

Contents

Introduction to the financial reporting	2
Key figures	3
The Corporation	
Consolidated income statement	6
Consolidated balance sheet	7
Consolidated statement of changes in financial position	8
Accounting principles	9
Notes to the consolidated financial statements	12
Segment information 1999–2000	30
Report of the Group auditors	32
Key figures 1996–2000	33
Investor information	34
Operating companies	36
The Holding Company	
Income statement	40
Balance sheet	41
Notes to financial statements	42
Proposal of the Board of Directors	45
Report of the statutory auditors	46
Legal structure	48
Contact	50

Introduction to the financial reporting

Transformation of the Corporation requires more financial transparency

Reporting presentation for two sub-groups

In a normal year, the Group figures, supplemented by segment information, are of central interest. However, this presentation does not adequately convey an understanding of developments during the last two business years.

Under IAS requirements, the coexistence of Group operations which have already been sold or which are designated for sale along with operations which constitute the backbone of the new Corporation mandates a more comprehensive reporting in conjunction with the consolidated financial statements. Reporting for Unaxis Holding AG is, by contrast, not affected.

The main element of the special Group reporting is the complete presentation of two parts of the Corporation as well as the consolidated Group in the income statement, balance sheet, and statement of changes in financial position. Thereby, the two sub-groups are defined as follows:

The Corporation

Core businesses

Information Technology
Surface Technology
Components and Special Systems
Others

Discontinuing operations

Oerlikon-Bührle Immobilien*
Bally*
Oerlikon Contraves Defence*
Hotel Zurich**
Pilatus

* excluded from the consolidation since 1.7.1999

** excluded from the consolidation since 1.1.2000

Key figures Unaxis Corporation

	2000	1999*	Change	
Orders received	3 732	2 457	+52%	in CHF million
Orders on hand	1 468	901	+63%	
Sales	3 285	2 328	+41%	
Core businesses:	2 744	1 893	+45%	
– Information Technology	1 185	664	+78%	
– Surface Technology	328	271	+21%	
– Components and Special Systems	1 160	842	+38%	
– Others	71	116	–39%	
Discontinuing operation:				
– Pilatus	541	435	+24%	
Operating result before depreciation and amortization (EBITDA)	460	226	+104%	
Operating result (EBIT)	314	123	+155%	
in % of sales	10%	5%		
in % of net assets (RONA)	18%	13%		
Core businesses:	300	111	+170%	
– Information Technology	177	89	+99%	
– Surface Technology	40	37	+8%	
– Components and Special Systems	114	27	+322%	
– Others	–31	–42	+26%	
Discontinuing operation:				
– Pilatus	14	12	+17%	
Income before taxes	621	69	+800%	
Net income	511	53	+864%	
Total assets	3 708	2 950	+26%	
Net assets	1 761	978	+80%	
Shareholders' equity	1 504	1 027	+46%	
Equity ratio	41%	35%		
Net liquidity	174	238	–27%	
as % of shareholders' equity	12%	23%		
Capital expenditures in fixed assets	191	129	+48%	
Research and development	219	173	+27%	
Personnel expense	882	744	+19%	
Number of employees at year-end	9 154	8 168	+12%	

* 1999 less those segments (Oerlikon-Bührle Immobilien, Bally, Oerlikon Contraves Defence and Hotel Zurich) divested effective July 1, 1999 and January 1, 2000. The 1999 figures for the segments were reclassified according to the current organizational structure.



Consolidated income statement

in CHF million		Notes	Total		Core businesses		Discontinuing operations	
			2000	1999	2000	1999	2000	1999
Sales	(3)	3 285	2 891	2 744	1 893	541	998	
Cost of sales		-1 955	-1 796	-1 549	-1 101	-406	-695	
Gross margin		1 330	1 095	1 195	792	135	303	
Marketing and selling		-449	-525	-396	-320	-53	-205	
Research and development		-219	-188	-179	-150	-40	-38	
Administration		-280	-282	-251	-185	-29	-97	
Other operating income and expense*	(4)	-37	-14	-38	-23	1	9	
Operating result before amorization of goodwill*	(5)	345	86	331	114	14	-28	
Amortization of goodwill on subsidiaries	(6)	-31	-6	-31	-3	0	-3	
Operating result	(7)	314	80	300	111	14	-31	
Financial result	(8)	-23	-18	-22	-15	-1	-3	
Result from sales of entire business segments	(9)	8	-14	0	0	8	-14	
Other result	(10)	322	-24	324	-29	-2	5	
Result before taxes		621	24	602	67	19	-43	
Income taxes	(11)	-87	-18	-84	-13	-3	-5	
Net income/loss incl. minority interests		534	6	518	54	16	-48	
Minority interests in net income/loss		-23	-1	-23	0	0	-1	
Net income/loss		511	5	495	54	16	-49	
Net income per registered share in CHF		38.80	0.38					

* Prior year figures adjusted to reflect new classifications

Consolidated balance sheet as of December 31

		Total		Core businesses		Discontinuing operations		
	Notes	2000	1999	2000	1999	2000	1999	Assets
Current assets								in CHF million
Cash and cash equivalents	(12)	553	556	527	530	26	26	
Receivables	(13)	775	543	727	485	48	58	
Inventories	(14)	714	623	468	409	246	214	
Prepaid expenses and accrued income*	(15)	66	52	60	45	6	7	* Prior year figures adjusted to reflect new classifications
		2 108	1 774	1 782	1 469	326	305	
Non-current assets								
Loans receivable		82	116	78	134	4	4	
Investments in associated companies	(16)	0	55	0	55	0	0	
Other investments	(17)	34	14	34	14	0	0	
Fixed assets	(18)	759	761	712	671	47	90	
Intangible assets	(19)	643	189	641	187	2	2	
Deferred tax assets*	(20)	82	91	81	91	1	0	
		1 600	1 226	1 546	1 152	54	96	
	(21)	3 708	3 000	3 328	2 621	380	401	Liabilities and shareholders' equity
Liabilities								in CHF million
Payables	(22)	312	443	250	389	62	54	
Accrued liabilities*	(23)	204	123	179	106	25	17	
Customer advances	(24)	265	220	237	193	28	27	
Financial debts	(25)	379	350	325	274	54	98	
Deferred tax provisions	(26)	87	76	56	41	31	35	
Other provisions*	(27)	792	742	758	722	34	20	
	(28)	2 039	1 954	1 805	1 725	234	251	
Minority interests		165	13	165	12	0	1	
Shareholders' equity								
Share capital		263	263	263	263			
Treasury shares*		-35	-19	-35	-19			
Reserves and retained earnings*		1 276	789	1 130	640	146	149	
	(29)	1 504	1 033	1 358	884	146	149	
		3 708	3 000	3 328	2 621	380	401	

Consolidated statement of changes in financial position

		Total		Core businesses		Discontinuing operations		
in CHF million		Notes	2000	1999	2000	1999	2000	1999
	Net income/loss incl. minority interests		534	6	518	54	16	-48
	Reclassification of part of result	(35)			8	-14	-8	14
	Depreciation of fixed assets		114	130	107	89	7	41
	Other depreciation and amortization		45	13	45	9	0	4
	Increase (+), decrease (-) in provisions		44	18	35	48	9	-30
	Losses (+), gains (-) from equity investments		-27	0	-27	0	0	0
	Losses (+), gains (-) from sales of non-current assets		-216	125	-218	125	2	0
	Net funds before change in net current assets		494	292	468	311	26	-19
* Prior year figures adjusted to reflect new classifications	Decr. (+), incr. (-) in receivables/accrued assets*		-143	-195	-128	-277	-15	82
	Decrease (+), increase (-) in inventories		-43	-114	-34	-25	-9	-89
	Increase (+), decrease (-) in payables/accrued liabilities		135	72	114	79	21	-7
	Increase (+), decrease (-) in customer advances		43	5	48	41	-5	-36
	Net funds from/used by operations*		486	60	468	129	18	-69
	Capital expenditures in fixed assets		-191	-169	-180	-124	-11	-45
	Investments in subsidiaries/assoc. cos./others	(35)	-344	-29	-344	-29	0	0
	Capital expenditures in intangible assets		-436	-20	-436	-18	0	-2
	Internal transfers of non-current assets				0	-142	0	142
	Decrease (+), increase (-) in loans receivable		7	-112	7	-102	0	-10
	Incr. (+), decr. (-) in cash from purchase/sale of subsidiaries		154	-150	154	-1	0	-149
	Proceeds from sales of fixed assets		40	68	40	20	0	48
	Proceeds from sales of consolidated subsidiaries		277	532	279	532	-2	0
	Proceeds from sales of unconsolidated subsidiaries		9	1	9	1	0	0
	Dividends received from associated companies		2	1	2	1	0	0
	Net funds from/used by investing activities		-482	122	-469	138	-13	-16
	Increase in share capital		0	71	0	71	0	0
	Internal capital increase/restructuring contributions				0	-126	0	126
	Transactions with minority shareholders		0	4	0	4	0	0
	Dividends paid	(35)	-5	-4	0	207	-5	-211
	Purchase of treasury shares*		-16	-7	-16	-7	0	0
	Increase in (+), repayment of (-) financial debts		15	4	36	1	-21	3
	Net funds from/used by financing activities*		-6	68	20	150	-26	-82
	Conversion adjustments		-1	3	-1	-2	0	5
	Increase (+), decrease (-) in cash and cash equivalents		-3	253	18	415	-21	-162
	Incr. (-), decr. (+) in financial debts from purchase/sale of subs.		-14	613				
	Repayment of (+), increase in (-) financial debts		-15	-4				
	Increase (+), decrease (-) in net liquidity		-32	862				

Accounting principles

Basis

The consolidated financial statements of Unaxis Holding AG were prepared in accordance with International Accounting Standards (IAS) issued by the International Accounting Standards Committee (IASC) based on historical costs, and were approved by the Board of Directors on March 9, 2001. Thereby, all standards issued by the IASC and all interpretations of the Standing Interpretations Committee (SIC) which became effective up until the date of the consolidated financial statements were considered.

In addition, the consolidated financial statements comply with the recommendations of the ARR (Swiss Professional Commission for Accounting and Reporting Recommendations).

The consolidation was based on audited annual accounts of the individual subsidiaries which were prepared according to uniform Group accounting principles.

Changes in accounting principles

First-time application of the following IAS guidelines as of January 1, 2000:

- IAS 10 (revised) Events After the Balance Sheet Date
- IAS 22 (revised) Business Combinations
- IAS 36 Impairment of Assets
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets
- IAS 38 Intangible Assets

No restatement of the financial statements was necessary as a result of the application of these new standards. Only the balances previously reported as provisions were adjusted for purposes of simplification, whereby those balances which related to clear, recurring items of

an accrual nature were reclassified to “accrued liabilities” as of January 1, 2000. Prior year figures were reclassified accordingly.

Treasury shares

In accordance with IAS (SIC 16), treasury shares are no longer included in the balance sheet as marketable securities, but are offset directly against shareholders' equity. Gains and losses resulting from trading in treasury shares are not reflected in net income, but are recorded directly in shareholders' equity. Prior year figures were reclassified accordingly.

Deferred taxes

are now shown separately in the balance sheet, both for deferred tax assets and deferred tax liabilities. Prior year figures are also shown separately.

Special operating items

are no longer shown separately, but are included in “operating result before goodwill amortization”. Prior year figures have been appropriately adjusted.

