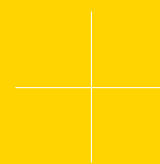
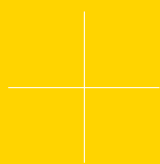
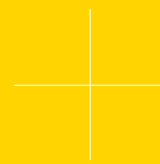
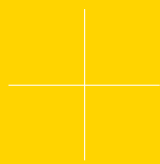
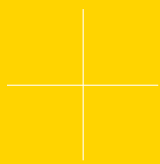


## THE FIRST HALF OF 2011

OPERATIVE IMPROVEMENTS  
CURRENCY EFFECTS PROVOKE NEGATIVE EBIT  
MAJOR PROJECTS ON TARGET



# DEAR SHAREHOLDERS

**The Adval Tech Group has not achieved its targeted improvement of results in the first half-year of 2011. After realizing the turnaround in the first semester of the previous year and also attaining a slightly positive result in operating earnings (EBIT) in the second half-year, we have to report a negative EBIT of CHF -1.7 million for the first semester of 2011. The skyrocketing of the Swiss franc, especially in relation to the currencies of our most important export markets (the euro and the US dollar), took a heavy toll on performance. Additionally, the currencies of our production sites in China (yuan), Mexico (peso) and Brazil (real) have also markedly risen in value against the euro and the US dollar. This unfavorable development has undone all operative improvements. Our Board of Directors and the Group Executive Management are currently evaluating various scenarios and measures to mitigate locational disadvantages.**

The total income of the Adval Tech Group of CHF 143.4 million is 11% lower than in the corresponding period of the previous year (CHF 160.6 million). What must be taken into account is that in Switzerland a total income volume of CHF 13.6 million fell away with the sale of the contract manufacturing of CD and DVD packaging at Muri, the closure of the production site at Merenschwand, as well as the sale of the plant Bodenweid in Berne-Bümpliz. Adjusting the total income of the previous annual period additionally by currency effects of CHF 17.3 million, the retained business areas show a growth of roughly 10%. This was mostly achieved in the automotive industry. Currency effects derive from translation differences (conversion of financial statements of foreign subsidiaries into the company's reporting currency) of CHF 11.6 million as well as transaction differences (conversion of foreign currency business cases into a given subsidiary's functional currency) of CHF 5.7 million.

The operating earnings before interest, taxes, depreciation and amortization (EBITDA) of CHF 7.9 million in the first half-year turned out CHF 3.8 million lower than in the same period of the previous year (CHF 11.7 million). At CHF -1.7 million, the EBIT trails the preceding year's corresponding result by CHF 2.0 million. Adjusted by exchange rate and relinquished activities in Muri, Merenschwand and Berne, both EBITDA and EBIT present a more positive picture: compared to the previous year, EBITDA and EBIT would have improved by CHF 1.5 million and CHF 2.6 million respectively. Currency effects affected EBITDA by some CHF 5.5 million (CHF 1.4 million resulting from translation differences and CHF 4.1 million from transaction differences).

Accordingly, the net result for the first semester 2011 of CHF -7.1 million remains negative (first semester 2010: CHF -6.5 million).

These figures illustrate two negative factors: first, the reduction in sales with simultaneously decreasing margins has led to a markedly poorer coverage of fixed costs. And secondly, the currency trend took a course particularly unfavorable to us: while our earnings mainly accrued in the weak currencies of the euro and the US dollar, costs mostly had to be settled in the strong currencies of the Swiss franc, the Chinese yuan, the Mexican peso and the Brazilian real.

Our net operating working capital – trade accounts receivable, trade accounts payable, inventories – was further optimized in the first semester 2011. For the first time ever it amounts to less than 18% of average total income of the preceding twelve months. With an equity ratio of 27.4% (end of 2010: 30.5%) the Adval Tech Group remains solidly financed.

Adval Tech invested CHF 10.6 million in tangible fixed assets in the first semester 2011, three-quarters of which were allotted to the Automotive Segment, especially to new production platforms (premises and machinery) which Adval Tech is assembling for the BMW contract. Further investments concerned machinery replacement at the Niederwangen plant.

### Strategy implementation

Due to takeovers and cooperation the Adval Tech Group is present worldwide today. The major orders obtained in the last two years are important milestones in our progress towards becoming a powerful group of companies. The successful acquisitions confirm our decision to continue to consistently implement our global strategy – even though this is more difficult in the current economic environment, taking more time than planned, and with the expansion phase taking a greater toll on our performance than expected.

