



Semiannual Report
2016

Dear Shareholders,

As expected, the Mikron Group achieved a significant year-on-year increase in first-half sales as well as positive EBIT. The Automation business segment performed very well, whereas the Machining business segment suffered from hesitant investment in the segments it serves within the automotive industry. Thanks to further efficiency improvement measures, the Mikron Group also succeeded in increasing profitability which, however, failed to meet expectations, especially in the Machining business segment.

Given the healthy backlog of orders, our annual forecast remains unchanged: we expect to close the 2016 financial year with considerably higher sales and an improved EBIT margin. It is not clear yet how the UK's decision to leave the EU and political developments in Turkey will impact on the Mikron Group's profitability.

We would like to thank all of Mikron's employees for their untiring dedication, our customers for their confidence, and you, our valued shareholders, for your loyalty.



Heinrich Spoerry,
Chairman of the Board of Directors



Bruno Cathomen,
Chief Executive Officer

Content

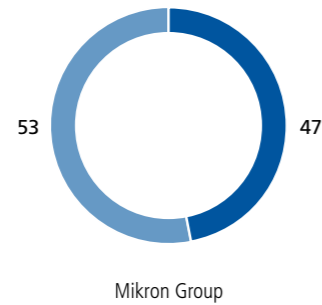
- 3** Letter to the Shareholders
- 4** Overview
- 5** Key Figures
- 6** **Management Report**
- 10** **Mikron Automation**
- 12** **Mikron Machining**
- 14** **Semiannual Financial Statements 2016**
 - 14 Income statement
 - 15 Balance sheet
 - 16 Cash flow
 - 16 Shareholders' equity
- 17** Notes to the Financial Statements 2016
- 18** Mikron Group

Overview

Sales by segment in %

Total CHF 127.0 million

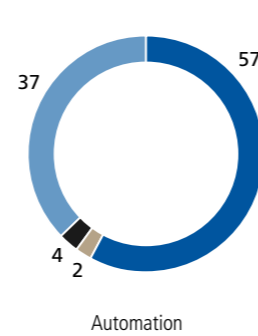
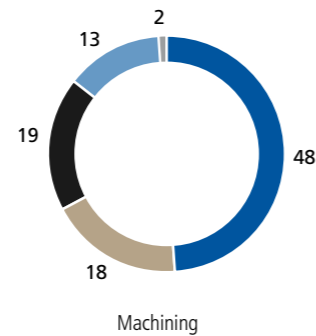
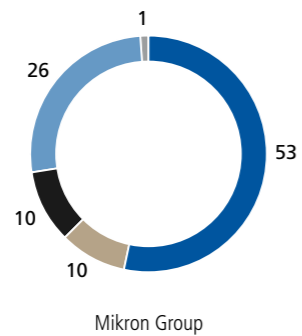
- Machining
- Automation



Sales by region in %

Total CHF 127.0 million

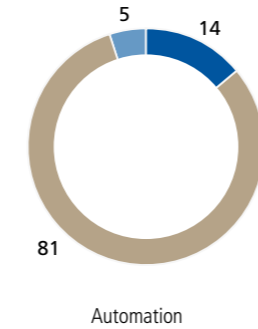
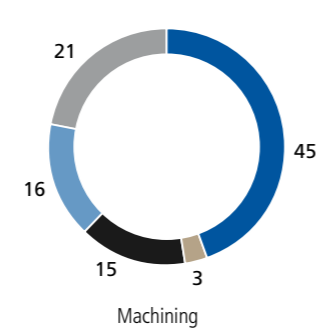
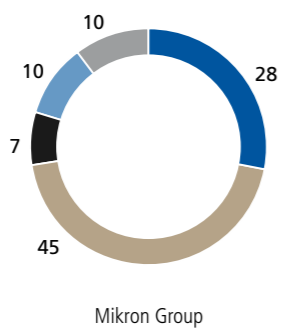
- Europe
- Switzerland
- Asia/Pacific
- North America
- Other markets



Sales by industry in %

Total CHF 127.0 million

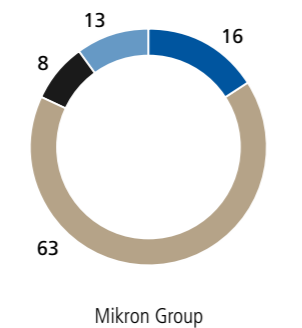
- Automotive
- Pharma/Medical Devices
- Writing
- Consumer Goods
- Other markets



