

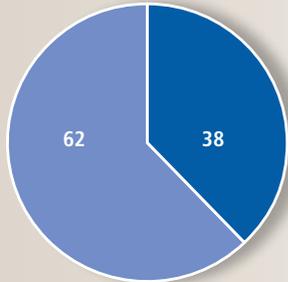


Semiannual Report **2013**

Order intake by segment in %

Total CHF 117.1 million

- Machining
- Automation

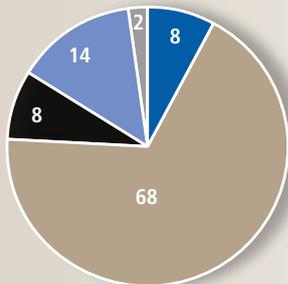


Mikron Group

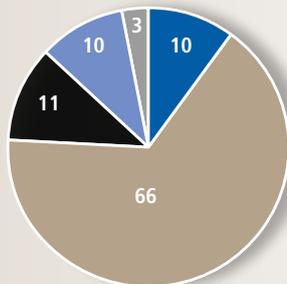
Order intake by region in %

Total CHF 117.1 million

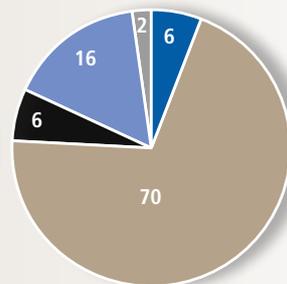
- Switzerland
- Europe
- Asia/Pacific, India
- North America
- Other markets



Mikron Group



Machining

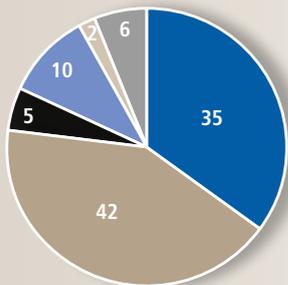


Automation

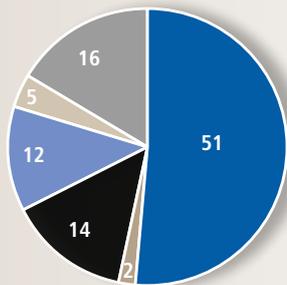
Order intake by industry in %

Total CHF 117.1 million

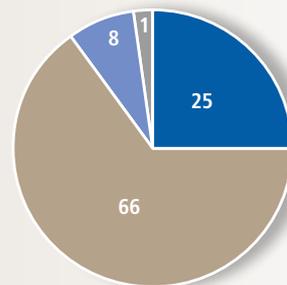
- Automotive
- Pharma/Medical Devices
- Writing
- Consumer Goods
- Electric/Electronics
- Other