In the Automotive Segment, Adval Tech concentrates on the components business in metal and plastic. The segment corresponds to the division of the same name, in which all activities for the automobile supplier market are combined. The Medical & Consumer Goods Segment consists of the three divisions Medical, Consumer Goods and Molding Technology. Working the key markets Medical and Consumer Goods is based on an integrated business model, which encompasses both the development and manufacture of molds as well as the production of plastic components.

### Automotive Segment

The half-year total income of the Automotive Segment of CHF 71.3 million is 10% lower than the previous year's value of CHF 79.4 million. Adjusted by currency effects and accounting for relinquished business activities, the remaining business areas

generated a growth rate of 19%. Our core business Components and Subassemblies has grown by 13% in local currencies.

All our sites in Switzerland, Brazil, Hungary and the USA have contributed to an increase in volume, with growth rates ranging between 10% and 14%. In the areas of airbag applications, ABS brake systems and automobile lamps, as well as subassemblies for steering systems sales have developed pleasingly. The start of plastic components production at the plant in Hungary also had a positive influence.

Our currently largest and most demanding project is the development and production of components for the air/water separation system in BMW's new generations of Series 1 and 3 models. In the wind-shield/engine compartment zone our parts separate fresh air and rainwater, thereby protecting the sensitive units of the engine compartment. With this major project, Adval Tech for the first time is supplying a car manufacturer directly. In the first semester 2011, corresponding preparatory work at our plant at Szekszárd (Hungary) was at full speed. After final adjustments of processes, molds and machines, production will be started within a matter of weeks. Already by September we will be producing at Szekszárd about 10,000 preassembled components daily, and continuously increasing output thereafter. BMW's assembly lines in Germany will be supplied by Adval Tech from the plant at Szekszárd, those in Asia and South Africa from the plant in Suzhou (China). Initial investment for this project is very large; hence preparatory work has negatively influenced our performance in the period under review. However, this contract, with a product life cycle of six to eight years, will provide us with a sales volume in excess of EUR 30 million. The project is on target, and we are confident that it will be a catalyst for the acquisition of further major contracts.

In 2010, the Automotive Segment won the contract for producing a bracket for the steering column in cars of the VW group. We will produce this unit utilizing a newly developed, fully automated laser welding system. Due to its know-how of this technology, the Automotive Segment attained another contract in the first semester 2011: presumably as of August 2013 Adval Tech will manufacture steering system brackets for BMW's subcompact cars. With this second project we have achieved the breakthrough into the area of laser welding technology.

Among the pleasing new acquisitions of the reporting period is also a large contract to be fulfilled for a Japanese company leading in its market segment of electrical and mechanical engineering. Adval Tech will supply this new client with components for high-pressure fuel pumps.

Less pleasing are the operating earnings before interest, taxes, depreciation and amortization (EBITDA) of the Automotive Segment. At CHF 3.0 million they are CHF 1.8 million lower than the previous year's outcome of CHF 4.8 million. In exchange rate adjusted terms, however, EBITDA would have improved by CHF 1.5 million. Through volume increase we were therefore only partially able to compensate the currency effects.

The modernization of the machinery at Niederwangen has been largely completed in the first semester 2011 – thereby enhancing process reliability as well as the quality of our products in the long term. The additional outlay for quality controls necessary in the first half-year will therefore fall away in the course of the second semester.

In Brazil, we felt the negative effects of the industrial boom: employee fluctuation is high, and labor costs have risen. Shortage of personnel is compensated for in part with employees from Switzerland.

### **Medical & Consumer Goods Segment**

The total income of the Medical & Consumer Goods Segment in the first half of 2011 of CHF 76.2 million lags by 7% behind the previous year's first half outcome of CHF 82.0 million. Adjusted by currency effects and the relinquished business activities in this segment with a volume of all in all CHF 11.6 million, the remaining business areas show a growth rate of 8%. The various areas of the segment developed differently: while the component business in exchange rate-adjusted terms stagnated, we were able to gain in the molding technology business. EBITDA of the Medical & Consumer Goods Segment has dropped from CHF 6.0 million in the first semester 2010 to a meek CHF 2.8 million. Even in exchange rate-adjusted terms this represents a decline, namely by CHF 1.2 million.

