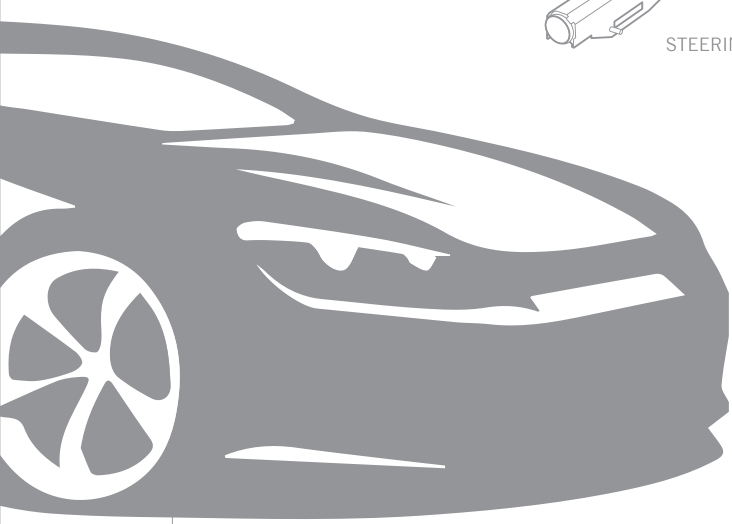
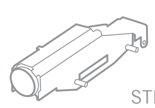
advaltech

SEMI-ANNUAL REPORT

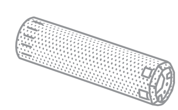
2017

SUCCESSFUL IMPLEMENTATION OF FOCUSING STRATEGY
FIRST-HALF RESULTS ON TRACK
MULTIPLE DIVERSE MARKET SUCCESSES

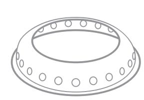




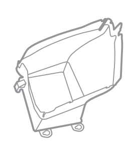
STEERING SYSTEMS



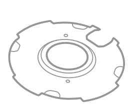
AIRBAG



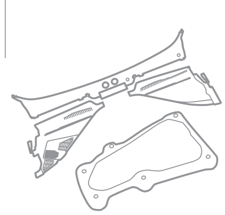
HIGH-PRESSURE FUEL INJECTION PUMPS



AIR FLOW SYSTEMS



BRAKING SYSTEMS



AIR/WATER SEPARATION

DEAR SHAREHOLDERS

In the first half of 2017, the Adval Tech Group systematically pursued its focusing strategy and achieved good results. Since last year's sale of the Molds segment, the Group has been debt-free. There is nothing to prevent the further systematic implementation of the focusing strategy.

In particular, Adval Tech had set itself the following objectives for 2017: to complete the full integration of Fischer IMF, to successfully implement the various relocation projects and to systematically implement all newly acquired projects. Midway through the year, Adval Tech is on track to achieve all of these objectives.

When drawing comparisons with the results for the first half of 2016, it is important to remember that the Group's scope of consolidation has undergone significant changes: firstly, the results of the Molds segment, which has been sold off, are no longer included in 2017 and secondly, the figures for Fischer IMF are fully consolidated in the result for the first half of 2017, whereas in the 2016 first-half results they were only included in the consolidated financial statements from April onwards (i.e. only for three months).

Overall, the Adval Tech Group posted total income of CHF 102.4 million in the first half of 2017 (1H 2016: CHF 110.5 million, of which the Molds segment accounted for CHF 35.3 million) and EBITDA of CHF 9.2 million (1H 2016: CHF 10.2 million, of which the Molds segment accounted for CHF 4.7 million). EBIT came to CHF 4.8 million (1H 2016: CHF 3.3 million) and the net result stood at CHF 3.7 million (1H 2016: CHF 2.2 million). This means that the Adval Tech Group succeeded in virtually maintaining its EBITDA margin (1H 2017: 9.0%; 1H 2016: 9.2%) and improving its EBIT margin (1H 2017: 4.7%; 1H 2016: 2.9%).

Adval Tech was only able to achieve these gratifying first-half results thanks to the measures already introduced in previous years aimed at achieving rigorous cost control, increasing productivity, eliminating duplication and systematic exploitation of synergies.

