



cicor

Geschäftsbericht 2017

«Elektronik und Kunststoff für
unvergessliche Erlebnisse.»

ZUVERLÄSSIGER PARTNER DER HÖR- GERÄTEINDUSTRIE

Mit Freunden vom Konzert des Jahres oder einer exquisiten Theater-
vorstellung schwärmen oder sich einfach nur über die aktuellsten
Themen des täglichen Lebens unterhalten – dank modernen Hörgeräten
können Menschen mit einer Hörbeeinträchtigung alle schönen und
emotionalen Momente mit ihrem Umfeld teilen und voll und ganz in
sie eintauchen.

Die Cicor Gruppe ist als global tätiger Outsourcing-Partner für die
Produktion von zahlreichen Elektronik- und Kunststoffkomponenten
für die globale Hörgeräteindustrie verantwortlich. Als langjähriger
Partner bietet Cicor Entwicklungsdienstleistungen, hochstehende
Leiterplatten, Elektronikbestückung, Werkzeugbau sowie Kunst-
stoff-Spritzguss und Box Building aus einer Hand. Cicor produziert
an zehn Standorten weltweit – vom Markt für den Markt.



«Cicor produziert Elektronik-
und Kunststoffprodukte
für führende Unternehmen
der Hörgeräteindustrie.»

ÜBER UNS

CICOR – IHR TECHNOLOGIE- PARTNER

Cicor ist ein globaler Entwicklungs- und Fertigungspartner mit innovativen Technologielösungen in der Elektronikindustrie. Mit rund 1900 Mitarbeitenden an zehn Produktionsstandorten fertigt Cicor hochkomplexe Leiterplatten, Hybride und bietet umfassende Elektronik- und Kunststoff-Spritzguss-Dienstleistungen.

Die Gruppe liefert massgeschneiderte Lösungen vom Design bis hin zum fertigen Produkt für ihre weltweiten Kunden.

Die Aktien der Cicor Technologies Ltd. werden an der SIX Swiss Exchange gehandelt (CICN).

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KENNZAHLEN

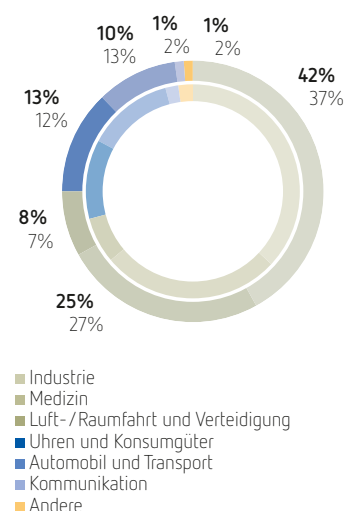
in CHF 1 000, falls nicht anders angegeben	2014	in %	2015	in %	2016	in %	2017	in %
Nettoerlös aus Lieferungen und Leistungen	202 458	100.0	180 612	100.0	189 494	100.0	216 728	100.0
Veränderung gegenüber Vorjahr (%)	6.3		-10.8		4.9		14.4	
EBITDA vor Restrukturierungskosten	19 662	9.7	12 117	6.7	12 612	6.7	19 243	8.9
Veränderung gegenüber Vorjahr (%)	11.7		-38.4		4.1		52.6	
Operatives Ergebnis vor Restrukturierungskosten (EBIT)	10 229	5.1	3 066	1.7	4 072	2.1	10 505	4.8
Restrukturierungskosten	-	0.0	-4 718	-2.6	-1 145	-0.6	-	0.0
Operatives Ergebnis (EBIT)	10 229	5.1	-1 652	-0.9	2 927	1.5	10 505	4.8
Ergebnis vor Steuern (EBT)	8 958	4.4	-3 811	-2.1	1 088	0.6	8 633	4.0
Ertragssteuern	-1 952	-1.0	-245	-0.1	-830	-0.4	-1 979	-0.9
Gewinn vor Restrukturierungskosten	7 006	3.5	662	0.4	1 403	0.7	6 654	3.1
Gewinn/(Verlust)	7 006	3.5	-4 056	-2.2	258	0.1	6 654	3.1
Ergebnis je Aktie (in CHF)	2.39		-1.37		0.09		2.29	
Beschäftigte (Stichtag)	1 852		1 958		1 841		1 924	

Segmentergebnisse	2014	in %	2015	in %	2016	in %	2017	in %
AMS Division								
- Nettoerlös	56 934	100.0	49 510	100.0	42 844	100.0	52 972	100.0
- EBITDA vor Restrukturierung	7 594	13.3	4 907	9.9	2 583	6.0	8 430	15.9
ES Division								
- Nettoerlös	145 662	100.0	131 578	100.0	146 650	100.0	163 856	100.0
- EBITDA vor Restrukturierung	13 912	9.6	9 380	7.1	11 568	7.9	13 442	8.2

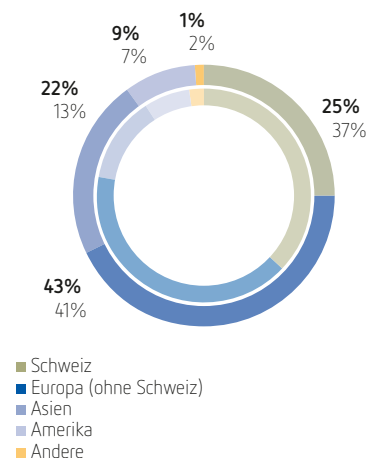
2017 / 2016

NETTOERLÖS

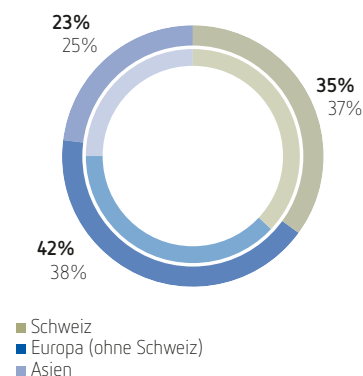
NACH BRANCHE



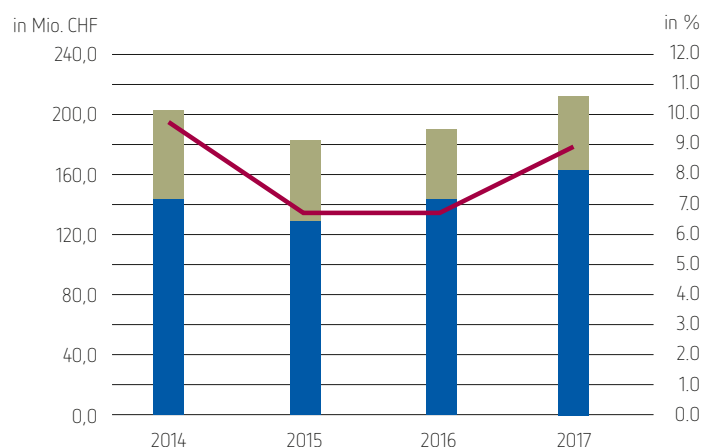
NACH EXPORTREGION



NACH PRODUKTIONS-REGION



NETTOERLÖS NACH DIVISIONEN UND EBITDA-MARGE VOR RESTRUKTURIERUNG



■ Nettoerlös AMS
■ Nettoerlös ES
■ EBITDA-Marge vor Restrukturierung

in CHF 1 000, falls nicht anders angegeben	31.12.2014	in %	31.12.2015	in %	31.12.2016	in %	31.12.2017	in %
Anlagevermögen	55 115	36.7	49 910	33.0	49 788	31.9	48 606	28.7
Umlaufvermögen	95 015	63.3	101 404	67.0	106 527	68.1	120 443	71.3
Total Aktiven	150 130	100.0	151 314	100.0	156 315	100.0	169 049	100.0
Eigenkapital	67 439	44.9	59 700	39.5	60 193	38.5	68 692	40.7
Finanzielle Verbindlichkeiten	38 239	25.5	48 315	31.9	48 978	31.3	48 880	28.9
Zahlungsmittel und Zahlungsmitteläquivalente	17 006	11.3	27 681	18.3	27 441	17.5	29 300	17.3
Nettoverschuldung	21 233	14.1	20 534	13.6	21 537	13.8	19 580	11.6
Gearing ratio (Nettoverschuldung in % des Eigenkapitals)	31.5		34.4		35.8		28.5	
Vorräte	42 127	28.1	41 459	27.4	43 860	28.1	51 776	30.6
Forderungen aus Lieferungen und Leistungen	30 869	20.6	27 791	18.4	31 916	20.4	34 147	20.2
Verbindlichkeiten aus Lieferungen und Leistungen	-23 658	-15.8	-21 831	-14.4	-26 909	-17.2	-28 130	-16.6
Nettoumlaufvermögen	49 338	32.9	47 419	31.3	48 867	31.3	57 793	34.2
in % des Nettoerlöses	24.4		26.3		25.8		26.7	
Investition in Sachanlagen	10 618		8 453		8 362		8 392	
in % des Nettoerlöses	5.2		4.7		4.4		3.9	



Teilenummern
cicor
Teilenummern
Modul
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MANAGEMENT REPORT

- 4 Die Cicor Gruppe
- 6 Brief an die Aktionärinnen und Aktionäre
- 10 Cicor Technologies Ltd. Aktie
- 11 Agenda, Kommunikation
- 12 Anwendungsbeispiel: Partner der Hörgeräteindustrie

15 CORPORATE GOVERNANCE

25 REMUNERATION REPORT

FINANCIAL REPORT

- 36 Consolidated Financial Statements of
the Cicor Technologies Group
- 66 Financial Statements of the Cicor Technologies Ltd.

- 75 Adressen

FÜHRENDE TECHNOLOGIEN FÜR WACHS- TUMSMÄRKTE

Elektronik spielt in vielen Bereichen unseres Lebens eine wichtige Rolle. Durch laufende Innovationen werden die Technologien stetig verbessert. Elektronische Geräte haben sich im Laufe der Zeit zu modernen Helfern im Alltag entwickelt, auf die wir nicht mehr verzichten wollen. Design- und Lifestyle-Aspekte werden berücksichtigt, und die Anwendungen sind nutzenmaximiert. Wir profitieren täglich von Überwachungs-, Steuer- und Regeltechnik, die den Aufenthalt in Gebäuden so sicher und angenehm wie möglich gestaltet.

In der Medizintechnik und Diagnostik vertrauen Ärzte, Pflegepersonal und Patienten voll und ganz auf die eingesetzten medizinischen Apparate und Instrumente. Von Hörgeräten, Implantaten und Defibrillatoren bis hin zu Geräten zur digital hochauflösenden Bildgebung – das Einsatzspektrum ist sehr umfassend. Luft- und Raumfahrt wären ohne Elektronik nicht möglich. In Satellitenforschungsprojekten übernimmt die Mikroelektronik eine wichtige Rolle. Globalisierung und ständige Weiterentwicklung der Informations- und Kommunikationstechnologien ebnen neue Wege für die Zusammenarbeit. Unternehmen, die sich auf ihr Kerngeschäft konzentrieren und externe Spezialkenntnisse effizient nutzen, können sich durch operative und strategische Partnerschaften Wettbewerbsvorteile sichern.

Seit 1966 ist Cicor ein global tätiger Lösungsanbieter mit einem weltweit einzigartigen Dienstleistungs- und Technologieportfolio. Neueste Erkenntnisse verknüpft mit langjähriger Erfahrung und der Einsatz modernster Technologien verbunden mit hoher Fachkompetenz machen Cicor zu einem zuverlässigen und innovativen Partner bei der Entwicklung und Herstellung von überzeugenden Lösungen rund um die Elektronik.

Mit rund 1900 Mitarbeitenden an zehn Produktionsstandorten bietet die Cicor Gruppe für ihre weltweiten Kunden massgeschneiderte Lösungen vom Design bis hin zum fertigen Produkt.

■ LEITERPLATTEN

Der Cicor Standort in Boudry (Schweiz) ist ein Leiterplattenhersteller, der sich auf die Miniaturisierung von Schaltungen und anspruchsvolle Anwendungen spezialisiert hat. Der Standort entwickelt und produziert hochwertige starre, starr-flexible und flexible Leiterplatten und verfügt über umfassendes Know-how in den Bereichen Multilayer Boards sowie High-Density- und Ultra-High-Density Interconnects.

■ HYBRIDE UND MIKROELEKTRONIK

Mit den Standorten Radeberg (Deutschland), Ulm (Deutschland) und Wangs (Schweiz) ist Cicor ein führender Hersteller anspruchsvoller Mikroelektronik sowie hochwertiger Dünn- und Dickschicht-Hybridschaltungen.

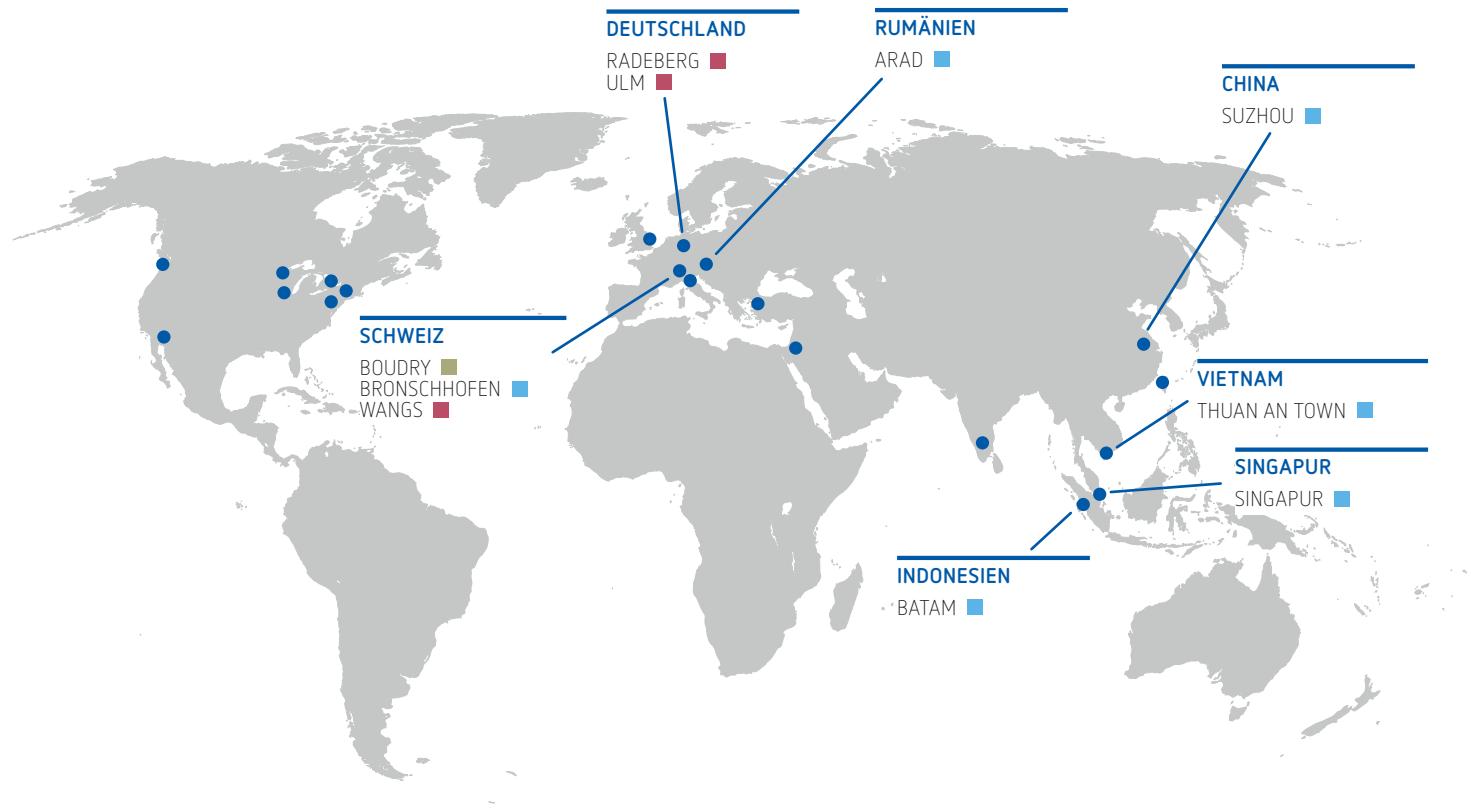
Die Leitungszüge in der Dickschichttechnik werden im Siebdruckverfahren aufgebracht und anschliessend eingebrannt. Der Einsatz von Keramik als Substrat ermöglicht höchste Zuverlässigkeit unter härtesten Umgebungsbedingungen. Eine Dickschichtschaltung ist der Standard-Leiterplatte in Hinblick auf Temperaturbeständigkeit und Lebensdauer deutlich überlegen.

