

advaltech

A N N U A L R E P O R T

2014



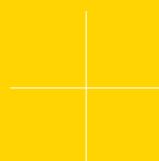
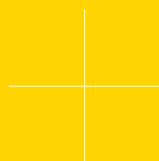
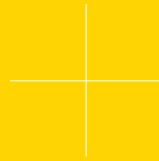
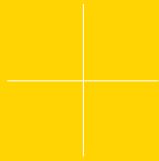
ADDING VALUE THROUGH INNOVATION



We are Adval Tech

The people behind Adval Tech's success: the 1600-plus employees at 12 locations in Europe, Asia and America. Highly motivated and excellently trained, they work together successfully across national borders and in a range of disciplines – each and every day.





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KEY FIGURES OF THE ADVAL TECH GROUP

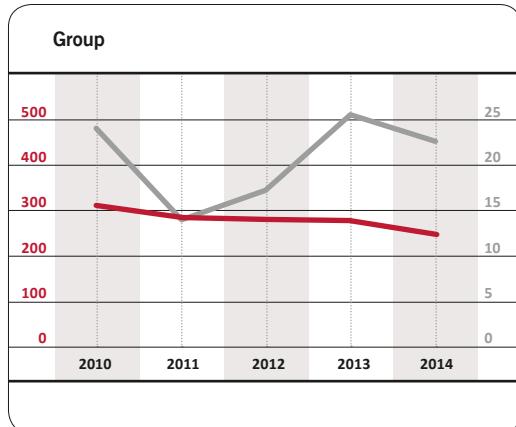
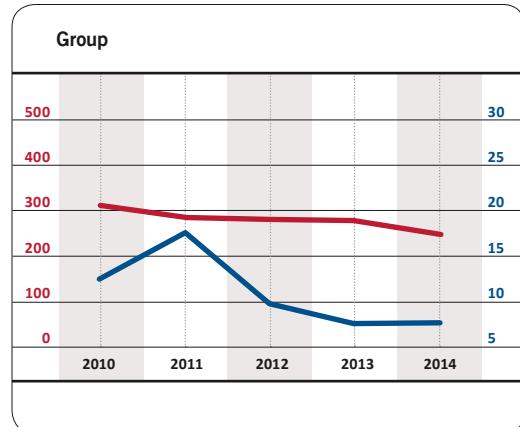
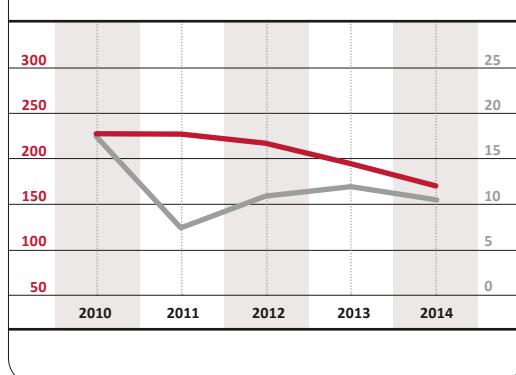
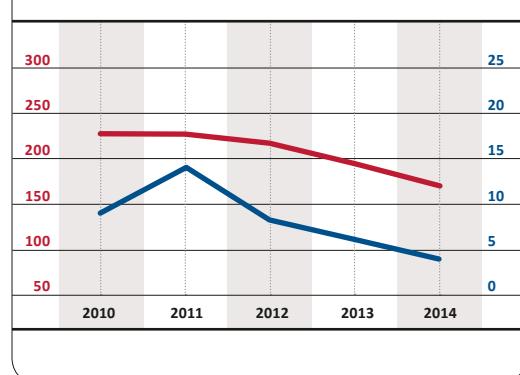
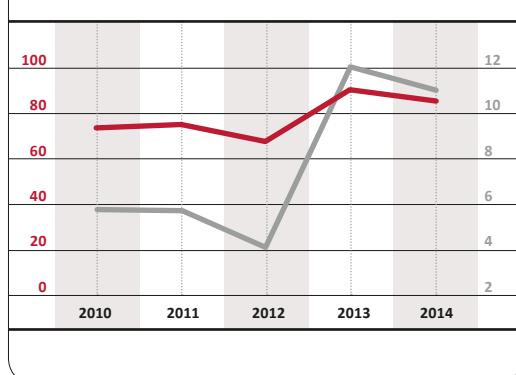
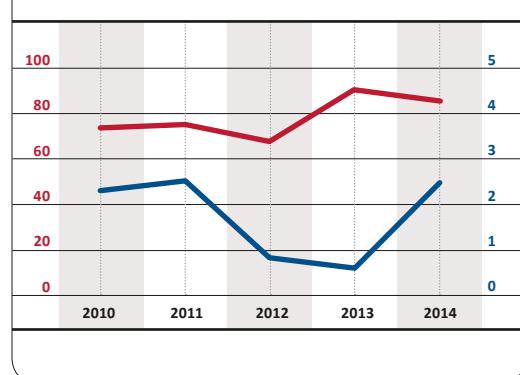
	2014 ¹⁾	2013 ¹⁾	2012 ¹⁾	2011 ²⁾	2010 ³⁾
Total income (CHF millions)					
Group	247.0	278.8	279.6	284.9	316.7
Change in %	-11.4	-0.3	-1.9	-10.0	6.4
Per employee (CHF thousands)	148.2	139.7	115.7	114.8	124.8
Components segment	164.4	193.7	218.3	221.3	221.5
Molds segment	86.1	89.7	67.6	75.5	74.1
EBITDA (CHF millions)					
Operating result before interest, taxes, depreciation and amortization	23.3	25.7	16.9	14.3	24.2
in % of total income	9.4	9.2	6.0	5.0	7.7
Components segment	10.2	11.7	10.5	7.3	17.7
Molds segment	11.0	12.1	4.1	5.7	5.8
EBIT (CHF millions)					
Operating result	8.9	6.5	-3.5	-5.0	1.6
in % of total income	3.6	2.3	-1.3	-1.8	0.5
Profit/loss (CHF millions)					
Profit/loss for the year	1.9	-22.0	-15.4	-16.3	-10.9
in % of total income	0.8	-7.9	-5.5	-5.7	-3.5
Cash flow and capital expenditure (CHF millions)					
Cash flow from operations	9.0	14.5	7.5	5.7	11.3
Operative free cash flow	-0.3	4.7	1.1	-4.7	-1.6
Free cash flow	2.8	37.8	1.1	-4.7	-5.5
Capital expenditure	-7.0	-7.3	-9.9	-17.5	-12.4
Balance sheet figures (CHF millions)					
Total assets	220.5	218.7	238.6	265.0	278.0
Equity	68.5	64.3	53.8	68.5	84.8
in % of total assets	31.1	29.4	22.6	25.8	30.5
Employees					
on December 31	1'603	1'720	2'239	2'491	2'470
Components segment	1'227	1'347	1'876	2'048	2'034
Molds segment	361	357	345	424	417
Market capitalization (CHF millions)					
on December 31	131.0	127.8	116.4	120.5	253.3
Selected key figures per share					
Profit/loss (CHF)	2.59	-30.15	-21.06	-22.36	-14.99
Dividend (CHF)	0.00 ⁴⁾	0.00	0.00	0.00	0.00
Payout ratio in %	n. a.				
P/E ratio on December 31	n. a.				

1) According to Swiss GAAP FER

2) According to Swiss GAAP FER restated

3) Estimate

4) Proposed by the Board of Directors

TOTAL INCOME AND EBITDA**TOTAL INCOME AND CAPITAL EXPENDITURE****Components Segment****Components Segment****Molds Segment****Molds Segment**

Total income in CHF millions
 EBITDA in CHF millions

Total income in CHF millions
 Capital expenditure in CHF millions

"I'm the customers' first point of contact at our plant in Suzhou. It's very important to me that we can take all their wishes into account. Personal contacts and open communication are the top priority in my work. I find working with people very fulfilling. Adval Tech, that's me."

Huang Mi

30-year-old Huang Mi is a Key Account and Project Manager at Adval Tech (Suzhou) Co. Ltd's Plant 1 in Suzhou, China. She is responsible for costing and tendering for new products, managing projects through to the start of mass production, meeting deadlines and maintaining customer relations.



Suzhou, China



SHARE STATISTICS AND PRICE TRENDS

	2014	2013
Registered shares	730,000	730,000
EBIT per share (CHF)	12.14	8.97
Profit/loss per share (CHF)	2.59	-30.15
Shareholders' equity per share (CHF)	93.79	88.04
Dividend per share (CHF)	0.00 ¹⁾	0.00
Payout ratio in %	n. a.	n. a.
P/E ratio on December 31	n. a.	n. a.
Market prices (CHF)		
Low (02/14/14, 04/05/13)	158.00	128.00
High (04/30/14, 12/30/13)	218.00	175.00
December 31	179.40	175.00
Market capitalization (CHF millions)		
Low (02/14/14, 04/05/13)	115.34	93.44
High (04/30/14, 12/30/13)	159.14	127.75
December 31	130.96	127.75

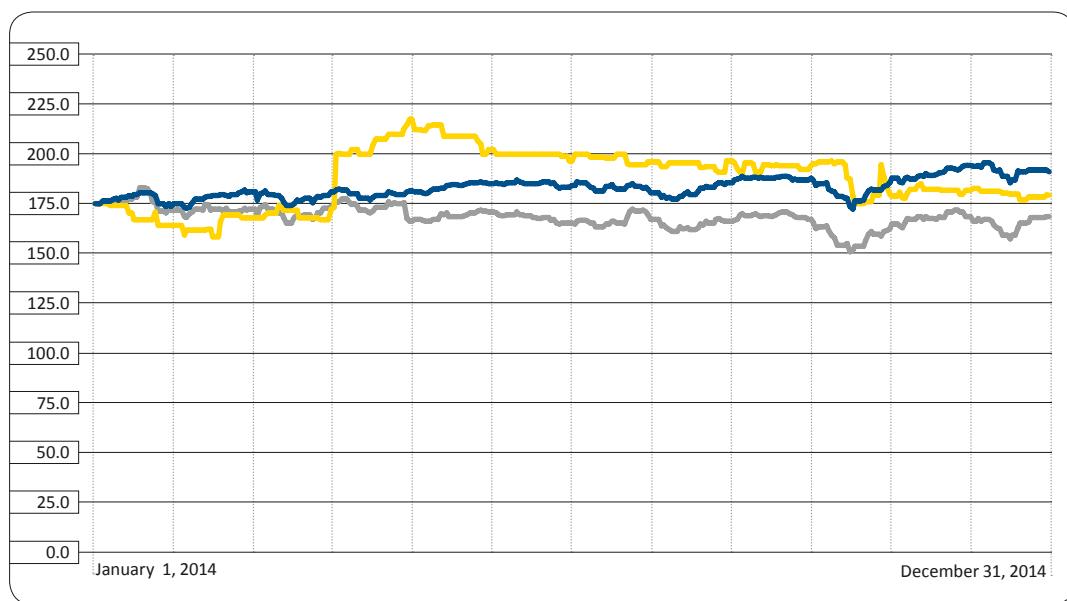
1) Proposed by the Board of Directors

Share statistics

Swiss security no. 896 792

Ticker symbols: ADVN (SIX Swiss Exchange); ADVN SW (Bloomberg)

Price trends
(CHF)



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

DEAR SHAREHOLDERS

The Adval Tech Group defined four goals for the 2014 financial year: systematic implementation of our focusing strategy, completion of the restructuring projects already begun, significantly higher EBIT than in 2013, and a turnaround at the consolidated profit level. The Adval Tech Group achieved all of these goals. Our EBIT for the year under review is CHF 8.9 million (2013: CHF 6.5 million). Given the profit figure of CHF 1.9 million (2013: CHF -22.0 million), the turnaround has succeeded.

The Adval Tech Group systematically implemented the focusing strategy in the year under review. This strategy calls for a focus on global customers in mold making and on selected applications in the metal and plastic components business.

Under the focusing strategy, and as part of our global orientation, the Group has decided from now on to use only two sub-brands, Adval Tech Styner+Bienz and Adval Tech FOBOHA, in addition to the umbrella brand Adval Tech. The new brand strategy has also resulted in some companies being renamed. In the Molds segment, these changes were made in early March 2014. The renaming of companies has been completed in the Components segment as well. Adval Tech also revised numerous communications materials in implementing the branding strategy, including the new website at www.advaltech.com.

Key figures

Total income

The Group's total income for the year under review came to CHF 247.0 million, some CHF 31.8 million below the prior-year figure (CHF 278.8 million). This 11.4% decline is due primarily to the loss of revenues from companies in Mexico and China that were sold or wound up in 2013 and to the ongoing streamlining of our product portfolio, which is proceeding apace. Net of this CHF 19.1 million effect, the Adval Tech Group's total income declined by 4.9% in 2014.

In the Components segment, several products manufactured for the automotive industry at the Uetendorf and Niederwangen sites in Switzerland reached the end of their life cycle. The strength of the Swiss franc against the euro made the acquisition of new orders more difficult. In the Molds segment, the decline in total income was due mainly to lower sales of production systems.

The Components segment accounted for some 66% of total income (2013: 70%) while the Molds segment made up the remaining 34% (30%).

Operating result – EBITDA and EBIT

The Adval Tech Group's EBITDA for the year under review fell by 9.3% to CHF 23.3 million (2013: CHF 25.7 million). The decline was due primarily to the deconsolidation of the two companies sold in Mexico and China. Although total income declined by over CHF 30 million, the EBITDA margin improved from 9.2% to 9.4%. Adval Tech boosted EBIT by 35% to CHF 8.9 million (2013: CHF 6.5 million). The EBIT margin rose from 2.3% to 3.6%.

Both segments contributed to this positive trend. In the Components segment, the plastic components business of the companies in China and Malaysia accounted for much of the improvement. In the Molds segment, FOBOHA Switzerland achieved a very encouraging result.

Profit/loss

Given the profit figure of CHF 1.9 million (2013: CHF -22.0 million), Adval Tech met its goal of achieving a turnaround in net result despite significantly lower total income and an extraordinary charge of CHF 0.4 million (2013: CHF 0.9 million) for ongoing restructuring programs. The financial result for the second half of 2014 was impacted by an approx. CHF 1 million non-cash foreign exchange loss from repayment of an intra-Group loan.

Cash flow and equity ratio

Cash flow from operations for the year under review was CHF 9.0 million (2013: CHF 14.5 million). Free cash flow, net of cash inflows from disposals of companies and real estate, fell from CHF 4.7 million the prior year to CHF -0.3 million. The decline is primarily due to a CHF 6.5 million rise in inventories in the year under review related to newly won orders from automakers (OEMs). These inventories are being invoiced to the customer after release to production. The Adval Tech Group's equity ratio improved from 29.4% to 31.1%.

Bank loans

At the start of July 2014, Adval Tech rolled over its expiring credit line with two major Swiss banks to a new agreement with four banks, three from Switzerland and one from Germany. The new credit limit is CHF 85.0 million with a term of three years. At least CHF 15.0 million is repayable by the end of 2016. CHF 5.0 million was repaid by the end of 2014.

Capital investments and net current assets

In 2014 the Adval Tech Group invested CHF 7.0 million in tangible fixed assets, a year-on-year reduction of CHF 0.3 million. Despite strict controlling, operating net current assets (accounts receivable, inventories, trade accounts payable) grew by CHF 5.7 million to CHF 46.4 million (2013: CHF 40.7 million). In proportion to total income, net working capital came to 20.5% (2013: 16.2%).

Sustainability

The Adval Tech Group has set a goal of creating sustainable added value for all its stakeholder groups. Sustainability – economic, social and environmental – is a firmly established corporate value at Adval Tech and is reflected in every aspect of the Group's operations.

Customer and employee satisfaction

Customer satisfaction plays an important role in the future development of both segments. Strict compliance with agreed quantities, deadlines and quality is measured and continually improved for all customers. Regular visits to customers, identifying improvement potential and proposing possible solutions likewise contribute to keeping customers satisfied.

Employee satisfaction is also measured regularly at Adval Tech. In the spring of 2014, for example, the Group conducted a standardized employee survey at all locations. The results were assessed and analyzed for each location to identify areas with potential for improvement. Each company developed a corresponding implementation and action plan.

Market development

The Adval Tech Group aspires to be the industrial partner of choice for its global customers and is committed to providing genuine added value at all times. In the future, the Group will increasingly focus on customer tasks where it can contribute its specific product development, toolmaking and component production know-how to each customer application from the start. The Adval Tech Group intends to deploy resources better, faster, more reliably and more efficiently than before. This will require more intensive cooperation throughout all processes within the Group.

In the metal components sector, more and more customers want Adval Tech to deliver not only from Europe (Niederwangen, Uetendorf, Szekszárd), South America (São José dos Pinhais) and North America (Cleveland), but also from Asia. Accordingly, Adval Tech is reviewing collaboration strategies for Asia similar to those employed in the United States, where the Group is already collaborating successfully with its partner Anchor.

The Molds segment reorganized its customer service systems. To better meet the needs of international customers, Adval Tech FOBOHA assembled a global key account management team. The seven-person team under the leadership of FOBOHA Germany is distributed throughout the world and provides intensive support to international customers.

Strategy

As part of its focusing strategy, the Adval Tech Group's Components segment concentrates on the automotive market and related applications in other industries. The components for the latter are similar to those for the automotive industry in terms of quantities, quality requirements, service life and production processes. The plastic components are used in cars and for other technologically demanding applications. Adval Tech produces metal components primarily for safety-related automobile applications. It also offers metal-plastic composite technology. In mold making, Adval Tech operates primarily in the consumer goods, body care products, packaging and medical technology markets and in the automotive industry.

Segment results

Components

In the Components segment (metal and plastics), total income of CHF 164.4 million was roughly CHF 29.0 million below the prior-year figure of CHF 193.7 million. The setbacks are primarily attributable to the sale of the two companies in China and Mexico, the closure of a plant in China and ongoing product portfolio streamlining in China and Hungary (metal components). At the Uetendorf and Niedergang sites in Switzerland several products made

for the automotive industry reached the end of their life cycle. Although EBITDA declined from CHF 11.7 million to CHF 10.2 million, the EBITDA margin rose from 6.0% to 6.2%.

Molds

2014 was a good year for the Molds segment. In the American market the segment encountered considerable pent-up demand, especially during the first half. Total income of CHF 86.1 million fell slightly short of the previous year's record of CHF 89.7 million (CHF -3.6 million). EBITDA for the segment fell from CHF 12.1 million to CHF 11.0 million. The segment's EBITDA margin of 12.7% was almost as good as the previous year's 13.5%.

