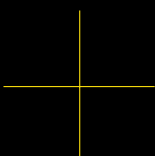
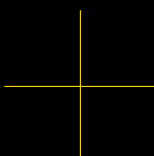
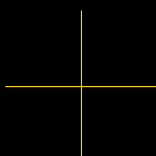
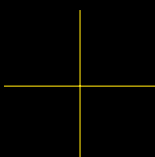
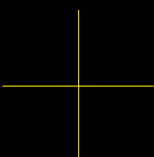
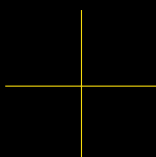
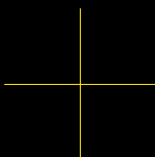
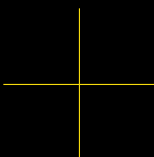
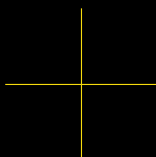
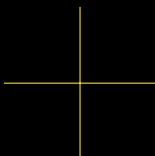
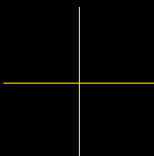
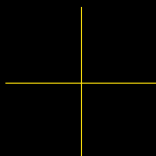


advaltech

FINANCIAL REPORTS 2002

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These financial reports are an integral part of the Adval Tech annual report 2002.

SHARPLY HIGHER OPERATING EARNINGS

In a very difficult economic environment the Adval Tech Group posted a 15% increase in operating earnings (EBIT) to CHF 15.9 million. This was achieved despite a decline in total income from CHF 177.3 million to CHF 173.0 million (–2.4%). Net profit was also slightly higher than the previous year's figure. Both divisions contributed to the improved results.

The results reported by the Injection Molding Division were characterized by two contrary trends. In the extremely volatile market for OD molds there was a backlog of demand following the slump in the previous year, whereas the other moldmaking product groups – especially volume parts manufacturing – suffered from the weak level of economic activity. Total income at the division increased by 3.1% from CHF 73.9 million to CHF 76.1 million, EBITDA by 5.6% at slightly higher margins from CHF 19.5 million to CHF 20.6 million, and EBIT by 7.4% from CHF 12.5 million to CHF 13.4 million. These are very good results relative to the performance of the industry as a whole, and the EBIT margin was a respectable 18%.

The division made a major strategic move with the acquisition of the German moldmaking firm of Foboha GmbH at the beginning of 2003. Foboha reinforces the division's market position in moldmaking, reduces its dependence on the optical disc market and contributes interesting additional technological capabilities in the multicomponent sector.

In the context of its strategic reorientation, the Stamping and Forming Division continued to concentrate on the core activity of volume parts manufacturing and thus distinctly strengthened its market position. Weak economic activity resulted in sales setbacks in some markets. The sharp increase in sales of components for the automotive industry prevented an even steeper slump. The development of the steering system business was especially encouraging, with sales increasing by 60%. The sharp recovery in the mobile telephone

market in the second half of the year also had a positive impact.

The division's total income declined from CHF 104.2 million to CHF 97.3 million (–6.6%), but EBITDA rose from CHF 8.1 million to CHF 10.1 million (+25%) and EBIT from CHF 0.9 million to CHF 2.0 million (+116.5%). The EBITDA margin of 10.4% is on target.

Adval Tech share price performance was disappointing in 2002, even though the decline of 10% was much less pronounced than that of the Swiss Performance Index (–26%) and the share index of the Swiss engineering industry (–23%). The share price at year-end was CHF 305, the high point for the year (recorded in January) CHF 340. The low point of CHF 245 was recorded toward the end of October.

These respectable annual results in light of the economic environment bear witness to the Adval Tech Group's adaptability. With free cash flow of CHF 23.8 million, Adval Tech was able to reduce net debt by almost one-third to CHF 39.5 million. The group also achieved considerable improvements in its position in two key markets: the multicomponent sector in the Injection Molding Division and the steering systems business in the Stamping and Forming Division.

In 2003 the emphasis for the Adval Tech Group will be on consolidation and the implementation of strategic objectives. These involve successfully integrating the acquisition and intensifying marketing efforts so that existing capacity is more effectively utilized. Adval Tech will continue to maintain strict financial and cost management. Following the extensive investments in recent years the group will tend toward restraint in this respect in the immediate future. The increase in net debt resulting from the acquisition will very soon be reduced by the free cash flow that is expected to be generated by operations.

