

Financial Overview 2002



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Overview of the Swisslog Group

	Unit	2002	2001	2000	1999	1998
Order intake ¹	CHFm	954.7	916.7	1'003.1	727.9	557.8
Order backlog	CHFm	563.3	526.5	480.6	393.2	277.2
Net sales	CHFm	875.3	845.0	925.0	722.4	551.0
Earnings before interest, taxes, depreciation and amortisation of goodwill EBITDA	CHFm	33.5	48.1	88.4	61.8	36.8
Earnings before interest, taxes and amortisation of goodwill EBITA	CHFm	18.7	32.6	71.9	50.2	28.6
Earnings before interest and taxes EBIT	CHFm	-12.2	2.4	14.0	43.6	26.5
Result	CHFm	-42.5	-25.7	-15.2	32.8	22.1
Total assets	CHFm	678.1	864.3	850.8	700.4	420.5
Tangible and other intangible assets	CHFm	95.9	120.1	139.1	138.4	98.3
Goodwill ²	CHFm	177.9	270.0	290.7	184.1	58.7
Net current assets ³	CHFm	68.8	100.0	115.4	86.4	-13.7
Net operating assets excl. goodwill ⁴	CHFm	140.6	187.8	216.9	197.5	70.9
Other non-current assets	CHFm	57.8	10.4	10.5	2.2	24.3
Net liquidity ⁵	CHFm	34.4	47.0	-48.3	-24.3	42.4
Shareholders' equity	CHFm	95.8	169.8	174.2	210.7	180.3
Net investment in tangible and other intangible assets	CHFm	15.3	-5.6	20.6	18.7	9.1
Depreciation on tangible and other intangible assets	CHFm	14.8	15.5	16.5	11.6	8.2
Amortisation of goodwill ²	CHFm	30.9	30.2	57.9	6.6	2.1
Employees (at year-end)	Employees	3'373	3'816	3'660	3'323	2'063
Operating profit as % of sales (EBITA margin)	%	2.1	3.9	7.8	6.9	5.2
Return on net operating assets (RONOA) ⁶	%	13.3	17.4	33.1	25.4	40.3
Operative free cash flow ⁷	CHFm	29.5	63.7	48.9	25.8	59.9
Shares ⁸	Thousands	15'178	15'135	2'752	2'752	2'752
Cash EPS ^{8,9}	CHF	-0.5	0.6	3.2	2.9	1.8

All information provided relates to continuing operations (1998 to 2000 not new presented).

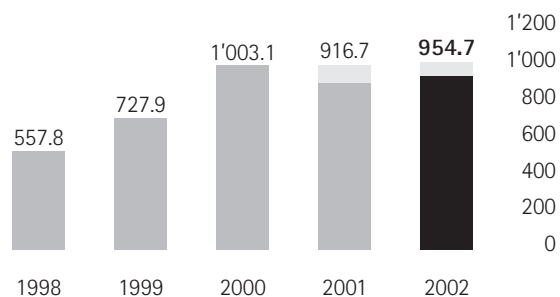
- 1 Order intake for total Swisslog Group in 2002 was CHF 1'028.2 m (2001: CHF 1'010.6 m).
- 2 General amortisation period: From 1997 to 1999 20 years; in 2000 5 years; from 2001 20 years (goodwill in the supply chain software, consulting and services 5 years).
- 3 Net current assets = current assets (excl. cash and cash equivalents) less current liabilities and provisions (excl. interest-bearing borrowings and taxes payable).
- 4 Net operating assets = tangible assets and intangible assets plus net current assets less other non-current liabilities.
- 5 Net liquidity = cash and cash equivalents less short-term borrowings.
- 6 RONOA = EBITA / net operating assets (excl. goodwill).
- 7 Operative free cash flow = EBITA plus depreciation plus/minus changes in net current assets (impact from acquisitions adjusted).
- 8 5 for 1 shares split in May 2001 to a par value of CHF 2 per registered share. All key figures per registered share on the basis of the weighted average of outstanding registered shares (issue of share capital from May to September 2002 by 43,039 registered shares).
- 9 Cash EPS = (result continuing operations plus amortisation of goodwill plus interest expense convertible bonds IAS)/number of shares.

Overview of the Swisslog Group

(CHFm)

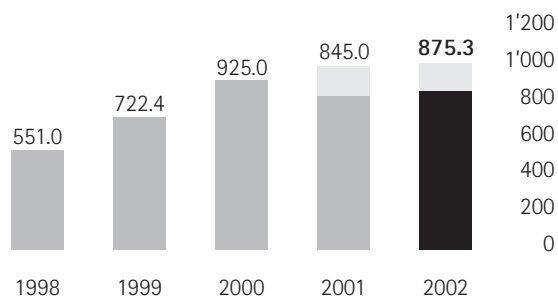
Order intake¹

¹ Order intake for total Swisslog Group in 2002 was CHF 1'028.2 m (2001: CHF 1'010.6 m).

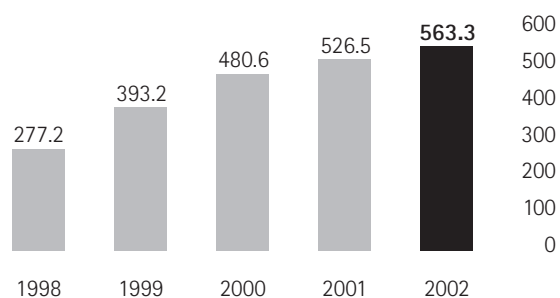


Net sales²

² Net sales for total Swisslog Group in 2002 was CHF 948.6 m (2001: CHF 938.9 m).

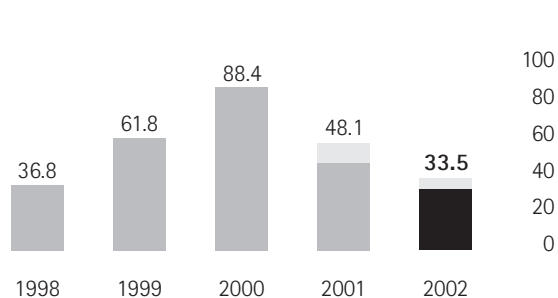


Order backlog

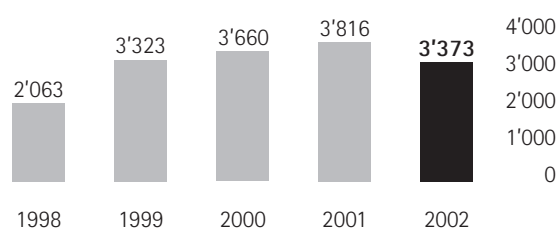


EBITDA³

³ EBITDA for total Swisslog Group in 2002 was CHF 39.5 m (2001: CHF 58.8 m).

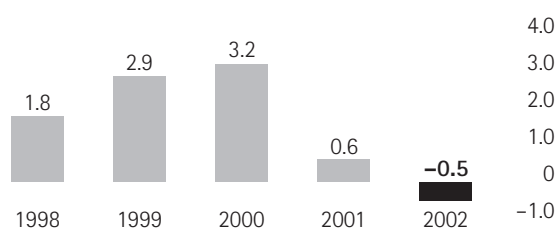


Employees (31 December)



CASH EPS⁴ in CHF

⁴ After share split in May 2001.



All information provided relates to continuing operations (1998 to 2000 not new presented).

2002 Consolidated Financial Statements of Swisslog Group

Consolidated Balance Sheet

as at 31 December	Note	2002 CHFm	2001 CHFm
ASSETS			
Tangible assets	3	73.8	97.6
Goodwill	3	177.9	270.0
Other intangible assets	3	22.1	22.5
Deferred tax assets	10	23.7	26.1
Other non-current assets	4	57.8	10.4
Non-current assets		355.3	426.6
Inventories	5	55.2	71.3
Trade and other receivables	6	221.3	286.0
Prepayments		10.0	8.9
Cash and cash equivalents	7	36.3	71.5
Current assets		322.8	437.7
Total assets		678.1	864.3
SHAREHOLDERS' EQUITY AND LIABILITIES			
Share capital	8	30.3	30.0
Reserves		65.5	139.8
Shareholders' equity		95.8	169.8
Minority interest		2.3	2.9
Interest bearing borrowings	9	323.3	349.8
Deferred tax liabilities	10	10.1	12.6
Other non-current liabilities	11	24.1	32.3
Non-current liabilities		357.5	394.7
Trade and other payables		89.3	94.8
Advance payments from customers		27.9	66.9
Short-term borrowings		1.9	24.5
Provisions	12	17.3	26.4
Taxes payable		2.9	6.2
Other short-term liabilities		36.7	40.3
Accrued expenses and deferred income		46.5	37.8
Current liabilities		222.5	296.9
Total shareholders' equity and liabilities		678.1	864.3

Consolidated Income Statement

1 January to 31 December	Note	2002 CHFm	2001 CHFm
CONTINUING OPERATIONS:			
Net sales		875.3	845.0
Other operating income	13	13.2	22.0
Changes in inventories	14	3.7	-1.8
Material and service expense	14	392.1	383.7
Personnel expense	14	329.4	320.9
Depreciation on tangible and intangible assets		14.8	15.5
Changes in provisions		-7.9	-7.1
Other operating expense	14	137.7	123.2
Operating expense (without amortisation of goodwill)		869.8	834.4
Earnings before interest, taxes and amortisation of goodwill (EBITA)		18.7	32.6
Amortisation of goodwill		30.9	30.2
Earnings before interest and taxes (EBIT)		-12.2	2.4
Net financial result	15	-26.0	-21.7
Other income / expense			
Result before tax		-38.2	-19.3
Taxes	10	-4.3	-5.7
Result after tax		-42.5	-25.0
Minority interests		0.0	-0.7
Result continuing operations		-42.5	-25.7
DISCONTINUING OPERATIONS:			
	19		
Net sales with third parties		73.3	93.9
Net sales with Group companies		1.3	4.8
Other operating income		0.0	1.0
Operating expense		-76.0	-97.1
Net financial result		-0.6	-0.7
Result before tax		-2.0	1.9
Taxes	10	-2.8	-2.6
Result after tax		-4.8	-0.7
Minority interests		-0.5	-0.6
Result discontinuing operations		-5.3	-1.3
Net result		-47.8	-27.0
		CHF	CHF
Earnings per share	21	-3.17	-1.96
Earnings per share (diluted)	21	-3.17	-1.96