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Machining

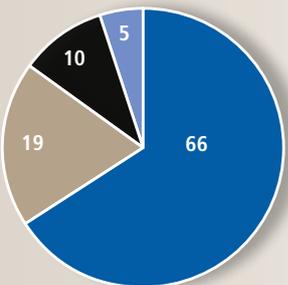


Automation

Employees by region in %

Total 1111

- Switzerland
- Europe
- Asia/Pacific, India
- North America



Mikron Group

Key figures for the first half year 2013

in CHF million, except productivity and number of employees

	1.1.–30.6.2013		1.1.–30.6.2012		+/-
Key performance data					
Order intake	117.1		135.2		-18.1 -13.4%
Machining	44.2		71.7		-27.5 -38.4%
Automation	73.0		63.6		9.4 14.8%
Net sales	119.6		107.8		11.8 10.9%
Machining	65.2		66.3		-1.1 -1.7%
Automation	54.5		41.5		13.0 31.3%
Order backlog	108.0		136.3		-28.3 -20.8%
Machining	30.5		68.0		-37.5 -55.1%
Automation	77.5		68.3		9.2 13.5%
Operating output	123.1		106.7		16.4 15.4%
Productivity (added value/personnel expenses)	1.39		1.36		0.03 2.2%
Number of employees (end of period)	1,111		1,071		40 3.7%
Machining	527		525		2 0.4%
Automation	581		542		39 7.2%
Earnings					
Operating result, as % of net sales	1.4	1.2%	-0.5	-0.5%	1.9 380.0%
Earnings before interest and taxes (EBIT), as % of net sales	2.4	2.0%	0.5	0.5%	1.9 380.0%
Profit, as % of net sales	1.6	1.3%	0.6	0.6%	1.0 166.7%
Cash flow					
Cash flow from operating activities (incl. movement in net working capital), as % of net sales	4.5	3.8%	3.4	3.2%	1.1 32.4%
	30.6.2013		31.12.2012		+/-
Balance sheet					
Balance sheet total	234.3		231.1		3.2 1.4%
Current assets	152.7		146.1		6.6 4.5%
Cash and current financial assets	43.1		44.3		-1.2 -2.7%
Non-current assets	81.6		85.0		-3.4 -4.0%
Current liabilities	64.4		60.5		3.9 6.4%
Long-term liabilities	17.6		17.6		0.0 0.0%
Shareholders' equity, as % of balance sheet total	152.2	65.0%	153.0	66.2%	-0.8 -0.5%

Report by the Chairman of the Board of Directors and the CEO

Dear Shareholders,

Dear Sir or Madam,

In a difficult economical environment, the Mikron Group managed to increase sales in the first half of 2013 by 11% to CHF 119.6 million (first half of 2012: CHF 107.8 million) while improving EBIT by CHF 1.9 million (first half of 2012: CHF 0.5 million) to CHF 2.4 million. On the basis of these results, we continue to anticipate sales for the full 2013 year at a level similar to the previous year, although the EBIT margin is likely to be lower.

Overall, the Mikron Group performed quite well in the first half of 2013. While the Automation business segment was able to benefit from increased demand from the pharma and medical devices industries, the Machining business segment suffered a sharp decline in the order intake as a result of very hesitant customer investment activity, particularly in the automotive industry. By contrast, US demand is developing in a promising way for both business segments. In addition, Mikron Automation was able to win several new customers in Asia. In the first half of the year, the Chinese market was characterized by investment reticence on the part of customers of both divisions; however, we are expecting a rise in new project sign-offs in this market in the third quarter of 2013.

Both business segments enjoyed a good level of capacity utilization in the first half of 2013. However, the development of the respective order backlog was very different: While the order backlog declined sharply at Mikron Machining, it rose impressively at Mikron Automation thanks to a healthy order intake.

The Group's profitability is still unsatisfactory, even if the net earnings of CHF 1.6 million for the first half of 2013 exceeded the prior year equivalent (first half of 2012: CHF 0.6 million). In the Mikron Machining business segment, flattening sales developments weighed on earnings. Unexpected additional costs on customer projects in the Mikron Automation business segment and an impairment of intangibles had a much more negative impact, however.

The restructuring implemented in the first half of 2013 at the Boudry site are starting to have a positive impact on business development. The market launch of new cutting tools has likewise proved successful, particularly in the US. Mikron continued to invest substantially in product development in all areas.

Order intake and sales

In the first half of 2013, the Mikron Group recorded an order intake of CHF 117.1 million. Although this is higher than in the second half of 2012, it is also well below the figure recorded in the first half of 2012 (CHF 135.2 million, -13%). The automotive industry and the pharma and medi-

Mikron Automation was able to benefit from increased demand from the pharma and medical devices industries.

The profitability is still unsatisfactory, even if the net earnings exceeded the prior year equivalent.

Mikron continued to invest substantially in product development in all areas.

cal devices industries continue to play a dominant role in the business mix with a 35% and 42% share respectively (first half of 2012: 54% and 15% respectively).