KEY FIGURES OF THE ADVAL TECH GROUP

	2002	2001	2000	1999	1998
Total income (CHF millions)					
Group	172.973	177.283	209.573	165.460	167.724
change in %	-2.4	-15.4	+26.7	-1.3	+19.6
per employee (CHF thousands)	213.021	222.857	266.802	212.947	229.131
Stamping and Forming Division	97.290	104.183	98.416	95.466	103.549
Injection Molding Division	76.138	73.878	112.488	70.384	65.135
EBITDA (CHF millions)					
Operating earnings before depreciation	31.5	28.1	41.9	22.7	25.3
in % of total income	18.2	15.9	20.0	13.7	15.1
Stamping and Forming Division	10.1	8.1	6.4	1.9	5.5
Injection Molding Division	20.6	19.5	34.8	20.4	18.2
EBIT (CHF millions)					
Operating earnings	15.9	13.8	27.2	11.4	17.4
in % of total income	9.2	7.8	13.0	6.9	10.4
Stamping and Forming Division	2.0	0.9	0.6	-2.9	2.1
Injection Molding Division	13.4	12.5	26.0	13.9	13.8
Net profit (CHF millions)					
Net profit for the year	10.8	10.6	19.0	8.4	12.1
in % of total income	6.2	6.0	9.1	5.1	7.2
Cash flow and capital expenditure (CHF millions)					
Cash flow from operations	35.4	29.8	21.7	10.1	7.3
Free cash flow	23.8	-1.1	-14.1	-10.5	-13.4
Capital expenditure	15.5	32.2	32.0	21.3	23.4
Balance sheet figures (CHF millions)					
Total assets	216.8	228.6	222.0	186.9	164.8
Shareholders' equity	115.4	115.6	109.9	94.3	89.9
in % of total assets	53.2	50.6	49.5	50.5	54.6
Employees					
on December 31	828	796	795	776	778
Market capitalization (CHF millions)					
on December 31	106.8	119.0	202.7	140.4	99.4
Selected key figures per share					
Earnings (CHF)	30.75	30.22	54.36	23.90	34.70
Dividend (CHF)	12.00 ¹⁾	12.00	12.00	10.00	10.00
Payout ratio in %	39.0	39.7	22.1	41.8	28.8
P/E ratio in % on December 31	9.9	11.3	10.7	16.8	8.2

1) Proposed by the Board of Directors

ACCOUNTING PRINCIPLES

GENERAL INFORMATION

The consolidated accounts are based on the financial statements drawn up by the individual group companies in accordance with uniform principles as at December 31.

The consolidated financial statements have been prepared in conformity with the recommendations issued by the Board for Financial Reporting Standards (Swiss GAAP FER). The consolidated financial statements provide a true and fair view of the company's financial position, results of operations and cash flows.

CONSOLIDATION PRINCIPLES

Capital consolidation is performed according to the Anglo-Saxon method and is intended to show shareholders' equity as though the group were a single company.

Subsidiaries and investment holdings are included in the scope of consolidation from the date of acquisition or incorporation. Assets and liabilities are valued in accordance with uniform group principles on this date. Any difference between the purchase price and the shareholders' equity of the acquired company remaining after revaluation is stated in the balance sheet as positive or negative goodwill. Positive goodwill is written off over the expected useful life not exceeding 20 years as a charge to the income statement, negative goodwill is liquidated pro rata over 5 years as a credit to the income statement.

Companies are included in the consolidation according to the following **methods**:

- Companies in which Adval Tech Holding Ltd holds a direct or indirect capital or voting interest of **more than 50%** and/or the group exercises management and control are fully consolidated. In such cases, assets and liabilities, expenses and income are included in full in the consolidated financial statements. If appropriate, minority interests of other shareholders in net assets and net profit are segregated and stated separately. Accounts receivable, accounts payable, income and expenses between group companies are mutually offset. Intragroup profits or losses on intercompany deliveries are estimated and eliminated via the income statement.
- Associated companies in which the group controls **between 20% and 50%** of the votes are included in the consolidated financial statements using the equity method if they are of economic significance and a permanent association is intended. The share of profits and shareholders' equity attributable to the Adval Tech Group is then included.
- All **other investments** are included in the balance sheet at cost less any provisions.

The group applies the following principles in respect of **foreign currency translation**: the balance sheets of foreign companies are translated at year-end exchange rates, the income statements at average rates for the year. The differences arising from translation are directly credited or debited to shareholders' equity. Gains or losses on currency transactions by the companies are posted to the income statement. Exchange rate differences arising on loans granted to group companies for long-term financing of investments are posted directly to shareholders' equity.

The companies included in the consolidation and the exchange rates applied are listed in the explanatory notes to the consolidated financial statements.

VALUATION PRINCIPLES

The consolidated financial statements are based in principle on the lower of acquisition/manufacturing cost or market value. Assets and liabilities are valued individually. The main accounting principles are set out below.

