Phoenix Mecano | Annual Report 2012

MENSCHEN PROZESSE PRÄSENZ MEHRWERT

+ PEOPLE + PROCESS + PRESENCE = VALUE

员工 流程 影响力 附加值

EMBEREK ELJÁRÁSOK JELENLÉT ÉRTÉK

PHOENIX MECANO

ЛЮДИ МЕТОД ПРИСУТСТВИЕ ПРЕИМУЩЕСТВО

PESSOAS PROCESSOS PRESENÇA VALOR

लोग प्रक्रिया उपस्थिति मूल्य

OAMENI PROCES PREZENȚĂ VALOARE

+ PEOPLE

+ Flat hierarchies
+ Small organisational units promote entrepreneurial thinking
+ High level of commitment and respon-sibility among employees
+ Close collaboration with customers
+ Customer service mindset
+ Growth-oriented technology company with an international sales network

= VALUE

+ Efficient processes and production methods
+ Flexible, autonomous decisions taken locally
+ Flexible product platforms and local, customer-specific adjustments
+ Strong in niche markets
+ Environmentally friendly technol-ogy and an eco-logical mindset as an integral part of the process
+ Sound expansion strategy with a focus on new growth markets

+ PROCESS

+ PRESENCE

3 KEY ELEMENTS

for our long-term growth

+ PEOPLE Phoenix Mecano consciously invests in optimal working conditions. By so doing, the company motivates its employees to perform at their best. Staff worldwide strive to exceed already excellent results.
+ PROCESS Logical and efficient working processes are a critical success factor in the creation of high-quality products. Phoenix Mecano has placed continuous improvement of working processes at the heart of a strategic initiative.
+ PRESENCE Phoenix Mecano is growing on five continents in all major markets. Its central focus is expansion in the dynamic and established Asian economies.

= **VALUE** By combining these three key elements of business success, Phoenix Mecano creates added value for all of its employees, for its customers around the world and for its shareholders.

+PEOPLE
+PROCESS
+PRESENCE

=**VALUE**

PHOENIX MECANO

KEY FIGURES OF THE PHOENIX MECANO GROUP

	Units	2012	2011	2010	2009	2008
KEY FINANCIAL FIGURES						
Gross sales	EUR million	500.5	529.8	501.6	396.9	417.3
Change	%	–5.5	5.6	26.4	–4.9	7.2
Operating cash flow (EBITDA) [1]	EUR million	54.4	68.1	71.2	33.8	59.7
Change	%	–20.1	–4.3	110.3	–43.3	5.6
in % of sales	%	10.9	12.9	14.2	8.5	14.3
Result before interest and tax [1] (Operating result)	EUR million	27.9	36.1	52.6	13.5	42.8
Change	%	–22.8	–31.4	288.3	–68.3	10.3
in % of sales	%	5.6	6.8	10.5	3.4	10.3
in % of net operating asset	%	11.0	13.4	19.5	7.0	21.4
Result of the period	EUR million	18.1	23.6	43.9	11.6	30.6
Change	%	–23.6	–46.1	278.3	–62.1	2.1
in % of sales	%	3.6	4.5	8.7	2.9	7.3
in % of equity	%	7.1	9.5	18.6	6.0	16.0
Total assets/capital	EUR million	390.0	389.8	381.4	301.1	294.0
Equity	EUR million	253.5	248.1	236.2	193.4	191.0
in % of total assets	%	65.0	63.7	61.9	64.2	65.0
Net indebtedness/(Net liquidity)	EUR million	0.7	17.3	24.9	–3.8	2.3
in % of equity	%	0.3	7.0	10.5	–2.0	1.2
Cash flow from operating activities	EUR million	62.1	44.6	29.4	46.7	47.6
Free cash flow	EUR million	37.5	24.4	11.7	35.1	29.9
Purchases of tangible and intangible assets	EUR million	25.4	20.9	19.6	12.1	18.1
EMPLOYEE NUMBERS						
Number of employees [1] annual average		5 722	6 152	5 929	4 719	4 946
Gross sales per employee [1]	1 000 EUR	87.5	86.1	84.6	84.1	84.4
Personnel expenses per employee [1]	1 000 EUR	25.4	23.3	22.2	24.5	24.2
SHARE INDICATORS						
Share capital [2, 3] (bearer shares with a par value of CHF 1.00)	Number	978 000	978 000	978 000	988 000	1 069 500
Shares entitled to dividend [4]	Number	963 197	973 480	972 541	968 798	989 570
Result before interest and tax (Operating result) per share	EUR	28.9	37.1	54.1	14.0	43.2
Result of the period per share	EUR	18.8	24.3	45.1	12.0	30.9
Equity per share	EUR	263.1	254.9	242.9	199.6	193.1
Free cash flow per share	EUR	38.9	25.1	12.0	36.2	30.2
Dividend	CHF	13.00 [5]	13.00	13.00	10.00	10.00
Share price						
High	CHF	575	719	660	420	569
Low	CHF	431	427	404	235	300
Year-end price	CHF	431	490	660	394	317

[1] The figures for 2008 refer to continued operations, i.e without the discontinued OMP product area.

[2] Pursuant to a decision by the Shareholders' General Meeting of 5 June 2009, the share capital was reduced by CHF 81 500 with effect from 28 September 2009 by cancelling 81 500 shares from the 2007/2008 and 2008/2009 share buy-back programmes.

[3] Pursuant to a decision by the Shareholders' General Meeting of 28 May 2010, the share capital was reduced by CHF 10 000 with effect from 2 September 2010 by cancelling 10 000 shares from the 2008/2009 share buy-back programme.

[4] As at the balance sheet date, the company owned 14 803 treasury shares, which are not entitled to dividend.

[5] Proposal to the Shareholders' General Meeting of 24 May 2013.

We are a global enterprise with a presence in all international growth markets. We manufacture for our customers at 28 production and assembly sites worldwide. Our products reach end customers within 48 hours in a cost-effective and resource-efficient way. Our global material procurement operations span a range of carefully verified sources in India, Southeast Asia and Eastern Europe. We are building up our business – both today and in the future – on the basis of this competitive cost situation.

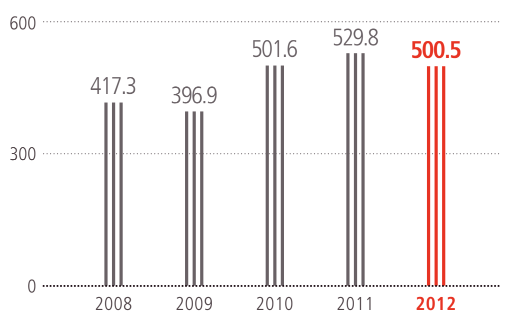
STRUCTURE OF THE PHOENIX MECANO GROUP

THE GROUP

Phoenix Mecano is active in the production of enclosures and industrial components. It has a streamlined management structure, with heads of division and managing directors of subsidiaries assigned a high level of responsibility. As a global technology company, it is a leader in many of its markets. Its cost-effective and professional niche products, manufactured to its customers' requirements, ensure the smooth operation of processes and connections in the machine industry and industrial electronics. Its core markets are mechanical engineering, measurement and control technology, medical technology, aerospace technology, alternative energy and home and hospital care.

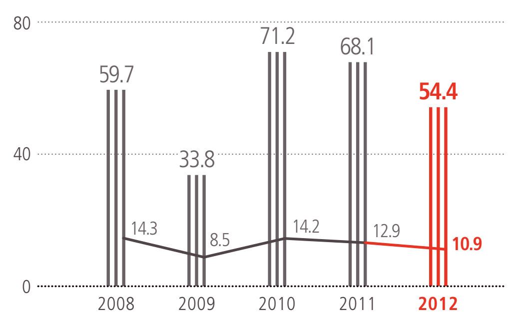
GROSS SALES | 2008–2012

in EUR million



EBITDA AND MARGIN | 2008–2012

in EUR million (— — margin in %)



Our growth drivers and value strategy

+ Organic growth
+ Selective acquisitions
+ Global sales platform
+ Globally standardised and optimised business processes

= All of our business decisions are geared towards increasing the long-term value of the company.

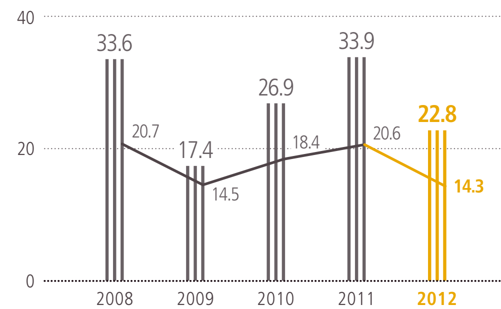
THE DIVISIONS

ENCLOSURES

Standardised and customised enclosures made of aluminium, plastic and glassfibre reinforced polyester and stainless steel, machine control panels and suspension systems protect sensitive electrical equipment and electronics in mechanical engineering applications. High-quality membrane keyboards offer a reliable human/machine interface, even under extreme conditions.

OPERATING RESULT AND MARGIN | 2008–2012

in EUR million (— — margin in %)



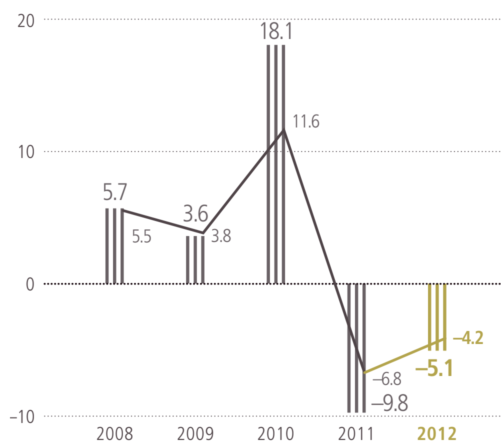
KEY FIGURES in EUR million	2012	2011
Gross sales	160.0	164.7
Purchases of tangible and intangible assets	6.2	5.1
Operating result	22.8	33.9
Margin in %	14.3	20.6

ELCOM/EMS

Intelligent concepts provide solutions for increasingly complex tasks associated with coding switches and plug connectors, inductive components and toroidal transformers, circuit board equipment, backplanes and the development of customised electronic applications right down to complete subsystems.

OPERATING RESULT AND MARGIN | 2008–2012

in EUR million (— — margin in %)



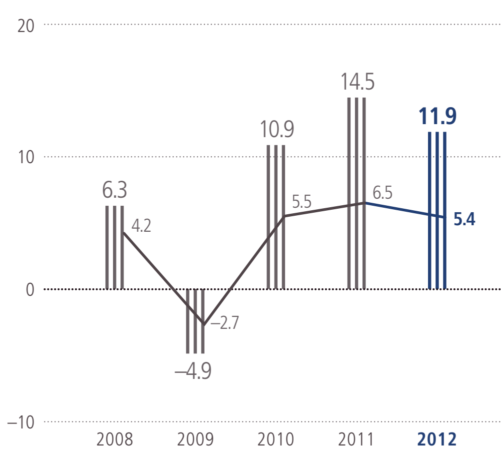
KEY FIGURES in EUR million	2012	2011
Gross sales	119.9	142.8
Purchases of tangible and intangible assets	9.7	7.9
Operating result	–5.1	–9.8
Margin in %	–4.2	–6.8

MECHANICAL COMPONENTS

Aluminium profiles, pipe connection systems, linear drives and conveyor components enable sophisticated systems for use in machine and equipment construction. Reliable, high-performance linear actuators and drive units help to create ergonomic workstations and ensure a high level of user comfort in the home and hospital care sector.

OPERATING RESULT AND MARGIN | 2008–2012

in EUR million (— — margin in %)



KEY FIGURES in EUR million	2012	2011
Gross sales	220.5	222.2
Purchases of tangible and intangible assets	9.0	7.5
Operating result	11.9	14.5
Margin in %	5.4	6.5

= VALUE

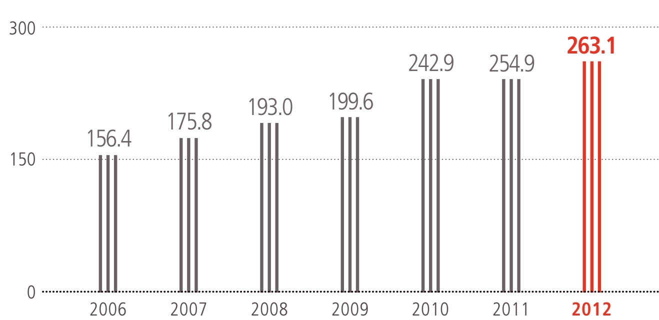
Phoenix Mecano's success is built on dedicated employees, continuously improved processes and a growing presence in all key markets.

Ulrich Hocker, Chairman of the Board of Directors ||| Benedikt A. Goldkamp, Delegate of the Board of Directors

"How we create value."

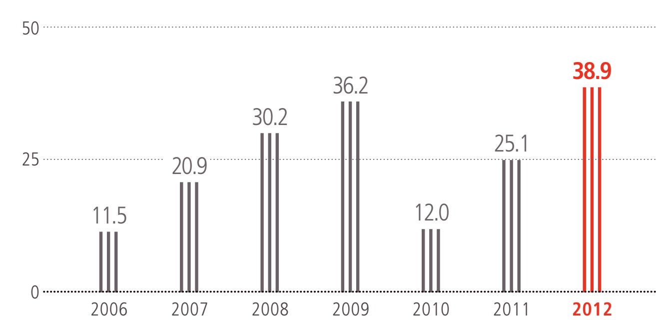
EQUITY PER SHARE | 2006–2012

in EUR



FREE CASH FLOW PER SHARE | 2006–2012

in EUR



Dear shareholders,

2012 was very much a year of two halves for the Phoenix Mecano Group. The first four months were characterised by a stable capital goods market in our core region of Europe, despite the smouldering euro and sovereign debt crisis. During the second quarter, and particularly in the second half of the year, the environment went into a slow but steady decline, bottoming out – for the time being, at least – between October and December. The start of 2013 has seen some initial signs of recovery, albeit still at a relatively low level. We experienced a similar trajectory in the growth region of the Far East, most notably China. By contrast, in the US market and Latin America, conditions in 2012 remained largely stable.

This environment impacted the results of our industrial activities in all three divisions. In the ELCOM/EMS and Mechanical Components divisions, this was compounded by a number of sector- and business-specific factors. The continued decline of the one-time growth sector of photovoltaics, which had already generated exceptional expenses in financial year 2011, hit us hard again in 2012, leading to another value adjustment on assets in this area. On top of price pressure and a reduction in volumes, we also had to cope with the cancellation of a long-term supply contract with our main solar inverter customer, which decided to switch to in-house manufacture for most of its chokes and transformers in response to the crisis in the industry.

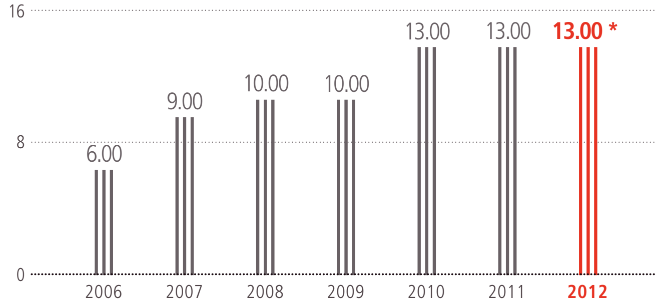
In the Mechanical Components division, Phoenix Mecano largely completed the relocation of all logistics and sample building and some development activities from Germany to Hungary. Once the move is fully complete in mid-2013, this major relocation will result in significantly enhanced competitiveness and leaner, faster processes.

Further optimisation measures were also implemented in other business units, in all three divisions. Consequently, assuming that market and economic conditions remain generally stable in 2013, we will move into the immediate future stronger and with greater sales and profitability potential.

"How our shareholders benefit from the value we create."

DIVIDEND PER SHARE | 2006–2012

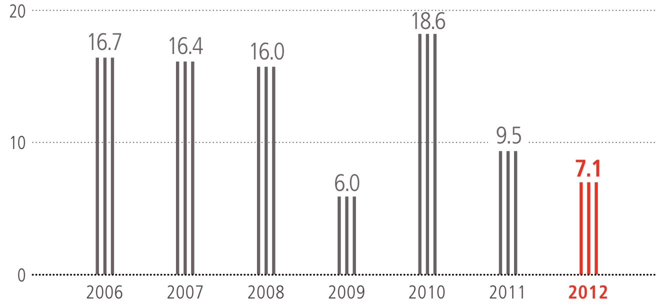
in CHF



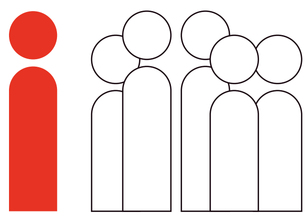
* Proposal to the Shareholders' General Meeting of 24 May 2013.

RETURN ON EQUITY | 2006–2012

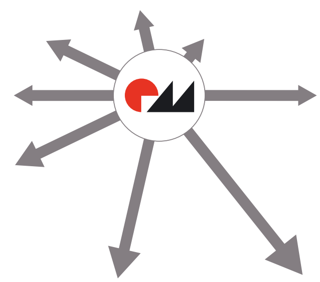
in %



+ EARLY RECOGNITION
OF MARKET POTENTIAL



+ INNOVATIONS CREATE
NEW MARKETS



CHALLENGES IN 2013

After the solid start to the new year, we are focusing our attention on further expanding our presence in the growth markets of the Far East. In 2013, we will enhance our added-value potential in China by developing expertise in the production of stamping and injection moulding tools, set up a transformer and choke production line for the Asian market and start manufacturing turned parts in southern China. Increased value-added in our strategic growth region of China is an essential prerequisite for further expansion of our market share. This reflects the realities of globalisation for us as a leading company in the development and production of industrial components.

DIVIDEND AND SHARE BUY-BACK PROGRAMME

Due to the persistently low interest rate environment, reliable dividend payers are increasingly assuming the role of fixed-interest securities in the portfolios of many private and institutional investors. Phoenix Mecano endeavours to be a reliable dividend payer – subject, of course, to its balance sheet strength and future profit expectations. Despite the decline in net result in the reporting year owing to exceptional expenses mostly not affecting cash flow, the Group is comfortable in proposing an unchanged dividend of CHF 13.00 per share to the Shareholders' General Meeting. Despite the exceptional expenses and restructurings during the year, Phoenix Mecano was able once again to maintain a stable free cash flow in 2012. Thus, net indebtedness was practically reduced to zero by the end of 2012. Furthermore, the Group launched a share buy-back programme in June 2012 to repurchase up to 10% of shares outstanding by 2015. The aim is to eliminate the repurchased shares and so consolidate earnings per share. The Board of Directors believes that the ongoing volatility on the stock markets offers sound conditions for the successful continuation of this programme.

THANK YOU TO OUR EMPLOYEES

Dynamic changes in the market environment, driven by globalisation, are placing heavy pressure on our employees. In addition to day-to-day business, training, internal process optimisation projects and restructurings, relocations and the integration of newly acquired companies into the Group generate stress and make increased demands on the flexibility of our workforce. It is heartening for us to see how our staff cope with these challenges on a daily basis and grow with their tasks and responsibilities. For only in this way can we continue the Group's successful journey in the era of globalisation. We would like to say a big thank you to our employees for their exceptional efforts in these challenging circumstances.

+GLOBALISATION

Our measures

+ Continual expansion and development of product and service offerings
+ Organic growth and selective acquisitions
+ International sales network and competitive production

= **Long-term profitable growth**

OUTLOOK

General industrial activity slowed in the second half of 2012. Sectors such as the automotive and photovoltaic industries and parts of the general mechanical engineering industry are cautious in their outlook for 2013. At the same time, a number of leading indicators have started to pick up again, fuelled by mounting confidence that the eurozone has – in the short term at least – acquired greater control over its sovereign debt problems. If this confidence is sustained over a longer period, there is a strong evidence to suggest that the economic environment for capital goods will gradually improve in 2013. For the time being, Phoenix Mecano remains cautious in its expectations. The focus of our investment decisions is on the long-term improvement of our processes and market positions.

After a weak second half of 2012, the Group has made a generally solid start to 2013. Optimisation projects such as the relocation of DewertOkin's logistics processes to Hungary and the development of electromechanical components production in southern China are being rigorously pursued and we are also pressing ahead intensively with our internal programmes to boost efficiency and improve processes. Our excellent equity ratio of over 60% means that we are in a position to make further strategic bolt-on acquisitions. Through a combination of organic and acquisition growth initiatives, we are pursuing our long-term goal of a more even distribution of sales between the three regions of Europe, North and South America and the Far East. In so doing, we will continue, when in doubt, to favour a sustainable, incremental growth strategy in preference to risky large-scale acquisitions.

Ulrich Hocker
Chairman of the Board of Directors

Benedikt A. Goldkamp
Delegate of the Board of Directors

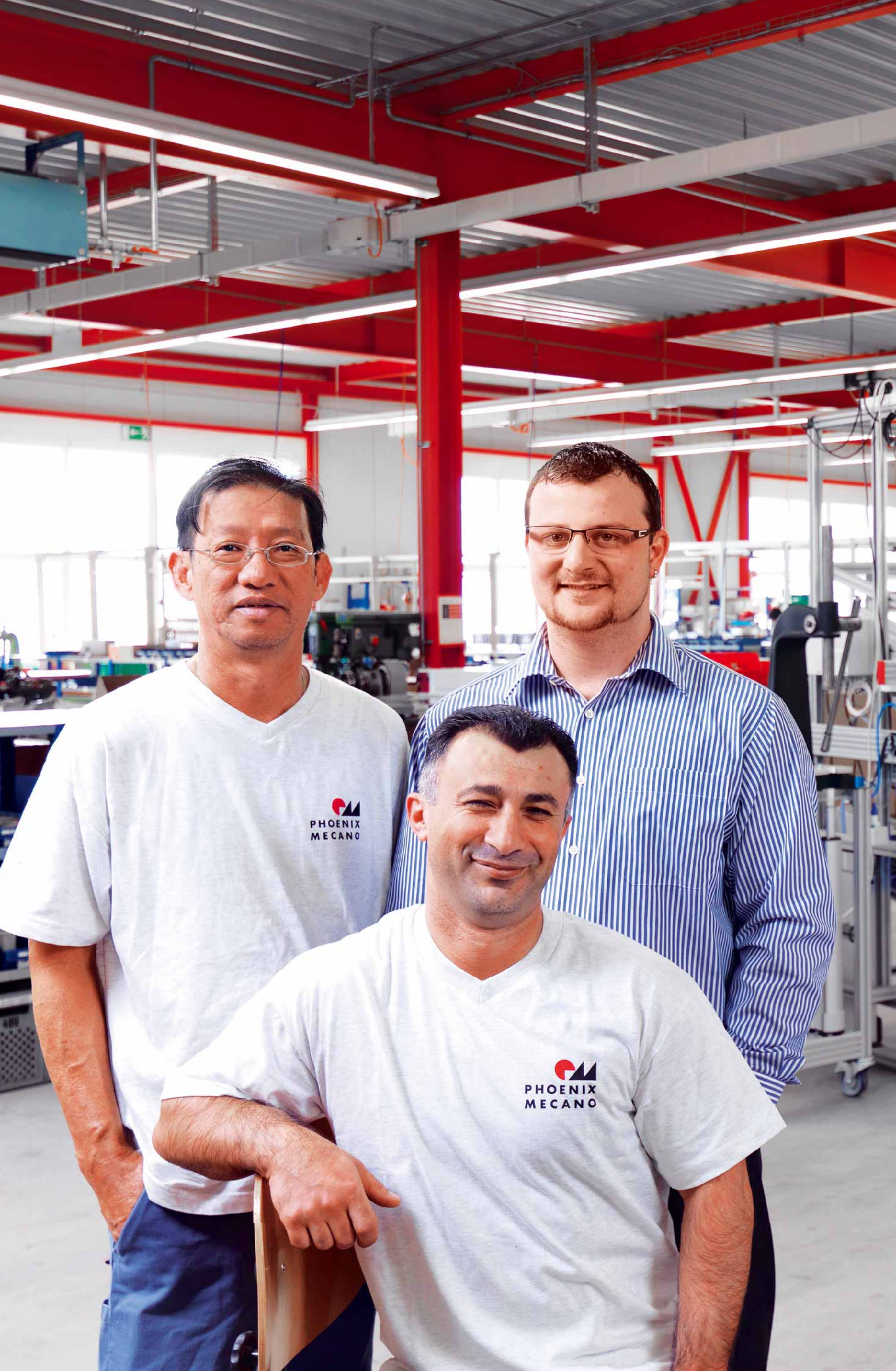

+ NORTH | SOUTH AMERICA
USA
Brazil
+ EUROPE | AFRICA
Austria
Belgium
Denmark
France
Germany
Great Britain
Hungary
Italy
The Netherlands
Romania
Russia
Spain
Sweden
Switzerland
Tunisia
Turkey

+PEOPLE

+PROCESS

+PRESENCE

=**VALUE**


PHOENIX
MECANO
PHOENIX
MECANO

+PEOPLE

Worldwide, we offer our employees an inspiring environment with excellent working conditions. In this way, we motivate each and every individual to commit responsibly to the continuous improvement of internal processes.

High level of employee commitment and responsibility.

The increasingly short and volatile cycles of the global economy and the globalisation of industry felt in all areas of the company place very heavy demands on the flexibility and intercultural competence of our employees. A willingness to engage in global collaboration is part of Phoenix Mecano's culture and sets us apart.

PERFECTION IN TEAMWORK – INNOVATION IN DETAIL

Phoenix Mecano strives for perfection by continuously improving its products and processes through dedicated teamwork. This is the rationale underpinning our long-term "Journey towards Operational Excellence" (J2OX) programme. Tried-and-tested optimisation techniques such as Shop Floor Management, Lean Management and SixSigma are an integral part of J2OX. Structured, team-based problem-solving actively involves all employees. We are still at an early stage in this journey but the positive results of our new working philosophy are clearly visible. Through J2OX, Phoenix Mecano is creating added value for its customers and owners on an ongoing basis.

COMPANY	CUSTOMERS	EMPLOYEES
+ High, reliably reproducible quality in processes and products	+ Reliable delivery	+ Motivation through engagement
+ Avoidance of non-value-added activities	+ Short response/delivery times	+ Active involvement in structured, team-based problem-solving
+ Reduction of lead times	+ High flexibility	+ Identification with continuous process improvement and resulting binding standards
+ Reduction of inventories	+ Competitive prices	+ Greater sense of responsibility through promotion of a holistic approach
+ Lower capital requirements	+ High degree of innovation	+ Understanding of the whole set-up and the role of each individual in it


M6x8
SF4x7
M 4x6
ON
OFF

+PROCESS

Optimal processes lead to optimal products. Above-average results require efficiently designed workplaces and enhanced production processes.

Optimised workplaces for maximum efficiency.

An optimised process begins with a safe, clean and well-designed workplace. Tools and components are arranged so as to enable a harmonious workflow. Our tailor-made LEAN workplaces are created using high-quality aluminium profiles manufactured by our subsidiary RK Rose + Krieger – a system that we also make available to our customers.

+ 1 ONE-PIECE FLOW

Arranging successive operational steps in a U shape reduces travel and avoids the need for buffer inventories. If process steps are optimally synchronised, it is possible to achieve one-piece flow.

+ 2 'BEST POINT' TOOL LOCATION

Optimal inputting of components and 'Best point' location of tools eliminates non-value-added activities.

+ 3 POKA-YOKE

By using simple mistake-proofing (poka-yoke) mechanisms, errors can be eliminated from the work process.

+ 4 QUALITY TESTING

A combination of integrated quality tests and the one-piece flow process enables serial defects to be avoided.

INNOVATIVE PROCESS DESIGN – EFFICIENT PROCESSES

Our focus on value-added activities fosters efficient and conscientious use of resources. This means that transport distances can be reduced, workplaces optimised, processes accelerated and flexibility and responsiveness continually improved.

If high-quality processes can be reliably reproduced, this paves the way for faster process speeds and shorter lead times. This in turn means that inventories can be reduced, which reduces storage costs and results in smaller capacity and capital requirements and lower costs.


鐘
表
HENG DALI
CLOCKS AND WATCHES
康
食
公
司
AI KANG FOODS
昌眼镜公司
上海世博会
EXPO 2010
SHANGHAI CHINA
期待
ROLEX

+PRESENCE

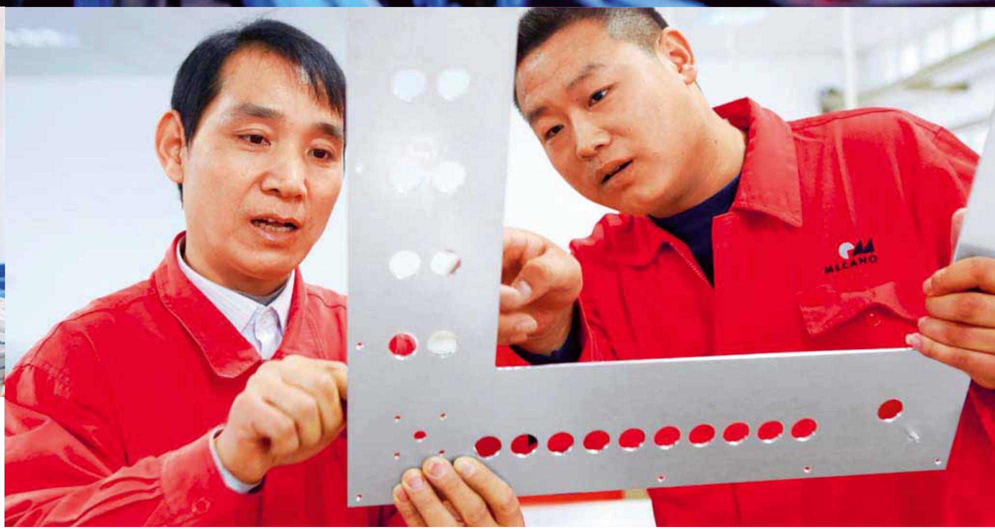
We are a global enterprise offering an extensive range of services in all of the worlds' major growth markets.

For Phoenix Mecano, presence in a market implies a conscious commitment to future development in and with that market.

We provide local support to our customers worldwide to help them tap future growth markets. Where particular activities are of increasing importance in a given economic region, we expand those activities with an emphasis on local value added.

DIFFERENT CULTURES WORKING TOGETHER TO ACHIEVE SUCCESS

As a globally active company, Phoenix Mecano is confronted with a diverse range of work situations and corporate cultures. A central aim of our J2OX programme is to promote and nurture exchange of experience between and within our business divisions. This is not about copying solutions but rather learning from one another through good practices. The challenges faced in different places and in different jobs are often the same. However, the solutions adopted will always vary based on cultural differences and the different business models applied by our production companies and market organisations.



PHOENIX MECANO CONTINUES TO CAPITALISE ON DYNAMISM OF ASIAN MARKETS

Asia has achieved extraordinary economic success over the past few decades. Phoenix Mecano is present in China, India, Singapore, South Korea, Taiwan, Thailand and the United Arab Emirates. It has also established production companies in China and India.

We believe that the dynamic economic development experienced by this part of the world will continue uninterrupted and may even gather momentum. For this reason, we will continue to invest in this economic area.

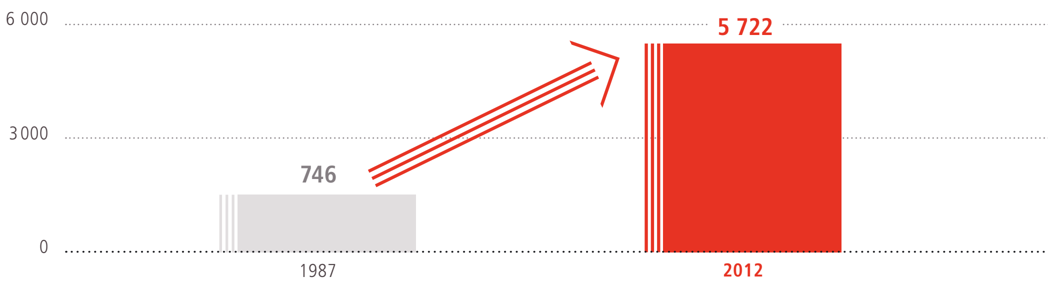
ADDED-VALUE FOR EMPLOYEES

~5 000 JOBS CREATED IN 25 YEARS

Since 1987, an average of around 200 jobs per year have been created at Phoenix Mecano – over 5 000 in total. We are growing internally and since 1985 have acquired 15 companies and successfully integrated them into our Group.

