Feintool Group
The partner for the unique difference

Report on Half-Year Figures, 1 January – 30 June 2012

FEINTOOL

Key figures (continuing operations), first half	Margin	Change vs. prev. year	2012 in CHF 1,000	2011 in CHF 1,000
Net sales		10.5%	**196 112**	177 445
Earnings before interest, tax, depreciation and amortization (EBITDA)	11.5%	41.9%	**22 487**	15 850
Operating profit (EBIT)	7.0%	57.8%	**13 791**	8 741
Net income from continuing operations	3.7%	9.4%	**7 238**	6 617
Orders received		-7.9%	**202 553**	219 845
Orders backlog as at 30.06.		31.7%	**226 951**	172 267
Number of employees (excluding apprentices)		44.8%	**1 848**	1 276

Dear Shareholders

For the Feintool Group, the first half of 2012 was shaped by a further focusing on the core competency of fineblanking and forming, major advances in technological innovation, continued dynamic development in Asia and the continuation of the Group's own internationalization strategy. This positive overall development is also reflected in the figures for the business as a whole. The general global economic climate remains challenging, however. Above all, it is characterized by two completely disparate developments: on the one hand, the aspiring emerging-market nations – China in particular, but also India and Brazil – are ensuring continued growth momentum; however, the pace at which these countries are catching up with the established Western industrialized nations may not be quite as rapid as it was in the previous year. In addition, economic activity in the United States has stabilized after a lengthy downturn. On the other hand, the as yet unresolved debt crisis in southern Europe is increasingly weighing on sentiment – not just at home, but throughout the world's economy given the very high degree of integration. It is hard to imagine that the policy of austerity in Greece, Italy or Spain will not have any negative consequences and side-effects for global economic activity.

THREE MEGAMARKETS, THREE DEVELOPMENTS

The automotive industry is characterized by the very mixed economic picture for the three continents of Europe, the USA and Asia. Manufacturers and suppliers are benefiting from the virtually uninterrupted boom in the major emerging-market nations, not only in relation to sales but also in terms of production numbers. In the USA, it's all go for the industry once again following a lengthy downturn: premium manufacturers in particular have recently reported marked growth in sales. These positive effects were so great in the first six months of the current year that they more than compensated for the negative consequences in Europe. In southern Europe in particular, car manufacturers are suffering dramatic falls in the sale of mid-size and small cars.

IS PREMIUM STILL CRISIS-PROOF?

To some extent, the Feintool Group successfully decoupled itself from these negative industry trends in the first half of 2012. As partner to global suppliers and OEMs, Feintool has long had a presence in the four most important markets for the automotive sector: Germany, the USA, Japan and China. At the same time, however, Feintool has specialized in high-quality solutions for premium vehicles. Components for automatic transmissions and complex parts for seat adjusters are generally found only in the globally offered vehicles of the upper mid-size and premium categories. So although Feintool is currently feeling the effects of a muted volume car market in Europe, it was able to make further advances in the USA and Japan. Thus the global premium market has developed in relatively robust fashion thus far.

Today, those who talk of a growing automotive market above all mean China – now the world's most important automotive market. Although the major Western automakers still set the pace, Chinese OEMs are catching up fast. To succeed in China requires investment, and when it comes to capturing markets the cut-price strategies of old are a thing of the past.

As a supplier to the leading global automotive suppliers and manufacturers, Feintool is therefore continuing to invest in the Chinese market. First, the new factory for the manufacturing of sophisticated precision parts in Taicang, near Shanghai, represents the biggest single investment our firm has made in recent years. Second, Feintool also secured sizeable orders in the press business in the first six months of 2012. A high-profile presence at trade fairs in China – including Die & Mold China 2012 and the SWISSMEM specialist conference – formed the basis for further new orders.

MANAGING CURRENCY TURBULENCE

Whereas the fluctuations between the euro and the US dollar – by historical standards – are still viewed as fairly normal, the Swiss franc continues to respond to an above-average extent to the debt crisis in the euro area. For an export-driven firm with its headquarters in Switzerland, this poses a major challenge. Since the strategic realignment that was implemented from 2009 onwards, Feintool has not only concentrated on its core competencies of fineblanking and forming but is also establishing itself worldwide as a solutions provider for all aspects of sophisticated fineblanking and forming – with new factories, sales offices and service centres. Feintool largely produces in the countries in which it also sells. Although we were unable to eliminate all currency influences due to the strong Swiss franc, we did succeed in reducing them to a manageable level.

The aforementioned development is increasingly reflected in the composition of the workforce: Whereas in 2008 approximately every second employee worked in Switzerland, this figure had fallen to less than 20 percent by year-end 2012. Through internal and above all external growth, the number of employees increased significantly – above all abroad – in the course of the first half of 2012. As at 30 June 2012, Feintool employed 1 848 staff and 90 trainees. That represents an increase of 522 people compared with year-end 2011.

STRATEGIC ACQUISITION OF HERZING + SCHROTH

The bulk of the new employees and trainees come from the companies Herzing + Schroth Group ("Herzing + Schroth"), Herzing + Schroth GmbH in Obertshausen, Hesse, and Schroth Antriebselemente GmbH in Ohrdruf, Thuringia, which were acquired in March 2012. The German Cartel Office approved the acquisition one month later. Feintool's acquisition of Herzing + Schroth was concluded on 31 May 2012, thus marking the point of initial consolidation.

Herzing + Schroth is specialized in chipless forming. This process – like fineblanking – is used in the automotive industry for the high-volume production of lightweight components for efficient gearboxes. Feintool has already been using this technology at its Nashville (USA) site for a number of years, and following the acquisition is now able to offer the technology in Europe, too, for the first time as well as expanding it worldwide.

The acquisition of Herzing + Schroth was partly financed by a capital increase of CHF 5.2 million. The new shares were wholly acquired by the seller, Steffen Schroth.

FEINTOOL REFINANCED FOR LONG TERM

Despite the crisis on the capital markets, Feintool was able to borrow on the open market in the first half of 2012. At the end of June, it obtained refinancing from a total of eight banks from Germany and Switzerland. The syndicated loan agreement, amounting to CHF 120 million, is for a five-year term and will be used to repay existing loans as well as fund further growth.

INCREASED SALES – MARKEDLY IMPROVED OPERATING RESULT

All three business segments – Fineblanking Technology, System Parts and Automation – exhibit a healthy, stable performance in overall terms. However, the slight decline in orders received (7.9% decrease year on year to CHF 202.6 million) suggests that existing as well as new customers are in some cases holding back on investment, or are at least reducing order volumes owing to ongoing uncertainty about the future development of the world economy.

On an encouraging note, the orders backlog remains high at CHF 227.0 million. This represents a 31.7% increase compared with the same point in the previous year, but already includes the orders backlog of Herzing + Schroth, which was consolidated for the first time on 1 June. The orders backlog equates to six to eight months' work in the capital goods segment of Fineblanking Technology and almost a year's worth in the case of the Automation segment.

Group sales rose by 10.5% to CHF 196.1 million. Higher indirect costs were offset by growth in sales and a better gross profit figure attributable to improved productivity. In total, there was an operating profit (EBIT) of CHF 13.8 million: compared with the CHF 8.7 million figure for the previous year, this represents an increase of 57.8%. This gave Feintool an EBIT margin of 7.0%. All segments and regions generated a positive operating result.

Following the acquisition of Herzing + Schroth (CHF 38.0 million), net debt rose from CHF 36.3 million to CHF 76.9 million. Shareholders' equity came to CHF 137.7 million as at 30 June 2012. (31 December 2011: CHF 129.3 million). As a result of the acquisition, the equity ratio fell from 39.6% to 35.1%.

