Feintool Group
The partner for the deciding difference

Annual Report 2014

FEINTOOL

Key figures at a glance

(only continuing operations)

		2014 [1] 01.01.–31.12.14	2013 [1] 01.01.–31.12.13	2012 [2] [3] 01.01.–31.12.12	2011 (abridged FY) [2] [3] 01.10.–31.12.11	2010/11 [2] [3] 01.10.10–30.09.11
Operating figures	CHF m					
Expected releases - high volume parts manufacturing [4]		213.9	181.0	138.1	105.1	104.1
Orders received third (investment goods)		86.7	77.6	78.8	19.7	96.0
Orders backlog third (investment goods)		32.9	29.9	30.0	34.3	40.4
Net sales		503.4	435.7	427.0	101.2	360.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)		62.9	47.0	43.0	9.0	31.9
Operating profit (EBIT)		35.1	20.4	22.0	5.1	17.2
Net earnings from continuing operations		24.6	14.8	11.4	2.2	12.2
Return figures	in %					
EBITDA margin		12.5	10.8	10.1	8.9	8.9
EBIT margin		7.0	4.7	5.2	5.0	4.8
Net return on sales (continuing operations)		4.9	3.4	2.7	2.2	3.4
Cash flow and balance sheet statistics	CHF m					
Cash flow from operating activities		50.8	49.4	27.0	-6.2	25.3
Cash flow from investing activities (net)		-12.1	-34.9	-29.9	12.2	-13.2
Free cash flow		38.7	14.6	-2.9	6.0	12.1
Total assets		427.4	398.9	385.9	325.5	327.5
Equity		202.9	183.8	136.8	131.6	122.2
Liabilities		224.6	215.1	249.2	194.0	205.3
Net debt		9.3	33.0	75.3	36.3	41.9
Equity ratio		47.5 %	46.1 %	35.4 %	40.4 %	37.3 %
Gross investments		43.4	36.6	34.8	4.9	33.8
Key figures per share	CHF					
Earnings per share (basic)		7.95	4.49	2.94	0.58	3.20
Dividend per share		1.50 [5]	1.20	1.00	0.00	0.80
Equity per share		45.55	43.80	35.43	34.50	32.01
Other						
Number of employees at year-end (excl. apprentices)		1 987	1 818	1 809	1 326	1 360

[1] Only continuing operations (excluding Automation segment)

[2] IAS 19 Restatement

[3] Only continuing operations (including IMA Automation Amberg GmbH)

[4] Releases scheduled by customers over next six months

[5] Board of Directors' proposal

Dear shareholders,

2014 was another successful financial year for Feintool. Sales increased by 16 % to CHF 503 million. Due to this growth the number of employees rose by 9 % to 1,987 plus 82 trainees. Major investments were made once again: capital spending amounted to CHF 44 million, i.e. 15 % more than in the previous year. The Group's net income totalled CHF 25 million. The equity ratio was 47 %. The Board of Directors will therefore propose to the Annual General Meeting that it approve a dividend of CHF 1.50 per share, representing an increase of 25 % compared with the previous year.

The encouraging business performance in all our regions vindicates the strategic direction in which we embarked in 2009: to systematically focus on our core competencies of fine-blanking and forming. This strategy was concluded with the sale of IMA Automation Amberg GmbH to the German-Chinese company Preh GmbH on 31 July 2014. We plan to use the resulting sales proceeds of CHF 24 million to strengthen our equity base and therefore the company's continued growth.

The good result for the 2014 financial year gives us a solid base on which to continue concentrating fully on our organic growth and investment strategies as well as planned innovations. The fact is that the global automotive industry is undergoing a massive transformation; thus the challenges facing specialists such as Feintool remain substantial.

TECHNOLOGICAL DEVELOPMENTS AND CHALLENGES

The pace set by a rapidly changing automotive industry, identification of key technology trends and growth in future markets are themes we constantly address as a specialist partner and supplier to the global automotive industry. We believe future prospects for the automotive industry should nevertheless be viewed as highly positive: firstly because of the major innovation challenges that lie behind buzzwords such as "CO_2 reduction" and "fuel efficiency", and consequently "engine downsizing" and "weight reduction" too; second, we continue to expect solid global growth for premium vehicles. These will be much more fuel-efficient and will therefore be more environmentally compatible, lighter and quieter to drive than their predecessor models. Within the premium vehicle segment, the share of new cars with automatic transmission is growing steadily according to industry statistics and will continue to gain ground in coming years. Vehicles with automatic transmission have lower fuel consumption than their manual counterparts; also, their carbon dioxide emissions are around a fifth or more below those of manual vehicles. In addition, intelligent transmissions with more gears and optimized revolutions help ensure superior driving comfort and environmental sustainability.

Another challenge for the automotive industry lies in the trend towards electric vehicles. This trend is being pushed forward across the globe – above all by governments and regulators – and is being promoted accordingly. But given the technologies currently available, it is estimated that – in the absence of government subsidies – electrically operated vehicles will remain more expensive than conventionally operated ones over the next few years. Consequently, they do not yet constitute a broad-based solution. In particular, experts do not believe the problem of manufacturing batteries that are powerful enough to guarantee a sufficient range can be solved conclusively within the next five to ten years. The combustion engine is therefore set to remain with us for the foreseeable future. In the interim, however, hybrid concepts – i.e. a combination of combustion engine and electric motor – will be increasingly prevalent; these are destined to shape the industry and its efforts to reduce CO_2 emissions over the coming years.

MARKETS AND MARKET DEVELOPMENTS

In 2014 the global automotive industry produced 86.6 million cars and commercial vehicles of up to six tonnes. This was 2.1 percent more than in the previous year. Three economic areas in particular were responsible for this growth: First of all China, where vehicle output rose 6.7 percent to almost 22.3 million units. Thus a quarter of the worldwide volume now stems from Chinese production. NAFTA (North American Free Trade Agreement, i.e. the USA, Mexico and Canada) accounted for 16.9 million vehicles, or almost a fifth of the world total. This represented a rise of 4.3 percent over the previous year. The European Union saw a turnaround in demand for vehicles in 2014: after vehicle registrations had dropped steadily from 2007 to 2013, the area experienced growth of 5.7 percent to 12.6 million vehicles in the past year. This was due above all to the recovery of the southern European economies. Output in the European Union totalled 16.7 million vehicles in 2014, or 4.4 percent more than a year previously. Outside of China, however, Asia saw the number of new vehicles fall by 0.9 percent to 21.8 million.

STRATEGIC MEASURES IN THE FINANCIAL YEAR

CORPORATE STRATEGY

As technology leader in fineblanking and forming technology, it is our clear objective to offer our worldwide customers considerable added value for their products and services.

In addition, the aforementioned global trends in the automotive industry will continue to exert a substantial influence on Feintool's development in the years ahead. Continued globalization, and its impact on sales and procurement markets, therefore calls for an even greater international focus within our structures and competencies. In light of the volatility and uncertainty on markets – particularly in view of the major fluctuations between individual currency zones – we must remain agile and aim for greater balance in our business activities.

In this connection, global access to and availability of qualified employees pose a major challenge for our company.

The corporate strategy agreed by the Board of Directors for the period to 2020 takes account of the overall backdrop as described and sets out our technological and global direction as well as the investments that will be required for the next few years. In the context of a balanced global focus in terms of sales and procurement we intend to invest more heavily and continue to grow not only in the core market of Europe but particularly in the Asia-Pacific region as well as in North America. For Feintool, the future market success of fineblanking and forming will also be crucially dependent on technology leadership as well as efforts to achieve cost leadership through long-term investment in plant and employees.

The following section briefly explores the key measures set out in the corporate strategy for the various segments.

TECHNOLOGY SEGMENT

In 2014 we showcased the world's fastest servomechanical fineblanking press, the XFT 1500speed, at "EuroBLECH" in Hannover – the leading metal processing exhibition. The efficiency of this especially productive press, with its very high stroke rate, enables us to capture new application areas for fineblanking, particularly in the automotive industry, with its constant demand for volume production and economies of scale.

To address the Chinese market and its potential, the Feintool Group's technology centre in Shanghai, which opened at the end of 2013, was designed and built with the long term in mind and now provides a completely new platform for our sales activities. Since 2014, customers visiting the showroom have been able to test and optimize presses and tools, but also raw materials and new concepts.

SYSTEM PARTS SEGMENT

The plant in Taicang successfully produced fineblanked parts on a large scale in 2014, achieving a further rise in volumes and posting its first breakeven result in terms of cash flow. Thus Feintool's presence in the Chinese market now includes a state-of-the-art manufacturing facility. This paves the way for our plans for future growth in seat adjusters and transmission components within the region.

At its Nashville plant, Feintool commissioned a third forming press in the first quarter of 2014 and made considerable investments in infrastructure. These CHF double-digit-million investments will protect the planned growth of our activities in North America in the years ahead.

Our European market position was strengthened once again during the financial year through considerable capital spending; with the nomination for a parts programme for a dual-clutch transmission, we also secured one of the most extensive orders on the market for the coming years.

OUTLOOK

Feintool is expecting business performance to be basically positive in 2015. At the exchange rates prevailing at the beginning of the 2015 financial year, sales were expected to grow by 6 percent with a further improvement in margins. The sharp appreciation of the Swiss franc against the euro since 15 January 2015 will, however, affect these figures. Based on the Swiss franc's exchange rate against the euro since the floor was removed, sales are put at CHF 460–480 million and operating earnings at some CHF 27 million. We continue to target sales of CHF 600 million and an operating margin of 8 percent in the medium term.

The Feintool Group could not have achieved such pleasing results without the dedication of its employees – our most valuable resource. We therefore owe them our sincere gratitude for their extraordinary commitment and the teamwork they demonstrate every single day. We would also like to express our deep heartfelt thanks to our customers, suppliers and shareholders for their trust and loyalty. We look forward to continuing this story of growth and shared success with you in the years ahead.

ALEXANDER VON WITZLEBEN
Chairman of the Board of Directors

HEINZ LOOSLI
Chief Executive Officer

FEINTOOL SYSTEM PARTS

The sophisticated fineblanked and formed parts business performed exceptionally well in 2014

PLEASING TREND IN THE PREMIUM SEGMENT

Sales in the System Parts segment increased by 17.1 percent in 2014, the second double-digit increase in succession. Whereas half the previous year's 21 percent increase was due to the newly acquired Herzing & Schroth, the 2014 rise was solely attributable to organic growth. Virtually all markets in which Feintool has its own operating presence contributed to the pleasing trend. Developments in the premium segment of automobile production were especially pleasing. New models with lower CO_2 emissions, improved consumption figures and greater comfort were the key drivers in this area, in which Feintool has always had a strong presence with its high-quality fineblanked and formed parts and where the company once again grew its market share in 2014.

The US market benefited from strong demand for new models throughout the year. Sales were helped by low interest rates and minimal unemployment and, above all, by the declining cost of fuel in the second half of the year. Production of lightweight motor vehicles in the USA consequently rose by 5.5 percent year-on-year to 11.5 million vehicles. Thanks to market share gains and the associated production start-ups, Feintool posted growth of 21.4 percent – well ahead of the market as a whole.

Production was up around 6 percent year-on-year among those European automotive manufacturers of significance to Feintool. The weak euro and an attractive offer of premium vehicles helped exports in particular. As in the USA, Feintool significantly increased its market share in Europe too. The four production operations in Germany and the site in Switzerland raised sales by 19.1 percent year-on-year.

Developments in China were also highly encouraging; though still at a low level, sales here rose by an impressive 68 percent year-on-year thanks to a steady stream of project start-ups.

- ▶ 17 percent organic growth
- ▶ Efficiency at the very top of the agenda
- ▶ Investing in the future

Of the automotive industry's largest and most important countries, only Japan showed another decline. This stems from weak domestic demand in the wake of a hike in value added tax, problems in Thailand as well as numerous recalls. Despite the difficult environment, Feintool confounded the general trend and succeeded in matching its sales for the previous year.

EFFICIENCY

Efficiency has been the driving force behind the company's above-average growth in recent years. There are two aspects to efficiency here: First, legal requirements and increasingly stiff competition are forcing the automotive industry and its suppliers to produce automobiles and their aggregates more efficiently. This is resulting in complex new components which excel in terms of narrow tolerance requirements, high performance and low weight. Second, thanks to the global platform strategies of OEMs, suppliers who meet these requirements and are in a position to offer the required products in key global production locations enjoy a clear competitive advantage. Feintool is benefiting from these trends in every respect. High volumes and precision standards, but also the use of complex sheet metal formed parts in place of cast and machined components, favour Feintool's manufacturing technologies. Through our strategy of maintaining our own on-site presence in key production markets within the automotive industry, we are in a position to support our customers' strategy of eliminating currency risks, shortening transport routes and slimming down the supplier portfolio.

However, efficiency improvements in manufacturing are also essential for keeping pace with global competition. Efficiency is therefore at the very top of the agenda. Continuous improvement programmes were implemented at all sites, with impressive results achieved in some cases. This is most clearly evident in the case of the former Herzing & Schroth, which was acquired in 2012: following a breakeven result in the previous year, it managed to exceed the ambitious targets that had been set.

INVESTMENTS

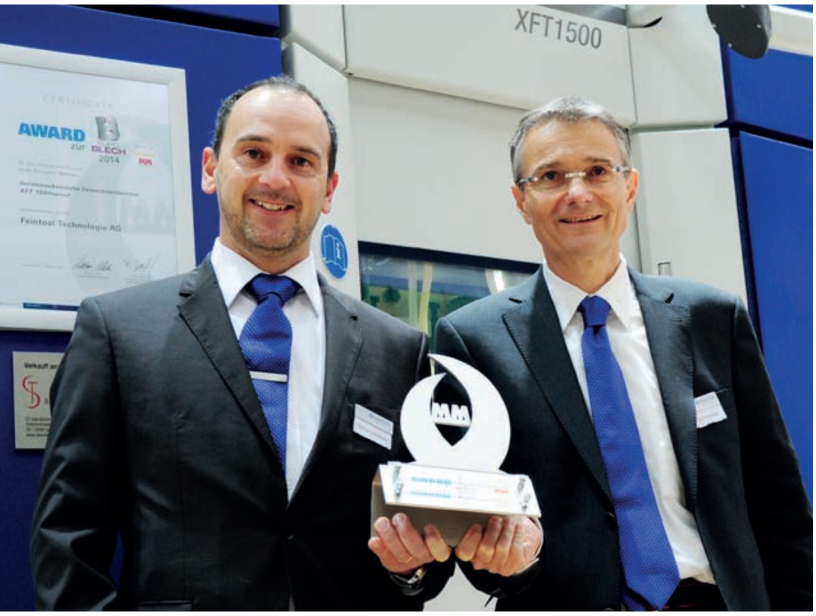
Modern machinery is a key element in efficient manufacturing. Of the approximately CHF 43 million invested last year, around one in every two Swiss francs went into the modernization of our machinery. Thus automation, quality assurance and higher-performance fineblanking and forming presses were all the subject of major investment. More than CHF 15 million was devoted to the expansion of our US site in Nashville, which focuses on sophisticated drive train components. One key milestone was the commissioning of another state-of-the-art servo-controlled multi-stage press for the manufacturing of formed components for automatic gearboxes. New systems were also commissioned at Feintool's German plants in order to cope with a ramp-up of new programmes.

INNOVATIVE APPLICATIONS

New systems for torsional vibration decoupling are becoming increasingly important in the context of today's downsized supercharged engines. They make for driving comfort at the same time as low fuel consumption and reduced CO_2 emissions. The systems are extremely challenging to manufacture and thus lend themselves ideally to efficient manufacturing with Feintool's process and production expertise. These are just some of the many application areas that will enable the company to outstrip market growth in future, too.

FEINTOOL FINEBLANKING TECHNOLOGY

More efficiency and more innovation: To consolidate its position as global leader, Feintool is continuously refining its fineblanking technology and tapping into new markets



AWARD-WINNING INNOVATION – THE WORLD'S FASTEST FINEBLANKING PRESS

As market leader, Feintool faces the constantly changing challenges of the automotive industry. For example, the competitive pressures of the industry require manufacturing processes to be more and more speedy and cost-effective. At the end of October 2014, Feintool revealed how it is meeting these expectations at "EuroBLECH" in Hanover – the leading metal processing exhibition. This is where the world's fastest servomechanical fineblanking press enjoyed its premiere. The XFT 1500speed achieves up to 200 strokes per minute – and consumes 40 percent less energy than its predecessor. The company won the 2014 EuroBLECH blanking category award for this innovative achievement. This press is a prime example of what Feintool has got lined up for the future.

READY FOR GLOBALIZATION

Additional challenges that Feintool is addressing include new markets and an increasingly international distribution of labour in the automotive sector. China in particular is a very promising market. Not only did the number of cars produced there in 2014 increase to over 19 million, but the quality requirements of its local automotive industry are on the increase. Chinese car manufacturers are increasingly discovering the benefits of fineblanking, such as precision, high proportion of straight-cutting, workable blanked surfaces and minimal finishing requirements.

To promote the expansion of fineblanking, Feintool opened its spare parts hub in China last year. This local store of wear parts for the HFTfit press, which was specially developed for the Asian market, makes it possible to deliver to customers immediately, with retrospective customs clearance. This saves time and enables customers to pay in the local currency, thus obviating the need to buy foreign currency.

- **The world's fastest fineblanking press**
- **Expansion in the Chinese market**
- **Innovation boosts efficiency**

The convenient spare parts hub supplements the Songjiang Technology Center in Shanghai that opened at the end of 2013. This is where the company brings together activities such as consultancy, toolmaking, engineering, tool trials, press maintenance, replacement parts, training, conferences and symposia. Similar centres exist in the United States, Japan and Europe. Feintool is now tackling this project in China too.

ROTARY TRANSFER TOOL GENERATES GREATER EFFICIENCY

To boost its competitive edge, Feintool is continually working on new, more efficient products. For example, it is setting new standards for lateral transfer tools. These make it possible to integrate operations such as pre-blanking and forming into the actual fineblanking process. Unlike previous solutions, which included one or two additional operations, up to five extra operations are possible with the rotary transfer tool. Developed in 2013, this application was used in seat adjusters last year and then also in planetary gear carriers, which are the main components in stepped automatic gearboxes. More and more product groups are therefore enjoying the benefits of the rotary transfer tool, which include improved parts quality and easier maintenance.

PREVENTIVE MAINTENANCE STRATEGY

The new FeinMonitoring maintenance system that Feintool has provided since 2014 ensures greater availability for fineblanking presses. This system replaces the old maintenance manuals for presses. They contained recommendations on when to replace wear parts and consumables. The problem was that these recommendations were fixed and were based on the number of operating hours. They took no account of how a press was being operated; for example what lifting force and press force was being applied and the strain this was placing on individual components.

With FeinMonitoring, this has now changed. Feintool has fitted sensors on its HFA plus and XFT presses. The data captured by these sensors provides a comprehensive view of the equipment's condition. So components are no longer replaced too early but only when there are indications of a possible failure. This increases the availability and operating life of the machinery and also cuts costs. The bottom line is greater efficiency – Feintool's hallmark.

HUMAN RESOURCES

In 2014 the company expanded its team, encouraged achievement among its employees and provided training for junior staff

EMPLOYEES SAY "YES" TO FEINTOOL

Feintool recorded further growth in headcount in 2014. 1 987 people were working in the company's continuing operations at the end of the year; this compares with 1 818 in the previous year. This increased the total number of employees by 9.8 percent. The strongest growth in Feintool's headcount was seen in Asia with 38.8 percent.

Commitment to the company is strong – as evidenced by the 2014 employee survey, which works on the basis of the following principle: the greater the number of positive responses from employees, the greater their degree of motivation. The results speak for themselves: at 83 percent, the Lyss site shows the highest level of satisfaction of all Feintool's plants around the world. With 78 percent of employees answering "yes", the result for Switzerland as a whole was also impressive. As many as 100 percent of the Swiss employees surveyed agreed with the statement that "I know what is expected of me at work". In the US, 89 percent said their line managers or another individual also took an interest in them as a person. Among Japanese employees, 94 percent agreed with the statement that they had had the opportunity to learn something new at work last year and to develop their skills further. This is a key point, because it is only through improvement on the part of employees that the company as a whole will continue to make successful progress.

MEASURES TO RAISE EMPLOYEE SATISFACTION

Constant improvement is Feintool's philosophy, and that applies to products and staff alike. Despite the favourable results of the survey, the company therefore continues to work towards improving employee satisfaction. By way of example, the internal flow of information will be optimized in future such that employees are always kept abreast of the latest developments. Added to that, employee meetings and information events will soon be held at all sites in order to involve employees even more closely and improve the transparency of corporate decisions.

- **Survey proves strong employee motivation**
- **Employees exhibit high levels of achievement**
- **Feintool delivers effective training around the world**

OUTSTANDING ACHIEVEMENTS RECOGNIZED

To honour its employees' commitment, Feintool once again presented its "Best Achievement Awards" last year. The award in the "Innovation & Technology" category went to the developers of FeinAl, a wear-resistant coating Feintool has introduced specifically to meet fineblanking requirements. FeinAl makes the cutting edges of the active parts more resistant, thereby reducing maintenance times and boosting productivity. The developers have therefore ensured that Feintool stands out from its competitors.

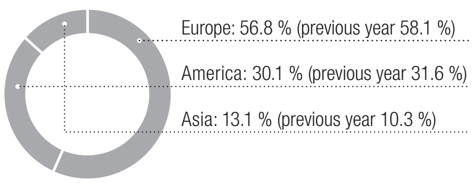
In the "Team/Effort/Extra Mile" category, the prize went to Feintool System Parts in Cincinnati. With this award, the company honoured the extensive restructuring of the plant to make it fit for the future. In the "Change" category, the mechanical manufacturing operation at Feintool System Parts in Obertshausen was recognized for having further optimized its working methods.

The prize-winners demonstrate what Feintool employees are capable of achieving and changing – a vital ingredient in the company's success.

DUAL VOCATIONAL TRAINING SYSTEM SUCCESSFULLY EXPORTED

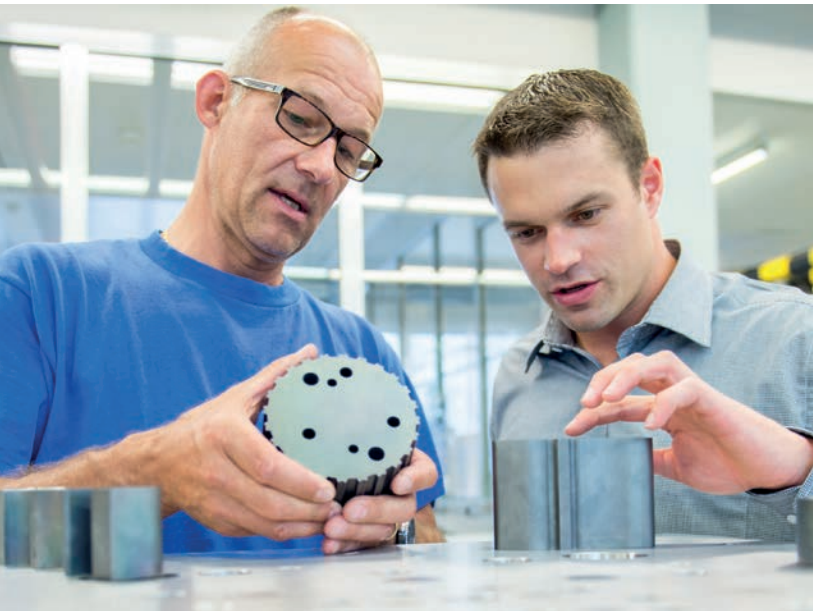
It is not only fineblanking technology that Feintool exports to all corners of the globe but also Switzerland's dual vocational training system. In 2014, Feintool's 82 trainees were deployed in 12 technical and commercial roles. All of them are trained in accordance with the Swiss vocational model – including those in the US. In recognition of this, the Swiss Embassy in the US last year presented the company with the Tell Award. Every year this honours people, groups or organizations that make a worldwide contribution to Switzerland's positive image. Feintool does so by enabling young Americans of high-school age to spend time with employees on the job and learn from them. After graduating from high school they can begin an apprenticeship with Feintool, enabling them to acquire practical experience with the company during the day and learn theory at college courses in the evening. Since 1987, more than 250 apprentices have undergone training with Feintool in the US and gone on to become valuable employees.

Employees by region
in % (out of total of 1 987, excluding apprentices)



ENVIRONMENT AND ETHICS

Lower electricity requirements, reduced consumption of heating oil and resources, decline in emissions – Feintool is taking environmental and social responsibility



ENVIRONMENTALLY SOUND TECHNOLOGIES FOR TOMORROW'S WORLD

Around the globe, the automotive industry is endeavouring to produce vehicles that are not only better and more comfortable than before but also ever lighter in weight and with reduced consumption and emissions. Indeed the industry has already come a long way: modern automatic gearboxes can reduce consumption by up to 25 percent, and the precision components developed by Feintool and its customers are making a significant contribution to this progress. By reducing the impact on the environment, downsized, supercharged engines and fuel-efficient diesel injection systems are also important application fields for fineblanking components.

However, the trend to sustainability is not just confined to the vehicles themselves: to an increasing extent, it applies to their production as well. Around 20 percent of the CO_2 emissions in a car's life are generated before it has travelled a single kilometre – they arise during manufacturing. A lot of energy is expended when metals such as aluminium and steel are manufactured, rolled, cut and shaped.

All major OEMs are increasingly seeking to achieve significantly lower emissions at the production stage – and also demanding an equivalent effort on the part of their suppliers. After all, the production depth of the industry is now only 50 percent or lower. Thus even the most economical, efficient and ecological automotive plant will be worthless if too much energy is consumed in upstream processes.

CORPORATE ENVIRONMENTAL MANAGEMENT

As a specialist supplier to leading OEMs across all continents, Feintool is aware of its important role in the global supply chain – not least from an environmental standpoint. Through a number of projects, the group has already significantly reduced its own energy needs and CO_2 emissions in recent years.

- Precision parts for greener vehicles
- Energy savings successfully implemented
- Voluntary transparency on CO_2 emissions

All the Group's operations are certified to the international environmental management standard ISO 14001:2004. In addition, each site is responsible for developing its own environmental management systems. New environmental objectives are regularly defined and corresponding projects launched. In 2014 the German plants were also certified for their energy management in compliance with standard ISO 50001.

The following examples highlight Feintool's massive environmental commitment in the last financial year: Compressed air is one of the largest energy consumers in fineblanking and in downstream processes. Feintool System Parts in Jena is now able to call on a total of four units for that purpose; when connected in series they not only minimize the risk of failure but also significantly reduce energy consumption. At the plant in Atsugi, Japan, it is clear that many small steps also make a difference: a new compressor, frugal LED lights and heat-reflecting film on the windows of the plant take the strain off the air-conditioning system in the summer, ultimately reducing electricity consumption by 15 percent. Electricity consumption at Feintool System Parts Taicang has been reduced by as much as 30 percent now that the waste heat and cooling water from the production process is fed into the plant's air-conditioning and heating system as and when required. At the plant in Ettlingen, the new, energy-efficient air compressor and intelligent use of waste heat ensured an 80 percent reduction in the consumption of heating oil. At Feintool System Parts in Lyss, CO_2 emissions declined by 80 percent: since February 2014, rail transport has been used to remove the approx. 6,000 tons of scrap left over from the fineblanking process as production waste and recycled each year. This significantly reduces emissions compared with the two or three truck loads a day in the past.

CARBON DISCLOSURE PROJECT

Feintool has been participating in the global Carbon Disclosure Project (CDP) since 2010. CDP manages the world's biggest database of company-specific greenhouse gas emissions and information on strategies that companies are using to respond to climate change. In the interests of its customers, investors, partners, employees and the public, Feintool attaches great importance to this voluntary transparency. For details, please go to www.cdproject.net.

CODE OF CONDUCT

Both company prestige and the confidence that customers, suppliers, business partners, shareholders and the public have in Feintool are crucially dependent on the fair and responsible conduct of all employees. The Group-wide and publicly accessible Code of Conduct sets out binding guidelines (www.feintool.com/code-of-conduct). Acceptance of and compliance with these guidelines is backed up by regular training of employees.

