

Financial Overview 2003



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## Overview of the Swisslog Group

	Unit	2003	2002	2001	2000	1999
Order intake	CHFm	775.7	1 028.2	1 010.6	1 003.5	727.9
Order backlog	CHFm	467.9	563.3	536.1	480.6	393.2
Net sales	CHFm	770.8	948.6	938.9	925.5	722.5
Earnings before interest, taxes, depreciation and amortization of goodwill EBITDA	CHFm	-6.6	39.5	58.8	83.6	62.5
Earnings before interest, taxes and amortization of goodwill EBITA	CHFm	-44.0	21.6	39.6	65.5	50.1
Earnings before interest and taxes EBIT	CHFm	-145.1	-13.6	5.0	7.1	43.5
Net result	CHFm	-245.0	-47.8	-27.0	-22.1	31.2
Total assets	CHFm	440.0	678.1	864.3	854.2	700.4
Tangible and other intangible assets	CHFm	51.8	95.9	120.1	139.1	138.4
Goodwill	CHFm	108.8	177.9	270.0	290.7	184.1
Net current assets <sup>1</sup>	CHFm	-6.0	68.8	100.0	115.4	86.4
Net operating assets excl. goodwill <sup>2</sup>	CHFm	25.1	140.6	187.8	216.9	197.4
Other non-current assets	CHFm	26.5	57.8	10.4	10.5	2.2
Net liquidity <sup>3</sup>	CHFm	-137.0	34.4	47.0	-48.3	-24.3
Shareholders' equity	CHFm	-122.4	95.8	169.8	174.2	210.7
Investment in tangible and other intangible assets	CHFm	29.1	56.6	25.8	26.5	22.2
Depreciation on tangible and other intangible assets	CHFm	37.4	17.9	19.2	18.1	12.4
Amortization of goodwill	CHFm	101.1	35.2	34.6	58.4	6.6
Employees (at year-end)	Employees	2 336	3 373	3 816	3 660	3 507
Operating profit as % of sales (EBITA margin)	%	NA	2.3	4.2	7.1	6.9
Return on net operating assets (RONOA) <sup>4</sup>	%	NA	15.4	21.1	30.2	25.4
Shares <sup>5</sup>	Thousands	15 178	15 178	15 135	2 752	2 752
Cash EPS <sup>5, 6</sup>	CHF	-9.2	-0.6	0.6	3.2	2.9

1 Net current assets = current assets (excl. cash and cash equivalents), less current liabilities, and provisions (excl. interest bearing borrowings and taxes payable)

2 Net operating assets = tangible assets and intangible assets plus net current assets less other non-current liabilities

3 Net liquidity = cash and cash equivalents less short-term borrowings

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

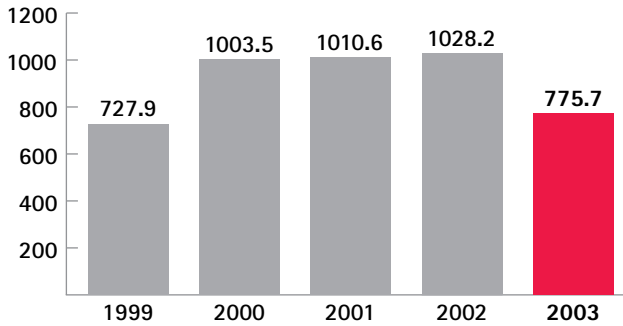
5 5 for 1 shares split in May 2001 to a par value of CHF 2 per registered share. All key figures per registered share on the basis of the weighted average of outstanding registered shares (issue of share capital from May to September 2002 by 43,039 registered shares)

6 Cash EPS = (net result plus amortization of goodwill plus interest expense convertible bonds IAS) / number of shares

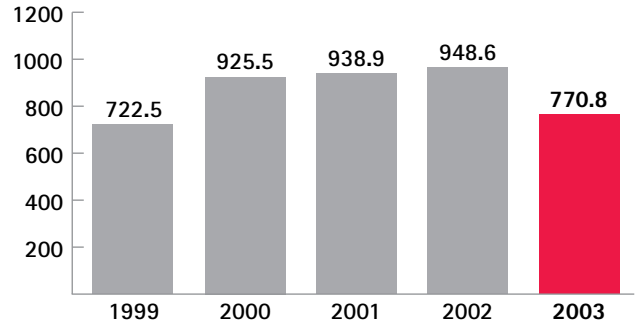
# Overview of the Swisslog Group

CHFm

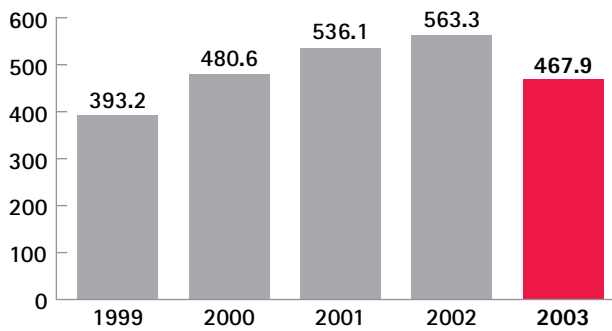
Order intake



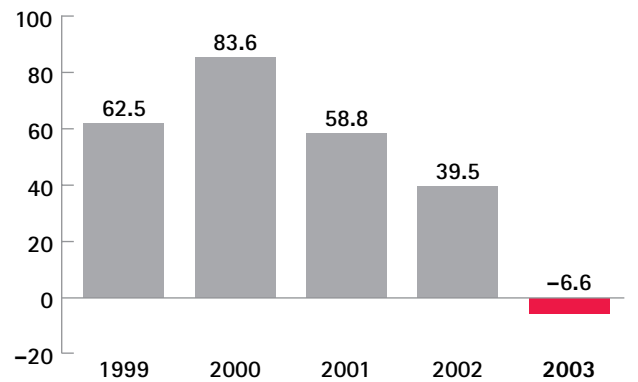
Net sales



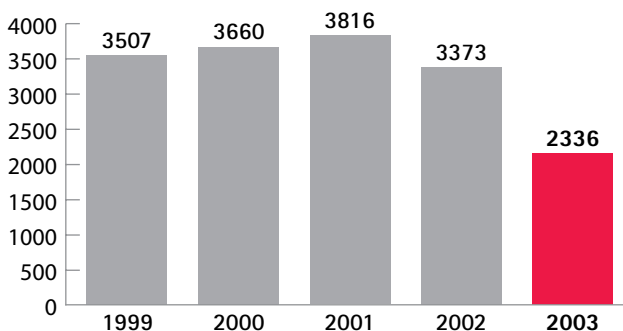
Order backlog



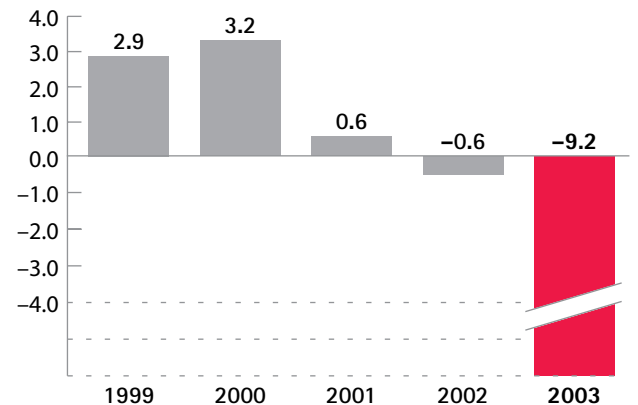
EBITDA



Employees (31 December)



CASH EPS in CHF



## 2003 Consolidated Financial Statements of Swisslog Group

## Consolidated Balance Sheet

as at 31 December	Note	2003 CHFm	2002 CHFm
<b>Assets</b>			
Tangible assets	4	45.1	73.8
Goodwill	4	108.8	177.9
Other intangible assets	4	6.7	22.1
Deferred tax assets	11	15.3	23.7
Other non-current assets	5	26.5	57.8
<b>Non-current assets</b>		<b>202.4</b>	<b>355.3</b>
Inventories	6	38.0	55.2
Trade and other receivables	7	144.6	221.3
Prepayments		6.6	10.0
Cash and cash equivalents	8	48.4	36.3
<b>Current assets</b>		<b>237.6</b>	<b>322.8</b>
<b>Total assets</b>		<b>440.0</b>	<b>678.1</b>
<b>Shareholders' Equity and Liabilities</b>			
Share capital	9	30.3	30.3
Reserves		-152.7	65.5
<b>Shareholders' equity</b>		<b>-122.4</b>	<b>95.8</b>
<b>Minority interest</b>		<b>0.7</b>	<b>2.3</b>
Interest bearing borrowings	10	143.4	323.3
Deferred tax liabilities	11	9.0	10.1
Other non-current liabilities	12	20.7	24.1
<b>Non-current liabilities</b>		<b>173.1</b>	<b>357.5</b>
Trade and other payables		73.2	89.3
Advance payments from customers		24.6	27.9
Short-term borrowings	10	185.4	1.9
Provisions	13	35.3	17.3
Taxes payable		8.0	2.9
Other short-term liabilities		14.9	36.7
Accrued expenses and deferred income		47.2	46.5
<b>Current liabilities</b>		<b>388.6</b>	<b>222.5</b>
<b>Total shareholders' equity and liabilities</b>		<b>440.0</b>	<b>678.1</b>

## Consolidated Income Statement

1 January to 31 December	Note	2003 CHFm	2002 CHFm
<b>Continuing Operations:</b>			
<b>Net sales</b>		<b>682.4</b>	<b>718.8</b>
Other operating income	14	4.3	12.0
Changes in inventories	15	15.1	3.4
Material and service expense	15	275.1	295.0
Personnel expense	15	264.7	278.6
Changes in provisions		2.4	-5.4
Other operating expense	15	106.1	127.4
Depreciation on tangible and intangible assets		12.4	11.8
Impairment on tangible and intangible assets	4	19.5	0.0
Amortization of goodwill		34.1	30.9
Impairment on goodwill	4	50.0	0.0
Provision for onerous contracts to acquire goodwill	13	17.0	0.0
<b>Earnings before interest and taxes (EBIT)</b>		<b>-109.7</b>	<b>-10.9</b>
Impairment on investment and convertible bond CPS Color	16	-40.4	0.0
Other net financial result	16	-37.3	-23.8
<b>Result before tax</b>		<b>-187.4</b>	<b>-34.7</b>
Taxes	11	-20.4	-4.7
<b>Result after tax</b>		<b>-207.8</b>	<b>-39.4</b>
Minority interests		0.9	0.0
<b>Result continuing operations</b>		<b>-206.9</b>	<b>-39.4</b>
<b>Discontinuing Operations:</b>			
	20		
Net sales		102.6	240.9
Other operating income		2.1	1.2
Operating expense		-120.1	-244.9
Loss on disposal of investments		-21.0	0.0
Net financial result		-1.1	-2.7
<b>Result before tax</b>		<b>-37.5</b>	<b>-5.5</b>
Taxes	11	-0.6	-2.4
<b>Result after tax</b>		<b>-38.1</b>	<b>-7.9</b>
Minority interests		0.0	-0.5
<b>Result discontinuing operations</b>		<b>-38.1</b>	<b>-8.4</b>
<b>Net result</b>		<b>-245.0</b>	<b>-47.8</b>
		CHF	CHF
Earnings per share	22	-16.15	-3.17
Earnings per share (diluted)	22	-16.15	-3.17