Dünnschichtsubstrate finden dort ihren Einsatz, wo die herkömmlichen Leiterplattentechnologien keine adäquaten technischen Lösungen bieten können. Die Dünnschichttechnologie verwendet Verfahren der Halbleiter- und Mikrosystemtechnik um Schaltungsträger auf keramischen oder organischen Werkstoffen herzustellen.

Für die Mikroelektronikbestückung stehen vollautomatische Produktionslinien zur Verfügung, welche unter Reinraumbedingungen arbeiten. Die Fertigungsgenauigkeit ist äusserst hoch und beträgt bis zu 7 µm. Als Verbindungstechnologien stehen Löten, Kleben, Sintern sowie diverse Drahtbond-Verfahren zur Verfügung.

■ ELECTRONIC MANUFACTURING SERVICES (EMS)

Die Produktionsstandorte in Bronschhofen (Schweiz), Arad (Rumänien), Singapur, Suzhou (China), Batam (Indonesien) und Thuan An Town (Vietnam) sind Dienstleister im Bereich Auftragsentwicklung und Fertigung von elektronischen Baugruppen, Geräten und Systemen. Mit einem breiten Fertigungsspektrum in der Leiterplattenbestückung, in Systembau und Box Building, im Schaltschrankbau, in der Kabelkonfektion und in den Bereichen Werkzeugbau und Kunststoff-Spritzguss bietet Cicor Outsourcing-Lösungen von der Idee bis zum fertigen Produkt.



● Cicor Verkauf und Vertretungen

Produktionsstandorte

- Hybride, Mikroelektronik
- Leiterplatten
- Electronic manufacturing services (EMS)

Die globale Aufstellung und die Kundennähe von Cicor erweisen sich als Schlüssel zum Erfolg.

SEHR GEEHRTE AKTIONÄRINNEN SEHR GEEHRTE AKTIONÄRE

2017 war ein erfolgreiches Jahr für Cicor, in dem die Resultate der Wachstumsinitiativen die Erwartungen übertroffen haben. Die Massnahmen zur Steigerung des operativen Ergebnisses (EBIT) konnten plangemäss umgesetzt werden, und alle operativen Einheiten lieferten einen positiven Ergebnisbeitrag. Hervorzuheben ist der klare Turnaround der AMS Division, die wieder auf die Erfolgsspur eingeschwenkt ist und ihre starke Technologieposition in Wachstum und Profitabilität umsetzen konnte. Trotz deutlich zweistelligem Umsatzwachstum der Cicor Gruppe konnten wiederum Neuaufträge deutlich oberhalb des Umsatzes generiert werden, was dafür spricht, dass die Neuausrichtung von Cicor zu einem agilen und kundenorientierten Unternehmen mit flacherer Hierarchie und kurzen Entscheidungswegen im Markt ankommt. Damit ist der Weg für weiteres Wachstum im Jahr 2018 vorgezeichnet.



Das Geschäftsjahr 2017 hat den im Vorjahr erreichten Turnaround bestätigt. Alle Kennzahlen des abgelaufenen Geschäftsjahres 2017 haben sich positiv entwickelt. Beide Divisionen konnten im Umsatz zweistellig zulegen, womit der Gruppenumsatz um 14.4 % auf CHF 216.7 Mio. (2016: CHF 189.5 Mio.) angestiegen ist. Besonders erfreulich ist die anhaltende Dynamik im Auftragseingang mit einem Anstieg um 5.4 % gegenüber dem Vorjahr auf CHF 235.5 Mio. (2016: CHF 223.5 Mio.). Das Verhältnis des Auftragseingangs zum Umsatz der Gruppe lag damit bei 1.09, was auf eine Fortsetzung des Wachstums im Jahr 2018 hindeutet.

Neben dem Fokus auf Wachstum stand die strukturelle Verbesserung der Profitabilität im Vordergrund der Bemühungen. Durch Produktivitätsfortschritte und Prozessverbesserungen in Verbindung mit einer Verbesserung der Werksauslastung konnten alle operativen Einheiten einen positiven Ergebnisbeitrag auf Stufe EBIT erzielen. Der Abbau einer Hierarchieebene im Konzern 2016 und die Hinwendung zu wertschöpfenden Funktionen insbesondere im Verkauf und Marketing haben nicht nur die Entscheidungswege verkürzt, sondern auch einen Beitrag zur Senkung der Overheadkosten geliefert. Der EBIT konnte damit im Berichtsjahr um 259 % auf CHF 10.5 Mio. (2016: CHF 2.9 Mio.) zulegen, was einer Margensteigerung um 3.3 Prozentpunkte auf 4.8 % (2016: 1.5 %) entspricht.

Es wurde ein Nettoergebnis von CHF 6.7 Mio. oder 3.1 % vom Umsatz verbucht (2016: CHF 0.3 Mio., 0.1 %). Mit diesem Ergebnis in Verbindung mit einem positiven freien Cashflow von CHF 2.7 Mio. (2016: CHF -1.4 Mio.) hat Cicor die Dividendenfähigkeit wiederhergestellt.

«Die AMS Division hat den Turn-around eindrücklich bestätigt.»

MÄRKTE UND REGIONEN

Cicor ist auf Märkte fokussiert, in denen der hohe Technologie- und Qualitätsanspruch der Gruppe besonders nachgefragt wird. In den strategischen Zielmärkten der Industrieelektronik, Medizintechnik sowie Avionik und Verteidigung konnte ein überproportionales Umsatzwachstum von 20 % erzielt werden, womit der Anteil dieser Märkte am Gesamtumsatz um 3.5 Prozentpunkte auf 74.3 % (2016: 70.8 %) stieg.

Die regionale Umsatzverteilung nach Standort der Kunden spiegelt zwei wesentliche Entwicklungen wider: Einerseits arbeitet Cicor an einer verbesserten Markterschliessung in Nordamerika, hier konnte der Umsatzanteil im Berichtsjahr um 2.4 Prozentpunkte auf 9.1 % erhöht werden (2016: 6.7 %). Andererseits organisieren grosse Kunden ihre Lieferketten neu und kaufen häufiger lokal anstatt zentral ein. Cicor ist mit dem Produktionsnetzwerk in Europa und Asien bestens aufgestellt, an diesem Trend zu partizipieren. In der Folge stieg der Umsatzanteil der Region Asien um 8.8 Prozentpunkte auf 22.1 % (2016: 13.3 %), wohingegen der Umsatzanteil in der Schweiz in ähnlicher Grössenordnung zurückging.

Die Änderung der regionalen Umsatzverteilung nach Produktionsstandort ist deutlich weniger ausgeprägt. Es entspricht der Strategie von Cicor, stark am Heimatstandort Schweiz vertreten zu sein und das Wachstum überwiegend an Standorten mit niedrigeren Faktorkosten zu realisieren. So ist der Produktionsumsatz in der Schweiz um 8.9 % angestiegen, der Anteil am Gruppenumsatz ging jedoch 2017 um 1.8 Prozentpunkte auf 35.4 % (2016: 37.2 %) zurück.

KRAFTVOLLER TURNAROUND DER AMS DIVISION

Der sich bereits im ersten Semester abzeichnende Turnaround der AMS Division, die zu den führenden internationalen Anbietern von Elektroniksubstraten höchster Anforderungen und Mikroelektroniklösungen zählt, wurde bestätigt. Jede Produktlinie verzeichnete ein signifikantes Umsatzwachstum, und jeder Standort erzielte deutlich positive operative Ergebnisse auf Stufe EBIT.

Aufgrund hoher Anstrengungen im Vertrieb, wozu neben dem Ausbau des internationalen Vertriebsnetzes auch die Verstärkung der eigenen Verkaufsorganisation gehörte, konnte der Umsatz gegenüber dem Vorjahr um 23.6 % auf CHF 53.0 Mio. gesteigert werden (2016: CHF 42.8 Mio.). Damit stieg erstmals seit Jahren auch wieder der Umsatzanteil der Division am Gruppenumsatz und zwar von 22.6 % auf nunmehr 24.4 %.

Die Massnahmen zum Kostenmanagement lieferten erfreuliche Ergebnisse: Das Umsatzwachstum wurde mit kaum verändertem Personalbestand realisiert, der Materialkostenanteil am Umsatz konnte aufgrund verbesserter Produktionsausbeuten leicht gesenkt werden, und die Overheadkosten sanken aufgrund einer schlankeren Organisation absolut und im Verhältnis zum Umsatz. Im Ergebnis führte dies zu einer EBIT-Margensteigerung um 13.5 Prozentpunkte auf 7.9 % (2016: –5.6 %) und einem Anstieg des EBIT um CHF 6.6 Mio. auf CHF 4.2 Mio. nach einem Vorjahresverlust von CHF –2.4 Mio.

Neben den operativen Verbesserungen stand auch 2017 die Technologieentwicklung im Vordergrund der Anstrengungen. So wurden an den Standorten für die Fertigung von Dünnschichtsubstraten in Wangs (Schweiz) und Ulm (Deutschland) weitere Anlageninvestitionen getätigt, um die Prozessfähigkeiten auszuweiten. Die Mikroelektronikfertigung in Radeberg (Deutschland) hat Investitionen zur Produktivitätssteigerung und Kapazitätserweiterung vorgenommen. Im Bereich der Leiterplattenfertigung in Boudry (Schweiz) konnten Projekte der neuen DenciTec® Technologie weitergeführt werden, was weitere Miniaturisierungsschritte in der Elektronik ermöglicht. Hier zeichnet sich ein stetig gesteigertes Marktinteresse ab. Dieses dient Cicor vorerst als Türöffner bei namhaften Technologieunternehmen und soll mittelfristig auch zu Umsatzbeiträgen mit attraktiven Margen führen.

ELECTRONIC SOLUTIONS MIT WEITEREM WACHSTUM

Mit einem erneuten Umsatzrekord konnte die ES Division ihren langjährigen Wachstumstrend – der nur durch die Frankenaufwertung 2015 kurzzeitig unterbrochen worden war – auch im Berichtsjahr 2017 fortsetzen. Das Leistungsangebot von Cicor über den gesamten Produktlebenszyklus elektronischer Baugruppen und Geräte hinweg, verbunden mit der internationalen Aufstellung, sowie die Ausrichtung auf führende Kunden in der Industrie- und Medizintechnik haben weitere Neukunden überzeugt. Daneben hat sich auch die Nachfrage der Bestandskunden erfreulich entwickelt.

Der Divisionsumsatz stieg 2017 gegenüber dem Vorjahr in einem positiven Marktumfeld um 11.7 % auf CHF 163.9 Mio. (2016: CHF 146.7 Mio.). Die allgemein hohe Auslastung der Produktionswerke von Electronic Solutions sowie die Verknappung bestimmter elektronischer Komponenten im Weltmarkt haben ein noch stärkeres Wachstum verhindert und zu Kostendruck geführt. Der daraus resultierende, leicht gestiegene Materialkostenanteil sowie überdurchschnittliche Lohnsteigerungen konnten durch eine Verbesserung der Mitarbeiterproduktivität um rund 11 % sowie durch deutlich sinkende Overheadkosten überkompensiert werden. Dies führte 2017 zu einer gegenüber dem Vorjahr um 0.4 Prozentpunkte angehobenen operativen Marge von 5.5 % (2016: 5.1 %), und gemeinsam mit dem Umsatzwachstum konnte der EBIT um 20.6 % auf CHF 9.0 Mio. (2016: CHF 7.5 Mio.) gesteigert werden.

Um weiteres Wachstum zu ermöglichen, werden Massnahmen zur operativen Exzellenz umgesetzt, wodurch zusätzliche Flächen und Anlagenkapazitäten ohne nennenswerte Kapitalinvestitionen verfügbar werden. Zusätzlich wurde im Sommer 2017 mit dem Bau eines neuen Produktionsgebäudes in Arad (Rumänien) begonnen, wo ein hoher einstelliger Millionenbetrag (in Euro) investiert wird. Dadurch werden, nach Fertigstellung in der zweiten Jahreshälfte 2018, die Produktionskapazitäten annähernd verdoppelt, die Prozessflüsse verbessert und die Kosten optimiert. Um die Nachfrage von Neukunden aus der Medizintechnik befriedigen zu können, wurden an den Standorten Batam (Indonesien) sowie Bronschhofen (Schweiz) zwei neue Reinräume errichtet, in denen 2018 die Produktion starten wird.

Um den Herausforderungen eines zunehmend engen Marktes elektronischer Komponenten erfolgreich begegnen zu können, wurde der strategische Materialeinkauf durch organisatorische Massnahmen gestärkt. Um die Qualitätsführerschaft

auszubauen, wurde die Zertifizierung des Standorts Bronschhofen (Schweiz) für pharmazeutische Primärpackmittel gemäss ISO 15378 erfolgreich umgesetzt sowie die Erfüllung der Anforderungen für die Entwicklung und Produktion von Zubehörteilen für mobile Geräte eines führenden Herstellers bestätigt.

FORTSCHRITTE IN DER TRANSFORMATION VON CICOR

Die Neuausrichtung von Cicor hin zu einem agilen Anbieter hochwertiger Elektronik mit hoher Kundenorientierung und guter operativer Exzellenz, hat im Berichtsjahr weitere Fortschritte verzeichnet.

Die Umsetzung einer flachen Organisation 2016, verbunden mit einem Fokus auf wertschöpfende Tätigkeiten, hat einen wesentlichen Beitrag zur Wachstumsbeschleunigung sowie auch zur Reduktion des Personalkostenanteils am Umsatz um 1.1 Prozentpunkte auf 28.5 % (2016: 29.6 %) geleistet.

Durch die Stärkung der internationalen Verkaufsorganisation der AMS Division wurden Marktpotenziale erschlossen und die Kundennähe weiter verbessert. Dies erfolgte sowohl durch die Einstellung von qualifiziertem Personal in den USA und Singapur, als auch durch den Ausbau des Netzwerks unabhängiger Gebietsvertreter. Dies trug wesentlich zum Wachstum des Gruppenumsatzes in Nordamerika um 56 % auf CHF 19.7 Mio. (2016: CHF 12.7 Mio.) bei.

Den Massnahmen zur Erhöhung der operativen Exzellenz kommt eine besondere Bedeutung zu, weil hierdurch die Mitarbeiterproduktivität erhöht und die Anlagenausnutzung optimiert werden kann. Im Ergebnis konnte der Umsatz je Mitarbeiter im Berichtsjahr um 13 % gesteigert werden. Trotz dem hohen Umsatzwachstum blieben die Investitionen mit CHF 8.4 Mio. leicht unterhalb der Abschreibungen von CHF 8.5 Mio. Mittelfristig wird eine konsequente Ausrichtung der Unternehmensabläufe nach dem Lean-Gedanken angestrebt.

«Der erneut gestiegene Auftragseingang deutet auf ein weiteres Wachstum der Cicor Gruppe hin.»

SOLIDE BILANZ

Das Nettoumlaufvermögen stieg per Ende 2017 auf CHF 57.8 Mio. an (2016: CHF 48.9 Mio.). Die Ergebnisse aus einem laufenden Net-Working-Capital-Projekt mit dem Ziel, durch einen effizienteren Materialfluss eine deutliche Reduzierung der Warenbestände zu erreichen, werden im Berichtsjahr 2018 erwartet.

Dazu wurden 2017 nicht nur die betrieblichen Abläufe im Einkauf analysiert, sondern auch andere Bereiche wie der Vertrieb, das Auftragsmanagement und die Arbeitsvorbereitung in die Analyse eingebunden. Die Eigenkapitalquote von 40.7 % (2016: 38.5 %) ist solide. Die Nettoschulden konnten von CHF 21.5 Mio. per 31. Dezember 2016 auf CHF 19.6 Mio. per 31. Dezember 2017 reduziert werden. Ausserdem konnte 2017, trotz des Anstiegs im Nettoumlaufvermögen, ein positiver Free Cashflow von CHF 2.7 Mio. erzielt werden. Im Juni 2017 unterzeichnete Cicor zudem eine neue Konsortialdarlehensfinanzierung mit einem Finanzierungsrahmen in der Höhe von CHF 75 Mio. Der Kreditvertrag hat eine Laufzeit von vier Jahren, mit zwei Verlängerungsoptionen um jeweils ein zusätzliches Jahr und beinhaltet zudem vorteilhaftere Konditionen für Cicor.

