

advaltech

ANNUAL REPORT 2009

ADDING VALUE THROUGH INNOVATION



SHARE STATISTICS AND PRICE TRENDS

Share statistics

Ticker symbols:

Swiss security no. 896 792

Telekurs ADVN

Bloomberg ADVN SW

		2009	2008
	Registered shares	730,000	730,000
	EBIT per share (CHF)	-31.95	-1.76
	Net result per share (CHF)	-37.06	-15.30
	Shareholders' equity per share (CHF)	234.77	271.38
	Dividend per share (CHF)	0.00 ¹⁾	0.00
	Payout ratio	n.a.	n.a.
	P/E ratio	n.a.	n.a.
	Market prices (CHF)		
	Low (03/17/09, 12/29/08)	97.00	138.20
	High (07/23/09, 01/08/08)	295.00	558.60
	December 31	213.00	142.00
	Market capitalization (CHF Mio.)		
	Low (03/17/09, 12/29/08)	70.81	100.89
	High (07/23/09, 01/08/08)	215.35	281.05
	December 31	155.49	103.66

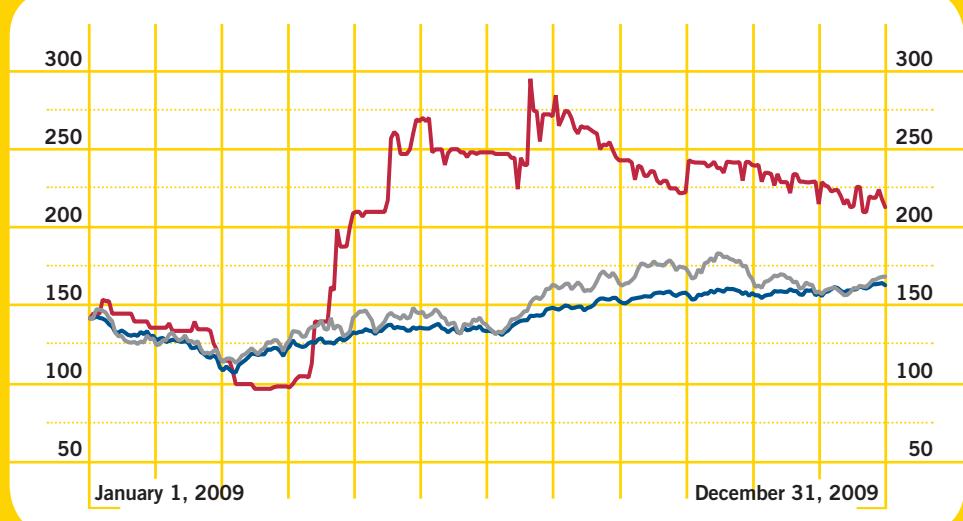
1) Proposed by the Board of Directors

Price trends

January 1, 2009, to

December 31, 2009

(CHF)



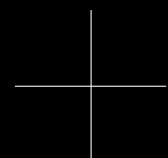
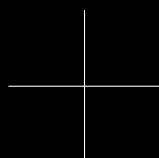
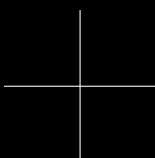
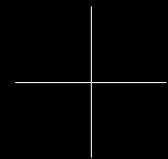
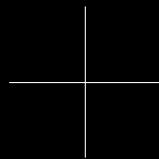
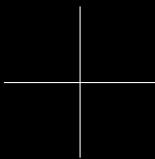
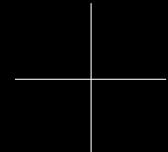
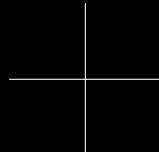
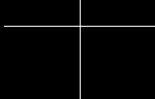
- Swiss Performance Index
- Price of Adval Tech shares
- Swiss Machinery Industry index

KEY FIGURES OF THE ADVAL TECH GROUP

	2009	2008	2007	2006	2005
Total income (CHF millions)					
Group	297.7	416.5	348.6	275.8	251.9
change in %	-28.5	19.5	26.4	9.5	-4.2
per employee (CHF thousands)	110.0	136.3	273.0	245.1	224.5
Automotive Segment	134.1	206.7	210.3	159.4	152.3
Medical & Consumer Goods Segment	167.8	215.2	138.2	116.2	99.4
EBITDA (CHF millions)					
Operating earnings before depreciation	5.7	26.3	38.4	29.1	27.7
in % of total income	1.9	6.3	11.0	10.6	11.0
Automotive Segment	-3.2	13.2	19.6	18.7	16.7
Medical & Consumer Goods Segment	8.7	11.7	17.3	9.6	10.6
EBIT (CHF millions)					
Operating earnings	-23.3	-1.3	15.5	7.3	5.1
in % of total income	-7.8	-0.3	4.4	2.6	2.0
Automotive Segment	-16.2	2.8	8.0	7.1	3.4
Medical & Consumer Goods Segment	-6.5	-4.8	6.4	0.0	1.5
Net result (CHF millions)					
Net result for the year	-27.0	-9.2	8.3	4.0	3.8
in % of total income	-9.1	-2.2	2.4	1.4	1.5
Cash flow and capital expenditure (CHF millions)					
Cash flow from operations	7.2	19.9	18.5	29.8	32.8
Operative free cash flow	-7.2	0.4	-3.6	15.9	12.0
Free cash flow	-7.2	-58.5	-11.8	15.6	6.6
Capital expenditure	-13.4	26.1	22.6	14.0	20.6
Balance sheet figures (CHF millions)					
Total assets	364.6	409.8	327.4	291.6	276.4
Shareholders' equity	171.4	198.1	129.2	122.3	122.5
in % of total assets	47.0	48.3	39.5	41.9	44.3
Employees					
on December 31	2,573	2,838	1,379	1,121	1,129
Automotive Segment	810	877	862	612	606
Medical & Consumer Goods Segment	1,747	1,951	506	499	517
Market capitalization (CHF millions)					
on December 31	155.5	103.7	284.2	196.7	187.6
Selected key figures per share					
Earnings (CHF)	-37.06	-15.30	16.48 ²⁾	7.91 ²⁾	7.63 ²⁾
Dividend (CHF)	0.00 ¹⁾	0.00	5.08 ²⁾	4.35 ²⁾	10.16 ²⁾
Payout ratio (%)	n.a.	n.a.	30.8	55.0	133.1
P/E ratio on December 31	n.a.	n.a.	34.3	49.4	48.9

1) Proposed by the Board of Directors

2) adjusted



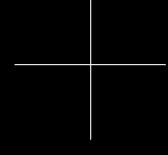
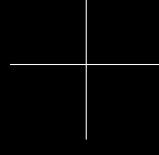
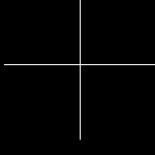
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Report of the Board of Directors	4
Vision and mission	10
Figures by comparison	11
Organization	12
Automotive	15
Medical & Consumer Goods	21
Corporate development	29
Corporate governance	31
Consolidated financial statements	45
Adval Tech Holding Ltd	98
Addresses	106

With the full-page illustrations in this year's annual report we are starting a series of photographic portraits of our manufacturing facilities. This year we are giving you an insight into FOBOHA GmbH in Haslach, Germany, the global technological leader for multi-component injection molds.



DEAR SHAREHOLDERS:

As expected, 2009 was a very difficult year for our group. Sales declined steeply in all three key markets, most severely in the automotive component supply business, which is very important for us. However, the global recession also severely depressed the components business and the molds business for the medical and consumer goods industry.

The negative trend bottomed out in the first quarter of the year under review. There were at least signs of a reversal in the trend in the second quarter of 2009, due to higher sales in some market segments and the positive effects of economy measures we had initiated very early. Total income and operating earnings were significantly better in the second half than in the first six months. However, the high cost of restructuring in the context of downsizing our moldmaking facility in Muri (Switzerland) and preparations to close our manufacturing plant in Merenschwand (Switzerland) severely depressed results in the second half of the year.

Total income of CHF 297.7 million reported by the group was CHF 118.9 million or 28.5% lower than in the previous year. Operating earnings before depreciation, interest and taxes (EBITDA) were at least positive at CHF 5.7 million, but fell far short of the previous year's figure of CHF 26.3 million. Special charges of CHF 8.3 million for restructuring at the Muri and Merenschwand sites severely depressed EBITDA in the second half of 2009 (CHF 2.1 million). After adjustment for this, EBITDA in the second six months was some three times as high (CHF 10.4 million) as in the first half of the year (CHF 3.6 million).

Operating earnings (EBIT) were negative (CHF -23.3 million, compared to CHF -1.3 million in 2008), as was net profit (CHF -27.0 million, compared to CHF -9.2 million in 2008). Adjusted for total restructuring costs of CHF 11.4 million, EBIT fell only slightly short of breakeven in the second half of 2009 (CHF -9.5 million in the first six months).

The economy measures initiated at a very early stage prevented even heavier losses. We significantly reduced personnel expenses by downsizing the workforce and introducing short-time working. The number of employees declined from its highest level at the end of August 2008 (3,488 full-time units) to 2,573 full-time units at the end of 2009. More than 70% of the 650 jobs already lost at the end of 2008 were at our sites in Asia, whereas our Swiss locations were most severely affected by reductions in personnel numbers in 2009 (168 of 265 full-time units lost). Short-time working in Switzerland virtually throughout the year also had a positive impact on the outcome.

With an equity ratio approaching 47%, the Adval Tech Group is still soundly financed. We were able to secure medium- and long-term liquidity by adjusting the agreement concluded in January 2008 for a revolving credit facility of up to CHF 135 million to the cyclical trend in earnings. Our active management of working capital and a very restrictive approach to approving investments also helped to secure liquidity. CHF 9.2 million of the total CHF 14.3 million investments in tangible fixed assets were for projects initiated already in 2008.

Segment results

The **Automotive** Segment suffered especially severely from the impact of the global recession. Total income therefore declined by CHF 72.6 million or 35.1% to CHF 134.1 million (CHF 206.7 million in 2008).

EBITDA was negative (CHF -3.2 million; CHF +13.2 million in 2008). The special charges for restructuring expenditures depressed EBITDA in the second half of 2009 (CHF +0.8 million) by CHF 2.7 million. After adjustment for this, an operating loss (EBITDA) of CHF 4 million in the first half of 2009 compared with an operating profit (EBITDA) of CHF 3.5 million in the second six months of the year.

With few exceptions, we suffered huge slumps in sales in our core business, the manufacture of

components for the automotive industry (steering systems, airbags, ABS and automobile lamps), of between 20% and 80%, depending upon application and customer. The average downturn in Europe compared with the previous year was 29%. While the output of some vehicle models came almost to a standstill, we actually made gains with individual success models and with some smaller models – due to scrappage premiums. The Brazilian market remained stable: our sales there were 3% higher than a year earlier.

The 2009 financial year was very mixed in the two complementary businesses that are also incorporated in the Automotive Segment. We suffered a decline of more than 50% in non-tool-dependent sheet metal processing sales, which was attributable to a dramatic decline in our main source of sales in this business, housings for coffee machines used in the restaurant trade. In contrast, sales of high-performance tools and systems for stamping and forming were maintained at the previous year's level.

The recession also left clear traces in the **Medical & Consumer Goods** Segment. Total income of CHF 167.8 million was CHF 47.4 million or 22% lower than the previous year's figure. EBITDA was positive (CHF 8.7 million), but lower than the previous year's outcome of CHF 11.7 million. The special charges for restructuring in Switzerland (CHF 5.3 million) depressed EBITDA to CHF 2.5 million in the second six months of the year (CHF 7.8 million before restructuring). After adjustment for this and compared to the first half of 2009, EBITDA increased from CHF 6.3 million by CHF 1.5 million in the second six months.

We identified two diverging trends in the medical technology business in the year under review. On the one hand, substantial destocking by our main customer – reducing reserves from 3-4 months to 4 weeks – as well as the delayed production start-up of a new product by a customer resulted in a 20% reduction in sales in the components business. On

the other hand, we posted considerably higher mold sales due to the encouraging trend in the project business. Some of these new projects went into production toward the end of 2009, others will commence this year. This will result in a surge in sales in the components business in 2010.

In the consumer goods market we manufacture primarily components for end-users in the US, especially parts for household appliances and for the home electronics and communications industries. The recession in the US therefore had a severe impact on us. It resulted in a decline in sales of well over 25%.

We observed differing trends in sales of injection molds. The market situation deteriorated further for the Muri facility in 2009. The business with new molds for optical discs (ODs) virtually collapsed, and the corresponding spare parts business was also far below expectations.

Nor were there any signs of a recovery in the other market segments served by the Muri plant, which necessitated further restructuring measures resulting in a reduction in the workforce of almost 70 employees. The trend at our site in Haslach (Germany) was more encouraging. Following a difficult first half, new orders received and capacity utilization improved considerably in the second half of 2009. The outlook for 2010 is clearly positive here.

Strategy implementation

With the acquisition of the OMNI Group we have achieved the major strategic objective of establishing a global presence with our own distribution organizations and manufacturing facilities in Europe, Asia and America. As a further stage in the implementation of our strategy, at the beginning of April 2009 we adapted our organization to the group's strategic thrust with its main markets in the automotive, medical technology and consumer goods sectors. Adval Tech now reports in two segments – Automotive and Medical & Consumer Goods.



The Automotive Segment is focused on the components business. It corresponds to the division of the same name, in which all activities for the automotive component supply market are combined, regardless of whether metal, plastic or composite components are manufactured. The Medical, Consumer Goods and Molding Technology divisions are combined in the Medical & Consumer Goods Segment in conformity with IFRS 8. All the previous year's figures have been restated accordingly. Services for the key medical and consumer goods markets are based on an integrated business model comprising both the development and manufacture of molds and the production of plastic components. At the same time the separation into three divisions enables the medical and consumer goods sectors to maintain a market-specific focus and the molding technology sector to adopt a technology-oriented approach. The activities of the three divisions are closely coordinated under the direction of the CEO.

The group management team has been at full strength again since October 1, 2009. A highly qualified recruit in the person of Harald Folk was engaged to head the Molding Technology Division. Harald Folk has many years of management experience in moldmaking and volume manufacturing.

We have reduced the size of our development, engineering and sales departments only minimally in the context of our restructuring measures. Relatively long project lead times are a characteristic feature of our key markets. Especially in the components business for the automotive and medical technology industries, 18 to 36 months usually elapse from receiving the development contract through production of the necessary molds and manufacturing equipment to commencement of volume production. On the other hand, volume production in large unit numbers then usually continues for 6 to 10 years. While relatively rapid savings would be achieved by workforce reductions in these areas, they would put our future in doubt. Our efforts on the market in 2009 therefore focused on our comprehensive innovation potential in conjunction with

our existing global platforms in the automotive and medical markets.

The acquisition of a first large order direct from an automobile manufacturer is in line with our strategy of acting as a global technology and value-adding partner: we received an order from BMW to develop and manufacture twelve components for the new generation of its Series 1 and 3 models. These components will ensure the separation of fresh air and rainwater in the windshield/engine compartment zone. We commenced joint product and process development work with BMW in August 2009. We will produce the twelve components in high runs as of the end of 2011. Project management is based in Muri (Switzerland) and the production molds will be manufactured largely in Haslach (Germany) and Suzhou (China). We will supply the BMW assembly lines in Germany from our plant in Szekszárd (Hungary) and the BMW assembly lines in Asia and South Africa from the plant in Suzhou (China).

We have also scored initial successes in the expansion of our global position in the medical technology market. For example, we participated in the industrialization of an innovative needle protection cap system for all-glass syringes, and have now received orders for initial molds and pilot volume production. Our willingness to make substantial up-front investments enables us also to undertake volume production upon the successful market launch of the product. Our market surveys in Asia have also shown that the time is very favorable for entering the market with our own local manufacturing platform. The global pharmaceuticals industry is increasingly establishing production capacity in China. We are currently equipping existing premises for the production of medical technology components. In the process, we are benefiting from our existing local structures. We expect to be able to commence the manufacture of initial components in the second quarter. Due to our strong market position in Europe and our own manufacturing facility in Mexico we have been nominated as a preferred global supplier by a major pharmaceuticals supplier.





WALTER GRÜEBLER

CHAIRMAN OF THE BOARD

JEAN-CLAUDE PHILIPONA

CHIEF EXECUTIVE OFFICER

Outlook

2010 is likely to be another difficult year for the Adval Tech Group. Even if visibility has improved compared with the period between October 2008 and March 2009, it is still difficult to make a reliable assessment of developments in our key markets. The first priority is to maintain our group's capacity to act, secure liquidity and significantly improve results in the 2010 financial year. We have largely adapted our structures to the new market conditions. The action taken in the past year to improve results should now also come fully into effect. We aim to achieve further operating improvements in 2010. At the same time, however, we must be prepared to respond rapidly to changes in our markets. With the focus on our activities to safeguard our future in terms of serving markets and developing products and processes, we aim to take a further step toward realizing our vision – in spite of harsh market conditions; namely to be the preferred industrial partner for volume components made from metal and plastics in large unit numbers, produced using unique, innovative technology.

Our goals are unattainable without motivated employees, striving with passion to put our strategy into practice. We have talked to a great many of them in the past year and have always experienced a high level of commitment in response. Maintaining this in times of uncertainty, headcount reductions or short-time working is not at all easy, and we want to express our thanks for this. We also thank our business partners for the good and purposeful

cooperative relationship in a critical situation, and also you, our shareholders, for your staying power and the confidence you show in us with your financial commitment.

Niederwangen, March 2010

Walter Grüebler, Chairman of the Board

Jean-Claude Philipona, Chief Executive Officer

ADDING VALUE THROUGH INNOVATION

Vision

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

To make this vision come true, we will

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

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

With us you can grow!

Mission

Adding value through innovation

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

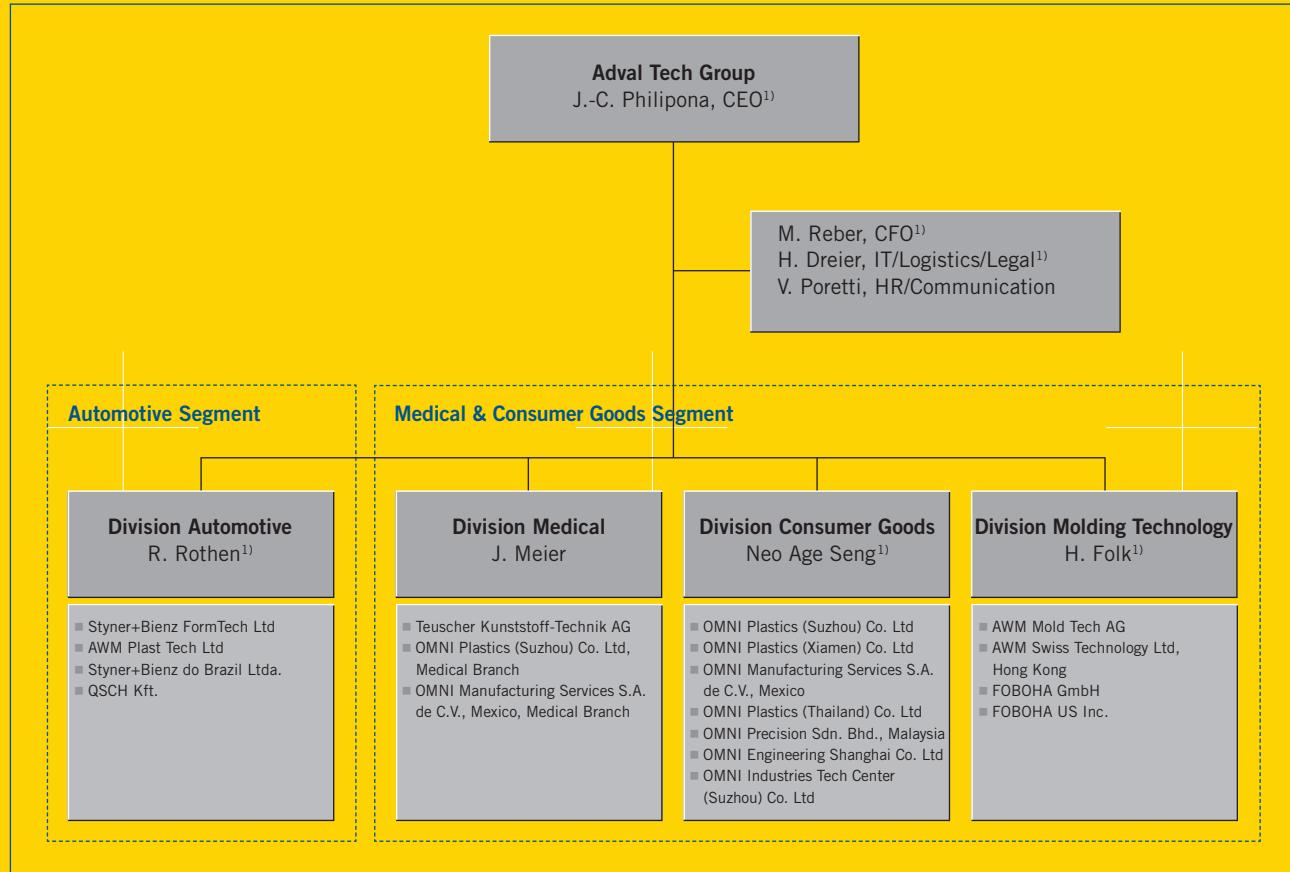
DEVELOPMENT OF TOTAL INCOME, EBITDA AND CAPITAL EXPENDITURE



CHF millions	2005 ¹⁾	2006 ¹⁾	2007 ¹⁾	2008 ²⁾	2009
Total income	251.9	275.8	348.6	416.5	297.7
– Automotive Segment	152.3	159.4	210.3	206.7	134.1
– Medical & Consumer Goods Segment	99.4	116.2	138.2	215.2	167.8
EBITDA	27.7	29.1	38.4	26.3	5.7
– Automotive Segment	16.7	18.7	19.6	13.2	-3.2
– Medical & Consumer Goods Segment	10.6	9.6	17.3	11.7	8.7
Capital expenditure	20.6	14.0	22.6	26.1	13.4
– Automotive Segment	6.3	4.4	7.3	15.6	10.6
– Medical & Consumer Goods Segment	13.9	8.5	14.6	9.9	2.6

