

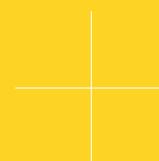
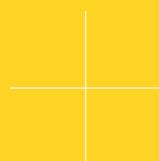
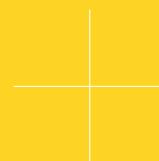
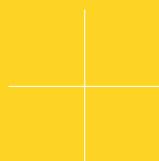
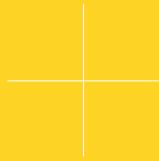
advaltech

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

2013



ADDING VALUE THROUGH INNOVATION



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Adval Tech's metal and plastic series-production components are used in cars and for other technically demanding applications. The pictures in this annual report (from page 16) illustrate those areas of a car where Adval Tech technology can be found.



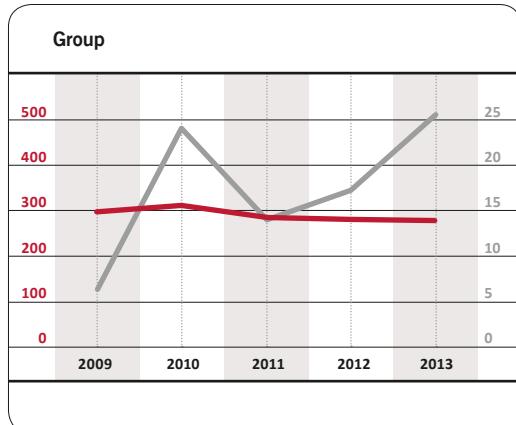
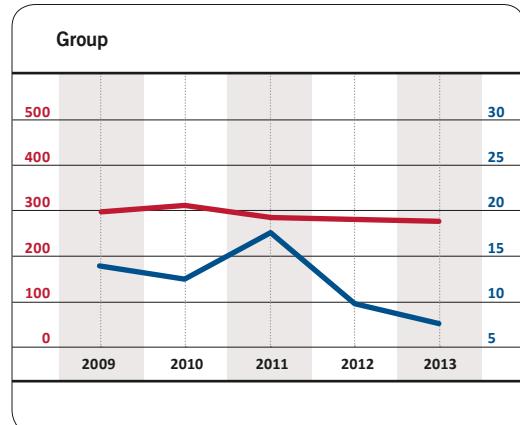
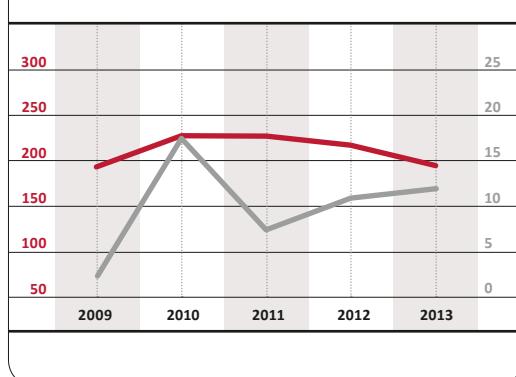
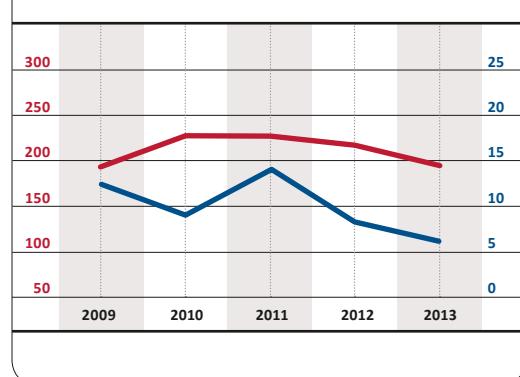
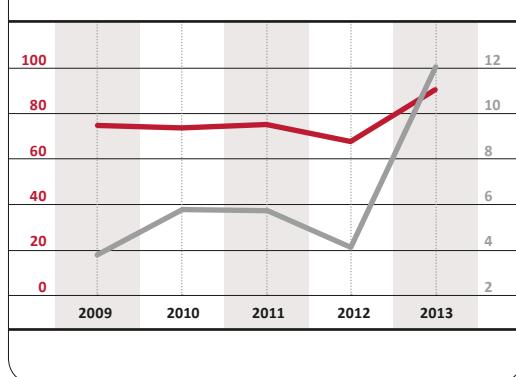
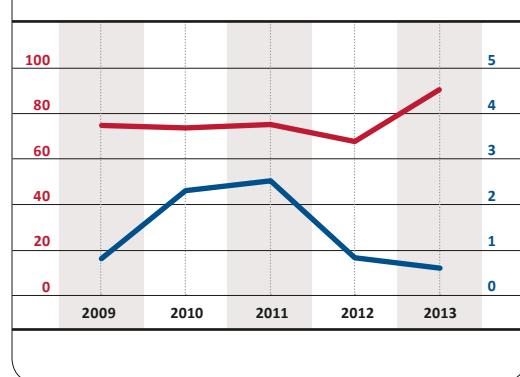
KEY FIGURES OF THE ADVAL TECH GROUP

	2013 ¹⁾	2012 ¹⁾	2011 ²⁾	2010 ³⁾	2009 ³⁾
Total Income (CHF millions)					
Group	278.8	279.6	284.9	316.7	297.7
Change in %	-0.3	-1.9	-10.0	6.4	-28.5
Per employee (CHF thousands)	139.7	115.7	114.8	124.8	110.0
Components segment	193.7	218.3	221.3	221.5	195.0
Molds segment	89.7	67.6	75.5	74.1	74.9
EBITDA (CHF millions)					
Operating earnings before depreciation	25.7	16.9	14.3	24.2	6.3
in % of total Income	9.2	6.0	5.0	7.7	2.1
Components segment	11.7	10.5	7.3	17.7	2.2
Molds segment	12.1	4.1	5.7	5.8	3.9
EBIT (CHF millions)					
Operating earnings	6.5	-3.5	-5.0	1.6	-22.7
in % of total Income	2.3	-1.3	-1.8	0.5	-7.6
Net result (CHF millions)					
Net result for the year	-22.0	-15.4	-16.3	-10.9	-26.6
in % of total Income	-7.9	-5.5	-5.7	-3.5	-8.9
Cash flow and capital expenditure (CHF millions)					
Cash flow from operations	14.5	7.5	5.7	11.3	7.2
Operative free cash flow	4.7	1.1	-4.7	-1.6	-7.2
Free cash flow	37.8	1.1	-4.7	-5.5	-7.2
Capital expenditure	-7.3	-9.9	-17.5	-12.4	-13.4
Balance sheet figures (CHF millions)					
Total assets	218.7	238.6	265.0	278.0	299.3
Shareholders' equity	64.3	53.8	68.5	84.8	105.4
in % of total assets	29.4	22.6	25.8	30.5	35.2
Employees					
on December 31	1,720	2,239	2,491	2,470	2,573
Components segment	1,347	1,876	2,048	2,034	2,274
Molds segment	357	345	424	417	284
Market capitalization (CHF millions)					
on December 31	127.8	116.4	120.5	253.3	155.5
Selected key figures per share					
Earnings (CHF)	-30.15	-21.06	-22.36	-14.99	-36.39
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

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

Total income in CHF millions
 EBITDA in CHF millions

Total income in CHF millions
 Capital expenditure in CHF millions



SHARE STATISTICS AND PRICE TRENDS

	2013	2012
Registered shares	730,000	730,000
EBIT per share (CHF)	8.97	-4.80
Net result per share (CHF)	-30.15	-21.06
Shareholders' equity per share (CHF)	88.04	73.75
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 (04/05/13, 06/18/12)	128.00	129.00
High (12/30/13, 03/09/12)	175.00	193.70
December 31	175.00	159.50
Market capitalization (CHF millions)		
Low (04/05/13, 06/18/12)	93.44	94.17
High (12/30/13, 03/09/12)	127.75	141.40
December 31	127.75	116.44

1) Proposed by the Board of Directors

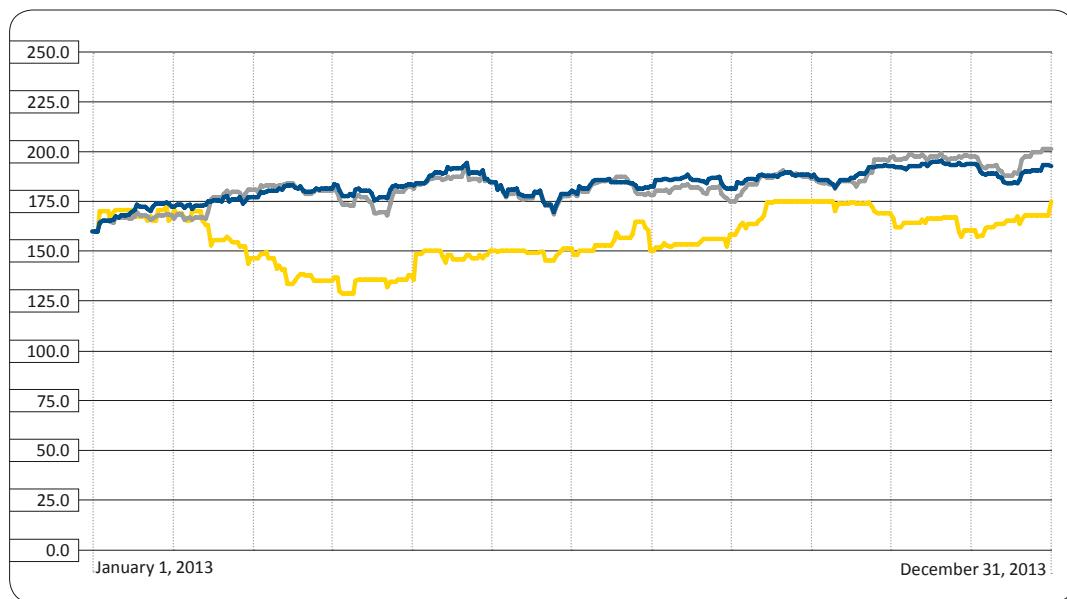
Share statistics

Swiss security no. 896 792

Ticker symbols: ADVN (Telekurs); ADVN SW (Bloomberg)

Price trends

January 1, 2013 to
December 31, 2013
(CHF)



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

DEAR SHAREHOLDERS

The 2013 financial year saw the Adval Tech Group achieve two important key objectives: an improvement in its operating result and a reduction in its debt. In 2013, Adval Tech posted operating earnings before interest and taxes (EBIT) of CHF 6.5 million (2012: CHF -3.5 million) and in doing so accomplished the targeted turnaround at EBIT level. In terms of net debt, the Group improved its position by more than CHF 37 million to CHF 67.9 million (2012: CHF 105.3 million). The fact that, at CHF -22.0 million (2012: CHF -15.4 million), the net result remained well within negative territory during the year under review is mainly attributable to the liquidity-neutral effects of the deconsolidation of the companies sold off. These deconsolidation effects were a result of the recycling of goodwill on the units sold and also currency differences. The deconsolidation had a positive impact on the Adval Tech Group's equity ratio, which rose to 29% as of the end of 2013 (end 2012: 23%).

The Adval Tech Group is concentrating on mold-making and on selected activities in the metal and plastic components business. This is in line with the Group's focusing strategy which is now being implemented at full speed.

One result of this focusing strategy was the merger of the sites in China. Components production in Xiamen and mold-making operations in Shanghai were closed down and all operations were concentrated in Suzhou. Additionally, Adval Tech sold its site in Querétaro (Mexico) as well as the medical technology production activities in Suzhou.

In implementing its focusing strategy, and as part of its global orientation, the Adval Tech Group has decided in future to use only two sub-brands "Adval Tech Styner+Bienz" and "Adval Tech FOBOHA" in addition to the umbrella brand "Adval Tech". The new brand strategy has resulted in some companies being given new names. The corresponding implementation work is already under way. In the Molds segment, AWM Mold Tech AG was renamed FOBOHA

(Switzerland) AG as of the beginning of March 2014, while FOBOHA GmbH was renamed FOBOHA (Germany) GmbH and Omni Industries Tech Center Co. Ltd became FOBOHA (Suzhou) Co. Ltd.

While the restructuring measures introduced required great additional commitment and efforts on the part of both management and employees, they have also brought significant improvements in the operating business. The new, flatter organizational structure has also simplified the flow of information and communication and shortened response times in the face of changing operating conditions.

Development of the most important key figures

Total income

At CHF 278.8 million, the Group's total income for the year under review fell only by 0.3% compared with the previous year's figure of CHF 279.6 million (-0.5% after adjustment for currency effects). This is a gratifying result, considering that the sales of the two companies sold off, Omni Manufacturing Services SA de C.V. (Querétaro) and Adval Tech Medical (Suzhou) Co. Ltd, were no longer consolidated from September 2013 onward. Altogether, the total annual income of these two companies came to around CHF 30 million. In 2013, the Adval Tech Group generated around 70% (2012: 77%) of sales in the Components segment and around 30% (23%) in the Molds segment.

Operating profit EBITDA and EBIT

Despite the deconsolidation of the two companies sold, the year under review saw the Adval Tech Group increase its operating earnings before depreciation (EBITDA) by more than 50% to CHF 25.7 million (2012: CHF 16.9 million), and the EBITDA margin rose from 6.0% to 9.2%. EBIT improved from CHF -3.5 million in 2012 to CHF +6.5 million in 2013. At the same time the EBIT margin rose from -1.3% to +2.3%.

The largest contributions to this positive performance came from the Swiss company Styner+Bienz Form-Tech AG in the Components segment and FOBOHA

GmbH (Germany) in the Molds segment. The plastic components business of QSCH (Hungary) and Omni (Malaysia) also made a significant contribution in the Components segment, as did AWM Mold Tech AG in Muri (Switzerland) in the Molds segment. The cost-cutting measures at AWM in Muri, announced in 2012, had a positive impact on the result for the first time. And, from the second half of 2013 onward, the cost-cutting programs in China also had a positive impact on the financial statements of the Adval Tech Group.

EBIT was adversely affected by once-off write-downs of CHF 1.6 million for underutilized production facilities at the sites in Germany, Hungary and China.

Net result

In 2013, the Group posted a clearly negative net result of CHF -22.0 million (2012: -15.4 million). This is due to the liquidity-neutral effects of the de-consolidation of companies that have been sold and to extraordinary expenses. The combined impact of these factors amounted to CHF 20.5 million. When units are sold, accounting standards require the attributable goodwill paid at the time of purchase and offset against equity to be re-capitalized and subsequently offset against the sale proceeds less net assets and transaction costs. The same applies to currency differences taken to equity based on the net investment approach. This resulted in a once-off liquidity-neutral expense of CHF 14.5 million for the value adjustment of goodwill and of CHF 5.1 million for the equalization of currency differences on repaid intra-Group loans. Restructuring measures related to the implementation of the focusing strategy incurred further extraordinary expenses to the value of CHF 0.9 million.

Cash flow and equity ratio

During the year under review, the Group almost doubled its cash flow from operating activities to CHF 14.5 million (2012: CHF 7.5 million). Free cash flow rose from CHF 1.1 million to CHF 37.8 million. After adjustments for cash flow from sales of companies and the sale of the property no longer required

for operations in Muri, free cash flow still amounted to CHF 4.7 million. The Adval Tech Group's equity ratio improved from 23% to 29%.

