August 18, 2005

2005 SEMI-ANNUAL REPORT

In the first half of 2005, Unaxis recorded a significant decline in sales and orders received. A disappointing course of business in the Semiconductor Equipment segment led to a negative operating result (EBIT) of CHF –112 million. The company's new management team is intensifying the measures aimed at controlling costs, and is creating the conditions that will lead to profitable growth at Unaxis.

Dear Shareholders

A new chapter in the history of Unaxis will begin at the start of the second half of 2005. At the extraordinary general meeting held on June 28, 2005, shareholders approved by a wide majority the replacement of the Board of Directors with candidates proposed by the company's new major shareholder, Victory Industriebeteiligung AG of Austria. The Board now comprises industrialist Dr. Mirko Kovats as its Chairman, along with certified public accountant Günther Robol, Christian Schmidt, who is chairman of the board of Von Roll Inova Holding, and the real estate entrepreneur Georg Stumpf. Thomas P. Limberger remains a member of the Board and, since August 1, 2005, is also the Chief Executive Officer (CEO) of Unaxis. The previous Board members of Unaxis submitted their resignation at the June 28 meeting.

As was the case with the election of new Board members, shareholders also approved the other motions proposed by Victory. Specifically, they waived a par value reduction of roughly CHF 200 million, which means that sum remains in the company and is available for investments in Unaxis' future. Also adopted by a clear majority of votes was the reintroduction of opting-out. As a result, the resolutions of the ordinary annual general meeting of shareholders held in April were abrogated.

New Executive Board at the helm

Already shortly after taking office, the new Board of Directors established fundamental bearings for the future course of Unaxis. Concretely, the Executive Board around CEO Thomas P. Limberger was re-manned: Kenneth T. Barry, former head of the Semiconductor Equipment segment, has been named Chief Operating Officer (COO). In this capacity, he will focus mainly on improving the company's global marketing and distribution efforts. Siegfried Lamprecht is Unaxis' new Group-wide Head of Human Resources. Prior to joining Unaxis, he was managing director of an executive search firm. In October 2005, Rainer Mück, who comes to Unaxis from Germany's Commerzbank, will assume the post of Chief Financial Officer (CFO). Until then, Thomas P. Limberger will additionally perform the function of CFO.

The new Executive Board has decided that the management of the various segments is to be coordinated more closely than in the past. In this regard, control instruments within the company are to be expanded, particularly in terms of financial reporting, risk management and the management of human resources. Going forward, these areas will be linked directly with Group headquarters. In the future, uniform and binding management principles will be applied throughout the company.

Sustainable growth as the goal
Victory Industriebeteiligung AG holds an approximate 42 percent equity interest in Unaxis. This sizable financial engagement underscores the fact that the company's new major shareholder is convinced in the potential of Unaxis. The Board of Directors and Executive Board now have the assignment to develop that potential resolutely and in the best interests of all shareholders.

We have set a clear-cut, ambitious goal for the future: Unaxis will become a world-renowned multibusiness high-tech company. The first priority is to stabilize the company as rapidly as possible and get it back into the black. To that end, we have also introduced an incisive Group-wide cost-cutting program aimed at increasing profitability. Moreover, the restructuring efforts already underway at Semiconductor Equipment and Vacuum Solutions are to be accelerated. The company's semiconductor-related business, which is constructed by the Wafer Processing and Assembly & Packaging (ESEC) divisions of the Semiconductor Equipment segment, is to be turned around and subsequently developed further according to the options at its disposal.

Disappointing course of business during first half of 2005
Unaxis is looking back on an unfavorable first half of 2005. Sales of CHF 702 million stood 30 percent lower than the comparable prior-year period (H1 2004: CHF 1 007 million). Orders received declined by 35 percent to CHF 714 million (H1 2004: CHF 1 090 million).

