



2003 *focus*



To Our Shareholders

Half-year statement 2003

SIG focuses on the beverages sector

In July 2003, the SIG Board of Directors announced the focus of the Group on the growing beverages market, thereby establishing a basis for sustainable value growth. As such, SIG is positioning itself as a “global provider of packaging materials, equipment and services for beverages, beer and dairy products leading in selected markets”. In future, the Group will concentrate all resources on its core business, comprising SIG Combibloc and SIG Beverages. SIG is seeking a solution outside the Group for SIG Pack, which is active in the dry packaging sector, plus all other activities outside the core business.

Despite a negative economic environment, the Group continued to grow. Net sales increased from EUR 905 million to EUR 927 million. At EUR 940 million, order intake virtually matched the EUR 942 million of the previous year.

Thanks to strong demand for beverage carton packages, the future core business¹⁾ generated, in the first half of 2003, an order intake of EUR 749 million (2002: EUR 732 million) and net sales of EUR 758 million (2002: EUR 705 million). The operating profit (EBIT) of the core business stood at EUR 60 million (2002: EUR 70 million). SIG Combibloc successfully continued its growth pattern and, thanks to its non-cyclical business, was practically able to maintain EBIT at the previous year's level, despite substantially higher investments in the market, as well as increased research and development expenditures. SIG Beverages is still in a loss situation and, under new management, is working to achieve the turnaround. The division has initiated comprehensive measures to increase profitability and will continue to focus activities, in order to position itself within its attractive markets as a leading supplier of systems for the beverages industry.

The SIG Pack division and the segment “Other” did not attain the previous year's figures. Moreover, streamlining the Group portfolio and the losses from planned and already realized divestments impacted negatively on Group results by EUR 62 million, of which EUR 48 million influence EBIT. These losses led to a negative operating profit (EBIT) of EUR –26 million (2002: EUR 44 million) and a net profit of EUR –49 million (2002: EUR 20 million).

For the business year overall, the Group expects slightly higher net sales (2002: EUR 1,877 million) despite divestments, but a lower order intake than in the previous year (2002: EUR 1,873 million). Owing to the one-off effects of the first half, operating profit is likely to be barely positive only, while net profit will be negative. The divestment of SIG Pack is not reflected in this forecast.

SIG Group in millions of EUR

	1 st half of 2003	1 st half of 2002	Change
Order intake	940	942	0%
Net sales	927	905	2%
Operating profit before depreciation and amortization (EBITDA)	70	114	– 39%
Operating profit before amortization goodwill (EBITA)	– 5	55	n.a.
Operating profit (EBIT)	– 26	44	n.a.
Net profit	– 49	20	n.a.
Free cash flow ²⁾	– 38	27	n.a.
Number of employees	9 102	9 274	– 2%

1) Core business: SIG Combibloc plus SIG Beverages (excl. corporate and eliminations)

2) Cash flow from operating activities + cash flow from investing activities

Further strategic focus and streamlining of the Group portfolio

The SIG Board of Directors has taken the decision to adapt the Group strategy and to focus all activities on the internationally expanding beverages market. With its future core business "SIG Combibloc and SIG Beverages", the Group is assuming a prominent position as a leading materials and systems supplier. Together, these two divisions already generate some 80% of Group net sales and the main portion of its profits. Deeper integration and focus will enhance utilization of synergy potentials with customers and on the technological level.

During the coming six years, SIG intends to invest some EUR 1 billion out of current cash flow in its core business. The greater part of this will be assigned to new packaging material plants and new fillers from SIG Combibloc, whose business with aseptic beverage cartons is continuing to grow strongly. With selected investments in SIG Beverages, the Group will also further expand its position in the non-carton beverages sector.

The heavily fragmented market for packaging machinery dedicated to dry products is in a transition phase. Consolidation among customers as well as competitors continues unabated. Although SIG Pack has developed positively in recent years, the Board of Directors has decided to seek an alternative industrial environment for this division; one which is prepared to make the necessary investments to achieve sustainable growth.

SIG is also seeking Group-external solutions for SIG Blowtec (extrusion blow molding for plastic containers), SIG Kautex (extrusion blow molding for automotive components) and SIG Hamba Filltec (cup filling machinery for yoghurt and margarine).

