

Perrot Duval Holding S.A.

HALF-YEAR REPORT 2014/15
(FROM 1 MAY TO 31 OCTOBER 2014)



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KEY FIGURES

KEY FIGURES CHF 1,000

	I st half-year 14/15	I st half-year 13/14
Order intake	24,702	26,330
Change versus previous year	-6.2%	12.4%
Net sales	21,580	23,229
Change versus previous year	-7.1%	0.6%
Gross margin	60.0%	58.9%
EBIT	-97	299
as % of net sales	-0.4%	1.3%
Net profit/(loss)	-404	-339
as % of sales (with minority interest)	-1.9%	-1.5%
	31.10.14	30.4.14
Total assets	34,319	32,498
Shareholders' equity with minority interest	4,168	4,693
Equity ratio (%)	12.1%	14.4%
Employees	253	241

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PERROT DUVAL SECURITIES

		I st half-year 14/15	I st half-year 13/14
Bearer shares			
High	CHF	1,979.00	1,490.00
Low	CHF	941.00	1,350.00
As at 30.10.	CHF	1,800.00	1,490.00
Participation certificate			
High	CHF	114.40	51.00
Low	CHF	42.15	40.00
As at 30.10.	CHF	114.40	50.00
Market capitalization			
Market capitalization	CHF mio	31.10.14 10.6	31.10.13 7.5

REPORT OF THE BOARD OF DIRECTORS

ACTIVITIES

Perrot Duval Holding S.A., the Group's holding company, was founded in 1905. It participates in financial, industrial and commercial business enterprises – which it sets up or acquires – the core activities of which are based on state-of-the-art technologies. Automation technologies constitute the common denominator of Perrot Duval Holding S.A. investments. It has focused on two sectors in this field:

- **process automation** used by the chemical and pharmaceutical industries. Within this sector, the **Füll Process Group** concentrates on dispensing processes for liquids and pastes in the industrial environment and, more particularly, printing inks, paints, varnishes, glues and various coatings used subsequently in highly diverse economic domains (packaging, automotive, construction, security paper, etc.). The products and services provided by the companies belonging to this Group range from dispensing components to fully automated customised systems;
- **robotisation** of industrial mechanical equipment, on the one hand, or of autonomous systems and apparatus on the other. This activity is the preserve of the **Infranor Group**, whose products (servomotors, amplifiers, programmable controls and professional software) enable the coordination of several axes and the control of entire machines in sectors as diverse as packaging, industrial handling and medical techniques to name but a few. The investments of the Infranor Group target promising economic niches and offer their customers specialised and multidisciplinary know-how, coupled with their own automation systems.

THE FÜLL PROCESS GROUP (100 %) – « PROCESS AUTOMATION » SEGMENT

First half-year result

The Füll Group comprises three entities: Füll Process S.A. (the holding company located in Fribourg, Switzerland), Füll Engineering B.V. (Voorhout, the Netherlands) and Füll Systembau GmbH (Idstein, Germany).

Operating on the basis of a principle of volumetric dispensing, which it designed itself and for which it ensured industrial production, the Dutch subsidiary focuses on developing new applications for dispensing fluids and pastes, whereby processing speed, dispensing precision and design flexibility make it economically viable either to automate certain processes (laboratories, low production, for example) or to significantly increase productivity for other industrial processes. It is dealing with an increasing number of projects and requests from manufacturers of niche chemical products, which underlines the success of its approach.

Füll Systembau GmbH, a major player in the German market since 1975, focuses on the development and implementation of customised and fully automated dispensing and storage installations for liquids and pastes, mainly for printing ink, paint, varnish and glue applications. Its original designs, the modular composition of which is adapted to customers' specific requirements, incorporate the developments made by Füll Engineering B.V. since 2007. By way of example, an initial installation delivered three months ago means that a major European manufacturer of industrial varnishes can now produce mixtures of its products in containers ranging from 25 kg to several tonnes at a precision of at least one-tenth of a gram. In addition, for the past six months the German company has been responsible for the construction and marketing of the stand-alone volumetric dispensing and storage installations of Füll Engineering B.V.