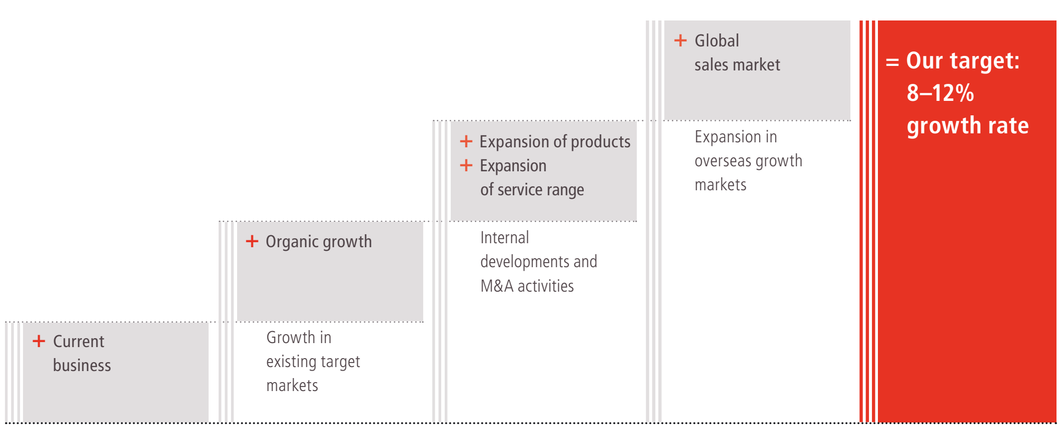
EMPLOYEES WORLDWIDE | 1987–2012

Number of employees | average



8–12% FUTURE TARGET GROWTH RATE

DRIVERS OF OUR LONG-TERM GROWTH



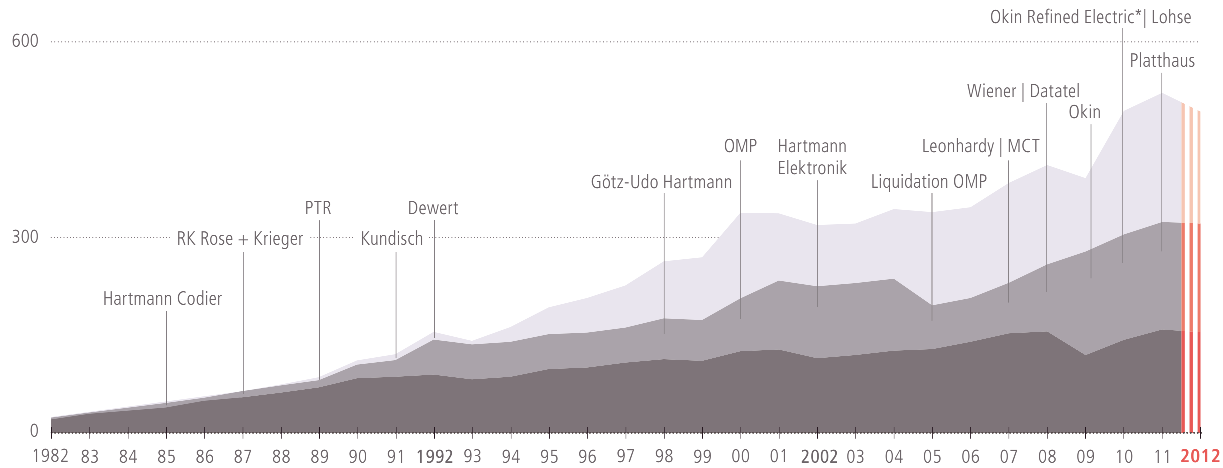
ADDED VALUE FOR CUSTOMERS

15 **companies successfully integrated over the past 30 years**

The continuous improvement of our product and service range is Phoenix Mecano's primary objective. We create lasting added value for our customers through our extensive product portfolio, synergies and the creation of complete subsystems.

SALES | GROWTH | ACQUISITIONS | 1982–2012

in EUR million



1980s:
Volume-oriented components business

1990s:
Value creation through customisation

Since 2000:
Internationalisation of the business into Asia and Eastern Europe opens up new global growth opportunities

- Accelerated growth through acquisition
- Growth through acquisition
- Sales growth based on business portfolio

* Founding of joint venture Okin Refined Electric Technology Co., Ltd.

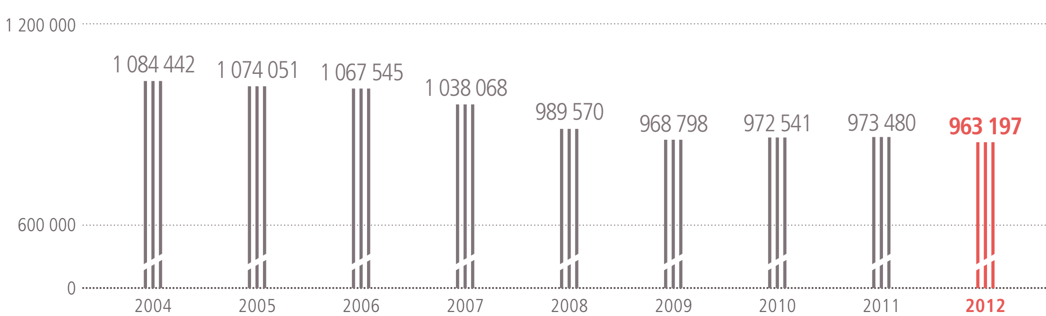
ADDED-VALUE FOR SHAREHOLDERS

137.6 MILLION CHF

Phoenix Mecano's management and employees strive to reward the company's owners for their faith in the company. From 2004 to 2012, Phoenix Mecano paid out CHF 137.6 million in the form of share buy-backs and dividends to shareholders.

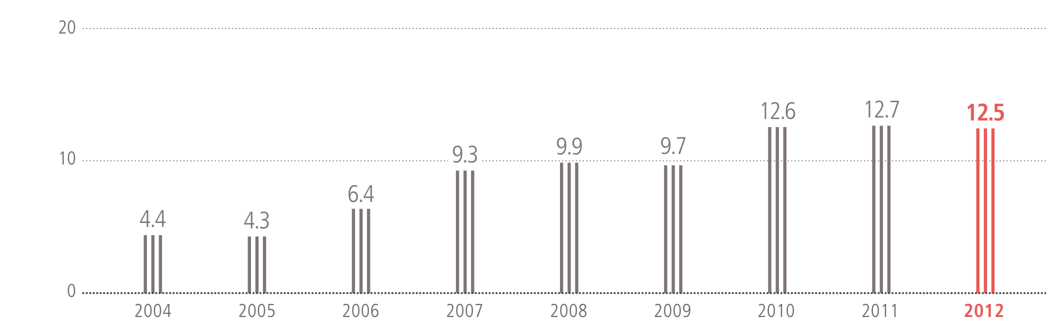
SHARES ENTITLED TO DIVIDEND | 2004–2012

Number



DIVIDENDS PAID | 2004–2012

in CHF million



=VALUE

+PEOPLE

+PROCESS

+PRESENCE

=**VALUE**

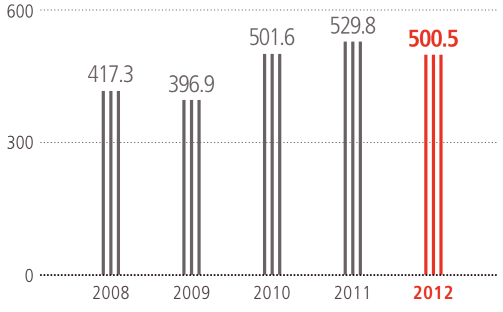
+ ASIA
India
Korea (South Korea)
People's Republic of China
Singapore
Taiwan
Thailand
United Arab Emirates
Vietnam
+ AUSTRALIA

PHOENIX MECANO GROUP

CHALLENGING ECONOMIC CONDITIONS – CREATION OF NEW LOGISTICS AND PRODUCTION FACILITIES IN HUNGARY AND CHINA

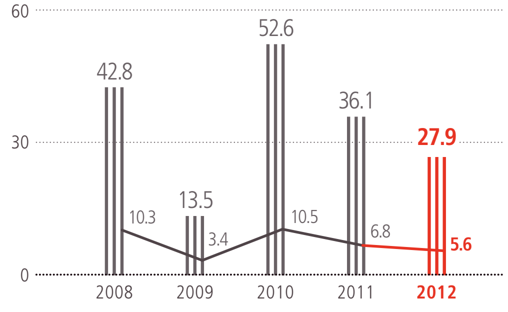
GROSS SALES | 2008–2012

in EUR million



OPERATING RESULT AND MARGIN | 2008–2012

in EUR million (– – margin in %)



In a volatile market environment, the Phoenix Mecano Group's sales fell by 5.5% to EUR 500.5 million and incoming orders by 3.5% to EUR 506.0 million. Operating result was EUR 27.9 million, compared with EUR 36.1 million the previous year, weighed down by one-off exceptional expenses from asset devaluations and losses on inventories in the photovoltaic business totalling around EUR 8 million. The capital structure was further strengthened, with an equity ratio of 64.9% and net indebtedness as a percentage of equity standing at 0.3%.

BUSINESS ACTIVITIES

After a solid first quarter, the economic environment in most of Phoenix Mecano's target sectors and regions steadily weakened. This trend continued until the fourth quarter of 2012, when investment confidence among industrial players, particularly in the key region of Europe, appears to have bottomed out. The US market developed positively, especially for electrically adjustable comfort furniture applications. In this market segment, Phoenix Mecano with its Okin brand is a world market leader in the production of electric direct-current linear drives. In the US, the past few years have seen a marked shift from manually adjustable comfort armchairs and sofas to motorised versions. As a result, this market is currently experiencing double-digit growth. At the same time, however, more and more new competitors are emerging to manufacture the associated drives, power supply units and control systems, particularly in Asia. Nevertheless, with our broad-based product and patent portfolio and the Group's high level of innovation, we have the prerequisites for maintaining and further consolidating our leadership position.

The photovoltaic business continued on the downward trajectory that began in 2011. In addition to price pressure and a decline in volumes, the Phoenix Mecano Group also had to contend with the cancellation of a long-term supply contract with a major customer for chokes and toroidal transformers. Due to the further deterioration of the long-term outlook in this sector, redundancies were necessary in Germany and Hungary and an exceptional write-down on assets had to be made in the 2012 financial statements.

A key project in 2012 was the relocation of logistics and technical functions for the DewertOkin business area in the Mechanical Components division from Germany to Hungary. As part of the move, the Group has invested around EUR 7 million in a fully automated high-bay warehouse. The project will be completed in mid-2013 and is expected to enable annual savings of around EUR 2 million.

~ 7 million EUR

invested by the Phoenix Mecano Group in a fully automated high-bay warehouse

CREATING THE CONDITIONS FOR GROWTH

2012 was a year of consolidation for Phoenix Mecano. Management was heavily preoccupied with the photovoltaic crisis and operational challenges linked to relocations of operations in the Mechanical Components division. Consequently, no large-scale acquisitions were made in 2012. However, aside from capital expenditure on the DewertOkin logistics centre in Hungary, a number of other development steps were initiated and in some cases completed during the year. For example, we were able to acquire a new production plant in the Greater Shanghai area and adapt it to our needs. Our plan is initially to build a manufacturing line for water-cooled transformers in the production and warehouse space, which measures approximately 6 000 m^2. With these products we will help European customers to expand in the Chinese market. Target sectors are industrial drive technology applications, battery formation equipment and renewable energies. Other product areas in the Phoenix Mecano Group portfolio will follow in the next two to three years.

Alongside this, we are preparing to build an electromechanical component production facility in southern China. As well as making tools for plastic injection moulding and cutting dies, we are also planning the manufacture of plastic parts, stamped-bent parts and the production of manual and automatic manufacturing equipment in 2013.

"OPERATIONAL EXCELLENCE"

Another focus of activities in 2012 was the expansion of internal optimisation efforts as part of the Group-wide initiative J2OX (Journey towards Operational Excellence). The aim of the initiative is to boost quality and productivity in all areas of the business. Steps to optimise stock management have already proved very successful, with substantial and sustainable cost-cutting achieved in the mid-single-digit million range. The programme is geared towards the long term and will be further intensified in 2013.

SALES AND PROFITABILITY

SALES DOWN IN A CHALLENGING MARKET ENVIRONMENT

The Phoenix Mecano Group's consolidated gross sales fell by 5.5% in 2012 from EUR 529.8 million to EUR 500.5 million in a challenging market environment, particularly in the second half of the year. There were positive currency effects of 1.7%. Corrected for changes in scope, sales were down by 6.2%. All three divisions reported a decrease in sales revenue, with the biggest declines recorded in renewable energies, in particular photovoltaics.

+31 percent

sales growth in Japan. Further sales increases in North America, Russia and China

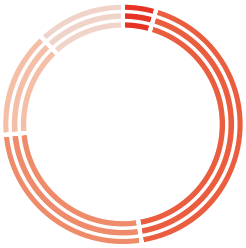
Overall, sales in Europe contracted by 9.3% (10.2% in organic terms). The core market of Germany suffered from a collapse in demand in the photovoltaic segment as well as increased reluctance to invest in equipment. In most other European markets there was a single-digit decline in sales. As a result, the proportion of overall sales generated in Europe decreased from 76.8% to 73.7%. This was offset by encouraging sales increases in Asia and North America, particularly in linear drive technology for comfort and healthcare furniture. Leading the growth in sales were Japan (+31%), Russia (+22%) and China (+11%).

The sovereign debt crisis in Europe dampened appetite for investment among export-oriented customers in core European markets of the Enclosures division. This resulted in a 2.9% fall in sales, despite a positive trend in sales of explosion-proof enclosures. Owing to a collapse in sales in the photovoltaic sector and flagging demand for electrotechnical components, the ELCOM/EMS division saw its sales drop by 16.0% (17.6% in organic terms). By contrast, sales in the Mechanical Components division fell only slightly, by 0.8%. Sales of drives for electrically adjustable comfort and healthcare furniture rose slightly. The division's industrial components business declined due to the economic slowdown.

Consolidated incoming orders for the Phoenix Mecano Group totalled EUR 506.0 million, compared with EUR 524.3 million the previous year, a fall of 3.5%. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 101.1%, compared with 99.0% the previous year.

GROSS SALES BY REGION | 2012

in % (in 1 000 EUR)



GROSS SALES BY REGION		2012	2011
	Change in %	1 000 EUR	1 000 EUR
Switzerland	–8.0	22 978	24 970
Germany	–12.0	215 133	244 454
UK	–7.6	13 190	14 268
France	–7.4	21 873	23 633
Italy	–4.6	14 627	15 335
The Netherlands	–8.3	12 433	13 553
Rest of Europe	–2.8	68 709	70 659
North and South America	6.4	59 124	55 588
Middle and Far East	7.6	72 394	67 295
GROSS SALES	–5.5	500 461	529 755

GROSS SALES BY DIVISION		2012	2011
	Change in %	1 000 EUR	1 000 EUR
Enclosures	–2.9	160 022	164 742
ELCOM/EMS	–16.0	119 929	142 796
Mechanical Components	–0.8	220 510	222 217
GROSS SALES DIVISIONS (SEGMENTS)	–5.5	500 461	529 755

ONE-OFF EXPENSES WEIGH DOWN OPERATING RESULT

The operating result fell by 22.8% in 2012, from EUR 36.1 million to EUR 27.9 million. It was weighed down by exceptional expenses of around EUR 8 million. These were devaluations of non-current assets and losses on inventories and production materials in the photovoltaic components business. The operating margin was 5.6%, compared with 6.8% the previous year.

The Enclosures and Mechanical Components divisions saw a decline in result to EUR 22.8 million and EUR 11.9 million respectively, mainly due to a volume-related reduction in gross profit combined with a slightly higher cost base in the industrial business. In the Mechanical Components division, there were also temporary additional costs associated with capacity adjustments. Due to the big slump in photovoltaic business and the associated one-off charges, the ELCOM/EMS division posted a loss.

RESULT BEFORE INTEREST AND TAX (OPERATING RESULT) BY DIVISION		2012	2011
	Change in %	1 000 EUR	1 000 EUR
Enclosures	–32.6	22 845	33 896
ELCOM/EMS	47.9	–5 088	–9 763
Mechanical Components	–17.6	11 944	14 500
Total for all divisions (segments)	**–23.1**	**29 701**	**38 633**
Reconciliation [1]	27.1	–1 846	–2 532
TOTAL	**–22.8**	27 855	**36 101**

[1] Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

PROFITABILITY BY DIVISION [2]		2012	2011
	Change in % points	in %	in %
Enclosures	–17.6	36.4	54.0
ELCOM/EMS	4.4	–7.6	–12.0
Mechanical Components	–1.8	9.6	11.4
GROUP	–2.4	11.0	**13.4**

[2] Operating result as a percentage of net operating assets at the balance sheet date.

The decrease in the Group's gross profit was primarily the result of reduced sales volumes and, to a lesser extent, a consequence of changes in margin. The Group's use of materials as a percentage of gross sales (material use rate) increased slightly in the reporting year from 47.4% to 47.8%, owing to the differing development of individual divisions and product lines.

Personnel expenses rose by 1.6%. This was due to rising labour costs at various Group locations and the expansion of sales activities in a number of markets. Owing to capacity adjustments at European production sites, average staff numbers over the year fell by 7.0% from 6 152 to 5 722.

Depreciation on tangible assets increased by EUR 1.2 million (+7.4%), due to the increased volume of capital expenditure in previous years. Amortisation of intangible assets rose by EUR 0.4 million (+6.3%). This was chiefly owing to the additions of intangible assets totalling EUR 27 million associated with the acquisitions made over the past three years. Impairment losses on non-current assets totalled EUR 5.0 million (previous year EUR 12.0 million), primarily due to the impairment in the photovoltaic business.

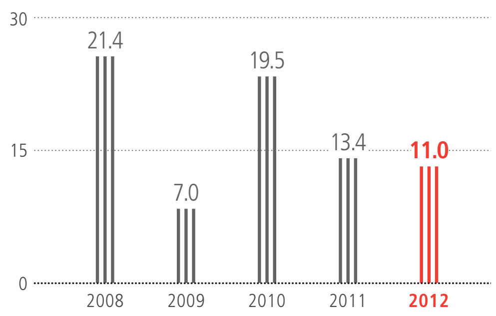
Other operating expenses decreased by EUR 3.5 million (–5.6%) in the reporting year due to smaller losses and value adjustments on inventories. Other cost items changed only moderately.

+27 million EUR

in additions of intangible assets, related to the acquisitions made over the past three years

PROFITABILITY [1] | 2008–2012

in %



[1] Operating result as a percentage of net operating assets at the balance sheet date.

RESULT OF THE PERIOD: EUR 18.1 MILLION

The financial result was EUR –1.2 million, an improvement on the previous year's total of EUR –4.3 million. On the one hand, there were lower net exchange rate losses (EUR 0.5 million compared with EUR 1.4 million the previous year); on the other hand, the expenses arising from the adjustment of residual purchase price liabilities from acquisitions in the reporting year were significantly smaller than in the previous year (EUR 0.2 million, previous year EUR 0.7 million). Finally, the net interest result increased to EUR –0.8 million (previous year EUR –1.5 million), due primarily to the low net indebtedness.

At 32.2% in 2012 and 25.7% in 2011, the income tax rate in 2012 and 2011 was above the multi-year average. The increase in tax rate is attributable to tax effects, losses by individual Group companies in the reporting year and tax rate changes in relation to deferred tax.

The result of the period was down by 23.6% from EUR 23.6 million to EUR 18.1 million. The net margin fell to 3.6% (previous year 4.5%).

ASSET AND CAPITAL STRUCTURE

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS

Purchases of tangible assets in the reporting year totalled EUR 23.2 million (previous year EUR 19.3 million). Purchases of intangible assets totalled EUR 2.2 million (previous year EUR 1.6 million). 2012 saw work begin on a logistics centre for the Mechanical Components division in Hungary, which will become operational in 2013. In addition, a new production facility was opened in China.

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS | 2012

in % (in 1 000 EUR)

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS	2012	2012	2011	2011
	1 000 EUR	in %	1 000 EUR	in %
By type of asset				
Intangible assets	2 207	8.7	1 583	7.6
Land and buildings	5 822	22.9	1 810	8.7
Machinery and equipment	7 614	29.9	13 817	66.1
Tools	2 131	8.4	1 833	8.8
Advance payments and construction in progress	7 662	30.1	1 830	8.8
TOTAL	25 436	100.0	20 873	100.0
By division				
Enclosures	6 174	24.3	5 125	24.6
ELCOM/EMS	9 696	38.1	7 887	37.8
Mechanical Components	8 975	35.3	7 483	35.8
Total for all divisions (segments)	24 845	97.7	20 495	98.2
Reconciliation [1]	591	2.3	378	1.8
TOTAL	25 436	100.0	20 873	100.0

[1] Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

HIGH EQUITY RATIO

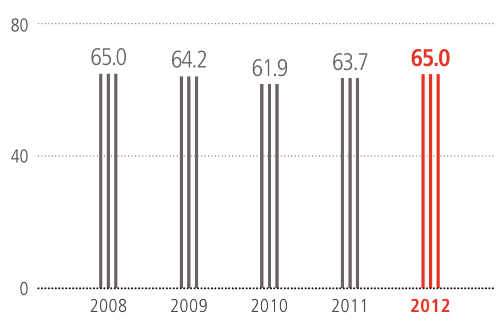
The equity ratio climbed to 64.9% (previous year 63.7%), despite the lower result of the period and the share buy-back programme launched in summer 2012.

DECREASE IN NET INDEBTEDNESS

Net indebtedness was reduced in the reporting year from EUR 17.3 million to EUR 0.7 million thanks to the high free cash flow generated. As a percentage of equity, net indebtedness was just 0.3% (previous year 7.0%). Taking into account the current challenging environment and possible acquisition opportunities, the Group has the financial leeway that it needs.

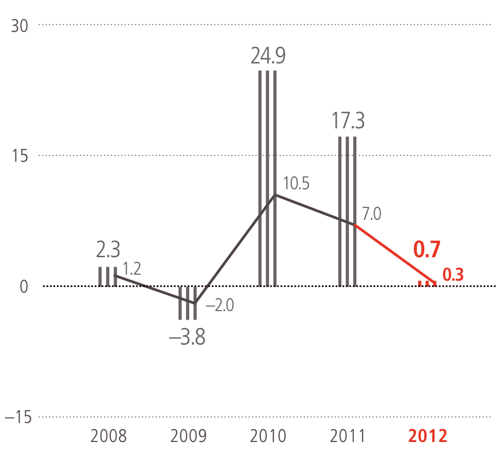
EQUITY RATIO | 2008–2012

in %



NET DEBT AND GEARING | 2008–2012

in EUR million (— — gearing in %)



OUTLOOK

Following the bottoming-out of industrial activity in the fourth quarter of 2012, we are seeing a slight upturn and improved leading indicators in 2013. Although it is still too early to talk about a trend reversal, we have made a generally solid start to the new year. We will focus on the further, consistent implementation of our optimisation and relocation programmes. The Group's strong balance sheet and sound cash flow mean that we are even in a position to consider acquisition opportunities in 2013. However, with prices currently on the high side, we will be looking carefully for good strategic fit and attractive synergy potential with the Group.

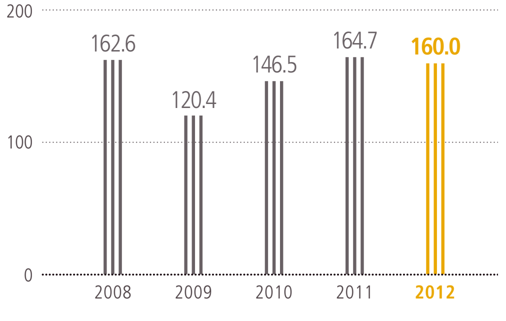
Another goal is to expand our market presence overseas in order to offset the ongoing risks in the European economy. However, we will pursue this objective with care as major overseas growth initiatives often carry disproportionately high risks. All in all, the signs are good that an operational improvement in the Group can be achieved this year, particularly as regards profitability.

PHOENIX MECANO ENCLOSURES

CAUTIOUS INVESTMENT ACTIVITY IN CORE MARKETS IMPACTS DIVISION'S SALES AND RESULT

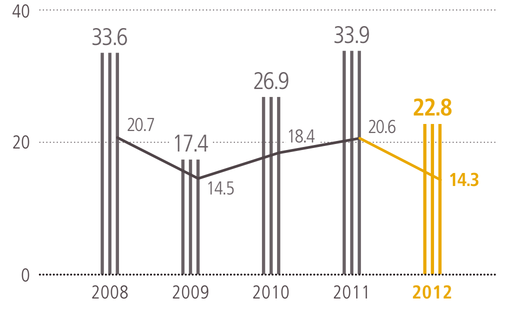
GROSS SALES | 2008–2012

in EUR million



OPERATING RESULT AND MARGIN | 2008–2012

in EUR million (— — margin in %)



A reduced willingness to invest, especially in Europe's industrial markets, pushed down sales and result in the Enclosures division. Market successes were achieved in the oil and gas, automotive and medical technology sectors.

SALES AND PROFITABILITY

SALES

The Enclosures division saw its gross sales fall by 2.9% in 2012 to EUR 160.0 million (4.1% when corrected for differences in foreign-exchange rates, 3.8% when corrected to take account of consolidation). The division recorded a 3.8% decline in sales in Europe, principally Germany, Switzerland, the Netherlands and Italy, in a weak market environment for industrial components. Sales in Russia, on the other hand, developed favourably, growing by 20%, particularly in the measurement and control technology and oil and gas businesses. The increase in sales in North America was currency-related.

Sales of industrial enclosures (including control panels and carriers) were down by 3.3% in the reporting year. The sovereign debt crisis in Europe dampened appetite for investment among export-oriented customers. In China, the economic slowdown resulted in delays to projects in renewable energies and machine tool manufacturing. Growth was once again achieved in systems technology and explosion-proof assemblies (junction boxes, control stations, pressure-tight encapsulated functional units), principally in the Middle East and Southeast Asia. Market penetration in the automotive sector continued. The new Bocube and Filotec product families launched at electronica 2012 were well received.

Sales of membrane keyboards rose by 1.1%, due to the takeover of the business operations of Leveringhaus KG, based in Obergünzburg, Germany. Organically, sales were down by 7.3%, with the bulk of the fall relating to traditional membrane keyboards. Business in laminated touch systems expanded. Market share in the medical technology sector increased. Following the integration of Leveringhaus, a number of restructuring measures were undertaken to make better use of the individual production sites. The Obergünzburg plant is being expanded into a centre of expertise for screen printing and digital technology.

+1.1 percent

increase in sales of membrane keyboards

GROSS SALES BY REGION | 2012

in % (in 1 000 EUR)

- Switzerland | **6.8 (10 798)**
- Germany | **48.2 (77 014)**
- Rest of Europe | **27.2 (43 659)**
- Middle and Far East | **9.0 (14 464)**
- North and South America | **8.8 (14 087)**

GROSS SALES BY REGION		2012	2012	2011	2011
	Change in sales in %	Sales 1 000 EUR	Share of sales in %	Sales 1 000 EUR	Share of sales in %
Switzerland	–11.5	10 798	6.8	12 208	7.4
Germany	–2.9	77 014	48.2	79 337	48.1
UK	1.5	4 792	3.0	4 720	2.9
France	4.6	4 800	3.0	4 590	2.8
Italy	–18.0	4 696	2.9	5 726	3.5
The Netherlands	–3.2	6 580	4.1	6 800	4.1
Rest of Europe	–1.8	22 791	14.2	23 216	14.1
North and South America	4.5	14 087	8.8	13 483	8.2
Middle and Far East	–1.4	14 464	9.0	14 662	8.9
TOTAL	–2.9	160 022	100.0	164 742	100.0

RESULT BEFORE INTEREST AND TAX (OPERATING RESULT)		2012	Margin	2011	Margin
	Change in %	1 000 EUR	in %	1 000 EUR	in %
Operating result	–32.6	22 845	14.3	33 896	20.6

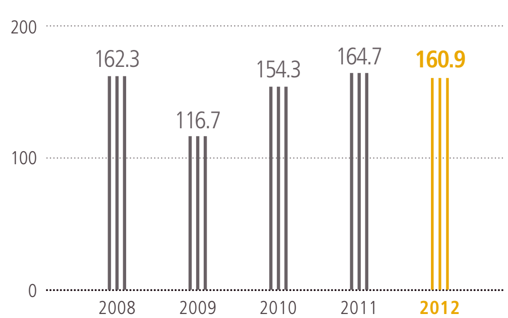
NET OPERATING ASSETS		2012	Profitability	2011	Profitability
	Change in %	1 000 EUR	in %	1 000 EUR	in %
Net operating assets	0.1	62 785	36.4	62 732	54.0

ORDERS

The division’s incoming orders totalled EUR 160.9 million, which, although 2.3% down on the previous year, is slightly higher than the sales volume in the reporting year. This corresponds to a book-to-bill ratio (incoming orders as a percentage of gross sales) of 100.5% (previous year 100.0%).

INCOMING ORDERS | 2008–2012

in EUR million



RESULT

The decline in sales, particularly in the core European markets, resulted in a corresponding volume-related decline in gross profit. This, combined with a slightly higher cost base, due among other things to an expansion of sales activities in a number of the division's high-potential markets, meant that the operating result fell by 32.6%. Operating result was further impacted by integration and restructuring measures in the membrane keyboards business. In response to this decline in result, value creation processes within the division are being streamlined.

ASSET AND CAPITAL STRUCTURE

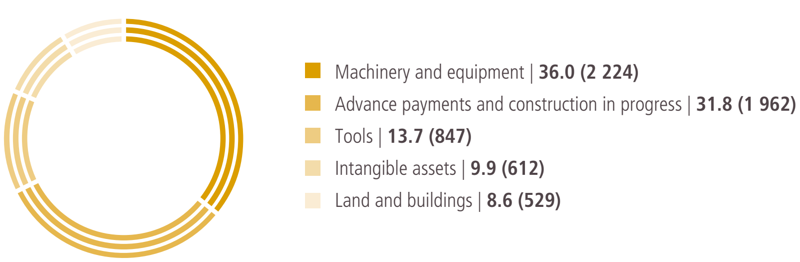
Purchases of tangible and intangible assets totalled EUR 6.2 million. This includes construction in progress relating to logistics facilities in Hungary.

Net operating assets remained at the same level as prior year, namely EUR 62.8 million. While operating non-current assets increased by 4.1%, operating current assets were reduced by 2.7%. The return on capital employed (ROCE) fell to 36.4% (previous year 54.0%) due to the lower operating result.

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS	2012	2012	2011	2011
	1 000 EUR	in %	1 000 EUR	in %
Intangible assets	612	9.9	449	8.9
Land and buildings	529	8.6	514	10.0
Machinery and equipment	2 224	36.0	3 149	61.4
Tools	847	13.7	683	13.3
Advance payments and construction in progress	1 962	31.8	330	6.4
TOTAL	6 174	100.0	5 125	100.0

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS | 2012

in % (in 1 000 EUR)



EMPLOYEES

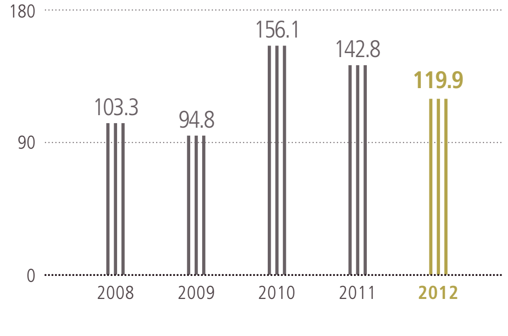
The annual average number of staff employed by the division rose by 2.3% to 1 666. This increase was due to the takeover of the business operations of Leveringhaus KG, with its 25 employees, and the expansion of sales activities. Per capita sales fell slightly from EUR 101 000 to EUR 96 000.

PHOENIX MECANO ELCOM | EMS

DEVELOPMENTS IN PHOTOVOLTAIC MARKET LEAD TO SLUMP IN SALES AND AN OPERATING LOSS | INITIAL SALES GENERATED IN LED LIGHTING TECHNOLOGY

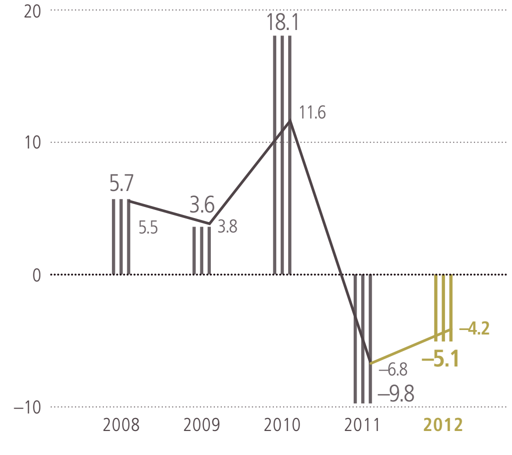
GROSS SALES | 2008–2012

in EUR million



OPERATING RESULT AND MARGIN | 2008–2012

in EUR million (— — margin in %)



A slump in sales and a write-down for an impairment in the Datatel product area, which mainly supplies inverter components to the photovoltaic industry, led to an operating loss of EUR 5.1 million in the ELCOM/EMS division.

SALES AND PROFITABILITY

SALES

The ELCOM/EMS division recorded a 16.0% decline in sales in 2012 (16.5% when corrected for differences in foreign-exchange rates). Adjusted for consolidation effects, sales were down by 17.6%. The slump in photovoltaic sales in the core market of Germany and falling sales of electromechanical components were responsible for this negative development.

Sales of electromechanical components (coding and micro-switches, terminal blocks, test probes) were down by 12.2%, mainly due to the weak economy in Europe. Customers were reluctant to make investments and there was also an increase in the number of Asian suppliers. The division is pressing ahead with its product development offensive and, through its acquisition of Bond Tact Industrial Ltd. (Hong Kong, China), announced in late 2012, will add Tact Switches to its portfolio and improve its positioning in Asia.

Sales of power quality products fell by 28.1% due to the collapse in demand in the photovoltaic sector and the cancellation by a customer of a long-term supply contract. In future, greater emphasis will be placed on customer-specific applications in the industrial sector, e.g. water-cooled chokes rather than conventional air-cooling systems. In 2012, work began on the construction of a choke and transformer production facility in China. It is scheduled to begin production in the first quarter of 2013.

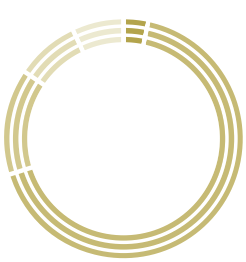
The electronic packaging business (Hartmann Electronic, WIENER, Plein & Baus, Phoenix Mecano Digital Elektronik, ATON Lichttechnik) increased its sales by 4.2% compared with the previous year. In particular, demand for high-performance power supply units for use in science and research developed positively, as did EMS sales in the medical technology sector. In addition, ATON Lichttechnik newly founded in 2012 won the first contracts to supply LED street lights.