FINEBLANKING TECHNOLOGY SEGMENT

STRATEGIC FINE-TUNING

In the first half of 2012, Feintool's Fineblanking Technology segment profited above all from the very good level of orders received in the previous year. Strategic fine-tuning in this segment – the merging of the companies Feintool Technologie AG Lyss and Heinrich Schmid Maschinen- und Werkzeugbau AG in Jona, which had been previously been managed separately, to form the new Feintool Technologie AG effective 1 January 2012 – led to further efficiency improvements.

MAJOR NEW CLIENTS IN FAR EAST, TOO

A good level of sales of the new line of servo presses – and of the high-performance HFA+ hydraulic presses – to long-standing customers was an encouraging feature of the first half. These existing customers were joined by new press customers, particularly from Asia. In the toolmaking segment, Feintool has this year won a number of seven-figure orders from major customers.

SYSTEM PARTS SEGMENT

DYNAMIC DEVELOPMENT

Feintool is commissioning its third factory in Japan, whose automotive industry is continuing to experience the expected "post-Fukushima" recovery process. Expansion is currently taking place in the immediate proximity of the Japanese head office in Atsugi. Feintool is thus continuing its successful growth in Japan. In the USA, the fruits of the difficult restructuring programme and investment drive of 2011 are clear to see. The US business of the System Parts segment is profitable again and on a stable foundation. In Europe, business was more subdued in the first six months due to the ongoing economic and financial crisis in many euro-area countries but remains on course.

The number of enquiries received was particularly dynamic across all regions. Growing demands for safety and environmental sustainability, together with the continued optimization of fuel efficiency, resulted in numerous new project enquiries. Thanks to an impressive track record and innovative solutions, Feintool succeeded in acquiring the projects that will secure growth going forward. The inputs associated with series production at a later date are considerable due to industry and process factors, and have a negative impact on earnings.

ONE-STOP FINEBLANKING AND FORMING

The biggest project in the first six months was the acquisition of forming specialist Herzing + Schroth: as a result of the move, Feintool continues to expand its global and technological position in this area. For our company, this is a logical continuation of the strategy we have been pursuing for the last three years: namely growth in fineblanking and directly related processes such as chipless forming. Forming is helped by several global trends: in order to reduce CO_2 emissions through lower fuel consumption, the automotive industry is focusing on greater efficiency and reduced vehicle weight. This includes efficient drivetrains such as automatic and dual-clutch transmissions, which increasingly consist of lightweight components that entail highly complex machining tasks and are used in place of heavy cast and forged parts. At the same time, costs can be lowered through the high-volume production of components.

AUTOMATION SEGMENT

BIGGEST ORDER IN COMPANY HISTORY

In the first six months of the current year, business at Feintool's "third pillar" was chiefly characterized by the very good orders backlog from the previous year. However, the level of orders received was also more than encouraging. The sale of an assembly line to a major international automotive supplier represents the biggest order in the firm's history. New customers were acquired not only in the automotive sector but also increasingly in the medical business. Another increase in sales and earnings can be expected for the Automation segment in 2012. The Automation segment is expected to increase both sales and earnings in 2012.

SALE OF IMA BERLIN

Feintool sold IMA Automation Berlin GmbH to the Swiss Mikron Group at the end of March 2012. All 70 or so employees and apprentices were transferred to Mikron Group.

OPTIMISTIC OUTLOOK DESPITE TENSE ENVIRONMENT

The outlook for business remains guardedly positive: Feintool is the sole global provider in fineblanking and forming. These are ideal technologies for addressing megatrends in the automotive industry: producing high precision and high quality in high unit numbers. For the current fiscal 2012, Feintool expects consolidated sales of CHF 400 to 450 million and an EBIT margin of between four and six percent.

This success would not have been possible without our customers, suppliers and employees. At this point, we wish to thank everyone for their outstanding teamwork. We would also like to express our gratitude to you, our shareholders. Each and every day, we will do our utmost to repay the trust you have placed in us.

Alexander von Witzleben
Chairman of the Board of Directors

Heinz Loosli
Chief Executive Officer

Financial Review
Report on Half-Year Figures

as at 30 June 2012

GENERAL

This half-year report covers the period from 1 January to 30 June 2012, with the same period of the previous year serving as the comparative period.

Effective 31 March 2012, Feintool sold IMA Automation Berlin GmbH ("IMA Berlin"). IMA Berlin's first-quarter earnings were therefore still included in Feintool's reporting period. On 31 May 2012, Feintool acquired the Herzing + Schroth Group ("Herzing + Schroth"). This comprises two companies, Herzing + Schroth GmbH of Obertshausen in Hesse and Schroth Antriebselemente GmbH in Ohrdruf, Thuringia. Herzing + Schroth's June earnings are already included in the financial statements for the reporting period. Herzing + Schroth belongs to the System Parts segment.

ORDERS RECEIVED AND ORDERS BACKLOG

Orders received by the Feintool Group declined by 7.9% in the reporting period to CHF 202.6 million. Excluding the effects of the acquisition of Herzing + Schroth and the sale of IMA Berlin, they declined by 11.9%. Currency movements had a negative impact amounting to CHF 4.3 million. After adjusting for currency movements, orders received fell by 5.9%.

The orders backlog of the Feintool Group amounted to CHF 227.0 million as at 30 June 2012, an increase of 31.7% year on year. The acquisition of Herzing + Schroth and the sale of IMA Berlin are already reflected in the figure. Excluding these two effects in the amount of CHF 46.0 million, orders on hand increased by 5.2%.

Orders received in the Fineblanking Technology segment fell by 4.3% to CHF 56.6 million. The reporting period was marked by a high level of orders within the Group, however: the System Parts segment ordered presses and tools worth CHF 13.0 million (previous year: CHF 4.1 million). Third-party orders received in the Fineblanking Technology segment declined to CHF 43.6 million. The third-party orders backlog was down slightly to CHF 39.9 million, 6.6% less than a year earlier. The current orders backlog equates to six to eight months' worth of orders in hand for the long-term press and tools business.

Orders received in the System Parts segment increased by 6.3% in the reporting currency to CHF 134.7 million (previous year: CHF 126.7 million). The appreciation of the Swiss franc resulted in a negative currency effect of CHF 2.5 million. The first-time consolidation of Herzing + Schroth impacted orders received to the tune of CHF 11.9 million. Excluding the effect of the acquisition, orders received in Europe and the USA declined slightly. A rise in orders received in Asia partly offset the decline in the other regions. The segment's orders backlog climbed from CHF 93.9 million to CHF 154.1 million. Herzing + Schroth's orders backlog amounted to CHF 50.5 million. Excluding the effect of the acquisition, the orders backlog in the System Parts segment was up by 10.4%. The orders backlog increased in the USA and Asia while holding steady – at a high level – in Europe.

Orders received in the Automation segment fell by 36.6% to CHF 24.2 million in the financial period, partly because of currency movements. IMA Berlin was part of the Group for a final three months. The orders backlog dropped by 8.4% to CHF 33.4 million. After adjusting for the effect of the sale of IMA Berlin, the backlog rose by 4.3%. This ensures capacity utilization for around twelve months at IMA Automation Amberg GmbH.

NET SALES

Consolidated sales rose by 10.5% to CHF 196.1 million. Currency movements pushed down sales by CHF 4.4 million. After adjusting for currency movements, Feintool posted sales growth of 13.0%. The effects of the acquisition of Herzing + Schroth and sale of IMA Berlin amounted to CHF 3.5 million in total or around two percentage points. Factoring in the acquisition, the System Parts segment generated 67.6% of external sales (previous year: 64.8%). Fineblanking Technology contributed 19.0% (previous year: 22.2%) and Automation 13.4% (previous year: 13.0%).

Sales in the Fineblanking Technology segment were down by 24.6% to CHF 46.5 million. The sharp decline in sales is largely the result of the noticeably smaller share of delivered presses for the System Parts segment. Business with third parties declined by just 5.5%.