Current assets

- **Liquid assets** include cash, credit balances on postal giro and bank accounts, time deposits and readily marketable securities. These are included in the balance sheet at market value on balance sheet date.
- **Receivables** include trade accounts receivable and other short-term receivables. These are stated at face value less individual provisions for specific credit and exchange risks.
- **Inventories and work in progress** are stated at the lower of acquisition/ manufacturing cost or market value. Provisions are made for risks inherent in the inventories. Long-term orders with individual contract values of more than CHF 0.5 million which are more than 50% completed are stated according to the percentage of completion method. Income and costs are taken into account according to the degree of completion. The degree of completion is calculated according to the cost-to-cost method. Discounts are included in financial income.

Fixed assets

- **Tangible fixed assets** are stated at cost less accrued depreciation, which is calculated using the straight-line method on the basis of estimated useful life. In the case of buildings we apply a useful life of 40 years, for machinery, equipment and fixtures 5 to 15 years, for especially long-lived machinery up to 25 years, for office equipment and machinery including computer hardware and software 3 to 8 years. Interest on borrowings arising from the establishment of new tangible fixed assets is included as expenditure in the period in which it is incurred.
- **Financial assets** consist of investment holdings consolidated using the equity method, other investments, securities in the nature of long-term investments, treasury stock and long-term loans to third parties. Securities and treasury stock are stated at the lower of cost or market on balance sheet date, loans at face value less accrued provisions.
- Patents, licenses and trade marks, whether originating in-house or acquired, are not capitalized in the consolidated financial statements. Research and development costs are charged to the income statement. Any goodwill arising from the acquisition of a company is capitalized under **intangible assets** and written off using the method described above. Costs of incorporation, which are written off over 5 years, are also included in this item.
- **Capital goods** financed by long-term **leasing contracts** (financial leasing) are capitalized and written off over their useful life. The relevant leasing commitments are included under liabilities.
- If there is evidence of **impairment of assets**, their realizable value is estimated. Impairments are posted to income if the book value of an asset is

higher than its realizable value; this is the higher of the net disposal value and the useful value of an asset, which corresponds to the net present value of the estimated future cash flow.

Liabilities

- Trade **accounts payable** and other liabilities are stated in the balance sheet at face value. Liabilities maturing in less than one year, as well as that portion of long-term liabilities which is due for repayment within one year, are regarded as short-term.
- **Accrued liabilities** include non-interest-bearing amounts owed on balance sheet date, such as social security contributions and insurance premiums, allowances for holiday and overtime entitlements, and similar liabilities, including provisions for current taxes.
- The provision for **deferred taxes** takes account of the income tax implications of the differences between balance sheet figures for assets and liabilities compiled for consolidation purposes and those required for local taxation purposes. These are currently calculated on the basis of an overall rate of 25%. The provision is adjusted directly via tax expenses.
- Warranties, risks, impending losses and restructuring costs are included in **provisions**. These provisions relate exclusively to transactions originating in the old financial year. The size of the provisions is based on management estimates and reflects future expenses as expected on balance sheet date. Provisions for receivables are charged directly to the relevant receivables (collection risk).

Shareholders' equity

The following distinctions are made in respect of reserves:

- The difference between shareholders' equity and the original cost of the investment holdings stated in the context of the uniform valuation of assets and liabilities on January 1, 1996, is posted to **capital reserves**. These include revaluation reserves, differences in offsetting capital in connection with newly consolidated companies, etc. Any positive or negative goodwill is treated in accordance with the consolidation principles set out above.
- The **revaluation reserves** represent the differences arising from the revaluation of tangible fixed assets after January 1, 1996.
- **Retained earnings** include all profits generated by the group itself since January 1, 1996, and not distributed.

CONSOLIDATED BALANCE SHEET

CHF 1000	Notes	2002	2001
Liquid assets	2	24,942	11,385
Receivables	3	23,450	32,549
Inventories and work in progress	4	46,225	52,471
Prepaid expenses and accrued income		1,013	1,819
Total current assets		95,630	98,224
Tangible fixed assets	5	119,705	125,973
Financial assets	6	955	3,450
Intangible assets	7	479	928
Total fixed assets		121,139	130,351
Total assets		216,769	228,575
Trade accounts payable	8	13,446	18,745
Liabilities arising from short-term financing	9	13,056	16,012
Other short-term liabilities	10	1,236	2,411
Accrued expenses	11	6,409	5,859
Total short-term liabilities		34,147	43,027
Liabilities arising from long-term financing	12	51,259	54,173
Long-term provisions	13	15,937	15,802
Total long-term liabilities		67,196	69,975
Total liabilities		101,343	113,002
Share capital	14	7,000	7,000
Capital reserves	14	49,568	49,568
Revaluation reserves	14	1,486	1,486
Reserve for treasury stock	14	223	134
Translation differences	14	-7,078	-364
Retained earnings	14	64,227	57,749
Total shareholders' equity		115,426	115,573
Total liabilities and shareholders' equity		216,769	228,575

