August 19, 2003

SEMI-ANNUAL REPORT 2003

Slightly positive operating result – Orders received and sales increased on a comparable basis.

Dear Shareholders

Unaxis achieved a slightly positive operating result (EBIT) of CHF 1 million in the first six months of 2003, after an operational loss of CHF –74 million in the comparison period of the previous year. This return to operational profitability is due both to good business development at certain divisions, and further improvements in cost structure. Net income/loss also showed considerable improvement at CHF –14 million for the first six months of 2003, compared to CHF –75 million for the same period in 2002.

Unaxis orders received for the first six months of 2003 were CHF 763 million (first half of 2002: CHF 810 million) and consolidated sales were CHF 759 million (first half of 2002: CHF 720 million). Currency-adjusted sales growth was 18 percent. Owing to the Materials activities divested in 2002, figures for the respective years are not directly comparable. On a comparable basis, i.e. excluding Materials activities divested in 2002, orders received in the first half of 2003 worth CHF 763 million were slightly higher than the level of CHF 757 million recorded for the prior-year comparison period. Sales rose by 13 percent to CHF 759 million (first half of 2002: CHF 671 million). Orders received in the second quarter rose by 4 percent on the previous quarter, from CHF 374 million to CHF 389 million. This marks an unbroken growth trend for the past three quarters. Unaxis increased sales on the previous quarter by 8 percent to CHF 394 million (first quarter of 2003: CHF 366 million).

Solid capital base and high net liquidity continue

Unaxis shareholders' equity stood at CHF 1 453 million on 6/30/2003 (12/31/2002: CHF 1 476 million). Net liquidity was CHF 680 million (12/31/2002: CHF 686 million). With a 57 percent equity ratio (12/31/2002: 58 percent) and stable net liquidity, Unaxis has a sound financial footing.

Information Technology segment: marked sales recovery thanks to large product shipments by Data Storage and Displays

Orders received by the Information Technology segment for the first six months of 2003 were CHF 386 million on a comparable basis, i.e. excluding Materials activities divested in 2002, and thus unchanged from the level of the prior year (first half of 2002: CHF 385 million). On the other hand, sales rose by 37 percent to CHF 379 million (first half of 2002: CHF 276 million). Much of this growth came from large shipments of production systems by Data Storage. However, the Front End and Back End (ESEC) semiconductor divisions continued to suffer from weak demand for chip production systems. High-volume orders expected at Displays were postponed to the second half of the year because of the market situation and also as a consequence of SARS. Operational loss (EBIT) could be reduced to CHF –35 million in the first six months of 2003, compared to CHF –103 million in the prior-year comparison period. Both higher sales volume and renewed cost reduction contributed to this improvement.

In the first six months of 2003, divisions within the Information Technology segment developed respectively as follows:

> Semiconductors Back End (ESEC): Market weakness in the semiconductor industry again continued to leave its mark on business development at ESEC through the first half of the year. While sales rose by 10 percent in the first six months of 2003, orders received were 21 percent down. ESEC resolutely continued with cost-cutting measures and further reduced its operational loss. Four major customers placed orders for the 2008 hS (high Speed) die bonder launched in early 2003. The 2008 hS is a further refinement of the successful 2008 die bonder platform, featuring improved productivity with high positioning accuracy. The market launch of the new Tsunami wire bonder is progressing well. First orders came in March. Tsunami is presently in the qualification phase with key customers in Asia. The machines are being tuned to customer applications and subjected to various load tests.

> Semiconductors Front End: The market for coating and etching equipment used in chip manufacture continued at the previous year's low level throughout the first six months of 2003. Demand concentrated mainly on Advanced Packaging and Photomask Etching systems, but there was little in the way of follow-up investment. First indicators of recovery by chip manufacturers have yet to impact the equipment sector. Semiconductors reported an 11 percent sales decline compared to the first half of 2002, while orders received fell by 14 percent. Despite continuing weak demand, the division pressed ahead undiminished with innovation projects. The SHUTTLELINE multi-process platform made its debut at Semicon China in March. This new system brings together technologies from four distinct Unaxis systems, making it suitable for a correspondingly large number of application areas. With its high process quality and low production costs, SHUTTLELINE drew a positive customer

Dr. Willy Kissling, Chairman of the Board of Directors, and Heinz Kundert, CEO.

response. The division made major headway in its initiative to lower costs through more standardization. Moreover, increased outsourcing targets were met and new suppliers inducted into the qualification process. These measures will make Semiconductors Front End more capable of riding out future swings in demand.

