Financial Report 2002

lisi LINK SOLUTIONS FOR INDUSTRY

Financial report 2002

Stock market data

STOCK PRICE

2001	Closing price	High	Low	Daily average	Trading volume	Number of shares traded during the month
	EUR	EUR	EUR	EUR	K EUR	
June	29.00	32.30	26.99	29.65	2,772	92,287
July	29.10	30.92	28.80	29.86	2,479	83,710
August	28.20	31.50	28.20	29.85	1,417	48,285
September	16.10	28.82	15.20	22.01	5,015	265,517
October	17.72	18.99	16.00	17.50	1,355	76,794
November	19.30	20.00	16.21	18.11	2,172	120,696
December	24.99	25.00	19.35	22.18	2,843	124,648
2002	**Closing price**	**High**	**Low**	**Daily average**	**Trading volume**	**Number of shares traded during the month**
January	21.50	24.50	19.10	21.80	3,250	153,968
February	23.03	24.20	21.70	22.95	4,302	186,339
March	26.00	27.30	23.00	25.15	4,194	163,462
April	25.69	26.00	23.00	24.50	12,936	99,998
May	25.63	27.45	25.10	26.28	2,097	80,297
June	25.16	27.00	24.10	25.55	1,300	51,480
July	20.65	25.12	19.01	22.07	1,139	50,924
August	17.60	21.30	17.60	19.45	3,409	33,877
September	14.70	17.99	14.70	16.35	1,801	118,642
October	15.85	15.85	11.06	13.46	617	47,293
November	17.37	18.90	15.90	17.40	869	50,900
December	19.80	21.40	18.00	19.70	2,078	104,094

HISTORY

June 20, 1989	Initial public offering of GFI Industries shares on the Second Marché of the Paris Stock Exchange.
January 21, 1998	Transfer to "Continu A" (change in listed category).
May 13, 1998	Par value of the shares is divided by 5. A total of 9,697,955 new shares with a part value of FRF 10 are issued in the place of the 1,939,591 shares outstanding with a par value of FRF 50.
December 18, 2001	Inclusion in Euronext Classification segment NextPrime FTSE 215.

PERSON RESPONSIBLE FOR FINANCIAL INFORMATION

Emmanuel VIELLARD
LISI
Espace Vauban - BP 431
90008 BELFORT Cedex
Tel.: 33 (0)3 84 57 00 77 - Fax: 33 (0)3 84 57 02 00
e-mail: emmanuel.viellard@lisi-group.com
Web site: www.lisi-group.com

AVAILABILITY OF CORPORATE DOCUMENTS

The by-laws, accounts, reports and minutes of the shareholders' General Meetings and all documents made available to shareholders may be viewed at the corporation's registered office:

LISI
Espace Vauban - 7 Boulevard Richelieu – BP 431
90008 BELFORT Cedex

2003 CALENDAR

Date	Media	Reported information
January 10, 2003	LES ECHOS	2002 revenues
January 17, 2003	BALO	2002 revenues
March 4, 2003	BOARD OF DIRECTORS MEETING	LISI
March 5, 2003	LES ECHOS/SFAF	2002 earnings
March 8, 2003	INVESTIR	2002 earnings
April 9, 2003	BALO	2002 earnings
April 11, 2003	LES ECHOS or LA TRIBUNE	First quarter 2003 revenues
April 16, 2003	BALO	First quarter 2003 revenues
May 13, 2003	LISI SHAREHOLDERS' GENERAL MEETING	Approval of 2002 financial statements
Week of 03/21	BALO	Approval of 2002 financial statements
June 25, 2003	BOARD OF DIRECTORS MEETING	LISI
July 11, 2003	LES ECHOS or LA TRIBUNE	Second quarter 2003 revenues
July 18, 2003	BALO	Second quarter 2003 revenues
September 9, 2003	BOARD OF DIRECTORS MEETING	LISI
September 10, 2003	LES ECHOS or LA TRIBUNE / SFAF	First half 2003 earnings
September 13, 2003	INVESTIR	First half 2003 earnings
September 17, 2003	BALO	First half 2003 earnings
October 10, 2003	LES ECHOS or LA TRIBUNE	Third quarter 2003 revenues
October 17, 2003	BALO	Third quarter 2003 revenues
December 17, 2003	BOARD OF DIRECTORS MEETING	LISI
January 13, 2004	LES ECHOS or LA TRIBUNE	2003 revenues
January 16, 2004	BALO	2003 revenues
March 2004	PRESS RELEASE	2003 earnings

STOCK INFORMATION

Next Prime FTSE 215 – Second Marché – Included in the SBF 250

Euroclear code: 5035

Reuters code: GFII.PA
Bloomberg code: FII FP

Stock administrator: BNP PARIBAS

Market maker: BNP PARIBAS EQUITIES FRANCE –
Mr. Olivier BERTHET

General information regarding the issuer

BUSINESS PURPOSE: (ARTICLE 2 OF THE BY-LAWS)

The company's business purpose is as follows:

- The acquisition of equity interests in all types of companies, including commercial, manufacturing, financial, securities and real estate companies;
- The manufacture, purchase and sale of all items, especially those related to screws, nuts and bolts, forged products, lathed products, machine tooling and construction;
- Where necessary, all transactions related to the machine industry and sale of related products;
- The direct or indirect participation in all transactions or business matters that could have an impact on the business purpose or could help further the interests of the corporation, by any means, including the creation of new companies, subscription contribution, purchase of shares and rights, etc.;
- And generally, all commercial, securities and real estate transactions, either directly or indirectly related to the business purpose or likely to facilitate its extension or growth.

COMMERCIAL AND CORPORATE REGISTER AND INCORPORATION DATE:

R.C.S. PARIS B 536 820 269 (Code NAF 741 J)

Incorporation date: July 5, 1968; valid until: July 4, 2067; duration: 99 years.

COMPANY'S FISCAL YEAR: (ARTICLE 16 OF THE BY-LAWS)

The company's fiscal year begins January 1 and ends December 31 of each year.

STATEMENTS OF BENEFICIAL OWNERSHIPS: (ARTICLE 9 OF THE BY-LAWS)

1° The shares are freely tradable in the absence of any opposing legal or regulatory dispositions.

2° Delivery of shares is made from account to account according to the conditions and terms set forth by regulations.

3° The company's shares are indivisible.

4° If a specific quantity of shares is needed in order for a shareholder to exercise rights, or if a new share is issued in return for the redemption of older shares that were received in exchange or allocated, any odd-lot shares that fall short of the minimum number required do not provide shareholders with any rights against the company, since it is up to the shareholders to come up with the correct number and, if possible, to buy or sell the number of shares needed.

5° Without prejudice to the measures described in article 356-1 of the July 24, 1966 law No. 66-537, any person who owns or acquires at least 3% of the capital stock either directly or indirectly as set forth under the provisions of said article 356-1 must report the total number of shares that he owns via registered mail with return-receipt confirmation sent to the company's registered office within 15 days after this 3% threshold is crossed.

A shareholder is also required to inform the company within the same time period if his equity interest falls below the above-mentioned threshold.

In the event that beneficial share ownership was not reported in accordance with the above-mentioned procedures, the shares exceeding the reporting threshold shall be deprived of voting rights for all shareholders' meetings that may be held for a period of up to three months after the date of the request, recorded in the minutes of the shareholders' general meeting, by one or more shareholders owning at least 5% of the capital stock to report the beneficial ownership interest in accordance with the proper procedures.

SHAREHOLDER MEETINGS: (ARTICLE 15-1 TO 15-5 OF THE BY-LAWS)

1° Shareholder meetings are held and deliberate in accordance with the applicable legal provisions. They meet at the registered office or any other location specified in the meeting notice.

2° The shareholders' meeting comprises all shareholders, regardless of how many shares they own, provided the shares are fully paid-up. The right to attend in person or of representation by proxy is subject:

- For registered shareholders, to the registration in a pure or administered personal account at least five days before the date of the meeting;
- For holders of bearer shares, if any exist, to the submission within the same time period, of a certificate established by the authorized proxy acknowledging the unavailability of the shares registered in the account until the date of the meeting.

Nevertheless, the board of directors may, as a general rule, reduce or waive this time period.

3° The meetings are presided by the chairman of the board of directors or, in his absence, by the oldest deputy chairman, or in the absence of a deputy chairman, by the most senior director present at the meeting. Finally, the meeting may elect its own chairman.

4° Barring any legal or regulatory measures to the contrary, each member of the shareholders' meeting is entitled to as many share votes as he owns or represents, both in his own name and as a proxy, without limitation. Nevertheless, certain shares have double the voting rights of other shares for the same ownership interest in the capital stock, namely:

- All fully paid-up shares that have been registered in the same shareholder's name for four (4) years at least;
- All shares allocated free of charge to shareholders as part of a capital increase through incorporation of retained earnings, net income or paid-in capital, up to the number of existing shares entitled to such double voting rights.

The double-voting rights cease to exist once the shares change hands. Nevertheless, the above-mentioned time period is not interrupted by and double voting rights still apply to all transfers resulting from inheritance, liquidation of community property among married couples or donations inter vivos for the benefit of one spouse or a parent of a degree entitled to succession.

5° In the event shareholders vote by proxy, only those proxies that have arrived at the company at least three days before the date of the shareholders' meeting will be counted.

In addition, the shareholder's attendance at the general meeting shall result in the cancellation of the proxy vote and/or power of attorney that the said shareholder may have sent to the company, since his attendance takes precedence over all other means of participation previously chosen. If the shareholder is not present at the meeting, his power of attorney is only taken into consideration with respect to the votes cast in his proxy voting form, where applicable.

PROFIT DISTRIBUTION:

(ARTICLE 17 OF THE BY-LAWS)

Out of the distributable profit, all amounts the General Meeting shall decide to carry forward to the next year or assign to the creation of extraordinary, contingency, or other funds, with or without a special allocation, shall be withdrawn first. The surplus is distributed between the shareholders, in proportion with their holdings of capital stock.

Each shareholder may be granted, for all or part of the dividend or the advance on dividend distribution, an option between payment in cash or in shares under the conditions provided for by law.

AUTHORIZED CAPITAL NOT YET ISSUED:

The December 6, 2000 Board of Directors' Meeting proposed to the February 21, 2001 Extraordinary Shareholders' Meeting to create a company savings plan through a capital increase reserved for employees. The Extraordinary Shareholders' Meeting authorized the company to issue shares paid in cash for up to FRF 30,000,000, or € 4,573,470 (par value plus paid in capital) and to waive preemptive subscription rights. In 2001, the capital increase involved 62,633 shares in the amount of FRF 9,626,111, or € 1,467,491. Consequently, the authorized capital not yet issued totals FRF 20,373,889, or € 3,105,979.

POTENTIAL SHARE CAPITAL:

There are no subscription options linked to potential capital increases or any other dilutive instruments.

INTERCO'S RELATIONSHIPS

LISI's main business consists in manufacturing fasteners and multi-functional assembly components for three target markets: aerospace, automotive, and packaging. The main purpose of LISI is to coordinate, control, and assist its subsidiaries.

Structure of the capital stock:

LISI's contribution of Former and Rapid shares to LISI AUTOMOTIVE in 2002 completed the Group's legal reorganization by setting up its automotive arm.

Intra-group flows:

- Subsidiaries' cash position: under a cash management agreement, the three divisions' excess cash is escalated back to the parent company. Said excess cash is managed by the parent company directly and compensated at the market rate plus a mark-up.

- Tax integration current accounts: a tax integration agreement was entered into in 1999, to come into effect on January 1, 2000. As of December 31, 2002, the tax integration perimeter included the following companies: LISI AEROSPACE, Blanc Aero Industries, Blanc Aero Technologies, Eurofast, Former, Gradel, Gervais-le-Pont, Rapid, LISI AUTOMOTIVE, LISI COSMETICS and LISI. The tax integration agreement expressly provides that tax gains are kept by the parent company, with no indemnification in the event of the company's leaving the perimeter.

- The assistance agreement: such assistance is ensured by LISI staff and covers administrative and financial, commercial and strategic, industrial and technical, issues. LISI receives normal compensation from all three divisions for performing these services.

- Claims related to equity interests: pursuant to the contribution of Rapid and Former shares to LISI AUTOMOTIVE, and of part of the related debt, LISI still holds a portion of the loans for the acquisition of Rapid shares. The shares in that company have been pledged.

Aspects regarding

related companies and equity interests (en k euros)

	Amount concerning…	
	Related companies	Companies with which the company has a relationship based on intersets held
ASSETS:		
Participations		
Claims related to equity interests	23,837	
Accounts receivable	301	
Cash advances to subsidiaries	4, 213	
Tax integration current account	1,484	
LIABILITIES:		
Subsidiaries' financial assistant	21,102	
Tax integration current account	1,982	
Accounts payable	151	
Other debts	129	
INCOME STATEMENT:		
Interest and similar expenses	720	
Revenues from loans to subsidiaries	1,133	
Revenues from equity interest	5,531	

General information about the equity capital

CAPITAL STOCK: (ARTICLE 6 OF THE BY-LAWS)

The capital stock totals NINETEEN MILLION SEVEN HUNDRED AND THIRTY THREE THOUSAND SIX HUNDRED AND SEVENTY SIX EUROS (€ 19,733,676).

It is divided into NINE MILLION EIGHT HUNDRED AND SIXTY SIX THOUSAND EIGHT HUNDRED AND THIRTY EIGHT (9,866,838) shares of TWO EUROS (€ 2) each, fully paid-up and in the same class.

CHANGES IN EQUITY DURING THE PAST FIVE YEARS:

Date of Shareholders' Meeting *Date of Board of Directors Meeting*	Nature of transaction	Increase (decrease) in capital stock	Increase (decrease) in paid-in capital	Number of shares created (cancelled)	Par value of shares	Total number of shares after issue	Capital stock after transaction
Capital stock as of 12/31/2002: € 19,733,676 divided into 9,866,838 shares with a par value of € 2							
05/10/01 *07/05/01*	Conversion of capital stock into euros and increase of capital stock by incorporation of "merger premiums" account	€ 4,691,778.44	-	-	€ 2	9,866,838	€ 19,733,676
02/28/01 *07/05/01*	Capital increase reserved to employees	FRF 626,330	FRF 8,999,781.19	62,633	FRF 10	9,866,838	FRF 98,668,380
05/18/95 *03/03/00*	Capital increase following the exercise of stock options	FRF 915,000	FRF 5,772,003	91,500	FRF 10	9,804,205	FRF 98,042,050
05/18/95 *03/04/99*	Capital increase following the exercise of stock options	FRF 147,500	FRF 930,459.50	14,750	FRF 10	9,712,705	FRF 97,127,050
05/13/98 *05/14/98*	Division of par value of the shares	-	-	7,758,364	FRF 10	9,697,955	FRF 96,979,550
05/18/95 *03/13/97*	Capital increase following the exercise of stock options	FRF 12,500	FRF 78,852.50	250	FRF 50	1,939,591	FRF 96,979,550

STOCK REPURCHASE PROGRAM

Stock repurchasing program in effect as of December 31, 2002

On May 14, 2002, the Shareholders' Combined General Meeting authorized the company to repurchase up to 10% of its own shares in the open market for a period of 18 months, i.e. through November 13, 2003. This program was approved by the COB on April 22, 2002, reference number 02-430.

LISI thus plans a stock repurchase program for the following purposes, ranked in decreasing order of importance:

1. The use of shares as consideration in acquisitions in order to reduce the acquisition cost or, more generally, to improve the transaction terms;
2. To buy shares systematically in the open market in order to support the stock price and offset countervailing trends;
3. To grant stock options to employees and managers of the company and/or its consolidated group;
4. To sell repurchased shares in the open market as opportunities arise;
5. To issue company shares in the event securities with attached rights to the company shares are exercised, either through redemption, conversion, exchange, presentation or any other means;
6. The cancellation of repurchased shares, subject to the approval of the Shareholders' Extraordinary Meeting called at a later date.

This authorization applies under the following terms:

• the company may only purchase its own shares at a maximum price of 60 Euros per share, excluding transaction fees,

• the company may only sell all or part of its shares thus acquired at a price of at least 20 Euros per share excluding transaction fees.

