

013

Highlights 2013

Sales growth.

6.4 percent in Swiss francs and in local currencies.

Operating income (EBIT).

CHF 81.3 million or 17.2 percent of sales.

Net income.

CHF 62.6 million or 13.2 percent of sales.

Operating cash flow.

CHF 70.6 million or 14.9 percent of sales.

Investments.

New building construction in Danbury (CT, USA).

Equity ratio.

77.7 percent.

Return on invested capital.

29.7 percent.

Dividend.

CHF 65 per share (proposal to Annual General Meeting).

Payout ratio 63.8 percent.

Actuators shipped.

5.3 million.

Innovative capacity.

Research and development costs 6.5 percent of sales.

International awards.

2014 AHR Expo Innovation Award in Building Automation category for the Belimo Energy Valve™.

Social responsibility.

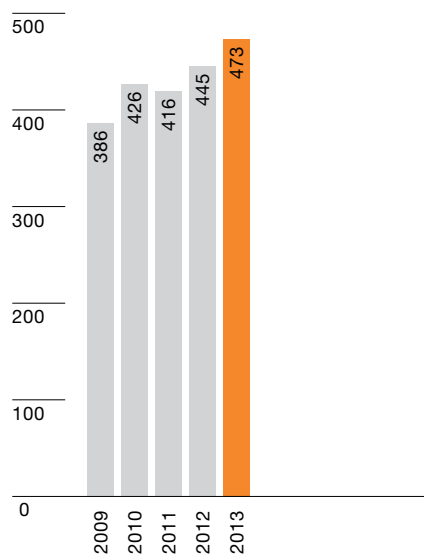
Joining the United Nations Global Compact.

The financial summary is illustrated on the inside page of the cover.

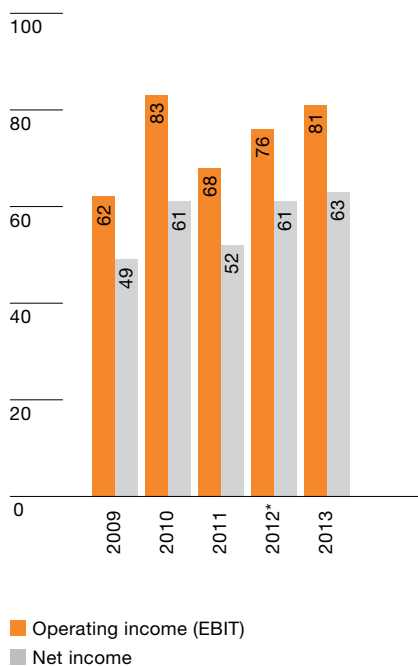
Financial summary

in CHF million	2013	2012 restated*	Change
Net sales	472.9	444.6	6.4%
Operating income before interest, taxes, depreciation, amortization (EBITDA) in percent of net sales	98.5 20.8%	91.1 20.5%	8.1%
Operating income before interest and taxes (EBIT) in percent of net sales	81.3 17.2%	75.5 17.0%	7.6%
Net income in percent of net sales	62.6 13.2%	60.6 13.6%	3.3%
Investments	36.7	19.9	84.6%
Cash flow from operating activities	70.6	82.8	-14.8%
Free cash flow	34.9	60.5	-42.3%
in CHF			
Earnings per share	102.57	99.40	3.2%
Dividend per share	65.00	60.00	8.3%
Number of employees (FTE's) at December 31	1 314	1 227	7.1%

Sales 2009–2013
in CHF million



Income 2009–2013
in CHF million



* Restatement due to the revised accounting standard IAS 19 Employee Benefits.

The pictures

This year's Annual Report focuses on the Asia/Pacific region, specifically China. The main topic for this region is urbanization and, consequently, the provision of infrastructure such as housing, retail spaces, offices, public transportation and energy.

For the series of pictures, Belimo has selected buildings of the public transport. Safety and comfort on railway platforms, at airports and in waiting halls are key priorities of customers. Thanks to its reliable products, Belimo protects people, animals and property, and makes a valuable contribution to the well-being of each and every individual.

The Belimo Mission

Belimo is the global market leader in the development, production and marketing of actuator solutions for controlling heating, ventilation and air conditioning systems. Actuators and control valves make up the company's core business.

Belimo's aim is to be a trusted partner across the globe for its customers, offering them the added value they expect. Research and market-relevant innovation as well as rapid and customized execution are key. Commitment, credibility and reliability characterize our behaviour.

Belimo delivers more than just products. We support our customers with innovative, efficient and energy-optimizing solutions and bring success to both our customers and ourselves. We are close to our customers throughout the world, we speak their language and we understand them. Everything we do gives them the reassurance that they have chosen the very best.

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Hong Kong International Airport, Lantau, Hong Kong, China

Preface



Prof. Dr. Hans Peter Wehrli
Chairman of the Board of Directors

Dear Shareholders

In 2013 the Belimo Group was once again able to grow its sales and strengthen its market position as a leading global company in its sector. Sales rose by 6.4 percent to CHF 472.9 million. On a currency-adjusted basis, Europe grew by 7.3 percent, the Americas by 2.9 percent and Asia/Pacific by 14.3 percent. Operating income (EBIT) amounted to CHF 81.3 million and net income to CHF 62.6 million.

The markets for heating, ventilation and air-conditioning systems continue to be characterized by a variety of product innovations focused on energy efficiency. Expressions of a successful innovation are the various international awards won by the energy-efficient Belimo Energy Valve™.

The construction of the new building at our location in Danbury (CT, USA) is proceeding according to plan. The production, logistics and administration building will be occupied in the second half of 2014. With this new building, Belimo is creating lasting foundations for further growth in the Americas market region.

The planning to expand the building for logistics at the site in Hinwil was completed. Construction works will begin in spring 2014. We expect that the new premises will be ready for use in the third quarter 2015 and that we will be able to make our logistics and production processes even more effective and efficient.

As part of the implementation of the so called Minder Initiative, the Board of Directors has initiated the essential steps: the revision of the Articles of Incorporation on the basis of the Ordinance Against Excessive Compensation in Listed Companies which took effect on January 1, 2014, and the amendment of the relevant corporate regulations. The revised Articles of Incorporation will be proposed for

approval to the Annual General Meeting on April 14, 2014.

Due to our innovative capacity and our global market presence, we are confident that we will continue to achieve profitable growth in a sector and market environment that remains challenging.

The Board of Directors proposes to the Annual General Meeting a dividend of CHF 65 per share. At the closing price of CHF 2460 on December 31, 2013, this corresponds to a return of 2.6 percent per share.

On behalf of the Board of Directors of BELIMO Holding AG, I would like to thank our customers and suppliers who have made our convincing growth possible. I am also grateful to all employees and the Group Executive Committee for their entrepreneurial commitment and contribution to the company's success.

I also thank our shareholders for the trust in BELIMO Holding AG.



Hans Peter Wehrli
Chairman of the Board of Directors

Report of the Group Executive Committee



Dr. Jacques Sanche
CEO

Belimo increased its sales in Swiss francs and local currencies by 6.4 percent in 2013. In line with the respective economic environment, regional performance varied.

Europe and Asia posted good results, whereas the Americas came in slightly short of expectations. Operating and net income were up compared to previous year.

Europe

Sales in the Europe market region grew by 8.5 percent, or 7.3 percent on a currency-adjusted basis. Nearly all subsidiaries exceeded their previous year results. This is a very positive outcome given that Europe is only slowly emerging from the recession. The planning to expand the building at the Hinwil headquarters was completed and construction permit was obtained.

Economic environment and markets

Economic environment in Europe developed differently from region to region. While Germany recorded growth, the French economy stagnated. Scandinavia and the Netherlands continued to suffer from the weak performance of the construction sector. The trend towards more energy-efficient solutions in the construction sector supported demand for building renovations.

Belimo posted double-digit percentage growth in Germany and which was particularly satisfying in France. In both countries the position in the project business was further expanded and important projects were won, such as the Ministry of Defense in Balard, Paris. Austria, the United Kingdom, Italy and Russia also recorded convincing growth. Scandinavia and the Middle East remained short of expectations. The economic development of these markets is

weak. In addition, some Scandinavian customers relocated their production sites to Eastern European countries, which saw growth as a result.

Market share was increased in France, the United Kingdom, Italy and Spain in particular, a positive development given the weak economic performance in these regions.

Customers and products

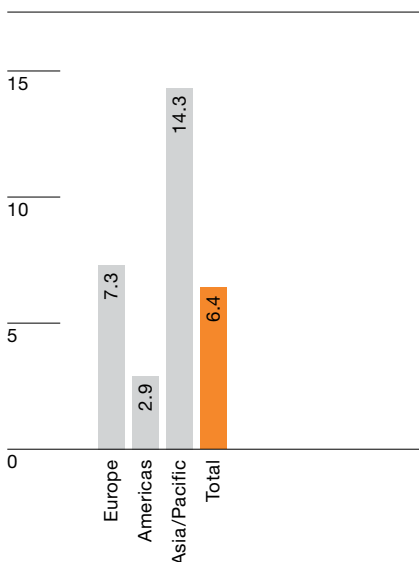
Sales of air applications were up, primarily thanks to the very successful fire protection and smoke control product range. The strong growth in water applications was bolstered by the successful 6-way valve. The Belimo Energy Valve™ attracted considerable interest in the area of building renovations, making a corresponding contribution to growth. The first projects with the new, small zone valve ZoneTight™ were realized. This valve enjoys very wide acceptance in the market. In total, water applications grew stronger than air applications.

The contracting business posted slightly higher gains than the OEM business. In the contracting business, substantial growth was achieved with zone applications and new customers were acquired. In the OEM business, strategic changes in the water and air applications led to a surge in growth.

Americas

The Americas market region grew by 1.4 percent, or 2.9 percent on a currency-adjusted basis. Growth fell short of expectations, which can be attributed to the current economic situation. The shell of the new production, logistics and administration building was erected on the land acquired in Danbury (CT, USA), and the construction of the interior is now under way.

Sales growth 2013 in local currencies in percent



Economic environment and markets

The United States economy recovered slowly. Growth rates were stronger again in non-housing construction, the relevant sector for Belimo. As a result of austerity measures, however, governmental investments declined, which had a negative impact on segments such as schools and public authorities. Slight increase was seen in private non-residential buildings. For example construction activity increased significantly in Silicon Valley. In Canada, the market for new buildings and renovations developed well. Latin America showed solid economic growth. The HVAC sector saw above-average growth thanks to the aging of plants and the strong demand for energy-efficient solutions.

Despite the austerity measures and the difficult environment, Belimo was able to reach its previous year sales in the United States. Developments in Canada and Latin America were encouraging. Canada further developed in the area of system engineering and received various large orders. In Mexico, intensified sales and market-

ing activities, along with an improved economic climate, contributed to a successful year.

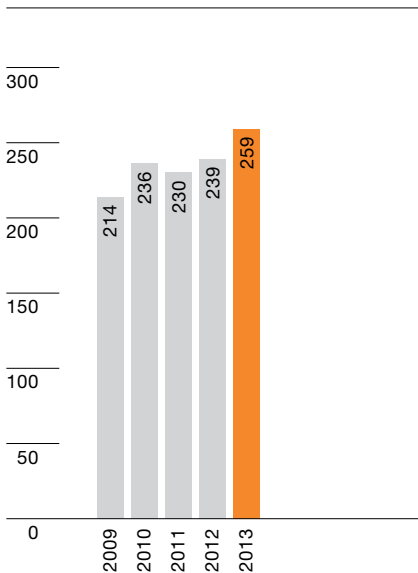
Customers and products

In air applications, the market launch of the intelligent actuator solution ZIP Economizer™ came up positively. This control device optimizes the proportion of outdoor air in air-handling systems and makes commissioning, maintenance and installation significantly easier. The energy-efficient Belimo Energy Valve™ made a successful contribution to growth in water applications. Studies such as the one by the Medical Campus of the University of Miami confirm the energy efficiency of this innovative valve. In total, air applications grew stronger than water applications.

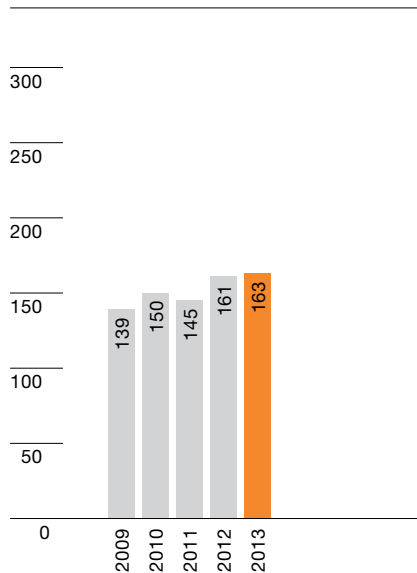
The OEM business outperformed the contracting business significantly, which is mainly attributable to gains in market shares with OEM customers.

Belimo maintained its market shares in the established product lines on a high level. The market share was expanded in air damper actuators

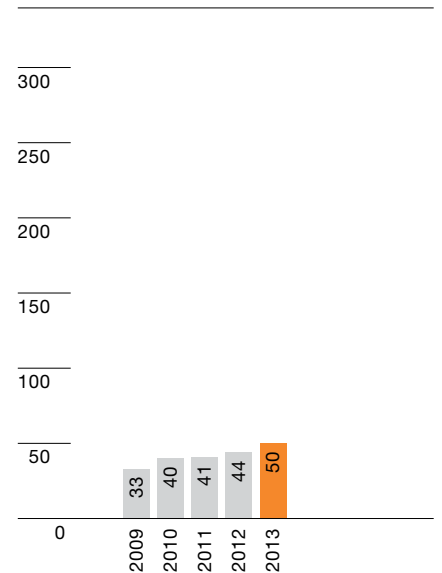
Net sales Europe
in CHF million



Net sales Americas
in CHF million



Net sales Asia/Pacific
in CHF million



with OEM customers as well as new products such as the universal globe actuator.

Asia/Pacific

Sales in the Asia/Pacific market region grew by 13.1 percent, or 14.3 percent on a currency-adjusted basis. While China and India performed well, Australia's results were disappointing.

Economic environment and markets

The economic environment in Asia/Pacific developed well overall, but with regional differences. China saw a decline in projects for governmental and industrial buildings. The hotel, hospital and data center segments continued to grow. In China and India, large amounts were invested in infrastructure projects for transportation. Overall the HVAC sector performed well in Asia/Pacific, with the exception of the Australia and Taiwan markets. In Australia, positive effects from the change of government have failed to materialize so far. Sustainable construction is becoming increasingly important in Asia.

Belimo increased its sales with subway and data center projects in China and India. South Korea, Singapore and Malaysia were also successful. Australia's results were disappointing, as many projects were postponed. Belimo reinforced its marketing activities and expanded relationships with important partners throughout the whole region.

Market share was maintained and increased in some product lines.

Customers and products

Belimo was able to maintain its leading position in air applications thanks to its quality, reliability and focus on customer service. In India, the business with variable volumetric flow

controllers was expanded. Sales of fire protection and smoke control actuators were less successful. In water applications, the focus was on the launch of the Belimo Energy Valve™. In China, the new globe valve product range was also launched, which already exceeded the sales volumes that were initially anticipated. The introduction of pressure-independent valves in South Korea was a great success. In total, air applications grew stronger than water applications.

The OEM business expanded further, not least thanks to the realignment of the sales organization in China. The contracting business was also successful.

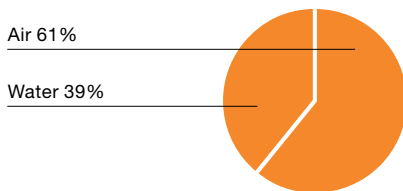
Innovation

The latest generation of ASICs (microelectronics) has now mostly been introduced into the product range. This highly integrated electronic component is crucial for product quality and functionality. Work is already under way on the next generation of ASICs. This is being designed as a platform and will be used across the entire product range.

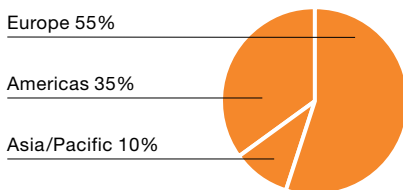
A compact zone actuator with a valve has been developed and launched on the European market. With this product, Belimo brings the high-quality ball valve technology to the zone application. The energy consumption of this actuator is much below the common value in the industry. The corresponding expansion of the product range for the American market is in the development phase.

The Belimo Energy Valve™ that was launched previous year performed very well. Belimo has won several important innovation awards with this valve, such as the 2014 AHR Expo Innovation Award in the United

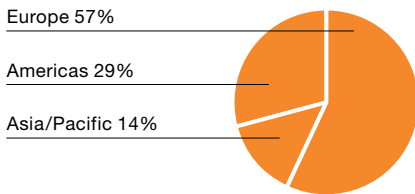
Sales 2013 by application



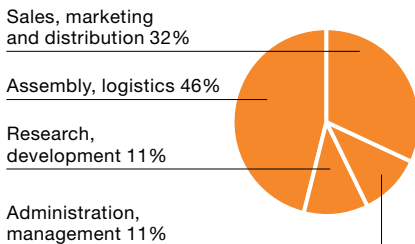
Sales 2013 by region



Employees 2013 by region



Employees 2013 by function



States. On the basis of this success, work is already under way on the next, improved version, which is set to use the specifically developed ultrasound sensor for water flow rates. This technology was first used in the pressure-independent valves (EPIV), which are already having an impact on sales.

The competitive market for small pressure-independent valves is being tackled with a new, attractive solution.

Outlook

In Europe, the economy and private construction activity are likely to continue developing satisfactorily in the countries that are most important to us. Infrastructure investments in the public sector may still be somewhat subdued in certain countries. In 2014 Belimo will be able to generate further growth with new products such as the zone and energy valves. The new generation of fire protection actuators offers customers a better price-performance ratio and will undergo the necessary certification processes in 2014.

Forecasts for the United States construction sector are optimistic. Although energy efficiency in governmental buildings is given high priority, budget restrictions in the United States have an impact on investments. We also aim to achieve further growth in the other regions of the American continent.

We remain confident with regard to the Asia market region. Investments are being made in infrastructure, such as in public transport or data centers. We are continually expanding our regional presence, for example in Southeast Asian countries and emerging regions of China. The concept of pressure-independent flow control

propagated by Belimo is gaining wider acceptance.

The new building for the American headquarters in Danbury (CT, USA) is to be occupied in autumn. At the headquarters in Hinwil, the construction works for the logistics building expansion will begin.