In the first half, SIG already successfully divested the injection molding business of SIG Corpoplast as well as the non-aseptic milk activities of SIG Combibloc in the UK Mid-2003. SIG also divested the two companies PKL Flexible Verpackungen in Germany (coated papers for dry goods) and SIG Stewart Systems in the USA (bakery equipment), whose annual sales represented some EUR 60 million. A number of non-operating properties in Switzerland and the USA were also sold.

Higher net sales, lower results

Despite an adverse economic environment, the Group grew further compared to the first semester 2002. Net sales grew by 2% to EUR 927 million (2002: EUR 905 million). At EUR 940 million, order intake virtually matched the previous year's level (2002: EUR 942 million). Strong demand for beverage cartons contributed to the continued growth of the future core business of the SIG Group in the first half of 2003. Order intake stood at EUR 749 million (2002: EUR 732 million) and net sales were EUR 758 million (2002: EUR 705 million). Despite substantial investments in the market, the operating profit (EBIT) of the core business was, at EUR 60 million, only slightly lower than the previous year's figure (2002: EUR 70 million).

Reluctance to invest in the face of the overall negative economic climate, the Iraq war and SARS in Asia led to diminished order intake and net sales, particularly in the units outside the core business, but also to lower operating profits than the year before. For the first six months of 2003, operating profit (EBIT) of the SIG Group was significantly affected by the impact of adjustments to the Group portfolio and amounted to EUR -26 million (2002: EUR 44 million). The extraordinary burden on EBIT, totaling EUR 48 million, comprises impairment and restructuring provisions for the companies outside the core business: SIG Hamba Filltec, SIG Blowtec and SIG Kautex, in addition to an impairment of the entire goodwill of SIG Elettric 80.

Divestments realized in the first half year resulted in a loss of around EUR 11 million. Better financial profit than the previous year, plus significantly lower income tax expenses owing to a one-time tax refund, resulted in a net profit of EUR -49 million for the first half year 2003.

Owing to high levels of investment in the core business, free cash flow was negative in the first half of 2003 and, at EUR -38 million, lay substantially below the figure for the previous year (2002: EUR 27 million). This decline mainly reflects the negative net profit and the increase in net current assets.

Inconsistent market situation in the divisions

The course of business within the Group developed unevenly in the first half year 2003, depending on the market segment. With the introduction of mandatory deposits on non-returnable beverage containers in Germany, the beverage carton benefited from its status as an environmentally friendly packaging. This provided significant additional growth for SIG Combibloc in the German market, to the detriment of other beverage lines (PET, glass, cans). In the SIG Beverages division, the hesitant investment climate led to a lower order intake than the year before. This trend will continue in the second half. Capacity is being adjusted regularly to match the order intake situation. A basket of measures has been prepared and, depending on the development of orders, will be swiftly implemented.

In a difficult economic environment, SIG Pack maintained its leading position. Whereas the standard machinery segment stabilized, particularly in the USA, SIG Pack Systems, active primarily in the systems business, suffered from the reluctant investment posture on the part of large customers.

The situation at SIG Hamba Filltec has stabilized. This unit has been refocussed to its original core business of cup filling machinery for yoghurt and margarine, and its organization restructured accordingly. The positive order intake at SIG Kautex has ensured stable capacity utilization for 2003. By contrast, SIG Blowtec's market has declined further and will necessitate additional structural adjustments.

Innovation: combishape and Plasmax

The new aseptic packaging concept combishape allows for the first time carton packages with varying base formats and shapes to be produced and filled. The first filling line is currently being tested in the field.

Plasmax is a concept for coating PET bottles that SIG Corpoplast has already installed with a pilot customer for on-site testing. A thin glass layer applied to the inside of the bottles increases the barrier characteristics of PET and renders these bottles suitable for sensitive products. Plasmax technology, unique in the growing PET market, is the result of a joint development project between SIG and the German technology group Schott HiCotec. Market roll-out for both innovations is planned for the beginning of 2004.

Share performance: slight recovery compared to the end of 2002

The performance of the SIG share was inconsistent during the first semester. Following initial losses in the first months, the share recovered again. At the end of the first half, the share price stood 3.4% higher than at the close of 2002.

Outlook for the business year 2003: Slightly higher net sales, lower net profit than previous year

SIG does not expect significant changes in the market environment for the second half. In the machinery and systems sectors, in particular, no end to the global aversion to investing is in sight. The Group has initiated a cost-cutting program in order to maintain margins despite the difficult economic environment.