¹⁾ estimated²⁾ restated

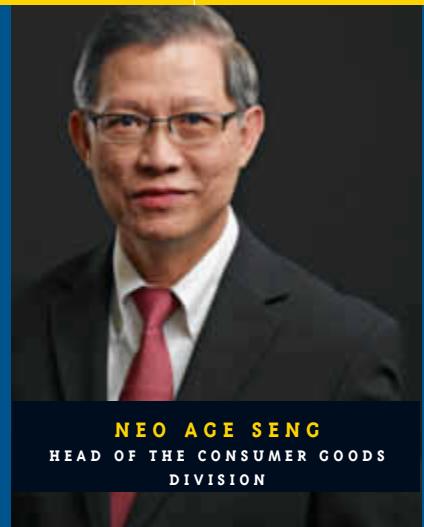
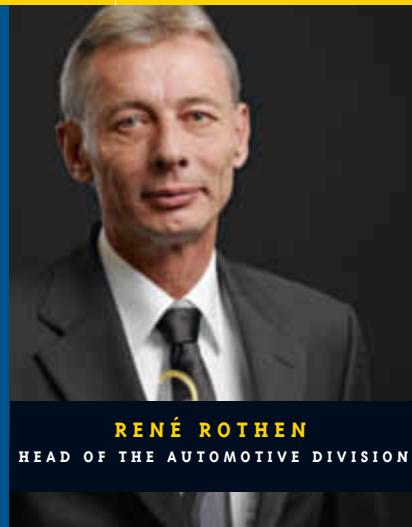
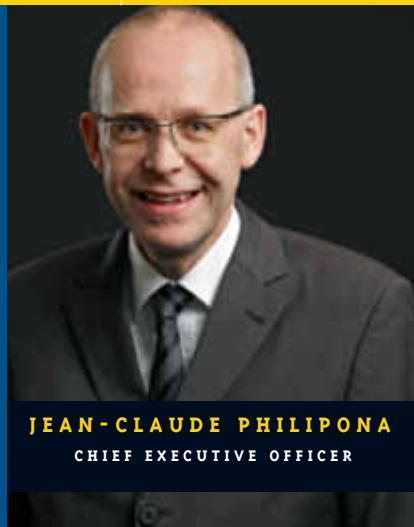
GROUP STRUCTURE



¹⁾ Member of the group management

As of April 1, 2010

GROUP MANAGEMENT



EXECUTIVE BODIES

Board of Directors

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

Audit Committee: Roland Waibel, Hans Dreier

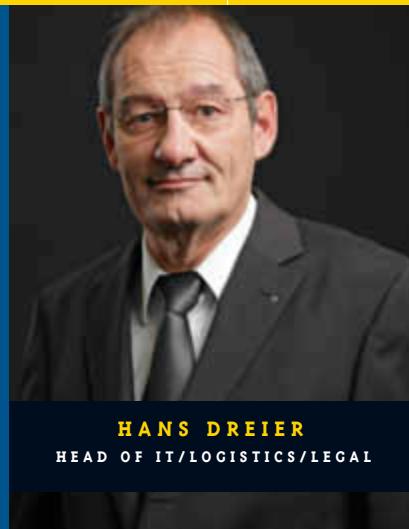
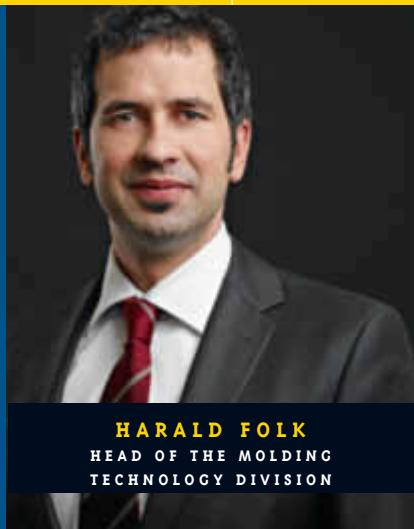
Nominations and Compensation Committee: Walter Grüebler, Michael Pieper

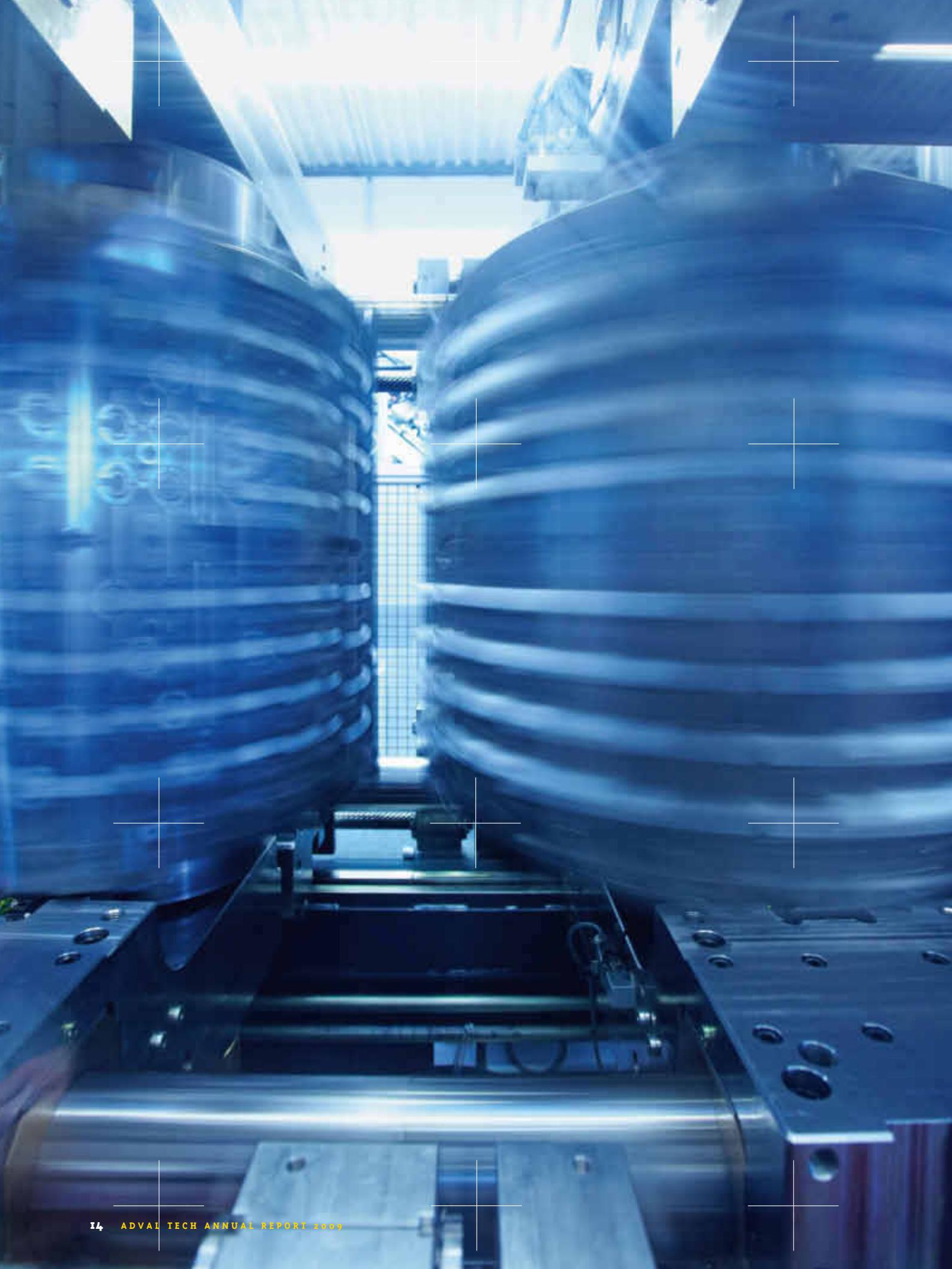
Group Management

Jean-Claude Philipona, Chief Executive Officer
René Rothen, Head of the Automotive Division
Neo Age Seng, Head of the Consumer Goods Division
Harald Folk, Head of the Molding Technology Division
Hans Dreier, Head of IT/Logistics/Legal
Markus Reber, Chief Financial Officer

Statutory Auditors

PricewaterhouseCoopers Ltd, Bern





MASSIVE SALES SETBACK AND PROMISING PROJECTS

The organizational units of the Adval Tech Group combined in the Automotive Segment are among the world's leading manufacturers of components, subassemblies and subsystems in selected sectors of the market. Adval Tech combines innovative solutions with the latest technological applications in the fields of stamping and forming as well as injection molding. In the year under review, the segment suffered to an exceptional degree from the recession and the slump in the automotive industry. Total income declined from CHF 206.7 million to CHF 134.1 million, and EBITDA from CHF 13.2 million to CHF -3.2 million.

In 2009 the automotive industry ruthlessly reduced inventories and at the same time curtailed production of new vehicles to an unprecedented extent. This difficult business environment plunged some automotive component suppliers into a struggle for existence, which resulted in extreme price pressure with offerings at dumping levels. In Western Europe the situation was further aggravated by the transfer of projects to Eastern Europe. Government stimulus programs, such as scrappage incentives in Germany, brought some relief only in lower price segments.

Adjustment of structures

In this difficult environment it was especially important for Adval Tech to adjust structures to prevailing market conditions. Adval Tech operated with short-time working in its Swiss automotive plants virtually throughout the year. At the same time, however, it was vital to press ahead resolutely with marketing and innovation activities with a view to securing our future.

Switzerland has proved to be a very difficult location for suppliers of plastic components to the automotive industry in recent years. Following the loss of a major, long-term contract for AWM Plast Tech in Merenschwand, Switzerland, group management and the Board of Directors of the Adval Tech Group

came to the conclusion in December 2009 after detailed analysis that this plant is unsuitable as a strategic manufacturing location for the automotive industry.

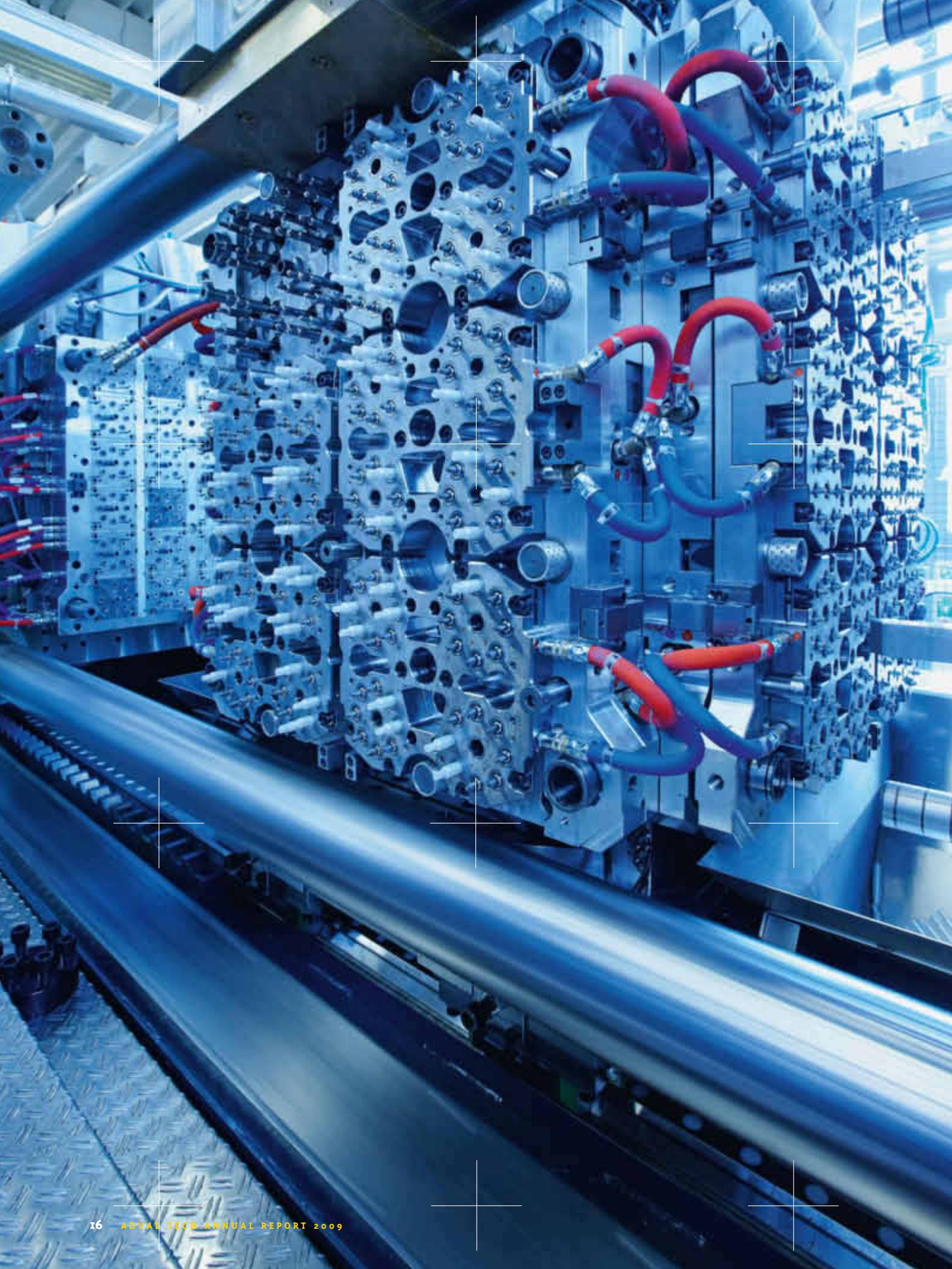
Metal and plastics combined

In its key applications Adval Tech has succeeded in securing several new orders from a number of strategic customers. These orders will begin to have an impact on sales in the course of 2010. For example, the QSCH production plant in Szekszárd, Hungary, will now manufacture metal lamp brackets together with the associated plastic housing and supply the parts ready assembled – i.e. a first concrete application combining Adval Tech's know-how in metals and plastics as foreseen in the group's vision statement: to be the preferred industrial partner – for volume components produced in large unit numbers from metal and plastic using unique technologies. Adval Tech erects new manufacturing premises in Szekszárd for the production of the plastic components.

In the marketing field the units of the Automotive Segment continue to place great emphasis on direct contact and the corresponding key account management. With its considerable industrial and applications know-how in both material fields, metals and plastics, Adval Tech is an interesting partner for all potential customers. Key customers are served by interdisciplinary teams which not only ensure the quality of products and services, but also make their customers aware of the technological potential of product developments and are able to develop new application opportunities – regardless of whether these are solutions involving metal or plastic components.

Large order from BMW

Adval Tech's biggest success in acquiring new business was an order for the development and production of twelve components for the new generation of BMW's Series 1 and 3 models. Product and process development direct with BMW commenced in



August 2009 and will lead to volume production in high runs at the end of 2011. The finished parts will ensure separation of fresh air and rainwater in the windshield/motor compartment zone. The global approach featuring project management in Muri (Switzerland), moldmaking in Haslach (Germany) and Suzhou (China) and volume production in Szekszárd (Hungary) and Suzhou (China) was an essential precondition for securing this order.

The overall product mix at Adval Tech Automotive with the main application areas of steering systems, fuel injection systems, passenger safety systems (airbags), braking systems (ABS), lighting systems and seat mounting systems remained virtually unchanged in the year under review. Some gains were made in seat mounting systems with new projects in South America (Brazil) and good development opportunities in Eastern Europe (Hungary).

In stamping and forming operations Adval Tech standardized tool concepts further in the year under review and installed an additional powerful press at the Niederwangen site.

Encouraging development in Brazil

The sales trend in 2009 was considerably better in Brazil than in Europe. Government stimulus programs successfully supported the local automotive market. In close cooperation with the Adval Tech development group in Switzerland, Styner+Bienn do Brazil acquired a number of new projects for existing customers operating on a global scale in the year under review. The resulting volume manufacturing operations will commence in 2010. A major project in the field of seat mounting systems will further expand Adval Tech's customer portfolio and its sphere of application in the local market.

MARKET SEGMENTS AND SPHERES OF APPLICATION

Metal components

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

Production platforms: Styner+Bienn Niederwangen (Switzerland), Styner+Bienn Uetendorf (Switzerland), QSCH Szekszárd (Hungary), Styner+Bienn Curitiba (Brazil); in the course of implementation for the USA, at the planning stage for the OMNI sites in China, Thailand and Mexico

Plastic components

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

Production platforms: QSCH Szekszárd (Hungary), AWM Merenschwand (Switzerland) and the OMNI sites in China, Thailand and Mexico

Product and process development direct with BMW commenced in August 2009 and will lead to volume production in high runs at the end of 2011.



Mixed trend in the complementary businesses

For organizational purposes, the Automotive Segment also incorporates the two complementary businesses of non-tool-dependent sheet metal processing and high-performance stamping and forming systems. As the market leader in housings for coffee machines for professional use, Adval Tech suffered from the collapse of this market and sales were only half the previous year's figure. New sales markets such as intralogistics proved very difficult to penetrate in the economic environment prevailing in the year under review. Together with a customer and the Federal Institute of Technology (ETH) in Zurich, Adval Tech is engaged in a promising project aimed at developing new technologies in non-tool-dependent sheet metal processing for specific applications.

Adval Tech maintained sales at the previous year's level in the field of high-performance tools and systems for stamping and forming.

Capital expenditure

CHF 10.6 million was invested in tangible fixed assets in the Automotive Segment in the year under review. A large proportion of this concerned the expansion and updating of the press portfolio in

Switzerland that had been initiated at the beginning of 2008. This will substantially increase productivity and improve process control.

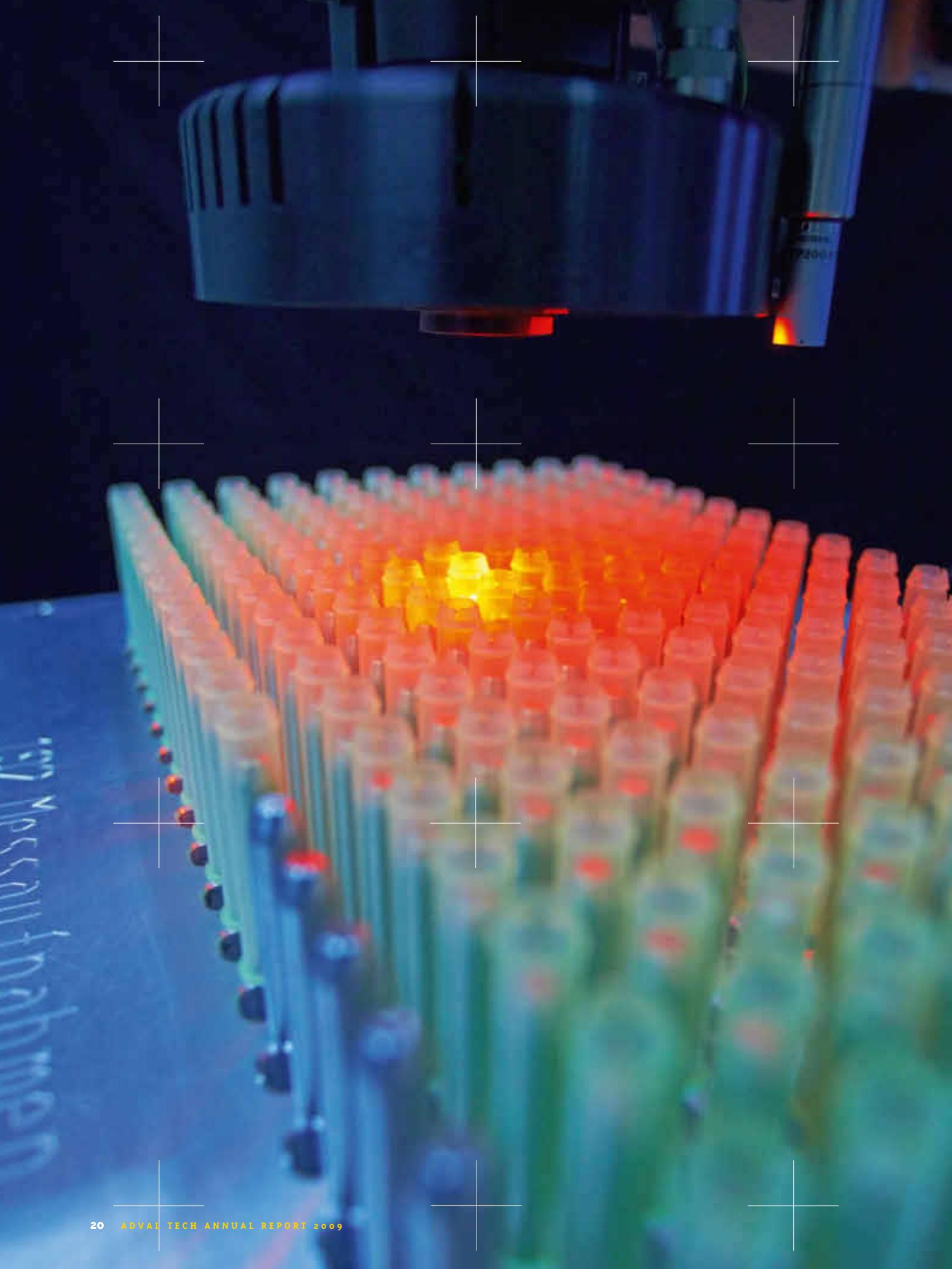
Outlook

The primary objective for Adval Tech Automotive in 2010 is to implement global projects with existing and new customers successfully and establish the necessary infrastructure for manufacturing plastic components in Hungary and China. In addition, new market opportunities arising from the segment's global positioning have to be exploited.