However, these measures alone are not sufficient to ensure the Group's successful survival in the globalized market environment in the medium to long term. As Adval Tech already announced this spring, the Group will be closing the site in Uetendorf, Switzerland, by the fourth quarter of 2018. This will optimize Adval Tech's location strategy and will establish the preconditions for exploiting additional synergies and for further increasing efficiency. 2017 will be dominated by various relocations at Adval Tech: in Endingen (Germany), preparations are in full swing for the production center for all metal applications involving laser welding technology for the automotive industry. At the same time, slightly less highly automated production processes will move from Uetendorf to Hungary.

In Niederwangen, Adval Tech is focusing on technically sophisticated rotationally symmetric metal components, which are manufactured in high volumes using high-speed presses.

Market successes

In 2016, Adval Tech secured several large orders which will ensure capacity utilization at individual sites for years to come. In the first half of 2017, preparations for the relevant production operations were stepped up at all locations. One example is the global production of a plastic belt buckle to be manufactured in Mexico from the end of 2017 and in China in 2018.

In the plastic components field, the first half of 2017 saw Adval Tech gain a new customer for air flow systems in the form of another automotive manufacturer (OEM) belonging to the VW Group. Production is scheduled to start in Hungary in 2019.

Adval Tech received an order for the production of plastic oil guides from another automotive OEM. Production of these components is also due to start in Hungary in 2019.

In the metal components field, Adval Tech won new orders for the automated manufacture of automotive trims; these will be handled in Endingen between 2018 and 2023. And in Brazil, preparations for the start of production of innovative seat structures and other advanced structural components are in full swing.

Infrastructure projects

In 2017, Adval Tech is investing heavily in infrastructure expansion at several locations; for example, in new presses in Brazil and Germany and in additional injection molding machines in Mexico and expansion of the necessary infrastructure. At the beginning of 2017, Adval Tech split its Hungarian subsidiary Adval Tech (Hungary) Kft. into two legally separate companies. The plastic business will continue under the existing name Adval Tech (Hungary) Kft., while the metal business has been renamed Adval Tech (Hungary) Plant 2 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, was completed in mid-July 2017.

In Endingen, construction of the second production building offering some 10,000 square metres of space is making good progress. The main purpose of the new building is to allow the component production operation based in neighbouring Sasbach to be moved to Endingen. The new building will also house a production centre for all metals applications involving laser welding technology for the automotive industry. The building is due to be handed over at the end of August 2017.

Total income

The total income of the Adval Tech Group consists of the following:

- Net sales of components
- Net sales of associated tools for production of components (including orders accounted for using the PoC method)
- Other revenues (such as proceeds from sale of scrap)

Overall, the Adval Tech Group posted total income of CHF 102.4 million in the first half of 2017 (1H 2016: CHF 110.5 million, of which the Molds segment accounted for CHF 35.3 million). This is CHF 8.1 million less than in the first half of 2016. This difference should be considered in the context of the changed scope of consolidation.

Currency movements had no material impact on the results for the first half of 2017.

The Adval Tech Group achieved most of its sales (72%) in the first half of 2017 with customers in Europe (1H 2016: 66%). Adval Tech generated 12% of sales with Asian customers (1H 2016: 14%), 9% of sales with Latin American customers (1H 2016: 4%) and 6% with customers in North America (1H 2016: 16%). In some countries, notably Thailand, sales are still being affected by the general decline in economic output.

The Swiss subsidiary Styner Bienz FormTech AG – due to be renamed Adval Tech (Switzerland) AG during the current year – posted a gratifying result. It manufactures technically sophisticated rotationally symmetric metal components, which are manufactured in high volumes, at the Niederwangen site and also sells transfer presses as an additional business. Positive performances also came from the Hungarian subsidiary (plastic components for OEMs), Fischer IMF in Germany, which was acquired in April 2016 (metal components for OEMs and suppliers), and Adval Tech Brazil (metal components for OEMs and suppliers).

In Mexico, the increase in order volumes for air deflection elements and air guidance systems noted by Adval Tech (Mexico) S.A. de C.V. in June 2017 points to a positive trend in the second half of the year.

