and EUR 2.0m. By contrast, the previous year, contracts amounting to USD 4.0m were outstanding.

3. Securities

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Shares and bonds ¹⁾	96	36
Total	96	36

¹⁾ Valued at market value.

4. Trade receivables

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Receivables from goods and services delivered	56'697	38'154
./. Deductions for doubtful debt provisions	-1'060	-817
Accruals for systems ¹⁾	35'532	22'952
./. Prepayments for systems	-21'687	-11'036
Net	69'482	49'253

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

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Other receivables ¹⁾	4'022	3'578
Accruals	1'168	2'696
Total	5'190	6'274

¹⁾ Other receivables as of December 31, 2003 consist primarily of tax credits with the Swiss federal tax authorities.

6. Inventories

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Manufacturing components and spare parts	14'023	10'750
Working process goods / work in process	2'902	3'308
Finished goods	8'068	13'506
Prepayments to suppliers	609	436
Total	25'602	28'000

7. Deferred taxes

Deferred tax assets	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Fixed assets (depreciation on tangible assets)	227	358
Current assets	855	859
Provisions	110	187
Other items ¹⁾	4'104	4'184
Total deferred tax assets ²⁾	5'296	5'588

Deferred tax liabilities	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Fixed assets (depreciation on tangible assets)	3'613	3'697
Current assets	2'220	2'046
Provisions	1'107	1'074
Other items	0	201
Total deferred tax liabilities	6'939	7'018
Net debt deferred tax claims	-1'643	-1'430

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, 2003, losses carried forward totaling CHF 0.9m (2002 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. In conformity with IAS, the retirement benefit plans in Switzerland 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:

	2003	2002
	CHF 1'000	CHF 1'000
Costs of employee benefits	3'317	2'875
Interest expense	2'013	1'914
Amortization of initial balance over 5 years ¹⁾	257	257
Profit / Amortization of loss	1'210	775
Total employee benefits expenditure of the Komax Group	6'797	5'821
Income on pension fund assets	2'105	1'873
Employee contributions and accruals	1'809	1'464
Total employee benefits income of the Komax Group	3'914	3'337
Employee benefits result of the Komax Group	-2'883	-2'484
Employer contributions	2'883	2'314
Prepayments to the employee benefits plan during the financial year	0	0

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:

	2003
	CHF 1'000
Total January 1	1'623
Expense	-2'883
Employer contributions	2'883
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:

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Available assets	55'248	46'775
Retirement benefit liabilities	-55'519	-50'326
Overfunding (+) / Underfunding (-)	-271	-3'551
Unrealized actuarial losses	1'894	5'174
Stated as assets in the consolidated balance sheet	1'623	1'623

The retirement benefits liabilities are valued on the assumption of the following economic and demographic parameters (weighted average):

	2003	2002
	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	0.5
Expected long-term net yield on plan assets	4.5	4.0

9. Non-consolidated investments

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 sells 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 (for more details see note 22).

10. Tangible assets 2003

Trend in gross values in CHF 1,000	Costs	Other	Additions	Disposals	Costs
Asset category	01.01.03	changes¹⁾			31.12.03
Movables					
Machinery	15'903	256	1'597	-824	16'932
Tools/operating installations	3'478	-8	383	-41	3'812
Warehouse installations	1'440	28	5	-5	1'468
Vehicles	810	73	397	-247	1'033
Office furnishings	4'407	-61	359	-146	4'559
Information technology	6'829	102	1'256	-795	7'392
Prepayment for assets	0	0	263	0	263
Total	32'867	390	4'260	-2'058	35'459
Real estate					
Buildings	59'841	-283	1'054	-713	59'899
Land	11'431	-46	0	0	11'385
Total	71'272	-329	1'054	-713	71'284
Total	104'139	61	5'314	-2'771	106'743