Employees by region in %

Total 1,222

- Europe
- Switzerland
- Asia/Pacific
- North America



Key Figures for the First Half Year 2016

in CHF million, except productivity and number of employees

| | 1.1.–30.6.2016 | 1.1.–30.6.2015 | +/- | |
|---|----------------|----------------|-------|--------|
| Key performance data | | | | |
| Order intake | 124.7 | 118.3 | 6.4 | 5.4% |
| Machining | 56.8 | 62.5 | -5.7 | -9.1% |
| Automation | 68.1 | 56.1 | 12.0 | 21.4% |
| Net sales | 127.0 | 107.8 | 19.2 | 17.8% |
| Machining | 59.2 | 52.7 | 6.5 | 12.3% |
| Automation | 68.0 | 55.1 | 12.9 | 23.4% |
| Order backlog | 139.5 | 124.1 | 15.4 | 12.4% |
| Machining | 40.6 | 54.1 | -13.5 | -25.0% |
| Automation | 98.9 | 69.9 | 29.0 | 41.5% |
| Operating output | 126.8 | 108.0 | 18.8 | 17.4% |
| Productivity (added value/personnel expenses) | 1.35 | 1.29 | 0.06 | 4.7% |
| Number of employees (end of period) | 1,222 | 1,172 | 50 | 4.3% |
| Machining | 606 | 577 | 29 | 5.0% |
| Automation | 595 | 575 | 20 | 3.5% |

Earnings

| | | | | | | |
|--|------|-------|------|-------|-----|--------|
| Earnings before interest, taxes, depreciation, amortizations and impairments (EBITDA), as % of net sales | 5.5 | 4.3% | 0.7 | 0.6% | 4.8 | 685.7% |
| Earnings before interest and taxes (EBIT), as % of net sales | 1.3 | 1.0% | -2.7 | -2.5% | 4.0 | n/a |
| Machining | -3.2 | -5.4% | -3.8 | -7.2% | 0.6 | n/a |
| Automation | 3.7 | 5.4% | -0.4 | -0.7% | 4.1 | n/a |
| Operating result, as % of net sales | 0.5 | 0.4% | -3.6 | -3.3% | 4.1 | n/a |
| Profit/Loss for the year, as % of net sales | 0.4 | 0.3% | -3.9 | -3.6% | 4.3 | n/a |

Cash flow

| | | | | | | |
|---|-----|------|------|-------|------|-----|
| Cash flow from operating activities (incl. changes in net working capital), as % of net sales | 8.7 | 6.9% | -2.4 | -2.2% | 11.1 | n/a |
|---|-----|------|------|-------|------|-----|

| | 30.6.2016 | 31.12.2015 | +/- | | | |
|---|-----------|------------|-------|-------|------|-------|
| Balance sheet | | | | | | |
| Balance sheet total | 248.5 | 243.9 | 4.6 | 1.9% | | |
| Current assets | 157.1 | 151.5 | 5.6 | 3.7% | | |
| Cash and current financial assets | 53.1 | 48.8 | 4.3 | 8.8% | | |
| Non-current assets | 91.4 | 92.4 | -1.0 | -1.1% | | |
| Current liabilities | 68.8 | 63.4 | 5.4 | 8.5% | | |
| Long-term liabilities | 25.6 | 25.9 | -0.3 | -1.2% | | |
| Shareholders' equity, as % of balance sheet total | 154.1 | 62.0% | 154.6 | 63.4% | -0.5 | -0.3% |

Management Report

As expected, the Mikron Group's operating environment proved challenging in the first half of 2016. Demand in the markets and market sectors of the two business segments was very mixed. Overall, the Group posted a substantial year-on-year increase in sales, closing the first six months of 2016 with positive EBIT. Assuming that exchange rates are stable, the Group expects to see a continuing considerable increase in sales and an improvement in the EBIT margin for the 2016 financial year as a whole.

Operating conditions remained very demanding for the Mikron Group in the first half of 2016. While the strong Swiss franc continued to have a negative impact on the sites in Switzerland, the Mikron Group nevertheless reported a higher order intake of CHF 124.7 million for the period (first half of 2015: CHF 118.3 million, +5%). This increase is due entirely to the Automation business segment, which benefited from its strong market position in the pharmaceutical and medical devices industries. Buoyed by continuing solid growth, customers in this market segment invested in automation systems. On the other hand, customers in the automotive industry – Mikron Machining's key market segment – were very reluctant to invest. Consequently, the Machining business segment recorded fewer orders than expected – especially from the German market. Mikron Machining did, however, witness an encouraging volume of orders from customers in the electronics industry.

Reporting sales of CHF 127.0 million, the Mikron Group achieved a sizable year-on-year increase (first half of 2015: CHF 107.8 million, +18%), as expected. Both business segments lifted sales, but the increase at Mikron Automation was considerably more pronounced than at Mikron Machining. The Automation business segment's result reflects the healthy order backlog at the beginning of the year and the gratifying level of new orders. These two key indicators were considerably weaker at Mikron Machining, leading to underutilized production capacity on certain product lines.

In the first half of 2016, the Mikron Group generated EBIT of CHF 1.3 million, exceeding the year-back figure (CHF -2.7 million), which had been significantly impacted by the strengthened Swiss franc. Whereas the Automation busi-

ness segment saw a further improvement in profitability, the Machining business segment unfortunately fell well short of that.