Profitability

The Adval Tech Group was able to improve its profitability in the first half of 2017. It generated operating earnings before interest, taxes, depreciation and amortization (EBITDA) of CHF 9.2 million (1H 2016: CHF 10.2 million, of which CHF 4.7 million from the Molds segment) and earnings before interest and taxes (EBIT) of CHF 4.8 million (1H 2016: CHF 3.3 million). This represents a 45% improvement. The biggest contribution to the operating result came from the companies in Europe and from Adval Tech (Malaysia).

While the EBITDA margin deteriorated only slightly from 9.2% to 9.0%, the EBIT margin improved from 2.9% to 4.7%. This improvement was achieved without the Molds segment which had previously contributed around 40% to the operating result.

Currency movements had no material impact on EBITDA or EBIT.

Net result

The net profit of the Adval Tech Group for the first half of 2017 came to CHF 3.7 million (1H 2016: CHF 2.2 million). This represents an increase of CHF 1.5 million or 63%.

Investments and net current assets

During the first half of 2017, the Adval Tech Group invested CHF 7.3 million in property, plant and equipment (1H 2016: CHF 2.3 million), primarily for the infrastructure projects in the metal business (in particular in Endingen) and the plastic business (in particular in Mexico).

Cash flow from operations before any change in net working capital amounted to CHF 7.6 million in the first half of 2017 (1H 2016: CHF 6.0 million, +CHF 1.6 million). The pre-financing of molds for new orders in the OEM automotive business resulted in a considerable increase in net working capital in the first half of 2017. Subsequently, cash flow from operations amounted to CHF -5.0 million (1H 2016: CHF 7.4 million). Operating free cash flow fell accordingly from CHF 4.9 million in the first half of 2016 to CHF -12.2 million in the first half of 2017.

At the end of June 2017, net working capital (trade accounts receivable, inventories and trade accounts payable) stood at CHF 43.7 million (31 December 2016: CHF 34.9 million). The increase is mainly due to the temporary increase in inventories in connection with mold orders for the automotive OEMs business. As a percentage of total income, operating net working capital decreased from 19.3% at the end of December 2016 to 18.4% at the end of June 2017.

Outlook

Margin pressure on Swiss companies remains a major challenge. The current trend of the Swiss franc could ease this pressure slightly, but this remains uncertain.

As a global industrial partner for top-quality advanced metal and plastic components, Adval Tech directly feels the impact of global economic trends and the uncertainties in various areas. The situation in the Adval Tech Group's main market, the automotive industry, is very heterogeneous at present and it is difficult to predict how it will develop. While Adval Tech can share in some very significant increases in sales of individual brands and models in the OEM business, there is still widespread evidence of caution among direct suppliers (tier 1). Here, Adval Tech's presence mainly comprises safety components, which are used in a wide range of models.

The second half of 2017 will continue to be dominated by the relocation of various production operations within the Adval Tech Group: from Uetendorf (Switzerland) to Endingen (Germany), from Sasbach (Germany) to Endingen, from Uetendorf to Szekszárd (Hungary) and from Plant 1 in Szekszárd to Plant 2. Preparations for the start of production of various new orders in Mexico, Brazil, China and Germany also represent a major challenge for the Group in the second half 2017.