FEINTOOL GROUP

16 percent rise in sales and higher capacity utilisation result in an extraordinary 73 percent rise in EBIT and 88 percent growth in profit

Financial Review

as at 31 December 2014

BUSINESS PERFORMANCE

General

The consolidated financial statements for the 2014 financial year include Feintool International Holding AG and all its subsidiaries for the period from 1 January to 31 December 2014.

Effective 31 July 2014, Feintool sold IMA Automation Amberg GmbH ("IMA Amberg") and its premises to the German-Chinese automotive group Preh GmbH, Bad Neustadt a.d. Saale. All Automation segment activities (in particular IMA Amberg) and related operations that are also being discontinued are combined in a separate "Discontinued operations" line item in the statement of comprehensive income. The prior-year amounts were adjusted accordingly. For Feintool, the sale of IMA Amberg marks the conclusion of the focus strategy it has pursued in recent years. Feintool is fully concentrated on the production of high-precision series parts using fineblanking and forming, as well as system solutions for fineblanking. Unless stated otherwise, the following comments refer to those continuing operations.

Orders received and orders backlog in the investment goods business; expected releases in series parts production

Feintool operates in the investment goods business as well as in the production of series parts. To increase transparency, Feintool has decided that in future it will present orders received and orders backlog in the investment goods business and expected releases from series parts contracts separately. Orders received and orders backlog in the investment goods business are legally binding orders. In the high volume parts manufacturing, the orders backlog represents expected releases over the next six months. However, the customer can postpone, amend or even cancel these releases at any time. To that extent, the "orders backlog" in the high volume parts manufacturing is merely an important lead indicator.

Orders received in the Fineblanking Technology segment, which operates in the investment goods business, increased by 10.1 % to CHF 102.0 m (previous year CHF 92.6 m). Intragroup demand for the System Parts segment was virtually unchanged at CHF 15.3 m (previous year CHF 15.0 m). Thus third-party orders received by the Feintool Group rose by 11.6 % in the reporting year to CHF 86.7 m (previous year CHF 77.6 m). The third-party orders backlog increased by 10.0 % to CHF 32.9 m (previous year CHF 29.9 m). Intragroup orders received rose by 9.7 % to CHF 9.3 m. The overall orders backlog therefore grew by 9.9 % to CHF 42.2 m (previous year CHF 38.4 m), equivalent to around eight months' worth of work for the long-term press and tool business.

Expected releases from series parts contracts for the next six months amount to CHF 213.9 m. This represents an increase of 18.2 % compared with 12 months earlier (CHF 181.0 m). All regions showed a higher figure than a year earlier.

Net sales

Consolidated sales rose by 15.6 % to CHF 503.4 m (previous year CHF 435.7 m). Currency movements reduced sales by CHF 7.3 m. On a currency-adjusted basis, Feintool therefore recorded 17.2 % growth in sales. Feintool's growth is purely organic and attributable to the good level of business in the automotive sector and to the launches of a large number of new products. The System Parts segment generated 83.4 % of external sales (previous year 82.3 %). Fineblanking Technology accordingly contributed 16.6 % (previous year 17.7 %) to sales.

The parts business of the System Parts segment grew by 17.1 % to CHF 420.0 m in the reporting year (previous year CHF 358.6 m). Negative currency influences amounted to CHF 6.8 m, or 1.9 percentage points. The currency-adjusted organic growth of the segment therefore totalled 19.0 %. The fineblanking business grew by 22.2 % in Europe to CHF 141.0 m; after currency adjustment, the growth was 23.4 %. Forming Europe generated sales of CHF 87.7 m, an increase of 14.4 %). After adjusting for currency effects, the increase was as much as 15.9 %. Thanks to a buoyant automotive sector and a number of new orders, business in the USA grew by 21.4 % to CHF 145.0 m. The currency influence from the US dollar was negligible at 0.2 percentage points. Sales in Asia, primarily the sites in Japan, declined by 1.9 % to CHF 46.5 m due to the depreciation of the yen. In local currency, business in Asia nevertheless grew by 6.9 %. The European locations accounted for a 54.4 % share of sales (previous year 53.5 %). The contribution from the US locations increased slightly to 34.5 % (previous year 33.3 %), whereas the Asian share fell to 11.1 % as a result of currency factors (previous year 13.2 %).

At CHF 98.3 m, the Fineblanking Technology segment saw virtually no change in sales from the previous year's level (CHF 98.6 m). Intragroup sales of presses and tools to the System Parts segment fell markedly to CHF 14.9 m. Sales in third-party business therefore grew by 8.2 % and now stand at CHF 83.4 m.

In total, the Feintool Group generated CHF 270.4 m or 53.7 % of its external sales in Europe (previous year CHF 235.9 m or 54.2 %). With sales of CHF 136.2 m, and a share of 27.1 % (previous year CHF 112.8 m and 25.9 % respectively), business in North America grew slightly more strongly than that of the Group in overall terms. Despite the sharp depreciation of the Japanese currency, sales in Asia rose by 11.3 % to CHF 96.7 m or a share of 19.2 % (previous year CHF 86.9 m, or 19.9 %). The growth in Asia was the result of higher press sales for the Fineblanking Technology segment. With sales of CHF 11.7 m, or 2.3 %, the Swiss market is of little significance to Feintool (previous year CHF 10.8 m, or 2.5 %).

Gross margin

The gross margin decreased by 1.2 percentage points year on year to 38.6 % and amounted to CHF 194.5 m in the reporting year. Owing to volume-related factors, gross profit was up by CHF 27.0 m. The key reason for the slightly lower gross margin lies in the significantly higher share of materials, which rose from 44.3 % to 47.0 % of sales. At CHF 236.8 m (previous year CHF 193.1 m), materials are Feintool's biggest cost component by far. Direct personnel expenses amounted to CHF 71.0 m or 14.1 % of sales, compensating for part of the increase in the cost of materials

The System Parts segment achieved a gross margin of 38.2 % (previous year 39.1 %). The decline was largely down to the product mix. A number of new products with a very high share of materials were launched in the reporting period and had a negative effect on this figure.

In the Fineblanking Technology segment, the margin declined to 37.9 % (previous year 39.2 %). Here the strongest influence came from the change in product mix and geographical shift in press deliveries. The emphasis of press sales shifted to Asia in the reporting year. Asian customers generally demand fewer special components, as a result of which both prices and margins are slightly lower. Local manufacturing in Japan significantly weakened this effect; the sharp increase in Asian sales is a direct consequence of local production and the accompanying adjustments to technology as well as lower prices.

Significant expense items

Personnel expenses increased by CHF 8.2 m to CHF 144.1 m, or 28.6 % of sales (previous year 31.2 %). The increase occurred exclusively in the System Parts segment. The reason for this development was investment in the future, such as expansion of the production facilities in China and the USA (Nashville). The handling of new orders at all sites likewise requires additional personnel, thereby securing growth over the coming years. Personnel expenses in the Fineblanking Technology segment fell by CHF 0.8 m.

Other operating expenses rose by CHF 2.6 m to CHF 62.4 m; relative to sales, these expenses therefore fell to 12.4 % (previous year 13.7 %). Other operating income fell again to CHF 1.9 m. Due to the ongoing focus on core activities, there was also a decline in income from ancillary services as well as income from properties no longer used for operations and IT services provided to third parties.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Earnings before interest, taxes, depreciation and amortization (EBITDA) rose by CHF 15.9 m, or 33.8 %, in the reporting period to CHF 62.9 m. The EBITDA margin was therefore 12.5 % (previous year 10.8 %).

Depreciation and impairment

Depreciation was up slightly by 4.2 % to CHF 27.8 m in the reporting year. This rise is attributable to the major investments of previous years, particularly in the System Parts segment. Despite these investments, depreciation declined to 5.5 % of sales (previous year 6.1 %). At CHF 43.4 m, investments significantly exceeded depreciation in the reporting year; consequently, this expense item is set to continue growing over the coming years – at least in absolute terms.

Operating profit (EBIT)

The growth in sales and savings on indirect costs offset the slight reduction in productivity. Overall, Feintool generated an operating profit (EBIT) of CHF 35.1 m, a rise of 72.6 % compared with CHF 20.4 m in the previous year, and an EBIT margin of 7.0 % (previous year 4.7 %). The negative currency effect at EBIT level was CHF 0.8 m. Excluding currency movements, Feintool has exceeded the previous year's figure at EBIT level by 76.5 %. All segments and regions turned an operating profit.

The operating result for the System Parts segment once again increased by a massive CHF 13.7 m, or 64.6 %, to CHF 35.0 m (previous year CHF 21.3 m). The segment therefore raised its margin to 8.3 % (previous year 5.9 %). This increase was the result of the sale of new products, production of which began during the last two years and is currently running at an increasing level. A further contribution came from the buoyant US automotive market, which was helped by the continuous fall in the price of fuel. The positive trend was aided by productivity improvements at all sites. The European fineblanking locations made the largest contribution to the positive overall result with EBIT of CHF 15.3 m (+38.7 %). The USA achieved an operating profit of CHF 10.3 m (+48.7 %); for the first time in its history, the Nashville location generated a positive result – if at a modest level. In Asia, Feintool increased EBIT by 16.0 % to CHF 4.1 m. This includes a loss of CHF 0.7 m incurred in China. The depreciation of the yen also impacted the result in Asia by CHF 0.5 m. On a currency-adjusted basis, Feintool grew by 30.3 % in Asia. Forming Europe generated an operating profit of CHF 6.2 m (previous year CHF 0.4 m), thus achieving an EBIT margin of 7.0 % – only marginally below that of the other business units.

The Fineblanking Technology segment generated an operating profit of CHF 6.6 m (previous year CHF 6.5 m). The margin therefore showed a minimal year-on-year increase to 6.8 %.

The non-operating units incurred costs of CHF 6.8 m (previous year CHF 5.9 m).

Net financial income/finance costs

Net finance costs fell markedly and amounted to CHF -3.2 m. Finance costs (excluding currency influence) fell to CHF 4.4 m (previous year CHF 5.4 m). Reduced debt and and lower interest rates contributed to this result. The sharp rise in the value of the US dollar towards the year-end had a positive impact on net finance costs. Total foreign exchange gains of CHF 1.2 m were recorded (previous year: foreign exchange losses of CHF 0.3 m).

Taxes

The tax expense of the Feintool companies at operating level amounted to a total of CHF 7.3 m. Due to one-off factors, the effective tax rate of 18.1 % was markedly below the weighted tax rate of 37.1 %.

Net income from continuing operations

Net income from continuing operations rose by 66.0 % and amounted to CHF 24.6 m (previous year CHF 14.8 m), which translates into a net return on sales of 4.9 % (previous year 3.4 %). This good result reflects the operational improvements in the segments and the strategic focus on the core business.

Discontinued operations

Discontinued operations comprise IMA Automation Amberg GmbH and its operating premises. This includes both the result for this business unit up to its sale on 31 July 2014 and the sale proceeds themselves. In total, the profit after taxes from the discontinued operations amounted to CHF 10.8 m. This compares with CHF 4.0 m in the previous year.

Net income

Feintool's net income therefore amounted to CHF 35.4 m, compared with CHF 18.8 m in the previous year.

CONSOLIDATED BALANCE SHEET

Successful operations, the sale of the Automation segment and the persistently high investment ratio had a significant impact on the balance sheet. In addition, the continued fall in interest rates resulted in a further increase in the obligation for pension liabilities. Total assets rose by 7.1 % to CHF 427.4 m (previous year CHF 398.9 m).

Current assets increased by a total of CHF 16.1 m to CHF 193.3 m, while cash and cash equivalents grew by CHF 13.1 m to CHF 41.7 m. These substantial holdings will result in a further reduction in interest-bearing liabilities in 2015. Taking into account the sale of the Automation segment, higher sales pushed up receivables by CHF 6.9 m, or 9.9 %, to CHF 76.9 m – which, however, was a disproportionately small increase. Total receivables sold in the context of the Forming Europe factoring programme – which are not required to be included in the balance sheet – amounted to CHF 7.3 m (previous year CHF 9.8 m). After adjusting for the

Automation segment, inventories and net assets of construction contracts increased at the same rate as sales, by CHF 11.9 m to CHF 70.3 m. Accrued income was largely unchanged at CHF 4.4 m.

Operating net working capital rose by CHF 10.0 m to CHF 58.5 m, or 11.6 % of sales (previous year 11.1 %). Customer receivables and inventories grew slightly less strongly than sales. Since Feintool was able to systematically use the discounts provided by steel suppliers, trade payables fell slightly to CHF 68.0 m.

Non-current assets rose – after taking into account the sale of the Automation segment – by a total of CHF 20.4 m to CHF 234.2 m due to another rise in investment. Property, plant and equipment climbed CHF 22.8 m to CHF 195.0 m, an increase attributable to investments totalling CHF 42.6 m. Intangible assets fell – mainly due to the elimination of goodwill for IMA Amberg – by CHF 5.9 m to CHF 15.0 m. Whereas capitalized development costs and patents rose slightly, capitalized values for software and licences declined.

The financial assets item fell slightly to CHF 5.7 m. On the one hand, Feintool received a residual payment of CHF 4.0 m from the sale of an investment; on the other hand, more of the tools required in the production process have to be pre-financed for our customers.

Deferred tax assets showed a considerable increase to CHF 18.4 m (previous year CHF 14.5 m).

On the equity and liabilities side, liabilities – taking into account the sale of the Automation segment – rose by CHF 28.5 m to CHF 224.6 m. Trade and other liabilities increased by CHF 4.9 m and now stand at CHF 70.3 m. Accrued expenses and deferred income, current and non-current provisions and deferred tax liabilities increased by CHF 8.9 m to CHF 46.7 m. Employee benefit liabilities (IAS 19) rose by a massive CHF 24.6 m in the reporting year – due to a further fall in interest rates – to CHF 56.5 m.

Interest-bearing liabilities fell – as a consequence of positive cash flows from operating activities – by CHF 10.5 m to CHF 51.1 m. CHF 18.3 m of the interest-bearing liabilities are current liabilities. All bank covenants were met as at the end of the reporting period.

For the aforementioned reasons and due to the sale of the Automation segment, net debt fell to CHF 9.3 m in the reporting period (previous year CHF 33.0 m).

Equity stood at CHF 202.9 m as at 31 December 2014 (31 December 2013: CHF 183.8 m). The equity ratio increased slightly, from 46.1 % to 47.5 %. The statement of changes in equity shows that consolidated profit caused equity to increase by CHF 35.4 m. The dividend distribution reduced equity by CHF 5.4 m, on the other hand. Actuarial gains relating to employee benefit obligations (IAS 19) and charged directly to equity had a strongly negative effect on equity amounting to CHF 18.1 m, while currency losses had a positive influence of CHF 8.0 m.

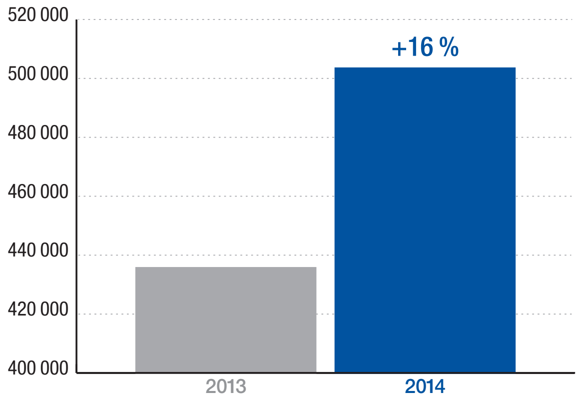
CONSOLIDATED STATEMENT OF CASH FLOWS

Cash flows from operating activities were strongly positive at CHF 50.8 m and on a par with the previous year's level of CHF 49.4 m. In contrast with the previous year, net working capital rose by CHF 10.0 m. Cash flows from investing activities were negative again at CHF 12.1 m, despite the fact that Feintool raised CHF 21.6 m from the sale of the Automation segment. In addition, lease financing was carried out in the amount of CHF 8.2 m. Overall, therefore, this resulted in a cash flow from operating activities of CHF 38.7 m (previous year CHF 14.6 m). Excluding the sale of the Automation segment, the cash flow from operating activities was nonetheless CHF 17.2 m.

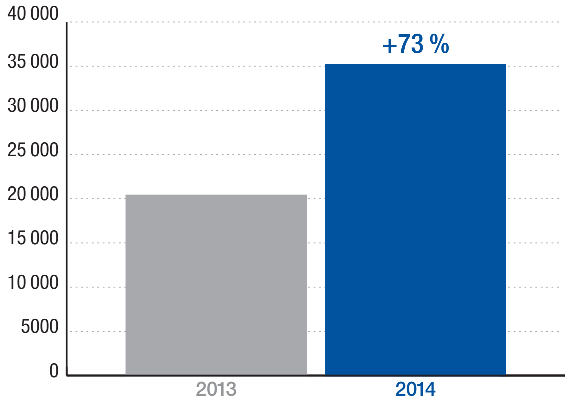
EMPLOYEES

The number of employees (excluding trainees) increased by 169 to 1 987 in the reporting year. In addition, 82 (previous year 79) young persons are currently with our company as trainees. As a result of the sale of IMA Amberg, 229 employees (plus 24 trainees) were transferred to the German-Chinese automotive group Preh GmbH. Due to strong organic growth, the System Parts segment employed a total of 1 704 persons – equivalent to an increase of 166. Whereas the number of employees in Europe and Asia grew by around 70 in each case, the increase in the USA was 24 persons. The Fineblanking Technology Segment employed 251 (+4 versus previous year) people at the year-end. 32 members of staff were employed in units not directly involved with operations.

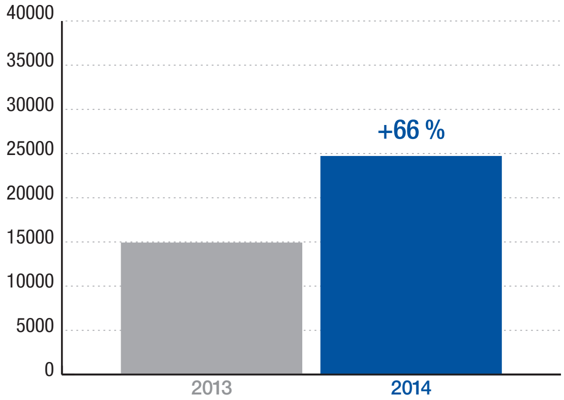
Net sales
in kCHF



EBIT
in kCHF



Net income from continuing operations
in kCHF



Consolidated Statement of Comprehensive Income

for financial year 2014 (1 January to 31 December 2014)

	Note	2014 in CHF 1 000	2014 in %	2013 in CHF 1 000	2013 in %
Continuing operations					
Net sales	**3**	**503 420**	**100.0**	**435 667**	**100.0**
Change in finished and semi-finished goods and work in progress		-1 050		-4 688	
Self-constructed assets		1 938		1 755	
Material cost		-236 787		-193 056	
Personnel expenses	4	-144 117		-135 874	
Other operating expenses	5	-62 364		-59 746	
Other operating income	6	1 877		2 962	
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**62 917**	**12.5**	**47 020**	**10.8**
Depreciation and amortization	15, 16	-27 775		-26 655	
Operating profit (EBIT)		**35 142**	**7.0**	**20 365**	**4.7**
Financial expenses	7.1	-10 217		-10 582	
Financial income	7.2	6 992		4 969	
Earnings before taxes		**31 917**	**6.3**	**14 752**	**3.4**
Income taxes	8, 9	-7 291		79	
Net income from continuing operations		**24 626**	**4.9**	**14 831**	**3.4**
Discontinued operations					
Income from discontinued operations, net of income taxes	2	10 781		4 002	
Net income attributable to Feintool Holding shareholders		**35 407**	**7.0**	**18 833**	**4.3**

	Note	2014 in CHF 1 000	2014 in %	2013 in CHF 1 000	2013 in %
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation differences		8 015		-4 528	
Items that may not be reclassified to profit or loss					
Remeasurement of net defined benefit liability (asset)		-23 502		4 956	
Income taxes on other comprehensive income		5 364		-1 074	
Total other comprehensive income		**-10 123**		**-646**	
Total comprehensive income attributable to Feintool Holding shareholders		**25 284**	**5.0**	**18 187**	**4.2**
Net income attributable to Feintool Holding shareholders		35 407		18 833	
Total comprehensive income attributable to Feintool Holding shareholders		25 284		18 187	
Basic earnings per share (in CHF)	10	7.95		4.49	
Diluted earnings per share (in CHF)	10	7.95		4.49	
Basic earnings per share from continuing operations (in CHF)	10	5.53		3.53	
Diluted earnings per share from continuing operations (in CHF)	10	5.53		3.53	
EBIT					
Continuing operations		35 142		20 365	
Discontinued operations		11 446		4 157	
Total EBIT of the Feintool Group		**46 588**		**24 522**	
Number of employees (continuing operations)					
Number of employees excl. 82 (previous year 79) trainees	4	1 987		1 818	

Consolidated Balance Sheet

for financial year 2014 (as at 31 December 2014)

	Note	31.12.2014 in CHF 1 000	in %	31.12.2013 in CHF 1 000	in %
ASSETS					
Current assets					
Cash and cash equivalents		41 722		28 613	
Trade and other receivables	11	76 847		75 087	
Tax receivables		35		36	
Inventories	12	38 833		36 517	
Net assets of construction contracts/work in progress	13	31 418		32 234	
Prepaid expenses and accrued income	14	4 425		4 658	
Total current assets		**193 280**	**45.2**	**177 145**	**44.4**
Non-current assets					
Property, plant and equipment	15	195 036		179 954	
Intangible assets	16	14 991		20 868	
Financial assets	17	5 743		6 489	
Deferred tax assets	9	18 395		14 484	
Total non-current assets		**234 165**	**54.8**	**221 795**	**55.6**
TOTAL ASSETS		427 445	100.0	398 940	100.0
LIABILITIES					
Current liabilities					
Financial liabilities	18	18 270		25 152	
Trade and other payables	19	67 988		75 361	
Tax liabilities		2 298		2 718	
Accrued expenses and deferred income	20	32 825		27 545	
Current provisions	21	6 470		6 959	
Total current liabilities		**127 851**	**29.9**	**137 735**	**34.5**
Non-current liabilities					
Financial liabilities	18	32 780		36 437	
Non-current provisions	21	1 871		2 181	
Deferred tax liabilities	9	5 540		6 047	
Employee benefit liabilities	24	56 523		32 735	
Total non-current liabilities		**96 714**	**22.6**	**77 400**	**19.4**
Total liabilities		**224 565**	**52.5**	**215 135**	**53.9**
Equity					
Share capital		44 630		44 630	
Capital reserves		112 464		117 985	
Retained earnings		70 619		53 350	
Treasury shares		-1 225		-537	
Translation differences		-23 608		-31 623	
Total equity		**202 880**	**47.5**	**183 805**	**46.1**
TOTAL EQUITY AND LIABILITIES		427 445	100.0	398 940	100.0

Consolidated Statement of Changes in Equity

for financial year 2014 (1 January to 31 December 2014)

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Retained earnings	Translation differences	Total equity
1 January 2013	**39 051**	**-609**	**94 782**	**30 635**	**-27 095**	**136 764**
Translation differences	–	–	–	–	-4 528	-4 528
Remeasurement of net defined benefit liability (asset), net of tax	–	–	–	3 882	–	3 882
Total other comprehensive income	–	–	–	3 882	-4 528	-646
Net income attributable to Feintool Holding shareholders	–	–	–	18 833	–	18 833
Total comprehensive income attributable to Feintool Holding shareholders	–	–	–	22 715	-4 528	18 187
Capital increase	5 579	–	27 085	–	–	32 664
Dividend [1]	–	–	-3 896	–	–	-3 896
Purchase/(sale) of treasury shares	–	72	-349	–	–	-277
Share-based management remuneration [2]	–	–	363	–	–	363
31 December 2013	**44 630**	**-537**	**117 985**	**53 350**	**-31 623**	**183 805**
1 January 2014	**44 630**	**-537**	**117 985**	**53 350**	**-31 623**	**183 805**
Translation differences	–	–	–	–	8 015	8 015
Remeasurement of net defined benefit liability (asset), net of tax	–	–	–	-18 138	–	-18 138
Total other comprehensive income	–	–	–	-18 138	8 015	-10 123
Net income attributable to Feintool Holding shareholders	–	–	–	35 407	–	35 407
Total comprehensive income attributable to Feintool Holding shareholders	–	–	–	17 269	8 015	25 284
Dividend [1]	–	–	-5 356	–	–	-5 356
Purchase/(sale) of treasury shares	–	-1 804	-310	–	–	-2 114
Share-based management remuneration [2]	–	1 116	145	–	–	1 261
31 December 2014	**44 630**	**-1 225**	**112 464**	**70 619**	**-23 608**	**202 880**

[1] The General Meeting held on 15 April 2014 (2012 financial year on 16 April 2013) approved the Board of Directors' proposed dividend distribution of CHF 1.20 (financial year 2012 of CHF 1.00) per registered share from earnings for the financial year ended 31 December 2013 (2012 financial year ended 31 December 2012).

[2] The share based management remuneration involves payment of part of the salary in shares. See Note 26.

Consolidated Statement of Cash Flows

for financial year 2014 (1 January to 31 December 2014)

	Note	2014 in CHF 1 000	2013 in CHF 1 000
Net income of the Feintool Group		35 407	18 833
Depreciation and amortization	15, 16	28 142	27 217
(Gain)/loss on disposal of property, plant and equipment	5,6	-42	-1 053
Gain on disposal of discontinued operations	2	-10 269	0
Increase/(decrease) in provisions and valuation allowances		3 046	3 598
(Increase)/decrease in deferred taxes		-3 294	-2 559
Other non-cash changes		7 769	522
Cash flows from operating activities before change in net working capital (NWC)		**60 759**	**46 558**
(Increase)/decrease in net working capital (NWC)		-9 990	2 858
Cash flows from operating activities		**50 769**	**49 416**
Investments in property, plant and equipment	15	-34 397	-33 410
Disposals of property, plant and equipment	15	815	2 197
Investments in intangible assets	16	-1 054	-2 195
Disposals of intangible assets	16	47	4
Increase in financial assets		-3 203	-1 867
Decrease in financial assets		4 153	412
Sale of discontinued operations net of cash	2	21 588	0
Cash flows from investing activities		**-12 051**	**-34 859**
Free cash flow		**38 718**	**14 557**
Capital increase		0	34 588
Transaction costs for capital increase		0	-1 924
Dividends paid		-5 356	-3 896
Purchase of treasury shares	25	-2 114	-297
Borrowing of interest-bearing liabilities		22 770	21 430
Repayment of interest-bearing liabilities		-41 225	-60 690
Cash flows from financing activities		**-25 925**	**-10 789**
Translation differences		316	-546
Increase/(decrease) in cash and cash equivalents		**13 109**	**3 222**
Cash and cash equivalents at the beginning of the period		28 613	25 391
Cash and cash equivalents at the end of the period		41 722	28 613
Taxes paid		4 382	3 159
Interest paid		2 907	3 506
Interest received		-362	-406

New finance leasing contracts were concluded for kCHF 8 162 (previous year kCHF 2 170) during the financial year.

Notes to the Consolidated Financial Statements

as at 31 December 2014

BUSINESS PERFORMANCE

Feintool International Holding AG, Industriering 8, 3250 Lyss, is a public limited company under Swiss law with its headquarters in Lyss, Switzerland ("Company"). The consolidated financial statements for the period from 1 January to 31 December 2014 include the Company and its subsidiaries ("Feintool"). Feintool is the world's leading technology group specializing in the development of fineblanking systems and the production of ready-to-install fineblanking and forming components, notably for the automotive industry. The Group maintains close partnerships with its customers across the entire fineblanking and forming process – from component design, toolmaking and system construction through to large-scale series parts production. In addition to fineblanking, the Feintool Group also deploys other key processes such as precision forming and orbital technology, and is the world’s only supplier of all-round solutions for the cost-effective manufacture of complex precision components.

With its locations in Europe, Japan, China and the USA, the Feintool Group is represented in the world's major automotive markets. Headquartered in Lyss, Switzerland, the Group has a headcount of 1 987. At its various locations, Feintool provides training for 82 young people in a number of skills (multiskilled mechanics, design engineers and commercial trades).

GENERAL

The consolidated financial statements for the 2014 financial year are based on the financial statements of the Group companies as at 31 December 2014, which were prepared in accordance with uniform accounting policies.