Overall, the Mikron Group increased sales by 11% to CHF 119.6 million in the first half of 2013 (first half of 2012: CHF 107.8 million). While the Automation business segment recorded a year-on-year rise in sales of 31%, the Machining segment posted a fall of 2% – a repercussion of the decline in the order intake from the third quarter of 2012 onwards.

Profitability

In view of the uncertain market environment, the two Swiss production sites of the Machining business segment in Agno exhibited particularly pleasing profitability. By contrast, substantial additional costs on individual customer projects led to disappointing results in the Automation business segment. Management already has responded with various measures.

As a result of changed market conditions, we had to book an impairment of intangibles of CHF 1.5 million.

Overall, the Mikron Group recorded EBIT of CHF 2.4 million in the first half of 2013 (first half of 2012: CHF 0.5 million). This is equivalent to a margin of 2.0% (first half of 2012: 0.5%).

Cash flow

In the first half of 2013, the Mikron Group recorded cash flow from operating activities of CHF 4.5 million. Total investment – which was largely channelled into production equipment – amounted to CHF 3.1 million. This results in operative free cash flow of CHF 1.4 million for the first half of 2013 (first half of 2012: CHF – 1.4 million). CHF 2.5 million was distributed to shareholders from capital surplus reserves.

Financing and shareholders' equity

The continued financial strength of Mikron takes account of the current market uncertainties and the Group's growth targets. The net cash position as at 30 June 2013 amounted to CHF 28.6 million. Mikron therefore remains essentially debt-free: Cash and cash equivalents of CHF 43.1 million exceed interest-bearing liabilities of CHF 14.4 million by a significant amount. The shareholders' equity of CHF 152.2 million contrasts with a balance sheet total of CHF 234.3 million. This produces an equity ratio of 65.0%, which is comparatively high for the manufacturing industry.

Outlook

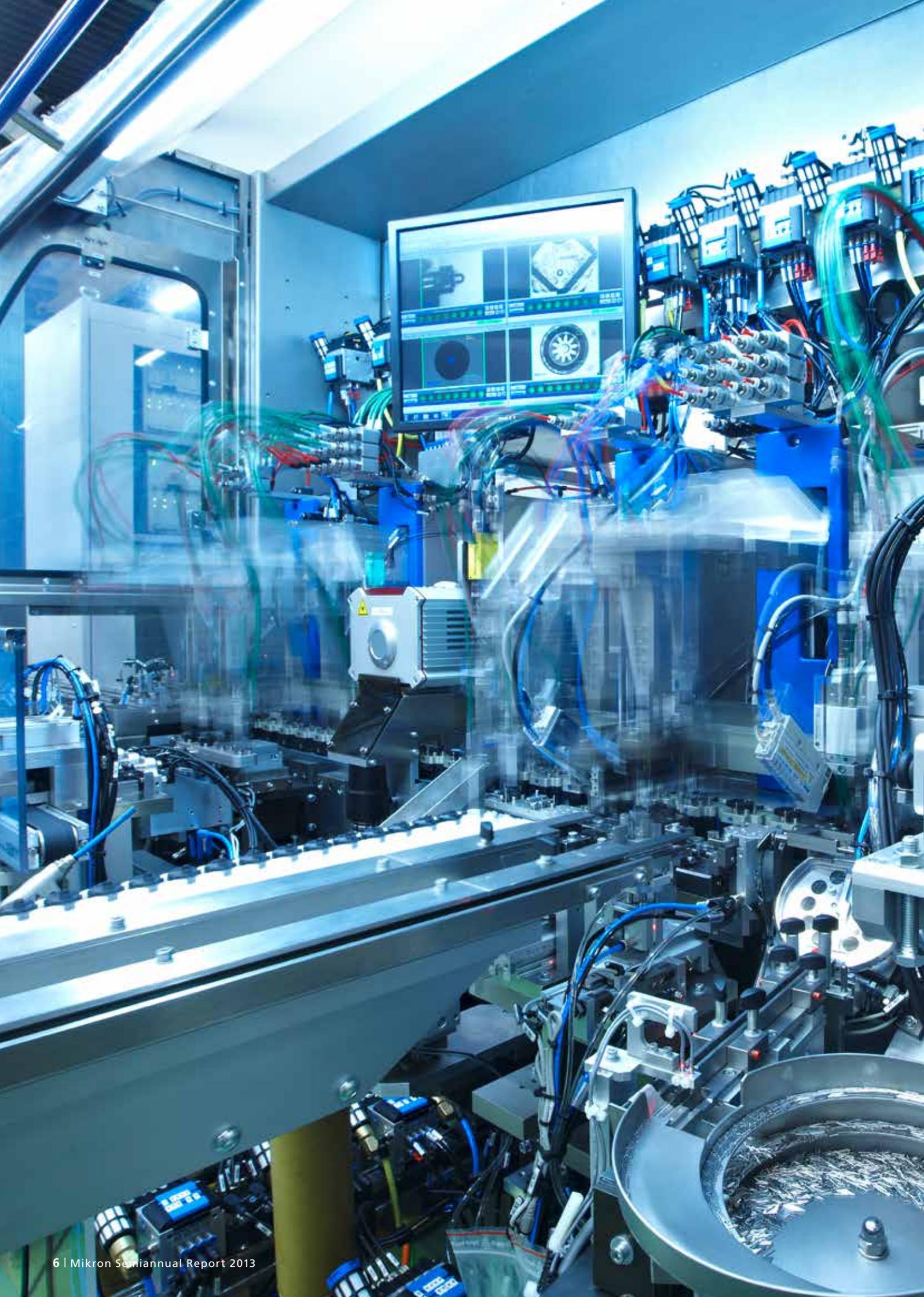
It remains difficult to predict the development of individual markets in the second half of the year. This is particular-