REPORT OF THE BOARD OF DIRECTORS

During the first half of the financial year, Füll recorded a marked increase in sales compared to a year earlier (2.1 million CHF as against 1.9 million CHF). Sales comprised in particular a number of small-scale auxiliary installations and replacement parts, both of which generate bigger gross margins. Orders received remained stable compared to the same period of the previous year (3.8 million CHF as against 4.0 million CHF at 31 October 2013). Füll continues to sell its industrial installations to its European and Turkish customers but has been suffering for several months now from the lack of orders from Eastern European countries (Russia, Ukraine, etc.) as a result of restrictions imposed on this region.

The slight decrease in the gross margin as at 31 October 2014 (1.4 million CHF, or 66.3 per cent of sales, compared to 1.5 million CHF or 79.9 per cent a year ago) can be attributed to the volume of ongoing work. Operating costs for the period were maintained at the same level (2.0 million CHF) resulting temporarily in negative interim EBIT of – 0.6 million CHF (– 0.4 million CHF at 31 October 2013).

CHF I 000	14/15	13/14
Order intake	3,788	3,965
change versus previous year	–4.5%	21.6%
Net sales	2,110	1,890
EBITDA	–582	–435
as % of net sales	–27.6%	–23.0%
EBIT	–585	–444
as % of net sales	–27.7%	–23.5%
Employees	35	32

Outlook

Orders on hand at 31 October 2014 (3.8 million CHF as against 4.0 million CHF a year earlier) reflect the temporary absence of activities in Eastern Europe. In fact, many projects are waiting to be carried out in

Russia; the postponement of orders here is only expected to end once economic sanctions are lifted. In addition, customers (in Germany and Turkey, to name but two countries concerned) are increasingly releasing up their budget for capital goods. This development means that Füll is being offered regularly a large number of projects, some of which could lead to follow-up orders in the near future. The opening of the new niche areas through the technology offered by Füll in the Netherlands raises the prospect of entering complementary markets over the medium term. In terms of the financial year as a whole, due to end in April 2015, the Füll Process Group is predicting EBIT of 0.1 million CHF.

THE INFRANOR GROUP (77,9 %) – «ROBOTISATION» SEGMENT

First half-year result

By way of introduction, it should be pointed out that the Group's holding company, Infranor Inter Ltd. has merged with Perrot Duval Holding S.A., the merger being entered in the Commercial Register on 7 November 2014. The 171,447 Infranor bearer shares owned by third-party shareholders were either redeemed or exchanged for 24,492 new Perrot Duval Holding S.A. bearer shares with a par value of 50 CHF between 12 and 19 November 2014 (see note 6).

During the first six months of the financial year, the Infranor Group managed to establish itself within a number of projects – often promised as being major ones – its exclusive and innovative products (servo-motors, variable speed drives, numeric controls and professional software) being ideally suited to the particular challenges of certain professions. However, the current weakness of the European economy and the slowdown in economic growth in China have temporarily put paid to the Group's plans. At 20.9 million CHF, orders received fell by 6 per cent compared to the same period in the previous year (22.4 million CHF). The same was true of sales, which

REPORT OF THE BOARD OF DIRECTORS

slid by 9 per cent, from 21.3 million CHF during the previous year to 19.5 million CHF. This trend can essentially be attributed to the lack of sales generated with one specific Chinese customer and market sluggishness in accepting Infranor's new generation of numeric controls.

The gross margin decreased from 12.2 million CHF at 31 October 2013 to 11.5 million CHF one year later, although this increased in relative terms from 57.0 per cent to 59.3 per cent. This was due to several factors: the greater proportion of customers with lower volumes, but with higher contribution margins, a generally more favourable product mix, a number of sales price increases, and also the industrial optimisation of certain product procurement processes within the Group. This improvement helped to partially offset the temporary lack of sales.