## Consolidated Cash Flow Statement

1 January to 31 December	Note	2003 CHFm	2002 CHFm
<b>Cash Flow from Operating Activities</b>			
Result continuing operations		-206.9	-39.4
Adjustments for:			
Minority interests		-0.9	0.0
Taxes	11	20.4	4.7
Depreciation on tangible and intangible assets		12.4	11.8
Impairment on tangible and intangible assets		19.5	0.0
Amortization of goodwill		34.1	30.9
Impairment on goodwill		50.0	0.0
Provision for onerous contracts to acquire goodwill	13	17.0	0.0
Impairment on investment and convertible bond CPS Color	16	40.4	0.0
Other net financial result	16	37.3	23.8
Change in pension liabilities		0.7	0.1
Profit (-)/loss (+) from sales of tangible assets		0.5	-9.0
Taxes paid		-8.3	-7.7
<b>Cash flow before working capital changes</b>		<b>16.2</b>	<b>15.2</b>
Increase (-)/decrease (+) from:			
Inventories		3.1	-2.8
Trade and other receivables		55.2	-4.5
Prepayments		-2.6	-1.4
Increase (+)/decrease (-) in:			
Trade and other payables		8.9	14.2
Advance payments received from customers		-0.1	-18.1
Short term liabilities, accrued expenses and deferred income		-23.4	11.6
Provisions		-1.6	-5.7
<b>Cash flow from net current assets</b>		<b>39.5</b>	<b>-6.7</b>
<b>Net cash flow from operating activities</b>		<b>55.7</b>	<b>8.5</b>
<b>Cash Flow from Investing Activities</b>			
Investments in tangible assets (incl. prepayments)		-6.8	-6.6
Investments in intangible assets		-3.2	-10.1
Acquisition of minorities, net of cash acquired		-15.9	-20.6
Disposal of subsidiary, net of cash disposed	20	2.6	36.5
Disposal of tangible and other intangible assets		7.1	19.9
Other non-current assets		-0.8	7.0
Interest received		0.9	0.4
<b>Net cash flow from investments</b>		<b>-16.1</b>	<b>26.5</b>
<b>Cash Flow from Financing Activities</b>			
Changes in interest bearing borrowings		0.3	-48.3
Interest paid		-12.3	-12.3
Other financial expenses paid		-7.2	-5.0
Change in other non-current liabilities		-0.2	0.5
Dividends paid to minority shareholders		0.0	-0.1
Purchase of treasury shares		0.0	-1.3
Proceeds from issue of share capital		0.0	0.4
<b>Net cash flow from financing activities</b>		<b>-19.4</b>	<b>-66.1</b>
<b>Cash Flow from Discontinuing Operations</b>			
	20		
Cash flow from operating activities		1.4	9.8
Cash flow from investing activities		-3.3	-10.6
Cash flow from financing activities		-2.0	-1.3
<b>Net cash flow from discontinuing operations</b>		<b>-3.9</b>	<b>-2.1</b>
Impact of currency translation		-4.2	-2.0
<b>Net increase/decrease in cash and cash equivalents</b>		<b>12.1</b>	<b>-35.2</b>
Cash and cash equivalents at beginning of year	8	36.3	71.5
Cash and cash equivalents at end of year	8	48.4	36.3

## Consolidated Changes in Shareholders' Equity

CHFm	Note	Share capital	Premium	Fair value and other reserves			Retained earnings <sup>1</sup>	Shareholders' equity
				Equity convertible bonds <sup>1</sup>	Currency translation differences <sup>1</sup>	Other		
<b>As at 1.1.2002</b>		<b>30.0</b>	<b>98.4</b>	<b>14.6</b>	<b>-11.3</b>	<b>-1.1</b>	<b>39.2</b>	<b>169.8</b>
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	17					0.2		0.2
Treasury shares		0.2					2.4	2.6
Currency translation difference						-29.4		-29.4
<b>As at 31.12.2002</b>		<b>30.3</b>	<b>98.7</b>	<b>14.6</b>	<b>-40.7</b>	<b>0.1</b>	<b>-7.2</b>	<b>95.8</b>
Net result 2003							-245.0	-245.0
Release of share premium			-39.3				39.3	0.0
Fair value gains/losses (-) from securities						-0.2		-0.2
Fair value gains/losses (-) from cash flow hedges	17					-0.3		-0.3
Treasury shares							0.3	0.3
Goodwill transfer to income statement	20						12.4	12.4
Currency translation differences								
- on disposal of subsidiaries						1.0		1.0
- on offsetting long-term intercompany loans						9.2		9.2
- amount arising in year						4.4		4.4
<b>As at 31.12.2003</b>		<b>30.3</b>	<b>59.4</b>	<b>14.6</b>	<b>-26.1</b>	<b>-0.4</b>	<b>-200.2</b>	<b>-122.4</b>

1 The equity of the convertible bonds and the currency translation differences are disclosed for the first time. They used to be shown under retained earnings.

Foreign Currency Exchange Rates			Income Statement		Balance Sheet	
Currency	Country	Unit	2003	2002	2003	2002
AUD	Australia	1	0.8727	0.8449	0.9286	0.7867
CNY	China	100	16.2709	18.8402	15.1220	16.7900
CZK	Czech Republic	100	4.7652	4.7548	4.7802	4.6117
DKK	Denmark	100	20.4263	19.7546	20.9500	19.5860
EUR	Europe	1	1.5178	1.4678	1.5592	1.4544
GBP	UK	1	2.2055	2.3370	2.2203	2.2354
HKD	Hong Kong	100	17.2609	19.9926	16.1210	17.8200
INR	India	100	2.8808	3.2099	2.7434	2.8974
JPY	Japan	100	1.1617	1.2459	1.1697	1.1715
KRW	South Korea	100	0.1128	0.1249	0.1045	0.1172
MYR	Malaysia	100	35.4070	41.0429	33.0250	36.5310
NOK	Norway	100	19.0254	19.5253	18.5480	19.9770
PLN	Poland	100	34.6064	38.3527	33.4430	36.1420
SEK	Sweden	100	16.6226	16.0455	17.1290	15.8400
SGD	Singapore	1	0.7721	0.8702	0.7343	0.8003
USD	USA	1	1.3443	1.5593	1.2516	1.3898
UYU	Uruguay	100	4.8380	8.2715	4.3790	5.1600
ZAR	South Africa	100	17.9898	14.8992	18.5340	16.0290

# 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 International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB).

Comparative information in the consolidated income statement, cash flow statement and information by segment have been represented retrospectively in accordance with IAS 35, in order to present discontinuing operations of the competence centers Material Flow and Robotic Systems 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 sometimes 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 financial statements on the 4<sup>th</sup> March 2004 and gave permission for publication.

### 1.2 Consolidated companies and principles of consolidation

The consolidated financial statements include Swisslog Holding AG and all companies in which the group holds control and significant influence.

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, where the Group does not own 100% of acquired companies, the minority interest is recorded as the minority's proportion of the pre-acquisition carrying amount of the acquired assets and liabilities.

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 page 35. 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. Unrealized differences resulting from the translation of long term loans to group companies are recorded directly in equity. Differences arising from the translation of foreign affiliate statements are also 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 are depreciated over their useful life or the shorter lease period. 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.

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

### 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 an investment and is carried at cost less accumulated depreciation in value. Buildings are depreciated over the estimated useful life using the straight line method, i.e. 15 to 50 years.

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

### 1.6 Intangible assets

#### a) Goodwill

Goodwill is recorded as the surplus of the cost of acquisition over the Group's interest in fair value of identifiable net assets acquired. Goodwill is amortized on a straight-line basis through the income statement over its useful life. In general goodwill is amortized over 20 years. However, goodwill related to acquired companies in the software, consulting and services fields is amortized over 5 years. If a shorter or a longer period is justified by commercial considerations the more relevant term for amortization is applied on a case by case basis.

#### b) Research and development

Expenses incurred on development projects are capitalized to the extent that such expenditure is probable to generate future eco-

## Notes to the Consolidated Financial Statements

conomic benefits. These assets are amortized 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 recognized as an expense as incurred.

### c) Other

Licenses, 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 amortization is reduced accordingly.

### d) Impairment of intangible assets

Where an indication of an impairment exists, the carrying amount of any intangible asset including goodwill is assessed and written down immediately to its recoverable amount either value in use or net selling price.

## 1.7 Investments

The Group 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 are 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 recognized 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 amortized cost using the effective yield method. Realized and unrealized 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; unrealized gains and losses of available-for-sale investments are recorded in equity.

## 1.8 Cash and cash equivalents

This covers cash on hand and postal and bank balances plus money at call and term deposits with a maturity of less than 3 months shown at nominal value.

## 1.9 Inventories, work in progress

Inventories are shown at purchase or manufacturing cost or net

realizable 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 which represents the fair value.

### 1.11 Other receivables, prepaid expenses and accrued income

Other receivables are shown at their net realizable value, prepaid expenses and accrued income at the lower of purchase cost or realizable 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 recognized when the Group has a present legal or constructive obligation as a result of past events, 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, unless the possibility of any outflow of resources in connection with a liability is remote.

#### a) Provisions for projects

The Group recognizes 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 during the warranty period.

#### 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 and announcement of the planned measures.

#### d) Restructuring for onerous contracts

For contractually agreed future payments in relation to the take

over of the remaining minorities of the Wassermann AG shares, provisions are made. With the take over of the remaining minorities, no major added value is expected.

### 1.14 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts, and after eliminating sales within the Group. Revenue from the sale of goods is recognized when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

Long-term contracts are recorded using the percentage-of-completion method (s. 1.9 Inventories, work in progress).

### 1.15 Borrowing costs

Borrowing costs are recognized 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 realized or the liability will be settled. Deferred tax assets exceeding recognized deferred tax liabilities within the same taxable entity are recognized to the extent that it is probable that the enterprise will have sufficient taxable profit available in following periods. Deferred tax assets are recognized 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 utilized. No deferred taxes are recognized 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 bond

The fair value of the liability component and the equity conversion component are determined on the issue of the bond. The fair value of the liability component, included in long term borrowings, is calculated using a market interest rate for equivalent non convertible bond. 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 amortized cost basis, until extinguished on conversion or maturity of the bonds. The equity conversion component is determined on the issue of the bond and is not changed in subsequent periods.