The consolidated financial statements are prepared in accordance with Swiss law and with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The accounting principles of the SIX Swiss Exchange Listing Regulations have also been observed. In the management's opinion, the consolidated financial statements give a true and fair view of the Group's financial position, results of operations and cash flows.

The consolidated financial statements are prepared on a going-concern basis under the historical cost convention, with the exception of derivative financial instruments (measured at fair value) and net liability or assets from defined benefit plans (measured at present value of defined benefit obligations less fair value of plan assets).

The consolidated financial statements are prepared in Swiss francs (CHF), with amounts rounded to the nearest thousand (1 000). They are available in German and English. The German version is authoritative.

DISCONTINUED OPERATIONS

On 31 July 2014, Feintool sold IMA Automation Amberg GmbH, Amberg and its operating premises to the German-Chinese automotive group Preh GmbH, Bad Neustadt a.d. Saale. All Automation segment activities and related operations that are being sold or discontinued in connection with the sale are presented in a separate “Discontinued operations” line item in the statement of comprehensive income. The previous year's figures are restated accordingly (see also Note 2 " Sale of discontinued operations").

FUNDING

As a result of the cash inflow from the sale of IMA Automation Amberg GmbH, Amberg (see above), Feintool voluntarily reduced the syndicated loan from CHF 120 million to CHF 90 million on 31 July 2014 (CHF 80 million in cash loans and CHF 10 million for performance and advance payment guarantees).

PRIOR-YEAR INFORMATION

Share split
At the Annual General Meeting held on 16 April 2013, the shareholders accepted the proposal by the Board of Directors to split the Feintool share from its previous par value of CHF 50 per share into five new shares with a par value of CHF 10 each. All data on the number of shares in this report were therefore calculated based on a par value of CHF 10.

Increase in share capital
On 20 June 2013, the Feintool Group concluded a share reallocation and capital increase. The transaction resulted in the creation of 557 871 new Feintool shares with a par value of CHF 10 each at the transaction price of CHF 62 each. Further information is provided in Note 25.

KEY ESTIMATES

The consolidated financial statements contain assumptions and estimated amounts which affect the amounts reported. Should these estimates and assumptions prove incorrect or incomplete, this may substantially affect the amounts reported and therefore Feintool's financial position, results of operations and cash flows.

Property, plant and equipment
Items of property, plant and equipment are carried at cost less accumulated depreciation. Feintool regularly reviews whether the depreciation period chosen at the time matches the actual useful life, or capacity utilization rate, of the item of property, plant and equipment. If significant differences between the depreciation period and useful life are identified, the depreciation period is reduced accordingly. If the expected cash flows on the item of property, plant and equipment no longer cover future depreciation, impairment losses are recognized.

Intangible assets/goodwill
The fair value of intangible assets is estimated at the date of acquisition. The residual value (difference between the purchase price and fair value of net assets acquired) represents goodwill. Most intangible assets acquired have a finite life and therefore are amortized. Goodwill has an indefinite life and is not amortized, but instead tested annually for impairment. The allocation to intangible assets and goodwill at the acquisition date therefore has an effect on amortization in subsequent periods.

When testing goodwill for impairment, various estimates are made which require medium and long-term (terminal value) estimates. This relates to both internally projected data (cash flow, growth rates, etc.) and external parameters (discount rate). Should these estimates prove incorrect, significant changes in value might result. Further information is given in Note 16.2.

Current tax receivables and deferred tax assets
Feintool is liable to taxation in various jurisdictions. Provisions for income taxes incurred worldwide are based on estimates. For many transactions and calculations in its ordinary business, the tax charge is uncertain. If actual tax charges differ from the estimated charges, the corresponding adjustment is recognized in the financial year in which the definitive assessment is made. Management considers the corresponding estimates to be realistic and the corresponding provisions to be appropriate. Deferred tax assets are formed primarily from temporary differences, and in some instances from tax loss carryforwards, but only if realization is deemed probable. The recoverable amount of deferred tax assets recognized for loss carryforwards is therefore based on future forecasts for the relevant taxable entity over a period of several years. Should these future forecasts prove incorrect, significant changes in value might result. Further information is given in Notes 8 and 9.

Research & development

On its balance sheet, Feintool carries purchased as well as its own research and development work if the following conditions are met cumulatively:

- Technical feasibility of completion of the intangible asset, so that it will be available for sale directly or indirectly,
- Intention to complete and sell the asset directly or indirectly,
- Ability to sell the asset directly or indirectly,
- Evidence of the future benefit to the products of the intangible asset,
- Availability of adequate financial, technical and other resources for conclusion of the development,
- Reliable measurability of the production costs.

All the above points are based on assumptions. Should these assumptions prove incorrect or incomplete, this may substantially affect valuation of the corresponding intangible asset. Further information is given in Note 16.1.

Provisions

Feintool recognizes a provision if an obligation to a third party has arisen as a result of a past event, the obligation can be estimated reliably and an outflow of resources is probable. Provisions are recognized for a number of possible events and are explained in detail in Note 21. By definition, however, they involve a higher degree of estimation than other items in the balance sheet, since the estimated obligations may result in a higher or lower outflow of funds depending on the outcome of the situation.

Employee benefit plans

Feintool operates defined benefit plans for its employees in three countries. Their accounting status is in part based on long-term actuarial assumptions, which may differ from reality. Remeasurements arising from changes in assumptions regarding life expectancy, developments in the capital market and changes in discount rates can amount to considerable sums. These are recognized directly in equity (other comprehensive income). Calculation of the respective underlying percentages involves estimated amounts which may substantially affect the financial position and results of operations. Further information is given in Note 24.

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

SIGNIFICANT CHANGES IN ACCOUNTING POLICIES

With the exception of newly issued or revised Standards and Interpretations that became effective in the financial year, Feintool essentially applies the same accounting policies as those applied in the previous year. On 1 January 2014, Feintool adopted the following new Standards and Interpretations:

- Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities
- Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment Entities
- IFRIC 21 – Levies

Feintool is either unaffected by these changes, or the changes have no effect or no material effect on its financial position, results of operations or cash flows.

NEWLY ISSUED ACCOUNTING STANDARDS

At the end of the reporting period, various new IFRS requirements had been issued but were not yet effective.
Feintool decided against early adoption of the following Standards, revised Standards and Interpretations. Feintool plans to adopt the changes from the financial years beginning on or after the date indicated:

- IFRS 9 – Financial Instruments (1 January 2018)
- IFRS 14 – Regulatory Deferral Accounts (1 January 2016)
- IFRS 15 – Revenue from Contracts with Customers (1 January 2017)

Feintool anticipates that these new Standards will have a significant impact on the Group's financial position, results of operations and cash flows. The new rules are currently being analysed and preparations made for their implementation. At the current point in time, however, it is not possible to gauge their impact.

- Amendments to IFRS 11 – Accounting for Acquisitions of Interest in Joint Operations (1 January 2016)
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortization (1 January 2016)
- Amendments to IAS 16 and IAS 41 – Bearer Plants (1 January 2016)
- Amendments to IAS 27 – Equity Method in Separate Financial Statements (1 January 2016)
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (1 January 2016)
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception (1 January 2016)
- Amendments to IAS 1 – Disclosure Initiative (1 January 2016)
- Annual Improvements IFRS – 2010 to 2012 Cycle (1 July 2014)
- Annual Improvements IFRS – 2011 to 2013 Cycle (1 July 2014)
- Annual Improvements IFRS – 2012 to 2014 Cycle (1 January 2016)

Feintool is assessing the impact of the revised Standards and Interpretations. Based on its initial findings, Feintool does not foresee a significant impact on its financial position, results of operations or cash flows.

BASIS OF CONSOLIDATION

The consolidated financial statements in principle encompass the annual financial statements of Feintool International Holding AG, Lyss (Switzerland), in addition to the 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 controls in any other way. A list of all equity investments is provided on page 77.

With the exception of the sale of IMA Automation Amberg GmbH (see "Discontinued operations"), there was no change to the scope of consolidation in the reporting period.

In a measure to harmonize the corporate structure of the Feintool Group, Feintool International Holding AG in the previous year acquired the assets and liabilities of the wholly owned subsidiaries Feintool International Management AG and Feintool Intellectual Property AG. Feintool International Management AG was placed in liquidation in the reporting period. The liquidation of Feintool Intellectual Property AG is planned for the 2015 financial year.

The following companies were renamed in the course of harmonizing the structure of the Feintool Group:

- Herzing + Schroth GmbH, Obertshausen became Feintool System Parts Obertshausen GmbH, Obertshausen
- Schroth Antriebselemente GmbH, Ohrdruf became Feintool System Parts Ohrdruf GmbH, Ohrdruf

METHOD OF CONSOLIDATION

All companies which Feintool controls are fully consolidated. Assets and liabilities as well as income and expenses are therefore included in full in the consolidated financial statements. Minority interests in equity and income are disclosed separately in the consolidated balance sheet and the statement of comprehensive income. Intercompany assets, liabilities, income and expenses are eliminated on consolidation, as are unrealized intercompany gains on inventories or non-current assets.

ACQUISITIONS AND GOODWILL

Newly acquired companies are consolidated using the acquisition method. The balance sheet and income statement are consolidated at the date on which control is obtained. The difference between the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree, on the one hand, and the purchase price, on the other, is recognized as goodwill. Acquisition costs are charged immediately to the statement of comprehensive income. Goodwill is subsequently measured at cost less any impairment. Goodwill is tested for impairment annually by calculating the recoverable amount (higher of fair value minus disposal costs and value in use) of the relevant cash generating units or group of cash generating units. Where the recoverable amount is less than the carrying amount, an impairment is recognized in the income statement.

When a Group company is sold or control over a Group company is lost, the difference between the selling price and the net assets sold, including goodwill and cumulative foreign exchange gains, is recognized in the income statement under either "Other operating income" or "Other operating expenses". The company is deconsolidated on the date on which control over it is lost.

CURRENCY TRANSLATION

The functional currency of the consolidated entities is the currency of their local economic environment. Transactions in foreign currencies are translated at the respective daily rate. Monetary assets and liabilities in foreign currency are converted into the functional currency at the rate of exchange prevailing on the balance sheet date. In principle, the exchange translation differences are reported in net financial income/finance costs. Non-monetary assets and liabilities at historical cost are translated at the exchange rate applicable at the time of the transaction.

On consolidation, the balance sheet amounts of foreign subsidiaries are translated at closing rates, equity at historical rates and the amounts in the statements of income and cash flows at average rates for the year. Exchange differences arising from translation differences in balance sheets and income statements are directly recognized in other comprehensive income and reported under shareholders' equity. When a Group company is sold or liquidated, or when control over the company is lost, the cumulative translation differences are reclassified to net income as part of the gain or loss on disposal.

Foreign currency gains on certain equity-type loans that form part of the net investment in a company are recognized in the statement of comprehensive income (other comprehensive income), provided settlement of these loans is neither planned nor likely to occur in the near future.

The Feintool Group used the following exchange rates in financial years:

		2014		2013	
		Closing rate	Average rate	Closing rate	Average rate
Eurozone	EUR 1	1.2024	1.2132	1.2276	1.2291
USA	USD 1	0.9904	0.9205	0.8901	0.9221
Japan	JPY 100	0.8279	0.8616	0.8483	0.9515
China	CNY 100	15.9315	14.9820	14.6789	15.0029

FINANCIAL ASSETS AND LIABILITIES

Feintool distinguishes between the following categories of financial assets and financial liabilities:

- Financial assets or financial liabilities at fair value through profit or loss:
  These are financial instruments acquired with a view to active management. All derivatives are classified under this heading. These assets are stated at fair value, and all fluctuations in their value are presented in net financial income/finance costs. The fair values of the derivative financial instruments are calculated by the banks.

- Loans and receivables:
  These primarily comprise trade receivables and loans granted to third parties. They are measured at their nominal amount, or stated at amortized cost using the effective interest method.

- Financial assets available-for-sale:
  Financial instruments in this category are stated as assets at fair value, with fluctuations in value – whilst taking account of any deferred taxes – being recognized in other comprehensive income. They are only reclassified to net income on disposal of the financial instrument or in the event of impairment.

Financial assets are initially measured at cost, including transaction costs, with the exception of financial assets at fair value through profit or loss, which are recognized excluding transaction costs. All purchases and sales of financial assets are recognized on the trade date.

Financial liabilities mainly include debt and trade payables, which are measured at amortized cost. Financial liabilities designated at fair value through profit or loss (derivatives) are stated at fair value. Non-current financial liabilities are measured using the effective interest method. In addition to the actual interest payments, interest expenses therefore also include the amounts of annual interest cost and pro-rata transaction costs.

Financial assets are derecognized when Feintool cedes control, i.e. when the related rights are sold or expired. Financial liabilities are derecognized when repaid.

Currently, Feintool does not apply hedge accounting.

BALANCE SHEET

Cash and cash equivalents
Cash and cash equivalents comprise cash holdings, balances on postal and bank accounts as well as fixed-term deposits with a maturity not exceeding 90 days.

Trade and other receivables
This item contains accounts receivable from ordinary business activities. Bad debt provisions on trade receivables are calculated and recognized based on the actual risk of loss. This includes specific valuation allowances for doubtful receivables and a global valuation allowance for the assumed credit risk. Other receivables are stated at their nominal amount less write-downs.

Inventories
Raw materials and purchased goods are stated at weighted average cost. Finished and semi-finished goods are stated at the cost of conversion including manufacturing overheads, but at no more than their net realizable values. Inventories with a low turnover and obsolete items are written down by an appropriate amount.

Net assets of construction contracts/work in progress
This item includes all construction contracts and work in progress less prepayments received and necessary allowances for identifiable risks. Construction contracts are accounted for using the percentage of completion (POC) method, provided the following conditions are met:

- The contract value is greater than CHF 500 000 or the equivalent in foreign currency.
- Revenues from the contract can be reliably calculated.
- It is likely that the economic benefit linked to the construction contract will accrue to the company.
- Contract costs and the stage of completion of the construction contract can be reliably measured.

If these conditions are not met, the income is recognized when the risks and rewards are transferred. If it is expected that the costs from a construction contract will exceed the contractually agreed income, the expected overall loss from the order is charged immediately and in full to the statement of comprehensive income.

The stage of completion of construction contracts is obtained from the ratio between the contract costs incurred and the total cost of the contract (cost-to-cost method), or based pro rata on the time spent (effort-expended method), provided the project can be assumed to proceed on a straight-line basis.

Work in progress is stated at the cost of conversion.

Assets held for sale
These are assets whose carrying amounts will be recovered through a sale rather than through use. Assets are only reclassified if the sale has been decided and is to be completed within one year. Such assets are no longer depreciated on a systematic basis, but are instead stated at the lower of carrying amount and fair value less disposal costs.

Property, plant and equipment
Items of property, plant and equipment are carried at cost less accumulated depreciation. Cost includes any costs attributable to bringing the asset to the condition necessary for it to operate in the intended manner. Borrowing costs are a component of cost if they are directly attributable to the asset. Subsequent maintenance costs are recognized in the carrying amount if the operational life is extended as a result or production capacity can be increased. Non-value enhancing maintenance work and repairs are recognized in the income statement. Components of property, plant and equipment with different useful lives are recognized individually and depreciated separately. Depreciation is recognized on a straight-line basis over the estimated useful life. As a rule, land is not written down. Impairments (see separate section) are recognized when the carrying amount no longer appears to be recoverable. Such impairments are presented separately.

The following depreciation periods are, as a rule, applied:

Buildings:	20 to 40 years
Plant and equipment:	5 to 15 years
Vehicles:	3 to 5 years
IT hardware:	2 to 5 years

Capitalized costs which are closely linked to leased premises are depreciated over a maximum of the contractually agreed term of the lease.

Government contributions (funding)

Government contributions (funding received) for assets are deducted from the cost of acquisition or manufacture of the asset in question. As the funding usually comes with certain conditions attached which, if not complied with, would result in the funding having to be repaid, the funding received is also declared as a contingent liability.

Intangible assets

Intangible assets primarily include goodwill, patents, software and certain development costs. The latter are only capitalized if the technical feasibility of completing an asset that is ready for market can be demonstrated, the costs can be measured reliably and the costs appear to be feasible based on the marketplace. Intangible assets are recognized at cost and amortized over their estimated useful life on a straight-line basis. Any impairments are recognized when the carrying amount no longer appears to be recoverable. Such impairments are presented separately.

Intangible assets (with the exception of goodwill) have a finite life and are amortized as follows:

Patents, brands:	max. 10 years
Capitalized development costs:	3 to 5 years, max. 10 years
Software:	2 to 5 years

Impairment

The recoverable amount of assets (property, plant and equipment, intangible assets) is reviewed when events or changes in circumstances indicate that the assets may be overvalued. In addition, the recoverable amount of goodwill is reviewed at least annually. If the carrying amount exceeds the recoverable amount (higher of fair value less disposal costs and value in use), it is immediately written down to the net realizable value. When calculating value in use, future cash flows are discounted using a pre-tax discount rate. This discount rate reflects current market assessments and risks specific to the assets in question.

Leases (finance leases)

Finance lease arrangements where the risks and rewards of ownership are transferred to the buyer are recognized in the same way as normal purchases of property, plant and equipment or intangible assets. The asset and the corresponding lease liability are stated at the lower of fair value and the net present value of the lease payments owed. The leased asset is depreciated over its useful life or the shorter term of the lease if there is no reasonable certainty that the lessee will obtain ownership of the leased asset at the end of the lease. Operating leases are not recognized in the balance sheet but are disclosed in the Notes. Lease payments are recognized in the statement of comprehensive income, with any extraordinary elements (e.g. incentives at the beginning of the lease term) taken into account accordingly.

Financial assets

Financial assets include loans granted to third parties and rental deposits. Depending on their nature (see "Financial assets and liabilities"), financial assets are stated at fair value or measured at amortized cost using the effective interest method. Gains and losses on these financial assets are recognized in net financial income/finance costs.

Current liabilities

Current liabilities are those with a remaining term to maturity of less than one year. The current portion of non-current liabilities is also included.

Accrued expenses and deferred income

Expenditures incurred in the period at the end of the reporting year, for which no receipts are yet available, are recognized under accrued expenses and deferred income. On the other hand, revenues received in advance in the period at the end of the reporting year for which no work has yet been performed are also recognized here. In the Feintool Fineblanking Technology segment in particular, it is often the case that customers are billed for fineblanking presses without all supplier invoices having been received as yet or all contractually agreed work on the press having been performed.

Provisions

Provisions are recognized if (a) a present obligation to a third party has arisen as a result of a past event, (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and (c) the amount of the obligation can be estimated reliably. No provisions are recognized for future operating losses. Provisions are recognized for restructurings when the Group company has a constructive obligation to implement the restructuring as a result of communicating the plan to the individuals affected by it and provided the costs can be reliably determined on the basis of a detailed plan. Reversals of provisions no longer required are recognized when the item for which the provision was originally recognized no longer exists or it is no longer probable that this item will occur.

Deferred taxes

Deferred taxes are accounted for using the balance sheet liability method. Under this method, the tax implications of temporary differences between carrying amounts in the consolidated financial statements and the tax base are recognized as a non-current liability or asset. They are generally calculated on the basis of actual or expected local rates of tax. Deferred tax liabilities are calculated for all taxable temporary differences. Deferred tax assets, including those for tax loss carryforwards and expected tax credits, are only recognized if it is probable that profits will be available against which the loss carryforwards and tax credits can be utilized.

Changes in deferred taxes are recognized in the income statement except for deferred taxes on amounts recognized directly in other comprehensive income, which are also recognized in other comprehensive income.

Share-based payment

Shares are issued to the Group management as part of the bonus at a contractually predefined amount.

Employee benefit plans

The Group operates various employee benefit plans, which differ depending on the circumstances of the individual company. The benefit plans are financed through contributions made by the employer and/or the employee to state pension systems, separate legal entities (trusts, insurance companies) or through the accumulation of corresponding provisions in the balance sheet of the company itself.

In the case of defined contribution plans, the accrued expenses correspond to the agreed contributions by the Group companies. In the case of defined benefit plans, the costs are calculated by independent experts in the form of an actuarial report using the projected unit credit method. The calculations are updated periodically. Benefit plans operated by external providers are funded plans, while the agreed commitments of the Group companies themselves are unfunded plans. The liability carried consists of the defined benefit obligation as defined by the actuary, less any assets recognized at fair value.

The expense recorded in the statement of comprehensive income is the actuarial calculation of the cost less contributions from employees. This comprises:

- Current service cost
- Interest on the net defined benefit liability
- Remeasurements of defined benefit obligations

The current service cost is recognized in personnel expense. The interest on the net defined benefit liability is recognized in financial expense. The expense or income from remeasurements is recognized as other comprehensive income in the statement of comprehensive income.

Other long-term obligations to employees such as jubilee benefits or sabbatical leave programmes are recognized using the same methodology with the exception that actuarial changes are recognized in personnel expense.

Equity

Equity represents the residual value (assets less liabilities). Capital reserves result from premium payments made by shareholders, transactions involving treasury shares, employee options and the fair value of conversion rights at the time of issue. Retained earnings comprise the income earned and retained by the Group as well as the remeasurement of the net defined benefit liability (asset). Acquisitions of treasury stock are deducted from equity at cost. Other payments from equity instruments (derivatives classified as equity) are also taken directly to equity.

REVENUE RECOGNITION

Net sales

Net sales from the sale of goods and services are the sales revenues after taxes, credits and discounts. With the exception of construction contracts accounted for using the percentage of completion (POC) method, sales are recognized when the risks and rewards of ownership are transferred (see "Net assets of construction contracts/work in progress" on page 34 of this report).

Sales of goods include sales of machinery, including peripherals, tools, automation systems, fineblanked and formed parts, as well as spare parts. Service income comprises income from services performed on plant and machinery.

Other operating income/expenses

Other operating income includes gains on the disposal of property, plant and equipment, investments and various smaller items of income, such as revenue from staff restaurants, IT costs charged to third parties and letting income.

Other operating expenses include operating costs with the exception of material cost and personnel expenses as well as depreciation.

Gains/losses on the disposal of property, plant and equipment are recognized when ownership and the incidental risks and rewards are transferred.

Research & development

Order-related development costs are capitalized as work in progress. Research & development costs are charged in full to the statement of comprehensive income in the year in which they are incurred, provided they are not capitalized. Development costs for new products are capitalized only if there is a likely prospect of realization in technical and market terms, the cost can be measured reliably and it is probable that the expected future economic benefit attributable to the asset will accrue to Feintool.

Interest

Interest is recognized using the effective interest method. Interest not yet received is recognized in prepaid expenses and accrued income at the end of the reporting period. Interest income is presented in the statement of comprehensive income as financial income.

1 Segment information

2014 **Products and services** in CHF 1 000	Fineblanking Technology	System Parts	**Total segments**	Finance/Other	Eliminations	**Total continuing operations**	Discontinued operations	**Total incl. discontinued operations**
Net sales	98 325	420 010	**518 335**	–	-14 915	**503 420**	29 715	**533 135**
- Intersegment income	-14 912	-3	**-14 915**	–	14 915	**–**	**–**	**–**
Total net sales - Group	**83 413**	**420 007**	503 420	**–**	**–**	503 420	**29 715**	533 135
Gross margin [1]	37 295	160 350	**197 645**	-22	-3 076	**194 547**	8 406	**202 953**
EBITDA	**8 187**	**60 339**	68 526	**-4 531**	**-1 078**	62 917	**3 050**	65 967
Depreciation and amortization	-1 550	-25 360	**-26 910**	-2 312	1 447	**-27 775**	-367	**-28 142**
Operating profit (EBIT)	**6 637**	**34 979**	41 616	**-6 843**	**369**	35 142	**2 683**	37 825
Financial expenses						**-10 217**		
Financial income						**6 992**		
Income taxes						**-7 291**		
Net income attributable to Feintool Holding shareholders						24 626		
Assets	**76 495**	**321 235**	397 730	**121 686**	**-92 773**	426 643	**802**	427 445
Net working capital [2]	**11 293**	**49 303**	60 596	**-2 557**	**439**	58 478	**-1**	58 477
Investments in property, plant and equipment/intangible assets (incl. leases)	**1 315**	**42 931**	44 246	**922**	**-1 784**	43 384	**229**	43 613
Number of employees	**251**	**1 704**	1 955	**32**	**–**	1 987	**–**	1 987

Geographical areas (continuing operations)	Switzerland	Europe excl. Switzerland	America	Asia	**Total**
Total net sales – Group [3]	**11 688**	**258 754**	**136 245**	**96 733**	503 420
thereof Germany		188 581			
thereof Japan				43 669	
thereof China				36 799	
Fixed and intangible assets	**32 003**	**74 861**	**76 647**	**26 516**	210 027

The following footnotes are applicable to the 2014 and 2013 financial years.

1) The gross margin is calculated from net sales less material cost, the change in finished and semi-finished goods and work in progress, and direct personnel costs.

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

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

Feintool generates more than 15.2 % of consolidated sales from one customer. Income is generated in all segments.

The Fineblanking Technology segment comprises the development, manufacture and sale of presses, tools, peripheral systems and all related services.

The System Parts segment develops, produces and sells high-precision system components and assemblies using fineblanking and forming technology.

2013 **Products and services** in CHF 1 000	Fineblanking Technology	System Parts	**Total segments**	Finance/Other	Eliminations	**Total continuing operations**	Discontinued operations	**Total incl. discontinued operations**
Net sales	98 610	358 634	**457 244**	–	-21 577	**435 667**	41 763	**477 430**
- Intersegment income	-21 514	-63	**-21 577**	–	21 577	**–**	–	**–**
Total net sales - Group	**77 096**	**358 571**	435 667	**–**	**–**	435 667	**41 763**	477 430
Gross margin 1)	38 645	140 349	**178 994**	–	-5 399	**173 595**	13 759	**187 354**
EBITDA	**8 162**	**45 105**	53 267	**-3 428**	**-2 819**	47 020	**4 719**	51 739
Depreciation and amortization	-1 618	-23 848	**-25 466**	-2 462	1 273	**-26 655**	-562	**-27 217**
Operating profit (EBIT)	**6 544**	**21 257**	27 801	**-5 890**	**-1 546**	20 365	**4 157**	24 522
Financial expenses						**-10 582**		
Financial income						**4 969**		
Income taxes						**79**		
Net income attributable to Feintool Holding shareholders						**14 831**		
Assets	**64 182**	**278 287**	342 469	**100 914**	**-74 386**	368 997	**29 943**	398 940
Net working capital 2)	**8 774**	**39 666**	48 440	**-501**	**512**	48 451	**-1 718**	46 733
Investments in property, plant and equipment/intangible assets (incl. leases)	**4 614**	**32 899**	37 513	**1 400**	**-2 304**	36 609	**1 166**	37 775
Number of employees	**247**	**1 538**	1 785	**33**	**–**	1 818	**197**	2 015

Geographical areas (continuing operations)	Switzerland	Europe excl. Switzerland	America	Asia	**Total**
Total net sales – Group 3)	**10 803**	**225 134**	**112 830**	**86 900**	435 667
thereof Germany		154 282			
thereof Japan				47 288	
thereof China				28 115	
Fixed and intangible assets	**33 241**	**74 115**	**51 822**	**29 362**	188 540

The following footnotes are applicable to the 2014 and 2013 financial years.

"Finances/Other" essentially comprises the figures for Feintool International Holding AG, the German sub-holding company Feintool Holding GmbH and the real estate companies included in the sub-holding company HL Holding AG and its subsidiaries.

The line item "Discontinued operations" contains IMA Automation Amberg GmbH, Amberg, which has been sold, and Columba GmbH, Amberg, which includes IMA's operating operating.

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.

2 Sale of discontinued operations

On 31 July 2014, Feintool sold IMA Automation Amberg GmbH, Amberg and its operating property to the German-Chinese automotive group Preh GmbH, Bad Neustadt a.d. Saale.

