

The background features a large, abstract geometric composition. On the left, there are several overlapping, angular shapes in a vibrant blue color. On the right, a prominent red shape, resembling a stylized 'K' or a series of intersecting planes, extends from the top towards the bottom. The overall effect is dynamic and modern. A black rectangular box is positioned on the left side, containing the text 'First-Half Report 2007'.

First-Half Report 2007

komax

Contents

Rise in sales and profit – strong second half expected	3
Consolidated balance sheet	4
Consolidated income statement	5
Consolidated cash flow statement	6
Consolidated shareholders' equity	7
Notes to the half-year financial statements	8
- Consolidation methods	
- Effect of the introduction of new Standards and Interpretations	
- Consolidated Group	
- Critical accounting estimates and judgements	
- Seasonal influences	
- Contingent liabilities	
- Capital reduction and adjustment to contingent capital	
- Events after the balance sheet date	
- Important exchange rates as of the balance sheet date and on average	
- Information for shareholders	

Komax Group: Business in the first half of 2007

Rise in sales and profit – strong second half expected

The Komax Group substantially improved both sales and earnings in the first six months of 2007, with performance in the relevant markets continuing to show a positive trend. The Group is confident of achieving its ambitious targets.

In the first half of 2007, the Komax Group posted sales of CHF 165.8 million, an advance of 10.4% on the prior-year figure (CHF 150.3 million). The period saw an above-average improvement in earnings, with operating profit (EBIT) up 16.5% year on year from CHF 17.7 million to CHF 20.6 million. The Group's after-tax profit (EAT) came to CHF 16.0 million (previous year: CHF 14.1 million), which equates to a rise of 13.3%. Order intake increased by around 13%, from CHF 160.9 million in the previous year to CHF 181.4 million.

Markets and regions

The automotive business is continuing to perform well despite a temporary slowdown on the US market, with numerous new models due to be launched soon. Sales of electronic car components are still rising sharply – an increase in safety requirements and further comfort-related improvements being two notable factors behind this trend. The greater demand for hybrid cars, which require up to 40% more wiring, is having a positive impact on sales of wire-processing machines.

In regional terms, Komax registered particularly strong growth in Europe (+9%) and Asia (+48%). Sales in North and South America fell slightly (-6%).

Strong market position on the wire-processing side

As part of the wire-processing product lines, fully automatic crimping machines are in high demand. Tried-and-tested products, such as the Gamma 333 and the Alpha 433 or the Alpha 488 twister, are the main drivers behind Komax's strong market position in this field. The Group also achieved success in the first half with new machines such as the Alpha 355. Productronica, the

world's leading trade fair in the area of cable and wire-processing, which takes place in Munich in November, should provide an additional source of momentum. Komax intends to showcase a wide array of innovative solutions at the event, such as the new Kappa generation (machines for cutting and stripping wires) and a simplified system for the manufacture of entire wire harnesses in the Zeta product line.

Growth in the medtech and photovoltaic sectors

The medtech and photovoltaic sales markets continue to grow fast. In particular, Komax has received major orders for systems for the manufacture of inhalers (used to treat diseases of the airways, asthma and migraine). Initial orders have also been reported within the diagnostic segment for the measurement of blood sugar levels. Overall, the excellent state of the order book in Europe and the US within our customers is having a positive impact on our business.

Komax achieved good sales in the photovoltaic segment, thanks primarily to the stringer product line (Xcell 2500 and Xcell 3000), machine systems for module layout, and cell printing. In addition, the Rotkreuz plant received its first-ever order for thin-film technology. The Group is working hard to expand its product range and is investing in new markets. Komax expects business in photovoltaics to increase twofold by the end of the current year.

Outlook

The markets that matter to Komax continue to be in a robust state of health. The current state of the order intake points to a good second half. Thanks to high demand, especially for wire-processing and photovoltaic machines, the Group expects higher sales and earnings for full-year 2007 compared to the previous year.

Consolidated balance sheet

CHF 1,000	30.6.2007	31.12.2006
Assets		
Cash and cash equivalents	52,927	27,986
Securities	2,225	2,301
Trade receivables	90,010	94,521
Other receivables and accrued income / prepaid expenses	10,969	8,529
Inventories	39,171	33,639
Total current assets	195,302	166,976
Deferred tax assets	6,554	5,450
Other long-term receivables	612	614
Prepaid pension assets	2,128	1,935
Tangible assets	73,342	73,773
Intangible assets	31,209	31,540
Total fixed assets	113,845	113,312
Total assets	309,147	280,288
Liabilities and shareholders' equity		
Financial liabilities	18,454	8,446
Trade payables	21,756	21,898
Other payables and accrued expenses / deferred income	33,969	27,452
Tax liabilities	276	900
Provisions	4,345	4,160
Total current liabilities	78,800	62,856
Financial loans	2,000	15,600
Deferred tax liabilities	6,724	6,272
Total long-term liabilities	8,724	21,872
Total liabilities	87,524	84,728
Share capital	11,731	11,577
Treasury shares	-5,258	-11,187
Capital surplus (premium)	53,615	50,156
Other reserves	160,753	144,480
Equity attributable to equity holders of the parent	220,841	195,026
Minority interest	782	534
Total shareholders' equity	221,623	195,560
Total liabilities and shareholders' equity	309,147	280,288