CONSOLIDATED INCOME STATEMENT

CHF 1000	Notes	2002	2001
Sales revenues	15	175,601	171,506
Sales deductions		-1,451	-48
Net turnover		174,150	171,458
Change in inventories of semi-finished and finished goods		-6,186	-5,073
Own work capitalized	16	1,285	5,692
Other operating income		3,724	5,206
Total income	15	172,973	177,283
Cost of materials and services	17	48,500	56,098
Personnel expenses	18	68,763	68,460
Other operating expenses	19	24,235	24,597
Operating expenses		141,498	149,155
Operating earnings before depreciation (EBITDA)	15	31,475	28,128
Depreciation on tangible fixed assets	5	15,366	14,186
Other depreciation and provisions		167	100
Depreciation and provisions		15,533	14,286
Operating earnings (EBIT)	15	15,942	13,842
Financial income	20	2,635	1,895
Financial expenses	20	-5,413	-4,289
Net financial income		-2,778	-2,394
Non-operating income	21	272	-142
Taxes	22	-2,672	-728
Non-operating income and taxes		-2,400	-870
Net profit after taxes		10,764	10,578

CONSOLIDATED CASH FLOW STATEMENT

CHF 1000	Notes	2002	2001
Net profit after taxes		10,764	10,578
Depreciation on tangible fixed assets	5	15,366	14,186
Depreciation on financial assets and intangible assets		168	100
Increase (+)/decrease (–) in long-term provisions		453	–1,313
Increase (+)/decrease (–) in provision for deferred taxes		–315	–638
Gain (–)/loss (+) from sales of tangible fixed assets		–76	77
		26,360	22,990
Increase (–)/decrease (+) in receivables	3	8,629	10,622
Increase (–)/decrease (+) in inventories	4	5,246	3,444
Increase (–)/decrease (+) in prepaid expenses and accrued income		799	–222
Increase (+)/decrease (–) in short-term liabilities	8, 10, 11	–5,621	–6,992
Cash provided by operating activities		35,413	29,842
Capital expenditure	5, 15	–15,492	–32,206
Income from sales of tangible fixed assets		1,748	342
Increase (–) /decrease (+) in financial assets	6	2,200	1,532
Increase (–) /decrease (+) in intangible assets	7	0	–648
Change in the scope of consolidation	1	–46	0
Cash used for investing activities		–11,590	–30,980
Free cash flow		23,823	–1,138
Dividends paid	14	–4,200	–4,200
Capital paid in (repaid)		0	0
Change in other reserves		3	0
Increase/decrease in short-/long-term debt	9, 12	–5,974	9,841
Cash provided by financing activities		–10,171	5,641
Translation adjustments		–95	–507
Change in liquid assets	2	13,557	3,996
Liquid assets on December 31		24,942	11,385
Liquid assets on January 1		11,385	7,389
Change in liquid assets		13,557	3,996

1. SCOPE OF CONSOLIDATION

The following companies are included in the consolidated financial statements:

Company	Registered office		Share capital	Equity holding
			in 1000	
Adval Tech Holding Ltd	Niederwangen	CHF	7,000	
Adval Tech Management Ltd	Niederwangen	CHF	100	100%
Styner+Bienz FormTech Ltd	Niederwangen	CHF	3,050	100%
Styner+Bienz US Inc.	Summerville, SC, USA	USD	1	100%
Styner+Bienz do Brasil Ltda.	São José dos Pinhais PR	BRL	939	100%
AWM Mold Tech Ltd	Muri (AG)	CHF	600	100%
AWM Plast Tech Ltd	Merenschwand	CHF	600	100%
AWM Plastpack Ltd	Muri (AG)	CHF	600	100%
AWM Swiss Technology Ltd.	Hong Kong	HKD	10	100%
AWM Mold Service US Inc.	Beverly, MA, USA	USD	1	100%
Foboha Holding GmbH	Haslach, D	EUR	25	100%

Foboha Holding GmbH in Haslach (Germany) was included in the scope of consolidation for the first time in the year under review. This company was acquired in connection with the purchase of Foboha GmbH Formenbau and is a pure holding company. The purchase of Foboha GmbH was effective as of January 1, 2003. The company will be included in the scope of consolidation as of that date.

Styner+Bienz Metall Ltd was renamed Styner+Bienz FormTech Ltd at the beginning of 2002. Styner+Bienz Ltd and Styner+Bienz Machinery Ltd were acquired by Styner+Bienz FormTech Ltd through merger as of January 1, 2002.

Styner+Bienz US Inc. discontinued operations in 2001.

Exchange rates

The financial statements are based on the following exchange rates for foreign currencies:

- Year-end rates
EUR 1.4546, USD 1.3875, HKD 0.1779,
BRL 0.3922, CAD 0.8802, GBP 2.2244.
- Average rates for the year
EUR 1.4670, USD 1.5565, HKD 0.1996,
BRL 0.5678, CAD 0.9914, GBP 2.3345.