GEWINNAUSSCHÜTTUNG

Auf Basis der sehr gesunden Bilanz und der erzielten Ergebnisse im Geschäftsjahr 2017 soll die Gewinnausschüttung wieder aufgenommen werden, um die Cicor Aktionäre über steuerbefreite Ausschüttungen aus Kapitaleinlagereserven am Erfolg teilhaben zu lassen. Der Verwaltungsrat wird der Generalversammlung vom 19. April 2018 daher eine Ausschüttung aus der Kapitaleinlagereserve von CHF 0.70 je Aktie vorschlagen.

AUSBLICK AUF DAS GESCHÄFTSJAHR 2018

Die Auftragsdynamik der Vorperioden hat im zweiten Semester 2017 angehalten: Mit neuen Aufträgen von CHF 115.9 Mio. wurde der sehr gute Vergleichswert von 2016 um 1.3 % übertroffen. Es resultierte in der Sechsmonatsperiode, wie auch im Gesamtjahr ein Verhältnis neuer Aufträge zum Umsatz von 1.09. Damit sind die Weichen für weiteres Umsatzwachstum im Jahr 2018 gestellt. Dies wird auch durch eine dynamische Geschäftsentwicklung in den ersten Wochen des neuen Jahres unterstrichen. Mittelfristig wird weiteres Wachstum durch das neue Produktionswerk in Arad (Rumänien), welches im zweiten Semester 2018 bezogen wird, ermöglicht. Vor diesem Hintergrund erwartet Cicor, unter der Voraussetzung einer unveränderten Entwicklung der Konjunktur und der Wechselkurse, ein Umsatzwachstum im mittleren einstelligen Prozentbereich.

Die Cicor Gruppe fokussiert sich auf Neugeschäfte mit attraktiven Margen, bei denen die Synergien zwischen den Divisionen AMS und ES sowie die internationale Aufstellung der Gruppe zur Verbesserung der Profitabilität führen sollten. Gleichzeitig werden die Bemühungen zur Verbesserung der operativen Exzellenz unvermindert fortgesetzt. Belastend wird sich die inflationäre Kostenentwicklung bei Vormaterialien und Löhnen sowie die Aufwände für den Umzug des Werks in Arad auswirken. Insgesamt rechnet Cicor mit einem weiteren massvollen Anstieg der operativen Marge (EBIT) um ca. 0.5 Prozentpunkte gegenüber 2017.

Im Namen des Verwaltungsrats und der Geschäftsleitung der Cicor Gruppe danken wir allen, die ihren wertvollen Beitrag zu den Resultaten des Geschäftsjahres 2017 geleistet haben: unseren Mitarbeitenden für ihren grossen Einsatz, unseren Kunden für ihre Loyalität und unseren Aktionären und Geschäftspartnern für ihr Vertrauen.



Heinrich J. Essing
Präsident des Verwaltungsrats



Alexander Hagemann
CEO

ÜBERSICHT CICOR AKTIE

ANZAHL AKTIEN

Anzahl Aktien per 31. Dezember	2013	2014	2015	2016	2017
Gesellschaftskapital	28 805 080	28 920 920	29 020 920	29 020 920	29 020 920
Anzahl der ausgegebenen Namenaktien	2 880 508	2 892 092	2 902 092	2 902 092	2 902 092
Nennwert pro Namenaktie (in CHF)	10.00	10.00	10.00	10.00	10.00
Davon eigene Aktien	1 500	1 500	1 500	1 500	–
Anzahl ausstehender Namenaktien	2 879 008	2 890 592	2 900 592	2 900 592	2 902 092

KENNZAHLEN JE AKTIE

Kennzahlen per 31. Dezember	2013	2014	2015	2016	2017
Gewinn/(Verlust) pro Aktie (in CHF)	1.58	2.39	–1.37	0.09	2.29
Eigenkapital pro Aktie (in CHF)	43.65	23.35	20.61	20.75	23.67
Bruttodividende (in CHF) *	862 477	866 278	1 040 613	–	–

* Ausschüttung aus Kapitaleinlagereserven

BÖRSENKURSE

Börsenkurse in CHF pro Aktie	2013	2014	2015	2016	2017
Höchst	37.00	38.90	38.00	30.50	60.50
Tiefst	25.55	31.60	22.65	18.40	27.60
Jahresendkurs	34.50	35.55	25.20	27.90	60.50
Durchschnittlich gehandelte Aktien pro Tag	3 826	3 344	2 402	1 383	4 675
Börsenkapitalisierung am Jahresende (in CHF 1 000)	99 326	102 761	73 095	80 927	175 577

Die Namenaktien der Cicor Technologies Ltd. werden an der SIX Swiss Exchange in Zürich im Nebensegment gehandelt.
Valorensymbol: CICN/Valor: 870 219/ISIN-Code CH0008702190/Bloomberg: CICN SW/Reuters: CICN.S.

ENTWICKLUNG DES AKTIENKURSES



TERMINE UND KONTAKT

BEDEUTENDE AKTIONÄRE

Folgende der Cicor Technologies Ltd. gemäss Aktienbuch und aufgrund der publizierten Offenlegungen von Beteiligungen im «Schweizerischen Handelsamtsblatt» bekannte Aktionäre halten per 31. Dezember 2017 mehr als 3 % des Aktienkapitals:

HEB Swiss Investment AG	29.35 %
Quaero Capital (vormals ARGOS Funds)	5.60 %
Escatec Holdings Ltd.	4.86 %
LB (Swiss) Investments AG	3.96 %
Free float (gemäss SIX Swiss Exchange)	56.23 %

ÜBERSICHT AKTIONARIAT GEMÄSS AKTIENREGISTER PER 31. DEZEMBER 2017

Eingetragene Aktien	2 330 781
Eingetragene Aktionäre	866
Aktionäre mit 1–1000 Aktien	756
Aktionäre mit 1001–10000 Aktien	86
Aktionäre mit 10001 und mehr Aktien	24

DIVIDENDENPOLITIK

Cicor verfolgt eine Dividendenpolitik, welche die Aktionäre am Erfolg des Unternehmens teilhaben lässt und gleichzeitig die Eigenkapitalbasis für weiteres Wachstum stärkt. Der Verwaltungsrat schlägt Dividendenzahlungen vor, die im Einklang mit der langfristigen und nachhaltigen Geschäftsentwicklung unter Berücksichtigung von zu tätigen Investitionen in das Wachstum und die Weiterentwicklung der Gruppe stehen.

AGENDA

Finanzkalender

Generalversammlung: 19. April 2018
Halbjahresbericht 2018: 16. August 2018
Geschäftsbericht 2018: März 2019

KOMMUNIKATION

Im Interesse ihrer Aktionäre und der Öffentlichkeit verfolgt Cicor Technologies Ltd. eine offene, transparente Informationspolitik.

Das Unternehmen setzt sich im Rahmen sowohl der periodischen als auch der laufenden (Ad-hoc-)Berichterstattung für eine zeitliche und inhaltliche Gleichbehandlung seiner Aktionäre und der an den Geschäften der Gesellschaft interessierten Öffentlichkeit ein.

Die Gruppe informiert ihre Aktionäre, Medien, Finanzanalysten und weitere Interessenten über folgende Publikationen und Kommunikationsinstrumente: Geschäftsbericht, Halbjahresbericht, Investoren- und Medienpräsentationen sowie Medienmitteilungen. Kursrelevante Ereignisse werden laufend publiziert (Ad-hoc-Publizität). Zusätzliche Informationen über die Cicor Technologies Ltd. und ihre Tochtergesellschaften können auf der Website der Gruppe (www.cicor.com) eingesehen werden.

Unter investor@cicor.com oder media@cicor.com ist eine Kontaktaufnahme jederzeit möglich. Zusätzlich können sich Interessierte via Website in eine Mailingliste eintragen, um alle neuen Mitteilungen direkt zu erhalten.

Kontaktadresse

Cicor Technologies Ltd.
c/o Cicor Management AG
Gebenloostrasse 15
9552 Bronschhofen, Schweiz
Telefon +41 71 913 73 00
www.cicor.com
investor@cicor.com

PARTNER DER HÖRGERÄTE-INDUSTRIE

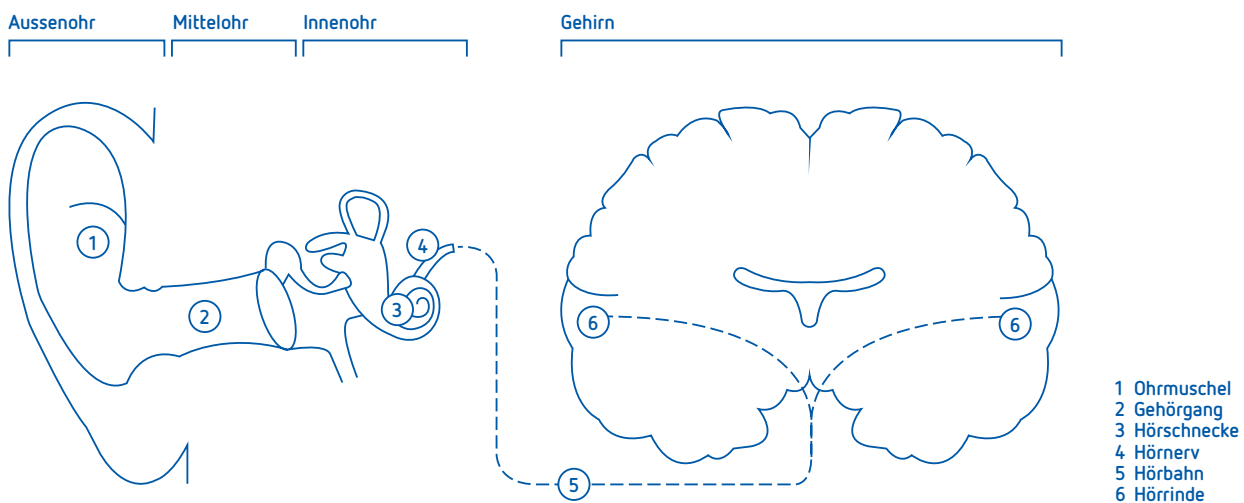
Unter Schwerhörigkeit (Hypakusis/Hypoakusis) versteht man eine Minderung des Hörvermögens. Die Ausprägung der Störung kann von leichter Schwerhörigkeit bis zur Gehörlosigkeit reichen. Eine Schwerhörigkeit kann ihre Ursache im gesamten Bereich der Hörorgane haben. Dazu zählen das Aussenohr mit der Ohrmuschel und dem Gehörgang, das Mittelohr, die Hörschnecke, aber auch der Hörnerv und die Hörbahn bis zur Hörrinde, die sich im Gehirn des Menschen befindet. Naturgemäss steigt der Anteil Schwerhöriger mit zunehmendem Alter. Als weitere Ursachen für eine Hörschädigung sind aber auch starke oder langzeitliche Schalleinwirkungen, Infektionskrankheiten, Verletzungen oder Vererbung bekannt.

Pro Jahr werden weltweit rund 15 Millionen Hörgeräte produziert und verkauft. Der Gesamtmarkt wächst jährlich um rund 4–5 % und ist aufgrund seiner hohen Anforderungen an die Qualität und das technologische Know-how äusserst interessant für die Cicor Gruppe. Der stetige Fortschritt und der verschärfte Preiswettbewerb, der auch bei diesen miniaturisierten und hochpreisigen Medizinprodukten angekommen ist,

veranlasst die Hersteller, ihre Lieferketten zu optimieren. So werden die Produktion von Elektronik- und Kunststoffbestandteilen, aber auch einzelne Montagetätigkeiten vermehrt zu zuverlässigen und wettbewerbsfähigen Partnern ausgelagert.

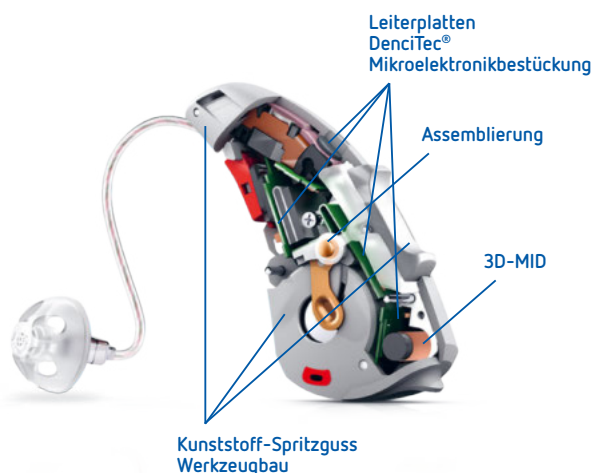
Komponenten für Hörgeräte tragen aktuell annähernd 10 % zum Jahresumsatz der Cicor Gruppe bei. Cicor ist entlang der gesamten Lieferkette vertreten und hat aufgrund der vorhandenen Erfahrungen gute Chancen, um in Zukunft zusätzliche Produktionsschritte von neuen wie auch bestehenden Kunden übernehmen zu können. Der Markt für Zulieferer der Hörgeräteindustrie ist beachtlich gross.

Mit dem umfassenden Leistungsangebot von Cicor ist ein Weltmarkt von rund CHF 500 Mio. adressierbar. Dazu gehören Leiterplatten, Kunststoffteile und Werkzeuge, aber auch Fertigungsdienstleistungen, welche von externen Dienstleistern ausserhalb der Hörgeräteindustrie eingekauft werden. Darüber hinaus gibt es weltweit einen Trend hin zu Hörgeräten mit drahtlos aufladbaren Akkus. Der Marktanteil dieser Geräte ist derzeit noch gering und wird mit der Einführung von drahtlosen Ladegeräten der neusten Generation signifikant steigen. Die Cicor Gruppe hat bereits erste Erfahrungen als Partner von namhaften Herstellern von drahtlosen Ladesystemen gesammelt und ist für diesen Schritt der Hörgeräteindustrie gut gerüstet.



Heute setzen namhafte Hörgerätehersteller aus der ganzen Welt auf unterschiedliche Cicor Dienstleistungen:

- Der Cicor Standort Boudry (Schweiz) liefert sowohl flexible, als auch starr-flexible Leiterplatten an global tätige Hörgerätehersteller. Die besondere Stärke von Cicor liegt in der Miniaturisierung und in der Herstellung von sehr dünnen Substraten. In diesem Bereich gehört Cicor zu den Weltmarktführern.
- Die Cicor Standorte Singapur und Batam (Indonesien) produzieren hochpräzise und dünnwandige Kunststoffteile, welche den hohen Qualitätsanforderungen der weltweiten Abnehmer aus der Hörgeräteindustrie gerecht werden.
- Die Herstellung von Kunststoffteilen für die Hörgeräteindustrie erfordert Kunststoff-Spritzguss-Werkzeuge von höchster Qualität. Der Cicor Standort Singapur konstruiert und produziert hochpräzise Werkzeuge, welche anschliessend an den Fertigungsstandorten Singapur, Indonesien und China oder direkt beim Kunden verwendet werden.
- Die in Hörgeräten eingesetzten elektronischen Komponenten werden immer kleiner. Der Cicor Standort Radeberg (Deutschland) ist spezialisiert auf die Mikroelektronikbestückung, welche auch unter Reinraumbedingungen angeboten wird und ist damit ein anerkannter Bestückungspartner für die Hörgeräteindustrie.



Zusätzlich zu den Dienstleistungen, die Cicor aktuell für Hörgerätehersteller erbringt, sieht das Unternehmen weitere Entwicklungsmöglichkeiten in den nachfolgenden Bereichen:

- Mit DenciTec® hat Cicor eine Leiterplattentechnologie mit aktuell noch einzigartig kleinen Leiterabständen auf den Markt gebracht. DenciTec® ermöglicht, Leiterplatten mit hohem Funktionsumfang auf kleinstem Raum herzustellen. Dieses Angebot passt optimal zum Miniaturisierungstrend in der Hörgeräteindustrie.
- Mit der bewährten 3D-MID Technologie ist Cicor in der Lage, Antennen von Hörgeräten direkt in das Kunststoffgehäuse zu integrieren.
- Cicor prüft ständig neue Technologien auf ihre Einsatzmöglichkeiten in der Serienfertigung.
- Dank den Kompetenzen im Kunststoff-Spritzguss unter Reinraumbedingungen und in der Assemblierung von Produkten für global tätige Medizintechnikunternehmen ist der Cicor Standort Batam (Indonesien) auch für die Zusammenarbeit mit Hörgeräteherstellern sehr gut vorbereitet.

