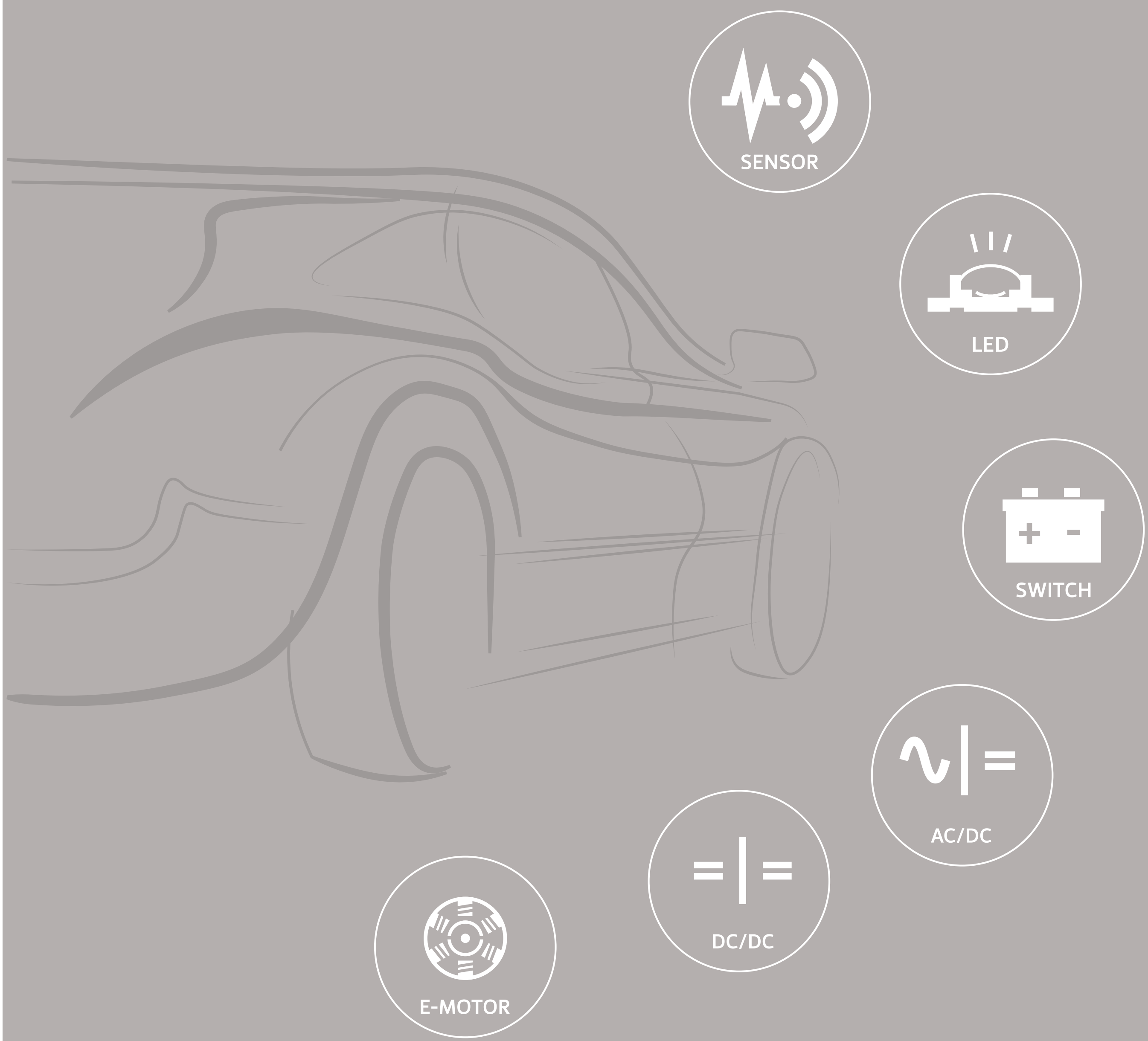
SCHWEIZER
ELECTRONIC

SENSOR AND POWER PCB SOLUTIONS



HALF-YEAR FINANCIAL REPORT AS AT 30/06/2018

KEY FIGURES OF THE SCHWEIZER GROUP (IFRS)

Mio. Euro	1st HY 2018	1st HY 2017	Veränderung / Change	EUR millions
Auftragseingang	76.7	64.0	20%	Order entry
Umsatz	63.9	61.9	3.1%	Revenues
Book-to-Bill Ratio	1.2	1.0		Book-to-bill ratio
EBITDA	6.6	3.6	83%	EBITDA
EBITDA Marge (%)	10.3	5.8		EBITDA margin (%)
EBIT	2.8	-0.4		EBIT
EBIT Marge (%)	4.3	-0.7		EBIT margin (%)
Periodenüberschuss	1.9	-1.1		Net profit
Investitionen	2.0	1.7	18%	Investment
Cashflow aus der betrieblichen Tätigkeit	0.1	2.2		Cash flow from operating activities
Ergebnis je Aktie (Euro)	0.51	-0.28		Earnings per share (Euro)
Auftragsbestand [1]	185.1	160.5	15%	Open orders

Mio. Euro	30/06/2018	31/12/2017	Veränderung / Change	EUR millions
Bilanzsumme	117.8	113.6	4%	Total assets
Eigenkapital	65.5	62.3	5%	Equity
Eigenkapitalquote (%)	55.6	54.9		Equity ratio (%)
Nettoverschuldungsgrad (%)	-2.8	-6.5		Net gearing (%)
Working Capital	29.1	22.1	32%	Working capital
Beschäftigte [2]	801	797	1%	Employees

[1] As at 30/6/2018
[2] Including temporary staff

SCHWEIZER has applied the accounting standard IFRS 15 (Revenue from contracts with customers) and IFRS 9 (Financial instruments) since 1 January 2018. Further information can be found in point 2 of the notes to the consolidated interim financial statements.

All figures are rounded, which can lead to minor deviations when these are added up.

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SHARES

SHARES

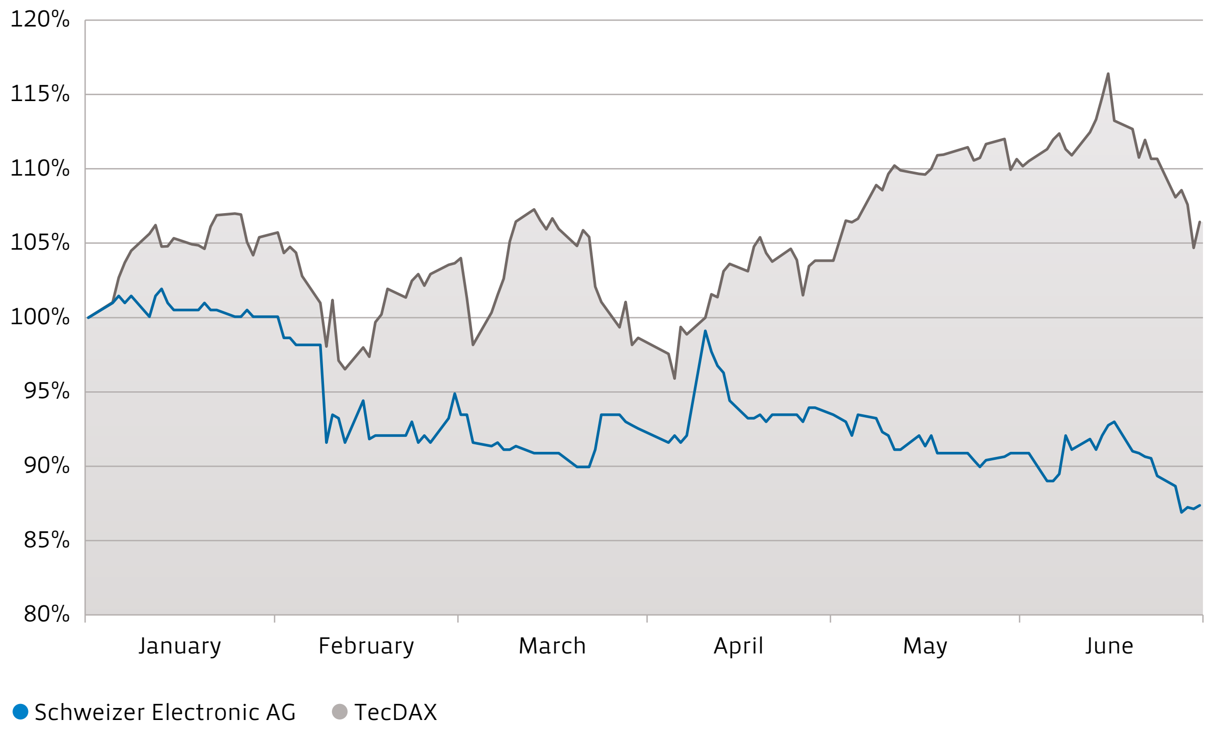
Primarily influenced by political risks and the trade conflict between the United States and other countries, the most important indices in the USA and Europe moved sideways with strong fluctuations in the first six months. While the DAX reached its all-time high of 13,596.89 points on 23 January, a slide to a 12-month low of 11,787.30 points (26 March 2018) occurred in the weeks that followed. With major fluctuations, the DAX closed the first half of 2018 at 12,306 points, which corresponds to a loss of almost five percent.