+4.2 percent

increase in sales in the electronic packaging business area

GROSS SALES BY REGION | 2012

in % (in 1 000 EUR)



- Switzerland | **3.4 (4 052)**
- Germany | **66.9 (80 248)**
- Rest of Europe | **14.2 (17 043)**
- Middle and Far East | **8.6 (10 369)**
- North and South America | **6.9 (8 217)**

GROSS SALES BY REGION		2012	2012	2011	2011
	Change in sales in %	Sales 1 000 EUR	Share of sales in %	Sales 1 000 EUR	Share of sales in %
Switzerland	6.8	4 052	3.4	3 795	2.7
Germany	–22.8	80 248	66.9	104 012	72.8
UK	–4.2	1 011	0.8	1 055	0.7
France	7.0	2 469	2.1	2 307	1.6
Italy	–23.8	1 335	1.1	1 751	1.2
The Netherlands	4.9	859	0.7	819	0.6
Rest of Europe	8.0	11 369	9.5	10 524	7.4
North and South America	–1.9	8 217	6.9	8 374	5.9
Middle and Far East	2.1	10 369	8.6	10 159	7.1
TOTAL	–16.0	119 929	100.0	142 796	100.0

RESULT BEFORE INTEREST AND TAX (OPERATING RESULT)		2012	Margin	2011	Margin
	Change in %	1 000 EUR	in %	1 000 EUR	in %
Operating result	47.9	–5 088	–4.2	–9 763	–6.8

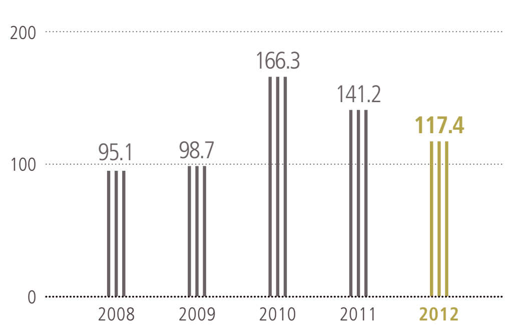
NET OPERATING ASSETS		2012	Profitability	2011	Profitability
	Change in %	1 000 EUR	in %	1 000 EUR	in %
Net operating assets	–17.8	66 668	–7.6	81 129	–12.0

ORDERS

Incoming orders for the division totalled EUR 117.4 million, down 16.9% on the previous year. This was mainly due to the slump in photovoltaic business. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 97.9%, compared with 98.9% the previous year.

INCOMING ORDERS | 2008–2012

in EUR million



RESULT

The ELCOM/EMS division ended financial year 2012 with a loss of EUR 5.1 million (previous year: loss of EUR 9.8 million). Owing to the general weakness of the photovoltaic components market, there was a loss of sales in the double-digit millions for the second year in a row, which led to an underutilisation of production capacity. This, combined with the cancellation of a multiannual supply contract with a major customer, resulted in devaluations of assets and losses on inventories and production materials as part of an impairment of around EUR 8 million. The result was also impacted by start-up losses in the new lighting technology business area.

ASSET AND CAPITAL STRUCTURE

Capital expenditure was high once again in the reporting year, mainly due to the creation of a new facility in China, which will also be used by the other divisions in future. Most of the remaining capital expenditure was invested in replacements of production equipment.

Net operating assets decreased by 17.8% to EUR 66.7 million due to the above-mentioned impairment and a reduction in inventories and receivables.

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS	2012	2012	2011	2011
	1 000 EUR	in %	1 000 EUR	in %
Intangible assets	318	3.3	171	2.2
Land and buildings	4 546	46.9	444	5.6
Machinery and equipment	2 531	26.1	5 964	75.6
Tools	499	5.1	459	5.8
Advance payments and construction in progress	1 802	18.6	849	10.8
TOTAL	9 696	100.0	7 887	100.0

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS | 2012

in % (in 1 000 EUR)

- Land and buildings | **46.9 (4 546)**
- Machinery and equipment | **26.1 (2 531)**
- Advance payments and construction in progress | **18.6 (1 802)**
- Tools | **5.1 (499)**
- Intangible assets | **3.3 (318)**

EMPLOYEES

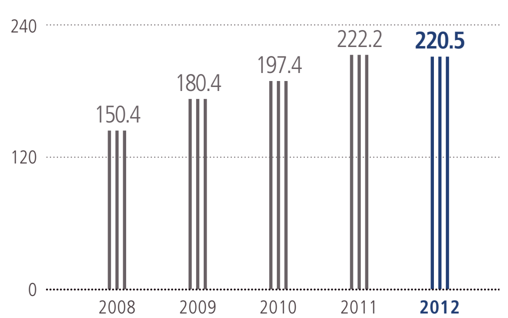
The annual average number of staff employed by the division in the reporting year fell from 2 564 to 2 124. The reduction was due to necessary capacity adjustments in the photovoltaic business. The division’s per capita sales were unchanged at EUR 56 000.

PHOENIX MECANO MECHANICAL COMPONENTS

DYNAMIC DEVELOPMENT IN ASIA AND AMERICA | WEAKENED ECONOMY IN EUROPE | RESULT IMPACTED BY CAPACITY ADJUSTMENTS

GROSS SALES | 2008–2012

in EUR million



OPERATING RESULT AND MARGIN | 2008–2012

in EUR million (— — margin in %)

Market weakness in Europe was not fully offset by dynamic development in Asia and America, resulting in a fall in sales and result. The division's result was also weighed down by duplications linked to capacity adjustments.

SALES AND PROFITABILITY

SALES

Sales in the Mechanical Components division fell by 0.8% in the reporting year to EUR 220.5 million (3.6% when corrected for differences in foreign-exchange rates). While sales in Europe were down by 6.8%, revenue grew by 12.0% in Asia and 9.2% in North and South America, where demand for electrically adjustable comfort and healthcare furniture increased.

The division's industrial components business suffered from the weakened economy in Europe and the reduction in customer inventories. Sales of industrial assembly systems fell by 3.3%. Market successes were achieved thanks to the systematic expansion of sales structures in North America, and the first moves were made to target the Turkish and Australian markets. New developments in linear technology, including the Duoline linear positioning system series, were further advanced in 2012.

The performance of the linear drives business for the furniture and healthcare market varied widely from region to region, with sales down by 8.2% in Europe but up by 6.9% in North and South America and 14.6% in Asia. Whereas in Europe these markets contracted due to the sovereign debt crisis, demand in the other regions grew substantially. Here, the division won a number of lucrative new projects in which it invested in early 2012. These included the acquisition of Integrated Furniture Technologies Ltd in the UK as well as projects relating to bed control systems, remote-controlled hand switches and innovative fittings technology. Overall sales of linear adjustment and positioning systems, which are primarily used in the furniture and healthcare market, fell slightly by 2.7%.

+14.6 percent

increase in sales in Asia in the linear drives business for the furniture and healthcare market

GROSS SALES BY REGION | 2012

in % (in 1 000 EUR)

- Switzerland | **3.7 (8 128)**
- Germany | **26.2 (57 871)**
- Rest of Europe | **31.8 (70 130)**
- Middle and Far East | **21.6 (47 561)**
- North and South America | **16.7 (36 820)**

GROSS SALES BY REGION		2012	2012	2011	2011
	Change in sales in %	Sales 1 000 EUR	Share of sales in %	Sales 1 000 EUR	Share of sales in %
Switzerland	–9.4	8 128	3.7	8 967	4.0
Germany	–5.3	57 871	26.2	61 105	27.5
UK	–13.0	7 387	3.3	8 493	3.8
France	–12.7	14 604	6.6	16 736	7.5
Italy	9.4	8 596	3.9	7 858	3.6
The Netherlands	–15.8	4 994	2.3	5 934	2.7
Rest of Europe	–6.4	34 549	15.7	36 919	16.6
North and South America	9.2	36 820	16.7	33 731	15.2
Middle and Far East	12.0	47 561	21.6	42 474	19.1
TOTAL	–0.8	220 510	100.0	222 217	100.0

RESULT BEFORE INTEREST AND TAX (OPERATING RESULT)		2012	Margin	2011	Margin
	Change in %	1 000 EUR	in %	1 000 EUR	in %
Operating result	–17.6	11 944	5.4	14 500	6.5

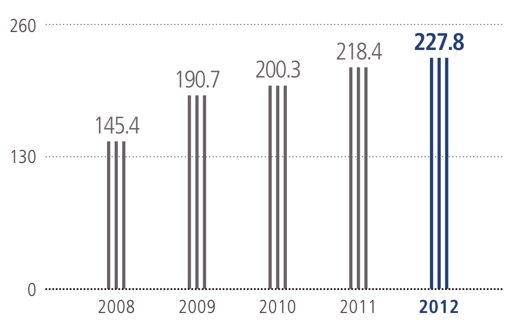
NET OPERATING ASSETS		2012	Profitability	2011	Profitability
	Change in %	1 000 EUR	in %	1 000 EUR	in %
Net operating assets	–2.6	124 415	9.6	127 701	11.4

ORDERS

The division's incoming orders were up 4.3% on the previous year at EUR 227.8 million. The book-to-bill ratio (incoming orders as a percentage of gross sales) was 103.3% (previous year 98.3%), thanks to an encouraging upturn in orders in the fourth quarter.

INCOMING ORDERS | 2008–2012

in EUR million



RESULT

The division's operating result fell by 17.6% to EUR 11.9 million. The relocation of DewertOkin's logistics and other technical functions to Hungary, which began the previous year, was implemented on schedule in 2012. It will lead to a cost reduction in 2013. Production capacities are being shifted towards Asia and the USA due to rising demand in those markets. In Eastern Europe and Asia, there is an increasing emphasis on building up local development expertise. All of these factors resulted in a number of duplications which negatively impacted the result in the reporting year.

ASSET AND CAPITAL STRUCTURE

The biggest capital expenditure project is the construction of a logistics centre in Hungary. This will begin operating in the second quarter of 2013. Total purchases of tangible and intangible assets stood at EUR 9.0 million, compared with EUR 7.5 million the previous year.

Net operating assets decreased by 2.6%, mainly thanks to the reduction in inventories. The return on capital employed (ROCE) fell to 9.6% due to the lower operating result.

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS	2012	2012	2011	2011
	1 000 EUR	in %	1 000 EUR	in %
Intangible assets	1 142	12.8	929	12.4
Land and buildings	727	8.1	763	10.2
Machinery and equipment	2 535	28.2	4 450	59.5
Tools	785	8.7	690	9.2
Advance payments and construction in progress	3 786	42.2	651	8.7
TOTAL	8 975	100.0	7 483	100.0

PURCHASES OF TANGIBLE AND INTANGIBLE ASSETS | 2012

in % (in 1 000 EUR)

- Advance payments and construction in progress | **42.2 (3 786)**
- Machinery and equipment | **28.2 (2 535)**
- Intangible assets | **12.8 (1 142)**
- Tools | **8.7 (785)**
- Land and buildings | **8.1 (727)**

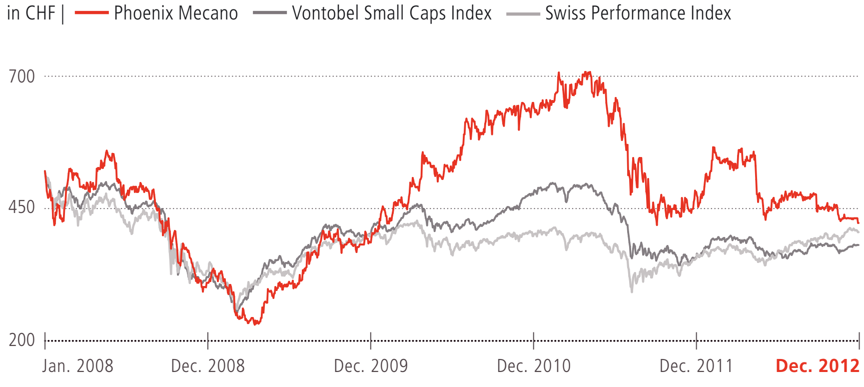
EMPLOYEES

The annual average number of staff employed by the division was 1 906, down 1.4% on the previous year. While the headcount in China increased further, staff numbers in Hungary and Romania fell due to capacity adjustments. Per capita sales remained virtually unchanged from the previous year at EUR 116 000.

PHOENIX MECANO SHARE INFORMATION

SHARE BUY-BACK PROGRAMME OF UP TO 10% LAUNCHED WITH A VIEW TO CAPITAL REDUCTION

PHOENIX MECANO SHARE PRICE, 1 JANUARY 2008 – 31 DECEMBER 2012
COMPARED WITH THE VONTOBEL SMALL CAPS INDEX AND SPI



New share buy-back programme initiated: Phoenix Mecano continues its long-term strategy of returning liquidity not required for the Group's growth.

THE SHARE

Phoenix Mecano AG's shares are listed on the SIX Swiss Exchange in Zurich. Phoenix Mecano AG's share capital of CHF 978 000 is divided up into 978 000 bearer shares with a par value of CHF 1.00 each. There are no restrictions on ownership or voting rights. Capital that is not required for internal growth is returned to shareholders in the form of dividends, par value repayments and share buy-backs. The share capital has not been increased since the company went public in 1988. Phoenix Mecano AG's corporate policy dictates that growth should be funded out of the company's own capital resources.

OPTING OUT

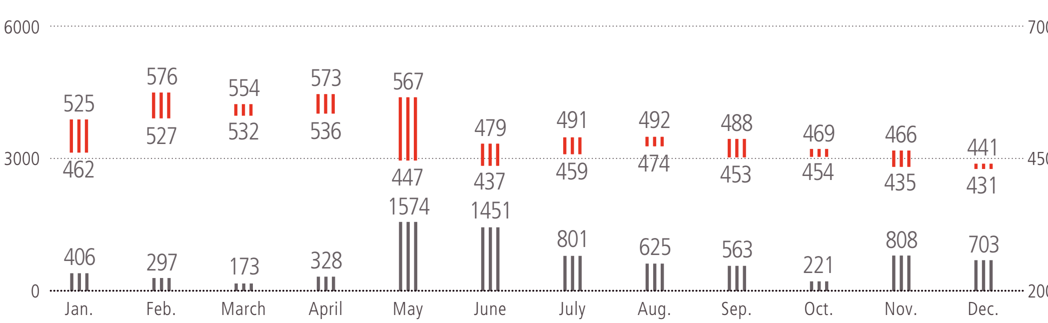
The company has not made any use of the possibility provided for in the Stock Exchange Act of excluding an acquiring company from the obligation to make a public purchase bid.

OPTING UP

The limit for the obligation to make an offer pursuant to Article 32 of the Swiss Federal Law on Stock Exchanges and Securities Trade is 45% of voting rights.

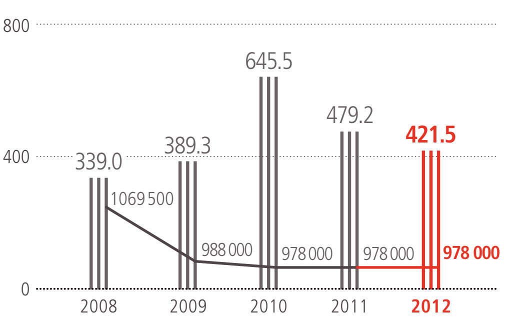
MONTHLY HIGHS AND LOWS IN 2012 AND AVERAGE DAILY VOLUME

■ Monthly high/low 2012 (in CHF) ■ Average daily volume (number)



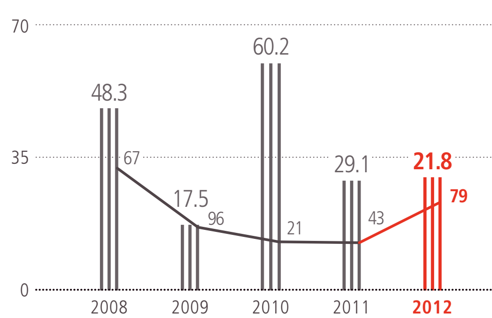
MARKET CAPITALISATION | 2008–2012

in million CHF | ■■ Market capitalisation at year-end | Number of shares: Share capital — Bearer shares with a par value of CHF 1.00



RESULT OF THE PERIOD | 2008–2012

in million CHF | ■■ Net result — Payout ratio on basis of proposed dividend (in %) and share buy-back



SHARE INDICATORS AT A GLANCE

	Unit	2012	2011	2010	2009	2008
Number of shares						
Share capital [1, 2] (bearer shares with a par value of CHF 1.00)	Number	978 000	978 000	978 000	988 000	1 069 500
Treasury shares	Number	14 803	4 520	5 459	19 202	79 930
Shares entitled to dividend	Number	963 197	973 480	972 541	968 798	989 570
Information per share						
Operating result per share [3]	EUR	28.9	37.1	54.1	13.9	43.3
Result of the period per share [3]	EUR	18.8	24.3	45.1	12.0	30.9
Equity per share [3]	EUR	263.1	254.9	242.9	199.6	193.0
Free cash flow per share [3]	EUR	38.9	25.1	12.0	36.2	30.2
Dividend	CHF	13.00 [6]	13.00	13.00	10.00	10.00
Share price						
High	CHF	575	719	660	420	569
Low	CHF	431	427	404	235	300
Year-end price	CHF	431	490	660	394	317
Share key figures						
Dividend yield [4]	%	3.0	2.7	2.0	2.5	3.2
Payout ratio [5]	%	58	43	21	55	20
Price/profit ratio 31 December		19.1	14.6	10.6	21.8	6.5

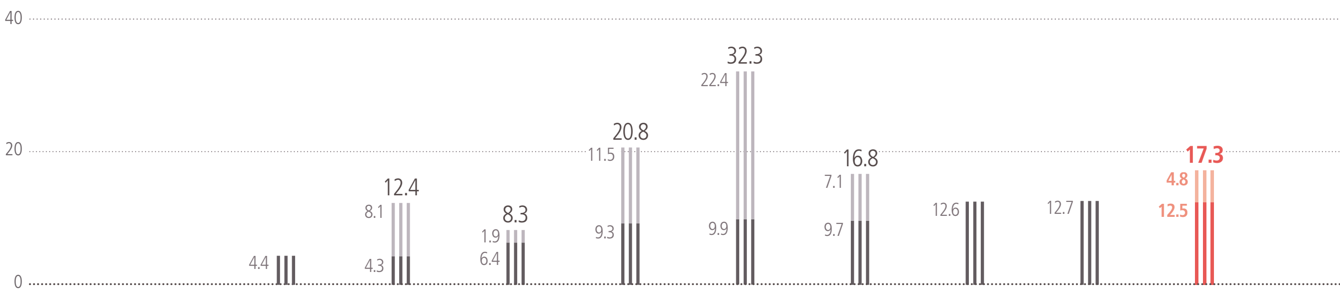
[1] Pursuant to a decision by the Shareholders’ General Meeting of 5 June 2009, the share capital was reduced by CHF 81 500 with effect from 28 September 2009 by cancelling 81 500 shares from the 2007/2008 and 2008/2009 share buy-back programmes.
[2] Pursuant to a decision by the Shareholders’ General Meeting of 28 May 2010, the share capital was reduced by CHF 10 000 with effect from 2 September 2010 by cancelling 10 000 shares from the 2008/2009 share buy-back programme.
[4] Based on shares entitled to dividend as at 31 December.
[4] Dividend in relation to year-end price.
[5] Proposed dividend (shares entitled to dividend only) in relation to result of the period.
[6] Proposal to the Shareholders’ General Meeting of 24 May 2013.

PAYOUT AND DIVIDEND POLICY

Phoenix Mecano strives to achieve a payout ratio of 20% to 30% of the result of the period, adjusted for special factors. As a growth-oriented enterprise, the company relies upon the steady growth of its capital base. The Board of Directors will propose to the Shareholders’ General Meeting of 24 May 2013 a dividend of CHF 13.00. The proposed dividend for financial year 2012 corresponds to 58% of the result of the period.

DIVIDEND PAYOUT AND RETURN OF CAPITAL TO SHAREHOLDERS | 2004–2012

in million CHF | Proposed dividend | Share buy-back



in million CHF	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Proposed dividend	4.4	4.3	6.4	9.3	9.9	9.7	12.6	12.7	12.5	81.8
Share buy-back	0	8.1	1.9	11.5	22.4	7.1	–	–	4.8	55.8
TOTAL	4.4	12.4	8.3	20.8	32.3	16.8	12.6	12.7	17.3	137.6

SHARE BUY-BACK PROGRAMME

On 19 June 2012, the Board of Directors announced a new share buy-back programme for up to 10% of the bearer shares recorded in the Commercial Register, with the aim of effecting a capital reduction. At the closing price on 18 June 2012, this corresponds to a volume of approximately CHF 44.5 million. The programme was launched on 22 June 2012 and will last until 27 February 2015 at the latest.

DIALOGUE WITH THE CAPITAL MARKET

ANALYST COVERAGE AND RECOMMENDATION

The ongoing development of our company and the performance of the Phoenix Mecano share are regularly covered by various analysts. The share is covered by the following analysts:

SHARE INFORMATION

Listing	SIX Swiss Exchange | Zurich
Securities No.	Inh. 218781
ISIN	CH 000 218 7810
Reuters	PM.S
Bloomberg	PM SW Equity
Telekurs | Telerate	PM

ANALYST COVERAGE | as at 31 December 2012

UBS AG (CH)	joern.iffert@ubs.com
Bank Vontobel (CH)	andy.schnyder@vontobel.ch
Helvea (CH)	ramstalden@helvea.com
Zürcher Kantonalbank (CH)	richard.frei@zkb.ch

+ FURTHER INFORMATION

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info@phoenix-mecano.com
www.phoenix-mecano.com

+ FINANCIAL CALENDAR 2013

see inside back cover

CONTINUOUS DIALOGUE WITH THE CAPITAL MARKET

To meet the growing information needs of shareholders and investors, Phoenix Mecano continually develops its information policy and adapts its capital market communication to new requirements. To help nurture this ongoing relationship, various roadshows and analyst presentations were held in Zurich and Frankfurt during the reporting year. A number of one-on-one meetings also took place at the company's headquarters.

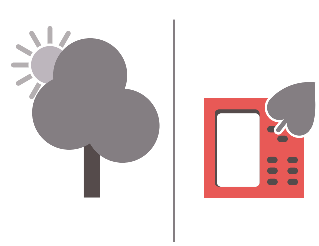
PHOENIX MECANO SUSTAINABILITY

SUSTAINABLE SUCCESS: A TOP PRIORITY FOR COMPANY MANAGEMENT

+RESPONSIBLE TOWARDS OUR EMPLOYEES

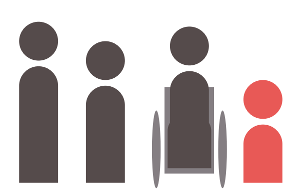
Phoenix Mecano offers its employees development opportunities and acts in a socially responsible way.

+RESPONSIBLE TOWARDS THE ENVIRONMENT



We use natural resources sustainably and work continuously to implement the relevant standards.

+RESPONSIBLE TOWARDS SOCIETY



Phoenix Mecano is committed to young people in our society in all parts of the world.

Ever since the company went public, the sustainable success of the business has been central to the Phoenix Mecano Group's entrepreneurial strategy and corporate governance approach. Our corporate policy is geared towards long-term growth rather than towards short-term gain and maximum quarterly profits. This approach enables us to operate in a socially and environmentally conscious way.

MISSION STATEMENT, VISION, MISSION, VALUES

The Phoenix Mecano Group's sustainable business success is underpinned by a general approach based on integrated sustainability, a balance between environmental, social and economic aspects, fair and respectful cooperation across all national borders and cultural boundaries, a long-term HR policy and strategic trainee development.

www.phoenix-mecano.com/vision-mission-values.html

VISION

As a global player in the components sector Phoenix Mecano develops detailed technical solutions with and for its customers, enabling them to convert ideas into marketable products. In our capacity as a specialised partner we meet our clientele's most stringent requirements with regard to technology, service and a customer-oriented approach, constantly assisting them by supplying anything from components to full systems which can help them enhance their potential for creating value added even further.

MISSION

Our success hangs on that of our customers. Close cooperation, constant communication and intensive exchanges of well targeted ideas are our main precepts. We support our customers as best as we can, making full use of our employees' know-how.

VALUES

Reliability vis-à-vis all interested parties is a prerequisite for credibility. Every day we work on putting these maxims into practice, with the management setting an example by fulfilling a responsible leadership function. Profitability and growth are key requirements for maintaining competitiveness and value added and for creating new jobs both at home and abroad. The sustainability factor is underpinned by our careful use of natural resources and our commitment to corporate responsibility.

MISSION STATEMENT

Market leadership Phoenix Mecano has gained a leading position worldwide with its innovative products. It aims to maintain and extend the lead already attained.

Scope Phoenix Mecano operates at the interface between man and machinery. It has a reputation for distinctive solutions acknowledged by the market to set new trends.

Initiative Phoenix Mecano has a decentralised structure which facilitates quick decisions. It responds to market requirements, market changes and market opportunities before the competition. It strives to prevail over its rivals and over complacency within its own ranks.

Growth Phoenix Mecano is committed to steady growth while maintaining a solid financial foundation.

CODE OF CONDUCT

As a globally active, listed company, it goes without saying that Phoenix Mecano must comply with international legislation, regulations and guidelines. Failure to do so could harm the company's reputation, negatively impact its value and undermine the trust of stakeholder groups, thereby putting jobs at risk over the long term. For this reason, the Group's Board of Directors and management introduced a Code of Conduct, whose principles they apply themselves as role models for the rest of the Group.

COMPLIANCE WITH LEGISLATION, REGULATIONS AND GUIDELINES

Employees must comply with applicable laws and guidelines and the Code of Conduct in their day-to-day work. The following internal regulations, among others, must also be observed:

DO'S:

+ Compliance with anti-trust laws and competition and fair trading legislation
+ Transparent and legally-compliant accounting and financial reporting
+ Treating Phoenix Mecano Group property with respect

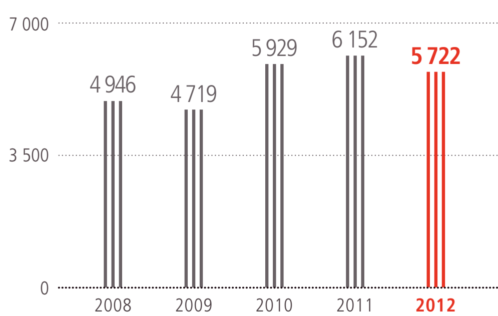
DON'TS:

+ Insider trading, and disseminating or exploiting insider information
+ Fraudulent activities
+ Unauthorised transfer of confidential data and documents
+ Bribery, corruption and donations to political parties
+ Accepting unreasonable financial benefits
+ Actions giving rise to conflicts of interest

All employees may report violations to their superior or the next highest level of management and, if in doubt, directly to the Group's CEO. Major violations will be punished, and may even lead to dismissal, in addition to criminal prosecution and disciplinary measures.

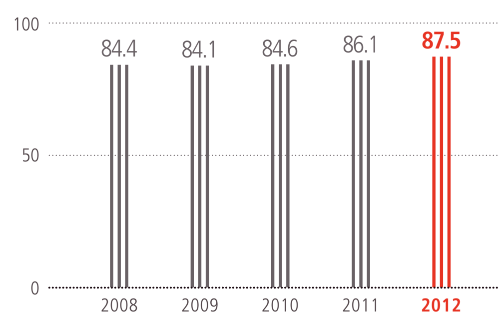
NUMBER OF EMPLOYEES | 2008–2012

Annual average



GROSS SALES PER EMPLOYEE | 2008–2012

in 1 000 EUR



RESPONSIBLE TOWARDS OUR EMPLOYEES

EMPLOYEES AS AMBASSADORS

It is part of Phoenix Mecano's philosophy to treat all persons with respect, irrespective of their gender, status, skin colour, religion or age. Cultural factors and differences between sites and subsidiaries are of course observed. The company is committed to the protection of human rights and equal opportunities and to providing a safe, motivating working environment with fair and competitive remuneration.

Phoenix Mecano employs people on five continents and its employees make a decisive contribution to the company's success. By promoting knowledge development and transfer and creating demanding new jobs, the Group contributes to economic development in a number of countries. Many employees act as an interface with customers and partners. In 2012, thanks to their indispensable expertise and unflagging personal commitment, they once again helped to ensure that our customary quality and reliability of products and services were maintained and further enhanced.

From its managerial staff, Phoenix Mecano expects social as well as technical skills. Managers must act as role models, lead the way by setting a good example and ensure that the rights of all employees are protected. Phoenix Mecano encourages open communication and supports its employees in their personal commitments, provided these do not run counter to the company's interests. A range of continuing training options allow employees to further develop their skills and abilities. This helps to improve operational processes, enhance the quality of products and services and promote safety at work. It also strengthens employees' identification with the Phoenix Mecano Group as a whole.

RESPONSIBLE TOWARDS SOCIETY

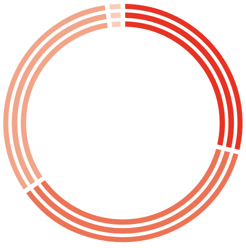
REGIONAL, SOCIAL COMMITMENT

In keeping with its mission statement and corporate structure, Phoenix Mecano gets involved in social projects at a regional level which enhance the well-being of local communities. Responsibility for social commitment is decentralised, being exercised by individual Group companies.

For example, Group subsidiary RK Rose + Krieger GmbH has stepped up and expanded its cooperation with the Minden Campus of the Bielefeld University of Applied Sciences. As well as organising regular visits to its premises, the company also supports the university's test laboratories by providing them with single parts of linear, modular, profile and connection-system kits as well as complete test stations. The practical courses taught at the Minden Campus turn out highly-qualified mechanical, electrical and industrial engineers.

EMPLOYEES BY DIVISION | 2012

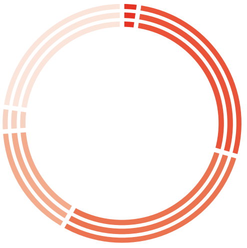
in % (number)



- Enclosures | **29.1 (1 666)**
- ELCOM/EMS | **37.1 (2 124)**
- Mechanical Components | **33.3 (1 906)**
- Others | **0.5 (26)**

EMPLOYEES BY REGION | 2012

in % (number)



- Switzerland | **2.4 (137)**
- Germany | **27.3 (1 561)**
- Rest of Europe | **28.8 (1 647)**
- Middle and Far East | **15.6 (891)**
- North and South America | **3.4 (194)**
- Rest of World (ROW) | **22.5 (1 292)**

STAFF FIGURES AT A GLANCE

Annual average/Number unless otherwise indicated	Change 2012 to 2011 Number	2012	2011	2010	2009	2008
EMPLOYEES	–430	5 722	6 152	5 929	4 719	4 946
By division						
Enclosures	38	1 666	1 628	1 511	1 407	1 634
ELCOM/EMS	–440	2 124	2 564	2 570	1 702	1 969
Mechanical Components	–28	1 906	1 934	1 808	1 556	1 289
Other	–	26	26	40	54	54
By region						
Switzerland	4	137	133	126	128	142
Germany	–30	1 561	1 591	1 501	1 431	1 522
Rest of Europe	–266	1 647	1 913	1 962	1 534	1 375
North and South America	9	194	185	196	192	175
Middle and Far East	72	891	819	554	406	473
Rest of World (ROW)	–219	1 292	1 511	1 590	1 028	1 259
Personnel expenses in 1 000 EUR	2.1	25.4	23.3	22.2	24.5	24.2
Gross sales per employee in 1 000 EUR	1.4	87.5	86.1	84.6	84.1	84.4

Phoenix Mecano subsidiary Bopla Gehäuse Systeme has opted for a similar approach. The company gives school pupils the opportunity to experience economic and professional activities first-hand before they gain their school leavers' qualifications, through workplace visits and subsequent placements. One unusual event that Bopla is involved with is a recruitment fair at which the company helps students to hone their job application techniques.

Since 2008, Mecano Components (Shanghai) Co., Ltd. has been supporting a project in Beijing which offers assistance to street children. The project operates as a boarding school, which since 2004 has been providing a home for up to 100 children aged between 6 and 13, who used to live on the streets. In India, Phoenix Mecano (India) Pvt. Ltd. gives financial support to a healthcare programme providing basic medical care at a hospital located near the firm's premises.

RESPONSIBLE TOWARDS THE ENVIRONMENT

COMPLIANCE WITH ENVIRONMENTAL STANDARDS

Phoenix Mecano promotes environmental responsibility and has a clear mission statement with associated operational goals. Accordingly, all employees are regularly and comprehensively informed, trained and motivated to ensure that they implement the company's internal principles on environmental protection appropriately in their day-to-day work and comply fully with legal and regulatory requirements. Our high-quality, state-of-the-art products are manufactured using environmentally friendly technologies, always striking the right balance between legitimate environmental, human and economic needs.

In all countries where Phoenix Mecano has operational or production facilities, in particular India and China, it has drawn up environmental protection standards based on the standards implemented in the EU, and Germany in particular. Regional regulations are also observed, and represent the minimum requirements adhered to. Phoenix Mecano continually documents progress and subjects itself to both internal and external audits. In India, for example, emissions values for diesel-powered emergency generators above a certain size must be publicly displayed at the site entrance, and are also subject to inspection. In addition, rain water, particularly during the monsoon season, is captured and stored in underground tanks, so as to reduce the use of mains water to almost zero. In India, Phoenix Mecano (India) Pvt. Ltd. certifies and audits local suppliers to ensure that they meet the required quality and social standards. In China, this task is performed by Shenzhen ELCOM Trading Co., Ltd., a Phoenix Mecano subsidiary.

