



Annual Report 2004



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*You come into contact with Komax every day. At least indirectly. Our machines produce key components for cars, washing machines, photocopiers and many other everyday items. With a workforce of around 700, we are active in about 50 countries. What marks us out is our above-average degree of innovation and high quality.*

## Five-year overview of the Komax Group

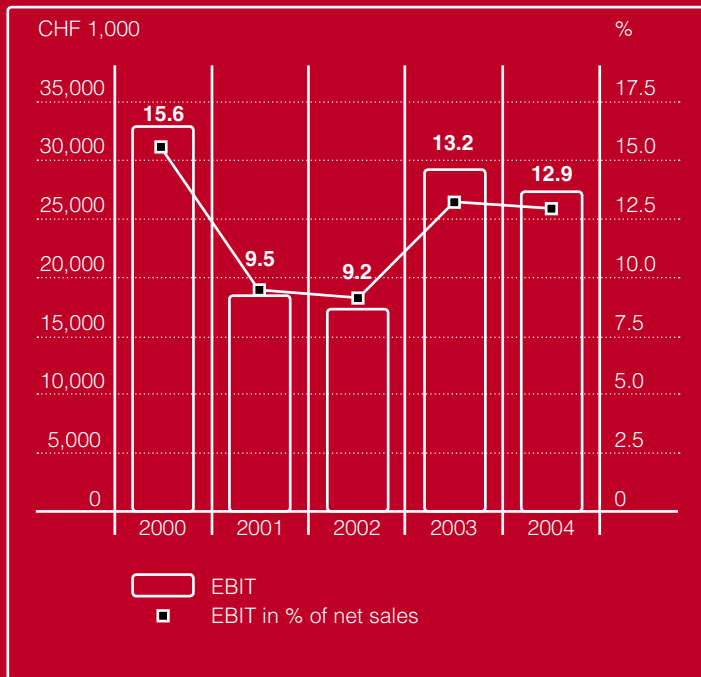
		2004	2003	2002	2001	2000
Net sales	CHF 1,000	211,527	222,182	191,537	196,900	211,617
Gross profit	CHF 1,000	130,232	135,713	117,334	121,217	129,029
in % of net sales	%	61,6	61,1	61,3	61,6	61,0
EBITDA	CHF 1,000	35,907	37,891	25,821	26,406	38,921
in % vom Nettoerlös	%	17,0	17,1	13,5	13,4	18,4
Betriebsgewinn (EBITA)	CHF 1,000	28,508	30,532	18,990	20,075	33,526
in % of net sales	%	13,5	13,7	9,9	10,2	15,8
Operating profit (EBITA)	CHF 1,000	27,345	29,311	17,671	18,678	32,917
in % of net sales	%	12,9	13,2	9,2	9,5	15,6
Group profit after tax (EAT)	CHF 1,000	20,390	20,801	13,227	13,941	26,277
in % of net sales	%	9,6	9,4	6,9	7,1	12,4
Depreciation and amortization	CHF 1,000	8,562	8,580	8,150	7,728	6,004
Net cash from operating activities	CHF 1,000	39,899	21,352	20,730	23,491	22,401
Investments in fixed assets	CHF 1,000	10,558	6,359	16,760	19,648	14,122
Free cash flow <sup>1)</sup>	CHF 1,000	29,628	15,151	3,667	-6,913	181
Research and development	CHF 1,000	19,100	19,285	17,300	16,503	15,773
in % of net sales	%	9,0	8,7	9,0	8,4	7,5
Total assets	CHF 1,000	227,499	219,992	208,245	208,651	201,416
Fixed assets	CHF 1,000	100,579	97,939	102,577	98,343	75,608
Current assets	CHF 1,000	126,919	122,053	105,668	110,308	125,808
Shareholders' equity	CHF 1,000	158,811	143,673	126,218	118,757	110,739
as % of total assets	%	69,8	65,3	60,6	56,9	55,0
Share capital	CHF 1,000	23,861	28,633	31,528	31,389	31,000
Borrowed capital	CHF 1,000	68,688	76,319	82,027	89,894	90,677
in % of total assets	%	30,2	34,7	39,4	43,1	45,0
Long-term financial loans	CHF 1,000	11,750	10,000	16,000	33,210	21,014
Short-term financial liabilities	CHF 1,000	12,100	22,225	35,748	15,220	8,500
Net indebtedness (-) / Net cash (+)	CHF 1,000	15,192	-10,446	-23,707	-26,884	-9,207
Headcount (at year-end)	Anzahl	705	707	680	698	691
Net sales per employee	CHF 1,000	298	319	278	276	320
Shares <sup>2) / 3)</sup>	Number 1,000	3,181	3,181	3,153	3,139	3,100
Par value <sup>2)</sup>	CHF	7.50	9.00	10.00	10.00	10.00
High	CHF	113.00	90.50	95.00	163.00	176.00
Low	CHF	84.00	35.80	39.50	59.00	102.60
Closing price on Dec 31	CHF	112.40	87.05	46.10	88.00	161.00

1) Purchase of Komax Systems Rockford Inc.(Prime) in 2001 CHF 11.1 million / purchase of Komax Systems York Inc. (Ascor) in 2000 CHF 8.4 million

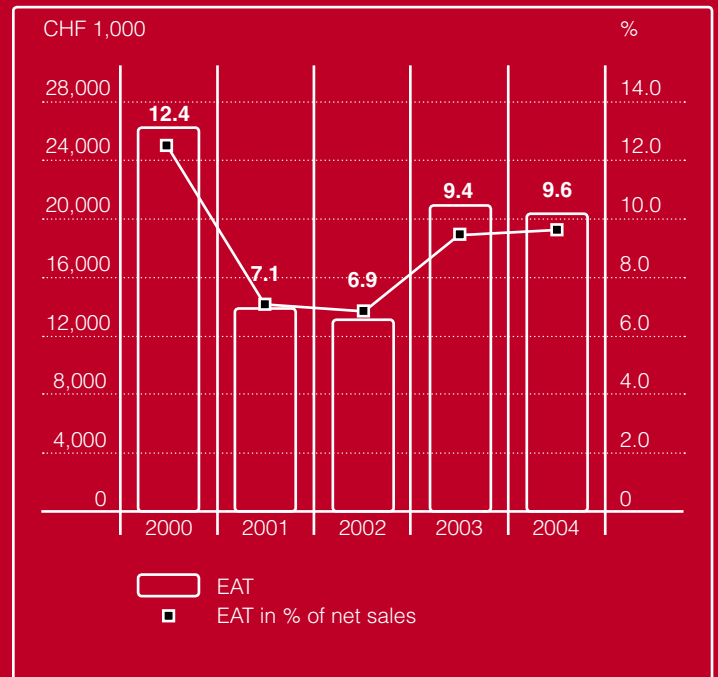
2) Change in 2000 owing to 10-for-1 share split on May 24, 2000.

3) Change from 2001 to 2003 owing to exercise of option rights.

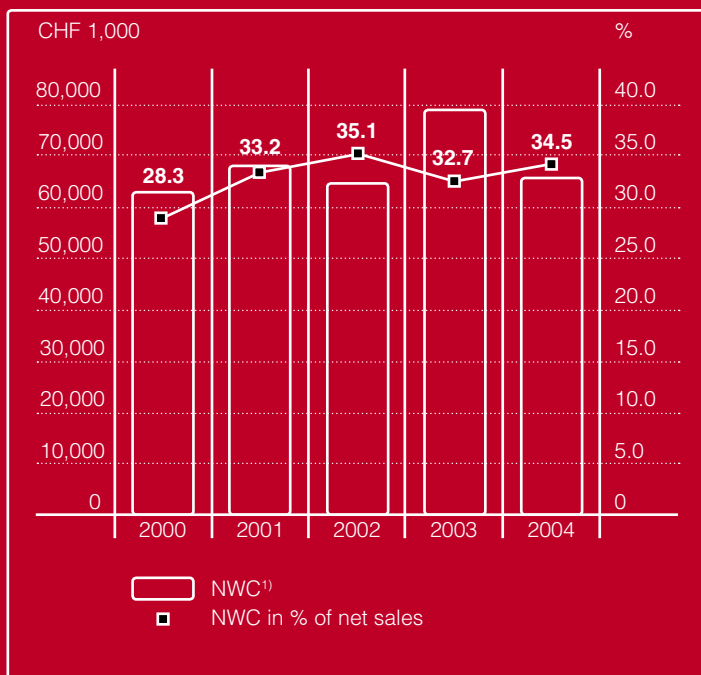
### Operating profit before interest and taxes (EBIT)



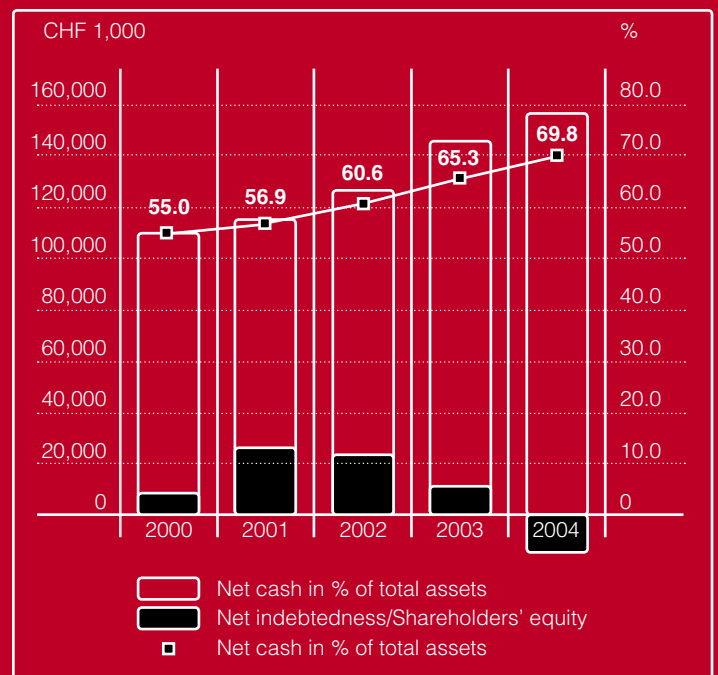
### Group profit after taxes (EAT)



### Net working capital (NWC)



### Development of equity and net indebtedness



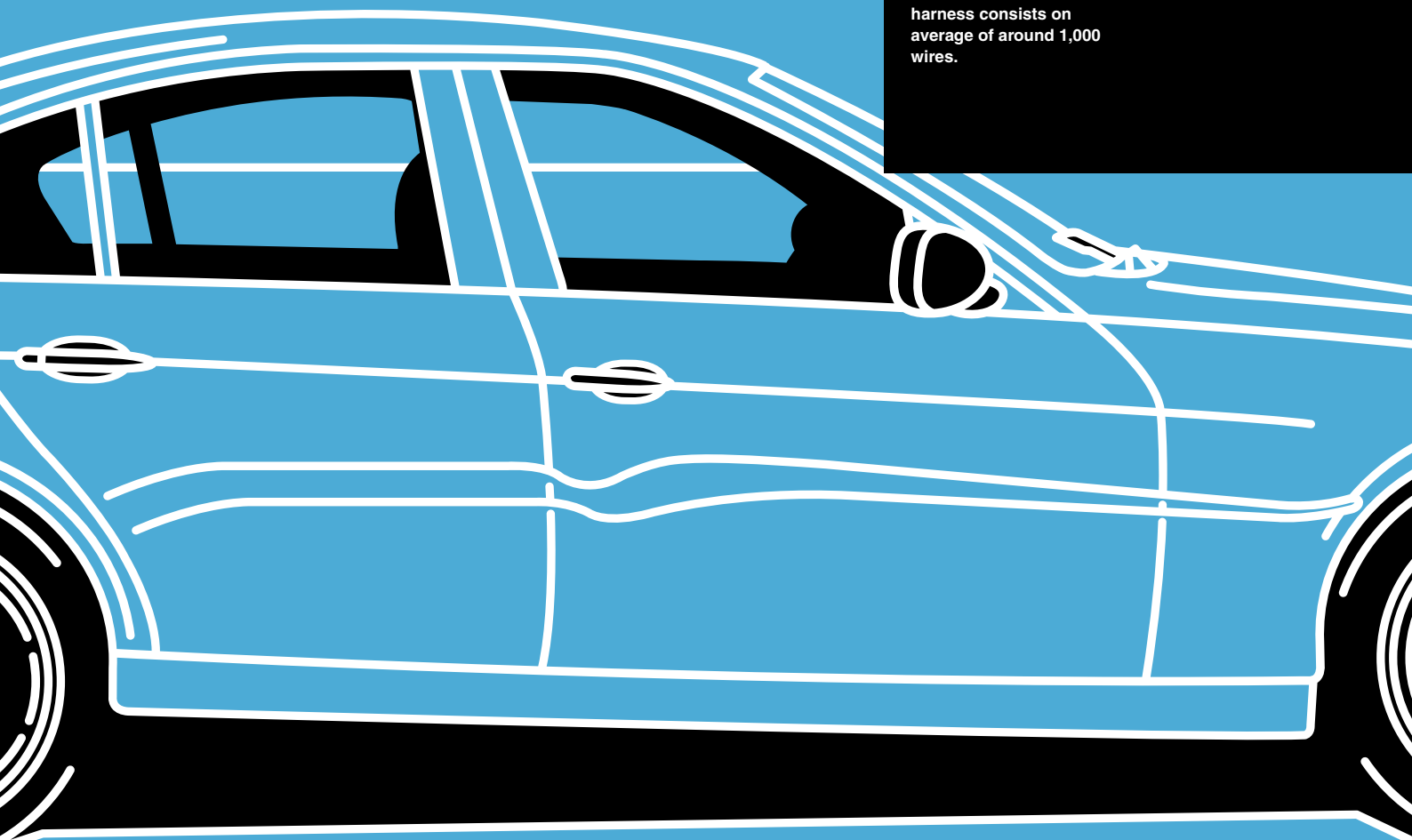
1) NWC= net working capital: receivables, inventories less current liabilities.

## **Brief potrait of the Komax Group – World leader in wire processing and assembly automation**

*The Komax Group, founded in 1975 and headquartered in Dierikon/Lucerne, Switzerland, is one of the top global providers of wire processing systems machines and automatic assembly machinery systems.*

From cutting and stripping wires to the complex, fully automated manufacture of complete wire harnesses, Komax offers its clients a comprehensive range of products. Thanks to various acquisitions in the assembly automation sector, Komax can now provide assembly and checking processes that extend far beyond simple wire processing. Alongside the development of customer-specific solutions, the range of services also includes setting up for operation, training, maintenance and after-sales support. The Komax Group operates production facilities in Switzerland, Portugal, France, the US and China. It also maintains a distribution and service network spanning the entire globe. Its main sales markets are in the automotive industry as well as household appliances, office equipment, telecoms, medical technology, solar energy and IT.

The Group generated sales of CHF 211.5 million in 2004. Operating profit (EBIT) stood at CHF 27.3 million and Group profit after tax at CHF 20.3 million. As of December 31, 2004 Komax employed a workforce of 705 worldwide.



Komax is world leader  
in wire processing  
for automotive wire  
harnesses. Such a wire  
harness consists on  
average of around 1,000  
wires.

# Report of the Board of Directors

## Dear Shareholders

The Komax Group achieved a good result in fiscal 2004. Despite a decline in sales to CHF 211.5 million (2003: CHF 222.2 million), group profit after tax (EAT) was maintained on a slightly improved margin at CHF 20.4 million, close to its prior-year level (2003: CHF 20.8 million), and the strategic EBITDA margin was once again on target at 17%.

We can look back on a particularly gratifying advance in sales in the US. Komax USA exploited the strong demand for fully automatic crimping machines to achieve a record result, and Komax also turned in an excellent performance in Latin America.

The Komax Group likewise recorded good growth and a satisfactory result in China, where its market share is still relatively modest. Komax Shanghai, a subsidiary operating since January 2003, made a major contribution to these figures. Gaining further market share in Asia, however, calls for additional investment. Our plans thus include stepping up production in China.

The slight drop in overall sales – even with the developments in the US and Asia – is attributable to turnover in Europe, which remains our most important market. The fall in demand was particularly pronounced in the traditional Western European sales grounds of Germany, Italy and France. More and more customers from these countries are switching production to Eastern Europe where Komax, however, is well implemented.

The Komax Group generated a free cash flow of CHF 29.6 million in the 2004 financial year, even with investments standing at CHF 10.6 million. Due to the high free cash flow we were able to repay further financial loans to the tune of approximately CHF 10 million and to turn the net debt of CHF 10.4 million as per December 31, 2003 into net cash of CHF 15.3 million.

Turning to products, we can report the successful launch of the Alpha 455, a fully automatic crimping machine which both meets the highest quality standards and enables ultra-fast conversion times. The high order intake for our systems for inserting IDC con-

*One of the most important developments for our business is the continuing rise in demand for safety and comfort in the automobile industry.*

nectors is equally pleasing, especially in the household appliances sector. We seem to have achieved a market breakthrough in this area. The Alpha 433 and Gamma 333 fully automatic crimping machines were also in high demand, as were twistors and robots for the fully automated production of wire harnesses.

The low volume of orders received for large-scale systems in the first half of the year under review resulted in a corresponding drop in sales in the second half. In the meantime the market has recovered, with the photovoltaic segment also noticeably emerging from its prolonged slump.

Our great expectations for the new optical data transfer technologies (glass optic fibers and plastic optic fibers) and for flat printed circuit boards in automotive wire harnesses have not yet been met. Demand for the products in question was relatively modest in the year under review. However, we remain confident that these new connection technologies will establish themselves over the medium-term.

Increasing automation in various areas of daily life continues to present excellent market opportunities for our company. One of the most important developments for our business is the continuing rise in demand for safety and comfort in the automobile industry. Airbag and ABS now come as standard, air-conditioning and navigation systems are widespread. Other innovations are about to take off: adaptive cruise control systems, using radar or infrared sensors to measure distance between vehicles, outside airbags to protect pedestrians, lane-assistance-systems, vision aids for night driving or video systems that monitor the driver's eye and send out an alarm at the first signs of fatigue. All these devices have one thing in common: they have to be wired up.

The Komax Group is ready to participate in the expected market growth. With an equity ratio of 69.8% we are ideally equipped for above-average growth, both organically and by means of suitable acquisitions in the next few years.

There were changes to the Komax Group structure in the year under review: the wire-processing systems business and the Sibos assembly automation business were merged under the name of Komax Systems AG and brought together at a single location in Rotkreuz. These measures will create synergies in production, engineering and marketing.

Last November was marred by a sad event: Board member Bernhard Schönung passed away at the age of 54 after a short and serious illness. We have lost a likeable and highly valued colleague who enriched our governing body with his insight and entrepreneurial acumen.

We would like to thank the employees for once more demonstrating huge commitment, our business partners for the fruitful collaboration and you, dear shareholders, for the faith you have shown in our company.