Outlook

Sales and EBIT in the first half of 2016 were generally as expected. In terms of the final six months of 2016, the Mikron Group is projecting continued lively demand for automation systems from the pharmaceutical and medical devices industries as well as from the consumer goods segment – above all on the part of customers from the US and Europe. Demand from the automotive industry, which is especially crucial to Mikron Machining, remains highly uncertain. By contrast, the inquiries received from the writing instruments and electronics industries constitute a positive development. The Mikron Group is expecting demand in the service and spare-parts business to be stable and is looking ahead to further growth in the tool business.

As communicated earlier, the Mikron Group anticipates closing the 2016 financial year on considerably higher sales and an improved EBIT margin. It is not clear yet how the UK's decision to leave the EU and political developments in Turkey will impact on the Mikron Group's profitability.

Continuous improvements

At the Swiss sites, the majority of the efficiency improvement measures initiated in the previous year to offset the effects of the strong Swiss franc have been successfully implemented. The Mikron Group has also introduced a raft of additional long-term measures, including improved

At the Swiss sites, the majority of the efficiency improvement measures initiated in the previous year to offset the effects of the strong Swiss franc have been successfully implemented.

shop floor management, investments in modern and substantially more productive machines, newly developed tools, and initiatives to promote collaboration between the different sites.

The Automation business segment made further headway on its product and process development projects in the first half of 2016. Delivery of the first assembly system featuring the completely new machine control software deserves particular mention in this context.

In the US, Mikron Machining launched the tried-and-tested Mikron Multistep XT-200 as a single-module machining center. Mikron Tool will be surprising the market with new machining tools in the second half of the year.

Employees

At the end of June 2016, the Mikron Group numbered approximately 1,220 employees (end of June 2015: approx. 1,170 employees). A solid business performance at Mikron Automation and Mikron Tool led to the increase in headcount.

Order intake

In the first half of 2016, the Mikron Group increased order intake by 5% year-on-year to CHF 124.7 million (first half of 2015: CHF 118.3 million). The currency effects resulting from the translation into Swiss francs of orders in local currencies had only minimal impact. The corresponding year-back result was adversely impacted by the one-off effect of the Swiss National Bank's decision to discontinue the minimum exchange rate against the euro.

The Automation business segment reported a 21% rise in order intake compared with the relatively modest prior-year figure. This improvement is in line with expectations and is primarily due to solid demand from the pharmaceutical and medical devices markets. Other market segments also helped to drive this growth. The order backlog remains at a healthy level.

The Machining business segment reported order intake down by around 9% compared with the previous year. This, unfortunately, confirms the fears expressed at the start of the year concerning order levels for machining systems from the automotive industry. The watchmaking industry also held back considerably on orders. This could not be offset by the encouraging order intake from the electronics industry.

After a somewhat slow start to the year, the service business turned in a satisfactory performance in both business segments.

Mikron Machining's tool business posted an increase in order intake of over 10%. This renewed growth was driven by regular product launches, new and more efficient production equipment, additional hires and, first and foremost, machines operating at full capacity used by our customers.

Net Sales

The Mikron Group achieved sales of CHF 127.0 million in the first six months of 2016, surpassing not only the previous year's result – despite the strong Swiss franc – but also the figure for the first half of 2014. Both business segments reported a convincing increase in sales, up 23% to CHF 68.0 million (first half of 2015: CHF 55.1 million) at Mikron Automation and up 12% to CHF 59.2 million (first half of 2015: CHF 52.7 million) at Mikron Machining. The tools and service business saw considerable growth. Europe (including Switzerland) remained the dominant market for the Mikron Group, accounting for 63% of all sales. The robust US industrial sector benefited both business segments, as reflected to some degree in order intake in the fourth quarter of 2015. Consequently, US sales rose by almost 45% in total, compared with the first half of 2015. In Asia, the Mikron Group only just met its targets.

As expected, the share of total sales attributable to the pharmaceutical and medical devices industries increased in the first half of 2016, up from 35% in the first six

In the first half of 2016, the Mikron Group increased order intake by 5% year-on-year to CHF 124.7 million (first half of 2015: CHF 118.3 million).

months of 2015 to 45%. At the same time, the share of sales generated by the automotive industry decreased from 35% to 28%.

Order backlog and capacity utilization

Totalling CHF 139.5 million as at the end of June 2016, the Mikron Group's backlog of orders was around 12% above the year-back level. Orders are, however, still very unevenly distributed over the sites and business segments. While individual sites began the year with a healthy order backlog or quickly attracted new orders, others faced considerable capacity utilization problems.

