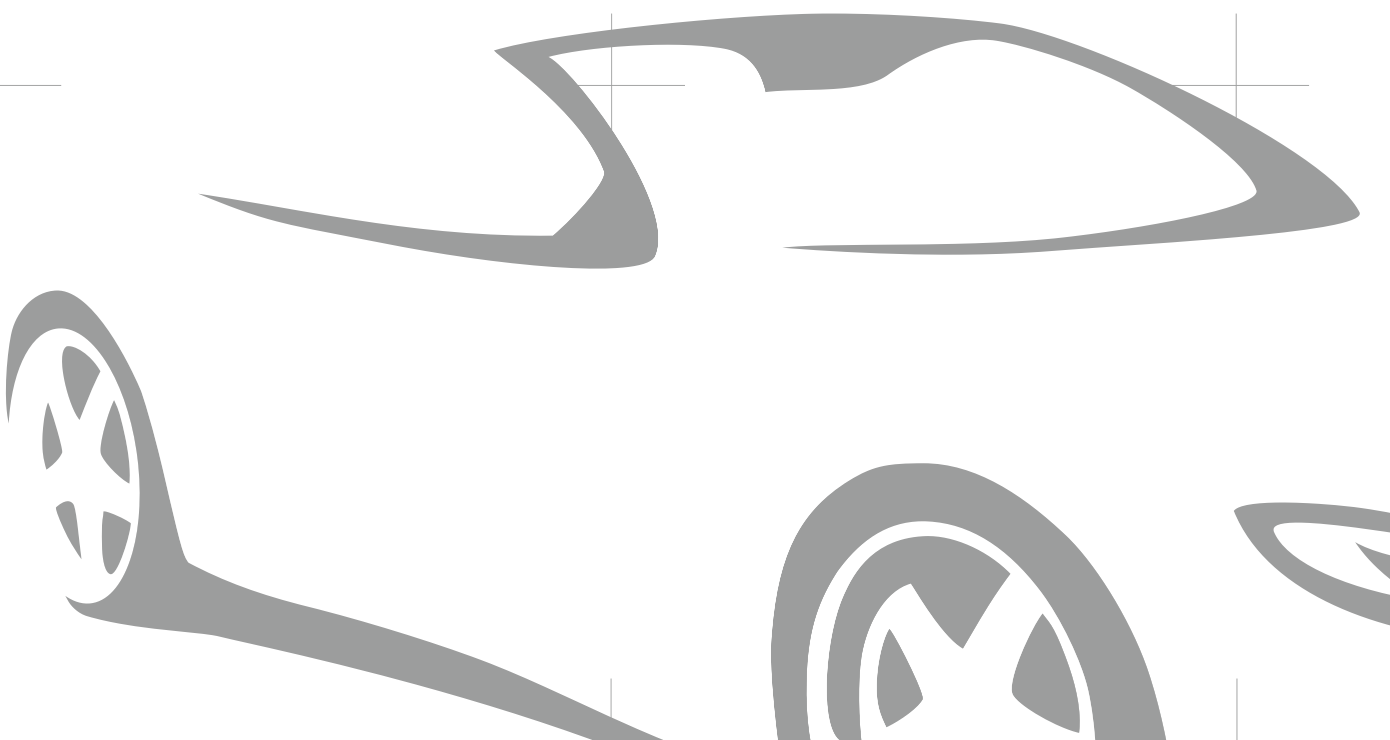
advaltech

SEMI-ANNUAL REPORT

2016

FOCUSED GROWTH STRATEGY IN THE COMPONENTS SEGMENT

SIGNIFICANTLY IMPROVED NET RESULT



DEAR SHAREHOLDERS

The first half of 2016 was marked by two events in particular for the Adval Tech Group: first, the successful start of operations at the production plant in Mexico, which was audited and accepted in April 2016 by our customer Audi, and second the acquisition of Fischer IMF. Both events strengthen Adval Tech's position as a global supplier of components to the automotive industry. With the sale of the shares of the Molds segment (FOBOHA) to the Barnes Group, United States, agreed upon in July 2016 and by focusing on the components business, Adval Tech seeks to take advantage of the attractive growth opportunities in the global automotive market and in related applications in other markets even more consistently than before.

Acquisition of Fischer IMF

With the strategically important acquisition of Fischer IMF in Germany, Adval Tech has further expanded its access to the automotive industry. Fischer IMF develops, engineers and produces tools with a focus on manufacturing of metal and light metal components along with assembly of components. Fischer IMF's customers include major German auto manufacturers and their direct suppliers. The company employs around 280 people and generated sales of approximately EUR 30 million in 2015. Fischer IMF was consolidated with the Adval Tech Group on the date of completion of the transaction on April 1, 2016.

Sale of the Molds segment (FOBOHA)

The purchase agreement concluded on July 11, 2016 between Adval Tech and the Barnes Group includes all Molds (FOBOHA) shares in Europe, the United States and Asia. The sale should be completed during the third quarter of 2016, subject to the approval of the relevant authorities.