FINANCIAL STATEMENTS

2. LIQUID ASSETS

CHF 1000	2002	2001
Cash, postal giro, banks	24,942	11,385
Time deposits	0	0
Total liquid assets	24,942	11,385

The change in the liquid assets item in the year under review is shown in the cash flow statement.

The increase in liquid assets occurred toward year-end in anticipation of the planned acquisition of Foboha GmbH.

3. RECEIVABLES

CHF 1000	2002	2001
Trade accounts receivable	17,999	26,506
Other short-term receivables	5,451	6,043
Total receivables	23,450	32,549

Despite the slight increase in turnover compared with the previous year, trade accounts receivable were 32% lower year-on-year. This was due in particular to deliveries of equipment and the associated decline in advance payments by customers, as well as systematic receivables management. Lower turnover in the fourth quarter of 2002 also made a small contribution. The allowance for doubtful receivables deducted directly from the receivable amount totaled CHF 2.2 million (CHF 1.6 million in 2001).

4. INVENTORIES AND WORK IN PROGRESS

CHF 1000	2002	2001
Goods for resale	186	1,110
Raw material	4,089	3,650
Semi-finished and finished goods	27,028	21,047
Work in progress	14,922	26,664
Total inventories and work in progress	46,225	52,471

Inventories and work in progress at the end of 2002 were a total of 12% lower than at the end of 2001. The increase in semi-finished and finished goods was largely due to the regrouping of work in progress to semi-finished and finished goods with the introduction of the new ERP system in the Injection Molding Division. The decline in work in progress resulted from this regrouping and from the completion and delivery of orders for equipment in the Stamping and Forming Division. Income from long-term orders based on the percentage of completion method amounted to CHF 2.4 million.

5. TANGIBLE FIXED ASSETS

The development of tangible fixed assets is shown in the following group summary:

CHF 1000	Land	Buildings	Production equipment and machinery	Other tangible fixed assets	Installations under construction	Total
Cost						
At January 1, 2002	4,331	64,520	122,256	21,216	8,125	220,448
Capital expenditure in the year under review	0	4,113	6,603	7,891	5,998	24,605
Disposals	0	-1,227	-2,423	-898	-9,112	-13,660
Other changes	0	4,352	-4,295	-2,824	-17	-2,784
Change in accumulated translation difference	0	-114	-4,800	-114	-129	-5,157
At December 31, 2002	4,331	71,644	117,341	25,271	4,865	223,452
Accumulated depreciation						
At January 1, 2002	0	-15,023	-68,180	-11,170	-102	-94,475
Depreciation in the year under review	0	-1,802	-9,886	-3,678	0	-15,366
Disposals	0	1,012	1,196	668	0	2,876
Other changes	0	-2,809	3,518	2,058	0	2,767
Change in accumulated translation difference	0	5	365	32	49	451
At December 31, 2002	0	-18,617	-72,987	-12,090	-53	-103,747
Book values						
At January 1, 2002	4,331	49,497	54,076	10,046	8,023	125,973
At December 31, 2002	4,331	53,027	44,354	13,181	4,812	119,705
Of which leased installations						
At January 1, 2002	0	0	788	0	0	788
At December 31, 2002	0	0	123	0	0	123

In the year under review the group invested CHF 15.5 million in tangible fixed assets (total investments in the year under review less disposals of installations under construction). The “Buildings” item of CHF 4.1 million includes CHF 3.1 million for the Injection Molding Division. The new premises in Muri are thus completed. The investments in production equipment and machinery

consisted of spending on replacements, expansion and rationalization at both divisions. Investments in other tangible fixed assets consisted largely of spending on a new ERP system at both divisions and a new CAD platform at the Stamping and Forming Division, including the associated hardware. The “Other changes” item reflects the re-grouping of assets in the context of adjustments to

the asset statements and low-value assets that have been written off.

The change in the accumulated translation difference is due primarily to the collapse in value of the Brazilian real.

6. FINANCIAL ASSETS

1000 CHF	2002	2001
Treasury stock	223	134
Other long-term receivables	297	666
Long-term loans to third parties	435	2,650
Total financial assets	955	3,450

The loan granted in connection with a new invoicing model in the CD box segment was regrouped to short-term receivables as of the end of 2002 by virtue of its due date. This caused a sharp reduction in long-term loans. They still include a loan granted in connection with the spin-off of a production segment at the Stamping and Forming Division. This loan is continuously being repaid.

7. INTANGIBLE ASSETS

1000 CHF	2002	2001
Intangible assets	479	928

This item consists essentially of establishment costs for the group company in Brazil, which are being amortized over five years.