At the ceiling price of € 60 per share established by the Shareholders' Meeting, the maximum amount that LISI would pay is € 58,825,200.

New stock repurchase program

In accordance with the terms of a new stock repurchase program that will be covered by a memorandum approved by the Commission des Opérations de Bourse (COB), LISI proposes to repurchase shares totaling up to 10% of the capital stock.

The duration of this stock repurchase program is 18 months.

The purposes of the stock repurchase program are identical.

The maximum purchase price will not exceed € 40 per share and the minimum sale price will not be less than € 10 per share.

APPROXIMATE NUMBER OF SHAREHOLDERS (AS OF 12/31/2001)

On December 13, 2001, LISI had approximately 3,400 shareholders. The free float accounts for 28.1% of the total shares outstanding and breaks down as follows:

- French institutional investors: 88
- International institutional investors: 57
- French and non-French individual shareholders: 3,255

Source: TPI 12/2001

BREAKDOWN OF CAPITAL AND VOTING RIGHTS AS OF DECEMBER 31, 2002

	% of capital	% of voting rights
Company representative shareholders	71.94	83.74
Including Managers	*0.10*	*0.06*
Partner shareholders	-	
Employees	0.79	0.48
Shares held by Group companies	2.73	
Including treasury stock	*2.73*	
Public	24.54	15.78

CHANGES IN BREAKDOWN OF CAPITAL AND VOTING RIGHTS AS OF DECEMBER 31, 2002

Description	**2002**			**2001**			**2000**		
	% of capital	% of voting rights	number of shares	% of capital	% of voting rights	number of shares	% of capital	% of voting rights	number of shares
CID	60.1	72.5	5,928,725	60.1	72.2	5,928,725	59.9	72.9	5,874,656
VMC	6.7	8.1	664,675	6.7	8.1	664,675	6.8	8.1	664,675
Suez Industries				1,8	2,2	175,000	4,7	2,2	459,675
FFP	5.0	3.1	494,000						
Treasury stock	2.7		269,858	2.7		266,153	2.3		229,844
Empoyees	0.8	0.5	77,584	0.6	0.4	59,300			
Public	24.7	15.8	2,431,996	28.1	17.1	2,772,985	26.3	16.8	2,575,355
Total	**100.0**	**100.0**	**9,866,838**	**100.0**	**100.0**	**9,866,838**	**100.0**	**100.0**	**9,804,205**

- As a matter of record, CID's sole business activity is the ownership of LISI shares. Its main shareholders are: CIKO: 30.01%, VMC: 27.71%, and FFP: 25.16%. The company knows of no other shareholders who directly, indirectly or in concert own 3% or more of the capital stock or voting rights.
- the ownership structure has not changed significantly during the past three years.
- there is no shareholder agreement with respect to LISI.

COMPANY MANAGERS 2002 COMPENSATION

2002	Gilles KOHLER	Emmanuel VIELLARD
Net annual compensation net of social charges in euros (including variable) paid in2002	174,425	155,411
Director's fees	5,625	4,500

STOCK OPTIONS GRANTED TO COMPANY REPRESENTATIVES DURING 2002

No stock options were granted to company representatives in 2002.

STOCK OPTIONS EXERCISED BY COMPANY REPRESENTATIVES IN 2002

No stock options were exercised by company representatives in 2002.

STOCK OPTIONS GRANTED TO 10 HIGHEST PAID EMPLOYEES IN 2002

No stock options were granted to the 10 highest paid employees in 2002.

STOCK OPTIONS EXERCISED BY 10 HIGHEST PAID EMPLOYEES IN 2002

No stock options were exercised by the 10 highest paid employees in 2002.

STOCK OPTION PLANS OUTSTANDING (AS OF DECEMBER 31, 2002)

Stock options	Number of shares	Expiration dates	Stock purchase price in euros	Individuals concerned
12/15/1999	92,500	12/14/2007	22.70	41
03/01/2001	31,700	02/28/2009	27.82	25
12/06/2001	39,500	05/12/2009	18.81	13

GROUP SAVINGS PLAN (PEG)

A Group Savings Plan entitled "GFI Industries en action", set up in 2001, is reserved to the Group's employees. In 2001, it enabled them to take part in a capital increase for a total amount of €1.47 million. 1,019 individuals joined in.

In 2002, the Savings Plan was renewed in the form of a share repurchase operation. It received voluntary payments, participations, and additional amounts from the company for 392 employees, for a total amount of €0.5 million.

As of December 31, 2002, the Savings Plan was entirely composed of LISI stock, for a total of 77,584 shares.

EQUITY INTEREST

Equity interest agreements are implemented in each of LISI's legal entities.

For 2002, the total special equity interest reserve represents 1,758 Keuros.

Board of directors

For several years, the company has chosen to operate in accordance with the generally accepted rules of corporate governance and transparency.

Pursuant to the recommendations of Euronext following our joining Nextprime, the company decided to have three independent directors and two special committees beginning with the 2001 fiscal year.

AS OF DECEMBER 31, 2002, THE BOARD OF DIRECTORS IS MADE UP OF THE FOLLOWING INDIVIDUALS:

KOHLER Gilles, Chairman
Year of 1st nomination: 1985
End of board term period: 2003 SGM

Titles held in other companies:

Chairman of the Board of Directors:
• COMPAGNIE INDUSTRIELLE DE DELLE

Director:
• LISI AEROSPACE
• HI-SHEAR Corporation (USA)
• HI-SHEAR Automotive (USA)
• RAPID SA
• I. F. C. (Immeubles de Franche-Comté)

Permanent company representative:
• LISI AEROSPACE at the Board of Directors of BLANC AERO Technologies
• LISI AEROSPACE at the Board of Directors of BLANC AERO Industries
• LISI AEROSPACE at the Board of Directors of EUROFAST
• LISI at the Board of Directors of LISI COSMETICS
• LISI at the Board of Directors of FORMER

Member of the Management Committee:
• LISI AUTOMOTIVE SAS

VIELLARD Emmanuel, Deputy Chairman
Year of 1st nomination: 2000
End of board term period: 2007 SGM

Titles held in other companies:

Chairman of the Board of Directors:
• LISI AEROSPACE
• FINANCIERE VIELLARD S.A.

Managing Director:
• VIELLARD MIGEON & Cie

Director:
• ARCHIVECO S.A.
• LISI COSMETICS
• BLANC AERO Industries
• BLANC AERO Industries (UK)
• BLANC AERO Technologies
• EUROFAST
• COMPAGNIE INDUSTRIELLE DE DELLE
• DE PRUINES INDUSTRIES
• FORMER
• HI-SHEAR CORPORATION (USA)
• RAPALA-VMC OYJ. (Finland)
• RAPID
• FSH WELDING GROUP

Member of the Management Committee:
• LISI AUTOMOTIVE SAS

PEUGEOT Robert, Director
Year of 1st nomination: 1993
End of board term period: 2007 SGM

Titles held in other companies:

Chairman and CEO:
SOCIETE FONCIERE FINANCIERE & DE PARTICIPATIONS

Member of the Supervisory Board:
• AVIVA FRANCE
• CITROEN DEUTSCHLAND AKTIENGESELLSCHAFT
• IMERYS

Director:
• AVIVA PARTICIPATIONS
• CITROËN Denmark A/S
• CITROËN, UK Ltd
• EPF (Ets Peugeot Frères)
• GIE RECHERCHES ET ETUDES PSA RENAULT
• IMMEUBLES ET PARTICIPATIONS DE L'EST
• I.F.P. (Institut Français du Pétrole)
• LFPF (La Française de Participations Financières)
• PEUGEOT AUTOMOBILES, UK Ltd

BURRUS Roland, Director
Year of 1st nomination: 1984
End of board term period: 2003 SGM

Titles held in other companies:

Chairman:
• SYNDICAT DES PROPRIETAIRES FORESTIERS SYLVICULTEURS DE LA HAUTE-SAONE ET DU TERRITOIRE DE BELFORT

Deputy Chairman:
• CENTRE REGIONAL DE LA PROPRIETE FORESTIERE DE FRANCHE-COMTE
• I.D.F. (Institut pour le Développement Forestier)

Managing Partner:
• GROUPEMENT FORESTIER DE SAINT-ANDRE
• CLARTUS
• SARL LA BRUNELLIERE

Director:
• FORETS COMTOISES

PEUGEOT Thierry, Director, Permanent representative of CID at the Board of Directors of LISI

Year of 1st nomination: 1977
End of board term period: 2007 SGM

Titles held in other companies:

Chairman of the Board of Directors:
• IMMEUBLES & PARTICIPATIONS DE L'EST

Key International Accounts Manager:
• CITROEN

Director:
• COMPAGNIE INDUSTRIELLE DE DELLE
• ETABLISSEMENTS PEUGEOT FRERES
• LA FRANÇAISE DE PARTICIPATIONS FINANCIERES
• SAPAR
• SIAM
• SOCIETE FONCIERE FINANCIERE ET DE PARTICIPATION

VIELLARD Christophe, Director

Year of 1st nomination: 2000
End of board term period: 2006 SGM

Titles held in other companies:

Chairman of the Board of Directors:
• AQUACO S.A.
• CANELLE PECHE S. A.
• VMC PECHE
• VMC PECHE DO BRASIL LTDA
• VMC Inc. (USA)
• WATER QUEEN S. A.
• VMC WATER QUEEN UKRAINIA
• VMC WATER QUEEN POLSKA
• VMC WATER QUEEN ZAO (Russia)

Manager:
• SARL ELITE
• GROUPEMENT FORESTIER DES LOMONTS

Deputy Chairman:
• FINANCIERE VIELLARD
• VIELLARD MIGEON et Cie

Director:
• COMPAGNIE INDUSTRIELLE DE DELLE
• EUROSAGA
• F. S. H.
• RAPALA VMC OYJ. (Finland)
• SAINT-MENIN INVESTISSEMENTS
• S.A. REBOUD ROCHE

Member:
• Commissioner Member of the Commission des Opérations de Bourse

VIELLARD Michel, Director, Permanent representative of VMC at the Board of Directors of LISI

Year of 1st nomination: 1977

End of board term period: 2003 SGM

Titles held in other companies:

Chairman:
• DE PRUINES INDUSTRIES
• FSH WELDING GROUP
• S.A. HLM DELLE HABITAT
• VIELLARD MIGEON et Cie

Director:
• COMPAGNIE INDUSTRIELLE DE DELLE
• CREDIT IMMOBILIER DE FRANCE
• EUROSAGA
• OFFICE HLM de BELFORT
• SAFC
• S.M.I.
• S.O.M.E.
• S. A. REBOUD ROCHE
• VMC PECHE
• CAMEIC
• SA FINANCIERE VIELLARD

Member of the Management Committee:
• FSH INDUSTRIES
• SELECTARC INDUSTRIES

Manager:
• Groupement Forestier de la LARGUE
• Groupement Forestier de la MONTAGNE
• SARL LA COMBE
• S.C.I. du MOULIN
• VMPI

KOHLER Jean-Philippe, Director, Permanent representative of S.C CIKO at the Board of Directors of LISI

Year of 1st nomination: 2002
End of board term period: 2003 SGM

Titles held in other companies:

Chairman of the Board of Directors
• LISI COSMETICS

Managing Director:
• COMPAGNIE INDUSTRIELLE DE DELLE

Director:
• BLANC AERO Industries
• EUROFAST
• FORMER
• LISI AEROSPACE

Permanent representative:
• LISI at the Board of Directors of BLANC AERO Technologies

Manager:

• SC CIKO

Board of directors

LEBARD Pascal, Director
Year of 1st nomination: 2002
End of board term period: 2008 SGM

Titles held in other companies:

Chairman and CEO:
• CODEM

Manager:
• EXOR

Chairman of the Supervisory Board:
• MICEL
• CLUB MEDITERRANNEE

ANDRE Eric, Director
Year of 1st nomination: 2002
End of board term period: 2008 SGM

Titles held in other companies:

Managing Director:
• CLINVEST

Director:
• R.DI GIOIA Cie

The independent directors are the following:

Mr. Eric ANDRE
Mr. Roland BURRUS
Mr. Pascal LEBARD

Are considered to be independent directors, people who do not belong, either directly or indirectly, to the reference shareholders, i.e. FFP, CIKO and VIELLARD MIGEON & Cie.

Board of Directors operation:

In 2002, the Board of Directors met four times. The average attendance of directors during Board meetings held in 2002 came out to 82%.

The Board of Directors has no internal rules.

Each director holds at least one share of the company.

ADMINISTRATIVE, MANAGEMENT, AND SUPERVISORY BOARDS

Two committees were established:

1. Compensation Committee:

MEMBERS:

Mr. Gilles KOHLER
Mr. Eric ANDRE (independent director)
Mr. Michel VIELLARD.

Purpose: Approves the company's compensation policy, incentive program and manager retention strategy; monitors the company's interests through the development of recommendations on compensation and other incentive packages offered to top managers.

2. Audit Committee:

MEMBERS:

Mr. Emmanuel VIELLARD
Mr. Pascal LEBARD (indépendant director)
Mr. Christophe VIELLARD

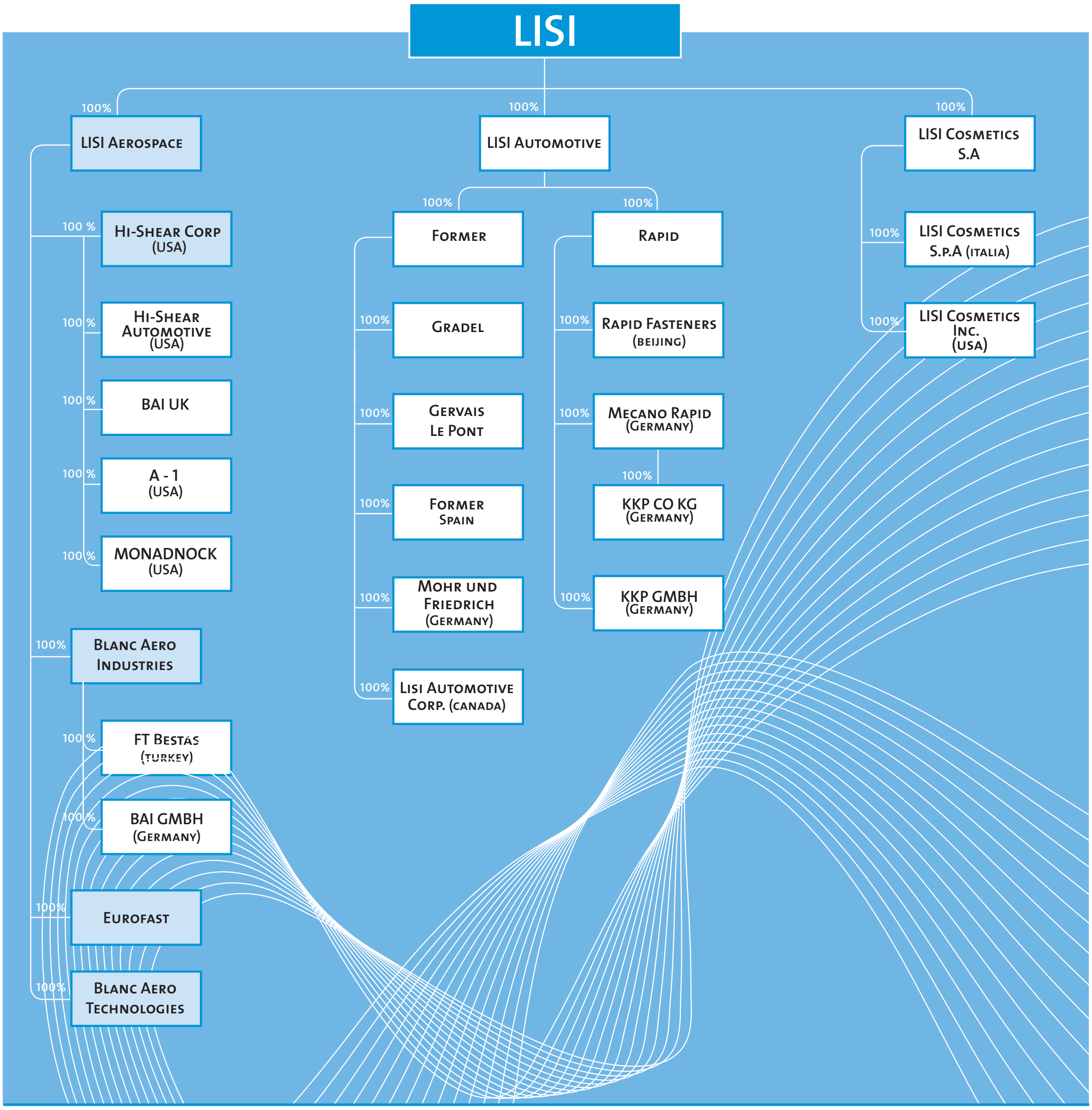
Purpose: Identifies the main risks and related controls. Examines the findings of external auditors. Ensures compliance with legal obligations. Assists the Board of Directors with accounting practices, financial reporting and the completeness of financial statements.