Consolidated Cash Flow Statement

1 January to 31 December	Note	2002 CHFm	2001 CHFm
CASH FLOW FROM OPERATING ACTIVITIES			
Earnings before interest, taxes and amortisation of goodwill (EBITA)		18.7	32.6
Depreciation		14.8	15.5
Change in pension liabilities	17	0.1	-1.8
Profit (-)/loss (+) from sales of tangible assets		-9.0	-14.7
Taxes paid		-7.9	-12.5
Cash flow from operations		16.7	19.1
Increase (-) / decrease (+) from:			
Inventories		1.8	-2.5
Trade and other receivables		13.3	11.3
Prepayments		-1.8	0.7
Increase (+) / decrease (-) in:			
Trade and other payables		10.8	18.5
Advance payments received from customers		-34.4	7.2
Short-term liabilities, accrued expenses and deferred income		13.4	-12.1
Provisions		-7.1	-7.5
Cash flow from net current assets		-4.0	15.6
Net cash flow from operating activities		12.7	34.7
CASH FLOW FROM INVESTING ACTIVITIES			
Investments in tangible assets (incl. prepayments)		-12.7	-15.8
Investments in intangible assets		-13.6	-7.2
Acquisition of subsidiaries, net of cash acquired		-20.6	-17.8
Disposal of subsidiary, net of cash disposed	19	36.5	0.0
Disposal of tangible and other intangible assets		20.0	43.3
Other non-current assets		7.2	2.1
Interest received		1.0	0.8
Net cash flow from investments		17.8	5.4
CASH FLOW FROM FINANCING ACTIVITIES			
Changes in interest bearing borrowings		-43.9	-3.5
Interest paid		-20.0	-18.0
Change in other non-current liabilities		0.7	0.6
Dividends paid to shareholders of the Group		0.0	-6.8
Purchase of minority interests		0.0	-0.2
Dividends paid to minority shareholders		-0.1	-0.1
Purchase of treasury shares		-1.3	-10.2
Proceeds from disposal of treasury shares		0.0	0.1
Proceeds from issue of share capital		0.4	47.7
Net cash flow from financing activities		-64.2	9.6
CASH FLOW FROM DISCONTINUING OPERATIONS			
	19		
Cash flow from operating activities		5.9	1.8
Cash flow from investing activities		-1.9	-2.1
Cash flow from financing activities		-3.1	-2.7
Net cash flow from discontinuing operations		0.9	-3.0
Impact of currency translation		-2.4	-0.3
Net increase/decrease in cash and cash equivalents		-35.2	46.4
Cash and cash equivalents at beginning of year	7	71.5	25.1
Cash and cash equivalents at end of year	7	36.3	71.5

Consolidated Changes in Shareholders' Equity

CHFm	Note	Share capital	Premium	Fair value and other reserves	Retained earnings	Shareholders' equity
As at 1.1.2001		27.4	53.5	0.0	93.3	174.2
Net result 2001					-27.0	-27.0
Dividend payment					-6.8	-6.8
Issue of share capital		2.8	47.1			49.9
Costs from issue of share capital			-2.2			-2.2
Effect of adopting IAS 39				-0.2	1.3	1.1
Fair value gains/losses (-) from securities				-0.9		-0.9
Fair value gains/losses (-) from cash flow hedges	16			0.0		0.0
Treasury shares	8	-0.2			-9.6	-9.8
Currency translation difference					-8.7	-8.7
As at 31.12.2001		30.0	98.4	-1.1	42.5	169.8
Net result 2002					-47.8	-47.8
Issue of share capital		0.1	0.8			0.9
Costs from issue of share capital			-0.5			-0.5
Fair value gains/losses (-) from securities				1.0	-1.0	0.0
Fair value gains/losses (-) from cash flow hedges	16			0.2		0.2
Treasury shares	8	0.2			2.4	2.6
Currency translation difference					-29.4	-29.4
As at 31.12.2002		30.3	98.7	0.1	-33.3	95.8

FOREIGN CURRENCY EXCHANGE RATES

Currency	Country	Unit	Income statement		Balance sheet	
			2002	2001	2002	2001
AUD	Australia	1	0.8449	0.8709	0.7867	0.8557
CNY	China	100	18.8402	20.3860	16.7900	20.2850
CZK	Czech Republic	100	4.7548	4.4371	4.6117	4.6337
DKK	Denmark	100	19.7546	20.2580	19.5860	19.9280
EUR	Europe	1	1.4678	1.5095	1.4544	1.4821
GBP	UK	1	2.3370	2.4374	2.2354	2.4320
HKD	Hong Kong	100	19.9926	21.6527	17.8200	21.5320
INR	India	100	3.2099	3.5874	2.8974	3.4776
JPY	Japan	100	1.2459	1.3906	1.1715	1.2786
KRW	South Korea	100	0.1249	0.1308	0.1172	0.1270
MYR	Malaysia	100	41.0429	44.4359	36.5310	44.1740
NOK	Norway	100	19.5253	18.7416	19.9770	18.6270
PLN	Poland	100	38.3527	41.3330	36.1420	42.3860
SEK	Sweden	100	16.0455	16.3286	15.8400	15.8160
SGD	Singapore	1	0.8702	0.9432	0.8003	0.9064
USD	USA	1	1.5593	1.6887	1.3898	1.6789
UYU	Uruguay	100	8.2715	12.7414	5.1600	12.0335
ZAR	South Africa	100	14.8992	19.8537	16.0290	14.0550

Information by Segment

2002	Supply Chain Solutions	Supply Chain Software	Material Flow Systems	Robotic Systems	Eliminations/other ⁵	Total continuing operations ⁶	Discontinuing operations	Eliminations	Total Group
in CHFm									
Order intake	539.8	195.6	290.7	48.2	-119.6	954.7	74.8	-1.3	1'028.2
Order backlog (at year-end)	379.0	94.6	128.0	24.2	-62.5	563.3	0.0	0.0	563.3
Net sales to third parties	464.4	118.8	253.3	38.5	0.0	875.3	73.3	0.0	948.6
Net sales to other segments ¹	9.7	64.1	26.5	2.9	-103.0	0.0	1.3	-1.3	0.0
Net sales, consolidated	474.1	182.9	279.8	41.4	-103.0	875.3	74.5	-1.3	948.6
Earnings before interest, taxes, depreciation and amortisation of goodwill (EBITDA)	32.6	12.7	4.4	2.9	-19.0	33.5	6.0	0.0	39.5
Depreciation	3.8	3.3	5.2	1.2	1.3	14.8	3.1	0.0	17.9
Earnings before interest, taxes and amortisation of goodwill (EBITA)	28.8	9.4	-0.8	1.7	-20.4	18.7	2.9	0.0	21.6
Goodwill amortisation	4.3	21.7	4.1	0.0	0.7	30.9	4.3	0.0	35.2
Earning before interest and taxes (EBIT)	24.5	-12.3	-4.9	1.7	-21.1	-12.2	-1.4	0.0	-13.6
Non-current and current assets ²	189.4	138.1	208.6	15.6	8.7	560.3	0.0	0.0	560.3
Operating liabilities and provisions ³	129.8	50.0	71.4	11.7	-21.2	241.8	0.0	0.0	241.8
Net operating assets ⁴ incl. goodwill	59.6	88.1	137.2	3.9	29.8	318.5	0.0	0.0	318.5
Net investment in tangible and intangible assets	1.7	6.1	15.0	0.7	1.9	25.4	2.4	0.0	27.8
Other non-monetary expense (+) / income (-)	-1.4	-4.6	-1.7	-0.3	0.3	-7.7	-1.4	0.0	-9.1
Employees (at year-end)	1'092	742	1'320	176	43	3'373	0	0	3'373
Earnings as % of sales (EBITA margin)	6.1	5.1	NA	4.1		2.1	3.9	0.0	2.3
Return in % on net operating assets incl. goodwill (RONOA)	48.3	10.7	-0.6	43.8		5.9			6.8
2001⁷									
Order intake	526.5	158.7	271.0	44.2	-83.7	916.7	99.3	-5.4	1'010.6
Order backlog (at year-end)	356.4	79.6	115.7	17.8	-43.0	526.5	9.7	-0.1	536.1
Net sales to third parties	407.6	96.0	291.7	49.4	0.0	845.0	93.9	0.0	938.9
Net sales to other segments ¹	4.0	51.8	9.9	0.5	-66.2	0.0	4.8	-4.8	0.0
Net sales, consolidated	411.6	147.8	301.6	49.9	-66.2	845.0	98.7	-4.8	938.9
Earnings before interest, taxes, depreciation and amortisation of goodwill (EBITDA)	23.0	9.9	18.5	2.6	-5.9	48.1	10.7	0.0	58.8
Depreciation	5.2	3.2	5.2	0.9	1.0	15.5	3.7	0.0	19.2
Earnings before interest, taxes and amortisation of goodwill (EBITA)	17.8	6.7	13.3	1.7	-6.9	32.6	7.0	0.0	39.6
Goodwill amortisation	4.6	21.2	3.9	0.0	0.3	29.8	4.8	0.0	34.6
Earning before interest and taxes (EBIT)	13.2	-14.5	9.4	1.7	-7.2	2.8	2.2	0.0	5.0
Non-current and current assets ²	231.0	129.6	222.2	18.8	13.8	615.4	140.9	0.0	756.3
Operating liabilities and provisions ³	137.0	42.0	99.2	11.0	-14.5	274.6	23.9	0.0	298.5
Net operating assets ⁴ incl. goodwill	94.0	87.6	123.0	7.8	28.3	340.8	117.0	0.0	457.8
Net investment in tangible and intangible assets	6.4	6.2	6.3	1.6	2.1	22.6	3.2	0.0	25.8
Other non-monetary expense (+) / income (-)	-3.8	-3.2	1.7	-0.7	-1.3	-7.3	0.4	0.0	-6.9
Employees (at year-end)	1'168	711	1'345	171	40	3'435	381	0	3'816
Earnings as % of sales (EBITA margin)	4.3	4.5	4.4	3.4		3.9	7.1	0.0	4.2
Return in % on net operating assets incl. goodwill (RONOA)	18.9	7.6	10.8	21.7		9.6	6.0		8.7

1 Internal transactions are concluded on arms-length terms.

2 Excluding cash and cash equivalents, deferred tax assets, other non-current assets.

3 Operating liabilities and provisions = Current and non-current liabilities and provisions for operating activities without interest-bearing borrowings and tax liabilities.

4 Net operating assets = Tangible and intangible assets plus net current assets (current assets excl. cash and cash equivalents, current liabilities and provisions [excl. interest-bearing borrowings and taxes payable]) minus other non-current liabilities.

5 The costs of the central activities are reported within other.

6 Information by segment includes all continuing operations. To arrive at consolidated net sales from continuing operations, net sales to other segments are eliminated. The consolidated assets and liabilities of the continuing operations include investment property and treasury activities.

7 As of 2002, the headquarter cost are not split across the segments any longer but the goodwill amortisation charge is shown within the individual segments. In addition, after the sale of the Colorants activities and some minor segment changes, the previous year's figures are presented on a comparable basis.

in CHFm	EU		Rest of Europe ⁸		North America		Others ⁹	
	2002	2001	2002	2001	2002	2001	2002	2001
Net sales	543.0	591.8	81.9	75.7	233.4	194.5	90.3	76.9
Net operating assets	172.2	202.3	55.6	121.3	91.3	130.7	-1.5	3.5
Net investment in tangible and intangible assets	16.2	16.1	7.0	5.4	2.6	3.2	1.1	1.1
Employees at year-end	2'020	2'296	503	487	622	662	228	371

8 Switzerland, Norway and eastern European countries.

9 South America, Australia, Asia and Africa.

Notes to the Consolidated Financial Statements

1. CONSOLIDATION AND ACCOUNTING PRINCIPLES

1.1 General remarks and changes to accounting principles

Swisslog's consolidated financial statements are prepared on the basis of the individual financial statements of the group companies. These are based on historical cost, if nothing different is disclosed in these accounting policies, and uniform guidelines which are in accordance with the standards of the International Accounting Standards Committee (IASC).

