FINANCIAL REPORT

CICOR GROUP

CICOR TECHNOLOGIES LTD.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in CHF 1 000	Notes	31.12.2018	in %	31.12.2017	in %
Assets					
Property, plant and equipment	(5)	52 068	26.8	43 505	25.7
Intangible assets	(6)	1 199	0.6	842	0.5
Deferred tax assets	(11)	3 657	1.9	4 259	2.5
Non-current assets		**56 924**	**29.3**	**48 606**	**28.7**
Inventories	(7)	59 213	30.5	51 776	30.6
Trade accounts receivable	(8)	41 994	21.6	34 147	20.2
Other accounts receivable	(8)	4 588	2.4	4 224	2.5
Prepaid expenses and accruals		1 644	0.8	996	0.7
Cash and cash equivalents	(9)	29 843	15.4	29 300	17.3
Current assets		**137 282**	**70.7**	**120 443**	**71.3**
Total assets		**194 206**	**100.0**	**169 049**	**100.0**
Liabilities and shareholders' equity					
Ordinary share capital		29 022	14.9	29 022	17.2
Share premium		111 440	57.4	113 471	67.1
Treasury shares		–172	–0.1	–	0.0
Retained earnings		–63 778	–32.8	–73 560	–43.5
Translation reserve		–1 375	–0.7	–241	–0.1
Total equity		**75 137**	**38.7**	**68 692**	**40.7**
Long-term provisions	(10)	3 522	1.8	1 930	1.1
Deferred tax liabilities	(11)	584	0.3	663	0.4
Long-term financial liabilities	(12)	51 313	26.4	46 295	27.4
Liabilities for post-employment benefits	(13)	1 891	1.0	1 796	1.1
Non-current liabilities		**57 310**	**29.5**	**50 684**	**30.0**
Short-term financial liabilities	(12)	6 510	3.4	2 585	1.5
Trade accounts payable		32 365	16.7	28 130	16.6
Other current liabilities	(14)	8 372	4.2	6 274	3.7
Accruals	(14)	11 142	5.7	9 229	5.5
Short-term provisions	(10)	2 867	1.5	3 277	1.9
Income tax payable		503	0.3	178	0.1
Current liabilities		**61 759**	**31.8**	**49 673**	**29.3**
Total liabilities		**119 069**	**61.3**	**100 357**	**59.3**
Total equity and liabilities		**194 206**	**100.0**	**169 049**	**100.0**

General remark to the notes of the consolidated financial statements: unless otherwise stated all amounts in CHF 1 000

CONSOLIDATED INCOME STATEMENT

in CHF 1 000	Notes	2018	in %	2017	in %
Net Sales	(4)	**248 115**	**100.0**	**216 728**	**100.0**
Change in inventory of finished and unfinished goods		2 004	0.8	4 312	2.0
Material costs		−132 761	−53.5	−117 002	−54.0
Personnel costs	(21)	−68 517	−27.6	−61 730	−28.5
Other operating income		308	0.1	534	0.1
Other operating expenses	(23)	−24 519	−10.0	−23 599	−10.8
Depreciation	(5)	−9 194	−3.7	−8 520	−3.9
Amortization	(6)	−202	−0.1	−218	−0.1
Operating profit (EBIT)		**15 234**	**6.1**	**10 505**	**4.8**
Financial income	(24)	4 674	1.9	5 689	2.6
Financial expenses	(24)	−6 865	−2.8	−7 561	−3.4
Profit before tax (EBT)		**13 043**	**5.3**	**8 633**	**4.0**
Income tax	(11)	−3 403	−1.4	−1 979	−0.9
Net profit		**9 640**	**3.9**	**6 654**	**3.1**
Earnings per share (CHF)					
– basic and diluted	(19)	3.32		2.29	

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1 000	Notes	2018	2017
Profit before tax		**13 043**	**8 633**
Depreciation	(5)	9 036	8 466
Impairment	(5)	158	54
Amortization	(6)	202	218
Interest income	(24)	−20	−27
Interest expenses	(24)	1 043	1 116
Increase/(decrease) in provisions		1 266	−723
Other (income)/expense that do not affect the fund		264	668
Subtotal before working capital changes		**24 992**	**18 405**
Decrease/(increase) in inventories		−8 341	−6 822
Decrease/(increase) in trade accounts receivable		−9 088	−1 251
Decrease/(increase) in other current assets		−739	360
(Decrease)/increase in trade accounts payable		5 035	162
(Decrease)/increase in other current liabilities		896	921
Decrease/(increase) in working capital		**−12 237**	**−6 630**
Income tax paid		−1 755	−1 285
Interest paid		−772	−1 439
Interest received		20	27
Net cash from operating activities		**10 248**	**9 078**
Purchase of property, plant and equipment		−16 344	−8 392
Proceeds from sale of property, plant and equipment		31	2 043
Purchase of intangible assets	(6)	−544	−33
Net cash used in investing activities		**−16 857**	**−6 382**
Proceeds from sale/(purchase) of treasury shares		−172	59
Payment to shareholders from capital contribution reserves		−2 031	–
Payment of finance lease liabilities		−51	177
Proceeds from borrowings		11 793	891
Repayment of borrowings		−2 024	−2 476
Net cash from/(used in) financing activities		**7 515**	**−1 349**
Currency translation effects		−363	512
Net increase/(decrease) in cash and cash equivalents		**543**	**1 859**
Cash and cash equivalents at the beginning of the period	(9)	**29 300**	**27 441**
Cash and cash equivalents at the end of the period	(9)	**29 843**	**29 300**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF 1 000	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Equity attributable to Cicor sharehold-ers	Total equity
Balance at 1 January 2017	**29 022**	**113 449**	**–37**	**–80 258**	**–1 983**	**60 193**	**60 193**
Net profit				6 654		6 654	6 654
Share-based payments				44		44	44
Sale of Treasury Shares		22	37			59	59
Translation adjustment					1 742	1 742	1 742
Balance at 31 December 2017	**29 022**	**113 471**	**–**	**–73 560**	**–241**	**68 692**	**68 692**

in CHF 1 000	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Equity attributable to Cicor sharehold-ers	Total equity
Balance at 1 January 2018	**29 022**	**113 471**	**–**	**–73 560**	**–241**	**68 692**	**68 692**
Net profit				9 640		9 640	9 640
Share-based payments				142		142	142
Purchase of Treasury Shares			–172			–172	–172
Dividend / capital contribution paid to shareholders		–2 031				–2 031	–2 031
Translation adjustment					–1 134	–1 134	–1 134
Balance at 31 December 2018	**29 022**	**111 440**	**–172**	**–63 778**	**–1 375**	**75 137**	**75 137**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 CORPORATE INFORMATION

Cicor Technologies Ltd., Boudry, is a public company, the shares of which are traded on the Swiss Stock Exchange (SIX).
Cicor Group offers a seamless production and service chain for electronic components and systems – from development and engineering to large-scale manufacturing, after-sales service and product life cycle management. Mainly active in Europe, the USA and Asia, Cicor's main competences are:

- Manufacture of PCBs and HDIs – rigid, rigid-flexible and flexible
- Hybrid manufacturing (thin/thick film, RF boards)
- Quick-turn prototypes, small, medium and large series
- Microassembly (SMD, wire bonding, flip chip, etc.)
- Packaging
- Outsourcing services for the manufacture of electronic modules, component groups and complete electronic products (EMS: Electronic Engineering and Manufacturing Services)

2 BASIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1 BASIS OF PREPARATION

Statement of compliance
The consolidated financial statements of the Cicor Group are based on uniform accounting and valuation principles applicable to all subsidiaries of the Group. The consolidated financial statements have been prepared in accordance with Swiss GAAP FER (GAAP = Generally Accepted Accounting Principles / FER = Fachempfehlungen zur Rechnungslegung) and the requirements of the Swiss Code of Obligations.
The consolidated financial statements of Cicor Group for the year ended 31 December 2018 were authorized for issue on 13 March 2019 and are subject to approval at the Shareholders' Meeting of 16 April 2019.

