FEINTOOL GROUP

EXPANDING HORIZONS WITH FINEBLANKING AND FORMING

Annual Report 2015

FEINTOOL

EXPANDING HORIZONS

KEY FIGURES AT A GLANCE

(only continuing operations)

	2015	2014	2013	2012 [1]	Abridged FY 2011 [1] [2]
	01.01.–31.12.15	01.01.–31.12.14	01.01.–31.12.13	01.01.–31.12.12	01.10.–31.12.11
Operating figures in CHF m					
Expected releases – high volume parts manufacturing	209.6	213.9	181.0	138.1	105.1
Orders received third (investment goods)	77.2	86.7	77.6	78.8	19.7
Orders backlog third (investment goods)	36.0	32.9	29.9	30.0	34.3
Net sales	508.9	503.4	435.7	427.0	101.2
Earnings before interest, taxes, depreciation and amortization (EBITDA)	61.4	62.9	47.0	43.0	9.0
Operating profit (EBIT)	32.9	35.1	20.4	22.0	5.1
Net earnings from continuing operations	20.1	24.6	14.8	11.4	2.2
Return figures in %					
EBITDA margin	12.1	12.5	10.8	10.1	8.9
EBIT margin	6.5	7.0	4.7	5.2	5.0
Net return on sales	3.9	4.9	3.4	2.7	2.2
Cash flow and balance sheet statistics in CHF m					
Cash flow from operating activities	40.1	50.8	49.4	27.0	-6.2
Cash flow from investing activities (net)	-29.9	-12.1	-34.9	-29.9	12.2
Free cash flow	10.2	38.7	14.6	-2.9	6.0
Total assets	426.9	427.4	398.9	385.9	325.5
Equity	207.9	202.9	183.8	136.8	131.6
Liabilities	219.0	224.6	215.1	249.2	194.0
Net debt	11.1	9.3	33.0	75.3	36.3
Equity ratio	48.7 %	47.5 %	46.1 %	35.4 %	40.4 %
Gross investments	31.8	43.4	36.6	34.8	4.9
Key figures per share [3] in CHF					
Earnings per share (basic)	4.51	5.53	3.53	2.94	0.58
Dividend per share	1.50 [4]	1.50	1.20	1.00	0.00
Equity per share	46.72	45.55	43.80	35.43	34.50
Other					
Number of employees at year-end (excl. apprentices)	2 049	1 987	1 818	1 809	1 326

1) Including Automation segment, which was sold in the 2014 financial year

2) Without IAS19 revised

3) Restated for a share with par value CHF 10

4) Board of Directors' proposal

"We work very closely on development with all suppliers, but our partnership with Feintool was particularly productive."

Ingvar Nilsson, Senior Advanced Launch Manager at BorgWarner

50 %

higher output in the production of safety buckle tongues at TIDC India thanks to its use of a Feintool press

30 %

lower production costs recorded at MR InfraAuto by employing a new hydraulic fineblanking press from Feintool

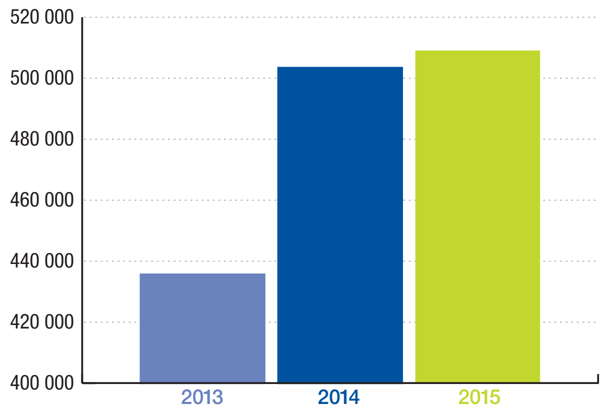
200

strokes per minute by the Feintool XFT 1500speed at Hänggi GmbH, making it the fastest fineblanking press in the world

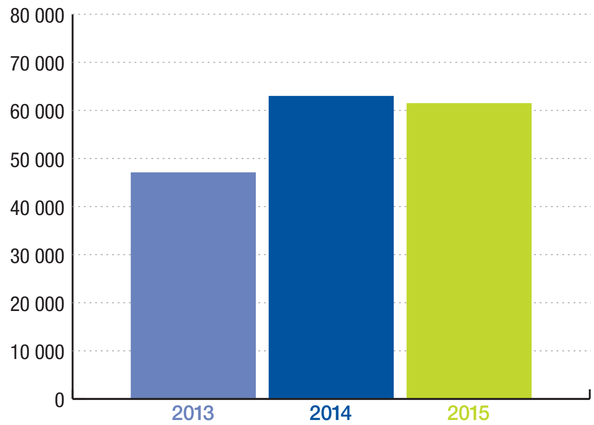
50 %

less weight in the formed components produced by Feintool for BorgWarner's all-wheel-drive clutches.

Net sales
in kCHF

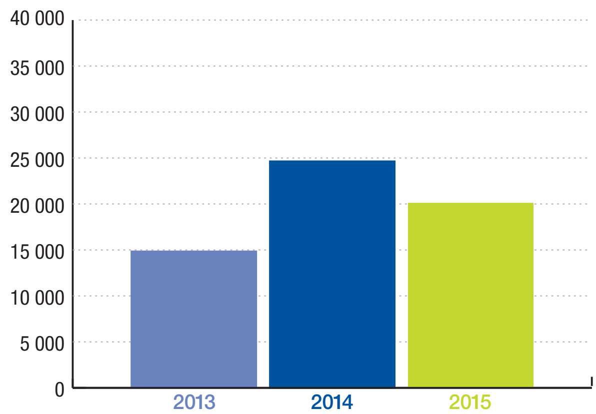


EBITDA
in kCHF



In recent years, Feintool has continuously improved as regards key performance indicators. The decline in profits in the 2015 financial year is partly due to currency factors (appreciation of the Swiss Franc) and partly to a higher tax burden.

Net income from continuing operations
in kCHF



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Dear shareholders, ladies and gentlemen,

After the release of our quarterly results in October of last year, the Swiss magazine "Finanz & Wirtschaft" (Finance & Economics) titled their article "Brave Feintool". We consider this characterization to be a compliment and one that can also certainly be applied to the successful overall results for all of 2015. Despite difficult general conditions – above all in the form of at times significant currency volatility – Feintool achieved the goals it had set.

Sales in the Feintool Group increased 1.1 % to CHF 509 million. Adjusted for currency effects, we were able to achieve growth of 4.4 %. The consolidated net income totaled CHF 20.1 million, while the equity ratio rose slightly to 48.7 %. The Board of Directors will therefore propose to the Annual General Meeting that it approve a dividend of CHF 1.50 per share, the same amount as in the previous year.

The exchange rate upheaval, particularly with respect to the eurozone after the Swiss National Bank unpegged the Swiss Franc on January 15, 2015, also had an impact on our current balance sheet. It also showed, however, that the strategy Feintool has pursued in recent years is paying off, namely: locating production in the same place as the sales market and using the local currency. This international orientation was very beneficial especially in the past year. The strategic measures introduced prior to January 15, 2015, are also being implemented as planned. This concerns in particular the realignment of parts production in Switzerland. The realignment lets us shift orders from Lyss to other locations and focus the production more on highly automated special products.

INVESTMENTS IN THE EXPANSION OF GOODS AND SERVICES AND ADDITIONAL CAPACITY

Many of our products require surface and heat treatment. In the past we have purchased these services externally. In our strategic realignment, we are expanding our competence in heat treatment technology at various plants, increasing our range of services and adding value. The acquisition of a fineblanking company in Oelsnitz (Germany) will also allow us to take advantage of additional market opportunities very quickly.

POSITIVE MARKET ENVIRONMENT

A critical factor in our solid performance overall was a positive market environment, particularly the global growth of the international automobile industry where almost all Feintool products and services are used. In the most important markets around the world, automobile manufacturers reported higher sales, particularly in the midsized and premium segment. The low price of oil and low interest rates have helped stimulate demand.

Another reason for our solid performance is that Feintool has achieved a globally unique level of competence due to its sophisticated focus and specialization on parts production for the drivetrain and seating mechanisms of motor vehicles. By implementing relevant trends in the automobile industry and reducing CO_2 emissions, for example, we, as a globally operating technology company and market leader, are an attractive partner for this industry.

This becomes especially clear in the System Parts segment where sales continued to grow despite the negative currency effect. New major orders from prominent automobile manufacturers and tier 1 suppliers demonstrate the confidence that customers have in Feintool and justify the in some cases significant investments in new, modern and efficient production facilities.

By contrast, there was a decline in capital goods business with presses and machines, which was due to market volatility and a hesitancy to make investments. The performance in service business was positive, however, on account of new innovative offers. The pleasing development in orders received in the last quarter of 2015 also improved business.

OUTLOOK

Against this backdrop, we anticipate a positive performance in 2016, although the market environment will be defined by stagnation. We expect sales to grow 5 % to roughly CHF 530 million and an EBIT margin of about 7 % this year. Feintool will continue to expand and optimize its products and services. This involves expanding production capacities, developing additional innovations for the market and pursuing projects to optimize all process sequences.

We owe our gratitude to our customers, suppliers and shareholders. Their confidence motivates us and is a promising basis for a joint successful future. We would also like to thank our dedicated employees for their commitment every single day. These results in a challenging environment would not have been possible without Feintool teamwork.

ALEXANDER VON WITZLEBEN
Chairman of the Board of Directors

HEINZ LOOSLI
Chief Executive Officer

MARKET REPORT

Feintool is gaining market shares in the globally expanding automobile industry. That is the consequence of a clear strategic focus on the needs and trends of the industry.

The international automobile industry enjoyed an impressive recovery last year. Since about 95 % of Feintool's sales are directly or indirectly attributable to this industry, we were able to benefit from this very positive environment in our most important markets. Car production in the US rose to 11.9 million (+ 3.7 %), in China to 23.3 million (+ 3.1 %) and in Germany to 5.9 million (+ 1.7 %). In Japan, by contrast, production fell by 5.5 % to 8.7 million vehicles.

Another positive development was the significant rise in demand for models in the midsized and premium segments, which are important for Feintool. The rise in demand is generally due to the worldwide ongoing desire for individual mobility. Attractive and more efficient new vehicle models along with low oil prices and low interest rates stoked demand.

But it should not be taken for granted that Feintool would benefit from this development. Rather, Feintool was able to benefit because of its clear strategic focus on the needs and trends of the industry:

REDUCING EMISSIONS

Some of the requirements for automobile manufacturers have been adopted in legislation. For example, the European Union has imposed a cap on CO_2 emissions in new vehicles. As of 2020, it will require a cap of 95 grams per kilometer, as compared to 130 grams in 2015. Last year, China announced that it would massively reduce its CO_2 emissions by 2030. This reflects the increased interest in new and modern technology in the drivetrain. These requirements set by market regulators force automobile manufacturers to check their models for any potential savings and should provide additional stimulus for future development.

An important factor in reducing fuel use and thus exhaust emissions is a reduction in the weight of vehicles. Fineblanked and formed components made of high-strength, but light steel support the lightweight construction being called for.

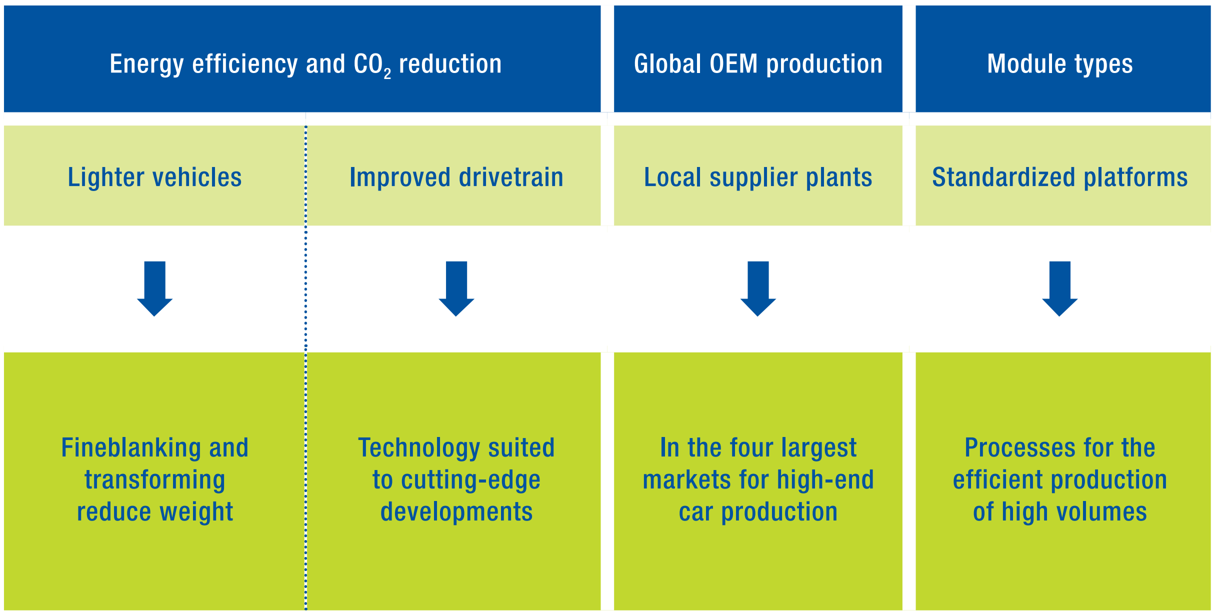
Optimizing and increasing the efficiency of engines, transmissions and auxiliary units also helps reduce fuel use. Engine downsizing, widely spread or hybrid transmissions are the catchwords that characterize this technological trend. Feintool promotes this development with optimized fineblanked and formed parts for use in the drivetrain, contributing to a reduction in the use of fuel in the process. An example of this can be seen in "speed-adapting absorbers" that are in the centrifugal pendulum, which reduces the vibrations of modern, high-torque, supercharged engines. This enables the number of revolutions to be reduced when starting up, thereby lowering consumption.

COST EFFICIENCY

Cost pressure is requiring the international automobile industry to adopt more efficient development, production and logistics processes. Feintool is the right partner for this. In order to reduce costs, manufacturers are increasingly using standardized product platforms for various car models. This gives rise to the need for large series of the same fineblanked and formed parts for these model platforms. This development is a positive one for Feintool, as the economic advantages of fineblanking and forming are especially impressive with high outputs. Short development cycles, high development costs and globalization are tying up increasingly large amounts of resources at manufacturers and OEMs. This inevitably leads to a reduction in added value. Fineblanking is a know-how and capital-intensive process that is increasingly left to special companies – like Feintool – that have this technology and offer it in the most important automobile markets. This trend toward increased outsourcing offers Feintool opportunities for more growth.

INTERNATIONALITY

Successful automobile manufacturers must be present and have their own production facilities in the most important markets in the world today. Short and thus inexpensive delivery routes and times as well as just-in-time delivery are important advantages. Feintool chooses the location of its plants according to clear criteria. We consider not only production figures, but also the proximity to development centers for complex vehicle technology. Another important concern is the location's attractiveness for professionals in order to have efficient fineblanking operations. A competitive advantage for Feintool is also in particular our international presence with production plants right in our most important automobile markets (Europe, US, China and Japan).



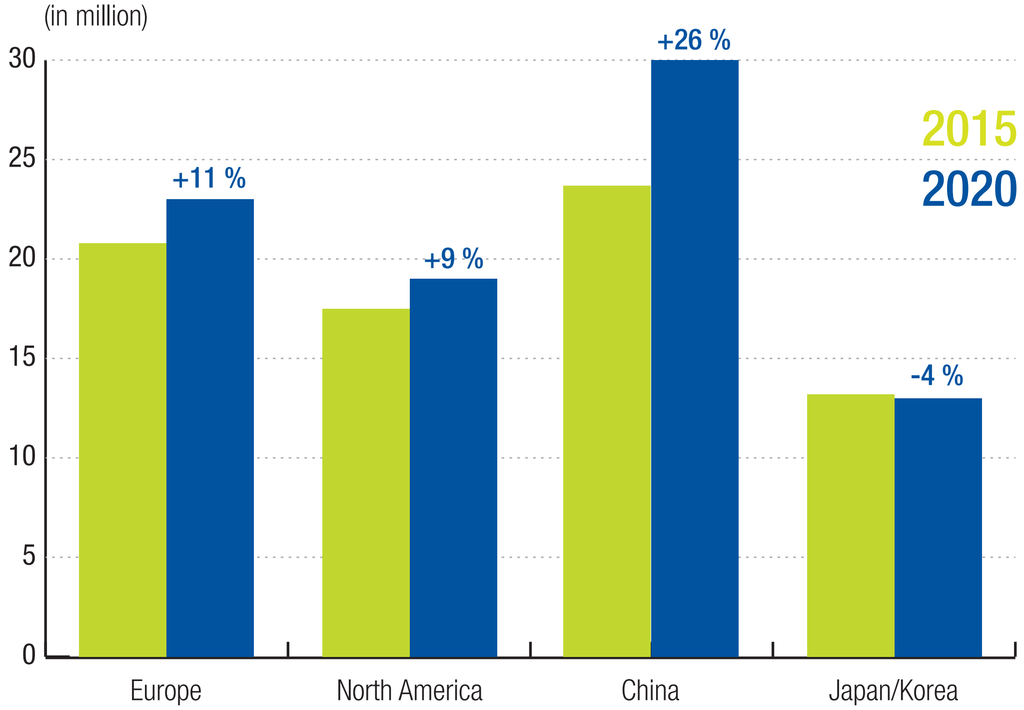
As technology and market leader, we are an attractive partner when it comes to implementing relevant trends in the automobile industry.

QUALITY

The numerous recall campaigns by various car manufacturers in recent years have brought the issue of quality to the fore once again. Recall campaigns can not only hurt customers' confidence in the manufacturer, but also lead to enormous quality costs for the affected companies. As a result, quality assurance will be another important way to differentiate between suppliers in the future. A strategic focal point for Feintool is therefore automated 100 % quality assurance. This means reliable production processes and a "zero-error strategy" (0-PPM) as a clear objective in the production of our components. We ensure the necessary quality with reliable process-tracking testing systems that extend from the raw material stage to the finished component. We also provide an additional component to quality assurance by permanently increasing our competence in the used material or the follow-up processing procedure.