### **Molding Technology**

Today we produce injection molds at our sites in Germany, Switzerland and China. Our capacity to manufacture molds of the same technology and quality standards in Europe and in Asia currently proves to be a unique selling proposition in collaborating with customers producing worldwide. Overall, in the first half of 2011 we achieved a slight improvement of results in the business with molds. However, the rates of return of the sites Muri (Switzerland) and Suzhou (China) are not yet satisfactory.

At our plant at Muri we made some progress in the first year after reorganization. Based on our know-how in the production of optical disc molds, the initiated developments for the automotive, medical technology and consumer goods packing markets have been substantiated. Hence we have received our first orders for the production of prototype molds. With the renewed confidence of customers, our chances of winning market acceptance are good. The business with optical disc molds has shrunk

further; our spare parts business is stagnant at low level.

The order situation at our site at Haslach (Germany) remains pleasing. We have achieved first successes in broadening our customer base there. Especially the development of small molds on the basis of our cube technology lets us hope to penetrate new markets.

### Medical

We were forced to accept a decrease in sales of medical technology components in the first semester 2011. Problems experienced by an end customer in getting a new medication licensed thwarted our plans to produce the plastic components intended for the application of this drug.

Clear progress was made with the development of our global medical technology platforms. The organization has been strengthened by reoccupying the position of Head of Division per early February 2011. Working of the markets in America and Asia has high priority. Being nominated preferred supplier for a large, globally active pharmaceutical subcontractor promises us improved chances of faster growth. We were also awarded a contract for codeveloping and producing an injection pen in the first semester 2011; serial production is to commence the end of 2012. The sites of the Medical Division in Switzerland, Mexico and China have been certified according to DIN ISO 13485 in the course of the first semester 2011. With this precondition fulfilled, manufacturing of products can also commence in Mexico and China. At Querétaro (Mexico) the first components are being fabricated for the US-American market in a production cell with cleanroom, which we installed within an existing building. In Suzhou, the serial production of components for the Chinese market is to begin in the next few days.

At the Swiss plant at Grenchen, business organization is currently being slimmed down, with a redefinition of processes. This project will be completed in the course of the second semester 2011.

### Consumer Goods

The component business for the consumer market is mostly operated from our sites in Asia and Mexico. On both continents we still largely produce consumer goods components of plastic for end consumers in the US. Earnings of the Consumer Goods Division in the first semester 2011 are markedly lower than in the same period of the previous year. In Mexico we lost a major contract to a competitor, and in China we still depend too heavily on exports to the US. Shifts in market share due to unfavorable currency developments, state-imposed pay rises and various operative problems have also contributed to the unsatisfactory result. First measures to improve earnings have already been implemented; others are being evaluated.

Contrary to previous years, we were unable to profit from the transfer of contracts to lower-cost countries of production. However, we observe a trend in China towards more sophisticated components – which also demand more sophisticated molds. As a technology leader our chances are therefore good to benefit from the expected growth and establish ourselves in the local market. With costs and earnings accruing in the same currency, we would also be more independent of currency effects.

### Outlook

We expect a higher sales volume in the second semester 2011 than in the first, not least due to a number of new projects starting up. Of crucial importance is the launching of our strategic projects in the automotive and medical technology industries, as they will be benchmarks. They will have a major influence on the medium-term success of the Adval Tech Group.

In consumer goods our dependency on the US-American market cannot be significantly reduced in the short term; nonetheless realignments concerning markets and products will be necessary.

However, ultimately the further currency developments of the US dollar and euro will be decisive for the 2011 result. Should the relevant foreign currency rates remain at present levels, net result for the second semester 2011 – despite the expected increase in volume sales – will probably turn out poorer than in the first half-year. In which case one would have to expect a significant loss for the entire business year 2011.

Just as important as effective short-term operative improvements are fundamental considerations on the implementation of our strategy, which we still think is right. Thereby it will be crucial for us to reduce our dependency on the volatility of currency rates.

The Adval Tech Group faces a huge challenge. As such, we rely on motivated personnel as well as on loyal shareholders with staying power. We thank you for your trust.

