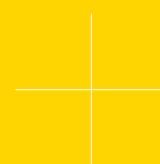
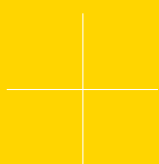
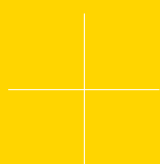
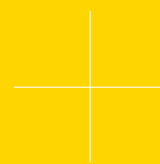
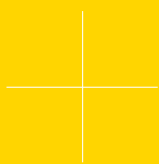
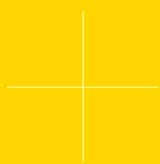


## THE FIRST HALF OF 2009

GLOBAL FINANCIAL CRISIS LEFT CLEAR TRACES  
SALES DECLINED STEEPLY IN ALL KEY MARKETS  
SIGNS OF REVERSAL IN THE SECOND QUARTER OF 2009



## DEAR SHAREHOLDERS:

**The impact of the global financial crisis on the real economy left clear traces on the Adval Tech Group's semi-annual results. Sales declined steeply in all three key markets, most severely in the automotive component supply business, which is very important for us. The slump in the market in the fourth quarter of 2008 actually intensified in the first quarter of 2009. Nor have the components business in the consumer goods market or the molds business for the medical and consumer goods industry escaped the effects of the global recession. Despite taking action early, we were unable to adjust our structures adequately to the new demand situation. However, there were signs of a reversal in the trend in the second quarter of 2009, due to higher sales in some market segments and the positive effects of the economy measures already taken.**

Total income of CHF 143.6 million reported by the Adval Tech Group was 36% lower than in the first half of 2008 (CHF 225.8 million) and 25% below the figure for the second half of 2008 (CHF 190.7 million). Operating earnings before depreciation (EBITDA) were also substantially lower at CHF 3.6 million (CHF 18.7 million in the first half of 2008, CHF 7.6 million in the second half of 2008). At the EBIT level the group had to record a substantial loss of CHF 9.5 million for the first half of 2009 (CHF +4.7 million in the first half of 2008, CHF -6.0 million in the second half of 2008). Net profit in the first half of 2009 amounted to CHF -13.4 million (CHF +0.5 in the first half of 2008, CHF -9.7 million in the second half of 2008).

Various actions prevented even greater losses. For example, we significantly reduced personnel expenses by downsizing the workforce – from the highest number of 3 488 full-time units at the end of August 2008 to 2 643 full-time units at the end of June 2009 – introducing short-time working and other measures. The reduction in the workforce affected the plants in China, Hungary and Brazil in particular. However, we also had to reduce employee

numbers in Switzerland by a total of 171. We will have to continue the reduction in personnel numbers in the second half – albeit to a smaller extent. We have also imposed a de facto embargo on capital spending. In the first half of 2009 investments in tangible fixed assets amounted to CHF 6.5 million, of which CHF 6.1 million were attributable to orders placed in the previous year.

The restructuring of moldmaking operations in Muri mandated in autumn 2008 was implemented as planned. The trend in the relevant markets in the first half of 2009, especially for the optical discs, now calls for further structural adjustments, which are to be implemented in the second half. Systematic economies are the order of the day throughout the group, as reflected in the group's significantly lower "other operating expenses".

As a result of more systematic dunning, lower minimum inventories and negotiations with our suppliers on terms and conditions of payment, we succeeded in significantly reducing resources tied up in net working capital in terms of absolute figures, but not as a percentage of total income.

### **Strategy implementation**

With the completion of the acquisition of OMNI Industries Pte. Ltd at the beginning of 2008 we achieved an important strategic target earlier than expected: the global presence with our own marketing and sales organizations and manufacturing facilities in Europe, Asia and America that is so important for our major strategic customers. As a further step in the implementation of our strategy and in the context of the integration of the OMNI Group, we adapted the organization to our strategic focus on our main markets in the automotive, medical technology and consumer goods sectors at the beginning of April 2009. Reporting by Adval Tech is now organized in two corporate segments – Automotive and Medical & Consumer Goods. In the Automotive Segment we focus on the components business. The segment corresponds to the division

of the same name, in which all activities for the automotive component supply market are combined, regardless of whether metal, plastic or composite components are produced. The previous Stamping and Forming Division (Styner+Bienz, QSCH) forms the Automotive Division together with AWM Plast Tech Ltd.

The Medical & Consumer Goods Segment comprises three divisions – Medical (Teuscher), Consumer Goods (OMNI) and Molding Technology (FOBOHA, AWM, OMNI) – aggregated in conformity with IFRS 8. Key markets in the Medical & Consumer Goods Segment are served on the basis of an integrated business model incorporating both the development and manufacture of molds and the production of plastic components. At the same time, separation into three divisions enables a market-specific focus to be adopted for the medical and consumer goods sectors and a technology-oriented focus for the molding technology sector. The activities of the three divisions are closely coordinated under the guidance of the CEO.

With a group-wide Human Resources strategy we aim to develop our employees and attract qualified prospective managers, technology specialists and leaders to join us. This is especially important in these economically difficult times. The training and further development needs of existing senior management have been ascertained through assessments and initial individual training programs commenced at mid-year. In the second half of the year we will now identify and assess potential future executives in the group. We will then also draw up individual training and development programs for these employees.