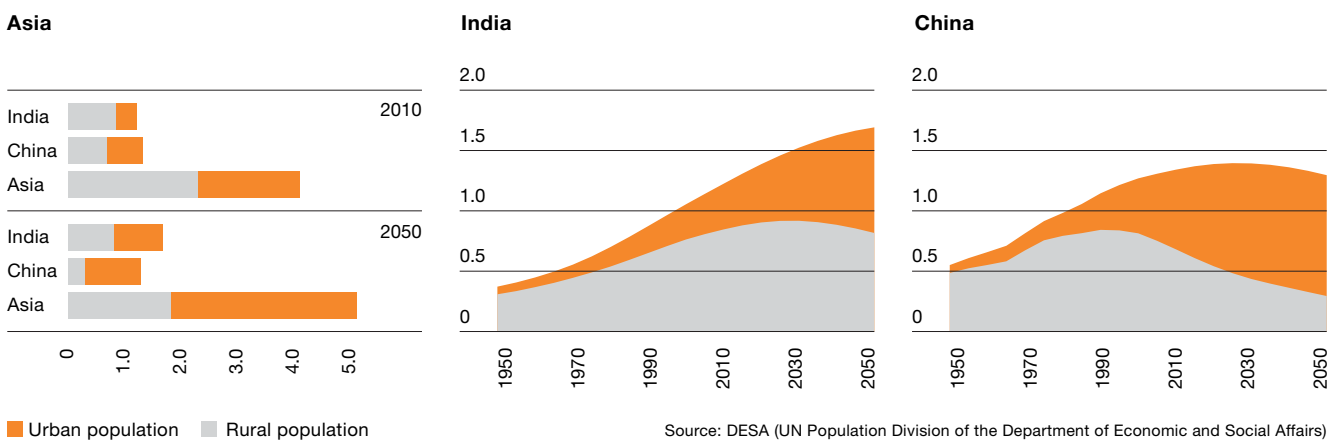
The strategy of strong presence in the regions and continuous innovative capacity aims to achieve steady growth and a good EBIT margin.

This report contains comments relating to future developments which are based on assumptions and estimates of BELIMO Holding AG. Although the company assumes the expectations of these prospective comments to be realistic, they contain risks. These can lead to the actual results being significantly different from the prospective comments. Among the factors which can cause such differences are changes in the economic and business environment, exchange rate and interest rate changes, the introduction of competing products, inadequate acceptance of new products or services and changes in the business strategy.

BELIMO Holding AG neither plans nor commits itself to keep these prospective comments up to date.



Development of urban and rural population
in billion



The Asian urban boom and the opportunities it brings to people of emerging nations and Belimo



Gary Economides
Head of Asia/Pacific and Member of
the Group Executive Committee

For a high number of people living in rural areas of emerging countries across Asia, the attractiveness of urbanization and city living grows stronger day by day. The main driver for families to make this change is their hope for a better life. This translates to an improvement in opportunities to earn higher income and gain access to better education and well-being for their children due to an ease of access to public schools and health care services.

As the transition from rural to urban life develops there is an enormous amount of work to be done in developing infrastructure in alignment with providing enough housing, retail space, offices, public transportation and energy to keep up with the growing population. In Asia we are witnessing the emergence of megacities (cities with a population greater than 10 million people) on an unprecedented scale. By 2050 Asia's urban population will soar from 1.9 billion to 3.3 billion, according to the 2011 Revision of the World Urbanisation Prospects, produced by the UN Population Division of the Department of Economic and Social Affairs (DESA). This change although positive in many aspects is coming with an environmental cost; cities covered in smog with heavy traffic congestion. Consequently city planners are increasing developments of subway systems and designing cities for more efficient use of energy.

According to DESA the biggest impact of mass urbanization in Asia will be led by India, followed by China and Indonesia with urbanization population numbers increasing by approximately 500 million, 340 million and 90 million respectively over the next 40 years.

Belimo is well placed to capture the opportunities that this urban boom brings. On the product side, within the mass transit underground railway systems we are providing our fire and smoke control damper actuators and control valves for the safety and comfort of passengers waiting on platforms. We are also the leading supplier of air actuators for many OEM's (Original Equipment Manufacturers) manufacturing air handling units for train compartments in China. To support the initiatives of more efficient energy usage we are working closely together with the owner and operators of these systems to adopt our Belimo Energy Valves™, such as Hong Kongs' MTR Corporation Ltd.

On the market side we are aiming to ensure we are well covered to capture the opportunities by further investing in our sales and support network. We implement this by expanding our presence across second tier cities in China, India and establishing additional offices throughout South East Asia where we have identified opportunities for business growth.

With the Asian urban boom we can foresee a future in which mass transportation systems will remain a good source of business opportunities for Belimo for many years to come.



Hong Kong International Airport, Lantau, Hong Kong, China



Corporate Governance

Belimo manages and exercises control at the highest corporate level according to the principles and rules of the “Swiss Code of Best Practice” published by *economiesuisse* and the Swiss stock exchange SIX Swiss Exchange Ltd.

The information required to be published according to the guidelines of the Swiss stock exchange is set out below using the corresponding sequence and numbering.

1 Group structure and shareholders

1.1 Group structure

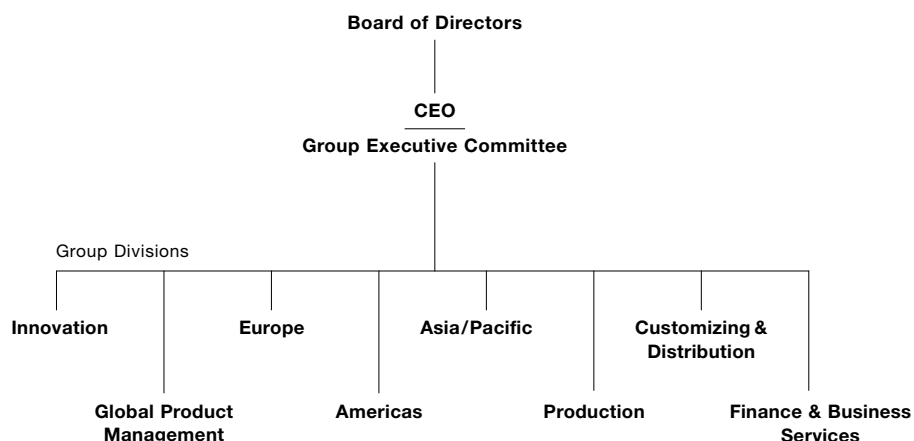
The Belimo Group is organized into Markets (Europe, Americas, Asia/Pacific), Innovation, Global Product Management, Production, Customizing & Distribution, and Finance & Business Services. The operational

Group structure is shown in the organization chart below.

BELIMO Holding AG (the holding company of the Belimo Group) is the only Group company that is listed. The registered office of the Company is in Hinwil, Switzerland. Belimo shares (ISIN number CH0001503199) are listed on the Swiss stock exchange.

The market capitalization as of December 31, 2013, amounted to CHF 1513 million. With the exception of BELIMO Holding AG, no Group companies hold Belimo shares. The Belimo shares held by BELIMO Holding AG are disclosed on pages 89 and 90. Further details on Belimo shares are given on page 96 and on the inside cover. Information regarding the unlisted companies is given in the summary on pages 88 and 89.

Group structure



1.2 Significant shareholders

As of December 31, 2013, the following shareholders owned more than three percent of the share capital of BELIMO Holding AG:

Shareholder	Number of Belimo shares	Share	Of which voting shares	Share
Montanaro Asset Management Ltd.	22 424	3.65%	22 424	3.65%
Ameriprise Financial, Inc.	25 005	4.07%	25 005	4.07%
Werner Roner	35 000	5.69%	35 000	5.69%
The Capital Group Companies, Inc.	61 374	9.98%	30 750	5.00%
Group Linsi	118 580	19.28%	118 580	19.28%

Disclosure notices relating to persons or groups with significant shareholdings (more than three percent of the voting rights) can be found at <http://www.six-exchange-regulation.com>.

As of December 31, 2013, BELIMO Holding AG held 0.68 percent of the share capital.

1.3 Cross-shareholdings

There are no cross-shareholdings with other companies.

2 Capital structure

Information on the capital structure is contained to a large extent in the Articles of Incorporation of BELIMO Holding AG and in the financial statements of BELIMO Holding AG (pages 86 to 93). The Articles of Incorporation are available on the Internet at www.belimo.com/investorrelations.

2.1 Capital

The ordinary share capital of BELIMO Holding AG amounts to CHF 615 000.

2.2 Approved and conditional capital in particular

The Company has no approved or conditional share capital.

2.3 Changes in equity

The shareholders' equity of BELIMO Holding AG has changed during the last three years as follows:

at	in CHF 1 000
December 31, 2011	154 767
December 31, 2012	170 735
December 31, 2013	190 968

2.4 Shares

The share capital is divided into 615 000 registered shares, each with a nominal value of CHF 1.00. All registered shares are fully paid up and entitle the holder to dividends.

As regards voting rights, reference is made to the provisions of Article 13 of the Articles of Incorporation and notes 2.6 and 6.1 of this Corporate Governance section. In the event of a share capital increase, shareholders have a right of first refusal to subscribe to new shares in proportion to their existing shareholding (see Article 7 of the Articles of Incorporation). The Company maintains a share register, in which the names and addresses of owners and beneficial owners of shares are entered.

2.5 Participation and dividend-rights certificates

BELIMO Holding AG has issued neither participation nor dividend-rights certificates.

2.6 Limitation of transferability and nominee registrations

In terms of the relationship with the Company, only those persons who are entered in the share register shall be considered as registered shareholders or beneficial owners. Buyers of shares must apply in writing to be entered in the share register. The Company may refuse to make an entry in the share register if the applicant fails to declare expressly that he/she has acquired and will hold the shares on his/her own behalf and for his/her own account. A shareholder or beneficial owner will be entered in the share register as a voting shareholder or beneficial owner for a maximum of five percent of the total number of shares as shown in the commercial register. Shareholders holding more than five percent of the total number of shares at the time this provision was introduced shall continue to be registered in the share register with the number of shares actually held.

The Board of Directors may define exceptions to the five percent registration limit. No such exceptions were made during the year under review.

2.7 Convertible bonds and share options

BELIMO Holding AG has no outstanding convertible bonds or share options. BELIMO Holding AG has not issued any share options to employees.

3 Board of Directors

3.1 Members of the Board of Directors

The Board of Directors of BELIMO Holding AG comprised a total of five members as of December 31, 2013.

3.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Board of Directors are as follows:

Prof. Dr. Hans Peter Wehrli (1952)

Swiss

Dr. oec. publ.

Chairman of the Board of Directors since 1997

Further activities and relationships: Datacolor AG, Lucerne, Member of the Board of Directors

Swiss Prime Site AG, Olten, Chairman of the Board of Directors

Significant professional post: Faculty of Business Sciences at the University of Zurich, Ordinary Professor for Business Studies

Werner Buck (1943)

American/Swiss

Deputy Chairman of the Board of Directors

Further activities and relationships: ProMation Engineering, Brooksville, FL, USA, Chairman of the Board of Directors

Significant professional posts: 1988–2005 BELIMO Aircontrols (USA) Inc. and BELIMO Aircontrols (CAN) Inc., Managing Director 1998–2005 Head of Americas and Member of the Group Executive Committee

Board of Directors



Dr. Martin Zwysig, Member
Werner Buck, Deputy Chairman
Prof. Dr. Hans Peter Wehrli, Chairman
Martin Hess, Member
Walter Linsi, Member

Martin Hess (1948)

Swiss
El.-Ing. HTL/SIA

Further activities and relationships:
None

Significant professional post:
Since 1974 HEFTI. HESS. MARTIGNONI.
Aarau AG, Aarau, Chairman of the
Board of Directors and until 2012
Chairman of the Executive Committee

Walter Linsi (1944)

Swiss

Further activities and relationships:
U. W. Linsi Foundation, Member of
the Foundation Board

Significant professional posts:
Co-founder of Belimo
Head of Technology and Member of the
Group Executive Committee until 1999

Dr. Martin Zwysig (1965)

Swiss
Dr. oec. HSG

Further activities and relationships:
Sputnik Engineering AG, Biel,
Member of the Board of Directors

Significant professional posts:
2003 – 2008 Schaffner Holding AG,
Luterbach, Group CFO
2008 – 2013 Ascom Holding AG, Baar,
Group CFO

Independence of the non-executive members

None of the non-executive members has exercised an operational function for the Belimo Group during the three financial years preceding the reporting period. The non-executive members of the Board of Directors and the companies they represent have no business relationships with the Belimo Group.

3.3 Election and term of office

According to the Articles of Incorporation, the Board of Directors is made up of at least three and no more than seven members, who are elected by

the Annual General Meeting under the principle of collective replacement for a term of office of one year. If the period of office of a Board member ends before expiry of the term of office, the newly elected member concludes the term of office of the predecessor. On reaching 70 years of age, members of the Board of Directors may be elected for a term of office of one year for one final time.

Details of first election to the Board of Directors are given in the following table:

Member	since AGM
Hans Peter Wehrli	1995
Werner Buck	2007
Martin Hess	2007
Walter Linsi	1977
Martin Zwysig	2011

3.4 Internal organization

The Board of Directors is the most senior management body in the Group. It is empowered to make decisions in respect of all matters that are not reserved for the Annual General Meeting by law or in accordance with the Articles of Incorporation, or that the Board has not delegated to another body by regulation or resolution. The Board of Directors constitutes itself. It designates a secretary, who does not have to be a member of the Board of Directors.

The Board of Directors has the following main duties:

- Directing the Company and issuing the necessary instructions
- Approving corporate policy and strategy
- Defining the management structure
- Determining the design of the accounting system and financial controls
- Nominating and removing the members of the Group Executive Committee
- Succession planning for the most senior levels of management

- Drawing up the annual report, preparing for the Annual General Meeting and carrying out its resolutions

The Board of Directors has established two permanent committees:

- the Audit Committee, which reviews adherence to regulations and instructions and proposes the persons or firms to be appointed as statutory auditors,
- the Remuneration Committee, which draws up proposals regarding the remuneration of the Board of Directors and the Group Executive Committee.

A further committee is convened as and when required to manage the process of appointing a Board member or a member of the Group Executive Committee.

The Board of Directors has delegated the task of operational management to the Group Executive Committee. The CEO is not a member of the Board of Directors.

The Chairman of the Board of Directors, or, in his absence, the Deputy Chairman of the Board or a duly appointed member, calls the meetings and chairs the discussions.

Workings of the Board of Directors

The Board of Directors holds at least five ordinary meetings per year. The dates of its ordinary meetings and of committee meetings are set early so that all members can attend in person as a general rule. Extraordinary meetings may be convened as and when required. Any Board member may submit a request for additional meetings to the Chairman, stating the reasons. Four full- or multi-day meetings respectively were held in 2013.

The agenda for meetings is drawn up by the Chairman in cooperation with the CEO. Any Board member

may request that an item be placed on the agenda. Meetings are convened in writing by the Chairman. The invitation, together with the detailed agenda and attachments, is normally distributed to all participants one week before the date of the meeting. Provided that no member objects, the Board may also discuss other urgent matters that were not included on the agenda. The members of the Group Executive Committee may be invited to attend Board meetings. In order that the Board of Directors receives adequate information on which to base its decisions, other employees or third parties may also be invited to attend meetings.

The Board of Directors makes decisions and conducts elections by a majority of the members present at the meeting. A majority of members must be present for the Board to pass a resolution. Resolutions may also be passed by video- or tele-conference or by way of circulation provided that no member requests a verbal discussion at a meeting. The individual members are required to step out of the meeting if matters are discussed that affect them or persons or legal entities related to them. The Board members receive a complete copy of the minutes, with the other participants receiving an excerpt detailing the agenda items/ resolutions of relevance to them.

In addition to Board meetings, the Board of Directors holds regular meetings with the Group Executive Committee.

Composition/workings of the committees of the Board of Directors

The duties of the Audit, Remuneration and Appointment Committee primarily comprise evaluation, advisory and supervisory functions for the Board of Directors. The committees have no decision-making powers. They meet

periodically or when required. The same conditions regarding meeting rules and stepping out apply as for the Board of Directors. The Board of Directors elects the members of the committees yearly.

Minutes of the meetings are prepared and distributed to those who attended the meeting and to all members of the Board of Directors. The members of the committees also report verbally to the next meeting of the Board of Directors regarding the matters discussed and submit, where necessary, the respective motions to the Board of Directors.

Audit Committee

The Audit Committee comprises at least two non-executive, independent members of the Board of Directors. A member is considered as independent if he or she has never, or at least not for the past three years, been a member of the Group Executive Committee and has no, or only a minimal, business relationship with the Company. Based on their education or their professional experience, all members have sufficient knowledge of finance and accounting.

The following members have been elected for the 2013/2014 period of office: Dr. Martin Zwyssig (Chairman) and Prof. Dr. Hans Peter Wehrli

Duties

- Evaluating the annual report, the annual and interim financial statements, the comprehensive audit report and the audit reports for the Belimo Group and BELIMO Holding AG, submitting motions to the Board of Directors
- Evaluating adherence to financial reporting standards in the Group
- Selecting the audit firm to be proposed to the Annual General Meeting as statutory auditors, submitting motions to the Board of Directors

- Approving the audit plans of the statutory auditors
- Evaluating the performance, independence and remuneration of the statutory auditors
- Periodically reviewing the guidelines issued regarding ad hoc announcements and the avoidance of insider offences
- Reviewing the internal control system
- Periodically reviewing the structure of the risk management system
- Evaluating key tax issues

The Audit Committee held two meetings in 2013 with the CEO, CFO and the statutory auditors.

Remuneration Committee

The Remuneration Committee comprises at least two non-executive, independent members of the Board of Directors. A member is considered as independent if he or she has never, or at least not for the past three years, been a member of the Group Executive Committee and has no, or only a minimal, business relationship with the Company.

The following members have been elected for the 2013/2014 period of office: Prof. Dr. Hans Peter Wehrli (Chairman), Martin Hess and Walter Linsi

Duties

- Submitting motions to the Board of Directors for determining the fees for the Board of Directors
- Submitting motions to the Board of Directors for determining the annual salaries and bonuses of the CEO, the members of the Group Executive Committee and the heads of Group Divisions
- Submitting motions to the Board of Directors for determining the retirement arrangements for the CEO, the members of the Group Executive Committee and the heads of Group Divisions

- Submitting motions to the Board of Directors for the approval of loan agreements between the Company and members of the Board of Directors or the Group Executive Committee

The Remuneration Committee met twice in 2013.

Appointment Committee

The Appointment Committee comprises at least two members of the Board of Directors.

The following members have been elected for the 2013/2014 period of office: Prof. Dr. Hans Peter Wehrli (Chairman), Walter Linsi and Werner Buck

Duties

- Selecting suitable candidates for membership of the Board of Directors, submitting motions to the Board of Directors for proposal to the Annual General Meeting
- Selecting suitable candidates to fill positions on the Group Executive Committee

No meeting was held in 2013.

3.5 Regulation of authority

The regulation of authority between the Board of Directors and the Group Executive Committee is laid down in the organizational regulations (corporate schedule of responsibilities) of the Belimo Group. This describes the general duties and defines who holds the decision-making authority for which transactions.

In addition to decisions regarding the tasks that are defined under Article 716a of the Swiss Code of Obligations as being irrevocable and non-assignable, the Board of Directors also reserves the right to approve significant transactions relating to strategy implementation and important organizational, financial and staffing matters in the operational area.

3.6 Information and control instruments in relation to the Group Executive Committee

The Board of Directors is involved in the Management Information System of the Belimo Group at the appropriate level. At the end of each quarter, in addition to the monthly reports, the Board of Directors receives an unaudited balance sheet and income statement, a sales forecast for the next two quarters and other key figures (balanced scorecard) of the Group. The figures are compared against the prior year and the budget. After the end of the third quarter, the Board receives the projection for the full year in the same degree of detail, enabling the Board to review the likelihood of the budget being achieved. In the second quarter of each year the Board also receives the qualitative strategic targets and the results of medium-term planning covering a period of five years for its approval.

The written reports are supplemented by verbal information from the CEO or CFO at every meeting of the Board of Directors. In special cases, the CEO informs the Board of Directors without delay in writing and/or verbally regarding the matter in question. The Chairman of the Board of Directors maintains regular contact and discussions with the CEO and is kept up to date by him on all transactions and issues that are of fundamental importance or that have wider implications.