Melk M. Lehner  
Chairman of the Board of Directors  
of Komax Holding AG

Leo Steiner  
Chief Executive Officer  
of Komax Holding AG

## Executive bodies

### Board of Directors

Melk M. Lehner, Chairman of the Board,  
term expires 2007

Leo Steiner, President and CEO,  
term expires 2006

Max Koch, term expires 2005

Hans Caspar von der Crone,  
term expires 2006

### Executive Committee

Leo Steiner, Overall management of the  
Komax Group, President and CEO

Claudio Meisser, Head of Research & Deve-  
lopment (CTO)

Victor Tobler, Head of Production

Andreas Wolfisberg, Head of Finance & Ac-  
counting (CFO)

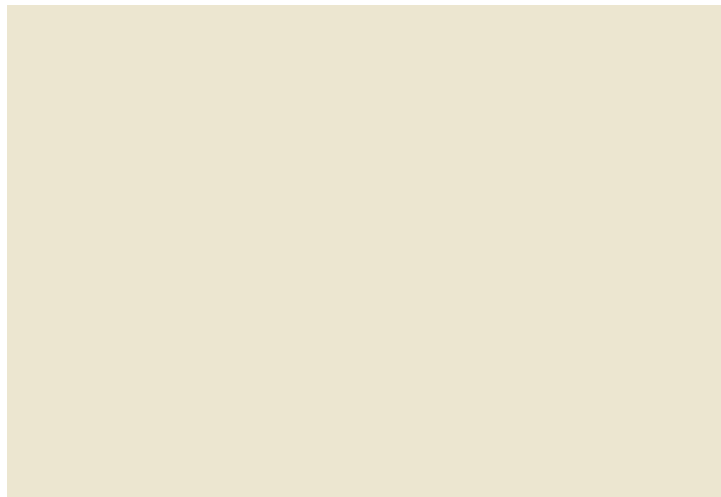
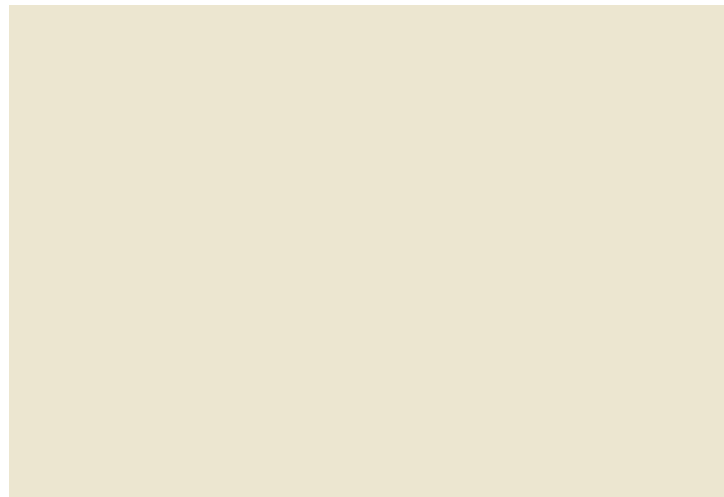
Josef Zumstein, Head of Sales & Marketing

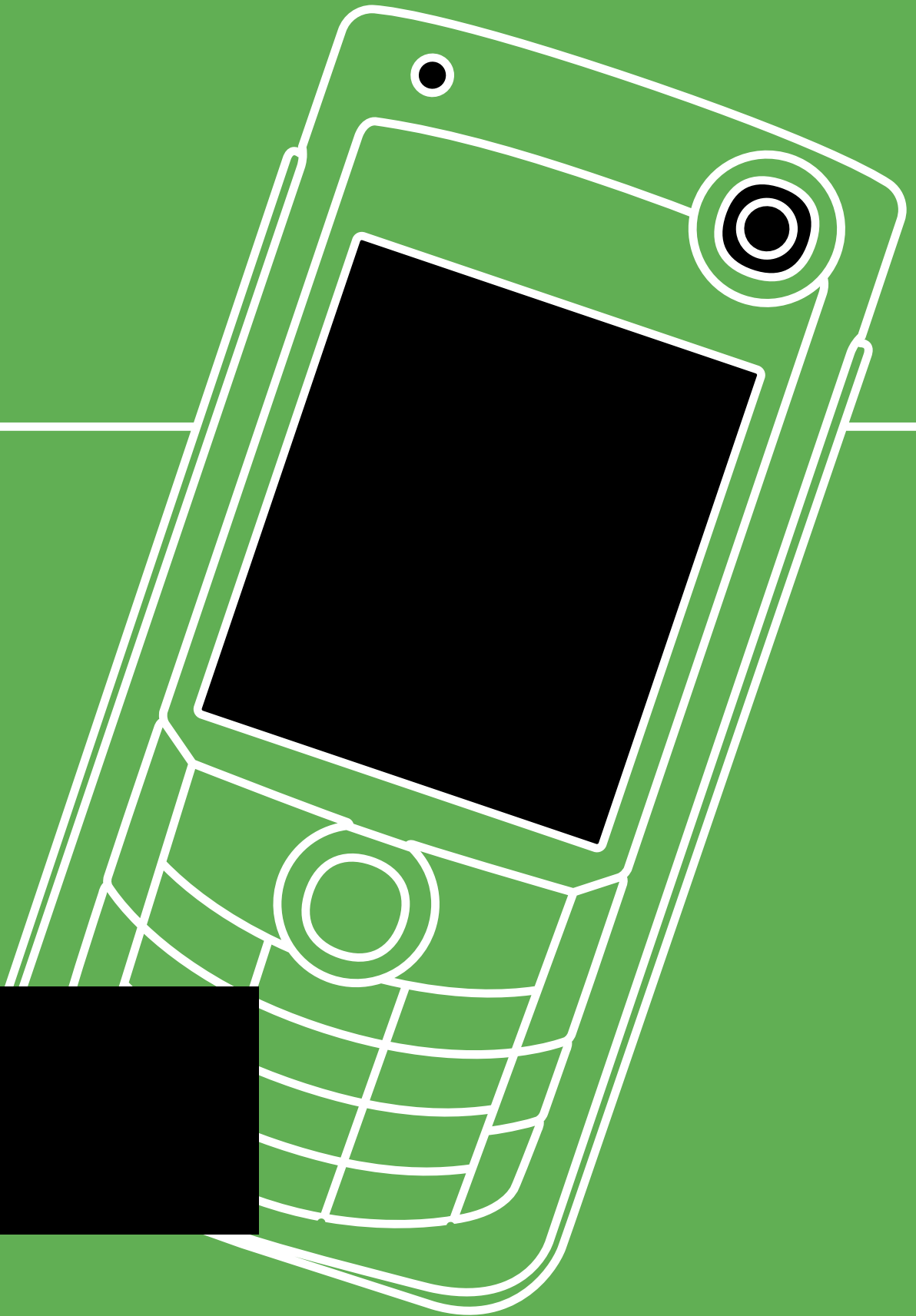
### Statutory Auditors

PricewaterhouseCoopers AG, Basel

### Group Auditors

PricewaterhouseCoopers AG, Basel





Komax also manufactures testing devices, for mobile phones for example.



## Group report

*The Komax Group was able to kick off the year under review with a large number of orders on the books from the previous year, bringing a related increase in first-half sales. Demand in the machine business returned to normal levels in the spring. The order intake for large-scale systems, however, fell considerably and only began to pick up again during the second half of the year.*

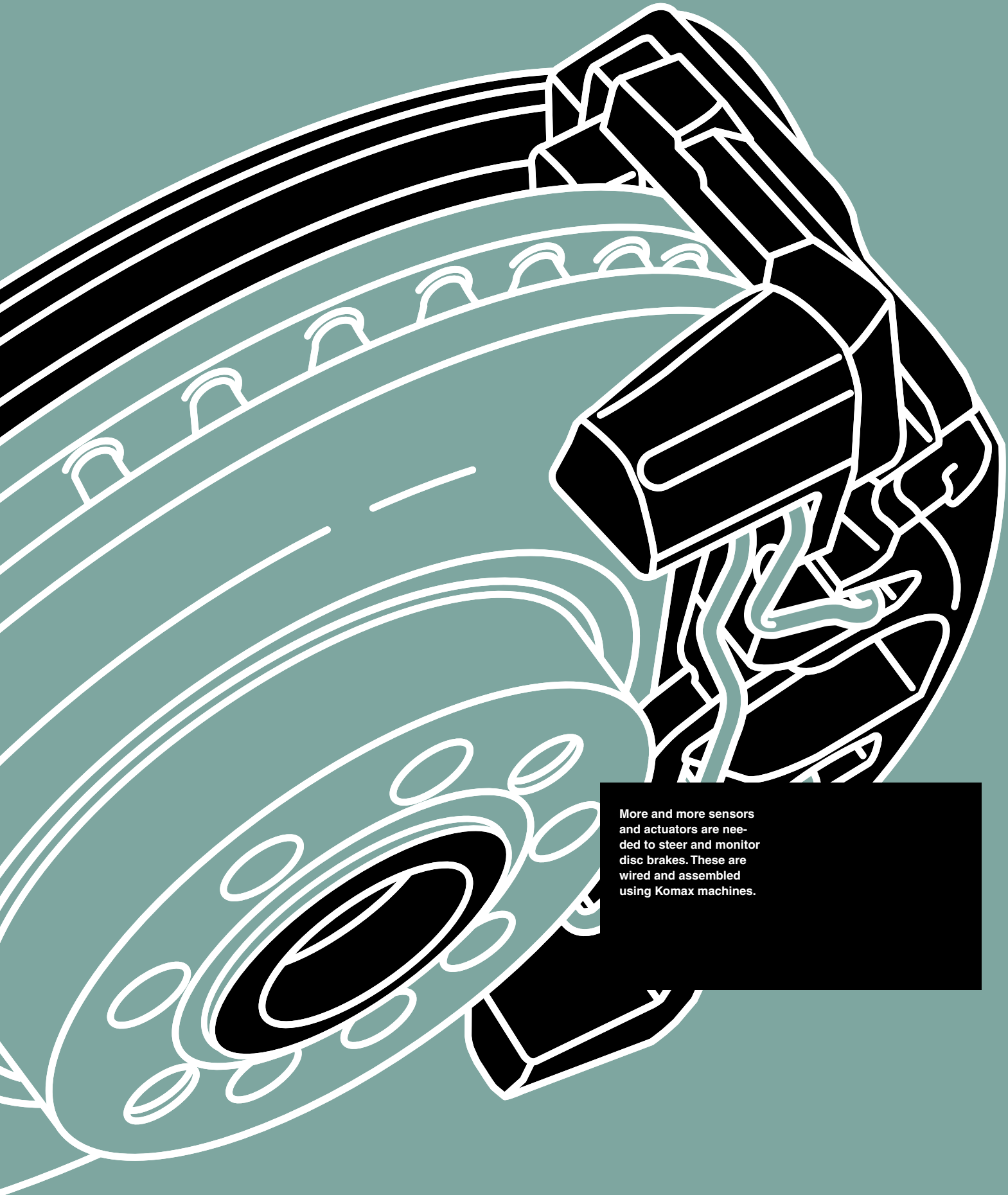
## The environment

*Two trends can currently be discerned in the wire-processing industry: Demand for simple, fast crimping machines as well as for more complex fully automatic crimpers that satisfy more demanding quality requirements and reduce production times through ultra-fast conversion times.*

The crucial factors for future market performance are thus high quality standards and fast retooling times. This can be demonstrated by two examples from the automotive sector: Increasing automation requires ever more electric wiring in vehicles. To prevent this from leading to new sources of interference, wire connectors and contact devices of the highest quality take on high importance.

Because the amount of special equipment for motor vehicles is growing above average, one automotive wire harness now barely resembles another, even in the same production series. Which means ever smaller numbers of units being produced. Only if changeover times also continue to become shorter, can production downtimes be kept within limits.

Turning to large-scale systems, it is becoming more and more important to build assembly lines with a high degree of standardization, which can be ready for operation much faster. Clients are less and less prepared to let a year go by between order and delivery of large-scale systems. In addition, there is a trend towards manumation (the combination of manual assembly and automation). Highly standardized small-scale systems are applied in such a way that only part of production is automated and the cost-effective non-standardizable part is manufactured by hand.



More and more sensors and actuators are needed to steer and monitor disc brakes. These are wired and assembled using Komax machines.

## Market positioning

With a market share of more than 50%, Komax is a global leader in standard wire-processing machines. Komax also produces large-scale systems for use in assembly automation and special wire-processing applications. Globally, such machines generate several billion Swiss francs in sales. Komax's potential in this growing but highly fragmented market is equally strong.

### New Alpha 455 fully automatic crimping machine

To satisfy the market requirements for shorter conversion times and even higher quality standards relating to standard machinery, Komax has developed the new Alpha 455 fully automatic crimping machine. This newly designed, unique rotary table press enables fully automatic conversion of the machine, ready for the next article. Used in connection with the new quick wire changer, set up and conversion times can be cut by half compared to conventional equipment. Moreover, the Alpha 455 comes with a built-in quality monitoring system.

The in-house presentation of the Alpha 455 before a large audience of trade specialists in November 2004 met with a very pleasing response. Komax is confident that the new machine will enjoy its first success on the market in the year now underway.

Sales for the Kappa line family of products (bench-top units for cutting and stripping wires) performed in line with expectations in the year under review. The larger standard products and fully automated crimpers sold well, and turnover in specialized machinery such as twisters and robots for the fully automated production of entire wire harnesses developed well..

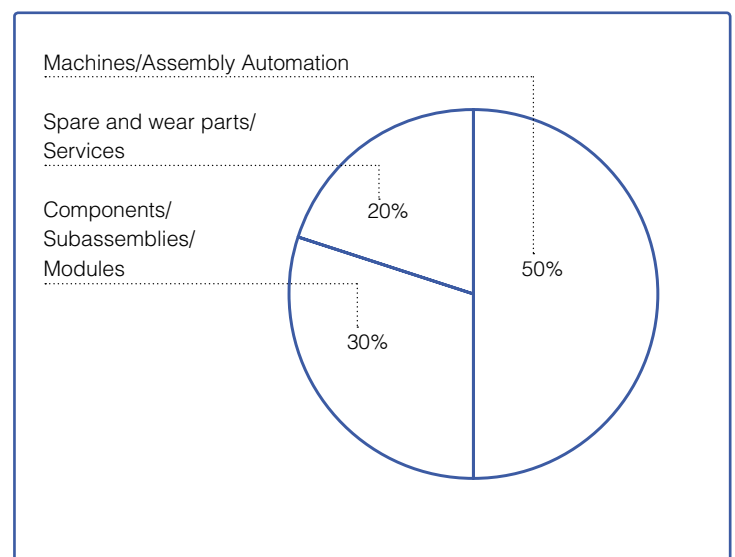
Toward the end of 2004 the photovoltaic market picked up sharply again from its prolonged slump. In addition, the second half-year saw a very encouraging trend in demand for solutions for the assembly of mechanical and electronic components, resulting in a recovery in order intake in this area.

### Reorganization of product lines in large-scale systems

To expand its market position in the assembly automation systems and automated wire harness production sectors, Komax restructured its large-scale systems business. The wire processing systems business and the assembly automation operations of Sibos have now been merged under the name of Komax Systems AG. The enterprise employs a staff of around 270 at its four locations. The Engineering and Project Management sectors, Sales & Marketing, Procurement, Toolmaking, Hard Machining, Assembly, Customer Services and Administration are based at the head office in Rotkreuz, Switzerland, while the site at Einsiedeln, Switzerland, concentrates on the production of mechanical precision components. The two subsidiaries in North America mainly develop and produce assembly equipment for solar energy systems and mechanical components.

*The presentation of the Alpha 455 met with a very pleasing response.*

Sales by products





With their strong vibrations, high moisture levels and frequently high temperatures, washing machines have special wire harness requirements.

## Market positioning

Critical to success on the assembly automation market is the focus on selected applications and core competencies. For this reason Komax Systems focuses on the following six areas:

1. Assembly equipment for electrical and electronic modules (sensors, actuators, airbag detonators, electrical fuses, ABS boxes and testing systems)
2. Assembly equipment for mechatronic modules (plugs, windscreen wipers and door locking systems for motor vehicles)
3. Wire processing systems (sensor crimps, airbag plugs, IDC connections, coaxial cables, flexible flat cables and optical fibres)
4. Assembly equipment for medical technology products
5. Assembly equipment for solar cells (photovoltaic)
6. Standard components and subsystems (e.g. Domino® handling components, Modulo® cells, transport systems, palletizing systems)

Komax systems are custom-designed and produced to meet the individual customer's requirements. The use of standard components plays a key role in the cost structure. Thanks to substantial investment in development, the Komax group now has a competitive range of platforms at its disposal in terms of both hardware and software. Komax will continue to resolutely pursue this strategy in the current year via the "Group Components 05" project.

### A rising number of processes per module

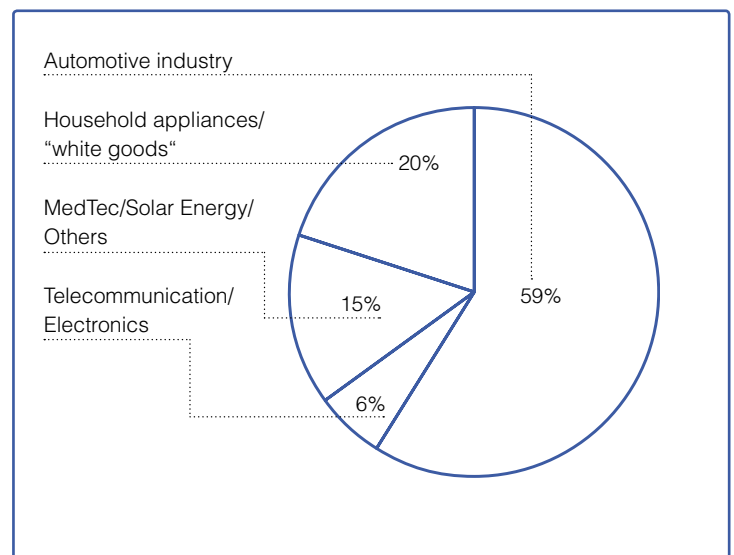
The number of processes that need to be integrated into both assembly automation and automatic wire harness production continues to rise: 20 to 30 different processes are frequently involved to meet the customers requirements. This has an impact on the size and complexity of the assembly lines. The equipment, costing between 600,000 and several million Swiss francs, often fills entire assembly plants and makes correspondingly high demands on the available infrastructure and on engineering. Thanks to the reorganization and investment of approximately CHF 6 million in the Rotkreuz site (expansion of the assembly plant, production and IT structures), Komax

Systems currently possesses both the appropriate resources and the necessary flexibility in engineering as well as production. In this connection ISO 9001:2000 certification, planned for mid-2005, is of great consequence.

### Cars and "white goods"

The most important sales market for Komax products is the automotive supply industry which contributes 59% to sales, both in terms of large-scale systems and standard products. This is followed by producers of "white goods", i.e. household appliances such as washing machines, cookers or dishwashers, with a 16% share of turnover. A further 15% is divided between the burgeoning photovoltaic market, medical technology products as well as office equipment such as photocopiers. We noted a slight recovery in the telecoms sector in 2004, a market that had previously been in strong decline.