Profitability and net earnings

The Mikron Group achieved EBIT of CHF 1.3 million and an EBIT margin of 1.0% in the first half of 2016. Whereas the Automation business segment reported EBIT of CHF 3.7 million (first half of 2015: CHF -0.4 million), representing a very encouraging EBIT margin of 5.4%, the Machining business segment again recorded a loss, with EBIT at CHF -3.2 million (first half of 2015: CHF -3.8 million). Mikron Machining's results were impacted by project contracts concluded in 2015 at lower margins owing to the currency situation, as well as by additional costs incurred in the final phase of customer projects and, above all, by capacity underutilization. The strong performance by Mikron Machining's tool and service business was not sufficient to offset these negative factors.

Compared with the first half of 2015 (CHF -3.9 million), the Mikron Group posted significantly higher, positive net earnings of CHF 0.4 million.

Financing and equity ratio

The Mikron Group's equity ratio as at the end of June 2016 was 62% (end of June 2015: 65%). The year-on-year change is mainly attributable to the slightly higher balance sheet total.

With a net cash position (cash and cash equivalents plus current financial assets less interest-bearing liabilities) of CHF 30 million, the Group remains essentially debt-free.

Cash flow

The strict management of net working capital and the systematic collection of downpayments on customer proj-

ects produced operating free cash flow of CHF 8.7 million (first half of 2015: CHF -2.4 million). This allowed the Mikron Group to fully cover investments in the first half of 2016 with cash flow from operating activities.

Mikron Automation

The healthy order backlog at its headquarters in Switzerland and the US site enabled the Automation business segment to boost its results as expected: both sales (CHF 68.0 million) and EBIT (CHF 3.7 million) were significantly higher in the first half of 2016 than in the same period of the previous year.

The business performance of Mikron Automation was encouraging in the first half of 2016. The business segment received orders from all its sales markets – both for repeat projects and new automation systems. In doing so, it acquired new customers in all geographic regions, some of whom have good development potential. In Asia, reference projects from the last 12 months ensured that significantly more orders were received in the first half of 2016 than in previous years. However, compared with Europe and the US, sales in Asia remain at a low level. Europe was the most important sales market in the first six months of 2016.

Most orders placed in the first half of 2016 came from customers in the pharmaceutical and medical devices industries, Mikron Automation's key market segment. However, the Automation business segment also acquired new orders in other market segments such as the automotive industry.

The tendency among customers to only give investment decisions the green light following lengthy internal approval processes continued, making it increasingly difficult to plan capacity utilization going forward, and in some cases across sites.

Key figures

Mikron Automation increased order intake to CHF 68.1 million from the previous year's CHF 56.1 million, a rise of 21%. All sites contributed to this success. At CHF 98.9 million, the order backlog at the end of June 2016 remains at a healthy level and is distributed far more evenly between the sites than at the beginning of the year.

The good order backlog at the start of the year enabled the business segment to increase its sales by 23% to CHF 68.0 million (first half of 2015: CHF 55.1 million). While capacity utilization was high at the Boudry and Denver

sites throughout the entire first half, the sites in Berlin, Singapore and Shanghai were still underutilized. These sites started the year with a low order backlog and new projects were delayed until the second quarter. Their capacity utilization will improve considerably in the second half of 2016.

Mikron Automation recorded EBIT of CHF 3.7 million in the first half of 2016 (first half of 2015: CHF -0.4 million) and a very reassuring EBIT margin of 5.4%, thus exceeding expectations. Good capacity utilization, improved project cost controls and the completion of a number of large-scale customer projects all contributed to the good result.

