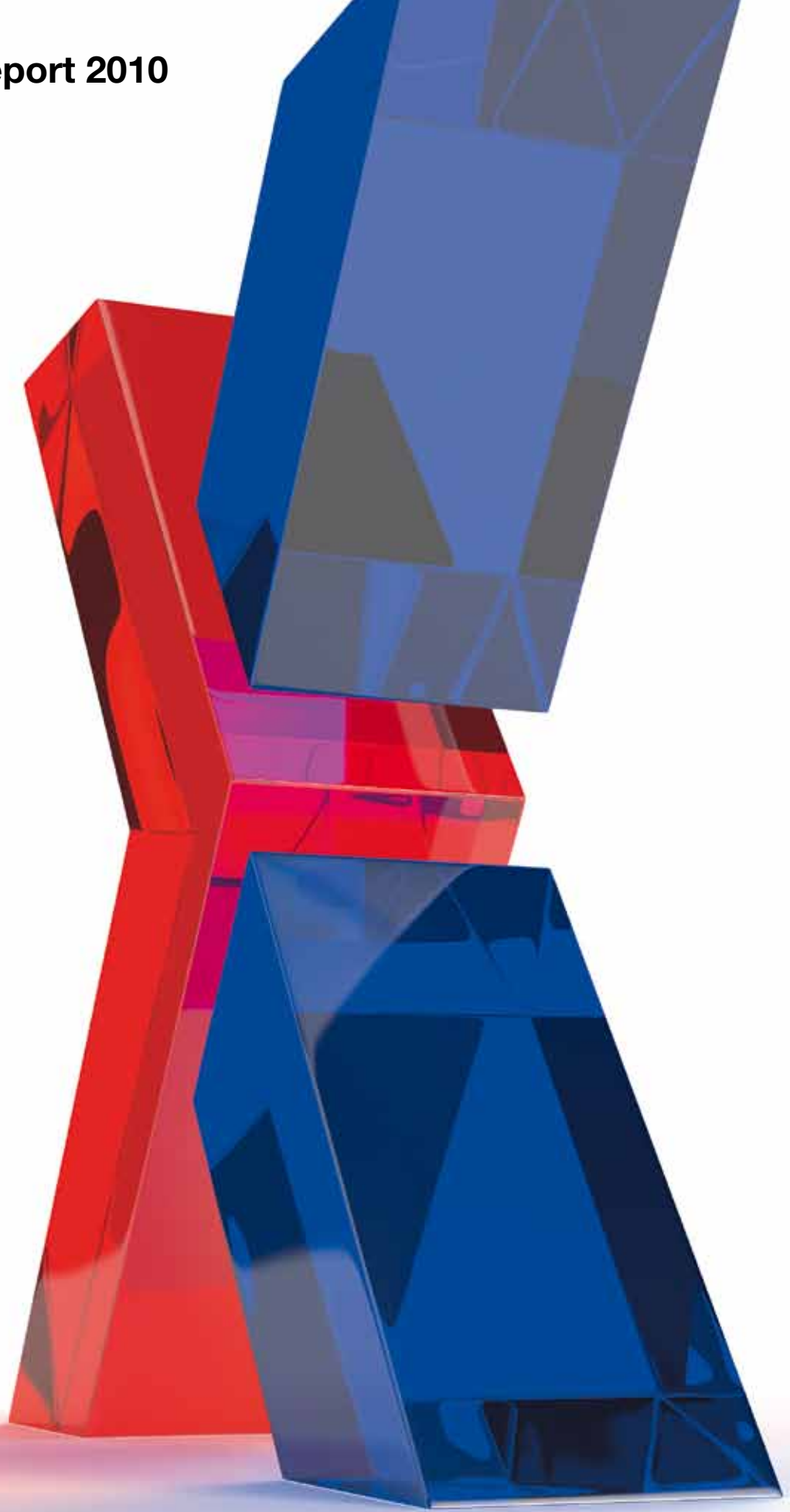


First Half Report 2010



komax

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Komax Group: Business in the first half of 2010

Convincing first half

The Komax Group substantially improved sales and new orders in the first six months of 2010. First-half sales came in at CHF 157.7 million (previous year: CHF 103.0 million). New orders more than doubled to CHF 168.5 million (previous year: CHF 82.7 million). Following the previous year's loss, the business staged a clear return to profit.

