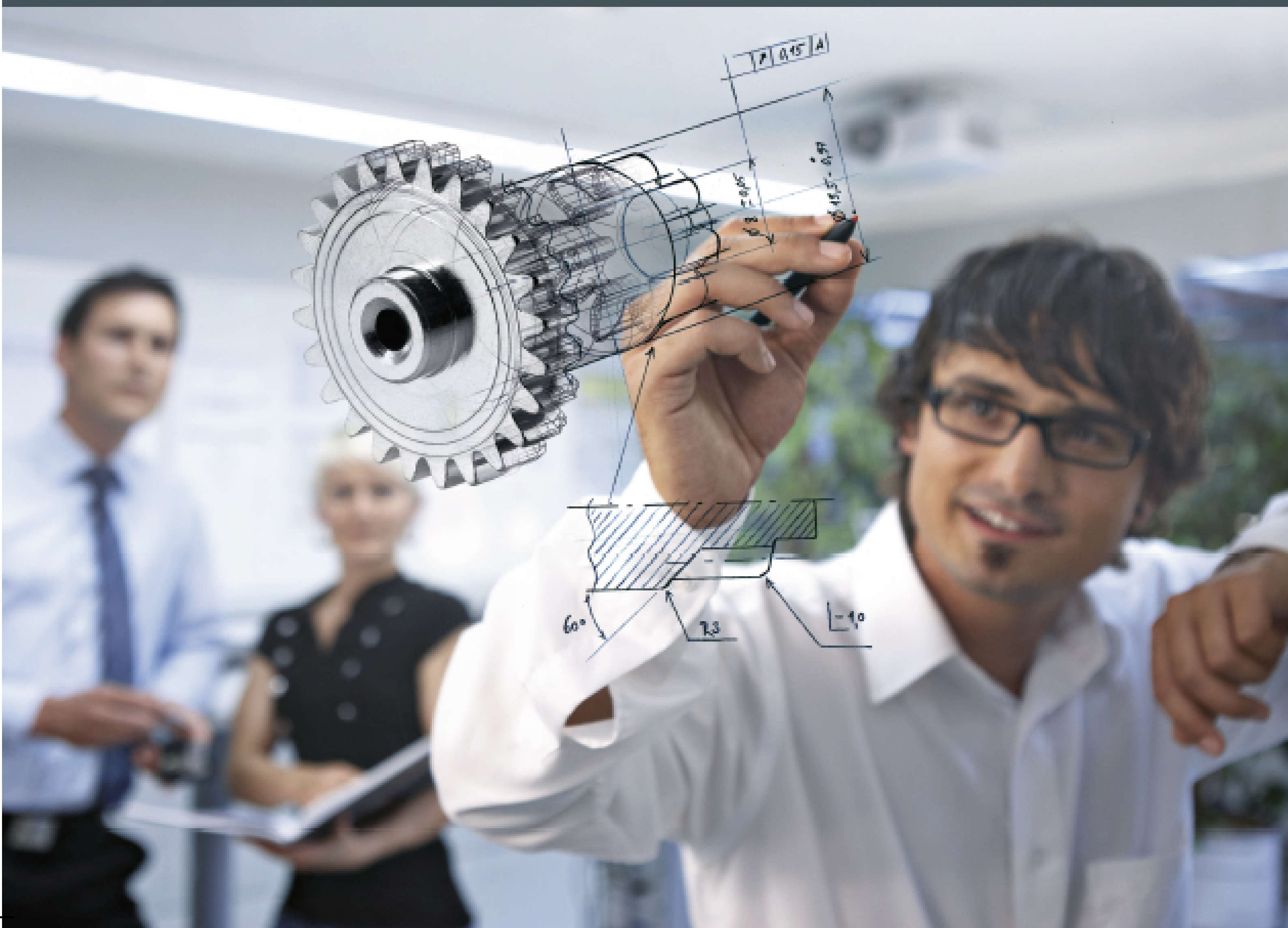
SFS

Financial Report 2013



Financial overview

Income statement In CHF million	2013	2012 restated	2011 restated	2010	2009[1]
Sales	1,330.6	1,193.3	1,068.1	1,092.9	1,122.1
Change to previous year (%)					
At actual exchange rates	11.5	11.7	-2.3	6.4	-15.4
At constant exchange rates	11.1	12.5	5.5	11.6	-12.5
EBITDA	269.8	207.8	186.5	208.3	127.7
As a % of operating revenue	20.3	17.5	17.3	19.1	11.7
EBITA	195.4	140.7	123.7	139.8	53.2
As a % of operating revenue	14.7	11.9	11.5	12.8	4.9
Operating profit (EBIT)	142.3	110.7	111.9	125.8	35.9
As a % of operating revenue	10.7	9.3	10.4	11.5	3.3
Net income	86.5	73.5	82.9	97.8	40.7
As a % of operating revenue	6.5	6.2	7.7	8.9	3.7

Balance sheet In CHF million	2013	2012 restated	2011 restated	2010 restated	2009[1]
Assets	2,133.0	2,298.3	1,525.5	1,516.7	1,553.1
Net operating assets (NOA)	1,664.2	1,766.1	905.4	950.8	1,045.3
Net cash / (debt)	-248.5	-424.2	333.0	279.5	148.0
Equity	1,336.4	1,256.2	1,167.3	1,154.6	1,127.2
As a % of assets	62.7	54.7	76.5	76.1	72.6

Cash flow statement In CHF million	2013	2012	2011	2010	2009[1]
Cash flow from operating activities	216.0	132.1	146.9	162.1	162.3
Purchase of property, plant, equipment and software, net	-58.6	-54.5	-55.0	-29.8	-60.2
Acquisition of subsidiaries, net of cash acquired	-10.6	-706.8	-2.8	-2.1	-25.7
Acquisition of associates	32.9	-26.2	4.3	0.3	0.7

Employees	2013	2012	2011	2010	2009[1]
Headcount	7,110	7,125	4,224	4,147	4,319
Full-time equivalents (FTE)	7,000	7,000	4,117	4,009	4,302

Financial key ratios	2013	2012	2011	2010	2009[1]
Return on equity (%)[2]	6.9	6.3	7.2	8.7	3.6
Net debt / EBITDA[3]	0.92	1.68	n/a	n/a	n/a
RONOA (EBITA as % of NOA)[3]	11.7%	10.2%	13.7%	14.7%	5.1%

Share key ratios	2013	2012 restated	2011 restated	2010	2009[1]
Earnings per share in CHF	26.68	22.90	25.77	30.35	12.58
Dividend per share in CHF	10.00[4]	6.30	7.00	9.00	5.00
Dividend payment in CHF million	32.4[4]	20.4	22.4	29.0	16.1
Payout ratio (%)	37.5	27.8	27.0	29.7	39.7

As a result of the adaption of IAS 19R (Employee benefits revised) the previous years 2012 and 2011 have been restated (note 31).

[1] Including Steel & Metals division, last consolidation in 2009.
[2] Net income as a % of equity as of beginning of the year.
[3] EBITDA and EBITA 2012 are annualised for the acquisition of Unisteel Technology.
[4] Proposed dividend to the Annual General Meeting of shareholders of SFS Holding AG on 4 April 2014.

Selected financial information in USD million	2013	2012	2011	2010	2009
Sales	1,434	1,272	1,203	1,048	1,032
EBITDA	291	222	210	200	117
EBITA	211	150	139	134	49
Operating profit (EBIT)	153	118	126	121	33
Net income	93	78	93	94	37
Net cash / (debt)	-279	-464	355	299	144
Equity	1,500	1,373	1,243	1,234	1,094
Earnings per share	28.75	24.41	29.02	29.10	11.57

Selected financial information in EUR million					
Sales	1,081	990	866	791	743
EBITDA	219	172	151	151	85
EBITA	159	117	100	101	35
Operating profit (EBIT)	116	92	91	91	24
Net income	70	61	67	71	27
Net cash / (debt)	-203	-351	274	223	100
Equity	1,089	1,041	960	923	760
Earnings per share	21.67	19.00	20.88	21.96	8.33

Financial Report

Report to shareholders

Dear Shareholders

We are pleased to report at the conclusion of an eventful, challenging and overall successful business year 2013.

Market environment

Within Europe, our most important market, we were confronted with stagnating and declining developments in the end markets, which are relevant for us. European automobile production barely reached the previous year's level, while experts determined a 3% decrease in construction volume within the European building industry.

In the Swiss market gross domestic product rose more than expected. The building industry was the relevant growth driver for us.

The economic performance in the USA showed a pleasant development. The significant recovery of the American automotive industry was surprisingly positive. Thanks to this the number of automobiles produced mounted by roughly 5% to 16.2 million units.

Although the economic growth within the emerging Asian markets has slowed down considerably, it still represents an area of growth compared to our traditional markets.

In contrast to the previous years, the total impact of exchange rate fluctuations on our sales and profit was not significant in the current year.

Development of the SFS Group

During the financial year 2013 the SFS Group achieved sales growth of 11.5%. The consolidation of Unisteel Technology for the first time over a twelve-month period as well as the disposal of the business with reinforcement systems for concrete constructions contributed 9.8% of sales growth. Excluding changes in the scope of consolidation sales growth amounted to 1.7%.

The positive developments in our Group's profitability was affected by various non-recurring items, which will be discussed in the following financial report.

Key figures consolidated income statement

In CHF million	2013	±PY	2012	2011
Sales	1,330.6	11.5%	1,193.3	1,068.1
EBITDA	269.8	29.8%	207.8	186.5
As a % of operating revenue	20.3		17.5	17.3
EBITA	195.4	38.9%	140.7	123.7
As a % of operating revenue	14.7		11.9	11.5
Operating profit (EBIT)	142.3	28.6%	110.7	111.9
As a % of operating revenue	10.7		9.3	10.4
Net income	86.5	17.7%	73.5	82.9
As a % of operating revenue	6.5		6.2	7.7

New organisational structure

In the middle of 2013 SFS announced a new organisational structure. The corresponding organisational and personnel changes have been implemented rapidly, efficiently and with minimal impact on the business. The new reporting lines have been put into place on schedule as of the beginning of 2014.

The Group is split into three segments: Engineered Components, Fastening Systems and Distribution & Logistics, which comprise a total of six divisions. These divisions bear the full responsibility over the complete value chain from development, manufacturing through marketing and sales to application support and customer care. The cross-segment functions 'Technology' and 'Services' ensure the utilisation of synergies and the efficient transfer of know how as well as the implementation of common support and control processes.

The Group's financial reporting is aligned to this new structure. In order to allow for a meaningful comparison, the changes in segment reporting has been applied retrospectively to the previous years.

Focusing of business operations

In preparation for the planned initial public offering the Board of Directors decided to dispose of the operations in the field of reinforcement systems for concrete construction with its sites in St. Gallen and Au, Switzerland as well as of the minority investments in stürmsfs and INHAUS Handels GmbH.

Investments in future projects

During the past business year important initiatives have been launched and investments for future growth have been performed. Various projects for unlocking potential synergies in Asia have been launched. The SFS Group is further benefiting from the additional management expertise and resources of Unisteel Technology.

A new production site, which will be put into operation in 2014, has been built near the city of Guangzhou in China.

Based on the promising growth prospects for the Engineered Components segment in the USA and an encouraging project pipeline in this market, we decided to double the production area of our site in Medina.

As in previous years various measures aimed at improvement of productivity, quality and flexibility in all areas of the SFS Group have been implemented. We consider it positive that the Swiss production sites were able to offset the negative foreign currency related impacts to a large extent in the meantime.

Balance sheet development

The Group's balance sheet ratios have developed well. The significant increase in operating cashflow (EBITDA), the consistent management of the net working capital as well as the proceeds from the disposal of non-core activities reduced the net financial debt to CHF 248.5 million. Furthermore, the leverage ratio (ratio of net debt to EBITDA) has been decreased from 1.68 in the previous year to 0.92 as of the end of 2013. Consequently, the SFS Group shows very solid balance sheet ratios.

Key figures consolidated balance sheet

In CHF million	31.12.2013	31.12.2012	31.12.2011
Net cash / (debt)	-248.5	-424.2	333.0
Equity	1,336.4	1,256.2	1,167.3
As a % of assets	62.7	54.7	76.5

Dividend proposal

Based on the strong financial position of the Group, the Board of Directors is going to propose to the general meeting of shareholders, for approval, an increase of the dividend to CHF 10.00 per share. This distribution corresponds to the target set prior to the financial crisis in 2007.

Thanks

We thank our customers and suppliers for the cooperative collaboration with our company.

Very special thanks to all employees in more than 20 countries, who contribute to SFS Group's success with passion, tremendous commitment and outstanding competence.

To you, dear shareholders, we express deep gratitude for your long-term engagement towards sustainability and your trust in the Board of Directors, the management and all employees of the SFS Group.

