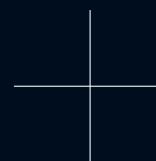
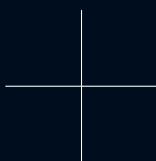
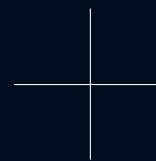
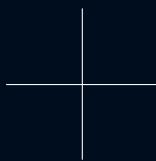
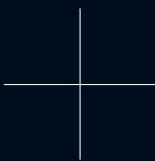
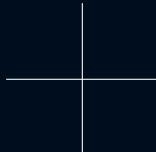
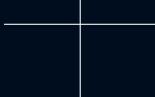




ANNUAL REPORT 2012

ADDING VALUE THROUGH INNOVATION





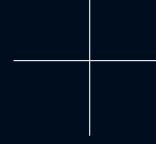
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SHARE STATISTICS AND PRICE TRENDS

Share statistics

Swiss security no. 896 792

Ticker symbols:

Telekurs ADVN

Bloomberg ADVN SW

	2012	2011
Registered shares	730,000	730,000
EBIT per share (CHF)	-4.80	-6.86
Net result per share (CHF)	-21.06	-22.36
Shareholders' equity per share (CHF)	73.75	93.80
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 (06/18/12, 12/30/11)	129.00	165.00
High (03/09/12, 01/03/12)	193.70	353.00
December 31	159.50	165.00
Market capitalization (CHF millions)		
Low (06/18/12, 12/30/11)	94.17	120.45
High (03/09/12, 01/03/11)	141.40	257.69
December 31	116.44	120.45

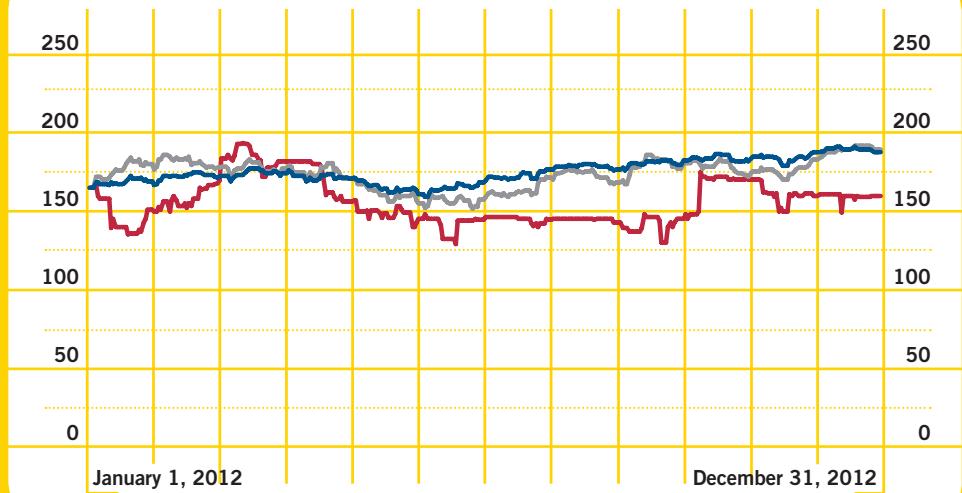
1) proposed by the Board of Directors

Price trends

January 1, 2012, to

December 31, 2012

(CHF)



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

KEY FIGURES OF THE ADVAL TECH GROUP

	2012 ¹⁾	2011 ²⁾	2010 ³⁾	2009 ³⁾	2008 ³⁾
Total income (CHF millions)					
Group	279.6	284.9	316.7	297.7	416.5
Change in %	-1.9	-10.0	6.4	-28.5	19.5
Per employee (CHF thousands)	115.7	114.8	124.8	110.0	136.3
Components segment	218.3	221.3	221.5	195.0	299.3
Molds segment	67.6	75.5	74.1	74.9	92.8
EBITDA (CHF millions)					
Operating earnings before depreciation	16.9	14.3	24.2	6.3	26.3
in % of total income	6.0	5.0	7.7	2.1	6.3
Components segment	10.5	7.3	17.7	2.2	21.9
Molds segment	4.1	5.7	5.8	3.9	3.0
EBIT (CHF millions)					
Operating earnings	-3.5	-5.0	1.6	-22.7	-1.3
in % of total income	-1.3	-1.8	0.5	-7.6	-0.3
Net result (CHF millions)					
Net result for the year	-15.4	-16.3	-10.9	-26.6	-9.2
in % of total income	-5.5	-5.7	-3.5	-8.9	-2.2
Cash flow and capital expenditure (CHF millions)					
Cash flow from operations	7.5	5.7	11.3	7.2	19.9
Operative free cash flow	1.1	-4.7	-1.6	-7.2	0.4
Free cash flow	1.1	-4.7	-5.5	-7.2	-58.5
Capital expenditure	-9.9	-17.5	-12.4	-13.4	-26.1
Balance sheet figures (CHF millions)					
Total assets	238.6	265.0	278.0	299.3	409.8
Shareholders' equity	53.8	68.5	84.8	105.4	198.1
in % of total assets	22.6	25.8	30.5	35.2	48.3
Employees					
on December 31	2,239	2,491	2,470	2,573	2,838
Segment Components	1,876	2,048	2,034	2,274	2,398
Segment Molds	345	424	417	284	430
Market capitalization (CHF millions)					
on December 31	116.4	120.5	253.3	155.5	103.7
Selected key figures per share					
Earnings (CHF)	-21.06	-22.36	-14.99	-36.39	-15.30
Dividend (CHF)	0.00	0.00	0.00	0.00	0.00
Payout ratio %	n.a.	n.a.	n.a.	n.a.	n.a.
P/E ratio on December 31	n.a.	n.a.	n.a.	n.a.	n.a.

1) according to Swiss GAAP FER

2) according to Swiss GAAP FER, segments restated

3) segments estimated (2010/2009 according to Swiss GAAP FER, 2008 according to IFRS)

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With the full-page illustrations in this year's annual report we are continuing a series of photographic portraits of our manufacturing facilities. This year we are giving you an insight into QSCH Kft., Szekszárd, Hungary. The facility produces metal and plastic serial components.



DEAR SHAREHOLDERS

The Adval Tech Group succeeded in raising operating profit before depreciation, interest and taxes (EBITDA) from CHF 14.3 million to CHF 16.9 million in the 2012 financial year. However, the result of CHF -3.5 million failed to achieve the targeted turnaround at the EBIT level (2011: CHF -5.0 million). Value adjustments on risk positions, delays in the launch of individual projects and the still incomplete reorganization at the production facility in Suzhou, China, impacted negatively on the result.

In March 2012 the Board of Directors of the Adval Tech Group decided to streamline the Group's activities and to focus on a few areas in an effort to concentrate its energies. While the restructuring measures introduced required great commitment and efforts on the part of both management and employees, they have also brought significant improvements in the operating business. Simplified structures and better utilization of synergies have resulted in substantial savings, which will make a major contribution to the competitiveness of the Adval Tech Group. The new, flatter organizational structure has also improved the flow of information and communication and shortened response times in the face of changing operating conditions.

Adval Tech will remain a listed group with global operations in future. However, it now has a much leaner organizational structure. The previous divisions have been disbanded to enable the Group companies to operate in closer proximity to the market and to be managed more directly.

In this Annual Report, the Adval Tech Group is reporting its results for the new Components and Molds segments for the first time. The prior-year values in this report have thus been restated in accordance with the new organizational structure.

In the interests of maintaining a firm focus, simplifying structures and exploiting synergies, Adval Tech will in future retain only one location in China for mold-making and component production. To this end, in the reporting year Adval Tech specifically put together its two mold-making plants in Suzhou – Omni Engineering (Shanghai) Co. Ltd. and Omni Industries Tech Center Co. Ltd. (Suzhou) – as well as integrating the activities of Omni Plastics (Xiamen) Co. Ltd. into the component manufacturing plant in Suzhou, which was also restructured. The cost-cutting programmes launched in this connection will have a positive effect on the financial statements of the Adval Tech Group from the second half of 2013 onwards.

Development of the most important key figures

Total income

The Group's overall result in 2012 of CHF 279.6 million is slightly below that of the previous year (CHF 284.9 million, -1.9%). Adjusted for currency effects, this equates to a marginally larger decrease of 2.8%. 77% of sales was generated by the Components segment, and 23% by the Molds segment.

Operating profit EBITDA and EBIT

Operating profit before depreciation, interest and taxes (EBITDA) at CHF 16.9 million is 18% above the year-back level (CHF 14.3 million). The EBITDA margin thus improved from 5.0% to 6.0%. The Swiss company Styner+Bienz FormTech AG made the largest contribution to this positive development with its metal stamped / deep drawn parts in the Components segment. However, Styner+Bienz was forced to accept a decline in margins for its steering system applications. In future the high-grade parts in question will continue to be manufactured in Uetendorf, Switzerland, but the subsequent assembly work will be performed at the QSCH plant in Szekszárd, Hungary. The activities of the two start-up companies in the Medical area in China and Mexico respectively have had a negative impact on the Group's result at EBITDA level.

The operating result before interest and taxes (EBIT) of CHF -3.5 million is still very unsatisfactory (2011: CHF -5.0 million). The positive results of the Swiss sites of Styner+Bienz, Omni Mexico, Omni Thailand and Omni Malaysia in the Components segment and FOBOHA in the Molds segment were unable to offset the negative results of the other companies.

Net result

Net result for 2012 amounts to CHF -15.4 million (2011: CHF -16.3 million). This includes extraordinary expenses of CHF 3.1 million (CHF 1.7 million relating to restructuring in Asia and CHF 1.3 million for expenses in connection with cooperation projects).

Cash flow

The Group lifted its cash flow from operating activities in the reporting year by CHF 1.8 million to CHF 7.5 million. Free cash flow increased from CHF -4.7 million to CHF 1.1 million.

Bank loans

The Adval Tech Group renegotiated the bank loans maturing in January 2013 ahead of schedule, putting them on a new footing. In mid-January 2012, two big Swiss banks replaced the consortium consisting of eight banks. The Group's net debt came to CHF 105.3 million at the end of 2012. A large shareholder has signed a guarantee for 50% of the credit line of CHF 120 million.

Investments and divestments

In 2012, the Adval Tech Group incurred capital expenditure of CHF 9.9 million, i.e. CHF 7.6 million less than the previous year. Thanks to strict management controls, the Group was able to reduce its working capital (trade accounts receivable, inventories, trade accounts payable) by CHF 2.5 million to CHF 41.6 million. In relation to total income, net working capital stagnated at its prior-year level of 17.8%.

Collaborations

Since 2010, Adval Tech has collaborated in the US with the Anchor Manufacturing Group, headquartered in Cleveland, Ohio. Working closely with this partner, Styner+Bienz US Inc. produces components for automotive steering systems, which it combines to form subassemblies. To safeguard its global reach, also in the area of metal stamped / deep drawn parts for the car industry, the Adval Tech Group is looking into further cooperation scenarios. To date, Adval Tech has been producing such parts in Niederwangen, Switzerland, and partly in São José dos Pinhais, Brazil. A site in Asia is still missing.

Sustainability

One of the goals adopted by the Adval Tech Group is to create sustainable added value for all its stakeholder groups. Sustainability – economic, social and ecological – is a basic corporate value at Adval Tech and that should be reflected in every aspect of the Group's operations.

Customer and employee satisfaction

Customer satisfaction plays an important role in the future development of both segments. Quality and delivery reliability are measured for all customers. Regular visits to customers, identifying improvement potential and proposing solutions likewise contribute to keeping customers satisfied.

Employee satisfaction is also measured regularly at Adval Tech. Every two years the Group conducts a standardized survey of the entire workforce. The results are assessed and analysed for each location. On this basis, improvement potential is evaluated, and the senior management of each company defines a corresponding action and implementation plan.

Market development

By strengthening its focus on mold-making and on selected areas of application for metal and plastic components, the Adval Tech Group has fine-tuned its profile in all the key sales markets. In the recent past, the Group was able to acquire several large-scale new orders in the automotive sector in particular.

In 2013, Adval Tech will attend Chinaplas, the leading Asian trade fair for plastics and rubber. The Group will present its mold-making technology under the name of Adval Tech FOBOHA and its components business under the name of Adval Tech. By making a distinctive appearance, Adval Tech Group aims to boost the degree of recognition in Asia and to demonstrate its competencies to potential customers, while raising awareness of the attractive opportunities for implementation, especially in China.

Staff-related changes

Following the annual general meeting, the Board of Directors appointed Dr. h.c. Willy Michel as its new Chairman on June 19, 2012. Willy Michel has been a member of the Board of Directors since 2007. Michael Pieper remains Vice Chairman. Willy Michel succeeds Walter Grüebler as Chairman; he retired from the Board of Directors after more than 15 years as a member – six of them as Chairman.

Stephan Mayer headed the Adval Tech Group from December 2011 to July 2012 as interim CEO. On August 1, 2012, René Rothen, the former head of the Automotive segment, took over the management of the Adval Tech Group as its new CEO. Valeria Poretti-Rezzonico, Head of Human Resources & Communication since 2008, was elected to the Group Executive Management on May 1, 2012. Harald Folk, the former head of the Molding Technology division, left the Group Executive Management in the middle of the year.

Segment results

Components

In the Components segment (metal and plastics) the overall performance of CHF 218.3 million is around CHF 3 million below the year-back figure of CHF 221.3 million. In currency-adjusted terms, the decline accounts for around CHF 4 million. The losses are among other things due to lower sales with Brazilian automobile suppliers. The segment raised its EBITDA to CHF 10.5 million (2011: CHF 7.3 million).

Molds

The Molds segment posted a result for 2012 of CHF 67.6 million which is CHF 7.9 million below the year-back figure of CHF 75.5 million. EBITDA, which comes to CHF 4.1 million, is CHF 1.6 million lower than in 2011 (CHF 5.7 million). This decline is mainly due to the performance of AWM Mold Tech AG in Muri (Switzerland), which continued to operate at a loss. A number of savings measures have been introduced at the Muri site which should take effect in 2013. The sales and profit at the FOBOHA GmbH Group company in Haslach, Germany, are still gratifying, even if the key figures do not match those of the previous year. The Adval Tech Group is striving to achieve better market penetration for FOBOHA's cube technology.

Outlook

In the current financial year, the Adval Tech Group is concentrating its efforts on reducing its debt and on improving the operating result. The primary objective for 2013 is to achieve a turnaround at EBIT level.

Some of the numerous projects launched in the previous year – under the banner of “simplifying the structure, focusing, exploiting restructuring or synergies” – will begin to reap benefits in the first quarter of 2013. Even though these projects initially

WILLY MICHEL

CHAIRMAN OF THE BOARD

RENÉ ROTHEN

CHIEF EXECUTIVE OFFICER



encumbered the organization, they are absolutely vital to the long-term success of the Group.

Acknowledgements

The Board of Directors and the management of the Adval Tech Group will continue to do everything within their power to get Adval Tech back on track for success. However, this will only be possible with satisfied customers and motivated and qualified employees.

We would like to express our deep gratitude to our customers, suppliers, business partners and employees and, of course, especially to you our valued shareholders. Your loyalty and trust create the basis for the Adval Tech Group to enjoy future success.

Niederwangen, March 2013

Willy Michel
Chairman of the Board

René Rothen
Chief Executive Officer

SIMPLIFYING – FOCUS – EXPLOITING SYNERGIES – COLLABORATIONS

In reaction to the unsatisfactory figures of the past few years, the Adval Tech Board of Directors reviewed and adapted the Group's strategy, shifting the focus to mold-making as well as selected activities in the metal and plastic components business.

The Adval Tech Group has good opportunities for further development and growth in all its markets, as documented in a comprehensive market and company analysis. However, due to the losses posted in recent years, there are not sufficient funds available to make the necessary investments in all areas of activity at the same time. The Board of Directors has therefore made changes to the previous strategy of the Adval Tech Group. At the core of the new strategy is a focus on mold-making and on selected areas for components in metal and plastic.

As a 'one-stop shop', the Adval Tech Group is able to meet all its customers needs 'under one roof': from the development of products and tools, to tool-making and component manufacture, right through to the assembly of components.

Mold-making

Adval Tech continues to expand its mold-making activities. The respective locations are being strengthened: In Haslach, FOBOHA develops and produces high-performance molds and production solutions that are best in their class worldwide. Technology at the mold-making plant in Suzhou (China) is being upgraded with the support of FOBOHA experts and the site is being expanded to serve as a base for the local maintenance and repair of molds.