> Displays: Consumer demand for flat panel displays accelerated further in the first six months of 2003. Now that flat monitors have largely penetrated the PC sector, the current widespread introduction of flat panel televisions will drive the next wave of growth. Displays has therefore accelerated its development of upcoming system generations for larger screens by providing a sizeable injection of resources. While Displays has more than tripled sales compared to the first six months of 2002, orders received fell by 82 percent. The highly cyclical nature of the displays industry, combined with the extended time lag between project startup and volume orders, is responsible for this erratic development. With its technically leading-edge production solutions, Displays is well positioned in the market and can be expected to acquire volume orders in the second half of the year. Stemming from a partnership with the University of Neuchâtel (Switzerland), Displays established a new Solar business unit in the first half of 2003. This collaborative development effort is to devise a cheap manufacturing method for solar cells, based on existing thin film production technology from Displays. A European energy concern has already placed the first order for a solar installation.

> Data Storage: There was positive business development at Data Storage in the first six months of 2003. With sales running at double the figure for the same period in 2002 and orders received up by 67 percent, the division attained the record levels last seen in 2000. This positive development is largely due to the boom in DVD RW, DVD-9 and DVD/CD-R. Data Storage could profit more than the market at large, thanks to its leading position in this segment. As well as equipment for coating only, a growing number of complete production lines are being shipped. Newly introduced products, some of them offering further considerable price/performance improvement, have been major contributors here. Data Storage has successfully reshaped its business model to become a supplier of complete, integrated solutions. In parallel activity, Data Storage is pressing ahead with development of a production line for recordable media (DVD-R) that offers greatly improved customer benefit. The first units will begin shipping in the third quarter of 2003.

> Optics: With sales continuing at the level of the prior year period and a 22 percent rise in orders received, business development at Optics for the first six months of 2003 was as expected. Rising sales of the latest rear-projection televisions have further increased demand for data and video projector components. The Optics division successfully asserted its leadership position in this market. Its new production site in Shanghai played an important role, after having begun volume production in record time. In BioChip substrates, Optics has completed product qualification with key customers and optimized manufacturing. The prerequisites for expanding this business are now in place. Moreover, Optics has signed further licensing agreements for BioChip substrates with CSEM (Centre Suisse d'Electronique et de Microtechnique) and the Fraunhofer Institut in Germany.

Surface Technology segment: profits and sales increase

Despite negative influences in currency exchange rates and continuing economic weakness in many industrialized countries, the Surface Technology segment (Balzers) increased sales by 5 percent on the prior-year period, to CHF 160 million (first half of 2002: CHF 153 million). Currency-adjusted growth was 10 percent. The operating result (EBIT) increased by 30 percent to CHF 26 million (first half of 2002: CHF 20 million). Surface Technology added two more coating centers in the first six months of 2003, bringing the total to 53. Six more centers are at the planning stage and will begin production over the coming months. On a parallel track, Surface Technology pressed ahead with development of new, customer-specific coatings. Strategically highly significant cooperation agreements were signed with major automotive parts suppliers.

Components and Special Systems segment: productivity-boosting measures show effect

Orders received by the Components and Special Systems segment in the first six months of 2003 were CHF 213 million, around 3 percent less than in the prior-year comparison period (first half of 2002: CHF 219 million). Sales fell by 10 percent to CHF 217 million (first half of 2002: CHF 242 million). Nonetheless, it was possible to increase operating result (EBIT) by 35 percent to CHF 15 million (first half of 2002: CHF 11 million). Measures in place to boost productivity, especially at the Leybold Vacuum division, plus resolute cost management, are thus taking effect.