A rapid revival of business in the Wire segment enabled the Komax Group to return to profit. Driven by a strong recovery in the automotive industry, but also other markets, Komax achieved a net profit of CHF 8.6 million in the first half of 2010. This compares with a loss of CHF -11.0 million in the previous year. At EBIT level, a profit of CHF 12.3 million was achieved (previous year: loss of CHF -13.0 million). First-half sales rose to CHF 157.3 million (previous year: CHF 103.0 million), an increase of 53 percent. Owing to the weak euro as at 30 June 2010, the overall currency impact at sales level was a negative 2.9 percent and at EBIT level a negative 0.7 percent.

New orders more than doubled year-on-year from CHF 82.7 million (previous year) to CHF 168.5 million.

Market situation

The economic environment brightened in the first half of 2010 and market volatility declined significantly. The best performer was the Asia region with a rise of more than 200 percent. On a combined basis, North and South America exhibited growth in sales of around 60 percent. By contrast, growth in the Europe region was on the low side at around 5 percent – though at a high level. There are increasing signs that customers' quality demands have risen further, particularly in the automotive industry.

Sales in the Wire segment soared by around 110 percent to CHF 85.1 million (previous year: CHF 40.0 million). Accordingly, EBIT at segment level showed a disproportionately strong improvement to CHF 19.0 million (previous year: CHF -4.9 million). The recovery in the Wire segment is broad-based in geographical terms, with all markets showing gains. At product level, Komax benefited in particular from its strong innovative edge as the market leader, and from its ability to process orders with very short lead times.

The Solar business unit also posted gains. Komax benefited in particular from Asian demand for crystalline technology and the new Stringer X2. Sales in the Solar segment increased by 26 percent to CHF 28.3 million (previous year: CHF 22.5 million). Although lower silicon prices benefited the crystalline technology business, this development was negative for the thin-film business. In this area, Komax announced in June that it would be bundling its resources in York, USA. Although a pleasing EBIT was achieved in the crystalline business, the substantial loss in the thin-film business led to a loss for the Solar business unit overall. This amounted at EBIT level to CHF -3.3 million (previous year: CHF -3.4 million).

The Medtech segment was able to process a larger volume of orders. Here, too, business from Asia showed the biggest increase. First-half sales increased by 15 percent to CHF 45.0 million (previous year: CHF 39.0 million). At EBIT level, an operating profit of CHF 0.8 million was achieved (previous year: CHF 0.7 million). The potential for margins at Medtech therefore remains fairly limited; this is attributable to the business's limited opportunities for standardization.

Outlook

Owing to continued strong growth in new orders, the Komax Group expects a good second half.

In the Wire segment, Komax anticipates stabilization at a high level. Having been extremely reticent last year, customers in the automotive sector in particular are now intensifying their investment activities.

At Komax Solar, the strong growth in new orders – in particular from Asia – continues. However, the costs incurred by the restructuring process implemented in the thin-film business mean it is still too early to expect a positive operating profit in the Solar segment, despite the pleasing business performance and healthy profitability of the crystalline area.

In the Medtech segment, new orders received in the second quarter did not fully meet expectations. For the year as a whole, Komax anticipates a positive operating result in this business.