Niederwangen, end of August 2011

Walter Gruebler  
Chairman of the Board

Jean-Claude Philipona  
Chief Executive Officer

## KEY SEMI-ANNUAL FIGURES OF THE ADVAL TECH GROUP

CHF million	1st half of 2011 <sup>1)</sup>	2nd half of 2010 <sup>1)</sup>	1st half of 2010 <sup>2)</sup>
<b>Total income</b>			
– Group	143.4	156.1	160.6
– Automotive Segment	71.3	77.6	79.4
– Medical & Consumer Goods Segment	76.2	79.3	82.0
<b>EBITDA</b>			
Operating earnings before depreciation	7.9	12.5	11.7
– in % of total income	5.5	8.0	7.3
– Automotive Segment	3.0	7.1	4.8
– Medical & Consumer Goods Segment	2.8	5.1	6.0
<b>EBIT</b>			
Operating earnings	-1.7	1.3	0.3
– in % of total income	-1.2	0.9	0.2
<b>Net result</b>			
Net result for the year	-7.1	-4.4	-6.5
– in % of total income	-5.0	-2.8	-4.0
<b>Cash flow and capital expenditure</b>			
Cash flow from operations	4.6	10.2	1.1
Operative free cash flow	-7.4	2.3	-3.9
Free cash flow	-7.4	-1.6	-3.9
Capital expenditure	-10.6	-7.4	-5.0
<b>Number of employees (full-time equivalents)</b>			
as per balance sheet date	2,466	2,470	2,523
– Automotive Segment	742	782	813
– Medical & Consumer Goods Segment	1,703	1,669	1,690

1) according to Swiss GAAP FER

2) according to Swiss GAAP FER restated

# SEMI-ANNUAL FINANCIAL STATEMENTS OF THE ADVAL

The unaudited semi-annual financial statements of the Adval Tech Group have been prepared in accordance with the accounting principles published in the annual report 2010 and corresponding to Swiss GAAP FER 12. They do not include all the information provided by the consolidated annual financial statements and should therefore be read and interpreted in the

## CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	6/30/2011	12/31/2010
Liquid assets		14,986	21,397
Trade accounts receivable	6	42,073	48,658
Other receivables	7	7,998	14,135
Advanced payments to suppliers		445	1,856
Inventories and work in progress	8	43,896	36,957
Tangible fixed assets held for sale	9	13,766	13,766
Prepaid expenses and accrued income		4,652	2,762
<b>Total current assets</b>		<b>127,816</b>	<b>139,531</b>
Tangible fixed assets		121,322	122,749
Financial assets		3,890	3,913
Intangible assets		7,409	6,578
Assets from employer's contribution reserves		2,805	2,805
Deferred tax assets		3,431	2,387
<b>Total fixed assets</b>		<b>138,857</b>	<b>138,432</b>
<b>Total assets</b>		<b>266,673</b>	<b>277,963</b>
Trade accounts payable		26,603	26,396
Short-term interest-bearing liabilities	10	124,383	5,167
Other short-term liabilities	11	12,811	16,671
Prepaid income and accrued expenses	12	20,100	16,770
Short-term provisions		1,174	1,714
Accrued current income taxes		1,088	2,446
<b>Total short-term liabilities</b>		<b>186,159</b>	<b>69,164</b>
Long-term interest-bearing liabilities	10	283	117,372
Other long-term liabilities		589	707
Long-term provisions		2,603	2,320
Deferred tax liability		3,906	3,648
<b>Total long-term liabilities</b>		<b>7,381</b>	<b>124,047</b>
<b>Total liabilities</b>		<b>193,540</b>	<b>193,211</b>
Share capital		14,600	14,600
Capital reserves		146,810	146,807
Treasury stock		-26	-1
Translation differences		-23,252	-18,461
Retained earnings / Accumulated losses		-64,999	-58,193
<b>Total shareholders' equity</b>		<b>73,133</b>	<b>84,752</b>
<b>Total liabilities and shareholders' equity</b>		<b>266,673</b>	<b>277,963</b>

context of the annual report 2010. The data for the first half of 2010 and per June 30, 2010, have been adjusted according to the rules and regulations of Swiss GAAP FER.