> Leybold Vacuum sales for the first six months of 2003 declined by 6 percent on the prior-year period, while orders received were slightly up on the previous year. The market for vacuum pump technology has been largely stagnant throughout the year to date, mainly because of subdued demand from chip manufacturers in the USA. Other market segments are being expanded correspondingly. The division acquired three upscale projects in the architectural glass coating sector. Moreover, Leybold Vacuum penetrated the flat panel display segment with a sizeable order from a Korean display manufacturer. The new dry-running Screwline SP630 fore vacuum pump for industrially oriented applications is ready for market introduction in the second half of 2003. Leybold Vacuum has strengthened its presence in Asian growth markets with the opening of a service center in Shanghai.

> Contraves Space recorded a 30 percent fall in orders received for the first six months of 2003, along with a 23 percent decline in sales. This is due to delays at several European Space Agency (ESA) programs. Moreover, an order for further Ariane 5 payload fairings was postponed to the second half of the year in the wake of last December's failed launch of an uprated Ariane 5 vehicle. Two regular Ariane 5 launches were accomplished without problems in April and June. The first European space probe to Mars, with a satellite structure developed and built by Contraves Space, also launched successfully on June 2, 2003. On July 17 came the successful maiden flight of America's Atlas V-500 launch vehicle, with payload fairings developed by Contraves. Finally, Zeiss chose Contraves Space to supply aperture stop mechanisms for lithography systems used in chip manufacture. The first units should reach the market by late 2003.

Outlook for the financial year 2003

Unaxis will continue to focus on innovation projects, on increased market penetration and efficient cost management. For the 2003 financial year Unaxis expects a positive operating result.

From the present-day perspective, Unaxis anticipates that the Information Technology segment will continue to benefit from positive development at Data Storage. Furthermore, the Displays division can be expected to profit from greater investment willingness by customers. In the semiconductor business on the other hand, Unaxis expects continued sideways movement throughout the second half of 2003 and a market recovery no earlier than the first quarter of 2004. From today's viewpoint, the industrially oriented Surface Technology and Components and Special Systems segments will see further ongoing positive development in the second half of 2003.

Dr. Willy Kissling
Chairman of
the Board of Directors

Heinz Kundert
Chief Executive Officer

> KEY FIGURES

Total Group	1st 6 months 2003	2nd 6 months 2002	1st 6 months 2002
Orders received	**763**	684	810
Sales	**759**	770	720
Operating result before depreciation and amortization (EBITDA)	**71**	68	3
Operating result (EBIT)	**1**	–9	–74
Other result	**0**	40	7
Financial result	**–5**	–4	–7
Result before taxes	**–4**	27	–74
Net income/loss for the period	**–14**	36	–75
Net funds from/used by operations	**42**	–1	–40
Total assets	**2 536**	2 525	2 791
Shareholders' equity	**1 453**	1 476	1 517
in % of total assets	**57%**	58%	54%
Net liquidity	**680**	686	728
Net assets[1]	**1 066**	1 075	1 115
Capital expenditures in property, plant and equipment	**39**	40	34
Research and development	**72**	79	78
Personnel expense	**298**	320	314
Number of employees	**6 522**	6 544	6 694

in CHF million

[1] Net assets include all operating current and non-current assets (excluding cash and cash equivalents and financial assets), less operating liabilities (excluding financial debts, provisions for post-employment benefits and for taxes and other provisions not charged against operating result).

Business development on comparable basis

(Excluding amounts related to the sold activities in previous periods, so that the actual performance of the remaining operations is apparent.)