COVER PANEL FOR THE BMW X1

This cover panel between the hood and the windshield of the BMW X1 screens the engine compartment from view without affecting the operation of the wipers and washer jets. An adequate cross-section area ensures satisfactory fresh-air intake. If pedestrians collide with the hood, the cover must deform in a precisely defined way. The Automotive Segment has developed this two-component plastic part and has been manufacturing it in volume since September 2009.





RECESSION LEAVES CLEAR TRACES

The organizational units combined in the Medical & Consumer Goods Segment manufacture plastic components for the medical technology and consumer goods industries. They also develop and manufacture the injection molds used to produce these components. In certain market segments, Adval Tech also manufactures injection molds for third parties. Adval Tech trades on the market under the AWM, FOBOHA, OMNI and Teuscher names.

The recession left clear traces in the Medical & Consumer Goods Segment in the year under review. Total income declined from CHF 215.2 million to CHF 167.8 million, and EBITDA from CHF 11.7 million to CHF 8.7 million. Special charges for restructuring the moldmaking operations in Muri depressed EBITDA in the Medical & Consumer Goods Segment by CHF 5.3 million.

Medical Division

Adval Tech suffered a 20% fall in sales in the medical technology components business due to heavy destocking by a major customer. In contrast, the encouraging trend in the project business resulted in significantly higher sales of molds in 2009 and will also have a positive impact on component sales in 2010.

The medical technology industry is still a growth market. On the basis of the demographic trend alone, with increasing numbers of older people, market observers foresee growth rates of 4% in Europe and the US and 10% in countries such as China or India. However, this growth presupposes the ability to finance the healthcare systems in question.

In 2009 the Medical Division invested in establishing a global organization and structure with manufacturing locations in Europe, America and Asia. Adval Tech was able to secure a long-term lease on neighboring premises to expand the facility in Grenchen. The continuous growth the division is aiming for can therefore be achieved with

significantly lower capital investment than through the project for new premises that was originally planned and has now been deferred. The relevant infrastructure will also be available much sooner, in the second quarter of 2010.

Many multinational medical technology groups have established new production lines in China in the recent past. They aim to seize their opportunities in this growth market, exploit the cost advantage in China and gain market share in Asia. With the medical technology know-how of Teuscher, the mold- and die-making technology of FOBOHA and AWM, and OMNI's established presence in Asia, Adval Tech is ideally placed to establish itself as a supplier in this market. In addition to its existing facility in Suzhou, the division moved into a 3,000 m² building in the Singapore Industrial Park in Suzhou at the end of 2009 and will produce medical technology components under clean room conditions there as of spring 2010.

The Medical Division will also establish manufacturing infrastructure under controlled environment conditions at the existing Adval Tech location in Mexico in the course of 2010. Agreement has already been reached with a medical technology customer operating on an international scale for component production in Mexico for the American market.

With its three locations in Switzerland, Mexico and China, the Medical Division is ideally placed to handle global medical projects for international pharmaceutical groups.

The Medical Division intensified its contacts with strategic customers in the year under review. The division focuses its attention on a small number of customers offering great potential. In 2009 Adval Tech also attended both the MEDTEC Exhibition in Stuttgart and the MEDTEC Exhibition in Shanghai for the first time. The contacts made and intensified there are very promising.



In 2010 it will be up to the Medical Division to commence production successfully at the new locations, implement the numerous customer projects efficiently and secure further global projects from existing customers.

Consumer Goods Division

The Adval Tech Group's consumer goods business consists essentially of OMNI's components business in Asia and Mexico. The various plants primarily manufacture consumer goods components for end-users in the US. The slump in demand on the American market therefore had a correspondingly severe impact on the division's sales. Despite the substantial recovery by the US economy in the fourth quarter, the division suffered a decline in sales revenues of well over 25%. Contrary to the overall trend, sales of components for satellite TV receivers made substantial gains. OMNI supplies its main customers operating on a global scale in this market from its Chinese manufacturing plants in Xiamen and Suzhou as well as from Malaysia and Thailand.

The division secured new orders to manufacture antennae and housing components for smart phones in China. However, the production of housings for game consoles was discontinued. OMNI also received new orders for manufacturing household appliance components in its plants in Thailand and Mexico. OMNI Mexico has been producing plastic components in runs of millions for a Procter & Gamble fragrance dispenser product since January 2010.

Adval Tech has been chosen as a strategic supplier by a large manufacturer of ATMs. Initial contracts to produce components for cashboxes, keypad parts and displays will come into production in 2010.

In 2010 it will be up to the Medical Division to commence production successfully at the new locations.

MARKET SEGMENTS AND SPHERES OF APPLICATION

Components business

Consumer goods

- Home electronics
- Household appliances
- Office and communication equipment

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

Medical technology

- Medical devices
- Diagnostic systems

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

Moldmaking

High-performance molds for plastic components

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

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

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

These orders comprise both the manufacture of injection molds and volume production in the division's plants in China and Malaysia.

In its marketing efforts the Consumer Goods Division is also placing great emphasis on direct contacts and the associated key account management. Interdisciplinary teams with leading industry and technological know-how are in a position to point out to key customers the most efficient industrialization solutions and to implement these globally.

Molding Technology Division

The Molding Technology Division also reported substantially lower overall sales than in the previous year. The market situation for the Muri facility again deteriorated significantly, resulting in further restructuring measures and the loss of some 70 jobs in September 2009. The business with molds for optical discs (OD) – the main source of sales in recent years – came virtually to a standstill. AWM Mold Tech Ltd completely reorganized its management structure and restructured internal processes.

First silver linings appeared in the thin-wall food packaging sector, where AWM launched promising new developments – such as injection molding of plastics with barrier properties. The relevant implementations are undergoing volume production trials, and various other customer enquiries indicate the potential that exists for these developments.

AWM is about to conclude the pilot phase in various projects in the field of optical applications. AWM will present such an application, in which the coating is applied to the plastic lens directly in the injection mold, together with its customer at the 2010 K-Messe plastics exhibition.

Order intake at FOBOHA made a considerable recovery in the course of the year under review after a weak first quarter. The successes achieved in securing orders from existing and new customers are a consequence of the company's high quality, its unique innovative drive and not least also its integration in the global structure of the Adval Tech Group.

GENTLE APPLICATION FOR PATIENTS

The new SCHOTT InJentle injection system provides improved stability for highly sensitive active ingredients and very gentle application for patients. Teuscher Kunststoff-Technik AG already supported its customer during the development phase with regard to the appropriate material, functional and process design of this injection system and is now providing manufacturing capacity in a clean room environment for the implementation phase. Its affiliate AWM Mold Tech Ltd develops and manufactures the molds. Teuscher defines the processes for injection molding, assembly and quality testing and executes the project in conformity with GMP (Good Manufacturing Practice) guidelines.

Moldmaking operations in Suzhou (China) are provisionally still included in the Consumer Goods Division in organizational terms. Commenced on a greenfield site at the beginning of 2008, the OMNI Tech Center is now already a trend-setting moldmaking center for Asia – a successful example of the multiplication of know-how adapted from Europe. This was made possible by technical support from FOBOHA, combined with the mutual exchange of personnel.

Capital expenditure

CHF 2.6 million was invested in tangible fixed assets in the Medical & Consumer Goods Segment in the year under review, considerably less than in the previous year (CHF 9.9 million). A large proportion of this was spent on plastic injection molding machines at various locations.

Outlook

Interesting market opportunities are emerging at all organizational units of the Medical & Consumer Goods Segment, raising expectations of significantly higher total income and a distinct improvement in operating earnings for 2010.



"Our prodigious innovation potential opens up excellent market opportunities for us in conjunction with our global platforms in the automotive, medical and consumer goods markets."

Jean-Claude Philipona, CEO



"Our primary concern in 2010 is to implement the global projects with existing and new customers successfully and establish the manufacturing infrastructure for plastic components in Hungary and China."

René Rothen, Head of the Automotive Division

"Our interdisciplinary teams with their leading industry and technological know-how are able to identify the most efficient industrialization solutions and implement these on a global scale."

Neo Age Seng, Head of the Consumer Goods Division



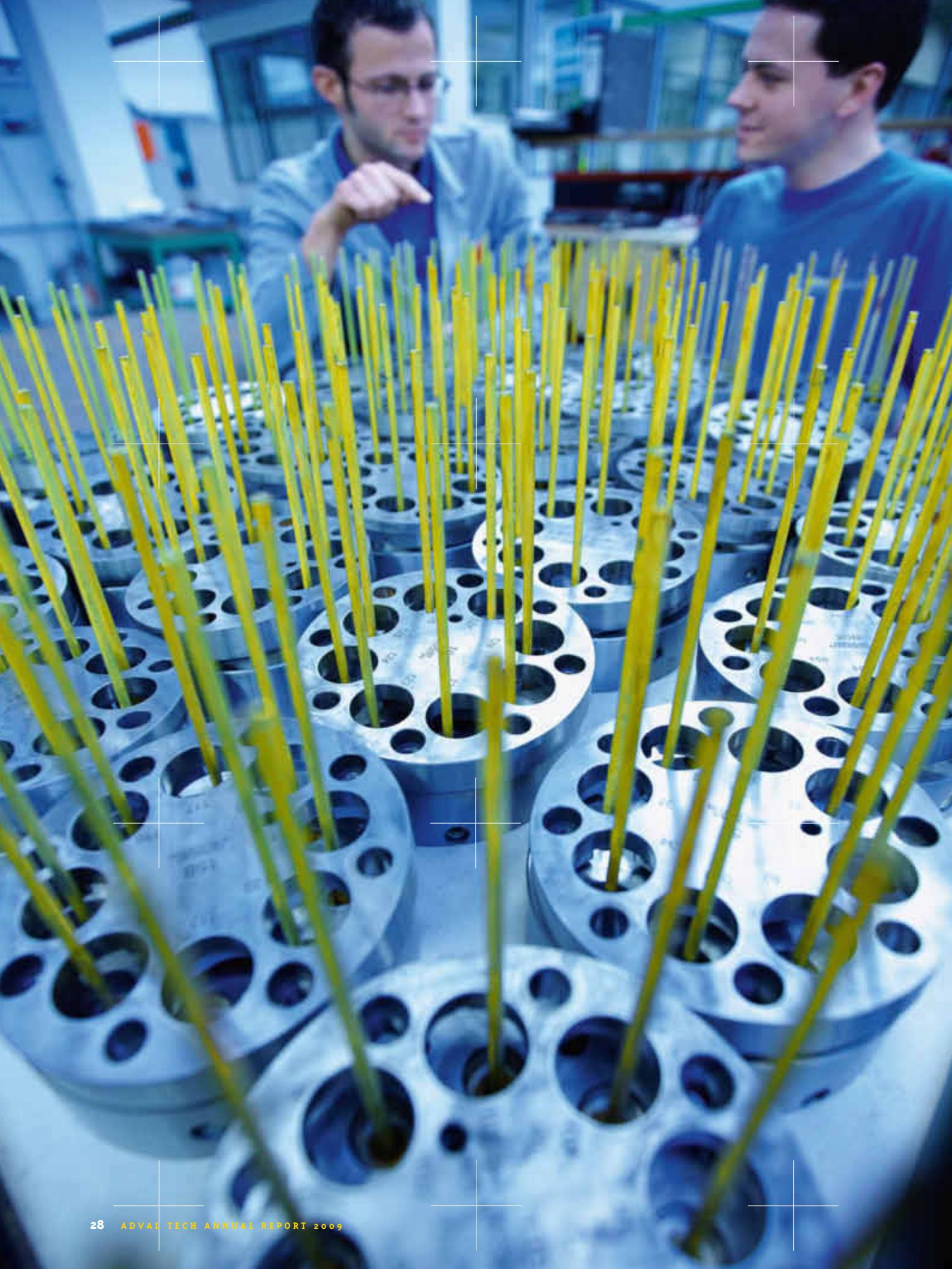
"The global structure of the Adval Tech Group creates excellent development opportunities – especially in moldmaking."

Harald Folk, Head of the Molding Technology Division



"The encouraging trend in the project business will have a positive impact on component sales in the Medical Division in 2010."

Iwan Meier, Head of the Medical Division



CORPORATE DEVELOPMENT ALSO MEANS PERSONNEL DEVELOPMENT

After group management and managerial staff had established the fundamental elements of the group's future corporate culture and the new communication and human resources strategy in 2008, the emphasis in the year under review was on the related detailed structure and its implementation in the form of specific steps. Management completed the formulation of the vision, the mission and the values of the Adval Tech Group and communicated these in-house. It also started a comprehensive training program for existing and potential managers as well as an in-house program of instruction for employees, and launched a group-wide personnel magazine.

One element of the Adval Tech Group's human resources philosophy is the recruitment of the right personnel worldwide, their development and training, and the long-term retention of the best of them. Adval Tech also aims to be an attractive and competitive employer that is able to acquire qualified specialist and managerial staff.

Adval Tech conducted an individual assessment of existing management and potential up-and-coming managers in the year under review. Their relevant strengths and weaknesses, potential for improvement and personal training needs were deduced from this. These findings provided the basis for developing a specific Adval Tech training concept.

Adval Tech defines as potential managers those employees who

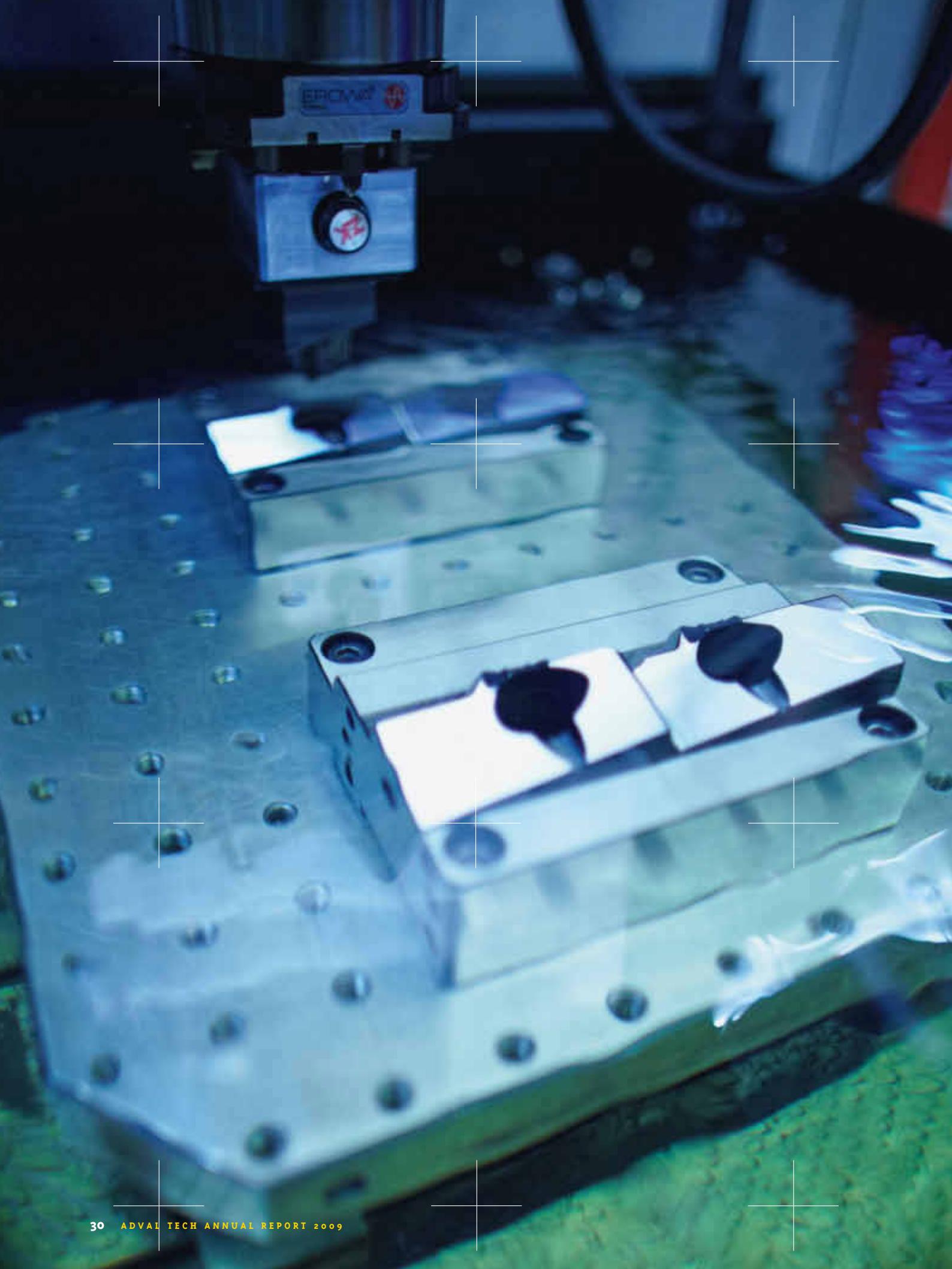
- achieve far above-average performance and/or
- show potential for far above-average performance
- demonstrate abilities that are valuable for the group
- perform an important function at Adval Tech and/or
- are difficult to recruit.

The Adval Tech Group has defined the following as the most important abilities that it expects from its leading employees:

- leadership (entrepreneurial skills, customer focus, managerial ability)
- strategic grasp and authority
- communication skills (sociability, teamwork, sensitivity, assurance)
- integrity

Adval Tech conducted in-house courses on the following subjects in the year under review: Performance Selling (selling, key account management, sales training, sales management), Presentation Techniques and Business Administration. Training was coordinated across the group as a whole. The Adval Tech Group's vision, mission and values were incorporated in all in-house training courses so that employees understand the fixed points of reference from which the group takes its bearings.

In autumn 2009 the Adval Tech Group also launched its new, group-wide personnel magazine entitled "Values", which is published twice a year. "Values" is not only intended to be a mouthpiece for group management – information will also be contributed directly by employees. This flow of information will be ensured by means of a so-called framework concept. The frame, i.e. the cover together with the first and the last four pages of each issue, will be the same throughout the group. The inside section – comprising four, eight or twelve pages, depending on requirements – will be produced individually by the business units. In this way Adval Tech ensures the flow of personnel information within the individual organizational units and at the same time provides an outward-looking overview of the group as a whole.



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

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

Corporate structure and shareholders

Adval Tech Holding Ltd, incorporated in Niederwangen, Switzerland, is organized as a holding company under Swiss law and directly or indirectly owns all Adval Tech companies worldwide.

For operational purposes the Adval Tech Group has been organized since April 1, 2009, in two segments – “Automotive” and “Medical & Consumer Goods.” In the Automotive Segment, which targets the automotive industry, the Adval Tech Group focuses on the components business. The Medical & Consumer Goods Segment incorporates the Medical, Consumer Goods and Molding Technology divisions. Services for the key medical and consumer goods markets are based on an integrated business model comprising both the development and manufacture of molds and the production of plastic components. At the same time, the separation into three divisions enables the medical and consumer goods

sectors to maintain a market-specific focus and the molding technology sector to adopt a technology-oriented approach. The activities of the three divisions are closely coordinated under the direction of the CEO. Group management and group financing are conducted through Adval Tech Management Ltd and Adval Tech Holding Ltd. Business is conducted through the relevant group companies. The group structure is set out on page 12.

