Interim accounts as at 30 June 2014

Company report

Interim accounts as at 30 June 2014

Report by the Board of Directors on the Mid-year report as at June 30, 2014

Dear Ladies and Gentlemen

Phoenix Mecano, a leading specialist in the enclosures technology and industrial components, operated in a distinctly mixed market environment in the first half of 2014. The key industrial markets of mechanical and electrical engineering in Europe experienced a sideways trend with mildly positive signs. In Asia and North America there was growth. In the important American market, the drive components business for comfort furniture and hospital/care beds (Mechanical Components division) saw a slowdown in the second quarter of 2014, following two very strong years. The realignment of the ELCOM/EMS division continues apace and, as expected, had an impact on the statement of income in H1.

Consolidated gross sales were virtually the same as the previous year at €256.1 million (2013: €256.3 million). Excluding effects from changes to the scope of consolidation, there was a decline of 0.8%. Negative currency effects depressed sales in euro by 1.6%.

Net sales totalled €253.6 million (previous year: €253.9 million). Incoming orders were down by 3% to €254.9 million, corresponding to a book-to-bill ratio of 99.5%. This suggests the sideways trend will continue in the coming months.

The operating result was down by 10.8% to €17.4 million, due primarily to a number of one-off special items. The Enclosures division, which is geared towards industrial markets, saw its margin increase slightly. However, in the DewertOkin arm (Mechanical Components division), increased costs arising from patent disputes and the impairment of inventories due to customer-side project delays led to a slight fall in the operating margin. The operating result was also impacted by the costs of setting up new business areas in connection with the realignment of the ELCOM/EMS division.

Operating cash flow fell by 3.7% to €28.7 million (previous year: €29.7 million).

The result of the period after taxes was €11.4 million, compared with €13.8 million the previous year, a reduction of 17.5%. This decline was greater than that of the operating result, mainly due to an increased tax rate caused by a less favourable mix of earnings contributions from countries with different taxation levels. The effective tax rate was 30.6%, compared with 25.4% the previous year.

Net indebtedness increased from €12.4 million at 30 June 2013 to €20.1 million and continues to offer sufficient scope for growth investments and continuation of the long-term dividend policy.

Development of the Group's divisions

The **Enclosures** division increased its gross sales by 3.9%, ending the negative trend of the past two years. The operating margin rose to 15.3% from 13.5% the previous year. The membrane keyboards and touchscreen systems market remains challenging due to massive technological changes, which pose a range of challenges for interface integration service providers such as Phoenix Mecano. Geographically, the overseas markets of North America and Asia performed most convincingly. Bopla, a subsidiary specialising in plastic electronics enclosures, successfully launched a new series of standard enclosures onto the market. These are tailored to the specific requirements of today's touchscreen controls and have a very maintenance-friendly design.

The **Mechanical Components** division operates in the field of industrial automation technology via its Rose+Krieger product area. The DewertOkin product area supplies control and drive solutions for electrically adjustable comfort furniture and hospital/care beds. The division recorded a 1% fall in sales in H1 2014, from €120.1 million to €118.9 million. In this segment too, the industrial business in linear positioning systems and aluminium profile assembly systems proved relatively robust. By contrast, the DewertOkin arm, which has grown strongly in recent years, was hit by project delays and reduced demand from end markets in the second quarter of 2014, particularly in the important US market.

The **ELCOM/EMS** division posted a decline in sales of 4.1%. Performance varied within the division's three main product areas. Electromechanical components enjoyed a generally stable market environment. These components (switches, connectors) face particular challenges from high wage inflation in China, which will be offset in future by increased investment in semi-automated processes in southern China. This fundamentally welcome development will mean increased investments and costs in the low single-digit million range over the next two years. The reorientation already had an impact in H1 2014, to the tune of around €1 million.

Electronic packaging put in a stable performance in the general industrial sector. The environment for physics research and security industry projects proved more difficult, with a number of big projects suffering delays.

In the power quality segment, there was increased expenditure on expanding the sales network and the product range for instrument transformers. In this connection, Phoenix Mecano took over Redur Messwandler GmbH on 1 July 2014. Based in Merzenich, Germany, the company is well-established on the market as a specialist manufacturer of instrument transformers for low-voltage applications and measuring transducers. Redur generated sales of €3 million in 2013 with a positive operating result. Over the next two years, Phoenix Mecano plans to further expand this segment by developing internal capacities and potentially making further bolt-on acquisitions.