4 Group Executive Committee

Together with the members of the Group Executive Committee, the CEO manages the operations of the Group. He is responsible for drawing up, implementing and achieving the Group's corporate targets. The Group Executive Committee supports the CEO in the management of the Group. It deals with all transactions that are of significant importance to the Belimo Group.

The Group Executive Committee has the following main duties:

- Developing and implementing the overall strategy and the overall budget
- Drawing up and implementing the structures and systems necessary for the management of the Group
- Making optimal use of Group resources
- Utilizing potential synergies present within the Group
- Promoting cooperation and communication within the Group
- Preparing motions that fall within the authority of the Board of Directors

4.1 Members of the Group Executive Committee

The Group Executive Committee comprises seven members.

4.2 Further activities and relationships

Personal details and further activities and relationships of the individual members of the Group Executive Committee are as follows:

Dr. Jacques Sanche (1965)

Canadian/Swiss
Dr. oec. HSG

CEO since August 2007

Further activities and relationships:
DIENER AG PRECISION MACHINING, Embrach, Member of the Board of Directors

Schweiter Technologies AG, Horgen,
Member of the Board of Directors

Significant professional posts:
2000–2004 Oertli Service AG, Schwerzenbach, and Vescal AG, Vevey, Managing Director
2004–2007 WMH TOOL GROUP, Chicago, USA, CEO and WMH Walter Meier Holding AG, Stäfa, Member of the Executive Committee

Gary Economides (1970)

Australian
MBA

Head of Asia/Pacific and Member of the Group Executive Committee since November 2012

Further activities and relationships:
None

Significant professional posts:
1998–2005 Siemens Building Technologies, Hong Kong, various functions
2005–2009 Carel Asia, Hong Kong, Managing Director
2009–2012 Carel Electronic Suzhou, China, CEO

Lukas Eigenmann (1961)

Swiss
Electronic technician, TS

Head of Europe and Member of the Group Executive Committee since July 2010

Further activities and relationships:
None

Significant professional posts:
1984–2002 BELIMO Automation AG, Hinwil, BELIMO Automation Handels GmbH, Vienna and BELIMO Aircontrols (USA) Inc., Danbury, various functions
2002–2010 BELIMO Stellantriebe Vertriebs GmbH, Stuttgart, Managing Director

Group Executive Committee



Felix Winter, Head of Global Product Management
Gary Economides, Head of Asia/Pacific
Lukas Eigenmann, Head of Europe
Dr. Jacques Sanche, CEO
Lars van der Haegen, Head of Americas
Peter Schmidlin, Head of Innovation
Beat Trutmann, CFO

Peter Schmidlin (1963)

Swiss
Dipl. El.-Ing. ETH

Head of Innovation and Member of the Group Executive Committee since August 2000

Further activities and relationships:
U. W. Linsi Foundation, Chairman of the Foundation Board

Significant professional posts:
1988 – 2000 BELIMO Automation AG, various functions in research and development
2000 – 2007 BELIMO Automation AG, Head of Technology

Beat Trutmann (1954)

Swiss
lic. oec. publ.

CFO and Member of the Group Executive Committee since January 2003

Further activities and relationships:
None

Significant professional posts:
1992 – 2000 Elex AG, Schwerzenbach, Head of Finance and Accounting
2000 – 2002 Disetronic Holding AG, Burgdorf, CFO and Member of the Executive Committee

Lars van der Haegen (1968)

Swiss
MBA

Head of Americas and Member of the Group Executive Committee since January 2011

Further activities and relationships:
None

Significant professional posts:
2000 – 2006 BELIMO Automation AG, Hinwil, BELIMO Aircontrols (USA) Inc., various functions
2007 – 2010 BELIMO Servomotori S.r.l., Bergamo, Managing Director

Felix Winter (1965)

Swiss
Executive MBA HSG

Head of Global Product Management and Member of the Group Executive Committee since November 2011

Further activities and relationships:
None

Significant professional posts:
1995 – 2002 BELIMO Automation AG, Hinwil, various functions
2002 – 2003 Kieback & Peter AG, Baar, Executive Management
2004 – 2005 Geberit International AG, Jona, Head of product line Supply Systems
2005 – 2011 Stäubli AG, Horgen, Managing Director Connectors & Robotics and Connectors Business Development Manager International

4.3 Management contracts

There are no management contracts with firms or individuals outside the Belimo Group.

5 Remuneration, participations and loans

5.1 Content of and procedure for determining remuneration and participation programs

Belimo remunerates its Group Executive Committee members according to performance and results. The compensation package is designed to be market-oriented and contains substantial performance-related remuneration components, in addition to a fixed element. The activities of the Board of Directors are remunerated in cash by means of a fixed fee. Activities carried out as a member of a Board committee are not subject to additional compensation.

The CEO, members of the Group Executive Committee and senior management receive a performance-related bonus in addition to their fixed

remuneration. The bonus plan is based on the achievement of agreed targets. Payment of up to 50 percent of the bonus is dependent on financial targets (EBIT and sales growth) being achieved, with the rest being dependent on the achievement of personal performance targets.

The amount of the target bonus, which is paid when all set targets have been reached, amounts to between 70 and 80 percent of fixed remuneration for the CEO and between 60 and 70 percent for the members of the Group Executive Committee. If the targets set are partially reached the bonus is lower, as set out in the agreement; if the targets are exceeded, the bonus can be increased up to a maximum of 1.33 times the target bonus.

The amounts of the annual salaries and target bonuses for the CEO, members of the Group Executive Committee, and heads of the Group Divisions for the next financial year are proposed by the Remuneration Committee to the Board of Directors for approval.

5.2 Transparency of remuneration, participations and loans from issuers based outside Switzerland

For remuneration, see note 6 Remuneration of the Board of Directors and Group Executive Committee to the financial statements of BELIMO Holding AG, pages 90 to 92.

6 Shareholders' rights of influence

The shareholders of Swiss companies have a range of participation and protection rights, which are fundamentally regulated in the Swiss Code of Obligations (CO) and are supplemented by the Articles of Incorporation of the Company. Shareholders' participation rights are described in detail in the Articles of Incorporation

of BELIMO Holding AG, which are available on the Internet at www.belimo.com/investorrelations.

6.1 Limitation of voting rights and proxies

See Articles 13 and 14 of the Articles of Incorporation

Each share entered in the share register as a voting share on April 4, 2014, entitles the holder to one vote at the Annual General Meeting. See the provisions under note 2.6 of this Corporate Governance section regarding limits on the transferability of shares and nominee entries.

Every shareholder may have his/her shares represented at the Annual General Meeting by a proxy appointed in writing or by the independent voter representative provided for by law. The proxy need not be a shareholder.

6.2 Quorum as per Articles of Incorporation

See Article 16 of the Articles of Incorporation

6.3 Convening the Annual General Meeting

See Article 10 of the Articles of Incorporation

The Annual General Meeting is convened in accordance with the Swiss Code of Obligations by being announced once in the Swiss Official Gazette of Commerce, and, for information purposes, by written invitation to the registered shareholders. The provisions do not contain any rules that diverge from the law.

6.4 Putting an item on the agenda for the Annual General Meeting

See Article 11 of the Articles of Incorporation

Voting shareholders representing shares with a nominal value of at least CHF 10 000 may request that an item be put on the agenda up to 60 days before the Annual General Meeting.

6.5 Entry in the share register

See Articles 4 and 5 of the Articles of Incorporation

A shareholder or beneficial owner will be entered in the share register as a voting shareholder for a maximum of five percent of the total number of shares shown in the commercial register. The Board of Directors may determine exceptions to the five percent registration limit.

7 Change in control and defensive measures

7.1 Obligation to make an offer to buy shares

The Articles of Incorporation do not contain any provisions with respect to opting out or opting up.

7.2 Change of control clauses

There are no change of control clauses for members of the Board of Directors. For the CEO and members of the Group Executive Committee there are agreements in their employment contracts in the event that these are terminated unilaterally by the employer as a consequence of the acquisition by a third party of a controlling majority in BELIMO Holding AG. In some cases the agreements contain an entitlement to an extension to the period of notice to be given by the employer, and in other cases entitlement to compensation when notice is given. In no case does the period of notice exceed 24 months or the compensation exceed two years' target salary.

8 Statutory auditors

8.1 Period of appointment and period of office of the auditor in charge

KPMG AG, Badenerstrasse 172, Zurich, has been the Group auditor of the Belimo Group and the statutory auditor of BELIMO Holding AG since 2004. The auditor in charge since 2013 is Jürg Meisterhans. The statutory auditors are selected each year by the Annual General Meeting for one financial year.

8.2 Audit fee

KPMG invoiced a total of CHF 0.5 million to the Belimo Group in 2013 for services related to the audit of the financial statements of BELIMO Holding AG, the Group and the Group companies audited by it.

8.3 Additional fees

Fees amounting to CHF 0.2 million were paid to KPMG for other services such as consulting and tax advice.

8.4 Sources of information for the external audit

Each year at least one Audit Committee meeting takes place, at which, in addition to other matters, the annual financial statements are discussed. The comprehensive audit report from the statutory auditors forms the basis for the discussion of the audit proceedings and the annual financial statements. Two meetings took place in the year under review. In each case the statutory auditors supplied the participants with written points for discussion beforehand.

9 Information policy

9.1 Principles

Belimo pursues an open, active and transparent information policy in relation to all parties concerned. Each year it publishes a summary annual report, an annual and a semiannual report.

At least one conference for the media and for financial analysts takes place at the time of publication of the annual financial statements.

9.2 Agenda

March 17, 2014
Presentation of the annual financial statements 2013

April 14, 2014
Annual General Meeting 2014

April 23, 2014
Dividend payment

August 5, 2014
Semiannual Report 2014

February 2015
Publication of 2014 preliminary results

March 23, 2015
Presentation of the annual financial statements 2014

April 20, 2015
Annual General Meeting 2015

Further information for shareholders is available at www.belimo.com/investorrelations.

9.3 Contact Investor Relations

BELIMO Holding AG
Beat Trutmann, CFO
Brunnenbachstrasse 1
CH-8340 Hinwil
Phone +41 43 843 62 65
Fax +41 43 843 62 41
E-Mail ir@belimo.ch

9.4 Publicity principles/

Avoidance of insider offences

Belimo publishes information that is relevant to the share price in accordance with the ad hoc publicity guidelines of the Swiss stock exchange SIX Swiss Exchange Ltd.

Ecological awareness, social responsibility

We want to sustainably increase the value of the company for the benefit of our shareholders. We are committed to the environment and to the efficient use of resources.



Belimo is firmly committed to sustainability, as reflected in our mission statement. This commitment was further strengthened in 2013 with the signing of the UN Global Compact. In doing so, Belimo has undertaken to adopt, support and implement a range of principles within its sphere of influence from the areas of human rights, labor standards, environmental protection and anti-corruption. These principles are consistent with the values and code of conduct of Belimo.

Ecological awareness

Environment and energy

The energy for heating the offices and production facilities in Hinwil comes from the neighboring waste incineration plant.

The premises in Hinwil have been critically reviewed in regard to comfort and energy efficiency. The analyses performed demonstrated that need-based lighting makes a significant contribution to reducing energy consumption. Extensive operational enhancements to the building automation, such as the synchronization of the operating times of HVAC systems, have already been implemented.

The new American headquarters are being constructed in compliance with the LEED standards for sustainable construction. The aim is to achieve Gold certification, which equates to the second highest quality level.

New, energy-efficient multi-function printers are being introduced at central service stations in Hinwil, making around 30 percent of the existing devices superfluous. Paper consumption is reduced through the use of double-sided printing as the default setting.

Innovation

Environmental thinking starts right with product design and development. We focus on sustainable and eco-efficient product development that looks at the entire product life cycle. This means minimal use of power and resources, low-impact waste disposal, the use of materials that generate low emissions in the event of fire and longer product life cycles through the use of modern technology. Optimizing existing products leads to some considerable savings in material and energy during the production process.

Our customers are involved early on in the development process with a view to finding innovative approaches together and verifying promising ideas. We secure an edge for our customers by providing them solutions that offer more comfort and greater energy efficiency and safety, and are simpler to install and maintain.

Products

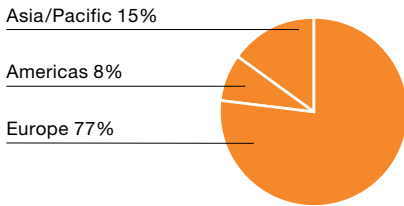
The high functionality of our products enables optimal performance of HVAC systems. The power consumption of the actuators is reduced by means of energy-optimizing algorithms.

The following products and solutions promise higher value for customers coupled with lower energy consumption:

- **Optimized characterized control valve.** This technology prevents creeping circulation losses with air bubble-tight closing valves.
- **Belimo Energy Valve™.** The simultaneous measurement of energy flows and optimization of the flow rate make it possible to reduce energy waste in the building. This has been proven by the successful use in buildings around the world. Belimo has also received numerous awards for the Belimo Energy Valve™.

- **Valve actuator with non-linear gears.** Thanks to new gear technology, a butterfly valve can be reliably operated using a smaller motor.
- **Actuators for zone applications.** Compared to thermal actuators, the new actuators for zone applications consume less energy in standby mode and have a longer useful life.

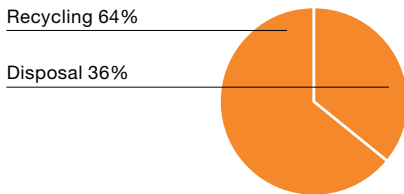
Procurement in percent from



Materials

The materials used are carefully selected to ensure that as little damage as possible is caused to the environment. We do not use auxiliary materials such as solvents, resins, paints or lead at all, or only in very small quantities. We use as little packaging as possible and give priority to recyclable packaging film. All packaging is made of materials that are not harmful to the environment. We increasingly use reusable containers and cardboard instead of plastic packaging.

Waste Management



Environmental directives

We adhere to the RoHS environmental directive, which prohibits the use of substances that are harmful to the environment. Compliance is implemented on the basis of a list of banned substances that is adapted to our products and their areas of application. In addition, our suppliers undertake not to use any of the banned substances in the parts they deliver.

Belimo has been applying the international environmental management norm ISO 14001 by means of self-declaration. Certification was awarded in the beginning of 2014.

Procurement

More than 80 percent of the added value in our products comes from our suppliers. That is why we place the same high demands on them as on ourselves, requiring them to conform to our environment and quality policies. Adherence to specifications is checked by our goods-in department by means of direct tests and by in-

specting the requested test reports and declarations.

The code of conduct for suppliers has been signed by more than hundred suppliers, which equates to around 90 percent of our procurement volume. Both new and existing suppliers are regularly audited on site, amongst others also aspects of our code of conduct.

The bulk of our supplies are procured in Europe.

Production and logistics

Through the transfer of knowledge and technology between our production locations we ensure safe, efficient and resource-saving production processes. Thanks to an optimized software download, actuators can increasingly be produced centrally using the same means of production equipment and completed locally on site in accordance with the customer's needs. This saves resources along the entire logistics chain.

The regular review and adjustment of our logistics processes also addresses environmental issues. We reduce transport mileage by means of collective shipments and consolidated direct deliveries to customers. We now offer final assembly locally on site in almost all continents, meaning we are also able to considerably shorten the transport routes to our customers. We also minimize energy-intensive air freight on an ongoing basis.

Recycling and disposal

Our waste is sent for recycling whenever possible. The internal collection points help to ensure the proper disposal of waste. These measures enable us to recycle more than half of the waste produced. The remaining waste is sent to the nearby waste incineration plant.

We treat each other with respect and stand up for each other.

Disposal transportation is consolidated. Thanks to a new cardboard press, it is possible to reduce the number of return transports of cardboard from previously three times a week to twice a month.

Social responsibility

Corporate culture

Together with the heads of Divisions, the members of the Group Executive Committee have held workshops around the world in order to train employees on the new code of conduct. The discussions held helped to ensure that our values and corporate culture are understood by everybody in the same way. In anonymous follow-up surveys, the employees were questioned on the culture at Belimo. The results showed that there is no immediate need for action. The Belimo values of trust and credibility also mean that employees get in touch with the appropriate contact person in the event of perceived violations of either applicable laws or ethical standards.

New employees learn about our values and quality standards during their introduction to the company. The individual employee's long-term ability to internalize and put those values into practice is also part of the annual employee appraisal.

In Hinwil, assembly and packaging work is given to workshops for the disabled. In the United States, we provide more than 40 disadvantaged people with jobs. Belimo supports various regional sporting and cultural events.

On the Day of Caring, employees in the United States have the opportunity to use a working day to perform voluntary work for the common good.

Each year, Belimo conducts a Bring Your Child to Work Day in Switzerland

and the United States. This gives the children of employees the opportunity to accompany their parents at work for an entire day.

We offer employees with personal, social or health problems access to free advisory services.

Sustainable personnel policy

We value cultural diversity and assist employees from other countries with their integration, for example by providing free German lessons. The high average length of service of eight years underlines the extent of employee loyalty and their identification with the company. The part-time working models are valued both by employees and the company itself. In Hinwil, around 30 percent of employees work on a part-time basis.

Management is firmly committed to the production sites in Switzerland and the United States, as evidenced, for example, by the high level of investment in both locations.

Belimo works at all levels with a performance and behavioral appraisal system. This includes regular assessments of individual goal achievement, as well as a discussion of appraisals with employees and appropriate measures. For employees in higher positions, a competence analysis is carried out every two years. This is based on the newly developed Belimo competence model and supports individual development planning. The system of remuneration lets employees participate in the company's success.

Internal information events are held on a regular basis. The special preparatory courses for employees nearing retirement are very popular.

The final measures from the 2011 employee survey have now been implemented. Preparations are already

underway for a new global survey in 2014.

Training, personal and career development

We help employees develop their specialist knowledge. With thorough induction programs, Belimo makes sure that new recruits are familiarized fully with their tasks and responsibilities and the corporate culture. We support the personal development of our employees. Time spent abroad at one of the company's other locations is an opportunity for professional and personal development and brings added value for the company.

Managers around the world regularly complete training courses on leadership issues.

In addition to managerial positions, Belimo also offers careers for professional specialists. Development prospects in both cases are treated equally. Professional specialists can prepare themselves for future challenges with defined development plans.

Encouraging new talent

We help new talent to develop and offer traineeships to 21 trainees in six professional areas. Trainees with good performance reviews can stay with us for at least another six months after completing their traineeships to gain professional experience.

Each year, an educational excursion organized by the trainees takes place. In addition, a member of the Group Executive Committee or a head of Group Division and the trainees' mentors hold an annual parents' evening for the parents and trainees. This provides the parents with an insight into the company and the work performed by their sons and daughters. The trainees are given the opportunity to present their traineeship project.

To ensure that the young people receive the best possible support, the mentors attend training sessions regularly.

Health and safety

All employees are aware of the possible dangers in their jobs and know how to prevent accidents. The first aid team in Hinwil has repeatedly received training on the handling of various medical emergencies and the correct use of defibrillators and reanimation. The approximately 40 specially trained individuals are represented in all parts of the buildings. In sensitive areas, emergency boards provide information and first aid kits are available for the event of accidents.

The safety managers in Hinwil have received training on emergency management and the findings from building evacuations.

In order to improve collaboration and working atmosphere in open-plan offices, noise reduction measures have been tested in Hinwil.

