

Eurofoam

| | 2002 | 2003 |
|--------------------|-------------|-------------|
| Sales (in Euro m): | 133.9 | 137.9 |
| Employees: | 1,113 | 1,206 |
| Locations: | 41 | 44 |

The prevailing economic weakness and the major uncertainty among consumers also influenced Eurofoam's results, particularly in Germany and Austria.

During the coming year, we will be forced to adjust our processing capacity in Germany to match the decreasing market demand. We will close our plant in Wabern-Zennern with effect from March 31, 2004, and the Bad-Ditzenbach plant on June 30, 2004.

The customer orders at these plants will be transferred to the remaining production centres in accordance with cost structures and geographical location.

A number of new projects were initiated in the technical foam sector, but these were insuffi-

cient to compensate the set-backs caused by the general economic situation.

In spite of a declining market in Austria, a very active sales team and new product innovations kept sales at the level of the preceding year. Results in the technical foam business field were affected by the downturn in the automotive industry.

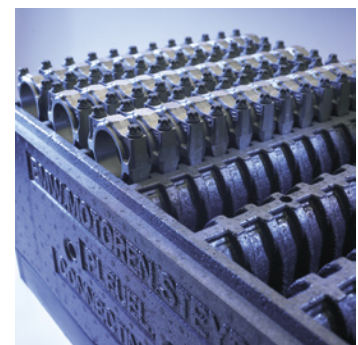
Poland is our most important Eastern European market and despite tougher competition and the recession in Germany, Poland's main export market, we were able both to consolidate and even expand our market position.

We also succeeded in strengthening our leadership in the comfort and technical foam segments of the Hungarian market.

With major investments in the coming year, we are already well-equipped for the further expansion of our product range and well prepared for harder competition.



Foam4Care - side storage using Duren Mediline parts.



Romania is a rapidly expanding market. Our subsidiary, Poliflex, provides us with an excellent basis for participation in this growth and the capture of corresponding market shares.

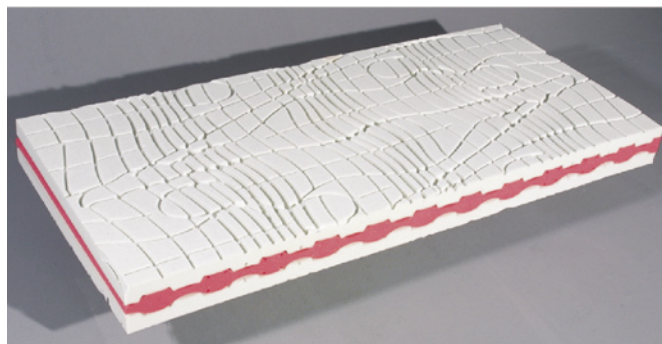
Our newest processing plant, which is also our most south-eastern one has been founded with local partners in Bulgaria.

The base for further growth in all countries is provided by ongoing product innovations and

process cost optimisation on the one hand, and motivated, highly qualified employees on the other hand.

We expect that the slight economic upturn forecast for 2004 will lead to a growth in consumer spending, which will also have a positive effect on our sales and results.

www.euro-foam.com



Pactec rod holders.

EMC mattress cores with innovative surface design.