On behalf of the Board of Directors
and the Group Executive Board

H. Spoerry

Heinrich Spoerry
Executive Chairman

Financial statements SFS Group

Consolidated balance sheet

In CHF million

Assets	Notes	31.12.2013	31.12.2012 restated	31.12.2011 restated	1.1.2011 restated
Cash and cash equivalents	7	217.4	172.0	211.4	185.8
Marketable securities	7	0.3	1.2	198.7	179.3
Trade receivables	8	218.7	262.2	129.3	137.1
Other receivables	9	29.5	32.2	21.4	27.2
Inventories	10	239.5	260.5	233.6	242.9
Current assets		**705.4**	**728.1**	**794.4**	**772.3**
Property, plant and equipment	11	534.2	555.9	530.5	565.0
Intangible assets	12	842.9	912.7	119.5	132.7
Financial assets	13	5.7	3.0	1.8	16.6
Investments in associates	14	32.6	87.5	73.3	23.2
Deferred income tax assets	17	12.2	11.1	6.0	6.9
Non-current assets		**1,427.6**	**1,570.2**	**731.1**	**744.4**
Assets		2,133.0	2,298.3	1,525.5	1,516.7

Liabilities and equity	Notes	31.12.2013	31.12.2012 restated	31.12.2011 restated	1.1.2011 restated
Trade payables		77.3	120.5	48.3	49.9
Current income tax liabilities		24.8	25.8	27.5	26.4
Other payables	15	100.6	112.6	59.5	61.1
Current borrowings	16	114.0	75.4	6.9	4.7
Current liabilities		**316.7**	**334.3**	**142.2**	**142.1**
Non-current borrowings	16	352.2	522.0	70.2	80.9
Deferred income tax liabilities	17	106.0	115.8	65.2	83.9
Provisions	18	21.7	70.0	80.6	55.2
Non-current liabilities		**479.9**	**707.8**	**216.0**	**220.0**
Liabilities		**796.6**	**1,042.1**	**358.2**	**362.1**
Share capital		3.2	3.2	3.2	3.2
Reserves	19	1,328.8	1,248.3	1,164.1	1,151.4
Equity attributable to SFS		**1,332.0**	**1,251.5**	**1,167.3**	**1,154.6**
Non-controlling interests		4.4	4.7	-	-
Total Equity		**1,336.4**	**1,256.2**	**1,167.3**	**1,154.6**
Liabilities and equity		2,133.0	2,298.3	1,525.5	1,516.7

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.

Consolidated income statement

In CHF million

	Notes	2013	2012 restated	2011 restated
Net sales	20	1,330.4	1,191.5	1,076.8
Change in work in progress and finished goods		-2.4	-5.6	1.6
Operating revenue		**1,328.0**	**1,185.9**	**1,078.4**
Material expenses		-516.3	-485.0	-414.4
Other operating income	21	31.9	19.5	12.0
Contribution margin		**843.6**	**720.4**	**676.0**
Personnel expenses	22	-374.1	-335.9	-328.3
Other operating expenses	23	-199.7	-176.7	-161.2
Depreciation	11	-74.4	-67.1	-62.8
Amortisation of intangible assets	12	-53.1	-30.0	-11.8
Total operating expenses		**-701.3**	**-609.7**	**-564.1**
Operating profit (EBIT)		**142.3**	**110.7**	**111.9**
Finance expense	24	-20.2	-10.0	-3.4
Finance income	24	7.3	2.2	-2.3
Share of profit / (loss) from related entities	14	-19.4	-7.6	-0.3
Earnings before tax		**110.0**	**95.3**	**105.9**
Income taxes	25	-23.5	-21.8	-23.0
Net income form continuing operations		86.5	73.5	82.9
Profit / (loss) from discontinued operations	30	-	-	-1.0
Net income	26	86.5	73.5	81.9
Attributable to owners of SFS Holding AG		86.5	73.5	81.9
Attributable to non-controlling interests		-	-	-
Earnings per share (in Swiss francs) basic and diluted	26	**26.68**	**22.90**	**25.46**
From continuing operations		26.68	22.90	25.77
From discontinued operations		-	-	-0.31

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

In CHF million

	Notes	2013	2012 restated	2011 restated
Net income		86.5	73.5	81.9
Items that will not be reclassified to profit and loss				
Actuarial gains / (losses) on defined benefit pension plans	19	44.3	20.9	-29.1
Tax effect pension plans	19	-7.4	-3.5	4.8
Items that may be subsequently reclassified to profit and loss				
Currency translation adjustments (CTA)	19	-24.2	-4.0	-7.9
Reversal of CTA from deconsolidation		0.9	-	11.1
Cash flow hedges	19	0.7	-0.2	-10.1
Tax effect on cash flow hedges		-0.1	0.0	1.7
Comprehensive income		100.7	86.7	52.4
Attributable to owners of SFS Holding AG		100.9	86.7	52.4
Attributable to non-controlling interests		-0.2	-	-

Consolidated statement of changes in equity

In CHF million

	Notes	Share capital	Reserves	Attributable to owners of SFS	Non-controlling interests	Total equity
Balance at 1.1.2011		3.2	1,142.2	1,145.4	-	1,145.4
Restatement	31	-	9.2	9.2	-	9.2
Balance at 1.1.2011 restated	19	3.2	1,151.4	1,154.6	-	1,154.6
Comprehensive income 2011		-	52.4	52.4	-	52.4
Dividends		-	-29.0	-29.0	-	-29.0
Purchase of treasury shares		-	-10.7	-10.7	-	-10.7
Balance at 31.12.2011 restated	19	3.2	1,164.1	1,167.3	-	1,167.3
Comprehensive income 2012		-	86.7	86.7	-	86.7
Dividends		-	-22.4	-22.4	-	-22.4
Sale of treasury shares		-	19.9	19.9	-	19.9
Change in non-controlling interests	30	-	-	-	4.7	4.7
Balance at 31.12.2012 restated	19	3.2	1,248.3	1,251.5	4.7	1,256.2
Comprehensive income 2013		-	100.9	100.9	-0.2	100.7
Dividends		-	-20.4	-20.4	-0.1	-20.5
Balance at 31.12.2013	19	3.2	1,328.8	1,332.0	4.4	1,336.4

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

In CHF million

	Notes	2013	2012 restated	2011 restated
Operating profit (EBIT)		142.3	110.7	111.9
Depreciation / amortisation	11, 12	127.5	97.0	74.6
Interest paid	24	-19.3	-9.3	-3.4
Income tax paid		-39.3	-35.0	-32.6
Changes in provisions and valuation allowances		-10.9	-2.9	9.1
Cash flow before changes in NWC		**200.3**	**160.5**	**159.6**
Changes in trade receivables		37.9	-68.3	-1.9
Changes in other receivables		3.0	-4.0	5.4
Changes in inventories		15.7	2.0	-11.4
Changes in current liabilities		-40.9	41.9	-4.8
Changes in net working capital (NWC)		**15.7**	**-28.4**	**-12.7**
Cash flow from operating activities		216.0	132.1	146.9
Purchases of property, plant and equipment	11	-75.0	-65.5	-55.1
Purchases of software	12	-1.6	-2.2	-1.6
Proceeds from sale of assets		18.0	13.2	1.7
Acquisition of subsidiary, net of cash acquired	30	-30.6	-706.8	-2.8
Proceeds from sale of investments	30	20.0	-	-
Proceeds from sale of associates		35.7	-	9.0
Acquisition of associates		-3.2	-26.5	-5.1
Dividends from associates	14	0.4	0.3	0.4
Cash flow from operational investing activities		**-36.3**	**-787.5**	**-53.5**
Proceeds from interest and securities	24	1.4	16.8	6.3
Purchase of marketable securities		-	-	-35.0
Proceeds from sale of marketable securities		0.9	198.5	6.1
Cash flow from investing activities		-34.0	-572.2	-76.1
Proceeds from current borrowings	16	4.4	72.3	5.1
Proceeds from non-current borrowings	16	-	499.0	-
Repayment of current borrowings		-77.3	-143.1	-3.4
Repayment of non-current borrowings		-45.4	-25.1	-7.4
Change in financial assets		3.3	-0.1	0.8
Sale / (purchase) of treasury shares		-	19.5	-10.7
Dividends paid to the shareholders		-20.5	-22.4	-29.0
Cash flow from financing activities		-135.5	400.1	-44.6
Translation adjustment on cash and cash equivalents		-1.1	0.6	-0.6
Changes in cash and cash equivalents		45.4	-39.4	25.6
Cash and cash equivalents at beginning of period	7	172.0	211.4	185.8
Cash and cash equivalents at end of period	7	217.4	172.0	211.4

The notes on pages 15 to 44 are an integral part of these consolidated financial statements.

Notes

Notes

1 General information

SFS Holding AG is a limited company according to Swiss law, incorporated and domiciled in Heerbrugg, Switzerland. It is the parent company of all SFS Group companies and consequently the ultimate holding company of the SFS Group.

The consolidated financial statements of the SFS Group have been approved by the Audit Committee and the Board of Directors on 18 February 2014 and are subject to final approval at the general meeting of shareholders, which will take place on 4 April 2014.

All amounts are in **CHF million** unless otherwise stated and refer to 31 December for balance sheet items and to the financial year from 1 January to 31 December for items of the income statement.

2 Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the Swiss Code of Obligations. They give a true and fair view of the financial position of the SFS Group and of their financial performance and cash flows.

With regards to the planned initial public offering and in order to comply with the requirements of the SIX Swiss Exchange AG the 2013 financial statements include two comparative periods.

As a result of the adoption of IAS 19R the previous year's values have been restated in accordance with IAS 8. The effects are presented in note 31.

Except for certain financial instruments, such as derivative financial instruments, which have been recognised at fair value, the consolidated financial statements have been prepared under the historical cost convention.

2.2 Changes in accounting policy and disclosures

2.2.1 New and amended standards adopted

The standards listed below are effective as from 1 January 2013, and have been adopted by SFS:

- IFRS 10 "Consolidated financial statements"
- IFRS 11 "Joint arrangements"
- IFRS 12 "Disclosures of interests in other entities"
- IFRS 13 "Fair value measurement"
- IAS 19R "Employee benefits (revised)"
- IAS 1 "Presentation of financial statements"

IFRS 10 replaces IAS 27 and SIC 12. The standard defines the principle of control. This has no impact on the SFS Group's financial statements.

IFRS 11 replaces IAS 31 as well as SIC 13 focusing on the accounting policy for joint ventures. Proportional consolidation of joint ventures is no longer allowed. This has no impact on the SFS Group's financial statements.

IFRS 12 includes disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Apart from additional disclosure requirements this has no impact on the SFS Group's financial statements.

IFRS 13 aims to improve consistency with regards to the fair value measurement and disclosure requirements of financial assets and liabilities. Apart from additional disclosure requirements this has no impact on the SFS Group's financial statements.

IAS 19R eliminates the "corridor approach" and requires the application of a consistent discount rate for discounting the defined benefit obligations as well as for the calculation of the interest on plan assets. In addition to this the valuation of benefit obligations is based on generation tables. Furthermore, the risk management of the pension plans requires additional disclosure and the risk sharing principle is applied.

IAS 1 leads to a division of the consolidated comprehensive income into items, which either remain in the equity or have to be recognised in profit or loss in future periods.

The common annual specifications and minor adjustments in various standards and interpretations do not have a significant impact on the consolidated financial statements.

The Group decided to early adopt the amendments to IAS 36 (recoverable amount disclosures for non-financial assets), which clarifies the disclosure requirements of IAS 36.

2.2.2 New standards and interpretations not adopted

The new standard IFRS 9 "Financial instruments" addresses the classification and measurement of financial assets and financial liabilities. The Group does not expect a significant impact based on this standard. The date of adoption is not yet defined.

2.3 Consolidation principles

The consolidated financial statements include the financial statements of SFS Holding AG and all its Swiss and foreign subsidiaries. Using the full consolidation method, all assets and liabilities as well as the expenses and income of the subsidiaries are included in the consolidated financial statements. Equity and profit or loss attributable to third parties are presented as separate line items in the consolidated balance sheet, consolidated income statement and consolidated statement of comprehensive income.

The consolidated financial statements have been prepared based on the financial statements of the Group companies, which have been prepared in accordance with uniform Group accounting policies as of 31 December.

Inter-company transactions, balances, income and expenses between Group companies are eliminated on consolidation. Inter-company profits arising from inventories supplied within the Group and disposal of assets are eliminated. The acquisition method is used to account for business combinations.

Under this method, the acquiree's net assets and liabilities are measured at their fair values using uniform Group accounting policies. Any excess of consideration transferred over the fair value of the net assets acquired is recognised as goodwill and is tested for impairment annually. If this consideration is lower than the fair value of the net assets acquired, the difference is recognised directly in the income statement.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Related entities are all entities over which the Group has significant influence but not control. These are divided in joint ventures and associates.

Joint control within the joint ventures is contractually agreed. Important decisions with regards to the financial and business policies as well as to management require mutual agreement. SFS is entitled to its proportionate share of the net assets.

Associates are all entities where SFS has the possibility to participate in financial and business decisions without having control.

With respect to both types of investments the SFS Group has a shareholding of between 20% and 50% of the voting rights.

Associates and joint ventures are initially recognised at cost of acquisition, which includes the proportion of net assets acquired as well as a proportionate amount of goodwill (if any). Subsequent measurement is performed based on the equity method in order to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income.

2.4 Foreign currency translation
Items included in the financial statements of each of the SFS Group's entities are measured using the currency of the primary economic environment in which the entity operates. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

The consolidated financial statements are presented in Swiss francs (CHF), which is the SFS Group's presentation currency. For consolidation purposes the results and financial position of all Group entities that have a functional currency different from the presentation currency are translated into the presentation currency. Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet. Income and expenses for each income statement are translated at average exchange rates. All resulting exchange differences are recognised in other comprehensive income.

Foreign exchange differences resulting from long-term inter-company loans in a foreign currency that form part of SFS Group's net investment in the subsidiary are charged to comprehensive income and reversed through profit and loss at disposal of the entity or upon repayment of the loan.

2.5 Fair value estimation
IFRS 13 improved consistency with regards to fair value measurement providing a precise valuation hierarchy. Level 1 means there are quoted prices available in active markets for identical assets or liabilities. Within level 2 inputs are used for valuation based on observable market data, either directly or indirectly, for the asset or liability. Level 3 uses valuation inputs for the asset or liability, which are not based on observable market data.