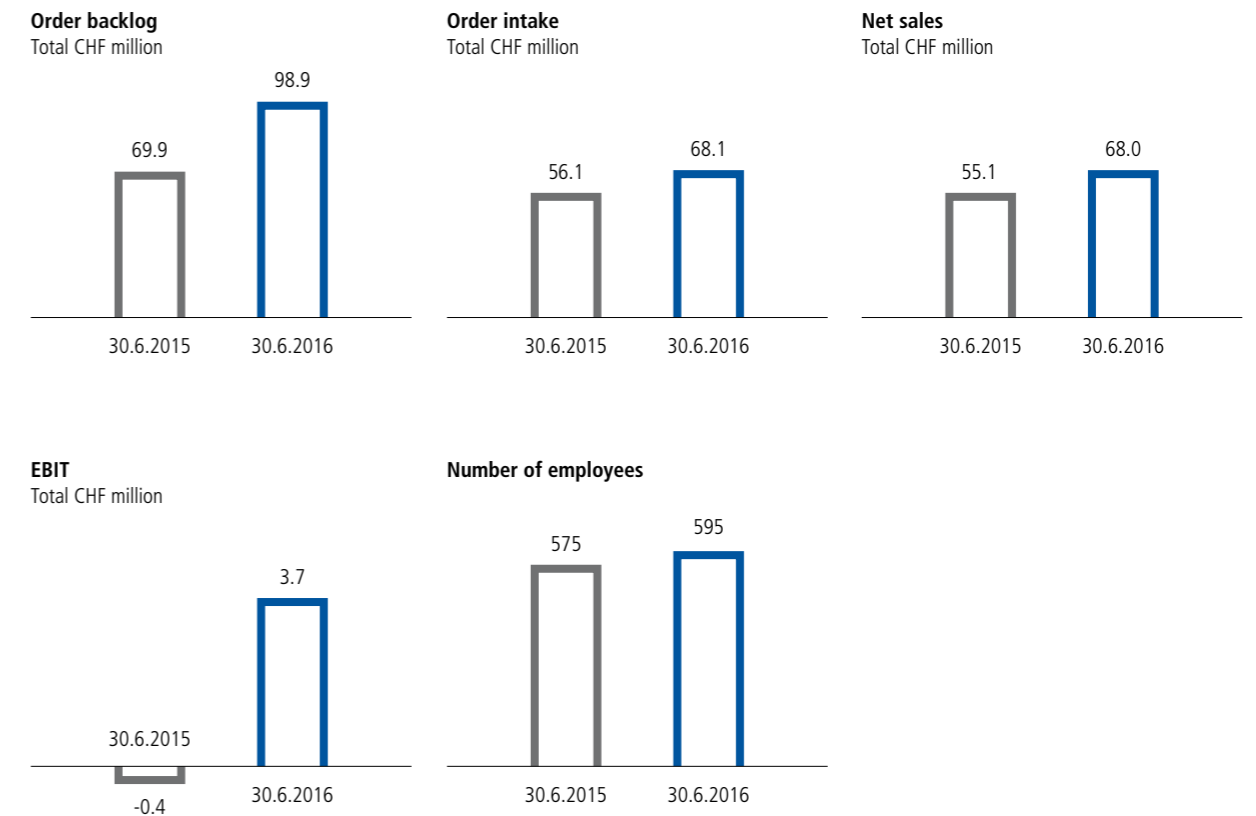
Employees

At the end of June 2016, Mikron Automation had a headcount of 595 (end of June 2015: 575 employees). The good order intake in the US allowed the business segment to increase the headcount at its Denver site by just under one third. In other regions the workforce was slightly reduced. Key vacancies, especially in sales and project management, were filled with skilled new employees. Finding sufficient employees with application design experience remains difficult.

Continuous improvements

The efficiency improvement measures introduced in the previous year at the Swiss headquarters in Boudry to offset the effects of the strong Swiss franc continued successfully in the first half of 2016. These measures helped generate good EBIT in spite of the unfavorable currency situation.

The Automation business segment remained firmly committed to its product and process development projects. In this context, it delivered the first systems featuring the



newly developed machine control software. In addition, all employees in charge of customer projects received training based on the new Mikron policy on managing customer projects.

Outlook

Mikron Automation generally expects order intake to remain solid in the second half of 2016. This forecast is based on ongoing talks with customers in various geographical regions. However, the volatile economic situation – especially in Europe, following the UK's decision to leave the European Union – could have a negative impact on customer investment behavior. Important investment decisions could be postponed until sometime in the fu-

ture. On the basis of the good order backlog and expected order intake, the Automation business segment nevertheless expects to see a further increase in sales and a good EBIT level for the 2016 financial year as a whole. The business segment will most likely improve on the previous year's figures.

Mikron Machining

The Machining business segment suffered considerably in the first half of 2016 from hesitant investment in the segments it serves within the automotive industry: a large number of investment decisions were regularly postponed. By contrast, the tool business developed well. However, first-half EBIT of CHF -3.2 million proved disappointing overall.

For the Machining business segment, the first half of 2016 was marked by disappointing demand from customers in the automotive industry, Mikron Machining's key market segment. Although the outlook had still been positive at the end of 2015 – thanks to various statements of intent from customers and prospects – concrete investment decisions were either slow to materialize or postponed until a later time. This was attributable to the general mood of investment uncertainty and the well-known problems associated with the manipulation of diesel emissions tests. Nevertheless, in the first half of 2016, 45% of all orders received came from customers in the automotive industry. The Machining business segment also acquired interesting new project orders in other market segments such as electronics, tools and writing instruments. The electronics market segment in particular has further development potential. However, customers in the watchmaking industry were very reluctant to invest.

The tool business developed positively in the first half of 2016 in all its sales markets, as expected. Mikron Tool remains on course to achieve its planned growth, in part thanks to a number of major orders resulting from the sale of machining systems. The performance of the service business came in at the lower end of expectations, with demand for services remaining sluggish in Asia and at a relatively low level in the US. In Europe, Mikron Machining succeeded in maintaining the service business at its customary robust level following a difficult start to the year.