### 1.19 Financial instruments

The financial effects of adopting IAS 39 are disclosed in Note 17. 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 program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts and interest rate swaps to hedge certain exposures. Risk management is carried out by the subsidiaries and under co-ordination 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.

#### (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.

Net working capital, customer projects, and short-term loans: Companies in the Group use forward contracts and swaps, 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 has been 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.

Net assets incl. long-term loans: The Group 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 interest-bearing assets and a convertible bond liability at fixed rates. The bank borrowings are at variable rates. The related interest rate risks are not hedged.

### (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 counter parties 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 agreed credit lines available.

### b) Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are remeasured at their fair value. The method of recognizing 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 recognized 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 recognized 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 recognized when the committed or forecasted transaction ultimately is recognized 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 17. Movements on the hedging reserve in shareholders' equity are also shown in Note 17.

### 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 are 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) Warehouse & Distributions Solutions

Delivers leading industry-specific solutions for automated and

## Notes to the Consolidated Financial Statements

manual warehouses and distribution centres. Provides consulting services, software solutions, general contracting, implementation and life-time support.

### b) Consulting Services

Optimizes customers supply chains by using and implementing its own supply chain planning software.

### c) Healthcare Solutions

Offers logistics automation for the movement and processing of materials, medications, specimens within and throughout health-

care facilities. The scope of services ranges from consulting, design, manufacturing and installation through lifetime customer support.

### d) Material Flow Systems

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

## 1.21 Changes in consolidation

In 2003 the following companies were sold and are not fully consolidated in the consolidated statements anymore as per December 31, 2003:

Segment Material Flow Systems	Consolidated until	Swisslog's holding
Louis Schierholz GmbH, Bremen/Germany	31.07.2003	100.0%
Schierholz Dopravni Technika s.r.o., Pilsen-Litice/Czech Republic	31.07.2003	100.0%
Schierholz Svenska AB, Partille/Sweden	31.07.2003	100.0%
Digitron Translift Ltd., Retford/UK	31.07.2003	100.0%
Digitron Translift S.A., Marne La Vallée/France	31.07.2003	100.0%
<b>Segment Robotics</b>		
Swisslog Oy, Ulvila/Finland	30.11.2003	100.0%

## 2. Result 2003 and concept for balance sheet restructuring

In 2003 the Swisslog Group reported a net loss of CHF 245.0 Mio. This result was caused mainly by write-offs of CHF 151.7 Mio. based on revised business plans. In addition, the result in the core business is burdened by goodwill amortization, financing costs, currency losses and by the negative result of the discontinuing operations. Consequently the Swisslog Group reported a negative equity of CHF 122.4 Mio. at 31. December 2003.

According to Art. 725 Par. 2 of the Swiss Code of Obligations, Swisslog Holding AG as well as some subsidiaries report an over indebtedness. This situation necessitated the financial restructuring of the balance sheet. Due to the negative equity, the board of directors proposed a comprehensive financial restructuring concept to the shareholders at the extraordinary general meeting as well as to the bondholders at a bondholders' meeting, both took place on 26 February 2004.

### 2.1 Initial situation

Swisslog Holding AG has issued a total of 15 178 039 shares at a nominal value of CHF 2.00 per share. In addition, on the 7<sup>th</sup> of July 2000 Swisslog Holding AG issued a convertible bond of CHF 150 Mio., which matures on the 7<sup>th</sup> of July 2005.

A credit agreement was stipulated between Swisslog Management AG and the credit giving banks i.e. guarantee giving financial creditors on 4<sup>th</sup> September 2001 with amendments dated 1<sup>st</sup> October 2001 and 11<sup>th</sup> December 2002. This Agreement contains a credit line of CHF 190 Mio. and a guarantee line of CHF 116.2 Mio. These facilities are for redemption on 31<sup>st</sup> March 2005.

### 2.2 Restructuring concept

The balance sheet restructuring of the Swisslog Group is being planned and initiated as follows:

- The nominal value of the shares of Swisslog Holding AG is to be reduced from CHF 2.00 to CHF 0.01 per share.
- The credit giving banks sell the consortial credit of CHF 184 Mio. to Lombard Odier Darier Hentsch & Cie. (LODH) for CHF 139 Mio. In addition, the banks engage to make the business-necessary guarantee facilities of CHF 100 Mio. available to Swisslog until 30<sup>th</sup> June 2006.
- LODH waives the debt of CHF 184 Mio. against Swisslog and receives in return the right to subscribe for 141.5 Mio. shares of Swisslog Holding AG at a nominal value of CHF 0.01. LODH will sell these shares at a price of CHF 1.00 per share to financial investors already having signed corresponding commitments.
- The present shareholders of Swisslog Holding AG receive subscription rights enabling them to buy three new shares for two existing shares held at a subscription price of CHF 1.00. The shares not being subscribed for by the existing shareholders will be subscribed for by certain of the new investors, who already having signed corresponding commitments.
- The redemption period of the 2.25% convertible bond will be extended until 31<sup>st</sup> December 2009, whereas the following interest shall be paid every 7<sup>th</sup> July:
 

– 2003/2004	0.5%
– 2004/2005	1.0%
– 2005/2006	1.5%
– 2006/2007	2.0%
– 2007/2008	2.5%
– 2008/2009	3.0%
– 2009	3.5% (from 7.7. 2009 until Expl.: 12.31.2009)

The bondholders renounce the current lien (nominal CHF 16.4 Mio.) and consent to securing the remaining guarantee facilities of the banks by pledging the subsidiary Translogic. Furthermore, the bondholders have to agree to the planned divestments (Transnorm Group and real estate), the dissolution of the Inter-creditor Agreement and the restructuring of Swisslog Management AG by Swisslog Holding AG. In return the position of the bondholders will be improved by additional bond conditions.

- These financial measures support an operative restructuring concept comprising particular restructuring and cost-cutting measures which are to ensure the lasting profitability of the Swisslog Group. Most of these actions have already been successfully implemented.
- Some debtors have agreed to a debt forgiveness should the financial restructuring be successful.
- In the course of the financial restructuring the board of directors of Swisslog Holding AG will be exchanged.
- The total transaction cost for the financial restructuring will amount to approx. CHF 10–12 Mio.

### 2.3 Effects of restructuring on balance sheet

The planned capital restructuring measures will change the equity of Swisslog Holding AG as follows:

- The existing statutory reserves of CHF 65.5 Mio. will be mostly dissolved and settled with the balance sheet loss.
- The reduction-profit of CHF 30.2 Mio. caused by the equity decrease with nominal value diminution will also be used for the reduction of the underbalance.
- In return for the waiver in respect of the bank credits of CHF 184.0 Mio., an ordinary capital increase of 141.5 Mio. shares (Tranche A) will occur at a nominal value of CHF 0.01 per share with exclusion of subscription rights. As a result of capital increase of Tranche A, CHF 1.4 Mio. of cash flows into Swisslog Holding AG.
- From the ordinary capital increase (Tranche B) of 22.8 Mio shares to existing shareholders (based on a three for two rights offering) at a purchase price of CHF 1.00 per share. From the capital increase of Tranche B, CHF 22.8 Mio. of cash flows into Swisslog Holding AG.
- As a result of the balance sheet restructuring, the equity of the Swisslog Group will increase by CHF 208.2 Mio.

### 2.4 Risks and scheduling

The concerned credit banks, the participating financial investors and the shareholders have already consented to this concept. The realization of the restructuring concept is only feasible, if:

- the bondholders approve the changes of the convertible bond conditions with a majority of two thirds of the outstanding nominal value and
- the official legal approval of the authorities has been given.

The continuation of relevant Swisslog companies is jeopardized should the named groups not approve the proposed concept. If the planned restructuring does not succeed within the scheduled period until latest end of June 2004, the continuation of the firm is impossible. In this case the board of directors has to act according to Art. 725 Par. 2 of the Swiss Code of Obligations and has to file for bankruptcy for Swisslog Holding AG and to apply for composition procedure for Swisslog Management AG thereafter.

Management and the Board of Directors of the Swisslog Group assume, that the financial restructuring will be successful. The shareholders have already consented to the presented concept, based on this, the management believes, that also the bondholders will agree to the proposed financial restructuring concept. Therefore, the financial statements 2003 have been prepared on a going concern basis.

