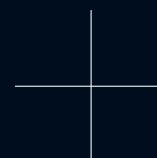
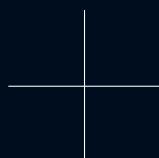
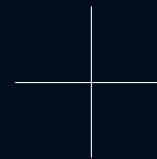
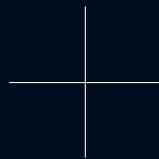
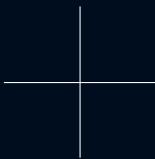
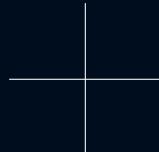
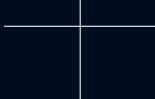




ANNUAL REPORT 2011

ADDING VALUE THROUGH INNOVATION





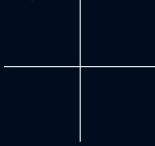
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Printing: Ast & Fischer AG, Wabern



SHARE STATISTICS AND PRICE TRENDS

Share statistics

Swiss security no. 896 792

Ticker symbols:

Telekurs ADVN

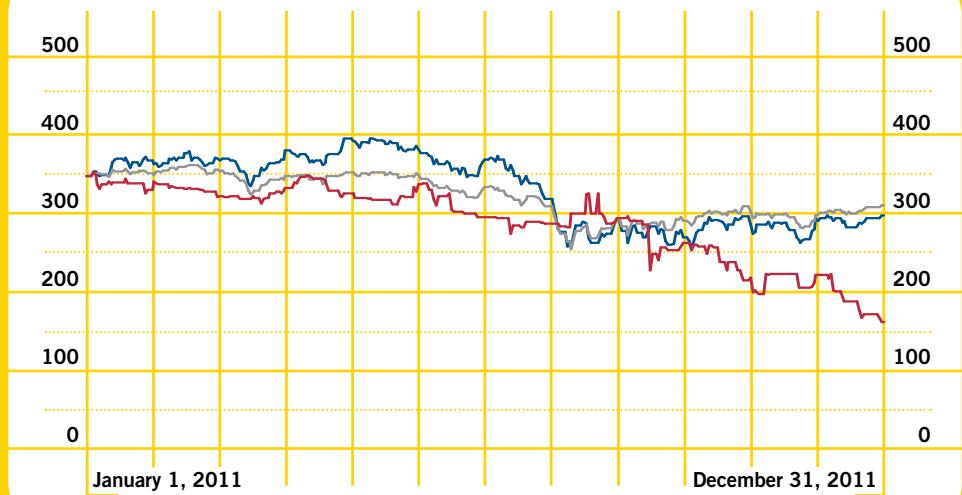
Bloomberg ADVN SW

	2011	2010
Registered shares	730,000	730,000
EBIT per share (CHF)	-6.86	2.21
Net result per share (CHF)	-22.36	-14.99
Shareholders' equity per share (CHF)	93.80	116.10
Dividend per share (CHF)	0.00 ¹⁾	0.00
Payout ratio	n.a.	n.a.
P/E ratio	n.a.	n.a.
Market prices (CHF)		
Low (12/30/11, 02/10/10)	165.00	186.00
High (01/03/11, 12/07/10)	353.00	350.00
December 31	165.00	347.00
Market capitalization (CHF millions)		
Low (12/30/11, 02/10/10)	120.45	135.78
High (01/03/11, 12/07/10)	257.69	255.50
December 31	120.45	253.31

1) proposed by the Board of Directors

Price trends

January 1, 2011, to
December 31, 2011
(CHF)



- █ Swiss Performance Index
- █ Price of Adval Tech shares
- █ Swiss Machinery Industry Index

KEY FIGURES OF THE ADVAL TECH GROUP

	2011 ¹⁾	2010 ¹⁾	2009 ²⁾	2008 ³⁾	2007 ³⁾
Total income (CHF millions)					
Group	284.9	316.7	297.7	416.5	348.6
Change in %	-10.0	6.4	-28.5	19.5	26.4
Per employee (CHF thousands)	114.8	124.8	110.0	136.3	273.0
Automotive Segment	140.7	157.0	134.1	206.7	210.3
Medical & Consumer Goods Segment	150.9	161.3	167.8	215.2	138.2
EBITDA (CHF millions)					
Operating earnings before depreciation	14.3	24.2	6.3	26.3	38.4
in % of total income	5.0	7.7	2.1	6.3	11.0
Automotive Segment	6.6	11.9	-3.2	13.2	19.6
Medical & Consumer Goods Segment	6.4	11.1	8.7	11.7	17.3
EBIT (CHF millions)					
Operating earnings	-5.0	1.6	-22.7	-1.3	15.5
in % of total income	-1.8	0.5	-7.6	-0.3	4.4
Net result (CHF millions)					
Net result for the year	-16.3	-10.9	-26.6	-9.2	8.3
in % of total income	-5.7	-3.5	-8.9	-2.2	2.4
Cash flow and capital expenditure (CHF millions)					
Cash flow from operations	5.7	11.3	7.2	19.9	18.5
Operative free cash flow	-4.7	-1.6	-7.2	0.4	-3.6
Free cash flow	-4.7	-5.5	-7.2	-58.5	-11.8
Capital expenditure	-17.5	-12.4	-13.4	-26.1	-22.6
Balance sheet figures (CHF millions)					
Total assets	265.0	278.0	299.3	409.8	327.4
Shareholders' equity	68.5	84.8	105.4	198.1	129.2
in % of total assets	25.8	30.5	35.2	48.3	39.5
Employees					
on December 31	2,491	2,470	2,573	2,838	1,379
Automotive Segment	762	782	810	877	862
Medical & Consumer Goods Segment	1,710	1,669	1,747	1,951	506
Market capitalization (CHF millions)					
on December 31	120.5	253.3	155.5	103.7	284.2
Selected key figures per share					
Earnings (CHF)	-22.36	-14.99	-36.39	-15.30	16.48 ⁵⁾
Dividend (CHF)	0.00 ⁴⁾	0.00	0.00	0.00	5.08 ⁵⁾
Payout ratio %	n.a.	n.a.	n.a.	n.a.	30.8
P/E ratio on December 31	n.a.	n.a.	n.a.	n.a.	34.3

1) according to Swiss GAAP FER

2) according to Swiss GAAP FER restated

3) according to IFRS

4) proposed by the Board of Directors

5) adjusted

Report of the Board of Directors	4
Vision and mission	10
Figures by comparison	11
Organization	12
Automotive	15
Medical & Consumer Goods	19
Corporate governance	25
Consolidated financial statements	44
Adval Tech Holding Ltd	85
Addresses	94

With the full-page illustrations in this year's annual report we are continuing a series of photographic portraits of our manufacturing facilities. This year we are giving you an insight into Styner+Bienz in Niederwangen, Switzerland. The facility produces metal serial components.



DEAR SHAREHOLDERS:

In 2011, the Adval Tech Group failed to achieve the targeted improvement in earnings. After generating an operating profit (EBIT) of CHF 1.6 million in 2010, we are forced to post an operating loss of CHF 5.0 million for the past financial year.

We were particularly hard hit by the Swiss franc's soaring strength against the currencies of our main sales markets (euro and US dollar). Whereas the average value of the euro was CHF 1.51 in 2009, for example, this fell to CHF 1.38 in 2010 and CHF 1.23 in 2011. The situation deteriorated in the course of the year: the average rate of the euro was still CHF 1.27 in the first half of 2011, but just CHF 1.20 in the second half of 2011 and the average rate of the US dollar shrank from 0.91 CHF in the first half of the year to 0.87 CHF in the second half of 2011. Despite the increase in volumes that was both targeted and achieved, and as feared in the guidance given in the half-yearly report, earnings in the second half of the year were worse than those in the first half of 2011, resulting in the anticipated and significant net loss of CHF 16.3 million (2010: net loss of CHF 10.9 million). All the operating improvements we achieved were offset by unfavorable exchange rate movements.

Development of key figures

The total income reported by the Group was CHF 31.8 million or 10% down on the prior-year figure (CHF 316.7 million) at CHF 284.9 million in 2011. It is important to bear in mind here that total income of CHF 25.9 million ceased to be recognized in Switzerland due to the sale of the contract manufacturing operations for CD and DVD packaging in Muri, the closure of the Merenschwand site and the sale of the Bodenweid plant in Bern-Bümpliz. If prior-year total income is also adjusted for the CHF 32.9 million of currency effects, continuing operations grew by around 10%. From this perspective, we lifted income by CHF 27.0 million.

Operating earnings before interest, tax, depreciation and amortization (EBITDA) were a clearly positive

CHF 14.3 million, but CHF 9.9 million down on the prior-year figure (CHF 24.2 million). As a result, the EBITDA margin shrank from 7.7% to 5.0%. After adjustment for currency fluctuations and the discontinued operations in Muri, Merenschwand and Bern, the margin improved by CHF 1.2 million year on year. The currency effects on EBITDA amounted to around CHF 10.1 million, of which CHF 3.1 million stem from translation differences (translation of the financial statements of foreign subsidiaries into the Group's reporting currency) and CHF 7.0 million from transaction differences (translation of transactions in foreign currency into the functional currency of the subsidiary in question).

These figures illustrate the far-reaching effects of exchange rate movements. The combination of a decline in sales and falling margins resulted in significantly worse coverage of fixed costs and equally worse results. The overvalued Swiss franc also weighed heavily on our competitiveness. In the long run, innovation and enhanced efficiency alone cannot offset this disadvantage suffered by Switzerland as a manufacturing location. If the value of the Swiss franc does not change over the medium term or we are unable to offset the related disadvantages by increasing prices, further relocations will be inevitable; at the same time, we will no longer be able to invest in replacement and expansion in Switzerland. In this regard, the Board of Directors and Executive Management took some important steps in setting a course for the future in 2011. We are currently examining further and fundamental changes to the strategy.

Gratifyingly, we were able to reduce working capital by a further CHF 8.0 million on average compared with the previous year. As a proportion of total income, it improved by a further percentage point to just over 17.5%, despite the decline in average output. The action taken in recent years has borne fruit and made a major contribution towards safeguarding liquidity.

The Adval Tech Group invested a total of CHF 17.5 million in 2011, around 70% of it in the Automotive Division. Fortunately, at the end of 2011, we were able to sell the two properties that had become free in Muri and Merenschwand at prices above their respective carrying amounts. We used the proceeds from the property disposals to reduce our liabilities to banks.

The Adval Tech Group also renegotiated the bank loans maturing in January 2013 ahead of schedule, putting them on a new footing. This allows us to reduce the annual interest costs significantly. At mid-January 2012, two large Swiss banks replaced the consortium of eight banks. At the same time, the revolving credit facility was reduced from CHF 135 million to CHF 120 million due to the property disposals. The new credit facility has a term of 18 months. A large shareholder has signed a guarantee for 50% of the credit line.

Strategy implementation and personnel changes

Thanks to acquisitions and collaborations, the Adval Tech Group now has a worldwide presence. The large cross-divisional orders we have won in recent years are important milestones on our journey to becoming a high-performance group. The successful acquisitions have confirmed that our global strategy is the right one. In the current economic environment, however, implementing this strategy systematically is becoming increasingly difficult, taking longer than planned and, during the phase when we are establishing a presence, depressing our earnings to a greater extent than expected. This has prompted the Board of Directors to pause and examine the course it has chosen to steer so far. We are currently evaluating alternatives and making initial changes to the existing strategy. On 1 December 2011, the Board of Directors appointed a new, interim CEO of the Adval Tech Group, Dr. Stephan Mayer, who has been managing this process since then. At the same time, the long-serving former CEO, Jean-Claude Philipona, stepped down from the Executive Management. We would like to take this opportunity to

thank him most sincerely for his tremendous efforts over the past 15 years.

Neo Age Seng, Head of the Consumer Goods Division, also left the Adval Tech Group in the course of the reporting period. He joined Adval Tech as a member of the Executive Management at the beginning of 2008 when the Omni Group was acquired. His successor, Jinsheng Lu, took over the role at the beginning of November 2011 and works out of Suzhou, China. Jinsheng Lu has many years' experience of management and sales in both the consumer goods and the automotive supply industry.

At the Annual General Meeting for financial year 2011, Chairman of the Board of Directors Dr. Walter Grüebler's term will expire. He will not run for re-election. The Board of Directors is not proposing a new member for co-option.

Segment results

In the **Automotive Segment**, total income was 10% or CHF 16.3 million down on the prior-year figure of CHF 157.0 million at CHF 140.7 million in 2011. These figures should not detract from the progress made in the course of the reporting period, however. After adjustment of the prior-year figures for the segment's discontinued operations in Merenschwand and Bern (CHF -24.7 million) and currency effects (CHF -13.3 million), total income did not decline as mentioned, but actually increased by CHF 21.7 million or 18%.

The figures were impacted for the first time by the recent large project wins, such as the start of production of components for the air/water separation system in the new generations of the BMW 1 and 3 Series. Production in Hungary has now stabilized at a healthy level. One particular challenge involved the numerous changes to the products requested during the ramp-up process. With volumes increasing, it is now essential to improve efficiency so that the anticipated results become a reality in 2012.



Operating earnings before interest, tax, depreciation and amortization (EBITDA) were a positive CHF 6.6 million, but around CHF 5.3 million lower than in the previous year (CHF 11.9 million). Adjusted for currency effects and discontinued operations, EBITDA improved by CHF 1.2 million, demonstrating the operating progress that has been achieved. We generated the operating profit mostly at the Swiss sites. In Hungary, earnings were depressed by start-up costs; in Brazil, profit was pushed down by costly quality assurance measures and project delays at the customers' end.

In the **Medical & Consumer Goods Segment**, total income fell below the prior-year figure of CHF 161.3 million to CHF 150.9 million. After adjustment of the prior-year figures for the segment's discontinued operations (CHF -1.2 million) and currency effects (CHF -19.8 million), total income did not decline by CHF 10.4 million, but actually increased by CHF 10.6 million or 7.5%.

Our components business in the **Consumer Goods Division** stagnated year on year. In Mexico, where sales figures are highest, we lost a large order and closed the year down 5% in total. In China and Malaysia, business was on a par with the previous year. In Thailand, on the other hand, we gained significant ground, lifting total income by more than 20%. In the Consumer Goods Division, we remain overly dependent on the US market and the economic trend there. All sales efforts are therefore geared to further developing the various sites' local business.

After posting a year-on-year decline of around 25% in total income from our components business for the **medical** market in the first half of 2011, we then gained significant ground in the second half, as a result of which total income for the year as a whole increased by almost 3%. This improvement came entirely from our Swiss site, where business recovered substantially. At the new sites in China and Mexico, on the other hand, we are still waiting for mass production to begin due to project delays. In the second half of 2011, we secured a project for

our unit in Mexico that is being transferred to our site from a competitor there. Production is scheduled to start in mid-2012.

In the **Molding Technology Division** – the business with injection molds – at our sites in Germany, Switzerland and China, there was a gratifying trend in total income in local currencies. We were able to lift total income by around 12% at our largest and most important site in Germany and by more than 70% in total at our two sites in China. Only at our Swiss site did we see stagnation, not least of all because of the price pressures resulting from the weak euro.

Operating earnings before interest, tax, depreciation and amortization (EBITDA) in the Medical & Consumer Goods segment did not follow the trend in total income in local currencies and, at CHF 6.4 million, were down significantly on the prior-year figure of CHF 11.1 million. After adjustment of the results for currency effects of CHF 5.2 million, EBITDA increased by CHF 0.5 million. In the Molding Technology Division, we improved earnings significantly in local currency terms, and at all sites too. In the business with medical components, on the other hand, upfront expenditures incurred to set up the sites in Mexico and China weighed on earnings. In the Consumer Goods Division, earnings also deteriorated at our sites in China. At the site in Suzhou in particular, we therefore reduced production capacity and infrastructure significantly in the fourth quarter of 2011. Any expansion necessary in the future should build on healthy foundations.

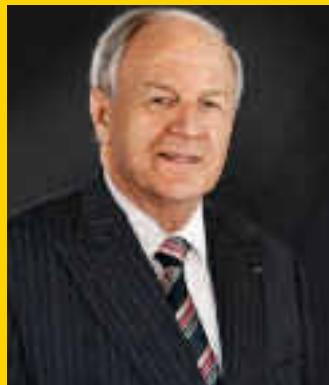
Outlook

We were badly affected by the fall-out from the financial crisis from autumn 2008 onwards and the weakness of the euro in recent years. These hit us at a time when we had to invest heavily and incur upfront expenditures in new markets and locations. 2012 will be a decisive year for the Adval Tech Group's further development. Before deciding on further steps towards implementing the strategy embarked upon in 2007, the Executive Management and Board of Directors wish to re-examine whether



WALTER GRÜEBLER

CHAIRMAN OF THE BOARD

**STEPHAN MAYER**

CHIEF EXECUTIVE OFFICER



this strategy is the right one and consider alternative options in making their decision.

In our operating activities, we do not expect the Swiss franc to weaken significantly against our main sales currencies in 2012. Therefore, improvements in earnings can come only from the anticipated rise in sales, prices increases that have already been negotiated and further cost-cutting. From a current perspective, the projects gained in recent years and the ongoing action to cut costs will enable Adval Tech to improve operating earnings substantially. The new agreement negotiated with our main banks will also have a positive impact on the financial result and net profit.

The Adval Tech Group is facing major challenges. Our goals are unattainable without motivated employees, striving with passion to implement the necessary changes. We once again demanded a great deal of them in 2011 and continued to experience a high level of commitment in response. They have earned our gratitude for this. We also thank our business partners for the good working relationship in these difficult times – and you, our shareholders, for your staying power and the confidence you show in us through your financial commitment.

Niederwangen, March 2012

Walter Grüebler, Chairman of the Board

Stephan Mayer, Chief Executive Officer

ADDING VALUE THROUGH INNOVATION

Vision

To be the partner of choice for high-volume components in metal and plastic manufactured with unique, innovative technology solutions.

To make this vision come true, we will

- carefully select our customers from the automotive, medical and consumer goods markets to support our growth as a leading global supplier;
- be a “one-stop shop” for high-volume metal stamping and forming, plastic injection molding and the combination of both technologies;
- eliminate process inefficiencies and deliver performance through innovative in-tool assembly and automation;
- work together as one team, creating profitable growth.

We are not just another company but a place where you can belong, innovate, develop yourself, enjoy success and have fun.

With us you can grow!

Mission

Adding value through innovation

- We are a global technology and process partner. Focused on complementary technologies of metal stamping and forming and plastic injection molding, we combine technologies into customer solutions, partnering where necessary with our supply chain.
- On time, on quality, on cost! We create value with components, subassemblies and systems that leverage our talent in the innovative design and precision engineering of tools and molds. For selected customers we create value with molds of outstanding technology, quality and performance.
- We offer our competencies for selected applications in the automotive, medical and consumer goods markets.
- We consistently perform, delivering Adval Tech quality and reinforcing our commitment to our customers through globally delivered solutions and services.