Consolidated balance sheet

CHF 1,000	Notes	30.06.10	31.12.09
Assets			
Cash and cash equivalents		36,636	38,204
Securities		39	50
Trade receivables		104,846	81,866
Other receivables and accrued income / prepaid expenses		15,422	10,085
Inventories		54,120	46,463
Total current assets		211,063	176,668
Deferred tax assets		3,521	4,627
Other non-current receivables		818	1,502
Prepaid pension assets		2,192	2,258
Property, plant and equipment	2/3	72,466	75,492
Intangible assets	2/3	30,345	30,308
Total non-current assets		109,342	114,187
Total assets		320,405	290,855
Liabilities and shareholders' equity			
Trade payables		23,643	15,343
Other payables and accrued expenses / deferred income		35,286	26,224
Current income tax liabilities		688	594
Provisions	6	2,930	2,740
Total current liabilities		62,547	44,901
Financial loans	7	45,716	44,524
Deferred tax liabilities		2,905	1,531
Total non-current liabilities		48,621	46,055
Total liabilities		111,168	90,956
Share capital		339	339
Treasury shares	11	-4,313	-6,188
Capital surplus (premium)		56,853	56,853
Other reserves		156,358	148,895
Total shareholders' equity		209,237	199,899
Total liabilities and shareholders' equity		320,405	290,855

Consolidated income statement

CHF 1,000	Notes	First half 2010	First half 2009
Net sales	2	157,288	99,767
Other operating income	4	392	3,264
Cost of materials		72,902	40,868
Personnel expenses		51,748	52,906
Rental expenses		1,825	1,987
Maintenance and repair expenses		2,425	2,346
Representation and advertising expenses		4,958	4,797
Depreciation	2	3,703	3,987
Other operating expenses		7,594	8,102
Operating expenses		145,155	114,993
Operating profit / loss before interest, taxes and extraordinary charges		12,525	-11,962
Extraordinary restructuring charges		-265	-1,028
Operating profit / loss before interest and taxes	2	12,260	-12,990
Financial income		2,950	3,697
Financial expenses		-3,944	-4,490
Group profit / loss before taxes		11,266	-13,783
Taxes		2,703	-2,782
Group profit / loss after taxes		8,563	-11,001
Of which attributable to:			
– Equity holders of the parent		8,563	-11,001
		8,563	-11,001
Attributable to equity holders of the parent			
Basic earnings per share (in CHF)		2.56	-3.32
Diluted earnings per share (in CHF)		2.53	-3.30

Consolidated statement of comprehensive income

CHF 1,000	First half 2010	First half 2009
Group profit / loss after taxes	8,563	-11,001
Currency translation differences from foreign subsidiaries	-1,298	3,294
Other comprehensive income after taxes	-1,298	3,294
Comprehensive income after taxes	7,265	-7,707
Of which attributable to:		
– Equity holders of the parent	7,265	-7,707

Consolidated cash flow statement

CHF 1,000	First half 2010	First half 2009
Cash flow from operating activities		
Group profit / loss after taxes	8,563	-11,001
Adjustment for non-cash items		
– Taxes	2,703	-2,782
– Depreciation and impairment of property, plant and equipment	3,132	3,253
– Depreciation and impairment of intangible assets	571	734
– Profit (-) / loss (+) from sale of non-current assets	-123	-74
– Expense for share-based payments	902	646
– Employee benefits	66	234
– Net financial result	994	793
Interest received and other financial income	132	279
Interest paid and other financial expenses	-860	-879
Taxes paid	-919	-2,811
Cash flow before change in net current assets and provisions	15,161	-11,608
Increase (+) / decrease (-) in provisions	209	-1,850
Increase (-) / decrease (+) in trade receivables	-23,968	23,211
Increase (-) / decrease (+) in inventories	-7,954	-2,889
Increase (+) / decrease (-) in trade payables	8,432	-10,642
Increase (-) / decrease (+) in other net current assets	5,819	-9,393
Total cash flow from operating activities	-2,301	-13,171
Cash flow from investing activities		
Investment in property, plant and equipment	-753	-9,423
Sale of property, plant and equipment	445	598
Investment in intangible assets	-395	-618
Total cash flow from investing activities	-703	-9,443
Cash flow from financing activities		
Increase in financial liabilities	1,182	14,540
Decrease in financial liabilities	-95	0
Purchase (-) / sale (+) of securities	0	-407
Purchase of treasury shares	-373	-416
Sale of treasury shares	1,543	782
Dividend paid	0	-6,639
Total cash flow from financing activities	2,257	7,860
Effect of currency translations on cash and cash equivalents	-821	929
Increase (+) / decrease (-) in funds	-1,568	-13,825
Cash and cash equivalents at 1 January	38,204	46,133
Cash and cash equivalents at 30 June	36,636	32,308