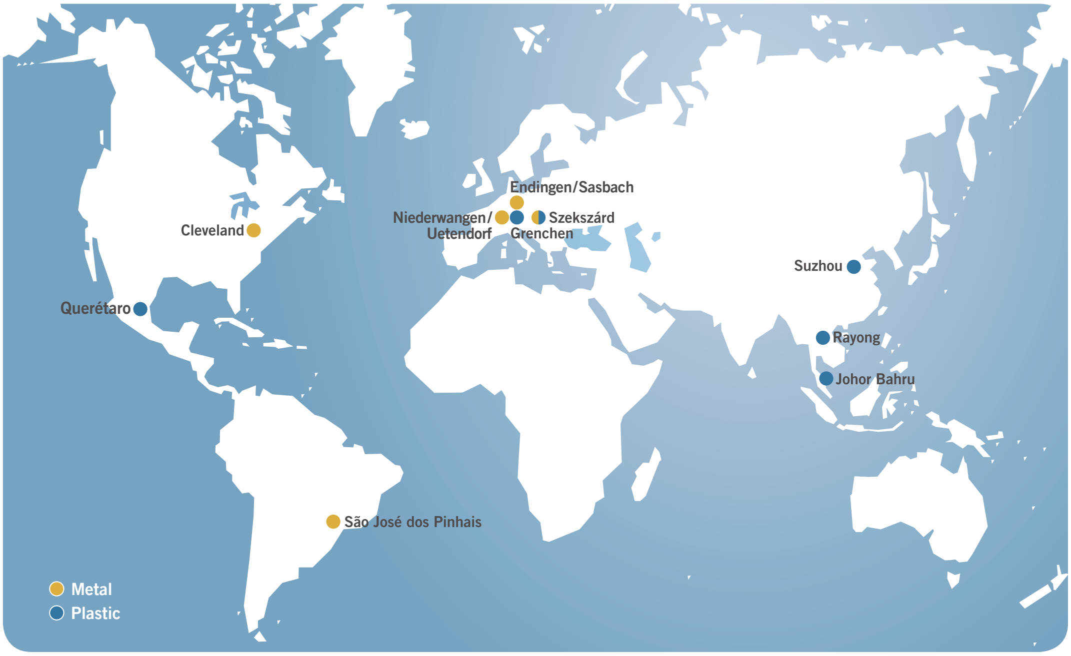
Making specific results predictions for the second half of the year would be subject to considerable uncertainties at the present time. Adval Tech is therefore not going to give an outlook for total income and Group EBIT for the full year 2017.

We would like to thank our customers, suppliers and business partners for the good working relationships we have with them and most especially wish to thank our staff for their hard work. We would also like to thank you, our esteemed shareholders. Your loyalty and trust create the basis for a successful future for the Adval Tech Group.

Niederwangen, August 2017

Willy Michel
Chairman of the Board of Directors

René Rothen
Chief Executive Officer



		Metal	Plastic
Europe	Adval Tech (Grenchen) AG, Grenchen, Switzerland		●
	Adval Tech (Hungary) Kft., Szekszárd, Hungary		●
	Adval Tech (Hungary) Plant 2 Kft., Szekszárd, Hungary	●	
	Fischer IMF GmbH & Co. KG, Endingen and Sasbach, Germany	●	
	Styner+Bienz FormTech AG, Niederwangen and 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 2017	2nd half of 2016	1st half of 2016
Total income			
Group	102.4	116.6	110.5
Components segment	n.a.	n.a.	76.5
Molds segment	n.a.	n.a.	35.3
EBITDA			
Operating earnings before depreciation	9.2	12.2	10.2
in % of total income	9.0	10.5	9.2
Components segment	n.a.	n.a.	4.5
Molds segment	n.a.	n.a.	4.7
EBIT			
Operating earnings	4.8	5.0	3.3
in % of total income	4.7	4.3	2.9
Net result			
Profit for the period	3.7	37.5	2.2
in % of total income	3.6	32.1	2.0
Cash flow and capital expenditure			
Cash flow from operations	-5.0	7.6	7.4
Operative free cash flow	-12.2	2.7	4.9
Free cash flow	-13.3	120.3	-9.7
Capital expenditure	-7.3	-5.3	-2.3
Number of employees (full-time equivalents)			
as per balance sheet date	1,341	1,341	1,766
Components segment	n.a.	n.a.	1,389
Molds segment	n.a.	n.a.	364

When drawing comparisons with the results for the first half of 2016, it is important to remember that the Group's scope of consolidation has undergone significant changes: Firstly, the results of the Molds segment, which has been sold off, are no longer included in 2017 and secondly, the figures for Fischer IMF are fully consolidated in the result for the first half of 2017, whereas in the 2016 first-half results they were only included in the consolidated financial statements from April onwards (i.e. only for three months).

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 2016 annual report. In accordance with SWISS GAAP FER 31, this semi-annual report contains shorter presentations and disclosures in comparison with the consolidated annual financial statements and should therefore be read and interpreted in the context of the 2016 annual report.