Results of discontinued operations	**2014** in CHF 1 000	**2013** in CHF 1 000
Net sales	**29 715**	**41 763**
Total operating expenses	-27 032	-37 606
Operating profit (EBIT)	**2 683**	**4 157**
Net financial expenses	-134	-150
Earnings before taxes	**2 549**	**4 007**
Income taxes	-297	-5
Net income from discontinued operations	**2 252**	**4 002**
Gain on disposal of discontinued operations (incl. costs to sell of kCHF 1 740)	8 763	0
Income taxes on the disposal of discontinued operations	-234	0
Effect on net income for the period	**10 781**	**4 002**
Cash flows		
From operating activities (incl. changes in NWC)	-1 078	2 043
From investment activities	-229	-1 104
From financing activities	-783	-1 484
Translation differences	-37	110
Increase/(decrease) in cash and cash equivalents	-2 127	-435
Earnings per share in CHF		
Basic	2.42	0.95
Diluted	2.42	0.95

Effect of the disposal on the Group's financial positions	2014 in CHF 1 000	2013 in CHF 1 000
Cash and cash equivalents	-2 986	0
Trade and other receivables	-5 702	0
Inventories	-879	0
Construction contracts in progress (POC)	-36 577	0
Work in progress	-1 003	0
Prepayments received	24 651	0
Property, plant and equipment/intangible assets	-7 777	0
Goodwill	-4 245	0
Trade and other payables	19 059	0
Deferred tax liabilities	1 388	0
Net assets and liabilities	**-14 071**	**0**
Consideration received in cash	24 574	0
Less cash and cash equivalents disposed of	-2 986	0
Net cash inflow	**21 588**	**0**

The effect of the disposal on the Group's financial positions reflects the sale of IMA Automation Amberg GmbH and its operating property.

3 Net sales	2014 in CHF 1 000	2013 in CHF 1 000
Gross sales [1]	509 150	441 943
Sales deductions	-5 730	-6 276
Total net sales	**503 420**	**435 667**

[1] kCHF 39 674 (previous year kCHF 37 450) of the gross sales were calculated using the percentage-of-completion (POC) method.

4 Personnel expenses	2014 in CHF 1 000	2013 in CHF 1 000
Salaries and wages	117 344	110 887
Employee welfare expenses	21 895	19 802
Other personnel expenses	4 878	5 185
Total personnel expenses	**144 117**	**135 874**
of which direct personnel expenses [1]	71 036	64 328
of which indirect personnel expenses	73 081	71 546

[1] Direct personnel expenses are personnel expenses that can be directly assigned to the production process.

The Group employed 1 987 staff at the end of the year under review (previous year 1 818) and 82 trainees (previous year 79).

5 Other operating expenses	2014 in CHF 1 000	2013 in CHF 1 000
Repair and maintenance	43 243	37 881
Rental and leasing expenses	4 819	4 682
Sales and marketing expenses	2 346	1 716
Administration and distribution expenses	9 728	12 276
Loss on the disposal of property, plant and equipment	114	104
Taxes and duties (not including taxes on income)	599	1 039
Miscellaneous expenses	1 515	2 048
Total other operating expenses	**62 364**	**59 746**

6 Other operating income	2014 in CHF 1 000	2013 in CHF 1 000
Gain on the disposal of property, plant and equipment	156	1 096
Miscellaneous income [1)]	1 721	1 866
Total other operating income	**1 877**	**2 962**

1) "Miscellaneous income" includes income from staff restaurants, the reversal of provisions and sub-letting, as well as income from insurance compensation payments.

7 Net financial income/financial expenses

7.1 Financial expenses	2014 in CHF 1 000	2013 in CHF 1 000
Interest expense	2 712	4 051
Other finance costs [1)]	2 181	1 971
Foreign exchange losses	5 324	4 560
Total financial expenses	**10 217**	**10 582**

1) Besides bank charges, other financial expenses include taxes on country-specific financial transactions, lead syndication commissions, market making costs, valuation expenses from swap transactions and interest expenses for the provision from employee benefit obligations.

7.2 Financial income	2014 in CHF 1 000	2013 in CHF 1 000
Interest income	415	428
Other financial income [1)]	41	325
Foreign exchange gains	6 536	4 216
Total financial income	**6 992**	**4 969**

1) Other financial income comprises valuation income from swap transactions and income from interest on a rental guarantee deposit.

8 Income taxes

8.1 Analysis of income taxes	2014 in CHF 1 000	2013 in CHF 1 000
Income taxes incurred in the reporting period	6 107	3 145
Income taxes incurred in previous years	-354	417
Deferred income taxes	2 069	-3 636
Total income taxes	**7 822**	**-74**

8.2 Analysis of tax charge	2014 in CHF 1 000	2013 in CHF 1 000
Earnings before taxes	**43 229**	**18 759**
Weighted tax rate as %	37.1 %	37.1 %
Expected overall tax expense	**16 043**	**6 954**
Non tax-deductible expense	78	268
Non-taxable income	-2 521	-2 515
Unrecognized tax loss carryforwards from the current year	520	815
Use of unrecognized loss carryforwards from previous years	-1 143	-2 147
Recognition of previously unrecognized loss carryforwards	-4 385	-1 010
Reassessment of deferred tax assets/liabilities	1 003	-2 737
Use of unrecognized deductible temporary differences	-1 650	0
Tax credits/charges from previous years	-354	417
Effect of changes in tax rates	139	-148
Other effects	92	29
Effective income tax expense	**7 822**	**-74**
Effective income tax expense as %	**18.1 %**	**-0.4 %**

The weighted tax rate is calculated from the income tax rates likely to apply to the income of the individual Group companies in the respective tax jurisdiction, which naturally varies according to the actual earnings figures.

The non-taxable income includes the non-taxable portion of the gains on the disposal of IMA Automation Amberg GmbH.

Unrecognized tax loss carryforwards from the current year refer to the companies in China and a company in Switzerland.

The use of unrecognized loss carryforwards refers to the companies in the USA, a company in Switzerland and real estate companies.

The recognition of previously unrecognized loss carryforwards refers in particular to the companies in the USA.

The reassessment of deferred tax assets/liabilities refers to a company from Switzerland where, on account of a reassessment of its future earnings prospects, the loss carryforwards recognized in the previous year can no longer be recognized. The reassessment was based on the results achieved in the current financial year, on the one hand, and the projected results for the next three years, on the other hand.

The use of unrecognized deductible temporary differences refers to a company in Switzerland.

The other effects include discrepancies arising from differences in tax rates for assets and liabilities in tax balance sheets, particularly in Germany, Japan and the USA.

The high weighted tax rates were due to the locations in Germany, Japan and the USA, which in some cases generated considerable profits.

9 Deferred taxes

9.1 Carrying amounts (in CHF 1 000)	31.12.2014 Deferred tax assets	31.12.2014 Deferred tax liabilities	31.12.2013 Deferred tax assets	31.12.2013 Deferred tax liabilities
Deferred taxes for temporary differences				
Current assets	2 482	1 432	2 070	1 827
Non-current assets	5 208	23 113	5 983	18 280
Provisions and other liabilities	2 944	687	4 563	1 397
Employee benefit plans	11 333	0	5 797	0
Loss carryforwards	15 040	0	11 485	0
Other temporary differences	1 080	0	43	0
Netting	-19 692	-19 692	-15 457	-15 457
Total carrying amounts	**18 395**	**5 540**	**14 484**	**6 047**
of which recognized in the balance sheet as deferred tax liabilities		-5 540		-6 047
of which recognized in the balance sheet as deferred tax assets	18 395		14 484	
Net deferred tax assets	**12 855**		**8 437**	

9.2 Statement of deferred taxes (in CHF 1 000)	31.12.2014 Deferred tax assets	31.12.2014 Deferred tax liabilities	31.12.2013 Deferred tax assets	31.12.2013 Deferred tax liabilities
Start of period	**8 437**		**6 241**	
Recognition and reversal of temporary differences	-2 069		3 636	
Temporary differences arising on acquisition/sale of entities	1 388		0	
Temporary differences recognized directly in equity	5 364		-1 074	
Translation differences	-265		-366	
End of period	**12 855**		**8 437**	

The temporary differences arising on acquisition/sale of entities relate to the sale of IMA Automation Amberg GmbH.

9.3 Unrecognized tax assets

Deferred tax assets, including those for tax loss carryforwards and expected tax credits, are only recognized if it is probable that profits will be available against which the loss carryforwards and tax credits can be utilized.

9.4 Tax loss carryforwards	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Total tax loss carryforwards	84 662	100 529
of which recognized loss carryforwards	40 025	34 055
Total unrecognized tax loss carryforwards	**44 637**	**66 474**
of which expiring within 1 year	1 433	0
of which expiring in one to five years	34 123	43 804
of which expiring in more than five years	9 081	22 670
Tax effects of unrecognized tax loss carryforwards	**8 635**	**12 643**

Income taxes and information regarding the tax charge are shown in Note 8.

10 Consolidated earnings per share

10.1 Average number of shares outstanding	2014 Number	2013 Number
Average number of shares outstanding	4 462 971	4 205 492
Less number of treasury shares (weighted)	-9 011	-9 150
Average number of shares outstanding – basic	4 453 960	4 196 342
Average number of shares outstanding – diluted	4 453 960	4 196 342

10.2 Net income Feintool Group	2014 in CHF 1 000	2013 in CHF 1 000
Net income of the Feintool Group – basic	35 407	18 833
Net income of the Feintool Group – diluted	35 407	18 833

No dilution effects were recognized in the financial year.

10.3 Earnings per share	2014 in CHF	2013 in CHF
Basic earnings per share	7.95	4.49
Diluted earnings per share	7.95	4.49

Earnings per share are calculated on the basis of the consolidated net income for the financial year divided by the average number of shares in circulation. No dilution effects were recognized in the financial year.

11 Receivables

11.1 Trade and other receivables	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Trade receivables	73 242	62 800
Valuation allowances	-2 569	-2 090
Total trade receivables (net)	**70 673**	**60 710**
Bills receivable	323	333
Outstanding VAT credits	3 833	7 042
Advance payments to suppliers	694	5 285
Other receivables	1 324	1 717
Total trade and other receivables	**76 847**	**75 087**

Feintool System Parts Obertshausen GmbH and Feintool System Parts Ohrdruf GmbH have a factoring programme not required to be included in the balance sheet. Receivables of kCHF 7 306 had been sold under this programme as at 31 December 2014 (previous year kCHF 9 848).

11.2 Maturity profile of receivables	in CHF 1 000	Carrying amount	Not yet due	Overdue up to 30 days	Overdue for 31-90 days	Overdue for 91-180 days	Overdue for more than 180 days
31.12.2014							
Trade receivables		73 242	60 430	7 520	2 385	1 542	1 365
Valuation allowances		-2 569					
Total receivables (net)		**70 673**					
31.12.2013							
Trade receivables		62 800	50 149	6 359	3 794	1 117	1 381
Valuation allowances		-2 090					
Total receivables (net)		**60 710**					

11.3 Valuation allowance on receivables	2014 in CHF 1 000	2013 in CHF 1 000
Start of period	**-2 090**	**-2 116**
Translation differences	-52	8
Recognized	-932	-655
Reversed	375	577
Used	130	96
End of period	**-2 569**	**-2 090**

12 Inventories	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Raw material	21 720	19 194
Finished and semi-finished goods	33 420	31 362
Valuation allowances on inventories	-16 307	-14 039
Total inventories	**38 833**	**36 517**

13 Net assets of construction contracts and work in progress	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Construction contracts in progress (POC)	12 951	31 792
Work in progress	21 475	22 445
Prepayments received	-990	-19 439
Valuation allowances on construction contracts and work in progress	-2 018	-2 564
Total net assets of construction contracts and work in progress	**31 418**	**32 234**

The margin recorded on "Construction contracts in progress (POC)" as at the closing date amounted to 27.4 % (previous year 18.4 %).

14 Prepaid expenses and accrued income	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Accrued expenses not yet capitalized/charged on	2 098	1 636
Issue costs of syndicated loan	449	956
Rental agreement [1)]	1 279	1 396
Other prepaid expenses and accrued income [2)]	599	670
Total prepaid expenses and accrued income	**4 425**	**4 658**

[1)] The "rental agreement" shows the difference between a reduced rent owing to site contamination originally amounting to kEUR 1 500 which is charged to rent on the property for 10 years (until 31 May 2022) and the standard market-level rent on the property.

[2)] Other prepaid expenses and accrued income contain advance payments for customer orders, pre-paid insurance premiums, etc.

15 Property, plant and equipment

15.1 Summary of property, plant and equipment	CHF 1 000	Real estate	Machinery	Other property, plant and equipment	Total
Cost of acquisition as at 01.01.2013		**91 790**	**187 527**	**26 055**	**305 372**
Additions		449	23 365	11 766	**35 580**
Disposals, including reclassifications		-1 082	922	-13 952	**-14 112**
Translation differences		-2 432	-6 544	-785	**-9 761**
As at 31.12.2013		**88 725**	**205 270**	**23 084**	**317 079**
Additions		6 001	31 026	5 532	**42 559**
Disposals, including reclassifications		2 650	3 247	-8 877	**-2 980**
Change in scope of consolidation [1)]		-9 232	-3 796	-2 919	**-15 947**
Translation differences		1 234	8 926	252	**10 412**
As at 31.12.2014		**89 378**	**244 673**	**17 072**	**351 123**
Accumulated depreciation as at 01.01.2013		**-24 795**	**-94 588**	**-10 218**	**-129 601**
Additions		-3 514	-19 700	-1 821	**-25 035**
Disposals, including reclassifications		760	9 225	2 986	**12 971**
Translation differences		1 197	3 081	262	**4 540**
As at 31.12.2013		**-26 352**	**-101 982**	**-8 791**	**-137 125**
Additions		-3 338	-20 991	-1 770	**-26 099**
Disposals, including reclassifications		-956	2 697	464	**2 205**
Change in scope of consolidation [1)]		3 272	2 798	2 401	**8 471**
Translation differences		-127	-3 290	-122	**-3 539**
As at 31.12.2014		**-27 501**	**-120 768**	**-7 818**	**-156 087**
Net carrying amounts					
As at 31.12.2013		**62 373**	**103 288**	**14 293**	**179 954**
Of which leased assets		–	24 859	–	**24 859**
As at 31.12.2014		**61 877**	**123 905**	**9 254**	**195 036**
Of which leased assets		–	30 315	–	**30 315**

1) The change in the scope of consolidation results from the decrease in property, plant and equipment following the disposal of IMA Automation Amberg GmbH and its operating property.

Other property, plant and equipment include installations, vehicles and assets under construction. Assets under construction amounted to kCHF 3 981 in the year under review (previous year kCHF 7 922). Gains on asset disposals are recognized as other operating income (Note 6). A gain of kCHF 156 (previous year kCHF 1 096) was generated in the reporting year. Losses on asset disposals are stated as other operating expense (Note 5). In the year under review, this loss totalled kCHF 114 (previous year kCHF 104). As at 31 December 2014, the Feintool Group had entered into purchase commitments for the purchase of property, plant and equipment totalling approx. CHF 38.1 m (previous year CHF 15.2 m).

15.2 Fire insured values	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Real estate	106 821	100 915
Goods	90 876	90 705
Machinery/other property, plant and equipment	489 392	484 418
Total fire insured values	**687 089**	**676 038**

16 Intangible assets

16.1 Summary of intangible assets CHF 1 000	Goodwill	Capitalized development costs	Software	Other intangible assets [1]	Total
Cost of acquisition as at 01.01.2013	**12 875**	**6 133**	**6 153**	**14 555**	**39 716**
Additions	–	760	889	546	**2 195**
Disposals, including reclassifications [1]	–	-4 855	-1 464	646	**-5 673**
Translation differences	218	–	-42	-34	**142**
As at 31.12.2013	**13 093**	**2 038**	**5 536**	**15 713**	**36 380**
Additions	–	769	285	–	**1 054**
Disposals, including reclassifications	–	–	-205	–	**-205**
Change in scope of consolidation [2]	-4 245	–	-1 355	-6 400	**-12 000**
Translation differences	-213	–	42	115	**-56**
As at 31.12.2014	**8 635**	**2 807**	**4 303**	**9 428**	**25 173**
Accumulated amortization as at 01.01.2013	**–**	**-5 113**	**-3 817**	**-10 123**	**-19 053**
Additions	–	-324	-836	-1 022	**-2 182**
Disposals, including reclassifications	–	4 854	727	88	**5 669**
Translation differences	–	–	5	49	**54**
As at 31.12.2013	**–**	**-583**	**-3 921**	**-11 008**	**-15 512**
Additions	–	-462	-725	-857	**-2 044**
Disposals, including reclassifications	–	–	159	–	**159**
Change in scope of consolidation [2]	–	–	1 054	6 400	**7 454**
Translation differences	–	–	-49	-190	**-239**
As at 31.12.2014	**–**	**-1 045**	**-3 482**	**-5 655**	**-10 182**
Net carrying amounts					
As at 31.12.2013	**13 093**	**1 455**	**1 615**	**4 705**	**20 868**
As at 31.12.2014	**8 635**	**1 762**	**821**	**3 773**	**14 991**

[1] Other intangible assets primarily comprise patents and licences.

[2] The change in the scope of consolidation results from the decrease in intangible assets following the disposal of IMA Automation Amberg GmbH.

Research and development expenses amounting to kCHF 2 990 (previous year kCHF 3 251) were charged to the consolidated statement of comprehensive income.

16.2 Other information	Carrying amount in CHF 1 000	Interest rate before taxes in %	Growth rate in %	Inflation rate in %
Goodwill 31.12.2014				
Feintool System Parts Jena GmbH, Jena (Germany)	946	10.1	3.0	1.6
Feintool System Parts Obertshausen and Ohrdruf (Germany)	7 689	10.4	4.0	1.6
Total carrying amounts	**8 635**			
Goodwill 31.12.2013				
IMA Automation Amberg GmbH, Amberg (Germany)	4 276	10.7	1.0	1.6
Feintool System Parts Jena GmbH, Jena (Germany)	966	11.3	3.0	1.6
Feintool System Parts Obertshausen and Ohrdruf (Germany)	7 851	11.2	5.0	1.6
Total carrying amounts	**13 093**			

The recoverable amounts for the companies (cash-generating units) are calculated on the basis of the value in use. The significant assumptions on which the calculations are based relate to the rate of growth, development of the EBIT margin and the discount rate. The cash flow projections relate to a budget approved by the management for a period of three years and an extended extrapolation over two years. The assumptions are based on empirical values and accord with industry projections. In the terminal value a sales growth at the level of the inflation rate is calculated. The cash flow projections are discounted at a rate of 8 % after tax (previous year 9 %).

Sensitivity analysis:
If the discount rate were to increase by 1 % (after taxes), the value in use for all companies would still be above the value of net assets plus goodwill.

17 Financial assets	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Loans to third parties	1 762	5 658
Customer tools	3 464	252
Rental deposit accounts	517	579
Financial assets	**5 743**	**6 489**

The weighted average interest rate in the reporting period was 2.8 % (previous year 3.3 %).

Loans to third parties consist mainly of a long-term receivable from the sale of a property in White Plains, NY (USA) in the amount of kUSD 1 653 (previous year kUSD 1 703).

Customer tools comprise tools the customer has ordered but not yet or only partially paid for. Amortization is based on either the parts produced or an agreed payment plan. Ownership is normally transferred upon acceptance of the tool.

18 Financial liabilities

18.1 Current financial liabilities	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Liabilities to banks	5 977	14 139
Current portion of lease liabilities	9 187	7 659
Current portion of other non-current liabilities to banks	3 106	3 354
Total current financial liabilities	**18 270**	**25 152**

The weighted average interest rate in the reporting period was 2.6 % (previous year 2.8 %).

On 28 June 2012, Feintool signed a CHF 120 m syndicated loan agreement with eight banks for a period of five years (up to 30 June 2017). The syndicated loan consists of CHF 100 m in cash loans and CHF 20 m for performance and advance payment guarantees. The syndicated loan defines a number of covenants, the principal ones being:
- equity ratio >30 %
- net senior debt/EBITDA < 3.0 x
- various standard negative/positive covenants

As a result of the cash inflow from the sale of IMA Automation Amberg GmbH, Amberg (see above), Feintool voluntarily reduced the syndicated loan from CHF 120 m to CHF 90 m on 31 July 2014 (CHF 80 m in cash loans and CHF 10 m for performance and advance payment guarantees).

The individual tranches of the syndicated loan have a term of up to 12 months, so they have been entered under current liabilities. As at 31 December 2014, Feintool had kCHF 80 000 (previous year kCHF 91 407) in unused, confirmed credit lines at the bank.

Other credit agreements concluded on a bilateral basis with various banks contain standard covenants.

Should these covenants not be met, the banks would have the right to terminate the loans at short notice. As at 31 December 2014, all covenants had been met.

18.2 Non-current financial liabilities	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Non-current lease liabilities	17 262	18 668
Other non-current liabilities to banks	15 518	17 769
Total non-current financial liabilities	**32 780**	**36 437**

The weighted average interest rate in the reporting period was 3.9 % (previous year 4.5 %).

In the reporting year, Feintool Precision System Parts in Taicang (China) received a loan of kCNY 61 227 (previous year kCNY 60 000) from a subsidiary of the Franke/Artemis Group indirectly via Deutsche Bank China. This is a long-term loan but is rolled over every 6 months. The current interest rate is 6.6 % (previous year 6.6 %).

19 Trade and other payables	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Trade payables	43 605	47 252
Prepayments from third parties	5 521	11 422
Notes payable	6 249	6 784
Customer payments from factoring	3 916	3 786
Social security liabilities	2 873	3 171
Outstanding VAT liabilities	3 215	1 387
Other liabilities	2 609	1 559
Total trade and other payables	**67 988**	**75 361**

Customer payments from factoring include all customer payments not yet forwarded to the factoring company.

20 Accrued expenses and deferred income	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Accrual for salary, bonus, overtime, additional hours	10 142	12 168
Outstanding accounts payable	5 349	7 329
Outstanding installations and other work to be fulfilled related to customer orders	13 347	4 819
Accrual for environmental risks [1]	1 341	1 695
Other accrued expenses and deferred income	2 646	1 534
Total accrued expenses and deferred income	**32 825**	**27 545**

[1] Feintool is renting property contaminated with trichloroethylene (TCE) in Obertshausen (Germany). In principle, the proprietor is obliged to clean up the property. In certain circumstances, however, state authorities can also force the lessee to take responsibility for the clean-up operation. Feintool has committed itself to meeting half of the costs of clean-up, up to a value of kEUR 1,500. This amount is entered in full as a liability, less clean-up contributions made. On present information, the contamination of the leased property in Obertshausen will have no further effect on the Group's financial position, results of operations or cash flows.

21 Provisions CHF 1 000	Onerous contracts	Warranties	Other provisions	Total
Current provisions	1 351	1 264	4 344	**6 959**
Non-current provisions	–	2 176	5	**2 181**
Total provisions as at 31.12.2013	**1 351**	**3 440**	**4 349**	**9 140**
Recognized	476	1 088	2 756	**4 320**
Used	-58	-652	-1 885	**-2 595**
Reversed	-273	-119	-644	**-1 036**
Change in the scope of consolidation	-971	-497	–	**-1 468**
Translation differences	-13	-12	5	**-20**
Total provisions as at 31.12.2014	**512**	**3 248**	**4 581**	**8 341**
of which current provisions	512	1 382	4 576	**6 470**
of which non-current provisions	–	1 866	5	**1 871**

Provisions were created for onerous contracts with a view to meeting the expected losses on existing orders. They are released in accordance with the degree of order processing. As a rule, orders are completed 12 months after they are received.

Provisions for actual warranty events cover the estimated cost arising from warranty services provided by the Group companies, which the company must cover for contractual reasons or due to its conduct. The outflow of funds occurs as and when the warranties are taken up, over a maximum of three years.

“Other provisions” include provisions for restructurings, scrap rebates, customer complaints, price reductions that were not passed on and various small items. The expected duration of the outflow of funds is 1 to 2 years.

In the 2013 financial year, Feintool sold the property in White Plains (USA). This is contaminated with tetrachloroethylene (PERC). Feintool remains responsible for the clean-up, and has therefore joined the state-controlled Brownfield Cleanup Program. Under this programme, the land is to be cleaned up to the extent that it can be put to a new use. At present, Feintool has allowed provisions totalling kCHF 598 (previous year kCHF 881) in its balance sheet for this remediation work. On current assessment, the provision for the clean-up at White Plains is sufficient.

22 Lease liabilities	Operating leases in CHF 1 000	Finance leases in CHF 1 000
Lease payments as at 31.12.2014 due		
within 1 year	448	9 716
in one to five years	1 131	17 362
in more than five years	0	534
Total payments	**1 579**	**27 612**
Less interest		-1 163
Total lease liabilities as at 31.12.2014		**26 449**
Lease payments as at 31.12.2013 due		
within 1 year	649	8 284
in one to five years	1 489	18 688
in more than five years	10	855
Total payments	**2 148**	**27 827**
Less interest		-1 500
Total lease liabilities as at 31.12.2013		**26 327**

In the financial year, kCHF 8 162 (previous year kCHF 2 170) of new financial leasing agreements were concluded.

23 Commitments under long-term rental agreements	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Rental payments due		
within 1 year	1 238	2 002
in one to five years	5 879	4 966
in more than five years	833	1 074
Total payments	**7 950**	**8 042**

24 Employee benefit plans

24.1 Overview of net employee benefit liabilities (assets)	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Net defined benefit liability (asset)	54 549	30 153
Jubilee benefits	1 893	2 112
Other benefit obligations	81	470
Total net employee benefit liabilities (assets)	**56 523**	**32 735**

The assets of the employee benefit plans do not include treasury shares (previous year kCHF 0). The Group uses assets (tangible assets) belonging to the retirement fund with a value of kCHF 7 186 (previous year kCHF 7 218).

The "Net defined benefit liability (asset)" item contains various benefit plans in Switzerland, Germany and Japan. The net liability from the Swiss plan amounts to kCHF 45 088 (previous year kCHF 22 850), the German plan to kCHF 8 845 (previous year kCHF 6 842) and the Japanese plan to kCHF 616 (previous year kCHF 461). On account of the materiality of the figures, only the Swiss and German plans are shown in Note 24.3 onwards.

Swiss plan

A majority of Feintool employees in Switzerland are insured against the risks of death, old age and disability with the semi-autonomous pension fund of the Feintool Group. The benefits provided by the Feintool Group's pension fund exceed the minimum prescribed by the Federal Occupational Old Age, Survivors' and Disability Pension Act (BVG). The ordinary employer contributions comprise risk contributions of 2.2 % and age-related contributions of 4.5 % - 11.0 % of the insured salary for credits to the individual retirement assets. The normal retirement age is 65 for men and 64 for women. Employees have a right to early retirement from age 58, in which case the conversion rate is reduced in accordance with the longer expected pension payment period and the absence of contribution payments prior to retirement. Furthermore, employees can withdraw the retirement pension in full or in part as a lump sum. The amount of pension paid out is arrived at from the conversion rate, which is applied to the individual insured's accumulated retirement savings at the the time of retirement. In the case of retirement at age 65/64, the conversion rate until the end of 2014 is 6.4 %. From 2015, the conversion rate is 6.2 %. The accumulated retirement assets are arrived at from the employee and employer contributions, paid into the individual savings account of each insured member, together with the interest credited to the retirement assets, vested benefits brought in and any voluntary payments made by the insured. The interest rate paid on the retirement assets is set by the Board of Trustees each year.

The legal form of the Feintool Group's pension fund is that of a foundation. The Board of Trustees, which comprises an equal number of employee and employer representatives, is responsible for managing the foundation. The duties of the Board of Trustees of the pension fund are laid down in the BVG and in the rules of the pension fund. A temporary shortfall is permitted under the BVG. The Board of Trustees is required to take measures to rectify the underfunding within a reasonable period. Under the BVG, additional employer and employee contributions may be incurred if the pension fund exhibits a significant shortfall (shortfall < 90 % = considerable shortfall; in this instance, contributions to rectify the situation are essential). In these cases, the contributions to rectify the situation are split between the employer and the employee; the law does not require the employer to assume more than 50 % of the additional contributions. The BVG funding ratio of the Feintool Group pension fund was around 97.15 % as at 31 December 2014 (previous year 95.4 %). The Board of Trustees is the central coordination and monitoring body for the management of the assets. The pension assets are administered by a mandated, independent financial services provider. The Board of Trustees determines the investment strategy and tactical bandwidths in accordance with the statutory provisions. Within its guidelines, the financial services provider is able to decide the asset allocation subject to the statutory requirements concerning asset classes and bandwidths.