Outlook

For the most part, industrial leading indicators remain positive worldwide. However, in the eurozone, and particularly Germany, which is Phoenix Mecano's most important market, these positive forecasts have become more doubtful of late. For example, the Ifo Index, a key indicator for Germany and Europe, fell well short of expectations in July 2014. Meanwhile, the US market in electrically adjustable comfort furniture is showing signs of weakness after a succession of boom years. The duration and scale of this weakness is hard to predict at present.

Further challenges are posed by the realignment of the ELCOM/EMS division, linked to the integration of bolt-on acquisitions Phoenix Mecano SMS and Redur (both instrument transformer technology companies). However, the Group's Management and Board of Directors are convinced by the medium- and long-term strategy and the attractiveness of the target markets for this division. Expanding and adapting electricity grids to the changed energy mix in the coming years will require significant investment, which will offer attractive growth opportunities for Phoenix Mecano.

For the current year, against the backdrop of these estimates, it seems realistic to forecast Group sales in the region of those achieved last year, and an operating result on a par with last year's, once adjusted for one-off charges and set-up costs for new business areas. One-off charges and set-up costs in the mid-single-digit million range will probably result in the unadjusted result for the year as a whole falling below that of the previous year. However, in keeping with the long-term dividend policy, such special items will not be taken into account when calculating the amount to be distributed. If the upturn in industrial activity were to gain momentum in the second half of the year, this would have a positive impact on the Phoenix Mecano Group's full-year forecast.

Kind regards

Ulrich Hocker	Benedikt Goldkamp
Chairman of the Board of Directors	Delegate of the Board of Directors / CEO

Information for shareholders

Phoenix Mecano AG bearer shares are traded on main stock exchange in Zurich.

Ticker-Symbols

Valoren-No.	Inh. 218781
Reuters	PM.S
Bloomberg	PM SW Equity
Telekurs/Telerate	PM
ISIN	CH0002187810

Share indicators

		30.06.2014	**30.06.2013**
Share capital (bearer shares at nominal CHF 1.00)	Number	978‘000	978'000
Entitled to dividend (as of 30 June)	Number	959‘370	957‘547
Entitled to dividend (on average)	Number	958‘787	960‘032
Earning before interest and tax per share	EUR	18.1	20.3
Net result per share	EUR	12.0	14.2
Shareholders’ equity (incl. Minority interest) per share	EUR	266.2	264.3

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Consolidated balance sheet (unaudited)

Assets

(in EUR million)	30.06.2014	31.12.2013
Fixed assets		
Goodwill	19.4	14.2
Other intangible assets	26.5	16.8
Investment properties	1.0	1.0
Tangible assets	110.4	107.4
Investment in associated companies	1.3	0.4
Other financial assets	0.4	0.3
Deferred tax assets	3.6	3.3
Total fixed assets	**162.6**	**143.4**
Current assets		
Inventories	115.8	109.9
Trade receivables	67.1	57.8
Derivative financial instruments	0.3	0.8
Claims on income tax	3.9	5.0
Other receivables	10.6	9.7
Current asset securities	4.8	7.3
Cash and cash equivalents	40.6	60.4
Deferred charges and prepaid expenses	2.2	1.3
Total current assets	**245.3**	**252.2**
Total assets	**407.9**	**395.6**

Consolidated balance sheet (unaudited)

Equity and liabilities (in EUR million)	**30.06.2014**	**31.12.2013**
Equity		
Share capital	0.6	0.6
Own shares	-7.2	-7.8
Retained earnings	258.9	259.4
Profit/Loss from IAS 39	0.1	0.0
Translation differences	0.6	0.1
Equity attributable to shareholders of the parent company	**253.0**	**252.3**
Minority interests	2.4	1.9
Total equity	**255.4**	**254.2**
Liabilities		
Long-term financial liabilities	25.3	22.9
Long-term provisions	4.1	3.8
Long-term pension obligations	9.1	8.3
Deferred tax liabilities	6.9	4.5
Long-term liabilities	**45.4**	**39.5**
Trade liabilities	27.9	26.3
Short-term financial liabilities	40.2	43.2
Derivative financial instruments	0.4	0.2
Short-term provisions	9.6	11.8
Short-term pension obligations	0.3	0.2
Income tax liabilities	3.4	2.9
Other liabilities	23.1	15.2
Deferred income	2.2	2.1
Short-term liabilities	**107.1**	**101.9**
Total liabilities	**152.5**	**141.4**
Total equity and liabilities	**407.9**	**395.6**

