PHOENIX MECANO

Interim accounts as at 30 June 2013

Company report

Interim accounts as at 30 June 2013

Report by the Board of Directors on the Mid-year report as at June 30, 2013

Dear Ladies and Gentlemen

Phoenix Mecano, a leading technology company active in the production of enclosures and industrial components, posted slight falls in incoming orders and sales in the first half of 2013. However, the second quarter saw the start of a turnaround in this approximately year-long trend. Thanks to implemented improvement measures, modest year-on-year growth was recorded in both incoming orders and sales in the months from April to June. While the Enclosures and ELCOM/EMS divisions continued to face weakened sales and income, a marked turnaround was apparent in the Mechanical Components division, helped by the DewertOkin arm with its target markets of medical technology and the furniture industry.

Consolidated gross sales in H1 2013 fell by 3.9% year-on-year to €256.3 million. Excluding effects from changes to the scope of consolidation, the decline was 4.5%. Corrected for differences in foreign-exchange rates, sales were down by 3.6%. Net sales totalled €253.9 million. Incoming orders were also slightly down on the same period last year, falling by 3.3% to €262.7 million. This resulted in a book-to-bill ratio of 102.5%, suggesting a modest growth trend for the coming months.

The company’s operating result was down by 16.5% compared with the previous year, at €19.5 million. This decline was due almost entirely to the Q1 2013 result, while earnings in the second quarter matched those of the same period the previous year. However, there were substantial differences between the divisions. The Enclosures and ELCOM/EMS divisions were affected by weak industrial activity in Europe and Asia, with the ELCOM/EMS division further hit by the continued contraction in solar business. By contrast, the Mechanical Components division grew significantly. Completion of the integration of Okin some three years after its acquisition as well as the increasing trend towards comfort features such as electrical adjustability, massage function and USB interfaces in beds and armchairs drove a positive development in sales and margins.

Operating cash flow fell by 12.9% to €29.7 million.

The result of the period after taxes was €13.8 million, compared with €16.2 million the previous year. At 25.4%, the effective tax rate was slightly down on the previous year’s rate of 27.6%, which was partially inflated by positive special items.

Net indebtedness increased slightly from €7.1 million the previous year to €12.4 million. This was owing to the increase in net current assets in the expanding DewertOkin arm, the acquisition of Bond Tact (ELCOM/EMS division) in March 2013 and distributions in the form of dividends and share buybacks.

Phoenix Mecano will continue its long-term policy of distribution in the form of dividends and share buybacks and of systematically returning to shareholders any funds not required for business expansion.

Development of the Group’s divisions

The **Enclosures** division held up well in a challenging market environment. Investment confidence was down on the previous year in all three world regions. The key home markets of Germany and Switzerland were also affected.

Gross sales fell by 4.1% to €82 million and operating result by 24.3% to €11.1 million. The decline in established markets combined with continued expansion investments in new sectors and geographical markets led to a disproportionately large drop in income. The membrane keyboard and touch-screen integration business is also currently experiencing a period of realignment driven by technological advances. This will last for a further two to three years. To reverse the decline in earnings in the short and medium term, a number of projects are currently being implemented within the division to enhance operational excellence and optimise logistical structures. The first results are expected in 2014. However, any recovery in European industrial activity would generate an appreciable recovery in margins in the immediate future. Despite some positive leading indicators, such a recovery remains uncertain at present and is not factored into our short-term planning.

In the current year the **ELCOM/EMS** division has had to cope with the loss of a major customer in the solar inverter industry as well as a general decline in volumes in the photovoltaic sector. This resulted in a 20.5% drop in sales to €54.2 million. However, the division still managed to generate a positive operating result. EBIT fell to €0.8 million, a decline of 79.6%. Packages of measures designed to cut costs and offset sales losses are being implemented this year and are increasingly helping to improve the sales and income situation.