Global car production

(in million)

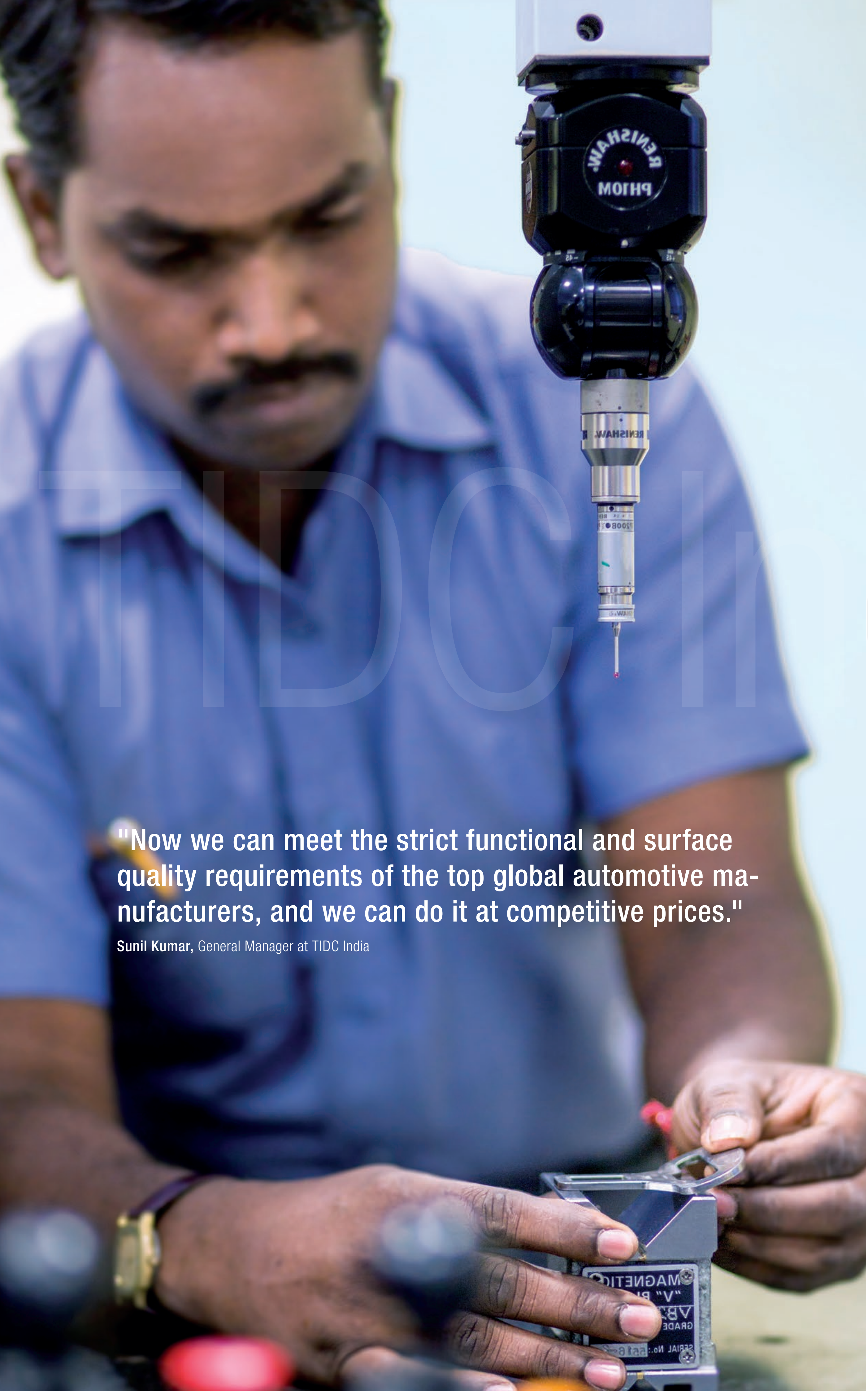


In the next few years we expect to see automobile production figures rise in the countries most important to Feintool – with the exceptions of Japan and Korea.

Source:
IHS Automotive, 12/2015

OUTLOOK

According to the information provided by the market research company IHS, the world's 20 largest car manufacturers expect production growth of 22 % to 98 million vehicles between 2015 and 2020. The increase in the important countries for Feintool (Germany, US, China and Japan) is estimated to be 13 %. These countries should also remain the most important industrialized nations for the development and production of cars in the midsized and premium segments over the next ten years. The adoption of hybrid transmissions will also increase, according to information from PwC. This technology also requires complex fineblanking and formed components. Despite the expectation for growth over the next few years, purely electric drives in cars will not assume a significant place on the market in the medium term due to globally unresolved problems in the production of energy, its transport and storage.



"Now we can meet the strict functional and surface quality requirements of the top global automotive manufacturers, and we can do it at competitive prices."

Sunil Kumar, General Manager at TIDC India

THE ENTIRE PROCESS IN ONE PRESS

TIDC India is making itself competitive by producing seatbelt tongues with a new machine. By using Feinetool's latest technology, the company has significantly increased its productivity.

ia

TIDC India, an OEM supplier, manufacturers a good 40 % of the required seatbelt tongues for the Indian automotive market. Over the long term, TIDC wants to increase this share and also gain market shares globally. In order to achieve this vision, the company has relied on intensive collaboration with Feintool for more than 15 years now and trusts in Feintool's presses and technology.

The construction of seatbelt tongues is highly standardized and will hardly change technically over the next few years. This means it will only be possible to increase sales by improving the surface quality, preventing indentations and producing seatbelt tongues very economically.

That is why TIDC combined the seatbelt tongue production of multiple individual machines for fineblanking, deburring and bending into one hydraulic HFA 6300smart. To do this, Feintool developed its own new concept that executes all the stages of the process in one operation and produces the parts ready for installation. This eliminates time-consuming handling between individual stations and potential damage due to indentations on the surface.

50 %

higher output

Furthermore, productivity doubled. The seatbelt tongues leave the press in absolutely flawless condition and with a silky-smooth surface – all controlled by computer. For TIDC, these advantages are a basic pre-requisite for selling to global OEMs. And in addition to this, a new strip layout optimizes the use of materials. Overall, TIDC India has increased its output by roughly 50 % with the new machine.

THE FEINTOOL GROUP

There are a number of reasons for Feintool's successful performance in the recent past, despite what has been a difficult market environment at times. One major factor in our success has been the focus on our core competencies of fineblanking and forming.

There is no disputing that Feintool is the market and technology leader. We are the only global supplier with the entire process chain of fineblanking and forming. We have tied this know-how to strategic decisions in the past year and supported it with groundbreaking investments:

NEW INNOVATIONS

Feintool would like to maintain its high level of innovativeness. This means that we must regularly stretch the limits in the fineblanking process. Roughly 150 patents prove this strategy, as well as our own goal of launching a significant new development on the market every two years. We will also be attending the approaching "EuroBlech 2016" exhibition in Hanover where we will present our latest innovations.

INTELLIGENT COST REDUCTION

Besides optimizing the process, we are increasingly dedicating ourselves to potential savings, which is part of the corporate strategy. A particularly pleasing development is that this measure was implemented at the Jona plant (Switzerland). Construction of the press there is increasingly relying on lean management, and through-put times could be significantly reduced. Another field of action is currently the group-wide optimization of purchasing when various resources are purchased for production.

APPLICATION OF INDUSTRY 4.0

The expansion of digitalization and the networking of the entire production process ensures more efficiency, greater reliability and better quality. Long before the term "Industry 4.0" became the dominant trend in industry, Feintool had already defined it as a strategically important matter.

Last year, after many years of research and development work, Feintool launched a novel, intelligent system on the market with its "Feinmonitoring", making a significant contribution to improving quality and efficiency.

EXPANSION OF PRODUCTION CAPACITIES

After the acquisition of a fineblanking company in Oelsnitz/Ore Mountains (Germany), this company has done business under the name of Feintool System Parts Oelsnitz GmbH since the middle of 2015. These modern operations with a production area of more than 3 100 square meters are currently being expanded by another roughly 4 000 square meters.
With this new location, we have added urgently needed production capacity and can take advantage of additional market opportunities. Next year, cutting-edge forming machines with a total value of roughly CHF 30 million will be installed at our production plants in Nashville (USA) and Ohrdruf (Germany) in order to handle designated orders for complex formed parts for drivetrains.

EXPANSION OF COMPETENCIES IN ADJACENT PROCESSES

A strategic element that Feintool employs is to increase in competencies in adjacent processes such as surface and heat treatment technology. The most recent example is the development of a highly specialized heat treatment system for the latest generation of transmission components at the Lyss plant. Feintool has invested roughly CHF 10 million in this.

Besides an improvement in the value added chain as a result of this investment, Feintool has also underscored its strategy of constantly acquiring additional services and know-how related to fineblanking and forming for the company. This also includes material competence, which will become increasingly relevant in the future given the growing importance of lightweight construction. The skills we have built up here in recent years and in the area of simulation clearly demonstrate our role as an innovative supplier.

This development makes it clear that Feintools's strategic success factors – focusing on comprehensive technology competence in all areas of fineblanking and forming, a global presence and investment potential – satisfy the demands of the market. The ongoing development and perfection of these factors has been incorporated into our Corporate Strategy through 2020, which the Board of Directors has adopted, and should help us achieve roughly CHF 800 million in sales growth.

"We wanted and had to improve our productivity."

Seong-Soo Kim, Vice-President of MR InfraAuto

TWICE AS FAST

The South Korean supplier MR InfraAuto has profited from the positive development of the automobile market in South Korea. Feintool technology played a major role in improving its productivity and cost structure.

InfraAuto

The automobile industry in South Korea no longer stands in the shadows of its peers. Established manufacturers are taking the competition from Asia very seriously. When compared with other countries around the world, the automobile industry in Korea is impressive: In terms of sales it ranks 5th behind China, the US, Japan and Germany. Korean suppliers such as MR InfraAuto are also benefitting from this positive development. The family company relies on fineblanking presses from Feintool for the production of its drivetrain and door lock parts or lining plates for brakes.

A critical factor is the cost pressure, which MR InfraAuto must also deal with. Because while annual sales figures are rising, profit margins in the industry have fallen from 7 % in 2010 to just under 4.5 % in 2014. "We wanted and had to improve our productivity," says Seong-Soo Kim, Vice-President of MR InfraAuto. Feintool played an important role in implementing this plan. The first step was to replace the twelve-year-old fineblanking press with a new hydraulic one from Feintool - which alone doubled productivity in this area. This reflects the progress that Feintool has made in the further development of press technology.

30 %

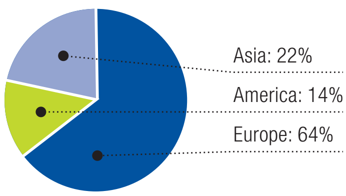
lower production costs

The press that Feintool delivered is also ideal for the production of complex three-dimensional parts, as well as for the production and use of transfer tools. Feintool engineers in Lyss also developed such a tool concept for MR InfraAuto. Previously, the parts had been fineblanked, deburred and then reformed on another press in a process that involved multiple steps. These three steps now take place in one process with the new transfer tool. Instead of three machines, only the fineblanking press must be operated and maintained, which reduces staff, energy and maintenance costs and lowers total production costs by 30 % – and gives MR InfraAuto new opportunities in the South Korean automobile market.

FINEBLANKING TECHNOLOGY SEGMENT

Feintool saw a decline in capital goods business primarily due to uncertainties in the market. The additional sales with new services could not compensate for the decline by currency changes and less retrofit orders.

Sales distribution by region
Fineblanking Technology



Sales of Feintool's fineblanking presses, machines and services fell by 10.7 % to CHF 87.8 million last year. The reasons for this were the (numerically) lower sales prices due to the appreciation of the Swiss franc, on the one hand, and the tremendous caution exhibited by a customer base of mostly SMEs with respect to new investments, on the other.

There was growth within the segment due to additional service offerings. Furthermore, a comprehensive lean program was introduced for the processes in the assembly of presses at the Jona (Switzerland) plant, which significantly increased efficiency. The solid rise in orders received in Q4 2015 was also a positive sign for the coming year.

RANGE OF PRESSES SPECIALLY FOR THE ASIAN MARKET

Feintool is the world's number 1 manufacturer in the market for fineblanking presses. Roughly 90 % of all the presses used in the US and Europe are from Feintool; in Asia it accounts for 60 %.

A contributing factor here is the new HFTfit range of presses built in Japan. The functionality of these presses is designed to meet the specific needs of Asian markets, and they provide an especially attractive price-performance ratio.

With the successful introduction of Feinmonitoring last year, Feintool now offers its fineblanking press customers a new intelligent service and is making a valuable contribution to the current Industry 4.0 megatrend. In Feinmonitoring, installed sensors constantly record all the parameters required for the press: use of electricity, temperatures and pressure as well as hydraulics parameters. The data is transferred to the Feinmonitoring database, where it is imported, analyzed and evaluated. This data is used as the basis for a preventive warning system: The customer is automatically informed if preventive maintenance is required, a service that is also offered by Feintool. In addition to this, all the data and information recorded about the machines can be summarized and displayed on different dashboards for different target groups, such as management, maintenance or production planning, giving them a detailed overview of capacity utilization, performance and malfunctions.

UNIVERSITY PARTNERSHIP IN RESEARCH AND DEVELOPMENT

After extensive market research, the tool machine laboratory (Werkzeugmaschinenlabor, WZL) at RWTH Aachen opted for the newest model of a servo-fineblanking press from Feintool. This underscores our role as a technology leader in fineblanking. The first project will involve researching how to reduce tool wear. Feintool has enjoyed research and development partnerships with leading international universities for many years. Our diverse joint projects are advancing the technological and economic development of fineblanking.

Feintool also wants to pursue the lean management approach successfully implemented for press assembly in Jona (Switzerland) by introducing it in tool making. The goal is to perfectly coordinate all activities that are necessary for added value and to avoid unnecessary activities. Feintool is using this program to develop and define a more streamlined process for tool production, development and testing. It should reduce processing expenses by 25 % and cut processing times from receipt of the order to delivery of the tool by an average 30 %. The resulting shorter delivery times will strengthen our market position.

"There are parts that we fineblank twice as fast as before."

Hanspeter Schlup, Production Manager at Hänggi

FLEXIBLE FOR SMALL BATCHES

Hänggi GmbH is one of the leading Swiss providers of blanked and fineblanked components for the automobile industry. With its origins in the watch industry, its specialization has remained small and precise components.

Some of the products from Hänggi satisfy a dimensional accuracy of three thousands of a millimeter, at the most. However, Hänggi also produces other components in normal punching operations. The goal here is to produce these components just as efficiently in the future, but improve their quality, in fineblanking. And this makes Hänggi just the right customer for the XFT 1500speed, the latest servo-mechanical fineblanking press from Feintool.

200

strokes per minute

The award-winning XFT 1500speed, which was premiered in 2014 at the EuroBlech exhibition, gives Hänggi the first fineblanking press with a direct servo-drive. The Feintool engineers attached tremendous importance to a high level of dynamism and very low kinetic energy in the development process. That is ideal for Hänggi's product portfolio. All the fineblanking parameters can be precisely controlled and also small geometric sizes can be cleanly fineblanked.

The high level of flexibility that the XFT 1500speed offers is perfect for Hänggi, which produces many products in smaller batches and therefore frequently has to retool. An adapter where a tool can be prepared outside of the press while the other tool is still in operation made it possible for Hänggi to reduce downtime by 50 %.

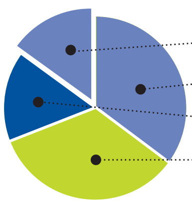
With correspondingly designed tools and room systems, it is possible to achieve speeds of up to 200 strokes per minute. Hänggi could increase productivity by 30-40 %, depending on the part.

SYSTEM PARTS SEGMENT

Feintool's parts business has benefited from the improvement in the global automotive industry and has expanded more rapidly than our most important markets.

Sales distribution by region

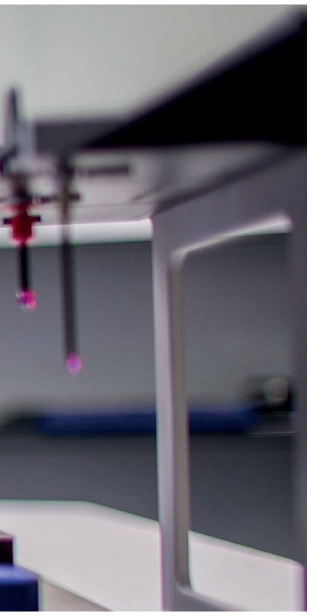
System Parts



The fineblanking and forming parts business was once again central to Feintool's final results in the past year. The System Parts segment generated sales of CHF 438 million (+4.3 %), accounting for roughly 86 % of total sales in the Feintool Group.

FEINTOOL IS EXPANDING MORE RAPIDLY THAN THE MARKET

Growth was driven in particular by an increase in market share and the good economic environment, i.e. rising production at automobile manufacturers. However, Feintool did not just ride this growth wave in the industry, but was able to expand more rapidly in its important markets than the market as a whole. While car production in China rose by 3.1 % in 2015, sales in Feintool's System Parts segment climbed by more than 20 % during the same period. The picture was similar in the US (production +3.7 %, Feintool sales +13.1 %) and Germany (production +1.7 %, Feintool sales +10.1 %). On the weaker Japanese market, by contrast, the 5.5 % decline in production stood in relation to just a 1.2 % drop in



sales. These figures make it clear that Feintool's parts business has been rewarded for its focus on automobile manufacturers' specific areas of growth, such as more efficient gear boxes and lightweight construction.

The System Parts segment generates roughly half its sales in Europe. As European manufacturers and suppliers export automobiles and components, however, the distribution of Feintool parts should be roughly balanced across Europe, the US and Asia.

Feintool's customer base includes both prominent OEMs and tier 1 suppliers. For OEMs especially, our technology is mainly used in the drivetrain. This applies in particular to modern automatic stage gear boxes, double-clutch gear boxes and, more and more, hybrid gear boxes. We also saw a positive change in nominations for all-wheel drives and modern RPM-adapting vibration dampers.

To serve the increase in demand and meet customers' complex needs, Feintool System Parts has invested in important areas, e.g. in the expansion of production capacities, new technologies, quality assurance and efficiency gains.

After acquiring a new production plant in Oelsnitz (Germany) and expanding the available production space to about 8 000 square meters, we were able to capture various short-term opportunities and facilitate additional growth. Feintool Production in Nashville (USA) has reached this phase in impressive fashion. Sales in Nashville doubled within two years, spurred by nominations for large gear box programs and tens of millions in investments.

HEAT TREATMENT AT THE COMPANY

The strategic decision to realign the production plant in Lyss was connected with the development of a specialized and modern induction hardening machine. We have opened another important chapter in building our competency in heat treatment technology, and have moved a service that we used to outsource back into the company. In August 2015, the first components hardened by Feintool left the production line in Lyss.

Quality assurance and modernization in the production process were additional focal points in the System Parts segment. The Jena (Germany) plant in particular assumed a pioneering role here. It was there that the first fully automatic optic testing machine was rolled out, setting new standards in speed and reliability. Thanks to the use of Feinmonitoring and the smart maintenance services of Feintool Technologie AG, the production facilities are gradually becoming "smart factories."

The System Parts segment, previously under the direction of Feintool CEO Heinz Loosli, has been managed by Bruno Malinek since September 1, 2015. His arrival represents the perfect response to the strong growth in the System Parts segment.

"We try to reduce production costs for every new model series"

Ingvar Nilsson, Manager at BorgWarner

HALF AS HEAVY – A LOT LESS EXPENSIVE

The Swedish drivetrain specialist Haldex, which belongs to BorgWarner, was looking to find a new solution for the heart of its all-wheel-drive clutches: the plate carrier. It found what it was looking for at Feintool System Parts Obertshausen.

The component's materials, its weight and the production costs – every aspect of the plate carrier was under review at BorgWarner. Together with the forming experts at Feintool System Parts in Obertshausen, they developed a production process that could reduce the component's weight and costs.

50 %

less weight

When BorgWarner acquired Swedish drivetrain specialist Haldex in 2011, it became a European market leader in adjustable all-wheel-drive clutches. What is now the fourth generation of the BorgWarner all-wheel-drive clutch is used in the all-wheel-drive models of prominent automobile manufacturers. In order to reduce the amount of material, the weight of the component and to lower manufacturing costs, the production of the heart of the clutch, the plate carrier, was completely redeveloped with Feintool System Parts in Obertshausen. Instead of a massive forged part, a cold-formed and laser-welded sheet metal component was used.

The stability and precision requirements for the plate carrier are extremely high and a major challenge for production. Nonetheless, the forming experts at Feintool System Parts in Obertshausen together with BorgWarner succeeded in developing a good solution and production process that satisfies all these requirements.