Adval Tech B registered shares were listed on the SIX Swiss Exchange as of June 4, 1998, under securities code number 896 792. All shares of Adval Tech Holding Ltd have been listed on the SIX Swiss Exchange since July 5, 2004, under the above securities code number. Their Telekurs ticker symbol is ADVN, their Bloomberg symbol ADVN SW, their ISIN number CH0008967926. The market capitalization of Adval Tech Holding Ltd on December 31, 2009, was CHF 155.5 million.

Adval Tech Management Ltd held a total of 490 shares, i.e. 0.07% of the share capital of Adval Tech Holding Ltd on December 31, 2009; the remaining group companies hold no shares in Adval Tech Holding Ltd.

The following companies are included in the scope of consolidation on December 31, 2009:

Company	Registered office		Share capital	Equity holding
Adval Tech Holding Ltd	Niederwangen, Switzerland	TCHF	14,600	
Adval Tech Management Ltd	Niederwangen, Switzerland	TCHF	100	100%
Styner+Bienz FormTech Ltd	Niederwangen, Switzerland	TCHF	3,050	100%
Styner+Bienz do Brazil Ltda.	São José dos Pinhais PR, Brazil	TBRL	939	100%
QSCH Termelő és Kereskedelmi Kft.	Szekszárd, Hungary	TEUR	1,000	100%
AWM Plast Tech Ltd	Merenschwand, Switzerland	TCHF	600	100%
Teuscher Kunststoff-Technik AG	Grenchen, Switzerland	TCHF	2,000	100%
OMNI Investors Pte. Ltd	Singapore	TUSD	13,517	100%
OMNI Industries Holdings Pte. Ltd	Singapore	TUSD	56,885	100%
OMNI Plastics (Thailand) Co. Ltd	Rayong, Thailand	TTHB	40,000	100%
OMNI Plastics (Suzhou) Co. Ltd	Suzhou, China	TUSD	4,160	100%
OMNI Plastics (Xiamen) Co. Ltd	Xiamen, China	TUSD	3,100	100%
OMNI Precision Sdn. Bhd.	Johor, Malaysia	TUSD	505	100%
OMNI Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,500	100%
OMNI Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%
OMNI Industries Tech Centre (Suzhou) Co. Ltd	Suzhou, China	TUSD	3,500	100%
OMNI Plastics Pte. Ltd	Singapore	TUSD	4,241	100%
OMNI Manufacturing Services S.A. de C.V.	Querétaro, Mexico	TUSD	3,500	100%
OMNI HR Resource Services S.A. de C.V.	Querétaro, Mexico	TUSD	5	100%
AWM Mold Tech AG	Muri (AG), Switzerland	TCHF	600	100%
AWM Swiss Technology Ltd	Hong Kong, China	THKD	10	100%
AWM Mold Tech Trading (Shanghai) Co. Ltd	Shanghai, China	TUSD	1	100%
AWM Mold Service US Inc.	Beverly, MA, USA	TUSD	1	100%
FOBOHA Holding GmbH	Haslach, Germany	TEUR	25	100%
FOBOHA GmbH	Haslach, Germany	TEUR	512	100%
FOBOHA US, Inc.	Beverly, MA, USA	TUSD	1	100%
AWM Plastpack AG	Muri (AG), Switzerland	TCHF	600	100%

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

Shareholders holding more than 3% of the registered share capital (as shown in the shareholders' register or according to the latest published disclosure report) recorded in the Commercial Register on December 31, 2009, are listed below.

- Willy Michel 23.5%
- Artemis Beteiligungen II AG¹⁾ 21.2%
- Rudolf Styner 10.1%
- Hansruedi Bienz 7.5%
- Lombard Odier Darier Hentsch Fund Managers SA 6.9%
- Sarasin Investment Fonds AG 6.0%
- Einfache Gesellschaft Dreier²⁾ 3.5%

Beneficial owners:

1) Michael Pieper

2) Hans Dreier, Rudolf Dreier

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

The overall structure of shareholdings at December 31, 2009, was as follows:

Number of shares	Shareholders
1 to 100	379
101 to 1,000	80
1,001 to 10,000	17
More than 10,000	9
Total	485

Capital structure

As of December 31, 2009, the capital stock of Adval Tech Holding amounted to CHF 14.6 million, divided into 730,000 registered shares with a par value of CHF 20 each. All the shares carry the same voting and dividend rights. The share capital is fully paid. With respect to restrictions on registration, reference is made to the section on stockholders' rights of co-determination (see pages 41 and 42).

As of December 31, 2009, there was no authorized or conditional capital, nor were any participation- or dividend-right certificates, convertible bonds or options in issue.

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

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

in CHF	12/31/2009	12/31/2008	12/31/2007
Share capital	14,600,000	14,600,000	7,300,000
General reserves	102,600,105	102,600,105	9,500,000
Reserve for treasury stock	140,717	145,420	71,800
Free reserves	14,954,930	14,950,227	15,023,847
<i>Share capital and reserves</i>	<i>132,295,752</i>	<i>132,295,752</i>	<i>31,895,647</i>
Balance brought forward	40,762,511	41,599,067	40,314,884
Net profit for the year	-9,375,968	-836,556	3,839,183
<i>Retained earnings</i>	<i>31,386,544</i>	<i>40,762,511</i>	<i>44,154,067</i>
Total shareholders' equity	163,682,295	173,058,263	76,049,714

There were no changes in capital in the year under review.

The following changes in capital took place in 2008: The annual general meeting held on April 24, 2008, adopted a motion to increase the share capital by issuing 365,000 registered shares with a par value of CHF 20 each. The issue price was CHF 275 per share. The newly issued shares were underwritten and offered to existing shareholders for purchase. Trading of the newly issued shares on the SIX Swiss Exchange commenced on May 7, 2008.

There were no changes in capital in the year 2007.

Board of Directors

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

- **Walter Grüebler** (Chairman), born 1942, Swiss; PhD (Econ.) St.Gall; member of the Executive Board of Alusuisse, Zurich (1990–1999), CEO of Sika AG, Baar (2000–2004), Chairman of Sika AG, Baar (since 2005); director since 1997, non-executive, term of office expires at the AGM for the 2011 fiscal year.
- **Michael Pieper** (Vice Chairman), born 1946, Swiss; MA (Econ.) St.Gall; owner and CEO of the Franke Artemis Group AG (since 1989); director since 2004, non-executive, term of office expires at the AGM for the 2009 fiscal year.
- **Leonardo Attanasio**, born 1942, German; MBA; CEO of Johnson Controls GmbH, Burscheid, Germany (1996–2004), Chairman of the Supervisory Board of Industriale Sud, Teramo, Italy (1997–2004), supervisory board of JC INSITU Beteiligungsgesellschaft mbH (until 2008), Greifrath, Germany, independent consultant (since 2006); director since 2005, non-executive,

term of office expires at the AGM for the 2010 fiscal year.

- **Hans Dreier**, born 1953, Swiss; MBA FH; executive director since 1988, Head of IT/Logistics/Legal at the Adval Tech Group, Niederwangen, term of office expires at the AGM for the 2011 fiscal year, further information on his professional career can be found under Executive management on page 38.
- **Willy Michel**, born 1947, Swiss; Dr. h.c.; CEO of Novo Nordisk Switzerland (1978–1984), co-founder, Chairman of the Board of Directors and CEO of Disetronic Ltd, Burgdorf (1984–2003), Chairman of the Board of Directors of Ypsomed Holding Ltd, Burgdorf (since 2003); director since 2007, non-executive, term of office expires at the AGM for the 2009 fiscal year.
- **Roland Waibel**, born 1958, Swiss; PhD; various executive positions at the Lonza Group, Basel, including Group Controller, CFO and Senior Vice President, Corporate Development (1989–2006), CFO of the Omya Group, Oftringen (since 2006); director since 2005, non-executive, term of office expires at the AGM for the 2010 fiscal year.

Walter Grüebler and Hans Dreier were re-elected individually for a further three-year term of office (until the AGM for the 2011 fiscal year) at the annual general meeting held on May 14, 2009. Prof. Dr. Josef Reissner did not stand for re-election at the annual general meeting for the 2008 fiscal year, having reached the age limit.

Walter Grüebler is Chairman of the Board of Sika AG, Baar, and a director of the following companies: Quadrant AG, Lenzburg (until October 2009), Nationale Suisse, Basel, and Petroplus Holdings AG, Zug. Furthermore he is a member of the Foundation Board of Trustees of the ETH Zurich Foundation.

Michael Pieper is Chairman of Franke Artemis Holding AG, Hergiswil, and its subsidiaries, and of

Franke subsidiaries worldwide. He is also a director of the following companies: Berenberg Bank (Switzerland) AG, Zurich, Hero AG, Lenzburg, Feintool International Holding AG, Lyss (until January 10, 2010), Forbo Holding AG, Baar, and Rieter Holding AG, Winterthur.

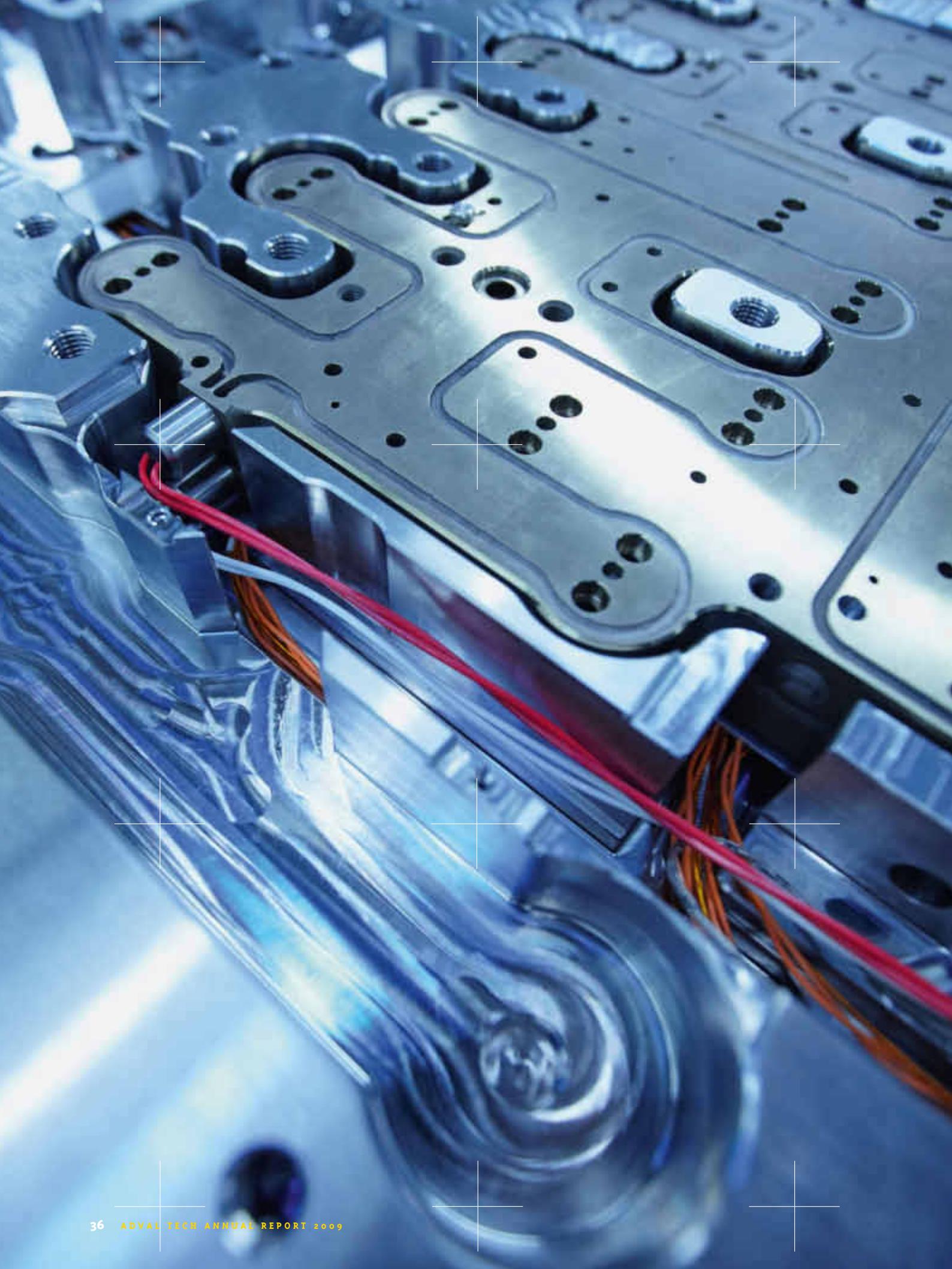
Willy Michel is Chairman of the Board of Directors of Ypsomed Holding AG, Burgdorf, and Vice Chairman of the Board of Directors of BV Holding AG, Bern.

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

Ypsomed AG in Burgdorf and Adval Tech Holding Ltd signed an agreement on strategic cooperation in moldmaking in June 2007. The objective of this cooperative venture is to combine the respective strengths and core competencies of Ypsomed and Adval Tech and exploit them for the economically efficient manufacture of high-quality products. The Adval Tech Group's business relationships with directors and officers or parties related to them are detailed in Note 38 of the financial reports on page 95.

The Articles of Incorporation and the regulations governing the organization and conduct of business of Adval Tech Holding Ltd can be found on the Internet at www.advaltech.com/en/gruppe/corporate-governance.html.

In terms of the Articles of Incorporation of Adval Tech Holding Ltd, the Board of Directors has at least three members, who are elected for a three-year term of office. Re-election is permitted. The Articles of Incorporation include no provisions regarding an



age limit for directors. 70 has been stipulated as the age limit in the regulations governing the organization and conduct of business.

The Board of Directors represents the highest decision-making authority in the company, subject to those matters on which, according to legal provisions, the shareholders must decide. It performs the following duties: specifying the framework of the mission statement, strategic focus and objectives as well as medium-term planning and the annual budget for group management; defining the group organization; appointing and dismissing the CEO and other members of group management; ensuring operational management of the group; drawing up the annual report; approving the budget and medium-term planning; preparing the annual general meeting. The Board of Directors executes the motions adopted by the annual general meeting and supervises the practical realization of the mission statement and the implementation of the strategy as well as the course of business. It also oversees finance and accounting matters and approves the material transactions for which it is solely responsible according to the allocation of authority in effect. These include in particular corporate acquisitions or disposals, contracts regarding licenses and cooperation.

The Board of Directors can delegate the preparation, execution and supervision of its duties to committees or individual directors. It has formed an Audit Committee and a Nominations and Compensation Committee for this purpose. The duties and authority of the board committees are listed in paragraphs 5 and 6 of the regulations governing the organization. The composition of the board committees is as follows: Audit Committee: Roland Waibel (Chairman), Hans Dreier. Nominations and Compensation Committee: Walter Grüebler (Chairman), Michael Pieper.

The duties, authority and responsibilities of the Board of Directors and the board committees are stipulated in the regulations governing the organi-

zation of Adval Tech Holding Ltd. The Board of Directors meets as often as business requires, but at least four times a year, with the Chairman presiding. Six meetings were held in 2009. Board meetings usually last half a working day.

The Audit Committee is responsible for reviewing the annual financial statements and other financial information. It discusses the results of audits with the external auditors, 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 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 2009. The meetings usually last two to four hours. The audit findings can be seen in the financial report on page 97 for the consolidated financial statements and page 105 for Adval Tech Holding Ltd.

The Nominations and Compensation Committee prepares personnel planning at board and group management level. This includes specifying the criteria for candidate searches and preparation of their selection as well as succession planning and talent development. It assesses the performance of group management for the attention of the Board of Directors and stipulates the remuneration of group management. It also submits proposals for the compensation of the Board of Directors. Other business, including remuneration of the Board of Directors, is decided upon by the Board of Directors as a whole in response to proposals by the Nominations and Compensation Committee. The Nominations and Compensation Committee meets as often

as business requires, but at least once a year. The CEO usually attends its meetings in a consultative capacity. One meeting was held in 2009. The meetings usually last between one and two hours.

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 information on the current course of business in the major group companies and the group as a whole (key figures from the income statement and the balance sheet, information on capital expenditure, with additional comments), the status of important projects and major developments on the markets. The Board arranges to be informed as necessary about the progress of strategic projects. In addition to these written reports, the CEO, and if necessary other members of group management, attend the board meetings, at which open issues and further inquiries can be discussed or answered. Proposals and reports are submitted to the Board of Directors in writing in good time prior to the meeting. 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 104 of the financial report. The management of financial risks is described in detail in Note 2 on page 57 of the financial report, cooperation with the auditors on page 42.

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

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

Executive management

The executive management team of the Adval Tech Group (group management) as of January 1, 2010:

- **Jean-Claude Philipona**, born 1953, Swiss; with Adval Tech since 1997; Chief Executive Officer; MA (Econ.). Career: executive management consultant, focusing on strategy, organization and controlling at PricewaterhouseCoopers in Bern and its predecessor organizations (1982–1989); CFO and member of executive management at Papierfabrik M-Real AG in Biberist and its predecessor organizations (1989–1997); joined the Adval Tech Group as CFO in anticipation of the IPO, CEO since January 1, 2001. Member of the executive committee of Swissmem, director of Crealogix Holding AG.
- **Hans Dreier**, born 1953, Swiss; with Adval Tech since 1982; Head of IT/Logistics/Legal; MBA FH. Career: project manager, then systems manager at Honeywell Bull, Düsseldorf, Germany (1980–1982); joined Styner+Bienz as Head of Information Technology, as of 1984 Head of Sales and Marketing, since 1997 member of group management in his current position. Member of the Board of Directors of Adval Tech Holding Ltd since 1988; see page 35.
- **Harald Folk**, born 1969, German; with Adval Tech since October 2009; Head of the Molding Technology Division; Certified Engineer (mechanical engineering), MBA (University of Michigan). Career: project manager, head of department and senior development engineer at Kostal of America in Novi, USA (1999–2003),

Head of Development USA at Fischer Automotive System, Auburn Hills, USA (2003–2006), Head of Development North America at Dr. Schneider Automotive in Detroit, USA (2006–2008), until September 2009 General Manager and member of executive management at Läpple Formenbau GmbH in Möckmühl, Germany; joined Adval Tech on October 1, 2009, as Head of the Molding Technology Division.

- **Markus Reber**, born 1963, Swiss; with Adval Tech since 2002, Chief Financial Officer, MBA FH. Career: controller and CIO at ABB-MMD Robotics AG, Deitingen (1989–1992), Commercial Manager of ABB Fläkt AG, Lucerne (1993), Head of Finance and Administration in the Repair unit of Swisscom AG, Bern (1993–1997), Head of Finance and Controlling in the Service and Repair unit of Swisscom AG, Bern (1997–2000), Head of Finance and Central Services at the Feusi-Bildungszentrum, Bern (2000–2002). Joined Adval Tech as Group Controller, CFO since January 1, 2007.
- **René Rothen**, born 1959, Swiss, with Adval Tech since 2007, Head of the Stamping and Forming Division, Grad. Eng. HTL. Career: head of product development, machine tool manufacturing at EWAG AG, Etziken (1983–1993), various executive positions at Saia-Burgess in Murten (1993–2006), including Head of Operations, Switzerland and Hungary, and finally also as CEO of a subsidiary in the US. Joined Adval Tech as Head of Division.
- **Neo Age Seng**, born 1954, Singapore citizen; with Adval Tech since January 2008; President of OMNI Industries Holdings Pte Ltd; Graduate Tool & Die Engineer of Singapore Polytechnics and certificate in Plastic Mold Design. Career: Tooling Engineer with HP Singapore (1987–1989); Principal Tooling Engineer with Apple Computer Singapore (1989–1991); Managing Director of OMNI Mold Ltd and Tech Group Singapore (1996–2003); Chief Executive Officer of

Tech Group Asia, Singapore (2003–2005); Chief Technology Officer of Sunningdale Tech Ltd (July 2005–January 2006); CEO of OMNI Industries Holdings Pte Ltd (2006–2007). Joined Adval Tech as President of OMNI Industries Holdings Pte Ltd.

Thomas Meyer left the group management team in the context of the reorganization of the Adval Tech Group at the end of March 2009.

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 private or public law and also hold no important political offices.

There are no management contracts between Adval Tech Holding Ltd or any of its group companies and third parties.

Remuneration, equity holdings and loans

The Appointments and Compensation Committee proposes the remuneration of the Board of Directors and defines the compensation of group management. Remuneration is defined so as to conform with market rates for the position in question and to reflect the qualification, professional experience and performance of the individual concerned.

The remuneration of the Board of Directors consists of a fixed fee (approx. 70% of total remuneration), an attendance fee (approx. 20% of total remuneration) and a lump sum to cover expenses (approx. 10% of total remuneration). The total remuneration of the members of the Board of Directors is disbursed in cash.

The remuneration of the members of group management consists of a fixed component and a variable component. The fixed component consists of a basic salary, a lump sum to cover expenses and fringe benefits (company car). The variable component depends on business performance (operating earnings before depreciation, interest and taxes, approx.



weighting 70%) and the achievement of individual targets (approx. weighting 30%). The variable component of the remuneration is limited to 120% of the fixed component.