Debt reduction and bank loans

In the year under review, the Adval Tech Group reduced its debt in line with its target. In July 2013, the Group sold its business in Mexico (Omni Manufacturing Services S.A. de C.V., Querétaro) and its medical technology activities in China (Adval Tech Medical (Suzhou) Co. Ltd) to the US company Phillips-Medisize. Adval Tech was also able to sell the properties no longer required for operations in Muri (Canton Aargau, Switzerland) and Xiamen (China).

In total, Adval Tech reduced its debt by CHF 37.4 million during the period under review. This puts the Group in a much better starting position for its future development.

The credit agreement with two major Swiss banks was extended until June 30, 2014. Management is currently in discussions with a group of banks with a view to rolling over the current credit agreements when they expire.

Investments and divestments

In 2013 the Adval Tech Group invested CHF 7.3 million in tangible fixed assets, which corresponds to a year-on-year reduction of CHF 2.6 million. Strict controls enabled the Group to reduce its working capital (trade accounts receivable, inventories, trade accounts payable) by CHF 0.9 million to CHF 40.7 million (2012: CHF 41.6 million). In relation to total income, net working capital decreased to 16% (2012: 18%).

Sustainability

One of the Adval Tech Group's goals 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 one 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. Strict compliance with agreed quantities, deadlines and quality is measured and consistently improved for all customers. Regular visits to customers and a basic attitude of constantly aiming to make further improvements likewise contribute to keeping customers satisfied.

Employee satisfaction is also measured regularly at Adval Tech. The results are assessed and analyzed for each location. On this basis, Adval Tech identifies areas with potential for improvement. Each company prepares a corresponding implementation and action plan in close collaboration with the senior management team responsible.

Market development

The Adval Tech Group aspires to be the industrial partner of choice for its globally active customers and aims to offer them genuine added value at all times. In future, the Group will focus even more strongly from the beginning on those customer requirements in which it can contribute its specific expertise in product development, mold-making and component production. Adval Tech wants to deploy its resources even more reliably and efficiently than in the past and cooperate more intensively within the Group along all processes.

In the metal components sector, more and more customers want Adval Tech to supply not only out of Europe (Niederwangen, Uetendorf, Szekszárd), South America (São José dos Pinhais) and North America (Cleveland), but also directly out of Asia. For this continent, the segment is currently looking into cooperation models along similar lines to the US, where Adval Tech is already successfully working with its cooperation partner Anchor Manufacturing Group.

Strategy

With the integration of Omni Engineering of Shanghai into the mold-making site in Suzhou (Omni Industries Tech Center), the Group now also has

an efficient mold-making facility in Asia which is able to produce highly innovative molds for global customers. As in Europe, Adval Tech is now also increasingly using these molds in its own plastic component plants in Asia. The Adval Tech Group is also positioning itself more systematically as a one-stop shop, offering mold-making and component production from a single source. This is a strategy Adval Tech has been successfully pursuing for years with metal components.

Segment results

Components

In the Components segment (metal and plastics) total income of CHF 193.7 million was around CHF 25 million below the year-back figure of CHF 218.3 million. In currency-adjusted terms, the decline was negligibly smaller. This deviation is primarily attributable to the sale of the two companies in China and Mexico and to the portfolio adjustments which have been initiated in China (plastic) and Hungary (metal). The cost-cutting programs enabled the segment to raise its EBITDA to CHF 11.7 million (2012: CHF 10.5 million) and this despite the fact that the disposals led to the loss of a substantial part of its sales. The Components segment increased its EBITDA margin from 4.8% in 2012 to 6.0%.

Molds

The Molds segment posted a very good result for the year under review. Group company FOBOHA in Germany was able to exploit in particular the backlog demand in the US market and posted a significant improvement in earnings. The restructuring measures in the mold-making operations in Switzerland and the merger of the two mold-making sites in China also had a positive impact on the segment's results. With total income of CHF 89.7 million, the Molds segment exceeded the prior-year figure of CHF 67.6 million by more than 30%. The segment increased its EBITDA by CHF 8.0 million to CHF 12.1 million (2012: CHF 4.1 million). The EBITDA margin rose from 6.1% in 2012 to a healthy 13.5%.

WILLY MICHEL
CHAIRMAN OF THE BOARD OF DIRECTORS

RENÉ ROTHEN
CHIEF EXECUTIVE OFFICER



Outlook

In Europe, the economic environment is still difficult, with the automotive market in southern Europe, for example, remaining under great pressure. However, as a direct supplier to car manufacturers in the premium segment – such as BMW and Audi – and with its focus on applications in the area of safety components, the Adval Tech Group is strategically well-positioned. The global presence opens up promising opportunities for the Group to strengthen and further expand its market position in Europe, Asia and America and deploy its technological applications worldwide.

During the current financial year Adval Tech's efforts will concentrate on further systematic implementation of the focusing strategy, successful completion of the restructuring projects launched and a clear improvement in the Group's result.

Acknowledgements

2013 was a trying year for the Adval Tech Group. Much has already been achieved, but we still have some way to go. Overall, the Adval Tech Group is well placed to succeed. The Board of Directors and the management of the Adval Tech Group will continue to systematically pursue the current strategy and will do their utmost to continue to offer our customers decisive added value in the future. This is only possible with highly motivated, well-trained employees who have interdisciplinary skills and operate across national borders. We would like to express our sincere gratitude to our employees and to our customers,

suppliers and business partners. We would also especially like to thank you, our valued shareholders. Your loyalty and trust create the basis for the Adval Tech Group to enjoy future success.

Niederwangen, March 2014

Willy Michel
Chairman of the Board of Directors

René Rothen
Chief Executive Officer

LEANER, FASTER, MORE EFFICIENT AND WITH A CLEAR FOCUS

The Adval Tech Group is concentrating on selected activities in the metal and plastic components business and on mold-making. This is in line with the focusing strategy rolled out in 2012, which management and staff worked on intensively during the year under review.

The Adval Tech Group has simplified its organizational structure and is now concentrating its energies in clearly defined areas of business. In the Components segment, Adval Tech focuses on the automotive market and on related applications. The principal markets of the Group in the mold-making segment are consumer and personal care, packaging, medical and automotive. The Group's focusing strategy is enabling it to develop from being an all-rounder to a specialist. Adval Tech also positions itself more systematically as a one-stop shop for mold-making and component production.

Plastic components

Adval Tech's series-production plastic components are used in cars and for other technically demanding applications. Examples include air flow elements and air flow systems for Audi, air/water separation systems for BMW, and seat belt buckles used in a range of car brands. The Group delivers its components directly to car manufacturers (OEMs) and to first-tier customers who supply the car manufacturers directly. In addition, Adval Tech manufactures components for related applications with similar

quantities, quality requirements and production processes. Some examples include plastic parts for premium sewing machines or sophisticated, safety-related components in large batches and with a long product lifetime in the field of medical technology.

Metal components

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

Mold-making

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

THREE BRANDS

With the dissolution of the divisions in 2012 and the systematic simplification of its organization, Adval Tech has also standardized the profile of the various Group units. In the future the Adval Tech Group will use three brands only: "Adval Tech" for plastics components, "Adval Tech Styner+Bienz" for metal components and "Adval Tech FOBOHA" for molds. The implementation of the new strategy will also result in individual companies being renamed. In the Molds segment, the following changes took place with effect from the beginning of March 2014:

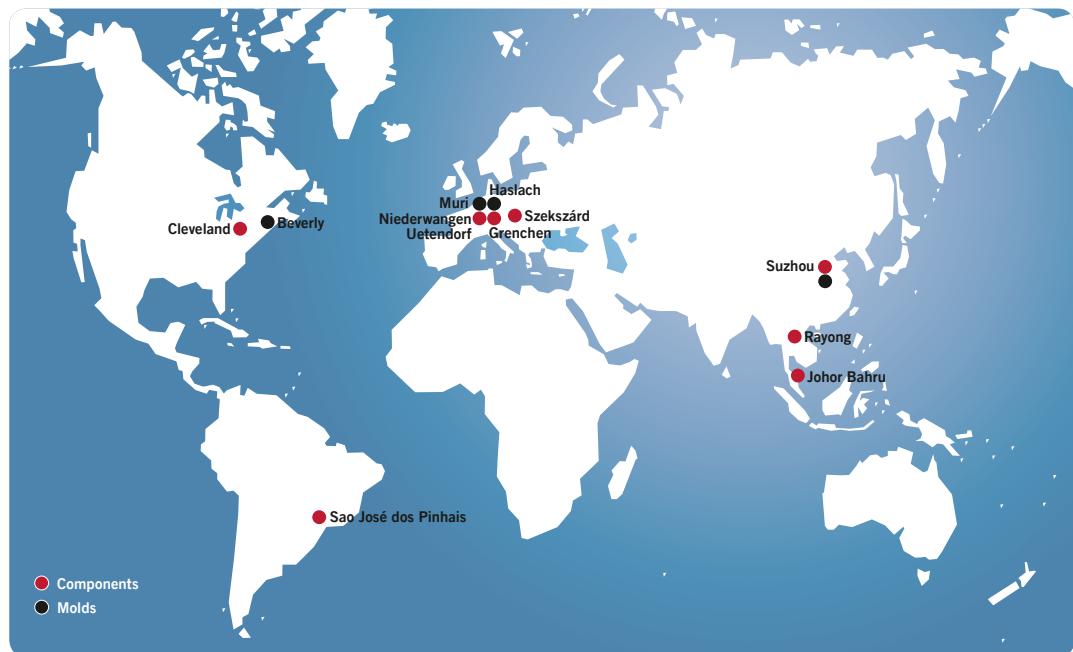
Old	New
AWM Mold Tech AG	FOBOHA (Switzerland) AG
FOBOHA GmbH	FOBOHA (Germany) GmbH
FOBOHA US Inc.	FOBOHA (US) Inc.
Omni Industries Tech Center Co. Ltd	FOBOHA (Suzhou) Co. Ltd

ing machine and has it delivered to Adval Tech. The company makes the molds (and the accompanying automation if required), optimizes the entire process, and then hands over a tried-and-tested system to the customer. And the customer can rely on a production system in which machine, mold and automation are perfectly calibrated to one another.

Concentration in China

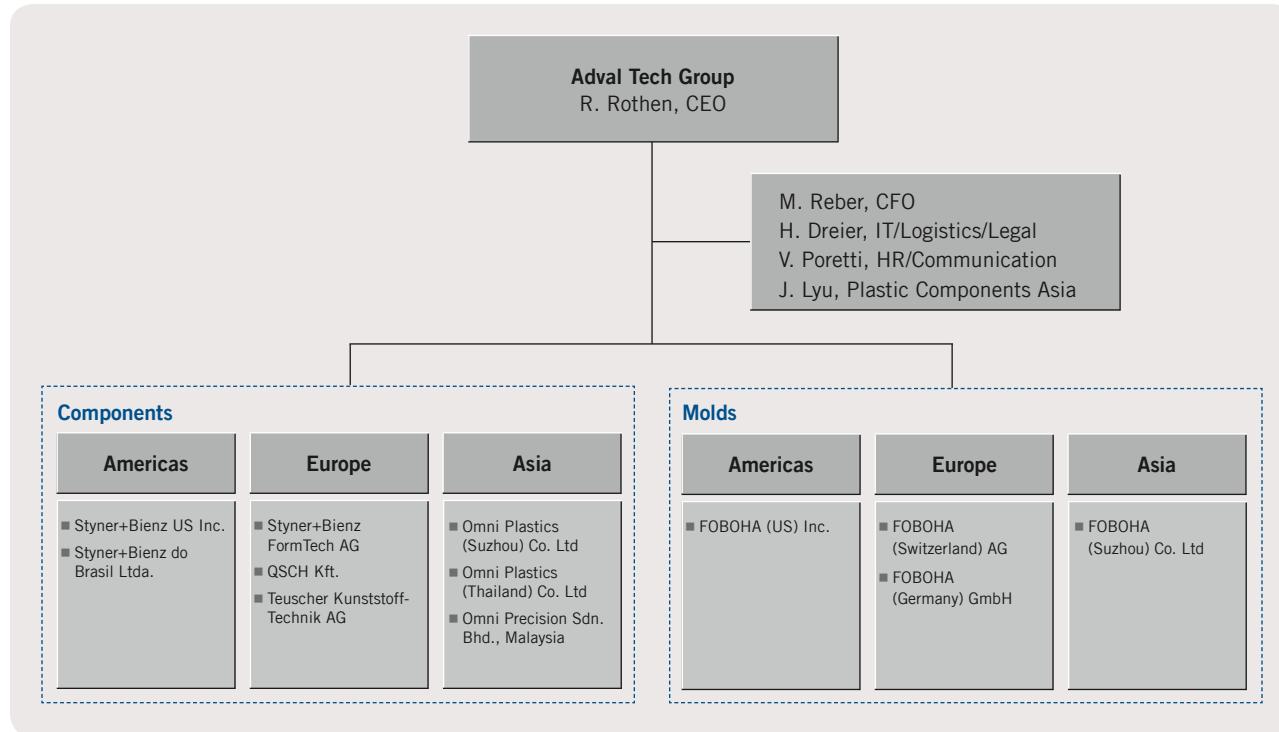
In China, Adval Tech is now only represented in Suzhou. Components production has been relocated there from Xiamen, as have the mold-making opera-

tions from Shanghai. In Asia, the company also has an efficient mold-making operation. The innovative molds can be supplied both to globally active customers and to Adval Tech's own component plants. Adval Tech has sold the medical technology production activities in Suzhou as well as its site in Querétaro.