Sales by application



## Sensor crimping – For demanding and fully automatic processing

*Handling sensors and multi-core jacked cables is a demanding job. In collaboration with Komax Systems, Siemens Building Technologies has developed a fully automated solution in order to process its cable temperature sensors economically and to the highest quality. The results are convincing.*

**The Siemens Building Technologies Group produces cable temperature sensors for its building management systems at its plant in Zug, Switzerland. The multi-core jacked cables, made from PVC, silicone or PUR, are printed, cut to length, stripped, separated, crimped, equipped with sensors, fitted with cases and loaded in silicone-lined sleeves, before final testing for 100% quality assurance – this all done fully automatically thanks to the assembly line from Komax Systems.**

**We spoke to Siemens experts Bruno Isenschmid (Project Manager and Manager of Quality & Environmental Operations), Kurt Muri (Head of Production) and Wolfgang Huber (Product Development Manager for Sensors).**

### **What is the greatest challenge in processing cable temperature sensors?**

Isenschmid: Reproducibility, achieving a consistently high quality. It starts right away with selecting the right materials. As flexible components, cables are especially difficult to position. Added to that are the tiny dimensions of the components being processed and the narrow tolerances involved.

### **So was quality the decisive factor in automating production?**

Isenschmid: Not on its own, no. Initially, the cable temperature sensors were produced for us externally using a semi-automatic process. However, since these sensors are strategically important, and because we wanted to deliver large quantities of them onto the market, we looked for a solution in-house that would require only minimal manpower and allow for a large variety of options. To respond flexibly to customer requests, it is essential that development and production sites are close together and that employees are well-trained in both areas.

### **What were the decisive factors in your choice of supplier?**

Huber: We were looking for a long-term partner. Price alone was not the only crucial factor. Competency, experience and innovative strength are just as important to us. How is a problem approached and tackled? Is there openness towards new ideas? Will the company still be at our side in ten years' time? We have found our ideal partner in Komax.

### **How did you approach the project?**

Huber: It was an almost textbook example of simultaneous engineering. We worked closely together to define the product specifications. Komax supported us in this phase of the project, not only in automating our processes, but also in redesigning our products to make them more compatible with automation. In line with the complexity of the processes involved, this all took time

– but we were able to start production on schedule. Of course, some modification and optimization was called for in the first few months. But the important thing was that we could always count on support from Komax. Isenschmid: Transferring the system from its original location in Stäfa to Zug presented us with another challenge. Thanks to Komax, the process of dismantling then subsequently reassembling all the equipment went without a hitch. Transferring know-how represented a bigger problem, since not all the employees affected made the move from Stäfa to Zug. Thanks to intensive communication as well as training by Komax, we were able to rebuild the required expertise in Zug.

### **Has fully automatic production lived up to your expectations?**

Muri: Yes, we have more than doubled our output! And we are producing at a consistently high quality. The reject rate currently stands at below 3%, and deviations can generally be traced to the material being processed. We have lowered production costs dramatically – while also achieving much greater flexibility. At present we are manufacturing 25 different cable temperature sensors – with minimum changeover times. To go on meeting our high quality and productivity standards in future, we are systematically optimizing both our system and processes. One example is the subsequent integration of troubleshooting and analysis software that Komax was asked to develop on our behalf.

### **What was it like working together with Komax Systems?**

Muri: Our expectations were completely satisfied – both in the development and production phases as well as in terms of after-sales support. Thanks to its local presence, Komax can offer us a fast, professional after-sales service involving everything from training courses and maintenance to supplying replacement parts today”

*“It is important to us that the systems producer is still there for us ten years after the sale!”*

## Market positioning

### Europe and America

Top among the regions is Europe, with a 61% share of sales. Within Europe a further shift from west to east took place in 2004. In particular, demand fell in the traditional markets of Germany, Italy and France. Conversely, Slovakia, Slovenia, Hungary, Romania and Russia posted double-digit growth rates.

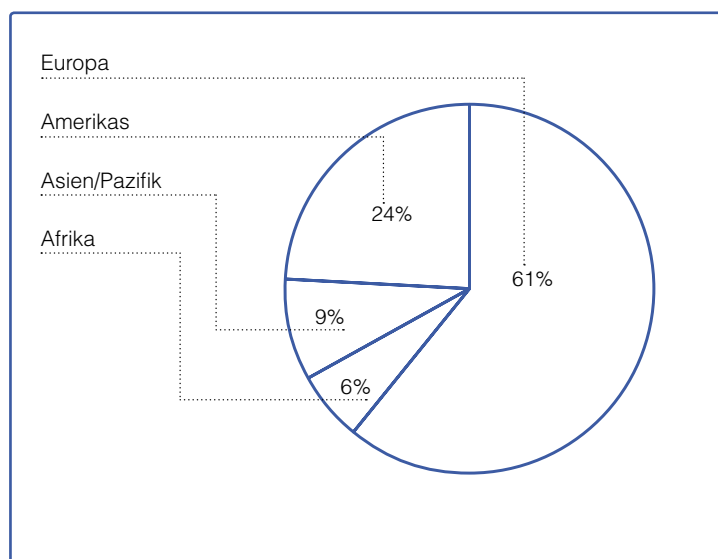
With a sales share of around 24%, North and South America is the second most important region for Komax. The gratifying increase in wire processing sales of over 30% is linked to clear gains in market share. In North America Komax Corporation posted record turnover, and sales figures doubled in Brazil.

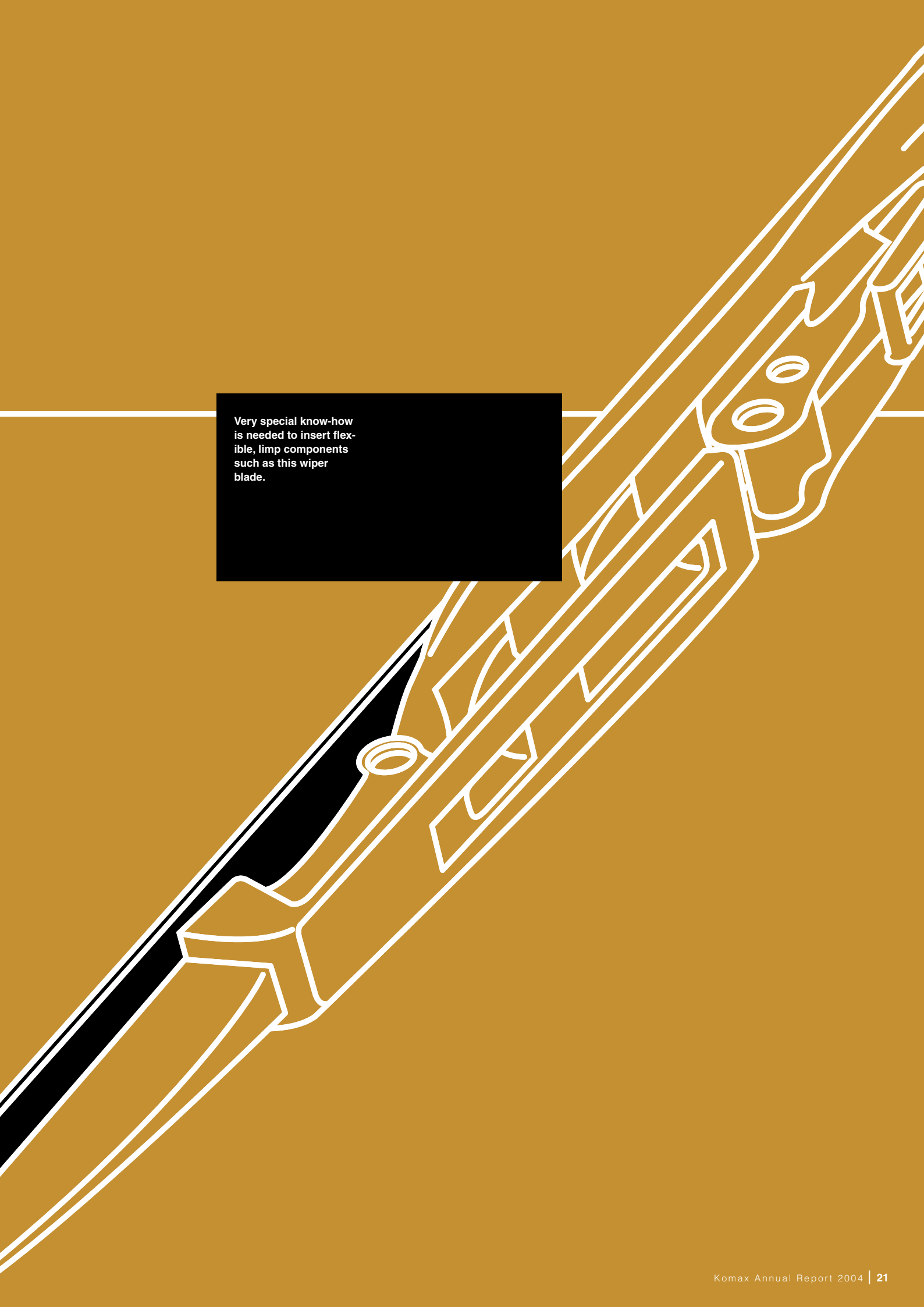
In Asia (9% sales share), a distinct shift can be discerned in our markets from Japan and Korea to China. Komax implemented larger-scale projects in the Philippines and Iran. Our growth rate in China in the year under review is around 10%. Komax was able to generate similar growth in Africa (around 6% share in sales), mainly attributable to the increased demand from South Africa.

Komax's client structure remains well balanced and healthy. Our largest client accounts for around 5% of overall sales.

*Komax's client structure remains well balanced and healthy.*

Umsatz nach Regionen (Leistungsempfänger)





Very special know-how is needed to insert flexible, limp components such as this wiper blade.

## Research and development – Innovative product advances

*In 2004 Komax invested around 9% of sales revenues, or CHF 19.1 million, in research and development. Alongside the new Komax Alpha 455 fully automatic crimping machine, the emphasis was on the Komax Zeta 633SP and Zeta 654 splicing and assembly machines, as well as on further developing standard components and platforms.*

### Fully automatic processing of wire harnesses

Wire harness insertion and block loading are becoming increasingly automated for productivity and quality reasons. With the Zeta 633 SP Komax has launched the world's first fully automatic ultrasonic splicer. It joins together several stranded wires, manufactured in sequence, by means of an ultrasonic welding technique. Various orders can be processed without the need for retooling. This low-cost alternative method of splicing several cables has been in use in the automotive industry for quite some time – however, until now this has involved manual processes.

The Komax Zeta 654 robot is used in combination with the Zeta 633 to insert different wire ends into single-sided wire harnesses. It is equipped with an automatic reloader for connector housings and represents an inexpensive alternative to the Zeta 655 batch loading robot, with which double-sided wire harnesses of varying complexity can be manufactured automatically.

### Automation of manual positions

Cables that are difficult to process are frequently still stripped and crimped manually today. This means it is not always easy to meet the market's high requirements regarding efficiency and quality. The Komax bt 722 programmable bench press offers a semi-automatic solution which reduces the time spent on set up to one-third while preserving the quality associated with fully automatic processing. Komax aims to go on expanding its market position with this semi-automatic machine, especially in those countries with low wage costs and a correspondingly high proportion of manual jobs.

### Standardization as a success factor

All the new Komax machines in the Gamma, Alpha and Zeta product families are based on uniform components such as user software (TopWin), control systems (CPU 2000) and servo axes (ACS). In the case of assembly lines, standardized cells (Modulo®) and handling components (Domino®) are used alongside the ACS servo axes.

Such standard components allow Komax to lower its development, production, purchasing and production maintenance costs. Under the "Group Components 05" project the company is rapidly pressing ahead with this strategy in order to adapt the existing platforms in machine business for use with the product families in assembly automation and wire harness production.

### Optimizing the development processes


To further reduce the time to market – the period that elapses between conception of a product and its launch – development processes were once again optimized in the year under review. A strategically important step was the introduction of a product data management (PDM) tool throughout the entire Komax Group. At the same time Komax improved its methods for developing software as well as for guaranteeing quality with marketable solutions.

### Expansion of the platform range

In the year now underway Komax will concentrate primarily on further developing its product innovations and its range of platforms.

The Komax Alpha 455's new components will be further improved and optimized – especially for robustness. Komax is simultaneously developing platforms for the next generation of components. In the medium-term 80% of Komax machines and systems in assembly automation and wire-harness production are to be based on the same standard components.

*Standard components allow Komax to lower its development, production, purchasing and production maintenance costs.*

A white line-art illustration of a hearing aid on a hand against a red background. The hearing aid is shown in profile, with a circular earpiece and a thin tube extending from the back. The hand is depicted with simple white outlines, showing the fingers and palm. The background is a solid red color with a few white diagonal lines.

The requirements for precision in the assembly process are increasing particularly rapidly in the area of medical technology. One example is these hearing aids, due to the continuing drive toward miniaturization.

## Production – Optimization at a high level

*On the production side, Komax has further fine tuned its internal and external processes and optimized the interfaces. It has thus succeeded in lowering costs while at the same time increasing flexibility. Komax likewise improved the quality management system developed during the previous year.*

On the production side, the focus in the year under review was on the serial manufacture of those products launched at the end of 2003 and the pre-series production of the new generation of fully automatic crimping machines. Other important projects included the optimization of internal and external processes and the implementation of the process-driven quality management system.

### Successful process optimization

Over the past two years the Production sector has analysed all of its processes, plus all the internal and external interfaces, restructuring and optimizing where necessary. Komax is now in a position to react quickly and flexibly to a changing business environment and to market fluctuations. Organizational modifications in assembly and logistics, as well as the optimization of material distribution reduced the lead time by more than 25 percent. In addition, the Komax Group further improved cooperation between the three production sites in Dierikon, Rotkreuz and Einsiedeln: by investing around CHF 1.5 million to qualitatively expand production and by moving systems production activities to a single site. Both machine and systems production now operate in reference to the same production and fabrication concepts with an integrated logistics network.

### Supply Chain Management

Komax increased its security of supply during the year under review through intensive supplier management. The Group currently has a broadly diversified network of suppliers: around 60% of its purchasing volume is covered by 35 suppliers. The renewed 12% reduction in procurement complaints highlights the effect of the measures that have been implemented. An analysis of the supply chain network carried out in the year under review revealed further improvement potential, which will be resolutely developed in the year now underway.

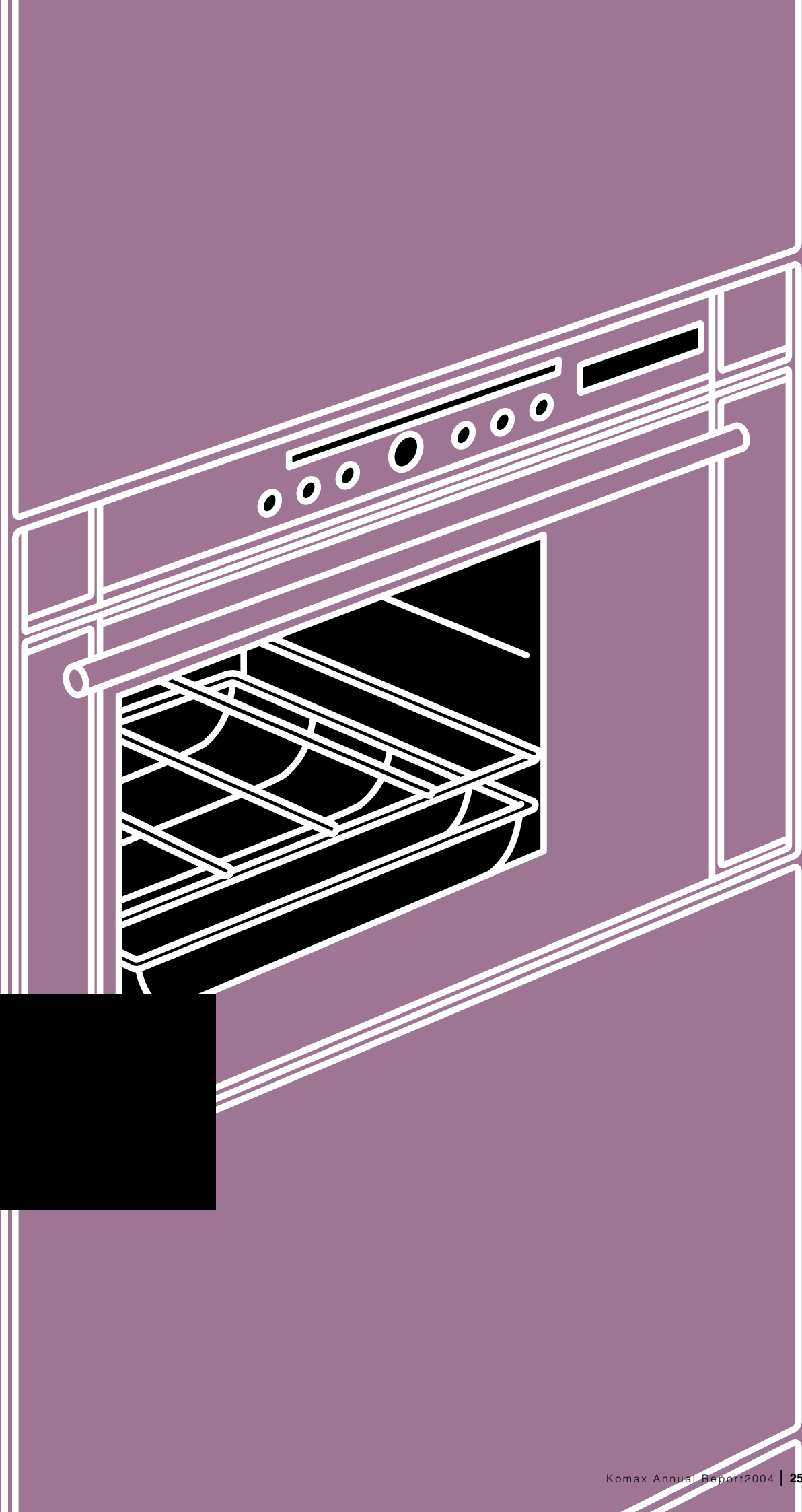
### Process-oriented quality management

Komax has made further improvements to the quality management system developed in 2003 under ISO 9001:2000 in its machine business and has additionally developed a system of measurements and key indicators. The task now is to efficiently link these in the current year. In the systems production field, an associated project is proceeding apace with the aim of achieving certification by mid-2005. The successfully implemented measures are reflected in the quality-related costs, which meantime account for less than 2.5% of sales revenues.

### Further expansion

Optimizing capacity utilization at the various sites is one of the key implementation projects in the current year. Training, application of the existing knowledge-management tool, as well as investments in tool-making and in machining will all contribute to further optimizing processes and lowering costs. A significant element in this optimization process is the suggestion system that has been newly developed following the Japanese “kaizen” theory.

*Organizational modifications in assembly and logistics, as well as the optimization of material distribution reduced the lead time by more than 25 percent.*



Household appliances and “white goods” are an important sales market for Komax products, contributing around 20% to overall sales.

## Employees – Above-average qualifications

*It takes more than competitive products and successful strategies to satisfy customers. Above all, qualified and motivated employees are critical to the long-term success of any enterprise.*

The increasing automation of production processes means increasing qualification requirements for employees. Which is why great value is placed on professional training and development at Komax. This includes both on-the-job training as well as opportunities for job rotation and foreign assignments. Alongside in-house courses, Komax encourages external training by providing financial support and, wherever possible, through flexible working time models.