Given the reluctance of the market to invest in the machine sector, the Group predicts a lower order intake than 2002 by the year's end (previous year: EUR 1,873 million). Net sales, by contrast, are likely to rise slightly (2002: EUR 1,877 million). Because of the one-time effects of the first half, operating profit (2002: EUR 62 million) should be slightly positive only. Net profit, however, (2002: EUR 10 million) should be on the negative side, despite the continuing positive trend of financial profit and markedly lower taxes than in the previous year. With the substantial market investments of SIG Combibloc, the free cash flow should improve only slightly against the figures of the first half. Potential effects of the divestment of SIG Pack are not reflected in these forecasts.

Risks for the second half lie with an increased competitive pressure in the markets of the SIG Beverages division, as well as the speed at which bleeders can be eliminated and cost-cutting measures implemented.

For SIG, the strategic reorientation, coupled with the streamlining of the corporate portfolio, is the foundation for the Group to establish a leading position in the beverages sector. Thanks to the focus on the two growth areas aseptics and PET, the medium-term growth and profit perspectives of the SIG Group remain consistently positive. The sale of the three loss-generating units which, in the past year, had a profoundly negative impact on the results of the SIG Group, eliminates future risk and reduces volatility at profit level. The remaining SIG portfolio, which will contain a significantly higher portion of the materials and services business, will be more resistant to economic fluctuations.

Yours faithfully
SIG Holding Ltd.



Dr. W. Kissling
Chairman of the Board of Directors



Dr. R. Boutellier
President and CEO

Publication of Annual Results 2003:
Monday, March 8, 2004

Next Ordinary General Meeting:
Tuesday, March 30, 2004

Trading performance of the individual divisions

SIG Combibloc in millions of EUR

	1 st half of 2003	1 st half of 2002	Change
Order intake	560	512	9%
Net sales	505	459	10%
Operating profit before depreciation and amortization (EBITDA)	111	115	- 3%
Operating profit before amortization goodwill (EBITA)	67	69	- 3%
Operating profit (EBIT)	66	69	- 4%
Number of employees	3 810	3 604	6%

In the first half year 2003, the SIG Combibloc division continued its positive development and proved unaffected by adverse influences such as the Iraq war and the economic crisis. Again, the division increased both its order intake and net sales to EUR 560 million and EUR 505 million respectively. In local currencies, this represents a growth in net sales beyond 15%. Unfavorable currency exchange rate developments, higher investments for penetrating new markets and substantially higher research and development expenditures all impacted on operating profit, which stands marginally lower than that of the first half of 2002.

Major stimulus for SIG Combibloc business was generated during the international trade show Anuga FoodTec which was held in spring. The innovative power demonstrated by SIG Combibloc at that exhibition clearly positioned the division as a strategic partner for its customers and as a convincing alternative to the competition. The emphasis was on new carton shapes combined with user-friendly closures which provide customers' products with a high degree of differentiation. With the new aseptic packaging system combishape, it is for the first time possible to create cartons with diverse formats and shapes. The first line is currently being tested in the field.

Above-average growth in net sales was recorded in Germany, the major market where, increasingly, the retailers and beverage fillers are shifting to cartons because of the mandatory deposit legislation. Cartons are classified as ecologically friendly and are therefore exempt from deposits. Innovative packaging shapes, which are achieving ever greater market penetration, are also benefiting from this situation. The Middle East, where SIG Combibloc is operating a joint venture with the Obeikan Investment Group, is also showing strong growth. The division is planning to build a packaging materials plant in Riad dedicated to joint production with the Arabian partner. Utilization of existing infrastructures should permit production to commence at the beginning of 2005. In Eastern Europe, the Russian market in particular continued to develop positively. As before, this growth is based on the trend towards large formats as well as strategic partnerships with key customers.

Despite a delay due to the SARS situation, the division expects production to start at the new packaging materials plant in China by spring 2004 as originally planned. Having won a number of key customers, who will in medium term contribute to a growth in volume, the overall competitive position in China has developed positively. Nonetheless, net sales in the first six months suffered from the fact that our customers sold considerably less owing to the SARS situation.

Thanks to their innovative, convenient opening devices, SIG allCap, responsible for the development and production of closure systems, was able to expand further.