DEVELOPMENT OF TOTAL INCOME, EBITDA AND CAPITAL EXPENDITURE



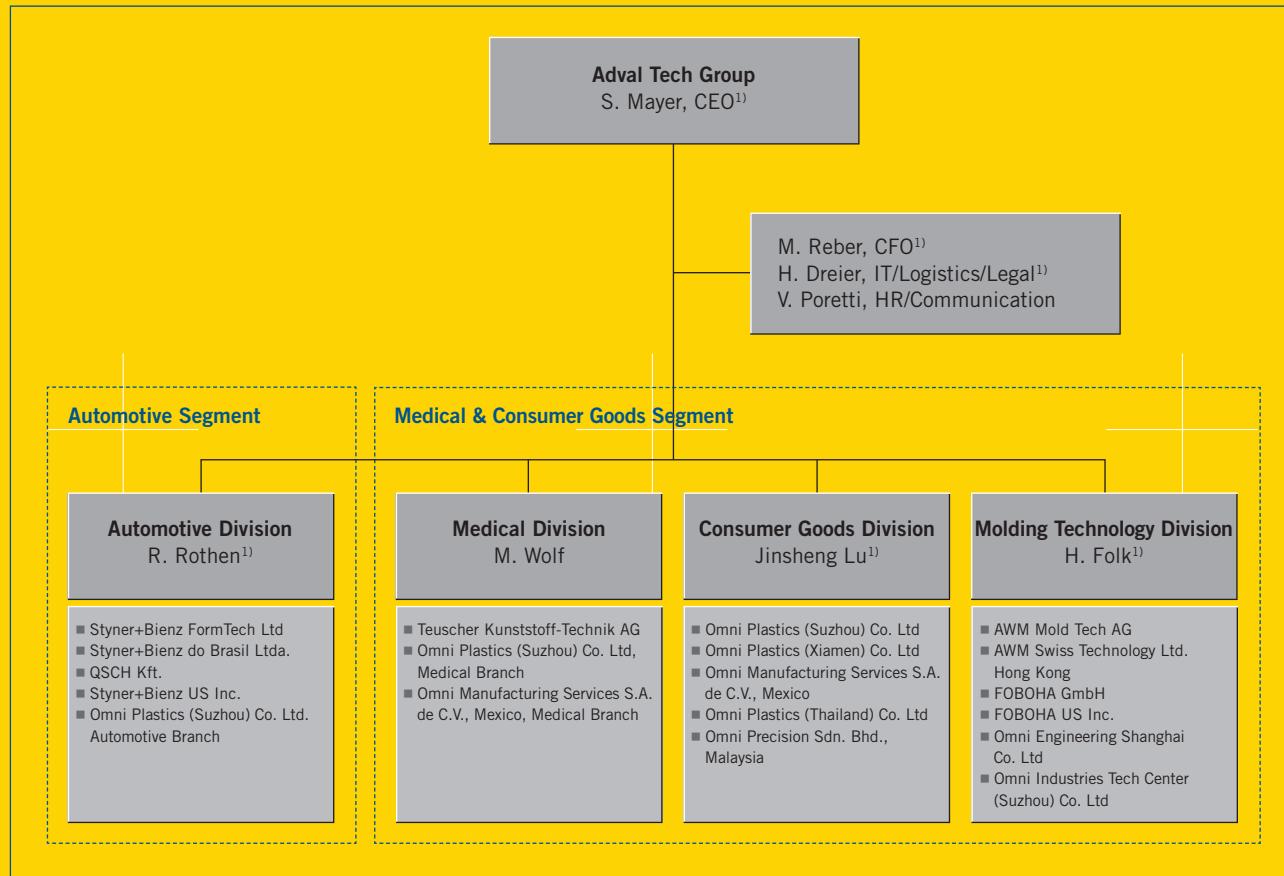
CHF millions	2007 ³⁾	2008 ³⁾	2009 ²⁾	2010 ¹⁾	2011 ¹⁾
Total income	348.6	416.5	297.7	316.7	284.9
– Automotive Segment	210.3	206.7	134.1	157.0	140.7
– Medical & Consumer Goods Segment	138.2	215.2	167.8	161.3	150.9
EBITDA	38.4	26.3	6.3	24.2	14.3
– Automotive Segment	19.6	13.2	-3.2	11.9	6.6
– Medical & Consumer Goods Segment	17.3	11.7	8.7	11.1	6.4
Capital expenditure	22.6	26.1	13.4	12.4	17.5

1) according to Swiss GAAP FER

2) according to Swiss GAAP FER restated

3) according to IFRS

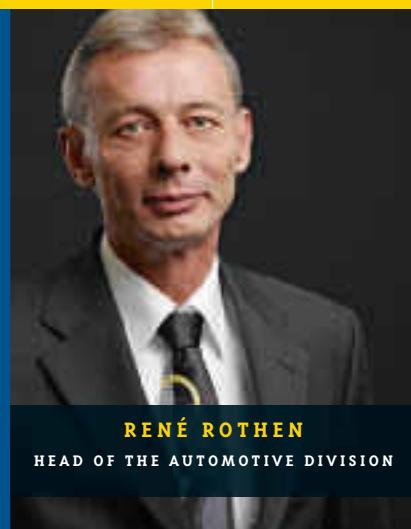
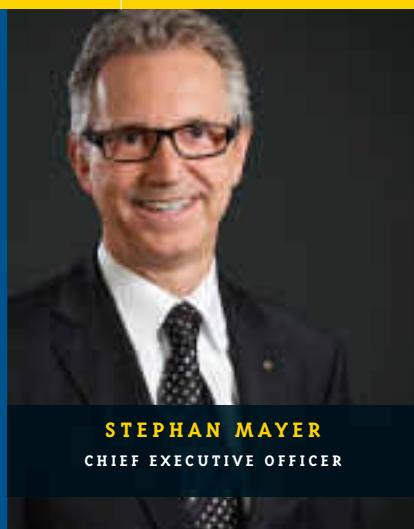
GROUP STRUCTURE



1) member of group management

as of January 1, 2012

GROUP MANAGEMENT



EXECUTIVE BODIES

Board of Directors

Walter Grüebler, Chairman
Michael Pieper, Vice Chairman
Leonardo Attanasio
Hans Dreier
Willy Michel
Roland Waibel

Audit Committee: Roland Waibel, Hans Dreier

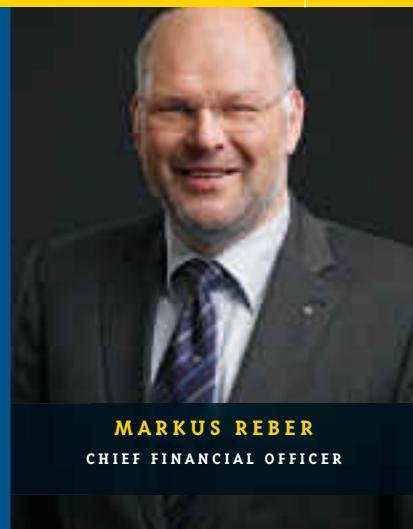
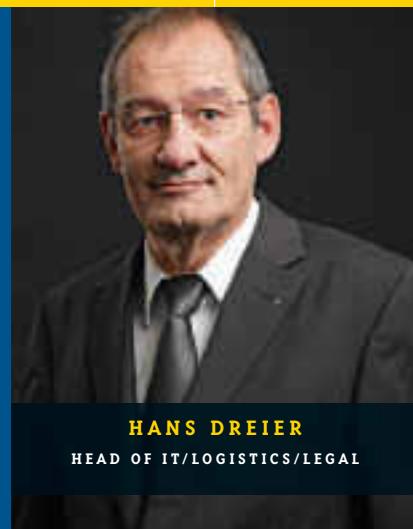
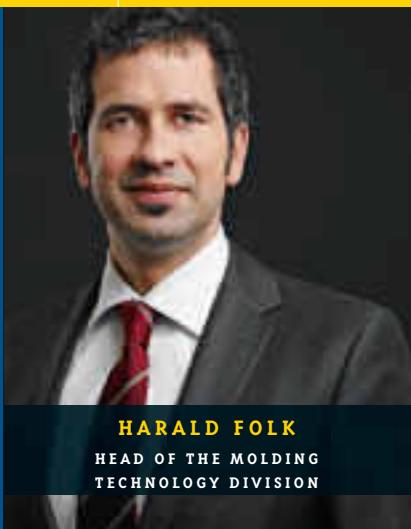
Nominations and Compensation Committee: Walter Grüebler, Michael Pieper

Group Management

Stephan Mayer, Chief Executive Officer
René Rothen, Head of the Automotive Division
Jinsheng Lu, Head of the Consumer Goods Division
Harald Folk, Head of the Molding Technology Division
Hans Dreier, Head of IT/Logistics/Legal
Markus Reber, Chief Financial Officer

Statutory Auditors

PricewaterhouseCoopers Ltd, Bern





ONLY LIMITED BENEFIT DERIVED FROM THE AUTOMOTIVE BOOM

The Adval Tech Group ranks among the leading manufacturers of components, subassemblies and subsystems in selected market segments of the automotive industry. Those markets were in good health overall in 2011. The fact that the Automotive Segment nevertheless suffered a decline in total income from CHF 157.0 million to CHF 140.7 million in the reporting period was due to currency effects and the discontinuation of operations in Merenschwand and Bern. Without those effects, total income would not have declined, but would actually have risen by CHF 21.7 million (18%).

The increase in volumes in the Automotive Segment's continuing markets was driven by all sites – in Switzerland, Brazil, Hungary and the USA. The segment's EBITDA were CHF 5.3 million lower than in the previous year (CHF 11.9 million; decline of 45%) at CHF 6.6 million. Adjusted for currency effects and discontinued operations, EBITDA also improved year on year (increase of CHF 1.2 million).

The automotive industry achieved very good sales figures worldwide in 2011. Due to unfavorable exchange rates, the Adval Tech Group derived only limited benefit from this backdrop. While the plants in Hungary and China were still in the process of being set up, the Swiss sites suffered the effects of the strong Swiss franc. The plant in Brazil also failed to fulfil expectations; here, extreme wage growth and

a lack of specialist staff had a negative impact. In addition, booming Brazil imported far more cars than in previous years, particularly from Asia.

Components for BMW

The largest and most challenging project for the Automotive Segment currently involves the production of components co-developed by Adval Tech for the air/water separation system in the new generations of the BMW 1 and 3 Series. In the windscreen/engine compartment, the Adval Tech components separate fresh air and rainwater, protecting sensitive units in the engine compartment and ensuring that only air can reach the vehicle's air conditioning system. This large project is the first where Adval Tech has supplied an automotive manufacturer directly. In the reporting period, the Automotive Segment completed the costly preparatory work required in order to start production; since September 2011, the plant at Szekszárd in Hungary has been manufacturing around 10,000 preassembled components a day. This plant supplies to BMW's assembly lines in Germany; from mid-2012 onwards, the plant in Suzhou, China will supply to BMW's facilities in Asia and South Africa. The initial expenditure for this project, which will run over six to eight years, was considerable. The work to set up the project had a significant impact on earnings in financial year 2011. However, the order will bring Adval Tech far in excess of EUR 30 million over the product life cycle and may become an excellent reference for further large projects.

TREAD PLATE FOR BMW

In producing this tread plate for BMW automobiles, Adval Tech Group brings its expertise in composite technology to bear. At the plant in Szekszárd, Hungary, the plastic part is injection-molded, the metal insert is die-cut, and the components assembled to form the finished subassembly. The Automotive Segment has series-produced the tread plates since 2010 and supplies BMW's assembly lines directly as a tier-1 supplier.





Modernization of machinery in Niederwangen

The Automotive Segment successfully completed the modernization of its machinery in Niederwangen in the reporting period, thereby enhancing process reliability and ensuring the quality of its products over the long term. The two new production systems have been working at a full steam since mid-2011. In all, Adval Tech now has several identically constructed transfer systems at the Niederwangen plant, enabling flexible, efficient and state-of-the-art production.

Adval Tech also optimized the plant in Uetendorf. Employees moved into the new production facility measuring 1,000 square metres and the directly adjoining offices at the end of August. The extension brings a number of benefits: the production layout has been optimized, production trimmed and work processes simplified.

Collaboration in the USA pays dividends

While Adval Tech's production platform in the USA – a "shop in the shop" solution in collaboration with the Anchor Manufacturing Group in Cleveland – once again paid rich dividends in the reporting period, in Brazil, Adval Tech felt the negative effects of the industrial boom in the form of high employee turnover and rising wage costs. Adval Tech overcame personnel shortages in Brazil by deploying staff from Switzerland.

Outlook

The currency situation will remain a challenge for the automotive segment in 2012. Market watchers anticipate a slowdown in automotive production in Europe and in some cases also expect production to be moved from Asia back to the USA. Adval Tech Automotive's primary tasks are to further expand production at the new plant in Szekszárd, bring volume production successfully on stream in Suzhou and make optimum use of the modernized production capacity in Niederwangen. Overall, Adval Tech expects to top 2011's sales and earnings figures.

MARKET SEGMENTS AND SPHERES OF APPLICATION

Metal components

- Steering systems
- Braking systems (ABS)
- Lighting systems
- Fuel injection
- Seat mounting systems
- Passenger safety systems (airbags, collision sensors, safety belts, etc.)

Production platforms: Styner+Bienz Niederwangen (Switzerland), Styner+Bienz Uetendorf (Switzerland), QSCH Szekszárd (Hungary), Styner+Bienz Curitiba (Brazil), Styner+Bienz Cleveland (USA)

Plastic components

- Plastic components for air-conditioning systems and lighting
- Fuel tank filler necks, door handles, molded trim elements and cockpit applications
- Engine compartment and underfloor components
- Air/water separation and microfilter systems
- Air deflection and air guidance elements, throttle controls

Production platforms: QSCH Szekszárd (Hungary) and the Omni sites in China, Thailand and Mexico



GRATIFYING TREND IN TOOLS; DECLINE IN COMPONENTS BUSINESS

The various organizational units in the Medical & Consumer Goods Segment manufacture plastic components for the medical technology and consumer goods industries. The injection molds necessary for this are also developed and manufactured in this segment. In certain markets, Adval Tech also manufactures injection molds for third parties. The segment's total income declined from CHF 161.3 million in the previous year to CHF 150.9 million in the reporting period. After adjustment of the prior-year figures for the segment's discontinued operations and currency effects, total income did not decline by CHF 10.4 million, but actually increased by CHF 10.6 million.

EBITDA in the Medical & Consumer Goods Segment dropped from CHF 11.1 million to CHF 6.4 million and the EBITDA margin from 6.9% to 4.2%. Adjusted for currency effects and discontinued operations, EBITDA also improved year on year (increase of CHF 0.5 million).

While the Molding Technology Division delivered an encouraging performance overall, lifting total income in local currencies by 12% at the main site in Germany and by 70% at the two sites in China, the segment suffered some setbacks in the components business. After a very slow first half of the year, the Medical Division still managed to increase total income in the components business by 3%. In the Consumer Goods Division, Adval Tech suffered a 5% decline in total income at the site in Mexico, where sales figures are highest.

Medical Division

The large pharmaceuticals and diagnostics companies continued to grow during the reporting period, which also had a positive impact overall on the market for medical devices. Adval Tech's Swiss site in Grenchen was adversely affected by the strong Swiss franc, however; in a competitive environment, it was mostly unable to pass on currency-related

price increases to customers. In addition, the site had to cope with the problems experienced by an end customer in obtaining approval for a medication; plans to produce plastic components for this application were delayed by several months. An internal project to trim production and optimize processes in Grenchen was completed successfully.

Adval Tech made clear progress in developing its global medical technology platforms. The division's coverage of the American and Asian markets was also successfully bolstered. Its nomination as preferred supplier for a large, globally active pharmaceuticals sub-contractor opens up good opportunities for faster growth. In Suzhou, China, Adval Tech has set up a qualified team and two components are due to go into volume production soon. One of the products is to be manufactured for a Chinese customer and the other for an international group. In the reporting period, the Chinese site was also awarded the contract to co-develop and produce an injection pen; volume production is scheduled to start at the end of 2012.

In Querétaro, Mexico, the division will soon be producing the first components for the US market, in a production cell with a clean room which the division incorporated into an existing building. Towards the end of the reporting period, the division secured a larger contract to manufacture infusion sets for insulin therapy; production is scheduled to start in mid-2012.

In 2011, the Medical Division generated almost its total sales revenue at the Grenchen site. China and Mexico will increase sharply in the coming years, however. Due to its proximity to the US market, the Mexican site in particular has very promising potential.

The division's tasks in 2012 are to carry out the current projects on time and budget and forge ahead with setting up the Mexican site as a production



platform for the USA. The Grenchen site will again be hit hard by the strong Swiss franc in 2012. The division intends to leverage all potential for optimization in Switzerland while at the same time investing in the production environment and injection molding machinery.

Consumer Goods Division

The debt crisis in Europe and subdued consumption in the USA weighed on business in consumer goods markets. Due to the difficult economic environment, many customers reduced the quantities they were ordering, deferred new projects or moved production to other countries. Prices are subject to enormous pressures, and markets are fiercely competitive. The division's earnings were significantly lower year on year. In Mexico, the division lost a large order to a competitor; in China, it remains overly dependent on exports to the USA.

In an effort to expand its product portfolio, the division tried to gain market share in new segments. In Thailand, it managed to do so by winning a new order to manufacture sewing machine parts.

In 2011, the division invested at various sites in new technologies, such as high-gloss finishing, in-mold decorating (IMD) and homogeneous temperature technology. In order to remain competitive, it plans to make further investments in the machinery at the sites in Mexico, Suzhou and Thailand in 2012.

The site in Mexico struggled with high employee turnover in 2011 as many members of staff moved to new companies on the same industrial park. As a result, the site launched a programme aimed at minimizing departures. The focus in 2012 is on building a strong team. In the reporting period, the Mexican ministry for the environment awarded the site the "Industria Limpia" certificate, which recognizes compliance with strict environmental standards.

The division's tasks in 2012 are to make targeted use of the Group's position as a technology leader, benefit from the anticipated growth and gain a foothold

MARKET SEGMENTS AND SPHERES OF APPLICATION

Components business

Consumer goods

- Home electronics
- Household appliances
- Office and communication equipment

Production plants: Omni Suzhou (China), Omni Xiamen (China), Omni Rayong (Thailand), Omni Johor Bahru (Malaysia) and Omni Querétaro (Mexico)

Medical technology

- Medical devices
- Diagnostic systems

Production plants: Teuscher Grenchen (Switzerland), Omni Suzhou (China) and Omni Querétaro (Mexico)

Moldmaking

High-performance molds for plastic components

- Food packaging
- Bottle closures
- Optical media
- Roll-on deodorant dispensers
- Shaving systems
- Toothpaste packaging
- Aerosol tops, etc.

Technologies: single-component standard molds, stack turning technology, multi-component technology, double cube system, in-mold-assembling, surface technology in the nano range

Production plants: FOBOHA Haslach (Germany), AWM Muri (Switzerland), Omni Industries Tech Center Suzhou and Omni Engineering Shanghai (China)

in local markets. As costs and earnings here are in the same currency, the division would be freer of currency effects. The division also intends to cut costs by stepping up internal cost management at all sites.



Molding Technology Division

The Molding Technology Division currently manufactures injection molds at its sites in Germany, Switzerland and China. The ability to manufacture molds to the same standard of technology and quality in Europe and Asia is proving to be a valuable differentiator when working with customers who produce worldwide. Overall, the division achieved a slight improvement in earnings in the reporting period, despite unfavourable exchange rates. However, rates of return at the Muri (Switzerland) and Suzhou (China) sites are still unsatisfactory.

At the Muri site, the division made some progress in the first year after the restructuring, but failed to achieve a turnaround in the difficult exchange rate environment. The first developments for the automotive, medical technology and consumer goods packaging markets initiated on the basis of its expertise in the production of optical disc molds have taken shape, but not yet become established in the marketplace. Business with optical disc molds continued to decline, while spare parts business stagnated at a low level.

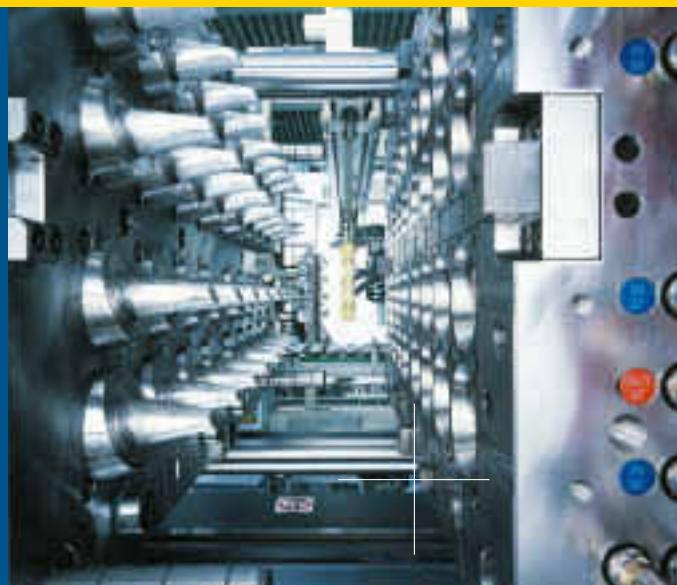
Supported by the sister companies in Germany and Switzerland, the two mold production sites in China performed well and are now largely able to carry out even relatively complex projects on their own, as a result of which customers can be supplied with high-quality multi-cavity molds from China too.