A charter of the Audit Committee has been drawn up, specifying its mission, its members, and its mode of operation.

Since it was set up, the Audit Committee met once to review the terms and conditions for the settlement of 2002 statements. All members attended.

The Audit Committee heard the auditors regarding the completion of their mission and received information from the company's General Management regarding internal procedures. Information relative to the consolidation perimeter, off balance sheet risks described in the appendix to the consolidated statements has been delivered to the Audit Committee.

Organizational Chart



LISI's consolidated results

SUMARY OF 2002 RESULTS

(in million euros)	2002	2001	2000
Revenues	517.66	559.61	540.93
of which, foreign	250.73	261.81	223.64
EBITDA [1]	77.32	86.79	81.64
EBIT [2]	47.04	61.58	65.02
Net income before goodwill amortization	23.66	34.26	36.87
Net income after goodwill amortization	12.38	26.15	31.68
Number of employees at year-end	4,923	5,086	5,107
Net operating cash flow	70.58	94.47	46.95
Capital expenditures	29.25	37.14	31.72
Net financial investments	12.83	-6.35	116.26
Equity and minority interests	252.20	258.82	243.10
Net debt	97.20	125.97	185.21
Return on capital employed (ROCE)	12.8%	15.1%	18.7%
Return on equity (ROE)	4.9%	10.4%	13.9%

General activity in line with expectations

The figures for 2002 take into account the arrival of MONADNOCK on September 1, 2002 and the exit of ARS Industries on October 1, 2002. These companies contribute up to €6.6 million and €4.0 million to the consolidated revenues variance, respectively.

LISI's consolidated revenues come out to €517.7 million, down 7.5% from the previous year.

On a like-for-like and constant exchange rate basis, this represents a 7.6% decline, including a dollar effect of –1.1%.

The portion of revenues achieved outside France is subject to sustained growth, coming out to a total of 48.4%.

2002 highlights

In 2002, the Group completed two sales and one acquisition.

The sale of the Aillevillers plant in February 2002 enabled it to withdraw from a site specializing in turbine fasteners, a "niche" activity. In 2001, the site had achieved revenues of €4.5 million for an EBIT of €0.4 million. This asset transfer is not reprocessed in analyses conducted on a like-for-like basis.

The Group pursued its refocusing on its strategic activities by selling ARS Industries, a company specializing in railroad fasteners, on October 1, 2002. Only the company's figures for the first 9 months of the year are integrated in LISI's consolidated income statement. The sale has an impact on the extraordinary result of the costs of the reorganization plan initiated at the beginning of the year. In 2002, ARS Industries contributed to the Group's consolidated results for €8.2 million in revenues, €0.5 million in EBIT, and €0.2 million in net earnings.

Lastly, in August 2002, LISI AEROSPACE acquired MONADNOCK in the United States. A company specializing in clip assembly components for the aircraft industry (1/4 turn clips, panel fasteners, avionics fasteners, etc.), MONADNOCK provides LISI AEROSPACE with a new product range, turning it into a one-stop shop for fasteners and assembly components for all sectors of the aerospace industry, both civilian and military. Based at the City of Industry, East of Los Angeles, this 140-strong company generates nearly 19 million dollars in revenue.

Gains on purchases and the reintegration of subcontracting operations are beginning to bear fruit

During sluggish periods, the Group always optimized its production tool by reintegrating subcontracting operations. This was particularly the case this year, especially for LISI COSMETICS; but also for LISI AUTOMOTIVE with, for example, the kickoff of the new heat treatment facility at Delle.

In 2000, the Group decided to cut non-strategic purchasing by 10% in two years, to generate savings of €10 million. At the end of 2002, this target was exceeded, with value added gaining more than three points, at 54.7% in 2002 versus 51.6% in 2000.

This year, the automotive and fragrance-cosmetics divisions adjusted their overall workforce. Nevertheless, with activity losing more than 10%, the aerospace division was unable to maintain its productivity level. All in all, even though it is declining slightly, LISI's consolidated EBITDA comes out to 14.9% versus 15.2% in 2001.

Increased depreciations, certain customers' failures during the first half of the year, added to declining stock turnover, caused net reserves to rise by nearly 1.5%. The consolidated EBIT drops accordingly, from 11% to 9.1% of revenues.

Net earnings down due to non recurring elements

In 2002, the net financial burden began to decline, thanks to the sustained interest rate reduction and to the Group's debt reduction.

On the contrary, the year's extraordinary result is impacted upon by the capital loss on the sale of ARS Industries shares, for nearly €3.2 million. Besides, in order to withstand the business decline, LISI AEROSPACE and LISI COSMETICS recorded reorganization charges for more than €1.7 million.

[1] Earnings before interest, taxes, depreciation and amortization (EBITDA) = Operating income (EBIT) + depreciation and reserve allocations - reversal of reserves
[2] Earnings before interest, taxes, (EBIT) = Operating income

LISI's consolidated results

Furthermore, these drops in activity challenged the valuation of certain goodwills (impairment testing), causing an additional depreciation of €3.8 million to be recorded.

Given all these elements, the Group's net earnings come out to €12.4 million versus €26.1 million in 2001.

Strong cash generating abilities

With cash flow of €57.5 million, i.e. 11.1% of revenues versus 10.7% in 2001, LISI's ability to generate cash is being confirmed.

Thanks to good control over terms of payment and inventories, the net working capital requirements lost €13.1 million over the period, and the net flow on activity comes out to €70.6 million.

After net capital expenditures of €26.7 million, the Group's Free Cash Flow therefore establishes itself at €43.9 million, in line with 2001, a year when it had come out to €56.0 million, benefiting from the mobilization of accounts receivable.

Group's financial structure improved

After financial investments and dividends, the net debt was cut down by €28.8 million and now represents less than two years of cash flow.

The Group's equity comes out to €252.2 million. Its decline from 2001 results from the exchange rate impact on US subsidiaries.

Thus, gearing crosses the 40% threshold, at 38.5%.

RECENT TRENDS

2003 outlook: efforts to adjust maintained

To date, unless unforeseeable events occur, the management remains confident in the Group's ability to increase its margins in 2003, despite the difficult context. This year shall be primarily focused on maintaining the efforts to adjust and on seeking external growth opportunities to cement LISI's leadership in its markets.

First-quarter 2003 revenues

Sales (in million euros)	Q 1 2003	Q 1 2002	% change nominal change	% change at constant scope (*)
	136.2	138.6	-1.7%	+0.6 %

As of March 31, 2003, LISI's sales come out to €136.2 million, down 1.7% from their Q1 2002 level. On a like for like and current exchange rate basis, the trend is positive by 0.6%, the dollar impact alone amounting to –3.8%. Sales achieved abroad account for 48% of total revenues, up 1%.

(*) at constant scope and exchange rates.

Aerospace and auto racing fasteners and assembly components

LISI AEROSPACE

LISI AEROSPACE KEY CONSOLIDATED FINANCIAL HIGHLIGHTS

(in million euros)	Revenues	FTE Employees*	EBIT	Cash flow	Capital expenditures	Net debt
2002	180.22	1,969	15.47	23.74	7.69	19.04
2001	200.80	2,002	29.08	26.50	13.13	25.65
% change 2002/2001	-10%	-2%	-47%	-10%	-41%	-26%
2000	179.08	1,819	27.47	23.14	7.96	30.87

* including temporary employees

Seriously declining aerospace markets

Under the immediate effects of the 9/11 tragedy, air traffic dropped by 2.5% in 2002, and airlines suffered losses of 13 billion dollars, according to IATA estimates.

In that context, the deliveries of the 2 major large aircraft (more than 100 seats) manufacturers lost 20% from their 2001 level. BOEING was the most affected, delivering only 381 aircraft, versus 527 the previous year, i.e. a 28% drop. AIRBUS was not left over either, with deliveries down 7% at 303 units versus 325 in 2001.

For the same reasons, the manufacturers of Regional Jets, BOMBARDIER and EMBRAER, reduced their productions in 2002. Furthermore, BOMBARDIER was also impacted upon by a lasting strike in the spring.

To sum up, out of all of LISI AEROSPACE's markets, only the helicopter market experienced growth in 2002.

Activity levels suffering a geographic divide

In the summer of 2002, Europe experienced a "crisis peak". In fact, since October, the trend was reversing, and last quarter sales were only losing 7.5%, to be compared with the 13.3% decline of end September. This phenomenon is primarily due to the end of destocking in Fasteners and Assembly Components, whose procurement plans had been set up initially by AIRBUS on a basis of 380 aircraft, which had finally been brought down to 300.

Unlike the European trend, activity was satisfactory in North America at the beginning of the year. Indeed, BOEING was cutting down its workload gradually. But eventually, it accelerated the pace and new procurement rules implemented by that customer ("MIN-MAX") had a significant impact on LISI AEROSPACE's operations in the US beginning in July. Consequently, HI-SHEAR FASTENERS sales, on a like-for-like and constant dollar rate basis, lost nearly 20% over the year.

Lastly, as far as racing is concerned, 2002 was a disappointment after the strong progression experienced in 2001. In Europe, BAT consolidated its positions as the leading supplier of fasteners, both for rallies and F1. Nevertheless, the activity at large suffered from the disappearance of the PROST, ARROWS and ASIATECH racing stables, and of the effects of deferred orders resulting from the new rules governing Formula 1. In the United States, A1 was also faced with the regulatory changes affecting the "open wheel" markets, composed of the CART and IRL series; like in Europe, these changes slowed down the development of business throughout 2002.

LISI AEROSPACE's consolidated revenues are down 10.3%. However, the U-shaped quarterly business evolution seems to be the harbinger of better trends for the coming year (revenue variance per quarter on the new perimeter basis: -2% for Q1; -18% for Q2; -16% for Q3 and –4.5% for Q4).

Profitability down significantly

In a crisis context that spares none of its subsidiaries, LISI AEROSPACE's profitability suffers significant erosion, while maintaining robust levels: the EBITDA comes out to 15.2% of revenues, while the EBIT establishes itself at 8.6%, down, however, 29% and 47%, respectively, from their 2001 levels.

Cash remains at 13.1% of revenues. It allows for the funding of capital expenditures brought down to €7.7 million and to slash the net debt, despite the acquisition of MONADNOCK, a California company, in August 2002.

MONADNOCK : a complementary product range

Based in Los Angeles, at the City of Industry, MONADNOCK achieved revenues of 19 million dollars in 2002, with a workforce of 140.

A company specializing in clip assembly components for the aircraft industry (1/4 turn clips, panel fasteners, avionics fasteners, etc.), MONADNOCK provides LISI AEROSPACE with a new product range, turning it into a one-stop shop for fasteners and assembly components for all sectors of the aerospace industry, both civilian and military. Thus, no later than November 2002, AIRBUS Deutschland placed a (first) order for clips.

2003 outlook

Prospects remain quite uncertain due to simultaneous opposite trends.

On the one hand, observers expect the air traffic is expected to pick up and the AIRBUS A380 to become widely used. On the other hand, nobody can overlook the persistent difficulties suffered by airlines, particularly in the USA, and the announced decline of BOEING deliveries. In addition, one should not forget the potential forthcoming conflict in Iraq, the impact of which on the aerospace industry would be highly negative.

Under these conditions, LISI AEROSPACE's teams shall all focus their efforts on the search for greater productivity and sustainable savings.

Automotive fasteners and assembly components

LISI AUTOMOTIVE

LISI AUTOMOTIVE KEY CONSOLIDATED FINANCIAL HIGHLIGHTS

(in million euros)	Revenues	FTE Employees*	EBIT	Cash flow	Capital expenditures	Net debt
2002	283.23	2,530	29.67	33.24	18.35	30.31
2001	287.35	2,654	28.24	30.09	21.10	23.90
% change 2002/2001	-1%	-5%	5%	10%	-13%	26%
2000	247.60	2,254	28.64	27.60	18.61	48.30

*including temporary employees

Slightly declining global production and markets

The world production of private vehicles established itself at 55.5 million units, i.e. down 2% from the 2001 level. This is quite similar to the trend observed on key global markets: the US market lost 2%, supported by zero interest rates and price discounts, while the Japanese and European markets fell by 2.3% and 2.9%, respectively.
However, manufacturers displayed highly contrasted performance results. PSA, LISI AUTOMOTIVE's 1st customer, maintains its momentum, with sales gaining 1% from their 2001 level in Europe, thanks to the success of the Peugeot 307 and Citroën C3. RENAULT, with sales down 2% from 2001, suffered from it's customers wait-and-see attitude with respect to the new Mégane, which nevertheless seems to have great potential for success. The VW Group suffered from a lack of new products to replace its Golf and Passat, with new vehicle sales dropping by 5%. German upmarket automotive manufacturers seem to have been more successful in 2002: BMW saw new vehicle sales gain 14% thanks to its Mini, while DAIMLER CHRYSLER sales gained 1%. On the contrary, FIAT and GM suffered a significant drop, with European sales losing 17% and 10%, respectively, from one year to the next.
However, while new sales displayed a limited decline in 2002, seasonalness effects accentuated: the first quarter was very low, the second and third quarters were more sustained and, finally, the end of the year was sluggish. Such fluctuating demand requires more and more flexibility in terms of machines and manpower, which may have negative effects on productivity.

LISI AUTOMOTIVE business: a positive trend reversal

After the first three months of 2002 being marked by ongoing destocking for most customers, and revenues down more than 8% to end March, LISI AUTOMOTIVE experienced a full trend reversal during the second quarter – down 2% - followed by two positive quarters, at 3% and 4%, respectively. On a cumulative basis, LISI AUTOMOTIVE's revenues for 2002 lost a mere 1.4% from their 2001 level.
Taking into account the drop in sales prices, LISI AUTOMOTIVE nevertheless managed to increase its market share, harnessing the positions of its key manufacturing customers and its own positioning on dynamic parts manufacturing segments (safety, comfort, diesel).

Profitability: some progress

Despite the mediocre economic climate, 2002 displays much higher profitability ratios: thus, LISI AUTOMOTIVE's consolidated EBITDA establishes itself at €44.7 million, up 8.4%, versus €41.2 million in 2001, thereby reflecting the progress achieved by the various Business Units.
Likewise, the EBIT gains more than half a point, at 10.5% of revenues, and the automotive Group's cash flow reaches €33.2 million, i.e. 11.7% of revenues. It thus allows for the funding of capital expenditures, limited to €18.3 million in 2002 (versus €21.1 million in 2001) and to slash the net debt. These encouraging results are the outcome of the recovery plan initiated in 2000, which was maintained firmly during the past two fiscal years.