Comparative information in the consolidated income statement, cash flow statement and information by segment have been new presented retrospectively in accordance with IAS 35, in order to present discontinuing operations of the competence center Color Logistics separate from continuing operations. By separating discontinuing and continuing operations retrospectively, the ability to make projections about cash flows and earnings-generating capacity is improved.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

The Board of Directors approved the closing on February 24, 2003 and gave permission for publication at the Annual Press Conference on March 4, 2003.

1.2 Consolidated companies and principles of consolidation

The consolidated financial statements include Swisslog Holding AG and all companies in which the group holds 50% or more of the voting rights (directly or indirectly) or where control for the operating management is established.

Group companies are included in the consolidated financial statements using the full consolidation method. Capital consolidation is based on the purchase method. Minority interests in shareholders' equity and results of group companies are shown separately. Intragroup transactions and relationships are eliminated together with intragroup profits. Companies acquired or sold during the year under review are consolidated from the date of acquisition (change of control) and eliminated from the consolidated financial statements from the date of sale. A list of consolidated companies is shown on pages 38 and 39.

Investments in associated companies are accounted for by the equity method. These are companies where the Group generally has between 20% and 50% of the voting rights or where the Group has significant influence.

1.3 Foreign currencies

Assets (incl. goodwill denominated in foreign currencies) and liabilities of the foreign group companies and balance sheet items in foreign currencies are translated at the closing exchange rate on the balance sheet date, income and expense are translated at the average annual exchange rate according to the table on page 8. Differences arising from the exchange of transactions or balance sheet items in foreign currencies are recorded in the income statement. Unrealised differences resulting from the translation of loans to group companies are eliminated in equity. Differences arising from the translation of foreign affiliate statements are recorded directly in equity.

1.4 Tangible assets

Tangible assets are shown in the balance sheet at purchase or manufacturing cost less accumulated depreciation. Land and buildings covered by leasing agreements are shown in the balance sheet at purchase value and depreciated over their useful life. The corresponding financial leasing liabilities are shown as non-current liabilities at their present value less repayments calculated by the annuity method.

Tangible assets are depreciated over the estimated useful life using the straight-line method, i.e. 25 to 50 years for buildings, 3 to 15 years for plant and machinery (mostly 5 to 8 years) and 3 to 6 years for office machinery and fittings including computer hardware. Tangible assets are excluded from the financial statements at the time of disposal or when no further use can be expected. All profit or loss resulting from the disposal of tangible assets is shown in the income statement.

Notes to the Consolidated Financial Statements

1.5 Investment property

Investment property, principally comprising office buildings, manufacturing facilities and land to be developed, is held for long-term rental yields and is not occupied by the Group. Investment property is treated as a long-term investment and is carried at cost less accumulated depreciation and diminutions in value. Buildings are depreciated over the estimated useful life using the straight-line method, i.e. 15 to 50 years.

1.6 Intangible assets

a) Goodwill

Acquired goodwill is capitalised and amortised on a straight-line basis through the income statement over its useful life. In general goodwill is amortised over 20 years. However, goodwill related to acquired companies in the software, consulting and services fields is amortised over 5 years. If a shorter or a longer period is justified by commercial considerations the more relevant term for amortisation is applied on a case by case basis.

b) Research and development

Expenses incurred on development projects are capitalised to the extent that such expenditure is expected to generate future economic benefits. These assets are amortised on a straight-line basis over the period of their expected useful life not exceeding 5 years from the commencement of the commercial use of the product. Research and other development costs are recognised as an expense as incurred.

c) Other

Licences, patents, trademarks and similar rights are shown at purchase cost less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful life not exceeding 20 years. If a shorter period is justified by commercial considerations the term for amortisation is reduced accordingly.

d) Impairment of intangible assets

Where an indication of impairment exists, the carrying amount of any intangible asset including goodwill is assessed and written down immediately to its recoverable amount.

1.7 Investments

At 1 January 2001 the Group adopted IAS 39 and classified its investments into the following categories: financial assets held for trading, loans and receivables originated by the enterprise, held-to-maturity investments and available-for-sale financial assets. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as financial assets held for trading and included in current assets. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity investments and are included in non-current assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

All purchases and sales of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell an asset. Cost of purchase includes transaction costs. Trading and available-for-sale investments are subsequently carried at fair value, whilst held-to-maturity investments are carried at amortised cost using the effective yield method. Realised and unrealised gains and losses arising from changes in the fair value of trading investments are included in the income statement in the period in which they arise, those of available-for-sale investments are recorded in equity.

1.8 Cash and cash equivalents

This covers cash in hand and postal and bank balances plus money at call and term deposits shown at nominal value.

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1.9 Inventories, work in progress

Inventories are shown at purchase or manufacturing cost or net realisable value if lower. Manufacturing costs include individual material and production costs and production overheads. Costs are generally valued using weighted averages. Provisions required for inventories with low turnover and non-marketable goods are made.

Long-term contracts are valued using the percentage-of-completion method. Sales, manufacturing costs and gross profit are included in the financial statements on the basis of the proportion of cumulated manufacturing costs to the total estimated manufacturing costs up to customer acceptance of the order (completion). Provisions are formed for project costs to the extent that manufacturing costs, including likely warranties, guarantee work and subsequent work, up to the expiration of the warranty period exceed the contract price.

1.10 Trade accounts receivable

Trade accounts receivable are shown at face value net of necessary allowances for doubtful accounts.

1.11 Other receivables, prepaid expenses and accrued income

Other receivables are shown at their realisable net value, prepaid expenses and accrued income at the lower of purchase cost or realisable value.

1.12 Liabilities

Other non-current liabilities include, among other items, liabilities under leasing agreements. Current liabilities include borrowings with a residual term of less than one year. They are shown at nominal value.

1.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A contingent liability is reported if the outflow of resources in connection with a liability is remote.

a) Provisions for projects

The Group recognises provisions for projects for long-term contracts, as soon as losses to complete a contract can be anticipated (see also 1.9 Inventories, work in progress).

b) Warranty provisions

Provisions for product warranties are made to the extent of the outflow of resources that can be expected in order to cover the full liability.

c) Restructuring provisions

For costs that are expected to arise in connection with plant closures, the disposal of companies or business units and restructuring, provisions are made at the time of approval of the planned measures.

1.14 Recognition of sales

Sales of products and services are recognised on delivery. Sales are shown excluding sales tax and VAT and after deducting credits and rebates. Long-term contracts are recorded according to IAS 11 using the percentage-of-completion method (see 1.9 Inventories, work in progress).

1.15 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.16 Income taxes

Income taxes comprise paid or accrued income taxes on the relevant earnings of the individual companies, calculated in accordance with tax legislation in the respective countries, and deferred taxes based on temporary differences between the carrying amount of an asset or liability in the balance sheet and the tax base according to IAS 12. Deferred tax is calculated on the basis of tax rates valid at closing date or on the basis of already announced changes of tax rates which apply to the period when the asset will be realised or the liability will be

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settled. Deferred tax assets exceeding recognised deferred tax liabilities within the same taxable entity are recognised to the extent that it is probable that the enterprise will have sufficient taxable profit available in following periods. Deferred tax assets are recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. No deferred taxes are recognised for the temporary differences arising from investments in subsidiaries and associates because it is probable that the temporary differences will not reverse in the foreseeable future. Deferred taxes are reported under non-current assets and liabilities.

1.17 Employee benefits

a) Defined benefit plans

Current and former employees receive benefits and pensions based on the corresponding national and private statutory schemes. Future liabilities are calculated using actuarial methods. For service-based pension plans the present value of the entitlement (defined benefit obligation) is calculated based on length of service, anticipated growth in wages and salaries and adjustments to pensions (projected unit credit). Annual pension costs calculated according to actuarial principles (net periodic costs) are shown including past pension costs (past service costs) in the income statement. Revisions to plans are taken through the income statement over the estimated remaining service period. Actuarial gains and losses are accounted for over the average remaining working period of the employee if they exceed the 10% corridor. Plan assets are shown at market values.

b) Defined contribution plans

The Group's contributions to defined contribution plans are charged to the income statement in the period to which the contributions relate.

1.18 Convertible bonds

The fair values of the liability component and the equity conversion component are determined on the issue of the bonds. The fair value of the liability component, included in long-term borrowings, is calculated using a market interest rate for equivalent non convertible bonds. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in reserves, net of deferred income taxes.

In subsequent periods the liability component continues to be presented on the amortised cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on the issue of the bonds and is not changed in subsequent periods.

1.19 Financial instruments

The Group adopted IAS 39 – Financial Instruments: Recognition and Measurement – at 1 January 2001. The financial effects of adopting IAS 39 are disclosed in Note 16. For information about the effects of IAS 39 on investments refer to accounting policy 1.7 Investments. Information about accounting for derivative financial instruments and hedging activities is included within the following section "Financial risk management".

Financial risk management

a) Financial risk factors

The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and in equity market prices, foreign currency exchange rates and interest rates. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain exposures. Risk management is carried out by the subsidiaries and under coordination of the central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury and the subsidiaries identify, evaluate and hedge financial risks in close co-operation. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and investing excess liquidity.

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(I) Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to USD, EUR, GBP and SEK. Companies in the Group use forward contracts, transacted with the banks, to hedge their exposure to foreign currency risk in the local reporting currency. For financial reporting purposes, each subsidiary designates contracts with Group Treasury as hedges not qualifying for special hedge accounting or cash flow hedges, as appropriate. At the group level, external foreign exchange contracts are designated as hedges of foreign exchange risk on specific assets, liabilities or future transactions. Depending on the currency, the Group hedges between 0% and 100% of the net exposure of the customer projects. Hedges are done, once the contract with the customer was signed. Additionally, the Group hedges the foreign currency exposure of its contract commitments to purchase certain production parts in the currency of the projects. The forward contracts used in its programme mature consistent with the related purchase commitments. The Company has a number of investments in foreign subsidiaries, whose net assets are exposed to currency translation risk. Currency exposures to the net assets of the Group's subsidiaries are not hedged.

(II) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets. The Group borrows at variable rates and uses interest options (Cap/Floor) as hedges not qualifying for special hedge accounting, which have the economic effect of taking advantage of lower interest rates and be secured against increase of interest rates.

(III) Credit risk

The Group has no significant concentrations of credit risk. Sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

(IV) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

b) Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the balance sheet at cost and subsequently are remeasured at their fair value. The method of recognising the resulting gain or loss is dependent on the nature of the item being hedged. On the date a derivative contract is entered into, the Group designates certain derivatives as either (1) a hedge of a forecasted transaction or of a firm commitment (cash flow hedge), or (2) a hedge which does not qualify for special hedge accounting.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective, are recognised in equity.