The **Mechanical Components** division achieved some encouraging market successes, most notably in Asia. However, sales and margins also increased in Europe, driven mainly by DewertOkin’s business in drive solutions and control components for adjustable hospital and comfort furniture. Following successful completion of the Okin integration, the division is now focusing on product innovations and a further enhancement of its service offerings. By contrast, the industrial components arm (RK Rose&Krieger brand) faced a challenging market environment due to a general reluctance to invest in European markets. All in all, the division managed to increase its gross sales by 6.3% from

€113 million to €120.1 million. At the same time, operating profit rose by 51.4% from €6.5 million to €9.8 million.

Outlook

To date, the economic situation in 2013 has lacked a clear trend, with hopes and disappointments following in quick succession. Generally speaking, however, the markets have remained at a low level. Recently, a number of industrial leading indicators have rebounded into positive territory, including for Phoenix Mecano's core market of Europe. It is still too early to conclude any change in trend from these indicators. The Phoenix Mecano Group will therefore continue to act cautiously. Nonetheless, long-term growth initiatives and performance improvement programmes will continue to be implemented systematically. The Group's Board of Directors and Management see significant market potential in all three divisions in the medium term, particularly for the market regions of America and the Far East. Its strong balance sheet and low net indebtedness mean that the Group is well placed to exploit this potential, including possible bolt-on acquisitions, irrespective of short-term economic fluctuations. The EBIT forecast of €30-40 million for 2013 remains unchanged.

Kind regards

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

Information for shareholders

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

Ticker-Symbols

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

Share indicators

		30.06.2013	**30.06.2012**
Share capital (bearer shares at nominal CHF 1.00)	Number	978‘000	978'000
Entitled to dividend (as of 30 June)	Number	957‘547	973‘147
Entitled to dividend (on average)	Number	960‘032	973‘428
Earning before interest and tax per share	EUR	20.3	24.0
Net result per share	EUR	14.2	16.7
Shareholders’ equity (incl. Minority interest) per share	EUR	264.3	265.1

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Consolidated balance sheet (unaudited)

Assets

(million EUR)	**30.06.2013**	**31.12.2012**
Fixed assets		
Goodwill	14.7	14.4
Other intangible assets	18.5	19.7
Investment properties	1.0	1.1
Other tangible assets	109.5	103.5
Investment in associated companies	0.5	0.4
Other financial assets	0.7	0.8
Derivative financial instruments	0.1	0.1
Deferred tax assets	3.7	3.8
Total fixed assets	**148.7**	**143.8**
Current assets		
Inventories	112.8	111.6
Trade receivables	72.2	51.6
Derivative financial instruments	0.3	0.0
Claims on income tax	3.2	2.7
Other receivables	8.5	8.2
Current asset securities	7.3	7.8
Cash and cash equivalents	54.5	62.8
Deferred charges and prepaid expenses	1.8	1.5
Total current assets	**260.6**	**246.2**
Total assets	**409.3**	**390.0**

Consolidated balance sheet (unaudited)

Equity and liabilities (million EUR)	**30.06.2013**	**31.12.2012 Restated***
Equity		
Share capital	0.6	0.6
Own shares	-7.7	-5.6
Retained earnings	254.2	250.4
Profit/Loss from IAS 39	0.2	0.0
Translation differences	3.3	3.4
Equity attributable to shareholders of the parent company	**250.6**	**248.8**
Minority interests	2.4	1.9
Total equity	**253.0**	**250.7**
Liabilities		
Long-term financial liabilities	23.3	39.3
Derivative financial instruments	0.0	0.1
Long-term provisions	12.5	12.9
Deferred tax liabilities	5.7	4.2
Long-term liabilities	**41.5**	**56.5**
Trade liabilities	29.1	19.8
Short-term financial liabilities	50.9	32.0
Derivative financial instruments	0.3	0.5
Short-term provisions	10.1	11.3
Income tax liabilities	1.7	4.2
Other liabilities	21.3	13.7
Deferred income	1.4	1.3
Short-term liabilities	**114.8**	**82.8**
Total liabilities	**156.3**	**139.3**
Total equity and liabilities	**409.3**	**390.0**