A new industrial organization based on specific new business units

The nine projects initiated in 2001 in the context of the FORMER – RAPID alliance have led to a new organization of LISI AUTOMOTIVE, with the creation of 4 Business Units, each one focused on its specific core business and strategy.
The Threaded Assembly Business Unit groups all embossing activities on threaded product transfer machines (Delle, Saint-Florent, Thiant, Vöhrenbach, etc.). Its key customers include Europe's PSA, Renault, BMW and OPEL, as well as RVI.
The Mechanical Components Business Unit groups all assembly components for manufacturers and parts manufacturers such as TRW, AUTOLIV, TI BUNDY and FAURECIA. These major production centers include Melisey, Dasle and Mississauga in Canada which, in 2002, benefited from building and equipment capacity extensions.
The Metal Clip Business Unit groups all trimming activities and comprises two plants, Puiseux, France and Heidelberg, Germany. It shares the same customers as the Threaded Assembly BU.
The Plastic Clip Business Unit groups the plastic injection activities of the two plants based in Mellrichstadt, Germany and Beijing, China. The construction of a new 2,000-square meter building in Germany started during Q4 2002 and the Chinese plant is expanding its capacity, with 70 employees and positive results achieved in 2002. Its key customers include VW, SCHERER & TRIER and GM.
This new organization breaks down geographic barriers and boosts the synergies between units that are faced with similar challenges.

2003 outlook

2003 starts with a fuller order book than last year. Nevertheless, new vehicle sales figures in Europe should encourage extreme caution.
In order to accelerate the market roll-out of these new value-added solutions for our customers, we have changed our organization and grouped our sales and new product R&D functions under the responsibility of one single general management. Last but not least, we have initiated a major production cost slashing project, with the assistance of a consulting firm. The operation, termed "Continued Progress towards Excellence" shall spread over 2003 and 2004 and serve as a catalyst for the change in culture for Continued Progress throughout the LISI AUTOMOTIVE Group.

Fragrance and cosmetics packaging components

LISI COSMETICS

FRAGRANCE AND COSMETICS PACKAGING COMPONENTS

(in million euros)	Revenues	FTE Employee*	EBIT	Cash flow	Capital expenditures	Net debt
2002	50.72	647	(0.52)	0.23	2.90	3.81
2001	63.41	718	0.93	2.00	2.10	4.28
% change 2002/2001	-20%	-10%		-89%	38%	-11%
2000	64.23	713	4.53	4.92	3.25	12.81

*including temporary employees

Fragrances and cosmetics industry: growth slowed down

After several years of significant growth, the Fragrance and Cosmetics industries experienced a serious slowdown in their expansion in 2002. The indirect, yet crystal-clear, origin of this phenomenon is to be found in the 9/11 tragedy, which had a very tough impact on the entire Luxury industry. This includes the Fragrance and Cosmetics market, which lost several points of revenues, estimated at - 3% at the end of September 2002, as compared to the same period in 2001.

For top-rank suppliers of major perfumers, this sluggish climate had very negative effects on their activities for a two-fold reason: very quickly, the procurement demand for traditional product lines dropped dramatically, the entire profession entering a massive destocking era. At the same time and just as dramatically, decisions were made to cancel or put off new product launches. And in fact, these launches had been the main growth driver during previous years.

LISI COSMETICS business: subject to significant depression

The activity drop suffered by LISI COSMETICS started during the last quarter of 2001, and eventually maintained a –25% slope over the first nine months of 2002. At the end of the year, the market picked up slightly, with more sustained procurement requests, and the return of significant launches. For LISI COSMETICS, this was reflected by quasi-stable sales during the last quarter (-0.5% as compared to the last quarter of 2001).

Over the entire fiscal year, with revenues down 20% from their 2001 level, 2002 turned out to be the blackest ever since LISI COSMETICS was set up.

Positive EBITDA, nearly stable as compared to 2001

Under these extremely difficult circumstances, LISI COSMETICS managed to control its operating expenses, while failing to avoid EBIT losses, which came out to €0.5 million, to be compared with a positive €0.9 million the previous year.

Nevertheless, the EBITDA trend reflects more the company's productivity efforts to improve its profitability. Indeed, for sales that fell by €13 million, LISI COSMETICS' EBITDA only lost less than one million euros (EBITDA at €+2.1 million in 2002, to be compared with €+2.8 million in 2001). The relative EBITDA ratio remains quasi stable, at 4.2% of revenues.

LISI COSMETICS projects in 2002

The selective perfume market remains at the heart of LISI COSMETICS' activity. The most significant perfume launches in 2002 include: Addict and J'Adore Light by DIOR, Sensi by ARMANI, Spray-Cap by CHANEL, Desire Blue by DUNHILL and Chic by Carolina HERRERA.

J'Adore by DIOR, after gaining 20% in 2001, hit new sales records in 2002, thereby ranking 3rd on a global scale. This success had a positive effect on LISI COSMETICS, the brand's exclusive metal and plastic supplier. The same goes for ARMANI's line for men, Acqua di Gio, which has also maintained itself among the top five of world sales for six years.Lastly, among our main current references, we point out the success of Coco Mademoiselle by CHANEL, the most successful feminine launch in 2002, with 1.9% of global market share.

2003 outlook

The acceleration in requests for quotations at the end of 2002, and the new orders recorded during the period, are expected to have significant positives effects on LISI COSMETICS' sales as of the first quarter of 2003. The arrival of new selective brands in the Groups we work with are already a harbinger of major RFQs in the coming months.

Unfortunately, a fire in one of our polishing workshops at the Saint-Saturnin plant in January 2003, with its resulting negative impact on the site's production, may put of the return to growth expected as of the 1st quarter of this year.

The pursued implementation of an organization and technical and industrial methods inspired from the automotive industry, shall be one of our major projects in 2003 to improve the division's performance results.

Sources:

AFP; Les Echos; Le Figaro Economie; Cosmétique Hebdo; Cosmétique Magazine; Fashion Daily; WWD International Beauty Report; Challenges..

Consolidated
balance sheet

ASSETS

(in thousand euros)	Notes	2002	2001	2000
Fixed assets				
Goodwill	4	150,730	147,069	139,355
Intangible assets	4	16,733	16,132	14,912
Tangible fixed assets	4	375,031	367,946	356,639
Financial assets	4	4,028	5,505	7,239
Depreciation and amortization	4	-256,896	-231,873	-218,674
Total net fixed assets		**289,626**	**304,779**	**299,470**
Current assets				
Raw materials and other supplies		27,487	30,367	33,029
Work in process		37,126	43,828	42,597
Finished goods		64,599	58,279	56,832
Inventory depreciation		-26,026	-21,312	-19,468
Net inventory		**103,186**	**111,162**	**112,990**
Prepayments		23	145	414
Accounts receivable		82,378	99,549	158,152
Other receivables		15,814	11,793	12,748
Provisions for doubtful receivables		-3,397	-2,826	-3,089
Deferred taxes		7,946	7,566	6,264
Marketable securities	5	19,371	13,014	20,309
Cash		17,572	36,054	19,234
Provision for write-down of marketable securities		-737		
Total current assets		**242,156**	**276,456**	**327,021**
Accruals and prepaid expenses	6	**4,364**	**4,012**	**4,230**
TOTAL ASSETS		**536,146**	**585,247**	**630,721**

Consolidated balance sheet

LIABILITIES

(in thousand euros)	Notes	2002	2001	2000
Equity				
Capital stock		19,734	19,734	14,946
Additional paid-in capital		271,134	27,134	30,932
Foreign exchange translation adjustments		3,332	15,544	12,282
Retained earnings		189,625	170,260	143,602
Net income, group share		12,375	26,147	31,815
Total equity	7	**252,200**	**258,818**	**233,578**
Minority interests	7	0	0	9,524
Provisions for risks and contingencies	8	**48,376**	**48 951**	**47,727**
Liabilities				
Long-term debt	9	133,407	175,039	224,752
Prepayments received		657	479	316
Accounts payable		54,560	58,560	74,638
Tax and social security liabilities		38,574	31,976	28,628
Secured loans on fixed assets and related		2,265	4,392	4,773
Other liabilities		5,777	6,931	6,575
Total debt		**235,240**	**277,377**	**339,682**
Deferred income and other accruals	6	**330**	**101**	**209**
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**536,146**	**585,247**	**630,721**

Consolidated
income statement

(in thousand euros)	Notes	2002	2001	2000
Net revenues	4	**517, 661**	**559, 612**	**540, 929**
Changes in inventory, finished and in process goods		1,496	10,475	1,772
Total production		519,157	570,087	542,701
Other revenues		4,001	5,579	4,720
Total operating revenues		**523,158**	**575,666**	**547,421**
Cost of materials		-130,776	-150,410	-149,684
Other purchases		-108,097	-121,546	-115,607
Other external expense				-1,845
Gross profit		**284,285**	**303,710**	**280,285**
Taxes and duties		-9,305	-9,730	-12,481
Temporary employee expense		-12,657	-17,737	-17,330
Salaries and benefits		-183,242	-187,665	-166,644
Profit-sharing		-1,758	-1,785	-2,185
EBITDA		**77,323**	**86,794**	**81,645**
Depreciation		-26,686	-24,757	-19,317
Reserve allocations		-11,085	-7,783	-9,368
Reversal of reserves		7,483	7,330	12,055
EBIT	4	**47,035**	**61,584**	**65,015**
Net financial income (loss)	10	-8,891	-9,554	-7,158
Pre-tax income on ordinary operations		**38,144**	**52,030**	**57,857**
Extraordinary income		16,105	20,292	13,719
Extraordinary expenses		-21,582	-22,855	-16,927
Net extraordinary loss	11	(5,477)	(2,563)	(3 ,208)
Income tax	12	-9,003	-15,206	-17,784
Income after tax		**23,664**	**34,261**	**36,865**
Income from equity-affiliated companies		-	-	-
Net income before goodwill amortization		**23,664**	**34,261**	**36,865**
Goodwill amortization		-11,289	-8,114	-5,182
Net income		**12,375**	**26,147**	**31,683**
- of which group share including income from equity-affiliated companies		12,375	26,147	31,815
- of which, minority interests				-133
Earnings per share (in euros):				
Income from ordinary operations (net of taxes)		3.0	3.7	4.1
Net income, group share		1.3	2.6	3.2

Consolidated cash flow statement

(in thousand euros)	2002	2001	2000
Operating activities			
Operating cash flow	57,515	59,955	59,066
Effect of changes in inventory	1,418	(11,169)	(7,227)
Effect of changes in accounts receivable and accounts payable	11,643	45,688	(4,890)
Cash provided by or used for operations (A)	**70,576**	**94,474**	**46,949**
Investment activities			
Cash used to acquire tangible and intangible fixed assets	(29,252)	(39,112)	(32,672)
Cash received from disposals of tangible and intangible fixed assets	2,560	388	952
Cash used to acquire financial assets	(18,701)	(4,551)	(116,206)
Cash received from the disposal of financial assets	5,868	10,896	(53)
Net cash used for acquisitions and disposals of subsidiaries (1)	230	(3,487)	(6,378)
Cash provided by or used for investing activities (B)	**(39,295)**	**(35,866)**	**(154,356)**
Financing activities			
Cash received from shareholders as part of a capital increase		1,454	86
Dividends paid to shareholders of the parent company	(5,903)	(5,844)	(5,852)
Dividends paid to the minority shareholders of consolidated companies (1)			
Cash received from new loans	18,694	16,333	104,171
Cash used to pay off loans	(29,865)	(40,639)	(23,537)
Cash received from profit-sharing	1,940		2,890
Cash used for profit-sharing	(3,898)		(3,075)
Miscellaneous	106	53	(132)
Cash provided by or used for financing activities (C)	**(18,926)**	**(28,643)**	**74,550**
Effect of change in foreign exchange rates (D) (1)	(3,785)	199	200
Changes in net cash (A+B+C+D)	**8,570**	**30,164**	**(32,656)**
of which, change in cash	(12,863)	9,525	(4,892)
of which, change in cash equivalents	21,433	20,639	(27,765)
Net cash at beginning of period (E)	11,096	(19,068)	13,588
Net cash at end of period (A+B+C+D+E)	19,666	11,096	(19,068)

(1) Entry specific to consolidated cash flow statement

1. COMPANY BUSINESS AND KEY HIGHLIGHTS FOR THE YEAR

LISI manufactures multipurpose fasteners and assembly components used in three sectors: aerospace, automotive, and packaging.

The main events last year were as follows:

• Change in corporate brand identity from GFI Industries to LISI, with subsidiaries becoming LISI AEROSPACE, LISI AUTOMOTIVE and LISI COSMETICS as of May 14, 2002, upon a decision of the Shareholders' Extrordinary Meeting.

• As of February 28, 2002 disposal of the Aillevillers plant by BLANC AERO TECHNOLOGIES.

• Contribution, by LISI, of FORMER and RAPID shares to LISI AUTOMOTIVE, as of June 21, 2002, with retroactive effect as of January 1, 2002.

• Disposal by LISI on October15, 2002 of ARS Industries to PROMORAIL, a member of the PANDROL Group, effective as of October 1, 2002.

• Acquisition by HI-SHEAR CORPORATION on August 26, 2002 of MONADNOCK, a company based in City of Industry, California.

2. ACCOUNTING PRINCIPLES

The consolidated financial statements were prepared as of December 31, 2002 in accordance with the French Commercial Code and CRC regulation 99-02. The company has begun to modify its accounting practices to reflect International Accounting Standards (IAS). Many accounting principles under regulation 99-02 are consistent with those of IAS, notably the following:

- IAS 1 on the presentation of financial statements,
- IAS 2 on inventories
- IAS 14 on sector information
- IAS 16 on tangible fixed assets,
- IAS 20 on government subsidies,
- IAS 21 on changes in foreign exchange rates
- IAS 37 on provisions, contingent liabilities and contingent assets

All of the consolidated companies had a 12-month fiscal year ending December 31, 2002, with the exception of MONADNOCK, which was consolidated over four months, and ARS Industries, which was consolidated over nine months.

Comparability of statements

Changes in consolidation scope:
The 2002 consolidation scope changed as follows:

- Addition of MONADNOCK,
- Disposal of ARS Industries.

These movements have no significant impact on the comparability of statements:

• The arrival of MONADNOCK has an impact of €+6.6 million on revenues and €+0.07 million on earnings.

• Until September 30, 2002, ARS Industries contributed to all key indicators: revenues for €8.2 million, the EBIT for €+0.5 million, and the Group's share of net earnings for €+0.2 million. As a matter of fact, in 2001, revenues had come out to €12.2 million, for an EBIT of €+0.4 million and for a Group's share of net earnings of €-0.1 million.

Specific transaction:

The disposal of accounts receivable reduced net debt by €43.1 million as of December 31, 2002, versus €39.6 million as of December 31, 2001. Such disposals take the form of factoring operations with conventional subrogation.

As far as layout is concerned, it has been decided that, as of January 1, 2002, the royalties cashed by the USA Aerospace Division would be posted as revenues rather than other revenues. This restatement comes out to €3.2 million and has no impact on earnings.

The standardization of inventory depreciation methods throughout our divisions, pursuant to a change in depreciation rate estimates, generated adjustments that affected provisions for opening inventories for €-0.9 million (this impact has been integrated into the consolidated reserves) and closing inventories (this impact was neutralized on the consolidated extraordinary income).

Intangible assets

Business equity, concessions, patents and software were entered at their purchase price and depreciated.

The ordinary depreciation schedules are as follows:

- business equity	10 years	straight-line
- concessions and patents	10 years	straight-line
- software	1 year	straight-line

Start-up costs are either expensed or capitalized and depreciated over 12 months.

Tangible fixed assets

Tangible fixed assets were valued at their acquisition cost, except in the case of assets that may legally be marked to market, which are currently immaterial.

Fixed asset depreciation is determined on the basis of expected useful life.

The periods generally used are:

- buildings	20 years	straight-line
- fixtures	10 years	straight-line
- vehicles	5 years	straight-line
- tools and machinery	10 years	straight-line
- office equipment	5 years	straight-line
- office furnishings	10 years	straight-line
- computers and accessories	3 years	straight-line

Leased fixed assets held by the consolidated companies are capitalized at their initial value under the respective balance sheet entries and depreciated over the same term period as comparable goods that have been acquired in full. With a lease obligation, however, a corresponding liability is entered.

Only lease obligations valued at more than €150,000 may be restated.

Goodwill

Assets allocated to tangible and intangible assets (patents) are depreciated over the same period as like assets.