New Group structure

The sale of the Molds segment (FOBOHA) gives the Group a new structure (see page 4). With this new group structure and a clear focus on the Components segment, Adval Tech is well-positioned to generate sustainable value into the future and to take advantage of the attractive growth opportunities in the global automotive market along with related applications in other markets.

Key figures

With total income of CHF 110.5 million (1H 2015: CHF 110.6 million), the Group posted EBITDA of CHF 10.2 million (1H 2015: CHF 11.3 million), EBIT of CHF 3.3 million (1H 2015: CHF 4.3 million) and a net result of CHF 2.2 million (1H 2015: CHF -2.8 million).

The consolidation of Fischer IMF at the start of April 2016 added approximately CHF 10 million to the Group's total income. Net of exchange rate effects, the Adval Tech Group's total income declined by CHF 1.7 million (-1.5%) in the first half of 2016.

The two segments' portion of total income remained practically unchanged, with the Components segment accounting for 69% (1H 2015: 68%) and the Molds segment 31% (1H 2015: 32%).

Total income for the first half of 2016 was at the prior year's level. Total income does not yet reflect revenues from the sale of tools for production of components from the OEM business in Mexico and Hungary for projects currently in the implementation stage (with a volume of roughly EUR 15 million), as these will be posted as sales only upon final invoicing of the order.

Contracting economic output in countries such as Thailand and Brazil had a negative impact on the Adval Tech Group's total income, as did the strong Swiss franc and the disadvantages in acquisition of new orders that it has entailed.

EBITDA for the first half of 2016 was CHF 10.2 million (1H 2015: CHF 11.3 million), for an EBITDA margin of 9.2%. Exchange rate effects had no material influence on EBITDA.

EBIT for the first half of 2016 was CHF 3.3 million (1H 2015: CHF 4.3 million), for an EBIT margin of 3%.

The decline in EBITDA and EBIT was a result of start-up costs for the new company in Mexico, the flat start of series production of plastic components for the Audi Q5 models in the second quarter of 2016 and the revenues from tool sales – not yet booked – realized in Mexico and Hungary. (These will be posted upon final invoicing.) Lower sales in Thailand, Brazil and Switzerland also impacted negatively on EBITDA and EBIT. At Fischer IMF there will be over 80 new product launches in 2016, all of which must be mastered in terms of deadlines, quality and costs.

The trend in net result is quite encouraging: from a CHF 2.8 million loss in the first half of 2015 to a profit of CHF 2.2 million. The measures initiated in response to the strengthening of the Swiss franc in 2015 continued to have positive effects in the first half of 2016.

During the first half of 2016 the Adval Tech Group invested CHF 2.3 million in capital expenditure (1H 2015: CHF 3.1 million), primarily for the components business and related new orders. Cash flow from operations for the first half of 2016 was CHF 7.4 million (1H 2015: CHF 0.3 million). Operating free cash flow improved from CHF -5.1 million in the first half of 2015 to CHF +4.9 million in the first half of 2016.

At the end of June 2016, net working capital (trade accounts receivable, inventories and trade accounts payable) stood at CHF 51.7 million (December 31, 2015: CHF 46.0 million). As a percentage of total income, net working capital eased upward from 20.6% at the end of 2015 to 20.9% at the end of June 2016. The increase is due to project-related pre-financing in the components business and higher work in process in the Molds segment.

Segment results

Components

In the Components segment (metal and plastic components), total income of CHF 76.5 million was roughly CHF 1 million above the year-back figure of CHF 75.6 million. Net of negative exchange rate effects, a decline of CHF 0.3 million or 0.4% resulted. The acquisition of Fischer IMF, consolidated with the Adval Tech Group since April 2016, contributed approximately CHF 10 million to total income for the Components segment.

Total income for the Components segment is made up of the following elements:

- Net sales of components
- Net sales of associated tools for production of components
- Other revenues (such as proceeds from sale of scrap)

EBITDA in the amount of CHF 4.5 million (1H 2015: CHF 5.7 million) corresponded to an EBITDA margin of 5.9%. Net of exchange rate effects the EBITDA margin was 5.5%. Revenues from the sale of tools for production of components for the OEM business in Mexico and Hungary are not included.

Molds

The Molds segment generated total income of CHF 35.3 million in the first half of 2016, a decline of CHF 0.5 million from the CHF 35.8 million for the first half of 2015. Net of exchange rate effects the decline amounts to CHF 0.9 million. At CHF 4.7 million, the EBITDA figure for the Molds segment was CHF 0.6 million above the year-back figure of CHF 4.1 million. The EBITDA margin rose from 11.4% in the first half of 2015 to 13.3% in the first half of 2016. Net of exchange rate effects, the EBITDA margin for the first half of 2016 was 14.3%.