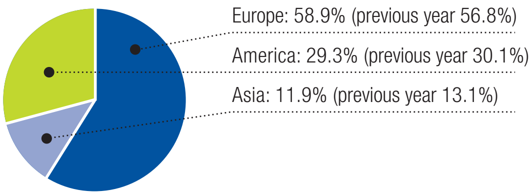
And not only that: Significantly less material is required for the cold-formed carrier plate than for the previous forged part. The production costs fell and the weight of the component was reduced by 50 % – and all this was achieved with greater process reliability.

HUMAN RESOURCES

Qualified and dedicated employees are a valuable asset for Feintool. Many of the strategic measures and our success factors are closely connected with the development of our staff and their commitment.

Employees by region

in % (out of total of 2 049, excluding apprentices)



The number of Feintool employees rose to 2 049 (+3 %) as a result of an acquisition and sales growth in the past financial year. There are also 75 young people in training at a total of seven Feintool companies.

COMPETENCE FOR FUTURE TALENT

Training is very important to Feintool. In the niche of fineblanking technology, employee competence must be high to secure clear value add for Feintool. Our relatively heavy commitment to training is also a good means of preventing a shortage of specialists.

The dual education system successfully practiced by Feintool in Switzerland and Germany is resonating more and more abroad. During his visit to Feintool in Lyss on September 1, 2015, US Secretary of Labor Thomas Perez, accompanied by the American ambassador to Switzerland, Suzan LeVine, learned about the dual education system and Feintool's work in the US. In Cincinnati, Feintool has implemented the dual system and been

training young high school graduates to become toolmakers since 1987. At the beginning of 2016, we also received approval from the state of Tennessee to carry out training at the second US Feintool company in Nashville.

Two young men from Spain entered uncharted territory in September, completing parts of their training to become a cutting machine operator and a tool mechanic at Feintool System Parts in Ohrdruf (Germany) as part of the German government's special program (MobiPro-EU) "The Job of my Life".

INVESTMENT IN TRAINING AND DEVELOPMENT

Besides training, we also offer our employees a wide range of targeted development programs so they can build the competencies and skills needed to successfully realize Feintool's corporate strategy. To ensure that we have open-minded, capable employees at every level, we support them in their personal development and prepare them to take on future responsibilities as specialists and managers. As in previous years, Feintool again invested roughly CHF 2.4 million in training and development, including trainee salaries.

EMPLOYEE HEALTH

Through the active and standardized management of absences and cases of absence, we try to reduce absences among Feintool employees. The focus is on respectful treatment and structured and solution-oriented talks with employees who have health problems and are absent frequently or for long periods of time. The goal is to reduce absences and maintain employees' ability to work over the long term. Since the introduction of this Group-wide process at the beginning of 2014, absences have fallen by 11 % and stand – globally – at 2.3 % today.

OUTSTANDING IDEAS AND PERFORMANCE

Feintool acknowledges employees' outstanding performance and exceptional ideas annually by conferring the "Best Achievement Award". The prize in the category of "Innovation & Technology" went to the team from Feintool System Parts in Obertshausen (Germany). The facility substantially improved the production process of a complex component for a hybrid drive. Among its core elements are two robots that work alongside employees. The result was shorter process times, higher output and an improvement in the quality of the component.

In the "Team/Effort/Extra Mile" category, Feintool awarded the prize to the Smart Maintenance Team that is responsible, among other aspects, for developing Feinmonitoring across all company locations and segments. Feinmonitoring constantly monitors and displays important data and parameters for a press, ensuring the highest level of machine availability. The mix of employees from various professional disciplines has helped Feintool take a big step in the direction of Industry 4.0.

SUSTAINABILITY

There are many facets to Feintool's ecological responsibility, which is an integral part of our business processes at all company locations. Acting sustainably is less an end in itself and more another element to ensure that Feintool remains internationally competitive.

This is because for the majority of our customers – the automobile industry – the development of cars that use less gasoline and produce fewer emissions is critical. However, the sustainability trend 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 traveled a single kilometer. We would like to help improve the eco-balance and assume responsibility here. Feintool's objective is to use the natural resources for our production processes, products and services as sparingly and prudently as possible, and to constantly reduce the use of raw materials by optimizing processes.

REDUCTION OF OIL CONSUMPTION

A focal point of these activities in the financial year was a reduction in oil consumption in our fineblanking and forming systems. For some years now, Feintool has worked with its partners to develop environmentally-safe and chlorine-free fineblanking oils and to lower oil consumption. These activities pay off for customers and the environment.

Accordingly, all the fineblanking presses at the Feintool plant in Cincinnati (USA) are equipped with a new spraying system that reduced oil consumption by roughly 50 %. New spray oiling systems have also been installed at the production facility in Lyss (Switzerland), where oil consumption has declined by roughly 20 %. By using a centrifuge in Lyss, the portion of foreign oil in the emulsion can also be separated. This makes it possible to use the emulsion for longer and replace it less frequently.

In Japan, new multipunch tools are also being developed as we install a new press system. Like our other developments, this will have a positive impact on oil consumption and the eco-balance.

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.

All of the companies in the Group are certified in accordance with the international environmental management standard ISO 14001:2004, and the German Feintool sites have also been certified for their energy management in accordance with the standard ISO 50001. In addition, each site is responsible for developing its own environmental management systems. New environmental objectives are regularly defined and corresponding projects launched.

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 (http://www.feintool.com/en/company/corporate-governance/code-of-conduct.html) Acceptance of and compliance with these guidelines is backed up by regular training of employees.

FEINTOOL GROUP

Sales grow organically by 4.4 percent in local currency; EBIT in local currency at the level of the previous year

DR. THOMAS F. BÖGLI
Chief Financial Officer

FINANCIAL REVIEW

as at December 31, 2015

BUSINESS PERFORMANCE

General

The consolidated financial statements for the 2015 financial year include Feintool International Holding AG and all its subsidiaries for the period from January 1 to December 31, 2015.

On March 30, 2015, Feintool acquired Gabler Feinschneidtechnik GmbH in Saxony Oelsnitz/Ore Mountains. The company was then renamed Feintool System Parts Oelsnitz GmbH. The company uses fineblanking technology to produce parts for the automobile industry. In addition, the company has more reserves of production facilities and land to quickly create the necessary capacity.

On July 31, 2014, the German-Chinese automobile group Preh GmbH, Bad Neustadt a.d. Saale, acquired IMA Automation Amberg GmbH, Amberg. All Automation segment activities are combined in a separate "Discontinued operations" line item in the statement of comprehensive income. Only immaterial transactions took place in connection with "Discontinued operations" in the financial year. Unless stated otherwise, the following comments refer to continuing operations.

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

Feintool does business in investment goods as well as the production of series parts. To increase transparency, Feintool separately presents the orders received and orders backlog in the investment goods business and the expected releases from series parts contracts. Orders received and orders backlog in the capital goods business are legally binding orders. In the high-volume series parts business, 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, orders backlog in the series parts business is merely an important early indicator.

Orders received in the Fineblanking Technology segment, which does business in investment goods, fell by 7.7 % to CHF 94.1 million (previous year CHF 102.0 million), with CHF 17.0 million stemming from the System Parts segment, which was slightly more than in the previous year (CHF 15.3 million). Thus third-party orders received fell by 11.0 % in the reporting year to CHF 77.2 million (previous year CHF 86.7 million). Accounting for an 18.0 % share (previous year 15.0 %), the System Parts segment once again confirmed its position as the largest customer.

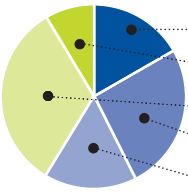
2.4 %

Increase in orders backlog
8 months of capacity utilization secured
(in investment goods business)

The third-party orders backlog in the investment goods business increased by 9.4 % to CHF 36.0 million (previous year CHF 32.9 million). The orders backlog for internal orders fell by CHF 2.1 million to CHF 7.2 million. The overall orders backlog therefore grew by 2.4 % to 43.2 million (previous year CHF 42.2 million), equivalent to around eight months' worth of work for the long-term press and tool business.

The expected releases in the series parts business for the next six months totaled CHF 209.6 million. This means that – despite the significant impact of the appreciation in the Swiss franc – the year-on-year decline was insignificant. Feintool's customers expect to see positive business performance in all regions over the next six months.

Net Sales
in kCHF



8.2 %

Organic growth
in the series parts business in local currency

Net sales

Consolidated sales rose by 1.1 % to CHF 508.9 million (previous year CHF 503.4 million). This includes a minor acquisition effect of CHF 3.2 million, which corresponds to nine months of sales at the recently acquired Feintool System Parts Oelsnitz GmbH. Currency movements reduced sales by CHF 20.3 million. In local currency, Feintool reported organic sales growth of 4.4 %. Feintool's growth is 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 86.1 % of external sales (previous year 83.4 %). Fineblanking Technology contributed 13.9 % (previous year 16.6 %) to sales. When intragroup sales are included, the share accounted for by Fineblanking Technology totaled 16.7 % (previous year 19.0 %).

The parts business in the System Parts segment grew by 4.3 % to CHF 438.0 million in the reporting currency during the financial year (previous year CHF 420.0 million). The negative currency effects totaled CHF 20.3 million; the positive effect of the acquisition amounted to CHF 3.2 million. In local currency terms, growth in the segment reached 9.1 % or 8.2 % without the acquisition. The fineblanking business in Europe fell by 3.6 % to CHF 136.0 million in the reporting currency. Without the acquisition, it would have fallen by 5.9 %. There was also a negative currency effect of CHF 13.7 million. In local currency terms, growth was 6.2 % in total, and 3.9 % without the acquisition. The Forming Europe area generated sales of CHF 85.0 million, a slight drop of 3.1 %. After adjusting for currency effects, the Forming Europe area grew by 10.4 % Business in the US rose by 18.5 % to CHF 171.9 million thanks to a buoyant automobile industry and a number of new orders. The currency effect from the US dollar was significant, totaling CHF 7.9 million, but had a positive impact. However, growth in local currency terms was still a solid 13.1 %. Sales in Asia, mainly generated by the companies in Japan, fell by 2.6 % to CHF 45.3 million due to the devaluation of the Yen. In the local currency, Asian business grew, even if only by a modest 3.0 %. The European locations accounted for a 50.4 % share of sales (previous year 54.4 %). The European companies grew at a slightly slower rate than the Group average. Coupled with the strong depreciation of the euro, this was the cause of the decline. The share of sales by companies in the US increased significantly to 39.2 % (previous year 34.5 %). Besides the solid automobile economy and new products, the appreciation of the US dollar helped this performance. Asia's share of sales fell to 10.3 % (previous year 11.1 %) due to currency devaluation in particular; however, many customers' postponed production startups, which also had a negative impact on sales in China.

Sales in the Fineblanking Technology segment totaled CHF 87.8 million (previous year CHF 98.3 million). The 10.7 % decline was due to mathematically lower sales prices (translation of euro sales prices) and to customers' hesitancy to place orders on account of the many uncertainties in the market (currency developments, VW scandal, China growth, Ukraine crisis, etc.). Internal sales of presses and tools in the System Parts segment rose slightly to CHF 16.9 million. External sales decreased by 15.0 % and totaled CHF 70.9 million.

Overall, the Feintool Group made CHF 258.9 million or 50.9 % of its external sales of products and services in Europe (previous year CHF 270.4 million, or 53.7 %). The sales of CHF 163.0 million in North America were significantly stronger than those in the Group as a whole, accounting for 32 % of total sales (previous year CHF 136.2 million, or 27.1 %). The change in the euro and US dollar relative to the Swiss franc accentuated the proportionate shifts in the regional distribution of sales. Sales in Asia fell substantially, to CHF 87.0 million or a share of 17.1 % (previous year CHF 96.7 million or 19.2 %). Sales of presses in Asia did not meet expectations, particularly in the first half of the year, with the ongoing devaluation of the Japanese Yen having a major impact on this development. With sales of CHF 4.9 million, or 1.0 %, the Swiss market is of little significance to Feintool (previous year CHF 11.7 million, or 2.3 %).

Gross margin

The gross margin fell year on year, but only by 0.1 percentage points to 38.5 % and totaled CHF 195.8 million in the financial year. However, the currency impact of CHF 8.0 million was significant.

At CHF 239.0 million (previous year CHF 236.8 million), materials are by far Feintool's largest cost component. Direct personnel expenses totaled CHF 74.3 million or 14.6 % of sales.

The System Parts segment achieved a gross margin of 37.9 %, which is slightly below the previous year's figure (38.2 %). The gross margin of the production site in Switzerland is by CHF 1.6 million lower than in the previous year. This deviation is due to the lower overall margin on account of the Swiss franc's appreciation (total sales in euro) and higher quality costs due to multiple production startups. Furthermore, this also reflected the preliminary costs for relocating certain products to new production sites in Germany. The new company in Oelsnitz also has a below-average margin at the present time, with production startups and strong growth causing additional costs. The other locations were able to slightly improve gross margins on average.

The gross margin in the Fineblanking Technology segment rose slightly to 39.2 % (previous year 37.9 %) Changes in the product mix, longer working hours in Switzerland and a noticeably higher value added in the Group's own operations (insourcing) together with less material usage led to this increase, although the substantial appreciation of the Swiss franc put heavy pressure on the margins of European sales.

Significant expense items

Personnel expenses increased by CHF 5.2 million to CHF 149.3 million, or 29.3 % of sales (previous year 28.6 %). The increase occurred exclusively in the System Parts segment. This was due to investments in the future, such as the expansion of production facilities in China and a new site in the east of Germany. Likewise, handling new orders at all locations requires additional staff. The increase in value added through additional work steps such as "hardening" involves training expenses and also requires an increase in headcount. The relocation activities for moving operations from Switzerland to other European locations will also increase expenses initially. However, growth over the next few years is assured as a result. Personnel expenses in the Fineblanking Technology segment fell by CHF 0.4 million.

Other operating expenses rose by CHF 1.6 million to CHF 63.9 million; relative to sales, these expenses hardly changed at 12.6 % (previous year 12.4 %). Other operating income rose minimally to CHF 2.1 million. The ongoing focus on core activities means that income from ancillary services and income from discontinued operations fluctuated at a low level.

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

Earnings before interest, taxes, depreciation and amortization (EBITDA) fell this year by CHF 1.5 million or 2.4 % to CHF 61.4 million. The EBITDA margin was 12.1 % in the financial year (previous year 12.5 %).

Depreciation and impairment

Depreciation increased slightly this year, by 2.7 %, to CHF 28.5 million. The reasons for this were the high investments in recent years, particularly in the System Parts segment. Despite these investments, depreciation relative to sales remained almost unchanged at 5.6 % (previous year 5.5 %). At CHF 31.8 million, 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.

8.2 %

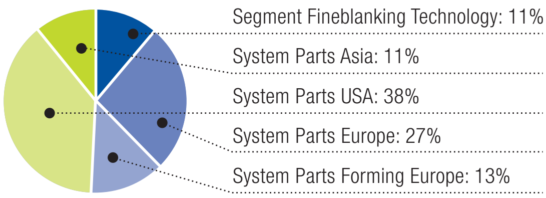
EBIT margin
in the series parts business

Operating profit (EBIT)

The lower profit in the investment goods business and isolated increases in indirect costs caused operating profit to fall by 6.4 %. Feintool therefore generated an operating profit (EBIT) of CHF 32.9 million (previous year CHF 35.1 million), which equates to an EBIT margin of 6.5 % (previous year 7.0 %). The negative currency effect on the EBIT level amounted to CHF 2.5 million. In local currency terms, Feintool increased its operating profit (EBIT) slightly, by 2.8 %. All segments and regions generated an operating profit.

The operating profit for the System Parts segment increased – roughly parallel to sales – by CHF 0.8 million to CHF 35.8 million (previous year CHF 35.0 million). The currency effect of CHF 2.5 million was offset in full by the sale of new products that were produced for the first time in the financial year or the production of which was ramped up. A consistently buoyant automobile economy, benefiting from the fall in gas prices, also helped. The EBIT margin fell slightly to 8.2 %. The American companies contributed the largest share to earnings with an EBIT of CHF 15.8 million. This equates to an increase of 53.3 % on the previous year. The appreciation of the US dollar had an impact of CHF 0.7 million. In the local currency, the increase amounted to 46.2 %. The European fineblanking companies had to accept a decline of CHF 4.3 million or 28.2 %. The change in the CHF/EUR exchange rate reduced the German companies' operating profits – as stated in the reporting currency – by CHF 2.1 million. By increasing sales and efficiency, the German locations were largely able to compensate for this effect. The Swiss production company sells 95 % of its products in the eurozone, but the share of costs in Swiss francs is around 50 %, which invariably leads to a decline in margins. Problems due to simultaneous product launches and the preparations for relocating individual products to the newly acquired production company in Germany created significant additional costs. Advance payments on the increase in value added in Switzerland due to the installation of a proprietary heat treatment system, which will begin operating in 2016, hurt profits for the location as a whole. In total, operating profit at this location fell by CHF 2.8 million and slipped back into the red. The newly acquired company in Oelsnitz also struggled with significant quality issues and advance payments for the coming years. Ultimately, sales at this location should quadruple over the next three years. At the present time, however, this company is not yet generating profits. The Forming Europe area achieved an operating profit of CHF 5.5 million (previous year CHF 6.2 million). In local currency, this area finished at the same level as the previous year (currency impact CHF 0.8 million). It was possible to compensate for a significant rise in maintenance costs due to the major overhaul of a multi-stage press by making savings in other areas. In Asia, Feintool raised EBIT by 9.3 % to CHF 4.5 million. This includes the loss from China in the amount of CHF 0.3 million. Due to some customer delays in starting production for new products, Feintool was not able to quite achieve the balanced result it desired. Furthermore, the devaluation of the Yen hurt the result in Asia by CHF 0.4 million. In local currency terms, Feintool increased its operating profit in Asia by 17.8 %.

EBIT
in kCHF



The Fineblanking Technology segment generated an operating profit of CHF 4.6 million (previous year CHF 6.6 million). The margin fell significantly year on year to 5.2 % (previous year 6.8 %). The main reasons for this development are the decline in sales, and margin pressure due to the ongoing high cost base in Switzerland, since only a small proportion of sales are generated in Swiss francs. Research expenses were consciously not reduced as they constitute an investment in the future.

The non-operating units incurred costs of CHF 7.0 million (previous year CHF 6.8 million).

Net financial income/finance costs

Net financial income/finance costs rose significantly to CHF -3.7 million (previous year CHF -3.2 million). This includes an insignificant currency profit of CHF 0.1 million (previous year CHF 1.2 million). As a result of this, the net financial costs without currency effects fell from CHF 4.4 million to CHF 3.8 million. The lower level of debt and lower interest rates contributed to this result.

Taxes

The tax expenditure of Feintool companies totaled CHF 9.1 million. The effective tax rate of 30.5 % is below the weighted tax rate of 35.5 % due to special effects. Feintool's main markets – Germany, the US and Japan – all have high taxes. This also explains the high tax rate for Feintool.

Net income from continuing operations

Net income from continuing operations fell to CHF 20.1 million (previous year CHF 24.6 million), which translates into a net return on sales of 3.9 % (previous year 4.9 %). The slightly lower operating income and higher tax expenditure caused this decline.