Key figures

At CHF 56.8 million, Mikron Machining generated an order intake in the first half of 2016 that fell short of the previous year's already low level (first half of 2015: CHF 62.5 million, -9%). Despite the positive outlook at the end of 2015, the Machining business segment was therefore unable to improve on the meager order backlog recorded

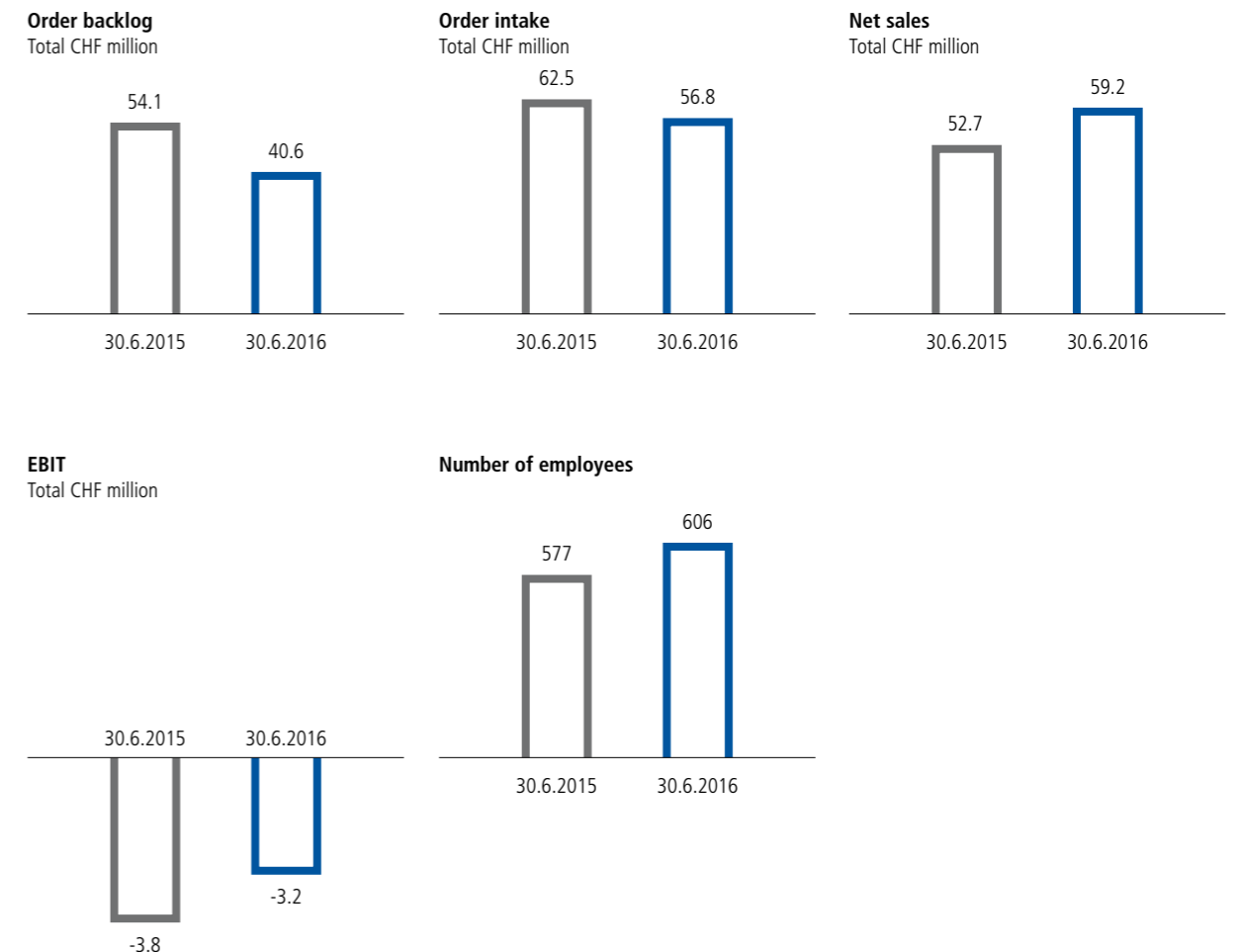
at the beginning of the year. At the end of June 2016, Mikron Machining's order backlog of CHF 40.6 million remained at a low level.

Mikron Machining's sales came in below expectations in the first half of 2016. As a result, the division was unable to break even, despite benefiting in the first half of 2016 from orders placed the previous year in the writing instruments and watchmaking market segments. The sales figure of CHF 59.2 million is significantly higher than in the previous year (CHF 52.7 million, +12%), but the latter had been distorted by the one-time negative impact of exchange rate developments. A number of orders from new customers in the US and Asia will not generate sales until the second half of the year.

Currency-related low margins on projects from the previous year still in progress, additional costs during the final phase of customer projects and in particular underutilization of capacity resulted in a very disappointing first-half EBIT of CHF -3.2 million (first half of 2015: CHF -3.8 million). The good performance of the tool business and the relatively stable service business were not sufficient to offset these negative factors in the machines business.