Basis of measurement
The consolidated financial statements have been prepared on an accrual basis under the historical cost convention except for derivative financial instruments which are measured at fair value.

Presentation currency
The consolidated financial statements are presented in Swiss francs (CHF).

2.2 SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of consolidation
The consolidated financial statements comprise the financial statements of Cicor Technologies Ltd. and all subsidiaries which the parent company, directly or indirectly, controls either by holding more than 50 % of the voting rights or by otherwise having the power to govern their operating and financial policies. These subsidiaries are fully consolidated. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. A list of all subsidiaries is disclosed in note 3. Cicor does not hold any subsidiaries, investments, assets or liabilities which are not fully consolidated within the financial statements of the Cicor Group.
Upon the loss of control, the Group derecognizes the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in profit or loss. Non-controlling interests in equity and profit are shown separately. Changes in the Group's interest that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Group. Intercompany balances, transactions and profits are eliminated on consolidation.

Purchase method
Acquisitions of subsidiaries and businesses are accounted for using the purchase method. The consideration paid plus directly attributable transaction costs for each acquisition are eliminated at the date of acquisition against the fair value of the net assets acquired, determined based on uniform accounting policies. Any excess of the consideration transferred over the net assets acquired is recognized as goodwill. Goodwill is amortized over five years.

Foreign currency conversion

Transactions in foreign currencies are converted at the rate of exchange as of the transaction date. Gains and losses from foreign currency transactions and from converting year-end foreign currency balances are recognized in the income statement.
Foreign exchange differences on long-term loans to foreign operations with equity characteristics, where a repayment is neither likely nor planned, are recognized in equity.
The financial statements of subsidiaries that report in foreign currencies are translated into Swiss francs as follows:

– balance sheet items: at year-end exchange rates,
– income statement and cash flow statement items: at average exchange rates for the year,
– equity is translated at historical rates.

The translation differences resulting from the conversion of financial statements denominated in foreign currencies are directly charged to equity. At the date of sale of a foreign subsidiary, the respective cumulative foreign currency translation differences are recognized in profit or loss.

Foreign exchange rates		2018	2017
Closing	EUR	1.1263	1.1693
	USD	0.9855	0.9783
	RON	0.2419	0.2512
	SGD	0.7221	0.7315
	CNY	0.1436	0.1497
Average	EUR	1.1549	1.1113
	USD	0.9782	0.9854
	RON	0.2482	0.2432
	SGD	0.7251	0.7134
	CNY	0.1481	0.1458

Segment information

Segment information presented is based on the internal reporting regularly provided to the Board of Directors. This reporting includes discrete financial information for the two divisions AMS and ES which were identified as the two segments of the Group.

Property, plant and equipment

Items of property, plant and equipment are individually measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed on a straight-line basis over the estimated useful life of the assets as follows:

Land*	
Buildings	25–50 years
Improvements	max 10 years
Machinery	3–10 years
Furniture	5–15 years
Equipment	3–10 years
Vehicles	4 years

* Land is not depreciated as it is deemed to have an indefinite life.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Subsequent expenditure is capitalized if the market value or the value in use or the useful live of the respective item of property, plant and equipment has increased substantially.

Goodwill

Goodwill represents the excess of the consideration transferred over the Group's interest in the net of the identifiable assets acquired and the liabilities assumed measured at fair value. Subsequently, goodwill is measured at cost less accumulated amortization and accumulated impairment losses. Goodwill is amortized over five years, in justified cases over 20 years at the most.

Other intangible assets

Other intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Amortization is computed on a straight-line basis over the estimated useful life of the asset (normally 5 years, in justified cases 20 years at the most).

Impairment of assets

Property, plant and equipment as well as intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. If such indication exists, then the asset's recoverable amount is estimated.

An impairment loss is recognized in profit or loss when the carrying amount of an asset exceeds its estimated recoverable amount. The recoverable amount of an asset or a group of assets is the greater of its value in use and its net selling price. In assessing value in use, the estimated future cash flows from continuing use of an asset or a group of assets that are largely independent of cash flows of other assets are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The relevant cash flows are based on the most recent business plans of these cash-generating units (period of three years) and the assumptions therein concerning development of prices, markets and market shares. Assets for which an impairment loss was recognized are reviewed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount. The reversal is limited to the amount that would have been determined, net of depreciation or amortization, if no impairment had been recognized. Such reversal is recognized in profit or loss. Impairment losses on goodwill are not reversed.

Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Leasing agreements

Fixed assets acquired under leasing contracts where both the risks and rewards of ownership are substantially transferred to Cicor, are classified as finance leases. Such assets are recorded at the lower of the estimated net present value of future lease payments and the estimated fair value of the asset at the inception of the lease. Assets under finance leases are fully amortized over the shorter of the lease term and its useful life. The corresponding lease obligations, excluding finance charges, are included in either short- or long-term financial debt. Lease installments are divided into an interest and a redemption component.

Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Inventories

Inventories are valued at the lower of purchase or manufacturing costs and fair value less cost to sell. Costs for raw material are measured according to the weighted average cost method. Cost of work-in-progress and finished goods include materials, related manufacturing labor and related overheads. Concerning work-in-progress, estimated losses correspond to the negative difference between the fair value less costs to sell and the estimated costs until finalization of work-in-progress.

Trade accounts receivable

Trade accounts receivable are measured at nominal value less necessary allowances for bad debts. The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade accounts receivables. The main components of this allowance are a specific loss component that relates to individually significant exposure and a collective loss component established for groups of assets with similar risk characteristics in respect of losses that have been incurred, but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar receivables.

Cash and cash equivalents

Cash and cash equivalents are stated at amortized costs and include cash on hand, postal and bank accounts at sight and time deposits with maturities at the balance sheet date of 90 days or less.

Bank borrowings, trade and other liabilities

Non-derivative financial liabilities are initially recognized at fair value less any attributable transaction costs and are subsequently measured at amortized cost.

Provisions

Provisions are recognized when:

- the Group has a present legal or constructive obligation as a result of past events;
- it is probable that resources are needed to extinguish the obligation;
- the amount of the obligation can be estimated in a reliable way.

A provision is recognized for expected warranty claims on products sold during the last two years, based on past experience of the level of repairs and returns.

Government grants

Government grants are recognized as income over the periods matching the related costs, which they are intended to compensate on a systematic basis. Government grants are only recognized when there is reasonable assurance that the company will comply with the conditions attached to them and that the grants will be received.

Income taxes
Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income taxes are accrued based on taxable income of the current year. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date. Deferred income tax assets and liabilities are recognized for all temporary differences between the tax and accounting bases of assets and liabilities at the reporting date using the liability method.
Deferred income taxes are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled.
Deferred tax assets arising from tax loss carry-forwards and deductible temporary differences are capitalized only if it is probable that they can be used to be offset against future taxable profits.

Derivative financial instruments
Derivative financial instruments for hedging purposes of balance sheet items are stated at fair value upon conclusion of the contract and are shown under other accounts receivables respectively other current liabilities. Consequently, the derivative financial instruments are valued at market value at each end of period whereas non-realized gains and losses are recognized in the financial result. The market values of the derivative financial instruments are derived from the market prices at the end of the period.
To hedge currency risks, the Group makes use of foreign exchange forwards.

Pension plans
Cicor maintains several pension plans for employees in Switzerland and Germany. A liability is recognized if a pension plan has an underfunding and there is an economic obligation for Cicor to pay additional contribution. The assessment of whether there is an obligation is made using the recognition criteria for provisions. For Swiss plans, the measurement of the liability is based on the financial statements of the pension plan prepared in accordance with FER 26 and for German plans, this is based on an actuarial calculation. An asset arising from an economic benefit relating to an overfunding is not recognized. Employer contribution reserves are always recognized as an asset.
Changes in the economic obligation, the employer contribution reserves and the contributions incurred for the period are recognized in personnel costs in the income statement.