* Restated due to application of IAS 19 (see "impact of the amendments to IAS 19" in notes)

Consolidated statement of income (unaudited)

(million EUR)	**1st half 2013**	**1st half 2012** Restated*
Net sales	**253.9**	**264.3**
Changes in inventories	-0.8	-1.7
Own work capitalised	0.7	0.7
Other operating income	1.2	1.4
Cost of materials	-115.9	-125.1
Personnel expenses	-77.4	-74.8
Amortisation of intangible assets	-2.7	-3.0
Depreciation on tangible assets	-7.6	-7.8
Other operating expenses	-31.9	-30.7
Results before interest and tax (operating result)	**19.5**	**23.3**
Result from associated companies	0.1	0.1
Financial income	3.4	1.8
Financial expenses	-4.5	-2.8
Financial result	-1.0	-0.9
Result before tax	**18.5**	**22.4**
Income tax	-4.7	-6.2
Result of the period	**13.8**	**16.2**
of which		
Shareholders in the parent company	13.6	16.2
Minority interests	0.2	0.0
Earnings per share		
Earnings per share - undiluted (in EUR)	14.2	16.7
Earnings per share - diluted (in EUR)	14.2	16.7

* Restated (see change to presentation of statement of income in notes)

Consolidated statement of comprehensive income (unaudited)

(million EUR)	1st half 2013	1st half 2012 Restated*
Result of the period	**13.8**	**16.2**
Items that may be reclassified subsequently to profit or loss		
Fluctuations in fair value of financial assets	0.0	0.0
Realised results of financial assets	0.0	0.0
Fluctuations in fair value of cash flow hedges	0.2	2.8
Realised results of cash flow hedges	0.0	0.0
Translation differences	-0.2	1.1
Deferred taxes	0.0	-0.4
Items that may not be reclassified to profit or loss		
Actuarial gains / (losses) from IAS 19	0.4	-0.8
Deferred taxes	-0.1	0.2
Other comprehensive income (after taxes)	**0.3**	**2.9**
Total comprehensive income	**14.1**	**19.1**
of which		
Shareholders in the parent company	14.0	19.1
Minority interests	0.1	0.0

* Restated due to application of IAS 19 (see "impact of the amendments to IAS 19" in notes)

Consolidated statement of cash flow (unaudited)

(million EUR)	1st half 2013	1st half 2012 Restated*
Result of the period	13.8	16.2
Income tax	4.7	6.2
Result before tax	**18.5**	**22.4**
Amortisation of intangible assets	2.7	3.0
Depreciation on tangible assets	7.6	7.8
Losses/(gains) from the disposal of intangible and tangible assets	0.1	0.0
Impairment losses/(reversal of impairment losses) on intangible and tangible assets	0.0	0.0
Losses and value adjustments on inventories	0.3	0.6
Result from associated companies	-0.1	-0.1
Other non-cash expenses/(income)	0.3	-0.6
Increase/(decrease) in long-term provisions	0.0	0.4
Net interest expenses/(income)	0.5	0.6
Interest paid	-0.6	-0.7
Income tax paid	-6.8	-6.5
Operating cash flow before changing in working capital	**22.5**	**26.9**
(Increase)/decrease in inventories	-1.9	8.8
(Increase)/decrease in trade receivables	-19.8	-9.5
(Increase)/decrease in other receivables, deferred charges and prepaid expenses	-0.7	-1.8
Decrease/(increase) in trade payables	7.9	2.7
Decrease/(increase) in short-term provisions	-1.2	-1.8
Decrease/(increase) in other liabilities and deferred income	5.4	5.6
Cash flow from operating activites	**12.2**	**30.9**
Capital expenditure		
Intangible assets	-0.8	-0.9
Tangible assets	-10.7	-6.5
Financial assets	-0.3	0.0
Current securities	-1.5	-2.0
Acquisition of Group companies	-1.4	-2.9
Disinvestments		
Intangible assets	0.0	0.0
Tangible assets	0.5	0.7
Financial assets	0.0	0.0
Current securities	2.0	1.1
Interest received	0.5	0.5
Cash used in investing activities	**-11.7**	**-10.0**
Dividends paid (including minority interest)	-7.8	-8.1
Purchase of own shares	-2.1	-0.1
Sale of own shares	0.0	0.0
Issue of financial liabilities	7.4	3.7
Repayment of financial liabilities	-6.2	-4.9
Cash flow from financing activities	**-8.7**	**-9.4**
Translation differences in cash and cash equivalents	-0.1	0.3
Change in cash and cash equivalents	**-8.3**	**11.8**
Cash and cash equivalents as at 1 January	62.8	43.5
Cash and cash equivalents as at 30 June	54.5	55.3
Change in cash and cash equivalents	**-8.3**	**11.8**