Strategic projects

Two independent legal entities in Hungary

To achieve clearer attribution and better transparency, Adval Tech will split its subsidiary Adval Tech (Hungary) Kft. into two legally separate companies from the start of 2017. The plastics business will continue under the current name, while the metals business will thenceforth bear the name Styner+Bienz (Hungary) Kft. In addition, Adval Tech will consolidate the production of metal components in Hungary into a new production building with some

5000 square metres of space. The new building, in the immediate vicinity of the plastic components production plant, should be completed in the third quarter of 2017.

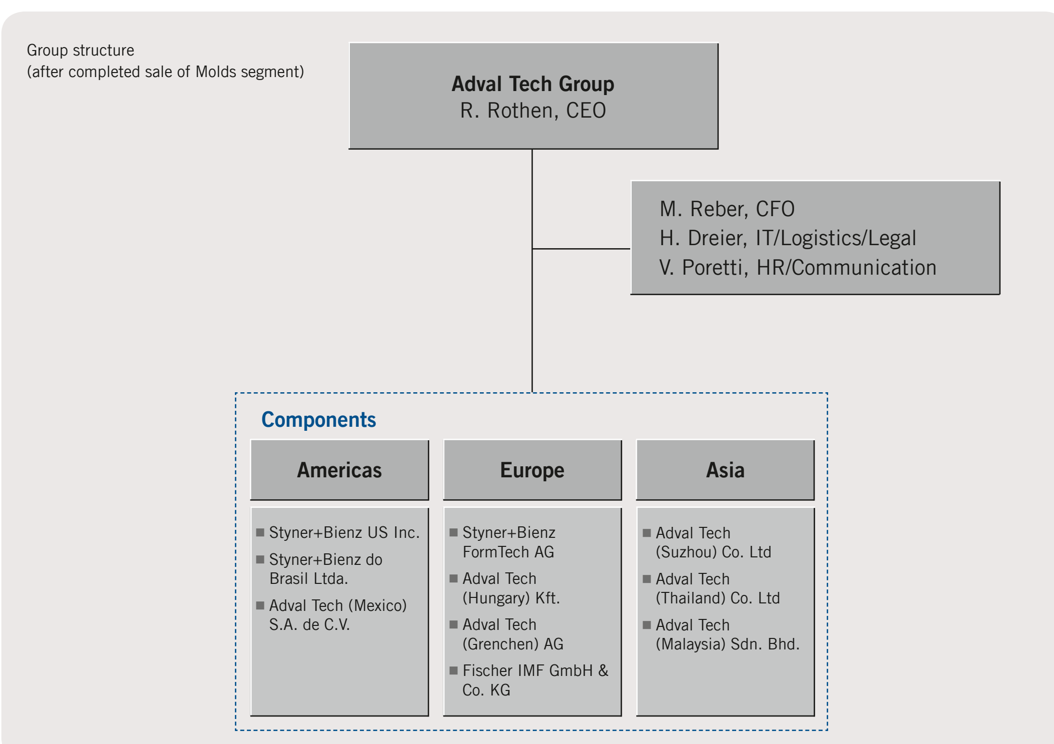
New construction in Endingen, Germany

Adval Tech also plans an expansion of the production building at Fischer IMF in Endingen. Some 10,000 square metres of additional production floor space will be added with the aim of bringing the component production work currently performed in Sasbach to Endingen. Further land remains available in Endingen for Adval Tech's future growth.

Outlook

In light of all the planned new product launches as well as new orders to be booked, Adval Tech generally expects a stronger second half in both the Components and Molds segments. Because of the change in initial circumstances due to the acquisition of Fischer IMF and subsequent integration measures as well as the planned divestment of the Molds segment (FOBOHA) during the third quarter of 2016, however, it is extremely difficult to formulate specific result expectations for the second half at this time.

The Adval Tech Group thanks its customers, suppliers and business associates for the good working relationship and its employees for their hard work.