Assets allocated to brands are not depreciated. If necessary, a depreciation provision is established.

Residual assets, i.e. goodwill, is depreciated using the straightline method over a period that depends on the business conditions of each company but not to exceed 20 years.

Appendix to consolidated financial statements

Company acquisition-related expenses are now incorporated into the acquisition price and included in the goodwill calculation.

Foreign subsidiaries

Balance sheet amounts for foreign subsidiaries are converted using year-end exchange rates, except for equity amounts which are converted at their historic exchange rates. Income and expenses are converted on the income statement using the average annual exchange rate. Differences arising from the use of different exchange rates are entered under equity as foreign currency translation amounts.

Inventories

Goods and materials are valued at their acquisition cost using the weighted average purchase cost, or most recent price.

Inventory valuations do not include the carrying costs on goods and materials.

Finished and unfinished goods are valued at their production cost. Income from intragroup sales is eliminated, when material, by an amount equal to the value of the products still unsold by the purchasing company as of December 31. A depreciation provision is established based on the prospective inventory turnover and the market price net of distribution costs.

Marketable securities

They are valued at the lower of cost or market.

Deferred taxes

Deferred taxes are calculated based on the temporary timing differences between valuations established for tax purposes and those used for assets and liabilities on the consolidated balance sheet, with the exception of goodwill. In accordance with conservative accounting principles, deferred taxes resulting from tax loss carryforwards were not capitalized at year-end.

In addition, deferred taxes on temporary valuation differences were established again in 2002 as a result of applying CRC regulation 99-02.

The deferred taxes were calculated using the rate that includes extraordinary contributions, i.e. 35.46% for French companies.

LISI is the parent company of a consolidated group for tax purposes that included the following 11 french companies in 2002: LISI AEROSPACE, Blanc Aero Industries, Blanc Aero Technologies, Eurofast, Former, Gradel, Gervais-le-Pont, Rapid, LISI AUTOMOTIVE, LISI COSMETICS, LISI.

Investment subsidies

In accordance with generally accepted international accounting principles, subsidies were entered under deferred income as of January 1, 2001. They are entered as income over the useful life of the asset in a systematic and rational manner.

Provisions for risks and contingencies

Pursuant to CNC Statement 00-01, provisions for risks and contingencies are valued using the best estimate of the future amount needed to cover the liability.

Pension reserves

They are calculated using an internationally accepted retrospective actuarial method. The calculation factors include 45% social security contributions. They are entered as liabilities under provisions for risks and contengencies together with a corresponding deferred tax asset.

Discounting of receivables

Receivable amounts are calculated in accordance with rules designed to determine expected losses under reasonable conditions. For immaterial receivables, reserves are established in full, and all accounts are periodically reevaluated on a case by case basis and with the most recent information taken into account.

Accounting for research and development costs

Research and development costs are fully expensed in the year they are booked.

Discretionary methods

LISI applied the following discretionary accounting methods:

• Pension reserves: Such restatements are only made in the consolidated financial statements.

• Capitalization of lease obligations.

• Foreign currency translation differences on assets and liabilities entered on the income statement.

However, the company does not take advantage of the accounting principle that allows underwriting fees to be expensed either up front or over the term of the loan.

Accounting of stock options

The company had three active stock option plans as of December 31, 2002. They are based on existing shares currently allocated through stock options. One stock option plan allocated in December 1999 involves 97,500 shares, a second plan allocated in March 2001 involves 34,700 shares and the last plan allocated in December 2001 involves 39,500 shares.

Earnings per share

Earnings per share are calculated based on the number of shares outstanding as of December 31, 2001. The company has not issued any dilutive financial instruments.

3. Consolidation scope

All companies were consolidated using the full-consolidation method.

	Head office	SIREN number	2002 % control	2002 % interests	2001 % control	2001 % interests
LISI (A)	**Paris 12e (75)**	**536 820 269**				
LISI AEROSPACE	Paris 12e (75)	320 152 333	99.99	99.99	99.99	99.99
BLANC AERO INDUSTRIES (BAI)	Paris 12e (75)	395 001 852	100.00	99.99	100.00	99.99
BAI GMBH (C)	Hambourg	Germany	100.00	100.00		
BAI Aerospace Components (C)	Beijing (Pékin)	China	100.00	100.00		
FT BESTAS	Izmir	Turkey	100.00	100.00	100.00	100.00
BLANC AERO TECHNOLOGIES (BAT)	Paris 12e (75)	301 393 161	100.00	99.88	100.00	99.88
EUROFAST	Paris 12e (75)	395 002 017	99.99	99.98	99.99	99.98
HI-SHEAR CORPORATION (HSC)	Torrance (California)	United States	100.00	100.00	100.00	100.00
HI-SHEAR AUTOMOTIVE	Torrance (California)	United States	100.00	100.00	100.00	100.00
MONADNOCK (D)	City of Industry (California)	United States	100.00	100.00		
BAI UK	Rugby	Great Britain	100.00	100.00	100.00	100.00
A 1	Paramount (California)	United States	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE (C)	Belfort (90)	433 709 953	100.00	100.00		
FORMER	Delle (90)	322 624 701	99.99	100.00	99.99	100.00
FORMER Espagne	Rivas-Vaciamadrid	Spain	100.00	100.00	100.00	100.00
MOHR UND FRIEDRICH	Vöhrenbach	Germany	100.00	100.00	100.00	100.00
GRADEL	Scionzier (74)	606 420 107	100.00	100.00	100.00	100.00
GERVAIS LE PONT	Marnaz (74)	606 320 364	100.00	100.00	100.00	100.00
LISI AUTOMOTIVE CORPORATION (C)	Mississauga L4W2T7 (Ontario)	Canada	100.00	100.00		
FORMER GMBH (E)	Esslingen	Germany			100.00	100.00
RAPID	Puiseux Pontoise (95)	582 041 471	100.00	100.00	100.00	100.00
MECANO	Heidelberg	Germany	100.00	100.00	100.00	100.00
KKP GMBH	Mellrichstadt	Germany	100.00	100.00	100.00	100.00
KKP CO KG	Mellrichstadt	Germany	100.00	100.00	100.00	100.00
RAPID Fasteners	Beijing (Pékin)	China	100.00	100.00	100.00	100.00
LISI COSMETICS	Paris 12e (75)	413 764 218	100.00	100.00	100.00	100.00
LISI COSMETICS Inc.	Stamford (Connecticut)	United States	100.00	100.00	100.00	100.00
LISI COSMETICS Italia	Andezeno (Turin)	Italy	100.00	100.00	100.00	100.00
ARS Industries (B)	Ars-sur-Moselle (57)	399 998 053			100.00	100.00

(A) Change in corporate name, which became LISI on May 14, 2002
(B) Disposal of ARS Industries on October 15, 2002
(C) Addition to the consolidation scope in 2002 (by creation)
(D) Addition to the consolidation scope in 2002 (by acquisition)
(E) Merger-absorption by Mohr & Friedrich

Appendix to consolidated financial statements

4. INFORMATIONS PER LINE OF BUSINESS

(In thousand euros)	AEROSPACE		AUTOMOTIVE		PACKAGING		OTHER ACTIVITIES		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
NET FIXED ASSETS										
GOODWILL										
Gross value at period start	50,159	44,489	82,182	80,404	14,729	14,462			147,070	139,355
Movements during period	12,127	3,287	-109	1,778		267			12,018	5,332
Gross value at period start	-8,358	2,383							-8,358	2,383
Gross value at period end	**53,928**	**50,159**	**82,073**	**82,182**	**14,729**	**14,729**			**150,730**	**147,070**
Depreciations and amortizations	-12,791	-9,816	-14,904	-10,870	-6,732	-4,289			-34,427	-24,975
Net value at period end	**41,137**	**40,343**	**67,169**	**71,312**	**7,997**	**10,440**			**116,303**	**122,095**
INTANGIBLE FIXED ASSETS										
Concessions, patents (A)	3,493	3,253	2,447	2,187	192	19	63	102	6,195	5,561
Business equity (A)	41	41	8,495	8,495	322	322			8,858	8,858
Other intangible assets			1,675	1,466	5	25		222	1,680	1,713
Gross intangible assets	**3,534**	**3,294**	**12,617**	**12,148**	**519**	**366**	**63**	**324**	**16,733**	**16,132**
Depreciations and amortizations (A)	-1,871	-1,363	-3,782	-3,457	-337	-98	-63	-159	-6,053	-5,077
Net intangible assets at period end	**1,663**	**1,931**	**8,835**	**8,691**	**182**	**268**	**0**	**165**	**10,680**	**11,055**
TANGIBLE FIXED ASSETS										
Gross tangible assets	**100,378**	**99,398**	**233,012**	**214,351**	**40,214**	**38,639**	**1,428**	**15,557**	**375,031**	**367,945**
Depreciations and amortizations	**-50,721**	**-44,718**	**-141,392**	**-130,454**	**-23,520**	**-22,003**	**-716**	**-4,621**	**-216,349**	**-201,796**
Net tangible assets	**49,657**	**54,680**	**91,620**	**83,897**	**16,694**	**16,636**	**712**	**10,936**	**158,682**	**166,149**
Wholly owned fixed assets										
Land (B)	686	689	6,171	1,363	173	1,157	460	5,268	7,490	8,477
Buildings (B)	11,614	11,268	29,769	27,184	7,798	6,659	762	3,748	49,943	48,859
Machinery and equipment (B)	79,352	79,002	153,839	142,002	25,859	24,796	78	5,787	259,128	251,587
Other fixed assets	7,342	4,749	21,533	20,365	1,498	1,860	128	724	30,501	27,698
Unfinished fixed assets	1,384	3,676	2,822	4,559	1,283	564		30	5,489	8,829
Depreciations and amortizations (B)	-50,721	-44,718	-128,650	-116,648	-21,683	-18,400	-716	-4 621	-201,770	-184,387
Net value at period end	**49,657**	**54,666**	**85,484**	**78,825**	**14,928**	**16,636**	**712**	**10,936**	**150,781**	**161,063**
Leased fixed assets										
Land			198	198					198	198
Buildings			3,423	3,423	3,603	3,603			7,026	7,026
Machinery and equipment		14	15,257	15,257					15,257	15,271
Depreciations and amortizations			-12,742	-13,806	-1 837	-3 603			-14,579	-17,409
Net value at period end		**14**	**6,136**	**5,072**	**1,766**	**0**			**7,902**	**5,086**
FINANCIAL ASSETS										
Unconsolidated equity interests		24			17	10		40	17	74
Claims related to equity interests		123				15			0	138
Other long-term investments	10	36	13	15		8	16	11	39	70
Loans issued	37	40			136	9			173	49
Other financial assets	3,680	4,989	69	58	30	107	19	21	3,798	5,175
Gross value at period end	**3,727**	**5,212**	**82**	**73**	**183**	**149**	**35**	**72**	**4,028**	**5,506**
Depreciations					-66	-25	-1		-67	-25
Net value at period end	**3,727**	**5,212**	**82**	**73**	**117**	**124**	**34**	**72**	**3,961**	**5,481**
TOTAL NET FIXED ASSETS	**96,184**	**102,166**	**167,706**	**163,973**	**24,990**	**27,468**	**746**	**11,173**	**289,627**	**304,779**

4. NET FIXED ASSETS PER LINE OF BUSINESS - NOTES

(in thousand euros)	2002	2001
(A) of which		
Goodwill allocated to patents	152	152
Depreciation	-120	-112
Goodwill allocated to brands*	8,385	8,385
Net	8,417	8,425

(in thousand euros)	2002	2001
(B) of which		
Goodwill allocated to:		
Land	3,837	3,837
Buildings	4,000	4,000
Technical facilities	2,262	2,262
Depreciation	-3,290	-2,695
Net	6,809	7,404

* Rapid was valued in August 2000 at fair value based on an independent appraisal. A depreciation provision may be established, if necessary.

4. INFORMATIONS PER LINE OF BUSINESS

	AEROSPACE		AUTOMOTIVE		PACKAGING		OTHER ACTIVITIES		TOTAL	
	2002	2001	2002	2001	2002	2001	2002	2001	2002	2001
CHANGES IN FIXED ASSETS										
GROSS FIXED ASSETS										
GOODWILL										
Gross fixed assets at period start	50,159	44,489	82,182	80,404	14,729	14,462			147,070	139,355
Acquisitions	12,127	3,287		1,778		267			12,127	5,332
Disposals			-109						-109	0
Other movements	-8,358	2,383							-8,358	2,383
Gross fixed assets at period end	**53,928**	**50,159**	**82,073**	**82,182**	**14,729**	**14,729**			**150,730**	**147,070**
INTANGIBLE FIXED ASSETS										
Gross intangible fixed assets at period start	3,294	2,024	12,148	12,060	366	361	324	467	16,132	14,912
Acquisitions	326	935	483	319	17	9	1	125	827	1,388
Disposals	-8	-39	-16	-97	-3			-2	-27	-138
Other movements	-78	374	2	-134	139	-4	-262	-266	-199	-30
Gross intangible fixed assets at period end	**3,534**	**3,294**	**12,617**	**12,148**	**519**	**366**	**63**	**324**	**16,733**	**16 132**
TANGIBLE FIXED ASSETS										
Gross tangible fixed assets	**99,398**	**81,203**	**214,351**	**202,320**	**38,639**	**36,700**	**15,557**	**36,416**	**367,945**	**356,639**
Acquisitions	6,038	14,477	16,470	20,054	2,874	2,101	263	623	25,645	37,255
Disposals	-6,083	-789	-2,350	-3,206	-1,158	-160	-2	-363	-9,593	-4,518
Other movements	1,025	4,507	4,541	-4,817	-141	-2	-14,390	-21,119	-8,965	-21,431
Gross tangible fixed assets at period end	**100,378**	**99,398**	**233,012**	**214,351**	**40,214**	**38,639**	**1,428**	**15,557**	**375,032**	**367,945**
Wholly owned fixed assets										
Gross value at period start	99,384	81,203	195,473	183,448	35,036	33,097	15,557	27,252	345,450	325,000
Acquisitions	6,038	14,477	16,470	19,876	2,874	2,101	263	623	25,645	37,077
Disposals	-6,083	-789	-2,350	-3,206	-1,158	-160	-2	-363	-9,593	-4,518
Other movements	1,039	4,493	4,541	-4,645	-141	-2	-14,390	-11,955	-8,951	-12,109
Gross value at period end	**100,378**	**99,384**	**214,134**	**195,473**	**36,611**	**35,036**	**1,428**	**15,557**	**352,551**	**345,450**
Leased fixed assets										
Gross value at period start	14		18,878	18,872	3,603	3,603	0	9,164	22,495	31,639
Acquisitions				178					0	178
Disposals									0	0
Other movements	-14	14		-172				-9,164	-14	-9,322
Gross value at period end	**0**	**14**	**18,878**	**18,878**	**3,603**	**3,603**	**0**	**0**	**22,481**	**22,495**
FINANCIAL ASSETS										
Gross value at period start	5,212	6,566	73	447	149	134	72	92	5,506	7,239
Acquisitions	513	4,114	22	4	138	428	6	4	679	4,550
Disposals	-644	-5,773	-13	-15	-83	-428	-3	-154	-743	-6,370
Other movements	-1,354	305		-363	-21	15	-39	130	-1,414	87
Gross value at period end	**3,727**	**5,212**	**82**	**73**	**183**	**149**	**35**	**72**	**4,028**	**5,506**