Consolidation principles

Method and extent of consolidation

December 31 represents the uniform closing date for all companies included in the consolidated financial statements. All companies in which Unaxis Holding AG has either a direct or indirect interest exceeding 50% of the shareholders' voting rights and companies over which industrial control is assured through contractual arrangements are consolidated. Using the full consolidation method, the assets, liabilities, income and expenses

of these consolidated subsidiaries are included in their entirety. Minority interests are shown separately in the consolidated financial statements. Group companies acquired or sold are included in or, respectively, eliminated from, the consolidated financial statements as of the month of purchase or sale. All majority and minority interests held are shown in the organization chart at the end of this report.

Capital consolidation

The capital consolidation is performed according to the Anglo-Saxon purchase method.

Goodwill

At the time of their initial consolidation, the assets and liabilities of consolidated subsidiaries are valued according to uniform Group principles. The difference between the purchase price and the net assets of the acquired company based on such valuation is capitalized as goodwill or badwill in the year of acquisition and amortized linearly over a maximum of twenty years as a component of net income.

Conversion of foreign currencies

Assets and liabilities of foreign subsidiaries are converted into Swiss francs at the exchange rate prevailing as of the balance sheet date; income and expenses of foreign subsidiaries are converted into Swiss francs using average rates for the year. Differences resulting from the application of different exchange rates are added to or deducted from shareholders' equity without impacting net income.

Exchange gains and losses reported by the individual subsidiaries are included in net income. Exchange gains and losses resulting from specific intercompany financial transactions which are of a long-term investment nature are excluded from this rule and are charged or credited directly to shareholders' equity.

At the time foreign subsidiaries are sold, accumulated conversion differences recorded directly in shareholders' equity are included in the income statement as gain or loss on sales of investments.

Elimination of intercompany profits

Profits on intercompany sales not yet realized through sales to third parties as of year-end, as well as intercompany results on transfers of fixed assets and investments in subsidiaries, are eliminated in the consolidation.

Valuation principles

Cash and cash equivalents

These assets are placed with first-class financial institutions. Time deposits included therein mature in three months or less.

Receivables

The allowance for doubtful accounts is determined systematically by individual evaluation of overdue accounts as well as by a lump sum amount for accounts not yet due (latent risk). Based on cost-benefit evaluation, these risks are insured with third parties only in rare cases.

Inventories

Inventories of raw materials, purchased components and trade merchandise are carried at cost, determined either by the FIFO or the weighted average cost method. Produced components, work in process and finished goods are carried at the cost to produce. This includes all costs of material and labor as well as a reasonable allocation of overhead. Recognizable reductions in value resulting from obsolescence, excess stock,

declines in replacement cost or sales price etc. are taken into consideration by appropriate write-downs of inventory values.

Unconsolidated investments in subsidiaries

Under the equity method, investments held in associated companies (ranging from 20 to 50% of voting rights) are carried in the balance sheet at an amount equal to the Unaxis Corporation's proportional share of the investee's net equity value. The Corporation's proportional share in the investee's net income is included in the income statement under other result. Other investments (less than 20% of voting rights) are stated at cost less any necessary write-offs.

Fixed assets

Fixed assets are recorded at historical purchase or production costs, less economically necessary depreciation. Depreciation is calculated on the straight-line basis according to detailed asset useful life catalogues. Asset useful lives, as specified for eight asset categories, lie within the following Group ranges:

- Plant and equipment: 3–15 years
- Production and administration buildings used in Group operations: 20–40 years

Fixed assets used under financial leasing agreements are treated the same as fixed assets owned outright.

Intangible assets (excluding goodwill)

Intangible assets are identifiable non-monetary assets without physical substance from which future economic benefits are expected to flow to the Corporation. Intangible assets are amortized linearly over their economically useful lives (limited to twenty years maximum), but when such useful lives cannot be clearly determined, over a period not to exceed five years. Software is amortized on a straight-line basis over three years.

Provisions

Provisions are established based on consistent economical criteria applied uniformly throughout the Corporation. They serve to cover recognizable outflows of resources which will probably be necessary to settle obligations arising from past events and which can be reasonably estimated.

Post-employment benefit plans

Within the Corporation, various post-employment benefit plans exist which differ in their purpose and financing according to local needs. Obligations and assets under defined benefit plans are valued by independent actuaries at least every three years. In these calculations, the projected unit credit method is applied uniformly throughout the Corporation. Costs and cost reductions which result from the introduction of or changes in benefits provided for by a plan (past service cost) are charged or credited to income linearly over the average remaining period until the amended benefits become vested. The impact of changes in plans relating to retirees is recorded in the income statement at once. Actuarial gains and losses, which result among other reasons from changes in actuarial assumptions, are charged or credited to income linearly over eight years, if such deviations exceed 10 percent of the projected benefit obligation or – if larger – of plan assets. The interest component included in the increase in provisions for unfunded plans with no segregated as-

sets is included in the financial result. The calculation of the interest component is performed on an individual company basis using discount rates determined by third party appraisals.

Impairment of assets

At each balance sheet date, an assessment is made as to whether any indication exists that assets may be impaired. If any such indication exists regarding assets of significant value, an impairment test is carried out in order to determine if and to what extent a valuation allowance is necessary to reduce the asset to its value in use (the present value of estimated future cash flows) or, if higher, to its net selling price. Then, and only then, is an impairment loss recorded and completely charged against income. As soon as it is recognized that an impairment reserve previously recorded is no longer justified, it is reversed and credited to income.

Income statement

Sales

Sales represent amounts invoiced for goods and services less value added tax and other openly invoiced sales taxes, as well as deductions for returns and discounts. Revenue under long-term construction and service contracts is recognized according to the percentage of completion method.

Interest on financial debts

Interest expenses are charged against income without restriction. Thus, no borrowing costs directly incurred during construction are capitalized.

Taxes

Current year income taxes are accrued based on the current year income reported locally by the individual Group companies.

Wherever the tax basis differs from Group values, deferred taxes are determined and recorded by applying currently effective local tax rates to the differences (liability method). Deferred tax assets resulting from negative differences are thereby capitalized only to the extent that their realization through corresponding profits is expected.

To the extent that the offset of tax loss carry-forwards against future earnings is deemed probable, these benefits are capitalized or netted against any positive valuation differences on an individual company basis. Taxes payable on anticipated dividends from subsidiaries are not material and are not accrued.

Restructuring costs

Expenses associated with organizational changes are reported as operating result, or in exceptional cases, as other result.

Financial instruments

Forward contracts and options are not entered into on a speculative basis, but are used exclusively to reduce specific foreign currency and interest rate risks associated with the Corporation's business. Counter-parties are first class financial institutions. Foreign currency derivatives are valued either directly with the underlying hedged transactions, to the extent that such transactions are reflected in the balance sheet, or are separately accrued as of the balance sheet date.

In order to reduce foreign currency risks, financial debts of Group companies are denominated in their own congruent

currencies. Interest rate risks are limited by splitting financial debts according to their maturity dates and interest conditions. The Corporation centrally coordinates and optimizes the conditions of Group companies' net liquidity/net debt through a cash management program in the relevant CHF area.

Related parties

Related party transactions

Transactions with related parties are conducted on an arm's length basis.

Notes to the consolidated financial statements

Note (1) Changes in Group companies

The following changes in Group companies occurred during 2000 (business segment/transaction/date reflected in the consolidated financial statements):

Disposal of entire business segments

– Hotel Zurich (sale/January 1, 2000)

Disposals of divisions

– Inficon (Components and Special Systems/initial public offering/November 30, 2000)
 – Large Area Coating (Components and Special Systems/sale/December 31, 2000)
 – Leybold Didactic (Others/sale/July 1, 2000)

Additions of divisions

– ESEC Group with 20 companies (Information Technology/purchase of majority interest/September 1, 2000)

Additions of individual companies

– Plasma-Therm Inc., St. Petersburg/USA (Information Technology/purchase/January 1, 2000)
 – Balzers-Elay SA, Antzuola/ES (Surface Technology/purchase of majority interest/January 1, 2000)
 – Fourteen additional legal entities newly formed in the core businesses (in the Leybold Optics Division in particular)

The impact of disposals of entire business segments is insignificant and can be seen in the segment information contained in the prior year's annual report. As a result of the acquisition of new subsidiaries during 2000, sales increased by CHF 354 million, and the number of employees by 1 240 compared with the preceding year. The impact of the disposals of divisions will be felt largely in 2001. These divisions are included in the consolidated income statement this year with sales of CHF 463 million.

See note 19 for information regarding the significant additions to Group companies.

Note (2) Conversion rates

The following rates were used to convert the most important foreign currencies in the balance sheet and income statement into Swiss francs:

in CHF

	Average rates		Change	Year-end rates		Change
	2000	1999		2000	1999	
1 USD	1.69	1.50	12.7%	1.61	1.58	1.9%
1 GBP	2.56	2.41	6.2%	2.41	2.57	-6.2%
100 DEM	79.76	81.81	-2.5%	77.72	82.32	-5.6%
100 NLG	70.79	72.60		68.97	73.06	
100 FRF	23.78	24.39		23.17	24.54	
100 ITL	0.081	0.083		0.079	0.083	
100 JPY	1.570	1.330	18.0%	1.410	1.560	-9.6%

Impact of conversion rates on sales**Note (3)**

	Change from prior year	
	Effective	Excluding conversion impact
Information Technology	78.6%	71.8%
Surface Technology	21.4%	17.0%
Components and Special Systems	37.8%	33.4%
Others	-39.3%	-40.8%
Core businesses	45.0%	40.0%
Pilatus	24.5%	17.5%
Business segments sold	-100.0%	-100.0%
Total	13.7%	9.5%

Other operating income and expense**2000**

1999

Note (4)

in CHF million

License, patent and know how revenue	1	3
Other operating income	28	43
Income	29	46
Taxes not based on income	-8	-10
Other operating expenses	-58	-50
Expense	-66	-60
Total	-37	-14

Expenses included in operating result**2000**

1999

Note (5)

in CHF million

Salaries and wages	734	801
Social security and other employee benefits	148	153
Personnel expense	882	954
Depreciation and amortization of		
– operating fixed assets	114	127
– intangible assets (excl. goodwill on subsidiaries/associated companies)	8	6

Of the total cost of social security and other employee benefits of CHF 148 million, CHF 28 million (prior year CHF 34 million) relate to specific post-employment benefit plans of the individual companies. The remainder includes the legally required retirement benefit contributions of Group companies as well as other social security expenses.

Note (6)	Amortization of goodwill on subsidiaries	2000	1999
in CHF million			
	Information Technology	28	0
	Surface Technology	3	2
	Components and Special Systems	0	0
	Others	0	1
	Core businesses	31	3
	Pilatus	0	0
	Business segments sold	0	3
	Total	31	6

The amortization of goodwill for the Information Technology Division of CHF 28 million includes the pro-rata amortization of goodwill for ESEC for 4 months and for Plasma-Therm for 12 months (based on an amortization period of 15 years).

Note (7)	Impact of conversion rates on operating result	Change from prior year	
in CHF million		Effective	Excluding conversion impact
	Information Technology	91	92
	Surface Technology	3	3
	Components and Special Systems	88	85
	Others	7	7
	Core businesses	189	187
	Pilatus	2	2
	Business segments sold	43	43
	Total	234	232

Note (8)	Financial result	2000	1999
in CHF million			
	Interest income	12	7
	Other financial income	4	3
	Financial income	16	10
	Interest on financial debts	-24	-31
	Interest on post-employment benefit provisions	-15	-16
	Impairment loss on financial assets	-6	-1
	Other financial expense	-2	-2
	Financial expense	-47	-50
	Exchange gains/losses, net	8	22
	Total	-23	-18

Result from sales of entire business segments	2000	1999	Note (9)
			in CHF million
Total	8	-14	

Following the sales of the three segments Bally, Oerlikon Contraves Defence and Oerlikon-Bührle Immobilien during the previous year, the 90% interest in Hotel Zürich was sold for a price of CHF 14 million during the current period. After deduction of the consolidated equity value of Hotel Zürich of CHF 6 million, a gain of CHF 8 million was recognized on this transaction.