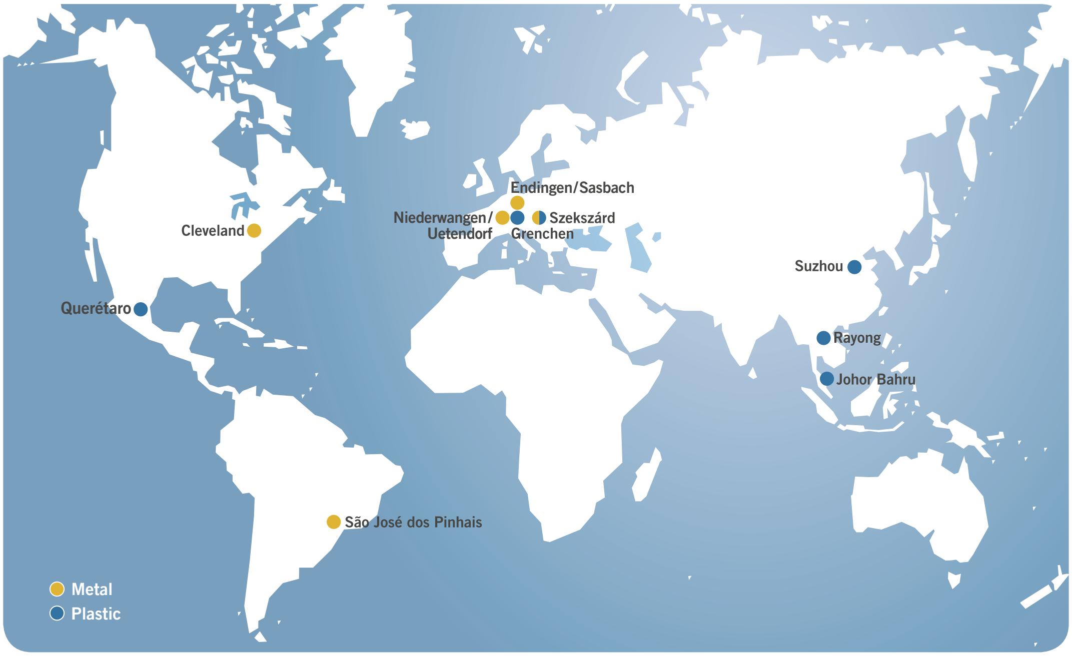


We would also like to thank you, our esteemed shareholders. With your loyalty and trust, you are laying the foundation for a successful future for Adval Tech.

Niederwangen, August 2016

Willy Michel
Präsident des Verwaltungsrates

René Rothen
Chief Executive Officer



		Components	
		Metal	Plastic
Europe	Adval Tech (Grenchen) AG, Grenchen, Switzerland		●
	Adval Tech (Hungary) Kft., Szekszárd, Hungary	●	●
	Fischer IMF GmbH & Co. KG, Endingen und Sasbach, Germany	●	
	Styner+Bienz FormTech AG, Niederwangen und Uetendorf, Switzerland	●	
Asia	Adval Tech (Malaysia) Sdn. Bhd., Johor Bahru, Malaysia		●
	Adval Tech (Suzhou) Co. Ltd, Suzhou, China		●
	Adval Tech (Thailand) Co. Ltd, Rayong, Thailand		●
Americas	Adval Tech (Mexico) S.A. de C.V., Querétaro, Mexico		●
	Styner+Bienz do Brasil Ltda., São José dos Pinhais, Brazil	●	
	Styner+Bienz US Inc., Cleveland, Ohio, USA	●	

KEY SEMI-ANNUAL FIGURES OF THE ADVAL TECH GROUP

CHF million	1st half of 2016	2nd half of 2015	1st half of 2015
Total income			
Group	110.5	113.7	110.6
Components segment	76.5	77.5	75.6
Molds segment	35.3	38.6	35.8
EBITDA			
Operating earnings before depreciation	10.2	13.1	11.3
in % of total income	9.2	11.6	10.2
Components segment	4.5	6.6	5.7
Molds segment	4.7	5.6	4.1
EBIT			
Operating earnings	3.3	5.5	4.3
in % of total income	2.9	4.9	3.9
Net result			
Profit/loss for the period	2.2	3.4	-2.8
in % of total income	2.0	3.0	-2.6
Cash flow and capital expenditure			
Cash flow from operations	7.4	18.4	0.3
Operative free cash flow	4.9	10.1	-5.1
Free cash flow	-9.7	10.1	-5.1
Capital expenditure	-2.3	-6.1	-3.1
Number of employees (full-time equivalents)			
as per balance sheet date	1,766	1,482	1,551
Components segment	1,389	1,096	1,157
Molds segment	364	371	378

SEMI-ANNUAL FINANCIAL STATEMENTS

The unaudited semi-annual financial statements of the Adval Tech Group have been prepared in accordance with the accounting principles published in the 2015 annual report. This semi-annual report reflects the new requirements under Swiss GAAP FER regarding revenue recognition in accordance with the Framework as well as Swiss GAAP FER 3 and 6. The amendment of those principles did not have any effect on presentation in the consolidated balance sheet and income statement. The semi-annual report does not include all the information provided by the consolidated annual financial statements and should therefore be read and interpreted in the context of the 2015 annual report.

CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	**6/30/2016**	**12/31/2015**
Liquid assets		21,257	15,990
Trade accounts receivable	5	44,286	37,587
Other receivables	6	5,999	5,958
Advanced payments to suppliers	7	5,926	1,322
Inventories and work in progress	8	52,079	43,500
Prepaid expenses and accrued income		5,085	2,118
Total current assets		**134,632**	**106,475**
Tangible fixed assets		85,929	76,149
Financial assets	9	6,319	5,926
Intangible assets		8,986	9,700
Assets from employer's contribution reserves	16	799	996
Deferred tax assets		3,208	1,947
Total non-current assets		**105,241**	**94,718**
Total assets		**239,873**	**201,193**
Trade accounts payable	10	20,759	15,840
Short-term interest-bearing liabilities	11	98,431	14,326
Other short-term liabilities	12	32,704	21,799
Prepaid income and accrued expenses	13	20,540	13,457
Short-term provisions		2,415	1,208
Accrued current income taxes		2,320	406
Total short-term liabilities		**177,169**	**67,036**
Long-term interest-bearing liabilities	11	2,976	61,589
Other long-term liabilities		1,665	1,746
Long-term provisions		3,252	3,202
Deferred tax liability		1,471	3,009
Total long-term liabilities		**9,364**	**69,546**
Total liabilities		**186,533**	**136,582**
Share capital		14,600	14,600
Capital reserves		146,809	146,809
Treasury shares		0	-96
Goodwill offset		-67,494	-53,695
Translation differences		-9,917	-10,103
Retained earnings / accumulated losses		-30,658	-32,904
Total shareholders' equity		**53,340**	**64,611**
Total liabilities and shareholders' equity		**239,873**	**201,193**

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

CONSOLIDATED INCOME STATEMENT

CHF 1,000	Notes	1st half of 2016	1st half of 2015
Net turnover	14	**109,075**	**104,794**
Total income	14	**110,521**	**110,607**
Cost of materials and services	15	-43,675	-45,528
Personnel expenses	16	-40,608	-38,199
Other operating expenses		-16,083	-15,622
Operating expenses		**-100,366**	**-99,349**
Operating earnings before depreciation (EBITDA)		**10,155**	**11,258**
Depreciation on tangible fixed assets		-6,144	-6,346
Amortization on intangible fixed assets		-756	-636
Depreciation		**-6,900**	**-6,982**
Operating earnings (EBIT)		**3,255**	**4,276**
Financial income		1,270	2,223
Financial expenses		-2,948	-8,050
Net financial income	17	**-1,678**	**-5,827**
Ordinary result		**1,577**	**-1,551**
Extraordinary result	18	-174	-259
Net result before income taxes		**1,403**	**-1,810**
Income taxes		840	-1,032
Net result after income taxes		**2,243**	**-2,842**
Net result after income taxes per share (CHF) [1)]	19	**3.07**	**-3.89**

[1)] There is no dilutive effect

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

SHAREHOLDERS' EQUITY

1st half of 2015 CHF 1,000	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Ret. earnings acc. losses	Total share-holders' equity
At January 1, 2015	**14,600**	**146,809**	**-99**	**-53,695**	**-5,647**	**-33,504**	**68,464**
Net result after income taxes	0	0	0	0	0	-2,842	-2,842
Translation differences	0	0	0	0	-8,190	0	-8,190
Increase/decrease in share capital	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Purchase/sale of treasury shares	0	0	93	0	0	0	93
At June 30, 2015	**14,600**	**146,809**	**-6**	**-53,695**	**-13,837**	**-36,346**	**57,525**

1st half of 2016 CHF 1,000	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Ret. earnings acc. losses	Total share-holders' equity
At January 1, 2016	**14,600**	**146,809**	**-96**	**-53,695**	**-10,103**	**-32,904**	**64,611**
Net result after income taxes	0	0	0	0	0	2,243	2,243
Translation differences	0	0	0	0	189	0	189
Goodwill offset	0	0	0	-13,799	0	0	-13,799
Increase/decrease in share capital	0	0	0	0	0	0	0
Dividends	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Purchase/sale of treasury shares	0	0	96	0	0	0	96
At June 30, 2016	**14,600**	**146,809**	**0**	**-67,494**	**-9,914**	**-30,661**	**53,340**

The share capital of Adval Tech Holding Ltd is divided into 730,000 registered shares (2015: 730,000) (nominal value CHF 20 each, fully paid up). As at June 30, 2016, the Adval Tech Group held no company shares (June 30, 2015: 38 company shares, December 31, 2015: 638 company shares).

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 2016	1st half of 2015
Net result after income taxes		**2,243**	**-2,842**
Depreciation on tangible fixed assets		6,144	6,346
Amortization on intangible assets		756	636
Increase (+) / decrease (-) in long-term and short-term provisions		-292	-85
Increase (+) / decrease (-) in provision for deferred income taxes (net position)		-2,734	-262
Gain (-) / loss (+) on sales of tangible fixed assets		-18	-9
Other transactions with no impact on liquidity		-34	1,278
Cash flow from operating activities before change in net current assets		*6,065*	*5,062*
Increase (-) / decrease (+) in receivables		-6,457	-3,870
Increase (-) / decrease (+) in inventories		3,593	-2,287
Increase (-) / decrease (+) in prepaid expenses and accrued income		-2,618	-236
Increase (+) / decrease (-) in trade accounts payable		-1,100	-6,174
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		7,925	7,804
Cash flow from operating activities		**7,408**	**299**
Capital expenditure		-2,279	-3,137
Income from sales of tangible fixed assets		36	75
Investments in financial assets		-191	-1,572
Income from sales of financial assets		0	0
Investments in intangible assets		-74	-750
Income from sales of intangible assets		0	0
Net cash outflow from acquisition	2	-14,599	0
Cash used for investing activities		**-17,107**	**-5,384**
Free cash flow		**-9,699**	**-5,085**
Purchase (-) / sale (+) of treasury shares		-28	-52
Increase (+) / decrease (-) in short-term interest-bearing liabilities		14,293	1,588
Increase (+) / decrease (-) in long-term interest-bearing liabilities		611	-133
Cash flow from financing activities		**14,876**	**1,403**
Translation differences		90	-1,239
Changes in liquid assets		**5,267**	**-4,921**
Liquid assets on June 30		21,257	14,237
Liquid assets on January 1		15,990	19,158
Change in liquid assets		5,267	-4,921