Appendix to consolidated financial statements

4. INFORMATIONS PER LINE OF BUSINESS

(in thousand euros)	AEROSPACE 2002	AEROSPACE 2001	AUTOMOTIVE 2002	AUTOMOTIVE 2001	PACKAGING 2002	PACKAGING 2001	OTHER ACTIVITIES 2002	OTHER ACTIVITIES 2001	TOTAL 2002	TOTAL 2001
CHANGES IN FIXED ASSETS AMORTIZATIONS AND DEPRECIATIONS										
GOODWILL AMORTIZATION										
Amortization at period start	9,816	6,767	10,870	6,325	4,289	3,396			24,975	16,488
Allocations	4,812	2,676	4,034	4,545	2,443	893			11,289	8,114
Reversals									0	0
Other movements	-1,837	373							-1,837	373
Amortization at period end	**12,791**	**9,816**	**14,904**	**10,870**	**6,732**	**4,289**			**34,427**	**24,975**
INTANGIBLE ASSETS DEPRECIATION										
Depreciation at period start	1,363	772	3,457	3,316	98	96	159	373	5,077	4,557
Allocations	582	240	341	370	67	2	27	65	1,017	677
Reversals	-8	-40	-16	-96	-3			-2	-27	-138
Other movementss	-66	391		-133	175		-123	-277	-14	-19
Depreciation at period end	**1,871**	**1,363**	**3,782**	**3,457**	**337**	**98**	**63**	**159**	**6,053**	**5,077**
TANGIBLE ASSETS DEPRECIATION										
Depreciation at period start	44,718	35,487	130,454	123,856	22,003	17,006	4,621	21,255	201,796	197,604
Allocations	10,047	7,424	13,505	12,520	2,473	2,376	697	960	26,722	23,280
Reversals	-5,383	-141	-2,617	-3,169	-787	-161	-2	-310	-8,789	-3,781
Other movements	1,339	1,948	50	-2,753	-169	2,782	-4,600	-17,284	-3,380	-15,307
Depreciation at period end	50,721	44,718	141,392	130,454	23,520	22,003	716	4,621	216,349	201,796
Wholly owned fixed assets										
Depreciation at period start	44,718	35,487	116,648	110,759	18,400	13,947	4,621	20,961	184,387	181,154
Allocations	10,047	7,424	12,491	11,811	2,364	1,832	697	960	25,599	22,027
Reversals	-5,383	-141	-2,617	-3,169	-787	-161	-2	-310	-8,789	-3,781
Other movements	1,339	1,948	2,128	-2,753	1,706	2,782	-4,600	-16,990	573	-15,013
Depreciation at period end	**50,721**	**44,718**	**128,650**	**116,648**	**21,683**	**18,400**	**716**	**4,621**	**201,770**	**184,387**
Leased fixed assets										Depreciation
at period start			13,806	13,097	3,603	3,059		294	17,409	16,450
Allocations			1,014	709	109	544			1,123	1,253
Reversals									0	0
Other movements			-2,078		-1,875			-294	-3,953	-294
Depreciation at period end			**12,742**	**13,806**	**1,837**	**3,603**		**0**	**14,579**	**17,409**
FINANCIAL ASSETS DEPRECIATION										
Depreciation at period start					25	25			25	25
Allocations					56		1		57	0
Reversals					-15				-15	0
Other movements									0	0
Depreciation at period end					**66**	**25**	**1**		**67**	**25**
SALES										
by line of business	**180,219**	**200,813**	**283,233**	**287,345**	**50,716**	**63,413**	**3,493**	**8,041**	**517,661**	**559,612**
by destination area										
European Union	106,498	122,283	246,689	260 ,981	49,754	62,732	3,087	8,041	406,028	454,037
North America	60,115	72,942	4,500	4,083	407	681			65,022	77,706
South America	2,420	2,878		850					2,420	3,728
Far East	5,083	1,641							5,083	1,641
Middle East	527	742							527	742
Eastern Europe		16	14,900						14,900	16
Other	5,576	311	17,144	21,431	555		406		23,681	21,742
Total	**180,219**	**200,813**	**283,233**	**287,345**	**50,716**	**63,413**	**3,493**	**8,041**	**517,661**	**559 ,612**
EBIT by line of business	**15,472**	**29,079**	**29,670**	**28,240**	**-521**	**931**	**2,414**	**3,334**	**47,035**	**61,584**
Requirements in working capital	**76,766**	**84,316**	**47,627**	**51,638**	**4,010**	**7,221**	**1,226**	**2,359**	**129,629**	**145,534**

5. MARKETABLE SECURITIES

The selling value of marketable securities totaled €19,371,000. They are valued at the lower of cost or market.

6. ACCRUALS

Under assets, accruals consist mainly of prepayments received and deferred expenses.

7. TWO-YEAR CHANGES IN EQUITY AND MINORITY INTERESTS

(in thousand euros)	Total	Group equity	Minority interests
As of 01.01.2001	**243,103**	**233,578**	**9,524**
Net income for the year	26,147	**26,147**	
Dividends paid	(5,844)	**(5,844)**	
Changes in foreign currency translation (A)	3,262	**3,262**	
Subsidy received	1,467	**1,467**	
Effect of change in accounting method (B)	166	**166**	
Changes in consolidated scope	(9,524)		**(9,524)**
Other changes	(42)	**(42)**	
As of 31.12.2001	**258,819**	**258,818**	**0**
Net income for the year	12,375	**12,375**	
Dividends paid	(5,903)	**(5,903)**	
Changes in foreign currency translation (A)	(12,212)	**(12,212)**	
Capital increase	0	**0**	
Effect of change in accounting method (B)	(897)	**(897)**	
Changes in consolidated scope	0	**0**	
Other changes	18	**18**	
Au 31.12.2002	**252,200**	**252,200**	**0**
Foreign currency translation difference	01.01.01	12,282	
	Change	3,262	
	12.31.01	15,544	
	Change	(12,212)	
	12.31.02	3,332	

(A) of which companies in dollars for (10,467) K€

(B) Group harmonization of inventory depreciation allowance

Appendix to consolidated financial statements

8. RISKS AND CONTINGENCIES PROVISIONS

(in thousand euros)	2002	2001
Litigation	2,667	2,229
Deferred taxes	22,888	21,139
Major repairs	583	713
Losses on foreign exchange rates	167	
Pensions and retirement	12,217	13,234
Pension plans	904	
Restructuring of manufacturing operations	424	1,359
Environmental	5,125	6,523
Guarantees to clients	1,610	323
Other	1,791	3,431
Total	**48,376**	**48,951**

9. LOANS AND FINANCIAL DEBT

Short-term bank loans	16,539	37,972
Medium-term loans	103,731	93,764
Lease obligations	4,382	6,415
Employee profit-sharing (frozen in current accounts)	8,416	10,495
Other financial debt	339	18,934
Loans by the consolidated companies		7,459
Total	**133,407**	**175,039**

The term periods for the loans and financial debt are as follows:

Less than 1 year	47,803	65,210
Between 1 and 5 years	80,006	92,413
More than 5 years	5,598	17,416
Total	**133,407**	**175,039**

10. FINANCIAL RESULT

(in thousand euros)	2002	2001
Financial income	1,653	641
Gains on foreign exchange rates (A)	1,023	1,830
Reversal of reserves for financial assets	51	148
Interest expense	(9,066)	(10,645)
Losses on foreign exchange rates (B)	(1,568)	(1,492)
Reserve allocations on financial assets	(984)	(36)
Total	**(8,891)**	**(9,554)**
(A) of which, reversal of foreign exchange rate reserves	36	90
(B) of which, allocations to foreign exchange rate reserves	(189)	(36)

Appendix to consolidated financial statements

11. EXTRAORDINARY RESULT

(in thousand euros)	2002	2001
Extraordinary income		
Disposals of tangible and intangible fixed assets	2,419	388
Disposals of financial assets	5,153	10,402
Reversal of severance reserves	1,952	2,384
Reversal of asset depreciation reserves	27	
Reversal of environmental reserves	690	714
Reversal of major repair reserves	221	
Reversal of legal reserves		46
Reversal of market risks reserves	8	
Other reserve allocations for risks and contingencies	3,905	4,491
Miscellaneous extraordinary expenses	1,730	1,867
Total	**16,105**	**20,292**
Extraordinary expenses		
Net book value of tangible and intangible fixed asset disposals	1,733	248
Net book value of financial asset disposals (A)	8,192	9,219
Severance payments	2,250	2,732
Reserve allocations for severance costs	1,393	1,983
Reserve allocations for fixed asset depreciation	579	121
Reserve allocations for environmental costs	777	743
Reserve allocations for major repairs	347	
Reserve allocations for quality costs		1,524
Reserve allocations for market risks	480	929
Other reserve allocations for risks and contingencies	1,682	3,387
Miscellaneous extraordinary expenses	4,149	1,969
Total	**21,582**	**22,855**
Extraordinary result	**(5,477)**	**(2,563)**
(A) Breakdown of financial asset disposals		
Net book value of NAFCO shares disposed of by LISI (unconsolidated)		1,389
Net book value and consolidated market value of GFD shares disposed of by LISI		7,825
Net book value and consolidated market value of ARS Industries shares disposed of by LISI	8,189	
Other	3	5
Total	**8,192**	**9,219**

LISI defines extraordinary income and expenses as those that are clearly distinct from ordinary business operations and are non-recurring insofar as they are:
unusual in nature,
infrequent.

The company knows of no other litigations, arbitrations or extraordinary facts likely to have or that have had, recently, significant impact on the financial situation, the result, the business, or the activity of the company.

12. BREAKDOWN OF CORPORATE TAX

Breakdown (in euros)	Result before restated taxes	Restated taxes	Net result after restated taxes
Income from ordinary operations	39,846,669	(13,072,844)	26,773,825
Short-term extraordinary result	2,563,172	(145,452)	2,417,720
Long-term extraordinary result	(7,984,696)	(157,086)	(8,141,782)
Profit-sharing	(1,757,663)	221,381	(1,536,282)
Tax credits from previous tax profits		122,953	122,953
Taxes from fiscal integration		2,803,052	2,803,052
Goodwill amortization allocations (B)	(11,288,939)	1,224,496	(10,064,443)
Net book value	**21,378,543**	**(9,003,500)** (A)	**12,375,043**

(A) of which, taxes due: 6,346,705 euros
of which, deferred taxes: 2,656,792 euros

((B) pertains only to restatement of goodwill for U.S. subsidiaries

12 BIS. RECONCILIATION OF ACTUAL TAX EXPENSE WITH THEORETICAL CALCULATED TAX EXPENSE (IN THOUSAND EUROS)

Theoretical rate		**35.46%**	
Theoretical tax			**12,218.0**
Tax loss carryforwards used during the year, not previously used foreign subsidiary			(542.0)
Tax discrepancy of deductible US GWs			(1,719.0)
Foreign subsidiary tax credit			(917.0)
Other differences			(37.0)
Real tax			**9,003.0**
Effective tax rate		**27.54%**	

13. EMPLOYEES AS OF 12.31.02

	2002	2001
Managers	441	371
Supervisors	520	421
Wage-earners	3,962	4,294
Total	**4,923**	**5,086**

14. COMPENSATION FOR BOARD MEMBERS

The members of the Board of Directors of the consolidating company did not receive any compensation from the consolidated companies.

Appendix to consolidated financial statements

15. CONTINGENT LIABILITIES

A - Given in the context of ordinary operations

(in thousand euros)	2002	2001
Debts linked to collateral or guarantees	10,493	11,476
Balance due on orders and investments	6,958	6,749
Commitments given	**17,451**	**18,225**
- Interest rate CAP	39,479	24,593
Commitments received	**39,479**	**24,593**
- Interest rate SWAP	62,029	55,688
Mutual commitments	**62,029**	**55,688**

Commitments received:
The interest rate caps are issued by banking institutions to cover variable rate loans (see note 9 -Loans and financial debt) set up to fund external growth. As of December 31, 2002, the company entered into 5 cap contracts displaying the following characteristics:

CAP RATE	LONG-GILT AS OF 12/31/2002 (in thousand euros)	START DATE	MATURITY DATE
5.50%	6,708	09/08/2000	0908/2003
4.25%	10,000	12/10/2001	12/08/2004
3.85%	10,000	01/02/2003	01/02/2004
5.23%	2,771	06/01/2000	06/01/2003
3.75%	10,000	12/10/2002	12/08/2004

Mutual commitments:
Mutual commitments are interest rate swaps designed to cover variable rate loans (see note 9 -Loans and financial debt) designed to fund external growth. As of December 31, 2001, the company entered into 6 swap contracts displaying the following characteristics:

LONG-GILT AS OF 12/31/2002 (in thousand euros)	START DATE	MATURITY DATE	LENDER RATE
10,000	11/01/01	01/02/03	EURIBOR 3 M
10,000	12/03/01	02/03/03	EURIBOR 3 M
14,483	09/08/00	09/08/05	EURIBOR 3 M
7,546	09/08/00	09/08/03	EURIBOR 3 M
10,000	03/12/03	06/12/03	EURIBOR 3 M
10,000	06/09/03	09/09/03	EURIBOR 3 M

B - Given in the context of non-recurring operations

1. Financial guarantees given to the transferee in the context of the disposal of GFD.

The assets and liabilities guarantee given to the transferee primarily integrates the environmental damages (deductible €762,000, 50% coverage of amounts paid between €762,000 and €1,524,000 and 100% coverage of amounts paid above €1,524,000, expiry date: July 17,2006).

2. Financial guarantees given to the transferee in the context of the disposal of ARS Industries.

The assets and liabilities guarantee given to the transferee primarily integrates the non-environmental damages (minimum amount = €10,000, deductible €100,000, cap €650,000, expiry date: January 15, 2006) and environmental damages (deductible €100,000, 50% coverage of amounts paid above the cap, expiry date: October15, 2005).

3. Financial guarantees given to the transferee in the context of the disposal of the Aillevillers plant assets.

This disposal only concerned a specific list of assets. Therefore, it did not involve any financial guarantee whatsoever to the transferee.

C - Received in the context of non-recurring operations

1. Financial guarantees received by LISI in the context of the acquisition of RAPID.

This guarantee integrates consideration for a fiscal or other damage (deductible €300,000, cap €12,000,000, expiry date: fiscal prescription for all matters relative to tax regulations and June 2002 for all other matters).

2. Financial guarantees received by LISI in the context of the acquisition of MONADNOCK.

This guarantee integrates consideration for the impoverishment of the organization in terms of a downward variance in equity (triggering threshold $200,000, cap $2,700,000).

D. Pledging of assets

Pledging of 300,017 LISI AUTOMOTIVE shares, i.e. 99.99% of the capital, to cover bank loans due for repayment in 2007, the capital remaining due as of December 31, 2002 amounts to €57.3 million.

16. RISK EXPOSURE

A. General risk: insurance

LISI is covered by insurance policies intended to protect it in case of a major loss or damage.

• **Damage insurance:** covers own or lent facilities and operating losses in the event of a loss. The deductible comes out to €150,000 for maximum coverage limited to €623 million for buildings and equipment and €79 million for goods.

• **Liability insurance:** covers bodily, material, and immaterial damage that may arise as part of operations, as well as post-delivery damages up to €7,6 million per loss and per annum for the first line. The Group is also covered by an Excess policy for an amount of €7.6 million in addition to the first line. An air risk policy covers specific risks and flight disruptions up to €305 million (and for space products up to €125 million).

• **Managers' liability insurance:**
the Group is covered by a managers' liability insurance policy for all its subsidiaries up to €7.7 million.

• **IT risk insurance:** the Group has covered all the risks tied to a malfunction or forced use of its IT system..

B. Environmental risk

As of December 31, 2002, the environmental risk reserves posted to the Provision for risks and contingencies comes out to €5.13 million, versus €6.52 million as of December 31, 2001.

In particular, €3.05 million concern the conservative estimate of the decontamination costs for the TCE (solvent) pollution that dates back to earlier than 1975 and affects the site of Torrance, California. The treatment under way consists of pumping and filtering the underground waters downstream the site.

On the Saint-Saturnin du Limet (France) site, LISI COSMETICS is involved in a legal action in the context of a claim filed by locals regarding nitrate pollution of surface waters. This being a formal offense, the company shall certainly be held liable for these facts but, given the present status of the investigation, one cannot overlook the technical difficulties involved to set up an effective treatment system, the need to resort to prior feasibility studies and on-site tests, and LISI COSMETICS' desire, and the Group's at large, already evidenced by the facts, to acquire final control over the problem.

Lastly, the Group operates a number of very old industrial sites for which soil surveys have been conducted in accordance with the natural plan; generally, such surveys end up in a site monitoring decision.