Production of metal and plastic components

In the production of metal and plastic components, Adval Tech is focusing even more closely on selected customers and areas of application. In the automotive industry, for example these include steering system subassemblies (metal), metal stamped / deep drawn components for air conveyance (plastic) as

well as for door sill plates (plastic and combination of plastic and metal).

In the steering system subassemblies area of the business, which serves the automotive industry, the Uetendorf site of Styner+Bienz is concentrating on the production of high-quality individual parts. The QSCH plant in Szekszárd is being expanded and will assemble the parts into finished subassemblies in future. Adval Tech will primarily supply European

THE FOCAL POINTS OF THE REALIGNMENT

Simplifying

The Adval Tech Group has simplified its Group structure. The previous divisions have been disbanded to enable the Group companies to operate in closer proximity to the market and to be managed more directly. The reorganization into the Components and Molds segments permits a stronger focus, while at the same time creating additional synergies.

Focus

The focus is on mold-making and on selected activities in the business with plastic and metal components.

Exploiting synergies

Adval Tech resolutely exploits synergies. For example, by concentrating its plastic component production and mold-making in China at a single location.

Collaborations

Because investments are required to achieve global reach in all areas of the business and to minimize the risks accordingly, Adval Tech is looking for cooperation partners in the individual areas.

customers from its sites in Switzerland and Hungary. To serve customers in the US, Adval Tech intends to expand its alliance with partner Anchor and is looking into further cooperation models for other markets.

In addition, Adval Tech serves selected sales markets for components production in the medical technology and consumer goods industries.

The new organization of the Adval Tech Group

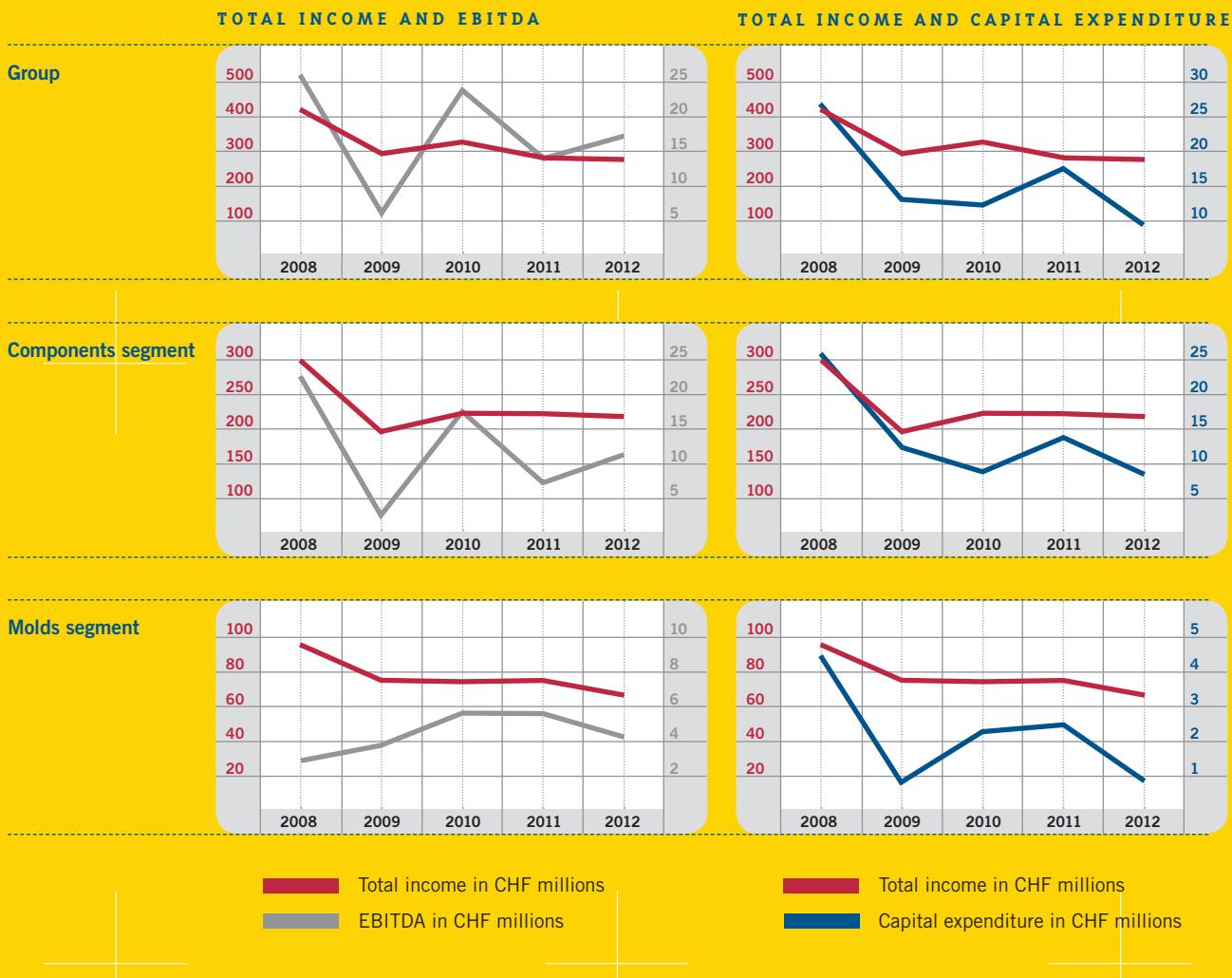
Since spring 2012, the Adval Tech Group has no longer been organized by divisions, but has been divided into two segments – Components and Molds:



		Components		Molds
		Metal	Plastic	
Europe	AWM Mold Tech Ltd, Muri (AG), Switzerland			●
	FOBOHA GmbH, Haslach, Germany			●
	QSCH Kft., Szekszárd, Hungary	●	●	
	Styner+Bienz FormTech Ltd, Niederwangen and Utendorf, Switzerland	●		
	Teuscher Kunststoff-Technik Ltd, Grenchen, Switzerland		●	
Asia	Omni Industries Tech Center (Suzhou) Co. Ltd, Suzhou, China			●
	Omni Plastics (Suzhou) Co. Ltd, Suzhou, China	●		
	Adval Tech Medical (Suzhou) Co. Ltd	●		
	Omni Plastics (Thailand) Co. Ltd, Rayong, Thailand	●		
	Omni Precision Sdn. Bhd., Johor Bahru, Malaysia	●		
Americas	FOBOHA US Inc., Beverly, Massachusetts, USA			●
	Omni Manufacturing Services S.A. de C.V., Querétaro, Mexico	●		
	Styner+Bienz do Brasil Ltda., São José dos Pinhais, Brazil	●		
	Styner+Bienz US Inc., Cleveland, Ohio, USA	●		



DEVELOPMENT OF TOTAL INCOME, EBITDA AND CAPITAL EXPENDITURE



	2008 ³⁾	2009 ³⁾	2010 ³⁾	2011 ²⁾	2012 ¹⁾
Total income	416.5	297.7	316.7	284.9	279.6
– Components segment	299.3	195.0	221.5	221.3	218.3
– Molds segment	92.8	74.9	74.1	75.5	67.6
EBITDA	26.3	6.3	24.2	14.3	16.9
– Components segment	21.9	2.2	17.7	7.3	10.5
– Molds segment	3.0	3.9	5.8	5.7	4.1
Capital expenditure	26.1	13.4	12.4	17.5	9.9

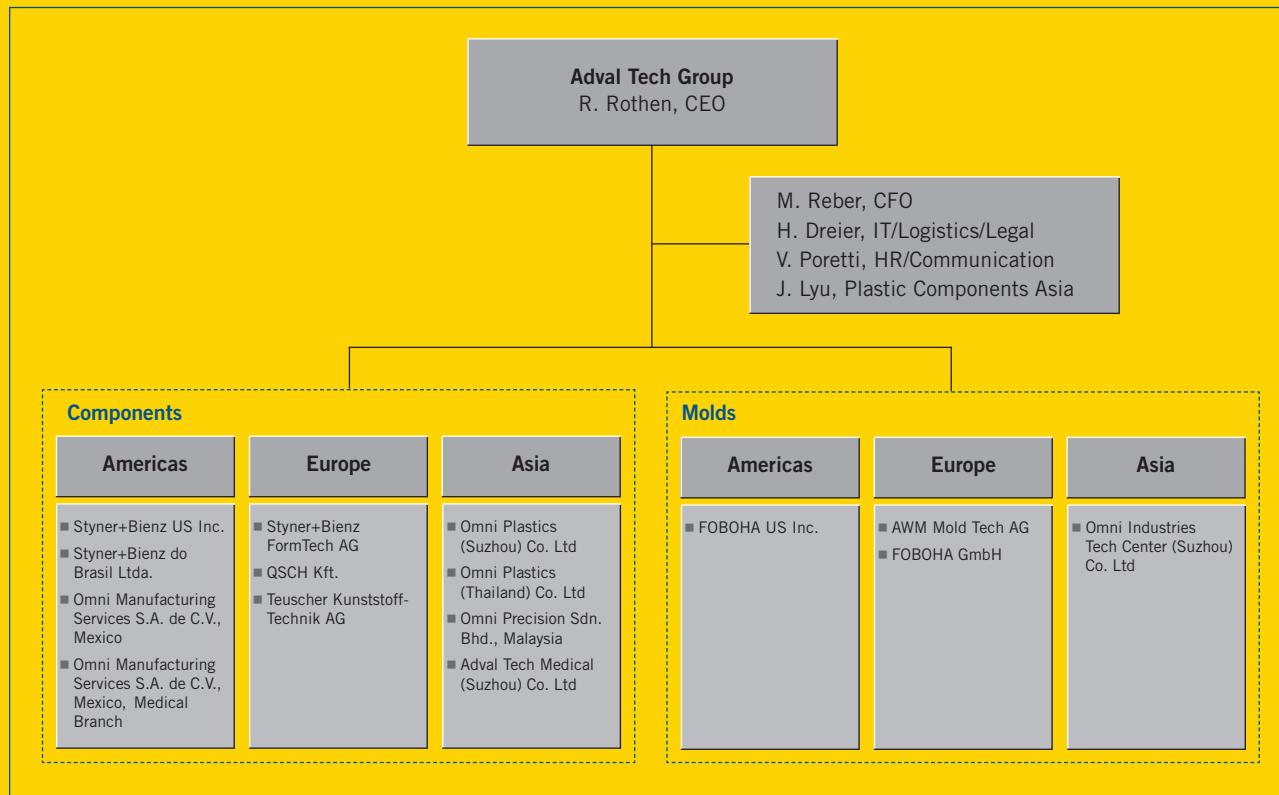
1) according to Swiss GAAP FER

2) according to Swiss GAAP FER, segments restated

3) segments estimated (2010/2009 according to Swiss GAAP FER, 2008 according to IFRS)

As part of the reorganisation the business segments of the Adval Tech Group were restructured as of the beginning of May 2012. The year-back values have been restated accordingly.

GROUP STRUCTURE



as of January 1, 2013

GROUP EXECUTIVE MANAGEMENT

JINSHENG LYU HEAD PLASTIC COMPONENTS ASIA

VALERIA PORETTI-REZZONICO HEAD CORPORATE HR/COMMUNICATION

RENÉ ROTHEN CHIEF EXECUTIVE OFFICER

HANS DREIER HEAD IT/LOGISTICS/LEGAL

MARKUS REBER CHIEF FINANCIAL OFFICER

(FROM LEFT TO RIGHT)

EXECUTIVE BODIES

Board of Directors

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

Audit Committee: Roland Waibel, Hans Dreier

Group Executive Management

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

Statutory Auditors

PricewaterhouseCoopers Ltd, Bern





MARKED IMPROVEMENT IN EARNINGS

Despite a slight decrease in total income to CHF 218.3 million (previous year: CHF 221.3 million), the Components segment (metal and plastic) achieved a marked improvement in earnings in 2012, lifting EBITDA to CHF 10.5 million (previous year: CHF 7.3 million). Adjusted for currency effects, the decline in total income comes to CHF 4 million.

The Components segment produces metal and plastic parts in large batches for selected areas of application within the automotive industry, the medical technology sector and the consumer goods market. The improvement in EBITDA is primarily attributable to the result of the Swiss company Styner+Bienz FormTech AG in the area of metal stamped / deep drawn parts for the automotive industry. These are manufactured by Adval Tech at its Niederwangen plant and in part by Styner+Bienz do Brasil in São José dos Pinhais for automotive suppliers. To provide Adval Tech with global reach in this business area catering to customers from the automotive industry, the company is currently investigating opportunities for cooperation in the Asia region.

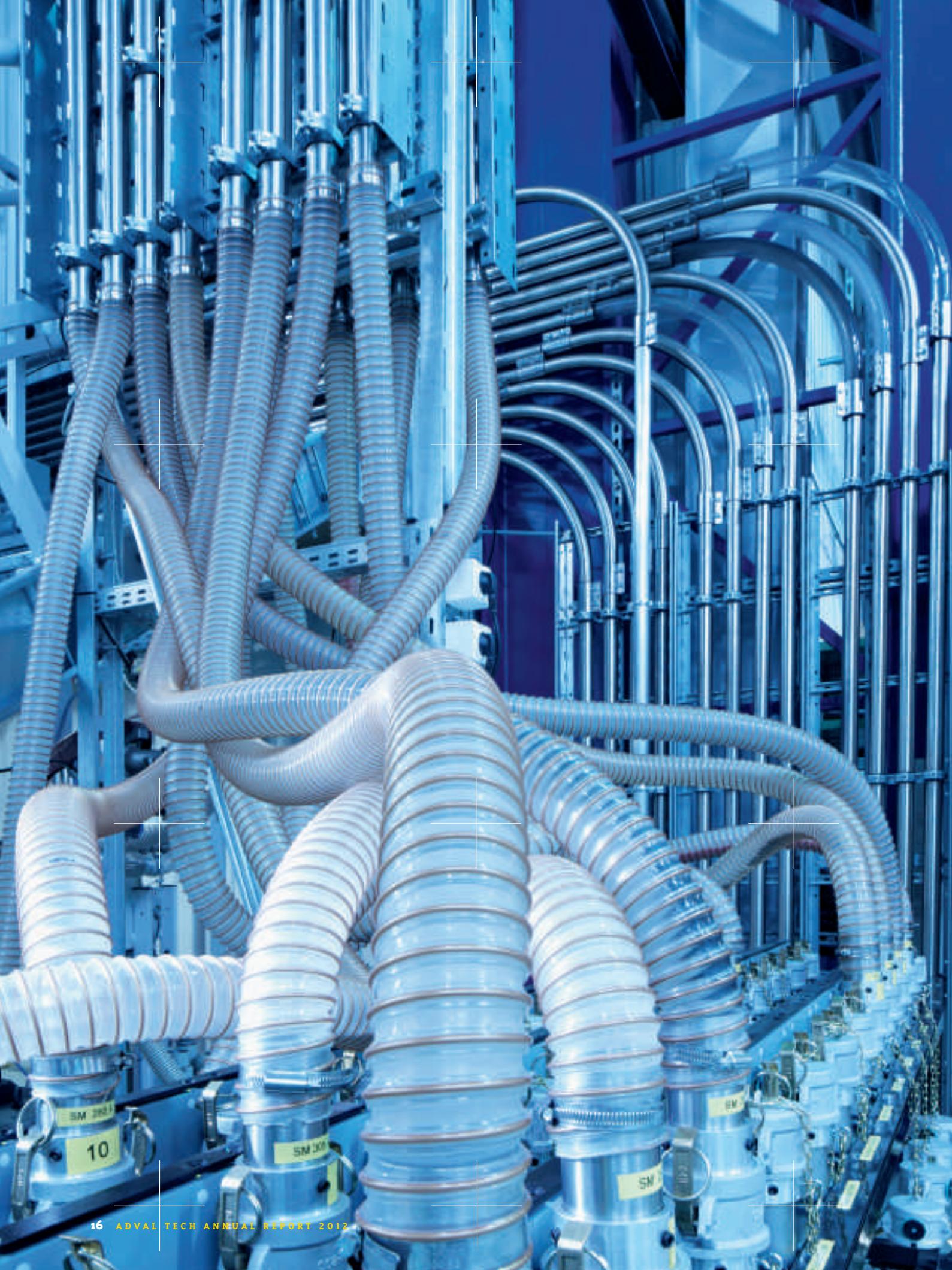
Developments in the automotive market

Cooperation between Switzerland–Hungary and Switzerland–USA

In the steering system subassemblies area of the business, which serves the automotive industry, the Uetendorf site of Styner+Bienz is concentrating on the production of high-quality individual parts. The QSCH plant in Szekszárd is being expanded specifically to enable it to assemble the parts into finished subassemblies. From its locations in Switzerland and Hungary, Adval Tech primarily supplies European customers. For customers in the US, Styner+Bienz US Inc. produces and assembles the respective subassemblies in close collaboration with its partner Anchor in Cleveland, USA. As this collaboration has proved effective, the Components segment stepped up its cooperation with Anchor in the year under review.