All Group segments recorded disappointing results for the first half of 2005. The Semiconductor Equipment and Data Storage Solutions segments experienced the most significant declines, with cyclical demand fluctuations in their respective markets and continuing price pressures playing a major role. Semiconductor Equipment showed a negative EBIT of CHF –127 million. Moreover, due to the low level of turnover, Unaxis was unable to utilize its production capacity fully, which in turn led to a significant decline in the operating margin. These negative factors resulted in Unaxis Corporation recording for the first half of 2005 an operating loss (EBIT) of CHF –112 million (H1 2004: CHF 43 million) and a consolidated net loss of CHF –117 million (H1 2004: CHF 26 million).

This consolidated loss also had an impact on shareholders' equity, which declined to CHF 1 179 million. Due to the simultaneously reduced balance sheet, however, the shareholders' equity ratio increased to 53 percent. Net liquidity on June 30, 2005, amounted to CHF 513 million. In comparison to year-end 2004, that corresponds to a reduction of CHF 113 million. The Semiconductor Equipment segment in particular required significant financial resources to finance its ongoing business activities as well as to rectify current projects underway at the Display Technology division.

Coating Services (Balzers): Intensified competition pressures margins
Coating Services (Balzers) saw its first-half 2005 sales for contract coating rise by almost ten percent in local currency. Most notably, the up-and-coming markets in South America, Eastern Europe and Asia generated growth rates for Balzers of 30 to 40 percent. On the other hand, the restrained economic environment had a negative impact on the coating equipment business, which, combined with the intensified competition in the contract coating market, ultimately led to a decline in margins. Balzers continued to pursue its growth strategy during the first six months of 2005 and opened five new coating centers: two in the USA, one each in Argentina and Canada, as well as an in-house center for a customer in Brazil. Consequently, Balzers broadened its presence in North and South America, and its global network of locations grew to a total of 66. In parallel, Balzers strengthened its product portfolio by launching new multifunction coatings for components made of sophisticated material, which were well received in the marketplace. A new aluminum-based coating for drilling applications is slated for introduction in the second half of the year.

Vacuum Solutions (Leybold Vacuum): Expansion into Asia continues
Vacuum Solutions (Leybold Vacuum) managed during the first half of 2005 to maintain its sales and amount of orders received at levels similar to those recorded in the comparable prior-year period. The market segments Analytics and Processing Industry showed a favorable course of business and counterbalanced the decline in the areas of Information Technology and Data Storage Media. In the Research and Development segment, Leybold Vacuum received two orders from China and Italy. As a part of its growth strategy in Asia, Leybold Vacuum opened a new subsidiary in India and expanded yet again its production capacity at the Tianjin (China) facility. Leybold Vacuum signed a cooperation agreement with Japan's Ulvac-Kiko to produce dry pumps, thereby complementing its product palette. In order to increase Leybold Vacuum's long-term profitability on a sustainable basis, a far-reaching restructuring program was developed and its implementation is now underway.

Data Storage Solutions: Excellently positioned with new formats
Due to the ongoing overcapacity in the market for data storage media, customers of Data Storage Solutions held back on their investment during the first six months of 2005. Orders received and total sales at Data Storage Solutions were correspondingly weak and, as expected, stood significantly below the levels recorded in the gratifying prior-year period. However, improvement over the second half of 2004 was shown particularly in the new market segment Recordable Lines (DVD-R). The segment scored an initial success with the programs introduced in 2004 that are aimed at improving its flexibility and cost structure. Thanks to intensified cooperation with leading companies in the data storage industry, as well as to early developmental successes in future formats such as high-definition DVD and Blu Ray, Data Storage Solutions has been able to secure its leading position in the market.

Components and Special Systems:
Results clearly below previous year due to market conditions
Optics following an extended period of high growth rates experienced a marked decline in orders received and total sales for the first half of 2005. The greatest impact was felt in the division's all-important Projection Displays area, which suffered the effects of a general decline in the market as well as falling prices for front and rear-projection equipment. Against that backdrop, InFocus, one of the division's major customers, decided to reassess its rear-projection strategy and allow its assembly contract with Optics to lapse. However, the division received larger orders for components of the latest Sony LCOS TVs. In addition, Texas Instruments chose Optics as a partner in the area of DLP chips. In spite of the market decline, Optics continued to press ahead with its product innovation and introduced a new generation of its successful ColorWheels. The BioChip area enjoyed a further gratifying pace of growth and managed to record a significant increase in orders received.