ly true of investment activity in the automotive industry. Promising sales discussions are well advanced in both business segments. Overall, we are anticipating a stable economic situation in Europe and slight growth in both the US and Asia. Where the Automation business segment is concerned, the strong order backlog leads us to expect higher capacity utilization, stronger sales, and improved earnings. As a result of the lower order backlog, the Machining business segment will not be able to build on the strong quarters of the recent past. However, ongoing negotiations for various projects make us confident that the order situation will improve in the second half of 2013. Overall, we are anticipating sales for the full 2013 year to match those of the previous year, with a decline in the EBIT margin.

Thanks

We would like to thank our employees warmly for the great dedication they have shown. Consistent customer orientation and the associated continuous adjustment of processes and structures will continue to make demands of our employees. We would also like to thank you, dear shareholders, for the trust you have placed in Mikron Group.

Heinrich Spoerry, Chairman of the Board
Bruno Cathomen, Chief Executive Officer



Mikron Automation

Mikron Automation is one of the world's leading manufacturers of customized, highly productive automation solutions for high-precision assembly and testing of products up to hand size.

In the first half of 2013, the economical environment of the Automation business segment was primarily characterized by the reluctance of customers to invest in durable production equipment. In the automotive industry, for example, many customers postponed their investment projects to a later date. Given this backdrop, the significant increase in the order intake is very pleasing for Mikron Automation. On the profitability side, however, the business segment fell well short of target, as a result of additional costs on individual customer projects and an impairment of intangibles.

Business trend | The markets of the Automation business segment revealed very different developments. From a geographic perspective, key market Germany slowed noticeably, whereas new stimuli were evident in the US and in Asia, particularly China.

Mikron Automation recorded a sharp increase in orders in all regions from the pharma and medical devices industries after two fairly weak years, winning a number of important new orders. A negative influence on the order intake was the decline in demand from the German automotive industry in particular. Investment in the photovoltaic market remained at a very low level.

Mikron Automation was able to exploit the economic recovery in the US, winning new orders from the pharma and medical devices industry as well as from the consumer goods industry. In Asia, Mikron Automation succeeded in winning new orders in all market segments.