Our benchmark index, the TecDAX, mostly moved in line with the DAX and fell from 2,529 points (30 December 2017) to 2,425.53 points by the beginning of April, reaching its all-time high of 2,950.44 points on 15 June with major fluctuations. By the end of the first half of the year, however, the technology index had lost around 260 points and closed at 2,691 points, which corresponds to an increase of 6.4 percent.

SCHWEIZER SHARE

After the Schweizer Electronic AG share ended 2017 with a closing price of EUR 21.29, the share already reached its half-year high of EUR 21.70 on 10 January 2018. In line with the overall market, the SCHWEIZER share price fell by around 8 percent (to EUR 19.50) at the beginning of February. This was followed by a slightly falling sideways movement, which was broken by a short-term high of EUR 21.10 at the beginning of April. The Schweizer Electronic AG share closed the first half of the year at EUR 18.60, which corresponds to a decline of 13 percent within the first six months.

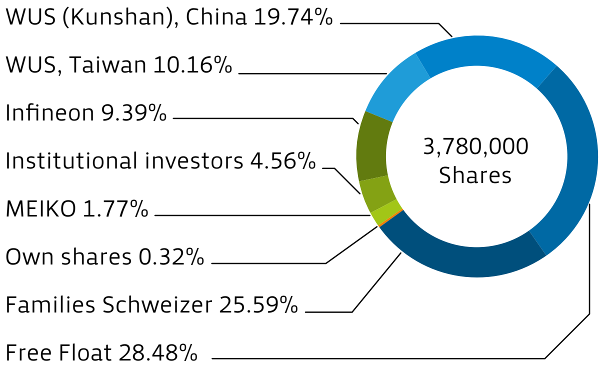
Share price 1 January 2018 – 30 June 2018



SHAREHOLDER STRUCTURE

The shareholder structure of Schweizer Electronic AG was as follows at 30 June 2018:

Shareholder structure as at 30/06/2018



ANNUAL GENERAL MEETING 2018

The shareholders approved the resolutions proposed by the Executive Board and Supervisory Board at the 29th Annual General Meeting of Schweizer Electronic AG held on 29 June 2018. The proposal for a dividend of EUR 0.30 per share was approved by a large majority at the meeting. The actions of the Executive Board and the Supervisory Board were approved by a large majority.

The Annual General Meeting was again held at the company's premises, after having been held elsewhere for a number of years. This allowed interested shareholders to be given the opportunity of a site visit which was very well received by the participants.

SHARE DATA

	30/06/2018	30/06/2017
Share price (daily closing price)[1]	EUR 18.60	EUR 22.67
Period high	EUR 21.70	EUR 23.45
Period low	EUR 18.50	EUR 17.64
No. of shares at 30/06	3,780,000	3,780,000
Market capitalisation at 30/06	EUR 70.3 million	EUR 85.7 million

[1] Xetra trading

BASIC SHARE DATA

ISIN	DE0005156236
WKN	515623
Symbol	SCE
Listed in	Xetra, Frankfurt, Stuttgart, Düsseldorf, Berlin
Stock market segment	Regulated market
Level of transparency	General standard

INTERIM GROUP MANAGEMENT REPORT

ECONOMIC REPORT

Economic developments in the first six months of 2018

After a rather weak first quarter in terms of the economy, growth momentum in Germany picked up again in the second quarter. Overall, growth weakened slightly in the first half of the year, including for western Europe. Restraint in new investments played a major role here due to the current uncertainties in global trade. Nevertheless, the order books remain well filled and there are no signs that the long-lasting upswing on the German labour market will cool off.

However, many forecasting institutes are correcting their growth expectations downwards due to the tense global situation without fundamentally calling into question the growth prospects. For example, the Deutsche Bundesbank reduced its forecast for Germany in 2018 from 2.5 percent to 2.0 percent growth. Many forecasters also expect growth rates for 2019 to be lower than before.

The main reasons cited for the reduction in growth expectations are the intensified trade conflict with the USA, the imminent Brexit and other geopolitical risks. The assumption is that these are likely to have a negative impact on the investment activities of private households. Likewise, this could result in a weaker dynamic in global trade.

Despite a large number of critical reports in the first half of the year, the global performance of the automotive segment was consistently positive. In the larger markets of China, the USA and Europe, 28.8 million vehicles were sold, which corresponds to an increase of 3.6 percent. Vehicle sales in China performed particularly positive with growth of around 6 percent, followed by Europe with an increase of around 3 percent. The USA was also in positive territory with an increase of 2 percent. Only Japan recorded a drop of 2 percent. The emerging countries India, Russia and Brazil recorded impressive growth rates of between 13 and 18 percent.

Growth rates continue to be highest in electro-mobility. In Germany, more than 78,000 electric and hybrid vehicles were sold in the first half of the year – an increase of almost 70 percent.

In the wake of the slightly weaker macroeconomic expectations, the growth forecasts for the automotive industry are also being somewhat dampened. According to the Ifo Institute in Munich, the German automotive industry's export expectations are stagnating, albeit at a high level.

Overall, economic growth is therefore expected to slow down. Nevertheless, companies still have well-filled order books and lead times for deliveries are still longer than average. In the short to medium term, however, the economy is generally expected to weaken and possibly normalise due to increasing trade barriers.

Bottlenecks in the supply chain for passive components

The worldwide demand for passive components has increased significantly in recent months. The increasing success of new products from smart home and IoT-capable applications, industry 4.0 and e-mobility are making a major contribution in this regard. Likewise, new car manufacturers, especially from China, which are showing rapid growth rates, are drawing more and more capacity from the components market. In the first half of 2018, this situation also led to delays in the acceptance of printed circuit boards by customers of SCHWEIZER.

(Sources: Ifo Institute for Economic Research, Deutsche Bundesbank, German Association of the Automotive Industry (VDA), DZ Bank AG Research)

BUSINESS DEVELOPMENT

Incoming orders increase by almost 20 percent

SCHWEIZER has established itself as an indispensable specialist in power electronics and sensor technology. This makes us an important partner for our customers in the automotive sector for the reliable and cost-optimised implementation of solutions in the areas of e-mobility and CO_2-efficiency as well as autonomous driving. Especially for customers in industrial electronics, our automation and sensor technologies are playing an increasingly important role in the context of industry 4.0. In the first half of 2018, the company again benefited from the positive development in these market segments. This is also impressively reflected in incoming orders, which, at EUR 76.7 million, was 19.8 percent above the level of the previous year. As a result, this also led to an increase in the order book, which amounted to EUR 185.1 million at the end of June (2017: EUR 160.5 million). Of this order book, around EUR 60 million will be delivered in 2018. The order book for 2019 already exceeds EUR 100 million. The strong demand from the automotive industry followed by applications in industrial electronics continues unabated.