German plan

The German plan comprises:

- A "Works Agreement on the Introduction of an Occupational Pension Plan" concluded on 25 June 1998 which was terminated effective 31 December 2005 with the announcement that new employees would no longer be able to join the pension scheme from 1 January 2006 and entitlements already acquired would be frozen effective 31 December 2005.
- Individual commitments to certain managers

This essentially includes the right to a lifetime pension payable upon retirement, disability and/or death. The level of monthly pension entitlement on reaching the retirement age of 65, and on reaching age 63 at the earliest, amounts to 50 % of the annual pensionable income broken down into a monthly amount; the annual pensionable income is deemed to be the fixed annual income at the time the pension becomes due for payment.

Japanese plan

The Japanese plan includes all employees who have worked at the company for three or more years. Employees are entitled to a pension from age 60.

24.2 Change in defined benefit liability (asset)	Defined benefit obligation 2014 in CHF 1 000	Defined benefit obligation 2013 in CHF 1 000	Fair value of plan assets 2014 in CHF 1 000	Fair value of plan assets 2013 in CHF 1 000	Net defined benefit liability (asset) 2014 in CHF 1 000	Net defined benefit liability (asset) 2013 in CHF 1 000
As at 1 January	**152 447**	**152 536**	**-122 294**	**-118 878**	**30 153**	**33 638**
Recognized in income statement						
Current service cost	3 316	3 644	–	–	3 316	3 644
Interest cost (income)	3 633	3 063	-2 907	-2 252	726	811
General and administrative expenses	–	–	227	214	227	214
Total	**6 949**	**6 707**	**-2 680**	**-2 038**	**4 269**	**4 669**
Recognized in other comprehensive income						
Expense/(income) from remeasurement of						
Actuarial loss/(gain) due to:						
Change in demographic assumptions	–	7 364	–	–	–	7 364
Change in financial assumptions	26 825	-7 786	–	–	26 825	-7 786
Experience adjustment	-1 472	-1 990	–	–	-1 472	-1 990
Return on plan assets (excluding interest income)	–	–	-1 851	-2 547	-1 851	-2 547
Translation differences	-236	-350	57	336	-179	-14
Total	**25 117**	**-2 762**	**-1 794**	**-2 211**	**23 323**	**-4 973**
Other						
Contributions from employer	–	–	-2 979	-2 991	-2 979	-2 991
Contributions from employees	2 416	2 453	-2 416	-2 453	–	–
Benefits paid out	-7 219	-6 487	7 002	6 277	-217	-210
Total	**-4 803**	**-4 034**	**1 607**	**833**	**-3 196**	**-3 201**
As at 31 December	**179 710**	**152 447**	**-125 161**	**-122 294**	**54 549**	**30 153**
of which Swiss plans	167 902	142 976	-122 815	-120 126	45 088	22 850
of which German plans	9 584	7 568	-739	-726	8 845	6 842
of which Japanese plans	2 224	1 903	-1 607	-1 442	616	461

The expected contributions made to the employee benefit plans for the following financial year amount to CHF 3.0 m in the case of employer contributions and CHF 2.4 m in the case of employee contributions.

24.3 Plan assets of defined benefit plans	2014 in %	2013 in %
Equities	7.9	9.1
Bonds	66.8	65.1
Real estate (including real estate funds)	13.1	12.7
Other	2.1	2.2
Cash	10.1	10.9
Total	**100.0**	**100.0**

Swiss plan

The plan assets are invested by an AAA-rated bank within the predefined strategy. The following limits apply to investment:

- Equities < 50 %
- Bonds < 70 %
- Real estate < 30 %
- Alternative investments 0 %

Currencies other than the CHF and EUR are hedged against the CHF. With the exception of directly held real estate, all investments are traded on a public exchange.

German plan

The German plan includes a reinsurance policy to cover pension liabilities. Assets from the insurance policy are included in plan assets.

24.4 Defined benefit plan obligations – actuarial assumptions	2014 in %	2013 in %
Swiss plan		
Discount rate	1.15	2.40
Future increase in wages and salaries	1.50	1.50
German plan		
Discount rate	2.10	3.50
Future increase in wages and salaries	1.81	1.82
Future increase in pensions	2.00	2.00

24.5 Defined benefit plan obligations – actuarial assumptions	**2014** in years	**2013** in years
Swiss plan		
Life expectancy at age 65 for newly retired persons		
Men	21.39	21.29
Women	23.86	23.76
Life expectancy at age 65 for employees currently aged 45		
Men	23.16	23.09
Women	25.59	25.52
German plan		
Life expectancy at age 65 for newly retired persons		
Men	18.85	18.71
Women	22.92	22.79
Life expectancy at age 65 for employees currently aged 45		
Men	21.52	21.39
Women	25.46	25.34

As at 31 December 2014, the weighted-average duration of pension benefit obligations was 16.1 years for the Swiss plan (previous year 14.6 years) and 19.7 years for the German plan (previous year 18.2 years).

24.6 Defined benefit plan obligations – sensitivity analysis	**2014** in CHF 1 000	**2013** in CHF 1 000
Swiss plan		
Change in discount rate -0.25 %	6 060	4 545
Change in discount rate +0.25 %	-5 672	-4 357
Change in wages and salaries -0.25 %	-331	-230
Change in wages and salaries +0.25 %	331	230
German plan		
Change in discount rate -0.25 %	439	310
Change in discount rate +0.25 %	-411	-293
Change in wages and salaries -0.25 %	-64	-45
Change in wages and salaries +0.25 %	66	45

25 Equity

25.1 Share capital	31.12.2014 Number/CHF	31.12.2013 Number/CHF
Number of shares	4 462 971	4 462 971
Nominal value	10	10
Share capital	44 629 710	44 629 710

At the Annual General Meeting of Feintool International Holding AG on 16 April 2013, the shareholders approved the Board of Directors' proposal to split each Feintool share with a nominal value of CHF 50 into five new shares, each with a nominal value of CHF 10. All data on the number of shares are therefore calculated at the par value of CHF 10.

25.2 Conditional capital – employee stock option plan	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Start of period	**558**	**558**
Used	0	0
End of period	**558**	**558**

This conditional capital of 55 750 registered shares with a par value of CHF 10 each was created following the resolution of the Extraordinary General Meeting of 2 July 1998 for the payment of rights conferred under the employee stock option plan.

25.3 Authorized capital	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Start of period	**12 661**	**18 239**
Created	0	0
Used	0	5 579
Expired	12 661	0
End of period	**0**	**12 661**

According to the decision of the Annual General Meeting of 24 January 2012, the Board of Directors was authorized to create capital up to a maximum amount of CHF 19 096 750 as required through the issue of up to 1 909 675 new shares, each having a nominal value of CHF 10. The new shares are to be paid up in full. The Board of Directors is authorized to restrict or exclude subscription rights under certain circumstances. The new shares can be issued in one or more stages. The approval is limited to a period of two years.

On 20 June 2013, 557 871 new shares, each with a nominal value of CHF 10, were issued as part of the capital increase and share reallocation programme. The shares were issued entirely from the "authorized capital".

The authorized capital expired in full on 24 January 2014.

25.4 Treasury shares – changes	31.12.2014 Number	31.12.2014 in CHF 1 000	31.12.2013 Number	31.12.2013 in CHF 1 000
Start of period	**9 207**	**537**	**10 120**	**609**
Bought	23 724		5 282	
Sale/transfer	-18 649		-6 195	
End of period	**14 282**	**1 225**	**9 207**	**537**
of which trading portfolio	14 282		9 207	

In financial year 2014, 23 724 shares were purchased at an average price of CHF 89.09 (previous year 5 282 shares at an average price of CHF 56.15) and 18 649 shares sold at an average price of CHF 87.05 (previous year 6 195 shares at an average price of CHF 55.50). Treasury shares are reserved primarily for management remuneration.

26 Capital participation plans

As a component of the bonus, 5 315 shares (bonus in respect of financial year 2013) and 13 334 shares (bonus in respect of financial year 2014) were transferred from treasury holdings to the Board of Directors, Group Management and other executives in the financial year at a total transaction value of CHF 1 623 329. The shares passed directly into the ownership of the recipients.

27 Off-balance sheet transactions, contingent liabilities	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Guarantees in favour of third parties	1 299	2 305
Other contingent obligations	2 483	3 617
Contingent liabilities	**3 782**	**5 922**

Guarantees in favour of third parties are primarily repurchase guarantees given to leasing companies for fineblanking presses sold. Other contingent obligations comprise funding which has been received and is subject to certain conditions. In the event of a breach of these conditions, there is a risk that these funds or a portion of them will have to be repaid.

In White Plains, NY (USA), a Feintool company owns a property that is contaminated with tetrachloroethylene (PERC). Feintool has joined the state-controlled Brownfield Cleanup Program. Under this programme, the land is to be cleaned up to the extent that it can be put to a new use. At present, Feintool has allowed provisions totalling roughly kUSD 604 in its balance sheet for this remediation work. On present information, the clean-up of White Plains will not have a significant effect on the Group’s financial position, results of operations or cash flows.

In Germany, the works councils of a number of Feintool companies have established a group works council. Feintool disputes the basis for establishing this body. A hearing is scheduled at the Weiden Employment Tribunal (Germany) in 2015. Feintool believes, however, that the proceedings will not have a significant effect on the Group's financial position, results of operations or cash flows.

At the end of the reporting period, Feintool was not involved in any other court proceedings. However, disputes relating to product liability, promotional activities, labour law and unfair dismissals, anti-trust law, securities trading, sales and marketing practices, health and safety, environmental and tax-related claims, state investigations and copyright law are always a possibility. Such proceedings could result in substantial claims being brought against Feintool which may not be covered by insurance policies. Feintool believes, however, that the proceedings would not have a significant effect on the Group's financial position, results of operations or cash flows.

28 Assets pledged as security for own liabilities	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Financial assets	0	372
Real estate	4 740	5 260
Machinery and equipment	30 315	24 859
Assets pledged as security for own liabilities	**35 055**	**30 491**

The pledging of the shares of key subsidiaries as collateral for the syndicate agreement means that most of the Group's assets are indirectly pledged.

29 Economic risks

For the global economy going forward, we see risks primarily in changes in energy and commodity prices, growing protectionism and persistently large trade imbalances. The aforementioned factors could result in relatively sharp changes in exchange rates, in particular continuing weakness of the euro, and a further slowdown in global economic growth. The scenarios described could give rise to severe adverse effects for Feintool.

Management of financial risks

Financial risk management is based on the directives approved by the Board of Directors and Group Management. The principles of risk management and the processes applied are reviewed on a regular basis in order to address changes in the market environment and in Feintool's activities.

Besides standards for general financial risk management, these directives include standards for specific aspects of liquidity, interest rate, exchange rate and default risk management, the use of derivative financial instruments, capital procurement and the policy on investing surplus liquidity. Capital procurement within the Group is mostly undertaken on a centralized basis.

Liquidity risk

Liquidity risk denotes the risk that Feintool Group may at some point in future be unable to meet its regular payment obligations on time and in full. Feintool must ensure that the Group is able to meet its payment obligations at all times. This will be the case if sufficient funds can be generated by the cash flow from operating activities or if the necessary financial resources can be raised on the financial markets or from banking institutions. Feintool Group's management considers an operating liquidity reserve equivalent to one month's costs of the Group (approx. CHF 25 m) to be adequate. This liquidity reserve can also be secured through unused credit lines. Management receives regular reports on the Group's present and anticipated liquidity status, giving it an overview of the liquidity situation.

On 28 June 2012, Feintool signed a CHF 120 m syndicated loan agreement with eight commercial banks for a period of five years (up to 30 June 2017). As a result of the cash inflow from the sale of IMA Automation Amberg GmbH, Amberg, Feintool voluntarily reduced the syndicated loan from CHF 120 m to CHF 90 m on 31 July 2014 (CHF 80 m in cash loans and CHF 10 m 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

The individual tranches of the syndicated loan have a term of up to 12 months. Credit agreements concluded on a bilateral basis with various banks also contain standard covenants. Were the Group unable to meet these covenants, the banks would have the right to terminate the loans at short notice. As at 31 December 2014, all covenants had been met.

As at 31 December 2014, Feintool had kCHF 80 000 (previous year kCHF 91 407) in unused, confirmed credit lines at the bank.

Financial liabilities – carrying amounts and cash outflows in CHF 1 000	Carrying amounts	**Total incl. interest**	Due within 1 year	Due within 3 years	Due within 5 years	Due in more than 5 years	**Total**
31.12.2014							
Liabilities [1]	56 379	**56 379**	56 379				**56 379**
Accrued expenses and deferred income [2]	22 684	**22 684**	22 684				**22 684**
Current liabilities to banks	5 977	**5 977**	5 977				**5 977**
Lease liabilities	26 449	**27 612**	9 337	12 887	4 845	543	**27 612**
Other liabilities to banks	18 624	**18 782**	3 105	15 175	502	–	**18 782**
Total	**130 113**	**131 434**	**97 482**	**28 062**	**5 347**	**543**	**131 434**
Foreign exchange futures							
Cash inflows	–	**–**	–	–	–	–	**–**
Cash outflows	195	**195**	195	–	–	–	**195**
Interest rate swap							
Cash inflows	–	**–**	–	–	–	–	**–**
Cash outflows	69	**69**	69	–	–	–	**69**
31.12.2013							
Liabilities	59 381	**59 381**	59 381				**59 381**
Accrued expenses and deferred income	15 377	**15 377**	15 377				**15 377**
Current liabilities to banks	14 139	**14 139**	14 139				**14 139**
Lease liabilities	26 327	**27 827**	7 820	15 362	3 833	812	**27 827**
Other liabilities to banks/bond	21 123	**21 447**	3 354	15 462	2 631	–	**21 447**
Total	**136 347**	**138 171**	**100 071**	**30 824**	**6 464**	**812**	**138 171**
Foreign exchange futures							
Cash inflows	–	**–**	–	–	–	–	**–**
Cash outflows	–	**–**	–	–	–	–	**–**
Interest rate swap							
Cash inflows	–	**–**	–	–	–	–	**–**
Cash outflows	90	**90**	90	–	–	–	**90**

[1] Excluding social security obligations and outstanding VAT obligations

[2] Excluding accrual for salary, bonus and overtime

Interest rate risk

Interest rate risk can have a negative impact on the Group's earnings as a result of higher interest rates on borrowings or lower interest rates on assets. Furthermore, changes in interest rates can affect the fair value of underlying financial instruments. Depending on the expected trend in interest rates, Feintool obtains financing at either fixed or variable rates. Around half of its financial liabilities currently consist of lease liabilities with fixed interest rates, fixed terms and regular repayments. The other half consists of bank loans with fixed interest rates and terms of between 3 months and 4 years. Interest rate management is mostly undertaken on a centralized basis so as to limit the impact of changes in interest rates on net financial income/finance costs.

A 0.5 % increase in the interest rate would adversely affect the pre-tax profit figure by kCHF 114.

Exchange rate risk

Owing to its geographical diversification, Feintool is exposed to exchange rate risk particularly in relation to the euro, US dollar and Japanese yen. The Chinese currency – the yuan – is increasingly important. Changes in exchange rates can affect the fair value of existing financial instruments and in particular the expected future cash flows. As far as possible, the Group uses natural hedges in order to offset the impact of fluctuations in exchange rates. It seeks to ensure that costs are incurred in the same currency as the resulting income. The resulting surpluses (euro in particular) and requirements (Swiss franc in particular) at Group level are coordinated centrally in the various currencies. The net position of the most important foreign currencies is hedged over a period of usually six months, as required.

The Feintool Group's exchange rate risk is calculated in the following sensitivity analysis.

If, as at 31 December 2014, the Swiss franc had been 5 % stronger against the euro (US dollar) and all other variables had remained constant, consolidated net income would have been kCHF 1 587 higher (kCHF 51 lower). Moreover, equity would not have changed.

As at 31 December 2013 net income would have been kCHF 2 602 higher and equity balanced (if the Swiss franc were 5 % stronger against the euro), whereas if the Swiss franc were 5 % weaker it would have been kCHF 2 602 lower and equity balanced. If the Swiss franc were 5 % stronger against the US dollar, consolidated net income would have been kCHF 28 higher and equity balanced. If the Swiss franc were 5 % weaker against the US dollar, consolidated net income would have been kCHF 28 lower and equity balanced.

Other market risks

The fair value of financial instruments may change as a result of exchange rates, interest rates or changes in credit ratings, and may therefore affect the Group's financial position and earnings. Feintool seeks to minimize the net effect of market risks through a balanced financing and asset structure.

Derivative financial instruments

Derivative financial instruments are used to minimize existing interest rate or exchange rate risks. The positive and negative fair values in the Notes show current market values. The contract volumes also shown indicate the extent of the exposure to derivatives.

Capital structure

In terms of capital management, the Group's objective is to ensure that the business has the financial means necessary to continue as a going concern and to provide the resources required to achieve the Group's objectives so that added value can be generated for shareholders and other stakeholders and a cost-effective, low-risk capital structure maintained. Among the criteria used by the Group to monitor its capital structure are the equity ratio and net financial liabilities. In addition, it monitors the main covenants (equity, senior net debt/EBITDA) under the syndicated loan agreement.

The equity ratio is calculated as the ratio of equity to total assets. Net financial liabilities consist of current and non-current interest-bearing liabilities less cash and cash equivalents.

The Group's objective is an equity ratio of at least 40 %. Comments on the aforementioned ratios are provided in the Financial Review. In terms of dividends policy, Feintool aims to pay shareholders approx. 30 % of annual profit in the form of a dividend.

Credit risk

Feintool's credit risk is the fair value of the recognized financial assets with the exception of financial guarantee contracts. In some instances, Feintool has provided guarantees to financial institutions in relation to press sales; these amounted to CHF 1.3 m as at 31 December 2014 (previous year CHF 2.3 m). In this case, the guaranteed amount represents the credit risk, with Feintool retaining the press sold at the time in the event of a warranty being taken up.

Default risk

Default risk is the risk that a counterparty will be unable to meet its liabilities to the Group companies. By avoiding cluster risk and concentrating financial investments among first-class counterparties, it should be possible to avoid extensive credit default risk. The automotive sector is the focal point of Feintool's operations. As a result, this market segment by definition involves a certain risk for Feintool's operations. As far as normal customer credit balances are concerned, outstanding receivables are constantly monitored as part of the process of regular reporting by the Group companies to Head Office. As at 31 December 2014, the overall default risk comes to approx. CHF 122 m (previous year approx. CHF 100 m). Feintool generates more than 15.2 % of consolidated sales from one customer. Income is generated in all segments. With the other customers, the share is less than 9 % in each case.

The Feintool Group banks exclusively with renowned national and international institutions that are rated BBB as a minimum. It specifies the type of transactions which the subsidiary companies may conduct with the banks.

30 Financial instruments

30.1 Financial assets	in CHF 1 000	Cash and cash equivalents	Prepaid expenses and accrued income [1]	Receivables	Financial assets	Total
Cash reserves		41 722	–	–	–	**41 722**
Loans and receivables		–	2 637	72 320	5 743	**80 700**
Carrying amounts as at 31.12.2014		**41 722**	**2 637**	**72 320**	**5 743**	**122 422**
Cash reserves		28 613	–	–	–	**28 613**
Loans and receivables		–	2 105	62 760	6 489	**71 354**
Carrying amounts as at 31.12.2013		**28 613**	**2 105**	**62 760**	**6 489**	**99 967**

30.2 Financial liabilities	in CHF 1 000	Trade payables	Accrued expenses and deferred income [2]	Current financial liabilities	Non-current financial liabilities	Total
Financial liabilities held for trading		–	264	–	–	**264**
Other financial liabilities		56 379	22 420	18 270	32 780	**129 849**
Carrying amounts as at 31.12.2014		**56 379**	**22 684**	**18 270**	**32 780**	**130 113**
Financial liabilities held for trading		–	90	–	–	**90**
Other financial liabilities		59 381	15 287	25 152	36 437	**136 257**
Carrying amounts as at 31.12.2013		**59 381**	**15 377**	**25 152**	**36 437**	**136 347**

The carrying amounts do not differ significantly from the fair values.

[1] Excluding accrual for commitment fees, rental agreement and pre-paid insurance premiums

[2] Excluding accrual for salary, bonus and overtime

30.3 Fair value hierarchy

Feintool has measured financial instruments at fair value and uses the following hierarchy to determine fair value.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Feintool holds only financial instruments in Level 2 amounting to kCHF -264 net (previous year kCHF -90).

30.4 Classification of financial income/financial expenses in CHF 1 000	Cash reserves	Held for trading	Loans and receivables	Other financial liabilities	Total
Carrying amounts as at 31.12.2014	**41 722**	**-264**	**85 227**	**130 113**	
Interest income/expenses	–	–	415	-2 712	**-2 297**
Other financial income/finance expenses	–	-190	-1 950	–	**-2 140**
Change in valuation allowances on customer receivables and bad debt losses	–	–	-668	–	**-668**
Total net gain/loss 2014	**–**	**-190**	**-2 203**	**-2 712**	**-5 105**
Carrying amounts as at 31.12.2013	**28 613**	**-90**	**83 681**	**136 347**	
Interest income/expenses	–	–	434	-4 726	**-4 292**
Other financial income/financial expenses	–	283	-1 400	–	**-1 117**
Change in valuation allowances on customer receivables and bad debt losses	–	–	-121	–	**-121**
Total net gain/loss 2013	**–**	**283**	**-1 087**	**-4 726**	**-5 530**

30.5 Derivative financial instruments outstanding in CHF 1 000	Fair values positive	Fair values negative	Contract volumes
Futures contracts	–	195	1 731
Currency instruments	**–**	**195**	**1 731**
Interest rate swaps	–	69	1 024
Interest rate instruments	**–**	**69**	**1 024**
Total derivative financial instruments as at 31.12.2014	**–**	**264**	**2 755**
Futures contracts	–	–	–
Currency instruments	**–**	**–**	**–**
Interest rate swaps	–	90	1 046
Interest rate instruments	**–**	**90**	**1 046**
Total derivative financial instruments as at 31.12.2013	**–**	**90**	**1 046**

Currency instruments primarily relate to the hedging of foreign-currency risks in EUR. The life of the foreign exchange futures is a few months.

31 Related parties

31.1 Compensation paid to members of the Board of Directors and Group Management

Levels of compensation paid to the Board of Directors and Group Management are defined by the Nomination and Compensation Committee and approved by the full Board of Directors. At its meeting on 14 April 2014, the Board of Directors determined that the Group Management consists of the roles of CEO and CFO. Therefore, the compensation shown below only includes the CEO and CFO. The prior-year amounts were adjusted accordingly.

Total compensation (excluding tax-allowable expenses), specifically fees, salaries, credits, bonuses and benefits in kind agreed during the financial year and paid directly or indirectly to the members of the Board of Directors and Group Management, amounted to kCHF 3 270 (previous year kCHF 2 565).

	2014 in CHF 1 000	2013 in CHF 1 000
Pay (including cash bonuses), fees	1 812	2 010
Contributions to pension plans	322	288
Capital participation plans	1 136	267
Total	**3 270**	**2 565**

31.2 Other related parties

All business relationships with related parties are conducted at arm's length.

In the reporting year, Feintool Precision System Parts (Taicang), China, received a loan of kCNY 61 227 (previous year kCNY 60 000) from a subsidiary of the Franke/Artemis Group indirectly via Deutsche Bank China. This is a long-term loan but is rolled over every 6 months. The current interest rate is 6.6 % (previous year 6.6 %).

In the 2014 financial year, Feintool System Parts Obertshausen GmbH paid rent (including ancillary costs) of kEUR 69 (previous year kEUR 366) to Schroth Besitzgesellschaft mbH & Co. KG, which is owned by Mr. Steffen Schroth, a member of the Board of Directors until 14 April 2014. In addition, Feintool System Parts Obertshausen is contributing kEUR 104 (previous year kEUR 101) to the contractually agreed clean-up of the rented property. The figures in the financial year correspond in each case to the costs up to the departure of Mr Schroth from the Board of Directors.

During the financial year, Feintool Precision System Parts (Taicang), China, sold goods with a value of kCNY 1 079 to a subsidiary of Muhr und Bender KG. The receivable outstanding at the year-end amounted to kCNY 11.

During the financial year, Feintool Cincinnati, Inc., USA, sold goods with a value of kUSD 65 to a subsidiary of Muhr und Bender KG. The receivable outstanding at the year-end amounted to kUSD 5.

During the financial year, Feintool Equipment Corp, USA, sold goods and services with a value of kUSD 72 to a subsidiary of Muhr und Bender KG. The receivable outstanding at the year-end amounted to kUSD 15.

		31.12.2014		31.12.2013	
32 Major shareholders	Date of notification	Number of shares	Share of capital	Number of shares	Share of capital
Artemis Beteiligungen I AG and Michael Pieper [1]	30.09.2014	2 245 949	50.32 %	2 235 949	50.10 %
Muhr und Bender KG and Dr. Thomas Muhr [2]	18.11.2014	616 500	13.81 %	496 500	11.12 %
Geocent AG	15.07.2013	400 285	8.97 %	400 285	8.97 %
FIL Limited	03.06.2014	109 995	2.46 %	225 730	5.06 %
Edinburgh Partners Limited	13.11.2014	0	0.00 %	170 000	3.81 %

[1] On 26 September 2014, Artemis Beteiligungen I AG acquired the interest in Feintool International Holding AG from Artemis Beteiligungen III AG as part of an internal transfer. The relevant comments of the Board of Directors of Feintool International AG may be found at http://www.feintool.com/de/news-global/news-ansicht/news/2045-artemis-interne-ver-schiebung-der-feintool-beteiligung.html.

[2] Held by a subsidiary of Muhr und Bender KG and Dr. Thomas Muhr Beteiligungs AG.

33 Risk assessment

Feintool conducts a comprehensive risk assessment within the Group every year. This is based on the following pillars:

- Quality and crisis management, based on ISO 9001 and ISO TS 16949
- Environmental management, based on ISO 14001
- Insurance management
- Internal control system, based on Art. 663b para. 12 of the Swiss Code of Obligations
- Risk analysis management
- Business continuity management

The way in which each business unit is structured, nature of the periodic procedures undertaken and manner in which these procedures are audited and reported are defined in writing. Control of each business unit is exercised by one or more bodies. In addition, each business unit also has persons responsible for it within the Group.

Insurance management is organized centrally by Feintool. Annual meetings are held with the group insurance broker. At these meetings, the insurance cover for risks in relation to third-party liability, the supply of goods and services and transportation is tailored to the Group's insurable risks. The insurance cover is adjusted in the event of any changes.

Feintool introduced its internal control system (ICS) worldwide in 2007 and 2008 in order to comply with regulations and avert any damage that might be caused by staff or malicious third parties. The following processes are subject to the ICS:

- Sales/purchasing
- Logistics/warehousing/scrap
- Work in progress and long-term construction contracts (POC)
- Property, plant and equipment
- Salaries and wages
- Finance and leasing
- Information technology
- Annual financial statements

A flow chart for each process shows where the various loss risks can arise. These risks are summarized in a risk control inventory and assigned to one or more manual or automatic checks. Feintool's internal audit unit periodically examines the effectiveness of the ICS within the Group companies.

Feintool sees risk analysis management as the periodic analysis of risks that jeopardize the Group's success or its ability to achieve its targets. Feintool bases this as far as possible on the ISO 31000 process. Every year, each Group company defines – on the basis of a predefined risk matrix – which of these risks could be significant for the company. The individual risks are then assessed in accordance with their probability of occurrence and the extent of loss. Risk minimization strategies, corresponding actions and the person responsible are determined in relation to the top five risks.

Business continuity management involves designing procedural scenarios for the occurrence of loss or damage, the aim being to ensure the continuation of production or deliveries to (key) customers. The following areas are dealt with:

- Loss of key employees
- Occupational and plant security
- Procedure in event of loss/damage to goods or buildings
- Loss of key suppliers, machines, tools and IT applications/hardware
- Loss of infrastructure (or parts thereof)
- Significant customer complaints and recalls

Corresponding documentation in relation to all these areas exists within the Group companies and is reviewed at least once every year.

Feintool Group's risk manager produces an annual risk report concerning insurance management, the internal control system, risk analysis management and business continuity management for submission to the Group Management and Board of Directors. They take the key decisions on the risk-minimizing measures to be implemented. The ISO-based business units are subject to separate reporting.