8. TRADE ACCOUNTS PAYABLE

1000 CHF	2002	2001
Trade accounts payable	10,780	12,344
Advance payments by customer	2,666	6,401
Total trade accounts payable	13,446	18,745

The slight decline in business activity resulted in a reduction of 13% in trade accounts payable. Advance payments by customers were 58% lower due to the invoicing of completed contracts (cf. Notes 3 and 4).

9. LIABILITIES ARISING FROM SHORT-TERM FINANCING

1000 CHF	2002	2001
Liabilities arising from short-term financing	13,056	16,012

This item is offset by CHF 24.9 million of liquid assets (gross figures).

10. OTHER SHORT-TERM LIABILITIES

1000 CHF	2002	2001
Short-term leasing liabilities	123	227
Other short-term liabilities	1,113	2,184
Total other short-term liabilities	1,236	2,411

12. LIABILITIES ARISING FROM LONG-TERM FINANCING

1000 CHF	2002	2001
Mortgages	16,000	16,750
Long-term leasing liabilities	0	123
Other long-term liabilities	35,259	37,300
Total liabilities from long-term financing	51,259	54,173

11. ACCRUED EXPENSES

1000 CHF	2002	2001
Accrued expenses	5,234	4,148
Accrued current taxes	1,175	1,711
Total accrued expenses	6,409	5,859

Other long-term liabilities consist of liabilities to banks (loans) excluding mortgage loans. The reduction in the total figure has to be seen in relation to the changes in liabilities arising from short-term financing (Note 9) and liquid assets (Note 2). The summary of these figures shows a reduction in net debt of CHF 19.5 million (approximately one-third). The cash flow statement explains this result.

13. LONG-TERM PROVISIONS

1000 CHF	2002	2001
Provision for deferred taxes	13,647	13,962
Other long-term provisions	2,290	1,840
Total long-term provisions	15,937	15,802

Other long-term provisions include CHF 1.6 million of warranty provisions (CHF 1.6 million in 2001) and CHF 0.7 (0.2) million of other provisions.

14. SHAREHOLDERS' EQUITY

1000 CHF	Share capital	Capital reserves	Revaluation reserves	Reserve for treasury stock	Translation difference	Retained earnings	Total shareholders' equity
At January 1, 2002	7,000	49,568	1,486	134	-364	57,749	115,573
Dividends						-4,200	-4,200
Miscellaneous				89		-86	3
Change in translation difference					-6,714		-6,714
Net profit for the year						10,764	10,764
At December 31, 2002	7,000	49,568	1,486	223	-7,078	64,227	115,426

The appropriation of profit for the 2001 fiscal year included a dividend payment of CHF 4.2 million.

The CHF 6.7 million change in the translation difference is the balance of translation differences arising from the application of exchange rates prevailing on balance sheet date to the translation of the balance sheet. Most of this difference concerns Styner+Bienz do Brasil Ltda.

15. SEGMENTAL REPORTING

The sales revenues (gross turnover) resulted from sales and services rendered to third parties and are made up as follows, by division, business unit and region:

1000 CHF	2002		2001	
Stamping and Forming Division	99,496	56.7%	95,456	55.7%
– of which Tool and Special Machinery Manufacturing	16,085		12,270	
– of which Volume Parts Manufacturing	83,411		83,186	
Injection Molding Division	76,105	43.3%	76,050	44.3%
– of which Moldmaking	59,476		56,051	
– of which Volume Parts Manufacturing	16,629		19,999	
Total	175,601	100.0%	171,506	100.0%
Switzerland	66,667	38.0%	75,520	44.0%
– of which Stamping and Forming	34,522		42,315	
– of which Injection Molding	32,145		33,205	
Europe	89,159	50.8%	81,624	47.6%
– of which Stamping and Forming	52,542		46,654	
– of which Injection Molding	36,617		34,970	
North/Latin America	9,220	5.2%	7,139	4.2%
– of which Stamping and Forming	7,183		3,845	
– of which Injection Molding	2,037		3,294	
Asia/Oceania/Africa	10,555	6.0%	7,223	4.2%
– of which Stamping and Forming	5,249		2,642	
– of which Injection Molding	5,306		4,581	
Total	175,601	100.0%	171,506	100.0%

Other figures relating to the divisions:

1000 CHF	2002	2001
Stamping and Forming		
Total income	97,290	104,183
Operating earnings EBITDA	10,121	8,099
Operating earnings EBIT	2,033	939
Capital expenditure	6,069	13,943
Employees on December 31	506	501
Injection Molding		
Total income	76,138	73,878
Operating earnings EBITDA	20,576	19,493
Operating earnings EBIT	13,442	12,520
Capital expenditure	9,154	18,122
Employees on December 31	317	289

16. OWN WORK CAPITALIZED

The CHF 4.4 million reduction in own work capitalized is due to the decline in capital spending on production equipment manufactured in-house by the Stamping and Forming Division.