Outlook

The Swiss National Bank's decision on January 15, 2015, to abandon the minimum euro exchange rate against the Swiss franc has also negative impacts on the Adval Tech Group, which generates 90% of sales abroad and incurs 35% of its costs in Switzerland. The Board of Directors and Group Executive Management are currently reviewing various measures for maintaining the competitiveness of the Swiss facilities given the new foreign exchange situation.

With its strategic positioning as a direct supplier to premium-segment automotive manufacturers such as BMW and Audi, its focus on applications for safety parts and its global presence, the Adval Tech Group is well-placed to further bolster and expand its market position in Asia and America as well as in Europe. In the coming years the Adval Tech Group will seek to achieve significant growth, not least in order to spread fixed costs more broadly.

WILLY MICHEL
CHAIRMAN OF THE BOARD OF DIRECTORS

RENÉ ROTHEN
CHIEF EXECUTIVE OFFICER



Acknowledgements

Following the mostly encouraging developments in fiscal 2014, the Board of Directors and Management will continue resolutely along the chosen path. The Adval Tech Group will continue to offer its customers crucial added value – with a highly motivated and well-trained workforce collaborating successfully and in an interdisciplinary fashion across national borders. We thank them along with our customers, suppliers and business associates for the excellent cooperation in 2014. And our very special thanks go to you, our esteemed shareholders, for your trust and loyalty.

Niederwangen, March 2015

Willy Michel
Chairman of the Board of Directors

René Rothen
Chief Executive Officer

“Developing innovative solutions for our customers inspires me every day. Mastering a wide variety of different challenges makes my job very interesting. Adval Tech, that's me.”

Stefan Reber

33-year-old Stefan Reber from Switzerland works as a Development Engineer at Styner+Bienz do Brasil Ltda. in São José dos Pinhais, Brazil.



São José dos Pinhais,
Brazil



FOCUS ON SELECTED ACTIVITIES

The Adval Tech Group is a global industrial supplier of components and of high-performance molds and production systems. It focuses on selected activities in its target markets and places a high priority on employee career development.

In the Components segment, Adval Tech produces plastic and metal components. The Molds segment develops high-performance molds and production systems.

Plastic components

Adval Tech's series-production plastic components are used in cars and for other technically demanding applications. Examples include air flow elements and air flow systems for Audi, air/water separation systems for BMW, and seat belt buckles used in a range of car brands. In addition, Adval Tech manufactures components for related applications with similar quantities, quality requirements and production processes and with a comparable service life. Some examples include plastic parts for premium sewing machines or components and subassemblies for the medical, pharmaceutical and diagnostics industry.

Metal components

The main metal components manufactured by Adval Tech are safety parts for cars, e.g. components for airbags, ABS braking systems, steering and lighting systems. It also makes parts and subassemblies containing metal and plastic components, such as door sill plates for BMW. More and more customers want Adval Tech to supply not only out of Europe, South America and North America, but out of Asia too. Which is why the Group is looking into cooperation models for Asia – along similar lines to the US, where Adval Tech is already successfully working with its cooperation partner Anchor.

Mold-making

Adval Tech's principal markets in the mold-making segment are consumer and personal care (e.g. for the manufacture of multi-blade razors or roll-on deodorants), packaging (e.g. for beverages or shampoos), medical and automotive. FOBOHA has also established itself as a specialist for production sys-

tems in which machine, mold and automation are perfectly aligned with each other.

Staff management

The Adval Tech Group offers attractive career opportunities for its employees. Adval Tech has defined the following staff management goals: first, hire the right people; second, support and develop the right staff members; third, hold onto the best employees for the long term; fourth, recruit qualified specialists and managers; fifth, be an attractive and competitive employer; and sixth, use these commitments to foster a positive corporate image. To achieve these goals, Adval Tech has developed a human resources philosophy represented by the motto "together to the top." Under this philosophy, staff are expected to develop themselves, and Adval Tech invests proactively in training and education to this end. The Group also encourages work abroad. Through intensive exchanges among Adval Tech's locations in different parts of the world, the employees acquire technical expertise, improved language skills and intercultural proficiency. Adval Tech also cultivates a relaxed team culture, not only within the corporate group, but also in project teams together with its global customers. And Adval Tech fosters the next generation, helping young talent ripen into seasoned professionals.

This year all Adval Tech employees will receive a new brochure called "The Adval Tech Way," containing the Group's vision, mission, values and human resource philosophy. It also contains the Code of Conduct, which has been a part of all employment contracts worldwide since 2008. In addition, Adval Tech introduced a Group-wide Potentials program during the year under review. This succession planning program is designed to fill key positions with existing employees. Some 15 high-potential individuals have been identified in this program. The general managers and HR managers of the various sites, along with the Head of Corporate HR for the Group, have carried out an assessment of these candidates. The Group Executive Management devoted a special session to evaluating the results. Specially tailored development programs for these individuals will be launched in April 2015.

"I take my team to heart. Every individual employee should be able to develop. Together we ensure maximum quality in order to meet our customers' expectations. I like learning something new each day. Adval Tech, that's me."

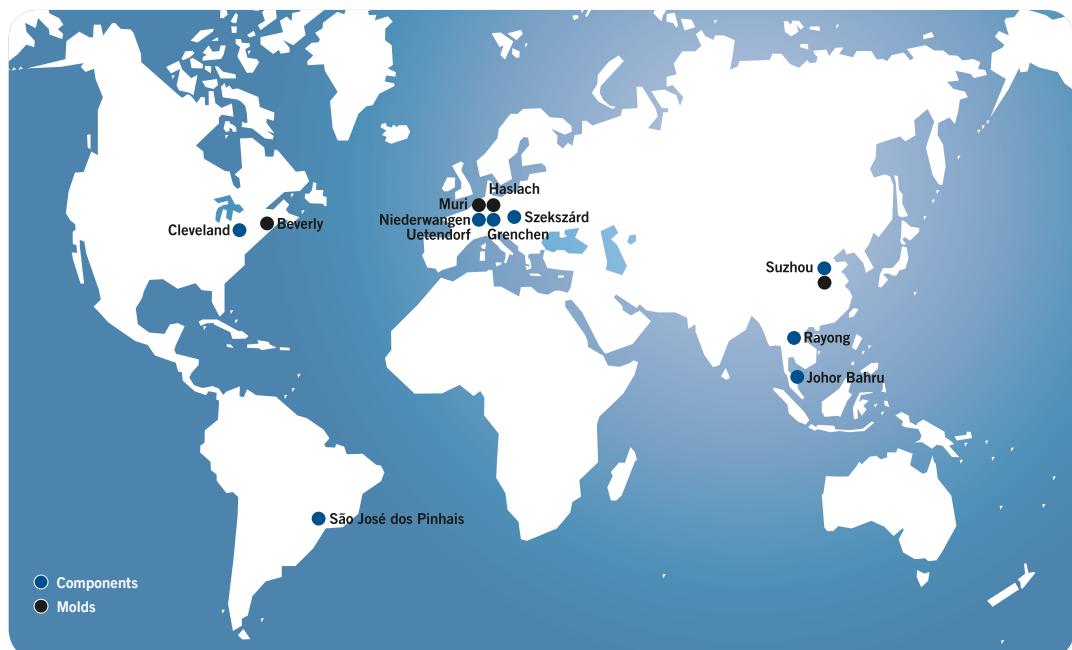


Sakulna Kumplanont

45-year-old Sakulna Kumplanont works as a Quality Manager at Adval Tech (Thailand) Co. Ltd. in Rayong, Thailand. She is responsible for ensuring that top-quality products are delivered on time.

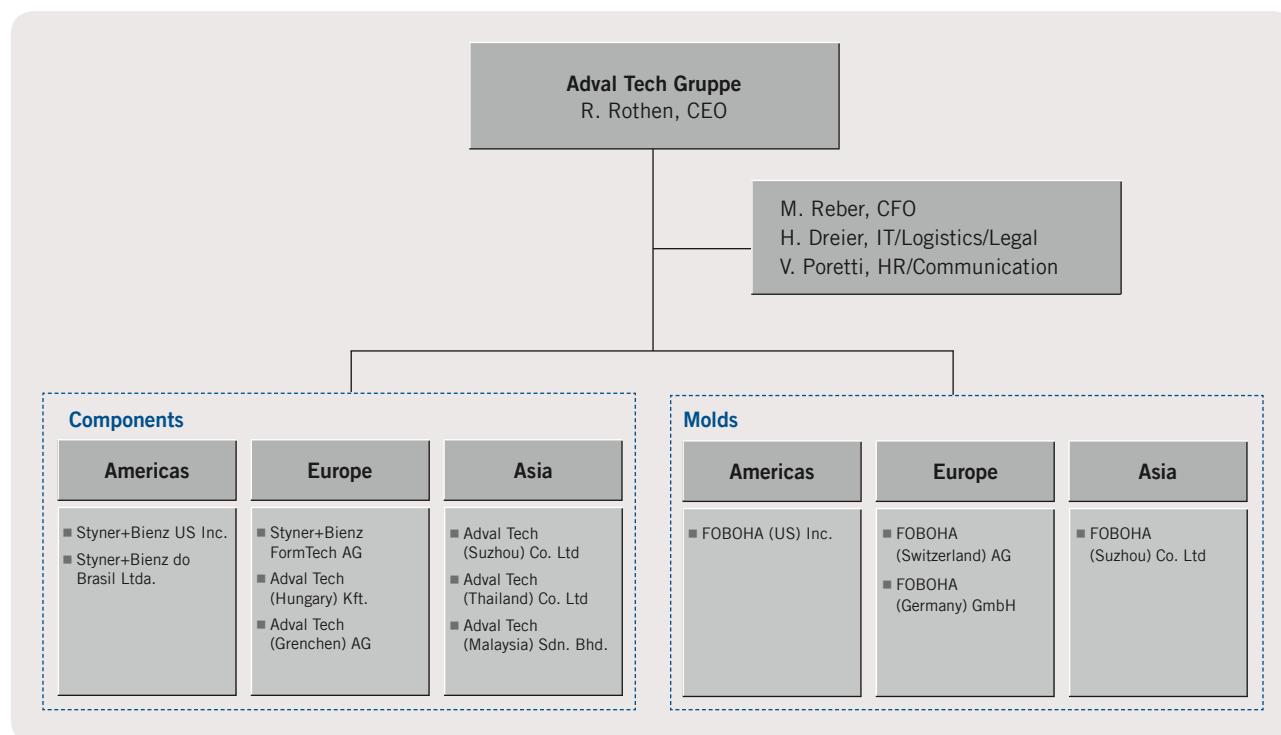


Rayong, Thailand



			Components		Molds
			Metal	Plastic	
Europe	Adval Tech (Grenchen) AG, Grenchen, Switzerland			●	
	Adval Tech (Hungary) Kft., Szekszárd, Hungary		●	●	
	FOBOHA (Germany) GmbH, Haslach, Germany				●
	FOBOHA (Switzerland) AG, Muri (AG), Switzerland				●
	Styner+Bienz FormTech AG, Niederwangen und Uetendorf, Switzerland	●			
Asia	Adval Tech (Malaysia) Sdn. Bhd., Johor Bahru, Malaysia			●	
	Adval Tech (Suzhou) Co. Ltd, Suzhou, China			●	
	Adval Tech (Thailand) Co. Ltd, Rayong, Thailand			●	
	FOBOHA (Suzhou) Co. Ltd, Suzhou, China				●
Americas	FOBOHA (US) Inc., Beverly, Massachusetts, USA				Services
	Styner+Bienz do Brasil Ltda., São José dos Pinhais, Brazil		●		
	Styner+Bienz US Inc., Cleveland, Ohio, USA	●			

GROUP STRUCTURE



GROUP EXECUTIVE MANAGEMENT

RENÉ ROTHEN CHIEF EXECUTIVE OFFICER

HANS DREIER HEAD IT/LOGISTICS/LEGAL

MARKUS REBER CHIEF FINANCIAL OFFICER

VALERIA PORETTI-REZZONICO HEAD CORPORATE HR/COMMUNICATION

(FROM LEFT TO RIGHT)

EXECUTIVE BODIES

Board of Directors

Dr. h.c. Willy Michel, Chairman
Michael Pieper, Vice Chairman
Hans Dreier
Dr. Roland Waibel

Audit Committee: Dr. Roland Waibel (chair), Hans Dreier

Appointments and Compensation Committee: Dr. h.c. Willy Michel (chair),
Michael Pieper, Dr. Roland Waibel

Group Executive Management

René Rothen, Chief Executive Officer
Hans Dreier, Head IT/Logistics/Legal
Valeria Poretti-Rezzonico, Head Corporate HR/Communication
Markus Reber, Chief Financial Officer

Statutory Auditors

PricewaterhouseCoopers AG, Bern



“In our profession you need to use your head, your hands and your heart. I love the challenges and the variety here. I learn something new every day. Adval Tech, that's me.”



Lutz Meyer

19-year-old Lutz Meyer is a trainee polymechanic in his third year of training. His career goal: to work on interesting products as an engineer and developer at a globally active industrial company such as Adval Tech.



Niederwangen,
Switzerland

FURTHER IMPROVEMENT IN EBITDA MARGIN

The Components segment (metal and plastic components) achieved a further improvement in its EBITDA margin compared to the previous year, from 6.0% to 6.2%. Because of the sale of certain business units and product portfolio streamlining in China and Hungary, total income fell from CHF 193.7 million to CHF 164.4 million (-15.1%). EBITDA declined from the previous year's CHF 11.7 million to CHF 10.2 million (-12.8%).

The Components segment produces metal and plastic parts in large series for selected application areas, focusing on the automotive industry and related applications in other markets (such as plastic housings for premium sewing machines). As a one-stop shop, Adval Tech operates along the entire value chain, from product design and the development of mass-produced parts through construction and production of the necessary tools and molds to entire production systems and the resulting manufacture of components. Where necessary, Adval Tech also offers assembly of components into subassemblies or modules.

In **plastic components**, for example, the Components segment produces air flow guidance and direction parts, air-water separation elements and seatbelt buckles. In the automotive sector, the Components segment delivers plastic components directly to auto manufacturers (OEMs) and to first-tier customers who supply auto manufacturers.

When working on orders from OEMs, the Group applies its technical expertise and development as well as its innovation strengths from the outset and throughout the value chain.

In projects for first-tier customers, most of which are implemented by our Asian subsidiaries, responsibility for development lies with the customer. Here the Adval Tech Group assists the customer in optimally and efficiently aligning the product and its requirements with the manufacturing process. The integration of the mold-making operation in Suzhou, China, and – if necessary – in Haslach, Germany and Muri, Switzerland, is a key competitive advantage and a

success factor in ensuring efficient, high-quality component production.

Further components produced by Adval Tech include sophisticated parts and assemblies for the medical, pharmaceutical and diagnostic industries.

The Components segment has production facilities for plastic components in Europe (Switzerland, Hungary) and Asia (China, Thailand, Malaysia).

The **metal components** manufactured by the Components segment consist mainly of safety parts for cars. These include rotationally symmetrical parts, such as components for airbags, ABS braking systems and fuel injection systems, as well as steering system subassemblies. The segment also manufactures composite components, such as lighting groups and running boards made of metal and plastic elements. Most of the Components segment's metal components are supplied to first-tier customers.

The production facilities for metal components are located in Europe (Switzerland and Hungary), South America (Brazil) and North America (USA). For metal components production in Asia, the segment is currently looking into cooperation models similar to those in the US, where Adval Tech is already successfully working together with the Anchor Manufacturing Group.

Business trends, technology and innovation

The Components segment's 2014 total income of CHF 164.4 million was 15.1% lower than the previous year's CHF 193.7 million. The decline was the result of Adval Tech's sale of two companies in China and Mexico and the closure of a plant in China that had still contributed to total income in 2013. The product portfolio streamlining in China and Hungary (metal components) also led to lower total income. EBITDA fell from the previous year's CHF 11.7 million to CHF 10.2 million (-12.8%). Through higher productivity and stricter cost controls, the segment improved its EBITDA margin from the previous year's 6.0% to 6.2%.

“Our customers demand the highest quality. And that's what they should get. As a quality assurance manager I rely on discipline, team work and continuous development for all employees. Keep moving and never rest – these are the prerequisites for high-quality solutions for demanding customers.

Adval Tech, that's me.”

Roziah Md Noh

47-year-old Roziah Md Noh works as a Quality Assurance Manager at Adval Tech (Malaysia) Sdn. Bhd. in Johor Bahru, Malaysia. She is responsible for quality control and the company's quality management systems.



Johor Baru,
Malaysia



At the Uetendorf and Niederwangen sites in Switzerland several products mostly made for the eurozone automotive industry reached the end of their life cycle. The strong Swiss franc made it difficult to find replacement orders. Adval Tech has adjusted its capacity at the Uetendorf and Niederwangen plants by eliminating 17 jobs with the aim of sustainably reducing operating costs at the Styner+Bienz FormTech AG subsidiary. The Swiss National Bank's decision on January 15, 2015 to abandon the minimum euro exchange rate further exacerbated the situation.

Adval Tech expanded collaboration with Audi during the year under review. Since January 2015, Adval Tech has been using an innovative approach to tooling in producing air deflection elements and air guidance systems in Hungary for Audi. Based on the good experience in this collaboration and in response to the innovative approach to tooling and the positive effect it has had on the components, Audi also chose the Adval Tech Group to supply air deflection elements and air guidance systems for the new Audi site in Mexico. Series production for the local Audi plant is slated to commence in 2016; the plant is currently under construction. On completion of testing and final approval of tools and production equipment in Europe, the equipment will be shipped to the new Adval Tech production facility in Mexico so production can ramp up. The plant will be located in the federal state of Querétaro and will eventually provide jobs for 100 people working on orders for Audi and other automakers.

Adval Tech received a major metal components order in the spring of 2014. The Components segment will produce an electric steering column adjustment subassembly for BMW's 35up platform (3 series, 5 series, 7 series, X3, X5, X6, X7). Series production is scheduled to start this year.

The segment achieved a turnaround at the Suzhou site. The situation for the plant in Brazil remained difficult in 2014 as the slump in the Brazilian economy and its automotive industry lingered.

Employees

Employee headcount fell from 1,347 to 1,227 during the year under review, due primarily to capacity adjustments in business with non-OEM customers in Brazil and China, and to a lesser extent to the sale of the two companies in Mexico and China. At all sites the Components segment found it very difficult to recruit qualified specialists during the year under review, underscoring the continuing importance of providing training and career development opportunities for our own employees, both within and between companies.



“My goal is to create a work environment that inspires employees to deliver their best performance. I really enjoy discovering and promoting talent. We want our employees to be able to develop. I want to instil people with enthusiasm for a career. Adval Tech, that's me.”