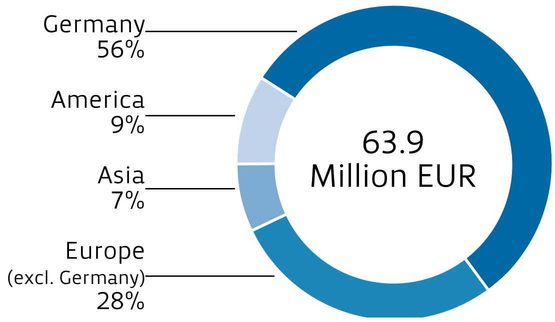
Sales up 8.8 percent in the second quarter

Sales amounted to EUR 63.9 million in the first six months (2017: EUR 61.9 million). The growth rate was 3.1 percent. The second quarter in particular showed a high growth dynamic with an increase of 8.8 percent compared to the same quarter of the previous year. The plant in Schramberg generated sales of EUR 54.3 million, a decline of 4.7 percent compared to the same period last year. The decline is due to product-specific bottlenecks in passive components at our European automotive customers. The significant increase in sales of products via our Asian partner network more than compensated for the decline. A total of EUR 9.6 million was generated with products manufactured by WUS Kunshan and Meiko Electronics China and Vietnam. As a result, their share of sales rose from 8 percent to 15 percent. We see further growth potential here in the future.

Despite the aforementioned bottlenecks in passive components, sales to automotive customers increased by EUR 0.8 million to EUR 44.1 million. Sales to industrial customers amounted to EUR 15.3 million in the first half of the year, an increase of EUR 1.1 million or 7.7 percent. Our focus continues to be on the automotive and industrial electronics segments and the further development of the civil aerospace segment. There were also no significant shifts in the sales regions. 84 percent of sales were generated in Europe, 7 percent in Asia and 9 percent in America / Rest of World.

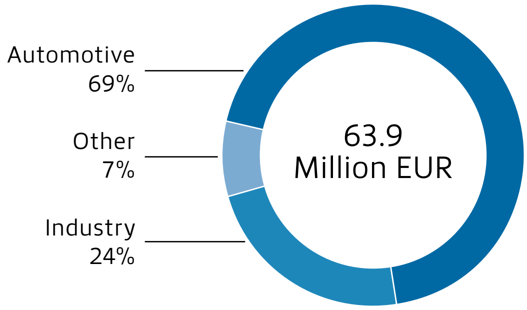
Sales by region

EUR millions	2018	2017
Germany	36.0	37.6
Europe (excl. Germany)	17.8	13.5
Asia	4.4	4.8
America	5.5	5.8
Other countries	0.2	0.2
	63.9	**61.9**

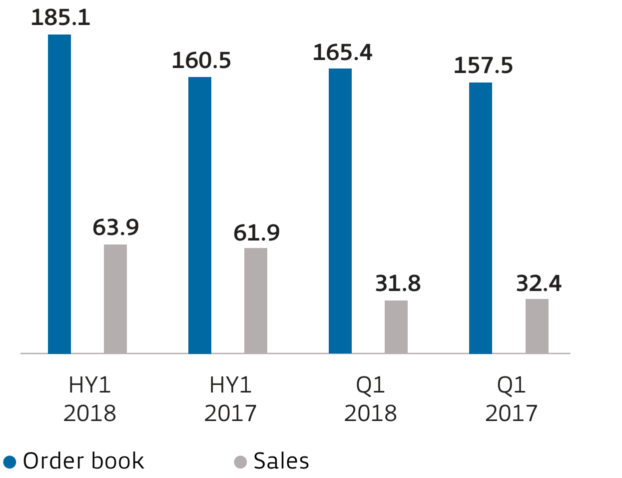


Sales according to customer group

EUR millions	2018	2017
Automotive	44.1	43.3
Industry	15.3	14.2
Other	4.5	4.4
	63.9	**61.9**



Order book and sales in EUR million



Profitability significantly improved

Gross profit in the first half of the year reached EUR 10.6 million (2017: EUR 9.4 million), which corresponds to a gross margin of 16.6 percent. Compared to the previous year, this represents an improvement in gross profit of 12.7 percent. The margin improvement was achieved through a selective pricing policy, an optimised product portfolio and intelligent investments to boost productivity. Earnings before interest, taxes, depreciation and amortisation (EBITDA) also increased significantly, amounting to EUR 6.6 million (2017: EUR 3.6 million). The EBITDA ratio improved to 10.3 percent (2017: 5.8 percent), which corresponds to our annual target EBITDA ratio. While a provision for litigation cost risks of EUR 1.0 million and exchange rate-related expenses of EUR 0.4 million in connection with the termination of the energy business had a negative impact on the consolidated result in the same period of the previous year, there were no material special effects in the current financial half-year. Costs in connection with the construction of the new production plant in China amounted to EUR 0.3 million in the first half of 2018.

The operating result (EBIT) totalled EUR 2.8 million (2017: EUR -0.4 million) – an improvement of EUR 3.2 million. Depreciation and amortisation remained almost constant at EUR 3.8 million.

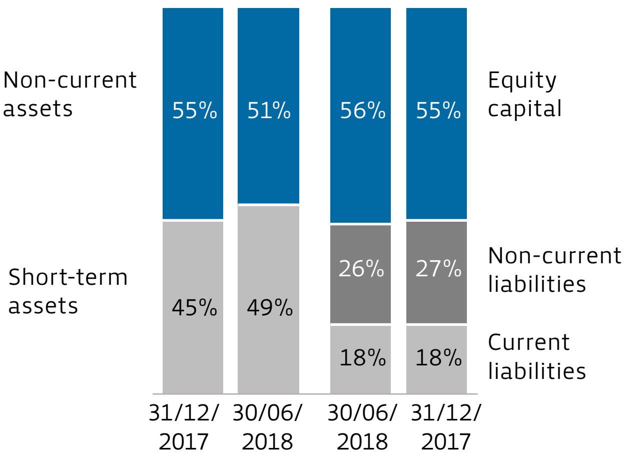
Consolidated net income improved by EUR 3.0 million to EUR 1.9 million compared to the same period in 2017.

Balance sheet structure very stable despite rising working capital

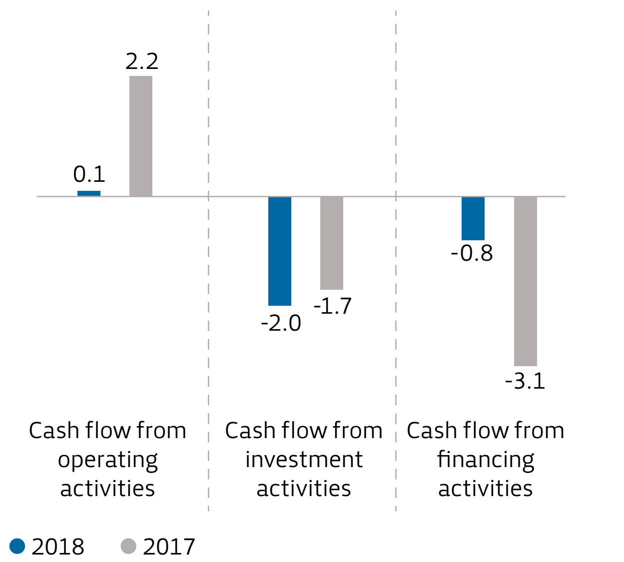
As already mentioned, the component bottleneck had a negative impact on acceptances by various customers. On the one hand, this led to slower sales growth at the Schramberg plant and an increase in working capital on the other. Short-term committed capital amounted to EUR 29.1 million at the end of the quarter (31/12/2017: EUR 22.1 million). The significant increase of EUR 7.0 million is mainly due to the increase in inventories and contract assets by EUR 3.3 million and receivables from customers by EUR 3.8 million. In accordance with the newly introduced IFRS 15, assets with a contractual purchase obligation by customers are still in our portfolio but are no longer allocated to inventories, but to the newly introduced balance sheet item “Contract assets”. The disproportionately sharp increase in working capital had a negative impact on cash and cash equivalents, which decreased to EUR 8.4 million (31/12/2017: EUR 11.3 million). The debt-to-equity ratio nevertheless remained negative at -2.8 percent, i.e. cash and cash equivalents remained higher than interest-bearing liabilities and thus within the forecast target range. Investments in property, plant and equipment and intangible assets amounted to EUR 2.0 million in the first half of 2018 (2017: EUR 1.7 million). The investment ratio thus amounted to 30.6 percent. Investments were made almost exclusively in production facilities and measures to reduce electrostatic charges for the Schramberg plant. These are necessary for the smooth production of chip embedding. Investment in China will begin in the second half of the year.