Other result	2000	1999	Note (10)
			in CHF million
Share in earnings of associated companies	34	2	
Amortization of goodwill on associated companies	-7	-2	
Result from sale of associated companies	0	0	
Result from associated companies	27	0	
Rental income from non-operating real estate	7	9	
Expense of non-operating real estate	-6	-3	
Depreciation of non-operating real estate	0	-3	
Result from sale of non-operating real estate	16	3	
Result from non-operating real estate	17	6	
Result from sale of operating real estate	-1	-29	
Result from sale of operations and investments	275	-2	
Other non-operating expense and income	4	1	
Other non-operating result	278	-30	
Total	322	-24	

The result from associated companies consists largely of the Corporation's pro-rata share in the increase in ESEC's net equity during the first eight months, i.e. until a majority interest was acquired and ESEC became a consolidated subsidiary on September 1, 2000, less the related amortization of goodwill (prior year 2 months).

The 1999 loss from sale of operating real estate includes a value adjustment of CHF 31 million made on real estate in Germany.

Result from sale of operations and investments	Gross sales proceeds
Inficon Group	299
Large Area Coating	160
Didactic	-2
Total gross sales proceeds	457
Less Group values of net assets sold	-76
Less selling expenses and provisions for expenses to be incurred	-106
Total result from sale	275

Due to the application of tax loss carry-forwards which previously had not been capitalized, income taxes resulting from the sale of the Large Area Coating and Inficon operations were only minimal.

Note (11) in CHF million	Income taxes	2000	1999
	Current income taxes	71	31
	Deferred taxes	16	-13
	Total	87	18

in CHF million	Analysis of tax expense		2000	1999
	Result before taxes	Tax expense	Result before taxes	Tax expense
Corporation total	621	87	24	18
- Business segments sold	0	0	45	-2
Corporation excluding business segments sold	621	87	69	16
Expected tax expense based on weighted average tax rate 2000: positive 15.6% (1999: negative 23.2%)*		97		-16
Difference between actual and expected tax expense		-10		32
Deferred taxes on tax losses of the period not capitalized		26		41
Utilization of tax loss carry-forwards not capitalized		-109		-8
Change in negative valuation differences not capitalized		84		-1
Expiration of tax loss carry-forwards capitalized		1		5
Impact of changes in tax rates		4		-5
Subsequent taxes for prior periods (incl. credits)		1		-3
Non-deductible expenses		8		5
Non-taxable income		-29		-6
Other items		4		4
Total tax expense in excess of/(below) expected expense		-10		32

in CHF million	*Calculation of tax rates			2000	1999	
	Result before taxes	Average. tax rate	Expected tax expense	Result before taxes	Average tax rate	Expected tax expense
Total income (company basis)	735	28.1%	206	561	13.8%	77
Total losses (company basis)	-303	35.9%	-109	-233	40.1%	-93
Income, net	432	22.6%	97	328	-4.9%	-16
Consolidation entries not subject to taxes	189	0.0%	0	-259	0.0%	0
Total	621	15.6%	97	69	-23.2%	-16

Cash and cash equivalents	2000	1999	Note (12)
			in CHF million
Cash, postal and current bank accounts	264	126	
Time deposits	289	430	
Total	553	556	
Change against previous year	-3	253	
Due to changes in Group companies	154	-151	
Due to conversion differences	-1	7	

Receivables	2000	1999	Note (13)
			in CHF million
Trade accounts receivable	619	479	
Trade notes receivable	31	31	
Other receivables	180	76	
Allowance for doubtful accounts	-55	-43	
Total	775	543	
Change against previous year	232	-421	
Due to changes in Group companies	109	-532	
Due to conversion differences	-14	22	

Inventories	2000	1999	Note (14)
			in CHF million
Raw materials and components	226	148	
Work in process	284	193	
Finished goods	102	90	
Trade merchandise	53	52	
Advances for inventories	9	15	
Accrued sales under percentage of completion method	40	125	
Total	714	623	
Change against previous year	91	-424	
Due to changes in Group companies	62	-538	
Due to conversion differences	-14	38	

Allowances for declines in inventory values amounted to CHF 112 million (prior year CHF 94 million).

CHF 469 million, representing 66% of inventories, relate to the core businesses and CHF 245 million, or 34%, to the Pilatus Group.

Note (15)	Prepaid expenses and accrued income	2000	1999
in CHF million			
	Post-employment benefit assets	36	30
	Other prepaid expenses and accrued income	30	22
	Total	66	52
	Change against previous year	14	-28
	Due to changes in Group companies	-	-60
	Due to conversion differences	-	5

Note (16)	Investments in associated companies	2000	1999
	Subsidiaries accounted for by the equity method		Group ownership
	ESEC Holding SA, Steinhausen/CH (fully consolidated beginning September 1, 2000)	-	27%
	Balzers-Elay SA, Antzuola/ES (fully consolidated beginning January 1, 2000)	-	25%
	Hispano Didactica SA, Pinto (Madrid)/ES (sold as of July 1, 2000)	-	40%
	Ebulus Vermietungsges. mbH, Dusseldorf/DE	26%	26%

Note (16)	Key figures for associated companies	2000	1999
in CHF million			
	Group ownership		
	- Share in net equity	0	55
	- Share in net income	34	2
	Total figures		
	- Total assets	8	384
	- Total liabilities	8	180
	- Sales	1	12
	- Net income	0	2
	Receivables from such companies	0	0
	Payables to such companies	0	0

Note (17)	Other investments	2000	1999
in CHF million			
	Total	34	14
	Change against previous year	20	2
	Due to changes in Group companies	-	-
	Due to conversion differences	-	-

Other investments increased during the year to include the 19.5% interest remaining after the IPO of Inficon Holding AG, Bad Ragaz, for which the Corporation's share in net equity was CHF 10 million at year-end. In addition, the Corporation now holds a 10% interest in the share capital of Applied Films Corporation as a result of the sale of the Large Area Coating operations, with a cost of CHF 22 million. Due to the decline in stock market prices for the Applied Films Corporation shares as of the date the financial statements were prepared, an impairment allowance of CHF 6 million has been made (see note 8).

Because the sale of these shares is restricted for specified periods of time, they have been included here instead of under marketable securities.

Fixed assets**Note (18)**

in CHF million

	Plant and equipment	Production and administration buildings	Developed land	Advances and assets under construction	Non-operating real estate	Non-operating un-developed land	Total
At cost							
Balance at January 1, 2000	871	571	46	15	151	15	1 669
Conversion differences	-25	-12	-1	-2	-1	-1	-42
Changes in Group companies	37	-89	-1	1	-6		-58
Additions	128	23		40			191
Disposals	-77	-4		-2	-23	-2	-108
Transfers	12	22	1	-14	-21	-1	-1
Balance at December 31, 2000	946	511	45	38	100	11	1 651
Accumulated amortization/ impairment losses							
Balance at January 1, 2000	536	282	0	0	90	0	908
Conversion differences	-17	-6					-23
Changes in Group companies	27	-55					-28
2000 depreciation	95	19					114
Impairment loss							0
Disposals	-61	-2			-15		-78
Transfers		10			-11		-1
Balance at December 31, 2000	580	248	0	0	64	0	892
Net Group values	366	263	45	38	36	11	759
Thereof assets under financial leases	4	33					37
Insured values in the event of fire	955	470		23	208		1 656

The previous year's balance related to premises which had been vacated, i.e. prepared for sale or rental, of CHF 35 million could be completely cleared through sale or rental during 2000. Commitments under outstanding orders for capital expenditures amounted to CHF 4 million at the end of 2000 (prior year CHF 1 million).

Note (19)

in CHF million

Intangible assets

	Purchased Goodwill on			Purchased		Internally generated	Total
	Parts of operations	Group companies	Assoc. companies	Software	other intangible assets	intangible assets	
Cost							
Balance at January 1, 2000	11	26	168	9	2	0	216
Conversion differences	0	-9					-9
Changes in Group companies	-1	155		6	-2		158
Additions	3	423		8	2		436
Disposals		-3		-1			-4
Transfers	-10	168	-168	9	1		0
Balance at December 31, 2000	3	760	0	31	3	0	797
Accumulated amortization/ impairment losses							
Balance at January 1, 2000	6	14	3	3	1	0	27
Conversion differences							0
Changes in Group companies		84		3	-1		86
2000 amortization	1	31	7	6	1		46
Impairment loss							0
Disposals		-3		-1			-4
Transfers	-5	9	-10	5			-1
Balance at December 31, 2000	2	135	0	16	1	0	154
Net Group values	1	625	0	15	2	0	643

The additions to goodwill paid for consolidated Group companies totaling CHF 423 million include, among others, the following amounts:

	Purchase price	Fair value of net assets acquired	Goodwill
- Purchase of an additional 29.9% interest in ESEC (now 56.8% owned)	298	94	204
- Purchase of 100% interest in Plasma-Therm Inc.	263	57	206
- Purchase of an additional 26% interest in Balzers-Elay (now 51% owned)	8	2	6

Commitments for purchases of intangible assets amounted to CHF 2 million at the end of 2000 (prior year CHF 0 million).

Deferred tax assets	2000	1999	Note (20)
			in CHF million
Total	82	91	
Change against previous year	-9	48	
Due to changes in Group companies	3	-4	
Due to conversion differences	-4	-3	
Deferred tax benefits not capitalized resulting from tax loss carry-forwards of CHF 511 million (prior year CHF 761 million)	176	311	
Deferred tax benefits not capitalized resulting from negative valuation differences of CHF 79 million (prior year CHF 56 million)	26	15	

Tax loss carry-forwards of CHF 511 million, for which no deferred benefits have been recorded in the balance sheet, expire as follows:

CHF 1 million in 1 year
CHF 2 million in 2 years
CHF 8 million in 3 years
CHF 36 million in 4 years
CHF 39 million in 5 years
CHF 425 million beyond 5 years

Assets pledged/otherwise restricted	2000	1999	Note (21)
			in CHF million
Receivables and inventories	12	1	
Fixed assets	52	104	
Total	64	105	

Of the fixed assets balance of CHF 52 million, 25% are pledged as collateral under mortgages outstanding, and 71% are restricted by reservation of ownership under financial lease obligations.

Note (22) in CHF million	Payables	2000	Due			Secured	1999
			until 1 year	1 to 5 years	beyond 5 years		
	Trade accounts payable	220	220				179
	Trade notes payable	3	3				4
	Other payables	89	89				260
	Total	312	312	0	0	0	443
	Change against previous year	-131					-164
	Due to changes in Group companies	-26					-406
	Due to conversion differences	-7					32

Note (23) in CHF million	Accrued liabilities	2000	Due			Secured	1999
			until 1 year	1 to 5 years	beyond 5 years		
	Total	204	204	0	0	0	123
	Change against previous year	81					-106
	Due to changes in Group companies	56					-127
	Due to conversion differences	-1					3

As a result of the implementation of IAS 36, items of a pure accrual nature totaling CHF 83 million were reclassified from provisions to accrued liabilities as of January 1, 2000 (see also note 27, "other provisions"). The prior year figures shown have been adjusted accordingly.

