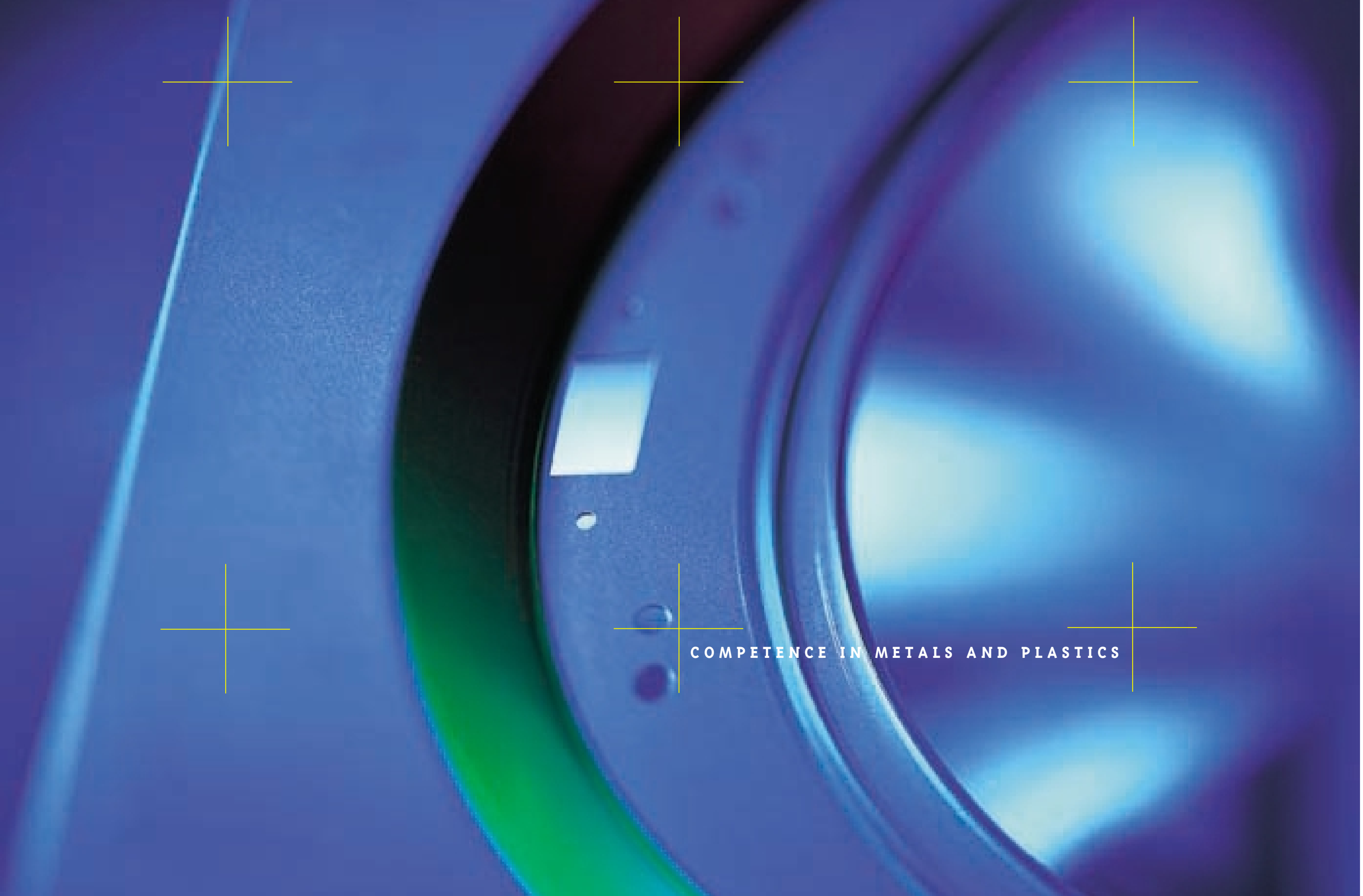

PREVIOUS YEAR'S FIGURES CLEARLY EXCEEDED

RECORD RESULTS AT AWM

STYNER + BIENZ ON TRACK FOR TURNAROUND

adval tech

THE ADVAL TECH GROUP IN THE FIRST HALF OF 2000

DEAR SHAREHOLDERS,

We are pleased to be able to present excellent overall group results for the first half of 2000. Compared with the same period of 1999, total income rose by 27% to CHF 99.7 million, net profit by 129% to CHF 10.9 million and operating earnings (EBIT) by as much as 170% to CHF 16.0 million.