* Restated due to application of IAS 19 (see "impact of the amendments to IAS 19" in notes)

Consolidated statement of changes in equity (unaudited)

(million EUR)	Share capital	Own shares	Retained earnings	Profits / (losses) cash flow hedges from IAS 39	Profits / (losses) financial assets from IAS 39	Translation differences	Equity attri-butable to shareholders in the parent company	Minority interests	Total equity
Equity as at 31 December 2011	**0.6**	**-1.7**	**245.7**	**-2.3**	**0.0**	**4.2**	**246.5**	**1.6**	**248.1**
Restatement*			**-1.6**				**-1.6**		**-1.6**
Equity as at 1 January 2012	**0.6**	**-1.7**	**244.1**	**-2.3**	**0.0**	**4.2**	**244.9**	**1.6**	**246.5**
Items that may be reclassified subsequently to profit or loss									
Fluctuations in fair value of financial assets							0.0		0.0
Realised results of financial assets							0.0		0.0
Fluctuations in fair value of cash flow hedges				2.8			2.8		2.8
Realised results of cash flow hedges							0.0		0.0
Translation differences						1.1	1.1	0.0	1.1
Deferred taxes not affecting net income				-0.4			-0.4		-0.4
Items that may not be reclassified to profit or loss									
Actuarial gains / (losses) from IAS 19			-0.8				-0.8		-0.8
Deferred taxes			0.2				0.2		0.2
Total other comprehensive income (after taxes)	**0.0**	**0.0**	**-0.6**	**2.4**	**0.0**	**1.1**	**2.9**	**0.0**	**2.9**
Result of the period			**16.2**				**16.2**	**0.0**	**16.2**
Total comprehensive income	**0.0**	**0.0**	**15.6**	**2.4**	**0.0**	**1.1**	**19.1**	**0.0**	**19.1**
Purchase of companies							0.0	0.6	0.6
Change in own shares							0.0		0.0
Dividends paid			-10.5				-10.5	-0.1	-10.6
Total equity-transactions with owners	**0.0**	**0.0**	**-10.5**	**0.0**	**0.0**	**0.0**	**-10.5**	**0.5**	**-10.0**
Equity as at 30 June 2012	**0.6**	**-1.7**	**249.2**	**0.1**	**0.0**	**5.3**	**253.5**	**2.1**	**255.6**
Equity as at 31 December 2012	**0.6**	**-5.6**	**253.2**	**0.0**	**0.0**	**3.4**	**251.6**	**1.9**	**253.5**
Restatement*			**-2.8**				**-2.8**		**-2.8**
Equity as at 1 January 2013	**0.6**	**-5.6**	**250.4**	**0.0**	**0.0**	**3.4**	**248.8**	**1.9**	**250.7**
Items that may be reclassified subsequently to profit or loss									
Fluctuations in fair value of financial assets							0.0		0.0
Realised results of financial assets							0.0		0.0
Fluctuations in fair value of cash flow hedges				0.2			0.2		0.2
Realised results of cash flow hedges							0.0		0.0
Translation differences						-0.1	-0.1	-0.1	-0.2
Deferred taxes not affecting net income							0.0		0.0
Items that may not be reclassified to profit or loss									
Actuarial gains / (losses) from IAS 19			0.4				0.4		0.4
Deferred taxes			-0.1				-0.1		-0.1
Total other comprehensive income (after taxes)	**0.0**	**0.0**	**0.3**	**0.2**	**0.0**	**-0.1**	**0.4**	**-0.1**	**0.3**
Result of the period			**13.6**				**13.6**	**0.2**	**13.8**
Total comprehensive income	**0.0**	**0.0**	**13.9**	**0.2**	**0.0**	**-0.1**	**14.0**	**0.1**	**14.1**
Purchase of companies							0.0	0.6	0.6
Change in own shares		-2.1					-2.1		-2.1
Dividends paid			-10.1				-10.1	-0.2	-10.3
Total equity-transactions with owners	**0.0**	**-2.1**	**-10.1**	**0.0**	**0.0**	**0.0**	**-12.2**	**0.4**	**-11.8**
Equity as at 30 June 2013	**0.6**	**-7.7**	**254.2**	**0.2**	**0.0**	**3.3**	**250.6**	**2.4**	**253.0**