Overall, Mikron Automation generated an order intake of CHF 73.0 million (first half of 2012: CHF 63.6 million), which resulted in an order backlog of CHF 77.5 million (first half of 2012: CHF 68.3 million). Sales came in at CHF 54.5 million (first half of 2012: CHF 41.5 million). Capacity utilization was accordingly good at all sites.

The fact that the positive sales development is not reflected in earnings is attributable to various challenging customer projects that involved a number of new applications. This resulted in significant additional costs. Moreover, an impairment of CHF 1.5 million of intangibles weighed on earnings.

Human resources | In the first half of 2013, Mikron Automation succeeded in strengthening its teams with competent specialists at all locations. This will help to avoid additional costs on customer projects in the future. Overall, headcount rose from 554 (as at the end of 2012) to 581. A substantial proportion of these additional personnel have been employed on a temporary basis. At the main plant in

Boudry, process improvements achieved through restructuring are already clearly identifiable. These will also have a positive impact on earnings in the second half of 2013.

Strategic projects | In the first half of 2013, Mikron Automation further developed its EcoLine platform according to plan. The latest version is already being used successfully by several customers. In addition, the completely overhauled flexible Polyfeed feeding system is also now ready for deployment with customers, offering much greater performance at a lower price.

The transfer of expertise from Europe to Asia continued. Mikron Automation has invested in information technology at its main Asian location in Singapore, while at the same time expanding the staff at its Chinese site in Shanghai. In the first half of 2013, Mikron Automation was able to execute a number of technically challenging projects for its Asian customers much more efficiently than in previous years. This is a good sign for the future, particularly as there is an opportunity to repeat many of these projects in an identical or similar manner.

In the US, Mikron Automation successfully completed the first phase of its restructuring. The focus is now on expanding the sales function, optimizing processes, and increasing productivity.

Outlook | In the second half of 2013, Mikron Automation anticipates the healthy order intake to continue in all market segments, with the exception of the German automotive industry. Due to the high order backlog, sales for this business segment will increase further. The profitability will also improve markedly in the second half of the year. However, this is unlikely to be able to compensate fully for the target shortfall in the disappointing first half of the year.



Mikron Machining

Mikron Machining is the leading supplier of customized, highly productive machining solutions for the manufacturing of complex high-precision components made of metal.

In the first half of 2013, the economical environment of the Machining business segment was characterized by markedly reduced demand for capital goods and therefore machine tools too. In Germany, the automotive industry in particular lacked the basic confidence to make major investments, while demand also remained at a low level elsewhere in Europe. In China, the change of government in mid-March resulted in the postponement of many investment projects. Only in the US did the positive trend of last year continue.

By contrast, the demand for services and tools was much more stable, and in all geographic markets.

Business trend | Despite a significantly lower order backlog and a smaller order intake than in the first half of 2012, the Machining business segment enjoyed high capacity utilization in the first half of 2013. Thanks to the increase in demand from the US in the service and tools business, Mikron Machining was able to offset a proportion of the missing orders from Germany. Sales to Asian customers were satisfying overall, even though the demand for machines from the writing instruments industry was low.

In addition to the automotive and writing instruments industries, all other markets (electronic/telecommunication, consumer goods, hydraulics/pneumatics, and construction) exhibited a significantly higher degree of caution compared to the first half of 2012. Only in the tools and services business Mikron Machining was able to generate satisfactory sales. In China, negotiations for a number of interesting and innovative new projects continue. However, realizing these projects takes up a great deal of time and patience.

Overall, Mikron Machining generated an order intake of CHF 44.2 million (first half of 2012: CHF 71.7 million) and sales of CHF 65.2 million (first half of 2012: CHF 66.3 million). The relatively low order backlog at the beginning of the year has declined further to CHF 30.5 million. This is 55% lower than at the end of the first half of 2012.