The System Parts segment grew by 15.3% to CHF 132.6 million in the reporting period, with the acquisition of Herzing + Schroth accounting for 5.7% of the growth. Currency effects had a negative impact, depressing sales by CHF 2.6 million or 1.9%. Excluding the effect of the acquisition, European business contracted slightly to CHF 47.6 million. Business in the USA, on the other hand, grew by 16.5% to CHF 54.0 million. Stripping out the currency effects, the increase was 17.5%. Sales in Asia, primarily in Japan, rose by 67.0% to CHF 26.4 million. The regional breakdown of sales within the System Parts segment changed considerably: despite the acquisition of Herzing + Schroth, Europe's share fell to 40.1% (previous year: 45.9%). The USA kept its share almost unchanged at 39.9% (previous year: 40.3%), while Asia's share rose to 20.0% (previous year: 13.8%).

Owing to long lead times, the increase in orders received in the Automation segment is only now reflected in sales. Despite the sale of IMA Berlin, segment sales rose by 14.2% to CHF 26.4 million. After adjusting for currency effects, the increase was 22.4%

In total, Feintool generated CHF 105.0 million or 53.5% of its external sales from customers in Europe (previous year: 57.8%). Switzerland accounted for 2.4% of sales (previous year: 1.3%). US sales, in the amount of CHF 46.1 million, held steady at 23.5% (previous year: 23.3%). Asia's share increased to CHF 45.0 million or 23.0% (previous year: 18.9%).

GROSS MARGIN

The gross margin increased by 2.6 percentage points year on year to 38.5%. Owing to volume-related factors, gross profit was up by CHF 6.7 million. The CHF 5.2 million improvement in productivity is made up of numerous, partly offsetting factors. In the Fineblanking Technology segment, the margin showed a marked rise to 42.2%, mainly because of changes to the product mix and the geographical shift in press sales. The growth of the service business supported the trend. In the System Parts segment, the gross margin climbed to 37.7% overall (previous year: 35.1%). Due to a deeper vertical range of production, Herzing + Schroth tends to post a higher margin. In addition, productivity in the USA increased again on the back of operational improvements. While the gross margin remained at a very high level in Asia, Feintool suffered a decline in Europe. The main factor at play here was the product mix. In the Automation segment, the gross margin eased by 0.9 percentage points to 27.1%.

SIGNIFICANT EXPENSE ITEMS

Indirect personnel expenses increased by CHF 5.0 million to CHF 30.5 million. Relative to sales, this expense item therefore rose from 14.3% to 15.5%. Indirect personnel expenses were reduced only in the Automation segment. Elsewhere, they rose due to investment in the Feintool Group's future, such as in building its presence in China or in recruiting more staff to the development department in the Fineblanking Technology segment, for example. Operating, sales and administration expenses, including other operating income and expenses, increased by CHF 0.2 million to CHF 22.6 million, or 11.5% of sales. Other operating income includes CHF 2.8 million from the sale of IMA Berlin after deduction of all transaction costs. The one-time expenses of CHF 0.5 million associated with the acquisition of Herzing + Schroth are a component of other operating expenses. Excluding these one-time effects, operating, sales and administration expenses amounted to CHF 24.9 million or 12.7% of sales.

EARNINGS BEFORE INTEREST, TAXES, DEPRECIATION AND AMORTIZATION (EBITDA)

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by CHF 6.6 million to CHF 22.5 million in the reporting period. The EBITDA margin for the reporting period was 11.5%. Excluding the one-off factors mentioned above, EBITDA would have increased by CHF 4.3 million or 27.3%. This equates to an EBITDA margin of 10.3%.

DEPRECIATION AND IMPAIRMENT

Depreciation was up by CHF 1.6 million to CHF 8.7 million in the reporting period. This rise is attributable to the acquisition of Herzing + Schroth (CHF 0.4 million) and the additional depreciation charges of CHF 1.6 million in the System Parts segment due to the high level of investment in past years. Elsewhere, depreciation declined in the reporting period.

OPERATING PROFIT (EBIT)

The higher indirect costs were offset by the rise in sales and the improvement in gross profit due to higher productivity. Overall, this resulted in an operating profit of CHF 13.8 million. Compared with the CHF 8.7 million a year earlier, this means an increase of 57.8%. Feintool therefore achieved an EBIT margin of 7.0%. Excluding the one-off factors, the EBIT margin would have been 5.9%, with the negative currency impact amounting to CHF 1.4 million. All segments and regions turned an operating profit. The Fineblanking Technology segment generated an operating profit of CHF 4.6 million (previous year: CHF 5.2 million). Excluding intercompany orders for the System Parts segment, earnings still come to CHF 4.2 million (previous year: CHF 1.4 million). The decline in sales was largely offset by the increases in productivity. System Parts lifted its operating profit to CHF 8.7 million (previous year: CHF 6.5 million). All regions contributed to the positive result. With EBIT of CHF 3.8 million, Europe accounted for the largest share of earnings. Following the acquisition at the end of May 2012, Herzing + Schroth made an initial contribution of CHF 0.1 million. Asia generated EBIT of CHF 2.6 million. The start-up costs for market development and further expansion in China in the amount of CHF 0.9 million are already included. In the USA, the successful restructuring was reflected in an operating profit of CHF 2.6 million. CHF 0.3 million of intragroup sales were eliminated. The Automation segment generated a markedly improved operating profit of CHF 2.2 million (previous year: CHF 0.9 million) Costs not incurred in the operating segments amounted to just CHF 1.4 million due to one-time effects.

NET FINANCIAL INCOME/FINANCE COSTS

Net finance costs amounted to CHF 2.4 million in the reporting period (previous year: net financial income of CHF 0.5 million). The change was due to two opposing factors: firstly, interest expense declined by CHF 0.3 million to CHF 2.1 million as a result of the lower average level of net debt and better interest terms. Because of the increase in net debt on the acquisition of Herzing + Schroth, there will be a marked rise in interest charges in the second half of the year. Secondly, the Group incurred foreign exchange losses on a USD loan of CHF 0.4 million (previous year: foreign exchange gain of CHF 2.4 million).

TAXES

The results posted by the Feintool companies varied greatly from region to region. Some of the operating companies, particularly the sites in Europe and Japan, generated substantial profits. This inevitably resulted in high taxes. Due to the special situation of the holding company in Switzerland, its costs resulted in almost no tax credits. Overall, therefore, tax expense amounted to CHF 4.2 million (previous year: CHF 2.7 million).

NET INCOME FROM CONTINUING OPERATIONS

Net income from continuing operations amounted to CHF 7.2 million (previous year: CHF 6.6 million), which translates into a net return on sales of 3.7%. This performance reflects the operational improvements in the individual segments, the strategic focus on the core business and the successful sale of IMA Berlin.

DISCONTINUED OPERATIONS

At CHF 0.1 million, income from the disused property in Huttwil was minimal. In the previous year, the disposal of the Afag and Baltec groups generated income of CHF 3.3 million.

NET INCOME OF THE FEINTOOL GROUP

The Feintool Group therefore posted net income of CHF 7.3 million (previous year: CHF 9.9 million).

CONSOLIDATED BALANCE SHEET

Due mainly to the acquisition of Herzing + Schroth, a number of balance sheet items changed significantly between 31 December 2011 and 30 June 2012. Total assets rose by 20.4% to CHF 392.7 million (previous year: CHF 326.2 million).

On the assets side, current assets were up by CHF 17.2 million to CHF 180.4 million, with Herzing + Schroth accounting for CHF 14.9 million of this increase. Cash and cash equivalents dropped by CHF 7.6 million to CHF 23.0 million on account of better management. Receivables rose by CHF 7.0 million to CHF 73.9 million even though Herzing + Schroth reports receivables of just CHF 1.9 million. Herzing + Schroth has a factoring programme not required to be included in the balance sheet, however, which at 30 June 2012 comprised CHF 8.5 million. Inventories and net assets of construction contracts increased by CHF 17.8 million to CHF 75.0 million, with CHF 10.0 million attributable to the acquisition. Assets held for sale declined to CHF 3.0 million due to the sale of IMA Berlin and continued to comprise the disused property in Huttwil. As a result of the rise in sales and the acquisition of Herzing + Schroth, operating net working capital was up by CHF 16.4 million to CHF 46.2 million, with both receivables and inventories showing an increase.