Consolidated statement of income (unaudited)

(in EUR million)	1st half 2014	1st half 2013
Net sales	**253.6**	**253.9**
Changes in inventories	-2.0	-0.8
Own work capitalised	0.6	0.7
Other operating income	1.6	1.2
Cost of materials	-110.0	-115.9
Personnel expenses	-81.4	-77.4
Amortisation of intangible assets	-3.3	-2.7
Depreciation on tangible assets	-7.9	-7.6
Other operating expenses	-33.8	-31.9
Results before interest and tax (operating result)	**17.4**	**19.5**
Result from associated companies	0.0	0.1
Financial income	1.7	3.4
Financial expenses	-2.7	-4.5
Financial result	-1.0	-1.0
Result before tax	**16.4**	**18.5**
Income tax	-5.0	-4.7
Result of the period	**11.4**	**13.8**
of which		
Shareholders in the parent company	11.5	13.6
Minority interests	-0.1	0.2
Earnings per share		
Earnings per share - undiluted (in EUR)	12.0	14.2
Earnings per share - diluted (in EUR)	12.0	14.2

Consolidated statement of comprehensive income (unaudited)

(in EUR million)	1st half 2014	1st half 2013
Result of the period	**11.4**	**13.8**
Items that may be reclassified subsequently to profit or loss		
Fluctuations in fair value of financial assets	0.1	0.0
Realised results of financial assets	0.0	0.0
Fluctuations in fair value of cash flow hedges	0.0	0.2
Realised results of cash flow hedges	0.0	0.0
Translation differences	0.6	-0.2
Deferred taxes	0.0	0.0
Items that may not be reclassified to profit or loss		
Revaluation of pension obligations	-0.8	0.4
Deferred taxes	0.2	-0.1
Other comprehensive income (after taxes)	**0.1**	**0.3**
Total comprehensive income	**11.5**	**14.1**
of which		
Shareholders in the parent company	11.5	14.0
Minority interests	0.0	0.1

Consolidated statement of cash flow (unaudited)

(in EUR million)	1st half 2014	1st half 2013
Result of the period	11.4	13.8
Income tax	5.0	4.7
Result before tax	**16.4**	**18.5**
Amortisation of intangible assets	3.3	2.7
Depreciation on tangible assets	7.9	7.6
Losses/(gains) from the disposal of intangible and tangible assets	0.0	0.1
Impairment losses/(reversal of impairment losses) on intangible and tangible assets	0.0	0.0
Losses and value adjustments on inventories	2.8	0.3
Result from associated companies	0.0	-0.1
Other non-cash expenses/(income)	0.5	0.3
Increase/(decrease) in long-term provisions	0.4	0.0
Net interest expenses/(income)	0.6	0.5
Interest paid	-0.5	-0.6
Income tax paid	-4.1	-6.8
Operating cash flow before changing in working capital	**27.3**	**22.5**
(Increase)/decrease in inventories	-7.4	-1.9
(Increase)/decrease in trade receivables	-9.1	-19.8
(Increase)/decrease in other receivables, deferred charges and prepaid expenses	-1.7	-0.7
Decrease/(increase) in trade payables	1.3	7.9
Decrease/(increase) in short-term provisions	-2.1	-1.2
Decrease/(increase) in other liabilities and deferred income	4.6	5.4
Cash flow from operating activites	**12.9**	**12.2**
Capital expenditure		
Intangible assets	-1.0	-0.8
Tangible assets	-11.4	-10.7
Financial assets	-0.9	-0.3
Current securities	0.0	-1.5
Acquisition of Group companies	-14.4	-1.4
Disinvestments		
Intangible assets	0.0	0.0
Tangible assets	0.6	0.5
Financial assets	0.0	0.0
Current securities	2.5	2.0
Interest received	0.4	0.5
Cash used in investing activities	**-24.2**	**-11.7**
Dividends paid (including minority interest)	-9.4	-7.8
Change of minority shareholders shares	1.0	0.0
Capital increase of minority shareholder	0.1	0.0
Purchase of own shares	0.0	-2.1
Sale of own shares	0.7	0.0
Issue of financial liabilities	16.1	7.4
Repayment of financial liabilities	-17.1	-6.2
Cash flow from financing activities	**-8.6**	**-8.7**
Translation differences in cash and cash equivalents	0.1	-0.1
Change in cash and cash equivalents	**-19.8**	**-8.3**
Cash and cash equivalents as at 1 January	60.4	62.8
Cash and cash equivalents as at 30 June	40.6	54.5
Change in cash and cash equivalents	**-19.8**	**-8.3**