In order to secure the availability of medium- and long-term liquidity the agreement concluded with our consortium of banks in January 2008 for a revolving credit facility of up to CHF 135 million was restated to the profit trend in relation to the level of business activity.

### Automotive Segment

Total income of CHF 61.4 million at the Automotive Segment in the first six months was much lower than the previous year's figure of CHF 112.5 million (-45%) and the CHF 94.2 million reported in the second half of 2008 (-35%). EBITDA deteriorated from CHF 9.6 million in the first half of 2008 and CHF 3.7 million in the second half of 2008 to CHF -4.0 million. EBIT amounted to CHF -9.1 million (CHF +4.3 million in the first half of 2008, CHF -1.5 million in the second half of 2008).

The dramatic slump in sales of the Automotive Segment's main applications (steering systems, airbags, ABS and automobile lamps) reflects the overall market trend and the destocking process in the automotive industry. Depending on application and customer, we suffered declines in sales of 20% to 80%. While we were somewhat less severely affected in applications for European vehicles, and even made gains with some smaller models (due to scrapping incentives) and certain successful automobiles, production for other vehicles came almost to a standstill.

Adjusting structures to market conditions is especially important at the present stage; this has to be done fast, but also flexibly. At the same time it is vital in our markets to press ahead resolutely with activities to cultivate markets and innovation that will secure our future. We scored a number of successes in this respect in the first half of 2009. We received project assignments from various strategic customers in our key segments of ABS, seats, steering systems and taillights. Development work is now starting. These new contracts will have an impact on sales in the course of 2010, when production commences in Switzerland, Hungary and Brazil.

In light of the increasing electrification of vehicles, we regard the market for so-called pole housings as especially promising. These are required for electric drives in vehicles, e.g. for windows, seats, steering systems and brakes. We are excellently placed to

penetrate this market by virtue of the technological leadership that we have attained through many years of experience with high-speed systems used in stamping and forming, and because we can supply components and technology globally from a single source. We therefore also pressed ahead with the development of a powerful, flexible and efficient manufacturing concept for this market in the first half of 2009. We aim to implement the relevant innovation first of all for two strategic customers who are market leaders in their segments. Their initial reactions are promising. We expect to book sales in this sector as of 2011.

In the context of the reorganization of operations we have integrated AWM Plast Tech Ltd, which principally manufactures plastics components for the automotive industry, in our Automotive Segment. We have also completely restructured the Merenschwand facility and relinquished many small orders outside of our target market. This enables us to relocate to our own premises additional storage space which has previously been rented elsewhere. At the same time the first two OEM projects in the shape of windshild cover and sill plate components went into production.

Two complementary businesses have also been allocated to the Automotive Segment: high-performance tools and systems for stamping and forming as well as non-tool-dependent sheet metal working (e.g. for coffee-making machines used in restaurants). Both businesses have also suffered very heavily from the slump in economic activity. For example, we have had to reduce output of coffee machine housings from 500 to 100 units weekly.

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

Total income of CHF 85.1 million for the first six months in the Medical & Consumer Goods Segment was far below the previous year's figure of CHF 116.2 million (-27%). The decline compared with the second half of 2008 (CHF 97.2 million) was not quite so pronounced (-12%). EBITDA deteriorated

from CHF 8.1 million in the first half of 2008 to CHF 3.5 million in the second half of 2008 and improved again to CHF 6.3 million in the first half of 2009. EBIT amounted to CHF -1.3 million (CHF -0.2 million in the first half of 2008, CHF -4.7 million in the second half of 2008). It should be borne in mind here that costs of some CHF 8 million had been charged to the segment's income in the second half of 2008 for restructuring moldmaking operations in Muri.

#### **Medical technology**

The extreme reduction in inventories by our main customer in the medical technology market – from 3-4 months to 4 weeks – had a negative impact on total income in the first six months. However, encouraging progress was made on three promising projects, all of which call for assembly in clean room conditions in addition to injection molding. These projects are currently in the industrialization phase, i.e. the molds are in production. Manufacturing will commence toward the end of 2009 or in the course of 2010, and all three projects will make substantial contributions to planned sales growth as of 2011.

During the first half of 2009 the opportunity arose to take a long-term lease on neighboring premises for the expansion of the Grenchen facility. We have therefore postponed the planned new building project. By renting the neighboring premises we can achieve the continuous growth we are seeking for a considerably lower investment outlay. The new infrastructure is also available much more quickly.

Many multinational medical technology groups have recently set up new production lines in China. They aim to seize their opportunities in this growth market, exploit the cost advantage of manufacturing in China and gain market share in Asia. With the medical technology know-how of Teuscher, the die and moldmaking technology of FOBOHA and AWM as well as OMNI's established presence in Asia we are excellently placed to establish ourselves as suppliers in this market. The Singapore Industrial Park

in Suzhou has established itself as the prime location for the medical technology sector. We will also concentrate our medical technology activities focusing on Asia in this park and move into a 3000 m<sup>2</sup> building in autumn this year in addition to our existing site in Suzhou.