All locations of the Machining business segment enjoyed a satisfactory degree of capacity utilization overall. However, there have been a number of strong fluctuations and the trend is downwards. The measures initiated last year to adjust short-term and medium-term capacity have proved effective. For example, the business segment used existing engineering resources in a targeted way for product development and innovation projects.

Human resources | The headcount of Mikron Machining remained stable overall. In total, 527 employees work for this business segment worldwide (end of 2012: 535 employees). However, Mikron Machining has reduced the number of temporary staff. As the number of customer projects declined in the first half of 2013, the business segment intensified the training of staff and the further development of products.

Strategic projects | In the tools business, Mikron Machining expanded its sales network in Europe and the US, while at the same time establishing a foothold in China. A number of new customers were acquired thanks to new cutting tools.

The permanent availability of the acquired manufacturing solution is of the utmost importance to customers. Thanks to the new ERP system and a number of process improvements, the global service of Mikron Machining has become more rapid and more effective.

Tapping into the Chinese market with rotary transfer machines remains a long-term strategic goal of Mikron Machining. In the first half of 2013, Mikron unveiled its NX 24 rotary transfer machine at various trade fairs, attracting a great deal of attention. There is clear interest among Chinese customers in using these rotary transfer machines instead of standard machines. The sales process requires plenty of commitment, however.

Outlook | The markets of Mikron Machining are still characterized by uncertainty and hesitant demand. The main focus of the business segment in the second half of 2013 will therefore be to generate orders from the many customer projects being discussed, and thereby ensure the utilization of production capacity from the end of the summer onwards.

Consolidated semiannual financial statements 2013 of the Mikron Group

Consolidated income statement

Short version, CHF 1,000	1.1.–30.6.2013		1.1.–30.6.2012	
Automation	54,544		41,530	
Machining	65,241		66,313	
Corporate/eliminations	-156		-71	
Net sales	119,629		107,772	
Change in work in process / finished goods	3,429		-1,154	
Capitalized own production	8		64	
Operating output	123,066	100.0%	106,682	100.0%
Material costs and subcontractors	-51,221		-41,010	
Personnel expenses	-51,647		-48,339	
Other operating expenses (net)	-13,700		-13,689	
Depreciation and impairment	-5,146		-4,156	
Operating result	1,352	1.1%	-512	-0.5%
Financial result	-342		164	
Ordinary result	1,010	0.8%	-348	-0.3%
Non-operating result	1,017		1,049	
Profit before taxes	2,027	1.6%	-701	-0.7%
Income taxes	-454		-127	
Profit	1,573	1.3%	574	0.5%

The accompanying notes form an integral part of the semiannual financial statements.

Consolidated balance sheet

Short version, CHF 1,000	30.6.2013		31.12.2012	
Cash and cash equivalents	26,371		25,673	
Current financial assets	16,698		18,649	
Receivables and prepaid expenses	23,887		20,337	
Inventories	43,068		43,019	
Net assets from customer projects	42,647		38,433	
Total current assets	152,671	65.2%	146,111	63.2%
Tangible assets	44,080		45,432	
Intangible assets	6,723		8,455	
Investment property	27,838		28,030	
Other non-current assets	2,949		3,080	
Total non-current assets	81,590	34.8%	84,997	36.8%
Total assets	234,261	100.0%	231,108	100.0%
Short-term financial liabilities	471		651	
Current liabilities and accrued expenses	42,980		41,144	
Net liabilities from customer projects	15,915		13,878	
Short-term provisions	5,026		4,838	
Total current liabilities	64,392	27.5%	60,511	26.2%
Long-term financial liabilities	13,970		14,120	
Long-term provisions	184		181	
Other long-term liabilities	3,473		3,276	
Total long-term liabilities	17,627	7.5%	17,577	7.6%
Total shareholders' equity	152,242	65.0%	153,020	66.2%
Total liabilities and shareholders' equity	234,261	100.0%	231,108	100.0%

The accompanying notes form an integral part of the semiannual financial statements.