C. Other risks

• **Market risks**
(interest rate, exchange rate, and securities):
Hedging and market operations on interest rate, foreign exchange or securities futures markets, are recorded in accordance with the provisions of CRBF rules no. 88-02 and 90-15. Commitments relative to these operations are posted to off-balance sheet accounts for the nominal value of the contracts. As of December 31, these commitments represent the volume of operations not settled at year-end.

The accounting principles applied vary according to the nature of the instruments and the operators' initial intentions.

1) Interest rate risks: The Groups uses interest rate risk management instruments, selectively for the sole purpose of covering its risk on loans. The operations conducted mainly concern interest rate swap contracts designed to cover the risk. The revenues and expenses relative to futures instruments designed to cover and manage LISI's overall interest rate risks, are posted prorata temporis to the income statement. Unrealized profits and losses are not recorded. Profits and losses achieved on coverage operations are posted to the income statement, symmetrically to the revenues and expenses incurred for the element covered. They are posted in the same category as the revenues and expenses for that same element.

2) Exchange rate risk: on the one hand, the majority of the Group's flows concern non-exposed currencies, on the other hand, the majority of cash inflows outside the euro zone are offset by cash outflows (especially for raw materials) in nearly comparable amounts. As a result, the exchange rate risk is limited to the gross income of consolidated companies outside of the euro zone. The exchange rate risk arises mainly from export sales. Financial hedging instruments are used selectively, not for the purpose of speculation, to cover known or estimated revenues for up to one year. The Group is primarily exposed to the US dollar and the British pound.

3) Securities risk: LISI's securities portfolio is not a speculative portfolio, but an investment and interests portfolio (see Table of subsidiaries and interests, appendix). Therefore, no specific action is taken to control the securities risk.

Appendix to consolidated financial statements

• **Cash risk:** Summary table of the Group's indebtedness in terms of fixed and variable rate debts

Borrowing entities loan	Type of	Fixed rate	Variable rate in million euros	Total lines in million euros	Capital remaining due as of 12/31/02	Repayment dates ?	Rate or currency coverage
LISI (1)	Syndicated loan		Euribor 3 months + margin	76.4	57.45	2007	Partly covered by CAPs and SWAPs
LISI COSMETICS	Conventional loan		Euribor 3 months + margin	8.23	1.37	2003	Covered by SWAPs
FORMER	Conventional loan		Euribor 3 months + margin	11.5	5.52	2005	Partly covered by
	Conventional loan		Euribor 3 months + margin	2,0	1.3	2006	a CAP SPREAD
	Conventional loan		Euribor 3 months + margin	2.5	2.25	2007	
RAPID	Conventional loan	5.15%		2.3	0.46	2003	
MECANO	Conventional loan	5.44%		2.9	1.9	2008	
		4.5%		5.1	3.8	2008	
KKP	Conventional loan	5.2%		0.9	0.4	2006	
		4.75%		1.5	1,0	2007	
LISI AEROSPACE	Conventional loan	3.6%		3.8	1.5	2004	
HI-SHEAR (2)	Syndicated loan		Libor 3 months USD + margin	29.6	24.8	2009	Partly covered by a SWAP

Note: only significant loans are listed in this table.

(1) LISI
- Method for determining the interest rate: Euribor 3 months
- Method for calculating the margin:
  a. 1st credit tranche: fixed margin
  b. 2nd credit tranche: variable margin based on gearing (+ or –0.20%)
- Case of acceleration:
  a. Gearing ≤ 1.2 and < 1 during 2 consecutive years maximum
  b. Net financial debt < 3.5 years of cash flow.

(2) HI-SHEAR Corporation
- Method for determining the interest rate: Libor USD 3 months
- Method for calculating the margin: variable margin based on gearing (+ or –0.25%)
- Case of acceleration:
  a. Failure to comply with financial indicators: negative net worth
  b. b. Occurrence of legal events: failure to meet payment dates, insolvency, capital reduction.

• **Raw materials risk:**
For the most part, the Group uses very specific raw materials that are subject to price fluctuations for limited periods of time. Generally, supplies are covered at a fixed price for terms ranging between six months and three years and unlimited volume.

• **Legal risk:**
Given LISI's line of business, the Group is not exposed to any specific legal risk.

• **Commercial risk:**
The Group manufactures thousands of different parts made of numerous raw materials (steel, alloys, aluminum, diverse plastics, titanium, etc.) and uses a wide range of technologies (cold heading, hot heading, machining, stamping, injection plastic, heat treatments and surface coatings).

The commercial risk is consequently spread over a wide range of products, which are manufactured at 30 LISI plants around the world. In 2001, the company's leading product, a play take-up system for rear disc brakes that ensures proper emergency brake functioning, accounted for only 1% of total consolidated revenues.

The main product families are developed jointly with clients, and the share of revenues from patented products remains secondary in the overall consolidated total.

• **Clients :**
On the basis of 2002 figures, only 2 customer account for more than 5% of LISI consolidated revenues. The top 10 clients account for 42% of total revenues, and these accounts are spread among the company's three divisions: Aerospace, Automotive and Fragrances/Cosmetics. The top 122 customers account for 80% of revenues.

• **Suppliers:**
As a general rule and given the nature of the company's production, LISI does not depend on any supplier nor any strategic exclusive subcontractor. The company's main suppliers provide raw materials.

Outsourcing involves mainly technological operations, including specific thermal treatments and coatings (surface coatings and assembly). For 2002, the aggregate outsourcing transactions by LISI plants accounted for around 7.6% of total consolidated revenues.

17. FOREIGN SUBSIDIARIES

Year-end and average euro currency parities were as follows:

		2002 Year-end	2002 Average	2001 Year-end	2001 Average
Dollar	(USD)	1,048700	0,952100	0,881663	0,891246
British Pound	(GBP)	0,650500	0,630200	0,608494	0,618827
Chinese Yuan	(RMB)	8,68050	8,01125	7,3420	7,5704

General report of the auditors on the financial statements

FOR THE YEAR ENDING DECEMBER 31, 2002

In carrying out the mission given to us by your Shareholders' General Meeting, we have audited the consolidated statements of LISI for the year ending December 31, 2002, as attached to this report. The financial statements were prepared by the Board of Directors. Our task is to issue an opinion on these financial statements based on our audit.

We performed our audit in accordance with generally accepted French auditing practices. These practices require due diligence to ensure with a reasonable degree of certainty that the consolidated financial statements are free from material errors and omissions. An audit involves random sampling of key elements that support the data upon which the financial statements are based. The audit also evaluates the accounting principles underlying the financial statements, significant estimates used in their preparation and the overall presentation. We believe that our audit provides a reasonable basis for the audit opinion expressed below.

We certify that the consolidated financial statements conform to French accounting principles and provide a true and fair view of the net worth, financial situation and earnings of the companies included in the consolidation scope.

We also audited the Group data provided in the management report. We raised no objections as to their accuracy and consistency with the consolidated statements.

Paris and Montbéliard, April 11, 2003

The Auditors

Serge CLERC

Philippe DABEL

Marie GUILLEMOT

RSM SLUSTRO REYDEL

Management report
of the auditors on the financial statements

Dear Shareholders,

We have called this ordinary shareholders' meeting in accordance with the relevant legal and regulatory provisions in order to submit for your approval the LISI financial statements for the year ending December 31, 2002.

We would like to point out here that the main business purpose of the company is to motivate, control and provide assistance to its subsidiaries.

Our company's summary financial statements are as follows:

In thousand euros	2002	2001	2000
Revenues from operations	5,219	5,615	5,042
Ebit (1)	1,903	2,900	1,747
Financial result (excluding dividends from subsidiaries)	(4,108)	(4,768)	(2,822)
Income from ordinary operations (before dividends)	**(2,205)**	**(1,868)**	**(1,075)**
Dividends received from subsidiaries	5,531	12,520	7,423
Extraordinary result	3,103	4,010	(338)
Corporate tax	2,273	435	351
Net income	**8,702**	**15,097**	**6,361**
Equity	**98,726**	**95,314**	**85,297**
Net debt (2)	**50,978**	**67,043**	**81,980**

(1) EBIT: Operating profit - interests
(2) Excluding intra-group flows.

• Income from ordinary operations is down 7%, due to the decline of services performed as a result of our divisions' business slowdown.

• Operating expenses suffer the impact of non-recurring items, in particular the costs tied to the disposal of ARS Industries and the change in corporate identity.

• The financial result before dividends received from subsidiaries falls by 14% resulting from our lower debt and the decline in interest rates. Marketable securities generate unrealized capital gains after tax of €1.5 million, not recorded at the end of the year, based on their net book value as of December 31, 2002.

• The dividends paid by subsidiaries come out to €5.5 million, including €5 million from LISI AEROSPACE and €0.5 million from ARS Industries, versus €12.5 million in 2001. Pursuant to LISI's contribution of RAPID and FORMER shares and part of the related debt, to LISI AUTOMOTIVE, dividends from these two companies have been paid to LISI AUTOMOTIVE directly.

• The extraordinary result is positive at €3 million due to the capital gains on the disposal of ARS Industries shares.

• The corporate tax comprises €+2.8 million resulting from the fiscal integration and €–0.5 million in taxes on the capital gains resulting from the disposal of ARS Industries shares.

• The net profit before dividends thus comes out to €3.2 million, versus €2.6 million in 2001.

• LISI's net profit for 2002 therefore establishes itself at €8.7 million, versus €16 million in 2001.

2002 highlights

• Change in corporate identity, on May 14, 2002: GFI Industries became LISI.

• Approval by the May 14, 2002 Combined Shareholders' Meeting of the stock repurchase program by LISI for up to 10% of its capital stock.

• Contribution, by LISI, of FORMER and RAPID shares to LISI AUTOMOTIVE on June 21, 2002, with retroactive effect as of January 1, 2002.

• Disposal of ARS Industries as of October 15, 2002, effective as of October 1, 2002, to the benefit of PROMORAIL, a member of the PANDROL Group.

Profit appropriation

We propose to appropriate the 2002 net income of 8 702 436 euros as follows:

In euros

- to the legal reserve 0
- the balance of 8,702,436
- increased by unappropriated net income of 23,665,673
- for a total attributable profit of 32,368,109

which we propose to distribute as follows:

- to the shareholders, as dividends, €0.62 per share, i.e. 6,117,440
- to retained earnings, the balance, i.e 26,250,669

Recent dividend payouts, in euros per share, were as follows:

	Par value of the share	Dividend	Tax credit
Year ending 12/31/99	1.52	0.61	0.30
Year ending 12/31/00	1.52	0.61	0.30
Year ending 12/31/01	2.00	0.62	0.31

Note that the dividend payout deadline is nine months after the financial statements closing date and the term of limitation for unclaimed dividends is five years after the ex dividend date.

2003 outlook

Due to the relative stability of dividend payments and of the services performed by the Group, the net result expected for 2003 shall probably be similar to that of 2002.

Shareholders

In accordance with article L 233-13 of the French Commercial Code, we inform you that:

• COMPAGNIE INDUSTRIELLE DE DELLE owns 60.09% of the capital stock and 72.5% of the voting rights,

• VIELLARD MIGEON et CIE. owns 6.7% of the capital stock and 8.1% of the voting rights,

• FFP owns 5.0% of the capital stock and 3.1% of the voting rights;

• The Group Savings Plan owns 0.8% of the capital stock and 0.5% of the voting rights.

Other information

1. Deductible expenses for tax purposes are passenger vehicle depreciation and loan payments totaling 13,143 euros.

2. LISI is the parent company of a consolidated group for tax purposes since 2000. As such, the company benefited from a €2.8 million tax credit in 2002. In accordance with the provisions of the Fiscal Consolidation Agreement, this credit is retained by the parent company.

3. The same accounting principles are used in the preparation of the company and consolidated financial statements. Only some consolidation-related restatements result in differences in accounting methods.

Balance sheet

ASSETS

(in thousand euros)	2002	2001	2000
Fixed assets			
Intangible assets	63	62	19
Tangible fixed assets	1,426	1,417	1,364
Financial assets	163,920	169,259	173,741
Depreciation	(847)	(757)	(703)
Net total fixed assets	**164,562**	**169,981**	**174,422**
Current assets			
Accounts receivable	301	134	5
Other receivables	4,803	3,560	5,294
Provision for doubtful receivables			
Marketable securities	11,987	13,014	18,928
Cash	4,223	12,162	7,356
Depreciation and provision	(737)		
Total current assets	**20,577**	**28,870**	**31,583**
Accruals and prepaid expenses	937	4	2
Total assets	**186,076**	**198,856**	**206,007**

LIABILITIES

(in thousand euros)	2002	2001	2000
Equity			
Capital stock	19,734	19,734	14,946
Paid-in merger capital	27,134	27,134	30,932
Retained earnings	42,159	32,964	31,968
Net income for the year	8,702	15,097	6,361
Total equity	**97,729**	**94,929**	**84,208**
Provision for risks and contingencies	**192**	**658**	**366**
Liabilities			
Long-term and miscellaneous debt	83,340	97,761	115,771
Accounts payable	911	1,151	746
Other liabilities	3,904	4,357	4,917
Total liabilities	**88,155**	**103,269**	**121,434**
Total liabilities and stockholders' Equity	**186,076**	**198,856**	**206,007**

Income statement

(in thousand euros)	2002	2001	2000
Net revenues	**4,842**	**5,462**	**4,946**
Total operating revenues	5,219	5,615	5,042
Cost of materials	(1,817)	(1,479)	(2,131)
Taxes	(104)	(104)	(125)
Salaries and benefits	(1,258)	(1,054)	(955)
Other expenses	(45)		(28)
Depreciation	(92)	(78)	(55)
EBIT	**1,903**	**2,900**	**1,747**
Financial income			
- from equity interests	6,664	13,074	7,917
- from other marketable securities and loans	554	242	416
- from disposals of marketable securities	52	117	200
- reversal of reserves			130
Financial result			
- interest and similar expenses	(4,840)	(5,662)	(4,059)
- from disposal of marketable securities	(269)	(19)	(4)
- reserve allocations	(738)		
Financial expenses	**1,423**	**7,752**	**4,601**
Pre-tax income on ordinary operations	**3,326**	**10,653**	**6,348**
Extraordinary income			
- from financing activities	5,150	8,875	47
- from management operations	4	7	31
- reversal of reserves	566		
Extraordinary expenses			
- from financing activities	(2,442)	(4,482)	(26)
- from management operations	(75)	(98)	(25)
- reserve allocations	(100)	(292)	(366)
Extraordinary result	**3,103**	**4,010**	**(338)**
Income tax	2,273	435	352
NET INCOME	**8,702**	**15,097**	**6,361**

Cash flow statement

(in thousand euros)	2002	2001	2000
Operating activities			
Operating cash flow	5,621	11,075	6,631
Effect of changes in inventory			
Effect of changes in accounts receivable and accounts payable	(3,035)	1,448	(622)
Cash provided by or used for operations (A)	**2,586**	**12,523**	**6,009**
Investing activities			
Cash used to acquire tangible and intangible fixed assets	(13)	(126)	(17)
Cash received from disposals of tangible and intangible fixed assets		109	47
Cash used to acquire financial assets	(51)	6	(90,047)
Cash received from the disposal of financial assets	5,151	8,766	
Net cash used for acquisitions and disposals of subsidiaries			(1,224)
Payments received from loans to subsidiaries	5,730		
Cash provided by or used for investing activities (B)	**10,817**	**8,755**	**(90,017)**
Financing activities			
Cash received from shareholders as part of a capital increase		1,467	
Dividends paid to shareholders of the parent company	(5,902)	(5,843)	(5,851)
Cash received from new loans			76,661
Cash used to pay off loans	(9,582)	(8,483)	(5,170)
Cash provided by or used for financing activities (C)	**(15,484)**	**(12,859)**	**65,639**
Effect of change in foreign exchange rates (D)	(2,783)		
Changes in net cash (A+B+C+D)	**(4,864)**	**8,419**	**(18,368)**
of which, change in cash	(9,703)	(4,079)	(3,260)
of which, change in cash equivalents	4,839	12,498	(15,108)
Net cash at period start (E)	(5,534)	(13,953)	4,416
Net cash at period end (A+B+C+D+E)	(10,398)	(5,534)	(13,953)

CHANGES IN EQUITY

As of 01.01.2001	**84,208**
Net income for the year	15,097
Capital increase	1,468
Dividends paid	-5,843
As of 12.31.2001	**94,929**
Capital increase	8,702
Dividends paid	-5,902
As of 12.31.2002	**97,729**

Appendix

SUBSIDIARIES AND INTERESTS (CONSOLIDATED DATA IN €)

Company	Capital stock	Equity capital and minority interests	Equity interest as a %*	Gross book value of securities held*	Loans and advances provided by the company not yet reimbursed	Total deposits and guarantees provided by the company	Net revenues from the previous year	Net income or loss from the previous year	Dividends received by the parent compagny the previous year
SUBSIDIARIES									
LISI AUTOMOTIVE	30,001,800	156,837,238	99.99%	83,636,428	21,054,172	0	283,230,232	12,142,972	
LISI AEROSPACE	2,475,200	119,586,371	99.99%	30,863,816	2,782,646	0	180,217,311	6,848,291	5,029,572
LISI COSMETICS	14,128,650	18,912,080	99.99%	25,541,040	0	0	50,716,287	(4,830,981)	

* The net book value of the securities held is equal to their gross value.