Employees

At the end of June 2016, Mikron Machining employed a total of 606 people (end of June 2015; 577 employees). Mikron Tool hired new employees to cope with additional growth. In the machines business, employees were assigned to innovation and product improvement projects. Certain headcount adjustments adopted in the first half of 2016 will come into effect in the second half of the year.



Continuous improvements

In the US, Mikron Machining launched the tried-and-tested Mikron Multistep XT-200 as a single-module machining center. Mikron Tool will be surprising the market with new machining tools in the second half of the year.

In Agno and Rottweil, the new shop floor management process introduced the previous year was improved and additional new machines for tool production were commissioned. Furthermore, investments were made in new customer applications and product improvements as well as new types of production concepts.

In addition, all project managers attended training on how to apply the new guidelines for managing customer projects, which will quickly translate into optimized processes.

Outlook

The uncertain, and at present very cautious, investment behavior prevalent among customers in the automotive industry makes forecasting very difficult. Mikron Machining expects demand in Europe to remain sluggish and unpredictable. Enquiries from the electronics and writing instruments industries and the continuing good economic climate in the US raise hopes for a slight pick-up in demand for new machining systems. The business segment expects to see healthy demand in the tools and service business.

Consolidated Semiannual Financial Statements 2016 of the Mikron Group

Consolidated income statement

| Short version, CHF 1,000 | 1.1.–30.6.2016 | | 1.1.–30.6.2015 | |
|--|----------------|---------------|----------------|---------------|
| Net sales | 126,989 | | 107,823 | |
| Change in work in progress/finished goods | -228 | | 150 | |
| Capitalized own production | 0 | | 63 | |
| Operating output | 126,761 | 100.0% | 108,036 | 100.0% |
| Material costs and subcontractors | -48,167 | | -39,353 | |
| Personnel expenses | -58,038 | | -53,402 | |
| Other operating expenses (net) | -16,098 | | -15,564 | |
| Depreciation and amortization | -3,925 | | -3,333 | |
| Operating result | 533 | 0.4% | -3,616 | -3.3% |
| Financial result | -543 | | -634 | |
| Ordinary result | -10 | -0.0% | -4,250 | -3.9% |
| Non-operating result | 753 | | 906 | |
| Profit/Loss before taxes | 743 | 0.6% | -3,344 | -3.1% |
| Income taxes | -372 | | -552 | |
| Profit/Loss | 371 | 0.3% | -3,896 | -3.6% |
| Net earnings per share from continued operations – undiluted | 0.02 | | -0.23 | |
| Net earnings per share from continued operations – diluted | 0.02 | | -0.23 | |

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

Consolidated balance sheet

| Short version, CHF 1,000 | 30.6.2016 | | 31.12.2015 | |
|---|----------------|---------------|----------------|---------------|
| Cash and cash equivalents | 36,099 | | 34,237 | |
| Current financial assets | 17,025 | | 14,603 | |
| Receivables and prepaid expenses | 24,336 | | 25,244 | |
| Inventories | 49,176 | | 46,017 | |
| Net assets from customer projects | 30,475 | | 31,422 | |
| Total current assets | 157,111 | 63.2% | 151,523 | 62.1% |
| Tangible assets | 53,059 | | 53,645 | |
| Intangible assets | 4,629 | | 5,119 | |
| Investment property | 29,826 | | 29,650 | |
| Other non-current assets | 3,924 | | 3,936 | |
| Total non-current assets | 91,438 | 36.8% | 92,350 | 37.9% |
| Total assets | 248,549 | 100.0% | 243,873 | 100.0% |
| Short-term financial liabilities | 1,363 | | 1,380 | |
| Current liabilities and accrued expenses | 43,201 | | 32,741 | |
| Net liabilities from customer projects | 21,556 | | 26,067 | |
| Short-term provisions | 2,718 | | 3,172 | |
| Total current liabilities | 68,838 | 27.7% | 63,360 | 26.0% |
| Long-term financial liabilities | 21,499 | | 21,580 | |
| Other long-term liabilities | 4,134 | | 4,362 | |
| Total long-term liabilities | 25,633 | 10.3% | 25,942 | 10.6% |
| Total shareholders' equity | 154,078 | 62.0% | 154,571 | 63.4% |
| Total liabilities and shareholders' equity | 248,549 | 100.0% | 243,873 | 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.–30.6.2016 | 1.1.–30.6.2015 |
|--|----------------|----------------|
| Profit/Loss | 371 | -3,896 |
| Non-cash items | 3,172 | 4,005 |
| Cash flow from operating activities before changes in net working capital | 3,543 | 109 |
| Changes in net working capital | 5,174 | -2,534 |
| Cash flow from operating activities | 8,717 | -2,425 |
| Investments (-)/divestments (+) tangible assets (net) | -2,291 | -5,245 |
| Investments (-)/divestments (+) intangible assets (net) | -599 | -584 |
| Investments (-)/divestments (+) investment property (net) | -397 | -322 |
| Investments (-)/divestments (+) financial assets (net) | -2,293 | 1,000 |
| Cash flow from investing activities | -5,580 | -5,151 |
| Increase (+)/repayment (-) of finance lease liabilities | -378 | -127 |
| Distribution to shareholders | -835 | -834 |
| Other cash flow from financing activities | 17 | 291 |
| Cash flow from financing activities | -1,196 | -670 |
| Effect of exchange rate changes on cash and cash equivalents | -79 | -380 |
| Net cash flow | 1,862 | -8,626 |
| Cash and cash equivalents at beginning of period | 34,237 | 26,292 |
| Cash and cash equivalents as at 30.06. | 36,099 | 17,666 |