Earnings per share
Basic earnings per share are calculated by dividing net profit excluding non-controlling interests by the weighted average number of shares outstanding during the reporting period. Diluted earnings per share include all potentially dilutive effects.

Treasury shares
When share capital is repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized net of any tax effects as a deduction from capital reserves. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently the resulting gain or loss on the transaction is recognized in capital reserves.

Share-based payments
The grant-date fair value of Performance Share Awards (PSAs) granted to employees is recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service condition is expected to be met. The grant-date fair value is measured to reflect non-market conditions and there is no true-up for the differences between expected and actual outcomes.

Revenue recognition
Revenue from the sale of products comprises all revenues that are derived from sales of products to third parties after deduction of price rebates and value-added tax. Revenues from the sale of products are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the products.
Revenues from engineering and consulting services are recognized in the accounting period in which the services are rendered. Bad debt losses are included in net sales.

Research and development costs
Research costs are expensed as incurred. An intangible asset arising from development expenditure on an individual project is recognized only when a future benefit is expected, costs can be measured reliably, the asset is controlled by the organization and the resources needed to complete the asset are/will be made available. Additionally, the Group has to demonstrate the technical feasibility, the availability of resources and its intention of completing the project so that it will be available for use or sale.
Capitalized development cost is measured at cost less accumulated amortization and accumulated impairment losses.

3 SCOPE OF CONSOLIDATION

in local currency 1 000	Currency	2018 Nominal share capital	Participation in %	2017 Nominal share capital	Participation in %
Cicorel SA, Boudry/Switzerland*	CHF	8 000	100	8 000	100
Engineering/Production/Sales/Distribution					
Reinhardt Microtech AG, Wangs/Switzerland*	CHF	1 800	100	1 800	100
Engineering/Production/Sales/Distribution					
Reinhardt Microtech GmbH, Ulm/Germany	EUR	500	100	500	100
Engineering/Production/Sales/Distribution					
RHe Microsystems GmbH, Radeberg/Germany*	EUR	216	100	216	100
Engineering/Production/Sales/Distribution					
Electronicparc Holding AG, Bronschhofen (Wil)/Switzerland*	CHF	23 271	100	23 271	100
Holding/Finance					
Swisstronics Contract Manufacturing AG, Bronschhofen (Wil)/Switzerland	CHF	3 000	100	3 000	100
Engineering/Production/Sales/Distribution					
Systronics SRL, Arad/Romania	RON	5 145	100	5 145	100
Production/Sales					
Systel Italia SRL, Milano/Italy	EUR	10	100	10	100
Sales/Distribution					
ESG Holding Pte Ltd., Singapore*	SGD	1 896	100	1 896	100
Holding/Finance					
Cicor Asia Pte Ltd., Singapore	SGD	1 000	100	1 000	100
Sales/Distribution					
Cicor Ecotool Pte Ltd., Singapore	SGD	1 000	100	1 000	100
Engineering/Production					
PT Cicor Panatec, Batam/Indonesia	USD	300	100	300	100
Production					
Brant Rock Enterprises Corporation, British Virgin Islands	USD	10	100	10	100
Holding/Finance					
Cicor Anam Ltd., Anam/Vietnam	USD	1 500	100	1 500	100
Production					
Suzhou Cicor Technology Co. Ltd., China	CNY	39 432	100	39 432	100
Production					
Cicor Americas Inc., USA*	USD	10	100	10	100
Sales/Distribution					
Cicor Management AG, Bronschhofen (Wil)/Switzerland*	CHF	250	100	250	100
Management Services					

* Directly held subsidiaries of Cicor Technologies Ltd.

4 SEGMENT REPORTING

2018 in CHF 1 000	AMS Division 2018	ES Division 2018	Total reportable segments 2018	Corporate and eliminations 2018	Consolidated 2018
Income statement					
Sales to external customers	62 939	185 176	248 115	–	248 115
Intersegment sales	38	–	38	–38	–
Segment result before depreciation and amortization (EBITDA)	12 036	14 868	26 904	–2 274	24 630
Segment result (EBIT)	7 610	9 922	17 532	–2 298	15 234
Balance sheet	**31.12.2018**	**31.12.2018**	**31.12.2018**	**31.12.2018**	**31.12.2018**
Intangible segment assets	282	894	1 176	23	1 199
Other than intangible segment assets	60 833	126 104	186 937	6 070	193 007
Segment assets	61 115	126 998	188 113	6 093	194 206
Segment liabilities	58 948	88 751	147 699	–28 630	119 069
Other segment information	**2018**	**2018**	**2018**	**2018**	**2018**
Depreciation and amortization	4 426	4 946	9 372	24	9 396
Capital expenditures for property, plant and equipment	3 073	15 758	18 831	–	18 831

2017 in CHF 1 000	AMS Division 2017	ES Division 2017	Total reportable segments 2017	Corporate and eliminations 2017	Consolidated 2017
Income statement					
Sales to external customers	52 928	163 850	216 778	–50	216 728
Intersegment sales	44	6	50	–50	–
Segment result before depreciation and amortization (EBITDA)	8 430	13 442	21 872	–2 629	19 243
Segment result (EBIT)	4 186	8 993	13 179	–2 674	10 505
Balance sheet	**31.12.2017**	**31.12.2017**	**31.12.2017**	**31.12.2017**	**31.12.2017**
Intangible segment assets	427	368	795	47	842
Other than intangible segment assets	59 574	104 024	163 598	4 609	168 207
Segment assets	60 001	104 392	164 393	4 656	169 049
Segment liabilities	62 208	71 107	133 315	–32 958	100 357
Other segment information	**2017**	**2017**	**2017**	**2017**	**2017**
Depreciation and amortization	4 244	4 449	8 693	45	8 738
Capital expenditures for property, plant and equipment	3 004	5 388	8 392	–	8 392

Cicor defines its reportable segments based on the internal reporting to its Board of Directors. They base their strategic and operational decisions on these monthly distributed reports, which include the aggregated financial data for the Group and for the divisions. The two divisions, AMS and ES, have been identified as the two reportable segments. The AMS Division supplies printed circuit boards and thin- and thick-film-coating technologies as well as a wide range of microelectronic manufacturing capabilities to different industries whereas the ES Division provides electronic manufacturing services from product development to volume production and after-sales service.

For internal reporting and therefore the segment reporting, the applied principles of accounting and valuation are the same as in the consolidated financial statements. Intersegment sales are recognized at arm's length.

in CHF 1 000	2018	2017
Reconciliation of total reportable segment result		
Total reportable segment result (EBIT)	17 532	13 179
Other corporate expenses	−2 298	−2 674
Financial income	4 674	5 689
Financial expenses	−6 865	−7 561
Consolidated profit before tax	**13 043**	**8 633**

Other corporate expenses contain stewardship costs and costs related to the listing at the Swiss Stock Exchange (SIX).

Entity-wide information

in CHF 1 000	31.12.2018	%	31.12.2017	%
Sales by export region				
Switzerland	66 432	26.8	53 212	24.6
Europe (without Switzerland)	112 745	45.4	93 730	43.2
Asia	48 284	19.5	47 917	22.1
America	19 557	7.9	19 710	9.1
Other	1 097	0.4	2 159	1.0
Total	**248 115**	**100.0**	**216 728**	**100.0**
Sales by industry				
Aerospace & defence	27 167	10.9	16 687	7.7
Communication	2 318	0.9	2 721	1.3
Industrial	108 675	43.8	91 386	42.2
Medical	55 395	22.3	53 008	24.5
Automotive & transport	23 567	9.5	21 483	9.9
Watches & consumer	28 229	11.4	27 909	12.9
Other	2 764	1.2	3 534	1.5
Total	**248 115**	**100.0**	**216 728**	**100.0**
Sales by production region				
Switzerland	94 469	38.1	76 651	35.4
Europe (without Switzerland)	100 200	40.4	90 068	41.5
Asia	53 446	21.5	50 009	23.1
Total	**248 115**	**100.0**	**216 728**	**100.0**

Major customers

Cicor Group's biggest customer contributes less than 8 % (2017: less than 8 %) to the Group's consolidated sales. In 2018, about 36 % (2017: about 41 %) of total Group's net sales can be attributed to the Group's top ten clients.