Where the forecasted transaction or firm commitment results in the recognition of an asset (e.g. property, plant and equipment) or of a liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Otherwise, amounts deferred in equity are transferred to the income statement and classified as revenue or expense in the same periods during which the hedged firm commitment or forecasted transaction affects the income statement (e.g. when the forecasted sale takes place). Certain derivative transactions, while providing effective economic hedges under the Group's risk management policies, do not qualify for hedge accounting under the specific rules in IAS 39. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting under IAS 39 are recognised immediately in the income statement.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting under IAS 39, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the committed or forecasted transaction ultimately is recognised in the income statement. However, if a committed or forecasted transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

The Group documents the relationship between hedging instruments and hedged items at the inception of the transaction as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. The fair values of various derivative instruments used for hedging purposes are disclosed in Note 16. Movements on the hedging reserve in shareholders' equity are shown in Note 16.

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c) Fair value estimation

The fair value of publicly traded derivatives and trading and available-for-sale securities is based on quoted market prices at the balance sheet date. The fair value of forward foreign exchange contracts is determined by using forward exchange market rates at the balance sheet date. In assessing the fair value of non-traded derivatives and other financial instruments, the Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Quoted market prices or dealer quotes for the specific or similar instruments are used for long-term debt. Other techniques, such as option pricing models and estimated discounted value of future cash flows, are used to determine fair value for the remaining financial instruments. The face values less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

1.20 Segment information

The segment information is based primarily on business sectors and secondarily on geographical regions. The business sectors are dealt with on a global basis. Transactions between the segments are carried out at standard market conditions.

The Group distinguishes between the following segments and corresponding activities:

a) Supply Chain Solutions

Plans, designs, implements, supports, modernizes and runs logistics systems on a turnkey basis in the area of production and – predominantly – of distribution.

b) Supply Chain Software

This segment comprises two competence centers. The competence center Supply Chain Execution Software develops, implements, supports and runs Warehouse Management Software. The competence center Consulting helps companies to optimize their supply chain by using and implementing its own supply chain planning software.

c) Material Flow Systems

Develops, implements and supports material flow systems for light, middle and heavy loads.

d) Robotic Systems

This segment comprises newly only the competence center Integrated Robotic Solutions. The competence center develops, implements and supports robotic systems for storage, transfer and order picking applications. The competence center Color Logistics was sold as per December 16, 2002 and is presented as discontinuing operations.

1.21 Changes in consolidation

In 2001 the following companies were sold and are not fully consolidated in the consolidated statements anymore as per December 31, 2002:

Segment Supply Chain Software	Consolidated until	Swisslog's holding
Bernd Herzog Steuerungstechnik GmbH, Zeestow / Germany	1.1.2002	40.8%
Segment Robotics		
Corob S.P.A., S. Felice S/P. / Italy	16.12.2002	100.0%
Corob Scandinavia AB, Askim / Sweden	16.12.2002	100.0%
Corob North America Inc., Charlotte / USA	16.12.2002	100.0%
Corob S.A. Color Engineering, Montevideo / Uruguay	16.12.2002	100.0%
Corob Ltd., Hong Kong / China	16.12.2002	100.0%
Colorworld Solutions Pvt. Ltd., Mumbai / India	16.12.2002	51.0%
Corob India Pvt. Ltd., Mumbai / India	16.12.2002	51.0%

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2. GROUP RESULT 2002 AND FINANCING

In 2002, the Swisslog Group recorded a consolidated net loss of CHF 47.8 million. This result was significantly affected by various one-off exceptional expenditures, as well as by lower than expected results especially in the discontinuing operations and the segment Material Flow Systems. In addition to the reported net loss, the company recorded translation losses amounting to CHF 29.4 million and the equity reduced by CHF 74 million to CHF 95.8 million. As described in Note 9, Swisslog Group reached a long-term financing agreement with a bank syndicate, including specific credit terms and covering the period until 31 March 2005. Additionally, there is a convertible bond, which is due on 7 July 2005.

Already in 2002, Swisslog Group started programs to improve its cost structure and to reduce the net working capital. Order backlog reached a new high at the end of 2002, with prospects of higher margins.

The Swisslog Group plans to achieve a further reduction of net debts in 2003. In order to achieve this a number of measures have been initiated. In particular, the net working capital should be reduced, and the cost-cutting programs expanded to utilise further optimisation potentials. At the same time, the Group is also considering the divestment of non-core business units in order to reduce the indebtedness. Management are confident that despite the current economic environment and the uncertainties surrounding the divestment programme, the necessary processes are in place which will ensure that the financing arrangement can be maintained.

3. TANGIBLE AND INTANGIBLE ASSETS

Tangible assets

CHFm	Land	Buildings	Machinery/ equipment	Assets under construction/ prepayments	Investment property	Total tan- gible assets 2002	Total tan- gible assets 2001
Cost as at 1 January	11.1	54.8	109.1	0.2	24.9	200.1	232.8
Changes in consolidation scope	-0.8	-9.8	-16.0	0.0	0.0	-26.6	2.4
Additions	0.0	5.4	8.6	0.2	0.0	14.2	17.9
Disposals	-3.5	-9.2	-15.4	0.0	0.0	-28.1	-50.4
Currency translation differences	-0.4	-2.0	-5.3	0.0	0.0	-7.7	-2.6
Cost as at 31 December	6.4	39.2	81.0	0.4	24.9	151.9	200.1
Accumulated depreciation as at 1 January	0.0	-22.3	-79.6	0.0	-0.6	-102.5	-109.4
Changes in consolidation scope	0.0	1.6	11.9	0.0	0.0	13.5	-1.5
Depreciation charge	0.0	-2.0	-10.6	0.0	-0.1	-12.7	-14.9
Accumulated depreciation on disposals	0.0	4.1	14.7	0.0	0.0	18.8	21.5
Currency translation differences	0.0	1.0	3.8	0.0	0.0	4.8	1.8
Accumulated depreciation as at 31 December	0.0	-17.6	-59.8	0.0	-0.7	-78.1	-102.5
Total net book value							
as at 31.12.2001	11.1	32.5	29.5	0.2	24.3		97.6
as at 31.12.2002	6.4	21.6	21.2	0.4	24.2	73.8	

The insurance value of the tangible assets at the end of 2002 was CHF 218.6 m (2001: CHF 203.7 m). Buildings in the amount of CHF 1.1 m (2001: CHF 1.5 m) are pledged as securities for liabilities.

The net book value of investment property corresponds with its fair value. Rental income from investment property in the amount of CHF 1.3 m (2001: CHF 2.4 m) is partly offset by direct cost of CHF 0.5 m (2001: CHF 0.5 m).

Notes to the Consolidated Financial Statements

Intangible assets

CHFm	Goodwill	Capitalised development expenses	Other	Total intangible assets 2002	Total intangible assets 2001
Cost as at 1 January	371.3	2.8	30.1	404.2	378.9
Changes in consolidation scope	-91.0	-1.9	-10.9	-103.8	6.8
Additions	27.9	10.9	3.6	42.4	17.1
Disposals	-1.5	-0.2	-0.6	-2.3	-0.5
Currency translation differences	-27.6	-0.1	-0.7	-28.4	1.9
Cost as at 31 December	279.1	11.5	21.5	312.1	404.2
Accumulated amortisation/depreciation as at 1 January	-101.3	0.0	-10.4	-111.7	-72.5
Changes in consolidation scope	23.4	0.1	4.6	28.1	0.0
Amortisation/depreciation charge	-35.2	-0.7	-4.5	-40.4	-38.5
Accumulated amortisation/depreciation on disposals	0.3	0.0	0.2	0.5	0.5
Currency translation differences	11.6	0.0	-0.2	11.4	-1.2
Accumulated amortisation/depreciation as at 31 December	-101.2	-0.6	-10.3	-112.1	-111.7
Total net book value					
as at 31.12.2001	270.0	2.8	19.7		292.5
as at 31.12.2002	177.9	10.9	11.2	200.0	

The additions to goodwill in 2002 relate to adjustments as result of earn-out payments, additional purchase prices, reduction of purchase prices and correction of the opening balance sheets (mainly for the revaluation of projects) of subsidiaries acquired prior to 2001.

Finance leases

Minimum lease payments per 31 December, in CHFm	future payments		finance charges		present value	
	2002	2001	2002	2001	2002	2001
due within one year	0.7	0.6	0.4	0.4	0.3	0.2
due after one and before five years	6.5	7.5	0.6	1.0	5.9	6.5
due after five years	0.0	0.0	0.0	0.0	0.0	0.0
Total	7.2	8.1	1.0	1.4	6.2	6.7

The net book value of buildings under finance lease amounts to CHF 6.8 m (2001: CHF 7.1 m). One finance lease incorporates a CHF 5.2 m purchase option (2001: CHF 5.7 m).

Operating leases

Minimum lease payments per 31 December, in CHFm	2002	2001
due within one year	6.1	6.1
due after one and before five years	12.2	10.2
due after five years	18.0	0.7
Total	36.3	17.0

Operating leasing costs totalled CHF 3.9 m in 2002 (2001: CHF 2.0 m).

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4. OTHER NON-CURRENT ASSETS

	2002	2001
	CHFm	CHFm
Investments in associated companies	1.6	2.1
Financial investments	48.1	0.4
Long-term interest-bearing loans	6.8	5.7
Other long-term receivables	1.3	2.2
Total	57.8	10.4

The Swisslog Group holds 8.16% of shares of CPS Color Group Oy, Finland. The shares are classified as available-for-sale and are disclosed in financial investments.

The shares are measured at fair value. The determination of the fair value was performed based on a Fairness Opinion, on the basis of the application of a "Trading multiples analysis".

5. INVENTORIES

	2002	2001
	CHFm	CHFm
Raw materials and supplies	24.0	31.7
Work in progress, projects	20.0	23.2
Finished goods	11.2	16.4
Total	55.2	71.3

6. TRADE AND OTHER RECEIVABLES

	2002	2001
	CHFm	CHFm
Trade receivables	178.1	247.7
Other receivables	38.1	32.1
Prepaid expenses and deferred income	7.5	11.4
••••	-2.3	-5.2
Total	221.3	286.0

7. CASH AND CASH EQUIVALENTS

	2002	2001
	CHFm	CHFm
Cash at bank and in hand	36.0	26.0
Short-term bank deposit	0.0	44.0
Short-term investments	0.3	1.5
Total	36.3	71.5

Notes to the Consolidated Financial Statements

8. SHARE CAPITAL / TREASURY SHARES

Share capital

After the increase of the share capital from May to September 2002 (conversion of shareholder options) the share capital of Swisslog Holding AG comprises 15'178'039 registered shares at a par value of CHF 2 each.

Treasury shares	2002		2001	
	Number	CHFm	Number	CHFm
Registered shares	14'995	0.2	149'839	4.8

Proceeds and outlays from transactions in treasury shares are directly recorded in equity. Details on treasury shares can be found in Note 8 in the Financial Statements of Swisslog Holding AG.

9. INTEREST-BEARING BORROWINGS

	2002	2001
	CHFm	CHFm
Long-term bank borrowing	185.4	215.3
Convertible bonds 2000–2005	137.7	133.2
Long-term loans	0.2	1.3
Total	323.3	349.8

Long-term bank borrowing

The company maintain a multi-currency revolving credit facility with a bank syndicate.

This facility mature on March 31, 2005 and is divided into a cash line (CHF 190 m) and a guarantee line (CHF 131.2 m).

The weighted average interest rate for loan tranches on rollover-basis for 2002 was 3.9% (2001: 4.4%).