Space Technology (Contraves Space) was able in the first six months to register a slight increase in both sales and orders received as compared to the first half of 2004. In January 2005, the European space probe Huygens, for which Contraves Space developed the decoupling mechanisms, landed successfully on Saturn's moon, Titan. A further key event was the start of the Ariane 5 ECA, the new launch vehicle designed to carry heavy cargoes for which Contraves Space supplies the payload fairings.

Semiconductor Equipment: Challenging market environment burdens results
Wafer Processing: The general weaknesses in the semiconductor equipment market, particularly in photomask etch, resulted in overall order volume that was slightly lower than the comparable prior-year period. Sales declined significantly as the result of less demand for photomask etching equipment, delivery delays in the VERSALINE platform and implementation of a new revenue recognition program under IAS 18. Despite the dramatic slowdown in the photomask etch market, Wafer Processing was able to

expand its market share in the compound etch, deep silicon etch, and advanced metallization and packaging segments it addresses. Multiple orders were received for the new VERSALINE and CLUSTERLINE systems. The measures aimed at reducing production costs for key products have achieved the desired goal, and in turn strengthened the competitive position of Wafer Processing.

Assembly & Packaging (ESEC) was confronted during the first half of 2005 with a sharp decline in the market for back-end equipment caused by overcapacity and continuing price pressures. Orders received and total sales both stood clearly below the levels recorded for the first six months of 2004. With an eye toward gaining even closer proximity to its customers, ESEC continued to expand its divisional operations in Asia. That played no small role in the further progress achieved in introducing the Wire Bonder 3100 at key customer facilities. In the die bonding area, the introduction of ESEC's new, enhanced-performance Epoxy Die Bonder 2008hSplus at Semicon Singapore took center stage in the first half of the year.

Display Technology: Targeted withdrawal from the flat panel display business

As a result of the massive losses recorded by this division in the 2004 financial year as well as the poor profit outlook for the current year, Unaxis has decided to withdraw from the flat panel display business. This resolution is now being implemented in a targeted manner. During the first half of 2005, Display Technology focused on developing its solar-related business, attending to current projects and maintaining the installed base of equipment in the flat panel display area. The solar energy market continues to develop favorably. In the first half of 2005, Unaxis signed a cooperation agreement with a manufacturer of high-grade solar cells.

Outlook for the second half of 2005

2005 represents a year of transition for Unaxis. The Board of Directors and the Executive Board are doing everything possible to bring the company back on course. It is essential that customer benefits return to center stage and that costs be reduced quickly and resolutely. This will require the greatest degree of commitment and tremendous discipline on the part of our employees. We expect the related measures to exert a positive influence on our financial results as of the 2006 financial year.

The markets we sell to will remain challenging during the further course of 2005. Although initial signs are indicating a pick-up in demand at Data Storage Solutions and Optics, no such signal is currently to be seen in the semiconductor-related market. At Coating Services, in parallel with its market expansion efforts, we are implementing measures that should increase the segment's profitability. The restructuring of Vacuum Solutions will be pursued further. Against this backdrop, Unaxis expects that full-year revenues for 2005 will come in below the level recorded in the previous year and that the second half will make a positive EBIT contribution which nevertheless will be unable to compensate for the losses suffered in the first six months of 2005.

Dr. Mirko Kovats
Chairman of the
Board of Directors

Thomas P. Limberger
Chief Executive Officer

KEY FIGURES

Total Group

in CHF million	First 6 months 2005 Unaudited	First 6 months 2004 Restated Unaudited	
Orders received	714	1 090	
Orders on hand	518	659	
Sales	702	1 007	
Operating result before depreciation and amortization (EBITDA)	–64	107	
Operating result	–130	29	
Other result net	18	13	
EBIT	–112	43	
Financial result net	1	3	
Result before taxes	–111	45	
Net loss/income for the period	–117	26	
Cash flow from operations	–97	2	
Capital expenditures in property, plant, equipment and intangible assets[1]	59	159	
Research and development	76	88	
Personnel expenses	312	321	
Number of employees at June 30	6 707	6 676	

in CHF million	6/30/2005 Unaudited	6/30/2004 Restated Unaudited	12/31/2004 Audited
Total assets	2 232	2 759	2 411
Shareholders' equity attributable to equity holders of the parent	1 179	1 647	1 216
In % of total assets	53%	60%	50%
Net liquidity	513	608	625
As a % of shareholders' equity	43%	37%	51%
Net assets[2]	543	927	756

