



adval tech

FINANCIAL REPORTS 2000

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These financial reports are an integral part of the adval tech annual report 2000.

RECORD RESULTS DUE TO AWM

In the year 2000 the adval tech Group achieved by far the best results in its history. Total income rose from CHF 165.5 million to CHF 209.6 million (+27%), net profit from CHF 8.4 million to CHF 19.0 million (+127%), and operating earnings EBIT from CHF 11.4 million to CHF 27.2 million (+138%). The Injection Molding Division (AWM) generated almost all the operating earnings.

AWM has more than doubled turnover within five years, at the same time continuously improving operating earnings. It is succeeding admirably in implementing its strategy of focusing on core competences and key markets, and exploiting emerging market opportunities rapidly and systematically. For example, it made a timely response to the worldwide boom in demand for optical disc molds in the year 2000 by massively expanding capacity, also by means of outsourcing. AWM now has a market share of more than 40% in OD molds. This in turn means that the division is excellently positioned in the interesting service business.

The division has also made a very successful entry into the food packaging market. AWM is manufacturing molds for producing ice cream packaging using highly sophisticated, trend-setting multi-component technology. The division's impressive growth figures compared with previous year were as follows: total income rose from CHF 70.4 million to CHF 112.5 million (+60%), operating earnings EBITDA from CHF 20.4 million to CHF 34.8 million (+71%), operating earnings EBIT from CHF 13.9 million to CHF 26.0 million (+87%). The year 2000 was an exceptional one for AWM, mainly due to the boom in demand for OD molds. It would therefore be unrealistic to expect these record results to be repeated or even improved upon in 2001.

Results in the Stamping and Forming Division (Styner + Bienz) are still not satisfactory. Following the negative EBIT figure in the previous year, the division was at least again able to report a small operating profit. The action already initiated, and the personnel changes made in 1999, had a positive impact on sales and productivity – in volume parts manufacturing operations this became evident more quickly than in tool and special machinery manufacturing, where the market by nature responds more slowly. The division reported an increase in total income from CHF 95.5 million to CHF 98.4 million (+3%), while operating earnings EBITDA rose from CHF 1.9 million to CHF 6.4 million (+230%) and operating earnings EBIT from CHF –2.9 million to CHF +0.6 million.

The share price rose from CHF 401 to CHF 579 in the year 2000. The price received a boost at the beginning of September with the announcement of the excellent half-year results and the encouraging forecast for full-year results.

The Board of Directors and group management expect total income to be in a range between CHF 200 and 210 million in 2001, with net profit between CHF 14 and 18 million.

KEY FIGURES OF THE ADVAL TECH GROUP

	2000	1999	1998	1997	1996
Total income (CHF millions)					
Group	209.573	165.460	167.724	140.225	124.971
change in %	+26.7	-1.3	+19.6	+12.2	+17.2
per employee (CHF thousands)	266.802	212.947	229.131	213.270	208.807
EBITDA (CHF millions)					
Operating earnings before depreciation	41.9	22.7	25.3	22.4	21.7
in % of total income	20.0	13.7	15.1	16.0	17.4
EBIT (CHF millions)					
Operating earnings	27.2	11.4	17.4	15.1	14.4
change in %	+138.3	-34.4	+15.2	+4.9	+29.8
in % of total income	13.0	6.9	10.4	10.7	11.5
Net profit (CHF millions)					
Net profit for the year	19.0	8.4	12.1	12.1	10.7
in % of total income	9.1	5.1	7.2	8.6	8.6
Cash flow and capital expenditure (CHF millions)					
Cash flow from operations	45.0	22.8	25.4	22.8	21.7
Free cash flow	-14.1	-10.5	-13.4	-4.2	+4.5
Capital expenditure	32.0	21.3	23.4	22.3	14.5
Balance sheet figures (CHF millions)					
Total assets	222.0	186.9	164.8	132.0	117.1
Shareholders' equity	109.9	94.3	89.9	72.9	60.4
in % of total assets	49.5	50.5	54.6	55.2	51.6
Employees					
on December 31	795	776	778	686	629
Market capitalization (CHF millions)					
on December 31	202.7	140.4	99.4	n.a.	n.a.
Selected key figures per share					
Earnings (CHF)	54.36	23.90	34.70	34.43 ¹⁾	30.68 ¹⁾
Dividend (CHF)	12.00 ²⁾	10.00	10.00	2.86 ¹⁾	2.86 ¹⁾
Payout ratio in %	22.1	41.8	28.8	8.3	9.3
P/E ratio in % on December 31	10.7	16.8	8.2	n.a.	n.a.