CERTIFIED QUALITY AND ENVIRONMENTAL MANAGEMENT SYSTEMS ESTABLISHED

Wherever possible, the Phoenix Mecano Group has its quality and environmental management systems certified according to recognised standards in order to guarantee the uniform assessment of process-related environmental protection measures, to enable environmentally-focused operations and personnel management and to meet customers' needs to their entire satisfaction. The following certification systems are currently applied:

CERTIFICATION STANDARDS USED IN SUBSIDIARIES WORLDWIDE

Bopla Gehäuse Systeme GmbH	ISO 9001:2008	Germany
HARTU Technologie GmbH + Co. KG	ISO 9001:2008	Germany
DewertOkin GmbH	ISO 9001:2000	Germany
Hartmann Codier GmbH	ISO 9001:2008	Germany
Hartmann Electronic GmbH	ISO 9001:2008	Germany
Kundisch GmbH + Co. KG	ISO 9001:2000	Germany
Lohse GmbH	ISO 9001:2008	Germany
Phoenix Mecano Digital Elektronik GmbH	ISO 9001:2008/ISO/TS 16949:2009	Germany
Phoenix Mecano Inc.	ISO 9001:2008	USA
Phoenix Mecano (India) Pvt. Ltd.	ISO 9001:2001–2007	India
Phoenix Mecano Kecskemét Kft.	ISO 9001:2000	Hungary
Phoenix Mecano Komponenten AG	ISO 9001:2008	Switzerland
Phoenix Mecano S.E. Asia Pte Ltd.	ISO 9001:2000	Singapore
Platthaus GmbH	ISO 9001:2008	Germany
PTR Messtechnik GmbH + Co. KG	ISO 9001:2008	Germany
RK Rose + Krieger GmbH	ISO 9001:2008	Germany
Rose Systemtechnik GmbH	ISO 9001:2008	Germany

+ CERTIFIED QUALITY ACCORDING TO RECOGNISED STANDARDS

ENVIRONMENTAL MANAGEMENT SYSTEMS CERTIFIED

Bopla Gehäuse Systeme GmbH	ISO 14001:2004	Germany
DewertOkin GmbH	ISO 14001:2004	Germany
Hartmann Codier GmbH	ISO 14001:2004	Germany
Phoenix Mecano Kecskemét Kft.	ISO 14001:2004	Hungary
PTR Messtechnik GmbH + Co. KG	ISO 14001:2005	Germany

+ RESPONSIBLE TOWARDS THE ENVIRONMENT

CORPORATE GOVERNANCE

SUSTAINABLE VALUE CREATION THROUGH TRANSPARENT AND RESPONSIBLE CORPORATE GOVERNANCE

PHOENIX MECANO GROUP

FINANCE AND SERVICE COMPANIES

Switzerland
Germany
Great Britain
Hungary
The Netherlands

DIVISIONS

ENCLOSURES
Germany

ELCOM/EMS
Germany

MECHANICAL COMPONENTS
Germany

PRODUCTION AND SALES COMPANIES | worldwide

Australia	The Netherlands
Austria	People's Republic of China
Belgium	Romania
Brazil	Singapore
Denmark	Spain
France	Sweden
Germany	Switzerland
Great Britain	Tunisia
Hungary	Turkey
India	United Arab Emirates
Italy	USA
Korea (South Korea)	

Phoenix Mecano is committed to transparency and responsibility in its corporate governance. It believes that sound, effective corporate governance is key to sustainable value creation.

SUSTAINABLE CORPORATE POLICY

Informing shareholders, employees and all other interested parties in an open and comprehensive way promotes understanding and creates trust. The Phoenix Mecano Group's high level of transparency in communication enables all stakeholder groups to make a full and accurate assessment of business development and prospects and the sustainability of management and corporate policy.

The following pages deliberately follow the structural requirements of the SIX Swiss Exchange to make it easier for readers to seek specific information.

GROUP STRUCTURE AND SHAREHOLDERS

Phoenix Mecano is a global technology enterprise in the enclosures and industrial components sectors and has significant market shares in all international growth markets. It manufactures technical enclosures, electronics components, linear actuators and complete system integrations in three technical divisions. Its products are used principally but not exclusively in the machine industry, industrial electronics and the home and hospital care sector – its target markets. The Group is split into three divisions: Enclosures, ELCOM/EMS and Mechanical Components. Within these divisions, parent companies responsible for product management operate with the help of global production sites and sales companies. In Switzerland, Phoenix Mecano is present at two locations: Kloten, from where Phoenix Mecano Management AG runs the Group's operations, and Stein am Rhein, which is home to the headquarters of the Group's holding company as well as to Phoenix Mecano Komponenten AG, which distributes the various products manufactured by Phoenix Mecano subsidiaries in Switzerland, and the purchasing company Phoenix Mecano Trading AG. The Group's overall structure has always been very lean. Operational responsibility lies largely with the divisional managers and the managing directors of the individual subsidiaries, who are represented in the management (also referred to as the Executive Committee). The Group's operational structure is presented on pages 72 and 73. Detailed information about the scope of consolidation can be found on pages 101 and 102 of the financial report. None of the shareholdings is listed.

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SIGNIFICANT SHAREHOLDERS	2012	2011
in %		
Planalto AG, Luxembourg City, Luxembourg	34.0	33.7*
Tweedy, Browne Global Value Fund, New York, USA (A subdivision of Tweedy, Browne Fund Inc., New York, USA)	7.9*	7.9*
Massachusetts Mutual Life Insurance Company, Springfield, USA (Ultimate parent company of OppenheimerFunds Inc., New York, USA)	8.9	6.1
Sarasin Investmentfonds AG, Basel, Switzerland	5.4*	5.4*

This information is based on reports by the shareholders mentioned above.

* Stake not reported in the year indicated.

Individual registrations can be viewed at the following link of the SIX Swiss Exchange:
www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html

www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html

Cross-ownership There is no cross-ownership between the subsidiaries or between the subsidiaries and the parent company.

Shareholders' agreements There are no shareholders' agreements.

CAPITAL STRUCTURE

Capital/shares and participation certificates As at 31 December 2012, Phoenix Mecano AG's share capital was fully paid up and consisted of 978 000 bearer shares (securities No. Inh. 218781; Reuters: PM.S; Telekurs/Telerate: PM) with a par value of CHF 1.00. All shares, apart from those owned by the company, fully entitle the bearer to vote and receive a dividend. As at the balance sheet date, the company owned 14 803 treasury bearer shares. There are no nominal shares and no participation or dividend-right certificates.

Contingent and authorised capital At present the Group has no contingent or authorised capital.

Changes in capital There was no change in capital in 2012 or 2011. The Shareholders' General Meeting of 28 May 2010 approved the cancellation of 10 000 shares from the 2008/2009 buy-back programme. The share capital was reduced from CHF 988 000 to CHF 978 000, with effect from 2 September 2010, and was then re-divided into 978 000 bearer shares with a par value of CHF 1.00 each. Pursuant to a decision by the Shareholders' General Meeting of 5 June 2009, 81 500 bought-back shares were cancelled from the 2007/2008 and 2008/2009 share buy-back programmes and the share capital reduced from CHF 1 069 500 to CHF 988 000, with effect from 28 September 2009. No changes in capital took place in 2008 and 2007. Following a decision by the Shareholders' General Meeting of 26 May 2006, the share capital was reduced from CHF 1 100 000 to CHF 1 069 500 as of 15 September 2006 by cancelling 30 500 shares from the 2005/2006 share buy-back programme.

Limitations on transferability and nominee registrations Since Phoenix Mecano has no nominal shares, there are no limits on transferability.

Convertible bonds and options There are no convertible bonds and no options.

BOARD OF DIRECTORS

The Board of Directors is the company's senior management body and comprises at least four members. The Board of Directors met four times in 2012, each meeting lasting an average of three hours.

Elections and terms of office Members of the Board of Directors are elected (or re-elected) by the Shareholders' General Meeting for a three-year term. To guarantee continuity within the Board of Directors, elections are (generally) staggered, with some members being re-elected and others newly recruited. If no shareholder requests separate voting, the members of the Board of Directors are elected in a single ballot. There are no restrictions on re-election. Members of the Board of Directors must be shareholders. Should non-shareholders be elected, they may only take up office after becoming shareholders, with shares being purchased via the stock exchange. The Board of Directors elects one of its members to become Chairman and also designates someone to take the minutes, who does not necessarily have to be a member of the Board of Directors.

Powers The powers of the Board of Directors are set out in the Swiss Code of Obligations as well as in Phoenix Mecano AG's Articles of Incorporation, which state that the Board of Directors is entitled to transfer the management or individual branches thereof and the representation of the company to one or more of its members or to third parties, pursuant to its own rules of procedure governing organisational matters. To this end it may set up committees, appoint, monitor or recall delegates or appoint a management comprising one or more of its own members or external persons. The Board of Directors determines the powers and obligations of committees, delegates, management and executives with a power of attorney.

The Board of Directors is authorised to take decisions provided that a majority of its members is present. Decisions are taken by a majority of votes cast by those present. In the event of a tie, the Chairman has the casting vote.

By law and pursuant to the company's Articles of Incorporation, the Board of Directors has the following main duties and powers:

+ Preparation of the proceedings of the Shareholders' General Meeting, especially the annual report, financial statements and proposals on the appropriation of earnings
+ Determination of corporate goals and the principles underlying corporate policy and strategy
+ Determination of the company's policy on risks
+ Decision-making regarding the establishment or cessation of major divisions of the company and authorisation of the acquisition or disposal of shareholdings, plus authorisation of any changes to the legal structure of the Group
+ Decision-making on the budget and medium-term planning (product and market strategy, financial and investment guidelines)
+ Allocation of signatory powers to members of the Board of Directors and determination of the principles governing signatures below that level
+ Determination of the principles of reporting to the Board of Directors, approval of the principles governing the company's finances and accounts and also internal and external audits.

Other activities and vested interests In keeping with the guidelines on corporate governance, the following activities and interests must be declared:

Mr Ulrich Hocker, Chairman of the Board of Directors, fulfils the following additional mandates:

Activities in governing and supervisory bodies
+ Deutsche Telekom AG, Bonn, Germany (Member of the Supervisory Board until 24 May 2012)
+ E.ON AG, Düsseldorf, Germany (Member of the Supervisory Board until 15 November 2012)
+ Feri Finance AG, Bad Homburg, Germany (Deputy Chairman of the Supervisory Board)
+ Gildemeister AG, Bielefeld, Germany (Member of the Supervisory Board)

Permanent management and consultancy functions
+ Deutsche Schutzvereinigung für Wertpapierbesitz e. V. (DSW), Düsseldorf, Germany

Official functions and political posts
+ Member of the Stock Exchange Expert Committee of the Federal Ministry of Finance, Germany
+ Member of the Government Commission of the German Corporate Governance Code

Mr Beat Siegrist, Member of the Board of Directors, fulfils the following additional mandates:

Activities in governing and supervisory bodies
+ Essilor International, Charenton-le-Pont, France (Member of the Executive Committee until 30 June 2012)
+ INFICON Holding AG, Bad Ragaz, Switzerland (Member of the Board of Directors)
+ Schweiter Technologies, Horgen, Switzerland (Chairman of the Board of Directors)

\+ PEOPLE
\+ PROCESS
\+ PRESENCE
= **VALUE**

Perfection in our processes and products is essential if we are to constantly increase our value added. This is something we work at continuously and tirelessly.

From left to right:
Dr Florian Ernst ||| Ulrich Hocker ||| Benedikt A. Goldkamp ||| Dr Martin Furrer ||| Beat Siegrist

AS AT 31 DECEMBER 2012 THE BOARD OF DIRECTORS COMPRISED THE FOLLOWING MEMBERS:

Ulrich Hocker (D) Chairman of the Board of Directors since 2003. Member of the Board of Directors since 1988. Lawyer, Düsseldorf (Germany). Born 1950. Trained as a banker. Law degree, attorney at law. Manager at Germany's oldest and largest association for private investors, Deutsche Schutzvereinigung für Wertpapierbesitz e.V. (DSW), and DSW President since 21 November 2011.

Benedikt A. Goldkamp (D) Delegate of the Board of Directors. Member of the Board of Directors since 2000. Delegate of the Board of Directors since 1 July 2001. CEO. Dipl. Finanzwirt, MBA Duke University, Lufingen (Switzerland). Born 1969. Gained a degree in financial consultancy, followed by a Master's in Business Administration. 1996–1997 Worked as an auditor and strategy consultant at McKinsey & Co. 1998–2000 Managed the Group's own production facility in Hungary and several Group-internal restructuring projects. Has been a member of the management and Board of Directors of Phoenix Mecano AG since 2000.

Dr Florian Ernst (CH) Member of the Board of Directors since 2003. Dipl. Wirtschaftsprüfer. Dr oec. HSG, Zollikon (Switzerland). Born 1966. Graduated as Dr oec. HSG in 1996. Qualified as an auditor in 1999. Worked as an auditor at Deloitte & Touche AG in Zurich until 1999. Then held various positions in the banking sector, including as a mergers & acquisitions consultant and the CFO of an alternative investment company in Pfäffikon, Schwyz. Has been working for Deutsche Bank (Switzerland) AG in Zurich since 2008, in a variety of roles, most recently as Head Key Clients Swiss Onshore.

Dr Martin Furrer (CH) Member of the Board of Directors since 2003. Lawyer. Dr iur., MBA INSEAD, Zumikon (Switzerland). Born 1965, gained a doctorate in law (Dr iur.) from Zurich University, then an MBA from INSEAD in Fontainebleau, and passed the bar examination of the Canton of Zurich. Started out as a lawyer for Baker & McKenzie in Sydney, then became a strategy consultant for McKinsey & Co. in Zurich. Has been back working as a lawyer for Baker & McKenzie in Zurich since 1997, specialising in private equity, mergers & acquisitions, capital market law and restructuring. Has been a partner at Baker & McKenzie since 2002.

Beat Siegrist (CH) Member of the Board of Directors since 2003. Chairman of the Board of Directors of Schweiter Technologies, Horgen. President of the Satisloh Group. Dipl. Ing. ETH, MBA Fontainebleau, Herrliberg (Switzerland). Born 1960, gained the following qualifications: Dipl. Ing. ETH 1985, MBA Fontainebleau and McKinsey Fellowship 1988. Development engineer for data transfer with Contraves, Senior Consultant and Project Manager at McKinsey & Co. responsible for reorganisations and turnaround projects in the machine industry. CEO of Schweiter Technologies, Horgen, from 1996 to 2008. Director of INFICON Holding AG, Bad Ragaz, since 2010. 2008–2012 Managing Director of the Satisloh Group and a Member of the Executive Committee at Essilor, the world's largest manufacturer of ophthalmic lenses, with sales of CHF 6 billion.

No other members of the Board of Directors have any relevant activities or vested interests to report.

Cross-linkage There is no cross-linkage. In other words, no member of the Phoenix Mecano Board of Directors serves on the Supervisory Board of a listed company of a fellow Director.

Internal organisational structure The Board of Directors is deliberately kept small and usually performs its duties collectively. The Audit Committee, first set up in 2003, is primarily responsible for monitoring external audits. In that task it is supported by the Internal Auditing Department. The Audit Committee is chaired by Dr Florian Ernst in his capacity as a non-executive member of the Board of Directors. Dr Ernst is a certified auditor and has the necessary knowledge and experience of finance and accounting. Another member of the Audit Committee is the Chairman of the Board of Directors, Ulrich Hocker. The CEO and CFO also attend Audit Committee meetings. The Committee held two meetings in 2012, each lasting an average of three-and-a-half hours.

The Audit Committee works in an advisory capacity and prepares draft resolutions and recommendations for the attention of all members of the Board of Directors. Decisions are taken by the whole Board of Directors.

Information and control instruments vis-à-vis the management (Executive Committee). The Board of Directors has a number of instruments to enable it to perform its duties vis-à-vis the management to the fullest extent. For example, the company has a management information system encompassing all Phoenix Mecano Group companies. It includes detailed balance sheet and statement of income figures and enables the company to obtain a quick and reliable picture of the income and assets of the Group, divisions or individual companies at any time. Reporting takes place monthly. Regular meetings with members of the Executive Committee ensure that Board members are fully informed and have a sound basis for decision-making.

In 2002, a dedicated, full-time Internal Auditing Department was set up. It is accountable to the Board of Directors and reports directly to it. Key audit issues in 2012 were accounts receivable and inventory management, the internal control system, transfer pricing documentation and the IT access concept. A quality assessment conducted by an external auditor (Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Düsseldorf, Germany) in early 2012 confirmed that the Phoenix Mecano Group's Internal Auditing Department complied with international standards. A quality assessment is carried out every five years.

In addition, a Group-wide, software-based risk management system was introduced in 2002 and a Group-wide non-software-based internal control system in 2008. Both systems have proved invaluable and are continuously updated. The most recent update was the introduction of integrated software for the risk management and internal control systems in the 4th quarter 2012.

MEMBERS OF THE BOARD OF DIRECTORS

Name	Function	On the Board since	In current position since	Term expires in	Operational management tasks
Ulrich Hocker	Chairman Member of the Audit Committee	1988	2003	2015	No
Benedikt A. Goldkamp	Delegate	2000	2001	2015	Yes
Dr Florian Ernst	Member Chairman of the Audit Committee	2003	2003	2015	No
Dr Martin Furrer	Member	2003	2003	2015	No
Beat Siegrist	Member	2003	2003	2015	No

MANAGEMENT

The management comprises the Delegate of the Board of Directors and the company's heads of division. It is chaired by the Delegate of the Board of Directors. Members of the management are appointed by and report to the Delegate. The management aids the Delegate by coordinating the Group's companies and discusses matters affecting more than one division of the company.

Other activities and vested interests The members of the management do not perform any duties in governing or supervisory bodies of any major Swiss or foreign corporate bodies, institutions or foundations, nor do they fulfil any management or consultancy functions on a permanent basis.

Management contracts Furthermore, there are no management contracts between the Group and companies or persons with management duties.

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REMUNERATION, SHAREHOLDINGS AND LOANS

Content and method of determining compensation The compensation of members of the Board of Directors, except for the Delegate of the Board of Directors, is set out in Article 18 of the Articles of Incorporation. This states that, in return for their work, the members of the Board of Directors shall receive a fixed compensation independent of retained earnings. This is paid annually in cash after the Shareholders' General Meeting. The remuneration paid to the members of the Board of Directors is assessed by the Chairman and Delegate of the Board of Directors. The compensation is reviewed annually and adjusted as necessary.

All components of the compensation of the Delegate of the Board of Directors are decided on annually by the Chairman of the Board of Directors. The Delegate of the Board of Directors determines the compensation of the Executive Committee annually.

The Delegate of the Board of Directors and the members of the Executive Committee (management) are paid in accordance with their individual employment contracts. The compensation comprises a fixed and a variable remuneration, as well as social security and pension payments. The company also provides members of the management with a company car for business and private use. The fixed remuneration is determined based on job profile, qualifications and market conditions. The annual variable compensation level for members of the Executive Committee, except the CEO, COO and CFO, is determined based on income and return-on-capital targets, the basic features of which are as follows: the return-on-capital targets are derived from the weighted average costs of capital (WACC), which also correspond to the required minimum return on new projects and investments in the Phoenix Mecano Group. For these Executive Committee members, variable remuneration is capped at 140% of the target bonus. There is no penalty system. Typically, a total of 80% to 90% of the variable remuneration components are based on quantitative targets, half relating to income (EBIT) and half to return on capital employed (ROCE). 10% to 20% are based on personal, qualitative targets, set annually by the Delegate of the Board of Directors. Achievement of these targets is assessed by the Delegate in a discretionary decision. For the CEO, COO and CFO, the variable compensation is based on the Group's result of the period less a minimum return on equity. Variable remuneration typically accounts for between 20% and 50% of the total, and in some cases may exceed this. In the reporting year, the management's variable remuneration amounted to between 11% and 50% of the fixed remuneration. The variable remuneration of the Delegate of the Board of Directors is detailed in the Phoenix Mecano AG financial report on page 152.

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In 2009, the model was expanded to include a long-term component. Under this system, variable remuneration components of Executive Committee members, excluding the CEO, COO and CFO, over a three-year period will only be paid if the respective division's return on capital employed (ROCE) is higher than 15% (12% in some cases). If this minimum rate of return is not achieved within a three-year period, the entitlement to variable remuneration is lost without substitution.

There is no provision for servance pay for serving members of the Board of Directors or Executive Committee or other management staff.

There are no participation programmes for members of the Board of Directors and/or the Executive Committee. Accordingly, during the year under review no shares, convertible loans, options, participation certificates or such like were issued or awarded to members of the Board of Directors, management or employees.

Neither external consultants nor benchmark studies are consulted when setting compensation.

REMUNERATION OF SERVING MEMBERS OF THE GROUP'S BODIES	2012	2011
1 000 EUR		
Chairman of the Board of Directors	109	106
Delegate of the Board of Directors	577	601
Other members of the Board of Directors	115	113
Remuneration of the Board of Directors	801	820
Remuneration of the Executive Committee (excluding the Delegate of the Board of Directors)	2 117	2 289
Remuneration of the Board of Directors and the Executive Committee	2 918	3 109
Social security contributions	219	234
Pension payments	273	216
TOTAL REMUNERATION OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE	3 410	3 559

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Compensation of former members of the Group's bodies The Phoenix Mecano Group's consolidated statement of income for 2012 includes no compensation for former members of the Group's bodies who left in the preceding period or before.

Share allocations during the reporting year No shares were allocated.

Options No options were organised.

Additional fees and allowances No additional fees or allowances were owed or paid out to members of the Group's bodies or persons related to them.

Loans to corporate officers No loans were made to corporate officers.

Highest total compensation The highest total compensation is listed in the section entitled "Remuneration of serving members of the Group's bodies" (see the table above; further information can be found in the Phoenix Mecano AG financial report on page 152).

SHARE OWNERSHIP	Function	31.12.2012	31.12.2011
Ulrich Hocker	Chairman of the Board of Directors	8 798	8 654
Benedikt A. Goldkamp	Delegate of the Board of Directors	1 840	1 800
Dr Florian Ernst	Member	10	10
Dr Martin Furrer	Member	100	100
Beat Siegrist	Member	400	400
SHARES HELD BY THE BOARD OF DIRECTORS		11 148	10 964
Dr Rochus Kobler	Chairman of the Executive Committee	200	92
Dr Joachim Metzger	Member	15	80
René Schäffeler	Member	80	80
SHARES HELD BY THE EXECUTIVE COMMITTEE		295	252

SHAREHOLDERS' PARTICIPATION

Voting rights and proxy voting One share entitles the holder to one vote at the Shareholders' General Meeting. There is no restriction on voting rights. Shareholders may also exercise their voting rights by transferring their mandate in writing to another shareholder. Natural persons may not be legally represented by non-shareholders.

Statutory quorums Unless the law or the company's Articles of Incorporation stipulate that decisions be taken by a qualified majority, the Shareholders' General Meeting takes decisions by means of an absolute majority of the votes cast, irrespective of the number of shareholders present or the number of votes. In the event of a tie, the Chairman has the casting vote, except in elections, where the final decision will be taken by lots if need be. The adoption and amendment of the Articles of Incorporation and any decisions entailing an amendment of the Articles of Incorporation must be approved by three quarters of the votes cast, irrespective of the number of shareholders present or the number of votes.

Convocation of the Shareholders' General Meeting/Inclusion of items on the agenda The Shareholders' General Meeting (GM), the company's top body, is headed by the Chairman. Invitations to the GM are issued at least 20 days in advance of the meeting by means of a single announcement in the company's publications. The invitation must contain the agenda of the meeting and the proposals by the Board of Directors and shareholders who called for the convocation of a Shareholders' General Meeting or the inclusion of an item on the agenda. Pursuant to a decision taken by the GM of 7 June 2002, shareholders representing shares with a par value of CHF 100 000 may demand the inclusion of an item on the agenda.

Shareholders' rights All shareholders are entitled to attend the Shareholders' General Meeting. To participate and make use of their rights to vote and submit proposals, they must demonstrate their share ownership.

Inscriptions into the share register Since Phoenix Mecano only has bearer shares, no share register is kept.

+ PEOPLE

Employee expertise and motivation and the skills of management and staff are being enhanced all the time.

= VALUE

All operational measures and processes are geared towards boosting operational efficiency and so creating demonstrable added value for customers and our Group.

+ PROCESS

We use a variety of methods and instruments to optimise processes continually in a customer-focused way.

+ PRESENCE

We work for and with our customers to open up promising future growth markets. Ongoing exchange of experience helps us to be successful in different cultures.

From left to right:
Dr Rochus Kobler ||| Dieter B. Schaadt ||| Philip J. Brown ||| Benedikt A. Goldkamp ||| Dr Joachim Metzger ||| Maximilian Kleinle ||| René Schäffeler

AS AT 31 DECEMBER 2012, THE MANAGEMENT COMPRISED THE FOLLOWING MEMBERS:

Benedikt A. Goldkamp (D) Delegate of the Board of Directors/CEO. Dipl. Finanzwirt, MBA. Lufingen (Switzerland). See under Board of Directors on page 63 of this report.

Philip J. Brown (GB) Member of the Executive Committee since 2007. Incorporated Engineer (IEng). MBA. Frederick (MD, USA). Born 1961. Worked for eleven years as chief engineer in the British navy. From 1988 he occupied a variety of posts, most recently as managing director of the UK subsidiary of a global industrial controls manufacturer. He was Managing Director of Phoenix Mecano UK between 1997 and 2005 and has been President and CEO of Phoenix Mecano (USA) since 2005. Since 2009 President and CEO of Okin America Inc. (USA).

Ralph Gamper (CH) Member of the Executive Committee since 2006. Machine technician, Schlattingen (Switzerland). Born 1955. Started his career as a technical draughtsman, gained his Matura (Swiss university entrance qualification), then qualified as a machine technician, sales manager and business manager. Ralph Gamper has been with Phoenix Mecano since 1982. From 2001 to 2011 he was Managing Director of Phoenix Mecano Komponenten AG, Stein am Rhein, which covers the Swiss market for the entire Phoenix Mecano Group.
Ralph Gamper stepped down from the Executive Committee on 31 May 2012.

Maximilian Kleinle (D) Member of the Executive Committee since 2004. Dipl. Ing. (FH), Baar (Switzerland). Born 1961. Graduated from college as an electrical engineer, then added an MBA. 1990–1996 Various management posts in distribution and marketing of technical products. 1997–2003 CEO of a company in precision engineering and electronics. He was General Manager of the ELCOM/EMS division from October 2003 to January 2009. He has been head of the DewertOkin business area (Mechanical Components division) since February 2009 and head of the Mechanical Components division since 1 January 2012.

Dr Rochus Kobler (CH) COO/Chairman of the Executive Committee. Member of the Executive Committee since 2010. Dr oec. HSG, Dipl. Ing. ETH/MSc, Unterägeri (Switzerland). Born 1969. From 1997 to 2002 he was Senior Engagement Manager at McKinsey in Zurich, Johannesburg and Chicago. Between 2002 and 2010 he served as CEO and Member of the Board of Directors at the international production and trading group Gutta. He has been COO since 1 September 2010, with responsibility for the operational management of the Phoenix Mecano Group.

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Dr Joachim Metzger (D) Member of the Executive Committee since 1992. Qualified mechanical and industrial engineer. Dr rer. pol., Rimbach (Germany). Born 1951. Worked for several years for Arthur Andersen as an auditor and management consultant. Became a Head of Division and Head of Materials Management at AMP as a member of the Executive Committee. 1989–1992 Managing Director at Rose + Krieger, 1992–1993 Managing Director at Dewert. Since 1992 he has been a director in charge of Business Development (global sourcing and opening up new markets in China, India, Southeast Asia and South America).

Dieter B. Schaadt (D) Member of the Executive Committee since 1991. Technician, Minden (Germany). Born 1945. Trained as a power electrician and technician. Has been at Rose Systemtechnik since 1976. There he was sales and marketing manager from 1976–1986 and has been Managing Director since 1986. Since 1991 he has been head of the Enclosures division. Runs European subsidiaries of the Group in the UK, France, Belgium, the Netherlands, Italy and Austria.

René Schäffeler (CH) CFO/Member of the Executive Committee since 2000. Certified accountant/controller, Stein am Rhein (Switzerland). Born 1966. Commercial training and active for several years in the banking sector. Has been at Phoenix Mecano since 1989. After serving as Controller (until 1991), Head of the Group Accounting Department (1992–1996) and Deputy Director of Finances and Controlling (1997–2000), he has been an executive director and CFO since 2000. In this post he is responsible for finances, group accounting, controlling and taxes.

CHANGES OF CONTROL AND DEFENCE MEASURES

Duty to make an offer The limit for the obligation to make an offer pursuant to Article 32 of the Swiss Federal Law on Stock Exchange and Securities Trade is 45% of the voting rights ('opting up'). Under the Swiss Stock Exchange Act, a potential acquiring company may be exempted from the obligation to make a public purchase bid ('opting out'). Phoenix Mecano has not made use of this possibility.

Clauses on changes of control There are no change-of-control clauses. There is no provision for severance pay for serving members of the Board of Directors or Executive Committee or other management staff.

STATUTORY AUDITORS

Duration of the mandate and term of office of the auditor in charge By a decision of the Shareholders' General Meeting of 25 May 2012, KPMG AG, Zurich, were appointed as statutory auditors for the accounting and financial statements of Phoenix Mecano AG and as Group auditors of the consolidated financial statements of the Phoenix Mecano Group for a period of one year. KPMG AG, Zurich, first assumed the mandate as statutory and Group auditors in 2006; the auditor in charge, Mr Kurt Stocker, has been in office since the 2012 Shareholders' General Meeting. The auditor in charge is replaced every seven years.

Auditors' fees In the reporting year, KPMG received fees totalling EUR 789 000 for auditing the financial statements and consolidated financial statements.

Additional fees KPMG received additional fees of EUR 267 000 in the reporting year: EUR 262 000 for tax consultancy and EUR 5 000 for legal advice.

Audit supervision and control instruments Phoenix Mecano has a dedicated full-time Internal Auditing Department and a Board of Directors' Audit Committee. The external auditors attended both Audit Committee meetings in the reporting year. They inform the Audit Committee, both orally and in writing, of the outcome of the Group audit and the audit of the financial statements of Phoenix Mecano AG. Specific observations relating to the audit are presented to the Board of Directors in the form of a comprehensive report.

The Audit Committee assesses the statutory auditors' performance annually based on the documents, reports and presentations they produce and the relevance and objectivity of their observations. In so doing, the Committee also takes into account the opinion of the CFO. The amount of the statutory auditors' fees is regularly reviewed and compared with the auditing fees of other industrial companies. It is negotiated by the CFO and approved by the Audit Committee. All services performed outside the scope of the statutory audit mandate are compatible with the audit duties.

AUDITORS' FEES/ADDITIONAL FEES	2012	2011
1 000 EUR		
Total auditors' fees	789	776
Tax consultancy	262	398
Legal advice	5	31
Total additional fees	267	429
TOTAL	1 056	1 205

INFORMATION POLICY

The Board of Directors and management of Phoenix Mecano are committed to open information and communication both within the Group and externally, believing that transparency alone creates trust. As well as attending official information events:

+ the balance sheet press conference
+ the financial analysts' meeting
+ the Shareholders' General Meeting

the company's representatives are in regular contact with media representatives, financial analysts and investors.

The calendar of events and publications can be found on the inside back cover. Contact details for the Investor Relations Manager can be found in the "Share Information" section on page 51. Extensive information is also available on the Internet at www.phoenix-mecano.com, from where the annual report and up-to-date media information can be downloaded. It goes without saying that interested parties can also obtain information about other strategic, market-related or financial aspects of the Group's activities. For ad hoc disclosures, the relevant pages are:

+ Pull Link:
  www.phoenix-mecano.com/current-media-releases.html
+ Push Link:
  www.phoenix-mecano.com/subscribe.html

Print media announcements are published in the Swiss Official Gazette of Commerce (SOGC) as well as a number of major daily newspapers in German-speaking Switzerland.