The BelimoVital program to promote occupational health includes targeted relaxation and strengthening exercises, training in workplace ergonomics and other specific activities.

The Bike to Work campaign has proved to be very popular in Hinwil. 92 participants cycled more than 18 800 kilometers in June 2013. In the United States, participants in the King of the Hill Marathon completed a set distance either individually or in teams. Belimo provides financial support for these campaigns.

These offerings are intended to help improve satisfaction, health and motivation of employees.

Key figures 2010 – 2013

Locations Hinwil (Switzerland) and Danbury (CT, USA)

	Unit	2013	2012	2011	2010
Key personnel figures					
Number of employees (average)		970	916	878	838
Female employees	as % of number of employees	47	47	47	50
FTEs (average)		905	854	821	780
Days off due to sickness					
	absences as % of total working days	2.8	2.9	3.5	3.2
Accident rate (occupational and non-occupational)					
	absences as % of total working days	0.6	0.3	0.3	0.5
Environmental indicators					
Number of actuators produced	in million items	5.1	4.8	4.6	4.3
Utilization					
Paper (A4, A3 sheet) only office					
Copiers, printers	kg per FTE	12.8	13.9	15.2	13.0
Buildings and total energy consumption					
Electricity	MWh	4 782	4 275	4 383	3 812
Heat energy					
District heating (own building)	MWh	1 191	1 199	986	1 159
Gas	MWh	973	1 040	924	814
Mains water	m ³	8 647	8 486	8 098	9 144
Recycling and disposal					
Waste for recycling	t	340	377	353	370
Waste for incineration	t	145	116	108	104
Remaining waste	t	65	70	96	91
Hazardous waste (electronics, separated materials)	t	37	32	28	29
Sanitary water	m ³	8 647	8 486	8 098	9 144



Houweizhai Station, Xi'an, China



Beida Jie Station, Xi'an, China



Consolidated financial statements of the Belimo Group

Balance sheet

in CHF 1 000	Note	12.31.2013	12.31.2012 restated*	01.01.2012 restated*
Cash and cash equivalents	4	104 482	105 371	75 327
Securities	5	22	315	81
Trade accounts receivable	6	56 823	52 796	51 393
Income tax receivable		422	391	386
Other accounts receivable and accruals	7	7 340	5 427	5 970
Inventories	8	69 210	66 211	69 201
Current assets		238 299	230 511	202 358
Property, plant and equipment	9	113 743	93 274	88 876
Intangible assets	10	15 875	18 132	11 340
Financial assets	5	912	906	1 643
Deferred tax assets	11	1 162	3 099	2 115
Non-current assets		131 692	115 411	103 974
Assets		369 991	345 922	306 332
Current financial liabilities	12	1 264		35
Trade accounts payable	13	7 927	12 647	8 691
Income tax payable		5 045	5 734	3 423
Other liabilities and deferrals	14	29 525	26 205	26 214
Current liabilities		43 761	44 586	38 363
Non-current financial liabilities	12	20 000	21 201	20 000
Deferred tax liabilities	11	10 308	10 964	10 458
Provisions	15	6 285	4 909	4 689
Post-employment benefits	16	2 176	16 419	10 134
Non-current liabilities		38 769	53 493	45 281
Liabilities		82 530	98 079	83 644
Share capital	17	615	615	615
Treasury shares	17	-3 856	-4 277	-4 204
Capital reserves	17	16 733	15 554	15 095
Retained earnings	17	273 969	235 951	211 182
Shareholders' equity		287 461	247 843	222 688
Liabilities and shareholders' equity		369 991	345 922	306 332

* see note 1.4.1

Income statement

in CHF 1 000	Note	2013	2012 restated*
Net sales	18	472 859	444 623
Changes in inventory		3 127	-526
Other operating income	19	289	238
Capitalized own services	19	915	1 248
Material expenses		-198 394	-187 503
Personnel expenses	20	-125 199	-117 662
Other operating expenses	21	-55 062	-49 282
Depreciation and amortization	9, 10	-17 217	-15 596
Operating income (EBIT)		81 318	75 540
Financial income	22	927	1 332
Financial expenses	22	-5 862	-2 846
Financial result		-4 935	-1 514
Income before taxes (EBT)		76 383	74 026
Income taxes	23	-13 774	-13 414
Net income		62 609	60 612
Attributable to shareholders of BELIMO Holding AG		62 609	60 612
Earnings per share in CHF	24	102.57	99.40

* see note 1.4.1

There are no options or other instruments that could cause dilution.

Statement of comprehensive income

in CHF 1 000	2013	2012 restated*
Net income	62 609	60 612
Translation differences	-1 244	-725
Items to be reclassified subsequently to the income statement	-1 244	-725
Revaluation of post-employment benefits	15 519	-5 439
Tax effect	-2 261	816
Items not to be reclassified subsequently to the income statement	13 258	-4 623
Other comprehensive income after taxes	12 014	-5 348
Total comprehensive income	74 623	55 265
Attributable to shareholders of BELIMO Holding AG	74 623	55 265

* see note 1.4.1

Consolidated financial statements

Statement of changes in equity

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Translation differences	Other retained earnings	Total retained earnings	Shareholders' equity
At December 31, 2011	615	-4 204	15 095	-6 642	225 891	219 249	230 755
Restatement*					-8 067	-8 067	-8 067
At January 1, 2012, restated*	615	-4 204	15 095	-6 642	217 823	211 182	222 688
Translation differences				-725		-725	-725
Revaluation of post-employment benefits*					-5 439	-5 439	-5 439
Tax effect*					816	816	816
Other comprehensive income after taxes*				-725	-4 623	-5 348	-5 348
Net income*					60 612	60 612	60 612
Total comprehensive income restated*				-725	55 989	55 265	55 265
Purchase of treasury shares**		-561					-561
Sale of treasury shares		488	459				946
Dividends					-30 494	-30 494	-30 494
At December 31, 2012, restated*	615	-4 277	15 554	-7 366	243 318	235 951	247 843
Translation differences				-1 244		-1 244	-1 244
Revaluation of post-employment benefits					15 519	15 519	15 519
Tax effect					-2 261	-2 261	-2 261
Other comprehensive income after taxes				-1 244	13 258	12 014	12 014
Net income					62 609	62 609	62 609
Total comprehensive income				-1 244	75 867	74 623	74 623
Purchase of treasury shares		-345					-345
Sale of treasury shares		767	1 179				1 946
Dividends					-36 606	-36 606	-36 606
At December 31, 2013	615	-3 856	16 733	-8 610	282 579	273 969	287 461

* see note 1.4.1

** Thereof 300 treasury shares were acquired as part of the acquisition of BELIMO Servomotoren B.V. (NL).

Cash flow statement

in CHF 1 000	Note	2013	2012 restated*
Net income		62 609	60 612
Income taxes	23	13 774	13 414
Interest result	22	36	163
Depreciation of property, plant and equipment	9	12 270	11 786
Amortization of intangible assets	10	4 947	3 810
Income from the sale of property, plant and equipment	9	-131	-139
Other non-cash items		1 192	-287
Change in accounts receivable and other current assets		-6 090	-1 033
Change in inventories		-3 138	3 279
Change in accounts payable and other current liabilities		-945	3 573
Change in provisions	15	1 371	222
Income tax paid		-15 321	-12 582
Cash flow from operating activities		70 574	82 818
Investments in property, plant and equipment	9	-34 134	-16 683
Investments in intangible assets	10	-2 542	-3 181
(Purchase)/Sale of financial assets and securities		-37	550
Sale of property, plant and equipment		149	181
Interest received	22	911	653
Acquisition of companies minus acquired cash and cash equivalents	2		-3 826
Cash flow from investing activities		-35 653	-22 306
Purchase of treasury shares	17	-345	-63
Sale of treasury shares	17	1 946	946
Dividend distribution	17	-36 606	-30 494
Interest paid	22	-668	-651
Repayment of current interest-bearing liabilities	12		-35
Cash flow from financing activities		-35 673	-30 297
Translation differences arising from cash and cash equivalents		-137	-171
Net cash (decrease)/increase		-889	30 044
Cash and cash equivalents at beginning of period		105 371	75 327
Cash and cash equivalents at end of period	4	104 482	105 371

* see note 1.4.1

Notes to the consolidated financial statements

1 Group accounting principles

1.1 General

BELIMO Holding AG (hereinafter referred to as Belimo or the Group) has its registered office in Hinwil, Switzerland. The balance sheet date for BELIMO Holding AG and all of its subsidiaries and for the consolidated financial statements is December 31, 2013.

1.2 Declaration of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

1.3 Basis of preparation

These consolidated financial statements have been prepared in Swiss francs (CHF), rounded to the nearest thousand. They are based on the acquisition cost method, with the exception of the following assets and liabilities which are stated at fair value: derivative financial instruments and securities held for trading.

The presentation of accounts in accordance with IFRS requires that management make estimates and assumptions and exercise discretion in applying accounting principles. This may influence the income, expenses, assets, liabilities and contingent liabilities as reported at the balance sheet date. In the event that such estimates and assumptions made in good faith by management at the time the accounts are prepared subsequently differ from the actual circumstances, the original estimates and assumptions will be adjusted accordingly in the reporting period during which the circumstances change.

Material assumptions made by the management in applying IFRS that have a material impact on the consolidated financial statements, and estimates where there is a considerable risk of material adjustments being required in the following year, are set out in note 29 Material estimates and assumptions.

1.4 Changes to accounting principles

1.4.1 Application of the revised IAS 19 Employee Benefits

The revised IAS 19 standard was applied retrospectively as of January 1, 2012.

The most important changes are as follows:

Elimination of the corridor method: As of now, actuarial gains and losses from the periodic recalculations are immediately recognized in other comprehensive income. Until now, Belimo recognized these gains and losses over the average remaining period of service and charged them to net income if they exceeded ten percent of assets or pension fund liabilities, whichever was higher (corridor method).

Risk allocation: The new provision on sharing risk between employees and employer affects pension fund liabilities and the distribution of service costs. Employee contributions must be included in the calculation of the service costs as a negative benefit. The effects of this must be distributed on a straight-line basis over the remaining period of service, provided that the contributions result in significantly higher future benefits.

Net interest component: This is calculated by multiplying the net pension liability by the discount rate. Since the net pension liability covers both pension plan liabilities and plan assets, the interest expense and the expected return on plan assets are implicitly offset. At the same time, the expected return on plan assets is assumed on the basis of the discount rate. Previously, the return on plan assets was estimated on the basis of the expected income of the investment portfolio.

Parallel to the application of the revised standard, Belimo has also adjusted the presentation of the income statement. The net interest component is now included in the financial result, as this corresponds to the compounding effect of the long-term net pension liability. The previous presentation in personnel expenses reflected the individual performance of the plan assets as the expected return on plan assets, which was regarded as part of operational activities. The change was applied retrospectively in accordance with IAS 8.

The impacts on the relevant positions in the balance sheet, the income statement, the statement of comprehensive income, the cash flow statement and on the earnings per share are as follows:

Balance sheet at January 1, 2012

in CHF 1 000	Reported 12.31.2011	Adjustment	Restated
Deferred tax assets	703	1 412	2 115
Post-employment benefits	655	9 479	10 134
Shareholders' equity	230 755	-8 067	222 688

Balance sheet at December 31, 2012

in CHF 1 000	Reported	Adjustment	Restated
Financial assets	1 018	-112	906
Deferred tax assets	765	2 334	3 099
Deferred tax liabilities	10 980	-16	10 964
Post-employment benefits	676	15 743	16 419
Shareholders' equity	261 348	-13 505	247 843

Notes to the consolidated financial statements

Income statement 2012

in CHF 1 000	Reported	Adjustment	Restated
Personnel expenses	-116 899	-763	-117 662
Operating income (EBIT)	76 303	-763	75 540
Financial expenses	-2 673	-173	-2 846
Financial result	-1 341	-173	-1 514
Income before taxes (EBT)	74 962	-936	74 026
Income taxes	-13 536	122	-13 414
Net income	61 426	-814	60 612
Attributable to shareholders of BELIMO Holding AG	61 426	-814	60 612
Earnings per share in CHF	100.74	-1.34	99.40

Statement of comprehensive income 2012

in CHF 1 000	Reported	Adjustment	Restated
Net income	61 426	-814	60 612
Revaluation of post-employment benefits		-5 439	-5 439
Tax effect		816	816
Items not to be reclassified subsequently to the income statement		-4 623	-4 623
Other comprehensive income after taxes	-725	-4 623	-5 348
Total comprehensive income	60 701	-5 437	55 265
Attributable to shareholders of BELIMO Holding AG	60 701	-5 437	55 265

Cash flow statement 2012

in CHF 1 000	Reported	Adjustment	Restated
Net income	61 426	-814	60 612
Income taxes	13 536	-122	13 414
Interest result	-10	173	163
Other non-cash items	-1 050	763	-287
Cash flow from operating activities	82 818		82 818

The impact of the revised standard on the result of 2013 was immaterial.

1.4.2 Other amendments

In the 2013 financial year, Belimo applied other new and revised standards for the first time:

- IFRS 10 Consolidated Financial Statements.
- IFRS 11 Joint Arrangements.
- IFRS 12 Disclosure of Interests in Other Entities.
- IFRS 13 Fair Value Measurement.

- IAS 1 Presentation of Items of Other Comprehensive Income. The amendments to IAS 1 lead to a change in the presentation of the statement of comprehensive income. It requires a separate disclosure in the statement of other comprehensive income of items that will be reclassified to the income statement in subsequent periods and of items that will not.
- IAS 27 Separate Financial Statements.
- IAS 28 Investments in Associates and Joint Ventures.
- IFRS 7 Disclosures: Offsetting Financial Assets and Financial Liabilities.
- IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance.

The introduction of the other amended standards had no material impact on the consolidated financial statements.

1.4.3 Published, but not yet applied new and revised standards and interpretations

The following new and revised standards and interpretations were approved but are not yet in force and have not been applied to these consolidated financial statements early.

The impact of the new and revised standards on the consolidated financial statements of Belimo has not yet been systematically analyzed. This means that the expected impact as disclosed at the bottom of this table merely represents an initial assessment on the part of the Group Executive Committee.

Standard		Entry into force	Planned application
New Standards or Interpretations			
IFRIC 21 Levies	*	1.1.2014	2014
IFRS 9 Financial Instruments	***	1.1.2017 at the earliest	To be determined
Amendments of Standards			
IAS 32 Financial Instruments: Offsetting Financial Assets and Financial Liabilities	**	1.1.2014	2014
IFRS 10, IFRS 12 and IAS 27: Investment entities	*	1.1.2014	2014
IAS 36: Recoverable Amount Disclosures for Non-Financial Assets	*	1.1.2014	2014
IAS 39: Novation of Derivatives and Continuation of Hedge Accounting	*	1.1.2014	2014
IAS 19: Employee Contributions	****	7.1.2014	2015
Annual Improvements to IFRSs 2010–2012 Cycle	***	7.1.2014	2015
Annual Improvements to IFRSs 2011–2013 Cycle	***	7.1.2014	2015

* No or no significant impact is expected on Belimo's consolidated financial statements.

** Primarily changes in presentation and additional disclosures in Belimo's consolidated financial statements are expected.

*** The effects on Belimo's consolidated financial statements cannot yet be predicted with sufficient certainty.

**** Belimo has not yet decided whether the amendments will be applied in the future.

Notes to the consolidated financial statements

1.5 Consolidation methods

1.5.1 Scope of consolidation

The consolidated financial statements cover all companies that are controlled either directly or indirectly by BELIMO Holding AG. Control over a company is deemed to exist if Belimo is subject to fluctuating returns as a result of its exposure to the company or where it holds rights to this company and is able to influence these returns by exercising its power of control over the company. These companies are fully consolidated.

Group companies that are acquired or sold during the course of the year are consolidated with effect from the date on which control is assumed and deconsolidated affecting net income from the date on which control is relinquished.

1.5.2 Acquisition accounting

The consolidation of capital at the time of acquisition is based on the purchase method. The purchase price of an acquisition is calculated from the sum of the fair value of the assets acquired, the liabilities assumed and the equity instruments issued by the Group. Pre-existing relationships are effectively settled with the acquisition and therefore measured separately with the purchase method. Transaction costs incurred in connection with an acquisition are recognized in net income. Goodwill from an acquisition is recognized as an asset. It corresponds to the excess of the sum of the purchase price, share of non-controlling interests in the acquiree and fair value of the equity share previously held less the balance of the assets, liabilities and contingent liabilities measured at fair value. For each transaction there is a choice of how to measure non-controlling interests. They can be measured either at fair value or at the share of non-controlling interests in the fair value of the net assets acquired. In the event of negative goodwill, the remaining surplus is recognized in income as soon as the fair value of the net assets acquired has been reassessed. Goodwill is tested for impairment at least once a year, or more frequently if events or changes in circumstances indicate that it might be impaired.

1.5.3 Eliminations

Assets, liabilities, income and expenses are recognized on a 100 percent basis using the full consolidation method. Intercompany expenses and income and intercompany receivables and payables are offset against each other. Any interim profits earned on intercompany transactions are eliminated affecting net income. Unrealized losses on intercompany transactions are similarly eliminated, unless there is proof of impairment.

1.6 Currency translation

1.6.1 Transactions in foreign currency

Transactions effected in a foreign currency are translated into the functional currency at the rate on the date of the transaction. Monetary assets and liabilities held in foreign currencies are translated into the functional currency at the rate on the balance sheet date. Any exchange gains or losses resulting from transactions and from the translation of balance sheet items in foreign currencies are recognized in the income statement. Non-monetary assets and liabilities valued at historical cost are translated using the exchange rate at the time of the transaction.

1.6.2 Foreign Group companies

Financial statements of foreign Group companies denominated in foreign currencies are translated into CHF as follows: for the balance sheet, at the exchange rates applicable on the balance sheet date; for the income statement, the statement of comprehensive income and the cash flow statement, at the average exchange rate. Any translation differences arising from the different translation of the balance sheets, income statements and the statements of comprehensive income are offset directly against retained earnings with no effect on net income. This similarly applies to loans that meet the definition of equity. The cumulative translation differences are transferred to the income statement at the time of the loss of control over the Group company.

1.7 Derivative financial instruments

Derivative financial instruments are initially recognized and measured at fair value. Subsequent measurement is also at fair value, with any resulting gains or losses being posted to the financial result.

The fair value of forward exchange contracts is the stock market price on the balance sheet date or the net present value of the forward contract.

1.8 Property, plant and equipment

1.8.1 Measurement of property, plant and equipment

Items of property, plant and equipment are carried in the balance sheet at purchasing or production cost less cumulative depreciation and any impairments.

Components of property, plant and equipment with varying useful lives are carried and depreciated separately.

1.8.2 Leasing of property, plant and equipment

Property, plant and equipment that is financed with long-term leasing agreements is carried in the balance sheet if the risks and rewards associated with ownership essentially pass to Belimo upon the signing of the agreement.

Measurement is at the lower of fair value and the net present value of the minimum lease payments less cumulative depreciation and any impairments.

1.8.3 Subsequent expenses

Subsequent investments are included in the carrying amount of an item of property, plant and equipment if it can be expected that Belimo will derive economic benefits from them in future. Actual maintenance and repair costs are charged to net income.