1) Adjusted on the basis of the new capital structure after IPO

2) 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 are drawn up in accordance with the recommendations issued by the Commission for Accounting and Reporting Recommendations (ARR). 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.

The assets and liabilities of the consolidated companies were uniformly revalued and consolidated as at January 1, 1996, on the basis of the group's present accounting principles. The difference between stated shareholders' equity and the acquisition cost of the holding company's investments has been posted to capital reserves or offset against them. The basis used for this was the date of purchase or incorporation.

Companies acquired since January 1, 1996, are consolidated on the date of purchase 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 accrued 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.

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 that 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.

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 a useful life of 40 years is applied, for machinery, equipment and fixtures 5 to 15 years, for office equipment and machinery including computer hardware and software 3 to 8 years.
- **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 value on balance sheet date, loans at face value.
- Patents, licences and trade marks, whether originating in-house or acquired, are not capitalized. Research and development costs are also 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.

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.
- Future expenses for services yet to be rendered, guarantees, 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	2000	1999
Liquid assets	2	7'389	11'551
Receivables	3	43'136	32'510
Inventories and work in progress	4	55'876	46'211
Prepaid expenses and accrued income		1'597	2'732
Total current assets		107'998	93'004
Tangible fixed assets	5	108'666	93'715
Financial assets	6	4'964	101
Intangible assets	7	413	75
Total fixed assets		114'043	93'891
Total assets		222'041	186'895
Trade accounts payable	8	23'182	18'378
Liabilities arising from short-term financing	9	18'798	20'370
Other short-term liabilities	10	2'651	6'636
Accrued expenses		8'226	7'418
Total short-term liabilities		52'857	52'802
Liabilities arising from long-term financing	11	41'490	26'249
Long-term provisions	12	17'753	13'515
Total long-term liabilities		59'243	39'764
Total liabilities		112'100	92'566
Share capital	13	7'000	7'000
Capital reserves	13	49'568	49'568
Revaluation reserves	13	1'486	1'486
Reserve for treasury stock	13	96	96
Translation differences	13	382	295
Retained earnings	13	51'409	35'884
Total shareholders' equity		109'941	94'329
Total liabilities and shareholders' equity		222'041	186'895

CONSOLIDATED INCOME STATEMENT

CHF 1000	Notes	2000	1999
Sales revenues	14	188'246	153'014
Sales deductions		-395	-732
Net turnover		187'851	152'282
Change in inventories of semi-finished and finished goods		8'346	8'702
Own work capitalized		7'893	1'740
Other operating income		5'483	2'736
Total income		209'573	165'460
Cost of materials and services		71'492	59'442
Personnel expenses	15	67'384	62'911
Other operating expenses	16	28'820	20'388
Operating expenses		167'696	142'741
Operating earnings before depreciation (EBITDA)		41'877	22'719
Depreciation on tangible fixed assets		14'709	11'317
Other depreciation and provisions		0	0
Depreciation and provisions		14'709	11'317
Operating earnings (EBIT)		27'168	11'402
Financial income	17	1'320	1'133
Financial expenses	17	-3'469	-1'857
Net financial income		-2'149	-724
Non-operating income	18	-1'141	-2'421
Taxes	19	-4'852	107
Non-operating income and taxes		-5'993	-2'314
Net profit after taxes		19'026	8'364

CONSOLIDATED CASH FLOW STATEMENT

CHF 1000	Notes	2000	1999
Operating earnings (EBIT)		27'168	11'402
Non-cash expenses		17'797	11'433
Non-cash income		0	-22
Cash flow from operations (NWC)		44'965	22'813
Increase/decrease in receivables		-10'645	2'884
Increase/decrease in inventories and work in progress	4	-9'658	-9'504
Increase/decrease in prepaid expenses and accrued income		1'137	-1'655
Increase/decrease in short-term liabilities		2'389	2'055
Cash provided by operating activities		28'188	16'593
Financial income		1'320	1'133
Financial expenses		-3'469	-1'857
Change in provisions		0	-88
Non-operating income and taxes		-4'323	-5'665
Cash provided by business activities		21'716	10'116
Capital expenditure	5	-32'038	-21'273
Income from sales of tangible fixed assets		1'501	749
Increase/decrease in financial assets		-4'863	-9
Increase/decrease in intangible assets		-373	-68
Cash used for investing activities		-35'773	-20'601
Free cash flow		-14'057	-10'485
Dividends paid		-3'500	-3'500
Addition to the employer's contribution reserves		0	-700
Increase/decrease in short-/long-term debt		13'277	18'394
Cash provided by financing activities		9'777	14'194
Currency effects		118	333
Change in liquid assets		-4'162	4'042
Liquid assets on December 31		7'389	11'551
Liquid assets on January 1		11'551	7'509
Change in liquid assets		-4'162	4'042