Depreciation and amortization in CHF 1,000	Accum.	Other	Accum.	Deprecia-	Accum.	Net value
Asset category	depr.	changes¹⁾	depr. on	tion	depr.	tang. assets
	01.01.03		disposals	2003	31.12.03	31.12.03
Movables						
Machinery	9'840	260	782	1'416	10'734	6'198
Tools/operating installations	2'069	-12	33	333	2'357	1'455
Warehouse installations	370	412	3	78	857	611
Vehicles	460	262	228	145	639	394
Office furnishings	2'964	-400	81	531	3'014	1'545
Information technology	4'738	79	730	1'286	5'373	2'019
Prepayment for assets	0	0	0	0	0	263
Regrouping/ valuation differences	0	-3	0	0	-3	3
Total	20'441	598	1'857	3'789	22'971	12'488
Real estate						
Buildings	14'856	-36	713	1'768	15'875	44'024
Land	0	0	0	0	0	11'385
Total	14'856	-36	713	1'768	15'875	55'409
Total	35'297	562	2'570	5'557	38'846	67'897

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

The insurance value of tangible assets was CHF 263.8m on December 31, 2003. Future liabilities arising from non-capitalized operating lease agreements amount to:
Due 2004: CHF 0.1m. Due 2005 – 2009: CHF 0.1m.

10.1 Tangible assets 2002

Trend in gross values in CHF 1'000	Costs	Other	Additions	Disposals	Costs
Asset category	01.01.02	changes¹⁾			31.12.02
Movables					
Machinery	15'383	-74	991	-397	15'903
Tools/operating installations	3'217	-138	407	-9	3'477
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	32'866
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	104'138

Depreciation and amortization in CHF 1'000	Accum. depr.	Other changes¹⁾	Accum. depr. on disposals	Depreciation 2002	Accum. depr.	Net value tang. Assets
Asset category	01.01.02			2002	31.12.02	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	3'676	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	5'162	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.

11. Intangible assets 2003

Trend in gross values in CHF 1'000	Costs	Other changes ¹⁾	Additions	Disposals	Costs
Asset category	01.01.03				31.12.03
Intangible assets					
Software	8'100	8	1'055	-161	9'002
Patents	4'050	0	0	0	4'050
Goodwill	24'912	-1'490	0	0	23'422
Costs of incorporation	14	0	0	-10	4
Total	37'076	-1'482	1'055	-171	36'477

Depreciation and amortization in CHF 1'000	Accum. depr.	Other changes ¹⁾	Accum. depr. on disposal	Deprecia- tion 2003	Accum. depr. 2003	Net value intang. ass.
Asset category	01.01.03					31.12.03
Intangible assets						
Software	5'243	4	157	1'350	6'440	2'562
Patents	1'367	-45	0	450	1'772	2'278
Goodwill	4'241	-160	0	1'221	5'302	18'120
Costs of incorporation	6	0	5	2	3	1
Regrouping / valuation differences	0	0	0	0	0	0
Total	10'857	-201	162	3'023	13'517	22'961

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

11.1. Intangible assets 2002

Trend in gross values in CHF 1'000	Costs	Other changes ¹⁾	Additions	Disposals	Costs
Asset category	01.01.02				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	Accum. depr.	Other changes ¹⁾	Accum. depr. on disposal	Deprecia- tion 2002	Accum. depr. 2002	Net value intang. ass.
Asset category	01.01.02					31.12.02
Intangible assets						
Software	4'390	-96	268	1'217	5'243	2'857
Patents	962	0	37	405	28.09.03	2'683
Goodwill	3'163	-252	0	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	26'219

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

12. Ownership restrictions for own liabilities

Assets pledged to secure own liabilities:

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Balance-sheet value real estate	41'867	46'882
Lien on real estate	22'575	22'575
Utilization (mortgages)	14'225	16'100

Real estate consists solely of land and buildings in Switzerland.

13. Financial liabilities

		2003	31.12.03	2002	31.12.02
	Currency	Interest rate	Total CHF 1'000	Interest rate	Total CHF 1'000
Short-term bank loans	CHF	1.35%	1'000	2.40%	1'000
	CHF	1.30%	1'000	1.68%	1'000
	CHF	1.25%	1'500	2.10%	2'000
	CHF	1.28%	2'000	2.62%	1'000
	CHF	1.52%	1'000	1.50%	1'500
	CHF	1.35%	1'000	1.70%	1'000
	CHF	1.43%	8'000	2.66%	10'500
	CHF	4.90%	100	4.90%	100
	CHF	1.37%	1'500		
	CHF	1.37%	1'500		
	CHF	1.12%	625		
	CHF	4.05%	2'000		
	CHF	1.37%	1'000		
	USD			2.28%	6'950
	CHF			1.80%	2'000
	USD			2.70%	2'780
	USD			9.40%	18
	CHF			3.35%	5'900
Total			22'225		35'748
Unutilized credit lines			70'406		46'558