Notes to the consolidated financial statements

1.8.4 Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over the period of the estimated useful life, or leasing term if shorter. Land is not depreciated. The estimated useful lives are defined for the Group as follows:

Administrative and production buildings (using the component approach: buildings contain components with differing useful lives and these are depreciated accordingly over 10, 15, 25 or 60 years)	10–60 years
Furniture and fixtures, workshop and warehouse facilities	5–10 years
Motor vehicles, office machinery and IT equipment	2–5 years
Leasehold improvements	5–10 years
Transportation equipment, tools and machinery	5–9 years
Tools at suppliers and testing equipment	3–5 years

The presumed residual value, if not immaterial, is reviewed annually.

1.9 Intangible assets

The Group's intangible assets comprise bought-in software, non-contractual customer relationships that have been transferred, as well as internally generated intangible assets.

1.9.1 Goodwill

Goodwill is carried at acquisition cost less any impairment. Goodwill is allocated to the cash-generating units and is not amortized but tested for impairment on an annual basis (see 1.14 Impairment test).

1.9.2 Research and development

Research costs incurred for the acquisition of new basic or technological knowledge and understanding are charged to income.

Development costs incurred to obtain new or significantly improved products and processes are capitalized if the resulting products and processes are technically and commercially feasible and if it is likely that there will be some future economic benefit. In addition, the Group must intend and have sufficient resources available to complete the implementation and use or sell the asset. Development projects are managed based on a standard process and their feasibility is continually monitored. The process involves various phases and different milestones. Development projects can be interrupted at any time if the continuation of the project, its feasibility or economic benefit is deemed to be unrealistic. Capitalized development costs include material costs, direct labor costs and directly attributable general overheads, if they are attributable to preparing the asset for use. Development costs previously recognized as expenses are not recognized as assets in subsequent periods. Capitalized development costs of projects that have not yet been completed are not amortized but subjected to an annual impairment test.

The capitalized costs are included in internally generated intangible assets (see 10 Intangible assets).

Other development costs are charged as expenses in the income statement. Capitalized development costs are carried at cost less accumulated amortization and impairments (see 1.14 Impairment test).

1.9.3 Other intangible assets

Other intangible assets are carried at cost less accumulated amortization and impairments (see 1.14 Impairment test).

1.9.4 Subsequent expenses

Subsequent investments are capitalized if it is likely that the future economic benefit will increase. All other expenses are charged directly to income at the time they are incurred.

1.9.5 Amortization

Intangible assets are amortized on a straight-line basis over their estimated useful life, unless this period is indeterminate. Goodwill and intangible assets with an indeterminate useful life are not amortized but are subject to an annual impairment test. Intangible assets with a determinable useful life are amortized from the time at which they become available for use.

The estimated useful life for software and internally generated intangible assets is two to five years, for customer relationships between three and nine years.

Belimo currently has no intangible assets with an indeterminate useful life.

1.10 Securities

Securities held for trading form part of current assets and are measured at fair value, with any change in value being recognized in the financial result. The fair value of securities held for trading is the market price as of the balance sheet date. Ongoing buy and sell transactions are recognized on the basis of the trade date, not settlement date.

1.11 Accounts receivable

Accounts receivable are carried at their amortized historical costs, generally their nominal value less any allowances for accounts receivable that cannot be collected.

The recoverable amount of accounts receivable corresponds to the net present value of the estimated future cash flows.

The allowance is made up of individual allowances for specifically identified items for which objective indications exist that the outstanding amount will not be received in full, and general allowances for groups of receivables with similar risk profiles. The general allowances cover losses that, in the estimation of the Group Executive Committee, will occur but are not yet known. General allowances are based on historical data on the receivables' payment statistics.

Notes to the consolidated financial statements

As soon as there are sufficient indications that an account receivable will definitely not be paid, the receivable is charged off directly or offset against the individual allowance created for this purpose.

Impairments relating to accounts receivable are reversed if the increase in the recoverable amount can be attributed to an incident that occurred in a period following recognition of the impairment loss.

1.12 Inventories

Inventory items are carried at the lower of cost of acquisition or production or net realizable value. The net realizable value is the expected average selling price less expected completion costs and costs to sell.

Purchased products are measured at cost of acquisition, self-made products at cost of production. These latter costs include direct material and production costs and directly attributable overhead expenses. The overhead production expenses are calculated on the basis of normal production capacities. Inventories are measured on the basis of moving average prices.

1.13 Cash and cash equivalents

Cash and cash equivalents are stated at their nominal value. These consist of cash, postal and bank balances and term deposits with a term of up to three months as from acquisition date.

1.14 Impairment test

1.14.1 Approach

The carrying amounts of property, plant and equipment as well as intangible assets are assessed at least once per year. If there are indications of a permanent loss in value, a calculation of the recoverable amount is carried out.

In the case of goodwill, other intangible assets with an indeterminate useful life and intangible assets that are not yet available for use, the recoverable amount is calculated annually, even in the absence of any indication of a loss in value.

If the carrying amount of an asset or of the cash-generating unit to which the asset belongs exceeds the recoverable amount, the value is adjusted and recognized in income.

Value adjustments relating to a cash-generating unit or a group of cash-generating units are carried out first on goodwill and then pro rata on the other assets in the cash-generating unit or group.

1.14.2 Calculation of recoverable amount

The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. To determine the value in use, the estimated future cash flows are discounted using a pre-tax rate that reflects the risks specific to the asset. If an asset does not generate any cash flows that are predominately independent, the recoverable amount is determined for the cash-generating unit to which that asset belongs.

1.14.3 Reversal of an impairment

There is no reversal of impairment for goodwill. Impairments on other assets are reversed if the estimates used to calculate the recoverable amount have changed, or if the impairment has been reduced or no longer exists.

The increase in the carrying amount is limited to the amount that would have resulted had no impairment been recognized for the asset in the previous years.

1.15 Shareholders' equity

1.15.1 Share capital

Shares are a component of equity, as they are not redeemable and there is no dividend guarantee.

1.15.2 Treasury shares

Shares repurchased (purchase price and directly attributable transaction costs) are classed as treasury shares and deducted as a negative item from equity.

1.15.3 Dividends

Dividends are reported as liabilities as soon as they are approved by the Annual General Meeting.

1.16 Financial liabilities

Financial liabilities are carried upon initial recognition at fair value less directly attributable transaction costs. Subsequent recognition is at amortized cost, and any differences between the carrying amount and the repayment amount are recognized in the financial result using the effective interest method over the period during which the borrowed funds are utilized.

1.17 Post-employment benefits

1.17.1 Defined contribution plans

In the case of defined contribution plans, the expenses recognized in the income statement correspond to the contributions paid by the employer.

Notes to the consolidated financial statements

1.17.2 Defined benefit plans

The present value of the defined benefit obligation and the fair value of the plan assets are determined annually for each plan and are carried as a net pension liability. The present value of the defined benefit obligation is calculated using the projected unit credit method. The discount rate is based on the interest rate of prime corporate bonds with close to the same maturities as the liabilities. These are determined annually by independent insurance experts.

In the post-employment benefit expenses, current service costs (service costs in the period under review) and past service costs (gains/losses from plan changes and curtailments) are charged to net income immediately. The net interest result (multiplication of the net pension liability with the discount rate) is recognized in the financial result. The revaluation of post-employment benefits (actuarial gains and losses on the defined benefit obligation and income on the plan assets, if not already taken into account in the interest component) is recognized immediately in other comprehensive income with no effect on net income.

1.18 Provisions

Provisions are made if as a result of a prior event the Group has a present obligation, an outflow of funds is likely and the amount can be reliably determined. Provisions are discounted if the effect is material.

1.19 Trade accounts payable and other current liabilities

These liabilities are carried at their amortized cost, generally their nominal value.

1.20 Sales and realization of revenue

Sales are recognized after deduction of sales tax, credits for returns and discounts at the time at which the risks and rewards arising from the goods sold pass to the client. Normally sales are realized at the time of delivery, as defined in the general terms and conditions and in compliance with generally accepted Incoterms.

1.21 Financial result

The financial result is composed primarily of interest payments on borrowed capital based on the effective interest method, interest income, dividend income, foreign currency gains and losses and gains and losses on hedging instruments.

Interest income is recognized in accordance with the effective interest method through the income statement. Dividend income is recognized in income on the due date.

1.22 Leasing

Payments for operating leases are charged directly to income on a straight-line basis over the lease term.

1.23 Income taxes

Income taxes include current and deferred income taxes. Normally, income taxes are charged to income unless they are linked to an item that is recognized in other comprehensive income or directly in equity.

Current income taxes are charged on taxable income, based on the tax rates in force as of the balance sheet date, including tax expenses for previous periods.

Deferred taxes are calculated using the balance sheet liability method on all temporary differences between the tax balance sheet values and the IFRS values. No deferred taxes are recognized for the following temporary differences: initial recognition of goodwill, assets or liabilities in conjunction with a transaction that does not affect either taxable income or the year's net income, and investments in subsidiaries if it is likely that the temporary differences will not be realized in the foreseeable future.

Deferred tax assets including the tax benefits from deductible losses carried forward are only taken into account if it is likely that the temporary differences or losses carried forward can be offset against future taxable profits.

Notes to the consolidated financial statements

2 Changes to the scope of consolidation

There were no changes to the scope of consolidation in 2013.

2012, Belimo acquired all shares of the distribution company BELIMO Servomotoren B.V., which is domiciled in the Netherlands, at a purchase price of CHF 6.6 million (of which CHF 1.2 million retained). The acquisition had the following impact on Belimo's assets and liabilities:

in CHF 1 000	2012 BELIMO Servomo- toren B.V. (NL) Fair value
Cash and cash equivalents	1 580
Trade accounts receivable	1 112
Other accounts receivable and accruals	172
Inventories	380
Property, plant and equipment	27
Intangible assets	7 424
Financial assets	493
Trade accounts payable	- 11
Other liabilities and deferrals	- 633
Deferred tax liabilities	-1 944
Identifiable net assets	8 600
Purchase price	6 607
Settlement of pre-existing relationship	1 896
Purchase price after settlement of pre-existing relationship	8 503
Negative goodwill on acquisition	- 96
Acquired cash and cash equivalents	-1 580
Retained part of purchase price	-1 201
Settlement of pre-existing relationship	-1 896
Net cash outflow	3 826

Identified intangible assets are non-contractual customer relations that have been transferred. The fair value was determined using the multi-period excess earnings method. The discount rate applied was 6.8 percent. The financial assets were shares of BELIMO Holding AG. The negative goodwill of CHF 0.1 million arising from the acquisition was recorded as an income under other operating income in 2012.

3 Segment reporting

Belimo develops, produces and distributes actuator solutions for regulating and controlling heating, ventilation and air conditioning systems. All products are made from comparable materials and manufactured using similar processes.

The reportable operating segments are determined using the management approach: external segment reporting is based on the Group's internal organization and management structure as well as internal financial reporting to the Chief Operating Decision Maker, the Board of Directors of BELIMO Holding AG.

The Group has four reportable operating segments which constitute its strategic divisions. With a view to maintaining a market presence in close proximity to customers, the three geographic strategic Group Divisions "Europe", "Americas" and "Asia/Pacific" are run by regional managers. The organization of the strategic Group Division "Shared Services" is subdivided and managed centrally as a cost center by the Swiss company. No sales are therefore credited to this segment in the segment reporting.

The activities of the reportable segments are as follows:

Europe. Comprises distribution and sale of Belimo products in the European market.

Americas. Comprises distribution and sale of Belimo products in the American market.

Asia/Pacific. Comprises distribution and sale of Belimo products in the Asia/Pacific market.

Shared Services. Comprises research and development activities, production, customizing, distribution as well as the areas of global product management, finance and administration.

Expenses for the Group Executive Committee and the Board of Directors are listed under "Elimination".

The performance of the geographic segments is measured using the cost-sales ratio (personnel expenses, other operating expenses and amortization and depreciation as a percentage of sales). Material expenses cannot be reliably allocated to the segments due to the Group's principal structure. As a result of the Group-wide application of a principal structure, the central production and sales company in Switzerland is the main risk carrier. The opportunities and risks of the sales companies are limited to their local market risk.

With regard to segment assets, only receivables, property, plant and equipment and intangible assets are allocated. No other assets are allocated. The liabilities are only reported in full in the internal financial reporting and are not allocated to the reportable segments.

Notes to the consolidated financial statements

in CHF 1 000	Europe	Americas	Asia/Pacific	Shared Services	Elimination	Total
2012 restated*						
Income statement						
Net sales to third parties	239 063	161 279	44 281			444 623
Capitalized own services				1 248		1 248
Personnel and other operating expenses	-34 691	-25 446	-9 661	-103 909	6 763	-166 944
Depreciation and amortization	-2 274	-952	-365	-12 005		-15 596
Segment profit	202 099	134 880	34 256	-114 667	6 763	263 331
Non-allocated changes in inventory						-526
Non-allocated other operating income						238
Non-allocated material expenses						-187 503
Non-allocated financial result						-1 514
Income before taxes (EBT)						74 026
Investments	650	9 276	236	9 702		19 864
Balance sheet at December 31, 2012						
Trade accounts receivable (net)	44 505	21 178	6 493		-19 380	52 796
Property, plant and equipment and intangible assets	11 325	14 111	823	85 147		111 406
Non-allocated assets						181 720
Total assets						345 922
* see note 1.4.1						
2013						
Income statement						
Net sales to third parties	259 303	163 461	50 095			472 859
Capitalized own services				915		915
Personnel and other operating expenses	-36 481	-24 595	-9 899	-116 285	6 999	-180 261
Depreciation and amortization	-2 733	-1 029	-372	-13 083		-17 217
Segment profit	220 089	137 837	39 824	-128 453	6 999	276 296
Non-allocated changes in inventory						3 127
Non-allocated other operating income						289
Non-allocated material expenses						-198 394
Non-allocated financial result						-4 935
Income before taxes (EBT)						76 383
Investments	894	18 469	270	17 043		36 676
Balance sheet at December 31, 2013						
Trade accounts receivable (net)	50 168	21 463	7 614		-22 422	56 823
Property, plant and equipment and intangible assets	9 651	30 389	644	88 935		129 618
Non-allocated assets						183 550
Total assets						369 991

in CHF 1 000	2013	Share	2012	Share
Sales by application				
Air	287 584	61%	269 373	61%
Water	185 275	39%	175 250	39%
Total	472 859	100%	444 623	100%

Information on geographic regions

The bulk of Belimo's business activity takes place in the United States and other regions. Sales and non-current assets are allocated to the regions.

in CHF 1 000	2013	2012
Sales to third parties		
Switzerland	15 555	15 377
Germany	63 829	60 485
USA	129 998	129 852
Other regions	263 477	238 909
Total	472 859	444 623

	12.31.2013	12.31.2012
Non-current assets		
Switzerland	83 934	81 818
Germany	277	204
USA	34 897	16 886
Other regions	10 510	12 498
Total	129 618	111 406

4 Cash and cash equivalents

in CHF 1 000	12.31.2013	12.31.2012
in CHF	19 299	33 006
in EUR	15 719	7 719
in USD	10 284	12 315
in other currencies	23 050	16 406
Bank and postal accounts, cash on hand	68 352	69 446
in CHF	30 000	33 506
in EUR	6 130	2 418
Term deposits	36 130	35 925
Total	104 482	105 371

Bank and postal accounts earned an average interest of 0.22 percent and term deposits earned an average interest of 0.62 percent.

Notes to the consolidated financial statements

5 Securities and financial assets

Securities held for trading consist exclusively of forward foreign exchange contracts with residual terms of up to 153 days (see 25 Financial risk management).

Non-current financial assets primarily comprise deposits relating to lease agreements for the business premises of various Group companies.

6 Trade accounts receivable

in CHF 1 000	12.31.2013	12.31.2012
Trade accounts receivable	58 904	54 468
Allowances	-2 081	-1 672
Total	56 823	52 796

Trade accounts receivable break down into the following currencies:

in CHF 1 000	12.31.2013	12.31.2012
in CHF	3 350	2 328
in EUR	16 823	15 537
in USD	20 676	20 349
in other currencies	15 975	14 582
Total	56 823	52 796

Trade accounts receivable break down into the following regions:

in CHF 1 000	12.31.2013	12.31.2012
Europe	27 956	25 277
Americas	21 463	21 178
Asia/Pacific	7 405	6 341
Total	56 823	52 796

The increase in receivables is primarily attributable to sales growth. There are no cluster risks. The receivables in the Americas relate mainly to the United States. The average days sales outstanding (DSO) for trade accounts receivable is 43.2 days (previous year 43.7 days).

Allowances for uncollectible receivables changed as follows in the year under review:

in CHF 1 000	Individual allowances		General allowances	
	2013	2012	2013	2012
Balance at January 1	-1 150	-1 428	-522	-565
Change	-354	277	-58	44
Translation differences	0	1	3	-1
Balance at December 31	-1 504	-1 150	-577	-522

At December 31, 2013, individual allowances were at CHF 1.5 million (previous year CHF 1.2 million). These allowances refer mainly to two customers in Europe. At the balance sheet date it is considered unlikely that any future payments will be received in connection with these receivables. Accordingly, they have been written off in full. In the year under review, new individual allowances were formed amounting to CHF 0.4 million (previous year CHF 0.1 million).

The age structure of the receivables that were not subject to individual allowances was as follows on the balance sheet date:

in CHF 1 000	12.31.2013		12.31.2012	
	Gross	Allowances	Gross	Allowances
Not due	45 417		42 079	
1 to 30 days overdue	7 884	-268	7 888	-278
31 to 180 days overdue	4 099	-308	3 351	-244
Total	57 400	-577	53 318	-522

The receivables that are not due and that were not subject to individual allowances are primarily receivables arising from long-standing customer relationships. On the basis of empirical values, Belimo does not anticipate any additional defaults.

7 Other accounts receivable and accruals

in CHF 1 000	12.31.2013	12.31.2012
Value-added taxes and social security credit balances	5 337	4 077
Advance payments	1 649	987
Other receivables and accruals qualifying as financial instruments	354	363
Total	7 340	5 427

Other accounts receivable include mainly reclaimable value-added taxes. On the basis of empirical values, Belimo does not anticipate any defaults in relation to value-added taxes and other accounts receivable.

Notes to the consolidated financial statements

8 Inventories

in CHF 1 000	12.31.2013	12.31.2012
Raw materials and supplies	41 333	41 492
Work in progress	433	403
Finished goods	27 443	24 317
Total inventories (net)	69 210	66 211
Impairment of raw materials and supplies	-3 173	-4 417
Impairment of finished goods	-4 429	-4 675
Total impairments	-7 602	-9 092

Finished goods are carried at the lower of production cost or net disposal value, less estimated costs to sell. The average inventory period during the year under review amounted to 125 days (previous year 130 days).

Depending on the inventory period, any write-down of inventories is based on Group-wide guidelines. Impairments amount to 9.9 percent (previous year 12.1 percent) of the gross value of inventories, of which CHF 2.9 million were charged to income in the reporting year (previous year CHF 2.3 million).