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

NOTES

1. SEASONAL INFLUENCES

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

2. CHANGES TO THE SCOPE OF CONSOLIDATION

In the context of the acquisition of Fischer IMF GmbH & Co. KG in Endingen am Kaiserstuhl (Germany) in early April 2016, the following companies were newly included in the Adval Tech Group's scope of consolidation:

- Adval Tech Holding (Germany) GmbH, Endingen am Kaiserstuhl:
  The purpose of the company is to acquire and sell, hold and manage equity interests and properties. Adval Tech Holding (Germany) GmbH acquired the operating property in Endingen and leases it to Fischer IMF GmbH & Co. KG.
- In connection with the acquisition of the shares in Fischer IMF GmbH & Co. KG, Adval Tech Holding AG acquired 100% of the shares in Adval Tech Holding (Germany) GmbH from third parties.
- Fischer IMF GmbH & Co. KG, Endingen am Kaiserstuhl:
  The company manufactures tools for the production of pressed and formed metal parts and produces metal components and modules, in both cases primarily for the automotive market. Its customers include well-known German automotive manufacturers and global automotive suppliers. Fischer IMF GmbH & Co. KG generates total income of around EUR 30 million a year. Adval Tech Holding AG acquired 100% of the shares in Fischer IMF GmbH & Co. KG indirectly through Adval Tech Holding (Germany) GmbH.
- Fischer Verwaltungs GmbH, Endingen am Kaiserstuhl:
  The company is the general partner in Fischer IMF GmbH & Co. KG. Adval Tech Holding AG acquired 100% of the shares in Fischer IMF GmbH & Co. KG indirectly through Adval Tech Holding (Germany) GmbH.

When the semi-annual report was prepared, the opening balance sheet had not yet been completed. The three acquirees were consolidated for the first time using provisional amounts. Once the final amounts are available in the opening balance sheet, the purchase price may need to be adjusted, resulting in a corresponding change to the goodwill. The purchase price includes a performance-related component which is included in other liabilities as a payment obligation at the maximum amount. The acquirees are included in the Components segment.

Adval Tech (Mexico) SA de CV was established in the first half of 2015. Adval Tech Holding AG holds 100% of the shares in this company, either directly or indirectly. Adval Tech (Mexico) SA de CV was founded as part of the relaunch of the business for the automotive market in Mexico and will commence operations as of the second half of 2015. The impact on the interim consolidated results was insignificant.

3. EXCHANGE RATES

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

	Average 1st half of 2015	Average 2nd half of 2015	Average 1st half of 2016
BRL	0.3205	0.2929	0.2658
CNY	0.1547	0.1545	0.1503
EUR	1.0583	1.0680	1.0960
THB	0.0288	0.0281	0.0277
USD	0.9475	0.9623	0.9821

	6/30/2015	12/31/2015	6/30/2016
BRL	0.2957	0.2537	0.2983
CNY	0.1524	0.1527	0.1475
EUR	1.0363	1.0826	1.0864
THB	0.0276	0.0274	0.0278
USD	0.9340	0.9908	0.9802

4. ITEMS WITH MATERIAL ESTIMATES BY MANAGEMENT AND RISKS

Items with material estimates by the management and the principal risks are fundamentally unchanged from the 2015 financial statements. They are listed in notes 1.1 and 2 of the 2015 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.

5. TRADE ACCOUNTS RECEIVABLE

Trade receivables increased by CHF 6.7 million in the first half of 2016. Trade accounts receivable in the Components segment increased by CHF 7.8 million (due primarily to the changes to the scope of consolidation), while in the Molds segment they declined by CHF 1.3 million. Of the trade accounts receivable, CHF 8.1 million was overdue at the reporting date (December 31, 2015: CHF 7.4 million), CHF 2.9 million of it by more than 30 days (December 31, 2015: CHF 3.5 million).