Non-current assets increased by a total of CHF 49.3 million to CHF 212.4 million due to the acquisition of the Herzing + Schroth Group (CHF 47.1 million) and a high level of investment. Total property, plant and equipment rose by CHF 38.4 million to CHF 172.8 million, with Herzing + Schroth accounting for CHF 33.6 million and the remainder of the increase attributable to investments in the amount of CHF 14.6 million. The CHF 12.3 million increase in intangible assets to CHF 19.7 million was due largely to Herzing + Schroth (CHF 12.4 million), with CHF 7.2 million (goodwill) and CHF 4.4 million (value of customer relationships) resulting directly from the allocation of amounts on first-time consolidation. Rental security deposits had been provided in connection with a long-term real estate financing transaction. As this financing transaction was wound up in the reporting period, those deposits are no longer required. Financial assets therefore declined to CHF 5.5 million. Deferred tax assets rose to CHF 14.4 million (previous year: CHF 13.1 million).

On the equity and liabilities side, liabilities increased by CHF 58.2 million to CHF 255.1 million, with non-interest bearing receivables rising to CHF 81.0 million. CHF 5.4 million stem from Herzing + Schroth, while CHF 7.0 million are attributable to business growth. Accrued expenses and deferred income, current and non-current provisions and deferred tax liabilities increased by CHF 10.1 million to CHF 38.3 million. Employee benefit obligations (IAS 19) were up by CHF 7.4 million to CHF 35.9 million.

Interest-bearing liabilities increased by a total of CHF 33.0 million to CHF 99.9 million. This increase was mainly the result of the acquisition of Herzing + Schroth: the cash portion of the purchase price was CHF 14.4 million, while a further CHF 23.6 million resulted from assuming the two acquirees' interest-bearing liabilities. CHF 69.0 million of the interest-bearing liabilities are current liabilities. On 28 June 2012, Feintool signed a CHF 120 million syndicated loan with eight banks. The agreement has a term of five years and contains standard covenants (equity ratio > 30%, net senior debt/EBITDA ratio < 3). All covenants were met as of the end of the reporting period. As the separate tranches of this loan each have a fixed term of no more than twelve months, they are presented as current liabilities to banks. Non-current interest-bearing liabilities amounted to CHF 30.9 million in total and consist predominantly of lease liabilities (CHF 19.4 million) and a loan provided to us by the Franke Artemis Group on arm's length terms in favour of our branch in China (CHF 9.2 million).

Net debt rose from CHF 36.3 million to CHF 76.9 million in the reporting period due to the acquisition of Herzing + Schroth (CHF 38.0 million).

Equity stood at CHF 137.7 million as at 30 June 2012 (31 December 2011: CHF 129.3 million). The equity ratio dropped from 39.6% to 35.1% on account of the acquisition.

The statement of changes in equity shows that consolidated profit pushed up equity by CHF 7.3 million. Equity also rose as a result of a CHF 5.2 million capital increase carried out in connection with the acquisition of Herzing + Schroth. Conversely, the CHF 3.1 million dividend decided at the Annual General Meeting on 24 January 2012 reduced equity. Actuarial losses of CHF 2.2 million recognized in other comprehensive income (IAS 19) and share-based management remuneration (CHF 0.2 million) also had a negative impact. Foreign exchange gains recognized in other comprehensive income lifted equity by CHF 1.5 million.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities showed an inflow of CHF 8.2 million (previous year: CHF 10.4 million). The CHF 6.5 million increase in net working capital prevented a higher cash inflow. Cash flows from investing activities, on the other hand, showed a strong outflow of CHF 17.0 million. The sale of IMA Berlin (CHF 4.2 million) was offset by the acquisition of the Herzing + Schroth Group (CHF 14.2 million). Investments amounting to CHF 9.7 million resulted in a further cash outflow. Overall, therefore, this resulted in an operating cash outflow of CHF 8.8 million (previous year: operating cash inflow of CHF 12.8 million). Interest-bearing capital of CHF 4.4 million net had to be raised in the reporting period to finance this. Taking into account the foreign exchange gains of CHF 0.4 million and the aforementioned items, cash and cash equivalents fell by a total of CHF 7.6 million to CHF 23.0 million.

Consolidated Statement of Comprehensive Income

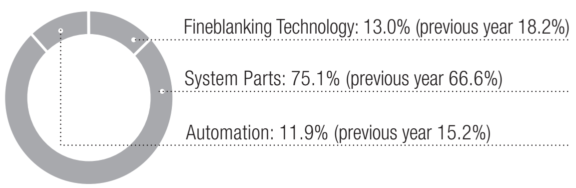
for the first half of 2012 (1 January to 30 June 2012)

(unaudited)	01.01.2012 – 30.06.2012 in CHF 1,000	in %	01.01.2011 – 30.06.2011 in CHF 1,000	in %
Continuing operations				
Net sales	**196 112**	**100.0**	**177 445**	**100.0**
Material cost	-91 353		-88 059	
Direct labour cost	-29 243		-25 761	
Gross margin	**75 516**	**38.5**	**63 625**	**35.9**
Indirect personnel expenses	-30 450		-25 417	
Operating expenses	-16 362		-14 897	
Administration and sales expenses	-8 477		-8 069	
Other operating expenses	-2 068		-1 063	
Other operating income	4 328		1 671	
Earnings before interest, taxes, depreciation and amortization (EBITDA)	**22 487**	**11.5**	**15 850**	**8.9**
Depreciation and amortization	-8 696		-7 109	
Operating profit/(loss) (EBIT)	**13 791**	**7.0**	**8 741**	**4.9**
Financial expenses	-4 983		-8 565	
Financial income	2 587		9 106	
Earnings before taxes	**11 395**	**5.8**	**9 282**	**5.2**
Income taxes	-4 157		-2 665	
Net income from continuing operations	**7 238**	**3.7**	**6 617**	**3.7**
Discontinued operations				
Net income from discontinued operations after income taxes	54	0.0	3 331	1.9
Net income of the Feintool Group	**7 292**	**3.7**	**9 948**	**5.6**
Other comprehensive income				
Translation differences	1 454		-7 054	
Actuarial gains/(losses)	-2 822		-4 649	
Income taxes on other comprehensive income	621		1 023	
Total comprehensive income of the Feintool Group	**6 545**		**-732**	

(unaudited)	01.01.2012 – 30.06.2012 in CHF 1,000	in %	01.01.2011 – 30.06.2011 in CHF 1,000	in %
Net income of the Feintool Group attributable to Feintool Holding shareholders	7 292		9 948	
Total comprehensive income of the Feintool Group attributable to Feintool Holding shareholders	6 545		-732	
Basic earnings per share (in CHF)	9.52		13.05	
Diluted earnings per share (in CHF)	9.52		13.05	
Basic earnings per share from continuing operations (in CHF)	9.45		8.68	
Diluted earnings per share from continuing operations (in CHF)	9.45		8.68	
EBIT				
Continuing operations	13 791		8 741	
Discontinued operations	147		1 224	
Total EBIT of the Feintool Group	**13 938**		**9 965**	
Number of employees				
Number of employees excl. 90 (previous year: 68) apprentices as at 30.06.	1 848		1 276	