9 Property, plant and equipment

in CHF 1 000	Land, buildings	Tools, machinery	Furniture, fixtures	Advance payments, assets under con- struction	Total
Purchase costs					
At January 1, 2012	89 774	66 992	21 571	795	179 132
Additions	8 005	6 058	1 627	992	16 683
Disposals		-854	-2 869		-3 724
Changes in scope of consolidation			27		27
Translation differences	-303	-224	-203	-44	-774
At December 31, 2012	97 476	71 971	20 153	1 743	191 343
Additions	77	9 732	2 257	22 068	34 134
Disposals		-524	-1 619		-2 143
Reclassifications		99		-99	
Translation differences	-313	-320	-351	-883	-1 866
At December 31, 2013	97 240	80 959	20 440	22 829	221 468
Depreciation					
At January 1, 2012	-25 116	-49 706	-15 435		-90 256
Depreciation	-2 379	-6 768	-2 639		-11 786
Disposals		843	2 839		3 682
Translation differences	14	134	144		291
At December 31, 2012	-27 481	-55 497	-15 091		-98 069
Depreciation	-2 388	-7 127	-2 755		-12 270
Disposals		509	1 617		2 126
Translation differences	22	189	277		488
At December 31, 2013	-29 847	-61 926	-15 952		-107 725
Carrying amounts					
At January 1, 2012	64 658	17 286	6 136	795	88 876
At December 31, 2012	69 995	16 474	5 063	1 743	93 274
At December 31, 2013	67 392	19 032	4 489	22 829	113 743
Insurance value					
At December 31, 2013					197 453

There were no impairments during the period under review. The sale of property, plant and equipment resulted in net income of CHF 0.1 million (previous year CHF 0.1 million).

Obligations for investments in property, plant and equipment amounted to CHF 31.1 million (previous year CHF 1.5 million). This includes CHF 23.7 million for the construction of the new production, logistics and administration building in Danbury (CT, USA) and CHF 2.8 million for the expansion building in Hinwil.

Notes to the consolidated financial statements

10 Intangible assets

in CHF 1 000	Software	Customer relationships	Internally generated intangible assets	Total
Purchase costs				
At January 1, 2012	13 969	9 207	3 829	27 005
Additions	1 933		1 248	3 181
Disposals	-86			-86
Changes in scope of consolidation		7 460		7 460
Translation differences	-22	-28		-50
At December 31, 2012	15 794	16 640	5 077	37 510
Additions	1 627		915	2 542
Disposals	-829			-829
Translation differences	-29	139		111
At December 31, 2013	16 563	16 779	5 992	39 334
Amortization				
At January 1, 2012	-10 207	-5 273	-186	-15 666
Amortization	-2 027	-1 432	-351	-3 810
Disposals	86			86
Translation differences	15	-4		11
At December 31, 2012	-12 132	-6 708	-537	-19 378
Amortization	-2 193	-1 933	-821	-4 947
Disposals	829			829
Translation differences	18	19		37
At December 31, 2013	-13 478	-8 623	-1 358	-23 458
Carrying amounts				
At January 1, 2012	3 763	3 934	3 643	11 340
At December 31, 2012	3 661	9 931	4 540	18 132
At December 31, 2013	3 085	8 156	4 634	15 875

There were no impairments during the period under review.

CHF 1.2 million (previous year CHF 3.2 million) of internally generated intangible assets (capitalized development costs) cannot yet be used and have not been amortized yet. The impairment tests conducted did not show any impairment.

Obligations for investments in intangible assets amounted to CHF 0.3 million (none in the previous year).

11 Deferred tax assets and liabilities

The deferred tax assets and liabilities can be allocated to the following balance sheet items:

in CHF 1 000	Tax assets	Tax liabilities	12.31.2013 net	Tax assets restated*	Tax liabilities restated*	12.31.2012 net restated*
Accounts receivable	109	731	621	65	749	684
Inventories	332	1 535	1 202	323	1 686	1 364
Property, plant and equipment	253	5 447	5 194	213	5 309	5 096
Intangible assets	18	2 645	2 626	4	3 165	3 161
Current liabilities	327	205	-123	122	147	25
Provisions	33		-33	29		-29
Post-employment benefits	290		-290	2 367	1	-2 366
Loss carry-forwards	52		-52	70		-70
Total tax assets/liabilities	1 415	10 562	9 147	3 193	11 058	7 865
Offsetting	-253	-253		-94	-94	
Deferred tax assets/liabilities (net)	1 162	10 308	9 147	3 099	10 964	7 865

Deferred taxes were recognized for all loss carry-forwards.

The Group has the following utilizable loss carry-forwards:

in CHF 1 000	No expiry	12.31.2013	12.31.2012
Loss carry-forwards with capitalized tax effect	177	177	208

Of the increase in net liabilities by CHF 1.3 million (previous year reduction of CHF 1.9 million*), an income of CHF 1.0 million (previous year income of CHF 1.6 million*) was recognized in the income statement and an increase of CHF 2.3 million (previous year reduction of CHF 0.8 million*) was recognized in the other comprehensive income. In the previous year, the acquisition of BELIMO Servomotoren B.V. (NL) resulted in an increase in net liabilities of CHF 1.9 million and the revised accounting standard IAS 19 Employee Benefits led to a reduction in the opening balance as at January 1, 2012 of CHF 1.4 million*.

* see note 1.4.1

Notes to the consolidated financial statements

12 Financial liabilities

in CHF 1 000	Maturity in 1 year	In 1–5 years	12.31.2012	Effective interest rate
Bank debts		20 000	20 000	3.1%
Other non-current financial liabilities		1 201	1 201	2.2%
Total		21 201	21 201	3.0%

in CHF 1 000	Maturity in 1 year	In 1–5 years	12.31.2013	Effective interest rate
Bank debts		20 000	20 000	3.1%
Current financial liabilities	1 264		1 264	2.5%
Total	1 264	20 000	21 264	3.0%
thereof interest-bearing	1 226	20 000	21 226	
thereof non interest-bearing	38		38	

All bank debts were granted in CHF. Current financial liabilities include the retained portion of the purchase price of BELIMO Servomotoren B.V. (NL) as well as its accumulated interest in EUR.

The framework agreements with a credit limit of CHF 70 million in total are not subject to any covenants. The interest rates for the individual tranches are fixed. No additional tranches were drawn down in the reporting year.

The fair value of the financial liabilities is CHF 21.9 million (previous year CHF 21.4 million).

13 Trade accounts payable

Trade accounts payable break down into the following currencies:

in CHF 1 000	12.31.2013	12.31.2012
in CHF	1 534	4 477
in EUR	2 638	4 212
in USD	2 447	2 793
in other currencies	1 309	1 166
Total	7 927	12 647

14 Other liabilities and deferrals

in CHF 1 000	12.31.2013	12.31.2012
Derivative financial instruments	5	22
Value-added taxes, social security liabilities and deferrals	7 896	6 687
Advance payments	336	95
Other liabilities and deferrals qualifying as financial instruments	21 286	19 402
Total	29 525	26 205

Other liabilities and deferrals qualifying as financial instruments essentially consist of sales bonuses to customers, overtime credits and bonus plans for employees.

15 Provisions

in CHF 1 000	Warranties	Others	Total 2013	Total 2012
At January 1	4 508	401	4 909	4 689
Increase	6 035	32	6 067	3 429
Utilization	-4 542		-4 542	-3 206
Reversals	-135	-18	-153	
Translation differences		5	5	-2
At December 31	5 866	419	6 285	4 909

A probable outflow of funds in an average of one to five years' time is assumed for provisions.

Provisions for warranties are calculated on the basis of actual returns in the past and generally cover a warranty and accommodating period of five years.

Other provisions include, in particular, estimated costs for pending legal proceedings, the outcome of which is unclear at the time of preparing the accounts. Belimo regards its current provisions as being sufficient for its needs.

16 Post-employment benefits

16.1 General

In addition to state social security schemes, some Group companies offer additional post-employment benefit plans, covering approximately half of all employees. Under some of these post-employment benefit plans, employees must make financial contributions, which are supplemented by corresponding employer contributions. The financing is made in accordance with local legal and fiscal requirements. Employees receive benefits in the event of death, disability or retirement. The most significant post-employment benefit plans exist in Switzerland, accounting for 99.5 percent of the defined benefit obligation and 100 percent of plan assets.

16.2 Post-employment benefit plan of BELIMO Automation AG

Swiss pension schemes are governed by the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and their implementing regulations. The BVG defines the minimum insured salary, the minimum retirement credits, as well as the interest rate applied to these credits and the conversion rate. On the basis of these legal provisions and the plan structure, the employer is exposed to actuarial risks such as investment risk, interest rate risk and the risk of disability, as well as the risk of longevity. The employee and employer contributions are defined by the Foundation Board. In the case of an underfunding, measures for its elimination must be taken. Possible measures could be an adjustment in the conversion rate or restructuring contributions from both the employer and the employees.

The Swiss pension plan of Belimo is organized via an autonomous foundation. The plan is classed as a defined benefit plan in accordance with IAS 19 and as a defined contribution plan in accordance with the BVG. The most senior management body is the Foundation Board, which is composed of equal numbers of employee and employer representatives. It is legally obliged to act in the interest of the plan participants. The Foundation Board is responsible for defining the investment strategy, effecting changes to the post-employment benefit plan regulations and determining the financing of pension plan benefits. The investment strategy is defined when required, but at least once a year. An additional post-employment benefit plan at a collective foundation in Switzerland exists for members of senior management.

The employer's contributions to the pension scheme are defined in the applicable regulations as a fixed percentage of the insured salaries and include both savings and risk elements. Retirement benefits are determined on the basis of the retirement assets held at the time of retirement. The insured individual can choose between a life annuity and a lump-sum payment. The annuity is calculated by multiplying the retirement assets by the conversion rate defined in the regulations. The annual retirement credits and interest are credited to the retirement assets. When employees leave the company, their retirement assets are transferred to the pension scheme of the new employer or a vested benefits plan.

16.3 Explanation of calculations

In the year under review, the definition of the insured salary was changed, with the result that the bonus component is now included in the insured salary. The past service costs of CHF 1.0 million were calculated as the difference between the defined benefit obligations under the new plan and the previous plan. In the previous year, an amendment was made to the plan, allowing insured individuals who meet certain criteria to select from two benefit plans with different savings credits.

in CHF 1 000	12.31.2013	12.31.2012 restated*
Defined benefit obligations		
Present value of defined benefit obligations from plans with funded status	170 633	168 196
Fair values of plan assets	-169 322	-152 650
Deficit of plans with funded status	1 311	15 546
Present value of defined benefit obligations from plans with unfunded status	865	873
Recognized defined benefit obligations in the balance sheet	2 176	16 419

in CHF 1 000	2013	2012 restated*
Cost recognized in income		
Current service costs	6 049	5 197
Past service costs	1 011	1 496
Total service costs	7 060	6 693
Interest costs defined benefit (net)	257	173
Total costs of defined benefit obligations in the income statement	7 317	6 867

in CHF 1 000	2013	2012 restated*
Revaluation of defined benefit		
Change in demographic assumptions		-1 609
Change in financial assumptions	6 057	-9 541
Change in empirical value	2 616	-395
Return on plan assets (excluding interest income)	6 847	6 105
Total recognized revaluation in the other comprehensive income	15 519	-5 439

The change in the financial assumptions is primarily due to adjustments to the discount rate.

* see note 1.4.1

Notes to the consolidated financial statements

Change to defined benefit obligations:

in CHF 1 000	2013	2012 restated*
Present value of defined benefit obligations at January 1	169 069	145 068
Past service costs	1 011	1 496
Current service costs	6 049	5 197
Interest costs	3 384	3 653
Employee contributions	4 135	3 802
Employer contributions	-82	-76
Benefits paid from plan assets	-3 412	-1 606
Actuarial (losses)/gains	-8 672	11 544
Translation differences	16	-8
Present value of defined benefit obligations at December 31	171 498	169 069

The cash flow for annuity payments and other obligations can be planned reliably. The weighted average maturity of the defined benefit obligations is 15.7 years (previous year 16.1 years). The investment strategy ensures the availability of liquidity at all times.

Change to plan assets:

in CHF 1 000	2013	2012 restated*
Available plan assets at fair values at January 1	152 650	135 574
Interest income	3 127	3 479
Employer contributions	5 975	5 296
Employee contributions	4 135	3 802
Benefits paid	-3 412	-1 606
Return on plan assets (excluding interest income)	6 847	6 105
Available plan assets at fair values at December 31	169 322	152 650

* see note 1.4.1

16.4 Investment portfolio

Composition of the pension scheme's plan assets:

	12.31.2013	12.31.2012
Shares	35.2%	34.3%
Bonds	48.5%	47.6%
Real estate	14.7%	15.3%
Cash and cash equivalents	1.6%	2.8%
Total	100.0%	100.0%

The shares and bonds have quoted market prices on an active market. The real estate is made up of residential and office properties and consisting of listed real estate funds and shares. The Group does not use any pension scheme assets.

At December 31, 2013, the pension plan trust fund of BELIMO Automation AG held no Belimo registered shares (previous year 1000 Belimo registered shares with a market value of CHF 1.8 million).

The expected employer contributions for 2014 amount to CHF 6.0 million.

16.5 Actuarial assumptions and sensitivity analyses

The following actuarial assumptions were applied for the calculation of the post-employment benefits:

	12.31.2013	12.31.2012
Applied actuarial assumptions Switzerland		
Discount rate	2.3%	2.0%
Interest rate to extrapolate retirement benefits	2.5%	2.5%
Expected salary development	2.5%	2.5%
Expected pension increases	0.0%	0.0%

Sensitivity analyses were produced for the most material actuarial assumptions, identified as the discount rate, salary development and the interest rate to extrapolate retirement benefits. If interest rates were to change by 0.25 percentage points (0.50 percentage points for salary development), the following impacts on the defined benefit obligation would be expected:

Discount rate: reduction of 3.3 percent or increase of 3.5 percent.

Salary development: reduction of 0.9 percent or increase of 0.8 percent.

Interest rate to extrapolate retirement benefits: reduction of 0.9 percent or increase of 0.9 percent.

The sensitivity analyses are based on realistically possible changes as at the end of the year under review. Each change in a material actuarial assumption was analyzed separately. Interdependencies were not taken into account.

Notes to the consolidated financial statements

17 Share capital and reserves

17.1 Share capital

As at December 31, 2013, the nominal value of the share capital was divided into 615 000 registered shares (fully paid), each with a nominal value of CHF 1.00.

	Issued shares	Treasury shares	Total shares in circulation
At January 1, 2012	615 000	-5 113	609 887
Purchase*		-338	-338
Sale		558	558
At December 31, 2012	615 000	-4 893	610 107
Purchase		-158	-158
Sale		852	852
At December 31, 2013	615 000	-4 199	610 801

* Thereof 300 treasury shares were acquired as part of the acquisition of BELIMO Servomotoren B.V. (NL).

Each registered share entitles the holder to attend the Annual General Meeting of BELIMO Holding AG and entitles the holder to one vote, provided that the shareholder is entered in the Company's share register at the time of the Annual General Meeting.

17.2 Treasury shares

The amount of treasury shares represents the acquisition value of the purchased shares.

17.3 Capital reserves

The capital reserves mainly correspond to the premium resulting from the capital increase at the time of the initial public offering in 1995 and the gains from the sale of treasury shares.

17.4 Translation differences

This item contains the accumulated translation differences from the translation of the foreign Group companies and Group loans.

17.5 Limit on profit distribution

The amount available for dividend distribution is based on the available distributable retained earnings of BELIMO Holding AG determined in accordance with the legal provisions of the Swiss Code of Obligations.

17.6 Other retained earnings

Other retained earnings include the revaluation of the post-employment benefits and their tax effect as well as the dividend and net income.

In 2013, BELIMO Holding AG paid a dividend of CHF 36.6 million (CHF 60 per share).

The Board of Directors proposes to the 2014 Annual General Meeting a dividend of CHF 65 per share, which equates to a payout ratio of 63.8 percent. No dividends are paid on treasury shares.

17.7 Significant shareholders

The following shareholders and shareholder groups hold three percent or more of the share capital:

	12.31.2013	12.31.2012
Lombard Odier Darier Hentsch Fund Managers SA		3.60%
Montanaro Asset Management Ltd.	3.65%	
Ameriprise Financial, Inc.	4.07%	4.62%
Werner Roner	5.69%	5.69%
The Capital Group Companies, Inc.	9.98%	9.98%
Group Linsi	19.28%	19.28%

18 Sales

Sales of CHF 472.9 million were achieved with around 33 percent in EUR, 32 percent in USD, 15 percent in CHF and 20 percent in other currencies.

Year-on-year sales developed in the geographical markets as follows:

	CHF	Local currencies
Europe	8.5%	7.3%
Americas	1.4%	2.9%
Asia/Pacific	13.1%	14.3%
Group	6.4%	6.4%

In local currencies, sales of air applications grew by 6.6 percent and sales of water applications were up 6.0 percent.

Market shares in total sales did not change significantly year-on-year. In Europe it is 55, in the Americas 35, and in Asia/Pacific 10 percent.

Overall, movements in exchange rates had no significant effect on sales (previous year 1.5 percentage points).

Notes to the consolidated financial statements

19 Other operating income and capitalized own services

Other operating income of CHF 0.3 million (previous year CHF 0.2 million) primarily includes revenue from the sale of advertising and marketing materials to Belimo trade distributors.

Development costs of CHF 0.9 million (previous year CHF 1.2 million) were capitalized.

20 Personnel expenses

in CHF 1 000	2013	2012 restated*
Wages and salaries	-96 857	-91 195
Social security	-12 819	-11 454
Defined benefit plans	-7 060	-6 620
Defined contribution plans	-2 353	-2 252
Post-employment benefit expenses	-9 413	-8 872
Other personnel expenses	-6 110	-6 141
Total	-125 199	-117 662

Personnel expenses accounted for 26.5 percent of net sales (previous year 26.5 percent*).

* see note 1.4.1

21 Other operating expenses

in CHF 1 000	2013	2012
Travel and representation	-7 269	-6 924
Rent and cost of business premises	-8 014	-6 982
Consulting	-6 150	-6 624
Marketing	-5 238	-5 318
IT	-5 665	-5 353
Other expenses	-22 726	-18 081
Total	-55 062	-49 282

Other operating expenses accounted for 11.6 percent of net sales (previous year 11.1 percent).

Research and development costs of CHF 30.6 million (previous year CHF 27.3 million) are included mainly in personnel and in other expenses. Thereof, CHF 0.9 million (previous year CHF 1.2 million) were capitalized.

22 Financial result

in CHF 1 000	2013	2012 restated*
Interest income	927	661
Net income from securities held for trading (derivatives)		671
Financial income	927	1 332
Interest expenses	-963	-824
Net expenses from securities held for trading (derivatives)	-277	
Foreign currency loss (net)	-3 694	-1 169
Other financial expenses (bank charges)	-928	-853
Financial expenses	-5 862	-2 846
Total	-4 935	-1 514

* see note 1.4.1

23 Income taxes

The effective tax rate during the year under review was 18.0 percent (previous year 18.1 percent*). Tax expenses can be broken down as follows:

in CHF 1 000	2013	2012 restated*
Income taxes relating to current result	-15 230	-15 302
Adjustments from earlier periods	416	282
Current income taxes	-14 813	-15 020
Deferred taxes	1 039	1 606
Income tax recognized	-13 774	-13 414

in CHF 1 000	2013	2012 restated*
Income before taxes	76 383	74 026
Expected tax expenses	-13 161	-12 677
applicable tax rate	17.2%	17.1%
Non-deductible expenses	-340	-310
Tax-exempt income	9	24
Tax income from earlier periods	416	282
Non-reclaimable withholding taxes	-255	-251
Effect of companies with mixed tax rates	-548	-525
Change in tax rate	66	68
Other	39	-24
Income tax recognized	-13 774	-13 414
effective tax rate	18.0%	18.1%

The applicable weighted tax rate is 17.2 percent (previous year 17.1 percent*).