Direct supplier to car manufacturers

At the plants in Hungary and China, the Components segment produces plastic components for air/water separation systems in the engine compartments of BMW 1 and 3 Series and for entrance finishers for other BMW models. This is the first time that Adval



Tech has supplied a car manufacturer directly. BMW is highly satisfied with the quality and has designated Adval Tech as its benchmark supplier in Asia.

New orders

In view of the economic uncertainty in many European countries in the reporting year and the associated risks, a large number of customers recognized the attractiveness of Switzerland as a location – in spite of the strong Swiss franc. Coupled with the cost-attractive site in Hungary and the production opportunities in the US and China (plastic parts), Adval Tech is well-positioned to offer a favourable package for metal and plastic components. In the recent past for example, the segment succeeded in securing an order for the production of steering systems for the automotive market, which is now being executed in alliance with US-based partner Anchor (projected turnover 2014 to 2021: USD 21 million). In addition, the segment received another order for the production of metal stamped / deep drawn parts in Switzerland (projected turnover 2013 to 2017: CHF 2 million).

The strategic positioning as a direct supplier to car manufacturers in the premium segment has considerably strengthened Adval Tech in the recent past: BMW has awarded Adval Tech an additional order for air/water separation system components (projected turnover 2013 to 2022: EUR 12 million), to be produced at the plants in Hungary and China. And Audi has placed an initial order for dual-component plastic parts for the air flow systems in the Q7 and A4 models (production life: 2014 to 2022).

MARKET SEGMENTS AND SPHERES OF APPLICATION

Metal components

Automotive market

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

Production platforms: Niederwangen (Switzerland), Uetendorf (Switzerland), Szekszárd (Hungary), Curitiba (Brazil), Cleveland (USA)

Plastic components

Automotive market

- 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
- Door sill plates

Consumer goods market

- Home electronics
- Household appliances
- Office and communication equipment

Medical technology market

- Medical Devices
- Diagnostic Systems

Production platforms: Szekszárd (Hungary), Suzhou (China), Rayong (Thailand), Johor Bahru (Malaysia), Querétaro (Mexico), Grenchen (Switzerland)



Developments in the medical technology and consumer goods markets

In addition to the automotive industry, the sales markets of the Adval Tech Group also include the medical technology and consumer goods sectors. At the Omni companies in Asia (plastic components, primarily for consumer goods), sales and profitability figures have not yet reached the desired level. The segment has therefore initiated restructuring measures and merged components production in China at a single location – Suzhou. The companies in Malaysia and Thailand on the other hand operated very successfully in the year under review, but are too small to have a material influence on the overall result.

In the field of medical technology, the Swiss Group company Teuscher Kunststofftechnik AG posted an unsatisfactory result for the reporting year. Among other factors, project delays had a negative impact on the performance. While Omni Mexico, a Group company operating in the area of consumer goods, ended the financial year with a very good performance, the two start-up companies Omni Medical Mexico and Adval Tech Medical Suzhou both put pressure on the segment result in the reporting year.

New orders

The most significant new orders in the medical technology and consumer goods markets include the production of a device for analysing blood at Teuscher in Grenchen within the framework of an outsourcing project (projected turnover: CHF 2 million per year) and the production of visible components in the household appliance market at Omni Mexico (projected turnover: USD 2.5 million per year).

Outlook

The Components segment has recently succeeded in securing several long-term orders from big-name customers, particularly in the automotive industry. In the consumer goods sector, Adval Tech intends to develop its markets in an even more focused and selective manner in future, and to supply selected customers with a streamlined portfolio of products. In addition, the Components segment will now operate on the consumer goods market under the uniform brand of Adval Tech. By resolutely pursuing globalization and placing a firmer focus on selected areas of application for metal and plastic parts, total income and profitability are to be improved further over the next few years.



VERY DIFFERENT DEVELOPMENTS WITHIN THE SEGMENT

The picture within the Molds segment was very mixed in 2012. While the FOBOHA Group companies remain on track, the Group once again posted negative figures for AWM in the reporting period. Mold-making in China also burdened the financial statements with restructuring costs. Overall, the segment generated total income of CHF 67.6 million (previous year: CHF 75.5 million) and EBITDA of CHF 4.1 million (previous year: CHF 5.7 million).

The Molds segment develops and produces high-performance molds and tools for the production of plastic components. The development and production sites are located in Germany (FOBOHA), Switzerland (AWM) and China (Omni Tech Center Suzhou). The segment operates on behalf of third-party customers as well as its own component production activities.

FOBOHA expands market penetration for cube technology

The segment's unsatisfactory annual result is primarily attributable to developments at the Group company AWM Mold Tech AG in Muri. The sales

and profit figures for the Group company FOBOHA GmbH in Haslach for the year under review remain encouraging, even though they are slightly down on the previous year – in line with the development of demand in the relevant markets. In 2012, Adval Tech once again succeeded in continually expanding the market penetration of FOBOHA's cube technology. To this end, FOBOHA moved forward with the development of cube technology in the reporting year, thus opening up interesting new areas of application.

One mold-making site in China

To exploit synergies, the Adval Tech Group has put together its two mold-making plants in Suzhou and Shanghai into a single site in Suzhou. This will allow additional savings potential to be exploited – primarily in relation to indirect aspects of production. Relocation and closure projects generally give rise to costs and unrest right at the outset, as well as causing delays in the operating business. The Molds segment is convinced that this phase had been overcome by the end of 2012. Mold-making in China has now been placed on a viable footing for the future.

Outlook

With FOBOHA leading the way, the Molds segment will be able to build further on its good market position for high-performance molds for third-party customers in selected markets. In future, the segment will operate in this area under the uniform brand of FOBOHA. In addition, the segment will expand its basis in tool making in order to further enhance its position, together with the Components segment, as a one-stop shop for selected areas of application. In 2013, Adval Tech will set up a stand at Chinaplas, the leading Asian trade fair for plastics and rubber, for the first time. The exhibition takes place from May 20–23 in Guangzhou, China. The Adval Tech Group will present its mold-making technology under the name of Adval Tech FOBOHA and its components business under the name of Adval Tech. By making a distinctive appearance, the Group aims to increase its degree of recognition in Asia and to present its wide-ranging portfolio of products and services to potential customers, while raising awareness of the attractive opportunities for implementation, especially in China.

MARKET SEGMENTS AND SPHERES OF APPLICATION

High-performance molds for plastic components

- Food packaging
- Bottle closures
- Optical media
- Roll-on deodorant dispensers
- Shaving systems
- Toothpaste packaging
- Components for the automotive industry
- Medical devices

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: Haslach (Germany), Muri (Switzerland), Suzhou (China)

ADVAL TECH AS A ONE-STOP-SHOP: TOP GEAR FOR BMW

For the first time, Adval Tech is supplying direct to a car manufacturer. The plants in Szekszárd, Hungary, and in Suzhou, China, are producing tens of thousands of parts for BMW every month and are delivering the finished subassemblies direct to the BMW factories in Germany, China and South Africa.

As a one-stop shop, Adval Tech has supported car manufacturer BMW along the entire value chain: from concept and product development (component construction and product simulation) and the design and building of the necessary tools, to the design of the manufacturing facilities and classifying the production system.

At Adval Tech's new production facilities in Hungary and China, some of the dual-component injection molding machines are in operation around the clock. Around 80 employees ensure that the production of parts for BMW is firing on all cylinders. The assembly of the plastic parts is largely a semi-automated process. Adval Tech delivers the finished components direct to BMW's assembly lines in Germany, China and South Africa, where they are installed as air/water separation systems in the engine compartments of the 1 and 3 series.

Close cooperation

The road to achieving flawless batch production was a long one. Already in August 2009 Adval Tech

started the product and process development. Adval Tech relied heavily on close cooperation between three sites: Muri as the project management base, Haslach, where the injection molds were produced, as well as Szekszárd and Suzhou as the manufacturing sites.

In 2010, in the space of just a few months, a completely new building was erected in Hungary, specifically to handle BMW's large order – and future projects as a direct supplier. It comprises a 1,700-square-meter factory floor, an incoming goods area, a warehouse and offices. While the new building was under construction, the employees underwent a training program.

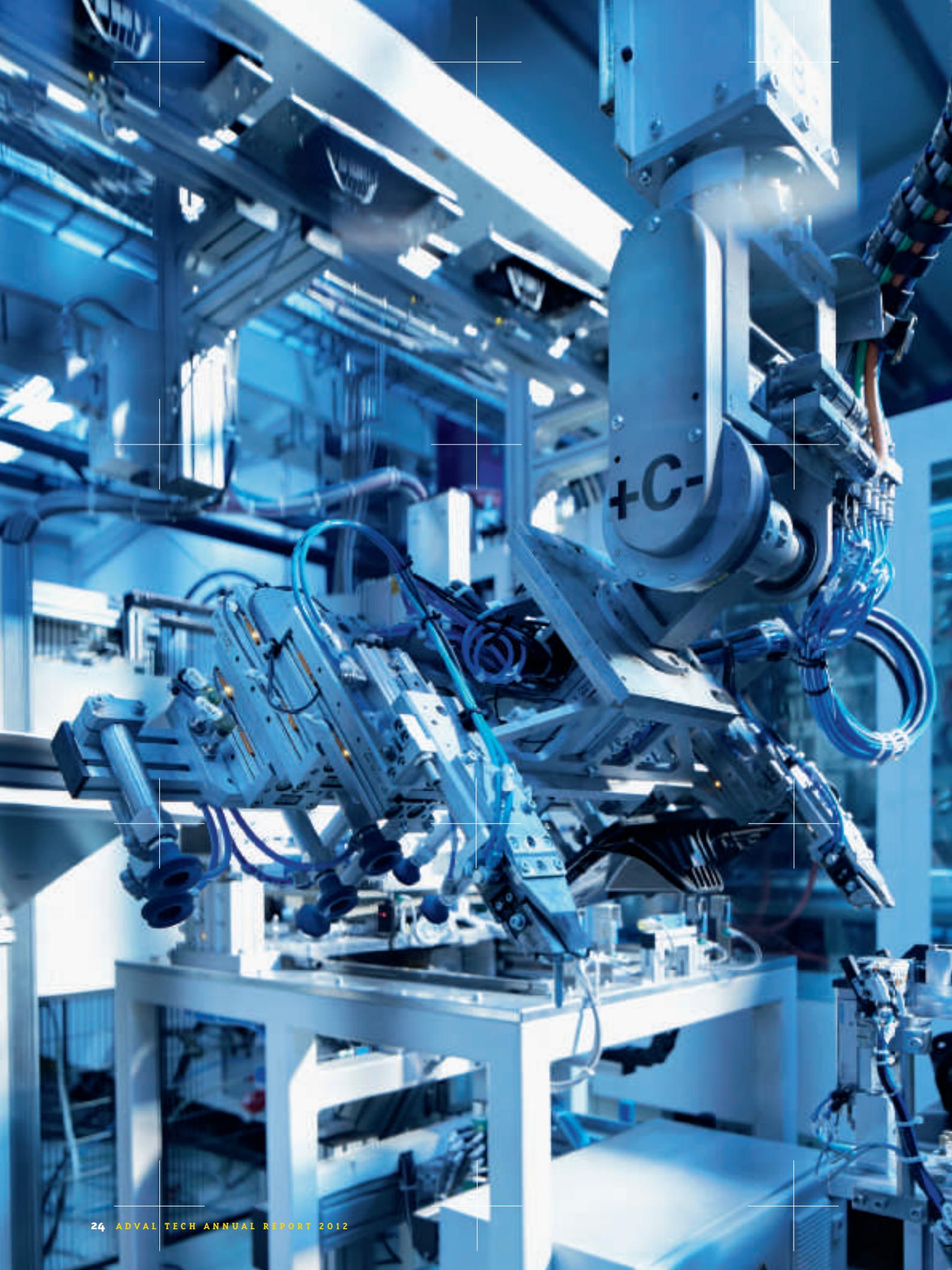
Rising to the challenges

Production got underway in 2011. Since the start of 2012 Adval Tech's PPM rate – the number of defective parts per million parts produced – has been well below the very exacting figure set by the customer.

In the recent past, Adval Tech has considerably strengthened its strategic positioning as a direct supplier to car manufacturers in the premium segment: as well as further orders from BMW, in the spring of 2013 Adval Tech received its first order from Audi for dual-component plastic parts for the air flow systems in the engine compartments of the Q7 and A4 models.

Air/water separation systems cover the assembly compartment and the equipment and wires located behind it. They also channel off rainwater and washing water, so that only dry, fresh air can flow into the air conditioning unit.





CORPORATE GOVERNANCE

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 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 May 1, 2012 into the two segments Components and Molds. In the Components segment, the Adval Tech Group focuses on the components business in the automotive, medical and consumer goods markets, and in the Molds segment on the manufacture of plastic injection molding tools. As part of this focus, the divisional management level has been eliminated. The operating business units report directly to the CEO.

Group management and Group financing are conducted through Adval Tech Management Ltd and Adval Tech Holding Ltd. Business is conducted through the relevant Group companies. The Group structure as of 1 January 2013 is shown on page 12.

Adval Tech B registered shares were listed on SIX Swiss Exchange as of June 4, 1998, under securities code number 896 792. All shares of Adval Tech Holding Ltd have been listed on 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, 2012, was CHF 116.4 million.

On December 31, 2012, Adval Tech Management AG did not hold any shares in the share capital of Adval Tech Holding AG; 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, 2012:

Company	Registered office		Share capital		Equity holding
Adval Tech Holding Ltd	Niederwangen, Switzerland	TCHF	14,600		
Adval Tech Management Ltd	Niederwangen, Switzerland	TCHF	100	100%	
Styner+Bienz FormTech Ltd	Niederwangen, Switzerland	TCHF	3,050	100%	
Styner+Bienz do Brasil Ltda.	São José dos Pinhais PR, Brazil	TBRL	939	100%	
Styner+Bienz US Inc.	Cleveland, OH, USA	TUSD	1	100%	
QSCH Termelő és Kereskedelmi Kft.	Szekszárd, Hungary	TEUR	1,800	100%	
Teuscher Kunststoff-Technik AG	Grenchen, Switzerland	TCHF	2,000	100%	
Adval Tech Medical Suzhou	Suzhou, China	TUSD	1,700	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	9,660	100%	
Omni Plastics (Xiamen) Co. Ltd	Xiamen, China	TUSD	3,100	100%	
Omni Precision Sdn. Bhd.	Johor, Malaysia	TUSD	505	100%	
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,100	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 Ltd	Muri (AG), Switzerland	TCHF	600	100%	
AWM Swiss Technology Ltd	Hong Kong, China	THKD	10	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%	
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%	
Omni Industries Tech Centre (Suzhou) Co. Ltd	Suzhou, China	TUSD	7,720	100%	

AWM Plast Tech AG and Styner+Bienz Form Tech AG were merged with effect from January 1, 2012. The merged company trades under the name of Styner+Bienz FormTech Ltd.

AWM US Inc. and FOBOHA US Inc. were merged with effect from January 1, 2012. The merged company trades under the name of FOBOHA US Inc.

AWM Swiss Technology Ltd discontinued its operations in the fourth quarter of 2012. It is planned to liquidate this company.

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

In 2012, no disclosures were made in accordance with Article 20 of the Stock Exchange Act (BEHG).

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, 2012, are listed below.