The higher current assets contributed significantly to the increase in the balance sheet total to EUR 117.8 million (31/12/2017: EUR 113.6 million). Despite this balance sheet extension, we succeeded in further increasing the equity ratio, which reached 55.6 percent (31/12/2017: 54.9 percent). Due to the good profit situation and conversion effects from IFRS 15 as of 1 January 2018, equity rose by EUR 3.2 million to EUR 65.5 million. Total non-current and current liabilities amounted to EUR 52.3 million (31/12/2017: EUR 51.3 million). Financial liabilities decreased to a total of EUR 6.5 million as a result of regular repayments of bank loans amounting to EUR 0.7 million. Due to the higher share of sales from products produced by our partners in Asia, the purchasing volume increased. This increased vendor liabilities by EUR 0.7 million to EUR 7.2 million.

Balance sheet structure



Cash flow in EUR million



Cash flow burdened by higher working capital

In the first six months of financial year 2018, cash and cash equivalents decreased by EUR 2.9 million to EUR 8.4 million. The main reason for this negative development was an increase in working capital. The total change in trade receivables, inventories and vendor liabilities amounted to EUR 6.5 million. This had a negative impact on the cash flow from operating activities, which amounted to EUR 0.1 million during the reporting period (2017: EUR 2.2 million). Due to the application of the regulations of IFRS 15, the figures for trade receivables and inventories can only be compared to a limited extent in a year-on-year comparison. For this reason, the totals of both figures – receivables from customers and inventories – should be compared.

The cash flow from financial activities amounted to EUR -0.8 million. This relates to regular repayments of bank loans and financing leases. New bank loans were not taken out.

FORECAST REPORT

Our forecast for 2018 is based on two topics.

Sales forecast confirmed – working capital on the rise

Despite the current reluctance of individual customers to call up orders, triggered by product-specific bottlenecks in passive components, our current order book shows that the sales target for 2018 is already secured without further major new orders. As a result, we continue to maintain our sales target for financial year 2018 of just under EUR 130 million, which corresponds to growth of 6 to 8 percent. However, we must expect a disproportionate increase in working capital due to delays in acceptance by some of our customers. We will counteract this development with appropriate measures aimed at reducing inventories. We are at this point assuming that the situation will continue to ease further in the final months of the year if demand for vehicles picks up again. Nevertheless, we will not be able to completely reduce the currently high level of working capital to our target level with these improvements. We therefore also expect a somewhat disproportionate increase in working capital in relation to the increase in sales in the second half of 2018.

Project in China off to a successful start in the implementation phase

The start of the investment phase as part of our project to build a production facility in China will have an additional impact on our forecasts. The project has an impact on EBITDA, the investment ratio and net gearing. Although the project-related impacts have already been included in our previous forecast, some adjustments are necessary due to current project and financing findings, which are presented in the earnings forecast.

First, however, a brief description of the project's progress is in order. Over the past few months, all the conditions for project implementation have been met. Following the signing of the investment agreement with the city of Changzhou, Jintan in China in November last year, the Chinese environmental authority issued its approval. Furthermore, our architectural design has been approved by the building authority. Finally, the financing of construction phases one and two with a production capacity of 2,400 square metres per working day was secured. This production capacity is twice that of the plant in Schramberg. Two banking syndicates have been formed in Germany and China to provide a total credit line of USD 120 million. As of 30 June 2018, no funds had yet been drawn from this credit facility. Building construction will begin in August 2018.

Earnings forecast revised upwards

With an EBITDA of EUR 6.6 million, which is equivalent to an EBITDA ratio of 10.3 percent, our target was clearly exceeded in the first half of 2018. On the basis of the good results of the first six months, combined with the forecast burdens from the construction of the plant in China, we now expect an EBITDA of EUR 11 to 12 million for 2018 (previous forecast: EUR 10 million). We expect the EBITDA ratio to be at the upper end of our previous range of 7 to 9 percent.

In the second half of 2018, we expect the investments for plant development in China to start. The funds will be used to acquire a right to use the land, to build the production building and to make initial advance payments for the building infrastructure and production facilities. Based on the current investment planning for China and Schramberg, combined with the higher EBITDA forecast, we are now reducing the forecast for the investment ratio to 200 to 300 percent (previous forecast: 300 to 400 percent), which corresponds to an investment volume of EUR 25 to 30 million for the Group.

As a result of the investments, which are mainly financed by debt capital, we continue to expect a net gearing ratio at the Group level in the low double-digit range. Overall, total financial liabilities will increase significantly in the second half of 2018. The raising of bank loans in Germany and China to finance investments is occurring faster than was taken into account in the previous forecast. This will have an impact on the equity ratio, which we now expect to be between 40 and 45 percent at the end of the year (previous forecast: between 45 and 50 percent).

OPPORTUNITIES AND RISKS REPORT

With regard to opportunities and risks, please refer to our comments in the Annual Report from page 51 onwards.

We see further risks for the global economy from the intensifying trade conflict with the USA, in particular from the spiral of mutual threats of additional tariffs. We see risks in our sales market if additional import duties are imposed on vehicles entering the United States. Even a hard Brexit cannot be ruled out on the basis of current negotiations. This could lead to short-term uncertainty among automotive suppliers, which could also lead to order postponements or cancellations at SCHWEIZER. Furthermore, a further deterioration in passive components could have an additional negative impact on demand by the affected customer groups. We assess both as medium risks.

Schramberg, 3 August 2018

Schweizer Electronic AG

The Executive Board

(N. F. Schweizer) (M. Bunz)

CONSOLIDATED FINANCIAL STATEMENT

CONDENSED CONSOLIDATED INCOME STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

	No. in the notes	01/01 - 30/06/2018	01/01 - 30/06/2017
		EUR thousands	EUR thousands
Sales revenue	3.1	63,852	61,912
Cost of sales | Cost of goods and services provided to generate sales		-53,260	-52,514
Gross profit		**10,592**	**9,398**
Other operating income	3.2	2,410	1,338
Distribution costs		-2,433	-2,227
Administration expenses		-7,124	-7,117
Other operating expenses	3.3	-687	-1,839
Operating result		**2,758**	**-447**
Financial income	3.4	23	110
Financial expenses	3.5	-356	-294
Earnings from participating interests accounted for using the equity method		5	25
Earnings before taxes on income and revenue		**2,430**	**-606**
Taxes on income and revenue	3.6	-505	-481
Consolidated result		**1,925**	**-1,087**
Of which attributable to:			
Shareholders of the parent company		1,927	-1,063
Non-controlling interests		-2	-24
Earnings per share			
Basic (= diluted) shareholding (units)	3.7	3,765,654	3,760,659
Basic, based on the profit attributable to holders of ordinary shares of the parent company (EUR)		0.51	-0.28

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

	No. in the notes	01/01 - 30/06/2018	01/01 - 30/06/2017
		EUR thousands	EUR thousands
Consolidated result		**1,925**	**-1,087**
Other comprehensive income			
Other comprehensive income to be reclassified to profit or loss in subsequent periods (after taxes):		**-225**	**932**
Currency translation of foreign operations	4.4	-225	-304
Net (loss)/gain from available-for-sale financial assets		0	1,236
Other comprehensive income not to be reclassified to profit or loss in subsequent periods (after taxes):		**96**	**153**
Gains/(losses) on the revaluation of defined benefit pension plans	4.6	51	214
Tax on profits		-14	-61
Gains (losses) on assets measured at fair value recognised directly in equity	4.1	59	0
Other earnings after tax		**-129**	**1,085**
Overall result after taxes		**1,796**	**-2**
Of which attributable to:			
Shareholders of the parent company		1,797	2
Non-controlling interests		-1	-4