Financial calendar:
Inside back cover

Annual report page 51
www.phoenix-mecano/
media-releases.html

GROUP OPERATIONAL STRUCTURE

PHOENIX MECANO

GROUP HEADQUARTERS

SWITZERLAND
Phoenix Mecano AG
CH-8260 Stein am Rhein

FINANCE AND SERVICE COMPANIES

SWITZERLAND
Phoenix Mecano Management AG
CH-8302 Kloten
Managing directors:
B. A. Goldkamp, Dr R. Kobler,
R. Schäffeler

Phoenix Mecano Trading AG
CH-8260 Stein am Rhein
Managing directors:
Dr J. Metzger

GERMANY
IFINA Beteiligungsgesellschaft mbH
D-32457 Porta Westfalica
Managing directors:
B. A. Goldkamp, D. B. Schaadt,
M. Sochor, M. Kleinle

GREAT BRITAIN
Phoenix Mecano Finance Ltd.
St. Helier, Jersey
GB-Channel Islands JE2 3NP
Managing director:
H. Durell

Integrated Furniture Technologies Ltd.
GB-Cheltenham GL50 1PY
Managing directors:
D. Robertson, M. Kleinle, Dr J. Gross

HUNGARY
Phoenix Mecano Kecskemét Research and Development Kft.
H-6000 Kecskemét
Managing director:
Dr Z. Nagy

THE NETHERLANDS
PM International B.V.
NL-7005 AG Doetinchem
Managing directors:
G. H. B. Hartman, B. A. Goldkamp,
R. Schäffeler

ENCLOSURES

D. B. Schaadt

GERMANY
Bopla Gehäuse Systeme GmbH
D-32257 Bünde
Managing director:
R. Bokämper

Kundisch GmbH + Co. KG
D-78056 Villingen-Schwenningen
Managing director:
H. Hartmann

Rose Systemtechnik GmbH
D-32457 Porta Westfalica
Managing director:
D. B. Schaadt

ELCOM/EMS

B. A. Goldkamp

GERMANY
ATON Lichttechnik GmbH
D-30853 Langenhagen Mitte
Managing directors:
R. Bormet, P. Wypchol

Datatel Elektronik GmbH
D-61279 Grävenwiesbach
Managing directors:
B. A. Goldkamp, K. H. Goos

HARTU Technologie GmbH + Co. KG (formerly Götz-Udo Hartmann GmbH + Co. KG)
D-61279 Grävenwiesbach
Managing directors:
B. A. Goldkamp, K. H. Goos

Hartmann Codier GmbH
D-91083 Baiersdorf
Managing directors:
B. A. Goldkamp, P. Scherer

Hartmann Electronic GmbH
D-70499 Stuttgart (Weilimdorf)
Managing directors:
Dr G. Zahnenbenz, W. Fritz

Phoenix Mecano Digital Elektronik GmbH
D-99848 Wutha-Farnroda
Managing director:
R. Bormet

Platthaus GmbH Elektrotechnische Fabrik
D-52477 Alsdorf
Managing directors:
K. H. Goos, O. Huppertz

Plein & Baus GmbH
D-51399 Burscheid
Managing directors:
A. Köster, Dr G. Zahnenbenz

PTR Messtechnik GmbH + Co. KG
D-59368 Werne
Managing directors:
B. A. Goldkamp, P. Scherer

MECHANICAL COMPONENTS

M. Kleinle

GERMANY
DewertOkin GmbH
D-32278 Kirchlengern
Managing director:
Dr J. Gross

RK Rose + Krieger GmbH
D-32423 Minden
Managing director:
H. Hoffmann

PRODUCTION AND SALES COMPANIES

AUSTRALIA
Phoenix Mecano Australia Pty Ltd.
Tullamarine, VIC 3043
Managing directors:
S. J. Gleeson, T. Thuess

AUSTRIA
AVS Phoenix Mecano GmbH
A-1230 Vienna
Managing director:
R. Kleinrath

BELGIUM
PM Komponenten N.V.
B-9800 Deinze
Managing director:
M. Lutin

BRAZIL
Phoenix Mecano Comercial e Técnica Ltda.
CEP 06460-110 Barueri – SP
Managing director:
D. Weber

DENMARK
Phoenix Mecano ApS
DK-5220 Odense SØ
Managing director:
R. Davidsen

FRANCE
Phoenix Mecano S.à.r.l.
F-94124 Fontenay-sous-Bois, Cedex
Managing director:
J. P. Schreiber

GERMANY
Lohse GmbH
D-76461 Muggensturm
Managing directors:
K. H. Goos, E. Sorg

RK Rose + Krieger GmbH System- & Lineartechnik
D-88682 Salem-Neufrach
Managing director:
M. Pelz

RK Schmidt Systemtechnik GmbH
D-66646 Marpingen-Alsweiler
Managing director:
J. U. Schmidt

GREAT BRITAIN
Phoenix Mecano Ltd.
GB-Aylesbury HP19 8RY
Managing director:
D. B. Schaadt

HUNGARY
Phoenix Mecano Kecskemét Kft.
H-6000 Kecskemét
Managing directors:
Dr Z. Nagy, Ch. Porde

INDIA
Phoenix Mecano (India) Pvt. Ltd.
Pune 412115
Managing director:
S. Shukla

ITALY
Phoenix Mecano S.r.l.
I-20065 Inzago (Milano)
Managing director:
D. B. Schaadt

KOREA (SOUTH KOREA)
Phoenix Mecano Korea Co., Ltd.
Busan 614-867
Managing director:
T. J. Ou

THE NETHERLANDS
PM Komponenten B.V.
NL-7005 AG Doetinchem
Managing director:
D. B. Schaadt

PEOPLE'S REPUBLIC OF CHINA
Okin Refined Electric Technology Co., Ltd.
314024 Jiaxing
Managing directors:
Dr J. Gross, J. Tang

Mecano Components (Shanghai) Co., Ltd.
201802 Shanghai
Managing director:
K. W. Phoon

Phoenix Mecano Components (Taicang) Co., Ltd.
Taicang, Jiangsu Province
Managing director:
K. W. Phoon

Phoenix Mecano Hong Kong Ltd.
Hong Kong
Managing directors:
M. Kleinle, R. Schäffeler

Shenzhen ELCOM Trading Co., Ltd.
Shenzhen
Managing director:
P. Scherer

ROMANIA
Phoenix Mecano Plastic S.r.l.
RO-550052 Sibiu
Managing director:
C. Marinescu

SINGAPORE
Phoenix Mecano S.E. Asia Pte Ltd.
Singapore 408863
Managing director:
T. J. Ou

SPAIN
Sistemas Phoenix Mecano España S.A.
E-50011 Zaragoza
Managing director:
S. Hutchinson

SWEDEN
Phoenix Mecano AB
SE-360 44 Ingelstad
Managing director:
P. Nilsson

SWITZERLAND
Phoenix Mecano Komponenten AG
CH-8260 Stein am Rhein
Managing directors:
M. Jahn, W. Schmid

TUNISIA
Phoenix Mecano Hartu S.à.r.l.
TN-2013 Ben Arous
Managing directors:
M. Fekih, H. Blech

Phoenix Mecano Digital Tunisie S.à.r.l.
TN-2084 Borj-Cedria
Managing director:
R. Bormet

Phoenix Mecano ELCOM S.à.r.l.
TN-1100 Djebel El Ouest-Zaghouan
Managing director:
K. Vieth

TURKEY
Phoenix Mecano Mazaka Endüstriyel Ürünler San ve Tic AŞ
TR-06374 Yenimahalle/Ankara
Managing director:
B. Cihangiroglu

USA
Phoenix Mecano Inc.
Frederick, MD 21704
Managing director:
P. Brown

WIENER, Plein & Baus, Corp.
Springfield, OH 45505
Managing director:
Dr A. Ruben

Okin America Inc.
Shannon, MS 38868
Managing director:
P. Brown

UNITED ARAB EMIRATES
Rose Systemtechnik Middle East (FZE)
Sharjah – U.A.E.
Managing director:
H. Felsmann

PHOENIX MECANO GROUP
CONSOLIDATED FINANCIAL STATEMENTS 2012

NET INDEBTEDNESS VIRTUALLY ELIMINATED

CONTENT

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012

ASSETS		2012	2011
1 000 EUR	Note No.		
Non-current assets			
Goodwill	3	14 362	14 362
Other intangible assets	4	19 680	18 546
Investment properties	5	1 060	0
Other tangible assets	5	103 533	100 717
Investments in associated companies	6	407	465
Other financial assets	7	798	308
Derivative financial instruments	18	149	0
Deferred tax assets	21	3 813	5 595
Total non-current assets		**143 802**	**139 993**
Current assets			
Inventories	8	111 564	132 880
Trade receivables	9	51 553	55 625
Derivative financial instruments	18	45	83
Income tax receivables		2 708	2 101
Other receivables	10	8 199	7 829
Current securities	11	7 796	6 663
Cash and cash equivalents	12	62 824	43 500
Deferred charges and prepaid expenses		1 470	1 122
Total current assets		**246 159**	**249 803**
TOTAL ASSETS		389 961	389 796

EQUITY AND LIABILITIES		2012	2011
1 000 EUR	Note No.		
Equity			
Share capital	13	609	609
Treasury shares	14	–5 616	–1 650
Retained earnings		253 203	245 670
Profits/losses from IAS 39		67	–2 347
Translation differences		3 375	4 212
Equity attributable to shareholders of the parent company		**251 638**	**246 494**
Minority interest	15	1 819	1 612
Total equity		**253 457**	**248 106**
Liabilities			
Long-term financial liabilities	17	39 357	41 451
Derivative financial instruments	18	62	1 913
Long-term provisions	19, 20	9 402	10 434
Deferred tax liabilities	21	4 909	5 345
Long-term liabilities		**53 730**	**59 143**
Trade payables	22	19 779	19 696
Short-term financial liabilities	23	31 978	26 038
Derivative financial instruments	18	523	1 436
Short-term provisions	19, 20	11 315	13 694
Income tax liabilities		4 170	5 799
Other liabilities	24	13 692	14 200
Deferred income		1 317	1 684
Short-term liabilities		**82 774**	**82 547**
Total liabilities		**136 504**	**141 690**
TOTAL EQUITY AND LIABILITIES		389 961	389 796

CONSOLIDATED STATEMENT OF INCOME 2012

1 000 EUR	Note No.	2012	2011
Net sales *	32	495 581	524 419
Changes in inventories		1 226	–4 484
Own work capitalised		1 549	1 104
Other operating income	33	3 073	3 899
Cost of materials	34	–238 350	–246 930
Personnel expenses	35	–145 550	–143 285
Amortisation of intangible assets	36	–6 063	–5 679
Depreciation on tangible assets	37	–15 557	–14 404
Impairment and reversal on impairment losses on intangible and tangible assets	38	–4 943	–11 902
Other operating expenses	39	–63 111	–66 637
Result before interest and tax (operating result)		**27 855**	**36 101**
Result from associated companies	6	85	88
Financial income	40	3 998	4 312
Financial expenses	41	–5 281	–8 697
Financial result		**–1 198**	**–4 297**
Result before tax		**26 657**	**31 804**
Income tax	42	–8 588	–8 159
RESULT OF THE PERIOD		18 069	23 645
of which			
– Shareholders in the parent company		18 075	23 170
– Minority shareholders		–6	475
Result per share			
Result per share – undiluted (in EUR)	43	18.62	23.89
Result per share – diluted (in EUR)	43	18.62	23.89

* Change to presentation, see explanations in the “Principles of consolidation and valuation”.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2012

1 000 EUR	Note No.	2012	2011
RESULT OF THE PERIOD		18 069	23 645
Other result			
Fluctuations in fair value of financial assets		61	9
Fluctuations in fair value of cash flow hedges		2 319	–5 081
Realised results of cash flow hedges		406	1 219
Translation differences attributable to the parent company		–837	1 852
Translation differences attributable to minority interest		7	49
Deferred tax	21	–372	568
Other result (after tax)		**1 584**	**–1 384**
COMPREHENSIVE INCOME		19 653	22 261
of which			
– Shareholders in the parent company		19 652	21 737
– Minority shareholders		1	524

CONSOLIDATED STATEMENT OF CASH FLOW 2012

1 000 EUR	Note No.	2012	2011
Result of the period		18 069	23 645
Income tax	42	8 588	8 159
Result before tax		**26 657**	**31 804**
Amortisation of intangible assets	4	6 063	5 679
Depreciation on tangible assets	5	15 557	14 404
Losses/(gains) from the disposal of intangible and tangible assets	33, 39	86	98
Impairment of intangible and tangible assets	4, 5	4 943	11 902
Losses and value adjustments on inventories	8	2 793	6 920
Result from associated companies	6	–85	–88
Other non-cash expenses/(income)		244	3 204
Increase/(decrease) in long-term provisions		–1 130	–27
Net interest expenses/(income)	40, 41	846	1 468
Interest paid		–1 280	–1 386
Income tax paid		–11 337	–17 392
OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL		43 357	56 586
(Increase)/decrease in inventories		18 489	–6 091
(Increase)/decrease in trade receivables		4 135	–2 919
(Increase)/decrease in other receivables, deferred charges and prepaid expenses		–591	711
(Decrease)/increase in trade payables		–76	–1 526
(Decrease)/increase in short-term provisions		–2 385	1 047
(Decrease)/increase in other liabilities and deferred income		–781	–3 191
CASH FLOW FROM OPERATING ACTIVITIES		62 148	44 617

1 000 EUR	Note No.	2012	2011
Capital expenditure			
Intangible assets	4	–2 207	–1 583
Tangible assets	5	–23 229	–19 290
Financial assets		–428	–296
Current securities		–3 412	–2 104
Acquisition of Group companies	46	–2 949	–4 393
Disinvestments			
Intangible assets		1	30
Tangible assets	5, 33, 39	802	653
Financial assets		0	315
Current securities		2 118	1 580
Disposal of Group companies	47	0	396
Interest received		1 045	752
Dividends received	6	150	125
CASH FLOW USED IN INVESTING ACTIVITIES		–28 109	–23 815
Dividends paid (including minority interest)		–10 722	–10 492
Purchase of minority interests		–272	–265
Capital increase of minority interests		20	0
Purchase of treasury shares		–4 000	–401
Sale of treasury shares		32	777
Issue of financial liabilities		10 632	15 067
Repayment of financial liabilities		–10 240	–13 803
CASH FLOW FROM FINANCING ACTIVITIES		–14 550	–9 117
Translation differences in cash and cash equivalents		–165	15
Change in cash and cash equivalents		**19 324**	**11 700**
Cash and cash equivalents as at 1 January	12	43 500	31 800
Cash and cash equivalents as at 31 December	12	**62 824**	43 500
Change in cash and cash equivalents		**19 324**	11 700

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2012

1 000 EUR	Note No.	Share capital	Treasury shares	Retained earnings
Equity as at 31 December 2010		609	–1 779	232 632
Fluctuations in fair value of financial assets				
Realised results of financial assets				
Fluctuations in fair value of cash flow hedges				
Realised results of cash flow hedges				
Translation differences				
Deferred taxes not affecting income				
Total other result (after tax)		0	0	0
Result of the period				23 170
Total comprehensive income		0	0	23 170
Purchase of minority interests				–19
Change in treasury shares	14		129	247
Dividends paid				–10 360
Total equity transactions with owners		0	129	–10 132
Equity as at 31 December 2011		609	–1 650	245 670
Fluctuations in fair value of financial assets				
Realised results of financial assets				
Fluctuations in fair value of cash flow hedges				
Realised results of cash flow hedges				
Translation differences				
Deferred taxes not affecting income				
Total other result (after tax)		0	0	0
Result of the period				18 075
Total comprehensive income		0	0	18 075
Change in minority interests				–39
Capital increase				
Change in treasury shares	14		–3 966	–2
Dividends paid				–10 501
Total equity transactions with owners		0	–3 966	–10 542
EQUITY AS AT 31 DECEMBER 2012		609	–5 616	253 203

Profits/(losses) cash flow hedge from IAS 39	Profits/(losses) financial assets from IAS 39	Translation differences	Equity attributable to shareholders of the parent company	Minority interest	Total equity
983	–45	2 360	234 760	1 466	236 226
	9		9		9
			0		0
–5 081			–5 081		–5 081
1 219			1 219		1 219
		1 852	1 852	49	1 901
568			568		568
–3 294	9	1 852	–1 433	49	–1 384
			23 170	475	23 645
–3 294	9	1 852	21 737	524	22 261
			–19	–246	–265
			376		376
			–10 360	–132	–10 492
0	0	0	–10 003	–378	–10 381
–2 311	–36	4 212	246 494	1 612	248 106
	61		61		61
			0		0
2 319			2 319		2 319
406			406		406
		–837	–837	7	–830
–372			–372		–372
2 353	61	–837	1 577	7	1 584
			18 075	–6	18 069
2 353	61	–837	19 652	1	19 653
			–39	407	368
			0	20	20
			–3 968		–3 968
			–10 501	–221	–10 722
0	0	0	–14 508	206	–14 302
42	25	3 375	251 638	1 819	253 457

CONSOLIDATED SEGMENT INFORMATION 2012

BY DIVISION	Enclosures		ELCOM/EMS	
	2012	2011	2012	2011
1 000 EUR				
Gross sales to third parties	160 022	164 742	119 929	142 796
Gross sales between divisions	301	423	4 806	5 217
Revenue reductions				
Net sales				
Impairment of intangible and tangible assets	–193	33	–4 819	–11 734
Amortisation of intangible assets and depreciation on tangible assets	–5 889	–5 503	–6 362	–6 710
Result before interest and tax (operating result)	22 845	33 896	–5 088	–9 763
Financial result				
Result before tax				
Income tax				
RESULT OF THE PERIOD				
Purchases of intangible and tangible assets	6 174	5 125	9 696	7 887
Segment assets	79 597	79 517	79 786	95 001
Cash and cash equivalents				
Other assets				
Total assets	79 597	79 517	79 786	95 001
Segment liabilities	16 812	16 785	13 118	13 872
Interest-bearing liabilities				
Other liabilities				
Total liabilities	16 812	16 785	13 118	13 872
NET ASSETS	62 785	62 732	66 668	81 129

* Included under Reconciliation are individual business areas and central management and financial functions that cannot be allocated to the divisions.

Mechanical Components		Total segments		Reconciliation *		Total Group	
2012	2011	2012	2011	2012	2011	2012	2011
220 510	222 217	500 461	529 755	0	0	500 461	529 755
118	85	5 225	5 725	–5 225	–5 725	0	0
						–4 880	–5 336
						495 581	524 419
69	–201	–4 943	–11 902	0	0	–4 943	–11 902
–9 014	–7 583	–21 265	–19 796	–355	–287	–21 620	–20 083
11 944	14 500	29 701	38 633	–1 846	–2 532	27 855	36 101
						–1 198	–4 297
						26 657	31 804
						–8 588	–8 159
						18 069	23 645
8 975	7 483	24 845	20 495	591	378	25 436	20 873
146 241	151 953	305 624	326 471	3 932	2 586	309 556	329 057
				62 824	43 500	62 824	43 500
				17 581	17 239	17 581	17 239
146 241	151 953	305 624	326 471	84 337	63 325	389 961	389 796
21 826	24 252	51 756	54 909	3 698	4 656	55 454	59 565
				71 335	67 489	71 335	67 489
				9 715	14 636	9 715	14 636
21 826	24 252	51 756	54 909	84 748	86 781	136 504	141 690
124 415	127 701	253 868	271 562	–411	–23 456	253 457	248 106

Table continued from pages 84 | 85

GROSS SALES TO THIRD PARTIES

1 000 EUR	2012	2011
By region		
Switzerland	22 978	24 970
Germany	215 133	244 454
UK	13 190	14 268
France	21 873	23 633
Italy	14 627	15 335
The Netherlands	12 433	13 553
Rest of Europe	68 709	70 659
North and South America	59 124	55 588
Middle and Far East	72 394	67 295
Gross sales	**500 461**	**529 755**
Revenue reductions	–4 880	–5 336
NET SALES	495 581	524 419
By product group		
Industrial enclosures	142 457	147 371
Membrane keyboards	17 565	17 371
Enclosures	**160 022**	**164 742**
Electro-mechanical components	47 588	54 176
Power quality	44 512	61 921
Electronic packaging	27 829	26 699
ELCOM/EMS	**119 929**	**142 796**
Industrial assembly systems	35 258	36 464
Linear adjustment and positioning systems	185 252	185 753
Mechanical Components	**220 510**	**222 217**
Gross sales	**500 461**	**529 755**
Revenue reductions	–4 880	–5 336
NET SALES	495 581	524 419

SIGNIFICANT CLIENTS

The Phoenix Mecano Group had no customers generating revenue that accounted for over 10% of the Group’s sales in 2012 or 2011.

LONG-TERM ASSETS (TANGIBLE ASSETS | INTANGIBLE ASSETS AND INVESTMENTS IN ASSOCIATED COMPANIES)

1 000 EUR	2012	2011
By region		
Switzerland	7 035	6 916
Germany	50 771	54 449
UK	5 537	172
France	469	416
Italy	1 569	1 655
The Netherlands	136	156
Rest of Europe	32 037	31 471
North and South America	5 053	4 713
Middle and Far East	36 435	34 142
TOTAL	139 042	134 090

PRINCIPLES OF CONSOLIDATION AND VALUATION 2012

ACCOUNTING PRINCIPLES

Phoenix Mecano AG with its subsidiaries (the Phoenix Mecano Group) operates worldwide as a manufacturer and seller of components for industrial customers in the electronics, electrical and mechanical engineering segments as well as of electric drives and control systems for adjustable ergonomic and healthcare furniture and hospital and healthcare beds. It is a leader in many of its markets. The Group's main activities are presented under Segment Information. Phoenix Mecano AG has its head office in Stein am Rhein, Switzerland, and has been listed on the Swiss Exchange (SIX) since 1988. Its address is Hofwisenstrasse 6, CH-8260 Stein am Rhein.

The consolidated financial statements of Phoenix Mecano AG were drawn up in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Where subsidiaries have a financial year that differs from the period under consideration, interim statements are drawn up and audited. Thus the consolidated financial statements are based upon audited annual or interim financial statements as at 31 December 2012, which in turn are based on the standard accounting, valuation and organisation criteria that are applied uniformly throughout the Group.

The consolidated financial statements were drawn up in accordance with the principle of historical acquisition and manufacturing cost. As an exception to this, financial assets held for sale, receivables and liabilities from derivative financial instruments and liabilities hedged by fair value hedges are measured at fair value. In addition, assets held for sale (intangible assets, tangible assets) are measured at fair value less costs to sell, provided that this value is lower than the book value. The consolidated statement of income was drawn up using the total cost method.

APPLICATION OF NEW ACCOUNTING STANDARDS

The following amendments to IFRS/IAS standards were applied for the first time from 1 January 2012:

- Amendments to IFRS 7 – Disclosures – Transfers of Financial Assets
- Amendments to IAS 12 – Deferred Tax: Recovery of Underlying Assets

The application of the revised IFRS/IAS standards had no impact on accounting, measurement and presentation or on the scope of the notes to the financial statements.

The following new and revised standards and interpretations have been approved but will only enter into force at a later date and as such have not been applied in these consolidated financial statements. Their impact on the Phoenix Mecano consolidated financial statements has not yet been systematically analysed; consequently, the expected effects listed at the base of the table are an initial estimate only.

			Entry into force	Planned implementation by Phoenix Mecano
NEW STANDARDS OR INTERPRETATIONS				
IFRS 10	Consolidated Financial Statements	1	1 January 2013	Financial year 2013
IFRS 11	Joint Arrangements	1	1 January 2013	Financial year 2013
IFRS 12	Disclosure of Interests in Other Entities	2	1 January 2013	Financial year 2013
IFRS 13	Fair Value Measurement	2	1 January 2013	Financial year 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1	1 January 2013	Financial year 2013
IFRS 9	Financial Instruments and associated amendments to IFRS 7 regarding initial application	3	1 January 2015	Financial year 2015
REVISIONS AND AMENDMENTS OF STANDARDS AND INTERPRETATIONS				
Amendments to IAS 1	Presentation of Items of Other Comprehensive Income	2/5	1 July 2012	Financial year 2013
IAS 19 (amended 2011)	Employee Benefits	4	1 January 2013	Financial year 2013
IAS 27 (amended 2011)	Separate Financial Statements	1	1 January 2013	Financial year 2013
IAS 28 (amended 2011)	Investments in Associates and Joint Ventures	1	1 January 2013	Financial year 2013
Amendments to IFRS 7	Disclosures – Offsetting of Financial Assets and Financial Liabilities	3	1 January 2013	Financial year 2013
Amendments to IFRSs (May 2012)		1	1 January 2013	Financial year 2013
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance	2	1 January 2013	Financial year 2013
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities	3	1 January 2014	Financial year 2014

1 No or negligible impact expected on Phoenix Mecano's consolidated financial statements.
2 Main impact expected to be additional disclosures in Phoenix Mecano's consolidated financial statements.
3 Impact on Phoenix Mecano's consolidated financial statements cannot yet be determined with sufficient certainty.
4 Under the amendments to IAS 19, actuarial gains and losses must henceforth be recognised immediately under Other result. The possibility that used to exist of deferring recognition of actuarial gains and losses (corridor method) is no longer allowed. Consequently, provisions as at 31 December 2012 will increase by EUR 3.8 million and equity will decrease by EUR 3.1 million (after tax). In addition, interest expense and expected return are replaced by a net interest component. This is obtained by multiplying the net pension obligation by the discount interest rate. This change has no major implications for Phoenix Mecano.
For the first time, the revised standard also contains provisions on how to handle contributions from employees under the terms of a pension plan. These must be treated as a negative benefit when calculating service cost, with the effects being attributed to periods of service on a straight-line basis if the contributions in later years will lead to a materially higher level of benefit than in earlier years. This new arrangement will result in a slightly lower net pension obligation. This change has no major implications for Phoenix Mecano in terms of service costs.
5 The amendments to IAS 1 require a new presentation in the statement of comprehensive income. The items of other comprehensive income must be regrouped into those that will not be subsequently reclassified to the statement of income and those that might be reclassified under certain conditions.

CHANGE TO PRESENTATION OF STATEMENT OF INCOME IN 2012

The presentation of sales revenue was changed in 2012. Previously, the items Gross sales, Revenue reductions and Net sales were disclosed separately in the statement of income. From now on, in the interests of simplicity, only sales revenue (net sales) will be presented directly in the statement of income as the relevant measure of sales pursuant to IAS 1 and 18. A reconciliation of gross sales to sales revenue is provided in note 32. The consolidated segment information also contains a reconciliation to sales revenue (net sales).

The 2011 statement of income and note 32 as well as the consolidated segment information for prior year have been adapted accordingly based on the amended presentation.

SCOPE OF CONSOLIDATION

The consolidated financial statements cover all companies over which Phoenix Mecano AG exercises direct or indirect control. Control means exerting a decisive influence on financial and operational activity with a view to deriving corresponding benefit. This is the case where Phoenix Mecano AG directly or indirectly holds over 50% of the voting rights in a company or where its management of the company is contractually guaranteed or exercised in practice.

The integrated Group companies are combined using the full consolidation method. 100% of all assets and liabilities, as well as income and expenditure, are included in the consolidated financial statements, with the exception of items that are eliminated during consolidation. Minority interests in equity are posted separately as a sub-item under equity. The minority share in the income is shown separately in the consolidated statement of income as a part of the result of the period. Newly acquired participating interests are included in the consolidated financial statements from the date on which control was acquired, while companies disposed of during the reporting year are excluded from the date on which control was relinquished.

ASSOCIATED COMPANIES

Investments in associated companies, in which Phoenix Mecano has a voting share of between 20 and 50% or exerts a significant influence in some other way, as with joint ventures (50% interests, which Phoenix Mecano controls jointly with partners), are included in the consolidated financial statements in accordance with the equity method. Under the equity method, the fair value of the proportionate net assets at the acquisition date is calculated and recognised together with any goodwill under Investments in associated companies. In the subsequent reporting periods, this value is adjusted by the share of the Phoenix Mecano Group in the additional capital and result generated as well as by any dividends.

CAPITAL CONSOLIDATION

Capital consolidation at the acquisition date is based on the acquisition method. The purchase price for a company acquisition is determined based on the total of the fair value of the assets given, the liabilities incurred or assumed and the equity instruments issued by the Phoenix Mecano Group. Transaction costs associated with a company acquisition are recognised as income/expense. The goodwill arising from a company acquisition is recognised as an asset. It corresponds to the surplus of the total of the purchase price, the contribution of minority interests in the company being taken over and the market value of the previously held equity interest above the balance of assets, liabilities and contingent liabilities at fair value.

For the measurement of minority interests, there is a choice with each transaction. They can be measured either at the market value or based on the minority share in the fair value of the net assets taken over. In the event of a negative difference, the remaining surplus is reported directly as income/expense following a further measurement of the fair value of the net assets taken over.

A contingent purchase price payment is measured at fair value at the acquisition date. Subsequent adjustments are reported as an adjustment to goodwill if they are based on more accurate information about the fair value at the acquisition date and provided they occur within the measurement period, i.e. a period of 12 months. All other subsequent adjustments are recognised as income/expense.

If the Phoenix Mecano Group offers a seller a put option on the remaining minority interest at the time of acquisition, resulting in a de facto obligation to buy, this option is recognised as a liability and measured at fair value. Subsequent adjustments to the liability are also recognised as income/expense. Accordingly, no minority interest is reported in the consolidated financial statements.

CURRENCY CONVERSION

Owing to the great importance of the euro to the Group – most of Phoenix Mecano's sales are made in euro and most of its major subsidiaries are located in the euro area – the consolidated financial statements are presented in euro.

The items contained in a Group company's annual accounts are valued on the basis of the currency of the primary economic environment in which the company operates (functional currency). Foreign currency transactions are converted into the functional currency at the exchange rates prevailing at the time of the transaction. Gains and losses resulting from the transactions themselves and from the conversion of monetary assets and liabilities in foreign currencies at the relevant closing rate are reported in the statement of income.

The results and balance sheet items of all Group companies with a functional currency other than the reporting currency, euro, are converted to euro. The assets and liabilities are converted at the closing rate for each balance sheet date, income and expenses at the average exchange rate for each statement of income. Any resulting translation differences and any translation differences on long-term loans which are considered to be similar in nature to equity are posted in equity as a separate item. The statement of cash flow is converted at the average exchange rate.

INTERCOMPANY PROFITS

Intercompany profits on inventories and non-current assets arising from trading between companies within the Group are eliminated so as not to affect income. Unrealised losses on transactions within the Group are also eliminated, unless the transaction indicates an impairment of the transferred asset.

SEGMENT INFORMATION

The segment information is presented in accordance with internal reporting and follows the management approach.

The Phoenix Mecano Group is divided into three divisions (operating segments). An operating segment is a component of a company which engages in business activities from which it may earn revenues and incur expenses. Its operating results are reviewed regularly by the chief operating decision maker (CODM) in order to make decisions about resources to be allocated to the segment and assess its performance. Discrete financial information is available for the segment. The Group's three divisions are:

› ENCLOSURES (enclosures made of aluminium, plastic and glass-fibre reinforced polyester, machine control boards and suspension systems for protecting electronics in an array of industrial applications, membrane keyboards)

- ELCOM/EMS (coding switches, plug connectors, inductive components, transformers, backplanes, power supply systems, LED lights, circuit board equipment, the development of customised electronic applications right down to complete subsystems)
- MECHANICAL COMPONENTS (aluminium profile assembly systems, linear positioning systems, industrial terminals and linear drives for mechanical engineering and electrically adjustable furniture for the home and hospital care sector)

These form the basis for the segment reporting. In addition, central management and financial functions are included under "Reconciliation". Also recorded under Reconciliation are asset and liability items that are not allocated to the divisions (cash and cash equivalents, other assets and financial and other liabilities).

The gross sales of the individual divisions with third parties/associated companies and between the divisions are recognised in accordance with the management approach. Gross sales between individual divisions are invoiced on arms-length terms. They are reconciled to sales revenue (net sales) as recognised in the statement of income.

The result is allocated to the individual divisions to the level of the result before interest and tax. Segment assets include intangible assets, tangible assets, inventories, trade receivables, other receivables (minus financial and interest receivables) and deferred charges and prepaid expenses of the respective business division. Operating liabilities include provisions, trade payables, other liabilities (minus interest liabilities) and deferred income per business division. The remaining asset and liability items are recorded under Reconciliation. Measurement in the segment information is based on the same accounting principles as used in the IFRS consolidated financial statements, except for the presentation of sales.

GOODWILL

Goodwill (see above under Capital consolidation) is tested for impairment annually and, if there are any indications of a reduction in value, it is also tested during the period. Any resulting impairment losses are reported in income. No reversal of impairment losses is performed.

OTHER INTANGIBLE ASSETS

Capitalised development costs Development costs for new products, which satisfy the criteria for capitalisation specified by IAS 38 (in particular there must be the prospect of a net income), are capitalised at acquisition or manufacturing cost and written off over the respective useful life, which must not exceed five years. Otherwise, research and development costs are debited directly to the statement of income.

Concessions, licences, similar rights and assets These other intangible assets are measured at acquisition cost less accumulated depreciation and, where appropriate, additional impairment losses. The depreciation rates are determined on a straight-line basis over the estimated useful life of the asset, which must not exceed ten years, in accordance with standard Group practice. Financing costs on eligible assets are capitalised.

Phoenix Mecano possesses no other intangible assets with an indeterminate useful life.

INVESTMENT PROPERTIES

Investment properties are held to earn rentals and for capital appreciation. They are measured at cost less depreciation and impairment. Rental properties are depreciated on a straight-line basis over 35 years. In accordance with IAS 40, the fair value is shown in the notes for comparison. It is ascertained based on internal calculations of the income value or an estimate of the market value.

TANGIBLE ASSETS

Tangible assets are stated in the balance sheet at no more than the acquisition or manufacturing cost, less accumulated depreciation and where appropriate less additional impairment losses. The straight-line method of depreciation is applied over the depreciation periods specified in the useful life categories used by the whole Group. Where components of larger assets have different useful lives, these are depreciated as separate items. Financing costs on eligible assets are capitalised.

Follow-on investments are only capitalised if the Group is likely to derive future economic benefit as a result and if the costs can be reliably determined.

The useful lives of assets are estimated as follows:

Land (including usage rights)	unlimited useful life or duration of usage rights
Buildings	35 years
Outside facilities and building installations	10–15 years
Machinery and equipment	4–12 years

LEASED ASSETS

As a rule, lease contracts are only included in the balance sheet as financial lease contracts if the risks and rewards associated with ownership belong largely to the Group company when the contract is concluded. They are measured at the present value of the minimum lease rates or at the lower market value. The corresponding financial leasing commitments are posted as liabilities. The leasing rates are divided up into interest and repayment sums in accordance with the annuity method. The leased assets are depreciated over the estimated useful life or shorter lease term.

Operating lease payments are expensed directly to the statement of income on a straight-line basis over the lease term.

IMPAIRMENT LOSSES

Goodwill is checked annually for impairment. Other intangible and tangible assets are consistently checked for impairment if there are indications to suggest that this has taken place. The realisable value (the higher of the fair value less costs to sell and the value in use) of the asset or the cash-generating unit is estimated and a revenue adjustment to the previous book value is made, provided the latter exceeds the realisable value. The value in use corresponds to the present value of the expected future cash flows of the respective asset.

Previously recognised impairment losses are reversed (except on goodwill) if the estimates used to calculate the recoverable amount have altered and the impairment has reduced or disappeared as a result. The increase in book value may not exceed the amount that would have resulted if no impairment loss had been reported for the asset in the preceding years.

The discount rate is determined based on the pre-tax weighted average cost of capital (WACC) of Phoenix Mecano. A differentiation is applied to individual Phoenix Mecano Group cash-generating units if their risk profile is significantly different.

INVESTMENTS IN ASSOCIATED COMPANIES

Investments shown under this item are valued in accordance with the criteria set out above under Associated companies.

OTHER FINANCIAL ASSETS

Long-term loans to associated companies and third parties contained in Other financial assets are posted at their fair value upon initial recognition and at amortised cost in subsequent periods, taking account of any reductions in value (impairment) through corresponding devaluations which affect net income.

The other investments under 20% shown under Other financial assets are posted at fair value. Resulting changes in value are posted under Equity or under Other result in the statement of comprehensive income without affecting operating income and only transferred to the statement of income in the event of sale or an impairment (treated as available-for-sale financial assets in accordance with IAS 39). If the fair value cannot be reliably determined, the valuation is made at acquisition costs. Any reductions in value (impairment) are taken into account through corresponding devaluations (affecting net income) of the amount still likely to be recovered. Such impairment is not reversed.

A key factor in deciding whether to derecognise a financial asset is the transfer of the associated risks and rewards (known as the "risks and rewards" approach).

INVENTORIES

Inventories are reported at acquisition or production cost, which must not exceed the realisable net value (lowest value principle). The value of the costs is determined in the same way throughout the Group by means of the weighted average method. The production costs include all material costs, production wages and pro rata manufacturing overheads. Appropriate value adjustments are made for inventory-related risks wherever necessary, based on corresponding analyses of scope or coverage.

RECEIVABLES

Receivables are reported at amortised cost (usually equivalent to their nominal value) less value adjustments for bad debts. The value adjustment consists of individual value adjustments for specifically identified items, for which there is objective evidence to suggest that the outstanding amount will not be received in full, as well as flat-rate value adjustments for groups of receivables with a similar risk profile. The flat-rate value adjustments cover losses that are expected but not yet known and are based on age structure and historical receivables payment statistics. Where there is sufficient evidence to suggest that a receivable is definitely uncollectable, the receivable is derecognised directly. Subsequent incoming payments on amounts that have been derecognised are reported in income. Accounts payable and receivable between Group companies are offset against one another, provided that the companies are consolidated.