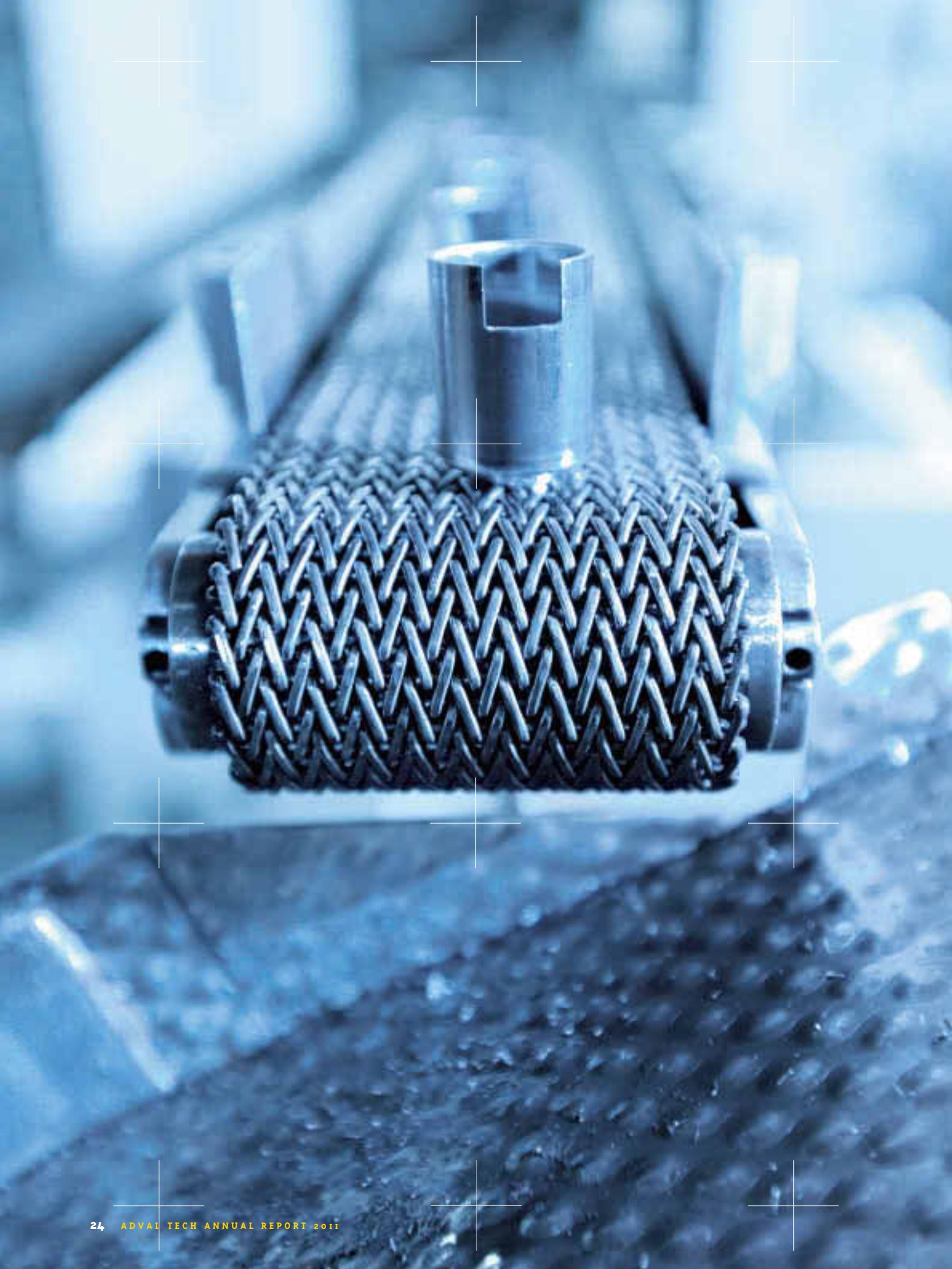
The order book at the site in Haslach (Germany) remained encouraging. The division chalked up its first successes in the efforts to broaden the site's customer base. Adval Tech is hoping that the development of small tools on the basis of cube technology in particular will allow it to break into new markets.

In 2012, the division will focus even more sharply on its core business and continue to streamline its product range.

MOLD PRODUCTION SITES IN CHINA

The two mold production sites in China are now in a position to also handle more complex projects independently and to produce top-grade multi-cavity molds such as this 32-cavity mold for producing high-quality roll-on deodorant containers locally.





C O R P O R A T E G O V E R N A N C E

Our principles of corporate governance are based on the Articles of Incorporation and the regulations governing the organization and conduct of business. The following report conforms essentially to the structure specified by the SIX Swiss Exchange for such information.

Corporate structure and shareholders

Adval Tech Holding Ltd, incorporated in Niederwangen, Switzerland, is organized as a holding company under Swiss law and directly or indirectly owns all Adval Tech companies worldwide. For operational purposes the Adval Tech Group has been organized since April 1, 2009, in two segments – “Automotive” and “Medical & Consumer Goods.” In the Automotive Segment, which targets the automotive industry, the Adval Tech Group focuses on the components business. The Medical & Consumer Goods Segment incorporates the Medical, Consumer Goods and Molding Technology divisions. Services for the key medical and consumer goods markets are based on an integrated business model comprising both the development and manufacture of molds and the production of plastic components. At the same time, the separation into three divisions enables the medical and consumer goods sectors to maintain a market-specific focus and the molding technology sector to adopt a technology-oriented approach. The activities of the three divisions are closely coordinated under the direction of the CEO.

Group management and group financing are conducted through Adval Tech Management Ltd and Adval Tech Holding Ltd. Business is conducted through the relevant group companies. The group structure as of 1 January 2012 is shown on page 12.

Adval Tech B registered shares were listed on the SIX Swiss Exchange as of June 4, 1998, under securities code number 896 792. All shares of Adval Tech Holding Ltd have been listed on the SIX Swiss Exchange since July 5, 2004, under the above securities code number. Their Telekurs ticker symbol is ADVN, their Bloomberg symbol ADVN SW, their ISIN number CH0008967926. The market capitalization of Adval Tech Holding Ltd on December 31, 2011, was CHF 120.45 million.

Adval Tech Management Ltd held a total of 80 shares, i.e. 0.01% of the share capital of Adval Tech Holding Ltd on December 31, 2011; the remaining group companies hold no shares in Adval Tech Holding Ltd.

The following companies are included in the scope of consolidation on December 31, 2011:

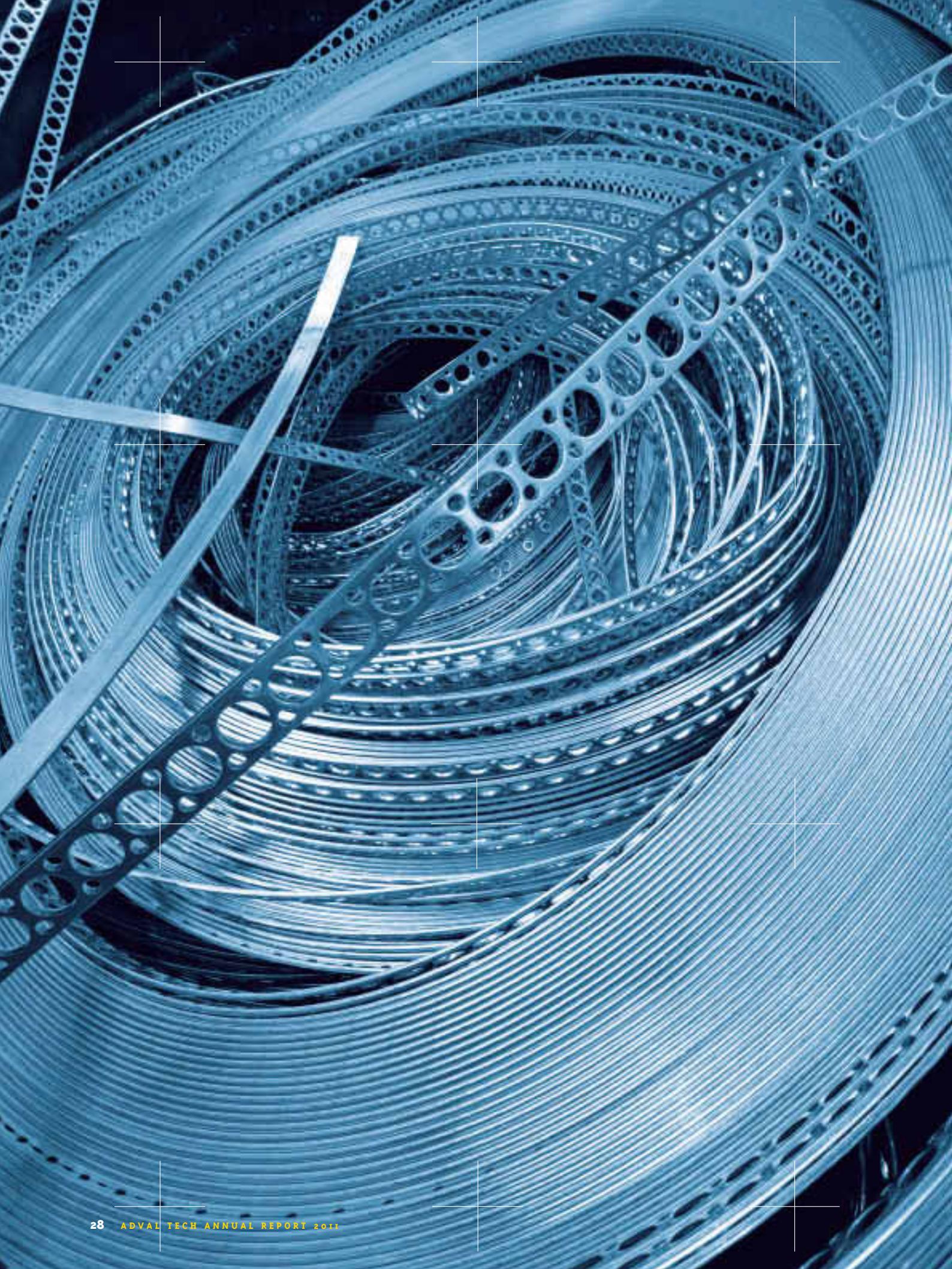
Company	Registered office		Share capital		Equity holding
Adval Tech Holding Ltd	Niederwangen, Switzerland	TCHF	14,600		
Adval Tech Management Ltd	Niederwangen, Switzerland	TCHF	100	100%	
Styner+Bienz FormTech Ltd	Niederwangen, Switzerland	TCHF	3,050	100%	
Styner+Bienz do Brasil Ltda.	São José dos Pinhais PR, Brazil	TBRL	939	100%	
Styner+Bienz US Inc.	Cleveland, OH, USA	TUSD	1	100%	
QSCH Termelő és Kereskedelmi Kft.	Székeszár, Hungary	TEUR	1,800	100%	
AWM Plast Tech Ltd	Merenschwand, Switzerland	TCHF	600	100%	
Teuscher Kunststoff-Technik Ltd	Grenchen, Switzerland	TCHF	2,000	100%	
Omni Investors Pte. Ltd	Singapore	TUSD	13,517	100%	
Omni Industries Holdings Pte. Ltd	Singapore	TUSD	56,885	100%	
Omni Plastics (Thailand) Co. Ltd	Rayong, Thailand	TTHB	40,000	100%	
Omni Plastics (Suzhou) Co. Ltd	Suzhou, China	TUSD	5,660	100%	
Omni Plastics (Xiamen) Co. Ltd	Xiamen, China	TUSD	3,100	100%	
Omni Precision Sdn. Bhd.	Johor, Malaysia	TUSD	505	100%	
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,500	100%	
Omni Manufacturing Services S.A. de C.V.	Querétaro, Mexico	TUSD	3,500	100%	
Omni HR Resource Services S.A. de C.V.	Querétaro, Mexico	TUSD	5	100%	
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%	
Omni Industries Tech Centre (Suzhou) Co. Ltd	Suzhou, China	TUSD	6,000	100%	
AWM Mold Tech Ltd	Muri (AG), Switzerland	TCHF	600	100%	
AWM Swiss Technology Ltd	Hongkong, China	THKD	10	100%	
AWM Mold Service US Inc.	Beverly, MA, USA	TUSD	1	100%	
FOBOHA Holding GmbH	Haslach, Germany	TEUR	25	100%	
FOBOHA GmbH	Haslach, Germany	TEUR	512	100%	
FOBOHA US, Inc.	Beverly, MA, USA	TUSD	1	100%	

AWM Mold Tech Trading (Shanghai) Co. Ltd ceased operating and was liquidated in the second half of 2011.

The disclosures published in conformity with Article 20 of the Stock Exchange Act (BEHG) can be accessed on the web site of the SIX Swiss Exchange via the following link: www.six-exchange-regulation.com/obligations/disclosure/major_shareholders_en.html, Company ADVAL.

In 2011, the following disclosures were made in accordance with Article 20 of the Stock Exchange Act (BEHG):

Date of disclosure	Shareholder(s)	Share of the voting rights	Description
April 5, 2011	Marianne Styner-Wälti Barbara Maria Künzle-Styner Eva Dorothea Styner Styner Foundation	10.11%	Rudolf Styner's community of heirs received 73,816 Adval Tech Holding Ltd registered shares from his estate. The Styner Foundation is a legatee of Rudolf Styner's estate. The duty of disclosure arose as a result of succession to the estate. The heirs' declaration of acceptance is dated March 16/17, 2011.
July 15, 2011	Marianne Styner-Wälti Barbara Maria Künzle-Styner Eva Dorothea Styner Styner Foundation	<3% each	Rudolf Styner's community of heirs received 73,816 Adval Tech Holding Ltd registered shares from his estate. The Styner Foundation is a legatee of Rudolf Styner's estate. On division of the estate, one quarter of the registered shares was transferred to each of the beneficial owners.



Shareholders holding more than 3% of the registered share capital (as shown in the shareholders' register or according to the latest published disclosure report) recorded in the Commercial Register on December 31, 2011, are listed below.

■ Willy Michel	23.7%
■ Artemis Beteiligungen II AG, Hergiswil ¹⁾	21.2%
■ Hansruedi Bienz.....	7.5%
■ Lombard Odier Darier Hentsch Fund Managers SA	6.9%
■ Sarasin Investment Fonds AG	6.0%
■ Einfache Gesellschaft Dreier ²⁾	3.5%

Beneficial owners:

- 1) Michael Pieper
2) Hans Dreier. Rudolf Dreier

There are no shareholders' pooling agreements and no capital or voting cross-holdings.

The overall structure of shareholdings at December 31, 2011, was as follows:

Number of shares	Shareholders
1 to 100	306
101 to 1,000	58
1,001 to 10,000	18
More than 10,000	10
Total	392

Capital structure

As of December 31, 2011, the capital stock of Adval Tech Holding amounted to CHF 14.6 million, divided into 730,000 registered shares with a par value of CHF 20 each. All the shares carry the same voting and dividend rights. The share capital is fully paid. With respect to restrictions on registration, reference is made to the section on stockholders' rights of co-determination (see page 38).

As of December 31, 2011, there was no authorized or conditional capital, nor were any participation or dividend-right certificates, convertible bonds or options in issue.

The shareholders' register is maintained by SIX SAG AG, Baslerstrasse 90, 4600 Olten, on behalf of Adval Tech Holding Ltd.

Changes in the shareholders' equity of Adval Tech Holding Ltd are as follows:

CHF	12/31/2011	12/31/2010	12/31/2009
<i>Share capital</i>	14,600,000	14,600,000	14,600,000
General reserves	9,500,000	9,500,000	102,600,105
Reserve for treasury stock	26,011	650	140,717
Open capital contribution reserve	97,424,589	97,424,589	0
<i>Legal reserves</i>	106,950,600	106,925,239	102,740,822
Free reserves	10,745,152	10,770,513	14,954,930
<i>Other reserves</i>	10,745,152	10,770,513	14,954,930
<i>Share capital and reserves</i>	132,295,752	132,295,752	132,295,752
Balance brought forward	27,459,113	31,386,543	40,762,511
Net profit for the year	-16,729	-3,927,430	-9,375,968
<i>Retained earnings</i>	27,442,384	27,459,113	31,386,543
Total shareholders' equity	159,738,136	159,754,865	163,682,295

There were no changes in capital in the years 2009, 2010 and 2011. The transfer from "General reserves" to the "Open capital contribution reserve" was made in connection with the amendment of legislation regarding direct federal taxes (DBG).

Board of Directors

The Board of Directors of Adval Tech Holding Ltd is composed of the following members:

■ **Walter Grüebler** (Chairman), born 1942, Swiss; PhD (Econ.) St. Gall; member of the Executive Board of Alusuisse, Zurich (1990–1999), CEO of Sika AG, Baar (2000–2004), Chairman of Sika AG, Baar (since 2005); director since 1997, non-executive, term of office expires at the AGM for the 2011 fiscal year.

■ **Michael Pieper** (Vice Chairman), born 1946, Swiss; MA (Econ.) St. Gall; owner and CEO of the Franke Artemis Group AG, Hergiswil (since

1989); director since 2004, non-executive, term of office expires at the AGM for the 2012 fiscal year.

■ **Leonardo Attanasio**, born 1942, German; MBA; CEO of Johnson Controls GmbH, Burscheid, Germany (1996–2004), Chairman of the Supervisory Board of Industriale Sud, Teramo, Italy (1997–2004), Supervisory Board of JC INSITU Beteiligungsgesellschaft mbH (until 2008), Greifswald, Germany, independent consultant (since 2006); director since 2005, non-executive, term of office expires at the AGM for the 2013 fiscal year.

■ **Hans Dreier**, born 1953, Swiss; MBA FH; executive director since 1988, Head of IT/Logistics/Legal at the Adval Tech Group, Niederwangen, term of office expires at the AGM for the 2011 fiscal year, further information on his professional career can be found under Executive management on page 35.

■ **Willy Michel**, born 1947, Swiss; Dr. h.c., certified medical representative; CEO of Novo Nordisk Switzerland (1978–1984), cofounder, Chairman of the Board of Directors and CEO of Disetronic Ltd, Burgdorf (1984–2003), Chairman of the Board of Directors and since autumn 2011 also delegate of the Board and CEO of Ypsomed Holding Ltd, Burgdorf (since 2003); director since 2007, non-executive, term of office expires at the AGM for the 2012 fiscal year.

■ **Roland Waibel**, born 1958, Swiss; PhD; various executive positions at the Lonza Group, Basel, including Group Controller, CFO and Senior Vice President, Corporate Development (1989–2006), CFO of the Omya Group, Oftringen (since 2006); director since 2005, non-executive, term of office expires at the AGM for the 2013 fiscal year.

Leonardo Attanasio and Roland Waibel were re-elected individually for a further three-year term of office (until the AGM for the 2013 fiscal year) at the annual general meeting held on May 12, 2011. Under section 11.3 of the Organizational Regulations, the age limit for the Board of Directors is 70 years. The Board of Directors has approved an exception for Mr Attanasio so that he can serve for the full ordinary term of office.

Walter Grüebler is Chairman of the Board of Sika AG, Baar, and a director of the following companies: Nationale Suisse, Basel, and Greater Zurich Area AG, Zürich. Furthermore he is a member of the Foundation Board of Trustees of the ETH Zurich Foundation.

Michael Pieper is a director of the following companies: Berenberg Bank (Switzerland) AG, Zurich, Hero AG, Lenzburg, Forbo Holding AG, Baar, and Autoneum Holding AG, Winterthur.

Willy Michel is Chairman of the Board of Directors and (since autumn 2011) delegate of the Board and CEO of Ypsomed Holding AG, Burgdorf as well as Vice Chairman of the Board of Directors of BV Holding AG, Bern (Chairman from 2001 until 2008).

None of the non-executive members of the Board of Directors has also been employed by the Adval Tech Group in an operational or consultative capacity in the past three years. Otherwise the members of the Board of Directors as at December 31, 2011, are not members of any other executive and supervisory bodies of significant Swiss or foreign corporations, institutions and foundations under public or private law and also hold no important public offices.

Ypsomed AG in Burgdorf and Adval Tech Holding Ltd signed an agreement on strategic cooperation in moldmaking in June 2007. The objective of this cooperative venture is to combine the respective strengths and core competencies of Ypsomed and Adval Tech and exploit them for the economically efficient manufacture of high-quality products.

In September 2010, Finox AG in Burgdorf and Adval Tech Holding Ltd agreed to collaborate in the field of mold manufacturing and plastic components. The aim of this collaboration is for Adval Tech to provide production capacity for Finox medical components. Finox AG is deemed to be a related party, as a member of the Board of Directors of Adval Tech Holding Ltd is a main shareholder of Finox AG.

As part of the reorganization of the Adval Tech Group's financing in January 2012, Techpharma Management AG, which is wholly owned by Mr Willy Michel, and Mr Willy Michel himself provided a CHF 60 million guarantee in favour of the lending banks. The guarantee secures half of the possible credit line.

The Adval Tech Group's business relationships with directors and officers or parties related to them are detailed in Note 35 of the financial reports on page 82.

The Articles of Incorporation and the regulations governing the organization and conduct of business of Adval Tech Holding Ltd can be found on the Internet at <http://www.advaltech.com/en/group/corporate-governance/articles-of-incorporation-andrules.html>.



In terms of the Articles of Incorporation of Adval Tech Holding Ltd, the Board of Directors has at least three members, who are elected for a three-year term of office. Re-election is permitted. The Articles of Incorporation include no provisions regarding an age limit for directors. 70 has been stipulated as the age limit in the regulations governing the organization and conduct of business.

The Board of Directors constitutes itself. It appoints a Chairman and a Secretary, who does not have to be a director. The Board of Directors represents the highest decision-making authority in the company, subject to those matters on which, according to legal provisions, the shareholders must decide. It performs the following duties: specifying the framework of the mission statement, strategic focus and objectives as well as medium-term planning and the annual budget for group management; defining the group organization; appointing and dismissing the CEO and other members of group management; ensuring operational management of the group; drawing up the annual report; approving the budget and medium-term planning; preparing the annual general meeting. The Board of Directors executes the motions adopted by the annual general meeting and supervises the practical realization of the mission statement and the implementation of the strategy as well as the course of business. It also oversees finance and accounting matters, periodically conducts risk evaluations and approves the material transactions for which it is solely responsible according to the allocation of authority in effect. These include in particular corporate acquisitions or disposals, contracts regarding licenses and cooperation.