EXPLANATORY NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 AG	Niederwangen	CHF 100	100%
Styner + Bienz AG	Niederwangen	CHF 2'000	100%
Styner + Bienz Metall AG	Niederwangen	CHF 1'000	100%
Styner + Bienz Machinery AG	Niederwangen	CHF 50	100%
Styner + Bienz US Inc.	Summerville SC	USD 1	100%
Styner + Bienz do Brasil Ltda.	São José dos Pinhais PR	BRL 151	100%
AWM Werkzeugbau AG	Muri AG	CHF 600	100%
AWM Kunststoffwerk AG	Merenschwand	CHF 600	100%
AWM Plastpack AG	Muri AG	CHF 600	100%
AWM Swiss Technology Ltd.	Hong Kong	HKD 10	100%

No new companies were included in the scope of consolidation in the year under review. **AWM Mold Service US Inc.** in Beverly, MA (USA), which was incorporated in the year under review, will be included in the scope of consolidation for the first time in 2001. It commenced operations in January 2001, and provides services (commissioning, consulting, spare parts service, training, etc.) and sales support for our customers in the North America region.

Planning and start-up activities at **Styner + Bienz do Brasil Ltda.** near Curitiba have made sufficient progress for production to be commenced on July 1, 2001.

Exchange rates

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

Year-end rates

DEM 77.8391, FRF 23.2088, USD 1.6380, HKD 0.2100, EUR 1.5224, BRL 0.8392, CAD 1.0940, BEF 3.7739, NLG 69.0835, ATS 11.0637.

Average rates for the year

USD 1.6814, HKD 0.2165, BRL 0.9205.

2. LIQUID ASSETS

CHF 1000	2000	1999
Cash, postal giro, banks	7'389	11'551
Time deposits	0	0
Total liquid assets	7'389	11'551

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

3. RECEIVABLES

CHF 1000	2000	1999
Trade accounts receivable	33'020	26'345
Other short-term receivables	10'116	6'165
Total receivables	43'136	32'510

Trade accounts receivable increased by 25% in the 2000 financial year, which approximately reflects the rise in net sales revenues. The provisions for collection risks deducted directly from the relevant receivable amount totalled CHF 1.6 million (CHF 1.1 million in 1999). A substantial proportion of the growth in other short-term receivables was due to the implementation of the new business model in CD box manufacturing operations. These are receivables due in January 2001 arising from the transfer of inventories to customers. The business model also had an impact on the income statement. The cost of raw materials now

debited directly to and paid for by customers is reflected as a reduction in turnover and cost of materials without any impact on income (CHF -16 million in 2000).

4. INVENTORIES AND WORK IN PROGRESS

CHF 1000	2000	1999
Goods for resale	706	0
Raw material	4'152	3'138
Semi-finished and finished goods	17'374	13'167
Work in progress	33'644	29'906
Total inventories and work in progress	55'876	46'211

Inventories of goods for resale, raw material, semi-finished and finished goods developed in line with the growth of the business. By contrast, the change in work in progress is the result of two contrary trends. The unfinished equipment intended for the production facility in Brazil which was included in this item on December 31, 1999, was transferred to fixed assets in the year under review. This reduction in work in progress was more than offset by the build-up of inventories for the optical disc market. The rapid expansion of the business resulted in substantially higher inventories, not least due to the higher level of service for molds and spare parts required by the market.