5 PROPERTY, PLANT AND EQUIPMENT

2018 in CHF 1 000	Land and buildings	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
Acquisition costs						
Balance at 1 January 2018	28 250	87 758	7 846	967	2 673	127 494
Additions*)	10 115	7 005	803	293	615	18 831
Disposals	–5	–1 547	–55	–166	–	–1 773
Reclassifications	917	1 645	25	11	–2 637	–39
Translation adjustment	–575	–1 076	–155	–28	–23	–1 857
Balance at 31 December 2018	**38 702**	**93 785**	**8 464**	**1 077**	**628**	**142 656**
Accumulated depreciation						
Balance at 1 January 2018	–13 688	–64 176	–5 430	–695	–	–83 989
Depreciation	–2 006	–6 012	–851	–167	–	–9 036
Impairment	–	–158	–	–	–	–158
Disposals	4	1 526	52	159	–	1 741
Reclassification	–	–	–	–	–	–
Translation adjustment	119	618	94	23	–	854
Balance at 31 December 2018	**–15 571**	**–68 202**	**–6 135**	**–680**	**–**	**–90 588**
Net book value						
1 January 2018	**14 562**	**23 582**	**2 416**	**272**	**2 673**	**43 505**
31 December 2018	**23 131**	**25 583**	**2 329**	**397**	**628**	**52 068**
Thereof net book value of assets under financial lease	–	105	–	–	–	105
Net book value of pledged assets						1 506
Addition of assets under financial lease						–

*) Of the additions in fixed assets, CHF 2.5 million have not been paid as at 31 December 2018.

In 2018, Cicor invested CHF 10.1 million in land and buildings. The biggest investment was undertaken in Romania for the new building. Furthermore CHF 7.0 million have been invested in machinery. There the biggest investments were undertaken in Romania, Bronschhofen, Wangs and Ulm. The "Assets under construction" are machines whose installation has not yet been completed.

2017 in CHF 1 000	Land and buildings	Machinery	Furniture and equipment	Other equipment	Assets under construction	Total
Acquisition costs						
Balance at 1 January 2017	32 396	83 450	7 807	1 368	93	125 114
Additions	1 575	3 433	609	278	2 497	8 392
Disposals	–6 202	–641	–871	–736	–	–8 450
Translation adjustment	481	1 516	301	57	83	2 438
Balance at 31 December 2017	**28 250**	**87 758**	**7 846**	**967**	**2 673**	**127 494**
Accumulated depreciation						
Balance at 1 January 2017	–16 079	–58 018	–5 276	–1 249	–	–80 622
Depreciation	–1 693	–5 828	–819	–126	–	–8 466
Impairment	–	–54	–	–	–	–54
Disposals	4 214	625	836	728	–	6 403
Reclassification	–	–	–	–	–	–
Translation adjustment	–130	–901	–171	–48	–	–1 250
Balance at 31 December 2017	**–13 688**	**–64 176**	**–5 430**	**–695**	**–**	**–83 989**
Net book value						
1 January 2017	**16 317**	**25 432**	**2 531**	**119**	**93**	**44 492**
31 December 2017	**14 562**	**23 582**	**2 416**	**272**	**2 673**	**43 505**
Thereof net book value of assets under financial lease	–	139	–	–	–	139
Net book value of pledged assets						2 039
Addition of assets under financial lease						–

In 2017, Cicor invested CHF 1.6 million in land and buildings. The biggest investments were undertaken in Bronschhofen (CHF 1.2 million tenant fixtures) and in Indonesia (CHF 0.4 million Molding & Cleanroom). Additionally, in Romania CHF 1.3 million have been invested in the new building (excluding land purchase) so far, which is still under construction. The remaining CHF 1.2 million shown under "Assets under construction" are three machines whose installation has not yet been completed, one of which is a new line (Ismec2) in Boudry, the others of which are in Ulm (laser trimmer and laser direct imager). Furthermore, the building in Moudon has been sold.

6 INTANGIBLE ASSETS

2018 in CHF 1 000	Goodwill	Brand	Technology	Clients	Other	Total
Acquisition costs						
Balance at 1 January 2018	96 182	6 711	7 491	3 176	1 953	115 513
Additions	–	–	–	–	544	544
Disposal	–	–	–	–	–3	–3
Reclassification	–	–	–	–	39	39
Translation adjustment	4	–	–37	–	–26	–59
Balance at 31 December 2018	**96 186**	**6 711**	**7 454**	**3 176**	**2 507**	**116 034**
Accumulated depreciation						
Balance at 1 January 2018	–96 182	–6 711	–7 086	–3 176	–1 516	–114 671
Amortization	–	–	–134	–	–68	–202
Disposal	–	–	–	–	3	3
Translation adjustment	–4	–	26	–	13	35
Balance at 31 December 2018	**–96 186**	**–6 711**	**–7 194**	**–3 176**	**–1 568**	**–114 835**
Net book value						
1 January 2018	**–**	**–**	**405**	**–**	**437**	**842**
31 December 2018	**–**	**–**	**260**	**–**	**939**	**1 199**

2017 in CHF 1 000	Goodwill	Brand	Technology	Clients	Other	Total
Acquisition costs						
Balance at 1 January 2017	96 205	6 711	7 409	3 176	2 037	115 538
Additions	–	–	–	–	33	33
Disposal	–	–	–	–	–150	–150
Translation adjustment	–23	–	82	–	33	92
Balance at 31 December 2017	**96 182**	**6 711**	**7 491**	**3 176**	**1 953**	**115 513**
Accumulated depreciation						
Balance at 1 January 2017	–96 205	–6 711	–6 912	–3 176	–1 566	–114 570
Amortization	–	–	–129	–	–89	–218
Disposal	–	–	–	–	150	150
Translation adjustment	23	–	–45	–	–11	–33
Balance at 31 December 2017	**–96 182**	**–6 711**	**–7 086**	**–3 176**	**–1 516**	**–114 671**
Net book value						
1 January 2017	**–**	**–**	**497**	**–**	**471**	**968**
31 December 2017	**–**	**–**	**405**	**–**	**437**	**842**

7 INVENTORIES

in CHF 1 000	31.12.2018	31.12.2017
Net value of raw materials	32 058	26 625
Net value of work-in-progress	16 773	15 224
Net value of finished goods	10 382	9 927
Total inventories	**59 213**	**51 776**
Increase in inventory allowance	1 070	836

8 TRADE ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE

in CHF 1 000	31.12.2018	31.12.2017
Trade accounts receivable	42 570	34 402
Allowance for bad debts	–576	–255
Total trade accounts receivable	**41 994**	**34 147**

Ageing of trade accounts receivable

in CHF 1 000	31.12.2018 Gross	31.12.2018 Allowance	31.12.2017 Gross	31.12.2017 Allowance
Not yet due	32 776	–	26 739	–31
Overdue 0–45 days	7 942	–	5 471	–
Overdue 46–90 days	767	–7	666	–5
Overdue 91–180 days	282	–27	813	–87
Overdue 181–360 days	424	–193	473	–132
Overdue more than 360 days	379	–349	240	–
Total trade accounts receivable	**42 570**	**–576**	**34 402**	**–255**

Movement in the allowance for impairment for trade accounts receivable

in CHF 1 000	2018	2017
Individual impairment allowance		
Balance as of 1 January	**124**	**51**
Allowance increase	416	74
Utilization/consumption	–71	–
Reversal of allowance	–53	–1
Translation adjustments	–	–
Balance as of 31 December	**416**	**124**
Collective impairment allowance		
Balance as of 1 January	**131**	**97**
Change in allowance	29	34
Balance as of 31 December	**160**	**131**

Other accounts receivable

in CHF 1 000	31.12.2018	31.12.2017
Receivables on bullion dealers' accounts	83	165
Value added taxes	636	774
Other	3 869	3 285
Total other accounts receivable	**4 588**	**4 224**

9 CASH AND CASH EQUIVALENTS

in CHF 1 000	31.12.2018	31.12.2017
Bank accounts	29 843	29 300
Total cash and cash equivalents	**29 843**	**29 300**

Cicor Technologies' banking partners are first-rate Swiss, German, English and Romanian banks. Cash earns interests at floating rates of −0.75 % (CHF), −0.4 % (EUR), and 0.00 % (USD).