Consolidated shareholders' equity

First half 2010 CHF 1,000	Attributable to equity holders of the parent						Minority interest	Total shareholders' equity
	Share capital	Treasury shares	Premium	Other reserves				
				Currency differences	Retained earnings			
Balance on 1 January 2010	339	-6,188	56,853	-13,350	162,245	0	199,899	
Other comprehensive income after taxes				-1,298			-1,298	
Group profit after taxes					8,563		8,563	
Comprehensive income after taxes	0	0	0	-1,298	8,563	0	7,265	
Transactions in treasury shares		1,875			-704		1,171	
Share-based payments					902		902	
Balance on 30 June 2010	339	-4,313	56,853	-14,648	171,006	0	209,237	
First half 2009 CHF 1,000	Attributable to equity holders of the parent						Minority interest	Total shareholders' equity
	Share capital	Treasury shares	Premium	Other reserves				
				Currency differences	Retained earnings			
Balance on 1 January 2009	339	-9,738	56,853	-13,892	188,536	0	222,098	
Other comprehensive income after taxes				3,294			3,294	
Group loss after taxes					-11,001		-11,001	
Comprehensive income after taxes	0	0	0	3,294	-11,001	0	-7,707	
Dividend paid					-6,639		-6,639	
Transactions in treasury shares		1,381			-1,015		366	
Share-based payments					646		646	
Balance on 30 June 2009	339	-8,357	56,853	-10,598	170,527	0	208,764	

Notes to the consolidated half-year financial statements

1. Summary of significant accounting policies

1.1 General information on the consolidated financial statements

The present consolidated financial statements comprise the unaudited consolidated half-year financial statements of Komax Holding AG, which is domiciled in Switzerland, and its subsidiaries for the reporting period ended 30 June 2010. The consolidated half-year financial statements were prepared in accordance with IAS 34, "Interim Financial Reporting". They should be read in conjunction with the consolidated financial statements produced for the financial year ended 31 December 2009, since they represent an updating of information published previously. The consolidated half-year financial statements were adopted by the Board of Directors on 11 August 2010.

Preparation of the consolidated half-year financial statements requires the Board of Directors and Group Management to make estimates and assumptions that have an effect on the stated income, expenses, assets and liabilities, as well as the disclosure of contingent liabilities. If, at a later point in time, the estimates and assumptions made by management in good faith at the time of the interim financial statements are found to differ from actual conditions, the original estimates and assumptions are revised accordingly in the reporting period in which conditions changed.

Particular areas in which estimates have a substantial influence on book values include the recognition of revenue based on the POC method (long-term work-in-progress), assets and liabilities stated in relation to employee benefits, as well as the assessment of deferred taxes and impairment of fixed assets.

The Komax Group operates in business sectors where sales are not subject to any material seasonal or cyclical fluctuations over the course of the financial year.

Income taxes are calculated based on the best estimate of the expected weighted average tax rate for the financial year as a whole.

1.2 Changes to the consolidated accounting policies

The consolidated half-year financial statements of the Komax Group were prepared in accordance with the accounting policies described in the 2009 Annual Report. Exceptions to these policies are set out below.

Komax adopted the following new standards and amendments to existing standards in accordance with the requirements for the financial year commencing 1 January 2010.