For the year 2003 overall, the division expects the positive trend in net sales and order intake to continue, with operating profit at the same level as the previous year.

SIG Beverages in millions of EUR

	1 st half of 2003	1 st half of 2002 ¹⁾	Change
Order intake	189	221	- 14%
Net sales	253	246	3%
Operating profit before depreciation and amortization (EBITDA)	9	16	- 44%
Operating profit before amortization goodwill (EBITA)	3	11	- 73%
Operating profit (EBIT)	- 6	1	n.a.
Number of employees	2 600	2 525	3%

1) Restatement of previous year's figures following the spin-off of SIG Blowtec and SIG Hamba Filltec from the SIG Beverages division and integration into the segment "Other" in the 2nd half 2002 and 1st half 2003 respectively

Simultaneously with the implementation of the modified strategy, the SIG Beverages division, headed by Dr. Ulf Berg, initiated a cost-reduction program, thereby beginning to simplify their structures in order to achieve the turnaround.

In common with other industries, the economic downturn and the SARS situation in China had a negative impact on SIG Beverages operations. In addition, the PET sector of SIG Beverages is suffering from the introduction of mandatory deposits on non-returnable beverage containers in Germany. Uncertainty about future developments and the necessity of establishing a return system is preventing customers from investing in new PET filling lines. These factors, plus the worldwide reluctance to invest, has led to increased competition and a fierce pricing situation in the machinery and systems business. Order intake for the division in the first half year 2003 stood at EUR 189 million and net sales at EUR 253 million. Reduced margins, investments in new products and personnel adjustments led to a negative operating profit for the first half of 2003.

The division continues to strengthen its position as a leading supplier of integrated solutions for the beverages industry. A significant milestone in the first half of 2003 was the successful commissioning of the Plasmax line for coating PET bottles at the facility of a pilot customer. The thin glass layer coating the inside of the bottle increases the barrier properties of PET and renders the bottles suitable for sensitive products. Plasmax technology, unique in the growing PET market, is the result of a joint development project between SIG and the German technology group Schott HiCotec. Market roll-out is planned for 2004.

A further highlight in the first six months was the completion and successful customer acceptance of SIG Simonazzi aseptic filling lines at several customer facilities in Western Europe, Russia, the Middle East and in Asia. The combination of SIG Simonazzi's filling expertise with the extensive experience of SIG Combibloc in the aseptics field forms the basis for this growing, but demanding market segment.

The negative trend in order intake of the first half is likely to continue in the second semester. Hence, a lower figure than in 2002 is expected. Net sales will probably also fall short of the previous year's level. Necessary capacity adjustments, plus a less favorable order mix than 2002, should result in a marginally positive EBITA. As a result of the periodic amortization of goodwill, EBIT will be negative.

SIG Pack in millions of EUR

	1 st half of 2003	1 st half of 2002	Change
Order intake	145	171	- 15%
Net sales	135	152	- 11%
Operating profit before depreciation and amortization (EBITDA)	1	2	- 50%
Operating profit before amortization goodwill (EBITA)	- 3	- 3	n. a.
Operating profit (EBIT)	- 14 ¹⁾	- 4	n. a.
Number of employees	1 734	1 986	- 13%

1) Including impairment of the entire goodwill of SIG Elettric 80 amounting to EUR 9 million

For SIG Pack, the first half of 2003 was marked by generally weak market conditions in the capital goods sector. Whereas in the first semester of the previous year, the major multinational consumer goods and food producers adhered to their investment programs, this specific customer segment demonstrated reluctance to place orders over the past six months. In the USA, a vital market for SIG Pack, this trend was amplified by the soft us dollar. Many projects in the automation sector were postponed. Consequently, competition has continued to stiffen and pricing pressures continue unabated in all markets. Certain smaller competitors are willing to assume greater technical and commercial risks. Demand for services remains stable.

As a result of the on-going difficult economic environment, the division's order intake stood at EUR 145 million, or 15% lower than the previous year's figure. In the bigger markets USA and the UK, orders booked lagged behind the long-term averages and could only be partially offset by projects in other regions. In the systems business, the number of orders taken remained stable, but average order values were lower. Also affected by negative developments in exchange rates, the net sales of the division, at EUR 135 million, lay some 11% below the performance of the previous year.