### Consumer Goods

Our group's consumer goods business consists essentially of OMNI's components business in Asia and Mexico. Both locations produce primarily consumer goods components for end users in the USA: the general slump in demand on the American market therefore had a severe impact on our sales in the first half of 2009 (about -40%). Sales of components for satellite TV receivers developed contrary to the overall trend. We believe that changes in the travel and entertainment habits of certain segments of the population have had a positive influence on demand. We secured new orders to manufacture antenna and housing components for PDAs in China. On the other hand, we discontinued the production of housings for gaming consoles at our plant in Suzhou. We also received new production orders for household appliance components at our plants in Thailand and Mexico, also acquiring prominent new customers in the process.

We have been named strategic supplier by a large manufacturer of ATMs. We are expecting initial orders to manufacture components for cash boxes, keypads and displays. Some of these orders include both the manufacture of injection molds and volume production at our plants in China and Malaysia.

The transfer of entire production orders including molds is more common in the consumer goods business than in our other target markets. Transfer orders therefore have a more rapid impact on sales and profits. We are exploiting rewarding opportunities here to generate additional sales revenues in the near term and utilize available capacity more effectively.

### Molding Technology

Overall sales of injection molds were also sharply lower. The market situation for the Muri facility (AWM Mold Tech Ltd, Switzerland) continued to deteriorate in the first half of 2009. Business with new molds for optical discs (OD) has virtually collapsed, and the associated spare parts business is also far short of expectations. Nor is there any sign of a recovery in demand in the thin-wall food packaging sector. Promising new developments – such as the injection molding of plastics with barrier properties or of degradable plastics – have not yet become established in any major markets. Sales have increased significantly only in medical technology, especially in the context of our in-house components business.

The Haslach facility (FOBOHA GmbH, Germany) also had to contend with the difficult market situation and already reported weak order intake in the second half of 2008, which resulted in correspondingly low utilization of production capacity in the first quarter of 2009. Order intake improved significantly in the first half of 2009. Prototype molds for two large-scale contracts in the consumer goods sector were also ordered in this context. Orders for the production molds are expected in the next few weeks. This will further improve capacity utilization as of the third quarter of 2009. Various interesting innovation projects are also in preparation for 2010.

The development of moldmaking operations in Suzhou (China) has been extremely encouraging. Launched on a greenfield site at the beginning of 2008, the OMNI Tech Center is now already presenting itself as a trailblazing moldmaking center for Asia – a successful example of the multiplication of know-how adapted from Europe. This was made possible by technical support from FOBOHA, combined with the mutual exchange of personnel.

### Outlook

It is not yet clear how the ongoing global financial crisis will continue to affect the real economy. Market conditions improved in the second quarter

compared to the first three months of this year, and we can detect positive signs in certain market segments. Visibility has improved compared with the months from October 2008 through March 2009, but it is still too early to speak of a stable trend. A sustained recovery is not yet in sight.

The focus remains on flexible adjustment of our structures to prevailing market conditions, securing liquidity and pressing ahead with activities in cultivating markets and in innovation to secure our future. The action already taken is having an impact and further moves are at the planning and implementation stage.

On this basis we expect an improvement in total income and operating earnings in the second half of 2009 compared with the first six months. However, results for the 2009 financial year as a whole will be considerably worse than in the previous year.

Niederwangen, end of August 2009

Walter Gruebler  
Chairman of the Board

Jean-Claude Philipona  
Chief Executive Officer

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

CHF million	1 <sup>st</sup> half of 2009	2 <sup>nd</sup> half of 2008	1 <sup>st</sup> half of 2008 restated
<b>Total income</b>	<b>143.6</b>	<b>190.7</b>	<b>225.8</b>
– Automotive	61.4	94.2	112.5
– Medical & Consumer Goods	85.1	97.2	116.2
<b>Operating earnings before depreciation (EBITDA)</b>	<b>3.6</b>	<b>7.6</b>	<b>18.7</b>
– in % of total income	2.5	4.0	8.3
– Automotive	-4.0	3.7	9.6
– Medical & Consumer Goods	6.3	3.5	8.1
<b>Operating earnings (EBIT)</b>	<b>-9.5</b>	<b>-6.0</b>	<b>4.7</b>
– in % of total income	-6.6	-3.2	2.1
– Automotive	-9.1	-1.5	4.3
– Medical & Consumer Goods	-1.3	-4.7	-0.2
<b>Net result</b>	<b>-13.4</b>	<b>-9.7</b>	<b>0.5</b>
– in % of total income	-9.4	-5.1	0.2
<b>Cash provided by operating activities</b>	<b>-6.0</b>	<b>18.0</b>	<b>1.9</b>
Operative free cash flow	-13.7	6.6	-6.2
Free cash flow	-13.7	6.6	-65.1
<b>Capital expenditure</b>	<b>6.5</b>	<b>12.2</b>	<b>13.9</b>
– Automotive	5.2	8.6	7.0
– Medical & Consumer Goods	1.1	3.3	6.6
<b>Number of employees (full-time units)</b>	<b>2,643</b>	<b>2,838</b>	<b>3,332</b>
– Automotive	824	877	976
– Medical & Consumer Goods	1,809	1,951	2,347

# SEMI-ANNUAL FINANCIAL STATEMENTS OF THE ADVAL

The semi-annual financial statements of the Adval Tech Group have been drawn up in condensed form in conformity with the accounting principles published in the financial reports for the 2008 financial year and IAS 34.