These huge improvements were due to the performance of the Injection Moulding Division (AWM), which recorded a leap in turnover and profits in the optical disc segment in particular. Following the very poor results in the second half of 1999, the Stamping and Forming Division (Styner + Bienz) has returned to the level of last year's first half results. Signs of a reversal in the trend are therefore becoming apparent. Group results for the year 2000 overall will probably be well in excess of original expectations.

Injection moulding: record results due to optical discs

The Injection Moulding Division has again achieved outstanding results. The key statistics show a considerable improvement over the previous year's figures and are well above the high expectations. Total income increased by 76% from CHF 30.4 million to CHF 53.5 million, operating earnings (EBIT) by as much as 170% from CHF 6.0 million to CHF 16.2 million. Even compared with the second half of 1999, when very good results were recorded, the improvements are enormous. The EBIT margin increased from about 20% to around 30%. (However, almost half of this increase is attributable to the application of a new invoicing model with our main customers for CD boxes).

All business segments at AWM contributed to the pleasing trend. However, the strong surge in results is primarily due to mouldmaking operations for optical discs (OD). In the first half of 2000, AWM sold more OD moulds than in the whole of 1999. There are two reasons for AWM's ability to benefit to this extent from the OD boom. First, the Injection Moulding Division focused its production operations on core processes; second, it rapidly achieved a massive boost to its capacity by means of highly professional outsourcing. Outsourcing is – not least – also a means of coping with demand peaks and reducing the employment risk.

Its leading position in all formats (CD, CD-R, DVD, etc.) and high level of quality consciousness also enabled AWM to maintain its quality leadership despite this enormous growth.

The more AWM OD moulds are in use worldwide, the more rapid the development of the service and spares business. The success of the service company in Hong Kong demonstrates this. An AWM service company in the USA will also commence operations at the beginning of 2001.

The other product lines in mouldmaking operations (moulds for CD boxes, closures ans spray can components) also showed very encouraging development. AWM also achieved and in some cases even exceeded its targets in these areas.

The impressive expansion of the mouldmaking segment would not have been possible without the high degree of flexibility displayed by personnel and their willingness to work overtime. AWM also succeeded in finding more than 30 new, qualified employees, despite their scarcity on the labour market.

In the volume parts segment, the output of CD boxes reached an even higher level than in the previous year due to increased capacity. As a result of the new invoicing model referred to above, a substantial portion of the raw material is no longer invoiced via our account. Despite higher volumes, this results in lower turnover and reduced costs (the impact in the first half of 2000 amounted to -CHF 8 million).

Output of the remaining volume parts at the Merenschwand site was at the previous year's level. Construction activity in connection with the expansion of production had resulted in interruptions to operations, and order levels for volume parts were not always sufficient to ensure that utilization targets were achieved. However, with the completion of construction work and the intensification of efforts to acquire more orders, we also expect to achieve higher turnover and improved earnings from volume parts manufacturing.

Stamping and forming: on track for turnaround

The revival of economic activity became apparent at Styner + Bienz – with the customary time lag for the industry – from about April 2000 onwards. The key statistics at the halfway point of the year were slightly below the previous year's figures. With total income of CHF 46.8 million (vs. CHF 48.2 million in 1999), the division's operating earnings (EBIT) were still negative to the tune of CHF 0.5 million (vs. CHF 0.2 million in the first half of 1999). This was also attributable to delays in starting production operations in Brazil and the associated start-up costs and new provisions. However, if EBIT is compared with the operating deficit in the second half of 1999 (CHF 2.7 million), we can certainly refer to a reversal of the trend.

The tool and special machinery manufacturing segment operates in a market which reacts slowly. Styner + Bienz therefore found conditions difficult in the first half of 2000. Orders for special machinery, which are necessary to achieve satisfactory earnings, largely failed to materialize. Earnings were depressed by supplementary development costs and warranty payments due to excessively complex design solutions and underestimated risks.