**CONSOLIDATED INCOME STATEMENT**

CHF 1,000	Notes	1st half of 2011	1st half of 2010
<b>Net turnover</b>	13	<b>131,868</b>	<b>151,227</b>
<b>Total income</b>	13	<b>143,395</b>	<b>160,596</b>
Cost of materials and services	14	-61,755	-67,172
Personnel expenses	15	-49,838	-56,127
Other operating expenses		-23,910	-25,549
<b>Operating expenses</b>		<b>-135,503</b>	<b>-148,848</b>
<b>Operating earnings before depreciation (EBITDA)</b>		<b>7,892</b>	<b>11,748</b>
Depreciation		-9,584	-11,488
<b>Operating earnings (EBIT)</b>		<b>-1,692</b>	<b>260</b>
Net financial income	16	-4,962	-6,230
<b>Net result before income taxes</b>		<b>-6,654</b>	<b>-5,970</b>
Income taxes		-445	-503
<b>Net result</b>		<b>-7,099</b>	<b>-6,473</b>

In line with the change in accounting, the previous year's values have been adjusted from IFRS to Swiss GAAP FER. The effects of the conversion are detailed in note 2.

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

## SHAREHOLDERS' EQUITY

1st half of 2010 CHF 1,000	Share capital	Capital reserves	Treasury stock	Translation differences	Retained earnings/ acc. losses	Total share- holders' equity
<b>At January 1, 2010</b>	<b>14,600</b>	<b>146,794</b>	<b>-141</b>	<b>-8,657</b>	<b>-47,203</b>	<b>105,393</b>
Net result after taxes					-6,473	-6,473
Translation differences				-3,566		-3,566
Increase of share capital						0
Dividend						0
Transfers						0
Purchase/sale of treasury stock			-42			-42
<b>At June 30, 2010</b>	<b>14,600</b>	<b>146,794</b>	<b>-183</b>	<b>-12,223</b>	<b>-53,676</b>	<b>95,312</b>
1st half of 2011 CHF 1,000	Share capital	Capital reserves	Treasury stock	Translation differences	Retained earnings/ acc. losses	Total share- holders' equity
<b>At January 1, 2011</b>	<b>14,600</b>	<b>146,807</b>	<b>-1</b>	<b>-18,461</b>	<b>-58,193</b>	<b>84,752</b>
Net result after taxes					-7,099	-7,099
Translation differences				-4,498		-4,498
Increase of share capital						0
Dividend						0
Transfers				-293	293	0
Purchase/sale of treasury stock		3	-25			-22
<b>At June 30, 2011</b>	<b>14,600</b>	<b>146,810</b>	<b>-26</b>	<b>-23,252</b>	<b>-64,999</b>	<b>73,133</b>

The share capital of Adval Tech Holding Ltd is divided into 730,000 registered shares of nominally CHF 20.

The Adval Tech Group held 80 own shares per June 30, 2011 (June 30, 2010: 650 own shares).

At the annual general meeting of Adval Tech Holding Ltd held on May 12, 2011, shareholders adopted a motion to make no dividend payment for the 2010 financial year.

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

**CONSOLIDATED CASH FLOW STATEMENT**

CHF 1,000	Notes	1st half of 2011	1st half of 2010
<b>Net result after taxes</b>		<b>-7,099</b>	<b>-6,473</b>
Depreciation on tangible fixed assets		9,210	11,013
Impairment of financial assets/depreciation on intangible assets		374	475
Increase (+)/decrease (-) in short-/long-term provisions		-434	-1,607
Increase (+)/decrease (-) in provision for deferred taxes		-554	-557
Gain (-)/loss (+) on sales of tangible fixed assets		-101	-609
Other transactions with no impact on liquidity		1,593	-166
<b>Cash provided by operating activities before change in net current assets</b>		<b>2,989</b>	<b>2,076</b>
Increase (-)/decrease (+) in receivables		11,252	516
Increase (-)/decrease (+) in inventories		-8,911	-5,855
Increase (-)/decrease (+) in prepaid expenses and accrued income		-2,044	-873
Increase (+)/decrease (-) in short-term liabilities		1,337	5,226
<b>Cash provided by operating activities</b>		<b>4,623</b>	<b>1,090</b>
Capital expenditure		-10,557	-5,044
Income from sales of tangible fixed assets		243	1,446
Income from sales of financial assets		0	144
Investments in intangible assets		-1,726	-1,575
<b>Cash used for investing activities</b>		<b>-12,040</b>	<b>-5,029</b>
<b>Free cash flow</b>		<b>-7,417</b>	<b>-3,939</b>
Purchase (-)/sale (+) of treasury stock		-25	-42
Increase (+)/decrease (-) in short-/long-term debt		2,107	-3,200
<b>Cash provided by financing activities</b>		<b>2,082</b>	<b>-3,242</b>
Translation differences		-1,076	343
<b>Change in liquid assets</b>		<b>-6,411</b>	<b>-6,838</b>
Liquid assets on June 30		14,986	16,658
Liquid assets on January 1		21,397	23,496
Change in liquid assets		-6,411	-6,838

In line with the change in accounting, the values of the previous year's semester have been adjusted from IFRS to Swiss GAAP FER. From the conversion no changes arise in cash provided by operating activities, cash used for investing activities, or cash provided by financing activities.