Despite keeping a firm hand on operating expenses, down 0.4 million CHF to 10.5 million CHF compared with 31 October 2013 (10.9 million CHF), depreciation and amortisation remaining steady at 0.6 million CHF (0.6 million CHF), and the improvement in the relative gross margin, EBIT fell to 0.5 million CHF, compared with 0.7 million CHF one year earlier.

Financial expenses were reduced by 0.2 million CHF from 0.5 million at the start of the first half of the 2013/14 financial year to 0.3 million CHF a year later, due to the 0.1 million CHF reduction in interest charges and an essentially unrealised exchange gain of 0.1 million CHF. The post-tax net profit of 0.1 million CHF was balanced and remained unchanged compared with the same figure a year ago.

The balance sheet total stood at 29.7 million CHF, an increase of 0.6 million CHF as against 30 April 2014 (29.1 million CHF). This was due most notably to the increase of 0.6 million CHF in liquid assets to 1.5 million CHF on the assets side, and an increase in financial debt of 1.6 million CHF to 12.1 million CHF

on the liabilities side; in particular, additional loans enabled commercial debt to be cut by 0.6 million CHF to 3.9 million CHF. Furthermore, net debt was increased from 13.8 million CHF at 30 April 2014 to 14.9 million CHF six months later.

By contrast, shareholders' equity temporarily shrank to 4.6 million CHF, or 15.7 per cent of total assets (as against 4.9 million CHF or 17.0 per cent of total assets at the end of the 2013/14 financial year), due essentially to the inclusion of the 2013/14 dividend from capital contribution.

CHF 1,000	14/15	13/14
Order intake	20,914	22,365
change versus previous year	-6.5%	11.0%
Net sales	19,470	21,339
EBITDA	1,085	1,288
as % of net sales	5.6%	6.0%
EBIT	498	668
as % of net sales	2.6%	3.1%
Employees	216	208

Outlook

Given the current rate of orders received and in view of orders on hand at 31 October 2014 (7.3 million CHF), the delay in sales during the first six months of the financial year will probably not be cancelled out in the second half and sales at 30 April 2015 are likely to exceed 40 million CHF (43 million CHF during the previous financial year). In return, the Infranor Group has taken the decision to gradually reduce operating costs, starting from July. Provided that the relative gross margin remains at the level of 31 October 2014, the Group expects to record EBIT of 1.9 million CHF and a post-tax profit in line with that achieved in the previous financial year.

CONSOLIDATED BALANCE SHEETS

CHF 1,000	Note	31.10.14	30.4.14
ASSETS			
Cash and cash equivalents	5	2,585	1,520
Trade accounts receivable		7,911	9,004
Other receivables		1,002	1,373
Inventories		11,660	10,184
Prepaid expenses and other assets		1,296	907
Total current assets		24,454	22,988
Financial assets		167	144
Property, plant and equipment		5,799	5,920
Intangible assets		2,257	2,003
Deferred tax assets		1,643	1,443
Total non-current assets		9,866	9,510
Total assets		34,320	32,498
LIABILITIES			
Current financial liabilities	5	12,332	10,650
Trade accounts payable		4,326	4,854
Other current liabilities		2,234	960
Accruals and deferred income		2,470	3,008
Short-term provisions		567	595
Provision for income taxes		154	92
Total current liabilities		22,083	20,159
Non-current financial liabilities	5	1,418	1,396
Subordinated convertible bond 2009-16	5	0	3,859
Long-term loan	5	5,860	1,500
Long-term provisions		186	212
Deferred tax liabilities		605	679
Total long-term liabilities		8,069	7,646
Total liabilities		30,152	27,805
Share capital and participation capital		5,500	5,500
Reserves		-11,337	-11,574
Retained earnings		10,092	10,760
Currency translation differences		-1,113	-1,084
Shareholders' equity before minority interest		3,142	3,602
Minority interest		1,026	1,091
Total shareholders' equity		4,168	4,693
Total liabilities and shareholders' equity		34,320	32,498