The Board of Directors can delegate the preparation, execution and supervision of its duties to committees or individual directors. It has formed an Audit Committee and a Nominations and Compensation Committee for this purpose. The duties and authority of the board committees are listed in paragraphs 5 and 6 of the regulations governing the organization.

The composition of the board committees is as follows: Audit Committee: Roland Waibel (Chairman), Hans Dreier. Nominations and Compensation Committee: Walter Grüebler (Chairman), Michael Pieper.

The duties, authority and responsibilities of the Board of Directors and the board committees are stipulated in the regulations governing the organization of Adval Tech Holding Ltd. The Board of Directors meets as often as business requires, but at least four times a year, with the Chairman presiding. Seven meetings were held in 2011. Board meetings usually last half a working day.

The Audit Committee is responsible for reviewing the annual financial statements and other financial information. It discusses the results of audits with the external auditors, as well as reviews the internal control system, risk management and compliance with laws and directives. On the application of the CFO it approves the budget for auditing fees and assesses the independence of and the compatibility of auditing activities with other advisory mandates. The Audit Committee submits a proposal to the Board of Directors for the attention of the annual general meeting regarding the election of auditors. The CFO and, if necessary, the CEO usually attend the meetings in a consultative capacity. The Audit Committee usually acts in a preparatory capacity for the Board of Directors as a whole; decision-making powers lie with the Board of Directors as a whole. The Audit Committee meets as often as business requires, but at least twice a year. Three meetings were held in 2011. The CFO and CEO attended all three meetings in the year under review. The auditors attended three meetings in 2011. No other external advisers were called in. The meetings usually last two to four hours. The audit findings can be seen in the financial report on page 84 for the consolidated financial statements and page 93 for Adval Tech Holding Ltd.

The Nominations and Compensation Committee prepares personnel planning at board and group management level. This includes specifying the

criteria for candidate searches and preparation of their selection as well as succession planning and talent development. It assesses the performance of group management for the attention of the Board of Directors and stipulates the remuneration of group management. It also submits proposals for the compensation of the Board of Directors. The Nominations and Compensation Committee decides on the remuneration of group management. Other business, including remuneration of the Board of Directors, is decided upon by the Board of Directors as a whole in response to proposals by the Nominations and Compensation Committee. The Nominations and Compensation Committee meets as often as business requires, but at least once a year. The CEO usually attends its meetings in a consultative capacity and takes no part in discussions of his remuneration. One meeting was held in 2011, in the spring. It was attended by the CEO. The CEO took no part in discussions of his remuneration. The meetings usually last between one and two hours, and in 2011 no external consultants were called in.

The Board of Directors receives a detailed monthly report in writing regarding the course of business in the group, the degree to which objectives have been achieved and the action foreseen for this purpose. The monthly report contains information on the current course of business in the major group companies and the group as a whole (key figures from the income statement and the balance sheet, information on capital expenditure, with additional comments), the status of important projects and major developments on the markets. The Board arranges to be informed as necessary about the progress of strategic projects. In addition to these written reports, the CEO, and if necessary other members of group management, attend the board meetings, at which open issues and further inquiries can be discussed or answered. Proposals and reports are submitted to the Board of Directors in writing in good time prior to the meeting. With the exception of the Head of the Consumer Goods Division, who attended one meeting, the CEO, the CFO and the Heads of the Automotive and Molding Technology divisions attended six

of the seven meetings of the Board of Directors to report on the course of business and explain projects in 2011. The Board of Directors receives information on a regular basis, at least once a year, regarding the group's business risks and assesses these. The risk management process is described in detail on page 91 ff. of the financial report. The management of financial risks is described in detail in Note 2 on page 53 of the financial report, cooperation with the auditors on pages 39 and 41 of this Corporate Governance Report.

Internal control system

The Adval Tech Group's internal control system (ICS) is implemented at entity level at significant group entities. The processes required to be covered by the ICS, their definitions and the documentation of the ICS are stipulated centrally by the group.

An internal control system has been in operation at significant group entities for some time already; since 2009, its design and application have been coordinated group-wide. The Board of Directors receives regular reports on the design and development of the internal control system. The existence of the ICS is reviewed on an annual basis by the auditor. The findings of that audit are outlined in the auditor's report on pages 84 and 93 of the Annual Report.

Within the internal control system, ten processes have been defined as finance-related. These are subdivided into group-wide processes/controls and entity-level processes/controls.

The group-wide processes/controls encompass group-level controls (such as control environment, risk assessment, information, communication), IT general controls and group-wide activities (such as M&A, insurance, consolidation). At entity level, key risks and key controls are defined for the following processes and continually monitored: sales and accounts receivable, purchasing and accounts payable, inventories and projects, personnel, tangible fixed assets, treasury and cash management, provisions and preparation of financial statements.

The Adval Tech Group does not have an internal audit function. The Board of Directors of Adval Tech Holding Ltd has not created a separate internal audit function due to the group structure and the design of the internal control system.

The Board of Directors has delegated the management of the operating business with regard to achieving the strategic objectives and fulfilling the medium-term plans and budgets to group management, chaired by the CEO. Internal organization and the allocation of authority are set out in the Adval Tech Group's regulations governing the organization and conduct of business (<http://www.advaltech.com/en/group/corporate-governance/articles-of-incorporation-and-rules.html>).

In addition to the non-assignable duties stipulated by law, the Board of Directors has reserved for itself decision-making authority for the following transactions: acquisition and disposal of investment holdings, restructuring measures, granting sureties and guarantees, appointing and dismissing members of group management.

Executive management

The executive management team of the Adval Tech Group (group management) as of January 1, 2012:

- **Stephan Mayer**, born 1949, Swiss; with Adval Tech since December 2011; Chief Executive Officer; Dr. sc. techn. ETH. Career: managing director of the Stäubli Group, Pfäffikon between 1994 and 2002; self-employed since 2003. Chairman of the Board of Directors of Buss AG, Pratteln. Joined Adval Tech as CEO on 1 December 2011. In serving as CEO, Mr Mayer works around 80% of the normal working hours.

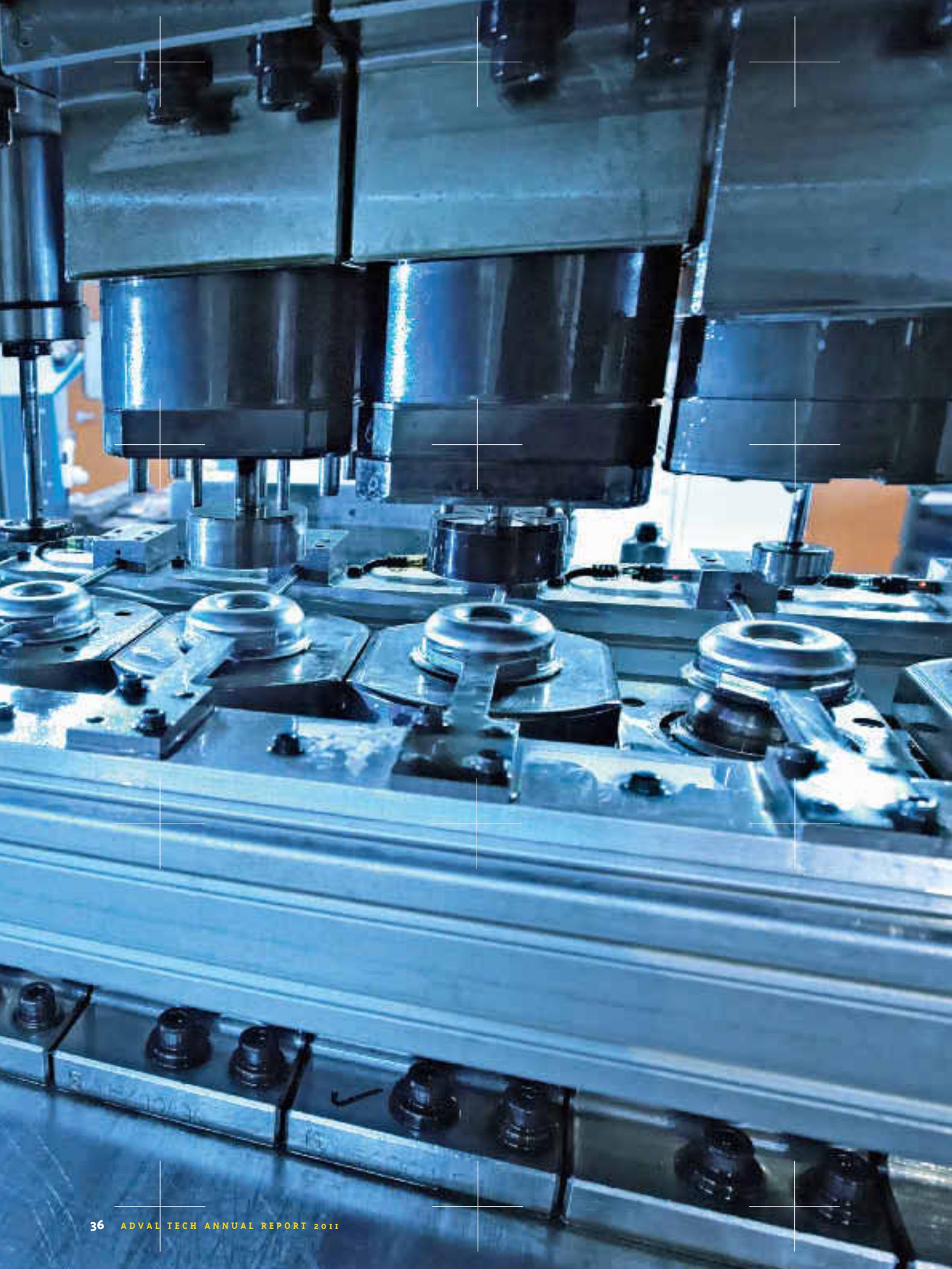
- **Hans Dreier**, born 1953, Swiss; with Adval Tech since 1982; Head of IT/Logistics/Legal; MBA FH. Career: project manager, then systems manager at Honeywell Bull, Düsseldorf, Germany (1980–1982); joined Styner+Bienz as Head of Information Technology, as of 1984 Head of Sales

and Marketing, since 1997 member of group management in his current position. Member of the Board of Directors of Adval Tech Holding Ltd since 1988; see page 30.

- **Harald Folk**, born 1969, German; with Adval Tech since October 2009; Head of the Molding Technology Division; Certified Engineer (mechanical engineering), MBA (University of Michigan). Career: project manager, head of department and senior development engineer at Kostal of America in Novi, USA (1999–2003), Head of Development USA at Fischer Automotive Systems, Auburn Hills, USA (2003–2006), Head of Development North America at Dr. Schneider Automotive in Detroit, USA (2006–2008), until September 2009 General Manager and member of executive management at Läpple Formenbau GmbH in Möckmühl, Germany; joined Adval Tech on October 1, 2009, as Head of the Molding Technology Division.

- **Markus Reber**, born 1963, Swiss; with Adval Tech since 2002, Chief Financial Officer, Exec. MBA FH. Career: controller and CIO at ABB-MMD Robotics AG, Deitingen (1989–1992), Commercial Manager of ABB Fläkt AG, Lucerne (1993), Head of Finance and Administration in the Repair unit of Swisscom AG, Bern (1993–1997), Head of Finance and Controlling in the Service and Repair unit of Swisscom AG, Bern (1997–2000), Head of Finance and Central Services at the Feusi Bildungszentrum, Bern (2000–2002). Joined Adval Tech as Group Controller, CFO since January 1, 2007.

- **René Rothen**, born 1959, Swiss, with Adval Tech since 2007, Head of the Automotive Division, Grad. Eng. HTL. Career: Head of Product Development, machine tool manufacturing at EWAG AG, Etziken (1983–1993), various executive positions at Saia-Burgess in Murten (1993–2006), including Head of Operations, Switzerland and Hungary, and finally also as CEO of a subsidiary in the US. Joined Adval Tech as Head of Division.



■ **Jinsheng Lu**, born 1970, Chinese; with Adval Tech since November 2011; Head of the Consumer Goods Division; graduated in international trade and industry from the University of Tianjin (China), obtained a degree in finance and accounting, a Bachelor of Laws and an MBA at Paris-Sorbonne University (France). Career: Division Commercial Director at Valeo Wiper System China (2005–2007), managing director at Capplugs (Shanghai) Plastic Products Co. Ltd, China (2007–2010), managing director for Greater China at Scapa (Shanghai) Co. Ltd/Scapa (Hong Kong) Ltd, China until October 2011; joined Adval Tech as Head of Division on 7 November 2011.

Except where specifically mentioned in the above profiles, the members of group management are not members of any other executive and supervisory bodies of significant Swiss or foreign corporations, institutions and foundations under public or private law and also hold no important political offices.

In November 2011, Neo Age Seng, Head of the Consumer Goods Division, left the group. At the beginning of December 2011, Jean-Claude Philipona stepped down as CEO. He will leave Adval Tech in spring 2012 and until then will be available to Stephan Mayer as he is introduced to his new role.

Except for Stephan Mayer's position as CEO of the Adval Tech Group, there are no management contracts between Adval Tech Holding Ltd or any of its group companies and third parties. The management contract for the position of CEO was concluded with Top Fifty AG in Zug. The principal tasks comprise operational management of the Adval Tech Group, reviewing the Adval Tech Group's strategy, stabilizing the executive management following the departure of the CEO, reviewing first-level management and the management team, and assisting with the recruitment of and the introduction of a successor to the role. The contract was concluded for six months and can be extended, in each case by three months. The level of employment was de-

fined as around 80% of the normal working hours and can be changed if necessary. Remuneration is in the form of a per diem and is billed as incurred. Out-of-pocket expenses for reimbursement are billed separately.

Remuneration, equity holdings and loans

The Nominations and Compensation Committee proposes the remuneration of the Board of Directors and defines the compensation of group management. Remuneration is defined at the committee's absolute discretion. It reflects the function (Board of Directors: Chairman, Vice Chairman, Member; committees: chairman, member; executive management: CEO, CFO, Head of Division, Head of IT/Logistics/Legal), qualification, professional experience and performance of the individual concerned.

The remuneration of the Board of Directors consists of a fixed fee (approx. 70% of total remuneration), an attendance fee (approx. 20% of total remuneration) and a lump sum to cover expenses (approx. 10% of total remuneration). The total remuneration of the members of the Board of Directors is disbursed in cash. The remuneration of the members of the Board of Directors is not linked to the company's targets. The Chairman of the Board of Directors receives a fixed fee of CHF 60,000 for the financial year, the Vice Chairman and the other members a fixed annual fee of CHF 40,000. For the collaboration in a Committee a fixed fee of CHF 10,000 is paid for the financial year. The fees of the members of the Board of Directors remained unchanged compared to the previous year. Members of the board also receive a flat fee and a reimbursement for each meeting attended. The corresponding total is listed on page 89 (see "Other remuneration"). The rates also remained unchanged year on year.

In August 2011, the Board of Directors unanimously resolved to forgo 10% of the fixed fee for 2011 in light of the negative impact of the strong Swiss franc on the group's earnings.

The remuneration of the members of group management consists of a fixed component and a variable component. The fixed component consists of a basic salary, a lump sum to cover expenses and fringe benefits (company car). The basic salary is defined by the Nominations and Compensation Committee at the beginning of each financial year and is generally not adjusted again during the period under review. The variable component depends on business performance (operating earnings before depreciation, interest and taxes, approx. weighting 70%) and the achievement of individual targets (approx. weighting 30%). The variable component of the remuneration is limited to 130% of the fixed component.

The amount of the variable, performance-related component is defined annually by the Appointments and Compensation Committee after the achievement of targets has been assessed.

A part (no less than 20%, no more than 100%) of the variable remuneration of group management is disbursed in shares. The number of shares allotted is calculated on the basis of the average price of the registered shares in February of the year following the financial year. The cost of variable remuneration in cash and shares is posted on an accrual basis. The shares allotted as variable remuneration cannot be sold for five years. A total of 357 shares of Adval Tech Holding Ltd were allotted to group management in 2011 (previous year: 629 shares) in this context for the 2010 financial year. The vesting period for shares allotted as part of the bonus is not cancelled when members of group management step down.

Contracts of employment with the members of group management include no agreements with regard to severance payments or long periods of notice. Terms of notice are from six to twelve months.

As part of a package of measures for the period from 1 September 2011 to 31 December 2011, the members of group management have voluntarily forgone 6% of their basic salary in light of the nega-

tive impact of the strong Swiss franc on the group's earnings. This does not affect the calculation of any variable component of their remuneration.

Further details of the remuneration and equity holdings of directors and officers are listed in accordance with Art. 663b^{bis} of the Swiss Code of Obligations in the appendix to the financial reports of Adval Tech Holding Ltd on pages 89 to 91 of the annual report.

Shareholders' rights of co-determination

Purchasers of registered shares are entered in the shareholders' register as shareholders with voting rights upon application, if they expressly state that they have acquired the registered shares in their own name and for their own account. As provided by Article 6 of the Articles of Incorporation of Adval Tech Holding Ltd dated May 6, 2010, purchasers of shares will not be registered with voting rights for more than 5% of the registered share capital recorded in the Commercial Register. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations. Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favor of Artemis Beteiligungen II AG, which acquired its holding from Franke Holding AG in the second half of 2005. Beneficial ownership remained unaffected by this transaction. On January 30, 2007, the Board of Directors permitted an exception in favor of Willy Michel, which was granted in connection with a cooperation agreement. Furthermore, these voting restrictions do not apply to the shareholders who were registered with a holding of registered shares exceeding 5% of all share votes when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Hansruedi Bienz, Einfache Gesellschaft Dreier). The exceptions granted were confirmed by the Board of Directors with reference to the increase in share capital in May 2008. Repeal of the registration restrictions requires the approval of the annual general meeting by at least two-thirds of

the shares voted. Fiduciary entries in the shareholders' register are only possible without voting rights. The Articles of Incorporation of Adval Tech Holding Ltd regarding quorum requirements conform to legal provisions (Art. 704, Swiss Code of Obligations).

Invitations to the annual general meeting are issued by publication in the Swiss Official Commercial Gazette no less than 20 days prior to the annual general meeting. Shareholders entered in the shareholders' register can also be invited in writing. Shareholders representing shares with a par value of not less than CHF 1 million can request the inclusion on the agenda of items for discussion. This request must be submitted to the Board of Directors up to 45 days prior to the annual general meeting with details of the item for discussion and the motion proposed. There are no regulations differing from the Swiss Code of Obligations regarding the convening of a general meeting. Shareholders who are entered with voting rights in the shareholders' register at least 14 days prior to the annual general meeting are entitled to vote at the meeting.

Shareholders who have sold shares prior to the annual general meeting are not entitled to vote in respect of the shares sold. The provisions of the Articles of Incorporation governing attendance at the AGM comply with the Swiss Code of Obligations.

Change of control and defensive measures

The Articles of Incorporation of Adval Tech Holding Ltd include no provisions for "opting-out" or "opting-up" upon reaching the legal value threshold. The contracts of employment of directors and officers also include no clauses relating to change of control.

Auditors

PricewaterhouseCoopers AG in Bern, i.e. their legal predecessors Revisuisse PriceWaterhouse, were elected as statutory auditors for Adval Tech Holding Ltd and as group auditors in 1991. Hanspeter Gerber acts as lead auditor (since 2010). Auditors for Adval Tech Holding Ltd and the consolidated financial

statements are elected for a term of office of one year. Audit fees invoiced by PricewaterhouseCoopers AG in 2011 totaled CHF 507,000. The following fees were also paid to PricewaterhouseCoopers AG in 2011:

	Fee in CHF
Tax consulting	250,000
Projects	106,000
Total additional fees	356,000

The auditors report their audit findings in writing to the Board of Directors and the Audit Committee at least twice a year. The significant findings and recommendations in the auditors' reports are discussed in detail with the Audit Committee and, when necessary, with the Board of Directors as a whole and group management. The auditors also attended three meetings of the Audit Committee in 2011 in order to explain the results of their audit. A detailed management report was drawn up by the auditors on each occasion to summarize the results of the interim audit and the audit of the annual financial statements; this served as the basis for explanations to the Audit Committee and the Board of Directors as a whole.

The Audit Committee reviews the audit concept annually and stipulates the audit schedule after consultation with the auditors and the Chairman of the Board of Directors, and defines the fee framework. The committee also periodically reviews the independence of the auditors (their personal independence and that of the auditing firm), the provision of the relevant resources by the auditors, practical recommendations for the implementation of the Swiss GAAP FER guidelines, their understanding of the business units and the company's specific business risks, cooperation with the Audit Committee and group management, and the compatibility of the audit mandate with any other consulting contracts. Consulting contracts awarded to the auditors for more than CHF 0.1 million per contract must be approved by the Audit Committee before being



awarded. For the year under review, the Audit Committee and the Board of Directors as a whole have concluded that the independence of the auditors is fully guaranteed.