## Notes to the Consolidated Financial Statements

### 3. Information by Segment

2003	Warehouse & Distribution Solutions	Consulting Services	Healthcare Solutions	Material Flow Systems	Eliminations/ other <sup>5</sup>	Total continuing operations <sup>6</sup>	Discontinuing operations	Eliminations	Total Group
in CHFm									
Order intake	401.4	15.7	205.1	68.1	-13.2	677.1	108.6	-10.0	775.7
Order backlog (at year-end)	312.7	6.1	134.7	17.5	-3.1	467.9	0.0	0.0	467.9
Net sales per segment	429.9	14.4	187.5	74.7	-24.1	682.4	102.6	-14.2	770.8
Net sales to third parties	418.9	14.0	183.9	65.6	0.0	682.4	88.4	0.0	770.8
Net sales to other segments <sup>1</sup>	11.0	0.4	3.6	9.1	-24.1	0.0	14.2	-14.2	0.0
Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA)	23.3	2.6	16.9	1.3	-20.8	23.3	-29.9	0.0	-6.6
Depreciation	5.0	0.6	3.7	2.1	1.0	12.4	2.2	0.0	14.6
Impairment on tangible and intangible assets	2.5	0.0	7.5	0.0	9.5	19.5	3.3	0.0	22.8
Earnings before interest, taxes and amortization of goodwill (EBITA)	15.8	2.0	5.7	-0.8	-31.3	-8.6	-35.4	0.0	-44.0
Goodwill amortization	17.6	9.6	5.0	1.4	0.5	34.1	0.0	0.0	34.1
Goodwill impairments & onerous contracts	4.1	22.5	25.0	14.8	0.6	67.0	0.0	0.0	67.0
Earning before interest & taxes (EBIT)	-5.9	-30.1	-24.3	-17.0	-32.4	-109.7	-35.4	0.0	-145.1
Current and non-current assets <sup>2</sup>	149.5	38.0	111.7	38.0	12.6	349.8	0.0	0.0	349.8
Goodwill	39.9	29.1	39.8	0.0	0.0	108.8	0.0	0.0	108.8
Operating liabilities and provisions <sup>3</sup>	156.5	19.8	21.2	26.2	-7.8	215.9	0.0	0.0	215.9
Net operating assets <sup>4</sup> incl. goodwill	-7.0	18.2	90.5	11.8	20.4	133.9	0.0	0.0	133.9
Investment in tangible and intangible assets	7.3	13.0	5.1	1.3	0.2	26.9	2.2	0.0	29.1
Other non-monetary expense (+)/income (-)	-0.2	16.7	-1.6	1.1	0.1	16.1	1.5	0.0	17.6
Employees (at year-end)	1 082	62	749	411	32	2 336	0	0	2 336
Earnings as % of sales (EBITA margin)	3.7	13.9	3.0	NA		NA	NA	0.0	NA
Return in % on net operating assets incl. goodwill (RONOA)	NA	11.0	6.3	-6.8		-6.4			-32.9
<b>2002<sup>7</sup></b>									
Order intake	502.3	14.1	235.3	93.9	-39.0	806.6	245.5	-23.9	1 028.2
Order backlog (at year-end)	363.6	4.4	129.1	25.0	-16.6	505.5	74.3	-16.5	563.3
Net sales per segment	439.2	14.1	207.6	88.3	-30.4	718.8	240.9	-11.1	948.6
Net sales to third parties	429.2	13.3	204.3	72.0	0.0	718.8	229.8	0.0	948.6
Net sales to other segments <sup>1</sup>	10.0	0.8	3.3	16.3	-30.4	0.0	11.1	-11.1	0.0
Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA)	21.5	2.0	21.0	6.7	-19.4	31.8	7.7	0.0	39.5
Depreciation	4.8	0.4	3.4	1.9	1.3	11.8	6.1	0.0	17.9
Earnings before interest, taxes and amortization of goodwill (EBITA)	16.7	1.6	17.6	4.8	-20.7	20.0	1.6	0.0	21.6
Goodwill amortization	18.3	5.2	5.6	1.4	0.4	30.9	4.3	0.0	35.2
Earning before interest & taxes (EBIT)	-1.6	-3.6	12.0	3.4	-21.1	-10.9	-2.7	0.0	-13.6
Current and non-current assets <sup>2</sup>	196.5	37.9	163.3	62.4	25.3	485.4	74.9	0.0	560.3
Goodwill	60.0	30.6	70.8	15.5	1.0	177.9	0.0	0.0	177.9
Operating liabilities and provisions <sup>3</sup>	152.4	2.5	28.3	27.7	-12.5	198.4	43.4	0.0	241.8
Net operating assets <sup>4</sup> incl. goodwill	44.1	35.4	135.0	34.7	37.8	287.0	31.5	0.0	318.5
Investment in tangible and intangible assets	6.7	23.3	10.4	2.0	2.2	44.6	12.0	0.0	56.6
Other non-monetary expense (+)/income (-)	-4.8	-0.1	-0.6	-2.4	0.2	-7.7	-1.4	0.0	-9.1
Employees (at year-end)	1 189	64	1 014	445	43	2 755	618	0	3 373
Earnings as % of sales (EBITA margin)	3.8	11.3	8.5	5.4		2.8	0.7	0.0	2.3
Return in % on net operating assets incl. goodwill (RONOA)	37.9	4.5	13.0	13.8		7.0	5.1		6.8

<sup>1</sup> Internal transactions are concluded at arms-length terms.

<sup>2</sup> Excluding cash and cash equivalents, deferred tax assets and other non-current assets.

<sup>3</sup> Excluding interest-bearing borrowings and tax liabilities.

<sup>4</sup> Current and non-current assets /. Current liabilities and provisions.

<sup>5</sup> The cost of the central activities and the investment property are reported within other.

<sup>6</sup> Information by segment includes all continuing operations. To arrive at consolidated net sales from continuing operations net sales to other segments are eliminated.

<sup>7</sup> The reported segments correspond with the new aligned business strategy of the group. The previous year's figures are presented on a comparable basis.

in CHF m	Europe		North America		Asia Pacific		Total Group	
	2003	2002	2003	2002	2003	2002	2003	2002
Net sales	506.6	624.9	187.3	233.4	76.9	90.3	770.8	948.6
Net operating assets	95.0	227.8	47.7	91.3	-8.8	-0.6	133.9	318.5
Investment in tangible and intangible assets (without goodwill)	12.4	23.2	0.6	2.6	0.2	1.1	13.2	26.9
Employees at year-end	1 741	2 523	401	622	194	228	2 336	3 373

## Notes to the Consolidated Financial Statements

### 4. Tangible and Intangible Assets

Tangible assets	Land	Buildings	Machinery/ equipment	Assets under construction/ prepayments	Investment property	Total tangible assets 2003	Total tangible assets 2002
CHFm							
Cost as at 1 January	6.4	39.2	81.0	0.4	24.9	151.9	200.1
Changes in consolidation scope	-2.9	-9.0	-24.5	-0.1	0.0	-36.5	-26.6
Additions	0.0	0.1	7.3	0.0	0.0	7.4	14.2
Disposals	-0.4	-2.7	-5.0	-0.2	0.0	-8.3	-28.1
Currency translation differences	0.2	1.1	1.3	0.0	0.0	2.6	-7.7
<b>Cost as at 31 December</b>	<b>3.3</b>	<b>28.7</b>	<b>60.1</b>	<b>0.1</b>	<b>24.9</b>	<b>117.1</b>	<b>151.9</b>
Accumulated depreciation as at 1 January	0.0	-17.6	-59.8	0.0	-0.7	-78.1	-102.5
Changes in consolidation scope	0.0	3.4	21.7	0.0	0.0	25.1	13.5
Depreciation charge	0.0	-1.4	-7.7	0.0	-0.1	-9.2	-12.7
Impairment	0.0	-2.5	-0.7	0.0	-9.1	-12.3	0.0
Accumulated depreciation on disposals	0.0	1.2	3.9	0.0	0.0	5.1	18.8
Currency translation differences	0.0	-0.4	-2.2	0.0	0.0	-2.6	4.8
<b>Accumulated depreciation as at 31 December</b>	<b>0.0</b>	<b>-17.3</b>	<b>-44.8</b>	<b>0.0</b>	<b>-9.9</b>	<b>-72.0</b>	<b>-78.1</b>
Total net book value							
as at 31.12.2002	6.4	21.6	21.2	0.4	24.2		73.8
as at 31.12.2003	3.3	11.4	15.3	0.1	15.0	45.1	

The insurance value of the tangible assets at the end of 2003 was CHF 149.4 m (2002: CHF 218.6 m). Real estate in the amount of CHF 17.2 m (2002: CHF 1.1 m) are pledged as security for liabilities.

The net book value of investment property corresponds to its fair value. Rental income from investment property in the amount of CHF 1.3 m (2002: CHF 1.3 m) is partly offset by direct cost of CHF 0.6 m (2002: CHF 0.5 m) excluding impairment.

The impairment on tangible assets refers mainly to the difference between current book values and net realizable values of buildings. The impairment was recognized based on the firm intention to divest these properties. The potential divestment values were determined based on preliminary offers. The impairment of the buildings is reported within the segment Warehouse & Distribution Solutions.

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Intangible assets	Goodwill	Capitalised development expenses	Other	Total intangible assets 2003	Total intangible assets 2002
CHFm					
Cost as at 1 January	279.1	11.5	21.5	312.1	404.2
Changes in consolidation scope (Note 20)	0.0	-0.9	-4.3	-5.2	-103.8
Additions	15.9	4.2	1.6	21.7	42.4
Disposals	-0.9	-7.8	-0.8	-9.5	-2.3
Currency translation differences	-0.9	2.2	-1.0	0.3	-28.4
<b>Cost as at 31 December</b>	<b>293.2</b>	<b>9.2</b>	<b>17.0</b>	<b>319.4</b>	<b>312.1</b>
Accumulated amortization/depreciation as at 1 January	-101.2	-0.6	-10.3	-112.1	-111.7
Changes in consolidation scope	0.0	0.2	3.1	3.3	28.1
Amortization/depreciation charge	-34.1	-1.5	-3.8	-39.4	-40.4
Impairment	-50.0	-5.9	-4.6	-60.5	0.0
Accumulated amortization/depreciation on disposals	0.4	3.7	0.8	4.9	0.5
Currency translation differences	0.5	-0.4	-0.2	-0.1	11.4
<b>Accumulated amortization/depreciation as at 31 December</b>	<b>-184.4</b>	<b>-4.5</b>	<b>-15.0</b>	<b>-203.9</b>	<b>-112.1</b>
Total net book value					
as at 31.12.2002	177.9	10.9	11.2		200.0
as at 31.12.2003	108.8	4.7	2.0	115.5	

The additions to goodwill in 2003 relate to acquisitions of minority shares of Wassermann AG as well as adjustments as result of earn-out payments of subsidiaries acquired prior to 2003.

In connection with the acquisition of Wassermann AG, Swisslog Group had tendered for the acquisition of the shares to the minority shareholders of Wassermann AG. The remaining offers can be accepted until 2006.

The impairments on capitalized development expenses and other intangible assets refer to recognized differences between the book values and the current values in use which were determined based on an impairment test review. The impairment tests are based on a discounted future cash flow method and reflect the current business plan of the group. The impairment charge includes a write off for discontinuing operations in an amount of CHF 3.3 m.

The goodwill impairment relates mainly to the following participations:

### Warehouse & Distribution Solutions:

Swisslog AS, Norway

After net losses in 2002 and 2003, the goodwill for Swisslog AS in Norway was completely impaired.

### Consulting Services:

Wassermann AG, Germany

The goodwill for Wassermann AG is impaired based on a revised business plan. The revised value of the remaining goodwill has been valued based on a discounted free cash flow plan.

### Healthcare Solutions:

Telelift GmbH, Germany

After net losses in 2002 and 2003, the goodwill of this legal entity has been impaired after it has been identified as only partly valuable. The value of the remaining goodwill has been valued based on a discounted free cash flow plan.

Trans-Tele (Pty) Ltd., South Africa

This legal entity has been closed during 2003 and hence the goodwill has been impaired.

### Material Flow Systems:

Transnorm GmbH, Germany

The goodwill of Transnorm GmbH has been impaired based on the planned divestment of this company. The goodwill value has been valued nil based on the expected sales price of the company and the firm intention to divest Transnorm GmbH.

## Notes to the Consolidated Financial Statements

### Finance leases

	future payments		finance charges		present value	
	2003	2002	2003	2002	2003	2002
Minimum lease payments per 31 December, in CHFm						
due within one year	0.7	0.7	0.4	0.4	0.3	0.3
due after one and before five years	6.4	6.5	0.2	0.6	6.2	5.9
due after five years	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>7.1</b>	<b>7.2</b>	<b>0.6</b>	<b>1.0</b>	<b>6.5</b>	<b>6.2</b>

The net book value of buildings under finance lease amounts to CHF 6.7 m (2002: CHF 6.8 m). One finance lease incorporates a CHF 5.6 m purchase option (2002: CHF 5.2 m).

### Operating leases

Minimum lease payments per 31 December, in CHFm	2003	2002
due within one year	5.9	6.1
due after one and before five years	10.9	12.2
due after five years	9.3	18.0
<b>Total</b>	<b>26.1</b>	<b>36.3</b>

Operating leasing costs totalled CHF 6.0 m in 2003 (2002: CHF 3.9 m). The disposal of subsidiaries resulted in a decrease of the lease liabilities.