CURRENT SECURITIES

Securities are measured at fair value, both on initial recognition and subsequently. This corresponds to the market price in effect on the balance sheet date. Fluctuations in the market value of securities are recorded in the consolidated statement of comprehensive income and in equity under Other result and only included in the statement of income in the event of sale or an impairment (treated as available-for-sale financial assets in accordance with IAS 39). Any reductions in value (impairment) are taken into account through corresponding devaluations which affect net income. Impairment on equity instruments is not reversed in a way that affects net income. Accumulated interest on bonds is deferred.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprises cash on hand, in bank and in postal accounts, together with cheques. It also includes fixed deposits with a term not exceeding three months from the date of acquisition.

ASSETS HELD FOR SALE

Long-term assets are classified as held for sale and shown on the balance sheet in a separate item under assets or liabilities if the book value is to be realised by selling, rather than using, the assets. This is conditional upon the sale being very likely to take place and the assets being ready for immediate sale. For a sale to be classified as very likely, it must meet a number of criteria, including being expected to take place within one year.

Assets held for sale are valued at the lower of the book value or the fair value less costs to sell. From the time they are classified as "for sale", depreciable assets are no longer depreciated.

FINANCIAL LIABILITIES

Upon initial recognition, financial liabilities are recorded at fair value less transaction costs. In subsequent periods they are measured at amortised costs. Any discrepancy between the disbursement amount (less transaction costs) and the repayable amount is amortised throughout the term using the effective interest method and reported in income. Residual purchase price liabilities from acquisitions are revalued at the balance sheet date and measured at fair value.

Short-term liabilities are those with a remaining term of less than one year.

A financial liability is derecognised when it is cancelled or when it is discharged either judicially or by the creditor.

PROVISIONS

Provisions are formed if a past event has resulted in a present legal or actual obligation and there is likely to be an outflow of funds which can be reliably determined.

Restructuring provisions are recognised if, on the balance sheet date, there exists a corresponding liability with respect to a restructuring measure.

EMPLOYEE BENEFITS

Pension obligations The Group does not operate its own pension schemes. Pensions are essentially secured by external, independent pension providers in accordance with the defined contribution principle. The pension solution adopted for the Group's Swiss companies is affiliation to a collective foundation (Sammelstiftung) with its own legal personality, financed through employer and employee contributions. This pension plan is assessed under IAS 19 as defined benefit and is included in the balance sheet accordingly. In several Group companies in Germany, existing pension plans are also treated as defined benefit pension plans. Corresponding pension provisions are posted on the balance sheet for these plans.

The obligations associated with defined benefit pension plans are assessed annually for each plan by calculating the present value of the expected claims using the projected unit credit method and then subtracting or adding the market value of the plan assets, unrecognised actuarial gains and losses and unrecognised past service cost. The discount rate is based on the interest rate for top-quality corporate bonds with similar durations to the obligations. The obligation is calculated annually by independent insurance experts.

Pension costs linked to service during the reporting period are recognised as income/expense. The increase in pension costs for past service resulting from new or improved pension benefits is recorded on a straight-line basis under staff pension expenses until entitlement can be claimed. If there is immediate entitlement, these costs are recognised as income/expense immediately.

Actuarial gains and losses resulting from periodic recalculations are recognised as income/expense on a straight-line basis over the average remaining working life, provided they exceed 10% of the greater of the plan assets and pension obligation.

Surplus cover is only capitalised up to an amount that does not exceed the total of the unrecognised past service cost, unrecognised actuarial gains and losses and the benefits from future contribution repayments or reductions.

With defined contribution pension plans, the expenses posted in the statement of income correspond to the payments made by the employer.

Other long-term employee benefits Corresponding provisions are made for existing obligations based on statutory retirement pay in Italy ("Trattamento Fine Rapporto"), agreements providing for part-time work for older employees in Germany and service anniversaries. The amount is determined in conformity with IAS 19 using the projected unit credit method. Actuarial gains and losses are recognised as income/expense in the period in which they occur.

Employee participation plans There are no employee participation plans.

TRADE PAYABLES AND OTHER LIABILITIES

Trade payables and other liabilities are entered at amortised cost, which generally corresponds to their nominal value.

EQUITY

Equity is divided up into Phoenix Mecano AG's share capital (consisting of bearer shares), treasury shares, retained earnings, cash flow hedge reserves under IAS 39 as well as financial assets, translation differences and minority interest.

Treasury shares are deducted from equity and posted as a separate item within equity. Gains and losses on treasury shares are posted without affecting operating income.

Dividends are posted in the consolidated financial statements in the period in which they were agreed upon by the Shareholders' General Meeting of Phoenix Mecano AG.

DERIVATIVE FINANCIAL INSTRUMENTS

All derivative financial instruments are measured at fair value in accordance with IAS 39 and are recognised separately in the Group balance sheet. For instruments traded in an active market, the fair value corresponds to the market value on the balance sheet date; for other instruments, it corresponds to the value determined on the basis of mathematical models. Book gains and losses from derivative financial instruments are dealt with as described below.

Hedging transactions which meet the requirements of IAS 39 regarding hedge accounting are governed by the relevant provisions set out in that standard. In the case of a fair value hedge, i.e. the hedging of an existing underlying transaction (assets or liabilities reported in the balance sheet), the changes in market value from both the underlying transaction and the hedging transaction are recognised in the financial result as income/expense and the underlying hedged transaction is valued at fair value. In the case of a cash flow hedge, i.e. the hedging of future cash flows, the change in market value from the hedging transaction is shown in equity without affecting net income. As soon as the hedged transaction has taken place, the accumulated gains and losses are carried over into the statement of income. As part of its risk policy, the Group also hedges interest and currency risks that are not treated as hedge accounting as defined by IAS 39. Changes in the market value of derivative financial instruments used in this way are recognised directly in the financial result as income/expense.

REVENUE RECOGNITION

Sales are recognised upon service delivery and transfer of the significant risks and rewards to the customer. The timing will depend on the relevant terms and conditions of delivery.

Sales are recognised net of sales tax and value-added tax and after deduction of credit notes and discounts. Appropriate provisions are formed for anticipated warranty claims arising from the service provision.

Interest income is recognised on an accrual basis. Dividend income from securities is recorded at the time of payment.

There are no long-term manufacturing orders which are recorded in accordance with the progress of performance.

GOVERNMENT SUBSIDIES

Investment incentives are deferred and systematically reported in income in accordance with the straight-line method over the useful life of the supported asset. Allowances for research and development accordingly reduce the costs incurred in this area.

INCOME TAX

Income tax covers both current and deferred income taxes. It is reflected in the statement of income, with the exception of income taxes on transactions reported directly in equity or under Other result. In such cases, the corresponding income taxes are also recognised directly in equity or under Other result in the statement of comprehensive income.

Current income taxes include expected tax owed on the taxable result, calculated according to the tax rates prevailing on the balance sheet date and adjustments to tax liabilities or credits from previous years.

Deferred taxes are calculated on temporary differences between the values in the tax accounts and the consolidated financial statements in accordance with the balance sheet liability method. No deferred taxes on the valuation differences upon initial recognition of goodwill or on investments in subsidiary companies and residual purchase price liabilities on acquisitions are taken into consideration, if these differences are unlikely to cancel each other out in the foreseeable future. Calculation of the deferred taxes takes into account when and how the realisation or repayment of the relevant assets and liabilities is likely to take place. This calculation uses the tax rates prevailing or announced on the balance sheet date.

Future tax savings on the basis of tax losses carried forward and temporary differences are only capitalised if their realisation seems certain. For this to be the case, consistently positive results must have been achieved and be expected to continue in the foreseeable future. If there are taxable temporary differences and offsettable tax losses carried forward at the same company, the two amounts are offset against one another.

Non-reclaimable withholding taxes on distributions on the profits of foreign subsidiaries are only recorded as a liability if such distributions are planned.

STATEMENT OF CASH FLOW

Cash flow from operating activities is calculated using the indirect method. The funds consist of cash and cash equivalents.

ASSUMPTIONS AND ESTIMATIONS

Accounting requires assumptions and estimations to be made which influence the amount of the accounted assets and liabilities, the amount of contingent liabilities and contingent claims as at the balance sheet date and also expenses and income from the reporting periods. The assumptions and estimations are based on historical knowledge and experience and on the information available when the balance sheet is being drawn up. They are considered accurate under the circumstances. If estimations and assumptions made by the management based on the best knowledge available at the time of balance sheet preparation differ from the actual circumstances subsequently observed, the original estimations and assumptions are adapted accordingly in the reporting year in which the circumstances altered.

The most important assumptions and estimations are set out below:

Intangible (including goodwill) and tangible assets These are tested for impairment annually. The anticipated cash flow generated by the use or disposal of the assets in question is estimated in order to ascertain whether impairment applies. Especially where company property is concerned, impairment is linked to unfavourable locations, product-specific manufacturing plants and tools and capitalised development services associated with a wide range of uncertainties. Estimates are also necessary when determining the discount rate to be applied. For the book values of intangible and tangible assets, see notes 4 and 5.

Inventories A complex supply chain within the Group (including as a result of production in cost-efficient locations and processing service in the sales companies) and the high priority accorded to short delivery times for customers require an adequate supply inventory and result in comparatively low stock turnaround figures. Some electrotechnical components can only be stored for a limited amount of time, since otherwise they are no longer suitable for soldering. As a result, there are increased stock risks. On the basis of corresponding stock turnaround and storage period analyses, estimations and assessments on recoverability and devaluation requirements are carried out. For the book values of inventories, see note 8.

Provisions Guarantee provisions are calculated based on estimates of potential future guarantees and on past experience. There is a higher guarantee risk for linear drives used in the hospital and care sector. Individual Group companies are exposed to litigation. On the basis of currently available knowledge, an assessment of the potential consequences of these court cases was conducted and provisions were constituted where necessary. For the book values of provisions, see note 19.

Financial liabilities To determine the residual purchase price liabilities from acquisitions, estimates of the medium-term business development of the company concerned must be performed, with all the uncertainties that these entail.

Pension obligations Pension obligations from defined benefit plans are determined based on statistical and actuarial calculations made by external assessors, which in turn are based on a wide range of assumptions (about salary trend, pension trend, life expectancy and so on). For the book values of the pension obligations posted on the balance sheet, see note 20.

Income tax Extensive estimations based on existing tax legislation and regulations are required to determine receivables and liabilities from current and deferred income taxes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2012

1 CURRENCY EXCHANGE RATES

	Balance sheet		Statements of income and cash flow	
	2012	2011	2012	2011
Euro for				
1 CHF	0.828	0.822	0.830	0.812
1 GBP	1.231	1.197	1.233	1.153
1 USD	0.758	0.772	0.778	0.719
100 HUF	0.343	0.318	0.346	0.359
1 RON	0.225	0.232	0.225	0.236
1 SEK	0.117	0.112	0.115	0.111
1 TND	0.488	0.515	0.499	0.513
1 SGD	0.620	0.595	0.623	0.572
1 CNY	0.122	0.122	0.123	0.111
1 BRL	0.370	0.413	0.400	0.431
1 INR	0.014	0.015	0.015	0.015
1 AUD	0.787	0.791	0.806	0.742

2 SCOPE OF CONSOLIDATION

In 2012 and 2011 the scope of consolidation changed as follows:

CHANGE

Date	Company	Change	Division
2012			
04.10.2012	Phoenix Mecano Kecskemét Research and Development Kft.	Foundation	Mechanical Components
07.08.2012	Phoenix Mecano Components (Taicang) Co., Ltd.	Foundation	ELCOM/EMS
10.02.2012	Integrated Furniture Technologies Ltd.	Acquisition	Mechanical Components
13.01.2012	ATON Lichttechnik GmbH	Foundation	ELCOM/EMS
01.01.2012	Rose Gehäusetechnik GmbH	Merger with Rose Systemtechnik GmbH	Enclosures
01.01.2012	Okin Motion Technologies GmbH	Merger with DewertOkin GmbH	Mechanical Components
2011			
16.11.2011	Phoenix Mecano Tunisie S.à.r.l. in liquidation	Liquidation	ELCOM/EMS
30.09.2011	Phoenix Mecano Holding Ltda.	Foundation	Reconciliation
01.06.2011	Platthaus GmbH Elektrotechnische Fabrik	Acquisition	ELCOM/EMS
03.05.2011	Leonhardy-MCT s.r.l. in liquidation	Liquidation	Reconciliation

The following companies were fully consolidated as at 31 December 2012:

SCOPE OF CONSOLIDATION

Company	Head office	Activity	Currency	Registered capital in 1 000	Stake in %
Phoenix Mecano AG	Stein am Rhein, Switzerland	Finance	CHF	978	n/a
Phoenix Mecano Management AG	Kloten, Switzerland	Finance	CHF	50	100
Phoenix Mecano Technologies AG	Stein am Rhein, Switzerland	Finance	CHF	250	100
Phoenix Mecano Beteiligungen AG	Stein am Rhein, Switzerland	Finance	CHF	100	100
Phoenix Mecano Trading AG	Stein am Rhein, Switzerland	Purchasing	CHF	100	100
Phoenix Mecano Komponenten AG	Stein am Rhein, Switzerland	Production/Sales	CHF	2 000	100
Rose Systemtechnik GmbH	Porta Westfalica, Germany	Production/Sales	EUR	1 053	100
Bopla Gehäuse Systeme GmbH	Bünde, Germany	Production/Sales	EUR	750	100
Kundisch GmbH + Co. KG	Villingen-Schwenningen, Germany	Production/Sales	EUR	300	100
Hartmann Codier GmbH	Baiersdorf, Germany	Production/Sales	EUR	300	100
PTR Messtechnik GmbH + Co. KG	Werne, Germany	Production/Sales	EUR	300	100
HARTU Technologie GmbH & Co. KG (formerly Götz-Udo Hartmann GmbH + Co. KG)	Grävenwiesbach, Germany	Production/Sales	EUR	300	100
Lohse GmbH	Muggensturm, Germany	Production/Sales	EUR	51	100
Platthaus GmbH Elektrotechnische Fabrik	Alsdorf, Germany	Production/Sales	EUR	900	100
Datatel Elektronik GmbH	Grävenwiesbach, Germany	Production/Sales	EUR	26	100
RK Rose + Krieger GmbH	Minden, Germany	Production/Sales	EUR	496	100
RK Rose + Krieger GmbH System- & Lineartechnik	Salem-Neufrach, Germany	Production/Sales	EUR	250	90
RK Schmidt Systemtechnik GmbH	Marpingen-Alsweiler, Germany	Production/Sales	EUR	500	100
DewertOkin GmbH	Kirchlengern, Germany	Production/Sales	EUR	1 000	100
Hartmann Electronic GmbH	Stuttgart, Germany	Production/Sales	EUR	222	100
Plein & Baus GmbH	Burscheid, Germany	Production/Sales	EUR	51	100
Phoenix Mecano Digital Elektronik GmbH	Wutha-Farnroda, Germany	Production/Sales	EUR	350	100
ATON Lichttechnik GmbH	Baunathal, Germany	Production/Sales	EUR	100	100
IFINA Beteiligungsgesellschaft mbH	Porta Westfalica, Germany	Finance	EUR	4 000	100
Götz-Udo Hartmann GmbH	Grävenwiesbach, Germany	Finance	EUR	26	100
Kundisch Beteiligungs-GmbH	Villingen-Schwenningen, Germany	Finance	EUR	26	100
PTR Messtechnik Verwaltungs-GmbH	Werne, Germany	Finance	EUR	26	100
Phoenix Mecano S.à.r.l.	Fontenay-sous-Bois, Cedex, France	Sales	EUR	620	100
Phoenix Mecano Ltd.	Aylesbury, UK	Sales	GBP	300	100
Integrated Furniture Technologies Ltd.	Cheltenham, UK	Development	GBP	1	100
Phoenix Mecano Finance Ltd.	St. Helier, Channel Islands, GB	Finance	USD	1 969	100
Phoenix Mecano AB	Ingelstad, Sweden	Sales	SEK	100	100
Phoenix Mecano ApS	Odense, Denmark	Sales	DKK	125	100
Phoenix Mecano S.r.l.	Inzago, Milan, Italy	Sales	EUR	300	100
OMP Officina Meccanica di Precisione S.r.l. in liquidation	Milan, Italy	–	EUR	5 000	100
Sistemas Phoenix Mecano España S.A.	Zaragoza, Spain	Sales	EUR	60	90

SCOPE OF CONSOLIDATION

Company	Head office	Activity	Currency	Registered capital in 1 000	Stake in %
PM Komponenten B.V.	Doetinchem, The Netherlands	Sales	EUR	20	100
PM International B.V.	Doetinchem, The Netherlands	Finance	EUR	4 500	100
PM Komponenten N.V.	Deinze, Belgium	Sales	EUR	100	100
Phoenix Mecano Kecskemét Kft.	Kecskemét, Hungary	Production/Sales	EUR	5 000	100
Phoenix Mecano Kecskemét Research and Development Kft.	Kecskemét, Hungary	Development	HUF	500	100
Okin Hungary Gépgyártó Kft.	Hajdúdorog, Hungary	Production	HUF	30 000	100
Phoenix Mecano Plastic S.r.l.	Sibiu, Romania	Production	EUR	750	100
Phoenix Mecano Inc.	Frederick, USA	Production/Sales	USD	10 000	100
WIENER, Plein & Baus, Corp.	Springfield, USA	Sales	USD	100	100
Okin America Inc.	Shannon, USA	Production/Sales	USD	10	100
Phoenix Mecano Comercial e Técnica Ltda.	Barueri, Brazil	Sales	BRL	7 601	100
Phoenix Mecano Holding Ltda.	Barueri, Brazil	Finance	BRL	1 062	100
Phoenix Mecano S.E. Asia Pte Ltd.	Singapore	Sales	SGD	1 000	75
Phoenix Mecano Korea Co., Ltd.	Busan, South Korea	Sales	KRW	370 000	75
Phoenix Mecano (India) Pvt. Ltd.	Pune, India	Production/Sales	INR	299 452	100
Mecano Components (Shanghai) Co., Ltd.	Shanghai, China	Production/Sales	USD	3 925	100
Shenzhen ELCOM Trading Co., Ltd.	Shenzhen, China	Purchasing/Sales	CNY	2 000	100
Okin Refined Electric Technology Co., Ltd.	Jiaxing, China	Production/Sales	CNY	77 780	100
Phoenix Mecano Components (Taicang) Co., Ltd.	Taicang, China	Production/Sales	USD	6 500	100
Phoenix Mecano Hong Kong Ltd.	Hong Kong, China	Finance/Sales	EUR	500	100
Phoenix Mecano Mazaka AŞ	Ankara, Turkey	Sales	TRY	430	91
Rose Systemtechnik Middle East (FZE)	Sharjah, U.A.E.	Sales	AED	150	100
Phoenix Mecano Australia Pty Ltd.	Tullamarine Victoria, Australia	Sales	AUD	204	70
Hartu S.à.r.l.	Ben Arous, Tunisia	Production	TND	10	100
Phoenix Mecano Hartu S.à.r.l.	Ben Arous, Tunisia	Production	TND	500	100
Phoenix Mecano ELCOM S.à.r.l.	Djebel El Ouest, Tunisia	Production	TND	500	100
Phoenix Mecano Digital Tunisie S.à.r.l.	Borj-Cedria, Tunisia	Production	TND	100	100

3 GOODWILL

1 000 EUR	2012	2011
Acquisition costs 1 January	14 362	18 647
Change in scope of consolidation	0	1 843
Translation differences	0	802
Acquisition costs 31 December	14 362	21 292
Accumulated amortisation 1 January	0	0
Impairment losses	0	6 930
Accumulated amortisation 31 December	0	6 930
NET VALUES 31 DECEMBER	14 362	14 362

The goodwill of EUR 14.4 million (previous year EUR 14.4 million) relates to the following cash-generating units: the Bopla product area in the Enclosures division EUR 0.3 million (previous year EUR 0.3 million); Platthaus GmbH Elektrotechnische Fabrik, acquired in 2011, in the ELCOM/EMS division EUR 1.8 million (previous year EUR 1.8 million); and Okin Refined Electric Technology Co., Ltd. in China, acquired in 2010, in the Mechanical Components division EUR 12.3 million (previous year EUR 12.3 million). The recoverability of this goodwill was tested using five-year plans for the relevant cash-generating units (CGUs). A pre-tax discount rate (WACC) of 9.5% (previous year 9.5%), and of 10.5% (previous year 10.5%) to measure the goodwill from the acquisition of Okin Refined in China, was applied to determine the present value (value in use). Zero growth was assumed after the projection period. The recoverability was also tested using sensitivity analyses.

Impairment test on Platthaus The impairment test on the goodwill of Platthaus resulted in a value in use that exceeded the book value by EUR 0.7 million (previous year EUR 1.2 million). An increase in the discount rate from 9.5% to 10.5% or a reduction in the perpetuity growth rate from 0% to –1.6% would bring the value in use into line with the book value.

Impairment test on Okin Refined The impairment test on the goodwill of Okin Refined resulted in a value in use that exceeded the book value by EUR 40.9 million (previous year EUR 16.5 million). An increase in the discount rate from 10.5% to 24.7% or a significant negative perpetuity growth rate would bring the value in use into line with the book value.

4 OTHER INTANGIBLE ASSETS

1 000 EUR	Note No.	Development costs	Concessions, licences, similar rights and assets	Advance payments and development projects in progress	Total
Acquisition costs 31 December 2010		**12 541**	**43 128**	**260**	**55 929**
Additions of companies included in consolidation	46		2 747		2 747
Translation differences			563		563
Additions		444	954	185	1 583
Disposals		–434	–1 009		–1 443
Reclassification		114	11	–125	0
Acquisition costs 31 December 2011		**12 665**	**46 394**	**320**	**59 379**
Accumulated amortisation 31 December 2010		**11 538**	**22 255**	**0**	**33 793**
Translation differences			117		117
Amortisation	36	347	5 332		5 679
Impairment losses	38	111	2 583		2 694
Reversal of impairment losses	38	–35	–14		-49
Disposals		–422	–979		–1 401
Reclassification					0
Accumulated amortisation 31 December 2011		**11 539**	**29 294**	**0**	**40 833**
Net values 31 December 2011		**1 126**	**17 100**	**320**	**18 546**
Acquisition costs 31 December 2011		**12 665**	**46 394**	**320**	**59 379**
Additions of companies included in consolidation	46		6 716		6 716
Translation differences			175		175
Additions		164	1 412	631	2 207
Disposals		–1 429	–37		–1 466
Reclassification		127	6	–133	0
Acquisition costs 31 December 2012		**11 527**	**54 666**	**818**	**67 011**
Accumulated amortisation 31 December 2011		**11 539**	**29 294**	**0**	**40 833**
Translation differences			–3		–3
Amortisation	36	352	5 711		6 063
Impairment losses	38	154	1 821		1 975
Reversal of impairment losses	38	–72			–72
Disposals		–1 429	–36		–1 465
Reclassification					0
Accumulated amortisation 31 December 2012		**10 544**	**36 787**	**0**	**47 331**
NET VALUES 31 DECEMBER 2012		983	17 879	818	19 680

Concessions, licences, similar rights and assets includes primarily the customer base, patents and other industrial property rights as well as unprotected inventions (know-how) gained from acquisitions, in addition to software licences and distribution rights and patents and other intangible rights and assets paid for.

Other intangible assets worth EUR 0.1 million (previous year EUR 0.1 million) were subject to reservation of title as at the balance sheet date.

Write-downs of individual intangible assets, mainly the customer base, know-how and development projects, were performed within the framework of the annual impairment tests on cash-generating units (CGUs) and assets at the balance sheet date, since these customer relations and projects did not develop as originally planned. The five-year plans for the relevant CGU were used as a basis. A pre-tax discount rate (WACC) of 9.5% (previous year 9.5%) was applied to determine the present value (value in use). A zero growth rate was assumed after the project period.

Impairment test on the Datatel product area Due to the cancellation of a long-term framework supply contract for photovoltaic components with a major customer, there were indications of an impairment of the assets of the Datatel product area. An impairment test was therefore carried out for this CGU. Calculation of the value in use is based on a five-year business plan, which in 2013 forecasts final sales under the cancelled framework supply contract and, for the product area's remaining business, assumes a moderate expansion in business with an average gross margin of 48%, as well as zero growth after the projection period and a pre-tax discount rate of 9.5%. The impairment test identified a significant impairment of the value in use calculated for this ELCOM/EMS product area, which is broken down as follows:

	2012
1 000 EUR	
Intangible assets	1 821
Tangible assets	3 022
TOTAL	4 843

The sensitivity analyses carried out found that increasing the discount rate by 0.5 percentage points would reduce the present value by EUR 0.3 million. A negative perpetuity growth rate of 1% would reduce the present value by EUR 0.4 million and a one percentage point reduction in gross margin by EUR 0.5 million.

The breakdown of impairment losses by division is clear from the segment information provided. In the statement of income, impairment losses on intangible assets of EUR 2.0 million (previous year EUR 2.7 million) are included under Impairment of intangible and tangible assets (see note 38). The bulk of the impairment losses for 2012 relate to the Datatel product area.

5 TANGIBLE ASSETS

1 000 EUR	Note No.	Investment properties	Land and buildings	Machinery and equipment	Advance payments and construction in progress	Total
Acquisition costs 31 December 2010		0	101 000	177 994	6 378	285 372
Additions of companies included in consolidation	46		3	289		292
Translation differences			171	294	–13	452
Additions			1 810	15 650	1 830	19 290
Disposals			–105	–16 328	–31	–16 464
Reclassification			2 616	4 012	–6 628	0
Acquisition costs 31 December 2011		0	105 495	181 911	1 536	288 942
Accumulated depreciation 31 December 2010		0	45 460	141 316	0	186 776
Translation differences			198	257		455
Depreciation	37		2 983	11 421		14 404
Impairment losses	38			2 350		2 350
Reversal of impaiment losses	38			–23		–23
Disposals				–15 737		–15 737
Reclassification						0
Accumulated depreciation 31 December 2011		0	48 641	139 584	0	188 225
Net values 31 December 2011		0	56 854	42 327	1 536	100 717
Acquisition costs 31 December 2011		0	105 495	181 911	1 536	288 942
Additions of companies included in consolidation	46			430		430
Translation differences			–231	–169	–16	–416
Additions		20	5 802	9 745	7 662	23 229
Disposals			–242	–6 612	–19	–6 873
Reclassification		1 857	–1 833	1 783	–1 807	0
Acquisition costs 31 December 2012		1 877	108 991	187 088	7 356	305 312
Accumulated depreciation 31 December 2011		0	48 641	139 584	0	188 225
Translation differences			–49	–69		–118
Depreciation	37	12	3 386	12 159		15 557
Impairment losses	38		3	3 062		3 065
Reversal of impairment losses	38			–25		–25
Disposals			–16	–5 969		–5 985
Reclassification		805	–805			0
Accumulated depreciation 31 December 2012		817	51 160	148 742	0	200 719
NET VALUES 31 DECEMBER 2012		1 060	57 831	38 346	7 356	104 593

Land and buildings is divided into developed and undeveloped land with a book value of EUR 10.1 million (previous year EUR 9.5 million) and factory and administration buildings with a balance sheet value of EUR 47.7 million (previous year EUR 47.4 million).

The balance sheet value of capitalised leased financial assets (machinery) was EUR 0.1 million in the previous year.

The fire insurance value of the tangible assets amounted to EUR 269.5 million on the balance sheet date, compared with EUR 264.3 million the previous year.

Land and buildings with a book value of EUR 12.6 million (previous year EUR 13.2 million) were mortgaged to cover debts. The amount of the corresponding credit taken up totalled EUR 4.7 million (previous year EUR 5.0 million). Non-current assets to a balance sheet value of EUR 0.0 million (previous year EUR 0.0 million) were subject to reservation of title on the balance sheet date.

Write-downs of individual capital assets or groups of capital assets, mainly for machinery and tools, were performed within the framework of the annual impairment tests on cash-generating units (CGUs) and assets at the balance sheet date. The five-year plans for the corresponding CGUs (product areas and product lines) were used as a basis. A pre-tax discount rate (WACC) of 9.5% (previous year 9.5%) was applied to determine the present value (value in use). A zero growth rate was assumed after the projection period.

The breakdown by division of impairment losses and reversals of impairment losses is clear from the segment information provided. In the statement of income, impairment losses on tangible assets of EUR 3.1 million (previous year EUR 2.4 million) are included under Impairment of intangible and tangible assets (see note 38). The bulk of the impairment losses for 2012 relate to the Datatel product area (see note 4).

Following the closure of a production site in Germany and the leasing of a property in Brazil, the assets in question were reclassified as investment properties in the reporting year. The fair value of the investment properties is EUR 2.5 million. The rental income and direct operating expenses of the investment properties are EUR 0.1 million.

6 INVESTMENTS IN ASSOCIATED COMPANIES

1 000 EUR	Investment in %	2012	2011
Update of investment in associated companies			
AVS Phoenix Mecano GmbH, Vienna (A)	50		
Robco Designs Ltd., Gloucestershire (GB)	50		
As at 1 January		465	502
Additions of companies included in consolidation		8	0
Result		85	88
Dividends paid		–150	–125
Translation differences		–1	0
AS AT 31 DECEMBER		407	465
Financial figures AVS Phoenix Mecano GmbH and Robco Designs Ltd.			
Non-current assets		0	0
Current assets		1 200	1 266
Liabilities		387	337
Income		4 129	4 080
Expenses		3 958	3 905

Phoenix Mecano products are sold in Austria through the joint venture AVS Phoenix Mecano GmbH (A). Purchases of goods by Group companies totalled EUR 2.6 million (previous year EUR 2.8 million). The joint venture Robco Designs Ltd. (GB) exploits expertise in the system integration of fittings and drives. This investment was acquired in 2012 (see note 46).

7 OTHER FINANCIAL ASSETS

1 000 EUR	Note No.	2012	2011
Loans		389	318
Investments (under 20%)		228	228
Advance payments for investments		428	0
Non-current securities		277	278
Current portion of long-term financial assets	10	–286	–278
Value adjustments		–238	–238
Balance sheet value		**798**	**308**
By currency			
EUR		154	92
Other currencies		644	216
Balance sheet value		**798**	**308**
By maturity			
in 2 years		35	0
in 3 years		9	0
in 4 years		9	0
in 5 years		89	0
after 5 years		0	80
none		656	228
Balance sheet value		**798**	**308**
Interest rates (loans)			
EUR		3.9%	4.2%

The loans are fixed rate.

The advance payments for investments relate to the first instalment of the purchase price for 80% of the shares in Bond Tact Industries Ltd., Hong Kong. The company specialises in the manufacture of electromechanical precision components and has a production facility in Dongguan, China. As at the balance sheet date and the date of approval of the consolidated financial statements, the conditions for transfer of control under IFRS 3 were not yet fulfilled.

The non-current securities relating to pension obligations are secured with liens in favour of the employees concerned.

1 000 EUR	Note No.	2012	2011
As at 1 January		238	696
Reversal of value adjustment (inflow of funds)	40	0	–170
Reversal of value adjustment (disposal)		0	–288
AS AT 31 DECEMBER		238	238

8 INVENTORIES

1 000 EUR	2012	2011
Raw and ancillary materials	76 967	93 040
Work in progress	5 455	6 086
Finished goods and merchandise for resale	42 064	48 547
Advance payments	1 293	891
Value adjustments	–14 215	–15 684
BALANCE SHEET VALUE	111 564	132 880

The value adjustments were determined based on marketability and range of the stocks. Value adjustments and losses on inventories totalling EUR 2.8 million (previous year EUR 6.9 million) are included in the statement of income under Other operating expenses (see note 39).

Other than the usual reservations of title applied in typical business operations, no stocks had liens on them as at 31 December 2012 and 2011.

9 TRADE RECEIVABLES

1 000 EUR	2012	2011
Trade receivables	53 895	58 175
Receivables due from associated companies	92	47
Value adjustments	–2 434	–2 597
Balance sheet value	**51 553**	**55 625**
By currency of trade receivables		
CHF	1 406	1 682
EUR	31 457	34 616
USD	5 114	5 865
HUF	120	60
CNY	7 654	6 395
Other currencies	5 802	7'007
Balance sheet value	**51 553**	**55 625**
Regional breakdown of trade receivables		
Switzerland	1 738	2 044
Germany	10 498	11 985
UK	2 153	2 442
France	3 846	4 379
Italy	4 336	4 665
The Netherlands	1 822	1 995
Rest of Europe	8 327	9 167
North and South America	5 812	6 696
Middle and Far East	13 021	12 252
Balance sheet value	**51 553**	**55 625**
Update of value adjustment on trade receivables		
Individual value adjustments		
As at 1 January	1 508	1 696
Change	–185	–188
As at 31 December	1 323	1 508
Flat-rate value adjustments		
As at 1 January	1 089	1 479
Change	22	–390
As at 31 December	1 111	1 089
TOTAL	2 434	2 597

1 000 EUR	2012 Gross	2012 Value adjustment	2011 Gross	2011 Value adjustment
Aging analysis of trade receivables not subject to individual value adjustments				
Gross values	53 987		58 222	
Gross value of receivables subject to individual value adjustments	–1 363		–1 613	
Total	**52 624**		**56 609**	
of which:				
Not due	38 510		42 650	
Overdue for 1–30 days	10 156		10 558	
Overdue for 31–60 days	2 118		1 739	
Overdue for 61–90 days	384	88	372	90
Overdue for 91–180 days	603	230	384	157
Overdue for more than 180 days	853	793	906	842
TOTAL	52 624	1 111	56 609	1 089

The average payment term was 47 days (previous year 45 days).

The individual value-adjusted receivables relate mainly to debtors who are involved in bankruptcy proceedings or have been directed to a collection agency. The flat-rate value adjustments for overdue receivables were determined on the basis of experience. There are no cluster risks.

Receivables not due and to which individual value adjustments have not been applied are mainly receivables from long-standing customers. The Phoenix Mecano Group considers the value adjustments formed as appropriate based on past experience.

10 OTHER RECEIVABLES

1 000 EUR	Note No.	2012	2011
Tax receivables from VAT and other taxes		4 876	3 734
Current portion of long-term financial assets	7	286	278
Financial receivables		1 323	1 544
Other		1 714	2 273
BALANCE SHEET VALUE		8 199	7 829

The financial receivables relate mainly to deposits receivable from agreements providing for part-time work for older employees in Germany, which are listed in EUR, yield an interest rate of 2.7% (previous year 2.1%) and are secured by liens in favour of the employees concerned.