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, 2000	2'503	46'589	94'926	18'352	4'334	166'704
Capital expenditure in the year under review	1'429	4'784	20'918	3'705	11'416	42'252
Disposals	0	0	-5'561	-1'612	-10'197	-17'370
Other changes	0	0	0	0	0	0
Change in accumulated translation difference	0	-7	-367	2	-9	-381
At December 31, 2000	3'932	51'366	109'916	20'447	5'544	191'205
Accumulated depreciation						
At January 1, 2000	0	11'145	53'483	8'361	0	72'989
Depreciation in the year under review	0	1'211	10'881	2'617	0	14'709
Disposals	0	0	-4'325	-1'489	0	-5'814
Other changes	0	7	315	216	124	662
Change in accumulated translation difference	0	0	6	-2	-11	-7
At December 31, 2000	0	12'363	60'360	9'703	113	82'539
Book values						
At January 1, 2000	2'503	35'444	41'443	9'991	4'334	93'715
At December 31, 2000	3'932	39'003	49'556	10'744	5'431	108'666
Of which leased installations						
At January 1, 2000	0	0	3'074	411	0	3'485
At December 31, 2000	0	0	2'333	0	0	2'333

In the year under review the group had CHF 32.0 million invested in tangible fixed assets (investments less disposals of installations under construction). Of this total, some CHF 7 million alone related to capitalized tangible fixed assets for the production facility in Brazil, which were still included in work in progress on December 31, 1999. Investments in land relate to the

purchase of building land for the planned addition to the premises in Muri and investments in buildings for expansion in Muri and Merenschwand. In the case of production equipment and machinery, investments were made in both divisions to boost capacity, as well as in rationalization and updating projects. The investments referred to above for the production

facility in Brazil were especially significant in this context. The exceptional depreciation in connection with the adjustment of the capitalization limit for tangible fixed assets is shown in "Other changes" (see also note 18).

6. FINANCIAL ASSETS

CHF 1000	2000	1999
Treasury stock	96	96
Other long-term receivables	3	5
Long-term loans to third parties	4'865	0
Total financial assets	4'964	101

The long-term loans to third parties arose in connection with the business model in the CD box sector referred to in Note 3 (transfer of certain production lines to customers) and the disposal of part of the conventional stamping operations.

7. INTANGIBLE ASSETS

CHF 1000	2000	1999
Intangible assets	413	75

The increase in intangible assets was attributable to the accumulated costs of establishing the production company in Brazil.

8. TRADE ACCOUNTS PAYABLE

CHF 1000	2000	1999
Trade accounts payable	16'061	13'572
Advance payments by customers	7'121	4'806
Total trade accounts payable	23'182	18'378

The increase in total trade accounts payable was due to the expansion of business and the build-up of inventories.

9. LIABILITIES ARISING FROM SHORT-TERM FINANCING

CHF 1000	2000	1999
Liabilities arising from short-term financing	18'798	20'370

The decline in liabilities arising from short-term financing represents the balance of two contrary developments: a reduction due to the refinancing of short-term bank borrowings with long-term bank loans (in connection with capital expenditure); an increase due to the greater utilization of operating credit lines as a result of higher net working capital. Liabilities arising from short-term financing are offset by liquid assets to the tune of CHF 7.4 million (stated gross).

10. OTHER SHORT-TERM LIABILITIES

CHF 1000	2000	1999
Short-term leasing liabilities	283	614
Other short-term liabilities	2'368	6'022
Total short-term liabilities	2'651	6'636

The reduction in other short-term liabilities corresponds approximately to the decline in Swiss federal withholding tax liability arising from dividends payable by subsidiaries at year-end. The assets arising from refunds of withholding tax are included in receivables.

12. LONG-TERM PROVISIONS

CHF 1000	2000	1999
Provision for deferred taxes	14'600	12'788
Other long-term provisions	3'153	727
Total long-term provisions	17'753	13'515

The increase in other long-term provisions is due to the higher service and warranty payments anticipated in the optical disc sector as a result of higher turnover, due to a litigation risk and costs associated with the forthcoming restructuring of stamping and forming operations in the USA.

11. LIABILITIES ARISING FROM LONG-TERM FINANCING

CHF 1000	2000	1999
Mortgages	19'500	19'700
Long-term leasing liabilities	350	629
Other long-term liabilities	21'640	5'920
Total liabilities arising from long-term financing	41'490	26'249

Capital expenditure and the refinancing of short-term bank borrowings with long-term bank loans referred to in Note 9 resulted in an increase in liabilities arising from long-term financing.

13. SHAREHOLDERS' EQUITY

CHF 1000	Share capital	Capital reserves	Revaluation reserves	Reserve for treasury stock	Translation differences	Retained earnings	Total shareholders' equity
At January 1, 2000	7'000	49'568	1'486	96	295	35'884	94'329
Dividends						-3'500	-3'500
Miscellaneous						-1	-1
Change in translation difference					87		87
Net profit for the year						19'026	19'026
At December 31, 2000	7'000	49'568	1'486	96	382	51'409	109'941

The appropriation of profit for the 1999 financial year was reflected in a dividend payment of CHF 3.5 million.