The amount of the performance-related component is defined by the Appointments and Compensation Committee.

Both the fixed and the variable remuneration for 2008 were disbursed to the members of group management in cash in 2009. A part of the variable remuneration for 2009 will be disbursed in shares of the Adval Tech Holding Ltd in 2010.

The remuneration and equity holdings of directors and officers are listed in accordance with Art. 663b of the Swiss Code of Obligations in the appendix to the financial reports of Adval Tech Holding Ltd on pages 101 to 103 of the annual report.

Shareholders' rights of co-determination

Purchasers of registered shares are entered in the shareholders' register as shareholders with voting rights upon application, if they expressly state that they have acquired the registered shares in their own name and for their own account. As provided by Article 7 of the Articles of Incorporation of Adval Tech Holding Ltd dated May 6, 2008, purchasers of shares will not be registered with voting rights for more than 5% of the registered share capital recorded in the Commercial Register. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations. Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006 the Board of Directors granted an exception in favor of Artemis Beteiligungen II AG, which acquired its holding from Franke Holding AG in the second half of 2005. Beneficial ownership remained unaffected by this transaction. On January 30, 2007, the Board of Directors permitted an exception in favor of Willy Michel, which was granted

in connection with a cooperation agreement. Furthermore, these voting restrictions do not apply to the shareholders who were registered with a holding of registered shares exceeding 5% of all share votes when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Rudolf Styner, Hansruedi Bienz, Einfache Company Dreier). The exceptions granted were confirmed by the Board of Directors with reference to the increase in share capital in May 2008. Fiduciary entries in the shareholders' register are only possible without voting rights. The Articles of Incorporation of Adval Tech Holding Ltd regarding quorum requirements conform to legal provisions (Art. 704, Swiss Code of Obligations).

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

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

Change of control and defensive measures

The Articles of Incorporation of Adval Tech Holding Ltd include no provisions for "opting-out" or "opting-up" upon reaching the legal value threshold.

The contracts of employment of directors and officers also include no clauses relating to change of control.

Auditors

PricewaterhouseCoopers AG in Bern, i.e. their legal predecessors Revisuisse PriceWaterhouse, were elected as statutory auditors for Adval Tech Holding Ltd and as group auditors in 1991. Peter Wittwer acts as lead auditor (since 2004). Auditors for Adval Tech Holding Ltd and the consolidated financial statements are elected for a term of office of one year. Audit fees invoiced to PricewaterhouseCoopers AG in 2009 totaled CHF 525,000. The following fees were also paid to PricewaterhouseCoopers AG in 2009:

	Fee in CHF
Tax consulting	146,000
Projects	13,000
Total additional fees	159,000

The auditors report their audit findings in writing to the Board of Directors and the Audit Committee at least twice a year. The significant findings and recommendations in the auditors' reports are discussed in detail with the Audit Committee and, when necessary, with the Board of Directors as a whole and group management. The auditors also attended three meetings of the Audit Committee in 2009 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 agrees the relevant fees. The committee also periodically reviews 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 legal requirements.

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 Jean-Claude Philipona and CFO Markus Reber 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 the SIX Swiss Exchange. This can be accessed at www.six-exchange-regulation.com/admission/listing_en.html.

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

Important events are announced in compliance with the ad hoc publicity requirements of the 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 continuously at www.six-exchange-regulation.com/obligations/management_transactions/notifications_en.html.

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

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

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

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

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

Contact:

Jean-Claude Philipona
Chief Executive Officer

Markus Reber
Chief Financial Officer

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

Agenda:

General meeting of shareholders 2010:
Thursday, May 6, 2010, Bern

Announcement of semi-annual results:
End of August 2010

**FINANCIAL REPORTS
OF THE ADVAL TECH GROUP
FOR 2009**

CONSOLIDATED BALANCE SHEET

	Notes	12/31/2009	12/31/2008
CHF 1,000			
Liquid assets		23,496	31,829
Trade accounts receivable	4	49,497	46,933
Other receivables	5	9,941	15,958
Inventories and work in progress	6	42,107	62,806
Tangible fixed assets held for sale	8	13,766	0
Prepaid expenses and accrued income	7	2,832	2,599
Total current assets		141,639	160,125
Tangible fixed assets	8	144,629	170,525
Financial assets	10	1,942	928
Intangible assets	11	72,975	74,436
Pension assets	18	36	733
Deferred tax assets	19	3,409	3,066
Total fixed assets		222,991	249,688
Total assets	31	364,630	409,813
Trade accounts payable	12	23,832	33,128
Short-term interest-bearing liabilities	13, 16	4,608	4,343
Other short-term liabilities	14, 35	19,464	17,486
Accrued expenses		15,847	18,022
Short-term provisions	18	2,980	3,607
Accrued current income taxes		1,007	2,135
Total short-term liabilities		67,738	78,721
Long-term interest-bearing liabilities	15, 16	113,572	110,095
Other long-term liabilities	17	193	10,386
Long-term provisions	18, 25	5,790	3,629
Deferred tax liabilities	19	5,957	8,875
Total long-term liabilities		125,512	132,985
Total liabilities	31	193,250	211,706
Share capital	20	14,600	14,600
Capital reserves		146,799	146,799
Treasury stock		-141	-145
Translation differences		-15,245	-15,555
Hedging reserves		0	0
Retained earnings		25,367	52,408
Total shareholders' equity		171,380	198,107
Total liabilities and shareholders' equity		364,630	409,813

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	2009	2008
Net turnover	22, 31	298,723	396,339
Change in inventories of semi-finished and finished goods		-15,979	-3,935
Own work capitalized		2,629	2,059
Other operating income	1.1, 3	12,302	22,062
Total income	31	297,675	416,525
Cost of materials and services	23	-123,974	-185,473
Personnel expenses	24	-110,999	-133,687
Other operating expenses	26	-56,966	-71,029
Operating expenses		-291,939	-390,189
Operating earnings before depreciation (EBITDA)	31	5,736	26,336
Depreciation on tangible fixed assets	8	-28,080	-26,479
Depreciation on intangible assets	11	-979	-1,142
Depreciation		-29,059	-27,621
Operating earnings (EBIT)	31	-23,323	-1,285
Financial income	27	5,531	10,740
Financial expenses	27	-11,633	-22,940
Net financial income		-6,102	-12,200
Net result before income taxes		-29,425	-13,485
Income taxes	28	2,389	4,251
Net result		-27,036	-9,234
Earnings per share (CHF)	29		
Undiluted		-37.06	-15.30
Diluted		-37.06	-15.30

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

**STATEMENT OF OTHER COMPREHENSIVE INCOME
AND EXPENSES**

CHF 1,000	2009	2008
Net result after tax	-27,036	-9,234
Gains/losses posted to shareholders' equity		
– Exchange rate differences arising from the net investment approach	1,757	-8,611
– Currency hedging for the OMNI acquisition	0	1,401
– Exchange rate differences arising from balance sheet items	-1,447	-8,841
Total net result	-26,726	-25,285

SHAREHOLDERS' EQUITY

CHF 1,000	Share capital	Capital reserves	Treasury stock	Hedging	Translation differences	Retained earnings	Total shareholders' equity
At January 1, 2008	7,300	57,324	-72	-1,401	1,897	64,192	129,240
Net result after taxes	0	0	0	0	0	-9,234	-9,234
Other comprehensive income and expenses	0	0	0	1,401	-17,452	0	-16,051
<i>Net result for the year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,401</i>	<i>-17,452</i>	<i>-9,234</i>	<i>-25,285</i>
Increase of share capital	7,300	89,475	0	0	0	0	96,775
Dividends	0	0	0	0	0	-2,555	-2,555
Purchase/sale of treasury stock	0	0	-73	0	0	5	-68
At December 31, 2008	14,600	146,799	-145	0	-15,555	52,408	198,107
Net result after taxes	0	0	0	0	0	-27,036	-27,036
Sundry components of aggregate result	0	0	0	0	310	0	310
<i>Net result for the year</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>310</i>	<i>-27,036</i>	<i>-26,726</i>
Increase of share capital	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Purchase/sale of treasury stock	0	0	4	0	0	-5	-1
At December 31, 2009	14,600	146,799	-141	0	-15,245	25,367	171,380

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

The item included in shareholders' equity for hedging currency risks is related to the acquisition of OMNI Investors Pte. Ltd, completed in January 2008.

The non-distributable reserves in group shareholders' equity totaled CHF 11.5 million (CHF 13.9 million in 2008).

The annual general meeting held on April 24, 2008, adopted a motion to increase the share capital by issuing 365,000 registered shares with a par value of CHF 20 each. The issue price was CHF 275 per

share. The newly issued shares were underwritten and offered to existing shareholders for purchase. Trading in the newly issued shares on the SIX Swiss Exchange commenced on May 7, 2008.

In the consolidated financial statements of the Adval Tech Group as of December 31, 2008, the costs associated with the increase in share capital were offset against the inflow of funds from the increase in capital. At year-end deferred taxes amounted to CHF 0.3 million and were credited to capital reserves.

C O N S O L I D A T E D C A S H F L O W S T A T E M E N T

CHF 1,000	Notes	2009	2008
Net result		-27,036	-9,234
Depreciation on tangible fixed assets	8	28,080	26,479
Impairment of financial assets / depreciation on intangible assets	11	979	1,144
Increase (+) / decrease (-) in long-term and short-term provisions		2,191	-2,205
Increase (+) / decrease (-) in provision for deferred taxes		-3,180	-6,921
Gain (-) / loss (+) on sales of tangible fixed assets		-166	-634
Other transactions with no impact on liquidity		-7,391	-11,417
Cash provided by operating activities before change in net current assets		-6,523	-2,788
Increase (-) / decrease (+) in receivables		4,249	31,594
Increase (-) / decrease (+) in inventories		21,056	16,362
Increase (-) / decrease (+) in prepaid expenses and accrued income		-228	1,181
Increase (+) / decrease (-) in short-term liabilities		-11,403	-26,453
Cash provided by operating activities		7,151	19,896
Capital expenditure	8, 31	-13,401	-26,090
Income from sales of tangible fixed assets		499	6,490
Increase (-) / decrease (+) in financial assets	10	-1,002	92
Increase (-) / decrease (+) in intangible assets	11	-453	-26
Purchase of equity holdings (less liquid assets)		0	-58,909
Cash used for investing activities		-14,357	-78,443
Free cash flow		-7,206	-58,547
Dividends paid	32	0	-2,555
Capital contributions (repayments)		0	96,442
Purchase (-) / sale (+) of treasury stock		-1	-68
Loans raised in connection with debt refinancing		0	184,800
Repayment in connection with debt refinancing		0	-182,800
Increase (+) / decrease (-) in short-term/long-term debt		-1,275	-23,876
Cash provided by financing activities		-1,276	71,943
Translation differences		149	-1,018
Changes in liquid assets		-8,333	12,378
Liquid assets on December 31		23,496	31,829
Liquid assets on January 1		31,829	19,451
Change in liquid assets		-8,333	12,378

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

“Other transactions with no impact on liquidity” consist mainly of the purchase price adjustment posted to income and the transaction costs arising from the acquisition of OMNI Investors Pte. Ltd.

The cash outflows in the year under review for taxes and interest on borrowings as well as cash inflows from interest income are set out in explanatory note 30.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. PRINCIPLES OF CONSOLIDATION AND VALUATION

1.1 Accounting principles

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

They have been prepared in conformity with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). The consolidated financial statements provide a true and fair view of the company's financial position, results of operations and cash flows.

The consolidated financial statements are based in principle on the lower of acquisition/manufacturing cost or market value. This excludes financial assets available for disposal, financial assets and liabilities held for trading purposes as well as derivative financial instruments stated in the balance sheet at market value. Assets and liabilities are valued individually.

Preparing the consolidated financial statements in conformity with the applicable reporting standards calls for estimates and assumptions to be made

which influence the figures stated for assets and liabilities as well as contingent claims and liabilities on balance sheet date and income and expenses in the period under review. Actual results can differ from these estimates. Items including substantial estimates are inventories (analysis of turnover, PoC-method), tangible fixed assets (useful lives), intangible assets (useful lives, impairment calculations), provisions and deferred taxes (recognition for tax loss carryforwards) as well as the estimate of future conditional compensation payments in connection with business combinations.

The revised standards and interpretations have been applied as follows when preparing the 2009 annual financial statements:

		Effective date	Impact
IAS1 (rev.)	Presentation of financial statements	1.1.2009	d)
IFRS 1 (rev.)	First-time adoption of IFRS	1.1.2009	c)
IFRS 2 (rev.)	Share-based payment	1.1.2009	c)
IFRS 3 (rev.)	Business combinations	1.7.2009	b)
IFRS 5 (rev.)	Assets held for sale	1.7.2009	d)
IFRS 7 (rev.)	Financial instruments: disclosures	1.1.2009	d)
IFRS 8	Operating segments	1.1.2009	d)
IAS 16 (rev.)	Property, plant and equipment	1.1.2009	c)
IAS 17 (rev.)	Leases	1.1.2010	a)
IAS 19 (rev.)	Employee benefits	1.1.2009	c)
IAS 20 (rev.)	Accounting for government grants	1.1.2009	c)
IAS 23 (rev.)	Borrowing costs	1.1.2009	c)
IAS 24 (rev.)	Related party disclosures	1.1.2011	a)
IAS 27 (rev.)	Consolidated and separate financial statements	1.7.2009	b)
IAS 28 (rev.)	Investments in associates	1.1.2009	c)
IAS 31 (rev.)	Interests in joint ventures	1.1.2009	c)
IAS 32 (rev.)	Financial instruments: presentation	1.1.2009	c)
IAS 36 (rev.)	Impairment of assets	1.1.2009	d)
IAS 39 (rev.)	Financial instruments: recognition and measurement	1.1.2009	c)
IFRIC 9	Reassessment of embedded derivatives	1.7.2009	c)
IFRIC 14	Limitation of performance-based assets, minimum financing requirements and their interaction	1.1.2011	a)
IFRIC 15	Agreements for the construction of real estate	1.1.2009	c)
IFRIC 16	Hedges of a net investment in a foreign operation	1.7.2009	c)
IFRIC 17	Distributions in kind to owners	1.7.2009	c)
IFRIC 18	Transfer of customers' assets	1.7.2009	c)
Improv. 2009	Annual improvements 2009	1.7.2009/1.1.2010	a)

a) The impact of the revisions will be examined for the preparation of the 2010 and 2011 annual financial statements
 b) Applied early to the 2008 annual financial statements

c) New or revised standards and interpretations (IFRIC) without material impact on the annual financial statements
 d) New or revised standards and interpretations (IFRIC) applied in the 2009 annual financial statements

In the context of the reorganization implemented with effect from April 1, 2009, the group introduced segmental reporting in conformity with IFRS 8. For operational purposes the Adval Tech Group has been organized into two segments - Automotive and Medical & Consumer Goods – since April 1, 2009. In the Automotive Segment, which serves

the automotive industry, the Adval Tech Group focuses on the components business. The Medical, Consumer Goods and Molding Technology divisions are combined in the Medical & Consumer Goods Segment. Services for the key medical and consumer goods markets are based on an integrated business model comprising both the development

and manufacture of molds and the production of plastic components. At the same time the separation into three divisions enables the medical and consumer goods sectors to maintain a market-specific focus and the molding technology sector to adopt a technology-oriented approach. The activities of the three divisions are closely coordinated under the direction of the CEO.

The group applied IFRS 3 (revised) early in the 2008 financial year. IFRS 3 (revised) continues to use the purchase method for business combinations. The payment flows for acquiring a company are stated in the balance sheet at fair value on the date of acquisition. Conditional future payments are integrated in the purchase price and stated as liabilities as well as being regularly revalued after the date of acquisition and adjusted via the income statement. For any minority interests in any corporate transaction a choice can be made between including them in the balance sheet at fair value or as a proportion of the net assets of the company acquired.

IFRS 3 (revised) was applied to the acquisition of the OMNI Group as of January 15, 2008. As in the existing IFRS 3 standard, liabilities for conditional future compensation payments of CHF 22.7 million were recognized as of the date of acquisition. The transaction costs of CHF 1.7 million were included in "Other operating expenses." In the existing IFRS 3 standard the transaction costs were a component part of the purchase price. Remuneration of OMNI Group management linked to the future operating earnings of the OMNI Group is included in "Personnel expenses."

As a consequence of the reappraisal of compensation payments at the end of 2009, the group included income of CHF 6.5 million as "Other operating income" in the 2009 annual financial statements (CHF 12.2 million in 2008). The early application of IFRS 3 (revised) had the following impact on earnings per share in 2008: earnings per share according to IFRS 3 to date: diluted CHF

-26.45, undiluted CHF -26.45; earnings per share according to IFRS 3 (revised): diluted CHF -15.30, undiluted CHF -15.30. Details of the acquisition of the OMNI Group are provided in note 3 (Scope of consolidation).

Together with the early application of IFRS 3 (revised) in the 2008 annual financial statements, the Adval Tech Group was also required to apply IAS 27 (revised) early. IAS 27 (revised) stipulates that all effects of transactions with minority interests in shareholders' equity must be recorded if no change in control has occurred. Neither goodwill nor profit and loss is generated by such transactions. The revised standard also includes guidelines for preparing the balance sheet on the occasion of loss of control over a company. IAS 27 (revised) has no impact on the annual financial statements of the Adval Tech Group.

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 or incorporation. Assets and liabilities are valued at the relevant market value on that date. Transaction costs are posted to "Other operating expenses." Conditional future payments are included in the purchase price as of the date of acquisition and regularly reappraised thereafter. Changes in these payments are reflected in the income statement. Any positive difference between the purchase price and the shareholders' equity of the acquired company remaining after revaluation is capitalized as goodwill. Any negative difference (negative goodwill) is credited directly to the income statement on the date of acquisition. Goodwill carried on the balance sheet is not amortized, but is subject to an annual impairment test. Any impairment is charged to income.

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

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

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

1.3 Foreign currency translation

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

which the company primarily operates (functional currency).

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

- The balance sheets of companies which do not prepare their financial statements in the group's reporting currency are translated at year-end exchange rates, their income statements at average rates for the year. The differences arising from translation are directly credited or debited to shareholders' equity.
- Gains or losses on currency transactions by the companies are posted to the income statement.
- Exchange rate differences arising on loans granted to group companies by the parent company for long-term financing of investments are posted directly to shareholders' equity if the loan was granted in the book currency of the lender or the borrower.

1.4 Financial accounts receivable and payable

Financial accounts receivable and payable are valued as follows:

- Loans granted, receivables from finance lease transactions, accounts receivable, prepaid expenses and accrued income as well as assets held to maturity are valued in principle at remaining acquisition cost. Any value adjustment is made via the income statement if impairment is recognized. The valuation corresponds essentially to market values.
- Trade accounts payable, accrued expenses as well as short-term and long-term financial liabilities are valued at remaining acquisition value.
- 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).

Purchases and sales of financial accounts receivable and payable are posted on transaction date. Financial assets are initially valued at acquisition

cost. Transaction costs are added to the cost of the transaction if the financial instrument is not stated at market value in the balance sheet.

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 readily marketable securities. Bank accounts with negative balances are included in short-term liabilities.

1.6 Receivables

This item includes trade accounts receivable and other short-term receivables. The latter also include time deposits maturing in more than 90 days and that portion of long-term assets maturing within one year.

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. Inventory risks are identified by means of coverage analyses and individual observation, and provisions made accordingly. Long-term orders are stated according to the percentage-of-completion method. Income and costs are taken into account according to the degree of completion. The degree of completion is calculated by establishing the ratio of the costs incurred for the services rendered up to the relevant balance sheet date to the costs expected for the order as a whole.

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

1.8 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, for machinery, equipment and fixtures 5 to 15 years, for especially long-lived machinery up to 25 years, for office equipment and machinery including computer hardware and software 3 to 10 years. 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.

1.9 Financial assets

Financial assets consist of investment holdings consolidated using the equity method, other investments, securities in the nature of long-term investments, receivables from finance leases and long-term loans to third parties.

1.10 Intangible assets

Acquired patents, licenses and trademarks are valued at acquisition or manufacturing cost if their earnings potential can be reliably estimated. Other identifiable intangible assets arising from acquisition, such as customer relationships or orders in hand, are stated at current value. These intangible assets are amortized using the straight-line method over their expected useful life, not exceeding ten years.

Goodwill arising from the acquisition of assets or a company is included under intangible assets. Goodwill arising from acquisitions prior to the change to IFRS has been offset directly against shareholders' equity. Research costs are charged to income. Expenditure on development projects is capitalized and amortized over their expected useful life, not exceeding five years, if their earnings potential can be reliably estimated and they fulfill the further criteria for capitalization in conformity with IAS 38.

1.11 Leasing of capital goods

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

1.12 Impairment of assets

If there is evidence of impairment of assets, their realizable value is estimated. The realizable value of goodwill is reappraised annually. 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.