* Restated due to application of IAS 19 (see "impact of the amendments to IAS 19" in notes)

Consolidated segment information (unaudited)

by division
(million EUR)

	Enclosures		ELCOM/EMS		Mechanical Components		Total Segment		Reconciliation*		Total Group	
	1st half 2013	**1st half 2012**	**1st half 2013**	**1st half 2012**	**1st half 2013**	**1st half 2012**	**1st half 2013**	**1st half 2012**	**1st half 2013**	**1st half 2012**	**1st half 2013**	**1st half 2012**
Gross sales to third parties	**82.0**	**85.5**	**54.2**	**68.3**	**120.1**	**113.0**	**256.3**	**266.8**	**0.0**	**0.0**	**256.3**	**266.8**
Gross sales between divisions	0.1	0.1	2.7	2.7	0.1	0.1	2.9	2.9	-2.9	-2.9	0.0	0.0
Revenue reductions											-2.4	-2.5
Net sales											**253.9**	**264.3**
Amortisation of intangible assets and depreciation on tangible assets	-2.9	-3.1	-2.8	-3.1	-4.4	-4.5	-10.1	-10.7	-0.2	-0.1	-10.3	-10.8
Result before interest and tax (operating result)	**11.1**	**14.6**	**0.8**	**4.1**	**9.8**	**6.5**	**21.7**	**25.2**	**-2.2**	**-1.9**	**19.5**	**23.3**
Financial result											-1.0	-0.9
Result before tax											**18.5**	**22.4**
Income tax											-4.7	-6.2
Result of the period											**13.8**	**16.2**
Segment assets	85.1	85.5	88.7	92.2	159.6	154.8	333.4	332.5			333.4	332.5
Cash and cash equivalents									54.5	55.3	54.5	55.3
Other assets									21.4	21.2	21.4	21.2
Total assets	**85.1**	**85.5**	**88.7**	**92.2**	**159.6**	**154.8**	**333.4**	**332.5**	**75.9**	**76.5**	**409.3**	**409.0**
Segment liabilities	20.6	21.1	16.1	14.6	30.2	27.0	66.9	62.7			66.9	62.7
Interest-bearing liabilities									74.2	69.9	74.2	69.9
Other liabilities									15.2	18.6	15.2	18.6
Total liabilities	**20.6**	**21.1**	**16.1**	**14.6**	**30.2**	**27.0**	**66.9**	**62.7**	**89.4**	**88.5**	**156.3**	**151.2**
Net assets	**64.5**	**64.4**	**72.6**	**77.6**	**129.4**	**127.8**	**266.5**	**269.8**	**-13.5**	**-12.0**	**253.0**	**257.8**

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

Annex to the interim financial statements as at 30 June 2013

Consolidation and valuation principles

Principles underlying the interim financial statements

These unaudited interim financial statements for the Phoenix Mecano Group were drawn up in accordance with International Accounting Standard 34 (IAS 34) on “Interim Financial Reporting”. The consolidated half-yearly accounts do not cover all the information set out in the consolidated financial statements and should therefore be read in conjunction with the consolidated financial statements as at 31 December 2012.