6. OTHER RECEIVABLES

Other receivables increased by CHF 0.04 million in the first half of 2016. They declined by CHF 0.7 million in the Components segment and by CHF 0.1 million in the Molds segment. Other receivables comprise claims arising from services not directly related to operating activities, balances consisting of value added tax and other taxes and balances due from social institutions.

7. ADVANCE PAYMENTS TO SUPPLIERS

Advance payments to suppliers increased by CHF 4.6 million in the first half of 2016. CHF 4.3 million of this figure comes from the Components segment and is related to pre-financing of machine tools in business with customers in the automotive industry.

8. INVENTORIES AND WORK IN PROGRESS

CHF 1,000	6/30/2016	12/31/2015
Merchandise	8,003	7,988
Raw materials	6,809	4,405
Semi-finished and finished goods	21,413	22,502
Work in progress (long-term projects)	23,930	16,157
Work in progress (other projects)	8,700	8,747
Value adjustments	-16,776	-16,299
Total inventories and work in progress	**52,079**	**43,500**

In the first half of 2016 inventories increased by CHF 8.6 million. While inventories in the Components segment were up by CHF 10.2 million due primarily to the inclusion of Fischer IMF GmbH & Co. KG, in the Molds segment they were down by CHF 1.6 million.

9. FINANCIAL ASSETS

Financial assets rose by CHF 0.4 million in the first half of 2016. This rise occurred entirely in the Components segment and relates mainly to production facilities that commenced operations and were paid for by customers under a finance lease arrangement.

10. TRADE ACCOUNTS PAYABLE

Trade accounts payable increased by CHF 4.9 million in the first half of 2016. They originate mainly from the integration of Fischer IMF GmbH & Co. KG in the Components segment.

11. SHORT- AND LONG-TERM INTEREST-BEARING LIABILITIES

Interest-bearing liabilities are as follows:

in 1'000 CHF	30/6/2016	31/12/2015
Short-term interest-bearing liabilities to third parties	71,353	14,058
Short-term interest-bearing liabilities to related parties	26,000	0
Short-term lease liabilities to third parties	1,078	268
Short-term interest-bearing liabilities	**98,431**	**14,326**
Long-term lease liabilities to third parties	2,170	485
Long-term interest-bearing loans – third parties	806	61,104
Long-term interest-bearing liabilities	**2,976**	**61,589**

Third-party interest-bearing long-term loans are based primarily on a syndicate credit agreement concluded in early July 2014 with four banks for a maximum of CHF 75 million. The agreement is subject to covenants. The covenants relate to the following key financial indicators: leverage ratio, minimum equity of the group and minimum available liquidity. As of the balance sheet date, the covenants provided for in the loan agreement had all been met. The agreement provides for repayments of CHF 5 million at the end of 2016 and expires on June 30, 2017. The resulting liabilities are therefore presented as short-term liabilities. A major shareholder of Adval Tech Holding Ltd has granted the syndicate banks a guarantee of CHF 25 million.

Financial liabilities to related parties originate from a loan from a major shareholder for the acquisition of Fischer IMF GmbH & Co. KG and its operating property. The loan was granted without collateral and has an agreed term of twelve months.

12. OTHER SHORT-TERM LIABILITIES

Other short-term liabilities increased by CHF 10.9 million compared with December 31, 2015. While they rose by CHF 12.7 million in the Components segment, in the Molds segment they declined by CHF 1.9 million. Among other items, they include the estimated future payment obligations arising from the acquisition of Fischer IMF GmbH & Co. KG.

13. PREPAID INCOME AND ACCRUED EXPENSES

Accrued expenses and deferred income increased by CHF 7.1 million in the first half of 2016. The increase largely originates from the Components segment. Around a quarter of it relates to the integration of Fischer IMF GmbH & Co. KG.

14. SEGMENT REPORTING

CHF 1,000	Components segment		Molds segment		Other units, eliminations		Total	
	1st half of 2016	1st half of 2015	1st half of 2016	1st half of 2015	1st half of 2016	1st half of 2015	1st half of 2016	1st half of 2015
Net turnover from third parties and related parties	74,304	72,197	34,771	32,597	0	0	109,075	104,794
Total income from third parties and related parties	75,861	75,144	34,603	35,406	57	57	110,521	110,607
Intragroup revenues	677	492	732	437	6,063	6,436	7,472	7,365
Total income	**76,538**	**75,636**	**35,335**	**35,843**	**-1,352**	**-872**	**110,521**	**110,607**
EBITDA	**4,538**	**5,741**	**4,667**	**4,097**	**950**	**1,420**	**10,155**	**11,258**

The level of business in the individual segments is described on page 3.

15. COST OF GOODS SOLD AND THIRD-PARTY SERVICES

The cost of goods sold and third-party services decreased by CHF 1.9 million year on year in the first half of 2016. As a percentage of total income, materials and third-party services were 1.7 percentage points lower than in the first half of 2015 (41.2%) at 39.5% in the first half of 2016.