17. COST OF MATERIALS AND SERVICES

The CHF 7.6 million reduction in the cost of materials and services resulted from lower total income, changes in product ranges and lower prices of materials. This mainly affected the Stamping and Forming Division.

18. PERSONNEL EXPENSES

Personnel expenses at the Stamping and Forming Division declined in absolute terms, but increased slightly relative to total income. Personnel expenses at the Injection Molding Division rose both in absolute terms and as a proportion of total income.

19. OTHER OPERATING EXPENSES

Other operating expenses include rent, maintenance and repair, operating materials, energy, property insurance, administrative expenses, losses on accounts receivable and the cost of advertising and sales promotion.

20. FINANCIAL EXPENSES AND FINANCIAL INCOME

1000 CHF	2002	2001
Financial income	2,635	1,895
Financial expenses	-5,413	-4,289
Net financial income	-2,778	-2,394

Higher financial income compared with the previous year was due primarily to realized currency gains. The decline in net debt and lower interest rates on bank borrowings reduced interest paid. However, exchange-related losses on balances and payments in foreign currencies resulted in higher total financial expenses.

21. NON-OPERATING INCOME

1000 CHF	2002	2001
Non-operating income	413	489
Non-operating expenses	-141	-631
Total non-operating income	272	-142

Non-operating income includes CHF 0.3 million of income at the Stamping and Forming Division deriving from other periods.

23. PLEDGED ASSETS

1000 CHF	2002	2001
Book value of pledged real estate	56,879	52,954

The pledges listed serve as security for mortgages, other bank loans and credit lines. Furthermore, it should be noted that demand balances held with banks can be used to cover loans granted at the same time in accordance with the banks' general conditions of business.

22. TAXES

1000 CHF	2002	2001
Income and capital taxes	2,987	1,366
Change in provision for deferred taxes	-315	-638
Total tax expenses	2,672	728

A tax provision of CHF 1.8 million that was no longer necessary was released in 2001. This explains the CHF 1.6 million increase in tax expenses in 2002 compared with the previous year. The tax-loss carry-forwards that have not been utilized on grounds of prudence totaled CHF 7.4 million (CHF 6.4 million in 2001).

24. FIRE INSURANCE VALUES

1000 CHF	2002	2001
Real estate	74,338	71,930
Other tangible fixed assets	182,195	167,519

25. CONTINGENT AND FUTURE LIABILITIES

1000 CHF	2002	2001
Contingent liabilities in favor of third parties	348	1,244
Liabilities arising from rental agreements	1,769	2,393
Liabilities arising from operating leases	878	998

Payments deriving from operating leases fall due as follows: CHF 0.2 million within one year, CHF 0.7 million within two to three years.

26. GUARANTEES

At the end of 2002 guarantees had been made by Adval Tech Holding Ltd in favor of the company's bankers in the amount of CHF 11.0 million (CHF 25.1 million in 2001). These serve exclusively as security for loans, credit lines and leasing commitments of subsidiaries of Adval Tech Holding Ltd. This guarantee policy is in line with the group financing strategy adopted and the outline agreements concluded with the banks in this context.

27. DERIVATIVE FINANCIAL INSTRUMENTS

Forward foreign exchange transactions with a contract value of CHF 18.9 million existed for hedging purposes on December 31, 2002. A substantial proportion of these hedging transactions were entered into with a view to financing the acquisition of Foboha GmbH. The relevant positive or negative replacement values were immaterial.

28. PENSION LIABILITIES

The pension fund of Adval Tech Holding Ltd is intended to insure personnel against the financial consequences of old age, death and disability. Employees are insured from 17 years of age.

The pension fund of Adval Tech Holding Ltd is based on a defined-contributions plan. The employer's contributions are fixed. The Adval Tech Group has not entered into any obligations to provide benefits in excess of the stipulated contributions.

1000 CHF	2002	2001
Number of personnel insured at Dec. 31	731	736
Number of pension recipients at Dec. 31	140	128
Expenses arising from pension commitments	3,380	3,347
Employer's contribution reserves at Dec. 31	3,670	3,625

Report of the group auditors
to the general meeting of
Adval Tech Holding Ltd
Niederwangen

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows and notes / pages 6 to 21) of Adval Tech Holding Ltd for the year ended December 31, 2002.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the Financial Reporting Standards (Swiss GAAP FER) and comply with Swiss law.