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

14. Other liabilities and accrued expenses / deferred income

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Other liabilities	4'360	4'458
Employee benefits	398	298
Accrued expenses/deferred income	10'766	7'132
Prepayments on systems	18'430	23'709
./. Accruals/deferrals in respect of systems	-15'351	-22'758
Total	18'603	12'839

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

15. Provisions

	2003	2002
	CHF 1'000	CHF 1'000
Guarantee payments ¹⁾		
Total January 1	2'600	3'200
Additional provisions created	2'383	1'254
Amounts utilized during the year	-1'406	-1'280
Unused amounts reversed	-677	-574
Total December 31	2'900	2'600

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.

	2003	2002
	CHF 1'000	CHF 1'000
Other provisions		
Total January 1	438	827
Additional provisions created	83	135
Amounts utilized during the year	-35	-364
Unused amounts reversed	-56	-160
Total December 31	430	438
Total provisions December 31	3'330	3'038

16. Financial loans

		2003	31.12.03	2002	31.12.02
	Currency	Interest rate	CHF 1'000	Interest rate	CHF 1'000
Mortgage LKB, Lucerne	CHF	4.16%	10'000	3.35%	16'000
Total			10'000		16'000

The average interest on the financial loans was 4.16% in 2003 compared with 3.35% a year earlier.

16.1. Repayment of debts

Maturity in CHF 1'000	Mortgage	Total
after 1.1.2005	4'000	4'000
after 1.1.2006	2'000	2'000
after 1.1.2007	4'000	4'000
Total	10'000	10'000

17. Share capital

As of December 31, 2003, the share capital amounted to CHF 28,632,654. This includes a capital increase of CHF 257,607 based on the exercise of options rights. The registered share has a par value of CHF 9.

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	2003		2002		Change
	CHF 1'000	%	CHF 1'000	%	
Net sales ¹⁾	222'181	100.0	191'538	100.0	16.0
Net earnings	225'059	101.3	190'374	99.4	18.2
Expenditure on materials	78'112	35.2	63'910	33.4	22.2
Outside services	11'235	5.1	9'130	4.8	23.1
Gross profit	135'713	61.1	117'334	61.3	15.7
Operating expenditure	97'821	44.0	91'513	47.8	6.9
Depreciation and amortization	8'580	3.9	8'150	4.3	5.3
Operating profit (EBIT)	29'311	13.2	17'671	9.2	65.9

¹⁾ The net sales revenue for 2003, includes POC sales amounting to CHF 9.1m (previous year CHF 15.5m). This is equivalent to 4.1% of sales for 2003, or 8.1% for the previous year.

In 2003, the Komax Group invoiced 20% in USD, 44% in EUR and 33% in CHF. Because of the exchange rate trends of the USD and EUR, the currency effect on net sales revenues in fiscal 2003 amounted to -0.6% points. The currency effect on gross profit for 2003 amounted to -1.2% points and the impact on operating profit was not material.

Assets and borrowed capital	31.12.03		31.12.02		Change
	CHF 1'000	%	CHF 1'000	%	
Current assets	122'053	55.5	105'668	50.7	15.5
Fixed assets	97'939	44.5	102'577	49.3	-4.5
Total assets	219'992	100.0	208'245	100.0	5.6
Short-term liabilities	59'380	–	64'909	–	-8.5
Long-term liabilities	16'939	–	17'118	–	-1.0
Total liabilities	76'319	–	82'027	–	-7.0
Investments	6'201	–	17'063	–	-63.7

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

Sales revenues by location of purchasing party	2003		2002		Change
	CHF 1'000	%	CHF 1'000	%	%
Europe ¹⁾	156'626	70.3	127'722	66.0	22.6
North and South America	45'136	20.3	48'985	25.3	-7.9
Asia/Pacific	21'016	9.4	16'698	8.6	25.9
Total	222'778	100.0	193'405	100.0	15.2