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

## 1. SEASONAL INFLUENCES

The Adval Tech Group operates in various industrial sectors and markets. Seasonal influences in the individual industrial sectors and markets on the consolidated semi-annual financial statements are not significant in total.

## 2. CHANGE FROM IFRS TO SWISS GAAP FER

The Adval Tech Group changed its financial reporting standards from IFRS (International Financial Reporting Standards) to Swiss GAAP FER with effect from January 1, 2010. The balance sheet figures and the income statement figures have been restated. The change from IFRS to Swiss GAAP FER had essentially the following impact on the accounting and valuation methods employed by the Adval Tech Group:

- Under IFRS, goodwill is regarded as an intangible asset with unlimited useful life and subject to an annual impairment test. In contrast to this, Swiss GAAP FER calls for goodwill to be capitalized and amortized over a period usually of 5 to 20 years using the straight-line method, or to be offset directly against retained earnings in shareholders' equity upon acquisition. In order to simplify comparisons of the net result with previous years, the Board of Directors has opted to offset the goodwill included from the acquisitions of Teuscher Kunststoff-Technik AG, QSCH Termelő és Kereskedelmi Kft. and Omni Investors Pte. Ltd against shareholders' equity upon acquisition. Hence per December 31, 2009, CHF 68.3 million goodwill was settled with shareholders' equity. The residual values of the purchase price allocations to tangible and intangible assets in connection with these acquisitions stated in the balance sheet at December 31, 2008, have been adopted without any changes. These will continue to be amortized as planned.
- According to IFRS, the pension plans of the Adval Tech companies in Switzerland are deemed to be defined-benefit plans, so that an annual actuarial calculation of liabilities or assets applying a recognized international method is prescribed. In contrast, Swiss GAAP FER provides in principle for the financial statements of the pension funds to be used to calculate the surpluses or shortfalls. Employer's contribution reserves or comparable items are recorded as assets as long they fulfill the relevant conditions.
- Gains and losses on sales of company shares are stated in capital reserves under Swiss GAAP FER. The previous year's figures have been transferred accordingly in this connection.

The change from IFRS to Swiss GAAP FER had the following impact on the net after-tax result per June 30, 2010:

CHF 1,000	Net after-tax result under IFRS	Adjustments to payments to employees	Adjustments to deferred income taxes	Net result under Swiss GAAP FER
6/30/2010	-6,305	-216	+48	-6,473

### 3. CHANGES IN THE SCOPE OF CONSOLIDATION

In the first semester 2011 there were no changes in the scope of consolidation. As per end of 2010, however, the activities of the non-tool-dependent production (plant Bodenweid) of Styner+Bienz FormTech Ltd (as part of the Automotive Segment) were sold to third parties.

In the first semester 2010 AWM Plastpack Ltd and AWM Mold Tech Ltd, both domiciled at Muri AG (Switzerland), were merged. The new firm operates under the name AWM Mold Tech Ltd.

### 4. EXCHANGE RATES

Consolidation-relevant exchange rates relative to the reporting currency CHF:

	Average 1st half of 2011	Average 2nd half of 2010	Average 1st half of 2010
BRL	0.5542	0.5801	0.6052
CNY	0.1383	0.1493	0.1589
EUR	1.2699	1.3312	1.4379
HKD	0.1164	0.1293	0.1393
THB	0.0296	0.0324	0.0334
USD	0.9061	1.0039	1.0829
	on 6/30/11	on 12/31/10	on 6/30/10
BRL	0.5315	0.5647	0.6056
CNY	0.1287	0.1421	0.1598
EUR	1.1989	1.2468	1.3247
HKD	0.1070	0.1209	0.1394
THB	0.0271	0.0313	0.0336
USD	0.8331	0.9408	1.0852

The significant weakening of currencies, particularly of EUR and USD, against the reporting currency CHF has a major impact on the consolidated financial statements. The effects are explained in the situation report (pages 2 to 6).