- Willy Michel 23.7%
- Artemis Beteiligungen II AG, Hergiswil¹⁾ 21.2%
- Sarasin Investment Fonds AG 9.8%*
- Hansruedi Bienz 7.5%
- Lombard Odier Darier Hentsch Fund Managers SA 6.9%
- Einfache Gesellschaft Dreier²⁾ 3.5%

Beneficial owners:

1) Michael Pieper

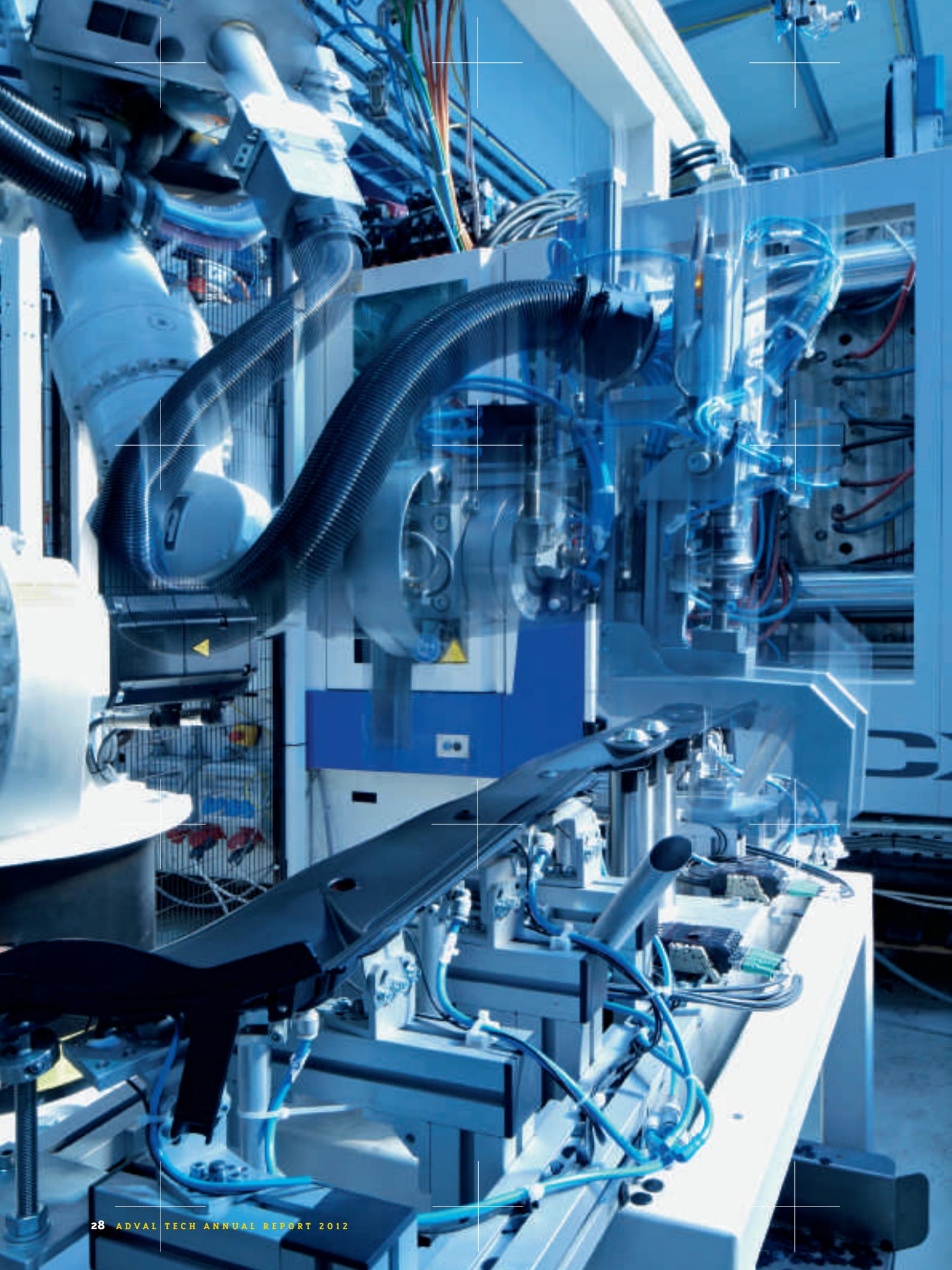
2) Hans Dreier, Rudolf Dreier

*) effective amount of holding as at December 31, 2012

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

The overall structure of shareholdings at December 31, 2012, was as follows:

Number of shares	Shareholders
1 to 100	300
101 to 1,000	68
1,001 to 10,000	23
More than 10,000	9
Total	400



Capital structure

As of December 31, 2012, the capital stock of Adval Tech Holding amounted to CHF 14.6 million, divided into 730,000 registered shares with a par value of CHF 20 each. All the shares carry the same voting and dividend rights. The share capital is fully paid. With respect to restrictions on registration, reference is made to the section on stockholders' rights of co-determination (see page 39).

As of December 31, 2012, there was no authorized or conditional capital, nor were any participation or dividend-right certificates, convertible bonds or options in issue.

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

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

CHF	12/31/2012	12/31/2011	12/31/2010
<i>Share capital</i>	14,600,000	14,600,000	14,600,000
General reserves	9,500,000	9,500,000	9,500,000
Reserve for treasury stock	0	26,011	650
Open capital contribution reserve	97,424,589	97,424,589	97,424,589
<i>Legal reserves</i>	106,924,589	106,950,600	106,925,239
Free reserves	10,771,163	10,745,152	10,770,513
<i>Other reserves</i>	10,771,163	10,745,152	10,770,513
<i>Share capital and reserves</i>	132,295,752	132,295,752	132,295,752
Balance brought forward	27,442,385	27,459,113	31,386,543
Net profit for the year	-39,059,303	-16,729	-3,927,430
<i>Retained earnings</i>	-11,616,918	27,442,385	27,459,113
Total shareholders' equity	120,678,834	159,738,136	159,754,865

There were no changes in capital in the years 2010, 2011 and 2012.

Board of Directors

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

- **Willy Michel** (Chairman), born 1947, Swiss; Dr. h.c.; holder of a professional qualification as a pharmaceutical consultant with a federal diploma, CEO of Novo Nordisk Switzerland (1978–1984), cofounder, Chairman of the Board of Directors and CEO of Disetronic Ltd, Burgdorf (1984–2003), Chairman of the Board of Directors and Delegate of the Board as well as CEO of Ypsomed Holding Ltd, Burgdorf (since 2003, Delegate since 2011); director since 2007, non-executive, term of office expires at the AGM for the 2012 fiscal year.
- **Michael Pieper** (Vice Chairman), born 1946, Swiss; MA (Econ.) St. Gall; owner and CEO of the Franke Artemis Group AG, Hergiswil (since 1989); director since 2004, non-executive, term of office expires at the AGM for the 2012 fiscal year.
- **Leonardo Attanasio**, born 1942, German; MBA; CEO of Johnson Controls GmbH, Burscheid, Germany (1996–2004), Chairman of the Supervisory Board of Industriale Sud, Teramo, Italy (1997–2004), Supervisory Board of JC INSITU Beteiligungsgesellschaft mbH (until 2008), Grefrath, Germany, independent consultant (since 2006); director since 2005, non-executive, term of office expires at the AGM for the 2013 fiscal year.
- **Hans Dreier**, born 1953, Swiss; MBA FH; executive director since 1988, Head of IT/Logistics/Legal at the Adval Tech Group, Niederwangen, term of office expires at the AGM for the 2014 fiscal year, further information on his professional career can be found under Executive management on page 35.
- **Roland Waibel**, born 1958, Swiss; PhD; various executive positions at the Lonza Group, Basel, including Group Controller, CFO and

Senior Vice President, Corporate Development (1989–2006), CFO of the Omya Group, Oftringen (2006–2013); director since 2005, non-executive, term of office expires at the AGM for the 2013 fiscal year.

Walter Grüebler's term of office expired at the annual general meeting for the 2011 financial year. He did not stand for re-election for reasons of age. At the ordinary general meeting of June 19, 2012, Hans Dreier was re-elected individually for a further three-year term of office (until the AGM for the 2014 financial year). Under section 11.3 of the Organizational Rules, the age limit for the Board of Directors is 70 years. The Board of Directors has approved an exception for Leonardo Attanasio so that he can serve for the full ordinary term of office until the AGM for the 2013 financial year.

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

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

None of the non-executive members of the Board of Directors has also been employed by the Adval Tech Group in an operational or consultative capacity in the past three years. Otherwise the members of the Board of Directors as at December 31, 2012, are not members of any other executive and supervisory bodies of significant Swiss or foreign corporations, institutions and foundations under public or private law and also hold no important public offices.

Ypsomed AG in Burgdorf and Adval Tech Holding Ltd signed an agreement on strategic cooperation in moldmaking in June 2007. The objective of this

cooperative venture is to combine the respective strengths and core competencies of Ypsomed and Adval Tech and exploit them for the economically efficient manufacture of high-quality products.

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

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

The Adval Tech Group's business relationships with directors and officers or parties related to them are detailed in Note 36 of the financial reports on page 81.

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/group/corporate-governance/articles-of-incorporation-and-rules.html.

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

The Board of Directors constitutes itself. It appoints a Chairman and a Secretary, who does not have to be a director. The Board of Directors represents the

highest decision-making authority in the company, subject to those matters on which, according to legal provisions, the shareholders must decide. It performs the following duties: specifying the framework of the mission statement, strategic focus and objectives as well as medium-term planning and the annual budget for Group management; defining the Group organization; appointing and dismissing the CEO and other members of Group management; ensuring operational management of the Group; drawing up the annual report; approving the budget and medium-term planning; preparing the annual general meeting. The Board of Directors executes the motions adopted by the annual general meeting and supervises the practical realization of the mission statement and the implementation of the strategy as well as the course of business. It also oversees finance and accounting matters, periodically conducts risk evaluations and approves the material transactions for which it is solely responsible according to the allocation of authority in effect. These include in particular corporate acquisitions or disposals, contracts regarding licences 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: Willy Michel (Chairman), Michael Pieper. In December 2012, the Board of Directors decided to disband the Nominations and Compensation Committee with effect from January 1, 2013. Its tasks will in future be performed by the full Board of Directors.



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The duties, authority and responsibilities of the Board of Directors and the board committees are stipulated in the regulations governing the organization of Adval Tech Holding Ltd. The Board of Directors meets as often as business requires, but at least four times a year (as a rule, at least once a quarter) and is presided over by the Chairman. Six meetings were held in 2012. Board meetings usually last half a working day. The following members of the Group management attended board meetings in 2012: the CEO (S. Mayer until July 31, 2012 and R. Rothen from August 1, 2012) and the CFO took part in all the meetings. Prior to August 1, 2012, R. Rothen attended the meetings of the Board of Directors in his function as head of division / acting CEO. Valeria Poretti attended five board meetings in her function as Head of HR/Communication. Jinsheng Lyu did not attend any meetings.

The Audit Committee is responsible for reviewing the annual financial statements and other financial information. It discusses the results of audits with the external auditors, and reviews the internal control system, risk management and compliance with laws and directives. On the application of the CFO it approves the budget for auditing fees and assesses the independence of and the compatibility of auditing activities with other advisory mandates. The Audit Committee submits a proposal to the Board of Directors for the attention of the annual general meeting regarding the election of auditors. The CFO and, if necessary, the CEO usually attend the meetings in a consultative capacity. The Audit Committee usually acts in a preparatory capacity for the Board of Directors as a whole; decision-making powers lie with the Board of Directors as a whole. The Audit Committee meets as often as business requires, but at least twice a year. Three meetings were held in 2012. The CFO attended all three meetings in the year under review. Also the auditors attended all three meetings in 2012. No other external advisers were called in. The meetings usually last two to four hours. The audit findings can be seen in the financial report on page 82 for the

consolidated financial statements and page 91 for Adval Tech Holding Ltd.

The authorities and duties of the Nominations and Compensation Committee until the end of 2012: The Nominations and Compensation Committee prepared personnel planning at board and Group management level. This included specifying the criteria for candidate searches and preparation of their selection as well as succession planning and talent development. It assessed the performance of Group management for the attention of the Board of Directors and stipulated the remuneration of Group management. It also submitted proposals for the compensation of the Board of Directors. The Nominations and Compensation Committee decided on the remuneration of Group management. Other business, including remuneration of the Board of Directors, was 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 met as often as business required, but at least once a year. The CEO usually attended its meetings in a consultative capacity and took no part in discussions of his remuneration. The meetings usually last between one and two hours. Two meetings were held in 2012. Both were attended by the CEO. The CEO took no part in discussions of his remuneration. In 2012 no external consultants were called in. As of the 2013 financial year, the full Board of Directors will perform the tasks of the Nominations and Compensation Committee.

In 2012 the Board of Directors formed two committees to handle two cooperation projects: one in the medical technology business and one in the business with rotationally symmetrical metal components. This step was taken to rule out any potential conflicts of interest among members of the Board of Directors from the outset. The members of the committee for the cooperation project in the medical technology business are Michael Pieper (Chairman), Leonardo Attanasio, Hans Dreier and Roland

Waibel. The members of the committee for the cooperation project in the rotationally symmetrical metal components business are Willy Michel (Chairman), Leonardo Attanasio, Hans Dreier and Roland Waibel. The committees are tasked with defining the valuation and negotiation approaches to be adopted by the respective project, and of specifying the mandate for negotiation. The approval of any agreement that may be concluded is the responsibility of the full Board of Directors. The two newly formed committees for cooperation projects began their work in August 2012 and meet as often as business requires. The meetings usually last between two and four hours.

The committee for the cooperation project in the medical technology business met four times in the second half of 2012. The committee for the cooperation project in the rotationally symmetrical metal components business met twice in the second half of 2012. The Group management, with the exception of Jinsheng Lyu, took part in all of these committee meetings. External consultants also attended the committee meetings, providing the Board of Directors committee with specific information on the respective project.

The Board of Directors informs itself by means of a detailed monthly report in writing regarding the course of business in the Group, the degree to which objectives have been achieved and the action foreseen for this purpose. The monthly report contains details of the current performance of the major Group companies, the segments and the Group as a whole (key figures from the income statement – such as turnover, income and operating earnings – and the balance sheet – working capital, debt, liquidity and details on investment spending – supplemented by a comment from the CEO and CFO, and the status of key projects and significant developments in the markets. The Board of Directors receives information about the status of strategic projects at its meetings. If needed, it obtains information about the company's perfor-

mance, special events and the status of key projects outside the framework of regular reports and meetings. The written reports are supplemented with detailed comments by the CEO and other members of Executive Management at the respective meetings of the Board of Directors, where open issues and queries can be addressed and answered. Proposals and reports are submitted in writing to the Board of Directors in good time prior to the meeting. The Board of Directors informs itself regularly, at least once a year, regarding the Group's business risks and assesses these. The risk management process is described in detail on page 89 of the financial report. The management of financial risks is described in detail in Note 2 on page 53 of the financial report, cooperation with the auditors on page 41 of this Corporate Governance Report.

Internal control system

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

An internal control system has been in operation at significant Group entities for some time already; since 2009, its design and application have been coordinated Group-wide. The Board of Directors receives regular reports on the design and development of the internal control system. The existence of the ICS is reviewed on an annual basis by the auditor. The findings of that audit are outlined in the auditor's report on pages 82 and 91 of the Annual Report.

Within the internal control system, 10 processes have been defined as finance-related. These are subdivided into Group-wide processes/controls and entity-level processes/controls.

The Group-wide processes/controls encompass Group-level controls (such as control environment, risk assessment, information, communication),

information technology and Group-wide activities (such as M&A, insurance, consolidation). At entity level, key risks and key controls are defined for the following processes and continually monitored: sales and accounts receivable, purchasing and accounts payable, inventories and projects, personnel, tangible fixed assets, treasury and cash management, provisions and preparation of financial statements.

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

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

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

Executive management

The executive management team of the Adval Tech Group (Group management) as of January 1, 2013:

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

Joined Adval Tech as Head of the Automotive division in 2007, member of the Group management since 2007, CEO of the Adval Tech Group since August 1, 2012.

- **Hans Dreier**, born 1953, Swiss; with Adval Tech since 1982; Head of IT/Logistics/Legal; MBA FH. Career: project manager, then systems manager at Honeywell Bull, Düsseldorf, Germany (1980–1982); joined Styner+Bienz as Head of Information Technology, as of 1984 Head of Sales and Marketing, since 1997 member of Group management in his current position. Member of the Board of Directors of Adval Tech Holding Ltd since 1988; see page 30.

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

- **Valeria Poretti-Rezzonico**, born 1961, Swiss; with Adval Tech since 2008; Head of Corporate HR/Communication; AMP Harvard Business School; Career: Head of the Secretariat of the General Management of Danzas Transporte Italy/Ticino, Milano/Chiasso (1988–1996), various positions at Saia-Burgess, Murten (1996–2006) including Head of Investor Relations, Corporate Communication & Marketing. Joined Adval Tech as Head of Corporate HR/Communication, member of the Group management since May 1, 2012.