11 CURRENT SECURITIES

	2012	2011
1 000 EUR		
Available-for-sale securities		
Shares and equity funds	0	126
Bonds and bond funds	7 796	6 537
Balance sheet value	**7 796**	**6 663**
By currency		
CHF	0	127
EUR	7 149	5 441
Other currencies	647	1 095
Balance sheet value	**7 796**	**6 663**
By maturity		
in 1 year	2 481	2 714
in 2 years	2 622	1 890
in 3 years	643	636
in 4 years	672	640
in 5 years	1 122	439
after 5 years	60	39
none	196	305
Balance sheet value	**7 796**	**6 663**
Effective interest rate for bonds		
EUR	2.2%	2.0%
Other currencies	7.0%	8.0%

The current securities can be converted into cash and cash equivalents at short notice. They are kept as cash reserves.

12 CASH AND CASH EQUIVALENTS

	2012	2011
1 000 EUR		
Means of payment		
Cash at bank and in postal accounts	11 933	10 467
Cash on hand and cheques	104	123
Total	12 037	10 590
Other cash and cash equivalents		
Fixed-term deposits (up to 3 months)	50 787	32 910
Balance sheet value	62 824	43 500
By currency		
CHF	765	1 533
EUR	47 465	31 608
USD	3 726	2 932
HUF	209	1 572
CNY	5 632	1 734
Other currencies	5 027	4 121
Balance sheet value	62 824	43 500
Interest rates		
CHF	0.1%	0.1%
EUR	1.3%	1.3%
USD	0.1%	0.1%
HUF	0.5%	6.0%
CNY	1.7%	0.4%

13 SHARE CAPITAL

The share capital is fully paid up and divided into 978 000 bearer shares (previous year 978 000) with a nominal value of CHF 1.00. The conversion into euro is effected at the historical exchange rate of 0.622. There is no authorised or contingent capital. Each share entitles the holder to attend the Shareholders' General Meeting and cast one vote. The reserve for translation differences contains the accumulated translation differences resulting from translation of the financial statements of Group companies. The reserve for profits/(losses) cash flow hedge from IAS 39 includes the effective portion of the accumulated net changes in the fair value of hedging instruments designated as cash flow hedges.

The principal shareholders of Phoenix Mecano AG are:

in %		2012	2011
Name	**Head office**		
Planalto AG	Luxembourg City, Luxembourg	34.0	33.7*
Tweedy, Browne Global Value Fund (A subdivision of Tweedy, Browne Fund Inc., New York, USA)	New York, USA	7.9*	7.9*
Massachusetts Mutual Life Insurance Company (Ultimate parent company of OppenheimerFunds Inc., New York, USA)	Springfield, USA	8.9	6.1
Sarasin Investmentfonds AG	Basel, Switzerland	5.4*	5.4*

* Stake not reported in the year indicated.

This information is based on reports by the shareholders mentioned above.

14 TREASURY SHARES

	Number of shares		Acquisition costs	
Number/1 000 EUR	2012	2011	2012	2011
As at 1 January	4 520	5 459	1 650	1 779
Share purchases	96	798	37	401
Share sales	–113	–1 737	–34	–530
Share repurchases (2nd trading line) – 2012	10 300	0	3 963	0
AS AT 31 DECEMBER	14 803	4 520	5 616	1 650

The Board of Directors of Phoenix Mecano AG has decided to launch a new share buy-back programme for up to 10% of the bearer shares recorded in the Commercial Register. The programme began on 22 June 2012 and will last until 27 February 2015 at the latest. A total of 10 300 shares worth EUR 4.0 million were repurchased in 2012.

Detailed information on the purchases and sales effected in 2012 can be found in the notes to the financial statements of Phoenix Mecano AG on page 149 (see note 5).

15 MINORITY INTEREST

The principal minority shareholders' interests are:

in %	2012	2011
Phoenix Mecano Australia Pty Ltd.	30	30
Phoenix Mecano S.E. Asia Pte Ltd. (Singapore)	25	25
Phoenix Mecano Korea Co., Ltd.	25	25
Sistemas Phoenix Mecano España S.A.	10	10
RK Schmidt Systemtechnik GmbH	0	10
Phoenix Mecano Mazaka AŞ	9	9
RK System- und Lineartechnik GmbH	10	0

There were a number of changes to minority interests in 2012, as disclosed in the statement of changes in equity. In addition to the changes mentioned above, the remaining 40% of the shares in ATON Lichttechnik GmbH, Germany, founded on 13 January 2012, were acquired from the previous minority shareholder with effect from 28 December 2012.

In 2011, one of the two minority shareholders of Phoenix Mecano Mazaka AŞ sold its equity stake to the Phoenix Mecano Group (see statement of changes in equity).

16 LIABILITIES FROM FINANCIAL LEASING

1 000 EUR	Note No.	2012	2011
Minimum leasing commitments			
Minimum leasing commitments due within 1 year		0	39
Minimum leasing commitments due within 1–5 years		0	0
Total		**0**	**39**
less future interest charge		0	–1
Present value of leasing commitments		**0**	**38**
less current portion	23	0	–38
BALANCE SHEET VALUE (LONG-TERM PORTION)		0	0

The average interest rate for liabilities from financial leasing was 8.0% in the previous year.

17 LONG-TERM FINANCIAL LIABILITIES

1 000 EUR	Note No.	2012	2011
Liabilities to financial institutions		30 099	33 796
Residual purchase price liabilities from acquisitions		21 043	17 667
Other financial liabilities		0	101
Current portion of long-term financial liabilities	23	–11 785	–10 113
Balance sheet value		**39 357**	**41 451**
By currency			
CHF		12 006	13 152
EUR		10 088	11 630
USD		0	37
CNY		15 956	16 632
Other currencies		1 307	0
Balance sheet value		**39 357**	**41 451**
By maturity			
in 2 years		25 853	8 521
in 3 years		7 590	23 062
in 4 years		4 486	6 559
in 5 years		1 428	3 259
after 5 years		0	50
Balance sheet value		**39 357**	**41 451**
Interest rates			
CHF		2.0%	2.1%
EUR		2.8%	3.2%
USD		n/a	3.5%
CNY		4.5%	5.0%

For Okin Refined Electric Technology Co., Ltd., acquired in 2010, there is a purchase commitment for the remaining shares held by a third party, resulting from a call and put option totalling EUR 19.7 million (previous year EUR 17.6 million). For Integrated Furniture Technologies Ltd., acquired in 2012, there is a contingent purchase price liability of EUR 1.3 million (see note 46). These residual purchase price payments were discounted to the balance sheet date.

For the securing of bank liabilities by mortgage, see note 5.

In principle, all liabilities to financial institutions are fixed rate. A receiver swap totalling EUR 1.0 million was used to secure variable interest rates (see note 18) for a loan in EUR maturing within one year. This receiver swap expired in 2012.

There are no covenants.

18 DERIVATIVE FINANCIAL INSTRUMENTS

	Contract values		Receivables due from derivative financial instruments		Liabilities from derivative financial instruments	
	2012	2011	2012	2011	2012	2011
1 000 EUR						
Forward exchange contracts by currency						
CHF	3 312	2 466	0	0	1	35
USD	800	500	34	0	0	20
HUF	20 000	24 800	155	0	43	2 715
RON	6 060	4 800	0	58	78	12
CNY	11 563	13 105	0	0	160	336
Other currencies	0	211	0	9	0	0
Total	41 735	45 882	189	67	282	3 118
Forward exchange contracts by maturity						
in 1 year			40	67	220	1 205
in 2 years			149	0	62	1 149
in 3 years			0	0	0	764
Total			189	67	282	3 118
of which classified as:						
Cash flow hedge			155	58	121	2 727
Trading			34	9	161	391
Total			189	67	282	3 118
Interest rate change contracts by currency						
EUR	6 000	6 000	5	16	188	129
CHF	4 968	2 466	0	0	94	73
USD	2 894	3 474	0	0	21	29
Total	13 862	11 940	5	16	303	231
Interest rate change contracts by maturity						
in 1 year			5	16	303	231
in 2 years			0	0	0	0
Total			5	16	303	231
of which classified as:						
Fair value hedge			0	16	0	0
Trading			5	0	303	231
Total			5	16	303	231
Net balance sheet value by maturity						
Total long-term			149	0	62	1 913
Total short-term			45	83	523	1 436
NET BALANCE SHEET VALUE			194	83	585	3 349

The forward exchange purchases of HUF and RON for EUR are treated as a cash flow hedge and are used for partial hedging of the planned operating expenses in Hungary and Romania. The timing and amounts of future cash flows from forward exchange contracts can be seen in the maturity table in note 27. The corresponding hedges were effective in the reporting period. The other forward exchange contracts in the consolidated financial statements to 31 December 2012 and 31 December 2011 are held for trading purposes.

A receiver swap totalling EUR 1 million was used to secure variable interest rates on an underlying fixed-rate loan in the previous year. This interest rate change contract in EUR was treated as a fair value hedge. The other interest rate change contracts relate to payer swaps in EUR, CHF and USD and are held for trading purposes in the consolidated financial statements to 31 December 2012 and 31 December 2011.

The balance sheet values of the derivative financial instruments correspond to the fair values.

19 PROVISIONS

					2012	2011
1 000 EUR	Provisions for long-term employee benefits		Guarantee provisions	Other provisions	Total	Total
	Pension obligations	Other				
Provisions as at 1 January	**4 844**	**4 281**	**3 583**	**11 420**	**24 128**	**22 924**
Change in scope of consolidation					0	261
Translation differences	3	–5	–4	87	81	–40
Usage	–360	–960	–1 517	–6 373	–9 210	–6 954
Releases	–2	–55	–471	–2 227	–2 755	–2 719
Allocation	546	855	1 778	5 294	8 473	10 656
PROVISIONS AS AT 31 DECEMBER	5 031	4 116	3 369	8 201	20 717	24 128
Due within 1 year	306	819	3 241	6 949	11 315	13 694
Due after 1 year	4 725	3 297	128	1 252	9 402	10 434

The provisions for long-term employee benefits relate to pension obligations in Germany and Switzerland (under Pension obligations) as well as to agreements providing for part-time work for older employees in Germany, statutory retirement pay in Italy ("Trattamento Fine Rapporto") and provisions for length-of-service awards (under Other).

Other provisions include provisions for short-term payments to employees (e.g. indemnities and salary bonuses) totalling EUR 3.8 million (previous year EUR 4.4 million), and provisions for litigation risks, impending losses and other conceivable risks from contractual or constructive obligations.

The EUR 2.2 million restructuring provision set aside in 2011 for the restructuring and relocation of logistics and technical functions from Germany to Hungary was utilised as far as possible in the reporting year.

20 PENSION OBLIGATIONS

FINANCIAL POSITION OF DEFINED BENEFIT PENSION PLANS AS AT 31 DECEMBER 2012 AND 2011		2012	2011
1 000 EUR	Note No.		
Present value of defined benefit obligations			
As at 1 January		20 269	17 683
Service costs		1 212	1 088
Interest expense		561	570
Capital		499	607
Pension payments		–977	–907
Actuarial (gains)/losses		1 495	830
Plan amendments		36	0
Translation differences		155	398
As at 31 December		23 250	20 269
Market value of plan assets			
As at 1 January		13 032	11 379
Expected return		296	317
Employer contributions		641	581
Employee contributions		588	522
Capital		499	481
Pension payments		–761	–689
Actuarial gains/(losses)		–2	126
Translation differences		92	315
As at 31 December		14 385	13 032
Net balance sheet value of pension obligations			
Present value of defined benefit obligations financed using a pension fund		–17 983	–15 786
Fair value of plan assets		14 385	13 032
		–3 598	–2 754
Present value of defined benefit obligations not financed using a pension fund		–5 267	–4 483
Unrecognised actuarial (gains)/losses		3 834	2 393
NET BALANCE SHEET VALUE OF DEFINED BENEFIT PLANS (PROVISION)	19	–5 031	–4 844

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1 000 EUR	2012	2011	2010	2009	2008
Pension expense					
Service costs	1 212	1 088			
Interest expense	561	570			
Expected return	–296	–317			
Employee contributions	–588	–522			
Plan amendments	36	0			
Amortisation of actuarial (gains)/losses	72	24			
Pension expense for defined benefit plans	**997**	**843**			
Pension expense for defined contribution plans	**543**	**469**			
PENSION EXPENSE	1 540	1 312			
Actuarial assumptions					
Weighted discount rate	2.0%	2.8%			
Expected return on plan assets	1.8%	2.3%			
Weighted expected rate of salary increase	1.7%	1.7%			
Weighted expected rate of pension increase	0.3%	0.3%			
Funding of defined benefit pension obligations					
Plan assets	14 385	13 032	11 379	8 422	8 926
Pension plan obligations	23 250	20 269	17 683	13 732	13 136
Funding difference	**–8 865**	**–7 237**	**–6 304**	**–5 310**	**–4 210**
– of which recognised in the balance sheet as provisions	–5 031	–4 844	–4 643	–4 802	–4 614
Experience adjustment of plan assets and benefit obligations					
Actuarial and experience adjustment of plan assets	–2	127	–4	–64	70
Actuarial and experience adjustment of benefit obligations	–663	343	–305	–225	–53

The expected 1.8% (previous year 2.3%) return on plan assets corresponds to the anticipated long-term income derived from the legal minimum interest rate in Switzerland and the surplus from the collective foundation. The actual return on capital tallies more or less with the expected income.

The plan assets relate to the Swiss pension plan and take the form of a repurchase value on the corresponding collective life insurance contract with the insurance provider.

The expected outflow of funds for employer contributions from defined benefit plans in 2013 is EUR 0.7 million.

Other long-term employee benefits Provisions for agreements providing for part-time work for older employees in Germany, statutory retirement pay in Italy ("Trattamento Fine Rapporto") and length-of-service awards were set aside in accordance with IAS 19 (see note 19).

21 DEFERRED TAX

1 000 EUR	2012	2011
Deferred tax assets		
on: Non-current assets	644	963
on: Inventories	2 087	2 793
on: Receivables	220	273
on: Provisions	1 107	1 193
on: Other	474	858
Deferred tax assets on temporary differences	4 532	6 080
Deferred tax on losses carried forward	6 470	5 377
Total deferred tax assets	11 002	11 457
Netting with deferred tax liabilities	–1 987	–1 867
Value adjustments on deferred taxes on losses carried forward	–4 603	–3 219
Value adjustments on deferred taxes on non-current assets	–256	–272
Value adjustments on deferred taxes on inventories	–164	–225
Value adjustments on deferred taxes on receivables	–1	0
Value adjustments on deferred taxes on provisions	–146	–228
Value adjustments on deferred taxes on other	–32	–51
Balance sheet value	3 813	5 595
Deferred tax liabilities		
on: Non-current assets	–5 548	–5 780
on: Inventories	–1 095	–1 106
on: Receivables	–80	–147
on: Provisions	–91	–107
on: Other	–82	–72
Total deferred tax liabilities	–6 896	–7 212
Netting with deferred tax assets	1 987	1 867
Balance sheet value	–4 909	–5 345
NET POSITION DEFERRED TAX	–1 096	250
Trend of deferred tax		
As at 1 January	250	–2 822
Changes of tax rate recognised in the statement of income	–923	–178
Translation differences	–36	–7
Change in scope of consolidation	–1 423	–859
Reduction/(increase) in value adjustments on fluctuations in fair value of cash flow hedges not affecting income	–372	568
Change in temporary differences recognised in the statement of income	1 408	3 548
AS AT 31 DECEMBER	–1 096	250

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1 000 EUR	2012	2011
Non-capitalised tax losses carried forward		
Up to 1 year	0	1 018
1–2 years	0	0
2–3 years	0	670
3–4 years	0	626
4–5 years	0	206
Over 5 years	28 262	15 236
TOTAL	28 262	17 756

Due to uncertainties regarding the usability of tax losses carried forward totalling EUR 28.3 million (previous year EUR 17.8 million), a value adjustment of the resulting tax savings of EUR 4.6 million (previous year EUR 3.2 million) was made on the balance sheet date. Due to a change in tax legislation in Italy, the corresponding loss carryforwards will no longer expire. Of the tax losses carried forward which expire after five years, EUR 11.6 million (previous year EUR 12.3 million) expire within 20 years. The remaining losses can be carried forward for an indefinite period.

The deferred tax assets include deferred tax totalling EUR 0.01 million (previous year EUR 0.4 million) on fluctuations in fair value on cash flow hedges posted without affecting income.

Valuation differences on investments in fully consolidated companies from acquisitions on which no deferred tax has been calculated totalled EUR –9.3 million (previous year EUR –55.9 million). The change is attributable to tax write-downs on investments in local financial statements.

22 TRADE PAYABLES

1 000 EUR	2012	2011
Trade payables	19 779	19 696
Balance sheet value	**19 779**	**19 696**
By currency		
CHF	1 246	1 077
EUR	9 741	9 942
USD	2 279	2 784
HUF	194	216
CNY	4 541	4 114
Other currencies	1 778	1 563
BALANCE SHEET VALUE	19 779	19 696

23 SHORT-TERM FINANCIAL LIABILITIES

1 000 EUR	Note No.	2012	2011
Liabilities to financial institutions		20 158	15 685
Other		35	202
Current portion of			
– Liabilities from financial leasing	16	0	38
– Long-term liabilities	17	11 785	10 113
Balance sheet value		**31 978**	**26 038**
By currency			
CHF		11 812	8 384
EUR		10 459	11 172
USD		5 908	5 497
CNY		3 780	979
Other currencies		19	6
Balance sheet value		**31 978**	**26 038**
By maturity			
in < 3 months		20 279	16 760
in 3–6 months		6 990	7 046
in 6–12 months		4 709	2 232
Balance sheet value		**31 978**	**26 038**
Interest rates			
CHF		1.2%	1.6%
EUR		1.8%	2.6%
USD		1.8%	2.1%
CNY		4.5%	5.0%
Other currencies		8.0%	8.0%

24 OTHER LIABILITIES

1 000 EUR	2012	2011
Social security liabilities	1 499	1 273
Liabilities to employees	5 117	5 517
Liabilities arising from VAT and other taxes	3 999	4 575
Other	3 077	2 835
BALANCE SHEET VALUE	13 692	14 200

25 CATEGORIES OF FINANCIAL INSTRUMENTS

As at 31 December 2012 and 31 December 2011, the book values of financial assets and liabilities (including long-term fixed-interest financial liabilities), as shown below, correspond approximately to the IFRS fair value. The fair value of financial liabilities is EUR 1.1 million (previous year EUR 1.2 million) higher than the book value.

1 000 EUR	Note No.	2012	2011
Other financial assets (excluding investments and advance payments for investments)	7	142	80
Trade receivables	9	51 553	55 625
Other receivables (excluding VAT and other taxes)	10	3 323	4 095
Cash and cash equivalents (excluding cash on hand)	12	62 720	43 377
Loans and receivables		**117 738**	**103 177**
Current securities	11	7 796	6 663
Available-for-sale financial assets		**7 796**	**6 663**
Derivative financial instruments (not used for hedging)	18	39	9
FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS		39	9
Financial liabilities (excluding residual purchase price liabilities)	17, 23	–50 292	–49 822
Trade payables	22	–19 779	–19 696
Other liabilities (excluding social security, employees, VAT and other taxes)	24	–3 077	–2 835
Liabilities at amortised cost		**–73 148**	**–72 353**
Derivative financial instruments (not used for hedging)	18	–464	–622
Residual purchase price liabilities from acquisitions	17	–21 043	–17 667
FINANCIAL LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS		–21 507	–18 289

The following table classifies the financial assets and liabilities measured at market value according to the three levels of the fair value hierarchy:

1 000 EUR	Note No.	2012	2011	Hierarchy
Financial assets measured at market value				
Current securities	11	7 796	6 663	Level 1
Derivative financial instruments	18	194	83	Level 2
TOTAL		7 990	6 746	
Financial assets measured at market value				
Derivative financial instruments	18	–585	–3 349	Level 2
Residual purchase price liabilities from acquisitions	17	–21 043	–17 667	Level 3
TOTAL		–21 628	–21 016	

The levels of the fair value hierarchy and their application with respect to the relevant assets and liabilities are described as follows:

Level 1: Quoted market prices in active markets for identical assets or liabilities
Level 2: Directly or indirectly observable information other than quoted market prices
Level 3: Information re assets and liabilities which is not based on observable market data.

The following table provides an update on Level 3 financial liabilities:

1 000 EUR	Note No.	2012	2011
Balance as at 1 January		17 667	17 001
Change in scope of consolidation	46	2 439	0
Currency differences		68	1 050
Usage		–58	–1 900
Releases (Other financial income)	40	–1 211	0
Allocation (Other financial expense)	41	1 383	723
Interest expense	41	755	793
BALANCE AS AT 31 DECEMBER		21 043	17 667

The fair value of the residual purchase price liabilities is dependent on results (i.e. earnings) benchmarks, which are based partly on target figures (for the next 1–2 years). The residual purchase price liabilities may alter owing to a change in exchange rates (see note 27), a change in the interest rate or a change in the parameters for determining the residual purchase price. If the relevant future results were 10% greater, the residual purchase price liability would increase by EUR 0.8 million, assuming all other variables remained constant.

All expenses and income relate to residual purchase price liabilities outstanding at 31 December 2012.

26 RISK MANAGEMENT

The Board of Directors of Phoenix Mecano AG has ultimate responsibility for risk management. To this end it set up the Internal Auditing Department, which is responsible for developing and monitoring compliance with risk management principles. The Internal Auditing Department reports regularly to the Audit Committee of the Phoenix Mecano AG Board of Directors.

The risk management principles that have been established are geared towards identifying and analysing the risks to which the Group is exposed, developing checks and balances and monitoring risks. The risk management principles and the processes associated with them are regularly reviewed to take account of changes in market conditions and the Group's activities.

27 FINANCIAL RISK MANAGEMENT

General The Phoenix Mecano Group is exposed to various financial risks through its business activities, namely credit risk, market risk (i.e. currency and interest rate risks) and liquidity risk. Currency and interest rate risks are managed centrally at Group level. Financial instruments, of which only limited use is made – almost exclusively for hedging purposes – are also controlled centrally. In view of this centralised currency management, exchange rate differences are shown in the financial result.

The management of non-essential cash and cash equivalents and the Group's financing is also centrally controlled.

The Phoenix Mecano Group invests in securities. The investment instruments it uses are bonds, bond funds, shares and equity funds. These investments are diversified and internal limits are applied to individual investment categories. The investments are conducted principally in EUR.

The following sections give an overview of specific financial risks, their magnitude, the aims, principles and processes involved in measuring, monitoring and hedging them, and the Group's capital management.

Credit risk Credit risk is the risk of incurring financial loss when a counterparty to a financial instrument fails to meet its contractual obligations. Credit risks are most likely to be associated with long-term loans, trade receivables and investments in debt securities (e.g. bonds) and cash or cash equivalents. The Group minimises the credit risk associated with cash and cash equivalents by only doing business with reputable financial institutions and by dealing with a range of such institutions rather than just one. Investments in debt securities must be investment grade (this usually means a rating of at least BBB). They are suitably diversified in order to minimise risk.

To reduce the risk associated with trade receivables, customers are subject to internal credit limits. Because the customer structure varies from one division to the next, there are no general credit limits applying throughout the Phoenix Mecano Group. Creditworthiness is reviewed regularly according to internal guidelines. Credit limits are set based on financial situation, previous experience and other factors. The Group's extensive customer base, which covers a variety of regions and sectors, means that the credit risk on receivables is limited. There are no cluster risks.

The maximum credit risk on financial instruments corresponds to the book values of the individual financial assets. There are no guarantees or similar obligations that could cause the risk to exceed book values.

The maximum credit risk on the balance sheet date was:

1 000 EUR	Note No.	2012	2011
Other financial assets (excluding investments and advance payments for investments)	7	142	80
Derivative financial instruments	18	194	83
Trade receivables	9	51 553	55 625
Other receivables (excluding tax receivables from VAT and other taxes)	10	3 323	4 095
Current securities	11	7 796	6 663
Cash and cash equivalents (excluding cash on hand)	12	62 720	43 377
TOTAL		125 728	109 923

Liquidity risk Liquidity risk is the risk that the Phoenix Mecano Group will be unable to meet its financial obligations when these become due.

The Phoenix Mecano Group monitors its liquidity risk by means of careful liquidity management. In so doing, its guiding principle is to make available a cash reserve exceeding daily and monthly operational funding requirements. Given the dynamic business environment in which it operates, the Group's aim is to preserve the necessary flexibility of financing, ensuring that it has sufficient unused credit lines with financial institutions and retains its ability to procure funds on the capital market. The credit lines are divided up among several financial institutions. As at 31 December 2012, unused credit lines with major banks totalled EUR 58.5 million (previous year EUR 60.1 million).

MATURITY ANALYSIS AS AT 31 DECEMBER 2012

	Book value	Outflow of funds	in < 3 months	in 3–6 months	in 6–12 months	in 1–5 years
1 000 EUR						
Non-derivative financial instruments						
Trade payables	19 779	–19 779	–19 217	–417	–145	
Other liabilities (excluding social security, employees, VAT and other taxes)	3 077	–3 077	–3 077			
Financial liabilities (excluding financial leasing)	71 335	–73 508	–20 412	–7 259	–5 013	–40 824
TOTAL	94 191	–96 364	–42 706	–7 676	–5 158	–40 824
Derivative financial instruments						
Interest rate swap classified as						
Trading	298	–298	–298			
Forward exchange transaction classified as						
Cash flow hedge	–34					
– outflow of funds		–26 060	–3 650	–3 650	–7 500	–11 260
– inflow of funds		26 094	3 655	3 643	7 449	11 347
Trading	127					
– outflow of funds		–15 675	–15 675			
– inflow of funds		15 548	15 548			
TOTAL	94 582	–96 755	–43 126	–7 683	–5 209	–40 737

MATURITY ANALYSIS AS AT 31 DECEMBER 2011

	Book value	Outflow of funds	in < 3 months	in 3–6 months	in 6–12 months	in 1–5 years	in > 5 years
1 000 EUR							
Non-derivative financial instruments							
Trade payables	19 696	–19 696	–19 050	–536	–110		
Other liabilities (excluding social security, employees, VAT and other taxes)	2 835	–2 835	–2 835				
Financial liabilities (excluding financial leasing)	67 451	–71 248	–16 932	–7 361	–2 535	–44 363	–57
Liabilities from financial leasing (long- and short-term)	38	–39	–9	–30			
Total	90 020	–93 818	–38 826	–7 927	–2 645	–44 363	–57
Derivative financial instruments							
Interest rate swap classified as							
Fair value hedge	–16	16		16			
Trading	231	–231	–231				
Forward exchange transaction classified as							
Cash flow hedge	2 669						
– outflow of funds		–29 600	–2 850	–3 350	–8 200	–15 200	
– inflow of funds		26 931	2 758	3 197	7 689	13 287	
Trading	382						
– outflow of funds		–16 282	–16 282				
– inflow of funds		15 900	15 900				
Total	93 286	–97 084	–39 531	–8 064	–3 156	–46 276	–57

Contingent liabilities (see note 29) represent a potential outflow of funds.

Market risk Market risk is the risk that changes in market prices such as exchange rates, interest rates and share prices will have an effect on the earnings and fair value of the financial instruments held by Phoenix Mecano. The aim of market risk management is to monitor and control such risks, thereby ensuring that they do not exceed a certain level.

Currency risk Although it generates 58% of its sales in the euro area (previous year 61%) and a significant portion of its expenditure is in EUR, the Phoenix Mecano Group operates internationally and is therefore exposed to a foreign currency risk. Aside from EUR, transactions are conducted principally in CHF, USD, HUF and CNY. Foreign currency risks arise from expected future transactions and from assets and liabilities recorded in the balance sheet, where these are not in the functional currency of the respective Group company. To hedge such risks from expected future transactions, the Phoenix Mecano Group enters into forward exchange contracts with reputable counterparties as and when necessary, or uses foreign currency options. This hedging relates mainly to planned expenditure in local currency (in companies whose functional currency is not the same as the local currency) at major production locations – primarily Hungary – and occasionally in USD, CHF, GBP, CNY, INR and AUD, with hedges declining as a proportion of the planned currency exposure the further ahead the transaction is due to take place. The extent of the items to be hedged is reviewed regularly. Such hedges cover a maximum period of three years. The Group realises both income and expenditure in USD and aims to minimise the resulting currency exposure primarily by means of operational measures (alignment of income and expenditure flows).

Financing from financial institutions is mainly in EUR, CHF and USD and is recorded by Group companies in the relevant functional currency. An exception to this are USD financing arrangements relating to Phoenix Mecano AG and Phoenix Mecano Hong Kong Ltd. There are also residual purchase price liabilities from an acquisition in CNY at a subsidiary that draws up its balance sheet in EUR and from an acquisition in GBP at Phoenix Mecano AG, which draws up its balance sheet in CHF. In the case of the acquisition in CNY, the resulting currency risk has been reduced by means of appropriate currency hedges (via non-deliverable forward contracts) totalling CNY 95 million.

The following tables set out the currency risks associated with financial instruments, where the currency differs from the functional currency of the Group company holding the instruments:

CURRENCY RISK AS AT 31 DECEMBER 2012

	EUR	CHF	USD	HUF	CNY	GBP
1 000 EUR						
Non-derivative financial instruments						
Trade receivables	2 642		1 062	120		
Cash and cash equivalents	1 380	7	1 915	192		
Trade payables	–123	–26	–1 585	–191		
Financial liabilities			–3 980		–15 956	–1 307
TOTAL	3 899	–19	–2 588	121	–15 956	–1 307
Forward exchange transactions		3 312	–800		11 563	
NET RISK	3 899	3 293	–3 388	121	–4 393	–1 307

CURRENCY RISK AS AT 31 DECEMBER 2011

	EUR	CHF	USD	HUF	CNY
1 000 EUR					
Non-derivative financial instruments					
Trade receivables	2 684		936	58	
Cash and cash equivalents	977	22	1 712	1 572	
Trade payables	–55	–26	–1 390	–210	
Financial liabilities			–3 474		–14 226
Total	3 606	–4	–2 216	1 420	–14 226
Forward exchange transactions		2 466	–500		13 105
Net risk	3 606	2 462	–2 716	1 420	–1 121

Based on the above-mentioned currency risks, the following sensitivity analysis for the main currency pairs shows how the result of the period would be affected if the exchange rates were to alter by 10%. All other variables, in particular interest rates, are assumed to remain unchanged. Significantly greater effects on the statement of income may arise from price movements relating to ongoing foreign currency transactions during the financial year.

SENSITIVITY ANALYSIS AS AT 31 DECEMBER 2012

	CHF/EUR	CHF/USD	EUR/USD	EUR/HUF	EUR/CNY	USD/CNY	CHF/GBP
1 000 EUR							
CHANGE IN RESULT OF THE PERIOD (+/–)	274	189	92	12	1 252	745	131

SENSITIVITY ANALYSIS AS AT 31 DECEMBER 2011

	CHF/EUR	CHF/USD	EUR/USD	EUR/HUF	EUR/CNY	USD/CNY
1 000 EUR						
Change in result of the period (+/–)	146	189	47	135	1 026	922

On 31 December 2012, equity would have been EUR 1.5 million (previous year EUR 2.1 million) lower if the exchange rate had been 10% higher and EUR 1.9 million (previous year EUR 2.5 million) higher if the exchange rate had been 10% lower, on account of forward exchange contracts classified as cash flow hedges.

Interest rate Interest rate risk is divided up into an interest cash flow risk, i.e. the risk that future interest payments will change due to fluctuations in the market interest rate, and an interest-related risk of a change in the market value, i.e. the risk that the market value of a financial instrument will change due to fluctuations in the market interest rate. The Group's interest-bearing financial assets and liabilities are primarily cash and cash equivalents and current securities, as well as liabilities to financial institutions. The Group uses interest rate options and swaps to hedge and/or structure external debts.

Sensitivity analyses as at 31 December 2012 and 2011 The Phoenix Mecano Group is exposed to an interest cash flow risk with respect to variable-rate liquid funds and variable-rate liabilities to financial institutions. If the interest rates on variable-rate liabilities excluding fixed-term deposits had been 50 basis points higher or lower, the result of the period for 2012 would have been EUR 0.2 million (previous year EUR 0.2 million) lower or higher, assuming all other variables had remained constant.

The impact on equity of a 50-basis point change in interest rates, given the bonds classified as financial assets held for sale at 31 December 2012 or 31 December 2011, would have been less than EUR 0.1 million, assuming all other variables had remained constant.

28 CAPITAL MANAGEMENT

The aims of capital management are to safeguard the Phoenix Mecano Group as a going concern, thereby ensuring continued income for shareholders and providing other stakeholders with the benefits to which they are entitled. In addition, the Group seeks to preserve scope for future growth and acquisitions by means of conservative financing.

To this end, the Group aims to maintain a long-term equity ratio of at least 40%. The dividend policy of the Phoenix Mecano Group specifies a payout ratio of 20–30% of sustainable net profit. Capital increases should be avoided as far as possible in order to prevent profit dilution. Where appropriate, the Group uses share buy-backs as a means of adjusting its capital structure and reducing capital costs.

The Phoenix Mecano Group monitors its capital management based on its gearing, i.e. the ratio of net indebtedness to equity. Net indebtedness consists of total interest-bearing liabilities (including residual purchase price liabilities from acquisitions) less current securities and cash and cash equivalents.

Net indebtedness as at 31 December 2012 and 31 December 2011 was as follows:

1 000 EUR	Note No.	2012	2011
Long-term financial liabilities	17	39 357	41 451
Short-term financial liabilities	23	31 978	26 038
Interest-bearing liabilities		**71 335**	**67 489**
less current securities	11	7 796	6 663
less cash and cash equivalents	12	62 824	43 500
NET INDEBTEDNESS		715	17 326
Equity		253 457	248 106
Gearing		**0.3%**	**7.0%**

29 CONTINGENT LIABILITIES

1 000 EUR	2012	2011
Sureties and guarantees	812	1 052
Commitments from bills of exchange	59	33
TOTAL	871	1 085

30 COMMITMENTS TO PURCHASE TANGIBLE ASSETS

The purchase commitment for tangible assets as at 31 December 2012 was EUR 4.4 million (previous year EUR 2.2 million). The increase compared with the previous year is due to the creation of a logistics centre for the Mechanical Components division in Hungary.