As regards rotation of the lead auditor, the Board of Directors complies with the legal requirements under the Swiss Code of Obligations, i.e. the lead auditor is replaced every seven years in the process of rotation.

Information policy

Adval Tech attaches great importance to pursuing an open information policy and maintaining contacts with investors, financial analysts, business journalists and other interested parties. CEO Stephan Mayer, CFO Markus Reber and Head of Corporate Communication Valeria Poretti are available to these target groups as the persons to contact directly.

Adval Tech publishes its results in an annual report and a semi-annual report, and also in press releases. A results press conference and a presentation to financial analysts are also held to explain the annual results. The annual and semi-annual reports can be accessed on the Adval Tech Group's web site or can be ordered from the company in printed form.

The company's official publication medium is the Swiss Official Commercial Gazette (SOOG). Publications in connection with maintaining the listing of the registered shares on the SIX Swiss Exchange are made in conformity with the listing regulations of the SIX Swiss Exchange. This can be accessed at www.six-exchange-regulation.com/admission/listing_en.html.

Detailed information regarding disclosure reports can be accessed at www.six-exchange-regulation.com/publications/published_notifications/major_shareholders_en.html.

Important events are announced in compliance with the ad hoc publicity requirements of SIX Swiss Exchange and made public (so-called push and pull system).

Information on transactions with the company's shares by the Board of Directors and group management are published regularly at www.six-exchange-regulation.com/obligations/management_transactions/notifications_en.html.

The press releases published by the company, the Articles of Incorporation and the regulations governing the organization and conduct of business of Adval Tech Holding Ltd can be accessed on the Internet at www.advaltech.com.

Direct link for press releases: www.advaltech.com/en/group/news/press-releases.html

Direct link for the Articles of Incorporation and regulations governing the organization: www.advaltech.com/en/group/corporate-governance/articles-of-incorporation-and-rules.html

Press releases published by Adval Tech can also be ordered for delivery free of charge and promptly via an e-mail distribution service on the web site or via RSS Feed.

Direct link for registrations to receive ad hoc announcements: www.advaltech.com/en/advaltech/contact.html

Contact:

Stephan Mayer
Chief Executive Officer

Markus Reber
Chief Financial Officer

Valeria Poretti
Head Corporate HR / Communication

Phone +41 31 980 84 44
www.advaltech.com

Agenda

General meeting of shareholders 2012:
Tuesday, June 19, 2012, Bern

Announcement of semi-annual results:
End of August 2012

**FINANCIAL REPORTS
OF THE ADVAL TECH GROUP
FOR 2011**

CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	12/31/2011	12/31/2010
Liquid assets	4	21,967	21,397
Trade accounts receivable	5	45,999	48,658
Other receivables	6, 34	14,404	14,135
Advance payments to suppliers		527	1,856
Inventories and work in progress	7	40,035	36,957
Tangible fixed assets held for sale	9	0	13,766
Prepaid expenses and accrued income	8	3,472	2,762
Total current assets		126,404	139,531
Tangible fixed assets	9	121,419	122,749
Financial assets	11	3,218	3,913
Intangible assets	12	8,477	6,578
Assets from employer's contribution reserves	26	2,841	2,805
Deferred tax assets	20	2,635	2,387
Total fixed assets		138,590	138,432
Total assets		264,994	277,963
Trade accounts payable	13	29,559	26,396
Short-term interest-bearing liabilities	14, 17	127,808	5,167
Other short-term liabilities	15, 34	11,534	16,671
Prepaid income and accrued expenses	18	17,817	16,770
Short-term provisions	19	1,029	1,714
Accrued current income taxes		1,161	2,446
Total short-term liabilities		188,908	69,164
Long-term interest-bearing liabilities	16, 17	193	117,372
Other long-term liabilities		765	707
Long-term provisions	19, 26	2,658	2,320
Deferred tax liabilities	20	3,998	3,648
Total long-term liabilities		7,614	124,047
Total liabilities		196,522	193,211
Share capital	21	14,600	14,600
Capital reserves		146,810	146,807
Treasury stock		-26	-1
Translation differences		-18,684	-18,461
Retained earnings / accumulated losses		-74,228	-58,193
Total shareholders' equity		68,472	84,752
Total liabilities and shareholders' equity		264,994	277,963

The attached explanatory notes are an integral part of the consolidated annual financial statements of the Adval Tech Group.

CONSOLIDATED INCOME STATEMENT

CHF 1,000	Notes	2011	2010
Net income from deliveries and services		210,830	252,826
Income from manufacturing orders (valued using the percentage-of-completion method)		53,174	47,527
Net turnover	22, 30	264,004	300,353
Change in inventories of semi-finished and finished goods		1,925	-987
Own work capitalized		6,514	5,532
Other operating income	23	12,494	11,812
Total income	30	284,937	316,710
Cost of materials and services	24	-125,888	-133,462
Personnel expenses	25	-96,487	-106,604
Other operating expenses	27	-48,258	-52,410
Operating expenses		-270,633	-292,476
Operating earnings before depreciation (EBITDA)		14,304	24,234
Depreciation on tangible fixed assets	9	-18,342	-21,747
Depreciation on intangible fixed assets	12	-972	-872
Depreciation		-19,314	-22,619
Operating earnings (EBIT)		-5,010	1,615
Financial income	28	8,137	6,323
Financial expenses	28	-17,165	-18,044
Net financial income		-9,028	-11,721
Ordinary result		-14,038	-10,106
Extraordinary result		0	0
Non-operating result		0	0
Net result before income taxes		-14,038	-10,106
Income taxes	29	-2,285	-834
Net result after income taxes		-16,323	-10,940

The attached explanatory notes are an integral part of the consolidated annual financial statements of the Adval Tech Group.

SHAREHOLDERS' EQUITY

CHF 1,000	Share capital	Capital reserves	Treasury stock	Translation differences	Ret. earnings acc. losses	Total share-holders' equity
At January 1, 2010	14,600	146,794	-141	-8,657	-47,203	105,393
Net result after income taxes	0	0	0	0	-10,940	-10,940
Translation differences	0	0	0	-9,804	0	-9,804
Increase in share capital	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Transfers	0	50	0	0	-50	0
Purchase/sale of treasury stock	0	-37	140	0	0	103
At December 31, 2010	14,600	146,807	-1	-18,461	-58,193	84,752
Net result after income taxes	0	0	0	0	-16,323	-16,323
Translation differences	0	0	0	65	0	65
Increase in share capital	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Transfers	0	0	0	-288	288	0
Purchase/sale of treasury stock	0	3	-25	0	0	-22
At December 31, 2011	14,600	146,810	-26	-18,684	-74,228	68,472

The attached explanatory notes are an integral part of the consolidated annual financial statements of the Adval Tech Group.

CONSOLIDATED CASH FLOW STATEMENT

CHF 1,000	Notes	2011	2010
Net result after income taxes		-16,323	-10,940
Depreciation on tangible fixed assets	9	18,342	21,747
Depreciation on intangible assets	12	972	872
Increase (+) / decrease (-) in long-term and short-term provisions	19	-618	-4,492
Increase (+) / decrease (-) in provision for deferred income taxes (net position)	20	377	-1,834
Gain (-) / loss (+) on sales of tangible fixed assets		-3,228	-912
Other transactions with no impact on liquidity		1,563	1,153
<i>Cash provided by operating activities before change in net current assets</i>		<i>1,085</i>	<i>5,594</i>
Increase (-) / decrease (+) in receivables		3,410	-4,272
Increase (-) / decrease (+) in inventories		-3,309	-782
Increase (-) / decrease (+) in prepaid expenses and accrued income		6,959	11
Increase (+) / decrease (-) in trade accounts payable		2,666	4,396
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		-5,148	6,365
Cash provided by operating activities		5,663	11,312
Capital expenditure	9	-17,518	-12,350
Income from sales of tangible fixed assets	9	9,978	2,057
Investments in financial assets	11	-1,215	-3,681
Income from sales of financial assets	11	1,515	4,163
Investments in intangible assets	12	-3,093	-3,082
Income from sales of intangible assets	12	0	0
Net cash drain from acquisitions		0	-3,942
Cash used for investing activities		-10,333	-16,835
Free cash flow		-4,670	-5,523
Dividend paid		0	0
Capital contributions (repayments)		0	0
Purchase (-) / sale (+) of treasury stock		-25	-42
Loans raised in connection with debt refinancing		0	0
Repayment in connection with debt refinancing		0	0
Increase (+) / decrease (-) in short-term debt	14	5,612	584
Increase (+) / decrease (-) in long-term debt	16	-104	4,408
Cash provided by financing activities		5,483	4,950
Translation differences		-243	-1,526
Changes in liquid assets		570	-2,099
Liquid assets on December 31		21,967	21,397
Liquid assets on January 1		21,397	23,496
Change in liquid assets		570	-2,099

The attached explanatory notes are an integral part of the consolidated annual financial statements of the Adval Tech Group.

The net outflow of funds from acquisitions recognized in 2010 arises from the payment of obligations for the second tranche of shares in Omni Investors Pte. Ltd in Singapore.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 . PRINCIPLES OF CONSOLIDATION AND VALUATION

1.1 Accounting principles

The consolidated financial statements are based on the financial statements drawn up by the individual group companies in accordance with uniform principles at balance sheet date.

They have been prepared in conformity with the full regulatory framework of Swiss GAAP FER, as issued by the Foundation for Accounting & Reporting Recommendation. The consolidated financial statements provide a true and fair view of the company's financial position, results of operations and cash flows.

The consolidated financial statements are based in principle on the lower of acquisition/manufacturing cost or market value. This excludes derivative financial instruments stated in the balance sheet at market value. Assets and liabilities are valued individually.

Preparing the consolidated financial statements in conformity with the applicable reporting standards calls for estimates and assumptions to be made which influence the figures stated for assets and liabilities as well as contingent claims and liabilities on balance sheet date and income and expenses in the period under review. Actual results can differ from these estimates. Items including substantial estimates are inventories (analysis of turnover, PoC method), tangible fixed assets (useful lives), intan-

gible assets (useful lives, impairment calculations), provisions and deferred taxes (recognition for tax loss carryforwards).

1.2 Consolidation principles

Capital consolidation is performed according to the purchase method.

Subsidiaries and investment holdings are included in the scope of consolidation from the date of acquisition, change of control or incorporation. On that date, assets and liabilities are valued at the principles of the Adval Tech Group based on Swiss GAAP FER. Transaction costs are added to the purchase price. Any positive difference between the purchase price and the shareholders' equity of the acquired company after revaluation (goodwill) is offset against the group's shareholders' equity on the date of acquisition. Any negative capital offsetting difference (negative goodwill) is added to shareholders' equity on the date of acquisition. Conditional future payments are included in the purchase price on the date of acquisition and regularly reappraised thereafter.

Companies are included in the consolidation according to the following **methods**:

- Companies in which Adval Tech Holding Ltd holds a direct or indirect voting interest of **more than 50%** and/or exercises management and control are fully consolidated. In such cases, assets and liabilities, expenses and income are included in full in the consolidated financial statements. If appropriate, minority interests of other shareholders in net assets and net profit are segregated and

stated separately. In such cases the interests can optionally be stated in the balance sheet at fair value or as a proportion of the value of the net assets of the company acquired. Accounts receivable, accounts payable, income and expenses between group companies are mutually offset. Intragroup profits or losses on intercompany deliveries are eliminated via the income statement.

- Associated companies over which the group exercises significant influence, but neither controls nor manages, are included in the consolidated financial statements using the equity method. This is usually the case with investments in which Adval Tech holds an interest of **20% to 50%**. The share of profits and shareholders' equity attributable to the Adval Tech Group is then included.
- Investments over which Adval Tech exercises no significant influence, usually holding interests of **less than 20%**, are included in the balance sheet at purchase prices less any value adjustment.

The companies included in the consolidation and the exchange rates applied are listed in explanatory note 3 to the consolidated financial statements.

1.3 Foreign currency translation

The consolidated financial statements are drawn up in Swiss francs (CHF), the reporting currency of the Adval Tech Group. The items included in the financial statements of the individual group companies are stated in the currency of the economic region in which the company primarily operates (functional currency).

The group applies the following principles in respect of *foreign currency translation*:

- The balance sheets of companies which do not prepare their financial statements in the group's reporting currency are translated at year-end exchange rates, their income statements at average rates for the year. The differences arising from translation are directly credited or debited to shareholders' equity.
- Gains or losses on currency transactions by the companies are posted to the income statement.

- Exchange rate differences arising on loans granted to group companies by the parent company for long-term financing of investments are posted directly to shareholders' equity if the loan was granted in the book currency of the lender or the borrower.

1.4 Derivative financial instruments

Derivative financial instruments are always stated at market value. Adjustments to market value are made via the income statement or in certain cases with no impact on income (hedge accounting).

1.5 Liquid assets

Liquid assets include cash, credit balances on postal and bank accounts as well as time deposits maturing within 90 days and marketable, short-term cash deposits as well as readily realizable securities which can be converted into liquid funds at any time. Bank accounts with negative balances are included in short-term liabilities.

1.6 Receivables

This item includes trade accounts receivable and other short-term receivables. The latter also include time deposits maturing in more than 90 days up to one year and that portion of long-term assets maturing within one year. Receivables of more than CHF 10,000 are depreciated individually. The depreciation requirement is based on estimates, empirical evidence and the age structure of the receivables, bankruptcy filings already known of, legal proceedings as well as political effects. In the case of receivables amounting to less than CHF 10,000, which have been not depreciated individually, the credit risk is accounted for according to age classification.

Receivable overdue for	Valuation allowance
90 to 180 days	50%
181 to 360 days	75%
more than 360 days	100%

1.7 Inventories and work in progress

Inventories and work in progress are stated at the lower of acquisition/manufacturing cost or realizable value. Costs are calculated using the weighted average-price method. Manufacturing costs include direct personnel expenses and cost of materials as well as the relevant share of overheads. Discounts are regarded as reductions in the cost of acquisition. Inventory risks are identified by means of coverage analyses and individual observation, and provisions made accordingly. Long-term orders are stated according to the percentage-of-completion method. Income and costs are taken into account according to the degree of completion. The degree of completion is calculated by establishing the ratio of the costs incurred for the services rendered up to the relevant balance sheet date to the costs expected for the order as a whole.

Orders for which advance payments made by customers are less than the value of work in progress are included in the balance sheet as net assets in the work in progress item. If advance payments for an order are larger than the value of the work performed, the corresponding net liability is stated as advance payments by customers.

1.8 Assets held for sale

Long-term assets whose book value is realized essentially by their sale, usually within one year, rather than by further operational utilization, are stated separately as a short-term item in the consolidated balance sheet. They are stated at the lower of book value or disposal value less cost of disposal.

1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accrued depreciation, which is calculated using the straight-line method on the basis of estimated useful life. In the case of buildings we apply a useful life of 30 to 40 years. Interior finishing of the buildings and their equipment are amortized over 8 to 15 years. For plant and machinery we apply a useful life of 5 to 15 years, for especially long-lived machinery

up to 25 years. For workshop, storage and office equipment included in "Other tangible fixed assets" and for vehicles and IT hardware and software we assume a useful life of 3 to 15 years. Leased fixed assets are amortized over the planned duration of the project. Repair and maintenance expenses are charged to income. Extensive equipment overhauls are only capitalized if they result in measurable capital appreciation in the form of higher performance or longer useful life. Interest expenses arising during the erection of the plant are debited to income.

1.10 Financial assets

Financial assets consist of investment holdings consolidated using the equity method, other investments, securities in the nature of long-term investments and long-term loans to third or related parties. They are valued at acquisition cost less any value adjustment. This also includes receivables under finance leases. The Adval Tech Group concludes finance lease agreements with its customers in the course of its operating business. These agreements are concluded for the tools, molds and equipment used for serial component manufacture. They are recognized at their net present value on the relevant reporting date less any impairment. Income from accrued interest on receivables is recognized as interest income. Any gain on the manufacture of operating equipment is recognized in the income statement when the equipment is put into operation; provisions are recognized for any loss when the loss becomes foreseeable.

1.11 Intangible assets

Acquired patents, licenses and trademarks are valued at acquisition or manufacturing cost if their earnings potential can be reliably estimated and the other applicable criteria of Swiss GAAP FER 10 are fulfilled.

Research costs are recognized in the income statement. Expenditure on in-house development projects is capitalized at manufacturing cost or maximum realizable value of their benefits as development costs

and amortized over their expected useful life, not exceeding ten years, if their earnings potential can be reliably estimated.

Other discernable intangible assets arising from acquisitions, such as customer relationships or orders in hand, are stated in the balance sheet at market value as "Other intangible assets". These are amortized over their expected useful life using the straight-line method. In the case of capitalized development costs this is 5 to 10 years. In the case of other intangible assets it is 4 to 10 years.

1.12 Leasing of capital goods

Capital goods financed by long-term leasing contracts (finance leases) are capitalized and amortized over their useful life. The corresponding leasing commitments are included under short-term or long-term liabilities.

1.13 Impairment of assets

If there is evidence of impairment of assets, their realizable value is estimated. Impairments are posted to income if the carrying value of an asset is higher than its realizable value; this is the higher of the net disposal value and the useful value of an asset, which corresponds to the net present value of the estimated future cash flow.

1.14 Short-term liabilities

Trade accounts payable, prepaid income as well as short- and long-term financial liabilities are valued at ongoing acquisition values.

Trade accounts payable and other liabilities are regarded as short-term if they mature in less than one year. This item also includes that portion of long-term liabilities that is due for repayment within one year.

1.15 Provisions

Warranties, risks, impending losses and restructuring costs are included in provisions. These provisions relate exclusively to transactions originating in the past. The size of the provisions reflects the prob-

able future outflow of funds which can be reliably estimated. Provisions are stated at net present value if the related outflow of funds is expected to occur more than one year after balance sheet date. Net present values are adjusted via financial expenses.

1.16 Pensions / Payments to employees

Various pension plans exist within the group, governed by local conditions in the countries concerned. They are financed either by contributions to legally independent pension providers (foundations, insurers), by contributions to state pension schemes in the context of the legal framework in the country concerned or by the creation of reserves for pension liabilities. An annual assessment is made as to whether a financial benefit or a financial liability exists from the standpoint of the group. A corresponding sum is stated in the balance sheet. The expenses for the period correspond to the contributions by the employer and the change in financial benefit or financial liability.

Provisions are made for further benefit claims by employees, such as claims to long-service bonuses based on conditions of employment.

1.17 Shareholders' equity

The following distinctions are made in respect of reserves:

- The difference between shareholders' equity and the original cost of the investment holdings stated in the context of the uniform valuation of assets and liabilities on January 1, 1996, is posted to capital reserves. The initial change in reporting standards from commercial law to Swiss GAAP FER, combined with a revaluation of assets, was made on this date. The share premium arising from increases in share capital and from income from the purchase or sale of treasury stock are also included here.
- Retained earnings include all gains and losses generated by the group itself since January 1, 1996, and not distributed, together with goodwill offset against shareholders' equity.

1.18 Income recognition

Income is recognized when it is certain that the financial benefit associated with the transaction will accrue to the company and can be reliably estimated. Income from sales of goods is deemed to be realized when use and risk pass to the customer. Revenues arising from manufacturing orders valued using the percentage-of-completion method are included according to the progress of the work. The percentage of completion is calculated using the cost-to-complete method. Discounts granted are regarded as sales deductions.

Net turnover therefore comprises income from manufacturing orders (valued using the percentage-of-completion method) and net income from deliveries and services.

1.19 Income taxes

Current income taxes are calculated on the taxable profits of the individual companies in conformity with local tax legislation and allocated to the period in which they accrue.

Temporary valuation differences arise due to differing valuations of assets and liabilities in the individual financial statements for taxation purposes and the consolidated financial statements. Deferred income tax is calculated on all temporary valuation differences at current or future tax rates, if these are foreseeable.

Accumulated losses which can be utilized for tax purposes are only stated as deferred tax assets if a tax benefit from an offset of the loss is probable.

1.20 Relationships with related parties

Relationships with related individuals and companies are recorded separately and disclosed if material. Individuals and companies having a special interest in the development of the Adval Tech Group and/or in a position to influence the business activities of the Adval Tech Group directly or indirectly are deemed to be related parties. In particular, major

shareholders, group pension funds and members of the Board of Directors and group management are deemed to be related parties. Organizations directly or indirectly controlled by related parties are also deemed to be related parties.

1.21 Share-based payment

A part (no less than 20%, no more than 100%) of the variable remuneration of group management and other members of supervisory staff is disbursed in shares. The number of shares allotted is calculated on the basis of the average price of the registered shares in February of the year following the financial year. The cost of variable remuneration in cash and shares is accrued as personnel expenses. The shares allotted as variable remuneration cannot be sold for five years.