* see note 1.4.1

Notes to the consolidated financial statements

Some companies are taxed at different rates depending on the origin of income. The effect of these mixed tax rates is shown in the reconciliation as a separate item.

24 Earnings per share

	2013	2012 restated*
Net income in CHF 1 000	62 609	60 612
Average number of outstanding shares	610 372	609 761
Earnings per share in CHF	102.57	99.40

* see note 1.4.1

There are no options or other instruments that could cause dilution.

25 Financial risk management

25.1 General

Due to the nature of its activities, Belimo is exposed to a number of financial risks: default risk, market risk (foreign exchange and interest rate risk) and liquidity risk.

Financial risk management is based on guidelines issued by Belimo's Board of Directors concerning the aims, principles, tasks and approval authorities of financial management. The Board of Directors holds supreme responsibility for the company's financial risk management. It has assigned the duty of constantly monitoring financial risks to Belimo's Group Treasury. The Group Executive Committee and the Board of Directors receive regular information about existing risks.

The principles established for risk management are aimed at identifying and analyzing the risks to which the Group is exposed, defining appropriate limits, establishing controls and monitoring the risks and compliance with limits. The risk management principles and processes applied are reviewed regularly to accommodate changes in market conditions and the Group's activities.

The following sections give an overview of the extent of the individual risks, how these risks are hedged, and the Group's capital management. Further information on financial risks is also provided in other parts of the notes (see the Financial Statements of BELIMO Holding AG, note 8 Risk assessment pursuant to Article 663b No. 12 of the Swiss Code of Obligations, page 92).

25.2 Default risk

Default risk refers to the financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Belimo's default risk mainly arises from trade accounts receivable and cash and cash equivalents.

Belimo invests its cash and cash equivalents worldwide in deposit accounts held mainly with major, creditworthy Swiss, German and English banks. Generally speaking, these deposits have terms of less than three months.

Transactions involving derivative financial instruments are also only entered into with major financial institutions, and Belimo does not have material open positions with any of these.

The default risk from trade accounts receivable is limited, since the Group's customer base is broad and spread over a variety of geographic regions. The extent of the default risk is mainly determined by the specific characteristics of each individual customer. The risk assessment includes an analysis of creditworthiness, taking into account a variety of factors such as past financial history. Credit limits are set according to regional aspects. Some new customers are only supplied against payment in advance.

The maximum default risk is the carrying value of the individual financial assets. There are no guarantees or similar obligations that could lead to an increase in the risk beyond the carrying amounts. The maximum default risk as at the balance sheet date was as follows:

in CHF 1 000	Carrying amounts	
	12.31.2013	12.31.2012
Cash and cash equivalents	104 482	105 371
Securities (foreign currency hedging transactions)	22	315
Trade accounts receivable	56 823	52 796
Other receivables and accruals qualifying as financial instruments	354	363
Financial assets	912	906
Total	162 593	159 751

25.3 Market risk

Market risk refers to changes in market prices such as exchange rates, interest rates and stock prices which could have an impact on the income from and market value of the financial instruments held by Belimo. Monitoring and controlling these risks ensures that they do not exceed a certain level.

25.3.1 Foreign exchange risk

The Belimo Group's international strategy means that it is exposed to foreign exchange risks. These financial risks arise from transactions that take place in currencies other than the functional currency of the company in question, particularly those relating to the purchase and sale of merchandise. Such transactions are conducted mainly in EUR and USD.

Notes to the consolidated financial statements

The Group's bank debts are not subject to any foreign exchange risks as these loans were all taken out by the Swiss companies in their functional currency, the CHF.

In order to limit the risks from foreign exchange fluctuations in merchandise transactions, Belimo aims to employ natural hedging as the primary strategy, seeking to keep cash inflows and outflows in a specific currency in balance as far as possible. Invoices between Group companies are mainly issued in the currency of the company receiving the invoice. Foreign Group companies procure almost all their goods from the Swiss central production and distribution company BELIMO Automation AG and issue their sales invoices to third parties mainly in local currency. Exchange rate risks thus affect the Swiss company almost exclusively, with the result that the risks can be managed more easily.

In order to hedge the remaining net positions, Group Treasury selectively enters into forward foreign currency hedging transactions. Mainly the EUR and USD are hedged. These currencies regularly have a surplus of incoming payments.

The following table shows the foreign exchange risks from financial instruments whose currency differs from the functional currency of the Group company holding them.

in CHF 1 000	AUD	CAD	CHF	EUR	GBP	HKD	PLN	USD
At December 31, 2012								
Cash and cash equivalents	1 697	6 327	3	5 412	2 864	142	19	7 887
Trade accounts receivable	639	3 208	310	9 905	1 525	2 192	3 097	14 135
Other receivables			57	20	370	8		252
Financial assets								33
Trade accounts payable			-3 144	-3 876				-2 243
Other payables			-1 057	-254				-2 451
Other non-current financial liabilities				-1 201				
Currency exposure	2 335	9 535	-3 830	10 006	4 759	2 342	3 116	17 611
At December 31, 2013								
Cash and cash equivalents	3 381	10 688	343	15 238	1 268	94	744	6 137
Trade accounts receivable	570	2 829	441	13 134	1 969	2 023	2 491	14 160
Other receivables				9		6		130
Financial assets								35
Trade accounts payable			-5 766	-2 283				-1 349
Other payables		-111	-847	-245				-772
Current financial liabilities				-1 264				
Currency exposure	3 951	13 406	-5 829	24 588	3 237	2 123	3 235	18 340

A realistic change in exchange rates against the CHF for the mentioned currencies as of December 31, 2013, would have the following effects on the income statement, taking into account the existing hedging transactions. The exchange rate change was derived from the maximum rate fluctuation in the reporting period divided by two. This analysis assumes that all other variables remain the same, particularly interest rates. The analysis for the previous year was performed on the basis of the same assumptions.

Effect in CHF 1 000			Exchange gain	Exchange loss
At December 31, 2012				
AUD	+/-	4.4%	103	-103
CAD	+/-	3.7%	354	-354
EUR	+/-	0.5%	-7	15
GBP	+/-	2.2%	103	-103
HKD	+/-	4.2%	99	-99
PLN	+/-	4.4%	136	-136
USD	+/-	4.3%	462	-109
Total			1 251	-889
At December 31, 2013				
AUD	+/-	12.6%	500	-500
CAD	+/-	6.8%	914	-914
EUR	+/-	1.2%	241	-230
GBP	+/-	2.1%	69	-69
HKD	+/-	4.7%	99	-99
PLN	+/-	2.2%	72	-72
USD	+/-	4.7%	868	-868
Total			2 761	-2 751

Notes to the consolidated financial statements

As at the balance sheet date, the following foreign currency hedging transactions were outstanding:

in CHF 1 000	12.31.2013	12.31.2012
Foreign currency hedging transactions		
in EUR	6 762	4 226
in USD		8 521
Forward foreign exchange contracts	6 762	12 747
in EUR		10 607
in USD		
Foreign exchange options		10 607
Total contract values	6 762	23 354
Replacement values		
positive	22	301
negative	-5	-7
for forward foreign exchange contracts	16	295
positive		14
negative		-16
for foreign exchange options		-2
Total replacement values positive	22	315
Total replacement values negative	-5	-22

Forward foreign exchange contracts and foreign exchange options are the only financial instruments held by Belimo that are measured at fair value. In the fair value hierarchy according to IFRS 13, these valuations are assigned to level 2. They are not based on listed prices in active markets, but are derived from directly or indirectly observed input factors.

The positive replacement values are included in securities, the negative values in other liabilities. The changes in replacement values recognized in net income are contained in the financial result (see 22 Financial result).

The foreign currency hedging transactions as at December 31, 2013, mature in 153 days or less.

25.3.2 Interest rate risk

The interest rate risk includes an interest-related cash flow risk and an interest-related risk of a change in market value. The interest-bearing financial assets and liabilities held by the Group relate to cash and cash equivalents, bank debts, other financial liabilities and, to an insignificant extent, rental deposit accounts. Interest rates on cash and cash equivalents are subject to change at short notice, after three months at the latest.

More information on the interest rate profile is available in note 12 Financial liabilities.

Market value sensitivity analysis for fixed-rate financial instruments

Belimo does not hold any fixed-rate financial assets (rental deposit accounts and term deposits) or liabilities (bank debts, other financial liabilities) which are classified at fair value through net income. These financial instruments are valued at amortized cost. A change in the market interest rate for these positions would therefore have no effect on net income for the year.

Cash flow sensitivity analysis for variable-rate financial instruments

Belimo is exposed to an interest-related cash flow risk in variable-rate cash and cash equivalents and variable-rate liabilities to banks. An increase or reduction in the interest rate by 50 basis points would have an insignificant impact on consolidated net income. This analysis assumes that all other factors remain the same (particularly foreign exchange rates).

25.4 Liquidity risk

It is Belimo's aim to have sufficient liquidity reserves and unutilized credit lines available at all times so that it can meet its financial obligations when due, both under normal circumstances and when conditions are tight.

Liquidity is centrally managed and controlled by Group Treasury. The subsidiaries are adequately financed by intercompany loans to meet their ongoing commitments.

Within the framework credit limits of CHF 70 million, Belimo can raise loans at fixed rates for various periods, depending on the company's short- and medium-term liquidity requirements. Belimo aims to preserve maximum flexibility in its liquidity planning through flexible use of the general credit limits and by staggering the maturity dates of the individual amounts.

Inflows and outflows from foreign currency hedging transactions are dependent on exchange rate movements and may not occur.

Notes to the consolidated financial statements

The following table shows the contractual maturities (including interest) of the financial liabilities held by Belimo:

in CHF 1000	Carrying amounts	Total contractual cash flows	Up to 6 months	6-12 months	1-5 years
At December 31, 2012					
Non-derivative financial liabilities					
Bank debts	20 000	20 361	64	64	20 234
Other non-current financial liabilities	1 201	1 270			1 270
Trade accounts payable	12 647	12 647	12 647		
Other payables	19 402	19 402	14 130	5 272	
Subtotal	53 250	53 681	26 841	5 336	21 504
Derivative financial instruments					
Foreign currency hedging transactions	-293				
Outflow		-23 059	-23 059		
Inflow		23 322	23 322		
Total	52 957	53 944	27 104	5 336	21 504
At December 31, 2013					
Non-derivative financial liabilities					
Bank debts	20 000	21 129	308	308	20 513
Trade accounts payable	7 927	7 927	7 927		
Current financial liabilities	1 264	1 290		1 290	
Other payables	21 286	21 286	15 196	6 090	
Subtotal	50 478	51 633	23 432	7 688	20 513
Derivative financial instruments					
Foreign currency hedging transactions	-16				
Outflow		-6 750	-6 750		
Inflow		6 762	6 762		
Total	50 462	51 645	23 444	7 688	20 513

25.5 Categories of financial instruments

The following table shows the carrying amounts of all financial instruments by category:

in CHF 1 000	Carrying amounts	
	12.31.2013	12.31.2012
Loans and receivables		
Bank current accounts and term deposits	104 482	105 371
Loans and trade accounts receivable	56 823	52 796
Other receivables and accruals qualifying as financial instruments	354	363
Financial assets	912	906
Total	162 571	159 436
Financial assets held for trading		
Securities (foreign currency hedging transactions)	22	315
Total	22	315
Financial liabilities valued at amortized cost		
Bank debts	20 000	20 000
Other non-current financial liabilities		1 201
Trade accounts payable	7 927	12 647
Current financial liabilities	1 264	
Other liabilities and deferrals qualifying as financial instruments	21 286	19 402
Total	50 478	53 250
Financial liabilities held for trading		
Other liabilities (foreign currency hedging transactions)	5	22
Total	5	22

25.6 Capital management

Belimo aims to maintain an equity ratio that is in line with its strategy and stable over time, in order to secure the confidence of investors, creditors and other market players and strengthen the future development of its business activities. This entails refinancing that is adapted to the asset structure, and an equity to liability ratio that reflects the level of risk.

The Board of Directors monitors the shareholder structure and the return on equity. The company strives for a diversified and international shareholder base. The return on equity (defined as net income as a proportion of the average equity held) was 23.4 percent as at December 31, 2013. The objective is to maintain or increase this. Furthermore, the Board of Directors strives to achieve a continuous payout ratio. However, it may diverge from this policy based on the economic outlook at any particular time or because of planned future investment activities. In the past five years, the payout ratio has been between 49.9 percent and 63.8 percent.

Notes to the consolidated financial statements

Belimo can buy or sell treasury shares on the market. Its current holdings of treasury shares are not earmarked for any specific purpose and can be sold on the market at any time.

No employee participation programs are in force.

26 Leasing

Lease agreements exist for the business premises and vehicles used by Group companies. These agreements are classed as operating leases. The terms range between one and eleven years.

The due dates of the future minimum lease payments are as follows:

in CHF 1 000	Up to 1 year	1–5 years	Over 5 years	Total
Lease agreements at December 31, 2012	3 515	5 541	303	9 358
Lease agreements at December 31, 2013	3 397	4 528	71	7 996

No contingent rent was paid in the year under review.

27 Contingent liabilities

There were no contingent liabilities as at December 31, 2013.

28 Related parties

Related parties include the members of the Group Executive Committee and the Board of Directors and persons or companies related to them (see notes 3 and 4 Corporate Governance), significant shareholders and companies controlled or significantly influenced by them (see 17.7 Significant shareholders) and the Group's post-employment benefit plans.

The remuneration of the Board of Directors and Group Executive Committee in the reporting period was made up as follows (see the Financial statements of BELIMO Holding AG, note 6 Remuneration of the Board of Directors and Group Executive Committee, pages 90 to 92):

in CHF 1 000	2013	2012
Wages and salaries	3 928	3 548
Pension contributions	541	473
Total	4 469	4 021

Breakdown of remuneration by executive and non-executive members:

in CHF 1 000	2013	2012
Board of Directors (non-executive members)	755	724
Group Executive Committee (executive members)	3 714	3 297
Total	4 469	4 021

Shares held by related parties totaled 121 685 (previous year 121 805 shares). No shares were allocated to related parties or companies during the reporting period.

As at December 31, 2013, the pension plan trust fund of BELIMO Automation AG held no Belimo registered shares (previous year 1000 Belimo registered shares).

29 Material estimates and assumptions

29.1 Post-employment benefits

The calculation of the post-employment benefits (see 16 Post-employment benefits) is partially based on long-term actuarial assumptions. These can differ from the effective future development. The discount rate, the interest rate to extrapolate retirement benefits and life expectancy are material assumptions for the actuarial calculation.

29.2 Income taxes

The Group is subject to income tax at the level of the holding company and its subsidiaries. Extensive estimates are required to determine the worldwide provision for current and deferred tax obligations. There are transactions and calculations for which the ultimate tax liability is uncertain in the reporting period. Where final tax assessments or tax audits of such matters differ from the amounts that were initially recorded, such differences may materially impact the income tax and deferred tax provisions in the period in which such determination is made.

29.3 Provisions

Provisions are calculated for various events. They are recognized based on the best estimate of the outflow of funds at the balance sheet date. Depending on the development and outcome of the events, claims may arise which are lower or higher than the recognized provision or which are not or only partially covered by a corresponding insurance benefit. The actual payments may therefore differ from the provisions.

Notes to the consolidated financial statements

30 Foreign exchange rates

The consolidated financial statements are based on the following year-end and average exchange rates (rounded):

in CHF	Year-end rates			Average rates		
	2013	2012	Change	2013	2012	Change
AUD	0.79	0.95	-16.4%	0.91	0.97	-5.9%
BRL	0.38	0.45	-15.1%	0.44	0.49	-10.3%
CAD	0.84	0.92	-9.1%	0.91	0.94	-3.0%
CNY	0.15	0.15	0.2%	0.15	0.15	2.0%
EUR	1.23	1.21	1.5%	1.23	1.21	1.8%
GBP	1.47	1.48	-0.8%	1.45	1.48	-2.1%
HKD	0.11	0.12	-2.8%	0.12	0.12	-1.0%
INR	0.01	0.02	-13.6%	0.02	0.02	-8.4%
NOK	0.15	0.16	-10.7%	0.16	0.16	-0.7%
PLN	0.30	0.30	-0.3%	0.29	0.29	2.4%
USD	0.89	0.91	-2.8%	0.93	0.94	-1.0%

31 Subsidiary companies

At December 31, 2013, the following companies were owned by BELIMO Holding AG:

Company	Function	Percentage held	Currency	Share capital in 1 000
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	AUD	10
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	BRL	211
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	HKD	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	CNY	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	CNY	765
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	EUR	205
BELIMO Finland Oy (Helsinki, Finland)	D	100%	EUR	100
BELIMO SARL (Courtry, France)	D	100%	EUR	80
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	GBP	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	INR	773
BELIMO Servomotori S.r.l. (Bergamo, Italy)	D	100%	EUR	47
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	CAD	95
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	EUR	18

Company	Function	Percentage held	Currency	Share capital in 1 000
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	NOK	501
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	EUR	36
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	PLN	500
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	CHF	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	EUR	301
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	USD	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	USD	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100%*	USD	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100%*	USD	30

* Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company
P = Production
D = Distribution
R&D = Research and development
I = Inactive

32 Events after the balance sheet date

The consolidated financial statements were approved for publication by the Board of Directors on February 20, 2014. They are subject to approval by the Annual General Meeting on April 14, 2014.

No other events occurred between December 31, 2013, and February 20, 2014, that would have caused an adjustment to the carrying amounts of the Group's assets and liabilities or that the Group is required to disclose here.

Report of the Statutory Auditor to the General Meeting of Shareholders of BELIMO Holding AG, Hinwil

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements on pages 34 to 81 of BELIMO Holding AG, which comprise the balance sheet, income statement, statement of comprehensive income, statement of changes in equity, cash flow statement and notes for the year ended December 31, 2013.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with 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 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 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 December 31, 2013, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with 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 article 11 AOA) 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.

KPMG AG



Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge



Jan Brönnimann
Licensed Audit Expert

Zurich, February 20, 2014



Mass Transit Railway (MTR) Hung Hom Station, Hong Kong, China



Mass Transit Railway (MTR) Hung Hom Station, Hong Kong, China

← 3 往屯門
to Tuen Mun

請小心月台空隙

Please mind the gap



Financial statements of BELIMO Holding AG

Balance sheet

in CHF 1 000	Note	12.31.2013	12.31.2012
Cash, cash equivalents and securities	4	80 592	85 739
Accounts receivable from Group companies		31	463
Accounts receivable from third parties		65	576
Accrued income		70	8
Current assets		80 758	86 786
Securities		50	50
Investments in Group companies	2	47 902	47 902
Loans to Group companies		65 703	71 133
Non-current assets		113 655	119 085
Assets		194 413	205 871
Accounts payable to Group companies		1 154	32 303
Current financial liabilities	5	1 264	
Accounts payable to third parties		12	26
Accrued liabilities		915	1 506
Current liabilities		3 345	33 835
Provisions		100	100
Non-current financial liabilities	5		1 201
Non-current liabilities		100	1 301
Liabilities		3 445	35 136
Share capital		615	615
General legal reserves		9 744	9 744
Reserve for treasury shares	4	3 856	4 277
Retained earnings		119 914	109 636
Net income		56 839	46 463
Available earnings		176 753	156 099
Shareholders' equity		190 968	170 735
Liabilities and shareholders' equity		194 413	205 871

Income statement

in CHF 1 000	Note	2013	2012
Income from investments in Group companies		51 900	40 614
License fees		6 100	5 000
Financial income		3 958	4 184
Revenue		61 958	49 798
Personnel expenses	6	-768	-737
Other expenses		-513	-671
Financial expenses		-2 302	-669
Exchange losses on loans to Group companies		-906	-421
Taxes		-630	-837
Expenses		-5 119	-3 335
Net income		56 839	46 463

Notes to the financial statements

1 General information

The financial statements of BELIMO Holding AG are prepared in compliance with Swiss corporate law. While the consolidated financial statements provide information regarding the economic situation of the Group as a whole, the information contained in BELIMO Holding AG's financial statements concerns the parent company alone. The available earnings reported in these financial statements provide the basis for the decision to be made by the shareholders concerning the distribution of dividends.