		Components		Molds
		Metal	Plastic	
Europe	FOBOHA (Switzerland) AG, Muri, Switzerland			●
	FOBOHA (Germany) GmbH, Haslach, Germany			●
	QSCH Kft., Szekszárd, Hungary	●	●	
	Styner+Bienz FormTech AG, Niederwangen and Uetendorf, Switzerland	●		
	Teuscher Kunststoff-Technik AG, Grenchen, Switzerland		●	
Asia	Foboha (Suzhou) Co. Ltd, Suzhou, China			●
	Omni Plastics (Suzhou) Co. Ltd, Suzhou, China		●	
	Omni Plastics (Thailand) Co. Ltd, Rayong, Thailand		●	
	Omni Precision Sdn. Bhd., Johor Bahru, Malaysia		●	
Americas	FOBOHA (US) Inc., Beverly, Massachusetts, USA			●
	Styner+Bienz do Brasil Ltda., São José dos Pinhais, Brazil	●		
	Styner+Bienz US Inc., Cleveland, Ohio, USA	●		

GROUP STRUCTURE



As of March 31, 2014

GROUP EXECUTIVE MANAGEMENT

JINSHENG LYU HEAD PLASTIC COMPONENTS ASIA

MARKUS REBER CHIEF FINANCIAL OFFICER

RENÉ ROTHEN CHIEF EXECUTIVE OFFICER

HANS DREIER HEAD IT/LOGISTICS/LEGAL

VALERIA PORETTI-REZZONICO HEAD CORPORATE HR/COMMUNICATION

(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



COMPONENTS FOR THE AUTOMOTIVE INDUSTRY

LIGHTING SYSTEMS

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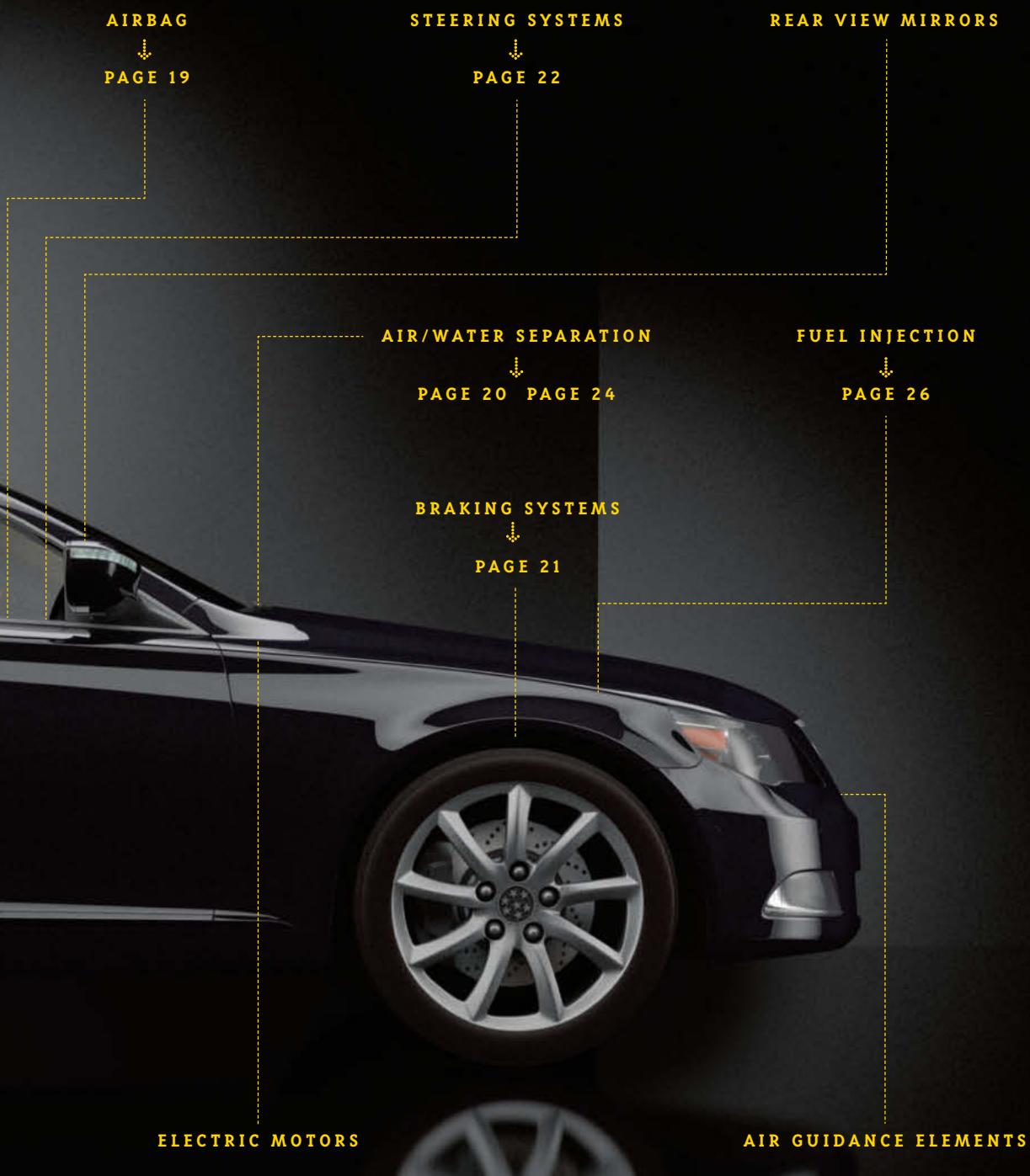
SEAT MOUNTING SYSTEMS

SAFETY BELTS

DOOR SILL PLATES

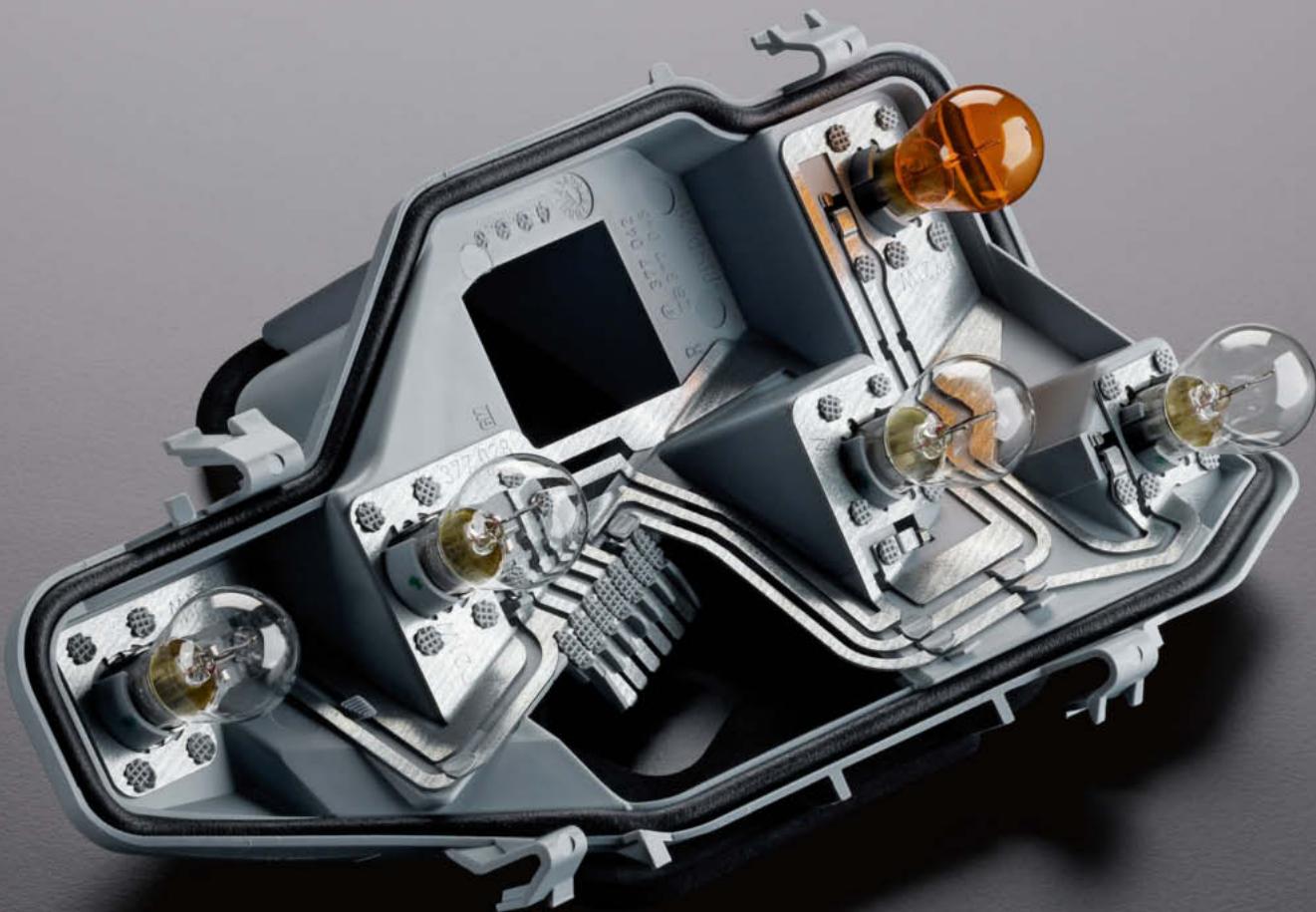
PAGE 28





LIGHTNING SYSTEMS

Modern cars contain numerous metal-plastic composite parts. Adval Tech has mastered the art of combining these two materials. For example, in the manufacture of bulb-holders. Staff at the Szekszárd site in Hungary make the circuit paths out of metal and the housing out of plastic, combine the components and assemble the lights. After a function test, Adval Tech delivers the complete subsystem to the customer.



AIRBAG

Safety enjoys top priority at Adval Tech. The Components segment produces safety-relevant formed parts and subassemblies by the million. For example, combustion chambers for airbags. This sophisticated production part consists of a stamped and formed metal sheet into which a spring assembly is inserted and fixed.



AIR/WATER SEPARATION

Adval Tech's air/water separation system ensures that no water enters the air-conditioning system or the interior of the car. The plastic components are assembled in the windscreen/engine compartment area, where they separate the air inflow from rainwater. As a one-stop shop, Adval Tech supports car manufacturers from start to finish: from product and process development to production and assembly of the production parts.



BRAKING SYSTEMS

Car drivers need to be able to rely on their cars' ABS systems in all situations. The individual components of such systems must therefore conform to high standards. State-of-the-art production processes and numerous testing procedures enable the Adval Tech Group to guarantee the quality of its components for ABS systems.



STEERING SYSTEMS

A car's steering system is not only crucial for the vehicle's driving dynamics, but also for its safety. Adval Tech's steering column mountings are continuously adjustable and include an integrated crash safety system: in an accident, when the driver hits the opened airbag, the whole steering column retracts toward the engine compartment, further reducing the impact on the driver and absorbing energy.



IMPROVEMENT IN EBITDA MARGIN

The year under review saw the Components segment (metal and plastic components) improve its result – despite the fact that the divestment of individual companies led to the loss of a substantial part of its sales. The segment's total income declined from CHF 218.3 million to CHF 193.7 million (-11%). By contrast, EBITDA climbed from CHF 10.5 million in 2012 to CHF 11.7 million (+11%), and the EBITDA margin rose from 4.8% to 6.0%.

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

Typical examples of **plastic components** in the automotive sector include air deflection elements and air guidance systems, air-water separation components and safety belt buckles (see also pages 16/17). The Components segment delivers plastic components directly to car manufacturers (OEMs) and to first-tier customers who supply the car manufacturers.

For OEM solutions, the Group applies its technical expertise and strengths in the areas of development and innovation from the start and throughout the value chain.

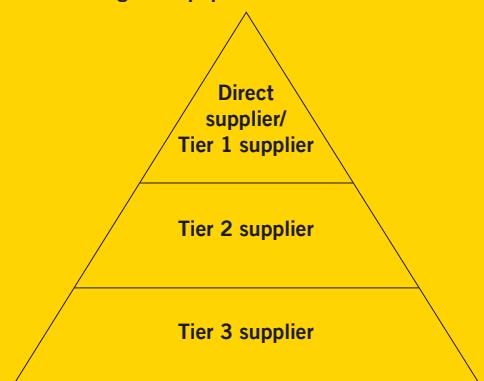
With projects with first-tier customers, which are mostly in our Asian markets, responsibility for development lies with the customer. The Adval Tech Group supports customers to help them prime the manufacturing process to run optimally and efficiently. The support of the mold-making operation in Suzhou (China) and, if necessary, also in Haslach (Germany) is a key competitive advantage and a success factor in ensuring efficient, high-quality component production.

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

The main **metal components** manufactured by the Components segment are safety parts for cars. These comprise both deep drawn parts (for example components for airbags, ABS braking systems and fuel injection systems) and steering system subassemblies. Composite components, such as lighting groups or door sill plates made of metal and plastic constituents, are also manufactured. The Components segment mostly supplies metal components to first-tier customers.

THE SUPPLY PYRAMID

Car manufacturer/OEM
(Original Equipment Manufacturer)



AIR/WATER SEPARATION

At its site in Szekszárd, Hungary, Adval Tech produces hundreds of thousands of plastic components for the air/water separation system in BMW 1 Series and 3 Series cars. Adval Tech delivers the finished assemblies directly to the car-maker's factories in Germany.



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

Business trends, technology and innovation

In the Components segment, the year under review was characterized by the implementation of the focusing strategy, the sale of two companies (China and Mexico) and initial moves to streamline the portfolio in China and Hungary. Under at times difficult conditions, the Components segment succeeded in surpassing the previous year's EBITDA by 11%.

After BMW, the year under review saw the Components segment win a second automotive manufacturer as a direct customer. The company in question is Audi for whom it is developing and producing plastic air deflection elements and air guidance systems for the next generation A4 and Q7 models. Audi offers a variety of engine options, which means that a correspondingly diverse range of dual-component plastic parts are required for those engines' air flow systems. Adval Tech's innovative mold concept provides an efficient and reliable solution for all variations. Series production at the Hungarian site is due to start in 2015. From there the Components segment will supply the Audi plants in Bratislava and Ingolstadt.

An innovative concept has also enabled Adval Tech to win a particularly attractive new order in the metal components segment. The subassemblies in question are for the electric adjustment of the steering column (telescopic and height) in the new BMW 35up platform (BMW 3, 5 and larger models). Series production is scheduled to start in 2015.

METAL COMPONENTS

Production technology

- Stamping
- Forming
- Deep drawing
- Washing
- Assembling

Tool systems/special machinery (own production)

- Progressive
- Transfer
- High-speed transfer press

Tasks

- Global key account management
- One-stop-shop: project management from conception to series delivery

Markets

- Automotive (safety parts)

PLASTIC COMPONENTS

Production technology

- Single-component injection molding
- Multi-component injection molding
- In-mold decoration of decorative foils
- Hybrid components
- Assembly
- Coating

Tasks

- Global key account management
- Product development
- One-stop-shop: project management from implementation to series delivery

Markets

- Automotive
- Consumer Goods
- Medical

FUEL INJECTION

The valve casings for fuel injection systems, which are extremely challenging in terms of strength, precision and surface finish, are traditionally manufactured by a machining process. Adval Tech uses a blanking and forming process to produce them efficiently, cost-effectively and to impeccable quality standards.



Conditions for the Components segment's Brazilian plant remained very difficult in 2013, with demand in the local market stagnating at a low level, not least because of the large numbers of vehicle imports from Asia and other regions. This is currently putting considerable pressure on prices, resulting in correspondingly modest margins.

During the year under review, the Swiss Group company Teuscher Kunststofftechnik AG, which operates in the area of medical technology, achieved substantial improvements in efficiency and customer satisfaction. Teuscher has accomplished a turnaround, and the outlook for the current year is also promising.

Employees

The number of employees decreased from 1,876 to 1,347 in 2013. This was mainly due to the sale of the two companies in Mexico and China. At all sites the Components segment found it very difficult to find qualified specialists during the year under review. This makes it all the more important now and in the future to provide ongoing training and career development opportunities for our own employees, both within the individual companies and beyond.

Outlook

The Components segment's objective is to continue to systematically implement the focusing strategy and concentrate on plastic and metal-based automotive applications and on related applications. In relation to the remaining plastic consumer goods applications in Asia, the Group will continue to streamline the product portfolio and restrict itself to applications comparable with those of the automotive industry in terms of quantities, quality requirements, service life and production processes.