### High level of qualifications

The Komax workforce has an above-average level of qualifications. Of its 468 employees in Switzerland, 24% hold a degree from a university or university of applied sciences, 71% have undergone an apprenticeship and only 6% have no specific qualifications. These figures are considerably better than those for the Swiss mechanical and electrical engineering industries as a whole, where 24% of staff have no specific training.

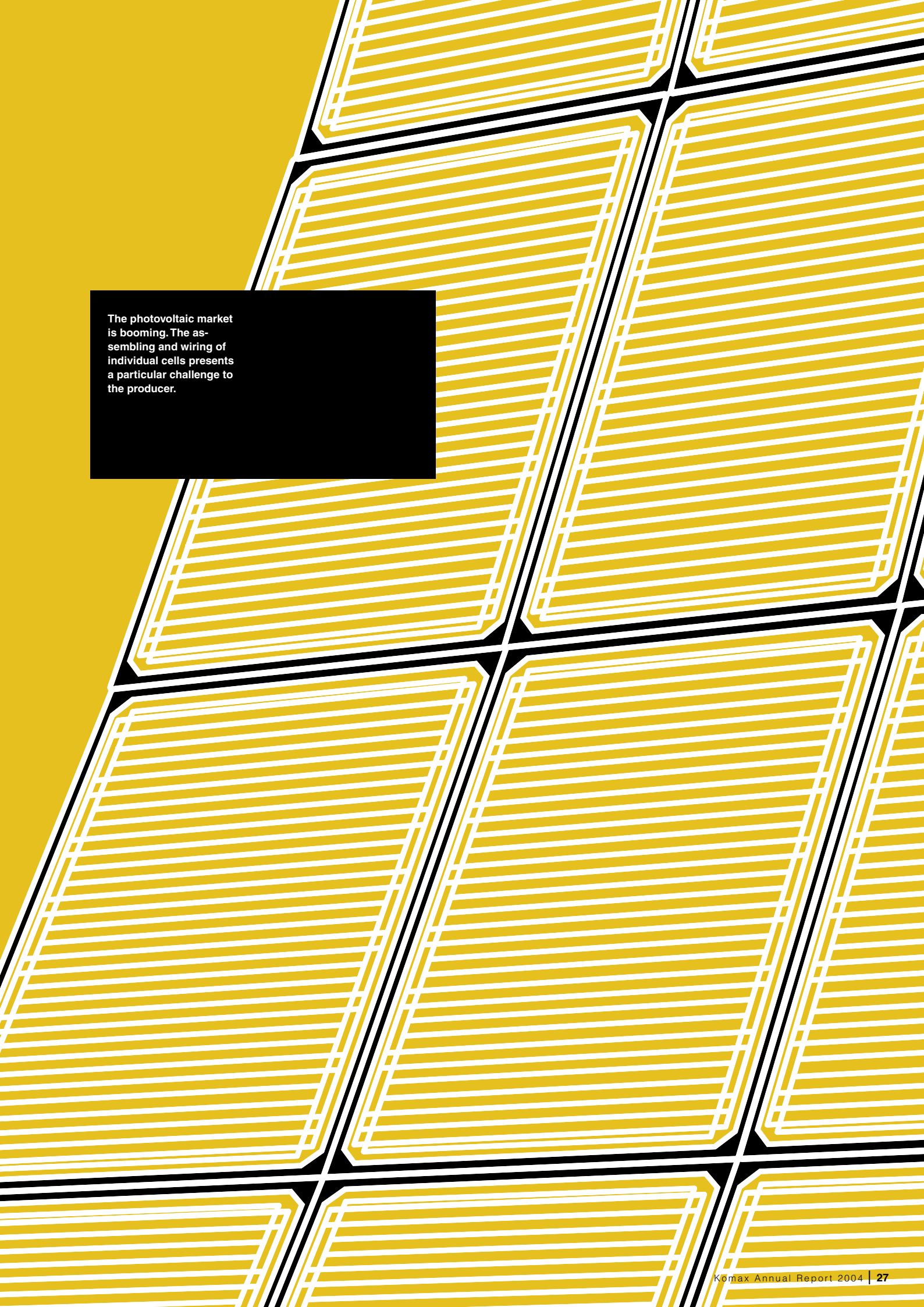
### High proportion in development and engineering

A strategic highlight for Komax is the continuous expansion of its technology leadership. As at the end of 2004, a good quarter of Komax's global workforce of 705 thus worked in either development or engineering, clearly placing the company above the Swissmem average of 15%.

40% of staff at Komax are employed in on the production side, 25% in sales and marketing. The number of employees working in management and administration is around 9%. 66% of Komax personnel work in Switzerland (468 employees), where the bulk of development and production activities are based, 16% in North and South America and 13% in the EU (Germany, France and Portugal). Komax employs 22 members of staff in Asia and seven in Africa (see Financial Report, page 66).

### An investment in the future

Komax views the training of apprentices as an investment in the future – both its own and that of Switzerland as a location for employment. 55 apprentices are currently being trained at the three plants in Switzerland at Dierikon, Rotkreuz and Einsiedeln as polymechanics technicians, electronics technicians, automation technicians, technical designers, IT specialists and commercial personnel, making up around 12% of the workforce at these locations. By way of comparison: in 2002, the proportion of apprenticeships reported by Swissmem member companies stood at just over 6%.



The photovoltaic market is booming. The assembling and wiring of individual cells presents a particular challenge to the producer.

## Investments and information technology (IT)

*In the year under review Komax invested a total of CHF 10.6 million in fixed assets. Emphasis was placed on completing the new building at Rotkreuz (CHF 4.3 million), IT hardware and software (CHF 3 million) as well as new manufacturing machinery (CHF 1,7 million).*

Integrating the former Sibos companies into Komax Systems companies provided a few organizational challenges for the IT department. In the year under review, among other things, Komax IT set up a centralized file management system and a high speed connection between Dierikon and Rotkreuz in addition to merging various system platforms.

The high speed link allows a more flexible utilization of the individual work places and data can now be managed centrally in a single database regardless of location.

Moreover, a new Intranet platform was launched for Komax in Switzerland (Dierikon and Rotkreuz/Einsiedeln) on which information, news and know-how are now centrally available.

*The high speed link allows a more flexible utilization of the individual work places.*



Not only in cars, but in photocopiers too, twisted pairs are increasingly being used to prevent electromagnetic interference.

## Outlook

With the launch of its new products, Komax is now extremely well equipped to further strengthen its leading position on the global market for wire processing machines in 2005.

In the assembly automation sector Komax is aiming for robust growth, both organically and by means of suitable acquisitions. Geographically, Komax sees particular potential in Asia. The Group will make additional investments in China in the current year and continue to expand production.

The good order backlog for wire processing machines and the large order volume in the assembly automation business make Komax optimistic about fiscal 2005.



# Corporate Governance

## Corporate Structure and Shareholders

### Corporate Structure

See pages 78 and 79 of the Financial Report for a detailed chart of the corporate structure.

### Significant shareholders

Shareholder/ shareholder group	Number of shares as at Dec. 31, 2004	% as at Dec. 31, 2004	% as at Dec. 31, 2003
Max Koch, Meggen	338,770	10.6%	12.5%
Julius Baer, Multistock SICAV, Luxembourg	k. A.	< 5%	5.7%
Nordea Bank SA, Euro- pean Value Fund SICAV, Luxembourg	181,406	5.7%	5.7%

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

- 5.4% stake acquired by J.P. Morgan Chase & Co., domiciled in New York/USA;
- reduction in the stake held by J.P. Morgan Chase & Co., domiciled in New York/USA, to less than 5%.
- reduction in the stake held by Julius Baer Multistock SICAV, domiciled in Luxembourg, 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 in Capital

For information on the Komax Group's ordinary and conditional capital and on changes of capital for 2004 and 2003, please see pages 47 and 74 of the Financial Report. The corresponding information for 2002 can be found in the financial section of the 2003 Annual Report.

#### Background Information on Shares

As per December 31, 2004, Komax Holding AG has a share capital of CHF 23,860,545, distributed over 3,181,406 registered shares with a par value of CHF 7.50 each. The shares are listed on the SWX 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 35 as well as page 65 of the Financial Report for information on employee share options.

### Board of Directors

#### The Board of Directors, Komax Holding AG

	Appointed	Term expired
Melk M. Lehner, Chairman	1997	2007
Leo Steiner, President and CEO	1997	2006
Max Koch	1997	2005
Hans Caspar von der Crone	1997	2006

Melk M. Lehner\*

- Chairman of the Board of Directors
- Dipl. Masch.-Ing. ETH, Zurich
- Professional background: Mettler-Toledo AG, Greifensee, Switzerland, various management positions; Saurer AG, Arbon, Switzerland, CEO
- 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
- Professional background: Landis & Gyr, Zug, Switzerland; Sulzer Escher-Wyss, Zurich, Switzerland
- Other board memberships\*\*: Kardex AG, Zurich, Switzerland; Sarna Kunststoff Holding AG, Sarnen, Switzerland; Schaffner Holding Ltd., Luterbach, Switzerland
- Born: 1943
- Nationality: Swiss

Max Koch\*

- Member of the Board of Directors
- Dipl. El.-Ing. ETH, Zurich
- Professional background: Founder, CEO and Chairman of Komax AG, Dierikon, Switzerland
- Other board memberships: Pangas AG, Dägermellen, Switzerland; 5E AG, Zug, Switzerland
- Born: 1949
- Nationality: Swiss

Hans Caspar von der Crone\*

- Member of the Board of Directors
- Dr. iur. Attorney-at-law
- Professional background: University of Zurich, Switzerland; District Court of Zurich, Switzerland; lecturer in civil law, trade law and capital market law at the University of Zurich, Switzerland; staff member/partner at Homburger law firm, Zurich, Switzerland (until 1997).
- Work situation: Partner of von der Crone Rechtsanwälte, Professor of Private and Business Law, University of Zurich, Switzerland; Member of the University Management, University of Zurich; Chairman of the Swiss Takeover 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

\* 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 among the Board of Directors.

### **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.

### **Allocation of 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 consists of Melk M. Lehner (Chairman) and Max Koch.

The Remuneration Committee sets the salary and the bonus of the CEO and the members of the Executive Committee, and the compensation 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 its members is present in person. 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 2004, 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 and CEO) 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 (CEO) 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 (CEO) 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 (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

Leo Steiner

Overall management of the Komax Group, President and CEO, Swiss national; education: Dipl. Ing. ETH. In present position at Komax since 1992. Professional background: Landis & Gyr, Zug, Switzerland; Sulzer Escher-Wyss, Zurich, Switzerland, other activities on management and supervisory boards\*: Member of the board of directors of Kardex AG, Zurich, Switzerland; Sarna Kunststoff Holding AG, Sarnern, Switzerland; Schaffner Holding AG, Luterbach, Switzerland.

Claudio Meisser

Head of Research & Development (CTO), Swiss national; education: Dipl. El.-Ing. ETH / SIA. At Komax since 1992. Professional background: Landis & Gyr, Zug, Switzerland; ESEC SA, Cham, Switzerland

Viktor Tobler

Head of Production, Swiss national; education: Dipl. Ing. FH / NDS BI. At Komax since 1989, in present position since 1991. Professional background: Fela Leiterplattentechnik AG, Diessenhofen, Switzerland; Elektro-Sanit AG, St. Gallen, Switzerland

Andreas Wolfisberg

Head of Finance & Accounting (CFO), Swiss national; education: Eidg. Dipl. Experte in Rechnungslegung & Controlling. At Komax since 1991, in present position since 1996. Professional background: von Moos Stahl AG, Lucerne, Switzerland.

Josef Zumstein

Head of Sales & Marketing, Swiss national; education: Technical management. At Komax since 1981, in present position since 1992. Professional background: Autophon AG, Solothurn, Switzerland; AMP Schweiz AG, Littau, Switzerland.

Komax Holding AG and its subsidiaries have not entered into any 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 33).

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, the 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 (gross) compensation was paid to acting members of governing bodies in fiscal 2004:

- Non-executive members of the Board of Directors: CHF 381,900
- Executive members of the Board of Directors and members of the Executive Committee: CHF 2,546,799
- The member of the Board of Directors with the highest compensation received CHF 867,854

The above amounts include the allocation of options from the 2004 program with an exercise price of CHF 86.61 and a taxable value of CHF 7.88. 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 2004 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 197,785 registered shares of Komax Holding AG in toto according to the share register as per December 31, 2004.

The non-executive members of the Board of Directors and closely linked parties hold 361,440 registered shares of Komax Holding AG in toto according to the share register as per December 31, 2004.

#### **Options**

As per December 31, 2004, the executive members of the Board of Directors and members of the Executive Committee or parties closely linked to such persons hold 91,080 options in toto (from the options plans for 2001, 2002, 2003 and 2004).

The non-executive members of the Board of Directors and closely linked parties hold 26,700 options in toto (from the options plans for 2001, 2002, 2003 and 2004).

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 did not submit any invoice to the Komax Group for additional services.

#### **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, 2004.

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 is governed by applicable law. (The placement of

agenda items is Shareholders representing at least 1% of the share capital or shares with a par value of CHF 500,000 can request that items be placed on the agenda for discussion by submitting the motions in writing within the deadline published by the company.

#### **Share Register Entries/Invitation to the General Meeting of May 17, 2005**

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 et. seq.). 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 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 16, 2005, are entitled to vote their registered shares at the General Meeting of May 17, 2005. Shareholders registered on April 1, 2005, 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 16, 2005, 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 Lead Auditor

PricewaterhouseCoopers AG, Basel, has been Komax Holding AG's auditor and the Komax Group's group auditor since 1994. The lead auditor has been responsible for the auditing mandate since 2003.

### Auditing and Additional Honorariums

PricewaterhouseCoopers and other auditing firms invoiced the Komax Group CHF 333,249 in fiscal 2004 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 43,488 in fiscal 2004 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](http://www.swx.com) under dmission. 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](http://www.komax.ch). Press conferences and presentations for analysts are held at least once a year.

## Financial Calendar

Annual media conference/	
analyst presentation .....	April 5, 2005
General Meeting .....	May 17, 2005
Shareholders' Letter,	
first-half results.....	August 25, 2005
Preview of results for 2004 .....	January 2006
Annual media conference/	
analyst presentation.....	April 4, 2006
General Meeting .....	May 11, 2006

## Investor Relations contact address

Komax Holding AG  
Dominik Slappnig  
Industriestrasse 6  
CH-6036 Dierikon/Lucerne  
Phone 0041-41 455 0 616  
Fax 0041-41 450 1 024  
[dominik.slappnig@komax.ch](mailto:dominik.slappnig@komax.ch)



## Information for investors

### Ticker symbols

Swiss security no. 1,070,215

Telekurs KOMN

Reuters KOMn.S

Key figures		2004	2003
Share capital as at Dec. 31	CHF 1,000	23,861	28,633
Number of shares as at Dec. 31	No.	3,181,406	3,181,406
Par value per share	CHF	7.5	9
Stock market capitalization as at Dec. 31	CHF 1,000	357,590	276,941
in % of net sales	%	169.1	124.7
in % of shareholders' equity	%	225.2	192.8
Basic earnings per share	CHF	6.47	6.60
EBITDA per share	CHF	11.29	11.91
Dividend per share	CHF	—	—
Repayment of par value per share	CHF	2.00 <sup>1)</sup>	1.50 <sup>1)</sup>
Equity per share	CHF	49.92	45.16
P/E (price/earnings ratio) as at Dec. 31		17.5	13.3
Dividend yield	%	1.87 <sup>1)</sup>	1.72
EBITDA			
in % of net sales	%	17.0	17.1
Operating profit (EBITA)			
in % of net sales	%	13.5	13.7
Operating profit (EBIT) in % of net sales			
	%	12.9	13.2
Group profit after tax (EAT)			
in % of net sales	%	9.6	9.4
Shareholders' equity in % of total assets as at Dec. 31	%	69.8	65.3
Free cash flow before investments in participations	CHF 1,000	29,628	15,151
Free cash flow after investments in participations	CHF 1,000	29,628	15,151
Net indebtedness (-) / Net cash (+) as at Dec. 31	CHF 1,000	15,192	-10,446

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

## Key Share Figures

		2004	2003	2002	2001	2000 <sup>1)</sup>
Share capital, Dec. 31.	CHF 1000	23,861	28,633	31,528	31,389	31,000
No. of shares, Dec. 31.	No.	3,181,406	3,181,406	3,152,783	3,138,900	3,100,000
Average number of shares	No.	3,154,403	3,150,262	3,126,456	3,116,776	3,093,377
Basic earnings per share	CHF	6.46	6.60	4.23	4.47	8.49
EBITDA per share	CHF	11.29	11.91	8.19	8.47	12.58
EBITA per share	CHF	8.96	9.60	6.02	6.44	10.84
EBIT per share	CHF	8.60	9.21	5.60	6.00	10.64
Shareholders' equity per share	CHF	49.92	45.16	40.00	38.10	35.80
Dividend per share <sup>3)</sup>	CHF	–	–	–	1.00	1.80
Repayment of par value per share	CHF	2.00 <sup>2)</sup>	1.50	1.00	–	–
High	CHF	113.00	90.50	95.00	163.00	176.00
Low	CHF	84.00	35.80	39.50	59.00	102.60
Closing price, Dec. 31.	CHF	112.40	87.05	46.10	88.00	161.00
Average daily trading volume	No.	6,772	3,320	2,153	2,346	2,570

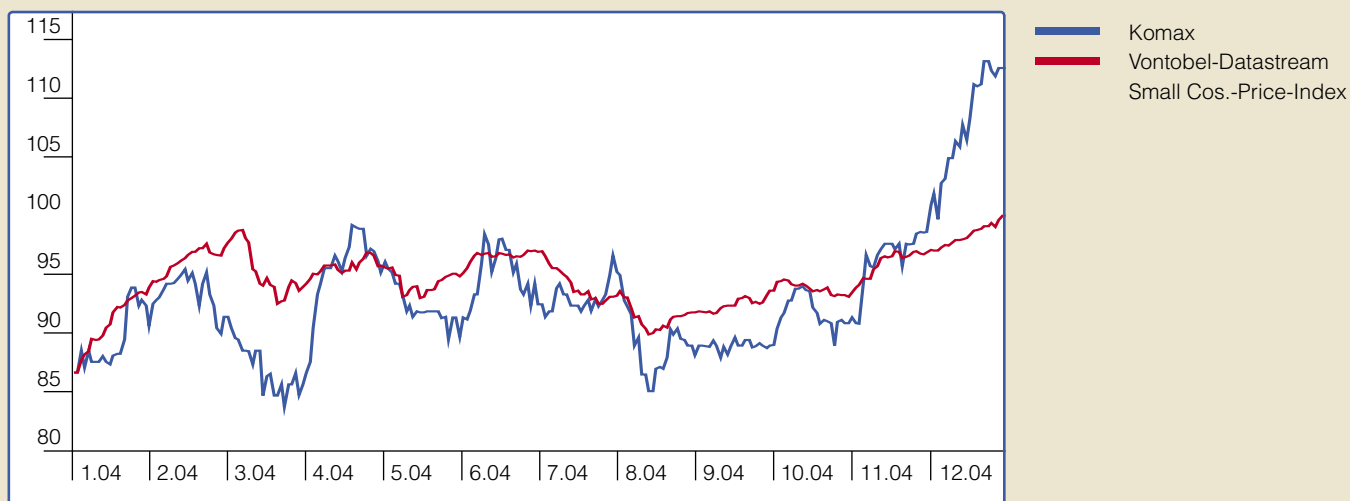
1) 10-for-1 share split, May 24, 2000.