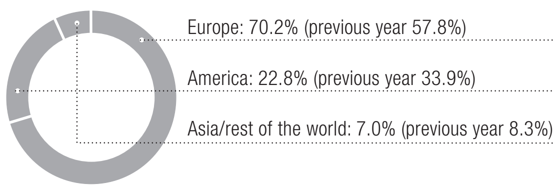
Employees by Segment

in %



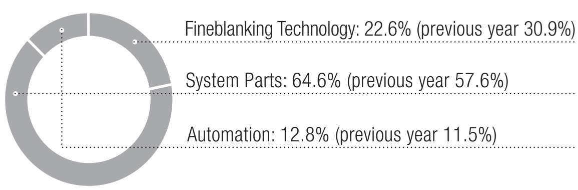
Employees by Region

in %



Sales by Segment

in %



Consolidated Balance Sheet

for the first half of 2012 (as at 30 June 2012)

(unaudited)	30.06.2012 in CHF 1,000	in %	31.12.2011 in CHF 1,000	in %
ASSETS				
Current assets				
Cash and cash equivalents	22 990		30 624	
Trade and other receivables	73 593		66 612	
Tax receivables	341		273	
Inventories	39 250		26 276	
Net assets of construction contracts	35 737		30 884	
Prepaid expenses and accrued income	5 405		1 715	
Assets held for sale	3 039		6 743	
Total current assets	**180 355**	**45.9**	**163 127**	**50.0**
Non-current assets				
Property, plant and equipment	172 787		134 348	
Intangible assets	19 659		7 412	
Financial assets	5 527		8 228	
Deferred tax assets	14 421		13 064	
Total non-current assets	**212 394**	**54.1**	**163 052**	**50.0**
TOTAL ASSETS	**392 749**	**100.0**	**326 179**	**100.0**

(unaudited)	30.06.2012 in CHF 1,000	in %	31.12.2011 in CHF 1,000	in %
LIABILITIES				
Current liabilities				
Financial liabilities	69 007		51 620	
Trade and other payables	76 604		66 045	
Tax liabilities	4 395		2 593	
Accrued expenses and deferred income	26 707		17 631	
Current provisions	3 712		3 382	
Liabilities held for sale	0		4 617	
Total current liabilities	**180 425**	**45.9**	**145 888**	**44.8**
Non-current liabilities				
Financial liabilities	30 885		15 307	
Non-current provisions	2 424		2 749	
Deferred tax liabilities	5 413		4 381	
Employee benefit liabilties	35 905		28 543	
Total non-current liabilities	**74 627**	**19.0**	**50 980**	**15.6**
Total liabilities	**255 052**	**64.9**	**196 868**	**60.4**
Equity				
Share capital	39 051		38 193	
Capital reserves	97 661		93 607	
Retained earnings	23 622		21 586	
Treasury shares	-314		-298	
Translation differences	-22 323		-23 777	
Total equity	**137 697**	**35.1**	**129 311**	**39.6**
TOTAL EQUITY AND LIABILITIES	392 749	100.0	326 179	100.0

Consolidated Statement of Changes in Equity

(unaudited) in CHF 1,000	Share capital	Treasury shares	Capital reserves	Retained earnings	Translation differences	Total equity
1 January 2011	**38 193**	**-718**	**93 155**	**15 655**	**-26 826**	**119 459**
Translation differences	–	–	–	–	-7 054	-7 054
Actuarial losses, net of tax	–	–	–	-3 626	–	-3 626
Total other comprehensive income	–	–	–	-3 626	-7 054	-10 680
Net income of the Feintool Group	–	–	–	9 948	–	9 948
Total comprehensive income of the Feintool Group	–	–	–	6 322	-7 054	-732
Purchase/sale of treasury shares	–	495	38	–	–	533
Group Management share ownership plan	–	–	–	–	–	–
30 June 2011	**38 193**	**-223**	**93 193**	**21 977**	**-33 880**	**119 260**
1 January 2012	**38 193**	**-298**	**93 607**	**21 586**	**-23 777**	**129 311**
Translation differences	–	–	–	–	1 454	1 454
Actuarial losses, net of tax	–	–	–	-2 201	–	-2 201
Total other comprehensive income	–	–	–	-2 201	1 454	-747
Net income of the Feintool Group	–	–	–	7 292	–	7 292
Total comprehensive income of the Feintool Group	–	–	–	5 091	1 454	6 545
Dividend	–	–	–	-3 055	–	-3 055
Purchase/sale of treasury shares	–	-16	-413	–	–	-429
Increase in share capital	858	–	4 311	–	–	5 169
Group Management share ownership plan	–	–	156	–	–	156
30 June 2012	**39 051**	**-314**	**97 661**	**23 622**	**-22 323**	**137 697**

Key figures for currency translation	Average rate 1st half 2012 CHF	Closing rate 30.06.2012 CHF	**Average rate 1st half 2011 CHF**	**Closing rate 30.06.2011 CHF**
1 USD	0.9229	0.9555	0.9304	0.8320
1 EUR	1.2033	1.2030	1.2895	1.2050
100 JPY	1.1618	1.2014	1.1330	1.0340
100 CNY	14.6312	15.0128	n/a	n/a

Consolidated Statement of Cash Flows

for the first half of 2012 (1 January to 30 June 2012)

(unaudited)	01.01. – 30.06.2012 in CHF 1,000	01.01. – 30.06.2011 in CHF 1,000
Net income of the Feintool Group	7 292	9 948
Depreciation and amortization	8 696	7 748
(Gain)/loss on disposal of property, plant and equipment	-95	-766
(Gain)/loss on disposal of discontinued operations / other consolidated investments	-3 381	-4 171
Increase/(decrease) in provisions	2 961	-2 107
Change in deferred taxes	-232	785
Other non-cash changes	-515	-4 727
Cash flows from operating activities before change in NWC	**14 726**	**6 710**
(Increase)/decrease in net working capital (NWC)	-6 497	3 705
Cash flows from operating activities	**8 229**	**10 415**
Investments in property, plant and equipment	-9 658	-14 232
Disposals of property, plant and equipment	307	1 437
Investments in intangible assets	-362	-547
Disposals of intangible assets	7	246
Change in financial assets (net)	2 695	-680
Purchase of consolidated participations less cash and cash equivalents	-14 226	0
Sale of consolidated participations less cash and cash equivalents	4 214	16 124
Cash flows from investing activities	**-17 023**	**2 348**
Free cash flow	**-8 794**	**12 763**
Dividends paid	-3 055	0
Purchase of treasury shares	-440	-464
Sale of treasury shares	7	959
Transaction costs for capital increase	-76	0
Borrowing of interest-bearing liabilities	22 744	7 431
Repayment of interest-bearing liabilities	-18 387	-19 318
Cash flows from financing activities	**793**	**-11 392**
Translation differences	367	-5 883
Increase/(decrease) in cash and cash equivalents	**-7 634**	**-4 512**
Cash and cash equivalents at the beginning of the period	30 624	27 619
Cash and cash equivalents at the end of the period	22 990	23 107

Repayment of the syndicated loan did not result in any cash transaction.

Segment Information

for the first half of 2012 (1 January to 30 June 2012)

01.01.-30.06.2012 (unaudited) **Products and services** in CHF 1,000	Fineblanking Technology	System Parts	Automa-tion	Total segments	Finance/ Other	Elimina-tions	Group
Net sales	46 455	132 588	26 350	205 393	–	-9 281	196 112
- Intersegment income	-9 274	-7	–	-9 281	–	9 281	–
Total net sales - Group	**37 181**	**132 581**	**26 350**	**196 112**	**–**	**–**	**196 112**
EBITDA	**5 299**	**16 023**	**2 331**	**23 653**	**-376**	**-790**	**22 487**
Depreciation and amortization	-692	-7 368	-122	-8 182	-991	477	-8 696
Operating profit (EBIT)	**4 607**	**8 655**	**2 209**	**15 471**	**-1 367**	**-313**	**13 791**
Finance costs							-4 983
Financial income							2 587
Income taxes							-4 157
Net income from continuing operations							**7 238**
Assets [2]	**61 466**	**274 435**	**21 654**	**357 555**	**85 291**	**-50 097**	**392 749**
Net working capital [1]	**9 896**	**38 060**	**-820**	**47 136**	**-1 877**	**894**	**46 153**
Investment in property, plant and equipment/intangible assets [2]	**242**	**15 502**	**204**	**15 948**	**364**	**-1 276**	**15 036**
Number of employees	**235**	**1 359**	**215**	**1 809**	**39**	**–**	**1 848**

Geographical areas	Switzerland	Europe excl. Switzerland	America	Asia	Group
Net sales - Group [3]	**4 701**	**100 296**	**46 112**	**45 003**	**196 112**
thereof Germany		66 546			
thereof Japan				27 422	
thereof China				8 728	
Fixed and intangible assets	**30 839**	**83 735**	**45 520**	**32 352**	**192 446**

1) Net working capital comprises trade receivables, inventories, net assets of construction contracts in progress and prepaid expenses and accrued income less trade payables, advance payments received from customers and accrued expenses and deferred income.