1.13 Short-term liabilities

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

1.14 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 balance sheet date. Net present values are adjusted via financial expenses.

1.15 Shareholders' equity

The following distinctions are made in respect of reserves:

- The difference between shareholders' equity and the original cost of the investment holdings stated in the context of the uniform valuation of assets and liabilities on January 1, 1996, is posted to capital reserves. The share premium arising from increases in share capital is also included here.

- Retained earnings include all profits generated by the group itself since January 1, 1996, and not distributed.
- The impact of hedging transactions is stated in the statement of other comprehensive income and expenses.

1.16 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.

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

1.17 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.

1.18 Payments to employees

Occupational pension funds for employees are based on the regulations in effect in the countries in which the Adval Tech Group operates.

In the case of Swiss pension funds, future pension liabilities are calculated using the projected unit credit method, according to which the expenses incurred to cover future pension claims are distributed over the expected working life of the employees and charged to income on this basis. The expenses incurred and their distribution over the employees' working life are governed by the recommendations of independent actuaries.

Actuarial gains and losses are included in the income statement if the accumulated gains or losses of the individual pension plans exceed 10% of the defined pension liability or assets. These gains or losses are included in the income statement in accordance with the expected future duration of employment of the employees.

Other employee entitlements, such as long-service bonuses based on terms of employment, are accounted for by provisions.

1.19 Relationships with related parties

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

1.20 Subtotals in the consolidated financial statements

In order to enhance the information content of the consolidated financial statements, the income statement includes the following subtotals which are not defined in IFRS:

- Total income, comprising net turnover plus change in inventories of semi-finished and finished goods, own work capitalized and other operating income.

- Operating earnings before depreciation (EBITDA), comprising total income less cost of materials and services, personnel expenses and other operating expenses.
- Operating earnings (EBIT), comprising operating earnings before depreciation less depreciation on tangible fixed assets and depreciation on intangible assets.

The cash flow statement also includes the subtotal "Free cash flow," which is the sum of cash provided by operating activities and cash used for investing activities.

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. The group occasionally utilizes derivative financial instruments, without pursuing systematic hedge accounting as such in terms of IAS 39. However, hedge accounting can be applied to individual material transactions.

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 are continuously monitored at group level.

2.6 Capital risk

The Adval Tech Group aims to maintain a sound capital base. This exists if the equity ratio exceeds 20%.

3. SCOPE OF CONSOLIDATION

The following companies are included in the consolidated financial statements:

Company	Registered office	Share capital	Equity holding	
Adval Tech Holding Ltd	Niederwangen, Switzerland	TCHF	14,600	
Adval Tech Management Ltd	Niederwangen, Switzerland	TCHF	100	100%
Styner+Bienz FormTech Ltd	Niederwangen, Switzerland	TCHF	3,050	100%
Styner+Bienz do Brazil Ltda.	São José dos Pinhais PR, Brazil	TBRL	939	100%
QSCH Termelő és Kereskedelmi Kft.	Szekszárd, Hungary	TEUR	1,000	100%
AWM Plast Tech Ltd	Merenschwand, Switzerland	TCHF	600	100%
Teuscher Kunststoff-Technik Ltd	Grenchen, Switzerland	TCHF	2,000	100%
OMNI Investors Pte. Ltd	Singapore	TUSD	13,517	100%
OMNI Industries Holdings Pte. Ltd	Singapore	TUSD	56,885	100%
OMNI Plastics (Thailand) Co. Ltd	Rayong, Thailand	TTHB	40,000	100%
OMNI Plastics (Suzhou) Co. Ltd	Suzhou, China	TUSD	4,160	100%
OMNI Plastics (Xiamen) Co. Ltd	Xiamen, China	TUSD	3,100	100%
OMNI Precision Sdn. Bhd.	Johor, Malaysia	TUSD	505	100%
OMNI Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,500	100%
OMNI Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%
OMNI Industries Tech Centre (Suzhou) Co. Ltd	Suzhou, China	TUSD	3,500	100%
OMNI Plastics Pte. Ltd	Singapore	TUSD	4,241	100%
OMNI Manufacturing Services S.A. de C.V.	Querétaro, Mexico	TUSD	3,500	100%
OMNI HR Resource Services S.A. de C.V.	Querétaro, Mexico	TUSD	5	100%
AWM Mold Tech AG	Muri (AG), Switzerland	TCHF	600	100%
AWM Swiss Technology Ltd	Hong Kong, China	THKD	10	100%
AWM Mold Tech Trading (Shanghai) Co. Ltd	Shanghai, China	TUSD	1	100%
AWM Mold Service US Inc.	Beverly, MA, USA	TUSD	1	100%
FOBOHA Holding GmbH	Haslach, Germany	TEUR	25	100%
FOBOHA GmbH	Haslach, Germany	TEUR	512	100%
FOBOHA US, Inc.	Beverly, MA, USA	TUSD	1	100%
AWM Plastpack AG	Muri (AG), Switzerland	TCHF	600	100%

There were no changes in the scope of consolidation in the year under review.

Adval Tech Holding Ltd indirectly acquired 100% of the share capital of OMNI Investors Pte. Ltd in Singapore via two group companies in January 2008. The OMNI Group, of which OMNI Investors Pte. Ltd is the holding company, comprises twelve companies operating primarily as manufacturers of plastic injection molded components. Two companies in the group manufacture plastic injection molds. The OMNI Group has manufacturing plants in China, Malaysia, Mexico and Thailand. OMNI's management is based in Singapore. The acquisition of the OMNI Group enables Adval Tech to achieve the global presence which is important for its customers and at the same time increases the share of sales represented by the less cyclical business with components and subassemblies.

The income statement and balance sheet of the OMNI Group were integrated in the consolidated financial statements as of January 2008. Two contracts of sale were concluded for the purchase of the shares, for 85.7% (first tranche) and 14.3% (second tranche) of the shares, respectively. The purchase price for the first tranche was paid in January 2008. A compensation payment was made to Adval Tech in June 2008 on the basis of the OMNI Group's final, normalized operating earnings for the 2007 financial year. This compensation payment was deducted from the cost of acquisition. The purchase price for the second tranche depends on the OMNI Group's normalized operating earnings (EBITDA) for the 2009 financial year, multiplied by a factor, and will become due for payment in the first half of 2010. The existing business plan on the date of acquisition provided the basis for calculating the cost of acquisition. The minimum compensation payment is zero and there is no upper limit. The potential future nominal compensation payment for the second tranche of shares is based on this principle.

The cost of acquisition relating to this merger amounted to CHF 86.2 million. The net cash payment for the first tranche accounted for CHF 63.1 million of this amount. The present value of the purchase price for the second tranche amounted to CHF 22.7 million on the date of acquisition and was posted to "Other long-term liabilities." A further CHF 1.7 million of directly attributable costs in connection with the acquisition was posted to "Other operating expenses."

Calculation of the cost of acquisition also took the following factors into account: Taking over existing customer orders, manufacturing location in Asia, reinforcement of the less cyclical business with volume components, potential for achieving a global offering of products and services by the Adval Tech Group at a single stroke. The two last-named factors in particular were the basis for the amount of goodwill stated in the balance sheet.

The initial balance sheet of the OMNI Group at January 16, 2008, conforming to group valuation principles was as follows:

	CHF 1,000	IFRS book values prior to consolidation 2008	Included in the consolidated balance sheet 2008
Liquid assets		5,932	5,932
Other current assets		41,008	41,008
Tangible fixed assets		25,697	25,697
Intangible assets		1,633	4,838
Deferred tax assets		1,544	1,544
Short-term liabilities		-42,375	-42,375
Long-term liabilities		-18,819	-19,395
Net assets acquired	14,620		17,249
Purchase price			86,230
Goodwill			68,981

Existing customer relationships were capitalized with a total value of CHF 4.8 million on the date of acquisition. Goodwill included in the consolidated balance sheet on the date of acquisition thus amounts to CHF 69.0 million. Goodwill on the balance sheet is not tax-deductible.

The fair value of the possible payment for the second tranche of shares in OMNI Investors Pte. Ltd which would be due in 2010 was calculated on the basis of estimated operating earnings before depreciation (EBITDA). It amounts to CHF 3.9 million as of December 31, 2009 (CHF 10.0 million in 2008). The calculations are based on a discount rate of 4% and normalized EBITDA for 2009 of CHF 4.5 million for the OMNI Group. Compared to the date of the initial consolidation, "Other long-term liabilities" were CHF 18.8 million lower as of December 31, 2009 (CHF 12.7 million in 2008). This reduction was attributable to a forecast decline of CHF 23.5 million (CHF 15.1 million in 2008) in EBITDA at the OMNI Group for 2009 based on the revised business plan.

The fair value of "Accounts receivable" amounted to CHF 32.2 million and included CHF 26.5 million of trade accounts receivable, of which CHF 0.2 million has been regarded as unrecoverable.

The OMNI Group has generated total income of CHF 102.2 million and posted a loss of CHF 3.8 million since its initial consolidation. If initial consolidation had taken place on January 1, 2008, instead of January 16, 2008, this would have had only a marginal impact on the consolidated income statement in respect of sales and profits.

Total goodwill and changes in it are included in "Intangible assets."

Exchange rates

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

	on Dec. 31, 2009	Average in 2009	on Dec. 31, 2008	Average in 2008
BRL	0.59850	0.54906	0.45102	0.60015
CNY	0.15202	0.15917	0.15492	0.15616
EUR	1.48770	1.51022	1.48880	1.58742
HKD	0.13390	0.14007	0.13628	0.13912
THB	0.03122	0.03184	0.03078	0.03315
USD	1.03800	1.08573	1.05615	1.08311

4. TRADE ACCOUNTS RECEIVABLE

CHF 1,000	12/31/2009	12/31/2008
Not overdue	36,949	30,285
1–30 days overdue	9,017	11,007
31–90 days overdue	2,646	3,830
More than 90 days overdue	2,394	2,657
Total trade receivables (gross)	51,006	47,779
Provisions (allowance for doubtful receivables)	-1,509	-846
Total trade receivables (net)	49,497	46,933
of which trade receivables from third parties	48,865	46,211
of which trade receivables from related parties	632	722

Losses on receivables in the past three years have been in the range of 0.1% of total income. The balances stated in the balance sheet have been hedged on a case-by-case basis and depending on risk assessment with letters of credit or bank guarantees. The balance sheet at December 31, 2009, includes receivables of CHF 3.9 million (CHF 2.2 million in 2008) which are not overdue and whose term of payment has subsequently been extended.

The maximum default risk is equivalent to the stated book values.

The following three largest single customers account for net trade accounts receivable at December 31. The separate legal entities of customers are defined as single customers:

CHF 1,000	12/31/2009	12/31/2008
Largest accounts receivable of a single customer	3,054	1,930
Second largest accounts receivable of a single customer	2,007	1,387
Third largest accounts receivable of a single customer	1,988	1,268

Trade receivables can be allocated at book value (gross) to the following currencies:

CHF 1,000	12/31/2009	12/31/2008
CHF	8,301	8,634
EUR	25,927	19,672
USD	12,677	16,495
BRL	1,802	882
CNY	699	506
Others	1,600	1,590
Total trade receivables	51,006	47,779

Provisions on the receivables are as follows:

CHF 1,000	12/31/2009	12/31/2008
Total on January 1	-846	-1,551
Provisions made	-833	-460
Utilized	77	918
Released	91	239
Currency translation differences	2	8
Total on December 31	-1,509	-846

Individual provisions are made for receivables in excess of CHF 10,000. The bad debt provision required is based on estimates, empirical values and the age structure of the receivables, on bankruptcy applications already known of, legal proceedings and political influence. The allowance for doubtful receivables is taken into account after age classification in the case of receivables involving an amount of less than CHF 10,000.

Losses on receivables charged to income in the year under review totaled CHF 0.9 million (CHF 0.4 million in 2008). Any losses are included in the income statement under other operating expenses.

5. OTHER RECEIVABLES

CHF 1,000	12/31/2009	12/31/2008
Receivables from positive replacement values of derivative financial instruments	53	21
Other short-term receivables	9,083	11,970
Advance payments to suppliers	805	3,967
Total other receivables	9,941	15,958

The other short-term receivables originate from both segments. They include VAT assets, the portion of finance lease claims due within one year and credit balances with insurers.

6. INVENTORIES AND WORK IN PROGRESS

	CHF 1,000	12/31/2009	12/31/2008
Trading goods	885	1,485	
Raw material	7,552	11,886	
Semi-finished and finished goods	29,627	40,833	
Work in progress	21,195	26,419	
Provisions	-17,152	-17,817	
Total inventories and work in progress	42,107	62,806	

The total inventories and work in progress includes CHF 4.2 million stated at net realizable value (CHF 3.0 million in 2008).

	CHF 1,000	12/31/2009		12/31/2008	
		Assets	Liabilities	Assets	Liabilities
Work in progress		33,019	-11,824	37,516	-11,097
Advance payments by customers		-11,824	21,176	-11,097	21,662
Net assets from work in progress		21,195	0	26,419	0
Net liabilities from work in progress		0	9,352	0	10,565

The manufacturing costs of orders reported under work in progress and valued using the percentage-of-completion method totaled CHF 19.1 million (CHF 14.1 million in 2008). The stated profit was CHF 3.7 million (CHF 2.6 million in 2008).

7. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income of CHF 2.8 million in the year under review were only slightly higher than in the previous year (CHF 2.6 million). The increase in prepaid expenses and accrued income in the Automotive Segment and at group level was almost offset by the reduction in the Medical & Consumer Goods Segment.

8. TANGIBLE FIXED ASSETS

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

CHF 1,000	Land	Buildings	Production equipment and machinery	Other tangible fixed assets	Leased equipment	Installations under construction	Total
Cost							
at January 1, 2008	7,699	106,872	181,448	45,092	4,887	5,347	351,345
Changes in the scope of consolidation	0	6,812	16,268	1,827	0	791	25,697
Capital expenditure in the year under review	0	3,224	18,595	5,929	658	-2,316	26,090
Disposals	-1,223	-6,313	-13,237	-2,897	0	-111	-23,781
Other changes	0	-356	-412	-651	0	-230	-1,649
Change in acc. translation diff.	-154	-2,443	-10,254	-1,668	-13	-162	-14,694
at December 31, 2008	6,322	107,796	192,408	47,632	5,532	3,319	363,008
Changes in the scope of consolidation	0	0	0	0	0	0	0
Capital expenditure in the year under review	0	1,201	12,457	2,275	953	-2,614	14,272
Disposals	0	-136	-5,488	-995	0	0	-6,619
Other changes	0	854	-403	-914	11	-237	-689
Change in acc. translation diff.	-1	-58	1,450	248	-21	42	1,660
at December 31, 2009	6,321	109,657	200,424	48,246	6,475	510	371,632
Accumulated depreciation							
at January 1, 2008	0	-37,773	-116,746	-33,171	-4,669	-37	-192,396
Changes in the scope of consolidation	0	0	0	0	0	0	0
Depreciation in the year under review	0	-4,593	-16,831	-4,530	-525	0	-26,479
Impairment provision	0	0	0	0	0	0	0
Impairment release	0	0	0	0	0	0	0
Disposals	0	2,822	12,476	2,627	0	0	17,925
Other changes	0	11	497	536	0	360	1,404
Change in acc. translation diff.	0	491	5,543	1,027	10	-8	7,063
at December 31, 2008	0	-39,042	-115,061	-33,511	-5,184	315	-192,483
Changes in the scope of consolidation	0	0	0	0	0	0	0
Depreciation in the year under review	0	-4,693	-16,086	-5,067	-552	0	-26,398
Impairment provision	0	-1,682	0	0	0	0	-1,682
Impairment release	0	0	0	0	0	0	0
Disposals	0	136	5,347	803	0	0	6,286
Other changes	0	335	373	970	-1	37	1,714
Change in acc. translation diff.	0	27	-605	-133	22	15	-674
at December 31, 2009	0	-44,919	-126,032	-36,938	-5,715	367	-213,237

CHF 1,000	Land	Buildings	Production equipment and machinery	Other tangible fixed assets	Leased equipment	Installations under construction	Total
Book values							
at January 1, 2008	7,699	69,099	64,702	11,921	218	5,310	158,949
at December 31, 2008	6,322	68,754	77,346	14,121	348	3,634	170,525
at December 31, 2009	6,321	64,738	74,391	11,308	760	877	158,395
Of which leased installations (finance leases)							
at January 1, 2008	0	0	3,075	175	0	0	3,250
at December 31, 2008	0	0	1,032	261	0	0	1,293
at December 31, 2009	0	0	1,496	184	0	0	1,680
Of which for disposal (book values)							
at January 1, 2008	1,223	3,820	0	0	0	0	5,043
at December 31, 2008	0	0	0	0	0	0	0
at December 31, 2009	624	13,142	0	0	0	0	13,766

The property in Grenchen was sold in mid-2008 and continues to be utilized on lease. The plant and equipment in the manufacturing premises for disposal were not part of the sale.

A property in Muri and one in Merenschwand have been designated for sale, since they are no longer needed as a result of restructuring programs. The sale process was initiated in the second half of 2009. In this context, value adjustments of CHF 1.7 million were made on the basis of appraisals of market value by external experts. The property disposals concern the Automotive and Medical & Consumer Goods segments. The book values of the tangible fixed assets designated for sale have been reclassified under current assets.

The leased machinery and equipment and other tangible fixed assets at the end of 2009 relate to manufacturing equipment at companies in the Automotive Segment.

Investments in the year under review include assets to the value of CHF 0.9 million, which were acquired under financial leasing contracts and were not balanced by any direct cash outflow.

Orders totaling CHF 0.8 million were outstanding on December 31, 2009, for capital goods which had not yet been delivered or invoiced and were therefore not yet included in tangible fixed assets (CHF 6.4 million in 2008).

9. INCOME FROM LEASING TRANSACTIONS

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

	CHF 1,000	12/31/2009	12/31/2008
within one year	114	141	
in two to five years	166	111	
after more than five years	4	0	
Total future rental income	284	252	

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 molds and dies used for volume component manufacture. Amortization payments usually depend on the number of components delivered per period, with a minimum amount agreed for all amortization payments.

	CHF 1,000	12/31/2009	12/31/2008
Receivables from finance lease contracts		1,191	249
Other long-term receivables		635	650
Long-term loans		116	29
Total financial assets	1,942	928	

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

	CHF 1,000	12/31/2009	12/31/2008
within three months	319	167	
in three to twelve months	955	500	
in two to five years	1,191	249	
after more than five years	0	0	
Total future leasing income	2,465	916	

The nominal value of these credits totals CHF 2.8 million (CHF 1.0 million in 2008). The amounts due for payment within one year are included in other short-term receivables.

II. INTANGIBLE ASSETS

The other intangible assets mainly represent the value of the customer relationships gained through the acquisitions. In the year under review, intan-

gible assets valued at CHF 0.2 million were generated in-house (CHF 0.0 million in 2008).

Intangible assets in 2009:

CHF 1,000	Goodwill	Capitalized development costs	Others	Total
Cost				
at December 31, 2008	70,260	1,808	6,099	78,167
Changes in the scope of consolidation				0
Capital expenditure in the year under review	0	200	453	653
Impairment provision				0
Impairment release				0
Disposals				0
Other changes				0
Change in accumulated translation difference	-1,083	0	-114	-1,197
at December 31, 2009	69,177	2,008	6,438	77,623
Accumulated depreciation				
at December 31, 2008	-919	-865	-1,947	-3,731
Changes in the scope of consolidation				0
Depreciation in the year under review	0	-417	-562	-979
Impairment provision				0
Impairment release				0
Disposals				0
Other changes				0
Change in accumulated translation difference	0	0	62	62
at December 31, 2009	-919	-1,282	-2,447	-4,648
Book values				
at December 31, 2008	69,341	943	4,152	74,436
at December 31, 2009	68,258	726	3,991	72,975

On December 31, 2009, no orders for capital goods were outstanding which had not yet been delivered or invoiced and were therefore not yet included in intangible assets (CHF 0.0 million in 2008).

Intangible assets in 2008:

	CHF 1,000	Goodwill	Capitalized development costs	Others	Total
Cost					
at December 31, 2007	8,170	1,842	1,679	11,691	
Changes in the scope of consolidation	68,981	0	4,838		73,819
Capital expenditure in the year under review	0	0	26		26
Impairment provision				0	0
Impairment release				0	0
Disposals				0	0
Other changes				0	0
Change in accumulated translation difference	-6,891	-34	-444		-7,369
at December 31, 2008	70,260	1,808	6,099	78,167	
Accumulated depreciation					
at December 31, 2007	-919	-444	-1,315	-2,678	
Changes in the scope of consolidation				0	0
Depreciation in the year under review	0	-449	-693		-1,142
Impairment provision				0	0
Impairment release				0	0
Disposals				0	0
Other changes				0	0
Change in accumulated translation difference	0	28	61		89
at December 31, 2008	-919	-865	-1,947	-3,731	
Book values					
at December 31, 2007	7,251	1,398	364		9,013
at December 31, 2008	69,341	943	4,152		74,436

The research and development expenditure included in the income statement totaled CHF 0.6 million (CHF 0.7 million in 2008).