Note (24) in CHF million	Customer advances	2000	Due			Secured	1999
			until 1 year	1 to 5 years	beyond 5 years		
	Total	265	194	62	9	0	220
	Change against previous year	45					-249
	Due to changes in Group companies	7					-254
	Due to conversion differences	-5					4

The core businesses account for 89% of customer advances (prior year 88%), and Pilatus for 11% (prior year 12%). CHF 10 million of customer advances (of which CHF 8 million are invested) relate to contracts accounted for under the percentage of completion method.

Financial debts / net liquidity	2000	Due			Secured	1999	Note (25) in CHF million
		until 1 year	1 to 5 years	beyond 5 years			
Current bank accounts	33	33				33	
Fixed advances	172	172			12	47	
Financial bills	7	7				13	
Loans payable	56	27	19	10	2	153	
Mortgages payable	13	1	10	2	13	57	
Financial lease obligations	30	4	15	11	30	47	
Bond issue	68	68				0	
Total financial debts	379	312	44	23	57	350	
./. Cash and cash equivalents	-553					-556	
Net liquidity	174					206	
Change against previous year	-32					862	
Due to changes in Group companies	18					-463	
Due to conversion differences	3					39	

Reflecting their actual economic nature, mortgages not yet canceled are treated as long-term debt. Of total financial debts, 18% are denominated in Swiss francs, 29% in US dollars, 17% in Euro, 12% in Japanese yen, and 3% in Canadian dollars. The remainder is spread over a total of 13 currencies. Of total financial debts, 90% are owed to banks, and 90% are subject to floating interest rates. As an average taken over all currencies, financial debts resulted in interest charges of 5.9% in 2000 (prior year 4.4%).

Note (26) in CHF million	Deferred tax provisions	2000	Due		1999
			until 1 year	beyond 1 year	
Total		87	0	87	76
Change against previous year		11			-64
Due to changes in Group companies		-5			-44
Due to conversion differences		-1			-3

Note (27) in CHF million	Other provisions	2000	Due		1999
			until 1 year	beyond 1 year	
Current income tax provisions		59	59		27
Post-employment benefit provisions		270	14	256	297
Various provisions		463	210	253	418
Total		792	283	509	742
Change against previous year		50			-98
Due to changes in Group companies		-15			-243
Due to conversion differences		-24			90

The **post-employment benefit provisions** of CHF 270 million (prior year CHF 297 million) are related to the following plans:

Summary of post-employment benefit plans		2000			1999		
		Total	Defined benefit plans	Defined contribution plans	Total	Defined benefit plans	Defined contribution plans
Number of plans	Funded plans	27	13	14	23	10	13
	Unfunded plans	12	12	0	16	16	0
Number of persons covered	Active employees	8 710	7 923	787	8 190	7 253	937
	Retirees	2 118	2 108	10	1 978	1 975	3
in CHF million	Post-employment benefit cost (operating)	28	26	2	34	23	11
	Post-employment benefit cost (financial)	15	15	0	15	15	0
	Post-employment benefit cost (total)	43	41	2	49	38	11
	Post-employment benefit provisions	270	263	7	297	295	2
	Post-employment benefit assets	36	36	0	30	30	0

Defined benefit plans	2000			1999		
	Total	Funded	Un-funded	Total	Funded	Un-funded
Plan assets at market values	650	650		615	615	
Present benefit obligation (PBO)	-824	-569	-255	-826	-536	-290
Assets in excess of/(below) PBO	-174	81	-255	-211	79	-290
Post employment benefit provisions	263	7	256	295	5	290
Post-employment benefit assets	-36	-36	0	-30	-30	0
Unrecognized gains	53	52	1	54	54	0
Of which:						
– actuarial gains/losses	39	38	1	35	35	0
– past service cost	14	14	0	19	19	0
Of which:						
unrecognized due to limit to be observed	34	34	0	36	36	0

in CHF million

Breakdown of post-employment benefit cost from defined benefit plans	2000	1999
Current service cost after deduction of employee contributions	45	38
+ interest cost of post-employment benefit obligations	40	40
– expected return on plan assets	-39	-37
+ recognized past service cost	0	0
– recognized actuarial gains/losses	-5	-3
Total	41	38
Assets:		
– Value of fixed assets used by Group companies	0	0
– Receivables from Group companies	0	0

in CHF million

Actuarial assumptions	2000	1999	2000	1999
(weighted average rates)				
Discount rate	4.9%	4.9%	Benefit progression	1.2%
Salary progression	2.8%	2.8%	Return on plan assets	5.9%

Various provisions

in CHF million

	EBIT-related provisions						Non EBIT-related provisions	Total
	Product warranties	Product liability	Onerous contracts	Long-term employee benefits	Re-structuring	Others		
Balance at January 1, 2000	51	0	2	6	50	154	155	418
Conversion differences	-1				-1	-1	-2	-5
Changes in Group companies	3				3			6
Amounts used	-20		-6	-1	-17	-28	-33	-105
Amounts released	-16				-3	-26	-1	-46
Additions	49	1	5		8	42	88	193
Transfers	3	3	3		55	-63	1	2
Balance at December 31, 2000	69	4	4	5	95	78	208	463
Of which								
due until 1 year	62		4	2	29	57	56	210
due beyond 1 year	7	4		3	66	21	152	253

As a result of the implementation of IAS 36, items of a pure accrual nature totaling CHF 83 million were reclassified from provisions to accrued liabilities as of January 1, 2000 (see also note 23). The opening balances shown have been adjusted accordingly.

Provisions which have not been charged against EBIT serve to cover recognizable risks arising from the sales of subsidiaries and restructuring measures undertaken over recent years.

Maturities of debt**2000**

Due

1999

Note (28)

in CHF million

	2000	Due		1999
		until 1 year	beyond 1 year	
Payables	312	312		443
Accrued liabilities	204	204		123
Customer advances	265	194	71	220
Financial debts	379	312	67	350
Deferred tax provisions	87		87	76
Other provisions	792	283	509	742
Total	2 039	1 305	734	1 954

Changes in shareholders' equity

Note (29)

in CHF million

	Share capital	Additional paid-in capital	Treasury shares*	Conversion differences	Retained earnings	Re-valuation reserve	Deferred taxes on re-valuations	Total shareholders' equity
Balance at January 1, 1999	254	409	-12	-100	254	367	-70	1 102
Restatement employee benefits 1.1.1999					-16			-16
Net income incl. minority interests					6			6
Dividends paid					-4			-4
Revaluation of real estate to current values						-4	9	5
Realization by sales of fixed assets					6	-7	1	0
Conversion differences				39		2		41
Realization by sales of subsidiaries				94	48	-175	33	0
Transactions with minority shareholders					4			4
Capital increase	9	62						71
Purchase of treasury shares			-7					-7
Discont. of current values 12/31/1999						-183	27	-156
Balance at December 31, 1999	263	471	-19	33	298	0	0	1 046
./. Minority interests								-13

Total consolidated shareholders' equity 1999

1 033

Balance at January 1, 2000	263	471	-19	33	298	0	0	1 046
Net income incl. minority interests					534			534
Dividends paid					-5			-5
Conversion differences				-29				-29
Transactions with minority shareholders					139			139
Purchase of treasury shares			-16					-16
Balance at December 31, 2000	263	471	-35	4	966	0	0	1 669
./. Minority interests								-165

Total consolidated shareholders' equity 2000

1 504

* The historical cost of treasury shares purchased to insure Unaxis Holding AG's ability to meet potential commitments arising from its stock option plan (see also note 18 to the financial statements of Unaxis Holding AG):

Balance at January 1, 1999	64 500 shares
Purchase 1999	40 000 shares
Purchase 2000	42 514 shares

Balance at December 31, 2000

147 014 shares

Note (30)	Contingent liabilities	2000	1999
in CHF million			
	Performance guarantees/guarantees of debt	29	29
	Collateral securities	0	0
	Discounted notes receivable	2	1
	Total	31	30

Note (31)	Payments under non-cancelable leases	2000	1999
in CHF million			
	Due in first year	19	7
	Due in 2 nd year	14	5
	Due in 3 rd year	12	4
	Due in 4 th year	11	4
	Due in or beyond 5 th year	35	16
	Total	91	36

Note (32)	Financial instruments	2000		1999	
in CHF million					
		Contract amounts	Deviation from market value	Contract amounts	Deviation from market value
			positive negative		positive negative
	Currency derivatives	590	24 2	366	1 12
	Interest derivatives	50		50	1 1
	Other derivatives	0		0	
	Total	640	24 2	416	2 13

Positive and negative deviations from market values of currency derivatives are offset by the corresponding gain or loss on the underlying hedged transactions. The maximum risk of counter-party non-performance is represented by the positive deviation from market value. In view of the reputation of the counter-parties, this risk is deemed to be minimal.

Corporation strategy to reduce risk and the valuation principles applied to the individual positions are described under the accounting principles. Amounts shown in the balance sheet for cash and cash equivalents, receivables and payables, as well as for loans receivable and short-term financial debts approximate market values. Risks associated with interest rate changes on financial debt can be assessed from the information in note 25.

Related parties**Note (33)**

No significant related party transactions were conducted in 2000.

Subsequent events**Note (34)**

At the end of 2000, the Pilatus business segment (Pilatus Flugzeugwerke AG, Stans) was sold at 90% to a group of Swiss investors. Because this transaction could not be concluded until 2001, the Pilatus segment is still included completely in the consolidated financial statements. However, as of January 1, 2001, this segment will be excluded from the consolidation.

Consolidated statement of changes in financial position**Note (35)**

The reclassification of part of the result includes a gain of CHF 8 million in 2000 and a loss of CHF 14 million in the previous year on sales of entire business segments (see also note 9). In order to enhance the comparability between years, these results have been allocated to the appropriate business areas in the consolidated income statement. For the presentation of the statement of changes in financial position, these allocations had to be reversed.

Also included in 2000 in the caption "Investments in subsidiaries/associated companies/others" is a cash outflow of CHF 190 million related to the acquisition of the initial block of ESEC shares in 1999. At the prior year-end, this amount was included in payables.

Dividends paid by the discontinuing operations of CHF 211 million in 1999 include an extraordinary intercompany distribution of CHF 194 million which was made in preparation of the sale of Oerlikon Contraves Defence.