10 PROVISIONS

2018 in CHF 1 000	Restructuring	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2018	**–**	**2 260**	**2 947**	**5 207**	**663**	**5 870**
Additional provisions	–	1 801	2 223	4 024	98	4 122
Unused amounts reversed	–	−1 069	−268	−1 337	−177	−1 514
Amount used	–	−108	−1 313	−1 421	–	−1 421
Translation adjustments	–	−38	−46	−84	–	−84
Balance at 31 December 2018	**–**	**2 846**	**3 543**	**6 389**	**584**	**6 973**
thereof short-term provisions	–	1 002	1 865	2 867		
thereof long-term provisions	–	1 844	1 678	3 522		

2017 in CHF 1 000	Restructuring	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2017	**268**	**3 046**	**2 454**	**5 768**	**796**	**6 564**
Additional provisions	–	488	1 800	2 288	21	2 309
Unused amounts reversed	−13	−817	−527	−1 357	−154	−1 511
Amount used	−255	−537	−862	−1 654	–	−1 654
Translation adjustments	–	80	82	162	–	162
Balance at 31 December 2017	**–**	**2 260**	**2 947**	**5 207**	**663**	**5 870**
thereof short-term provisions	–	1 258	2 019	3 277		
thereof long-term provisions	–	1 002	928	1 930		

Warranty provisions are recognized for warranty claims on products sold. The additional provisions in 2018 were based on several smaller cases.

As per 31 December, other provisions consist mainly of jubilee benefits (2018: TCHF 898, 2017: TCHF 564) and rebuilding costs (2018: TCHF 407, 2017: TCHF 424).

11 TAXES

Major components of tax expense

in CHF 1 000	2018	2017
Current income taxes	2 879	1 931
Income tax for prior years	60	3
Deferred tax	464	45
Total tax expense	**3 403**	**1 979**

Deferred tax assets and liabilities

in CHF 1 000	31.12.2018 Assets	31.12.2018 Liabilities	31.12.2017 Assets	31.12.2017 Liabilities
Deferred taxes on intangible assets	9	75	14	119
Deferred taxes on property, plant and equipment	68	167	65	190
Deferred taxes on inventory	664	161	–	–
Deferred taxes on other assets	136	219	654	340
Deferred taxes on accruals	233	83	–	–
Deferred taxes on other liabilities	340	78	703	137
Total	**1 450**	**783**	**1 436**	**786**
Deferred taxes on loss carried forward	2 406	–	2 946	–
Offset of assets and liabilities	–199	–199	–123	–123
Total deferred tax assets and liabilities	**3 657**	**584**	**4 259**	**663**
Balance at 1 January	**4 259**	**663**	**4 328**	**796**
Change of temporary differences recognized in the income statement	–62	–79	241	–133
Change in tax loss carried forward recognized in the income statement	–540	–	–310	–
Balance at 31 December	**3 657**	**584**	**4 259**	**663**

The Group average tax rate for the calculation of the deferred income taxes is 18.4%.

Reconciliation of current income taxes and deferred taxes

in CHF 1 000	2018	2017
Profit before tax	**13 043**	**8 633**
Weighted average income tax in %	20.0%	23.2%
Expected income tax expense/(income)	2 609	2 003
Current year losses for which no deferred tax asset is recognized	361	7
Recognition of tax assets on previously unrecognized tax losses	–163	–261
Derecognition of tax assets on previously recognized tax losses	11	293
Effect of tax rate changes compared to prior period	9	–10
Effect of non-deductible expenses	462	42
Adjustments for current tax of prior periods	60	3
Other adjustments	54	–98
Effective income taxes	**3 403**	**1 979**
Effective income taxes in % of profit before tax	**26.1%**	**22.9%**

Tax loss carried forward for which no deferred tax assets have been capitalized

in CHF 1 000	31.12.2018	31.12.2017
tax loss carried forward expiring within 1 year	1 618	6 222
tax loss carried forward expiring in 1 year	1 086	1 283
tax loss carried forward expiring in 2 years	328	1 687
tax loss carried forward expiring in 3 years	–	1 043
tax loss carried forward expiring in 4 or more years	1 160	227

Since the Group operates in various tax jurisdictions, its average expected tax rate is calculated as a weighted average of the tax rates in these jurisdictions. This rate changes from year to year due to changes in the mix of the Group's taxable income and changes in local tax rates.

Tax losses carried forward are capitalized where the possibility of using them is high. In 2018, an additional deferred tax asset of TCHF 175 has been capitalized.

12 FINANCIAL LIABILITIES

Long-term financial liabilities

in CHF 1 000	31.12.2018	31.12.2017
Financial leases	2	38
Borrowings, long-term	51 311	46 257
Total long-term financial liabilities	**51 313**	**46 295**

Short-term financial liabilities

in CHF 1 000	31.12.2018	31.12.2017
Bank overdrafts	2 597	–
Bank borrowings, short-term	2 027	2 105
Short-term portion of long-term borrowings	1 851	428
Financial leases	35	52
Total short-term financial liabilities	**6 510**	**2 585**

Maturity of financial liabilities

in CHF 1 000	31.12.2018	31.12.2017
Within 1 year	6 510	2 585
Within 2 to 5 years	51 313	46 295
Over 5 years	–	–
Total financial debts	**57 823**	**48 880**

Repayments of financial liabilities

2018	Interest rate	2019*	2020*	2021*	2022*	2023*	2024 and after*
CHF 75.0 million revolving credit line	1.3 %	1 500	2 000	2 000	47 157	–	–
EUR 5.0 million revolving credit line	1.0 %	2 597	–	–	–	–	–
EUR 2.3 million revolving credit line	1.5 %	2 378	147	7	–	–	–
Leasing	n.a.	35	2	–	–	–	–
Total		**6 510**	**2 149**	**2 007**	**47 157**	**–**	**–**

2017	Interest rate	2018*	2019*	2020*	2021*	2022*	2023 and after*
CHF 75.0 million revolving credit line	1.9 %	–	1 500	500	39 520	–	–
EUR 5.0 million revolving credit line	2.9 %	–	4 212	–	–	–	–
EUR 2.7 million revolving credit line	1.4 %	2 533	364	154	7	–	–
Leasing	n.a.	52	38	–	–	–	–
Total		**2 585**	**6 114**	**654**	**39 527**	**–**	**–**

* in CHF 1000

On 30 June 2017, the Group signed a new syndicated bank loan agreement on a total line of CHF 75 million plus an allowance of an external basket of CHF 10 million valid for four years, beginning on 5 July 2017, with two extension options of one additional year each, therefore running for a maximum term of six years. On 25 May 2018, the Group made use of the first extension option, prolonging this very syndicated bank loan to 30 June 2022. There is one extension option of one additional year remaining.