The division's operating profit before goodwill amortization (EBITA) matched the level of the previous year, despite lower net sales in the first semester, higher start-up costs for new products in the systems sector, plus unsatisfactory results from the two units SIG Elettric 80 and SIG Stewart Systems (sold at mid-year). Through rigorous cost management the division was able to offset the negative volume and margin deviations.

Net sales and order intake for the division in 2003 will fall short of the equivalent figures of the previous year. Owing to the highly cyclical nature of SIG Pack's business, with the majority of deliveries occurring in November and December, EBITA is expected to be on the positive side and on a comparable level to the year before. The impairment of the entire goodwill of SIG Elettric 80, amounting to EUR 9 million, has impacted heavily on the division's EBIT, which is liable to be negative in 2003.

Other in millions of EUR

	1 st half of 2003	1 st half of 2002 ¹⁾	Change
Order intake	49	54	- 9%
Net sales	39	56	- 30%
Operating profit before depreciation and amortization (EBITDA)	- 37	- 10	n. a.
Operating profit before amortization goodwill (EBITA)	- 58 ^{2) 3)}	- 13	n. a.
Operating profit (EBIT)	- 58 ^{2) 3)}	- 13	n. a.
Number of employees	899	1 108	- 19%

1) Restatement of previous year's figures following the spin-off of SIG Blowtec and SIG Hamba Filltec from the SIG Beverages division and integration into the segment "Other" in the 2nd half 2002 and 1st half 2003 respectively

2) Including impairment of EUR 6 million on inventories and EUR 18 million on tangible fixed assets

3) A restructuring provision of EUR 15 million has been created for further capacity adjustments at the three companies SIG Blowtec, SIG Kautex and SIG Hamba Filltec

Business at SIG Kautex (extrusion blow molding machines for automotive components) is heavily dependent on investment activities within the automotive industry. While the us automotive market continues to develop sluggishly, there are signs of slight recovery in Europe and Asia. Thanks to major orders from China for fuel tank extrusion equipment, order intake for the first semester at SIG Kautex stood 30% higher than for the previous year. Given the extended lead times for these complex lines, delivery will not take place until the second half. Consequently, net sales in the first semester were lower than the previous year's equivalent. The high level of orders in hand and the ongoing service business have already secured volumes for the entire business year. To secure medium-term profitability, the organization in the indirect sector has been further streamlined. As a consequence of those additional restructuring costs, the operating results of SIG Kautex for 2003 should be slightly negative.

In the first semester 2003, SIG Blowtec (extrusion blow molding machines for plastic containers) operated in a highly adverse market environment. Although the volume of new orders lay slightly above that of the previous year, the unsatisfactory margin situation persisted. The development of the dollar exchange rate impacted negatively on exports to North America and Asia. SIG Blowtec is undergoing further restructuring. In addition to a sharper focus on geographic core markets, the management has streamlined the product range and adapted structures. Additional downsizing and extraordinary inventory write-offs related to streamlining the product range lead to a higher operating loss for SIG Blowtec over the full business year than originally budgeted. The non-recurring expenses are reflected completely in the unit's results for the first semester 2003.

Overall, the situation at SIG Hamba Filltec (cup filling machines for yoghurt and margarine) has stabilized. The business unit is continuing the initiated restructuring and is adapting its organization accordingly. Nowadays, SIG Hamba Filltec is concentrating on its traditional core business in the sector of cup filling technology for yoghurt and margarine. The strategically important aseptic bottle filling activities remain elsewhere within the SIG Group. Price pressures in the traditional core business are substantial, as a result of the weak market situation. In order to remain competitive, SIG Hamba Filltec is relying increasingly on the modularization of its products and on reducing the manufacturing depth.

Impairments and restructuring provisions at the three firms SIG Hamba Filltec, SIG Blowtec and SIG Kautex amount to a total of EUR 39 million.