Business development by segment

in CHF million	First 6 months 2005 Unaudited	First 6 months 2004 Restated Unaudited	
Coating Services			
Sales to third parties	191	182	
Operating result before depreciation and amortization (EBITDA)	43	51	
EBIT	21	31	
Net assets[2]	285	225	
Vacuum Solutions			
Orders received	191	186	
Orders on hand	44	52	
Sales to third parties	185	185	
Operating result before depreciation and amortization (EBITDA)	1	5	
EBIT	–3	1	
Net assets[2]	–28	–36	
Data Storage Solutions			
Orders received	79	124	
Orders on hand	31	33	
Sales to third parties	61	143	
Operating result before depreciation and amortization (EBITDA)	–11	22	
EBIT	–14	18	
Net assets[2]	57	102	
Components and Special Systems			
Orders received	111	208	
Orders on hand	200	275	
Sales to third parties	97	139	
Operating result before depreciation and amortization (EBITDA)	11	21	
EBIT	3	13	
Net assets[2]	27	26	
Semiconductor Equipment			
Orders received	142	391	
Orders on hand	242	299	
Sales to third parties	167	359	
Operating result before depreciation and amortization (EBITDA)	–119	3	
EBIT	–127	–24	
Net assets[2]	226	677	
Others			
Sales to third parties	0	0	
EBIT	8	3	
Net assets[2]	–24	–67	

[1] Included in the 2004 figures is the addition of goodwill in the amount of CHF 109 million attributable to the merger with ESEC.

[2] As a result of the more specific breakdown of liabilities introduced in the first half of 2005, provisions for post-employment benefits and other provisions related to previous divestitures are now allocable to the individual segments. For reasons of enhanced comparability, the prior-year figures have been adjusted accordingly.
Net assets include all operating current and non-current assets (excluding cash and cash equivalents and financial assets), less operating liabilities (excluding financial debts and provisions for taxes).

All amounts have been systematically rounded.
Therefore, adding the individual amounts may result in rounding differences.

SEGMENT KEY FIGURES

in CHF million	**H1/2005 Unaudited**	Q2/2005 Unaudited	Q1/2005 Unaudited	**H1/2004 Restated Unaudited**	Q4/2004 Restated Unaudited	Q3/2004 Restated Unaudited	Q2/2004 Restated Unaudited	Q1/2004 Restated Unaudited
Business development, Group								
Orders received	**714**	384	330	**1 090**	313	375	511	579
Orders on hand	**518**	518	491	**659**	494	537	659	692
Sales to third parties	**702**	364	338	**1 007**	347	496	538	469
Business development by segment[1]								
Coating Services								
Sales to third parties	**191**	100	91	**182**	96	89	94	88
Vacuum Solutions								
Orders received	**191**	95	97	**186**	87	93	92	94
Orders on hand	**44**	44	40	**52**	36	38	52	55
Sales to third parties	**185**	91	94	**185**	88	107	94	91
Data Storage Solutions								
Orders received	**79**	51	28	**124**	18	28	58	66
Orders on hand	**31**	31	21	**33**	12	25	33	52
Sales to third parties	**61**	42	19	**143**	30	36	76	66
Components and Special Systems								
Orders received	**111**	47	64	**208**	34	67	96	112
Orders on hand	**200**	200	201	**275**	184	243	275	258
Sales to third parties	**97**	48	48	**139**	91	99	77	62
Optics								
Orders received	**54**	27	27	**155**	16	36	85	70
Orders on hand	**27**	27	28	**103**	35	72	103	80
Sales to third parties	**65**	29	35	**113**	50	67	61	52
Space Technology								
Orders received	**57**	20	37	**53**	18	31	11	43
Orders on hand	**173**	173	173	**172**	149	171	172	177
Sales to third parties	**32**	19	13	**26**	40	32	16	10
Semiconductor Equipment								
Orders received	**142**	91	50	**391**	78	98	171	220
Orders on hand	**242**	242	229	**299**	261	230	299	327
Sales to third parties	**167**	82	85	**359**	42	166	196	163
Wafer Processing								
Orders received	**94**	45	50	**107**	29	67	58	49
Orders on hand	**118**	118	93	**79**	71	99	79	82
Sales to third parties	**52**	22	30	**95**	54	47	59	36
Assembly & Packaging								
Orders received	**69**	37	32	**179**	27	28	91	87
Orders on hand	**25**	25	18	**53**	14	19	53	54
Sales to third parties	**59**	30	28	**173**	32	62	92	82
Display Technology								
Orders received	**–21**	10	–31	**105**	21	3	21	84
Orders on hand	**99**	99	119	**167**	176	112	167	191
Sales to third parties	**57**	30	27	**91**	–43	57	46	46