The covenants are net debt/EBITDA ratio of a maximum of 2.75 times at year-end and 3.00 times during the year and a minimum equity ratio of 35%. EBITDA is calculated before restructuring costs, possible acquisitions can be added pro forma. The interest bases on LIBOR added by a variable margin depending on the net debt/EBITDA ratio. The respective bank covenants were fulfilled at all reporting dates.

The current CHF 75 million revolving credit line, which was divided into CHF 67.5 million cash and CHF 7.5 million for guarantees, was utilized by CHF 53 million cash at a variable interest rate of 1.30% on average and for guarantees of CHF 0.7 million bearing commission charges of 0.2%.

In addition to the syndicated loan, the Group has revolving loans of EUR 7.3 million utilized with EUR 4.6 million at an average variable interest rate of 1.14%.

Collateral assets of CHF 1.5 million were pledged. The shares of the following companies at a net book value of CHF 80.0 million (2017: CHF 80.0 million) are in deposit with the lead bank, pledged as collateral for the syndicated credit line: Cicorel SA, Electronicparc Holding AG, Swisstronics Contract Manufacturing AG, Reinhardt Microtech AG and RHe Microsystems GmbH.

13 LIABILITIES FOR POST-EMPLOYMENT BENEFITS

Cicor maintains several pension plans for employees in Switzerland and Germany. Pension expenses totaled TCHF 2 039 (2017: TCHF 1 880). German pension funds are not legally independent in contrast to Swiss pension funds. Companies therefore need to recognize a provision according to the German Commercial Code. RHe Microsystems GmbH and Reinhardt Microtech GmbH did so by recognizing TCHF 959 resp. TCHF 932 as liability.

The majority of Cicor's insured employees are covered for the risk of old age, death and disability within two collective pension schemes which are administrating pension plans of various unrelated employers. Plan A is an independent pension fund whereas Plan B has been established by an insurance company.

Plan A:

The standard retirement age for Plan A is 65. Employees qualify for early retirement on their 58th birthday at the earliest. Furthermore, the employees may choose to take their entire pension or part thereof in the form of capital payment. For retirements at the age of 65, the conversion rate is 6.0%. This rate is relevant to determine the pension payment in relation to the accumulated savings. These savings result from employee and employer contributions which are paid into the individual savings account of each individually insured person as well as the interest accruing on the accumulated savings. Plan A has reinsured its exposure to the risks of death and disability. It is a collective multi-employer pension fund organized as a foundation under Swiss law. The most senior governing body of the foundation is the Board of Trustees that consists of an equal number of employer's and employees' representatives. The people entrusted with the management of the pension fund and its assets are subject to the charter of the Swiss Pension Fund Association ASIP. All processes are audited by the internal auditors and the independent external auditors as well as the investment controller. And, finally, the supervisory authority, the Zentralschweizer BVG- und Stiftungsaufsicht (ZBSA), audits the management of the pension fund and the assets in collaboration with the auditors. The projected funding ratio as per 31 December 2018 is 102.1%. Whenever there is a legal obligation to cover an underfunding, this has to be remedied by various measures such as increasing employee and employer contributions, lowering the interest rate on retirement account balances, reducing prospective benefits and a suspension of the early withdrawal facility.

Plan B:

The standard retirement age for Plan B is 65. Employees qualify for early retirement on their 58th birthday at the earliest. Furthermore, the employees may choose to take their entire pension or part thereof in the form of capital payment. For retirements at the age of 65, the conversion rate is 6.8% for the compulsory part and between 5.01% and 5.12% for the supplementary part. The accumulated savings result from employee and employer contributions which are paid into the individual savings account of each individually insured person as well as the interest accruing on the accumulated savings. The final benefit is contribution-based with certain minimum guarantees. Plan B is legally organized as a foundation under Swiss law and has all risks reinsured under an insurance contract. The most senior governing body of the foundations is the Board of Trustees that consists of an equal number of employer's and employees' representatives. The reinsurance contract covers the risks of death and disability as well as the investment risk, the legally required minimum interest rate and the lifelong payment of current old-age and survivors' pensions, regardless of financial market performance.

The Group does not have employer contribution reserves.

in CHF 1 000	Surplus/ deficit	Economical part of the organization		Change to prior year period or recognized in the current result of the period, respectively	Contributions concerning the business period	Pension benefit expenses with personnel expenses	
	31.12.2018	31.12.2018	31.12.2017			2018	2017
Pension institutions without surplus / deficit (Plan B)	–	–	–	–	1 485	1 485	1 399
Pension institutions with surplus (Plan A) [1]	–	–	–	–	464	464	428
Pension institutions without own assets	–	1 891	1 796	95	–5	90	53
Total	**–**	**1 891**	**1 796**	**95**	**1 944**	**2 039**	**1 880**

[1] The surplus of the collective pension fund attributable to Cicor cannot be determined.

14 OTHER CURRENT LIABILITIES AND ACCRUALS

in CHF 1 000	31.12.2018	31.12.2017
Value-added taxes	755	338
Other current liabilities	930	1 036
Other accounts payable	6 687	4 900
Total other currenct liabilities	**8 372**	**6 274**
Accrued personnel expenses	5 748	5 000
Other accrued expenses	5 394	4 229
Total accruals	**11 142**	**9 229**
Total other current liabilities and accruals	**19 514**	**15 503**

Other current liabilities and accrued expenses are non-interest-bearing financial liabilities. Other accounts payable also contain payables for social security.

15 LEASE COMMITMENTS

Operating leasing

in CHF 1 000	31.12.2018	31.12.2017
within 1 year	3 375	4 178
from over 1 year to under 5 years	11 269	11 129
due in 5 years or later	13 557	15 484
Total operating leasing	**28 201**	**30 791**

Operating leasing commitments stem mostly from mid- to long-term lease obligations for production and office premises. The leases have varying terms and renewal rights.

For financial leasings, please refer to note 12.

16 CONTINGENT LIABILITIES

There are no contingent liabilities for Cicor Group companies as at 31 December 2018.

17 ISSUED CAPITAL

Capital structure

in CHF 1 000	
Share capital at 1 January 2017	29 022
Share capital at 31 December 2017	29 022
Share capital at 31 December 2018	29 022
2 902 092 registered shares of CHF 10	

Ordinary share capital
There was no increase in ordinary share capital in 2018 and 2017. Cicor Technologies Ltd. is a holding company established under Swiss law. According to the provisions of law governing the appropriation of retained earnings by holding companies, the share capital and appropriations to the general legal reserve to the extent of 20% of share capital as well as the reserve for treasury shares may not be distributed.

Dividend
Any dividend distribution must be proposed by the Board of Directors and approved by the Annual Shareholders' Meeting. At the Shareholders' Meeting on 19 April 2018, the shareholders decided to allocate CHF 2 031 464 from the capital contribution reserves to the free reserves and to distribute CHF 0.70 per share (totalling CHF 2 031 464.40) to the shareholders out of the free reserves. At the Annual Shareholders' Meeting on 16 April 2019, the Board of Directors will propose a withholding tax-free distribution of CHF 1.00 per share from the capital contribution reserves. The proposal comprises an allocation of CHF 2 899 092 from the capital contribution reserves.

Authorized capital
At the Shareholders' Meeting on 19 April 2018, the shareholders decided to renew the authorization of the Board of Directors to increase the share capital by a maximum of 600 000 fully paid-in shares at a nominal value of CHF 10 until 19 April 2020.

Conditional capital
At the Shareholders' Meeting of 13 May 2009, the shareholders decided to increase the conditional share capital up to 200 000 fully paid-in registered shares with a total nominal value up to CHF 2 000 000 for the exercise of stock option rights granted to officers and other key employees.
At the Shareholders' Meeting of 13 May 2009, the shareholders decided to create additional conditional share capital of up to 500 000 fully paid-in registered shares with a total nominal value of up to CHF 5 000 000 for the exercise of conversion rights granted to holders of convertible debt securities to be issued by the company. Such conversion rights would have to be exercised within five years of the issuance of such convertible debt securities.