Consolidated income statement

CHF 1,000	First half 2007	First half 2006
Net sales	165,847	150,273
Cost of goods sold	67,972	62,790
Personnel expenses	54,692	48,941
Rental expenses	2,147	1,792
Maintenance and repair expenses	5,289	5,016
Representation and advertising expenses	5,889	4,592
Depreciation	3,871	3,827
Other operating expenses	5,379	5,632
Operating expenses	145,239	132,590
Operating profit before interest and tax	20,608	17,683
Financial income	1,622	1,899
Financial expenses	-1,779	-2,046
Group profit before tax	20,451	17,536
Taxes	4,501	3,454
Group profit after tax	15,950	14,082
Of which attributable to:		
- Equity holders of the parent	15,739	14,082
- Minority interest	211	0
	15,950	14,082
Attributable to equity holders of the parent		
Basic earnings per share (in CHF)	4.81	4.40
Diluted earnings per share (in CHF)	4.70	4.33

Consolidated cash flow statement

CHF 1,000	First half 2007	First half 2006
Cash flow from operating activities		
Group profit after tax (EAT)	15,950	14,082
Adjustments for non-cash items		
- Taxes	4,501	3,454
- Depreciation and impairment of tangible assets	3,150	2,987
- Depreciation and impairment of intangible assets	721	840
- Profit (-) / loss (+) from sale of fixed assets	-80	-12
- Expense for share-based payments	764	425
- Net financial result	157	147
- Expense from share in joint ventures	0	8
Interest received and other financial income	351	442
Interest paid and other financial expenses	-462	-591
Taxes paid	-5,286	-3,761
Cash flow before change in net current assets and provisions	19,766	18,021
Increase (+) / decrease (-) in long-term provisions	185	1,370
Increase (-) / decrease (+) in trade receivables	5,167	-8,689
Increase (-) / decrease (+) in inventories	-5,280	-6,506
Increase (+) / decrease (-) in trade payables	-247	3,665
Increase (-) / decrease (+) in other net current assets	4,199	-5,710
Total cash from operating activities	23,790	2,151
Cash flow from investing activities		
Investment in tangible assets	-2,705	-1,559
Sale of tangible assets	179	86
Investment in intangible assets	-350	-398
Total cash flow from investing activities	-2,876	-1,871
Cash flow from financing activities		
Increase in financial liabilities	8	1,350
Decrease in financial liabilities	-3,600	-3,180
Purchase (-) / sale (+) of securities	0	56
Purchase of treasury shares	-4,522	-4,547
Sale of treasury shares	8,307	3,897
Capital increase (share-based payments)	3,613	3,123
Total cash flow from financing activities	3,806	699
Effect of currency translations on cash and cash equivalents	221	303
Increase (+) / decrease (-) in funds	24,941	1,282
Cash and cash equivalents at January 1	27,986	29,679
Cash and cash equivalents at June 30	52,927	30,961

Consolidated shareholders' equity

As at June 30, 2007 CHF 1,000	Attributable to equity holders of the parent						Total share- holders' equity
	Share capital	Treasury shares	Premium	Other reserves		Minority interest	
				Currency differences	Retained earnings		
Balance on January 1, 2007	11,577	-11,187	50,156	-5,155	149,635	534	195,560
Currency translation differences				1,914		37	1,951
Net result taken directly to equity	0	0	0	1,914	0	37	1,951
Group profit in first half of 2007					15,739	211	15,950
Net income in first half of 2007	0	0	0	1,914	15,739	248	17,901
Capital increase from exercise of options	154		3,459				3,613
Transactions in treasury shares		5,929			-2,144		3,785
Share-based payment					764		764
Balance on June 30, 2007	11,731	-5,258	53,615	-3,241	163,994	782	221,623
As at June 30, 2006 CHF 1,000	Attributable to equity holders of the parent						Total share- holders' equity
	Share capital	Treasury shares	Premium	Other reserves		Minority interest	
				Currency differences	Retained earnings		
Balance on January 1, 2006	17,601	-3,584	45,195	-3,619	116,148	0	171,741
Currency translation differences				-1,516			-1,516
Net result taken directly to equity	0	0	0	-1,516	0	0	-1,516
Group profit in first half of 2006					14,082		14,082
Net income in first half of 2006	0	0	0	-1,516	14,082	0	12,566
Capital increase from exercise of options	352		2,771				3,123
Transactions in treasury shares		-434			-216		-650
Share-based payment					425		425
Balance on June 30, 2006	17,953	-4,018	47,966	-5,135	130,439	0	187,205