[1] The segment Others will not be shown separately (no sales in 2004/2005).

All amounts have been systematically rounded. Therefore, adding the individual amounts may result in rounding differences.

CONSOLIDATED INCOME STATEMENT AND CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

All amounts have been systematically rounded. Therefore, adding the individual amounts may result in rounding differences.

Consolidated income statement

in CHF million

	First 6 months 2005 Unaudited	First 6 months 2004 Restated Unaudited	First 6 months 2004 Unaudited
Sales goods[1]	475	788	788
Sales services[1]	226	220	220
Total sales	702	1 007	1 007
Cost of sales	–539	–674	–674
Gross profit	163	334	334
Marketing and selling	–107	–96	–96
Research and development	–76	–88	–88
Administration[2]	–105	–93	–85
Amortization of goodwill	0	–17	–17
Other operating income	4	5	5
Other operating expenses	–9	–15	–15
Operating result[3]	–130	29	37
Other income	21	16	16
Other expense	–2	–3	–3
EBIT[3]	–112	43	50
Result from associated companies	0	0	0
Financial income	45	62	62
Financial expenses[2]	–44	–59	–67
Result before taxes	–111	45	46
Income taxes	–5	–19	–19
Net loss/income for the period	–117	26	27
Attributable to:			
Equity holders of the parent	–118	21	22
Minority interests	1	5	5
Earnings per registered share in CHF[4]	–8.43	1.58	1.63
Diluted earnings per registered share in CHF[4]	–8.43	1.57	1.63
Dividend paid out per registered share in CHF (gross)	0.00	2.00	2.00

Consolidated statement of changes in shareholders' equity (abridged)

in CHF million

	Shareholders' equity attributable to equity holders of the parent	Minority interest	Shareholders' equity First 6 months 2005 Unaudited	Shareholders' equity First 6 months 2004 Restated Unaudited
Shareholders' equity per January 1[5]	1 215	6	1 222	1 558
Shareholders' equity per June 30	1 179	6	1 185	1 652
Change in shareholders' equity	–36	0	–36	94
of which:				
Net income/loss for the period[6]	–118	1	–117	26
Capital increase			0	171
Dividends paid		–1	–1	–33
Fair value adjustment under IAS 39	20		20	0
Realization under IAS 39	–14		–14	–7
Deferred taxes not impacting net income under IAS 39	2		2	2
Translation differences	51		51	4
Purchase of minority interests			0	–68
Share-based payment	2		2	0
Purchase of treasury shares	–15		–15	–3
Sale of treasury shares	35		35	0
Total	–36	0	–36	94

[1] For the first half of 2005, sales have been broken down for the first time into the categories Sales goods and Sales services. The corresponding prior-year period has been restated accordingly.

[2] Interest expense incurred in connection with post-employment benefit liabilities is now allocable to the specific segments as a result of the refined reporting methods introduced in the first half of 2005. This led to a reallocation of CHF 7.3 million between the items financial expense and administrative expense.

[3] Operating result corresponds to the definition of EBIT that was used until December 31, 2004. As of January 2005, other income and expense is included in the EBIT calculation and presented in the new discrete item entitled EBIT.