Sales revenues by location of service provider	2003		2002		Change
	CHF 1'000	%	CHF 1'000	%	%
Europe ¹⁾	166'022	74.5	126'573	65.4	31.2
North and South America	45'682	20.5	52'851	41.8	-13.6
Asia/Pacific	11'074	5.0	13'981	11.0	-20.8
Total	222'778	100.0	193'405	100.0	15.2

Assets by location of service provider	31.12.03		31.12.02		Change
	CHF 1'000	%	CHF 1'000	%	%
Europe ¹⁾	174'099	79.1	155'662	74.7	11.8
North and South America	39'764	18.1	45'820	22.0	-13.2
Asia/Pacific	6'129	2.8	6'763	3.2	-9.4
Total	219'992	100.0	208'245	100.0	5.6

Investments by location of service provider	2003		2002		Change
	CHF 1'000	%	CHF 1'000	%	%
Europe ¹⁾	5'537	89.3	16'807	98.5	-67.1
North and South America	570	9.2	256	1.5	122.7
Asia/Pacific	94	1.5	0	0.0	
Total	6'201	100.0	17'063	100.0	-63.7

¹⁾ Incl. Afrika

19. Other operating income

	2003	2002
	CHF 1'000	CHF 1'000
Other income (dispatch and packaging, rental and other income)	2'863	2'272
Valued and realized exchange-rate gains/losses ¹⁾	-1'069	-2'022
Total	1'794	250

¹⁾ From trade receivables

20. Personnel expenses

	2003	2002
	CHF 1'000	CHF 1'000
Wages and salaries	59'817	56'658
Employee benefits	10'158	9'603
Other personnel costs (training)	1'436	1'391
Total	71'411	67'652

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.

	2003	Weighted average exercise price	2002	Weighted average exercise price
	No.	CHF	No.	CHF
Outstanding at beginning of year	247'217	106.67	211'100	108.08
Granted by the General Meeting	100'000	40.48	50'000	88.18
Exercised	-28'623	66.90	-13'883	65.56
Outstanding at end of year	318'594	89.47	247'217	106.67

The following table summarizes information on exercised options 2003:

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
66.90	50'000	0	66.90	28'623	1'914'879
113.60	50'000	1	0.00	0	0
156.12	50'000	2	0.00	0	0
88.18	50'000	3	0.00	0	0
40.48	100'000	4	0.00	0	0
			66.90	28'623	1'914'879

20.2. Breakdown of employees by country and area of activity

2003	CH ¹⁾	EU ²⁾	America ³⁾	Asia ⁴⁾	Africa ⁵⁾	Total
Production	224	28	31	2	0	285
Research and development	76	13	1	0	0	90
Engineering	68	6	16	0	0	90
Marketing and sales	79	35	48	15	4	181
Administration ⁶⁾	29	13	13	4	2	61
Total headcount at Dec. 31, 03	476	95	109	21	6	707

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

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 2003/2002

The average number of employees in 2003 was **697**, compared with 690 a year earlier.

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 (2003) and CHF 4.1m (2002). 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 19.3m, equivalent to 8.7% of net sales revenue compared with CHF 17.3m or 9.0% in the previous year.

22. Result of joint ventures and participations

The table below presents a detailed breakdown of the result of joint ventures and participations:

	2003 CHF 1'000	2002 CHF 1'000
Equity valuation of Komax Murata KK	-142	0
Liquidation of Komax Japan KK	-363	0
Liquidation of Sibos Corp. USA	-533	0
Total	-1038	0

23. Financial result

Financial income	2003 CHF 1'000	2002 CHF 1'000
Interest income	222	342
Income from securities	67	26
Exchange rate gains on foreign currencies	2'661	5'177
Total financial income	2'950	5'545
<hr/>		
Financial expense	2003 CHF 1'000	2002 CHF 1'000
Interest expense	1'257	1'638
Other financial expense	22	252
Exchange-rate losses on foreign currencies	3'560	4'492
Total financial expense	4'839	6'382
<hr/>		
Total financial result	-1'889	-837

24. Taxes

	2003 CHF 1'000	2002 CHF 1'000
Current income taxes	5'639	4'860
Deferred taxes	982	-1'253
Total	6'621	3'607

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:

	2003 %	2002 %
Expected tax rate (weighted average tax rate)	23.0	22.0
Impact of actual weighted tax rate within the Komax Group	2.7	-0.1
Impact of tax losses carried forward	-1.6	-0.4
Others	0.0	-0.1
Effective tax rate	24.1	21.4

The structure of the prior-year figures has been adjusted to facilitate comparison.