CONSOLIDATED INCOME STATEMENTS

CHF 1,000	1 st half-year 14/15	1 st half-year 13/14
Net sales	21,580	23,229
Material cost of goods sold	- 10,245	- 11,021
Change in inventories	1,608	1,467
Gross profit	12,943	13,675
Personnel costs	-9,189	-9,596
General and administrative costs	-731	-800
Selling costs	-806	-717
Other operating expenses	-1,823	-1,745
Other operating income	101	111
Total operating expenses	- 12,448	- 12,747
Earnings before interest, tax, depreciation and amortisation (EBITDA)	493	928
Depreciation and amortisation	-590	-629
Earnings before interest and tax (EBIT)	-97	299
Financial result	-365	-605
Profit/(loss) before taxes	-462	-306
Income taxes	58	-33
Net profit/(loss)	-404	-339
thereof for:		
– Shareholders of Perrot Duval Holding S.A.	-431	-343
– Minority interest	27	4

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

CHF 1,000	Share capital	Reserves	Retained earnings	Currency translation differences	Total shareholders' equity without minority interest	Minority interest	Total shareholders' equity with minority interest
Balance at 30.4.13	5,500	-11,593	10,092	-975	3,024	982	4,006
Net currency translation differences		20	3	7	30	4	34
Net profit/(loss)			-343		-343	4	-339
Dividend			4		4	-85	-81
Transfert			0		0		0
Balance at 31.10.13	5,500	-11,573	9,756	-968	2,715	905	3,620
Balance at 30.04.14	5,500	-11,574	10,760	-1,084	3,602	1,091	4,693
Net currency translation differences		5	-9	-29	-33	-7	-40
Net profit/(loss)			-431		-431	27	-404
Dividend			4		4	-85	-81
Transfert		232	-232		0		
Balance at 31.10.14	5,500	-11,337	10,092	-1,113	3,142	1,026	4,168

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Definitions of the components in equity:

- The **share capital** is the share capital of the parent company, Perrot Duval Holding S.A.
- **Reserves** comprise the goodwill from company acquisitions that was taken directly to equity in the past, as well as premiums from capital increases.
- **Retained earnings** comprise accumulated profits retained in Group companies and the reserves formed with those profits.
- **Currency translation differences** comprise all currency-translation differences arising from the currency conversions of foreign Group entities.
- The shares held by **Minority interest** represent all the share capital of the investments of Perrot Duval Holding S.A., owned by shareholders other than the latter.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

I. Segment report

The segment report corresponds to the internal reporting (management approach).

Common Group expenses that cannot be allocated are disclosed separately.
Transactions between the segments are conducted at arm's length.

Segment	Process automation		Industrial automation		Others		Total group	
	FUELL GROUP		INFRANOR GROUP					
CHF 1,000	14/15	13/14	14/15	13/14	14/15	13/14	14/15	13/14
Ist half (1.5.-31.10.)								
Net sales	2,110	1,890	19,470	21,339			21,580	23,229
Change versus previous year	11.6%	-22.0%	-8.8%	3.2%			-7.1%	0.6%
EBITDA	-582	-435	1,085	1,288	-10	75	493	928
as % of net sales	-27.6%	-23.0%	5.6%	6.0%			2.3%	4.0%
Depreciation and amortization	-3	-9	-587	-620	0	0	-590	-629
EBIT	-585	-444	498	668	-10	75	-97	299
as % of net sales	-27.7%	-23.5%	2.6%	3.1%			-0.4%	1.3%
Financial items (net)							-365	-605
Income taxes							58	-33
Net profit/(loss)							-404	-339
as % of sales (with minority interest)							-1.9%	-1.5%
Employees	35	32	216	208	2	1	253	241
Total assets	3,280	4,261	29,727	28,532	1,313	965	34,320	33,758
Total liabilities	3,759	4,598	25,078	24,433	1,315	1,107	30,152	30,138
Assets net	-479	-337	4,649	4,099	-2	-142	4,168	3,620