Discontinued operations

Discontinued operations comprise IMA Automation Amberg GmbH and its operating premises. During the financial year, we were able to reverse provisions that were formed for future work in connection with IMA Automation Amberg GmbH's departure from the Group. In the previous year, this included both the result for this business unit up to its sale on July 31, 2014 and the sale proceeds themselves. In total, the profit after taxes from discontinued operations amounted to CHF 0.7 million (previous year CHF 10.8 million).

Net income

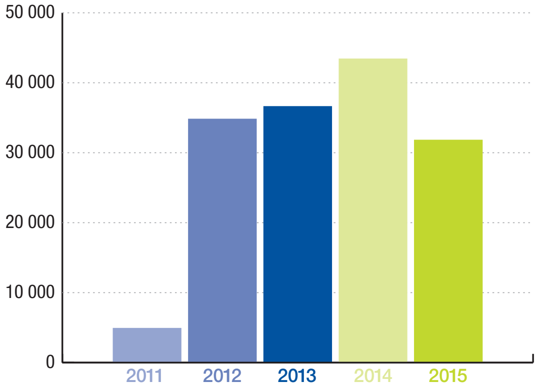
Feintool's net income therefore fell to CHF 20.8 million from CHF 35.4 million in the previous year. The sale of the Automation segment had a significant positive impact on net income in the previous year.

CONSOLIDATED BALANCE SHEET

The balance sheet structure did not change significantly in the financial year, despite the acquisition of Feintool System Parts Oelsnitz GmbH, high investments and another rise in pension obligations. Total assets remained almost unchanged at CHF 426.9 million (previous year CHF 427.4 million).

Current assets fell slightly, by CHF 2.2 million, to CHF 191.1 million, as did cash and cash equivalents, dropping by CHF 10.2 million to CHF 31.6 million, due to greater efficiency. Receivables rose again (+8.7 %) and totaled CHF 83.5 million as result of press and tool sales during the final weeks of the year. Furthermore, we are noticing a trend toward longer payment terms in the automobile industry. Total receivables sold in the context of the factoring programs – which are not required to be included on the balance sheet – increased to CHF 8.2 million (previous year CHF 7.3 million). Inventories and net assets of construction contracts increased by 3.2 % to CHF 72.5 million. Accrued income fell slightly to CHF 3.5 million.

Gross Investments
in kCHF



Operating net working capital rose significantly, by CHF 11.8 million, to CHF 70.3 million, amounting to 13.8 % of sales (previous year 11.8 %). Customer receivables and inventories increased, and Feintool systematically uses discounts offered by steel suppliers, causing liabilities to suppliers to increase by 1.9 % to CHF 44.4 million.

Assets increased only slightly (+0.7 %) to CHF 235.8 million despite considerable investment. Property, plant and equipment rose by CHF 3.1 million to CHF 198.1 million. Intangible assets rose by CHF 1.7 million to CHF 16.7 million. This includes CHF 3.4 million in goodwill and other intangible assets (customer relationships, etc.) from the purchase of Feintool System Parts Oelsnitz GmbH. Both capitalized development costs and patents as well as the capitalized values for software and licenses increased slightly.

Financial assets fell to CHF 2.9 million. On the one hand, Feintool received a residual payment of CHF 1.6 million from the sale of a property in the US; on the other, Feintool advance payments on customer tools fell by CHF 1.2 million.

Deferred tax assets fell slightly to CHF 18.1 million (previous year CHF 18.4 million).

On the liability side, debt fell by CHF 5.5 million to CHF 219.0 million. Trade payables and other liabilities fell by CHF 2.4 million and totaled CHF 67.8 million. Accrued expenses and deferred income, short- and long-term provisions as well as deferred tax liabilities remained virtually unchanged at CHF 46.0 million. Employee benefit liabilities (IAS 19) rose by a massive CHF 6.0 million during the reporting year – due to a further fall in interest rates – to CHF 62.6 million.

Interest-bearing liabilities fell by CHF 8.4 million to CHF 42.6 million as a result of the improvement in cash management. CHF 26.2 million of the interest-bearing liabilities are short-term. The aim is to replace the majority of these short-term liabilities with long-term financing in 2016. All bank covenants were met as of December 31, 2015.

11.1

Net debt (CHF millions)
Healthy financing

Net debt only increased by an insignificant amount in the financial year, to CHF 11.1 million (previous year CHF 9.3 million) despite large-scale investments and an acquisition.

Equity stood at CHF 207.9 million as at December 31, 2015 (previous year CHF 202.9 million). The equity ratio increased slightly, from 47.5 % to 48.7 %. The statement of changes in equity shows that consolidated earnings caused equity to increase by CHF 20.8 million. The distributed dividend reduced equity by CHF 6.7 million. Actuarial losses relating to employee benefit obligations (IAS 19) and charged directly to equity had a strong negative effect on equity of CHF 4.0 million, while currency losses of CHF 5.9 million further reduced equity.

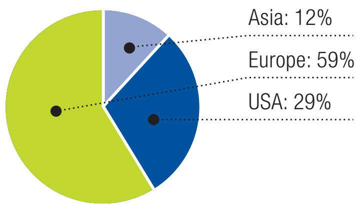
CONSOLIDATED STATEMENT OF CASH FLOWS

10.2

Operating cash flow (CHF millions)
despite large-scale investments
and an acquisition

The cash flow from business activity was very positive at CHF 40.1 million (previous year CHF 50.8 million). Relative to the previous year, net working capital increased slightly to CHF 12.4 million. The cash flow from investing activities is very negative at CHF 29.9 million. This includes net investments of CHF 26.5 million and the acquisition, which required CHF 6.3 million. In addition, lease financing was carried out to the tune of CHF 3.2 million. Overall, therefore, this resulted in a cash flow from operating activities of CHF 10.2 million (previous year CHF 38.7 million). Feintool again financed its extensive investments and the acquisition with its cash flow from operating activities.

Employees



EMPLOYEES

The number of employees (excluding trainees) increased by 62 to 2 049 in the financial year. In addition, 75 (previous year 82) young persons are currently with our company as trainees. The acquisition of Feintool System Parts Oelsnitz GmbH added 38 employees to the Group. The System Parts segment employed a total of 1 780 persons – an increase of 76. The increase took place in Europe, while the number of employees in the US did not change and the number in Asia fell by roughly 20. The Fineblanking Technology Segment employed 237 (-14 on the previous year) people at the end of the year. 32 members of staff continued to be employed in units not directly involved with operations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the 2015 financial year (January 1 to December 31, 2015)

	Note	2015 in CHF 1 000	2015 in %	2014 in CHF 1 000	2014 in %
Continuing operations					
Net sales	**4**	**508 936**	**100.0**	**503 420**	**100.0**
Change in finished and semi-finished goods and work in progress		175		-1 050	
Capitalized self-generated assets		2 393		1 938	
Material cost		-238 992		-236 787	
Personnel expenses	5	-149 276		-144 117	
Other operating expenses	6	-63 943		-62 364	
Other operating income	7	2 129		1 877	
Earnings before interest, taxes, depreciation and amortization (EBITDA)		**61 422**	**12.1**	**62 917**	**12.5**
Depreciation and amortization	17, 18	-28 521		-27 775	
Operating profit (EBIT)		**32 901**	**6.5**	**35 142**	**7.0**
Financial expenses	8	-17 755		-10 217	
Financial income	9	14 068		6 992	
Earnings before taxes		**29 214**	**5.7**	**31 917**	**6.3**
Income taxes	10, 11	-9 139		-7 291	
Net income from continuing operations		**20 075**	**3.9**	**24 626**	**4.9**
Discontinued operations					
Effect on net income from discontinued operations, net of income taxes	3	720		10 781	
Net income attributable to Feintool Holding shareholders		**20 795**	**4.1**	**35 407**	**7.0**

	Note	2015 in CHF 1 000	in %	2014 in CHF 1 000	in %
Other comprehensive income					
Items that may be reclassified to profit or loss					
Translation differences		-5 907		8 015	
Items that may not be reclassified to profit or loss					
Reassessment of net defined benefit liability (asset)		-5 075		-23 502	
Income taxes on other comprehensive income		1 096		5 364	
Total other comprehensive income		**-9 886**		**-10 123**	
Total comprehensive income attributable to Feintool Holding shareholders		**10 909**		**25 284**	
Net income attributable to Feintool Holding shareholders		20 795		35 407	
Total comprehensive income attributable to Feintool Holding shareholders		10 909		25 284	
Basic earnings per share (in CHF)	12	4.67		7.95	
Diluted earnings per share (in CHF)	12	4.67		7.95	
Basic earnings per share from continuing operations (in CHF)	3, 12	4.51		5.53	
Diluted earnings per share from continuing operations (in CHF)	3, 12	4.51		5.53	
EBIT					
Continuing operations		32 901		35 142	
Discontinued operations		720		11 446	
Total EBIT of the Feintool Group		**33 621**		**46 588**	
Number of employees (continuing operations)					
Number of employees excl. 75 (previous year 82) trainees	**5**	**2 049**		**1 987**	

CONSOLIDATED BALANCE SHEET

for the 2015 financial year (as at December 31, 2015)

	Note	12/31/2015 in CHF 1 000	in %	12/31/2014 in CHF 1 000	in %
ASSETS					
Current assets					
Cash and cash equivalents		31 550		41 722	
Trade and other receivables	13	83 529		76 847	
Tax receivables		7		35	
Inventories	14	41 040		38 833	
Net assets of construction contracts/work in progress	15	31 430		31 418	
Prepaid expenses and accrued income	16	3 508		4 425	
Total current assets		**191 064**	**44.8**	**193 280**	**45.2**
Non-current assets					
Property, plant and equipment	17	198 121		195 036	
Intangible assets	18	16 738		14 991	
Financial assets	19	2 859		5 743	
Deferred tax assets	11	18 111		18 395	
Total non-current assets		**235 829**	**55.2**	**234 165**	**54.8**
TOTAL ASSETS		**426 893**	**100.0**	**427 445**	**100.0**
LIABILITIES					
Current liabilities					
Financial liabilities	20	26 216		18 270	
Trade and other payables	21	64 267		67 988	
Tax liabilities		3 573		2 298	
Accrued expenses and deferred income	22	29 702		32 825	
Current provisions	23	5 865		6 470	
Total current liabilities		**129 623**	**30.4**	**127 851**	**29.9**
Non-current liabilities					
Financial liabilities	20	16 390		32 780	
Non-current provisions	23	1 518		1 871	
Deferred tax liabilities	11	8 926		5 540	
Employee benefit liabilities	26	62 567		56 523	
Total non-current liabilities		**89 401**	**20.9**	**96 714**	**22.6**
Total liabilities		**219 024**	**51.3**	**224 565**	**52.5**
Equity					
Share capital		44 630		44 630	
Capital reserves		106 224		112 464	
Retained earnings		87 435		70 619	
Treasury shares		-905		-1 225	
Translation differences		-29 515		-23 608	
Total equity		**207 869**	**48.7**	**202 880**	**47.5**
TOTAL EQUITY AND LIABILITIES		**426 893**	**100.0**	**427 445**	**100.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the 2015 financial year (January 1 to December 31, 2015)

in CHF 1 000	Share capital	Treasury shares	Capital reserves	Retained earnings	Translation differences	Total equity
January 1, 2014	**44 630**	**-537**	**117 985**	**53 350**	**-31 623**	**183 805**
Translation differences	–	–	–	–	8 015	8 015
Reassessment 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
December 31, 2014	**44 630**	**-1 225**	**112 464**	**70 619**	**-23 608**	**202 880**
January 1, 2015	**44 630**	**-1 225**	**112 464**	**70 619**	**-23 608**	**202 880**
Translation differences	–	–	–	–	-5 907	-5 907
Reassessment of net defined benefit liability (asset), net of tax	–	–	–	-3 979	–	-3 979
Total other comprehensive income	**–**	**–**	**–**	**-3 979**	**-5 907**	**-9 886**
Net income attributable to Feintool Holding shareholders	–	–	–	20 795	–	20 795
Total comprehensive income attributable to Feintool Holding shareholders	**–**	**–**	**–**	**16 816**	**-5 907**	**10 909**
Dividend [1]	–	–	-6 673	–	–	-6 673
Share-based management remuneration [2]	–	320	433	–	–	753
December 31, 2015	**44 630**	**-905**	**106 224**	**87 435**	**-29 515**	**207 869**

[1] The General Meeting held on April 14, 2015 (2013 financial year on April 15, 2014) approved the Board of Directors' proposed dividend distribution of CHF 1.50 (2013 financial year of CHF 1.20) per registered share from earnings for the financial year ended December 31, 2014 (2013 financial year ended December 31, 2013).

[2] The share based management remuneration involves payment of part of the salary in shares. See Note 28.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the 2015 financial year (January 1 to December 31, 2015)

	Note	2015 in CHF 1 000	2014 in CHF 1 000
Net income of the Feintool Group		20 795	35 407
Depreciation and amortization	17, 18	28 521	28 142
(Gain)/loss on disposal of property, plant and equipment	6, 7	-208	-42
Gain on disposal of discontinued operations	3	0	-10 269
Increase/(decrease) in provisions and valuation allowances		-980	3 046
(Increase)/decrease in deferred taxes		3 039	-3 294
Other non-cash changes		1 339	7 769
Cash flows from operating activities before change in net working capital (NWC)		**52 506**	**60 759**
(Increase)/decrease in net working capital (NWC)		-12 420	-9 990
Cash flows from operating activities		**40 086**	**50 769**
Investments in property, plant and equipment	17	-26 067	-34 397
Disposals of property, plant and equipment	17	842	815
Investments in intangible assets	18	-1 235	-1 054
Disposals of intangible assets	18	7	47
Increase in financial assets		-364	-3 203
Decrease in financial assets		3 196	4 153
Purchase of consolidated investments net of cash	2	-6 291	0
Sale of discontinued operations net of cash	3	0	21 588
Cash flows from investing activities		**-29 912**	**-12 051**
Free cash flow		**10 174**	**38 718**
Dividends paid		-6 673	-5 356
(Purchase)/Sale of treasury shares (incl. share-based management remuneration)	27	0	-2 114
Borrowing of interest-bearing liabilities		18 884	22 770
Repayment of interest-bearing liabilities		-31 312	-41 225
Cash flows from financing activities		**-19 101**	**-25 925**
Translation differences		-1 245	316
Increase/(decrease) in cash and cash equivalents		**-10 172**	**13 109**
Cash and cash equivalents at the beginning of the period		41 722	28 613
Cash and cash equivalents at the end of the period		31 550	41 722
Taxes paid		3 265	4 382
Interest paid		2 000	2 907
Interest received		**-100**	**-362**

New finance leasing contracts were concluded for kCHF 3 236 (previous year kCHF 8 162) during the financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

as at December 31, 2015

BUSINESS PERFORMANCE

Feintool International Holding AG, Industriering 8, 3250 Lyss, is a public limited company under Swiss law with headquarters in Lyss, Switzerland ("Company"). The consolidated financial statements for the period from January 1 to December 31, 2015, 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 automobile industry. The Group maintains close partnerships with its customers across the entire fineblanking and forming process – from component design, tool design 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 locations in Europe, Japan, China and the US, the Feintool Group is represented in the world's major automotive markets. Headquartered in Lyss, Switzerland, the Group has a headcount of 2 049. At its various locations, Feintool provides training for 75 young people in a number of skills (polymechanics, constructing engineers and commercial trades).

GENERAL INFORMATION

The consolidated financial statements for the financial year are based on the financial statements of the Group companies as at December 31, 2015, which were prepared in accordance with consistent accounting policies.

The consolidated financial statements are prepared in accordance with Swiss law and 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 July 31, 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.

FINANCIAL COVENANTS

On June 28, 2012, Feintool signed a CHF 120 million syndicated loan agreement with eight commercial banks for a period of five years (up to June 30, 2017). On July 31, 2014, Feintool voluntarily reduced the syndicated loan of CHF 120 million to CHF 90 million (CHF 80 million in cash loans and CHF 10 million in performance and advanced 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

Credit agreements concluded on a bilateral basis with various banks also contain standard covenants. If the Group were unable to meet these covenants, the banks would have the right to terminate the loans at short notice.

As at December 31, 2015, all covenants had been met.

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 are therefore amortized. Goodwill has an indefinite life and is not amortized, but is instead tested annually for impairment. The allocation to intangible assets and goodwill on 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 18.2.

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 10 and 11.

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 18.1.

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 reliably estimated. Provisions are recognized for a number of possible events and are explained in detail in Note 23. 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. Reassessments 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 that may substantially affect the financial position and results of operations. Further information is given in Note 26.

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 January 1, 2015, Feintool adopted the following new Standards and Interpretations:

- Amendment to IAS 19 – Defined Benefit Plans: Employee Contributions
- Annual Improvements IFRS – 2010 to 2012 Cycle
- Annual Improvements IFRS – 2011 to 2013 Cycle

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.

NEW ACCOUNTING REQUIREMENTS

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 (January 1, 2018)
- IFRS 15 – Revenue from Contracts with Customers (January 1, 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 analyzed and preparations made for their implementation. At the current point in time, however, it is not possible to gage their impact.

- Amendments to IFRS 11 – Accounting for Acquisitions of Interest in Joint Operations (January 1, 2016)
- Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation (January 1, 2016)
- Amendments to IFRS 10 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (date of introduction not specified)
- Amendments to IAS 1 – Improvement in Financial Reporting Disclosure in the Notes to the Financial Statements (January 1, 2016)
- Annual Improvements IFRS – 2012 to 2014 Cycle (January 1, 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 that it controls in any other way. A list of all equity investments is provided on page 94.

Effective March 30, 2015, Feintool Holding GmbH, Amberg, Germany, acquired a 100 % stake in the company Gabler Feinschneidtechnik GmbH in Oelsnitz, Germany. Additional information is available under "Acquisition of equity investments", Note 2 in the Notes to the financial statements.

With the exception of the sale of IMA Automation Amberg GmbH in the previous year (see "Discontinued operations" below), there were no other changes to the group of consolidated companies.

Retroactive as of January 1, 2015, Feintool Teile und Komponenten AG, Lyss, merged with Feintool System Parts AG. To make Feintool's Group structure consistent, Feintool Teile und Komponenten AG, Lyss, was renamed Feintool System Parts Lyss AG.

The company Feintool International Management AG was liquidated on May 27, 2014, and removed from the commercial register on June 3, 2015.

METHOD OF CONSOLIDATION

All companies that Feintool controls are included in the consolidated financial statements according to the full consolidation method. 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 liabilities, credits, expenses and income are offset. Unrealized temporary gains on inventories or assets are eliminated on consolidation.

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 acquiring party, 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. After initial measurement, goodwill is reported at cost less any impairments. 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:

		2015		2014	
		Closing rate	Average rate	Closing rate	Average rate
Eurozone	EUR 1	1.0835	1.0646	1.2024	1.2132
USA	USD 1	0.9952	0.9648	0.9904	0.9205
Japan	JPY 100	0.8267	0.7992	0.8279	0.8616
China	CNY 100	15.2970	15.2921	15.9315	14.9820

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 capitalized 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 de-recognized when Feintool cedes control, i.e. when the related rights are sold or expire. Financial liabilities are de-recognized 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 receivables/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 receivables at risk and a global valuation allowance for the assumed credit risk. Other receivables are stated at their nominal amount less writedowns.

Inventories
Raw materials and purchased goods are stated at weighted average cost. Finished and semi-finished goods are stated at cost of conversion including manufacturing overheads, but at no more than their net realizable values. Inventories with 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.

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.

As a rule, the following depreciation periods are 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 that are closely linked to leased premises are depreciated over a maximum of the contractually agreed lease term.