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

3) 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, 2004 to December 31, 2004



Source: Datastream

CHF		
Issue price at floatation	June 11, 1997	43.50 <sup>1)</sup>
Market price	as at Dec. 31, 2004	112.40
	high 2004	113.00
	low 2004	84.00

1) Issue price adjusted for 10-for-1 share split on May 24, 2000. The issue price has been adjusted to facilitate comparison.





## Income statement

### Revenues (net sales)

The Komax Group generated net sales of CHF 211.5 million in fiscal 2004. The regional sales breakdown presents a mixed picture. Sales fell by 11.5% in Europe, with the region still contributing 61.4% to overall sales. In the US, by contrast, sales rose by 7.1% – despite a weak dollar.

In Asia, we generated sales revenues of CHF 18.9 million (8.9% of overall sales). This equates to a decrease of CHF 0.7 million from the previous year, whereby we were able to achieve a further boost in sales in China in the year under review. In South America (Brazil) and Africa (Morocco and South Africa) we reported sales growth – in some cases entering double-digit territory.

### Gross and operating profit

The gross profit margin (gross profit/net earnings) for 2004 totaled 61.6% compared with 61.1% the previous year. The wire-processing business, increased standardization in large-scale systems and the expansion of global sourcing operations impacted positively on the gross profit trend, whereas the exchange-rate trend and increased costs for external services had a negative influence. The net impact of currency factors on the 2004 gross profit came to -1.4 percentage points.

Personnel expenditure as a percentage of sales grew from 32.1% to 33.6%. This was primarily the result of the decrease in sales revenues. At the same time, the high volume of orders in hand in the first half of 2004 resulted in more temporary staff being employed by the Komax Group compared with the prior year. Net value added per employee was CHF 138,000 in 2004, compared with CHF 144,000 in the prior year.

As at December 31, 2004, the total headcount was 705, which represents a reduction of 1.3% in relation to January 1, 2004. Nevertheless, more staff were employed on average at the Komax Group in 2004 compared with the previous year. In 2004, 40% of our staff were employed in the production sector, while 25% worked in marketing/sales. Engineering employed just under 13%, with a further 9% engaged in administration.

### Research and development costs

R&D expenditure amounted to CHF 19.1 million versus CHF 19.3 million in 2003. Research and development costs thus represent 9.0% of sales revenues, although only third-party services relating to R&D expenditure of CHF 2.8 million are reported separately in the income statement. In 2004 we continued to devote around 60% of development expenditure to platform projects as well as new developments and basic engineering projects for large-scale systems. As of December 31, 2004, the Komax Group employed a total of 94 employees in R&D.

### Operating profit (EBIT)

The Komax Group posted an operating profit (EBIT) of CHF 27.3 million for the reporting year (12.9% of net sales) as against CHF 29.3 million (13.2%) in the prior year. This represents a decrease of 6.7%. The currency effect at EBIT level was -0.7 percentage points. Had exchange rates remained stable, the EBIT figure would have improved over the previous year, despite the drop in sales.

### Financial result

The financial result amounted to CHF -2.1 million, which is CHF 0.2 million down on the year-back figure. This deterioration was partly a result of valued and realized losses stemming from the weak USD, but was primarily due to financial loans in foreign currencies to finance net current assets within the Komax Group.

### Profit

In fiscal 2004, earnings before taxes (EBT) reached CHF 25.2 million (11.9% of net sales revenues), as against CHF 27.4 million (12.3% of net sales revenues) the previous year.

Current and deferred taxes amounted to CHF 4.8 million. The tax rate for the year under review therefore came to 19.2% (previous year 24.1%); this was primarily due to capitalized losses at subsidiaries abroad, where we only capitalize those loss carryforwards that the Komax Group is in all likelihood able to utilize within a five-year period. Earnings after tax (EAT) were CHF 20.4 million (EAT/sales 9.6%) compared with CHF 20.8 million the previous year (EAT/sales 9.4%).

## Balance sheet

### Assets

Current assets increased by approximately 4% to CHF 126.9 million. This increase is partly attributable to a marked rise in cash and cash equivalents, from CHF 21.7 million at December 31, 2003 to CHF 39.0 million at December 31, 2004. At the same time, total trade receivables declined by nearly 25% to CHF 52.3 million. By contrast, inventories increased from CHF 26 million in the prior year to CHF 31 million. This is explained by the healthy order intake in the fall of 2004, and consequent growth in finished and semi-finished goods. The increase in tangible assets was due to the completion of the final stage of the Rotkreuz site.

In the year under review, we transferred the wire processing systems operation from Dierikon to Rotkreuz and invested in the completion of the site expansion at Komax Systems AG. Furthermore, we upgraded and merged the IT infrastructure at both Swiss sites (CAD, PLM). This resulted in an additional CHF 1.0 million in investments in the IT area. As at December 31, 2004, goodwill from acquisitions totaled CHF 16.1 million. This is equivalent to 10.1% of shareholders' equity.

### Liabilities

Current liabilities fell by CHF 9.5 million over the 12-month period. Due to the healthy level of business in the last couple of years, the Komax Group has been able to repay a further CHF 10.1 million of its short-term financial liabilities. The other items under current liabilities have thus altered only marginally in overall terms. Provisioning mainly comprises guarantee commitments in relation to customers.

Long-term financial loans consist exclusively of mortgages to finance the office and assembly building in Rotkreuz. The Komax Group was able to repay in full its net debt of CHF 10.4 million as at December 31, 2003, and in the period to December 31, 2004 generated net funds of CHF 15.3 million. This was despite relatively high investment in 2004.

As at December 31, 2004, the Group's shareholders' equity amounted to CHF 158.8 million. This corresponds to 69.8% of the balance sheet total, and compares with 65.3% as at December 31, 2003.

## Cash flow statement

### Operating activities

Cash flow from operating activities before the change in net current assets (NCA) totaled CHF 28.7 million (prior year: CHF 33.1 million), and CHF 39.9 million after the change in net current assets (prior year: CHF 21.4 million). This meant there was a massive increase in cash flow from sales activities. The main reason for this was the sharp reduction in accounts receivable.

### Investment activities

The net cash outflow from investment activities amounted to CHF 10.3 million (prior year: CHF 6.2 million, primarily for the new building in Rotkreuz, Switzerland). The main investments in 2004 were as follows:

- Property / Real estate .....	CHF 4.3 million
- IT .....	CHF 2.9 million
- Machines .....	CHF 2.0 million
- Other .....	CHF 1.1 million

After deducting investments, Komax generated a free cash flow of CHF 29.6 million in fiscal 2004. This compares with a figure of CHF 15.2 million in the prior year.

### Financing activities

The Komax Group repaid a net total of CHF 10.1 million in financial loans in the 2004 business year. The repayment of loans was financed entirely through cash flow from operating activities. The cash outflow for par value repayment amounted to CHF 4.8 million. Furthermore, the Group entered into financial commitments amounting to CHF 1.8 million for the financing of long-term assets. The cash flow from financing activities resulted in a deficit of CHF 11.6 million.

Taking into account exchange-rate impacts, funds (cash and cash equivalents) grew by CHF 17.4 million, meaning that funds amounted to CHF 39.0 million as at December 31, 2004.

## Consolidated balance sheet

CHF 1,000	Notes	31.12.04	31.12.03
<b>Assets</b>			
Cash and cash equivalents	2	39,042	21,683
Securities	3	73	96
Trade receivables	4	52,271	69,482
Other receivables & accrued income/prepaid expenses	5	4,378	5,190
Inventories	6	31,156	25,602
<b>Total current assets</b>		<b>126,920</b>	<b>122,053</b>
Deferred tax assets	7	7,220	5,296
Prepayments for pension fund liabilities	8	1,983	1,623
Shares in joint ventures	9	26	162
Tangible assets	10	70,246	67,897
Intangible assets	11	21,104	22,961
<b>Total fixed assets</b>		<b>100,579</b>	<b>97,939</b>
<b>Total assets</b>	<b>12</b>	<b>227,499</b>	<b>219,992</b>
<b>Liabilities and shareholder's equity</b>			
Financial liabilities	13	12,100	22,225
Trade payables	11,339	12,685	
Other liabilities & accrued expenses/deferred income	14	20,503	18,603
Tax liabilities		2,965	2,537
Provisions	15	2,950	3,330
<b>Total current liabilities</b>		<b>49,857</b>	<b>59,380</b>
Financial loans	16	11,750	10,000
Deferred tax liabilities	7	7,081	6,939
<b>Total long-term liabilities</b>		<b>18,831</b>	<b>16,939</b>
<b>Total liabilities</b>		<b>68,688</b>	<b>76,319</b>
Shareholders' equity			
Share capital	17	23,861	28,633
Treasury shares		-463	-1,955
Capital surplus (premium)		43,672	43,672
Retained earnings		71,351	52,522
Group profit		20,390	20,801
<b>Total shareholders' equity</b>		<b>158,811</b>	<b>143,673</b>
<b>Total liabilities and shareholders' equity</b>		<b>227,499</b>	<b>219,992</b>

## Consolidated income statement

CHF 1,000	Notes	2004	2003
Sales of goods and services		211,420	222,778
Other operating income	19	2,758	1,794
Sales deduction		-2,651	-2,390
<b>Net sales</b>	<b>18</b>	<b>211,527</b>	<b>222,182</b>
Expenditure on materials	18	66,201	75,234
External services	18	15,094	11,235
<b>Cost of goods sold</b>		<b>81,295</b>	<b>86,469</b>
<b>Gross profit</b>		<b>130,232</b>	<b>135,713</b>
Personnel expenses	20	71,176	71,411
External service costs for development expenses	21	2,772	4,130
Production, sales and administrative expenses		20,242	21,243
Depreciation and amortization		8,562	8,580
<b>Operating expenses</b>		<b>102,752</b>	<b>105,364</b>
Result from joint ventures and participations	22	-135	-1,038
<b>Operating profit (EBIT)</b>		<b>27,345</b>	<b>29,311</b>
Financial result	23	-2,117	-1,889
<b>Profit before tax</b>		<b>25,228</b>	<b>27,422</b>
Taxes	24	4,838	6,621
<b>Group profit after tax</b>		<b>20,390</b>	<b>20,801</b>
Basic earnings per share (in CHF)	25	6.46	6.60
Diluted earnings per share (in CHF)	25	6.34	6.50

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

## Consolidated cash flow statement

CHF 1'000	Notes	2004	2003
CHF 1,000	Notes	2004	2003
<b>Operating profit (EBIT)</b>		<b>27,345</b>	<b>29,311</b>
Depreciation on tangible assets		5,672	5,557
Depreciation on intangible assets and participations		1,863	2,840
Amortization of goodwill		1,163	1,221
Financial income		272	219
Financial expenses		-1,066	-1,262
Tax expenses		-6,192	-5,055
Increase (+) decrease (-) in long-term provisions		-380	292
<b>Cash flow before change in net current assets</b>		<b>28,677</b>	<b>33,123</b>
Increase (-) decrease (+) in accounts receivable		17,211	-20,230
Increase (-) decrease (+) in inventories		-5,554	2,398
Increase (+) decrease (-) in accounts payable		-1,346	585
Increase (-) decrease (+) in other net current assets		911	5,476
<b>Net cash from operating activities</b>		<b>39,899</b>	<b>21,352</b>
Investments in tangible assets		-8,670	-5,304
Sales of tangible assets		287	158
Investments in intangible assets		-1,888	-1,055
<b>Net cash from investing activities</b>		<b>-10,271</b>	<b>-6,201</b>
Increase (+) decrease (-) in financial liabilities		-10,125	-13,141
Increase (-) decrease (+) in securities		23	-60
Transactions in treasury shares		1,492	-1,882
Repayment of par value		-4,772	-3,153
Repayment of financial loans		0	-100
Raising of financial loans		1,750	0
Capital increase from exercise of options		0	1,915
<b>Net cash from financing activities</b>		<b>-11,632</b>	<b>-16,421</b>
Foreign currency impacts and exchange differences		-637	848
<b>Increase (+) decrease (-) in funds</b>	26	<b>17,359</b>	<b>-422</b>
<b>Funds on December 31</b>		<b>39,042</b>	<b>21,683</b>

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

## Consolidated shareholders' equity

<b>2004</b> of which in CHF 1,000	<b>Share- capital</b>	<b>Treasury shares</b>	<b>Premium</b>	<b>Retained earnings</b>	<b>Group profit</b>	<b>Shareholder's equity</b>	cumulative currency- differences <sup>1)</sup>
Balance on January 1, 2004	28,633	-1,955	43,672	73,322		143,672	-5,318
Repayment of par value 2004	-4,772					-4,772	
2004 group profit					20,390	20,390	
Transactions in treasury shares		1,492		97		1,589	
Currency translation differences				-2,068		-2,068	-2,068
<b>Balance on December 31, 2004</b>	<b>23,861</b>	<b>-463</b>	<b>43,672</b>	<b>71,351</b>	<b>20,390</b>	<b>158,811</b>	<b>-7,386</b>
<b>2003</b> of which in CHF 1,000	<b>Share- capital</b>	<b>Treasury shares</b>	<b>Premium</b>	<b>Retained earnings</b>	<b>Group profit</b>	<b>Shareholder's equity</b>	cumulative currency- differences <sup>1)</sup>
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	
2003 group profit					20,801	20,801	
Capital increase from exercise of options	258		1,657			1,915	
Transactions in treasury shares		-1,882		239		-1,643	
Currency translation differences				-466		-466	-236
<b>Balance on December 31, 2003</b>	<b>28,633</b>	<b>-1,955</b>	<b>43,672</b>	<b>52,522</b>	<b>20,801</b>	<b>143,673</b>	<b>-5,318</b>

1) included in retained earnings.

## Value added accounting

Sources	Prev. column	2004 CHF 1,000	%	2003 CHF 1,000	%
<b>Company output</b>					
<b>Net sales</b>	211,527				
Inventory changes <sup>1)</sup>	4,153	215,680	100.0	225,060	100.0
<b>Purchased materials and services</b>					
Expenditure on materials	-85,449				
Other expenditure <sup>2)</sup>	-24,093	-109,542	-50.8	-116,356	-51.7
<b>Gross value added</b>		<b>106,138</b>	<b>49.2</b>	<b>108,704</b>	<b>48.3</b>
Depreciation and amortization		-8,562	-4.0	-8,580	-3.8
<b>Net value added</b>		<b>97,576</b>	<b>45.2</b>	<b>100,124</b>	<b>44.5</b>
<b>Application</b>					
To employees		71,176	72.9	71,411	71.3
To creditors (interest paid)		1,167	1.2	1,262	1.3
To shareholders (dividend)		4,772	4.9	3,153	3.2
To community (direct taxes)		4,843	5.0	6,650	6.6
To company (self-financing)		15,618	16.0	17,648	17.6
<b>Net value added</b>		<b>97,576</b>	<b>100.0</b>	<b>100,124</b>	<b>100.0</b>
<b>Key figures for value added</b>					
Gross value added per employee		150		156	
<b>Net value added value per employee</b>		<b>138</b>		<b>144</b>	

1) Change in work in process and finished goods.

2) External service costs for development expenses, production, sales and administrative expenses, less interest income



# Notes to the consolidated financial statements

## General information

### Name, domicile and purpose of the Komax Group

The Komax Group is active in the manufacture of machines and at December 31, 2004 employed 705 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 automotive, 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 the Group companies prepared according to uniform standards at December 31, 2004. The Group's accounts have been prepared on the basis of historical cost, with the exception of the restatement of certain financial assets and liabilities at fair value, and in accordance with International Financial Reporting Standards (IFRS), as published by the International Accounting Standards Board (IASB), and comply with Swiss law and the accounting rules laid down in the Listing Regulations of SWX Swiss Exchange.

The consolidated annual financial statements were adopted by the Board of Directors of Komax Holding AG on March 11, 2005.

### Scope of consolidation

The consolidated financial statements contain the individual company accounts of Komax Holding AG, Dierikon, and its subsidiaries. The individual subsidiaries included in this consolidation are shown on pages 78 and 79. As a rule, the full consolidation method is used for subsidiaries where Komax Holding AG exercises control. This is generally the case when it directly or indirectly

controls over 50% of the voting capital of the subsidiary in question. Capital consolidation is carried out in accordance with the purchase method. All intra-group sales, balances and intermediate profits are eliminated.

### Shares in joint ventures and associates

Holdings between 20% and 50%, as well as joint ventures, are valued using the equity method. Investments of less than 20% are classified as "available for sale" and measured at fair value.

### 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 fair value. Purchases of securities are recorded at the price ruling at the date of the transaction and are subsequently valued at fair value. Realized and unrealized gains and losses arising from changes in fair 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 (provision for impairment).

### Manufacturing contracts

Manufacturing contracts in the automated assembly and production business units, involving the customer-specific manufacture of systems, are valued according to the percentage-of-completion method (POC). On the balance sheet these are reported either under "Trade receivables" or "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. Work in process and finished goods produced by the company itself are stated

at production cost in relation to the percentage of completion. The cost of goods sold includes the cost of materials and manufacturing and the direct delivery costs of production, but not the indirect logistics costs. 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 devices .....	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 expenditure when they occur. Value-adding renovation costs which extend the useful life of tangible assets are capitalized.

Tangible assets which have been eliminated from the business or sold are cleared from 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 (based on the straight-line method) as these participations represent a strategic commitment (extension of existing core

business to include automated assembly and production).

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

#### *Leasing*

Leases in which a significant portion of risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

#### *Impairment of assets*

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

#### *Deferred taxes*

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

Deferred and future tax expenses are calculated on the basis of the comprehensive liability method. Under this method, it is the tax rates and tax legislation valid in the future which are decisive. Substantially enacted changes in tax legislation

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. Deferred tax assets are fully recognized and reduced by a valuation allowance if it is probable that a benefit will not be realized in the future.

#### *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 (basic, software and platform developments) cannot be linked with a tangible, future benefit or one directly attributable to specific products.

#### *Currency conversion*

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

#### *Transactions and balances*

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

#### *Group companies*

Income statements and cash flows of foreign entities are translated using the sales-weighted average exchange rates for the year under review, while balance sheets are translated at the exchange rates prevailing on December 31. Exchange-rate differences arising from the translation of the net investment in foreign entities are taken to shareholders' equity. When a foreign entity is sold, such exchange-rate differences are recognized in the income statement as part of the gain or loss from the sale. Adjustments to goodwill and fair value arising on the acquisition of a foreign entity are treated as assets and liabilities of such entity and translated at the closing rate.