The Group will promote a "one-stop shop" principle in particular with its own mold-making operation in Suzhou (China). Based on these assumptions and taking account of the fact that the companies sold in China and Mexico have no longer contributed to fixed costs since September 2013, the Components segment has set itself the objective of maintaining the same operating result during the current year as in 2013.

DOOR SILL PLATES

Adval Tech has been producing door sills in series since 2010. The Adval Tech Group deploys its composite technology expertise in the manufacturing process: at its Szekszárd, Hungary, plant it sprays the plastic base, punches out the metal insert and assembles the various components to produce the finished part. As a first-tier supplier, Adval Tech delivers directly to BMW's assembly lines.



SUBSTANTIAL IMPROVEMENT IN RESULT

The Molds segment made very good progress in 2013, improving its result substantially. In Germany, Adval Tech FOBOHA posted record figures. The restructuring measures in the mold-making operations in Switzerland and the merger of the two sites in China also had a positive impact on the segment's results. Total income advanced from CHF 67.6 million in 2012 to CHF 89.7 million (+32%), while EBITDA increased from CHF 4.1 million to CHF 12.1 million (+295%). This meant that the segment achieved an EBITDA margin of 13.5%.

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

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

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

Business development

For the Molds segment the year under review was characterized by major backlog demand from US manufacturing companies. In this environment, FOBOHA (Germany) was able to secure several large-volume orders. FOBOHA developed the injection molds for the control units of Microsoft's new Xbox One video game console and supplied a total of four production systems – comprising four injection molding machines, eight 32-cavity injection molds with turntables and associated automation. The Muri site (Switzerland) also benefited from the high capacity utilization in Germany. During the year under review, FOBOHA (Switzerland) AG – formerly AWM Mold Tech AG – made significant productivity improvements by exploiting the newly established synergies with FOBOHA Germany and by securing new projects in the areas of drinking bottle caps and thin-wall packaging.

The Molds segment also took a major step forward in China. Following the integration of Omni Engineering of Shanghai into the mold-making site in Suzhou, the Group now also has an efficient mold-making facility in Asia which produces highly innovative molds for global customers. FOBOHA (Suzhou) also increasingly produces molds for its own component production in Adval Tech's Components segment.

Technology and innovation

An important trend in injection molding technology is in-mold assembly (IMA). This allows the assembly of a plastic product consisting of several parts to be completed directly in the injection mold. Alternatively, the individual components can be assembled directly at the mold by means of off-mold assembly (OMA). FOBOHA's cube technology is ideally suited to both procedures since it can be adjusted to a wide range of applications with a great deal of flexibility. In this context, perfect interaction between the injection molding machine, the mold and the associated automation is becoming increasingly

important. Today, more and more functions in the mold are therefore powered and controlled electrically. FOBOHA has been a pioneer in this area for many years.

One of FOBOHA's promising new developments is the mini-cube-system which makes cube technology attractive even for smaller volumes: despite significantly lower investment costs, it offers all the advantages of cube technology and can be used flexibly on all injection molding machines.

Employees

At the end of 2013, the Molds segment had 357 employees (end-2012: 345, +3%). Finding qualified employees and specialists continued to be a major challenge during the year under review. In Germany in particular, there is a shortage of such personnel on the market. The Molds segment remains strongly committed to a strategy of training and developing its own staff. To this end, targeted exchange and career development programs are organized between the sites in Germany, Switzerland and China.

Outlook

For the Molds segment the aims during the current year will be to intensify cooperation with globally active customers, further expand technological leadership in cube technology, raise market awareness of the standardized use of the FOBOHA brand for all three locations, and maintain the good 2013 operating result.

MOLD-MAKING

Production solutions

- Consulting
- Engineering
- Production mold
- Acceptance and classification
- After-sales services

High-performance molds

- Single-component molds
- Multi-component molds
- Insert molding
- In-mold labeling
- Cube molds
- Double cube molds
- Stack molds

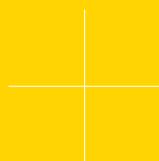
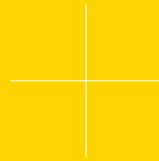
Markets

- Packaging
- Consumer and personal care
- Medical
- Automotive



The Molds segment (Adval Tech FOBOHA) operates in the consumer and personal care, packaging, medical and automotive market. The 96-cavity stack turning mold shown here was developed and implemented by FOBOHA for a medical technology company. It is used to produce hundreds of thousands of blood vials made of PETG (polyethylene terephthalate with glycol) daily.





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

Our principles of corporate governance are based on the Articles of Incorporation and the regulations governing the organization and conduct of business. Unless specified to the contrary, the present Corporate Governance Report and the Compensation Report relate to the 2013 financial year, to the position as of the balance sheet cut-off date of December 31, 2013, to the Articles of Incorporation of June 19, 2012 and to the Organizational Regulations of March 28, 2014. The following report conforms essentially to the structure specified by SIX Swiss Exchange for such information.

In order to comply with the Ordinance “against excessive compensation in listed companies” (OaEC), issued by the Federal Council, in force since January 1, 2014, by the 2015 Annual General Meeting various adjustments will need to be made to the election and terms of office of the members of the Board of Directors and a number of amendments will need to be made to the Articles of Incorporation. Adval Tech will make the necessary adjustments by the end of 2015, within the time limits set by the OaEC (see timetable on page 45 of this Corporate Governance Report).

Corporate structure and shareholders

Adval Tech Holding AG, incorporated in Niederwangen, Switzerland, is organized as a holding company under Swiss law and directly or indirectly owns all Adval Tech companies worldwide. For operational purposes the Adval Tech Group is organized into the two segments Components and Molds. In the Components segment, Adval Tech focuses on the automotive market and on related applications. The principal markets of the Group in the mold-making segment are consumer and personal care, packaging, medical and automotive. The operating business units report directly to the CEO.

Group management and Group financing are conducted through Adval Tech Management AG and Adval Tech Holding AG. Business is conducted through the relevant Group companies. The current Group structure is shown on page 14.

Adval Tech B registered shares were listed on SIX Swiss Exchange as of June 4, 1998, under securities code number 896 792. All shares of Adval Tech Holding AG have been listed 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 AG on December 31, 2013, was CHF 127.75 million.

On December 31, 2013, 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 AG.

The following companies are included in the scope of consolidation on December 31, 2013:

Company	Registered office	Share capital	Equity holding	
Adval Tech Holding AG	Niederwangen, Switzerland	TCHF	14,600	
Adval Tech Management AG	Niederwangen, Switzerland	TCHF	100	100%
Styner+Bienz FormTech AG	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%
Omni Investors Pte. Ltd	Singapore	TUSD	13,517	100%
Omni Plastics (Thailand) Co. Ltd	Rayong, Thailand	TTHB	40,000	100%
Omni Plastics (Suzhou) Co. Ltd	Suzhou, China	TUSD	9,660	100%
Omni Precision Sdn. Bhd.	Johor, Malaysia	TUSD	505	100%
Omni Plastics (Shanghai) Co. Ltd	Shanghai, China	TUSD	1,100	100%
AWM Mold Tech AG	Muri (AG), Switzerland	TCHF	600	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 Co. Ltd	Suzhou, China	TUSD	7,720	100%

As part of the strategic re-orientation and the Adval Tech Group's focus on mold-making and selected activities in the components business, Omni Manufacturing Services S.A. de C.V., Querétaro, Mexico, Adval Tech Medical Suzhou Co. Ltd, China, and Omni Industries Holdings Pte. Ltd were sold as of August 30, 2013.

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

AWM Swiss Technology Ltd in Hong Kong was deleted from the Commercial Register in the fourth quarter of 2013. Its business operations had already been discontinued in 2012.

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 2013, 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, 2013, are listed below.

Ownership interest (as last reported)	2013	2012
Dr. h.c. Willy Michel	23.7%	23.7%
Artemis Beteiligungen II AG, Hergiswil ¹⁾	21.2%	21.2%
Sarasin Investment Fonds AG	9.8%*	9.8%*
Hansruedi Bienz	7.5%	7.5%
Lombard Odier Darier Hentsch Fund Managers SA	6.9%	6.9%
Einfache Gesellschaft Dreier ²⁾	3.5%	3.5%

Beneficial owners:

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

* Effective amount of holding as at December 31

There are no shareholders' pooling agreements and no capital or voting cross-holdings. The overall structure of shareholdings at December 31, 2013, was as follows:

Number of shares	Shareholders
1 to 100	272
101 to 1,000	66
1,001 to 10,000	20
More than 10,000	9
Total	367

Capital structure

As of December 31, 2013, the capital stock of Adval Tech Holding AG amounted to CHF 14.6 million, divided into 730,000 registered shares with a par value of CHF 20 each. All the shares carry the same voting and dividend rights. The share capital is fully paid-up. With respect to restrictions on registration, reference is made to the section on stockholders' rights of co-determination (see page 41).

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

CHF	12/31/2013	12/31/2012	12/31/2011
<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	0	26,011
Open capital contribution reserve	97,424,589	97,424,589	97,424,589
<i>Legal reserves</i>	106,924,589	106,924,589	106,950,600
Free reserves	10,771,163	10,771,163	10,745,152
Other reserves	10,771,163	10,771,163	10,745,152
<i>Share capital and reserves</i>	132,295,752	132,295,752	132,295,752
Balance brought forward	-11,616,918	27,442,385	27,459,113
Net profit for the year	-8,417,160	-39,059,303	-16,729
<i>Retained earnings</i>	-20,034,078	-11,616,918	27,442,385
Total shareholders' equity	112,261,674	120,678,834	159,738,136

There were no changes in capital in the years 2011, 2012 and 2013.

As of December 31, 2013, there was no authorized or conditional capital, nor were any participation or dividend-right certificates, convertible bonds or options in issue.

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

Board of Directors

The Board of Directors of Adval Tech Holding AG 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 AG, Burgdorf (1984–2003), Chairman of the Board of Directors and Delegate of the Board as well as CEO of Ypsomed Holding AG, Burgdorf (since 2003, Delegate since 2011); director since 2007, nonexecutive, term of office expires at the AGM for the 2015 fiscal year.

In order to comply with the new ordinance (OaEC), an election will need to be held at the 2014 Annual General Meeting before the expiry of the original term of office.

- **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, nonexecutive, term of office expires at the AGM for the 2015 fiscal year.

In order to comply with the new ordinance (OaEC), an election will need to be held at the 2014 Annual General Meeting before the expiry of the original term of office.

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

In order to comply with the new ordinance (OaEC), an election will need to be held at the 2014 Annual General Meeting before the expiry of the original term of office. Further information on his professional career can be found under Executive management on page 40.

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

At the Ordinary General Meeting of May 16, 2013, Willy Michel and Hans Pieper were re-elected individually for a further three-year term of office (until the Annual General Meeting for the 2015 financial year). Under section 11.3 of the Organizational Regulations, the age limit for the Board of Directors is 70 years. The Board of Directors has approved an exception for 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 nonexecutive members of the Board of Directors have also been employed by the Adval Tech Group in an operational or consultative capacity in the past three years. The members of the Board of Directors as at December 31, 2013, 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 AG signed an agreement on strategic cooperation in mold-making in June 2007. The objective of this cooperative venture is to combine the respective strengths and core competencies of Ypsomed and Adval Tech and exploit them for the economically efficient manufacture of high-quality products.

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

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

The Adval Tech Group's business relationships with directors and officers or parties related to them are detailed in Note 35 of the financial reports on page 87.

The current Articles of Incorporation and the regulations governing the organization and conduct of business of Adval Tech Holding AG can be found on the Internet at www.advaltech.com/en/group/corporate-governance/articles-of-incorporation-and-rules.html.

According to the Articles of Incorporation of Adval Tech Holding AG, the Board of Directors has at least three members. Subject to Art. 707 para. 3 of the Swiss Code of Obligations, only shareholders of the company may be elected as members of the Board of Directors. The term of office of Board members is three years according to the Articles of Incorporation. Under the new ordinance (OaEC), members will be elected for a term of one year as of the 2014 AGM. Members are eligible for re-election. The Articles of Incorporation do not contain any provisions stipulating an age limit for members of the Board of Directors. The Organizational Regulations stipulate an age limit of 70 years.

Under the Articles of Incorporation, the Board of Directors constitutes itself and appoints a Chairman and a Secretary, who does not have to be a member of the Board of Directors. In order to comply with the new Ordinance (OaEC), from 2014 onward the Annual General Meeting will elect the Chairman of the Board of Directors. The Board of Directors represents the highest decision-making authority in the company, subject to those matters on which, according to legal provisions, the shareholders must decide. It performs the

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

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

In December 2012, the Board of Directors decided to disband the Nominations and Compensation Committee with effect from January 1, 2013. Since 2013, its tasks have been performed by the full Board of Directors. Executive members of the Board of Directors withdraw from deliberations on resolutions concerning compensation and the appointment or dismissal of members of Group management.

The duties, authority and responsibilities of the Board of Directors and the board committees are stipulated in the regulations governing the organization of Adval Tech Holding AG.

The Board of Directors meets as often as business requires, but at least four times a year (as a rule, at least once a quarter) and is presided over by the Chairman. Four meetings were held in 2013. Board meetings usually last half a working day. The following members of the Group management attended board meetings in 2013: Group management, with the exception of Jinsheng Lyu, took part in all of these meetings. 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 2013. The CFO attended all three meetings in the year under review; the CEO attended two. Also the auditors attended all three meetings in 2013. 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 88 for the consolidated financial statements and page 97 for Adval Tech Holding AG.

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 committees for cooperation projects meet as often as business requires. The meetings usually last between two and four hours.

After the adoption of the negotiating mandate for the project in the medical technology business and after the decision to discontinue work on the cooperation project for the business with rotationally symmetrical metal components, both committees were disbanded. As a result, no meetings of these committees were held in 2013.

The Board of Directors informs itself by means of a detailed monthly report in writing regarding the course of business in the Group, the degree to which objectives have been achieved and the action foreseen for this purpose. The monthly report contains details of the current performance of the major Group companies, the segments and the Group as a whole (key figures from the income statement – such as turnover, income and operating earnings – and the balance sheet – working capital, debt, liquidity and details on investment spending) supplemented by a comment from the CEO and CFO, and the status of key projects and significant developments in the markets. The Board of Directors receives information about the status of strategic projects at its meetings. If needed, it obtains information about the company's performance, special events and the status of key projects outside the framework of regular reports and meetings. The written reports are supplemented with detailed comments by the CEO and other members of 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 96 of the financial report. The management of financial risks is described in detail in Note 2 on page 61 of the financial report and cooperation with the auditors on page 42 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 auditors. The findings of that audit are outlined in the auditor's report on pages 88 and 97 of the Annual Report.

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

The Group-wide processes/controls encompass Group-level controls (such as control environment, risk assessment, information, communication), information technology and Group-wide activities (such as M&A, insurance, consolidation). At entity level, key risks and key controls are defined for the following processes

and are continually monitored: sales and accounts receivable, purchasing and accounts payable, inventories and projects, personnel, tangible fixed assets, treasury and cash management, provisions and preparation of financial statements.

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

The Board of Directors has delegated the management of the operating business with regard to achieving the strategic objectives and fulfilling the medium-term plans and budgets to Group 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-ofincorporation-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 December 31, 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 AG since 1988; see page 36.
- **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 November 7, 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.

