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, molds, subassemblies, systems and volume components in the technology sectors of stamping and forming (metals) and injection molding (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 applications, the adval tech Group enables its customers to make continuous improvements in their products and processes. The Stamping and Forming and Injection Molding divisions trade on the market under the names of Styner+Bienz and AWM, respectively. Their largest customers are in the automotive, communications technology, packaging and electronics industries. adval tech is continually setting new technological standards in these sectors.
The good news first: Despite the adverse macroeconomic environment and the on-going restructuring process, the company was able to increase its operating earnings (EBIT) by 6% to CHF 8.2 million. This improvement in the first six months of 2002 contrasts significantly with the previous year when EBIT was CHF 7.7 million. The EBIT margin thus improved from 8.0% to 9.7%. This improvement in results was due to the better overall cost control and the resulting cost effectiveness.

This is also reflected in the operating earnings after deprecuation which improved from CHF 7.6 million to CHF 8.1 million. Earnings before interest and taxes (EBT) also benefited from higher EBIT and a reduction in financial expenses, resulting in a net profit after taxes of CHF 5.6 million compared with CHF 3.4 million in 2001.

Sales of the other product groups in the stamping industry were also hit by the adverse macroeconomic environment. The decline in the automotive market resulted in a 12% drop in sales of injection molding products. Although the EBIT margin was unchanged at 15.8%, EBIT of the injection molding division declined from CHF 4.0 million in 2001 to CHF 2.7 million in 2002.

Injection molding: existing trend in new demands due to increased economic activity, there was a distinct improvement in the first six months of 2002: CHF 9.6 million versus CHF 6.9 million in the same period of the previous year. Operating earnings (EBIT) rose from CHF 2.7 million to CHF 3.9 million, although even though total income of CHF 37.7 million was lower than the previous year’s figure of CHF 41.0 million.

Amcor reported higher levels of activity for the period. The trend of this demand in the flexible packaging market continued in the first six months of 2002. The company is now in a capacity situation for both its high-speed and low-speed lines. The development of the service companies in Hong Kong and Beverly (USA) is currently progressing, as is the introduction of new production equipment in the field of injection molding.

While many competitors are currently characterized by excess capacity and high levels of production, Arcelormittal has been able to significantly reduce its workforce and capacity. Further savings will be achieved in the second half of the current year.

While Amcor showed lower margins despite increased overall activity, the company was able to report a 49% increase in the net profit after taxes to CHF 0.4 million.

On this basis we forecast an increase in the range of CHF 17 to 20 million and a net profit of CHF 10 to 12.5 million in 2002. Taking into account the increase of CHF 1.8 million in the previous fiscal year (2001) this corresponds to a substantial profit increase. Looking forward to a recovery in the automobile market, we take confidence from the progress achieved this year.

Styner+Bienz continued the emphasis on the expansion and optimization of the company’s own facilities. Orders from the electronics, automotive and packaging industries fell short of original expectations. However, capital expenditure of CHF 8.1 million is expected for the first half of the current year.

The market situation in the automobile industry is currently characterized by excess capacity and high levels of production. amortizes. However, the high economic activity of the past years has resulted in a backlog that is not yet completely materialized. The outlook remains positive for the remaining months of the year as well as the next year. We believe that the economic crisis is over and that the company will benefit from the new production facilities which are currently under construction.

Our forecast for the second half of the year is still characterized by a significant reduction in personnel and a capital expenditure program. We expect the further development of the company in the second half of 2002 to be marked by a significant reduction in personnel and a substantial capital expenditure program.

On this basis we forecast a total income in the range of CHF 17 to 20 million and a net profit of CHF 10 to 12.5 million in 2002. Taking into account the increase of CHF 1.8 million in the previous fiscal year (2001) this corresponds to a substantial profit increase. Looking forward to a recovery in the automobile market, we take confidence from the progress achieved this year.

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The good news first: Despite the adverse business environment, our company has been able to maintain a high level of profitability. In the first six months of 2002, we achieved an EBIT of 8.2 million (34%), with a margin of 11%, compared to 5.2 million (24%) in the same period last year. This improvement is the result of cost-cutting measures implemented throughout the company, including the consolidation of fixed assets and the reallocation of resources to core business areas.

In the Injection Molding Division, we have reduced our workforce by 25% to align with the increased emphasis on profitability. The division has achieved a 40% increase in sales revenue, despite a decrease in the market for molds used to manufacture optical discs (ODs) in the volume par/H1 2002. We have already made some progress in this respect, and we expect further improvement in the second half of the year.

Operating costs in the Stamping and Forming Division have been reduced by 12%, leading to a 15% increase in operating income. We have implemented a comprehensive cost-reduction program that includes the outsourcing of non-core activities and the optimization of production processes.

In the Contract Manufacturing Division, we have achieved a 49% increase in sales revenue, driven by the continued growth in the mobile phone market and the demand for advanced metal parts such as shielding for mobile phones. We are also expanding our market position in the automotive industry, with new orders in these markets.

Looking forward, we expect the following developments in the second half of 2002:

- Continued cost-reduction measures will lead to further improvements in profitability.
- The market for molds used to manufacture ODs will continue to shrink, but we expect a recovery in the second half of the year.
- The demand for shielding in the mobile phone market will remain strong.
- The automotive industry will continue to drive growth in our contract manufacturing division.

On this basis, we forecast total income in the range of CHF 170 to 180 million and a net profit of CHF 10 to 12.5 million in 2002. Taking into account the release of CHF 1.8 million in tax provisions, this corresponds to a substantially profitable increase. Looking forward to the expected recovery in economic activity in 2003, we take confidence from the progress achieved this year.