The new management team appointed in May 2000 is initially focusing essentially on the following priorities:

- downsizing special machinery manufacturing: the reduction in personnel numbers which this entails has already been initiated;
- reorganizing this segment of the business by simplifying the management structure and processes;
- focusing sales activities on core competences and main markets while at the same time systematically applying the risk analysis tools which have been introduced; first successes are already emerging;
- rapidly implementing the further technological development commenced in the aerosol market at the end of 1999; with a market share of 65%, Styner + Bienz is excellently placed.

In the faster-response volume parts market, Styner + Bienz already recorded a substantial improvement on the previous year's results. Order intake is rising and the programmes initiated in 1999 to improve results have also had a positive impact.

Focused and at the same time more extensive sales activities resulted in various new contracts in the first half of 2000. In particular, Styner + Bienz succeeded in securing a large order for mobile telephone shielding components. Production has already commenced and we have been assured of a further substantial order. This should be a major step forward for the Stamping and Forming Division on the road to improved utilization of its costly production facilities. In the mobile telephone shielding components segment, Styner + Bienz expects to achieve turnover approaching CHF 20 million in the next few years. A strategic milestone will thus be achieved.

Outlook

For the Injection Moulding Division, forecasts for the second half depend heavily on the development of the OD market, which is difficult to foresee. The pointers are positive, but pressure on margins cannot be ruled out. The adjustment of the organization to prevailing growth rates will result in higher operating costs and warranty risks have grown – despite precautionary measures – due to the huge growth in volume. We continue to expect very good results, but we do not believe that the record results achieved in the first half of 2000 can be repeated.

For the Stamping and Forming Division, it is now a matter of systematically implementing the action which has been initiated in an improved business environment. The target for annual results continues to be positive operating earnings at divisional level.

For the group, we can make a substantial upward revision of the forecasts made on the occasion of the publication of the 1999 results. For 2000 as a whole we not only expect substantially better results than in 1999, we also assume that the good results achieved in 1998 can be comfortably exceeded.

Niederwangen, end of august 2000

Herbert Thönen, Chairman of the Board

Hansruedi Bienz, Chief Executive Officer

INCOME STATEMENT

in 1000 CHF	1st half of 2000	1st half of 1999	Change
Total income	**99’730**	**78’433**	**27%**
Net turnover	85’774	73’813	16%
Cost of materials and services	31’496	26’609	18%
Personnel expenses	32’915	32’132	2%
Other operating expenses	12’241	8’908	37%
Depreciation	7’112	4’874	46%
Operating earnings (EBIT)	**15’966**	**5’910**	**170%**
Net profit after taxes	**10’942**	**4’779**	**129%**
Investments			
Capital expenditure	15’619	13’082	19%

BALANCE SHEET

in 1000 CHF	June 30, 2000	Dec. 31, 1999	Change
Current assets	106’008	93’004	14%
Fixed assets	102’487	93’891	9%
Liabilities	106’543	92’566	15%
- short term	66’307	52’802	26%
- long term	40’236	39’764	1%
Shareholders’ equity	101’952	94’329	8%
in % of total assets	48.9%	50.5%	
Total assets	**208’495**	**186’895**	**12%**

Employees	**June 30, 2000**	**June 30, 1999**	
Group	**784**	**782**	**2**
Stamping and Forming Division	518	549	-31
Injection Moulding Division	259	228	31

THE ADVAL TECH GROUP

Adding value for customers in technically challenging fields of activity: that's what adval tech stands for.
The adval tech Group is a leading supplier of tools, moulds, sub-assemblies, systems and volume components in the technology sectors of stamping and forming (metals) and injection moulding (plastics). It is a supplier and value-adding partner for companies in all industries where metal or plastics components are manufactured or used. With innovative and technically sophisticated approaches the adval tech Group enables its customers to make continuous improvements to their products and processes. The Stamping and Forming and Injection Moulding divisions trade on the market under the names of Styner + Bienz and AWM, respectively. Their principal customers are in the automotive, telecommunications, packaging and electronics industries. adval tech is continually setting new technological standards in these sectors.

THE NEXT ORDINARY SHAREHOLDERS' MEETING WILL BE HELD ON 14 JUNE 2001 IN BERNE.

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