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 March 2014, 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 50 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 between Adval Tech Management AG and Jean-Claude Philipona. In the fourth quarter of 2013, this contract was extended until the end of March 2014. His main task comprised: heading the Board of Trustees of the Pension Fund within the scope of the provisions of the law and of the foundation statutes.

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

Remuneration, shareholdings and loans

Details of remuneration, shareholdings and loans will be presented in a separate Compensation Report on pages 47 to 50 of this Annual Report.

Shareholders' rights of co-determination

Purchasers of registered shares are entered in the shareholders' register as shareholders with voting rights upon application, if they expressly state that they have acquired the registered shares in their own name and for their own account. As provided by Article 6 of the Articles of Incorporation of Adval Tech Holding AG dated June 19, 2012, purchasers of shares will not be registered with voting rights for more than 10% of the registered share capital recorded in the Commercial Register. This is subject to Art. 685d, para. 3, of the Swiss Code of Obligations. At the general meeting of June 19, 2012, the shareholders approved the raising of the registration restriction from 5% to 10% along with a corresponding amendment to the Articles of Incorporation. Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favor of Artemis Beteiligungen II AG, which acquired its holding from Franke Holding AG in the second half of 2005. Beneficial ownership remained unaffected by this transaction. On January 30, 2007, the Board of Directors permitted an exception in favor of Willy Michel, which was granted in connection with a cooperation agreement. Furthermore, these voting restrictions do not apply to the shareholders who were registered with a holding of registered shares exceeding 5% of all share votes when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Hansruedi Bienz, Einfache Gesellschaft Dreier). The exceptions granted were also applied by the

Board of Directors in the 2013 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 AG regarding quorum requirements conform to legal provisions (Art. 704, Swiss Code of Obligations).

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

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

Auditors

PricewaterhouseCoopers AG in Bern, i.e. their legal predecessors Revisuisse PriceWaterhouse, were elected as statutory auditors for Adval Tech Holding AG and as Group auditors in 1991. Hanspeter Gerber acts as lead auditor (since 2010). Auditors for Adval Tech Holding AG and the consolidated financial statements are elected for a term of office of one year. Audit fees invoiced by PricewaterhouseCoopers AG in 2013 totaled CHF 546,000 (2012: CHF 516,000). The following fees were also paid to PricewaterhouseCoopers AG in 2013:

Additional fee (CHF)	2013	2012
Tax consulting	89,000	142,000
Cooperation projects	361,000	310,000
Other projects	0	24,000
Total additional fees	450,000	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 2013 in order to explain the results of their audit. A detailed management report was drawn up by the auditors on each occasion to summarize the results of the interim audit and the audit of the annual financial statements; this served as the basis for explanations to the Audit Committee and the Board of Directors as a whole. The Audit Committee reviews the audit concept annually and stipulates the audit schedule after consultation with

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

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

Information policy

Adval Tech attaches great importance to pursuing an open information policy and maintaining contacts with investors, financial analysts, business journalists and other interested parties. CEO René Rothen, CFO Markus Reber and Head of Corporate Communication Valeria Poretti 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-exchangeregulation.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 AG 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 Organizational Regulations: www.advaltech.com/en/group/corporate-governance/articles-ofincorporation-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:

René Rothen
Chief Executive Officer

Markus Reber
Chief Financial Officer

Valeria Poretti
Head Corporate HR/Communication

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

Key dates

General meeting of shareholders:
Thursday, May 22, 2014, Bern

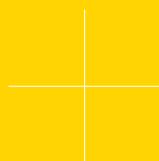
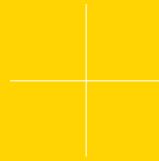
Announcement of semi-annual results:
End of August 2014

Impact of the “Minder Initiative” and the Federal Council’s new Ordinance “against excessive compensation in listed companies” on Adval Tech.

In a referendum held on March 3, 2013, the Swiss electorate accepted the “Minder Initiative” and the resulting Ordinance “against excessive compensation in listed companies” (OaEC), drafted by the Federal Council on the basis of Article 95 para. 3 and Article 197 section 10 of the Federal Constitution has been in force since January 1, 2014. All provisions of the new ordinance must be implemented by December 31, 2015 at the latest. During the transitional period, various regulations already apply to the 2014 financial year and at the 2014 Ordinary General Meeting. Adval Tech currently already fulfils a number of the new requirements and will implement all further necessary adjustments within the time limits set by the OaEC, as shown in the following table.

Adval Tech’s timetable for the implementation of the OaEC ordinance

Provision	Implementation as of
Preparation of a Compensation Report	2013 Annual Report
Report of the Statutory Auditor on the Compensation Report	2014 Annual Report
Ban on severance payments	Already implemented
Management to be transferred to natural persons only	Already implemented
Corporate and portfolio proxy voting abolished	Jan. 1, 2014
Members of the Board of Directors to be elected individually for one year by the Annual General Meeting	2014 AGM
Chairman of the Board of Directors to be elected for one year by the Annual General Meeting	2014 AGM
Independent proxy to be elected for one year by the Annual General Meeting	2014 AGM
Members of the Compensation Committee to be elected individually for one year by the Annual General Meeting	2014 AGM
Articles of Incorporation to be compatible with the Ordinance against Excessive Compensation (OaEC)	2015 AGM
Annual General Meeting to hold a binding vote on Board of Directors’ compensation	2015 AGM
Annual General Meeting to hold a binding vote on Group management compensation	2015 AGM
Internal organizational regulations to be compatible with the OaEC	By Dec. 31, 2015 at the latest
Contracts of directors and officers to be compatible with the OaEC	By Dec. 31, 2015 at the latest
Option to issue the independent proxy with powers of attorney and instructions by electronic means	From 2015 AGM



COMPENSATION REPORT

The present Compensation Report of Adval Tech Holding AG has been prepared in compliance with the SIX Exchange Regulation Directive on Corporate Governance, the requirements of the Ordinance “against excessive compensation in listed companies” (OaEC) and the Swiss Code of Obligations (Arts. 663b^{bis} and 663c SCO). Unless otherwise specified, the information in this report is applicable as of December 31, 2013.

1. Principles of remuneration

In the 2013 financial year, the full Board of Directors determined the remuneration of its members and that of Group management. The Executive Member of the Board of Directors withdrew from the meeting while his compensation was being discussed. Adval Tech has not formed an Advisory Board.

Remuneration is defined at the committee's absolute discretion. It is determined according to the function (Board of Directors: Chairman, Vice Chairman, Member; executive management: CEO, CFO, Head of IT/Logistics/Legal, Head of Plastic Components Asia and Head of Corporate HR/Communication), qualifications, professional experience and performance of the individual concerned.

1.1 Adjustments to the remuneration model during the year under review compared with the previous year

For 2013, the sole target value set for assessing the variable remuneration of the members of Group management was the operating earnings before interest, depreciation and taxes (EBITDA). It was decided not to set individual targets.

1.2 Compensation for members of the Board of Directors

The remuneration of the Board of Directors consists of a fixed fee (approx. 80% of total remuneration), an attendance fee (approx. 10% of total remuneration) and a lump sum to cover expenses (approx. 10% of total remuneration). The Board of Directors does not receive any variable remuneration. The total remuneration of the members of the Board of Directors is disbursed in cash. The remuneration of the members of the Board of Directors is not linked to the company's targets. 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 collaboration in the Audit Committee a fixed fee of CHF 10,000 was paid for the 2013 financial year. The fees of the members of the Board of Directors remained unchanged compared to the previous year. Members of the Board also receive a flat fee and a reimbursement for each meeting attended. An attendance fee and a lump sum to cover expenses were paid per day at most, even if several meetings were held on the same day. The rates also remained unchanged year on year.

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

1.3 Remuneration of the Board of Directors for 2013 and 2012

The following tables show the compensation paid to the members of the Board of Directors in the 2013 and 2012 financial years.

Board of Directors: remuneration for the 2013 financial year

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

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

2) Attendance fee

3) Lump-sum expense allowance

4) Members of the Audit Committee

Board of Directors: remuneration for the 2012 financial year

CHF	Function	Basic remuneration ¹⁾	Other remuneration ²⁾	Social insurance contributions	Total	Entertainment expenses ³⁾
Willy Michel ⁴⁾	Chairman from June 20, 2012	55,000	7,000	0	62,000	6,800
Michael Pieper ⁴⁾	Vice Chairman	50,000	7,000	2,734	59,734	5,600
Leonardo Attanasio	Director	40,000	10,600	0	50,600	5,600
Hans Dreier ⁵⁾	Director	50,000	13,000	3,245	66,245	10,400
Roland Waibel ⁵⁾	Director	50,000	12,000	4,898	66,898	13,600
Walter Grüebler ⁶⁾	Chairman until June 19, 2012	35,000	4,000	1,510	40,510	4,000
Total Board of Directors		280,000	53,600	12,387	345,987	46,000

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

2) Attendance fee

3) Lump-sum expense allowance

4) Members of the Nominations and Compensation Committee

5) Members of the Audit Committee

6) For the period January 1, 2012 until the Annual General Meeting for the 2011 financial year

2. Remuneration of members of Group management

The remuneration of the members of Group management consists of a fixed component and a variable, performance-related component. The fixed component consists of a basic salary commensurate with the responsibility assumed and fringe benefits (company car, lump sum to cover expenses). The basic salary is defined by the full Board of Directors at the beginning of each financial year and is generally not adjusted again during the reporting period.

The variable component depends on the operating earnings before interest, depreciation and taxes (EBITDA).

2.1 Breakdown of total compensation

Fixed component: Basic salary + fringe benefits	+	Variable component: 100% of financial targets	=	Total compensation
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The target value of the variable component, the target bonus, is set once a year by the Board of Directors.

The variable, performance-related component is set once a year by the full Board of Directors after presentation of the target attainment assessments by the full Board of Directors.

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

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

A 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 299 shares of Adval Tech Holding AG were allotted to Group management in 2013 (previous year: 346 shares) in this context for the 2012 financial year.

The variable component of the remuneration can range from zero to 112% of the fixed component.

In the year under review, the remuneration of the members of Group management amounted to between 5% and 56% of basic remuneration (2012: between 0% and 31%). The year-on-year difference is attributable to the fact that some members of Group management took up their duties or gave up their post during the course of 2012.

2.2 Compensation paid to Group management for the 2013 and 2012 financial years

The following table shows the fixed and variable compensation and total compensation paid to Group management for 2013 and 2012.

CHF	2013		2012	
	Group Management (5 members)	Of which highest single compensation payment ¹⁾	Group Management (5 members) ⁴⁾	Of which highest single compensation payment ⁵⁾
Basic remuneration in cash	1,291,574	360,000	2,001,559	430,000
Other fixed remuneration in cash ²⁾	100,104	8,103	195,969	92,719
Social insurance contributions	285,246	90,644	344,941	99,887
Variable remuneration in cash	414,304	161,969	143,360	0
Share-based remuneration ³⁾	101,049	40,493	35,840	0
Total management remuneration	2,192,277	661,209	2,721,669	622,606
Entertainment expenses	64,800	18,000	65,800	2,500

1) CEO René Rothen

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

3) Allocation of shares in Adval Tech Holding AG as described in chapter 2.1 and note 1.21 on page 61 of the financial report

4) As of December 31, 2012, Group 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).

5) Remuneration paid for the 2012 financial year up to the end of the contractual notice period on December 31, 2012

3. Benefits and contractual conditions on leaving the company

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

The five-year vesting period for shares allotted as part of the variable remuneration is not cancelled when members of Group management step down.

Contracts of employment with directors and officers or other members of management holding key posts in the company do not contain any clauses on changes of control.

4. Share allocations and share ownership

As of December 31, 2013, the individual members of the Board of Directors and Group management (including associated persons) held the following numbers of shares in the company:

	Function	12/31/2013 (Number)	12/31/2012 (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 of IT/Logistics/Legal	13,088	13,032
Roland Waibel	Director	200	200
René Rothen	CEO	331	206
Markus Reber	CFO	174	112
Valeria Poretti-Rezzonico	Head of Corporate HR/Communication	121	65

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

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

6. Compensation for former directors and officers

In the 2013 reporting year, the company paid Jean-Claude Philipona (former CEO) the sum of CHF 36,000 for his work as Chairman of the Board of Trustees of the Pension Fund of Adval Tech Holding AG performed during the 2013 financial year. Payment was made to Philipona Consulting GmbH.



FINANCIAL REPORTS OF THE ADVAL TECH GROUP FOR 2013

CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	12/31/2013	12/31/2012
Liquid assets	4	18,963	16,193
Trade accounts receivable	5	42,435	40,502
Other receivables	6, 34	10,692	8,290
Advance payments to suppliers		2,569	1,783
Inventories and work in progress	7	37,527	38,987
Tangible fixed assets held for sale	9	0	11,989
Prepaid expenses and accrued income	8	1,401	2,306
Total current assets		113,587	120,050
Tangible fixed assets	9	87,464	100,295
Financial assets	11	4,520	3,390
Intangible assets	12	9,169	9,230
Assets from employer's contribution reserves	25	2,495	2,884
Deferred tax assets	19	1,450	2,774
Total fixed assets		105,098	118,573
Total assets		218,685	238,623
Trade accounts payable	13	21,982	28,465
Short-term interest-bearing liabilities	14, 16	86,841	121,542
Other short-term liabilities	15, 34	20,600	11,421
Prepaid income and accrued expenses	17	15,798	14,863
Short-term provisions	18	1,930	1,194
Accrued current income taxes		836	978
Total short-term liabilities		147,987	178,463
Other long-term liabilities		266	535
Long-term provisions	18, 25	2,973	3,081
Deferred tax liabilities	19	3,189	2,704
Total long-term liabilities		6,428	6,320
Total liabilities		154,415	184,783
Share capital	20	14,600	14,600
Capital reserves		146,809	146,805
Translation differences		-8,048	-17,961
Retained earnings / accumulated losses		-89,091	-89,604
Total shareholders' equity		64,270	53,840
Total liabilities and shareholders' equity		218,685	238,623

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	2013	2012
Net income from deliveries and services		209,812	227,223
Income from manufacturing orders (valued using the percentage-of-completion method)		59,150	41,530
Net turnover	21, 30	268,962	268,753
Change in inventories of semi-finished and finished goods		-619	-2,048
Own work capitalized		2,495	3,744
Other operating income	22	7,946	9,186
Total Income	30	278,784	279,635
Cost of materials and services	23	-122,163	-120,617
Personnel expenses	24	-86,490	-93,601
Other operating expenses	26	-44,453	-48,510
Operating expenses		-253,106	-262,728
Operating earnings before depreciation (EBITDA)		25,678	16,907
Depreciation on tangible fixed assets	9	-17,708	-19,303
Depreciation on intangible fixed assets	12	-1,424	-1,110
Depreciation		-19,132	-20,413
Operating earnings (EBIT)		6,546	-3,506
Financial income	27	4,331	6,683
Financial expenses	27	-14,933	-14,194
Net financial income		-10,602	-7,511
Ordinary result		-4,056	-11,017
Extraordinary result	28	-15,409	-3,137
Non-operating result		0	0
Net result before income taxes		-19,465	-14,154
Income taxes	29	-2,547	-1,222
Net result after income taxes		-22,012	-15,376