## CONSOLIDATED BALANCE SHEET

CHF 1000	Notes	6/30/2009	12/31/2008
Liquid assets		23,141	31,829
Trade accounts receivable	5	48,336	46,933
Other receivables	6	13,727	15,958
Inventories and work in progress	7	55,613	62,806
Prepaid expenses and accrued income		4,662	2,599
<b>Total current assets</b>		<b>145,479</b>	<b>160,125</b>
Tangible fixed assets		167,552	170,525
Financial assets		2,520	928
Intangible assets	4	76,159	74,436
Pension assets		592	733
Deferred tax assets		3,007	3,066
<b>Total fixed assets</b>		<b>249,830</b>	<b>249,688</b>
<b>Total assets</b>		<b>395,309</b>	<b>409,813</b>
Trade accounts payable	8	26,939	33,128
Short-term interest-bearing liabilities	11	118,514	4,343
Other short-term liabilities	10	18,996	17,486
Accrued expenses	9	23,501	18,022
Short-term provisions		2,388	3,607
Accrued current income taxes		897	2,135
<b>Total short-term liabilities</b>		<b>191,235</b>	<b>78,721</b>
Long-term interest-bearing liabilities	11	711	110,095
Other long-term liabilities		0	10,386
Long-term provisions		3,401	3,629
Deferred tax liability		9,650	8,875
<b>Total long-term liabilities</b>		<b>13,762</b>	<b>132,985</b>
<b>Total liabilities</b>		<b>204,997</b>	<b>211,706</b>
Share capital		14,600	14,600
Capital reserves		146,799	146,799
Treasury stock		-141	-145
Translation differences		-9,909	-15,555
Retained earnings		38,963	52,408
<b>Total shareholders' equity</b>		<b>190,312</b>	<b>198,107</b>
<b>Total liabilities and shareholders' equity</b>		<b>395,309</b>	<b>409,813</b>

CONSOLIDATED INCOME STATEMENT

CHF 1000	Notes	1 <sup>st</sup> half of 2009	1 <sup>st</sup> half of 2008 restated
<b>Net turnover</b>	12	<b>145,398</b>	<b>217,402</b>
<b>Total income</b>	12	<b>143,646</b>	<b>225,774</b>
Cost of materials and services		-59,359	-99,397
Personnel expenses		-55,028	-70,697
Other operating expenses		-25,623	-36,971
<b>Operating expenses</b>		<b>-140,010</b>	<b>-207,065</b>
<b>Operating earnings before depreciation (EBITDA)</b>	12	<b>3,636</b>	<b>18,709</b>
Depreciation		-13,127	-13,979
<b>Operating earnings (EBIT)</b>	12	<b>-9,491</b>	<b>4,730</b>
Net financial income	13	-2,443	-4,107
<b>Net result before taxes</b>		<b>-11,934</b>	<b>623</b>
Taxes		-1,507	-114
<b>Net result after taxes</b>		<b>-13,441</b>	<b>509</b>
<b>Earnings per share (adjusted)</b>			
– Non-diluted earnings per share (in CHF)		-18.42	1.08
– Diluted earnings per share (in CHF)		-18.42	1.08

## PROFITS AND LOSSES POSTED TO SHAREHOLDERS' EQUITY

CHF 1000	1 <sup>st</sup> half of 2009	1 <sup>st</sup> half of 2008 restated
Net result after tax	-13,441	509
Profits/losses posted to shareholders' equity		
– price differences arising from the net investment approach	-3,274	-4,467
– currency hedging for the OMNI acquisition	0	1,401
– currency translation differences arising from balance sheet items	8,920	-10,959
<b>Total net result</b>	<b>-7,795</b>	<b>-13,516</b>

## SHAREHOLDERS, EQUITY

1 <sup>st</sup> half of 2008 restated CHF 1000	Share capital	Capital reserves	Treasury stock	Hedging	Translation differences	Retained earnings	Total shareholders' equity
<b>At January 1, 2008</b>	<b>7,300</b>	<b>57,324</b>	<b>-72</b>	<b>-1,401</b>	<b>1,897</b>	<b>64,192</b>	<b>129,240</b>
Net result after tax						509	509
Profits/losses posted to shareholders' equity				1,401	-15,426		-14,025
<i>Net result</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>1,401</i>	<i>-15,426</i>	<i>509</i>	<i>-13,516</i>
Increase of share capital	7,300	89,156					96,456
Dividends						-2,555	-2,555
Purchase/sale of treasury stock			-67				-67
<b>At June 30, 2008</b>	<b>14,600</b>	<b>146,480</b>	<b>-139</b>	<b>0</b>	<b>-13,529</b>	<b>62,146</b>	<b>209,558</b>
<b>1<sup>st</sup> half of 2009 CHF 1000</b>	<b>Share capital</b>	<b>Capital reserves</b>	<b>Treasury stock</b>	<b>Hedging</b>	<b>Translation differences</b>	<b>Retained earnings</b>	<b>Total shareholders' equity</b>
<b>At January 1, 2009</b>	<b>14,600</b>	<b>146,799</b>	<b>-145</b>	<b>0</b>	<b>-15,555</b>	<b>52,408</b>	<b>198,107</b>
Net result after tax						-13,441	-13,441
Profits/losses posted to shareholders' equity					5,646		5,646
<i>Net result</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,646</i>	<i>-13,441</i>	<i>-7,795</i>
Purchase/sale of treasury stock			4			-4	0
<b>At June 30, 2009</b>	<b>14,600</b>	<b>146,799</b>	<b>-141</b>	<b>0</b>	<b>-9,909</b>	<b>38,963</b>	<b>190,312</b>

At the Annual General Meeting of Adval Tech Holding Ltd held on May 14, 2009, shareholders adopted a motion to make no dividend payment for the 2008 financial year.