CONSOLIDATED BALANCE SHEET

CHF 1,000	Notes	**6/30/2017**	**12/31/2016**
Liquid assets		12,412	53,871
Trade accounts receivable	5	29,867	28,761
Other receivables	6	3,909	6,024
Advanced payments to suppliers	7	3,073	7,641
Inventories and work in progress	8	36,756	23,210
Prepaid expenses and accrued income		1,879	1,414
Total current assets		**87,896**	**120,921**
Tangible fixed assets		64,165	60,329
Financial assets	9	5,085	4,865
Intangible assets		5,283	5,745
Assets from employer’s contribution reserves	16	56	267
Deferred tax assets		1,393	1,427
Total fixed assets		**75,982**	**72,633**
Total assets		**163,878**	**193,554**
Trade accounts payable	10	16,119	14,961
Short-term interest-bearing liabilities	11	4,157	1,550
Other short-term liabilities	12	10,839	16,509
Prepaid income and accrued expenses	13	14,294	15,352
Short-term provisions		4,386	4,567
Accrued current income taxes		387	867
Total short-term liabilities		**50,182**	**53,806**
Long-term interest-bearing liabilities	11	1,202	1,655
Other long-term liabilities		0	0
Long-term provisions		4,477	4,680
Deferred tax liability		178	181
Total long-term liabilities		**5,857**	**6,516**
Total liabilities		**56,039**	**60,322**
Share capital		14,600	14,600
Capital reserves		100,595	130,525
Treasury shares		-26	-190
Goodwill offset		-61,086	-61,598
Translation differences		-2,535	-2,704
Retained earnings		56,291	52,599
Total shareholders’ equity		**107,839**	**133,232**
Total liabilities and shareholders’ equity		**163,878**	**193,554**

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 2017	1st half of 2016
Net turnover	14	**98,063**	**109,075**
Total income	14	**102,398**	**110,521**
Cost of materials and services	15	-50,117	-43,675
Personnel expenses	16	-31,833	-40,608
Other operating expenses		-11,256	-16,083
Operating expenses		**-93,206**	**-100,366**
Operating earnings before depreciation (EBITDA)		**9,192**	**10,155**
Depreciation on tangible fixed assets		-3,879	-6,144
Amortization on intangible fixed assets		-467	-756
Depreciation		**-4,346**	**-6,900**
Operating earnings (EBIT)		**4,846**	**3,255**
Financial income		764	1,270
Financial expenses		-1,043	-2,948
Net financial income	17	**-279**	**-1,678**
Ordinary result		**4,567**	**1,577**
Extraordinary result	18	-423	-174
Net result before income taxes		**4,144**	**1,403**
Income taxes		-484	840
Net result after income taxes		**3,660**	**2,243**
Net result after income taxes per share (CHF) [1)]	19	**5.01**	**3.07**

[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 2016 CHF 1,000	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Ret. earnings acc. losses	Total shareholders' 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**

1st half of 2017 CHF 1,000	Share capital	Capital reserves	Treasury shares	Share of goodwill offset	Translation difference	Ret. earnings acc. losses	Total shareholders' equity
At January 1, 2017	**14,600**	**130,525**	**-190**	**-61,598**	**-2,704**	**52,599**	**133,232**
Net result after income taxes	0	0	0	0	0	3,660	3,660
Translation differences	0	0	0	0	169	0	169
Goodwill offset	0	0	0	512	0	0	512
Increase/decrease in share capital	0	0	0	0	0	0	0
Dividends	0	-29,930	0	0	0	32	-29,898
Transfers	0	0	0	0	0	0	0
Purchase/sale of treasury shares	0	0	164	0	0	0	164
At June 30, 2017	**14,600**	**100,595**	**-26**	**-61,086**	**-2,535**	**56,291**	**107,839**