- **Jinsheng Lyu**, born 1970, Chinese; with Adval Tech since November 2011; Head of Plastic Components Asia; graduated in international



trade and industry from the University of Tianjin (China), obtained a degree in finance and accounting, a Bachelor of Laws and an MBA at Paris-Sorbonne University (Paris). Career: Division Commercial Director at Valeo Wiper System China (2005–2007), managing director at Caplugs (Shanghai) Plastic Products Co. Ltd., China (2007–2010), managing director for Greater China at Scapa (Shanghai) Co. Ltd./Scapa (Hong Kong) Ltd., China until October 2011; joined Adval Tech as Head of Division and member of the Group management on 7 November 2011.

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

Harald Folk stepped down from the Group management as of the beginning of May 2012. Until August 2012 he focused on the restructuring of AWM Mold Tech AG. He left the company at the end of January 2013. As announced at the general meeting of June 19, 2012, Stephan Mayer handed over his function as CEO to René Rothen with effect from August 1, 2012. He remained available to the Board of Directors and Group management until the beginning of October 2012 within the scope of project assignments. At the request of the Board of Directors of Adval Tech Holding AG, Jean-Claude Philipona will continue to exercise the function of Chairman of the Board of Trustees of the Pension Fund of Adval Tech Holding AG until the end of 2013, even after his departure from the Adval Tech Group in December 2012. Details of the remuneration paid to Jean-Claude Philipona can be found on page 88 of the financial report.

With regard to Jean-Claude Philipona's mandate as Chairman of the Board of Trustees of the Pension Fund of Adval Tech Holding AG, a fixed-term contract for the 2013 calendar year was concluded be-

tween Adval Tech Management AG and Jean-Claude Philipona. His main task comprises: heading the Board of Trustees of the Pension Fund within the scope of the provisions of the law and of the foundation statutes.

For Stephan Mayer's position as CEO of the Adval Tech Group, a management contract existed between Adval Tech Holding Ltd and the Top Fifty AG in Zug. The principal tasks comprised operational management of the Adval Tech Group, reviewing the Adval Tech Group's strategy, stabilizing the executive management following the departure of the CEO, reviewing first-level management and the management team, and assisting with the recruitment of and the introduction of a successor to the role. The contract was concluded for six months and subsequently extended until the beginning of October 2012. The level of employment was defined as around 80% of the normal working hours and changed if necessary. Remuneration was in the form of a per diem as incurred. Total remuneration for the function of CEO from January 1 to July 31, 2012 came to around CHF 0.4 million (incl. expenses and VAT).

In the reporting period, there were no further management contracts between Adval Tech Holding AG, or its subsidiaries, and third parties.

Remuneration, equity holdings and loans

Until the end of the 2012 financial year, the Nominations and Remuneration Committee submitted proposals once a year for the remuneration of the Board of Directors and determined the remuneration of the Group management. Remuneration is defined at the committee's absolute discretion. It reflects the function (Board of Directors: Chairman, Vice Chairman, Member; committees: chairman, member; executive management: CEO, CFO, Head of IT/Logistics/Legal), Head of Plastic Components Asia and Head of Corporate HR/Communication), professional experience and performance of the individual concerned. As of the 2013 financial year, the full

Board of Directors will determine the remuneration of its members and of the Group management.

The remuneration of the Board of Directors consists of a fixed fee (approx. 70% of total remuneration), an attendance fee (approx. 20% of total remuneration) and a lump sum to cover expenses (approx. 10% of total remuneration). The total remuneration of the members of the Board of Directors is disbursed in cash. The remuneration of the members of the Board of Directors is not linked to the company's targets. The Chairman of the Board of Directors receives a fixed fee of CHF 60,000 for the financial year, the Vice Chairman and the other members a fixed annual fee of CHF 40,000. For the collaboration in a Committee a fixed fee of CHF 10,000 is paid for the 2012 financial year. No fixed fees are paid for participation in the newly formed committees for cooperation projects. The fees of the members of the Board of Directors remained unchanged compared to the previous year. Members of the board also receive a flat fee and a reimbursement for each meeting attended. An attendance fee and a lump sum to cover expenses were paid per day at most, even if several meetings were held on the same day. The corresponding total is listed on page 88 (see "Other remuneration"). The rates also remained unchanged year on year.

The remuneration of the members of Group management consists of a fixed component and a variable component. The fixed component consists of a basic salary, a lump sum to cover expenses and fringe benefits (company car). The basic salary is defined by the Nominations and Compensation Committee (until the end of 2012, from 2013 by the full Board of Directors) at the beginning of each financial year and is generally not adjusted again during the period under review. The variable component depends on business performance (operating earnings before depreciation, interest and taxes, approx. weighting 70%) and the achievement of individual targets (approx. weighting 30%). The variable component of the remuneration is limited to 115% of the fixed component.

The amount of the variable, performance-related component is defined annually by the Nominations and Compensation Committee after the achievement of targets has been assessed (until the end of 2012, from 2013 by the full Board of Directors). This takes place once the target attainments have been evaluated by the Nominations and Compensation Committee or, as of 2013, by the full Board of Directors.

A part (no less than 20%, no more than 100%) of the variable remuneration of Group management is disbursed in shares. The number of shares allotted is calculated on the basis of the average price of the registered shares in February of the year following the financial year. The cost of variable remuneration in cash and shares is posted on an accrual basis. The shares allotted as variable remuneration cannot be sold for five years. A total of 346 shares of Adval Tech Holding Ltd were allotted to Group management in 2012 (previous year: 357 shares) in this context for the 2011 financial year. The vesting period for shares allotted as part of the bonus is not cancelled when members of Group management step down.

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

Further details of the remuneration and equity holdings of directors and officers are listed in accordance with Art. 663b^{bis} of the Swiss Code of Obligations in the appendix to the financial reports of Adval Tech Holding Ltd on pages 88 to 89 of the annual report.

Shareholders' rights of co-determination

Purchasers of registered shares are entered in the shareholders' register as shareholders with voting rights upon application, if they expressly state that they have acquired the registered shares in their own name and for their own account. As provided by Article 6 of the Articles of Incorporation of Ad-

val Tech Holding Ltd dated June 19, 2012, purchasers of shares will not be registered with voting rights for more than 10% of the registered share capital recorded in the Commercial Register. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations. At the general meeting of June 19, 2012, the shareholders approved the raising of the registration restriction from 5% to 10% along with a corresponding amendment to the Articles of Incorporation. Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favour 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 favour of Willy Michel, which was granted in connection with a cooperation agreement. Furthermore, these voting restrictions do not apply to the shareholders who were registered with a holding of registered shares exceeding 5% of all share votes when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Hansruedi Biehn, Einfache Gesellschaft Dreier). The exceptions granted were also applied by the Board of Directors in the 2012 reporting period and, in the case of Artemis Beteiligungen II AG and Franke Holding AG, confirmed until further notice. Repeal of the registration restrictions requires the approval of the annual general meeting by at least two-thirds of the shares voted. Fiduciary entries in the shareholders' register are only possible without voting rights. The Articles of Incorporation of Adval Tech Holding Ltd regarding quorum requirements conform to legal provisions (Art. 704, Swiss Code of Obligations).

Invitations to the annual general meeting are issued by publication in the Swiss Official Commercial Gazette no less than 20 days prior to the annual general meeting. Shareholders entered in the shareholders' register can also be invited in writing.

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

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

Change of control and defensive measures

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

Auditors

PricewaterhouseCoopers AG in Bern, i.e. their legal predecessors Revisuisse PriceWaterhouse, were elected as statutory auditors for Adval Tech Holding Ltd and as Group auditors in 1991. Hanspeter Gerber acts as lead auditor (since 2010). Auditors for Adval Tech Holding Ltd and the consolidated financial statements are elected for a term of office of one year. Audit fees invoiced by PricewaterhouseCoopers AG in 2012 totaled CHF 516,000. The following fees were also paid to PricewaterhouseCoopers AG in 2012:

	Fee in CHF
Tax consulting	142,000
Cooperation projects	310,000
Other projects	24,000
Total additional fees	476,000

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 2012 in order to explain the results of their audit. A detailed management report was drawn up by the auditors on each occasion to summarize the results of the interim audit and the audit of the annual financial statements; this served as the basis for explanations to the Audit Committee and the Board of Directors as a whole.

The Audit Committee reviews the audit concept annually and stipulates the audit schedule after consultation with the auditors and the Chairman of the Board of Directors, and defines the fee framework. The committee also periodically reviews the independence of the auditors (their personal independence and that of the auditing firm), the provision of the relevant resources by the auditors, practical recommendations for the implementation of the Swiss GAAP FER guidelines, their understanding of the business units and the company's specific business risks, cooperation with the Audit Committee and Group management, and the compatibility of the audit mandate with any other consulting contracts. Consulting contracts awarded to the auditors for more than CHF 0.1 million per contract must be approved by the Audit Committee before being awarded. In the year under review, a consulting mandate was especially approved by the Audit Committee within the scope of the Medical cooperation project in the amount of CHF 0.1 million. For the year under review, the Audit Committee and the Board of Directors as a whole have concluded that the independence of the auditors is fully guaranteed.

As regards rotation of the lead auditor, the Board of Directors complies with the legal requirements under the Swiss Code of Obligations, i.e. the lead

auditor is replaced every seven years in the process of rotation.

Information policy

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

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

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

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

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

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

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

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

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

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

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

Contact:

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Chief Financial Officer

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Head Corporate HR/Communication

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Agenda

General meeting of shareholders:
Thursday, May 16, 2013, Bern

Announcement of semi-annual results:
End of August 2013

**FINANCIAL REPORTS
OF THE ADVAL TECH GROUP
FOR 2012**

CONSOLIDATED BALANCE SHEET

	Notes	12/31/2012	12/31/2011
CHF 1,000			
Liquid assets	4	16,193	21,967
Trade accounts receivable	5	40,502	45,999
Other receivables	6, 35	8,290	14,404
Advance payments to suppliers		1,783	527
Inventories and work in progress	7	38,987	40,035
Tangible fixed assets held for sale	9	11,989	0
Prepaid expenses and accrued income	8	2,306	3,472
Total current assets		120,050	126,404
Tangible fixed assets	9	100,295	121,419
Financial assets	11	3,390	3,218
Intangible assets	12	9,230	8,477
Assets from employer's contribution reserves	26	2,884	2,841
Deferred tax assets	20	2,774	2,635
Total fixed assets		118,573	138,590
Total assets		238,623	264,994
Trade accounts payable	13	28,465	29,559
Short-term interest-bearing liabilities	14, 17	121,542	127,808
Other short-term liabilities	15, 35	11,421	11,534
Prepaid income and accrued expenses	18	14,863	17,817
Short-term provisions	19	1,194	1,029
Accrued current income taxes		978	1,161
Total short-term liabilities		178,463	188,908
Long-term interest-bearing liabilities	16, 17	0	193
Other long-term liabilities		535	765
Long-term provisions	19, 26	3,081	2,658
Deferred tax liabilities	20	2,704	3,998
Total long-term liabilities		6,320	7,614
Total liabilities		184,783	196,522
Share capital	21	14,600	14,600
Capital reserves		146,805	146,810
Treasury stock		0	-26
Translation differences		-17,961	-18,684
Retained earnings / accumulated losses		-89,604	-74,228
Total shareholders' equity		53,840	68,472
Total liabilities and shareholders' equity		238,623	264,994

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	2012	2011
Net income from deliveries and services		227,223	210,830
Income from manufacturing orders (valued using the percentage-of-completion method)		41,530	53,174
Net turnover	22, 31	268,753	264,004
Change in inventories of semi-finished and finished goods		-2,048	1,925
Own work capitalized		3,744	6,514
Other operating income	23	9,186	12,494
Total income	31	279,635	284,937
Cost of materials and services	24	-120,617	-125,888
Personnel expenses	25	-93,601	-96,487
Other operating expenses	27	-48,510	-48,258
Operating expenses		-262,728	-270,633
Operating earnings before depreciation (EBITDA)		16,907	14,304
Depreciation on tangible fixed assets	9	-19,303	-18,342
Depreciation on intangible fixed assets	12	-1,110	-972
Depreciation		-20,413	-19,314
Operating earnings (EBIT)		-3,506	-5,010
Financial income	28	6,683	8,137
Financial expenses	28	-14,194	-17,165
Net financial income		-7,511	-9,028
Ordinary result		-11,017	-14,038
Extraordinary result	29	-3,137	0
Non-operating result		0	0
Net result before income taxes		-14,154	-14,038
Income taxes	30	-1,222	-2,285
Net result after income taxes		-15,376	-16,323

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

SHAREHOLDERS' EQUITY

CHF 1,000	Share capital	Capital reserves	Treasury stock	Translation differences	Ret. earnings acc. losses	Total share-holders' equity
At January 1, 2011	14,600	146,807	-1	-18,461	-58,193	84,752
Net result after income taxes	0	0	0	0	-16,323	-16,323
Translation differences	0	0	0	65	0	65
Increase in share capital	0	0	0	0	0	0
Transfers	0	0	0	-288	288	0
Dividends	0	0	0	0	0	0
Purchase/sale of treasury stock	0	3	-25	0	0	-22
At December 31, 2011	14,600	146,810	-26	-18,684	-74,228	68,472
Net result after income taxes	0	0	0	0	-15,376	-15,376
Translation differences	0	0	0	723	0	723
Increase in share capital	0	0	0	0	0	0
Dividends	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Purchase/sale of treasury stock	0	-5	26	0	0	21
At December 31, 2012	14,600	146,805	0	-17,961	-89,604	53,840

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

CONSOLIDATED CASH FLOW STATEMENT

CHF 1,000	Notes	2012	2011
Net result after income taxes		-15,376	-16,323
Depreciation on tangible fixed assets	9	19,303	18,342
Depreciation on intangible assets	12	1,110	972
Increase (+) / decrease (-) in long-term and short-term provisions	19	636	-618
Increase (+) / decrease (-) in provision for deferred income taxes (net position)	20	-1,475	377
Gain (-) / loss (+) on sales of tangible fixed assets		-215	-3,228
Other transactions with no impact on liquidity		2,255	1,563
<i>Cash provided by operating activities before change in net current assets</i>		<i>6,238</i>	<i>1,085</i>
Increase (-) / decrease (+) in receivables		2,438	3,410
Increase (-) / decrease (+) in inventories		351	-3,309
Increase (-) / decrease (+) in prepaid expenses and accrued income		2,709	6,959
Increase (+) / decrease (-) in trade accounts payable		-1,458	2,666
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		-2,733	-5,148
Cash provided by operating activities		7,545	5,663
Capital expenditure	9	-9,859	-17,518
Income from sales of tangible fixed assets	9	6,274	9,978
Investments in financial assets	11	-3,195	-1,215
Income from sales of financial assets	11	2,305	1,515
Investments in intangible assets	12	-1,938	-3,093
Income from sales of intangible assets	12	0	0
Net cash drain from acquisitions		0	0
Other changes with no impact on liquidity		0	0
Cash used for investing activities		-6,413	-10,333
Free cash flow		1,132	-4,670
Dividend paid		0	0
Capital contributions (repayments)		0	0
Purchase (-) / sale (+) of treasury stock		-44	-25
Loans raised in connection with debt refinancing		114,000	0
Repayment in connection with debt refinancing		-114,000	0
Increase (+) / decrease (-) in short-term debt	14	-6,262	5,612
Increase (+) / decrease (-) in long-term debt	16	-193	-104
Cash provided by financing activities		-6,499	5,483
Translation differences		-407	-243
Changes in liquid assets		-5,774	570
Liquid assets on December 31		16,193	21,967
Liquid assets on January 1		21,967	21,397
Change in liquid assets		-5,774	570

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 . PRINCIPLES OF CONSOLIDATION AND VALUATION

1.1 Accounting principles

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

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

The amendments to Swiss GAAP FER which came into effect on January 1, 2013 have no effect on the financial statements of the Adval Tech Group.

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

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

1.2 Consolidation principles

Capital consolidation is performed according to the purchase method.