Cristiane Vettori

44-year-old Cristiane Vettori is Human Resources Coordinator at Styner+Bienz do Brasil Ltda. in São José dos Pinhais, Brazil. Her responsibilities include staff recruitment, training and development, payroll accounting, occupational health and safety, and negotiating with trade unions.



São José dos Pinhais,
Brazil

GLOBAL KEY ACCOUNT MANAGEMENT PAYS OFF

The Molds segment (mold-making) generated total income of CHF 86.1 million in 2014, somewhat short (-4.0%) of the previous year's record figure of CHF 89.7 million. EBITDA declined from CHF 12.1 million to CHF 11.0 million (-9.1%). The segment almost equaled the prior year's EBITDA margin at 12.7% (2013: 13.5%).

The Molds segment develops and produces high-performance molds for the manufacture of plastic components. In recent years, the segment has also established itself as a supplier of turnkey production systems. These consist of plastic injection molding machines, high-performance molds and associated automation systems. As a systems supplier, Adval Tech FOBOHA can comprehensively optimize the entire process of on-site development and launch of a new production system for a given application from the outset and subsequently provide the customer with a tested system.

The Molds segment's development and production sites are located in Germany, Switzerland and China. In the United States the segment operates a sales and service company, FOBOHA (US) Inc. Since March 2014, the segment has been operating under the uniform Adval Tech FOBOHA brand. At the beginning of March 2014, AWM Mold Tech AG was renamed FOBOHA (Switzerland) AG, FOBOHA GmbH was renamed FOBOHA (Germany) GmbH and Omni Industries Tech Center Co. Ltd was renamed FOBOHA (Suzhou) Co. Ltd.

Adval Tech FOBOHA's principal markets are consumer and personal care, packaging, medical and automotive.

Business trends, technology and innovation

Especially in the first half of 2014, the Molds segment encountered considerable pent-up demand in the American market. Demand in the second half was somewhat lower but still encouraging. At CHF 86.1 million for the year, total income was only 4.0% below the previous year's record figure. EBITDA declined from CHF 12.1 million to CHF 11.0 million, resulting in an EBITDA margin of 12.7%.

During the year under review, the Molds segment received an order from an international consumer goods corporation for production of plastic containers for cleaning tabs. The consumer goods corporation already distributes these detergent tabs packed in plastic containers produced using the thermo-forming process. The process consumes a great deal of energy and results in considerable waste. Moreover, it offers rather limited packaging design options. To eliminate these disadvantages, the consumer goods company hopes to start producing packages for its tabs using the injection molding process. Its executives have found the ideal partner in Adval Tech FOBOHA. They will have access to all of Adval Tech FOBOHA's know-how, particularly its special development capabilities in Switzerland and assembly capacity in Asia, where the company launch widespread distribution of the tabs in the new packaging. After successfully building a pilot mold in Switzerland, Adval Tech FOBOHA began the industrialization process in Asia at the start of 2015. The next step for the international consumer goods company will be to bring the new packaging to the European market.

To meet the needs of international customers still better than before, Adval Tech FOBOHA has assembled a global key account management team. Managed from the Haslach location, the team consists of seven key account managers, distributed throughout the world, with the task of providing intensive support to international customers.

Employees

At 361, the Molds segment's employee headcount at the end of 2014 is nearly unchanged from the end of 2013 (357). Finding qualified employees and specialists continued to be a major challenge during the year under review. In Germany in particular, the labor market has dried up. The Molds segment remains strongly committed to a strategy of training and developing its own staff. To this end, targeted exchange and career development programs are organized between the sites in Germany, Switzerland and China.





“Even more efficient processes, even better checks – I give my all in the search for optimum processes. Our employees work closely together across different continents, whether they're in China or in Switzerland. I'm proud to work for this company. Adval Tech, that's me.”

Toan Brunner

33-year-old Toan Brunner is a Production Department Manager at Adval Tech (Suzhou) Co. Ltd's Plant 1 in Suzhou, China. He oversees production, tool and plant maintenance and process engineering.



Suzhou, China

Added Value for the Automotive Industry

Adval Tech develops and produces air flow elements and air flow systems for various makes of car. These include Audi – at the Group's facility in Hungary since 2013 and, as of 2016, also in Mexico, where Adval Tech is building its own production plant. Production involves an innovative mold concept.



ADVAL TECH IS FOLLOWING THE CAR-MAKERS TO MEXICO – ALONG WITH ITS HIGH-TECH RAPID-SWITCH TURNING MOLDS.



Adval Tech develops and produces air flow elements and air flow systems for premium car makes – worldwide.

These days, premium manufacturers offer a range of different car models with numerous engine options. These car makers thus rely on highly flexible production processes and technologies. And hence also on a flexible and innovative supplier like Adval Tech.

TFSI or TDI? Gasoline, diesel, Clean Diesel, BlueTEC or Active-Hybrid? 6-speed Multitronic or xDrive? You're spoilt for choice if you buy a premium car. The German car maker Audi, for example, offers numerous different engine options. Depending on the option chosen, things can look quite different under the hood. This multitude of options also has an influence on the air flow elements and air flow systems which direct the flow of air passing through apertures at the front of the car to the various cooling elements in the engine compartment. For the new-generation Audi

Q7, Audi requires numerous variants of these two-component plastic parts – approximately 70 in total.

Flexible turning mold

Manufacturing the different parts used to be a laborious process requiring different injection molds. Production is simpler and more cost-effective with the innovative mold concept that Adval Tech developed for Audi. It comprises a single flexible rapid-switch turning mold that is ideal for the production of the different varieties of air flow elements and air flow systems (see inset on page 32). This innovative



mold concept not only helps automobile manufacturers to produce numerous engine variants but also helps them to maintain their product ranges: models generally undergo a technical and optical upgrade four or five years after initial launch.

Series production in Hungary

Adval Tech has convinced Audi of the benefits of its flexible mold concept and of its expertise in mold development and series production: Since the end of 2014, Adval Tech has been producing air flow elements and air flow systems for Audi in Hungary. Adval Tech had already been involved in the development of these components prior to that.

Following Audi to Mexico

Following the good experience in project collaboration for production in Hungary, and in response to Adval Tech's innovative approach to molding, Audi also chose Adval

Tech to supply air flow elements and air flow systems for the new Audi site in Mexico. Series production will begin in 2016 at an Audi factory that is currently being built. Adval Tech is currently developing the components in close collaboration with the automotive industry. Upon completion of testing and final acceptance of the molds and production equipment, they will be shipped to Adval Tech's production facility in Mexico and installed there.

Time is of the essence

The new Adval Tech factory will be located in the federal state of Querétaro. Some 100 people will then work to fill orders from various auto manufacturers at the new Adval Tech site (see inset on the right). Time is of the essence: To ensure that series production can start on schedule in 2016, the factory must be completed by fall 2015. Armin Mettler, General Manager of the Plastics Technol-

ogy Tech Center, is convinced that „having our own production site in Mexico, right next door to the major automobile manufacturers, is of key importance for Adval Tech's development as a global supplier.”

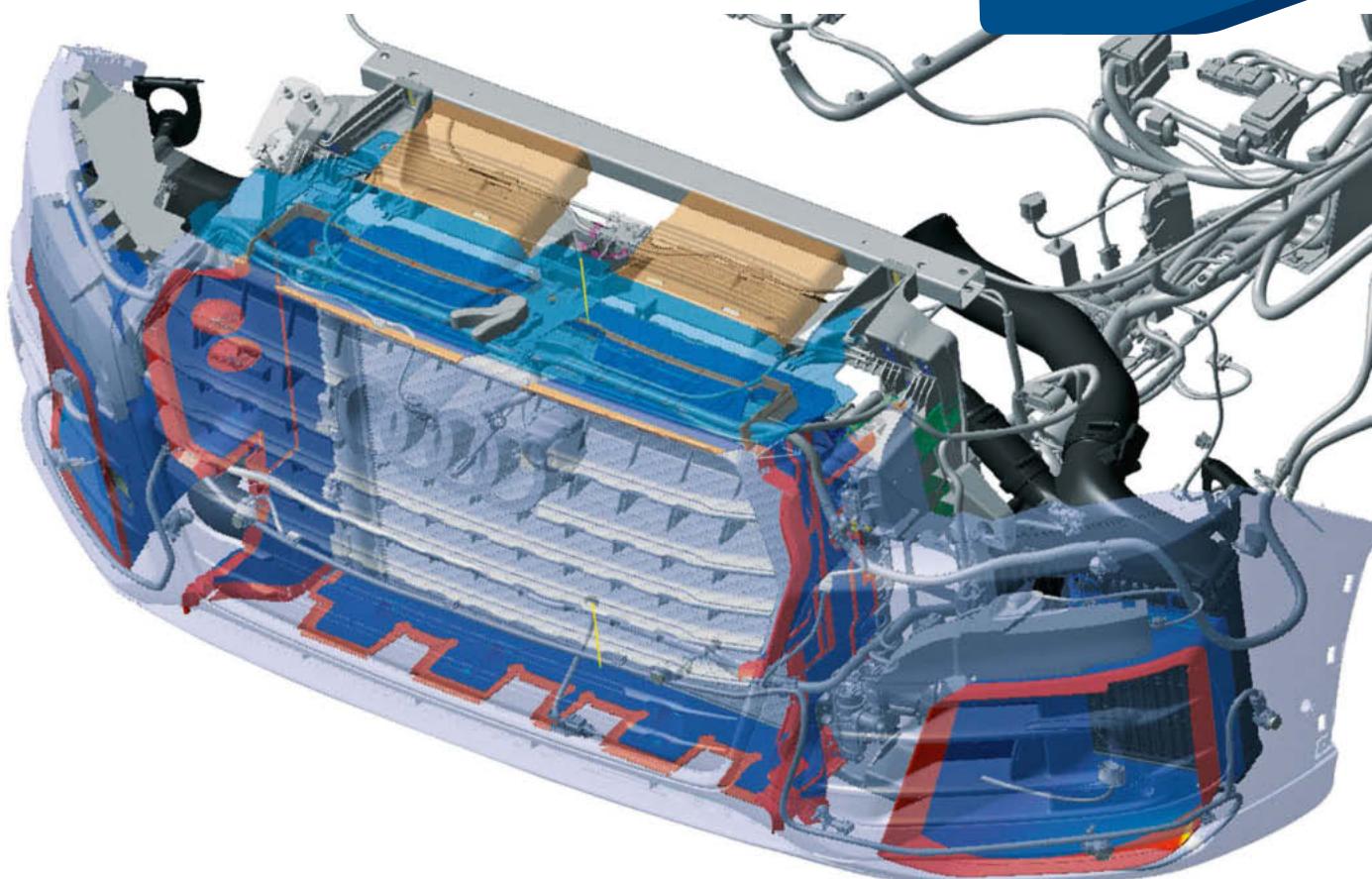
Car-makers in Mexico

The automotive industry in Mexico is booming. German automobile manufacturer Volkswagen has been building various models here for some time now. Soon BMW and Daimler will join others opening new assembly lines in Mexico – and Audi even a whole factory. To best serve the automakers and their first-tier suppliers locally, Adval Tech has decided to build its own production facility in Mexico. The first order has already come in: Adval Tech will begin producing air flow elements and air flow systems for Audi in 2016.



Rapid-switch system

A flexible turning mold with a rapid-switch system makes production of the numerous air flow elements and air flow systems much simpler and more cost-effective than conventional processes using different individual molds. A robot automatically attaches mold insets to the master mold during live injection molding. Thus the innovative mold concept helps Audi to produce its numerous engine options.



Air flow elements and air flow systems

The air flow elements are mounted behind the radiator grille in the middle of the car. They direct the air to the engine cooler. The air flow systems are installed on both sides in front of the wheelhouses. They direct the air to the auxiliary water cooler and the intercooler. The topic of thermo management – along with air flow elements and air flow systems – is increasingly gaining in significance in the automotive industry as engine performance gets stronger and engine compartment space smaller.





“As a toolmaker at Styner+Bienz I am constantly faced with the challenge of creating the ideal solution for producing metal components. I am, in a way, always on the lookout for the perfect tool. Adval Tech, that's me.”

Beat Schneider

57-year-old Beat Schneider is a toolmaker in the tool assembly unit of Styner+Bienz FormTech AG in Niederwangen (Switzerland). He creates the best possible tools to ensure that safety components for the automotive industry can be produced without problems.



adval tech
STYNER+BIEZ

Niederwangen,
Switzerland

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. Unless specified to the contrary, the present Corporate Governance Report relates to the 2014 financial year, to the position as of the balance sheet cut-off date of December 31, 2014, to the Articles of Incorporation of June 19, 2012 and to the Organizational Regulations of March 28, 2014. The following report conforms essentially to the structure specified by SIX Swiss Exchange for such information.

Articles of Incorporation to be amended at next Annual General Meeting

In order to comply with the Ordinance Against Excessive Remuneration in Listed Companies (ERCO) issued by the Federal Council, in force since January 1, 2014, Adval Tech will propose the comprehensive amendments to its Articles of Incorporation necessitated by the Ordinance for approval at the Annual General Meeting of May 21, 2015. A comparison of the current and updated Articles will be posted on the Company website at www.advaltech.com starting April 28, 2015.

Corporate structure and shareholders

Adval Tech Holding AG, 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 is organized into the two segments: Components (plastic and metal components) and Molds. In the Components segment, Adval Tech focuses on the automotive market and on related applications. The principal markets of the Group in the mold-making segment are consumer and personal care, packaging, medical and automotive. The operating business units in the Components segment report directly to the CEO. The operating business units in the Molds segment report to the head of the segment, Rainer Armbruster, who in turn reports to the CEO.

Group management and Group financing are conducted through Adval Tech Management AG and Adval Tech Holding AG. Business is conducted through the relevant Group companies. The current Group structure is shown on page 18.

Adval Tech B registered shares were listed on SIX Swiss Exchange as of June 4, 1998, under securities code number 896 792. All shares of Adval Tech Holding AG have been listed in the Domestic Standard category on the SIX Swiss Exchange since July 5, 2004, under the above securities code number. Their SIX Swiss Exchange ticker symbol is ADVN, their Reuters symbol ADVN.S, their Bloomberg symbol ADVN SW, their ISIN number CH0008967926. The market capitalization of Adval Tech Holding AG on December 31, 2014, was CHF 131.0 million.

On December 31, 2014, Adval Tech Management AG held 500 registered shares of Adval Tech Holding AG (previous year: 0 registered shares); the remaining Group companies hold no shares in Adval Tech Holding AG.

The following companies are included in the scope of consolidation on December 31, 2014:

Company	Registered office	Share capital		Equity holding
Adval Tech Holding AG	Niederwangen, Switzerland	TCHF	14,600	
Adval Tech Management AG	Niederwangen, Switzerland	TCHF	100	100%
Styner+Biencz FormTech AG	Niederwangen, Switzerland	TCHF	3,050	100%
Styner+Biencz do Brasil Ltda.	São José dos Pinhais PR, Brazil	TBRL	939	100%
Styner+Biencz US Inc.	Cleveland, OH, USA	TUSD	1	100%
QSCH Termelő és Kereskedelmi Kft.	Szekszárd, Hungary	TEUR	1,800	100%
Adval Tech (Grenchen) AG	Grenchen, Switzerland	TCHF	2,000	100%
Adval Tech Holdings (Asia) Pte. Ltd	Singapore	TUSD	13,517	100%
Adval Tech (Thailand) Co. Ltd	Rayong, Thailand	TTHB	40,000	100%
Adval Tech (Suzhou) Co. Ltd	Suzhou, China	TUSD	9,660	100%
Adval Tech (Malaysia) Sdn. Bhd.	Johor Bahru, Malaysia	TUSD	505	100%
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,100	100%
FOBOHA (Switzerland) AG	Muri (AG), Switzerland	TCHF	600	100%
FOBOHA Holding GmbH	Haslach, Germany	TEUR	25	100%
FOBOHA (Germany) GmbH	Haslach, Germany	TEUR	512	100%
FOBOHA (US) Inc.	Beverly, MA, USA	TUSD	1	100%
FOBOHA (Suzhou) Co. Ltd	Suzhou, China	TUSD	7,720	100%
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%

There were no changes in the scope of consolidation in the year under review. The names of certain companies were changed in 2014 as part of the new branding strategy. The changes in the scope of consolidation during fiscal year 2013 are detailed in the Financial Report in note 3 on page 68.

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

Disclosure pursuant to BEHG Art. 20 during fiscal 2014:

The Artemis Beteiligungen I AG, Hergiswil shareholder group (indirect shareholder: Michael Pieper, Hergiswil) merged with its affiliate Artemis Beteiligungen II AG. The disclosure obligation arose on June 26, 2014. Disclosed holdings of registered shares and voting rights: 156,486 registered shares carrying 21.44% of voting rights.

The following disclosure was published on February 20, 2015:

Sarasin Investmentfonds AG renamed J. Safra Sarasin Investmentfonds AG. The disclosure obligation arose on February 12, 2015. Disclosed holdings of registered shares and voting rights: 71,502 registered shares carrying 9.795% of voting rights.

Shareholders holding more than 3% of the registered share capital (as shown in the shareholders' register or according to the latest published disclosure report), as recorded in the Commercial Register on December 31, 2014, are listed below.

Ownership interest (as last reported)	2014	2013
Dr. h.c. Willy Michel	23.7%	23.7%
Artemis Beteiligungen I AG, Hergiswil ¹⁾	21.2%	21.2%
Sarasin Investment Fonds AG**	9.8%*	9.8%*
Hansruedi Bienz	7.5%	7.5%
Lombard Odier Darier Hentsch Fund Managers SA	6.9%	6.9%
Einfache Gesellschaft Dreier ²⁾	3.5%	3.5%

Beneficial owners:

1) Michael Pieper

2) Hans Dreier, Rudolf Dreier

* Effective amount of holding as at December 31, 2014 and December 31, 2013

** Renamed J. Safra Sarasin Investmentfonds AG (cf. disclosure above)

There are no shareholders' pooling agreements and no capital or voting cross-holdings. The overall structure of shareholdings at December 31, 2014, was as follows:

Number of shares	Shareholders
1 to 100	257
101 to 1,000	67
1,001 to 10,000	19
More than 10,000	9
Total	352

Capital structure

As of December 31, 2014, the capital stock of Adval Tech Holding AG 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-up. With respect to restrictions on registration, reference is made to the section on stockholders' rights of co-determination (see page 44).