CONSOLIDATED CASH FLOW STATEMENT

CHF 1000	Notes	1 <sup>st</sup> half of 2009	1 <sup>st</sup> half of 2008 restated
<b>Net result after taxes</b>		<b>-13,441</b>	<b>509</b>
Depreciation on tangible fixed assets		12,633	13,161
Depreciation on financial assets and intangible assets		494	818
Increase- (+)/decrease (-) in short-/long-term provisions		-1,456	1,585
Increase- (+)/decrease (-) in provision for deferred taxes		916	-1,605
Gain (-)/loss (+) from sales of tangible fixed assets		-130	-301
Other non-cash income/expenses		-6,848	-7,420
Increase- (-)/decrease (+) in receivables		2,232	-7,164
Increase- (-)/decrease (+) in inventories		8,144	571
Increase- (-)/decrease (+) in prepaid expenses and accrued income		-2,050	-979
Increase- (+)/decrease (-) in short-term liabilities		-6,457	2,720
<b>Cash provided by operating activities</b>		<b>-5,963</b>	<b>1,895</b>
Capital expenditure	12	-6,473	-13,866
Income from sales of tangible fixed assets		272	5,852
Increase- (-)/decrease (+) in financial assets		-1,577	-60
Net outflow of funds for acquisitions		0	-58,909
<b>Cash used for investing activities</b>		<b>-7,778</b>	<b>-66,983</b>
<b>Free cash flow</b>		<b>-13,741</b>	<b>-65,088</b>
Dividends paid		0	-2,555
Capital paid in (repaid)		0	96,456
Purchase (-)/sale (+) of treasury stock		-4	-67
New borrowing (refinancing)		0	184,800
Loan repayment (refinancing)		0	-182,800
Increase/decrease in short-/long-term debt		4,340	-16,749
<b>Cash provided by financing activities</b>		<b>4,336</b>	<b>79,085</b>
Translation adjustments		717	-461
<b>Change in liquid assets</b>		<b>-8,688</b>	<b>13,536</b>
Liquid assets on June 30		23,141	32,987
Liquid assets on January 1		31,829	19,451
Change in liquid assets		-8,688	13,536

# EXPLANATORY NOTES

## 1. RESTATEMENT OF THE PREVIOUS YEAR'S FIGURES

Due to the application of IFRS3 revised to the 2008 annual financial statements, the 2008 semi-annual financial statements have been restated to facilitate comparison.

Further information on the early application of IFRS3 revised is included in Explanatory Note 1.1 to the financial reports of the Adval Tech Group for 2008.

The restatement has the following impact on the income statement:

CHF 1000	1 <sup>st</sup> half of 2008	Change	1 <sup>st</sup> half of 2008 restated
<b>Net turnover</b>	<b>217,402</b>	<b>0</b>	<b>217,402</b>
<b>Total income</b>	<b>221,142</b>	<b>4,632</b>	<b>225,774</b>
Cost of materials and services	-99,397	0	-99,397
Personnel expenses	-67,418	-3,279	-70,697
Other operating expenses	-35,251	-1,720	-36,971
<b>Operating expenses</b>	<b>-202,066</b>	<b>-4,999</b>	<b>-207,065</b>
<b>Operating earnings before depreciation (EBITDA)</b>	<b>19,076</b>	<b>-367</b>	<b>18,709</b>
Depreciation	-13,979	0	-13,979
<b>Operating earnings (EBIT)</b>	<b>5,097</b>	<b>-367</b>	<b>4,730</b>
Net financial income	-4,206	99	-4,107
<b>Net result before taxes</b>	<b>891</b>	<b>-268</b>	<b>623</b>
Taxes	-686	572	-114
<b>Net result after taxes</b>	<b>205</b>	<b>304</b>	<b>509</b>
<b>Earnings per share (adjusted)</b>			
– Non-diluted earnings per share (in CHF)	0.43	0.65	1.08
– Diluted earnings per share (in CHF)	0.43	0.65	1.08

In May 2008 Adval Tech revised the business plan for the OMNI Group in the context of its planning process. Economic forecasts and market expectations at that time called for corrections to sales and profit figures. The estimated purchase price for the second tranche of shares of OMNI Investors Pte. Ltd was restated accordingly via the income

statement. The purchase price commitment was reduced by CHF 4.6 million as of mid-2008. This adjustment was made via the income statement in conformity with IFRS3 revised. Concurrently, the costs directly attributable to the transaction were charged to income.

