

Kudelski Group
Financial statements 2003

Kudelski Group

Consolidated balance sheets at December 31, 2003 et 2002

(in CHF thousands)

ASSETS	31.12.2003	31.12.2002
Fixed assets		
Intangible fixed assets	34,915	22,733
Financial fixed assets	32,787	10,882
Tangible fixed assets :		
Land and buildings	30,643	32,318
Fixtures and fittings	74,205	25,983
Total fixed assets	172,550	91,916
Current assets		
Inventories	41,209	49,107
Work in progress	8,731	8,981
Trade accounts receivables	157,328	212,836
Other receivables	49,103	33,662
Cash and cash equivalents	237,107	753,082
Total current assets	493,478	1,057,668
TOTAL ASSETS	666,028	1,149,584

Kudelski Group

Consolidated balance sheets at December 31, 2003 et 2002

(in CHF thousands)

SHAREHOLDERS' EQUITY AND LIABILITIES	31.12.2003	31.12.2002
Shareholders' equity		
Share capital	514,949	513,599
Share premium and reserves	-324,290	46,709
Total shareholders' equity, Group's interest	190,659	560,308
Minority interests	15,194	20,602
Total shareholders' equity	205,853	580,910
Long-term liabilities		
Convertible bond	214,637	319,191
Provisions	22,342	22,548
Other long-term liabilities	22,157	10,852
Total long-term liabilities	259,136	352,591
Current liabilities		
Bank overdrafts	33,579	36,470
Trade accounts payable	68,448	101,283
Advances received from clients	10,436	9,377
Short-term provisions	9,465	21,900
Accrued liabilities and other payables	79,111	47,053
Total current liabilities	201,039	216,083
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	666,028	1,149,584

Kudelski Group

Consolidated income statements for the years ended December 31, 2003 et 2002

(in CHF thousands)

	2003	2002
Sales	391,426	384,666
Capitalized developments and installations	20,966	17,689
Total revenue	412,392	402,355
Cost of material and components sold	-157,444	-152,322
Margin after cost of material sold	254,948	250,033
Salaries and wages	-131,154	-120,385
Operating expenses	-36,923	-39,956
Sales and administration costs	-47,267	-43,610
Non recurring charges (reorganisation)	-	-22,535
Change in provisions	-7,375	-14,939
OIBDA, Operating income before interest, taxes, depreciation and amortization	32,229	8,608
Depreciation and amortization	-21,923	-20,722
Impairment	-243	-19,908
EBIT, operating income	10,063	-32,022
Financial income	72,690	85,952
Financial expenses	-40,724	-42,246
Extraordinary income	-	3,606
Extraordinary expenses	-3,208	-
Net income before tax and minority interests	38,821	15,290
Income tax	-6,824	-2,271
Net income of the Group	31,997	13,019
Minority interests	1,170	-2,988
NET INCOME	33,167	10,031
As percentage of income		
Operating income	2%	- 8%
Net income	8%	2%
Earnings per share (in CHF)		
- Basic	0.65	0.20
- Diluted	0.64	0.20

Kudelski Group

Consolidated statements of cash flows for the years ended December 31, 2003 et 2002

(in CHF thousands)

	2003	2002
Net income, Group's interest	33,167	10,031
Financial income	-29,733	-25,449
Financial expenses	8,785	42,310
Income tax	6,824	2,271
Profit on redemption of convertible bond	-25,661	-60,503
Amortization of costs and redemption value of convertible bond	4,268	7,643
Shares allotted to employees	746	658
Options granted to employees	2,720	-
Depreciation and amortization	21,923	20'870
Impairment	243	19'882
Loss on "Swiss" shares	10,000	-
Change in long term provision	1,582	-9,423
Change in deferred tax liabilities and tax assets	-3,643	2,145
Use of provision for restructuring	-8,752	-18,835
Minority interests in net income	-1,170	2,988
Net income associated companies	-334	-
Cash flow	20'965	-5,412
Change in inventories	8,147	4,279
Change in work in progress	280	-7,380
Change in trade accounts receivables	71,407	79,074
Change in other receivables	-	30,857
Change in other assets	-12,875	-975
Change in trade accounts payables	-34,364	-8,388
Change in other liabilities	-8,969	-53,773
Change in short term provisions	-3,254	9,089
Operating cash flow	41,337	47,371
Interest paid	-1,096	-13,446
Interest received	4,803	13,730
Tax paid	-5,698	-10,011
Net cash from operating activities	39,346	37,644
Net investment in intangible fixed assets	-19,388	-23'850
Net investment in tangible fixed assets	-57,835	-14,331
Net investment in financial fixed assets	-23,370	-233
Sale/acquisition of subsidiaries, cash inflow/outflow	-366,748	480
Net cash used in investing activities	-467,341	-37,934

Kudelski Group

Consolidated statements of cash flows for the years ended December 31, 2003 et 2002
(continued)

(in CHF thousands)

	2003	2002
Change in long term loans	-5'698	-7,491
Convertible bond net of issuance costs	-	545,522
Redemption of convertible bond	-54,371	-83,097
Interest paid on convertible bond	-6,319	-5,685
Payments from minority interests	200	-
Dividends paid to minority interests	-3,982	-1,000
Acquisition of treasury shares	-380	-
Net cash used in / from financing activities	-70,550	448,249
Effect of exchange rate changes on cash and cash equivalents	-17,430	-110,734
Movement in cash and cash equivalents	-515,975	337,225
Cash and cash equivalents at January 1	753,082	415,857
Cash and cash equivalents at December 31	237,107	753,082
Movement in cash and cash equivalents	-515,975	337,225

Kudelski Group

Change in shareholders' equity

(in CHF thousands)

	Share capital	Share premium	Other reserves	Treasury shares	Goodwill	Consolidated shareholders' equity, Group's interest	Minority interest	Total shareholders' equity
At January 1, 2002	512,941	49,798	215,736	-	-217,545	560,930	19,921	580,851
Shares issued for employees	658					658		658
Change in scope of consolidation					770	770	1,855	2,625
Adjustment on goodwill at acquisition					7,456	7,456		7,456
Dividends paid to minority interests						-	-1,000	-1,000
Currency translation adjustment			-15,073			-15,073	-3,162	-18,235
Write down of financial fixed asset			-4,464			-4,464		-4,464
Net income			10,031			10,031	2,988	13,019
At December 31, 2002	513,599	49,798	206,230	-	-209,319	560,308	20,602	580,910
Shares issued for employees	746					746		746
Options given to employees			2,720			2,720		2,720
Shares issued for company acquisition	604					604		604
Treasury shares acquisition				-380		-380		-380
Dividends paid to minority interests						-	-3,982	-3,982
Adjustment on goodwill at acquisition					-401,697	-401,697	1,096	-400,601
Currency translation adjustment			-11,059			-11,059	-1,352	-12,411
Reverse of write down on Swiss International Air Lines Ltd. Shares			6,250			6,250		6,250
Net income			33,167			33,167	-1,170	31,997
At December 31, 2003	514,949	49,798	237,308	-380	-611,016	190,659	15,194	205,853

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