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. Principles for preparing the Group financial statements

These consolidated financial statements of the Perrot Duval Group are prepared in compliance with Swiss GAAP FER, and in particular Swiss GAAP FER 12 „Interim Reporting“, based on the individual financial statements of the Group companies as at 31 October 2014, which were prepared on a uniform basis. These half-year statements comply with Swiss law.

The consolidated half-year financial statements are not audited.

The consolidated half-year financial statements are based on the accounting principles set out in the 2013/14 Annual Report.

The half-year statements are presented in Swiss francs. However, the majority of the Group's transactions are conducted in euros.

The half-year financial statements have been released by the Board of Directors of Perrot Duval Holding SA for publication on 11 December 2014.

3. Seasonal influences

Due to the long summer holidays in Italy, Spain and France, the first half-year (1 May to 31 October) is traditionally weaker in terms of orders received and net sales.

4. Exchange rates

	Closing rates		Average rates for the first half-year	
	31.10.14	30.4.14	14/15	13/14
EUR	1.2056	1.2199	1.2121	1.2347
USD	0.9625	0.8812	0.9214	0.9319
GBP	1.5395	1.4822	1.5276	1.4495
CYN	0.1567	0.1430	0.1497	0.1512

5. Net indebtedness

CHF 1,000	31.10.14	30.4.14
Cash and cash equivalents	2,585	1,520
Current interest-bearing financial liabilities	-12,332	-10,650
Subordinated convertible bond 2009 -16	0	-3,859
Non-current interest-bearing financial liabilities	-7,278	-2,896
Total net indebtedness	-17,025	-15,885

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Events after the balance sheet date

The Ordinary Shareholders' Meeting of Perrot Duval Holding S.A. held on 29 October 2014 decided to restructure the company's capital by means of the following measures:

- Splitting the value of the bearer shares at a ratio of 1:20, by dividing each bearer share at a par value of 1,000 CHF into 20 bearer shares at a par value of 50 CHF each; following the split, the number of bearer shares has increased from 3,407 to 68,140 shares at a par value of 50 CHF each.
- Splitting the value of the registered shares at a ratio of 1:20, by dividing each registered share at a par value of 200 CHF into 20 registered shares at a par value of 10 CHF each; following the split, the number of registered shares has increased from 3,715 to 74,300 at a par value of 10 CHF each.
- Converting all of the participation capital, consisting of 27,000 participation certificates at a par value of 50 CHF each, into 27,000 fully paid-up bearer shares at a par value of 50 CHF each, with voting rights from the date on which the conversion is recorded in the Commercial Register, and dividend rights with effect from the current financial year.
- Merging the Infranor Group's holding company, Infranor Inter Ltd., with Perrot Duval Holding S.A.

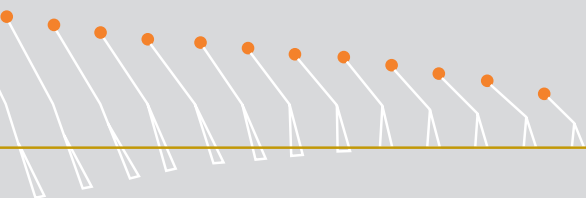
- Following this merger and with the sole aim of buying out the shareholders of Infranor Inter Ltd., the share capital has been increased by 1,224,600 CHF, by issuing 24,492 bearer shares at a par value of 50 CHF, thus increasing the total share capital to 6,724,600 CHF, divided into 119,632 bearer shares at a par value of 50 CHF each and 74,300 registered shares at a par value of 10 CHF each.

All of these decisions entered into force on 7 November 2014, the date on which they were recorded in the Commercial Register of Geneva.

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