2) The figures for discontinued operations are given under “Finances/Other”.

3) Net sales are allocated to countries based on the customer’s domicile.

The Feintool Fineblanking Technology segment comprises the development, manufacture and sale of presses, tools, peripheral systems and all related services. The Feintool System Parts segment develops, produces and sells high-precision system components and assemblies using fineblanking and forming technology. The Feintool Automation segment offers a comprehensive range of assembly systems.

“Finance/Other” essentially comprises the figures for Feintool International Holding AG, Feintool International Management AG, Feintool Intellectual Property AG, the German sub-holding company Feintool Holding GmbH and the real estate company included in the sub-holding company HL Holding AG and its subsidiaries. The figures for the discontinued operations are also included here.

The operating profit/loss comprises all operating income and expenses directly attributable to the individual segments. This includes all cross-segment expenses, which are charged directly on an arm’s length basis. Feintool’s financing is undertaken at Group level. Financial expenses and income, as well as taxes, are therefore reported at Group level only and do not appear in the segment reports.

There is no reconciliation of the data in management reports and data contained in the financial reports, as internal and external reporting are subject to the same valuation principles.

01.01.-30.06.2011 (unaudited) **Products and services** in CHF 1,000	Fineblanking Technology	System Parts	Automa-tion	Total segments	Finance/ Other	Elimina-tions	Group
Net sales	61 637	114 993	23 068	199 698	–	-22 253	177 445
- Intersegment income	-22 284	–	–	-22 284	–	22 284	–
Total net sales - Group	**39 353**	**114 993**	**23 068**	**177 414**	**–**	**31**	**177 445**
EBITDA	**5 940**	**11 801**	**1 095**	**18 836**	**1 307**	**-4 293**	**15 850**
Depreciation and amortization	-711	-5 319	-149	-6 179	-1 409	479	-7 109
Operating profit (EBIT)	**5 229**	**6 482**	**946**	**12 657**	**-102**	**-3 814**	**8 741**
Finance costs							-8 565
Financial income							9 106
Income taxes							-2 665
Net income from continuing operations							**6 617**
Assets [2]	**69 912**	**164 756**	**18 146**	**252 814**	**167 643**	**-114 403**	**306 054**
Net working capital [1]	**8 488**	**22 735**	**597**	**31 820**	**-2 312**	**-24**	**29 484**
Investment in property, plant and equipment/intangible assets [2]	**1 003**	**16 829**	**423**	**18 255**	**386**	**-3 437**	**15 204**
Number of employees	**225**	**824**	**188**	**1 237**	**39**	**–**	**1 276**

Geographical areas	Switzerland	Europe excl. Switzerland	America	Asia	Group
Net sales - Group [3]	**2 292**	**100 286**	**41 407**	**33 460**	**177 445**
thereof Germany		86 868			
thereof Japan				16 992	
thereof China				7 282	
Fixed and intangible assets	**57 245**	**34 856**	**35 545**	**16 122**	**143 768**

1) Net working capital comprises trade receivables, inventories, net assets of construction contracts in progress and prepaid expenses and accrued income less trade payables, advance payments received from customers and accrued expenses and deferred income.

2) The figures for discontinued operations are given under “Finances/Other”.

3) Net sales are allocated to countries based on the customer’s domicile.

The Feintool Fineblanking Technology segment comprises the development, manufacture and sale of presses, tools, peripheral systems and all related services. The Feintool System Parts segment develops, produces and sells high-precision system components and assemblies using fineblanking and forming technology. The Feintool Automation segment offers a comprehensive range of assembly systems.

“Finance/Other” essentially comprises the figures for Feintool International Holding AG, Feintool International Management AG, Feintool Intellectual Property AG, the German sub-holding company Feintool Holding GmbH and the real estate company included in the sub-holding company HL Holding AG and its subsidiaries. The figures for the discontinued operations are also included here.

The operating profit/loss comprises all operating income and expenses directly attributable to the individual segments. This includes all cross-segment expenses, which are charged directly on an arm’s length basis. Feintool’s financing is undertaken at Group level. Financial expenses and income, as well as taxes, are therefore reported at Group level only and do not appear in the segment reports.

There is no reconciliation of the data in management reports and data contained in the financial reports, as internal and external reporting are subject to the same valuation principles.

Notes to the Report on Half-Year Figures

as at 30 June 2012

GENERAL

These unaudited, consolidated first-half financial statements for the Feintool Group are based on the financial statements of the individual Group companies as at 30 June 2012 and were authorized for publication by the Board of Directors on 20 August 2012.

The consolidated first-half statements are prepared in accordance with the same accounting policies as the annual financial statements as at 31 December 2011 and comply with International Financial Reporting Standards (IFRS) in accordance with IAS 34 Interim Financial Reporting as well as the requirements of SIX Swiss Exchange. The present report on the half-year figures does not cover all the areas disclosed in the Feintool Group's Annual Report for the period to 31 December 2011, so it should be consulted in conjunction with the latter report.

The consolidated half-year statements are expressed in Swiss francs (CHF), rounded to the nearest 1,000. The Report on Half-Year Figures is published in German and English. The German version shall be binding, however.

This is the first Half-Year Report since the change of financial year from 1 October - 30 September to 1 January - 31 December. The prior-year figures in this report were adjusted in accordance with the new financial year and cover the period from 1 January to 30 June 2011. Therefore, a comparison with half-year reports for earlier periods is not possible.

CHANGES IN ACCOUNTING POLICIES

The accounting policies are the same as those applied in the previous year. Feintool did not adopt any new Standards or Interpretations on 1 January 2012.

FUTURE CHANGES IN ACCOUNTING POLICIES

Feintool analyses the effects of newly issued Standards on the Group's financial position, results of operations and cash flows on an ongoing basis. Feintool does not expect the application of the new and revised Standards and Interpretations that have been published and will apply to future consolidated financial statements to have a material effect on the Group's financial position, results of operations or cash flows.

ESTIMATES AND ASSUMPTIONS

In preparing the interim consolidated statements, management must arrive at estimates and assumptions that influence the valuation of assets and liabilities as well as the published figures for contingent claims and liabilities, income and expenses. Particular areas in which estimates substantially influence the carrying amount are the measuring of provisions, assumptions regarding value in use calculations for goodwill, projected future cash flows from capitalized development costs, valuation of long-term manufacturing orders, assessment of expected and deferred taxes, as well as actuarial assumptions used to calculate pension obligations. These estimates may differ from the actual results and therefore have a material impact on the Group's financial position, results of operations or cash flows.

Management and the Board of Directors believe the basis of planning and the assumptions to be realistic.

CONTINGENT LIABILITIES/PURCHASE COMMITMENTS

The repurchase guarantees given to leasing companies for fineblanking presses sold declined to CHF 4.0 million in the first half of the year from CHF 4.8 million at the end of the abridged 2011 financial year. Contingent obligations from funding received, which is subject to certain conditions, amounted to CHF 3.5 million (previous year CHF 3.9 million).