Changes in the equity of Adval Tech Holding AG are as follows:

CHF	12/31/2014	12/31/2013	12/31/2012
<i>Share capital</i>	14,600,000	14,600,000	14,600,000
General reserves	9,500,000	9,500,000	9,500,000
Reserve for treasury stock	99,413	0	0
Capital contribution reserve	97,424,589	97,424,589	97,424,589
<i>Legal reserves</i>	107,024,002	106,924,589	106,924,589
Free reserves	10,671,750	10,771,163	10,771,163
Other reserves	10,671,750	10,771,163	10,771,163
<i>Share capital and reserves</i>	132,295,752	132,295,752	132,295,752
Profit/loss carried forward	-20,034,078	-11,616,918	27,442,385
Profit/loss (of the year)	1,219,173	-8,417,160	-39,059,303
<i>Retained earnings/losses</i>	-18,814,905	-20,034,078	-11,616,918
Total equity	113,480,847	112,261,674	120,678,834

There were no changes in capital in the years 2012, 2013 and 2014.

As of December 31, 2014, 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 AG.

Board of Directors

On December 31, 2014 the Board of Directors of Adval Tech Holding AG was composed of the following members:

- **Willy Michel** (Chairman), born 1947, Swiss; Dr. h.c.; holder of a professional qualification as a pharmaceutical consultant with a federal diploma. General Manager of Novo-Nordisk Switzerland (1978–1984). As cofounder, Michel was Chairman of the Board and General Manager of Disetronic Holding AG, Burgdorf (1984–2003). Since 2003 he has been Chairman of the Board of Ypsomed Holding AG, Burgdorf (and also CEO from 2011 to 2014). He has been a non-executive member of the Board of Directors of Adval Tech Holding AG since 2007 and Chairman of the Board since 2012. His term of office expires at the close of the Annual General Meeting for fiscal year 2014.
- **Michael Pieper** (Vice Chairman), born 1946, Swiss; MA (Econ.) St. Gall; owner and CEO of Artemis Holding AG, Hergiswil (since 1989); director since 2004, non-executive, serving until the close of the Annual General Meeting for fiscal year 2014.
- **Hans Dreier**, born 1953, Swiss; MBA FH; executive director since 1988, Head of IT/Logistics/Legal at the Adval Tech Group, Niederwangen; serving until the close of the Annual General Meeting for fiscal year 2014. Further information on his professional career can be found under Executive management on page 44.

- **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 (2006–2013), CFO of the Archroma Group, Reinach (since 2013); director since 2005, non-executive, serving until the close of the Annual General Meeting for fiscal year 2014.

Willy Michel is Chairman of the Board of Directors of Ypsomed Holding AG, Burgdorf. From autumn 2011 until mid-2014 he also served as Delegate of the Board and CEO of the company. He is also Vice Chairman of the Board of Directors of BV Holding AG, Bern (Chairman from 2001 until 2008).

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

Roland Waibel is a member of the Board of Directors of the unlisted company M. Dohmen S.A., San Vittore, Switzerland. In his capacity as CFO of the Archroma Group, he also serves on the boards of various Group companies both in Switzerland and abroad.

None of the non-executive members of the Board of Directors have also been employed by the Adval Tech Group in an operational or consultative capacity in the past three years. The members of the Board of Directors as of December 31, 2014, were not members of any executive and supervisory bodies of significant Swiss or foreign corporations, institutions and foundations under public or private law other than those indicated above and also hold no important public offices.

The Company's Articles of Incorporation as revised on June 19, 2012, still in force for 2014, contain no provisions governing permissible activities of members of governing bodies pursuant to ERCO. In accordance with ERCO, the Board of Directors will propose the necessary amendments to the Articles of Incorporation for approval at the next Annual General Meeting on May 21, 2015.

Ypsomed AG in Burgdorf and Adval Tech Holding AG 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 AG 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 AG is a main shareholder of Finox AG.

As part of the reorganization of the Adval Tech Group's financing in January 2012, Techpharma AG, which is wholly owned by Mr. Willy Michel, and Mr. Willy Michel himself provided a guarantee in favor of the lending banks. This contract expired at the beginning of July 2014. It was replaced by a new contract under which the above parties provide a guarantee in the amount of CHF 25 million in favor of the lending banks. Please see Note 17 to the Financial Report on page 80 for details.

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 93.

Leonardo Attanasio has been a non-executive member of the Board of Directors since 2005. He did not present himself for reelection at the Annual General Meeting of May 22, 2014 as he had reached the age limit set by the Company.

The Articles of Incorporation in force during the year under review and the regulations governing the organization and conduct of business of Adval Tech Holding AG can be found on the Internet at www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules.

According to the Articles of Incorporation of Adval Tech Holding AG, the Board of Directors has at least three members. Subject to Art. 707 para. 3 of the Swiss Code of Obligations, only shareholders of the company may be elected as members of the Board of Directors. The Articles of Incorporation as revised June 19, 2012 and still in force for 2014 stipulate a term of office of three years for members of the Board of Directors. Pursuant to the new Ordinance (ERCO), members of the Board of Directors elected at the Annual General Meeting of May 22, 2014 will each serve a term of one year. Members are eligible for re-election. The Company's Articles of Incorporation do not contain any provisions stipulating an age limit for members of the Board of Directors. The Organizational Regulations stipulate an age limit of 70 years.

The following elections were held at the Annual General Meeting of May 22, 2014:

- Willy Michel, Michael Pieper, Hans Dreier and Roland Waibel were separately reelected as members of the Board of Directors for a term of one year, elapsing at the close of the Annual General Meeting for fiscal 2014.
- Willy Michel was elected as Chairman of the Board of Directors for the period ending at the close of the next Annual General Meeting.
- Willy Michel, Michael Pieper and Roland Waibel were separately elected as members of the Appointments and Compensation Committee for a term of one year, elapsing at the close of the next Annual General Meeting.
- The law and notarial firm of Muntwyler von May Notare (formerly Gubler von May & Partner) in Bern and Ittigen was appointed independent proxy for the period ending at the close of the next Annual General Meeting.

Pursuant to the Ordinance (ERCO), the Chairman of the Board of Directors has been elected by the General Meeting since 2014. Following the election, the Board of Directors constitutes itself and appoints a Secretary, who need not be a member of the Board of Directors.

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 Executive Management; defining the Group organization; appointing and dismissing the CEO and other members of Group Executive 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 in 2014 also an Appointments and Compensation Committee, for this purpose.

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 AG dated March 28, 2014 (direct link: www.advaltech.com/en/group/about-adval-tech/corporate-governance/articles-of-incorporation-and-rules).

The duties and authority of the Audit Committee are listed in paragraph 5 of the regulations governing the organization. The composition of the Audit Committee is as follows: Roland Waibel (Chairman), Hans Dreier.

The duties of the Appointments and Compensation Committee are set forth in Section 6 of the organizational regulations. The Appointments and Compensation Committee is made up exclusively of non-executive members of the Board of Directors: Willy Michel (Chairman), Michael Pieper and Roland Waibel.

The Board of Directors meets as often as business requires, but at least four times a year (as a rule, at least once a quarter) and is presided over by the Chairman. Four meetings were held in 2014. Board meetings usually last half a working day. The Group Executive Management, with the exception of Jinsheng Lyu, attended all meetings of the Board of Directors in the year under review.

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, and 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 2014. The CFO attended all three meetings in the year under review; the CEO attended two. Also the auditors attended all three meetings in 2014. No other external advisers were called in. The meetings usually last two to four hours. The audit findings can be seen in the remuneration report on page 55, in the financial report on page 95 for the consolidated financial statements and on page 103 for Adval Tech Holding AG.

The **Appointments and Compensation Committee** conducts personnel planning at the Board of Directors and Group Executive Management level, in particular by setting criteria for candidate searches and selection preparation and by performing succession planning and support. It assesses the performance of Group Executive Management members, reporting to the Board of Directors, and determines base salaries and bonuses for Group Executive Management based on a fixed formula. The Appointments and Compensation Committee assesses the compensation of the Group Executive Management once a year and, where appropriate, submits recommendations for potential adjustments to the Board of Directors. The Appointments

and Compensation Committee proposes the compensation of the Chairman and other members of the Board of Directors. The Appointments and Compensation Committee meets as frequently as business requires but at least once a year, upon invitation by the Chairman. It held one meeting in 2014. As a rule, the CEO attends meetings in an advisory capacity; in 2014 he attended one meeting. No external consultants were called upon. Meetings typically last one to two hours. As a rule, the Appointments and Compensation Committee acts in a preparatory capacity for the full Board of Directors, providing timely reports on the results of its activities. It presents the requisite proposals to the Board of Directors in the person of the Chairman; decision-making authority lies with the full Board of Directors or the General Meeting.

Composition of the Board of Directors and the Committees and number of meetings held in 2014

Full Board of Directors ¹			Audit Committee ¹		Appointments and Compensation Committee ²	
Name	Position	Meetings attended	Position	Meetings attended	Position	Meetings attended
Dr. h. c. Willy Michel	Chairman	4	-	-	Chair	1
Michael Pieper	Vice Chairman	3	-	-	Member	0
Hans Dreier	Member	4	Member	3	-	-
Dr. Roland Waibel	Member	4	Chair	3	Member	1
Total meetings		4		3		1

1) The CEO attended four meetings of the full Board of Directors and two meetings of the Audit Committee. The CFO attended four meetings of the Board of Directors and all three meetings of the Audit Committee.

2) The CEO did not attend any meetings of the Appointments and Compensation Committee. He is not present during consultations on his own compensation.

Before resigning from the Board of Directors at the Annual General Meeting of May 22, 2014, Leonardo Attanasio attended two meetings of the Board of Directors.

Information and control instruments in relation to the Group Executive Management

The Board of Directors informs itself by means of 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 details of the current performance of the major Group companies, the segments and the Group as a whole (key figures from the income statement – such as turnover, income and operating earnings – and the balance sheet – working capital, debt, liquidity and details on investment spending) supplemented by a comment from the CEO and CFO, and the status of key projects and significant developments in the markets. The Board of Directors receives information about the status of strategic projects at its meetings. If needed, it obtains information about the company's performance, special events and the status of key projects outside the framework of regular reports and meetings. The written reports are supplemented with detailed comments by the CEO and other members of Group Executive Management at the respective meetings of the Board of Directors, where open issues and queries can be addressed and answered. Proposals and reports are submitted in writing to the Board of Directors in good time prior to the meeting. The Board of Directors informs itself regularly, at least once a year, regarding the Group's business risks and assesses these. The risk management process is described in detail on page 102 of the financial report. The management of financial risks is described in detail in Note 2 on page 67 of the financial report and cooperation with the auditors on page 46 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 reports on the design and development of the internal control system, generally once a year. The existence of the ICS is reviewed on an annual basis by the auditors. The auditors submitted one written report on the results of their review of the ICS to the Board of Directors during the year under review. The findings of that audit are outlined in the auditor's report on pages 95 and 103 of the Annual Report.

Within the internal control system, 10 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), information technology 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 are 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 AG 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 Executive 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 (www.advaltech.com/en/group/investors/corporate-governance/articles-of-incorporation-and-rules).

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, development and closure of sites, restructuring measures, tendering of sureties and guarantees, appointing and dismissing members of Group Executive Management, entry into significant and/or long-term contracts with customers or suppliers, initiation of significant investments or divestments, modifications of accounting standards and principles above and beyond adjustments to the standard applied.

Group Executive Management

The executive management team of the Adval Tech Group (Group management) consisted of five members as of December 31, 2014:

- **René Rothen**, born 1959, Swiss; with Adval Tech since 2007; Chief Executive Officer; 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 the Automotive Division in 2007, member of Group management since 2007, CEO of the Adval Tech Group since August 1, 2012.

- **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 AG since 1988; see page 38.
- **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 and member of Group management since January 1, 2007.
- **Valeria Poretti-Rezzonico**, born 1961, Swiss; with Adval Tech since 2008; Head of Corporate HR/ Communication; AMP Harvard Business School. Career: Head of the Secretariat of the General Management of Danzas Transporte Italy/Ticino, Milano/Chiasso (1988–1996), various positions at Saia-Burgess, Murten (1996–2006) including Head of Investor Relations, Corporate Communication & Marketing. Joined Adval Tech as Head of Corporate HR/Communication, member of Group management since May 1, 2012.
- **Jinsheng Lyu**, born 1970, Chinese; with Adval Tech since November 2011; Head of Plastic Components Asia; graduated in international trade and economy 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 Consumer Goods Division and member of Group management on November 7, 2011. Jinsheng Lyu has served as General Manager of the subsidiary Adval Tech (Suzhou) Co. Ltd in Suzhou since January 1, 2015. Accordingly, he left the Group Executive Management of the Adval Tech Group effective on this date.

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.

For provisions of the Articles of Incorporation concerning the permissible number of mandates outside Adval Tech Holding AG, see the information on the Board of Directors on page 39 of this Corporate Governance Report.

In the reporting period, there were no management contracts between Adval Tech Holding AG, or its subsidiaries, and third parties. Details of remuneration, shareholdings and loans will be presented in a separate remuneration report on pages 49 to 54 of this 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 AG dated June 19, 2012, purchasers of shares will not be registered with voting rights for more than 10% of the registered share capital recorded in the Commercial Register. This is subject to Art. 685d, para.

3, of the Swiss Code of Obligations. At the general meeting of June 19, 2012, the shareholders approved the raising of the registration restriction from 5% to 10% along with a corresponding amendment to the Articles of Incorporation. 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. There was a change of shareholders in 2014 due to the merger of Artemis Beteiligungen I AG with Artemis Beteiligungen II AG. Beneficial ownership remained unaffected by this transaction. The Board of Directors has affirmed the continued validity for Artemis Beteiligungen I AG of the exception granted to Artemis Beteiligungen II AG.

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 also applied by the Board of Directors in the 2014 reporting period. 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 AG 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. The anticipated deadline for registration before the Annual General Meeting of May 21, 2015 is April 29, 2015.

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.

Independent proxy

At the Annual General Meeting of May 22, 2014 the General Meeting elected the law and notarial firm of Muntwyler von May Notare (formerly Gubler von May & Partner) in Bern and Ittigen as independent proxy for the period ending at the close of the next Annual General Meeting.

The Company's Articles of Incorporation as revised June 19, 2012, still in force for 2014, contain no provisions governing instructions to the independent proxy. Pursuant to ERCO, the Board of Directors will propose the necessary amendments to the Articles of Incorporation for approval at the next Annual General Meeting on May 21, 2015.

For the upcoming Annual General Meeting of May 21, 2015, the Board of Directors will ensure that Adval Tech Holding AG shareholders have the option of submitting their authorization and instructions to the independent proxy electronically. Details on submitting an electronic authorization and instructions to the independent proxy will be explained in the invitation to the next General Meeting.

Change of control and defensive measures

The Articles of Incorporation of Adval Tech Holding AG 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 AG in 1991. Hanspeter Gerber acts as lead auditor (since 2010). Auditors for Adval Tech Holding AG are elected for a term of office of one year. Audit fees invoiced by PricewaterhouseCoopers AG in 2014 totaled CHF 482,000 (2013: 546,000).

The following fees were also paid to PricewaterhouseCoopers AG in 2014:

Additional fee (CHF)	2014	2013
Tax consulting	95,000	89,000
Cooperation projects	67,000	361,000
Total additional fees	162,000	450,000

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 all three meetings of the Audit Committee in 2014 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 René Rothen, CFO Markus Reber and Head of Corporate Communication Valeria Poretti-Rezzonico 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 website or can be ordered from the company in printed form. The company's official publication medium is the Swiss Official Commercial Gazette (SOCG). 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 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-swiss-exchange.com/shares/companies/management_transactions_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 AG can be accessed on the Internet at www.advaltech.com. Direct link for press releases: www.advaltech.com/en/group/media/press-releases

Direct link for the Articles of Incorporation and Organizational Regulations: www.advaltech.com/en/group/about-adval-tech/corporate-governance/articles-of-incorporation-and-rules

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 website or via RSS Feed. Direct link for registrations to receive ad hoc announcements: www.advaltech.com/en/group/news/newsletter

Contact:

René Rothen
Chief Executive Officer

Markus Reber
Chief Financial Officer

Valeria Poretti-Rezzonico
Head Corporate HR/Communication

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www.advaltech.com

Key dates

General meeting of shareholders:
Thursday, May 21, 2015, Bern

Announcement of semi-annual results:
End of August 2015

"Accounting in a company that's part of the globally active Adval Tech Group presents me with fascinating challenges every day. I can work independently while at the same time relying on support from a strong team. Adval Tech, that's me."

Nicole Remund

30-year-old Nicole Remund is Swiss and works as a Senior Accountant at Styner+Bienz FormTech AG in Niederwangen (Switzerland). She helps the Head of Finance to manage the general ledger and prepare the month-end accounts. Her tasks also include value added tax and fixed asset accounting.



Niederwangen,
Switzerland



REMUNERATION REPORT

This remuneration report for the 2014 financial year describes the compensation principles, the compensation system and the remuneration for the Board of Directors and Group Executive Management of Adval Tech Holding AG.

The details in this report comply with the SIX Exchange Regulation Directive on Corporate Governance, the requirements of the Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares (ERCO), which came into force on January 1, 2014, and the Swiss Code of Obligations (SCO). Unless otherwise specified, the information in this report is applicable as of December 31, 2014 and refers to the company's Organizational Regulations dated March 28, 2014 and the Articles of Incorporation dated June 19, 2012 that are valid in 2014.

The Board of Directors will submit the changes required to the Articles of Incorporation as a result of the ERCO rules to the next Ordinary General Meeting on May 21, 2015.

Governance

Overall responsibility for defining the compensation principles for Adval Tech Holding AG lies with the Board of Directors. With effect from the 2015 Ordinary General Meeting, the General Meeting of Shareholders will, in separate votes, approve the following: the maximum total amount of fixed compensation for the Board of Directors for the period until the next General Meeting, the maximum total amount of fixed compensation for members of Group Executive Management for the financial year up to the following General Meeting, and the total amount of variable compensation for Group Executive Management for the financial year prior to the General Meeting. These total amounts include all social insurance and occupational pension contributions made by the company. The General Meeting vote is binding for the total amounts approved.

1. Principles of remuneration

The complete Board of Directors of Adval Tech Holding AG decides on the individual compensation for each separate member of the Board of Directors, the Chairman and the individual members of Group Executive Management, and makes its decision based on proposals submitted by the Compensation and Nomination Committee.

In connection with the ERCO regulations, the company has formed a Compensation and Nomination Committee in 2014. This consist exclusively of non-executive members of the Board. The General Meeting of May 22, 2014 elected Board members Willy Michel, Michael Pieper and Roland Waibel in individual votes as members of the Compensation and Nomination Committee for the period up to the end of the next Ordinary General Meeting. More details on the Compensation and Nomination Committee can be found in the "Corporate Governance" section on page 41 of this Annual Report.