CONDENSED CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2018

	No. in the notes	30/06/2018	31/12/2017
		EUR thousands	EUR thousands
Assets			
Non-current assets		**60,296**	**62,180**
Tangible assets		57,721	59,490
Intangible assets		537	691
Participating interest in companies recognised using the equity method		0	1,232
Assets available for sale	4.3	1,210	0
Participating interests	4.1	566	507
Other financial assets		5	5
Deferred tax assets		257	255
Short-term assets		**57,486**	**51,423**
Inventories		11,003	17,731
Trade receivables		21,534	17,752
Contract assets		10,068	0
Tax receivables		2,529	2,476
Other financial assets		716	477
Other assets	4.2	3,248	1,694
Cash and cash equivalents		8,389	11,293
Total assets		**117,782**	**113,603**
Liabilities			
Equity	4.4	**65,504**	**62,342**
Subscribed capital		9,664	9,664
Own shares		-31	-40
Capital reserves		21,834	21,904
Profit reserves/balance-sheet profit		33,901	30,678
Equity attributable to shareholders of the parent company		65,369	62,206
Non-controlling interests		135	136
Non-current liabilities		**30,727**	**31,086**
Financial liabilities	4.5	5,504	5,969
Other financial liabilities		1,237	1,371
Provision for defined benefit pension plans	4.6	20,615	20,492
Other provisions	4.7	213	227
Deferred tax liabilities		3,137	3,027
Current liabilities		**21,552**	**20,175**
Financial liabilities	4.5	1,033	1,242
Other financial liabilities		347	358
Provision for defined benefit pension plans	4.6	565	880
Trade payables		7,245	6,525
Other liabilities	4.8	4,249	4,220
Other provisions	4.7	8,112	6,950
Total liabilities		52,279	51,260
Total assets		**117,782**	**113,603**

CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE PERIOD FROM 1 JANUARY TO 30 JUNE 2018

	No. in the notes	01/01-30/06/2018	01/01-30/06/2017
		EUR thousands	EUR thousands
Operating activities			
Earnings before tax		**2,430**	**-606**
Adjustments to reconcile earnings before taxes to net cash flows:			
Amortisation and impairment of tangible and intangible assets		3,841	4,058
Expenses for share-based remuneration	4.11	142	140
Exchange differences, net		266	40
Losses from the sale of tangible assets		7	0
Financial income	3.4	-23	-110
Financial expenses	3.5	356	294
Share in earnings from participating interests recognised using the equity method		-5	-25
Changes in the provision for defined benefit pension plans (without changes recognised directly in equity)	4.5	-155	-119
Change in other provisions	4.7	1,148	1,986
Change in tax provisions	3.6	0	550
Change in tax receivables	3.6	-53	-777
Change in net current assets:			
Change in trade and other receivables and advance payments		-6,858	676
Change in inventories		-169	-171
Change in trade and other payables		530	-2,412
Interest received		5	85
Dividends received	3.4	2	25
Interest paid		-97	-199
Paid taxes on income and revenue		-1,241	-1,208
Cash flow from operating activities		**126**	**2,227**
Investment activities			
Payments to acquire tangible assets and intangible assets		-2,017	-1,716
Cash flow from investing activities		**-2,017**	**-1,716**
Financing activities			
Incoming payments from the take-up of loans	4.5	0	3,822
Payments for the repayment of loans	4.5	-673	-672
Payments from finance leases		-134	-69
Cash flow from financing activities		**-807**	**3,081**
Net change in cash and cash equivalents		-2,698	3,592
Changes in cash and cash equivalents owing to exchange rates		-206	11
Cash and cash equivalents as at 1 January		**11,293**	**9,508**
Cash and cash equivalents as at 30 June		**8,389**	**13,111**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In EUR thousands	No. in the notes 4.4	Subscribed capital	Own shares	Capital reserve	Profit reserves / balance sheet profit
As of 1 January 2017 - adjusted - *		**9,664**	**-52**	**21,941**	**30,378**
Consolidated result					-1,063
Other comprehensive income					1,065
Overall result					**2**
Change in minority interests					-1,735
Change in own shares				-139	-172
Long-term incentives for Executive Board members			10	-23	76
Dividend payout					0
Allocation to reserves					0
Other changes					0
As of 30 June 2017		**9,664**	**-42**	**21,779**	**28,549**
As of 1 January 2018 - as originally reported -		**9,664**	**-40**	**21,904**	**30,678**
Adjustments in accordance with IFRS 15					1,359
As of 1 January 2018 - adjusted -		**9,664**	**-40**	**21,904**	**32,037**
Consolidated result					1,927
Other comprehensive income					-130
Overall result					**1,797**
Change in minority interests					0
Change in own shares			9		66
Long-term incentives for Executive Board members				-70	0
Dividend payout					0
Allocation to reserves					0
Other changes					0
As of 30 June 2018		**9,664**	**-31**	**21,834**	**33,901**

* adjusted in accordance with IAS 8, see consolidated financial statements as of 31 December 2017 (Annual Report from page 95)

	Included in profit reserves/balance-sheet profit:						
	Actuarial losses, pension commitment	Change in value of assets measured at fair value recognised directly in equity	Currency translation difference	Consolidated result (attributable to shareholders of SEAG)	Equity attributable to shareholders of the parent company	Minority interests	Equity
	-3,612	**1,513**	**1,150**	**-10,582**	**61,931**	**151**	**62,082**
				-1,063	-1,063	-24	-1,087
	153	1,236	-304	0	1,065	20	1,085
	153	**1,236**	**-304**	**-1,063**	**2**	**-4**	**-2**
				0	-1,735	2	-1,733
				0	-311		-311
				0	63		63
				0	0		0
				0	0		0
				0	0		0
	-3,459	**2,749**	**846**	**-11,645**	**59,950**	**149**	**60,099**
	-3,670	**425**	**1,518**	**-12,040**	**62,206**	**136**	**62,342**
					1,359		1,359
	-3,670	**425**	**1,518**	**-12,040**	**63,565**	**136**	**63,701**
				1,927	1,927	-2	1,925
	37	59	-226	0	-130	1	-129
	37	**59**	**-226**	**1,927**	**1,797**	**-1**	**1,796**
				0	0		0
				0	75		75
				0	-70		-70
				0	0		0
				0	0		0
				0	0		0
	-3,633	**484**	**1,292**	**-10,113**	**65,369**	**135**	**65,504**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. PRINCIPLES UNDERLYING THE CONSOLIDATED FINANCIAL STATEMENTS

INFORMATION ON THE COMPANY

The parent company of the SCHWEIZER Group is Schweizer Electronic AG (hereafter referred to as the company or SCHWEIZER). SCHWEIZER's registered office is located at Einsteinstrasse 10, 78713 Schramberg, Germany. The company is entered in the commercial register at the District Court of Stuttgart under commercial register number HRB 480540. Schweizer Electronic AG has been listed on the stock exchange in the regulated market segment since 5 July 1989. The shares (ISIN DE0005156236) are listed in Frankfurt am Main and Stuttgart.

The condensed consolidated financial statements of the SCHWEIZER Group for the first six months of 2018 were prepared and approved for publication by the Executive Board on 3 August 2018.

BASIS OF PREPARATION OF THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The condensed interim consolidated financial statements were prepared in accordance with the regulations of the International Financial Reporting Standards (IFRS), including the interpretations of the IFRS Interpretations Committee (IFRIC), which were adopted into European law by the EU Commission and are applicable as of the balance sheet date.

In accordance with IAS 34 "Interim financial reporting", the condensed consolidated interim financial statements do not contain all the information and disclosures required for consolidated financial statements at the end of the financial year and should therefore be read in conjunction with the consolidated financial statements as of 31 December 2017.