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

SHAREHOLDERS' EQUITY

	Share capital	Capital reserves	Treasury stock	Translation differences	Ret. earnings acc. losses	Total shareholders' equity
CHF 1,000						
At January 1, 2012	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
Transfers	0	0	0	0	0	0
Dividends	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
Net result after income taxes	0	0	0	0	-22,012	-22,012
Translation differences	0	0	0	5,203	0	5,203
Increase in share capital	0	0	0	0	0	0
Change resulting from sales of investments	0	0	0	4,710	22,525	27,235
Dividends	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Purchase/sale of treasury stock	0	4	0	0	0	4
At December 31, 2013	14,600	146,809	0	-8,048	-89,091	64,270

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	2013	2012
Net result after income taxes		-22,012	-15,376
Depreciation on tangible fixed assets	9	17,708	19,303
Depreciation on intangible assets	12	1,948	1,110
Increase (+) / decrease (-) in long-term and short-term provisions	18	685	636
Increase (+) / decrease (-) in provision for deferred income taxes (net position)	19	487	-1,475
Gain (-) / loss (+) on sales of tangible fixed assets		-1,465	-215
Other transactions with no impact on liquidity		20,027	2,255
<i>Cash provided by operating activities before change in net current assets</i>		<i>17,378</i>	<i>6,238</i>
Increase (-) / decrease (+) in receivables		-8,992	2,438
Increase (-) / decrease (+) in inventories		-889	351
Increase (-) / decrease (+) in prepaid expenses and accrued income		-8,969	2,709
Increase (+) / decrease (-) in trade accounts payable		-3,203	-1,458
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		19,196	-2,733
Cash provided by operating activities		14,521	7,545
Capital expenditure	9	-7,289	-9,859
Income from sales of tangible fixed assets	9	11,092	6,274
Investments in financial assets	11	-1,920	-3,195
Income from sales of financial assets	11	798	2,305
Investments in intangible assets	12	-2,118	-1,938
Income from sales of intangible assets	12	0	0
Net cash inflow from divestments		22,760	0
Other changes with no impact on liquidity		0	0
Cash used for investing activities		23,323	-6,413
Free cash flow		37,844	1,132
Dividend paid		0	0
Capital contributions (repayments)		0	0
Purchase (-) / sale (+) of treasury stock		-44	-44
Loans raised in connection with debt refinancing		0	114,000
Repayment in connection with debt refinancing		0	-114,000
Increase (+) / decrease (-) in short-term debt	14	-34,697	-6,262
Increase (+) / decrease (-) in long-term debt		0	-193
Cash provided by financing activities		-34,741	-6,499
Translation differences		-333	-407
Changes in liquid assets		2,770	-5,774
Liquid assets on December 31		18,963	16,193
Liquid assets on January 1		16,193	21,967
Change in liquid assets		2,770	-5,774

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 AG holds a direct or indirect voting interest of **more than 50%** and/or exercises management and control are fully consolidated. In such cases, assets and liabilities, expenses and income are included in full in the consolidated financial statements. If appropriate, minority interests of other shareholders in net assets and net profit are segregated and stated separately. In such cases the interests can optionally be stated in the balance sheet at fair value or as a proportion of the value of the net assets of the company acquired. Accounts receivable, accounts payable, income and expenses between Group companies are mutually offset. Intragroup profits or losses on intercompany deliveries are eliminated via the income statement.

- Associated companies over which the Group exercises significant influence, but neither controls nor manages, are included in the consolidated financial statements using the equity method. This is usually the case with investments in which Adval Tech holds an interest of **20% to 50%**. The share of profits and shareholders' equity attributable to the Adval Tech Group is then included.
- Investments over which Adval Tech exercises no significant influence, usually holding interests of **less than 20%**, are included in the balance sheet at purchase prices less any value adjustment.
- Group companies remain within the scope of consolidation until the date of sale, transfer of control or liquidation. Sales costs are deducted from sales proceeds. When units are sold, the attributable goodwill paid when they were purchased will, if offset against equity at the time of purchase, be re-capitalized and subsequently offset against the sales proceeds less net assets sold and transaction costs. Future sales proceeds from investments subject to specific conditions will only be applied if they are likely to be paid on the balance sheet date and can be reliably estimated.

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

1.3 Foreign currency translation

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

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

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

1.4 Derivative financial instruments

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

1.5 Liquid assets

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

1.6 Receivables

This item includes trade accounts receivable and other short-term receivables. The latter also include time deposits maturing in more than 90 days and up to one year and that portion of long-term assets maturing within one year. Receivables of more than CHF 10,000 are depreciated individually. The depreciation requirement is based on estimates, empirical evidence and the age structure of the receivables, bankruptcy

filings already known of, legal proceedings as well as political effects. In the case of receivables amounting to less than CHF 10,000, which have been not depreciated individually, the credit risk is accounted for according to age classification:

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

1.7 Inventories and work in progress

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

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

1.8 Assets held for sale

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

1.9 Tangible fixed assets

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

1.10 Financial assets

Financial assets consist of investment holdings consolidated using the equity method, other investments, securities in the nature of long-term investments and long-term loans to third or related parties. They are valued at acquisition cost less any value adjustment. This also includes receivables under finance leases.

The Adval Tech Group concludes finance lease agreements with its customers in the course of its operating business. These agreements are concluded for the tools, molds and equipment used for serial component manufacture. They are recognized at their net present value on the relevant reporting date less any impairment. Income from accrued interest on receivables is recognized as interest income. Any gain on the manufacture of operating equipment is recognized in the income statement when the equipment is put into operation; provisions are recognized for any loss when the loss becomes foreseeable.

1.11 Intangible assets

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

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

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

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

1.17 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 AG	Niederwangen, Switzerland	TCHF	14,600
Adval Tech Management AG	Niederwangen, Switzerland	TCHF	100
Styner+Bienz FormTech AG	Niederwangen, Switzerland	TCHF	3,050
Styner+Bienz do Brasil Ltda.	São José dos Pinhais PR, Brazil	TBRL	939
Styner+Bienz US Inc.	Cleveland, OH, USA	TUSD	1
QSCH Termelő és Kereskedelmi Kft.	Székszár, Hungary	TEUR	1,800
Teuscher Kunststoff-Technik AG	Grenchen, Switzerland	TCHF	2,000
Omni Investors Pte. Ltd	Singapore	TUSD	13,517
Omni Plastics (Thailand) Co. Ltd	Rayong, Thailand	TTHB	40,000
Omni Plastics (Suzhou) Co. Ltd	Suzhou, China	TUSD	9,660
Omni Precision Sdn. Bhd.	Johor, Malaysia	TUSD	505
Omni Plastics (Shanghai) Co. Ltd	Schanghai., China	TUSD	1,100
AWM Mold Tech AG	Muri (AG), Switzerland	TCHF	600
FOBOHA Holding GmbH	Haslach, Germany	TEUR	25
FOBOHA GmbH	Haslach, Germany	TEUR	512
FOBOHA US Inc.	Beverly, MA, USA	TUSD	1
Omni Engineering Shanghai Co. Ltd	Shanghai, China	TUSD	2,800
Omni Industries Tech Center Co. Ltd	Suzhou, China	TUSD	7,720

During the year under review the scope of consolidation changed as follows:

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

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

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

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

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

The selling price for these companies comprises both a fixed and a variable component. The variable component is dependent on the gross margin generated on a given product portfolio in 2014 and 2015 and is calculated in two tranches. A variable purchase price payment is due if a minimum annual gross margin is achieved. The amount of the total variable purchase price payment is limited. The process of determining the transfer balance sheet with the buyer has not yet been fully completed. Any possible impact this transaction might have on the result has been deferred as of December 31, 2013. The proceeds from the sale received during the year under review were used to reduce the Group's debt.

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

In the second quarter of 2013, the key business activities of Omni Plastics (Xiamen) Co. Ltd were transferred to the site in Suzhou. Following its restructuring in the second half of 2013, the company's assets at the time of its transfer to the buyer essentially consisted of a property with a book value of CHF 2.3 million and shareholders' equity amounting to a comparable sum.

As part of the deconsolidation of the companies sold, the goodwill attributable to those companies and offset against shareholders' equity was recapitalized and recycled via the income statement along with the currency translation differences arising from shareholders' equity. Together with the expenditure incurred for the sales, this resulted in a liquidity-neutral loss totaling CHF 14.5 million on the sale of investments. The proceeds of the sales were used to reduce the size of Group loans to Adval Tech Holding AG, the currency translation differences from which were recorded in shareholders' equity until repayment. On repayment of the Group loans, the currency translation differences are to be recycled via the income statement. Overall, this led to a liquidity-neutral loss of CHF 5.1 million.

AWM Swiss Technology Ltd in Hong Kong was deleted from the Commercial Register in the fourth quarter of 2013. This deletion did not have any impact on the Group's result or equity.

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

- 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 was 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.

Exchange rates

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

	on Dec. 31, 2013	Average in 2013	on Dec. 31, 2012	Average in 2012
BRL	0.37674	0.43070	0.44574	0.48090
CNY	0.14602	0.14950	0.14531	0.14840
EUR	1.22562	1.23040	1.20733	1.20510
HKD	0.11480	0.11950	0.11782	0.12090
THB	0.02713	0.03010	0.29620	0.03000
USD	0.89024	0.92670	0.91332	0.93770

4. LIQUID ASSETS

Liquid assets include:

CHF 1,000	12/31/2013	12/31/2012
Cash	47	56
Postal account	57	23
Banks	18,214	15,843
Short-term time deposits	645	271
Total liquid assets	18,963	16,193

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

5. TRADE ACCOUNTS RECEIVABLE

CHF 1,000	12/31/2013	12/31/2012
Total trade receivables (gross)	43,899	42,046
Provision (allowance for doubtful receivables)	-1,464	-1,544
Total trade receivables (net)	42,435	40,502
of which trade receivables from third parties	42,435	40,214
of which trade receivables from related parties	0	288

The decrease in trade receivables in the Components segment resulting from the sale of the companies in Mexico and China was more than offset by a marked increase in trade receivables in the Molds segment.

CHF 10.6 million of receivables were overdue on the balance sheet date (CHF 10.2 million in 2012), of which CHF 3.0 million by more than 30 days.

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

Provision on the receivables is as follows:

CHF 1,000	2013	2012
Total on January 1	-1,544	-1,521
Provision made	-245	-376
Utilized	0	159
Released	279	182
Changes in the scope of consolidation	40	0
Currency translation differences	6	12
Total on December 31	-1,464	-1,544

6. OTHER RECEIVABLES

CHF 1,000	12/31/2013	12/31/2012
Other short-term receivables	10,692	8,290
Total other receivables	10,692	8,290

The other short-term receivables originate from both segments. About two thirds of the increase of CHF 2.4 million originates from the Molds segment. This part of the increase is primarily attributable to higher VAT reclaims.

7. INVENTORIES AND WORK IN PROGRESS

CHF 1,000	12/31/2013	12/31/2012
Trading goods	2,604	368
Raw material	4,738	6,801
Semi-finished and finished goods	27,038	29,523
Work in progress long-term orders	14,338	11,498
Work in progress other orders	9,440	10,470
Provisions	-20,631	-19,673
Total inventories and work in progress	37,527	38,987

The total inventories and work in progress includes CHF 2.2 million stated at net realizable value (CHF 4.8 million in 2012).

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

CHF 1,000	12/31/2013		12/31/2012	
	Assets	Liabilities	Assets	Liabilities
Work in progress	27,407	-13,069	17,018	-5,520
Advanced payments by customers	-13,069	26,550	-5,520	10,792
Net assets from work in progress	14,338	0	11,498	0
Net liabilities from work in progress	0	13,481	0	5,272

The manufacturing costs of orders valued using the percentage-of-completion method totaled CHF 22.6 million (CHF 14.0 million in 2012). The stated profit was CHF 4.8 million (CHF 2.8 million in 2012).

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

CHF 1,000	12/31/2013		12/31/2012	
	Assets	Liabilities	Assets	Liabilities
Work in progress	10,476	-1,036	11,277	-807
Advanced payments by customers	-1,036	2,637	-807	2,951
Net assets from work in progress	9,440	0	10,470	0
Net liabilities from work in progress	0	1,601	0	2,144

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

At CHF 1.4 million for the reporting period, prepaid expenses and accrued income are CHF 0.9 million lower than in the previous year (CHF 2.3 million). The decrease in prepaid expenses and accrued income is attributable to the Automotive Components segment. In the Molds segment, this item remained practically unchanged compared with the previous year and in the case of the Group companies it increased slightly.

9. TANGIBLE FIXED ASSETS

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

	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
CHF 1,000							
Cost							
at January 1, 2012	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	0	0	0	-50	24	0	-26
Change in acc. translation difference	-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	310,043
Changes in the scope of consolidation	0	-6,501	-13,856	-2,604	0	-144	-23,105
Capital expenditure in the year under review	0	890	3,589	2,027	724	803	8,033
Disposals	-665	-19,750	-5,861	-2,370	-1,680	0	-30,326
Other changes / transfers	0	-132	-4,435	-97	-260	3,546	-1,378
Change in acc. translation difference	17	97	-1,410	1	-33	-10	-1,338
at December 31, 2013	4,795	67,675	146,919	33,877	7,028	1,636	261,930
Accumulated depreciation							
at January 1, 2012	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	0	0	0	50	-24	0	26
Change in acc. translation difference	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
Changes in the scope of consolidation	0	3,138	11,987	2,465	0	0	17,590
Depreciation in the year under review	0	-2,817	-9,180	-3,462	-692	0	-16,151
Impairment provision	0	0	-1,100	0	-457	0	-1,557
Impairment release							0
Disposals	0	11,028	5,731	2,227	1,681	0	20,667
Other changes / transfers	0	131	2,739	98	260	-1,850	1,378
Change in acc. translation difference	0	112	1,182	36	42	-5	1,367
at December 31, 2013	0	-34,620	-107,681	-26,304	-5,861	0	-174,466

	Land	Buildings	Production equipment and machinery	Other tangible assets	Leased equipment	Installations under construction	Total
CHF 1,000							
Book values							
at January 1, 2012	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
at December 31, 2013	4,795	33,055	39,238	7,573	1,167	1,636	87,464
Of which leased installations (finance Lease)							
at January 1, 2012	0	0	656	0	0	0	656
at December 31, 2012	0	0	471	0	0	0	471
at December 31, 2013	0	0	0	0	0	0	0
Of which for disposal (book values)							
at January 1, 2012	0	0	0	0	0	0	0
at December 31, 2012	665	11,324	0	0	0	0	11,989
at December 31, 2013	0	0	0	0	0	0	0

The Adval Tech Group has no undeveloped real estate available.

The year under review saw the completion of the sale (decided in the previous year) of the property no longer required for operations in Muri. The sale resulted in a book gain of CHF 1.0 million. The transaction is allocated to the Molds segment.