Structural and decision-making levels for the compensation of members of governing bodies

Type of compensation	Compensation and Nomination Committee	Compensation and Nomination Committee	Annual Meeting
Board of Directors' compensation			
Maximum total compensation for the Board of Directors for the period up to the next Ordinary General Meeting	Prepare and recommend	Propose to AGM	Approve
Individual elements of compensation for the Chairman and Board members in the preceding compensation period	Review, propose	Approve	
Group Executive Management compensation			
Maximum fixed total compensation for members of Group Executive Management for the financial year up to the next General Meeting	Recommend	Propose to AGM	Approve
Total amount of variable compensation for members of Group Executive Management for the financial year prior to the General Meeting	Recommend	Propose to AGM	Approve
Individual elements of compensation for members of Group Executive Management (basic salary and fringe benefits ¹⁾ , variable component) in the prior financial year	Review, recommend	Approve	

1) Pension fund contributions, non-cash benefits and social insurance contributions

1.1 Adjustments to the remuneration model during the year under review compared with the previous year
For the 2014 financial year, the performance indicator used to measure the variable compensation for members of Group Executive Management was defined as earnings before interest and taxes (EBIT), so as to link the total compensation for members of Group Executive Management to the attainment of agreed financial results. The performance indicator applicable in the previous year was earnings before interest, taxes, depreciation and amortization (EBITDA). No individual targets were set either in 2014 or in the previous year.

1.2 Compensation for members of the Board of Directors

The remuneration for members of the Board of Directors depends on the role of the individual member (Chairman, Vice Chairman or member). The total remuneration for Board members consists of a fixed fee (approx. 80% of total remuneration), an attendance fee (approx. 10% of total remuneration) and a lump sum to cover expenses (approx. 10% of total remuneration). In the year under review, the Board of Directors did not receive any variable 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. As a rule, the Compensation and Nomination Committee proposes the Board of Directors' compensation, their attendance fees and their lump-sum expense allowances once a year. Based on these proposals, the full Board of Directors determines the compensation at its own discretion. In 2014, the Chairman of the Board of Directors received a fixed fee of CHF 60,000, while the Vice Chairman and the other members received a fixed fee of CHF 40,000. For collaboration in the Audit Committee and in the Compensation and Nomination Committee, a fixed fee of CHF 10,000 was paid for the 2014 financial year. The fees of the members of the Board of Directors remained unchanged compared to the previous year. Members of the Board also received a flat fee and a reimbursement for each meeting attended. An attendance fee and a lump sum to cover expenses were paid per day at most, even if several meetings were held on the same day. The rates also remained unchanged year on year.

The fees are paid twice a year in arrears, normally in July for the first half of the year and in January for the second half of the previous year. Disclosure covers payments for the reporting year accrued on the basis of the actual number of meetings held.

With effect from 2015, the General Meeting will vote on the total compensation for the Board of Directors. See details in the “Governance” section on page 49 of this remuneration report.

1.3 Remuneration of the Board of Directors for 2014 and 2013

The following tables show the compensation paid to the members of the Board of Directors in the 2014 and 2013 financial years.

Board of Directors: remuneration for the 2014 financial year

CHF	Function	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Entertainment expenses ³⁾
Dr. h.c. Willy Michel ⁵⁾	Chairman	65,000	4,000	0	69,000	4,000
Michael Pieper ⁵⁾	Vice Chairman	45,000	4,000	2,157	51,157	3,200
Leonardo Attanasio	Director until 05/22/2014	20,000	2,000	0	22,000	1,600
Hans Dreier ⁴⁾	Director	50,000	7,000	4,104	61,104	5,600
Dr. Roland Waibel ⁴⁾⁵⁾	Director	55,000	7,000	4,836	66,836	5,600
Total Board of Directors		235,000	24,000	11,097	270,097	20,000

1) Fixed fee and collaboration in committees (The fee for the Chairman of the Board of Directors was paid to Techpharma AG, Burgdorf.)

2) Attendance fee

3) Lump-sum expense allowance

4) Members of the Audit Committee

5) Members of the Nominations and Compensation Committee (from second half of 2014)

Board of Directors: remuneration for the 2013 financial year

CHF	Function	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Entertainment expenses ³⁾
Dr. h.c. Willy Michel	Chairman	60,000	4,000	0	64,000	4,000
Michael Pieper	Vice Chairman	40,000	4,000	1,850	45,850	3,200
Leonardo Attanasio	Director	40,000	3,000	0	43,000	3,200
Hans Dreier ⁴⁾	Director	50,000	7,000	2,936	59,936	5,600
Dr. Roland Waibel ⁴⁾	Director	50,000	10,350	74	60,424	6,400
Total Board of Directors		240,000	28,350	4,860	273,210	22,400

1) Fixed fee and collaboration in committees (The fee for the Chairman of the Board of Directors was paid to Techpharma AG, Burgdorf.)

2) Attendance fee

3) Lump-sum expense allowance

4) Members of the Audit Committee

2. Remuneration of members of Group Executive Management

The remuneration for members of Group Executive Management depends on the role of the individual member (CEO, CFO, Head of IT/Logistics/Legal, Head of Corporate HR/Communication and Head of Plastic Components Asia), and also on their qualifications, experience and performance.

The Compensation and Nomination Committee assesses the performance of Group Executive Management members on behalf of the Board of Directors and determines their compensation based on a defined procedure.

The total compensation for members of Group Executive Management consists of a fixed component and a variable, performance-related component. The fixed component consists of a basic salary paid in cash commensurate with the responsibility assumed and fringe benefits (company car, lump sum to cover expenses). At its own discretion, the Compensation and Nomination Committee determines the basic salary, reviews this annually and submits it to the full Board of Directors for approval. When determining the variable component in the year under review, earnings before interest and taxes (EBIT) were the decisive factor. With effect from 2015, the General Meeting will vote on the total compensation for members of Group Executive Management. See details in the "Governance" section on page 49 of this remuneration report.

2.1 Breakdown of total compensation

Fixed component: Basic salary + fringe benefits	+	Variable component: 100% of financial targets	=	Total compensation
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The Compensation and Remuneration Committee submits a proposal to the Board of Directors regarding the target value of the variable component, the target bonus, once a year. The variable, performance-related component is determined by the full Board of Directors after a target attainment assessment has been received. With effect from 2015, the total amount of variable compensation for members of Group Executive Management will be submitted to the General Meeting for approval for the financial year prior to the General Meeting.

The variable component payable for the financial year is assessed on the basis of the following criteria:

- If target attainment is 50%, no variable component will be paid.
- If target attainment is more than 50% and up to 150%, a variable component commensurate with target attainment will be paid. If target attainment is 100%, the target bonus will be paid.
- If target attainment is more than 150%, the maximum payment made will be twice the target bonus.

A percentage (no less than 20%, no more than 100%) of the variable remuneration for Group Executive Management is disbursed in the form of 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 shares allotted as variable remuneration cannot be sold for five years. The cost of variable remuneration in cash and shares is posted on an accrual basis. The variable component of the remuneration can range from zero to 112% of the fixed component.

In 2014, no shares were issued as part of variable remuneration for the 2013 financial year at the request of Group Executive Management for the following reason: the change in the price of Adval Tech shares from

the time at which the credit rate was defined (February 2014) until the time at which approval was given to buy the shares on the stock market would have resulted in additional costs for the Adval Tech Group. To avoid these additional costs, Group Executive Management asked that an exception be granted. This was approved by the Board of Directors. The variable remuneration component for the 2013 financial year was therefore paid entirely in cash.

The intention for the 2014 financial year is to provide a variable component in the form of a share allocation totaling CHF 135,160.

The anticipated expenditure for Group Executive Management compensation overall (fixed and variable components) has been accrued accordingly.

In the year under review, the variable compensation for members of Group Executive Management amounted to between 20% and 73% of basic remuneration (2013: between 5% and 56%). The year-on-year difference is attributable to the fact that a higher degree of target attainment has been achieved. The variable compensation is correspondingly higher than the previous year.

2.2 Compensation paid to Group Executive Management for the 2014 and 2013 financial years

The following table shows the fixed and variable compensation and total compensation paid to Group Executive Management for 2014 and 2013.

CHF	2014		2013	
	Group Management (5 members)	Of which highest single compensation payment ¹⁾	Group Management (5 members)	Of which highest single compensation payment ¹⁾
Basic remuneration in cash	1,339,081	360,000	1,291,574	360,000
Other fixed remuneration in cash ²⁾	74,155	8,146	100,104	8,103
Social insurance contributions	316,550	101,960	285,246	90,644
Variable remuneration in cash	583,595	204,941	515,353	202,462
Share-based remuneration ³⁾	135,160	53,000	0	0
Total management remuneration	2,448,541	728,047	2,192,277	661,209
Entertainment expenses	64,800	18,000	64,800	18,000

1) René Rothen, CEO

2) Company cars, child allowances, long service awards, compensation for housing costs abroad

3) Allocation of shares in Adval Tech Holding AG as described in chapter 2.1 and note 1.21 on page 67 of the financial report. At the request of Group Executive Management, there was no share-based compensation for 2013 since this would have resulted in the company incurring additional costs. The variable compensation component for 2013 was paid entirely in cash. See details in section "2. Remuneration of members of Group Executive Management" on page 52 of this remuneration report.

3. Benefits and contractual conditions on leaving the company

Contracts of employment with the members of Group Executive Management do not include any exceptionally long terms of notice. Terms of notice are from six to twelve months. The five-year vesting period for shares allotted as part of the variable remuneration is not cancelled when members of Group Executive Management step down. Contracts of employment with directors and officers or other members of management holding key posts in the company do not contain any clauses on changes of control.

4. Share ownership

As of December 31, 2014, the individual members of the Board of Directors and Group Executive Management (including associated persons) held the following numbers of shares in the company:

Name	Function	12/31/2014 (Number)	12/31/2013 (Number)
Dr. h.c. Willy Michel	Chairman of the Board	172,674	172,674
Michael Pieper	Vice Chairman of the Board	156,686	156,686
Leonardo Attanasio ¹⁾	Director	n. a.	100
Hans Dreier	Director / Head of IT/Logistics/Legal	13,138	13,088
Dr. Roland Waibel	Director	200	200
René Rothen	CEO	331	331
Markus Reber	CFO	174	174
Valeria Poretti-Rezzonico	Head of Corporate HR/Communication	121	121

1) Member of the Board of Directors until the end of the Ordinary General Meeting on May 22, 2014

5. Other compensation, loans and advances to directors and officers or associated persons

The company did not grant any other remuneration, loans or credit to directors and officers or associated persons.

6. Compensation for former directors and officers

After he left the Adval Tech Group in December 2012, Jean-Claude Philipona, former CEO, continued to hold the role of Chairman of the Board of Trustees of the Pension Fund of Adval Tech Holding AG until the end of March 2014 at the request of the Board of Directors. In the 2014 financial year, the company paid Jean-Claude Philipona the sum of CHF 9,000 for this work. Payment was made to Philipona Consulting GmbH.

During the 2014 financial year, Leonardo Attanasio received total compensation worth CHF 23,600 for his work as member of the Board of Directors until the end of the Ordinary General Meeting on May 22, 2014 (he retired from the Board of Directors due to his age). This figure was made up of basic salary, attendance fees and a lump-sum expense allowance for two Board meetings (see also table in section 1.3 of this remuneration report).



Report of the statutory auditor
to the General Meeting
Adval Tech Holding AG
Niederwangen

We have audited the remuneration report of Adval Tech Holding AG (pages 49 to 54) for the year ended 31 December 2014.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report of Adval Tech Holding AG for the year ended 31 December 2014 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Hanspeter Gerber
Audit expert
Auditor in charge

Bernhard Bichsel
Audit expert

Bern, 19 March 2015

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PricewaterhouseCoopers AG is a member of the global PricewaterhouseCoopers network of firms, each of which is a separate and independent legal entity.

"The customer's wishes are my top priority. My work is not just a job, it's a passion. At Adval Tech we overcome geographic boundaries every day. I am constantly motivated by the constructive cooperation in an international team. Adval Tech, that's me."

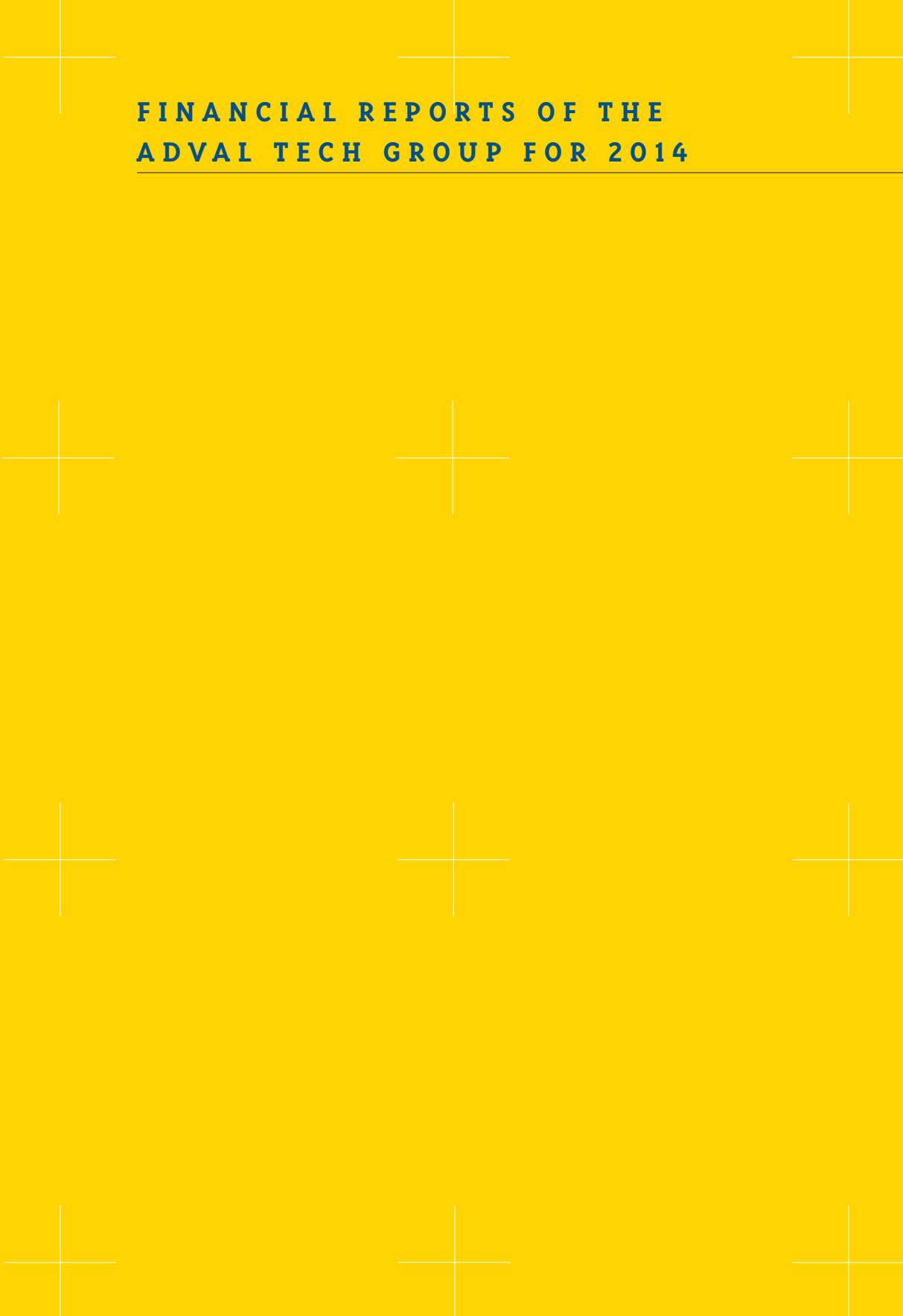
Ibolya Makkai

40-year-old Ibolya Makkai works at Adval Tech's site in Szekszárd, Hungary. As Head of Supply Chain Management, she is responsible for overall logistics, purchasing, order processing, transport, container management and warehousing.



Szekszárd,
Ungarn





**FINANCIAL REPORTS OF THE
ADVAL TECH GROUP FOR 2014**

CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	12/31/2014	12/31/2013
Cash and cash equivalents	4	19,158	18,963
Trade accounts receivable	5	42,676	42,435
Other short-term receivables	6, 34	6,221	10,692
Advance payments to suppliers		2,293	2,569
Inventories and work in progress	7	44,817	37,527
Prepaid expenses and accrued income	8	1,589	1,401
Total current assets		116,754	113,587
Tangible fixed assets	9	85,670	87,464
Financial assets	10	4,981	4,520
Intangible assets	11	8,573	9,169
Assets from employer's contribution reserves	25	2,135	2,495
Deferred tax assets	19	2,353	1,450
Total non-current assets		103,712	105,098
Total assets		220,466	218,685
Trade accounts payable	12	24,705	21,982
Short-term financial liabilities	13, 17	6,443	86,841
Other short-term liabilities	14, 34	19,514	20,600
Accrued expenses	16	14,299	15,798
Short-term provisions	18	1,325	1,930
Accrued current income taxes		1,388	836
Total current liabilities		67,674	147,987
Long-term financial liabilities	15, 17	76,460	0
Other long-term liabilities		904	266
Long-term provisions	18, 25	3,481	2,973
Deferred tax liabilities	19	3,483	3,189
Total non-current liabilities		84,328	6,428
Total liabilities		152,002	154,415
Share capital	20	14,600	14,600
Capital reserves		146,809	146,809
Treasury Stock		-99	0
Translation differences		-5,647	-8,048
Hedging transactions		0	0
Retained earnings/accumulated losses		-87,199	-89,091
Total equity		68,464	64,270
Total liabilities and equity		220,466	218,685

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	2014	2013
Net sales from goods and services		190,377	209,812
Income from manufacturing orders (valued using the percentage-of-completion method)		49,235	59,150
Net turnover	21, 30	239,612	268,962
Change in inventories of semi-finished and finished goods		374	-619
Own work capitalized		1,385	2,495
Other operating income	22	5,610	7,946
Total Income	30	246,981	278,784
Material and service expenses	23	-106,241	-122,163
Personnel expenses	24	-81,228	-86,490
Other operating expenses	26	-36,207	-44,453
Total operating expenses		-223,676	-253,106
Operating result before interest, taxes, depreciation and amortization (EBITDA)		23,305	25,678
Depreciation on tangible fixed assets	9	-13,102	-17,708
Amortization on intangible assets	11	-1,340	-1,424
Total depreciation and amortization		-14,442	-19,132
Operating result (EBIT)		8,863	6,546
Financial income	27	2,004	4,331
Financial expenses	27	6,191	-14,933
Financial result		-4,187	-10,602
Ordinary result		4,676	-4,056
Extraordinary result	28	-491	-15,409
Non-operating result		0	0
Profit/loss before income taxes (EBT)		4,185	-19,465
Income taxes	29	-2,293	-2,547
Profit/loss		1,892	-22,012