### 5. Non-Current Assets

	2003 CHFm	2002 CHFm
Investments in associated companies	0.6	1.6
Financial investments	12.5	48.1
Long-term interest-bearing loans	5.6	6.8
Other long-term receivables	7.8	1.3
<b>Total</b>	<b>26.5</b>	<b>57.8</b>

The Swisslog Group holds 8.17% 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 on the basis of the application of a "Trading multiples analysis". Please also refer to note 16.

### 6. Inventories

	2003 CHFm	2002 CHFm
Raw materials and supplies	14.3	24.0
Work in progress, projects	11.6	20.0
Finished goods	12.1	11.2
<b>Total</b>	<b>38.0</b>	<b>55.2</b>

Obsolete raw materials and supplies of CHF 3.0 m have been written off in 2003 (2002: CHF 0.0 m).

### 7. Trade and other Receivables

	2003 CHFm	2002 CHFm
Trade receivables	118.9	178.1
Other receivables	19.0	38.1
Prepaid expenses and deferred income	9.2	7.4
Allowance for bad debts	-2.5	-2.3
<b>Total</b>	<b>144.6</b>	<b>221.3</b>

## Notes to the Consolidated Financial Statements

### 8. Cash and Cash Equivalents

	2003	2002
	CHFm	CHFm
Cash at bank and on hand	47.5	36.0
Short term investments	0.9	0.3
<b>Total</b>	<b>48.4</b>	<b>36.3</b>

### 9. Share Capital/Treasury Shares

#### Share capital

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

Proceeds and outlays from transactions in treasury shares are directly recorded in equity. On 31.12.2003 the group held 2 565 own shares (Previous year 14 995). Details of the share capital as well as the transactions with own shares are listed within the notes to the financial statements of Swisslog Holding AG.

### 10. Interest Bearing Borrowings

	2003	2002
	CHFm	CHFm
Bank borrowing	184.8	185.4
Convertible bonds 2000–2005	142.4	137.7
Loans	1.6	2.1
<b>Total</b>	<b>328.8</b>	<b>325.2</b>

#### Thereof:

Short term	185.4	1.9
Long term	143.4	323.3
<b>Total</b>	<b>328.8</b>	<b>325.2</b>

#### Bank borrowing

The Group maintains a multi-currency revolving credit facility with a bank syndicate.

This facility matures on 31 March, 2005 and is divided into a cash line (CHF 190 m) and a guarantee line (CHF 116.2 m).

The weighted average interest rate for loan tranches on rollover-basis for 2003 was 4.3% (2002: 3.9%).

#### 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 15.24390 shares per CHF 2 500 nominal value.

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

	2003	2002
	CHFm	CHFm
<b>Liability component at 1 January</b>	<b>141.2</b>	<b>137.5</b>
Interest expense (coupon interest rate 2.25%)	3.4	3.4
Interest expense (market interest rate applied)	3.9	3.7
Interest paid	-3.4	-3.4
<b>Total liability component</b>	<b>145.1</b>	<b>141.2</b>
Provision for interest payment under accrued expenses and deferred income	-1.6	-1.6
Cost for issuance of convertible bonds	-1.1	-1.9
<b>Liability component at 31 December</b>	<b>142.4</b>	<b>137.7</b>

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.

At the end of 2003 the bond noted at the Swiss stock exchange with 67% (2002: 64%).

As part of the financial restructuring, various components of above credits will change, please refer to note 2.

## Notes to the Consolidated Financial Statements

### 11. Taxes and Deferred Taxes

Tax expense	2003 CHFm	2002 CHFm
Current income taxes	13.9	4.4
Deferred taxes	6.5	0.3
<b>Tax expense continuing operations</b>	<b>20.4</b>	<b>4.7</b>
Tax expense discontinuing operations	0.6	2.4
<b>Total tax expense</b>	<b>21.0</b>	<b>7.1</b>

Deferred taxes include expenses of CHF 18.2 m arising from a write-down of deferred tax assets recognized in previous years. The write-down is based on changed assessment of future taxable profits.

About 53% (2002: 45%) of current income tax results from the US, about 35% (2002: 39%) from Europe and 12% (2002: 16%) from other regions.

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

	2003	2002
Applicable tax rate	30.6%	34.8%
Utilization of unrecognized tax loss carry forwards	0.0%	1.7%
Change in recognition of deferred tax asset	-8.1%	-7.0%
Effect of amortization of goodwill which is not tax deductible	-15.8%	-28.6%
Effect of different valuations which are not tax deductible	-15.9%	-16.3%
Other	-0.1%	-2.1%
<b>Effective tax rate</b>	<b>-9.3%</b>	<b>-17.5%</b>

The tax loss carry forwards changed as follows:

	2003 CHFm	2002 CHFm
Available tax loss carry forwards at 1 January	317.4	94.8
Tax losses arising from current year	530.4	234.8
Tax losses expired during current year	-7.6	-3.0
Tax losses utilized against current year profits	-10.8	-9.2
<b>Available tax loss carry forwards at 31 December</b>	<b>829.4</b>	<b>317.4</b>

Deferred tax assets of CHF 6.5 m (2002: CHF 21.1 m) were recorded in respect of available tax loss carry forwards of CHF 21.5 m (2002: CHF 71.8 m). Deferred tax assets for unused tax losses are recognized 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.

99% (2002: 100%) of tax loss carry forwards are within Europe.

Unused tax loss carry forwards for which no deferred tax has been recognized will expire as follows:

	2003 CHFm	2002 CHFm
After 1 year	0.9	6.3
After 2 years	11.3	0.0
After 3 years	1.6	0.0
After 4 years	5.8	0.0
After more than 4 years	788.3	239.3
<b>Total</b>	<b>807.9</b>	<b>245.6</b>

## Notes to the Consolidated Financial Statements

### Deferred taxes

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

	2003 CHFm	2002 CHFm
<b>Deferred tax assets</b>		
Tangible/intangible assets	0.6	2.1
Inventories and work in process	16.6	20.4
Current receivables	0.4	7.3
Long term liabilities	1.7	5.0
Provisions	1.6	1.0
Short term liabilities	2.7	2.0
<b>Subtotal by balance sheet items</b>	<b>23.6</b>	<b>37.8</b>
Deferred tax assets on tax loss carry forward	6.5	21.1
Offsetting assets with liabilities	-14.8	-35.2
<b>Total deferred tax assets as reported</b>	<b>15.3</b>	<b>23.7</b>
<b>Deferred tax liabilities</b>		
Tangible/intangible assets	4.3	5.3
Inventories and work in process	0.2	0.5
Current receivables	2.2	7.7
Long term liabilities	3.2	4.2
Provisions	0.6	2.2
Short term liabilities	13.3	25.4
<b>Subtotal by balance sheet items</b>	<b>23.8</b>	<b>45.3</b>
Offsetting assets with liabilities	-14.8	-35.2
<b>Total deferred tax liabilities as reported</b>	<b>9.0</b>	<b>10.1</b>
<b>Total deferred tax assets and liabilities</b>	<b>6.3</b>	<b>13.6</b>

Deferred tax assets have been offset with liabilities on an individual basis, if there is a legally enforceable right for a set off and if it is possible to settle it on a net basis, or if the asset and liability is settled simultaneously.

### 12. Other Non-Current Liabilities

	2003 CHFm	2002 CHFm
Long-term liabilities	6.6	6.6
Pension liabilities (Note 18)	14.1	17.5
<b>Total</b>	<b>20.7</b>	<b>24.1</b>
Thereof due		
within one year	0.5	0.3
after one and before two years	6.1	0.4
after two years	14.1	23.4

Long-term liabilities contain financial leasing liabilities totalling CHF 6.5 m (2002: CHF 6.3 m).

## Notes to the Consolidated Financial Statements

### 13. Provisions

CHFm	Projects	Warranties	Restructuring	Onerous Contracts <sup>1</sup>	Other	Total
as at 1 January 2002	11.5	9.0	0.9	0.0	5.0	26.4
Changes in consolidation scope	0.0	-0.9	0.0	0.0	-0.2	-1.1
Additions	2.0	3.2	0.0	0.0	4.7	9.9
Unused reversed	-0.5	-1.7	-0.7	0.0	-0.1	-3.0
Used during year	-7.8	-2.2	-0.2	0.0	-3.5	-13.7
Currency translation differences	-0.6	-0.5	0.0	0.0	-0.1	-1.2
<b>as at 31 December 2002</b>	<b>4.6</b>	<b>6.9</b>	<b>0.0</b>	<b>0.0</b>	<b>5.8</b>	<b>17.3</b>
Changes in consolidation scope	-0.2	-1.8	0.0	0.0	0.0	-2.0
Additions	7.4	2.4	1.8	17.4	1.5	30.5
Unused reversed	-2.6	-0.4	0.0	0.0	-0.2	-3.2
Used during year	-2.0	-2.5	0.0	-0.4	-3.3	-8.2
Currency translation differences	0.1	0.1	0.0	0.5	0.2	0.9
<b>as at 31 December 2003</b>	<b>7.3</b>	<b>4.7</b>	<b>1.8</b>	<b>17.5</b>	<b>4.0</b>	<b>35.3</b>

<sup>1</sup> Future, contractually agreed payments for minorities of Wassermann AG. The purchase of these minorities is not increasing the assets.

### Contingent liabilities

At 31 December 2003 the Group had contingent liabilities at consolidated level of CHF 4.9 m (31 December 2002: CHF 5.1 m).

### 14. Other Operating Income

	2003 CHFm	2002 CHFm
Profit on sale of owner-occupied property	0.7	5.4
Profit on sale of non-current assets	0.0	0.8
Other	3.6	5.8
<b>Total</b>	<b>4.3</b>	<b>12.0</b>

### 15. Operating Expense

Material and service expense	2003 CHFm	2002 CHFm
Change in inventories	15.1	3.4
Material and service expense	275.1	295.0
<b>Total</b>	<b>290.2</b>	<b>298.4</b>

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

Personnel expense	2003 CHFm	2002 CHFm
Wages and salaries	206.1	218.2
Social security and other personnel cost	58.7	60.4
<b>Total</b>	<b>264.7</b>	<b>278.6</b>

Other operating expense	2003 CHFm	2002 CHFm
Other operating expense including pension cost	106.1	127.4

This item includes all operating and recurring administrative, sales and development expenses from normal business activities which are not shown under other headings in the income statement. The year-on-year decrease is mainly due to the cost reduction and efficiency improvement program initiated by the group management.

The 2003 result includes development expense of CHF 9.6 m (2002: CHF 7.2 m).

## Notes to the Consolidated Financial Statements

### 16. Net Financial Result

	2003	2002
	CHFm	CHFm
<b>Impairment Financial Investments and convertible bond</b>		
Impairment investment and convertible bond CPS Color	-40.4	0.0

The Swisslog Group holds 8.17% of shares of CPS Color Group Oy, Finland. The investment was impaired by 75% due to a revised business plan which led to a lower enterprise value. The shares are classified as available for sale. Please also see note 5 for further information.