The accounting and valuation principles used for the half-yearly accounts correspond to those applied for the consolidated financial statements as at 31 December 2012, with the exception of the revised IFRS/IAS standards and interpretations (IFRS 10 / IFRS 11 / IFRS 12 / IFRS 13 / IFRIC 20 / Amendments to IAS 1 / IAS 19 / IAS 27 / / IAS 28 / Amendments to IFRS 7 / Amendments to IFRSs (May 2012) and Amendments to IFRS 10/11/12) applied for the first time as at 1 January 2013. With the exception of the amendments to IAS 19, IAS 1 and IFRS 13, applying these revised standards had no impact on the consolidated interim financial statements as at 30 June 2013.

Change to presentation of statement of income

The presentation of sales revenue was changed in consolidated financial statements 2012. Presentation in interim financial statements 2013 and prior year have been adapted accordingly. Further explanation of transition are shown in the annual report 2012.

Impact of the amendments to IAS 19, IAS 1 and IFRS 13

Under the amendments to IAS 19, actuarial gains and losses must henceforth be recognised immediately under Other result. The possibility that used to exist of deferring recognition of actuarial gains and losses (corridor method) is no longer allowed. For the first time, the revised standard also contains provisions on how to handle contributions from employees under the terms of a pension plan. These must be treated as a negative benefit (reduction in cost) when calculating service cost, with the effects being attributed to periods of service on a straight-line basis if the contributions in later years will lead to a materially higher level of benefit than in earlier years. In addition, interest expense and expected return are replaced by a net interest component. This is obtained by multiplying the net pension obligation by the discount interest rate. These changes had an impact of less than EUR 0.1 million for Phoenix Mecano, so there was no need to amend the statement of income for the previous year. The amendments to IAS 19 also had a minor impact on the statement of income for H1 2013 (less than EUR 0.1 million). The tables below show the reconciliation of the restated items in the balance sheet, statement of comprehensive income and statement of cash flow based on application of the amended IAS 19 – Employee Benefits.

Change of consolidated balance sheet	31.12.2012 in Mio. EUR	01.01.2012 in Mio. EUR
Long term provision (before IAS 19R)	9.4	10.4
Changes due to IAS 19R	3.5	1.9
Long term provision (restated)	**12.9**	**12.3**
Deferred tax liabilities (before IAS 19R)	4.9	5.3
Changes due to IAS 19R	-0.7	-0.3
Deferred tax liabilities (restated)	**4.2**	**5.0**
Equity (before IAS 19R)	253.5	248.1
Changes due to IAS 19R	-2.8	-1.6
Equity (restated)	**250.7**	**246.5**

Change of other comprehensive income	30.06.2012 in Mio. EUR
Other comprehensive income (before IAS 19R)	19.7
Changes due to IAS 19R	
New valuation of employee benefit obligation	-0.8
Deferred taxes	0.2
Other comprehensive income (restated)	**19.1**

Change of consolidated statement of cash flow	30.06.2012 in Mio. EUR
Cash flow from operating activites (before IAS 19R)	30.9
Changes due to IAS 19R	
Other non-cash expenses/(income)	-0.8
Increase/(decrease) in long-term provisions	0.8
Cash flow from operating activites (restated)	**30.9**

The amendments to IAS 1 require a new presentation in the statement of comprehensive income. The items of other comprehensive income must be regrouped into those that will not be subsequently reclassified to the statement of income and those that might be reclassified under certain conditions.

The amendments to IFRS 13 seek to increase consistency in fair value measurements and provide a single framework of requirements in this area.

Scope of consolidation

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

In H1 2012, the scope of consolidation expanded to include Germany-based ATON Lichttechnik GmbH, which was founded on 13 January 2012 and in which the Phoenix Mecano Group holds a 60% stake, and Integrated Furniture Technologies Ltd., based in Cheltenham, UK, of which full ownership was acquired on 10 February 2012 and which in turn holds a 50% stake in Robco Designs Ltd.