Government contributions (funding received) for assets (mostly fixed assets) are deducted from the cost of acquisition or manufacture of the asset in question. As the funding usually comes with certain conditions attached that, 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 capitalized 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 clients 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 reliably estimated. No provisions are recognized for future operating losses. Provisions are recognized for restructuring efforts when the Group company has a constructive obligation to implement 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 for realizing the loss carryforwards and tax credits.

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 payments

Shares are issued to Group management as part of their bonus at a contractually predefined amount. Individual members of the Board of Directors receive a contractually predefined number of shares as a bonus.

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 an actuarial calculation of the cost less contributions from employees. This comprises:

- Current service cost
- Interest on the net defined benefit liability
- Reassessments 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 reassessments is recognized as other comprehensive income in the statement of comprehensive income.

Other long-term obligations to employees, such as anniversaries or sabbatical leave programs are recognized using the same methodology, with the exception that any 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 reassessment 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 as 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 52 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 reported at the end of the reporting period in deferred income. Interest is reported on the statement of comprehensive income under financial income.

1 SEGMENT INFORMATION

1.1 Products and services 2015 in CHF 1 000	Fineblanking Technology	System Parts	Total segments	Finance/ Other	Eliminations	Total continuing operations	Discontinued operations	Total incl. discontinued operations
Net sales	87 779	438 018	525 797	–	-16 861	508 936	–	508 936
- Intersegment income	-16 854	-7	-16 861	–	16 861	–	–	–
Total net sales – Group	**70 925**	**438 011**	508 936	**–**	**–**	508 936	**–**	508 936
Gross margin [1]	34 449	165 896	200 345	-63	-4 451	195 831	–	195 831
EBITDA	**6 174**	**61 832**	68 006	**-4 668**	**-1 916**	61 422	**–**	61 422
Depreciation and amortization	-1 601	-26 045	-27 646	-2 348	1 473	-28 521	–	-28 521
Operating profit (EBIT)	**4 573**	**35 787**	40 360	**-7 016**	**-443**	32 901	**–**	32 901
Financial expenses						-17 755		
Financial income						14 068		
Income taxes						-9 139		
Net income attributable to Feintool Holding shareholders						20 075		
Assets	**66 099**	**332 757**	398 856	**121 552**	**-93 515**	426 893	**–**	426 893
Net working capital [2]	**11 216**	**60 651**	71 867	**-1 543**	**-70**	70 254	**–**	70 254
Investments in property, plant and equipment/intangible assets (incl. leases)	**854**	**31 290**	32 144	**870**	**-1 217**	31 797	**–**	31 797
Number of employees	**237**	**1 780**	2 017	**32**	**–**	2 049	**–**	2 049

1.2 Geographical areas (continuing operations) 2015	Switzerland	Europe excl. Switzerland	America	Asia	Total
Total net sales – Group [3]	**4 907**	**253 989**	**163 026**	**87 014**	508 936
thereof Germany		187 885			
thereof Japan				39 302	
thereof China				33 080	
Fixed and intangible assets	**34 187**	**79 684**	**75 644**	**25 344**	214 859

The following footnotes are applicable to the 2015 and 2014 financial years.

[1] The gross margin is calculated as 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 16.4 % (previous year 15.2 %) of consolidated sales from one customer. Income is generated in all segments. The Fineblanking Technology segment develops, manufactures and sells 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.

1.3 Products and services 2014 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**

1.4 Geographical areas (continuing operations) 2014	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 2015 and 2014 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, as well as its operating property, which has been sold.

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 data in management reports and data contained in the financial reports, as internal and external reporting are subject to the same valuation princip-les.

2 ACQUISITION OF INVESTMENTS

On March 30, 2015, Feintool Holding GmbH, Amberg, a 100 % subsidiary of Feintool International Holding AG, acquired 100 % of Gabler Feinschneidtechnik GmbH, Oelsnitz. The company was renamed Feintool System Parts Oelsnitz GmbH on April 15, 2015.

Established in 2007 in Oelsnitz (Saxony), this ISO/TS 16949-certified fineblanking company employs 38 people and is equipped with modern infrastructure that lends itself to rapid and substantial expansion. Work began immediately to expand the company's facilities so as to meet the demand arising through growth and the need for greater capacity at other European fineblanking companies that are reaching their limits in this regard.

In the nine months during which it belonged to the Group (April 1 - December 31, 2015), Feintool System Parts Oelsnitz GmbH generated sales of kCHF 3 244 and an operating loss (EBIT) of kCHF -1 036.

	in CHF 1 000
Cash and cash equivalents	6 751
Total consideration	**6 751**

	in CHF 1 000
Cash and cash equivalents	460
Trade and other receivables	1 447
Inventories	155
Work in progress	205
Property, plant and equipment	6 329
Intangible assets [1)]	1 090
Financial liabilities	-3 658
Trade and other payables	-654
Provisions	-546
Deferred tax liabilities	-435
Net identifiable assets	**4 393**

[1)] In intangible assets is mainly the value of customer contracts and relationships, as well as technical know-how contained.

	in CHF 1 000
Total consideration	6 751
Net identifiable assets	-4 393
Goodwill	**2 358**

3 SALE OF DISCONTINUED OPERATIONS

On July 31, 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.

3.1 Results of discontinued operations	2015 in CHF 1 000	2014 in CHF 1 000
Net sales	**0**	**29 715**
Total operating result	0	-27 032
Operating profit (EBIT)	**0**	**2 683**
Net financial expenses	0	-134
Earnings before taxes (EBT)	**0**	**2 549**
Income taxes	0	-297
Net income from discontinued operations	**0**	**2 252**
Gain on disposal of discontinued operations	720	8 763
Income taxes on the disposal of discontinued operations	0	-234
Effect on net income for the period	**720**	**10 781**
Cash flows		
From operating activities (incl. changes in NWC)	0	-1 078
From investment activities	0	-229
From financing activities	0	-783
Translation differences	0	-37
Increase/(decrease) in cash and cash equivalents	0	-2 127
Effect per share in CHF		
Basic	0.16	2.42
Diluted	0.16	2.42

During the 2015 financial year, we were able to reverse provisions that were formed for future work in connection with IMA Automation Amberg GmbH's departure from the Group.

3.2 Effect of the disposal on the Group's financial positions	2015 in CHF 1 000	2014 in CHF 1 000
Cash and cash equivalents	0	-2 986
Trade and other receivables	0	-5 702
Inventories	0	-879
Construction contracts in progress (POC)	0	-36 577
Work in progress	0	-1 003
Prepayments received	0	24 651
Property, plant and equipment/intangible assets	0	-7 777
Goodwill	0	-4 245
Trade and other payables	0	19 059
Deferred tax liabilities	0	1 388
Net assets and liabilities	**0**	**-14 071**
Consideration received in cash	0	24 574
Less cash and cash equivalents disposed of	0	-2 986
Net cash inflow	**0**	**21 588**

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

4 NET SALES

	2015 in CHF 1 000	2014 in CHF 1 000
Gross sales [1]	514 006	509 150
Sales deductions	-5 070	-5 730
Total net sales	**508 936**	**503 420**

[1] kCHF 36 106 (previous year kCHF 39 674) of the gross sales were calculated using the percentage-of-completion (POC) method.

5 PERSONNEL EXPENSES

	2015 in CHF 1 000	2014 in CHF 1 000
Salaries and wages	122 715	117 344
Employee welfare expenses	22 534	21 895
Other personnel expenses	4 027	4 878
Total personnel expenses	**149 276**	**144 117**
of which direct personnel expenses [1]	74 288	71 036
of which indirect personnel expenses	74 988	73 081

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

The Group employed 2 049 staff at the end of the year under review (previous year 1 987) and 75 trainees (previous year 82).

6 OTHER OPERATING EXPENSES

	2015 in CHF 1 000	2014 in CHF 1 000
Repair and maintenance	44 768	43 243
Rental and leasing expenses	4 721	4 819
Sales and marketing expenses	1 797	2 346
Administration and distribution expenses	10 308	9 728
Loss on the disposal of property, plant and equipment	83	114
Taxes and duties (not including taxes on income)	748	599
Other expenses	1 518	1 515
Total other operating expenses	**63 943**	**62 364**

7 OTHER OPERATING INCOME

	2015 in CHF 1 000	2014 in CHF 1 000
Gain on the disposal of property, plant and equipment	291	156
Other income [1)]	1 838	1 721
Total other operating income	**2 129**	**1 877**

1) "Other income" includes income from staff restaurants, sub-letting, as well as income from insurance compensation payments.

8 FINANCIAL EXPENSES

	2015 in CHF 1 000	2014 in CHF 1 000
Interest expense	2 675	2 712
Other finance costs [1)]	1 275	2 181
Foreign exchange losses	13 805	5 324
Total financial expenses	**17 755**	**10 217**

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

9 FINANCIAL INCOME

	2015 in CHF 1 000	2014 in CHF 1 000
Interest income	193	415
Other financial income [1)]	14	41
Foreign exchange gains	13 861	6 536
Total financial income	**14 068**	**6 992**

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

10 INCOME TAXES

10.1 Analysis of income taxes	2015 in CHF 1 000	2014 in CHF 1 000
Income taxes incurred for the reporting period	5 347	6 107
Income taxes incurred for previous years	-343	-354
Deferred income taxes	4 135	2 069
Total income taxes	**9 139**	**7 822**

10.2 Analysis of tax charge	2015 in CHF 1 000	2014 in CHF 1 000
Earnings before taxes [1]	**29 934**	**43 229**
Weighted tax rate as % [2]	35.5 %	37.1 %
Expected overall tax expense	**10 617**	**16 043**
Non tax-deductible expense	68	78
Non-taxable income [3]	-38	-2 521
Unrecognized tax loss carryforwards from the current year [4]	971	520
Use of unrecognized loss carryforwards from previous years [5]	-777	-1 143
Recognition of previously unrecognized loss carryforwards [6]	-3 948	-4 385
Reassessment of deferred tax assets/liabilities [7]	2 019	1 003
Use of unrecognized deductible temporary differences [8]	-175	-1 650
Tax credits/charges from previous years	-343	-354
Effect of changes in tax rates	250	139
Other effects [9]	495	92
Effective income tax expense	**9 139**	**7 822**
Effective income tax expense as %	**30.5 %**	**18.1 %**

1) The earnings before taxes include discounting operations.

2) 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.

3) The non-taxable income in the previous year includes the non-taxable portion of the gains on the disposal of IMA Automation Amberg GmbH.

4) Unrecognized tax loss carryforwards from the current year refer to the companies in Switzerland, China and Germany.

5) The use of unrecognized loss carryforwards refers to the companies in Switzerland.

6) The recognition of previously unrecognized loss carryforwards refers in particular to a company in Switzerland and in the US.

7) The reassessment of deferred tax assets/liabilities refers basically to companies from the US.

8) The use of unrecognized deductible temporary differences refers to companies in Switzerland.

9) The other effects include basically minimal tax payments (independent from sales) in the US and Japan.

11 DEFERRED TAXES

11.1 Carrying amounts in CHF 1 000	12/31/2015 Deferred tax assets	12/31/2015 Deferred tax liabilities	12/31/2014 Deferred tax assets	12/31/2014 Deferred tax liabilities
Deferred taxes for temporary differences				
Current assets	2 335	1 241	2 482	1 432
Non-current assets	9 610	29 255	5 208	23 113
Provisions and other liabilities	3 072	1 009	2 944	687
Employee benefit plans	12 641	0	11 333	0
Loss carryforwards	12 905	0	15 040	0
Other temporary differences	129	2	1 080	0
Netting	-22 581	-22 581	-19 692	-19 692
Total carrying amounts	**18 111**	**8 926**	**18 395**	**5 540**
of which recognized in the balance sheet as deferred tax assets	18 111		18 395	
of which recognized in the balance sheet as deferred tax liabilities		8 926		5 540
Net deferred tax assets	**9 185**		**12 855**	

11.2 Statement of deferred taxes in CHF 1 000	12/31/2015 Deferred tax assets	12/31/2015 Deferred tax liabilities	12/31/2014 Deferred tax assets	12/31/2014 Deferred tax liabilities
Start of period	**12 855**		**8 437**	
Recognition and reversal of temporary differences	-4 135		-2 069	
Temporary differences arising on acquisition/sale of entities	-435		1 388	
Temporary differences recognized directly in equity	1 096		5 364	
Translation differences	-196		-265	
End of period	**9 185**		**12 855**	

The temporary differences arising on the acquisition/sale of entities relate to the purchase of Feintool System Parts Oelsnitz GmbH and in the previous year to the sale of IMA Automation Amberg GmbH.

11.3 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.

11.4 Tax loss carryforwards	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Total tax loss carryforwards	62 552	84 662
of which recognized loss carryforwards	42 222	40 025
Total unrecognized tax loss carryforwards	**20 330**	**44 637**
of which expiring within 1 year	5 474	1 433
of which expiring in one to five years	11 973	34 123
of which expiring in more than five years	2 883	9 081
Tax effects of unrecognized tax loss carryforwards	**4 746**	**8 635**

Income taxes and information regarding the tax charge are shown in Note 10.

12 CONSOLIDATED EARNINGS PER SHARE

12.1 Average number of shares outstanding	2015 Number	2014 Number
Average number of shares outstanding	4 462 971	4 462 971
Less number of treasury shares (weighted)	-13 998	-9 011
Average number of shares outstanding – basic	4 448 973	4 453 960
Average number of shares outstanding – diluted	4 448 973	4 453 960

12.2 Net income Feintool Group	2015 in CHF 1 000	2014 in CHF 1 000
Net income of the Feintool Group – basic	20 795	35 407
Net income of the Feintool Group – diluted	20 795	35 407

No dilution effects were recognized in the financial year.

12.3 Earnings per share	2015 in CHF	2014 in CHF
Basic earnings per share	4.67	7.95
Diluted earnings per share	4.67	7.95

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.

13 RECEIVABLES

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Trade receivables	72 464	73 242
Valuation allowances	-2 727	-2 569
Total trade receivables (net)	**69 737**	**70 673**
Bills receivable	303	323
Outstanding VAT credits	5 435	3 833
Advanced payments to suppliers	6 415	694
Other receivables	1 639	1 324
Total trade and other receivables	**83 529**	**76 847**

Feintool has various factoring programs not required to be included on the balance sheet. Receivables of kCHF 8 238 had been sold under this program as at December 31, 2015 (previous year kCHF 7 306).

13.2 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
12/31/2015							
Trade receivables		72 464	56 564	8 447	2 881	2 192	2 380
Valuation allowances		-2 727					
Total receivables (net)		**69 737**					
12/31/2014							
Trade receivables		73 242	60 430	7 520	2 385	1 542	1 365
Valuation allowances		-2 569					
Total receivables (net)		**70 673**					

13.3 Valuation allowance on receivables	2015 in CHF 1 000	2014 in CHF 1 000
Start of period	**-2 569**	**-2 090**
Translation differences	69	-52
Recognized	-805	-932
Reversed	550	375
Used	28	130
End of period	**-2 727**	**-2 569**

14 INVENTORIES

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Raw material	23 418	21 720
Finished and semi-finished goods	32 519	33 420
Valuation allowances on inventories	-14 897	-16 307
Total inventories	**41 040**	**38 833**

15 NET ASSETS OF CONSTRUCTION CONTRACTS AND WORK IN PROGRESS

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Construction contracts in progress (POC)	16 954	12 951
Work in progress	22 312	21 475
Prepayments received	-5 125	-990
Valuation allowances on construction contracts and work in progress	-2 711	-2 018
Total net assets of construction contracts and work in progress	**31 430**	**31 418**

The gross margin recorded under "Construction contracts in progress (POC)" as at the closing date amounted to 33.5 % (previous year 27.4 %).

16 PREPAID EXPENSES AND ACCRUED INCOME

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Prepaid expenses for customer orders [1)]	1 751	1 586
Issue costs of syndicated loan	90	449
Rental agreement [2)]	1 003	1 279
Other prepaid expenses and accrued income	664	1 111
Total prepaid expenses and accrued income	**3 508**	**4 425**

1) Prepaid expenses for customer orders includes expenses for constructions that are assigned to a specific order. These prepaid expenses are released on a straight-line basis over the course of the order.

2) 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 May 31, 2022) and the standard market-level rent on the property.

17 PROPERTY, PLANT AND EQUIPMENT

17.1 Summary of property, plant and equipment in CHF 1 000	Real estate	Machinery	Other property, plant and equipment	Total
Cost of acquisition as at 01/01/2014	**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 12/31/2014	**89 378**	**244 673**	**17 072**	**351 123**
Additions	1 206	13 917	15 439	**30 562**
Disposals, including reclassifications	198	2 133	-9 091	**-6 760**
Change in scope of consolidation [2]	1 866	4 410	53	**6 329**
Translation differences	-2 788	-8 079	-895	**-11 762**
As at 12/31/2015	**89 860**	**257 054**	**22 578**	**369 492**
Accumulated depreciation as at 01/01/2014	**-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 12/31/2014	**-27 501**	**-120 768**	**-7 818**	**-156 087**
Additions	-3 237	-21 775	-1 640	**-26 652**
Disposals, including reclassifications	166	5 610	351	**6 127**
Translation differences	927	3 940	375	**5 242**
As at 12/31/2015	**-29 645**	**-132 993**	**-8 732**	**-171 370**
Net carrying amounts				
As at 12/31/2014	**61 877**	**123 905**	**9 254**	**195 036**
Of which leased assets	–	30 315	–	**30 315**
As at 12/31/2015	**60 215**	**124 061**	**13 846**	**198 122**
Of which leased assets	–	26 851	–	**26 851**

[1] The change in the scope of consolidation results from the purchase of Feintool System Parts Oelsnitz GmbH and, in the previous year, the disposal of IMA Automation Amberg GmbH and its operating property.

Other property, plant and equipment includes installations, vehicles and assets under construction. Assets under construction amounted to kCHF 8 981 in the year under review (previous year kCHF 3 981). Gains on asset disposals are recognized as other operating income (Note 7). A gain of kCHF 291 (previous year kCHF 156) was generated in the reporting year. Losses on asset disposals are stated as other operating expenses (Note 6). In the year under review, this loss totaled kCHF 83 (previous year kCHF 114). As at December 31, 2015, the Feintool Group had entered into purchase commitments for the purchase of property, plant and equipment totalling approx. CHF 26.3 million (previous year CHF 38.1 million).

18 INTANGIBLE ASSETS

18.1 Summary of intangible assets in CHF 1 000	Goodwill	Capitalized development costs [1]	Software	Other intangible assets [2]	Total
Cost of acquisition as at 01/01/2014	**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 [3]	-4 245	–	-1 355	-6 400	**-12 000**
Translation differences	-213	–	42	115	**-56**
As at 12/31/2014	**8 635**	**2 807**	**4 303**	**9 428**	**25 173**
Additions	–	746	488	1	**1 235**
Disposals, including reclassifications	–	–	-5	-1 801	**-1 806**
Change in scope of consolidation [3]	2 358	–	5	1 085	**3 448**
Translation differences	-779	–	-143	-427	**-1 349**
As at 12/31/2015	**10 214**	**3 553**	**4 648**	**8 286**	**26 701**
Accumulated depreciation as at 01/01/2014	**–**	**-583**	**-3 921**	**-11 008**	**-15 512**
Additions	–	-462	-725	-857	**-2 044**
Disposals, including reclassifications	–	–	159	–	**159**
Change in scope of consolidation [3]	–	–	1 054	6 400	**7 454**
Translation differences	–	–	-49	-190	**-239**
As at 12/31/2014	**–**	**-1 045**	**-3 482**	**-5 655**	**-10 182**
Additions	–	-564	-395	-910	**-1 869**
Disposals, including reclassifications	–	–	–	1 799	**1 799**
Translation differences	–	–	140	149	**289**
As at 12/31/2015	**–**	**-1 609**	**-3 737**	**-4 617**	**-9 963**
Net carrying amounts					
As at 12/31/2014	**8 635**	**1 762**	**821**	**3 773**	**14 991**
As at 12/31/2015	**10 214**	**1 944**	**911**	**3 669**	**16 738**

[1] Research and development expenses amounting to kCHF 3 346 (previous year kCHF 2 990) were charged to the consolidated statement of comprehensive income.