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

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

- Companies in which Adval Tech Holding Ltd holds a direct or indirect voting interest of **more than 50%** and/or exercises management and control are fully consolidated. In such cases, assets and liabilities, expenses and income are included in full in the consolidated financial statements. If appropriate, minority interests of other shareholders in net assets and net profit are segregated and stated separately. In such cases the interests can optionally be stated in the balance sheet at fair value or as a proportion of the value of the net assets of the company acquired. Accounts receivable, accounts payable, income and expenses between Group companies are mutually offset. Intragroup profits or losses on intercompany deliveries are eliminated via the income statement.
- Associated companies over which the Group exercises significant influence, but neither controls nor manages, are included in the consolidated financial statements using the equity method.

This is usually the case with investments in which Adval Tech holds an interest of **20% to 50%**. The share of profits and shareholders' equity attributable to the Adval Tech Group is then included.

- Investments over which Adval Tech exercises no significant influence, usually holding interests of **less than 20%**, are included in the balance sheet at purchase prices less any value adjustment.

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

1.3 Foreign currency translation

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

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

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

1.4 Derivative financial instruments

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

1.5 Liquid assets

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

1.6 Receivables

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

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

1.7 Inventories and work in progress

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

tion is calculated by establishing the ratio of the costs incurred for the services rendered up to the relevant balance sheet date to the costs expected for the order as a whole.

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

1.8 Assets held for sale

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

1.9 Tangible fixed assets

Tangible fixed assets are stated at cost less accrued depreciation, which is calculated using the straight-line method on the basis of estimated useful life. In the case of buildings we apply a useful life of 30 to 40 years. Interior finishing of the buildings and their equipment are amortized over 8 to 15 years. For plant and machinery we apply a useful life of 5 to 15 years, for especially long-lived machinery up to 25 years. For workshop, storage and office equipment included in "Other tangible fixed assets" and for vehicles and IT hardware and software we assume a useful life of 3 to 15 years. Leased fixed assets are amortized over the planned duration of the project. Repair and maintenance expenses are charged to income. Extensive equipment overhauls are only capitalized if they result in measurable capital appreciation in the form of higher performance or longer useful life. Interest expenses arising during the erection of the plant are debited to income.

1.10 Financial assets

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

1.11 Intangible assets

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

Research costs are recognized in the income statement. Expenditure on in-house development projects is capitalized at manufacturing cost or maximum realizable value of their benefits as development costs and amortized over their expected useful life, not exceeding 10 years, if their earnings potential can be reliably estimated.

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

1.12 Leasing of capital goods

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

1.13 Impairment of assets

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

1.14 Short-term liabilities

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

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

1.15 Provisions

Warranties, risks, impending losses and restructuring costs are included in provisions. These provisions relate exclusively to transactions originating in the past. The size of the provisions reflects the probable future outflow of funds which can be reliably estimated. Provisions are stated at net present value if the related outflow of funds is expected to occur more than one year after the balance sheet date. Net present values are adjusted via financial expenses.

1.16 Pensions / Payments to employees

Various pension plans exist within the Group, governed by local conditions in the countries concerned. They are financed either by contributions to legally independent pension providers (foundations, insurers), by contributions to state pension schemes

in the context of the legal framework in the country concerned or by the creation of reserves for pension liabilities. An annual assessment is made as to whether a financial benefit or a financial liability exists from the standpoint of the Group. A corresponding sum is stated in the balance sheet. The expenses for the period correspond to the contributions by the employer and the change in financial benefit or financial liability.

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

1.17 Shareholders' equity

The following distinctions are made in respect of reserves:

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

1.18 Income recognition

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

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

1.19 Income taxes

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

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

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

1.20 Relationships with related parties

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

1.21 Share-based payment

A part (no less than 20%, no more than 100%) of the variable remuneration of Group management and other members of supervisory staff is disbursed in shares. The number of shares allotted is calculated on the basis of the average price of the registered shares in February of the year following the

financial year. The cost of variable remuneration in cash and shares is accrued as personnel expenses. The shares allotted as variable remuneration cannot be sold for 5 years.

2 . FINANCIAL RISK MANAGEMENT

2.1 Financial risks

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

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

2.2 Interest rate risk

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

The Group utilizes mainly variable interest-bearing credits in Swiss francs for external financing; these entail a cash flow interest rate risk. Derivative financial instruments are utilized in some cases to hedge cash flow interest rate risks.

2.3 Credit risk

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

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

2.4 Currency risks

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

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

2.5 Liquidity risk

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

3. SCOPE OF CONSOLIDATION

The following companies are included in the consolidated financial statements:

Company	Registered office	Share capital	Equity holding	
Adval Tech Holding Ltd	Niederwangen, Switzerland	TCHF	14,600	
Adval Tech Management Ltd	Niederwangen, Switzerland	TCHF	100	100%
Styner+BIENZ FormTech Ltd	Niederwangen, Switzerland	TCHF	3,050	100%
Styner+BIENZ do Brasil Ltda.	São José dos Pinhais PR, Brazil	TBRL	939	100%
Styner+BIENZ US Inc.	Cleveland, OH, USA	TUSD	1	100%
QSCH Termelő és Kereskedelmi Kft.	Szekszárd, Hungary	TEUR	1,800	100%
Teuscher Kunststoff-Technik AG	Grenchen, Switzerland	TCHF	2,000	100%
Adval Tech Medical Suzhou	Suzhou, China	TUSD	1,700	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	9,660	100%
Omni Plastics (Xiamen) Co. Ltd	Xiamen, China	TUSD	3,100	100%
Omni Precision Sdn. Bhd.	Johor, Malaysia	TUSD	505	100%
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,100	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 Ltd	Muri (AG), Switzerland	TCHF	600	100%
AWM Swiss Technology Ltd	Hong Kong, China	THKD	10	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%
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800	100%
Omni Industries Tech Centre (Suzhou) Co. Ltd	Suzhou, China	TUSD	7,720	100%

AWM Plast Tech AG and Styner+BIENZ Form Tech AG were merged with effect from January 1, 2012. The merged company trades under the name of Styner+BIENZ FormTech AG.

AWM US Inc. and Foboha US Inc. were merged with effect from January 1, 2012. The merged company trades under the name of Foboha US Inc.

AWM Swiss Technology Ltd. discontinued its operations in the fourth quarter of 2012. It is planned to

liquidate this company. The values reported on the balance sheet as at December 31, 2012 are not material to the Group.

The adjustments did not give rise to any material influences on the Group's result and equity in the reporting year.

In the previous year, the scope of consolidation changed as follows: The operations of AWM Mold Tech Trading (Shanghai) Co. Ltd were discontinued and the company was liquidated. The liquidation did not have a significant effect on the Group's income statement or equity.

Exchange rates

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

	on Dec. 31, 2012	Average in 2012	on Dec. 31, 2011	Average in 2011
BRL	0.44574	0.48090	0.50236	0.52990
CNY	0.14531	0.14840	0.14967	0.13690
EUR	1.20733	1.20510	1.21861	1.23310
HKD	0.11782	0.12090	0.12131	0.11390
THB	0.29620	0.03000	0.02968	0.02890
USD	0.91332	0.93770	0.94306	0.88640

4. LIQUID ASSETS

Liquid assets include:

CHF 1,000	12/31/2012	12/31/2011
Cash	56	63
Postal account	23	47
Banks	15,843	21,180
Short-term time deposits	271	677
Total liquid assets	16,193	21,967

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

5. TRADE ACCOUNTS RECEIVABLE

CHF 1,000	12/31/2012	12/31/2011
Total trade receivables (gross)	42,046	47,520
Provisions (allowance for doubtful receivables)	-1,544	-1,521
Total trade receivables (net)	40,502	45,999
of which trade receivables from third parties	40,214	45,780
of which trade receivables from related parties	288	219

CHF 10.2 million of receivables were overdue on the balance sheet date (CHF 9.9 million in 2011), of which CHF 3.9 million by more than 30 days.

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

Provisions on the receivables are as follows:

	CHF 1,000	2012	2011
Total on January 1	-1,521	-1,320	
Provisions made	-376	-264	
Utilized	159	47	
Released	182	10	
Currency translation differences	12	6	
Total on December 31	-1,544	-1,521	

6. OTHER RECEIVABLES

	CHF 1,000	12/31/2012	12/31/2011
Receivables from positive replacement values of derivative financial instruments	0	3	
Other short-term receivables	8,290	14,401	
Total other receivables	8,290	14,404	

The other short-term receivables originate from both segments. The decrease of CHF 6.1 million is primarily attributable to the purchase price payment from the sale of a property in the Molds Segment at the Muri site.

7. INVENTORIES AND WORK IN PROGRESS

	CHF 1,000	12/31/2012	12/31/2011
Trading goods	368	1,781	
Raw material	6,801	6,521	
Semi-finished and finished goods	29,523	32,646	
Work in progress long-term orders	11,498	9,682	
Work in progress other orders	10,470	9,790	
Provisions	-19,673	-20,385	
Total inventories and work in progress	38,987	40,035	

The total inventories and work in progress includes CHF 4.8 million stated at net realizable value (CHF 4.6 million in 2011).

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

CHF 1,000	12/31/2012		12/31/2011	
	Assets	Liabilities	Assets	Liabilities
Work in progress	17,018	-5,520	17,316	-7,634
Advance payments by customers	-5,520	10,792	-7,634	14,301
Net assets from work in progress	11,498	0	9,682	0
Net liabilities from work in progress	0	5,272	0	6,667

The manufacturing costs of orders valued using the percentage-of-completion method totalled CHF 14.2 million (CHF 15.8 million in 2011). The stated profit was CHF 2.8 million (CHF 3.2 million in 2011).

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

CHF 1,000	12/31/2012		12/31/2011	
	Assets	Liabilities	Assets	Liabilities
Work in progress (other orders)	11,277	-807	11,019	-1,229
Advance payments by customers	-807	2,951	-1,229	2,680
Net assets from work in progress	10,470	0	9,790	0
Net liabilities from work in progress	0	2,144	0	1,451

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

8. PREPAID EXPENSES AND ACCRUED INCOME

Prepaid expenses and accrued income are CHF 1.2 million lower than in the previous year (CHF 3.5 million), standing at CHF 2.3 million in the reporting period. The decrease in prepaid expenses and accrued income is primarily attributable to the Components Segment and the Group companies. In the Molds Segment this item has risen slightly year

on year. Around half of the decrease was caused by lower receivables for purchase price payments in connection with the sale of the Bodenweid plant.

9. TANGIBLE FIXED ASSETS

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

CHF 1,000	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
Cost							
at January 1, 2011	6,104	108,356	169,848	36,122	7,486	1,766	329,681
Changes in the scope of consolidation							0
Capital expenditure in the year under review	0	5,874	8,714	2,579	1,000	96	18,263
Disposals	-624	-22,813	-7,703	-2,726	-434	-5	-34,305
Other changes	0	922	1,212	232	5	-2,508	-137
Change in acc. translation diff.	-26	-331	-2,148	-363	21	116	-2,731
at December 31, 2011	5,454	92,008	169,923	35,844	8,078	-535	310,771
Changes in the scope of consolidation							0
Capital expenditure in the year under review	0	1,734	6,800	3,820	901	-1,450	11,805
Disposals	0	-78	-5,345	-2,320	-687	-484	-8,914
Other changes / transfers	0	0	0	-50	24	0	-26
Change in acc. translation diff.	-11	-593	-2,486	-374	-39	-90	-3,593
at December 31, 2012	5,443	93,071	168,892	36,920	8,277	-2,559	310,044
Accumulated depreciation							
at January 1, 2011	0	-47,619	-113,220	-26,869	-6,010	552	-193,166
Changes in the scope of consolidation							0
Depreciation in the year under review	0	-3,703	-10,927	-2,944	-768	0	-18,342
Impairment provision							0
Impairment release							0
Disposals	0	9,918	7,578	2,347	300	0	20,143
Other changes	0	-2	-927	-232	-5	1,303	137
Change in acc. translation diff.	0	76	1,555	277	-4	-29	1,875
at December 31, 2011	0	-41,330	-115,941	-27,421	-6,487	1,826	-189,353
Changes in the scope of consolidation							0
Depreciation in the year under review	0	-3,843	-10,295	-2,780	-892	0	-17,810
Impairment provision	0	-1,420	-33	-40	0	0	-1,493
Impairment release							0
Disposals	0	65	5,295	2,219	688	0	8,267
Other changes / transfers	0	0	0	50	-24	0	26
Change in acc. translation diff.	0	316	1,934	304	20	29	2,603
at December 31, 2012	0	-46,212	-119,040	-27,668	-6,695	1,855	-197,760

CHF 1,000	Land	Buildings	Production equipment and machinery	Other tangible fixed assets	Leased equipment	Installations under construction	Total
Book values							
at January 1, 2011	6,104	60,737	56,627	9,253	1,476	2,318	136,515
at December 31, 2011	5,454	50,678	53,981	8,423	1,591	1,291	121,419
at December 31, 2012	5,443	46,859	49,852	9,252	1,582	-704	112,284
Of which leased installations (finance lease)							
at January 1, 2011	0	0	748	0	0	0	748
at December 31, 2011	0	0	656	0	0	0	656
at December 31, 2012	0	0	471	0	0	0	471
Of which for disposal (book values)							
at January 1, 2011	624	13,142	0	0	0	0	13,766
at December 31, 2011	0	0	0	0	0	0	0
at December 31, 2012	665	11,324	0	0	0	0	11,989

The Adval Tech Group has no undeveloped real estate available.

One property in Muri (AG) and one in Merenschwand which had been designated as held for sale were sold in 2011. After deduction of selling costs, a book gain of CHF 2.3 million was realized on the two property disposals. Of the sale proceeds, CHF 9.0 million were paid in 2011, a further payment out of the total nominal amount of CHF 7.5 million was made in January 2012 (CHF 5.4 million), with two further tranches to follow in December 2013 and 2015. The sales of properties affect both the Components and Molds segments.

It was decided in the reporting year to sell a further property not required for operations at the site in Muri, Switzerland, and – following completion of the relocation of production to Suzhou – another one in Xiamen, China. The carrying amount of the properties was reclassified to current assets accordingly (tangible fixed assets held for sale). As at the balance sheet date, on the basis of market value estimates no impairment was required to the properties held for sale.

In the reporting year an extraordinary write-down of CHF 1.2 million was made on an expansion project in the 'Buildings' line item. The probability of the expansion of the production infrastructure at the Grenchen site taking place in the near future has lessened considerably. This was the reason for the impairment. Further extraordinary write-downs of CHF 0.3 million were made at the Muri site, primarily on building infrastructure in connection with the property that was up for sale.

The machinery and equipment leased at the end of 2012 comprises manufacturing equipment at companies in the Components Segment. Investments in the reporting period include no assets acquired under finance leases and not balanced by a direct cash outflow (2011: CHF 0.0 million). However, due to the agreed terms of payment, CHF 1.5 million of the investment amount stated will not become a cash item until 2013 (2011: CHF 0.6 million).

Orders totalling CHF 0.4 million were outstanding on December 31, 2012, for capital goods which had not yet been delivered or invoiced and were therefore not yet included in tangible fixed assets (CHF 0.3 million in 2011).

As at December 31, 2012, installations under construction included CHF 0.5 million in advance payments for tangible fixed assets (previous year: CHF 0.0 million).

10. INCOME FROM LEASING TRANSACTIONS

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

CHF 1,000	12/31/2012	12/31/2011
within one year	130	132
in two to five years	11	141
after more than five years	0	0
Total future rental income	141	273

11. FINANCIAL ASSETS

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

CHF 1,000	12/31/2012	12/31/2011
Receivables from finance lease contracts	1,993	812
Other long-term receivables	1,397	2,381
Long-term loans	0	25
Total financial assets	3,390	3,218

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

The decrease in other long-term receivables is primarily related to the reclassification of the purchase price receivable from the sale of the property in Merenschwand due at the end of 2013 to other short-term receivables (CHF 0.9 million).

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

CHF 1,000	12/31/2012	12/31/2011
within one year	867	778
in two to five years	432	812
after more than five years	1,561	0
Total future leasing income	2,860	1,590

The nominal value of these credits totals CHF 2.9 million (CHF 1.8 million in 2011).

The amounts due for payment within one year are included in other short-term receivables.