[4] Average number of shares with voting and dividend rights (2005: 13 989 037, diluted: 13 992 231; 2004: 13 427 683, diluted: 13 443 391).

[5] As a result of the accounting adjustments associated with the application of IFRS 2, "Share-based payment", shareholders' equity as per January 1, 2004, decreased by CHF 1.3 million due to the recording of a liability (cash settlement).

[6] At June 30, 2004, the costs related to adjustments for Share-based payment amounted to CHF 0.2 million and had a correspondingly negative impact on the consolidated net result recorded for the first half of 2004.

All amounts have been systematically rounded.
Therefore, adding the individual amounts may result in rounding differences.

Assets in CHF million	**June 30, 2005** **Unaudited**	December 31, 2004[1] Restated Unaudited
Cash and cash equivalents	518	630
Marketable securities	2	2
Receivables	317	329
Inventories[2]	363	477
Prepaid expenses and accrued income	32	32
Current assets	1 232	1 471
Loans receivable	32	28
Investments in associated companies	0	0
Other investments	75	58
Property, plant, and equipment	590	566
Intangible assets	211	199
Post-employment benefit assets	29	27
Deferred tax assets	62	61
Non-current assets	1 000	940
Total assets	2 232	2 411

Liabilities and shareholders' equity in CHF million	**June 30, 2005** **Unaudited**	December 31, 2004[1] Restated Unaudited
Payables	113	136
Accrued liabilities[3]	200	189
Current customer advances[2]	84	209
Current financial debt	3	2
Current income tax provisions	20	28
Current post-employment benefit provisions	12	12
Current other provisions	236	203
Current liabilities	667	779
Non-current customer advances	36	37
Non-current financial debt	3	3
Non-current post-employment benefit provisions	249	245
Deferred tax provisions	20	27
Non-current other provisions	72	99
Non-current liabilities	380	410
Total liabilities	1 047	1 190
Share capital	283	283
Treasury shares	–15	–42
Reserves and retained earnings[3]	911	975
Shareholders' equity attributable to equity holders of the parent	1 179	1 215
Minority interests	6	6
Shareholders' equity	1 185	1 222
Total liabilities and shareholders' equity	2 232	2 411

[1] Presentation of the audited year-end figures has been waived because the adjustments made within the reported items offset each other and the balances therefore remain unchanged, i.e. they correspond to the audited year-end balances, with the exception of the recording of liabilities for stock options (see note 3).

[2] For the period under review, customer advances received are offset against POC accrued sales at the project level. This reclassification amounted to CHF 135 million as per June 30, 2005.

[3] The retroactive application of IFRS 2, "Share-based payment", resulted in the following adjustments as per December 31, 2004:

- CHF 0.6 million decrease in reserves and retained earnings.
- CHF 0.6 million increase in accrued liabilities attributable to the recording of liabilities for the Board of Directors' option plan (cash settlement).