2.6 Cash and cash equivalents
Cash and cash equivalents include cash on hand, deposits held on call with banks and other short-term highly liquid investments. Due to the short-term maturities of the cash equivalents the carrying amount is equal to the fair value of these assets. In order to qualify as a cash equivalent the original maturity of the instrument must be 90 days or less.

2.7 Financial assets
SFS classifies its financial assets in the categories described below. The classification depends on the purpose for which the financial assets were acquired.

At fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. This group includes cash and cash equivalents, securities and forward foreign exchange contracts. These are translated at the closing rate at the balance sheet date and remeasured through profit or loss, unless they are designated as cash flow hedges.

Loans and receivables
This group includes trade receivables and loans within the financial assets. Loans and receivables are recognised initially at nominal value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Derecognition of financial instruments
Financial assets are derecognised when the rights to receive cash flows have expired or transferred and the

Group has transferred substantially all risks and rewards of ownership.

2.8 Hedge accounting

The Group uses derivative financial instruments to reduce the risks from interest and foreign currency fluctuations on business and financial transactions. Hedge accounting is applied for selected hedging transactions within the meaning of IAS 39 in order to reduce the earnings volatility in the income statement. Changes in the fair value of derivative are recognised in other comprehensive income provided they are effective. Amounts accumulated in equity are reclassified to the income statement in the periods when the hedged item affects the income statement or is no longer expected to occur.

2.9 Other receivables

These include accrued assets, refundable VAT and withholding tax as well as other current assets. They are stated at the amortised cost.

2.10 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of goods comprise raw materials, direct labour, other direct costs and related production overheads based on normal operating capacity utilisation.

Where necessary, a provision is made for obsolete or slow-moving inventories.

2.11 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Value-added expenditures, which lead to an extension of useful life or increase production capacity, are capitalised. Depreciation is calculated using the straight-line method to allocate the cost over the asset's estimated useful lives, as follows:

	Years
Buildings	20 - 33
Infrastructure	10 - 15
Machinery	5 - 10
Furniture, fittings and equipment	5 - 10
Office machinery, computer equipment	3 - 5
Vehicles	3 - 8

Based on its infinite useful life, land is stated at cost and is not depreciated.

The assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit and loss for the amount by which the asset's carrying amount exceeds its recoverable amount.

2.12 Intangible assets

Goodwill and intangible assets with an infinite useful life are tested annually for impairment. Any impairment is recognised immediately in the income statement.

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Goodwill and intangible assets with an infinite useful life are tested annually for impairment. Any impairment is recognised immediately in the income statement.
Intangible assets with a finite useful life are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost over the asset's estimated useful lives, as follows:

	Years
Licences and patents	3 - 5
Software	3 - 10
SAP project costs	5 - 10
Building lease	50
Other intangible assets	3 - 10

The intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

2.13 Provisions

A provision is recognised when SFS has a present legal or constructive obligation as a result of past events, it is probable that an outflow will be required and the amount of outflows can be estimated reliably.

Provisions contain pension plans, severance payments, anniversaries, warranty claims and pending lawsuits.

2.14 Employee benefits

Pension plans

The SFS Group has a pension plan in Switzerland and various defined benefit plans abroad, which are not substantial.

The Swiss pension plan is measured annually by an independent actuarial expert based on the projected unit credit method. Pension plan assets are measured at fair value. Experience adjustments and changes in actuarial assumptions, collectively actuarial gains and losses, are recognised in other comprehensive income and remain within the reserves. A net obligation or a net asset in the balance sheet equals the pension plan deficit or surplus at the balance sheet date. Current and past service cost as well as gains or losses from plan curtailments and compensation are recognised as personnel expense. The net interest cost, which is recognised as such, is calculated as the product of the net benefit obligation and the discount rate.

Defined benefit plans, which are not substantial, are measured periodically based on statutory provisions and reported within provisions.

The employer's contributions related to defined contribution plans are recognised as expense in the income statement in the relevant reporting period.

Other employment benefits
These include primarily anniversaries and severance payments, which are recognised on an accrual basis as a provision in the balance sheet.

Share-based payments
The SFS Group does not operate a share-based compensation plan. Usually every second year, the Employer's Foundation sells shares of the SFS Group to employees at a minor discount, which is charged to the income statement. The employees are granted a discount on the basis that they must hold the shares for a defined period.

2.15 Tax liabilities
Current tax liabilities arising from the taxable profit of the reporting period are accrued for, irrespective of when they are due for payment. Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The deferred taxes are determined using local tax rates that have been enacted by the balance sheet date and are expected to apply when the deferred tax items are realised or settled. Deferred income tax liabilities arising from future distribution of retained earnings are not made where the Group is able to control the timing and a reversal of the temporary difference is unlikely.

2.16 Leases
Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased asset and the present value of the minimum lease payments. They are amortised over the period of the lease. The related leasing obligations net of finance expenses are recognised as liabilities. Lease payments from operating leases, which are characterised as rent, are recognised through profit or loss during the period of the lease. In case a contract is terminated early, a provision is made for the full amount owed less realisable sublease.

2.17 Share capital
The share capital of SFS Holding AG constitutes the share capital of the SFS Group. The consideration paid for treasury shares is deducted from the equity.

2.18 Earnings per share
The number of shares for the calculation of the earnings per share is determined based on the weighted average number of shares outstanding during the year.

2.19 Dividend
Dividend distributions to the company's shareholders are recognised in the Group's financial statements in the period in which the dividends are approved by the company's shareholders and paid out.

2.20 Contingent liabilities
These include warranty agreements, guarantees and pledges. Inter-company warranty agreements and guarantees are eliminated.

2.21 Revenue recognition
Sales of goods and services are recognised when the risks and rewards have been transferred to the customer, which is the point of shipping or billing or when services are rendered.

2.22 Research and development costs
Research costs are recognised as an expense as incurred. Development costs are capitalised only if the future economic benefits will be sufficient to recover the development cost and if the other criteria required by IAS 38 "Intangible assets" are met (see note 23).

2.23 Borrowing costs
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in finance expense in the period in which they incurred.

3 Critical accounting estimates and judgements
The preparation of consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of income, expenses, assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Therefore, the actual results may differ from these estimates.

All estimates and judgements are reviewed continually. They are based on historical experience and other factors that are believed to be reasonable under the circumstances.

The most significant estimates and uncertainties affecting SFS are discussed below:

3.1 Useful life of property, plant and equipment
An essential portion of SFS Group's assets are invested in property, plant and equipment. At initial recognition the useful life of the asset may not be precisely determined. Technical development or competitor products may lead to reductions of useful lives. Consequently, the assets' residual values and useful lives are reviewed regularly, and adjusted if appropriate.

3.2 Valuation allowances on inventories

The SFS Group is achieving a high level of added value on its products and pursues stringent quality standards. In managing an optimum readiness to deliver to customers, there may be situations in which inventory items may be in excess of forecasted orders, leading to obsolescence in inventory. Provisions for obsolescence are recognised systematically.

3.3 Tax assets and liabilities

The SFS Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in areas such as the definition of inter-company transfer prices, the evaluation of tax loss carry-forwards and other estimates necessary in determining the tax liabilities and assets. In case these judgments and estimates prove to be incorrect, this may lead to impairments or subsequent payments.

3.4 Recoverability of goodwill

The Group tests annually whether goodwill has suffered any impairment. These calculations require the use of estimates for expected cash flows as well as other assumptions.

3.5 Pension plans

With regards to defined benefit plans actuarial assumptions are required in order to estimate future cash flows. If any of these parameters differ from the underlying assumptions, this may have a significant impact on later results.

4 Segment information

The SFS Group is divided into three segments Engineered Components, Fastening Systems and Distribution & Logistics.

The financial performance of the segments is monitored based on operating profit before amortisation (EBITA) and before depreciation (EBITDA). The segments apply the Group's accounting policies. Internal transactions are conducted based on usual market conditions.

Segment assets are all assets, which are directly attributable to a segment, such as receivables, inventories, property, plant and equipment as well as intangible assets. Associates are not allocated to a segment. The segment liabilities include directly attributable trade payables as well as deferred tax liabilities.

Segment assets less segment liabilities are the net operating assets (NOA). The net working capital includes trade receivables and inventories less trade payables.

Engineered Components

The segment Engineered components is a global manufacturer and supplier of precision formed components, engineered fasteners and assemblies. As a specialist in the field of cold forming, deep drawing, injection moulding, precision machining and mechanical fastening they aim to be the preferred development partner for customer specific components and assemblies. By focusing on selected customer groups they ensure high application expertise and therefore operate in business units or key account structures. Within the applied technologies and industries, Engineered Components is seeking a leading position.

Fastening Systems

The segment Fastening Systems combines the principles of threaded fastening and riveting technologies. Cold forming, injection moulding as well as the necessary secondary operations are applied in the proprietary production of application optimised products. By combining the basic fasteners with innovative and efficient installation tools and logistic solutions they support a safe, economical and timley processing at the construction site. Through a worldwide network of sales, production, finishing and logistic locations customer demands can be met through providing local consulting and delivery services.

Distribution & Logistics

The segment Distribution & Logistics is a leading national supply partner for fasteners, tools, architectural hardware and related products to industrial customers, professional trade, wholesalers and DIY centres. Through international alliances and sourcing Distribution & Logistics serves its customers with fast and reliable processes as well as at competitive cost levels. Furthermore, additional value is added by providing tailor made supply chain management solutions, which employ state of the art e-business, warehouse and IT technologies.

Other

The column "Other" contains figures relating to the cross-functions Technology and Services.

Technology ensures the transfer of know how among the divisions and production sites. Methods, processes and best practices are exchanged and enhanced. Standardised investment policies and engineering processes improve the efficiency of the SFS Group further.

Services provides added value across the Group in the fields of information technology, finance, controlling, human resources and communication.

2013	Notes	Engineered Components	Fastening Systems	Distribution & Logistics	Total segments	Other	Total Group
Third party sales	20	**672.9**	**330.0**	**327.7**	**1,330.6**	**-**	**1,330.6**
Inter-segment		15.4	15.3	4.1	34.8	-34.8	-
Gross sales		688.3	345.3	331.8	1,365.4	-34.8	1,330.6
Operating revenue		**687.8**	**341.4**	**333.6**	**1,362.8**	**-34.8**	**1,328.0**
EBITDA		**175.0**	**42.1**	**37.6**	**254.7**	**15.1**	**269.8**
- Depreciation		-45.1	-16.4	-8.4	-69.9	-4.5	-74.4
EBITA		**129.9**	**25.7**	**29.2**	**184.8**	**10.6**	**195.4**
- Amortisation		-42.2	-7.6	-	-49.8	-3.3	-53.1
Operating profit (EBIT)		**87.7**	**18.1**	**29.2**	**135.0**	**7.3**	**142.3**
Investments		45.8	23.6	2.7	72.1	4.5	76.6
Assets		1,281.3	348.0	171.4	1,800.7	46.8	1,847.5
Liabilities		99.3	37.0	25.7	162.0	21.3	183.3
Net operating assets (NOA)		1,182.0	311.0	145.7	1,638.7	25.5	1,664.2
Of which net working capital		201.7	105.1	80.8	387.6	-6.7	380.9
2012							
Third party sales	20	**524.2**	**328.5**	**340.6**	**1,193.3**	**-**	**1,193.3**
Inter-segment		19.8	15.6	3.9	39.3	-39.3	-
Gross sales		544.0	344.1	344.5	1,232.6	-39.3	1,193.3
Operating revenue		**537.5**	**340.7**	**346.9**	**1,225.1**	**-39.2**	**1,185.9**
EBITDA		**131.1**	**32.6**	**33.4**	**197.1**	**10.7**	**207.8**
- Depreciation		-38.2	-14.4	-9.2	-61.8	-5.3	-67.1
EBITA		**92.9**	**18.2**	**24.2**	**135.3**	**5.4**	**140.7**
- Amortisation		-14.2	-7.6	-	-21.8	-8.2	-30.0
Operating profit (EBIT)		**78.7**	**10.6**	**24.2**	**113.5**	**-2.8**	**110.7**
Investments		35.2	11.7	8.6	55.5	12.2	67.7
Assets		1,406.8	352.1	197.3	1,956.2	46.2	2,002.4
Liabilities		147.4	35.8	28.2	211.4	24.9	236.3
Net operating assets (NOA)		1,259.4	316.3	169.1	1,744.8	21.3	1,766.1
Of which net working capital		220.7	104.9	87.0	412.6	-10.4	402.2

2011	Notes	Engineered Components	Fastening Systems	Distribution & Logistics	Total segments	Other	Total Group
Third party sales	20	**366.5**	**341.2**	**360.4**	**1,068.1**	**-**	**1,068.1**
Inter-segment		23.9	15.2	4.4	43.5	-43.5	-
Gross sales		390.4	356.4	364.8	1,111.6	-43.5	1,068.1
Operating revenue		**394.5**	**360.5**	**367.4**	**1,122.4**	**-44.0**	**1,078.4**
EBITDA		**92.2**	**49.3**	**40.2**	**181.7**	**4.8**	**186.5**
- Depreciation		-34.6	-13.8	-9.6	-58.0	-4.8	-62.8
EBITA		**57.6**	**35.5**	**30.6**	**123.7**	**-**	**123.7**
- Amortisation		-0.1	-6.6	-	-6.7	-5.1	-11.8
Operating profit (EBIT)		**57.5**	**28.9**	**30.6**	**117.0**	**-5.1**	**111.9**
Investments		25.5	16.1	9.2	50.8	5.9	56.7
Assets		397.0	361.7	205.1	963.8	55.1	1,018.9
Liabilities		30.7	29.1	26.4	86.2	27.3	113.5
Net operating assets (NOA)		366.3	332.6	178.7	877.6	27.8	905.4
Of which net working capital		120.2	118.8	90.5	329.5	-14.9	314.6

Gross sales to third parties (third party sales) constitutes a key performance metric for management.