16. PERSONNEL EXPENSES

Personnel expenses were up by CHF 2.4 million year on year in the first half of 2016. Average headcount rose by 284 full-time equivalents to 1,766 full-time equivalents in the first six months of 2016. While headcount in the Components segment rose by 293 full-time equivalents due to the integration of Fischer IMF GmbH & Co. KG, in the Molds segment it fell by 7 full-time equivalents. Compared with the end of June 2015, headcount at the end of June 2016 was up by a total of 215 full-time equivalents.

In the first half of 2016, one Swiss company (previous year: two companies) paid the employer's contributions for the staff pension scheme from the existing employer's contribution reserves. This explains the decrease in assets from the employer's contribution reserves.

17. FINANCIAL EXPENSES AND FINANCIAL INCOME

CHF 1,000	1st half of 2016	1st half of 2015
Interest earned	283	484
Currency gains	979	1,721
Gains on derivative financial instruments	4	6
Other financial income	4	12
Total financial income	**1,270**	**2,223**
Interest paid	-1,209	-1,198
Currency losses	-1,463	-4,397
Unrealized translation differences	47	-2,035
Losses on derivative financial instruments	-8	-7
Other financial expenses	-315	-413
Total financial expenses	**-2,948**	**-8,050**
Net financial income	**-1,678**	**-5,827**

In the first half of 2016, the net financial result depressed the income statement by CHF 4.1 million less than in the prior-year period.

Translation differences depressed the financial result by a total of CHF 4.3 million less than in the prior-year period.

18. EXTRAORDINARY RESULT

The expenditure reported under this position relates to expenses for the acquisition of Fischer IMF GmbH & Co. KG and for adapting structures to current needs.

19. EARNINGS PER SHARE

The result reported for corporate tax per share was calculated on the basis of the 730,000 outstanding shares. There are no dilution effects.

20. SHARE BASED RENUMERATION

On the basis of the remuneration rules, a proportion of the variable remuneration of the Executive Management for 2015 is paid in shares of Adval Tech Holding AG. 826 registered shares were allocated during the first half of 2016. (Previous year: 757 registered shares for 2014 variable remuneration.)

21. TRANSACTIONS WITH RELATED PARTIES

Persons and companies deemed to be related parties were unchanged in the first half of 2016. The complete list is included in note 37 to the 2015 consolidated financial statements.

The following transactions are material for the semi-annual report:

- CHF 0.4 million in sales was generated with related parties in the first half of 2016 (1H 2015: CHF 1.0 million). This turnover was invoiced by the Molds segment (previous year: around half each by the Components segment and Molds segment).
- As at the balance sheet date June 30, 2016, receivables from related parties totalled CHF 0.5 million (December 31, 2015: CHF 0.0 million), while liabilities toward related parties came to CHF 27.4 million (December 31, 2015: CHF 1.6 million).
- The subordinated loan from a major shareholder drawn down to finance the acquisition of Fischer IMF GmbH & Co. KG and its operating property amounted to CHF 26.0 million at June 30, 2016. The interest paid on it in the first half of the year amounted to CHF 0.1 million. The loan was set up in the second quarter of 2016.
- The Group posted expenses for a guarantee commission of CHF 0.1 million in connection with the syndicated credit guarantee granted by a major shareholder who is also a member of the Board of Directors (see also note 11) (2015: CHF 0.1 million).

22. EVENTS OCCURRING AFTER BALANCE SHEET DATE

Between the reporting date and the release of the 2016 semi-annual financial statements, Adval Tech Immobilien AG based in Niederwangen was established. This occurred in connection with the planned restructuring of the Group's own properties in Switzerland. The aim is to hive off the operating properties into the newly established company and lease them to the production companies. In an initial step, FOBOHA (Switzerland) AG's operating property is to be transferred to the company. The transfer will take place independently of the announced sale of FOBOHA (Switzerland) AG to the Barnes Group.

In early July, Adval Tech Holding AG entered into an agreement with Barnes Group Inc. for the sale of the Molds segment (FOBOHA companies). The companies disposed of generated total income of CHF 74.4 million and EBITDA of CHF 9.7 million in 2015. The selling price was set at CHF 133 million based on enterprise value. The transaction is subject to antitrust approval, which is expected to be received in the second half of 2016. The sale proceeds will be used primarily to repay debt.

23. 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, 2016.

AGENDA

- Results for 2016: End of March, 2017
- Financial statements conference for financial analysts: April 25, 2017
- Publication of the annual report 2016: April 25, 2017
- General meeting of shareholders 2017: May 18, 2017

BRIEF PORTRAIT OF THE ADVAL TECH GROUP

Adding value through innovation – that's what Adval Tech stands for. Adval Tech is the partner of choice – for high-volume components manufactured in metal and plastic. The Group focuses on the automotive market and on related applications. Adval Tech covers the entire value chain as a one-stop-shop, from product development to prototyping, to mold and tool development, and through to component production and assembly.

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