[2] Other intangible assets primarily comprise patents and licenses.

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

18.2 Other information	Carrying amount in CHF 1 000
Goodwill 12/31/2015	
Feintool System Parts Jena GmbH, Jena (Germany)	853
Feintool System Parts Obertshausen and Ohrdruf (Germany)	6 929
Feintool System Parts Oelsnitz GmbH, Oelsnitz (Germany)	2 432
Total carrying amounts	**10 214**
Goodwill 12/31/2014	
Feintool System Parts Jena GmbH, Jena (Germany)	946
Feintool System Parts Obertshausen and Ohrdruf (Germany)	7 689
Total carrying amounts	**8 635**

The recoverable amounts for the companies (cash-generating units) are calculated on the basis of the value in use. The impairment test for goodwill was calculated using the DCF method (discounted cash flow method). The cash flows were discounted with the WACCs by 8.5 % (previous year 8.0 %). After deducting liabilities, the goodwill was calculated accordingly as a net amount. The future cash flows are based on a budget approved by the management for a period of three years and an extended extrapolation over two years plus the residual value. The following values were used for the parameters to calculate the WACCs:

- risk-free interest rate of 1.6 % (previous year 2.0 %)
- market returns of 7.6 % (previous year 7.4 %)
- risk premium of 2.0 % (previous year 2.0 %)
- beta 1.12 (previous year 1.05)

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 the net assets plus goodwill.

19 FINANCIAL ASSETS

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Loans to third parties	138	1 762
Receivables from the financing of customer tools	2 248	3 464
Rental deposit accounts	473	517
Financial assets	**2 859**	**5 743**

The weighted average interest rate in the reporting period was 2.5 % (previous year 2.8 %).

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

Receivables from the financing of customer tools refers to 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.

20 FINANCIAL LIABILITIES

20.1 Current financial liabilities	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Current liabilities to banks	15 660	5 977
Current portion of lease liabilities	7 415	9 187
Current portion of non-current liabilities to banks	3 141	3 106
Total current financial liabilities	**26 216**	**18 270**

The weighted average interest rate in the reporting period was 4.0 % (previous year 2.6 %).

Feintool has a CHF 90 million syndicated loan agreement with eight banks (CHF 80 million in cash loans and CHF 10 million in performance and advance payment guarantees); the agreement runs until June 30, 2017. The standard covenants have been agreed for the syndicated loan. The main covenants are:

- equity ratio > 30 %
- net senior debt/EBITDA < 3.0x

On December 31, 2015, the syndicated loan had not been used and all the covenants had been met. Should these covenants not be met, the banks would have the right to terminate the loans at short notice. Feintool has kCHF 80 000 (previous year kCHF 80 000) in unused, confirmed credit lines at the bank.

In the reporting year, Feintool Precision System Parts in Taicang (China) received a loan of kCNY 61 227 (previous year kCNY 60 000 plus interest) from a subsidiary of the Franke/Artemis Group indirectly via Deutsche Bank China. The current interest rate is 6.6 % (previous year 6.6 %). The plan is to repay kCNY 30 000 on January 13, 2016, and kCNY 30 000 on May 5, 2016.

20.2 Non-current financial liabilities	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Non-current lease liabilities	12 361	17 262
Non-current liabilities to banks	4 029	15 518
Total non-current financial liabilities	**16 390**	**32 780**

The weighted average interest rate in the reporting period was 3.6 % (previous year 3.9 %).

21 TRADE AND OTHER PAYABLES

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Trade payables	44 437	43 605
Prepayments from third parties	6 357	5 521
Notes payable	7 040	6 249
Customer payments from factoring [1)]	1 576	3 916
Social security liabilities	2 884	2 873
Outstanding VAT liabilities	783	3 215
Other liabilities	1 190	2 609
Total trade and other payables	**64 267**	**67 988**

[1)] Customer payments from factoring include all customer payments not yet forwarded to the factoring company.

22 ACCRUED EXPENSES AND DEFERRED INCOME

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Accruals for salary, bonus, overtime, additional hours	10 630	10 142
Outstanding accounts payable	6 142	5 349
Outstanding installations and other work to be fulfilled in relation to customer orders	9 565	13 347
Accruals for environmental risks [1]	1 125	1 341
Other accrued expenses and deferred income	2 240	2 646
Total accrued expenses and deferred income	**29 702**	**32 825**

[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 cleanup operation. Feintool has committed itself to meeting half of the costs of cleanup, up to a value of kEUR 1 500. This amount is entered in full as a liability, less cleanup contributions made to the cleanup. According to the information currently available, the contamination of the leased property in Obertshausen will have no further effect on the Group's financial position, operating results or cash flows.

23 PROVISIONS

in CHF 1 000	Onerous contracts	Warranties	Other provisions	Total
Current provisions	512	1 382	4 576	6 470
Non-current provisions	–	1 866	5	1 871
Total provisions as at 12/31/2014	**512**	**3 248**	**4 581**	**8 341**
Recognized	334	291	2 489	3 114
Used	-232	-43	-1 515	-1 790
Reversed	-105	-1 198	-1 135	-2 438
Change in the scope of consolidation	–	–	546	546
Reclassifications	-443	443	–	–
Translation differences	-12	-25	-353	-390
Total provisions as at 12/31/2015	**54**	**2 716**	**4 613**	**7 383**
of which current provisions	54	1 198	4 613	5 865
of which non-current provisions	–	1 518	–	1 518

Provisions were created for onerous contracts with a view to meeting expected losses on existing orders. They will be 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 restructuring, 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 a property in White Plains (USA). This is contaminated with tetrachloroethylene (PERC). Feintool remains responsible for the cleanup, and has therefore joined the state-controlled Brownfield Cleanup Program. Under this program, 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 totaling kCHF 482 (previous year kCHF 598) in its balance sheet for this remediation work. According to the current assessment, provisions for the cleanup at White Plains are sufficient.

24 LEASE LIABILITIES

	Operating leases in CHF 1 000	Finance leases in CHF 1 000
Lease payments as at 12/31/2015 due		
within 1 year	916	7 742
in one to five years	2 478	12 688
in more than five years	1	0
Total payments	**3 395**	**20 430**
Less interest		-654
Total lease liabilities as at 12/31/2015		**19 776**
Lease payments as at 12/31/2014 due		
within 1 year	947	9 716
in one to five years	2 652	17 362
in more than five years	0	534
Total payments	**3 599**	**27 612**
Less interest		-1 163
Total lease liabilities as at 12/31/2014		**26 449**

In the financial year, kCHF 3 236 (previous year kCHF 8 162) of new financial leasing agreements were concluded.

25 COMMITMENTS UNDER LONG-TERM RENTAL AGREEMENTS

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Rental payments due		
within 1 year	1 931	1 238
in one to five years	7 185	5 879
in more than five years	2 908	833
Total payments	**12 024**	**7 950**

26 EMPLOYEE BENEFIT PLANS

26.1 Overview of net employee benefit liabilities (assets)	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Net defined benefit liability (asset)	60 585	54 549
Anniversary benefits	1 869	1 893
Other benefit obligations	113	81
Total net employee benefit liabilities (assets)	**62 567**	**56 523**

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 6 936 (previous year kCHF 7 186).

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 52 323 (previous year kCHF 45 088), the German plan to kCHF 7 609 (previous year kCHF 8 845) and the Japanese plan to kCHF 652 (previous year kCHF 616). On account of the materiality of the figures, only the Swiss and German plans are shown in Note 26.3 onwards.

Swiss plan

The majority of Feintool employees in Switzerland are insured against the risks of death, old age and disability through the semi-autonomous Feintool Group pension fund. The benefits provided by the Feintool Group's pension fund exceed the minimum level 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 individual retirement assets. The typical 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 their 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 insured individual's accumulated retirement savings at the time of retirement. In the case of retirement at age 65/64, 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 person. 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 pension fund Board of Trustees 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 any 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 91.3 % as at December 31, 2015 (previous year 97.2 %). 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. In accordance with its guidelines, the financial services provider is able to decide on the asset allocation subject to the statutory requirements concerning asset classes and bandwidths.

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.

German plans

The German plans comprise:

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

	Defined benefit obligation		Fair value of plan assets		Net defined benefit liability (asset)	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
26.2 Change in defined benefit liability (asset)	in CHF 1 000	in CHF 1 000	in CHF 1 000	in CHF 1 000	in CHF 1 000	in CHF 1 000
As at January 1	**179 710**	**152 447**	**-125 161**	**-122 294**	**54 549**	**30 153**
Recognized in income statement						
Current service cost	4 273	3 316	–	–	4 273	3 316
Interest cost (income)	2 077	3 633	-1 426	-2 907	651	726
General and administrative expenses	–	–	209	227	209	227
Total	**6 350**	**6 949**	**-1 217**	**-2 680**	**5 133**	**4 269**
Recognized in other comprehensive income						
Expense/(income) from remeasurement of						
Actuarial loss/(gain) due to:						
Change in demographic assumptions	–	–	–	–	–	–
Change in financial assumptions	808	26 825	–	–	808	26 825
Experience adjustment	–	-1 472	–	–	–	-1 472
Return on plan assets (excluding interest income)	–	–	4 266	-1 851	4 266	-1 851
Translation differences	-947	-236	66	57	-881	-179
Total	**-138**	**25 117**	**4 332**	**-1 794**	**4 194**	**23 323**
Other						
Contributions from employer	-350	–	-2 941	-2 979	-3 292	-2 979
Contributions from employees	2 510	2 416	-2 510	-2 416	–	–
Benefits paid out	-6 794	-7 219	6 794	7 002	–	-217
Total	**-4 634**	**-4 803**	**1 343**	**1 607**	**-3 292**	**-3 196**
As at December 31	**181 288**	**179 710**	**-120 703**	**-125 161**	**60 585**	**54 549**
of which Swiss plans	170 356	167 902	-118 033	-122 815	52 323	45 088
of which German plans	8 526	9 584	-917	-739	7 609	8 845
of which Japanese plans	2 406	2 224	-1 754	-1 607	652	616

The expected contributions made to the employee benefit plans for the following financial year amount to CHF 2.9 million in the case of employer contributions and CHF 2.5 million in the case of employee contributions.

26.3 Plan assets of defined benefit plans	2015 in %	2014 in %
Equities	8.7	7.9
Bonds	65.4	66.8
Real estate (including real estate funds)	14.6	13.1
Other	0.8	2.1
Cash	10.5	10.1
Total	**100.0**	**100.0**

Swiss plan

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

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

Currencies other than the CHF are hedged. 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.

26.4 Defined benefit plan obligations – actuarial assumptions	2015 in %	2014 in %
Swiss plan		
Discount rate	1.0	1.2
Future increase in wages and salaries	1.3	1.5
German plans		
Discount rate	2.2	2.1
Future increase in wages and salaries	0.0 - 2.0	0.0 - 1.8
Future increase in pensions	1.8 - 2.0	1.8 - 2.0

26.5 Defined benefit plan obligations – actuarial assumptions	2015 in years	2014 in years
Swiss plan		
Life expectancy at age 65 for newly retired persons		
Men	21.5	21.4
Women	24.0	23.9
Life expectancy at age 65 for employees currently aged 45		
Men	23.2	23.2
Women	25.7	25.6
German plans		
Life expectancy at age 65 for newly retired persons		
Men	19.0	18.9
Women	23.1	22.9
Life expectancy at age 65 for employees currently aged 45		
Men	21.6	21.5
Women	25.6	25.5

As at December 31, 2015, the weighted-average duration of pension benefit obligations was 16.1 years for the Swiss plan (previous year 16.1 years) and 19.0 years for the German plans (previous year 19.7 years).

26.6 Defined benefit plan obligations – sensitivity analysis	2015 in CHF 1 000	2014 in CHF 1 000
Swiss plan		
Change in discount rate -0.25 %	6 176	6 060
Change in discount rate +0.25 %	-5 785	-5 672
Change in wages and salaries -0.25 %	-328	-331
Change in wages and salaries +0.25 %	334	331
German plans		
Change in discount rate -0.25 %	408	439
Change in discount rate +0.25 %	-374	-411
Change in wages and salaries -0.25 %	-54	-64
Change in wages and salaries +0.25 %	55	66

27 EQUITY

27.1 Share capital	12/31/2015 Number/CHF	12/31/2014 Number/CHF
Number of shares	4 462 971	4 462 971
Nominal value	10	10
Share capital	44 629 710	44 629 710

27.2 Conditional capital – employee stock option plan	12/31/2015 in CHF 1 000	12/31/2014 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 July 2, 1998 for the payment of rights conferred under the employee stock option plan.

27.3 Treasury shares – changes	12/31/2015		12/31/2014	
	Number	in CHF 1 000	Number	in CHF 1 000
Start of period	**14 282**	**1 225**	**9 207**	**537**
Bought	5		23 724	
Sale/transfer	-3 729		-18 649	
End of period	**10 558**	**905**	**14 282**	**1 225**
of which trading portfolio	10 558		14 282	

In the 2015 financial year, 5 shares were purchased at an average price of CHF 98.80 (previous year 23 724 shares at an average price of CHF 89.09) and 3 729 shares sold at an average price of CHF 87.02 (previous year 18 649 shares at an average price of CHF 87.05) for the share-based management remuneration. Treasury shares are reserved primarily for management remuneration.

28 CAPITAL PARTICIPATION PLANS

As a component of the bonus, 8 729 shares (previous year 13 334) were allocated to the Board of Directors, the Group Management and other managers in the financial year at a transaction value of kCHF 753 (previous year kCHF 1 261). 3 729 shares were transferred directly from treasury holdings to the recipients. The remaining 5 000 shares were transferred from treasury holdings on January 3, 2016.

29 OFF-BALANCE SHEET TRANSACTIONS, CONTINGENT LIABILITIES

	12/31/2015	12/31/2014
	in CHF 1 000	in CHF 1 000
Guarantees in favor of third parties	126	1 299
Other contingent obligations	3 216	2 483
Contingent liabilities	**3 342**	**3 782**

Guarantees in favor of third parties are primarily repurchase guarantees given to leasing companies for fineblanking presses sold. Other contingent obligations comprise funding that 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 owned a property that is contaminated with tetrachloroethylene (PERC). Feintool has joined the state-controlled Brownfield Cleanup Program. This program is intended to ensure the property is cleaned up. At present, Feintool has allowed provisions totaling roughly kCHF 482 (previous year kCHF 598) in its balance sheet for this remediation work. According to the information currently available, the White Plains cleanup will have no significant effect on the Group's financial position, operating results or cash flows.

A Feintool company owns a property in Huttwil (CH) that is listed in the Swiss register of contaminated sites. Feintool is currently investigating the extent of any potential contamination. The current status of the investigation does not allow for a final conclusion. As of today, however, Feintool believes that this will not have a significant effect on the Group's financial position, results of operations and 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. The Weiden (Germany) labor court agreed with Feintool's position in full in the first instance. One company's works council appealed the ruling. Feintool believes, however, that these proceedings will not have a significant effect on the Group's financial position, operating results or cash flows.

In the US, Feintool delivered defective parts to a customer. The customer is currently demanding compensation from Feintool for costs incurred, which have not yet been substantiated. Feintool is of the opinion, however, that it is not or is only partially responsible for the cause of the defect. Furthermore, any damage to third parties would also be covered by insurance. On the basis of the information available today, this case will not have a significant effect on the Group's financial position, results of operations and 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, labor 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 that may not be covered by insurance policies. Feintool believes, however, that any such proceedings would not have a significant effect on the Group's financial position, operating results or cash flows.

30 ASSETS PLEDGED AS SECURITY FOR OWN LIABILITIES

	12/31/2015	12/31/2014
	in CHF 1 000	in CHF 1 000
Real estate	6 662	4 740
Machinery and equipment	26 851	30 315
Assets pledged as security for own liabilities	**33 513**	**35 055**

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.

31 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 the Feintool Group may at some point in the 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 million) 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.

Feintool has loan agreements with various banks. These contain standard covenants, particularly

- equity ratio > 30 %
- net senior debt / EBITDA < 3.0 x

As at December 31, 2015, Feintool had kCHF 80 000 (previous year kCHF 80 000) in unused, confirmed credit lines at the bank. Were the Group unable to meet these covenants, the banks would have the right to terminate the loans at short notice. As at December 31, 2015, all covenants had been met.

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**
12/31/2015							
Liabilities [1]	54 243	**54 243**	54 243				**54 243**
Accrued expenses and deferred income [2]	19 072	**19 072**	19 072				**19 072**
Current liabilities to banks	15 660	**15 660**	15 660				**15 660**
Lease liabilities	19 776	**20 430**	7 415	10 070	2 945	0	**20 430**
Other liabilities to banks	7 170	**7 508**	3 143	3 188	599	578	**7 508**
Total	**115 921**	**116 913**	**99 533**	**13 258**	**3 544**	**578**	**116 913**
Foreign exchange futures							
Cash inflows	36	**36**	36	–	–	–	**36**
Cash outflows	141	**141**	141	–	–	–	**141**
Interest rate swap							
Cash inflows	–	**–**	–	–	–	–	**–**
Cash outflows	38	**38**	38	–	–	–	**38**
12/31/2014							
Liabilities	56 379	**56 379**	56 379				**56 379**
Accrued expenses and deferred income	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/bonds	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	0	0	0	**195**
Interest rate swap							
Cash inflows	–	**–**	–	–	–	–	**–**
Cash outflows	69	**69**	69	–	–	–	**69**

[1] Excluding social security obligations, advance payments from third parties and outstanding VAT obligations

[2] Excluding accruals 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 interest rate changes on net financial income/finance costs.

A 0.5 % increase in the interest rate would adversely affect pretax profits 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 exchange rate fluctuations. 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 by way of the following sensitivity analysis.

If, as at December 31, 2015, the Swiss franc had been 5 % stronger (or weaker) against the euro while all other variables had remained constant, consolidated net income would have been kCHF 1 053 higher (or lower). Furthermore, equity would have increased by kCHF 1 100 (or fallen).

If, as at December 31, 2014, the Swiss franc had been 5 % stronger against the euro (US dollar) while 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.

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 can be 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 aims for 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 approximately 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 kCHF 126 as at December 31, 2015 (previous year kCHF 1 299). 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 automobile sector is the focal point of Feintool's operations. By definition, this market segment 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 December 31, 2015, the overall default risk amounts to kCHF 108 373 (previous year kCHF 122 422). Feintool generates more than 16.4 % (previous year 15.2%) of consolidated sales from one customer. Income is generated in all segments. With the other customers, the share is less than 8 % (previous year 9 %) in each case.