Third party sales and assets by regions

Gross sales to third parties	Notes	2013	2012	2011
Switzerland		332.4	345.0	363.9
Europe		543.3	541.6	563.9
America		130.4	115.8	105.7
Asia		320.7	187.1	30.2
Africa, Australia		3.8	3.8	4.4
Total	20	1,330.6	1,193.3	1,068.1

Gross sales to third parties are allocated to the countries of the receiving party.

Assets: Property, plant, equipment and intangible assets	2013	2012	2011
Switzerland	324.6	361.1	379.1
Europe	226.1	232.4	238.2
America	38.8	32.4	30.3
Asia	787.6	842.7	2.4
Total	1,377.1	1,468.6	650.0

In 2013 "Asia" includes intangible assets amounting to CHF 739.6 million (2012: 800.3) resulting from the acquisition of Unisteel Technology. There were no investments in assets in the region "Africa, Australia".

Reconciliation of segment results to income statement and balance sheet

Income statement	Notes	2013	2012	2011
Operating profit (EBIT)		**142.3**	**110.7**	**111.9**
Financial result	24	-14.2	-7.8	-5.7
Share of profit / (loss) of associates	14	-18.1	-7.6	-0.3
Earnings before tax		110.0	95.3	105.9

Assets				
Operating assets		**1,847.5**	**2,002.4**	**1,018.9**
+ Cash and cash equivalents	7	217.4	172.0	211.4
+ Marketable securities	7	0.3	1.2	198.7
+ Other receivables	9	29.5	32.2	21.4
+ Investments in associates	14	32.6	87.5	73.3
+ Financial assets	13	5.7	3.0	1.8
Assets		2,133.0	2,298.3	1,525.5

Liabilities and equity				
Operating liabilities		**183.3**	**236.3**	**113.5**
+ Current income tax liabilities		24.8	25.8	27.5
+ Other payables	15	100.6	112.6	59.5
+ Current borrowings	16	114.0	75.4	6.9
+ Non-current borrowings	16	352.2	522.0	70.2
+ Provisions	18	21.7	70.0	80.6
Liabilities		796.6	1,042.1	358.2
Equity (Net assets)		1,336.4	1,256.2	1,167.3

Customers with sales amounting to more than 10% of total

During the reporting period the SFS Group had sales in an amount of CHF 137.9 million to a customer within the segment Engineered Components, representing 10.4% of total sales which is above the reportable threshold of 10% (2012: none / 2011: none).

5 Financial risk management

5.1 Risk policy

The SFS Group operates internationally and is exposed to financial risks, such as changes in foreign exchange rates and interest rates, credit, liquidity and funding risk. The Group's Treasury and Risk Committee is monitoring these risks continuously in order to minimise potential losses. The Group does not enter any financial instruments for speculative purposes (e.g. short sales). Hedging transactions are entered into only to hedge corresponding financial assets and liabilities or underlying future operating transactions which are highly probable. Significant financial transactions are only concluded with selected banks that have a credit rating greater than or equal to "A".

5.2 Foreign exchange risk

The Group's financial statements are presented in Swiss francs (CHF) and are exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the EUR and the USD.

A large part of the costs in Europe are incurred in CHF, while a high portion of sales is billed in EUR. Consequently, the future EUR inflows are exposed to a foreign exchange risk, which is periodically hedged through EUR forward sales.

Net investments in foreign Group entities are hedged selectively. Translations from monetary and non-monetary positions in foreign currencies are not hedged.

Based on risk evaluations, foreign exchange risks on cash receipts and disbursements (transaction risks) can be hedged by forward foreign exchange contracts, foreign exchange swaps or options.

At 31 December 2013 if the EUR had weakened by 5% (2012: 4.1% / 2011: 4.1%) with all other variables held constant, net income for the year would have been CHF 2.2 million (2012: 2.9 / 2011: 5.0) lower, and vice versa. Similarly, the impact on equity would have been CHF 0.4 million (2012: 3.3 / 2011: 9.5).

Had the USD weakened by 5% (2012: 5.5% / 2011: 5.3%), net income would have been CHF 0.1 million (2012: 2.4 / 2011: 0.0) lower and equity would have increased by CHF 18.9 million (2012: 12.8 / 2011: 0.1).

In case of a strengthening of these currencies by the stated changes, the impact on the income statement and equity is symmetrical.

5.3 Interest rate risk

The Group manages interest rate risk on borrowings by adjusting the balance between fixed and variable interest liabilities. Derivative financial instruments, such as interest hedging transactions, are only concluded if considered necessary and approved by the Treasury and Risk Committee.

A part of the interest rate risk related to a USD borrowing is hedged. Amortising interest rate swaps, which are designated as cash flow hedges, are used for hedging.

An interest rate increase of 0.5 per cent as of 31 December 2013 would increase interest expenses by CHF 1.7 million (2012: 0.9 / 2011: 0.1) and conversely a similar decrease in interest rates would reduce expenses by the same amount.

5.4 Credit risk

The essential short-term bank deposits are held with core banks with a credit rating greater than or equal to "A" that have been selected based on the Group's treasury policy.

Trade receivables are due from a diversified customer base, which are operating in different industries and geographical areas worldwide. The Group reviews the customer's credit rating and payment history continuously and systematically. Past experience and other criteria are considered as well.

The losses on receivables incurred during the last five years have been very low relative to the Group's sales. The Group management does not expect fundamental changes in this long-term trend.

5.5 Funding risk

The acquisition of Unisteel Technology has been funded by using a USD credit facility. The credit facility has been granted on condition that certain financial covenants are met (see note 16). In case the financial position and results of operations decline significantly, some or all financial covenants might not be met. Consequently, the finance costs might rise substantially or the banks might require early repayment.

5.6 Liquidity risk

In order to cover future obligations and cash outflows sufficient liquidity reserves need to be available. The SFS Group monitors this liquidity risk by performing rolling liquidity planning, allocating a liquidity reserve, unused credit lines and marketable securities. As per the balance sheet date the available resources exceed the liquidity reserves considerably. The target liquidity reserve equals an average month's sales.

Liquidity overview	2013	2012	2011
Cash and cash equivalents	217.4	172.0	211.4
Marketable securities	0.3	1.2	198.7
Credit lines committed	511.7	696.1	251.6
Borrowings	-470.3	-604.2	-77.1
Guarantees, other	-2.7	-2.7	-2.8
Total liquidity available	256.4	262.4	581.8
Target liquidity reserve	110.0	110.0	90.0

The financial liabilities have the following maturities:

Financial year 2013	Total 31.12.2013	Cash outflows in 3 months	in 4 - 12 months	in 13 - 24 months	later
Trade payables	77.3	77.1	0.2	-	-
Other payables	100.6	82.0	18.6	-	-
Borrowings	470.3	0.2	115.7	133.8	220.6
Interest payments	18.1	2.2	5.9	5.5	4.5
Total	666.3	161.5	140.4	139.3	225.1

Financial year 2012	Total 31.12.2012				
Trade payables	120.5	120.5	-	-	-
Other payables	112.6	100.7	11.9	-	-
Borrowings	604.2	2.7	72.7	118.9	409.9
Interest payments	53.2	0.1	17.3	14.5	21.3
Total	890.5	224.0	101.9	133.4	431.2

Financial year 2011	Total 31.12.2011				
Trade payables	48.3	48.3	-	-	-
Other payables	59.5	49.8	9.7	-	-
Borrowings	77.1	6.5	0.4	11.4	58.8
Interest payments	5.8	0.1	1.7	1.5	2.5
Total	190.7	104.7	11.8	12.9	61.3

6 Financial instruments

The following table presents the Group's financial assets and liabilities by fair value levels (see note 2.5).

Financial assets At fair value through profit or loss	Fair value level	2013	2012	2011
Cash and cash equivalents		217.4	172.0	211.4
Marketable securities	1	0.3	1.2	198.7
Financial assets		5.7	1.3	-
Total		223.4	174.5	410.1

The financial assets are disclosed in note 13.

Financial assets Receivables and loans	2013	2012	2011
Trade receivables	218.7	262.2	129.3
Loans to third parties	1.2	1.7	1.8
Total	219.9	263.9	131.1

Financial liabilities			
Trade payables	77.3	120.5	48.3
Current borrowings	114.0	75.4	6.9
Non-current borrowings	352.2	522.0	70.2
Total	543.5	717.9	125.4

7 Cash and cash equivalents, marketable securities	Fair value level	2013	2012	2011
Cash at bank and on hand		201.3	165.7	211.1
Current bank deposits		16.1	6.3	0.3
Total cash and cash equivalents		217.4	172.0	211.4
Bonds	1	-	-	105.3
Shares	1	0.3	1.2	93.4
Total marketable securities		0.3	1.2	198.7

The return on cash and cash equivalents during the reporting period amounts to 0.7% (2012: 0.3% / 2011: 0.6%).

Most of the marketable securities have been sold in 2012 in order to finance the acquisition of Unisteel Technology. In 2011 the return on these securities was -1.2%.

8 Trade receivables	2013	2012	2011
Receivables from third parties	219.9	264.5	130.7
Receivables from associates	1.7	0.5	0.6
Valuation allowances	-2.9	-2.8	-2.0
Total	218.7	262.2	129.3

Ageing analysis			
Not yet due	178.9	206.2	104.1
Overdue 1 to 30 days	31.4	46.5	21.3
Overdue 31 to 90 days	9.5	10.8	4.9
Overdue more than 91 days	1.8	1.5	1.0
Trade receivables - gross	221.6	265.0	131.3
Valuation allowances	-2.9	-2.8	-2.0
Trade receivables - net	218.7	262.2	129.3

Valuation allowances are established for unrecoverable receivables. Changes in the valuation allowances are recognised in "other operating expenses".

The actual losses on receivables during each of the last five years have been below the level of 0.2% of total sales. This reflects the quality of the customer base and indicates that the credit management system is working effectively.

9 Other receivables	Fair value level	2013	2012	2011
VAT and withholding tax		8.0	11.0	7.5
Miscellaneous receivables		12.6	13.6	6.4
Accrued assets		7.4	7.6	7.5
Derivative financial instruments	1	1.5	-	-
Total		29.5	32.2	21.4

10 Inventories	2013	2012	2011
Raw materials and consumables	32.2	33.9	29.4
Work in progress	56.3	52.8	51.1
Finished goods	191.0	213.7	192.8
Valuation allowances	-40.0	-39.9	-39.7
Total	239.5	260.5	233.6

11 Property, plant and equipment	Land	Buildings	Plant and machinery	Assets under con-struction	Total
Cost at 1.1.2011	92.4	522.4	729.7	7.6	1,352.1
Acquisition of subsidiaries	-	-	1.1	-	1.1
Disposal of subsidiaries	-1.9	-22.4	-18.4	-	-42.7
Additions	0.6	13.9	35.1	5.5	55.1
Disposals	-0.9	-1.8	-26.6	-	-29.3
Transfers	-2.0	3.3	0.2	-1.7	-0.2
Exchange differences	-0.7	-4.0	-3.9	0.1	-8.5
Cost at 31.12.2011	87.5	511.4	717.2	11.5	1,327.6
Acquisition of subsidiaries	3.9	18.8	67.4	5.2	95.3
Additions	0.1	19.8	40.0	5.6	65.5
Disposals	-7.0	-20.6	-36.1	-	-63.7
Transfers	0.8	3.9	3.4	-10.8	-2.7
Exchange differences	-0.2	-0.8	-3.0	-0.1	-4.1
Cost at 31.12.2012	85.1	532.5	788.9	11.4	1,417.9
Disposal of subsidiaries	-5.6	-5.1	-8.3	-	-19.0
Additions	-	8.3	40.1	26.6	75.0
Disposals	-4.9	-15.7	-43.9	-	-64.5
Transfers	-	1.9	8.4	-10.4	-0.1
Exchange differences	-0.2	-1.5	-2.9	-0.6	-5.2
Cost at 31.12.2013	74.4	520.4	782.3	27.0	1,404.1
Accumulated depreciation at 1.1.2011	-	-256.8	-530.3	-	-787.1
Disposal of subsidiaries	-	8.2	12.6	-	20.8
Depreciation	-	-19.8	-43.0	-	-62.8
Disposals	-	1.8	25.9	-	27.7
Exchange differences	-	1.6	2.7	-	4.3
Accumulated depreciation at 31.12.2011	-	-265.0	-532.1	-	-797.1
Acquisition of subsidiaries	-	-7.7	-42.3	-	-50.0
Depreciation	-	-20.7	-46.4	-	-67.1
Disposals	-	15.1	34.5	-	49.6
Exchange differences	-	0.5	2.1	-	2.6
Accumulated depreciation at 31.12.2012	-	-277.8	-584.2	-	-862.0
Disposal of subsidiaries	-	3.4	6.0	-	9.4
Depreciation	-	-22.0	-52.4	-	-74.4
Disposals	-	13.9	41.4	-	55.3
Exchange differences	-	0.2	1.6	-	1.8
Accumulated depreciation at 31.12.2013	-	-282.3	-587.6	-	-869.9
Net book value as at 31.12.2011	87.5	246.4	185.1	11.5	530.5
Net book value as at 31.12.2012	85.1	254.7	204.7	11.4	555.9
Net book value as at 31.12.2013	74.4	238.1	194.7	27.0	534.2

In 2013 property, plant and equipment was not pledged (2012: book value CHF 3.4 million of which CHF 1.5 million were pledged / 2011: book value CHF 27.0 million of which CHF 4.2 million were pledged).