Consolidated statement of cash flow

Short version, CHF 1,000	1.1.–30.6.2013	1.1.–30.6.2012
Profit	1,573	574
Non-cash items	5,998	3,609
Cash flow from operating activities before changes in net working capital	7,571	4,183
Changes in net working capital	-3,039	-751
Cash flow from operating activities	4,532	3,432
Investments (-) / Divestments (+) in tangible assets (net)	-2,616	-3,854
Investments (-) / Divestments (+) in intangible assets (net)	-439	-3,684
Investments (-) / Divestments (+) in investment property (net)	0	19
Investments (-) / Divestments (+) in financial assets and group companies (net)	1,852	-1,681
Cash flow from investing activities	-1,203	-9,200
Changes in financial lease liabilities	-314	-300
Distribution from capital surplus reserves	-2,503	-2,002
Other cash flow from financing activities	115	188
Cash flow from financing activities	-2,702	-2,114
Effect of exchange rate changes on cash	71	-30
Net cash flow	698	-7,912
Increase (+) / decrease (-) of cash and cash equivalents	698	-7,912

The accompanying notes form an integral part of the semiannual financial statements.

Notes to the consolidated semiannual financial statements 2013

1. Management commentary on the consolidated semiannual financial statements and outlook for the second half of the year

This commentary supplements the report of the Chairman of the Board of Directors and the CEO, as well as the individual business segment reports on pages 4 to 9.

In the first half of 2013, the Mikron Group recorded an order intake of CHF 117.1 million. This represents a significant increase on the second half of 2012, but a decline of 13% compared to the first half of 2012. Whereas the Automation business segment was able to increase its year-on-year order intake by 15%, the Machining business segment posted a decline of 38%, which was primarily the result of hesitant investment activity on the part of the German automotive industry.

Both business segments experienced good capacity utilization in the first half of 2013. At CHF 119.6 million, Group sales are in line with expectations and 11% higher than the figure recorded for the first half of 2012.

At 60%, the gross profit margin was somewhat lower than in the corresponding prior-year period. This decline is exclusively attributable to unexpected additional costs incurred on challenging projects in the Automation business segment. Management has already responded with various measures. The Machining business segment has already achieved the first efficiency improvements as part of its Continuous Improvement Programme.

As a result of the good capacity utilization, personnel expenses were higher in the first half of 2013 than in the first half of 2012. The acquisition of IMA Automation Berlin at the beginning of March 2012 had a greater impact on personnel expenses in the first half of 2013 than in the first half of 2012. Overall, personnel expenses rose by 7%, which is significantly less than the increase in sales.

Thanks to targeted measures, management was able to keep other operating expenses broadly in line with the previous year's figure, despite the fact that sales rose sharply and product development was driven forward. As a proportion of sales, other operating expenses amounted to just over 11%, and were therefore well below the previous year's equivalent of just under 13%.

Non-operating income includes income from industrial properties rented out to third parties.

In a difficult economical environment, the Mikron Group managed to improve earnings before interest and taxes (EBIT) by CHF 1.9 million from CHF 0.5 million in the first half of 2012 to CHF 2.4 million in the first half of 2013. However, the Group's profitability is still not satisfactory.

After taking into account the financial result of CHF -0.3 million and income taxes of CHF -0.5 million, the net earnings of the Mikron Group for the first half of 2013 amounted to CHF 1.6 million.

The continued financial strength of Mikron takes account of the current market uncertainties and the Group's growth targets. The net cash position as at 30 June 2013 amounted to CHF 28.6 million. Mikron therefore remains essentially debt-free: Cash and cash equivalents of CHF 43.1 million exceed interest-bearing liabilities of CHF 14.4 million by a significant amount. The shareholders' equity of CHF 152.2 million contrasts with a balance sheet total of CHF 234.3 million. This produces an equity ratio of 65.0%, which is comparatively high for the manufacturing industry.