Our business activities are subject to the influence of seasonal fluctuations. The results of the interim reporting periods can therefore only be used as an indicator for the results of the entire financial year to a limited extent.

The preparation of the condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and assumptions. These have an impact on the disclosure of assets and liabilities, the disclosures on contingent assets and liabilities as of the balance sheet date and the disclosure of income and expenses for the reporting period. Actual amounts may differ materially from management's estimates. Changes in assumptions and estimates may have a material impact on the condensed consolidated interim financial statements.

The condensed consolidated financial statements are prepared in the reporting currency (EUR), which is the functional currency of Schweizer Electronic AG. Unless otherwise specified, all values are rounded up or down to the nearest EUR thousand in accordance with commercial rounding practices, which can lead to minor deviations when these are added up.

These interim consolidated financial statements have been reviewed by an auditor within the meaning of Section 115 (5) WpHG [German Securities Trading Act].

2. SUMMARY OF MATERIAL ACCOUNTING PRINCIPLES

SCOPE OF CONSOLIDATION

In addition to Schweizer Electronic AG as the parent company, the consolidated Group is comprised as follows:

	31 December 2017	Included for the first time in financial year 2018	Reclassification in accordance with IFRS 5 in financial year 2018	Eliminated in financial year 2018	30 June 2018
Number of fully consolidated companies					
National	1	0	0	0	1
International	4	1	0	0	5
Total	5	1	0	0	6
Number of companies accounted for using the equity method					
International	1	0	1	0	0

Changes in the scope of consolidation of the SCHWEIZER Group in the first half of 2018 resulted from the inclusion of Schweizer Electronic (Jiangsu) Co., Changzhou, China as of 1 March 2018. The direct share of Schweizer Electronic AG in this company amounts to 100%. In addition, the investment in Meiko Schweizer Electronics Hong Kong Co, Limited, China, previously accounted for using the equity method, was classified as held for sale (see section 4.3).

CURRENCY TRANSLATION

For the translation of important currencies within the Group, the following exchange rates against EUR were used as a basis:

Exchange rates	**Year-end rate**		**Average rate**	
EUR	**30 June 2018**	**31 December 2017**	**1st HY 2018**	**1st HY 2017**
USD USA	1.1658	1.1993	1.2108	1.0825
CNY China	7.7170	7.8044	7.7100	7.4418
SGD Singapore	1.5896	1.6024	1.6058	1.5201

ACCOUNTING AND VALUATION PRINCIPLES

With the exception of the accounting standards to be applied for the first time as of 1 January 2018, the accounting and valuation principles applied in the condensed interim financial statements correspond to the accounting standards applied in the consolidated financial statements for financial year 2017, which were described in detail from page 92 of the 2017 Annual Report. With the exception of IFRS 15, the first-time application of these accounting regulations has no material impact on the net assets, financial position and results of operations of the SCHWEIZER Group. The effects of new accounting standards adopted by the EU but not yet applied are explained in more detail under “Accounting standards published but not yet applied” from page 93 of the 2017 Annual Report.

IFRS 16 – LEASES

The Group is currently analysing the effects of the change in accounting standards as part of an implementation project. Within the SCHWEIZER Group, there are various operating leases, which mainly comprise motor vehicles and e-bikes as well as rental space of the Asian subsidiaries. As a result of the application of the new standard, we continue to expect an increase in the balance sheet total due to the capitalisation of the right of use and the recognition of the lease liability as well as a reduction in the equity ratio. In addition, the application of the new standard will also have an impact on the income statement. The expense in connection with operating leases is currently reported in the relevant functional areas of the income statement. With the adoption of the new standard, interest expenses for the lease liability and depreciation on the right of use are recognised in the income statement. For the cash flow statement, we expect a positive effect on the cash flow from operating activities, as the repayment portion of the lease payments must now be reported under cash flow from financing activities in accordance with IFRS 16.

The SCHWEIZER Group will apply the new standard for the first time for the financial year beginning 1 January 2019. The initial application is expected to be modified retrospectively, which means that the previous year's figures will not be adjusted.

IFRS 15 – REVENUE FROM CONTRACTS WITH CUSTOMERS

IFRS 15 introduces a 5-step model for revenue recognition from customer contracts. The standard came into force on 1 January 2018 and replaces all previously existing regulations on revenue recognition according to IFRS and their interpretations. Accordingly, revenue is recognised in the amount of the consideration that an enterprise can expect in return for the transfer of goods and services to a customer.

At the date of transition on 1 January 2018, the SCHWEIZER Group applies the modified retrospective method. The exemption from reassessing contracts fulfilled before 1 January 2018 in accordance with IFRS 15 has been applied.

Prior to the application of IFRS 15, the sales of the SCHWEIZER Group from the sale of products were recognised on a time-related basis. Through the application of IFRS 15, revenues from the sale of products are mainly recognised on a period basis, as the criteria of IFRS 15 for period-related realisation – products without an alternative use option and the existence of a legal claim to payment for the service already rendered – are met in the majority of cases. As a result of the period-related realisation, the affected revenues are recognised in advance, resulting in a conversion effect from the recognition of contract assets and the reduction in inventories.

However, the criteria for period-related recognition are not applicable to all product sales of the SCHWEIZER Group, which is why the time-related recognition of sales is still applied in these cases. In these cases, a further step was taken to analyse whether the products were shipped directly to the customer or initially to a consignment warehouse. In the case of direct delivery to the customer, there are no changes arising from IFRS 15, whereas in the case of delivery to a consignment warehouse, there are differences in the timing of revenue recognition. Under the previous rules on revenue recognition, revenue was recognised when the customer withdraws the products from the consignment warehouse. Under IFRS 15, revenue for those products for which the transfer of control under IFRS 15 already takes place upon delivery to the consignment warehouse is recognised at this point in time. If the transfer of control in accordance with IFRS 15 does not take place until the products are removed by the customer, sales for these products – as before – are recognised at the time of removal.

As a result, the balance sheet total increases by EUR 8,786 thousand due to the reporting of existing contract assets, whereby inventories are reduced by EUR 6,898 thousand. In addition to the increase in deferred tax liabilities of EUR 529 thousand, the profit reserves of the SCHWEIZER Group increased by EUR 1,359 thousand as of 1 January 2018. In the overall view, the first-time application of IFRS 15 had a total effect of EUR 1,888 thousand on the balance sheet total of the SCHWEIZER Group as of 1 January 2018. The effects are shown in detail in the following table:

EFFECT FROM THE APPLICATION OF IFRS 15 AS AT 1 JANUARY 2018

Disclosures in EUR thousand	Balance as at 31 December 2017	Adjustment according to IFRS 15	Balance as at 1 January 2018
Assets			
Short-term assets	**51,423**	**1,888**	**53,311**
Inventories	17,731	-6,898	10,833
Contract assets	0	8,786	8,786
Total assets	**113,603**	**1,888**	**115,491**
Equity			
Profit reserves/balance-sheet profit	30,678	1,359	32,037
Total equity capital	**62,342**	**1,359**	**63,701**
Liabilities			
Non-current liabilities	**31,086**	**529**	**31,615**
Deferred tax liabilities	3,027	529	3,556
Total assets	**113,603**	**1,888**	**115,491**

The additional revenues from the application of IFRS 15 compared to the original application of IAS 18 are as follows as at 30 June 2018:

Disclosures in EUR thousand	Income statement as at 30 June 2018 (without conversion effect)	Adjustment according to IFRS 15	Income statement as at 30 June 2018
Sales revenue	62,569	1,283	63,852
Cost of sales	-52,504	-756	-53,260
Gross profit	10,066	526	10,592
Taxes on income and revenue	-358	-147	-505
Consolidated result	1,521	404	1,925

IFRS 9 – FINANCIAL INSTRUMENTS

In July 2014, the IASB published the final version of IFRS 9 “Financial instruments”, which replaces IAS 39 “Financial instruments: recognition and measurement”. The new standard combines three project phases for accounting for financial instruments: “classification and measurement”, “impairment” and “accounting for hedging transactions”. The SCHWEIZER Group applied IFRS 9 for the first time as at 1 January 2018; the previous year’s information has not been adjusted. The application of IFRS 9 has no material impact on the consolidated financial statements.