Consolidated statement of changes in equity (unaudited)

(in EUR million)	Share capital	Own shares	Retained earnings	Profits / (losses) cash flow hedges from IAS 39	Profits / (losses) financial assets from IAS 39	Translation differences	Equity attri-butable to shareholders in the parent company	Minority interests	Total equity
Equity as at 31 December 2012	**0.6**	**-5.6**	**253.2**	**0.0**	**0.0**	**3.4**	**251.6**	**1.9**	**253.5**
Restatement IAS 19			**-2.8**				**-2.8**		**-2.8**
Equity as at 1 January 2013	**0.6**	**-5.6**	**250.4**	**0.0**	**0.0**	**3.4**	**248.8**	**1.9**	**250.7**
Items that may be reclassified subsequently to profit or loss									
Fluctuations in fair value of financial assets							0.0		0.0
Realised results of financial assets							0.0		0.0
Fluctuations in fair value of cash flow hedges				0.2			0.2		0.2
Realised results of cash flow hedges							0.0		0.0
Translation differences						-0.1	-0.1	-0.1	-0.2
Deferred taxes not affecting net income							0.0		0.0
Items that may not be reclassified to profit or loss									
Revaluation of pension obligations			0.4				0.4		0.4
Deferred taxes			-0.1				-0.1		-0.1
Total other comprehensive income (after taxes)	**0.0**	**0.0**	**0.3**	**0.2**	**0.0**	**-0.1**	**0.4**	**-0.1**	**0.3**
Result of the period			**13.6**				**13.6**	**0.2**	**13.8**
Total comprehensive income	**0.0**	**0.0**	**13.9**	**0.2**	**0.0**	**-0.1**	**14.0**	**0.1**	**14.1**
Purchase of companies							0.0	0.6	0.6
Change in own shares		-2.1					-2.1		-2.1
Dividends paid			-10.1				-10.1	-0.2	-10.3
Total equity-transactions with owners	**0.0**	**-2.1**	**-10.1**	**0.0**	**0.0**	**0.0**	**-12.2**	**0.4**	**-11.8**
Equity as at 30 June 2013	**0.6**	**-7.7**	**254.2**	**0.2**	**0.0**	**3.3**	**250.6**	**2.4**	**253.0**
Equity as at 31 December 2013	**0.6**	**-7.8**	**259.4**	**0.0**	**0.0**	**0.1**	**252.3**	**1.9**	**254.2**
Items that may be reclassified subsequently to profit or loss									
Fluctuations in fair value of financial assets					0.1		0.1		0.1
Realised results of financial assets							0.0		0.0
Fluctuations in fair value of cash flow hedges							0.0		0.0
Realised results of cash flow hedges							0.0		0.0
Translation differences						0.5	0.5	0.1	0.6
Deferred taxes not affecting net income							0.0		0.0
Items that may not be reclassified to profit or loss									
Revaluation of pension obligations			-0.8				-0.8		-0.8
Deferred taxes			0.2				0.2		0.2
Total other comprehensive income (after taxes)	**0.0**	**0.0**	**-0.6**	**0.0**	**0.1**	**0.5**	**0.0**	**0.1**	**0.1**
Result of the period			**11.5**				**11.5**	**-0.1**	**11.4**
Total comprehensive income	**0.0**	**0.0**	**10.9**	**0.0**	**0.1**	**0.5**	**11.5**	**0.0**	**11.5**
Change of minority interest			0.3				0.3	0.7	1.0
Capital increase							0.0	0.1	0.1
Change in treasury shares		0.6	0.1				0.7		0.7
Dividends paid			-11.8				-11.8	-0.3	-12.1
Total equity-transactions with owners	**0.0**	**0.6**	**-11.4**	**0.0**	**0.0**	**0.0**	**-10.8**	**0.5**	**-10.3**
Equity as at 30 June 2014	**0.6**	**-7.2**	**258.9**	**0.0**	**0.1**	**0.6**	**253.0**	**2.4**	**255.4**

Consolidated segment information (unaudited)

by division
(in EUR million)