14. SALES REVENUES

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:

CHF 1000	2000		1999	
Stamping and Forming Division	94'130	50.0%	86'427	56.5%
– of which Tool and Special Machinery Manufacturing	14'482		17'509	
– of which Volume Parts Manufacturing	79'648		68'918	
Injection Molding Division	94'116	50.0%	66'587	43.5%
– of which Moldmaking	74'365		39'666	
– of which Volume Parts Manufacturing	19'751		26'921	
Total	188'246	100.0%	153'014	100.0%
Switzerland	97'731	51.9%	84'539	55.2%
– of which Stamping and Forming	40'369		40'928	
– of which Injection Molding	57'362		43'611	
Europe	69'044	36.7%	48'131	31.5%
– of which Stamping and Forming	43'616		33'997	
– of which Injection Molding	25'428		14'134	
North/Latin America	9'074	4.8%	8'129	5.3%
– of which Stamping and Forming	5'113		4'563	
– of which Injection Molding	3'961		3'566	
Asia/Oceania/Africa	12'397	6.6%	12'215	8.0%
– of which Stamping and Forming	5'032		6'939	
– of which Injection Molding	7'365		5'276	
Total	188'246	100.0%	153'014	100.0%

Both divisions contributed to the total increase in turnover of 23%, although Injection Molding contributed a considerably higher share (+41%) than Stamping and Forming (+9%). Each division accounted for 50% of aggregate turnover.

In the Stamping and Forming Division the Volume Parts Manufacturing operations have made appreciable progress, but turnover remains unsatisfactory in Tool and Special Machinery Manufacturing.

The main reason for the surge in turnover at the Injection Molding Division was the booming optical disc market served by the Moldmaking Business Unit. The decline at Volume Parts Manufacturing was due to the new business model introduced in CD box manufacturing operations. Using the old model, additional turnover of some CHF 16 million would have been reported. Actual output was thus also significantly higher in this business unit.

15. PERSONNEL EXPENSES

In the Stamping and Forming Division the economies achieved as a result of the reduction in the workforce were approximately offset by higher wages and increased recruitment costs. In the Injection Molding Division the growth in the workforce, overtime payments and higher wages resulted in increased personnel expenses. The overall outcome was a 7% rise in personnel expenses.

16. 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. Besides the general increase in the miscellaneous variable cost items due to higher output and sales, the additional warranty provisions and losses on accounts receivable referred to above also contributed to the increase in other operating expenses (+41%).

17. NET FINANCIAL INCOME

CHF 1000	2000	1999
Financial income	1'320	1'133
Financial expenses	-3'469	-1'857
Net financial income	-2'149	-724

Investments in tangible fixed assets and net working capital resulted in an increase in external funding. This increase and higher interest rates on borrowings boosted financial expenses.

18. NON-OPERATING INCOME

CHF 1000	2000	1999
Non-operating income	245	95
Non-operating expenses	-1'386	-2'516
Total non-operating income	-1'141	-2'421

Three factors were responsible for non-operating expenses in the year under review:

- exceptional depreciation in connection with the adjustment of the capitalization limit for tangible fixed assets,
- the creation of provisions for litigation,
- anticipated costs for restructuring the stamping and forming operations in the USA.

Non-operating expenses in 1999 related mainly to the “in form” restructuring and efficiency-enhancing project.

19. TAXES

CHF 1000	2000	1999
Income and capital taxes	3'040	3'244
Change in provision for deferred taxes	1'812	-3'351
Total tax expenses	4'852	-107

Due to the two-year assessment period on the basis of past income and the forthcoming change to assessment based on current income in Canton Aargau, there was no increase in income and capital taxes compared with the previous year.

Deferred taxes were calculated on the basis of a 25% tax rate, as in the previous year. In 1999 the change in the rate from 30% to 25% resulted in a write-back of the provision for deferred taxes.

20. PLEDGED ASSETS

CHF 1000	2000	1999
Book value of pledged real estate	42'859	37'947

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.