Half-year statement

Consolidated income statement in millions of EUR

	SIG Group	
	1 st half of 2003	1 st half of 2002
Net sales to third parties	927	905
Net sales between segments ²⁾	0	0
Net sales	927	905
Changes in inventories of finished goods and work in progress	29	33
Own work capitalized	34	17
Income from associated companies	0	1
Other operating income	22	12
Operating income	1 012	968
Raw materials, supplies and services	- 473	- 421
Personnel costs	- 264	- 253
Other operating expenses	- 205	- 180
Operational financial income from third parties	0	0
Operating profit before depreciation and amortization (EBITDA)	70	114
Depreciation of tangible fixed assets	- 64	- 49
Amortization of intangible fixed assets (without goodwill)	- 11	- 10
Operating profit before goodwill amortization (EBITA)	- 5	55
Amortization goodwill	- 21	- 11
Operating profit (EBIT)	- 26	44
Financial income	3	3
Financial expenses	- 12	- 15
Financial profit	- 9	- 12
Profit on divestments	- 11	0
Profit before taxes (EBT)	- 46	32
Income tax expenses	- 3 ³⁾	- 12
Net profit including minority interests	- 49	20
Minority interests	0	0
Net profit	- 49	20
Shares placed in the market (average)	6 446 879	6 486 667
Net profit per share (at CHF 10 nominal) in EUR	- 7.6	3.1
Additional information		
Order intake	940	942
Number of employees		
– Number	9 102	9 274
– in %	100%	100%

1) Restatement of previous year's figures following the spin-off of SIG Blowtec and SIG Hamba Filltec from the SIG Beverages division and integration into the segment "Other" in the 2nd half 2002 and 1st half 2003 respectively

2) Internal transfer prices are at market values

3) Incl. impairment of EUR 6 million on inventories, EUR 18 million on tangible fixed assets and a write-off of EUR 3 million against deferred tax assets

4) A restructuring provision of EUR 15 million has been created for further capacity adjustments at the three companies SIG Blowtec, SIG Kautex and SIG Hamba Filltec

5) Including impairment of the entire goodwill of SIG Elettric 80 amounting to EUR 9 million

discontinuing operations											
SIG Combibloc		SIG Beverages		Corporate		Eliminations		SIG Pack		Other	
1 st half of 2003	1 st half of 2002	1 st half of 2003	1 st half of 2002 ¹⁾	1 st half of 2003	1 st half of 2002	1 st half of 2003	1 st half of 2002	1 st half of 2003	1 st half of 2002	1 st half of 2003	1 st half of 2002 ¹⁾
505	459	251	241	0	0	0	0	132	149	39	56
0	0	2	5	0	0	-5	-8	3	3	0	0
505	459	253	246	0	0	-5	-8	135	152	39	56
14	15	5	12	0	0	0	0	6	5	4	1
34	17	0	0	0	0	0	0	0	0	0	0
0	1	0	0	0	0	0	0	0	0	0	0
17	10	7	5	13	10	-28	-22	4	3	9	6
570	502	265	263	13	10	-33	-30	145	160	52	63
-254	-212	-142	-132	0	0	6	12	-54	-62	-29 ³⁾	-27
-97	-87	-72	-69	-5	-4	0	0	-61	-65	-29	-28
-109	-89	-43	-47	-21	-12	28	17	-29	-31	-31 ⁴⁾	-18
1	1	1	1	0	0	-2	-2	0	0	0	0
111	115	9	16	-13	-6	-1	-3	1	2	-37	-10
-35	-38	-5	-4	0	0	0	0	-3	-4	-21 ³⁾	-3
-9	-8	-1	-1	0	0	0	0	-1	-1	0	0
67	69	3	11	-13	-6	-1	-3	-3	-3	-58	-13
-1	0	-9	-10	0	0	0	0	-11 ³⁾	-1	0	0
66	69	-6	1	-13	-6	-1	-3	-14	-4	-58	-13
560	512	189	221	0	0	-3	-16	145	171	49	54
3 810	3 604	2 600	2 525	59	51	0	0	1 734	1 986	899	1 108
42%	39%	29%	27%	1%	1%	0%	0%	19%	21%	10%	12%

Consolidated balance sheet in millions of EUR

Assets

	6/30/2003	12/31/2002
Fixed assets		
Tangible fixed assets	430	474
Intangible fixed assets	307	324
Financial assets	54	43
Deferred tax assets	31	29
Total	822	870
Current assets		
Inventories	338	318
Trade receivables	293	331
Other receivables	118	105
Securities	11	14
Cash and cash equivalents	104	140
Total	864	908
Total assets	1 686	1 778

Equity and liabilities

Shareholders' equity

Share capital	40	40
Additional paid in capital	159	159
Retained earnings	347	399
Currency differences	- 19	- 12
Total	527	586