The final figures for the net assets acquired have also been taken into account for the restatement. These adjustments have reduced the amount of

goodwill included in the balance sheet by a total of CHF 1.0 million. The balance sheet was restated as follows:

CHF 1000	6/30/08	Change	6/30/08 restated
Liquid assets	32,987	0	32,987
Trade accounts receivable	77,231	0	77,231
Other receivables	23,082	0	23,082
Inventories and work in progress	79,888	0	79,888
Prepaid expenses and accrued income	4,766	0	4,766
<b>Total current assets</b>	<b>217,954</b>	<b>0</b>	<b>217,954</b>
Tangible fixed assets	175,391	0	175,391
Financial assets	1,982	0	1,982
Intangible assets	73,889	-1,039	72,850
Pension assets	401	0	401
Deferred tax assets	2,572	0	2,572
<b>Total fixed assets</b>	<b>254,235</b>	<b>-1,039</b>	<b>253,196</b>
<b>Total assets</b>	<b>472,189</b>	<b>-1,039</b>	<b>471,150</b>
Trade accounts payable	42,899	0	42,899
Short-term interest-bearing liabilities	786	0	786
Other short-term liabilities	21,081	0	21,081
Accrued expenses	33,030	0	33,030
Short-term provisions	4,680	0	4,680
Accrued current income taxes	2,377	0	2,377
<b>Total short-term liabilities</b>	<b>104,853</b>	<b>0</b>	<b>104,853</b>
Long-term interest-bearing liabilities	120,490	0	120,490
Other long-term liabilities	16,536	0	16,536
Long-term provisions	7,285	-1,322	5,963
Deferred tax liability	13,513	237	13,750
<b>Total long-term liabilities</b>	<b>157,824</b>	<b>-1,085</b>	<b>156,739</b>
<b>Total liabilities</b>	<b>262,677</b>	<b>-1,085</b>	<b>261,592</b>
Share capital	14,600	0	14,600
Capital reserves	146,480	0	146,480
Treasury stock	-139	0	-139
Translation differences	-13,271	-258	-13,529
Retained earnings	61,842	304	62,146
<b>Total shareholders' equity</b>	<b>209,512</b>	<b>46</b>	<b>209,558</b>
<b>Total liabilities and shareholders' equity</b>	<b>472,189</b>	<b>-1,039</b>	<b>471,150</b>

The change in profit stated as a result of the application of IFRS3 revised as of June 30, 2008, has no material impact on the cash flow statement. Cash provided by operating activities, cash used for investing activities, free cash flow and cash provided by financing activities remain unchanged in this context.

Adjustments to the interim financial statements at June 30, 2008, also have no impact on the 2008 annual financial statements. IFRS3 revised was already applied to these. We are therefore refraining from publishing an opening balance at January 1, 2009.

## 2. SUBSEQUENT CORRECTION OF THE CASH FLOW STATEMENT AT JUNE 30, 2008

The Adval Tech Group made the following corrections to the cash flow statement in the 2008 semi-annual financial statements and published them on September 23, 2008:

- The currency hedge of CHF 1.4 million terminated without any impact on the income state-

ment was reclassified for the calculation of cash provided by operating activities. This has no impact on this item.

- A payment commitment of OMNI Investors Pte. Ltd amounting to CHF 2.0 million which was erroneously omitted when calculating the «Increase/decrease in short-term liabilities» item has been included. The statement of cash provided by operating activities was therefore too high.
- The calculation of cash provided by financing activities erroneously included the total purchase price payable for the OMNI acquisition, i.e. also the purchase price commitment due for payment in 2010 and the reduction in the purchase price resulting from the revised planning figures. The statements of cash used for investing activities and cash provided by financing activities were therefore too high, whereas free cash flow was too low.

The subsequent corrections made are as follows:

CHF 1000	1 <sup>st</sup> half of 2008		
	published	correction	corrected
Net result after taxes	205	0	205
Cash provided by operating activities	3,904	-2,009	1,895
Cash used for investing activities	-85,458	18,475	-66,983
Free cash flow	-81,554	16,466	-65,088
Cash provided by financing activities	95,551	-16,466	79,085
Change in liquid assets	13,536	0	13,536

### 3. 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 financial statements are not significant in total.

### 4. CHANGES TO THE SCOPE OF CONSOLIDATION

In the first half of 2009 no changes to the scope of consolidation occurred.

The changes in 2008:

Adval Tech Holding Ltd acquired 100% of the share capital of OMNI Investors Pte. Ltd in Singapore indirectly via two group companies in January 2008. OMNI Investors Pte. Ltd is the holding company of the OMNI Group, which comprises 12 companies operating primarily as manufacturers of plastic injection molded components. Two companies manufacture plastic injection molds. The OMNI Group has manufacturing plants in China, Malaysia, Mexico and Thailand. OMNI's management is based in Singapore.

The acquisition of the OMNI Group enables Adval Tech to achieve the global presence which is important for its customers and at the same time increases the share of sales represented by the less cyclical business with components and subassemblies.

The income statement and balance sheet of the OMNI Group were integrated in the consolidated financial statements as of January 2008. Two contracts of sale were concluded for the purchase of the shares; for 85.7% (1<sup>st</sup> tranche) and 14.3% (2<sup>nd</sup> tranche) of the shares, respectively. The purchase price for the first tranche was paid in January 2008. A compensation payment was made to Adval Tech in June 2008 on the basis of the OMNI Group's

final, normalized operating earnings for the 2007 financial year. This compensation payment was deducted from the cost of acquisition. The purchase price for the second tranche depends on the OMNI Group's normalized operating earnings (EBITDA) for the 2009 financial year, multiplied by a factor, and will become due for payment in the first half of 2010. The existing business plan on the date of acquisition provided the basis for calculating the cost of acquisition. The minimum payment is zero and there is no upper limit. The potential future nominal payment is based on this principle.