34 Events after the balance sheet date

On 15 January 2015, the Swiss National Bank announced the abandonment of its exchange-rate floor of 1.20 Swiss francs to the euro. The amounts reported in these annual financial statements do not reflect any changes in exchange rates after 31 December 2014. As the Group uses the Swiss franc as the reporting currency for its annual financial statements, a weakening of foreign currencies versus the Swiss franc may have a negative exchange rate impact on the Group's reported results.

The change in the EUR/CHF exchange rate is expected to have a negative effect in financial year 2015 in terms of financial assets and currency translation differences at the German subsidiaries. As the medium- and long-term development of the EUR in relation to the CHF cannot be predicted, it is not possible at present to assess what sustained effect the currency change will have on the Feintool Group in financial year 2015.

There were no other significant events after the balance sheet date.

35 Proposal of the Board of Directors

The Board of Directors will propose to the Annual General Meeting that a dividend of CHF 1.50 per registered share be paid (previous year CHF 1.20 per share) in respect of financial year 2014. This corresponds to a total dividend distribution of kCHF 6 694 (previous year kCHF 5 356).

36 Approval of the consolidated financial statements

The consolidated financial statements were authorized for issue by the Board of Directors on 2 March 2015 and will be submitted to the Annual General Meeting for approval on 14 April 2015.

Report of the Statutory Auditor on the Consolidated Financial Statements

Zurich, 2 March 2015

TO THE GENERAL MEETING OF SHAREHOLDERS OF FEINTOOL INTERNATIONAL HOLDING AG, LYSS

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Feintool International Holding AG, which comprise the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows and notes on pages 22 to 67 for the year ended 31 December 2014.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards as well as International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended 31 December 2014 give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the board of directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Rolf Hauenstein	Denise Deutschendorf
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

Feintool International Holding AG

Financial Review of the 2014 Financial Year

(from 1 January to 31 December 2014)

Feintool International Holding AG Balance Sheet

	Note	31.12.2014 in CHF 1 000	in %	31.12.2013 in CHF 1 000	in %
ASSETS					
Current assets					
Cash and cash equivalents		26 140		21 654	
Treasury shares	4	1 454		644	
Accounts receivable – third parties		250		280	
Accounts receivable – intercompany		3 372		1 813	
Prepaid expenses and accrued income		1 026		1 460	
Total current assets		**32 242**	**15.0**	**25 851**	**13.4**
Non-current assets					
Financial investments – third parties		0		4 000	
Other intercompany financial investments, of which kCHF 8 000 with a subordination clause (previous year kCHF 6 000)		53 993		47 409	
Investments	6	127 310		113 681	
Property, plant and equipment		393		566	
Intangible assets		1 532		1 442	
Total non-current assets		**183 228**	**85.0**	**167 098**	**86.6**
TOTAL ASSETS		215 470	100.0	192 949	100.0
LIABILITIES AND EQUITY					
Liabilities					
Current liabilities – third parties		1 168		146	
Current liabilities – intercompany		21 842		22 998	
Accrued expenses and deferred income		3 235		2 836	
Total current liabilities		**26 245**	**12.2**	**25 980**	**13.5**
Provisions		642		618	
Total non-current liabilities		**642**	**0.3**	**618**	**0.3**
Total liabilities		**26 887**	**12.5**	**26 598**	**13.8**
Shareholders' equity					
Share capital	1	44 630		44 630	
General legal reserves from capital contributions		124 949		130 330	
Free reserves		806		1 465	
Reserve for treasury shares		1 225		537	
Loss carryforward		-10 611		-21 649	
Result for the year		27 584		11 038	
Total shareholders' equity		**188 583**	**87.5**	**166 351**	**86.2**
TOTAL LIABILITIES AND EQUITY		215 470	100.0	192 949	100.0

Feintool International Holding AG
Statement of Income

	2014		2013	
	in CHF 1 000	in %	in CHF 1 000	in %
INCOME				
Income from intragroup services [1)]	13 128	26.2	15 331	44.3
Other income – intercompany [2)]	5 887	11.7	5 715	16.5
Other income – third parties	271	0.5	372	1.1
Income from investments	12 911	25.7	8 000	23.1
Financial income	4 998	10.0	3 508	10.1
Reversal of valuation allowance on investments	11 717	23.4	1 683	4.9
Reversal of valuation allowance on intercompany loans	1 257	2.5	0	0.0
Total income	**50 169**	**100.0**	**34 609**	**100.0**
EXPENSES				
Personnel expenses	7 256	14.5	6 348	18.3
Other operating expenses [3)]	9 439	18.8	9 124	26.4
Financial expenses	4 885	9.7	3 419	9.9
Depreciation and amortization	1 005	2	2 680	7.7
Valuation allowance – intercompany loans	0	0.0	2 000	5.8
Total expenses	**22 585**	**45.0**	**23 571**	**68.1**
Result for the year	**27 584**	**55.0**	**11 038**	**31.9**

1) "Income from intragroup services" includes
- services rendered to group companies
- provision of technology patents and expertise
- use of various brands, in particular the name "Feintool"

2) "Other income - intercompany" includes charged-on costs for IT, staff restaurant, building maintenance/services, as well as internal services.

3) "Other operating expenses" include income tax expense of kCHF 853.

Notes to the Financial Statements of Feintool International Holding AG

1 Share capital	31.12.2014 Number/CHF	31.12.2013 Number/CHF
Number of shares	4 462 971	4 462 971
Nominal value	10	10
Share capital	44 629 710	44 629 710

At the Annual General Meeting of Feintool International Holding AG on 16 April 2013, the shareholders approved the Board of Directors' proposal to split each Feintool share with a nominal value of CHF 50 into five new shares, each with a nominal value of CHF 10. All data on the number of shares are therefore calculated at the par value of CHF 10.

2 Conditional capital – employee stock option plan	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Start of period	**558**	**558**
Used	0	0
End of period	**558**	**558**

This conditional capital of 55 750 registered shares with a par value of CHF 10 each was created following the resolution of the Extraordinary General Meeting of 2 July 1998 for the payment of rights conferred under the employee stock option plan.

3 Authorized capital	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Start of period	**12 661**	**18 239**
Created	0	0
Used	0	5 579
Expired	12 661	0
End of period	**0**	**12 661**

According to the decision of the Annual General Meeting of 24 January 2012, the Board of Directors was authorized to create capital up to a maximum amount of CHF 19 096 750 as required through the issue of up to 1 909 675 new shares, each having a nominal value of CHF 10. The new shares are to be paid up in full. The Board of Directors is authorized to restrict or exclude subscription rights under certain circumstances. The new shares can be issued in one or more stages. The approval is limited to a period of two years.

On 20 June 2013, 557 871 new shares, each with a nominal value of CHF 10, were issued as part of the capital increase and share reallocation programme. The shares were issued entirely from the "authorized capital".

The authorized capital expired in full on 24 January 2014.

4 Treasury shares – changes	Number	31.12.2014 in CHF 1 000	Number	31.12.2013 in CHF 1 000
Start of period	**9 207**	**644**	**10 120**	**553**
Bought	23 724		5 282	
Sale/transfer	-18 649		-6 195	
End of period	**14 282**	**1 454**	**9 207**	**644**
of which trading portfolio	14 282		9 207	

In financial year 2014, 23 724 shares were purchased at an average price of CHF 89.09 (previous year 5 282 shares at an average price of CHF 56.15) and 18 649 shares sold at an average price of CHF 87.05 (previous year 6 195 shares at an average price of CHF 55.50). Treasury shares are reserved primarily for management remuneration.

5 Contingent liabilities in favour of third parties	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Guarantees and sureties for Group companies [2]	20 044	23 040
Pledging of shares of Group companies within the scope of bank credit limits [1]	90 000	120 000
Subordination clauses in favour of subsidiaries	8 000	6 000
Joint and several liability re cash pooling in favour of Credit Suisse AG and Deutsche Bank AG	p.M.	p.M.
Joint and several liability re Swiss value added tax	p.M.	p.M.

[1] The pledging of the shares of key subsidiaries in accordance with the syndicate agreement means that most of the Group's assets are indirectly pledged.

[2] Includes kCHF 3 642 in advance payment guarantees of IMA Automation Amberg GmbH, which was sold on 31 July 2014. These are covered by a 1:1 back-to-back guarantee from a leading insurance company.

6 Carrying amount of investments	31.12.2014 in CHF 1 000	31.12.2013 in CHF 1 000
Position at start of period	113 681	109 611
Increase in share capital of Feintool Precision System Parts (Taicang) Co., Ltd.	7 726	0
Liquidation of Feintool International Management AG	-250	0
Feintool Holding GmbH [1]	-5 564	0
Foundation of Feintool Fineblanking Technology (Shanghai) Co. Ltd.	0	2 387
Reversal of valuation allowance on investments	11 717	1 683
Position at end of period	**127 310**	**113 681**

[1] Due to the sale of IMA Automation Amberg GmbH, the goodwill of kCHF 5 564 in the Feintool Holding GmbH investment was written off.

7 Major shareholders	Date of notification	Number of shares	31.12.2014 Share of capital	Number of shares	31.12.2013 Share of capital
Artemis Beteiligungen I AG and Michael Pieper [1]	30.09.2014	2 245 949	50.32 %	2 235 949	50.10 %
Muhr und Bender KG and Dr. Thomas Muhr [2]	18.11.2014	616 500	13.81 %	496 500	11.12 %
Geocent AG	15.07.2013	400 285	8.97 %	400 285	8.97 %
FIL Limited	03.06.2014	109 995	2.46 %	225 730	5.06 %
Edinburgh Partners Limited	13.11.2014	0	0.00 %	170 000	3.81 %

[1] On 26 September 2014, Artemis Beteiligungen I AG acquired the interest in Feintool International Holding AG from Artemis Beteiligungen III AG as part of an internal transfer.

[2] Held by a subsidiary of Muhr und Bender KG and Dr. Thomas Muhr Beteiligungs AG.

8 Compensation paid to members of the Board of Directors and Group Management

The compensation paid to the members of the Board of Directors and Group Management is now disclosed in the Remuneration Report on page 98.

9 Shareholdings, options and conversion rights	31.12.2014 Number of registered shares	31.12.2013 Number of registered shares
Alexander von Witzleben, Chairman of the Board of Directors [1]	17 181	5 468
Dr. Michael Soormann, Vice-Chairman of the Board of Directors	0	0
Wolfgang Feil, Member of the Board of Directors	0	0
Dr. Kurt E. Stirnemann, Member of the Board of Directors	0	0
Thomas A. Erb, Member of the Board of Directors	0	0
Steffen Schroth, Member of the Board of Directors until 15 April 2014[2]	n/a	15 000
Dr. Thomas Muhr, Member of the Board of Directors[3]	616 500	n/a
Total Board of Directors	**633 681**	**20 468**
Heinz Loosli, CEO	6 504	5 050
Dr. Thomas Bögli, CFO	2 394	1 474
Peter Grosse, Member of the Group Management until 15 April 2014	n/a	0
Marc Schori, Member of the Group Management until 15 April 2014	n/a	1 475
Group Management total	**8 898**	**7 999**

[1] Held directly and indirectly.

[2] Held via Schroth Besitzgesellschaft mbH & Co KG.

[3] Held via various subsidiaries of Muhr und Bender KG.

10 Liabilities to employee benefit plans

There were no liabilities to employee benefit plans as at 31 December 2014 and 31 December 2013.

11 Unrecognized lease liabilities

As at 31 December 2014, there were unrecognized lease liabilities of kCHF 2 020 (previous year kCHF 1 885).

12 Fire insured values of property, plant and equipment

As a rule, the fire insured values of property, plant and equipment correspond to their fair value or value when new.

13 Events after the balance sheet date

On 15 January 2015, the Swiss National Bank announced the abandonment of its exchange-rate floor of 1.20 Swiss francs to the euro. The amounts reported in these annual financial statements do not reflect any changes in exchange rates after 31 December 2014. As the Group uses the Swiss franc as the reporting currency for its annual financial statements, a weakening of foreign currencies versus the Swiss franc may have a negative exchange rate impact on the Group's reported results. The change in the EUR/CHF exchange rate is expected to have a negative effect in financial year 2015 in terms of financial assets and currency translation differences at the German subsidiaries. As the medium- and long-term development of the EUR in relation to the CHF cannot be predicted, it is not possible at present to assess what sustained effect the currency change will have on the Feintool Group in financial year 2015.

There were no other significant events after the balance sheet date.

14 Risk assessment

Feintool conducts a comprehensive risk assessment within the Group every year. This is based on the following pillars:

- Quality and crisis management, based on ISO 9001 and ISO TS 16949
- Environmental management, based on ISO 14001
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- Sales/purchasing
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Feintool sees risk analysis management as the periodic analysis of risks that jeopardize the Group's success or its ability to achieve its targets. Feintool bases this as far as possible on the ISO 31000 process. Every year, each Group company defines – on the basis of a predefined risk matrix – which of these risks could be significant for the company. The individual risks are then assessed in accordance with their probability of occurrence and the extent of loss. Risk minimization strategies, corresponding actions and the person responsible are determined in relation to the top five risks.

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- Loss of key employees
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Consolidated Group Companies

Consolidated group companies and significant equity investments (as at 31.12.2014)

Company	Location, country		Capital	31.12.14	31.12.13	Consolid. method
Feintool International Holding AG	**Lyss, CH**	**CHF**	**44 629 710**	**100 %**	**100 %**	**Full**
Feintool Engineering Co., Ltd.	Atsugi, J	JPY	400 000 000	100 %	100 %	Full
Feintool Equipment AG	Lyss, CH	CHF	100 000	100 %	100 %	Full
Feintool Fineblanking Technology (Shanghai) Co., Ltd.,	Shanghai, CN	USD	2 500 000	100 %	100 %	Full
Feintool Holding GmbH	**Amberg, D**	**EUR**	**818 000**	**100 %**	**100 %**	**Full**
IMA Automation Amberg GmbH [3]	Amberg, D	EUR	50 000	0 %	100 %	Full
Feintool System Parts Ettlingen GmbH	Ettlingen, D	EUR	766 937	100 %	100 %	Full
Feintool System Parts Jena GmbH	Jena, D	EUR	3 068 000	100 %	100 %	Full
Feintool System Parts Obertshausen GmbH [5]	Obertshausen, D	EUR	1 000 000	100 %	100 %	Full
Feintool System Parts Ohrdruf GmbH [1] [5]	Ohrdruf, D	EUR	2 556 000	100 %	100 %	Full
Feintool Intellectual Property AG	Lyss, CH	CHF	100 000	100 %	100 %	Full
Feintool International Management AG in liq. [4]	Lyss, CH	CHF	250 000	100 %	100 %	Full
Feintool Japan Co., Ltd.	Atsugi, J	JPY	225 000 000	100 %	100 %	Full
Feintool Precision System Parts (Taicang) Co., Ltd. [2]	Taicang, CN	USD	17 600 000	100 %	100 %	Full
Feintool System Parts AG	Lyss, CH	CHF	200 000	100 %	100 %	Full
Feintool Technologie AG	**Lyss, CH**	**CHF**	**2 000 000**	**100 %**	**100 %**	**Full**
Feintool (Chongqing) Technology Co., Ltd.	Chongqing, CN	USD	61 000	100 %	100 %	Full
Feintool Teile & Komponenten AG Lyss	Lyss, CH	CHF	3 100 00	100 %	100 %	Full
Feintool US Operations, Inc.	**White Plains, USA**	**USD**	**31 421 631**	**100 %**	**100 %**	**Full**
Feintool Cincinnati, Inc.	Cincinnati, USA	USD	3 000 000	100 %	100 %	Full
Feintool Equipment Corp.	Cincinnati, USA	USD	50 000	100 %	100 %	Full
Feintool New York, Inc.	**White Plains, USA**	**USD**	**500 000**	**100 %**	**100 %**	**Full**
One Holland Avenue Development, LLC	Cincinnati, USA	USD	0	100 %	100 %	Full
Feintool Tennessee, Inc	Nashville, USA	USD	0	100 %	100 %	Full
HL Holding AG	**Lyss, CH**	**CHF**	**100 000**	**100 %**	**100 %**	**Full**
Columba GmbH	Amberg, D	EUR	325 000	100 %	100 %	Full
HL Immobilien AG	Lyss, CH	CHF	5 881 000	100 %	100 %	Full
HL Real Estate Corp. [6]	Cincinnati, USA	USD	290 000	0 %	100 %	Full
Vireo GmbH	Jena, D	EUR	272 600	100 %	100 %	Full

[1] Feintool Holding GmbH holds a 60 % stake in Feintool System Parts Ohrdruf GmbH. The remaining 40 % is held by Feintool International Holding AG.

[2] On 17 November 2014, the share capital in Feintool Precision System Parts (Taicang) Co., Ltd. was increased by kUSD 8 000.

[3] IMA Automation Amberg GmbH was sold to Preh GmbH on 31 July 2014.

[4] Feintool International Management AG was placed in liquidation on 27 May 2014.

[5] Previously Herzing + Schroth GmbH / Schroth Antriebselemente GmbH.

[6] HL Real Estate Corp. was liquidated on 30 September 2014.

Report and Proposal of the Board of Directors

REPORT

In the 2014 financial year, Feintool International Holding AG recorded intragroup income of CHF 19.0 m (previous year CHF 21.0 m).

Income from investments comprises dividend distributions by subsidiaries totalling CHF 12.9 m (previous year CHF 8.0 m). Furthermore, due to improved earnings prospects within the Group subsidiaries, the valuation allowance on investments was reversed by a net CHF 11.7 m (previous year CHF 1.7 m).

Financial income of CHF 5.0 m (previous year CHF 3.5 m) includes income from currency gains of CHF 2.8 m (previous year CHF 2.1 m), interest income from group loans of CHF 1.4 m (previous year CHF 1.0 m) as well as interest income from third parties and price gains on treasury shares of CHF 0.8 m (previous year CHF 0.4 m).

Personnel expenses rose to CHF 7.3 m (previous year CHF 6.3 m). The company has 33 employees including interns.

Other operating expenses amounted to CHF 9.4 m (previous year CHF 9.1 m).

Financial expenses of CHF 4.9 m (previous year CHF 3.4 m) comprise currency losses of CHF 3.5 m (previous year CHF 2.2 m) and other expenses of CHF 1.4 m (previous year CHF 1.2 m).

Depreciation and amortization on tangible and intangible assets amounts to CHF 1.0 m (previous year CHF 2.7 m).

CHF 1.3 m of intercompany loans were repaid; in the previous year, however, their valuation was adjusted by CHF 2.0 m.

The positive result of CHF 27.6 m (previous year CHF 11.0 m) was influenced in particular by income from investments of CHF 12.9 m and the reversal of the value adjustment on investments of CHF 11.7 m.

At the end of the financial year, the shareholders' equity of Feintool International Holding AG stood at CHF 188.6 m (previous year CHF 166.3 m); this corresponds to an equity ratio of 87.5 % (previous year: 86.2 %).

PROPOSAL

The Board of Directors submits the following proposal for appropriation of available earnings to the Annual General Meeting of Shareholders:

	31.12.2014 in CHF	**31.12.2013** in CHF
Loss carry forward from previous year	-10 611 324	-21 649 204
Result for the year	27 583 935	11 037 880
Available earnings	**16 972 611**	**-10 611 324**
Allocation from general legal reserves from capital contributions	6 694 457	5 355 565
Payment of a dividend of CHF 1.50 (previous year CHF 1.20) gross	-6 694 457	-5 355 565
Carry forward	**16 972 611**	**-10 611 324**

Report of the Statutory Auditor on the Financial Statements

Zurich, 2 March 2015

TO THE GENERAL MEETING OF SHAREHOLDERS OF FEINTOOL INTERNATIONAL HOLDING AG, LYSS

Report of the Statutory Auditor on the Financial Statements

As statutory auditor, we have audited the accompanying financial statements of Feintool International Holding AG, which comprise the balance sheet, income statement and notes on pages 71 to 77 for the year ended 31 December 2014.

Board of Directors' Responsibility

The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements for the year ended 31 December 2014 comply with Swiss law and the company's articles of incorporation.

Report on Other Legal Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the board of directors.

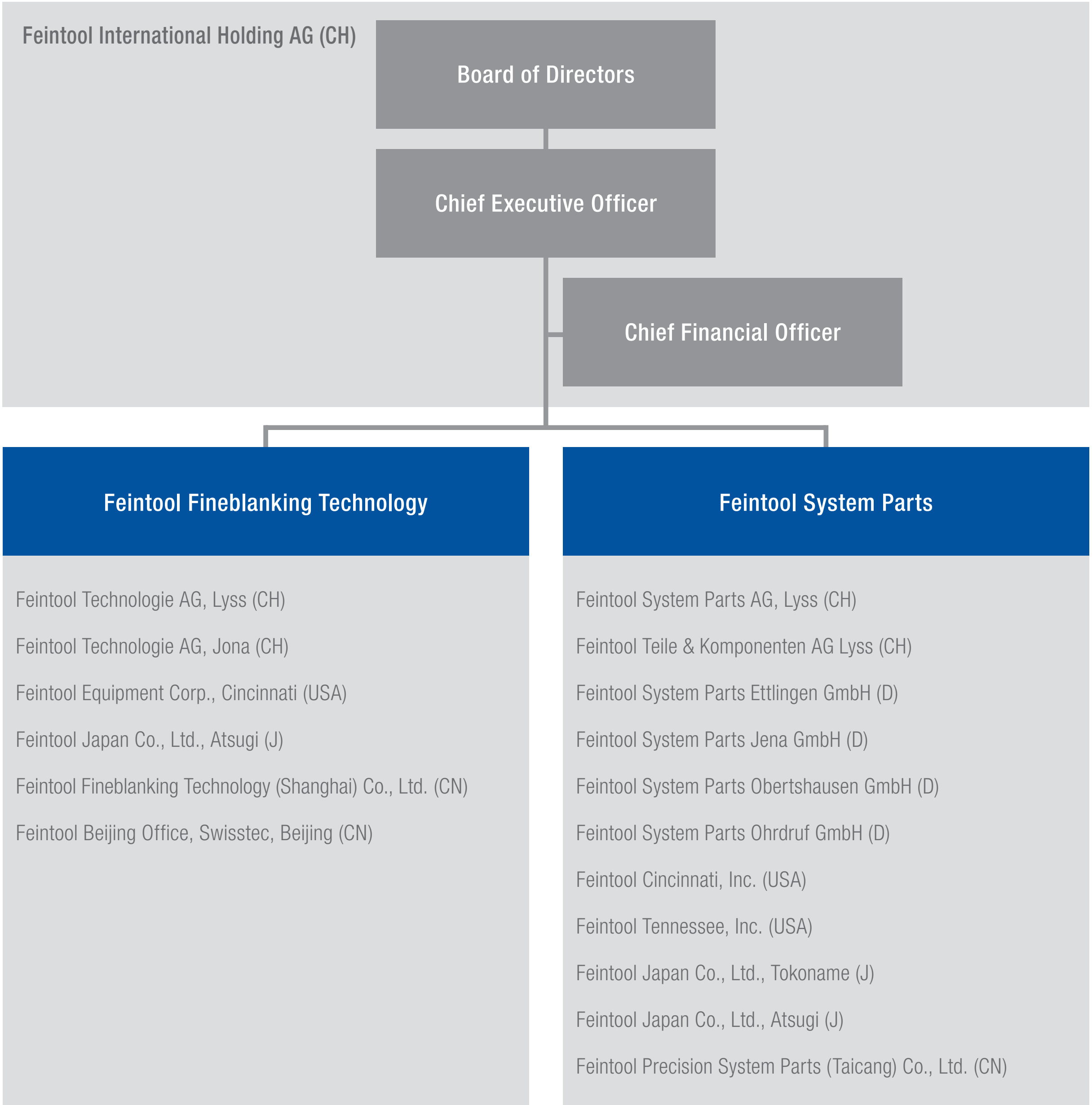
We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Rolf Hauenstein	Denise Deutschendorf
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

CORPORATE GOVERNANCE

Good governance is a core component of our corporate strategy



1. CORPORATE STRUCTURE AND SHAREHOLDERS

1.1 Corporate structure

1.1.1 Operational corporate structure
Feintool's operational management structure can be found in the diagram on the previous page.

The division of responsibilities between the Board of Directors, CEO and Group Management is explained in section 3.5. Further information, such as the current Articles of Association of the Feintool Group, can be found online at www.feintool.com/en/company/corporate-governance.html.

1.1.2 Listed company

Name and registered office:	Feintool International Holding AG, 3250 Lyss (Switzerland)
Place of listing:	SIX Swiss Exchange
Swiss security no.:	932009
ISIN:	CH0009320091
Telekurs:	FTON
Reuters:	FTONn.S
Stock market capitalization:	CHF 545 330 448 (as at 31 December 2014)

Key share prices in financial year 2014:

Highest	29.12.2014	CHF 102.00
Lowest	04.02.2014	CHF 70.20
Closing price	31.12.2014	CHF 101.80

At 990 shareholders (previous year 642), share ownership has risen by over 50 % since the end of the last financial year. Various institutional investors who acquired large numbers of shares during the share reallocation and capital increase in 2013 have reduced their holdings. Various new shareholders have bought up smaller numbers of these shares. As of 31 December 2014, the free float had reduced to 26.9 % (31 December 2013 29.8 %).

More information on Feintool shares is available on our website at www.feintool.com/en/company/investor-relations/shares.html.

No subsidiary companies are listed.

1.1.3 Unlisted companies
The unconsolidated subsidiaries that are included in the scope of consolidation of Feintool International Holding AG are listed on page 80.

1.2 Major shareholders

Name	Percentage ownership of total equity
Artemis Beteiligungen I AG and Michael Pieper [1)]	50.32 %
Muhr und Bender KG and Dr. Thomas Muhr [2)]	13.81 %
Geocent AG	8.97 %

1) As part of an internal reorganization, Artemis Beteiligungen I AG bought the shares in Feintool International Holding AG belonging to Artemis Beteiligungen III AG on 26 September 2014. The relevant statement by the Feintool International AG Board of Directors can be found at http://www.feintool.com/en/news-global/news-single/news/2045-artemis-interne-verschiebung-der-feintool-beteiligung.html.

2) Held by a subsidiary of Muhr und Bender KG and Dr. Thomas Muhr Beteiligungs AG.

On 11 March 2014, Fidelity Worldwide Investment, London, UK disclosed that it had reduced its holding of Feintool shares to 216 714 (4.86 %) and had therefore fallen below the 5 % reporting threshold.

On 3 June 2014, Fidelity Worldwide Investment, London, UK disclosed that it had reduced its holding of Feintool shares to 109 995 (2.46 %) and had therefore fallen below the 3 % reporting threshold.

On 13 November 2014, Edinburgh Partners Limited, Edinburgh, UK disclosed that it had reduced its holding of Feintool shares to 122 910 (2.75 %) and had therefore fallen below the 3 % reporting threshold.

On 17 November 2014, Muhr und Bender KG, Attendorn, Germany, disclosed that it had increased its holding of Feintool shares to 616 500 (13.81 %).

No other disclosures of interest were made in accordance with Article 20 of the Swiss Federal Act on Stock Exchanges and Securities Trading (SESTA) during the reporting period.

1.3 Cross-shareholdings
Feintool International Holding AG does not have any cross-shareholdings.

2. CAPITAL STRUCTURE

2.1 Ordinary capital

At the General Meeting held on 16 April 2013, the shareholders approved a split in the Feintool share from the previous par value of CHF 50 into five new shares with a par value of CHF 10 each. All details regarding the number of shares in this report (including prior-year data) were therefore calculated based on a par value of CHF 10.

As at 31 December 2014, the share capital of Feintool International Holding AG amounted to CHF 44 629 710, comprising 4 462 971 fully paid-up registered shares with a par value of CHF 10 each.

2.2 Authorized and conditional capital

Authorized capital

The authorized capital expired in its entirety on 24 January 2014. As at 31 December 2014, Feintool did not therefore have any authorized capital.

Conditional capital for stock options plans

In accordance with Art. 3b, para. 2 of the Articles of Association (www.feintool.com/en/company/corporate-governance.html), the share capital is to be increased, to the exclusion of the subscription rights of existing shareholders, by a maximum of CHF 557 500 through the issue of a maximum of 55 750 registered shares to be fully paid up and with a par value of CHF 10 each (stock option plan). However, no stock options were issued. For further details of the capital structure, please see pages 61 and 75 of the Financial Report.