Minority interests

0 0

Liabilities

Deferred tax liabilities	34	34
Long-term provisions	135	138
Long-term financial liabilities	292	320
Total long-term liabilities	461	492
Short-term financial liabilities	131	113
Advance payments by customers	89	87
Trade payables	151	156
Short-term provisions	66	57
Accruals for contractual obligations to complete	148	154
Other short-term liabilities	113	133
Total short-term liabilities	698	700
Total	1 159	1 192

Total liabilities

1 686 1 778

Consolidated cash flow statement in millions of EUR

Cash flow from operating activities

	1 st half of 2003	1 st half of 2002
Net profit	- 49	20
Minority interests	0	0
Adjustments for		
- depreciation and amortization of fixed assets	96	70
- profit (-) / loss (+) from sale of securities and financial assets	0	0
- profit (-) / loss (+) from sale of tangible fixed assets	- 3	0
- profit (-) / loss (+) from sale of consolidated companies	11	0
- result from associated companies	0	- 1
- exchange rate profit (-) / loss (+) on financial assets and securities	- 1	3
- write down of financial assets and securities	0	1
- other non-liquidity-related positions	0	0
Increase (-) / decrease (+) in net current assets, excluding securities, cash and cash equivalents	48	- 12
Increase (+) / decrease (-) in net deferred taxes	- 3	- 3
Increase (+) / decrease (-) in provisions	11	- 9
Total	14	69

Cash flow from investing activities

Purchase of tangible fixed assets	- 56	- 62
Sale of tangible fixed assets	16	5
Purchase resp. capitalization (-) / sale (+) of intangible fixed assets	- 18	- 7
Acquisition of consolidated companies (minus cash and cash equivalents)	0	- 1
Disposal of consolidated companies (minus cash and cash equivalents)	3	0
Acquisition (-) / disposal (+) of non-consolidated companies	0	1
Dividends paid by associated companies	0	16
Increase (-) / decrease (+) in loans	- 1	7
Purchase (-) / sale (+) of securities	4	- 1
Total	- 52	- 42

Free cash flow¹⁾

	- 38	27
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Cash flow from financing activities

Dividends paid	- 4	- 11
Purchase (-) / sale (+) of own shares	- 1	16
Capital increases	0	0
Increase (+) / decrease (-) in borrowings	14	- 21
Total	9	- 16

Currency translation differences on cash and cash equivalents

	- 7	- 1
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Changes in cash and cash equivalents

	- 36	10
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Cash and cash equivalents at beginning of period	140	112
Cash and cash equivalents at end of period	104	122

1) Cash flow from operating activities + cash flow from investing activities

Changes in equity in millions of EUR

	Share capital	Additional paid in capital	Retained earnings	Currency differences	Total
As at 1/1/2002	40	159	389	23	611
Net profit			20		20
Dividend payments			- 11		- 11
Purchase / sale of own shares	1	0	16		17
Currency translation differences				- 19	- 19
As at 6/30/2002	41	159	414	4	618
As at 1/1/2003	40	159	399	- 12	586
Net profit			- 49		- 49
Dividend payments			- 4		- 4
Purchase / sale of own shares	0	0	1		1
Currency translation differences				- 7	- 7
As at 6/30/2003	40	159	347	- 19	527

Notes to the financial statements

1. Accounting principles

The financial statements are based on the accounting principles and methods described in the 2002 Annual Report. They comply with International Financial Reporting Standards (IFRS, formerly IAS).

2. Changes in scope of consolidation

Disposals

6/30/2003	SIG Stewart Systems, Plano, us
6/30/2003	PKL Flexible Verpackungen GmbH, Linnich, DE

3. Additional information in millions of EUR

	6/30/2003	12/31/2002
Contingent liabilities	29	26
Contingent assets	0	0

The contingent liabilities arise from the discounting of bills of exchange as well as guarantees to third parties from ordinary business operations.

Contingent assets: Arising from contractual warranty claims, SIG has initiated arbitration proceedings to enforce compensation indemnifications. At present, it is not possible to make any statements on the status, duration or possible outcome of those proceedings. Consequently, a quantitative valuation of contingent assets has been omitted.

	6/30/2003	12/31/2002
Operating lease commitments		
Under 1 year	6	5
1 to 5 years	13	8
Over 5 years	8	6
Total	27	19
Open commitments to acquire tangible fixed assets	12	5

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