Convertible bonds 2000–2005

On 7 July 2000 Swisslog Holding AG issued 60'000 2.25% convertible bonds at a nominal value of CHF 150 m.

The bonds mature on 7 July 2005 at their nominal value of CHF 150 m unless converted into Swisslog Holding AG shares at the holder's option at the rate of 13.39765 shares per CHF 2'500 nominal value.

The convertible bonds are recognised in the balance sheet as follows:

	2002	2001
	CHFm	CHFm
Liability component	137.5	133.9
Interest expense (coupon interest rate 2.25%)	3.4	3.4
Interest expense (market interest rate applied)	3.7	3.6
Interest paid	-3.4	-3.4
Total liability component	141.2	137.5
Provision for interest payment under accrued expenses and deferred income	-1.6	-1.6
Cost for issuance of convertible bonds	-1.9	-2.7
Liability component at 31 December	137.7	133.2

Interest expense on the bonds is calculated on the effective yield basis by applying the coupon interest rate (5.3%) for equivalent non convertible bonds to the liability component of the convertible bonds. Cost for issuance of convertible bonds is charged to other financial expense over the life of the convertible bonds.

Notes to the Consolidated Financial Statements

10. TAXES AND DEFERRED TAXES

Tax expense	2002	2001
	CHFm	CHFm
Current income taxes	5.0	6.7
Deferred taxes	-0.7	-1.0
Tax expense continuing operations	4.3	5.7
Tax income discontinuing operations	2.8	2.6
Total tax expense	7.1	8.3

The effective tax expense of the continuing operations totalled CHF 4.3 m (2001: CHF 5.7 m) or -11% (2001: -30%) of profit before tax.

The applicable tax rate is calculated from the weighted average tax rate based on the profits before taxes of each Group company. Because of the weighting of the individual results, the applicable tax rate can change compared to prior year. The following elements explain the difference between the applicable tax rate and the effective tax rate.

	2002	2001
Applicable tax rate	34.8%	33.3%
Utilisation of unrecognised tax loss carryforwards	1.7%	4.3%
Changes in valuation allowances of deferred tax assets	-7.0%	-0.5%
Effect of amortisation of goodwill which is not tax deductible	-28.6%	-64.2%
Effect of different valuations between carrying amount and tax basis for which no deferred taxes are recognised and expenses which are not tax deductible	-16.3%	-15.6%
Other	-2.1%	-6.0%
Effective tax rate	-17.5%	-48.7%

The tax loss carryforwards changed as follows:

	2002	2001
	CHFm	CHFm
Available tax loss carryforwards at 1 January	94.8	63.0
Tax losses arising from current year	234.8	39.3
Tax losses expired during current year	-3.0	0.0
Tax losses utilised against current year profits	-9.2	-7.5
Available tax loss carryforwards at 31 December	317.4	94.8

Deferred tax assets of CHF 21.1 m (2001: CHF 17.2 m) were recorded in respect of available tax loss carryforwards of CHF 71.8 m (2001: CHF 53.1 m). Deferred tax assets for unused tax losses are recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be offset in the respective countries.

Unused tax loss carryforwards for which no deferred tax has been recognised will expire as follows:

	2002	2001
	CHFm	CHFm
After 1 year	6.3	2.9
After 2 years	0.0	6.3
After 3 years	0.0	2.4
After 4 years	0.0	9.8
After more than 4 years	76.3	20.3
Total	82.6	41.7

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Deferred taxes

	2002	2001
	CHFm	CHFm
Deferred tax assets	23.7	26.1
Deferred tax liabilities	10.1	12.6

Deferred tax assets and liabilities by type of balance sheet items:

	2002	2001
	CHFm	CHFm
Deferred tax assets		
Tangible/intangible assets	2.1	1.9
Inventories and work in process	20.4	15.2
Current receivables	7.3	0.8
Long-term liabilities	5.0	4.8
Provisions	1.0	2.4
Short-term liabilities	2.0	1.4
Subtotal by balance sheet items	37.8	26.5
Deferred tax assets on tax loss carryforward	21.1	17.2
Offsetting assets with liabilities	-35.2	-17.6
Total deferred tax assets as reported	23.7	26.1

Deferred tax liabilities

Tangible/intangible assets	5.3	4.8
Inventories and work in process	0.5	0.4
Current receivables	7.7	13.3
Long-term liabilities	4.2	3.7
Provisions	2.2	0.2
Short-term liabilities	25.4	7.8
Subtotal by balance sheet items	45.3	30.2
Offsetting assets with liabilities	-35.2	-17.6
Total deferred tax liabilities	10.1	12.6
Total deferred tax assets and liabilities	13.6	13.5

11. OTHER NON-CURRENT LIABILITIES

	2002	2001
	CHFm	CHFm
Long-term liabilities	6.6	14.9
Pension liabilities (Note 17)	17.5	17.4
Total	24.1	32.3
Thereof due		
within one year	0.3	0.2
after one and before two years	0.4	6.6
after two years	23.4	25.5

Long-term liabilities contain financial leasing liabilities totalling CHF 6.3 m (2000: CHF 6.6 m).

Notes to the Consolidated Financial Statements

12. PROVISIONS

CHFm	Projects	Warranties	Restruc- turing	Other	Total
as at 1 January 2001	10.4	8.0	1.5	4.7	24.6
Changes in consolidation scope	0.0	0.0	0.2	0.7	0.9
Transfer	0.0	0.0	-0.6	0.6	0.0
Additions	9.7	5.3	0.0	2.3	17.3
Unused reversed	-2.1	-1.7	-0.1	-0.7	-4.6
Used during year	-6.6	-2.5	0.0	-2.6	-11.7
Currency translation differences	0.1	-0.1	-0.1	0.0	-0.1
as at 31 December 2001	11.5	9.0	0.9	5.0	26.4
Changes in consolidation scope	0.0	-0.9	0.0	-0.2	-1.1
Additions	2.0	3.2	0.0	4.7	9.9
Unused reversed	-0.5	-1.7	-0.7	-0.1	-3.0
Used during year	-7.8	-2.2	-0.2	-3.5	-13.7
Currency translation differences	-0.6	-0.5	0.0	-0.1	-1.2
as at 31 December 2002	4.6	6.9	0.0	5.8	17.3

Contingent liabilities

At 31 December 2002 the Group had contingent liabilities at consolidated level of CHF 1.1 m (31 December 2001: CHF 0.0 m).

13. OTHER OPERATING INCOME

	2002	2001
	CHFm	CHFm
Profit on sale of investment property	0.0	6.7
Profit on sale of owner-occupied property	5.4	8.0
Compensation by insurance for case of fire	0.0	1.6
Profit on sale of non-current assets	0.8	0.0
Other	7.0	5.7
Total	13.2	22.0

14. OPERATING EXPENSE

Material and service expense	2002	2001
	CHFm	CHFm
Change in inventories	3.7	-1.8
Material and service expense	392.1	383.7
Total	395.8	381.9

The total amount of material and service expense can vary widely depending on the share of materials included in projects and the share of own work.

Notes to the Consolidated Financial Statements

Personnel expense	2002	2001
	CHFm	CHFm
Wages and salaries	258.1	255.1
Social security and other personnel costs	71.3	65.8
Total	329.4	320.9

Other operating expense	2002	2001
	CHFm	CHFm
Other operating expense	137.7	123.2

This item includes all operating and recurring administrative, sales and development expenses from the normal business activities which are not shown under other headings in the income statement. The year-on-year increase is mainly due to restructuring cost in connection with a cost reduction program initiated in 2002.

The 2002 result includes development expense of CHF 8.9 m (2001: CHF 13.4 m).

15. NET FINANCIAL RESULT

	2002	2001
	CHFm	CHFm
Interest income	1.0	0.9
Interest expense for convertible bonds (coupon interest rate 2.25%)	-3.4	-3.4
Noncash interest expense for convertible bonds (market interest rate applied) according to IAS 32	-3.7	-3.6
Other interest expense	-10.2	-12.9
Other financial income	0.4	0.4
Other financial expense	-8.1	-3.3
Foreign currency result (incl. hedging result)	-2.0	0.2
Total	-26.0	-21.7

Interest income relates to interest on money market investments in foreign currencies. Other financial expense comprises amortisation of ancillary costs incurred in connection with the arrangement of borrowings, as well as cost for the issuance of the convertible bond, which is charged to the income statement over the life of the convertible bond.

Additionally, this position comprises transaction costs of equity transactions which failed to be completed, including costs which incurred from inquiries of a potential business combination.

Notes to the Consolidated Financial Statements

16. FINANCIAL INSTRUMENTS

The financial instruments are used solely for the purpose of managing foreign currency exposure. Contracts are only concluded with first-class financial institutions.

The following table shows the open (net) forward foreign exchange rate contracts for the major currencies in CHFm:

	2002	2001
	CHFm	CHFm
AUD	-5.1	-4.2
EUR	13.6	-28.1
SEK	-18.4	-20.6
USD	-8.8	24.5
GBP	9.8	1.2
Other	3.8	0.7
Total	-5.1	-26.5

As of the year-end there were no foreign currency options open.

Shareholders' equity – hedging reserve

Cash Flow Hedges are remeasured to fair values at balance sheet date. Changes in fair values are recorded in a separate category of equity (hedging reserve). The following table shows the movements during the year:

Balance at 1 January

	2002	2001
	CHFm	CHFm
Gains/losses (-) on remeasurement to fair value of forward contracts	-0.2	-0.2
Deferred income taxes	0.0	0.0
Total	-0.2	-0.2

Movements in year ended 31 December

Gains and losses (-) from changes in fair value	0.2	-0.2
Deferred income taxes	0.0	0.0
Total	0.2	-0.2
Transferred to income statement	0.1	0.2
Deferred income taxes	0.0	0.0
Total	0.1	0.2

Balance at 31 December

Gross amount of gains and losses (-)	0.1	-0.2
Deferred income taxes	0.0	0.0
Total	0.1	-0.2

Notes to the Consolidated Financial Statements

Net fair values of derivative financial instruments

The net fair value of derivative financial instruments at the balance sheet date and designated for cash flow hedges were:

	2002	2001
	CHFm	CHFm
Forward foreign exchange contracts		
with positive fair values	1.3	0.1
with negative fair values	-1.2	-0.3
Total	0.1	-0.2

The net fair value gains/losses at 31 December 2002 on open forward foreign exchange contracts which hedge anticipated future foreign currency sales/purchases will be transferred from the hedging reserve to the income statement when the forecasted sales/purchases occur, at various dates between 10 days to 1½ year from the balance sheet date.

The net fair values of derivative financial instruments at the balance sheet date and designated for non-qualifying hedges were:

	2002	2001
	CHFm	CHFm
Forward foreign exchange contracts		
with positive fair values	0.2	0.3
with negative fair values	-0.7	-0.3
Total	-0.5	0.0

Interest options (Collar)

The Group has taken actions to establish part coverage for the interest rate risk on bank loans. The notional principal amount of the outstanding interest option contract at 31 December 2002 was CHF 24 m. Maturity date of the contract is 30 June 2003.