The share capital of Adval Tech Holding Ltd is divided into 730,000 registered shares (2016: 730,000) (nominal value CHF 20 each, fully paid up). As at June 30, 2016, the Adval Tech Group held 107 company shares (June 30, 2016: no company shares, December 31, 2016: 800 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 2017	1st half of 2016
Net result after income taxes		**3,660**	**2,243**
Scheduled depreciation on tangible fixed assets		3,879	6,144
Scheduled amortization on intangible assets		467	756
Increase (+) / decrease (-) in long-term and short-term provisions		-280	-292
Increase (+) / decrease (-) in provision for deferred income taxes (net position)		-25	-2,734
Gain (-) / loss (+) on sales of tangible fixed assets		-121	-18
Other transactions with no impact on liquidity		24	-34
Cash flow from operating activities before change in net current assets		*7,604*	*6,065*
Increase (-) / decrease (+) in receivables		1,720	-6,457
Increase (-) / decrease (+) in inventories		-11,543	3,593
Increase (-) / decrease (+) in prepaid expenses and accrued income		1,563	-2,618
Increase (+) / decrease (-) in trade accounts payable		1,299	-1,100
Increase (+) / decrease (-) in other short-term liabilities, prepaid income and accrued expenses		-5,615	7,925
Cash flow from operating activities		**-4,972**	**7,408**
Capital expenditure		-7,337	-2,279
Income from sales of tangible fixed assets		120	36
Investments in financial assets		0	-191
Income from sales of financial assets		0	0
Investments in intangible assets		0	-74
Income from sales of intangible assets		0	0
Net cash outflow from investments in financial assets	2	-1,141	-14,599
Net cash inflow from divestments of financial assets	2	57	0
Cash used for investing activities		**-8,301**	**-17,107**
Free cash flow		**-13,273**	**-9,699**
Dividend paid		-29,898	0
Purchase (-) / sale (+) of treasury shares		0	-28
Increase (+) / decrease (-) in short-term interest-bearing liabilities		2,576	14,293
Increase (+) / decrease (-) in long-term interest-bearing liabilities		-477	611
Cash flow from financing activities		**-27,799**	**14,876**
Translation differences		-387	90
Changes in liquid assets		**-41,459**	**5,267**
Liquid assets on June 30		12,412	21,257
Liquid assets on January 1		53,871	15,990
Change in liquid assets		-41,459	5,267

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

The first half of 2017 saw the establishment of Adval Tech (Hungary) Plant 2 Kft. via a hive-off of the metal components business from the existing Adval Tech (Hungary) Kft. All shares in the new company are held directly by Adval Tech Holding AG. In economic terms, this has not resulted in any change in the scope of consolidation.

During the prior-year period, the Adval Tech Group's scope of consolidation changed as follows:

Early April 2016 saw the takeover of Fischer IMF GmbH & Co. KG in Endingen am Kaiserstuhl (Germany). In this context, the following new companies were added to 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 Verwaltungs GmbH indirectly through Adval Tech Holding (Germany) GmbH.

When the semi-annual report 2016 was prepared, the opening balance sheet had not yet been completed. The three acquirees were consolidated for the first time using provisional amounts.

The adjustment of the opening balance sheet was completed in the first half of 2017. This resulted in a reduction in goodwill of CHF 0.5 million. As the goodwill arising from this transaction was offset with equity, the result is an increase in equity with no effect on the income statement.

3. EXCHANGE RATES

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

	Average 1st half of 2016	Average 2nd half of 2016	Average 1st half of 2017
BRL	0.2658	0.2840	0.3133
CNY	0.1503	0.1483	0.1447
EUR	1.0960	1.0901	1.0765
THB	0.0277	0.0279	0.0287
USD	0.9821	0.9850	0.9948

	6/30/2016	12/31/2016	6/30/2017
BRL	0.2983	0.3133	0.2910
CNY	0.1475	0.1474	0.1412
EUR	1.0864	1.0718	1.0929
THB	0.0278	0.0285	0.0282
USD	0.9802	1.0252	0.9578

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 2016 financial statements. They are listed in notes 1.1 and 2 of the 2016 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 1.1 million in the first half of 2017. Of the trade accounts receivable, CHF 5.9 million was overdue at the reporting date (December 31, 2016: CHF 4.4 million), CHF 1.5 million of it by more than 30 days (December 31, 2016: CHF 1.4 million).