The financial commitments for contracted purchases of property, plant and equipment amount to CHF 30.1 million (2012: 16.2 / 2011: 18.0).

Property, plant and equipment is insured at a value corresponding to the current replacement costs or reproduction value (original value).

12 Intangible assets	Goodwill	Customers Brands Technology	Building leases Patents Other	Software	Total
Cost at 1.1.2011	66.1	68.5	-	55.0	189.6
Additions	-	-	-	1.6	1.6
Disposals	-	-	-	-1.0	-1.0
Transfers	-	0.1	-	0.1	0.2
Exchange differences	-1.8	-1.9	-	-0.1	-3.8
Cost at 31.12.2011	64.3	66.7	-	55.6	186.6
Acquisition of subsidiaries	424.4	434.8	-	1.3	860.5
Additions	-	0.4	-	1.8	2.2
Disposals	-	-	-	-5.8	-5.8
Transfers	-	-	2.0	0.7	2.7
Exchange differences	-20.8	-20.9	-	-0.1	-41.8
Cost at 31.12.2012	467.9	481.0	2.0	53.5	1,004.4
Additions	-	-	-	1.6	1.6
Disposals	-3.8	-	-	-1.2	-5.0
Transfers	-	-0.4	0.4	0.1	0.1
Exchange differences	-9.8	-10.5	-	-	-20.3
Cost at 31.12.2013	454.3	470.1	2.4	54.0	980.8
Accumulated amortisation at 1.1.2011	-	-15.9	-	-41.0	-56.9
Additions	-	-6.8	-	-5.0	-11.8
Disposals	-	-	-	1.0	1.0
Exchange differences	-	0.5	-	0.1	0.6
Accumulated amortisation at 31.12.2011	-	-22.2	-	-44.9	-67.1
Acquisition of subsidiaries	-	-	-	-0.6	-0.6
Additions	-	-21.6	-	-4.6	-26.2
Impairment	-3.8	-	-	-	-3.8
Disposals	-	-	-	5.5	5.5
Exchange differences	-	0.5	-	-	0.5
Accumulated amortisation at 31.12.2012	-3.8	-43.3	-	-44.6	-91.7
Additions	-	-49.1	-0.2	-3.8	-53.1
Disposals	3.8	-	-	1.2	5.0
Transfers	-	0.1	-0.1	-	-
Exchange differences	-	1.9	-	-	1.9
Accumulated amortisation at 31.12.2013	-	-90.4	-0.3	-47.2	-137.9
Net book value as at 31.12.2011	64.3	44.5	-	10.7	119.5
Net book value as at 31.12.2012	464.1	437.7	2.0	8.9	912.7
Net book value as at 31.12.2013	454.3	379.7	2.1	6.8	842.9

The purchased intangible assets in the column "Customer, Brands, Technology" include exclusively assets with finite useful lives. The remaining useful life of the intangible assets related to the acquisition of Unisteel Technology in 2013 is 8.6 years (2012: 9.6).

The SFS Group has future commitments for CHF 0.2 million (2012: none / 2011: none) to purchase software or for software related projects.

Goodwill Impairment Tests

Goodwill is tested for impairment annually considering the cash generating units to which goodwill has been allocated. For this purpose the expected future cash flows have been projected and discounted to arrive at a measure of value in use.

The assessment is based on projections for the next five years and also includes the terminal value. The projected sales, margins and expenses are determined by management on the basis of historical experience as well as the expected market development. Internal as well as external industry trends are taken into consideration for that. The weighted average cost of capital (WACC) is based on pre-tax rates and reflects specific risks of the business.

The key factors listed below have been taken into consideration for the impairment tests of the remaining goodwill positions:

2013	Germany Engineered Components	Germany Fastening Systems	Malaysia / China Engineered Components
Carrying amount of goodwill	8.1	52.9	393.3
Growth rate	2.0%	2.0%	2.0%
WACC	11.0%	11.0%	10.9%
2012			
Carrying amount of goodwill	8.0	52.2	403.9
Growth rate	2.0%	2.0%	2.0%
WACC	10.2%	10.2%	9.3%
2011			
Carrying amount of goodwill	8.0	52.5	-
Growth rate	2.0%	2.0%	-
WACC	8.2%	8.2%	-

Sensitivities have been calculated for reasonably possible changes with respect to sales, growth rates and the weighted average cost of capital (WACC). Even after applying more conservative assumptions, the calculations did not result in an impairment charge for goodwill.

Goodwill, which arose from the former acquisitions of HB-Plastik (Austria/Hungary) and K-Plast (Sweden), amounting to CHF 3.8 million was no longer considered recoverable and therefore recognised as an impairment expense in 2012.

13 Financial assets	2013	2012	2011
Loans to third parties	1.2	1.7	1.8
Prepaid pension expense	2.9	-	-
Other financial assets	1.6	1.3	-
Total	5.7	3.0	1.8

14 Related entities

Joint Ventures	2013 CHF	2013 Share	2012 CHF	2012 Share	2011 CHF	2011 Share
SFS Dekpaks A.S., TR-Torbali-Izmir	-	-	-	-	5.8	50%
Sunil SFS intec Automotive Parts (Tianjin) Co., Ltd., PRC-Tianjin	12.4	50%	8.8	50%	8.9	50%
Indo Schöttle Auto Parts Pvt. Ltd., IN-Pune	20.2	45%	23.1	45%	-	-
Associates						
ARCOTEC Bewehrungstechnik GmbH, AT-Dornbirn	-	-	1.8	50%	1.7	50%
INHAUS Handels GmbH, AT-Hohenems	-	-	6.4	33%	5.4	33%
InfoTrain AG, CH-Rebstein	-	-	0.0	40%	0.1	40%
F+L Systeme AG, CH-Altstätten	-	-	1.4	20%	1.4	20%
stürmsfs ag, CH-Goldach	-	-	46.0	50%	50.0	50%
Hyflex Technology Co Ltd., PRC-Changsha	0.0	35%	0.0	35%	-	-
Total	32.6		87.5		73.3	

The financial year of Indo Schöttle runs from 1 April to 31 March. An unaudited interim financial closing is prepared as of 31 December each year, which is taken into consideration for the consolidated financial statements.

Income from the joint ventures in the reporting period amounted to a total of CHF 3.9 million (2012: 3.1 / 2011: 1.8). Income from associates during the reporting period amounted to CHF 0.0 million (2012: -2.4 / 2011: 0.4).

2013

During the reporting period the SFS Group disposed of the five investments in stürmsfs, ARCOTEC Bewehrungstechnik, INHAUS, InfoTrain and F+L Systeme for a total proceeds of CHF 35.7 million. The resulting loss on disposals of CHF -19.6 million is included in the "Share of profit / (loss) from related entities". The strategic portfolio of associates now contains the joint ventures Sunil SFS intec and Indo Schöttle as well as shares of Hyflex. A capital increase with both partners contributing equally took place within Sunil SFS intec.

2012

The investment in SFS Dekpaks was increased to 91.4% at the beginning of the financial year 2012. Therefore, the company is consolidated as a subsidiary from this point.

In April 2012 SFS intec acquired a share of 45% in Indo Schöttle Auto Parts in India. Indo Schöttle is a family-owned enterprise which in 2012 achieved sales amounting to CHF 20 million with 130 employees. At five production sites in Pune and Belgaum it manufactures precision parts for the Indian and international automotive industry. SFS has the option to increase its share in the business successively to more than 50%. If these options are exercised, the remaining owners have the right to tender a part or all of the remaining shares to SFS.

The investment of 35% in Hyflex has been purchased as part of the Unisteel Technology acquisition. Hyflex is a supplier of electronic assemblies within the electronics industry. During 2012 the company achieved annual sales of CHF 20 million with 250 employees.

Movements	2013	2012	2011
Balance as at 1.1.	87.5	73.3	23.2
Additions	3.2	24.9	52.3
Share of profit / (loss)	0.2	-2.0	-0.6
Disposals	-55.3	-5.6	-
Dividends	-0.4	-0.3	-0.4
Exchange differences	-2.6	-2.8	-1.2
Balance as at 31.12.	32.6	87.5	73.3

The contingencies for associates amount to CHF 2.7 million (2012: 2.7 / 2011: 2.8).

15 Other liabilities

	Fair value level	2013	2012	2011
VAT and other liabilities		16.3	11.8	9.6
Accrued liabilities		82.0	100.8	49.9
Derivative financial instruments	1	2.3	-	-
Total		100.6	112.6	59.5

16 Borrowings

The carrying amount of the Group's borrowings equals their fair value. The borrowings are structured as follows:

	2013		2012		2011	
Current borrowings	CHF	Interest rate	CHF	Interest rate	CHF	Interest rate
Bank borrowings	113.9	2.5%	74.9	3.0%	6.7	1.5%
Other borrowings	0.1	0.6%	0.5	5.0%	0.2	4.6%
Total current	114.0	2.5%	75.4	3.0%	6.9	1.6%
Of which EUR	21.3	3.2%	2.5	1.5%	6.3	1.4%
Of which USD	91.7	2.2%	72.8	3.0%	0.1	3.0%
Of which other currencies	1.0	11.3%	0.1	5.1%	0.5	4.1%
Non-current borrowings						
Bank borrowings	351.3	2.3%	522.0	3.1%	70.1	2.7%
Other borrowings	0.9	0.5%	-	-	0.1	3.8%
Total non-current	352.2	2.3%	522.0	3.1%	70.2	2.7%
Of which CHF	0.3	0.0%	-	-	0.1	3.5%
Of which EUR	28.4	2.9%	47.7	3.0%	66.6	2.7%
Of which USD	323.5	2.2%	473.7	3.1%	2.3	1.2%
Of which other currencies	-	-	0.6	5.2%	1.2	4.6%
Total borrowings	466.2	2.3%	597.4	3.1%	77.1	2.6%

EUR credit facility

Since 2009 two Swiss banks have granted SFS a credit facility amounting to EUR 30 million (2012: 30 / 2011: 45) with a maturity of 7 years. The facility includes normal commercial terms and conditions. The financial covenants have recently been adapted to include a financial key ratio related to the syndicated loan for the funding of the Unisteel Technology acquisition. The key ratio "leverage ratio" (net senior debt / EBITDA) has been met in all subsequent periods.

This credit facility can be drawn upon for fixed advances with terms between 1 and 12 months or in the form of fixed loans with terms of several years (up to the final maturity as per 31 December 2015). The credit is not collateralised.

Syndicated loan in USD

As of 31 August 2012 the SFS Group has taken out a syndicated loan with a term of 5 years for a part of the funding of the Unisteel Technology acquisition. The committed credit line amounts to USD 470 million (2012: 655). The shares of Unisteel Technology have been pledged as collateral for the credit line.

The syndicated loan includes normal commercial terms and conditions. The variable interest yield is linked to the financial key ratio "leverage ratio" (net senior debt / EBITDA). The smaller this key ratio, the lower the interest margin. The arrangement fees for the syndicated loan are amortised in accordance with IAS 39 by using the effective interest method. The three financial covenants listed below, which have been met in all subsequent periods, are applicable for the total credit line:

	Marginal value
Leverage ratio: net financial debt / EBITDA	maximum 2.75x
EBITDA divided by net interest expenses	minimum 6.00x
Equity divided by total assets	minimum 50.0%

A portion of the loan, USD 276.3 million (2012: 300), has been hedged with an amortising interest rate swap to manage the Group’s cash flow interest rate risk.

Other borrowings

No assets have been pledged in order to collateralise the other current and non-current borrowings. In 2012 assets amounting to CHF 1.5 million (2011: 4.2) have been pledged of which CHF 0.6 million (2011: 4.2) has been drawn.

17 Deferred income tax

Deferred tax assets and liabilities result from temporary differences between the Group's carrying amount and the tax value of the following positions:

Deferred tax assets on:	2013	2012 restated	2011 restated
Property, plant and equipment	4.7	5.0	1.3
Intangible assets	8.9	7.2	5.4
Inventories	2.8	2.6	2.6
Valuation allowances and provisions	3.3	9.2	12.9
Tax loss carry-forwards	3.8	3.4	2.3
Offsets	-11.3	-16.3	-18.5
Total	12.2	11.1	6.0
Deferred tax liabilities on:			
Property, plant and equipment	40.6	45.9	47.9
Intangible assets	63.9	71.0	19.4
Inventories	6.1	7.0	8.8
Valuation allowances and provisions	6.7	8.2	7.6
Offsets	-11.3	-16.3	-18.5
Total	106.0	115.8	65.2
Net	93.8	104.7	59.2

In accordance with the exemption of IAS 12 the Group abstains from recognising a liability for deferred taxes on investments in Group companies. As per 31 December 2013 the temporary differences on investments in subsidiaries including equity loans amount to CHF 566.4 million (2012: 529.2 / 2011: 472.1).

Movement in deferred tax balances	2013	2012 restated	2011 restated
Balance at 1.1.	104.7	59.2	77.0
Acquisition of subsidiaries	-	56.0	-
Disposal of subsidiaries	-1.0	-	-1.9
Charged / (credited) to income statement	-16.8	-10.8	-9.3
Charged / (credited) to other comprehensive income	7.5	3.5	-6.5
Exchange differences	-0.6	-3.2	-0.1
Balance at 31.12.	93.8	104.7	59.2

Deferred taxes related to cash flow hedges as well as on actuarial gains and losses from the Swiss pension plan are recognised directly in other comprehensive income.