	Fixing rates	2002	2001
		CHFm	CHFm
		Notional amount	Notional amount
Swisslog buys Floor (coverage up-side risk)	2.0%	24.0	39.0
Swisslog buys Cap	4.0%	24.0	39.0
Swisslog sells Cap	5.5%	12.0	19.5

The purpose of Cap options was to reduce the up-front premium in 1999. An estimated negative fair value of CHF -0.2 resulted at year end 2002. At balance sheet date the 3 Month CHF Libor rate (floating rate) was 0.62%.

17. EMPLOYEE BENEFITS

	2002	2001
	CHFm	CHFm
Pension schemes	14.6	15.3
Other long-term employee benefits	2.9	2.1
Total	17.5	17.4

Notes to the Consolidated Financial Statements

Pension schemes

Besides the statutory social security schemes there are independent pension plans or pension insurance policies covering substantially all employees. The related assets are primarily held outside the Group. Where this is not the case, the appropriate provisions are made in the balance sheet for pension liabilities. Most of the pension schemes are defined benefit plans. The defined obligations and related assets of the major plans are reappraised yearly and at least every three years the obligations are reassessed by independent actuaries. The last valuation was done at effective dates between 31 December 2000 and 31 December 2002. Plan assets are recorded at fair values and include mainly marketable securities and bonds.

The following is a summary of the status of the main defined benefit plans at December 31, 2002, using IAS 19 (revised) actuarial assumptions.

	2002	2001
	CHFm	CHFm
Balance sheet reconciliation		
Present value of funded obligations	124.7	121.7
Fair value of plan assets	113.2	111.3
Net funded status	11.5	10.4
Present value of unfunded obligations	8.0	6.9
Unrecognised actuarial gains (losses)	-4.9	-2.0
Unrecognised past service cost	0.0	0.0
Other	0.0	0.0
Liability in the balance sheet	14.6	15.3

	CHFm	CHFm
Movement in the liability		
Liability at the beginning of the period	15.3	17.8
Effect of changes in consolidation scope	0.0	0.0
Exchange differences	-0.2	-0.2
Expense for pension schemes recognised in the income statement	5.6	3.0
Contributions paid by the company	-5.7	-5.1
Other	-0.4	-0.2
Liability at the end of the period	14.6	15.3

	CHFm	CHFm
Expense for pension schemes recognised in the income statement		
Current service cost	5.7	5.7
Interest cost	6.0	5.8
Expected return on plan assets	-6.1	-5.8
Past service cost	0.0	-0.1
Actuarial gains recognised in the period	0.0	0.0
Effect of any curtailment or settlement	0.0	-2.6
Other	0.0	0.0
Total, included in personnel expense	5.6	3.0

	CHFm	CHFm
Plan assets		
Actual return on plan assets	0.2	2.8

	2002	2001
Actuarial assumptions		
Discount rate	4.0%–6.5%	4.0%–7.5%
Expected return on plan assets	5.0%–8.5%	5.0%–8.5%
Future salary increases	2.5%–4.0%	2.5%–5.2%
Future pension benefit increases	1.5%–3.0%	1.5%–3.0%

The total amount of contributions paid for defined contribution plans in 2002 is CHF 5.5 m (2001: CHF 5.9 m).

Notes to the Consolidated Financial Statements

Other long-term employee benefits

	CHFm	CHFm
Liability at the beginning of the period	2.1	1.4
Effect of changes in consolidation scope	0.0	0.0
Paid in the period	0.0	-0.1
Increase of the liability	0.8	0.8
Liability at the end of the period	2.9	2.1

Other long-term employee benefits mainly cover long-service benefits.

Share option plans

The Group offers share options to employees. Movements in the number of shares are as follows:

	2002	2001
At 1 January	438'150	332'350
Granted	167'250	146'150
Exercised	0	0
Lapsed	-48'600	-40'350
At 31 December	556.800	438.150

Details of share options granted	Granted as per 2002	Granted as per 2001
Exercise periods	23.5.-22.8.2004	4.9.-3.12.2003
	23.4.-22.6.2005	4.8.-3.10.2004
Expiry dates	22.8.2004	3.12.2003
	22.6.2005	3.10.2004
Aggregate proceeds	CHFm 0.18	CHFm 0.14
Exercise prices	CHF 26.30	CHF 51.50

The aggregate proceeds form part of the other non-current liabilities at the end of the year 2002.

Share options outstanding at 31 December have the following terms:

Expiry date	Exercise price	2002	2001
		number of options	number of options
22.8.2004 / 22.6.2005	CHF 26.30	167'250	
3.12.2003 / 3.10.2004	CHF 51.50	134'200	141'400
30.9.2002 / 30.9.2003	CHF 140.00	255'350	296'750
Total		556'800	438'150

Notes to the Consolidated Financial Statements

18. RELATED PARTY TRANSACTIONS

The fee to the Board of Directors for the business year 2001 was paid in 2002 in the form of 4'159 shares (CHF 0.1 m); the fee for the business year 2002 was decided to be paid in 2003 in the form of 18'979 shares. To the executive member of the board, who has terminated its governing function, a compensation amounting to CHF 0.2 m was paid.

The number of share options granted to the board of directors during 2002 was 13'400 (2001: 13'400 share options). The share options were given on the same terms and conditions as those offered to employees (Note 17). The outstanding number of share options granted to the board of directors at the end of the year 2002 was 26'800 (2001: 13'400 share options).

19. DISCONTINUING OPERATIONS

On 5 November 2002 the Group publicly announced its intention to discontinue the activities of the competence center Color Logistics. These activities of the segment Robotic Systems were sold on 16 December 2002 and are reported in these financial statements as a discontinuing operation. The sales, results, cash flows and net assets of the competence center are presented below.

In 2000 the Group decided to discontinue the Swedish production activities of stacker cranes, pallet conveyors and automated guided vehicles ("Other activities"). The production unit for stacker cranes and pallet conveyors was divested through a management buyout in the year 2000. The production unit for automated guided vehicles was sold as per 30 April 2001. The aforementioned operations which were part of the business segment Material Flow Systems are reported in these financial statements as discontinuing operations.

	Color Logistics		Other activities		Total	
	2002	2001	2002	2001	2002	2001
	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm
Income Statement						
Net sales with third parties	73.3	93.9	0.0	0.0	73.3	93.9
Net sales with Group companies	1.3	0.5	0.0	4.3	1.3	4.8
Other operating income	0.0	0.9	0.0	0.1	0.0	1.0
Operating expense	-76.0	-87.7	0.0	-9.4	-76.0	-97.1
Net financial result	-0.6	-0.7	0.0	0.0	-0.6	-0.7
Result before tax	-2.0	6.9	0.0	-5.0	-2.0	1.9
Taxes	-2.8	-3.7	0.0	1.1	-2.8	-2.6
Result after tax	-4.8	3.2	0.0	-3.9	-4.8	-0.7
Minority interests	-0.5	-0.6	0.0	0.0	-0.5	-0.6
Result discontinuing operations	-5.3	2.6	0.0	-3.9	-5.3	-1.3
Cash Flow Statement						
Cash flow from operating activities	5.9	7.4	0.0	-5.6	5.9	1.8
Cash flow from investing activities	-1.9	-2.1	0.0	0.0	-1.9	-2.1
Cash flow from financing activities	-3.1	-2.7	0.0	0.0	-3.1	-2.7
Net cash flow from discontinuing operations	0.9	2.6	0.0	-5.6	0.9	-3.0

Notes to the Consolidated Financial Statements

	16.12.2002	31.12.2001	16.12.2002	31.12.2001	16.12.2002	31.12.2001
	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm
Total assets	138.6	147.5	0.0	0.0	138.6	147.5
Total liabilities	40.2	48.7	0.0	0.0	40.2	48.7
Total minority interest	2.0	1.7	0.0	0.0	2.0	1.7
Net assets	96.4	97.1	0.0	0.0	96.4	97.1
Net assets sold					96.4	
Proceeds from sale					96.4	
Gain/Loss on disposal					0.0	
Tax thereon					0.0	
Gain/Loss on disposal after tax					0.0	
Net assets sold					96.4	
less cash and cash equivalents in subsidiary sold					3.3	
less other noncash items					56.6	
Net cash inflow on sale					36.5	

20. CONSTRUCTION CONTRACTS

	2002	2001
	CHFm	CHFm
Contract revenue recognised in the period	610.0	604.8
Contract costs incurred and earnings reported up to the balance sheet date	722.0	487.2
Advance payments received	498.3	182.9
Retentions	4.7	8.1
Construction contracts with balance due from customers (underfinanced)	52.1	93.8
Construction contracts with balance due to customers (overfinanced)	65.9	87.5

21. EARNINGS PER SHARE (EPS)

	2002	2001
	CHF	CHF
Earnings per share	-3.17	-1.96
Earnings per share (diluted)	-3.17	-1.96

In order to determine the earnings per share, the Group's average holding of 80'313 own shares in 2002 (74'388 in 2001) was deducted from the total number of shares of 15'178'039.

As from 2000 the Group holds instruments requiring the computation of diluted earnings per share. No such computation is made as the effect would be a reduction of the loss per share.

22. DIVIDENDS PER SHARE

At the Annual General Meeting on 14 May 2003, no dividend distribution in respect of 2002 is to be proposed. The dividends per share declared in respect of 2001 and 2000 were, respectively, CHF 0.00 and CHF 0.50.

Report of the Group Auditors to the General Meeting of Swisslog Holding AG, Buchs

As auditors of the group, we have audited the consolidated financial statements (balance sheet, income statement, statement of cash flows and notes as shown on pages 5 to 29) of Swisslog Group for the year ended 31 December 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 and with International Standards on Auditing, 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 International Accounting Standards (IAS) and comply with Swiss law.

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

Without qualifying our opinion, we draw attention to the note 2 to the consolidated financial statements which describes the financing situation of the Group and the related uncertainties.

PricewaterhouseCoopers AG

G. Tritschler

G. Siegrist

Basel, 24 February 2003

2002 Financial Statements of Swisslog Holding AG

Balance Sheet, Income Statement

BALANCE SHEET 2002 2001
as at 31 December 000 CHF 000 CHF

ASSETS

Cash and cash equivalents	4	9
Other receivables	11	13
Loans to group companies	3'257	5'682
Current assets	3'272	5'704
Loans to group companies	224'233	314'233
Investment in group company	20'320	20'320
Non-current assets	244'553	334'553
Total assets	247'825	340'257

LIABILITIES AND SHAREHOLDERS' EQUITY

Other short-term liabilities	5	5
Accrued expenses	1'692	2'271
Total current liabilities	1'697	2'276
Convertible bonds 2000–2005	150'000	150'000
Total non-current liabilities	150'000	150'000
Share capital	30'356	30'270
Share Premium	98'733	98'430
General reserve	17'200	6'054
Reserve for own shares	276	11'451
Statutory reserves	116'209	115'935
Special reserve	33'682	33'682
Brought forward from previous year	8'094	7'997
Appropriation to reserve for own shares	29	-305
Net income	-92'242	402
Retained earnings	-84'119	8'094
Shareholders' equity	96'128	187'981
Total liabilities and shareholders' equity	247'825	340'257

INCOME STATEMENT 2002 2001
1 January to 31 December 000 CHF 000 CHF

INCOME

Financial income	3'335	9'205
Other income	0	18
Total income	3'335	9'223

EXPENSE

Financial expense	3'801	7'118
Administration expense	1'746	1'603
Value adjustments to loans	90'000	0
Total expense	95'547	8'721
Taxes	30	100
Net income	-92'242	402

Notes to the Financial Statements

1. Capital increase in the year 2002

In the course of a capital increase subject to conditions between 21 May and 10 September 645'615 share holder options have been converted into 43'039 registered shares at a par value of CHF 2 each. The share capital rose by CHF 0.086 m to CHF 30.356 m.