Jean-Claude Philipona
Chairman of the Board

DEAR SHAREHOLDERS

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DEAR SHAREHOLDERS
Total income rose by CHF 18.9 million to CHF 37.7 million. Operating earnings (EBIT) rose remarkably higher (6% in the first half of 2001). As a result of the South American crisis, uncertainties in the market environment, orders from the electronics, automotive and packaging industries fell significantly. Earnings capacity is currently a characteristic feature of the market. The industry’s current market potential is to be found in multi-component technology. This market is currently characterized by excess capacities and bottlenecks of production to take on sales next year.

Following our large-scale investments in the second half of 2001, there will be no significant changes in the fixed cost base. As a result of the South American crisis, uncertainties in the market environment, the investment climate subdued, and the economic situation in the electronics and automotive industries worsened strongly. For the first half of 2002, the board of directors expects total income in the range of CHF 170 to 190 million and profit of CHF 10 to 12.5 million in 2002. Taking into account the release of CHF 1.8 million in tax provisions in 2001, this corresponds to a substantial profit increase.

The Board of Directors will propose a dividend of CHF 0.30 per share for the year 2001. This dividend will be payable on 26 April 2002 to shareholders of record on 22 March 2002. Shares which are not reacquired will be held in suspense for up to three years. The company’s goal is to declare and pay a dividend every year.

The Annual General Meeting will take place on 22 May 2002 at 10.00 a.m. in the Grand Hotel Kempinski, Münchensteinstrasse 111, 6058 Luzern. The agenda and the Companies’ Articles of Association will be mailed to shareholders, and the minutes will be available at the company’s headquarters.

Chairman
Chief Executive Officer
Niederwangen, August 2002

Subject to market conditions, the company’s results for 2002 will be reported in the 2002 Annual Financial Statements.

You’ll find the 2001 Annual Financial Statements at:

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ADVAL TECH SEMI-ANNUAL REPORT 2002

INCOME STATEMENT

CHF Thousand

<table>
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<tr>
<th>1st half '02</th>
<th>1st half '01</th>
<th>Change</th>
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<tr>
<td>Total sales</td>
<td>226 672</td>
<td>222 061</td>
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<tr>
<td>Gross profit</td>
<td>127 092</td>
<td>123 192</td>
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<tr>
<td>Operating expenses</td>
<td>66 050</td>
<td>68 225</td>
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<tr>
<td>Operating profit</td>
<td>60 042</td>
<td>54 967</td>
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<tr>
<td>Depreciation</td>
<td>10 226</td>
<td>10 061</td>
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<tr>
<td>Operating income</td>
<td>49 816</td>
<td>44 806</td>
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<tr>
<td>Capital expenditure</td>
<td>6 473</td>
<td>7 047</td>
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<tr>
<td>Net profit before tax</td>
<td>43 343</td>
<td>37 760</td>
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<td>Tax provisions</td>
<td>6 011</td>
<td>5 672</td>
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<tr>
<td>Net profit after tax</td>
<td>37 332</td>
<td>32 088</td>
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</table>

DEAR SHAREHOLDERS

The good news first: Despite the adverse business trend and the difficult economic environment resulting in correspondingly lower total income, we posted an exceptionally high total income of CHF 37.7 million since the end of 2001.

Total income of CHF 37.7 million was lower than the previous year’s (CHF 59.0 million). At the same time net profit rose by 6% to CHF 6.0 million and operating earnings (EBIT) by 17% to CHF 12.5 million.

The EBIT margin thus improved from 6.0% to 9.3%. This improvement in results was due on the one hand to systematic time management and continuous adjustments to personnel deployment.

The market situation is especially difficult for CNC subassemblies. This market is currently characterized by excess capacities and bottlenecks of production to take on sales next year.

Following our large-scale investments in the second half of 2001, heavy development costs and the subsequent tax provision of cost-cutting potential made a significant contribution to the improvement in results.

Share-price-based discussion "Styner+Bienz" confirmed the expected improvement caused by the decision to concentrate on the core business and review the order intake in certain operations and systematic time management and continuous adjustments to personnel deployment.

The 2002 Semi-Annual Report covers the period from 1 January 2002 to 30 June 2002. On this basis we foresee total income in the range of CHF 170 to 190 million and net profit of CHF 10 to 12.5 million in 2002. Taking into account the release of CHF 1.8 million in tax provisions in 2001, this corresponds to a substantial profit increase.

Looking forward to an expected recovery in economic activity in 2003, we take confidence from the progress achieved this year.

N. Schmid, Chairman of the Board

INVESTING: existing trends in new areas

The Injection Molding Division (SMD) has enhanced its margins by 9 to 12 percentage points compared with the previous year. Operating earnings (EBIT) rose from CHF 2.7 million to CHF 6.0 million, even though total income of CHF 37.7 million was lower than the previous year’s figure, CHF 44.8 million.

Injection Molding Division

The development of the service company, Injection Molding Division, is still continuing at a very high level.

For the period ended 30 June 2002, the company achieved a CHF 0.6 million result, which was good in light of the prevailing circumstances, could only be achieved through continued hard work and efficiency. However, the surge in economic activity this year, which is also part of volume parts manufacturing, has not materialized. The outlook remains uncertain, the investment climate subdued, and the current capacity utilization of the molds has also not materialized.

The injection moulding business has bottomed out.

The board of directors expects total income in the range of CHF 170 to 190 million and net profit of CHF 10 to 12.5 million in 2002. Taking into account the release of CHF 1.8 million in tax provisions in 2001, this corresponds to a substantial profit increase.

Looking forward to an expected recovery in economic activity in 2003, we take confidence from the progress achieved this year.
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