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

Consolidated statement of shareholders' equity

| Short version, CHF 1,000 | 30.6.2016 | 31.12.2015 |
|------------------------------|----------------|----------------|
| Opening balance | 154,571 | 155,302 |
| Profit/Loss | 371 | 922 |
| Translation adjustments | -59 | -938 |
| Distribution to shareholders | -835 | -834 |
| Change in treasury shares | 30 | 119 |
| Closing balance | 154,078 | 154,571 |

Notes to the Consolidated Semiannual Financial Statements 2016

1. General information

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

The Board of Directors approved the 2016 consolidated Semiannual Financial Statements on 22 July 2016.

The consolidated Semiannual Financial Statements should be read in conjunction with the consolidated Annual Financial Statements for the 2015 financial year, since they represent an update of the last full set of statements.

2. Accounting principles

The unaudited and condensed consolidated Semiannual Financial Statements for the period from 1 January 2016 to 30 June 2016 have been prepared in accordance with the rules of Swiss GAAP FER 31 "Complementary recommendation for listed companies", which – compared with the annual financial statements – permit shorter versions in terms of presentation and disclosure.

The accounting principles set out in the 2015 consolidated Financial Statements have been applied unchanged.

The first-time application of the principles on revenue recognition of sales valid since 1 January 2016 (Swiss GAAP FER Framework/12, Swiss GAAP FER 3/17-19 and Swiss GAAP FER 6/8) did not result in any change of recognized revenue.

3. Business seasonality

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

4. 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 2016, there was no change in the scope of consolidation compared to 31 December 2015.

5. Events after the balance sheet date

No significant events have occurred after the balance sheet date.

6. Foreign currency translation

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

Exchange rates

| Currency | Average rate (income statement) | | Closing rate (balance sheet) | |
|----------|---------------------------------|----------------|------------------------------|------------|
| | 1.1.–30.6.2016 | 1.1.–30.6.2015 | 30.6.2016 | 31.12.2015 |
| 1 EUR | 1.094 | 1.044 | 1.077 | 1.082 |
| 1 USD | 0.988 | 0.944 | 0.978 | 0.989 |
| 1 SGD | 0.715 | 0.699 | 0.719 | 0.704 |
| 1 CNY | 0.151 | 0.152 | 0.147 | 0.153 |

7. Information by business segment

| CHF 1,000 / 1.1.–30.6. | Machining | | Automation | | Corporate/Eliminations | | Total Group | |
|--|---------------|---------------|---------------|---------------|------------------------|--------------|----------------|----------------|
| | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Net sales – third party | 59,097 | 52,496 | 67,946 | 55,081 | -54 | 246 | 126,989 | 107,823 |
| Net sales – Group | 95 | 174 | 9 | 1 | -104 | -175 | 0 | 0 |
| Total net sales | 59,192 | 52,670 | 67,955 | 55,082 | -158 | 71 | 126,989 | 107,823 |
| Operating result | -3,241 | -3,792 | 3,693 | -371 | 81 | 547 | 533 | -3,616 |
| Earnings before interest and taxes (EBIT) | -3,241 | -3,792 | 3,693 | -371 | 834 | 1,453 | 1,286 | -2,710 |

Mikron Group

The Mikron Group develops, produces and markets automation and machining systems that enable extremely precise and productive manufacturing processes. Rooted in the Swiss culture of innovation, the group is a globally leading partner to companies in the automotive, medical devices, pharmaceutical, consumer goods, writing instruments and watchmaking industries.

The two divisions, Mikron Automation and Mikron Machining, are based in Switzerland (Boudry and Agno). The company has additional production facilities in Germany, Singapore, China and the US. The 1,200 employees of the Mikron Group can draw on over 100 years of experience in the production of high-precision systems for large-series product manufacture. Mikron Holding AG shares are traded on SIX Swiss Exchange (MIKN).

Mikron Holding AG
Mühlebrücke 2
CH-2502 Biel
Tel. +41 32 321 72 00
Fax +41 32 321 72 01

ir.mma@mikron.com

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

July 2016, © Copyright Mikron Holding AG
Mikron® is a trademark of Mikron Holding AG, Biel (Switzerland).

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