Hörgeräte werden in Zukunft mehr als nur akustische Instrumente sein und sich zu einem generellen Gesundheitsmonitor weiterentwickeln. Die Cicor Gruppe ist immer auf der Suche nach neuen Technologien und Dienstleistungen, um die Kunden aus der Hörgeräteindustrie bei ihrer Produktentwicklung und Herstellung zu unterstützen.

CORPORATE GOVERNANCE

16	Group structure and shareholders
16	Capital structure
18	Board of Directors
21	Group Management
22	Compensation, shareholdings and loans
22	Shareholders' rights
22	Changes of control and measures
23	Auditors
23	Information policy

1. GROUP STRUCTURE AND SHAREHOLDERS

Cicor Technologies Ltd. is committed to meeting the high standards of Corporate Governance that seek to balance entrepreneurship, control and transparency whilst ensuring efficient decision-making processes.

This report explains how the management and control of the Company are organized and provides background information on the Group's executive officers and bodies, effective 31 December 2017. The report complies with the SIX Swiss Exchange Directive on Information relating to Corporate Governance. In addition, the report considers Cicor Technologies Ltd.'s Articles of Incorporation as well as the Company's organization regulation.

In the following Corporate Governance Report, the terms "Cicor" and "Company" shall be used alternatively to "Cicor Technologies Ltd." and the term "Group" for the company and its subsidiaries.

1.1 GROUP STRUCTURE

Cicor Technologies Ltd. is registered in Boudry, Switzerland, and is operationally organized into the AMS and ES Divisions. Cicor Technologies Ltd. is the parent company and is listed on the SIX Swiss Exchange.

Market capitalization as of 31 December 2017	CHF 175.6 Mio.
Security symbol	CICN
Security number	870 219
ISIN	CH008702190

An overview on the Group's affiliated companies is shown on page 44.

1.2 PRINCIPAL SHAREHOLDERS

The following shareholdings correspond to the ones reported according to the regulations of the Swiss Stock Exchange (SIX Swiss Exchange) and updated as in the shares register per year-end:

	31.12.2017		31.12.2016	
	Shares	Total in %*	Shares	Total in %*
HEB Swiss Investment AG, Zurich, Switzerland	851 705	29.35	851 705	29.36
Quaero Capital (former ARGOS Funds), Luxembourg	162 435	5.60	259 928	8.96
Escatec Holdings Ltd. Port Vila, Vanuatu	141 061	4.86	141 061	4.86
LB (Swiss) Investment AG	114 936	3.96	n/a	n/a
Gideon-Wyler, Erika, Zurich, Switzerland ¹⁾	–	–	106 000	3.65

* in % of the total outstanding shares of the company

¹⁾ As of 13 January 2017, Erika Gideon-Wyler's shareholdings are below 3%.

Cicor Technologies Ltd. has received no notice of any shareholders' agreement regarding its shares.

As of 31 December 2017, a total of 866 (previous year 852) shareholders with voting rights were registered in the share register of Cicor Technologies Ltd.

1.3 CROSS-SHAREHOLDINGS

Cicor Technologies Ltd. has no cross-shareholdings with any other company exceeding a reciprocal 3% of capital or voting rights.

2. CAPITAL STRUCTURE

2.1 ORDINARY CAPITAL

As of 31 December 2017, the ordinary share capital of Cicor Technologies Ltd. is CHF 29 020 920 divided into 2 902 092 fully paid-in registered shares with a par value of CHF 10 each.

As of 31 December 2017, the Company held none (previous year 1 500) of its own shares as treasury shares. For a detailed description, please refer to section 18 of the notes to the consolidated financial statements.

2.2 AUTHORIZED AND CONDITIONAL CAPITAL

Authorized capital

At the Shareholders' Meeting on 19 April 2016, 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 2018.

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 under an employee stock option plan established by the Board of Directors.

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.

2.3 CHANGES IN CAPITAL

During 2017 and 2016, the Company's share capital did not change.

	31.12.2017	31.12.2016	31.12.2015
Ordinary capital			
Registered shares	2 902 092	2 902 092	2 902 092
Ordinary share capital (in CHF)	29 020 920	29 020 920	29 020 920
Authorized share capital			
Authorized shares	600 000	600 000	600 000
Authorized share capital (in CHF)	6 000 000	6 000 000	6 000 000
Conditional share capital			
Conditional shares	620 670	620 670	620 670
Conditional share capital (in CHF)	6 206 700	6 206 700	6 206 700

2.4 SHARES AND PARTICIPATION CERTIFICATES

With the exception of the shares held by the Company itself, each ordinary share is entitled to the same share in the Company's assets and profits and bears one voting right at the Annual Shareholders' Meeting, provided the shareholder is registered with voting rights in the Company's share register.

Provided that a shareholder does not request the printing and delivery of share certificates for their investment, the shares of the Company are held in collective deposit at Computershare Schweiz AG rather than issued as physical certificates. At the request of some shareholders, the Company has issued a number of physical certificates.

As of 31 December 2017, the Company has not issued any participation certificates.

2.5 PROFIT-SHARING CERTIFICATES

As of 31 December 2017, the Company has not issued any profit-sharing certificates.

2.6 LIMITATIONS ON TRANSFERABILITY AND NOMINEE REGISTRATIONS

All shares of Cicor Technologies Ltd. are registered shares and freely transferable without any limitation. Entry in the Company's share register with voting rights requires evidence that the shares have been transferred for ownership or beneficial interest. There are no registration provisions for nominees. The share register is kept by the Computershare Schweiz AG.

2.7 CONVERTIBLE BONDS AND WARRANTS/OPTIONS

The Company has not issued any convertible bonds or similar equity-linked debt instruments as of 31 December 2017.

There are currently no stock option plans for members of the management in place.

3. BOARD OF DIRECTORS

3.1 MEMBERS OF THE BOARD OF DIRECTORS

On 31 December 2017, the Board of Directors (Board) of the Company consisted of the following persons:

Name/Position/ Nationality	First election	Current term ends	Other significant board memberships
Heinrich J. Essing Chairman Non-executive, German	2009	2018	Managing Director of HEB Swiss Investment AG, Zürich, Member of the Advisory Board of HSBC Trinkaus & Burkhardt AG, Dusseldorf
Robert Demuth Non-executive, Swiss	2007	2018	None
Andreas Dill Non-executive, Swiss	2009	2018	Member of the Board of Tec-Sem Group
Erich Haefeli Non-executive, Swiss	2015	2018	Owner and President of Mariposa Immobilien AG Owner and CEO of EC Executive Consulting AG

3.2 OTHER ACTIVITIES AND VESTED INTERESTS

Information about other activities of the Board members in addition to their functions for Cior Technologies Ltd. is listed in the table above. Unless otherwise described in the curriculum vitae, the non-executive members of the Board do not have any material business connections with the Group.

3.3 ELECTIONS AND TERMS OF OFFICE

According to the Company's Articles of Incorporation, the Board consists of one or more members. The members of the Board as well as the Chairman of the Board are elected by the Annual Shareholders' Meeting for a term of office of one year. There are no limits as to how many times a member can be re-elected, or any upper age limit for election.

According to the Company's Articles of Incorporation, at least one member must be domiciled in Switzerland.

3.4 INTERNAL ORGANIZATIONAL STRUCTURE

The Board constitutes itself at its first meeting after the Annual Shareholders' Meeting except for the appointment of the Chairman of the Board and the members of the Remuneration Committee. It appoints if necessary its Vice Chairman, the Presidium and the Audit Committee as well as a Secretary, who does not need to be a member of the Board. The Board meets as often as the Company's affairs require or upon the written request of one of its members. The Board approves resolutions and holds elections with the majority of its votes.

The Board is the highest executive instance within the Group Management structure and takes responsibility of the overall governance of the Company and the Group. It oversees the management of their affairs. The basic principles regarding the definition of the areas of responsibility between the Board and the Group Management are described in section 3.5.

The Chairman of the Board of Directors

The Chairman heads the meetings of the Board, the Presidium and the Shareholders' Meeting. He supervises the implementation of the resolutions passed by the Board and coordinates the work of the committees ensuring that the Board as a whole operates as an integrated, cohesive body. The Chairman of the Board of Directors is Heinrich J. Essing.

The Presidium

The Presidium consists of the Chairman of the Board and up to two additional designated Board members. The following members have been appointed to the Presidium:

- Heinrich J. Essing, Chairman
- Robert Demuth, Vice Chairman

It is the first priority of the Presidium to supervise the duties and functions undertaken by the CEO and CFO as well as the other members of the Group Management and to act as an intermediary between the Board and the officers entrusted with the management of the Group. The Presidium takes decisions on financial and other matters delegated by the Board in accordance with the regulations regarding the Delegation of Management. In particular, the Presidium is responsible for:

- preparing resolutions of the Board and overseeing their implementation where this function is not carried out directly by the CEO or by a committee of the Board;
- planning for the replacement of outgoing members and evaluating candidates for positions on the Board;



Andreas Dill

Born 1954, graduated as an electrical engineer (MEng) from the ETH Zurich. He started his professional career in the semiconductor industry at Zevatech AG where he took on various responsibilities from R+D engineer to General Manager. From 1998 to 2015, Andreas Dill has worked in various management positions at the Oerlikon Corporation, last as CEO of the Advanced Technologies Segment and a member of the Oerlikon Executive Committee. Andreas Dill is the owner of the Consulting Company Andreas Dill Strategic Business Consulting. He is also a Board member of Tec-Sem Group.



Robert Demuth, Vice Chairman

Born 1947, holds a degree in mechanical engineering (dipl. Ing. HTL Maschinenbau) from the Hochschule für Technik & Architektur Luzern as well as an Executive MBA from the University of St. Gall. Robert Demuth started his career with Rieter before being appointed head of R&D of Bühler AG. Robert Demuth then served as CEO and delegate of Dyconex AG, a Swiss company active in the field of high-tech PCBs, MCMs and electronic interconnection technology. From 2005 to 2007, Robert Demuth held executive functions within the Group. Robert Demuth is owner of the Consulting Company Robert Demuth Industrial Investment Management.



Heinrich J. Essing, Chairman

Born 1949, has acted as private secretary and manager of various family offices for more than 20 years. He is currently CEO of HEC Group and of its subsidiaries in Germany and abroad like Sydney or Toronto. Heinrich J. Essing also acts as managing director of HEB Swiss Investment AG which is one of the Company's larger shareholders. Heinrich J. Essing is also a member of the Advisory Board of HSBC Trinkaus & Burkhardt AG, Düsseldorf.



Erich Haefeli

Born 1950, studied law at the University of Zurich. For many years, he headed the legal and patent department of OC Oerlikon Balzers AG and was also a member of the company's Executive Management. In addition, he served on the Board of Directors of many firms in the Oerlikon-Bührle Group, which is today the industrial group Oerlikon. Erich Haefeli is owner and President of Mariposa Immobilien AG and owner and CEO of EC Executive Consulting AG.

- proposing to the Board for approval the members of the committees of the Board, the members of the Presidium, the CEO, the CFO, the members of the Group Management;
- appointing members to the Boards of subsidiaries and appointing the Unit Managers proposed by the CEO;
- discharging other duties in the area of Corporate Governance, where such duties are not assigned to a committee or committee of the Board under the revised regulations;
- supervising and performing the ad hoc and regular information requirements, especially under the SIX Swiss Exchange regulations and guidelines;
- approving expenditures, investments or divestments of property, plant and equipment whose total value exceeds CHF 0.5 million. In case of investments and divestments whose total value exceeds CHF 2 million, the Presidium submits a report and a proposal to the full Board.

In addition, the Presidium assists the Board on matters relating to finance, investment and capital assets and in evaluating risks pertaining thereto. It prepares proposals on such issues for a vote by the Board. Specifically, the Presidium reviews:

- financial planning, budgets and budget execution;
- investments of liquid assets and financial investments, including investments of assets by the Company's postemployment benefit plans;
- long-term business plans and strategy as well as their communication in the Company's annual reports;
- reporting of non-operational results.

The Presidium also makes decisions and takes preliminary action on behalf of the full Board in urgent cases.

Audit Committee

The Audit Committee consists of three Board members elected by the Board of Directors. The following members have been appointed:

- Robert Demuth, Chairman
- Andreas Dill
- Erich Haefeli

The Audit Committee assists the Board in supervising the management of the Company, particularly with respect to financial and legal matters as well as in relation to compliance with internal business policies and codes of practice.

Remuneration Committee

In accordance with the Articles of Incorporation, Cicor has a Remuneration Committee that consists of three members of the Board of Directors, who are elected individually by the Annual Shareholders' Meeting. The following members have been elected:

- Andreas Dill, Chairman
- Heinrich J. Essing
- Robert Demuth

The roles and responsibilities of the Remuneration Committee are defined in detail by the Board of Directors. More information on their duties is provided in the Compensation Report.

Operating methods of the Board, the Presidium and the Committees

Between 1 January and 31 December 2017, the Board met for 11 ordinary Board meetings as well as two phone conferences. The CEO and/or the CFO of the Group attended all meetings. On a selective basis, external advisors also participated in some meetings on specific subjects. The meetings of the Board lasted on average six hours. For each Board meeting, the members were provided with adequate material in advance to prepare for the items on the agenda. At each ordinary meeting, the CEO or the CFO presented the results of Cicor Technologies Ltd. and its segments in detail. The members discussed the results comprehensively and, if required, instructed the CEO or the CFO to take necessary actions or to draw up plans for measures.

In 2017, the Presidium held one meeting.

The Audit Committee held three meetings in 2017. The CFO of the Group participated in each conference. In addition, these meetings were attended by the Head of External Audit. The meetings lasted on average one hour.

The Remuneration Committee held three meetings as well as one phone conference in 2017. The meetings lasted on average one hour.

3.5 DEFINITION OF AREAS OF RESPONSIBILITY

The duties and responsibilities of the Board, the Presidium and the Group Management are defined as follows:

The Board holds the ultimate decision-making authority and decides on all matters which have not been reserved for or conferred upon another governing body of the Company by law, the Articles of Incorporation or regulations regarding the Delegation of Management of the Company.

The Board has the following non-transferable and indefeasible duties in particular:

- overall governance of the Company and the Group, including formulating medium- and long-term strategies, planning priorities and laying down guidelines for corporate policy;
- approving the annual Group budgets and medium- to long-term Group business and investment plans;
- establishing the basic organizational structure;
- defining the guidelines for accounting, financial controlling and financial planning systems;
- taking decisions on transactions of substantial strategic significance;
- appointing and removing those responsible for managing the Company's affairs and acting as its agent, in particular the members of the Presidium, the CEO, the CFO and other members of the Group Management;
- appointing and removing the members of the committees of the Board (Remuneration Committee is elected by the Annual Shareholders' Meeting);
- overall supervision of the bodies and officers responsible for the management of the Company;
- drawing up the annual and interim reports, preparing the Annual Shareholders' Meeting;
- notifying the court in the event of over-indebtedness;
- proposing and implementing capital increases and amending the Articles of Incorporation;
- checking the professional qualifications of the external Group auditors.

The Board conferred management functions in the manner provided by the organizational regulation to the CEO or the Group Management. Thereby, it follows the Company's general principle according to which all executive bodies and officers delegate their duties and powers to the hierarchically lowest possible body or officer that possesses the knowledge and expertise necessary to make appropriate decisions. The transferable supervisory and representative functions of the Board are delegated to the Presidium. The Operational Group Management is responsible for the day-to-day operational business of the Group. Its main duties consist of:

- conducting day-to-day business of the Group in compliance with the applicable laws, Articles of Incorporation, regulations and instructions;

- implementing the Group strategy;
- preparing and executing the resolutions of the Board and ensuring their Group-wide implementation;
- reporting all matters to be dealt with by the Board, the Presidium and the committees;
- accounting and analyzing of the monthly results and semi-annual and annual accounts on Group and divisional levels as well as implementing the required internal control measures.