The cost of acquisition relating to this merger amounted to CHF 86.2 million. The net cash payment for the 1<sup>st</sup> tranche accounted for CHF 63.1 million of this amount. The present value of the purchase price for the 2<sup>nd</sup> tranche amounted to CHF 22.7 million on the date of acquisition and was posted to "Other long-term liabilities". A further CHF 1.7 million of directly attributable costs in connection with the acquisition was posted to "Other operating expenses".

Calculation of the cost of acquisition also took the following factors into account: taking over existing customer orders, manufacturing locations in Asia, reinforcement of the less cyclical business with volume components, potential for achieving a global offering of products and services by the Adval Tech Group at a single stroke. The two last-named factors in particular were the basis for the amount of goodwill stated in the balance sheet.

The initial balance sheet of the OMNI Group at January 16, 2008, conforming to group valuation principles was as follows:

CHF 1000	IFRS book values prior to consolidation	Included in the consolidated balance sheet
Liquid assets	5,932	5,932
Other current assets	41,008	41,008
Tangible fixed assets	25,697	25,697
Intangible assets	1,633	4,838
Deferred tax assets	1,544	1,544
Short-term liabilities	-42,375	-42,375
Long-term liabilities	-18,819	-19,395
<b>Net assets acquired</b>	<b>14,620</b>	<b>17,249</b>
<b>Purchase price</b>		<b>86,230</b>
<b>Goodwill</b>		<b>68,981</b>

Existing customer relationships on the date of acquisition were capitalized with a total value of CHF 4.8 million. Goodwill included in the consolidated balance sheet on the date of acquisition thus amounts to CHF 69.0 million. Goodwill on the balance sheet is not tax-deductible.

The fair value of the possible payment for the 2<sup>nd</sup> tranche of shares in OMNI Investors Pte. Ltd due in 2010 was calculated on the basis of estimated normalized operating earnings before depreciation (EBITDA). It amounts to CHF 10.0 million as of December 31, 2008. The calculations are based on a discount rate of 4% and an assumed EBITDA for 2009 of CHF 12.9 million for the OMNI Group. Compared to the date of the initial consolidation, "Other long-term liabilities" were CHF 12.7 million lower as of December 31, 2008. This reduction was attributable to a forecast decline of CHF 15.1 million in EBITDA at the OMNI Group for 2009 based on the revised business plan and to currency translation effects.

The fair value of "Accounts receivable" amounts to CHF 32.2 million and includes CHF 26.5 million of trade accounts receivable, of which CHF 0.2 million is regarded as unrecoverable.

The OMNI Group has generated total income of CHF 102.2 million and a loss of CHF 3.8 million in the 2008 financial year since its initial consolidation. If initial consolidation had taken place on January 1, 2008, instead of January 16, 2008, this would have had only a marginal impact on the consolidated income statement for 2008 in respect of sales and profits.

**5. TRADE ACCOUNTS RECEIVABLE**

The CHF 1.4 million increase in trade accounts receivable was attributable to the Automotive Segment. The increase in this segment amounted to CHF 4.8 million. Receivables in the Medical & Consumer Goods Segment and the other corporate units declined accordingly.

**6. OTHER RECEIVABLES**

Other receivables declined by a total of CHF 2.2 million, due almost entirely to the Automotive Segment. This item includes VAT receivables, payments from finance lease receivables and loans due within one year and advance payments to suppliers.

**7. INVENTORIES**

Inventories declined by CHF 7.2 million in the course of the first six months. This reduction was due to the Automotive Segment. Inventories in the Medical & Consumer Goods Segment remained unchanged.

**8. TRADE ACCOUNTS PAYABLE**

Trade accounts payable declined by a total of CHF 6.2 million the first half of 2009. This reduction is attributable to the Automotive Segment.

**9. ACCRUED EXPENSES**

Accrued expenses increased by CHF 5.5 million during the period under review. The majority of the increase is due to higher accruals for products and services supplied but not yet invoiced.

**10. OTHER SHORT-TERM LIABILITIES**

Other short-term liabilities include advance payments by customers, other non-interest-bearing liabilities and the present value of the purchase price of CHF 4.6 million for the second tranche of shares in OMNI Investors Pte. Ltd, Singapore, payable in the first half of 2010. This item was included in "Other long-term liabilities" at the end of 2008.

In May 2009 Adval Tech revised the business plan for the OMNI Group in the context of its planning process. Economic forecasts and market expectations at that time called for corrections to sales and profit figures. The estimated purchase price for second tranche of shares of OMNI Investors Pte. Ltd was restated accordingly via the income statement. The purchase price commitment was therefore reduced by CHF 5.4 million as of mid-2009. This reduction is based on a forecast decline of CHF 7.0 million in EBITDA for 2009 at the OMNI Group according to the revised business plan, and to currency translation effects.

The purchase price commitment was also reduced by CHF 6.2 million in the corresponding period of the previous year.

The adjustments to the purchase price were allocated to the Medical & Consumer Goods Segment.