2.3 Changes in capital

Share capital

Date	Description	Type of capital	Number	Par value [1]	Increase/ decrease [1]	Capital [1]	Number of shares [2]
31.12.2011	held					38 193 500	3 819 350
01.06.2012	increased	from auth. capital	85 750	10	857 500	39 051 000	3 905 100
31.12.2012	held					39 051 000	3 905 100
20.06.2013	increased	from auth. capital	557 871	10	5 578 710	44 629 710	4 462 971
31.12.2013	held					44 629 710	4 462 971
31.12.2014	held					44 629 710	4 462 971

1) in CHF

2) restated for a share with par value CHF 10

Authorized capital

Date	Description	Type of capital	Number	Par value [1]	Increase/ decrease [1]	Capital [1]	Number of shares [2]
24.01.2012	created	Authorized capital	1 909 675	10	19 096 750	19 096 750	1 909 675
01.06.2012	reduced	for capital increase	85 750	10	857 500	18 239 250	1 823 925
31.12.2012	held					18 239 250	1 823 925
20.06.2013	reduced	for capital increase	557 871	10	5 578 710	12 660 540	1 266 054
31.12.2013	held					12 660 540	1 266 054
24.01.2014	expired		1 266 054	10	12 660 540	0	0

1) in CHF

2) restated for a share with par value CHF 10

Conditional capital, stock option plan

Date	Description	Type of capital	Number	Par value	Increase/ decrease	Capital [1]	Number of shares [2]
31.12.2011	held	conditional capital				557 500	55 750
31.12.2012	held	conditional capital				557 500	55 750
31.12.2013	held	conditional capital				557 500	55 750
31.12.2014	held	conditional capital				557 500	55 750

[1] in CHF

[2] restated for a share with par value CHF 10

For details of financial years prior to 2012, please refer to page 89 onwards of the 2012 Annual Report.

2.4 Shares

The 4 462 971 registered shares of Feintool International Holding AG have a par value of CHF 10 each and are fully paid up. One registered share corresponds to one vote. There are no voting right restrictions, and there are no voting or preference shares (unitary share structure). All shares have equal dividend rights. Feintool International Holding AG does not have any participation capital.

2.5 Dividend right certificates

Feintool International Holding AG does not have any dividend right certificates.

2.6 Limitations on transferability and nominee registrations

2.6.1 Limitations on transferability for each share category

In accordance with Art. 4 of the Articles of Association, the voting rights attaching to shares and other rights that accompany voting rights may only be exercised by those recorded in the share register as voting shareholders. The Board of Directors may refuse registration as a shareholder with voting rights if an acquirer of shares does not expressly declare that he has acquired the shares in his own name and for his own account.

2.6.2 Granting of exceptions

No exceptions to the above limitations on transferability were granted during the year under review.

2.6.3 Nominee registrations

As stated in section 2.6.1, there are no privileges or restrictions with regard to transferability with the exception of the nominee registrations clause.

2.6.4 Procedures and conditions for cancelling privileges and transfer restrictions laid down in the Articles of Association

Any amendment to these provisions (easing or limitation) requires the approval of at least two-thirds of the votes represented and an absolute majority of the share par values represented (Art. 12 of the Articles of Association).

2.7 Convertible bonds and options

There were no convertible bonds or options in issue as at 31 December 2014.

3. BOARD OF DIRECTORS

3.1 Members of the Board of Directors

As of 31 December 2014, the Board of Directors comprised six members. None of the non-executive members of the Board of Directors was a member of Group Management at Feintool or any of its subsidiaries either in the year under review or during the three previous financial years. With the exception of the business relations conducted by a few members of the Board, no business relations took place with Feintool or its subsidiaries, either in the year under review or during any of the three previous financial years.

Members of the Board of Directors, Feintool International Holding AG

As at 31 December 2014

ALEXANDER VON WITZLEBEN
(1963, GERMAN NATIONAL)

Position:
Member of the Board of Directors

Committees:
Member of the Compensation and Nomination Committee and the Audit Committee

Qualifications:
Studied economics at the University of Passau

Professional background:
- 1990–1993 KPMG Deutsche Treuhand Gesellschaft, Munich (GER): Lead Auditor
- 1993–2007 Jenoptik AG, Jena (GER): firstly as Chief Financial Officer, then Chief Executive Officer from 2004
- 2007–2008 Franz Haniel & Cie. GmbH, Duisburg (GER): Member of the Management Board
- Since 20 January 2009 Feintool International Holding AG, Lyss: Chairman of the Board of Directors

Other activities and commitments:
- Chairman of the Supervisory Board of PVA TePla AG, Wettenberg (GER)
- Chairman of the Supervisory Board of VERBIO Vereinigte BioEnergie AG, Leipzig (GER)
- Member of the Supervisory Board of Siegwerk Druckfarben AG & Co. KGaA, Siegburg (GER)
- Member of the Advisory Board of Kaefer Isoliertechnik GmbH & Co. KG, Bremen (GER)

DR. MICHAEL SOORMANN
(1958, GERMAN NATIONAL)

Position:
Vice-Chairman of the Board of Directors (non-executive)

Committees:
Chairman of the Compensation and Nomination Committee and member of the Audit Committee

Qualifications:
Degree in commerce from the University of Erlangen-Nürnberg (Nuremberg), 1984, doctorate in political science (Dr. sc. pol.) from the University of Kiel, 1988

Professional background:
- 1988–1992 Business Consultant, Treuarbeit GmbH/Coopers & Lybrand, Hamburg/Berlin (GER)
- 1992–1994 Internal Auditing, Sandoz AG, Nuremberg (GER)
- 1994–2004 CFO, CEO of MBT Deutschland/Degussa Construction Chemicals Schweiz AG, Zurich
- 2004–2007 Administrative General Manager, Degussa Construction Chemicals Europe, Zurich
- 2007–2009 Director, Franke Artemis Group, Hergiswil
- Since 2010: Member of the Group Management of Franke Artemis Holding AG resp. Artemis Holding AG, Aarburg

Other activities and commitments:
- Chairman of the Board of Directors of Reppisch Werke AG, Dietikon

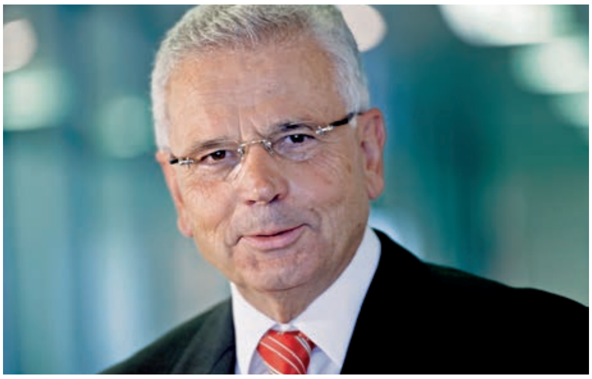
THOMAS A. ERB
(1945, SWISS NATIONAL)

Position:
Member of the Board of Directors (non-executive)

Qualifications:
Studied law at the University of Zurich 1965–1966
Studied business administration and management in Basel (Sandoz Management Programme) and in the UK

Professional background:
- 1970–1977 Various positions at Sandoz AG, Basel, including marketing management for country organizations within the Chemicals division
- 1977–1986 Positions as Head of Division and CEO in Scandinavia and the UK for Sandoz Chemicals Ltd.
- 1987–1995 CEO for MBT Asia/Pacific (headquartered in Japan), a region of MBT Construction Chemicals Ltd. (division of Sandoz AG)
- 1995–2001 COO and CEO of MBT (and SKW-MBT) Construction Chemicals Ltd. (division of Sandoz AG; from 1996 a division of SKW Trostberg, Germany)
- Since 2001 positions as consultant and director

Other activities and commitments:
- Chairman of the Board of Directors of Artemis Holding AG and of Franke Holding AG



WOLFGANG FEIL
(1944, GERMAN NATIONAL)

Position:
Member of the Board of Directors (non-executive)

Committees:
Member of the Compensation and Nomination Committee and the Audit Committee

Qualifications:
Training in the foreign trade and transport sector and in business management Stuttgart 1974

Professional background:
- 1980–2002 Managing Director of Schuler SMG GmbH, Waghäusel (GER)
- 1989–1999 Managing Director of Schuler GmbH, Göppingen (GER)
- 1999–2002 Member of the Board of Directors and Management Board of Schuler AG (responsible for strategic business areas of Hydraulic Forming Systems and Hydroforming)
- 2002–2009 COO of the Hofkammer des Hauses Württemberg, Friedrichshafen (GER)

Other activities and commitments:
- Member of the Advisory Board of Paul Hartmann AG, Heidenheim (GER)
- Chairman of the Advisory Board of Hubert Schlieckmann GmbH, Marienfeld (GER)
- Member of the Advisory Board of Hirschvogel Holding GmbH, Denklingen (GER)
- Member of the Advisory Board of GBZ Holding GmbH, Mittelbiberach (GER)

DR. THOMAS MUHR
(1963, GERMAN NATIONAL)

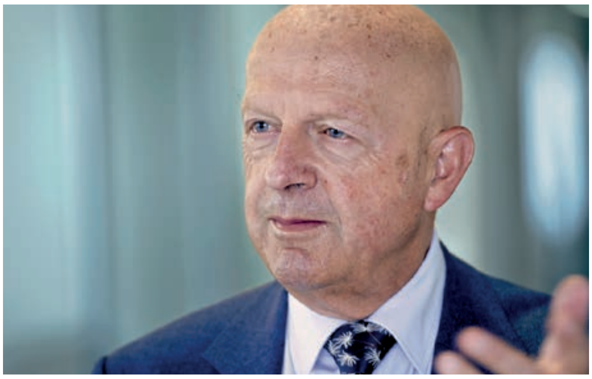
Position:
Member of the Board of Directors (non-executive)

Qualifications:
Studied business administration and metallurgy at RWTH University Aachen (GER)
Doctorate at RWTH Aachen (GER) 1992

Professional background:
- 1989–1991 Assistant the company management, Muhr und Bender KG, Attendorn (GER)
- 1992–1993 Assistant to the management of the engines and purchasing division, BMW AG, Munich (GER)
- 1994–1997 Technical manager responsible for production and production development, Muhr und Bender KG, Attendorn (GER)
- Since 1998 Managing associate, Muhr und Bender KG, Attendorn (GER)

Other activities and commitments:
- Member of the advisory board of the Parts and Accessories Producer Group, German Association of the Automotive Industry, Berlin (GER)
- Member of the senate of acatech, German academy of technical science, Munich (GER)
- Member of the board of directors of proRWTH, friends and sponsors of RWTH University Aachen e.V., Aachen (GER)

Business relationships
Several subsidiaries of Muhr und Bender KG, Attendorn, are in business relationships with Feintool. All transactions are conducted at arm's length. For details, see note 31.2 on page 65 of the Notes to the Consolidated Financial Statements.



DR. KURT E. STIRNEMANN
(1943, SWISS NATIONAL)

Position:
Member of the Board of Directors (non-executive)

Committees:
Chairman of the Audit Committee

Committees:
Chairman of the Audit Committee

Qualifications:
Graduated as a mechanical engineer (Dipl.-Ing.) from ETH Zurich; subsequently obtained a doctorate (Dr. sc. techn.).

Professional background:
- 1977–1990 Various senior positions in Production as well as in Research & Development at Rieter AG, Winterthur; from 1988: Chief Executive Officer
- 1990–1996 CEO of AGIE AG, Losone & Agie Group
- 1996–1998 Member of Group Management of Georg Fischer AG, Schaffhausen, Chairman of the Board of Directors of Agie Charmilles Holding AG, Zug
- 1998–2003 Head of the Georg Fischer Manufacturing Technology Corporate Group (Agie Charmilles); Member of the Executive Committee
- 2003–2008 CEO and Delegate to the Board of Directors of Georg Fischer AG, Schaffhausen.
- 2003–2014 Member of the Board of Directors of Georg Fischer AG, Schaffhausen

Other activities and commitments:
None

3.2 Other activities and commitments
Other activities and commitments are also listed above in section 3.1.

3.3. Number of mandates permitted
The company's Articles of Association have not yet been amended in line with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"). At the General Meeting on 14 April 2015, the Board of Directors will be proposing a comprehensive amendment to the Articles of Association. According to Article 18b of this proposal, members of the Board of Directors, Group Management and, where applicable, Advisory Board may not hold or exercise more than (i) 8 additional, paid mandates, of which no more than 4 at companies whose equity securities are listed on a stock exchange, and (ii) 8 unpaid mandates, expense allowances not being deemed to constitute compensation.

"Mandate" denotes activity on the most senior management or administrative organs of other legal entities that are required to be registered in the commercial register or a comparable register abroad and that are not controlled by the company or do not control the company. Mandates at various companies belonging to the same corporate group shall count as one mandate. Mandates fulfilled by a member of the Board of Directors or Group Management on the instructions of a Group company shall not fall under the restriction on additional mandates.

3.4 Election and term of office

3.4.1 Principles of the election procedure and restrictions on term of office for members of the Board of Directors
As a result of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"), the General Meeting elects members of the Board of Directors by voting for them individually, and also elects the Chairman from amongst the Board members. The term of office of the members and Chairman of the Board of Directors ends at the latest at the conclusion of the ordinary General Meeting following that at which they were elected, subject to any prior resignation or dismissal. The Board of Directors is also proposing that its members can be re-elected with no restrictions. No age limits apply for members of the Board of Directors.

In accordance with Art. 3.1 of the Organizational Regulations, the Board of Directors should comprise individuals with business experience and an entrepreneurial mindset. At least one member should have specific experience of the automotive supply industry or production operations, or financial expertise. The criteria for new elections to the Board of Directors are determined by the Compensation and Nomination Committee. It prepares the choice of candidates in accordance with the list of criteria that has been drawn up.

3.4.2 Principles of the election procedure and restrictions on term of office for members of the Compensation and Nomination Committee
As a result of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"), the General Meeting elects a Compensation and Nomination Committee consisting of one or more members. The members of the Compensation and Nomination Committee are elected individually. Only members of the Board of Directors may be elected. The term of office of the members of the Compensation and Nomination Committee ends at the latest at the conclusion of the ordinary General Meeting following that at which they were elected. Members may be re-elected.

3.4.3 Principles of the election procedure and restrictions on the term of office for the independent proxy
Based on the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"), the General Meeting elects an independent proxy. Natural persons, legal persons or partnerships may be elected. Their independence may not be compromised, either in fact or appearance, and is based on Article 728 paras. 2-6 of the Swiss Code of Obligations.

The term of office of the independent proxy ends at the conclusion of the ordinary General Meeting following that at which they were elected. The independent proxy may be re-elected.

3.4.4 Initial election and remaining term of office of each member of the Board of Directors

Name	Member since	Term of office until AGM on
Alexander von Witzleben	1998	14 April 2015
Dr. Michael Soormann	2010	14 April 2015
Thomas A. Erb	2012	14 April 2015
Wolfgang Feil	2003	14 April 2015
Dr. Thomas Muhr	2014	14 April 2015
Dr. Kurt E. Stirnemann	2008	14 April 2015

3.5 Internal organizational structure

The Chairman of the Board of Directors is elected by the General Meeting. In accordance with Article 13 of the Articles of Association, the Chairman of the Board of Directors leads the General Meeting and heads the Board of Directors, which makes decisions as a collective body.

The company's Articles of Association have not yet been amended to take account of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"). At the General Meeting on 14 April 2015, the Board of Directors will be proposing a comprehensive amendment to the Articles of Association. In accordance with Article 14 of this proposal, the Board of Directors will constitute itself, taking account of the General Meeting's election of the Chairman of the Board of Directors and the members of the Compensation and Nomination Committee.

At its first meeting after the ordinary General Meeting, the Board of Directors elects a Deputy Chairman; it also appoints a Secretary, who is not required to be a member of the Board of Directors. The Board of Directors also elects the members of the Audit Committee.

3.5.1 Distribution of responsibilities on the Board of Directors

In the reporting period, Alexander von Witzleben held the office of Chairman. Dr. Michael Soormann served as Deputy Chairman. No Secretary to the Board of Directors is currently appointed. His tasks are being undertaken by the members of the Board of Directors.

3.5.2. Composition of all Board committees and their duties and authority

Audit Committee

The current members of the Audit Committee are Dr. Kurt E. Stirnemann (Chairman), Alexander von Witzleben, Dr. Michael Soormann and Wolfgang Feil.

The Audit Committee submits draft proposals to the Board of Directors on the following issues:

- Coordinating external auditors, instructing internal auditors
- Monitoring financial reporting and overseeing auditors (quarterly discussion of financial reporting with the CEO and CFO; monthly discussions between the Chairman of the Committee and the CFO; discussion of interim results with the CEO and CFO; discussion of annual financial statements with auditors)
- Analysing and assessing possible weak points in the financial reporting results and the internal control system (ICS)
- Assessing the functionality of the internal control system
- Proposing the commissioning of special audits to the Board of Directors
- Monitoring the company's credit and cash flow situation and business relationships with banks
- Monitoring and coordinating all mergers and acquisitions (M&A) activity
- Selecting and proposing external advisors.

Compensation and Nomination Committee

The current members of the Compensation and Nomination Committee are Dr. Michael Soormann (Chairman), Alexander von Witzleben and Wolfgang Feil.

The Compensation and Nomination Committee submits draft proposals to the Board of Directors on the following issues:

- The composition (fixed, variable, proportion of shares, etc.) and amount of the compensation of members of the Board of Directors, Group Management and, if applicable, Advisory Board
- Ensuring the termination provisions contained in the employment contracts of members of Group Management and other senior executives are commensurate with market conditions and provide protection for the company
- Verifying that compensation paid is in conformity with market rates and performance standards

- Verifying and authorizing any internal business between senior executives or persons closely associated with them and companies in the Feintool Group.

In financial year 2014, the Compensation and Nomination Committee and the Audit Committee assumed their responsibilities in accordance with the respective regulations.

3.5.3 Working methods of the Board of Directors and its committees

In accordance with Art. 3.5 of the Organizational Regulations, the Board of Directors meets at least four times a year, for one day on each occasion. In the reporting period, the Board of Directors held six detailed meetings. The CEO and CFO attended all meetings. Additional members of operational management also attended if relevant to them.

The Audit Committee met four times and the Compensation and Nomination Committee three times in the period under review. These meetings usually last half a day and are in preparation for the next meeting of the Board of Directors. Both committees meet as required, but at least two detailed meetings must take place for each committee each year. All proposals arising from both committees were discussed at the regular meetings of the Board of Directors.

3.6 Division of responsibilities between the Board of Directors and Group Management

In accordance with Art. 15 of the Articles of Association, the Board of Directors is the supreme body of the company with responsibility for supervising Group Management. It represents the company externally and deals with all matters not assigned to any other corporate body by law, the Articles of Association or the Organizational Regulations. In accordance with Art. 6.5 a. of the Organizational Regulations, the Board of Directors delegates overall management to the CEO, where permitted under the law and provided such responsibilities are not expressly assigned to the Board of Directors. The Board of Directors' responsibilities include decisions statutorily assigned to it regarding financial and information policies as well as decisions relating to investments, cooperation agreements, contracts, real estate and participations, provided such decisions are of special significance to the company and they exceed a specified scale, together with resolutions concerning internal and external auditing.

The CEO's responsibilities include the management of the company's operations, as well as drawing up requisite remits, directives and guidelines within the framework of the organizational structure approved by the Board of Directors. The CEO is responsible for managing and organizing Group Management and also represents the company in dealings with the Board of Directors, the general public and the authorities.

In accordance with the resolution by the Board of Directors on 14 April 2014, the CEO and CFO constitute Group Management as defined by the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO").

Group Management determines binding, group-wide management instruments (planning, accounting, management information systems and controlling) and is responsible for developing the corporate culture. It is also responsible for developing and periodically reviewing the corporate strategy and for its implementation. Group Management prepares information on all matters that fall under the responsibility of the Board of Directors and is also responsible for ensuring that the Board's resolutions are implemented.

3.7 Information and control instruments of the Group Management

At its meetings, all members of the Board of Directors and members of Group Management have an obligation to provide the required information. If necessary, other senior executives may also be involved. At such meetings, the Chairman informs the other members of the Board of Directors about his activities since the last Board meeting; the CEO reports on current business developments and the CFO comments on financial reporting.

As part of the Feintool Group’s Management Information System (MIS), members of the Board of Directors receive a monthly report from Group Management informing them about the financial and business situation of the company and relevant company segments. This report contains information on market and sector developments and risks, the income statement, key figures (sales, EBIT, orders received and orders backlog, among others), and detailed quarterly, interim and annual financial statements, which are then commented on by the CEO and CFO at meetings held specifically for this purpose. This includes a data comparison with the prior years and with the budgeted figures. Between meetings, the CEO also informs the members of the Board of Directors about extraordinary events, either in writing or by telephone.

Between meetings of the Board of Directors, each member may ask the CEO to provide information at any time regarding the performance of the business and, with the approval of the Chairman, regarding individual transactions; members may also request the inspection of business documents. Such requests should be forwarded to the Chairman in writing.

Internal Audit

Internal Audit concentrates on areas of operational and strategic risk management in addition to the internal control system. It conducts group-wide audits, analyses and interviews. The annual audit schedule is approved by the Audit Committee in cooperation with the external auditors. Internal Audit reports regularly to the Audit Committee on a project-related basis, either in writing or verbally. Internal audit activities are carried out by PricewaterhouseCoopers AG, Zurich. Its activities are coordinated on an ongoing basis by the Chairman of the Board of Directors and the CFO.

The Board of Directors has decided to continue to award internal audit tasks to an external auditor.

4. GROUP MANAGEMENT

4.1 Members of Group Management

In accordance with the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"), Group Management consisted of two members as of 31 December 2014. The management structure can be found in the organizational chart shown in section 1.1.1 on page 84 of this report.

Group Management

HEINZ LOOSLI
(1954, SWISS NATIONAL)

Position:
CEO Feintool Group and Head of Feintool System Parts segment

Qualifications:
Engineer (dipl. ing. HTL), qualified marketing and sales specialist and Stanford Executive Program (SEP)

Professional background:
- 1978–1994 H. A. Schlatter AG: Sales Manager (1978–1984), Country Manager – China (1985–1988), Head of Automation profit centre (1988–1994)
- 1994–1996 Ascom Autelca AG: Head of Ticketing division
- With Feintool Group since 1996, initially as Head of Presses and Systems at Feintool AG Lyss and later of Feintool System Parts
- Since 1 October 2009: CEO of the Feintool Group

Other activities and commitments:
None

DR. THOMAS F. BÖGLI
(1956, SWISS NATIONAL)

Position:
CFO Feintool Group

Qualifications:
Dr. oec. publ. in Business Management from the University of Zurich

Professional background:
- 1984–1989 F. Hoffmann-La Roche Ltd, Basel: Controller
- 1990–1992 Netstal-Maschinen AG, Näfels: CFO
- 1992–1994 Studer Revox AG, Regensdorf: CFO
- 1995–2000 COS Computer Systems AG, Baden: CFO
- 2001–2004 Von Roll Holding AG, Gerlafingen: CFO
- 2004–2008 Nobel Biocare Holding AG, Kloten: CFO
- Since 1 October 2009: CFO of the Feintool Group

Other activities and commitments:
None

4.2 Other activities and commitments

Other activities and commitments are also listed above in section 4.1.

4.3. Number of mandates permitted

The company's Articles of Association have not yet been amended to take account of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"). At the General Meeting on 14 April 2015, the Board of Directors will be proposing a comprehensive amendment to the Articles of Association. According to Article 18b of this proposal, members of the Board of Directors, Group Management and, where applicable, Advisory Board may not hold or exercise more than (i) 8 additional, paid mandates, of which no more than 4 at companies whose equity securities are listed on a stock exchange, and (ii) 8 unpaid mandates, expense allowances not being deemed to constitute compensation.

"Mandate" denotes activity on the most senior management or administrative organs of other legal entities that are required to be registered in the commercial register or a comparable register abroad and that are not controlled by the company or do not control the company. Mandates at various companies belonging to the same corporate group shall count as a one mandate. Mandates fulfilled by a member of the Board of Directors or Group Management on the instructions of a Group company shall not fall under the restriction on additional mandates.

4.4 Management contracts

There are no management contracts between the Feintool Group and third parties.

5. COMPENSATION, SHAREHOLDINGS AND LOANS

D 5.1 Basic principles of the compensation system

5.1.1 Board of Directors

Based on a proposal from the Compensation and Nomination Committee, the Board of Directors determines once a year at its year-end meeting the level of compensation paid to its members on the basis of their activities and responsibilities while taking due account of prevailing market and industry levels. The peer group comprises internationally active industrial companies with a similar structure and of a similar size, with a focus on automotive suppliers as well as plant construction and mechanical engineering. If necessary, the Compensation and Nomination Committee will consult external advisors.

5.1.2 Group Management

The Compensation and Nomination Committee determines the performance-related bonus of the CEO on the basis of the contractual agreement. For the other members of Group Management, the Compensation and Nomination Committee determines the performance-related bonus following proposals submitted by the CEO on the basis of the respective contractual agreements. This is reported to the Board of Directors at its annual meeting at the end of each year. Where necessary, external advisors are consulted when determining the compensation and stock option plans for Group Management.

Every two to three years, Feintool commissions an external consultancy firm to review Group Management's compensation in comparison with the external labour market. The peer group comprises internationally active industrial companies with a similar structure and of a similar size, with a focus on automotive suppliers as well as plant construction and mechanical engineering. The comparison includes basic, overall and direct compensation as well as selected fringe benefits (occupational pension, company car and lump-sum expenses).

5.2 Elements of the compensation system

5.2.1 Board of Directors

The compensation paid to members of the Board of Directors consists of a fixed component plus the lump-sum reimbursement of expenses and an attendance fee. Members of the various committees are reimbursed individually with a fixed component and an attendance fee. If meetings of the Board of Directors and the various committees take place immediately after each other, the attendance fee is paid only once.

Compensation paid to the Chairman of the Board of Directors is based on a fixed proportion of his salary (fixed component). Depending on the company's financial performance, he may also receive a bonus (variable component) and/or free shares in Feintool International Holding AG. These shares will be locked in for a specific period of time.

5.2.2 Group Management

Compensation for Group Management is based on a fixed proportion of each individual's salary (fixed component). In addition, the amount of compensation is determined directly by the attainment of targets and performance of each member of Group Management, as well as the financial performance of the company (variable component). The performance-related bonus is determined on the basis of operating results (EBIT) and the degree to which annually agreed individual objectives have been achieved. The bonus of the CEO is entirely calculated according to the EBIT of the Feintool Group. For the CFO, the ratio between operational and personal objectives is approximately 70/30. The variable component of the compensation paid to members of Group Management is between 30 and 70 percent of the fixed salary component.

Members of Group Management receive a proportion of their fixed compensation in the form of shares, which are locked in for up to four years on a staggered basis. Details are set out in the "Regulations for the issue of employee shares and options to members of the Board of Directors and Senior Executives" agreed by the Board of Directors in 2005.

In addition, members of Group Management receive fringe benefits (company car, risk insurance and retirement, and management insurance cover, voluntary insurance).

5.3 Statutory regulations regarding compensation

The company's Articles of Association have not yet been amended to take account of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"). At the General Meeting on 14 April 2015, the Board of Directors will be proposing a comprehensive amendment to the Articles of Association. The following regulations will be proposed in the form of Article 18. This new Article is intended to constitute a statutory basis.

Article 18: Compensation principles, performance-based compensation, participation and option plans

The compensation of members of the Board of Directors, Group Management and, where applicable, Advisory Board should be commensurate, competitive and performance-based and shall be determined in accordance with the Group's strategic objectives and results.

The company may pay the members of the Board of Directors, Group Management and, where applicable, Advisory Board a performance-based compensation. The amount of such compensation shall be dependent upon the qualitative and quantitative targets and parameters set by the Board of Directors, in particular the Group's total profit and the individual contribution of the member concerned. The performance-based compensation may be paid in cash or in the form of the allocation of equity securities, conversion or warrant rights or other rights to equity securities. The Board of Directors shall issue regulations governing the details.