3.6 INFORMATION AND CONTROL INSTRUMENTS TOWARDS THE GROUP MANAGEMENT

The Board receives annotated key data of all segments within the framework of a Group-wide institutionalized reporting system. The format of the data is defined within a MIS (Management Information System).

Each month, the Management Information System summarizes in a simplified format the most important key figures; every quarter, it presents comprehensive financial statements in line with the requirements set for the year-end. These reports are available to the Group Management in full length and in a condensed format to the Board of Directors.

The Board analyzes such data in detail in its meetings. At each ordinary meeting of the Board and the Presidium, the CEO and the CFO inform on the operational day-to-day business and all important business events. The members of the Board, the Presidium and the Board committees are entitled to request information on all Company-related issues. See section 3.4 for additional information on the work methods of the Board, the Presidium and the committees.

In addition to the above described Management Information System, a Risk Management System was introduced in 2008. More detailed information is given on page 59.

4. GROUP MANAGEMENT

4.1 MEMBERS OF THE GROUP MANAGEMENT

The members of the Group Management are appointed by the Board upon proposal by the Presidium. The Group Management consists of the CEO and the CFO. As of 31 December 2017, the Group Management consisted of the following persons:

Name/Nationality	Position	Appointment
Alexander Hagemann German	CEO	September 2016
Patric Schoch Swiss	CFO	July 2012

Alexander Hagemann

Born 1962, Alexander Hagemann holds a degree in Mechanical Engineering from the RWTH Aachen University, Germany. Before he joined the Cicor Group as Chief Executive Officer in September 2016, he held the position as Chief Executive Officer of the Schaffner Group from 2007–2016. Prior to that, Alexander Hagemann held a number of management roles at Schott Group, including the position of Executive Vice President, Optics for Devices. In the beginning of his professional career he held various management positions in the area of production and logistics at BMW. Alexander Hagemann is Chairman of the Board of Directors of WICOR Holding AG. Moreover, he is a member of the Executive Board of the Swiss-Asian Chamber of Commerce, Zurich, Switzerland.

Patric Schoch

Born 1972, Patric Schoch is a senior international CFO, with a proven international career in finance as a controller or CFO for major business units and regions of international companies. Patric Schoch has many years of experience in working in the industry, including living and working for more than ten years in Southeast Asia, Taiwan and China. He joined Cicor Group as interim CFO end of July 2012 and became permanent CFO as of 1 April 2013. From December 2012 to May 2015 Patric Schoch was also acting CEO of the Group.

4.2 OTHER ACTIVITIES AND VESTED INTERESTS

No member of the Group Management held a position outside the Cicor Technologies Group which could be of significance to the Company.

4.3 MANAGEMENT CONTRACTS

Cicor Technologies Ltd. delegated no management duties to legal entities or natural persons outside the Company in 2017.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

This information is provided in the Compensation Report.

6. SHAREHOLDERS' RIGHTS

Each registered share of the Company entitles the owner/beneficiary of the share to one vote at the Shareholders' Meeting, provided that he is registered in the share register of the Company as a shareholder with voting rights.

6.1 VOTING RIGHTS AND REPRESENTATION RESTRICTIONS

There are no statutory restrictions on voting rights. All shareholders, provided that they are registered in the share register of the Company as shareholders with voting rights, have the same right to attend the Shareholders' Meeting or to be represented by a legal representative or, with written authorization, by another person or by the independent voting proxy.

6.2 STATUTORY QUORUM

The Shareholders' Meeting passes its resolutions with the absolute majority of the votes allocated to the shares represented. If a second ballot is required, the relative majority of the votes allocated to the shares represented is sufficient for the adoption of an agenda item. In the event of equality of votes, the Chairman has the casting vote. According to the Articles of Incorporation, a resolution of the Shareholders' Meeting passed by at least two thirds of the votes represented and the absolute majority of the par value of shares represented are required for:

- changing the purpose of the Company;
- introducing shares with privileged voting rights;
- limiting the transferability of registered shares;
- increasing authorized or conditional share capital;
- increasing share capital out of equity, against contributions in kind or for the purpose of acquisition of assets and granting special benefits;
- limiting or withdrawing preemptive rights;
- changing the domicile of the Company;
- dissolving the Company.

6.3 CONVOCAION OF THE SHAREHOLDERS' MEETING

Shareholders' Meetings are convened by the Board and, if required, by the Auditors at the latest 20 days before the date of the meeting. The Annual Shareholders' Meeting is held at the latest within six months of the close of the financial year. Shareholders registered in the share register with voting rights representing an aggregate of at least 10% of the share capital may request in writing, setting forth the items to be discussed and the proposals to be decided, that an extraordinary Shareholders' Meeting is convened.

The Company publishes the invitation to the Shareholders' Meeting in the "SOGC", as well as in other publications as decided by the Board of Directors. Simultaneously, the written invitation is sent to the shareholders or beneficiaries who are entered in the share register of the Company.

The invitation contains details of the day, time and place of the meeting as well as the agenda and the proposals of the Board and the shareholders who have requested the Shareholders' Meeting or an item to be included on the agenda.

6.4 AGENDA

Shareholders registered in the share register with voting rights, whose combined shareholdings represent an aggregate nominal value of at least CHF 1 million, may request that an item be included in the agenda of a Shareholders' Meeting. Such a request shall be made in writing at least 60 days before the meeting and shall specify the items and motions to be included in the agenda.

6.5 ENTRY INTO THE SHARE REGISTER

The Computershare Schweiz AG keeps the Company's share register which contains the names and addresses of shareholders and the number of shares they have registered. After dispatch of the invitation to the Shareholders' Meeting, no entries can be made in the share register until the day after the Shareholders' Meeting has taken place.

7. CHANGES OF CONTROL AND MEASURES

7.1 DUTY TO MAKE AN OFFER

The Company does not have an opt-in or opt-out clause in its Articles of Incorporation, meaning that the mandatory bid obligation of the Swiss Stock Exchange Act is triggered if a shareholder or a group of shareholders acting in concert acquire more than one third of the outstanding shares of the Company.

7.2 CLAUSES ON CHANGES OF CONTROL

As of 31 December 2017, there are no specific clauses included in agreements and schemes benefitting members of the Board or Group Management in the event of a change of control situation.

8. AUDITORS

8.1 DURATION OF THE MANDATE AND TERM OF OFFICE OF THE LEAD AUDITOR

The Annual Shareholders' Meeting elects the auditors for a term of one year. On 19 April 2017, the General Meeting mandated KPMG, Cicor Technologies Ltd.'s Group auditor since 2007, for an additional year. KPMG or a subsidiary of the KPMG Group audits the consolidated and statutory financial statements. The auditor in charge since 2014 of the current mandate is Roman Wenk.

8.2 AUDITING FEES

During the year under review, KPMG charged a total of TCHF 278 (previous year TCHF 271) for their services in connection with the auditing of consolidated and statutory financial statements.

8.3 ADDITIONAL FEES

KPMG AG additionally received fees of TCHF 126 (previous year: TCHF 6) for other services to the Company.

8.4 SUPERVISORY AND CONTROL INSTRUMENTS PERTAINING TO THE AUDIT

The Audit Committee supervises and controls on behalf of the Board of Directors the performance and independence of the external auditors. It determines the targets of the audit and assesses the work of the external auditors and their fees. In addition, it reviews the audit result and monitors the implementation of the findings by the Management.

In 2017, the Audit Committee and the external auditors met once to plan the auditing of the financial statements of the Group and its subsidiaries. In a second meeting, these statements, as well as the corresponding "Management Letter" formulated by external auditors, were reviewed and discussed in detail with the Audit Committee. In total, the Audit Committee had three meetings in the presence of the external auditors.

9. INFORMATION POLICY

For the benefit of its shareholders and the public interested in the business activities of the Company, Cicor Technologies Ltd. pursues an open and transparent information policy. In terms of periodical as well as ad hoc reporting, the Company aims to guarantee equal treatment with respect to time as well as to content. The Company has a clear policy to prevent insider dealings. The corresponding guidelines contain provisions regarding the handling of confidential information to which all persons concerned within and outside of the Company are subject, as well as clear instructions regarding time and form of the respective publication.

From internal availability to approval of the semi-annual or annual results by the Board, the Company and its management refrain from communicating to the investing public any qualitative and quantitative statements and information which might give an indication as to the expected sales or results. After the Board meeting, in which the semi-annual and annual reports are approved, the general public is informed in summary about the course of business by means of an ad hoc announcement.

Furthermore, the Company informs its shareholders, the media, financial analysts and other interested parties by using the following publications and channels:

- annual and interim reports in accordance with Swiss GAAP FER;
- presentation of annual results;
- Shareholders' Meeting;
- press releases as well as publications of share-price-sensitive facts (ad hoc publicity).

The 2018 General Shareholders' Meeting will be held on 19 April 2018. The Interim Report is planned to be published on 16 August 2018.

For additional information about Cicor Technologies Ltd. and its subsidiaries, please visit the Group's website (www.cicor.com). Inter alia, previous annual reports and press releases can be found on the website.

Responsible for investor relations are Alexander Hagemann, CEO, and Patric Schoch, CFO, phone +41 71 913 73 00, investor@cicor.com.

REMUNERATION REPORT

26	Introduction
26	Remuneration system
28	Approval process
30	Remuneration during the year under review
31	Remuneration during the previous year
31	Payments to related parties
31	Loans
33	Report of the statutory auditor on the Remuneration Report

1. INTRODUCTION

This Remuneration Report details Cicor's remuneration policy, covering all key elements and general principles and outlines the responsibilities with regard to planning, approval framework and implementation. It also contains detailed information on the remuneration of the Board of Directors and the Group Management for financial years 2016 and 2017.

This Remuneration Report meets the requirements of the Swiss Ordinance against Excessive Compensation in Listed Stock Companies (Verordnung gegen übermässige Vergütungen bei börsenkotierten Aktiengesellschaften, VegüV, which replaces Article 663^{bis} of the Swiss Code of Obligations by the corresponding VegüV provisions) and Article 5 of the Annex to the Directive on Information Relating to Corporate Governance (Corporate Governance Directive, DCG) of the SIX Swiss Exchange dated 13 December 2016, as well as the recommendations in Art. 38 "Compensation report and transparency" of Appendix 1 to the Swiss Code of Best Practice for Corporate Governance of *economiesuisse*.

2. REMUNERATION SYSTEM

Principles of remuneration

The remuneration paid to members of the Group Management may comprise three components:

- fixed basic remuneration;
- variable performance-related compensation;
- individual allocation of company shares.

Members of the Board of Directors have no executive duties and receive a fixed salary, plus any compensation due to them for the performance of special duties that exceed the usual scope of their mandate.

Basic remuneration

The basic remuneration for the members of the Group Management may comprise a monthly salary, a lump sum for entertainment and car expenses, other benefits as per individual agreement and the relevant social security contributions. Other benefits as per individual agreement include contributions to professional development.

The monthly salary is determined on a discretionary basis, taking into account the individual's duties, amount of responsibility, qualifications and experience required, as well as the actual external market environment in relation to the entire remuneration system for the senior management of the Group. Members of the Board of Directors receive a fixed salary, which is dependent on their function and committee memberships.

Short-term incentive plan (STI-Plan)

The STI-Plan is a simple and clear plan aimed at motivating managers and specialists to focus their efforts on specific financial and individual objectives. It promotes initiative and coordinated efforts and rewards the performance of individuals and the company. The STI-Plan for the Group Management consists of financial and individual objectives. Financial objectives include sales growth, EBIT and operating free cash flow and account for 70%, and individual objectives for 30% of the target amount. The Board of Directors approves the financial objectives of members of the Group Management and all STI-Plan participants at their meeting at year-end for the following year. Individual objectives are approved at the meeting in February. Financial targets are based on the annual budget and the payout is based on the actual financial results. A financial result on target entitles to a payout of 100% of the target amount, at the lower threshold the payout is 50%, below the lower threshold there is no payout. Upon achieving the financial or individual objectives, the maximum payout is capped at 150% of the target amount. The Remuneration Committee (RC) determines the overall STI-Plan payout based on the true performance taking into account the actual business and commercial environment. It makes a recommendation to the Board of Directors for a final decision in February. At this meeting, the RC also recommends to the Board of Directors, the aggregate amount for variable pay components that are submitted to the Annual Shareholder's Meeting for approval.

Cicor does not provide members of the Group Management or Board members with a company vehicle.

Long-term incentive plan (LTI-Plan)

For the Cicor Group, recruitment, motivation and long-term retention of top talent are key to achieving its goals. The Cicor long-term incentive plan (LTI-Plan) is the program designed to retain and motivate senior executives, highly skilled and other important employees by creating long-term performance incentives. The LTI-Plan is designed to reward Cicor executives and select employees for their contribution to the company's long-term success and creation of shareholder value. The LTI-Plan thus links part of the annual performance-based remuneration of Cicor's management to the long-term development of the company.

In the context of the LTI-Plan, which rewards the relative increase in Total Shareholder Returns (TSR) of the Cicor Technologies Ltd. share compared to the TSR of selected benchmark companies, Performance Share Awards (PSAs) are allocated. TSR is a common measure used to evaluate stock performance. It is defined as the net share-price change plus any dividends paid in a given period. The initial value for the measurement of the TSR corresponds to the Volume Weighted Average Price (VWAP) of the first 30 days of the first year. The end value corresponds to the VWAP of the last 30 days of the third year.

For the LTI-Plan 2017–2019, the initial value thus corresponds to the VWAP of the stock price of the trading days from 1 to 31 January 2017 and the final value of the LTI-Plan 2017–2019 thus corresponds to the VWAP of the share price of the trading days from 1 to 31 December 2019. The relative increase of the TSR of the Cicor Technologies Ltd. share compared to the TSR of corresponding peer companies is measured over a period of always three years (performance period). The right to receive a certain number of PSAs from the LTI-Plan generally arises – except in the case of change-of-control – only at the end of the vesting period. The performance period of the first LTI-Plan starts on 1 January 2017 and will end on 31 December 2019. The performance period of the second LTI-Plan will start on 1 January 2018 and last until 31 December, 2020 and so on.

The vesting period, during which the plan participant merely has a non-binding entitlement to the allocated PSAs, is three years. The PSAs can also expire during the vesting period for reasons such as company affiliation, negative share price development or unsatisfactory company success. This vesting period may lapse in the event of change of control as well as personal disability or death. The vesting period of the first LTI-Plan starts on 1 May 2017 and will end on 1 May 2020. The vesting period of the second LTI-Plan will start on 1 May 2018 and last until 1 May 2021 and so on. Each PSA represents a non-binding entitlement to Cicor Technologies Ltd. shares in dependence on the development of the Group. If the TSR of Cicor is within the

top 3 of the benchmarked companies, a maximum of 200% of the PSA target amount is converted into Cicor Technologies Ltd. shares. If ranked 6th within the benchmarked companies, the allocation is 100%, if ranked 8th, the allocation is 80% and if ranked 11th and below, the allocation is 0%. In between the thresholds, interpolation will be done. The peer group is reviewed every year by the RC and consists of: AT&S, Benchmark Electronics, Schweizer Electronic AG, Neways, Comet, ELMA, Gavazzi, LEM, Huber & Suhner, Kitron, Plexus Corp., Sanmina, Schaffner and Unimicron. The maximum payout at the end of the vesting period is limited to 200% of the allocated PSAs. However, in justified cases, the Board of Directors may freely set this factor between 0% and 200%, for example, if the payout level is considered inappropriate in the light of the general development of the group.

The allocation of the number of PSAs to the plan participants of each LTI-Plan is determined by the following criteria:

- The RC suggests the target amount for each planned participant to the Board of Directors.
- For the determination of the number of PSAs the defined target amount in Swiss Francs is divided by the VWAP of the Cicor share of the first ten trading days after publication of the year-end results of the past year.
- The number of PSAs allocated, multiplied by the weighted payout factors based on the achieved rank of Cicor's TSR at the end of the vesting period, determines the effective number of Cicor shares granted.

The assignment of the non-binding entitlement of the plan participant to the PSAs of the respective LTI-Plan takes place on 1 May of the first year of the corresponding LTI-Plan. The definitive allocation (vesting) of the PSAs of the concluded LTI-Plan takes place on 1 May (grant date) after the end of the third year of the LTI-Plan vesting period.