## **5. ITEMS WITH MATERIAL ESTIMATES BY MANAGEMENT AND RISKS**

Items with material estimates by the management and the principal risks are fundamentally unchanged from the 2010 financial statements. They are listed in notes 2.1 and 3 of the 2010 financial report.

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 such fluctuations on its financial results.

## **6. TRADE ACCOUNTS RECEIVABLE**

Trade accounts receivable declined by CHF 6.6 million in the first semester 2011. Two-thirds of this sum derive from the Medical & Consumer Goods Segment.

## **7. OTHER RECEIVABLES**

Compared to the financial statements 2010, other receivables declined by CHF 6.1 million. This is primarily attributable to the Automotive Segment and is associated with the sale of Styner+Bienz FormTech's Bodenweid plant.

## **8. INVENTORIES AND WORK IN PROGRESS**

Inventories and work in progress increased by a total of CHF 6.9 million in the first six months of 2011. CHF 6.0 million is apportionable to the Automotive Segment and the rest to the Medical & Consumer Goods Segment. The increase is primarily due to the fabrication of serial molds for new products.

## **9. TANGIBLE FIXED ASSETS HELD FOR SALE**

The properties for disposal at Merenschwand and Muri could not yet be sold in the first semester 2011. Selling efforts will be continued.

## 10. SHORT- AND LONG-TERM INTEREST-BEARING LIABILITIES

Interest-bearing liabilities:

CHF 1,000	6/30/2011	12/31/2010
Short-term interest-bearing liabilities to third parties	124,178	4,961
Short-term leasing liabilities to third parties	205	206
<i>Short-term interest-bearing liabilities</i>	<i>124,383</i>	<i>5,167</i>
Long-term interest-bearing loans to third parties	0	117,000
Long-term leasing liabilities to third parties	283	372
<i>Long-term interest-bearing liabilities</i>	<i>283</i>	<i>117,372</i>
<b>Total interest-bearing liabilities</b>	<b>124,666</b>	<b>122,539</b>

The long-term interest-bearing loans from third parties declared per December 31, 2010, stem from a loan agreement with a banking consortium. The relevant contract was most recently revised in the fourth quarter 2010 due to the change in reporting standards to Swiss GAAP FER. The credit facility is dependent on compliance with key financial statistics (covenants): level of debt and interest cover, leverage ratio and temporarily minimum available liquidity. Due to the currency developments, delays in the sale of operationally redundant property and preliminary investing in new projects to be launched not until the second semester 2011, not all these covenants could be met per mid-2011.

At the time of preparation of financial statements Adval Tech Holding Ltd was negotiating with the bank consortium for an adjustment and temporary suspension of loan conditions. In mid-August, the bank consortium agreed on a temporary suspension of loan conditions. Negotiations on the adjustment of the loan agreement will take place in the second semester of 2011.

For this reason loans received on the basis of the contract have been converted from long-term interest-bearing liabilities to short-term interest-bearing liabilities.

## 11. OTHER SHORT-TERM LIABILITIES

The other short-term liabilities decreased by CHF 3.9 million. This reduction is associated with a reduction in advance payments by customers. Roughly two-thirds of the decrease stem from the Medical & Consumer Goods Segment, one-third from the Automotive Segment.

## 12. ACCRUED EXPENSES

Compared to the annual financial statements 2010, accrued expenses rose by CHF 3.3 million. This increase is mainly attributable to the Automotive Segment.

### 13. SEGMENTAL REPORTING

CHF 1,000	Automotive Segment		Medical & Consumer Goods Segment		Other units and eliminations		Group	
	1st half of 2011	1st half of 2010	1st half of 2011	1st half of 2010	1st half of 2011	1st half of 2010	1st half of 2011	1st half of 2010
Net turnover from third parties and related parties	62,010	73,849	69,858	77,378	0	0	131,868	151,227
Total income from third parties and related parties	71,111	79,062	72,169	81,346	115	188	143,395	160,596
Intragroup revenues	185	300	4,040	622	-4,225	-922	0	0
<b>Total income</b>	<b>71,296</b>	<b>79,362</b>	<b>76,209</b>	<b>81,968</b>	<b>-4,110</b>	<b>-734</b>	<b>143,395</b>	<b>160,596</b>

The trend of business at the segments is described in the situation report on pages 2 to 6.