2 . FINANCIAL RISK MANAGEMENT

2.1 Financial risks

The Adval Tech Group is exposed to various financial risks in the context of its business activities, such as currency risks, interest rate risks, credit risks and liquidity risks. It seeks through systematic management to minimize any adverse effects of the related fluctuations on its financial results.

The group's financial risk management is conducted centrally by the Group Finance Department in close cooperation with the finance departments of the segments and companies. For its financial risk management, the group occasionally utilizes derivative financial instruments.

2.2 Interest rate risk

There are no material interest-bearing assets, so income and cash flow from operations remain unaffected by changes in market interest rates.

The group utilizes mainly variable interest-bearing credits in Swiss francs for external financing; these entail a cash flow interest rate risk. Derivative finan-

cial instruments are utilized in some cases to hedge cash flow interest rate risks.

2.3 Credit risk

Credit risks can arise on liquid assets, credit balances with financial institutions and lending to customers. Liquid assets and credit balances with financial institutions are for the most part invested with banks having a credit rating of at least A+. Local banks are sometimes also used due to prevailing local conditions at subsidiaries.

Credit risks are minimized by continuous monitoring of overdue payments from counterparties and by verifying the creditworthiness of new business partners. Any necessary provisions are made or released continuously against income. These activities are primarily pursued at the local level. Due to the differences in business models and customer structures, no generally valid credit limits for the group as a whole are applied. Depending on transaction and customer, credit risks can be hedged by means of letters of credit or bank guarantees.

2.4 Currency risks

The Adval Tech Group is exposed to currency risks by virtue of its international activities. The currency risk is reduced primarily by direct balancing of payments flows in foreign currencies. Derivative financial instruments are utilized on a case-by-case basis to reduce exchange risks further. The utilization of these hedging instruments is coordinated centrally.

In principle, only risks arising from the operating activities are hedged.

2.5 Liquidity risk

The Adval Tech Group monitors the liquidity risk by means of prudent liquidity management. Available liquidity and compliance with financial covenants are continuously monitored at group level.

3. SCOPE OF CONSOLIDATION

The following companies are included in the consolidated financial statements:

Company	Registered office	Share capital	Equity holding	
Adval Tech Holding Ltd	Niederwangen, Switzerland	TCHF	14,600	
Adval Tech Management Ltd	Niederwangen, Switzerland	TCHF	100	100%
Styner+Bienz FormTech Ltd	Niederwangen, Switzerland	TCHF	3,050	100%
Styner+Bienz do Brasil Ltda.	São José dos Pinhais PR, Brazil	TBRL	939	100%
Styner+Bienz US Inc.	Cleveland, OH, USA	TUSD	1	100%
QSCH Termelő és Kereskedelmi Kft.	Szekszárd, Hungary	TEUR	1,800	100%
AWM Plast Tech Ltd	Merenschwand, Switzerland	TCHF	600	100%
Teuscher Kunststoff-Technik Ltd	Grenchen, Switzerland	TCHF	2,000	100%
Omni Investors Pte. Ltd	Singapore	TUSD	13,517	100%
Omni Industries Holdings Pte. Ltd	Singapore	TUSD	56,885	100%
Omni Plastics (Thailand) Co. Ltd	Rayong, Thailand	TTHB	40,000	100%
Omni Plastics (Suzhou) Co. Ltd	Suzhou, China	TUSD	5,660	100%
Omni Plastics (Xiamen) Co. Ltd	Xiamen, China	TUSD	3,100	100%
Omni Precision Sdn. Bhd.	Johor, Malaysia	TUSD	505	100%
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,500	100%
Omni Manufacturing Services S.A. de C.V.	Querétaro, Mexico	TUSD	3,500	100%
Omni HR Resource Services S.A. de C.V.	Querétaro, Mexico	TUSD	5	100%
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%
Omni Industries Tech Centre (Suzhou) Co. Ltd	Suzhou, China	TUSD	6,000	100%
AWM Mold Tech Ltd	Muri (AG), Switzerland	TCHF	600	100%
AWM Swiss Technology Ltd	Hongkong, China	THKD	10	100%
AWM Mold Service US Inc.	Beverly, MA, USA	TUSD	1	100%
FOBOHA Holding GmbH	Haslach, Germany	TEUR	25	100%
FOBOHA GmbH	Haslach, Germany	TEUR	512	100%
FOBOHA US, Inc.	Beverly, MA, USA	TUSD	1	100%

In the reporting period, the operations of AWM Mold Tech Trading (Shanghai) Co. Ltd were discontinued and the company was liquidated. The liquidation did not have a significant effect on the group's income statement or equity. There were otherwise no changes to the scope of consolidation in the reporting period.

In the previous year, the scope of consolidation changed as follows:

- AWM Plastpack Ltd and AWM Mold Tech Ltd, both in Muri, Switzerland, were merged with effect from January 1, 2010. The new company trades under the name of AWM Mold Tech Ltd.
- Styner+Bienz US Inc. in Cleveland, USA, was incorporated in mid-2010. The company assembles and supplies components for the automotive industry, primarily in the US as well as to China and Europe.

Exchange rates

The financial statements are based on the following exchange rates for foreign currencies:

	on Dec. 31, 2011	Average in 2011	on Dec. 31, 2010	Average in 2010
BRL	0.50236	0.52990	0.56470	0.59478
CNY	0.14967	0.13690	0.14206	0.15427
EUR	1.21861	1.23310	1.24680	1.38330
HKD	0.12131	0.11390	0.12090	0.13430
THB	0.02968	0.02890	0.03126	0.03311
USD	0.94306	0.88640	0.94080	1.04331

4. LIQUID ASSETS

Liquid assets include:

CHF 1,000	12/31/2011	12/31/2010
Cash	63	61
Postal account	47	48
Banks	21,180	20,490
Short-term time deposits	677	798
Total liquid assets	21,967	21,397

5. TRADE ACCOUNTS RECEIVABLE

CHF 1,000	12/31/2011	12/31/2010
Total trade receivables (gross)	47,520	49,978
Provisions (allowance for doubtful receivables)	-1,521	-1,320
Total trade receivables (net)	45,999	48,658
of which trade receivables from third parties	45,780	47,980
of which trade receivables from related parties	219	678

CHF 9.9 million of receivables were overdue on the balance sheet date (CHF 10.1 million in 2010), of which CHF 2.6 million by more than 30 days.

In the past three years, loan losses have been in the region of 0.2% of total income.

Provisions on the receivables are as follows:

	CHF 1,000	2011	2010
Total on January 1	-1,320	-1,509	
Provisions made	-264	-174	
Utilized	47	10	
Released	10	310	
Currency translation differences	6	43	
Total on December 31	-1,521	-1,320	

6. OTHER RECEIVABLES

	CHF 1,000	12/31/2011	12/31/2010
Receivables from positive replacement values of derivative financial instruments	3	0	
Other short-term receivables	14,401	14,135	
Total other receivables	14,404	14,135	

The other short-term receivables originate from both segments. While other short-term receivables in the Medical & Consumer Goods Segment declined in the year under review, they increased in the Automotive Segment, resulting in an overall increase of CHF 0.3 million compared with the previous year. In the Medical & Consumer Goods Segment, other short-term receivables in the amount of CHF 5.5 million originate from the sale of properties and were settled in January 2012.

7. INVENTORIES AND WORK IN PROGRESS

	CHF 1,000	12/31/2011	12/31/2010
Trading goods	1,781	1,964	
Raw material	6,521	6,461	
Semi-finished and finished goods	32,646	23,687	
Work in progress long-term orders	9,682	11,196	
Work in progress other orders	9,790	5,207	
Provisions	-20,385	-11,558	
Total inventories and work in progress	40,035	36,957	

The total inventories and work in progress includes CHF 4.6 million stated at net realizable value (CHF 2.2 million in 2010).

Long-term orders valued according to the PoC method are as follows:

CHF 1,000	12/31/2011		12/31/2010	
	Assets	Liabilities	Assets	Liabilities
Work in progress	17,316	-7,634	16,187	-4,991
Advance payments by customers	-7,634	14,301	-4,991	13,366
Net assets from work in progress	9,682	0	11,196	0
Net liabilities from work in progress	0	6,667	0	8,375

The manufacturing costs of orders valued using the percentage-of-completion method totaled CHF 15.8 million (CHF 14.2 million in 2010). The stated profit was CHF 3.2 million (CHF 1.8 million in 2010).

Advance payments by customers for work in progress on other orders have also been offset against inventories.

CHF 1,000	12/31/2011		12/31/2010	
	Assets	Liabilities	Assets	Liabilities
Work in progress	11,019	-1,229	6,013	-806
Advance payments by customers	-1,229	2,680	-806	3,665
Net assets from work in progress	9,790	0	5,207	0
Net liabilities from work in progress	0	1,451	0	2,859

Net liabilities arising from work in progress, both long-term and other orders, are stated in the balance sheet under "Other short-term liabilities."

8. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income were CHF 0.7 million higher than in the previous year (CHF 2.8 million) at CHF 3.5 million in the reporting period. The increase in prepaid expenses and accrued income is primarily attributable to the Automotive Segment. In the Medical & Consumer Goods Segment, this item remained unchanged year on year.

9. TANGIBLE FIXED ASSETS

The development of tangible fixed assets is shown in the following group summary:

CHF 1,000	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
Cost							
at January 1, 2010	6,321	109,657	200,424	48,246	6,475	510	371,632
Changes in the scope of consolidation							0
Capital expenditure in the year under review	0	2,314	4,989	2,382	1,112	1,655	12,452
Disposals	0	-248	-23,454	-12,420	0	-14	-36,136
Other changes							0
Change in acc. translation diff.	-217	-3,367	-12,111	-2,086	-101	-385	-18,267
at December 31, 2010	6,104	108,356	169,848	36,122	7,486	1,766	329,681
Changes in the scope of consolidation							0
Capital expenditure in the year under review	0	5,874	8,714	2,579	1,000	96	18,263
Disposals	-624	-22,813	-7,703	-2,726	-434	-5	-34,305
Other changes / transfers	0	922	1,212	232	5	-2,508	-137
Change in acc. translation diff.	-26	-331	-2,148	-363	21	116	-2,731
at December 31, 2011	5,454	92,008	169,923	35,844	8,078	-535	310,772
Accumulated depreciation							
at January 1, 2010	0	-44,919	-126,032	-36,938	-5,715	367	-213,237
Changes in the scope of consolidation							0
Depreciation in the year under review	0	-3,993	-14,246	-3,137	-371	0	-21,747
Impairment provision							0
Impairment release							0
Disposals	0	170	18,266	11,627	0	0	30,063
Other changes	0	-1	0	1	0	0	0
Change in acc. translation diff.	0	1,124	8,792	1,578	76	185	11,755
at December 31, 2010	0	-47,619	-113,220	-26,869	-6,010	552	-193,166
Changes in the scope of consolidation							0
Depreciation in the year under review	0	-3,703	-10,927	-2,944	-768	0	-18,342
Impairment provision							0
Impairment release							0
Disposals	0	9,918	7,578	2,347	300	0	20,143
Other changes / transfers	0	-2	-927	-232	-5	1,303	137
Change in acc. translation diff.	0	76	1,555	277	-4	-29	1,875
at December 31, 2011	0	-41,330	-115,941	-27,421	-6,487	1,826	-189,353

CHF 1,000	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
Book values							
at January 1, 2010	6,321	64,738	74,391	11,308	760	877	158,395
at December 31, 2010	6,104	60,737	56,627	9,253	1,476	2,318	136,515
at December 31, 2011	5,454	50,678	53,982	8,423	1,591	1,291	121,419
Of which leased installations (finance lease)							
at January 1, 2010	0	0	1,496	184	0	0	1,680
at December 31, 2010	0	0	748	0	0	0	748
at December 31, 2011	0	0	656	0	0	0	656
Of which for disposal (book values)							
at January 1, 2010	624	13,142	0	0	0	0	13,766
at December 31, 2010	624	13,142	0	0	0	0	13,766
at December 31, 2011							0

The Adval Tech Group has no undeveloped real estate available.

One property in Muri (AG) and one in Merenschwand which had been designated as held for sale were sold in the reporting period. After deduction of selling costs, a book gain of CHF 2.3 million was realized on the two property disposals. Of the sale proceeds, CHF 9.0 million were paid in the reporting period, while the further payments totalling a nominal amount of CHF 7.5 million will be made in January 2012 and in two further tranches in December 2013 and 2015. The property disposals concern the Automotive and Medical & Consumer Goods segments.

The machinery and equipment leased at the end of 2011 comprises manufacturing equipment at companies in the Automotive Segment.

Investments in the reporting period include no assets acquired under finance leases and not balanced by a direct cash outflow (2010: CHF 0.0 million). However, due to the agreed terms of payment, CHF 0.6 million of the investment amount stated will not become a cash item until 2012 (2010: CHF 0.1 million).

Orders totaling CHF 0.3 million were outstanding on December 31, 2011, for capital goods which had not yet been delivered or invoiced and were therefore not yet included in tangible fixed assets (CHF 1.7 million in 2010).

As at December 31, 2011, installations under construction did not include any advance payments for tangible fixed assets (2010: CHF 0.2 million).

10. INCOME FROM LEASING TRANSACTIONS

Leasing contracts have been concluded with customers for dies and molds with which Adval Tech manufactures components. Rental payments are used to amortize the cost of the manufacturing equipment and in most cases depend on the number of components delivered. The rental income to be expected from these contracts in future is:

CHF 1,000	12/31/2011	12/31/2010
within one year	132	189
in two to five years	141	87
after more than five years	0	0
Total future rental income	273	276

The decline in receivables from finance leases is attributable to the Automotive Segment.

The increase in other long-term receivables is attributable to the sale of the property in Merenschwand (see also Note 9). As at December 31, 2011, this receivable had a discounted value of CHF 1.8 million.

Credits from finance lease contracts stated at net present value are due for payment as follows:

CHF 1,000	12/31/2011	12/31/2010
within one year	778	2,189
in two to five years	812	3,364
after more than five years	0	0
Total future leasing income	1,590	5,553

11. FINANCIAL ASSETS

The Adval Tech Group concludes finance lease agreements with its customers in the context of its operating business. These agreements are concluded for molds and dies used for volume component manufacture. Amortization payments usually depend on the number of components delivered per period, with a minimum amount agreed for all amortization payments.

The nominal value of these credits totals CHF 1.8 million (CHF 5.9 million in 2010).

The amounts due for payment within one year are included in other short-term receivables. The decline in future leasing income relates mainly to the reclassification of a project in the Automotive Segment to other short-term receivables.

CHF 1,000	12/31/2011	12/31/2010
Receivables from finance lease contracts	812	3,364
Other long-term receivables	2,381	524
Long-term loans	25	25
Total financial assets	3,218	3,913

12. INTANGIBLE ASSETS

Intangible assets in 2011:

CHF 1,000	Capitalized development costs	Others	Total
Cost			
at December 31, 2010	5,037	5,778	10,815
Changes in the scope of consolidation			0
Investments acquired in the year under review	527	0	527
Investments generated in-house in the year under review	2,564	2	2,566
Impairment provision			0
Impairment release			0
Disposals	-198	0	-198
Other changes			0
Change in accumulated translation difference	-7	5	-2
at December 31, 2011	7,923	5,785	13,708
Accumulated depreciation			
at December 31, 2010	-1,538	-2,699	-4,237
Changes in the scope of consolidation			0
Depreciation in the year under review	-526	-446	-972
Impairment provision			0
Impairment release			0
Disposals			0
Other changes			0
Change in accumulated translation difference	6	-28	-22
at December 31, 2011	-2,058	-3,173	-5,231
Book values			
at December 31, 2010	3,499	3,079	6,578
at December 31, 2011	5,865	2,612	8,477

The other intangible assets mainly represent the value of the customer relationships gained through the acquisitions.

Capitalized development costs largely relate to the development of plastic components for an automotive manufacturer in Germany. Deliveries of volume components in connection with this order began at the end of 2011.

On December 31, 2011, no orders for capital goods were outstanding which had not yet been delivered or invoiced and were therefore not yet included in intangible assets (CHF 0.0 million in 2010).

Intangible assets in 2010:

CHF 1,000	Capitalized development costs	Others	Total
Cost			
at December 31, 2019	2,008	6,438	8,446
Changes in the scope of consolidation			0
Investments acquired in the year under review	486	4	490
Investments generated in-house in the year under review	2,592	0	2,592
Impairment provision			0
Impairment release			0
Disposals			0
Other changes			0
Change in accumulated translation difference	-49	-664	-713
at December 31, 2010	5,037	5,778	10,815
Accumulated depreciation			
at December 31, 2009	-1,282	-2,447	-3,729
Changes in the scope of consolidation			0
Depreciation in the year under review	-305	-567	-872
Impairment provision			0
Impairment release			0
Disposals			0
Other changes			0
Change in accumulated translation difference	49	315	364
at December 31, 2010	-1,538	-2,699	-4,237
Book values			
at December 31, 2009	726	3,991	4,717
at December 31, 2010	3,499	3,079	6,578

The goodwill arising from the acquisitions of Teuscher Kunststoff-Technik Ltd (June 1, 2005), QSCH Termelő és Kereskedelmi Kft. (May 1, 2007) and Omni Investors Pte. Ltd (January 16, 2008) was offset against shareholders' equity on the date of acquisition.

The historical cost of goodwill is shown in the following table:

CHF 1,000	2011	2010
Total at January 1	63,338	69,177
Additions	0	0
Disposals	0	0
Change in the cumulative currency difference	47	-5,839
Total at December 31	63,385	63,338

The theoretical net book value of the goodwill amounts to:

CHF 1,000	2011	2010
Total at December 31	36,709	42,917

The impact of theoretical capitalization and amortization of the goodwill on the income statement and shareholders' equity is shown below:

CHF 1,000	2011	2010
Net result	-16,007	-10,940
Simulated depreciation	-5,911	-6,901
Theoretical net result	-21,918	-17,841
Shareholders' equity	68,808	84,752
Theoretical value of goodwill	36,709	42,917
Theoretical shareholders' equity	105,517	127,669

If goodwill were amortized over ten years using the straight-line method rather than being offset, this would result in the following depreciation values for goodwill:

CHF 1,000	2011	2010
Total at January 1	-20,421	-14,790
Simulated depreciation	-5,911	-6,901
Reductions in value	0	0
Change in accumulated translation difference	-344	1,269
Total at December 31	-26,676	-20,421

13. TRADE ACCOUNTS PAYABLE

CHF 1,000	12/31/2011	12/31/2010
Trade accounts payable to third parties	28,659	26,376
Trade accounts payable to related parties	900	20
Total trade accounts payable	29,559	26,396

The CHF 3.2 million increase in trade accounts payable is mainly attributable to the Medical & Consumer Goods Segment.

14. SHORT-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2011	12/31/2010
Banks	127,620	4,961
Related parties	0	0
Short-term leasing liabilities to third parties	188	206
Short-term leasing liabilities to related parties	0	0
Total short-term interest-bearing liabilities	127,808	5,167

The short-term bank loans are covered by total liquid assets of CHF 22.0 million (gross). They are mainly current account overdrafts at interest rates based on LIBOR or EURIBOR and loans of CHF 114.0 million under the syndicated loan agreement in place since 2008 which were reclassified to short-term

interest-bearing liabilities due to the ongoing negotiations with the banks. For further information, see also Note 16, Long-term interest-bearing liabilities, and Note 36, Events occurring after the balance sheet date.

15. OTHER SHORT-TERM LIABILITIES

CHF 1,000	12/31/2011	12/31/2010
Advance payments by third parties	7,661	10,984
Advance payments by related parties	456	250
Other short-term liabilities to third parties	2,831	3,725
Other short-term liabilities to related parties	585	1,039
Liabilities arising from negative replacement values of derivative financial instruments	1	673
Total other short-term liabilities	11,534	16,671

The CHF 5.1 million decline in other short-term liabilities to CHF 11.5 million as at December 31, 2011 is mainly attributable to the decline in advance payments by third parties in the Automotive and Medical & Consumer Goods segments.

16. LONG-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2011	12/31/2010
Long-term leasing liabilities to third parties	193	372
Long-term interest-bearing loans to third parties	0	117,000
Total long-term interest-bearing liabilities	193	117,372

The long-term interest-bearing liabilities are bank loans. They are based mainly on a revolving credit facility concluded with a banking consortium in January 2008 for up to CHF 135 million, with a term of five years. The relevant contract was revised in July 2008 following completion of the increase in share capital, in the third quarter of 2009, in the fourth quarter of 2010 as well as in the fourth quarter of 2011. The revision is due to the change in the financial situation of the Adval Tech Group and the change in its reporting standards. At the end of 2011, the covenants were suspended until spring 2012. The covenants consist of the following key financial indicators: gearing, interest cover, leverage ratio, or minimum EBITDA to be achieved in 2009 and 2010, and temporary minimum available liquidity. At the balance sheet date, talks were under way regarding the restructuring of the agreement. For this reason, loans of CHF 114 million were reclassified to short-term interest-bearing liabilities at December 31, 2011.