Segment information 1999 – 2000

in CHF million	Information Technology		Surface Technology		Components and Special Systems	
	2000	1999	2000	1999	2000	1999
Orders received	1 201	756	341	248	1 447	915
Orders on hand	574	295	20	5	559	411
Sales by region*						
Japan and Asia/Pacific						
Europe						
North America						
Other areas						
Sales by location						
Japan and Asia/Pacific	268	90	30	21	134	75
Europe	567	443	206	180	762	586
North America	350	131	88	68	264	181
Other areas			4	2		
	1 185	664	328	271	1 160	842
Capital expenditures in fixed assets						
Japan and Asia/Pacific	4	1	5	3	2	1
Europe	47	22	41	31	18	13
North America	24	3	8	29	8	4
Other areas				1		
	75	26	54	64	28	18
Number of employees						
Japan and Asia/Pacific	478	200	203	180	156	175
Europe	2 337	1 397	1 101	939	1 959	2 391
North America	509	197	484	458	265	449
Other areas			48	24		
	3 324	1 794	1 836	1 601	2 380	3 015
Net Assets**	1 194	286	234	234	57	191
– thereof assets						
– thereof liabilities						
Shareholders' equity incl. minority interests						
Research and development	85	49	13	13	78	82
Operating result	177	89	40	37	114	27
Result before taxes						
Income taxes						
Net income/loss incl. minority interests						
Funds from/used by:						
Operations						
Investing activities						
Financing activities						

* Figures for expanded segment information not yet available

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

Others		Core businesses		Pilatus		Business segments sold		Total	
2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
69	121	3 058	2 040	674	417		696	3 732	3 153
28	45	1 181	756	287	145		0	1 468	901
		803	385	90	73		78	893	536
		1 075	979	110	81		360	1 185	1 420
		786	457	291	230		100	1 077	787
		80	72	50	51		25	130	148
		2 744	1 893	541	435		563	3 285	2 891
3	5	435	191				32	435	223
29	78	1 564	1 287	256	226		436	1 820	1 949
39	33	741	413	277	204		89	1 018	706
		4	2	8	5		6	12	13
71	116	2 744	1 893	541	435		563	3 285	2 891
	1	11	6					11	6
22	14	128	80	8	5		40	136	125
3	1	43	37	1				44	37
			1						1
25	16	182	124	9	5		40	191	169
	5	837	560					837	560
328	566	5 725	5 293	1 071	996		198	6 796	6 487
143	143	1 401	1 247	67	45			1 468	1 292
		48	24	5	3			53	27
471	714	8 011	7 124	1 143	1 044		198	9 154	8 366
69	62	1 554	773	207	205		37	1 761	1 015
		2 432	1 509	349	319		41	2 781	1 869
		878	736	142	114		4	1 020	854
		1 523	915	146	143		7	1 669	1 065
3	6	179	150	40	23		15	219	188
-31	-42	300	111	14	12		-43	314	80
		602	67	11	16	8	-59	621	24
		-84	-13	-3	-3		-2	-87	-18
		518	54	8	13	8	-61	534	6
		468	129	18	12		-81	486	60
		-469	138	-13	-7		-9	-482	122
		20	150	-26	3		-85	-6	68

Report of the Group auditors

To the annual shareholders' meeting of
Unaxis Holding AG, Zurich

As auditors of the Corporation, we have audited the consolidated financial statements (income statement, balance sheet, statement of changes in financial position and notes, see pages 6 to 31) of Unaxis Holding AG for the year ended December 31, 2000.

These consolidated financial statements are the responsibility of the Board of Directors. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We confirm that we meet the legal requirements concerning professional qualification and independence.

Our audit was conducted in accordance with auditing standards promulgated by the Swiss profession and with the International Standards on Auditing issued by the International Federation of Accountants (IFAC), which require that an audit be planned and performed to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We have examined on a test basis evidence supporting the amounts and disclosure in the consolidated financial statements. We have also assessed the accounting principles used, significant estimates made and the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements give a true and fair view of the financial position, the results of operations and the cash flows in accordance with the International Accounting Standards (IAS) and comply with Swiss law. In addition, the consolidated financial statements have been prepared in accordance with the Accounting and Reporting Recommendations (ARR).

We recommend that the consolidated financial statements submitted to you be approved.

Zurich, March 12, 2001

Ernst & Young AG

Werner Schlapbach
Swiss Certified Public Accountant
(Auditor in charge)

Ancillo Canepa
Swiss Certified Public Accountant
(Auditor in charge)

Key figures 1996 – 2000

	2000	1999	1998	1997	1996	
						in CHF million
Orders received	3 732	3 153	3 520	3 713	3 531	
Sales	3 285	2 891	3 631	3 918	3 613	
Operating result (EBIT)	314	80	-67	210	188	
Financial result	-23	-18	-64	-61	-75	
Other result	330	-38	-25	-37	-2	
Income taxes	-87	-18	-8	-28	-50	
Minority interests in net income	-23	-1	-5	-9	1	
Net income/loss	511	5	-169	75	62	
Personnel expense	882	954	1 153	1 203	1 172	
Research and development	219	188	213	206	161	
Depreciation of fixed assets	114	130	196	157	163	
Other depreciation and amortization	45	13	13	12	9	
Current assets*	2 108	1 774	2 394	2 813	3 131	* Prior year figures adjusted to reflect new classifications
Non-current assets*	1 600	1 226	1 954	2 047	2 162	
Current liabilities	1 305	1 232	1 925	2 026	2 402	
Long-term liabilities	734	722	1 319	1 520	1 655	
Minority interests	165	13	17	22	23	
Shareholders' equity*	1 504	1 033	1 087	1 292	1 213	
Total assets*	3 708	3 000	4 348	4 860	5 293	
Inventories	714	623	1 047	1 399	1 485	
Fixed assets	759	761	1 795	1 924	2 031	
Net Assets	1 761	1 015	2 031	2 487	2 818	
Net liquidity (+)/net debt (-)	174	206	-656	-856	-1 174	
Net funds from operations*	486	60	242	396	162	
Capital expenditures in fixed assets	191	169	261	239	250	
Above excl. Oerlikon-Bührle Immobilien	191	138	199	172	160	
Proceeds from sales of fixed assets	40	68	205	164	100	
Above excl. Oerlikon-Bührle Immobilien	40	62	100	72	59	
Number of consolidated Group companies	113	77	109	107	110	
Number of employees at year-end	9 154	8 366	13 741	14 829	15 543	
Average number of employees	8 760	11 054	14 285	15 186	16 331	
Sales per employee in CHF	375 000	261 500	254 200	258 000	221 200	
Operating result as % of net assets (RONA)	17.8%	7.9%	-3.3%	8.4%	6.7%	
Non-current assets as % of total assets*	43.1%	40.9%	44.9%	42.1%	40.8%	
Equity ratio*	40.5%	34.4%	25.0%	26.6%	22.9%	

Investor information

Unaxis attaches great importance to investor relations. We pursue an information policy that is open, transparent, and compliant with the principle of equitability for all capital market participants.

Information for shareholders

To give shareholders and the capital market insight into the Corporation's business developments, Unaxis publishes a detailed annual report, a semi-annual report, as well as important key figures including comment for the first and third quarters. Important events are communicated via the media. Our website, www.unaxis.com, provides up-to-date information and is accessible at all times.

Listing

The registered shares of Unaxis Holding AG are listed on SWX Swiss Exchange and incorporated in the SMI (Swiss Market Index).

Equity number: 81 682

Symbol: UNAX

Investor relations

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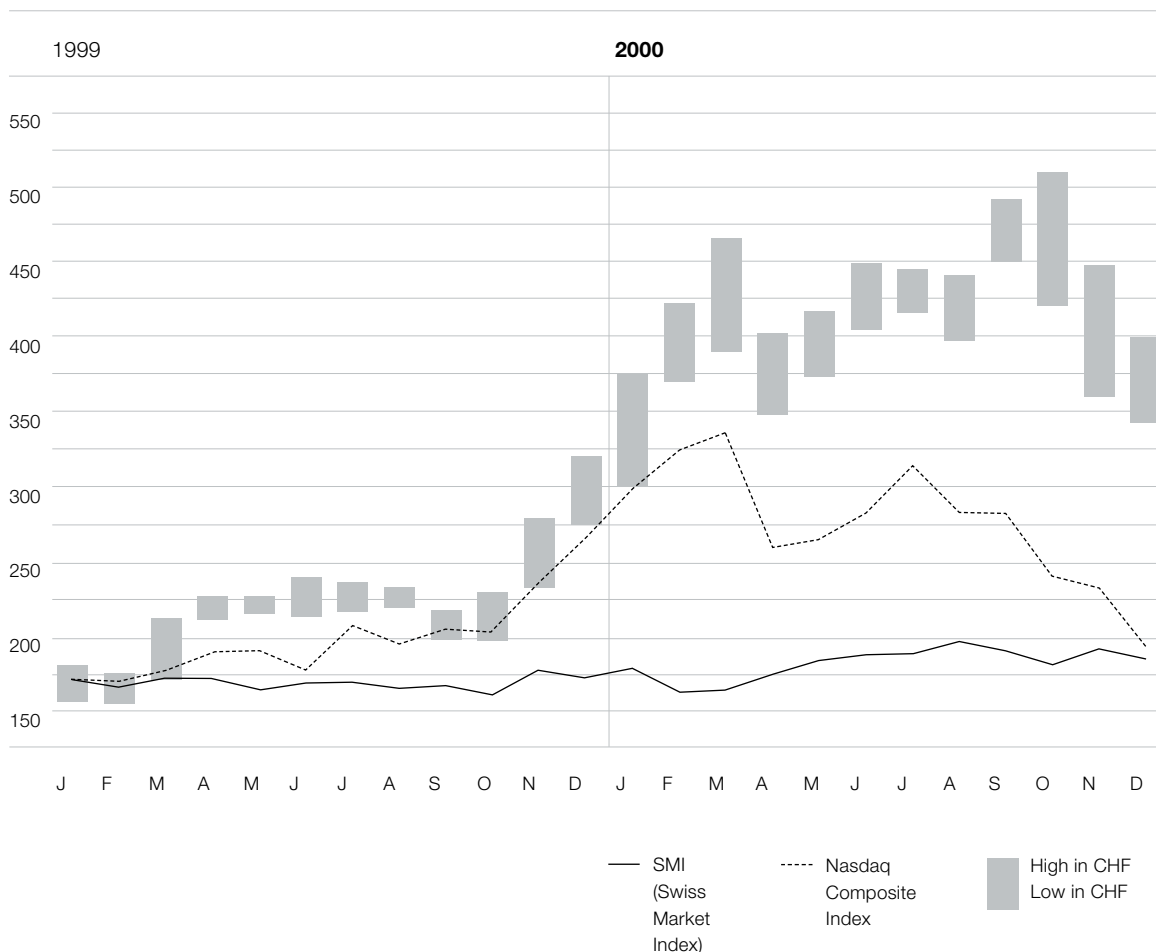
Agenda

May 22, 2001, 3 p.m.