- IFRS 3, "Business Combinations". The amendment to the standard includes a comprehensive revision relating to the application of the purchase method. It has also resulted in amendments to the three standards IAS 27, "Consolidated and Separate Financial Statements according to IFRS", IAS 28, "Investments in Associates", and IAS 31, "Interests in Joint Ventures". These amendments will be applied by the Komax Group accordingly in the event of future mergers.
- IAS 7, "Statement of Cash Flows". The revised standard provides clarification in the context of the statement of cash flows arising from investment activity. This amendment has no implications, however, for the consolidated annual financial statements of the Group.
- IAS 36, "Impairment of Assets". The amendments additionally concern required information regarding the assessment of fair values as well as the allocation of goodwill to cash-generating units (CGUs).
- IAS 38, "Intangible Assets". The revised standard contains more detailed explanations relating to the fair-value measurement of intangible assets

acquired as a result of company mergers. These amendments will be applied by the Komax Group in the event of future mergers.

The resulting new standards, amendments to existing standards and interpretations must be applied for financial years commencing on or after 1 January 2010. They are not currently relevant to the consolidated financial statements of Komax.

- IFRS 2, "Share-based Payment".
- IFRS 5, "Non-current Assets Held for Sale and Discontinued Operations".
- IAS 1, "Presentation of Financial Statements".
- IAS 27, "Consolidated and Separate Financial Statements".
- IAS 39, "Financial Instruments: Recognition and Measurement".
- IFRIC 9, "Reassessment of Embedded Derivatives".
- IFRIC 16, "Hedges of a Net Investment in a Foreign Operation".
- IFRIC 17, "Distributions of Non-cash Assets to Owners".
- IFRIC 18, "Transfers of Assets from Customers".

The following new standards, amendments to existing standards and interpretations have already been announced but do not yet have to be applied. Komax is not applying them early.

- IFRS 9, "Financial Instruments". This standard sets out new rules for the classification and measurement of financial assets.
- IAS 24, "Related Party Disclosures". This amendment exempts state-controlled entities from the obligation to provide detailed information on all transactions with other state-controlled entities. The definition of "related party" was also revised.
- IAS 32, "Financial Instruments: Presentation". The amended standard relates to the classification of subscription rights.
- IFRIC 19, "Extinguishing Financial Liabilities with Equity Instruments". This interpretation addresses the accounting treatment of the extinguishing of financial liabilities by means of the issuing of equity instruments.

1.3 Scope of consolidation

The consolidated half-year financial statements include the separate financial statements of Komax Holding AG, Dierikon (Switzerland), and all subsidiaries where Komax Holding AG directly or indirectly holds more than 50 percent of the voting power or otherwise exercises control over the entity's financial and operating policies. A full list of the subsidiaries can be found on pages 98 and 99 of the 2009 Annual Report. There were no changes in the consolidated Group in the period to 30 June 2010.

Notes to the consolidated half-year financial statements

2. Segment information

First Half 2010	Wire	Solar	Medtech	Corporate¹⁾	Group
CHF 1,000					
Net sales from external customers	84,263	28,148	44,787	90	157,288
Net sales from other segments	848	193	204	-1,245	0
Total net sales	85,111	28,341	44,991	-1,155	157,288
EBIT	19,011	-3,296	746	-4,201	12,260
Investment in property, plant and equipment	532	76	540	0	1,148
Sale of property, plant and equipment	-276	-157	-4	-8	-445
Depreciation	2,192	783	701	27	3,703
First Half 2009	Wire	Solar	Medtech	Corporate¹⁾	Group
CHF 1,000					
Net sales from external customers	39,805	21,317	38,636	9	99,767
Net sales from other segments	178	1,170	357	-1,705	0
Total net sales	39,983	22,487	38,993	-1,696	99,767
EBIT	-4,881	-3,424	707	-5,392	-12,990
Investment in property, plant and equipment	629	7,474	1,938	0	10,041
Sale of property, plant and equipment	-598	0	0	0	-598
Depreciation	2,690	669	397	231	3,987

1) Including elimination of intersegment revenues

The structure of the prior-year figures has been adjusted to facilitate comparison (see information below).