21. FIRE INSURANCE VALUES

CHF 1000	2000	1999
Real estate	61'793	61'774
Other tangible fixed assets	162'213	152'970

22. CONTINGENT LIABILITIES

CHF 1000	2000	1999
Contingent liabilities in favour of third parties	0	1'223
Liabilities arising from leases	2'701	3'028

23. GUARANTEES

At the end of the financial year 2000, guarantees had been made by adval tech Holding Ltd in favour of the company's bankers in the amount of CHF 28.92 million. These serve exclusively as security for loans and credit lines granted to subsidiaries of adval tech Holding Ltd. This guarantee policy is in line with the reorganization of group financing arrangements and the outline agreements concluded with the banks in this context.

**24. KEY FIGURES
OF THE DIVISIONS**

CHF 1000	2000	1999
Stamping and Forming		
Total income	98'416	95'466
Operating earnings EBITDA	6'350	1'927
Operating earnings EBIT	609	-2'904
Capital expenditure	16'388	13'918
Employees on December 31	503	538
Injection Molding		
Total income	112'488	70'384
Operating earnings EBITDA	34'828	20'354
Operating earnings EBIT	25'994	13'936
Capital expenditure	15'580	6'951
Employees on December 31	285	233

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, 2000.

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 Accounting and Reporting Recommendations (ARR) and comply with Swiss law.

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

PricewaterhouseCoopers Ltd

J. Kummer M. Köhli

Bern, March 21, 2001

I. BALANCE SHEET ADVAL TECH HOLDING LTD

CHF	2000	1999
Liquid assets	2'838'977	74'042
Receivables		
– from third parties	1'225'034	4'200'000
– from group companies	5'437'184	3'114'858
Prepaid expenses and accrued income		
– from third parties	162'051	0
– from group companies	0	127'579
Total current assets	9'663'246	7'516'479
Investments in group companies	8'227'025	8'227'025
Loans to group companies	41'747'707	29'434'355
Total fixed assets	49'974'732	37'661'380
Total assets	59'637'978	45'177'859
Bank debt	15'746'485	5'475'575
Accounts payable	9'341	0
Other liabilities		
– from third parties	36'552	60'007
– from group companies	241'204	13'621
Accrued expenses	241'794	215'351
<i>Short-term liabilities</i>	<i>16'275'376</i>	<i>5'764'554</i>
Loans from group companies	5'300'000	1'484'700
Provisions	1'913'750	2'205'000
<i>Long-term liabilities</i>	<i>7'213'750</i>	<i>3'689'700</i>
Total liabilities	23'489'126	9'454'254
Share capital	7'000'000	7'000'000
General reserves	1'550'000	1'550'000
Reserve for treasury stock	95'647	95'647
Free reserves	15'000'000	11'804'353
<i>Share capital and reserves</i>	<i>23'645'647</i>	<i>20'450'000</i>
Balance brought forward	8'577'958	1'748'891
Net profit for the year	3'925'247	13'524'714
<i>Retained earnings</i>	<i>12'503'205</i>	<i>15'273'605</i>
Total shareholders' equity	36'148'852	35'723'605
Total liabilities	59'637'978	45'177'859

2. INCOME STATEMENT

CHF	2000	1999
Income from investments in group companies	3'500'000	12'000'000
Other income from group companies	507'278	457'510
Interest income from group companies	2'572'699	1'465'807
Interest income from third parties	567'784	127'981
Total operating earnings	7'147'761	14'051'298
Interest expenses from third parties	1'088'606	173'220
Interest expenses from group companies	86'203	160'095
Business and administration expenses	54'668	47'469
Operating expenses	1'229'477	380'784
Non-operating expenses from group companies	1'913'750	0
Net profit before taxes	4'004'534	13'670'514
Taxes	-79'287	-145'800
Net profit after taxes	3'925'247	13'524'714

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

adval tech Management AG holds 330 shares of adval tech Holding Ltd in connection with the future stock compensation plan for group management and other executives. These shares were purchased on the stock market at a total cost of CHF 95'647.

Investment

adval tech Holding's investment holdings are listed on page 12 of this report.

Major shareholders

On December 31, 2000, 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%)
- Einfache Gesellschaft Dreier (8.8%)
- Franke Holding AG, Aarburg (10.0%)

Guarantees to third parties

As at December 31, 2000, adval tech Holding Ltd had issued guarantees to its bankers in respect of a total of CHF 28'920'000. These serve exclusively to secure loans and credit lines granted to subsidiaries of 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	8'577'957
Net profit for 2000	CHF	3'925'247
Retained earnings	CHF	12'503'204
	CHF	12'503'204

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	8'303'204
	CHF	12'503'204

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, 2000.

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 Ltd

J. Kummer M. Köhli

Bern, March 21, 2001

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