2 Subsidiary companies

At December 31, 2013, the following companies were owned by BELIMO Holding AG:

Company	Function	Percentage held	Currency	Share capital in 1 000
BELIMO Actuators Pty. Ltd. (Mulgrave, Melbourne, Australia)	D	100%	AUD	10
BELIMO Brasil – Comércio de Automação Ltda. (São Paulo, Brazil)	D	100%	BRL	211
BELIMO Actuators Ltd. (Hong Kong, People's Republic of China)	D	100%	HKD	10
BELIMO Actuators (Shanghai) Trading Ltd. (Shanghai, People's Republic of China)	P, D	100%	CNY	13 940
BELIMO Customization (Shanghai) Co. Ltd. (Shanghai, People's Republic of China)	I	100%	CNY	765
BELIMO Stellantriebe Vertriebs GmbH (Stuttgart, Germany)	D	100%	EUR	205
BELIMO Finland Oy (Helsinki, Finland)	D	100%	EUR	100
BELIMO SARL (Courtry, France)	D	100%	EUR	80
BELIMO Automation UK Ltd. (Shepperton, Great Britain)	D	100%	GBP	0.1
BELIMO Actuators (India) Pve Ltd. (Mumbai, Republic of India)	D	100%	INR	773
BELIMO Servomotori S.r.l. (Bergamo, Italy)	D	100%	EUR	47
BELIMO Aircontrols (CAN), Inc. (Mississauga, Canada)	D	100%	CAD	95
BELIMO Servomotoren B.V. (Vaassen, Netherlands)	D	100%	EUR	18
BELIMO Automation Norge A/S (Oslo, Norway)	D	100%	NOK	501
BELIMO Automation Handelsgesellschaft m.b.H. (Vienna, Austria)	D	100%	EUR	36
BELIMO Silowniki S.A. (Warsaw, Poland)	D	100%	PLN	500
BELIMO Automation AG (Hinwil, Switzerland)	P, D, R&D	100%	CHF	500
BELIMO Ibérica de Servomotores S.A. (Madrid, Spain)	D	100%	EUR	301

Company	Function	Percentage held	Currency	Share capital in 1000
BELIMO Automation FZE (Dubai, United Arab Emirates)	D	100%	USD	273
BELIMO Aircontrols (USA), Inc. (Danbury, United States of America)	D, H	100%	USD	200
BELIMO Customization (USA), Inc. (Danbury, United States of America)	P	100%*	USD	45
BELIMO Technology (USA), Inc. (Danbury, United States of America)	R&D	100%*	USD	30

* Investment held by BELIMO Aircontrols (USA), Inc.

H = Holding company
P = Production
D = Distribution
R&D = Research and development
I = Inactive

3 Warranties, guarantees and pledges given in favor of third parties

The framework agreements with a credit limit of CHF 70 million in total (on which either BELIMO Holding AG or BELIMO Automation AG may draw) are not subject to any covenants.

The company is part of the Belimo value-added tax group in Switzerland and is jointly and severally liable for its value-added tax liabilities to the tax authorities.

4 Cash and cash equivalents, securities, reserve for treasury shares

The cash, cash equivalents and securities include cash and cash equivalents of CHF 76.7 million, currency hedging transactions measured at fair value, and treasury shares of CHF 3.9 million, which were reported in the balance sheet at acquisition cost.

The reserve for treasury shares amounts to CHF 3.9 million and corresponds to the acquisition cost of the acquired shares.

Reserve for treasury shares

	2013		2012	
	Number of shares	Value in CHF 1000	Number of shares	Value in CHF 1000
Balance at January 1	4 893	4 277	5 113	4 204
Purchase*	158	345	338	561
Sale	-852	-767	-558	-488
Balance at December 31	4 199	3 856	4 893	4 277

* Thereof 300 treasury shares were acquired in the previous year as part of the acquisition of BELIMO Servomotoren B.V. (NL).

Notes to the financial statements

The average transaction price of the treasury shares purchased in the reporting period was CHF 2186.35 (previous year CHF 1659.80), and the selling price per share was CHF 2284.18 (previous year CHF 1696.00). These values corresponded to the fair values.

At December 31, 2013, the pension plan trust fund of BELIMO Automation AG held no Belimo registered shares (previous year 1000 Belimo registered shares).

5 Financial liabilities

Current financial liabilities comprise the retained portion of the purchase price from the acquisition of BELIMO Servomotoren B.V. (NL) in the previous year as well as its accumulated interest. In the previous year, this liability was reported under non-current financial liabilities.

6 Remuneration of the Board of Directors and Group Executive Committee

The amount of the remuneration paid to the Board of Directors and Group Executive Committee is proposed to the Board of Directors by the Remuneration Committee for approval.

Board of Directors and Group Executive Committee

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Total 2013	Total 2012
To five non-executive members of the Board of Directors	720		35	755	724
To seven members of the Group Executive Committee*	1 921	1 287	506	3 714	3 297
Total	2 641	1 287	541	4 469	4 021

* Matthias Haas, Head of Asia/Pacific, left Belimo on June 30, 2012. Gary Economides, appointed as successor, started on November 1, 2012.

Disclosure of remuneration is on a cash basis, as this is only definitively determined after reporting is complete.

Board of Directors (non-executive members)

in CHF 1 000	Basic remuneration	Pension contributions	Total 2013	Total 2012
Prof. Dr. Hans Peter Wehrli, Chairman	244	13	257	246
Werner Buck, Deputy Chairman	119	5	124	119
Martin Hess, Member	119	6	125	120
Walter Linsi, Member	119	5	124	119
Dr. Martin Zwyssig, Member	119	6	125	120
Total	720	35	755	724

The members of the Board of Directors are remunerated by means of a fixed fee. Activities carried out as a member of a committee of the Board are not subject to additional compensation.

Highest overall remuneration

The highest remuneration paid to a member of the Group Executive Committee was CHF 0.8 million to Dr. Jacques Sanche (CEO).

in CHF 1 000	Basic remuneration	Bonus	Pension contributions	Total 2013	Total 2012
Dr. Jacques Sanche	363	315	125	803	750

Additional information on executive bodies and the procedure for determining remuneration and participation programs and their content is included in the report section entitled Corporate Governance under notes 3, 4 and 5.

The following table shows the participations of the members of the Board of Directors and the Group Executive Committee as well as their related parties.

Participations at December 31

	2013 Number of shares	2012 Number of shares
Board of Directors		
Werner Buck	424	544
Martin Hess	348	348
Walter Linsi*	10 187	10 187
Prof. Dr. Hans Peter Wehrli	1 400	1 400
Dr. Martin Zwysig	25	25
Total Board of Directors	12 384	12 504
Group Executive Committee		
Lukas Eigenmann	191	191
Dr. Jacques Sanche	110	110
Peter Schmidlin	547	547
Lars van der Haegen	10	10
Felix Winter	50	50
Total Group Executive Committee	908	908

* Walter Linsi is a member of the registered shareholder group Linsi, which holds a total of 118 580 voting shares.

Notes to the financial statements

Shares and options

No shares or options were allocated, and no conversion or option rights are outstanding.

Credits and loans

No credits or loans to any members of executive bodies are outstanding.

Related parties

During the reporting year no further remuneration was paid nor loans granted to related parties. As a result, there are no credits or loans outstanding.

7 Significant shareholders

The following shareholders and shareholder groups hold three percent or more of the share capital:

	12.31.2013	12.31.2012
Lombard Odier Darier Hentsch Fund Managers SA		3.60%
Montanaro Asset Management Ltd.	3.65%	
Ameriprise Financial, Inc.	4.07%	4.62%
Werner Roner	5.69%	5.69%
The Capital Group Companies, Inc.	9.98%	9.98%
Group Linsi	19.28%	19.28%

8 Risk assessment

Belimo Holding AG carried out a company-wide risk assessment in the reporting period, using systematic risk management methodology. This was implemented on the basis of group workshops and individual interviews and was divided into three phases:

Risk identification and evaluation, causes and action analysis and implementation of the actions defined. The Board of Directors is responsible for risk management, the Group Executive Committee for its operational implementation. The results of the risk assessment were discussed with and approved by the Board of Directors.

Appropriation of available earnings at December 31

in CHF 1 000	2013	2012
Balance carried forward from previous year	119 493	109 710
Change in reserve for treasury shares	421	-73
Available distributable balance carried forward	119 914	109 636
Net income	56 839	46 463
Available earnings	176 753	156 099
Dividend of CHF 65 per share (previous year CHF 60)	-39 975	-36 900
Unpaid dividends on treasury shares*		294
Balance carried forward	136 778	119 493

* No dividends are paid on the shares held by BELIMO Holding AG. On the ex-dividend day, BELIMO Holding AG held 4903 treasury shares.

The Board of Directors proposes to the 2014 Annual General Meeting a dividend of CHF 65 per share.

The dividend is expected to be paid on April 23, 2014.

Report of the Statutory Auditor to the General Meeting of Shareholders of BELIMO Holding AG, Hinwil

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements on pages 86 to 93 of BELIMO Holding AG, which comprise the balance sheet, income statement and notes for the year ended December 31, 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 December 31, 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 article 11 AOA) 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.

KPMG AG



Jürg Meisterhans
Licensed Audit Expert
Auditor in Charge



Jan Brönnimann
Licensed Audit Expert

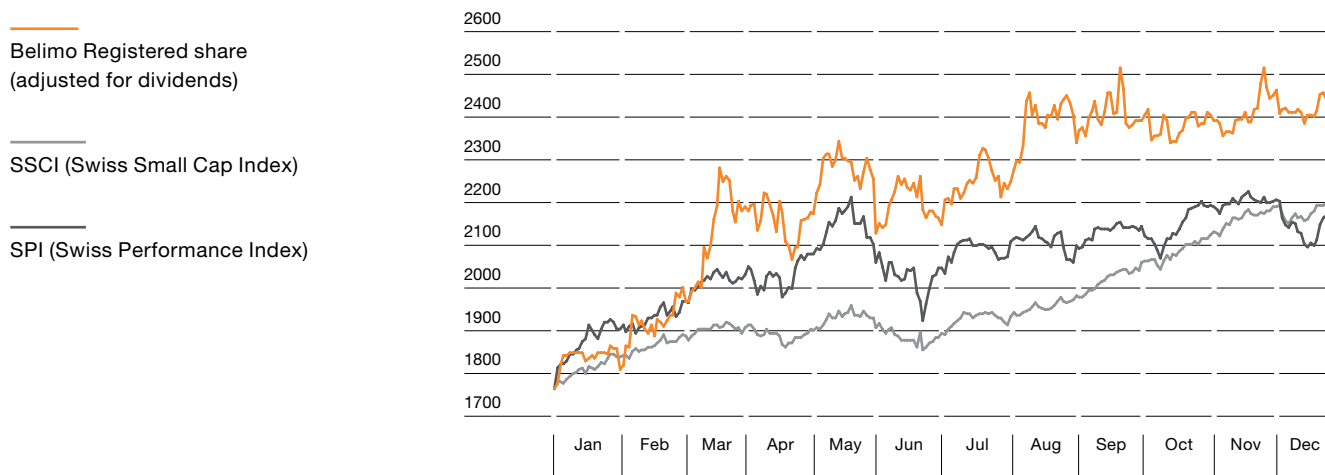
Zurich, February 20, 2014



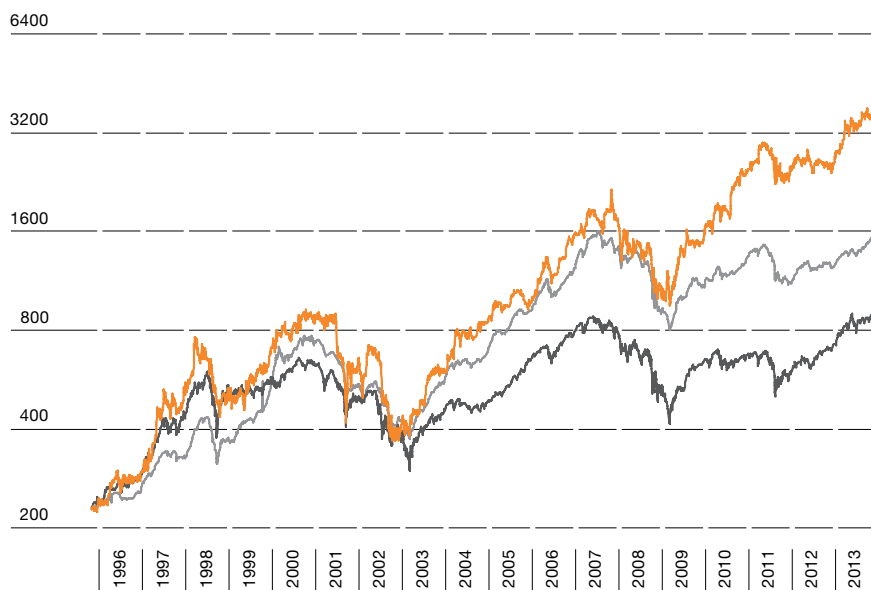
Mass Transit Railway (MTR) Hung Hom Station, Hong Kong, China

Information for investors

Performance since January 1, 2013, in CHF



Performance since IPO, in CHF



Opting out: see Corporate Governance, note 7.1

Limitation of transferability: see Corporate Governance, note 2.6

ISIN number: CH0001503199

Stock market information from 2009 to 2013

	2013	2012 restated*	2011	2010	2009
Share capital					
Number of registered shares at December 31	615 000	615 000	615 000	615 000	615 000
Average number of outstanding shares	610 372	609 761	609 342	606 762	605 707
Information per registered share					
Earnings, in CHF	103	99	85	101	81
Cash flow from operating activities, in CHF	116	136	94	110	107
Operating income (EBIT), in CHF	133	124	111	137	101
Shareholders' equity, in CHF	471	406	379	349	283
Dividend, in CHF (as proposed by the Board of Directors for next year)	65	60	50	55	40
Return on dividend at December 31, in percent	2.6%	3.4%	2.9%	3.3%	3.5%
Payout ratio, in percent of net income	63.8%	60.9%	59.6%	55.1%	49.9%
Price-earnings ratio at December 31	24.2	17.9	20.2	16.9	14.4
Stock market prices in CHF					
High	2 475	1 870	2 000	1 718	1 180
Low	1 763	1 559	1 445	1 100	680
Year-end	2 460	1 763	1 695	1 690	1 150
Market capitalization in CHF million					
High	1 522	1 150	1 230	1 057	726
Low	1 084	959	889	677	418
Year-end	1 513	1 084	1 042	1 039	707
In percent of shareholders' equity at December 31	526%	437%	452%	490%	407%
Average daily trading volume					
In number of shares	364	359	365	590	470

* Restatement due to the revised accounting standard IAS 19 Employee Benefits.

Five-year summary

Five-year summary of the Belimo Group

in CHF 1 000 (unless indicated otherwise)	2013	2012 restated*	2011	2010	2009
Income statement					
Net sales	472 859	444 623	415 983	426 399	385 887
Operating income (EBITDA) in percent of net sales	98 535 20.8%	91 137 20.5%	81 789 19.7%	96 573 22.6%	74 927 19.4%
Operating income (EBIT) in percent of net sales	81 318 17.2%	75 540 17.0%	67 787 16.3%	83 217 19.5%	61 881 16.0%
Personnel expenses in percent of net sales	125 199 26.5%	117 662 26.5%	109 894 26.4%	109 305 25.6%	106 991 27.7%
Research and development in percent of net sales	30 573 6.5%	27 344 6.1%	27 564 6.6%	25 218 5.9%	24 030 6.2%
Operating expenses in percent of net sales	180 261 38.1%	166 944 37.5%	157 682 37.9%	156 194 36.6%	151 834 39.3%
Depreciation and amortization in percent of net sales	17 217 3.6%	15 596 3.5%	14 002 3.4%	13 356 3.1%	13 046 3.4%
Net income in percent of net sales	62 609 13.2%	60 612 13.6%	51 556 12.4%	61 344 14.4%	49 273 12.8%
Cash flow					
Cash flow from operating activities in percent of net sales	70 574 14.9%	82 818 18.6%	57 359 13.8%	66 726 15.6%	65 996 17.1%
Free cash flow in percent of net sales	34 921 7.4%	60 513 13.6%	41 313 9.9%	52 798 12.4%	51 893 13.4%
Investments (gross)	36 676	19 864	16 466	15 130	14 218
Dividend distribution	36 606	30 494	33 509	24 239	24 227
Balance sheet					
Total assets	369 991	345 922	304 920	286 200	247 359
Cash and cash equivalents in percent of total assets	104 482 28.2%	105 371 30.5%	75 327 24.7%	67 342 23.5%	36 574 14.8%
Current assets in percent of total assets	238 299 64.4%	230 511 66.6%	202 358 66.4%	186 718 65.2%	146 943 59.4%
Net working capital in percent of net sales	194 537 41.1%	185 926 41.8%	163 994 39.4%	148 024 34.7%	108 557 28.1%
Non-current assets in percent of total assets	131 692 35.6%	115 411 33.4%	102 562 33.6%	99 482 34.8%	100 416 40.6%
Current liabilities in percent of total assets	43 761 11.8%	44 586 12.9%	38 363 12.6%	38 694 13.5%	38 386 15.5%
Non-current liabilities in percent of total assets	38 769 10.5%	53 493 15.5%	35 802 11.7%	35 515 12.4%	34 997 14.1%
Shareholders' equity in percent of total assets	287 461 77.7%	247 843 71.6%	230 755 75.7%	211 991 74.1%	173 976 70.3%
Key figures					
Net sales year-on-year growth, in percent	6.4%	6.9%	-2.4%	10.5%	-4.4%
Net sales in local currencies year-on-year growth, in percent	6.4%	5.4%	9.6%	14.7%	-1.5%
Return on equity (ROE), in percent	23.4%	25.3%	23.3%	31.8%	30.6%
Return on invested capital (ROIC), in percent	29.7%	29.8%	28.4%	36.1%	28.0%
Quick ratio, in percent	381.6%	365.8%	342.2%	315.1%	225.3%
Days sales outstanding (DSO)	43.2	43.7	45.9	42.9	46.5
Inventory period	125	130	134	127	137
Fixed-assets-to-equity ratio, in percent	247.7%	261.1%	259.9%	248.8%	208.1%
Number of employees (FTE's, yearly average)	1 278	1 209	1 141	1 075	1 069
Net sales per employee	370	368	364	397	361
Number of actuators shipped, in million items	5.3	4.9	4.5	4.3	3.7

* Restatement due to the revised accounting standard IAS 19 Employee Benefits.

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BELIMO Holding AG
Brunnenbachstrasse 1
CH-8340 Hinwil
Phone +41 43 843 61 11

www.belimo.com

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