CONSOLIDATED CASH FLOW STATEMENT

in CHF million	June 30, 2005 Unaudited	June 30, 2004 Restated Unaudited
Net income/loss for the period	–117	26
Depreciation of property, plant, and equipment	45	46
Other depreciation and amortization	2	19
Impairment losses on property, plant, and equipment	1	0
Addition (+), release (–) in other provisions	54	30
Increase (+), decrease (–) in post-employment benefit provisions	3	5
Expense (+), income (–) in deferred taxes	–2	1
Losses (+), gains (–) from sales of non-current assets	–4	–5
Decrease (+), increase (–) in post-employment benefit assets	1	1
Impact restatement bookings Share-based payment	2	0
Translation losses (+), gains (–) on intercompany positions	–11	–4
Cash flow before change in net current assets	–27	118
Decrease (+), increase (–) in marketable securities	1	0
Decrease (+), increase (–) in receivables/accrued assets	27	–80
Decrease (+), increase (–) in inventories	–13	–133
Increase (+), decrease (–) in payables/accrued liabilities and use of other provisions	–77	61
Increase (+), decrease (–) in customer advances	6	43
Non cash impact in net current assets due to hedge accounting	–14	–7
Cash flow from operations	–97	2
Capital expenditure in property, plant, and equipment	–57	–49
Investments in subsidiaries/associated companies/others[1]	0	–7
Capital expenditure in intangible assets[1]	–1	–1
Decrease (+), increase (–) in loans receivable	0	4
Increase (+), decrease (–) in cash from purchase/sale of subsidiaries	–1	0
Proceeds from sales of property, plant, and equipment	4	8
Proceeds from sales of consolidated subsidiaries	1	0
Cash flow from/used in investing activities	–54	–44
Dividends paid	–1	–33
Purchase (–)/sale (+) of treasury shares	20	–3
Increase in (+), repayment of (–) financial debt[2]	8	–11
Cash flow from/used in financing activities	27	–47
Translation adjustments on cash and cash equivalents	12	3
Increase (+), decrease (–) in cash and cash equivalents	–112	–85
Cash and cash equivalents as of January 1	630	712
Cash and cash equivalents as of June 30	518	627
Increase (+), decrease (–) in cash and cash equivalents	–112	–85
Increase (–), decrease (+) in financial debts from purchase/sale of subsidiaries[2]	8	0
Repayment of (+), increase in (–) financial debt[2]	–8	11
Translation adjustments on financial debt	0	0
Increase (+), decrease (–) in net liquidity	–113	–74
Additional information:		
Interest paid	0	1
Interest received	2	1
Taxes paid	16	14

[1] In this statement, the consequences on cash flow for the first 6 months of 2004 from goodwill related to the Unaxis–ESEC merger in the amount of CHF 109 million (no impact on cash) were adjusted to reflect the same presentation as in the audited 2004 annual financial statements.

[2] During the period under review, the financial interest in Spinnerei Kunz was sold. The transferred net assets included, among other things, a mortgage loan received during the first 6 months of 2005 in the amount of CHF 8.3 million.

All amounts have been systematically rounded. Therefore, adding the individual amounts may result in rounding differences.

First 6 months in CHF million	Orders received	Orders on hand	Sales total	Sales to third parties	Sales to Group companies	Net assets (only third parties)[1]	Research and development	EBIT	Number of employees
Group									
2005 – unaudited	714	518	702	702	0	543	76	–112	6 707
2004 – restated, unaudited	1 090	659	1 007	1 007	0	927	88	43	6 676
2004 – unaudited	1 090	659	1 007	1 007	0	1 220	88	50	6 676
Coating Services									
2005 – unaudited	191	0	191	191	0	285	8	21	2 319
2004 – restated, unaudited	182	0	182	182	0	225	7	31	2 021
2004 – unaudited	182	0	182	182	0	226	7	31	2 021
Vacuum Solutions									
2005 – unaudited	191	44	187	185	2	–28	15	–3	1 493
2004 – restated, unaudited	186	52	191	185	6	–36	15	1	1 505
2004 – unaudited	186	52	191	185	6	124	15	5	1 505
Data Storage Solutions									
2005 – unaudited	79	31	62	61	1	57	6	–14	389
2004 – restated, unaudited	124	33	145	143	2	102	8	18	466
2004 – unaudited	124	33	145	143	2	101	8	18	466
Components and Special Systems									
2005 – unaudited	111	200	97	97	0	27	4	3	788
2004 – restated, unaudited	208	275	139	139	0	26	6	13	848
2004 – unaudited	208	275	139	139	0	26	6	13	848
Semiconductor Equipment									
2005 – unaudited	142	242	170	167	2	226	42	–127	1 650
2004 – restated, unaudited	391	299	364	359	4	677	53	–24	1 768
2004 – unaudited	391	299	364	359	4	686	53	–23	1 768
Others									
2005 – unaudited	0	0	0	0	0	–24	0	8	68
2004 – restated, unaudited	0	0	0	0	0	–67	0	3	69
2004 – unaudited	0	0	0	0	0	57	0	6	69
Elimination									
2005 – unaudited			–6		–6				
2004 – restated, unaudited			–13		–13				
2004 – unaudited			–13		–13				

[1] As a result of the more specific breakdown of liabilities introduced in the first half of 2005, provisions for post-employment benefits and other provisions related to previous divestitures are now allocable to the individual segments. For reasons of enhanced comparability, the prior-year figures have been adjusted accordingly.