18 TREASURY SHARES

	Number of shares	in CHF 1 000
Balance as per 1 January 2017	**1 500**	**37**
Balance as per 31 December 2017	**–**	**–**
Transactions of own shares	3 000	172
Balance as per 31 December 2018	**3 000**	**172**

19 EARNINGS PER SHARE

Basic and diluted earnings per share are calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares outstanding during the year.

	2018	2017
Net profit attributable to Cicor shareholders in CHF 1 000	9 640	6 654
Weighted average number of ordinary shares outstanding	2 901 210	2 901 580
Basic and diluted earnings per share in CHF	**3.32**	**2.29**

20 LONG-TERM INCENTIVE PLAN (LTI-PLAN)

Cicor Technologies Ltd. has issued an LTI-Plan during the financial years 2018 and 2017.

	LTI-Plan 2018–2020	LTI-Plan 2017–2019
Initial Value of Total Shareholder Return (TSR)	CHF 74.07	CHF 30.82
Target Value Total Plan Participants (excl. Social Security costs)	TCHF 320	TCHF 200
Number of Plan Participants (Group Management and others)	10	2
Volume-weighted average price (VWAP)	CHF 68.64	CHF 42.63
Number of Performance Share Awards (PSA) Total Plan Participants	4 666	4 692
Maximum payout	200 %	200 %
Assigment of non-binding Entitlements (grant date)	1 May 2018	1 May 2017
Allocation of PSA (vesting date)	1 May 2021	1 May 2020

Plan participants of the LTI-Plan 2018–2020 are entitled to Cicor Technologies Ltd. shares in dependence on the relative increase of total shareholder return (TSR) of the Cicor Technologies Ltd. share compared to peer companies over a period of three years (1 January 2018 to 31 December 2020).

The initial value for the measurement of the TSR is CHF 74.07 and corresponds to the volume-weighted average price (VWAP) of the first 30 days of the first plan year (1 January 2018–31 January 2018). The assignment of the performance share awards (PSA) of the plan to the plan participants took place on 1 May 2018 (grant date). The definitive allocation of the PSAs will take place on 1 May 2021 (vesting date). The LTI-Plan is bound to a service condition of three years (1 May 2018–1 May 2021). The PSAs lapse if plan participants leave the company before 1 May 2021. The PSAs expire before the vesting date for reasons like company affiliation, personal disability or death.

The Annual Shareholders' Meeting on 19 April 2018 approved a target value for the LTI-Plan 2018–2020 of TCHF 200 for the Group Management. This amount does not include any social security expenses. The performance of the LTI-Plan was estimated at grant date to be at 100%, leading to a total potential compensation of TCHF 320 for all plan participants at vesting date.

The VWAP of the Cicor Technologies Ltd. share of the first ten trading days after publication of the 2017 year-end results (8 March 2018–21 March 2018) amounted to CHF 68.64. This leads to a total PSAs of 4 666 (target value for each plan participant divided by the VWAP of CHF 68.64).

in CHF 1 000	2018	2017
Recognized through Income Statement LTI-Plan 2017–2019	**67**	**44**
Recognized through Income Statement LTI-Plan 2018–2020	**75**	**n/a**

21 PERSONNEL COSTS

in CHF 1 000	2018	2017
Wages and salaries	56 397	49 902
Social security costs	7 361	7 892
Other personnel costs	4 759	3 936
Total	**68 517**	**61 730**

22 EMPLOYEES

	2018	2017
Number of employees (FTE)		
Production	1 846	1 754
Marketing and sales	73	66
Administration	110	104
Total	**2 029**	**1 924**

23 OTHER OPERATING EXPENSES

in CHF 1 000	2018	2017
Facility costs	8 662	8 275
Maintenance costs	3 604	3 456
Other production costs	6 015	5 457
Sales and marketing costs	1 731	1 463
Administration costs	4 507	4 948
Total	**24 519**	**23 599**

24 FINANCIAL INCOME AND EXPENSES

in CHF 1 000	2018	2017
Income		
Interest income	20	27
Foreign exchange gains	4 654	5 662
Total	**4 674**	**5 689**
Expense		
Interest expense	1 043	1 116
Other financial expenses	240	278
Foreign exchange losses	5 582	6 167
Total	**6 865**	**7 561**

25 RELATED-PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Cicor Technologies Ltd., Boudry, and the subsidiaries listed in note 3.

The governing and supervisory bodies of Cicor Technologies Ltd. are the only other related parties.

As per 31 December 2018, HEB Swiss Investment AG, the main shareholder, holds 29.38% of total shares outstanding. Other principal shareholders are presented in the notes of the financial statements of Cicor Technologies Ltd.

Compensation of key management personnel of the Group

The remuneration of the Board of Directors and the Management also include the remuneration recorded at subsidiaries. Detailed information concerning compensation is published within the Remuneration Report on pages 30/31.

26 FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Market risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks. Further quantitative disclosures are included throughout these consolidated statements. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The following paragraphs give an overview of the extent of the above mentioned risks.

Credit risk

The credit risk is the risk of financial loss to the Group if a customer or counterparty to financial instruments fails to meet its contractual obligation. The assets mainly exposing the Group to a credit risk are: cash, cash equivalents and trade accounts receivable. The Group minimizes credit risk arising on cash and cash equivalents by investing in funds of high credit rated banks. These investments generally have a maturity of less than three months.

The Group's exposure to credit risk arising from trade receivables is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The danger of risk concentration is generally minimized by the large number of customer credit balances, as no single customer accounts for more than 8% of consolidated sales 2018 (2017: no single customer accounted for more than 8% of consolidated sales).

The carrying value of financial assets reflects the maximum credit risk and is presented in the table below:

in CHF 1000	2018	2017
Cash and cash equivalents	29 843	29 300
Trade receivables	41 994	34 147
Other accounts receivable	3 196	3 200
Other currrent assets	673	85
Total	**75 706**	**66 732**

Every operational unit has a credit policy under which each new customer is analyzed individually for creditworthiness. Purchase limits are established for each customer which represent the maximum open amount possible. Customer lists are reviewed in a monthly meeting with the Group management. On a quarterly basis, the allowances made according to the Group's rules laid down in the financial manual are closely monitored.

Market risk

The market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of risk management is to manage and control market risk exposures within acceptable limits. Cicor does not hold any financial instruments carried at fair value, but classifies all financial assets and liabilities as loans and receivables respectively as liabilities at amortized costs.

Currency risk

The Cicor Technologies Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective currencies of Group entities. The currencies in which these transactions are primarily denominated are Swiss francs (CHF), euros (EUR), Singapore dollars (SGD) and US dollars (USD). These risks are mostly offset by cash flows from financial assets or liabilities resulting from opposite operational transactions (natural hedge). As of 31 December 2018, the following foreign exchange forwards for the hedging of currency risks on Group loans with a remaining period of up to 30 months are outstanding:

in CHF 1000	Assets		Liabilities		Purpose
	31.12.2018	31.12.2017	31.12.2018	31.12.2017	
Foreign exchange forwards	260	–	–	36	Hedging
Total	**260**	**–**	**–**	**36**	

Interest rate risk

The interest rate risk is the risk that there is a change in market value or future cash flow of a financial instrument if there is a change in interest rate.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's interest-bearing financial debts. The Group's policy is to manage its interest cost using a mix of fixed and variable debt. For the syndicated bank loan, the interest rate was decreased in 2018 from an average of 1.87% to an average of 1.30%. At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments is presented in note 12.

Liquidity risk

The liquidity risk is the risk that Cicor Technologies Ltd. cannot meet its financial obligations when they are due.

A syndicated loan of CHF 75 million (utilized as per 31 December 2018: CHF 53 million) is available to secure short- to long-term financing requirements (see note 12). Compliance with the financial covenants defined in the syndicated loan is a central element of the Group's financial risk management. The respective bank covenants were fulfilled at all reporting dates. The short-term liquidity risk is reduced by the cash flow generated by operations, the trend of which is monitored continuously.