	Enclosures		Mechanical Components		ELCOM/EMS		Total Segment		Reconciliation*		Total Group	
	1st half 2014	1st half 2013	1st half 2014	1st half 2013	1st half 2014	1st half 2013	1st half 2014	1st half 2013	1st half 2014	1st half 2013	1st half 2014	1st half 2013
Gross sales to third parties	**85.2**	**82.0**	**118.9**	**120.1**	**52.0**	**54.2**	**256.1**	**256.3**	**0.0**	**0.0**	**256.1**	**256.3**
Gross sales between divisions	0.1	0.1	0.0	0.1	2.1	2.7	2.2	2.9	-2.2	-2.9	0.0	0.0
Revenue reductions											-2.5	-2.4
Net sales											**253.6**	**253.9**
Amortisation of intangible assets and depreciation on tangible assets	-3.0	-2.9	-4.3	-4.4	-3.7	-2.8	-11.0	-10.1	-0.2	-0.2	-11.2	-10.3
Result before interest and tax (operating result)	**13.0**	**11.1**	**8.5**	**9.8**	**-2.1**	**0.8**	**19.4**	**21.7**	**-2.0**	**-2.2**	**17.4**	**19.5**
Financial result											-1.0	-1.0
Result before tax											**16.4**	**18.5**
Income tax											-5.0	-4.7
Result of the period											**11.4**	**13.8**
Segment assets	86.2	85.1	158.3	159.6	101.8	88.7	346.3	333.4			346.3	333.4
Cash and cash equivalents									40.6	54.5	40.6	54.5
Other assets									21.0	21.4	21.0	21.4
Total assets	**86.2**	**85.1**	**158.3**	**159.6**	**101.8**	**88.7**	**346.3**	**333.4**	**61.6**	**75.9**	**407.9**	**409.3**
Segment liabilities	21.4	20.6	32.1	30.2	14.6	16.1	68.1	66.9			68.1	66.9
Interest-bearing liabilities									65.5	74.2	65.5	74.2
Other liabilities									18.9	15.2	18.9	15.2
Total liabilities	**21.4**	**20.6**	**32.1**	**30.2**	**14.6**	**16.1**	**68.1**	**66.9**	**84.4**	**89.4**	**152.5**	**156.3**
Net assets	**64.8**	**64.5**	**126.2**	**129.4**	**87.2**	**72.6**	**278.2**	**266.5**	**-22.8**	**-13.5**	**255.4**	**253.0**

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

Annex to the interim financial statements as at 30 June 2014

Consolidation and valuation principles

Principles underlying the interim financial statements

These unaudited interim financial statements for the Phoenix Mecano Group were drawn up in accordance with International Accounting Standard 34 (IAS 34) on “Interim Financial Reporting”. The consolidated half-yearly accounts do not cover all the information set out in the consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2013.

The accounting and valuation principles used for the half-yearly accounts correspond to those applied for the consolidated financial statements as at 31 December 2013, with the exception of the revised IFRS/IAS standards and interpretations (IFRIC 21 / Amendments to IAS 32 / Amendments to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”) applied for the first time as at 1 January 2014. Applying these revised standards had no impact on the consolidated interim financial statements as at 30 June 2014.

Scope of consolidation

In H1 2014, the scope of consolidation altered to include Hitec Special Measuring Systems B.V. , Almelo (NL) in which an 100% stake was acquired on 1 January 2014 and on 26 March 2014 founded company I2 Mechanical and Electrical Co. Ltd., Jiaxing, China, to which the Phoenix Mecano Group owns 55% of the shares.

In H1 2013, the scope of consolidation altered to include Bond Tact Industrial Limited, Hong Kong, in which an 80% stake was acquired on 31 March 2013, and which in turn holds 100% of the shares in Bond Tact Hardware (Dongguan) Company Limited, China. In addition, Phoenix Mecano Maroc Sarl., based in Morocco, was founded on 2 May 2013 as a wholly-owned subsidiary.

Assumptions and estimations

The preparation of the half-yearly accounts necessitates various assumptions and estimations. These are based on the management’s assessments, which are regularly verified and amended as and when fresh information or findings necessitate changes.

Notes on the interim financial statements

Seasonality

The sectors in which the Phoenix Mecano Group is active are subject to seasonal fluctuations. Typically, the latter half of the year generates lower sales and is disproportionately weaker in terms of results.