Net assets include all operating current and non-current assets (excluding cash and cash equivalents and financial assets), less operating liabilities (excluding financial debts and provisions for taxes).

All amounts have been systematically rounded. Therefore, adding the individual amounts may result in rounding differences.

Accounting principles
The unaudited consolidated financial statements for the first half of 2005 have been prepared in abridged form in compliance with IAS 34. The accounting principles used in the 2004 annual report have been applied consistently, with the exception of the adaptations described below.

Changes in consolidation principles / adjustments
The International Accounting Standards Board (IASB) has published a number of new and revised standards which Unaxis implemented effective January 1, 2005. The effects these adjustments have on the consolidation principles of the Unaxis Group are as follows:

Amortization of goodwill
Effective January 1, 2005, the amortization of goodwill has ceased, although goodwill will continue to be tested for impairment. This standard is prospectively applied in keeping with IFRS 3, "Business Combinations".

Participation plans / Share-based payment
Due to the change in shareholder structure and in accordance with the rules governing Unaxis' equity participation plans, the Board of Directors decided on May 24, 2005, that all outstanding options subject to a blocking period were to be unblocked with immediate effect and become exercisable until June 27, 2005. As a result of this unblocking and the abbreviated exercise period, the following options were exercised:

Exercise price	Outstanding options at 1/1/2005	Exercise due to early release	Exercise of other options (start of exercise period)	Options expired in 2005	Outstanding options at 6/30/2005
110	59 995	–22 125	–30 879	–6 670	321
141	48 140	–37 065	–5 800	–5 275	0
176	760				760
190	27 126			–2 431	24 695
225	7 226		–4 449		2 777
315	11 911			–714	11 197
400	5 538			–5 538	0
Total	**160 696**	**–59 190**	**–41 128**	**–20 628**	**39 750**

As a part of the same decision, the Board of Directors released the two-year blocking period on employee shares.

The participation plans of the Board of Directors (stock option plan and equity participation plan) were not adapted.

The implementation of IFRS 2, "Share-Based Payments," entails a change in accounting principles. From January 1, 2005, the costs associated with stock options are to be booked to the income statement. Accordingly, the 2004 financial year's figures have been retroactively restated, with an impact on the balance sheet dated December 31, 2004 (CHF 0.6 million reduction in Reserves and retained earnings; CHF 0.6 million increase in accrued liabilities due to the booking of liabilities for the Board of Directors' stock options plan), as well as on the income statement dated June 30, 2004 (CHF 0.2 million reduction in the consolidated net income).

Other income
Included in other income of CHF 21 million is a total of CHF 15 million attributable to the release of no longer needed provisions for warranties related to the divestiture of Oerlikon Contraves business activities (as a result of the elimination of binding obligations). The remaining CHF 6 million are attributable to proceeds from the sale of Spinnerei Kunz as well as to ongoing income from properties not used in business operations.

Related party transactions
During the period under review, a severance payment totaling CHF 2.9 million was made to a former member of the Executive Board.

The contractual obligations related to the change of control (severance pay of one yearly base salary plus annual performance-based bonus and all employer contributions to the pension fund in an amount corresponding to the twelve-month period that preceded the termination of the contract, as well as ongoing salary payments during the termination period) vis-à-vis members of the Executive Board resulted in a CHF 3.1 million charge to the income statement.

No severance payments were made to the members of the Board of Directors.

Events after the balance sheet date
No events occurred subsequent to the balance sheet date that would be of significance in the assessment of this semi-annual report.

Agenda
October 20, 2005:
Key figures for the third quarter of 2005

March 28, 2006:
Media and analysts' conference

May 23, 2006:
Annual general meeting

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The semi-annual report is based on information currently available to management. The forward-looking statements contained herein could be impacted by risks and influences that are not foreseeable at present, so that actual results may vary materially from those anticipated, expected or projected.

The report is published in German (original language) and in English.