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

EQUITY

	Share capital	Capital reserves	Treasury stock	Translation differences	Ret. earnings acc. losses	Total share-holders' equity
CHF 1,000						
At January 1, 2013	14,600	146,805	0	-17,961	-89,604	53,840
Profit/loss	0	0	0	0	-22,012	-22,012
Translation differences	0	0	0	5,203	0	5,203
Increase in share capital	0	0	0	0	0	0
Change resulting from sales of investments	0	0	0	4,710	22,525	27,235
Dividends	0	0	0	0	0	0
Purchase/sale of treasury stock	0	4	0	0	0	4
At December 31, 2013	14,600	146,809	0	-8,048	-89,091	64,270
Profit/loss	0	0	0	0	1,892	1,892
Translation differences	0	0	0	2,401	0	2,401
Increase in share capital	0	0	0	0	0	0
Change resulting from sales of investments	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Purchase/sale of treasury stock	0	0	-99	0	0	-99
At December 31, 2014	14,600	146,809	-99	-5,647	-87,199	68,464

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	2014	2013
Profit/loss		1,892	-22,012
Depreciation on tangible fixed assets	9	13,102	17,708
Amortization on intangible assets	11	1,340	1,948
Increase (+) / decrease (-) in long-term and short-term provisions	18	-156	685
Increase (+) / decrease (-) in provision for deferred income taxes (net position)	19	-508	487
Gain (-) / loss (+) on sales of tangible fixed assets		-142	-1,465
Other transactions with no impact on liquidity		1,561	20,027
<i>Cash flow from operating activities before change in net current assets</i>		<i>17,089</i>	<i>17,378</i>
Increase (-) / decrease (+) in receivables		833	-8,992
Increase (-) / decrease (+) in inventories		-6,467	-889
Increase (-) / decrease (+) in prepaid expenses and accrued income		2,953	-8,969
Increase (+) / decrease (-) in trade accounts payable		-2,702	-3,203
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		-2,670	19,196
Cash flow from operating activities		9,036	14,521
Capital expenditure	9	-6,955	-7,289
Income from sales of tangible fixed assets	9	671	11,092
Investments in financial assets	10	-2,035	-1,920
Income from sales of financial assets	10	0	798
Investments in intangible assets	11	-1,000	-2,118
Income from sales of intangible assets	11	0	0
Net cash inflow from divestments		3,091	22,760
Cash flow from investing activities		-6,228	23,323
Free Cashflow		2,808	37,844
Dividend paid		0	0
Capital contributions (repayments)		0	0
Purchase (-) / sale (+) of treasury stock		-99	-44
Increase (+) / decrease (-) in short-term debt	13	-80,398	-34,697
Increase (+) / decrease (-) in long-term debt	17	77,343	0
Cash flow from financing activities		-3,154	-34,741
Translation differences		541	-333
Changes in cash and cash equivalents		195	2,770
Cash and cash equivalents on December 31		19,158	18,963
Cash and cash equivalents on January 1		18,963	16,193
Changes in cash and cash equivalents		195	2,770

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

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 the 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 amendments to Swiss GAAP FER which came into effect on January 1, 2014 have no effect on the financial statements of the Adval Tech Group. The amendments to Swiss GAAP FER required to be applied as of January 1, 2015 were not adopted early.

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 at the 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), intangible 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 AG 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.
- Group companies remain within the scope of consolidation until the date of sale, transfer of control or liquidation. Sales costs are deducted from sales proceeds. When units are sold, the attributable goodwill paid when they were purchased will, if offset against equity at the time of purchase, be re-capitalized and subsequently offset against the sales proceeds less net assets sold and transaction costs. Future sales proceeds from investments subject to specific conditions will only be applied if they are likely to be paid on the balance sheet date and can be reliably estimated.

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 and 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 current 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 and 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 are made accordingly. Long-term orders are stated according to the percentage-of-completion method (PoC 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 if 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 10 years, if their earnings potential can be reliably estimated.

Other discernible 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 recognized under current or non-current liabilities at their present value.

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 Current liabilities

Trade accounts payable, prepaid income as well as current and non-current 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 non-current 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 probable 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 the balance sheet date and the influence on the result is material. Net present values are adjusted via financial expenses.

1.16 Pensions, Payments to employees

Various pension plans exist within the Adval Tech 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 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 Executive 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 Executive 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 5 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 financial 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 under the syndicated loan agreement 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 AG	Niederwangen, Switzerland	TCHF 14,600	
Adval Tech Management AG	Niederwangen, Switzerland	TCHF 100	100%
Styner+Biencz FormTech AG	Niederwangen, Switzerland	TCHF 3,050	100%
Styner+Biencz do Brasil Ltda.	São José dos Pinhais PR, Brazil	TBRL 939	100%
Styner+Biencz US Inc.	Cleveland, OH, USA	TUSD 1	100%
QSCH Termelő és Kereskedelmi Kft.	Szekszárd, Hungary	TEUR 1,800	100%
Adval Tech (Grenchen) AG	Grenchen, Switzerland	TCHF 2,000	100%
Adval Tech Holdings (Asia) Pte. Ltd	Singapore	TUSD 13,517	100%
Adval Tech (Thailand) Co. Ltd	Rayong, Thailand	TTHB 40,000	100%
Adval Tech (Suzhou) Co. Ltd	Suzhou, China	TUSD 9,660	100%
Adval Tech (Malaysia) Sdn. Bhd.	Johor Bahru, Malaysia	TUSD 505	100%
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD 1,100	100%
FOBOHA (Switzerland) AG	Muri (AG), Switzerland	TCHF 600	100%
FOBOHA Holding GmbH	Haslach, Germany	TEUR 25	100%
FOBOHA (Germany) GmbH	Haslach, Germany	TEUR 512	100%
FOBOHA (US) Inc.	Beverly, MA, USA	TUSD 1	100%
FOBOHA (Suzhou) Co. Ltd	Suzhou, China	TUSD 7,720	100%
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD 2,800	100%

There were no changes in the scope of consolidation in the reporting period. However, the names of some companies were changed as part of the branding strategy.

In 2013, the scope of consolidation changed as follows:

As part of the implementation of the Adval Tech Group's focusing strategy, Adval Tech Holdings (Asia) Pte. Ltd (formerly: Omni Investors Pte. Ltd) sold the following companies to Phillips Medisize Corporation as of August 31, 2013:

Omni Industries Holdings Pte. Ltd	Singapore
Adval Tech Medical (Suzhou) Co. Ltd	Suzhou, China
Omni Manufacturing Services S.A. de C.V.	Querétaro, Mexiko
Omni HR Resource Services S.A. de C.V.	Querétaro, Mexiko

As of August 31, 2013 the pro forma consolidated balance sheet values of the companies sold were as follows:

CHF 1,000	
Cash and cash equivalents	777
Receivables	9,058
Inventories	2,303
Prepaid expenses and accrued income	414
<i>Current assets</i>	12,552
Tangible fixed assets	3,276
Financial assets	1,085
Goodwill at historical acquisition costs	22,525
<i>Fixed assets</i>	26,886
Total assets	39,438
Short-term liabilities	7,059
Prepaid income and accrued expenses	1,901
<i>Current liabilities</i>	8,960
<i>Liabilities</i>	8,960
<i>Equity</i>	30,478
Total liabilities and equity	39,438

The units sold generated annual sales of approximately CHF 32 million.

The selling price for these companies comprises both a fixed and a variable component. The variable component is dependent on the gross margin generated on a given product portfolio in 2014 and 2015 and is calculated in two tranches. A variable purchase price payment is due if a minimum annual gross margin is achieved. The amount of the total variable purchase price payment is limited. The transfer balance sheets were finalized in 2014. The Adval Tech Group was thus paid a slightly higher amount of compensation than that recognized on an accrual basis in the balance sheet as of December 31, 2013. The difference was taken to profit or loss and recognized in the extraordinary result.

In addition, in December 2013, 100% of the shares of Omni Plastics (Xiamen) Co. Ltd were transferred from Omni Investors Pte. Ltd to the new owner, Xiamen Voke Mold & Plastic Engineering Co. Ltd. The purchase price was paid in mid-February 2014 after the issuing of the necessary official approvals.

As part of the deconsolidation of the companies sold, the goodwill attributable to those companies and offset against shareholders' equity was recapitalized and recycled via the income statement along with the currency translation differences arising from the equity. Together with the expenditure incurred for the sales, this resulted in a liquidity-neutral loss totaling CHF 14.5 million on the sale of investments.

The proceeds of the sales were used to reduce the size of Group loans to Adval Tech Holding AG, the currency translation differences from which were recorded in the equity until repayment. On repayment of the Group loans, the currency translation differences are to be recycled via the income statement. Overall, this led to a liquidity-neutral loss of CHF 5.1 million.

Exchange rates

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

	on Dec. 31, 2014	Average in 2014	on Dec. 31, 2013	Average in 2013
BRL	0.36820	0.38970	0.37674	0.43070
CNY	0.16078	0.14890	0.14602	0.14950
EUR	1.20272	1.21460	1.22562	1.23040
HKD	0.12753	0.11800	0.11480	0.11950
THB	0.03001	0.02820	0.02713	0.03010
USD	0.98938	0.91520	0.89024	0.92670

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include:

CHF 1,000	12/31/2014	12/31/2013
Cash	30	47
Postal account	38	57
Banks	18,519	18,214
Short-term time deposits	571	645
Total cash and cash equivalents	19,158	18,963

The short-term time deposits comprise call money with a maximum maturity of 30 days.

5. TRADE ACCOUNTS RECEIVABLE

CHF 1,000	12/31/2014	12/31/2013
Total trade receivables (gross)	43,676	43,899
Provision (allowance for doubtful receivables)	-1,000	-1,464
Total trade receivables (net)	42,676	42,435
of which trade receivables from third parties	42,566	42,435
of which trade receivables from related parties	110	0

CHF 10.9 million of receivables were overdue on the balance sheet date (CHF 10.6 million in 2013), of which CHF 4.6 million by more than 30 days (CHF 3.0 million in 2013).

In the past three years losses on receivables have been in the region of 0.1% of total income.

Provision on the receivables is as follows:

CHF 1,000	2014	2013
Total on January 1	-1,464	-1,544
Provision made	-83	-245
Utilized	434	0
Released	149	279
Changes in the scope of consolidation	0	40
Currency translation differences	-36	6
Total on December 31	-1,000	-1,464

6. OTHER SHORT-TERM RECEIVABLES

CHF 1,000	12/31/2014	12/31/2013
Positive fair values of derivative financial instruments	3	0
Others	6,218	10,692
Total other short-term receivables	6,221	10,692

The other short-term receivables originate from both segments and from the Group companies. The decrease of CHF 4.5 million mostly originates from the Components segment. This portion of the decrease is primarily attributable to the item outstanding from the sale of the site in Xiamen.

7. INVENTORIES AND WORK IN PROGRESS

CHF 1,000	12/31/2014	12/31/2013
Trading goods	7,474	2,604
Raw material	5,482	4,738
Semi-finished and finished goods	24,979	27,038
Work in progress long-term orders	16,614	14,338
Work in progress other orders	8,272	9,440
Provisions	-28,004	-20,631
Total inventories and work in progress	44,817	37,527

The total inventories and work in progress includes CHF 1.8 million stated at net realizable value (CHF 2.2 million in 2013). The increase in inventories and work in progress originates mainly from the Components segment and is attributable to project business for OEMs in the automotive sector.

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

CHF 1,000	12/31/2014		12/31/2013	
	Assets	Liabilities	Assets	Liabilities
Work in progress	26,247	-9,633	27,407	-13,069
Advanced payments by customers	-9,633	21,315	-13,069	26,550
Net assets from work in progress	16,614	0	14,338	0
Net liabilities from work in progress	0	11,682	0	13,481

The manufacturing costs of orders valued using the percentage-of-completion method totaled CHF 20.8 million (CHF 22.6 million in 2013). The stated profit was CHF 5.3 million (CHF 4.8 million in 2013). Advance payments by customers for work in progress on other orders have also been offset against inventories.

CHF 1,000	12/31/2014		12/31/2013	
	Assets	Liabilities	Assets	Liabilities
Work in progress	8,829	-557	10,476	-1,036
Advanced payments by customers	-557	3,485	-1,036	2,637
Net assets from work in progress	8,272	0	9,440	0
Net liabilities from work in progress	0	2,928	0	1,601

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

8. PREPAID EXPENSES AND ACCRUED INCOME

At CHF 1.6 million for the reporting period, prepaid expenses and accrued income are CHF 0.2 million higher than in the previous year (CHF 1.4 million). The increase in prepaid expenses and accrued income is attributable to the Group companies. In the Components and Molds segments, this item decreased slightly compared with the previous year.

9. TANGIBLE FIXED ASSETS

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

	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
CHF 1,000							
at cost							
at January 1, 2013	5,443	93,071	168,892	36,920	8,277	-2,559	310,043
Changes in the scope of consolidation	0	-6,501	-13,856	-2,604	0	-144	-23,105
Capital expenditure	0	890	3,589	2,027	724	803	8,033
Disposals	-665	-19,750	-5,861	-2,370	-1,680	0	-30,326
Other changes	0	-132	-4,435	-97	-260	3,546	-1,378
Change in acc. translation difference	17	97	-1,410	1	-33	-10	-1,338
at December 31, 2013	4,795	67,675	146,919	33,877	7,028	1,636	261,930
Changes in the scope of consolidation	0	0	0	0	0	0	0
Capital expenditure	0	699	5,624	1,704	171	3,447	11,645
Disposals	0	-1,400	-7,087	-2,201	-148	-404	-11,240
Other changes / transfers	0	31	231	1,636	0	0	1,898
Change in acc. translation difference	-21	205	1,853	-37	108	0	2,108
at December 31, 2014	4,774	67,210	147,540	34,979	7,159	4,679	266,341
Accumulated depreciation							
at January 1, 2013	0	-46,212	-119,040	-27,668	-6,695	1,855	-197,760
Changes in the scope of consolidation	0	3,138	11,987	2,465	0	0	17,590
Depreciation	0	-2,817	-9,180	-3,462	-692	0	-16,151
Impairment provision	0	0	-1,100	0	-457	0	-1,557
Impairment release	0	0	0	0	0	0	0
Disposals	0	11,028	5,731	2,227	1,681	0	20,667
Other changes	0	131	2,739	98	260	-1,850	1,378
Change in acc. translation difference	0	112	1,182	36	42	-5	1,367
at December 31, 2013	0	-34,620	-107,681	-26,304	-5,861	0	-174,466
Changes in the scope of consolidation	0	0	0	0	0	0	0
Depreciation	0	-2,463	-7,869	-2,345	-425	0	-13,102
Impairment provision	0	0	0	0	0	0	0
Impairment release	0	0	0	0	0	0	0
Disposals	0	1,381	7,017	2,149	148	0	10,695
Other changes/transfers	0	-31	-231	-1,636	0	0	-1,898
Change in acc. translation difference	0	-348	-1,463	19	-108	0	-1,900
at December 31, 2014	0	-36,081	-110,227	-28,117	-6,246	0	-180,671

	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
CHF 1,000							
Book values							
at January 1, 2013	5,443	46,859	49,852	9,252	1,582	-704	112,284
at December 31, 2013	4,795	33,055	39,238	7,573	1,167	1,636	87,464
at December 31, 2014	4,774	31,129	37,313	6,862	913	4,679	85,670
Of which leased installations (finance Lease)							
at January 1, 2013	0	0	471	0	0	0	471
at December 31, 2013	0	0	0	0	0	0	0
at December 31, 2014	0	0	0	0	0	1,380	1,380
Of which for disposal (book values)							
at January 1, 2013	665	11,324	0	0	0	0	11,989
at December 31, 2013	0	0	0	0	0	0	0
at December 31, 2014	0	0	0	0	0	0	0

The Adval Tech Group has no undeveloped real estate available.

Significant changes in tangible fixed assets in 2013 included:

- The year 2013 saw the completion of the sale (decided in 2012) of the property no longer required for operations in Muri. The sale resulted in a book gain of CHF 1.0 million. The transaction is allocated to the Molds segment. In the context of the sale of 100% of the shares of Omni Plastics (Xiamen) Co. Ltd, the year 2013 also saw the sale of the property in Xiamen, released for sale the previous year (see also Note 3).
- During the year 2013, extraordinary write-downs amounting to CHF 1.1 million were applied to underutilized production facilities. Of these, CHF 0.8 million was attributable to the Components segment, while the Molds segment accounted for CHF 0.3 million. In addition, in the Components segment write-downs amounting to CHF 0.5 million were applied to customer-specific production facilities as repayment of the investments via future production orders is not guaranteed.

Orders totaling CHF 0.1 million were outstanding on December 31, 2014, for capital goods which had not yet been delivered or invoiced and were therefore not yet included in tangible fixed assets (CHF 1.6 million in 2013).

As at December 31, 2014, installations under construction included CHF 0.2 million in advance payments for tangible fixed assets (previous year: CHF 0.5 million).

10. 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 tools, molds and production systems 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.

CHF 1,000	12/31/2014	12/31/2013
Receivables from finance lease contracts	4,516	3,090
Other long-term receivables	449	1,430
Long-term loans	16	0
Total financial assets	4,981	4,520

The increase in receivables from finance leases is attributable to the Components Segment.

The reduction in other long-term receivables mostly relates to the reclassification to current assets of a purchase price payment due in 2015 on the sale of the property in Merenschwand.

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

CHF 1,000	12/31/2014	12/31/2013
within one year	427	301
in two to five years	4,516	3,090
Total future leasing income	4,943	3,391

The nominal value of these credits totals CHF 5.0 million (CHF 3.4 million in 2013).

The amounts due for payment within one year are included in other current receivables.

11. INTANGIBLE ASSETS

The following statement of changes in intangible assets applies for 2014:

CHF 1,000	Capitalized development costs	Others	Total
at cost			
at December 31, 2013	11,740	4,297	16,037
Changes in the scope of consolidation			0
Investments acquired			0
Investments generated in-house	1,000	0	1,000
Impairment provision			0
Impairment release			0
Disposals	-540	0	-540
Other changes			0
Change in accumulated translation difference	-11	463	452
at December 31, 2014	12,189	4,760	16,949
Accumulated amortization			
at December 31, 2013	-3,694	-3,174	-6,868
Changes in the scope of consolidation			0
Amortization	-1,009	-331	-1,340
Impairment provision			0
Impairment release			0
Disposals	200	0	200
Other changes			0
Change in accumulated translation difference	6	-374	-368
at December 31, 2014	-4,497	-3,879	-8,376
Book values			
at December 31, 2013	8,046	1,123	9,169
at December 31, 2014	7,692	881	8,573

The other intangible assets essentially consist of the value of the customer relationships gained through acquisitions in the Components segment (balance sheet value: CHF 0.9 million as of December 31, 2014, CHF 1.1 million as of December 31, 2013). In the context of the sale of the companies in Mexico and China in the previous year (see Note 3), the residual value (CHF 0.5 million) of the customer relationships attributable to the companies sold was written off in 2013.