The company may allocate equity securities, conversion or warrant rights or other rights to equity securities to the members of the Board of Directors, Group Management and, where applicable, Advisory Board as part of their compensation. If equity securities, conversion or warrant rights or other rights to equity securities are allocated, the amount of the compensation shall equate to the value that can be attributed to the allocated securities or rights at the time of their allocation according to generally accepted valuation methods, unless the General Meeting dictates otherwise. The Board of Directors may set a vesting period for the holding of the securities or rights and determine when and to what extent the entitled persons shall acquire a legal entitlement and/or the conditions in which any vesting periods shall lapse and the beneficiaries shall immediately acquire a legal entitlement (e.g. in the event of a change of control, substantial restructuring or certain forms of termination of employment). The Board of Directors shall issue regulations governing the details.

The allocation of equity securities, conversion or warrant rights or other rights to equity securities which the members of the Board of Directors, Group Management and, where applicable, Advisory Board receive in their capacity as shareholders of the company (e.g. subscription rights in the context of a capital increase or options in the context of a capital reduction) shall not constitute compensation and is not covered by this provision.

Article 18a: Employment contracts, loans, credits and pension benefits

Employment contracts with the members of Group Management and contracts with the members of the Board of Directors upon which the compensation of the members concerned is based shall be concluded for a fixed term of no more than one year or for an indefinite duration with a notice period of no more than twelve months to the end of a calendar month.

Loans or credits may be extended to members of the Board of Directors, Group Management and, where applicable, Advisory Board up to a maximum sum of CHF 300 000, in particular in the form of advances on costs of civil, criminal or administrative proceedings connected with the activity of the person concerned as a member of the Board of Directors or Group Management of the company (in particular, court fees and lawyer's fees).

The members of the Board of Directors, Group Management and, where applicable, Advisory Board shall receive occupational pension benefits in accordance with the legal or regulatory provisions at home or abroad that apply to them, including non-obligatory benefits where applicable. The provision of such benefits shall not constitute compensation that is subject to approval.

If a member of Group Management, of the Board of Directors or of any Advisory Board falls ill or suffers an accident, the company may continue paying his salary within the scope of a regulatory arrangement issued by the Board of Directors or within the scope of insurance benefits. When early retirement is taken, the company may pay bridging benefits to the insured or additional contributions to a pension fund in accordance with early retirement regulations to be issued by the Board of Directors.

Article 18c: Voting on compensation by the General Meeting

Each year, at the motion of the Board of Directors, the General Meeting shall individually and bindingly approve the total compensation for

1. the Board of Directors and, where applicable, Advisory Board (in a separate ballot) for the period until the next ordinary General Meeting;
2. Group Management for the financial year following the ordinary General Meeting (the "approval" period).

If an approved overall sum for the compensation of Group Management is not sufficient to compensate any members appointed after the resolution of the General Meeting until the start of the next approval period, the company shall have at its disposal for the respective approval period an additional sum per person of no more than 50 % of the total compensation for Group Management previously approved. The General Meeting shall not vote on the additional sum used.

In addition to the approval pursuant to Para. 1, each year at the motion of the Board of Directors the General Meeting may individually and bindingly resolve to increase the approved sums for the compensation of the Board of Directors, Group Management and, where applicable, Advisory Board for the approval period running up to the General Meeting concerned or the previous approval period. The Board of Directors is authorized to pay any kind of permitted compensation from the approved totals or additional sums.

If the General Meeting refuses to approve a total sum for the members of the Board of Directors, Group Management or, where applicable, Advisory Board, the Board of Directors may present new motions at the same General Meeting. If it does not present new motions or if these are also rejected, the Board of Directors may at any time, with due regard for the requirements of law and the Articles of Association, convene a new General Meeting.

The reimbursement of expenses shall not constitute compensation. Within the limits accepted by the tax authorities, the company may reimburse the members of Group Management, Board of Directors and, where applicable, Advisory Board for expenses in the form of fixed expense allowances.

The company may take out directors' & officers' liability insurance on behalf of the members of the Board of Directors, Group Management and, where applicable, Advisory Board and pay the contractual premiums or contributions. Payment of the premiums or other contributions shall not constitute compensation. Members of the Board of Directors, Group Management and, where applicable, Advisory Board may draw compensation for activities at companies that are directly or indirectly controlled by the company, provided such compensation would be permitted were it paid directly by the company and provided it has been approved by the company's General Meeting. The amounts approved by the

General Meeting in accordance with this provision of the Articles of Association may be paid by the company and/or one or more other Group companies.

Compensation approved in an approval resolution by the General Meeting for a particular period may also be paid in full or in part after the end of that period, provided it is paid for the period to which the approval resolution relates. In this case, the compensation must not be covered by the approval resolution for the period in which payment is made.

In the event of notice to terminate or the early termination of a permanent employment contract with a member of Group Management, the company may pay the salary until the end of the notice period, even if the employee is released and commences a new role. If a member of Group Management is released during a the term of a fixed-term relationship or if that relationship is dissolved early, the same shall apply until the expiry of the fixed term.

If the company has agreed a non-competition clause with a member of Group Management or Board of Directors, it may pay the member concerned an annual compensation of no more than 50 % of his total last annual compensation (including all supplements, variable and discretionary compensation) for a period not exceeding two years.

5.4 Compensation for acting members of governing bodies

Full details of the effective compensation can be found on page 98 of the Remuneration Report.

6. SHAREHOLDERS' PARTICIPATION RIGHTS

6.1 Voting right restrictions and proxies

In accordance with Art. 10 of the Articles of Association, each share carries one vote. Only those shareholders entered in the share register are entitled to vote at the General Meeting. A shareholder may only be represented at the General Meeting by his own legal representative, another shareholder who attends the meeting and is entered in the share register, or the independent proxy. The proxy must be given written authorization. Attending members of the Board of Directors shall decide on the recognition of proxies.

Restrictions on voting rights and the associated regulations can be found in section 2.6.1 of this Corporate Governance Report.

The company's Articles of Association have not yet been amended to take account of the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares ("ERCO"). At the General Meeting on 14 April 2015, the Board of Directors will be proposing a comprehensive amendment to the Articles of Association. In accordance with Art. 10a of this proposal, shareholders will be able to give the independent proxy instructions regarding any motions for business announced in the notice of convocation and any motions for business not announced in the notice of convocation, as well giving him general instructions regarding any new items of business in accordance with Art. 700.3 of the Swiss Code of Obligations.

Shareholders will be able to issue their authorization and instructions to the independent proxy, including in electronic form, up to 4 p.m. on the third working day prior to the date of the General Meeting. This deadline shall be deemed to have been met if the authorization and instructions are received by the independent proxy by that time. The independent proxy is obliged to exercise the voting rights conferred on him by the shareholders as instructed. If he has not received any instructions, he shall abstain from voting.

6.2 Quorum requirements

All resolutions at the General Meeting are made by a legally required majority. In the event of a tied vote, the Chairman casts the deciding vote.

6.3 Convocation of the General Meeting

In accordance with Art. 9 of the Articles of Association, the General Meeting must be convened at least 20 days in advance by publication of a notice in the Swiss Official Gazette of Commerce. In addition, registered shareholders will receive a written invitation.

6.4 Agenda items

In accordance with Article 9 of the Articles of Association, shareholders who individually or jointly hold at least 10 % of the share capital or hold shares with a par value of at least CHF 1 million may request the inclusion of a particular item for discussion, at the latest 40 calendar days prior to the General Meeting. Such items must be submitted in writing, citing the item for discussion and the proposals.

6.5 Entries in the share register

In accordance with Article 10 of the Articles of Association, all shareholders entered in the share register with voting rights, together with registered nominees, are entitled to attend the General Meeting and to vote. For organizational reasons, the closing date for entries in the share register is 11 days before the General Meeting (the share register status on this date is used to determine the voting and representation ratios at the forthcoming General Meeting).

7. CONTROL AND DEFENCE MEASURES

7.1 Opting up

Opting up at Feintool International Holding AG is governed by the current legal conditions described in Article 32 of the Swiss Federal Stock Exchange Act (SESTA). The Articles of Association do not contain any provision regarding opting out or opting up.

7.2 Clauses on changes of control

No clauses on changes of control have been agreed for the benefit of the Board of Directors, Group Management or any other senior executives in the company.

8. AUDITORS

8.1 Duration of the mandate and term of office of the lead auditor

At the General Meeting held on 15 April 2014, KPMG AG, Zurich, were elected as statutory auditors for one year. Rolf Hauenstein is the lead auditor for the term of the mandate.

8.1.1 Date of assumption of the existing auditing mandate

KPMG AG, Zurich, were elected for the first time at the General Meeting on 25 January 2011.

8.1.2 Date on which the lead auditor took up office

Since the first appointment of KPMG AG, the lead auditor responsible for the existing auditing mandate has been Rolf Hauenstein.

8.2 Auditing fees

The auditing fees charged by KPMG AG in respect of the financial statements for financial year 2014 amounted to CHF 459 000.

8.3 Additional fees

In the reporting period KPMG AG billed an additional fee of CHF 277 000 for audit-related services. KPMG AG rendered other services in the field of tax consulting, etc. amounting to CHF 76 000 in financial year 2014.

8.4 Information instruments pertaining to external audit

The auditors attended two meetings of the Audit Committee. KPMG AG provides the Board of Directors with a comprehensive report on the results of its annual audit. At the end of the financial year, the Audit Committee, with the CEO and CFO also in attendance, discusses the comprehensive report to the Board of Directors and the auditors' report with the auditors.

The external auditors are periodically re-evaluated by means of a tendering process. They are elected at the General Meeting by a motion submitted by the Board of Directors. As well as the minimum legal requirements, selection criteria include relevant qualifications, sector experience and cost-effectiveness. The lead auditor from KPMG AG is replaced every seven years in accordance with statutory regulations.

9. INFORMATION POLICY

Feintool communicates actively with shareholders, the media and investors. The company provides regular information on business performance in the form of press releases and holds at least two press conferences per year. Twenty-four press releases were published during the financial year from 1 January to 31 December 2014. Interested parties are welcome to visit our factories. Furthermore, at least once a year we offer the financial community the opportunity to gain a direct insight into our business at one of our manufacturing sites. In the reporting period, members of Group Management held around 60 individual meetings with existing or prospective investors. A further 50 or so existing or prospective investors were also welcomed in group meetings.

Shareholders in Feintool International Holding AG receive interim and annual reports on request, and are kept regularly informed about new corporate developments of interest to them in the form of shareholder letters. During the 2014 financial year, two such letters were sent on the subjects of the 2013 year-end financial results and the 2014 interim results.

The latest corporate information can be found on our website under "Media Releases" http://www.feintool.com/en/company/media-relations/media-releases.html). You can also subscribe to this information by filling out the contact form on the website (http://www.feintool.com/en/company/media-relations/media-releases/subscribe-to-new-media-releases.html). Annual reports, dates and other useful information can also be found at www.feintool.com. Information can also be requested from investor.relations@feintool.com.

10. SUBSEQUENT EVENTS

On 15 January 2015, the Swiss National Bank announced the abandonment of its exchange-rate floor of 1.20 Swiss francs to the euro. The amounts reported in these annual financial statements do not reflect any changes in exchange rates after 31 December 2014. As the Group uses the Swiss franc as the reporting currency for its annual financial statements, a weakening of foreign currencies versus the Swiss franc may have a negative exchange rate impact on the Group's reported results.

The change in the EUR/CHF exchange rate is expected to have a negative effect in financial year 2015 in terms of financial assets and currency translation differences at the German subsidiaries. As the medium- and long-term development of the EUR in relation to the CHF cannot be predicted, it is not possible at present to assess what sustained effect the currency change will have on the Feintool Group in financial year 2015.

There were no other significant events after the balance sheet date.

Remuneration Report

1 Principles of the compensation system

1.1 Board of Directors

Based on a proposal from the Compensation and Nomination Committee, the Board of Directors determines once a year at its year-end meeting the level of compensation paid to its members on the basis of their activities and responsibilities while taking due account of prevailing market and industry levels. The peer group comprises internationally active industrial companies with a similar structure and size, with a focus on automotive suppliers as well as plant construction and mechanical engineering. The Compensation and Nomination Committee consults external advisers if required.

1.2 Group Management

The Compensation and Nomination Committee determines all components of the compensation paid to the CEO on the basis of the contractual agreement. For the other members of Group Management, the Compensation and Nomination Committee decides following proposals submitted by the CEO on the basis of the respective contractual agreements. This is reported to the Board of Directors at its regular meeting at the end of each year. If required, external advisers are consulted when determining the compensation and stock option plans for Group Management.

Every two to three years, Feintool commissions an external consultancy firm to review Group Management's compensation in comparison with the external labour market. The peer group comprises internationally active industrial companies with a similar structure and size, with a focus on automotive suppliers as well as plant construction and mechanical engineering. The comparison includes basic, overall and direct compensation as well as selected fringe benefits (occupational pension, company car and lump-sum expenses).

2 Elements of the compensation system

2.1 Board of Directors

The compensation paid to members of the Board of Directors consists of a fixed component plus a lump-sum reimbursement of expenses and an attendance fee. Members of the various committees are paid a separate fixed component and attendance fee. Where meetings of the Board of Directors and the various committees are held immediately after one another, the attendance fee is paid once only.

The compensation paid to the Chairman of the Board of Directors is based on a fixed proportion of his salary (fixed component). Depending on the company's financial performance, the Chairman also receives a bonus (variable component) and/or free shares in Feintool International Holding AG. These shares are locked in for a specified period.

2.2 Group Management

The compensation paid to the Group Management is based on a fixed proportion of each individual's salary (fixed component). In addition, the amount of compensation is determined directly by the attainment of targets and performance of each member of Group Management, as well as the financial performance of the company (variable component). The performance-related bonus is determined on the basis of operating results (EBIT) and the degree to which annually agreed individual objectives have been achieved. It is based on a ratio of operating to personal targets of approximately 70:30 and is very similar for each member of Group Management except the CEO. The bonus for the CEO is entirely calculated according to the EBIT of the Feintool Group. The variable compensation component paid to the members of Group Management is between 30 % and 70 % of the fixed salary component.

Members of Group Management receive part of their fixed compensation in the form of shares, which are locked in on a staggered basis for up to four years. Details are set out in the "Regulations for the issue of employee shares and options to members of the Board of Directors and Senior Executives", as issued by the Board of Directors in 2005.

Members of Group Management also receive customary fringe benefits (company car, risk insurance and retirement, management insurance cover and voluntary insurance).

3 Compensation for acting members of governing bodies

The following compensation was paid during the compensation period. These figures relate to the period from 1 January to 31 December. [1)]

3.1 Board of Directors

Current members of the Board of Directors (including related parties) in CHF	Fixed salary [2)]	Variable salary [3)]	Shares/options [4)]	Contributions to pension plans [5)]	Total
In the 2014 financial year					
Alexander von Witzleben, Chairman	250 000	–	981 000	70 308	**1 301 308**
Dr. Michael Soormann, Vice-Chairman	130 000	–	–	–	**130 000**
Thomas Erb, Member	50 000	–	–	3 062	**53 062**
Wolfgang Feil, Member	75 000	–	–	5 777	**80 777**
Dr. Thomas Muhr, Member [6)]	37 500	–	–	4 500	**42 000**
Dr. Kurt Stirnemann, Member	90 000	–	–	7 406	**97 406**
Steffen Schroth [7)]	10 000	–	–	1 167	**11 167**
Total Board of Directors	**642 500**	**–**	**981 000**	**92 220**	**1 715 720**
In the 2013 financial year					
Alexander von Witzleben, Chairman	250 000	150 000	111 978	31 492	**543 470**
Dr. Michael Soormann, Vice-Chairman	147 500	–	–	–	**147 500**
Thomas Erb, Member	60 000	–	–	4 148	**64 148**
Wolfgang Feil, Member	95 000	–	–	7 949	**102 949**
Dr. Kurt Stirnemann, Member	100 000	–	–	8 492	**108 492**
Steffen Schroth	60 000	–	–	7 333	**67 333**
Total Board of Directors	**712 500**	**150 000**	**111 978**	**59 414**	**1 033 892**

1) The compensation paid to the Board of Directors is determined for the period between the ordinary General Meeting at which the individual member is elected and the following ordinary General Meeting. In this report, the compensation paid relates to the financial year (1 January to 31 December) and is accrued accordingly.

2) Fixed compensation including attendance fee (excluding tax-allowable expenses).

3) Bonus in accordance with individual contractual agreements. Payment is in each case made in the new financial year.

4) 2014: Allocation of a predefined number of shares. The shares are locked in for five years. The valuation corresponds to the price at the time of allocation. The value of the shares for tax purposes is CHF 733 062. This includes a discount for the lock-in period.
2013: Fixed entitlement in Swiss francs. The compensation is paid in shares. The number of shares is calculated according to the average share price over the financial year. The shares have a sliding lock-in period of 1-4 years. The valuation corresponds to the share price at the time of allocation. The value of the shares for tax purposes is CHF 103 870. This includes a discount for the lock-in period. The shares were issued in the following financial year.

5) Payments made by the employer to the state pension schemes (AHV/IV) and the occupational pension scheme

6) Dr. Thomas Muhr was appointed as a new member of the Board of Directors at the General Meeting on 15 April 2014.

7) Steffen Schroth stepped down as a member of the Board of Directors at the General Meeting on 15 April 2014.

The Chairman of the Board of Directors is in each case granted a loan equivalent to the withholding tax on his variable compensation and shares; this is offset against the fixed salary on a straight-line basis in the same year. There were no loans at the end of the year.

In financial year 2014 the highest remuneration was that paid to Alexander von Witzleben (Chairman of the Board of Directors) and in financial year 2013 that paid to Heinz Loosli (CEO).

With the above exception, no loans or securities were granted to members of the Board of Directors in the reporting years.

3.2 Group Management

At its meeting on 14 April 2014, the Board of Directors determined that according to ERCO (the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares), Group Management consists of the roles of CEO and CFO.

Current members of Group Management (including related parties) in CHF	Fixed salary 1)	Variable salary 2)	Shares/options 3)	Benefits in kind 4)	Contributions to pension plans 5)	**Total**
In the 2014 financial year						
Heinz Loosli, CEO	460 000	273 000	119 977	4 800	141 143	**998 920**
Dr. Thomas Bögli, CFO	336 000	91 000	34 986	4 800	88 401	**555 187**
Group Management total	**796 000**	**364 000**	**154 963**	**9 600**	**229 544**	**1 554 107**
In the 2013 financial year						
Heinz Loosli, CEO	460 000	245 000	119 956	4 800	140 840	**970 596**
Dr. Thomas Bögli, CFO	339 480	94 000	34 999	4 800	87 374	**560 653**
Group Management total	**799 480**	**339 000**	**154 955**	**9 600**	**228 214**	**1 531 249**

1) Contractually agreed salary (excluding tax-allowable expenses).

2) Bonus in accordance with individual contractual agreements. Payment is in each case made in the new financial year.

3) Fixed entitlement in Swiss francs. Remuneration is in the form of shares. The number of shares depends on the average price in October/November (2014) or November/December (2013). They have a staggered lock-in period of 1–4 years. Disbursement for financial year 2014 took place in December 2014 and for financial year 2013 in January 2014. Valuation is based on the average price in October/November (2014) or November/December (2013), less the tax-allowable discount for the lock-in period. The taxable value of the shares for financial year 2014 is CHF 103 924 for Heinz Loosli and CHF 30 301 for Dr. Thomas Bögli. In financial year 2013 the taxable value was CHF 104 542 for Heinz Loosli and CHF 30 496 for Dr. Thomas Bögli. The taxable value includes the discount for the lock-in period.

4) Provision of company cars, etc.

5) Payments made by the employer to the state pension schemes (AHV/IV) and the occupational pension scheme

In financial year 2014 the highest remuneration was that paid to Alexander von Witzleben (Chairman of the Board of Directors) and in financial year 2013 that paid to Heinz Loosli (CEO).

No securities or loans were provided to members of Group Management in the reporting years.

4 Compensation for former members of governing bodies

4.1 Board of Directors

None.

4.2 Group Management

At its meeting on 14 April 2014, the Board of Directors determined that according to ERCO (the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares), Group Management consists of the roles of CEO and CFO. The compensation paid to the members of Group Management who left Group Management was as follows for the period from 1 January 2013 to 31 December 2013 and from 1 January 2014 until their departure on 14 April 2014:

Former members of Group Management (including related parties)	in CHF	Fixed salary [1]	Variable salary [2]	Shares/options [3]	Benefits in kind [4]	Contributions to pension plans [5]	Total
2014 total for members who left Group Management		110 838	58 814	9 984	4 931	18 111	**202 678**
2013 total for members who left Group Management		444 952	229 201	39 939	19 847	72 425	**806 364**

[1] Contractually agreed salary (excluding tax-allowable expenses).

[2] Likely bonus in accordance with individual contractual agreements. Payment is in each case made in the new financial year. The 2014 bonus entitlement relates to the full financial year and was calculated on a straight-line, pro-rata basis for this presentation.

[3] Fixed entitlement in Swiss francs. Remuneration is in the form of shares. The number of shares depends on the average price in October/November (2014) or November/December (2013). They have a staggered lock-in period of 1 -4 years. Disbursement was in December 2014 for financial year 2014 and in January 2014 for financial year 2013. The 2014 share entitlement relates to the whole financial year and was calculated linearly and pro rata temporis for the purposes of this presentation. Valuation is based on the average share price in October/November (2014) or November/December (2013), less the tax-allowable discount for the lock-in period. The taxable value of the shares, including the discount for the lock-in period, is CHF 8 649 for financial year 2014 and CHF 34 800 for financial year 2013.

[4] Provision of company cars, etc.

[5] Payments made by the employer to the state pension schemes (AHV/IV) and the occupational pension scheme.

One of the members who left Group Management was a resident of Germany. The various components of his compensation were contractually specified in euros. The actual amounts were calculated at the average exchange rate.

Report of the Statutory Auditor on the remuneration report

Zurich, 2 March 2015

TO THE GENERAL MEETING OF SHAREHOLDERS OF FEINTOOL INTERNATIONAL HOLDING AG, LYSS

Report of the Statutory Auditor on the remuneration report

We have audited the remuneration report of Feintool International Holding AG for the year ended 31 December 2014. The audit was limited to the information according to articles 14-16 of the Ordinance against Excessive compensation in Stock Exchange Listed Companies contained in the paragraphs 3 to 4 on pages 99 to 101 of the compensation report.

Responsibility of the Board of Directors

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14-16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14-16 of the Ordinance. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the remuneration report for the year ended 31 December 2014 of Feintool International Holding AG complies with Swiss law and articles 14-16 of the Ordinance.

KPMG AG

Rolf Hauenstein
Licensed Audit Expert
Auditor in Charge

Denise Deutschendorf
Licensed Audit Expert

Glossary

Anticipated order releases in the series parts business – In the System Parts segment, orders backlog represents anticipated releases over the next six months. The customer can postpone, amend or cancel these releases at any time. To that extent, orders backlog in the series parts business is merely an important leading indicator.

Artemis Beteiligungen I AG – Investment company controlled by Franke Artemis Holding/Michael Pieper, which acquired a majority share of 50.32% in Feintool as of 30 September 2014. It acquired all the shares from its affiliate Artemis Beteiligungen III AG, which held a majority share in Feintool as of 7 April 2011.

Automatic transmission – This contributes to improved driving comfort in cars and helps reduce fuel consumption. Feintool's fineblanked and formed parts are ideally suited to the highly complex design and precision requirements. Types include continuously variable transmissions (CVT), dual clutch transmissions (DCT) and stepped automatic transmissions with up to nine gears at present.

Carbon Disclosure Project – A not-for-profit organization that aims to create greater transparency as regards climate-changing greenhouse gas emissions; it acts on behalf of investors by annually collecting data and information on CO_2 emissions and climate hazards and risks, as well as the reduction targets and strategies of the companies taking part on a voluntary basis; it also manages the biggest database of its kind in the world.

Cash flow/drain – Periodic cash surplus/shortfall from operations; an indicator of the financial power of a company.

Chipless forming – Forming means changing the shape of sheet steel with tools using processes such as bending. Unlike forging and casting techniques, chipless forming shapes the piece without the use of mechanical processing or machining (removing material). Nor does it rely on heat (cold forming). Chipless forming is an efficient technique that is particularly suitable for the manufacture of complex precision components such as those required by the automotive industry.

Dual-clutch transmission – Automatic gearbox that uses two clutches to enable a fully automatic gear change without interrupting the flow of power.

Earnings per share (EPS) – Annual profit divided by the total number of shares.

EBIT – Earnings before interest and taxes: a company's operating profit before deduction of interest and taxes.

EBIT margin – The ratio of EBIT to sales.

EBITDA – Earnings before interest, taxes, depreciation and amortization: a company's earnings before taking account of these items; one of the most meaningful indicators of profitability.

EBITDA margin – The ratio of EBIT to sales.

Equity ratio – Ratio of shareholders' equity to total assets; key indicator of the financial stability of a company.

ERCO – The Ordinance Against Excessive Remuneration in Listed Companies Limited by Shares is a set of implementing rules issued by the Federal Council that takes effect on 1 January 2014; however, listed companies have until their 2015 annual general meeting to ensure full implementation of all provisions. The background to the ordinance is the so-called Minder Initiative "against fat-cat salaries", which was accepted in a referendum of Swiss voters in March 2013.

Fineblanking – In contrast to conventional blanking, which uses one force only (cutting force), fineblanking involves three forces. Two firmly clamp the material from above and below; only then does the cutting force come into effect. This produces clean, crack- and tear-free blanked surfaces, smooth components, and low finishing requirements.

Free cash flow – The operating cash flow less the cash flow from investment activities; shows how much money will be available for shareholder dividends and/or for paying back third-party loans.

Free float – Percentage of the shares in a company that are not held by shareholders with more than 5 percent of the share capital each. Shares held by investment companies are always included in the free float.

IAS – International Accounting Standards; part of IFRS.

IMA – “Industrie Maschinenbau Amberg” (now IMA Automation), located in Amberg (Germany), has been sold to Preh GmbH on 31 July 2014. Before, it was Feintool's Automation segment.

IFRS – International Financial Reporting Standards.

Net working capital (NWC) – Amount by which a company's current non interest-bearing assets exceed its current non interest-bearing liabilities.

Net debt – Amount by which interest-bearing liabilities exceed interest-bearing assets plus cash and cash equivalents.

Orders received/order backlog capital goods business – In the Fineblanking Technology segment, orders received/order backlog comprise legally binding orders.

Overall Equipment Effectiveness (OEE) – A comprehensive production parameter that combines availability, machine performance and quality, and thus serves to evaluate the manufacturing plant.

Press portfolio – Feintool's fineblanking presses are designed to enable cost-effective production of precision parts. Feintool has three press series to suit different requirements:

HFAplus – Hydraulic fineblanking presses. Mainly used for three-dimensional parts with stringent fineblanking and forming requirements. The HFTfit model was developed and launched specifically for the requirements of the Asian market.

XFTspeed – Servo-mechanical fineblanking presses. Mainly used for thin, delicate and critical parts that require a high level of precision, output and process reliability.

X-TRA – Servo-hydraulic fineblanking presses. Mainly used for high-volume flat parts. Thanks to their servo drive, X-TRA presses are particularly suitable for processing high-tensile and stainless steels.

Servo drive – Feintool uses servo drive for both mechanical and hydraulic fineblanking presses. The advantage of this is that ram travel can be programmed precisely. This means that the speed of the blanking process, which takes just a fraction of a second, can be reduced in a controlled manner in order to protect the workpiece and the tool. The ram then moves to the next stroke even more quickly. Servo-driven presses considerably increase output.

Simulation – Experimental analysis of fineblanking and forming processes using complex software.

Stroke rate – Number of strokes completed by a fineblanking press in one minute.

SWISSTEC – name given to the joint market presence of several Swiss companies in China.

Technology Centre – Lyss facility at which the entire fineblanking process takes place, from research and development, to engineering and through to tool production, testing and approval. At all other sites around the world, these are sales and service subsidiaries with a focus on the provision of advice and the sale of presses, systems, peripherals and tool systems. All technology centres form part of the Fineblanking Technology segment.

Tools – Tools are where components are made in fineblanking presses or forming systems. To increase the cost-effectiveness and efficiency of production, Feintool combines fineblanking and forming processes in one tool. A three-stage tool, for example, can simultaneously cut, bend and deburr. A ready-to-install multifunctional component requires just one press and one tool.

Addresses of our operating companies

As at 1 January 2015

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