COMPANY'S FINANCIAL RESULTS OVER THE PAST FIVE YEARS (articles 133, 135 and 148 of the law on commercial companies)

(indications)	1998	1999	2000	2001	2002
Financial situation at period end					
Capital stock	14,806,923	14,946,414	14,946,414	19,733,676	19,733,676
Number of shares issued (A)	9,712,705	9,804,205	9,804 ,205	9,866,838	9,866,838
Number of convertible bonds					
Total result of actual operations					
Net revenues	4,248,340	4,606,970	4,946,203	5,462,214	4,842,314
Earnings before taxes, depreciation and reserves	4,935,994	5,841,451	6,300,507	15,032,618	6,793,622
Corporate tax	1,798,917	1,182,595	-351,751	-435,041	-2,273,016
Profit-sharing	0	0	0	0	0
Earnings after taxes, depreciation and reserves	3,211,404	4,566,288	6,361,233	15,097,335	8 ,702,436
Distributed profit (B)	5,917,578	5,851,492	5,843,185	5,902,579	6,117,440
Result of operations per share					
Result after taxes, before depreciation and reserves	0.32	0.48	0.68	1.57	0.92
Result after taxes, depreciation and reserves	0.33	0.47	0.65	1.53	0.88
Dividends allocated per share (net)	0.61	0.61	0.61	0.62	0.62
Staff					
Average head count	6	7	7	8	9
Payroll	750,725	716,085	693,257	760,186	909,412
Benefits paid (social security, benefits, etc.)	285,124	109,591	262,026	293,393	348,263

(A) after adjusting for the division of the par value by 5 on June 29, 1998

(B) after deducting the dividend that would have concerned own shares held by the company.

Proposed resolutions

AGENDA AND PROPOSED RESOLUTIONS

RELATING TO THE ORDINARY GENERAL MEETING
OF MAY 13, 2003

Agenda

- Examination and approval of the annual financial statements for the year ending December 31, 2002;
- Discharge of duties for Directors and Auditors;
- Approval of consolidated financial statements for the year ending December 31, 2002;
- Approval of agreements covered by articles L225-38 et seq. of the French Commercial Code;
- Appropriation of profit;
- Ratification of designation of a Director;
- Renewal of Director's mandate;
- Authorization for company to repurchase its own shares;
- Establishment of amount of directors' fees;
- Proxies;
- Miscellaneous questions.

Proposed resolutions

First resolution

The Shareholders' Meeting, having heard the reading of the Board of Directors' Report and Auditors' General Report, approves the annual financial statements established as of December 31, 2002, as presented, showing a profit of €8,702,436, as well as the transactions reflected in the accounts or summarized in these reports.

The Shareholders' General Meeting approves in particular the expenses made during the past year related to the transactions covered by article 39-4 of the General Tax Code for the total amount of €13,143.

Consequently, the Meeting fully and without reservation discharges the Directors and Auditors of their duties for the past year.

Second resolution

The General Meeting approves the consolidated financial statements, as presented and as prepared in accordance with the provisions of the articles L. 357-1 et seq. of the French Commercial Code, which show a profit of €12,375,047.

Third resolution

The General Meeting, having heard the reading of the special report of the Auditors on the agreements covered under article L225-38 of the French Commercial Code, duly takes note of the indications in this report.

Likewise, the General Meeting, having heard the reading of the special report of the Auditors on the agreements covered under article L225-42 of the French Commercial Code, duly takes note of the indications in this report.

Fourth resolution

The General Meeting, acting on the proposal of the Board of Directors, has decided to appropriate last year's profit as follows:

• the net income for the year of €8,702,436
• increased by the unappropriated profit of €23,665,673

For a total of €32,368,109

which makes up the distributable profit, which the Board of Directors proposes to distribute as follows:

• to the shareholders, as dividends, €0.62 per share, for a total of €6,117,440 payable on May 16, 2003
• to the retained earnings account, the balance of €26,250,669 with the understanding that this amount will be increased by the amount of dividends payable on the shares owned by the company as of the ex-dividend date

In addition, the General Meeting recognizes that it has been apprised that the dividend payouts per share for the past three years were as follows:

	Dividend	Tax credit	Total dividend
Year ending 12/31/99	€0.61	€0.30	€0.91
Year ending 12/31/00	€0.61	€0.30	€0.91
Year ending 12/31/01	€0.62	€0.31	€0.93

Fifth resolution

The General Meeting ratifies the designation as a Director of Mr. Christian PEUGEOT, living 70 rue Madame – 75006 PARIS; effective March 4, 2003, the decision having been made by the Board of Directors at its meeting the same day.

Sixth resolution

The General Meeting renews the mandate of Mr. Gilles KOHLER as Director for a term of six years, i.e. until the conclusion of the General Meeting called to approve the financial statements for the year ending December 31, 2008.

Seventh resolution

The General Meeting renews the mandate of Mr. Roland BURRUS as Director for a term of six years, i.e. until the conclusion of the General Meeting called to approve the financial statements for the year ending December 31, 2008.

Eighth resolution

The General Meeting renews the mandate of VMC, represented by Mr. Michel VIELLARD, as Director for a term of six years, i.e. until the conclusion of the General Meeting called to approve the financial statements for the year ending December 31, 2008.

Proposed resolutions

Ninth resolution

The General Meeting renews the mandate of CIKO, represented by Mr. Jean Philippe KOHLER, as Director for a term of six years, i.e. until the conclusion of the General Meeting called to approve the financial statements for the year ending December 31, 2008.

Tenth resolution

The General Meeting, having heard the report of the Board of Directors and taken note of the points made in the memorandum issued by the Commission des Opérations de Bourse (French Securities and Exchange Commission):

• cancels the purchase authorization given on May 14, 2002;

• authorizes the Board of Directors, in accordance with articles L225-209 et seq. of the French Commercial Code and consistent with the terms of the DDOEF law of July 2, 1998, to use all means necessary to repurchase the company's stock in an amount up to 10% of the total capital stock, which corresponds to 986,683 shares, for the following purposes:

- to be used as consideration in the event of external growth operations, in order to minimize the acquisition cost or, more generally, to improve the transaction terms,

- to purchase shares in the open market in order to reduce fluctuations and support the stock price,

- grant stock options to employees and representatives of the company and/or its consolidated group,

- to sell shares in the market, if the proper opportunity arises,

- to issue company shares in the event securities with attached rights to company shares are exercised, either through redemption, conversion, exchange, presentation or any other means,

- the cancellation of acquired shares, on the condition that the cancellation of shares acquired through the stock repurchase program be authorized by a resolution of the Shareholders' General Meeting.

The acquisition of disposal of share can take place by all means and at all times, on or off the market, including through the use of derivatives traded on a regulated market or over the counter.

The company pledges never to exceed the 10% threshold of its capital stock in accordance with the DDOEF law of July 2, 1998.

This authorization applies in the following cases:

- the company may only purchase shares at a maximum price of €40 per share excluding transaction fees,

- the company may only sell all or part of the shares thus acquired at a minimum price of €10 per share, excluding transaction fees.

At the ceiling price of €40 per share, the maximum amount that LISI would pay is €39,467,320.

This authorization is valid for a period of 18 months, beginning with the date of this General Meeting.

- assigns full powers to the Board of Directors, which may choose to delegate them, to make stock market orders, negotiate agreements in order to handle all formalities, all statements to organizations, fulfill all other formalities and, generally, do all that is necessary.

Eleventh resolution

The General Meeting allocates €58,500 in board fees to the Board of Directors.

This decision, which applies for the current year, will be maintained until a decision is reached to the contrary.

Twelfth resolution

The General Meeting assigns all rights to the bearer of an original, copy or notes of the minutes of its deliberations for the purpose of accomplishing all formalities, as well as all legally required filings and publications.

# of auditors General report

of the auditors Special report

YEAR ENDING DECEMBER 31, 2002

In carrying out the mission given to us by your Shareholders' General Meeting, we hereby present our report for the year ending December 31, 2002 on:

- the audit of the attached LISI financial statements,
- the specific controls and information required by law.

The financial statements were prepared by the Board of Directors. Our task is to issue an opinion on these financial statements based on our audit.

1. Audit opinion on the financial statements

We performed our audit in accordance with generally accepted French auditing practices. These practices require due diligence to ensure with a reasonable degree of certainty that the consolidated financial statements are free from material errors and omissions.

An audit involves random sampling of key elements that support the data upon which the financial statements are based. The audit also evaluates the accounting principles underlying the financial statements, significant estimates used in their preparation and the overall presentation. We believe that our audit provides a reasonable basis for the audit opinion expressed below.

We certify that the consolidated financial statements conform to French accounting principles and provide a true and fair view of the net worth, financial situation and earnings of the company at the end of the period at stake.

2. Specific audits and information

We also carried out the specific audits required by law, in accordance with generally accepted French auditing practices.

We raised no objections as to the accuracy and consistency of the information contained in the financial statements with that of the Board of Directors' Management Report and the documents sent to shareholders regarding the company's financial situation and its financial statements.

As required by law, we verified the information in the Management Report regarding the identity of the holders of voting rights.

Paris and Montbéliard, April 17, 2003

The Auditors

Serge CLERC

Philippe DABEL

Marie GUILLEMOT

RSM SALUSTRO REYDEL

As Auditors of your company, we hereby present you with our report on statutory agreements.

1. In accordance with article L 225-40 of the French Commercial Code, agreements that obtained the prior approval of your Board of Directors were brought to our attention.

Our duty is not to determine whether other such agreements exist, but to inform you based on the information we received as to the characteristics and main terms of those agreements brought to our attention, without having to express an opinion on their usefulness or necessity. Pursuant to Article 92 the purpose of approving them.

We conducted our review based on generally accepted French auditing practices. These practices require due diligence to determine whether the information we were given is consistent with the underlying documents upon which it is based.

AGREEMENT ENTERED INTO DURING THE YEAR THAT OBTAINED PRIOR APPROVAL

Sale of shares

- To SA HLM Delle Franche-Comté Habitat

September 11, 2002 Board of Directors Meeting

2,683 shares of Coopérative Immobilière de l'Isle-sur-le Doubs for a total of €150,248.00.

Director involved:

- Mr. Michel VIELLARD

2. We also present our report on the agreement described in article L 225-42.

The agreement below did not obtain the approval of your Board of Directors because all Directors are concerned the prohibition provided by law to take part in the vote on the required permission.

Contribution of shares

- In RAPID and FORMER to LISI AUTOMOTIVE

February 28, 2002 Board of Directors Meeting

19,999 shares of RAPID for a total of €89,995,500,

224,653 shares of FORMER for a total of €20,340,928.12 euros.

Paris and Montbéliard, April 17, 2003

The Auditors

Serge CLERC

Philippe DABEL

Marie GUILLEMOT

RSM SALUSTRO REYDEL

Statement of the persons responsible for the audit

As Auditors of LISI and in accordance with rule 98-01 of the COB, we verified the financial information and historic statements provided in this annual report, in accordance with generally accepted French auditing practices.

This annual report was drawn up under the responsibility of Mr. Emmanuel VIELLARD, Deputy Chief Executive Officer. Our task is to issue an opinion on the validity and honesty of the information it contains regarding the financial situation and the accounts.

Our due diligence consisted, in accordance with French auditing practice, in assessing the validity of the information relative to the financial situation and the accounts, verifying their consistency with the statements reported. It also consisted in reviewing the other information contained in the annual report, in order to identify any material inconsistencies with the information relative to the financial situation and the accounts, and in pointing out evidently wrong information we may have found on the basis of our general knowledge of the company acquired in the context of our mission. This document contains no forward-looking financial information resulting from a structured elaboration process.

We audited the annual statements and consolidated statements for the year ending December 31, 2000, settled by the Board of Directors, in accordance with French auditing practice. We certified them with no reservations nor remarks.

We audited the annual statements and consolidated statements for the year ending December 31, 2001, settled by the Board of Directors, in accordance with French auditing practice. We certified them with no reservations nor remarks.

We audited the annual statements and consolidated statements for the year ending December 31, 2002, settled by the Board of Directors, in accordance with French auditing practice. We certified them with no reservations nor remarks.

On the basis of such due diligence, we have no remarks to make as to the accuracy of the financial and accounting information presented in this annual report.

Paris and Montbéliard, April 17,2003

The Auditors

Serge CLERC

Philippe DABEL

RSM SALUSTRO REYDEL

Marie GUILLEMOT

Person responsible for the document & the control of statements

1. PERSON RESPONSIBLE FOR THE ANNUAL REPORT:

Mr. Emmanuel VIELLARD
Deputy Chairman

2. STATEMENT OF THE PERSON RESPONSIBLE FOR THE ANNUAL REPORT:

"To my knowledge, the information contained in this annual report is accurate. This annual report provides comprehensive information for an investor to form an opinion on the net worth, business, financial situation, earnings and outlook of LISI. There are no omissions that would significantly alter its impact."

Paris, April 17, 2003,

Emmanuel VIELLARD
Deputy Chairman

3. AUDITORS:

	TERM OF MANDATES	
REGULAR AUDITORS	**Year**	**Year of SGM**
Serge CLERC 4B Avenue Chabaud Latour - BP 295 25205 MONTBELIARD Cedex	2004	2005
RSM SALUSTRO REYDEL represented by Marie GUILLEMOT and Philippe DABEL 8 Avenue Delcassé 75378 PARIS Cedex 08	2004	2005
ALTERNATE AUDITORS	**Year**	**Year of SGM**
Jean-François CALAME 4B Avenue Chabaud Latour - BP 295 25205 MONTBELIARD Cedex	2004	2005
Jean-Claude REYDEL 8 Avenue Delcassé 75378 PARIS Cedex 08	2004	2005

This annual report is a free translation and has not been subjected to a COB (Commission des Opérations de Bourse) directive.

AEROSPACE
Tour Gamma "A" - 193, rue de Bercy
F75582 Paris Cedex 12
Tél. : 33 (0)1 44 67 85 85
Fax : 33 (0)1 44 67 86 07

COSMETICS
Tour Gamma "A" - 193, rue de Bercy
F75582 Paris Cedex 12
Tél. : 33 (0)1 43 07 98 50
Fax : 33 (0)1 43 43 65 93

AUTOMOTIVE
28, faubourg de Belfort - BP 19
F90101 Delle Cedex
Tél. : 33 (0)3 84 58 63 00
Fax : 33 (0)3 84 58 65 93

LINK SOLUTIONS FOR INDUSTRY
Tour Gamma "A" - 193, rue de Bercy
F 75582 Paris
Head Office
Espace Vauban - Boulevard Richelieu
BP 431 - 90008 Belfort Cedex
Tél. : 33 (0)3 84 57 00 77
Fax : 33 (0)3 84 57 02 00

Michel Fluchon Communication RCS 353 331 159