2. Convertible bonds 2000–2005

Convertible bonds of CHF 150 m par value will fall due at par value on 7 July 2005 at the latest. Interest of 2.25% is paid annually beginning 7 July 2001 for the first period. During the converting period convertible bonds at par value of CHF 2'500 each can be converted at any time (American style) into 13.39765 registered shares of Swisslog Holding AG at par value of CHF 2 each at the converting price of CHF 186.6 per registered share. The converting period expires five trading days (SWX) before the date of repayment determined either by notice or contractual terms. The convertible bonds are not bound to any covenants.

3. Authorised capital

The share capital can be increased until 14 May 2004 by the issuance of a maximum of 3'027'000 fully paid in registered shares at par value of CHF 2 each and up to a maximum of CHF 6.054 m.

4. Capital increase subject to conditions

The share capital can be increased by the issuance of a maximum of 1'000'000 fully paid in registered shares at par value of CHF 2 each and up to a maximum of CHF 2.0 m in total by exercise of conversion or option rights which are granted by way of convertible bonds or similar instruments issued by the Company or one of its subsidiaries, and/or by exercise of option rights granted to the shareholders.

The share capital can be increased by the issuance of a maximum of 626'000 fully paid in registered shares at par value of CHF 2 each and up to a maximum of CHF 1.252 m in total by exercise of option rights which are granted to the employees of the company or its subsidiaries based on one or several option plans.

5. Contingent liabilities	2002	2001
Guarantees to third parties (in 000 CHF)	389'111	434'766

6. Main investment	2002	2001
Company	Swisslog Management AG, Buchs	
Objects	Operational management of the group; administrative management of the business of Swisslog Holding AG, under contract	
Share capital (in 000 CHF)	6'880	6'880
Holding (%)	100	100

7. Major shareholders	2002	2001
Chase Nominees Ltd, London	17.7%	11.4%
Fidelity International Ltd., Bermuda	12.4%	< 5.0%
Franklin Templeton Companies, LLC, Florida	10.7%	< 5.0%
B.V.B.A. Group 2000 Participatie, Antwerpen	6.8%	7.7%
Julius Bär Multistock, Luxembourg	5.1%	5.1%
Henderson Investors, London	5.0%	6.6%

Notes to the Financial Statements

8. Own shares	Number	CHF
At 31 December 2000 (8'298 shares at nominal CHF 10.–, split as per 16.5.2001 5 : 1)	41'490	
Purchase February 2001	50'000	Price 140.20
Bonuses 2000, April/May 2001	-8'145	
Sale April 2001	-13'500	Price 94.00
Directors' fee May/July 2001	-1'750	
Sale July 2001	-5'183	Price 83.10
Purchase December 2001	86'927	Price 37.12
At 31 December 2001	149'839	
Sale May 2002	-149'839	Price 23.51
Purchase June 2002	4'159	Price 22.98
Directors' fee July 2002	-4'159	
Purchases July 2002	39'050	Price 18.40
Bonuses November/December 2002	-24'055	
At 31 December 2002	14'995	

The shares are held by Swisslog Management AG. The book value is 000 CHF 190 (2001: 000 CHF 4'795).

9. Result 2002 and financing

In 2002, Swisslog Holding AG recorded a net loss of CHF 92.3 million and the Swisslog Group recorded a consolidated net loss of CHF 47.8 million. This result was significantly affected by various one-off exceptional expenditures, as well as by lower than expected results especially in the discontinuing operations and the segment Material Flow Systems. In addition to the reported net loss, Swisslog Group recorded translation losses amounting to CHF 29.4 million and the equity of the Swisslog Group reduced by CHF 74 million to CHF 95.8 million. As described in the Notes to the Consolidated Financial Statements (Note 9), Swisslog Group reached a long-term financing agreement with a bank syndicate, including specific credit terms and covering the period until 31 March 2005. Additionally, there is a convertible bond, which is due on 7 July 2005.

Already in 2002, Swisslog Group started programs to improve its cost structure and to reduce the net working capital. Order backlog reached a new high at the end of 2002, with prospects of higher margins.

The Swisslog Group plans to achieve a further reduction of net debts in 2003. In order to achieve this a number of measures have been initiated. In particular, the net working capital should be reduced, and the cost-cutting programs expanded to utilise further optimisation potentials. At the same time, the Group is also considering the divestment of non-core business units in order to reduce the indebtedness. Management are confident that despite the current economic environment and the uncertainties surrounding the divestment programme, the necessary processes are in place which will ensure that the financing arrangement can be maintained.

Report of the Statutory Auditors to the General Meeting of Swisslog Holding AG, Buchs

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes as shown on pages 5 to 29) of Swisslog Holding AG for the year ended 31 December 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 comply with Swiss law and the company's articles of incorporation.

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

Without qualifying our opinion, we draw attention to the note X to the financial statements which describes the financing situation of the Group and the related uncertainties.

PricewaterhouseCoopers AG

G. Tritschler

G. Siegrist

Basel, 24 February 2003

Subsidiaries and investments of Swisslog Group as at 31 December 2002

Subsidiary	Registered office / Country	Consolidated on Y/M	Share capital		Holding direct/indirect
			Currency	Amount	
Fully consolidated management and financing subsidiaries					
Swisslog Holding AG	Buchs / Switzerland	86/01	CHF	30.36 Mio.	
Swisslog Management AG	Buchs / Switzerland	86/01	CHF	6.88 Mio.	100.0%
Relos AG	Buchs / Switzerland	00/12	CHF	0.10 Mio.	100.0%
Corob Color Robots B.V.	Amsterdam / Netherlands	99/01	EUR	0.02 Mio.	100.0%
Corob International AG	Aarau / Switzerland	99/01	CHF	0.10 Mio.	100.0%
Digitron Holdings (UK) Ltd.	Slough / UK	97/12	GBP	1.01 Mio.	100.0%
Swisslog (Deutschland) GmbH	Ludwigsburg / Germany	89/01	EUR	3.32 Mio.	100.0%
Swisslog America Inc.	City of Dover / USA	99/09	USD	0.00 Mio.	100.0%
Swisslog Holding (France)	Paris / France	99/09	FRF	0.15 Mio.	100.0%
Swisslog Holdings USA	City of Dover / USA	99/09	USD	0.00 Mio.	100.0%
Swisslog Svenska Holding AB	Partille / Sweden	01/09	SEK	0.10 Mio.	100.0%
Swisslog USA Inc.	City of Dover / USA	99/09	USD	0.00 Mio.	100.0%
Transnorm System Holding GmbH	Harsum / Germany	97/07	EUR	2.05 Mio.	100.0%
Fully consolidated operative subsidiaries					
Aircotronic Ltd.	Nottingham / UK	00/06	GBP	0.10 Mio.	100.0%
Digitron Ltd.	Slough / UK	94/01	GBP	0.25 Mio.	100.0%
Digitron Translift Ltd.	Retford / UK	89/01	GBP	0.28 Mio.	100.0%
Digitron Translift S.A.	Marne La Vallée / France	89/01	EUR	0.31 Mio.	100.0%
Infotronic GmbH	Kirchheim / Germany	01/09	EUR	1.22 Mio.	72.7%
Louis Schierholz GmbH	Bremen / Germany	94/10	EUR	2.35 Mio.	100.0%
Schierholz Dopravni Technika s.r.o.	Pilsen-Litice / Czech Republic	97/12	CZK	0.10 Mio.	100.0%
Schierholz Svenska AB	Partille / Sweden	94/10	SEK	0.12 Mio.	100.0%
Swisslog AB	Partille / Sweden	97/01	SEK	5.00 Mio.	100.0%
Swisslog AG	Buchs / Switzerland	86/01	CHF	10.00 Mio.	100.0%
Swisslog AS	Bergen / Norway	98/07	NOK	0.10 Mio.	100.0%
Swisslog Australia PTY Ltd.	Parramatta / Australia	96/01	AUD	0.00 Mio.	100.0%
Swisslog Automatisierungstechnik GmbH	Steinhagen / Germany	00/01	EUR	0.10 Mio.	100.0%
Swisslog B.V.	Culemborg / Netherlands	86/01	EUR	0.02 Mio.	100.0%
Swisslog France SA	Gennevilliers / France	99/09	EUR	0.73 Mio.	100.0%
Swisslog Italia S.p.A.	Beinasco / Italy	89/01	EUR	0.56 Mio.	100.0%
Swisslog Logistics, Inc.	Newport News / USA	98/07	USD	0.12 Mio.	100.0%
Swisslog Logistik Systeme GmbH	Ludwigsburg / Germany	96/01	EUR	0.51 Mio.	100.0%
Swisslog Luxembourg S.A.	Koerich-Windhof / Luxembourg	00/11	EUR	0.05 Mio.	100.0%
Swisslog Malaysia Sdn Bhd	Selangor Darul Ehsan / Malaysia	97/01	MYR	0.25 Mio.	100.0%
Swisslog N.V.	Antwerpen / Belgium	94/01	EUR	0.12 Mio.	100.0%
Swisslog Oy	Ulvila / Finland	96/01	EUR	2.52 Mio.	100.0%
Swisslog Pte. Ltd.	Singapore	99/09	SGD	0.60 Mio.	95.0%
Swisslog Rohrpostsysteme GmbH	Westerstede / Germany	99/09	EUR	0.50 Mio.	100.0%
Swisslog Service GmbH	Dortmund / Germany	97/12	EUR	0.54 Mio.	100.0%
Swisslog Singapore Pte. Ltd.	Singapore	97/01	SGD	0.10 Mio.	100.0%
Swisslog Software (UK) Ltd.	Slough / UK	00/08	GBP	0.10 Mio.	100.0%
Swisslog Software USA Inc.	North Billerica / USA	00/08	USD	0.00 Mio.	100.0%
Telelift (UK) Ltd.	Emsworth / UK	99/09	GBP	0.00 Mio.	100.0%
Telelift Automation Co. Ltd.	Seoul / Korea	00/12	KRW	100.00 Mio.	56.0%
Telelift GmbH	Puchheim / Germany	99/09	EUR	0.84 Mio.	100.0%
TransLogic Corp.	Denver / USA	99/09	USD	0.00 Mio.	100.0%

