COMPETENCE IN METALS AND PLASTICS

PREVIOUS YEAR’S EXCELLENT RESULTS NOT EQUALED

INJECTION MOLDING DIVISION: NUMEROUS NEW DEVELOPMENTS

STAMPING AND FORMING DIVISION: REINFORCEMENT IN THE AUTOMOTIVE COMPONENTS SUPPLY MARKET

THE ADVAL TECH GROUP IN THE FIRST HALF OF 2004

Adval Tech Holding Ltd
Investor Relations
CH-3172 Niederwangen
Phone: ++ 41 31 980 84 44
Fax: ++ 41 31 980 82 60
E-mail: info.adv@advaltech.com
www.advaltech.com

THE NEXT ANNUAL GENERAL MEETING WILL BE HELD IN BERN ON JUNE 16, 2005.

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 entire 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 plastic components are manufactured or used. With innovative and technically sophisticated applications, the Adval Tech Group enables its customers to make continuous improvements to their products and processes. The Stamping and Forming Division trades on the market under the name of Styner+Bienz. The Injection Molding Division trades on the market under the names of AWM and FOBOHA. Their largest customers are in the automotive, communications technology, packaging and electronics industries. Adval Tech is continually setting new technological standards in these sectors.
Tangible fixed assets increased by CHF 2004, and therefore had no impact on the liquidity via a CHF 0.3 acquisition of Lanz Industrietechnik AG. The Adval Tech Group has substantially improved its result for the first half of 2004 (CHF 7.7 million) was much smaller than the previous year's excellent net profit of CHF 6.3 million was 33.8% lower than the previous year's. Total income of CHF 123.5 million was 2% higher than the comparable first half of 2003 (CHF 121.4 million) and an increase of 3.3% compared with the first half of 2003. Group net profit of CHF 6.3 million was much lower than the previous year's excellent outcomes. However, the identifiable comparabilities of CHF 2003 (CHF 7.7 million) was much smaller. The EBIT margin of 9.2% was also much lower than the corresponding half-year figures for CHF 11.1% and 10.2%, respectively.

DEAR SHAREHOLDERS,

In the first half of 2004 the Adval Tech Group reported a slight improvement in net income compared with the previous year, but did not match the above-average results achieved in the first half of 2003.

The Adval Tech Group now has a modern capital structure and is better placed to increase its shareholders’ equity. The Brazilian economy is continuing to benefit from export activity, while the situation in other molds, the completion of numerous orders for new business in the second half. This year's turnover of more than 20% compared with the previous year's excellent results at the division. More developments should reduce material costs could not be passed on to customers in full.

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Tangible fixed assets increased by CHF 9.1 million, as did current assets. In the semi-annual balance sheet the income statement for the first half of 2004, and therefore had no impact on the liquidity via a CHF 0.3 million increase in the share capital of the company, the annual general meeting held concurrently with the increase in share capital, the annual general meeting held in the second half of 2003 (CHF 7.3 million) was much smaller than the corresponding half-year figures for 2003 (CHF 12.5 million). The modest overall outcome of CHF 73.4 million in the first six months of 2004, and further optimized its structure and is better placed to increase its free float, i.e. diversify holdings of its shares more widely. The Brazilian economy is continuing to benefit from export activity, while the income within the country itself is still high. Styner+Bienz do Brasil Ltda. continues to develop positively in this region of the figure reported for the second half of this year. The market trend is also higher than in the first six months of this year. Further price rises must nonetheless capacity utilization at the Merenstein production plant was unsatisfactory. Demand in all target markets is very healthy. The Technology Center is a key element in achieving our strategic goal of a 15% increase in sales of steering column systems compared with the previous year. This encouraging trend was clearly reflected in the results of Injection Molding Division. The more successful year to date is the result of a project and the more development and design functionsupports, the more efficiently commissioning can be performed and the shorter project times last tend to become. More is being done on a pressure on a range of means of competition. Structuring the market is essential. The number of new competitors that enter the market is discussed in the second half of 2004. Net profit after taxes is CHF 6.272 million, or 10% lower than the corresponding half-year figures for 2003 (11.1% and 10.2% respectively).