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

32 FINANCIAL INSTRUMENTS

32.1 Financial assets in CHF 1 000	Cash and cash equivalents	Prepaid expenses and accrued income [1]	Receivables	Financial assets	Total
Cash and cash equivalents	31 550	–	–	–	**31 550**
Financial assets at fair value through profit and loss held for trading	–	36	–	–	**36**
Loans and receivables	–	2 249	71 679	2 859	**76 787**
Carrying amounts as at 12/31/2015	**31 550**	**2 285**	**71 679**	**2 859**	**108 373**
Cash and cash equivalents	41 722	–	–	–	**41 722**
Loans and receivables	–	2 637	72 320	5 743	**80 700**
Carrying amounts as at 12/31/2014	**41 722**	**2 637**	**72 320**	**5 743**	**122 422**

32.2 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	–	179	–	–	**179**
Other financial liabilities	54 243	18 893	26 216	16 390	**115 742**
Carrying amounts as at 12/31/2015	**54 243**	**19 072**	**26 216**	**16 390**	**115 921**
Financial liabilities held for trading	–	264	–	–	**264**
Other financial liabilities	56 379	22 420	18 270	32 780	**129 849**
Carrying amounts as at 12/31/2014	**56 379**	**22 684**	**18 270**	**32 780**	**130 113**

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

[1] Excluding accruals for commitment fees, rental agreements and prepaid insurance premiums

[2] Excluding accruals for salary, bonus and overtime

32.3 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 -143 net (previous year kCHF -264).

32.4 Classification of financial income/financial expenses in CHF 1 000	Cash and cash equivalents	Held for trading	Loans and receivables	Other financial liabilities	Total
Carrying amounts as at 12/31/2015	**31 550**	**-143**	**76 787**	**115 742**	
Interest income/expenses	–	–	193	-2 675	**-2 482**
Other financial income/finance expenses	–	-34	-1 227	–	**-1 261**
Change in valuation allowances on customer receivables and bad debt losses	–	–	372	–	**372**
Total net gain/loss 2015	**–**	**-34**	**-662**	**-2 675**	**-3 371**
Carrying amounts as at 12/31/2014	**41 722**	**-264**	**85 277**	**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**

32.5 Derivative financial instruments outstanding in CHF 1 000	Fair values positive	Fair values negative	Contract volumes
Futures contracts	36	141	16 171
Currency instruments	**36**	**141**	**16 171**
Interest rate swaps	–	38	554
Interest rate instruments	**–**	**38**	**554**
Total derivative financial instruments as at 12/31/2015	**36**	**179**	**16 725**
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 12/31/2014	**–**	**264**	**2 755**

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

33 RELATED PARTIES

33.1 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. 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 2 829 (previous year kCHF 3 270).

	2015 in CHF 1 000	2014 in CHF 1 000
Pay (including cash bonuses), fees [1]	1 837	1 812
Contributions to pension plans	408	322
Share-based payment [2]	584	1 136
Total	**2 829**	**3 270**

[1] Incl. benefits in kind

[2] For the Chairman of the Board of Directors, 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. For the 2015 financial year, the shares were transferred on January 3, 2016. Group Management is entitled to a predefined amount in Swiss francs. Remuneration is in the form of shares. The number of shares depends on the average price in October/November. The shares have a staggered lock-in period of 1-4 years. Disbursement took place in December.

33.2 Other related parties	2015 in CHF 1 000	2014 in CHF 1 000
Balance Sheet		
Trade receivables [1]	58	22
Current liabilities [2]	65	0
Passive loan [2]	9 178	9 559
Income Statement		
Net sales [1]	413	288
Personnel expenses [2]	65	0
Interest expense [2]	606	593

[1] Transactions with Muhr und Bender KG or its subsidiaries

[2] Transactions with Franke Artemis Group

34 MAJOR SHAREHOLDERS

		12/31/2015		12/31/2014	
	Date of notification	Number	Share of capital	Number	Share of capital
Artemis Beteiligungen I AG and Michael Pieper	09/30/2014	2 245 949	50.32 %	2 245 949	50.32 %
Muhr und Bender KG and Dr. Thomas Muhr [1]	11/18/2014	616 500	13.81 %	616 500	13.81 %
Geocent AG	07/15/2013	400 285	8.97 %	400 285	8.97 %

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

35 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
- Risk analysis management
- Business continuity management

The way in which each business unit is structured, the nature of the periodic procedures undertaken, and the manner in which these procedures are audited and reported are defined in writing. Control over 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 coverage 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 coverage is adjusted in the event of any changes.

Feintool introduced its internal control system (ICS) worldwide in 2007 and 2008 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 mitigation strategies, corresponding actions and the person responsible are determined for each of 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 covered:

- Loss of key employees
- Occupational and plant security
- Procedure in the 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 make the key decisions on any risk-minimizing measures to be implemented. The ISO-based business units are subject to separate reporting.

36 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

37 PROPOSAL BY 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 1.50 per share) from the capital reserves in respect of the 2015 financial year. This corresponds to a maximum total dividend distribution of kCHF 6 694 (previous year kCHF 6 694). The amount of the dividend distribution depends on the amount of the dividend-eligible shares at the time of the distribution. No dividends will be distributed on treasury shares.

38 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the Board of Directors on March 7, 2016 and will be submitted to the Annual General Meeting for approval on April 19, 2016.

REPORT OF THE STATUTORY AUDITOR ON THE CONSOLIDATED FINANCIAL STATEMENTS

Zurich, March 7, 2016

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 40 to 88 for the year ended December 31, 2015.

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 December 31, 2015 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 Licensed Audit Expert Auditor in Charge	Carolin Hegerl Licensed Audit Expert

FEINTOOL INTERNATIONAL HOLDING AG

Financial Review of the 2015 Financial Year

(from January 1 to December 31, 2015)

FEINTOOL INTERNATIONAL HOLDING AG BALANCE SHEET

for the 2015 financial year (as at December 31, 2015)

	Note	12/31/2015 in CHF 1 000	in %	12/31/2014 in CHF 1 000	in %
ASSETS					
Current assets					
Cash and cash equivalents		19 884		26 000	
Trade and other receivables	1	14 333		3 762	
Prepaid expenses and accrued income	2	724		1 026	
Total current assets		**34 941**	**16.5**	**30 788**	**14.4**
Non-current assets					
Financial assets	3	46 454		53 993	
Investments	4	128 310		127 310	
Property, plant and equipment	5	283		393	
Intangible assets	6	1 528		1 532	
Total non-current assets		**176 575**	**83.5**	**183 228**	**85.6**
TOTAL ASSETS		211 516	100.0	214 016	100.0
LIABILITIES					
Current liabilities					
Trade and other current payables	7	5 194		1 874	
Current interest bearing liabilities	8	11 517		21 136	
Accrued expenses and deferred income	9	4 036		3 235	
Total current liabilities		**20 747**	**9.8**	**26 245**	**12.3**
Non-current liabilities					
Non-current provisions	10	649		642	
Total non-current liabilities		**649**	**0.3**	**642**	**0.3**
Total liabilities		**21 396**	**10.1**	**26 887**	**12.6**
Shareholder's equity					
Share capital	11	44 630		44 630	
General legal reserves from capital contributions		118 255		124 949	
Free retained earnings					
(Loss)/Gain carryforward		18 797		-8 809	
Result for the year		9 343		27 584	
Treasury shares	13	-905		-1 225	
Total shareholder's equity		**190 120**	**89.9**	**187 129**	**87.4**
TOTAL EQUITY AND LIABILITIES		211 516	100.0	214 016	100.0

FEINTOOL INTERNATIONAL HOLDING AG
STATEMENT OF INCOME

for the 2015 financial year (January 1 to December 31, 2015)

		2015		2014	
	Note	in CHF 1 000	in %	in CHF 1 000	in %
INCOME					
Operating income	14	18 932	51.2	19 286	38.4
Income from investments		8 000	21.7	12 911	25.7
Financial income	15	9 026	24.4	4 998	10.0
Reversal of valuation allowance on investments	16	1 000	2.7	11 717	23.4
Reversal of valuation allowance on intercompany loans		0	0.0	1 257	2.5
Total income		**36 958**	**100.0**	**50 169**	**100.0**
EXPENSES					
Personnel expenses	17	7 091	19.2	7 256	14.5
Other operating expenses	18	8 336	22.6	8 586	17.1
Depreciation		1 041	2.7	1 005	2.0
Financial expenses	19	10 817	29.3	4 885	9.7
Taxes		330	0.9	853	1.7
Total expenses		**27 615**	**74.7**	**22 585**	**45.0**
RESULT FOR THE YEAR		**9 343**	**25.3**	**27 584**	**55.0**

NOTES TO THE FINANCIAL STATEMENTS OF FEINTOOL INTERNATIONAL HOLDING AG

for the 2015 financial year

PRINCIPLE

General

Feintool International Holding AG has its headquarters in Lyss, Switzerland. The 2015 financial statements were prepared in accordance with the provisions of Swiss accounting law (Art. 32 of the Swiss Code of Obligations). The main valuation principles applied that are not required by law are described in the following. In order to ensure comparability, the figures from the balance sheet and income statement in the previous year were aligned with the new classification requirements. The main changes from the previous year primarily relate to the reporting and disclosure of treasury shares, the reclassification of the "zero balance" cash pool, trade receivables and liabilities, as well as a detailed breakdown of income on the income statement.

Treasury shares

Treasury shares are recognized at the time of acquisition at cost as a minus line item in equity. If they are sold at a later date, the profit or loss is taken to the income statement as financial income or expense.

Capital participation plans

Treasury shares are used for share-based payments to the Board of Directors and employees. They are recognized at a fixed price in the regulations for the issue. The corresponding expense including social security contributions is reported in personnel expenses.

Omission of cash flow statement and additional information in the Notes to the Financial Statements

Feintool International Holding AG prepares its consolidated financial statements in accordance with a recognized standard for accounting (IFRS) and consequently omits disclosures in the Notes to the Financial Statements and a report on the cash flow statement in these financial statements as set forth in the statutory provisions.

1 TRADE AND OTHER RECEIVABLES

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Accounts receivable – third parties	335	250
Accounts receivable – intercompany	9 196	3 372
Interest bearing receivable – intercompany [1)]	4 802	140
Total trade and other current receivables	**14 333**	**3 762**

[1)] Interest bearing receivable related to zero balance cash pools

2 PREPAID EXPENSES AND ACCRUED INCOME

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Prepaid expenses – third parties	544	1 026
Prepaid expenses – intercompany	180	0
Total prepaid expenses and accrued income	**724**	**1 026**

3 FINANCIAL ASSETS

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Financial assets – intercompany	46 454	53 993
Total financial assets	**46 454**	**53 993**

4 INVESTMENTS

Company	Locations, country		Capital	December 31, 2015	December 31, 2014	Consolidation 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, GER**	**EUR**	**818 000**	**100 %**	**100 %**	**Full**
Feintool System Parts Ettlingen GmbH	Ettlingen, GER	EUR	766 937	100 %	100 %	Full
Feintool System Parts Jena GmbH	Jena, GER	EUR	3 068 000	100 %	100 %	Full
Feintool System Parts Obertshausen GmbH	Obertshausen, GER	EUR	1 000 000	100 %	100 %	Full
Feintool System Parts Oelsnitz GmbH [1]	Oelsnitz, GER	EUR	550 000	100 %	0 %	Full
Feintool System Parts Ohrdruf GmbH [2]	Ohrdruf, GER	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. [3]	Lyss, CH	CHF	0	0 %	100 %	Full
Feintool Japan Co. Ltd	Atsugi, J	JPY	225 000 000	100 %	100 %	Full
Feintool Precision System Parts (Taicang) Co. Ltd.	Taicang, CN	USD	17 600 000	100 %	100 %	Full
Feintool System Parts Lyss AG [4]	Lyss, CH	CHF	3 100 000	100 %	100 %	Full
Feintool Technologie AG	**Lyss, CH**	**CHF**	**2 000 000**	**100 %**	**100 %**	**Full**
Feintool (Chongquing) Technology Co. Ltd.	Chongquing, CN	USD	61 000	100 %	100 %	Full
Feintool U.S. Operations, Inc.	**Cincinnati, 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 Ave. 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, GER	EUR	325 000	100 %	100 %	Full
HL Immobilien AG	Lyss, CH	CHF	5 881 000	100 %	100 %	Full
Vireo GmbH	Jena, GER	EUR	272 600	100 %	100 %	Full

[1] On March 30, 2015, Feintool Holding GmbH, Amberg, acquired 100 % of Gabler Feinschneidtechnik GmbH, Oelsnitz. The acquiree was renamed Feintool System Parts Oelsnitz GmbH.

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

[3] Feintool International Management AG was liquidated on May 27, 2014, and removed from the trade register on June 3, 2015.

[4] Retroactively as of January 1, 2015, Feintool Teile & Komponenten AG Lyss and Feintool System Parts AG merged and were renamed Feintool System Parts Lyss AG.

5 PROPERTY, PLANT AND EQUIPMENT

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Furniture and fixtures	110	86
Other fixed assets	173	307
Total property, plant and equipment	**283**	**393**

6 INTANGIBLE ASSETS

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Cost for research and development	1 361	979
Software	135	123
Other intangible assets	32	430
Total intangible assets	**1 528**	**1 532**

7 TRADE AND OTHER CURRENT PAYABLES

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Current liabilities – third parties	4 004	915
Current liabilities – related parties	214	140
Current liabilities – intercompany	804	706
Current liabilities – organs	172	113
Trade and other current payables	**5 194**	**1 874**

8 CURRENT INTEREST-BEARING LIABILITIES

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Current interest bearing liabilities – intercompany [1)]	11 517	21 136
Total current interest bearing liabilities	**11 517**	**21 136**

[1)] Interest bearing liabilities related to zero balance cash pools

9 ACCRUED EXPENSES AND DEFERRED INCOME

	12/31/2015 in CHF 1 000	12/31/2014 in CHF 1 000
Accruals for salary, bonus, overtime, additional hours	1 705	1 200
Outstanding accounts payable	760	555
Tax accruals	1 396	1 291
Other accrued expenses	175	189
Total accrued expenses and deferred expense	**4 036**	**3 235**

10 NON-CURRENT PROVISIONS

Non-current provisions include provisions for insurance payments of kCHF 520 (previous year kCHF 510) and provisions for anniversary bonuses in the amount of kCHF 129 (previous year kCHF 132).

11 SHARE CAPITAL

	12/31/2015 Number/CHF	12/31/2014 Number/CHF
Number of shares	Number/CHF	4 462 971
Nominal value	4 462 971	10
Share capital	10	44 629 710

12 CONDITIONAL CAPITAL – EMPLOYEE STOCK OPTION PLAN

The disclosure of the conditional capital is represented in Note 27.2 on page 78 of the Notes to the Financial Statements.

13 TREASURY SHARES

The disclosure of the treasury shares is represented in Note 27.3 on page 78 of the Notes to the Financial Statements.

14 OPERATING INCOME

	2015 in CHF 1 000	2014 in CHF 1 000
Other income – third party	335	271
Income from intercompany services	13 302	13 400
thereof licenses and patents	9 407	10 391
thereof other management services	3 895	3 009
Other intercompany income	5 295	5 615
thereof IT services	3 416	3 810
thereof internal services, building maintenance/services and staff restaurant	1 196	1 131
Total operating income	**18 932**	**19 286**

15 FINANCIAL INCOME

	2015 in CHF 1 000	2014 in CHF 1 000
Interest income – third party	30	794
Interest income – intercompany	860	1 427
Foreign exchange gains	8 136	2 777
Total financial income	**9 026**	**4 998**

16 REVERSAL OF VALUATION ALLOWANCE ON INVESTMENTS

	2015 in CHF 1 000	2014 in CHF 1 000
Reversal of valuation allowance on investments	1 000	11 717
Total reversal of valuation allowance on investments	**1 000**	**11 717**

17 PERSONNEL EXPENSES

	2015 in CHF 1 000	2014 in CHF 1 000
Salaries and wages	5 487	5 726
Employee welfare expenses	949	941
Other personnel expenses	655	589
Total personnel expenses	**7 091**	**7 256**

18 OTHER OPERATING EXPENSES

	2015 in CHF 1 000	2014 in CHF 1 000
Research and development	2 962	2 450
Information technology	2 261	2 448
Consulting	950	993
Rent	487	489
Staff restaurant	393	393
Corporate communication and investor relations	532	674
Patents and licenses	333	466
Other expenses	418	673
Total other operating expenses	**8 336**	**8 586**

19 FINANCIAL EXPENSES

	2015 in CHF 1 000	2014 in CHF 1 000
Interest expense	40	257
Other finance costs [1]	882	1 090
Foreign exchange losses	9 895	3 538
Total financial expenses	**10 817**	**4 885**

20 CONTINGENT LIABILITIES IN FAVOR OF THIRD PARTIES

	2015 in CHF 1 000	2014 in CHF 1 000
Guarantees and sureties for Group companies	18 511	20 044
Pledging of shares of Group companies within the scope of bank credit limits [1]	90 000	90 000
Subordination clauses in favor of subsidiaries	8 000	8 000
Joint and several liability as regards cash pooling	p.m.	p.m.
Joint and several liability as regards 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.

21 MAJOR SHAREHOLDERS

The disclosure of the major shareholders is represented in Note 34 on page 86 of the Notes to the Financial Statements.

22 SHAREHOLDINGS OF GROUP MANAGEMENT AND THE BOARD OF DIRECTORS INCLUDING RELATED PARTIES

	12/31/2015 Number of registered shares	12/31/2014 Number of registered shares
Alexander von Witzleben, Chairman of the Board of Directors [1]	17 181	17 181
Dr. Michael Soormann, Deputy 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
Dr. Thomas Muhr, Member of the Board of Directors [2]	616 500	616 500
Total Board of Directors	**633 681**	**633 681**
Heinz Loosli, CEO [3]	8 382	6 504
Dr. Thomas F. Bögli, CFO [4]	2 796	2 394
Total Group Management	**11 178**	**8 898**

[1] Held directly and indirectly; the 5 000 shares with a value of CHF 429 250 as remuneration for the 2015 financial year were assigned on January 4, 2016

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

[3] The 1 378 shares with a value of CHF 119 914 as remuneration for the 2015 financial year were assigned on December 16, 2015

[4] The 402 shares with a value of CHF 34 982 as remuneration for the 2015 financial year were assigned on December 16, 2015

23 LIABILITIES TO EMPLOYEE BENEFIT PLANS

There were no liabilities for employee benefit plans as at December 31, 2015 and December 31, 2014.

24 UNRECOGNIZED LEASE LIABILITIES

As at December 31, 2015, there were unrecognized lease liabilities of kCHF 2 087 (previous year kCHF 2 020).

25 EVENTS AFTER THE BALANCE SHEET DATE

There were no significant events after the balance sheet date.

26 PROPOSAL BY 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 1.50 per share) from the capital reserves in respect of the 2015 financial year. This corresponds to a maximum total dividend distribution of kCHF 6 694 (previous year kCHF 6 694). The amount of the dividend distribution depends on the amount of the dividend-eligible shares at the time of the distribution. No dividends will be distributed on treasury shares.

	12/31/2015 in CHF
(Loss)/Gain carryforward from previous year	18 796 374
Result for the year	9 343 328
Available earnings	**28 139 702**
Allocation from general legal reserves from capital contributions	6 694 457
Payment of a dividend of CHF 1.50 (previous year CHF 1.20)	-6 694 457
Carryforward	**28 139 702**

REPORT OF THE STATUTORY AUDITOR ON THE FINANCIAL STATEMENTS

Zurich, March 7, 2016

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 91 to 99 for the year ended December 31, 2015.

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 December 31, 2015 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.