Notes to the half-year financial statements as of June 30, 2007

1. Consolidation methods

These unaudited half-year financial statements of the Komax Group were prepared in accordance with International Financial Reporting Standards (IFRSs), in particular IAS 34 (Interim Financial Reporting), and the requirements set out in the Listing Rules of SWX Swiss Exchange. They are based on the separate financial statements of the Group companies as of June 30, 2007, which were prepared in accordance with uniform standards, and the accounting policies of the Komax Group outlined in the 2006 Annual Report, which were applied in unchanged form but taking into account the following exception: from the 2007 business year onwards, the value of the Group's treasury shares is to be calculated on the basis of the average weighted cost price instead of the market value as was previously the case. This change affects neither the balance sheet nor the income statement; it merely results in a reclassification within shareholders' equity.

2. Effect of the introduction of new Standards and Interpretations

The changes relating to new Standards and Interpretations and the effects of those changes on the consolidated financial statements of Komax are explained in detail in the 2006 Annual Report. The new and revised standards and interpretations issued since the publication of the 2006 annual financial statements are as follows:

- Amendments to IAS 23 Borrowing Costs; required to be applied for annual periods beginning on or after January 1, 2009
- IFRIC 13 Customer Loyalty Programmes; required to be applied for annual periods beginning on or after July 1, 2008
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction; required to be applied for annual periods beginning on or after January 1, 2008

Komax has decided against early application of the new and revised Standards and Interpretations mentioned even though all of those listed permit early application. Based on current knowledge, the changes relating to IAS 23 and the introduction of IFRIC 13 will not have any effect on the consolidated financial statements of Komax. The Group is not yet able to make a definitive statement on the effects of applying IFRIC 14.

3. Consolidated Group

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% 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 90 and 91 of the 2006 annual report. There were no changes to the consolidated Group in the period ending June 30, 2007.

4. Critical accounting estimates and judgments

Correct application of the accounting principles requires the Board of Directors and Group Management to make estimates and assumptions that affect the reported amounts of assets, liabilities, income and expenses as well as the presentation of those items. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances.

Revenue recognition under the PoC method (long-term construction contracts), assets and liabilities in respect of employee benefit schemes, measurement of deferred taxes and impairment testing of non-current assets are areas where estimates have a material effect on the items' carrying amount.

5. Seasonal influences

The Komax Group's activities are not subject to seasonal fluctuations.

6. Contingent liabilities

Contingent liabilities decreased by CHF 2.2 million compared with December 31, 2006.

7. Capital reduction and adjustment to contingent capital

The General Meeting on May 11, 2007, adopted a par value repayment of CHF 3.40 per registered share in place of a dividend, thereby reducing the par value to CHF 0.10 per registered share. The payment to shareholders was remitted on August 3, 2007, the last day of trading on which par value was CHF 3.50 being August 2, 2007.

As a result of the par value reduction, the nominal amount of the contingent capital was reduced by CHF 673,860 to CHF 19,819.

8. Events after the balance sheet date

On July 31, 2007, the reduction in share capital from CHF 11,576,562 to CHF 330,759 adopted at the General Meeting on May 11, 2007, was entered in the Commercial Register.

Between the balance sheet date and the adoption of the consolidated financial statements by the Board of Directors on August 24, 2007, no further significant events occurred which might make the 2007 half-year financial statements less meaningful or which would warrant disclosure at this point.

Notes to the half-year financial statements as of June 30, 2007

Important exchange rates as of the balance sheet date and on average

Currency	Rate on 30.6.07	Average rate in 1 st half 2007	Rate on 31.12.06	Average rate in 2006
USD	1.240	1.240	1.220	1.260
EUR	1.670	1.640	1.610	1.580
BRL	0.666	0.612	0.573	0.576
CNY	0.168	0.162	0.157	0.158

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

	30.6.2007 ¹⁾	31.12.2006
Share capital (in CHF 1,000)	335	11,577
Number of shares (in units)	3,351,806	3,307,589
Market capitalization as of reference date (in CHF 1,000)	693,824	503,746
Closing price as of reference date (in CHF)	207.00	152.30

1) After taking account of the capital reduction adopted at the General Meeting on May 11, 2007, and entered in the Commercial Register on July 31, 2007

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 2006 Annual Report at www.komaxgroup.com.