The goodwill arising from the acquisition of Teuscher Kunststoff-Technik AG was verified in the context of the 2009 annual financial statements. This showed that the goodwill has maintained its value. The examination was based on the budget for 2010 and

a cautious forecast for the years 2011–2013. The residual value has been taken as the basis as of 2012. Planning assumes long-term growth of 2% and a discount rate of 8%.

The goodwill arising from the acquisition of QSCH Termelő és Kereskedelmi Kft. was verified in the context of the 2009 annual financial statements. This showed that the goodwill has maintained its value. The examination was based on the budget for 2010 and a cautious forecast for the years 2011–2013. The residual value has been taken as the basis as of 2012. Planning assumes long-term growth of 0.5% and a discount rate of 8%.

The goodwill arising from the acquisition of OMNI Investors Pte. Ltd was verified in the context of

the 2009 annual financial statements. This showed that the goodwill has maintained its value. The examination was based on the budget for 2010 and a cautious forecast for the years 2011–2013. The residual value has been taken as the basis as of 2012. Planning assumes long-term growth of 1% and a discount rate of 8%.

The same discount rate has been applied in all three cases, since the companies are financed primarily via Adval Tech Holding Ltd. Differing market conditions are taken into account in the estimate of long-term market growth.

12. TRADE ACCOUNTS PAYABLE

CHF 1,000	12/31/2009	12/31/2008
Trade accounts payable to third parties	23,750	33,113
Trade accounts payable to related parties	82	15
Total trade accounts payable	23,832	33,128

Trade accounts payable can be allocated at book value to the following currencies:

CHF 1,000	12/31/2009	12/31/2008
CHF	4,551	9,306
EUR	9,198	11,471
USD	4,532	5,364
BRL	1,251	547
MXN	277	873
CNY	2,932	4,556
Others	1,091	1,011
Total trade accounts payable	23,832	33,128

13. SHORT-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2009	12/31/2008
Banks	4,164	3,679
Related parties	149	298
Short-term leasing liabilities to third parties	295	366
Total short-term interest-bearing liabilities	4,608	4,343

The short-term bank loans are covered by total liquid assets of CHF 23.5 million (gross). They are mainly current account overdrafts at interest rates based on LIBOR or EURIBOR.

14. OTHER SHORT-TERM LIABILITIES

CHF 1,000	12/31/2009	12/31/2008
Advance payments by third parties	9,309	9,672
Advance payments by related parties	43	893
Other short-term liabilities to third parties	3,324	3,520
Other short-term liabilities to related parties	5,628	1,840
Liabilities arising from negative replacement values of derivative financial instruments	1,160	1,561
Total other short-term liabilities	19,464	17,486

Other short-term liabilities to related parties as of December 31, 2009, include the present value of the second tranche of shares in OMNI Investors Pte. Ltd in Singapore (CHF 3.9 million).

15. LONG-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2009	12/31/2008
Long-term leasing liabilities to third parties	572	95
Long-term interest-bearing loans to third parties	113,000	110,000
Total long-term interest-bearing liabilities	113,572	110,095

The long-term interest-bearing liabilities are bank loans. They are based mainly on a revolving credit facility concluded with a banking consortium in January 2008 for up to CHF 135 million, with a term of five years. The relevant contract was revised in July 2008 following completion of the increase in share capital and in the third quarter of 2009. The revision is due to the change in the financial situation of the Adval Tech Group. Negotiations with the banking consortium commenced in June 2009 and were concluded in August 2009 with the signing of the amended contract. The credit facility is dependent on compliance with key financial statistics (levels of debt and interest cover, leverage ratio i.e., minimum EBITDA to be achieved and temporarily minimum available liquidity), all of which were complied with at the end of 2009. The amount of credit is continuously adjusted to current financial requirements in order to optimize financing costs.

The average interest charge in the year under review was 3.6% (4.2% in 2008).

16. LEASING LIABILITIES

Liabilities arising from leasing contracts are payable as follows:

CHF 1,000	12/31/2009	12/31/2008
Face value of liabilities arising from leasing contracts due		
within three months	138	102
in three to twelve months	183	285
in two to five years	597	100
in more than five years	0	0
<i>Total future payment commitments</i>	918	487
less proportionate interest on the payments	-51	-26
<i>Net present value of liabilities arising from finance leases</i>	867	461
of which short-term leasing liabilities	295	366
of which long-term leasing liabilities	572	95
Net present value of liabilities arising from leasing contracts due		
within three months	131	93
in three to twelve months	164	273
in two to five years	572	95
<i>Total net present value</i>	867	461

17. OTHER LONG-TERM LIABILITIES

CHF 1,000	12/31/2009	12/31/2008
Other long-term liabilities to third parties	193	381
Other long-term liabilities to related parties	0	10,005
Total other long-term liabilities	193	10,386

The other long-term liabilities to related parties as of December 31, 2008, corresponded to the present value of the purchase price for the second tranche of shares in OMNI Investors Pte. Ltd in Singapore, payable in the first half of 2010. As of December 31, 2009, the liability to OMNI is included in "Other short-term liabilities" (note 14).

18. PROVISIONS

CHF 1,000	Warranty provisions	Payments to employees	Other provisions	Total
Long-term provisions at December 31, 2008	109	1,840	1,680	3,629
Pension assets at December 31, 2008	0	-733	0	-733
Short-term provisions at December 31, 2008	2,107	0	1,500	3,607
Total at December 31, 2008	2,216	1,107	3,180	6,503
Change in the scope of consolidation	0	0	0	0
Addition	88	697	5,895	6,680
Utilization	-520	-107	-3,281	-3,908
Release of provisions no longer required	-6	-14	-561	-581
Difference arising from currency translation	27	1	12	40
Cash value adjustments	0	0	0	0
Total at December 31, 2009	1,805	1,684	5,245	8,734
Long-term provisions at December 31, 2009	260	1,720	3,810	5,790
Pension assets at December 31, 2009	0	-36	0	-36
Short-term provisions at December 31, 2009	1,545	0	1,435	2,980
Total at December 31, 2009	1,805	1,684	5,245	8,734

"Other provisions" include CHF 0.3 million (CHF 1.0 million in 2008) for a management bonus program at the OMNI Group, which existed before the company's initial consolidation and will be disbursed in the first half of 2010, and CHF 0.9 million relating to restructuring costs at AWM Mold Tech Ltd, the majority of which will accrue in 2010.

This item also includes CHF 2.7 million for provisions relating to the closure of the plant in Merenschwand. The provisions for restructuring and the plant closure include the expected costs arising from the assistance plan for redundant personnel, closure and clearance costs, and expected losses arising from production until this is discontinued or handed over to a third party. The remainder of CHF 1.3 million is made up of various items at the other group companies.

In the context of restructuring AWM Mold Tech Ltd and closing the AWM Plast Tech Ltd plant in Merenschwand, provisions on inventory values amounting to CHF 1.2 million were also charged to income in the year under review. Expenses in connection with the restructuring and plant closure in the year under review amounted to CHF 6.6 million. Provisions were made for costs payable after December 31, 2009. Together with the value adjustments on tangible fixed assets charged in the year under review, the costs relating to the restructuring of AWM Mold Tech Ltd and the closure of the plant in Merenschwand in the 2009 annual financial statements amounted to CHF 11.4 million.

19. DEFERRED TAXES

Deferred income tax assets and liabilities arising from temporary differences were as follows at the end of the year under review:

CHF 1,000	Credits	Liabilities	Balance
Accumulated losses	6,763	0	6,763
Current assets	457	1,353	-896
Tangible fixed assets	390	8,532	-8,142
Other fixed assets	719	624	95
Liabilities	85	453	-368
Total at December 31, 2009	8,414	10,962	-2,548

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.

CHF 1.3 million of the loss carryforwards that are included as assets can be recovered within one year; the deferred tax liability on current assets of CHF 0.9 million must also be regarded as short-term. All other assets and liabilities must be classified as long-term.

2008:

CHF 1,000	Credits	Liabilities	Balance
Accumulated losses	4,777	0	4,777
Current assets	427	798	-371
Tangible fixed assets	388	10,474	-10,086
Other fixed assets	766	1,021	-255
Liabilities	174	48	126
Total at December 31, 2008	6,532	12,341	-5,809

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

CHF 1,000	12/31/2009	12/31/2008
Deferred tax liabilities	5,957	8,875
Deferred tax assets	3,409	3,066
Total	2,548	5,809

The following tax losses have not yet been utilized and no deferred tax claim for them has been included in the balance sheet:

CHF 1,000	12/31/2009	12/31/2008
expiring in one year	679	100
expiring in two years	4,284	560
expiring in three years	4,579	3,981
expiring in four years	3,674	4,820
expiring in five years	1,665	3,726
expiring in more than five years	29,354	9,377
Total	44,235	22,564

20. STATEMENT OF SHARE CAPITAL

Share capital was as follows on December 31, 2009:

	Registered shares
at January 1, 2009	730,000
at December 31, 2009	730,000
fully paid	fully paid
Par value in CHF	20
Dividend restrictions	none
Voting restrictions	exist
Number of shares held by the Adval Tech Group on December 31	490

No shares were reserved for issue in respect of options or sales agreements in the year under review.

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 7 of the Articles of Incorporation of Adval Tech Holding Ltd dated May 6, 2008, purchasers of shares in excess of 5% of the registered capital stock recorded in the Commercial Register will not be entered with voting rights. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations. Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favor of Artemis Beteiligungen II AG, which acquired its holding from Franke Holding AG in the second half of 2005. Beneficial ownership remained unaffected by this transaction. On January 30, 2007, the Board of Directors permitted an exception in favor of Willy Michel, which was granted in connection with a cooperation agreement.

Furthermore, these voting restrictions do not apply to the shareholders who were registered with a holding of registered shares exceeding 5% of all share votes when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Rudolf Styner, Hansruedi Bienz, Einfache Gesellschaft Dreier). Fiduciary entries in the shareholders' register are only possible without voting rights. The exceptions granted were confirmed by the Board of Directors with reference to the increase in share capital in May 2008. Fiduciary entries in the shareholders' register can only be made without voting rights. The Articles of Incorporation of Adval Tech Holding Ltd with regard to quorums conform to legal requirements.

21. ANALYSIS OF CAPITAL RISK

Shareholders' equity as a proportion of total assets amounted to 47.0% at December 31, 2009, and was therefore 1.3 percentage points lower than in 2008 (48.3%).

22. NET TURNOVER

CHF 1,000	2009	2008
Net income from deliveries and services	237,680	352,642
Income from manufacturing orders (valued using the percentage-of-completion method)	62,558	45,617
Sales deductions	-1,515	-1,920
Total net turnover	298,723	396,339

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

23. COST OF MATERIALS AND SERVICES

Compared to the previous year, the cost of materials and services was CHF 61.5 million lower. As a proportion of total income it declined by 2.9 percentage points to 41.6%. The reduction in Swiss francs was primarily due to the decline in the volume of business. As a result of the lower capacity utilization, fewer outside services were also utilized. The decline in the utilization of outside services in 2009 compared with the previous year amounted to CHF 7.3 million. In the Automotive Segment the proportion of material and services costs was 2.0 percentage points lower at 45.2%. The cost of materials and services in the Medical & Consumer Goods Segment amounted to 38.5%, 6.7 percentage points lower than in 2008.

24. PERSONNEL EXPENSES

The average number of employees declined by 350 to 2,705 in 2009 (3,055 in 2008). The number of employees totaled 2,573 at balance sheet date (2,838 in 2008).

25. PENSION LIABILITIES AND OTHER PAYMENTS TO EMPLOYEES

In addition to the statutory social security schemes, the group operates defined-benefit plans as defined by IAS 19. These were appraised by an independent actuary as of January 1, 2010. The assets are almost exclusively managed in separate pension funds. Unless the plans are segregated from the company, the relevant assets and liabilities are stated in the balance sheet.

The actuarial calculations according to IAS produced the following figures:

CHF 1,000	12/31/2009	12/31/2008
<i>Plans with separate pension funds:</i>		
Current value of plan assets	147,907	142,452
Net present value of benefits	141,203	150,959
Surplus (+) / shortfall (-)	6,704	-8,507
Unrecorded actuarial gains (-) / losses (+)	-6,668	9,240
Net status provision (-) / assets (+)	36	733
Provision for other payments to employees	1,248	1,355
Pension provisions from plans without separate pension funds	472	485
Total provisions for payments to employees	1,684	1,107

The assets of the plan included no direct investments in shares of Adval Tech Holding Ltd in the year under review and the previous year and no direct investments in real estate of the Adval Tech Group.

CHF 1,000	2009	2008
<i>Plans without separate pension funds:</i>		
Amounts included in the balance sheet:		
Asset value of pension commitments (from reinsurance)	605	621
Pension provisions	472	485
<i>Changes in pension liabilities:</i>		
Pension provision at beginning of period	150,959	150,812
Current service expenses (net)	5,576	5,726
Interest expenses	5,284	4,902
Actuarial gains (+) / losses (-)	-5,611	-4,306
Payments made	-19,042	-10,520
Employees' contributions	4,038	4,345
Pension liabilities at end of period	141,204	150,959
<i>Changes in plan assets:</i>		
Plan assets at beginning of period	142,452	160,606
Expected income from plan assets	6,125	6,906
Actuarial gains (+) / losses (-)	10,297	-22,910
Payments made	-19,042	-10,520
Employees' contributions	4,038	4,345
Employer's contributions	4,038	4,025
Pension assets at end of period	147,908	142,452

CHF 1,000	2009	2008
<i>Expenses recorded in the income statement:</i>		
Current service expenses		
Interest expenses	9,614	10,071
Income expected from plan assets	5,284	4,902
Employees' contributions	-6,125	-6,906
Total expenses for pension liabilities	4,735	3,722

Material actuarial assumptions	12/31/2009	12/31/2008
Discount rate	3.50%	3.50%
Income expected from plan assets	4.30%	4.30%
Future wage increases	2.00%	2.00%
Increase in future pension benefits	1.00%	1.00%

Other important actuarial assumptions are disability and mortality rates. These were taken into account in both years in conformity with EVK2000.

Plan assets are made up as follows:

Plan assets	12/31/2009		12/31/2008	
	CHF 1,000	in %	CHF 1,000	in %
Shares	28,756	19	25,444	18
Bonds	76,995	52	80,738	57
Real estate	29,213	20	25,652	18
Other assets	12,944	9	10,618	7
Total	147,908	100	142,452	100

CHF 1,000	2009	2008	2007	2006	2005
Empirical adjustments					
– to pension liabilities	5,611	96	3,930	-25	5,498
– to plan assets	10,297	-22,910	-6,918	2,518	3,285
Plan assets	147,908	142,452	160,606	157,700	151,611
Pension liabilities	141,204	150,959	150,812	145,911	142,486

The income expected on plan assets has been estimated on the basis of the long-term investment strategy of the pension plans.

Employees' and employer's contributions expected in the 2010 financial year are estimated at CHF 6.7 million.

The actual investment income of the employee pension funds in the year under review was CHF 16.5 million (CHF -16.0 million in 2008).

26. OTHER OPERATING EXPENSES

	CHF 1,000	2009	2008
Maintenance, repair, replacements, operating materials	-15,204	-20,887	
Premises, energy	-15,376	-17,232	
Insurance, office and administration expenses	-9,269	-13,308	
Marketing, sales and distribution expenses	-11,299	-17,502	
Sundry operating expenses	-5,818	-2,100	
Total other operating expenses	-56,966	-71,029	

Sundry operating expenses were CHF 14.1 million (-19.8%) lower than in 2008. This was due primarily to the lower volume of business. The decline was mainly apparent in the Medical & Consumer Goods Segment (-21.0%). The decline in the Automotive Segment was offset by non-recurring expenses for the closure of the plant in Merenschwand.

Sundry operating expenses include: capital taxes of CHF 0.3 million (CHF 0.3 million in 2008), losses of CHF 0.1 million on sales of tangible fixed assets (CHF 0.0 million in 2008), expenses of CHF 2.9 million in connection with the closure of the plant in Merenschwand (CHF 0.0 million in 2008).

27. FINANCIAL EXPENSES AND FINANCIAL INCOME

	CHF 1,000	2009	2008
Interest earned	525	757	
Currency gains	4,033	8,058	
Gains on derivative financial instruments	411	0	
Other financial income	562	1,925	
Total financial income	5,531	10,740	
Interest paid	-4,511	-7,059	
Bank charges and fees	-243	-377	
Depreciation financial assets	0	-2	
Currency losses	-4,942	-9,646	
Unrealized translation differences	-1,138	-2,559	
Losses on derivative financial instruments	-4	-1,858	
Other financial expenses	-795	-1,439	
Total financial expenses	-11,633	-22,940	
Financial result	-6,102	-12,200	

28. TAXES

CHF 1,000	2009	2008
Current income taxes	-2,092	-2,648
Change in provision for deferred taxes	4,481	6,899
Total tax expenses	2,389	4,251

Transition from profit before taxes to tax expenses:

CHF 1,000	2009	2008
Profit before taxes	-29,425	-13,485
Applicable tax rate	16.1%	32.4%
Tax expenses at applicable tax rate	4,726	4,374
Impact of changes in the applicable tax rate on the provision for deferred taxes	516	14
Impact of utilization of non-capitalized tax loss carryforwards	1,622	0
Impact of tax rates differing from the applicable tax rate	-66	92
Impact of non-tax-deductible expenses	-5,177	-1,799
Impact of non-taxable income	5,121	2,597
Impact of permanent differences (goodwill)	327	0
Impact of non-inclusion of current-year losses in the balance sheet	-5,327	-701
Impact of the release of tax provisions / subsequent tax payments	48	-269
Impact of posting taxes on capital to operating expenses	231	315
Impact of tax benefits	123	466
Other	245	-838
Tax expenses in the income statement	2,389	4,251

The applicable tax rate was 16.3 percentage points lower compared with the previous year. This was mainly attributable to the losses reported at some companies.

29. EARNINGS PER SHARE

Earnings per share are calculated as follows:

	2009	2008
Net result (CHF 1,000)	-27,036	-9,234
Average number of shares outstanding	729,510	603,595
Undiluted earnings per share (CHF)	-37.06	-15.30
Diluted earnings per share (CHF)	-37.06	-15.30

The number of shares outstanding at January 1, 2009, totaled 729,510 and was unchanged in the year under review. 364,755 shares were outstanding at the beginning of 2008. 364,755 new shares were added in the context of the increase in share capital in May 2008, resulting in a total number of 729,510 shares at December 31, 2009.

30. TAXES AND INTEREST ON BORROWINGS ACTUALLY PAID

Taxes actually paid in the year under review amounted to CHF 0.9 million (CHF 4.0 million in 2008). There was an outflow of CHF 4.3 million for interest on borrowings in 2009 (CHF 5.4 million in 2008). Inflows from interest income in the year under review totaled CHF 0.5 million (CHF 0.8 million in 2008).

31. SEGMENTAL REPORTING

The allocation of business activities to the group's two segments in 2009 is reflected in the following table:

CHF 1,000	Automotive Segment	Medical & Consumer Goods Segment	Other units, eliminations	Total
Net turnover from deliveries and services	129,766	106,399	0	236,165
Income from manufacturing orders (valued using the percentage-of-completion method)	5,037	57,521	0	62,558
Net turnover from third parties and related parties	134,803	163,920	0	298,723
Total income from third parties and related parties	133,087	164,127	461	297,675
Intragroup income	997	3,667	17,667	22,331
Total income	134,084	167,794	-4,203	297,675
EBITDA	-3,225	8,748	213	5,736
EBIT	-16,210	-6,509	-604	-23,323
Net financial income				-6,102
Net result before taxes				-29,425
Tax refund				2,389
Net result				-27,036
Total assets (December 31)	129,015	262,624	-27,009	364,630
Total liabilities (December 31)	96,776	125,068	-28,594	193,250
Capital expenditure				
– on tangible fixed assets	-10,627	-2,611	-163	-13,401
– on intangible assets	0	-653	0	-653
Depreciation	-12,985	-15,257	-817	-29,059

Adjusted figures for 2008 as a result of the new structural organization:

CHF 1,000	Automotive Segment	Medical & Consumer Goods Segment	Other units, eliminations	Total
Net turnover from deliveries and services	189,770	160,952	0	350,722
Income from manufacturing orders (valued using the percentage-of-completion method)	8,958	36,659	0	45,617
Net turnover from third parties and related parties	198,728	197,611	0	396,339
Total income from third parties and related parties	205,931	208,340	2,254	416,525
Intragroup income	724	6,877	9,492	17,093
Total income	206,655	215,217	-5,347	416,525
EBITDA	13,248	11,681	1,407	26,336
EBIT	2,827	-4,809	697	-1,285
Net financial income				-12,200
Net result before taxes				-13,485
Tax refund				4,251
Net result				-9,234
Total assets (December 31)	141,133	266,814	1,866	409,813
Total liabilities (December 31)	108,183	224,197	-120,674	211,706
Capital expenditure				
– on tangible fixed assets	-15,628	-9,883	-579	-26,090
– on intangible assets	-26	-73,819		-73,845
Depreciation	-10,421	-16,510	-690	-27,621

Prices of intragroup services are stipulated and invoiced in conformity with the applicable transfer pricing rules.