	1st 6 months 2003	2nd 6 months 2002	1st 6 months 2002
Total Unaxis[2]			
Orders received	**763**	671	757
Orders on hand	**413**	406	493
Sales	**759**	756	671
Operating result before depreciation and amortization (EBITDA)	**71**	67	–1
Operating result (EBIT)	**1**	–10	–76
Net assets[1]	**1 066**	1 064	1 102
Information Technology[3]			
Orders received	**386**	299	385
Orders on hand	**218**	209	287
Sales to third parties	**379**	374	276
Operating result before depreciation and amortization (EBITDA)	**7**	–3	–61
Operating result (EBIT)	**–35**	–44	–103
Net assets[1]	**704**	706	705
Surface Technology			
Orders received	**160**	152	153
Orders on hand	**0**	0	0
Sales to third parties	**160**	153	153
Operating result before depreciation and amortization (EBITDA)	**46**	40	42
Operating result (EBIT)	**26**	22	20
Net assets[1]	**220**	198	214
Components and Special Systems			
Orders received	**213**	220	219
Orders on hand	**194**	197	206
Sales to third parties	**217**	229	242
Operating result before depreciation and amortization (EBITDA)	**21**	15	17
Operating result (EBIT)	**15**	8	11
Net assets[1]	**69**	54	81
Others			
Sales to third parties	**4**	0	0
Operating result before depreciation and amortization (EBITDA)	**–3**	14	1
Operating result (EBIT)	**–5**	5	–5

in CHF million

[2] excluding the Materials activities sold in 2002.

[3] excluding the Materials activities sold in 2002.

> KEY FIGURES BY DIVISION

Total Unaxis on a comparable basis	2003 HY1	2003 Q2	2003 Q1	2002 Q4	2002 Q3	2002 HY1	2002 Q2	2002 Q1	in CHF million
Orders received	***763***	389	374	349	322	*757*	476	281	
Sales	***759***	394	366	382	373	*671*	379	292	
		06/30/2003		12/31/2002					
Orders on hand		**413**		406					

Information Technology	2003 HY1	2003 Q2	2003 Q1	2002 Q4	2002 Q3	2002 HY1	2002 Q2	2002 Q1
Orders received								
Semiconductors Back End (ESEC)	***74***	33	42	33	30	*94*	62	32
Semiconductors Front End	***74***	31	43	25	47	*86*	51	35
Displays	***10***	8	2	26	8	*57*	55	2
Data Storage	***172***	98	74	49	31	*103*	80	23
Optics	***55***	27	28	23	27	*45*	24	21
Total	***386***	197	188	156	143	*385*	272	113
Sales to third parties								
Semiconductors Back End (ESEC)	***77***	36	41	31	49	*70*	44	26
Semiconductors Front End	***71***	42	30	54	37	*80*	55	25
Displays	***57***	16	41	37	14	*17*	6	11
Data Storage	***126***	90	35	48	60	*63*	43	20
Optics	***48***	23	25	24	21	*46*	24	22
Total	***379***	208	171	194	180	*276*	172	104

	06/30/2003	12/31/2002
Orders on hand		
Semiconductors Back End (ESEC)	14	17
Semiconductors Front End	54	49
Displays	17	64
Data Storage	99	53
Optics	34	28
Total	**218**	209

Surface Technology	2003 HY1	2003 Q2	2003 Q1	2002 Q4	2002 Q3	2002 HY1	2002 Q2	2002 Q1
Orders received	***160***	82	78	81	71	*153*	80	73
Sales to third parties	***160***	82	78	81	71	*153*	79	74

Components and Special Systems	2003 HY1	2003 Q2	2003 Q1	2002 Q4	2002 Q3	2002 HY1	2002 Q2	2002 Q1
Orders received								
Leybold Vacuum	***187***	99	88	82	89	*182*	97	85
Contraves Space	***26***	9	17	30	19	*37*	27	10
Total	***213***	107	106	112	108	*219*	124	95
Sales to third parties								
Leybold Vacuum	***169***	86	83	92	86	*180*	95	85
Contraves Space	***48***	16	32	16	35	*62*	33	29
Total	***217***	102	115	108	121	*242*	128	114

	06/30/2003	12/31/2002
Orders on hand		
Leybold Vacuum	51	31
Contraves Space	143	165
Total	**194**	197