Accordingly, the allocation of the non-binding entitlements of the LTI-Plan 2017 took place on 1 May 2017 (grant date) and the definitive allocation of the PSAs will take place on 1 May 2020 (vesting date). The vested shares carry full voting and dividend right from the moment of vesting and treasury shares can be used. The value of the allocated PSAs for the Group Management is included in the amount of the variable compensation of the Group Management approved every year by the Annual Shareholder's Meeting.

Employment contracts and special benefits

No member of the Group Management has an employment contract with a notice period of more than 12 months. None of these employment contracts involve any severance payments.

Number of external mandates and functions

According to the Articles of Incorporation, Board members may not have or perform more than three mandates in other listed companies and not more than 15 in non-listed companies.

Members of the Group Management may not have or perform more than one mandate in another listed company and not more than three in non-listed companies.

Mandates or employment relationships with associated companies outside the Cicor Group that entail sitting on a management or administrative body or a function in executive management are deemed a single mandate under this provision.

3. APPROVAL PROCESS

The remuneration system and the remuneration of the Group Management are established by the Remuneration Committee in consultation with the CEO and submitted to the Board of Directors for approval. The processes and responsibilities within Cicor are organized as follows:

CEO

The Group CEO supports the Remuneration Committee by proposing for discussion:

- the conditions of employment contracts for the Group Management and senior management members;
- the individual target achievement for the variable salary component at the beginning of the year; and
- new targets to be determined for the current financial year for the Group Management and senior management.

Remuneration Committee

The Remuneration Committee comprises three Board members. It currently consists of:

- Andreas Dill, Chairman
- Heinrich J. Essing
- Robert Demuth

The Remuneration Committee reviews, evaluates and submits for approval to the entire Board:

- the conditions and remuneration set out in the employment contracts of the CEO, CFO and other members of the Group Management;
- the total remuneration for the members of the Group Management and senior management members, including the achievement of individual targets for variable compensation for the past financial year at the beginning of the year, as well as new targets to be set for the current financial year;
- remuneration guidelines;
- the introduction of performance-related remuneration systems, including the introduction of share and option-based remuneration systems;
- changes in pension schemes;
- additional benefits for employees;
- remuneration of the Board of Directors;
- compensation for additional duties of Board members;
- compensation for the various Board committees.

Board of Directors

The Board of Directors decides on all matters that are not, according to the law, Articles of Incorporation or organizational regulations, explicitly entrusted to another governing body of the company. In particular it approves, upon request by the Remuneration Committee:

- the conditions and remuneration set out in the employment contracts of the CEO, CFO and other members of Group Management;
- total remuneration for members of Group Management and senior management, including variable compensation;
- remuneration guidelines;
- the introduction of performance-related remuneration systems, including the introduction of share and option-based remuneration systems;
- changes in pension schemes;
- additional benefits for employees;
- remuneration of the Board of Directors;
- compensation for additional duties of Board members;
- appointment of members to the various Board committees, except the members of the Remuneration Committee, as well as their remuneration.

Annual Shareholders' Meeting

The Annual Shareholders' Meeting prospectively votes on the approval of the total remuneration amounts for the Board of Directors and the Group Management once a year. In addition, it can hold a consultative vote on the full remuneration report. If, after the remuneration has been prospectively approved by the Annual Shareholders' Meeting, the Group Management is expanded or a member of Group Management is promoted or replaced, there is, compliant to the Articles of Incorporation, an additional amount available. Such additional amount may not exceed 30% of the previously approved total compensation amount per remuneration period and per member promoted or replaced.

4. REMUNERATION DURING 2017

Remuneration is reported in accordance with the principle of accrual.

Board of Directors

Board members receive a fixed salary, paid in cash, as well as any compensation due to them for the performance of special duties that exceed the usual scope of their office.

Compensation Board of Directors 2017

in CHF 1 000	Remu- neration	Bonus	Pension fund	Social security contributions	Other	Consul- tancy fee	Total
Heinrich J. Essing	75	–	–	–	–	3	78
Robert Demuth	55	–	–	4	–	–	59
Andreas Dill	42	–	–	8	–	–	50
Erich Haefeli	42	–	–	–	–	–	42
Total current Board members	214	–	–	12	–	3	229
Total former Board members	–	–	–	–	–	–	–
Total current and former Board members	214	–	–	12	–	3	229

Granted Compensation Board of Directors at Annual Shareholders' Meeting 2017

in CHF 1 000	Remu- neration						
Total current Board members	300						

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

Group Management

Compensation Management 2017

in CHF 1 000	Remu- neration	Bonus	LTI-Plan 2017–2019 (Effective value on grant date)	Pension fund	Social security contributions	Other	Consul- tancy fee	Total
Total current Management	803	454	200	88	61	–	–	1 606
Of which highest single compensation paid to:								
Alexander Hagemann	503	260	100	56	35	–	–	954
Total former Management	–	–	–	–	–	–	–	–
Total current and former Management	803	454	200	88	61	–	–	1 606

Granted Compensation Management at Annual Shareholders' Meeting 2017

in CHF 1 000	Remu- neration	Bonus	LTI-Plan 2017–2019 (Target value)				
Total current Management	1 000	550	200				

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

Allocated PSA to CEO and Group Management 2017

LTI-Plan	Participant	Date of approval by General Assembly	Date of assignment of entitlements (grant date)	Performance period	Vesting period	Number of allocated PSAs	Value at 100% target fulfillment (excl. Social security) in CHF 1 000	Possible target fulfillment
2017–2019	Alexander Hagemann	19 April 2017	1 May 2017	01.01.2017– 31.12.2019	01.05.2017– 01.05.2020	2 346	100	0 %–200 %
2017–2019	Patric Schoch	19 April 2017	1 May 2017	01.01.2017– 31.12.2019	01.05.2017– 01.05.2020	2 346	100	0 %–200 %
Total						4 692	200	

5. REMUNERATION DURING 2016

Board of Directors

Compensation Board of Directors 2016

in CHF 1 000	Remu- neration	Bonus	Pension fund	Social security contributions	Other	Consul- tancy fee	Total
Heinrich J. Essing	68	–	–	–	–	7	75
Robert Demuth	50	–	–	4	–	32	86
Andreas Dill	40	–	–	6	–	7	53
Erich Haefeli	34	–	–	–	–	6	40
Total current Board members	192	–	–	10	–	52	254
Total former Board members	–	–	–	–	–	–	–
Total current and former Board members	192	–	–	10	–	52	254

Granted Compensation Board of Directors 2016

in CHF 1 000	Remu- neration	Bonus	Pension fund	Social security contributions	Other	Consul- tancy fee	Total
Total current Board members	300						

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

Group Management

Compensation Management 2016

in CHF 1 000	Remu- neration	Bonus	Pension fund	Social security contributions	Other	Consul- tancy fee	Total
Total current Management ¹⁾	1 273	260	143	100	22	–	1 798
Of which highest single compensation paid to:							
Jürg Dübendorfer	400	109	43	32	5	–	589
Total former Management	–	–	–	–	–	–	–
Total current and former Management	1 273	260	143	100	22	–	1 798

Granted Compensation Management 2016

in CHF 1 000	Remu- neration	Bonus	Pension fund	Social security contributions	Other	Consul- tancy fee	Total
Total current Management	1 500	750					

No other payments, services, payments in kind, premiums, guarantees or compensation were awarded.

¹⁾ The former CEO, Dr. Jürg Dübendorfer, as well as ES Division head Erich Trinkler and AMS Division head Jürgen Steinbichler, have been released from their duties as of 17 August 2016. For 2016 their compensation is shown under current Management.

6. PAYMENTS TO RELATED PARTIES

No persons close to the Board of Directors or the Group Management were granted any loans of any kind, nor did they receive any remuneration at all.

7. LOANS

Cicor does not grant loans to Board members or to members of the Group Management.



Report of the Statutory Auditor

To the General Meeting of Shareholders of Cicor Technologies Ltd., Boudry

We have audited the accompanying remuneration report of Cicor Technologies Ltd. for the year ended 31 December 2017. The audit was limited to the information according to articles 14 – 16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the sections 4 to 7 on pages 30 to 31 of the remuneration report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14 – 16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14 – 16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

Opinion

In our opinion, the remuneration report for the year ended 31 December 2017 of Cicor Technologies Ltd. complies with Swiss law and articles 14 – 16 of the Ordinance.

KPMG AG

Roman Wenk
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

Zurich, 7 March 2018

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

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FINANCIAL REPORT

CONSOLIDATED FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES GROUP

36	Consolidated balance sheet
37	Consolidated income statement
38	Consolidated cash flow statement
39	Consolidated statement of changes in equity
40	Notes to the consolidated financial statements
63	Report of the statutory auditor on the consolidated financial statements

FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

66	Balance sheet
67	Income statement
68	Notes to the financial statements
72	Report of the statutory auditor on the financial statements

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

in CHF 1 000	Notes	31.12.2017	in %	31.12.2016	in %
Assets					
Property, plant and equipment	(5)	43 505	25.7	44 492	28.5
Intangible assets	(6)	842	0.5	968	0.6
Deferred tax assets	(11)	4 259	2.5	4 328	2.8
Non-current assets		48 606	28.7	49 788	31.9
Inventories	(7)	51 776	30.6	43 860	28.1
Trade accounts receivable	(8)	34 147	20.2	31 916	20.4
Income tax receivable		–	0.0	2	0.0
Other accounts receivable	(8)	4 224	2.5	2 728	1.7
Prepaid expenses and accruals		996	0.7	580	0.3
Cash and cash equivalents	(9)	29 300	17.3	27 441	17.6
Current assets		120 443	71.3	106 527	68.1
Total assets		169 049	100.0	156 315	100.0
Liabilities and shareholders' equity					
Ordinary share capital		29 022	17.2	29 022	18.6
Share premium		113 471	67.1	113 449	72.6
Treasury shares		–	0.0	–37	–0.0
Retained earnings		–73 560	–43.5	–80 258	–51.3
Translation reserve		–241	–0.1	–1 983	–1.4
Total equity		68 692	40.7	60 193	38.5
Long-term provisions	(10)	1 930	1.1	2 546	1.7
Deferred tax liabilities	(11)	663	0.4	796	0.5
Long-term financial liabilities	(12)	46 295	27.4	4 700	3.0
Liabilities for post-employment benefits	(13)	1 796	1.1	1 605	1.1
Non-current liabilities		50 684	30.0	9 647	6.3
Short-term financial liabilities	(12)	2 585	1.5	44 278	28.3
Trade accounts payable		28 130	16.6	26 909	17.2
Other current liabilities	(14)	6 274	3.7	5 090	3.3
Accruals	(14)	9 229	5.5	6 781	4.2
Short-term provisions	(10)	3 277	1.9	3 222	2.1
Income tax payable		178	0.1	195	0.1
Current liabilities		49 673	29.3	86 475	55.2
Total liabilities		100 357	59.3	96 122	61.5
Total equity and liabilities		169 049	100.0	156 315	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	2017	in %	2016	in %
Net sales	(4)	216 728	100.0	189 494	100.0
Change in inventory of finished and unfinished goods		4 312	2.0	490	0.3
Material costs		-117 002	-54.0	-100 144	-52.8
Personnel costs	(21)	-61 730	-28.5	-56 127	-29.6
Other operating income		534	0.1	679	0.3
Other operating expenses	(23)	-23 599	-10.8	-21 780	-11.6
Restructuring costs	(10)	-	0.0	-1 145	-0.6
Depreciation	(5)	-8 520	-3.9	-8 311	-4.4
Amortization	(6)	-218	-0.1	-229	-0.1
Operating profit (EBIT)		10 505	4.8	2 927	1.5
Financial income	(24)	5 689	2.6	4 195	2.2
Financial expenses	(24)	-7 561	-3.4	-6 034	-3.1
Profit before tax (EBT)		8 633	4.0	1 088	0.6
Income tax	(11)	-1 979	-0.9	-830	-0.5
Net profit		6 654	3.1	258	0.1
Earnings per share (CHF)					
- basic and diluted	(19)	2.29		0.09	

CONSOLIDATED CASH FLOW STATEMENT

in CHF 1 000	Notes	2017	2016
Profit before tax		8 633	1 088
Depreciation	(5)	8 466	8 311
Impairment	(5)	54	84
Amortization	(6)	218	229
Interest income	(24)	-27	-31
Interest expenses	(24)	1 394	1 732
(Gain)/loss on disposal of assets		-	-54
Increase/(decrease) in provisions		-723	-316
Increase/(decrease) in other non-current liabilities		-	-15
Unrealized currency (gains)/losses		390	254
Subtotal before working capital changes		18 405	11 282
Decrease/(increase) in inventories		-6 822	-2 328
Decrease/(increase) in trade accounts receivable		-1 251	-3 983
Decrease/(increase) in other current assets		360	3 129
(Decrease)/increase in trade accounts payable		162	5 066
(Decrease)/increase in other current liabilities		921	-3 629
(Increase)/decrease in working capital		-6 630	-1 745
Income tax paid		-1 285	-995
Interest paid		-1 439	-1 216
Interest received		27	23
Net cash from operating activities		9 078	7 349
Purchase of property, plant and equipment	(5)	-8 392	-8 362
Proceeds from sale of property, plant and equipment		2 043	193
Purchase of intangible assets	(6)	-33	-247
Proceeds on disposals of intangible assets		-	-173
Purchase of minority shareholdings		-	-112
Net cash used in investing activities		-6 382	-8 701
Proceeds from sale/(purchase) of treasury shares		59	-
Payment of finance lease liabilities		177	-133
Proceeds from borrowings		891	4 801
Repayment of borrowings		-2 476	-3 592
Net cash from/(used in) financing activities		-1 349	1 076
Currency translation effects		512	36
Net increase/(decrease) in cash and cash equivalents		1 859	-240
Cash and cash equivalents at the beginning of the period	(9)	27 441	27 681
Cash and cash equivalents at the end of the period	(9)	29 300	27 441

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

in CHF 1 000	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Equity attributable to Cicor shareholders	Non-controlling interest	Total equity
Balance at 1 January 2016	29 022	113 455	-37	-80 575	-2 324	59 541	159	59 700
Net profit				258		258		258
Purchase of minority shareholdings				59		59	-159	-100
Costs in connection with capital increase		-6				-6		-6
Translation adjustment					341	341		341
Balance at 31 December 2016	29 022	113 449	-37	-80 258	-1 983	60 193	-	60 193

in CHF 1 000	Share capital	Share premium	Treasury shares	Retained earnings	Translation reserve	Equity attributable to Cicor shareholders	Non-controlling interest	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

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 2017 were authorized for issue on 7 March 2018 and are subject to approval at the Shareholders' Meeting of 19 April 2018.

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		2017	2016
Closing	EUR	1.1693	1.0736
	USD	0.9783	1.0239
	RON	0.2512	0.2367
	SGD	0.7315	0.7071
	CNY	0.1497	0.1476
Average	EUR	1.1113	1.0901
	USD	0.9854	0.9851
	RON	0.2432	0.2427
	SGD	0.7134	0.7135
	CNY	0.1458	0.1483

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 life 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	2017 nominal share capital	Participation in %	2016 nominal share capital	Participation in %
Cicorel SA, Boudry/Switzerland* Engineering/Production/Sales/Distribution	CHF	8 000	100	8 000	100
Reinhardt Microtech AG, Wangs/Switzerland* Engineering/Production/Sales/Distribution	CHF	1 800	100	1 800	100
Reinhardt Microtech GmbH, Ulm/Germany Engineering/Production/Sales/Distribution	EUR	500	100	500	100
RHe Microsystems GmbH, Radeberg/Germany* Engineering/Production/Sales/Distribution	EUR	216	100	216	100
Electronicparc Holding AG, Bronschhofen (Wil)/Switzerland* Holding/Finance	CHF	23 271	100	23 271	100
Swisstronics Contract Manufacturing AG, Bronschhofen (Wil)/Switzerland Engineering/Production/Sales/Distribution	CHF	3 000	100	3 000	100
Systronics SRL, Arad/Romania Production/Sales	RON	5 145	100	5 145	100
Systel Italia SRL, Milano/Italy Sales/Distribution	EUR	10	100	10	100
ESG Holding Pte Ltd., Singapore* Holding/Finance	SGD	1 896	100	1 896	100
Cicor Asia Pte Ltd., Singapore Sales/Distribution	SGD	1 000	100	1 000	100
Cicor Ecotool Pte Ltd., Singapore Engineering/Production	SGD	1 000	100	1 000	100
PT Cicor Panatec, Batam/Indonesia Production	USD	300	100	300	100
Brant Rock Enterprises Corporation, British Virgin Islands Holding/Finance	USD	10	100	10	100
Cicor Anam Ltd., Anam/Vietnam Production	USD	1 500	100	1 500	100
Suzhou Cicor Technology Co. Ltd., China Production	CNY	39 432	100	34 798	100
Cicor Americas Inc., USA* Sales/Distribution	USD	10	100	10	100
Cicor Management AG, Bronschhofen (Wil)/Switzerland* Management Services	CHF	250	100	250	100

*Directly held subsidiaries of Cicor Technologies Ltd.