In the context of the sale of 100% of the shares of Omni Plastics (Xiamen) Co. Ltd, the year under review also saw the sale of the property in Xiamen, released for sale the previous year (see also Note 3).

During the year under review, extraordinary write-downs amounting to CHF 1.1 million were applied to underutilized production facilities. Of these, CHF 0.8 million was attributable to the Components segment, while the Molds segment accounted for CHF 0.3 million. In addition, in the Components segment write-downs amounting to CHF 0.5 million were applied to customer-specific production facilities as repayment of the investments via future production orders is not guaranteed.

In 2012 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. In 2012, 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 (2012: CHF 0.0 million). However, due to the agreed terms of payment, CHF 0.7 million of the investment amount stated will not become a cash item until 2014 (2012: CHF 1.5 million).

Orders totaling CHF 1.6 million were outstanding on December 31, 2013, for capital goods which had not yet been delivered or invoiced and were therefore not yet included in tangible fixed assets (CHF 0.4 million in 2012).

As at December 31, 2013, installations under construction included CHF 0.5 million in advance payments for tangible fixed assets (previous year: CHF 0.5 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. As of the end of the year under review, there were no longer any agreements of this type in place with customers. At the end of the previous year, the future rental income expected to be generated by these agreements was as follows:

CHF 1,000	12/31/2013	12/31/2012
within one year	0	130
in two to five years	0	11
after more than five years	0	0
Total future rental income	0	141

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	12/31/2013	12/31/2012
Receivables from finance lease contracts	3,090	1,993
Other long-term receivables	1,430	1,397
Total financial assets	4,520	3,390

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

Most of the other long-term receivables relate to a purchase price payment due in 2015 on the sale of the property in Merenschwand.

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

CHF 1,000	12/31/2013	12/31/2012
within one year	301	867
in two to five years	3,090	432
after more than five years	0	1,561
Total future leasing income	3,391	2,860

The nominal value of these credits totals CHF 3.4 million (CHF 2.9 million in 2012).

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 2013:

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

The other intangible assets essentially consist of the value of the customer relationships gained through acquisitions in the Components segment (balance sheet value: CHF 1.1 million as of December 31, 2013, CHF 2.0 million as of December 31, 2012). In the context of the sale of the companies in Mexico and China (see Note 3), the residual value (CHF 0.5 million) of the customer relationships attributable to the companies sold was written off.

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 longterm orders for the production of components. They will be amortized over the term of the orders, but for no more than 10 years (see Note 1.11).

The following statement of changes in intangible assets applies for 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	-466	-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 goodwill arising from the acquisitions of Teuscher Kunststoff-Technik AG (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	2013	2012
Total at January 1	61,563	63,385
Additions	0	0
Disposals resulting from sale of investments*	-22,525	0
Currency translation differences resulting from sale of investments	4,357	0
Change in the cumulative currency difference	-1,531	-1,822
Total at December 31	41,865	61,563

* at historical exchange rates

The disposal reported during the year under review relates to a share of goodwill attributable to the companies sold in Mexico and China.

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

CHF 1,000	2013	2012
Total at January 1	-32,009	-26,676
Disposals resulting from sale of investments**	12,764	0
Currency translation differences resulting from sale of investments	-2,469	0
Simulated depreciation	-5,547	-6,210
Change in accumulated translation difference	1,370	877
Total at December 31	-25,891	-32,009

** at average exchange rates

The theoretical net book value of the goodwill amounts to:

CHF 1,000	2013	2012
Total at December 31	15,974	29,554

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

CHF 1,000	2013	2012
Net result	-22,012	-15,376
Simulated depreciation	-5,547	-6,210
Theoretical net result	-27,559	-21,586
Shareholders' equity	64,270	53,840
Theoretical value of goodwill	15,974	29,554
Theoretical shareholders' equity	80,244	83,394

13. TRADE ACCOUNTS PAYABLE

CHF 1,000	12/31/2013	12/31/2012
Trade accounts payable to third parties	21,982	28,378
Trade accounts payable to related parties	0	87
Total trade accounts payable	21,982	28,465

The CHF 6.5 million decrease in trade accounts payable is attributable to the Components segment. The decrease is attributable in particular to the sale of the companies in Mexico and in China. In the Molds segment, trade accounts payable increased slightly owing to the increase in the volume of business.

14. SHORT-TERM INTEREST-BEARING LIABILITIES

CHF 1,000	12/31/2013	12/31/2012
Banks	86,841	121,344
Short-term leasing liabilities to third parties	0	198
Total short-term interest-bearing liabilities	86,841	121,542

The short-term bank loans are covered by total gross liquid assets of CHF 19.0 million (previous year: CHF 16.2 million). These are current account overdrafts at interest rates based on LIBOR or EURIBOR, and loans under the syndicated loan agreement in place since January 2012, which were reclassified to short-term interest-bearing liabilities due to their reaching maturity in July 2014. This agreement for a credit facility of no more than CHF 85 million (December, 31 2012: CHF 120 million) was concluded in mid-January 2012 for a term of 18 months. A maximum of CHF 60 million 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. In the second half of 2013, the credit facility was reduced by a total of CHF 35 million in several stages. 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 currently under way with the banks with a view as per mid-2014 to replacing the expiring finance from the above-mentioned syndicated loan. 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	12/31/2013	12/31/2012
Advance payments by third parties	15,082	7,352
Advance payments by related parties	0	64
Other short-term liabilities to third parties	5,513	4,004
Liabilities arising from negative replacement values of derivative financial instruments	5	1
Total other short-term liabilities	20,600	11,421

The Molds segment accounts for the bulk of the CHF 7.7 million year-on-year increase in advance payments by third parties, which relates to the increase in the volume of business. The increase in other short-term liabilities to CHF 5.5 million as of December 31, 2013 (December 31, 2012: CHF 4.0 million) is primarily attributable to the two tool-making companies in Germany and Switzerland.

16. LEASING LIABILITIES

Liabilities arising from leasing contracts are payable as follows:

CHF 1,000	12/31/2013	12/31/2012
Face value of liabilities arising from leasing contracts due		
within one year	0	200
in two to five years	0	0
in more than five years	0	0
Total future payment commitments	0	200
less proportionate interest on the payments	0	-2
<i>Net present value of liabilities arising from finance leases</i>	<i>0</i>	<i>198</i>
of which short-term leasing liabilities	0	198
of which long-term leasing liabilities	0	0

As of December 31, 2013, there are no longer any leasing contracts pending.

17. PREPAID INCOME AND ACCRUED EXPENSES

CHF 1,000	12/31/2013	12/31/2012
Prepaid income	11,062	11,105
Unsettled accounts payable	4,736	3,758
Prepaid income	15,798	14,863

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 increase in prepaid income and accrued expenses for outstanding accounts payable is mainly attributable to the Molds segment.

18. PROVISIONS

CHF 1,000	Warranty provisions	Payments to employees	Other provisions	Total
Long-term provisions at December 31, 2012	0	1,503	1,578	3,081
Short-term provisions at December 31, 2012	881	0	313	1,194
Total at December 31, 2012	881	1,503	1,891	4,275
Change in the scope of consolidation	0	0	-32	-32
Addition	618	31	1,165	1,814
Transfer				0
Utilization	0	-41	-406	-447
Release of provisions no longer required	-42	-43	-597	-682
Difference arising from currency translation	8	6	-39	-25
Cash value adjustments				0
Total at December 31, 2013	1,465	1,456	1,982	4,903
Long-term provisions at December 31, 2013	0	1,456	1,517	2,973
Short-term provisions at December 31, 2013	1,465	0	465	1,930
Total at December 31, 2013	1,465	1,456	1,982	4,903

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

As of December 31, 2013, the “Other provisions” item included inter alia CHF 0.5 million (previous year: CHF 0.0 million) for the restructuring of components production at the Suzhou site. The project is due to be implemented in 2014. The item also included provisions for the restoration of rented buildings (balance sheet value as of December 31, 2013: CHF 0.4 million, December 31, 2012: CHF 0.5 million), CHF 0.4 million for future revenue deductions relating to the financing of a production facility by the customer (previous year: CHF 0.2 million) and provisions for foreign withholding taxes whose refundability is not certain (carrying amount December 31, 2013: CHF 0.4 million; previous year: CHF 0.4 million). In addition, in the previous year CHF 0.3 million was set aside under this item for the merger of the tool-making sites in China.

In 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, 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

19. DEFERRED TAXES

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

CHF 1,000	12/31/2013	12/31/2012
Deferred tax liabilities	3,189	2,704
Deferred tax assets	1,450	2,774
Total	1,739	-70

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

The average income tax rate for the Group in 2013 was 18.2% (2012: 21%). 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 tax assets developed as follows:

CHF 1,000	2013	2012
Total at January 1	2,774	2,635
Change in the scope of consolidation	-1,196	0
Creation	437	821
Utilization	-426	-631
Other adjustments	-30	0
Translation difference	-109	-51
Total at December 31	1,450	2,774

The balance relates primarily to capitalized tax loss carryforwards.

Provisions for deferred tax liabilities developed as follows:

CHF 1,000	2013	2012
Total at January 1	2,704	3,998
Change in the scope of consolidation	0	0
Creation	747	76
Utilization	0	0
Release	-279	-1,347
Translation difference	17	-23
Total at December 31	3,189	2,704

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

Tax losses amounting to CHF 127.6 million existing on December 31, 2013 (CHF 68.2 million in 2012), 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	12/31/2013	12/31/2012
expiring in one year	3,576	2,839
expiring in two years	8,320	2,257
expiring in three years	17,120	7,647
expiring in four years	27,652	29,820
expiring in five years	4,944	12,511
expiring in more than five years	65,961	13,160
Total	127,573	68,234

20. STATEMENT OF SHARE CAPITAL

The share capital was as follows on December 31, 2013:

	Registered shares
at January 1, 2013	730,000
at December 31, 2013	730,000
	fully paid-up
Par value in CHF	20
Dividend restrictions	none
Voting restrictions	exist
Number of shares held by the Adval Tech Group on December 31, 2013	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 program.

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

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

Groups of individuals who are associated with each other and act in concert to circumvent the registration restrictions are regarded as a single purchaser. The Board of Directors can permit exceptions. In 2006, the Board of Directors granted an exception in favor of Artemis Beteiligungen II AG, which acquired its holding from Franke Holding AG in the second half of 2005. Beneficial ownership remained unaffected by this transaction. On January 30, 2007, the Board of Directors permitted an exception in favor of Willy Michel, which was granted in connection with a cooperation agreement. Furthermore, these voting restrictions do not apply to the shareholders who were registered with a holding of registered shares exceeding 5% of all share votes when the provisions of the Articles of Incorporation regarding voting restrictions were issued (Hansruedi Bienz, Einfache Gesellschaft Dreier).

The exceptions granted were confirmed 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 AG with regard to quorums conform to legal requirements.

Holdings of company shares have developed as follows:

	2013	2012
Holding at January 1	0	80
Purchases (shares)	299	266
Sales (shares)	0	0
Issued to employees (shares)	-299	-346
Holding at December 31	0	0
Average purchase price (CHF)	148	167
Average selling price (CHF)	n. a.	n. a.
Average issue (CHF)	160	203

All company shares are held by Adval Tech Management AG.

A total of 299 shares (previous year: 346 shares) were allotted to members of the management in the year under review as part of their variable remuneration in the context of existing remuneration arrangements. CHF 0.1 million was posted to personnel expenses in this regard.

Non-distributable reserves in the Group's shareholders' equity amounted to CHF 10.4 million at the end of the year under review (CHF 10.5 million in 2012). Retained earnings do not include any revaluation reserves.

21. NET TURNOVER

CHF 1,000	2013	2012
Net income from deliveries and services	211,084	228,891
Income from manufacturing orders (valued using the percentage-of-completion method)	59,150	41,530
Sales deductions	-1,272	-1,668
Total net turnover	268,962	268,753

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

22. OTHER OPERATING INCOME

CHF 1,000	12/31/2013	12/31/2012
Other operating income from third parties	6,348	8,925
Other operating income from related parties	16	16
Gains from sales of tangible fixed assets	1,582	245
Total other operating income	7,946	9,186

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

23. COST OF MATERIALS AND SERVICES

The cost of materials and services increased by CHF 1.5 million year on year. As a proportion of total income, it increased by 0.7 percentage points to 43.8%. The increase, resulting from increased outsourcing owing to high capacity utilization in the Molds segment, could not be offset by the decrease in the Components segment.

24. PERSONNEL EXPENSES

The average number of employees declined by 421 to 1,996 in 2013 (2,417 in 2012). The number of employees totaled 1,720 at the balance sheet date (2,239 in 2012).

25. PENSION LIABILITIES AND OTHER PAYMENTS TO EMPLOYEES

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

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

In the previous year:

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

Personnel expenses in the year under review were debited with CHF 0.4 million to finance contributions (CHF 0.0 million in 2012), while CHF 0.04 million was credited from interest (CHF 0.04 million in 2012). 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 2013 are as follows:

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

* including result from employer's contribution reserves

In the previous year:

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

* including result from employer's contribution reserves

The above data is based on the financial statements of the pension funds at December 31, 2013 (or December 31, 2012).

The pension fund of Adval Tech Holding AG is a legally independent foundation. It is subject to Swiss occupational pensions legislation. All employees of the Swiss Group companies of the Adval Tech Group are members of this pension fund. As at December 31, 2013, the cover ratio was 108% (previous year: 110%). The Adval Tech Group is not expected to derive any economic benefit from the pension fund.

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

The pension fund for supervisory staff of Adval Tech Holding AG was set up for members of supervisory staff. It is affiliated to a collective foundation of a major Swiss insurer. It is primarily a capital redemption insurance. Equal contributions are made by employees and employer. As at December 31, 2013, 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 2012), and are included in the provisions for payments to employees. The redemption value of the policy at December 31, 2013, was CHF 0.5 million (CHF 0.5 million in 2012) and is capitalized in the “Other long-term receivables” item under “Financial assets.” The effect of this insurance policy on the consolidated income statement is marginal.

26. OTHER OPERATING EXPENSES

CHF 1,000	2013	2012
Maintenance, repair, replacements, operating materials	-14,891	-15,487
Premises, energy	-11,430	-12,846
Insurance, office and administration expenses	-6,606	-6,471
Marketing, sales and distribution expenses	-10,082	-11,895
Sundry operating expenses	-1,444	-1,811
Total other operating expenses	-44,453	-48,510

Other operating expenses in the reporting period were down by CHF 4.0 million on the year-back figure. In relation to total income, other operating expenses declined from 17.3% in 2012 to 15.9% in the reporting period. Most of the savings in marketing, sales and distribution expenses were made in the Components segment. The “Sundry operating expenses” line item also includes CHF 0.1 million in losses on the sale of tangible fixed assets (2012: CHF 0.2 million).