25. Earnings per share (EPS)

	2003 CHF	2002 CHF
Group profit	20'801'000	13'227'000
Weighted average number of outstanding shares	3'150'262	3'126'456
Basic earnings per share	6.60	4.23

	2003 CHF	2002 CHF
Group profit	20'801'000	13'227'000
Weighted average number of outstanding shares	3'150'262	3'126'456
Adjustment for dilutive effect of share options	318'594	247'217
Weighted average number of shares for calculating diluted earnings per share	3'468'856	3'373'673
Diluted earnings per share	6.00	3.92

26. Funds, cash flow statement

Proof of change in funds	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Demand deposits and call money	18'646	16'602
Time deposits	3'037	5'503
Total cash and time deposits (funds)	21'683	22'105
Increase (+) decrease (-) in funds	-422	1'112

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 8, 2004 which might adversely affect the information content of the 2003 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 2003.

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



Dr. R. Gerber



P. Seiler

Basel, 8 March 2004

Remarks concerning the financial statements of Komax Holding AG

Balance Sheet

1. Assets

The increase in the item "Other receivables from Group" is due to management fees and royalties owed by subsidiaries as a result of higher sales.

In the second quarter of 2003, the participation in Komax Japan was liquidated. Instead, since December 2002 there has been a joint venture with the Japanese company Murata KK.

In the third quarter of 2003, Komax Holding AG increased the participation in Sibos Holding Corp. by USD 1m and sold the participation in Komax Corp. USA valued at USD 1m to Sibos Holding Corp. In future, this will mean that the US companies can be held under a holding structure, thus allowing taxable earnings and losses to be offset.

The shareholders' equity of Sibos Prime was increased by USD 850,000. As the participation in Sibos Prime is held by Sibos Holding Corp., Komax Holding AG granted Sibos Holding Corp. a participation loan covering this amount and Sibos Holding Corp. increased the participation in Sibos Prime.

2. Liabilities

The current account debt toward Komax AG was reduced by CHF 2.1m. It was also possible to write off bank loans amounting to CHF 9.7m.

Some of this financing requirement was covered by internally generated funds. The remainder was financed by a loan from Komax AG amounting to CHF 8.0m.

The self-financing ratio increased by 3.2% points, from 82.5% in 2002 to 85.7% in 2003.

The reserves for treasury shares were increased from CHF 0.07m in the previous year to CHF 1.7m to reflect holdings at December 31, 2003.

3. Revenues

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, realized and unrealized gains from securities. The financial income decreased compared with the previous year mainly because of the lower interest rates of our subsidiaries.

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, distribution, insurance, general consultancy services, 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.

Extraordinary expenditure includes the adjustment to the value of the participation in Komax Japan amounting CHF 0.3m and the depreciation on the financial loans and receivables of the subsidiary Sibos Corp. USA amounting to CHF 1.2m. These expenditure items were a result of the closure of the subsidiaries.

5. Taxes

The taxes amounting to CHF 0.09m. consisted of capital and withholding taxes.

Balance sheet

Assets	31.12.03 CHF 1'000	31.12.02 CHF 1'000
Current assets		
Cash and cash equivalents	747	390
Treasury shares	1'955	58
Other receivables from third parties	143	134
Other receivables from Group	4'493	3'768
Financial loans Group	12'671	10'291
Accrued income/prepaid expenses	26	25
Total current assets	20'035	14'666
Fixed assets		
Investments in subsidiaries	90'838	91'193
Participation loans	4'964	3'620
Financial loans Group	21'031	23'853
Patents	2'278	2'683
Total fixed assets	119'111	121'349
Total assets	139'146	136'015