Annual Shareholders' Meeting

Kultur- und Kongresszentrum, Lucerne

Share price development Unaxis N relative to Swiss Market Index (SMI) and Nasdaq Composite Index



Share data

	2000	1999	1998	1997	1996	
Share capital						
Par value	20	20	20	20	20	in CHF
Voting rights per share	1	1	1	1	1	Number
Total outstanding shares	13 170 092	13 170 092	12 675 766	12 299 726	12 150 092	
Treasury shares a)	147 014	104 500	64 500	0	0	
Shares with voting and dividend rights	13 023 078	13 065 592	12 611 266	12 299 726	12 150 092	
Conditional shares for convertible bonds and bonds with warrants	480 000	480 000	974 326	1 350 366	1 500 000	
of which reserved	0	0	494 326	870 366	1 020 000	
Conditional shares for employee participation	360 000	0	0	0	0	
of which reserved	0	0	0	0	0	
Authorized shares b)	2 000 000	0	0	0	0	
Data per share						in CHF
Net income per share*	38.80	0.38	-13.33	6.10	5.10	*adjusted values
Equity per share*	114	80	87	105	100	
Dividends per share c)	2.00	-	-	1.50	1.20	
Share prices*						
high	511	320	310	205	136	
low	300	157	149	132	94	
year-end	365	320	161	205	132	
Market capitalization						in CHF million
high	6 730	4 214	3 930	2 521	1 652	
low	3 951	2 068	1 889	1 604	1 142	
year-end	4 807	4 214	2 041	2 521	1 604	

a) Shares reserved for stock options issued to individual directors and executives

b) Resolution by the General Meeting on May 5, 2000

c) Dividend 2000: Proposal of the Board of Directors

Major shareholders	2000	1999	1998	1997	1996	
Bührle family	n.a.	35%	37%	37%	31%	in %
Ihag-Holding and Mrs. H. Anda	27%	n.a.	n.a.	n.a.	n.a.	
Shareholder represented by a fiduciary	-	7%	7%	7%	-	
Represented directly by the Board of Directors	-	-	-	37%	31%	

Operative Companies

Country	Activity	Name, registered office	Group owns (%)	Number of employees	President
Core businesses					
Austria	■ ▲	Balzers GmbH, Kapfenberg	100	18	Zechner, Johann
Belgium	■ ▲	S.A. Balzers N.V., St.-Truiden	100	43	Boghe, Willy
	▲	Leybold N.V., Nossegem-Zaventem	99.5	11	Nuytten, Claude
Brazil	■ ▲	Balzers Balinit do Brasil Ltda., Jundiaí SP	95	47	Campos, Walter
Canada	■ ▲	Balzers SCI Corp., Mississauga, Ontario	80.8	26	Brokenshire, Neil
China	▲	Unaxis China Ltd., Hong Kong	99.5	12	Loh, Benjamin
	▲	ESEC (Far East) Ltd., Hong Kong	56.8	0	Bagdasarjanz, Felix
	▲	ESEC (Hong Kong) Ltd., Hong Kong	56.8	6	Lee, Giap Yong
	■ ▲	Leybold Vacuum Equipment Manufacturing Co. Ltd., Tianjin, Beichen District	99.5	27	Ng, Damian
	▲	Leybold Vacuum Int. Trade Co., Ltd., Tianjin, Beichen District	99.5	1	Ng, Damian
France	●	Unaxis France Holding SA, St.Thibault des Vignes	100	1	Vogt, Andreas
	▲ ◆	Unaxis France SA, Palaiseau	100	35	Van Agtmaal, Hans
	■ ▲ ◆	Leybold Optics France SA, Courtaboeuf Cedex	99.5	0	Ledret, Michel
	■ ▲ ◆	Unaxis Nextral SA, Montbonot-St. Ismier	51.4	42	Parrens, Pierre
	■ ▲	Balzers Revêtements sous vide France SA, St.Thibault	100	220	Collignon, Pierre
Germany	■ ▲ ◆	Leybold Vacuum France SA, Courtaboeuf Cedex	99.5	198	Hetzel, Roland
	▲	Unaxis Deutschland Vertriebs GmbH, Munich	99.5	29	Eller, Günter
	■ ▲ ◆	Unaxis Optics Deutschland GmbH, Geisenheim	99.5	75	Enders, Peter
	■ ▲ ◆	Unaxis Deutschland GmbH, Alzenau	99.5	150	Rahm, Karl A.
	▲	ESEC (Germany) GmbH, Nurnberg	56.8	0	Bagdasarjanz, Felix
	■ ▲	Balzers Verschleißschutz GmbH, Bingen	99.5	299	Brändle, Hans
	■ ▲ ◆	Balzers SCI GmbH, Hanau	99.8	28	Pöhnert, Hagen
	■ ▲ ◆	Leybold Optics GmbH, Hanau	99.5	330	Meinel, Jürgen
	■ ▲	Leybold Optics Dresden GmbH, Dresden	99.5	22	Willkommen, Udo
	●	Unaxis Deutschland Holding GmbH, Hanau	99.5	40	Grafe, Volker
	●	Unaxis Deutschland Beteiligungs GmbH, Hanau	99.5	0	Grafe, Volker
	■ ▲ ◆	Unaxis Materials Deutschland GmbH, Hanau	99.5	99	Stock, Rudolf
	■ ▲	Leybold Vacuum Dresden GmbH, Dresden	99.5	32	Grossmann, Frank
	■ ▲ ◆	Leybold Vacuum GmbH, Cologne	99.5	970	Mattern-Klosson, Monika
		●	Balzers und Leybold Vermietungsges. mbH & Co.KG, Hanau	93.5	26
	●	Balzers und Leybold Verm.- und Verwaltungs GmbH, Hanau	99.5	0	Grafe, Volker
	●	Perfect IT GmbH, Hanau	99.5	0	Haupt, Reiner
Great Britain	■ ▲	Balzers Ltd., Milton Keynes	100	67	Stokley, Peter
	▲	Unaxis UK (Branch), Milton Keynes	100	6	Van de Valk, Ruud
	▲	ESEC Zevatech U.K. Ltd., Andover	56.8	0	Casata, Thomas
	▲	Leybold Optics UK Ltd., London	99.5	17	Clegg, David
	▲	Leybold Vacuum UK Ltd., London	99.5	45	Ball, Chris
India	■ ▲	Balzers India Ltd., Bosahri/Pune	100	61	Keskar, Ramesh V.
Italy	▲	Unaxis Italia (Branch), Arluno/Milan	100	7	Bühler René
	■ ▲	Balzers S.p.A., Brugherio	100	60	Faruffini, Giovanni
	▲	Leybold Optics Italia S.r.l., Milan	99.5	3	Francetich, Raffaella
	▲	Leybold Vacuum Italia S.p.A., Milan	99.5	15	Tegliai, Gaetano
Japan	■ ▲	Nihon Balzers Co. Ltd., Hiratsuka	100	65	Kunz, Christian
	▲ ◆	Unaxis Japan Co. Ltd., Tokyo	100	72	Sawada, Susumu
	▲	ESEC K.K., Yokohama	56.8	17	Yamashita, Hideshige

Country	Activity	Name, registered office	Group owns (%)	Number of employees	President	
Japan (continued)	▲	Leybold Optics Japan Co. Ltd., Yokohama-shi	99.5	6	Strauch, Werner	■ Production
	▲	Leybold Vacuum Japan Co. Ltd., Yokohama-shi	99.5	77	Schädlich, Christian	▲ Distribution
Korea (south)	■ ▲	Balzers Korea Coating Co. Ltd., Kyungsan	100	43	Gim, Jong-Seong	◆ Research, development
	▲ ◆	Unaxis Korea Ltd., Sungnam, Kyungki-Do	100	23	Cheon, In-Chul	● Services, holding
	▲	ESEC Korea Ltd., Seoul	56.8	19	Kim, Chang-Soon	
	▲	Leybold Optics Korea Ltd., Seoul	99.5	3	Lee, Jeong Min	
	▲	Leybold Vacuum Korea Ltd., Seoul	99.5	46	Knobloch, Edgar	
Liechtenstein	■ ▲ ◆ ●	Unaxis Balzers Aktiengesellschaft, Balzers	100	1 583	Vogt, Andreas	
	●	Balzers AG, Balzers	100	0	Vogt, Andreas	
	■ ▲ ◆	Unaxis Materials Aktiengesellschaft, Balzers	100	0	Quaderer, Hans	
	■ ▲ ◆	Leybold Optics Aktiengesellschaft, Balzers	99.5	0	Walser, Michael	
Luxemburg	■ ▲	Balzers Luxembourg Sarl, Differdange	60	0	Boghe, Marc	
Malaysia	▲	ESEC Trading SA, Labuan	56.8	0	Bagdasarjanz, Felix	
Mexico	■ ▲	Balzers S.A. de C.V., Queretaro	100	31	Hauser, Fritz	
Netherlands	▲	Unaxis Nederland B.V., Maarssen	100	20	Van de Valk, Ruud	
	▲	Leybold Vacuum Nederland B.V., Woerden	99.5	9	Hetzel, Roland	
Philippines	▲	ESEC (Philippines) Inc., Manila	56.8	14	Lee, Giap Yong	
Singapore	■ ▲	Unaxis Singapore Pte Ltd., Singapore	99.5	45	Liu, Thomas	
	■ ▲	Balzers Coating Pte Ltd., Singapore	100	34	Heng, Siyau Teck	
	■	ESEC Industries (Singapore) Pte. Ltd., Singapore	56.8	0	Lee, Giap Yong	
	▲	ESEC (Asia Pacific) Pte., Ltd., Singapore	56.8	158	Lee, Giap Yong	
Spain	■ ▲	Balzers-ELAY SA, Antzuola	51	48	Biana, Alberto	
	▲	Leybold Optics Iberica S.A., Sant Feliu de Llobregat	99.5	0	Cunill, Richard	
	▲	Leybold Vacuum Spain S.A., Sant Feliu de Llobregat	99.5	18	Hetzel, Roland	
Sweden	▲	Unaxis Scandinavia (Branch), Västra Frölunda	100	4	Van de Valk, Ruud	
	■ ▲	Balzers Sandvik Coating AB, Stockholm	100	67	Hansson, Göran	
	▲	Leybold Vacuum Scandinavia AB, Västra Frölunda	99.5	9	Ball, Chris	
Switzerland	■ ▲	Balzers Revêtements SA, Brügg bei Biel	100	26	Dosch, Vincent	
	●	ESEC Holding SA, Steinhausen	56.8	0	Bagdasarjanz, Felix	
	●	ESEC Management SA, Cham	56.8	37	Bagdasarjanz, Felix	
	■ ◆	ESEC SA, Cham	56.8	592	Bagdasarjanz, Felix	
	●	ESEC Trading SA, Cham	56.8	13	Bagdasarjanz, Felix	
	◆	ESEC (Europe) SA, Steinhausen	56.8	46	Bagdasarjanz, Felix	
	■ ◆	Zevatech AG, Selzach	56.8	0	Casata, Thomas	
	■ ▲ ◆	Sempac SA	56.8	0	Truckenbrod, Willi	
	▲	Leybold Vacuum Schweiz AG, Zurich	99.5	10	Hetzel, Roland	
	●	Unaxis Holding AG, Zurich	100	0	Baumgartner, Beat	
	●	Unaxis Management AG, Zurich	100	42	Baumgartner, Beat	
	●	Spinnerei Kunz AG, Windisch	100	1	Bürgin, Urs	
	■ ▲ ◆ ●	Contraves Space AG, Zurich	100	319	Somainsi, Umberto	
	●	Unaxis Trading AG, Trübbach	100	0	Haefeli, Erich	
Taiwan	▲	Unaxis Taiwan Ltd, Hsin Chu	100	84	Lai, Chung-Ping	
	▲	ESEC Pacific North (Taiwan) Ltd.	56.8	19	Lee, Giap Yong	
	▲	Leybold Optics Taiwan Ltd., Hsin Chu	99.5	0	Strauch, Werner	
	▲	Leybold Vacuum Taiwan Ltd., Hsin Chu	100	39	De Luca, Stephan	
U.S.A.	●	Unaxis USA Holding Inc., Pittsburgh	99.8	0	Druggs, Merryl	
	■ ▲	Balzers Process Systems, Inc., Hudson	99.8	60	Van Agtmaal, Hans	
	■ ▲ ◆	Unaxis USA Inc., St. Petersburg	99.8	227	Bader, Martin	
	■ ▲	Unaxis Optics USA Inc., Golden CO	99.8	115	Haggerty, Joe	