3. NOTES TO THE CONSOLIDATED INTERIM INCOME STATEMENT

3.1 SALES REVENUE

Sales revenue is divided as follows:

By field of activity	1 January to 30 June 2018	1 January to 30 June 2017
	EUR million	EUR million
Metallised circuits	10.1	10.0
Non-metallised circuits	3.9	3.6
Multilayer/HDI	48.8	47.7
Other	1.1	0.6
	63.9	**61.9**
By region		
National	36.0	37.6
EU countries	17.8	13.5
America	5.5	5.8
Asia	4.4	4.8
Other countries	0.2	0.2
	63.9	**61.9**

The above information on sales revenue is broken down by customer site.

3.2 OTHER OPERATING INCOME

Other operating income mainly includes income from waste recycling of EUR 790 thousand (previous year: EUR 785 thousand), income from the derecognition of liabilities whose legal basis is EUR 652 thousand (previous year: EUR 0 thousand) as well as currency gains of EUR 554 thousand (previous year: EUR 377 thousand). The increase in other operating income is mainly due to the derecognition of liabilities and higher currency gains.

3.3 OTHER OPERATING EXPENSES

Other operating expenses mainly include currency losses in the amount of EUR 625 thousand (EUR 809 thousand in the previous year).

3.4 FINANCIAL INCOME

The change in financial income is mainly due to interest income of EUR 5 thousand (previous year: EUR 85 thousand) and dividend income from the investment in Meiko Electronics Co. Ltd., Ayase, Japan, of EUR 2 thousand (previous year: EUR 25 thousand).

3.5 FINANCIAL EXPENSES

Financial expenses mainly include interest expenses in the amount of EUR 335 thousand (EUR 294 thousand in the previous year).

3.6 TAXES ON INCOME AND REVENUE

Taxes on income and revenue are made up of expense (+)/ income (-):

	1 January to 30 June 2018	1 January to 30 June 2017
	EUR thousands	EUR thousands
Current taxes related to the reporting period	937	457
Taxes on income from other periods	0	550
Deferred tax income	-432	-526
Total taxes on income and revenue	**505**	**481**

3.7 EARNINGS PER SHARE

	1 January to 30 June 2018	1 January to 30 June 2017
Earnings attributable to holders of ordinary shares of the parent company in EUR thousand	1,927	-1,063
Weighted average number of ordinary shares*	3,765,654	3,760,659
Earnings per share in EUR	0.51	-0.28

*The weighted average number of shares includes the weighted average effect of changes in treasury shares during the year.

There were no dilutive effects in the first half of 2018 or in the corresponding period of the previous year, so that basic earnings per share corresponded to diluted earnings per share.

4. NOTES TO THE CONSOLIDATED INTERIM BALANCE SHEET

4.1 PARTICIPATING INTERESTS

The interest in Meiko Electronics Co. Ltd., Ayase, Japan, which is carried at the market value of the JPY-denominated shares, increased in the first half of 2018 by EUR 59 thousand to EUR 554 thousand (book value as of 31 December 2017: EUR 495 thousand). The shares are assigned to the valuation category "Assets measured at fair value recognised directly in equity". The change in value of EUR 59 thousand was recognised directly in other comprehensive income.

4.2 OTHER ASSETS

Other assets are comprised as follows:

	30 June 2018	31 December 2017
	EUR thousands	EUR thousands
Accruals	815	176
Receivables from other taxes (sales tax)	273	15
Miscellaneous other receivables	2,160	1,503
Total other assets	**3,248**	**1,694**
Non-current	0	0
Current	3,248	1,694

Miscellaneous other receivables mainly include receivables from employees in the amount of EUR 803 thousand (previous year: EUR 700 thousand) and receivables from energy tax relief of EUR 722 thousand (previous year: EUR 696 thousand).

4.3 NON-CURRENT ASSETS AVAILABLE FOR SALE

As at 30 June 2018, the assets held for sale only include the shares in Meiko Schweizer Electronics Hong Kong Co., Limited, China previously accounted for using the equity method. Following the partial sale in December 2016, Schweizer Electronic Singapore's shareholding in Meiko Schweizer Electronics Hong Kong Co., Limited, China still amounts to 31.42 percent. Due to the sale decided shortly before 30 June 2018, this investment is classified as held for sale. Measurement is based on the book value. The sale is expected to take place towards the end of the 2018 financial year.

4.4 EQUITY CAPITAL

SCHWEIZER ELECTRONIC AG

As at 30 June 2018, the share capital amounted to EUR 9,664,054 (31 December 2017: EUR 9,664,054) and is divided into 3,780,000 (31 December 2017: 3,780,000) registered shares (no-par-value shares).

In the first half of 2018, 3,701 shares (previous year: 3,887 shares) were granted to active members of the Executive Board as variable remuneration under the Long Term Incentive Program (LTIP). This corresponds to EUR 9,000 of the share capital. The transfer price of EUR 73 thousand was measured on the basis of the stock market price. The development of own shares is as follows:

Own shares	Number	EUR thousands
As of 1 January 2018	15,716	40
Issue: 24 April 2018	3,701	-9
As of 30 June 2018	12,015	31

4.5 FINANCIAL LIABILITIES

Financial liabilities as of 30 June 2018 exclusively include bank loans in the amount of EUR 6,537 thousand (previous year: EUR 7,211 thousand).

4.6 PROVISION FOR DEFINED BENEFIT PENSION PLANS

The effects from the change in actuarial gains due to the change in the market interest rate to 1.73 percent as of 30 June 2018 (31 December 2017: 1.65 percent) were estimated on the basis of a simulation. This resulted in a reduction of the provision for defined benefit pension plans in the amount of EUR 51 thousand (previous year: EUR 214 thousand), which was recognised in other comprehensive income.

4.7 OTHER PROVISIONS

	30 June 2018	31 December 2017
	EUR thousands	EUR thousands
Obligations vis-à-vis employees	3,902	3,227
Guarantees	285	285
Additional provisions	4,138	3,665
Total other provisions	**8,325**	**7,177**
Non-current	213	227
Current	8,112	6,950

The increase of EUR 675 thousand in obligations to employees is due among other things to the accumulated leave entitlements of employees in the amount of EUR 1,242 thousand as at the half-year.

The increase in other provisions is mainly due to the creation of provisions for outstanding cost invoices.

4.8 OTHER LIABILITIES

	30 June 2018	31 December 2017
	EUR thousands	EUR thousands
Liabilities from salary and wage accounting	2,428	1,735
Liabilities from other taxes	1,522	1,775
Liabilities within the context of social security	63	28
Miscellaneous other liabilities	236	682
Total other liabilities	**4,249**	**4,220**
Non-current	0	0
Current	4,249	4,220

The increase in payroll liabilities is mainly (EUR 693 thousand) due to the annual special payment made in June, which had not yet been paid as of 30 June. The decrease in other liabilities results mainly from the derecognition of liabilities.