Liabilities and shareholders' equity	31.12.03 CHF 1'000	31.12.02 CHF 1'000
Short-term liabilities		
Other liabilities to third parties	20	66
Other liabilities to the Group	11'713	13'812
Accrued expenses/deferred income	155	137
Provisions	31	40
Total short-term liabilities	11'919	14'055
Long-term liabilities		
Bank loans	0	9'730
Group loans	8'000	0
Total long-term liabilities	8'000	9'730
Total liabilities	19'919	23'785
Shareholders' equity		
Share capital	28'633	31'528
Premium	26'672	25'015
General statutory reserves	100	100
Reserves for treasury shares	1'701	73
Free reserves	52'679	45'307
Retained earnings	1'207	991
Profit for the financial year	8'235	9'216
Total shareholders' equity	119'227	112'230
Total liabilities and shareholders' equity	139'146	136'015

Income statement

	2003	2002
	CHF 1'000	CHF 1'000
Income		
Dividend income	10'000	10'000
Services for Group companies	3'281	2'807
Financial income	1'461	1'800
Total income	14'742	14'607
Expenditure		
Administrative expense	2'250	1'972
Financial expense	1'822	2'557
Value adjustments and amortizations	405	405
Other expenditure	398	373
Result of liquidation	1'542	0
Total expenditure	6'417	5'307
Profit before tax	8'325	9'300
Tax	90	84
Profit after tax	8'235	9'216

Notes to the 2003 financial statements

1. Contingent liabilities

	31.12.03	31.12.02
	CHF 1'000	CHF 1'000
Joint and several liability for Group taxation value-added tax	CHF 1	CHF 1
Guarantees (in favor of subsidiaries)		
in EUR (16)	24	22
in CHF	44'500	44'500
in USD (2'000)	2'490	4'332
Total	47'014	48'854

2. Conditional capital

The conditional capital consisted of 247'217 registered shares with a par value of CHF 9.00¹⁾ created for executive and employee share ownership schemes. At the General Meeting on May 15, 2003, it was decided to increase the conditional share capital by 100'000 registered shares. In 2003, 28'623 options were converted into shares (2002: 38'900 options). As a result, as at December 31, 2003, the conditional capital was reduced by CHF 257'607 and the capital was increased by the same amount.

Change in conditional share capital in 2003

	Number of conditional registered shares units	Par Value ¹⁾ in CHF	Change in conditional share capital in CHF
Initial holding as at January 1, 2003	247'217	9	2'224'953
Increase in conditional capital as a result of the decision taken at the General Meeting on May 15, 2003	100'000	9	900'000
Reduction conditional capital as a result of conversion into registered shares in 2003	-28'623	9	-257'607
Final holding as at December 31, 2003	318'594		2'867'346

¹⁾ Par Value repayment of CHF 1 in accordance with decision of General Meeting on May 15, 2003.

3. Treasury shares

Change in 2003	01.01.03	Additions	Disposals	31.12.03
Initial holding	1'252			
Purchases (ø CHF 74.14 / share)		31'664		
Sales (ø CHF 68.79 / share)			10'455	
Final holding				22'461
Total	1'252	31'664	10'455	22'461
Change in 2002				
Initial holding	30'000			
Purchases (ø CHF 57.40 / share)		1'252		
Sales (ø CHF 81.00 / share)			30'000	
Final holding				1'252
Total	30'000	1'252	30'000	1'252

4. Major shareholders

at December 31, 2003

Shareholder/shareholder group	No. of shares	Interest
Max Koch, Meggen	397'370	12.5%
Management team of Komax Group (incl. middle management)	214'379	6.7%
Julius Baer, Multistock SICAV, Luxembourg	182'560	5.7%
Nordea Bank SA, European Value Fund SICAV, Luxembourg	181'406	5.7%

at December 31, 2002

Shareholder/shareholder group	No. of shares	Interest
Max Koch, Meggen	415'970	13.2%
Micro Value, Zürich	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%

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, 2003

Komax Holding AG **Dierikon/LU, Switzerland**

Purpose: Holding of equity interests

Listed on: SWX

Swiss security ID code: 1070215

Share capital: CHF 28,632,654

Market capitalization:

CHF 276,941,392

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 France Sàrl. Epinay-sur-Seine, France