6. OTHER RECEIVABLES

Other receivables decreased by CHF 2.1 million in the first half of 2017. 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 decreased by CHF 4.5 million in the first half of 2017. They are related to pre-financing of machine tools.

8. INVENTORIES AND WORK IN PROGRESS

CHF 1,000	6/30/2017	12/31/2016
Trading goods	246	878
Raw material	8,168	5,769
Semi-finished and finished goods	17,512	15,917
Work in progress long-term orders	19,168	8,996
Work in progress other orders	3,001	2,248
Provisions	-11,339	-10,598
Total inventories and work in progress	**36,756**	**23,210**

In the first half of 2017 inventories increased by CHF 13.5 million. This increase is mainly due to the increase in work in progress on long-term orders arising from tool projects for new orders from automotive OEMs.

9. FINANCIAL ASSETS

Financial assets rose by CHF 0.2 million in the first half of 2017. This rise 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 1.2 million in the first half of 2017.

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

Interest-bearing liabilities are as follows:

CHF 1,000	30/6/2017	31/12/2016
Short-term interest-bearing liabilities to third parties	3,118	503
Short-term leasing liabilities to third parties	1,039	1,047
Short-term interest-bearing liabilities	**4,157**	**1,550**
Long-term lease liabilities to third parties	1,202	1,655
Long-term interest-bearing loans – third parties	0	0
Long-term interest-bearing liabilities	**1,202**	**1,655**

The short-term interest-bearing liabilities are current account overdrafts with banks. These are covered by liquid assets of CHF 12.4 million (gross).

12. OTHER SHORT-TERM LIABILITIES

Other short-term liabilities decreased by CHF 5.7 million compared with December 31, 2016.

13. PREPAID INCOME AND ACCRUED EXPENSES

Accrued expenses and deferred income decreased by CHF 1.1 million in the first half of 2017.

14. SEGMENT REPORTING / TURNOVER BY GEOGRAPHICAL MARKETS

Under the new strategy, the Adval Tech Group is focusing on the components business. The companies in the Molds segment were sold as of 31 August 2016. This means that segmentation by business areas is no longer meaningful. We are therefore presenting net turnover by regions.

The resulting breakdown is as follows:

CHF 1,000		1st half of 2017		1st half of 2016
Net turnover	**98,063**	**100%**	**109,075**	**100%**
Europe	70,447	72%	71,564	66%
– of which Switzerland	4,256	4%	10,099	9%
– of which Germany	50,126	51%	41,081	38%
– of which France	4,650	5%	5,246	5%
Asia	12,132	12%	15,392	14%
– of which China	6,810	7%	9,079	8%
North America	6,224	6%	17,359	16%
Latin America	8,531	9%	4,019	4%
Australia and Oceania	228	0%	236	0%
Africa	501	1%	505	0%

15. COST OF MATERIALS AND SERVICES

The cost of goods sold and third-party services increased by CHF 6.4 million year on year in the first half of 2017. As a percentage of total income, materials and third-party services were 9.3 percentage points higher than in the first half of 2016 (39.5%) at 48.8% in the first half of 2017.

16. PERSONNEL EXPENSES

Personnel expenses were down by CHF 8.8 million year on year in the first half of 2017. At the end of the first half of 2017, headcount came to 1,341 full-time positions, the same as at the end of 2016. Compared with 30 June 2016, headcount declined by 425 FTEs.

In the first half of 2017, one Swiss company (previous year: one company) 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 2017	1st half of 2016
Interest earned	251	283
Currency gains	499	979
Gains on derivative financial instruments	14	4
Other financial income	0	4
Total financial income	**764**	**1,270**
Interest paid	-126	-1,209
Currency losses	-692	-1,463
Unrealized translation differences	-8	47
Losses on derivative financial instruments	-7	-8
Other financial expenses	-210	-315
Total financial expenses	**-1,043**	**-2,948**
Financial result	**-279**	**-1,678**

In the first half of 2017, the net financial result depressed the income statement by CHF 1.4 million less than in the prior-year period.

Translation differences depressed the financial result by a total of CHF 0.2 million less than in the prior-year period.