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

<b>Currency</b>	<b>Year-end rate 31.12.04</b>	<b>Average rate 2004</b>	<b>Year-end rate 31.12.03</b>	<b>Average rate 2003</b>
USD	1.140	1.250	1.245	1.360
EUR	1.555	1.560	1.570	1.530
BRL	0.430	0.430	0.430	0.440
SGD	0.700	0.747	0.730	0.781

#### *Financial instruments*

Derivative financial instruments are only used to hedge existing currency and interest-rate exposures. In 2004, the Komax Group issued roughly 22% of its invoices in USD and 41% in EUR. The resulting foreign currency surpluses are hedged in accordance with financial projections. Only standardized hedging instruments may be used (currency futures and options contracts, interest-rate and currency swaps). The use of financial hedging and hedging instruments is additionally subject to uniform Group-wide rules.

Derivative financial instruments are recorded at the current price, and subsequently valued at fair value. Realized and unrealized gains arising from changes in fair 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 rewards of ownership have been transferred to the buyer. All expenses connected with sales are recognized on an accrual basis.

In automated assembly and production, 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 the regulations and conditions prevailing in those countries in which Komax is represented. In Switzerland, 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

## Notes to the consolidated financial statements

8. In the other countries, benefits are provided by employee benefit funds based on the defined contribution model.

### Provisions

Provisions for warranties 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 shareholders' equity.

### *Dividend payment/Par value repayment*

The distribution of dividends and/or par value repayment to the Group's shareholders is recorded in the consolidated financial statements as a liability incurred within the period in which the Group's shareholders approve the dividend distribution/par value repayment.

### *Employee share options plan*

These financial statements do not recognize any compensation cost for options to employees from employee share options plans.

## 2. Cash and cash equivalents

CHF 1,000	31.12.04	31.12.03
Demand deposits and call money	36,442	18,646
Time deposits	2,600	3,037
<b>Total</b>	<b>39,042</b>	<b>21,683</b>

On December 31, 2004, interest rates on call and time deposits were: EUR 2%, SGD 0.625%, ZAR 5.25%.

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 at December 31, 2004, there were outstanding forex forward contracts or other derivatives amounting to EUR 2.0 million. Contracts amounting to USD 2.0 million and EUR 2.0 million were outstanding at the end of the previous year.

## 3. Securities

CHF 1,000	31.12.04	31.12.03
Shares and bonds	73	96
<b>Total</b>	<b>73</b>	<b>96</b>

## 4. Trade receivables

CHF 1,000	31.12.04	31.12.03
Receivables from goods and services delivered	45,001	56,697
less Provision for impairment	-521	-1,060
Accruals for systems <sup>1)</sup>	12,065	35,532
less Prepayments for systemsn	-4,274	-21,687
<b>Total</b>	<b>52,271</b>	<b>69,482</b>

The total amount of costs incurred and profits disclosed (less disclosed losses) on manufacturing contracts amounted to CHF 38.4 million as at December 31, 2004 (prior year: CHF 54.0 million). Overfinanced orders totaling CHF 26.3 million are included in the other liabilities and accrued expenses/prepaid income item (see also Note 14), while underfinanced orders (CHF 12.1 million) are stated under accounts receivable.

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 contract are recorded as at December 31, according to the percentage of completion and efforts expended.

## 5. Other receivables and accrued income/prepaid expenses

CHF 1,000	31.12.04	31.12.03
Other receivables <sup>1)</sup>	3,695	4,022
Accruals	683	1,168
<b>Total</b>	<b>4,378</b>	<b>5,190</b>

1) Other receivables as at December 31, 2004 consist primarily of tax credits with the Swiss federal tax authorities.

## Notes to the consolidated financial statements

### 6. Inventories

CHF 1,000	31.12.04	31.12.03
Manufacturing components and spare parts	14,966	14,023
Semi-finished goods / work in process	5,508	2,902
Finished goods	9,615	8,068
Prepayments to suppliers	1,066	609
<b>Total</b>	<b>31,156</b>	<b>25,602</b>

### 7. Deferred taxes

CHF 1,000	31.12.04	31.12.03
Tangible assets	609	227
Accounts receivable and inventories	764	855
Provisions	93	110
Tax-loss carryforwards	4,882	3,421
Other items <sup>1)</sup>	872	683
<b>Total deferred tax assets</b>	<b>7,220</b>	<b>5,296</b>
Tangible assets	3,791	3,613
Accounts receivable and inventories	2,325	2,220
Provisions	965	1,107
<b>Total deferred tax liabilities</b>	<b>7,081</b>	<b>6,939</b>
<b>Net deferred tax assets (+)</b>		
<b>Tax liabilities (-)</b>	<b>139</b>	<b>1,778</b>

1) Including unrealized intra-company profits.

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

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

As at December 31, 2004, deferred tax assets totaling CHF 1.7 million (2003: CHF 0.9 million) in relation to tax-loss carryforwards of CHF 6.7 million (2003: CHF 3.6 million) were not capitalized as assets, of which CHF 2.2 million expires within the next 5 years, CHF 2.2 million within the next 10 years and CHF 2.3 million within the next 20 years.

## 8. Prepayments for pension fund liabilities (IAS 19)

CHF 1,000	31.12.04	31.12.03
Costs of employee benefits	4,143	3,317
Interest expenses	2,221	2,013
Amortization of initial balance over 5 years <sup>1)</sup>	0	257
Profit / amortization of loss	361	1,210
<b>Total employee benefits expenditure of the Komax Group</b>	<b>6,725</b>	<b>6,797</b>
Income on pension fund assets	2,210	2,105
Employee contributions and accruals	1,882	1,809
<b>Total employee benefits income of the Komax Groupe</b>	<b>4,092</b>	<b>3,914</b>
<b>Employee benefits result of the Komax Group</b>	<b>-2,633</b>	<b>-2,883</b>
Employer contributions	2,993	2,883
<b>Prepayments to the employee benefits plan during the financial year</b>	<b>360</b>	<b>0</b>

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

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

CHF 1,000	2004
Total January 1.	1,623
Expenses	-2,633
Employer contributions	2,993
<b>Total December 31</b>	<b>1,983</b>

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:

CHF 1,000	31.12.04	31.12.03
Available assets	61,570	55,248
Retirement benefit liabilities	-60,790	-55,519
<b>Overfunding (+) / Underfunding (-)</b>	<b>780</b>	<b>-271</b>
Unrealized actuarial losses	1,203	1,894
<b>Stated as assets in the consolidated balance sheet</b>	<b>1,983</b>	<b>1,623</b>

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:

The actual return on plan assets in the year under review was 6.1% (prior year 10.7%).

## Notes to the consolidated financial statements

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

in %	2004	2003
Discount rate	3.5	4.0
Estimated wage growth rate	1.5	2.0
Increase in current pensions (expectancy of future benefits)	0.5	0.5
Expected long-term net yield on plan assets	4.0	4.0

The Group's liabilities in relation to payments for retirement benefits provision abroad are stated under "Other liabilities". These liabilities amounted to CHF 139,000 as at December 31, 2004.

In 2004, the contributions charged to the consolidated income statement for employee retirement benefits amounted to CHF 2,000.

### 9. Shares in joint ventures

Komax Holding AG operates a joint venture with the company Murata Kogyo KK in Shizuoka-Shi, Japan. Komax Murata KK has authorized share capital of JPY 50 million, 50% of which is held by Komax Holding AG. Komax Murata KK sells wire processing machines and systems in Japan and other parts of Asia and began its operations in January 2003. The joint venture is valued in accordance with the equity method (see Note 22 for more details).

## 10.1 Tangible assets 2004

<b>Trend in gross values</b> in CHF 1,000 Asset category	<b>Costs</b> <b>01.01.04</b>	<b>Currency</b> <b>differences</b>	<b>Other</b> <b>changes<sup>1)</sup></b>	<b>Additions</b>	<b>Disposals</b>	<b>Costs</b> <b>31.12.04</b>	
<b>Movables</b>							
Machinery	16,932	-72	223	1,744	-2,367	16,459	
Tools/operating installations	3,812	-54	0	324	-134	3,948	
Warehouse installations	1,468	-8	0	31	-7	1,484	
Vehicles	1,033	-26	0	307	-99	1,215	
Office furnishings	4,559	-130	0	537	-110	4,856	
Information technology	7,392	-74	0	1,135	-1,202	7,251	
Prepayments for assets	263	0	-223	300	0	340	
<b>Total</b>	<b>35,459</b>	<b>-364</b>	<b>0</b>	<b>4,378</b>	<b>-3,919</b>	<b>35,553</b>	
<b>Real estate</b>							
Buildings	59,899	-497	0	4,293	-77	63,618	
Land	11,385	-87	0	0	0	11,298	
<b>Total</b>	<b>71,284</b>	<b>-583</b>	<b>0</b>	<b>4,293</b>	<b>-77</b>	<b>74,917</b>	
<b>Total</b>	<b>106,743</b>	<b>-947</b>	<b>0</b>	<b>8,670</b>	<b>-3,996</b>	<b>110,470</b>	
<b>Changes in depreciation and amortization</b> in CHF 1,000 Asset category							
	<b>Accumulated</b> <b>depreciation</b> <b>01.01.04</b>	<b>Currency</b> <b>differences</b>	<b>Other</b> <b>changes<sup>1)</sup></b>	<b>Accumulated</b> <b>depreciation</b> <b>on disposals</b>	<b>Deprecia-</b> <b>tion</b> <b>2004</b>	<b>Accumulated</b> <b>depreciation</b> <b>31.12.04</b>	<b>Net value</b> <b>tangible</b> <b>assets</b> <b>31.12.04</b>
<b>Movables</b>							
Machinery	10,734	-43	0	2,345	1,483	9,828	6,631
Tools/operating installations	2,357	-50	0	98	368	2,576	1,372
Warehouse installations	857	-3	0	6	71	919	565
Vehicles	639	-13	0	143	240	723	492
Office furnishings	3,014	-109	0	64	496	3,337	1,519
Information technology	5,373	-60	0	1,149	1,125	5,288	1,963
Prepayments for assets	0	0	0	0	0	0	340
URegrouping/ valuation differences	-3	3	0	0	0	0	0
<b>Total</b>	<b>22,971</b>	<b>-276</b>	<b>0</b>	<b>3,805</b>	<b>3,782</b>	<b>22,671</b>	<b>12,883</b>
<b>Real estate</b>							
Buildings	15,875	-136	0	77	1,890	17,553	46,065
Land	0	0	0	0	0	0	11,299
<b>Total</b>	<b>15,875</b>	<b>-136</b>	<b>0</b>	<b>77</b>	<b>1,890</b>	<b>17,553</b>	<b>57,363</b>
<b>Total</b>	<b>38,846</b>	<b>-412</b>	<b>0</b>	<b>3,882</b>	<b>5,672</b>	<b>40,224</b>	<b>70,246</b>

1) In 2004, the "Other changes" column includes reclassifications only.

The insurance value of tangible assets was CHF 201.8 million on December 31, 2004.

Future liabilities arising from operating lease agreements amount to:

Due 2005: CHF 0.1 million. Due 2006–2009: CHF 0.1 million.

## Notes to the consolidated financial statements

### 10.2 Tangible assets 2003

<b>Trend in gross values</b> in CHF 1,000 Asset category	<b>Costs</b> <b>01.01.03</b>	<b>Currency</b> <b>differences</b>	<b>Other</b> <b>changes<sup>1)</sup></b>	<b>Additions</b>	<b>Disposals</b>	<b>Costs</b> <b>31.12.03</b>	
<b>Movables</b>							
Machinery	15,903	14	242	1,597	-824	16,932	
Tools/operating installations	3,478	-26	18	383	-41	3,812	
Warehouse installations	1,440	-5	33	5	-5	1,468	
Vehicles	810	36	37	397	-247	1,033	
Office furnishings	4,407	-118	57	359	-146	4,559	
Information technology	6,829	-46	148	1,256	-795	7,392	
Prepayments for assets	0	0	0	263	0	263	
<b>Total</b>	<b>32,867</b>	<b>-145</b>	<b>535</b>	<b>4,260</b>	<b>-2,058</b>	<b>35,459</b>	
<b>Real estate</b>							
Buildings <sup>2)</sup>	59,841	-272	-11	1,054	-713	59,899	
Land	11,431	-46	0	0	0	11,385	
<b>Total</b>	<b>71,272</b>	<b>-318</b>	<b>-11</b>	<b>1,054</b>	<b>-713</b>	<b>71,284</b>	
<b>Total</b>	<b>104,139</b>	<b>-463</b>	<b>524</b>	<b>5,314</b>	<b>-2,771</b>	<b>106,743</b>	
<b>Changes in depreciation and amortization</b> in CHF 1,000 Asset category							
	<b>Accumulated</b> <b>depreciation</b> <b>01.01.03</b>	<b>Currency</b> <b>differences</b>	<b>Other</b> <b>changes<sup>1)</sup></b>	<b>Accumulated</b> <b>depreciation</b> <b>on disposals</b>	<b>Deprecia-</b> <b>tion</b> <b>2004</b>	<b>Accumulated</b> <b>depreciation</b> <b>31.12.03</b>	<b>Net value</b> <b>tangible</b> <b>assets</b> <b>31.12.03</b>
<b>Movables</b>							
Machinery	9,840	21	239	782	1,416	10,734	6,198
Tools/operating installations	2,069	-25	13	33	333	2,357	1,455
Warehouse installations	370	0	412	3	78	857	611
Vehicles	460	12	250	228	145	639	394
Office furnishings	2,964	-81	-319	81	531	3,014	1,545
Information technology	4,738	-49	128	730	1,286	5,373	2,019
Prepayments for assets	0	0	0	0	0	0	263
Regrouping/ valuation differences	0	0	-3	0	0	-3	3
<b>Total</b>	<b>20,441</b>	<b>-122</b>	<b>720</b>	<b>1,857</b>	<b>3,789</b>	<b>22,971</b>	<b>12,488</b>
<b>Real estate</b>							
Buildings	14,856	-34	-2	713	1,768	15,875	44,024
Land	0	0	0	0	0	0	11,385
<b>Total</b>	<b>14,856</b>	<b>-34</b>	<b>-2</b>	<b>713</b>	<b>1,768</b>	<b>15,875</b>	<b>55,409</b>
<b>Total</b>	<b>35,297</b>	<b>-156</b>	<b>718</b>	<b>2,570</b>	<b>5,557</b>	<b>38,846</b>	<b>67,897</b>

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

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

The insurance value of tangible assets was CHF 263.8 million on December 31, 2003.

Future liabilities arising from operating lease agreements amount to: Due 2004: CHF 0.1 million. Due 2005–2009: CHF 0.1 million.

## 11.1 Intangible assets 2004

<b>Trend in gross values</b> in CHF 1,000 Asset category	<b>Costs</b> <b>01.01.04</b>	<b>Currency</b> <b>differences</b>	<b>Additions</b>	<b>Disposals</b>	<b>Acquisition</b> <b>cost</b> <b>31.12.04</b>	
<b>Intangible assets</b>						
Software	9,002	-59	1,848	-119	10,672	
Patents	4,050	0	40	0	4,090	
Goodwill	23,422	-1,091	0	0	22,331	
Costs of incorporation	4	0	0	0	4	
<b>Total</b>	<b>36,477</b>	<b>-1,150</b>	<b>1,888</b>	<b>-119</b>	<b>37,097</b>	
<b>Change in depreciation and amortization</b>						
<b>Change in depreciation and amortization</b> in CHF 1,000 Asset category	<b>Accumulated</b> <b>depreciation</b> <b>01.01.04</b>	<b>Currency</b> <b>differences</b>	<b>Accumulated</b> <b>depreciation</b> <b>on disposal</b>	<b>Deprecia-</b> <b>tion</b> <b>2004</b>	<b>Accumulated</b> <b>depreciation</b> <b>2004</b>	<b>Net value</b> <b>intangible</b> <b>assets</b> <b>31.12.04</b>
<b>Intangible assets</b>						
Software	6,440	-65	120	1,316	7,571	3,101
Patents	1,772	0	0	409	2,181	1,909
Goodwill	5,302	-228	0	1,163	6,237	16,094
Costs of incorporation	3	0	0	1	4	0
Regrouping/ valuation differences	0	0	0	0	0	0
<b>Total</b>	<b>13,517</b>	<b>-293</b>	<b>120</b>	<b>2,889</b>	<b>15,993</b>	<b>21,104</b>

## Notes to the consolidated financial statements

### 11.2 Intangible assets 2003

<b>Trend in gross values</b> in CHF 1,000 Asset category	<b>Costs</b> <b>01.01.03</b>	<b>Currency</b> <b>differences</b>	<b>Additions</b>	<b>Disposals</b>	<b>Acquisition</b> <b>cost</b> <b>31.12.03</b>	
<b>Intangible assets</b>						
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	
<b>Total</b>	<b>37,076</b>	<b>-1,482</b>	<b>1,055</b>	<b>-171</b>	<b>36,477</b>	
<b>Change in depreciation and amortization</b>						
in CHF 1,000 Asset category	<b>Accumulated</b> <b>depreciation</b> <b>01.01.03</b>	<b>Currency</b> <b>differences</b>	<b>Accumulated</b> <b>depreciation</b> <b>on disposal</b>	<b>Deprecia-</b> <b>tion</b> <b>2004</b>	<b>Accumulated</b> <b>depreciation</b> <b>2004</b>	<b>Net value</b> <b>intangible</b> <b>assets</b> <b>31.12.03</b>
<b>Intangible assets</b>						
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
<b>Total</b>	<b>10,857</b>	<b>-201</b>	<b>162</b>	<b>3,023</b>	<b>13,517</b>	<b>22,961</b>

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

### 12. Ownership restrictions for own liabilities

Assets pledged to secure own liabilities:

CHF 1,000	<b>31.12.04</b>	<b>31.12.03</b>
Balance-sheet value real estate	48,699	46,431
Lien on real estate	22,575	22,575
<b>Utilization (mortgages)</b>	<b>15,850</b>	<b>14,225</b>

Real estate consists solely of land and buildings in Switzerland.

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

### 13. Financial liabilities

	Currency	2004 Interest rate	31.12.04 Total CHF 1,000	2003 Interest rate	31.12.03 Total CHF 1,000
Short-term bank loans	CHF	5.13%	25	1.35%	1,000
	CHF	4.50%	50	1.30%	1,000
	CHF	5.50%	25	1.25%	1,500
	CHF	1.30%	1,000	1.28%	2,000
	CHF	1.35%	2,000	1.52%	1,000
	CHF	1.35%	1,500	1.43%	8,000
	CHF	1.34%	1,000	4.90%	100
	CHF	1.45%	2,500	1.37%	1,500
	CHF	4.33%	2,000	1.37%	1,500
	CHF	4.63%	2,000	1.12%	625
	CHF		0	4.05%	2,000
	CHF		0	1.37%	1,000
	CHF		0	1.35%	1,000
<b>Total</b>			<b>12,100</b>		<b>22,225</b>
Unutilized credit lines			74,503		70,406

### 14. Other liabilities and accrued expenses / deferred income

CHF 1,000	31.12.04	31.12.03
Other liabilities	2,410	4,360
Other liabilities vis-a-vis shareholders	1	0
Employee benefits	345	398
Accrued expenses/deferred income	10,005	10,766
Prepayments on systems	26,365	18,430
less Accruals/deferrals in respect of systems	-18,622	-15,351
<b>Total</b>	<b>20,503</b>	<b>18,603</b>

## Notes to the consolidated financial statements

### 15. Provisions

CHF 1,000	31.12.04	31.12.03
<b>Guarantee commitments<sup>1)</sup></b>		
<b>Total January 1</b>	<b>2,900</b>	<b>2,600</b>
Additional provisions created	4,234	2,383
Amounts utilized during the year	-3,954	-1,406
Unused amounts reversed	-606	-677
Currency differences	-34	0
<b>Total December 31</b>	<b>2,540</b>	<b>2,900</b>
<b>Other provisions</b>		
<b>Total January 1</b>	<b>430</b>	<b>438</b>
Additional provisions created	122	83
Amounts utilized during the year	-21	-35
Unused amounts reversed	-118	-56
Currency differences	-3	0
<b>Total December 31</b>	<b>410</b>	<b>430</b>
<b>Total provisions December 31</b>	<b>2,950</b>	<b>3,330</b>

1) Provisions include material and personnel costs in relation to warranty work. Provisions for guarantee commitments are reviewed annually.