In the first half of 2013, the Mikron Group recorded cash flow from operating activities of CHF 4.5 million. Total investment – which was largely channelled into production equipment – amounted to CHF 3.1 million. This results in operative free cash flow for the first half of 2013 of CHF 1.4 million (first half of 2012: CHF -1.4 million, without acquisitions). CHF 2.5 million was distributed to shareholders from capital surplus reserves.

It remains difficult to predict the development of individual markets in the second half of the year. For the full 2013 financial year, the Board of Directors and the Group Management are anticipating sales to match those of the previous year, although the EBIT margin is likely to be lower.

2. General information

Mikron Holding AG is a public limited company under Swiss law, domiciled in Biel. Its shares are listed on SIX Swiss Exchange.

The Board of Directors approved the 2013 consolidated semi-annual financial statements on 17 July 2013.

The consolidated semiannual financial statements should be read in conjunction with the consolidated annual financial statements for the 2012 financial year, since they represent an update of the last full set of statements.

3. Accounting principles

The unaudited and condensed consolidated semiannual financial statements for the period from 1 January 2013 to 30 June 2013 have been prepared in accordance with the rules of Swiss GAAP FER 12 "Interim Reporting".

The accounting principles set out in the 2012 consolidated financial statements have been applied unchanged.

4. Business seasonality

The activities of the Mikron Group are not subject to significant seasonal fluctuations.

5. Scope of consolidation

The consolidated semiannual financial statements include Mikron Holding AG, Biel, and all Swiss or foreign subsidiaries which the holding company controls directly or indirectly, either by holding more than 50% of the voting rights or through some other form of control.

In the first half of 2013, there was no change in the scope of consolidation compared to 31 December 2012.

6. Significant estimates

In connection with the acquisition of IMA Automation Berlin GmbH in 2012, the Mikron Group also acquired a number of patents. The market value of these intangible assets was reviewed on the balance sheet date with respect to expected future cash flows. As a result of the recovery of this market falling below expectations, the Mikron Group booked an impairment of CHF 1.5 million.

As part of the acquisition of IMA Automation Berlin GmbH an earn-out of CHF 0.6 million was agreed. As the probability that this earn-out will be paid is low from our present perspective, the related obligation has been reversed.

7. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

8. Foreign currency translation

The most significant exchange rates into Swiss francs for the Group in the period under review were:

Currency	Average rate (income statement)		Closing rate (balance sheet)		
	1.1.–30.6.2013	1.1.–30.6.2012	30.6.2013	30.6.2012	31.12.2012
1 EUR	1.232370	1.203870	1.226770	1.200970	1.208550
1 USD	0.939730	0.927400	0.936360	0.960600	0.910790
1 JPY	0.009760	0.011570	0.009510	0.012000	0.010620
1 SGD	0.751380	0.733710	0.731480	0.749550	0.745140
1 CNY	0.151920	0.146540	0.152460	0.150900	0.146050

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In case of discrepancies between the German and the English
version, the German version shall prevail.

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Except for the historical information contained herein, the state-
ments in this semiannual report are forward-looking statements
that involve risks and uncertainties.

The Mikron Group

The Mikron Group markets machining and automation solutions, enabling customers around the world to master their precision manufacturing processes. Rooted in a culture of Swiss innovation, Mikron is a leading supplier to the automotive, medical devices, pharmaceutical, consumer goods, writing instruments and watch-making industries.

The two divisions, Mikron Automation and Mikron Machining, are based in Boudry and Agno, Switzerland, with additional production facilities in Germany, Singapore, China and the United States. The Mikron Group employs approximately 1100 people who work to provide Mikron customers with an experience that reflects over 100 years of leadership in high-performance and high-precision production. Mikron Holding AG trades on the SIX Swiss Exchange under the symbol MIKN.