Founded: 1992

Purpose: R&D, production, marketing, sales

Ordinary capital: EUR 1,500,000

100%

Komax Maroc SARL Casablanca, Morocco

Founded: 2001

Purpose: Sales

Ordinary capital: MAD 100,000

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 6,160,000

100%

Sibos Prime Inc. Rockford, Illinois, USA

Acquired: 2001

Purpose: Engineering, production, marketing, sales

Ordinary capital: USD 860,000

100%

Komax Corporation Buffalo Grove, Illinois, USA

Founded: 1980

Purpose: Sales

Ordinary capital: USD 1,000,000

100%

Sibos Ascot Inc. York, Pennsylvania, USA

Acquired: 2000

Purpose: Engineering, production, marketing, sales

Ordinary capital: USD 150

50% Joint Venture

Komax Murata KK ¹⁾

Shizuoka, Japan

Founded: 2002

Purpose: Engineering, marketing, sales

Ordinary capital: JPY 50,000,000

100%

Komax Shanghai Co. Ltd.

Shanghai, China

Founded: 2002

Purpose: Production, sales

Ordinary capital: CNY 1,668,000

100%

Sieba AG

Rotkreuz/ZG, Switzerland

Acquired: 1998

Purpose: Holding of equity interests

Ordinary capital: CHF 500,000

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⁾ Consolidation by equity method

Proposal for the appropriation of profit

Proposal for the appropriation of profit

	31.12.03	31.12.02
	in whole francs	in whole francs
Balance carried forward from previous year	1'207'437	991'373
Profit for year	8'234'990	9'216'065
Total	9'442'427	10'207'438

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 the new account and should not pay a dividend for 2003. 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 9 by CHF 1.50 (capital reduction). This would reduce the par value of each Komax registered share to CHF 7.50.

	31.12.03	31.12.02
	in whole francs	in whole francs
Dividend	0	0
Allocation to free reserves	9'000'000	9'000'000
Profit carried forward	442'427	1'207'437
Total	9'442'427	10'207'437

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 2003.

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 law and the Swiss company's articles of incorporation.

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

PricewaterhouseCoopers AG



Dr. R. Gerber



P. Seiler

Basel, 8 March 2004

Information for Investors

Ticker symbols

Swiss security no. 1'070'215

Telekurs KOMN

Reuters KOMn.S

Key figures

		2003	2002
Share capital as at Dec. 31	CHF 1'000	28'633	31'528
Number of shares as at Dec. 31	No.	3'181'406	3'152'783
Par value per share	CHF	9	10
Stock-market capitalization as at Dec. 31	CHF 1'000	276'941	145'343
– in % of net sales	%	124.7	75.9
– in % of shareholders' equity	%	192.8	115.2
Basic earnings per share	CHF	6.60	4.23
EBITDA per share	CHF	11.91	8.19
Dividend per share	CHF	–	–
Repayment of par value per share	CHF	1.50 ¹⁾	1.00
Equity per share	CHF	45.16	40.00
P/E (price/earnings ratio) as at Dec. 31		13.3	11.0
Dividend yield 1)	%	1.72 ¹⁾	2.17
EBITDA			
in % of net sales	%	17.1	13.5
Operating profit (EBITA) in % of net sales			
Operating profit (EBIT) in % of net sales	%	13.7	9.9
Group profit after taxes (EAT) in % of net sales	%	13.2	9.2
Shareholders' equity in % of total assets as at Dec. 31	%	9.4	6.9
	%	65.3	60.6
Free cash flow before investments in participations	CHF 1'000	15'151	3'970
Free cash flow after investments in participations	CHF 1'000	15'151	3'667
Net indeptness (-) / net cash (+) as at Dec. 31	CHF 1'000	-10'446	-23'707