18. EXTRAORDINARY RESULT

CHF 1,000	1st half of 2017	1st half of 2016
Restructuring measures	-825	-77
Result from the sale of investments	449	-71
Other extraordinary expenses	-47	-26
Extraordinary result	**-423**	**-174**
Non-operating result	**0**	**0**
Total extraordinary result	**-423**	**-174**

The extraordinary result for the first half of 2017 is characterized by the following events:

- After reaching agreement with the buyers on the starting balance sheet for the FOBOHA companies sold at the end of August 2016, it was possible to release a provision totalling CHF 0.8 million.
- For the restructuring of the company in Thailand and possible additional warranties in connection with the sale of the FOBOHA companies, the provisions had to be increased/formed. This reduces the result by a total of CHF 1.0 million.

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 2016 is paid in shares of Adval Tech Holding AG. 693 registered shares were allocated during the first half of 2017. (Previous year: 826 registered shares for 2015 variable remuneration.)

21. TRANSACTIONS WITH RELATED PARTIES

Persons and companies deemed to be related parties were unchanged in the first half of 2017. The complete list is included in note 37 to the 2016 consolidated financial statements.

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

- CHF 0.2 million in sales was generated with related parties in the first half of 2017 (1H 2016: CHF 0.4 million).
- As at the balance sheet date June 30, 2017, receivables from related parties totalled CHF 0.3 million (December 31, 2016: CHF 0.3 million), while liabilities toward related parties came to CHF 0.0 million (December 31, 2016: CHF 0.0 million).

22. EVENTS OCCURRING AFTER BALANCE SHEET DATE

At the time of the release of the semi-annual financial statements for publication, there were no events that significantly affect the assets, income or financial position of the Adval Tech Group.

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 24, 2017.

AGENDA

- Results for 2017: End of March 2018
- Financial statements conference for financial analysts: April 24, 2018
- Publication of the annual report 2017: April 24, 2018
- General meeting of shareholders: May 17, 2018

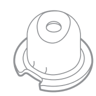
BRIEF PORTRAIT OF THE ADVAL TECH GROUP

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.

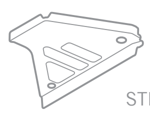
Adval Tech Holding AG
Investor Relations
CH-3172 Niederwangen
Phone +41 31 980 84 44
Fax +41 31 980 82 60
info@advaltech.com
www.advaltech.com

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

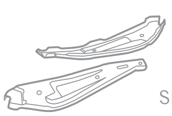
ROOF RACK SYSTEMS



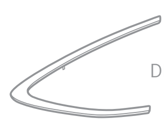
COMMON RAIL



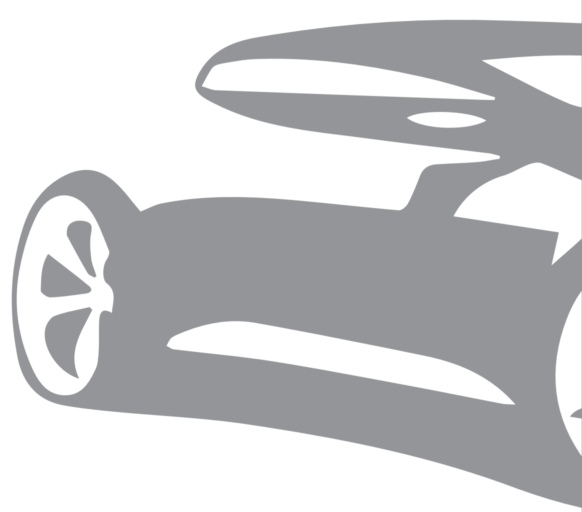
STRUCTURAL ELEMENTS

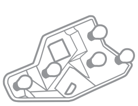


SEAT SYSTEMS/INTERIOR

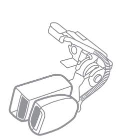


DECOR PARTS

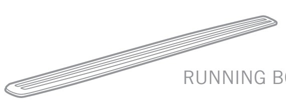




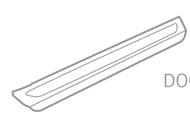
LIGHTING SYSTEMS



SAFETY BELT



RUNNING BOARD SYSTEMS



DOOR SILL PLATES