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

CHF 1,000	First half 2010	First half 2009
EBIT	12,260	-12,990
Financial income	2,950	3,697
Financial expenses	-3,944	-4,490
Group profit / loss before taxes	11,266	-13,783
Taxes	2,703	-2,782
Group profit / loss after taxes	8,563	-11,001

Notes to the consolidated half-year financial statements

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

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

The financial data for the operating segments is calculated based on the same accounting principles as set out in the 2009 Annual Report and in the preceding sections. Transfer prices between the operating segments are set on an "arm's length" basis. The Executive Committee assesses the profitability of the segments on the basis of earnings before interest and taxes (EBIT). Information on the assets and liabilities of the individual segments is not reported to the chief operating decision maker; therefore, such information is not disclosed in external reporting either.

In accordance with internal reporting to the chief operating decision maker, the Group discloses information for its three business segments of Wire, Solar and Medtech. The Wire segment essentially comprises the development, production, distribution and maintenance of wire processing machines and systems used primarily for wire production in the automotive and electronics industries (Wire Processing Machines operating segment). The Solar segment develops and produces machinery as well as customer-specific process solutions for the manufacturing of photovoltaic modules. The development and manufacturing of systems for the assembly of mechanical and electronic components in the electronics sector (Mechanical and Electronic Systems Assembly) is no longer included in the Wire segment from financial year 2010. The corresponding part of the business was assigned to the Medtech business segment on 1 January 2010. This segment includes in particular the design and production of assembly systems for the pharmaceutical industry (Medtech) as well as the manufacturing of assembly lines for inkjet cartridges (Inkjet). The change was made on the basis of a restructuring as well as the reassignment of responsibilities. Resources for all three operating segments of Medtech, Inkjet and Mechanical and Electronic Systems Assembly will also be shared. The previous year's figures have been revised accordingly. The effect of the reclassification on the sales of the Wire and Medtech segments is CHF 5.3 million, and on the EBIT of the two segments is CHF 0.2 million.

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

Segment	CGU	30.06.10	31.12.09
Wire	WPM	10'640	10'568
Solar	PVS	4'219	4'114
Medtech	MTS	10'386	10'314
Medtech	INJ	1'953	1'953
Total		27'198	26'949

The recoverable amount of a CGU is obtained from the calculation of its value in use. These calculations are based on projected cash flows derived from the five-year plan issued by the Board of Directors. Assumptions for the calculation of value in use were:

	WPM	PVS	MTS	INJ
Gross profit margin	57.6%	47.7%	55.7%	37.6%
Growth rate	13.5%	32.2%	9.1%	-9.2%
Discount rate (pre-tax)	7.8%	9.7%	5.9%	6.6%

3. Impairment of assets

In the first half of 2010, as in the same period of the previous year, there were no items requiring disclosure in the consolidated financial statements due to their unusual nature, scope or frequency.

Non-financial assets with an unspecified useful life are tested for impairment twice each year or if there are indications that their value has been impaired. The impairment test performed on 30 June 2010 on the goodwill stated in the balance sheet showed that its value had not been impaired.

Assets subject to periodic amortization are tested if there are indications that their value has been impaired. As at 30 June 2010 there were no signs of any impairment.

4. Other operating income

Other operating income comprises:

CHF 1,000	First half 2010	First half 2009
Own work capitalized	121	1,406
Change in provisions	0	1,072
Government grants	147	712
Gains from the disposal of tangible assets	124	74
Total	392	3,264

5. Government grants

Government grants are recognized if it is likely that the payments will be received and Komax can fulfil the conditions attached to such subsidies. They are recognized in "Other operating income", regardless of when payment is received and on a pro-rata basis in the period in which the associated costs are incurred, and charged to the income statement as an expense. Grants relating to an asset are deducted from its carrying amount. In the first half of 2010, subsidies amounting to CHF 0.1 million were recognized in other operating income; these comprised R&D expenses in the Solar division.