Subsidiaries and investments of Swisslog Group as at 31 December 2002

Subsidiary	Registered office / Country	Consolidated on Y/M	Share capital		Holding direct/indirect
			Currency	Amount	
TransLogic Ltd.	Mississauga / Canada	99/09	CAD	0.00 Mio.	100.0%
Transnorm System AB	Boxholm / Sweden	94/01	SEK	10.00 Mio.	100.0%
Transnorm System GmbH	Harsum / Germany	97/07	EUR	1.02 Mio.	100.0%
Transnorm System Inc.	Grand Prairie / USA	97/07	USD	7.24 Mio.	100.0%
Transnorm System Ltd.	Tewkesbury / UK	97/07	GBP	0.03 Mio.	100.0%
Transnorm System Sdn. Bhd.	Kluang / Malaysia	97/07	MYR	2.05 Mio.	100.0%
Trans-Tele (Pty) Ltd.	North Riding / South Africa	99/09	ZAR	0.00 Mio.	100.0%
Ulvilan Sävykone Oy	Ulvila / Finland	98/09	EUR	6.73 Mio.	100.0%
Wassermann AG	Munich / Germany	01/08	EUR	0.71 Mio.	85.2%

Equity-consolidated investments

ClassiX Software GmbH & Co.KG	Hamburg / Germany	00/12	EUR	0.05 Mio.	19.0%
Rocla Robotruck Oy	Järvenpää / Finland	01/07	EUR	1.04 Mio.	30.0%

Key Figures for Share Capital

	Unit	2002	2001	2000	1999	1998
Share capital	CHFm	30.4	30.3	27.5	27.5	27.5
Shares	Thousands	15'178.0 ¹	15'135.0 ¹	2'752.0	2'752.0	2'752.0
Dividend/registered share ¹	CHF	0.00 ²	0.00	0.50	0.50	0.50
Dividend	CHFm	0.0	0.0	6.9	6.9	6.9
Net result	CHFm	-47.8	-27.0	-22.1	31.2	22.1
- payout ratio	%	NA	NA	NA	22	31
- Net result/registered share ¹	CHF	-3.2	-1.9	-1.6	2.3	1.6
- Cash EPS ¹ (continuing operations)	CHF	-0.5	0.6	3.2	2.9	1.8
Quoted price of registered share ¹	High	CHF 35.9	163	226	95	37
	Low	CHF 9.6	24	83	23	19
Gross yield per registered share	High	% NA	NA	0.2	0.5	1.3
	Low	% NA	NA	0.6	2.2	2.6
Market capitalisation (31.12.)	CHFm	192.8	484.3	1'953.9	1'280.0	358.0
Consolidated shareholders' equity	CHFm	95.8	169.8	174.2	210.7	180.3
- shareholders' equity/registered share ¹	CHF	6.36	12.24	12.66	15.31	13.10
- market capitalisation in % shareholders' equity	%	201	285	1122	607	199
Price-Earnings-Ratio (PE-Ratio) ³ (31.12)	Factor	NA	151.4	54.6	33.9	14.8

1 5 for 1 shares split in May 2001 to a par value of CHF 2 per registered share. All key figures per registered share on the basis of the weighted average of outstanding registered shares (issue of share capital from May to September 2002 by 43,039 registered shares).

2 Proposal of the Board of Directors for 2002 no dividend to be distributed.

3 Related to net result before amortisation of goodwill.

Financial year	ending 31 December
Year incorporated	1900, Holding Company 1986
Registered office	Buchs/Aarau, Switzerland
Exchange listing	SWX Swiss Exchange
Bylaws	latest revision of bylaws: 15 May 2002, authorised capital increase
Share capital	CHF 30.36 m 15,178,039 registered shares at a par value of CHF 2.-
Registration limit	As of existing law
Authorised capital	CHF 6.054 m (3,027,000 registered shares at CHF 2.- par value)
Conditional capital	CHF 2.0 m (1,000,000 registered shares at CHF 2.- par value) in connection with convertible bonds
	CHF 1.252 m (626,000 registered shares at CHF 2.- par value) in connection with option programs for employees
	CHF 2.018 m (1,009,000 registered shares at CHF 2.- par value) in connection with option programs for shareholders

Consolidated Data for the Past Five Years

CONSOLIDATED INCOME STATEMENT	2002	2001	2000	1999	1998
1 January to 31 December	CHFm	CHFm	CHFm	CHFm	CHFm
Order intake	954.7	916.7	1'003.1	727.9	557.8
Order backlog	563.3	526.5	480.6	393.2	277.2
CONTINUING OPERATIONS:					
Net sales	875.3	845.0	925.0	722.4	551.0
Other operating income	13.2	22.0	10.6	3.6	8.6
Changes in inventories	3.7	-1.8	4.8	-14.0	5.6
Material and service expense	392.1	383.7	404.9	382.7	317.6
Personnel expense	329.4	320.9	317.0	215.3	173.2
Depreciation on tangible and intangible assets	14.8	15.5	16.5	11.6	8.2
Changes in provisions	-7.9	-7.1	-5.8	-2.9	-14.3
Other operating expense	137.7	123.2	126.3	83.1	40.8
Operating expense (without amortisation of goodwill)	869.8	834.4	863.7	675.8	531.0
Earnings before interest, taxes and amortisation of goodwill (EBITA)	18.7	32.6	71.9	50.2	28.6
Amortisation of goodwill	30.9	30.2	57.9	6.6	2.1
Earnings before interest and taxes (EBIT)	-12.2	2.4	14.0	43.6	26.5
Net financial result	-26.0	-21.7	-14.4	-1.8	0.7
Other income / expense	0.0	0.0	-0.6	2.9	-8.6
Result before tax	-38.2	-19.3	-1.0	44.7	18.6
Taxes	-4.3	-5.7	-11.8	-9.8	4.4
Result after tax	-42.5	-25.0	-12.8	34.9	23.0
Minority interests	0.0	-0.7	-2.4	-2.1	-0.9
Result continuing operations	-42.5	-25.7	-15.2	32.8	22.1
DISCONTINUING OPERATIONS:					
Net sales with third parties	73.3	93.9	0.5	0.1	
Net sales with Group companies	1.3	4.8	38.2	47.3	
Other operating income	0.0	1.0	0.1	0.1	
Operating expense	-76.0	-97.1	-45.9	-47.6	
Net financial result	-0.6	-0.7	-0.5	0.0	
Result before tax	-2.0	1.9	-7.6	-0.1	
Taxes	-2.8	-2.6	0.7	-1.5	
Result after tax	-4.8	-0.7	-6.9	-1.6	
Minority interests	-0.5	-0.6			
Result discontinuing operations	-5.3	-1.3	-6.9	-1.6	
Net result	-47.8	-27.0	-22.1	31.2	22.1

Consolidated Data for the Past Five Years

CONSOLIDATED BALANCE SHEET as at 31 December	2002 CHFm	2001 CHFm	2000 CHFm	1999 CHFm	1998 CHFm
ASSETS					
Tangible assets	73.8	97.6	123.4	125.0	97.1
Goodwill	177.9	270.0	290.7	184.1	58.7
Other intangible assets	22.1	22.5	15.7	13.4	1.2
Deferred tax assets	23.7	26.1	26.0	17.0	6.8
Other non-current assets	57.8	10.4	10.5	2.2	24.3
Non-current assets	355.3	426.6	466.3	341.7	188.1
Inventories	55.2	71.3	68.2	74.3	27.0
Trade and other receivables	221.3	286.0	281.8	240.0	151.2
Prepayments	10.0	8.9	9.4	10.5	11.5
Cash and cash equivalents	36.3	71.5	25.1	33.9	42.7
Current assets	322.8	437.7	384.5	358.7	232.4
Total assets	678.1	864.3	850.8	700.4	420.5
SHAREHOLDERS' EQUITY AND LIABILITIES					
Share capital	30.3	30.0	27.4	27.4	27.4
Reserves	65.5	139.8	146.8	183.3	152.9
Shareholders' equity	95.8	169.8	174.2	210.7	180.3
Minority interest	2.3	2.9	1.5	18.9	7.6
Interest bearing borrowings	323.3	349.8	294.6	121.1	3.4
Deferred tax liabilities	10.1	12.6	12.8	8.7	2.1
Other non-current liabilities	24.1	32.3	37.6	27.4	13.7
Non-current liabilities	357.5	394.7	345.0	157.2	19.1
Trade and other payables	89.3	94.8	76.0	69.9	50.0
Advance payments from customers	27.9	66.9	59.6	75.2	81.5
Short-term borrowings	1.9	24.5	73.4	58.2	0.3
Provisions	17.3	26.4	24.6	19.0	17.9
Taxes payable	2.9	6.2	12.7	17.0	9.8
Other short-term liabilities	36.7	40.3	48.7	36.3	30.1
Accrued expenses and deferred income	46.5	37.8	35.1	38.0	23.9
Current liabilities	222.5	296.9	330.1	313.6	213.5
Total shareholders' equity and liabilities	678.1	864.3	850.8	700.4	420.5
Number of consolidated operating companies	68	75	71	61	37

Key Figures and Ratios

KEY FIGURES	Unit	2002	2001	2000	1999	1998
Net sales	CHFm	875.3	845.0	925.0	722.4	551.0
Earnings before interest, taxes, depreciation and amortisation of goodwill (EBITDA)	CHFm	33.5	48.1	88.4	61.8	36.8
Earnings before interest, taxes and amortisation of goodwill (EBITA)	CHFm	18.7	32.6	71.9	50.2	28.6
Result continuing operations	CHFm	-42.5	-25.7	-15.2	32.8	22.1
Shareholders' equity	CHFm	95.8	169.8	174.2	210.7	180.3
Earnings before interest and taxes as % of sales (EBITA margin)	%	2.1	3.9	7.8	6.9	5.2
Net operating assets (excl. goodwill)	CHFm	140.6	187.8	216.9	197.4	70.9
Return on net operating assets (RONOA) ¹	%	13.3	17.4	33.1	25.4	40.3
Return on equity (ROE) in %	%	-44.4	-15.1	-8.7	15.6	12.3
Operative Free Cash Flow ²	CHFm	29.5	63.7	48.9	25.8	59.9

All information provided relates to continuing operations (1998 to 2000 not new presented).

1 RONOA = EBITA / net operating assets (excl. goodwill).

2 Operative Free Cash Flow = EBITA + depreciation +/- change in net current assets (impact from acquisitions adjusted).

INFORMATION FOR INVESTORS		2002	2001	2000	1999	1998
Registered shares	Thousands	15'178.0	15'135.0	2'752.0	2'752.0	2'752.0
Result continuing operations / registered share ¹	CHF	-2.8	-1.9	-1.1	2.4	1.6
EBITDA / registered share ¹	CHF	2.2	3.5	6.4	4.5	2.7
EBITA / registered share ¹	CHF	1.2	2.3	5.2	3.6	2.1
Cash EPS ¹	CHF	-0.5	0.6	3.2	2.9	1.8
Listed price of registered share	High	CHF 35.9	163	226	95	37
	Low	CHF 9.6	24	83	23	19
Market capitalisation (31.12.)	CHFm	192.8	484.3	1'953.9	1'280.0	358.0
Price-Earnings-Ratio (PE-Ratio) ² (31.12.)	Factor	NA	151.4	54.6	33.9	14.8

1 5 for 1 shares split in May 2001 to a par value of CHF 2 per registered share. All key figures per registered share on the basis of the weighted average of outstanding registered shares (issue of share capital from May to September 2002 by 43,039 registered shares).

2 Related to net result before amortisation of goodwill.