	2003	2002
	CHFm	CHFm
Other financial result		
Interest income	0.9	0.2
Interest expense for convertible bonds (coupon interest rate 2.25%)	-3.4	-3.4
Non cash interest expense for convertible bonds (market interest rate applied) according to IAS 32	-3.9	-3.7
Other interest expense	-9.4	-9.3
Other financial income	0.0	0.2
Other financial expense	-12.3	-9.1
Foreign currency result	-9.2	1.3
<b>Total</b>	<b>-37.3</b>	<b>-23.8</b>

Interest income relates to interest on money market investments in foreign currencies. Other financial expense comprises amortization 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 in connection with the financial restructuring of the Group.

The foreign currency result mainly relates to the repayment of long term loans granted to subsidiaries, the cumulative amount of exchange differences were deferred in equity. On repayment of the long term loans, the exchange rate differences are recognized as income or as expenses.

### 17. 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:

	2003	2002
	CHFm	CHFm
AUD	-2.0	-5.1
EUR	26.1	13.6
SEK	-18.8	-18.4
USD	-8.8	-8.8
GBP	8.3	9.8
Other	-1.9	3.8
<b>Total</b>	<b>2.9</b>	<b>-5.1</b>

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

## Notes to the Consolidated Financial Statements

### Shareholders' equity – hedging reserve

Certain derivatives were designated as cash flow hedges and remeasured to fair values. The fair values at that date were recorded in a separate category of equity.

	2003 CHFm	2002 CHFm
<b>Balance at January 1</b>		
Gains/losses on remeasurement to fair value	0.1	-0.2
Deferred income taxes	0.0	0.0
<b>Total</b>	<b>0.1</b>	<b>-0.2</b>
<b>Movements during the year</b>		
Gains and losses from changes in fair value	-0.3	0.2
Deferred income taxes	0.0	0.0
<b>Total</b>	<b>-0.3</b>	<b>0.2</b>
Transferred to income statement	-0.1	0.1
Deferred income taxes	0.0	0.0
<b>Total</b>	<b>-0.1</b>	<b>0.1</b>
<b>Balance at December 31</b>		
Gross amount of gains and losses	-0.3	0.1
Deferred income taxes	0.0	0.0
<b>Total</b>	<b>-0.3</b>	<b>0.1</b>

### 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:

	2003 CHFm	2002 CHFm
<b>Forward foreign exchange contracts</b>		
with positive fair values	0.1	1.3
with negative fair values	-0.4	-1.2
<b>Total</b>	<b>-0.3</b>	<b>0.1</b>

The net fair value gains/losses at 31 December 2003 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 6 Month 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:

	2003 CHFm	2002 CHFm
<b>Forward foreign exchange contracts</b>		
with positive fair values	0.9	0.2
with negative fair values	-0.4	-0.7
<b>Total</b>	<b>0.5</b>	<b>-0.5</b>

### Interest options (Collar)

Maturity date of the contract was 30 June 2003.

	Fixing rates	2003 CHFm Notional amount	2002 CHFm Notional amount
Swisslog sells Floor (coverage up-side risk)	2.0%	-	24.0
Swisslog buys Cap	4.0%	-	12.0
Swisslog sells Cap	5.5%	-	12.0

## Notes to the Consolidated Financial Statements

### 18. Employee Benefits

	2003 CHFm	2002 CHFm
Pension schemes	13.2	14.6
Other long-term employee benefits	0.9	2.9
<b>Total</b>	<b>14.1</b>	<b>17.5</b>

#### 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 four years the obligations are reassessed by independent actuaries. The last valuations were done at effective dates between 31 December 2000 (only one small, not material scheme) and 31 December 2003 (all bigger, material schemes).

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 31 December 2003, using IAS 19 (revised) actuarial assumptions.

	2003 CHFm	2002 CHFm
<b>Balance sheet reconciliation</b>		
Present value of funded obligations	131.2	124.7
Fair value of plan assets	118.3	113.2
<b>Net funded status</b>	<b>12.9</b>	<b>11.5</b>
Present value of unfunded obligations	7.7	8.0
Unrecognized actuarial gains (losses)	-7.5	-4.9
Other	0.1	0.0
<b>Liability in the balance sheet</b>	<b>13.2</b>	<b>14.6</b>

	CHFm	CHFm
<b>Movement in the liability</b>		
Liability at the beginning of the period	14.6	15.3
Effect of changes in consolidation scope	-3.9	0.0
Exchange differences	0.9	-0.2
Expense for pension schemes recognized in the income statement	5.1	5.6
Contributions paid by the company	-5.5	-5.7
Transfer	2.1	0.0
Other	-0.1	-0.4
<b>Liability at the end of the period</b>	<b>13.2</b>	<b>14.6</b>

	CHFm	CHFm
<b>Expense for pension schemes recognized in the income statement</b>		
Current service cost	6.0	5.7
Interest cost	5.8	6.0
Expected return on plan assets	-5.9	-6.1
Effect of any curtailment or settlement	-0.8	0.0
<b>Total, included in personnel expense</b>	<b>5.1</b>	<b>5.6</b>

	CHFm	CHFm
<b>Plan assets</b>		
Actual return on plan assets	1.5	0.2

<b>Actuarial assumptions</b>		
Discount rate	4.00%–6.00%	4.00%–6.50%
Expected return on plan assets	5.00%–8.50%	5.00%–8.50%
Future salary increases	1.50%–5.00%	2.50%–4.00%
Future pension benefit increases	1.50%–3.00%	1.50%–3.00%

The total amount of contributions paid for defined contribution plans in 2003 is CHF 3.9 m (2002: CHF 5.5 m).

## Notes to the Consolidated Financial Statements

### Other Long-Term Employee Benefits

	2003 CHFm	2002 CHFm
Liability at the beginning of the period	2.9	2.1
Transfer	-2.1	0.0
Paid in the period	-0.4	0.0
Increase of the liability	0.5	0.8
<b>Liability at the end of the period</b>	<b>0.9</b>	<b>2.9</b>

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:

	2003	2002
At 1 January	556 800	438 150
Granted	0	167 250
Exercised	0	0
Lapsed	-255 350	-48 600
<b>At 31 December</b>	<b>301 450</b>	<b>556 800</b>

Details of share options granted	Granted as per 2003	Granted as per 2002
Exercise periods	-	23.5.–22.8.2004 23.4.–22.6.2005
Expiry dates	-	22.8.2004 22.6.2005
Aggregate proceeds	-	CHFm 0.18
Exercise price	-	CHF 26.30

The aggregate proceeds form part of the other non-current liabilities at the end of the year 2003. The issuance of share options granted is not recognized in the profit and loss statement. The fair value of the outstanding options at the balance sheet date is CHF 0.00

Expiry date	Exercise price	2003	2002
		number of options	number of options
22.8.2004/22.6.2005	CHF 26.30	167 250	167 250
3.12.2003/3.10.2004	CHF 51.50	134 200	134 200
30.09.2003	CHF 140.00	0	255 350
<b>Total</b>		<b>301 450</b>	<b>556 800</b>

### 19. Related Party Transactions

The fee to the Board of Directors for the business year 2002 was paid in 2003 in the form of 16 414 shares (CHF 0.1 m); the fee for the business year 2003 was decided to be paid in 2004 in the form of 58 822 shares.

During 2003 no share options were granted to the Board of Directors (2002: 13 400 share options). The outstanding number of share options granted to the Board of Directors at the end of the year 2003 was 26 800 (2002: 26 800 share options).

## Notes to the Consolidated Financial Statements

### 20. Discontinuing Operations

Early in 2003, the group had publicly announced to discontinue the activities of the segments Material Flow Systems and Robotics and hence to divest the relevant entities. The activities of the business unit Overhead Conveyors which were a part of the Material Flow Systems segment were sold as of 1 August 2003, the activities of the Robotics segment were sold as of 1<sup>st</sup> December 2003. The 2 independent competence centers are reported as discontinuing operations in the financial statements. The sales, results, cash flows and net assets of the competence centers are presented below.

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

	Overhead Conveyors		Robotics		Color Logistics		Total	
	2003 CHFm	2002 CHFm	2003 CHFm	2002 CHFm	2003 CHFm	2002 CHFm	2003 CHFm	2002 CHFm
<b>Income Statement</b>								
Net Sales with third parties	46.3	114.7	42.1	41.8	0.0	73.3	88.4	229.8
Net Sales with Group companies	11.3	7.9	2.9	1.9	0.0	1.3	14.2	11.1
Other operating income	2.1	1.2	0.0	0.0	0.0	0.0	2.1	1.2
Operating expense	-68.7	-127.0	-44.4	-41.9	-3.7	-76.0	-116.8	-244.9
Loss on disposal of investments	-11.6	0.0	-9.4	0.0	0.0	0.0	-21.0	0.0
Impairment on tangible and other intangible assets	-3.3	0.0	0.0	0.0	0.0	0.0	-3.3	0.0
Net financial result	-0.7	-1.4	-0.4	-0.7	0.0	-0.6	-1.1	-2.7
Result before tax	-24.6	-4.6	-9.2	1.1	-3.7	-2.0	-37.5	-5.5
Taxes	-0.6	0.7	0.0	-0.3	0.0	-2.8	-0.6	-2.4
Result after tax	-25.2	-3.9	-9.2	0.8	-3.7	-4.8	-38.1	-7.9
Minority interests	0.0	0.0	0.0	0.0	0.0	-0.5	0.0	-0.5
Result discontinuing operations	-25.2	-3.9	-9.2	0.8	-3.7	-5.3	-38.1	-8.4

### Cash Flow Statement

Cash flow from operating activities	5.2	-0.8	-0.1	4.7	-3.7	5.9	1.4	9.8
Cash flow from investing activities	-3.4	-8.0	0.1	-0.7	0.0	-1.9	-3.3	-10.6
Cash flow from financing activities	-1.7	1.8	-0.3	0.0	0.0	-3.1	-2.0	-1.3
Net cash flow from discontinuing operations	0.1	-7.0	-0.3	4.0	-3.7	0.9	-3.9	-2.1

The operating expense of CHF 3.7 m within Color Logistics refers to payments in relation to guarantees given as well as the execution of a buyer option to take over some smaller entities during 2003.