27. FINANCIAL EXPENSES AND FINANCIAL INCOME

CHF 1,000	2013	2012
Interest earned	378	656
Currency gains	3,881	6,022
Gains on derivative financial instruments	19	14
Other financial income	53	-9
Total financial income	4,331	6,683
Interest paid	-3,029	-3,101
Bank charges and fees	-194	-227
Currency losses	-9,184	-8,696
Unrealized translation differences	-893	-543
Losses on derivative financial instruments	-26	-21
Other financial expenses	-1,607	-1,606
Total financial expenses	-14,933	-14,194
Financial result	-10,602	-7,511

Total currency losses of CHF 6.2 million net had to be posted in the year under review (previous year: CHF 3.2 million). CHF 5.0 million of this is attributable to currency translation differences arising from repayment of Group loans via the income statement. These loans were repatriated through the sale of the companies in Mexico and China (See also Note 3).

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

28. OTHER OPERATING EXPENSES

CHF 1,000	2013	2012
Restructuring measures	-866	-1,718
Cooperation projects	-74	-1,287
Result from the sale of investments	-14,469	0
Other extraordinary expenses	0	-132
Extraordinary result	-15,409	-3,137

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

The previous year's extraordinary expenses 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).

29. INCOME TAXES

CHF 1,000	2013	2012
Current income taxes	-2,090	-2,683
Change in provision for deferred taxes	-457	1,461
Total tax expenses	-2,547	-1,222

30. SEGMENT REPORTING

The allocation of business activities to the Group's two segments in 2013 is reflected in the following table:

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

Figures for 2012:

CHF 1,000	Segment Components	Segment Molds	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

The Group structure and the operations of the two segments in 2013 are explained in the annual report (pages 14 and 23).

Income by region is as follows:

	CHF 1,000	2013		2012
Net turnover	268,962	100%	268,753	100%
<i>Europe</i>	142,793	53%	123,872	46%
– of which Switzerland	12,715	5%	13,421	5%
– of which Germany	80,648	30%	63,643	24%
– of which France	17,639	7%	22,185	8%
<i>Asia</i>	62,590	23%	60,723	23%
– of which China	30,749	11%	32,024	12%
<i>North America</i>	36,762	14%	33,745	13%
<i>Latin America</i>	25,539	9%	46,354	17%
<i>Australia and Oceania</i>	454	0%	2,619	1%
<i>Africa</i>	824	0%	1,439	1%

Countries are allocated to regions in conformity with the allocation in Swiss National Bank statistics. Net turnover in Switzerland includes CHF 1.3 million of turnover with related parties in the year under review (CHF 0.4 million in 2012).

31. PLEDGED ASSETS

CHF 1,000	12/31/2013	12/31/2012
Book value of pledged tangible fixed assets	1,032	1,049
Total pledged assets	1,032	1,049

The pledges listed serve as security for mortgages, other bank loans and credit lines. Furthermore, it should be noted that sight deposits with banks can be used to cover loans granted at the same time in accordance with the banks' general conditions of business.

32. FIRE INSURANCE VALUES

CHF 1,000	12/31/2013	12/31/2012
Real estate	77,702	95,805
Other tangible fixed assets	375,238	394,481

33. CONTINGENT AND FUTURE LIABILITIES

CHF 1,000	12/31/2013	12/31/2012
Contingent liabilities in favour of third parties	417	1,081
Liabilities arising from leases	12,934	16,349
Liabilities arising from operating leases	831	814

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 0.4 million in 2012) within 1 year, CHF 0.4 million (CHF 0.4 million in 2012) within 2 to 5 years.

Future rental payments fall due as follows: CHF 3.3 million (CHF 3.8 million in 2012) within 1 year, CHF 6.0 million (CHF 7.7 million in 2012) in 2 to 5 years, CHF 3.6 million (CHF 4.8 million in 2012) in more than 5 years.

34. FINANCIAL INSTRUMENTS

Market values are calculated on the basis of individual valuations of the open instruments at the balance sheet date. The following financial instruments for limiting financial risks existed at the balance sheet date (contract values in 1,000 local currency, replacement values in CHF 1,000) as at December 31, 2013:

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

As at the end of 2012, the currency hedges were as follows:

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

The options and forward transactions listed above serve to hedge payments in EUR and USD. They run until mid-January 2014 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, 2013 or as at December 31, 2012.

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

35. TRANSACTIONS WITH RELATED PARTIES

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

- the pension fund of Adval Tech Holding AG
- Artemis Holding AG, Hergiswil, and its Group companies
- Ypsomed Holding AG, Burgdorf, and the companies of the Ypsomed Group
- Finox AG, Burgdorf
- Techpharma Management AG, Burgdorf
- Feintool International Holding AG, Lyss, and the companies of the Feintool Group
- Forbo Holding AG, Baar, and the companies of the Forbo Group
- Autoneum Holding AG, Winterthur, and the companies of the Autoneum Group
- Rieter Holding AG, Winterthur, and the companies of the Rieter Group
- 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 1.3 million was made with related parties in the year under review (CHF 0.4 million in 2012). Volume parts and components to the value of CHF 0.6 million and molds to the value of CHF 0.7 million were invoiced in 2013.

At the balance sheet date, receivables from related parties amounted to CHF 0.0 million (2012: CHF 0.3 million) and liabilities to related parties (incl. deferrals) to CHF 0.6 million (2012: CHF 0.5 million).

Up to CHF 60 million of the syndicated credit facility of CHF 85 million (as of end 2012: 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, in 2013 the Group recognized a deferral for a guarantee commission of CHF 0.3 million.

36. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

37. RELEASE OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were released for publication by the Board of Directors of Adval Tech Holding AG and a motion for their approval was submitted to the annual general meeting of shareholders of Adval Tech Holding AG on March 28, 2013.



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

Report of the statutory auditor on the consolidated financial statements

As statutory auditor, we have audited the consolidated financial statements of Adval Tech Holding AG, which comprise the balance sheet, income statement, cash flow statement, statement of changes in equity and notes (pages 52 to 87), for the year ended 31 December 2013.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2013 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	Bernhard Bichsel
Audit expert	Audit expert
Auditor in charge	

Bern, 28 March 2014

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FINANCIAL REPORTS OF ADVAL TECH HOLDING LTD

1. BALANCE SHEET

CHF	12/31/2013	12/31/2012
Liquid assets	65,355	2,843
Receivables		
– from third parties	855,311	32,380
– from Group companies	2,794,662	3,300,776
Prepaid expenses and accrued income	0	4,063
<i>Receivables</i>	3,649,973	3,337,219
Total current assets	3,715,328	3,340,062
Investments in Group companies	116,375,733	113,331,133
Loans to Group companies	80,830,057	125,930,898
<i>Financial assets</i>	197,205,790	239,262,031
Total fixed assets	197,205,790	239,262,031
Total assets	200,921,118	242,602,093
Bank debt	5,840,623	6,278,988
Accounts payable	60,101	44,056
Short loans from third parties	81,000,000	114,000,000
Other liabilities		
– to third parties	6,609	524
– to Group companies	163,987	152,792
Accrued expenses	795,810	634,044
<i>Short-term liabilities</i>	87,867,130	121,110,404
Provisions	792,314	812,855
<i>Long-term liabilities</i>	792,314	812,855
Total liabilities	88,659,444	121,923,259
<i>Share capital</i>	14,600,000	14,600,000
General reserves	9,500,000	9,500,000
Reserve for treasury stock	97,424,589	97,424,589
<i>Legal reserves</i>	106,924,589	106,924,589
Free reserves	10,771,163	10,771,163
<i>Other reserves</i>	10,771,163	10,771,163
<i>Share capital and reserves</i>	132,295,752	132,295,752
Balance brought forward	-11,616,918	27,442,385
Net profit for the year	-8,417,160	-39,059,303
<i>Retained losses/earnings</i>	-20,034,078	-11,616,918
Total shareholders' equity	112,261,674	120,678,834
Total liabilities and shareholders' equity	200,921,118	242,602,093

2. INCOME STATEMENT

CHF	2013	2012
Income from investments in Group companies	60,346	75,628
Other income from third parties	4,899	153,804
Other income from Group companies	2,120,977	2,355,293
Finance income from Group companies	3,088,509	4,229,638
Finance income from third parties	794,192	513,934
Total operating earnings	6,068,923	7,328,297
Finance expenses, third parties	3,633,085	5,318,991
Finance expenses, related parties	300,000	286,667
Finance expenses, Group companies	6,463,072	37,742,709
Business and administration expenses	1,003,400	1,147,854
Total operating expenses	11,399,557	44,496,221
Amortization of intangible assets	0	786,446
Extraordinary expenses	3,086,526	1,104,933
Operating earnings before taxes	-8,417,160	-39,059,303
Taxes	0	0
Net result	-8,417,160	-39,059,303

3. APPENDIX

Accounting principles

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

Treasury stock

	2013 Number of shares	2013 CHF	2012 CHF
Position at January 1	0	0	15,434
Purchases	299	44,231	44,290
Sales	0	0	0
Issued to employees	299	47,777	55,021
Value adjustment as at December 31	n.a.	3,546	-4,704
Position at December 31	0	0	0

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

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 2013. The corresponding countervalue was recognized as a personnel expense of Adval Tech Management AG.

Investment holdings

The investment holdings of Adval Tech Holding AG on December 31, 2013:

Company		12/31/2013 Share capital 100%		12/31/2013 Holding in %	12/31/2013 Book value CHF	12/31/2012 Book value CHF
Adval Tech Management AG, Niederwangen	CHF	100,000		100	100,000	100,000
Management of subsidiaries						
Styner+BIENZ FormTech AG, Niederwangen	CHF	3,050,000		100	17,650,000	17,650,000
Stamping and Forming Technology						
Styner+BIENZ US Inc., Cleveland, USA	USD	1		100	0	0
Stamping and Forming Technology						
Styner+BIENZ do Brasil Ltda., São José dos Pinhais PR	BRL	150,873		100	123,576	123,576
Stamping and Forming Technology	USD	360,000		100	603,526	603,526
QSCH Termelő és Kereskedelmi Kft., Szekszárd, Hungary	EUR	1,800,000		100	25,061,076	22,014,476
Stamping and Forming Technology						
AWM Mold Tech AG, Muri (AG), Switzerland	CHF	600,000		100	9,600,000	9,600,000
Injection Molding Technology						
Teuscher Kunststoff-Technik AG, Grenchen, Switzerland	CHF	2,000,000		100	10,436,257	10,436,257
Plastic components						
AWM Swiss Technology Ltd, Hong Kong	HKD	0		0	0	2,000
Service function in Asia						
FOBOHA Holding GmbH, Haslach, Germany	EUR	25,000		100	15,741,298	15,741,298
Holdings in companies						
Omni Investors Pte. Ltd Singapore	USD	13,517,000		100	37,060,000	37,060,000
Management of subsidiaries						

The year under review saw the liquidation of AWM Swiss Technology Ltd, Hong Kong. This liquidation had no significant impact on the financial position and cash flows of Adval Tech Holding AG.

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

The shares of Omni Investors Pte. Ltd, 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 FormTech 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.

Loans to Group companies

Loans to Group companies as at December 31, 2013 comprise a loan of CHF 3 million to AWM Mold Tech AG, for which subordination was granted.

Guarantees and contingent liabilities in favour of third parties

CHF	12/31/2013	12/31/2012
Total	417,479	1,080,671

Major shareholders

As of December 31, 2013, the following shareholders held more than 3% of the registered share capital recorded in the Commercial Register:

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

* Effective shareholding as at December 31, 2013

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 2013:

CHF	Function	Basic remuneration	Other remuneration	Variable remunera- tion*	Social insur- ance contri- butions	Total	Entertain- ment expenses
Board of Directors							
Willy Michel	Chairman	60,000	4,000	0	64,000	4,000	
Michael Pieper	Vice Chairman	40,000	4,000	1,850	45,850	3,200	
Leonardo Attanasio	Director	40,000	3,000	0	43,000	3,200	
Hans Dreier	Director	50,000	7,000	2,936	59,936	5,600	
Roland Waibel	Director	50,000	10,350	74	60,424	6,400	
Total Board of Directors		240,000	28,350	0	4,860	273,210	22,400
Group management (GM)**							
Total Group management		1,291,574	100,104	515,353	285,246	2,192,277	64,800
of which highest-paid member (René Rothen, CEO)		360,000	8,103	202,462	90,644	661,209	18,000

* Incl. adjustment of the deferral reported in 2012 relating to the actual payment (cf. Compensation Report on page 48)

** As at December 31, 2013 the Executive Management comprised five people.

2012:

CHF	Function	Basic remuneration	Other remuneration	Variable remunera- tion*	Social insur- ance contri- butions	Total	Entertain- ment expenses
Board of Directors							
Willy Michel	Chairman from June 20, 2012	55,000	7,000	0	62,000	6,800	
Michael Pieper	Vice Chairman	50,000	7,000	2,734	59,734	5,600	
Leonardo Attanasio	Director	40,000	10,600	0	50,600	5,600	
Hans Dreier	Director	50,000	13,000	3,245	66,245	10,400	
Roland Waibel	Director	50,000	12,000	4,898	66,898	13,600	
Walter Grüebler*	Chairman until June 19, 2012	35,000	4,000	1,510	40,510	4,000	
Total Board of Directors		280,000	53,600	0	12,387	345,987	46,000
Group management**							
Total Group management		2,001,559	195,969	179,200	344,941	2,721,669	65,800
of which highest-paid member (Jean-Claude Philipona)***		430,000	92,719	0	99,887	622,606	2,500

* 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

The reporting of remuneration was adjusted in light of the introduction of a Compensation Report.

The reported remuneration includes among other components:

- Basic remuneration: fixed fee/salary
- Other remuneration: fringe benefits, attendance fees, company cars, long service awards and similar payments
- Variable remuneration: variable remuneration deferred for the period in accordance with the bonus system
- Social insurance contributions: employers' contributions to social insurance
- Entertainment expenses: fixed expenses to replace outlay based on the expenses rules approved by the tax authorities

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

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 on 12/31/2012	12/31/2013 (Number)	12/31/2012 (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	13,088	13,032
Roland Waibel	Director	200	200
René Rothen	CEO	331	206
Markus Reber	CFO	174	112
Valeria Poretti	Head of Corporate HR/Communication	121	65

Loans from third parties

In January 2012, a syndicated loan agreement was concluded with two major Swiss banks, with a revolving credit facility for a maximum of CHF 120 million over an 18-month term. 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 (quarterly measurement), minimum available liquidity for the Group (monthly measurement). The reduction in the credit facility by CHF 60 million originally envisaged in the agreement was adjusted in terms of both timeframe and size. In the third and fourth quarters of 2013, the credit facility was reduced by a total of CHF 35 million to a maximum of CHF 85 million as agreed with the banks. A major shareholder of Adval Tech Holding AG has provided the syndicate banks with a guarantee for up to CHF 60 million.

Risk management

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

Accounting legislation

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



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

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the financial statements of Adval Tech Holding AG, which comprise the balance sheet, income statement and notes (pages 89 to 96), for the year ended 31 December 2013.

Board of Directors' responsibility

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

Auditor's responsibility

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

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

Opinion

In our opinion, the financial statements for the year ended 31 December 2013 comply with Swiss law and the company's articles of incorporation.

Report on other legal requirements

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

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

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

PricewaterhouseCoopers AG

Hanspeter Gerber	Bernhard Bichsel
Audit expert	Audit expert
Auditor in charge	

Bern, 28 March 2014

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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.