4. SEGMENT REPORTING

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
2016 in CHF 1 000					
	AMS Division 2016	ES Division 2016	Total reportable segments 2016	Corporate and eliminations 2016	Consolidated 2016
Income statement					
Sales to external customers	42 844	146 650	189 494	–	189 494
Intersegment sales	–	–	–	–	–
Segment result before depreciation and amortization (EBITDA)	2 236	11 292	13 528	–2 061	11 467
Segment result (EBIT)	–2 412	7 459	5 047	–2 120	2 927
Balance sheet					
	31.12.2016	31.12.2016	31.12.2016	31.12.2016	31.12.2016
Intangible segment assets	521	387	908	60	968
Other than intangible segment assets	57 715	89 104	146 819	8 528	155 347
Segment assets	58 236	89 491	147 727	8 588	156 315
Segment liabilities	62 443	62 202	124 645	–28 523	96 122
Other segment information					
	2016	2016	2016	2016	2016
Depreciation and amortization	4 648	3 833	8 481	59	8 540
Capital expenditures for property, plant and equipment	1 742	6 620	8 362	–	8 362

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 man-

ufacturing 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	2017	2016
Reconciliation of total reportable segment result		
Total reportable segment result (EBIT)	13 179	5 047
Other corporate expenses	-2 674	-2 120
Financial income	5 689	4 195
Financial expenses	-7 561	-6 034
Consolidated profit before tax	8 633	1 088

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	31.12.2017	%	31.12.2016	%
Sales by export region				
Switzerland	53 212	24.6	69 527	36.7
Europe (without Switzerland)	93 730	43.2	78 048	41.2
Asia	47 917	22.1	25 211	13.3
America	19 710	9.1	12 658	6.7
Other	2 159	1.0	4 050	2.1
Total	216 728	100.0	189 494	100.0
Sales by industry				
Aerospace & defence	16 687	7.7	12 749	6.7
Communication	2 721	1.3	3 576	1.9
Industrial	91 386	42.2	70 426	37.2
Medical	53 008	24.5	51 010	26.9
Automotive & transport	21 483	9.9	24 148	12.7
Watches & consumer	27 909	12.9	22 450	11.8
Other	3 534	1.5	5 135	2.8
Total	216 728	100.0	189 494	100.0
Sales by production region				
Switzerland	76 651	35.4	70 408	37.2
Europe (without Switzerland)	90 068	41.5	72 142	38.0
Asia	50 009	23.1	46 944	24.8
Total	216 728	100.0	189 494	100.0

Major customers

Cicor Group's biggest customer contributes less than 8% (2016: less than 8%) to the Group's consolidated sales. In 2017, about 41% (2016: about 44%) of total Group's net sales can be attributed to the Group's top ten clients.

5. PROPERTY, PLANT AND EQUIPMENT

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.

2016 in CHF 1 000	Land and buildings	Machinery	Furniture and equipment	Other equipment	Total
Acquisition costs					
Balance at 1 January 2016	29 319	92 218	11 683	2 102	135 322
Additions	3 293	4 471	583	15	8 362
Disposals	-158	-13 149	-4 006	-740	-18 053
Reclassification	-	-	-405	-	-405
Translation adjustment	-15	-40	-48	-9	-112
Balance at 31 December 2016	32 439	83 500	7 807	1 368	125 114
Accumulated depreciation					
Balance at 1 January 2016	-14 675	-65 555	-8 164	-1 887	-90 281
Depreciation	-1 467	-5 815	-918	-111	-8 311
Impairment	-84	-	-	-	-84
Disposals	158	13 386	3 530	740	17 814
Reclassification	-	-	232	-	232
Translation adjustment	-11	-34	44	9	8
Balance at 31 December 2016	-16 079	-58 018	-5 276	-1 249	-80 622
Net book value					
1 January 2016	14 644	26 663	3 519	215	45 041
31 December 2016	16 360	25 482	2 531	119	44 492
Thereof net book value of assets under financial lease	-	-	-	-	-
Net book value of pledged assets					2 673
Addition of assets under financial lease					-

In 2016, Cicor invested CHF 3.3 million in land and buildings. The biggest investments were undertaken in Romania (CHF 1.9 million land purchase) and Bronschhofen (CHF 1.2 million leasehold improvements). Additionally, Cicor invested CHF 4.5 million in machinery in companies in Switzerland, Germany, Romania and Asia. The biggest investments were undertaken in Romania where CHF 1.9 million was invested in new assembly machines (SMT SX line). In Germany, CHF 0.7 million was invested in a new laser (GFH laser). The remaining investment sum was spent on several minor investments in Switzerland and Asia. The reclassification concerns an MES planning tool.

6. INTANGIBLE ASSETS

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
2016 in CHF 1 000	Goodwill	Brand	Technology	Clients	Other	Total
Acquisition costs						
Balance at 1 January 2016	96 188	6 711	7 415	3 176	1 395	114 885
Additions	–	–	–	–	247	247
Reclassification	–	–	–	–	405	405
Translation adjustment	17	–	–6	–	–10	1
Balance at 31 December 2016	96 205	6 711	7 409	3 176	2 037	115 538
Accumulated depreciation						
Balance at 1 January 2016	–96 188	–6 711	–6 789	–3 176	–1 234	–114 098
Amortization	–	–	–128	–	–101	–229
Reclassification	–	–	–	–	–232	–232
Translation adjustment	–17	–	5	–	1	–11
Balance at 31 December 2016	–96 205	–6 711	–6 912	–3 176	–1 566	–114 570
Net book value						
1 January 2016	–	–	626	–	161	787
31 December 2016	–	–	497	–	471	968

7. INVENTORIES

in CHF 1 000	31.12.2017	31.12.2016
Net value of raw materials	26 625	23 021
Net value of work-in-progress	15 224	13 622
Net value of finished goods	9 927	7 217
Total inventories	51 776	43 860
Increase in inventory allowance	836	299

8. TRADE ACCOUNTS RECEIVABLE AND OTHER ACCOUNTS RECEIVABLE

in CHF 1 000	31.12.2017	31.12.2016
Trade accounts receivable	34 402	32 064
Allowance for bad debts	-255	-148
Total trade accounts receivable	34 147	31 916

Ageing of trade accounts receivable

in CHF 1 000	31.12.2017 Gross	31.12.2017 Allowance	31.12.2016 Gross	31.12.2016 Allowance
Not yet due	26 739	-31	28 015	-55
Overdue 0-45 days	5 471	-	2 604	-
Overdue 46-90 days	666	-5	348	-2
Overdue 91-180 days	813	-87	330	-5
Overdue 181-360 days	473	-132	540	-86
Overdue more than 360 days	240	-	227	-
Total trade accounts receivable	34 402	-255	32 064	-148

Movement in the allowance for impairment for trade accounts receivable

in CHF 1 000	2017	2016
Individual impairment allowance		
Balance as of 1 January	51	204
Allowance increase	74	22
Utilization/consumption	-	-
Reversal of allowance	-1	-174
Translation adjustments	-	-1
Balance as of 31 December	124	51
Collective impairment allowance		
Balance as of 1 January	97	7
Change in allowance	34	90
Balance as of 31 December	131	97

Other accounts receivable

in CHF 1 000	31.12.2017	31.12.2016
Receivables on bullion dealers' accounts	165	708
Value-added taxes	774	602
Other	3 285	1 418
Total other accounts receivable	4 224	2 728

9. CASH AND CASH EQUIVALENTS

in CHF 1 000	31.12.2017	31.12.2016
Bank accounts	29 300	27 441
Total cash and cash equivalents	29 300	27 441

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

10. PROVISIONS

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	–	–1 357
Amount used	–255	–537	–862	–1 654	–154	–1 808
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	–	–
2016 in CHF 1 000	Restructuring	Warranties	Other	Total provisions	Deferred taxes	Total provisions and deferred taxes
Balance at 1 January 2016	1 201	2 783	2 169	6 153	902	7 055
Additional provisions	219	2 195	1 674	4 088	6	4 094
Unused amounts reversed	–50	–1 896	–670	–2 616	–	–2 616
Amount used	–1 102	–15	–715	–1 832	–112	–1 944
Translation adjustments	–	–21	–4	–25	–	–25
Balance at 31 December 2016	268	3 046	2 454	5 768	796	6 564
thereof short-term provisions	268	1 519	1 435	3 222	–	–
thereof long-term provisions	–	1 527	1 019	2 546	–	–

Warranty provisions are recognized for warranty claims on products sold. The additional provisions in 2017 were based on several smaller cases. The unused amount is due to the fact that certain claims became time-barred or have been settled otherwise.

As per 31 December, other provisions consist mainly of jubilee benefits (2017: TCHF 564, 2016: TCHF 661), rebuilding costs (2017: TCHF 424, 2016: TCHF 371), a rent and repair obligation in connection with the current building in Romania due to the move to the new building (TCHF 453) as well as an onerous contract provision (TCHF 230).

The restructuring costs as shown in the income statement 2016 of TCHF 1 145 included costs regarding personnel changes in Group Management as well as costs regarding a layoff in Boudry in connection with the merger of the AMS Division's two PCB production locations. The costs recognized as provisions at 31 December 2016 regarding these restructurings amounted to TCHF 268.

11. TAXES

Major components of tax expense

in CHF 1 000	2017	2016
Current income taxes	1 931	1 229
Income tax for prior years	3	-47
Deferred tax	45	-352
Total tax expense	1 979	830

Deferred tax assets and liabilities

in CHF 1 000	31.12.2017 Assets	31.12.2017 Liabilities	31.12.2016 Assets	31.12.2016 Liabilities
Deferred taxes on intangible assets	14	119	-	125
Deferred taxes on property, plant and equipment	65	190	94	300
Deferred taxes on other assets	654	340	599	370
Deferred taxes on liabilities	703	137	479	101
Total	1 436	786	1 172	896
Deferred taxes on loss carried forward	2 946	-	3 256	-
Offset of assets and liabilities	-123	-123	-100	-100
Total deferred tax assets and liabilities	4 259	663	4 328	796
Balance at 1 January	4 328	796	4 082	902
Change of temporary differences recognized in the income statement	241	-133	64	-106
Change in tax loss carried forward recognized in the income statement	-310	-	182	-
Balance at 31 December	4 259	663	4 328	796

The Group average tax rate for the calculation of the deferred income taxes is 18.6%.

Reconciliation of current income taxes and deferred taxes

in CHF 1 000	2017	2016
Profit before tax	8 633	1 088
Weighted average income tax in %	23.2 %	23.9 %
Expected income tax expense/(income)	2 003	260
Current-year losses for which no deferred tax asset is recognized	7	76
Recognition of tax assets on previously unrecognized tax losses	-261	-86
Effects of change in losses carried forward	293	425
Effect of tax rate changes compared to prior period	-10	-
Effect of non-deductible expenses	42	129
Effect of tax-exempt income	-	30
Adjustments for current tax of prior periods	3	-46
Other adjustments	-98	42
Effective income taxes	1 979	830
Effective income taxes in % of profit before tax	22.9 %	76.3 %

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

in CHF 1 000	31.12.2017	31.12.2016
Tax loss carried forward expiring within 1 year	6 222	1 560
Tax loss carried forward expiring in 1 year	1 283	7 011
Tax loss carried forward expiring in 2 years	1 687	1 605
Tax loss carried forward expiring in 3 years	1 043	1 283
Tax loss carried forward expiring in 4 or more years	227	1 705

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 2017, an additional deferred tax asset of TCHF 264 has been capitalized.

12. FINANCIAL LIABILITIES

Long-term financial liabilities

in CHF 1 000	31.12.2017	31.12.2016
Financial leases	38	–
Borrowings, long-term	46 257	4 700
Total long-term financial liabilities	46 295	4 700

Short-term financial liabilities

in CHF 1 000	31.12.2017	31.12.2016
Bank borrowings, short-term	2 105	43 820
Short-term portion of long-term borrowings	428	458
Financial leases	52	–
Total short-term financial liabilities	2 585	44 278

Maturity of financial liabilities

in CHF 1 000	31.12.2017	31.12.2016
Within 1 year	2 585	44 278
Within 2 to 5 years	46 295	4 700
Over 5 years	–	–
Total financial debts	48 880	48 978

Repayments of financial liabilities

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	–	–

2016	Interest rate	2017*	2018*	2019*	2020*	2021*	2022 and after*
CHF 55.0 million revolving credit line	2.1 %	41 888	–	–	–	–	–
EUR 5.0 million revolving credit line	1.1 %	–	–	3 825	–	–	–
EUR 3.1 million revolving credit line	1.6 %	2 390	393	334	142	6	–
Total		44 278	393	4 159	142	6	–

* 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. Consequently, the loan was reclassified from short-term to long-term financial liabilities compared to 31 December 2016.

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 42 million cash at a variable interest rate of 1.87% 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 7.7 million utilized with EUR 6.2 million at an average variable interest rate of 1.64%.

Collateral assets of CHF 2.0 million were pledged. The shares of the following companies at a nominal value of CHF 36.3 million (2016: CHF 36.3 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 1 880 (2016: TCHF 2 069). 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 946 resp. TCHF 850 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 administering 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 6.4%. 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 2017 is 105.1%. 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 4.81% 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	
	31.12.2017	31.12.2017	31.12.2016			2017	2016
Pension institutions without surplus/deficit (Plan B)	–	–	–	–	1 399	1 399	1 477
Pension institutions with surplus (Plan A) ¹⁾	–	–	–	–	428	428	521
Pension institutions without own assets	–	1 796	1 605	191	–138	53	71
Total	–	1 796	1 605	191	1 689	1 880	2 069

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

14. OTHER CURRENT LIABILITIES AND ACCRUALS

in CHF 1 000	31.12.2017	31.12.2016
Value-added taxes	338	385
Other current liabilities	1 036	,770
Other accounts payable	4 900	3 935
Total other current liabilities	6 274	5 090
Accrued personnel expenses	5 000	3 775
Other accrued expenses	4 229	3 006
Total accruals	9 229	6 781
Total other current liabilities and accruals	15 503	11 871

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	31.12.2017	31.12.2016
Within 1 year	4 178	3 236
From over 1 year to under 5 years	11 129	8 933
Due in 5 years or later	15 484	17 548
Total operating leasing	30 791	29 717

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 2017. For contingent liabilities of Cicor Technologies Ltd. refer to the notes of the financial statements (Holding) on page 70.

17. ISSUED CAPITAL

Capital structure

in CHF 1 000	
Share capital at 1 January 2016	29 022
Share capital at 31 December 2016	29 022
Share capital at 31 December 2017	29 022
2 902 092 registered shares of CHF 10	

Ordinary share capital

There was no increase in ordinary share capital in 2016 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 2017, the shareholders decided to forego a distribution of earnings. The Board of Directors proposes to distribute CHF 0.70 per share (totaling CHF 2 031 464.40) to shareholders out of tax-free capital contribution reserves from the available earnings as per 31.12.2017.

Authorized capital

At the Shareholders' Meeting on 19 April 2016, 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 2018.

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 2016	1 500	37
Balance as per 31 December 2016	1 500	37
Transactions of own shares	-1 500	-37
Balance as per 31 December 2017	—	—

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.

	2017	2016
Net profit attributable to Cicor shareholders in CHF 1 000	6 654	258
Weighted average number of ordinary shares outstanding	2 901 580	2 900 592
Basic and diluted earnings per share in CHF	2.29	0.09

20. LONG-TERM INCENTIVE PLAN (LTI-PLAN)

Cicor Technologies Ltd. has issued an LTI-Plan during the financial year 2017.