The status of existing tax loss carry-forwards is reviewed at each balance sheet date. If it is probable that future taxable income will be sufficient to utilise these losses, a deferred tax asset is recognised in the balance sheet. The table below shows the recognised as well as the unrecognised tax assets:

Tax loss carry-forwards		recognised			unrecognised	
	2013	2012	2011	2013	2012	2011
Expiry within 3 years	1.6	1.0	1.0	0.6	0.7	2.2
Expiry in 4 to 7 years	1.6	2.5	1.9	3.0	2.2	0.4
Expiry after 7 years	11.5	10.4	6.6	6.1	4.1	3.9
Total	14.7	13.9	9.5	9.7	7.0	6.5

18 Provisions	Swiss pension plan	Other pension plans	Anniversaries Severance payments	Other	Total
Balance at 1.1.2011 restated	28.4	14.1	9.4	3.3	55.2
Acquisition of subsidiaries	-	-	-0.6	-0.1	-0.7
Additions	30.9	1.9	0.9	0.1	33.8
Used amounts	-	-5.7	-0.8	-	-6.5
Unused amounts reversed	-	-0.7	-	-0.2	-0.9
Exchange differences	-	-0.1	-0.2	-	-0.3
Balance at 31.12.2011 restated	59.3	9.5	8.7	3.1	80.6
Acquisition of subsidiaries	-	-	-	0.7	0.7
Additions	-	1.3	1.0	12.0	14.3
Used amounts	-	-0.8	-1.0	-	-1.8
Unused amounts reversed	-23.3	-0.3	-	-	-23.6
Exchange differences	-	-0.1	-0.1	-	-0.2
Balance at 31.12.2012 restated	36.0	9.6	8.6	15.8	70.0
Additions	-	-	1.3	0.3	1.6
Used amounts	-	-0.4	-0.9	-	-1.3
Unused amounts reversed	-36.0	-0.8	-0.2	-	-37.0
Transfer	-	-	-	-11.6	-11.6
Exchange differences	-	-	-	-	-
Balance at 31.12.2013	-	8.4	8.8	4.5	21.7

The SFS Group has various defined benefit plans. The major plan exists in Switzerland and is described in note 27.

As of the end of 2013 defined benefit plans, which are not substantial for the SFS Group, exist in the USA, Germany and UK. These are measured with actuarial calculations. Necessary provisions are included in the column "Other pension plans".

Various countries have state pension plans or have to recognise provisions for the date of leaving of an employee (severance payments). These are classified as contribution-based and disclosed in the column "Anniversaries, Severance payments".

The column "Other" contains provisions according to IAS 37 for warranty claims and business risks. Any obligations arising from product liability are covered by the SFS Group's insurance policies. In addition to this, provisions are recognised for warranty claims based on historical experience. A contingent purchase price payment, which is due in 2014, has been reclassified to "Other liabilities" in 2013.

19 Reserves	Treasury shares	Retained earnings	Exchange differences	Hedging	Pension plans	Total
Balance at 1.1.2011 restated	-8.3	1,276.6	-92.0	8.4	-33.3	1,151.4
Net income	-	81.9	-	-	-	81.9
Dividends	-	-29.0	-	-	-	-29.0
Purchase of treasury shares	-10.7	-	-	-	-	-10.7
Exchange differences	-	-	3.2	-	-	3.2
Recognised in other comprehensive income	-	-	-	-	-24.3	-24.3
Cash flow hedges	-	-	-	-8.4	-	-8.4
Balance at 31.12.2011 restated	-19.0	1,329.5	-88.8	-	-57.6	1,164.1
Net income	-	73.5	-	-	-	73.5
Dividends	-	-22.4	-	-	-	-22.4
Sale of treasury shares	19.0	0.9	-	-	-	19.9
Exchange differences	-	-	-4.1	-	0.1	-4.0
Recognised in other comprehensive income	-	-	-	-	17.4	17.4
Cash flow hedges	-	-	-	-0.2	-	-0.2
Balance at 31.12.2012 restated	-	1,381.5	-92.9	-0.2	-40.1	1,248.3
Net income	-	86.5	-	-	-	86.5
Dividends	-	-20.4	-	-	-	-20.4
Exchange differences	-	-	-23.1	-	-	-23.1
Recognised in other comprehensive income	-	-	-	-	36.9	36.9
Cash flow hedges	-	-	-	0.6	-	0.6
Balance at 31.12.2013	-	1,447.6	-116.0	0.4	-3.2	1,328.8

20 Net sales	2013	2012	2011
Gross sales	1,330.6	1,193.3	1,068.1
Transportation charged	7.9	8.1	8.0
Hedged exchange differences	-1.2	-2.5	8.5
Discounts	-6.9	-7.4	-7.8
Total	1,330.4	1,191.5	1,076.8

Sales increased by 11.5% (2012: 11.7% / 2011: -2.3%). The growth attributable to changes in the scope of consolidation amounted to 9.8% (2012: 15.4% / 2011: 0.6%). When comparing on the same basis of consolidation and ignoring foreign currency effects, sales rose by 1.1% (2012: -2.9% / 2011: 4.9%). The currency translation effect amounts to 0.6% (2012: -0.8% / 2011: -7.8%).

Services constitute less than one per cent of total sales. Sales do not include interest, compensation fees or dividends.

21 Other operating income	2013	2012	2011
Sales of services	6.8	7.8	5.7
Lease income	1.7	1.9	2.8
Miscellaneous income	3.6	3.6	3.4
Gain on disposals	10.0	6.2	0.1
Gain on disposal of net assets	9.8	-	-
Total	31.9	19.5	12.0

During the reporting period CHF 1.5 million (2012: 1.8 / 2011: 2.8) have been reported as operating lease income in "other operating income". The future maturities are listed in the following table:

Future aggregate minimum lease income	2013	2012	2011
No later than 1 year	1.3	1.5	2.1
Later than 1 year and no later than 5 years	1.4	1.7	4.1
Later than 5 years	-	-	1.2
Total	2.7	3.2	7.4

22 Personnel expenses	2013	2012 restated	2011 restated
Wages and salaries	293.3	267.5	260.0
Profit-sharing	5.2	6.0	7.1
Social security and pension costs	63.9	53.4	54.6
Other employment costs	11.7	9.0	6.6
Total	374.1	335.9	328.3

The pension plans in other countries are contribution-based and accounted for as defined contribution plans. These are run by insurance companies and state institutions. The premium payments amounting to CHF 6.1 million (2012: 4.2 / 2011: 3.7) are included in personnel expenses.

23 Other operating expenses	2013	2012	2011
Tools, energy, maintenance	96.2	78.6	69.9
Selling and distribution	70.9	65.6	63.7
Miscellaneous operating expenses	32.6	32.5	27.6
Total	199.7	176.7	161.2

"Other operating expenses" include operating lease expenses in amount of CHF 8.0 million (2012: 6.4 / 2011: 6.1).

Future minimum lease payments related to the operating leases (mainly for premises) are as follows:

Future aggregate minimum lease payments	2013	2012	2011
No later than 1 year	6.5	7.0	5.7
Later than 1 year and no later than 5 years	17.2	15.1	9.0
Later than 5 years	5.4	6.3	0.7
Total	29.1	28.4	15.4

Research and development costs

The total costs for research and development, which have been recognised during the reporting period, amount to CHF 21.5 million (2012: 23.5 / 2011: 19.8). These expenses were incurred to update and extend the range of products and services. The research and development costs are recognised within different line items in the income statement and are not capitalised, as the corresponding requirements according to IFRS have not been met.

24 Finance result

24 Finance result	2013	2012 restated	2011 restated
Interest paid	-19.3	-9.3	-3.4
Change in accrued interest	-0.9	-0.7	-
Finance expenses	-20.2	-10.0	-3.4
Realised gains	1.4	16.8	6.3
Unrealised losses / (gains)	-	-3.1	-7.6
Exchange differences on financial assets	5.9	-11.5	-1.0
Finance income	7.3	2.2	-2.3
Finance result	-12.9	-7.8	-5.7

Foreign exchange losses in the amount of CHF 3.7 million resulted from a one-time repayment of inter-company equity loans in the 2012 financial year.

25 Income taxes

25 Income taxes	2013	2012 restated	2011 restated
Current income tax	40.3	32.6	32.3
Deferred income tax	-16.8	-10.8	-9.3
Income tax expense	23.5	21.8	23.0
Reconciliation:			
Earnings before tax	110.0	95.3	105.9
Expected tax rate	17.4%	17.1%	17.1%
Expected tax expense	19.1	16.3	18.1
Variance in tax rates	8.2	4.1	4.7
Impact of change in tax rate on deferred taxes	0.1	0.7	0.6
Items not subject to tax	-2.5	-1.4	-0.7
Changes in tax loss carry-forwards	0.9	0.1	-0.5
Adjustment in respect of prior years and other items	-2.3	2.0	0.8
Effective income tax expense	23.5	21.8	23.0
Effective tax rate	**21.4%**	**22.9%**	**21.7%**

The current income tax includes the taxes, which have been paid or accrued on the profits of the single entities. They are calculated based on the relevant tax laws in the different countries. The reconciliation summarises the individual reconciliation calculations, which been have prepared based on the applicable tax rates of the different tax jurisdictions.

The expected tax rate on earnings before tax is 17.4% (2012: 17.1% / 2011: 17.1%). Deferred taxes have been calculated based on the future expected tax rate for earnings before tax of 17.4% (2012: 17.4% / 2011: 17.1%). The expected tax rate corresponds to the maximum tax rate for legal entities in the canton of St. Gallen.

26 Earnings per share

26 Earnings per share	2013	2012 restated	2011 restated
Net income share SFS shareholders	86.5	73.5	81.9
From discontinuing operations	-	-	-1.0
Weighted average number of shares	3,244,250	3,212,353	3,215,327
Earnings per share (in Swiss francs) basic and diluted	26.68	22.90	25.46
From continuing operations	26.68	22.90	25.77
From discontinued operations	-	-	-0.31

The earnings per share are the result of dividing net income entitled to the shareholders by the weighted average number of shares in issue and outstanding during the year.

3,244,250 shares at CHF 1.00 are issued and outstanding as of 31 December 2013. There are no dilutive effects.

A dividend for the year ended 31 December 2013 of CHF 10.00 (2012: CHF 6.30 / 2011: CHF 7.00) per share, amounting to a total dividend of CHF 32.4 million (2012: 20.4 / 2011: 22.4) will be proposed at the Annual General Meeting.

27 Swiss pension plan

Employees of the SFS Group in Switzerland are insured against the risks of old age, death and disability with the SFS pension fund based on the Federal Law on Occupational Retirement, Survivor's and Disability Pension Plans (BVG).

The SFS pension fund is a foundation, which is legally separated from the SFS Group. The management body is equally composed of employee and employer representatives. Amongst others this management body determines the level of pension benefits as well as the investment strategy for plan assets based on a periodically performed asset-liability study. The statutory determined benefit obligations are the basis for this asset-liability study.

The plan assets are invested in accordance with the investment policy, which is in line with the statutory investment regulations. The management body's investment committee is responsible for the implementation. The majority of plan assets are administered by external fund managers.

The pension benefits exceed the statutory minimum and are financed from the employer and employee contributions as well as an annual interest yield of the insured person's savings accounts. The contributions, which are equally payable by employer and employee, are depending on the insured wage level and vary between 2.5% and 7.25% depending on the employee's age.

In case the fund does not hold sufficient assets on a statutory basis (BVG) the management body is legally obliged to take the correct measures in order to restore the plan's solvency. Amendments to the benefit plan or additional contribution payments from the company and the insured persons would be potential measures. As per 31 December 2013 the SFS pension fund's financial position shows a liquidity ratio according to BVG of 115%.

In 2013 the Group adopted IAS 19R. The respective adjustments have been performed and the impacts are described in note 31.

Funding of benefit obligations	2013	2012 restated	2011 restated	2010 restated
Fair value of plan assets	433.8	400.4	366.5	360.3
Present value of benefit obligations	-430.9	-436.4	-425.8	-388.7
Net asset / (obligation) in balance sheet	2.9	-36.0	-59.3	-28.4

Movements in the benefit obligations	2013	2012 restated	2011 restated
Present value of benefit obligations at 1.1.	-436.4	-425.8	-388.7
Changes in group of insured persons	5.2	4.3	-
Reduction in conversion rate	-	7.1	-
Current service cost	-24.5	-23.4	-21.2
Interest cost	-9.9	-10.7	-11.8
Experience adjustments	3.0	13.5	-3.2
Change in financial assumptions	-	-10.4	-14.0
Change in demographic assumptions	17.3	-7.2	-
Benefits paid	14.4	16.2	13.1
Present value of benefit obligations at 31.12.	-430.9	-436.4	-425.8

Movements in fair value of plan assets	2013	2012 restated	2011 restated
Fair value of plan assets at 1.1.	400.4	366.5	360.3
Changes in group of insured persons	-4.6	-3.0	-
Employer's contributions	10.6	10.0	9.7
Employee's contributions	10.6	10.0	9.7
Interest income	9.1	9.2	10.9
Return on plan assets	22.5	24.3	-10.6
Administration expense	-0.4	-0.4	-0.4
Benefits paid	-14.4	-16.2	-13.1
Fair value of plan assets at 31.12.	433.8	400.4	366.5

Pension costs	2013	2012 restated	2011 restated
Current service cost employer	-13.9	-13.5	-11.5
Interest cost net	-0.8	-1.5	-0.9
Administration expense	-0.4	-0.4	-0.4
Changes in group of insured persons and in conversion rate	0.6	8.4	-
Recognised in the income statement	-14.5	-7.0	-12.8
Return on plan assets	22.5	24.4	-10.6
Change in financial assumptions	-	-10.4	-14.0
Change in demographic assumptions	17.3	-7.2	-
Experience adjustments	3.0	13.5	-3.2
Recognised in other comprehensive income	42.8	20.3	-27.8

The actual return on plan assets for 2013 is CHF 31.6 million (2012: 33.1 / 2011: -0.1). The employer contributions for 2014 are estimated to be CHF 10.2 million.