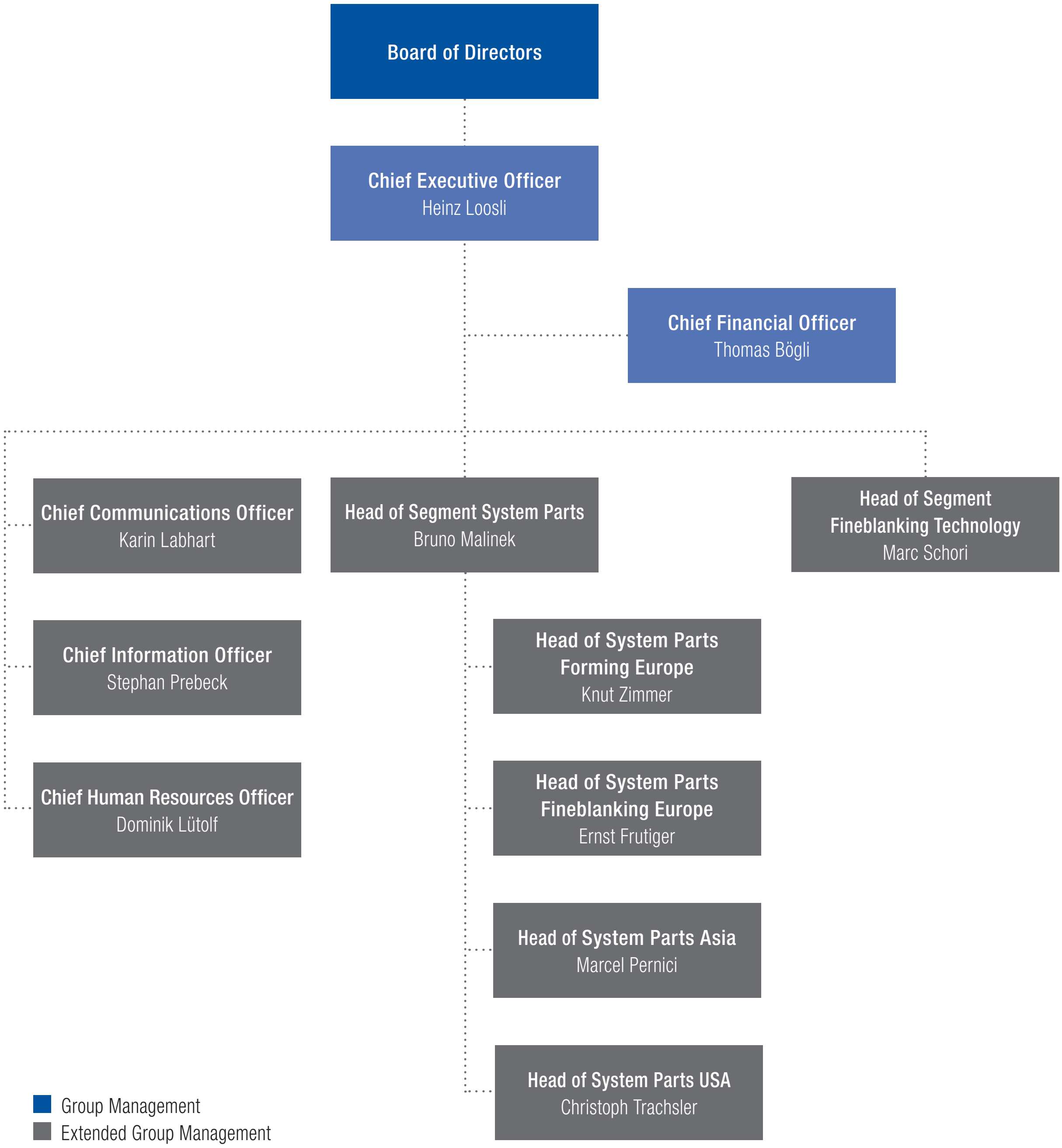
We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

Rolf Hauenstein Licensed Audit Expert Auditor in Charge	Carolin Hegerl Licensed Audit Expert

CORPORATE GOVERNANCE

Good governance is a core component of our corporate strategy



1 GROUP STRUCTURE AND SHAREHOLDERS

1.1 Group structure

1.1.1 Operational Group 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 3.6. Further information, such as the current Articles of Association for 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 393 187 745 (as at December 31, 2015)

Key share prices in 2015 financial year:

Highest	01/13/2015	CHF	108.00
Lowest	01/21/2015	CHF	80.50
Closing price	12/31/2015	CHF	88.10

With 1 012 shareholders (previous year 990), the number of shareholders hardly changed over the last twelve months. As of December 31, 2015, the free float remained unchanged at 26.9 % (previous year 26.9 %)

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 unlisted subsidiaries that are included in the scope of consolidation of Feintool International Holding AG are listed on page 94.

1.2 Major shareholders

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

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

No disclosures of interest were made in accordance with Article 120 of the Swiss Financial Markets Infrastructure Act (FinfraG) 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

As at December 31, 2015, 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

Feintool does not have any authorized capital as of December 31, 2015.

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 78 and 96 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]
12/31/2012	held					39 051 000	3 905 100
06/20/2013	increased	from auth. capital	557 871	10	5 578 710	44 629 710	4 462 971
12/31/2013	held					44 629 710	4 462 971
12/31/2014	held					44 629 710	4 462 971
12/31/2015	held					44 629 710	4 462 971

[1] in CHF

[2] On April 16, 2013, Feintool converted the par value of Feintool shares from the previous value of CHF 50 per share to 5 shares with a par value of CHF 10 (share split). All details regarding the number of shares (including data for the years prior to the split) were therefore calculated based on a par value of CHF 10.

Authorized capital

Date	Description	Type of capital	Number	Par value [1]	Increase/ decrease [1]	Capital [1]	Number of shares [2]
12/31/2012	held					18 239 250	1 823 925
06/30/2013	reduced	for capital increase	557 871	10	5 578 710	12 660 540	1 266 054
12/31/2013	held					12 660 540	1 266 054
01/24/2014	expired		1 266 054	10	12 660 540	0	0

[1] in CHF

[2] On April 16, 2013, Feintool converted the par value of Feintool shares from the previous value of CHF 50 per share to 5 shares with a par value of CHF 10 (share split). All details regarding the number of shares (including data for the years prior to the split) were therefore calculated based on a par value of CHF 10.

Conditional capital for stock option plans

Date	Description	Type of capital	Number	Par value [1]	Increase/ decrease [1]	Capital [1]	Number of shares [2]
12/31/2012	held	conditional capital				557 500	55 750
12/31/2013	held	conditional capital				557 500	55 750
12/31/2014	held	conditional capital				557 500	55 750
12/31/2015	held	conditional capital				557 500	55 750

[1] in CHF

[2] On April 16, 2013, Feintool converted the par value of Feintool shares from the previous value of CHF 50 per share to 5 shares with a par value of CHF 10 (share split). All details regarding the number of shares (including data for the years prior to the split) were therefore calculated based on a par value of CHF 10.

For details on 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 attached 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 a person acquiring shares does not expressly declare that they have acquired the shares in their own name and at their own expense.

2.6.2 Granting of exceptions

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

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 canceling 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 issued as at December 31, 2015.

MEMBERS OF THE BOARD OF DIRECTORS, FEINTOOL INTERNATIONAL HOLDING AG

As at December 31, 2015

ALEXANDER VON WITZLEBEN (1963, GERMAN NATIONAL)

Position:
Chairman 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): first as Chief Financial Officer, then Chief Executive Officer from 2004
- 2007-2008 Franz Haniel & Cie. GmbH, Duisburg (GER): Member of the Management Board
- Since January 20, 2009 Feintool International Holding AG, Lyss: Chairman of the Board of Directors

Other activities and commitments:
- Chairman of the Board of Directors and interim CEO of AFG Arbonia-Forster-Holding AG, Arbon
- 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 Board of Directors of Artemis Holding AG, Aarburg
- 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:
Deputy 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 business administration from the University of Erlangen-Nürnberg (Nuremberg, Germany) 1984, doctorate in political science (Dr. sc. pol.) from the University of Kiel, Germany, 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 Program) 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 for MBT (resp. 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, Germany, 1974

Professional background:
- 1980-2002 Managing Director of Schuler SMG GmbH, Waghäusel (GER)
- 1989-1999 Managing Director of Schuler SMG 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 of Aachen (GER)
Doctorate at RWTH Aachen (GER) 1992

Professional background:
- 1989-1991 Assistant to 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 product development, Muhr und Bender KG, Attendorn (GER)
- Since 1988 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 of 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.

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

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

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 BOARD OF DIRECTORS

3.1 Members of the Board of Directors

As of December 31, 2015, 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.

3.2 Other activities and commitments

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

3.3 Number of mandates permitted

According to Article 18b of the Articles of Association, members of the Board of Directors, Group Management and, where applicable, the 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 terms of office

3.4.1 Principles of the election procedure and restrictions on terms of office for members of the Board of Directors

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 the 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. Members of the Board of Directors are indefinitely eligible for reappointment. 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 in 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 a selection 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

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 for 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

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. Members 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	April 19, 2016
Dr. Michael Soormann	2010	April 19, 2016
Thomas A. Erb	2012	April 19, 2016
Wolfgang Feil	2003	April 19, 2016
Dr. Thomas Muhr	2014	April 19, 2016
Dr. Kurt E. Stirnemann	2008	April 19, 2016

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.

In accordance with Article 14 of the Articles of Association, 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 financial year, 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. These 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 the external audit, particularly defining the scope of the audit; instructing internal audit, particularly determining the focal points
- Monitoring financial reporting and overseeing auditors (quarterly discussion of financial reporting with the CEO and CFO; monthly discussions between the Chairman of the Audit Committee and the CFO; discussion of interim results with the CEO and CFO; discussion of annual financial statements with CEO, CFO and auditors)
- Analyzing 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, the 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 line 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 the 2015 financial year, 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 the meetings. Additional members of operational management also attended if the topic was relevant to them.

The Audit Committee met three 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. The Audit Committee and the Compensation and Nomination Committee 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. 6.5a. 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 shareholdings, 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 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 April 14, 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 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 their 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 order backlog, among others) and detailed quarterly, interim and annual financial statements, which are then commented on by the CEO and the

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.

GROUP MANAGEMENT

As at 31 December 2015

HEINZ LOOSLI (1954, SWISS NATIONAL)

Position:
CEO Feintool Group

Qualifications:
Engineer (Dipl. ing. HTL), qualified marketing and sales specialist with degree from Stanford Executive Program (SEP)

Professional background:
- 1978-1994 H. A. Schlatter AG: 1978-1984 Sales Manager; 1985-1988 Country Manager for China; 1988-1994 Head of Automation profit center
- 1994-1996 Ascom Autelca AG: Head of Ticketing division
- Joined Feintool Group in 1996, initially as Head of Presses and Systems at Feintool AG Lyss and later of Feintool System Parts; Since October 1, 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, 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 October 1, 2009: CFO of the Feintool Group

Other activities and commitments:
None

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 December 31, 2015. The management structure can be found in the organizational chart shown in section 1.1.1 on page 102 of this report.

4.2 Other activities and commitments

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

4.3 Number of mandates permitted

According to Article 18b of the Articles of Association, members of the Board of Directors, Group Management and, where applicable, the 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.

4.4 Management contracts

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

5 COMPENSATION, SHAREHOLDINGS AND LOANS

5.1 Basic principles of the compensation system

5.1.1 Board of Directors

Based on a proposal by 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 of a similar structure and 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 advisers.

5.1.2 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 makes its decision 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. Where necessary, external advisers are consulted when determining the compensation and stock option plans for Group Management.

Every two to three years, Feintool commissions an external consulting firm to review Group Management's compensation in comparison with the external labor 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).

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 their 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.

5.2.2 Group Management

The compensation paid to 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 for the CEO is entirely calculated according to the EBIT of the Feintool Group. For the CFO, the ratio of operational to personal objectives is approximately 70:30. 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).

5.3 Statutory regulations regarding compensation

Article 18 of the Articles of Association constitutes the statutory basis for remuneration:

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, the 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, the Group Management and, where applicable, the 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, the 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 that the members of the Board of Directors, Group Management and, where applicable, the 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, the 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, the 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, the Board of Directors or any Advisory Board falls ill or suffers an accident, the company may continue paying their 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 behest 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, the 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 in accordance to Para. 1, each year at the behest 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, the 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, the 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 the Group Management, the Board of Directors and, where applicable, the 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, the 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, the 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 in the course 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 to a non-competition clause with a member of Group Management or the Board of Directors, it may pay the member concerned an annual compensation of no more than 50 % of their 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 120 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 their 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.

In accordance with Art. 10a of the Articles of Association, 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 them 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 them by the shareholders as instructed. If they have not received any instructions, they 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 DEFENSE 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 provisions 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 April 14, 2015, KPMG AG, Zurich, was 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 auditing mandate

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

8.1.2 Date on which the lead auditor took up office

Since KPMG AG was first appointed, 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 the 2015 financial year amounted to CHF 460 000.

8.3 Additional fees

In the reporting period, KPMG AG billed an additional fee of CHF 15 000 for audit-related services. KPMG AG rendered other services amounting to CHF 64 000 in 2015 financial year.

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. Besides 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 its business performance in the form of press releases and holds at least two press conferences per year. Twenty-one press releases were published during the financial year from January 1 to December 31, 2015. Interested parties are welcome to visit our factories. Furthermore, at least once a year we offer the financial community the opportunity to gain direct insights into our business at one of our manufacturing sites. In the reporting period, members of Group Management held around 50 individual meetings with existing or prospective investors. A further 50 or so existing or prospective investors were also welcomed at group meetings.

Four institutes are currently publishing reports on Feintool's business performance:

Bank	Name
Bank Vontobel AG	Fabian Häcki
Berenberg Bank (Switzerland) AG	Paul Kratz
Research Partners AG	Ronald Wildmann
Zürcher Kantonalbank	Alexander Koller

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 2015 financial year, two such letters were sent on the subjects of the 2014 year-end financial results and the 2015 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 SIGNIFICANT CHANGES AFTER THE BALANCE SHEET DATE

There were no 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 of 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 makes its decision 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 consulting firm to review Group Management's compensation as compared against the external labor market. The peer group comprises internationally active industrial companies of 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 five years.

2.2 Group Management
The compensation paid to 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 approximately 70:30 operating to personal targets, and is very similar for all members of Group Management except the CEO. The bonus for the CEO is calculated entirely 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 January 1 to December 31. [1]

in CHF	Fixed salary [2]	Shares/ options [3]	Contributions to pension plans [4]	Total
In the 2015 financial year				
Alexander von Witzleben, Chairman	274 000	429 250	133 329	**836 579**
Dr. Michael Soormann, Deputy Chairman	137 500	–	–	**137 500**
Thomas A. Erb, Member	55 000	–	3 587	**58 587**
Wolfgang Feil, Member	80 000	–	6 288	**86 288**
Dr. Thomas Muhr, Member [5]	50 000	–	5 974	**55 974**
Dr. Kurt E. Stirnemann, Member	92 500	–	7 638	**100 138**
Total Board of Directors	**689 000**	**429 250**	**156 816**	**1 275 066**
In the 2014 financial year				
Alexander von Witzleben, Chairman	250 000	981 000	70 308	**1 301 308**
Dr. Michael Soormann, Deputy Chairman	130 000	–	–	**130 000**
Thomas A. Erb, Member	50 000	–	3 062	**53 062**
Wolfgang Feil, Member	75 000	–	5 777	**80 777**
Dr. Thomas Muhr, Member [5]	37 500	–	4 500	**42 000**
Dr. Kurt E. Stirnemann, Member	90 000	–	7 406	**97 406**
Steffen Schroth [6]	10 000	–	1 167	**11 167**
Total Board of Directors	**642 500**	**981 000**	**92 220**	**1 715 720**

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 (January 1 to December 31) and is accrued accordingly.

2) Fixed compensation including attendance fee.

3) 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 320 761 (previous year CHF 733 062). This includes a discount for the lock-in period. The shares for the 2015 financial year were transferred on January 3, 2016.

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

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

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

The Chairman of the Board of Directors is in each case granted a loan equivalent to the withholding tax on his 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.

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

The highest compensation was paid to Mr. Heinz Loosli, CEO (previous year Mr. Alexander von Witzleben, Chairman of the Board of Directors).

3.2 Group Management

According to ERCO (the Ordinance against Excessive Remuneration in Listed Companies Limited by Shares), Group Management consists of the roles of CEO and CFO.

in CHF	Fixed salary [1]	Variable salary [2]	Shares/options [3]	Benefits in kind [4]	Contributions to pension plans [5]	Total
In the 2015 financial year						
Heinz Loosli, CEO	460 000	256 560	119 914	4 800	162 464	**1 003 738**
Dr. Thomas F. Bögli, CFO	336 000	85 520	34 982	4 800	88 524	**549 826**
Total Group Management	**796 000**	**342 080**	**154 896**	**9 600**	**250 988**	**1 553 564**
In the 2014 financial year						
Heinz Loosli, CEO	460 000	273 000	119 977	4 800	141 143	**998 920**
Dr. Thomas F. Bögli, CFO	336 000	91 000	34 986	4 800	88 401	**555 187**
Total Group Management	**796 000**	**364 000**	**154 963**	**9 600**	**229 544**	**1 554 107**

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

2) Bonus in accordance with individual contractual agreements. Payment in each case is 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. They have a staggered lock-in period of 1 to 4 years. Disbursement took place in December. The taxable value of the shares, which includes the discount for the lock-in period, is CHF 103 870 for Mr. Heinz Loosli (previous year CHF 103 924) and CHF 30 295 for Mr. Thomas F. Bögli (previous year CHF 30 301).

4) Provision of company cars, etc.

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

The highest compensation was paid to Mr. Heinz Loosli, CEO (previous year Mr. Alexander von Witzleben, Chairman of the Board of Directors).

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

4 COMPENSATION FOR FORMER MEMBERS OF GOVERNING BODIES

At its meeting on April 14, 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 January 1, 2014 until their departure on April 14, 2014:

in CHF	Fixed salary [1]	Variable salary [2]	Shares/options [3]	Benefits in kind [4]	Contributions to pension plans [5]	Total
2015 total for members who left Group Management	–	–	–	–	–	**–**
2014 total for members who left Group Management	110 838	58 814	9 984	4 931	18 111	**202 678**

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

2) Likely bonus in accordance with individual contractual agreements. Payment in each case is made in the new financial year. The 2014 bonus entitlement relates to the whole 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. They have a staggered lock-in period of 1 to 4 years. Disbursement is in December. The 2014 share entitlement relates to the whole financial year and was calculated on a straight-line, pro rata basis for this presentation. The taxable value of the shares, including the discount for the lock-in period, is CHF 8 649 for the 2014 financial year.

4) Provision of company cars, etc.

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

REPORT OF THE STATUTORY AUDITOR ON THE REMUNERATION REPORT

Zurich, March 7, 2016

TO THE GENERAL MEETING OF SHAREHOLDERS OF FEINTOOL INTERNATI ONAL 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 December 31, 2015. 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 120 to 122 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 December 31, 2015 of Feintool International Holding AG complies with Swiss law and articles 14-16 of the Ordinance.

KPMG AG

Rolf Hauenstein	Carolin Hegerl
Licensed Audit Expert	Licensed Audit Expert
Auditor in Charge	

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 April 7, 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) – Net income divided by the average number of shares in circulation.

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 January 1, 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.

Freefloat – 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.

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.

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.

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as at December 31, 2015

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