	LTI-Plan 2017–2019
Initial value of total shareholder return (TSR)	CHF 30.82
Target value total plan participants (excl. social security costs)	TCHF 200
Volume-weighted average price (VWAP)	CHF 42.63
Number of performance share awards (PSA) total plan participants	4 692
Maximum payout	200 %
Approval date Annual Shareholders' Meeting	19.04.2017
Assignment of non-binding entitlements (grant date)	1 May 2017
Allocation of PSA (vesting date)	1 May 2020

Plan participants of the LTI-Plan 2017–2019 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 2017 to 31 December 2019).

The initial value for the measurement of the TSR is CHF 30.82 and corresponds to the volume-weighted average price (VWAP) of the first 30 days of the first plan year (1 January 2017–31 January 2017). The assignment of the performance share awards (PSA) of the plan to the plan participants took place on 1 May 2017 (grant date). The definitive allocation of the PSAs will take place on 1 May 2020 (vesting date). The LTI-Plan is bound to a service condition of three years (1 May 2017–1 May 2020). The PSAs lapse if plan participants leave the company before 1 May 2020. The PSAs expire before the vesting date for reasons like company affiliation, personal disability or death.

The Annual Shareholders' Meeting on 19 April 2017 approved a target value for the LTI-Plan 2017–2019 of TCHF 100 per plan participant, respectively TCHF 200 in total, as there are two plan participants. 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 200 for both plan participants at vesting date.

The VWAP of the Cicor Technologies Ltd. share of the first ten trading days after publication of the 2016 year-end results (9 March 2017–22 March 2017) amounted to CHF 42.63. This leads to a total PSAs of 4 692 for both plan participants together (target amount of TCHF 200 divided by the VWAP of CHF 42.63).

in CHF 1 000	2017	2016
Recognized through income statement LTI-Plan 2017–2019	44	n/a

21. PERSONNEL COSTS

in CHF 1 000	2017	2016
Wages and salaries	49 902	45 626
Social security costs	7 892	7 550
Other personnel costs	3 936	2 951
Total	61 730	56 127

22. EMPLOYEES

	2017	2016
Number of employees (FTE)		
Production	1 754	1 662
Marketing and sales	66	68
Administration	104	111
Total	1 924	1 841

23. OTHER OPERATING EXPENSES

in CHF 1 000	2017	2016
Facility costs	8 275	7 683
Maintenance costs	3 456	3 291
Other production costs	5 457	4 592
Sales and marketing costs	1 463	1 715
Administration costs	4 948	4 499
Total	23 599	21 780

24. FINANCIAL INCOME AND EXPENSE

in CHF 1 000	2017	2016
Income		
Interest income	27	31
Foreign exchange gains	5 662	4 164
Total	5 689	4 195
Expense		
Interest expense	1 394	1 732
Foreign exchange losses	6 167	4 302
Total	7 561	6 034

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 2017, HEB Swiss Investment AG, the main shareholder, holds 29.35% 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. RISK MANAGEMENT

Risk management is a fundamental element of Cicor's business practice at all levels and encompasses different types of risks. It has been integrated into the controlling and reporting process according to the regulation in the Swiss Code of Obligation Art. 663b fig. 12. Material risks are identified and quantified in workshops and discussed with the executive management and the Board of Directors. The risk management process will be repeated regularly, at least once a year.

27. 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 2017 (2016: 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	2017	2016
Cash and cash equivalents	29 300	27 441
Trade receivables	34 147	31 916
Other accounts receivable	3 200	1 334
Other current assets	85	73
Total	66 732	60 764

Every operational unit has a credit policy under which each new customer is analyzed individually for credit-worthiness. 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 2017, 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
	31.12.2017	31.12.2016	31.12.2017	31.12.2016	
Foreign exchange forwards	–	–	36	–	Hedging
Total	–	–	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 an amount of CHF 42 million, the interest rate was decreased in 2017 from an average of 2.08% to an average of 1.87%. 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 2017: CHF 42 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:

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	–

2016 in CHF 1 000	Carrying amount	Contractual cash flow	2017 contractual cash flow	2018 contractual cash flow	2019 contractual cash flow	2020 contractual cash flow	2021 and after contractual cash flow
Financial liabilities	49 090	49 780	44 941	485	4 204	144	6
Trade payables	26 909	26 909	26 909	–	–	–	–
Other current liabilities and accruals	11 793	11 793	11 793	–	–	–	–
Total	87 792	88 482	83 643	485	4 204	144	6

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.

28. 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.

29. SUBSEQUENT EVENTS

No events took place between 31 December 2017 and 7 March 2018 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 2017 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 61) give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, 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.



Valuation of inventory allowances

Key Audit Matter

As per 31 December 2017, the Group had inventory balances, including work-in-progress (WIP) balances, of CHF 51.8 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, 7 March 2018

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

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FINANCIAL STATEMENTS OF THE CICOR TECHNOLOGIES LTD.

BALANCE SHEET

in CHF 1 000	31.12.2017	31.12.2016
Assets		
Cash and cash equivalents	11 958	16 951
Other current receivables		
– third party	63	64
– subsidiaries	9 462	3 884
Accruals	551	206
Current assets	22 034	21 105
Long-term loans to subsidiaries	47 793	49 047
Long-term loans to subsidiaries subordinated	18 000	18 000
Investments	83 236	83 236
Non-current assets	149 029	150 283
Total assets	171 063	171 388
Liabilities and shareholders' equity		
Financial liabilities		
– subsidiaries	7 599	8 220
– third parties	–	42 000
Other liabilities		
– subsidiaries	324	400
– third parties	52	82
Accrued expenses	1 061	1 297
Current liabilities	9 036	51 999
Financial liabilities		
– third parties	36	–
Non-current interest-bearing liabilities		
– third parties	42 000	–
Non-current liabilities	42 036	–
Ordinary share capital	29 021	29 021
Legal capital reserve		
– general reserve	1 467	1 467
– capital contribution reserves	108 353	108 353
– share premium	1 073	1 051
Voluntary retained earnings		
– loss brought forward	–20 466	–22 163
– net profit of the year	543	1 697
Treasury shares	–	–37
Shareholders' equity	119 991	119 389
Total liabilities and shareholders' equity	171 063	171 388

INCOME STATEMENT

in CHF 1 000	2017	2016
Income		
Financial income	4 007	3 850
Interest received from Group companies	1 538	1 475
Interest received from third party	18	–
Other income	–	1 029
Total income	5 563	6 354
Expenses		
Financial expense	2 137	2 485
Administrative expense	2 882	2 171
Tax	1	1
Total expenses	5 020	4 657
Net profit of the year	543	1 697

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.

2. INFORMATION ON BALANCE SHEET AND INCOME STATEMENT ITEMS

Long-term loans to subsidiaries

Loans in the amount of TCHF 43 300 have been granted to our companies in Switzerland, Romania and Asia. Loans in the amount of TEUR 9 622 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.

Investments

in CHF 1 000, unless otherwise stated	Participation in %	Currency	31.12.2017	31.12.2016
Cicorel SA, Boudry/Switzerland* Engineering/Production/Sales/Distribution	100	CHF	8 000	8 000
Reinhardt Microtech AG, Wangs/Switzerland* Engineering/Production/Sales/Distribution	100	CHF	1 800	1 800
Reinhardt Microtech GmbH, Ulm/Germany Engineering/Production/Sales/Distribution	100	EUR	500	500
RHe Microsystems GmbH, Radeberg/Germany* Engineering/Production/Sales/Distribution	100	EUR	216	216
Electronicparc Holding AG, Bronschhofen (Wil)/Switzerland* Holding/Finance	100	CHF	23 271	23 271
Swisstronics Contract Manufacturing AG, Bronschhofen (Wil)/Switzerland Engineering/Production/Sales/Distribution	100	CHF	3 000	3 000
Systronics SRL, Arad/Romania Production/Sales	100	RON	5 145	5 145
Systel Italia SRL, Milano/Italy Sales/Distribution	100	EUR	10	10
ESG Holding Pte Ltd., Singapore* Holding/Finance	100	SGD	1 896	1 896
Cicor Asia Pte Ltd., Singapore Sales/Distribution	100	SGD	1 000	1 000
Cicor Ecotool Pte Ltd., Singapore Engineering/Production	100	SGD	1 000	1 000
PT Cicor Panatec, Batam/Indonesia Production	100	USD	300	300
Brant Rock Enterprises Corporation, British Virgin Islands Holding/Finance	100	USD	10	10
Cicor Anam Ltd., Anam/Vietnam Production	100	USD	1 500	1 500
Suzhou Cicor Technology Co. Ltd., China Production	100	CNY	39 432	34 798
Cicor Americas Inc., USA Sales/Distribution	100	USD	10	10
Cicor Management AG, Bronschhofen (Wil)/Switzerland* Management Services	100	CHF	250	250

* Directly held subsidiaries

Non-current interest-bearing liabilities

Cicor signed a syndicated bank loan agreement on 30 June 2017 on a total line of CHF 75 million, which was utilized by CHF 42 million cash on 31 December 2017 (please refer to page 54 for further information).

Capital structure

	31.12.2017	31.12.2016
Share capital at 31 December		
2 902 092 (2016: 2 902 092) registered shares of CHF 10	29 020 920	29 020 920

Issued capital and changes in capital structure

During 2016 and 2017, the Company's share capital did not change.

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 of 19 April 2017, the shareholders decided to forego a distribution of earnings. The Board of Directors proposes to distribute CHF 0.70 per share (totaling CHF 2 031 464.40) to shareholders out of tax-free capital contribution reserves from the available earnings as per 31.12.2017. For more information refer to page 57.

Authorized capital

At the Shareholders' Meeting on 19 April 2016, 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 2018.

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 under an employee stock option plan.

There are currently no stock option plans for members of the management in place.

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.

Treasury shares

Number of shares	
1 January 2016	1 500
31 December 2016	1 500
Sale of own shares	-1 500
31 December 2017	-

During 2017, Cicor sold all their 1 500 treasury shares.

Financial income

The financial income mainly consists of the dividends of Electronicparc Holding AG (TCHF 1 790), RHe Microsystems GmbH (TEUR 250) and Reinhardt Microtech AG (TCHF 200) and of realized foreign exchange gains (TCHF 1 742). Unrealized foreign exchange gains have been reversed.

Other income

The other income in 2016 was due to the release of a provision in connection with the expired option plans.

Administrative expense

The administrative expense mainly consist of remuneration to the Board of Directors of TCHF 239 and stewardship costs of TCHF 2 240 (costs charged by Cicor Management AG, costs for the annual report and Annual Shareholders' meeting as well as consulting and investor relations costs).

3. OTHER INFORMATION

Full-time equivalents

Cicor Technologies Ltd. does not have any employees.

Contingent liabilities

For a lease contract between Cicorel and a Swiss insurance company, Cicor Technologies Ltd. grants a guarantee in favor of the said insurance company in the amount of TCHF 4 510, which represents the discounted value of future rental payments.

in CHF 1 000	31.12.2017	31.12.2016
Guarantee in favour of a Swiss insurance company	4 510	5 198

Pledged assets

The shares of the following companies at a net book value of TCHF 80 036 (2016: TCHF 80 036) are in deposit with Commerzbank AG and pledged as collateral for the syndicated credit line contracted in 2017: Cicorel SA, Electronicparc Holding AG, Swisstronics Contract Manufacturing AG, Reinhardt Microtech AG and RHe Microsystems GmbH.

Principal shareholders

The following shareholdings correspond to the ones reported according to the regulations of the Swiss Stock Exchange (SIX Swiss Exchange) and updated as in the shares register per year-end.

	31.12.2017 Number of shares	in % ¹⁾	31.12.2016 Number of shares	in % ¹⁾
HEB Swiss Investment AG, Zurich, Switzerland	851 705	29.35	851 705	29.36
Quaero Capital (previously ARGOS Fund), Luxembourg	162 435	5.60	259 928	8.96
Escatec Holdings Ltd., Port Vila, Vanuatu	141 061	4.86	141 061	4.86
LB (Swiss) Investment AG	114 936	3.96	n/a	n/a
Gideon-Wyler, Erika, Zurich, Switzerland ¹⁾	-	-	106 000	3.65

¹⁾ in % of the total outstanding shares

¹⁾ As of 13 January 2017, Erika Gideon-Wyler's shareholdings are below 3%.

Compensation of Board of Directors and Management 2017

Please refer to page 30.

Shareholdings of Board of Directors and Management

in CHF 1 000	2017 number of shares	2017 number of options	2016 number of shares	2016 number of options
Heinrich J. Essing	9 000	n/a	9 000	–
Robert Demuth	5 124	n/a	5 124	–
Andreas Dill	1 000	n/a	1 000	–
Erich Haefeli	–	n/a	–	–
Total current Board members	15 124	–	15 124	–
in CHF 1 000	2017 number of shares	2017 number of options	2016 number of shares	2016 number of options
Alexander Hagemann	2 200	n/a	2 000	–
Patric Schoch	5 151	n/a	4 500	–
Jürg Dübendorfer ¹⁾	n/a	n/a	3 940	–
Erich Trinkler ¹⁾	n/a	n/a	–	–
Jürgen Steinbichler ¹⁾	n/a	n/a	–	–
Total current Management	7 351	–	10 440	–

¹⁾ The former CEO, Dr. Jürg Dübendorfer, as well as ES Division head Erich Trinkler and AMS Division head Jürgen Steinbichler, have been released from their duties as of 17 August 2016.

Shares or options on shares for members of the board and employees

In 2016 and 2017, no shares or options on shares were allocated to members of the board or to employees. As of 31 December 2017, there are no active stock option plans.

Significant events after the balance sheet date

There are no significant events after the balance sheet date which could impact the book value of the assets or liabilities or which should be disclosed here.

4. PROPOSED APPROPRIATION OF AVAILABLE EARNINGS

in CHF 1 000	2017
Loss brought forward 1.1.	–20 466
Net profit of the year	543
Loss brought forward 31.12.	–19 923

At the Annual Shareholders' Meeting on 19 April 2018, the Board of Directors will propose a withholding tax-free distribution of CHF 0.70 per share from the capital contribution reserves. The proposal comprises an allocation of TCHF 2 031 from the capital contribution reserves.



Statutory Auditor's Report

To the General Meeting of Cicor Technologies Ltd., Boudry

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cicor Technologies Ltd., which comprise the balance sheet as at 31 December 2017, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting principles.

In our opinion the financial statements (pages 66 to 71) for the year ended 31 December 2017 comply with Swiss law and the company's articles of incorporation.

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 Financial Statements section of our report. We are independent of the entity 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 investments and long-term loans to subsidiaries

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



Valuation of investments and long-term loans to subsidiaries

Key Audit Matter

The financial statements of Cicor Technologies Ltd. as per 31 December 2017 include investments in subsidiaries in the amount of CHF 83.2 million and long-term loans to subsidiaries in the amount of CHF 65.8 million (thereof CHF 18.0 million subordinated). The company annually reviews investments and long-term loans to subsidiaries for impairment on an individual basis.

In performing the impairment tests, management determined the recoverable amounts using a discounted cash flow model.

The impairment assessment of investments and long-term loans to subsidiaries requires significant management judgment, in particular in relation to the forecast cash flows, future growth rates and the discount rates applied, and is therefore a key area that our audit was concentrated on.

Our response

Our audit procedures included, amongst others, evaluating the methodical and mathematical accuracy of the model used for the impairment tests as well as the appropriateness of management's assumptions.

This comprised:

- Retrospectively assessing the accuracy of management's past projections by comparing historical forecasts to actual results;
- Agreeing forecasts used in the impairment tests to current expectations of management and the business plans approved by the Board of Directors; and
- Challenging the robustness of key assumptions on a sample basis, including forecast cash flows, long-term growth rates and discount rates, based on our understanding of the commercial prospects of the respective investments and comparison with publicly available data.

For further information on the valuation of investments and long-term loans to subsidiaries refer to the following:

- Note 1 to the financial statements (non-current assets, page 68)
- Note 2 to the financial statements (long-term loans to subsidiaries, page 68)

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 entity'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 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 entity to cease to continue as a going concern.

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 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 financial statements according to the instructions of the Board of Directors.

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

KPMG AG

Roman Wenk
Licensed Audit Expert
Auditor in Charge

David Grass
Licensed Audit Expert

Zurich, 7 March 2018

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

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