Country	Activity	Name, registered office	Group owns (%)	Number of employees	President
U.S.A.	▲	ESEC (USA) Inc., Phoenix AZ	56.8	42	Connell, Kent
(continued)	■ ▲ ◆	Leybold Materials Inc., Morgan Hill CA	99.8	65	Gore, Mark
	●	Surface Coating Industries Inc., Wilmington	80.8	0	Schulz, Hans
	■ ▲	Balzers Inc., North Tonawanda NY	99.8	427	Björkman, Peter
	■ ▲ ◆	Leybold Vacuum Products Inc., Export PA	99.8	238	Wenger, Reinhold
	●	Leybold Inficon Inc. Syracuse, East Syracuse	99.8	0	Brissenden, James
	▲	Leybold Optics USA Inc., Cary	99.5	0	Brocius, Ken
	■ ◆	Zevatech, Inc., Apex NC	56.8	23	Glidden, Wayne
	■	AMTI Advanced Manufacturing Technologies, Inc., Apex NC	56.8	0	Bagdasarjanz, Felix
	■ ▲ ◆ ●	Contraves Inc., East Pittsburgh/PA	99.8	136	Eggemeyer, Ty W.
Pilatus					
Australia	▲	Pilatus Australia Pty Ltd., Canberra	100	5	Wesley-Smith, Therry
Switzerland	■ ▲ ◆ ●	Pilatus Flugzeugwerke AG, Stans	100	942	Schwenk, Oscar J.
	▲ ●	TSA Transairco SA, Geneva	100	130	Kälin, Markus
U.S.A.	■ ▲	Pilatus Business Aircraft Limited, Broomfield/CO	100	67	Finnoff, Chris

Income statement

in CHF	Notes	2000	1999
Income from investments in subsidiaries	(3)	35 490 957	40 000 000
Financial income	(4)	30 352 516	9 528 847
Other income		3 838 779	5 845 917
		69 682 252	55 374 764
Personnel expense		0	-4 281 712
Financial expense	(5)	-10 977 305	-1 160 499
Other expense		-14 514 933	-26 448 620
Ordinary income		44 190 014	23 483 933
Gain on sales of subsidiaries	(6)	36 981 137	323 752 411
Value adjustments on loans to and investments in subsidiaries	(7)	-19 187 897	-96 550 001
Net income		61 983 254	250 686 343

Balance sheet at December 31

Current assets	Notes	2000	%	1999	%	Assets
						in CHF
Cash and cash equivalents		148 429 252	8.9	433 649 975	34.7	
Marketable securities	(8)	34 730 000	2.1	18 512 030	1.4	
Receivables						
– from third parties		15 036 083	0.9	20 943 890	1.7	
– from affiliated companies		18 169 575	1.1	1 096 321	0.1	
Prepaid expenses		19 134 680	1.1	338 110	0.0	
		235 499 590	14.1	474 540 326	37.9	
Non-current assets						
Fixed assets		0	0.0	1	0.0	
Investments in subsidiaries	(9)	872 812 003	52.4	556 281 253	44.6	
Loans						
– to affiliated companies	(10)	483 910 940	29.1	122 253 242	9.8	
– to third parties	(11)	73 305 695	4.4	96 200 860	7.7	
		1 430 028 638	85.9	774 735 356	62.1	
		1 665 528 228	100.0	1 249 275 682	100.0	
Liabilities						
Current payables						Liabilities and
– to third parties		0	0.0	199 460 385	16.0	Shareholders'
– to affiliated companies	(12)	283 074 378	17.0	0	0.0	Equity
Accrued liabilities		4 457 840	0.3	27 372	0.0	in CHF
Deposits from affiliated companies	(13)	154 168 000	9.2	22 500 000	1.8	
Bank debt	(14)	121 140 000	7.3	0	0.0	
Provisions	(15)	341 816 831	20.5	328 400 000	26.3	
		904 657 049	54.3	550 387 757	44.1	
Shareholders' equity						
Share capital	(16)	263 401 840	15.8	263 401 840	21.1	
Legal reserve		142 790 000	8.6	159 007 970	12.7	
Free reserve		227 202 410	13.6	0	0.0	
Reserve for treasury shares	(17)	34 730 000	2.1	18 512 030	1.5	
Retained earnings						
– Balance at January 1		30 763 675	1.9	7 279 742	0.6	
– Net income		61 983 254	3.7	250 686 343	20.0	
	(18)	760 871 179	45.7	698 887 925	55.9	
		1 665 528 228	100.0	1 249 275 682	100.0	
Contingent liabilities	(19)	74 687 000		–		

Notes to financial statements

Notes
(1–10)

General information

(1) Reporting basis

The Unaxis Holding AG financial statements are prepared in compliance with Swiss Corporate Law. They are a supplement to the consolidated financial statements (pages 6 to 31) prepared according to International Accounting Standards (IAS). While the consolidated financial statements reflect the economical situation of the Group as a whole, the information contained in the Unaxis Holding AG financial statements (pages 40 to 45) relates to the ultimate parent company alone. The retained earnings reported in these financial statements provide the basis for the decision regarding the distribution of earnings to be made during the annual shareholders' meeting.

(2) Structural changes during the year

As of January 1, 2000, all employees of the ultimate parent company were integrated into the current Unaxis Management AG. As a result, certain figures shown in the 2000 income statement are no longer comparable with prior year figures (due to, among others, the drop in personnel expense and the reduction in other expense).

Furthermore, in order to simplify the investment structure, Balzers und Leybold Holding AG, Zurich, was merged with Unaxis Holding AG as of January 1, 2000.

Income statement

(3) Income from investments in subsidiaries

The primary sources of this investment income were Unaxis Balzers AG, Unaxis Trading AG and Pilatus Flugzeugwerke AG. In addition, investment income was recorded from the partial reversal of provisions made regarding dividend distributions from the year 1999. Provisions

totaling CHF 102.0 million were made during the prior year because the dividends received in connection with the spin-off of Contraves Space AG as a result of the 1999 sale of the military sector were based in part on write-ups of book asset values. These write-ups were actually realized in the year 2000 in the amount of CHF 11.0 million (see also note 16).

(4) Financial income

The increase in financial income resulted primarily from interest earned on the higher level of loans granted to affiliated companies.

(5) Financial expense

Interest expense on bank debt and on higher deposits from affiliated companies in connection with the cash management program led to an increase in financial expenses.

(6) Gain on sales of subsidiaries

A gain of CHF 36.5 million was recognized on the IPO of Inficon Holding AG. This gain is stated after deductions for provisions for guarantees and other risks. In addition, the sale of Hotel Zürich AG also resulted in a gain of CHF 0.5 million (see note 16).

(7) Value adjustments on loans to and investments in subsidiaries

The expense reported reflects write-offs made in order to reduce the book value of individual investments in subsidiaries to their lower net asset value as of the end of the year.

Balance sheet

(8) Marketable securities

Marketable securities represent 147 014 registered shares held in treasury which were purchased on the stock market. These shares are stated at historical cost (see also note 18).

(9) Investments in subsidiaries

As of the balance sheet date, the following significant subsidiaries were included in Unaxis Holding AG's investment portfolio:

A summary of all companies in which Unaxis Holding AG holds a direct or indirect interest can be found at the end of this report.

Investments are valued at historical cost less value adjustments.

Due to the merger of Unaxis Holding AG with Balzers und Leybold Holding AG as of January 1, 2000, Unaxis Holding AG became the direct owner of a significant number of subsidiaries. However, the overall book value remained unchanged after the merger. The increase in investments was largely the result of the acquisition of a majority interest in ESEC Holding AG.

(10) Loans to affiliated companies

This item consists of short-term and longer-term loans granted at prevailing market conditions. The overwhelming portion is denominated in US dollars, and the remainder in Swiss francs and in various other foreign currencies. The increase compared with the prior year represents the net effect of repayments and new loans granted.

A new loan in the amount of USD 154.8 million was granted to Unaxis USA Holding, Inc., New York, to finance the purchase price for Plasma-Therm, Inc., St. Petersburg. In addition, the financing of various affiliated companies previously carried out with third parties was replaced by internal financing as part of the cash management program.

Company	Currency	Share capital	Investment in %	(15) Provisions	Notes (11-17)
Unaxis Management AG, Zurich	CHF	2 000 000	100	Of provisions made during prior years, CHF 30.6 million were used to cover the corresponding costs, and CHF 11.0 million were reversed. This reduction was offset by new provisions made in the amount of CHF 35.0 million and an increase of CHF 20.0 million resulting from the merger with Balzers und Leybold Holding AG (see also notes 3 and 6).	
Unaxis Balzers AG, Balzers	CHF	75 000 000	100		
Unaxis Holding France, St-Thibault	FRF	25 000 000	100		
Balzers Ltd., Milton Keynes	GBP	2 000 000	100		
Balzers Sandvik Coating AB, Stockholm	SEK	11 600 000	51		
Balzers S.p.A., Brugherio	ITL	250 000 000	100		
Balzers GmbH, Kapfenberg	EUR	350 000	100		
Balzers-Elay S.A., Antzuola	ESP	25 000 000	51		
Unaxis Trading AG, Trübbach	CHF	8 000 000	100		
Balzers Luxembourg sarl, Differdange	EUR	1 000 000	60		
Balzers Balinit do Brasil Ltda., Jundiai	BRL	2 900 000	93		
Balzers S.A. de C.V., Queretaro	MXP	23 500 000	75.1		
Unaxis Japan Co., Ltd., Tokyo	JPY	450 000 000	100		
Unaxis Korea Ltd., Sungnam	KRW	50 000 000	100		
Unaxis Taiwan Ltd., HsinChu	TWD	20 000 000	100	(16) Share capital The share capital of CHF 263 401 840 is comprised of 13 170 092 registered shares having a nominal value of CHF 20 each. There has been no change compared with the prior year. As of December 31, 2000, a conditional share capital of CHF 16.8 million and an approved capital of CHF 40.0 million were available to the Company, as approved in the annual shareholders' meeting of May 5, 2000. At the end of 2000, the names of 15 715 registered shareholders in total were entered in the stock register. Ihag Holding AG and Mrs. Hortense Anda-Bührle held 26.9% of shares outstanding. No other shareholders are known to the Company who held over 5% of share capital.	
Nihon Balzers K.K., Kanagawa	JPY	100 000 000	100		
Balzers India Ltd., Pune	INR	48 118 000	100		
Balzers Korea Coating Co. Ltd., Kyongsan	KRW	2 000 000 000	89		
Balzers Coating Private Ltd., Singapore	SGD	2	100		
Leybold Vacuum Taiwan, Ltd., HsinChu	TWD	20 000 000	100		
SA Balzers N.V., St.-Truiden	BEF	25 000 000	100		
Unaxis Materials AG Liechtenstein, Balzers	CHF	100 000	100		
Balzers Revêtement SA, Brügg	CHF	2 000 000	100		
Unaxis IT Pte, Ltd., Singapore	SGD	250 000	100		
Unaxis Deutschland Holding GmbH, Hanau	EUR	30 680 000	99.5		
Unaxis USA Holding Inc., New York	USD	24 280 000	61.8		
Contraves Space AG, Zurich	CHF	15 000 000	100		
Spinnerei Kunz AG, Windisch	CHF	10 000 000	100		
ESEC Holding AG, Steinhausen	CHF	20 479 450	56.8		
Pilatus Flugzeugwerke AG, Stans	CHF	10 000 000	100		
Inficon Holding AG, Bad Ragaz	CHF	23 150 000	19.5		
Applied Films Corporation, Longmount	USD	-	10	(17) Reserve for treasury shares This reserve represents the historical cost to the Company of 147 014 treasury shares, which is required to be shown separately.	

(11) Loans to third parties

This concerns primarily a loan denominated in Swiss francs granted to the Texas Pacific Group, or rather to Bally International AG. The sales contract provides for the repayment of this remaining purchase price out of proceeds to be received from the sale of Bally's real estate abroad.