12. INTANGIBLE ASSETS

The following statement of changes in intangible assets applies for 2012:

CHF 1,000	Capitalized development costs	Others	Total
Cost			
at December 31, 2011	7,923	5,785	13,708
Changes in the scope of consolidation			0
Investments acquired in the year under review	69	0	69
Investments generated in-house in the year under review	1,863	6	1,869
Impairment provision			0
Impairment release			0
Disposals			0
Other changes			0
Change in accumulated translation difference	-5	-188	-193
at December 31, 2012	9,850	5,603	15,453
Accumulated depreciation			
at December 31, 2011	-2,058	-3,173	-5,231
Changes in the scope of consolidation			0
Depreciation in the year under review	-644	-446	-1,110
Impairment provision			0
Impairment release			0
Disposals			0
Other changes			0
Change in accumulated translation difference	3	115	118
at December 31, 2012	-2,699	-3,524	-6,223
Book values			
at December 31, 2011	5,865	2,612	8,477
at December 31, 2012	7,151	2,079	9,230

The other intangible assets mainly represent the value of the customer relationships gained through the acquisitions (book value at December 31, 2012: CHF 2.0 million; at December 31, 2011: CHF 2.4 million) in the Components Segment as well as a capitalized licence in the Molds Segment (December 31, 2012: CHF 0.1 million; December 31, 2011: CHF 0.2 million).

Capitalized development costs largely relate to the development of plastic components for further

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

On December 31, 2012, 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 2011).

The following statement of changes in intangible assets applies for 2011:

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

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

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

CHF 1,000	2012	2011
Total at January 1	63,385	63,338
Additions	0	0
Disposals	0	0
Change in the cumulative currency difference	-1,822	47
Total at December 31	61,563	63,385

The theoretical net book value of the goodwill amounts to:

CHF 1,000	2012	2011
Total at December 31	29,554	36,709

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

CHF 1,000	2012	2011
Total at January 1	-26,676	-20,421
Simulated depreciation	-6,210	-5,911
Reductions in value	0	0
Change in accumulated translation difference	877	-344
Total at December 31	-32,009	-26,676

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

CHF 1,000	2012	2011
Net result	-15,376	-16,007
Simulated depreciation	-6,210	-5,911
Theoretical net result	-21,586	-21,918
Shareholders' equity	53,840	68,808
Theoretical value of goodwill	29,554	36,709
Theoretical shareholders' equity	83,394	105,517

13. TRADE ACCOUNTS PAYABLE

CHF 1,000	12/31/2012	12/31/2011
Trade accounts payable to third parties	28,378	28,659
Trade accounts payable to related parties	87	900
Total trade accounts payable	28,465	29,559

The CHF 1.1 Mio. decrease in trade accounts payable is mainly attributable to the Components segment.

14. SHORT-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2012	12/31/2011
Banks	121,344	127,620
Related parties	0	0
Short-term leasing liabilities to third parties	198	188
Short-term leasing liabilities to related parties	0	0
Total short-term interest-bearing liabilities	121,542	127,808

The short-term bank loans are covered by total liquid assets of CHF 16.2 million (previous year: CHF 22.0 million) gross. These are current account overdrafts at interest rates based on LIBOR or EURIBOR, and loans under the syndicated loan agreement of CHF 114.0 million in place since January 2012, which were reclassified to short-term interest-bearing liabilities due to their reaching maturity in July 2013. This agreement for a credit facility of no more than CHF 120 million was concluded in mid-January 2012 for a term of 18 months. Half of the credit facility is guaranteed by a major shareholder of Adval Tech Holding AG. The covenants consist of the following key financial indicators: minimum EBITDA to be achieved, minimum equity and minimum available liquidity. The partial repayment scheduled for the fourth quarter of 2012 has been deferred until the first or second quarter of 2013 in agreement with the banks.

As at the balance sheet date, the covenants provided for in the loan agreement had all been met.

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

Discussions are in progress with the banks regarding the refinancing of the existing credit facility by the end of May 2013. The Board of Directors and Group management are confident that the existing credit facility can be adequately settled.

15. OTHER SHORT-TERM LIABILITIES

CHF 1,000	12/31/2012	12/31/2011
Advance payments by third parties	7,352	7,661
Advance payments by related parties	64	456
Other short-term liabilities to third parties	2,970	2,831
Other short-term liabilities to related parties	1,034	585
Liabilities arising from negative replacement values of derivative financial instruments	1	1
Total other short-term liabilities	11,421	11,534

The decline in advance payments by related parties is primarily attributable to the Components segment. The liabilities to related parties predominantly relate to outstanding contribution payments to the Pension Fund of Adval Tech Holding AG, which were made in January 2013.

16. LONG-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2012	12/31/2011
Long-term leasing liabilities to third parties	0	193
Long-term interest-bearing loans to third parties	0	0
Total long-term interest-bearing liabilities	0	193

17. LEASING LIABILITIES

Liabilities arising from leasing contracts are payable as follows:

CHF 1,000	12/31/2012	12/31/2011
Face value of liabilities arising from leasing contracts due		
within one year	200	197
in two to five years	0	197
in more than five years	0	0
<i>Total future payment commitments</i>	200	394
less proportionate interest on the payments	-2	-13
<i>Net present value of liabilities arising from finance leases</i>	198	381
of which short-term leasing liabilities	198	188
of which long-term leasing liabilities	0	193

18. PREPAID INCOME AND ACCRUED EXPENSES

CHF 1,000	12/31/2012	12/31/2011
Prepaid income	11,105	13,090
Unsettled accounts payable	3,758	4,727
Prepaid income	14,863	17,817

Prepaid income and accrued expenses include future payments for the following items: social security contributions and insurance premiums, accrued vacations and overtime, other non-interest-bearing values owed. Unsettled accounts payable on the balance sheet date include services received without receipt of the relevant invoice. The decrease in prepaid income and accrued expenses originated in both segments.

19. PROVISIONS

CHF 1,000	Warranty provisions	Payments to employees	Other provisions	Total
Long-term provisions at December 31, 2011	0	1,531	1,127	2,658
Short-term provisions at December 31, 2011	1,029	0	0	1,029
Total at December 31, 2011	1,029	1,531	1,127	3,687
Change in the scope of consolidation				0
Addition	22	29	918	969
Transfer				0
Utilization	0	-41	0	-41
Release of provisions no longer required	-165	-12	-115	-292
Difference arising from currency translation	-5	-4	-39	-48
Cash value adjustments				0
Total at December 31, 2012	881	1,503	1,891	4,275
Long-term provisions at December 31, 2012	0	1,503	1,578	3,081
Short-term provisions at December 31, 2012	881	0	313	1,194
Total at December 31, 2012	881	1,503	1,891	4,275

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

At December 31, 2012, the “Other provisions” item included CHF 0.6 million for costs still expected from the merger of the two tool-making sites in Shanghai and Suzhou (Molds Segment) and from the relocation of component production from the Xiamen site to Suzhou as well as from the subsequent closure of the Xiamen plant (Components Segment) (previous year CHF 0.0 million), for estimated shortfalls in revenue from a customer project due to the granting of the right of use for a production plant (carrying amount December 31, 2012: CHF 0.2 million; previous year: CHF 0.0 million) and provisions for foreign withholding taxes whose refundability is not certain (carrying amount December 31, 2012: CHF 0.8 million; previous year: CHF 0.8 million).

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

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

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

Provisions for expected withholding taxes on loan interest were recognized as a transfer in 2011. The relevant contra item is included in deferred income tax liabilities.

20. DEFERRED TAXES

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

CHF 1,000	12/31/2012	12/31/2011
Deferred tax liabilities	2,704	3,998
Deferred tax assets	2,774	2,635
Total	-70	1,363

The average income tax rate for the Group in 2012 was 21% (2011: 24%). In the reporting period, the average income tax rate was re-calculated based on the local income tax rates weighted at earnings before taxes.

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

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

Deferred tax assets developed as follows:

CHF 1,000	2012	2011
Total at January 1	2,635	2,387
Change in the scope of consolidation	0	0
Creation	821	726
Utilization	-631	-341
Translation difference	-51	-137
Total at December 31	2,774	2,635

The balance relates primarily to capitalized tax loss carryforwards.

Provisions for deferred tax liabilities developed as follows:

CHF 1,000	2012	2011
Total at January 1	3,998	3,648
Change in the scope of consolidation	0	0
Creation	76	1,515
Transfer	0	-302
Release	-1,347	-827
Translation difference	-23	-36
Total at December 31	2,704	3,998

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

Tax losses amounting to CHF 52.4 million existing on December 31, 2012 (CHF 56.2 million in 2011), have not yet been utilized and no deferred tax claim for them has been included in the balance sheet.

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

CHF 1,000	12/31/2012	12/31/2011
expiring in one year	2,839	5,023
expiring in two years	2,257	4,876
expiring in three years	7,434	3,197
expiring in four years	19,138	8,210
expiring in five years	7,602	12,668
expiring in more than five years	13,139	22,254
Total	52,409	56,228

21. STATEMENT OF SHARE CAPITAL

The share capital was as follows on December 31, 2012:

	Registered shares
at January 1, 2012	730,000
at December 31, 2012	730,000
Par value in CHF	fully paid
Dividend restrictions	20
Voting restrictions	none
Number of shares held by the Adval Tech Group on December 31, 2012	exist 0

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

Purchasers of registered shares are entered in the shareholders' register as shareholders with voting rights upon application, if they expressly state that they have acquired the registered shares in their own name and for their own account. As provided by Article 6 of the Articles of Incorporation of Adval Tech Holding Ltd dated June 19, 2012, purchasers of shares in excess of 10% of the registered capital stock recorded in the Commercial Register will not be entered with voting rights. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations.

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

Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favour 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 favour of Willy Michel, which was granted in connection with a cooperation agreement. Furthermore, these voting restrictions do not apply to the shareholders who were registered with a holding of registered shares exceeding 5% of all share votes when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Hansruedi Bienz, Einfache Gesellschaft Dreier).

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

Holdings of company shares have developed as follows:

	2012	2011
Holding at January 1	80	2
Purchases (shares)	266	450
Sales (shares)	0	0
Issued to employees (shares)	-346	-372
Holding at December 31	0	80
Average purchase price (CHF)	167	325
Average selling price (CHF)	n.a.	n.a.
Average issue (CHF)	203	325

All company shares are held by Adval Tech Management Ltd.

A total of 346 shares were allotted to members of supervisory staff in the year under review as part of their variable remuneration in the context of existing remuneration arrangements. CHF 0.1 million was posted to personnel expenses in this connection.

Non-distributable reserves in the Group's shareholders' equity amounted to CHF 10.5 million at the end of the year under review (CHF 10.8 million in 2011). Retained earnings do not include any revaluation reserves.

22. NET TURNOVER

	CHF 1,000 2012	2011
Net income from deliveries and services	228,891	212,606
Income from manufacturing orders (valued using the percentage-of-completion method)	41,530	53,174
Sales deductions	-1,668	-1,776
Total net turnover	268,753	264,004

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

23. OTHER OPERATING INCOME

	CHF 1,000 12/31/2012	12/31/2011
Other operating income from third parties	8,925	9,343
Other operating income from related parties	16	12
Gains from sales of tangible fixed assets	245	3,139
Total other operating income	9,186	12,494

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

24. COST OF MATERIALS AND SERVICES

The cost of materials and services declined by CHF 5.3 million year on year. As a proportion of total income, it fell slightly, by 1.1 percentage points to 43.1%. This is mainly attributable to a reduction in the outsourcing of contracts and in additional purchases of semi-finished products, especially in the Molds Segment.

25. PERSONNEL EXPENSES

The average number of employees declined by 66 to 2,417 in 2012 (2,483 in 2011). The number of employees totaled 2,239 at the balance sheet date (2,491 in 2011).

26. PENSION LIABILITIES AND OTHER PAYMENTS TO EMPLOYEES

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

CHF 1,000	Nominal value on 12/31/2012	Utilization waiver 12/31/2012	Balance 12/31/2012	Payment/ repayment 2012	Effect on personnel expenses 2012	Effect on financial result 2012
Pension funds excl. surplus/shortfall	2,884	0	2,884	0	43	0

In the previous year:

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

Personnel expenses in the year under review were debited with CHF 0.0 million to finance contributions (CHF 0.0 million in 2011), while CHF 0.04 million was credited from interest (CHF 0.04 million in 2011). Interest is calculated on the employer's contribution reserves in accordance with the foundation's performance, but at no more than the rate on the savings accounts.

Financial benefit / financial obligations and pension expenses for 2012 are as follows:

CHF 1,000	Surplus/ shortfall 12/31/2012	Financial share of the organization 12/31/2012	12/31/2011	Change vs. previous year, posted to income in financial year	Contributions accrued in the relevant period ¹⁾	Pension expenses in 2012
Pension fund of Adval Tech Holding Ltd excl. surplus/shortfall	0	0	0	0	2,816	2,859
Pension fund of Adval Tech Holding Ltd for supervisory staff excl. surplus/shortfall	0	0	0	0	291	291
Total	0	0	0	0	3,107	3,150

1) including result from employer's contribution reserves

In the previous year:

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

1) including result from employer's contribution reserves

The above data are based on the financial statements of the pension funds at December 31, 2012 (or December 31, 2011).

The pension fund of Adval Tech Holding Ltd is a legally independent foundation. It is subject to Swiss occupational pensions legislation. All employees of the Swiss Group companies of the Adval Tech Group are members of this pension fund. As at December 31, 2012, the cover ratio was 110%.

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

The pension fund for supervisory staff of Adval Tech Holding Ltd was set up for members of supervisory staff. It is affiliated to a collective foundation of a major Swiss insurer. It is primarily a capital redemption insurance. Equal contributions are made by employees and employer. As at December 31, 2012, the funded status was 100%.

A life insurance policy is in place for a former member of executive management at a foreign subsidiary that was acquired after he retired in 2002. The provisions for liabilities arising from this at the end of the year under review amount to CHF 0.4 million (CHF 0.4 million in 2011), and are included in the provisions for payments to employees. The redemption value of the policy at December 31, 2012, was CHF 0.5 million (CHF 0.5 million in 2011) and is capitalized in the "Other long-term receivables" item under "Financial assets." The effect of this insurance policy on the consolidated income statement is marginal.

27. OTHER OPERATING EXPENSES

	CHF 1,000	2012	2011
Maintenance, repair, replacements, operating materials	-15,487	-15,349	
Premises, energy	-12,846	-12,513	
Insurance, office and administration expenses	-6,471	-7,164	
Marketing, sales and distribution expenses	-11,895	-11,942	
Sundry operating expenses	-1,811	-1,290	
Total other operating expenses	-48,510	-48,258	

Other operating expenses in the reporting period advanced slightly on the year-back level (CHF +0.3 million). In relation to total income, other operating expenses rose from 16.9% in 2011 to 17.3% in the reporting period. The savings in office and administration expenses were offset by the additional expense in the 'Sundry operating expenses' line item, which includes CHF 0.2 million in losses on the sale of tangible fixed assets (2011: CHF 0.0 million).

28. FINANCIAL EXPENSES AND FINANCIAL INCOME

	CHF 1,000	2012	2011
Interest earned	656	658	
Currency gains	6,022	6,868	
Gains on derivative financial instruments	14	602	
Other financial income	-9	9	
Total financial income	6,683	8,137	
Interest paid	-3,101	-5,235	
Bank charges and fees	-227	-201	
Currency losses	-8,696	-10,977	
Unrealized translation differences	-543	666	
Losses on derivative financial instruments	-21	-166	
Other financial expenses	-1,606	-1,252	
Total financial expenses	-14,194	-17,165	
Financial result	-7,511	-9,028	

Total currency losses of CHF 2.7 million had to be posted in the year under review (previous year: CHF 3.4 million).

The decrease in the interest burden is mainly related to the reorganization of Group financing as of January 2012.

The rise in other financial expenses is attributable to costs for the refinancing of January 2012 and the deferral of a commission for the guarantee provided for the syndicated loan.

29. EXTRAORDINARY EXPENSES

The extraordinary expenses in the reporting period of CHF 3.1 million are predominantly related to the restructuring measures in Asia: relocation of the production of components from Xiamen to Suzhou and relocation of the tool-making business from Shanghai to Suzhou (CHF 1.7 million in total), and the disbursements and expenses for the cooperation projects in the area of medical technology and in the rotationally symmetrical metal parts business (CHF 1.3 million).