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

PricewaterhouseCoopers AG

J. Kummer M. Köhli

Berne, March 17, 2003

FINANCIAL REPORTS OF ADVAL TECH HOLDING LTD

I. BALANCE SHEET

CHF	2002	2001
Liquid assets	0	135,539
Receivables		
– from third parties	1,890	4,875
– from group companies	2,025,068	3,456,767
Prepaid expenses and accrued income		
– from third parties	13,314	0
– from group companies	0	0
Total current assets	2,040,272	3,597,181
Investments in group companies	16,976,170	8,830,550
Loans to group companies	77,381,226	70,791,953
Intangible assets	1,360,000	1,700,000
Total fixed assets	95,717,396	81,322,503
Total assets	97,757,668	84,919,684
Bank debt	9,920,588	34,774,545
Accounts payable	11,166	6,731
Other liabilities		
– from third parties	16,514	27,060
– from group companies	2,130	0
Accrued expenses	506,940	167,196
<i>Short-term liabilities</i>	<i>10,457,338</i>	<i>34,975,532</i>
Long-term liabilities		
– from third parties	35,258,716	0
– from group companies	0	2,900,000
Provisions	1,887,000	1,913,750
<i>Long-term liabilities</i>	<i>37,145,716</i>	<i>4,813,750</i>
Total liabilities	47,603,054	39,789,282
Share capital	7,000,000	7,000,000
General reserves	1,550,000	1,550,000
Reserve for treasury stock	222,812	133,920
Free reserves	14,872,835	14,961,727
<i>Share capital and reserves</i>	<i>23,645,647</i>	<i>23,645,647</i>
Balance brought forward	17,284,755	8,303,204
Net profit for the year	9,224,212	13,181,551
Retained earnings	26,508,967	21,484,755
Total shareholders' equity	50,154,614	45,130,402
Total liabilities	97,757,668	84,919,684

2. INCOME STATEMENT

CHF	2002	2001
Income from investments in group companies	9,000,000	10,500,000
Other income from third parties	26,750	5,825
Other income from group companies	322,239	397,508
Interest income from group companies	3,735,347	3,458,548
Interest income from third parties	195,883	635,487
Total operating earnings	13,280,219	14,997,368
Interest expenses from third parties	2,312,222	1,310,806
Interest expenses from group companies	0	131,225
Business and administration expenses	139,147	135,898
Operating expenses	2,451,369	1,577,929
Amortization of intangible assets	340,000	0
Operating earnings before interest and taxes	10,488,850	13,419,439
Non-operating earnings	0	2,000
Non-operating expenses	1,200,000	0
Net profit before taxes	9,288,850	13,421,439
Taxes	64,638	239,888
Net profit after taxes	9,224,212	13,181,551

3. APPENDIX

Accounting principles

The foregoing financial statements of Adval Tech Holding Ltd have been prepared in accordance with the accounting requirements stipulated by Swiss company law.

Treasury stock

In the year under review a further 340 shares were purchased for CHF 88,893 to add to the 458 shares purchased by Adval Tech Management Ltd for CHF 133,920 up to December 31, 2001, in connection with a future stock compensation plan for group management and other executives.

Intangible assets

There was no change in the patents held by Adval Tech Holding Ltd in 2002. Intangible assets are amortized within five years.

Investment holdings

The investment holdings of Adval Tech Holding Ltd are listed on page 12 of this report.

Major shareholders

On December 31, 2002, the following shareholders held more than 5% of the registered share capital recorded in the Commercial Register:

■ Rudolf Styner.....	25.6%
■ Hansruedi Bienz	19.6%
■ Franke Holding AG, Aarburg.....	15.1%
■ Einfache Gesellschaft Dreier.....	8.8%

Guarantees to third parties

As of December 31, 2002, Adval Tech Holding Ltd had issued guarantees to its bankers and leasing companies in respect of a total of CHF 11,000,000. These serve to secure loans, credit lines and leasing transactions of subsidiaries of Adval Tech Holding Ltd.

Material events occurring after balance sheet date

Foboha GmbH in Haslach (Germany), was acquired on January 1, 2003, via Foboha Holding GmbH, which is owned by Adval Tech Holding Ltd.

4. PROPOSAL BY THE BOARD OF DIRECTORS FOR THE APPROPRIATION OF PROFIT

At the disposal of the annual general meeting of shareholders

Balance brought forward	CHF	17,284,755
Net profit for 2002	CHF	9,224,212
Retained earnings	CHF	26,508,967

Proposal by the Board of Directors

Dividend of CHF 12 gross per registered share	CHF	4,200,000
Allocation to the General Reserve	CHF	0
Carried forward to new account	CHF	22,308,967
	CHF	26,508,967

Report of the statutory auditors
to the general meeting of
Adval Tech Holding Ltd
Niederwangen

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes / pages 23 to 25) of Adval Tech Holding Ltd for the year ended December 31, 2002.

These financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession, which require that an audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosures in the financial statements. We have also assessed the accounting principles used, significant estimates made and the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the accounting records and financial statements and the proposed appropriation of available earnings comply with Swiss law and the company's articles of incorporation.

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

PricewaterhouseCoopers AG

J. Kummer M. Köhli

Berne, March 17, 2003

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