	1.8.03		31.12.02		1.12.03		31.12.02		31.12.03		31.12.02		As per date of sales	
	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm	CHFm
Total assets	58.1	66.0	22.5	26.3	0.0	0.0	80.6	92.3						
Total liabilities	41.4	44.4	12.4	17.2	0.0	0.0	53.8	61.6						
Total minority interest	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0						
Net assets	16.7	21.6	10.1	9.1	0.0	0.0	26.8	30.7						
Net assets sold														26.8
Goodwill directly charged to equity prior to introduction of IAS 22														12.4
Currency translation differences on disposal of subsidiaries														1.0
Proceeds from disposal (selling price)														19.2
Loss on disposal														-21.0
Tax thereon														0.0
Loss on disposal after tax														-21.0
Proceeds from disposal (selling price)														19.2
less cash and cash equivalents in subsidiary sold														4.4
less other non-cash items														12.2
Net cash inflow on sale														2.6

## Notes to the Consolidated Financial Statements

### 21. Construction Contracts

	2003	2002
	CHFm	CHFm
Contract revenue recognized in the period	488.2	610.2
Contract costs incurred and earnings reported up to the balance sheet date of current projects	511.3	722.0
Progress billings	460.2	498.3
Retentions	6.8	4.7
Construction contracts with balance due from customers (underfinanced)	71.4	52.1
Construction contracts with balance due to customers (overfinanced)	53.5	65.9

### 22. Earnings per Share (EPS)

	2003	2002
Net result (CHFm)	-245.0	-47.8
Weighted average number of shares outstanding	15 171 197	15 070 123
Earnings per share (CHF)	-16.15	-3.17
Earnings per share, diluted (CHF)	-16.15	-3.17

In order to determine the earnings per share, the group's average holding of 6 842 own shares in 2003 (80 313 in 2002) 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.

### 23. Dividends per Share

At the Annual General Meeting in June 2004, no dividend distribution in respect of 2003 is to be proposed. The dividends per share declared in respect of 2002 and 2001 were CHF 0.00.

## 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, statement of changes in equity and notes shown on pages 5 to 28) of the Swisslog Group for the year ended 31 December 2003.

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 the 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 Financial Reporting Standards (IFRS) 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 note "2. Result 2003 and concept for balance sheet restructuring" in the consolidated financial statements, which describes the financial situation of the Swisslog Group and also the need for a financial restructuring which has been initiated. The successful completion of this financial restructuring is dependent on certain conditions, in particular on the approval of the bondholders and the court. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the group's ability to continue as a going concern. Should the financial restructuring not be completed, the groups' ability to continue as a going concern as a whole would not be possible and the consolidated financial statements would have to be prepared on the basis of liquidation values.

PricewaterhouseCoopers AG



G. Tritschler



G. Siegrist

Basel, 5 March 2004

## 2003 Financial Statements of Swisslog Holding AG

## Balance Sheet, Income Statement

### Balance Sheet

as at 31 December	2003 TCHF	2002 TCHF
<b>Assets</b>		
Cash and cash equivalents	4	4
Other receivables	0	11
Loans to group companies	795	3 257
Accrued income	61	0
<b>Current assets</b>	<b>860</b>	<b>3 272</b>
Loans to group companies	4 552	224 233
Investment in group company	0	20 320
<b>Non-current assets</b>	<b>4 552</b>	<b>244 553</b>
<b>Total assets</b>	<b>5 412</b>	<b>247 825</b>

### Liabilities and Shareholders' Equity

Short-term liabilities	5	5
Bank overdrafts	1	0
Accrued expense	1 654	1 692
<b>Total current liabilities</b>	<b>1 660</b>	<b>1 697</b>
Convertible bonds 2000 - 2005	150 000	150 000
<b>Total non-current liabilities</b>	<b>150 000</b>	<b>150 000</b>
Share capital	30 356	30 356
Share premium	59 426	98 733
General reserve	6 071	17 200
Reserve for own shares	12	276
Statutory reserves	65 509	116 209
Special reserve	0	33 682
Retained earnings	-242 113	-84 119
<b>Shareholders' equity</b>	<b>-146 248</b>	<b>96 128</b>
<b>Total liabilities and shareholders' equity</b>	<b>5 412</b>	<b>247 825</b>

### Income Statement

1 January to 31 December	2003 TCHF	2002 TCHF
<b>Income</b>		
Financial income	1 182	3 335
<b>Total income</b>	<b>1 182</b>	<b>3 335</b>
<b>Expense</b>		
Financial expense	3 438	3 801
Administration expense	90	1 746
Value adjustments to loans	219 681	90 000
Value adjustments to investments	20 320	0
<b>Total expense</b>	<b>243 529</b>	<b>95 547</b>
Extraordinary expenses	6	0
Taxes	23	30
<b>Net loss</b>	<b>-242 376</b>	<b>-92 242</b>

## Notes to the Financial Statements

### 1. 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 15.24390 registered shares of Swisslog Holding AG at par value of CHF 2 each at the converting price of CHF 164.0 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.

### 2. Authorized 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.

### 3. 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.

4. Retained earnings	2003	2002
	TCHF	TCHF
Brought forward from previous year	-84 119	8 094
Release of reserves	84 118	0
Release of reserve for own shares	264	29
Net loss	-242 376	-92 242
<b>Retained earnings</b>	<b>-242 113</b>	<b>-84 119</b>

5. Contingent liabilities	2003	2002
Guarantees to third parties (TCHF)	338 538	353 111

6. Main investment	2003	2002
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 TCHF)	6 880	6 880
Holding (%)	100	100

7. Major shareholders	2003	2002
B.V.B.A. Group 2000 Participatie, Antwerpen	6.8%	6.8%
Chase Nominees Ltd, London	<5.0%	17.7%
Fidelity International Ltd., Bermuda	<5.0%	12.4%
Franklin Templeton Companies, LLC, Florida	<5.0%	10.7%
Julius Bär Multistock, Luxembourg	<5.0%	5.1%
Henderson Investors, London	<5.0%	5.0%

8. Own shares	Number	CHF
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	
Purchase July 2002	39 050	Price 18.40
Bonuses November/December 2002	-24 055	
At 31 December 2002	14 995	
Bonuses January 2003	-5 454	
Purchase June 2003	9 438	Price 4.73
Directors' fee June 2003	-16 414	
At 31 December 2003	2 565	

The shares are held by Swisslog Management AG. The book value is TCHF 15 (2002: TCHF 190).

## Notes to the Financial Statements

### 9. Result 2003 and concept for balance sheet restructuring

In 2003 Swisslog Holding AG reports a statutory net loss of CHF 242.4 m and Swisslog Group a net loss of CHF 245.0 m. The consolidated result was caused mainly by write-offs of CHF 151.7 m based on revised business plans. In addition the operating result in the core business is burdened by the ongoing goodwill amortization, financing costs, currency losses and by the negative result of the discontinuing operations. Subsequently, Swisslog Holding AG reported a negative equity of CHF 146.2 m at 31 December 2003.

According to Art. 725 Par. 2 of the Swiss Code of Obligations, Swisslog Holding AG as well as certain subsidiaries report an over-indebtedness. This situation necessitated the financial restructuring of the balance sheet. Due to the negative equity the board of directors proposed a comprehensive financial restructuring concept to the shareholders at the extraordinary general meeting as well as to the bondholders at a bondholders' meeting, both taking place on the 26th February 2004.

The concept for the balance sheet restructuring is shown in detail in the group report note 2.

### Risks and scheduling

The concerned credit banks, the participating investors and the shareholders have already consented to this concept. The realization of the restructuring concept is only feasible, if:

- the bondholders approve the changes of the bond conditions with a majority of two thirds of the total outstanding nominal value and
- the official legal approval of the authorities has been given.

The continuation of the relevant Swisslog companies is jeopardized, should the named groups not approve the proposed financial restructuring concept. If the planned restructuring does not succeed within the scheduled period latest until June 2004, the continuation of the firm is impossible. In this case the board of directors has to act according to Art. 725 Par. 2 of the Swiss Code of Obligations and has to file for bankruptcy for Swisslog Holding AG and to apply for composition procedure for Swisslog Management AG thereafter.

Management and the Board of Directors of the Swisslog Group assume that the financial restructuring will be successful. The shareholders have already consented to the presented concept, based on this, the management believes, that also the bondholders will agree to the proposed financial restructuring concept. Therefore, the financial statements 2003 of Swisslog Holding AG have been prepared on a going concern basis.

## Report of the Statutory Auditors

As statutory auditors, we have audited the accounting records and the financial statements (balance sheet, income statement and notes shown on pages 31 to 33) of Swisslog Holding AG for the year ended 31 December 2003.

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 note "9. Result 2003 and concept for balance sheet restructuring" in the financial statements, which describes the financial situation of Swisslog Holding AG and also the need for a financial restructuring which has been initiated. The successful completion of this financial restructuring is dependent on certain conditions, in particular on the approval of the bondholders and the court. These conditions indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern. Should the financial restructuring not be completed, Swisslog Holding AG's ability to continue as a going concern would not be possible and the financial statements would have to be prepared on the basis of liquidation values.

Furthermore, we draw attention to the over-indebtedness of Swisslog Holding AG as presented in the financial statements. The interim financial statements, prepared in accordance with Art. 725 Par. 2 of the Swiss Code of Obligations (SCO), show as of 30 November 2003 that the liabilities are not sufficiently covered on the basis of going concern values neither on the basis of liquidation values. As described in note "9. Result 2003 and Concept for balance sheet restructuring" in the financial statements, the Board of Directors has decided on a concept for financial restructuring.

On 26 February 2004 an extraordinary general meeting and a bondholders' meeting were held. The successful completion of this financial restructuring is dependent on certain conditions, in particular on the approval of the bondholders and the court. In case the financial restructuring will not be completed, the Board of Directors has to inform the judge in accordance with Art. 725 Par. 2 of SCO.