The Feintool Group entered into purchase commitments for the acquisition of fineblanking presses and other machinery in the amount of CHF 6.0 million (previous year CHF 1.6 million).

BASIS OF CONSOLIDATION

The consolidated first-half financial statements encompass the first-half financial statements of Feintool International Holding AG, Lyss (Switzerland) and the first-half financial statements of all Group companies in which Feintool International Holding AG directly or indirectly owns more than 50% of the voting rights or which it otherwise controls. A list of all subsidiaries as at 31 December 2011 can be found on page 68 of the Annual Report.

At the end of March 2012, Feintool sold IMA Automation Berlin GmbH, Berlin, which operates in the automation business, to Mikron Group of Switzerland (see also "Disposal of IMA Berlin").

At the end of April 2012, Feintool Holding GmbH, Amberg, established a takeover company through which it acquired the assets and liabilities of Herzing + Schroth GmbH u. Co. KG, Obertshausen, at the end of May 2012. This new company was subsequently renamed Herzing + Schroth GmbH, and has its registered office in Obertshausen.

In connection with the aforementioned acquisition, Feintool Holding GmbH, Amberg, acquired 60% of Schroth Antriebselemente GmbH, Ohrdruf; the remaining 40% is held by Feintool International Holding AG. Herzing + Schroth GmbH and Schroth Antriebselemente GmbH specialize in forming technology. For more information, see "Acquisition of investments".

INCREASE IN SHARE CAPITAL

On 1 June 2012, Feintool increased its share capital by CHF 857 500 through the issue of 17 150 shares, each having a nominal value of CHF 50, at the closing price of CHF 305.75 per share. The increase was effected from the "authorized capital" approved by the General Meeting on 24 January 2012 and formed part of the purchase price for the aforementioned acquisition of Herzing + Schroth Group. The transaction costs for the increase in share capital amounted to CHF 0.1 million.

FINANCIAL COVENANTS

On 28 June 2012, Feintool signed a CHF 120 million syndicated loan agreement with eight commercial banks. The loan will be used to repay the syndicated loan of 22 September 2009 and the real estate loan of October 2001, as well as secure the financing of operations and future investments and acquisitions. The new financing for the Feintool Group was concluded for a five-year period (to 30 June 2017). The syndicated loan consists of CHF 100 million in cash loans and CHF 20 million for performance and advance payment guarantees.

Covenants were defined by the banks in connection with this agreement. The most important covenants to be observed in relation to this agreement are as follows:

> Equity ratio > 30%
> Net senior debt / EBITDA < 3.0 x
> Various standard negative/positive covenants

Were the Group unable to meet these covenants, the banks would have the right to terminate the loans at short notice.

As at 30 June 2012, all covenants had been met.

TAXES

The results posted by the Feintool companies varied greatly from region to region. The operating companies, especially those based in Europe and Japan, yielded substantial profits in some cases. They consequently incurred significant tax charges. Owing to its special situation, the holding company in Switzerland did not enjoy any substantial tax credits on its costs. As a result, there was a high tax rate in the reporting year.

SEASONAL FACTORS

Feintool's business areas are not subject to any significant seasonal influences. The results from long-term manufacturing orders are spread over the respective period in accordance with the POC (percentage of completion) method.

EQUITY

Share capital		30.06.2012	30.06.2011
Number of shares	Number	781 020	763 870
Nominal value	CHF	50	50
Share capital	CHF	39 051 000	38 193 500

Authorized capital	in CHF	in CHF
As at 01.01.	**0**	**0**
Created	19 096 750	0
Used	857 500	0
As at 30.06.	**18 239 250**	**0**

The authorized share capital was created according to the decision of the Annual General Meeting on 24 January 2012. The Board of Directors was authorized to create up to 381 935 shares, each having a nominal value of CHF 50. The new shares are to be paid up in full. The Board of Directors is also authorized to restrict or exclude subscription rights under certain circumstances. The approvals are limited to a period of two years (24 January 2014).

Share capital was increased from authorized share capital as at 1 June 2012 through the issue of 17 150 shares, each with a nominal value of CHF 50, for part-financing the acquisition of Herzing + Schroth Group.

ACQUISITION OF INVESTMENTS

On 31 May 2012, Feintool Holding GmbH, Amberg, a 100% subsidiary of Feintool International Holding AG, took control of Schroth Antriebselemente GmbH, Ohrdruf, by acquiring 60% of the company’s ordinary shares. The remaining 40% were acquired directly by Feintool International Holding AG.

At the end of April 2012, Feintool Holding GmbH, Amberg, established a takeover company through which it acquired the assets and liabilities of Herzing + Schroth GmbH u. Co. KG, Obertshausen, at the end of May 2012. This new company was subsequently renamed Herzing + Schroth GmbH, and has its registered office in Obertshausen.

Herzing + Schroth Group (H+S) is a leading developer and manufacturer of high-precision, chipless-formed components of motor vehicle drivetrains. Like fineblanking, this is a process utilized in the automotive industry for the high-volume production of lightweight components for efficient transmissions. Feintool intends to expand this newly attained technological potential on a global level and exploit existing synergies.

In its first month under the Feintool Group, H + S generated sales of CHF 6.6 million and an operating profit (EBIT) of CHF 0.1 million. Had the acquisition taken place on 1 January 2012, the consolidated sales of the Feintool Group would have totalled CHF 229.4 million and the operating result (EBIT) CHF 14.3 million. As H + S did not use IFRS accounting prior to the date of acquisition, these figures are estimates.

Consideration for the interests acquired:	in CHF 1,000
Cash and cash equivalents	14 436
Increase in share capital and issue of 17 150 new shares with a nominal value of CHF 50 at a price of CHF 305.75 from the authorized share capital	5 244
Total consideration	**19 680**

Identifiable assets and liabilities (provisional):	in CHF 1,000
Cash and cash equivalents	210
Trade and other receivables	6 029
Inventories/net assets of construction contracts	10 778
Property, plant and equipment	31 678
Intangible assets	5 283
Deferred tax assets	958
Financial liabilities	-23 759
Trade and other payables	-11 943
Deferred tax liabilities	-1 468
Employee benefit plans	-5 248
Net identifiable assets	**12 518**

> The table of fair values for assets and liabilities is provisional owing to the short period of time between acquisition and the closing date for the half-year financial statements. Possible changes in valuations will be presented in the Annual Report for the period to 31 December 2012.

> New intrinsic values were calculated for the machinery and systems included in property, plant and equipment. The Ohrdruf property was valued by an independent valuer and its value adjusted accordingly.

> The CHF 4.5 million in “customer relationships” included in intangible assets were calculated using the multi-period excess earnings method (MEEM).

> Actuarial pension reports were obtained for the calculation of employee benefit plans.

> Deferred tax calculations were carried out on the adjustments made and shown accordingly.

Goodwill (provisional)	in CHF 1,000
Total consideration	19 680
Net identifiable assets	-12 518
Goodwill	**7 162**

Goodwill represents the figure that the Feintool Group would have had to pay in order to independently set up a profit-making operation for the production of chipless-formed parts on a “greenfield” basis. The acquisition is intended to significantly advance the Feintool Group’s forming capabilities, a process closely related to fineblanking, as well as boost the company’s geographical market development in the USA and Asia.

The costs incurred by the Feintool Group for the acquisition of Herzing + Schroth Group amounted to around CHF 0.5 million. This includes the fees of external lawyers and advisers, as well as taxes. The costs were recognized in other operating expenses.

DISCONTINUED OPERATIONS

Expenses and income from the property held for sale at Huttwil and Biberist (prior-year period) are recognized under discontinued operations. The Feintool Group sold the Afag and BalTec units to investors in the previous reporting period. The companies were correspondingly deconsolidated and presented as "discontinued operations". Profit and loss figures for Mühlemann AG, which is in liquidation, were also included in "discontinued operations".