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

Key Share Figures: Five-year Overview

		2003	2002	2001	2000 ¹⁾	1999
Share capital, Dec. 31	CHF 1'000	28'633	31'528	31'389	31'000	31'000
Number of shares, Dec. 31	No.	3'181'406	3'152'783	3'138'900	3'100'000	310'000
Average number of shares	No.	3'150'262	3'126'456	3'116'776	3'093'377	310'000
Basic earnings per share ²⁾	CHF	6.60	4.23	4.47	8.49	7.18
EBITDA per share ²⁾	CHF	11.91	8.19	8.47	12.58	10.61
EBITA per share ²⁾	CHF	9.60	6.02	6.44	10.84	9.08
EBIT per share ²⁾	CHF	9.21	5.60	6.00	10.64	8.92
Shareholders' equity per share ²⁾	CHF	45.16	40.00	38.10	35.80	29.13
Dividend ^{2) 4)}	CHF	—	—	1.00	1.80	1.50
Repayment of par value per share	CHF	1.50 ³⁾	1.00	—	—	—
High ²⁾	CHF	90.50	95.00	163.00	176.00	108.90
Low ²⁾	CHF	35.80	39.50	59.00	102.60	61.10
Closing price, Dec. 31 ²⁾	CHF	87.05	46.10	88.00	161.00	106.00
Average daily trading volume	No.	3'320	2'153	2'346	2'570	595

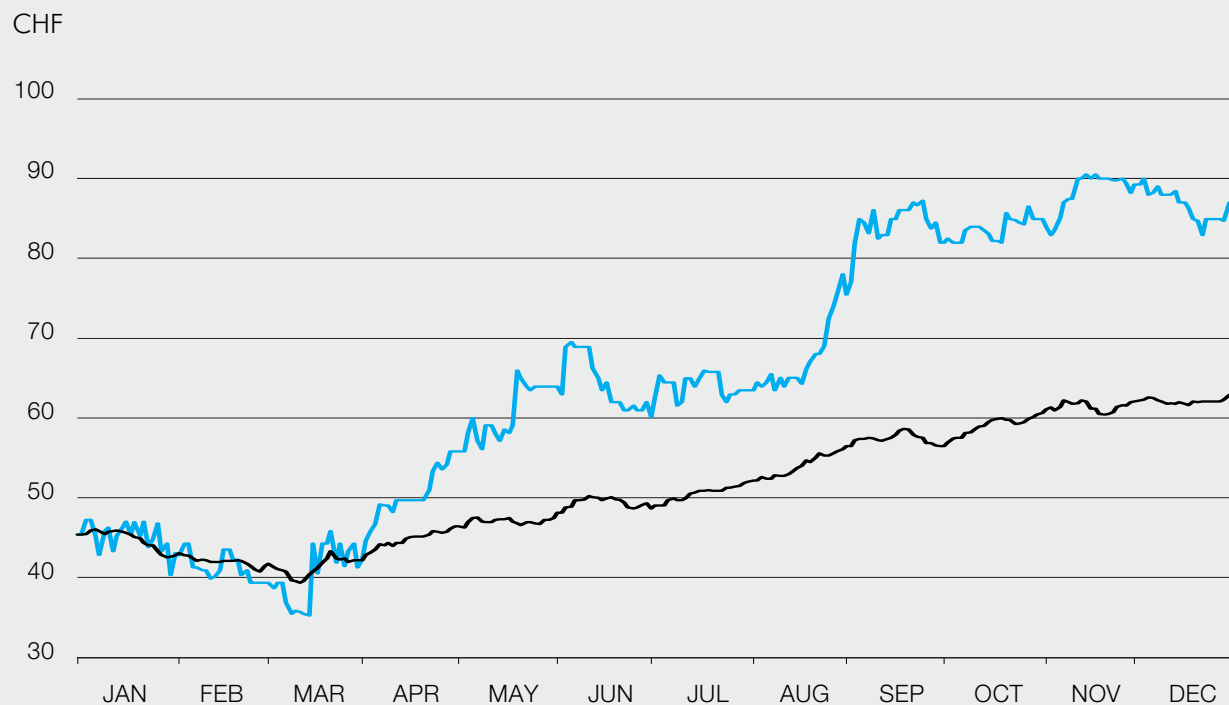
¹⁾ 10-for-1 share split, May 24, 2000.

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, 2003 to December 31, 2003



Vontobel-Datstream Small Cos.-Price-Index
 Komax

Source: Datastream

Issue price	June 11, 1997	CHF 43.50 ¹⁾
Market price	as at Dec. 31, 2003	CHF 87.05
	high 2003	CHF 90.50
	low 2003	CHF 35.80

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