4.9 ADDITIONAL INFORMATION CONCERNING FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items with the classes of financial instruments, divided according to the carrying amounts and fair values of the financial instruments, and the assignment of the balance sheet items to the measurement categories:

		30 June 2018			31 December 2017	
In EUR thousands	**Measurement category according to IFRS 9**	**Carrying amounts**	**Fair value**	**Measurement category according to IAS 39**	**Carrying amounts**	**Fair value**
Assets						
Participating interests	Fair value OCI	566	566	Available for sale	507	507
Trade receivables	Amortised cost	21,534	21,534	Loans and receivables	17,752	17,752
Other financial assets						
Derivative financial assets (no hedge relationship)	Fair value to P & L	0	0	Held for trading	39	39
Other non-derivative financial assets	Amortised cost	721	721	Loans and receivables	443	443
Cash and cash equivalents	Amortised cost	8,389	8,389	Loans and receivables	11,293	11,293
Liabilities						
Financial liabilities	Amortised cost	6,537	6,537	Financial liabilities at amortised cost	7,210	7,210
Trade payables	Amortised cost	7,245	7,245	Financial liabilities at amortised cost	6,525	6,525
Other financial liabilities						
Derivatives with negative market value	Fair value to P & L	22	22	Held for trading	0	0
Leasing liabilities	Non IFRS 7	1,520	1,520	Non IFRS 7	1,655	1,655
Other non-derivative financial liabilities	Amortised cost	42	42	Financial liabilities at amortised cost	73	73

INFORMATION ON MEASURING THE FAIR VALUE

The following table shows the assets and liabilities measured at fair value:

	30 June 2018			31 December 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial instruments with positive market value					39	
Financial assets that are available for sale	554			495		
Assets	**554**			**495**	**39**	
Derivative financial instruments with negative market value		22				
Liabilities		**22**				

As at 30 June 2018, the derivative financial instruments comprised raw material hedges. The raw material hedges involve commodity derivatives (gold swaps), where a fixed price is paid for gold and the bank pays variable amounts. Measurement of the derivatives was based on level-2 input factors using values from active markets for identical assets.

The interest in Meiko Electronics Co. Ltd., Ayase, Japan, is reported on the basis of level 1 in the amount of the market value of the shares and the JPY/EUR exchange rate at the reporting date.

In the case of trade receivables, other non-derivative financial assets and cash and cash equivalents, the carrying amounts correspond to the fair value, due to the predominantly short maturities of these instruments.

In the case of trade payables, other non-derivative financial liabilities and other liabilities, it is assumed, on the basis of the predominantly short maturities, that the carrying amounts of these instruments correspond to the fair values.

The liabilities from finance leases result from lease contracts concluded in business year 2016 and 2017. Due to insignificant deviations from the market and costing interest rate, it is assumed that the carrying amounts correspond to the fair value.

There were no reclassifications between the levels of the measurement hierarchy in the first six months of the financial year.

4.10 CONTINGENT LIABILITIES AND LEGAL DISPUTES

The contingent liabilities and legal disputes of the SCHWEIZER Group have not changed compared to the consolidated financial statements for 2017, with the following exception.

In connection with the financing of the new production unit Schweizer Electronic (Jiangsu) Co., Ltd., Changzhou, China, Schweizer Electronic AG has provided an undertaking to the banking syndicate of the Industrial and Commercial Bank of China in the form of a letter of comfort to actively take measures to raise funds for the maintenance of normal debt servicing and operating financial requirements in the event of standstills in loan repayments or other liquidity bottlenecks at Schweizer Electronic (Jiangsu) Co., Ltd.

With regard to the letter of comfort to a supplier of Schweizer Electronic Singapore Pte. Ltd. for financial year 2015, liabilities in the amount of EUR 242 thousand (previous year: EUR 275 thousand) existed as of 30 June 2018.

As at 30 June 2018, there are guaranteed amounts from cooperative shares of Schweizer Electronic AG in the amount of EUR 5 thousand (previous year: EUR 5 thousand).

4.11 INFORMATION ABOUT RELATIONSHIPS WITH RELATED PARTIES

With the exception of the transactions described below, there were no significant business transactions with related parties in the reporting period.

Expenses for share-based payments under the LTIP programme amounted to EUR 142 thousand (previous year: EUR 140 thousand).

Mr Chris Wu has been a member of the Supervisory Board since 7 July 2017. Mr Wu is managing partner of Wus Printed Circuit Kunshan Co. Ltd., from which goods amounting to EUR 1,718 thousand were purchased in the period from 1 January 1 to 30 June 2018. As of 30 June 2018, there were liabilities of EUR 762 thousand (31 December 2017: EUR 18 thousand) towards this company.

5. EVENTS AFTER THE REPORTING PERIOD

The Annual General Meeting held on 29 June 2018 approved a dividend of EUR 0.30 (previous year: EUR 0.65) per share entitled to dividend and paid it out to the shareholders. The dividend payment of EUR 1,129 thousand (previous year: EUR 2,446 thousand) will only have an effect in the second half of 2018.

There were no other significant reportable events after the balance sheet date.

Schramberg, 3 August 2018

(N. F. Schweizer) (M. Bunz)

AUDITORS‘ REVIEW CERTIFICATE

To Schweizer Electronic AG

We have reviewed the condensed consolidated financial statements – comprising the condensed income statement, the condensed statement of comprehensive income, the condensed balance sheet, the condensed cash flow statement, the condensed statement of changes in equity and the notes – and the Group interim management report of Schweizer Electronic AG, Schramberg, for the financial year from 1 January to 30 June 2018, which form part of the half-year financial report in accordance with Section 115 WpHG. The preparation of the condensed consolidated financial statements in accordance with IFRS for interim reporting as applicable in the EU and the Group interim management report in accordance with the regulations applicable to group interim management reports in accordance with the regulations of the WpHG is the responsibility of the company's legal representatives. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the Group interim management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the Group interim management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can assert through critical evaluation, with reasonable assurance, that the condensed interim consolidated financial statements have been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the Group interim management report has been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to group interim management reports. A review is limited primarily to enquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in an audit of financial statements. Since, in accordance with our engagement, we have not performed an audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, or that the Group interim management report has not been prepared, in material respects, in accordance with the provisions of the WpHG applicable to group interim management reports.

Villingen-Schwenningen, 6 August 2018

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Wetzel	Pfeifer
Auditor	Auditor

DECLARATION BY THE LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles for half-yearly reporting, the consolidated interim annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Group interim management report includes a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group in the remainder of the financial year.

Schramberg, 3 August 2018

The Executive Board

N.-F. Schweizer M. Bunz

INFORMATION

FINANCIAL CALENDAR

Date	Publication/event
10/08/2018	Half-Yearly Financial Report as per 30/06/2018
09/11/2018	Quarterly report for the 3rd quarter 2018
28/06/2019	Annual General Meeting

These dates and potential updates are also detailed on our website at *www.schweizer.ag/en/investor-relations/financial-calendar.html*.

LEGAL NOTICE

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In this report, Schweizer Electronic AG is also referred to as SCHWEIZER.
In this report, Meiko Electronics Co., Ltd. is also referred to as MEIKO.
In this report, WUS Printed Circuit (Kunshan) Co., Ltd. is also referred to as WUS.
In this report, Elekonta Marek GmbH & Co. KG is also referred to as Elekonta.
All figures are rounded, which can lead to minor deviations when these are added up.
For reasons of simplicity and brevity, the gender-neutral form is used throughout this document for the inclusion of both female and male designations.

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Transport and journey concept: peshkova @fotolia.com (page 1)

SAFE HARBOUR STATEMENT

This communication contains forward-looking statements and information; that is, statements about events in the future, not the past. These forward-looking statements can be identified by formulations such as “expect”, “wish to”, “anticipate”, “propose”, “plan”, “believe”, “seek to”, “estimate”, “become” or similar terms. While such forward-looking statements represent our current expectations and particular assumptions, they are subject to various risks and uncertainties. A number of factors, many of which are outside the control of SCHWEIZER, have an impact on SCHWEIZER’s business activities, strategy and results. These factors could cause the actual results and performance of the SCHWEIZER Group to differ materially from the information on results and performance made explicit or implied in these forward-looking statements. On our part, these uncertainties arise in particular due to the following factors: changes to the overall economic and business position (including margin developments in the major divisions), challenges posed by the integration of important acquisitions and the implementation of joint ventures and other major portfolio measures, changes to exchange and interest rates, the introduction of competing products or technologies by other companies, failure to find acceptance of new products and services among SCHWEIZER’s target client groups, changes to the business strategy and various other factors. Should one or more of these risks or uncertainties be realised or should it become apparent that the underlying assumptions were incorrect, this could cause the actual results to differ materially both in a positive and negative sense from the results referred to in forward-looking statements such as expected, anticipated, proposed, planned, projected or estimated. SCHWEIZER is under no obligation and does not intend to revise or correct these forward-looking statements in light of developments which differ from those anticipated.

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