Assumptions/parameters	2013	2012	2011
Discount rate/return on plan assets	2.30%	2.25%	2.50%
Future salary increases	1.00%	1.00%	1.00%
Future pension increases	0.00%	0.00%	0.00%
Demographic assumptions	BVG 2010 GT	BVG 2010 GT	EVK 2000 +5.5%
Average retirement age	64/63	64/63	64/63
Duration of benefit obligation	10.6 years	11.6 years	11.4 years

Sensitivity analysis

The discount rate and future salary increases are essential assumptions for the calculation of the pension obligation. The following sensitivity analysis displays potential changes in the pension obligation as of 31 December 2013:

- A decrease / increase of the discount rate by 25 basis points (0.25%) increases / decreases the pension obligation by CHF 10.9 million and CHF 11.6 million respectively.
- A salary increase / decrease by 0.5% increases / decreases the pension obligation by CHF 2.5 million and CHF 2.4 million respectively.

Structure of insured persons

2013	Actives	Retirees	Total
Number	2,125	407	2,532
Present value of benefit obligation	300.2	130.7	430.9

2012			
Number	2,184	374	2,558
Present value of benefit obligation	319.1	117.3	436.4

2011			
Number	2,232	356	2,588
Present value of benefit obligation	n/a	n/a	425.8

Categories of plan assets	2013	2012	2011
Cash and cash equivalents	19.1	17.9	10.3
Bonds listed	142.6	143.9	131.4
Shares listed	154.1	130.1	133.9
Shares not listed	18.5	17.3	10.6
Real estate	98.4	90.8	79.8
Other assets	1.1	0.4	0.5
Plan assets at 31.12.	433.8	400.4	366.5

The investment policy defines the Strategic Asset Allocation (SAA) currently with 34% equity instruments, 42% fixed income instruments and 24% real estate investments.

The plan assets include shares of the SFS Holding AG amounting CHF 2.0 million (2012: 1.4 / 2011: 6.1). Consistent with previous years no owner-occupied properties are part of the plan assets.

28 Derivative financial instruments

Forward foreign exchange contracts	Contract value				Market value	Calculation method
2013	EUR	USD	CNY	CHF	CHF	
EUR sale / CHF purchase	-12.0	-	-	15.0	0.3	Market value
USD sale / EUR purchase	11.9	-16.0	-	-	0.3	Market value
EUR sale / USD purchase	-48.0	64.0	-	-	-1.9	Market value
USD sale / CNY purchase	-	-57.4	352.4	-	0.7	Market value
USD interest rate swap	-	276.3	-	-	-0.2	Market value

2012						
EUR sale / CHF purchase	-65.0	-	-	77.9	-0.5	Market value
CHF sale / EUR purchase	5.0	-	-	-6.0	0.0	Market value
EUR purchase / USD sale	14.1	-19.0	-	-	0.2	Market value
USD interest rate swap	-	300.0	-	-	0.0	Market value

As at 31 December 2011 no forward foreign exchange contracts were outstanding. A negative market value is disclosed in the position "Other liabilities", a positive market value within the position "Other receivables".

29 Related-party transactions

The key management is composed of 5 (2012: 5 / 2011: 3) non-executive board members, 12 (2012: 14 / 2011: 14) executive board members and members of the Group Executive Board.

Key management compensation	2013	2012	2011
Compensation	6.9	7.0	6.6
Pension benefits	0.3	0.3	0.2
Discount on share purchases	-	0.1	-
Total	7.2	7.4	6.8
Members of key management	17	19	17

Compensation includes all expenses incurred by the SFS Group such as salary, bonus, profit-sharing, lump sum expenses, benefits in kind and social security contributions. There were no (2012: none / 2011: none) payments for termination benefits or other benefits based on termination of employment to members of key management.

As of 31 December 2013 the SFS Group companies granted loans in amount of CHF 0.1 million (2012: 0.3 / 2011: 0.4) to executive board members and members of the Group Executive Board. These loans bear interest at 100 basis points above the CHF Libor rate (12 months) and have a maturity of 12 years. The loans are collateralised with securities.

Transactions with associates	2013	2012	2011
Sales of goods and services	3.1	4.4	3.2
Purchases of goods and services	0.2	0.7	0.7
Receivables	1.7	0.5	0.7
Liabilities	-	-	0.2

Business transactions with pension funds

The SFS Group charges administration costs of CHF 0.6 million (2012: 0.6 / 2011: 0.6) to the Swiss pension fund and Employer's Foundation for managing these institutions. Transactions with treasury shares between the SFS Group and the Employer's Foundation are carried out in accordance with the applicable regulatory framework.

Business transactions with members of key management

Increasing the focus on the core business, the SFS Group disposed of investments in associates and other assets. Members of key management or their affiliated companies purchased these assets for a total of CHF 62.6 million. These are composed of:

- the investments INHAUS, InfoTrain, F+L Systems (share of 15%), stürmsfs
- the subsidiary SFS Locher AG with the reinforcement systems operations and
- a property

The price has been determined based on business and property valuations, which have been validated by independent experts performing a "second or fairness opinion".

In addition to this the business transactions listed below have been performed with members of key management or related parties:

	2013	2012	2011
Sales of goods and services	1.5	-	-
Purchases of goods and services	0.3	-	-
Receivables	0.2	-	-
Liabilities	0.3	-	-

30 Changes in scope of consolidation

Acquisitions of subsidiaries	2013	2012	2011
Cash and cash equivalents	-	44.7	0.7
Trade receivables	-	68.9	0.9
Inventories	-	30.3	1.6
Other current assets	-	9.0	-
Property, plant and equipment	-	45.3	1.1
Intangible assets	-	435.5	-
Goodwill	-	424.4	-
Current liabilities	-	-50.1	-0.8
Borrowings	-	-141.7	-
Deferred taxes net	-	-56.0	-
Other provisions	-	-0.7	-
Non-controlling interests	-	-4.7	-
Formerly acquired shares	-	-6.5	-
Purchase price	-	798.4	3.5
Cash and cash equivalents	-	-44.7	-0.7
Contingent consideration	30.6	-46.9	-
Consideration in cash flow statement	30.6	706.8	2.8

2013

In June 2013 the SFS Group disposed of the subsidiary SFS Beteiligungs GmbH, AT- Hohenems together with the associate ARCOTEC Bewehrungstechnik GmbH realising a gain of CHF 0.2 million.

The former SFS Locher AG business unit "BauSupport" has been transferred to SFS unimarket AG as of 1 July 2013. As a next step the SFS Group disposed of the subsidiary SFS Locher AG with its residual activities. The realised profit of CHF 9.8 million, which resulted from the disposal of these net assets, is recognised in "other operating income".

With the intention of streamlining of the legal structure, the intermediate holding SFS Handels Holding AG has been merged with the SFS Holding AG in November 2013.

All other shareholding quota remained the same compared to the previous year.

2012

Since 2007 SFS intec has held 50% of the joint venture with the Turkish company SFS Dekpaks in Izmir, Turkey. At the beginning of 2012 SFS intensified its strategic cooperation and increased its share to 91.4%. SFS Dekpaks designs and manufactures engineered fasteners for the lightweight steel constructions and electrical industries. During the reporting period SFS Dekpaks had revenue of CHF 10 million for products and services and employed 99 employees. The consolidation of SFS Dekpaks within the SFS Group commenced on 1 January 2012.

As of 31 August 2012 SFS Group acquired Unisteel Technology. The Group's headquarters are located in Singapore. Unisteel Technology is a global leader in the development and manufacturing of miniature fasteners within the electronics industry. The Group has production sites in China and Malaysia as well as sales organisations in Asia, Europe and North America. Upon closing of the acquisition, Unisteel Technology was consolidated within the SFS Group from 1 September 2012. During the full year 2012 Unisteel Technology achieved, with 2,855 employees, annual sales of USD 329 million and a net income of USD 48 million of which sales in the amount of USD 169 million and net income in the amount of USD 26 million are related to the post-acquisition period from 1 September 2012 to 31 December 2012. This step towards globalisation allows the SFS Group further development and presence in the important Asian growth markets. The strategic importance, the high potential for growth as well as the planned synergies with regards to distribution are reflected in the recognised goodwill.

The transaction costs in the amount of CHF 2.5 million are recognised in "other operating expenses".

2011

From 1 January 2011 the SFS Group transferred SFS Locher's Steel & Metals division into a joint venture with Stürm Holding AG, St. Gallen, Switzerland. Deconsolidation took place in accordance with IFRS 5 as per 1 January 2011. The consolidated income statement includes the following deconsolidation impacts:

Negative Goodwill	CHF	10.1 million
Reversal of currency translation adjustments	CHF	-11.1 million
Earnings discontinued operations	CHF	-1.0 million

As per 5 January 2011 the SFS Group acquired the assets, liabilities and equity of Afast B.V. (Helmond, NL) for a purchase price of EUR 2.8 million and contributed these to the newly founded Afast Holding B.V. Afast is a specialist in the field of fastening systems for flat roofs and during the 2010 financial year achieved sales of EUR 4.5 million with 14 employees.

31 Restatements

The SFS Group adopted IAS 19R "Employee benefits (revised)" in 2013 in accordance with IAS 8. The effect of the restatement is demonstrated in the tables below:

Impact on the opening balance sheet	1.1.2011	Restatement	1.1.2011 restated
Provisions	66.2	-11.0	55.2
Deferred tax liabilities	82.1	1.8	83.9
Reserves	1,142.2	9.2	1,151.4

Impact on the closing balance sheet	31.12.2012	Restatement	31.12.2012 restated	31.12.2011	Restatement	31.12.2011 restated
Provisions	82.4	-12.4	70.0	92.7	-12.1	80.6
Deferred tax liabilities	113.7	2.1	115.8	63.2	2.0	65.2
Reserves	1,238.0	10.3	1,248.3	1,154.0	10.1	1,164.1

Impact on the Income statement	2012	Restatement	2012 restated	2011	Restatement	2011 restated
Personnel expenses	-336.2	0.3	-335.9	-327.4	-0.9	-328.3
Interest and securities income	7.4	-5.2	2.2	2.7	-5.0	-2.3
Income tax expenses	-22.6	0.8	-21.8	-24.0	1.0	-23.0
Net income	77.6	-4.1	73.5	86.8	-4.9	81.9
Earnings per share (in Swiss francs) basic and diluted	24.17	-1.27	22.90	27.31	-1.54	25.77

32 Events after the reporting period

When the consolidated financial statements were finalised, neither the Board of Directors nor the Executive Committee were aware of any events that would have a material impact on the consolidated financial statements presented.

33 Significant Group companies at the end of 2013	Country	Shares in %	Activities
SFS intec Holding AG, Heerbrugg	CH	100	H
SFS intec AG, Heerbrugg	CH	100	V, P
Unisteel Technology International Limited, Labuan	MY	100	V, H
Unisteel International Pte Ltd., Mauritius	MU	100	V
Unisteel Technology Limited, Singapore	SG	100	V
Unisteel Fastening Systems (Shanghai) Co Ltd., Shanghai	PRC	100	V, P
SPI Precision (Suzhou) Pte. Ltd., Singapore	SG	70	H
SPI Precision (Suzhou) Co Ltd., Suzhou	PRC	100	V, P
Unisteel Precision (Suzhou) Co Ltd., Suzhou	PRC	100	V, P
Unisteel Technology (M) SDN BHD, Johor Bahru	MY	100	V, P
Sonic Clean Pte Ltd., Singapore	SG	63	H
Sonic Clean (Wuxi) Co Ltd., Wuxi	PRC	100	V, P
SFS intec GmbH, Korneuburg	AT	100	V, P
SFS intec Kft, Jánossomorja	HU	100	V, P
SFS intec SAS, Valence	FR	100	V, P
SFS intec Holdings Ltd., Leeds	GB	100	H
QBM Distributors Ltd., Batley	GB	100	V
SFS intec Ltd., Leeds	GB	100	V, P
SFS intec Spa., Pordenone	IT	100	V, P
SFS intec GmbH, Oberursel	DE	100	V, P
SFS intec Beteiligungen GmbH & Co. KG, Oberursel	DE	99	H
GESIPA Blindniettechnik GmbH, Mörfelden-Walldorf	DE	100	V, P
W+O Niettechnik GmbH, Olpe	DE	100	V, P
GESIPA Blindnietvertriebs GmbH, Wien	AT	100	V
GESIPA Blind Riveting Systems Ltd., Keighley	GB	100	V, P
GESIPA Fijaciones S.A., Arrigorriaga	ES	100	V
GESIPA Polska Sp. z o.o., Legionowo	PL	100	V
GESIPA Fasteners USA Inc., Robbinsville	USA	100	V, P
Unibolt A / S, Vejle	DK	100	V, P
GESIPA SAS, Valence	FR	100	V
GESIPA CZ s.r.o., Brno	CZ	100	V
GESIPA Hungary Kft, Jánossomorja	HU	100	V
Afast Holding B.V., Helmond	NL	100	V, P
SFS intec AS, Lorenskog	NO	100	V
SFS intec Oy, Nummela	SF	100	V
SFS intec Oy Eesti Filiaal, Tallinn	EE	100	V
SFS intec AB, Strängnäs	SE	100	V, P
SFS intec Inc., Wyomissing	USA	100	V, P
SFS intec Inc., Dundas	CA	100	V, P
SFS intec E y P, S.A., Arrigorriaga	ES	100	V
SFS intec E y P, S.A. Suc. Portugal, Malveira	PT	100	V
SFS intec Sp. z o.o., Poznan	PL	100	V
SFS intec s.r.o., Turnov	CZ	100	V, P
SFS Dekpaks A.S., Torbali-Izmir	TR	91	V, P
Guangzhou SFS intec Fastening & Precision Parts Co. Ltd., Guangzhou	PRC	100	V, P
SFS intec (China) Advanced Precision Parts Manufacturing Co. Ltd., Nansha-Guangzhou	PRC	100	in establishment
SFS unimarket AG, Heerbrugg	CH	100	V, P
SFS unimarket SAS, Valence	FR	100	V
SFS services AG, Heerbrugg	CH	100	DL