Other provisions include uncovered expenses arising from claims incurred.

### 16.1. Financial loan

	Currency	2004 Int. rate	31.12.04 CHF 1,000	2003 Int. rate	31.12.03 CHF 1,000
Loan agreement LKB, Lucerne	CHF	3.70%	11,750	4.16%	10,000
<b>Total</b>			<b>11,750</b>		<b>10,000</b>

The average interest on financial loans was 3.70% in 2004, compared with 4.16% the previous year.

### 16.2. Repayment of debts

in CHF 1,000	Mortgage loans	Total
<b>Fälligkeit</b>		
after 1.1.2006	4,250	4,250
after 1.1.2007	4,000	4,000
after 1.1.2008	3,500	3,500
<b>Total</b>	<b>11,750</b>	<b>11,750</b>

## 17. Share capital

As at December 31, 2004, the share capital amounted to CHF 23,860,545. This comprised 3,181,406 fully paid up registered shares, each with a par value of CHF 7.50. There were no changes to the share capital in relation to the previous year.

In the year under review, there was no capital increase based on the exercise of option rights.

## 18.1. Primary segment information

	2004		2003		Change
	CHF 1,000	%	CHF 1,000	%	%
<b>Income statement</b>					
<b>Net sales<sup>1)</sup></b>	<b>211,527</b>	<b>100.0</b>	<b>222,182</b>	<b>100.0</b>	<b>-4.8</b>
Expenditure on materials	70,354	33.3	78,112	35.2	-9.9
Change in finished and semi-finished goods	-4,153	-2.0	-2,878	-1.3	44.3
<i>Cost of materials</i>	<i>66,201</i>	<i>31.3</i>	<i>75,234</i>	<i>33.9</i>	<i>-12.0</i>
External service costs	15,094	7.1	11,235	5.1	34.4
Cost of goods sold	81,296	38.4	86,469	38.9	-6.0
<b>Gross profit</b>	<b>130,232</b>	<b>61.6</b>	<b>135,713</b>	<b>61.1</b>	<b>-4.0</b>
Personnel expenses	71,176	33.6	71,411	32.1	-0.3
Other operating expenses	23,149	10.9	26,411	11.9	-12.4
Depreciation	7,399	3.5	7,359	3.3	0.5
Amortization	1,163	0.5	1,220	0.5	-4.7
<b>Operating profit (EBIT)</b>	<b>27,346</b>	<b>12.9</b>	<b>29,311</b>	<b>13.2</b>	<b>-6.7</b>
1) The net sales revenue for 2004 includes POC sales amounting to CHF 28.8 million (previous year: CHF 43.6 million). This is equivalent to 13.6% of sales for 2004, or 19.6% for the previous year.					

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

In 2004, the Komax Group invoiced 22% in USD, 41% in EUR and 32% in CHF. Due to changes in the value of the USD and EUR the currency effect on net sales revenues in fiscal 2004 amounted to 0.9 percentage points. The currency effect on gross profit for 2004 amounted to -1.4 percentage points, while there was no material impact on operating profit.

	31.12.04		31.12.03		Change
	CHF 1,000	%	CHF 1,000	%	%
<b>Assets and borrowed capital</b>					
Current assets	126,920	55.8	122,053	55.5	4.0
Fixed assets	100,579	44.2	97,939	44.5	2.7
<b>Total assets</b>	<b>227,499</b>	<b>100.0</b>	<b>219,992</b>	<b>100.0</b>	<b>3.4</b>
Current liabilities	49,857	-	59,380	-	-16.0
Long-term liabilities	18,831	-	16,939	-	11.2
<b>Total liabilities</b>	<b>68,688</b>	<b>-</b>	<b>76,319</b>	<b>-</b>	<b>-10.0</b>
Investments	10,558	-	6,359	-	66.0

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

## Notes to the consolidated financial statements

### 18.2. Secondary segment information by region

<b>Sales revenues by location of purchasing party</b>	<b>2004</b> CHF 1,000	%	<b>2003</b> CHF 1,000	%	<b>Change</b> %
Europe <sup>1)</sup>	140,699	66.5	156,626	70.3	-10.2
North and South America	51,624	24.4	45,136	20.3	14.4
Asia/Pacific	19,097	9.1	21,016	9.4	-9.1
<b>Total</b>	<b>211,420</b>	<b>100.0</b>	<b>222,778</b>	<b>100.0</b>	<b>-5.1</b>

<b>Sales revenues by location of service provider</b>	<b>2004</b> CHF 1,000	%	<b>2003</b> CHF 1,000	%	<b>Change</b> %
Europe <sup>1)</sup>	145,923	69.0	166,022	74.5	-12.1
North and South America	50,392	23.8	45,682	20.5	10.3
Asia/Pacific	15,105	7.2	11,074	5.0	36.4
<b>Total</b>	<b>211,420</b>	<b>100.0</b>	<b>222,778</b>	<b>100.0</b>	<b>-5.1</b>

<b>Assets by location of service provider</b>	<b>2004</b> CHF 1,000	%	<b>2003</b> CHF 1,000	%	<b>Change</b> %
Europe <sup>1)</sup>	181,462	79.8	174,099	79.1	4.2
North and South America	38,182	16.8	39,764	18.1	-4.0
Asia/Pacific	7,855	3.4	6,129	2.8	28.2
<b>Total</b>	<b>227,499</b>	<b>100.0</b>	<b>219,992</b>	<b>100.0</b>	<b>3.4</b>

<b>Investments by location of service provider</b>	<b>2004</b> CHF 1,000	%	<b>2003</b> CHF 1,000	%	<b>Change</b> %
Europe <sup>1)</sup>	10,024	94.9	5,695	89.6	76.0
North and South America	393	3.7	570	9.0	-31.1
Asia/Pacific	141	1.4	94	1.5	50.0
<b>Total</b>	<b>10,558</b>	<b>100.0</b>	<b>6,359</b>	<b>100.0</b>	<b>66.0</b>

1) including Africa

### 19. Other operating income

CHF 1,000	<b>2004</b>	<b>2003</b>
Other income (dispatch and packaging, rental and other income)	3,492	2,863
Realized and valued exchange-rate gain/loss <sup>1)</sup>	-734	-1,069
<b>Total</b>	<b>2,758</b>	<b>1,794</b>

1) From trade receivables

## 20.1 Personnel expenses

CHF 1,000	2004	2003
Wages and salaries	59'214	59'817
Employee benefits	10'417	10'158
Other personnel costs (training and development)	1'545	1'436
<b>Total</b>	<b>71'176</b>	<b>71'411</b>

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

## 20.2. Share option plan of the Komax Group

The executive share ownership scheme for directors and management of the Komax Group includes a share option plan. The option plan was introduced in 1998. 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 share per option and are valid for five years. They have a predetermined exercise price and are subject to a three-year lock-in period.

	2004	Weighted average exercise price	2003	Weighted average exercise price
	No.	CHF	No.	CHF
Outstanding at beginning of year	318,594	89.47	247,217	106.67
Granted by the General Meeting	50,000	86.61	100,000	40.48
Exercised	0	0.00	-28,623	66.90
<b>Outstanding at end of year</b>	<b>368,594</b>	<b>88.79</b>	<b>318,594</b>	<b>89.47</b>

The following table summarizes information on options exercised in 2004:

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
113.60	50,000	0	0.00	0	0
156.12	50,000	1	0.00	0	0
88.18	50,000	2	0.00	0	0
40.89	100,000	3	0.00	0	0
86.61	50,000	4	0.00	0	0
			<b>0.00</b>	<b>0</b>	<b>0</b>

## Notes to the consolidated financial statements

### 20.3. Breakdown of employees by country and areas of activity

2004	CH <sup>1)</sup>	EU <sup>2)</sup>	America <sup>3)</sup>	Asia <sup>4)</sup>	Africa <sup>5)</sup>	Total
Production	219	29	30	3	0	281
Research and development	79	14	1	0	0	94
Engineering	62	7	22	0	0	91
Sales and marketing	77	35	47	15	5	179
Administration <sup>6)</sup>	31	10	13	4	2	60
<b>Total headcount at Dec. 31, 2004</b>	<b>468</b>	<b>95</b>	<b>113</b>	<b>22</b>	<b>7</b>	<b>705</b>
2003	CH <sup>1)</sup>	EU <sup>2)</sup>	America <sup>3)</sup>	Asia <sup>4)</sup>	Africa <sup>5)</sup>	Total
Production	224	28	31	2	0	285
Research and development	76	13	1	0	0	90
Engineering	68	6	16	0	0	90
Sales and marketing	79	35	48	15	4	181
Administration <sup>6)</sup>	29	13	13	4	2	61
<b>Total headcount at Dec. 31, 2003</b>	<b>476</b>	<b>95</b>	<b>109</b>	<b>21</b>	<b>6</b>	<b>707</b>

1) Komax AG, Komax Systems AG

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

3) Komax companies in North and South America

4) Komax companies in Asia: Singapore and China

5) Komax companies in Africa: South Africa, Morocco

6) including management/IT

### 20.4. Average number of employees

The average number of employees in 2004 was 709, compared with 697 the previous year.

### 21. External service costs for development expenditure

Only external development costs, incl. building of prototypes, amounting to CHF 2.8 million (2004) and CHF 4.1 million (2003), are recognized in this item in the income statement. The aggregate development expenditure for new and further development of Komax products contains personnel expenses, material costs and costs for external development contracts. These amount to CHF 19.1 million, equivalent to 9.0% of net sales revenue, compared with CHF 19.3 million or 8.7% in the previous year.

### 22. Result from joint ventures and participations

CHF 1,000	2004	2003
Equity valuation of Komax Murata KK, 50% shareholding	-135	-142
Liquidation of Komax Japan KK	0	-363
Liquidation of Sibos Corp. USA	0	-533
<b>Total</b>	<b>-135</b>	<b>-1,038</b>

### 23. Financial result

CHF 1,000	2004	2003
<b>Financial income</b>		
Interest income	272	222
Income from securities	14	67
Exchange-rate gains on foreign currencies	1,805	2,661
<b>Total financial income</b>	<b>2,091</b>	<b>2,950</b>
<b>Financial expenses</b>		
Interest expenses	1,137	1,257
Other financial expenses	30	22
Exchange-rate losses on foreign currencies	3,041	3,560
<b>Total financial expenses</b>	<b>4,208</b>	<b>4,839</b>
<b>Total financial result</b>	<b>-2,117</b>	<b>-1,889</b>

### 24. Taxes

CHF 1,000	2004	2003
Current income tax	7,080	5,639
Deferred taxes	-2,242	982
<b>Total</b>	<b>4,838</b>	<b>6,621</b>

### Analysis of the tax rate

%	2004	2003
Expected medium-term tax rate	21.7	23.0
Impact of actual weighted tax rate within the Komax Group	-4.2	2.7
Impact of changes in expected future tax rates	-0.7	0.0
<b>Expected tax rate</b>	<b>16.8</b>	<b>25.7</b>
Impact on unused tax losses	3.3	0.0
Impact of utilized tax-loss carryforwards	0.0	-1.6
Others	-0.9	0.0
<b>Effective tax rate</b>	<b>19.2</b>	<b>24.1</b>

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

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

## Notes to the consolidated financial statements

### 25. Earnings per share (EPS)

CHF	2004	2003
<b>Group profit</b>	<b>20,390,000</b>	<b>20,801,000</b>
Weighted average number of outstanding shares	3,154,403	3,150,262
<b>Basic earnings per share</b>	<b>6.46</b>	<b>6.60</b>
<b>Group profit</b>	20,390,000	20,801,000
Weighted average number of outstanding shares	3,154,403	3,150,262
Adjustment for dilutive effect of share options	63,033	48,425
Weighted average number of outstanding shares for calculating diluted earnings per share	3,217,436	3,198,687
<b>Diluted earnings per share</b>	<b>6.34</b>	<b>6.50</b>

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

### 26. Funds, cash flow statement

CHF 1,000	31.12.04	31.12.03
<b>Statement of change in funds</b>		
Demand deposits and call money	36,442	18,646
Time deposits	2,600	3,037
<b>Total cash and time deposits (funds)</b>	<b>39,042</b>	<b>21,683</b>
<b>Increase (+) decrease (-) in funds</b>	<b>17,359</b>	<b>-422</b>

#### Post balance-sheet events

On January 1, 2005, Komax Holding AG acquired all the shares in Sigma AG, Stans, Switzerland. This company generated sales of CHF 11.0 million in fiscal 2004 and had a workforce of 40 as at December 31, 2004. Sigma AG is involved in machine construction.

No material events occurred between the balance-sheet date and the adoption by the Board of Directors of the consolidated financial statements on March 11, 2005 which might adversely affect the information content of the 2004 annual accounts or which would require disclosure.

#### Transactions with related parties

Transactions with related parties were performed in line with market conditions.

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

**PricewaterhouseCoopers AG**

St-Jakobs-Strasse 25  
Postfach 3877  
4002 Basel  
Telefon +41 61 270 51 11  
Fax +41 61 270 55 88

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 44 to 68) of the Komax Holding AG for the year ended 31 December 2004.

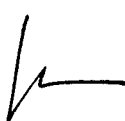
These consolidated financial statements are the responsibility of the board of directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

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, 11 March 2005



# Remarks concerning the financial statements of Komax Holding AG

## Balance sheet

### 1. Assets

The reduction in the balance-sheet item "Short-term loans" of CHF 3.1 million and in "Long-term financial loans" of CHF 2.2 million is attributable to the repayment of a number of loans by subsidiaries.

Participation loans increased due to the granting of such a loan to Komax Corp., USA. This participation loan was granted on the basis of the increase in business activity.

In 2004, we increased our ownership interest in Komax Systems AG (formerly Sibos AG), Rotkreuz, by CHF 8 million. The increase in this participation was partly related to the financing of the expansion at the Rotkreuz site.

### 2. Liabilities

Liabilities vis-à-vis the Group consist of Komax Holding AG's current account debt toward Komax AG. Part of this debt was reduced following Komax AG's dividend payment of over CHF 20.0 million. In addition, dividend receipts enabled repayment of the loan of over CHF 8.0 million from Komax AG.

The self-financing ratio increased by 8.3 percentage points, from 85.7% in 2003 to 94.0% in fiscal 2004.

The reserves for treasury shares were reduced from CHF 1.701 million in the previous year to CHF 0.357 million to reflect holdings at December 31, 2004.

## Income statement

### 3. Income

The dividend income of Komax Holding AG came from Komax AG (CHF 20.0 million) and TTC AG.

The "Services for Group companies" item consists mainly of remuneration for management services rendered by the Group Management, IT, development and marketing.

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

### 4. Expenditure

Administrative expenses consists of costs charged for intra-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 realized and valued exchange-rate losses. Interest expenses declined following the repayment of the loan to Komax AG. Due to the weak USD in particular, exchange-rate losses were higher than in the prior year, and resulted from the valuation of financial loans provided to subsidiary companies in USD. Nevertheless, these losses were not realized with the exception of those realized through the repayment of financial loans. However, these had already been repaid by September 30, 2004, with the result that exchange-rate losses were marginal.

### 5. Taxes

The taxes amounting to CHF 0.03 million consisted of provisioning for income, capital and withholding taxes.

## Balance sheet

CHF 1,000	31.12.04	31.12.03
<b>Assets</b>		
Cash and cash equivalents	551	747
Treasury shares	463	1,955
Other receivables from third parties	147	143
Other receivables from the Group	3,803	4,493
Financial loans Group	9,527	12,671
Accrued income/prepaid expenses	25	26
<b>Total current assets</b>	<b>14,516</b>	<b>20,035</b>
Investments in subsidiaries	98,837	90,838
Participation loans	7,292	4,964
Financial loans Group	18,807	21,031
Patents	1,873	2,278
<b>Total fixed assets</b>	<b>126,809</b>	<b>119,111</b>
<b>Total assets</b>	<b>141,325</b>	<b>139,146</b>
<b>Liabilities and shareholders' equity</b>		
Other liabilities vis-à-vis third parties	140	20
Other liabilities vis-à-vis the Group	8,200	11,713
Accrued expenses/deferred income	119	155
Provisions	26	31
<b>Total current liabilities</b>	<b>8,486</b>	<b>11,919</b>
Group loans	0	8,000
<b>Total long-term liabilities</b>	<b>0</b>	<b>8,000</b>
<b>Total liabilities</b>	<b>8,486</b>	<b>19,919</b>
Share capital	23,861	28,633
Premium	26,672	26,672
General statutory reserves	100	100
Reserves for treasury shares	357	1,701
Free reserves	63,023	52,679
Retained earnings	442	1,207
Profit for the financial year	18,384	8,235
<b>Total shareholders' equity</b>	<b>132,839</b>	<b>119,227</b>
<b>Total liabilities and shareholders' equity</b>	<b>141,325</b>	<b>139,146</b>

## Income statement

CHF 1,000	2004	2003
Dividend income	20,090	10,000
Services to Group companies	3,094	3,281
Financial income	2,210	2,756
<b>Total income</b>	<b>25,394</b>	<b>16,037</b>
Administrative expenses	2,473	2,250
Financial expenses	3,694	3,117
Value adjustments and amortization	405	405
Other expenditure	414	398
Result of liquidation	-1	1,542
<b>Total expenditure</b>	<b>6,985</b>	<b>7,712</b>
<b>Profit before tax</b>	<b>18,409</b>	<b>8,325</b>
Tax	25	90
<b>Profit after tax</b>	<b>18,384</b>	<b>8,235</b>

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

## Notes to the 2004 financial statements

### 1. Contingent liabilities

CHF 1,000	31.12.04	31.12.03
Joint and several liability for Group taxation value-added tax	CHF 1	CHF 1
<b>Guarantees</b> (in favor of subsidiaries)		
in EUR (1,415)	2,200	24
in CHF	44,500	44,500
in USD (2,000)	2,280	2,490
<b>Total</b>	<b>48,980</b>	<b>47,014</b>

### 2. Conditional capital

As at January 1, 2004, the conditional capital consisted of 318,594 registered shares each with a par value of CHF 7.50 1) created for executive and employee share ownership schemes. At the General Meeting on May 11, 2004, it was decided to increase the conditional share capital by 50,000 registered shares. No options were converted into shares in 2004 (2003: 28,623 options).