The adjustment of the Adval Tech Group's structural organization had the following effects on the 2008 segmental results:

CHF 1,000	Automotive Segment	Medical & Consumer Goods Segment	Other units, eliminations	Total
Total income	27,365	-22,069	5,296	0
EBITDA	-942	932	10	0
EBIT	-2,753	2,763	-10	0
Total assets (December 31)	28,856	-27,897	-959	0
Total liabilities (December 31)	19,880	-18,921	-959	0
Capital expenditure				
– on tangible fixed assets	-699	699	0	0
– on intangible assets	0	0	0	0
Depreciation	-1,811	1,811	0	0

The former Stamping and Forming Segment provides the basis for comparison for the stated changes in the Automotive Segment. The figures stated for the Medical & Consumer Goods Segment are based on those of the former Injection Molding Segment.

The activities of the two segments in 2009 and the group structure are explained in the annual report (page 15 and 12 ff.).

Income by region is as follows:

	CHF 1,000	2009	2008	
Net turnover	298,723	100%	396,339	100%
<i>Europe</i>	173,145	58%	227,746	57%
– of which Switzerland	29,120	10%	67,764	17%
– of which Germany	72,502	24%	61,119	15%
– of which France	28,982	10%	44,310	11%
<i>Asia</i>	56,381	19%	75,350	19%
– of which China	36,867	12%	39,769	10%
<i>North America</i>	29,128	10%	33,081	8%
<i>Latin America</i>	38,793	13%	59,315	15%
<i>Australia and Oceania</i>	872	0%	571	0%
<i>Africa</i>	404	0%	276	0%

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

Net turnover in Switzerland includes CHF 4.2 million of turnover with related parties in the year under review (CHF 8.1 million in 2008).

No single customer accounted for more than 10% of turnover in the year under review and the previous year.

Long-term assets (tangible fixed assets and intangible assets) are made up as follows:

	CHF 1,000	2009	2008	
Total assets	217,604	100%	244,961	100%
<i>Europe</i>	134,496	62%	154,673	63%
– of which Switzerland	95,158	44%	113,344	46%
– of which Germany	23,147	11%	26,003	11%
– of which Hungary	16,191	7%	16,731	7%
<i>Asia</i>	76,563	35%	81,729	33%
– of which China	12,557	6%	15,262	6%
– of which Singapore	63,393	29%	65,388	27%
<i>North America</i>	0	0%	22	0%
<i>Latin America</i>	6,545	3%	7,132	3%

32. DIVIDENDS PAID

The annual general meeting of Adval Tech Holding Ltd held on May 14, 2009, adopted a motion to pay no dividend for the 2008 financial year.

33. PLEDGED ASSETS

CHF 1,000	12/31/2009	12/31/2008
Book value of pledged tangible fixed assets	41,000	1,399

The pledges listed serve as security for mortgages, other bank loans and credit lines. The increase compared to the previous year was attributable to security furnished in the context of the syndicated loan agreement which was revised in the third quarter of 2009. Furthermore, it should be noted that balances at sight held with banks can be used to cover loans granted at the same time in accordance with the banks' general conditions of business.

34. FIRE INSURANCE VALUES

CHF 1,000	12/31/2009	12/31/2008
Real estate	118,050	113,804
Other tangible fixed assets	432,149	447,504

35. CONTINGENT AND FUTURE LIABILITIES

CHF 1,000	12/31/2009	12/31/2008
Contingent liabilities in favor of third parties	1,072	2,902
Liabilities arising from leases	16,786	17,276
Liabilities arising from operating leases	632	804

Contingent liabilities originate from guarantees issued as security for advance payments by customers, finance lease transactions and import duties. A cash outflow is deemed unlikely.

Payments deriving from operating leases fall due as follows: CHF 0.3 million (CHF 0.6 million in 2008) within one year, CHF 0.3 million (CHF 0.2 million in 2008) within two to five years.

Future rental payments fall due as follows: CHF 5.2 million (CHF 5.0 million in 2008) within one year, CHF 6.0 million (CHF 6.2 million in 2008) in two to five years, CHF 5.6 million (CHF 6.1 million in 2008) in more than five years.

36. FINANCIAL INSTRUMENTS

Market values are calculated on the basis of individual valuations of the open instruments on balance sheet date. The total change in market value was CHF 0.4 million (CHF -1.9 million in 2008), see also note 27.

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

Interest rate risks:

Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
		positive	negative
Interest rate cap	65,000	2	0
Interest rate floor	35,000	0	637
Interest rate swap	15,000	0	523
Total		2	1,160

Interest rate caps are held in order to limit the risk of increases in interest rates. The hedges in place at the end of 2009 are valid until 2011 at the latest.

The figures for 2008 were as follows:

Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
		positive	negative
Interest rate cap	65,000	21	0
Interest rate floor	35,000	0	840
Interest rate swap	15,000	0	685
Total		21	1,525

Currency risks:

Currency	Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
			positive	negative
USD	Forward transactions	2,500	15	0
EUR	Forward transactions	600	36	0
Total			51	0

The above-mentioned options and forward transactions serve to hedge future USD and HUF payments arising from contracts concluded or agreements about to be concluded on balance sheet date. They mature by the end of June 2010 at the latest.

The figures for 2008 were as follows:

Currency	Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
			positive	negative
USD	Forward transactions	500	0	11
EUR	Forward transactions	1,100	0	25
Total			0	36

The allocation of financial instruments included in the balance sheet to the categories in IAS 39 and their impact on the income statement are as follows:

Category	12/31/2009	12/31/2008
<i>Assets:</i>		
Financial assets posted to income at fair value	53	21
Loans and receivables	61,297	63,744
Financial assets for disposal	30	25
<i>Liabilities:</i>		
Financial liabilities posted to income at fair value	0	0
Hedging transactions	1,160	1,561
Other financial liabilities valued at continued acquisition cost	118,180	114,438

Gains and losses arising from currency translation differences in the categories of loans and receivables and other financial liabilities, as well as net interest income, are listed in note 27. The changes in value of financial assets posted to income at fair value are referred to in this note.

Bank expenses in the year under review amounted to CHF 0.2 million (CHF 0.4 million in 2008). Losses on receivables posted to income are shown in note 4.

37. RISK ASSESSMENTS OF FINANCIAL INSTRUMENTS

Risk policy regarding financial instruments is described in note 2. The sensitivity analyses required under IFRS 7 are set out below.

At balance sheet date the sensitivity analysis of interest rate risks is as follows:

Impact on pre-tax profit (in CHF 1,000)	12/31/2009		12/31/2008	
Actual interest rate +1%	-1,014		-1,075	
Actual interest rate -1%	1,232		1,691	

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

Impact on pre-tax profit (in CHF 1,000)	Exchange rate change in %		12/31/2009		Exchange rate change in %		12/31/2008	
	+	-	+	-	+	-	+	-
EUR/CHF	5%	5%	1,213	1,213	5%	5%	1,250	1,250
USD/CHF	8%	8%	279	279	8%	8%	119	119
BRL/CHF	10%	10%			10%	10%		

The BRL/CHF currency pairing displays no material sensitivity.

Available liquidity at balance sheet date, which is utilized as a key characteristic for assessing the liquidity risk, is as follows:

Liquidity ratio 2 (quick ratio) on balance sheet date amounted to:

	CHF 1,000	12/31/2009	12/31/2008
Liquid assets	23,496	31,829	
Receivables	59,438	62,891	
Short-term debt	67,738	78,721	
Liquidity ratio 2	122.4%	120.3%	

The book values of financial liabilities correspond approximately to their fair value. Gross cash outflows on financial liabilities (not discounted) are as follows:

CHF 1,000	Less than three months	Three to twelve months	Two to five years	More than five years
at December 31, 2008:				
Bank accounts	-3,679	0	0	0
Financial liabilities to related parties	-149	-149	0	0
Derivative financial instruments	-3,578	0	0	0
Trade payables	-32,423	-673	-32	0
Leasing liabilities	-102	-285	-100	0
Interest-bearing loans (unsecured)	0	0	-110,000	0
Total	-39,931	-1,107	-110,132	0
at December 31, 2009:				
Bank accounts	-4,164	0	0	0
Financial liabilities to related parties	-149	0	0	0
Derivative financial instruments	-211	-669	-458	0
Trade payables	-23,573	-254	-5	0
Leasing liabilities	-138	-183	-597	0
Interest-bearing loans (unsecured)	0	0	-113,000	0
Total	-28,235	-1,106	-114,060	0

A net cash outflow of CHF 0.2 million arising from financial derivatives is expected within the next three months. This figure is made up of CHF 2.3 million of cash outflows and CHF 2.1 million of cash inflows. CHF 2.2 million outflows and CHF 1.5 million inflows are expected within three to twelve months. Within two to five years outflows of CHF 0.5 million are expected.

A material risk for the Adval Tech Group arises from the syndicated loan agreement revised in August 2009. If the terms of the loan cannot be complied with, the interest-bearing loans could be called in if no agreement is reached with the lenders to adjust the terms of the loan.

**38. TRANSACTIONS WITH
RELATED PARTIES**

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

- the pension fund of Adval Tech Holding Ltd
- Artemis Holding AG, Hergiswil, and its group companies
- Franke Holding AG, Aarburg, and the companies of the Franke Group
- Ypsomed Holding AG, Burgdorf, and the companies of the Ypsomed Group
- Finox AG, Burgdorf
- the members of the Board of Directors and group management
- Messrs. Rudolf Styner, Frauenkappelen, and Hansruedi Bienz, Oberbottigen

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

Contributions of CHF 3.9 million (CHF 3.9 million in 2008) to the pension fund of Adval Tech Holding Ltd, posted as expenses.

Liabilities to related parties on balance sheet date totaled CHF 5.7 million (CHF 13.0 million in 2008), of which CHF 3.9 million (CHF 10.0 million in 2008) related to payment commitments arising from the purchase of the second tranche of shares of OMNI Investors Pte. Ltd, Singapore, and CHF 1.7 million (CHF 1.8 million in 2008) to outstanding contributions to the pension fund.

The members of the Board of Directors and group management received fees and salaries totaling CHF 2.5 million (CHF 2.3 million in 2008) in the year under review. The regular employer's contributions to the pension funds for members of the Board of Directors and group management amounted to CHF 0.2 million (CHF 0.2 million in 2007). No payments other than regular employer's contributions were made to the pension funds for members of the Board of Directors or group management.

**39. EVENTS OCCURRING AFTER
BALANCE SHEET DATE**

No events that would adversely affect the information provided by the 2009 consolidated accounts have occurred since balance sheet date. The dividend proposed by the Board of Directors for the year 2009 is indicated on page 104.

**40. RELEASE OF THE CONSOLI-
DATED FINANCIAL STATEMENT**

The consolidated financial statements were released for publication by the Board of Directors of Adval Tech Holding Ltd and a motion for their approval was submitted to the annual general meeting of shareholders of Adval Tech Holding Ltd on March 22, 2010.



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

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Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Adval Tech Holding Ltd, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 46 to 96), for the year ended December 31, 2009.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2009 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Peter Wittwer	Carole Balli
Audit expert	Audit expert
Auditor in charge	

Berne, March 22, 2010

FINANCIAL REPORTS OF ADVAL TECH HOLDING LTD

I. BALANCE SHEET

CHF	12/31/2009	12/31/2008
Liquid assets	45,901	90,351
Receivables		
– from third parties	16,778	1,094,363
– from group companies	4,327,644	4,801,326
Prepaid expenses and accrued income		
– from third parties	1,206,472	888,850
– from group companies	0	0
Total current assets	5,596,795	6,874,890
Investments in group companies	64,291,003	50,800,386
Loans to third parties	0	0
Loans to group companies	170,067,894	209,291,014
Intangible assets	2,359,338	3,145,783
Total fixed assets	236,718,235	263,237,183
Total assets	242,315,030	270,112,073
Bank debt	2,260,930	1,534,619
Accounts payable	33,832	38,683
Other liabilities		
– to third parties	1,194,808	1,580,023
– to group companies	25,825	17,543
Accrued expenses	157,820	242,969
<i>Short-term liabilities</i>	<i>3,673,215</i>	<i>3,413,837</i>
Long-term liabilities		
– to third parties	69,000,000	90,000,000
– to group companies	3,170,000	2,700,000
Provisions	2,789,520	939,973
<i>Long-term liabilities</i>	<i>74,959,520</i>	<i>93,639,973</i>
Total liabilities	78,632,735	97,053,810
Share capital	14,600,000	14,600,000
General reserves	102,600,105	102,600,105
Reserve for treasury stock	140,717	145,420
Free reserves	14,954,930	14,950,227
<i>Share capital and reserves</i>	<i>132,295,752</i>	<i>132,295,752</i>
Balance brought forward	40,762,511	41,599,067
Net profit for the year	-9,375,968	-836,556
<i>Retained earnings</i>	<i>31,386,543</i>	<i>40,762,511</i>
Total shareholders' equity	163,682,295	173,058,263
Total liabilities and shareholders' equity	242,315,030	270,112,073

2. INCOME STATEMENT

CHF	2009	2008
Income from investments in group companies	3,400,000	3,000,000
Other income from third parties	5,876	4,499
Other income from group companies	665,303	641,876
Finance income from group companies	6,726,002	8,889,139
Finance income from third parties	640,612	2,945,857
Total operating earnings	11,437,793	15,481,371
Finance expenses, third parties	4,385,016	14,399,695
Financial expenses, related parties	0	657,636
Finance expenses, group companies	15,143,367	31,669
Business and administration expenses	469,070	383,860
Operating expenses	19,997,453	15,472,860
Amortization of intangible assets	786,446	786,446
Operating earnings before taxes	-9,346,106	-777,935
Taxes	29,862	58,621
Net result	-9,375,968	-836,556

3. APPENDIX

Accounting principles

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

Treasury stock

The holding of 490 shares of treasury stock on December 31, 2009, was unchanged from the previous year.

Investment holdings

The investment holdings of Adval Tech Holding Ltd on December 31, 2009:

Company		12/31/2009 Share capital 100%	Holding in %
Adval Tech Management Ltd, Niederwangen Management of subsidiaries	CHF	100,000	100
Styner+Bienz FormTech Ltd, Niederwangen Stamping and Forming Technology	CHF	3,050,000	100
Styner+Bienz do Brazil Ltda., São José dos Pinhais PR Stamping and Forming Technology	BRL USD	150,873 360,000	100 100
QSCH Termelő és Kereskedelmi Kft. Stamping and Forming Technology	EUR	1,000,000	100
AWM Mold Tech Ltd, Muri (AG) Injection Molding Technology	CHF	600,000	100
AWM Plast Tech Ltd, Merenschwand Plastic components	CHF	600,000	100
Teuscher Kunststoff-Technik AG, Grenchen Plastic components	CHF	2,000,000	100
AWM Swiss Technology Ltd, Hong Kong Service function in Asia	HKD	10,000	100
AWM Mold Service US Inc., Beverly, MA, USA Service function in America	USD	30	100
AWM Plastpack Ltd, Muri (AG) Plastic components	CHF	600,000	100
AWM Mold Tech Trading Co. Ltd, Shanghai Service function in Asia	USD	1	100
FOBOHA Holding GmbH, Haslach (D) Holdings in companies	EUR	25,000	100

Intangible assets

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

Guarantees to third parties

As of December 31, 2009, Adval Tech Holding Ltd has issued guarantees to its bankers, to leasing companies and to customers in respect of a total of CHF 50,420,645. These serve to secure loans, credit lines and leasing transactions of subsidiaries of Adval Tech Holding Ltd.

Major shareholders

As of December 31, 2009, the following shareholders held more than 3% of the registered share capital recorded in the Commercial Register:

- Willy Michel 23.5%
- Artemis Beteiligungen II AG, Hergiswil .. 21.2%
- Rudolf Styner 10.1%
- Hansruedi Bienz 7.5%
- Lombard Odier Darier Hentsch
Fund Managers SA 6.9%
- Sarasin Investment Fonds AG 6.0%
- Einfache Gesellschaft Dreier 3.5%

Remuneration of the Board of Directors and group management

The following remuneration was paid to directors and officers in 2009:

All amounts in CHF	Function	Basic remuneration	Variable remuneration	Other remuneration	Total
Board of Directors (BD)					
Walter Grüebler	Chairman	70,000		12,000	82,000
Michael Pieper	Vice Chairman	50,000		10,800	60,800
Leonardo Attanasio	Director	40,000		8,000	48,000
Hans Dreier	Director	50,000		16,200	66,200
Willy Michel	Director	40,000		10,800	50,800
Josef Reissner*	Director	20,000		3,600	23,600
Roland Waibel	Director	50,000		17,000	67,000
Total Board of Directors		320,000	0	78,400	398,400
Group management (GM)**					
Total group management		1,698,789	325,600	35,000	2,059,389
of which highest-paid member (Jean-Claude Philipona, CEO)		439,213	170,000	0	609,213

* Payments were made to Josef Reissner as a member of the Board of Directors up to his retirement at the annual general meeting on May 14, 2009.

** Group management consisted of six members as of December 31, 2009. The remuneration listed above also includes payments to Thomas Meyer (until the end of March 2009) and Harald Folk (from the beginning of October 2009).

2008:

All amounts in CHF	Function	Basic remuneration	Variable remuneration	Other remuneration	Total
Board of Directors (BD)					
Walter Grüebler	Chairman	70,000		12,000	82,000
Michael Pieper	Vice Chairman	50,000		9,000	59,000
Leonardo Attanasio	Director	40,000		11,600	51,600
Hans Dreier	Director	50,000		16,200	66,200
Willy Michel	Director	40,000		9,000	49,000
Josef Reissner	Director	40,000		36,440	76,440
Roland Waibel	Director	50,000		14,400	64,400
Total Board of Directors		340,000	0	108,640	448,640
Group management (GM)					
Total group management		1,828,302	25,000	38,420	1,891,722
of which highest-paid member (Jean-Claude Philipona, CEO)		439,213	0	0	439,213

The Board of Directors and group management are remunerated in cash only. Group management received their remuneration for the 2008 financial year in cash. For 2009, a portion of the variable remuneration will be paid in the form of shares of Adval Tech Holding Ltd.

The additional fee paid to Josef Reissner in 2008 was in connection with services rendered by him for a development project.

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

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

As of December 31, 2009, the individual members of the Board of Directors and group management (including closely associated persons) held the following numbers of shares in the company:

	Function	Number
Walter Grüebler	Chairman of the Board	2,102
Michael Pieper	Vice Chairman of the Board	156,686
Leonardo Attanasio	Director	100
Hans Dreier	Director / Head IT/Logistics/Legal	12,776
Willy Michel	Director	171,420
Roland Waibel	Director	200
Jean-Claude Philipona	CEO	224
Markus Reber	CFO	50

Josef Reissner retired from the Board of Directors at the 2009 annual general meeting (on May 14, 2009) and Thomas Meyer ceased to be a member of group management in the capacity of Head of Division as of the end of March 2009.

As of December 31, 2008, the individual members of the Board of Directors and group management (including closely associated persons) held the following numbers of shares in the company:

	Function	Number
Walter Grüebler	Chairman of the Board	2,102
Michael Pieper	Vice Chairman of the Board	155,486
Leonardo Attanasio	Director	100
Hans Dreier	Director / Head of Marketing and Logistics	12,776
Willy Michel	Director	170,986
Josef Reissner	Director	191
Roland Waibel	Director	200
Jean-Claude Philipona	CEO	224
Markus Reber	CFO	50
Thomas Meyer	Head of the Injection Molding Division	30

Risk management

Adval Tech Holding Ltd has a central risk appraisal system for both strategic and operating risks. All identified risks are evaluated (for risk of occurrence and extent of damage) and recorded in a risk inventory. This risk inventory provides the basis for detailed discussions held periodically by the Board of Directors and group management in order to verify that the risk inventory is up-to-date. Ongoing monitoring of the risk inventory is a management objective.

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

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

At the disposal of the annual general meeting of shareholders		2009	2008
Balance brought forward	CHF	40,762,511	41,599,067
Net result for the year	CHF	-9,375,968	-836,556
Retained earnings	CHF	31,386,543	40,762,511
Proposal by the Board of Directors			
Dividend of CHF 0.00 gross per registered share	CHF	0	0
Allocation to free reserves	CHF	0	0
Carried forward to new account	CHF	31,386,543	40,762,511
	CHF	31,386,543	40,762,511



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

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Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Adval Tech Holding Ltd, which comprise the balance sheet, income statement and notes (pages 98 to 104), for the year ended December 31, 2009.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended December 31, 2009 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

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

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Peter Wittwer	Carole Balli
Audit expert	Audit expert
Auditor in charge	

Berne, March 22, 2010

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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 behavior on the part of our competitors, negative publicity and the departure of management-level employees. The forward-looking statements are pure assumptions, made on the basis of information that is currently available.

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