Capitalized development costs largely relate to the development of plastic components for further projects of automotive manufacturers in Germany. These developments are in connection with long-term orders for the production of components. They will be amortized over the term of the orders, but for no more than 10 years (see Note 1.11).

The following statement of changes in intangible assets applies for 2013:

CHF 1,000	Capitalized development costs	Others	Total
at cost			
at December 31, 2012	9,850	5,603	15,453
Changes in the scope of consolidation			0
Investments acquired	606	0	606
Investments generated in-house	1,500	12	1,512
Impairment provision			0
Impairment release			0
Disposals	-217	-1,230	-1,447
Other changes			0
Change in accumulated translation difference	1	-88	-87
at December 31, 2013	11,740	4,297	16,037
Accumulated amortization			
at December 31, 2012	-2,699	-3,524	-6,223
Changes in the scope of consolidation			0
Amortization	-991	-433	-1,424
Impairment provision	0	-524	-524
Impairment release			0
Disposals	0	1,230	1,230
Other changes			0
Change in accumulated translation difference	-4	77	73
at December 31, 2013	-3,694	-3,174	-6,868
Book values			
at December 31, 2012	7,151	2,079	9,230
at December 31, 2013	8,046	1,123	9,169

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

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

CHF 1,000	2014	2013
Total at January 1	41,865	61,563
Additions	0	0
Disposals resulting from sale of investments*	0	-22,525
Currency translation differences resulting from sale of investments	0	4,357
Change in the cumulative currency difference	3,936	-1,531
Total at December 31	45,800	41,865

* At historical exchange rates

The disposal reported in the previous year related to a share of goodwill attributable to the companies sold in Mexico and China.

If goodwill were amortized over 10 years using the straight-line method rather than being offset, this would result in the following cumulative amounts of amortization for goodwill:

CHF 1,000	2014	2013
Total at January 1	-25,891	-32,009
Disposals resulting from sale of investments**	0	12,764
Currency translation differences resulting from sale of investments	0	-2,469
Simulated depreciation	-4,285	-5,547
Change in accumulated translation difference	-2,651	1,370
Total at December 31	-32,827	-25,891

** at average exchange rates

The theoretical net book value of the goodwill amounts to:

CHF 1,000	2014	2013
Total at December 31	12,973	15,974

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

CHF 1,000	2014	2013
Net result	1,892	-22,012
Simulated depreciation	-4,285	-5,547
Theoretical net result	-2,393	-27,559
Equity	68,464	64,270
Theoretical value of goodwill	12,973	15,974
Theoretical equity	81,437	80,244

12. TRADE ACCOUNTS PAYABLE

The CHF 2.7 million increase in trade accounts payable primarily originates from the Components segment. There were no trade accounts payable to related parties at December 31, 2014 or at the end of the previous year.

13. SHORT-TERM FINANCIAL LIABILITIES

CHF 1,000	12/31/2014	12/31/2013
Banks	6,185	86,841
Short-term leasing liabilities to third parties	258	0
Total short-term financial liabilities	6,443	86,841

The short-term bank loans are covered by cash and cash equivalents of CHF 19.2 million (previous year: CHF 19.0 million). These are primarily current account overdrafts at interest rates based on LIBOR or EURIBOR. As a result of a new loan agreement being signed in July 2014, the portion of the loan falling due only after 12 months was reclassified from short-term financial liabilities to non-current liabilities.

14. OTHER SHORT-TERM LIABILITIES

CHF 1,000	12/31/2014	12/31/2013
Advance payments by third parties	14,298	15,082
Advance payments by related parties	312	0
Other short-term liabilities to third parties	4,904	5,513
Liabilities arising from negative replacement values of derivative financial instruments	0	5
Total other short-term liabilities	19,514	20,600

The year-on-year decrease of CHF 0.8 million in advance payments by third parties originates almost entirely from the Molds segment. The decrease in other current liabilities to CHF 4.9 million as of December 31, 2014 (previous year: CHF 5.5 million) is primarily attributable to the two mold-making companies in Germany and Switzerland.

15. LEASING LIABILITIES

Liabilities arising from leasing contracts are payable as follows:

CHF 1,000	12/31/2014	12/31/2013
Face value of liabilities arising from leasing contracts due		
within one year	292	0
in two to five years	792	0
Total future payment commitments	1,084	0
less proportionate interest on the payments	-73	0
<i>Net present value of liabilities arising from finance leases</i>	<i>1,011</i>	<i>0</i>
of which short-term leasing liabilities	258	0
of which long-term leasing liabilities	753	0

The new lease liabilities originate from the Components segment. As of December 31, 2013, no leasing contracts were pending.

16. ACCRUED EXPENSES

CHF 1,000	12/31/2014	12/31/2013
Accrued expenses	10,210	11,062
Invoices not yet received	4,089	4,736
Accrued expenses	14,299	15,798

As in the previous year, 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. Invoices not yet received on the balance sheet date include services received without receipt of the relevant invoice.

17. LONG-TERM FINANCIAL LIABILITIES

CHF 1,000	12/31/2014	12/31/2013
Long-term leasing liabilities – third parties	753	0
Long-term financial liabilities – third parties	75,707	0
Long-term financial liabilities	76,460	0

At the beginning of July 2014, the Group replaced its expired loan agreement with two big Swiss banks with a new agreement with four banks – three in Switzerland and one in Germany. The credit facility is for CHF 85.0 million, as before, and has a term of three years. A total of at least CHF 15.0 million will be repaid by the end of 2016. An initial repayment of CHF 5.0 million was made on December 31, 2014. The loan agreement between the Adval Tech Group and the four banks is subject to various covenants.

These consist of the following key financial indicators: leverage ratio, minimum Group equity and minimum available liquidity. As of the balance sheet date, the covenants provided for in the loan agreement had all been met. A major shareholder of Adval Tech Holding AG provides the lending banks with a guarantee for CHF 25.0 million.

To optimize the financing costs, the loan amount is continually adjusted in line with current financing needs.

18. PROVISIONS

CHF 1,000	Warranty provisions	Payments to employees	Other provisions	Total
Long-term provisions at December 31, 2013	0	1,456	1,517	2,973
Short-term provisions at December 31, 2013	1,465	0	465	1,930
Total at December 31, 2013	1,465	1,456	1,982	4,903
Change in the scope of consolidation	0	0	0	0
Addition	764	116	345	1,225
Transfer	0	0	0	0
Utilization	-160	-41	-553	-754
Release of provisions no longer required	-458	0	-169	-627
Difference arising from currency translation	11	-7	55	59
Cash value adjustments	0	0	0	0
Total at December 31, 2014	1,622	1,524	1,660	4,806
Long-term provisions at December 31, 2014	297	1,524	1,660	3,481
Short-term provisions at December 31, 2014	1,325	0	0	1,325
Total at December 31, 2014	1,622	1,524	1,660	4,806

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.

As of December 31, 2014, the “Other provisions” item included CHF 0.4 million (previous year: CHF 0.5 million) for restructuring projects at various sites, including in Brazil. The item also included provisions for the decommissioning of rented buildings (carrying amount as of December 31, 2014: CHF 0.4 million, December 31, 2013: CHF 0.4 million), CHF 0.4 million for future revenue deductions relating to the financing of a production facility by the customer (previous year: CHF 0.4 million) and provisions for foreign withholding taxes whose refundability is not certain (carrying amount as at December 31, 2014: CHF 0.4 million; previous year: CHF 0.4 million). A further CHF 0.1 million (previous year: CHF 0.3 million) was set aside for other items.

In all cases for which provisions have been made, the probability of occurrences is estimated at above 50%. As in the previous year, the discount rate applied was 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, 2012	0	1,503	1,578	3,081
Short-term provisions at December 31, 2012	881	0	313	1,194
Total at December 31, 2012	881	1,503	1,891	4,275
Change in the scope of consolidation	0	0	-32	-32
Addition	618	31	1165	1,814
Transfer	0	0	0	0
Utilization	0	-41	-406	-447
Release of provisions no longer required	-42	-43	-597	-682
Difference arising from currency translation	8	6	-39	-25
Cash value adjustments	0	0	0	0
Total at December 31, 2013	1,465	1,456	1,982	4,903
Long-term provisions at December 31, 2013	0	1,456	1,517	2,973
Short-term provisions at December 31, 2013	1,465	0	465	1,930
Total at December 31, 2013	1,465	1,456	1,982	4,903

19. DEFERRED TAXES

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

CHF 1,000	12/31/2014	12/31/2013
Deferred tax liabilities	3,483	3,189
Deferred tax assets	2,353	1,450
Total	1,130	1,739

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 2014 was 24.0% (2013: 18.2%). In the reporting period, the average income tax rate was re-calculated based on the local income tax rate weighted by earnings before taxes.

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 tax assets developed as follows:

CHF 1,000	2014	2013
Total at January 1	1,450	2,774
Change in the scope of consolidation	0	-1,196
Creation	1,387	437
Utilization	-573	-426
Other adjustments	1	-30
Translation difference	88	-109
Total at December 31	2,353	1,450

The balance relates primarily to capitalized tax loss carryforwards.

Provisions for deferred tax liabilities developed as follows:

CHF 1,000	2014	2013
Total at January 1	3,189	2,704
Change in the scope of consolidation	0	0
Creation	556	747
Utilization	0	0
Release	-249	-279
Translation difference	-13	17
Total at December 31	3,483	3,189

As in the previous year, deferred tax liabilities originate primarily from temporary differences in fixed and intangible assets.

Tax losses amounting to CHF 126.9 million existing on December 31, 2014 (CHF 127.6 million in 2013), 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	12/31/2014	12/31/2013
expiring in one year	1	3,576
expiring in two years	28,899	8,320
expiring in three years	16,854	17,120
expiring in four years	1,781	27,652
expiring in five years	56,105	4,944
expiring in more than five years	23,233	65,961
Total	126,873	127,573

20. STATEMENT OF SHARE CAPITAL

The share capital was as follows on December 31, 2014:

	Registered shares
at January 1, 2014	730,000
at December 31, 2014	730,000
	fully paid-up
Par value in CHF	20
Dividend restrictions	none
Voting restrictions	exist
Number of shares held by the Adval Tech Group on December 31, 2014	500

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

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 AG dated June 19, 2012, purchasers of shares in excess of 10% 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.

The Annual General Meeting of June 19, 2012 raised the voting rights restriction from 5% to 10%.

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 until further notice by the Board of Directors with reference to the increase in share capital in May 2008. In the reporting period, the Board of Directors converted the exception in favor of Artemis Beteiligungen II AG into an exception in favor of Artemis Beteiligungen I AG. Artemis Beteiligungen II AG was absorbed by Artemis Beteiligungen I AG. Fiduciary entries in the shareholders' register can only be made without voting rights. The Articles of Incorporation of Adval Tech Holding AG with regard to quorums conform to legal requirements.

Holdings of company shares have developed as follows:

	2014	2013
Holding at January 1	0	0
Purchases (shares)	500	299
Sales (shares)	0	0
Issued to employees (shares)	0	-299
Holding at December 31	500	0
Average purchase price (CHF)	199	148
Average selling price (CHF)	n. a.	n. a.
Average issue (CHF)	n. a.	160

All company shares are held by Adval Tech Management AG.

No shares (previous year: 299 shares) were allotted to members of the management in the year under review as part of their variable remuneration in the context of existing remuneration arrangements.

Non-distributable reserves in the Group's shareholders' equity amounted to CHF 10.4 million at the end of the year under review (CHF 10.4 million in 2013). Retained earnings do not include any revaluation reserves.

21. NET TURNOVER

CHF 1,000	2014	2013
Net income from deliveries and services	191,454	211,084
Income from manufacturing orders (valued using the percentage-of-completion method)	49,235	59,150
Sales deductions	-1,077	-1,272
Total net turnover	239,612	268,962

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.

22. OTHER OPERATING INCOME

CHF 1,000	2014	2013
Other operating income from third parties	5,420	6,348
Other operating income from related parties	10	16
Gains from sales of tangible fixed assets	180	1,582
Total other operating income	5,610	7,946

Other operating income consists primarily of income from sales of scrap, income from letting premises and income from sales commissions. The gains from sales of tangible fixed assets in 2013 include the book gain from the sale of the property in Muri (see also Note 9).

23. MATERIAL AND SERVICE EXPENSES

The material and service expenses fell by CHF 15.9 million year on year. As a proportion of total income, it declined by 0.8 percentage points to 43.0%. The proportion accounted for by materials declined faster in the Components segment than in the Molds segment, where an above-average volume of work was outsourced to third parties again owing to high capacity utilization.

24. PERSONNEL EXPENSES

The average number of employees declined by 329 FTEs to 1,667 FTEs in 2014 (1,996 FTEs in 2013). The number of employees totalled 1,603 FTEs at the balance sheet date (1,720 FTEs in 2013).

25. PENSION LIABILITIES AND OTHER PAYMENTS TO EMPLOYEES

As at the balance sheet date, the employer's contribution reserves are as follows:

CHF 1,000	Nominal value on 12/31/2014	Utilization waiver 12/31/2014	Balance 12/31/2014	Payment/ repayment 2014	Effect on personnel expenses 2014	Effect on financial result 2014
Pension funds excl. surplus/shortfall	2,136	0	2,136	0	-359	0

In the previous year:

CHF 1,000	Nominal value on 12/31/2013	Utilization waiver 12/31/2013	Balance 12/31/2013	Payment/ repayment 2013	Effect on personnel expenses 2013	Effect on financial result 2013
Pension funds excl. surplus/shortfall	2'495	0	2'495	0	-389	0

Personnel expenses in the year under review were debited with CHF 0.4 million to finance contributions (CHF 0.4 million in 2013), while CHF 0.04 million was credited from interest (CHF 0.04 million in 2013). 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 for 2014 and 2013 are as follows:

	Surplus/ shortfall 12/31/2014	Financial share of the organization 12/31/2014	12/31/2013	Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period*	Pension expenses in 2014
CHF 1,000						
Pension fund of Adval Tech Holding AG excl. surplus/shortfall	0	0	0	0	2,257	2,697
Pension fund of Adval Tech Holding AG for supervisory staff excl. surplus/shortfall	0	0	0	0	238	238
Total	0	0	0	0	2,495	2,935

* including result from employer's contribution reserves

In the previous year:

	Surplus/ shortfall 12/31/2013	Financial share of the organization 12/31/2013	12/31/2012	Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period*	Pension expenses in 2013
CHF 1,000						
Pension fund of Adval Tech Holding AG excl. surplus/shortfall	0	0	0	0	2,282	2,750
Pension fund of Adval Tech Holding AG for supervisory staff excl. surplus/shortfall	0	0	0	0	223	223
Total	0	0	0	0	2,505	2,973

* including result from employer's contribution reserves

The above data is based on the financial statements of the pension funds at December 31, 2014 (or December 31, 2013).

The pension fund of Adval Tech Holding AG 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 at December 31, 2014, the cover ratio was 116% (previous year: 108%). The Adval Tech Group is not expected to derive any economic benefit from the pension fund.

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 AG 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, 2014, the funded status was 100% (previous year: 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 2013), and are included in the provisions for payments to employees. The redemption value of the policy at December 31, 2014, was CHF 0.4 million (CHF 0.5 million in 2013) 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.

26. OTHER OPERATING EXPENSES

CHF 1,000	2014	2013
Maintenance, repair, replacements, operating materials	-13,720	-14,891
Premises, energy	-8,562	-11,430
Insurance, office and administration expenses	-5,086	-6,606
Marketing, sales and distribution expenses	-7,610	-10,082
Sundry operating expenses	-1,229	-1,444
Total other operating expenses	-36,207	-44,453

Other operating expenses in the reporting period were down by CHF 8.3 million on the year-back figure. In relation to total income, other operating expenses declined from 15.9% in 2013 to 14.7% in the reporting period. The "Sundry operating expenses" line item also includes CHF 0.04 million in losses on the sale of tangible fixed assets (2013: CHF 0.1 million).

27. FINANCIAL EXPENSES AND FINANCIAL INCOME

CHF 1,000	2014	2013
Interest earned	343	378
Currency gains	1,501	3,881
Gains on derivative financial instruments	9	19
Other financial income	151	53
Total financial income	2,004	4,331
Interest paid	-2,411	-3,029
Bank charges and fees	-182	-194
Currency losses	-2,794	-9,184
Unrealized translation differences	-2	-893
Losses on derivative financial instruments	-4	-26
Other financial expenses	-798	-1,607
Total financial expenses	-6,191	-14,933
Financial result	-4,187	-10,602

Total currency losses of CHF 1.3 million net had to be posted in the year under review (previous year: CHF 6.2 million).

In addition to the cost of the adjustments to the credit agreements with the syndicate banks, other financial expenses also includes the deferred cost of the guarantee given in the context of the syndicated loan.

28. EXTRAORDINARY RESULT

CHF 1,000	2014	2013
Restructuring measures	-393	-866
Cooperation projects	-215	-74
Result from the sale of investments	117	-14,469
Extraordinary result	-491	-15,409

The extraordinary result of CHF -0.5 million in the reporting period includes a repayment of CHF 0.1 million in connection with the sale of the investments in Mexico and China. The “Restructuring measures” item includes income of CHF 0.1 million from the reversal of provisions not required for the closure of a components production facility in Suzhou, China, and expenses of CHF 0.5 million for current restructuring projects at Group level and in Brazil.

The extraordinary result of CHF -15.4 million in 2013 includes losses on the sale of investments in Mexico and China totaling CHF 14.5 million. The sale of the companies in Singapore, Mexico and China to Phillips-Medisize, completed at the end of August 2013, accounts for CHF 13.5 million of this figure. A loss of CHF 1.0 million resulted from the relocation of components production from Xiamen to Suzhou and from the sale of Omni Plastics (Xiamen) Co. Ltd, completed in the fourth quarter of 2013. The “Restructuring measures” item includes CHF 0.5 million for the restructuring of components production in Suzhou in 2014 and CHF 0.2 million for the merger of the two tool-making sites Suzhou and Shanghai in Suzhou, which was completed in the first half of 2013.