DL = Services P = Production V = Sales H = Holding

34 Exchange rates

		Balance sheet			Income statement		
		2013	2012	2011	2013	2012	2011
EU	EUR 1	1.227	1.207	1.216	1.231	1.205	1.234
USA	USD 1	0.891	0.915	0.939	0.928	0.938	0.888
Canada	CAD 1	0.837	0.920	0.920	0.899	0.939	0.898
United Kingdom	GBP 1	1.472	1.481	1.457	1.450	1.487	1.423
Denmark	DKK 100	16.450	16.180	16.360	16.500	16.200	16.520
Norway	NOK 100	14.640	16.380	15.660	15.800	16.120	15.830
Sweden	SEK 100	13.890	14.050	13.640	14.220	13.840	13.680
Poland	PLN 100	29.560	29.510	27.310	29.320	28.720	29.930
Czech Republic	CZK 100	4.476	4.805	4.729	4.740	4.791	5.021
Hungary	HUF 100	0.413	0.413	0.389	0.410	0.416	0.443
China	CNY 100	14.720	14.680	14.840	15.110	15.010	13.750
Turkey	TRY 100	41.970	51.180	49.130	47.900	52.050	52.380
India	INR 100	1.440	1.670	-	1.576	1.751	-
Singapore	SGD 1	0.705	0.749	-	0.741	0.751	-

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Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the accompanying consolidated financial statements of SFS Holding AG, which comprise the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of cash flows, consolidated statement of changes in equity and notes (pages 9 - 44), for the year ended 31 December 2013.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements for the year ended 31 December 2013 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

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

PricewaterhouseCoopers AG

Beat Inauen	Eveline Lipp-Spirig
Audit expert	Audit expert
Auditor in charge	

St. Gallen, 19 February 2014

Financial statements of SFS Holding AG

Financial statements of SFS Holding AG

In CHF million

Balance sheet

Assets	31.12.2013	31.12.2012
Cash and cash equivalents	78.7	18.1
Marketable securities	0.3	0.3
Other receivables	0.1	0.3
Receivables from related companies	55.1	85.9
Accrued assets	0.2	-
Current assets	**134.4**	**104.6**
Investments	82.5	6.8
Loans	0.5	0.8
Loans to related companies	332.7	338.7
Non-current assets	**415.7**	**346.3**
Assets	550.1	450.9

Liabilities and equity		
Other liabilities	0.3	-
Accrued liabilities	0.5	1.5
Borrowings from related companies	54.5	86.6
Liabilities	**55.3**	**88.1**
Share capital	3.2	3.2
Legal reserves	1.6	1.6
Other reserves	275.1	152.8
Retained earnings	214.9	205.2
Equity	**494.8**	**362.8**
Liabilities and equity	550.1	450.9

Income statement

Income	2013	2012
Investment income	25.0	45.0
Securities income	-	20.5
Interest income	5.9	3.3
Currency gain financial assets (net)	0.1	-
Total income	**31.0**	**68.8**

Expenses		
Interest expenses	-	-0.3
Currency loss financial assets (net)	-	-4.7
Other expenses	-0.3	-0.1
Income tax	-0.5	-1.5
Total expenses	**-0.8**	**-6.6**
Net income	30.2	62.2

These financial statements present the non-consolidated statutory financial statements according to Swiss law.

Financial statements of SFS Holding AG

In CHF million

Notes

The values below refer to 31 December.

Investments	2013 Share capital		2012 Share capital	
SFS intec Holding AG, Heerbrugg, CH	5.4	100%	5.4	100%
SFS Handels Holding AG, Heerbrugg, CH	-	-	1.3	100%
SFS unimarket AG, Heerbrugg, CH	12.6	100%	-	-
SFS services AG, Heerbrugg, CH	0.1	100%	0.1	100%

In 2013 the SFS Handels Holding AG merged with the SFS Holding AG. Consequently, SFS unimarket is now held directly by the SFS Holding AG. The merger gain of CHF 122.3 million was recognised within the other reserves of the equity.

Number of treasury shares	2013	2012
Balance at 1.1.	-	47,000
Additions	-	-
Disposals	-	-47,000
Balance at 31.12.	-	-

Contingent liabilities	2013	2012
Warranty obligations	745.0	749.6
Of which used	465.3	601.8

The major warranty obligation amounting to CHF 642 million (2012: 659) concerns the collateral of a credit line, which has been entered into collectively with the other Group companies being jointly liable and of which CHF 419 million (2012: 549) has been drawn.

Statement regarding the performance of risk assessments

The SFS Holding AG updated and documented its risk assessment within the framework of the existing risk management process. This process covers various types of risks, which may have a significant impact on the assessment of the annual financial statements. Risks are monitored continuously based on the defined control measures in line with the risk management process.

Proposed appropriation of retained earnings

Retained earnings	2013	2012
Profit carry-forward	184.7	142.9
Net income	30.2	62.3
Earnings available for distribution	214.9	205.2

Board of Directors' proposal		
Dividend	32.4	20.5
Profit carry-forward	182.5	184.7
Retained earnings	214.9	205.2

The Board of Directors proposes to the Annual General Meeting of shareholders on 4 April 2014 to approve the payment of a dividend of CHF 10.00 per share (2012: CHF 6.30).

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Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of SFS Holding AG, which comprise the balance sheet, income statement and notes (pages 47 - 49), for the year ended 31 December 2013.

Board of Directors' Responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

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

PricewaterhouseCoopers AG

Beat Inauen	Eveline Lipp-Spirig
Audit expert	Audit expert
Auditor in charge	

St. Gallen, 19 February 2014

Governing bodies

Governing bodies

Shareholders

The shareholder's structure with the major shareholders developed as follows:

	2013			2012		
	Shares	%	Share-holders	Shares	%	Share-holders
Hans Huber family	1,390,915	42.9%	17	1,390,915	42.9%	16
Stadler / Tschan families	1,285,910	39.6%	23	1,285,910	39.6%	23
Board of Directors, Group Executive Board	216,840	6.7%	15	166,670	5.1%	19
Employees and close associates	345,689	10.7%	592	397,358	12.3%	572
Employer's Foundation	4,896	0.1%	1	3,397	0.1%	1
Total	3,244,250	100%	648	3,244,250	100%	631

Honorary Chairman (outside the Board of Directors)

Hans Huber

Honorary Chairman
Pioneer and co-founder of the SFS Group
Chairman of the Board until 1999
Born: 1927
Nationality: Switzerland

Board of Directors (as at 1 January 2014)

Heinrich Spoerry

Executive Chairman of the Board *
On the Board of Directors since 1994, Chairman since 1999
lic. oec. University of St. Gallen, MIT Boston
Born: 1951
Nationality: Switzerland
Other affiliations:
- Mikron Holding AG, Biel (Chairman)
- Bucher Industries AG, Niederweningen
- Frutiger AG, Thun

Ruedi Huber

Vice Chairman*
On the Board of Directors since 1999, Vice Chairman since 2004
High School graduation, Type C
Born: 1960
Nationality: Switzerland
Other affiliations:
- DGS Druckguss Systeme AG, St. Gallen
- Huwa Finanz- und Beteiligungs AG, Heerbrugg
- Fisba Optik AG, St. Gallen
- Schlatter Holding AG, Schlieren

* Executive members of the Board of Directors.

Karl Stadler

Vice Chairman
On the Board of Directors and Vice Chairman since 1993
Dr. oec. University of St. Gallen
Born: 1946
Nationality: Switzerland
Other affiliations:
- WISTAMA Finanz- und Beteiligungs AG, Altstätten (Chairman)
- POLYGENA Group, Altstätten (Chairman)
- Icotec AG, Altstätten (Chairman)
- Suprem AG, Yverdon (Chairman)
- Frauenhof Immobilien AG, Altstätten (Chairman)

Hans Brunhart

Member
Independent, external director from 1994 to 2014
High school graduation, Type A
Born: 1945
Nationality: Principality of Liechtenstein

Christian Fiechter

Member**
On the Board of Directors from 2008 to 2014
Manager, Swiss Corporate Management Programme SKU
Born: 1947
Nationality: Switzerland
Other affiliations:
- RDV, Rheintaler Druckerei und Verlag AG, Berneck
- F+L System Gruppe, Altstätten
- Kowema AG, Baar

Urs Kaufmann

Member
Independent, external director since 2012
dipl. Ing. ETH Zurich
CEO HUBER+SUHNER GROUP
Born: 1962
Nationality: Switzerland
Other affiliations:
- Gurit Holding AG, Wattwil
- Müller Martini Holding AG, Hergiswil
- Member of Executive Committee SWISSMEM, Zurich

Thomas Oetterli

Member
Independent, external director since 2011
lic. oec. University of Zurich
Member of the Executive Board, Schindler Group
Born: 1969
Nationality: Switzerland

There are no reciprocal directorships. The non-executive members of the Board of Directors, with the exception of Christian Fiechter, have not performed any executive duties in the past three financial years.

** Executive member until 30 November 2012.

Group Executive Board (alphabetic order)

	Thomas Bamberger	Head of Division Riveting since 1 January 2009 Dipl.-Ing. (FH) Mechanical Engineering, SEP Stanford University With SFS since 1995* Born: 1961 Nationality: Germany
	Helmut Binder	Head of SFS intec from 1 January 1996 to 31 December 2013 Head of Region North America and Projects Dr. Ing. University of Stuttgart, SEP Stanford University With SFS since 1982 Born: 1950 Nationality: Germany
	Arthur Blank	Head of Division Construction since 1 January 2014 B.Sc. FH, Managing Manufacturing IMD Lausanne, Swiss Corporate Management Program SKU With SFS since 1979 Born: 1959 Nationality: Switzerland
	Jens Breu	Chief Operating Officer SFS Group since 1 January 2014 Dipl.-Ing. (FH) Mechanical Engineer, MBA Cleveland State University With SFS since 1995 Born: 1972 Nationality: Switzerland
	Rolf Frei	Chief Financial Officer SFS Group since 16 December 2003 Federally Certified Accounting & Controlling Expert, Swiss Corporate Management Program SKU, SEP Stanford University With SFS since 1981 Born: 1958 Nationality: Switzerland
	Walter Kobler	Head of Division Industrial since 1 January 2014 Federally certified Sales Manager, Further education in Marketing, SEP Stanford University With SFS since 1987 Born: 1963 Nationality: Switzerland
	George Poh	Head of Region China and Southeast Asia since 1 January 2014 Bachelor of Engineering (BEng) University of Sheffield, MBA University of Hull With SFS since 1995* Born: 1963 Nationality: Singapore

	Alfred Schneider	Head of Division Automotive since 1 January 2014 Engineer FH, Industrial Engineer, Sales Management (FAH-HSG), Swiss Corporate Management Program SKU With SFS since 1987 Born: 1959 Nationality: Switzerland
	Heinrich Spoerry	Executive Chairman SFS Group since 21 May 1999 lic. oec. University of St. Gallen, MIT Boston With SFS from 1981 to 1986 and since 1998 Born: 1951 Nationality: Switzerland
	Bernard Toh	Head of Division Electronics since 1988 Diploma Electrical Engineering With SFS since 1988* Born: 1963 Nationality: Singapore
	Josef Zünd	Head of SFS unimarket since 1 March 2000 Head of Segment Distribution & Logistics since 1 January 2011 Manager, Swiss Corporate Management Program SKU With SFS since 1971 Born: 1955 Nationality: Switzerland

* Length of employment with acquired companies is credited to the length of employment with SFS.

Effective from January 2014 the SFS Group is constituted of three segments containing a total of six divisions. The Group Executive Board consisting of 11 members was newly formed at that time. The tasks of the former Group Executive Board and the augmented management team are executed by this newly formed Committee.

Auditors

PricewaterhouseCoopers AG, St. Gallen has served as auditors to the SFS Holding AG since 1993. Lead auditor Beat Inauen has been responsible for the audit mandate since 2009.

Total audit fees for the SFS Group amounted to CHF 1.1 million in the 2013 financial year (2012: 1.2 / 2011: 1.0) for services in connection with the audit of the annual financial statements of SFS Holding AG, the Group companies and the consolidated financial statements of the SFS Group. PricewaterhouseCoopers accounted for CHF 0.8 million (2012: 0.8 / 2011: 0.6).

The auditors also invoiced additional fees of CHF 0.6 million for services rendered in the 2013 financial year (2012: 0.8 / 2011: 0.3). PricewaterhouseCoopers accounted for CHF 0.4 million (2012: 0.5 / 2011: 0.2).

Corporate Communications / Investor Relations Officer

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