### 14. COST OF MATERIALS AND SERVICES

Compared to the first half of 2010, the cost of materials and services decreased by CHF 5.4 million. Due to lower total income and changes in the range of products the share of this expense item increased by 1.3 percent points to 43.1 percent compared to the total output during the previous year.

### 15. PERSONNEL EXPENSES

Compared to the corresponding period of the previous year, personnel expenses fell by CHF 6.3 million. This is primarily attributable to the reduction in the average workforce quota from 2,540 in the first semester 2010 to 2,463 (-77).

**16. NET FINANCIAL INCOME**

CHF 1,000	1st half of 2011	1st half of 2010
Interest earned	222	623
Currency gains	2,456	1,586
Gains on derivative financial instruments	597	219
Other financial income	14	163
<b>Total financial income</b>	<b>3,289</b>	<b>2,591</b>
Interest paid	-2,476	-2,685
Currency losses	-5,493	-4,419
Unrealized transaction differences	436	-1,087
Losses on derivative financial instruments	-2	0
Other financial expenses	-716	-630
<b>Total financial expenses</b>	<b>-8,251</b>	<b>-8,821</b>
<b>Net financial income</b>	<b>-4,962</b>	<b>-6,230</b>

**17. SHARE-BASED PAYMENTS**

In terms of the remuneration regulations, part of the variable remuneration of group management for 2010 will be disbursed in the form of shares of Adval Tech Holding Ltd. At least 20% of the variable remuneration must be accepted in shares. Up to 100% of the variable remuneration can voluntarily be accepted in shares. A total of 357 registered shares (previous year: 648 registered shares) were allotted to group management for variable remuneration in 2010.

The shares allotted, which are legally transferred to the beneficiaries, cannot be sold for five years. The market value of the shares allotted (CHF 0.1 million) was deferred per December 31, 2010, as personnel expenses. The shares will be taken from treasury stock; any further shares necessary were purchased in the first half of 2011.

**18. TRANSACTIONS WITH RELATED PARTIES**

Persons and companies deemed to be related parties were unchanged in the first half of 2011. The complete list is included in note 36 to the 2010 consolidated financial statements. The following business transactions were material in the first half of 2011:

- Contributions of CHF 1.5 million (CHF 1.6 million in first half of 2010) to the pension fund of Adval Tech Holding Ltd, posted as expenses.
- Liabilities to related parties in the financial statements to June 30, 2011, totaled CHF 0.6 million (CHF 1.3 million on December 31, 2010).
- Per June 30, 2011, there were no receivables due from related parties (December 31, 2010: CHF 0.7 million).

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

Between the balance sheet date and the approval of the financial statements by the Board of Directors no events occurred that would adversely affect the information provided by the semi-annual 2011 consolidated accounts.

**20. RELEASE OF THE SEMI-ANNUAL  
FINANCIAL STATEMENTS**

These semi-annual financial statements were released for publication by the Board of Directors of Adval Tech Holding Ltd on August 25, 2011.

**AGENDA**

Results for 2011:	March 21, 2012
Financial statements conference for financial analysts:	April 18, 2012, in Zurich
Financial statements press conference:	April 18, 2012, in Zurich
Publication of the annual report 2011:	April 18, 2012
General meeting of shareholders 2012:	May 10, 2012, in Berne

## BRIEF PORTRAIT OF THE ADVAL TECH GROUP

Adding value through innovation – that’s what the name Adval Tech stands for. As a global technology and process partner, Adval Tech focuses on the complementary technologies of metal stamping and forming and plastic injection molding. In selected markets in the automotive, medical technology and consumer goods sectors, Adval Tech is a leading global supplier of volume components, subassemblies, systems, tools and special machinery. As a value-adding partner, Adval Tech covers the entire value chain: from product design and the development of volume components through design and production of the necessary molds and dies to complete manufacturing systems and the resulting production of components. Adval Tech trades on the markets under the names of AWM, FOBOHA, Omni, QSCH, Styner+Bienz and Teuscher.

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

All statements in this report which do not refer to historical facts are statements related to the future which offer no guarantee with regard to future performance; they are subject to risks and uncertainties including, but not confined to, future global economic conditions, exchange rates, legal provisions, market conditions, activities by competitors and other factors outside the company's control.