30. INCOME TAXES

	CHF 1,000	2012	2011
Current income taxes		-2,683	-1,982
Change in provision for deferred taxes		1,461	-303
Total tax expenses	-1,222	-2,285	

31. SEGMENT REPORTING

The allocation of business activities to the Group's two segments in 2012 is reflected in the following table:

CHF 1,000	Component segment	Molds segment	Other units, eliminations	Total
Net turnover from deliveries and services	206,786	20,437	0	227,223
Income from manufacturing orders (valued using the percentage-of-completion method)	1,172	40,358	0	41,530
Net turnover from third parties and related parties	207,958	60,795	0	268,753
Total income from third parties and related parties	217,320	62,012	303	279,635
Intragroup revenues	988	5,601	14,873	21,462
Total income	218,308	67,613	-6,286	279,635

Figures for 2011:

CHF 1,000	Component segment	Molds segment	Other units, eliminations	Total
Net turnover from deliveries and services	197,412	13,418	0	210,830
Income from manufacturing orders (valued using the percentage-of-completion method)	3,659	49,515	0	53,174
Net turnover from third parties and related parties	201,071	62,933	0	264,004
Total income from third parties and related parties	219,767	64,839	331	284,937
Intragroup revenues	1,582	10,631	15,635	27,848
Total income	221,349	75,470	-11,882	284,937

The operations of the two segments in 2012 and the Group structure are explained in the annual report (page 9, 12 and 15, 21).

As part of the reorganization the business segments of the Adval Tech Group were restructured as of the beginning of May 2012. The year-back values have been restated accordingly.

Income by region is as follows:

CHF 1,000	2012	2011	
Net turnover	268,753	100%	264,004
<i>Europe</i>	123,872	46%	136,199
– of which Switzerland	13,421	5%	13,962
– of which Germany	63,643	24%	67,505
– of which France	22,185	8%	26,472
<i>Asia</i>	60,723	23%	50,780
– of which China	32,024	12%	28,863
<i>North America</i>	33,745	13%	34,672
<i>Latin America</i>	46,354	17%	41,373
<i>Australia and Oceania</i>	2,619	1%	578
<i>Africa</i>	1,439	1%	402

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

Net turnover in Switzerland includes CHF 0.5 million of turnover with related parties in the year under review (CHF 0.5 million in 2011).

32. PLEDGED ASSETS

CHF 1,000	12/31/2012	12/31/2011
Book value of pledged tangible fixed assets	1,049	32,432
Total pledged assets	1,049	32,432

The pledges listed serve as security for mortgages, other bank loans and credit lines. 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. The decline is primarily related to the new syndicated loan agreement concluded in January 2012 (see Note 14).

33. FIRE INSURANCE VALUES

CHF 1,000	12/31/2012	12/31/2011
Real estate	95,805	99,333
Other tangible fixed assets	394,481	394,481

34. CONTINGENT AND FUTURE LIABILITIES

CHF 1,000	12/31/2012	12/31/2011
Contingent liabilities in favour of third parties	1,081	1,812
Liabilities arising from leases	16,349	17,183
Liabilities arising from operating leases	814	921

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

Payments deriving from operating leases fall due as follows: CHF 0.4 million (CHF 0.5 million in 2011) within 1 year, CHF 0.4 million (CHF 0.4 million in 2011) within 2 to 5 years.

Future rental payments fall due as follows: CHF 3.8 million (CHF 4.3 million in 2011) within 1 year, CHF 7.7 million (CHF 6.3 million in 2011) in 2 to 5 years, CHF 4.8 million (CHF 6.6 million in 2011) in more than 5 years.

35. FINANCIAL INSTRUMENTS

Market values are calculated on the basis of individual valuations of the open instruments at the balance sheet date. The following financial instruments for limiting financial risks existed at the balance sheet date (contract values in 1,000 local currency (lc); replacement values in CHF 1,000) as at December 31, 2012:

Currency	Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
			positive	negative
USD	Forward transactions / swap	863	0	0
EUR	Forward transactions / swap	1,657	0	1
Total		2,520	0	1

As at the end of 2011, the currency hedges are as follows:

Currency	Instrument	Contract value lc 1,000	Replacement value CHF 1,000	
			positive	negative
USD	Forward transactions / swap	57	0	0
EUR	Forward transactions / swap	2,773	3	1
Total		2,830	3	1

The options and forward transactions listed above serve to hedge payments in EUR and USD. They run until mid-January 2013 at the latest.

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

No interest hedges had been entered into either as at December 31, 2012 or as at December 31, 2011.

The changes in market values are recognized in the income statement.

36. 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
- Ypsomed Holding AG, Burgdorf, and the companies of the Ypsomed Group
- Finox AG, Burgdorf
- Techpharma Management AG, Burgdorf
- Feintool International Holding AG, Lyss, and the companies of the Feintool Group
- Forbo Holding AG, Baar, and the companies of the Forbo Group
- Autoneum Holding AG, Winterthur, and the companies of the Autoneum Group
- Rieter Holding AG, Winterthur, and the companies of the Rieter Group
- Precious Woods Holding AG, Zug, and the companies of the Precious Woods Group
- the members of the Board of Directors and of Group management, incl. members who left in the reporting period
- Hansruedi Bienz, Oberbottigen

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

Turnover of CHF 0.4 million was made with related parties in the year under review (CHF 0.5 million in 2011). Volume parts and components to the value of CHF 0.1 million and molds to the value of CHF 0.3 million were invoiced in 2012.

At the balance sheet date, receivables from related parties amounted to CHF 0.3 million (2011: CHF 0.2 million) and liabilities to related parties (incl. deferrals) to CHF 1.5 million (2011: CHF 1.9 million).

Half of the maximum syndicated credit facility of CHF 120 million is guaranteed by a major shareholder who is also a member of the Board of Directors (see Note 14). Within the scope of this guarantee, the Group recognized a deferral for a guarantee commission of CHF 0.3 million.

37. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

38. RELEASE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were released for publication by the Board of Directors of Adval Tech Holding Ltd and a motion for their approval was submitted to the annual general meeting of shareholders of Adval Tech Holding Ltd on March 21, 2013.



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

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Adval Tech Holding AG, which comprise the balance sheet, income statement, statement of changes in equity, cash flow statement and notes (pages 44 to 81), for the year ended 31 December 2012.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2012 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with Swiss GAAP FER and comply with Swiss law.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Hanspeter Gerber Patrick Borter
Audit expert Audit expert
Auditor in charge

Berne, April 5, 2013

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FINANCIAL REPORTS OF ADVAL TECH HOLDING LTD

1. BALANCE SHEET

in CHF	12/31/2012	12/31/2011
Liquid assets	2,843	2,176,529
Receivables		
– from third parties	32,380	34,558
– from Group companies	3,300,776	3,135,926
Prepaid expenses and accrued income	4,063	497,950
<i>Receivables</i>	3,337,219	3,668,434
Total current assets	3,340,062	5,844,963
Investments in Group companies	113,331,133	65,429,403
Loans to Group companies	125,930,898	180,010,343
<i>Financial assets</i>	239,262,031	245,439,746
Organizational costs	0	786,446
<i>Intangible assets</i>	<i>0</i>	<i>786,446</i>
Total fixed assets	239,262,031	246,226,192
Total assets	242,602,093	252,071,155
Bank debt	6,278,988	6,367,299
Accounts payable	44,056	110,123
Long-term liabilities	114,000,000	82,000,000
Other liabilities		
– to third parties	524	0
– to Group companies	152,792	1,144,963
Accrued expenses	634,044	261,279
<i>Short-term liabilities</i>	121,110,404	89,883,664
Provisions	812,855	2,449,355
<i>Long-term liabilities</i>	<i>812,855</i>	<i>2,449,355</i>
Total liabilities	121,923,259	92,333,019
<i>Share capital</i>	<i>14,600,000</i>	<i>14,600,000</i>
General reserves	9,500,000	9,500,000
Reserve for treasury stock	0	26,011
Open capital contribution reserve	97,424,589	97,424,589
<i>Legal reserves</i>	106,924,589	106,950,600
Free reserves	10,771,163	10,745,152
<i>Other reserves</i>	<i>10,771,163</i>	<i>10,745,152</i>
<i>Share capital and reserves</i>	<i>132,295,752</i>	<i>132,295,752</i>
Balance brought forward	27,442,385	27,459,113
Net profit for the year	-39,059,303	-16,729
<i>Retained losses/earnings</i>	<i>-11,616,918</i>	<i>27,442,385</i>
Total shareholders' equity	120,678,834	159,738,136
Total liabilities and shareholders' equity	242,602,093	252,071,155

2. INCOME STATEMENT

CHF	2012	2011
Income from investments in Group companies	75,628	0
Other income from third parties	153,804	5,444
Other income from Group companies	2,355,293	1,565,358
Finance income from Group companies	4,229,638	4,577,868
Finance income from third parties	513,934	1,046,621
Total operating earnings	7,328,297	7,195,291
Finance expenses, third parties	5,318,991	5,188,587
Financial expenses, related parties	286,667	0
Finance expenses, Group companies	37,742,709	0
Business and administration expenses	1,147,854	1,236,987
Operating expenses	44,496,221	6,425,574
Amortization of intangible assets	786,446	786,446
Extraordinary expenses	1,104,933	0
Operating earnings before taxes	-39,059,303	-16,729
Taxes	0	0
Net result	-39,059,303	-16,729

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

	2012 Number of shares	2012 CHF	2011 CHF
Position at January 1	80	15,435	691
Purchases	266	44,290	146,310
Sales	0	0	0
Issued to employees	346	55,021	120,948
Value adjustment as at December 31	n.a.	-4,704	-10,618
Position at December 31	0	0	15,435

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

Stock is issued as part of the variable remuneration to management. The stock is allocated on the basis of the share's average trading price in February 2012. The corresponding countervalue was recognized as a personnel expense of Adval Tech Management Ltd.

Investment holdings

The investment holdings of Adval Tech Holding Ltd on December 31, 2012:

Company	12/31/2012		Holding in %	12/31/2012 Book value CHF	12/31/2011 Book value CHF
	Share capital 100%				
Adval Tech Management Ltd, Niederwangen Management of subsidiaries	CHF	100,000	100	100,000	100,000
Styner+BIENZ FormTech Ltd, Niederwangen Stamping and Forming Technology	CHF	3,050,000	100	17,650,000	11,250,000
Styner+BIENZ US Inc., Cleveland, USA Stamping and Forming Technology	USD	1	100	0	0
Styner+BIENZ do Brasil Ltda., São José dos Pinhais PR Stamping and Forming Technology	BRL	150,873	100	123,576	123,576
	USD	360,000	100	603,526	603,526
QSCH Termelő és Kereskedelmi Kft., Szekszárd, Hungary Stamping and Forming Technology	EUR	1,800,000	100	22,014,476	11,172,746
AWM Mold Tech Ltd, Muri (AG) Injection Molding Technology	CHF	600,000	100	9,600,000	9,600,000
Teuscher Kunststoff-Technik Ltd, Grenchen Plastic components	CHF	2,000,000	100	10,436,257	10,436,257
AWM Swiss Technology Ltd, Hong Kong Service function in Asia	HKD	10,000	100	2,000	2,000
FOBOHA Holding GmbH, Haslach, Germany Holdings in companies	EUR	25,000	100	15,741,298	15,741,298
Omni Investors Pte, Singapore Management of subsidiaries	USD	13,517,000	100	37,060,000	0

The shares of Omni Investors Pte, Singapore, were acquired from two subsidiaries at the end of 2012 as part of a restructuring process within the Group.

AWM Plast Tech AG merged with Styner+BIENZ Form Tech AG with effect from January 1, 2012. The merged company trades under the name of Styner+BIENZ FormTech AG.

AWM Mold Service US Inc. was merged with FOBOHA US Inc., a Group company, with effect from January 1, 2012. The merged company trades under the name of FOBOHA US Inc. and is headquartered in Beverly, USA.

AWM Mold Tech Trading Co. Ltd Shanghai was dissolved in 2011.

Loans to Group companies

Loans to Group companies as at December 31, 2012 comprise a loan of CHF 3 million to AWM Mold Tech AG, for which subordination was granted.

Intangible assets

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

Guarantees and contingent liabilities in favour of third parties

CHF	12/31/2012	12/31/2011
Total	1,080,671	37,960,855

Major shareholders

As of December 31, 2012, the following shareholders held more than 3% of the registered share capital recorded in the Commercial Register:

- Willy Michel 23.7%
- Artemis Beteiligungen II AG, Hergiswil 21.2%
- Hansruedi Bienz 7.5%
- Lombard Odier Darier Hentsch Fund Managers SA 6.9%
- Sarasin Investment Fonds AG 9.8%*
- Einfache Gesellschaft Dreier 3.5%

*) effective amount of holding as at December 31, 2012

Unless otherwise indicated, the stated ownership interest is that given in the most recent disclosure in accordance with the Stock Exchange Act (BEHG).

Remuneration of the Board of Directors and Group management

The following remuneration was paid to directors and officers in 2012:

CHF	Function	Basic remuneration	Variable remuneration	Other remuneration	Total
Board of Directors (BD)					
Willy Michel	Chairman ab 20.6.2012	55,000	0	13,800	68,800
Michael Pieper	Vice Chairman	50,000	0	12,600	62,600
Leonardo Attanasio	Director	40,000	0	16,200	56,200
Hans Dreier	Director	50,000	0	23,400	73,400
Roland Waibel	Director	50,000	0	25,600	75,600
Walter Grüebler*	Chairman bis 19.6.2012	35,000	0	8,000	43,000
Total Board of Directors		280,000	0	99,600	379,600
Group management (GM)**					
Total Group management		2,071,442	179,200	125,802	2,376,444
of which highest-paid member (Jean-Claude Philipona, CEO)***		438,375	0	84,344	522,719

* For the period from January 1, 2012 until the Annual General Meeting for the 2011 financial year

** As at December 31, 2012 the Executive Management comprised five people.

The remuneration listed for 2012 also comprises the remuneration for Harald Folk (until April 2012) and for Stephan Mayer (until July 2012) as well as Valeria Poretti-Rezzonico (from May 2012).

*** Remuneration paid for the 2012 financial year up to the end of the contractual notice period on December 31, 2012, including compensation for the function of Chairman of the Board of Trustees of the Pension Fund of Adval Tech Holding AG in 2012.

2011:

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

* As at December 31, 2012 the Executive Management comprised six people.

The remuneration listed for 2011 also comprises the remuneration for Neo Age Seng (until November 2011) and for Jinsheng Lyu (from November 2011) as well as Jean-Claude Philipona (until December 2011) and Stephan Mayer (from December 2011).

The Board of Directors was remunerated in cash only. Group management also received their basic remuneration in cash. For 2011 and 2012, a portion of the variable remuneration was paid in the form of Adval Tech Holding Ltd shares.

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

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

Function	12/31/2012 (Number)	12/31/2011 (Number)
Willy Michel Chairman of the Board	172,674	172,674
Michael Pieper Vice Chairman of the Board	156,686	156,686
Leonardo Attanasio Director	100	100
Hans Dreier Director / Head IT, Logistics, Legal	13,032	12,993
Roland Waibel Director	200	200
René Rothen CEO	206	132
Markus Reber CFO	112	76
Valeria Poretti-Rezzonico Head of HR/Communication	65	n.a.

Loans from third parties

In January 2012, a syndicated loan agreement was concluded with two big Swiss banks, with a revolving credit facility for a maximum of CHF 120 million over an 18-month term. The old syndicated loan agreement was superseded by this new agreement. Adval Tech Holding AG is the borrower under this agreement. The granting of fixed advances under the new loan agreement is subject to certain covenants. These consist of the following key financial indicators: minimum equity for the Group, minimum EBITDA to be achieved by the Group for 2012 and 2013 (half-year measurement), minimum available liquidity for the Group (monthly measurement). The

repayment of a total of CHF 60 million under the loan agreement, which had been planned in the fourth quarter of 2012, has been postponed to the first or second quarter of 2013, as per an agreement with the lenders. A major shareholder of Adval Tech Holding AG has provided the syndicate banks with a guarantee for half the amount of the loan.

Discussions are in progress with the banks regarding the refinancing of the existing credit facility by the end of May 2013. The Board of Directors and Group management are confident that the existing credit facility can be adequately settled.

Risk management

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

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

Financial expenses of Group companies

Financial expenses of Group companies for the reporting year include loan waivers totalling CHF 36 million granted to AWM Mold Tech AG, Styner+Bienz FormTech AG and Teuscher Kunststoff-Technik AG.



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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Adval Tech Holding AG, which comprise the balance sheet, income statement and notes (pages 83 to 90), for the year ended 31 December 2012.

Board of Directors' Responsibility

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2012 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 recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Hanspeter Gerber	Patrick Borter
Audit expert	Audit expert
Auditor in charge	

Berne, April 5, 2013

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Forward-looking statements

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

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