Those talks were concluded in January 2012 and the existing loan agreement was replaced (see also Note 36, Events occurring after the balance sheet date).

The amount of credit is continuously adjusted to current financial requirements in order to optimize financing costs.

17. LEASING LIABILITIES

Liabilities arising from leasing contracts are payable as follows:

CHF 1,000	12/31/2011	12/31/2010
Face value of liabilities arising from leasing contracts due		
within one year	197	222
in two to five years	197	386
in more than five years	0	0
<i>Total future payment commitments</i>	394	608
less proportionate interest on the payments	-13	-30
<i>Net present value of liabilities arising from finance leases</i>	381	578
of which short-term leasing liabilities	188	206
of which long-term leasing liabilities	193	372

18. PREPAID INCOME AND ACCRUED EXPENSES

CHF 1,000	12/31/2011	12/31/2010
Prepaid income	13,090	12,248
Unsettled accounts payable	4,727	4,522
Prepaid income	17,817	16,770

Prepaid income and accrued expenses include future payments for the following items: social security contributions and insurance premiums, accrued vacations and overtime, other non-interest-bearing values owed.

Unsettled accounts payable on balance sheet date include services received without receipt of the relevant invoice.

19. PROVISIONS

CHF 1,000	Warranty provisions	Payments to employees	Other provisions	Total
Long-term provisions at December 31, 2010	0	1,576	744	2,320
Short-term provisions at December 31, 2010	1,138	0	576	1,714
Total at December 31, 2010	1,138	1,576	1,320	4,034
Change in the scope of consolidation				0
Addition	125	5	89	219
Transfer	0	0	302	302
Utilization	0	-42	-11	-53
Release of provisions no longer required	-219	0	-565	-784
Difference arising from currency translation	-15	-8	-8	-31
Cash value adjustments				0
Total at December 31, 2011	1,029	1,531	1,127	3,687
Long-term provisions at December 31, 2011	0	1,531	1,127	2,658
Short-term provisions at December 31, 2011	1,029	0	0	1,029
Total at December 31, 2011	1,029	1,531	1,127	3,687

Provisions for payments to employees consist primarily of future obligations in respect of anniversary bonuses. The amount of those obligations is measured using the projected unit credit method.

At December 31, 2011, the “Other provisions” item included CHF 0.4 million for costs expected from the liquidation of a company closed down in China.

The restructurings initiated in the Automotive (AWM Plast Tech Ltd) and Medical & Consumer Goods (AWM Mold Tech Ltd) segments in 2009 were completed in the reporting period. Provisions no longer required were released to the income statement.

Provisions for expected withholding taxes on loan interest are recognized as a transfer. The relevant contra item is included in deferred income tax liabilities.

In all cases the probability that risks for which provision had been made would materialize is estimated at greater than 50%. The discount rate applied is 3%.

Provisions as at the end of the previous year were as follows:

CHF 1,000	Warranty provisions	Payments to employees	Other provisions	Total
Long-term provisions at December 31, 2009	260	1,720	3,810	5,790
Short-term provisions at December 31, 2009	1,545	0	1,435	2,980
Total at December 31, 2009	1,805	1,720	5,245	8,770
Change in the scope of consolidation			0	0
Addition	37	36	93	166
Utilization	0	-124	-3,050	-3,174
Release of provisions no longer required	-584	0	-900	-1,484
Difference arising from currency translation	-120	-78	-68	-266
Cash value adjustments	0	22	0	22
Total at December 31, 2010	1,138	1,576	1,320	4,034
Long-term provisions at December 31, 2010	0	1,576	744	2,320
Short-term provisions at December 31, 2010	1,138	0	576	1,714
Total at December 31, 2010	1,138	1,576	1,320	4,034

20. DEFERRED TAXES

Deferred income taxes are included in the balance sheet as follows:

CHF 1,000	12/31/2011	12/31/2010
Deferred tax liabilities	3,998	3,648
Deferred tax assets	2,635	2,387
Total	1,363	1,261

In the reporting period, the average income tax rate was re-calculated based on the local income tax rates weighted at earnings before taxes. The prior-year rate was re-calculated using the same method.

Deferred tax assets arising from losses carried forward have been included on the basis of forecasts by the relevant companies. They correspond to the tax loss carryforwards that can be utilized on the basis of these forecasts until they expire.

Deferred income tax assets and liabilities were stated at the income tax rates expected for each company.

The average income tax rate for the group in 2011 was 24% (2010: 22%).

Deferred tax assets developed as follows:

CHF 1,000	2011	2010
Total at January 1	2,387	3,409
Change in the scope of consolidation	0	0
Creation	726	304
Utilization	-341	-1,103
Translation difference	-137	-223
Total at December 31	2,635	2,387

The balance relates primarily to capitalized tax loss carryforwards.

Provisions for deferred tax liabilities developed as follows:

CHF 1,000	2011	2010
Total at January 1	3,648	6,663
Change in the scope of consolidation	0	0
Creation	1,515	127
Transfer	-302	0
Release	-827	-2,760
Translation difference	-36	-382
Total at December 31	3,998	3,648

Deferred tax liabilities originate primarily from temporary differences in fixed and intangible assets.

Tax losses amounting to CHF 56.2 million existing on December 31, 2011 (CHF 50.4 million in 2010), have not yet been utilized and no deferred tax claim for them has been included in the balance sheet.

The expiration dates of unutilized tax loss carryforwards are as follows:

CHF 1,000	12/31/2011	12/31/2010
expiring in one year	5,023	4,353
expiring in two years	4,876	5,112
expiring in three years	3,197	4,793
expiring in four years	8,210	3,127
expiring in five years	12,668	6,126
expiring in more than five years	22,254	26,901
Total	56,228	50,412

21. STATEMENT OF SHARE CAPITAL

Share capital was as follows on December 31, 2011:

	Registered shares
at January 1, 2011	730,000
at December 31, 2011	730,000
Par value in CHF	fully paid
Dividend restrictions	20
Voting restrictions	none
Number of shares held by the Adval Tech Group on December 31, 2011	exist 80

No shares were reserved for issue in respect of options or sales agreements in the year under review. The treasury shares are held primarily for issue to employees as part of the bonus programme.

Purchasers of registered shares are entered in the shareholders' register as shareholders with voting rights upon application, if they expressly state that they have acquired the registered shares in their own name and for their own account. As provided by Article 6 of the Articles of Incorporation of Adval Tech Holding Ltd dated May 6, 2010, purchasers, purchasers of shares in excess of 5% of the registered capital stock recorded in the Commercial Register will not be entered with voting rights. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations. Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favor of Artemis Beteiligungen II AG, which acquired its holding from Franke Holding AG in the second half of 2005. Beneficial ownership remained unaffected by this transaction. On January 30, 2007, the Board of Directors permitted an exception in favor of Willy Michel, which was granted in connection with a cooperation agreement. Furthermore, these voting restrictions do not apply to

the shareholders who were registered with a holding of registered shares exceeding 5% of all share votes when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Hansruedi Bienz, Einfache Gesellschaft Dreier).

The exceptions granted were confirmed by the Board of Directors with reference to the increase in share capital in May 2008. Fiduciary entries in the shareholders' register can only be made without voting rights. The Articles of Incorporation of Adval Tech Holding Ltd with regard to quorums conform to legal requirements.

Holdings of company shares have developed as follows:

	2011	2010
Holding at January 1	2	490
Purchases (shares)	450	175
Sales (shares)	0	-15
Issued to employees (shares)	-372	-648
Holding at December 31	80	2
Average purchase price (CHF)	325	267
Average selling price (CHF)	n.a.	313
Average issue (CHF)	325	197

All company shares are held by Adval Tech Management Ltd.

A total of 372 shares were allotted to members of supervisory staff in the year under review as part of their variable remuneration in the context of existing remuneration arrangements. CHF 0.1 million was posted to personnel expenses in this connection.

Non-distributable reserves in the group's shareholders' equity amounted to CHF 10.8 million at the end of the year under review (CHF 10.0 million in 2010). Retained earnings do not include any revaluation reserves.

22. NET TURNOVER

	CHF 1,000	2011	2010
Net income from deliveries and services	212,606	254,208	
Income from manufacturing orders (valued using the percentage-of-completion method)	53,174	47,527	
Sales deductions	-1,776	-1,382	
Total net turnover	264,004	300,353	

Income from manufacturing orders (valued using the percentage-of-completion method) includes invoiced income from manufacturing orders valued using the percentage-of-completion method, adjusted for changes in the inventories of such orders. Net turnover from deliveries and services includes the other invoiced deliveries and services.

23. OTHER OPERATING INCOME

	CHF 1,000	12/31/2011	12/31/2010
Other operating income from third parties / related parties	9,355	10,803	
Gains from sales of tangible fixed assets	3,139	1,009	
Total other long-term liabilities	12,494	11,812	

Other operating income consists primarily of income from sales of scrap, income from letting premises and income from sales commissions.

24. COST OF MATERIALS AND SERVICES

The cost of materials and services declined by CHF 7.6 million year on year due to the reduction in total income. As a proportion of total income, it increased slightly, by 2.0 percentage points to 44.2%. In the Automotive Segment, the proportion of material costs increased by 5.3 percentage points to 46.8%. This increase is primarily attributable to the start of volume production of plastic components for an automotive manufacturer. In the Medical & Consumer Goods Segment, the proportion of material costs increased to 43.5% (an increase of 1 percentage point).

25. PERSONNEL EXPENSES

The average number of employees declined by 55 to 2,483 in 2011 (2,538 in 2010). The number of employees totaled 2,491 at balance sheet date (2,470 in 2010).

26. PENSION LIABILITIES AND OTHER PAYMENTS TO EMPLOYEES

Employer's contribution reserves 2010:

CHF 1,000	Nominal value on 12/31/2010	Utilization waiver 12/31/2010	Balance 12/31/2010	Payment/ repayment 2010	Effect on personnel expenses 2010	Effect on financial result 2010
Pension funds excl. surplus/shortfall	2,805	0	2,805	0	-209	0

Employer's contribution reserves 2011:

CHF 1,000	Nominal value on 12/31/2011	Utilization waiver 12/31/2011	Balance 12/31/2011	Payment/ repayment 2011	Effect on personnel expenses 2011	Effect on financial result 2011
Pension funds excl. surplus/shortfall	2,841	0	2,841	0	36	0

Personnel expenses in the year under review were debited with CHF 0.0 million to finance contributions (CHF 0.3 million in 2010), while CHF 0.04 million was credited from interest (CHF 0.1 million in 2010).

Interest is calculated on the employer's contribution reserves in accordance with the foundation's performance, but at no more than the rate on the savings accounts.

Financial benefit / financial obligations and pension expenses:

CHF 1,000	Surplus/ shortfall 12/31/2010	Financial share of the organization 12/31/2010	31.12.2009	Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period ¹⁾	Pension expenses in 2010
Pension fund of Adval Tech Holding Ltd excl. surplus/shortfall	0	0	0	0	3,393	3,184
Pension fund of Adval Tech Holding Ltd for supervisory staff excl. surplus/shortfall	0	0	0	0	302	302
Total	0	0	0	0	3,695	3,486

1) including result from employer's contribution reserves

CHF 1,000	Surplus/ shortfall 12/31/2011	Financial share of the organization 12/31/2011	12/31/2010	Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period ¹⁾	Pension expenses in 2011
Pension fund of Adval Tech Holding Ltd excl. surplus/shortfall	0	0	0	0	2,966	3,002
Pension fund of Adval Tech Holding Ltd for supervisory staff excl. surplus/shortfall	0	0	0	0	296	296
Total	0	0	0	0	3,262	3,298

1) including result from employer's contribution reserves

The above data are based on the financial statements of the pension funds at December 31, 2011 (or December 31, 2010).

The pension fund of Adval Tech Holding Ltd is a legally independent foundation. It is subject to Swiss occupational pensions legislation. All employees of the Swiss group companies of the Adval Tech Group are members of this pension fund (as of January 1, 2010). Members of the pension fund of Teuscher Kunststoff-Technik Ltd who were previously members of another pension fund were transferred to the pension fund of Adval Tech Holding Ltd on January 1, 2010. The surplus remaining after payments into required reserves was distributed among the members.

The employees of non-Swiss group companies are members of the applicable state pension schemes in the country concerned, governed by local legislation. As a consequence neither financial benefit nor financial obligations arise therefrom, other than the contribution payments posted as expenses.

The pension fund for supervisory staff of Adval Tech Holding Ltd was set up for members of supervisory staff. It is affiliated to a collective foundation of a major Swiss insurer. It is primarily a capital redemption insurance. Equal contributions are made by employees and employer. As at December 31, 2011, the funded status was 100%.

A life insurance policy is in place for a former member of executive management at a foreign subsidiary that was acquired after he retired in 2002. The provisions for liabilities arising from this at the end

of the year under review amount to CHF 0.4 million (CHF 0.4 million in 2010), and are included in the provisions for payments to employees. The redemption value of the policy at December 31, 2011, was CHF 0.5 million (CHF 0.5 million in 2010) and is capitalized in the "Other long-term receivables" item under "Financial assets." The effect of this insurance policy on the consolidated income statement is marginal.

27. OTHER OPERATING EXPENSES

	CHF 1,000	2011	2010
Maintenance, repair, replacements, operating materials	-15,349	-15,880	
Premises, energy	-12,513	-14,866	
Insurance, office and administration expenses	-7,164	-7,192	
Marketing, sales and distribution expenses	-11,942	-13,352	
Sundry operating expenses	-1,290	-1,120	
Total other operating expenses	-48,258	-52,410	

Other operating expenses in the reporting period were CHF 4.1 million lower year on year and amounted to CHF 48.3 million at December 31, 2011. This decline was due primarily to reductions in premises costs (down CHF 2.4 million). The bulk of this reduction is attributable to the sale of activities at the Bodenweid plant in the Automotive Segment at the end of 2010. Further savings in the amount of CHF 1.5 million were made on sales and marketing expenses.

Sundry operating expenses include capital taxes of CHF 0.1 million (2010: CHF 0.1 million). In 2010, they also included losses of CHF 0.1 million on sales of tangible fixed assets.

28. FINANCIAL EXPENSES AND FINANCIAL INCOME

	CHF 1,000	2011	2010
Interest earned	658	1,339	
Currency gains	6,868	3,444	
Gains on derivative financial instruments	602	806	
Other financial income	9	734	
Total financial income	8,137	6,323	
Interest paid	-5,235	-5,545	
Bank charges and fees	-201	-252	
Currency losses	-10,977	-10,934	
Unrealized translation differences	666	-403	
Losses on derivative financial instruments	-166	-124	
Other financial expenses	-1,252	-786	
Total financial expenses	-17,165	-18,044	
Financial result	-9,028	-11,721	

The high volatility of the euro and the US dollar, the most important foreign currencies for the group, and the strength of the Swiss franc severely depressed the group's financial result. Total currency losses of CHF 3.4 million were posted in the year under review (CHF 7.9 million in 2010).

29. INCOME TAXES

	CHF 1,000	2011	2010
Current income taxes	-1,982	-2,647	
Change in provision for deferred taxes	-303	1,813	
Total tax expenses	-2,285	-834	

30. SEGMENT REPORTING

The allocation of business activities to the group's two segments in 2011 is reflected in the following table:

CHF 1,000	Automotive Segment	Medical & Consumer Goods Segment	Other units, eliminations	Total
Net turnover from deliveries and services	121,439	89,391	0	210,830
Income from manufacturing orders (valued using the percentage-of-completion method)	358	52,816	0	53,174
Net turnover from third parties and related parties	121,797	142,207	0	264,004
Total income from third parties and related parties	140,344	144,262	331	284,937
Intragroup revenues	361	6,665	15,635	22,661
Total income	140,705	150,927	-6,695	284,937

Figures for 2010:

CHF 1,000	Automotive Segment	Medical & Consumer Goods Segment	Other units, eliminations	Total
Net turnover from deliveries and services	140,938	111,888	0	252,826
Income from manufacturing orders (valued using the percentage-of-completion method)	3,947	43,580	0	47,527
Net turnover from third parties and related parties	144,885	155,468	0	300,353
Total income from third parties and related parties	156,305	159,891	514	316,710
Intragroup revenues	668	1,453	16,759	18,880
Total income	156,973	161,344	-1,607	316,710

The operations of the two segments in 2011 and the group structure are explained in the annual report (page 12, 15 and 19 ff.).

Income by region is as follows:

CHF 1,000	2011	2010	
Net turnover	264,004	100%	300,353
<i>Europe</i>	136,199	52%	144,704
– of which Switzerland	13,962	5%	22,981
– of which Germany	67,505	26%	52,522
– of which France	26,472	10%	30,571
<i>Asia</i>	50,780	19%	65,898
– of which China	28,863	11%	31,565
<i>North America</i>	34,672	13%	32,471
<i>Latin America</i>	41,373	16%	56,515
<i>Australia and Oceania</i>	578	0%	443
<i>Africa</i>	402	0%	322

Countries are allocated to regions in conformity with the allocation in Swiss National Bank statistics.

Net turnover in Switzerland includes CHF 0.5 million of turnover with related parties in the year under review (CHF 3.1 million in 2010).

31. PLEDGED ASSETS

CHF 1,000	12/31/2011	12/31/2010
Book value of pledged tangible fixed assets	32,432	40,756
Total pledged assets	32,432	40,756

The pledges listed serve as security for mortgages, other bank loans and credit lines.

Furthermore, it should be noted that sight balances held with banks can be used to cover loans granted at the same time in accordance with the banks' general conditions of business.

The decline is attributable to the sale of properties (see also Note 9).

32. FIRE INSURANCE VALUES

CHF 1,000	12/31/2011	12/31/2010
Real estate	99,333	118,297
Other tangible fixed assets	394,481	391,360

33. CONTINGENT AND FUTURE LIABILITIES

CHF 1,000	12/31/2011	12/31/2010
Contingent liabilities in favor of third parties	1,812	3,515
Liabilities arising from leases	17,183	18,104
Liabilities arising from operating leases	921	1,026

Contingent liabilities originate from guarantees issued as security for advance payments by customers, finance lease transactions and import duties. A cash outflow is deemed unlikely. There were no sureties at the balance sheet date.

Payments deriving from operating leases fall due as follows: CHF 0.5 million (CHF 0.4 million in 2010) within one year, CHF 0.4 million (CHF 0.6 million in 2010) within two to five years.

Future rental payments fall due as follows: CHF 4.3 million (CHF 4.2 million in 2010) within one year, CHF 6.3 million (CHF 8.9 million in 2010) in two to five years, CHF 6.6 million (CHF 5.0 million in 2010) in more than five years.

34. FINANCIAL INSTRUMENTS

Market values are calculated on the basis of individual valuations of the open instruments on the balance sheet date.

The following financial instruments for limiting financial risks existed on the balance sheet date (contract values in 1,000 local currency (lc); replacement values in CHF 1,000):

There were no hedges for interest rate risk at December 31, 2011.

The figures for 2010 were as follows:

Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
		positive	negative
Interest rate cap	35,000	0	0
Interest rate floor	35,000	0	231
Interest rate swap	15,000	0	203
Total		0	434

Currency risks:

Currency	Instrument	Contract value Ic 1,000	Replacement value CHF 1,000	
			positive	negative
USD	Forward transactions / swap	57	0	0
EUR	Forward transactions / swap	2,773	3	1
Total			3	1

The above-mentioned options and forward transactions serve to hedge payments in euros. They mature by mid-January 2012 at the latest.

At the balance sheet date, the sensitivity analysis of currency risks is as follows:

Currency	Instrument	Contract value Ic 1,000	Replacement value CHF 1,000	
			positive	negative
EUR	Forward transactions	9,550	0	239
Total			0	239

The positive replacement values are included in the balance sheet under "Other receivables" (Note 6), the negative values under "Other short-term liabilities" (Note 15).

The fair value changes are recognized in the income statement.

35. TRANSACTIONS WITH RELATED PARTIES

The following persons and companies were deemed to be related parties in the year under review:

- the pension fund of Adval Tech Holding Ltd
- Franke Artemis Holding AG, Hergiswil, and its group companies
- Ypsomed Holding AG, Burgdorf, and the companies of the Ypsomed Group
- Finox AG, Burgdorf
- Techpharma Management AG, Burgdorf
- Feintool International Holding AG, Lyss, and the companies of the Feintool Group
- Forbo Holding AG, Baar, and the companies of the Forbo Group
- Autoneum Holding AG, Winterthur, and the companies of the Autoneum Group
- the members of the Board of Directors and group management
- Hansruedi Bienz, Oberbottigen

The following business transactions were material in the year under review:

Turnover of CHF 0.5 million was generated with related parties in the year under review (CHF 3.1 million in 2010). Volume parts and components to the value of CHF 0.4 million and molds to the value of CHF 0.1 million were invoiced in 2011.