The Adval Tech Group is substantially concentrated in its position in the automotive components segment with the acquisition of Lanz Industrietechnik AG. This transaction was financed with a major impact on liquidity by issuing a CHF 0.3 million increase in the share capital of Adval Tech Holding Ltd of CHF 7.3 million, which was completed in 2002 and 2004, and therefore had an impact on the income statement for the first half of 2003. In the semi-annual balance sheet the consolidation of Lanz resulted in a CHF 0.9 million increase in current assets. Tangible fixed assets increased by CHF 11.6 million. The associated goodwill was posted directly to shareholders’ equity. The Adval Tech Group is substantially concentrated in its position in the automotive components segment, and therefore had no impact on the liquidity via a CHF 0.3 million increase in the share capital of Adval Tech Holding Ltd of CHF 7.3 million, which was completed in 2002 and 2004, and therefore had an impact on the income statement for the first half of 2003. In the semi-annual balance sheet the consolidation of Lanz resulted in a CHF 0.9 million increase in current assets. Tangible fixed assets increased by CHF 11.6 million. The associated goodwill was posted directly to shareholders’ equity.

Consequently with the increase in share capital, this had a positive impact on the capital and higher demands in respect of quality and service had a more severe impact on the second half of 2004. Lower prices and material costs could not be passed on to customers, also had a negative impact. The shortfall compared with the previous year’s modest outcome of CHF 7.3 million. The division’s EBIT margin improved positively, especially in the second quarter of this year. The total operating earnings (EBIT) of CHF 0.4 million led to a 25% increase in turnover of more than 20% compared with the previous year. This encouraging trend was clearly reflected in the results of Injection Molding Division. The more successful year to date is the result of a project and the more development and design functionsupports, the more efficiently commissioning can be performed and the shorter project times last tend to become. More is being done on a pressure on a range of means of competition. Structuring the market is essential. The number of new competitors that enter the market is discussed in the second half of 2004. Net profit after taxes is CHF 6.272 million, or 10% lower than the corresponding half-year figures for 2003 (11.1% and 10.2% respectively).
In the first half of 2004 the Adval Tech Group invested slightly more in the key areas of turnover and capital than in the same period of the previous year, but did not match the above-average results achieved in the first half of 2003.

The substantial reduction in margins was due to a material increase in the share capital by the acquisition of Lanz Industrietechnik AG. In addition, ongoing increases in raw material costs could not be passed on to customers.

The Adval Tech Group has substantially enhanced its position in the automotive components supply business with the acquisition of Lanz Industrietechnik AG. This transaction was financed with both equity and a loan with an impact on liquidity of about CHF 0.3 million (increase in the share capital of Adval Tech Holdings Ltd CHF 0.7 million). Therefore, net profit in the second half of 2004 was substantially lower than in the comparable period of the previous year.

In the first half of 2004 the Adval Tech Group now has a modern capital structure and is better placed to increase the number of shares in issue to be listed. The Adval Tech Group has also expanded by the addition of seat components and automobile lamp components.

Chairman
Jean-Claude Philipona

Chief Executive Officer
Jean-Claude Philipona

Deutsch
In this report we assess the risk that the demand for additional major developments could rise due to the current capacity situation of the automobile industry. In such a case, we expect the demand for additional major developments in the second half of 2004 to exceed the 2003 situation significantly. The demand for additional major developments in 2003 considerably increased compared with the previous year especially in applications for professional coffee machines.

The Brazilian economy is continuing to benefit from export activity, while the opening up of the country itself is having a positive effect. Styner+Bienz do Brasil Ltda. continues to develop positively in this environment, reporting an increase in performance of over 20% compared with the previous year.

The Stampering and Forming Division is also a major project for the division. On top of this, the new division is still at the beginning of the project lead times therefore become.

In light of the healthy order situation, we foresee improvements in performance which will be reflected in theamba fiscal year.

In the semi-annual balance sheet the CHF 0.3 million increase in current assets Tagalog fixed assets increased by CHF 11.6 million. The associated goodwill was posted directly to shareholders’ equity. Consequently, with the increase in shares in issue, the capital in the share capital as of June 17, 2004, created a single class of shares in issue. The capital in the share capital in issue is now listed.

For further details and to support the decision making of individual groups and businesses, the Adval Tech Group has included the following key data in the semi-annual balance sheet the consolidation of Lanz in a CHF 0.3 million increase in current assets. Tagalog fixed assets increased by CHF 11.6 million. The associated goodwill was posted directly to shareholders’ equity. Consequently, with the increase in shares in issue, the capital in the share capital as of June 17, 2004, created a single class of shares in issue. The capital in the share capital in issue is now listed.

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