31 OPERATING LEASES, RENT AND LEASEHOLD RENT

1 000 EUR	2012	2011
Minimum commitments due within 1 year	3 218	3 014
Minimum commitments due within 1–5 years	5 738	5 902
Minimum commitments due after 5 years	6 298	5 724
MINIMUM OPERATING LEASING, RENT AND LEASEHOLD RENT COMMITMENTS	15 254	14 640
Minimum claims due within 1 year	205	96
Minimum claims due within 1–5 years	112	0
MINIMUM CLAIMS FROM RENT/LEASEHOLD RENT	317	96

The operating leasing, rent and leasehold rent commitments consist almost exclusively of commitments for leased premises and floor space (long-term lease). The claims consist mainly of leased investment properties.

32 SALES REVENUE

1 000 EUR	2012	2011
Gross sales	500 461	529 755
Revenue reductions	–4 880	–5 336
SALES REVENUE (NET SALES)	495 581	524 419

Gross sales were down by 5.5% compared to prior year (previous year: up by 5.6%). Differences in foreign exchange rates and changes to the scope of consolidation affected gross sales by 1.7% and 0.7% respectively (previous year 0.1% and 4.0% respectively).

33 OTHER OPERATING INCOME

1 000 EUR	2012	2011
Reimbursement from insurance	241	610
Gains on the disposal of intangible and tangible assets	227	266
Government subsidies	628	365
Other	1 977	2 658
TOTAL	3 073	3 899

34 COST OF MATERIALS

1 000 EUR	2012	2011
Cost of raw and ancillary materials, merchandise for resale and external services	230 004	238 011
Incidental acquisition costs	8 346	8 919
TOTAL	238 350	246 930

Value adjustments and losses on inventories are posted under Other operating expenses (see note 39).

35 PERSONNEL EXPENSES

1 000 EUR	2012	2011
Wages and salaries	115 913	115 315
Social costs	24 148	22 996
Supplementary staff costs	5 489	4 974
TOTAL	145 550	143 285

36 AMORTISATION OF INTANGIBLE ASSETS

1 000 EUR	2012	2011
Concessions, licences, similar rights and assets	5 711	5 332
Development services	352	347
TOTAL	6 063	5 679

37 DEPRECIATION ON TANGIBLE ASSETS

1 000 EUR	2012	2011
Investment properties	12	0
Land and buildings	3 386	2 983
Machinery and equipment	12 159	11 421
TOTAL	15 557	14 404

38 IMPAIRMENT OF INTANGIBLE AND TANGIBLE ASSETS

1 000 EUR	Note No.	2012	2011
Reversal of impairment losses on intangible and tangible assets	4, 5	–97	–72
Impairment losses on goodwill	3	0	6 930
Impairment losses on other intangible assets	4	1 975	2 694
Impairment losses on tangible assets	5	3 065	2 350
TOTAL		4 943	11 902

39 OTHER OPERATING EXPENSES

1 000 EUR	Note No.	2012	2011
External development costs		1 170	717
Establishment expenses		20 300	20 196
Rent, leasehold rent, leases		3 886	3 838
Administration expenses		7 133	7 352
Advertising expenses		4 248	3 700
Sales expenses		16 320	16 759
Losses from the disposal of intangible and tangible assets		313	364
Losses and value adjustments on inventories	8	2 793	6 920
Capital and other taxes		811	565
Other		6 137	6 226
TOTAL		63 111	66 637

Total research and development costs, including internal costs, amounted to EUR 6.4 million (previous year EUR 5.0 million).

40 FINANCIAL INCOME

1 000 EUR	Note No.	2012	2011
Interest income from third parties		1 099	804
Fair value hedge gain (on underlying transaction)	18	16	122
Gain from financial assets at fair value through profit or loss (trading derivative)	18	300	0
Exchange rate gains		1 325	2 972
Value adjustment on financial assets	7	0	170
Other financial income		1 258	244
TOTAL		3 998	4 312

Other financial income includes the adjustment (recognised in the statement of income) of residual purchase price liabilities from acquisitions totalling EUR 1.2 million.

41 FINANCIAL EXPENSES

1 000 EUR	Note No.	2012	2011
Interest expense		1 190	1 479
Interest expense for accrued interest on residual purchase price liability	25	755	793
Fair value hedge loss (from derivative financial instruments)	18	16	122
Loss from financial assets at fair value through profit or loss (trading derivative)	18	112	850
Exchange rate losses		1 779	4 415
Loss from disposal of Group companies	47	0	17
Other financial expense		1 429	1 021
TOTAL		5 281	8 697

Other financial expense includes the adjustment (recognised in the statement of income) of residual purchase price liabilities from acquisitions totalling EUR 1.4 million (previous year EUR 0.7 million).

42 INCOME TAX

1 000 EUR	2012	2011
Current income tax	9 073	11 529
Deferred tax	–485	–3 370
Income tax	**8 588**	**8 159**
Reconciliation from theoretical to effective income tax		
Result before tax	**26 657**	**31 804**
Theoretical income tax	**6 077**	**7 721**
Weighted income tax rate	**22.8%**	**24.3%**
Changes of tax rate deferred tax	923	178
Tax-free income	–378	–398
Non-deductible expenses	1 595	3 397
Tax effect on losses in the reporting year	1 733	111
Tax effect of losses carried forward from previous years	–546	–2 309
Income tax relating to other periods	–1 196	–382
Other	380	–159
EFFECTIVE INCOME TAX	8 588	8 159
Effective income tax rate	**32.2%**	**25.7%**

The theoretical income taxes are derived from the weighted current local tax rates in the countries where the Phoenix Mecano Group does business.

The reduction in non-deductible expenses in 2012 was mainly owing to a devaluation of goodwill in the previous year (see note 3) not affecting tax.

The income from income tax relating to other periods in 2012 resulted largely from the disappearance of tax risks from earlier tax periods. The item Other includes, among other things, the expenses incurred from non-creditable withholding taxes on completed and planned dividend payments.

In addition to the deferred taxes presented above, EUR 0.4 million in deferred tax expenses (previous year: EUR 0.6 million in deferred tax income) linked to fluctuations in the fair value of cash flow hedges posted without affecting income were offset directly against equity (see note 21).

43 EARNINGS PER SHARE

1 000 EUR	2012	2011
Result		
of the period attributable to shareholders of the parent company	18 075	23 170
Number of shares		
Shares issued on 1 January	978 000	978 000
Treasury shares (annual average)	–7 351	–4 579
SHARES OUTSTANDING	970 649	973 421
Basis for diluted earnings per share	970 649	973 421
Basis for undiluted earnings per share	970 649	973 421

44 OPERATING CASH FLOW

1 000 EUR	Note No.	2012	2011
Operating result		27 855	36 101
Amortisation of intangible assets	36	6 063	5 679
Depreciation on tangible assets	37	15 557	14 404
Impairment and reversal of impairment losses on intangible and tangible assets	38	4 943	11 902
OPERATING CASH FLOW		54 418	68 086

45 FREE CASH FLOW

1 000 EUR	Note No.	2012	2011
Cash flow from operating activities		62 148	44 617
Purchases of intangible assets	4	–2 207	–1 583
Purchases of tangible assets	5	–23 229	–19 290
Disinvestments in intangible assets		1	30
Disinvestments in tangible assets		802	653
FREE CASH FLOW (BEFORE FINANCIAL INVESTMENTS)		37 515	24 427

46 ACQUISITION OF GROUP COMPANIES

The acquired assets and assumed liabilities break down as follows (2012: provisional):

1 000 EUR	2012 Fair value	2011 Fair value
Customer base	137	1 284
Other intangible assets	6 579	1 463
Tangible assets	430	292
Other non-current assets	7	0
Other current assets	410	1 622
Cash and cash equivalents	53	7
Liabilities	–1 575	–1 835
Identifiable net assets	**6 041**	**2 833**
Minority interest	–600	0
Goodwill from acquisition	0	1 843
Purchase price	**–5 441**	**–4 676**
Residual purchase price liability	2 439	0
Assumed liabilities	0	276
Cash and cash equivalents acquired	53	7
CHANGE IN FUNDS	–2 949	–4 393

Under an asset deal effective 1 January 2012, the Phoenix Mecano Group acquired the business operations of Leveringhaus KG, based in Obergünzburg, Germany. The company is active in the field of membrane keyboards, high-vacuum vaporisation and surface refinement. The business, which is being continued as part of the existing subsidiary Kundisch GmbH + Co. KG (Enclosures division), generated gross sales of just under EUR 2 million in 2011, with a workforce of 25.

Germany-based company ATON Lichttechnik GmbH was established on 13 January 2012, together with a partner which transferred a subdivision into the company. The Phoenix Mecano Group originally held a 60% stake. It subsequently acquired the remaining 40% of the shares on 28 December 2012. The newly founded business is active in the development and marketing of LED light technology for use in street lighting.

On 10 February 2012, the Phoenix Mecano Group acquired full ownership of Integrated Furniture Technologies Ltd., based in Cheltenham, UK, which in turn holds a 50% stake in Robco Designs Ltd. With their patents and expertise in the system integration of fittings and drives for electrically adjustable furniture, the companies are a perfect complement for the Mechanical Components division's product portfolio. Part of the purchase price is dependent on future business development and will not be paid until 2015.

The acquired companies generated consolidated gross sales of EUR 1.9 million in 2012. Their contribution to the Phoenix Mecano Group's result of the period was EUR –2.8 million. Had the companies been consolidated since 1 January 2012, the additional impact on the consolidated gross sales and the consolidated result of the period would have been less than EUR 0.1 million.

In the previous year, the Phoenix Mecano Group acquired full ownership of Platthaus GmbH Elektrotechnische Fabrik, Alsdorf (D), on 1 June 2011. Part of the purchase price was dependent on future business development in 2011 and would only be paid in 2012 if the agreed criterion was met. The provisional purchase price allocation as at 31 December 2011 assumed that no residual purchase price obligation would arise. This prediction was subsequently borne out.

The acquired company generated consolidated gross sales of EUR 3.2 million in 2011 and its contribution to the Phoenix Mecano Group's result of the period was EUR -0.9 million. Had the company been consolidated since 1 January 2011, consolidated gross sales for 2011 would have totalled EUR 533.3 million and consolidated result of the period EUR 23.5 million.

47 DISPOSAL OF GROUP COMPANIES

In 2011, the winding-up of two discontinued Group companies, Leonhardy-MCT s.r.l. in the Czech Republic and Phoenix Mecano Tunisie S.à.r.l. in Tunisia, was completed, with a negative impact of EUR 0.02 million on the statement of income.

48 TRANSACTIONS WITH RELATED PARTIES

1 000 EUR	**2012**	2011
Chairman of the Board of Directors	109	106
Delegate of the Board of Directors	577	601
Other members of the Board of Directors	115	113
Remuneration of the Board of Directors	**801**	**820**
Remuneration of the Executive Committee (excluding the Delegate of the Board of Directors)	**2 117**	**2 289**
Remuneration of the Board of Directors and Executive Committee	**2 918**	**3 109**
Social security contributions	219	234
Pension obligations	273	216
TOTAL REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE	3 410	3 559

Transactions with associated companies are presented in notes 6, 9 and 22.

Detailed information on transactions with related parties is provided in the notes to the financial statements of Phoenix Mecano AG on page 152 (see note 19).

No significant transactions with other related parties outside the scope of consolidation took place in 2012 or 2011.

49 EVENTS AFTER THE BALANCE SHEET DATE

On 20 December 2012, the Phoenix Mecano Group signed a purchase agreement to acquire 80% of the shares in Bond Tact Ltd., Hong Kong. The company specialises in the manufacture of electromechanical precision components and has a production facility in Dongguan, China. As at the date of approval of the consolidated financial statements, the conditions for transfer of control under IFRS 3 were not yet fulfilled. The transaction is expected to be concluded in the near future.

No other events occurred between 31 December 2012 and 28 March 2013 that would alter the book values of assets and liabilities or should be disclosed under this heading.

50 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

At its meeting on 28 March 2013, the Board of Directors of Phoenix Mecano AG released the 2012 consolidated financial statements for publication. These will be submitted to the Shareholders' General Meeting on 24 May 2013 with a recommendation for their approval.

51 DIVIDEND

The Board of Directors recommends to the Shareholders' General Meeting of 24 May 2013 that a dividend of CHF 13.00 (CHF is the statutory currency of Phoenix Mecano AG) per share be paid out (see Proposal for the appropriation of retained earnings on page 155). The total outflow of funds is expected to be CHF 12.5 million. The dividend paid out in 2012 was CHF 13.00 (previous year CHF 13.00) per share. The outflow of funds in 2012 was CHF 12.7 million (previous year CHF 12.7 million).

REPORT OF THE STATUTORY AUDITOR

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS TO THE GENERAL MEETING OF SHAREHOLDERS

PHOENIX MECANO AG, STEIN AM RHEIN

As statutory auditor, we have audited the accompanying consolidated financial statements of Phoenix Mecano AG, presented on pages 76 to 141, which comprise the consolidated balance sheet, consolidated statement of income, consolidated statement of comprehensive income, consolidated statement of cash flow, consolidated statement of changes in equity, and notes for the year ended 31 December 2012.

BOARD OF DIRECTORS' RESPONSIBILITY

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

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

Zurich, 28 March 2013

Kurt Stocker	Thomas Lehner
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

KPMG AG

KPMG

FIVE-YEAR OVERVIEW

1 000 EUR	2012	2011	2010	2009	2008
CONSOLIDATED BALANCE SHEET					
Total	389 961	389 796	381 433	301 100	294 042
Non-current assets	143 802	139 993	142 862	105 003	106 482 [1]
in % of total assets	36.9	35.9	37.5	34.9	36.2
Tangible assets	104 593	100 717	98 596	91 713	90 148 [1]
Current assets	246 159	249 803	238 571	196 097	187 560 [1]
in % of total assets	63.1	64.1	62.5	65.1	63.8
Inventories	111 564	132 880	132 294	88 158	90 889 [1]
Cash and cash equivalents	62 824	43 500	31 800	42 593	39 155
Equity	253 457	248 106	236 226	193 365	191 045
in % of total assets	65.0	63.7	61.9	64.2	65.0
Liabilities	136 504	141 690	145 207	107 735	102 997
in % of total assets	35.0	36.3	38.1	35.8	35.0
Net indebtedness	715	17 326	24 862	–3 774	2 275
in % of equity	0.3	7.0	10.5	–2.0	1.2
CONSOLIDATED STATEMENT OF INCOME					
Gross sales	500 461	529 755	501 558	396 913	417 261
Sales revenue (net sales)	495 581	524 419	495 944	392 103	412 528
Total operating performance	501 429	524 938	509 572	397 652	417 866 [2]
Personnel expenses	145 550	143 285	131 663	115 601	119 898 [2]
Amortisation of intangible assets	6 063	5 679	4 032	3 457	2 752 [2]
Depreciation on tangible assets	15 557	14 404	13 792	14 416	13 767 [2]
Result before interest and tax (operating result)	27 855	36 101	52 592	13 543	42 789 [2]
Financial result	–1 198	–4 297	–1 745	320	–3 550 [2]
Result before tax	26 657	31 804	50 847	13 863	39 239 [2]
Income tax	8 588	8 159	6 963	2 263	8 640 [2]
Result of the period from continued operations	18 069	23 645	43 884	11 600	30 599
Result of the period from discontinued operations	n/a	n/a	n/a	n/a	–16 [3]
Result of the period	18 069	23 645	43 884	11 600	30 583
in % of gross sales	3.6	4.5	8.7	2.9	7.3
in % of equity	7.1	9.5	18.6	6.0	16.0
CONSOLIDATED STATEMENT OF CASH FLOW					
Cash flow from operating activities	62 148	44 617	29 361	46 718	47 642
Cash used in investing activities	–28 109	–23 815	–35 985	–33 870	–20 138
Purchases of tangible and intangible assets	25 436	20 873	19 643	12 095	18 100
Cash flow from financing activities	–14 550	–9 117	–5 189	–9 632	–30 579
Free cash flow	37 515	24 427	11 673	35 073	29 895

[1] The assets held for sale are posted in current assets under a separate item.
[2] The figures refer to continued operations, i.e. without the discontinued OMP product area.
[3] Discontinued operations relate to the customised switchgear cabinets and electronic packaging solutions business (OMP product area).

PHOENIX MECANO AG
FINANCIAL STATEMENTS 2012

PROPOSED DIVIDEND STABLE AT CHF 13.00

BALANCE SHEET AS AT 31 DECEMBER 2012

CHF	Note No.	2012	2011
ASSETS			
Non-current assets			
Financial assets			
Investments	1	166 504 724	156 535 610
Loans to Group companies	2	19 120 640	19 601 720
Total non-current assets		**185 625 364**	**176 137 330**
Current assets			
Receivables			
Financial receivables from Group companies	3	282 135	3 757 720
Other receivables	4	1 049	1 212 376
		283 184	**4 970 096**
Treasury shares	5	6 191 875	1 861 660
Cash and cash equivalents		370 176	475 916
Total current assets		**6 845 235**	**7 307 672**
TOTAL ASSETS		192 470 599	183 445 002
EQUITY AND LIABILITIES			
Equity			
Share capital	6	978 000	978 000
Statutory reserves		2 500 000	2 500 000
Reserve for treasury shares	7	7 102 003	2 321 365
Special reserves		88 994 949	88 994 949
Retained earnings	8	52 108 003	55 023 375
Total equity		**151 682 955**	**149 817 689**
Liabilities			
Provisions	9	4 667 050	5 075 450
Long-term liabilities			
Bank loans	10	11 500 000	11 500 000
Short-term liabilities			
Bank liabilities	10	16 638 750	12 547 500
Financial liabilities to Group companies	11	7 244 373	3 889 968
Liabilities to shareholders		16 233	298
Other liabilities		145 489	41 462
		24 044 845	**16 479 228**
Deferred income		575 749	572 635
Total liabilities		**40 787 644**	**33 627 313**
TOTAL EQUITY AND LIABILITIES		192 470 599	183 445 002

STATEMENT OF INCOME 2012

CHF	Note No.	2012	2011
Income			
Income from investments	13	15 384 055	12 792 798
Financial income	14	967 823	1 502 367
Other income	15	254 761	13 284
Total income		**16 606 639**	**14 308 449**
Expenses			
Financial expenses	16	–1 166 435	–679 919
Administration expenses		–843 092	–900 682
Other expenses	17	–33 262	–700 020
Income and capital taxes		–43 123	–50 027
Total expenses		**–2 085 912**	**–2 330 648**
PROFIT FOR THE YEAR		14 520 727	11 977 801

NOTES TO THE FINANCIAL STATEMENTS 2012

GENERAL

The 2012 financial statements for Phoenix Mecano AG in Swiss francs have been drawn up in accordance with the provisions of Swiss corporation law.

1 INVESTMENTS

The following list shows all investments directly held by Phoenix Mecano AG:

Company	Head office	Activity	Currency	Registered capital in 1 000	Investment in %
Phoenix Mecano Management AG	Kloten, Switzerland	Finance	CHF	50	100
Phoenix Mecano Technologies AG	Stein am Rhein, Switzerland	Finance	CHF	250	100
Phoenix Mecano Beteiligungen AG	Stein am Rhein, Switzerland	Finance	CHF	100	100
Phoenix Mecano Trading AG	Stein am Rhein, Switzerland	Purchasing	CHF	100	100
Phoenix Mecano Komponenten AG	Stein am Rhein, Switzerland	Production/Sales	CHF	2 000	100
Phoenix Mecano Finance Ltd.	St. Helier, Channel Islands GB	Finance	USD	1 969	100
PM International B.V.	Doetinchem, The Netherlands	Finance	EUR	4 500	100
AVS Phoenix Mecano GmbH	Vienna, Austria	Sales	EUR	40	1
Phoenix Mecano Inc.	Frederick, USA	Production/Sales	USD	10 000	100
WIENER, Plein & Baus, Corp.	Springfield, USA	Sales	USD	100	100
Phoenix Mecano S.E. Asia Pte Ltd.	Singapore	Sales	SGD	1 000	75
Phoenix Mecano (India) Pvt. Ltd.	Pune, India	Production/Sales	INR	299 452	100
Mecano Components (Shanghai) Co., Ltd.	Shanghai, China	Production/Sales	USD	3 925	100
Shenzhen ELCOM Trading Co., Ltd.	Shenzhen, China	Purchasing/Sales	CNY	2 000	100
Phoenix Mecano Hong Kong Ltd.	Hong Kong, China	Finance/Sales	EUR	500	100
Phoenix Mecano Mazaka AŞ	Ankara, Turkey	Sales	TRY	4	1
Phoenix Mecano Comercial e Técnica Ltda.	Barueri, Brazil	Sales	BRL	7 601	100
Phoenix Mecano Holding Ltda.	Barueri, Brazil	Finance	BRL	1 062	1
Integrated Furniture Technologies Ltd.	Cheltenham, UK	Development	GBP	1	100
Phoenix Mecano Components (Taicang) Co., Ltd.	Taicang City, China	Production/Sales	USD	6 500	100

The CHF 10 million change in the balance sheet value compared with the previous year is mainly owing to the acquisition of UK-based company Integrated Furniture Technologies Ltd. and the founding of Phoenix Mecano Components (Taicang) Co., Ltd. in China, as well as a capital increase at Phoenix Mecano Comerical e Técnica Ltda. in Brazil.

An overview of all directly and indirectly held investments is given on pages 101 and 102.

2 LOANS TO GROUP COMPANIES

This item includes long-term loans in CHF, EUR and USD to subsidiaries in Switzerland and abroad.

3 FINANCIAL RECEIVABLES FROM GROUP COMPANIES

This item comprises short-term financial receivables (including balances on clearing accounts) in CHF, EUR and USD from subsidiaries in Switzerland and abroad.

4 OTHER RECEIVABLES

In the previous year, this item comprises a purchase price receivable with an equivalent value of CHF 1.2 million from the disposal of an investment in Brazil.

5 TREASURY SHARES

The following is an overview of the purchases and sales of treasury shares made during the reporting year:

	Share purchases	Average price	Share sales	Average price
	Number	CHF	Number	CHF
January	96	467.36	96	501.33
May			17	560.16
TOTAL YEAR	96	467.36	113	510.16

No purchases and sales were made in the other months.

In addition, the Board of Directors decided to launch a new share buy-back programme covering up to 10% of the overall share portfolio. The programme began on 22 June 2012 and will last until 27 February 2015 at the latest. As part of this buy-back programme, the following repurchases were made over a second trading line up to 31 December 2012:

	Share purchases	Average price
	Number	CHF
June	150	476.83
July	1 500	472.87
August	1 350	487.66
September	1 400	482.93
October	2 400	461.67
November	1 000	446.30
December	2 500	442.04
TOTAL YEAR	10 300	463.56

At the balance sheet date, the company owned a total of 14 803 treasury shares (previous year 4 520), which are booked according to the strict lower-of-cost-or-market principle. These shares represent 1.5% of the overall share portfolio.

6 SHARE CAPITAL

The share capital is divided into 978 000 bearer shares with a par value of CHF 1.00 each. As at the balance sheet date, major shareholders held the following stakes in the share capital of Phoenix Mecano AG:

PRINCIPAL SHAREHOLDERS		2012	2011
in %			
Name	Head office		
Planalto AG	Luxembourg City, Luxembourg	34.0	33.7*
Tweedy, Browne Global Value Fund (A subdivision of Tweedy, Browne Fund Inc., New York, USA)	New York, USA	7.9*	7.9*
Massachusetts Mutual Life Insurance Company (Ultimate parent company of OppenheimerFunds Inc., New York, USA)	Springfield, USA	8.9	6.1
Sarasin Investmentfonds AG	Basel, Switzerland	5.4*	5.4*

* Stake not reported in the year indicated.

This information is based on reports by the shareholders mentioned above.

7 RESERVE FOR TREASURY SHARES

Articles 659a (2) and 671a of the Swiss Code of Obligations state that the company must set aside an amount equivalent to the cost of acquiring its own shares as a separate reserve. In 2012, this reserve for treasury shares was increased by CHF 4 780 638.

8 RETAINED EARNINGS

Financial year 2012 closed with a profit for the year of CHF 14 520 727. The retained earnings brought forward from the previous year totalled CHF 42 367 914. Taking into account the allocation to the reserve for treasury shares of CHF 4 780 638 (see note 7), the Shareholders' General Meeting of 24 May 2013 has at its disposal retained earnings totalling CHF 52 108 003. For the Board of Directors' proposal regarding the appropriation of retained earnings, see page 155.

9 PROVISIONS

As in the previous year, this item comprises provisions to cover investment risks totalling CHF 3.5 million as well as provisions to cover exchange rate risks totalling CHF 1.1 million (previous year CHF 1.5 million). There is also a provision of CHF 0.1 million for a legal dispute in Brazil.

10 BANK LOANS/BANK LIABILITIES

Loans from financial institutions exist in the following currencies and with the following maturities:

1 000 CHF	2012	2011
By currency		
CHF	24 250	21 700
USD	3 889	2 348
BALANCE SHEET VALUE	28 139	24 048
By maturity		
in 1 year	16 639	12 548
in 2 years	3 500	2 750
in 3 years	3 500	3 000
in 4 years	3 500	3 000
in 5 years	1 000	2 750
BALANCE SHEET VALUE	28 139	24 048

11 FINANCIAL LIABILITIES TO GROUP COMPANIES

This item comprises short-term financial liabilities (including liabilities on clearing accounts) in CHF and EUR to subsidiaries in Switzerland and abroad.

12 CONTINGENT LIABILITIES

1 000 CHF	2012	2011
Guarantees and letters of comfort	108 011	105 233

Contingent liabilities are given for subsidiaries, predominantly in favour of financial institutions. The actual book value of Group company liabilities was CHF 37.7 million (previous year CHF 35.2 million).

In addition, Phoenix Mecano AG has entered into a joint guarantee with its Swiss subsidiaries for the purposes of registration for Group VAT taxation.

13 INCOME FROM INVESTMENTS

Income from investments comprises dividends paid by subsidiaries in Switzerland and abroad.

14 FINANCIAL INCOME

Financial income includes earnings from interest and commissions as well as gains from the sale of and appreciation in the value of treasury shares.

15 OTHER INCOME

This item includes net exchange rate gains of CHF 0.3 million in the reporting year (CHF 1.1 million of exchange rate gains less CHF 0.8 million of exchange rate losses).

16 FINANCIAL EXPENSE

This item comprises interest and securities expenses.

17 OTHER EXPENSES

This item includes net exchange rate losses of CHF 0.7 million in the previous year.

18 NET RELEASE OF HIDDEN RESERVES

As in the previous year, the statement of income contains no net release of hidden reserves.

19 REMUNERATION AND PARTICIPATIONS

Remuneration of members of the Board of Directors and Executive Committee The following remuneration was awarded by the Phoenix Mecano Group to serving corporate officers in 2012 and 2011:

1 000 CHF	Position	Fixed remuneration	Variable remuneration	Social security and pension	Total remuneration 2012
Ulrich Hocker	Chairman of the Board of Directors	131		11	142
Benedikt A. Goldkamp	Delegate of the Board of Directors	517	179	130	826
Dr Florian Ernst	Board member	53		5	58
Dr Martin Furrer	Board member	43		3	46
Beat Siegrist	Board member	43		3	46
Remuneration of the Board of Directors		787	179	152	1 118
Remuneration of the Executive Committee (excluding the Delegate of the Board of Directors)		2 185	367	440	2 992
TOTAL REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVE COMMITTEE		2 972	546	592	4 110

1 000 CHF	Position	Fixed remuneration	Variable remuneration	Social security and pension	Total remuneration 2011
Ulrich Hocker	Chairman of the Board of Directors	131		11	142
Benedikt A. Goldkamp	Delegate of the Board of Directors	472	268	126	866
Dr Florian Ernst	Board member	53		5	58
Dr Martin Furrer	Board member	43		3	46
Beat Siegrist	Board member	43		3	46
Remuneration of the Board of Directors		742	268	148	1 158
Remuneration of the Executive Committee (excluding the Delegate of the Board of Directors)		2 120	699	406	3 225
Total Remuneration of the Board of Directors and Executive Committee		2 862	967	554	4 383

Mr Benedikt A. Goldkamp is also CEO of the Phoenix Mecano Group. His remuneration as CEO is included in his overall remuneration as Delegate of the Board of Directors, the highest individual remuneration of any member of the management (Executive Committee).

The variable remuneration is based on individual employment contracts and annual bonus agreements. The amount depends on the attainment of income and return-on-capital targets and in individual cases on personal performance targets. It includes the variable remuneration for the financial year accounted for under (accrued) expenses in the relevant financial statements. For the most part, payments are made subsequent to the balance sheet preparation; the variable remuneration actually paid may vary from the amounts set aside.

Social security and pension comprises employer contributions to social security and staff pension funds as well as allocations to pension provisions.

No remuneration was paid in the reporting year or the previous year to former corporate officers who left the company in previous years.

The members of the Board of Directors and Executive Committee received no other remuneration or fees for additional services to the Phoenix Mecano Group.

No loans or securities were awarded to members of the Board of Directors or the Executive Committee or persons related to them.

Share ownership by members of the Board of Directors and Executive Committee and persons related to them The following shares were held in 2012 and 2011:

	Position	31.12.2012	31.12.2011
Number			
Ulrich Hocker	Chairman of the Board of Directors	8 798	8 654
Benedikt A. Goldkamp	Delegate of the Board of Directors	1 840	1 800
Dr Florian Ernst	Board member	10	10
Dr Martin Furrer	Board member	100	100
Beat Siegrist	Board member	400	400
SHARES HELD BY THE BOARD OF DIRECTORS		11 148	10 964
Dr Rochus Kobler	Chairman of the Executive Committee	200	92
Dr Joachim Metzger	Member	15	80
René Schäffeler	Member	80	80
SHARES HELD BY THE EXECUTIVE COMMITTEE		295	252

In addition, Planalto AG, Luxembourg, which is owned by the Goldkamp family, holds a 34.0% stake (previous year 33.7%).

Related persons and companies are considered to be family members as well as any individuals or companies capable of being significantly influenced.

Aside from the remuneration awarded to the Board of Directors and the Executive Committee and the standard contributions to pension funds, no significant transactions with related persons or companies took place.

20 RISK MANAGEMENT

The company is covered by the risk management policy of the Phoenix Mecano Group. The Board of Directors of Phoenix Mecano AG has ultimate responsibility for risk management. To this end it set up the Internal Auditing Department, which is responsible for developing and monitoring compliance with risk management principles. The Internal Auditing Department reports regularly to the Audit Committee of the Phoenix Mecano AG Board of Directors. The risk management principles that have been established are geared towards identifying and analysing the risks to which the Group is exposed, developing checks and balances and monitoring risks. The specific risks facing Phoenix Mecano AG have also been identified. Risk management principles and the processes associated with them are regularly reviewed to take account of changes in market conditions and the Group's activities.

More information on risk management in the Phoenix Mecano Group can be found in the notes to the consolidated financial statements.

21 EVENTS AFTER THE BALANCE SHEET DATE

No events occurred between 31 December 2012 and 28 March 2013 that would alter the book values of Phoenix Mecano AG's assets and liabilities or should be disclosed under this heading.

There are no further matters requiring disclosure under Article 663b of the Swiss Code of Obligations.

PROPOSAL FOR THE APPROPRIATION OF RETAINED EARNINGS

	CHF
Net income for the year 2012	14 520 727
Retained earnings brought forward 2011	42 367 914
Allocation to reserve for treasury shares	–4 780 638
RETAINED EARNINGS	52 108 003

The Board of Directors proposes to the Shareholders' General Meeting that retained earnings should be distributed as follows:

	CHF
Dividend of CHF 13.00 per share[1]	12 714 000
Carried forward to new account	39 394 003
TOTAL	52 108 003

[1] Total dividends are calculated based on the 978 000 bearer shares. Dividends will not be paid on treasury shares held by the company at the time of the payout.

REPORT OF THE STATUTORY AUDITOR

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS TO THE GENERAL MEETING OF SHAREHOLDERS

PHOENIX MECANO AG, STEIN AM RHEIN

As statutory auditor, we have audited the accompanying financial statements of Phoenix Mecano AG, presented on pages 146 to 154, which comprise the balance sheet, income statement and notes for the year ended 31 December 2012.

BOARD OF DIRECTORS' RESPONSIBILITY

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements for the year ended 31 December 2012 comply with Swiss law and the company's articles of incorporation.

REPORT ON OTHER LEGAL REQUIREMENTS

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Zurich, 28 March 2013

Kurt Stocker
Licensed Audit Expert
Auditor in Charge

Thomas Lehner
Licensed Audit Expert

KPMG AG

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FINANCIAL CALENDAR 2013

15 February 2013 7:00 a.m	Media release Financial year 2012 | Provisional figures
25 April 2013 7:00 a.m	Media release Financial year 2012 Q1 2013 Publication of annual report 2012
25 April 2013 9:30 a.m	Media conference Financial year 2012 Q1 2013 Widder Hotel | Rennweg 7 | 8001 Zurich
25 April 2013 11:30 a.m	Financial analysts' conference Financial year 2012 Q1 2013 Widder Hotel | Rennweg 7 | 8001 Zurich
24 May 2013 3:00 p.m	Shareholders' General Meeting Hotel Chlosterhof | Oehningerstrasse 2 | 8260 Stein am Rhein
16 August 2013 7:00 a.m	Media release Financial year 2013 Half-yearly results 2013 Publication of half-yearly results 2013 (detailed report)
01 November 2013 7:00 a.m	Media release Financial year 2013 Q3 2013

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This annual report is also
available in German.
The German version is binding.

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STRONG BRANDS
UNITED UNDER ONE ROOF.

PHOENIX MECANO

PERSONE PROCESSI PRESENZA VALORE

लोग प्रक्रिया उपस्थिति मूल्य

PERSONAS PROCESOS PRESENCIA VALOR

+ PEOPLE + PROCESS + PRESENCE = VALUE

İNSANLAR PROSEDÜRLER HAZIR BULUNMA DEĞER

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