Acquisitions under IFRS 3 “Business Combinations”

On 1 January 2014, the Phoenix Mecano Group acquired 100% of the shares in Hitec Special Measuring Systems B.V., based in Almelo, The Netherlands. Subsequently renamed PM Special Measuring Systems B.V., the company is a successful niche player in the field of high-precision measuring systems for electrical current. Its core product technology, known as zero-flux measurement, is used mainly in research laboratories as well as in high-voltage direct current (HVDC) transmission systems, which enable the highly efficient transmission of electricity across large distances. HVDC systems are also used to connect offshore wind turbines to the alternating current (AC) network and to connect AC networks with different frequencies (e.g. 50/60-Hz networks). The company is being integrated into the ELCOM/EMS division. With some 10 employees, it generated gross sales of approximately EUR 6 million in 2013.

After their acquisition, the acquired company generated sales revenue with third parties of EUR 0.9 million in H1 2014. Their contribution to the Phoenix Mecano Group’s result for the period was EUR -0.8 million (inclusive regular amortisation on acquired customer base and know-how of EUR 1.0 million).

The acquired assets and assumed liabilities can provisionally be summed up as follows:

	Fair value in EUR million
Non-current assets	11.8
Current assets	2.2
Liabilities	-4.2
Identifiable net assets	**9.8**
Goodwill from acquisition	5.3
Purchase price paid in cash and cash equivalents	**-15.1**
Cash and cash equivalents acquired	0.7
Cash outflow	**-14.4**

Categories of financial instruments

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

	30.06.2014 in EUR million	31.12.2013 in EUR million	Hierarchy
Financial assets measured at market value			
Current securities	4.8	7.3	Level 1
Derivative financial instruments	0.3	0.8	Level 2
Total	**5.1**	**8.1**	
Financial liabilities measured at market value			
Derivative financial instruments	-0.4	-0.2	Level 2
Residual purchase price liabilities from acquisitions	-3.8	-17.8	Level 3
Total	**-4.2**	**-18.0**	

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

	2014 in EUR million	2013 in EUR million
Balance as at 1 January / 1 January	**17.8**	**21.0**
Change in scope of consolidation	0.0	0.0
Currency differences	-0.3	-0.4
Usage*	-14.1	-9.9
Releases (Financial income)	0.0	-1.2
Allocation (Financial expenses)	0.1	4.2
Allocation (via equity)	0.0	3.3
Interest expenses	0.3	0.8
Balance as at 30 June / 31 December	**3.8**	**17.8**

Level 2 financial instruments consist solely of interest rate swaps and forward exchange transactions. The fair value corresponds to the present value of estimated future cash flows based on the terms and maturities of each individual contract, discounted at a current market interest rate at the measurement date.

The fair value of the residual purchase price liabilities (Level 3) 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, 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 0.4 million, assuming all other variables remained constant. All expenses and income relate to residual purchase price liabilities outstanding at 30 June 2014.

Capital reduction

The Shareholders' General Meeting of 23 May 2014 decided to reduce the share capital by a nominal amount of CHF 17,500 to a new amount of CHF 960,500, based on the remaining 17,500 treasury shares acquired under the 2012/2013 share buyback programme. The corresponding entry in the trade register will be made expected in September 2014, once the Group's creditors have been given due notice three times.

Dividend payment

Pursuant to the decision taken by the Shareholders' General Meeting held on 23 May 2014, in June 2014 shareholders were paid a dividend of CHF 15.00 per share. The withholding tax payable on the dividend in the reporting year was paid in July.

Events after the balance sheet date

On 1 July 2014, the Phoenix Mecano Group acquired all shares in REDUR Messwandler GmbH, Merzenich (Germany). REDUR is a successful manufacturer of instrument transformers for low-voltage applications and of measurement transducers, the main areas of application for these technologies being electricity measurements. End users include substation builders, energy supply companies and manufacturers of control-technology devices. The company will be integrated into the Group's ELCOM/EMS division. In 2013, REDUR (20 employees) posted turnover of approximately EUR 3 million.

The acquired assets and assumed liabilities can provisionally be summed up as follows:

	Fair value in EUR million
Non-current assets	4.4
Current assets	1.6
Liabilities	-2.2
Net assets acquired	**3.8**
Acquisition costs of investment (paid in cash and cash equivalents)	**3.8**
Provisional goodwill	**0.0**

The Phoenix Mecano Group acquired the remaining 20% of the shares in Bond Tact Ltd., Hong Kong, with effect from 3 July 2014. The purchase price was EUR 0,2 million.

Between 30 June 2013 and 13 August 2014, no other events occurred that would alter the book values of the Group's assets and liabilities as at 30 June 2014 or that should be disclosed here.

Adoption of the condensed interim financial statements

The Board of Directors of Phoenix Mecano AG released this half-yearly report for publication on 13 August 2014.