Notes to the consolidated half-year financial statements

6. Provisions

In the first half of 2010, warranty provisions were increased by a net CHF 0.2 million (first-half 2009: reduction of CHF -1.8 million). Of this, CHF 1.5 million were formed for the first time (first-half 2009: CHF 1.5 million), CHF 0.9 million used in the context of warranty work (first-half 2009: CHF 1.4 million) and CHF 0.3 million reversed (first-half 2009: CHF 1.9 million). The rest of the change was due to currency differences.

7. Financial liabilities and loans

Long-term loans increased by a net CHF 1.2 million in the first half of 2010. Long-term loans in the amount of CHF 18.0 million were taken out in the comparable period of the previous year for the purpose of refinancing current financial liabilities (syndicated loan).

8. Contingent liabilities

Contingent liabilities increased by CHF 2.0 million versus 31 December 2009 (first-half 2009: reduction of CHF 1.2 million).

9. Conditional capital

As at 1 January 2010, the conditional capital created for executive and employee share ownership schemes consisted of 462,480 registered shares, each with a par value of CHF 0.10. In the first half of 2010, no options (first half 2009: none) were converted into registered shares of Komax Holding AG. As at 30 June 2010, the conditional capital consisted of 462,480 registered shares each with a par value of CHF 0.10.

10. Dividend distribution

The Annual General Meeting of 7 May 2010 resolved to waive payment of a dividend (previous year: dividend of CHF 2.00 gross per registered share).

11. Treasury shares

In the first half of 2010, 4,586 treasury shares were purchased at an average price of CHF 81.23 (first-half 2009: 7,838 shares at CHF 53.11) and 18,993 shares sold at an average price of CHF 81.26 (first-half 2009: 14,489 shares at CHF 53.97). As at 30 June 2010, Komax Holding AG therefore held 37,390 treasury shares (30 June 2009: 68,794).

12. Related party transactions

In the first half of 2010, as in the corresponding period of the previous year, no transactions were carried out with related parties or loans granted to such parties with the exception of ordinary employer contributions to the pension fund. As at the balance sheet date and on 30 June 2009, there were no open positions with related parties as a result of the purchase or sale of goods and services. Salary and bonus payments to the four (first half 2009: six) members of senior management amounted to CHF 1.33 million (first half 2009: CHF 1.03 million) in the first half of 2010, while salary and bonus payments to the five members of the Board of Directors came to CHF 0.23 million (first half 2009: CHF 0.20 million). Stock-based remuneration according to IFRS 2 amounted to CHF 0.15 million (first half 2009: CHF 0.16 million) for members of senior management and CHF 0.05 million (first half 2009: CHF 0.04 million) for members of the Board of Directors.

13. Events after the balance sheet date

No significant events occurred between the balance sheet date and the approval of the consolidated financial statements by the Board of Directors on 11 August 2010 which might adversely affect the information content of the 2010 half-year financial statements or which would require disclosure.

14. Exchange rates

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

Currency	Rate on 30.06.10	Average rate in 1 st half 2010	Rate on 30.06.09	Average rate in 1 st half 2009
EUR	1.320	1.470	1.550	1.530
USD	1.080	1.080	1.100	1.160
BRL	0.604	0.625	0.581	0.525
CNY	0.160	0.162	0.165	0.174

15. Information for shareholders

Komax Holding AG registered shares are listed on the main stock exchange in Zurich. Security no. 1,070,215; Bloomberg KOMN SW; Reuters KOMN.S

	30.06.10	31.12.09
Share capital (in CHF 1,000)	339	339
No. of shares (in units)	3,387,520	3,387,520
Market capitalisation as of reference date (in CHF 1,000)	283,874	243,901
Closing price as of reference date (in CHF)	83.80	72.00

Forward-looking statements

Any statements in this report that are not based on historical facts are forward-looking statements based on current assumptions and expectations and providing no guarantee of future performance. They involve risks and uncertainties relating to changes in the economic and legal environment, legal disputes, currency fluctuations, unexpected market behaviour on the part of competitors and other factors beyond the company's control.

This First Half Report appears in German and English. The original German-language version is binding. You can find further information on Komax and the German and English versions of the 2009 Annual Report at www.komaxgroup.com.