> CONSOLIDATED INCOME STATEMENT

	1st 6 months 2003	1st 6 months 2002	in CHF million
Sales	**759**	720	
Cost of sales	**–474**	–459	
Gross margin	**285**	260	
Marketing and selling	**–102**	–128	
Research and development	**–72**	–78	
Administration	**–90**	–100	
Amortization of goodwill for subsidiaries	**–21**	–23	
Other operating income and expense	**1**	–6	
Operating result (EBIT)	**1**	–74	
Financial result	**–5**	–7	
Other result	**0**	7	
Result before taxes	**–4**	–74	
Income taxes	**–16**	–10	
Net income / loss including minority interests	**–20**	–84	
Minority interests in net income / loss	**6**	9	
Net income / loss for the period	**–14**	–75	
Net income / loss per registered share in CHF*	**–1.09**	–5.77	
Diluted earning per registered share in CHF*	**–1.09**	–5.77	
Dividend paid out per registered share in CHF (gross)	**2.–**	2.–	
Shareholders' equity incl. minority interests per 1/1	**1 555**	1 762	
Shareholders' equity incl. minority interests per 6/30	**1 525**	1 600	
Change in shareholders' equity incl. minority interests	**–30**	**–162**	
of which:			
Net income / loss including minority interests	**–20**	–84	
Dividends paid	**–28**	–27	
Fair value adjustment under IAS 39	**12**	–10	
Hedge accounting under IAS 39	**–1**	0	
Deferred taxes not impacting net income under IAS 39	**–1**	0	
Conversion differences	**12**	–41	
Purchase of treasury shares	**–3**	0	
Total	**–30**	–162	

* Average number of shares with voting and dividend rights (2003: 12,938,857 / diluted: 12,943,939; 2002: 12,989,217).

> CONSOLIDATED BALANCE SHEET

Assets

in CHF million

Current assets	**June 30, 2003**	Dec. 31, 2002
Cash and cash equivalents	**720**	726
Marketable securities	**2**	1
Receivables	**344**	345
Inventories	**299**	272
Prepaid expenses and accrued income	**73**	68
	1 439	1 413
Non-current assets		
Loans receivable	**42**	40
Investments in associated companies	**0**	0
Other investments	**60**	50
Property, plant and equipment	**598**	597
Intangible assets	**319**	345
Deferred tax assets	**79**	80
	1 097	1 112
Total assets	**2 536**	2 525

Liabilities and shareholders' equity

in CHF million

Current liabilities	**June 30, 2003**	Dec. 31, 2002
Payables	**110**	122
Accrued liabilities	**191**	139
Current customer advances	**33**	28
Current financial debt	**19**	20
Current income tax provisions	**24**	15
Current post-employment benefit provisions	**5**	1
Current other provisions	**134**	118
	516	441
Non-current liabilities		
Non-current customer advances	**46**	59
Non-current financial debt	**22**	20
Non-current post-employment benefit provisions	**253**	244
Deferred tax provisions	**53**	53
Non-current other provisions	**121**	151
	495	530
Total liabilities	**1 011**	970
Minority interests	**72**	79
Shareholders' equity		
Share capital	**263**	263
Treasury shares	**–50**	–47
Reserves and retained earnings	**1 240**	1 259
	1 453	1 476
Total liabilities and equity	**2 536**	2 525

> CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

	June 30, 2003	June 30, 2002	in CHF million
Net income / loss including minority interests	**–20**	–84	
Depreciation of property, plant and equipment	**47**	52	
Other depreciation and amortization	**23**	30	
Addition (+), release (–) in other provisions	**5**	35	
Increase (+), decrease (–) of post-employment benefit provisions	**4**	–1	
Expense (+), income (–) in deferred taxes	**0**	7	
Losses (+), gains (–) from sales of non-current assets	**1**	–23	
Decrease (+), increase (–) in post-employment benefit assets	**1**	4	
Unrealized conversion losses (+), gains (–) on intercompany positions	**2**	–1	
Net funds before change in net current assets	**63**	19	
Decrease (+), increase (–) in marketable securities	**–1**	0	
Decrease (+), increase (–) in receivables / accrued assets	**–1**	0	
Decrease (+), increase (–) in inventories	**–25**	16	
Increase (+), decrease (–) in payables / accrued liabilities and use of other provisions	**15**	–59	
Increase (+), decrease (–) in customer advances	**–8**	–16	
Thereof due to hedge accounting under IAS 39	**–1**	0	
Net funds from operations*	**42**	–40	
Capital expenditures in property, plant and equipment	**–39**	–34	
Capital expenditures in intangible assets	**–1**	–1	
Decrease (+), increase (–) in loans receivable	**1**	1	
Increase (+), decrease (–) in cash from purchase/sale of subsidiaries	**0**	–6	
Proceeds from sales of properties, plant and equipment	**0**	9	
Proceeds from sales of consolidated subsidiaries	**0**	49	
Net funds from / used by investing activities	**–39**	18	
Dividends paid	**–28**	–27	
Purchase of treasury shares	**–3**	0	
Increase in (+), repayment of (–) financial debt	**–1**	4	
Net funds from / used by financing activities	**–32**	–23	
Conversion adjustments on cash and cash equivalents	**22**	–3	
Increase (+), decrease (–) in cash and cash equivalents	**–6**	–48	
Cash and cash equivalents at the beginning of the year	**726**	850	
Cash and cash equivalents at the end of the year	**720**	802	
Increase (+), decrease (–) in cash and cash equivalents	**–6**	–48	
Increase (–), decrease (+) in financial debts from purchase/sale of subsidiaries	**0**	13	
Repayment of (+), increase in (–) financial debt	**1**	–4	
Conversion adjustments on financial debt	**–1**	–1	
Increase (+), decrease (–) in net liquidity	**–6**	–40	
Additional information:			
Interest paid	1	2	
Interest received	6	8	
Income tax paid	8	23	

* Prior-year figures adjusted to reflect new classification.

> SEGMENT INFORMATION & NOTES

in CHF million 1st six months	Information Technology		Surface Technology		Components and Special Systems		Others		Elimination		Total	
	2003	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002	**2003**	2002
Orders received	**386**	438	**160**	153	**213**	219	**5**	0			**763**	810
Orders on hand	**218**	291	**0**	0	**194**	206	**2**	0			**413**	497
Sales												
Sales to third parties	**379**	325	**160**	153	**217**	242	**4**	0			**759**	720
Sales to Group companies	**3**	4	**0**	0	**6**	3	**0**	0	**–9**	–7	**0**	0
	382	329	**160**	153	**223**	244	**4**	0	**–9**	–7	**759**	720
Number of employees	**2 689**	2 642	**1 943**	1 885	**1 796**	1 822	**94**	345			**6 522**	6 694
Net assets*	**704**	700	**220**	214	**69**	81	**73**	120	**0**	0	**1 066**	1 115
Research and development	**52**	57	**6**	5	**14**	15	**0**	1			**72**	78
Operating result (EBIT)	**–35**	–100	**26**	20	**15**	11	**–5**	–5	**0**	–1	**1**	–74

* Net assets include all operating current and non-current assets (excluding cash and cash equivalents and financial assets), less operating liabilities (excluding financial debts, provisions for post-employment benefits and for taxes and other provisions not charged against operating result).

Notes to the consolidated financial statements (according to IFRS 34 in condensed format)

Accounting

These unaudited intermediate figures were prepared in compliance with International Financial Reporting Standards (IFRS, formerly IAS). The accounting principles used in the 2002 Annual Report have been applied here without modification. All amounts have been systematically rounded. Therefore, adding the individual amounts may result in rounding differences.

Divestment and exchange rate effects

The sale of two Unaxis Materials companies in the prior-year period affected the cross-period comparison as follows: orders received minus CHF 53 million, sales minus CHF 49 million, EBIT minus CHF 2 million. Changed currency conversion rates reduced the sales increase in comparison to the prior-year period by CHF 34 million, or 4.7 percent.

Other result

The prior-year period included a total result from sale of CHF 9 million, due in particular to divestment of the Materials division activities.

Changes in financial position

The CHF 82 million improvement in financial position to CHF 42 million is largely attributable to a CHF 68 million improvement in operating result before depreciation and amortization (EBITDA).

Events after the balance sheet date

There have been no noteworthy events.

Agenda

October 28, 2003:	Key figures for the third quarter 2003
March 23, 2004:	Annual media/analyst conference, SWX Swiss Exchange ConventionPoint, Zürich
June 1, 2004:	General meeting of shareholders, KKL, Lucerne

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