Assumptions and estimations

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

Notes on the interim financial statements

Seasonality

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

Acquisitions under IFRS 3 “Business Combinations”

On 20 December 2012, the Phoenix Mecano Group signed a purchase agreement to acquire 80% of the shares in Bond Tact Ltd., Hong Kong. The company specialises in the manufacture of electromechanical precision components and has a production facility in Dongguan, China. As at the date of approval of the 2012 consolidated financial statements, the conditions for transfer of control under IFRS 3 were not yet fulfilled. The transaction (including the transfer of shares and fulfilment of contractual terms) was completed on 31 March 2013.

After their acquisition, the acquired companies generated sales revenue with third parties of EUR 1.5 million in H1 2013. Their contribution to the Phoenix Mecano Group's result for the period was EUR -0.2 million. Had the companies been included in the scope of consolidation from 1 January 2013, sales revenue would have totalled EUR 255.2 million and consolidated result of the period EUR 13.5 million.

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

	Fair value in Mio. EUR
Non-current assets	4.0
Current assets	1.1
Liabilities	-2.4
Identifiable net assets	**2.7**
Minority interests	-0.6
Goodwill from acquisition	0.0
Purchase price	**-2.1**
Prepayment from 2012	0.4
Cash and cash equivalents acquired	0.3
Change in Funds	**-1.4**

Goodwill

The EUR 0.3 million increase in the Group's goodwill is due to currency differences that did not affect net income.

Categories of financial instruments

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

	30.06.2013 in Mio. EUR	31.12.2012 in Mio. EUR	Hierarchy
Financial assets measured at market value			
Current securities	7.3	7.8	Level 1
Derivative financial instruments	0.4	0.1	Level 2
Total	**7.7**	**7.9**	
Financial liabilities measured at market value			
Derivative financial instruments	-0.3	-0.6	Level 2
Residual purchase price liabilities from acquisitions	-21.4	-21.0	Level 3
Total	**-21.7**	**-21.6**	

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

	2013 in Mio. EUR	2012 in Mio. EUR
Balance as at 1 January / 1 January	**21.0**	**17.7**
Change in scope of consolidation	0.0	2.4
Currency differences	0.4	0.1
Usage	-1.0	-0.1
Releases (Financial income)	-1.2	-1.2
Allocation (Financial expenses)	1.7	1.4
Interest expenses	0.5	0.7
Balance as at 30 June / 31 December	**21.4**	**21.0**

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

The fair value of the residual purchase price liabilities (Level 3) is dependent on results (i.e. earnings) benchmarks, which are based partly on target figures (for the next 1–2 years). The residual purchase price liabilities may alter owing to a change in exchange rates, a change in the interest rate or a change in the parameters for determining the residual purchase price. If the relevant future results were 10% greater, the residual purchase price liability would increase by EUR 0.3 million, assuming all other variables remained constant. All expenses and income relate to residual purchase price liabilities outstanding at 30 June 2013.

The residual purchase price liability has been recognised as a short-term financial liability for the first time (mainly due in first half year 2014), which primarily accounts for the change in short-term and long-term financial liabilities between 31 December 2012 and 30 June 2013.

Dividend payment

Pursuant to the decision taken by the Shareholders' General Meeting held on 24 May 2013, in June 2013 shareholders were paid a dividend of CHF 13.00 per share. The withholding tax payable on the dividend in the reporting year was paid in July.

Share buyback programme

Under the share buyback programme agreed by Phoenix Mecano AG's Board of Directors in June 2012, a total of 5,650 shares with a value of EUR 2.1 million were repurchased in the first half of the year.

Events after the balance sheet date

Between 30 June 2013 and 14 August 2013, no events occurred that would alter the book values of the Group's assets and liabilities as at 30 June 2013 or that should be disclosed here.

Adoption of the condensed interim financial statements

The Board of Directors of Phoenix Mecano AG released this half-yearly report for publication on 14 August 2013.