**11. LONG-TERM INTEREST-BEARING LIABILITIES**

The long-term interest-bearing loans included in this item at the end of 2008 have been reclassified as short-term interest-bearing liabilities in the financial statements at June 30, 2009. On the date of the semi-annual financial statements the Adval Tech Group was engaged in negotiations with a banking consortium in respect of adjustments to an agreement. An agreement regarding a revolving credit facility of up to CHF 135 million with a term of five

years had been concluded with this consortium in January 2008. The new negotiations were successfully concluded at the beginning of August 2009. The amended agreement was signed in the second half of August. The amended loan agreement is dependent on compliance with key financial statistics (levels of debt and interest cover, leverage ratio, i.e. minimum EBITDA targets and temporary minimum available liquidity). The original term of the facility has not been restated. After the amended agreement comes into effect credit drawn on this facility will be reclassified as long-term liabilities.

## 12. SEGMENTAL REPORTING

CHF 1000	Automotive Segment		Medical & Consumer Goods Segment		Other units and eliminations		Group	
	1 <sup>st</sup> half of 09	1 <sup>st</sup> half of 08 restated	1 <sup>st</sup> half of 09	1 <sup>st</sup> half of 08 restated	1 <sup>st</sup> half of 09	1 <sup>st</sup> half of 08 restated	1 <sup>st</sup> half of 09	1 <sup>st</sup> half of 08 restated
Net turnover	63,017	110,639	83,414	109,461	-1,033	-2,698	145,398	217,402
IC sales	0	21	1,033	2,677	-1,033	-2,698	0	0
Net turnover	63,017	110,618	82,381	106,784	0	0	145,398	217,402
Total income	61,368	112,472	85,079	116,229	-2,801	-2,927	143,646	225,774
Operating earnings before depreciation (EBITDA)	-3,983	9,590	6,260	8,127	1,359	992	3,636	18,709
Operating earnings (EBIT)	-9,114	4,331	-1,348	-174	971	573	-9,491	4,730
Net financial income							-2,443	-4,107
Net result before tax							-11,934	623
Capital expenditure on tangible fixed assets	-5,189	-6,991	-1,092	-6,624	-192	-251	-6,473	-13,866
Number of employees	824	976	1,809	2,347	10	9	2,643	3,332

By completing the acquisition of OMNI Industries Pte. Ltd in January 2008, Adval Tech achieved a major strategic objective sooner than expected: a global presence with its own distribution organizations and manufacturing plants in Europe, Asia and America, which is so important for its large, strategic customers.

As a further step in the implementation of its strategy and in the context of the integration of the OMNI Group, Adval Tech adapted the organization to the group's strategic thrust with its three main markets – automotive, medical technology and consumer goods. Two new corporate segments were formed: the Automotive Segment serving the automotive component supply market, and the Medical & Consumer Goods Segment serving the medical technology and

consumer goods markets. In the Automotive Segment Adval Tech focuses on the component supply business. All activities for the automotive industry are concentrated here, regardless of whether metal, plastic or composite components are manufactured. The former Stamping and Forming Division (Styner+Bienz, QSCH) was combined with AWM Plast Tech Ltd to form the Automotive Division; activities in the Medical & Consumer Goods Segment focus exclusively on plastics processing and are divided into three divisions: Medical (Teuscher)

and Consumer Goods (OMNI) for components, and Molding Technology (AWM, FOBOH, OMNI) for dies and molds.

In the course of redefining the segments, AWM Plast Tech Ltd has been reallocated to the Automotive Segment. With this exception, the Medical & Consumer Goods Segment corresponds to the former injection molding segment. The previous year's figures have been restated accordingly.

### 13. NET FINANCIAL INCOME

CHF 1000	1 <sup>st</sup> half of 2009	1 <sup>st</sup> half of 2008 restated
Interest earned	187	333
Currency gains	1,425	4,430
Gains on derivative financial instruments	34	0
Other financial income	679	931
<b>Total financial income</b>	<b>2,325</b>	<b>5,694</b>
Interest paid	-1,801	-4,343
Currency losses	-2,138	-5,714
Unrealized translation differences	-394	1,520
Losses on derivative financial instruments	0	-139
Other financial expenses	-435	-1,125
<b>Total financial expenses</b>	<b>-4,768</b>	<b>-9,801</b>
<b>Net financial income</b>	<b>-2,443</b>	<b>-4,107</b>

### 14. TAXES AND INTEREST ACTUALLY PAID

Taxes actually paid in the period under review amounted to CHF 1.1 million (1.6 million in the first half of 2008). There was an outflow of CHF 1.8 million for interest on borrowings in the first half of 2009 (CHF 4.7 in the first half of 2008).

## BRIEF PORTRAIT OF THE ADVAL TECH GROUP

The Adval Tech Group is a leading global supplier of tools, special machinery, subassemblies, systems and volume components in the technology sectors of stamping and forming (metals) and injection molding (plastics). It is a supplier and value-adding partner for companies in selected industries where metal, plastic or composite components are manufactured and used in large volumes. 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. The Adval Tech Group focuses on selected markets in the automotive, medical technology and consumer goods sectors. Adval Tech trades on the markets under the names of Styner+Bienz, QSCH, AWM, FOBOHA, Teuscher and OMNI.

Adval Tech Holding Ltd  
Investor Relations  
CH-3172 Niederwangen  
Switzerland  
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.

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