PricewaterhouseCoopers AG



G. Tritschler



G. Siegrist

Basel, 5 March 2004

## Subsidiaries and Investments of Swisslog Group as at 31 December 2003

Subsidiary	Registered office/Country	Consolidated on Y/M	Share capital		Holding direct/indirect
			Currency	Amount	
<b>Fully consolidated management and financing subsidiaries</b>					
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%
Swisslog IP B.V.	Amsterdam/Netherlands	99/01	EUR	0.02 Mio.	100.0%
Swisslog IP AG	Aarau/Switzerland	99/01	CHF	0.10 Mio.	100.0%
Swisslog 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 Holding (France)	Paris/France	99/09	EUR	0.75 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%
Digitron Italia srl.	Milan/Italy	90/01	EUR	0.20 Mio.	100.0%
<b>Fully consolidated operative subsidiaries</b>					
Infotronic GmbH	Kirchheim/Germany	01/09	EUR	1.22 Mio.	72.7%
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.	Epping/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 GmbH	Dortmund/Germany	97/12	EUR	1.00 Mio.	100.0%
Swisslog Healthcare (UK) Ltd.	Slough/UK	99/09	GBP	0.00 Mio.	100.0%
Swisslog Italia S.p.A.	Beinasco/Italy	89/01	EUR	0.55 Mio.	100.0%
Swisslog (UK) Ltd.	Slough/UK	94/01	GBP	0.25 Mio.	100.0%
Swisslog Logistics, Inc.	Newport News/USA	98/07	USD	0.12 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 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 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 GmbH	Puchheim/Germany	99/09	EUR	0.84 Mio.	100.0%
TransLogic Corp.	Denver/USA	99/09	USD	0.00 Mio.	100.0%
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%
Ulvilan Sävykone Oy	Ulvila/Finland	98/09	EUR	6.73 Mio.	100.0%
Wassermann AG	Munich/Germany	01/08	EUR	0.71 Mio.	91.2%
<b>Equity-consolidated investments</b>					
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	2003	2002	2001	2000	1999
Share capital	CHFm	30.4	30.4	30.3	27.5	27.5
Shares	Thousands	15 178	15 178	15 135	2 752	2 752
Dividend/registered share	CHF	0.00 <sup>1</sup>	0.00	0.00	0.50	0.50
Dividend	CHFm	0.0	0.0	0.0	6.9	6.9
Net result	CHFm	-245.0	-47.8	-27.0	-22.1	31.2
- Payout ratio	%	NA	NA	NA	NA	22
- Net result/registered share	CHF	-16.1	-3.2	-1.9	-1.6	2.3
- Cash EPS	CHF	-9.2	-0.6	0.6	3.2	2.9
Quoted price of registered share	High	CHF 12.8	35.9	163.2	226.0	95.0
	Low	CHF 2.0	9.6	24.4	82.6	22.8
Gross yield per registered share	High	% NA	NA	NA	0.2	0.5
	Low	% NA	NA	NA	0.6	2.2
Market capitalization (12.31.)	CHFm	86.1	192.8	484.3	1 953.9	1 280.0
Consolidated shareholders' equity	CHFm	-122.4	95.8	169.8	174.2	210.7
- shareholders' equity/registered share	CHF	-8.1	6.4	12.2	12.7	15.3
- market capitalization in % shareholders' equity	%	-70	201	285	1 122	607
Price-Earnings-Ratio (PE-Ratio) <sup>2</sup>	Factor	NA	NA	151.4	54.6	33.9

1 Proposal of the Board of Directors for 2003 no dividend to be distributed

2 Related to net result before amortization 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: 18 March 2003
Share capital	CHFm 30.36 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 1.932 m (965 961 registered shares at CHF 2.- par value) in connection with option programs for shareholders

## Consolidated Data for the past five Years

Consolidated Income Statement 1 January to 31 December	2003 CHFm	2002 CHFm	2001 CHFm	2000 CHFm	1999 CHFm
Order intake	775.7	1 028.2	1 010.6	1 003.5	727.9
Order backlog	467.9	563.3	536.1	480.6	393.2
<b>Continuing Operations<sup>1</sup>:</b>					
Net sales	682.4	718.8	845.0	925.0	722.4
Other operating income	4.3	12.0	22.0	10.6	3.6
Changes in inventories	15.1	3.4	-1.8	4.8	-14.0
Material and service expense	275.1	295.0	383.7	404.9	382.7
Personnel expense	264.7	278.6	320.9	317.0	215.3
Depreciation on tangible and intangible assets	31.9	11.8	15.5	16.5	11.6
Changes in provisions	2.4	-5.4	-7.1	-5.8	-2.9
Other operating expense	106.1	127.4	123.2	126.3	83.1
Operating expense	695.3	710.8	834.4	863.7	675.8
Earnings before interest, taxes and amortization of goodwill (EBITA)	-8.6	20.0	32.6	71.9	50.2
Amortization of goodwill	101.1	30.9	30.2	57.9	6.6
<b>Earnings before interest and taxes (EBIT)</b>	<b>-109.7</b>	<b>-10.9</b>	<b>2.4</b>	<b>14.0</b>	<b>43.6</b>
Net financial result	-77.7	-23.8	-21.7	-14.4	-1.8
Other income/expense	0.0	0.0	0.0	-0.6	2.9
<b>Result before tax</b>	<b>-187.4</b>	<b>-34.7</b>	<b>-19.3</b>	<b>-1.0</b>	<b>44.7</b>
Taxes	-20.4	-4.7	-5.7	-11.8	-9.8
<b>Result after tax</b>	<b>-207.8</b>	<b>-39.4</b>	<b>-25.0</b>	<b>-12.8</b>	<b>34.9</b>
Minority interests	0.9	0.0	-0.7	-2.4	-2.1
<b>Result continuing operations</b>	<b>-206.9</b>	<b>-39.4</b>	<b>-25.7</b>	<b>-15.2</b>	<b>32.8</b>
<b>Discontinuing Operations:</b>					
Net sales	102.6	240.9	98.7	38.7	47.4
Other operating income	2.1	1.2	1.0	0.1	0.1
Operating expense	-120.1	-244.9	-97.1	-45.9	-47.6
Gain/loss on disposal of investments	-21.0	0.0	0.0	0.0	0.0
Net financial result	-1.1	-2.7	-0.7	-0.5	0.0
<b>Result before tax</b>	<b>-37.5</b>	<b>-5.5</b>	<b>1.9</b>	<b>-7.6</b>	<b>-0.1</b>
Taxes	-0.6	-2.4	-2.6	0.7	-1.5
<b>Result after tax</b>	<b>-38.1</b>	<b>-7.9</b>	<b>-0.7</b>	<b>-6.9</b>	<b>-1.6</b>
Minority interests	0.0	-0.5	-0.6	0.0	0.0
<b>Result discontinuing operations</b>	<b>-38.1</b>	<b>-8.4</b>	<b>-1.3</b>	<b>-6.9</b>	<b>-1.6</b>
<b>Net result</b>	<b>-245.0</b>	<b>-47.8</b>	<b>-27.0</b>	<b>-22.1</b>	<b>31.2</b>

1 1999–2001 not new presented.

## Consolidated Data for the past five Years

### Consolidated Balance Sheet

as at 31 December	2003 CHFm	2002 CHFm	2001 CHFm	2000 CHFm	1999 CHFm
<b>Assets</b>					
Tangible assets	45.1	73.8	97.6	123.4	125.0
Goodwill	108.8	177.9	270.0	290.7	184.1
Other intangible assets	6.7	22.1	22.5	15.7	13.4
Deferred tax assets	15.3	23.7	26.1	26.0	17.0
Other non-current assets	26.5	57.8	10.4	10.5	2.2
<b>Non-current assets</b>	<b>202.4</b>	<b>355.3</b>	<b>426.6</b>	<b>466.3</b>	<b>341.7</b>
Inventories	38.0	55.2	71.3	68.2	74.3
Trade and other receivables	144.6	221.3	286.0	281.8	240.0
Prepayments	6.6	10.0	8.9	9.4	10.5
Cash and cash equivalents	48.4	36.3	71.5	25.1	33.9
<b>Current assets</b>	<b>237.6</b>	<b>322.8</b>	<b>437.7</b>	<b>384.5</b>	<b>358.7</b>
<b>Total assets</b>	<b>440.0</b>	<b>678.1</b>	<b>864.3</b>	<b>850.8</b>	<b>700.4</b>
<b>Shareholders' Equity and Liabilities</b>					
Share capital	30.3	30.3	30.0	27.4	27.4
Reserves	-152.7	65.5	139.8	146.8	183.3
<b>Shareholders' equity</b>	<b>-122.4</b>	<b>95.8</b>	<b>169.8</b>	<b>174.2</b>	<b>210.7</b>
<b>Minority interest</b>	<b>0.7</b>	<b>2.3</b>	<b>2.9</b>	<b>1.5</b>	<b>18.9</b>
Interest bearing borrowings	143.4	323.3	349.8	294.6	121.1
Deferred tax liabilities	9.0	10.1	12.6	12.8	8.7
Other non-current liabilities	20.7	24.1	32.3	37.6	27.4
<b>Non-current liabilities</b>	<b>173.1</b>	<b>357.5</b>	<b>394.7</b>	<b>345.0</b>	<b>157.2</b>
Trade and other payables	73.2	89.3	94.8	76.0	69.9
Advance payments from customers	24.6	27.9	66.9	59.6	75.2
Short-term borrowings	185.4	1.9	24.5	73.4	58.2
Provisions	35.3	17.3	26.4	24.6	19.0
Taxes payable	8.0	2.9	6.2	12.7	17.0
Other short-term liabilities	14.9	36.7	40.3	48.7	36.3
Accrued expenses and deferred income	47.2	46.5	37.8	35.1	38.0
<b>Current liabilities</b>	<b>388.6</b>	<b>222.5</b>	<b>296.9</b>	<b>330.1</b>	<b>313.6</b>
<b>Total shareholders' equity and liabilities</b>	<b>440.0</b>	<b>678.1</b>	<b>864.3</b>	<b>850.8</b>	<b>700.4</b>
Number of consolidated operating companies	32	41	75	71	61

## Key Figures and Ratios

Key Figures	Unit	2003	2002	2001	2000	1999
Net sales	CHFm	770.8	948.6	938.9	925.5	722.5
Earnings before interest, taxes, depreciation and amortization of goodwill (EBITDA)	CHFm	-6.6	39.5	58.8	83.6	62.5
Earnings before interest, taxes and amortization of goodwill (EBITA)	CHFm	-44.0	21.6	39.6	65.5	50.1
Net result	CHFm	-245.0	-47.8	-27.0	-22.1	31.2
Shareholders' equity	CHFm	-122.4	95.8	169.8	174.2	210.7
Earnings before interest and taxes as % of sales (EBITA margin)	%	-5.7	2.3	4.2	7.1	6.9
Net operating assets (excl. goodwill)	CHFm	25.1	140.6	187.8	216.9	197.4
Return on net operating assets (RONOA) <sup>1</sup>	%	NA	15.4	21.1	30.2	25.4
Return on equity (ROE)	%	NA	-49.9	-15.9	-12.7	14.8

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

Information for Investors		2003	2002	2001	2000	1999
Registered shares	Thousands	15 178	15 178	15 135	2 752	2 752
Result continuing operations/registered share <sup>1</sup>	CHF	-16.1	-3.2	-1.9	-1.6	2.3
EBITDA/registered share <sup>1</sup>	CHF	-0.4	2.6	4.2	6.1	4.5
EBITA/registered share <sup>1</sup>	CHF	-2.9	1.4	2.9	4.8	3.6
Cash EPS <sup>1</sup>	CHF	-9.2	-0.6	0.6	3.2	2.9
Listed price of registered share	High	CHF 12.8	CHF 35.9	CHF 163.2	CHF 226.0	CHF 95.0
	Low	CHF 2.0	CHF 9.6	CHF 24.4	CHF 83.0	CHF 23.0
Market capitalization (31.12.)	CHFm	86.1	192.8	484.3	1 953.9	1 280.0
Price-Earnings-Ratio (PE-Ratio) <sup>2</sup> (31.12.)	Factor	NA	NA	151.4	54.6	33.9

<sup>1</sup> 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 shares

<sup>2</sup> Related to net result before amortization of goodwill