(12) Current payables to affiliated companies

These payables consist largely of obligations in connection with the internal restructuring related to the IPO of Inficon Holding AG.

(13) Deposits from affiliated companies

Included here are the short-term time deposits made with Unaxis Holding AG by affiliated companies for cash management purposes.

(14) Bank debt

Bank debt represents short-term borrowings in foreign currencies under the Group's global line of credit.

The Board of Directors of Unaxis Holding AG decided in 1998 to receive a significant portion of their fees in the form of stock options. A stock option plan was adopted for this purpose. During 2000, an additional stock option plan for corporate management was also introduced.

In order to insure the Company's ability to meet possible obligations arising from these stock option plans, an additional 42 514 registered treasury shares were acquired during 2000 (see also note 9).

Notes (18–20)	(18) Changes in shareholders' equity					Total share-
	Share capital	Legal reserve	Reserve for treasury shares	Free reserve	Retained earnings	holders' equity
in CHF million						
	253.5	103.6	11.6		7.3	376.0
	9.9	62.3				72.2
		-6.9	6.9			0.0
					250.7	250.7
	263.4	159.0	18.5		258.0	698.9
				227.2	-227.2	0.0
		-16.2	16.2			0.0
					62.0	62.0
	263.4	142.8	34.7	227.2	92.8	760.9

(19) Contingent liabilities

Contingent liabilities relate primarily to guarantees of bank debt and other guarantees for the benefit of affiliated companies. These guarantees were entered into during the previous year by Balzers und Leybold Holding AG, which merged with Unaxis Holding AG as of January 1, 2000 (see also note 10).

(20) Related parties

No significant related party transactions were conducted during 2000.

Remuneration of members of the Board of Directors of Unaxis Holding AG totaled CHF 1,190,000 for the calendar year 2000. Stock options granted accounted for a good half of this amount.

Proposal of the Board of Directors

The Board of Directors recommends at the annual shareholders' meeting on May 22, 2001, that the available earnings for the business year 2000 consisting of:

	2000	1999	in CHF
Net income	61 983 254	250 686 343	
Balance carried forward from the prior year	30 763 675	7 279 742	
Available earnings	92 746 929	257 966 085	
be allocated as follows:			
Distribution of gross dividends of CHF 2.00 to 13 023 078 registered shares entitled thereto, having a nominal value of CHF 20 each	26 046 156	0	
Allocation to free reserve	32 797 590	227 202 410	
Balance to be carried forward	33 903 183	30 763 675	

Zurich, March 9, 2001
For the Board of Directors
The Chairman
Dr. Willy Kissling

If approved by the shareholders in their annual meeting, the distribution of net dividends in the amount of CHF 1.30 per registered share will be made beginning May 28, 2001.

Report of the statutory auditors

To the annual shareholders' meeting of
Unaxis Holding AG, Zurich

As statutory auditors, we have audited
the accounting records and the financial
statements (balance sheet, income
statement and notes, pages 40 to 45) of
Unaxis Holding AG for the year ended
December 31, 2000.

These financial statements are the re-
sponsibility of the Board of Directors. Our
responsibility is to express an opinion on
these financial statements based on our
audit. We confirm that we meet the legal
requirements concerning professional
qualification and independence.

Our audit was conducted in accordance
with auditing standards promulgated by
the Swiss profession, which require that
an audit be planned and performed to
obtain reasonable assurance about
whether the financial statements are free
from material misstatement. We have
examined on a test basis evidence sup-
porting the amounts and disclosures in
the financial statements. We have also
assessed the accounting principles used,
significant estimates made and the over-
all financial statement presentation. We
believe that our audit provides a reason-
able basis for our opinion.

In our opinion, the accounting records
and financial statements and the pro-
posed appropriation of available earnings
comply with the law and the Company's
articles of incorporation.

We recommend that the financial state-
ments submitted to you be approved.

Zurich, March 12, 2001

Ernst & Young AG

Werner Schlapbach
Swiss Certified Public Accountant
(Auditor in charge)

Martin Stäubli
Swiss Certified Public Accountant
(Auditor in charge)

Legal structure

Core businesses

Information Technology, Surface Technology, Components and Special Systems

Votes owned

- over 50%
- between 20% and 50%

- Unaxis Management AG, Zurich/CH
- Unaxis Balzers Aktiengesellschaft, Balzers/FL
- Balzers AG, Balzers/FL
- Unaxis Holding France SA, St.Thibault des Vignes/FR
- Unaxis France SA, Palaiseau/FR
- Balzers Revêtement sous vide France SA, St. Thibault des Vignes/FR
- Unaxis-Nextral SA, Montbonnet St. Ismier/FR
- Leybold Vacuum France SA, Courtabœuf Cedex/FR
- Balzers Ltd., Milton Keynes/GB
- Balzers Sandvik Coating AB, Stockholm/SE
- Balzers S.p.A., Brugherio/IT
- Balzers GmbH, Kapfenberg/AT
- Balzers-Elay SA, Antzuola/ES
- Unaxis Trading AG, Trübbach/CH
- Balzers Luxembourg sarl, Differdange/LU
- Balzers Balinit do Brasil Ltda, Jundiai/BR
- Balzers SA de C.V., Queretaro/MX
- Unaxis Japan Co. Ltd., Tokyo/JP
- Unaxis Korea Ltd., Sungnam, Kyungki-Do/KR
- Unaxis Taiwan, Ltd., Hsin Chu/TW
- Nihon Balzers Co. Ltd., Hiratsuka/JP
- Balzers India Ltd., Bosahri/Pune/IN
- Balzers Korea Coating Co. Ltd., Kyongsan/KR
- Balzers Coating Pte Ltd., Singapore/SG
- Leybold Vacuum Taiwan, Ltd., Chutung Hsin Chu/TW
- SA Balzers N.V., St.-Truiden/BE
- Unaxis Nederland B.V., Maarssen/NL
- Unaxis Italia Branch, Arluno/Milan/IT **(1)**
- Unaxis Scandinavia Branch, Västra Frölunda/SE **(1)**
- Unaxis UK Branch, Milton Keynes/GB **(1)**
- Unaxis Materials Aktiengesellschaft, Balzers/FL
- Balzers Revêtement SA, Brügg bei Biel/CH
- Unaxis Singapore Pte, Ltd., Singapore/SG
- Unaxis Deutschland Holding GmbH, Hanau/DE
- Unaxis China Ltd., Wanchai, Hong Kong/CN
- Leybold Vacuum Korea Ltd., Seoul/KR
- Leybold Vacuum Equipment Manufacturing Co. Ltd., Tianjin, Beichen District/CN
- Leybold Vacuum Int. Trade Co., Ltd., Tianjin, Beichen District/CN
- Unaxis Deutschland Beteiligungs-GmbH, Hanau/DE
- Leybold Vacuum UK Ltd., London/GB
- Leybold Vacuum Schweiz AG, Zurich/CH
- Leybold Vacuum Japan Co. Ltd., Yokohama-shi/JP
- Leybold Vacuum Italia S.p.A., Milan/IT
- Leybold Vacuum Nederland B.V., Woerden/NL
- Leybold Vacuum Spain S.A., Sant Feliu de Llobregat/ES
- Leybold N.V., Nossegem-Zaventem/BE
- Leybold Vacuum Scandinavia AB, Västra Frölunda/SE
- Balzers und Leybold Vermietungsges.mBH & Co. KG, Hanau/DE
- Balzers und Leybold Vermietungs- und Verwaltungs GmbH, Hanau/DE
- Perfect IT GmbH, Hanau/DE
- Leybold Optics GmbH, Hanau/DE
- Leybold Optics Dresden GmbH, Dresden/DE
- Leybold Optics France SA, Courtaboeuf Cedex/FR
- Leybold Optics Iberica, S.A., Sant Feliu de Llobregat/Barcelona/ES
- Leybold Optics Italia S.r.l., Milan/IT
- Leybold Optics UK Ltd., London/GB
- Leybold Optics Japan Co. Ltd., Yokohama-shi/JP
- Leybold Optics Aktiengesellschaft, Balzers/FL
- Leybold Optics Korea Ltd., Seoul/KR
- Leybold Optics Taiwan Ltd., Chutung Hsin Chu/TW
- Leybold Optics USA Inc., Cary/US
- Unaxis Deutschland Vertriebs GmbH, Munich/DE
- Unaxis Optics Deutschland GmbH, Geisenheim/DE
- Ebulus Vermietungsges.mBH, Düsseldorf/DE
- Unaxis Deutschland GmbH, Alzenau/DE
- Balzers Verschleisschutz GmbH, Bingen/DE
- Balzers SCI GmbH, Hanau/DE
- Leybold Vacuum Dresden GmbH, Dresden/DE
- Leybold Vacuum GmbH, Cologne/DE
- Unaxis Materials Deutschland GmbH, Hanau/DE
- Unaxis USA Holding Inc., Pittsburgh/US
- Balzers and Leybold US Holding Inc., Export/PA/US
- Balzers Process Systems Inc., Hudson/NH/US
- Unaxis USA Inc., St. Petersburg, Florida/US
- Unaxis Optics, Golden, CO/US
- Balzers Inc., Amherst, NY/US
- Surface Coating Industries Inc., Wilmington/DE/US
- Balzers SCI Corp., Mississauga, Ontario/CA
- Leybold Vacuum Products Inc., Export/PA/US
- Leybold Materials Inc., Morgan Hill/CA/US
- Leybold Inficon Inc. Syracuse, East Syracuse/NY/US
- Contraves Inc., East Pittsburgh/PA/US
- Contraves Space AG, Zurich/CH
- Spinnerei Kunz AG, Windisch/CH

Information Technology, Surface Technology, Components and Special Systems (ESEC)

- ESEC Holding AG, Steinhausen/CH (2)
- ESEC Management SA, Cham/CH
- ESEC SA, Cham/CH
- ESEC Trading SA, Cham/CH
- Zevatech AG, Selzach/CH
- ESEC Trading Ltd., Labuan/MY
- ESEC (Far East) Ltd., Hong Kong/CN
- ESEC (Asia Pacific) Pte. Ltd., Singapore/SG
- ESEC (Philippines) Inc., Manila/PH
- ESEC Pacific North (Taiwan) Ltd., Hsin Chu/TW
- ESEC (Hong Kong) Ltd., Hong Kong/CN
- ESEC (Europe) SA, Steinhausen/CH
- ESEC (Germany) GmbH, Nurnberg/DE
- ESEC Zevatech U.K. Ltd., Andover/GB
- Sempac SA, Cham/CH
- ESEC Industries (Singapore) Pte. Ltd., Singapore/SG
- ESEC (USA) Inc., Phoenix AZ/US
- ESEC Korea Ltd., Seoul/KR
- ESEC K.K., Yokohama/JP
- Zevatech Inc., Apex NC/US
- AMTI Advanced Manufacturing Technologies, Inc., Apex NC/US

Discontinuing operations

Pilatus

- Pilatus Flugzeugwerke AG, Stans/CH
- Pilatus Aircraft Service AG, Stans/CH
- Pilatus Business Aircraft Limited, Broomfield/CO/US
- TSA Transairco SA, Geneva/CH
- Pilatus Australia Pty. Ltd., Canberra/AUS

Discontinued operations (sold as of 1/1/2000)

Hotel Zürich

- Hotel Zürich AG, Zurich/CH

(1) Branch of Unaxis Nederland B.V., Maarssen/NL

(2) 56.8% interest in shares outstanding

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