Contributions of CHF 3.0 million (CHF 3.4 million in 2010) to the pension fund of Adval Tech Holding Ltd were posted as expenses.

At the balance sheet date, receivables from related parties amounted to CHF 0.2 million (2010: CHF 0.7 million) and liabilities to related parties to CHF 1.9 million (2010: CHF 1.3 million).

The members of the Board of Directors and group management received fees and salaries totaling

CHF 2.5 million (CHF 2.7 million in 2010) in the year under review. No payments other than regular employer's contributions were made to the pension funds for members of the Board of Directors or group management.

36. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

In January 2012, a syndicated loan agreement was concluded with two large Swiss banks for a revolving credit facility of no more than CHF 120 million over a term of 18 months. This new agreement replaced the old syndicated loan agreement. The granting of fixed advances under the new loan agreement is subject to various conditions (covenants). The covenants consist of the following key financial indicators: minimum equity of the group, minimum EBITDA to be achieved by the group for 2012 and 2013, minimum available liquidity of the group. The loan agreement also provides for the repayment of CHF 60 million in the fourth quarter of 2012. A main shareholder of Adval Tech Holding Ltd has granted the syndicate banks a guarantee for half of the amount of the credit facility.

In January 2012, a customer of the Medical & Consumer Goods Segment in the USA filed a bankruptcy petition under US law (Chapter 11). A number of molds are currently being produced for this customer. When finished, these are to be used for volume production in an Adval Tech Group plant in Asia. Work on the projects has been suspended temporarily due to the bankruptcy petition. Talks are currently under way with the customer regarding the continuation of the projects. The maximum credit risk for the Adval Tech Group is CHF 0.8 million.

In January 2012, AWM Mold Service US Inc. and FOBOHA US Inc., both in Beverly, USA, were merged. The new company trades under the name FOBOHA US Inc.

In January, Adval Tech Medical (Suzhou) Co. Ltd was established in Suzhou, China. This company will focus on the volume production of plastic components for the medical industry.

No events that would adversely affect the information provided by the 2011 consolidated accounts have occurred since the balance sheet date. The dividend proposed by the Board of Directors for the year 2011 is indicated on page 92.

37. RELEASE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were released for publication by the Board of Directors of Adval Tech Holding Ltd, and a motion for their approval was submitted to the annual general meeting of shareholders of Adval Tech Holding Ltd on March 20, 2012.



Report of the statutory auditor
to the general meeting of
Adval Tech Holding Ltd
Niederwangen

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Adval Tech Holding AG, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes (pages 44 to 83), for the year ended 31 December 2011.

Board of Directors' Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. 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 financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2011 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER 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.

PricewaterhouseCoopers AG

Hanspeter Gerber Patrick Borter
Audit expert Audit expert
Auditor in charge

Berne, March 20, 2012

*PricewaterhouseCoopers Ltd, Bahnhofplatz 10, Postfach, 3001 Bern
Telephone: +41 58 792 75 00, Facsimile: +41 58 792 75 10, www.pwc.ch*

FINANCIAL REPORTS OF ADVAL TECH HOLDING LTD

1. BALANCE SHEET

	12/31/2011	12/31/2010
CHF		
Liquid assets	2,176,529	2,196,008
Receivables		
– from third parties	34,558	493
– from group companies	3,135,926	2,775,459
Prepaid expenses and accrued income	497,950	960,332
Total current assets	5,844,963	5,932,292
Investments in group companies	65,429,403	65,429,403
Loans to third parties	0	0
Loans to group companies	180,010,343	166,753,521
<i>Financial assets</i>	<i>245,439,746</i>	<i>232,182,924</i>
Organizational costs	786,446	1,572,892
<i>Intangible assets</i>	<i>786,446</i>	<i>1,572,892</i>
Total fixed assets	246,226,192	233,755,816
Total assets	252,071,155	239,688,108
Bank debt	6,367,299	3,694,250
Accounts payable	110,123	55,370
Long-term liabilities	82,000,000	0
Other liabilities		
– to third parties	0	571,862
– to group companies	1,144,963	59,442
Accrued expenses	261,279	104,762
<i>Short-term liabilities</i>	<i>89,883,664</i>	<i>4,485,686</i>
Long-term liabilities	0	73,000,000
Long-term liabilities from group companies	0	0
Provisions	2,449,355	2,447,557
<i>Long-term liabilities</i>	<i>2,449,355</i>	<i>75,447,557</i>
Total liabilities	92,333,019	79,933,244
<i>Share capital</i>	<i>14,600,000</i>	<i>14,600,000</i>
General reserves	9,500,000	9,500,000
Reserve for treasury stock	26,011	650
Open capital contribution reserve	97,424,589	97,424,589
<i>Legal reserves</i>	<i>106,950,600</i>	<i>106,925,239</i>
Free reserves	10,745,152	10,770,513
<i>Other reserves</i>	<i>10,745,152</i>	<i>10,770,513</i>
<i>Share capital and reserves</i>	<i>132,295,752</i>	<i>132,295,752</i>
Balance brought forward	27,459,113	31,386,543
Net profit for the year	-16,729	-3,927,430
<i>Retained earnings</i>	<i>27,442,384</i>	<i>27,459,113</i>
Total shareholders' equity	159,738,136	159,754,865
Total liabilities and shareholders' equity	252,071,155	239,688,108

2. INCOME STATEMENT

CHF	2011	2010
Income from investments in group companies	0	2,502,245
Other income from third parties	5,444	5,453
Other income from group companies	1,565,358	619,663
Finance income from group companies	4,577,868	4,786,899
Finance income from third parties	1,046,621	1,020,721
Total operating earnings	7,195,291	8,934,981
Finance expenses, third parties	5,188,587	11,534,387
Financial expenses, related parties	0	0
Finance expenses, group companies	0	23,180
Business and administration expenses	1,236,987	518,398
Operating expenses	6,425,574	12,075,965
Amortization of intangible assets	786,446	786,446
Operating earnings before taxes	-16,729	-3,927,430
Taxes	0	0
Net result	-16,729	-3,927,430

3. APPENDIX

Accounting principles

The foregoing financial statements of Adval Tech Holding Ltd have been prepared in accordance with the accounting requirements stipulated by Swiss company law.

Treasury stock

	2011 Number of shares	2011 CHF	2010 CHF
Position at January 1	2	691	104,370
Purchases	450	146,310	46,715
Sales	0	0	4,699
Issued to employees	372	120,948	127,565
Value adjustment as at December 31	n.a.	-10,618	-18,130
Position at December 31	80	15,435	691

The treasury stock reported is held by Adval Tech Management Ltd.

Stock is issued as part of the variable remuneration to management. The stock is allocated on the basis of the share's average trading price in February 2011. The corresponding countervalue was recognized as a personnel expense of Adval Tech Management Ltd.

Investment holdings

The investment holdings of Adval Tech Holding Ltd on December 31, 2011:

Company	12/31/2011		Holding in %	12/31/2011 Book value CHF	12/31/2010 Book value CHF
	Share capital 100%				
Adval Tech Management Ltd, Niederwangen Management of subsidiaries	CHF	100,000	100	100,000	100,000
Styner+Bienz FormTech Ltd, Niederwangen Stamping and Forming Technology	CHF	3,050,000	100	11,250,000	11,250,000
Styner+Bienz US Inc., Cleveland, USA Stamping and Forming Technology	USD	1	100	0	0
Styner+Bienz do Brasil Ltda., São José dos Pinhais PR Stamping and Forming Technology	BRL	150,873	100	123,576	123,576
	USD	360,000	100	603,526	603,526
QSCH Termelő és Kereskedelmi Kft., Szekszárd, Hungary Stamping and Forming Technology	EUR	1,800,000	100	11,172,746	11,172,746
AWM Plast Tech Ltd, Merenschwand Plastic components	CHF	600,000	100	6,400,000	6,400,000
AWM Mold Tech Ltd, Muri (AG) Injection Molding Technology	CHF	600,000	100	9,600,000	9,600,000
Teuscher Kunststoff-Technik Ltd, Grenchen Plastic components	CHF	2,000,000	100	10,436,257	10,436,257
AWM Swiss Technology Ltd, Hong Kong Service function in Asia	HKD	10,000	100	2,000	2,000
AWM Mold Service US Inc., Beverly, MA, USA Service function in America	USD	1	100	0	0
FOBOHA Holding GmbH, Haslach, Germany Holdings in companies	EUR	25,000	100	15,741,298	15,741,298

AWM Mold Tech Trading Co. Ltd, Shanghai, was liquidated in 2011.

AWM Plastpack Ltd was merged at carrying values with AWM Mold Tech Ltd on January 1, 2010.

Intangible assets

Intangible assets correspond to the residual value as of the balance sheet date of costs in connection with the increase in share capital completed in May 2008. Intangible assets are amortized within five years.

Major shareholders

As of December 31, 2011, the following shareholders held more than 3% of the registered share capital recorded in the Commercial Register:

- Willy Michel 23.7%
- Artemis Beteiligungen II AG, Hergiswil 21.2%
- Hansruedi Bienz 7.5%
- Lombard Odier Darier Hentsch
Fund Managers SA 6.9%
- Sarasin Investment Fonds AG 6.0%
- Einfache Gesellschaft Dreier 3.5%

Rudolf Styner's estate was divided in the course of 2011. None of the beneficiaries holds a percentage of the shares that would have to be disclosed.

Guarantees to third parties

As of December 31, 2011, Adval Tech Holding Ltd has issued guarantees to its bankers, to leasing companies and to customers in respect of a total of CHF 37,960,855. These serve to secure loans, credit lines and leasing transactions of subsidiaries of Adval Tech Holding Ltd.

Remuneration of the Board of Directors and group management

The following remuneration was paid to directors and officers in 2011:

CHF	Function	Basic remuneration	Variable remuneration	Other remuneration	Total
Board of Directors (BD)					
Walter Grüebler	Chairman	64,000		13,800	77,800
Michael Pieper	Vice Chairman	46,000		12,600	58,600
Leonardo Attanasio	Director	36,000		10,800	46,800
Hans Dreier	Director	46,000		16,200	62,200
Willy Michel	Director	36,000		9,000	45,000
Roland Waibel	Director	46,000		16,200	62,200
Total Board of Directors		274,000	0	78,600	352,600
Group management (GM)*					
Total group management		1,949,564	232,460	4,416	2,186,440
of which highest-paid member (Jean-Claude Philipona, CEO)		430,623	103,200	0	533,823

* Group management consisted of six members as of December 31, 2011.

The remuneration listed for 2011 also includes the remuneration paid to Neo Age Seng (until November 2011), Jinsheng Lu (from November 2011), Jean-Claude Philipona (until December 2011) and Stephan Mayer (from December 2011).

2010:

CHF	Function	Basic remuneration	Variable remuneration	Other remuneration	Total
Board of Directors (BD)					
Walter Grüebler	Chairman	70,000		12,000	82,000
Michael Pieper	Vice Chairman	50,000		9,000	59,000
Leonardo Attanasio	Director	40,000		9,000	49,000
Hans Dreier	Director	50,000		16,200	66,200
Willy Michel	Director	40,000		10,800	50,800
Roland Waibel	Director	50,000		14,400	64,400
Total Board of Directors		300,000	0	71,400	371,400
Group management (GM)*					
Total group management		1,853,164	449,600	0	2,302,764
of which highest-paid member (Jean-Claude Philipona, CEO)		439,213	231,917	0	671,130

* Group management consisted of six members as of December 31, 2011.

The Board of Directors was remunerated in cash only. Group management also received their basic remuneration in cash. For 2010 and 2011, a portion of the variable remuneration was paid in the form of Adval Tech Holding Ltd shares.

No remuneration was paid in the year under review to former members of the Board of Directors or group management in connection with their previous functions after leaving office.

Equity holdings of the Board of Directors and group management in Adval Tech Holding Ltd

As of December 31, the individual members of the Board of Directors and group management (including closely associated persons) held the following numbers of shares in the company:

Function	12/31/2011 (Number)	12/31/2010 (Number)
Walter Grüebler	Chairman of the Board	0
Michael Pieper	Vice Chairman of the Board	156,686
Leonardo Attanasio	Director	100
Hans Dreier	Director / Head IT, Logistics, Legal	12,993
Willy Michel	Director	172,674
Roland Waibel	Director	200
Jean-Claude Philipona	CEO (until December 2011)	n.a.
Stephan Mayer	CEO (from December 2011)	0
Markus Reber	CFO	76
René Rothen	Head of the Automotive Division	132

Third-party loans

The third-party loans are based mainly on a revolving credit facility agreed with a syndicate of banks in January 2008 for up to CHF 135 million over a term of five years. The company was the borrower under this agreement. The relevant agreement was revised in July 2008 (following the capital increase), in the third quarter of 2009, in the fourth quarter of 2010 and in the fourth quarter of 2011, the reasons being the change in the Adval Tech Group's financial position and the change in the financial reporting standards it uses. The conditions attached to the credit facility (covenants) were temporarily suspended at the end of 2011 until spring 2012. The covenants consist of the following key financial indicators: gearing, interest cover, leverage ratio and minimum EBITDA to be achieved in 2009 and 2010 as well as temporary minimum available liquidity. At the balance sheet date, talks were under way regarding the restructuring of the agreement. The loans at December 31, 2011 were therefore reclassified to short-term interest-bearing liabilities.

In January 2012, a syndicated loan agreement was concluded with two large Swiss banks for a revolving credit facility of no more than CHF 120 million over a term of 18 months. This new agreement replaced the old syndicated loan agreement. Adval Tech Holding Ltd is the borrower under this agreement. The granting of fixed advances under the new loan agreement is subject to various conditions (covenants). The covenants consist of the following key financial indicators: minimum equity of the group, minimum EBITDA to be achieved by the group for 2012 and 2013, minimum available liquidity of the group. The loan agreement also provides for the repayment of CHF 60 million in the fourth quarter of 2012. A main shareholder of Adval Tech Holding Ltd has granted the syndicate banks a guarantee for half of the amount of the credit facility.

Risk management

Adval Tech Holding Ltd has a central risk appraisal system for both strategic and operating risks. All identified risks are evaluated (for risk of occurrence

and extent of damage) and recorded in a risk inventory. This risk inventory provides the basis for detailed discussions held periodically by the Board of Directors and group management in order to verify that the risk inventory is up-to-date. Ongoing monitoring of the risk inventory is a management objective.

A risk appraisal is conducted for identified risks in the areas of accounting and financial reporting. The internal control system in the area of financial reporting ensures that appropriate checks are defined in order to reduce financial risks. Remaining risks are monitored.

4. PROPOSAL BY THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF PROFIT

At the disposal of the annual general meeting of shareholders		2011	2010
Balance brought forward	CHF	27,459,113	31,386,543
Net result for the year	CHF	-16,729	-3,927,430
Retained earnings	CHF	27,442,384	27,459,113
Proposal by the Board of Directors			
Dividend	CHF	0	0
Allocation to free reserves	CHF	0	0
Carried forward to new account	CHF	27,442,384	27,459,113
Retained earnings	CHF	27,442,384	27,459,113



Report of the statutory auditor
to the general meeting of
Adval Tech Holding Ltd
Niederwangen

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Adval Tech Holding AG, which comprise the balance sheet, income statement and notes (pages 85 to 92), for the year ended 31 December 2011.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2011 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.

PricewaterhouseCoopers AG

Hanspeter Gerber	Patrick Borter
Audit expert	Audit expert
Auditor in charge	

Berne, March 20, 2012

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 PricewaterhouseCoopers Ltd, Bahnhofplatz 10, Postfach, 3001 Bern
 Telephone: +41 58 792 75 00, Facsimile: +41 58 792 75 10, www.pwc.ch

Adval Tech Holding AG
CH-3172 Niederwangen
Switzerland
Phone +41 31 980 84 44
Fax +41 31 980 82 60
info@advaltech.com

Adval Tech Management AG
CH-3172 Niederwangen
Switzerland
Phone +41 31 980 84 44
Fax +41 31 980 82 60
info@advaltech.com

STYNER+BIENZ
Styner+Bienz FormTech AG
CH-3172 Niederwangen
Switzerland
Phone +41 31 980 81 11
Fax +41 31 980 81 55
styner-bienz@advaltech.com

Styner+Bienz do Brasil Ltda.
Av. Rocha Pombo, 2561
Águas Belas – Aeroporto
BR-83010-620 São José
dos Pinhais PR
Brazil
Phone +55 41 3299-1700
Fax +55 41 3299-1703
styner-bienz.br@advaltech.com

Styner+Bienz US Inc.
12200 Brookpark Road
Cleveland, OH 44130
USA
Phone +1 216 362 1850
Fax +1 216 265 7833
styner-bienz@advaltech.com

QSCHE
QSCHE Kft.
Mátyás király u. 67
H-7100 Szekszárd
Hungary
Phone +36 74 512580
Fax +36 74 512587
qsch@advaltech.com

AWM

AWM Mold Tech AG
Pilatusring 2
CH-5630 Muri AG
Switzerland
Phone +41 56 675 44 44
Fax +41 56 675 44 42
awm@advaltech.com

AWM Swiss Technology Ltd
Room 1701
Billion Trade Center
31 Hung To Road
Kwun Tong, Kowloon
Hong Kong
Phone +852 2670 6000
Fax +852 2670 1918
awm.hk@advaltech.com

FOBOHA

FOBOHA GmbH
Im Mühlgrün 8
D-77716 Haslach
Germany
Phone +49 78 32 798 0
Fax +49 78 32 798 988
foboha@advaltech.com

FOBOHA US Inc.
900 Cummings Center
Suite 219-U
Beverly, MA 01915
USA
foboha@advaltech.com

TEUSCHER

Teuscher Kunststoff-Technik AG
Niklaus-Wengi-Strasse 38
CH-2540 Grenchen
Switzerland
Phone +41 32 653 19 35
Fax +41 32 653 15 50
teuscher@advaltech.com

OMNI

Omni Industries Holdings Pte. Ltd
331, North Bridge Road
13-04/06 Odeon Towers
Singapore 188720
Phone +65 6557 7900
Fax +65 6337 4131
omni@advaltech.com

Omni Plastics (Suzhou) Co. Ltd
No. 158-26 Hua Shan Road
Fengqiao Industrial Park
Suzhou New District 215129
Jiangsu Province
P.R. China
Phone +86 512 6661 6556
Fax +86 512 6662 1252

Omni Plastics (Suzhou) Co. Ltd
Medical Branch Office
No. 99, Gangtian Industrial Square,
Unit 22, Songbei Road,
Suzhou Industrial Park
Jiangsu 215021
P.R. China
Phone +86 512 6956 7686
Fax +86 512 6956 7687

Omni Industries Tech Center
Co. Ltd
No. 158-56 Hua Shan Road
Fengqiao Industrial Park
Suzhou New District 215129
Jiangsu Province
P.R. China
Phone +86 512 6690 1756
Fax +86 512 6690 1759

Omni Engineering
(Shanghai) Co. Ltd
Plant 49-B
199 North Ri Ying Road
Waigaoqiao Free Trade Zone
Shanghai 200131
P.R. China
Phone +86 21 5046 0808
Fax +86 21 5048 1156

Omni Plastics (Xiamen) Co. Ltd
No. 33 Xiangxing Rd 1st
Xiangyu Free Trade Zone
Xiamen 361006
P.R. China
Phone +86 592 574 7060
Fax +86 592 574 7860

Omni Plastics (Thailand) Co. Ltd
64/65 Eastern Seaboard
Industrial Estate
Moo 4, Highway 331,
T. Pluakdaeng
A. Pluakdaeng, Rayong 21140
Thailand
Phone +66 38 656 051
Fax +66 38 656 050

Omni Precision Sdn. Bhd.
No. 9 Jalan Tampoi 7/4
81200 Johor Bahru
Johor, Malaysia
Phone +607 340 2100
Fax +607 334 3353

Omni Manufacturing Services S.A.
de C.V.
Av. La Noria 125
Parque Industrial Querétaro
Querétaro, C.P. 76220
Mexico
Phone +52 442 238 9200
Fax +52 442 238 9226

Omni Manufacturing Services S.A.
de C.V.
Medical Branch Office
Av. La Noria 125
Parque Industrial Querétaro
Querétaro, C.P. 76220
Mexico
Phone +52 442 238 9200
Fax +52 442 238 9226

Forward-looking statements

The present annual report contains forward-looking statements in relation to the Adval Tech Group which are based on current assumptions and expectations. Unforeseeable events and developments could cause actual results to differ materially from those anticipated. Examples include: changes in the economic and legal environment, the outcome of legal disputes, exchange rate fluctuations, unexpected market behavior on the part of our competitors, negative publicity and the departure of management-level employees. The forward-looking statements are pure assumptions, made on the basis of information that is currently available.

This annual report is available in English and German. The original German-language version is binding.