The following table shows the contractual cash flows of financial liabilities including interest payments as of 31 December:

2018 in CHF 1 000	Carrying amount	Contractual cash flow	2019 contractual cash flow	2020 contractual cash flow	2021 contractual cash flow	2022 contractual cash flow	2023 and after contractual cash flow
Financial liabilities	57 823	60 472	7 219	2 807	2 638	47 808	–
Trade payables	32 365	32 365	32 365	–	–	–	–
Other current liabilities and accruals	19 263	19 263	19 263	–	–	–	–
Total	**109 451**	**112 100**	**58 847**	**2 807**	**2 638**	**47 808**	**–**

2017 in CHF 1 000	Carrying amount	Contractual cash flow	2018 contractual cash flow	2019 contractual cash flow	2020 contractual cash flow	2021 contractual cash flow	2022 and after contractual cash flow
Financial liabilities	49 466	50 033	1 349	6 894	1 408	40 381	–
Trade payables	28 128	28 128	28 128	–	–	–	–
Other current liabilities and accruals	15 214	15 214	15 214	–	–	–	–
Total	**92 808**	**93 375**	**44 691**	**6 894**	**1 408**	**40 381**	**–**

The net carrying amount of financial assets and liabilities is a reasonable approximation of the fair value. No significant deviations between the net carrying amount and the fair value were noted. Financial liability is measured using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and allocating the interest expense over the relevant period.

27 RESEARCH AND DEVELOPMENT

Cicor Group does not have any costs for research activities, but on average spends about 7% to 8% of sales as development costs.

28 SUBSEQUENT EVENTS

No events took place between 31 December 2018 and 13 March 2019 that would require an adjustment to the amounts recognized in these consolidated financial statements.

Statutory Auditor's Report

To the General Meeting of Cicor Technologies Ltd., Boudry

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cicor Technologies Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheet as at 31 December 2018 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flows statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting principles.

In our opinion the consolidated financial statements (pages 36 to 62) give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Valuation of inventory allowances

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

KPMG

Valuation of inventory allowances

Key Audit Matter

As per 31 December 2018, the Group had inventory balances, including work-in-progress (WIP) balances, of CHF 59.2 million. The Group's business model drives a variety and complexity of products, mainly electronic components, devices and systems. Management has to apply judgment in assessing the level of allowance required to account for slow-moving, excess or obsolete inventory items.

Inventory allowances are determined using methodologies that the Group deems appropriate to the respective business.

The level of judgment involved in assessing whether an allowance should be recognized and how it should be measured, coupled with the fact that allowance movements impact operating profit/loss, results in inventory allowances being a key area that our audit was concentrated on.

Our response

Our procedures included, amongst others, the following:

— Obtaining an understanding of the Group's process for determining inventory allowances and, for specific significant entities, testing the effectiveness of key controls that mitigate the risk of over- or understatement of the inventory allowances;
— Challenging the appropriateness of the Group's methodologies and assumptions based on our understanding of the individual businesses within the Group, taking into account the nature of their inventories, information on inventory turnover and consumption rates in the past as well as expected future usage, and evidence gained from observing physical inventory counts;
— Testing the mathematical accuracy of the calculation of the inventory allowances on a random sample basis; and
— Assessing on a sample basis the recoverability of inventory through comparison of net realizable values to cost, considering where applicable the expected cost to complete. This also involved tracing recognized cost amounts back to source documents.

For further information on the valuation of inventory allowances refer to the following:

— Note 2.2 to the consolidated financial statements (significant accounting principles, inventories, page 42)
— Note 7 to the consolidated financial statements (inventories, page 49)

Responsibility of the Board of Directors for the Consolidated Financial Statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

— Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
— Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
— Evaluate the appropriateness of accounting principles used and the reasonableness of accounting estimates and related disclosures made.
— Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
— Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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.

KPMG AG

Roman Wenk Licensed Audit Expert Auditor in Charge	David Grass Licensed Audit Expert

Zurich, 13 March 2019

KPMG AG, Badenerstrasse 172, PO Box, CH-8036 Zurich

FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

BALANCE SHEET

in CHF 1 000	31.12.2018	31.12.2017
Assets		
Cash and cash equivalents	16 590	11 958
Other current receivables		
– third party	35	63
– Subsidiaries	8 503	9 462
Short-term loans to Group companies	1 455	–
Accruals	405	551
Current assets	**26 988**	**22 034**
Financial assets third party	237	–
Long-term loans to Subsidiaries	54 483	47 793
Long-term loans to Subsidiaries subordinated	18 000	18 000
Investments	83 236	83 236
Non-current assets	**155 956**	**149 029**
Total assets	**182 944**	**171 063**
Liabilities and shareholders' equity		
Financial liabilities		
– Subsidiaries	11 518	7 599
– third parties	1 500	–
Other liabilities		
– Subsidiaries	11	324
– third parties	65	52
Accrued expenses	1 591	1 061
Current liabilities	**14 685**	**9 036**
Financial liabilities		
– third parties	–	36
Non-current interest bearing liabilities		
– third parties	51 500	42 000
Non-current liabilities	**51 500**	**42 036**
Ordinary share capital	29 021	29 021
Legal capital reserve		
– General reserve	1 467	1 467
– Capital contribution reserves	106 322	108 353
– Share premium	1 073	1 073
Voluntary retained earnings		
– loss brought forward	–19 923	–20 466
– net profit of the year	–1 029	543
Treasury shares	–172	–
Shareholders' equity	**116 759**	**119 991**
Total liabilities and shareholders' equity	**182 944**	**171 063**

INCOME STATEMENT

in CHF 1 000	2018	2017
Income		
Financial income	2 752	4 007
Interest received from Group companies	1 322	1 538
Interest received from third party	10	18
Total income	**4 084**	**5 563**
Expenses		
Financial expense	2 602	2 137
Administrative expense	2 511	2 882
Tax	–	1
Total expenses	**5 113**	**5 020**
Net (loss) / profit of the year	**–1 029**	**543**

NOTES TO THE FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

1 PRINCIPLES

General aspects
These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below.

Non-current assets
Non-current assets include long-term loans and investments. Loans granted in foreign currencies are translated at the rate at the balance sheet date, whereby unrealized losses are recorded, but unrealized profits are not recognized. Investments are valued at their acquisition cost adjusted for impairment losses, if any.

Treasury shares
Treasury shares are recognized at historical costs and deducted from shareholders' equity at the time of acquisition. In case of a resale, the gain or loss is recognized through the equity.

Long-term interest-bearing liabilities
Interest-bearing liabilities are recognized in the balance sheet at nominal value. Issue costs for financial debts are capitalized and amortized on a straight-line method over the financial debt maturity period.

Foregoing a cash flow statement and additional disclosures in the notes
As Cicor Technologies Ltd. has prepared its consolidated financial statements in accordance with a recognized accounting standard (Swiss GAAP FER), it has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes as well as a cash flow statement in accordance with the law.

Derivative financial instruments
Derivative financial instruments for hedging purposes of balance sheet items are stated at fair value upon conclusion of the contract and are shown under other current receivables and financial assets 3rd respectively financial liabilities. Consequently, the derivative financial instruments are valued at market value at each end of period whereas non-realized gains and losses are recognized in the financial result. The market values of the derivative financial instruments are derived from the market prices at the end of the period. To hedge currency risks, the Group makes use of foreign exchange forwards.

2 INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

Long-term loans to subsidiaries
Loans in the amount of TCHF 41 300 have been granted to our companies in Switzerland, Romania and Asia. Loans in the amount of TEUR 17 680 have been granted to our companies in Germany and Romania. Loans in the amount of TUSD 8 725 have been granted to our companies in Asia. A loan in the amount of TSGD 3 700 has been granted to one of our companies in Asia.