#### Change in conditional share capital in 2004

	Number of conditional registered shares	Par value <sup>1)</sup>	Change in conditional share capital
	Units	in CHF	in CHF
Initial holding as at January 1, 2004	318,594	7.50	2,389,455
Increase in conditional capital as a result of the decision taken at the General Meeting	50,000	7.50	375,000
Reduction in conditional capital as a result of conversion into registered shares in 2004	0	7.50	0
<b>Final holding as at December 31, 2004</b>	<b>368,594</b>		<b>2,764,455</b>

1) Par value repayment of CHF 1.50 in accordance with decision of General Meeting on May 11, 2004.

### 3. Treasury shares

<b>Change in 2004</b>	<b>01.01.04</b>	<b>Additions</b>	<b>Disposals</b>	<b>31.12.04</b>
Initial holding	22,461			
Purchases (ø CHF 86.70 / share)		63,696		
Sales (ø CHF 89.76 / share)			82,036	
Final holding				4,121
<b>Total</b>	<b>22,461</b>	<b>63,696</b>	<b>82,036</b>	<b>4,121</b>

<b>Change in 2003</b>	<b>01.01.03</b>	<b>Additions</b>	<b>Disposals</b>	<b>31.12.03</b>
Initial holding	1,252			
Purchases (ø CHF 74.14 / share)		31,664		
Sales (ø CHF 68.79 / share)			10,455	
Final holding				22,461
<b>Total</b>	<b>1,252</b>	<b>31,664</b>	<b>10,455</b>	<b>22,461</b>

### 4. Major shareholders

at December 31, 2004		
<b>Shareholder/shareholder group</b>	<b>No. of shares</b>	<b>Interest</b>
Max Koch, Meggen	338,770	10.6%
Management der Komax Gruppe (inkl. Kader)	194,590	6.1%
Unibank	181,406	5.7%
Sarasin Investmentfonds AG	101,872	3.2%
Vontobel Fonds Services AG	84,331	2.7%
Pictet Swiss Mid-Small Cap	62,600	2.0%

at December 31, 2003		
<b>Shareholder/shareholder group</b>	<b>No. of shares</b>	<b>Interest</b>
Max Koch, Meggen	397,370	12.5%
Management der Komax Gruppe (inkl. Kader)	214,379	6.7%
Julius Baer, Multistock SICAV, Luxemburg	182,560	5.7%
Nordea Bank SA, European Value Fund SICAV, Luxemburg	181,406	5.7%

There are no other items requiring disclosure under Sections 663b and 663c of the Swiss Code of Obligations.

## Proposal for the appropriation of profit

### Proposal for the appropriation of profit

CHF	31.12.04	31.12.03
Balance carried forward from previous year	442,427	1,207,437
Profit for year	18,384,346	8,234,990
<b>Total</b>	<b>18,826,773</b>	<b>9,442,427</b>

The Board of Directors proposes the following appropriation:

### Par-value reduction

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 2004. Instead, the Board of Directors proposes that the General Meeting should reduce the par value of each registered share by CHF 2.00 from the current CHF 7.50 (capital reduction). This would reduce the par value of each Komax registered share to CHF 5.50.

CHF	31.12.04	31.12.03
Dividend	0	0
Allocation to free reserves	18,000,000	9,000,000
Profit carried forward	826,774	442,427
<b>Total</b>	<b>18,826,774</b>	<b>9,442,427</b>

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 72 to 76) of Komax Holding AG for the year ended 31 December 2004.

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



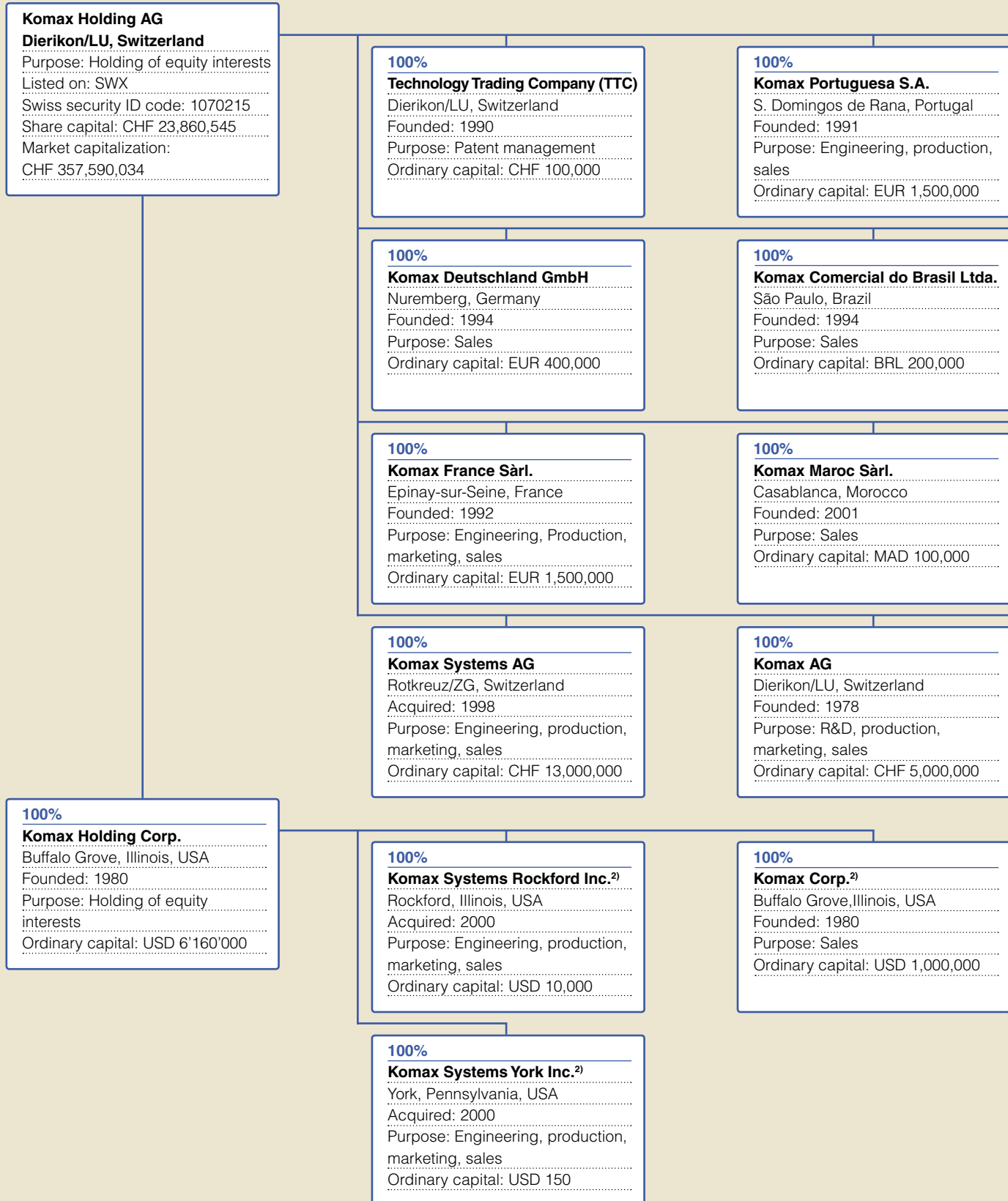
Dr. R. Gerber



P. Seiler

Basel, 11 March 2005

# Direct and indirect equity participations as at Dec. 31, 2004



**50% Joint Venture**

**Komax Murata K.K.<sup>1)</sup>**

Shizuoka-Shi, 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

2) Subsidiaries of Komax Holding Corp.

## Addresses

### Argentina

EL Proveedor S.R.L.  
C.P.-1602 Florida  
Phone 0054/11 476 136 07  
Fax 0054/11 476 136 07  
nmatus@elproveedoresrl.com.ar

### Australia

SUBA Engineering PTV. LTD  
AU-2200 Bankstown N.S.W.  
Phone 0061/297 900 900  
Fax 0061/297 083 040  
subasyd@suba.com.au

### Austria

Thonauer GmbH  
AT-1230 Wien  
Phone 0043/1 804 28 710  
Fax 0043/1 804 28 7110  
th.info@thonauer.at

### Belgium

Smans N.V.  
B-2300 Turnhout  
Phone 0032/1442 4401  
Fax 0032/1442 6072  
smans@smans.com

### Botswana

Komax SA (PTY) LTD  
ZA-6055 Port Elizabeth  
Phone 0027/41 364 0667  
Fax 0027/41 365 0138  
info@komax.co.za

### Brazil

Komax Comercial do Brasil LTDA  
BR-05123-120 Sao Paulo SP  
Phone 0055/11 3902 3810  
Fax 0055/11 3902 3811  
pc.araujo@komax.com.br

### Canada

Komax Corporation  
US-60089-4507 Illinois  
Phone 001/847 537 6640  
Fax 001/847 537 5751  
info@komaxusa.com

### China

Shanghai Head Office  
Komax Shanghai CO. LTD.  
CN-201108 Shanghai  
Phone 0086/21 5442 5262  
Fax 0086/21 5442 5260  
andy.lau@komax.com.cn

Beijing Office  
Phone 0086/10 6460 8191  
Fax 0086/10 6460 8174

Changchun Office  
Phone 0086/431 5533 726  
Fax 0086/431 5533 727

Guangzhou Office  
Phone 0086/20 8511 8018  
Fax 0086/20 3878 0400

### Croatia

Mikom D.O.O.  
HR-49247 Zlatar Bistrica  
Phone 00385/49 462 034  
Fax 00385/49 461 839  
mikom@mikom.hr

### Czechia

Komax Deutschland GmbH  
DE-90449 Nürnberg  
Phone 0049/911 32 49 50  
Fax 0049/911 32 49 550  
matthias.klaus@komax.de

### Denmark

Nikatek APS  
DK-3500 Vaerlose  
Phone 0045/4448 3211  
Fax 0045/4448 3244  
nikatek@nikatek.dk

### Egypt

Sigma Group  
EG-11777 Cairo  
Phone 0020/2644 7245  
Fax 0020/2642 3604  
info@sigma-g.com

### Estonia

Gammeter OU  
EE-76606 Keila  
Phone 0037/2671 2251  
Fax 0037/2671 2253  
info@gammeter.ee

### Finland

Gammeter OY  
FI-33101 Tampere  
Phone 00358/3380 2211  
Fax 00358/3380 2244  
info@gammeter.fi

### France

Komax France  
FR-93806 Epinay-Sur-Seine  
Phone 0033/14 940 1313  
Fax 0033/14 940 1329  
marc.guitton@komax.fr

FR-13106 Rousset  
Phone 0033/4 4229 1200  
Fax 0033/4 4229 1212  
louis.soriano@komax.fr

### Germany

Komax Deutschland GmbH  
DE-90449 Nürnberg  
Phone 0049/911 32 49 50  
Fax 0049/911 32 49 550  
matthias.klaus@komax.de

AAT Aston GmbH  
DE-90257 Nürnberg  
Phone 0049/911 32 66 210  
Fax 0049/911 32 66 299  
info@aston.de

### Great Britain

Contax LTD.  
GB-Hants PO15 5SJ  
Phone 0044/1489 88 58 08  
Fax 0044/1489 88 55 53  
pshorten@contax.co.uk

### Hungary

Thonauer Kereskedelmi  
HU-1113 Budapest  
Phone 0036/1372 7700  
Fax 0036/1372 7709  
hungary@thonauer.net

### India

Bergen Systems PVT. LTD  
IN-122016 Haryana  
Phone 0091/124 500 2888  
Fax 0091/124 500 2089  
bergeng@vsnl.net

### Indonesia

Komax Singapore PTE. LTD  
SG-368357 Singapore  
Phone 0065/6285 9713  
Fax 0065/6285 9714  
larry.wee@komax.com.sg

### Iran

Contax Automation LTD.  
Tehran/IRAN  
Phone 0098 218 70 24 88  
Fax 0098 218 70 24 88  
pshorten@contaxautomation.com

### Ireland

Kinetic Electronics LTD.  
Co. Offaly/Ireland  
Phone 00353/506 20536  
Fax 00353/506 20543  
kinetic@tinet.ie

### Israel

Tamir Engineering & Development LTD.  
IL-49170 Petach-Tiqva  
Phone 00972/3922 9422  
Fax 00972/3922 9411  
ltamireng@netvision.net.il

### Italy

Cofilimacchine S.R.L.  
IT-20046 Biassono (MI)  
Phone 0039/039 232 41 25  
Fax 0039/039 232 21 45  
gianni.boero@cofilimacchine.it

### Japan

Komax Murata KK  
JP-422-8071 Shizuoka-Shi  
Phone 0081/54 283 9050  
Fax 0081/54 283 9051  
noriaki.murata@komaxmurata.com

### Korea

Hansung Tech CO. LTD.  
ROK-463-828 Kyunggi-Do  
Phone 0082/31 781 3971  
Fax 0082/31 781 3975  
hiin@hansungtech.co.kr

### Latvia

Gammeter OU  
EE-76606 Keila  
Phone 0037/2671 2251  
Fax 0037/2671 2253  
info@gammeter.ee

**Lithuania**

JP International  
LT – 2006 Vilnius  
Phone 0037/0521 36 600  
Fax 0037/0521 36 600  
jpkvietkauskas@iti.lt

**Luxemburg**

Smans N.V.  
BE-2300 Turnhout  
Phone 0032/1442 4401  
Fax 0032/1442 6072  
smans@smans.com

**Malaysia**

Komax KL  
MAL-58000 Kuala Lumpur  
Phone 0060/37981 2662  
Fax 0060/37987 8662  
barron@pc.jaring.my

**Mexico**

Komax Corporation  
US-EL Paso, Texas 79936  
Phone 001/915 591 4551  
Fax 001/915 591 5868  
info@komaxusa.com

**Morocco**

Komax Maroc  
MA-20800 Mohammédia  
Phone 00212/2330 5285  
Fax 00212/2330 5173  
pierre.niol@komax.ch

**Netherlands**

Smans N.V.  
BE-2300 Turnhout  
Phone 0032/1442 4401  
Fax 0032/1442 6072  
smans@smans.com

**New Zealand**

Suba Engineering PTV. LTD.  
AU- 2200 Bankstown N.S.W.  
Phone 0061/297 900 900  
Fax 0061/297 083 040  
subasyd@suba.com.au

**Norway**

AD-Contact AB  
SE-17207 Sundbyberg  
Phone 0046/8445 3600  
Fax 0046/8445 3610  
info@ad-kontakt.se

**Philippines**

Neuftech Philippines INC.  
PH-4027 Calamba Laguna  
Phone 0063/49 545 4056  
Fax 0063/49 545 4262  
jdcntech@pldtvibe.net

**Poland**

JP International  
PL-02-743 Warszawa  
Phone 0048/22 843 3566  
Fax 0048/22 843 5333  
jpint@it.com.pl

**Portugal**

Komax Portuguesa  
PT-2785-034 S. Domingos de Rana  
Phone 00351/21 444 8480  
Fax 00351/21 444 8499  
miguel.cardoso.peres@komax.pt

**Romania**

SC Thonauer Automatic S.R.L.  
RO-040151 Bucuresti  
Phone 0040/21335 5654  
Fax 0040/21336 9534  
gigi@thonauer.ro

**Russia**

Connectors & Engineering  
RU-111116 Moscow  
Phone 007/095 967 1560  
Fax 007/095 967 1561  
info@faston.ru

**Singapore**

Komax Singapore PTE. LTD.  
SG-368357 Singapore  
Phone 0065/6285 9713  
Fax 0065/6285 9714  
andreas.schenk@komax.com.sg

**Slovakia**

Thonauer Spol S.R.O.  
SK-81339 Bratislava  
Phone 00421/2527 33664  
Fax 00421/2527 33665  
info@thonauer.sk

**Slovenia**

Mikom-si D.O.O.  
SI-3320 Velenje  
Phone 00386/3 8919 310  
Fax 00386/3 8919 311  
mikom-si@siol.net

**South Africa**

KOMAX SA (PTY) LTD.  
ZA-6055 Port Elizabeth  
Phone 0027/41 364 0667  
Fax 0027/41 365 0138  
info@komax.co.za

**Spain**

Estanflux S.A.  
ES-08027 Barcelona  
Phone 0034/9 3351 6151  
Fax 0034/9 3352 3845  
comercial@estanflux.es

**Sweden**

AD-Contact AB  
SE-17207 Sundbyberg  
Phone 0046/8 445 3600  
Fax 0046/8 445 3610  
info@ad-kontakt.se

**Switzerland**

Komax AG  
CH-6036 Dierikon  
Phone 0041/41 455 0 455  
Fax 0041/41 450 4 266  
info@komax.ch

**Komax Systems AG**

CH-6343 Rotkreuz  
Phone 0041/41 799 45 00  
Fax 0041/41 799 45 01  
info@komaxgroup.ch

**Taiwan**

Chain Year Industr. CORP.  
RC-221 Taipei Hsien  
Phone 00886/22 691 3568  
Fax 00886/22 691 3586  
chainart@ms19.hinet.net

**Thailand**

Diethelm & CO. LTD.  
TH-10310 Bangkok  
Phone 0066/2254 4900  
Fax 0066/2652 9417  
info@tech.diethelm.co.th

**Tunisia**

Reemi  
TN-2000 Bardo  
Phone 00216/71 222 811  
Fax 00216/71 220 481  
reemi@planet.tn

**Turkey**

Unitek Elektrik SAN. VE TIC. LTD.  
TR-34852 Istanbul  
Phone 0090/216 518 9440  
Fax 0090/216 518 9436  
orkun@unitek-elektrik.com

**USA**

Komax Corporation  
US-60089-4507, Illinois  
Phone 001/847 537 6640  
Fax 001/847 537 5751  
http://www.komaxusa.com  
Tim MacAlpine

**Vietnam**

Diethelm & CO. LTD.  
VN-HO Chi Minh City  
Phone 0084/8 5121 334  
Fax 0084/8 5121 335  
info@tech-diethelmvn.com

**Diethelm & CO. LTD.**

VN-Hanoi  
Phone 0084/4 9424 725  
Fax 0084/4 9424 730  
info@tech-diethelmvn.com

## Contact

### **Komax Holding AG**

Industriestrasse 6  
CH-6036 Dierikon/Lucerne  
Telephone 0041 41 455 04 55  
Fax 0041 41 450 15 79  
[www.komax.ch](http://www.komax.ch)

### **Contact for shareholders, analysts and media:**

Dominik Slappnig  
Head of Corporate Communications  
and Investor Relations  
Telephone 0041 41 455 06 16  
Fax 0041 41 450 10 24  
[dominik.slappnig@komax.ch](mailto:dominik.slappnig@komax.ch)

#### **Forward-looking statements**

Certain events may occur which may lead to a material difference between actual results and the forward-looking statements made in this report. Investors are cautioned that all forward-looking statements are subject to risks and uncertainties beyond Komax's control. These risks and uncertainties include among other things general economic factors such as exchange-rate fluctuations and macroeconomic trends as well as the market behavior of our competitors.

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