Results of discontinued operations	01.01. – 30.06.2012 in CHF 1,000	01.01. – 30.06.2011 in CHF 1,000
Net sales	**0**	**17 517**
Total operating expenses	147	-16 293
Operating profit/(loss) (EBIT)	**147**	**1 224**
Net financial income/finance costs	-78	-212
Earnings before taxes	**69**	**1 012**
Income taxes	-15	-20
Net income from discontinued operations	**54**	**992**
Gain on disposal of discontinued operations (incl. costs to sell of kCHF 1 170)	0	2 339 [1)]
Effect on net income for the period	**54**	**3 331**
Cash flow from/(to) discontinued operations		
- from operating activities	54	2 529
- from investing activities	0	1 922
- from financing activities	0	-4 051
Currency translation differences	0	-63
Increase/(decrease) in cash and cash equivalents	**54**	**337**
Earnings per share (in CHF)		
- undiluted	0.07	4.37
- diluted	0.07	4.37

1) The gain on disposal of discontinued operations in the prior period includes foreign currency losses amounting to CHF 2.0 million

In the prior-year period, the disposal of the Afag and BalTec group was represented.

Effect of the disposal on the Groups financial position	01.01. – 30.06.2012 in CHF 1,000	01.01. – 30.06.2011 in CHF 1,000
Cash and cash equivalents	0	-2 428
Trade and other receivables	0	-8 777
Inventories	0	-7 508
Property, plant and equipment	0	-2 937
Goodwill	0	-5 287
Deferred tax assets	0	-28
Trade and other payables	0	11 057
Deferred tax liabilities	0	66
Net assets and liabilities	**0**	**-15 842**
Consideration received in cash [1]	0	16 800
Less cash and cash equivalents disposed of	0	-2 428
Net cash inflow	**0**	**14 372**

[1] The sale price of the Afag and BalTec group totals CHF 21.4 million, of which CHF 16.8 million is payable immediately and CHF 4.6 million at a later point in time, i.e. after the disposal of certain assets.

DISPOSAL OF IMA BERLIN

At the end of March 2012, Feintool sold its equity interest in IMA Automation Berlin GmbH, Berlin, Germany, to Mikron Group of Switzerland. The assets and liabilities of IMA Berlin were stated in the Annual Report as at 31 December 2011 as individual items under “Assets and liabilities held for sale”. As this represented only a part of the business unit and was not material in the view of the Feintool Group, it is not included in “discontinued operations” and is instead shown in “net income from continuing operations”. The gains on disposal were recognized in “other operating income”.

Effect of the disposal of IMA Berlin	01.01. – 30.06.2011 in CHF 1,000
Consideration received in cash	4 214
Net assets at closing rate	-495
Translation differences	-225
Earnings assigned under profit and loss transfer agreement	-113
Gains on disposal of IMA Berlin	**3 381**

DIVIDENDS

At the General Meeting of Feintool International Holding AG held on 24 January 2012, for the 2010/11 financial year, the shareholders approved the distribution of a dividend of CHF 4 per share. At the General Meeting held on 8 May 2012, for the abridged year from 1 October to 31 December 2011, the shareholders approved a resolution to waive payment of a dividend.

EVENTS AFTER THE END OF THE REPORTING PERIOD

There were no events after the end of the reporting period.

Addresses of our operating companies

as at 30 June 2012

Company	Address	Tel./Fax	Internet
Switzerland			
Feintool International Holding AG	Industriering 8 CH-3250 Lyss	Tel. +41 32 387 51 11 Fax +41 32 387 57 81	feintool-fim@feintool.com www.feintool.com
Feintool International Management AG	Industriering 8 CH-3250 Lyss	Tel. +41 32 387 51 11 Fax +41 32 387 57 81	feintool-fim@feintool.com www.feintool.com
Feintool Technologie AG	Industriering 3 CH-3250 Lyss	Tel. +41 32 387 51 11 Fax +41 32 387 57 80	feintool-ftl@feintool.com www.feintool.com
Feintool Technologie AG	Grünfeldstrasse 25 CH-8645 Jona	Tel. +41 55 225 21 11 Fax +41 55 225 24 04	feintool-ftl@feintool.com www.feintool.com
Feintool System Parts AG	Industriering 8 CH-3250 Lyss	Tel. +41 32 387 51 11 Fax +41 32 387 57 82	feintool-fsp@feintool.com www.feintool.com
Feintool Teile & Komponenten AG Lyss	Industriering 53 CH-3250 Lyss	Tel. +41 32 387 51 11 Fax +41 32 387 57 79	feintool-tkl@feintool.com www.feintool.com
Europe			
Promera Ettlingen Feinschneidtechnik GmbH	Englerstrasse 18 DE-76275 Ettlingen	Tel. +49 7243 320 20 Fax +49 7243 320 240	info@promera.de www.feintool.com
Promera Jena Feinschneid- und Umformtechnik GmbH	Löbstedter Strasse 85 DE-07745 Jena	Tel. +49 3641 506 100 Fax +49 3641 506 300	info@promera-jena.de www.feintool.com
Herzing + Schroth GmbH	Ringstrasse 10 DE-63179 Obertshausen	Tel. +49 6104 401 0 Fax +49 6104 401 204	vertrieb@herzing-schroth.de www.feintool.com
Schroth Antriebselemente GmbH	Ringstrasse 13 DE-99885 Ohrdruf	Tel. +49 3624 335 0 Fax +49 3624 335 200	vertrieb@herzing-schroth.de www.feintool.com
IMA Automation Amberg GmbH	Wernher-von-Braun-Str. 5 DE-92224 Amberg	Tel. +49 9621 608 0 Fax +49 9621 608 290	info@ima-automation.de www.feintool.com
America			
Feintool Equipment Corp.	6833 Creek Road US-Cincinnati, OH 45242	Tel. +1 513 791 00 66 Fax +1 513 791 15 89	fec@feintool-usa.com www.feintool.com
Feintool Cincinnati, Inc.	11280 Cornell Park Drive US-Cincinnati, OH 45242	Tel. +1 513 247 40 61 Fax +1 513 247 00 60	sales@feintool-usa.com www.feintool.com
Feintool Tennessee, Inc.	2930 Old Franklin Road US-Antioch, TN 37013	Tel. +1 615 641 77 70 Fax +1 615 641 79 95	sales@feintool-usa.com www.feintool.com
Asia			
Feintool Japan Co., Ltd. (Equipment)	Atsugi Plant, 260-53, Yanagi-Machi Hase JP-Atsugi City, Kanagawa Pref. 243	Tel. +81 46 247 74 51-2 Fax +81 46 247 20 08	feintool@feintool.co.jp www.feintool.com
Feintool Japan Co., Ltd. (System Parts)	Atsugi Plant, 260-53, Yanagi-Machi Hase JP-Atsugi City, Kanagawa Pref. 243	Tel. +81 46 248 4441 Fax +81 46 247 2008	feintool@feintool.co.jp www.feintool.com
Feintool Japan Co., Ltd. (System Parts)	Tokoname Plant, 178, Ikeda Aza Kume Tokoname City Aichi, Japan 479-0002	Tel. +81 569 44 0400 Fax +81 569 44 0435	feintool@feintool.co.jp www.feintool.com
Feintool Precision System Parts Taicang Co., Ltd.	No 15 Qingdao East Road Taicang 215400, Jiangsu Province, CN	Tel. +86 512 5320 6201 Fax +86 512 5351 5432	sales-china@feintool.com www.feintool.com
Feintool Beijing Office, Swisstec	Hua Qiao Gong Yu 2-43 Hua Yuan Cun, Xi Jiao CN-Beijing 100044	Tel. +86 10 6841 84 47 Fax +86 10 6841 28 69	swisstec@public.bta.net.cn www.feintool.com

Feintool International Holding AG
Investor Relations
Industriering 8
3250 Lyss
Switzerland
Phone +41 32 387 51 11
investor.relations@feintool.com
www.feintool.com

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