29. INCOME TAXES

CHF 1,000	2014	2013
Current income taxes	-2,800	-2,090
Change in provision for deferred taxes	507	-457
Total tax expenses	-2,293	-2,547

30. SEGMENT REPORTING

The allocation of business activities to the Group's two segments in 2014 is reflected in the following table:

CHF 1,000	Segment Components	Segment Molds	Other units, eliminations	Total
Net turnover from deliveries and services	156,034	34,343	0	190,377
Income from manufacturing orders (valued using the percentage-of-completion method)	920	48,315	0	49,235
Net turnover from third parties and related parties	156,954	82,658	0	239,612
Total income from third parties and related parties	163,734	83,059	188	246,981
Intragroup revenues	711	3,040	13,623	17,374
Total income	164,445	86,099	-3,563	246,981

Figures for 2013:

CHF 1,000	Segment Components	Segment Molds	Other units, eliminations	Total
Net turnover from deliveries and services	186,735	23,077	0	209,812
Income from manufacturing orders (valued using the percentage-of-completion method)	912	58,238	0	59,150
Net turnover from third parties and related parties	187,647	81,315	0	268,962
Total income from third parties and related parties	192,642	85,696	446	278,784
Intragroup revenues	1,068	4,026	13,315	18,409
Total income	193,710	89,722	-4,648	278,784

The Group structure and the operations of the two segments in 2014 are explained in the annual report on page 18 and following pages.

Income by region is as follows:

	CHF 1,000	2014	2013
Net turnover	239,612	100%	268,962
<i>Europe</i>	<i>132,966</i>	<i>55%</i>	<i>142,793</i>
– of which Switzerland	10,485	4%	12,715
– of which Germany	73,924	31%	80,648
– of which France	15,189	6%	17,639
<i>Asia</i>	<i>53,796</i>	<i>22%</i>	<i>62,590</i>
– of which China	28,471	12%	30,749
<i>North America</i>	<i>33,925</i>	<i>14%</i>	<i>36,762</i>
<i>Latin America</i>	<i>17,009</i>	<i>7%</i>	<i>25,539</i>
<i>Australia and Oceania</i>	<i>410</i>	<i>0%</i>	<i>454</i>
<i>Africa</i>	<i>1,506</i>	<i>1%</i>	<i>824</i>

Countries are allocated to regions in conformity with the allocation in Swiss National Bank statistics. Net turnover in Switzerland includes CHF 1.1 million of turnover with related parties in the year under review (CHF 1.3 million in 2013).

31. PLEDGED ASSETS

The carrying amount of pledged items of tangible fixed assets amounted to CHF 1.1 million as of December 31, 2014 (previous year: CHF 1.0 million). The pledges listed serve as security for bank loans and credit lines. Furthermore, it should be noted that sight deposits with banks can be used to cover loans granted at the same time in accordance with the banks' general conditions of business.

32. FIRE INSURANCE VALUES

CHF 1,000	12/31/2014	12/31/2013
Real estate	73,484	77,702
Other tangible fixed assets	378,105	375,238

33. CONTINGENT AND FUTURE LIABILITIES

CHF 1,000	12/31/2014	12/31/2013
Contingent liabilities in favour of third parties	1,529	417
Liabilities arising from leases	12,355	12,934
Liabilities arising from operating leases	912	831

Contingent liabilities in favour of third parties 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 0.3 million (CHF 0.4 million in 2013) within 1 year, CHF 0.6 million (CHF 0.4 million in 2013) within 2 to 5 years.

Future rental payments fall due as follows: CHF 3.0 million (CHF 3.3 million in 2013) within 1 year, CHF 6.1 million (CHF 6.0 million in 2013) in 2 to 5 years, CHF 3.3 million (CHF 3.6 million in 2013) in more than 5 years.

34. FINANCIAL INSTRUMENTS

Market values are calculated on the basis of individual valuations of the open instruments at the balance sheet date. The following financial instruments for limiting financial risks existed at the balance sheet date (contract values in 1,000 local currency, fair values in CHF 1,000) as at December 31, 2014:

Currency	Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
			positive	negative
USD	Forward transactions / swap	45	0	0
EUR	Forward transactions / swap	11,338	3	0
Total		11,383	3	0

As at the end of 2013, the currency hedges were as follows:

Currency	Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
			positive	negative
USD	Forward transactions / swap	1,594	0	0
EUR	Forward transactions / swap	3,654	0	5
Total		5,248	0	5

The options and forward transactions listed above serve to hedge payments in USD and EUR. They ran until the end of January 2015 at the latest.

The positive fair values are included in the balance sheet under "Other receivables" (Note 6), the negative values under "Other non-current liabilities" (Note 14).

No interest hedges had been entered into either as at December 31, 2014 or as at December 31, 2013.

The changes in market values 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 AG
- 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
- Rieter Holding AG, Winterthur, and the companies of the Rieter Group
- AFG Arbonia-Forster Holding AG, Arbon, and the companies of the Arbonia-Forster Group
- Precious Woods Holding AG, Zug, and the companies of the Precious Woods Group
- the members of the Board of Directors and of Group Executive Management, incl. members who left in the reporting period
- Hansruedi Bienz, Oberbottigen

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

Turnover of CHF 1.1 million was made with related parties in the year under review (CHF 1.3 million in 2013). Volume parts and components to the value of CHF 0.7 million (CHF 0.6 million in 2013) and molds to the value of CHF 0.5 million (CHF 0.7 million in 2013) were invoiced in 2014.

At the balance sheet date, receivables from related parties amounted to CHF 0.1 million (2013: CHF 0.0 million) and liabilities to related parties (incl. deferrals) to CHF 0.3 million (2013: CHF 0.6 million).

Up to CHF 25.0 million of the syndicated credit facility of CHF 85.0 million (as of end 2013: CHF 60.0 million of the credit facility of CHF 120.0 million) is guaranteed by a major shareholder who is also a member of the Board of Directors (see Note 17). In the context of this guarantee, the Group recognized expenses for a guarantee commission of CHF 0.2 million in 2014 (previous year: CHF 0.3 million).

36. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

No events that would adversely affect the information provided in the consolidated financial statements for 2014 have occurred since the balance sheet date.

On January 15, 2015, the Swiss National Bank decided to abandon its policy of placing a floor under the Swiss franc of 1.20 to the euro. This decision led to sharp swings on the foreign exchange market. Among other things, the exchange rate of the Swiss franc in relation to the euro and the US dollar shifted significantly. It is not yet possible to reliably estimate future exchange rates.

The sharp appreciation of the Swiss franc against the euro and the US dollar as a result of the Swiss National Bank's decision will impact on the future financial position, results of operations and cash flows of the Adval Tech Group. This is due firstly to the one-time rate adjustment to holdings of liquid assets in foreign currencies and secondly to the translation of income and expenses into currencies other than the Swiss franc.

At the time of releasing the consolidated annual financial statements, measures to minimize the impact of the exchange rate changes on the Adval Tech Group's future financial position and results of operations are in the process of being evaluated.

Looking to the balance sheet as of December 31, 2014, the following effects can be estimated:
Liquid assets would be CHF 1.5 million lower. The fair values of the financial instruments in place as of December 31, 2014 (swaps) would be CHF 1.6 million lower. And consolidated equity would be approximately CHF 10.1 million down on the amount reported as of December 31, 2014, at CHF 58.6 million. This new estimate was based on average exchange rates in February 2015.

37. RELEASE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were released for publication by the Board of Directors of Adval Tech Holding AG and a motion for their approval was submitted to the annual general meeting of shareholders of Adval Tech Holding AG on March 19, 2015.



Report of the statutory auditor
to the General Meeting of
Adval Tech Holding AG
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 58 to 94), for the year ended 31 December 2014.

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 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 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
Audit expert
Auditor in charge

Bernhard Bichsel
Audit expert

Bern, 19 March 2015

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FINANCIAL REPORTS OF ADVAL TECH HOLDING AG

1. BALANCE SHEET

CHF	12/31/2014	12/31/2013
Cash and cash equivalents	25,851	65,355
Receivables		
– from third parties	13	855,311
– from Group companies	2,597,419	2,794,662
Prepaid expenses and accrued income	269,167	0
<i>Receivables</i>	2,866,599	3,649,973
Total current assets	2,892,450	3,715,328
Investments in Group companies	116,375,734	116,375,733
Loans to Group companies	77,591,927	80,830,057
<i>Financial assets</i>	193,967,661	197,205,790
Total non-current assets	193,967,661	197,205,790
Total assets	196,860,111	200,921,118
Bank debt	5,947,149	5,840,623
Accounts payable	68,359	60,101
Short term loans		
– to third parties	75,000,000	81,000,000
– to Group companies	1,000,000	0
Other liabilities		
– to third parties	25,708	6,609
– to Group companies	97,044	163,987
Accrued expenses	360,456	795,810
<i>Current liabilities</i>	82,498,716	87,867,130
Provisions	880,548	792,314
<i>Non-current liabilities</i>	880,548	792,314
Total liabilities	83,379,264	88,659,444
<i>Share capital</i>	14,600,000	14,600,000
General reserves	9,500,000	9,500,000
Capital contribution reserve	97,424,589	97,424,589
Reserve for treasury stock	99,413	0
<i>Legal reserves</i>	107,024,002	106,924,589
Free reserves	10,671,750	10,771,163
<i>Other reserves</i>	10,671,750	10,771,163
<i>Share capital and reserves</i>	132,295,752	132,295,752
Profit/loss carried forward	-20,034,078	-11,616,918
Profit/loss (of the year)	1,219,173	-8,417,160
<i>Retained earnings/losses</i>	-18,814,905	-20,034,078
Total equity	113,480,847	112,261,674
Total liabilities and equity	196,860,111	200,921,118

2. INCOME STATEMENT

CHF	2014	2013
Income from investments in Group companies	0	60,346
Other income from third parties	4,565	4,899
Other income from Group companies	2,396,809	2,120,977
Financial income from Group companies	2,836,330	3,088,509
Financial income from third parties	345,036	794,192
Total operating earnings	5,582,740	6,068,923
Financial expenses, third parties	2,868,512	3,633,085
Financial expenses, related parties	213,611	300,000
Financial expenses, Group companies	97,885	6,463,072
Business and administration expenses	1,055,871	1,003,400
Total operating expenses	4,235,879	11,399,557
Amortization of intangible assets	0	0
Extraordinary earnings	183,390	0
Extraordinary expenses	311,078	3,086,526
Operating result before taxes	1,219,173	-8,417,160
Taxes	0	0
Profit/loss	1,219,173	-8,417,160

3. APPENDIX

Investments

The investment holdings of Adval Tech Holding AG on December 31, 2014:

Company		12/31/2014		Holding in %	12/31/2014	12/31/2013
		Share capital 100%			Book value CHF	Book value CHF
Adval Tech Management AG, Niederwangen	CHF	100,000		100	100,000	100,000
Management of subsidiaries						
Styner+Bienz FormTech AG, Niederwangen	CHF	3,050,000		100	17,650,000	17,650,000
Stamping and Forming Technology						
Styner+Bienz US Inc., Cleveland, USA	USD	1		100	0	0
Stamping and Forming Technology						
Styner+Bienz do Brasil Ltda., São José dos Pinhais PR, Brasil	BRL	150,873		100	123,576	123,576
Stamping and Forming Technology	USD	360,000		100	603,526	603,526
QSCH Termelő és Kereskedelmi Kft., Szekszárd, Hungary	EUR	1,800,000		100	25,061,076	25,061,076
Stamping and Forming Technology						
FOBOHA (Switzerland) AG, Muri (AG), Switzerland	CHF	600,000		100	9,600,000	9,600,000
Injection Molding Technology						
Adval Tech (Grenchen) AG, Grenchen, Switzerland	CHF	2,000,000		100	10,436,257	10,436,257
Plastic components						
FOBOHA Holding GmbH, Haslach, Germany	EUR	25,000		100	15,741,298	15,741,298
Holdings in companies						
Adval Tech Holdings (Asia) Pte. Ltd, Singapore	USD	13,517,000		100	37,060,000	37,060,000
Management of subsidiaries						

There were no changes in the scope of consolidation in the year under review. The names of certain companies were changed in 2014 as part of the branding strategy. The changes in the scope of consolidation during the 2013 financial year are set out in note 3 in the financial report on page 68.

Loans to Group companies

Loans to Group companies as at December 31, 2014 comprise a loan of CHF 3 million to FOBOHA (Switzerland) AG, for which subordination was granted.

Treasury stock

	2014 Number of shares	2014 CHF	2013 CHF
Position at January 1	0	0	0
Purchases	500	99,413	44,231
Sales	0	0	0
Issued to employees	0	0	47,777
Value adjustment as at December 31	0	0	3,546
Position at December 31	500	99,413	0

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

Guarantees and contingent liabilities in favour of third parties

CHF	12/31/2014	12/31/2013
Total	1,528,896	417,479

Major shareholders

As of December 31, 2014, the following shareholders held more than 3% of the registered share capital recorded in the Commercial Register:

Dr. h.c. Willy Michel	23.7%
Artemis Beteiligungen I AG, Hergiswil ¹⁾	21.2%
Sarasin Investment Fonds AG	9.8%*
Hansruedi Bienz	7.5%
Lombard Odier Darier Hentsch Fund Managers SA	6.9%
Einfache Gesellschaft Dreier ²⁾	3.5%

1) Michael Pieper

2) Hans Dreier, Rudolf Dreier

* Effective shareholding as at December 31, 2014

Remuneration of the Board of Directors for the 2014 financial year

The following remuneration was paid to directors in 2014:

CHF	Function	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Entertainment expenses ³⁾
Dr. h.c. Willy Michel ⁵⁾	Chairman	65,000	4,000	0	69,000	4,000
Michael Pieper ⁵⁾	Vice Chairman	45,000	4,000	2,157	51,157	3,200
Leonardo Attanasio	Director until May 22, 2014	20,000	2,000	0	22,000	1,600
Hans Dreier ⁴⁾	Director	50,000	7,000	4,104	61,104	5,600
Dr. Roland Waibel ⁴⁾⁵⁾	Director	55,000	7,000	4,836	66,836	5,600
Total Board of Directors		235,000	24,000	11,097	270,097	20,000

1) Fixed fee and cooperation in committees (the fee for the Chairman of the Board of Directors was paid to Techpharma AG, Burgdorf)

2) Attendance fee

3) Lump-sum expense allowance

4) Member of Audit Committee

5) Member of the Compensation and Nomination Committee (from second half of 2014)

In the previous year:

CHF	Function	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Entertainment expenses ³⁾
Dr. h.c. Willy Michel	Chairman	60,000	4,000	0	64,000	4,000
Michael Pieper	Vice Chairman	40,000	4,000	1,850	45,850	3,200
Leonardo Attanasio	Director	40,000	3,000	0	43,000	3,200
Hans Dreier ⁴⁾	Director	50,000	7,000	2,936	59,936	5,600
Dr. Roland Waibel ⁴⁾	Director	50,000	10,350	74	60,424	6,400
Total Board of Directors		240,000	28,350	4,860	273,210	22,400

1) Fixed fee and cooperation in committees (the fee for the Chairman of the Board of Directors was paid to Techpharma AG, Burgdorf)

2) Attendance fee

3) Lump-sum expense allowance

4) Member of Audit Committee

Remuneration of the Group Executive Management

CHF	2014		2013	
	Group Executive Management (5 members)	Of which highest individual remuneration ¹⁾	Group Executive Management (5 members)	Of which highest individual remuneration ¹⁾
Basic remuneration in cash	1,339,081	360,000	1,291,574	360,000
Other fixed remuneration in cash ²⁾	74,155	8,146	100,104	8,103
Social insurance contributions	316,550	101,960	285,246	90,644
Variable remuneration in cash	583,595	204,941	513,353	202,462
Share-based remuneration ³⁾	135,160	53,000	0	0
Total remuneration for Group Executive Management	2,448,541	728,047	2,192,277	661,209
Entertainment expenses	64,800	18,000	64,800	18,000

1) CEO René Rothen

2) Company cars, child allowances, long service awards, compensation for housing costs abroad

3) Allocation of shares in Adval Tech Holding AG as described in the remuneration report on page 52 and note 1.21 on page 67 of the financial report.

Share-based remuneration was waived for 2013 at the request of the Group Executive Management, as this would have incurred additional costs for the company. The variable remuneration component for 2013 was paid entirely in cash. See statements under "2. Remuneration of members of Group Executive Management" in the remuneration report on page 52.

Equity holdings of the Board of Directors and Group Executive Management in Adval Tech Holding AG

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

	Function on 12/31/2012	12/31/2014 (Number)	12/31/2013 (Number)
Dr. h.c. Willy Michel	Chairman of the Board	172,674	172,674
Michael Pieper	Vice Chairman of the Board	156,686	156,686
Leonardo Attanasio ¹⁾	Director	n. a.	100
Hans Dreier	Director; Head IT, Logistics, Legal	13,138	13,088
Dr. Roland Waibel	Director	200	200
René Rothen	CEO	331	331
Markus Reber	CFO	174	174
Valeria Poretti	Head of Corporate HR/Communication	121	121

1) Member of the Board until May 22, 2014

Loans from third parties

At the start of July 2014, the Group rolled over its expired credit contract with two big Swiss banks to a new contract with four banks – three in Switzerland and one in Germany. The credit limit remains at CHF 85.0 million. The term to maturity is three years. An amount of at least CHF 15.0 million will be paid off by the end of 2016. An initial amount of CHF 5.0 million was amortized on December 31, 2014. The credit contract between the Adval Tech Group and the four banks is subject to a number of covenants. These consist of the following key financial indicators: leverage ratio, minimum group equity, and minimum available liquidity. As at the balance sheet date, the covenants provided for in the loan agreement had all been met. A major shareholder of Adval Tech Holding AG has provided the lending banks with a guarantee for CHF 25.0 million.

Risk management

Adval Tech Holding AG has a central risk assessment system which covers both strategic and operational risks. All the risks identified are evaluated (in terms of the probability that they will materialize and the extent of the damage) and recorded in a risk inventory. This risk inventory forms the basis for the detailed discussions that are periodically held by the Board of Directors and Group Executive Management in order to review the topicality of the risk inventory. Ongoing monitoring of the risk inventory is a management objective.

A risk assessment is conducted for identified risks affecting accounting and financial reporting. The internal control system for financial reporting ensures that the appropriate checks are defined and implemented in order to reduce financial risks. Any remaining risks are monitored.

Accounting legislation

In application of the transitional provisions of the new accounting legislation, the present annual financial statements were prepared according to the provisions of the Swiss Code of Obligations on accounting and financial reporting in force until December 31, 2013.



Report of the statutory auditor
to the General Meeting of
Adval Tech Holding AG
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 96 to 102), for the year ended 31 December 2014.

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 2014 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

PricewaterhouseCoopers AG

Hanspeter Gerber
Audit expert
Auditor in charge

Bernhard Bichsel
Audit expert

Bern, 19 March 2015

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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 behaviour 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.

